Stock Code : 6203

SEA SONIC ELECTRONICS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

AND INDEPENDENT AUDITORS' REPORT

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Sea Sonic Electronics Co., Ltd. and its subsidiaries

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Sea Sonic Electronics Co., Ltd.

Representation Letter

The entities that are required to be included in the consolidated financial reports of affiliated enterprises of Sea Sonic Electronics Co., Ltd. as of and for the year ended December 31, 2022, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10 *Consolidated Financial Statements.* In addition, the information required to be disclosed in the consolidated financial statements of affiliated enterprises is included in the above consolidated financial statements. Consequently, Sea Sonic Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements of affiliated enterprises.

Hereby declare,

Company Name : Sea Sonic Electronics Co., Ltd.
By

Chang, Hsiu-Cheng
Chairman

March 21, 2023

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Independent Auditors' Report

To : Sea Sonic Electronics Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated 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 and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows :

Sales revenue

Please refer to Note 4.17 for details of the accounting policies for revenue recognition and to Note 5.2.1 and Note 6.20 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 Group'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 4.7 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 Group's receivables as of December 31, 2022 is $459,022 thousand NTD (net of loss allowance of $2,992 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 4.8 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 Group's inventories as of December 31, 2022 is $979,830 thousand NTD (net of the loss allowance on inventories of $24,824 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.

Other Matters

We have also audited the parent company only financial statements of Sea Sonic Electronics Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 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

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.
For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Sea Sonic Electronics Co., Ltd. and its subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

In thousand NTD

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6.1)	$ 1, 384, 168	36	$ 1, 084, 421	25
1110	Financial assets at fair value through profit or loss - current (Note 6.2)	357, 136	9	468, 227	11
1150	Notes receivable, net (Note 6.3)	24, 392	1	24, 246	1
1170	Accounts receivable, net (Notes 6.4)	434, 630	11	824, 369	19
1200	Other receivables	6, 396	–	10, 905	–
1220	Current-period income tax assets	3	–	16, 465	–
130x	Inventories (Note 6.5)	979, 830	26	1, 187, 485	28
1410	Prepayments	107, 878	3	142, 721	4
1476	Other financial assets - current (Note 6.6)	10, 559	–	9, 630	–
1479	Other current assets	8, 234	–	7, 189	–
11xx	Total current assets	3, 313, 226	86	3, 775, 658	88
	Non-current assets				
1600	Property, plant and equipment (Note 6.7)	210, 138	6	212, 775	5
1755	Right-of-use assets (Note 6.8)	40, 914	1	50, 719	1
1780	Intangible assets (Note 6.9, Note 7)	10, 000	–	–	–
1840	Deferred tax assets (Note 6.26)	64, 256	2	66, 185	2
1915	Prepayments for equipment	71	–	7, 558	–
1920	Refundable deposits	2, 106	–	5, 846	–
1975	Net defined benefit assets - noncurrent (Note 6.15)	–	–	887	–
1980	Other financial assets - noncurrent (Note 6.10)	200, 622	5	182, 957	4
1995	Other non-current assets	6, 658	–	7, 077	–
15xx	Total non-current assets	534, 765	14	534, 004	12
1xxx	Total Assets	$ 3, 847, 991	100	$ 4, 309, 662	100

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Code	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2130	Contract liabilities - current (Note 6.20)	$ 15, 420	−	$ 48, 588	1
2170	Accounts payable	221, 686	6	614, 681	14
2200	Other payables (Note 6.11)	113, 547	3	157, 786	4
2230	Current-period income tax liabilities	143, 998	4	166, 980	4
2250	Provision - current (Note 6.12)	8, 912	−	7, 774	−
2280	Lease liabilities - current (Note 6.8)	13, 094	−	12, 440	−
2300	Other current liabilities (Note 6.13)	34, 217	1	35, 221	1
21xx	Total current liabilities	550, 874	14	1, 043, 470	24
	Non-current liabilities				
2530	Corporate bonds payable (Note 6.14)	587, 293	15	579, 798	14
2570	Deferred tax liabilities (Note 6.26)	35, 977	1	62, 113	1
2580	Lease liabilities - noncurrent (Note 6.8)	31, 116	1	41, 358	1
2645	Deposits received	24	−	33	−
25xx	Total non-current liabilities	654, 410	17	683, 302	16
2xxx	Total liabilities	1, 205, 284	31	1, 726, 772	40
	Equity				
	Equity attributable to owners of the parent				
3100	Share capital (Note 6.16)				
3110	Ordinary share capital	799, 532	21	799, 532	19
3200	Capital surplus (Note 6.17)				
3280	Capital surplus – other	95, 714	2	95, 714	2
	Retained earnings (Note 6.18)				
3310	Legal reserve	643, 610	17	568, 355	13
3320	Special reserve	27, 520	1	19, 139	−
3350	Unappropriated retained earnings	1, 094, 494	28	1, 127, 670	27
3300	Total retained earnings	1, 765, 624	46	1, 715, 164	40
3400	Other equity (Note 6.19)				
3410	Exchange differences arising from translation of foreign operations	(18, 163)	−	(27, 520)	(1)
31xx	Total equity attributable to owners of the parent	2, 642, 707	69	2, 582, 890	60
3xxx	Total equity	2, 642, 707	69	2, 582, 890	60
	Total liabilities and equity	$ 3, 847, 991	100	$ 4, 309, 662	100

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

Sea Sonic Electronics Co., Ltd. and its subsidiaries
Consolidated 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 6.20)	$ 2, 554, 842	100	$ 5, 017, 499	100
5000	Operating costs (Note 6.5)	(1, 778, 090)	(69)	(3, 525, 854)	(70)
5900	Gross profit (loss) from operations	776, 752	31	1, 491, 645	30
	Operating Expenses				
6100	Selling expenses	(169, 717)	(8)	(275, 081)	(5)
6200	Administrative expenses	(114, 764)	(4)	(121, 876)	(3)
6300	Research and development expenses	(59, 256)	(2)	(79, 179)	(2)
6450	Expected credit impairment (loss) benefit	(2, 688)	-	161	-
6000	Total operating expenses	(346, 425)	(14)	(475, 975)	(10)
6900	NET OPERATING INCOME (LOSS)	430, 327	17	1, 015, 670	20
	Non-operating income and expenses				
7100	Interest income (Note 6.21)	21, 180	1	7, 527	-
7010	Other income (Note 6.22)	13, 160	1	12, 885	-
7020	Other gains and losses (Note 6.23)	145, 936	5	(67, 195)	(1)
7050	Finance costs (Note 6.25)	(10, 113)	-	(5, 530)	-
7000	Total non-operating income and expenses	170, 163	7	(52, 313)	(1)
7900	Net income (loss) before income tax	600, 490	24	963, 357	19
7950	Income tax (expense) benefit (Note 6.26)	(150, 264)	(6)	(210, 528)	(4)
8200	Net income (loss)	450, 226	18	752, 829	15
	Other comprehensive income or loss for the year (Note 6.27)				
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	18	$ 744, 172	16
8600	Net income (loss) attributable to :				
8610	Owners of the parent (net profit/loss)	$ 450, 226		$ 752, 829	
8620	Non-controlling interests (net profit/loss)	-		-	
		$ 450, 226		$ 752, 829	
8700	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of the parent (comprehensive income)	$ 459, 583		$ 744, 172	
8720	Non-controlling interests (comprehensive income)	-		-	
		$ 459, 583		$ 744, 172	
	Earnings per share				
9750	Basic earnings per share (Note 6.28)	$ 5. 63		$ 9. 42	
9850	Diluted earnings per share (Note 6.28)	$ 5. 23		$ 8. 70	

