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海韻電子工業股份有限公司

Sea Sonic Electronics Co., Ltd.

2022 Annual Report

Printed on: May 10, 2023

Public Information: http://mops.twse.com.tw

1. The Company's Spokesperson / Deputy Spokesperson

The Company's Spokesperson	Deputy Spokesperson
Spokesperson: ZHANG, EN-HAO	Name: PEI, LIN
Title: Section Chief	Title: Manager
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   Tel: (02) 2659-0338

   Dongguan Factory Address: No. 11, Ronghua Road, The Third Industrial Zone of Juzhou, Shijie Town, Dongguan City, Guangdong Province

   Tel: 86-769-22610501

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3. Stock Transfer Institution (The Company's Shareholder Services Agent)

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5. Name of the trading place for the listing and trading of overseas securities and the method to inquire about the information of such overseas securities: Not applicable

6. Company website: www.seasonic.com

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Letter to Shareholders

Dear Shareholders,

Thank you for your continued support and trust in our company. We are pleased to present our annual business report, summarizing our performance over the past year and outlining our future development plans. Here are the key highlights:

The global pneumonia epidemic, which has affected the world for more than three years, has recently been effectively controlled, thanks to increased vaccination rates and strengthened epidemic prevention measures in various countries. As a result, the economy and markets are gradually recovering from the impact of the epidemic. However, the benefits our company enjoyed during the initial years of the epidemic have diminished. Additionally, the inflationary effects caused by the Russo-Ukrainian war last year have further constrained the market's consumption capacity, impacting our operations. Despite these challenges, our dedicated colleagues responded with a positive attitude, making necessary adjustments to production capacity, inventory policies, and product mix. Although our revenue in 2022 was lower than the previous year, we achieved growth in both gross profit margin and net profit margin compared to the same period. Now, let's delve into the operational results of 2022 and provide an outlook for 2023:

1. Operational Results for 2022:

(1) Implementation Results

The company's consolidated operating income for 2022 was 2,554,842 thousand dollars, consolidated operating gross profit was 776,752 thousand dollars, and the consolidated net profit attributable to the parent company was 450,226 thousand dollars. Compared to 2021, the consolidated operating income decreased by 2,462,657 thousand dollars (down 49.08%), consolidated operating gross profit decreased by 714,893 thousand dollars (down 47.93%), and the net profit attributable to the parent company decreased by 302,603 thousand dollars (down 40.20%).

Moreover, the Return on Assets, Return on Equity, Pre-tax Net Profit to Paid-in Capital Ratio, and Net Profit Margin were 11.24%, 17.23%, 75.11%, and 17.62% respectively. The earnings per share after tax were 5.63 dollars.

The main sales areas were domestic market (about 5.96%), American market (about 16.19%), Asian market (about 63.00%), European market (about 14.25%), and other areas (about 0.60%).

(2) Budget Execution

In accordance with current regulations, the company did not publicly disclose financial forecasts for 2022. The overall actual operating status and performance were generally in line with the business plan set by the company.

(3) Financial and Profitability Analysis

Results of Operations and Profitability in the Consolidated Financial Statements of the Company for 2022

Finance and Income Unit: NT$1,000

Year / Item	2021	2022
Net Operating Income	5,017,499	2,554,842
Net operating profit	1,491,645	776,752
Net income after tax attributable to the parent company	752,829	450,226

Profitability

Item \ Year	2021	2022
Return on Assets (%)	18.16	11.24
Return on equity (%)	31.86	17.23
Net income before income tax to paid-in capital ratio (%)	120.49	75.11
Net Income Ratio (%)	15.00	17.62
Earnings per share (NT$)	9.42	5.63

(4) Research and Development

Successful products developed in 2022:

■A newly developed VERTEX GX/PX series product that meets the Intel ATX12V standard, with a wireless fully pluggable module backplane, and a 750W to 1200W output range of platinum and gold efficiency products developed with optimized process considerations for line configuration and wiring. The entire series complies with the Intel ATX 3.0 specification and the ErP Lot 6 2013 Standby efficiency requirements, and can meet the latest PCIe 5.0 specifications, supporting the latest independent graphics cards.

■A newly developed ATX platform, tailored to customer needs and ID design, completed a new OEM platinum and gold efficiency model, with an output wattage range from 850W to 1200W. This not only increased the number of shipments but also demonstrated the company's R&D capabilities, production standards, and quality requirements meet industry-leading brand standards.

2. Summary of 2023 Business Plan:

(I) Business Policy

(1) Business Policies

1.Upholding the spirit of the company, developing energy-efficient power sources and fulfill our social responsibility.

2.Responding to global economic changes, we strengthen our revenue streams and cost savings to create long-term growth.

3. Expanding our technological advantages, mastering core technologies, and enhancing product innovation.

4.Establishing long-term competitive advantages, strengthening human resources, and cultivating excellent talent.

5.Shortening the product design cycle, improving R&D management, and enhancing intellectual property protection.

6.Strengthening strategic partnerships, expanding channels, and providing quality service.

7.Constructing customer relationship management, optimizing business processes, and building growth momentums.

(2)Sales Prediction and Its Basis

The company expects the sales volume of products in 2023 to exceed 1 million units. This is based on the forecast of market demand and the evaluation of the company's production capacity, as well as the expected domestic and international market conditions. The company hopes to achieve this goal by promoting new products, developing new markets, and strengthening existing customer relationships.

(3) Important Production and Marketing Policies

1. Product

The company continues to delve deeply into the retail power supply market and is committed to maintaining its top brand image. We are market demand-oriented, communicate with power supply opinion leaders, and through feedback from all online and offline channel customers, we accurately grasp consumer demand. We follow the new ATX3.0 specification released by Intel, adopt a new architecture and design, and develop a new power supply product with high power density that supports the latest market specifications and best quality.

For many years, the company has persisted in the continuous efforts in 'product performance innovation' and 'creating superior quality'. The R&D team will continue Sea Sonic's consistent high performance, high efficiency, high quality, and extremely quiet strict standards, and develop a new process that complies with high efficiency and high quality, as well as effective test verification methods for automation and digitalization. This lays the foundation for product development with technical development, builds a competitive threshold with technical innovation and patent layout, and maintains the market leadership position of global high-end products.

2. Marketing

In the post-pandemic era, we are committed to developing new markets, increasing sales and market share, and strengthening consumer loyalty to Sea Sonic products. In addition to continuing close communication with consumers and internet evaluation professionals, we will introduce the advantages of our products to consumers through diversified exchanges, and offer reward programs for customers who revisit or repurchase. We aim to really grasp consumer preferences, let the image of Sea Sonic's environmentally friendly, energy-saving, quiet, and efficient top products take root in people's hearts, and let more users understand the high cost-performance ratio of Sea Sonic products.

In addition to continuous deep cultivation in the performance of power supply products, the company also maintain long-term good relationships with partners to ensure that there is no shortage of supplies to meet customer needs.

3. Production

Facing the unpredictable and rapidly changing economic environment, apart from strengthening strategic partnerships, we are also expanding production capabilities at multiple locations and accelerating the diversification of production bases. As global inflation becomes increasingly serious and production costs continue to accumulate, it is necessary to continuously optimize and digitize the production process, increase automation in production and testing, and utilize big data analysis of production and quality to improve product quality and production efficiency, control production costs, and enhance competitiveness.

4. Customer Service

The company is committed to providing excellent customer service, fostering long-term loyalty towards the Haiyun brand, products, and services. Our customer service representatives listen carefully and pay attention to the needs and desires of our customers. We enhance customer service skills, resolve problems quickly, and are efficient and empathetic. We provide diversified services to our main customers, not only maintaining weekly online meetings but also continuously monitoring customer sales status and feedback from consumers on the use of products. This serves as a basis for analysis and continuous improvement of products to meet customer needs. For global end consumers, we provide and improve online customer service, technical consultation, repair registration, and other methods through various well-established online service systems to achieve timely, accurate, and customer-satisfied services.

3. Future Development Strategy

Looking forward, regardless of changes in the international political and economic situation, we will continue to uphold a customer-oriented approach. We plan to build a customer relationship management system, enhance customer service and understand customer needs, and will invest in diversified new product markets to meet customer needs. We will establish good partnership relations through supplier management to ensure no shortage of material requirements; increase the proportion of smart automated production to improve production management, reduce costs and expenses, and increase profitability for shareholders; through outsourcing strategic alliances, increase the proportion of non-mainland production locations; continuously establish competitive advantages through technology and develop highly competitive products; gain trust from end users with quality, strengthen the global brand reputation; and embark on digital transformation and align with net-zero carbon emissions.

4. Impact of External Competitive Environment, Regulatory Environment, and Overall Business Environment

1. External Competitive Environment

With the advancement of technology and changes in market demand, the power supply industry will face more intense competition. Competition will come from domestic and international industry peers, as well as substitutes for similar products. Knowing oneself and one's enemy is the key to success in every battle. Therefore, we need to understand the trends, strengths, and weaknesses of competitors, continuously improve the quality and technology of our own products, and explore new markets and customers.

2. Regulatory Environment

With the increase of environmental awareness, governments around the world will strengthen environmental requirements for power supply products. For example, the European Union's "European Green New Deal" law, promulgated in 2019, requires stricter energy consumption limits for power supply products in standby mode. Therefore, power supply manufacturers need to strengthen the research and development of the environmental performance of products to comply with relevant regulatory requirements.

The company continues to pay attention to domestic and foreign laws and regulations, corporate governance, and ESG issues that need to be followed in operation, and the possible impacts of related issues on the company's finances and business, and introduce and review issues.

3. Overall Business Environment

The increased instability and uncertainty of the global economy may have a certain impact on the development of power supply manufacturers. For example, an economic recession may lead to a decline in consumer purchasing power, which in turn has a negative impact on market demand. Therefore, we need to closely monitor changes in the economy and the market, identify possible opportunities and threats brought about by the market environment, adjust the company's marketing strategies to cope with possible challenges.

5. Conclusion

As the global economy and markets gradually recover from the impact of the COVID-19 pandemic, it is evident that the crisis has caused a profound recession, shaking the confidence of both producers and consumers. Moreover, we are witnessing a surge in isolationism, unilateralism, and trade protectionism, heightening the risk of international economic and trade conflicts.

The outbreak of the Russo-Ukrainian war has further intensified geopolitical risks on a global scale. In this context, Taiwan finds itself geopolitically vulnerable, and determining our position amidst the escalating competition between the United States and China poses a significant challenge. While we may not have direct influence over geopolitical developments, we are committed to closely monitoring the situation and preparing effective risk response strategies. The pressures stemming from climate change, the imperative to reduce carbon emissions, the potential threat of a conflict in the Taiwan Strait, energy crises accompanied by inflation, and the evolving landscape of global trade all represent systemic risks for business operations and investments in the post-pandemic era. To address these challenges, we are actively adjusting our corporate structure, enhancing resilience, and fostering flexibility, all while seeking new business opportunities in the global economy post-pandemic. Additionally, we remain committed to creating a low-carbon and sustainable environment within our organization.

We firmly believe that with the unwavering support of our shareholders, customers, suppliers, and partners, along with the relentless efforts of our dedicated colleagues, we have the ability to overcome difficulties and challenges. Our ultimate goal remains sustainable management, and we sincerely express our gratitude to everyone for their continued support and care.

Best Regard

Sea Sonic Electronics Co., Ltd.

Chairman: CHANG, HSIU-CHENG

President: LAN, JIEN-TONG

CAO: CHANG, EN-HAO

I. Company Profile

1. Established Date: September 19, 1975.

Headquarters, branches, and factory addresses and phone numbers:

1. Headquarters: 8th Floor, No.17, Lane 360, Section 1, Neihu Rd., Neihu District, Taipei City.

TEL: (02) 2659-0338

2. Branch: None.

3. Dongguan Factory: No. 11, Ronghua Road, Juzhou, Shijie Town, Dongguan City, Guangdong Province.

TEL: 86-769-22610501

4. Taoyuan Factory: 2F, Building B, No. 1, Dingan Road, Chungli Industrial Park, Chungli District, Taoyuan City

TEL: (03) 271-9768

2. Company Profile:

The company was founded in 1975 with a registered capital of NT$1.2 million. After several rounds of capital increases, the capital had reached NT$799,532,770 by the end of 2015. The face value of each share is NT$10, totaling 79,953,277 shares. The company is a professional manufacturer of multi-purpose switchable power supplies, with marketing channels spread across Europe, Asia, and the Americas and Australia. The company's important events over the years are as follows:

Year	Milestone
1975	●Sea Sonic Electronics Co., Ltd. was established on September 19th, with an initial capital of 1,200,000 New Taiwan dollars. The company initially dedicated itself to testing instruments, regulated DC power supplies, and voltage/insulation testers.
1980	●Started producing switchable power supplies for computers. The initial product was compatible with the Apple II computer and later switched to producing products suitable for IBM's risk management policy.
1981	●Acquired trademark patent rights.
1982	●Increased the capital by NT$ 1,800,000 in cash, bringing the total capital to 3,000,000 New Taiwan dollars.
1985	●Purchased factory and office equipment in Taipei Industrial Zone and relocated the factory to Fugang Street, Shilin District.
1986	●The first SPS manufacturer in Taiwan to introduce automatic testing instruments. (Average production volume: 30,000 units)
1987	●Increased capital by NT$ 6,000,000 in cash, bringing the total capital to 9,000,000 New Taiwan dollars and purchased an automatic insertion machine. (Average production volume: 60,000 units)
1988	●Increased capital by NT$ 21,000,000 in cash, bringing the total capital to NT$ 30,000,000, and incorporated EMI testing into the overall research and production methods of the company to ensure quality and reliability.
1989	●Purchased a plot of land in the Hukou Industrial Zone in Hsinchu.
1990	●Increased capital by NT$ 120,000,000 in cash, bringing the total capital to NT$ 150,000,000, purchased a factory in Taoyuan Industrial Zone, with a factory area of about 1,539 pings. (Production capacity increased to 100,000 units/month)
1992	●Sold a plot of land in the Hukou Industrial Zone in Hsinchu.
1994	●Invested in Sea Sonic Electronics (Dongguan) Co., Ltd.

Year	Milestone
1998	●Implemented and passed the ISO-9002 quality certification. ●Implemented and passed the ISO-9001 quality certification. ●Outsourced the production of lower-technology products to mainland China.
1999	●Due to the need to expand the business, the company relocated to the 8th floor of No. 19, Lane 360, Section 1, Neihu Road, Neihu District, Taipei City. ●Increased capital by NT$ 90,000,000 from retained earnings, increased capital by NT$ 7,500,000 from capital reserve, and increased capital by NT$ 52,500,000 in cash, raising the paid-in capital to NT$ 300,000,000, and applied for the issuance of additional shares for public subscription. ●Received approval from the Securities and Futures Commission of the Ministry of Finance for the capital increase and the issuance of additional shares for public subscription.
2000	●Increased investment in Sea Sonic Electronics (Dongguan) Co., Ltd. to a total of 1,164,615 US dollars. ●Increased capital by NT$ 93,000,000 from retained earnings, increased capital by NT$ 10,333,000 from employee bonuses, raising the paid-in capital to NT$ 403,333,000. ●ISO-9002 quality certification of Sea Sonic Electronics (Dongguan) Co., Ltd. was incorporated into the ISO-9001 quality certification of the parent company in August.
2001	●Increased capital by NT$ 25,060,000 from retained earnings, increased capital by NT$ 2,800,000 from employee bonuses, raising the paid-in capital to NT$ 431,193,000.
2002	●Additional investment in Sea Sonic Electronics (Dongguan) Co., Ltd. with a fund of USD 1,307,615. ●Application for listing as an emerging stock on the Taipei Exchange. ●Processed a capital increase of NT$ 68,991,000 from retained earnings, and a capital increase of NT$ 7,580,000 from employee bonuses. The total paid-in capital increased to NT$ 507,764,000. ●On December 26, 2002, officially listed for trading on the Taipei Exchange.
2003	●Establishment of the European subsidiary (Sea Sonic Europe B.V.). ●Processed a capital increase of NT$ 60,931,680 from retained earnings, and a capital increase of NT$ 6,808,010 from employee bonuses. The total paid-in capital increased to NT$ 575,503,690.
2004	●Processed a capital increase of NT$ 18,991,620 from retained earnings, and a capital increase of NT$ 1,592,980 from employee bonuses. The total paid-in capital increased to NT$ 596,088,290.
2005	●Dongguan factory applied for ISO 14000 certification and introduced the RoHS lead-free process. ●The first power supply company in the world to receive the American 80 PLUS certification. ●Establishment and closure of the American subsidiary (Seasonic Electronics, Inc.) and the European subsidiary.
2006	●Sea Sonic Electronics (Dongguan) Co., Ltd. obtained ISO 14001 certification. ●Production of power supply units compliant with RoHS environmental protection and WEEE recycling regulations.
2007	●Contract signed and preparations made for Dongguan Xinyin factory.
2008	●Establishment of European subsidiary (Sea Sonic Europe B.V.). ●Establishment of overseas subsidiary (Energy Power Enterprise Inc.). ●Invested in mainland China's Dongguan Xinyin Electronics Co., Ltd., officially starting mass production and shipping. ●Three new products received the American 80 PLUS Gold certification.
2009	●The flagship 80 PLUS Gold retail product "X series" officially launched. ●The subsidiary Topnet International Co., Ltd. ceased operations and completed liquidation.
2010	●Processed a capital increase of NT$ 175,721,490 from retained earnings. The total paid-in capital increased to NT$ 771,809,780. ●The first 80 PLUS Gold "X fanless series" retail product officially launched.
2011	●Canceled treasury stock of 1,035,000 shares, reducing paid-in capital to NT$ 761,459,780.

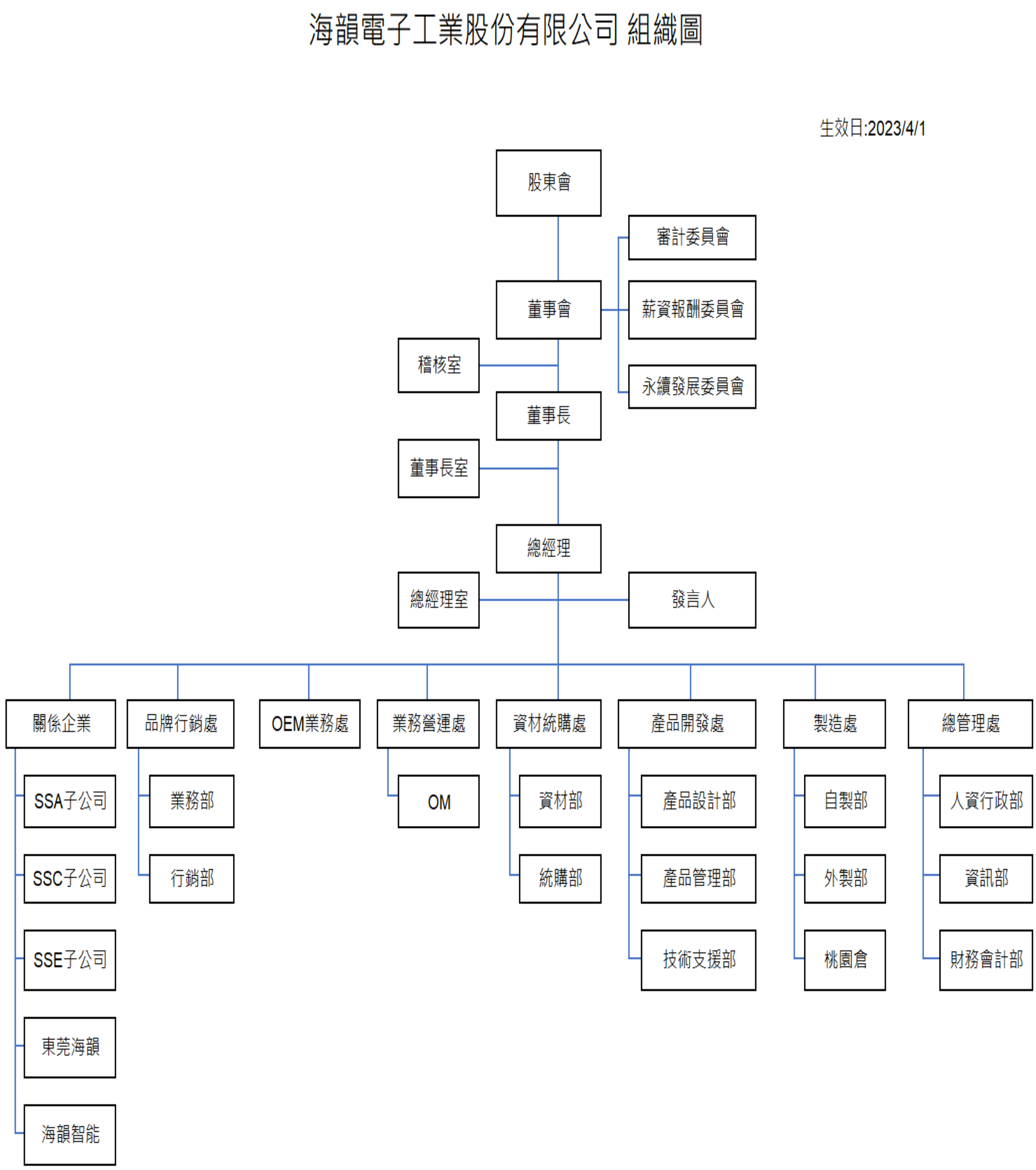
Year	Milestone
	●The flagship 80 PLUS Platinum "Platinum series" 1000W/860W retail products officially launched. ●The flagship 80 PLUS Gold "X series" 1250W/1050W retail products officially launched.
2012	●Establishment of Japanese subsidiary (Seasonic Japan Kabushiki Kaisha). ●The flagship 80 PLUS Platinum "Platinum" 520W/460W/400W fanless series retail products officially launched.
2013	●80 PLUS Gold "S12G series" and Bronze "M12II Evo Edition" series retail products officially launched. ●Processed a capital increase of NT$ 38,072,990 from retained earnings. The total paid-in capital increased to NT$ 799,532,770.
2014	●In February 2014, the mainland investment venture Dongguan Xinyin Electronics Co., Ltd. completed deregistration and liquidation procedures, and repatriated an investment fund of US$2,397,746. On April 10, 2014, the Ministry of Economic Affairs Investment Review Committee approved the cancellation of the investment case in Dongguan Xinyin Electronics Co., Ltd. ●The flagship 80 PLUS Platinum "Platinum series" 1050W/1200W retail products officially launched. ●The flagship 80 PLUS Gold "X series" 1250W/1050W second-generation retail products officially launched.
2015	●Overseas subsidiaries (Cornerstone Enterprise Co., Ltd. and FULL NET ENTERPRISE INC.) were established. ●80 Plus Platinum "Snow Silent series" 750W/1050W retail products officially launched. ●80 Plus Platinum "TFX series" 350W retail products officially launched.
2016	●The Taiwan subsidiary (Cornerstone Global Co., Ltd.) was established. ●The newly established Taoyuan factory began operation. ●80Plus Titanium "PRIME series" 650W/750W/850W retail products officially launched. ●80Plus Platinum "PRIME series" 650W/750W/850W/1000W/1200W retail products officially launched. ●80Plus Gold "PRIME series" 650W/750W/850W/1000W/1200W retail products officially launched.
2017	●80Plus Platinum "PRIME ULTRA series" 550W/650W/750W retail products launched. ●80Plus Gold "PRIME ULTRA series" 550W/650W/750W retail products launched. ●80Plus Platinum "FOCUS PLUS series" 550W/650W/750W/850W retail products launched. ●80Plus Gold "FOCUS PLUS series" 550W/650W/750W/850W/1000W retail products launched. ●80Plus Gold "FOCUS Semi-Modular series" 450W/550W/650W/750W retail products launched.
2018	●The Taiwan subsidiary (Cornerstone Global Co., Ltd.) was dissolved and the liquidation completed. ●The company's 95% owned Japanese subsidiary, Seasonic Japan, completed liquidation and deregistration procedures. ●80Plus Gold "FOCUS SGX" 450W/500W/650W (SFX-L) retail products launched.
2019	●Flagship 80Plus Titanium, Platinum, Gold "PRIME TX, PX, GX series" 650W/750W/850W/1000W introduced OneSeasonic retail products launched. ●Flagship 80Plus Titanium, Platinum "PRIME Fanless TX, PX series" 700W, 450W/500W introduced OneSeasonic retail products launched. ●80Plus Platinum, Gold "FOCUS PX, GX, GM series" 550W/650W/750W/850W/1000W/500W introduced OneSeasonic retail products launched. ●80Plus Gold "CORE GX, GM, GC series" 500W/550W/650W introduced OneSeasonic retail products launched. ●80Plus Bronze "S12III series" 450W/500W/550W/650W retail products launched.
2020	●The "CONNECT 1.0" modular power supply, a 750W product with an 80Plus Gold certification, is now available for retail sale. ●The "G12 Series" products (550W, 650W, 750W, 850W) with 80Plus Gold certification

Year	Milestone
2021	are now available for retail sale. ●The "B12 Series" products (550W, 650W, 750W, 850W) with 80Plus Bronze certification are now available for retail sale. ●The "A12 Series" products (400W, 500W, 600W, 700W) with 80Plus White certification and 230VAC are now available for retail sale. ●SYNCRO Q704 case paired with "CONNECT 1.5" modular power supply, "SYNCRO CONNECT DGC, DPC series" 80Plus Platinum, Gold rated 650W/750W/850W retail products are now available. ●Overseas subsidiaries (Cornerstone Enterprise Co., Ltd. and Energy Power Enterprise Inc.) have completed dissolution and liquidation. ●The "FOCUS SPX Series" (650W/750W) with 80Plus Platinum certification in SFX form factor are now available for retail sale. ●The "FOCUS SGX Series" products (550W, 650W, 750W) with 80Plus Gold certification in SFX form factor are now available for retail sale. ●The "FOCUS SPX Series" 750W with 80Plus Platinum certification in SFX form factor, white edition, is now available for retail sale. ●Established subsidiary companies in China (Shenzhen Yuanli Electronics Co., Ltd. and Shenzhen Energy Power Electronics Co., Ltd.)
2022	●The flagship "PRIME TX Series" products (1300W, 1600W) with 80Plus Titanium certification are now available for retail sale. ●The flagship "PRIME PX Series" 1600W product with 80Plus Platinum certification is now available for retail sale. ●The "VERTEX GX ATX3.0 Series" products (750W, 850W, 1000W, 1200W) with 80Plus Gold certification are now available for retail sale. ●The first MagFlow series 120mm fan products are now available for retail sale. ●The "G12 GM Series" products (550W, 650W, 750W, 850W) with 80Plus Gold certification are now available for retail sale. ●The "B12 BM Series" products (550W, 650W, 750W, 850W) with 80Plus Bronze certification are now available for retail sale. ●Established a subsidiary in Taiwan (Sea Sonic Energy Co., Ltd. Sea Sonic Energy Co., Ltd.)

