Stock Code : 6203

SEA SONIC ELECTRONICS CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

AND INDEPENDENT AUDITORS' REPORT

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Sea Sonic Electronics Co., Ltd.

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Independent Auditors' Report

To : Sea Sonic Electronics Co., Ltd.

Opinion

We have audited the parent company only financial statements of Sea Sonic Electronics Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, the parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows :

<u>Sales revenue</u>
Please refer to Note 4.16 for details of the accounting policies for revenue recognition and to Note 5.2.1 and Note 6.19 for the disclosures related to revenue.

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Description on the key audit matter :

Sales revenue is the main indicator that investors and management use to evaluate the Company's financial and operating performances. Since the timing and amount of revenue recognition are material to the financial statements, revenue recognition is one of the most important matters in our audit of the financial statements.

Audit procedures in response :

Our main audit procedures include : Tested the effectiveness of the design and execution of the internal controls governing sales and payment-collection operating cycles and reviewed major contracts to evaluate whether the revenue recognition is appropriate ; Understood the types of products sold to top ten clients, evaluated the reasonableness of sales revenue and days sales outstanding and analyzed if there is any significant abnormality in the changes of the most recent and prior-year clients ; Selected a sample of sales transactions for a period before and after the shipment cut-off date and verified the related supporting document to evaluate the correctness of revenue recognition period and whether there is any abnormal revenue voucher, and to understand whether there is any significant sales return/exchange subsequent to the period.

Valuation of receivables

Please refer to Note 4.6 for details of the accounting policies for impairment of receivables and to Note 5.2.2, Note 6.3 and Note 6.4 for related disclosures.

Description on the key audit matter :

The net amount of the Company's receivables as of December 31, 2022 is $718,072 thousand NTD (net of loss allowance of $246 thousand NTD). Since the impairment of receivables is based on the management's subjective judgment according to the default risk and expected loss rate of receivables, we have included it as one of the key audit matters in our audit of the financial statements.

Audit procedures in response :

Our main audit procedures include : Assessed the estimation of the loss allowance based on the assumption of default risk and expected loss rate ; Reviewed documents inclusive of historical payment collection records, industrial economic situation and credit risk concentration, etc. to evaluate the appropriateness of the estimation methods and assumptions and of related disclosures in the financial statements.

Valuation of inventories

Please refer to Note 4.7 for details of the accounting policies for inventories and to Note 5.2.6 and Note 6.5 for related disclosures.

Description on the key audit matter :

The net amount of the Company's inventories as of December 31, 2022 is $179,053 thousand NTD (net of the loss allowance on inventories of $3,027 thousand NTD). The inventories are mainly switching power supplies, etc. Due to rapid change of technology and production technology advancement, the original products may become obsolete or no longer satisfy the market demands, and the sales needs and prices of the relevant products may fluctuate dramatically. Considering that valuation of inventories is related to material judgement and estimation, we include valuation of inventories as one of the key audit matters in our audit of the financial statements.

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Audit procedures in response :

Our main audit procedures include: Assessed the reasonableness of accounting policies addressing inventory valuation ; Reviewed inventory aging reports to analyze changes in inventory age and assessed whether the inventory valuations are performed according to the accounting policies ; Understood and assessed reasonableness of net realizable value adopted by the management, selected samples and verified the related supporting documents to test the correctness of the amounts, along with assessment on the appropriateness of the management's disclosures on valuation of inventories.

Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements

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

In preparing the parent company only financial statements, management is also responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 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 audit resulting in this independent auditors' report are Lin, Chih-Lung and Chen, Chao-Hui.

Lin, Chih-Lung　　　　Chen, Chao-Hui

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 21, 2023

<u>*Notice to Readers*</u>

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

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

Sea Sonic Electronics Co., Ltd.

Parent Company Only Balance Sheets

December 31, 2022 and 2021

In thousand NTD

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6.1)	$ 1, 128, 971	32	$ 939, 731	27
1110	Financial assets at fair value through profit or loss - current (Note 6.2)	354, 930	10	465, 719	13
1150	Notes receivable, net (Note 6.3)	24, 392	1	24, 246	1
1170	Accounts receivable, net (Notes 6.4)	289, 152	8	700, 316	20
1180	Accounts receivable – relative parties, net (Notes 6.4, Note 7)	404, 528	11	478, 981	14
1200	Other receivables	5, 446	–	8, 171	–
1210	Other receivables – related parties (Note 7)	263, 738	7	1, 250	–
130x	Inventories (Note 6.5)	179, 053	5	121, 648	3
1410	Prepayments (Note 7)	162, 203	5	3, 964	–
1476	Other financial assets - current (Note 6.6)	10, 559	–	9, 630	–
1479	Other current assets	8, 160	–	2, 200	–
11xx	Total current assets	2, 831, 132	79	2, 755, 856	78
	Non-current assets				
1550	Investments accounted for using equity method (Note 6.7)	343, 882	10	389, 567	11
1600	Property, plant and equipment (Note 6.8)	183, 132	5	175, 806	5
1755	Right-of-use assets (Note 6.9)	1, 292	–	2, 842	–
1840	Deferred tax assets (Note 6.25)	15, 105	–	31, 746	1
1915	Prepayments for equipment (Note 7)	71	–	7, 558	–
1920	Refundable deposits	678	–	682	–
1975	Net defined benefit assets - noncurrent (Note 6.14)	–	–	887	–
1980	Other financial assets - noncurrent (Note 6.10)	200, 622	6	182, 957	5
1995	Other non-current assets	4, 104	–	4, 133	–
15xx	Total non-current assets	748, 886	21	796, 178	22
1xxx	Total Assets	$ 3, 580, 018	100	$ 3, 552, 034	100

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Code	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2130	Contract liabilities - current (Note 6.19)	$ 4, 292	–	$ 5, 857	–
2170	Accounts payable	7, 540	–	6, 755	–
2180	Accounts payable – related parties (Note 7)	–	–	17, 895	1
2200	Other payables	81, 178	2	97, 068	3
2220	Other payables – related parties (Note 7)	23	–	119	–
2230	Current-period income tax liabilities	140, 631	4	158, 979	4
2250	Provision - current (Note 6.11)	6, 631	–	5, 397	–
2280	Lease liabilities - current (Note 6.9)	1, 306	–	1, 552	–
2300	Other current liabilities (Note 6.12)	33, 209	1	28, 727	1
21xx	Total current liabilities	274, 810	7	322, 349	9
	Non-current liabilities				
2530	Corporate bonds payable (Note 6.13)	587, 293	17	579, 798	16
2570	Deferred tax liabilities (Note 6.25)	35, 977	1	62, 113	2
2580	Lease liabilities - noncurrent (Note 6.9)	–	–	1, 306	–
2645	Deposits received	24	–	33	–
2650	Credit balance of investments accounted for using equity method (Note 6.7)	39, 207	1	3, 545	–
25xx	Total non-current liabilities	662, 501	19	646, 795	18
2xxx	Total liabilities	937, 311	26	969, 144	27
	Equity				
3100	Share capital (Note 6.15)				
3110	Ordinary share capital	799, 532	22	799, 532	23
3200	Capital surplus (Note 6.16)				
3280	Capital surplus - other	95, 714	3	95, 714	3
	Retained earnings (Note 6.17)				
3310	Legal reserve	643, 610	18	568, 355	16
3320	Special reserve	27, 520	1	19, 139	1
3350	Unappropriated retained earnings	1, 094, 494	31	1, 127, 670	31
3300	Total retained earnings	1, 765, 624	50	1, 715, 164	48
3400	Other equity (Note 6.18)				
3410	Exchange differences arising from translation of foreign operations	(18, 163)	(1)	(27, 520)	(1)
3xxx	Total equity	2, 642, 707	74	2, 582, 890	73
	Total liabilities and equity	$ 3, 580, 018	100	$ 3, 552, 034	100

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

Sea Sonic Electronics Co., Ltd.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

In thousand NTD

Code	Item	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue (Note 6.19)	$ 2, 396, 811	100	$ 4, 815, 638	100
5000	Operating costs (Note 6.5)	(1, 719, 782)	(71)	(3, 526, 802)	(73)
5900	Gross profit (loss) from operations	677, 029	29	1, 288, 836	27
5910	Unrealized sales profit (loss)	(131, 963)	(6)	(129, 010)	(3)
5920	Realized sales profit (loss)	129, 010	5	85, 972	2
5950	Gross profit (loss) from operations, net	674, 076	28	1, 245, 798	26
	Operating Expenses				
6100	Selling expenses	(59, 237)	(2)	(83, 868)	(2)
6200	Administrative expenses	(81, 413)	(4)	(85, 684)	(2)
6300	Research and development expenses	(58, 708)	(2)	(79, 180)	(1)
6450	Expected credit impairment (loss) benefit	(1)	–	161	–
6000	Total operating expenses	(199, 359)	(8)	(248, 571)	(5)
6900	NET OPERATING INCOME (LOSS)	474, 717	20	997, 227	21
	Non-operating income and expenses				
7100	Interest income (Note 6.20)	21, 991	1	4, 017	–
7010	Other income (Note 6.21)	10, 841	–	10, 679	–
7020	Other gains and losses (Note 6.22)	205, 401	8	(57, 808)	(1)
7050	Finance costs (Note 6.24)	(7, 515)	–	(2, 512)	–
7070	Share of profit of subsidiary, affiliate company and jointly control entity under equity method	(130, 088)	(5)	1, 158	–
7000	Total non-operating income and expenses	100, 630	4	(44, 466)	(1)
7900	Net income (loss) before income tax	575, 347	24	952, 761	20
7950	Income tax (expense) benefit (Note 6.25)	(125, 121)	(5)	(199, 932)	(4)
8200	Net income (loss)	450, 226	19	752, 829	16
	Other comprehensive income or loss for the year (Note 6.26)				
8310	Items that will not be reclassified subsequently to profit or loss :				
8311	Remeasurement of defined benefit obligation	–	–	(344)	–
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	–	–	68	–
		–	–	(276)	–
8360	Items that may be reclassified subsequently to profit or loss :				
8361	Exchange differences arising from translation of foreign operations	11, 696	–	(10, 476)	–
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	(2, 339)	–	2, 095	–
		9, 357	–	(8, 381)	–
8300	Other comprehensive income (net) for the year	9, 357	–	(8, 657)	–
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 459, 583	19	$ 744, 172	16
	Earnings per share				
9750	Basic earnings per share (Note 6.27)	$ 5. 63		$ 9. 42	
9850	Diluted earnings per share (Note 6.27)	$ 5. 23		$ 8. 70	

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

Sea Sonic Electronics Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

In thousand NTD

Item	Ordinary share capital	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity: Difference arising from translating the financial statement of foreign institute	Total equity
Balance on January 1, 2021	$ 799, 532	$ -	$ 507, 181	$ 19, 774	$ 835, 855	($ 19, 139)	$ 2, 143, 203
Appropriation and Distribution of Earnings							
Legal reserve	-	-	61, 174	-	(61, 174)	-	-
Reversal of special reserve	-	-	-	(635)	635	-	-
Cash dividends of ordinary share	-	-	-	-	(399, 766)	-	(399, 766)
Equity component of convertible bonds issued by the Company	-	95, 713	-	-	-	-	95, 713
Changes in other capital surplus	-	1	-	-	-	-	1
Net income (net loss) for the year 2021	-	-	-	-	752, 829	-	752, 829
Other comprehensive income or loss for the year 2021	-	-	-	-	(276)	(8, 381)	(8, 657)
Total comprehensive income or loss for the year 2021	-	-	-	-	752, 553	(8, 381)	744, 172
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(433)	-	(433)
Balance on December 31, 2021	799, 532	95, 714	568, 355	19, 139	1, 127, 670	(27, 520)	2, 582, 890
Appropriation and Distribution of Earnings							
Legal reserve	-	-	75, 255	-	(75, 255)	-	-
Special reserve	-	-	-	8, 381	(8, 381)	-	-
Cash dividends of ordinary share	-	-	-	-	(399, 766)	-	(399, 766)
Net income (net loss) for the year 2022	-	-	-	-	450, 226	-	450, 226
Other comprehensive income or loss for the year 2022	-	-	-	-	-	9, 357	9, 357
Total comprehensive income or loss for the year 2022	-	-	-	-	450, 226	9, 357	459, 583
Balance on December 31, 2022	$ 799, 532	$ 95, 714	$ 643, 610	$ 27, 520	$ 1, 094, 494	($ 18, 163)	$ 2, 642, 707

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

Sea Sonic Electronics Co., Ltd.