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

Sea Sonic Electronics Co., Ltd. and its subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

In thousand NTD

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

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

Sea Sonic Electronics Co., Ltd. and its subsidiaries
Consolidated 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	$ 600,490	$ 963,357
Adjustment items		
Adjustments to reconcile profit (loss) :		
Depreciation expense	38,004	36,638
Amortization expense	4,522	4,456
Expected credit loss (benefit)	2,688	(161)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6,410	2,789
Interest expense	9,705	4,984
Interest income	(21,180)	(7,527)
Loss (benefit) on disposal and scrapping of property, plant and equipment	766	1,903
Transfer of property, plant and equipment to expense	-	69
Lease modification benefits	(54)	-
Prepayment for equipment transferred to expense	3	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	386,993	(7,359)
Decrease (increase) in accounts receivable - related parties	-	65
Decrease (increase) in other receivables	6,909	49,900
Decrease (increase) in inventories	206,574	(168,866)
Decrease (increase) in prepayments	32,473	(41,586)
Decrease (increase) in other current assets	(1,046)	2,649
Changes in operating liabilities, net		
Increase (decrease) in contract liabilities	(33,168)	5,989
Increase (decrease) in accounts payable	(392,995)	(743,582)
Increase (decrease) in other payables	(43,423)	(9,904)
Increase (decrease) in provision for liabilities	1,139	942
Increase (decrease) in other current liabilities	(1,004)	4,073
Increase (decrease) in net defined benefit obligation	-	(168)
Cash flows from (used in) operations	804,319	84,206
Interest received	18,780	7,336
Interest paid	(2,210)	(2,508)
Income tax refunds (paid)	(182,907)	(219,014)
Net cash flows from (used in) operating activities	637,982	(129,980)

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Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	(24, 647)	(378, 449)
Disposal of financial assets at fair value through profit or loss	133, 240	102, 660
Acquisition of property, plant and equipment	(8, 798)	(33, 604)
Disposal of property, plant and equipment	4, 591	231
Decrease (increase) in refundable deposits	3, 739	(4, 393)
Acquisition of intangible assets	(10, 000)	－
Decrease (increase) in other financial assets	(18, 594)	(27, 668)
Decrease (increase) in other non-current assets	(1, 456)	(2, 660)
Decrease (increase) in prepayments for equipment	(11, 800)	(10, 277)
Net cash flows from (used in) investing activities	66, 275	(354, 160)
Cash flows from financing activities		
Issuance of corporate bonds	－	671, 715
Increase (decrease) in deposits received	(9)	(3)
Lease principal repayment	(12, 614)	(11, 765)
Cash dividends paid	(399, 766)	(399, 766)
Other financing activities	－	1
Net cash flows from (used in) financing activities	(412, 389)	260, 182
Effect of exchange rate changes on cash and cash equivalents	7, 879	(10, 645)
Increase (decrease) in cash and cash equivalents for the period	299, 747	(234, 603)
Cash and cash equivalents at beginning of period	1, 084, 421	1, 319, 024
Cash and cash equivalents at end of period	$ 1, 384, 168	$ 1, 084, 421

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

Sea Sonic Electronics Co., Ltd. and its subsidiaries
Notes to Consolidated 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 for businesses requiring special licensing) 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.

Please refer to Note 4.3.3 for more information on the main operating activities of the Company and its subsidiaries (hereinafter, the "Group"). In addition, the Company is the Group's ultimate parent company.

2. The Authorization of the Consolidated Financial Statements

The accompanying consolidated 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 Group 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 Group 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 Group (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Group 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 Group's assessment, the New IFRSs above have no significant effect on the Group'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 Group’s assessment, the application of the New IFRSs above will not have any significant impact on the Group’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 consolidated financial statements are authorized for issue, the Group 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 Group completes the evaluation.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated 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 consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs.

4.2 Basis of Preparation

Except for the following items, the consolidated 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 Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4.3 Basis of Consolidation

(1) The basis for the consolidated financial statements :

a All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

b 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.

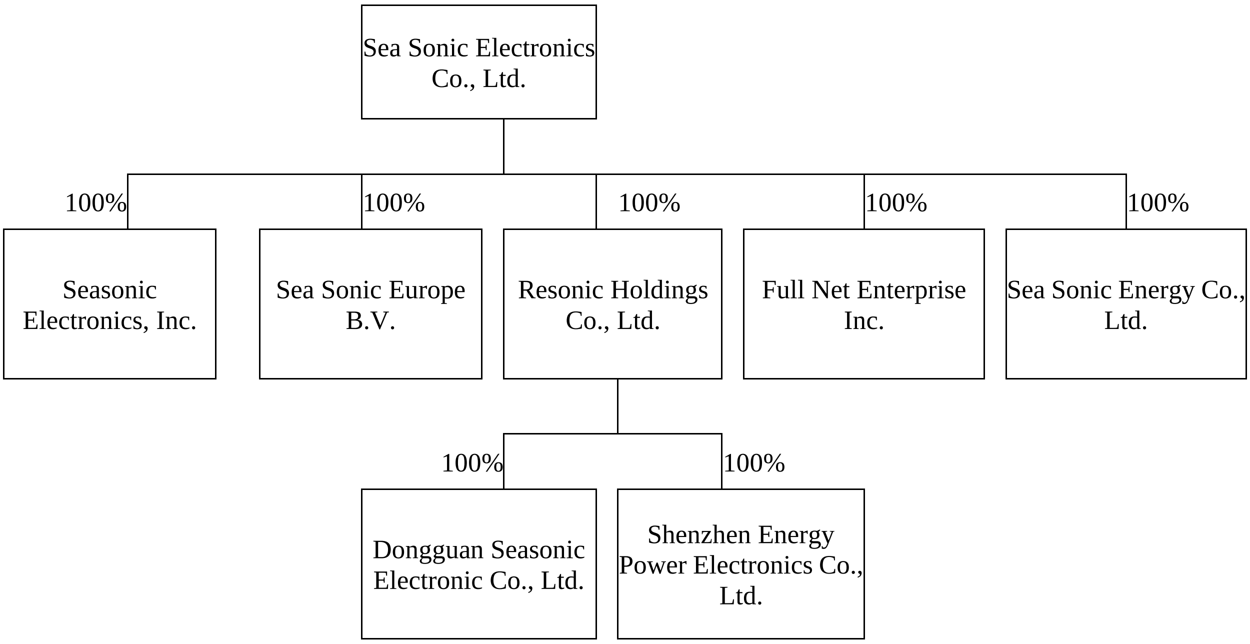
c Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

e When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture.

Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) Investment relationship and shareholding ratio between the Company and its subsidiaries as of December 31, 2022 are as follows :



(3) The subsidiaries in the consolidated financial statements :

			Percentage of Ownership	
Investor	Subsidiaries	Main Businesses	2022.12.31	2021.12.31
Sea Sonic Electronics Co., Ltd.	Resonic Holdings Co., Ltd. (“Resonic”)	Holding business	100%	100%
	Seasonic Electronics, Inc. (“SSU”)	Import and export of computer hardware and equipment	100%	100%
	Sea Sonic Europe B.V. (“SSE”)	Import and export of computer hardware and equipment	100%	100%
	Full Net Enterprise Inc. (“Full Net”)	Import and export of computer hardware and equipment	100%	100%
	Sea Sonic Energy Co., Ltd.	Software service business	100%	-

			Percentage of Ownership	
Investor	Subsidiaries	Main Businesses	2022.12.31	2021.12.31
Resonic Holdings Co., Ltd.	Dongguan Seasonic Electronic Co., Ltd. (“Dongguan Seasonic”)	Production and sale of switching power supplies, uninterruptible power supplies, electronic ballasts and electronic testing equipment, etc.	100%	100%
	Shenzhen Energy Power Electronics Co., Ltd. (“Shenzhen Energy Power”)	Import and export of computer hardware and equipment	100%	100%

A. All of the above subsidiary financial statements included in the consolidated financial statements are audited by auditors.

B. Changes in the consolidated subsidiaries :

(A) Shenzhen Energy Power was established in January 2021 with its invested capital audited in April 2021. The Group has control over the company and thus includes it in the consolidated financial statements starting from Q2 of 2021.

(B) Sea Sonic Energy Co., Ltd. was established with its business registration completed in April 2022. The Group has control over the company and thus includes it in consolidated financial statements starting from Q2 of 2022.

(4) Subsidiaries not included in the consolidated financial statements : None.

(5) Adjustments for subsidiaries with different balance sheet dates : None.

(6) Significant restrictions :

Cash and bank deposits of $112,634 thousand and $59,156 thousand NTD deposited in Mainland China as of December 31, 2022 and 2021 are under local foreign exchange controls which restrict the capital to be remitted outside the borders (except for normal dividend distribution).

(7) The parent company’s securities held by subsidiaries : None.

(8) Subsidiaries that have non-controlling interests that are material to the Group: None.

4.4 Foreign Exchange

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars (NT$), which is the Company’s functional currency.

In preparing the financial statements of each individual consolidated 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 preparing the consolidated financial statements, the assets and liabilities of the Group'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.

4.5 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 :

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

(b) Liabilities arising mainly from trading activities ;

(c) 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 consolidated financial statements are authorized for issue ; and

(d) 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.

4.6 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).

4.7 Financial instruments

Financial assets and financial liabilities are recognized when the Group 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.

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

B. The Group 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 Group 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 Group 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 Group 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 Group 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 Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The Group 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.

4.7.2 Equity Instruments

Debt and equity instruments issued by the Group 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 Group are recognized at the proceeds received, net of direct issue costs.

4.7.3 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 Group 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.

4.7.4 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 Group 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 Group 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 Group 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.

4.8 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.

4.9 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 Group 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 ~ 10 years
Transportation equipment	5 ~ 10 years
Other equipment	3 ~ 10 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 Group assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Group 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 Group 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 Group 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 consolidated 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 Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group 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 Group 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 Group 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 Group 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 Group 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 lease 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 consolidated balance sheets.

The Group negotiated with the lessors for rent concessions as a direct consequence of the covid-19 pandemic and adjusted lease payments originally due on or before 30 June 2022 to be less than the payments for the lease immediately preceding the change. There is no substantive change to other terms and conditions of the lease. The Group elected to apply the practical expedient to all of rent concessions met the conditions aforementioned. That is, the Group did not assess whether the change would result in a lease modification. Instead, the Group reduced lease liabilities and recognized the corresponding rent reduction in profit or loss as other gain and loss when the event or condition that triggers those concessions occurs.

B. The Group 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.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not by reference to the underlying asset. However, if the head lease is a short-term lease that the Group has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

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 Intangible assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows : Loyalty on technology ; the period of contractual or legal rights ; Computer software : 2 to 5 years ; Patents and others : the period of contractual or legal rights or the future economic benefits flowing to the Group. The estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any changes in estimates is accounted for on a prospective basis.

An intangible asset 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 from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Impairment of non-financial assets

The Group 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.

4.13 Provisions

Provisions are recognized when the Group 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.

4.14 Employee benefits

Short-term employee benefits

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.

Pensions

(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 Group 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.

<u>Employees’ compensation and directors’ and supervisors’ remuneration</u>

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.

<u>Termination benefits</u>

Termination benefits are employee benefits provided in exchange for the termination of an employee’s employment as a result of either the Group’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 Group 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.

4.15 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.

4.16 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 in the countries where the Company and its subsidiaries operate and generate taxable income. 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 consolidated 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 or 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 Group 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-period 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 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.

4.17 Revenue Recognition

The Group 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 Group 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 Group 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 Group does not adjust the promised amount of consideration for the effect of a significant financing component.

The Group 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 Group has objective evidence that all acceptance conditions have been met.

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

The Group 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 Group 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 consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows :

5.1 Significant judgment for adopting auditing policy

<u>Business model assessment for financial assets</u>

The Group 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 Group 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 Group 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 Group 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 Group 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 Group satisfies it performance obligation. The Group estimates sales returns and allowance based on historical experience and other known factors. The Group 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 Group makes these assumptions and selects inputs for impairment calculation based on the Group’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 Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group 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 Group 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 Group 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 Group 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 Group'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 Group'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 Group 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 Group 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	$ 832	$ 789
Demand deposits	47, 608	33, 537
Time deposits	343, 791	221, 608
Foreign currency deposits	991, 937	828, 487
Total	$ 1, 384, 168	$ 1, 084, 421

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

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

6.2 Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Financial assets mandatorily classified as measured at FVTPL		
Non-derivative financial assets		
Fund beneficiary certificates	$ 333, 386	$ 430, 314
Corporate bond	22, 430	36, 473
Derivative financial assets		
Convertible corporate bonds	1, 320	1, 440
Total	$ 357, 136	$ 468, 227

(1) The Group 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 Group are discounted or pledged.

(2) For information on loss allowance of notes receivable, please refer to Note 6.6 Accounts receivable.

6.4 Accounts receivable, net

Item	December 31, 2022		December 31, 2021	
Amortized at cost				
Accounts receivable	$	437, 376	$	824, 369
Less : Loss allowance	(	2, 746)		−
Accounts receivable, net	$	434, 630	$	824, 369

(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 Group has no accounts receivable pledged to others.

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

(4) The Group 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 Group'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 Group's different customer base.