II. Corporate Governance Report

1. Organization

(1)Organization chart



(2) Operations implemented by major departments

Department	Responsibilities
Audit Committee	1. Supervising the proper presentation of the company's financial statements.
	2. Overseeing the selection (and removal) of certified public accountants, and their independence and performance.
	3. Supervising the effective implementation of the company's internal control.
	4. Monitoring the company's compliance with relevant laws and regulations.
	5. Controlling the existing or potential risks of the company.
Remuneration Committee	1. Regularly review the organizational rules of the remuneration committee and propose amendments.
	2. Establish and regularly review the company's directors' and managers' performance evaluation and compensation policies, systems, standards, and structures.
	3. Regularly evaluate the achievement of performance objectives by the company's directors and managers, and set their individual remuneration based on the evaluation results of performance standards.
Sustainability Committee	1. Promote and strengthen corporate governance and integrity management systems.
	2. Promote and develop matters related to corporate sustainability.
	3. Implement and assist in supervising risk management related matters.
	4. Carry out other related matters resolved by the board of directors.
Audit Office	1. Review and evaluate the company's internal control system.
	2. Establish and revise the internal audit system, play a warning role.
	3. Regularly perform audits of the operation of various management systems within the company.
	4. Submit audit reports to the board of directors and track improvement results.
Chairman and Chairman's Office	1. Convene and preside over shareholders' meetings and board of directors meetings, and be responsible for implementing the resolutions of the above meetings.
	2. Supervise the execution of the company's management decisions and operation plans.
	3. Ensure the company complies with relevant regulations.

Department	Responsibilities
	4. Select and supervise managers.
	5. The company's stock affairs.
President and President's Office	1. Lead the company's innovation and development, and promote the development and promotion of new products and services.
	2. Set the company's long-term goals and strategic planning, ensure sustainable development and competitive advantages of the enterprise.
	3. Maintain the company's brand image, and establish good relationships with upstream and downstream, internal employees, shareholders, and directors.
	4. Responsible for the company's financial management, supervise the budget and financial reports, and ensure the company's financial stability.
	5. Manage the company's risks and opportunities, formulate corresponding response measures, and protect the company's interests and assets.
	6. Ensure the company complies with laws and regulations and ethical standards, and take necessary measures to handle illegal behavior.
	7. Establish performance evaluation and reward systems, regularly monitor performance execution, stimulate employee enthusiasm and creativity, and improve corporate performance and benefits.
Brand Marketing Department	1. Responsible for industry analysis, competitor analysis, market research and product positioning.
	2. Annual market analysis, own brand strategy formulation, product development and channel planning.
	3. Product sales forecast and related gross profit analysis, technology trend analysis, and confirm the final specifications of the product with the R&D department.
	4. Develop and evaluate sales or promotion strategies based on the company's goals, market characteristics, and cost and profit considerations.
	5. Establish and develop the company and brand image.
	6. Support and implement various marketing plans for retail channel partners.
OEM BUSINESS DEPARTMENT	1. Draw up the annual sales plan and promote it.
	2. Pre-sales and after-sales service for customers.
	3. Global customer development and business information collection.
	4. Assist in handling customer complaint incidents.
	5. Development, maintenance and expansion of industry partner relationships.

Department	Responsibilities
	6. Set sales plans with channel partners.
	7. Global shipping and logistics management.
	8. Product sales and profit management product specification formulation.
	9. New product market research and project application.
	10. Analyze the company's product portfolio, sales performance, and market share.
	11. Plan and execute according to customer needs and expectations.
Business Operations Department	1. Global shipping and supply chain management, supporting overseas subsidiaries.
	2. Supporting and implementing various sales plans for retail channel partners.
	3. Implementation of sales, order process, and follow-up on shipments.
	4. Planning and execution of retail product T1 sampling.
Manufacturing Department	1. Plan the company's quality policy, objectives, and guidelines, supervise the improvement of quality in factories.
	2. Verification of new products DVT, EVT/ product reliability assessment.
	3. Related operations of domestic and overseas production and manufacturing.
	4. Production cost control.
	5. Quality control of production and outsourcing, and purchased products in Dongguan factory.
Materials Procurement Department	1. Establish sales plans with channel partners.
	2. Responsible for the negotiation, procurement, and management of all factory production materials, non-production materials, and assistance in factory equipment.
	3. Company's production planning, arrangements, and coordination for in-house/outsourcing and purchasing.
Product Development Department	1. Responsible for research, design, and development of new products and new technologies.
	2. Research, improvement, testing, sample production, safety approval, maintenance modification, part approval, and technical support in the product development stage.
	3. Evaluate future product and market trends with the marketing department.
	4. Product-related technical support and consultation.
	5. Handling the introduction of new products into mass production, solving

Department	Responsibilities
	mass production processes and assisting with quality issues.
General Administration Department	1. Planning and promoting the implementation of energy-saving and carbon reduction related laws and system establishment.
	2. Providing professional accounting and tax planning management.
	3. Funds management and financing planning scheduling.
	4. Regular announcement or reporting of financial status.
	5. Formulate a human resources management system linked with the company's strategy.
	6. Constructing a comprehensive selection, cultivation, retention, etc. system to motivate and retain excellent talents.
	7. Shaping a friendly and performance-oriented workplace culture.
	8. Provide a healthy and safe workplace environment in response to labor safety and health policies.
	9. Planning, building, developing, and managing the company's various information operating systems and equipment.
SSA SSE Shenzhen Yuanli Electronics Co., Ltd.	1. Implementation of subsidiary sales strategy and customer development.
	2. Advertising media and marketing plans and execution in various regions.
	3. Responsible for the establishment and achievement of sales and service team goals in the area.
	4. Responsible for collecting and analyzing local sales data, and the dynamics of competitors.
	5. Regularly providing suggestions to the company on product development and marketing strategy.
Sea Sonic Energy Co., Ltd.	1. Capable of formulating product/service development and marketing strategies for environmental control products.
	2. Production-related operations and production cost/quality control.
	3. Establishment and achievement of product sales and service team goals.

2. DIRECTOR, PRESIDENT, VICE PRESIDENT, ASSISTANT MANAGER AND HEADS OF DEPARTMENTS AND BRANCH ORGANIZATIONS

(1)Directors

2023/4/16

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	ZHANG, XIU-CHENG	M 51~60	2020.06.12	3	2011.06.15	3,721,732	4.65%	2,122,666	2.65%	591,435	0.74%	0	0.00%	Master's in Industrial and Systems Engineering, University of Southern California	Note 1	Director	ZHANG, ZHENG-ZONG	First-degree relative	Note 2
Director	ROC	ZHANG, ZHENG-ZONG	M 81~90	2020.06.12	3	1999.03.20	21,069,968	26.35%	21,069,968	26.35%	10,157,309	12.70%	0	0.00%	Hsinchu Senior High School	None	Chairman	ZHANG, XIU-CHENG	First-degree relative	
Director	ROC	LI, QIN-ZHANG	M 61~70	2020.06.12	3	2008.06.20	27,300	0.03%	27,300	0.03%	3,980	0.00%	0	0.00%	EMBA, National Taiwan University Drexel University MBA Executive Vice President, CHENBRO MICOM CO., LTD. Vice President, Sea Sonic Electronics Co., Ltd.	Supervisor, Shenzhen Yuanli Electronics Co., Ltd.	None	None	None	

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	LIN, YAO-QIN	M 61~70	2020.06.12	3	2004.06.15	0	0.00%	0	0.00%	10,000	0.01%	0	0.00%	Ph.D. in Information Management, National Chengchi University Master's from the Engineering Research Institute, National Taiwan University of Science and Technology Department Chair, Department of Information Management, Yuan Ze University Director, Innovation Incubation Center, Yuan Ze University	Associate Professor, Department of Information Management, Yuan Ze University	None	None	None	
Independent Director	ROC	CHEN, ZHAO-MING	M 71~80	2020.06.12	3	2014.06.17	212	0.00%	212	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taipei University of Technology Chairman and President, CUTES CORPORATION	Supervisor, CUTES CORPORATION	None	None	None	
Independent Director	ROC	HUANG, QING-XIANG	M 51~60	2020.06.12	3	2020.06.12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, Chinese Culture University	Managing Director, P.H. Management Consultant Limited Chairman, Yongan International Management Consulting Co., Ltd.	None	None	None	

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	GAO, ZHI-TING	M 41~50	2020.06.12	3	2020.06.12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA, National Taiwan University Master's, Department of Applied Mechanics, National Taiwan University Bachelor's, Department of Civil Engineering, National Taiwan University	Vice President and Partner, WK Innovation Ltd. Director, Baichuan Capital Limited Legal Representative, Crystalvue Medical Corporation Director, AlgolTek, Inc.	None	None	None	

Note: 1. The chairman of Sea Sonic Electronics Co., Ltd., directors of Seasonic Electronics, Inc., Sea Sonic Europe B.V., FULL NET ENTERPRISE INC., Resonic Holdings Co., Ltd andSea Sonic Energy Co., Ltd.

2. To comply with the clear division of responsibilities between the Chairman and the General Manager, the board decided that starting from October 1, 2022, the former General Manager, Mr. Zhang Xiu-Cheng, would step down and Mr. Lan Jian-Tong would take over as the new General Manager.

The main shareholder of corporate shareholders: Not applicable.

The main shareholder of corporate shareholders who are legal entities: Not applicable.

1. Disclosure of professional qualifications of directors and information on the independence of independent directors:

Criteria / Name	Professional Qualifications and Experiences	Professional Qualifications and Experiences	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
ZHANG, XIU-CHENG (Director)	Has relevant experience in business, finance, industry, and strategic management. Master's in Industrial and Systems Engineering from the University of Southern California. Served for over 23 years as President or Chairman in companies of the Seasonic Group (including the Company and 100% owned subsidiaries), specializing in operations and strategic management. In the board of directors, communicated and interacted with all directors about related operation management strategies in the role of a manager and proposed related operation management suggestions. No circumstances specified in Article 30 of the Company Act have occurred.	Non-independent director	None
ZHANG, ZHENG-ZONG (Director)	Has experience in business, finance, management, and R&D. Has served as Chairman for over 40 years in companies of the Seasonic Group (including the Company and 100% owned subsidiaries), focusing on the management of the power supply industry, contributing expertise to corporate governance. No circumstances specified in Article 30 of the Company Act have occurred.	Non-independent director	None

Criteria / Name	Professional Qualifications and Experiences	Professional Qualifications and Experiences	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
LI, QIN-ZHANG (Director)	Has work experience in business, accounting, industry, and operations management. Master's in Management from National Taiwan University (EMBA) and MBA from Drexel University. Served as Vice President in the Company for over 15 years. With the experience of being an Executive Vice President in CHENBRO MICOM CO., LTD., he assists the President in related business of corporate governance. No circumstances specified in Article 30 of the Company Act have occurred.	Non-independent director	None
LIN, YAO-QIN (Director)	Has experience in business, information management, finance, and industry. Ph.D. in Information Management from National Chengchi University. Former Department Chair of Information Management at Yuan Ze University, Director of Innovation Incubation Center at Yuan Ze University, and Independent Director at Rich Circle Development Co., Ltd. Currently, Associate Professor at the Department of Information Management, Yuan Ze University. No circumstances specified in Article 30 of the Company Act have occurred.	Non-independent director	None

Criteria / Name	Professional Qualifications and Experiences	Professional Qualifications and Experiences	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
CHEN, ZHAO-MING (Independent Director) (Convener of the Remuneration Committee) (Member of the Audit Committee)	Has experience in business, accounting, industry, operations management, and company business. Former Chairman and President of CUTES CORPORATION, currently the Supervisor at CUTES CORPORATION Co., Ltd. No circumstances specified in Article 30 of the Company Act have occurred.	Qualifies as an independent director, including (but not limited to) self, spouse, and relatives within the second degree of kinship meeting the independence criteria: 1. Has not served as a director, supervisor, or employee of the Company or its affiliates. 2. Holds 212 shares in the Company, with a shareholding ratio of 0.00026%. 3. Has not served as a director, supervisor, or employee of a company with a specific relationship with the Company. 4. Has not received any remuneration in the past 2 years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None

Criteria / Name	Professional Qualifications and Experiences	Professional Qualifications and Experiences	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
HUANG, QING-XIANG (Independent Director) (Member of the Remuneration Committee) (Convener of the Audit Committee)	The convener of the audit committee of the Company, has rich experience in business, finance, accounting, or industry. Department of Accounting, Chinese Culture University. Has served as special assistant to the chairman at Jinding Securities Co., Ltd., Managing Director at Grand Fortune Securities Co., Ltd., Executive Vice President at Tachan Securities Co., Ltd., Vice President at EnTrust Securities Co., Limited, Assistant Manager at Jinghua Securities Co., Ltd., and Commissioner at the Securities and Futures Commission of the Ministry of Finance. Currently serving as Managing Director at P.H. Management Consultant Limited and Chairman at Yongan International Management Consulting Co., Ltd. No circumstances specified in Article 30 of the Company Act have occurred.	Qualifies as an independent director, including (but not limited to) self, spouse, and relatives within the second degree of kinship meeting the independence criteria: 1. Has not served as a director, supervisor, or employee of the Company or its affiliates. 2. Does not hold any shares in the Company. 3. Has not served as a director, supervisor, or employee of a company with a specific relationship with the Company. 4. Has not received any remuneration in the past 2 years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None

Criteria / Name	Professional Qualifications and Experiences	Professional Qualifications and Experiences	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
GAO, ZHI-TING (Independent Director) (Member of the Remuneration Committee) (Member of the Audit Committee)	Has experience in business, industry, operations management, and industry. Master's in Management from National Taiwan University (EMBA), formerly Vice President and Partner at WK Innovation Ltd., Director at Baichuan Capital Limited, Legal Representative at Crystalvue Medical Corporation, and Director at AlgolTek, Inc. No circumstances specified in Article 30 of the Company Act have occurred.	Qualifies as an independent director, including (but not limited to) self, spouse, and relatives within the second degree of kinship meeting the independence criteria: 1. Has not served as a director, supervisor, or employee of the Company or its affiliates. 2. Does not hold any shares in the Company. 3. Has not served as a director, supervisor, or employee of a company with a specific relationship with the Company. 4. Has not received any remuneration in the past 2 years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None

2. Board Diversity and Independence:

(1). Diversity of the board

Our company's board has set up a policy to strengthen diversity in its functions in Chapter 3 of the "Corporate Governance Practice Guidelines", including but not limited to the following two standards:

Basic conditions and values: such as gender, age, nationality, and culture.

Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing or technology), professional skills, and industry experience, etc.

Our company pays attention to the gender distribution of the board members, with the goal of at least one female director.

Taking into account the diversity of the 7 directors of our company's 16th board of directors, 28% of the directors who were employees in 2022, Independent Directors accounted for 43%; 2 Independent Directors have served for less than 3 years, and 1 Independent Director has served for 8 years; 1 director is over 76 years old, 2 are between 66 to 75 years old, 2 are between 56 to 65 years old, 2 are under 55 years old; each director also has their professional backgrounds and experiences, such as law, accounting, finance, marketing or technology, and industry experience, etc.

(2). Director independence

The board follows the "Director and Supervisor Election Regulations" and the "Corporate Governance Practice Guidelines". The nomination and selection of members are in accordance with the company's articles of association, using a candidate nomination system, encouraging shareholders to participate. Shareholders holding a certain number of shares can submit a list of candidates, and related handling operations are conducted and announced in accordance with the law to protect shareholders' rights and avoid monopolizing or overly trivializing nomination rights to ensure the independence of the directors.

According to the third clause of Article 26 of the Securities Exchange Act, more than half of the seats among directors should not have spouse or second-degree or closer kinship. Among the 7 directors of our company, only directors ZHANG, ZHENG-ZONG and ZHANG, XIU-CHENG have a first-degree relationship. More than half of the directors do not have a spouse or second-degree or closer kinship. Additionally, the proportion of directors with employee status is 28%, and the proportion of Independent Directors is 43%, which shows a certain degree of independence in our company's board of directors.

The company has established a board performance evaluation system, conducts an internal self-evaluation of the board and director member performance self-evaluation once a year. Also, our company conducts an evaluation once every three years by an external professional independent organization or a team of external expert scholars based on the board performance evaluation method approved by the board, and the results are disclosed in the company's annual report and the corporate governance section of the official website.

(2) President, Vice President, Associate Managers, Heads of Departments and Branches

2023/4/16

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	ROC	LAN, JIAN-TONG	M	2022.10.01	0	0%	0	0%	0	0%	Master's in Electrical Engineering/EMBA, National Taiwan University President, LEAD YEAR ENTERPRISE CO., LTD.	None	None	None	None	
Manufacturing Vice President	ROC	LIN, ZHAO-XIAN	M	2023.01.13	0	0%	0	0%	0	0%	Electronic Science, China University of Science and Technology Vice President, Junwei Electronics Co., Ltd.	Note 1	None	None	None	
Marketing Vice President	ROC	ZHAO, YAN-TING	F	2023.01.13	0	0%	0	0%	0	0%	Bachelor's in Shipping Management, National Taiwan Ocean University Chief Operating Officer, Cloud Interactive Inc.	None	None	None	None	
Head of OEM Business Department	ROC	WANG, BI-WANG	M	2017.01.01	30,000	0.04%	0	0%	0	0%	Bachelor's in German Studies, Tamkang University President, Seasonic Electronics, Inc.	None	None	None	None	
Head of General Administration Department	ROC	ZHANG, EN-HAO	M	2022.10.01	0	0%	0	0%	0	0%	Master's in Accounting, National Cheng Kung University Financial and Accounting Manager, SUPERRITE GROUP	None	None	None	None	
Head of Materials Procurement Department	ROC	WEN, SI-HENG	M	2023.01.01	0	0%	0	0%	0	0%	Bachelor's in Business Administration, Tunghai University Assistant to President, Leader Electronics Inc.	None	None	None	None	
Senior Manager of Product Development Department	ROC	ZHOU, SHENG-QIAN	M	2016.11.01	0	0%	0	0%	0	0%	Master's in Power Electronics, Taipei Tech University Senior Manager, Compuware Technology Inc.	None	None	None	None	
Senior Manager of Brand Marketing Department	ROC	HU, WEN-HAO	M	2021.08.01	0	0%	0	0%	0	0%	Bachelor's in Environmental Science, Tunghai University Product Manager, Sea Sonic Electronics Co., Ltd.	None	None	None	None	
Senior Manager in Chairman's Office	ROC	GAO, WEN-WEN	F	2021.11.09	34,001	0.04%	0	0%	0	0%	Accounting, Shih Chien University Accounting Manager, Core Pacific Group	None	None	None	None	
Senior Manager of Business Operations Department	ROC	WANG, YA-SHEN	F	2022.04.01	0	0%	0	0%	0	0%	Master's in Shipping Management, National Taiwan Ocean University Business Manager, ROSSMAX INTERNATIONAL LTD.	None	None	None	None	

Note:
1. Executive Director of Shenzhen Yuanli Electronics Co., Ltd.
2. To comply with the corporate governance principle of clearly dividing the responsibilities of the Chairman and the General Manager, the board of directors decided that as of October 1, 2022, the former General Manager, Mr. ZHANG, XIU-CHENG, will step down, and Mr. LAN, JIAN-TONG will be the new General Manager.

3、Remuneration of Directors, President, and Vice President

1. 2022 Remuneration of Directors (including Independent Directors)

Aggregate remuneration of general directors and Independent Directors (names disclosed according to level)

Unit: Share/NT$

Title (Note 1)	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	ZHANG, XIU-CHENG ZHANG, ZHENG-ZONG LI, QIN-ZHANG LIN, YAO-QIN	0	0	0	0	3,027,834	3,027,834	0	0	3,027,834 0.6725%	3,027,834 0.6725%	2,864,300	6,175,175	0	0	2,400,000	0	2,400,000	0	8,292,134 1.8418%	11,603,009 2.5772%	None
Independent Directors	CHEN, ZHAO-MING HUANG, QING-XIANG GAO, ZHI-TING	0	0	0	0	2,852,449	2,852,449	0	0	2,852,449 0.6336%	2,852,449 0.6336%	0	0	0	0	0	0	0	0	2,852,449 0.6336%	2,852,449 0.6336%	None

1. Please describe the Independent Director's compensation policy, system, standards, and structure, and explain the relationship between the responsibilities, risks, time invested, and other factors and the amount of compensation provided:

According to the company's articles of incorporation, before annual profits are realized, up to 1.5% should be set aside as compensation for directors and supervisors. The compensation for directors (including Independent Directors) is man according to the "Director and Manager Remuneration Method".