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

In thousand NTD

Item	2022	2021
Cash flows from operating activities		
Income (loss) before income tax, net	$ 575, 347	$ 952, 761
Adjustment items		
Adjustments to reconcile profit (loss) :		
Depreciation expense	15, 371	15, 082
Amortization expense	4, 082	3, 828
Expected credit loss (benefit)	1	(161)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6, 109	2, 795
Interest expense	7, 515	2, 512
Interest income	(21, 991)	(4, 017)
Share of profit of subsidiary, affiliate company and jointly control entity under equity method	130, 088	(1, 158)
Loss (benefit) on disposal and scrapping of property, plant and equipment	(68)	32
Unrealized sales profit (loss)	131, 963	129, 010
Realized sales profit (loss)	(129, 010)	(85, 972)
Prepayment for equipment transferred to expense	−	308
Unamortized expense transferred to expense	660	−
Changes in operating assets / liabilities, net		
Changes in operating assets, net		
Decrease (increase) in notes receivable	(147)	(14, 763)
Decrease (increase) in accounts receivable	411, 164	(93, 994)
Decrease (increase) in accounts receivable - related parties	74, 453	(19, 030)
Decrease (increase) in other receivables	4, 925	38, 630
Decrease (increase) in other receivables – related parties	894	444
Decrease (increase) in inventories	(57, 404)	32, 554
Decrease (increase) in prepayments	(160, 609)	277
Decrease (increase) in other current assets	(5, 960)	2, 449
Changes in operating liabilities, net		
Increase (decrease) in contract liabilities	(1, 565)	(26, 731)
Increase (decrease) in accounts payable	785	(88, 564)
Increase (decrease) in accounts payable – related parties	(17, 895)	(838, 174)
Increase (decrease) in other payables	(15, 074)	(27, 537)
Increase (decrease) in other payables – related parties	(96)	43

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Increase (decrease) in provision for liabilities	1,234	632
Increase (decrease) in other current liabilities	4,482	9,509
Increase (decrease) in net defined benefit obligation	–	(168)
Cash flows from (used in) operations	959,254	(9,403)
Interest received	17,452	3,826
Dividend received	–	90,577
Interest paid	(20)	(36)
Income tax refunds (paid)	(155,302)	(161,162)
Net cash flows from (used in) operating activities	821,384	(76,198)
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	(24,647)	(375,948)
Disposal of financial assets at fair value through profit or loss	129,327	103,603
Acquisition of investments accounted for using equity method	(40,000)	(8,544)
Acquisition of property, plant and equipment	(7,159)	(18,837)
Disposal of property, plant and equipment	4,468	1,373
Decrease (increase) in refundable deposits	4	(63)
Decrease (increase) in other receivables – related parties	(261,043)	–
Decrease (increase) in other financial assets	(18,594)	(27,668)
Decrease (increase) in other non-current assets	(1,456)	(1,484)
Decrease (increase) in prepayments for equipment	(11,717)	(10,277)
Net cash flows from (used in) investing activities	(230,817)	(337,845)
Cash flows from financing activities		
Issuance of corporate bonds	–	671,715
Increase (decrease) in deposits received	(9)	(3)
Lease principal repayment	(1,552)	(1,536)
Cash dividends paid	(399,766)	(399,766)
Other financing activities	–	1
Net cash flows from (used in) financing activities	(401,327)	270,411
Increase (decrease) in cash and cash equivalents for the period	189,240	(143,632)
Cash and cash equivalents at beginning of period	939,731	1,083,363
Cash and cash equivalents at end of period	$ 1,128,971	$ 939,731

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

Sea Sonic Electronics Co., Ltd.

Notes to Parent company only Financial Statements

For the Years Ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. General Information

Sea Sonic Electronics Co., Ltd. (hereinafter, the "Company") was established in 1975 under the Company Act of the Republic of China and began its operations in November of the same year. The main operation items includes follows :

1. Manufacture and repair various types of radios, recorders, instruments, amplifiers and the related contracting works.
2. Purchase, sale and import/export of the aforementioned equipment.
3. Purchase and sale of video recorders, automatic controllers, wired electrical machinery and tools, and electro-educational equipment, etc.
4. Import/export trading of the aforementioned equipment and conduct quotation/bidding/distribution/brokerage agent businesses for domestic and foreign vendors.
5. Manufacturing and processing of various electronic instruments (except licensed industries) and computer peripherals, and trading of related electronic parts.
6. Except for businesses requiring special licensing, may conduct businesses that are not prohibited or restricted by the laws and regulations.

2. The Authorization of the Parent company only Financial Statements

The accompanying parent company only financial statements were approved and authorized for issuance by the Board of Directors on March 21, 2023.

3. Application of New Standards, Amendments, and Interpretations

3.1 Effects from application of the International Financial Reporting Standards, International Accounting Standards, and the related interpretations and announcements endorsed and issued into effect by the Financial Supervisory Commission ("FSC") (together "IFRSs") :

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows :

New IFRSs	Effective Date Announced by IASB (Note A)
Amendments to IAS 16 "Property, Plant and Equipment : Proceeds before Intended Use"	January 1, 2022 (Note B)
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note C)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note D)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note E)

Note A : Unless stated otherwise, the New IFRSs above are effective for annual periods beginning on or after their respective effective dates.

Note B : An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Note C : An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note D : These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note E : An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.

(1) Amendments to IAS 16 “Property, Plant and Equipment : Proceeds before Intended Use”

The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Additionally, the amendments clarify that costs of testing whether the asset is functioning properly is the costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Company shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The cumulative effects of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

(2) Amendments to IAS 37 “Onerous Contracts ─ Cost of Fulfilling a Contract”

The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract—for example, direct labor and materials ; and (b) an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

(3) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

(4) Annual Improvement to IFRS Standards 2018-2020

The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Company (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Company or the lender on the other’s behalf, shall be included in the ‘10 per cent’ test of the discounted present value of the cash flows under the new terms.

Based on the Company’s assessment, the New IFRSs above have no significant effect on the Company’s financial position and financial performance.

3.2 The IFRSs issued by International Accounting Standards Board (“IASB”) and endorsed by FSC with effective date starting 2023

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows :

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 (Note A)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note B)
Amendments to IAS 12“Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note C)

Note A : An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note B : These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note C : This amendment applies to transactions occurring after the beginning of the earliest comparable period presented (January 1, 2022), except for the additional provisions made for temporary differences related to leases and decommissioning obligations.

(1) Amendments to IAS 1 “Disclosures of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclosure the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

Based on the Company’s assessment, the application of the New IFRSs above will not have any significant impact on the Company’s financial position and financial performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

New IFRSs	Effective Date Announced by IASB (Note A)
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 17 “Insurance Contracts”	January 1, 2023
Amendments to IRFS 17	January 1, 2023
Amendments to IRFS 17 “Initial Application of IFRS 17 and IFRS 9─Comparative Information”	January 1, 2023
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

As of the date the accompanying parent company only financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

4.1 Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 Basis of Preparation

Except for the following items, the parent company only financial statements have been prepared under the historical cost convention :

(1) Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.
(2) Financial assets measured at fair value through other comprehensive income.

(3) Liabilities on cash-settled share-based payment arrangements measured at fair value.
(4) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

4.3 Foreign Exchange

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars (NT$), which is the Company's functional currency.

In preparing the financial statements of each individual parent company only entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity and are attributed to noncontrolling interests as appropriate.

Exchange of foreign institutions

(a) The results of operations and financial position of all subsidiaries, affiliates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency in the following manner :

(A) Assets and liabilities expressed in each balance sheet are translated at the closing rate on that balance sheet date.

(B) The income and expenses expressed in each consolidated statement of income are translated at average exchange rates for the period.

(C) All conversion differences arising from the translation are recognized as other comprehensive income.

(b) When a foreign operation partially disposed of or sold is a related entity or a jointly controlled entity, the exchange differences under other comprehensive income or loss are proportionately reclassified to profit or loss as part of the gain or loss on disposal. However, when the Company loses significant influence over a foreign operation that is a related entity or loses joint control over a foreign operation that is a jointly controlled entity even though it retains a portion of its interest in the former related entity or jointly controlled entity, the disposal is treated as a disposal of the entire interest in the foreign operation.

(c) When a foreign operating entity partially disposed of or sold is a subsidiary, the cumulative translation differences recognized in other comprehensive income or loss are reattributed to the noncontrolling interest in the foreign operating entity on a pro rata basis. However, when the Company loses control over a foreign operating entity that is a subsidiary even though it retains a portion of its interest in the former subsidiary, it is treated as a disposal of its entire interest in the foreign operating entity.

4.4 Classification of Current and Non-current Assets and Liabilities

Assets that meet one of the following criteria are classified as current assets ; otherwise, they are classified as non-current assets :

(a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle ;

(b) Assets held mainly for trading purposes ;

(c) Assets that are expected to be realized within twelve months from the balance sheet date ; or

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities ; otherwise, they are classified as non-current liabilities :

(1) Liabilities that are expected to be settled within the normal operating cycle ;

(2) Liabilities arising mainly from trading activities ;

(3) Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue ; and

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

4.6 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

4.6.1 Financial Assets

(1) Measurement categories

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

Financial assets are classified into the following categories : Financial assets measured at fair value through profit or loss (“FVTPL”) and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets are classified as measured at FVTPL when such a financial asset is mandatorily classified as measured at FVTPL. Financial assets mandatorily classified as measured at FVTPL include equity investments that are not designated as measured at fair value through other comprehensive income (“FVTOCI”) and debt investments that do not meet the criteria for being classified as measured at amortized cost criteria or at FVTOCI.

B. Financial assets at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost :

(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 at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for :

(a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets ; and

(b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

(2) Impairment of financial assets

A. The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable), lease receivables, and contract assets.

B. The Company recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e., ECLs) for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

C. Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

D. The Company recognizes impairment losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

(3) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met :

(a) The contractual rights to receive cash flows from the financial asset expire.

(b) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(c) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset ; however, it does not retained control of the financial asset.

On derecognition of a financial asset 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. On derecognition of a debt investment measured at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an equity investment at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without being reclassified to profit or loss.

4.6.2 Equity Instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

4.6.3 Financial Liabilities

(1) Subsequent measurements

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method :

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term. Derivatives are also categorized as financial liabilities held for trading unless they are financial guarantee contracts or designated and effective hedging derivatives. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition :

(a) They are hybrid (combined) contracts ; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases ; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

C. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability is presented in profit or loss. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

(2) Derecognition of financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished—i.e., when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.6.4 Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

4.7 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completing produce and sales process.

4.8 Subsidiaries and investments accounted for using the equity method

(1) Subsidiaries are all entities (including structural entities) over which the Company has control. When the Company is exposed to variable rewards from participation in the entity or has rights to the variable rewards and has power to influence the rewards through its power over the entity, the Company controls the entity.

(2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) The Company’s share of its subsidiaries’ profit or loss after the date of acquisition is recognized in the Company’s profit or loss, and its share of changes in the associate’s other comprehensive income is recognized in the Company’s other comprehensive income. When the Company’s share of losses of its subsidiaries equals or exceeds its interest in the subsidiaries, the Company continues to recognize its share of losses.

(4) When the Company’s changes of shareholding in a subsidiary does not lead to loss of control (transaction with non-controlling interests), it is treated as equity transaction, that is, transaction with shareholders. The amount of difference between the adjustment amount in non-controlling interests and the fair value of the consideration received or paid is directly recognized as equity.