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

December 31, 2022	Gross carrying amount	Loss allowance (Expected credit losses)	Amortized cost
Not past due	$ 397, 517	246	$ 397, 271
Past due 1~30 days	55, 376	−	55, 376
Past due 30~60 days	6, 065	−	6, 065
Past due e 60~90 days	730	696	34
Past due more than 91 days (overdue accounts)	2, 326	2, 050	276
Total	$ 462, 014	$ 2, 992	$ 459, 022

December 31, 2021	Gross carrying amount	Loss allowance (Expected credit losses)	Amortized cost
Not past due	$ 687, 577	$ 245	$ 687, 332
Past due 1~30 days	68, 428	−	68, 428
Past due 30~60 days	92, 855	−	92, 855
Past due 60~90 days	−	−	−
Past due more than 91 days (overdue accounts)	−	−	−
Total	$ 848, 860	$ 245	$ 848, 615

The Group'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.

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

Item	2022	2021
Balance on January 1	$ 245	$ 6, 109
Add : Recognition of impairment losses	2, 963	−
Less : Reversal of impairment losses	(275)	(161)
Amounts written off	−	(5, 428)
Foreign exchange gains and losses	59	(275)
Ending balance	$ 2, 992	$ 245

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

(6) 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	$ 505, 391	$ 559, 007
Work in process and semi-finished products	48, 774	136, 518
Raw materials	407, 657	476, 370
Supplies	18, 008	15, 590
Total	$ 979, 830	$ 1, 187, 485

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

Item	2022	2021
Cost of goods sold	$ 1, 735, 087	$ 3, 484, 630
Loss on price decline (gain on reversal) of inventories	(8, 221)	9, 071
Loss on scrapping of inventories	52, 204	33, 600
Loss (gain) on inventory take	(980)	(1, 447)
Total operating costs	$ 1, 778, 090	$ 3, 525, 854

(2) As of December 31, 2022 and 2021, the insurance amount for inventories was $1,114,561 thousand and $784,864 thousand, respectively.

(3) In 2022 and 2021, the Group 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 Group recognized loss on price decline (gain on reversal) of inventories by the amount of ($8,221) thousand and $9,071 thousand, respectively.

(4) The Group 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 Property, plant and equipment

	December 31, 2022	December 31, 2021
Assets used by the Group	$ 190, 333	$ 192, 510
Assets under operating leases	19, 805	20, 265
Total	$ 210, 138	$ 212, 775

Assets used by the Group

Item	December 31, 2022	December 31, 2021
Land	$ 97, 779	$ 97, 779
Buildings	98, 673	87, 130
Machinery	96, 484	111, 018
Other equipment	48, 467	51, 583
Total cost	341, 403	347, 510
Less : Accumulated depreciation and impairment	(151, 070)	(155, 000)
Total	$ 190, 333	$ 192, 510

	Land	Buildings	Machinery	Other equipment	Total
Costs					
Balance, January 1, 2022	$ 97, 779	$ 87, 130	$ 111, 018	$ 51, 583	$ 347, 510
Additions	−	−	3, 889	4, 094	7, 983
Disposals	−	−	(22, 022)	(13, 241)	(35, 263)
Reclassification	−	11, 543	2, 298	5, 427	19, 268
Effect of foreign currency exchange difference	−	−	1, 301	604	1, 905
Balance, December 31, 2022	$ 97, 779	$ 98, 673	$ 96, 484	$ 48, 467	$ 341, 403
Accumulated depreciation and impairment					
Balance, January 1, 2022	$ −	$ 67, 779	$ 61, 649	$ 25, 572	$ 155, 000
Depreciation expense	−	4, 123	12, 015	8, 618	24, 756
Disposals	−	−	(16, 785)	(13, 121)	(29, 906)
Effect of foreign currency exchange difference	−	−	843	377	1, 220
Balance, December 31, 2022	$ −	$ 71, 902	$ 57, 722	$ 21, 446	$ 151, 070

	Land	Buildings	Machinery	Other equipment	Total
Costs					
Balance, January 1, 2021	$ 97, 779	$ 84, 896	$ 107, 968	$ 39, 323	$ 329, 966
Additions	−	−	12, 871	11, 990	24, 861
Disposals	−	−	(10, 985)	(892)	(11, 877)
Reclassification	−	2, 234	1, 902	1, 339	5, 475
Effect of foreign currency exchange difference	−	−	(738)	(177)	(915)
Balance, December 31, 2021	$ 97, 779	$ 87, 130	$ 111, 018	$ 51, 583	$ 347, 510
Accumulated depreciation and impairment					
Balance, January 1, 2021	$ −	$ 64, 382	$ 57, 997	$ 19, 146	$ 141, 525
Depreciation expense	−	3, 397	13, 059	7, 317	23, 773
Disposals	−	−	(8, 953)	(790)	(9, 743)
Effect of foreign currency exchange difference	−	−	(454)	(101)	(555)
Balance, December 31, 2021	$ −	$ 67, 779	$ 61, 649	$ 25, 572	$ 155, 000

(1)

Item	2022	2021
Additions of property, plant and equipment	$ 7, 983	$ 24, 861
(Increase) decrease in payables for purchase of equipment	815	8, 743
Cash paid	$ 8, 798	$ 33, 604

(2) For the amount of capitalized interests, please refer to Note 6.25.

(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 Group 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 Group 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 Group'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.

6.8 Lease agreements

(1) Right-of-use assets

Item	December 31, 2022	December 31, 2021
Buildings	$ 86, 629	$ 83, 628
Transportation equipment	423	382
Total cost	87, 052	84, 010
Less : Accumulated depreciation and impairment	(46, 138)	(33, 291)
Total	$ 40, 914	$ 50, 719

Costs	Buildings	Transportation equipment	Total
Balance, January 1, 2022	$ 83, 628	$ 382	$ 84, 010
Increase for the year	2, 906	–	2, 906
Disposal	(2, 155)	–	(2, 155)
Effect of foreign currency exchange difference	2, 250	41	2, 291
Balance, December 31, 2022	$ 86, 629	$ 423	$ 87, 052

Accumulated depreciation and impairment			
Balance, January 1, 2022	$ 33, 281	$ 10	$ 33, 291
Depreciation expense	12, 653	135	12, 788
Disposal	(980)	–	(980)
Effect of foreign currency exchange difference	1, 031	8	1, 039
Balance, December 31, 2022	$ 45, 985	$ 153	$ 46, 138

Costs	Buildings	Transportation equipment	Total
Balance, January 1, 2021	$ 82, 406	$ －	$ 82, 406
Increase for the year	2, 146	387	2, 533
Effect of foreign currency exchange difference	(924)	(5)	(929)
Balance, December 31, 2021	$ 83, 628	$ 382	$ 84, 010
Accumulated depreciation and impairment			
Balance, January 1, 2021	$ 21, 194	$ －	$ 21, 194
Depreciation expense	12, 395	10	12, 405
Effect of foreign currency exchange difference	(308)	－	(308)
Balance, December 31, 2021	$ 33, 281	$ 10	$ 33, 291

(2) Lease liabilities

Item	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 13, 094	$ 12, 440
Non-current	$ 31, 116	$ 41, 358

The ranges of discount rates for the lease liabilities :

	December 31, 2022	December 31, 2021
Buildings	1.00%~5.25%	1.00%~5.25%
Transportation equipment	3.00%	3.00%

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

(3) Subleases

The Group subleases the Dongguan plant of the right-of-use asset under an operating lease with the termination from August 1, 2020 to July 31, 2021 (the original lease expired without renewal), and the lessee has the preferential right to accept the lease at the end of the lease period.