The compensation for our Independent Directors is based on their roles and responsibilities, and different remunerations are given. Individual attendance, performance, and achievements are also taken into account, as well as the compa operational performance and future risks, and the usual levels of compensation in the industry.

2. Besides the above disclosures, the most recent year's company directors received compensation for providing services to all companies in the financial report (such as serving as non-employee consultants, etc.): None.

Remuneration Grade Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT$ 1,000,000	ZHANG, ZHENG-ZONG. LIN, YAO-QIN. LI, QIN-ZHANG. CHEN, ZHAO-MING. HUANG, QING-XIANG. GAO, ZHI-TING	ZHANG, ZHENG-ZONG. LIN, YAO-QIN. LI, QIN-ZHANG. CHEN, ZHAO-MING. HUANG, QING-XIANG. GAO, ZHI-TING	ZHANG, ZHENG-ZONG. LIN, YAO-QIN. CHEN, ZHAO-MING. HUANG, QING-XIANG. GAO, ZHI-TING	ZHANG, ZHENG-ZONG. LIN, YAO-QIN. CHEN, ZHAO-MING. HUANG, QING-XIANG. GAO, ZHI-TING
NT$1,000,000 ~ NT$2,000,000	ZHANG, XIU-CHENG	ZHANG, XIU-CHENG		
NT$2,000,000 ~ NT$3,500,000			LI, QIN-ZHANG	LI, QIN-ZHANG
NT$3,500,000 ~ NT$5,000,000			ZHANG, XIU-CHENG	
NT$5,000,000 ~ NT$10,000,000				ZHANG, XIU-CHENG
NT$10,000,000 ~ NT$15,000,000				
NT$15,000,000 ~ NT$30,000,000				
NT$30,000,000~ NT$50,000,000				
NT$50,000,000 ~ NT$100,000,000				
Over NT$100,000,000				
Total	7	7	7	7

Note 1: Director's name.

Note 2: Refers to the remuneration of the director in the most recent year (including director's salary, job allowances, severance pay, various bonuses, reward money, etc.).

Note 3: The amount of director remuneration approved by the board of directors in the most recent year is listed.

Note 4: Refers to the related business execution expenses of the director in the most recent year (including travel expenses, special expenses, various allowances, accommodation, car allocation, etc.).

Note 5: Refers to the director serving concurrently as an employee in the most recent year (including the General Manager, Deputy General Manager, other managers, and employees) who received salary, job allowances, severance pay, various bonuses, reward money, travel expenses, special expenses, various allowances, accommodation, car allocation, etc.

Note 6: Refers to the amount of employee remuneration approved by the board of directors in the most recent year.

2. Compensation of the supervisors in 2022: The audit committee has been established to replace the supervisors, so it is not applicable.

3. Compensation of the President and Deputy General Manager

Unit: Share/NT$

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)
(Note 1)</th><th colspan="2">Severance Pay (B)
(Note 2)</th><th colspan="2">Bonuses and Allowances (C)
(Note 3)</th><th colspan="4">Profit Sharing- Employee Bonus (D)
(Note 4)</th><th colspan="2">The Total of Remuneration (A+B+C+D) and the Ratio Between it and Net Income (%)</th><th rowspan="3">Compensation paid to the President and Vice President from an Invested Company Other Than the Company’s Subsidiary or the Parent company</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>ZHANG XIU-CHENG</td><td rowspan="3">3,259,800</td><td rowspan="3">6,570,675</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">599,500</td><td rowspan="3">599,500</td><td rowspan="3">3,900,000</td><td rowspan="3">0</td><td rowspan="3">3,900,000</td><td rowspan="3">0</td><td rowspan="3">7,759,300
1.7234 %</td><td rowspan="3">11,070,175
2.4588 %</td><td rowspan="3">None</td></tr>
<tr><td>President</td><td>LAN, JIAN-TONG</td></tr>
<tr><td>Vice President</td><td>LI, QIN-ZHANG</td></tr>
</table>

Remuneration Grade Table

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT$ 1,000,000		
NT$1,000,000 ~ NT$2,000,000		
NT$2,000,000 ~ NT$3,500,000	ZHANG, XIU-CHENG. LAN, JIAN-TONG. LI, QIN-ZHANG	LAN, JIAN-TONG. LI, QIN-ZHANG
NT$3,500,000 ~ NT$5,000,000		
NT$5,000,000 ~ NT$10,000,000		ZHANG, XIU-CHENG
NT$10,000,000 ~ NT$15,000,000		
NT$15,000,000 ~ NT$30,000,000		
NT$30,000,000~ NT$50,000,000		
NT$50,000,000 ~ NT$100,000,000		
Over NT$100,000,000		
Total	3	3

Note 1: Refers to the 2022 annual salary of the general manager and deputy general manager.

Note 2: Refers to the provision of retirement pension for the general manager and deputy general manager in 2022: There were no personnel eligible for retirement pensions in 2022, and no old-age pensions were provided.

Note 3: Refers to various bonuses of the general manager and deputy general manager in 2022.

Note 4: Refers to the amount of employee remuneration distributed approved by the board of directors in 2022.

Note 5: In order to conform to the spirit of corporate governance of clear division of duties between the Chairman and the general manager, the board of directors resolved that Mr. Zhang Xiu-Cheng, the original general manager, would step down from October 1, 2022, and Mr. Lan Jian-Tong would become the new general manager.

4. Compensation of the top five executives with the highest compensation (individual disclosure of names and compensation methods): Not applicable

5. The names and distribution of managers distributing employee compensation

Unit: NT$

	Title	Name	Employee Bonus - in Stock (Note 1)	Employee Bonus - in Cash (Note 1)	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	President	ZHANG, XIU-CHENG	0	5,292,255	5,292,255	1.1755%
	President	LAN, JIAN-TONG				
	Vice President	LI, QIN-ZHANG				
	Vice President	ZHANG, EN-HAO				
	Head of Corporate Governance	GAO, WEN-WEN				

Note 1: Refers to the amount of employee remuneration approved by the board of directors in 2022.

Note 2: In order to conform to the spirit of corporate governance of clear division of duties between the Chairman and the general manager, the board of directors resolved that Mr. Zhang Xiu-Cheng, the original general manager, would step down from October 1, 2022, and Mr. Lan Jian-Tong would become the new general manager.

´6. The analysis of the proportion of the total compensation paid to the company's directors, general managers, and deputy general managers by the company and all companies in the consolidated statements in the past two years to the net profit after tax, and the policy, standards and composition of the compensation payment, the procedure for determining the compensation, and the relationship with operating performance and future risks:

A. The proportion of the total compensation paid to the company's directors, general managers, and deputy general managers by the company and all companies in the consolidated statements in the past two years to the net profit after tax.

Unit: NT$

	2022		2021	
Title	Total remuneration paid	The ratio of total amount to net profit after tax (%)	Total remuneration paid	The ratio of total amount to net profit after tax (%)
Director (Note 1)	14,455,458	3.2107%	19,561,765	2.5984%
President and Vice President	11,070,175	2.4588%	12,561,765	1.6686%

Note 1: Including the remuneration of directors who also serve as general managers or deputy general managers

Note 2: In order to conform to the spirit of corporate governance of clear division of duties between the Chairman and the general manager, the board of directors resolved that Mr. Zhang Xiu-Cheng, the original general manager, would step down from October 1, 2022, and Mr. Lan Jian-Tong would become the new general manager.

B. The policy for our company's remuneration is based on the salary level of the position in the same industry, the scope of responsibilities within the company, and the contribution to the company's operational objectives. The process for determining remuneration, in addition to referencing the overall performance of the company, also considers the individual's achievement rate and contribution to the company's performance, thus providing reasonable compensation.

C. Future risk correlation: The company's remuneration payment will take into consideration changes in future environment and operational performance for evaluation and adjustment.

4. The Operation of Corporate Governance

(1) The operation of the Board of Directors

The operation of the Board of Directors

The operation of the Board of Directors (16th term in 2022) had 5 meetings (A)

(1) The attendance of the directors is as follows:

Title	Name (Note 1)	Attendance in Person	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	ZHANG, XIU-CHENG	5	0	100%	The 16th Chairman 2020.06.12 re-elected
Director	ZHANG, ZHENG-ZONG	2	0	40%	2020.06.12 re-elected
Director	LI, QIN-ZHANG	5	0	100%	2020.06.12 re-elected
Director	LIN, YAO-QIN	5	0	100%	2020.06.12 re-elected
Independent Director	CHEN, ZHAO-MING	5	0	100%	2020.06.12 re-elected
Independent Director	HUANG, QING-XIANG	5	0	100%	2020.06.12 newly elected
Independent Director	GAO, ZHI-TING	5	0	100%	2020.06.12 newly elected

Note 1: The company's shareholders elected a new board of directors and supervisors on June 12, 2020. The current term (16th term) is from June 12, 2020 to June 11, 2023.

Other matters that should be stated:

1. If the operation of the board of directors has one of the following situations, the date of the board of directors, term, content of the proposal, opinions of all independent directors and the company's handling of the opinions of independent directors should be stated:

(I) Matters listed in Article 14-5 of the Securities Exchange Act: Please refer to "Important Resolutions of Shareholders Meeting and Board of Directors" P.77~P.82 of this annual report.

(II) In addition to the above matters, other board resolutions that have been objected to or reserved by independent directors and have records or written statements: None.

2. Implementation of directors' conflict of interest avoidance: The company has established the "Board of Directors Meeting Rules", Article 15 of the method stipulates that directors should explain the important content of their conflict of interest in the meeting items, with their own or the legal person they represent. If there is a risk of harm to the company's interests, they should not join in the discussion and voting, and should avoid when discussing and voting, and should not act on behalf of other directors to exercise their voting rights.

2022 Conflicts of Interest of Directors of the Company:

A. 16th Board of Directors Meeting on August 9, 2022.

(I) Discussion item four: The company's 2021 director remuneration and manager and staff remuneration distribution case. In this case, the six directors present, Zhang Xiucheng, LI, QIN-ZHANG, LIN, YAO-QIN, CHEN, ZHAO-MING, HUANG, QING-XIANG, GAO, ZHI-TING, etc., after each avoiding their own interests according to law, the chairman consulted all the directors present, and unanimously passed the case.

B. 16th Board of Directors Meeting on September 30, 2022

(I) Discussion item one: The appointment of the company's general manager. In this case, Director ZHANG, XIU-CHENG is the original general manager. After avoiding his interests according to law, the chairman consulted all the directors present, and unanimously passed the case.

(II) Discussion item two: The company's executive deputy general manager's dismissal case. In this case, Director LI, QIN-ZHANG is the original executive deputy general manager. After avoiding his interests according to law, the chairman consulted all the directors present, and unanimously passed the case.

(III) Discussion item four: The company's spokesperson change case. In this case, Director LI, QIN-ZHANG is the original spokesperson. After avoiding his interests according to law, the chairman consulted all the directors present, and unanimously passed the case.

(IV) Discussion item seven: The company's 2020 staff remuneration second distribution case. In this case, ZHANG, XIU-CHENG, LI, QIN-ZHANG, LIN, YAO-QIN, CHEN, ZHAO-MING, HUANG, QING-XIANG, GAO, ZHI-TING and other six directors attended, after each avoiding their own interests according to law, the chairman consulted all the directors present, and unanimously passed the case.

3. Our company passed the "Board of Directors Performance Evaluation Method" on November 8, 2019, and completed the second revision on November 9, 2021. In March 2023, we completed the 2022 annual performance self-evaluation of the board of directors, individual board members, and functional committees. Please refer to the following Appendix (2) for the execution of the board of directors' evaluation.

4. Evaluation of the objectives and execution of strengthening the functions of the board of directors in the current year and the most recent year:

In order to implement corporate governance and improve corporate value, the board of directors has passed regulations such as the "Integrity Operation Code", "Integrity Operation Procedures and Behavioral Guidelines", "Directors and Managers' Code of Ethics", and "Employee Code of Ethics", and actively improved various internal control systems to achieve corporate governance evaluation indicators. In addition, the Remuneration Committee was established in the 100th year, and the "Directors and Managers' Remuneration Method" was established to strengthen the remuneration decisions of directors, supervisors, and managers. In 2020, the Audit Committee was established to strengthen internal control and financial information transparency; the "Sustainability Committee" was established in November 2021 to strengthen corporate governance and promote corporate sustainability.

In 2022, the board of directors reviewed and supervised operations such as "Intellectual Property Management", "Integrity Operation", "Internal Significant Information Processing and Prevention of Insider Trading Management Operation", "Risk Assessment", and "Greenhouse Gas Inventory and Verification".

(2)Evaluation of Board of Directors' Performance

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2022/1/1 to 2022/12/31	1. Board of Directors 2. Individual board members 3. Salary Remuneration Committee 4. Audit Committee 5. Sustainability Committee	1. Internal Self-assessment of the Board of Directors 2. Self-assessment of Board Members 3. Internal Self-assessment of the Compensation Committee 4. Internal Self-assessment of the Audit Committee 5. Internal Self-assessment of the Sustainability Committee	1. The performance evaluation criteria for the Board of Directors of our company should be set based on the company's condition and needs, and should at least include the following five aspects: (1) Level of involvement in the company's operations. (2) Enhancing the quality of the Board's decisions. (3) Composition and structure of the Board. (4) Appointment of Directors and ongoing training. (5) Internal control. 2. The performance evaluation criteria for Board members (self or peer) should at least include the following six aspects: (1) Mastery of the company's goals and mission. (2) Understanding of directorial responsibilities. (3) Level of involvement in the company's operations. (4) Management and communication of internal relations. (5) The professionalism and ongoing training of the directors. (6) Internal control.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
				3. The performance evaluation criteria for functional committees should at least include the following five aspects: (1) Level of involvement in the company's operations. (2) Understanding of functional committee responsibilities. (3) Enhancing the quality of functional committee decisions. (4) Composition and appointment of functional committee members. (5) Internal control.

Internal Performance Evaluation:
On March 21, 2023, the results of the internal performance evaluation for 2022 were reported to the Board of Directors. The overall evaluation results of the self-assessment questionnaire for the Board of Directors, Audit Committee, Remuneration Committee, and individual directors ranged from 90 to 100 points, meeting the standard of excellent evaluation, demonstrating that the operation of the Board of Directors is well-established, conforms to corporate governance, and will continue to be strengthened to enhance the effectiveness of corporate governance.

(2) The operation of the Audit Committee or participation in the operation of the Board of Directors:

1. The operation of the Audit Committee

In the most recent fiscal year (2022), the Audit Committee (1st term) held a total of 5 meetings (A). The attendance of independent directors is as follows:

Title	Name (Note 1)	Attendance in Person	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	HUANG, QING-XIANG	5	0	100%	2020.06.12 newly elected
Independent Director	CHEN, ZHAO-MING	5	0	100%	2020.06.12 newly elected
Independent Director	GAO, ZHI-TING	5	0	100%	2020.06.12 newly elected

Other matters to be noted:

1. If the operation of the Audit Committee involves one of the following situations, the date of the board of directors, term, content of the resolution, result of the Audit Committee resolution, and the company's handling of the Audit Committee's opinion should be stated.

(1) The matters listed in Article 14 of the Securities Trading Law:

Please refer to the "Important Resolutions of the Shareholders' Meeting and the Board of Directors" P.77~P.82 of this annual report.

(2) Except for the above-mentioned items, other decisions that have not been passed by the Audit Committee and have been agreed by more than two-thirds of all directors: No such situation.

2. The execution of the conflict of interest avoidance by independent directors (the name of the independent director, the content of the proposal, the reason for the avoidance of interest, and the voting situation should be stated): No such situation.

3. Third, the communication between the independent directors and the internal audit head and accountant (including major issues, ways, and results of communication on the company's financial and business situation):

(1) The audit head reports the audit report to the Audit Committee in the month following the completion of the audit items.

(2) The audit head attends the company's board of directors meeting and gives an audit business report.

(3) The company established an Audit Committee on June 12, 2020. On March 21, 2023, independent directors communicated face-to-face with the internal audit head and accountant on the status of the 2022 financial report audit. In addition, the auditors also report to independent directors according to the schedule of their audit plans.

(4) When necessary, independent directors can communicate with the internal audit head and accountant by telephone at any time.

(3)Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons:

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
1. Has the company formulated and disclosed the Corporate Governance Practice Guidelines in accordance with the Corporate Governance Practice Guidelines for listed companies?	V		Our company has established the "Corporate Governance Best Practice Guidelines," which have been approved and revised by the board of directors. They are disclosed in the Corporate Governance section of our company's website and the Public Information Observation System for investors to access.	No difference
2. Company Shareholding Structure and Shareholder Rights (1) Has the company established internal operating procedures for handling shareholder suggestions, doubts, disputes, and litigation matters, and implemented them accordingly?	V		(1) Our company has developed the "Internal Handling Procedures for Material Non-public Information" and established a spokesperson and proxy spokesperson system as required. We have designated dedicated personnel to handle investor relations and address shareholder suggestions, doubts, disputes, or litigation-related issues. Shareholders can express their opinions through channels such as telephone or email. We also have appointed legal advisors to assist in handling such matters.	No difference
(2) Does the company have a list of the major shareholders who actually control the company and the ultimate controllers of the major shareholders?	V		(2) Through our share transfer agent (Uni-President Securities & Investment Trust Co., Ltd.), we can grasp the major shareholder structure and regularly report internal personnel's equity changes on a monthly basis.	No difference

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
(3) Has the company established and implemented risk management and firewall mechanisms with related parties?	V		(3) We have established measures to manage related-party transactions, endorsements and guarantees, and funding arrangements with affiliated companies. Additionally, we have implemented "Subsidiary Supervision and Management Procedures" to ensure the risk management of subsidiaries.	No difference
(4) Has the company established internal regulations prohibiting insiders from trading securities with undisclosed information in the market?	V		(4) We have established regulations such as the "Integrity Operation Procedures and Code of Conduct," "Internal Material Information Handling Procedures," and "Prevention of Insider Trading Management Procedures." These regulations apply to all members of our company, including directors, executives, and employees. They require avoiding conflicts of interest related to their duties and prohibit the use or disclosure of non-public information for insider trading. We also conduct periodic updates and promotion of related information. In compliance with the amendment of Article 10 of the "Corporate Governance Best Practice Guidelines for Listed and Over-the-Counter Companies" by the regulatory authority, our company revised Article 10 of the "Corporate Governance Best Practice Guidelines" on March 22, 2022, which added a provision that directors are prohibited from trading company stocks during a 30-day closed period before	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			the announcement of annual financial reports and a 15-day closed period before the announcement of quarterly financial reports.	
3.Composition and duties of the Board of Directors (1) Has the board of directors formulated a diversity policy for its composition and implemented it?	V		(1) The board of directors of our company has approved the establishment of the "Corporate Governance Best Practice Guidelines," which includes Chapter 3 on strengthening the diversity of board functions. The guidelines set standards in two major aspects, including but not limited to the following: Basic qualifications and values: Gender, age, nationality, and culture. Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. Considering the diversity aspect, the 7 directors of the 16th board of directors of our company include directors with employee status, accounting for 28% of the total number of directors, which is below one-third of the board seats. There are 3 independent directors, accounting for 43% of the board seats. Among the independent directors, 2 have served for less	No difference

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			than 3 years, 1 has served for 8 years, 1 director is above 76 years old, 2 directors are between 66 and 75 years old, and 2 directors are between 56 and 65 years old. Each director also possesses professional backgrounds and experiences, such as law, accounting, finance, banking, marketing, technology, and industry expertise. Our company pays attention to the gender distribution of board members, with a target of having at least 1 female director. Efforts are being made to achieve this target. The board of directors has disclosed the policy on diversified composition on the company's website and the Public Information Observation System.	
(2) Apart from the legally required compensation committee and audit committee, has the company voluntarily established other functional committees?	V		(2) In addition to the legally required Compensation Committee and Audit Committee, our company has established a Sustainable Development Committee. This committee is responsible for policies, systems, or relevant management guidelines related to sustainable development and regularly reports its implementation and achievements to the board of directors. In the future, the establishment of other	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			functional committees will be assessed based on legal requirements, company operations, and management needs.	
(3) Has the company established a method for evaluating the board of directors' performance and its evaluation process, conducting regular performance evaluations each year, reporting the evaluation results to the board of directors, and utilizing them as references for individual directors' compensation and nomination for reappointment?	V		(3) Our company has formulated the "Board of Directors Performance Evaluation Method" to regularly review the effectiveness of the board of directors and ensure the proper functioning of corporate governance. The internal performance evaluation of the board of directors in the most recent year was conducted by the Corporate Governance Officer using an internal questionnaire. The results were reported to the board of directors on March 21, 2023.	No difference
(4) Does the company conduct regular assessments of the independence of its auditors?	V		(4) Before appointing auditors annually, our company conducts a review of their independence, and requires the auditors to provide a "Statement of Unbiased Independence." After confirming that the auditors have no financial interests or business relationships other than the audit and accounting fees with our company, and that their family members do not violate independence requirements, the appointment and fees of the	No difference

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			auditors are reviewed in compliance with the auditor rotation regulations.	
4. Do listed and over-the-counter companies allocate an appropriate number of corporate governance personnel, and appoint a corporate governance officer responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with necessary information for performing their duties, assisting directors and supervisors in complying with laws, conducting board of directors and shareholders' meetings in accordance with the law, preparing board of directors and shareholders' meeting minutes, etc.)?	V		Our company has decided, through a board resolution on November 9, 2021, to establish a Corporate Governance Officer. The main responsibilities of this position include handling matters related to board meetings, functional committees, and shareholders' meetings in compliance with the law, providing necessary information to directors for their duties, collecting and managing the latest regulatory developments relevant to the company to assist directors in legal compliance, and facilitating the appointment and continuous education of directors. The business execution status for the year 2022 is as follows: 1. Arranging the agendas for board and functional committee meetings and preparing meeting materials. If any agenda items are related to stakeholders, providing reminders to avoid conflicts of interest in advance. 2. Managing the disclosure of significant information regarding important decisions made by the board and shareholders' meetings and issuing such information in accordance with legal requirements.	No difference

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			3. Holding communication meetings with independent directors, internal audit supervisors, and accountants. 4. Assisting directors in legal compliance, providing information on company operations and corporate governance-related legal compliance, and regularly updating them on the latest revisions to laws and regulations. 5. Handling pre-registration for shareholders' meetings, preparing meeting notices, agendas, and minutes within the statutory deadlines. 6. Improving corporate governance-related information based on the evaluation indicators of the corporate governance evaluation system. 7. Assisting all directors in arranging continuing education courses to ensure compliance with the annual education requirements. 8. Planning and conducting internal evaluations of the board of directors, individual directors, and functional committees' performance for the year 2022. The comprehensive results were submitted to the board of directors on March 21, 2023. The Corporate Governance Officer has completed a total of 12 hours of continuing education.	
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set	V		Our company's website has a dedicated section for stakeholders, and an email address is provided for stakeholders to contact us. Additionally, channels for	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
up a stakeholder zone on the company's website, and appropriately responded to important corporate social responsibility issues raised by stakeholders?			reporting or lodging complaints regarding ethical misconduct or illegal activities are available through dedicated hotlines and email addresses for employees, suppliers, or other stakeholders.	
6.Has the company appointed a professional shareholder service agency to handle shareholder meeting affairs?	V		Our company has appointed Uni-President Securities & Investment Trust Co., Ltd. to handle shareholder meeting affairs.	No difference
7. Information Disclosure (1) Has the company established a website to disclose financial, business, and corporate governance information?	V		(1) In addition to disclosing relevant financial information and significant information on the Public Information Observation System in accordance with regulations, our company's website (https://seasonic.com/) has an "Investor Relations" section that provides disclosure of financial and corporate governance-related information and regulations.	No difference
(2) Does the company adopt other methods of information disclosure (such as setting up an English website, designating a person responsible for collecting and disclosing company information, implementing a spokesperson system, placing the process of institutional investor conferences on the company's website, etc.)?	V		(2) Our company has designated a spokesperson and proxy spokesperson, and significant information is disclosed promptly in accordance with the spokesperson system.	No difference
(3) Does the company announce and file annual financial reports within two months after the end of the fiscal year, and announce and file quarterly financial reports		V	(3) Currently, our company does not announce and file annual financial reports within two months after the end of the fiscal year. Quarterly financial reports	Lack of data preparation