(5) Upon loss of control over a subsidiary, the Company remeasures any retained investment in the former subsidiary at its fair value, which then becomes the initial recognition cost of financial assets at fair value or investments in associates or joint ventures. Any difference between the fair value and carrying amount is recognized in profit or loss. For all the amounts previously recognized as other comprehensive income and related to the subsidiary, the basis of accounting treatment is the same as if the Company disposes of the related assets or liabilities. That is, if the gains or losses previously recorded as other comprehensive income (loss) would be reclassified to profit or loss upon disposal of the related assets or liabilities, then, upon loss of control over the subsidiary, the gains or losses would be reclassified to profit or loss from equity.

(6) According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current-period profit or loss, other comprehensive income and shareholders' equity in the Parent Company Only Financial Statements should be consistent with those allocated to the parent company shareholder in the financial statements prepared based on consolidated basis.

4.9 Property, Plant and Equipment

(1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

(2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are recognized in profit or loss as incurred.

(3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows :

Buildings	29 ~ 35 years
Machinery	3 ~ 10 years
Research and development equipment	3 ~10 years
Office equipment	3 ~ 6 years
Transportation equipment	5 years
Other equipment	5 years

(4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

A. The Company as a lessee

Except for short-term leases and leases of low-value asset where lease payments are recognized as expenses on a straight-line basis over the lease terms, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the parent company only balance sheets, except for those that meet the definition of investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if the ownership of the underlying assets is transferred to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

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 a lease term, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures 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 remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the leas for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented as a separate line item in the parent company only balance sheets.

B. The Company as a lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments, less any lease incentives payable, are recognized as lease income on a straight-line basis over the lease terms. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized those costs as an expense over the lease term on the same basis as the lease income. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification.

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

4.11 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as interest expense. Provisions are not recognized for future operating losses.

4.13 Employee benefits

<u>Short-term employee benefits</u>

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

<u>Pensions</u>

(1) Defined contribution plan

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plan

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current or prior period(s). The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. For currencies for which there is no deep market in such high-quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used.

(b) Remeasurements of defined benefit plans are recognized in other comprehensive income as incurred and are recorded as retained earnings.

(c) Past-service costs are recognized immediately in profit or loss.

Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee’s employment as a result of either the Company’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

4.14 Share capital

Ordinary shares are classified as equity. The classification of preferred stocks is based on the special rights entitled to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. If preferred stocks meet the definition of a financial liability, they are classified as liabilities ; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

4.15 Income tax

(1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.

(2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.

(3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

(4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses, and unused tax credits can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current-period income tax assets against current-period income tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(6) A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employee training, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

4.16 Revenue Recognition

The Company applies the following steps for revenue recognition :

(a) Identifying the contract ;

(b) Identifying performance obligations ;

(c) Determine the transaction price ;

(d) Allocating the transaction price to performance obligations ; and

(e) Recognizing revenue when (or as) a performance obligation is satisfied.

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is within one year, the Company does not adjust the promised amount of consideration for the effect of a significant financing component.

The Company produces and sells switching power supplies and related products, with the sales income recognized when the control of products is transferred to the customer. Transfer of control of products means that the products have been delivered to the customer and there is no outstanding obligation that would affect the customer's acceptance of the products. Delivery means that the customer has accepted the products in accordance with the terms of the transaction, the risk of obsolescence and loss has been transferred to the customer, and the Company has objective evidence that all acceptance conditions have been met.

The Company's accounts receivable are recorded upon delivery of goods because the Company has the unconditional right to receive the consideration at that point in time.

The Company does not recognize revenue on materials delivered to subcontractors because such delivery does not involve a transfer of control.

5. Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

The Company takes into account the economic impact of the covid-19 pandemic, changes in climates and related governmental policies and regulations, the conflicts between Ukraine and Russia as well as related international sanctions, inflation and volatility in interest rate on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In the preparation of the parent company only financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows :

5.1 Significant judgment for adopting auditing policy

Business model assessment for financial assets

The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment involves judgment and consideration of all relevant evidence, such as how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how the managers of the assets are compensated. The Company constantly assess the adequacy of its business model and monitors financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income. When these assets are derecognized prior to their maturity, the Company reviews the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. If the objective of the business for an asset is changed, the classification of the asset is prospectively changed from the reclassification date in accordance with IFRS 9.

Lease term

In determining lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the periods covered by the option, significant leasehold improvements undertaken (or expected to be undertaken) over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Company occurs.

5.2 Critical accounting estimates and assumptions

Revenue Recognition

Sales revenue, excluding related estimated sales returns, discounts and other similar allowance, is recognized when the control of goods or services is transferred to the customer and the Company satisfies it performance obligation. The Company estimates sales returns and allowance based on historical experience and other known factors. The Company reassesses the reasonableness of the estimates periodically.

Estimated impairment of financial assets

The provision for impairment of accounts receivables is based on assumptions on risk of default and expected loss rates. The Company makes these assumptions and selects inputs for impairment calculation based on the Company's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

Fair value measurements and valuation processes

Where some of the Company's assets and liabilities measured at fair value have no quoted prices in active markets, the Company determines, based on relevant regulations and judgment, whether to engage third party qualified valuers and the appropriate valuation techniques for the fair value measurements. Where Level 1 inputs are not available, the Company determine appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, the most recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Company updates inputs periodically according to market conditions to monitor the appropriateness of the fair value measurement.

Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future.

Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Company's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate, gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company needs to exercise judgments and estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, guarantees, etc.) are also taken into account.

6. Description of Significant Accounting Items

6.1 Cash and cash equivalents

Item	December 31, 2022	December 31, 2021
Cash	$ 77	$ 163
Demand deposits	21, 152	33, 537
Time deposits	315, 126	221, 608
Foreign currency deposits	792, 616	684, 423
Total	$ 1, 128, 971	$ 939, 731

(1) The Company deposits its cash and cash equivalents at several financial institutions that have high credit quality to diversify its risk. Therefore, the Company considers its cash and cash equivalents to have low credit risk.

(2) The Company has no cash and cash equivalents pledged to others.

6.2 Financial assets at fair value through profit or loss – current

Item	December 31, 2022	December 31, 2021
Financial assets mandatorily classified as measured at FVTPL		
Non-derivative financial assets		
Fund beneficiary certificates	$ 331, 180	$ 427, 806
Corporate bond	22, 430	36, 473
Derivative financial assets		
Rights to redeem convertible corporate bonds	1, 320	1, 440
Total	$ 354, 930	$ 465, 719

(1) The Company has no financial assets at fair value through profit or loss pledged to others.

(2) Please refer to Note 12 for information on related credit risk management and valuation method.

6.3 Notes receivable, net

Item	December 31, 2022	December 31, 2021
Notes receivable	$ 24, 638	$ 24, 491
Less : Loss allowance	(246)	(245)
Notes receivable, net	$ 24, 392	$ 24, 246

(1) As of December 31, 2022 and 2021, no note receivable of the Company are pledged.

(2) For disclosures on loss allowance of notes receivable, please refer to following section of accounts receivable.

6.4 Accounts receivable, net

Item	December 31, 2022		December 31, 2021	
Amortized at cost				
Accounts receivable	$	289, 152	$	700, 316
Accounts receivable – related parties		404, 528		478, 981
Accounts receivable, net	$	693, 680	$	1, 179, 297

(1) The average credit period of sales of goods ranges from 60 to 105 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.

(2) The Company has no accounts receivable pledged to others.

(3) Accounts receivable is measured at amortized cost with no notes receivable discounted.

(4) The Company using the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses (i.e. ECLs) for notes receivables and accounts receivables. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial position of the debtor, as well as external credit rating. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the following provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

(5) The loss allowances of notes receivable and accounts receivable (including related parties and overdue accounts) , were detailed below :

December 31, 2022	Gross carrying amount		Loss allowance (Expected credit losses)		Amortized cost	
Not past due	$	688, 699	$	246	$	688, 453
Past due 1~30 days		24, 311		–		24, 311
Past due 30~60 days		5, 032		–		5, 032
Past due 60~90 days		–		–		–
Past due more than 91 days (overdue accounts)		276		–		276
Total	$	718, 318	$	246	$	718, 072

December 31, 2021	Gross carrying amount	Loss allowance (Expected credit losses)	Amortized cost
Not past due	$ 1, 109, 161	$ 245	$ 1, 108, 916
Past due 1~30 days	5, 907	–	5, 907
Past due 30~60 days	88, 720	–	88, 720
Past due 60~90 days	–	–	–
Past due more than 91 days (overdue accounts)	–	–	–
Total	$ 1, 203, 788	$ 245	$ 1, 203, 543

The Company's expected credit loss rate (excluding abnormal amounts) for each age range mentioned above is 0% for non-delinquent and 1 ~ 30 days past due ; 0% for 30 ~ 90 days past due ; and 100% for over 91 days past due.

(6) The movements of the loss allowances of notes receivable and accounts receivable (including related parties) , were as follows :

Item	2022	2021
Balance on January 1	$ 245	$ 905
Add : Recognition of impairment losses	276	–
Less : Reversal of impairment losses	(275)	(161)
Less : Amounts written off	–	(499)
Ending balance	$ 246	$ 245

The Company did not hold any collaterals or other credit enhancements for these accounts receivable.

(7) Please refer to Note 12 for information on related credit risk management and valuation method.

6.5 Inventories and cost of goods sold

Item	December 31, 2022	December 31, 2021
Finished goods and merchandise	$ 59, 785	$ 18, 180
Work in process and semi-finished products	17, 316	52, 085
Raw materials	99, 091	50, 568
Supplies	2, 861	815
Total	179, 053	121, 648

(1) The cost of inventories recognized as expense (gain) for 2022 and 2021 :

Item	2022	2021
Cost of goods sold	$ 1, 718, 504	$ 3, 521, 840
Loss on price decline (gain on reversal) of inventories	1, 309	741
Loss on scrapping of inventories	710	4, 495
Loss (gain) on inventory take	(741)	(274)
Total operating costs	$ 1, 719, 782	$ 3, 526, 802

(2) As of December 31, 2022 and 2021, the insurance amount for inventories was $50,000 thousand and $50,000 thousand, respectively.

(3) In 2022 and 2021, the Company wrote down its inventories to net realizable value ; or due to increase in price of some products / consumption of a portion of inventories, which let to recovery of net realizable value, the Company recognized loss on price decline (gain on reversal) of inventories by the amount of $1,309 thousand and $741 thousand, respectively.

(4) The Company has no inventories pledged to others.

6.6 Other financial assets - current

Item	December 31, 2022	December 31, 2021
Time deposits – initial maturity over three months	$ 10, 559	$ 9, 630

6.7 Investments accounted for using equity method

Investee	December 31, 2022	December 31, 2021
Subsidiary :		
Resonic Holdings Co., Ltd.	$ 198, 879	$ 286, 377
Seasonic Electronics, Inc.	18, 021	14, 248
Sea Sonic Europe B.V.	(39, 207)	(3, 545)
Full Net Enterprise Inc.	88, 251	88, 942
Sea Sonic Energy Co., Ltd.	38, 731	–
Total	304, 675	386, 022
Plus : Credit balance of investments accounted for using equity method	39, 207	3, 545
Total	$ 343, 882	$ 389, 567

(1) Please refer to Note 4.3 of the consolidated financial statement of 2022 for information on the Company’s subsidiaries.

(2) Investments accounted for using the equity method and the Company's share of the profit or loss and other comprehensive income or loss are based on the financial statements audited by the accountants.

(3) The credit balance of the carrying value of the investment in Sea Sonic Europe B.V. was transferred to noncurrent liabilities in 2022 and 2021 because the Company recognized a gain or loss on the investment in Sea Sonic Europe B.V. and eliminated the unrealized gain on sales pass-through transactions in proportion to the Company's shareholding in the company, resulting in a negative carrying value of the investment.

(4) In 2021, the Company received cash dividends of $65,577 thousand and $25,000 thousand from Resonic Holdings Co. and FULL Net Enterprise Inc., respectively.