(4) Other lease information

A. For information on lease-out arrangements under operating leases for property, plant and equipment owned by the Group, please refer to Notes 6.7.

B. The Group 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 Group's leases for 2022 and 2021 is as follows :

Item	2022		2021	
Expenses relating to short-term leases	$	582	$	287
Expenses relating to low-value asset leases	$	16	$	16
Total cash outflow for leases (Note)	$	15, 293	$	14, 576

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

6.9 Intangible assets

Item	December 31, 2022		December 31, 2021	
Patents	$	10, 000	$	–
Less：Accumulated depreciation and impairment loss		–		–
Net amount	$	10, 000	$	–

	Patents	
Cost		
Balance, January 1, 2022	$	–
Additions		10, 000
Disposals		–
Reclassifications		–
Balance, December 31, 2022	$	10, 000
Accumulated depreciation and impairment		
Balance, January 1, 2022		
Depreciation	$	–
Disposals		–
Reclassification		–
Balance, December 31, 2022	$	–

Note : Please refer to Note 7.3 for details.

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 Group 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 Other payables

Item	December 31, 2022	December 31, 2021
Salaries and bonuses payable	$ 28, 568	$ 30, 053
Employees' compensation and directors' and supervisors' remuneration payables	47, 531	56, 160
Equipment payables	–	815
Insurance premiums payable	1, 385	1, 353
Labor costs payable	3, 259	2, 787
Tax payable	711	–
Pension payable	1, 075	1, 037
Processing fees payable	9, 087	29, 972
Others	21, 931	35, 609
Total	$ 113, 547	$ 157, 786

6.12 Provision - current

Item	December 31, 2022	December 31, 2021
Employee benefits	$ 8, 912	$ 7, 774

Item	Employee benefits
Balance, January 1, 2022	$ 7, 774
Added during the period	4, 953
Used during the period	(3, 903)
Effect of foreign currency exchange difference	88
Balance, December 31, 2022	$ 8, 912

Item	Employee benefits	
Balance, January 1, 2021	$	6, 832
Added during the period		4, 274
Used during the period	(	3, 301)
Effect of foreign currency exchange difference	(	31)
Balance, December 31, 2021	$	7, 774

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

6.13 Other current liabilities

Item	December 31, 2022		December 31, 2021	
Refund liabilities	$	33, 802	$	32, 039
Others		415		3, 182
Total	$	34, 217	$	35, 221

6.14 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 - convertible bond options" 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%.

6.15 Pensions

(1) Defined contribution plan

A. The Group conducted voluntary retirement of employees in accordance with the Labor Standards Act of the R.O.C. and the voluntary retirement plan by the end of 2004. Start from July 1, 2005, the defined contribution plan under the Labor Pension Act of the R.O.C. is applied to the domestic employees of the Company and its domestic subsidiaries. The Company and its subsidiaries in the R.O.C., regarding employees who choose to apply the labor pension system under the Labor Pension Act, make monthly contributions of 6% of salaries to the employees' personal accounts at the Labor Insurance Bureau. The employees' pension payments are made in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings ; The subsidiaries outside the R.O.C. have participated in the defined contribution plan administered by the local government and made monthly contributions to the local government.

B. In 2022 and 2021, the Group recognized total expense of $4,275 thousand and $4,285 thousand, respectively, in profit or loss in accordance with the contributable amounts computed based on the required ratio under 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 Group has no right to influence their investment strategies.

B. The Group'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	Fair value of plan assets	Net defined benefit liability (asset)
Balance on January 1	$ 13, 538	($ 14, 602)	($ 1, 064)
Service costs			
Service costs of current period	–	–	–
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 (gain) loss —			
Effect of change in demographic assumptions	–	–	–
Effect of change in financial assumptions	–	–	–
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 Group 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.

6.16 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

Item	2021	
	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

6.17 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

6.18 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.

6.19 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)

6.20 Operating revenue

Item	2022	2021
Revenue from contracts with customers		
Sales revenue	\$ 2, 554, 842	\$ 5, 017, 499

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 Group’s revenue from contracts with customers may be divided into the following major product lines and sales regions :

2022

Main Products	Domestic Sales Division	Asia Production and Sales Division	European and American Sales Division	Total
Switching power supplies	$ 1, 421, 193	$ 346, 083	$ 717, 082	$ 2, 484, 358
Others	31, 557	37, 000	1, 927	70, 484
Total	$ 1, 452, 750	$ 383, 083	$ 719, 009	$ 2, 554, 842

2021

Main Products	Domestic Sales Division	Asia Production and Sales Division	European and American Sales Division	Total
Switching power supplies	$ 3, 001, 928	$ 130, 911	$ 1, 687, 908	$ 4, 820, 747
Others	154, 389	16, 393	25, 970	196, 752
Total	$ 3, 156, 317	$ 147, 304	$ 1, 713, 878	$ 5, 017, 499

(2) Contract balances

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

Item	2022	2021
Notes and accounts receivable	$ 459, 022	$ 848, 615
Contract liabilities - current		
Sales of goods	$ 15, 420	$ 48, 588

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	$ 46, 218	$ 38, 782

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 Group'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.

6.21 Interest Income

Item	2022		2021	
Bank interest income	$	19, 160	$	3, 832
Interest income from financial assets at FVTPL		1, 356		1, 512
Other		664		2, 183
Total	$	21, 180	$	7, 527

6.22 Other income

Item	2022		2021	
Rental income	$	851	$	1, 974
Income from settlement of the old pension plan		1, 433		−
Other income		10, 876		10, 911
Total	$	13, 160	$	12, 885

6.23 Other gains or losses

Item	2022		2021	
Net gain (loss) on financial assets and financial liabilities at FVTPL	($	6, 410)	($	2, 789)
Lease modification benefits		54		−
Net foreign currency exchange gains (losses)		176, 480	(	61, 987)
Gain (loss) on disposal of property, plant and equipment	(	766)	(	1, 903)
Other (Note)	(	23, 422)	(	516)
Total	$	145, 936	($	67, 195)

Note : Please refer to Note 12.4 for details.

6.24 Employee benefits, depreciation, depletion and amortization expense

Nature	2022 Operating costs		2022 Operating expenses		2022 Total	
Employee benefits expense						
Salary	$	60, 861	$	142, 704	$	203, 565
Insurance		8, 482		11, 083		19, 565
Pension		－		4, 275		4, 275
Other employee benefit expense		22		10, 531		10, 553
Depreciation		13, 067		24, 937		38, 004
Amortization		－		4, 522		4, 522
Total	$	82, 432	$	198, 052	$	280, 484

Nature	2021 Operating costs		2021 Operating expenses		2021 Total	
Employee benefits expense						
Salary	$	109, 685	$	182, 545	$	292, 230
Insurance		10, 310		10, 892		21, 202
Pension		－		4, 285		4, 285
Other employee benefit expense		49		13, 030		13, 079
Depreciation		13, 164		23, 474		36, 638
Amortization		－		4, 456		4, 456
Total	$	133, 208	$	238, 682	$	371, 890

(1) 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 consolidated financial statement are authorized for issue, the difference is recorded as a change in accounting estimate.