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
for the first, second, and third quarters, as well as monthly operating results within the prescribed deadlines?			are announced and filed within 45 days after the end of the fiscal year, in compliance with the prescribed deadlines, along with monthly revenue updates.	
8. Does the company provide other important information that helps understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, implementation of risk management policies and risk measurement standards, execution of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?	V V V		(1) Employee Rights: Our company has always treated employees with integrity, protecting their legal rights in accordance with labor laws. We also implement welfare measures, such as the new labor pension system, as mandated by the government, to safeguard the rights and benefits of all employees. (2) Employee Care: Through a comprehensive welfare system that enhances the stability and well-being of employees, we have established an Employee Welfare Committee to oversee and maintain various employee benefits. We regularly organize employee education and training programs and encourage employees to pursue further education, fostering a relationship of mutual trust and reliance. (3) Investor Relations: We fully disclose information to enable investors to understand the company's operations. We have established channels through spokespersons dedicated to handling shareholder suggestions.	No difference No difference No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
	V		(4) Supplier Relationships: We have maintained a good relationship with suppliers based on the principles of equality and mutual benefit, fostering a partnership approach to create win-win situations.	No difference
	V		(5) Stakeholders' Rights: We provide customers with safe, high-quality, and reliable products, along with comprehensive and accurate product information and after-sales services. We promptly address customer complaints. For shareholders, we prioritize maximizing shareholder interests as the highest objective of our business operations and fully disclose relevant information of concern to investors. Other stakeholders can communicate and provide feedback to the company through contact channels provided on our website to safeguard their legitimate rights and interests.	No difference
	V		(6) Directors' Continuing Education: Information on directors' continuing education has been publicly disclosed as required on the Public Information Observation System.	No difference
	V		(7) Execution of Risk Management Policies and Risk Assessment Standards: Our company has established "Risk Management Policies and Procedures" and established an "Organizational Structure for Risk Management." We formulate strategies, procedures,	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			and indicators in response to changes in laws, regulations, policies, and market conditions. We regularly analyze and evaluate the changing nature of relevant risks and take appropriate measures to mitigate potential risks to the company as a whole. The Risk Management Committee regularly reviews and identifies risks and events, reporting risk events to the Sustainable Development Committee and providing regular reports to the board of directors.	
	V		(8) Execution of Customer Policies: Our company provides customers with the highest quality products and services, maintaining stable and good relationships with customers to generate company profits.	No difference
	V		(9) Directors' Liability Insurance: Our company has purchased liability insurance for directors and key officers. As of the printing date of the annual report, the coverage has not expired. We will complete the renewal process before the expiration date and submit the important details of the insurance coverage to the most recent board of directors meeting.	No difference

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	

9. Please explain the improvements made based on the recent annual corporate governance evaluation results released by the Taiwan Stock Exchange Corporate Governance Center, and provide priority strengthening areas and measures for those that have not been improved. (Companies not included in the evaluation do not need to fill in.)

1. The following is an explanation of the areas in which our company has improved based on the recent annual corporate governance evaluation results:

(1) The number of directors who are employees of the company, its parent, subsidiary, or sibling companies is less than one-third of the total number of directors.

(2) The company has established functional committees beyond those required by law, such as the "Sustainable Development Committee," with a minimum of three members, more than half of whom are independent directors. Additionally, at least one member possesses the required expertise for the committee, and the composition, responsibilities, and operations of the committee are disclosed on the company's website.

(3) The company has appointed a corporate governance officer responsible for corporate governance-related matters, and the scope of authority and training information are provided on the company's website.

(4) The company has established risk management policies and procedures approved by the board of directors, disclosing the scope of risk management, organizational structure, and its operation, and reports to the board of directors at least once a year.

(5) The board of directors' performance evaluation method has been approved by the board, stipulating the implementation of an external evaluation at least once every three years. The evaluation is conducted within the designated timeframe, and the implementation and results of the evaluation are disclosed in the company's annual report.

(6) The company has established a dedicated unit, the Office of the General Manager, to promote ethical business practices, responsible for formulating and overseeing the implementation of integrity policies and prevention programs. The operation and implementation of the unit are explained on the company's website and in the annual report.

2. The following are explanations of the priority strengthening areas and measures proposed by our company based on the recent annual corporate governance evaluation results:

(1) In accordance with the board of directors' diversity policy, expedite the planning of a diverse composition of female directors on the board.

(2) Enhance the transparency of disclosure regarding the evaluation of directors and executives' performance and compensation policies.

(3) Establish an English website to serve shareholders and stakeholders.

(4) Continued promotion of sustainable development initiatives.

Directors' training in 2022:

Title	Name	Course	Date	Hrs	Organizer
Director	ZHANG, XIU-CHENG	Practice and Case Analysis of Corporate Mergers and Acquisitions	2022/11/04	3.0	Taiwan Corporate Governance Association
		Practical Measures for Protecting Trade Secrets and Detecting Fraud	2022/11/11	3.0	Taiwan Corporate Governance Association
Director	LI, QIN-ZHANG	The Future Development of Metaverse and Cryptocurrency Blockchain	2022/09/23	3.0	Taiwan Corporate Governance Association
		Trends and Risk Management of Digital Technology and Artificial Intelligence	2022/12/13	3.0	Taiwan Corporate Governance Association
Director	LIN, YAO-QIN	The Future Development of Metaverse and Cryptocurrency Blockchain	2022/07/07	3.0	Securities and Futures Institute
		The Challenges and Opportunities of Sustainable Development Path and the Introduction of Greenhouse Gas Inventory	2022/12/14	3.0	Securities and Futures Institute
Independent Director	CHEN, ZHAO-MING	Industrial Theme Promotion Meeting of Sustainable Development Path Map	2022/07/27	2.0	Taipei Exchange
		SAP NOW Taiwan Creates Sustainable Intelligent Enterprises	2022/08/18	3.0	Taiwan Institute of Directors (TWIOD)
		Guidelines for the Exercise of Powers by Independent Directors and Audit Committee	2022/09/29	3.0	Taipei Exchange
Independent Director	HUANG, QING-XIANG	Case Discussion on How a Company Plans Shareholdings and Board of Directors/Shareholders Meeting Strategies in a Management Rights Dispute	2022/08/10	3.0	Securities and Futures Institute
		Intellectual Property Rights Discussion - Starting with Trade Secrets	2022/08/10	3.0	Securities and Futures Institute
Independent Director	GAO, ZHI-TING	Corporate Governance and Sustainable Management Workshop	2022/06/22	3.0	Taiwan Academy of Banking and Finance
		Industry Theme Seminar on the Sustainable Development Roadmap	2022/07/27	2.0	Taipei Exchange
		Employee and Director Compensation Issues - Starting from the Amendment of Article 14 of the Securities Exchange Act	2022/09/07	3.0	Securities and Futures Institute

Managerial officers’ training in 2022:

Title	Name	Course	Date	Hrs	Organizer
Head of Finance	ZHANG, EN-HAO	Practices for Understanding the Foreign Exchange Market and Risk Control that Corporations Should Know	2022/11/11	7	China Productivity Center
		Common Mistakes and Important Interpretations of Internal Control Regulations in Financial Report Reviews	2022/12/28	6	Accounting Research and Development Foundation
Head of Corporate Governance	GAO, WEN-WEN	How the Board of Directors Can Use OKR to Improve Corporate Governance Efficiency	2022/08/18	3	Securities and Futures Institute
		Internal Shareholding Announcement Meeting	2022/08/25	3	Taipei Exchange
		Global Risk Awareness - Opportunities and Challenges in the Next Decade	2022/09/06	3	Securities and Futures Institute
		Discussion on Employee and Director Compensation Issues	2022/09/07	3	Securities and Futures Institute
		How the Board of Directors and Supervisors Can Oversee the Company's Establishment and Promotion of a Comprehensive Risk Management System	2022/10/19	3	Securities and Futures Institute

Risk Management Organizational Structure

The General Manager serves as the chief executive in charge of risk management, coordinating the implementation, review, modification, and promotion of risk management plans. Under him, according to the company's organizational definition of relevant responsibilities, units are responsible for promoting various risk assessments and management.

Responsible Unit	Risk Category	Responsibilities
Board of Directors	Operating Risks	1. Approve the company's risk management policy. 2. Supervise and ensure the implementation of the company's risk management.
Audit Committee	Operating Risks	1. Evaluate the effectiveness of the company's risk management policy.
		2. Supervise and ensure the implementation of the company's risk management.
Audit Office	Legal Risk	1. Responsible for promoting the establishment and revision of the internal control system.
	Operating Risks	2. Evaluate potential risks of each unit's business and formulate a risk management-oriented annual audit plan.
President's Office	Legal Risk	1. Strengthen the concept of law-abiding administration to avoid strategic risks and reduce the risk of legal violations.
	Operating Risks	1. Ensure the effectiveness and efficiency of operations and asset security.
		2. Responsible for evaluating the benefits and risks of major strategies.
		3. Review significant contracts with stakeholders.
		4. Evaluate the ability to respond to industry, market, and technological changes.
		5. Respond to major changes in trade regulations in various countries.
	Operating Risks	1. Supply chain risk.
		2. Business continuity risk.
		3. Infectious disease risk assessment and promotion and management of epidemic prevention measures.
General Administration Department	IT Risk	1. Responsible for maintaining network security to avoid the risk of hacking or improper damage to the network.
		2. Responsible for risk assessment of major information assets and establishment of data protection mechanisms.
		3. Responsible for employee information security education and training.
	Operating Risks	1. Manage annual operation policies and achievement status through operational performance meetings.
	Finance Risk	1. Formulate hedging strategies, carry out exchange rate hedging with spot foreign exchange buying and selling and related tools.
		2. Review the credit rating of the trading counterpart and monitor it regularly.
	Legal Risk	1. Ensure the management of human resources and compliance with related legal regulations.
		2. Comply with environmental safety and health regulations to create a healthy and safe workplace environment for

		employees.
		3. Ensure the implementation of employee personal data protection.
Materials Procurement Department	Operating Risks	1. Responsible for the allocation of human resources and risk response.
		2. Production and marketing coordination and response.
		3. Supply chain risk, responsible for the establishment of supplier response plans.
		4. Strategic procurement of raw materials and response to issues, reducing the risk of material shortages.
		5. Ensure that raw materials are not affected by the epidemic and meet the requirements for smooth production.
		6. Maintain smooth shipment and transportation.
Brand Marketing Department/ OEM BUSINESS DEPARTMENT/ SSE/SSA/SSC Sea Sonic Energy Co., Ltd.	Legal Risk	1. Avoid the risk of product sales infringing local laws.
	Operating Risks	1. Responsible for collecting market information and establishment, customer credit, and mastery of market trends.
		2. Tracking and collection of accounts receivable to reduce business operation risks.
Dongguan Plant	Legal Risk	1. Compliance with environmental protection regulations.
		2. Responsible for occupational safety and health management, on-site environmental safety response, to ensure the safety and health of workers, and reduce the risk and loss of occupational accidents.
	Operating Risks	1. Response measures for production operations.
		2. Pay attention to worker welfare and employee emotional counseling to avoid the risk of strikes and work stoppages.
		3. Keep the factory free from the impact of the epidemic, ensuring employee safety and smooth production.
Product Development Department	Legal Risk	1. Avoid the risk of product infringement of intellectual property rights.
		2. Responsible for materials, processes, products, and environmental compliance with green environmental chemical substance control standards to avoid the risk of violating related regulations.
	Operating Risks	1. Risk of new product development failure or schedule lag.
		2. Avoid the risk of loss of technical personnel and reduced competitiveness.
		3. Responsible for quality control, product testing, and document data preservation.
		4. Evaluation and control of product safety and customer complaint risks.

Declaration of Independence

Recipient: Sea Sonic Electronics Co., Ltd.

Hereby declare that we have been entrusted to audit the financial statements of Sea Sonic Electronics Co., Ltd. for the year 2022. Our firm, our affiliated enterprises, other common practicing accountants and their relatives, audit service team members and their relatives will comply with the provisions on the independent position in the "Professional Ethics Bulletin No. 10".

Crowe (TW) CPAs

CPA LIN, ZHI-LONG

CPA CHEN, ZHAO-HUI

Mar.3, 2022

(4)Composition, duties, and operation of Remuneration Committee:

Remuneration Committee Organization and Responsibilities

The members of this committee should include the company's Independent Director, and the remaining members are appointed by the Board of Directors. The total number of members should not be less than three. They elect an Independent Director as the convener and meeting chairperson. Their responsibilities include:

1. Establishing and regularly reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managers;
2. Regularly evaluating and determining the remuneration of directors and managers;
3. Other matters deliberated by the Board of Directors. The professional qualifications, independence, and exercise of powers of this committee are handled in accordance with the company's "Management Operations of the Remuneration Committee."

(1) Committee Member Information

2023/4/30

Position \ Criteria	Name	Professional Qualifications and Experiences	Independence	Number of members of other public companies' Remuneration Committees
Independent Director Remuneration Committee Convener	CHEN, ZHAO-MING	Has experience in business, accounting, industry, operations management, and company business. Former Chairman and President of CUTES CORPORATION, currently the Supervisor at CUTES CORPORATION Co., Ltd. No circumstances specified in Article 30 of the Company Act have occurred.	Qualifies as an independent director, including (but not limited to) self, spouse, and relatives within the second degree of kinship meeting the independence criteria: 1. Has not served as a director, supervisor, or employee of the Company or its affiliates. 2. Holds 212 shares in the Company, with a shareholding ratio of 0.00026%. 3. Has not served as a director, supervisor, or employee of a company with a specific relationship with the Company. 4. Has not received any remuneration in the past 2 years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None

Position \ Name \ Criteria		Professional Qualifications and Experiences	Independence	Number of members of other public companies' Remuneration Committees
Independent Director	HUANG, QING-XIANG	The convener of the audit committee of the Company, has rich experience in business, finance, accounting, or industry. Department of Accounting, Chinese Culture University. Has served as special assistant to the chairman at Jinding Securities Co., Ltd., Managing Director at Grand Fortune Securities Co., Ltd., Executive Vice President at Tachan Securities Co., Ltd., Vice President at EnTrust Securities Co., Limited, Assistant Manager at Jinghua Securities Co., Ltd., and Commissioner at the Securities and Futures Commission of the Ministry of Finance. Currently serving as Managing Director at P.H. Management Consultant Limited and Chairman at Yongan International Management Consulting Co., Ltd. No circumstances specified in Article 30 of the Company Act have occurred.	Qualifies as an independent director, including (but not limited to) self, spouse, and relatives within the second degree of kinship meeting the independence criteria: 1. Has not served as a director, supervisor, or employee of the Company or its affiliates. 2. Does not hold any shares in the Company. 3. Has not served as a director, supervisor, or employee of a company with a specific relationship with the Company. 4. Has not received any remuneration in the past 2 years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None

Position	Name (Criteria)	Professional Qualifications and Experiences	Independence	Number of members of other public companies' Remuneration Committees
Independent Director	GAO, ZHI-TING	Has experience in business, industry, operations management, and industry. Master's in Management from National Taiwan University (EMBA), formerly Vice President and Partner at WK Innovation Ltd., Director at Baichuan Capital Limited, Legal Representative at Crystalvue Medical Corporation, and Director at AlgolTek, Inc. No circumstances specified in Article 30 of the Company Act have occurred.	Qualifies as an independent director, including (but not limited to) self, spouse, and relatives within the second degree of kinship meeting the independence criteria: 1. Has not served as a director, supervisor, or employee of the Company or its affiliates. 2. Does not hold any shares in the Company. 3. Has not served as a director, supervisor, or employee of a company with a specific relationship with the Company. 4. Has not received any remuneration in the past 2 years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None

Note: For relevant director information, please refer to the appendices on pages 15~17

(2) Information on the operation of the Remuneration Committee

1. The Remuneration Committee of our company comprises 3 members.
2. The current term of the committee: June 12, 2020, to June 11, 2023. The recent annual (2022) Remuneration Committee (4th term) held 5 meetings (A). The qualifications and attendance of the committee members are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance (B/A)	Remark
Convener	CHEN, ZHAO-MING	5	0	100%	
Member	HUANG, QING-XIANG	5	0	100%	
Member	GAO, ZHI-TING	5	0	100%	
Other matters to be recorded: 1. If the board of directors does not adopt or amend the recommendations of the remuneration committee, it should explain the date, term, content of the proposal, the results of the board of directors' resolution, and how the company handles the opinions of the remuneration committee (if the remuneration approved by the board of directors is better than the remuneration committee's recommendation, the difference and the reason should be explained): There are no such cases.					

2. Execution of recusal for matters with conflicts of interest: Our company has established the "Remuneration Committee Organization Regulations", according to which the Remuneration Committee should explain at the meeting when discussing the remuneration of its members. If it is deemed to be detrimental to the company's interests, the member should not participate in the discussion and voting, should recuse themselves, and should not act as a proxy for other remuneration committee members to exercise their voting rights.

A. In 2022, there were cases related to conflicts of interest for our company's members:
(1) Discussion Topic One: The distribution of director and managerial staff remuneration for the 2021 fiscal year of our company. This matter, with CHEN, ZHAO-MING, HUANG, QING-XIANG, and GAO, ZHI-TING, and other three attending members, recused themselves according to the law. After consultation by the chairperson with all attending members, there was no objection, and it was unanimously approved.

B. The 9th meeting of the 4th term of the Remuneration Committee on September 30, 2022
(1) Discussion Topic One: The appointment of the company's General Manager. In this case, Director ZHANG, XIU-CHENG, the former General Manager, recused himself due to a potential conflict of interest. After consultation by the chairperson with all attending directors, there was no objection, and it was unanimously approved.
(2) Discussion Topic Two: The second distribution of managerial staff remuneration for the 2020 fiscal year. In this case, GAO, WEN-WEN, the company's governance officer, recused herself according to the law. After consultation by the chairperson with all attending members, there was no objection, and it was unanimously approved.

C. The 10th meeting of the 4th term of the Remuneration Committee on November 8, 2022
(1) Discussion Topic One: The distribution of the 2022 fiscal year-end bonus for managerial staff. This case was unanimously approved by all attending directors without objection after consultation by the chairperson.

3. Important resolutions of the Remuneration Committee for 2022:

Time	Proposal	Result
2022/03/22 4th Term 6th Meeting	1. Our company's employee and director compensation distribution plan for 2021.	The motion was unanimously approved without objection by all the members present, after the chairperson consulted with them.
	2. The proposed salary for the new manager of our company.	The motion was unanimously approved without objection by all the members present, after the chairperson consulted with them.
2022/05/06 4th Term 7th Meeting	1. Amendments to certain provisions of our company's "Director and Manager Remuneration Method".	The motion was unanimously approved without objection by all the members present, after the chairperson consulted with them.
2022/08/09 4th Term 8th Meeting	1. The director and employee compensation distribution plan for our company for 2021.	After each party avoided conflicts of interest according to the law, the chairman consulted all attending members without any objections, and it was unanimously approved according to the case.

Time	Proposal	Result
2022/09/30 4th Term 9th Meeting	1. The salary recommendation for the general manager of our company.	After each party avoided conflicts of interest according to the law, the chairman consulted all attending members without any objections, and it was unanimously approved according to the case.
	2. The second disbursement of employee remuneration for our company for 2020.	After the company's governance officer, GAO, WEN-WEN, left the meeting to avoid a conflict of interest in accordance with the law, the motion was unanimously approved without objection by all the members present, after the chairperson consulted with them.
2022/11/08 4th Term 10th Meeting	1. The distribution of annual bonuses for the managers of our company for 2022.	After each party avoided conflicts of interest according to the law, the chairman consulted all attending members without any objections, and it was unanimously approved according to the case.

(3) Information on the members and operation of the Nomination Committee: Not applicable as it has not been established yet.

(5) 1. Implementation of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Has the company established a governance framework to promote sustainable development and appointed a dedicated department/unit to drive sustainable development initiatives? Is it authorized by the board of directors and subject to board oversight?	V		(1) To promote sustainable development governance practices, our company established the "Sustainability Committee" on November 9, 2021, to implement corporate social responsibility and achieve the philosophy of sustainable operation. The committee is composed of three members appointed by the board of directors, more than half of whom are Independent Directors. The board of directors of our company is the highest supervisory unit for the company's sustainable development. (2) Our company has established the "Sustainability Committee Organizational Regulations" and the "Sustainable Development Practice Code" as guiding principles for promoting sustainable development-related matters. (3) To implement corporate social responsibility and sustainable operation management, our company has designated the General Manager's office as the dedicated unit for sustainable development management and implementation, coordinating the promotion and supervision of sustainable development policies, and reporting the progress and effectiveness to the "Sustainability Committee". (4) The "Sustainability Committee" reports the results of sustainable development implementation to the board of directors at least once a year. (5) In 2022, the "Sustainability Committee" held 3 meetings, the contents of which included: 1) Formulating the "Greenhouse Gas Inventory and Verification Schedule".	No difference

Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			2) Progress of the "Greenhouse Gas Inventory and Verification Schedule". The company's board of directors listens to the management team's reports (including ESG reports), the management team proposes company strategies to the board of directors, the board assesses the likelihood of these strategies succeeding, regularly reviews the progress of strategies, and urges the management team to adjust as needed.	
2. Does the company conduct risk assessments related to environmental, social, and governance issues that are relevant to its business operations based on materiality considerations? Has it established related risk management policies or strategies?	V		(1) Our company established the "Risk Management Policy and Procedures" on November 9, 2021. (2) The risk management organizational structure includes the highest risk management executive, various related responsibility units, and audit units. The General Manager serves as the highest risk management executive, commanding the planning, review, amendment, and implementation of risk management. According to the company's organization, the relevant responsibility units are defined, responsible for promoting various risk assessments and management, and the audit unit implements internal control audits. (3) Risks identified by our company include operational risk, operational risk, financial risk, compliance risk, information security risk, and event risk. (4) The risk management team identifies potential risks that may prevent the company from achieving its annual operational goals or generate other risks when achieving these goals based on industry, market, and technological changes, significant changes in trade regulations of various countries, and various political and economic environmental factors. After each department identifies	No difference

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			the risk factors it may face, it formulates the priority order of risk control and takes appropriate preventive or remedial measures for different levels of risk, and reports to the highest risk management executive. (5) The risk management team identifies potential risks that may prevent the company from achieving its annual operational goals or generate other risks when achieving these goals based on industry, market, and technological changes, significant changes in trade regulations of various countries, and various political and economic environmental factors. After each department identifies the risk factors it may face, it formulates the priority order of risk control and takes appropriate preventive or remedial measures for different levels of risk, and reports to the highest risk management executive. (6) The risk management team reports to the board of directors at least once a year on the implementation and results. (7) Each unit, based on the operational goals set for the department in 2023, carries out potential risk identification and reports to the board of directors. A total of 94 risk items were identified, 12 risk issues were registered in the "Risk Assessment Form" after summarization and analysis based on the probability of risk occurrence and severity. Among them, there were 4 "major risks" for which the company will immediately implement relevant risk response measures.	