6.8 Property, plant and equipment

	December 31, 2022	December 31, 2021
Assets used by the Company	$ 163, 327	$ 155, 541
Assets under operating leases	19, 805	20, 265
Total	$ 183, 132	$ 175, 806

Assets used by the Company

Item	December 31, 2022	December 31, 2021
Land	$ 97, 779	$ 97, 779
Buildings	98, 673	87, 129
Machinery	21, 045	28, 918
Other equipment	36, 382	40, 602
Total cost	253, 879	254, 428
Less : Accumulated depreciation and impairment	(90, 552)	(98, 887)
Total	$ 163, 327	$ 155, 541

	Land	Buildings	Machinery	Other equipment	Total
Costs					
Balance, January 1, 2022	$ 97, 779	$ 87, 129	$ 28, 918	$ 40, 602	$ 254, 428
Additions	–	–	3, 861	2, 483	6, 344
Disposals	–	–	(14, 010)	(12, 086)	(26, 096)
Reclassification	–	11, 544	2, 276	5, 383	19, 203
Balance, December 31, 2022	$ 97, 779	$ 98, 673	$ 21, 045	$ 36, 382	$ 253, 879
Accumulated depreciation and impairment					
Balance, January 1, 2022	$ –	$ 67, 779	$ 12, 296	$ 18, 812	$ 98, 887
Depreciation expense	–	4, 123	2, 649	6, 589	13, 361
Disposals	–	–	(9, 630)	(12, 066)	(21, 696)
Balance, December 31, 2022	$ –	$ 71, 902	$ 5, 315	$ 13, 335	$ 90, 552

	Land	Buildings	Machinery	Other equipment	Total
Costs					
Balance, January 1, 2021	$ 97, 779	$ 84, 896	$ 27, 759	$ 30, 077	$ 240, 511
Additions	-	-	637	9, 457	10, 094
Disposals	-	-	(1, 450)	(271)	(1, 721)
Reclassification	-	2, 233	1, 972	1, 339	5, 544
Balance, December 31, 2021	$ 97, 779	$ 87, 129	$ 28, 918	$ 40, 602	$ 254, 428

	Land	Buildings	Machinery	Other equipment	Total
Accumulated depreciation and impairment					
Balance, January 1, 2021	$ -	$ 64, 382	$ 8, 478	$ 13, 271	$ 86, 131
Depreciation expense	-	3, 397	3, 903	5, 772	13, 072
Disposals	-	-	(85)	(231)	(316)
Balance, December 31, 2021	$ -	$ 67, 779	$ 12, 296	$ 18, 812	$ 98, 887

(1) Reconciliation of the additions with the acquisition of property, plant and equipment in the statements of cash flows for the period is as follows :

Item	2022	2021
Additions of property, plant and equipment	$ 6, 344	$ 10, 094
(Increase) decrease in payables for purchase of equipment	815	8, 743
Cash paid	$ 7, 159	$ 18, 837

(2) For the amount of capitalized interests, please refer to Note 6.24.

(3) As there was no sign of impairment in 2022 and 2021, no assessment of impairment has performed for both of the years.

(4) Property, plant and equipment used by the Company are not set as collateral.

Assets under operating leases

Item	December 31, 2022	December 31, 2021
Land	$ 13, 609	$ 13, 609
Buildings	16, 450	16, 450
Total cost	30, 059	30, 059
Less : Accumulated depreciation and impairment	(10, 254)	(9, 794)
Total	$ 19, 805	$ 20, 265

	Land		Buildings		Total	
Costs						
Balance, January 1, 2022	$	13, 609	$	16, 450	$	30, 059
Balance, December 31, 2022	$	13, 609	$	16, 450	$	30, 059
Accumulated depreciation and impairment						
Balance, January 1, 2022	$	−	$	9, 794	$	9, 794
Depreciation expense		−		460		460
Balance, December 31, 2022	$	−	$	10, 254	$	10, 254

	Land		Buildings		Total	
Costs						
Balance, January 1, 2021	$	13, 609	$	16, 450	$	30, 059
Balance, December 31, 2021	$	13, 609	$	16, 450	$	30, 059
Accumulated depreciation and impairment						
Balance, January 1, 2021	$	−	$	9, 334	$	9, 334
Depreciation expense		−		460		460
Balance, December 31, 2021	$	−	$	9, 794	$	9, 794

(1) The Company leases out office and parking spaces under operating leases for termination of one year. All operating lease agreements include provisions of rent adjustments in accordance with the market rental rate when lessee exercises the right to renew the lease. The lessee does not have a bargain purchase price addressing the asset at the end of the lease term.

(2) The total future lease payments to be received for operating leases of property, plant and equipment owned by the Company are as follows :

	December 31, 2022		December 31, 2021	
First year	$	1, 224	$	1, 224

(3) As of December 31, 2022, the market value of the Company's assets leased under operating leases was still higher than the net carrying amount with no impairment.

(4) The property, plant and equipment leased under operating leases are not set as collateral.

6.9 Lease agreements

(1) Right-of-use assets

Item	December 31, 2022	December 31, 2021
Buildings	$ 4, 650	$ 4, 650
Less : Accumulated depreciation and impairment	(3, 358)	(1, 808)
Total	$ 1, 292	$ 2, 842

Costs	Buildings
Balance, January 1, 2022	$ 4, 650
Balance, December 31, 2022	$ 4, 650

Accumulated depreciation and impairment	
Balance, January 1, 2022	$ 1, 808
Depreciation	1, 550
Balance, December 31, 2022	$ 3, 358

Costs	Buildings
Balance, January 1, 2021	$ 4, 650
Balance, December 31, 2021	$ 4, 650

Accumulated depreciation and impairment	
Balance, January 1, 2021	$ 258
Depreciation	1, 550
Balance, December 31, 2021	$ 1, 808

(2) Lease liabilities

Item	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 1, 306	$ 1, 552
Non-current	$ –	$ 1, 306

The ranges of discount rates for the lease liabilities :

	December 31, 2022	December 31, 2021
Buildings	1.00%	1.00%

Please refer to Note 12.2 for information on the maturity analysis of the lease liabilities

(3) Other lease information

A. For information on lease-out arrangements under operating leases for property, plant and equipment owned by the Company, please refer to Notes 6.8.

B. The Company elected to apply the recognition exemption for short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases for 2022 and 2021.

C. Information related to the Company's leases for 2022 and 2021 is as follows :

Item	2022	2021
Expenses relating to short-term leases	$ 150	$ 220
Expenses relating to low-value asset leases	$ 16	$ 16
Total cash outflow for leases (Note)	$ 1, 738	$ 1, 808

Note : Payments of the principal portion of lease liabilities are included.

6.10 Other financial assets - noncurrent

Item	December 31, 2022	December 31, 2021
Segregated foreign exchange deposit account for offshore funds	$ 200, 622	$ 182, 957

The Company applies for "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" and remits foreign investment income to a special account for foreign exchange deposits in accordance with the regulations. Except for 5% of the funds could be withdrawn and freely utilized, the rest of the funds should be deposited in the segregated foreign exchange deposit account for five years ; after the expiry of the said period, the funds could be withdrawn over a period of three years according to regulations.

6.11 Provision - current

Item	December 31, 2022	December 31, 2021
Employee benefits	$ 6, 631	$ 5, 397

Item	Employee benefits
Balance, January 1, 2022	$ 5, 397
Added during the period	2, 712
Used during the period	(1, 478)
Balance, December 31, 2022	$ 6, 631

Item	Employee benefits
Balance, January 1, 2021	$ 4, 765
Added during the period	1, 880
Used during the period	(1, 248)
Balance, December 31, 2021	$ 5, 397

Provision for employee benefits is estimated based on vested long-service leave.

6.12 Other current liabilities

Item	December 31, 2022	December 31, 2021
Refund liabilities	$ 32, 796	$ 25, 760
Others	413	2, 967
Total	$ 33, 209	$ 28, 727

6.13 Corporate bonds payable

Item	December 31, 2022	December 31, 2021
First domestic unsecured convertible corporate bonds	$ 600, 000	$ 600, 000
Less : Discount on corporate bonds payable	(12, 707)	(20, 202)
Total	$ 587, 293	$ 579, 798

(1) The terms of the first domestic convertible bonds issued by the Company are as follows :

A. On August 17, 2021, the regulatory authority authorized the Company to issue the first domestic unsecured convertible bonds of $600,000 thousand with coupon rate fixed at 0%. The outstanding period is from September 9, 2021 to September 9, 2024

B. The conversion price of the bonds is based on the pricing model specified in the terms of conversion and is subject to adjustments. As of December 31, 2022, a total of 0 bonds has been converted and the conversion price is $87.1 NTD per share

C. According to the terms of conversion, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued ; all rights and obligations attached to the bonds are also extinguished.

D. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur : (a) the closing price of the Company's common stocks is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the issue date to 40 days before the maturity date, or (b) the outstanding balance of the bonds is less than 10% of total issuance during the same period described in (a).

E. The rights and obligations pertaining to the new shares converted from the bonds are the same as those pertaining to originally outstanding common shares.

F. As of December 31, 2022, the bonds repurchased by the Company from the open markets amounted to $0 thousand at par.

(2) When the Company issued convertible bonds, the rights to convert, which are equity in nature, were separated from liability component of convertible bonds in accordance with IAS 32, "Financial Instruments : Presentation", and recorded as "capital surplus - stock options for convertible bond" by the amount of $95,713 thousand. The right to redeem the convertible bonds embedded in the financial statements are separated from the host contract debt instrument due to the non-closely relation of its economic characteristics and risks and those of the host contract debt instrument in accordance with IFRS 9, and the net amount is recorded as "financial assets or liabilities at fair value through profit or loss". The effective interest rate of the host contract debt after the separation was 1.284%.

6.14 Pensions

(1) Defined contribution plan

A. The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.

B. In 2022 and 2021, the Company recognized a total of $4,239 thousand and $4,233 thousand, respectively, in the statements of income for the amounts to be appropriated in accordance with the percentage of the defined contribution plan.

(2) Defined benefit plan

A. The Company and its domestic subsidiaries have a respective defined benefit pension plan in accordance with the Labor Standards Act of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The pension fund is managed by the government's designated authorities and the Company has no right to influence their investment strategies.

B. The Company's obligations arising from defined benefit plans are included in the balance sheet as follows :

Item	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ -	$ 14, 144
Fair value of plan assets	-	(15, 031)
Net defined benefit liability (asset)	$ -	($ 887)

C. Movements in net defined benefit liabilities are as follows :

(a) 2022 : None

For full-time employees who were applicable under the defined benefit plan before June 30, 2005, they had either left the Company or settled their service years in 2022. Therefore, the remaining balance of the Labor Pension Reserve was cleared in 2022, and the amount of $3,000 thousand was returned and settled on December 5, 2022.

(b) 2021 :

Item	2021 Present value of defined benefit obligations	2021 Fair value of plan assets	2021 Net defined benefit liability (asset)
Balance on January 1	$ 13, 538	($ 14, 602)	($ 1, 064)
Service costs			
Interest expense (revenue)	102	(110)	(8)
Service costs of prior period	–	–	–
Settlement profit (loss)	–	–	–
Recorded in profit (loss)	102	(110)	(8)
Remeasurements			
Return on plan asset (excluding amounts in net interest)	–	(160)	(160)
Actuarial (gains) losses —			
Experience adjustments	504	–	504
Amounts recognized in other comprehensive income	504	(160)	344
Pension fund contribution	–	(159)	(159)
Paid Pension	–	–	–
Balance on December 31	$ 14, 144	($ 15, 031)	($ 887)

(3) Due to the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks :

(a) Investment risk

The pension funds are invested in domestic and overseas equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor or through entrusted management method. However, under the Labor Standards Act, the rate of return on the plan assets shall not be less than the average interest rate on a two-year time deposit of the local banks.

(b) Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation ; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(4) The present value of the defined benefit obligation is calculated by qualified actuaries. The main actuarial assumptions used were as follows :

A. Changes in fair value of the defined benefit plan :

Item	Measurement Date December 31, 2021
Discount rate	0.63%
Future salary increase rate	1.25%
The weighted average duration of the defined benefit obligation	12.2 years

B. Assumptions on future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table (TSO).

C. Reasonably possible changes at December 31, 2021 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

Item	December 31, 2021
Discount rate	
0.25% increase	($ 428)
0.25% reduction	$ 446
Future salary increase rate	
0.25% increase	$ 435
0.25% reduction	($ 420)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation as the actuarial assumptions may be correlated with each other and changes in only one assumption are not probable.