(2) 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 reports were as follows :

	2022 Employee compensation		2022 Directors' and supervisors' remuneration		2021 Employee compensation		2021 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.

(3) 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.

6.25 Financial costs

Item		2022		2021
Interest expense				
Bank loan	$	99	$	－
Interest on lease liabilities		2, 081		2, 508
Interest on convertible bonds		7, 495		2, 476
Other interest expense		30		－
Bank charges		408		546
Less：Capitalized amount for qualified assets		－		－
Financial costs	$	10, 113	$	5, 530

6.26 Income tax

(1) Components of income tax expense

Item		2022		2021
Current-period income tax				
Income tax generated from current-period income	$	135, 691	$	239, 496
Income tax on unappropriated earnings		13, 458		7, 572
Income tax on repatriated offshore fund		－		2, 442
Adjustments for prior periods		27, 217	(	4, 846)
Total income tax for current period		176, 366		244, 664
Deferred tax				
The origination and reversal of temporary differences	(	26, 102)	(	34, 136)
Total deferred income taxes	(	26, 102)	(	34, 136)
Income tax expense	$	150, 264	$	210, 528

Note : please refer to Note 12.4 for details.

(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	\$ 600, 490	\$ 963, 357
Income tax expense at the statutory rate	\$ 109, 015	\$ 212, 469
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	24, 863	17, 860
Income tax adjustments for prior years	27, 217	(4, 846)
Additional income tax on unappropriated earnings	13, 458	7, 572
Tax per special fund-repatriation laws	–	2, 442
Net change in deferred income taxes		
Temporary differences	(26, 102)	(34, 136)
Income tax expense recognized in profit or loss	\$ 150, 264	\$ 210, 528

The corporate income tax rate for entities subject to the ROC Income Tax Act is 20%, and, starting from 2018, the tax rate for unappropriated earnings is 5%. For entities located in other jurisdictions, taxes are calculated using the applicable tax rate for each individual jurisdiction.

The Group’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 Group 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 Group 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 :

Item	2022				
	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 gain on sales	34, 439	1, 250	−	−	35, 689
Unrealized exchange loss	18, 528	(14, 936)	−	−	3, 592
Exchange differences on translation of foreign financial statements	6, 880	−	(2, 339)	−	4, 541
Loss deduction	−	13, 013	−	444	13, 457
Subtotal	66, 185	(34)	(2, 339)	444	64, 256
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	$ 4, 072	$ 26, 102	($ 2, 339)	$ 444	$ 28, 279

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 gain on sales	23, 079	11, 360	−	−	34, 439
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	47, 706	16, 384	2, 095	−	66, 185
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	($ 32, 227)	$ 34, 136	$ 2, 163	$ −	$ 4, 072

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

6.27 Other comprehensive income

Item	2022 Pre-tax	2022 Income tax (expense) benefit	2022 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	2021 Income tax (expense) benefit	2021 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)

6.28 Earnings per share

Item	2022	2021
A. Basic earnings per share		
Net income available to common shareholders of the parent	$ 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 Group offered to settle the compensation or bonuses paid to employees in shares or cash at the Group's option, the Group 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.

6.29 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	53, 798	(12, 614)	750	−	1, 349	−	927	44, 210
Total	$ 633, 596	($ 12, 614)	$ 750	$ −	$ 1, 349	$ −	$ 8, 422	$ 631, 503

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

(2) December 31, 2021

			Non-cash Changes					
	Jan. 1, 2021	Cash Flow	Acquisition of subsidiaries	Disposal of Subsidiaries	Change in Exchange Rate	Fair Value Adjustments	Other	December 1, 021
Corporate bonds payable (Note)	$ −	$ 671, 715	$ −	$ −	$ −	$ −	($ 91, 917)	$ 579, 798
Leasing liabilities	63, 683	(11, 765)	2, 146	−	(653)	−	387	53, 798
Total	$ 63, 683	$ 659, 950	$ 2, 146	$ −	($ 653)	$ −	($ 91, 530)	$ 633, 596

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 Name of the parent company and the ultimate controlling party

The Company is the ultimate controlling party of the Group.

7.2 Names of related parties and relationship categories

Names of related parties	Related party categories
Ekopro Solutions Inc.	Other related parties

7.3 Significant transactions with related parties

All transactions and account balances among the Company and subsidiaries (that is, the related parties of the Company) had been eliminated, therefore, not disclosed in these notes. Transaction details between the Group and other related parties disclosed as follows :

(1) Property transaction

Acquisition of intangible assets

	Amount of Acquisition	
Related party categories	2022	2021
Other related parties	$ 10, 000	$ −

The subsidiary of the Group, Sea Sonic Energy, commissions other related party, Ekopro Solutions Inc., for the development of the “technique of lightweight electric sensor and control” with a total developing expense of $28,000 thousand and $10,000 already prepaid. As of December 31, 2022, the prepayment is reclassified to intangible asset. All relevant transaction have received reasonability assessment on price from external professional institute.

7.4 Key management compensation

Categories	2022	2021
Salaries and other short-term employee benefits	$ 21, 706	$ 22, 665

8. Pledged Asset : None.

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

10. Significant Disaster Losses

The Group was affected by the global pandemic of Covid-19, which resulted in a relatively significant change in operating revenue in 2022 and 2021. In addition, the production of Dongguan Seasonic was temporally shut down from March 17, 2022 to March 21, 2022, but the Group'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 Group's capital management objectives are to safeguard the Group'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 Group 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 Group'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 Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Group's financial position and financial performance. The Group's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Group 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 Group 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 (including transactions and account balances within the Group which had been eliminated)

	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, 283	30. 71	$ 1, 390, 634	1%	$ 11, 125	$ -
HKD : NTD	58	3. 94	227	1%	2	-
RMB : NTD	153, 335	4. 41	676, 208	1%	5, 410	-
USD : EUR	2, 489	0. 9386	76, 437	1%	611	-
Investments accounted for using the equity method (Note)						
USD : NTD	2, 303	30. 71	70, 718	1%	-	566
RMB : NTD	45, 435	4. 41	200, 368	1%	-	1, 603
EUR : NTD	9	32. 72	310	1%	-	2
Financial liabilities						
Monetary items						
USD : NTD	311	30. 71	9, 535	1%	76	-
HKD : NTD	173	3. 94	683	1%	5	-
RMB : NTD	2, 941	4. 41	12, 969	1%	104	-
USD : EUR	3, 176	0. 9386	97, 535	1%	780	-
EUR : NTD	4, 072	32. 72	133, 233	1%	1, 066	-
USD : NTD	4, 238	30. 71	130, 149	1%	1, 041	-
USD : RMB	2, 655	6. 9637	81, 542	1%	652	-

	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, 790	27. 68	$ 2, 070, 191	1%	$ 16, 562	$ -
RMB : NTD	60, 572	4. 34	262, 881	1%	2, 103	-
USD : EUR	2, 463	0. 8838	68, 181	1%	545	-
Investments accounted for using the equity method (Note)						
USD : NTD	2, 088	27. 68	57, 790	1%	-	462
RMB : NTD	65, 355	4. 34	283, 642	1%	-	2, 269
EUR : NTD	1, 516	31. 32	47, 479	1%	-	380
Financial liabilities						
Monetary items						
USD : NTD	2, 803	27. 68	77, 599	1%	621	-
RMB : NTD	7, 279	4. 34	31, 589	1%	253	-
USD : EUR	7, 557	0. 8838	209, 190	1%	1, 674	-
USD : RMB	1, 648	6. 3779	45, 626	1%	365	-

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 Group for 2022 and 2021 amounted to $176,480 thousand and ($61,987) thousand, respectively.