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
3. Environmental Issues: (1)Has the company established appropriate environmental management systems based on its industry characteristics?	V		(1) Our company's factory obtained the ISO 14001 Environmental Management System certification in 2006, effectively preventing and controlling environmental pollution, and improving the utilization rate of resources and energy.	No difference
(2) Is the company committed to improving resource efficiency and utilizing low-impact renewable materials?	V		(2) Our company is committed to improving the utilization efficiency of various resources, and continues to promote various energy-saving and carbon-reducing measures as follows: 1. Office energy-saving equipment: Use energy-saving LED lighting fixtures with energy-saving labels. 2. Implement energy-saving and carbon-reduction advocacy: 1) Save paper in the office, and introduce online approval for internal official documents. 2) Promote waste classification. 3. Resource utilization and regeneration: 1) Recycle resources that can be reused in the office. 2) The factory has installed an ERS energy recovery and reuse system. 3) Recycling of offcuts. 4. Product design: 1) Use of raw materials, all in compliance with the European Union's RoHS regulations. 2) Development of high-efficiency, energy-saving power supplies.	No difference
(3) Has the company assessed the potential risks and opportunities of climate change on its current and future operations and implemented relevant	V		(3) Our company's sustainable development promotion team reviews climate change strategies and goals each year to assess and manage the risks and opportunities of climate change. 1. The results of this year's assessment, the main risks are:	No difference

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
measures?			1) Extreme climate---including typhoons and heavy rain affecting production and transportation at the production base. 2) The average temperature increase---leads to increased energy consumption and energy costs. 3) Greenhouse gas emission costs increase, and a carbon tax will have to be paid in the future. 4) The cost of carbon reduction and material costs rise. 5) Sustainability-related regulations and customer requirements will increase. 2. Our opportunities mainly include: 1) The market demand for energy-saving/high-efficiency low-carbon products increases, which fits in with our existing competitive advantages. 2) Our company can break into the market for energy monitoring and management based on our existing core technologies. 3. Our response measures: 1) Increase property insurance for the production base to reduce the loss caused by typhoons or heavy rain. 2) Establish a supply chain backup mechanism to avoid production and shipment issues due to a local lockdown or supply chain disruption. 3) Implement greenhouse gas inventory and carbon footprint tracking to understand carbon cost. 4) Establish a management mechanism to reduce carbon emissions from our products and process design. 5) The company has adopted video conferencing and encourages employees to bring their own tableware.	

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
(4) Has the company measured its greenhouse gas emissions, water usage, and total waste weight in the past two years? Has it developed policies to reduce greenhouse gas emissions, water consumption, or manage other types of waste?	V		(4) Climate change has now become a topic of common concern for investors and companies. 1. Greenhouse gases: In May 2022, we established a "Greenhouse Gas Inventory and Verification Schedule." The schedule was implemented, and by March 2023, we completed the greenhouse gas inventory and external verification, and obtained the external verification statement in April 2023. 2. Water consumption: In daily life, we have implemented automatic water-saving devices. 3. Other waste: The factory obtained the ISO 14001 Environmental Management System certification in 2006. Our company regularly reviews relevant data to promote continuous improvement policies, to achieve actual reductions in carbon emissions and water usage.	No difference
4. Social Issues: (1) Has the company established management policies and procedures in compliance with relevant regulations and international human rights conventions?	V		(1) The company always adheres to the Labor Standards Act and relevant laws to safeguard employees' rights. According to these standards, we promote human rights protection, including prohibiting any forms of sexual harassment, discrimination, violence and threats. We ensure non-discriminatory employment policies, prohibit child labor, and only use ethically-sourced materials from non-conflict areas. We implement fair and reasonable remuneration systems, respect freedom of association, encourage employees to form or join clubs, and provide a safe and healthy work environment. In response to the COVID-19 pandemic, the company offers paid leave for	No difference

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			vaccination to colleagues, and those who are confirmed or at risk of infection can choose to work from home to reduce interpersonal contact, ensuring the health of colleagues under the premise of personal health.	
(2)Has the company implemented reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflected business performance or outcomes in employee remuneration?	V		(2) Employee Compensation: Our employees' compensation includes monthly salaries, year-end bonuses, employee rewards, and performance bonuses. Business performance is reflected in employee compensation to motivate all colleagues to work towards the company's goals. Employee rewards are determined according to the company's regulations. If the company makes a profit during the year, at least 2% of the pre-tax profits should be allocated as employee rewards, and individuals are rewarded based on their annual performance. To reflect the consumer price index and individual performance results, the company conducts an annual salary adjustment scheme assessment to ensure that colleagues' salaries are competitive externally and fair internally. The average salary adjustment for 2022 is 4.0%. Employee benefits: 1. The company has established a Worker's Welfare Committee, which provides high-quality benefits, such as travel subsidies, birthday vouchers, Labor Day vouchers, Dragon Boat Festival vouchers, marriage subsidies, birth subsidies, funeral subsidies, end-of-year parties, and club subsidies, etc. 2. The company has a fixed two-day weekend system. If colleagues encounter situations such as maternity, serious	No difference

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			illness, or major changes and need to take a longer leave, they can also apply for unpaid leave to balance personal and home care needs. 3. Men and women have equal pay for equal work and equal promotion opportunities, promoting sustainable and inclusive economic growth. 4. The company values employee rights and benefits, shares profit returns with employees, maintains a good working environment, implements a women-friendly workplace, allows colleagues of all genders to work at ease. The company follows the Gender Equality in Employment Act, sets up breastfeeding rooms to provide a good working environment for women after childbirth, and to help employees take care of their children, we provide a friendly childcare environment in the workplace. We entrust professional institutions to provide childcare services for employees' children, implement convenient care, and balance employment with childcare. 5. In 2022, the average proportion of female employees to all employees was 46.3%, and the average proportion of female managers to all management positions was 51.4%. 6. The company has designated personnel and dedicated email boxes to provide stakeholders with effective complaint and communication channels.	
(3) Does the company provide a safe and healthy working environment for employees and regularly conduct safety and health education?	V		(3) This company abides by occupational safety and health regulations of all regions, prioritizing employee health and providing necessary health consultations and tracking services. In accordance with epidemic prevention policies, we have	No difference

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			stepped up the disinfection work in the workplace, implemented employee staggered work schedules and flexible hours, greatly reducing the risk of employees contracting diseases. To effectively prevent occupational diseases and accidents, we integrate internal and external audits, supervising the environmental safety and improvement operations of the entire company, striving to achieve a zero-accident workplace operation and management target. We heighten safety awareness, focus on prevention, and ensure safety and health of employees in the production process. Employee safety and health are our top priority. We increase the management of safe production, strictly implement all safety management measures, further enhance safety management standards, strengthen safety supervision, prevent production safety accidents, implement the foundation of safe production, strive for an accident-free year, and create a good safety development environment for the company. Quantitative indicators for 2022: 1. Zero major equipment liability accidents 2. Zero poisoning and pollution incidents 3. Improve working conditions, occupational health inspection pass rate reaches 100%, occupational disease incidence rate is zero 4. Zero employee work injuries 5. Training and certification rate for main responsible persons, safety managers, and special operation personnel reaches 100%	

Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			6. Annual employee training and new worker induction training rate reaches 100% 7. Twice monthly safe production inspection rate of 100% Environmental monitoring: To protect employees from harmful substances in the workplace, we installed exhaust systems and air purifiers in the soldering operation area according to the nature of work, providing a healthy and comfortable working environment for employees. Quantitative monitoring indicators for 2022: Work environment monitoring once, monitoring results meet the indicators; wastewater, exhaust, and noise monitoring once, monitoring results meet the indicators.	
(4)Has the company established effective career development and training programs for employees?	V		(4) This company plans comprehensive competency training for all levels of supervisors and colleagues, including new employee training, advanced professional training, and supervisor training, etc. We assist our colleagues in continuous learning and growth through diverse learning methods, and introduce training courses related to the development of business ethics, cultivating key abilities of our colleagues. In 2022, a total of 68 people participated in career training, with a total of 1,588 hours.	No difference
(5)Does the company comply with relevant laws and international standards regarding customer health and safety, customer privacy, marketing, and labeling? Has it developed policies and	V		(5) For the marketing and labeling of products and services, the company complies with relevant laws and international guidelines, and all products have been verified by safety laboratories and obtained major safety certifications around the world. On the company's website, there are various complaint	No difference

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
complaint procedures to protect consumer or customer rights and interests?			windows for different stakeholders. An internal complaint window is set up as an irregular communication and case handling mechanism. There are product maintenance services, customer complaint channels, and complaint procedures for consumers in various countries, and consumer rights protection is the responsibility of the business and quality assurance unit.	
(6)Has the company established a supplier management policy that requires suppliers to comply with relevant norms on environmental protection, occupational health and safety, or labor rights? How is the implementation monitored?	V		(6) This company has established supplier management procedures. Before dealing with suppliers, we conduct qualified supplier evaluation operations, including evaluating whether the supplier has past records that affect the environment and society. We also sign procurement contracts with suppliers, requiring the raw materials supplied by the suppliers to meet the requirements of green products, so as to fulfill corporate social responsibility. We require suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor rights in procurement contracts, and clearly declare in the contract that if the supplier is involved in significant impacts on the environment and society, the contract can be terminated or rescinded at any time.	No difference
5. Does the company follow internationally recognized reporting guidelines or frameworks to prepare non-financial disclosure reports such as sustainability reports? Has the sustainability report obtained assurance or certification from a third-party verification entity?		V	Our company is currently not compliant with the scope stipulated in Article 2, Paragraph 1 of the "Operational Procedures for OTC Companies to Compile and Submit Sustainability Reports", and has therefore not compiled a sustainability report yet.	We will decide whether to compile sustainability reports and other reports disclosing the company's non-financial information in the

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td></td><td>future according to legal requirements and operational needs.</td></tr>
<tr><td colspan="5">6. If the company has established its own Sustainable Development Guidelines according to the "Practical Code of Sustainable Development for Listed and OTC Companies", please describe the differences between the operation and the established guidelines:
Our company established the "Practical Code of Sustainable Development" on March 22, 2022, in accordance with legal requirements and international norms, to ensure the provision of a safe working environment, respect and dignity for employees at work, and the undertaking of environmental responsibilities while adhering to ethical norms during business operations. This implements the company's sustainability policy and statement, and actively follows the direction set by the guidelines.</td></tr>
<tr><td colspan="5">7. Other important information that can help understand the implementation of sustainable development:
Our company initiated the ISO14064 greenhouse gas emissions inventory in 2022. In addition to completing the inventory and verification by 2023, we are also assessing the procurement of appropriate systems. With the help of these systems, the operation processes will be digitized, improving operational efficiency, reducing energy consumption, and achieving ESG sustainable governance.</td></tr>
</table>

(5) 2. Climate-related information for listed and OTC companies: Not applicable.

(6)Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons:

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
1. Establishing a policy and plan for ethical management (1) Has the company formulated an ethical management policy approved by the Board of Directors, and clearly stated in its regulations and external documents its policy and practices for ethical management, as well as the commitment of the board and senior management to actively implement management policies?	V		(1) To strengthen the corporate culture of honest operation and healthy development of our company, we have established the "Code of Honest Operation," "Operating Procedures and Guidelines for Honest Operation," "Employee Code of Ethics," and "Code of Ethical Conduct for Directors and Managers," all approved by the Board of Directors. These documents clearly state the policies and methods of honest operation, the commitment of the board and management to actively implement these policies, and are disclosed on the company's official website.	No difference
(2) Has the company established an assessment mechanism for unethical behavior risks, regularly analyzed and evaluated business activities within its scope of operations with higher risks of unethical behavior, and set up a prevention program for unethical behavior, which at least includes the preventive measures for each item of behavior in Article 7, Paragraph 2 of the "Ethical Management Guidelines for Listed Companies"?	V		(2) The scope of dishonest behavior is defined in the above codes, guidelines, and employee rules, and operational procedures, behavioral guidelines, punishment for violations, and complaint systems are clearly defined and implemented.	No difference
(3) Has the company clearly defined operating procedures, behavior guidelines, penalties for violations, and complaint system in its unethical	V		(3) For business activities with higher risks of dishonest behavior, preventive measures are taken and specified in various regulations.	No difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
behavior prevention plan, implemented them, and regularly reviewed and amended the plan?				
2. Implementing ethical management (1) Does the company assess the integrity records of its business partners and clearly stipulate ethical behavior clauses in contracts signed with them? (2) Has the company set up a dedicated unit under the board of directors to promote ethical business management, and reported regularly (at least once a year) to the board on its ethical management policy, its prevention program for unethical behavior, and the situation of its supervisory execution? (3) Has the company formulated policies to prevent conflicts of interest, provided appropriate channels for disclosure, and implemented them? (4) Has the company established an effective accounting system and internal control system to implement ethical management, and according to the	V V V V		(1) The company has a customer credit survey form to assess the honesty record of customers. The company signs an "Honesty Clause" with the manufacturer, prohibiting the manufacturer from having contracts, demands, accepting bribes, and other improper benefits with the company's employees. (2) The company designates the General Manager's Office as the unit in charge of promoting honest operation, and should report its execution to the board of directors regularly every year. (3) The company has developed policies to prevent conflicts of interest, provided appropriate statement channels, and implemented them in the "Code of Honest Operation," "Operating Procedures and Guidelines for Honest Operation," and "Code of Ethical Conduct for Directors and Managers." (4) To implement honest operations, the company has established an effective accounting system and internal control system. The internal audit unit regularly assesses	No difference No difference No difference No difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
assessment results of the risks of unethical behavior, the internal audit unit has formulated relevant audit plans and audited the compliance of the unethical behavior prevention plan, or commissioned an accountant to carry out the audit? (5) Does the company regularly hold internal and external education and training for ethical management?	 V		risks and formulates audit plans. According to its plan, it conducts related checks and regularly reports the results to the board of directors, allowing the management to understand the implementation of the company's internal control to achieve the purpose of management. (5) To help new employees understand the importance of honest operations and behaviors and avoid dishonest behaviors, since 2021, the company has required every new employee to sign the "Employee Code of Ethics" when they report for duty. In 2022, 26 new employees signed. In addition, in 2022, a total of 37 person-times of 132 hours of external training related to honest operations were held for directors, managers, supervisors, and employees.	No difference
3. Operation of the company's reporting system (1) Has the company established a specific reporting and reward system, set up convenient reporting channels, and appointed appropriate dedicated personnel to handle the reported targets? (2) Has the company established standard operating procedures for investigating reported matters, subsequent measures to be taken after the investigation	 V V		 (1) The company has established a specific whistleblowing and reward system in the "Code of Honest Operation," "Operating Procedures and Guidelines for Honest Operation," and "Code of Ethical Conduct for Directors and Managers," and has set up a convenient whistleblowing channel, and appointed appropriate personnel to handle whistleblowers. This is announced on the website. (2) On the company's website, different categories of stakeholders are provided with recipients and mailbox addresses for complaints and whistleblowing. Internally, a	 No difference No difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
is completed, and related confidentiality mechanisms?			confidentiality mechanism has been set up.	
(3) Has the company taken measures to protect whistleblowers from improper treatment due to reporting?	V		(3) In addition to strict confidentiality mechanisms, the company has measures to protect whistleblowers from improper treatment due to their whistleblowing.	No difference
4. Enhancing information disclosure (1) Has the company disclosed the content and effectiveness of its established ethical management code on its website and public information observation station?	V		(1) The company has disclosed the contents of the Honest Operation Code and the execution situation on the website and public information observation station.	No difference
5. If the company has its own ethical management code according to the "Ethical Management Code for Listed Companies", please describe the differences between its operation and the established code: No difference.				
6. Other important information that helps to understand the company's ethical management operation: (such as the company's review and amendment of its established ethical management code) The company's "Ethical Management Code" and "Ethical Management Operation Procedures and Behavior Guidelines" have been amended in response to the amendment of relevant laws and regulations and were approved by the Board of Directors on March 23, 2020. The company will always pay attention to the development of ethical management regulations at home and abroad, encourage directors, managers, and employees to participate in continuing education or training, and timely propose improvements and suggestions to enhance the effectiveness of the company's ethical management.				

(7) If the company has established corporate governance guidelines and related rules, it should disclose how to inquire about them:

The company has formulated a "Corporate Governance Practice Code" and placed it in the corporate governance section of the website for stakeholders to download and refer to the company's governance-related rules, board resolutions on significant matters, and significant information.

(8) Other important information that can enhance understanding of the operation of corporate governance may also be disclosed: None.

Summary table of the resignation and dismissal of company insiders

For the fiscal year 2022 and as of April 30, 2023:

TITLE	NAME	DATE OF ASSUMPTION	DATE OF RESIGNATION	REASONS FOR RESIGNATION OR REMOVAL
President	ZHANG, XIU-CHENG	2008.01.01	2022.09.30	TO COMPLY WITH THE CLEAR DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE GENERAL MANAGER, THE BOARD DECIDED THAT THE FORMER GENERAL MANAGER, MR. ZHANG XIU-CHENG, WOULD STEP DOWN FROM OCTOBER 1, 2022, AND MR. LAN JIAN-TONG WOULD TAKE OVER AS THE NEW GENERAL MANAGER.
Vice President	LI, QIN-ZHANG	2006.08.01	2022.09.30	Operational planning to carry out job adjustments

Note: The so-called company insiders refer to the Chairman, General Manager, Deputy General Manager, Accounting Director, Financial Director, Internal Audit Director, Corporate Governance Director, and R&D Director.

(9) The implementation status of the internal control system

1. Internal Control Statement

Sea Sonic Electronics Co., Ltd.

Declaration of Internal Control System

Date: March 21, 2023

Based on the findings of a self-check, the Company states the following with regard to its internal control system during the year of 2022:

I. The Company acknowledges that the Company's Board of Directors and the managerial officers are responsible for establishing, implementing, and maintaining an adequate internal control system, and the Company has established such system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of security for assets), ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting, and providing reasonable assurance.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component comprises a few different items. For more information concerning the items, please refer to the Regulations.

IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the findings of the aforementioned evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Declaration is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Declaration was passed by the Board of Directors in the meeting held on March 21, 2023, with none of the 6 attending Directors expressing dissenting opinions. The remainder all affirmed the content of this Declaration.

Sea Sonic Electronics Co., Ltd.

Chairman: CHANG, HSIU-CHENG

President: LAN, JIEN-TONG

2. Review report of the internal control by the commissioned accountant: None.

(10)For the most recent year and as of the date of the annual report, the Company and its internal personnel have been punished by law, or the Company has imposed penalties on its internal personnel for violating the provisions of the internal control system, and the results of such penalties may have a significant impact on shareholders' equity or securities prices, the contents of the penalties, major deficiencies and improvements should be listed: None.

(11)For the most recent year and as of the date of the annual report, major resolutions of shareholders' meeting and board meetings:

1. Board

Time	Proposal	Resolution	The matters listed in the Securities and Exchange Act §14-5	Opinions of Independent Director and the Company's handling of these opinions
2022/08/09 16th term 12th meeting	1. Approval of our company's 2022 Q2 consolidated financial report.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	2. The case of our company lending funds to SEA SONIC EUROPE B.V. (SSE European Subsidiary) and SEASONIC ELECTRONICS INC. (SSU American Subsidiary).	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	3. The case of our company reinvesting in its subsidiary, Sea Sonic Energy Co., Ltd., to increase its capital.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	4. The case of the distribution of director's and managerial staff remuneration for our company in 2021.	This case, after each party legally avoids conflicts of interest, with no objections from all directors present after consultation by the chairman, was unanimously approved.		None
	5. Progress report on our company's "Greenhouse Gas Inventory and Verification Schedule."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	6. The case of setting the ex-dividend date for our company's cash dividends.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
2022/09/30 16th term 13th meeting	1. The appointment case of our company's general manager.	In this case, Director ZHANG, XIU-CHENG, the former General Manager, after legally avoiding conflicts of interest, had no objections from all directors present after consultation by the chairman	V	None

Time	Proposal	Resolution	The matters listed in the Securities and Exchange Act §14-5	Opinions of Independent Director and the Company's handling of these opinions
		and was unanimously approved.		
	2. The case of dismissing our company's executive vice general manager.	In this case, Director LI, QIN-ZHANG, the former Executive Vice General Manager, after legally avoiding conflicts of interest, had no objections from all directors present after consultation by the chairman and was unanimously approved.		None
	3. The case of revising our company's "Approval Authority Table."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	4. The case of a change in our company's spokesperson.	In this case, Director LI, QIN-ZHANG, the former Spokesperson, after legally avoiding conflicts of interest, had no objections from all directors present after consultation by the chairman and was unanimously approved.		None
	5. The case of a change in our company's seal custodian.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	6. Proposal for the salary of the appointed general manager of our company.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	7. The case of the second distribution of the 2020 managerial staff remuneration.	This case, after each party legally avoids conflicts of interest, with no objections from all directors present after consultation by the chairman, was unanimously approved.		None
2022/11/08 16th term 14th meeting	1. The case of the distribution of year-end bonuses for our company's managers in 2022.	This case, with no objections from all directors present after consultation by the chairman, was unanimously approved.		None
	2. Progress report on our company's "Greenhouse Gas Inventory and Verification Schedule."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	3. Approval of our company's 2022 Q3 consolidated financial report.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None

Time	Proposal	Resolution	The matters listed in the Securities and Exchange Act §14-5	Opinions of Independent Director and the Company's handling of these opinions
	4. The case of our company lending funds to Shenzhen Yuanli Electronics Co., Ltd. (SSC Mainland Subsidiary).	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	5. Proposal to apply for a credit limit renewal from Taishin International Bank.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	6. Setting up a plan for "Improving the Ability to Prepare Financial Statements."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	7. Setting up a "Risk Management Procedure."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	8. Revising the title of our company's "Internal Major Information Processing and Prevention of Insider Trading Management Procedure IC914" to "Internal Major Information Processing Procedure."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	9. The case of revising some provisions of our company's "Internal Major Information Processing Procedure."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	10. Establishing our company's "Prevention of Insider Trading Management Procedure."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	11. The case of revising some provisions of our company's "Board Meeting Rules."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	12. Setting up our company's 2023 audit plan.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	13. Revising our company's "Internal Control System" and "Internal Audit Implementation Rules."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
2023/01/13 16th term 15th meeting	1. Appointment case of our company's deputy general manager.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	2. The case of promoting our	This case was unanimously		None

Time	Proposal	Resolution	The matters listed in the Securities and Exchange Act §14-5	Opinions of Independent Director and the Company's handling of these opinions
	company's deputy general manager.	approved by all attending directors without objection after consultation by the chairperson.		
	3. Setting up a procedure for "Handling Reported Illegal, Unethical or Dishonest Acts."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	4. Our company's 2023 operation plan.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
2023/03/21 16th term 16th meeting	1. The case of the distribution of employee and director remuneration for our company in 2022.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	2. Our company's 2022 business report and financial statements.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	3. Our company's 2022 profit distribution plan.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	4. The evaluation and appointment case for the appropriate and independent auditors.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	5. Proposal to apply for a credit limit from CTBC Bank.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	6. Proposal to apply for a credit limit from KGI Bank.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	7. Progress report on our company's "Greenhouse Gas Inventory and Verification Schedule."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None

Time	Proposal	Resolution	The matters listed in the Securities and Exchange Act §14-5	Opinions of Independent Director and the Company's handling of these opinions
	8. Report on the progress of our company's sustainable development.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	9. 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement."	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.	V	None
	10. Self-assessment report on the performance of board members, board, and functional committees in 2022 for discussion.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	11. Election case of our company's directors.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	12. Proposal to set up procedures for accepting shareholder nominations.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	13. Case of lifting the restriction of competition for newly appointed directors and their representatives.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	14. To set forth the operational matters related to the acceptance of shareholders' proposals.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
	15. To set the date, time, place, procedures and content of the 2023 Annual General Meeting of Shareholders, and to allow the exercise of voting rights by electronic means.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None
2023/04/25 16th term 17th meeting	1. To propose to approve the Board of Directors to nominate and review the list of candidates for director (including Independent Director).	Attending directors, according to law, each avoided their own interests and were not allowed to participate in the discussion and voting of this case. After the chairperson consulted with the remaining attending directors and they all agreed, the review r ◦		None

Time	Proposal	Resolution	The matters listed in the Securities and Exchange Act §14-5	Opinions of Independent Director and the Company's handling of these opinions
	2. Release of new directors and their representatives from the prohibition of competition.	This case was unanimously approved by all attending directors without objection after consultation by the chairperson.		None

2. Shareholders' Meeting

Time	Resolution	Implementation	The matters listed in the Securities and Exchange Act §14-5	Opinions of Independent Director and the Company's handling of these opinions
2022/06/16	1. Acknowledge the 2021 annual business report and financial statements.	It was acknowledged and passed at the annual shareholders meeting.	V	None
	2. Acknowledge the 2021 annual profit distribution plan.	The ex-dividend date was set for 2022.09.15, and the cash dividend distribution was completed on 2022.10.07.	V	None
	3. Amend parts of the company's "Procedure for Acquisition or Disposal of Assets."	It has been operated according to the revised method.	V	None
	4. Amend parts of the company's "Articles of Association."	The company's change registration operation has been completed.		
	5. Amend parts of the company's "Shareholders' Meeting Rules."	It has been operated according to the revised method.		