6.15 Share capital

(1) The movements in the number of the Company's ordinary shares outstanding are as follows :

	2022	
Item	Shares (in thousands)	Amount
January 1	79,953	$ 799, 532
December 31	79,953	$ 799, 532

	2021	
Item	Shares (in thousands)	Amount
January 1	79,953	$ 799, 532
December 31	79,953	$ 799, 532

(2) As of December 31, 2022, the Company's authorized capital amount was $1,500,000 thousand, consisting of 150,000 thousand shares of ordinary stocks

6.16 Capital surplus

Item	December 31, 2022		December 31, 2021	
Convertible corporate bond options	$	95, 713	$	95, 713
Other (right of disgorgement)		1		1
Total	$	95, 714	$	95, 714

6.17 Retained earnings and dividend policy

(1) In accordance with the Company's Articles of Incorporation, the Company shall first pay taxes to cover past losses and then set aside 10% of the Company's legal reserve, except when the legal reserve has reached the Company's paid-in capital ; In addition to distribution of dividends, the remaining earnings are combined with retained earnings at the beginning of the period, then distribute dividends to shareholders after consent by the shareholders.

In view of the Company's operational needs and the maximization of shareholders' equity, the Company adopts a residual dividend policy for the distribution of dividends. According to the Company's future capital budget planning, capital requirements for future years are measure, and considering profitability, financial structure, dilution of earnings per share and other factors, appropriate dividend distribution is planned, of which cash dividends shall be paid at a rate of not less than 30% (inclusive) and up to 100% of the total dividends for the year, and the actual rate of payment shall be determined by the Board of Directors.

(2) Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.

(3)Special reserve

A. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

B. The Company sets aside special reserve in accordance with Jin-Guan-Zheng-Fa No. 1090150022 ruling letter on March 31, 2021. The special reserve may be reversed to distributable retained earnings proportionate to the original reserve ratio if the Company subsequently uses, disposes or reclassifies the related assets.

Item	December 31, 2022	December 31, 2021
Reserve for the initial application of IFRS	$ 7, 000	$ 7, 000
Reserve for other equity's credit balance	20, 520	12, 139
Total	$ 27, 520	$ 19, 139

(4) The appropriations of 2021 and 2020 earnings have been approved by the shareholders in meetings in June 2022 and July 2021 and the appropriations and dividends per share were as follows :

	Appropriation of Earnings		Dividends Per Share (NT$)	
Item	2021	2020	2021	2020
Legal reserve	$ 75, 255	$ 61, 174		
Special reserve (reversal)	8, 381	(635)		
Cash dividends	399, 766	399, 766	$ 5. 00	$ 5. 00
Total	$ 483, 402	$ 460, 305	$ 5. 00	$ 5. 00

(5) The appropriations of earnings for 2022 had been approved in the meeting of the Board of Directors at March 21, 2023 and the appropriations and dividends per share were as follows :

	2022	
Item	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 45, 023	
Special reserve	(9, 357)	
Cash dividends	399, 766	$ 5. 00
Total	$ 435, 432	$ 5. 00

The appropriations of earnings for 2022 are to be presented for approval in the shareholders' meeting which is to be held June, 2023.

(6) Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6.18 Other equity

Item	Exchange differences on translation of foreign financial statements
Balance, January 1, 2022	($ 27, 520)
Exchange differences on translation of foreign financial statements	9, 357
Balance, December 31, 2022	($ 18, 163)

Item	Exchange differences on translation of foreign financial statements
Balance, January 1, 2021	($ 19, 139)
Exchange differences on translation of foreign financial statements	(8, 381)
Balance, December 31, 2021	($ 27, 520)

6.19 Operating revenue

Item	2022	2021
Revenue from contracts with customers		
Sales revenue	$ 2, 396, 811	$ 4, 815, 638

The products of the Group, including switching power supplies, are mainly sold to retailors and system assembling companies. Considering transaction records with the customers in the past year and accumulated experiences, the Group estimates the expected return rate of products and use it to recognize the refund liabilities (recorded as other current liabilities) and the related rights to the products to be returned (recorded as other current assets). Other products are sold at fixed price according to the contract agreements.

(1) Categories of revenue from contracts with customers

The Company's revenue from contracts with customers may be divided into the following major product lines and sales regions :

2022

Main Products	Asia	Europe and America	Other Regions	Total
Switching power supplies	$ 1, 662, 398	$ 623, 157	$ 15, 374	$ 2, 300, 929
Others	85, 917	9, 944	21	95, 882
Total	$ 1, 748, 315	$ 633, 101	$ 15, 395	$ 2, 396, 811

2021

Main Products	Asia	Europe and America	Other Regions	Total
Switching power supplies	$ 2, 628, 539	$ 1, 953, 051	$ 21, 942	$ 4, 603, 532
Others	192, 068	18, 958	1, 080	212, 106
Total	$ 2, 820, 607	$ 1, 972, 009	$ 23, 022	$ 4, 815, 638

(2) Contract balances

The recognized accounts receivable, contract assets and contract liabilities arising from contracts with customers are as follows :

Item	2022	2021
Accounts receivable	$ 718, 072	$ 1, 203, 543
Contract liabilities - current		
Sales of goods	$ 4, 292	$ 5, 857

A. Significant changes in contract assets and contract liabilities : None,

B. Revenue recognized, during the period, from the beginning contract liabilities is as follows :

Item	2022	2021
From the beginning contract liabilities		
Sales of goods	$ 5, 556	$ 28, 906

C. Revenue recognized, during the period, from the performance obligations which were satisfied in the previous periods : None.

D. Unfulfilled contract

As of December 31, 2022, the Company's unfulfilled contracts with customers are expected to be fulfilled within a year, with the revenue recognized in the following year.

(3) Assets related to contract costs : None.

6.20 Interest Income

Item	2022	2021
Bank interest income	$ 17, 910	$ 2, 505
Interest income from financial assets at FVTPL	1, 167	1, 512
Other	2, 914	–
Total	$ 21, 991	$ 4, 017

6.21 Other income

Item	2022	2021
Rental income	$ 851	$ 980
Income from settlement of the old pension plan	1, 433	–
Other income	8, 557	9, 699
Total	$ 10, 841	$ 10, 679

6.22 Other gains or losses

Item	2022	2021
Net gain (loss) on financial assets and financial liabilities at FVTPL	($ 6, 109)	($ 2, 795)
Net foreign currency exchange gains (losses)	211, 442	(54, 761)
Gain (loss) on disposal of property, plant and equipment	68	(32)
Other	–	(220)
Total	$ 205, 401	($ 57, 808)

6.23 Employee benefits, depreciation, depletion and amortization expense

	2022		
Nature	Operating costs	Operating expenses	Total
Employee benefits expense			
Salary	$ –	$ 102, 167	$ 102, 167
Insurance	–	9, 346	9, 346
Pension	–	4, 239	4, 239
Director remuneration	–	5, 880	5, 880
Other employee benefit expense	–	4, 497	4, 497
Depreciation	–	15, 371	15, 371
Amortization	–	4, 082	4, 082
Total	$ –	$ 145, 582	$ 145, 582

Nature	2021 Operating costs	2021 Operating expenses	2021 Total
Employee benefits expense			
Salary	$ －	$ 132, 546	$ 132, 546
Insurance	－	9, 286	9, 286
Pension	－	4, 233	4, 233
Directors' remuneration	－	7, 000	7, 000
Other employee benefit expense	－	5, 808	5, 808
Depreciation	－	15, 082	15, 082
Amortization	－	3, 828	3, 828
Total	$ －	$ 177, 783	$ 177, 783

(1) Additional information on employee amount and employee benefits expense of the Company in 2022 and 2021 is as follows :

	2022	2021
Number of employees	120	123
Number of non-executive directors	5	5
Average employee benefits expense	$ 1, 046	$ 1, 287
Average employee salary expense	$ 888	$ 1, 123
Average adjustment of employee salary expense	(20. 93%)	13. 89%

(2) Compensation policy (including directors, general manager and employees)

Employee compensation

The company adopts the standard of equal pay for equal work, without any difference in age, gender, race, religion, political stance, marital status...etc.

The salary standard for employees is based on the duty and responsibility payment system, and is set with reference to the market salary market and the Company's operating conditions.

The Company's Board of Directors, in accordance with the provisions of the Company Act and with reference to the usual standards in the industry, establishes the method of calculating the compensation for all employees in the Company's Articles of Incorporation and submits the same to the shareholders' meeting for resolution.

The main items of employee compensation include basic salary, meal allowance, work bonuses, performance bonuses, etc. In addition, year-end bonuses and employee compensation are paid according to the Company's operating profitability.

In accordance with Article 20 of the Company's Articles of Incorporation, not less than 2% of the Company's annual profit shall be set aside for employee compensation. However, if the Company has accumulated losses, it shall reserve the amount to cover them in advance. Employee compensation may be paid in stock or cash to subordinate employees who meet the criteria set by the Board of Directors. Employee compensation shall be paid by resolution of the Board of Directors and reported to the shareholders' meeting.

Employees are paid or adjusted according to their duties, academic and professional background, professional knowledge and skills, years spending in professional field and individual performance.

Compensation to general manager

Compensation to general manager takes into account the Company's overall market position, general pay levels in the industry, concurrently taking reference of their extent of goal achievement and contribution, etc.

Compensation to general manager includes fixed salary, supervisor's bonus, work and performance bonus, year-end bonus and employee's compensation, etc.

The payment of compensation to general manager takes references of duty, contribution, operating performance of the year as well as consideration of future aspect of the Company, and is resolved according to relevant regulations along with the regular assessment of reasonability by compensation committee.

Directors’ remuneration

The Company establishes calculate manners of the director remuneration in accordance with the Company Act and general pay levels in the industry with the resolution from shareholders’ meeting.

In accordance with Article 20 of the Company's Articles of Incorporation, not less than 1.5% of the Company's annual profit shall be set aside for director remuneration. However, if the Company has accumulated losses, it shall reserve the amount to cover them in advance. Director remuneration shall be paid only by cash with its distribution approved by Board of Directors and reported to shareholders’ meeting.

The Director remuneration of the Company is resolved by the Remuneration Committee according to relevant regulation of the Company and assessments addressing the time spent by the individual and their responsibilities, the risk taken, performance and the operating performance of the Company as well as reasonability regarding future risk, while the general pay levels in the industry served as reference. The final resolution shall be approved by the Board of Directors.

(3) The Company shall allocate not lower than 2% and not higher than 1.5% of annual profits during the period to employees' compensation and directors' and supervisors' remuneration, respectively. If there is a change in the proposed amount after the annual parent company only financial statement are authorized for issue, the difference is recorded as a change in accounting estimate.

(4) The employees' compensation and directors' and supervisors' remuneration for 2022 and 2021 were approved in the meetings of the Board of Directors on March 21, 2023 and March 22, 2022, respectively. The amounts recognized in the financial statements were as follows :

	2022		2021	
	Employee compensation	Directors' and supervisors' remuneration	Employee compensation	Directors' and supervisors' remuneration
Amount resolved to be distributed	$ 17, 641	$ 5, 880	$ 46, 778	$ 7, 000
Amount recognized in the financial statements	17, 641	5, 880	46, 778	7, 000
Difference	$ –	$ –	$ –	$ –

The above employee compensations are distributed in cash.

(5) Information on employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System on the website of the TWSE.