Price risk

The Group is exposed to the price risk associated with the equity investments held by the Group. These investments are classified as financial assets at FVTPL.
The Group invests mainly in fund beneficiary certificates and corporate bonds, which are subject to market risk due to fluctuations in trading prices. The Group 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 Group as of the reporting date were as follow :

Item	Carrying amount December 31, 2022	Carrying amount December 31, 2021
Fair value interest rate risk		
Financial assets	$ 554, 972	$ 414, 195
Financial liabilities	−	−
Net amount	$ 554, 972	$ 414, 195
Cash flow rate risk		
Financial assets	$ 1, 039, 545	$ 862, 024
Financial liabilities	(587, 293)	(579, 798)
Net amount	$ 452, 252	$ 282, 226

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

The Group does not classify any fixed interest rate instruments as financial assets measured at fair value through profit or loss. In addition, the Group 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 Group’s floating interest rate financial instruments are susceptible to the market interest rate, affecting the Group’s future cash flows. If the market interest rate increases/decreases by 1%, the Group’s net income will increase/decrease $3,618 thousand and $2,258 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 Group 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 Group 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 Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group’s treasury function. The Group only transacts with creditworthy counterparties and banks ; therefore, no significant financial credit risk was identified. The Group 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 79.23% and 82.24%, respectively. The credit concentration risk associated with other accounts receivable is insignificant.

(ii) Measurement of expected credit losses

- Accounts receivable: The Group 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 Group has no debt investments classified as measured at amortized cost or as measured at FVTOCI.
- The Group 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 Group's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Group has sufficient financial flexibility for its operations.

(b) Maturity analysis for financial liabilities :

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

	December 31, 2022						
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	$ 221, 686	$ －	$ －	$ －	$ －	$ 221, 686	$ 221, 686
Other payables	113, 547	－	－	－	－	113, 547	113, 547
Deposits received	24	－	－	－	－	24	24
Bonds payable	－	－	600, 000	－	－	600, 000	587, 293
Subtotal	$ 335, 257	$ －	$600, 000	$ －	$ －	$ 935, 257	$ 922, 550

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	$ 14, 755	$ 32, 832	$ －	$ －	$ －	$ －	$ 47, 587

	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	$ 614, 681	$ －	$ －	$ －	$ －	$ 614, 681	$ 614, 681
Other payables	157, 786	－	－	－	－	157, 786	157, 786
Deposits received	33	－	－	－	－	33	33
Bonds payable	－	－	－	600, 000	－	600, 000	579, 798
Total	$ 772, 500	$ －	$ －	$600, 000	$ －	$ 1, 372, 500	$ 1, 352, 298

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	$ 14, 480	$ 44, 388	$ －	$ －	$ －	$ －	$ 58, 868

The Group 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	$ 357, 136	$ 468, 227
Financial assets measured at amortized cost		
Cash and cash equivalents	1, 384, 168	1, 084, 421
Notes receivable and accounts receivable (including related parties)	459, 022	848, 615
Other receivables (including related parties)	6, 396	10, 905
Other financial assets - current	10, 559	9, 630
Guaranteed deposits paid	2, 106	5, 846
Other financial assets - noncurrent	200, 622	182, 957
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable	221, 686	614, 681
Other payables	113, 547	157, 786
Bonds payable	587, 293	579, 798
Deposits received	24	33

12.3 Fair value information

(1) Details of the fair values of the Group’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 Group’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 Group'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 Group'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	$ 333, 386	$ −	$ −	$ 333, 386
-Corporate bonds	22, 430	−	−	22, 430
-Derivative instruments - convertible bonds redemption amount	−	−	1, 320	1, 320
Total	$ 355, 816	$ −	$ 1, 320	$ 357, 136

	December 31, 2021			
Item	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Financial assets at FVTPL				
Assets - current				
-Funds	$ 430, 314	$ −	$ −	$ 430, 314
-Corporate bonds	36, 473	−	−	36, 473
-Derivative instruments - convertible bonds redemption amount	−	−	1, 440	1, 440
Total	$ 466, 787	$ −	$ 1, 440	$ 468, 227

(4) The methods and assumptions the Group 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 Group 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 consolidated balance sheet date (i.e., yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c) The Group 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 Group’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 :					
Rights 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 :					
Rights 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 Group'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)

12.4 In June 2022, the Group's subsidiary, Dongguan Seasonic Electronic Co., Ltd., received a letter from the local tax authorities to check the tax returns related to business tax and value-added tax for the years 2017 to 2022. Regarding the above audit matter, Dongguan Seasonic Electronic Co., Ltd. had paid RMB6,717 thousand (equivalent to NTD29,622 thousand) in the third quarter of 2022 for business tax and estimated possible back tax of RMB669 thousand (equivalent to NTD2,951 thousand) for 2022, which is recorded as income tax expense, and value-added tax back tax of RMB3,775 thousand (equivalent to NTD16,648 thousand), which is recorded as other non-operating loss.

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 ;

(j) The business relationship between the parent and the subsidiaries and significant transactions between them : Please see Table 5 attached ;

(2) Information on investees (before elimination and excluding information on investment in mainland China) : Please see Table 6 attached ;

(3) Information on investment in mainland China (before elimination) : Please see Table 7 attached.

(4) Information on major shareholders : Please see Table 8 attached.

14. Segment Information

14.1 The Group currently has three reportable departments, the Domestic Sales Division, the Asia Production and Sales Division, and the European and American Sales Division.

The main businesses are as follows :

Domestic Sales Division - Import and export of various electronic devices such as switching power supplies.

Asia Production and Sales Division - Manufacture and sale of electronic devices such as switching power supplies and non-stop devices.

European and American Sales Division - Import and export of various electronic instruments such as switching power supplies in Europe and America.

14.2 Report basis of segment information of the Group

The Group divides its operation units according to strategic business unit, in which separate management teams provide different product and service. Considering every strategic business unit requires different technic and marketing strategies, each unit is managed and reported to operating decision makers separately.

14.3 Loss (profit) of tax and other unusual profit or loss are not allocated to reportable segments. Furthermore, not all of profit or loss of reportable segments contain major non-cash factor except for depreciation and amortization. Amounts reported are identical to those reported to operating decision makers.