(12) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

(13) Resignation or Dismissal of the Company’s Key Individuals, Including the Chairperson, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:

To comply with the clear division of duties between the Chairman and the General Manager for corporate governance, the board of directors has decided that the original General Manager, Mr. ZHANG, XIU-CHENG, will step down from October 1, 2022, and will be replaced by Mr. LAN, JIAN-TONG as the new General Manager.

5. Information on Accountant Fees

Unit of amount: NTD thousand

<table>
<tr><th>Name of Accounting Firm</th><th>Name of CPA</th><th>Period Covered by CPAs’ Audit</th><th>Audit Fee</th><th>Non-audit Fee (Note)</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="2">Crowe (TW) CPAs</td><td>LIN, ZHI-LONG</td><td>2022.01.01~2022.12.31</td><td rowspan="2">2,290</td><td rowspan="2">585</td><td rowspan="2">2,875</td><td rowspan="2"></td></tr>
<tr><td>CHEN, ZHAO-HUI</td><td>2022.01.01~2022.12.31</td></tr>
</table>

Note: Tax certification public fee is 430 thousand. Inspection list 32 thousand. Report 88 thousand. Others 35 thousand.

(1) If the audit fee paid to the changed accounting firm for the change year is less than the audit fee for the year before the change, the audit fee amounts before and after the change and the reasons should be disclosed: None.

(2) If the audit fee decreases by more than ten percent from the previous year, the amount, proportion, and reason for the decrease in the audit fee should be disclosed: None.

6. Replacement of CPA: None.

7. Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm: None.

8. Any transfer of equity interests and pledge and change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent

(1) Changes in the shareholding status of directors, mangers and major shareholders

Unit: share

Title	Name	2022		By April 16, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	ZHANG, XIU-CHENG	0	0	(1,599,066)	0
Director (Note 1)	ZHANG, ZHENG-ZONG	0	0	0	0
Director	LI, QIN-ZHANG	0	0	0	0
Director	LIN, YAO-QIN	0	0	0	0
Director	CHEN, ZHAO-MING	0	0	0	0
Director	HUANG, QING-XIANG	0	0	0	0
Director	GAO, ZHI-TING	0	0	0	0
Major Shareholder (Note 1)	WEI, JIN-HUA	(65,000)	0	0	0

Note 1: ZHANG, ZHENG-ZONG and WEI, JIN-HUA hold more than ten percent of the shares of this company.

Note 2: Until December 31, 2022, there are no pledged shares.

Note 3: Until April 16, 2023, there are no pledged shares.

(2)Information on the counterparties of equity transfers being related parties: none

(3)Information on the counterparties of equity pledges being related parties: none

9. Relationship among the Top Ten Shareholders

2023/4/16/；Unit: share

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
ZHANG, ZHENG-ZONG	21,069,968	26.35%	10,157,309	12.70%	0	0.00%	WEI, JIN-HUA ZHANG, XIU-CHENG ZHANG, YUN-QI ZHANG, YA-JING ZHANG, JI-LING	Spouse 1st degree of kinship 1st degree of kinship 1st degree of kinship 1st degree of kinship	
WEI, JIN-HUA	10,157,309	12.70%	21,069,968	26.35%	0	0.00%	ZHANG, ZHENG-ZONG ZHANG, XIU-CHENG ZHANG, YUN-QI ZHANG, YA-JING ZHANG, JI-LING	Spouse 1st degree of kinship 1st degree of kinship 1st degree of kinship 1st degree of kinship	
Qinghai Corporation Limited	6,396,264	8.00%	-	-	-	-	-	-	
Qinghai Corporation Limited Rep: ZHANG, YUN-QI	591,866	0.74%	-	-	-	-	-	-	
ZHANG, XIU-CHENG	2,122,666	2.65%	591,435	0.74%	0	0.00%	ZHANG, ZHENG-ZONG WEI, JIN-HUA ZHANG, YUN-QI ZHANG, YA-JING ZHANG, JI-LING	1st degree of kinship 1st degree of kinship 2nd degree of kinship 2nd degree of kinship 2nd degree of kinship	
LIN, SHUI-CHUAN	1,971,196	2.47%	1,087,850	1.36%	0	0.00%	YANG, LI-YING	Spouse	
YANG, LI-YING	1,087,850	1.36%	1,971,196	2.47%	0	0.00%	LIN, SHUI-CHUAN	Spouse	
ZHANG, YA-JING	795,790	1.00.%	0	0.00%	0	0.00%	ZHANG, ZHENG-ZONG WEI, JIN-HUA ZHANG, XIU-CHENG ZHANG, YUN-QI ZHANG, JI-LING	1st degree of kinship 1st degree of kinship 2nd degree of kinship 2nd degree of kinship 2nd degree of kinship	
ZHANG, JI-LING	771,459	0.96%	0	0.00%	0	0.00%	ZHANG, ZHENG-ZONG WEI, JIN-HUA ZHANG, XIU-CHENG ZHANG, YUN-QI ZHANG, YA-JING	1st degree of kinship 1st degree of kinship 2nd degree of kinship 2nd degree of kinship 2nd degree of kinship	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ming Guan Investment Co., Ltd.	696,910	0.87%	0	0.00%	0	0.00%	None	None	
Ming Guan Investment Co., Ltd. Rep: LI, CHUN-YAN	0	0.00%	0	0.00%	0	0.00%	None	None	
Li Ying Investment Co., Ltd.	667,550	0.83%	0	0.00%	0	0.00%	None	None	
Li Ying Investment Co., Ltd. Rep: WEN, SHU-ZHEN	109,615	0.14%	0	0.00%	0	0.00%	None	None	

10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company: None.

III. Capital Overview

1. Capital and Shares

(1) Source of Capital

Unit: share 2023/4/16

Share Type	Authorized Capital			Remark
	Outstanding Shares (Listed)	Unissued Shares	Total	
Registered Common Stock	79,953,277	70,046,723	150,000,000	

Unit: share/NT$ thousand

Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Others
1975/09	1,000	1,200	1,200	1,200	1,200	stablishment	None	
1982/02	1,000	3,000	3,000	3,000	3,000	Cash capital increase of NT$1,800,000	None	
1987/02	1,000	9,000	9,000	9,000	9,000	Cash capital increase of NT$6,000,000	None	
1988/06	1,000	30,000	30,000	30,000	30,000	Cash capital increase of NT$21,000,000	None	
1990/07	10	15,000,000	150,000	15,000,000	150,000	Cash capital increase of NT$120,000,000	None	
1999/11	10	70,000,000	700,000	30,000,000	300,000	Capital increase of $90,000,000 from surplus Capital increase of $7,500,000 Cash increase of NT$52,500,000	None	1999/11/11 No. (88)-tai-tsai-zhen-1-96376 號
2000/08	10	70,000,000	700,000	40,333,300	403,333	Capital increase from retained earnings NT$103,333 thousand	None	2010/08/04 No. (89)-tai-tsai-zhen-1-67868 號
2001/07	10	70,000,000	700,000	43,119,300	431,193	Capital increase from retained earnings NT$27,860 thousand (including employee bonuses transferred to capital increase of NT$2,800 thousand)	None	2001/07/12 No. (90)-tai-tsai-zhen-1-145037 號
2002/10	10	70,000,000	700,000	50,776,400	507,764	Capital increase from retained earnings NT$76,571 thousand (including employee bonuses transferred	None	2002/09/17 No. Tai-tsai-zhen-1-0910151477

						to capital increase of 7,580 thousand dollars)		
2003/08	10	70,000,000	700,000	57,550,369	575,504	Capital increase from retained earnings NT$67,740 thousand (including employee bonuses transferred to capital increase of 6,808 thousand dollars)	None	2003/07/09 No. Tai-tsai-zhen-1-0920130145
2004/08	10	70,000,000	700,000	59,608,829	596,088	Capital increase from retained earnings NT$20,584 thousand (including employee bonuses transferred to capital increase of NT$1,593 thousand)	None	2004/07/06 No. Tai-tsai-zhen-1-0930129265
2010/08	10	150,000,000	1,500,000	77,180,978	771,809	Capital increase from retained earnings NT$175,721 thousand	None	2010/07/06 NO. jin-guan-zhenfa -0990034917
2011/07	10	150,000,000	1,500,000	76,145,978	761,459	Cancellation of treasury stock NT$10,350 thousand	None	2011/07/21 No. jin-sho-shan-10 001164820
2013/09	10	150,000,000	1,500,000	79,953,277	799,532	Capital increase from retained earnings NT$38,073 thousand	None	2013/09/25 No. jin-sho-shan-10 201198090

Summary declaration system related information: Not applicable.

(2)Remark

2023/4/16

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Domestic Corporate Legal Person	Foreign Corporate Legal Person	Foreign Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	-	-	30	33	9	8,152	8,224
Shareholding	-	-	8,586,017	1,842,592	21,531	69,503,137	79,953,277
Percentage	-	-	10.739%	2.305%	0.027%	86.929%	100%

(3)Shareholding Distribution Status

Per share face value of ten dollars 2023/4/16

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1 - 999	1,572	284,634	0.356
1,000 - 5,000	5,564	10,684,902	13.364
5,001 - 10,000	581	4,403,643	5.508
10,001 - 15,000	173	2,224,171	2.782
15,001 - 20,000	112	2,027,487	2.536
20,001 - 30,000	92	2,350,624	2.940
30,001 - 40,000	44	1,579,592	1.975
40,001 - 50,000	19	848,845	1.062
50,001 - 100,000	26	1,933,918	2.419
100,001 - 200,000	16	2,236,365	2.797
200,001 - 400,000	7	1,616,930	2.022
400,001 - 600,000	8	4,025,204	5.034
600,001 - 800,000	4	2,931,709	3.667
800,001 - 1,000,000	0	0	0.000
1,000,001 or over	6	42,805,253	53.538
Total	8,224	79,953,277	100.000

Note: The company has not issued any preferred shares.

(4)List of Major Shareholders: Names, share amounts and ratios of shareholders whose equity ratio reaches five percent or above or whose equity ratio ranks in the top ten.

2023/4/16

Shareholding / Shareholder's Name	Shareholding	Percentage
ZHANG, ZHENG-ZONG	21,069,968	26.352%
WEI, JIN-HUA	10,157,309	12.704%
Qinghai Corporation Limited	6,396,264	8.000%
ZHANG, XIU-CHENG	2,122,666	2.654%
LIN, SHUI-CHUAN	1,971,196	2.465%
YANG, LI-YING	1,087,850	1.360%
ZHANG, YA-JING	795,790	0.995%
ZHANG, JI-LING	771,459	0.964%
Ming Guan Investment Co.,	696,910	0.871%
Li Ying Investment Co., Ltd.	667,550	0.834%

(5)The market price, net asset value, earnings, dividends per share, and related information for the past two years:

Unit: NT$; shares

Item / Year			2021	2022	As of March 31, 2023 (Note 8)
Market Price per Share (Note 1)	Highest Market Price		131.50	89.50	63.50
	Lowest Market Price		70.10	43.65	51.00
	Average Market Price		103.96	61.50	57.49
Net Worth per Share (Note 2)	Before Distribution		32.30	33.05	34.71
	After Distribution		-	-	-
Earnings per Share	Weighted Average Shares		79,953,277	79,953,277	79,953,277
	Earnings per Share (Note 3)	Before adjustment	9.42	5.63	1.66
		After adjustment	-	-	-
Dividends per Share	Cash Dividends		5.00	5.00	-
	Bonus shares	Profit distribution	0	0	-
		Capital reserve distribution	0	0	-
	Stock Dividends (Note 4)		-	-	-
Return on Investment	Price / Earnings Ratio (Note 5)		11.04	10.92	-
	Price / Dividend Ratio (Note 6)		20.79	12.30	34.63
	Cash Dividend Yield Rate (Note 7)		4.81%	8.13%	-

＊ If there is an increase in capital distribution by transferring earnings or capital reserves, the market price and cash dividend information should also be disclosed in retrospect according to the number of shares distributed.

Note 1: List the highest and lowest market prices of common stocks each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please fill in according to the number of shares issued at the end of the year and the distribution decided by the shareholders' meeting in the following year.

Note 3: If it is necessary to adjust retrospectively due to circumstances such as free stock distribution, the earnings per share before and after adjustment should be listed.

Note 4: If the terms of equity securities issuance stipulate that dividends not distributed in the current year can be accumulated and distributed in profitable years, the accumulated unpaid dividends up to the current year should be disclosed separately.

Note 5: Price-Earnings Ratio = Average closing price per share for the current year / Earnings per share.

Note 6: Price-Dividend Ratio = Average closing price per share for the current year / Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share for the current year.

Note 8: The net value per share and earnings per share should fill in the most recent quarterly data audited (reviewed) by the accountant as of the date of the annual report printing; the other columns should fill in the current year data as of the date of the annual report printing.

(6) Company's dividend policy and implementation

1. Dividend policy set by the company's articles of association

If the company has a profit at the end of the year, it should first pay taxes, offset past losses, then provide 10% for statutory surplus reserve, but not limited to this if the statutory surplus reserve has reached the company's paid-in capital. The remainder, in addition to distributing dividends, if there is still a profit together with the undistributed profit at the beginning of the period, it will be distributed to shareholders with their consent.

The company is in the growth stage of the industry, based on the needs of the company's operation and the maximization of shareholders' interests. The dividend distribution adopts the residual dividend policy. According to the company's future capital budget plan, the fund demand for the future year is measured, and factors such as profitability, financial structure, and the dilution degree of earnings per share are comprehensively considered to propose an appropriate dividend distribution. The cash dividend distribution method is not less than thirty percent (inclusive) of the total dividend of the current year and can reach up to one hundred percent, while the actual distribution ratio is authorized by the board of directors.

2. Dividend policy for the next three years

When the company distributes shareholder dividends, it should at least provide thirty percent according to the total distributable earnings and distribute them according to the company's articles of association. The remaining amount is retained for business development needs.

3. Proposed dividend distribution for this year

The company's 2022 earnings distribution case was discussed and passed by the board of directors on March 21, 2023 (it has not been resolved by the general meeting of shareholders). The proposed 2022 earnings distribution table is as follows:

Sea Sonic Electronics Co., Ltd.

2022 Annual Earnings Distribution Table

Unit: NT$

Item	Amount	Remark
Retained surplus at the beginning of the period	644,700,539	
Add: Net income after tax for 2022	450,226,277	
Itemized:		
Less: Provision for legal reserve	(45,022,628)	
Add: Reversal of special reserve (translation differences of financial statements of foreign operating companies	9,356,467	
Subtotal distributable earnings for the year	1,059,260,655	
Distributable items		
Cash dividends to shareholders	(399,766,385)	5 dollars per share * 79,953,277 shares
Ending retained earnings	659,494,270	

te: The distribution of profits is prioritized based on the undistributed profits of the fiscal year 2022.
The ending undistributed profit is 10,706,385 dollars for the year 101, 9,394,768 dollars for the year 102, 35,394,536 dollars for the year 103, 17,737,251 dollars for the year 104, 21,358,943 dollars for the year 105, 69,929,188 dollars for the year 2018, 59,593,300 dollars for the year 2019, 151,434,761 dollars for the year 2020, 269,151,407 dollars for the year 2021, 14,793,731 dollars for the year 2022.

4. Explanation of significant changes expected in the dividend policy: No such situation.

(7)The impact of the proposed bonus issue this year on the company's business performance and earnings per share.

Unit: NT$

<table>
<tr><td colspan="3">Year
Item</td><td>2023
(Estimated)</td></tr>
<tr><td colspan="3">Opening paid-in capital</td><td>799,532,770</td></tr>
<tr><td rowspan="3">The situation of share distribution in this year (Note 1)</td><td colspan="2">Cash dividends per share (NT$)</td><td>5.00</td></tr>
<tr><td colspan="2">Number of shares allotted per share from capitalization of earnings (shares)</td><td>-</td></tr>
<tr><td colspan="2">Capital surplus to capital allotment per share (shares)</td><td>-</td></tr>
<tr><td rowspan="7">Changes in business performance</td><td colspan="2">Operating Income</td><td rowspan="13">NA
(Note 2)</td></tr>
<tr><td colspan="2">Increase (decrease) in operating income over the same period last year</td></tr>
<tr><td colspan="2">Net income after tax</td></tr>
<tr><td colspan="2">Increase (decrease) in net income after tax compared to the same period last year</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td></tr>
<tr><td colspan="2">Earnings per share increase (decrease) over the same period last year</td></tr>
<tr><td colspan="2">Average return on investment (inverse of the average annual cost-benefit ratio)</td></tr>
<tr><td rowspan="6">Estimated earnings per share</td><td rowspan="2">If the retained earnings transferred to the capital increase are fully changed to the distribution of cash dividends
If the capital reserve is not transferred to capital increase</td><td>Projected Average Return on Investment for the Year</td></tr>
<tr><td>Projected Earnings Per Share</td></tr>
<tr><td rowspan="2">If the capital reserve is not used and retained earnings transferred to the capital increase are changed to the distribution of cash dividends.
If the retained earnings transferred to the capital increase are fully changed to the distribution of cash dividends</td><td>Projected Average Return on Investment for the Year</td></tr>
<tr><td>Projected Earnings Per Share</td></tr>
<tr><td rowspan="2">If the capital reserve is not transferred to capital increase</td><td>Projected Average Return on Investment for the Year</td></tr>
<tr><td>Projected Average Return on Investment for the Year</td></tr>
</table>

Basic assumptions:

1. The estimated dividend distribution of the company in 2023 is based on the profit distribution plan approved by the board of directors on March 21, 2023.
2. The company's financial forecast for 2023 is not publicly available, so there is no need to disclose the estimated business performance, earnings per share, and hypothetical data for 2023.

(8)Employee compensation and director remuneration

1. The proportion or range of employee compensation and director remuneration stipulated in the company's articles of incorporation:

The company's articles of incorporation stipulate that if there are profits in a year, no less than 2% should be allocated for employee compensation and no more than 1.5% for director remuneration. However, if the company still has accumulated losses, it should reserve an amount for loss compensation in advance.

The above-mentioned employee compensation can be made in stocks or cash, and the beneficiaries include employees of subsidiaries who meet the conditions set by the board of directors. The director's compensation can only be in cash.

The above two points should be decided by the board of directors and reported to the shareholders' meeting.

2. The basis for estimating the amount of employee compensation and director remuneration for this period, the basis for calculating the number of shares distributed as employee compensation, and the accounting treatment when the actual distribution amount differs from the estimated amount:

The company should estimate the amount of employee compensation that may be distributed during the accounting period when employees provide services according to the proportion stipulated in the articles of incorporation and recognize it as an expense. The treatment of director remuneration is also in accordance with the proportion stipulated in the articles of incorporation and recognized as an expense.

The basis for estimating and calculating the amount of employee compensation and director remuneration for this period is to allocate 3% for employee cash compensation and 1% for director remuneration. The basis for calculating the number of shares distributed as employee compensation is the fair market price on the day before the shareholders' meeting (considering the impact of ex-rights and ex-dividends).

If there is a significant change in the amount distributed by the board of directors during the subsequent period compared to the original estimated amount in the financial report, which reaches the standard for restating the financial report as stipulated in Article 6 of the Implementation Rules of the Securities Transaction Act, the financial report should be restated. If the change amount does not meet the standard for restating the financial report, it can be treated as an accounting estimate change.

If there is a significant change in the amount distributed by the board of directors during the subsequent period compared to the original estimated amount in the financial report, which reaches the standard for restating the financial report as stipulated in Article 6 of the Implementation Rules of the Securities Transaction Act, the financial report should be restated. If the change amount does not meet the standard for restating the financial report, it can be treated as an accounting estimate change.

3. The distribution of remuneration approved by the board of directors:

(1) The amount of employee compensation and director remuneration distributed in cash or shares. If there is a difference between the estimated amount of recognized expense for the year, the difference, reason, and handling situation:

A. Employee cash remuneration: 17,640,850 yuan

B. Director remuneration: 5,880,283 yuan

C. There is no difference from the employee cash remuneration of 17,640,850 yuan and director remuneration of 5,880,283 yuan recognized in the 2022 financial report.

(2) The ratio of the amount of employee compensation distributed in shares to the total amount of net profit after tax in the individual financial report for the current period and the total amount of employee compensation: 0.

4. The actual distribution of employee and director remuneration in the previous year (including the number of shares distributed, the amount, and the share price), and the difference between the recognized employee and director remuneration should describe the difference, reason, and handling situation:

The company actually distributed NT$ 46,777,806 of employee cash remuneration and NT$ 7,000,000 of director remuneration in 2021, which is no different from the amount of employee cash remuneration of NT$ 46,777,806 and director remuneration of NT$ 7,000,000 recognized in the 2021 financial report. For information related to employee and director remuneration approved by the board of directors and the resolution of the shareholders' meeting, please go to the "Public Information Observatory" of the Taiwan Stock Exchange.

(9)The situation of the company buying back its own shares: None.