6.24 Financial costs

Item	2022	2021
Interest expense		
Interest on lease liabilities	$ 20	$ 36
Interest on convertible bonds	7, 495	2, 476
Less：Capitalized amount for qualified assets	–	–
Financial costs	$ 7, 515	$ 2, 512

6.25 Income tax

(1) Components of income tax expense

Item	2022	2021
Current-period income tax		
Income tax generated from current-period income	$ 128,727	$ 217,579
Income tax on unappropriated earnings	13,457	7,572
Income tax on repatriated offshore fund	－	2,442
Adjustments for prior periods	(5,229)	(4,885)
Total income tax for current period	136,955	222,708
Deferred tax		
The origination and reversal of temporary differences	(11,834)	(22,776)
Total deferred income taxes	(11,834)	(22,776)
Income tax expense	$ 125,121	$ 199,932

(2) Income tax benefits (expenses) recognized in other comprehensive income were as follows :

Item	2022	2021
Exchange differences on translation of foreign financial statements	($ 2,339)	$ 2,095
Remeasurement of defined benefit obligation	－	68
Total	($ 2,339)	$ 2,163

(3) Reconciliation between accounting profit and income tax expense recognized in profit or loss :

Item	2022	2021
Net income before income tax	$ 575,347	$ 952,761
Income tax expense at the statutory rate	$ 115,069	$ 190,552
Deductible items in determining taxable income		
Gains (losses) on valuation of financial assets	1,222	559
Unrealized gain on sales of affiliated companies	591	8,608
Other adjustments	11,845	17,860
Income tax adjustments for prior years	(5,229)	(4,885)
Additional income tax on unappropriated earnings	13,457	7,572
Income tax on repatriated offshore fund	－	2,442
Net change in deferred income taxes		
Temporary differences	(11,834)	(22,776)
Income tax expense recognized in profit or loss	$ 125,121	$ 199,932

The corporate income tax rate for entities subject to the R.O.C. Income Tax Act is 20%, and, starting from 2018, the tax rate for unappropriated earnings is 5%.

The Company's application for repatriating investment income derived from offshore invested enterprise(s) has been approved in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, effective from August 15, 2019, in Taiwan. From the enforcement of this Act, tax rate is 8% for the first year and 10% for the second year. The Company may submit an investment plan to the MOEA for approval within one year from the date of depositing the funds into the segregated foreign exchange deposit account. If the Company completed the investment plan within applicable deadlines, it is entitled to a 50% refund of tax paid.

(4) Deferred tax assets or liabilities arising from temporary differences, operating loss carryforward, and investment tax credits :

	2022				
Item	Beginning balance	Recorded in profit or loss	Other comprehensive income	Effect of exchange rate changes	Ending balance
Deferred income tax assets :					
Temporary differences					
Refund liabilities	$ 4, 916	$ 130	$ －	$ －	$ 5, 046
Unrealized loss on inventories	343	262	－	－	605
Accrued vacation pays	1, 079	247	－	－	1, 326
Unrealized exchange loss	18, 528	(14, 941)	－	－	3, 587
Exchange differences on translation of foreign financial statements	6, 880	－	(2, 339)	－	4, 541
Subtotal	31, 746	(14, 302)	(2, 339)	－	15, 105
Deferred tax liabilities :					
Temporary differences					
Net defined benefit assets	(118)	118	－	－	－
Gain on foreign investments accounted for using the equity method	(61, 995)	26, 018	－	－	(35, 977)
Subtotal	(62, 113)	26, 136	－	－	(35, 977)
Total	($ 30, 367)	$ 11, 834	($ 2, 339)	$ －	($ 20, 872)

Item	2021 Beginning balance	Recorded in profit or loss	Other comprehensive income	Effect of exchange rate changes	Ending balance
Deferred income tax assets :					
Temporary differences					
Refund liabilities	$ 3, 171	$ 1, 745	$ －	$ －	$ 4, 916
Unrealized loss on inventories	195	148	－	－	343
Accrued vacation pays	953	126	－	－	1, 079
Unrealized exchange loss	15, 440	3, 088	－	－	18, 528
Unrealized loss on foreign sales	83	(83)	－	－	－
Exchange differences on translation of foreign financial statements	4, 785	－	2, 095	－	6, 880
Subtotal	24, 627	5, 024	2, 095	－	31, 746
Deferred tax liabilities :					
Temporary differences					
Net defined benefit assets	(155)	(31)	68	－	(118)
Gain on foreign investments accounted for using the equity method	(79, 778)	17, 783	－	－	(61, 995)
Subtotal	(79, 933)	17, 752	68	－	(62, 113)
Total	($ 55, 306)	$ 22, 776	$ 2, 163	$ －	($ 30, 367)

(5) The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

6.26 Other comprehensive income

Item	2022 Pre-tax	Income tax (expense) benefit	Net after tax
Items that may be reclassified subsequently to profit or loss :			
Exchange differences arising on translation of foreign operations	$ 11, 696	($ 2, 339)	$ 9, 357
Subtotal	11, 696	(2, 339)	9, 357
Recognized in other comprehensive income	$ 11, 696	($ 2, 339)	$ 9, 357

Item	2021 Pre-tax	Income tax (expense) benefit	Net after tax
Items that will not be reclassified subsequently to profit or loss :			
Remeasurement of defined benefit obligation	($ 344)	$ 68	($ 276)
Subtotal	(344)	68	(276)
Items that may be reclassified subsequently to profit or loss :			
Exchange differences arising on translation of foreign operations	($ 10, 476)	$ 2, 095	($ 8, 381)
Subtotal	(10, 476)	2, 095	(8, 381)
Recognized in other comprehensive income	($ 10, 820)	$ 2, 163	($ 8, 657)

6.27 Earnings per share

Item	2022	2021
A. Basic earnings per share.		
Net income available to common shareholders	$ 450, 226	$ 752, 829
Weighted average number of shares outstanding for the period (in thousands)	79, 953	79, 953
Basic earnings per share, after tax (NT$)	$ 5. 63	$ 9. 42
B. Diluted earnings per share.		
Net income available to common shareholders of the parent	$ 450, 226	$ 752, 829
Effect of the dilutive potential ordinary shares		
Effect of convertible bonds	6, 163	2, 054
Net income for calculating diluted earnings per share	$ 456, 389	$ 754, 883
Retrospective adjusted weighted average number of shares (in thousands)	79, 953	79, 953
Effect of convertible bonds (share in thousands)	6, 889	6, 263
Effect of employees' compensation (share in thousands)	497	590
Weighted-average number of shares outstanding for the calculation of diluted earnings per share (in thousands)	87, 339	86, 806
Diluted earnings per share, after tax (NT$)	$ 5. 23	$ 8. 70

If the Company offered to settle the compensation or bonuses paid to employees in shares or cash at the Company's option, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share if the effect is dilutive. Such dilutive effect of the potential shares is included in the calculation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

6.28 Reconciliation of liabilities arising from financing activities

(1) December 31, 2022

			Non-cash Changes					
	Jan. 1, 2022	Cash Flow	Acquisition of subsidiaries	Disposal of Subsidiaries	Change in Exchange Rate	Fair Value Adjustments	Other	December 31, 2022
Corporate bonds payable (Note)	$ 579, 798	$ –	$ –	$ –	$ –	$ –	$ 7, 495	$ 587, 293
Leasing liabilities	2, 858	(1, 552)	–	–	–	–	–	1, 306
Total	$ 582, 656	($ 1, 552)	$ –	$ –	$ –	$ –	$ 7, 495	$ 588, 599

Note : Non-cash changes refer to increased $7,495 thousand of interest amortization of convertible corporate bonds for the current period.

(2) December 31, 2021

	Jan. 1, 2021	Cash Flow	Non-cash Changes: Acquisition of subsidiaries	Disposal of Subsidiaries	Change in Exchange Rate	Fair Value Adjustments	Other	December 31, 2021
Corporate bonds payable (Note)	$ -	$ 671, 715	$ -	$ -	$ -	$ -	($ 91, 917)	$ 579, 798
Leasing liabilities	4, 394	(1, 536)	-	-	-	-	-	2, 858
Total	$ 4, 394	$ 670, 179	$ -	$ -	$ -	$ -	($ 91, 917)	$ 582, 656

Note : The net change in cash flow was net of issuance costs of $5,305 thousand ; the non-cash change was an increase of $1,320 thousand in financial assets at fair value through profit or loss and $2,476 thousand in amortization of interest on convertible bonds issued, and a decrease of $95,713 thousand in capital surplus from issuance of convertible bonds - stock options.

7. Related Party Transactions

7.1 Names of related parties and relationship categories

Names of related parties	Related party categories
Resonic Holdings Co., Ltd.	Subsidiary
Seasonic Electronics, Inc.	Subsidiary
Sea Sonic Europe B.V.	Subsidiary
Full Net Enterprise Inc.	Subsidiary
Sea Sonic Energy Co., Ltd.	Subsidiary
Shenzhen Energy Power Electronics Co., Ltd.	Indirect subsidiary

7.2 Significant transactions with related parties

(1) Operating revenue

Item	Related party category/Name	2022	2021
Sales revenue	Subsidiary		
	Seasonic Electronics, Inc.	$ 347,699	$ 717,361
	Sea Sonic Europe B.V.	226,723	824,767
	Other	54,131	41,426
	Indirect subsidiary		
	Shenzhen Energy Power Electronics Co., Ltd.	315,654	75,768
	Total	$ 944,207	$1,659,322

A. No significant difference in sales price between related parties and ordinary customers.

B. Payment terms :

(A) T/T 60~90 days in general.

(B) Subsidiary - Seasonic Electronics, Inc., T/T 120 days after reception ; Sea Sonic Europe B.V., T/T 120 days after reception ; Full Net Enterprise Inc., T/T 90 days after monthly closing ; Sea Sonic Energy Co., Ltd., T/T 120 days after reception ; Shenzhen Energy Power Electronics Co., Ltd., T/T 120 days after reception.

(2) Purchase

Item	Related party category/Name	2022	2021
Purchase	Subsidiary		
	Full Net Enterprise Inc.	$ 1,710,507	$ 3,313,003

A. Purchase price is negotiated according to cost-plus pricing method.

B. Payment condition : Identical with general supplier ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow or set off by debts and claims.

(3) Various income

Item	Related party category/Name	2022	2021	Nature of transaction
Other income	Subsidiary	$ 960	$ 960	Management consulting income

(4) Receivables from related parties

Item	Related party category/Name	December 31, 2022	December 31, 2021
Notes and accounts receivable	Subsidiary		
	Seasonic Electronics, Inc.	$ 158,486	$ 211,448
	Sea Sonic Europe B.V.	97,117	207,945
	Sea Sonic Energy Co., Ltd.	10	-
	Indirect subsidiary		
	Shenzhen Energy Power Electronics Co., Ltd.	148,915	59,588
	Less : Loss allowance	-	-
	Net amount	$ 404,528	$ 478,981

No collateral has collected for receivables from related parties. No loss allowance was recognized for receivables from related parties in 2022 and 2021.

Item	Related party category/Name	December 31, 2022	December 31, 2021
Other receivables (B)	Subsidiary		
	Seasonic Electronics, Inc.	$ 216	$ 5
	Sea Sonic Europe B.V.	141	1,245
	Less : loss allowance	-	-
	Net	$ 357	$ 1,250

A. No loss allowance was recognized for other receivables from related parties in 2022 and 2021.

B. Receivables of financing is not included.

(5) Payables to related parties

Item	Related party category/Name	December 31, 2022	December 31, 2021
Account payable	Subsidiary		
	Full Net Enterprise Inc.	$ -	$ 17,895

Item	Related party category	December 31, 2022	December 31, 2021
Other payables	Subsidiary		
	Full Net Enterprise Inc.	$ 23	$ 119

(6) Prepayment to related parties

Item	Related party category/Name	December 31, 2022	December 31, 2021
Prepayments for purchases	Subsidiary		
	Full Net Enterprise Inc.	$ 158,508	$ -

Item	Related party category	December 31, 2022	December 31, 2021
Prepayments for equipment	Subsidiary		
	Sea Sonic Energy Co., Ltd.	$ 71	$ -

(7) Loans to related parties

A. Balance by the end of the period :

Item	Related party category		December 31, 2022		December 31, 2021
Other receivables	Subsidiary				
	Seasonic Electronics, Inc.	$	130,148	$	-
	Sea Sonic Europe B.V.		133,233		-
	Total	$	263,381	$	-

B. Interest income

Related party category/Name		2022		2021
Subsidiary				
Seasonic Electronics, Inc.	$	762	$	-
Sea Sonic Europe B.V.		2,152		-
Total	$	2,914	$	-
Interest rate		2.616%~2.867%		-

All loans to related parties in 2022 are loans without collateral.