Accounting policies of segments are identical to the aforementioned significant accounting policies in Note 4. Segment performance is evaluated based on measurement of profit or loss before tax, exclusive of unusual profit or loss and exchange gains and losses. Sales and transfers within segments are recognized as transactions with third parties and evaluated by current market price.

14.4 Information on profit and loss, assets and liabilities of segments

(1) 2022

	Domestic Sales Division	Asia Production and Sales Division	European and American Sales Division	Adjustment and elimination	Total
Operating revenue					
Sales from external customers	$ 1,452,750	$ 383,083	$ 719,009	$ -	$ 2,554,842
Sales among intersegments	944,208	3,437,942	-	(4,382,150)	-
Total sales	$ 2,396,958	$ 3,821,025	$ 719,009	($ 4,382,150)	$ 2,554,842
Interest income	22,027	2,067	-	(2,914)	21,180
Interest expense	7,515	1,720	3,384	(2,914)	9,705
Amortization and depreciation	19,628	20,202	2,695	-	42,525
Income from investment	10,172	2,284	-	(12,456)	-
Loss from investment	140,260	89,535	-	(229,795)	-
Profit or loss of the segment (Note)	$ 573,762	($ 135,830)	($ 54,575)	$ 217,133	$ 600,490
Investments accounted for using the equity method	343,882	200,368	-	(544,250)	-
Non-current asset – capital expense	10,027	1,126	52	(951)	10,254
Segment assets	$ 3,618,910	$ 1,326,051	$ 621,781	($ 1,718,751)	$ 3,847,991
Segment liability	$ 937,472	$ 834,066	$ 550,753	($ 1,117,007)	$ 1,205,284

Note : Income tax expense is not included in profit or loss of the segment.

(2) 2021

	Domestic Sales Division	Asia Production and Sales Division	European and American Sales Division	Adjustment and elimination	Total
Operating revenue					
Sales from external customers	$ 3,156,317	$ 147,304	$ 1,713,878	$ -	$ 5,017,499
Sales among intersegments	1,659,322	6,581,806	-	(8,241,128)	-
Total sales	$ 4,815,639	$ 6,729,110	$ 1,713,878	($ 8,241,128)	$ 5,017,499
Interest income	4,017	3,510	-	-	7,527
Interest expense	2,512	2,083	389	-	4,984
Amortization and depreciation	18,909	19,784	2,401	-	41,094
Income from investment	35,087	11,561	-	(46,648)	-
Loss from investment	33,929	-	-	(33,929)	-
Profit or loss of the segment (Note)	$ 952,761	$ 38,893	($ 15,717)	($ 12,580)	$ 963,357
Investments accounted for using the equity method	389,567	283,642	-	(673,209)	-
Non-current asset – capital expense	29,114	14,420	1,718	(1,371)	43,881
Segment assets	$ 3,552,034	$ 1,480,683	$ 602,771	($ 1,325,826)	$ 4,309,662
Segment liability	$ 969,144	$ 821,497	$ 497,502	($ 561,371)	$ 1,726,772

Note : Income tax expense is not included in profit or loss of the segment.

14.5 Geographical information

In thousand NTD

	Sales from external customers		Non-current assets	
	2022	2021	2022	2021
Taiwan	$ 152,226	$ 155,829	$ 400,408	$ 373,977
America	413,572	1,045,771	7,272	9,065
Europe	364,117	1,097,989	550	541
Asia	1,609,531	2,694,888	62,279	83,349
Others	15,396	23,022	-	-
Total	$ 2,554,842	$ 5,017,499	$ 470,509	$ 466,932

14.6 Product information

In thousand NTD

Products	2022	2021
Switching power supplies	$ 2,484,358	$ 4,820,747
Others	70,484	196,752
Total	$ 2,554,842	$ 5,017,499

14.7 Important customer information

For the years 2022 and 2021, the Company and its subsidiaries had sales to a single customer that accounted for more than 10 percent of consolidated net operating revenues :

	2022		2021	
	Amount	Percentage	Amount	Percentage
Customer A	$ 541,201	21.18%	$ 1,295,107	25.81%

Table 1

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

in USD and in thousand NTD

No. (A)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance (D)	Amount actually drawn	Interest rate	Nature of Loan (B)	Transaction amount	Reason for short-term financing	Recognized loss allowance	Collateral		Limit on loans granted to a single party (C)	Ceiling on total loans granted (C)
													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 25% 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. and its subsidiaries
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	
Resonic Holdings Co., Ltd.	Nomura Fallen Angel High Yield Bond Fund Dividend pay-monthly USD	-	Financial assets at FVTPL - current	9,098.26	2,206	-	2,206	

Table 3

Sea Sonic Electronics Co., Ltd. and its subsidiaries
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. and its subsidiaries

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. and its subsidiaries

Intercompany Relationship and Significant Intercompany Transactions

December 31, 2022

In thousand NTD

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Sea Sonic Electronics Co., Ltd.	Seasonic Electronics, Inc.	Parent company to subsidiary	Sales revenue	$ 347,699	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.	13.61%
				Account receivable	158,486		4.12%
		Sea Sonic Europe B.V.	Parent company to subsidiary	Sales revenue	226,723	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.”	8.87%
				Account receivable	97,117		2.52%
		Full Net Enterprise Inc.	Parent company to subsidiary	Sales revenue	54,097	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	2.12%
		Shenzhen Energy Power Electronics Co., Ltd.	Parent company to indirect subsidiary	Sales revenue	315,654	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.”	12.36%
				Account receivable	148,915		3.87%
1	Dongguan Seasonic Electronic Co., Ltd.	Full Net Enterprise Inc.	Indirect subsidiary to subsidiary	Sales revenue	1,653,754	T/T 60 days ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow.	64.73%
2	Full Net Enterprise Inc.	Sea Sonic Electronics Co., Ltd.	Subsidiary to parent company	Sales revenue	1,710,507	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	66.95%
		Dongguan Seasonic Electronic Co., Ltd.	Subsidiary to indirect subsidiary	Sales revenue	74,706	T/T 60 days ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow.	2.92%

Note : the table only includes material transaction ; yet all transaction, regardless of material or not, are eliminated in the consolidated financial statements.

Table 6

Sea Sonic Electronics Co., Ltd. and its subsidiaries
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 (Note)	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 7

Sea Sonic Electronics Co., Ltd. and its subsidiaries
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 (Note (4))	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note (4))	Ownership held by the Company (direct or indirect) (%)	Net Income (Losses) of the Investee	Recognized profit or loss (Note (2))	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 consolidated net worth, whichever is greater.

(6) The Company reinvest Dongguan Seasonic Electronic Co., Ltd. and Shenzhen Energy Power Electronics Co., Ltd. through Resonic Holdings Co., Ltd.(England) with 100% shareholding. Both of the subsidies are arranged in consolidated financial statement, while all transaction between consolidate company have been eliminated.

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" for information on directly or indirectly major transactions with investee in Mainland China in 2022.

Table 8

Sea Sonic Electronics Co., Ltd. and its subsidiaries

Information on Major Shareholders

December 31, 2022

Shares / Major shareholders	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.