2. Handling of corporate bonds:

(1)Corporate bond information

Type of Corporate Bonds	**First (Term) Secured Corporate Bonds**
Issue (Processing) Date	September 9, 2021
Denomination	One hundred thousand New Taiwan dollars in full
Place of issue and transaction	Taipei Exchange
Issue Price	Each note has a face value of one hundred thousand New Taiwan dollars, issued according to the face value
Total Amount	Six hundred million New Taiwan dollars in full
Interest Rate	Face annual interest rate 0%
Term	3-year term Due date: September 9, 2024
Guaranteed Institution	None
Trustee	Taishin International Bank
Underwriter	Fubon Securities Co., Ltd.
Signing Counsel	HANDSOME ATTORNEYS -AT-LAW
Certified Public Accountant	Crowe (TW) CPAs
Repayment Method	Except for the bondholders converting into ordinary shares of the company in accordance with Article 10 of this convertible corporate bond issuance and conversion method, or the company's early redemption and repurchase and cancellation by securities broker business places in accordance with Article 18 of the issuance and conversion method, the company will repay in cash once within ten business days after the maturity date according to the face value of the bonds. If the above date coincides with the day when the Taipei Stock Exchange Market is closed, it will be postponed to the next business day.
Outstanding Principal	NT$ six hundred million
Terms for Redemption or Early Repayment	(1) This convertible bond, from the day following three months since its issuance date (December 10, 2021) until 40 days before the end of its issuance period (July 31, 2024 in the ROC calendar), if the closing price of the company's ordinary shares exceeds the current conversion

Type of Corporate Bonds	First (Term) Secured Corporate Bonds
	price by thirty percent (inclusive) or more for thirty consecutive business days, the company may send a "Bond Redemption Notice" with a thirty-day period (the aforementioned period starts from the day the company sends the notice, and the day it expires is considered the bond redemption benchmark date, and the aforementioned period cannot be during the suspension of conversion period mentioned in Article 9) to the bondholders (based on those recorded in the bondholder register five business days prior to the date the "Bond Redemption Notice" is sent out, and for those who subsequently obtain the convertible bond due to purchase or other reasons, the announcement method will be used). The redemption price is set as the face value of the bond, and the entire bond will be redeemed in cash. The company should send a redemption request to the OTC center for announcement and must redeem the convertible bonds in circulation within five business days following the bond redemption benchmark date, according to the bond face value. (2) This convertible bond, from the day following three months since its issuance date (December 10, 2021) until 40 days before the end of its issuance period (July 31, 2024 in the ROC calendar), if the remaining balance of this convertible bond in circulation is less than ten percent of the original total issuance amount, the company can at any time send a "Bond Redemption Notice" with a thirty-day period (the aforementioned period starts from the day the company sends the notice, and the day it expires is considered the bond redemption benchmark date, and the aforementioned period cannot be during the suspension of conversion

Type of Corporate Bonds	First (Term) Secured Corporate Bonds
	period mentioned in Article 9) to the bondholders (based on those recorded in the bondholder register five business days prior to the date the "Bond Redemption Notice" is sent out, and for those who subsequently obtain the bond due to purchase or other reasons, the announcement method will be used). The redemption price is set as the face value of the bond, and the entire bond will be redeemed in cash. The company should send a redemption request to the OTC center for announcement and must redeem the convertible bonds in circulation within five business days following the bond redemption benchmark date, according to the bond face value. (3) The day following the bond redemption benchmark date of this convertible bond is the delisting day of this convertible bond, and the final deadline for bondholders to request conversion is the second business day after the delisting day of this convertible bond. However, bondholders should apply to their original broker to convert this convertible bond into the company's ordinary shares before the business day following the delisting day of this convertible bond at the latest. If bondholders do not apply for conversion within the aforementioned period, the company will redeem their convertible bonds at face value, and will redeem the convertible bonds in cash within five business days following the bond redemption benchmark date. If the aforementioned dates coincide with the days when the Taipei Securities Central Trading Market is closed, they will be postponed to the next business day.
Restrictions	None

<table>
<tr><th colspan="2">Type of Corporate Bonds</th><th>First (Term) Secured Corporate Bonds</th></tr>
<tr><td colspan="2">Name of Credit Rating Agency, Date of Rating, Results of Corporate Bond Rating</td><td>None</td></tr>
<tr><td rowspan="2">Other Rights Attached</td><td>As of the date of printing the annual report, the amount of ordinary shares, American Depositary Receipts (ADRs), or other securities that have been converted (exchanged or subscribed)</td><td>NA</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td>None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuance conditions on the possible dilution of equity and the impact on existing shareholders' rights</td><td>None</td></tr>
<tr><td colspan="2">Name of Entrusted Custodian for Exchange Object</td><td>None</td></tr>
</table>

(一) Convertible Corporate Bond Information

<table>
<tr><th colspan="2">Type of corporate bonds</th><th colspan="3">First secured convertible corporate bonds</th></tr>
<tr><td colspan="2">Year / Item</td><td>2021</td><td>2022</td><td>As of March 31, 2023</td></tr>
<tr><td rowspan="3">Market price of convertible corporate bonds</td><td>Highest</td><td>112.50</td><td>114.00</td><td>100.00</td></tr>
<tr><td>Lowest</td><td>104.00</td><td>93.10</td><td>96.95</td></tr>
<tr><td>Average</td><td>108.41</td><td>106.51</td><td>99.00</td></tr>
<tr><td colspan="2">Conversion price</td><td>95.80</td><td>87.10</td><td>87.10</td></tr>
<tr><td colspan="2">Issue (implementation) date and conversion price at issue</td><td colspan="3">September 9, 2021 Conversion price 95.8 dollars</td></tr>
<tr><td colspan="2">Method of fulfilling conversion obligation (Note 3)</td><td colspan="3">Issue new shares</td></tr>
</table>

3. Handling of preference shares: None.

4. Handling of overseas depositary receipts: None.

5. Handling of employee stock option certificates: None.

6. Handling of restricted employee rights new shares and mergers (including mergers,

acquisitions, and splits): None.

7. Handling of mergers or acquisitions of other company shares to issue new shares: None.

8. Implementation of capital use plan:

In this fundraising project, the fundraising amount of NT$ 677,020 thousand will be used to strengthen operating capital and has been completed. If calculated based on the average short-term loan interest rate of about 0.9% provided by the company's current banks, it is estimated that the interest expenditure can be saved by NT$ 2,031 thousand in 2021, and the interest expenditure caused by borrowing from financial institutions can be reduced by NT$ 6,093 thousand each year thereafter.

IV. Operation Overview

一、Business Description

(1) Business Scope

1. Main Contents of the Company's Business

Our company is a professional manufacturer of Switching Power Supplies (SPS), with our main business being the development, research, production, and sales of power supplies. Power supplies are an essential component for personal computers, industrial computer workstations, servers, and communication information equipment, mainly responsible for converting AC power into DC power, providing the operation required by the system or equipment.

2. Business proportion

Unit: NT$1,000

Product	2021		2022		As of March 31, 2023	
	Sales volume	%	Sales volume	%	Sales volume	%
Power Supply	4,820,747	96.08%	2,484,358	97.24%	705,172	96.81%
Others	196,752	3.92%	70,484	2.76%	23,207	3.19%
Total	5,017,499	100.00%	2,554,842	100.00%	728,379	100.00%

3. Current Product (Service) Items of the Company

(1) Product

PC Business Division:

A. ATX12V/EPS12V Flagship Series: Prime is a flagship product series that complies with Intel ATX12V v2.4/EPS12V v2.91 specifications. It boosts the conversion efficiency to the 80 PLUS Titanium standard and has received certification. The standby efficiency also meets the ErP Lot 6 2013 standard. The output power ranges from 650W to 1000W. The whole series uses a modular plug-in output wire design, applies the latest magnetic component technology, is equipped with a 13.5CM hydraulic dynamic bearing fan, and introduces patented three-stage/two-stage switching temperature control design. It achieves ultra-high efficiency and extremely quiet performance. The entire series also has 80 PLUS Platinum and Gold efficiency models, with output power ranging from 550W to 1320W, providing consumers with the best choice for top-level configurations.

B. ATX12V series: The PRIME Fanless series adopts a completely fanless design with pluggable output wires, enhancing conversion efficiency with its patented DC to DC all-module backplane. Having attained 80 PLUS Titanium and Platinum efficiency certifications, it is among the most efficient fanless designs on the market, achieving a completely noiseless objective. It complies with the Intel ATX12V v2.4 standard and the EU ErP Lot 6 2013 Standby efficiency specifications, offering a power output ranging from 400W to 700W, thus propelling our products into a new era.

C. ATX12V series: The VERTEX series complies with the latest Intel DG 2.0 (ATX3.0) standard and supports the latest PCIe 5.0 specification independent graphics cards. The entire module output design uses the latest 13.5 cm FDB hydraulic bearing silent fan and optimized digital temperature control circuitry, providing mainstream power output from 750W to 1200W, aiming to dominate the new market with high performance and low noise.

D. ATX12V series: The CORE series is designed to be compatible with multiple output modes, including full plug-and-play modules, semi-plug-and-play modules, and direct output styles. It complies with the Intel ATX12V v2.4 standard, providing 500W to 650W output as an active PFC product aimed at the DIY retail market. The efficiency meets the 80 PLUS Gold certification and the ErP Lot 6 2013 Standby efficiency requirements. It uses a 12 cm silent bearing fan, achieving the goals of simplifying the manufacturing process and reducing manufacturing and material costs, thus enhancing product competitiveness.

E. ATX12V series: The S12III/A12 series adopts a complete line-out design, with S12III being an AC full-voltage input series and A12 being an AC fixed voltage 200-240V input series. It complies with the Intel ATX12V v2.31 standard, providing 450W to 700W output as an active PFC product aimed at the DIY retail market. It complies with the 80 PLUS Bronze efficiency certification and the ErP Lot 6 2013 Standby efficiency requirements. It equips a 12 cm large fan to enhance cooling capacity and achieve advanced noiseless performance.

F. ATX12V series: The G12/B12 series adopts a semi-plug-in module and direct output line design, complying with the Intel ATX12V v2.4 standard. The G12 is 80PLUS Gold efficiency rated, and the B12 is 80PLUS Bronze efficiency rated. It provides active PFC products with 550W to 850W output, aimed at the DIY retail market, and also meets the ErP Lot 6 2013 Standby efficiency requirements. It features a 12 cm large silent fan to enhance cooling capacity and achieve noiseless performance.

G. ATX12V series: CONNECT 1.0/1.5 series products, derived from the modification of PRIME GX-650~1000 and PRIME PX-750/850, relocates the power supply voltage conversion module to a newly designed junction box, and uses the shortest wire distance from the junction box to each component of the computer to build an optimized system. It provides consumers with a new concept and experience of computer assembly.

H. ATX12V series: Compliant with the Intel ATX12V v2.31 standard, providing 350W to 600W output. It is an active PFC product that meets the 80 PLUS Bronze efficiency certification and the ErP Lot 6 2013 Standby efficiency requirements, offering greater reliability and durability. This model equips a 12 cm large fan to enhance cooling capacity and to achieve advanced noiseless performance. An 8 cm fan can also be installed to meet various application needs.

I. TFX12V Gold Short version series: A 300W active PFC product that complies with the Intel TFX12V v2.4 standard, meeting the 80 PLUS Gold efficiency standard and the ErP Lot 6 2013 Standby efficiency requirements. It integrates a DC to DC voltage conversion design, providing high-efficiency and stable voltage output products with improved reliability and durability. It innovatively releases a smaller size than the Intel standard, suitable for miniaturized cases and All-in-One personal computers.

J. SFX12V Gold series: A 300W active PFC product that complies with the Intel SFX12V v3.3 standard and meets the 80 PLUS Gold efficiency standard and the ErP Lot 6 2013 Standby efficiency requirements. The product incorporates a DC to DC voltage conversion design, providing high-efficiency and stable voltage output products. The internal pressure design of the fan offers customers greater flexibility in system interior design and can be used in miniaturized cases and All-in-One personal computers.

K. TFX12V Bronze Short version series: A 250W-300W active PFC product that complies with the Intel TFX12V V2.4 standard and meets the 80 PLUS Bronze efficiency standard and the ErP Lot 6 2013 Standby efficiency requirements. It pioneers in the industry by developing a short-form factor that is compatible with the standard TFX form factor, providing system manufacturers with greater compatibility and assembly convenience.

L. SFX12V Bronze series: A 250W-300W active PFC product that complies with the Intel SFX12V V3.3 standard and meets the 80 PLUS Bronze efficiency standard and the ErP Lot 6 2013 Standby efficiency requirements. It provides products with stable voltage output and silent operation. The internal pressure design of the fan offers customers greater flexibility in system interior design, suitable for miniaturized cases and All-in-One personal computers.

M. Industrial PC/Flex12V Gold series: A 300W output product suitable for DVR digital surveillance systems, POS, and industrial-grade computer power supplies. It meets the 80 PLUS Gold efficiency standard and the EuP Lot 6 2013 Standby efficiency requirements, with a fully modular plug-and-play output wire design, providing products with flexible mechanical compatibility, meeting diverse wire requirements of customers, and offering highly efficient and stable products with a DC to DC voltage conversion design.

N. Industrial PC/Flex12V Bronze series: A 200-300W output product suitable for DVR digital surveillance systems, POS, and industrial-grade computer power supplies. It meets the 80 PLUS Bronze efficiency standard and the EuP Lot 6 2013 Standby efficiency requirements. It features a fully modular plug-and-play output wire design, providing products with flexible mechanical compatibility, meeting diverse wire requirements of customers, and offering products with high stability.

O. Industrial PC 1U/2U Series: The 400-600W 1U/2U series adopts a full pluggable output wire design, complies with the 80 PLUS efficiency requirements and is certified, uses full Japanese made electrolytic capacitors and dual ball bearing fans, to enhance product quality and reliability to meet the needs of industrial computers, offering industrial computer customers the best cost-performance power supply and flexible wiring changes.

P. Industrial PC 1U/2U Gold Series: The 400-500W 1U/2U series adopts a fully modular plug-in wire design, has received the 80 PLUS Gold efficiency certification and complies with the ErP Lot 6 Standby efficiency requirements, uses all Japanese-made electrolytic capacitors and DC to DC voltage conversion design, combined with Sanyo Denki fans, to enhance electrical characteristics, product quality and reliability to meet industrial computer needs, offering industrial computer customers the best high-efficiency power supply and flexible wiring changes.

Q. Industrial PC ATX12V/EPS12V Series: A direct output wire series design that complies with Intel ATX12V v2.4/EPS12V v2.91 specifications, catering to industry needs by boosting the 5V output current, providing 650W~1000W output, is an active PFC product, efficiency meets the 80 PLUS Gold certification and ErP Lot 6 2013

Standby efficiency requirements, with Sanyo 8cm dual ball bearing fans, upgrading relevant component specifications to meet stringent industrial power supply requirements.

R. Industrial PC ATX12V/EPS12V Series: A direct output wire series design that complies with Intel ATX12V v2.5/EPS12V v2.91 specifications, catering to industry needs by boosting the 5V output current, providing 400W~600W output, is an active PFC product, efficiency meets the 80 PLUS Gold certification and ErP Lot 6 2013 Standby efficiency requirements, can be paired with 8cm and 12cm dual ball bearing fans, to cater to customer assembly needs, and upgrading relevant component specifications to meet stringent industrial power supply requirements.

S. Industrial PC CRPS Platinum Series: The 1000-1600W CRPS series complies with the Intel CRPS PSDG small size standard power module, equipped with PMBus functionality, paired with Japanese dual ball bearing fans, provides high quality, highly reliable standard server power modules, and can be paired with 1U/2U backplane to form a backup power supply, meeting the needs of industrial and server power customers.

T. Industrial PC Slim Redundant Platinum Series: The 300-500W Slim Redundant series is a newly developed mini redundant product, composed of 300-500W Slim power modules and a 1+1 redundant backplane, is a 1U height 300-500W redundant power supply, and includes digital PMBus communication functionality, paired with Japanese dual ball bearing fans, enhancing product reliability, meeting the needs of industrial server power customers.

U. PC Cases: The Q5/Q7 series are the company's own PC case products, adopting a full tower size, Reverse-ATX design, with a dignified and understated exterior design, accommodating both air and water cooling configurations, and can be paired with the newly custom-developed CONNECT 1.5 power supply/hub module, to optimize internal heat dissipation with the shortest wire length. This series of products has won the 2021 IF and Red Dot Design Awards, and can be paired with the case fans developed in cooperation with the well-known Japanese brand NiDEC, enhancing overall performance product value.

V. Computer Case Fans: MegFlow is a patented fan design by our company for computer cases. It offers a magnetic connection method to string multiple fans together, simplifying user wiring and reducing internal case cabling to enhance user-friendliness and improve the cleanliness of the case. Its blade design can provide high airflow and air pressure, offering superior cooling solutions for computer cases.

Non-PC Business Unit:

A. Open Frame series: 60W/150W power supply units for telecommunications, networking, industrial uses, and other special applications.

B. Adapter Power: 60~120W output power, which can be used in various miniaturized computer systems, various mobile device equipment, printers, and a variety of peripheral devices. All series products are in compliance with the latest EU/CEC Level 6 energy efficiency standards, meeting the demands for high efficiency and environmentally friendly energy saving, and the safety regulations of various countries.

(2) Services

A. Services for dealers and direct customers

A1. After-sales service: Provides quick repair services for products within the warranty period, as well as various value-added repair services for products beyond the warranty period.

A2. Technical Support Service: When a product has compatibility issues with other products in the market or other quality issues, our engineering staff can go to the customer's site to conduct field testing and verification, aiming to solve the problem in the shortest time possible.

A3. Sponsoring customer-hosted or participated in various player competitions or campus competitions, and provide technical support.

B. Services for end customers

B1. Daily technical support mailboxes (FAQ) are available on the official website, constantly updating the latest product technical information.

B2. Dedicated personnel handle consumer email inquiries, immediately answering questions, providing correct product usage guidance.

B3. An official Facebook fan page is set up to provide timely updates on company activities and related product information.

4. Planned Development of New Products (Services)

(1) Products

Retail Power Product Series:

- ˙Planning high-output wattage, high-efficiency series models, introducing new circuits and material applications, improving efficiency while increasing the output wattage of fanless models. The output configuration is a fully pluggable output module with a wireless backplane, which increases peak wattage output to comply with the latest ATX/PCIe specifications and supports the latest NVIDIA or AMD high-end graphics card platforms, providing e-sports players or special application users with more options.

  Developing a brand new SFX Form Factor titanium and platinum efficiency products, improving peak straight output wattage specifications, enhancing product cooling to reduce fan noise, providing customers and consumers with more platform product choices.

  Optimizing existing titanium/platinum and gold efficiency retail models, introducing new materials and manufacturing processes to improve production efficiency and process yield to reduce production costs, while optimizing product performance to meet the latest specifications requirements, offering consumers more cost-effective product choices.
- ˙ODM Retail Power Product Series:

  Compliant with the latest specifications of Intel and independent graphics cards, it has active PFC, high efficiency, cost reduction, and silent PC power to increase product competitiveness.
- ˙SI Power Product Series:

  Compliant with the latest Intel specifications, it has active PFC, platinum/gold efficiency, cost reduction, silent and highly reliable PC power, compatible with the latest environmental protection and energy-saving requirements of various countries, and integrates integrated design to improve production efficiency, aiming to meet the diverse industrial customer needs and expand the product market share.

(2) Services

A. Service to dealers and direct customers

Through the company's website networking method, assist customers in providing various technical support and related information to end customers.

B. Service to end customers

Through instant messaging, respond to consumer inquiries, immediately answer questions, and speed up service.

(2) Industry Overview

1. Current Status and Development of the Industry

The COVID-19 pandemic that started in 2020 has impacted the world. Trends like remote work, online learning, and home economy driven by epidemic prevention needs have greatly increased the demand for 3C products. Power supply units, as core components, also benefit from these trends. In addition, Microsoft stopped supporting updates for the WIN7 system in 2020, leading to a wave of system replacement. Demand from applications like 5G communication, automotive electronics, Internet of Things, esports products, and industrial controls have brought significant growth momentum to the power supply industry in recent years.

2. Connection of Industry Upstream, Midstream and Downstream

The upstream suppliers are electronics component providers, mainly including (1) semiconductor and electrolytic capacitor manufacturers or agents from Japan, the United States, and Taiwan, and (2) other component suppliers primarily Taiwanese businesses in mainland China, mainly including PCB, passive component manufacturers, and suppliers of various components such as wires, transformers, shells, switches, terminals, etc., (3) collaborators or outsourcing vendors. These suppliers and power supply manufacturers have formed a huge industrial cluster, supporting each other and coexisting for mutual prosperity, contributing significantly to Taiwan's leading position in the global computer industry.

The downstream customers are computer system assemblers or brands. They may participate in setting specifications or simply place orders and distribute products to the market after inspection. Since they control the market, power supply manufacturers must work closely with them to understand market needs and technology trends, including specifications for motherboards, display cards, and other peripheral products, which are closely related to power supplies.

3. Various Development Trends and Competition of Products

(1) Development Trends

With the increase in new applications and the demand for innovation by consumers, digital power line architecture to meet power management needs has become a significant development trend and new selling point. The company is actively investing in digital line research and product development.

(2) Competitive Situation

The power supply unit industry is a relatively mature sector in the electronics industry. Mid to low-end power supply units have become standardized, and it is difficult for manufacturers to increase product competitiveness through differentiation. Hence, the market has formed a situation dominated by big players and brands, making it more difficult for small firms and new brands to break in.

(3) Technical and Research and Development Overview

1. Research and development costs

Unit: NT$1,000

Item	2021	2022	As of March 31, 2023
R&D expenses (in thousands)	79,179	59,256	13,716
Percentage of Operating Revenue (%)	1.58%	2.32%	1.88%
Net Operating Income	5,017,499	2,554,842	728,379

2. Successfully Developed Products in 2022

■Developed a brand-new VERTEX GX/PX series product to comply with the Intel ATX12V standard, equipped with a wireless fully pluggable module backplane, and with optimized process considerations for line layout and wiring, developed a range of products with Platinum and Gold efficiency from 750W to 1200W output range, fully compliant with Intel ATX 3.0 specifications and ErP Lot 6 2013 Standby efficiency requirements, meeting the latest PCIe 5.0 specifications, supporting the latest independent display cards.

■Developed a new ATX platform, aligned with customer needs and ID design, completed brand-new OEM Platinum and Gold efficiency models, output wattage range from 850W to 1200W, apart from increasing shipment quantity, it also represents the company's R&D capability, production level, quality requirements meet the standards of first-tier brands in the industry.

(4) Long-term and Short-term Business Development Plans

1. Short-term Development Plan

① Marketing Strategy

Increase brand exposure and marketing on social media platforms, send new products to influential media for evaluation, and sponsor major overclocking/esports events to establish a more solid brand reputation.

② Production Policy

A. Strengthen sales forecasting and production-sales coordination, integrate production and sales, shorten material preparation time, control inventory.

B. Introduce new production equipment to enhance process capabilities and reduce production costs.

C. The factory introduces advanced MES systems to automatically monitor the process situation at any time and quickly grasp process information.

D. Actively develop new suppliers and outsourcers, strengthen supply chain management, and share production capacity.

③ Product Development Direction

A. In response to the demand for new high-end graphics cards, develop products that meet the latest specifications.

B. Actively develop digital line technology.

C. On the basis of the new platform, strive to cooperate with key customers to develop a new generation of products.

④ Operating Scale and Financial Planning

A. Establish a research and development center, plan the company's technology development path, and enhance product competitiveness.

B. Upgrade information equipment and cultivate information talents, optimize the company's internal processes, and improve system efficiency.

C. Strictly require the parent company and subsidiaries to manage receivables and inventories, avoid bad debts and dead materials, and increase the capital turnover rate.

2. Long-term Development Plan

① Marketing Strategy

A. Strategic Alliance

Form a strategic alliance with key customers, develop new platform products in sync, respond to market demand, and expand market targets.

B. Diversify Business Risks

Evaluate power supply products for applications outside of PCs to avoid being affected by the business cycle of a single product.

C. Expand Overseas Locations

Add overseas locations to enhance logistics capabilities, establish a global information network, develop emerging markets, and achieve market diversification goals.

② Production Policy

A. The manufacturing center operates as a profit center, allowing employees to spontaneously develop the best production mode.

B. Introduce new test instruments to assist production and improve production efficiency and product reliability.

③ Product Development Direction

A. Continuously research and develop new technologies, apply new technologies to mass production to maximize economic benefits, and focus on the company's R&D expertise, provide more environmentally friendly, energy-saving, quiet, and high-performance power supplies.

B. Expand the application scope of products, towards a broader field of power supply products, in order to provide customers with comprehensive services and meet the demand for quality power supply for the future digital life.