(8) Assets transaction

Disposal of property, plant and equipment

	Price of disposal			
Related party category/Name		2022		2021
Subsidiary				
Full Net Enterprise Inc.	$	-	$	1,368

7.3 Key management compensation

Related party category/Name		2022		2021
Salaries and other short-term employee benefits	$	17,045	$	16,947

8. Pledged Asset : None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments : None.

10. Significant Disaster Losses :

The Company was affected by the global pandemic of Covid-19, which resulted in a relatively significant change in operating revenue in 2022 and 2021, but the Company's ability to continue operations, the impairment of assets and the risk of raising capital were assessed and had no significant impact.

11. Significant Subsequent Events : None.

12. Others

12.1 Capital risk management

The Company s capital management objectives are to safeguard the Company's ability to continue as a going concern, maintain an optimal capital structure to reduce the cost of capital, and provide returns to shareholders. Therefore, the Company manages its capital to ensure that it has the necessary financial resources and operating plans to meet its working capital, capital expenditures, research and development expenses and dividend payments for the next 12 months.

12.2 Financial instruments

(1) Financial risks associated with financial instruments

Financial risk management policies

The Company's activities expose it to a variety of financial risks : (1) market risk, including foreign exchange risk, interest rate risk and price risk, (2) credit risk, and (3) liquidity risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Company's financial position and financial performance. The Company's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

The nature and degree of the significant financial risks :

(A) Market Risk

Foreign exchange risk

(a) The Company operates globally and is exposed to foreign exchange risk that arises from commercial transactions, borrowing transactions and net investments in foreign operations which are denominated or require to be settled in foreign currency such as RMB, USD, EUR, and HKD.

(b) Sensitivity analysis of foreign currency risk

	December 31, 2022					
			Book Value	Sensitivity Analysis		
(Foreign currency : functional currency)	Foreign currency	Exchange rate	(NTD)	Movement	Impact on Profit or Loss	Impact on Equity
Financial Assets						
Monetary items						
USD : NTD	$45, 270	30. 71	$1, 390, 250	1%	$11, 122	$ －
RMB : NTD	152, 495	4. 41	672, 504	1%	5, 380	－
HKD : NTD	51	3. 94	201	1%	2	－
Investments accounted for using the equity method (Note)						
USD : NTD	2, 303	30. 71	70, 718	1%	－	566
EUR : NTD	9	32. 72	310	1%	－	2
Financial liabilities						
Monetary items						
USD : NTD	300	30. 71	9, 212	1%	74	－
RMB : NTD	1, 014	4. 41	4, 474	1%	36	－
HKD : NTD	173	3. 94	683	1%	5	－

	December 31, 2021					
			Book Value	Sensitivity Analysis		
(Foreign currency : functional currency)	External currency	Exchange rate	(NTD)	Movement	Impact on Profit or Loss	Impact on Equity
Financial Assets						
Monetary items						
USD : NTD	$74, 780	27. 68	$2, 069, 917	1%	$16, 559	$ －
EUR : NTD	822	31. 32	25, 747	1%	206	－
RMB : NTD	53, 068	4. 34	230, 316	1%	1, 843	－
HKD : NTD	538	3. 55	1, 909	1%	15	－
Investments accounted for using the equity method (Note)						
USD : NTD	2, 088	27. 68	57, 790	1%	－	462
EUR : NTD	1, 516	31. 32	47, 479	1%	－	380
Financial liabilities						
Monetary items						
USD : NTD	651	27. 68	18, 011	1%	144	－
RMB : NTD	4, 495	4. 34	19, 509	1%	156	－

Note : adjustments of unrealized sales gain (loss) are not included.

(c) The total exchange gain (loss), including realized and unrealized arising from significant exchange rate movement on the monetary items held by the Company for 2022 and 2021 amounted to $211,442 thousand and ($54,761) thousand, respectively.

Price risk

The Company is exposed to the price risk associated with the equity investments held by the Company. These investments are classified as financial assets at FVTPL. The Company invests mainly in fund beneficiary certificates and corporate bonds, which are subject to market risk due to fluctuations in trading prices. The Company selects investment targets carefully and does not have significant market risk.

Interest rate risk

The carrying amounts of interest-bearing financial instruments held by the Company as of the reporting date were as follow :

	Carrying amount	
Item	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	$ 526, 307	$ 414, 195
Financial liabilities	－	－
Net amount	$ 526, 307	$ 414, 195
Cash flow rate risk		
Financial assets	$ 813, 768	$ 717, 960
Financial liabilities	(587, 293)	(579, 798)
Net amount	$ 226, 475	$ 138, 162

(a) Sensitivity analysis for instruments with fair value interest rate risk

The Company does not classify any fixed interest rate instruments as financial assets measured at fair value through profit or loss. In addition, the Company does not designate any derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate at the reporting date has no effect on profit or loss and other comprehensive income.

(b) Sensitivity analysis for instruments with cash flow interest rate risk :

The effective interest rates for the Company’s floating interest rate financial instruments are susceptible to the market interest rate, affecting the Company’s future cash flows. If the market interest rate increases/decreases by 1%, the Company’s net income will increase (decrease) $1,812 thousand and $1,105 thousand for 2022 and 2021, respectively.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

(a) Business-related credit risk :

In order to maintain the credit quality of trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affects a customer's paying ability such as the customer’s financial condition and historical transaction records, external and internal credit rating, and economic conditions.

(b) Financial credit risk：

The Company's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Company’s treasury function. The Company only transacts with creditworthy counterparties and banks ; therefore, no significant financial credit risk was identified. The Company has no debt investments classified as measured at amortized cost or as measured at FVTOCI.

(i) Credit concentration risk

The proportion of the accounts receivable from the ten largest customers to the total balance of accounts receivable as of December 31, 2022 and December 31, 2021 was 96.56% and 93.53%, respectively. The credit concentration risk associated with other accounts receivable is insignificant.

(ii) Measurement of expected credit losses

- Accounts receivable : The Company uses the simplified approach to measure the expected credit losses of accounts receivable. Please refer to Note 6.4 for more information.
- The criteria used to determine whether credit risk has increased significantly : None. The Company has no debt investments classified as measured at amortized cost or as measured at FVTOCI.
- The Company has insured its financial assets by receivable insurance from insurance company to reduce the credit risk of financial assets.

(C) Liquidity risk

(a) Liquidity risk management

The objective of the Company's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Company has sufficient financial flexibility for its operations.

(b) Maturity analysis for financial liabilities :

The following table presents an analysis of the Company’s financial liabilities by maturity date and undiscounted maturity amount over the contracted repayment period :

Non-derivative financial liabilities	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Accounts payable (related parties included)	$ 7, 540	$ –	$ –	$ –	$ –	$ 7, 540	$ 7, 540
Other payables (related parties included)	81, 201	–	–	–	–	81, 201	81, 201
Deposits received	24	–	–	–	–	24	24
Bonds payable	–	–	600, 000	–	–	600, 000	587, 293
Subtotal	$ 88, 765	$ –	$600, 000	$ –	$ –	$ 688, 765	$ 676, 058

Derivative financial liabilities : None.

Information on the maturity analysis of the other lease liabilities is as follows :

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years	Total undiscounted lease payments
Leasing liabilities	$ 1, 310	$ –	$ –	$ –	$ –	$ –	$ 1, 310

	December 31, 2021						
Non-derivative financial liabilities	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Accounts payable (related parties included)	$ 24, 650	$ –	$ –	$ –	$ –	$ 24, 650	$ 24, 650
Other payables (related parties included)	97, 187	–	–	–	–	97, 187	97, 187
Deposits received	33	–	–	–	–	33	33
Bonds payable	–	–	–	600, 000	–	600, 000	579, 798
Total	$ 121, 870	$ –	$ –	$600, 000	$ –	$ 721, 870	$ 701, 668

Derivative financial liabilities : None.

Information on the maturity analysis of the other lease liabilities is as follows :

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years	Total undiscounted lease payments
Leasing liabilities	$ 1, 573	$ 1, 310	$ –	$ –	$ –	$ –	$ 2, 883

The Company does not expect that the cash flows would occur significantly earlier or at significantly different amounts from those indicated in the data.

(2) Categories of financial instruments

The carrying amounts of the financial assets and financial liabilities as of December 31, 2022 and December 31, 2021 are as follows :

	December 31, 2022	December 31, 2021
Financial Assets		
Financial assets at fair value through profit or loss		
Financial assets mandatory measured at fair value through profit or loss	$ 354, 930	$ 465, 719
Financial assets measured at amortized cost		
Cash and cash equivalents	1, 128, 971	939, 731
Notes receivable and accounts receivable (including related parties)	718, 072	1, 203, 543
Other receivables (including related parties)	269, 184	9, 421
Other financial assets - current	10, 559	9, 630
Guaranteed deposits paid	678	682
Other financial assets - noncurrent	200, 622	182, 957
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable (including related parties)	7, 540	24, 650
Other payables	81, 201	97, 187
Bonds payable	587, 293	579, 798
Deposits received	24	33

12.3 Fair value information

(1) Details of the fair values of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12.3.2.

Fair value measurements are grouped into Levels 1 to 3 as follows :

Level 1 :

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2

Inputs for this level are observable prices other than publicly available quotes in active markets, including observable inputs obtained directly (e.g., at price) or indirectly (e.g., derived from price) from active markets.

Level 3

Inputs for this level represent inputs that measure fair value that are not based on observable inputs that are available to the market.

(2) financial instruments that are not measured at fair value :

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, guaranteed deposits paid, notes payable, accounts payable and guaranteed deposits received) approximate to their fair values.

(3) Fair value hierarchy information on financial instruments that are measured at fair value :

The information on the Company's financial instruments that are measured at fair value on a recurring basis is as follows :

	December 31, 2022			
Item	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Financial assets at FVTPL				
Assets - current				
-Funds	$ 331, 180	$ -	$ -	$ 331, 180
-Corporate bonds	22, 430	-	-	22, 430
-Derivative instruments - convertible bonds redemption amount	-	-	1, 320	1, 320
Total	$ 353, 610	$ -	$ 1, 320	$ 354, 930

	December 31, 2021			
Item	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Financial assets at FVTPL				
Assets - current				
-Funds	$ 427, 806	$ -	$ -	$ 427, 806
-Corporate bonds	36, 473	-	-	36, 473
-Derivative instruments - convertible bonds redemption amount	-	-	1, 440	1, 440
Total	$ 464, 279	$ -	$ 1, 440	$ 465, 719

(4) The methods and assumptions the Company used to measure fair values are as follows :

(a) The fair value of financial instruments with quoted prices in active markets is based on the quoted prices in active markets. The fair values of listed equity instruments and debt instruments with active quoted market prices are based on the market prices announced by the major exchanges and the central government bond counter trading center, which are judged to be the most popular securities.

A financial instrument has an active market for public quotations if public quotations are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and if the prices represent actual and frequent arm's-length market transactions. If these conditions are not met, the market is not considered active. In general, a very large bid-ask spread, a significant increase in the bid-ask spread, or a very low trading volume are all indicators of an inactive market.

The instruments the Company uses market quoted prices as their fair values are listed below by characteristics :

- Listed shares : Closing price
- Open-end funds : Net asset value
- Corporate bonds : Weighted average quoted price

(b) Except for financial instruments with active markets, the fair values of other financial instruments are determined by using valuation techniques or by reference to quotes from counterparty. The fair values of financial instruments determined by using valuation techniques can be referred to current fair values of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including by applying model using market information available on the parent company only balance sheet date (i.e., yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company’s credit quality.

(5) Transfer between Level 1 and Level 2 of the fair value hierarchy in 2022 and 2021 : None.

(6) Changes in level 3 instruments in 2022 and 2021 are shown in the table below :

A. 2022：

Financial assets at fair value through profit or loss	Derivative instruments - convertible bonds redemption rights
January 1, 2022	$ 1, 440
Acquired during the period	-
Gain (loss) recognized in profit or loss for the period	(120)
December 31, 2022	$ 1, 320

B. 2021：

Financial assets at fair value through profit or loss	Derivative instruments - convertible bonds redemption rights
January 1, 2021	$ -
Acquired during the period	1, 320
Gain (loss) recognized in profit or loss for the period	120
December 31, 2021	$ 1, 440

(7) Quantitative information of significant unobservable inputs used in Level 3 fair value measurement is shown below :

A. December 31, 2022 :

Item	Fair Value at December 31, 2022	Valuation Technique	Significant Unobservable Inputs	Range (weighted average)	Relationship Between Input and Fair Value
Derivative financial assets.					
Right to redeem the convertible bonds	$ 1, 320	Binary tree method for pricing convertible bond	Volatility	29.94	The higher volatility, the higher the fair value

B. December 31, 2021 :

Item	Fair Value at December 31, 2021	Valuation Technique	Significant Unobservable Inputs	Range (weighted average)	Relationship Between Input and Fair Value
Derivative financial assets.					
Right to redeem the convertible bonds	$ 1, 440	Binary tree method for pricing convertible bond	Volatility	49.79	The higher volatility, the higher the fair value

(8) Valuation procedures for fair value measurements being categorized within Level 3 :

The Company's Financial Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

(9) The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed :

A. December 31, 2022 :

			December 31, 2022	
			Recognized in profit or loss	
	Input value	Change	Favorable changes	Unfavorable changes
Financial Assets				
Hybrid instruments	Volatility	± 5%	$ －	$ －

B. December 31, 2021 :

			December 31, 2021	
			Recognized in profit or loss	
	Input value	Change	Favorable changes	Unfavorable changes
Financial Assets				
Hybrid instruments	Volatility	± 5%	$ 120	($ 420)

13. Supplementary Disclosures

(1) Significant transactions information (before inter-group eliminated)

(a) Loans to others : Please see Table 1 attached ;

(b) Endorsements and guarantees provided to others : None ;

(c) Marketable securities held (excluding investments in subsidiaries and associates) at the end of the period : Please see Table 2 attached ;

(d) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital : None ;

(e) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital : None ;

(f) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital : None ;

(g) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital : Please see Table 3 attached ;

(h) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital : Please see Table 4 attached ;

(i) Information about the derivative financial instruments transaction : Please see Note 6.2 ;

(2) Information on investees (excluding information on investment in mainland China) : Please see Table 5 attached ;

(3) Information on investment in mainland China : Please see Table 6 attached.

(4) Information on major shareholders : Please see Table 7 attached.

14. Segment Information

The Company had disclosed the related segment information in the Consolidated Financial Statements per regulations ; therefore, the segment information is not disclosed in the Parent Only Financial Statements.

Table 1

Sea Sonic Electronics Co., Ltd.
Loans to Others
December 31, 2022

in USD and in thousand NTD

No.	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan	Transaction amount	Reason for short-term financing	Recognized loss allowance	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
0	Sea Sonic Electronics Co., Ltd.	Seasonic Electronics, Inc.	Receivable from related party	Yes	$ 195,000	$ 195,000	$ 129,386	2.741%~2.867%	2	$ -	Operating turnover	$ -	None	$ -	$ 528,541	$ 1,057,083
		Sea Sonic Europe B.V.	Receivable from related party	Yes	195,000	195,000	131,657	2.616%~2.741%	2	-	Operating turnover	-	None	-	528,541	1,057,083
		Shenzhen Energy Power Electronics Co., Ltd.	Receivable from related party	Yes	65,000	65,000	-	-	2	-	Operating turnover	-	None	-	528,541	1,057,083

A : The Company as 0, with the invested companies sequentially numbered.

B : Code describing the nature of the loan set as follows :

(1) 1 for borrowers with which it does business.

(2) 2 for borrowers with indispensable need of short-term financing.

C : Maximum loan to subsidiaries and other borrowers

(1) Loans to borrowers which it does business shall not exceed the amount of business contact (amount of purchases or sales, whichever is greater) and the limit is 40% of the net worth of the Company.

(2) Loans to borrowers with necessity of short-term funding shall not exceeds 20% of the Company's net worth separately and accumulated amount of loans shall not exceed 40% of the Company's net worth. For foreign companies whose 100% of voting share held by the Company, loans shall not exceed 60% of the Company's net worth separately and accumulated amount of loans shall not exceed 80% of the Company's net worth.

D : Board of directors of the Company approved the resolution on loans to Seasonic Electronics, Inc.、Sea Sonic Europe B.V. and Shenzhen Energy Power Electronics Co., Ltd. of $195,000 thousand, $195,000 thousand and $65,000 thousand separately. As of December 31, 2022, $129,386 thousand, $131,657 thousand and 0 thousand has been drawn actually.

Table 2

Sea Sonic Electronics Co., Ltd.
Holding of marketable securities at the end of the period
December 31, 2022

In thousand NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Sea Sonic Electronics Co., Ltd.	Taishin 1699 money market fund	-	Financial assets at FVTPL - current	21,942,656.52	302,045	-	302,045	
	Fuh Hwa Angel Fund	-	Financial assets at FVTPL - current	545,765.10	10,493	-	10,493	
	Nomura Multi Income Multi Asset Fund Accumulate USD	-	Financial assets at FVTPL - current	48,385.15	15,447	-	15,447	
	Nomura Global Financial Bond Fund Accumulate USD	-	Financial assets at FVTPL - current	10,605.80	3,195	-	3,195	
	Corporate bonds of Apple Inc.	-	Financial assets at FVTPL - current	100.00	3,013	-	3,013	
	Corporate bonds of Altria Group, Inc.	-	Financial assets at FVTPL - current	300.00	8,026	-	8,026	
	Corporate bonds of AbbVie	-	Financial assets at FVTPL - current	100.00	2,713	-	2,713	
	Corporate bonds of Ford Motor Company in USD	-	Financial assets at FVTPL - current	200.00	4,338	-	4,338	
	Oversea corporate bonds of Altria Group, Inc.	-	Financial assets at FVTPL - current	100.00	2,292	-	2,292	
	Oversea corporate bonds of Intel Corporation	-	Financial assets at FVTPL - current	100.00	2,048	-	2,048	

Table 3

Sea Sonic Electronics Co., Ltd.

Purchases from or Sales to Related Parties of at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2022

In thousand NTD

Purchaser/seller	Counterparty	Relationships with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Sea Sonic Electronics Co., Ltd.	Full Net Enterprise Inc.	Subsidiary	Purchases	$ 1,710,507	97.01%	T/T 90 days in general ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow or set off by debts and claims	-	-	$ -	-	
	Seasonic Electronics, Inc.	Subsidiary	Sales	347,699	14.51%	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.	-	-	158,486	22.06%	
	Sea Sonic Europe B.V.	Subsidiary	Sales	226,723	9.46%	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.	-	-	97,117	13.52%	
	Shenzhen Energy Power Electronics Co., Ltd.	Indirect subsidiary	Sales	315,654	13.17%	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.	-	-	148,915	20.73%	
Dongguan Seasonic Electronic Co., Ltd.	Full Net Enterprise Inc.	Affiliated company	Sales	1,653,754	97.86%	T/T 60 days ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow.	-	-	-	-	

Table 4

Sea Sonic Electronics Co., Ltd.

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2022

In thousand NTD

Creditor	Counterparty	Relationship with the counterparty	Ending balance		Turnover rate	Overdue receivables		Amount collected subsequent to the end of the reporting period	Recognized loss allowance
						Amount	Action taken		
Sea Sonic Electronics Co., Ltd.	Seasonic Electronics, Inc.	Subsidiaries	Accounts receivable	$ 158,486	1.88	$ -	-	$ 68,191	$ -
			Other receivables	130,364	-	-	-	212	-
	Sea Sonic Europe B.V.	Subsidiaries	Accounts receivable	97,117	1.49	-	-	33,796	-
			Other receivables	133,374	-	-	-	258	-
	Shenzhen Energy Power Electronics Co., Ltd.	Indirect subsidiary	Accounts receivable	148,915	3.03	-	-	68,654	-
			Other receivables	-	-	-	-	-	-

Note : The amount collected as of February 28, 2023.

Table 5

Sea Sonic Electronics Co., Ltd.

Information on Investees (Excluding Information on Investment in Mainland China)

December 31, 2022

In thousand NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held by the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Value			
Sea Sonic Electronics Co., Ltd.	Resonic Holdings Co., Ltd.	British Virgin Islands	Holding Company	$ 165,547	$ 165,547	25,300	100	$ 198,879	($ 87,397)	($ 87,397)	Subsidiaries
	Seasonic Electronics, Inc.	United States	International Trade	9,890	9,890	300,000	100	18,021	6,278	6,278	Subsidiaries
	Sea Sonic Europe B.V.	Netherlands	International Trade	4,796	4,796	100,000	100	(39,207)	(48,237)	(48,237)	Subsidiaries
	Full Net Enterprise Inc.	Samoa	Triangle Trade	87,520	87,520	2,700,000	100	88,251	(507)	(507)	Subsidiaries
	Sea Sonic Energy Co., Ltd.	Taiwan	Information Software Services	40,000	-	40,000,000	100	38,731	(1,269)	(1,269)	Subsidiaries

Note : Excluding the unrealized gain on elimination of sales and purchase transactions.

Table 6

Sea Sonic Electronics Co., Ltd.
Information on Investment in Mainland China
December 31, 2022

In USD, HKD, thousand NTD, thousand RMB

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits/Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Dongguan Seasonic Electronic Co., Ltd.	Production of switching power supplies	HKD 29,030,000	Note (1), (3)	USD 3,748,125 (NTD 115,105)	-	-	USD 3,748,125 (NTD 115,105)	100%	(NTD 89,535)	(NTD 89,535)	NTD 191,311	RMB 15,215 (NTD 65,576)
Shenzhen Energy Power Electronics Co., Ltd.	Import and export of computer hardware and equipment	USD 200,000	Note (1), (3)	USD 200,000 (NTD 6,142)	-	-	USD 200,000 (NTD 6,142)	100%	NTD 2,284	NTD 2,284	NTD 9,057	-

Unit : USD, thousand NTD

Accumulated Investment in Mainland China as of December 31, 2022 (Note (4))	Investment Amounts Authorized by Investment Commission, MOEA (Note (4))	Upper Limit on Investment (Note (5))
USD 3,948,125 (NTD 121,247)	USD 3,948,125 (NTD 121,247)	NTD 1,585,624

Note :
(1) Reinvestment through investment on third region company.
(2) Profit and loss of financial statement has been audited by independent certified public accountant of parent company in Taiwan.
(3)The Company reinvest Dongguan Seasonic Electronic Co., Ltd. and Shenzhen Energy Power Electronics Co., Ltd. through Resonic Holdings Co., Ltd.(England). As of December 31, 2022, accumulated investment equals to $3,948,125 USD, while reinvestment in Mainland China equals to $3,748,125 USD and $200,000 USD to Dongguan Seasonic Electronic Co., Ltd. and Shenzhen Energy Power Electronics Co., Ltd., respectively.
(4) Amounts in the table shall be listed in NTD. Foreign currency shall be exchanged to NTD with the exchange rate at date of report.
(5) In accordance with regulation of Investment Commission, MOEA, accumulated investment in Mainland China is limit to 60% of net worth or parent company only net worth, whichever is greater.

2. Major transactions with Investee in Mainland China through third region

Please refer to "Information on major transactions" and "The business relationship between the parent and the subsidiaries and significant transactions between them" in consolidated financial statement for information on directly or indirectly major transactions with investee in Mainland China in 2022 with no repetitive disclosure in parent company only financial statement

Table 7

Sea Sonic Electronics Co., Ltd.
Information on Major Shareholders
December 31, 2022

Major shareholders \ Shares	Numbers of Shares	Percentage of ownership
Chang, Cheng-Tsung	21,069,968	26.35%
Wei, Chin-Hua	10,157,309	12.70%

Note : The information on major shareholders in this schedule includes shareholders who held at least 5% of common shares and special shares combined and had been registered (including treasury shares) with the stock depository company on the last business day of each season. There may be different in the recorded share capital in the financial statements and the actually registered shares due to different preparation and computation basis.