C. Add new product lines outside of power supplies.

④ Operational Scale and Financial Planning

A. Strategically cooperate with important manufacturers and outsourcers, reduce the proportion of self-production capacity, and maximize revenue under the optimal operating scale.

B. Unify the global subsidiaries' capital scheduling to achieve the highest capital return rate at the lowest interest rate cost.

2. Market and Production/Sales Overview

(1) Market Analysis

1. Main sales regions of major products (service)

Unit: NT$1,000

Sales region \ Year		2021		2022	
		Amount	%	Amount	%
Domestic		155,829	3.11%	152,226	5.96%
Foreign	America	1,045,771	20.84%	413,572	16.19%
	Europe	1,097,989	21.88%	364,117	14.25%
	Asia	2,694,888	53.71%	1,609,531	63.00%
	Other	23,022	0.46%	15,396	0.60%
	Subtotal	4,861,670	96.89%	2,402,616	94.04%
Total		5,017,499	100.00%	2,554,842	100.00%

2. Market Sales

In 2022, the company shipped more than one million power supplies. The products are mainly eco-friendly, quiet, and high efficiency, covering various high and low powers required by the retail market. The marketing channels are spread all over the Americas, Asia, Europe, Australia and Africa. The main application areas are desktop computers and industrial computers. It also continues to research and develop higher-end products and expand new product lines to achieve the 2023 sales target.

(2) Future Market Supply and Demand and Growth

1. Future Market Supply

Issues such as the shortage of some components still exist. For example, the application of semiconductor parts is increasing, and some semiconductor parts are looking at delivery times of over 50 weeks. The shortage of container ships and port congestion has been relieved, but global economic downturns and inflation issues are uncontrollable variables.

2. Future Market Demand

The global population having been fully vaccinated has exceeded 50%, and the pandemic-driven related demand is expected to gradually subside. The personal computer shipment forecasts of various brands for 2022 have all been revised down, indicating that the demand derived from the effects of remote work and teaching and the stay-at-home economy has started to wane. In addition, the progress of the Russo-Ukrainian war will have a definite negative impact on the European region in 2023.

3. Future Market Growth

The launch of new high-end graphics cards and INTEL's new specifications will drive another wave of power supply product upgrades, and the market will undergo another reshuffle. Our company is actively developing products that meet the latest ATX 3.0 specifications to capture the market demand for new products.

(3) Competitive Advantage

1. Our company has established a good brand image with green, energy-saving appeals, and product reliability, positioning ourselves away from the low-cost competition strategies of competitors.
2. Our company focuses on technology and R&D, with over forty years of R&D experience, superior product design capabilities in the industry, continuously improving our technical level, leading the industry in the design and function of new products, and continuously developing quieter, more energy-saving, and more environmentally friendly power supplies.
3. Our company focuses on the development and production of high-end power supplies. The Seasonic brand is well-known in the industry, attracting many OEM/ODM businesses besides its own branded products.

(4) Favorable and unfavorable factors for future development and response strategies

1. Main Business Contents

A. Favorable factors

■ The long-term accumulated brand advantage continues to be the mainstream in the market and the first choice for consumers, as well as forming strategic alliances with well-known power supply brand customers to help OEMs or launch co-branded products, improving brand visibility.

■ The interchangeable power supply products are widely used, with the application in computers and communications accounting for the vast majority. The application in 5G communications, automotive electronics, IoT, etc., are also potential future fields.

■ Our company masters the development and design of key components and develops independently. A team with excellent R&D capabilities can develop high-end products, which will be more beneficial for long-term development.

■ In addition to consumer power supply products, we are also actively involved in the planning and R&D of industrial-grade power supply products to seize more business opportunities in cloud servers and industrial control systems.

■ During the China-US trade war, the import tariffs on Chinese power supply products into the United States increased. Our company has strategically cooperated with Malaysian power plants to produce MIM products, solving the US tariff problem.

B. Unfavorable Factors

■ The pattern of off-peak seasons is not as regular as before, and when the market suddenly becomes hot, there are often difficulties in adjusting production capacity, resulting in supply-demand gaps.

Response: Develop strategic partners to flexibly increase production capacity, and cooperate with outsourcing factories for low-technical operations, reserving the main production capacity for high-end products, OEM/ODM product production.

■ Consumer products market changes rapidly, and the life cycle of electronic products continues to shorten. Power supplies must accelerate new product development and shorten delivery time to meet customer needs.

Response: Product design is mostly modular design, which increases product variation possibilities for the same platform, and different new products can be derived by changing module combinations on the same platform.

2. Supply of Main Raw Materials

A. Favorable factors

■ Due to technological leadership, key component manufacturers are willing to share new material information and establish long-term close cooperation as Beta-side customers.

■ We have established a long-term stable supply relationship with major raw material suppliers, and the source of supply is stable, the quality is good, and the delivery and price can be better controlled.

■ Maintain close relationships with key component manufacturers, keep abreast of market supply and demand situations, and maintain the stability of supplies.

■ Attract long-term cooperation with high-quality suppliers with stable financial funds and payment terms.

B. Unfavorable Factors

■ The customized requirements of the end product market are gradually increasing, resulting in a large number of product numbers and short life cycles, and the use of materials is becoming more diversified, with small quantities and large styles, which is difficult to control the material readiness time.

Response: The business end must estimate the market for customers in advance, prepare materials a few months earlier than before, and increase safety stock to avoid production and shipment delays due to the inability to deliver materials on time. Regularly evaluate suppliers and assess the introduction of new manufacturers to improve supply quality and reduce costs. Strengthen the inspection capability and equipment of factory quality control, and cultivate the ability to purchase and evaluate preliminary reviews of local manufacturers on the mainland. Through overseas subsidiaries and customers, seek to purchase directly from original manufacturers or find good quality and reasonably priced alternative raw materials to directly control the source of supplies.

3. Sales of Main Products

A. Favorable Factors

■ With the increase in demand for e-sports-related peripheral products, channel merchants are actively raising awareness of establishing their own brands, and the demand for ODM of retail power supply products is gradually increasing. Compared with general assembly customers who pursue low costs, what ODM customers of retail products care more about are selling points that can segment the market, such as product performance and quietness. This is where our company, which is based on research and development and focuses on design and production, excels. It can also cooperate with retail product ODM customers who are good at marketing and packaging to jointly operate the market.

■ The rise of environmental awareness coupled with the panic of the energy crisis has made power-saving and energy-saving benchmarks for power supply products. Our company has long been committed to the development of high-efficiency power supply products. In addition to being the first globally to introduce active power factor correction, it was also the first to pass the 80 PLUS high-efficiency certification, the most stringent efficiency standard in the world. In 2008, it was the first to achieve 80 PLUS gold certification in high wattage multiple output power supplies over 500W, leading the industry in energy-saving performance and setting a good foundation for future product promotion and new product development.

■ Our company has won the favor of international manufacturers with its excellent quality, flexible delivery, and customized services.

B. Unfavorable Factors

■ The competition among power supply product peers is becoming increasingly fierce, and the prevalence of low-cost computers has led to a rapid decline in market prices.

Response Strategy

Our company strictly controls costs and is committed to shortening the product development cycle to meet the rapidly changing market demand. In addition, we enhance product management in the company, design modularization, simplify materials, achieve the economy of scale in design and production, and increase competitive advantage. For low-cost products that may not be competitive if developed on our own, we seek to cooperate with suitable manufacturers to create a win-win situation.

2020-2024年個人電腦預測--按產品類別（出貨量百萬）

產品分類	2020年出貨量	2020年市場份額	2024年出貨量	2024年市占率	2020-2024年復合增長率
桌機	72.8	17.10%	66	16.90%	-2.40%
可拆卸平板電腦	62.1	14.60%	57.3	14.70%	-2.00%
筆記型電腦	198.3	46.60%	193.8	49.70%	-0.60%
平板電腦	87.5	20.50%	65.4	16.80%	-7.00%
伺服工作站	5	1.20%	7.1	1.80%	8.90%
總計	425.7	100.00%	389.6	100.00%	-2.20%

- 所有數字均代表預測數據。
- 傳統的PC包括台式機，筆記型電腦和工作站。

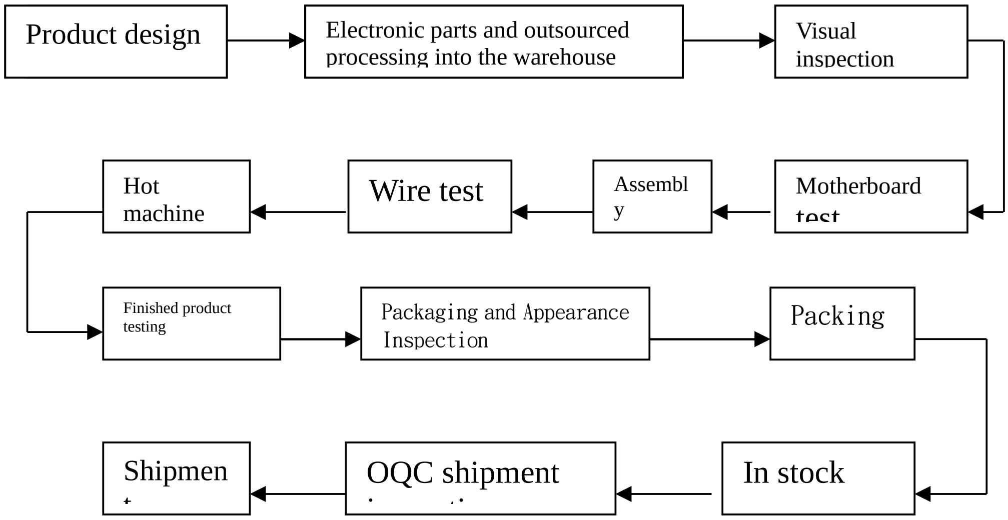
來源：IDC全球個人計算設備季度跟踪報告，2020年9月1日

(5) Important applications and production process of major products

1. Important uses

Major products	Important uses
Exchangeable power supply	Mainly used in desktop computers, servers, or communication networks and other host equipment, it converts AC power into DC power, provides stable voltage to ensure the function of application equipment, and is an indispensable part of the above equipment.

2. Main production process of major products



(6) Switching Power Supply

The main raw materials used in our company's products include fans, transformers, semiconductors, capacitors, transistors, etc. To ensure stable supply and diversify suppliers, in addition to maintaining long-term and close cooperative relations with current suppliers, we are continuously developing new formulas and suppliers in parallel to ensure uninterrupted supply and reduce costs.

(7) Names and purchase (sales) amount and proportion of customers accounting for more than 10% of total purchases (sales) in any year in the last two years, and explain the reasons for their changes.

1. Main customer data for the last two years

Unit: NT$1,000；%

	2021				2022				As of March 31, 2023			
Item	Name	Amount	Percentage of the total annual net purchasing amount (%)	Relationship with the issuer	Name	Amount	Percentage of the total annual net purchasing amount (%)	Relationship with the issuer	Name	Amount	Percentage of the total annual net purchasing amount (%)	Relationship with the issuer
	A	1,295,107	25.81%	None	A	541,201	21.18%	None	A	173,655	23.84%	None
									B	81,928	11.25%	None
	Other	3,722,392	74.19%		Other	2,013,641	78.82%		Other	472,796	64.91%	
	Net sales	5,017,499	100.00%		Net sales	2,554,842	100.00%		Net sales	728,379	100.00%	

Note 1: List the names and sales amount and proportion of customers accounting for more than 10% of total sales in the last two years. However, if it is stipulated in the contract that the customer's name or transaction counterparty cannot be disclosed or the transaction counterparty is an individual and not a related person, it can be represented by a code.

2. Main supplier data for the last two years

Unit: NT$1,000；%

	2021 年度				2022 年度				As of March 31, 2023			
Item	Name	Amount	Percentage of total annual net sales amount (%)	Relationship with the issuer	Name	Amount	Percentage of total annual net sales amount (%)	Relationship with the issuer	Name	Amount	Percentage of total annual net sales amount (%)	Relationship with the issuer
	AA	259,177	7.61%	None	AA	109,790	8.50%	None	AA	33,678	13.01%	None
	Other	3,147,335	92.39%		Other	1,181,311	91.50%		Other	225,237	86.99%	
	Net purchases	3,406,512	100.00%		Net purchases	1,291,101	100.00%		Net purchases	258,915	100.00%	

Note 1: List the names and purchase amount and proportion of suppliers accounting for more than 10% of total purchases in the last two years. However, if it is stipulated in the contract that the supplier's name or transaction counterparty cannot be disclosed or the transaction counterparty is an individual and not a related person, it can be represented by a code.

(8)Production Value for the past two years

Capacity. Capacity unit: Thousands of units Value: Unit: NT$1,000

Key products \ Production value \ Year	2021			2022		
	Capacity	Output	Output Value	Capacity	Output	Output Value
Power Supply	1,804	1,872	2,428,541	736	774	1,073,758
Others	-	-	-	-	-	-
Total	1,804	1,872	2,428,541	736	774	1,073,758

(9)Sales volume for the most recent 2 years

Capacity. Capacity unit: Thousands of units Amount: Unit: NT$1,000

Key products \ Sales volume \ Year	2021				2022			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Output	Value	Output	Value	Output	Value	Output	Value
Power Supply	80	153,822	1,957	4,666,925	77	150,318	837	2,334,040
Others	28	2,007	4,652	194,745	176	1,908	3,480	68,576
Total	108	155,829	6,609	4,861,670	253	152,226	4,317	2,402,616

(10)Historical Performance Indicators

Item \ Year			Financial Analysis for the Last Five Years					As of March 31, 2023
			2018	2019	2020	2021	2022	
Historical Performance Indicators	Return on Assets (%)		13.24	12.15	18.47	18.16	11.24	3.37
	Return on Equity (%)		19.52	17.53	31.55	31.86	17.23	4.89
	Ratio to Paid-in Capital (%)	Operating profit	45.03	47.76	109.90	127.03	53.82	21.45
		Pre-tax net profit	50.37	46.49	96.46	120.49	75.11	21.81
	Net profit margin (%)		13.27	13.18	15.70	15.00	17.62	18.17
	Earnings Per Share (NTD)		3.76	3.70	7.64	9.42	5.63	1.66

(11)Key performance indicators specific to the industry:

Item \ Year		Financial Analysis for the Last Five Years					As of March 31, 2023
		2018	2019	2020	2021	2022	
Operating Efficiency	Receivable Turnover Ratio (times)	6.69	6.01	6.38	5.99	3.90	5.98
	Average Collection Days	55	61	57	61	94	61
	Inventory Turnover Ratio (times)	2.45	2.05	3.07	3.12	1.64	2.11
	Average Sales Days	149	178	119	117	223	173
	Payable Turnover Ratio (times)	3.94	3.31	2.74	3.57	4.25	6.85
	Fixed Asset Turnover Ratio (times)	10.86	11.00	19.23	23.78	12.08	3.5
	Total Asset Turnover Ratio (times)	1.00	0.91	1.17	1.20	0.63	0.18

3. Number of employees in the most recent 2 years

2023/3/31

Year		2021 (Note)	2022 (Note)	2023 (Note)
Number of Employees	Direct Labor	138	106	169
	Indirect Labor	260	205	223
	Total	398	311	392
Average Age		35.06	37.18	35.31
Average Years of Service		5.1	7	5.3
Distribution of Educational Background	Doctorate	0.00%	0.00%	0.00%
	Master's	4%	5%	4%
	Bachelor's	32%	32%	28%
	High School	15%	20%	18%
	Below High School	49%	43%	50%

Note: The data for 2021 and 2022 is as of December 31 of each year, and the data for 2023 is as of March 31, 2023.

4. Environmental Protection Expenditure Information:

1. The total amount of losses (including compensation) and disposals due to environmental pollution in the last fiscal year and up to the date of publication of the annual report, and explain future response strategies (including improvement measures) and possible expenditures (including estimated losses, disposals, and compensations that may occur if no response measures are taken. If it is not possible to reasonably estimate, the fact that it cannot be reasonably estimated should be stated): None.
2. The company's response to the EU environmental directive (RoHS) is as follows:

All products of our company that are directly or indirectly exported to Europe have fully responded to the EU environmental directive.

5. Labor Relations

1. The company's various employee welfare measures, retirement system and its implementation, and the situation of agreements between labor and management

The company has set up an employee welfare committee, which has been approved by the Taipei City Government Labor Bureau on September 13, 1999. The company provides the following employee welfare measures:

(1) All employees join labor health insurance and group insurance.

(2) Arrangement of employee travel and leisure activities.

(3) Employee festival cash gifts and gifts.

(4) Special consolation money for employees.

(5) Special rewards for excellent employees.

(6) Clean and comfortable working environment.

(7) Hosting various skills and knowledge training courses.

(8) Better than legal wage vaccine leave.

(9) In response to epidemic prevention policies, strengthening disinfection operations in the workplace, implementing employee shift work and flexible working hours, significantly reducing the risk of employees getting infected.

(10) Employee Education and Training:

Our company has established an "Employee Education and Training Procedure" for colleagues to follow.

The training plan is divided into "internal training" and "external training".

1. Internal Training: The company is responsible for arranging dates, courses, venues, rosters, etc. The lecturers may be either employees or external hires.

2. External Training: The HR department is responsible for arranging "professional education institutions" to send personnel to attend classes based on the course schedule.

3. Statistics and expenditures related to our company's employee further education and training in 2022 are as follows:

Education and Training	Internal Training	External Training
Number of Trainees	578 (people)	565 (people)
Expenditure	0	112 thousand
Course Name (Organizing Unit)	◆Company Organization ◆Professional Manager Training Course	◆101 Project Management One-Day Special Training ◆Purchasing Novice Quick Start Practical Guide ◆Capacity Requirement Planning and Material Requirement Planning Practice Seminar ◆Power IC Circuit Analysis Design and Simulation ◆Functional Module Reliability Design Integrated Solution ◆Manufacturing Industry Material System Check Practical Edition ◆Power BI and Data Analysis Beginner's Course ◆Professional Risk Assessment and Management Skills ◆New Positioning of Internal Audit from Case Study ◆Insider Trading and False Financial Reporting Practice Discussion and Coping Methods ◆Practical Enterprise Understanding of Foreign Exchange Market and Risk Control ◆Common Deficiencies in Financial Report Review and Practical Analysis of Important Internal Control Regulations ◆Continuing Education for Accounting Managers ◆Performance and Compensation Planning Course for Chairman/CEO/General Manager ◆Talent Recognition Workshop ◆ISO9001 Internal Auditor Course

The full-time employees who joined the company before June 30, 2005, and are subject to the defined benefit plan, have all left the company or settled their years of service in 2022. Therefore, a case for refunding the balance of the labor retirement fund was processed in the fiscal year 2022. It was completed and cleared on December 5, 2022. Those who were cleared and are still in employment have additional protection for the new pension system.

In addition, according to the Labor Retirement Fund Act, the new pension system is allocated and deposited into the Labor Insurance Bureau's labor retirement fund special account for management.

2. The estimated amount of losses that the company has suffered and may possibly suffer in the future due to labor disputes up to the date of printing of the annual report, and the countermeasures. If it cannot be reasonably estimated, it should be stated that it cannot be reasonably estimated: None.

3. Employees have the right to equal employment by law. The company hires employees in accordance with national laws and regulations and local regulations, and does not discriminate based on ethnicity, race, gender, religious beliefs, etc.

4. The company is committed to gender equality. Pay and benefits, work arrangements, and position promotions are all based on organizational needs and the appropriateness of colleagues' professional abilities. There is no differential treatment due to gender. As of March 2023, female employees account for 45%, and female managers account for 37%.

5 The most recent losses suffered due to labor disputes up to the date of printing of the annual report: None.

Sea Sonic Electronics Co., Ltd.
Work Environment and Employee Personal Safety Measures

Our company aims to provide employees with a suitable, safe, growth-oriented, and enjoyable high-quality work environment, hence we have formulated this approach. Each subsidiary also sets related methods according to the laws and regulations of their local countries.

1. Work Environment

(1) Employee training and development: To enhance the competitiveness of our employees, each department plans professional training courses annually, including internal and external training, to maximize each employee's potential through talent training.

(2) Welfare measures: Our company has a welfare committee for employees. The committee organizes and promotes various welfare measures, including club subsidies, celebrations for marriage and funerals, birthday and annual gifts, Labor Day vouchers, Dragon Boat Festival vouchers, year-end party, etc. We also provide scholarships for employees' children and organize annual domestic and international trips for company staff to enhance camaraderie and boost employee morale.

2. Employee Personal Safety Measures

(1) Access security: The office has a stringent access control surveillance system around the clock, and there are security guards during the night and holidays to maintain the safety of personnel and property.

(2) Physical / Psychological health: In line with the promotion of government laws and policies, our company has a comprehensive smoking ban in the workplace to maintain the quality of the work environment. We also arrange health check-ups for employees to maintain their physical and mental health. We also have provisions for preventing and addressing sexual harassment.

(3) Insurance: In accordance with the law, labor insurance, health insurance, group insurance, and travel insurance are purchased. If an accident occurs, the personnel unit will assist in handling related insurance matters.

(4) Employee retirement system: Our company has established a retirement plan in accordance with the Labor Standards Act and its related regulations to reward employees for their professional services and stabilize their lives during employment or after retirement.

(5) Green production: Our company actively promotes green production and procurement. Both processes and raw materials meet the requirements of ROHS and REACH. We require all raw material suppliers to provide test reports of non-hazardous substances from credible verification units.

(6) Occupational disaster prevention: We have insured against fire and accident liability, formulated fire prevention plans for the workplace, and held fire drills regularly to protect the lives of employees and company property. In the factory, we also report to the competent authority for the inspection of public safety equipment for buildings and fire-fighting equipment as required by law. Standard operating safety procedures have also been established for the workplace for employees to follow.

In the factory, we also report inspections of public safety equipment such as buildings and fire-fighting equipment to the competent authorities in accordance with legal requirements. We also have standard operating safety procedures in the workplace for employees to follow.

6. Information Security Management:

(1) Information Security Risk Management Framework, Information Security Policy, Specific Management Plans, and Resources Dedicated to Information Security Management:

Information Security Risk Management Disclosure

1. Information Security Policy

1. Purpose

The purpose of the company's risk management is to clarify the risks that information assets may face through systematic risk assessment methods, then choose appropriate methods to manage them, reducing the risks to an acceptable level, as well as ensuring the security of data, systems, equipment, and networks. This provides an information environment for the continuous operation of our information business and meets the requirements of relevant regulations, protecting it from intentional or accidental threats from within and outside, hence this policy is established.

2. Scope of Application

(1) The scope of this system is set for the security management of information machine rooms operation and all system maintenance, to fully grasp the information operation and management process and meet various safety requirements and expectations.

(2) Information security management covers information records, business/technical/financial/purchasing information, mail system, ERP system, PLM system, HR payroll system, backup system. It aims to avoid risks and damages to the company caused by improper use of data, leakage, tampering, destruction, etc. due to human negligence, intentionality, or natural disasters.

(3) This system also includes personnel intentionally or negligently leaking company confidential information.

(4) This system also covers networks, communication, electricity, air conditioning, and other equipment and services.

(5) Matters not covered in this policy shall be handled in accordance with relevant laws and regulations and the company's relevant regulations.

(6) The company's internal personnel, outsourced service providers, and visitors should all comply with this policy.

3. Goal

Maintain the confidentiality, integrity, and availability of the company's information assets, and protect user data privacy. We aim to achieve the following goals through the joint efforts of all colleagues:

(1) Protect the company's business activity information, prevent unauthorized access and modification, and ensure its correctness and completeness.

(2) Establish a cross-departmental information security organization, formulate, promote, implement, and evaluate improvements in information security management matters.

(3) Ensure the company has an information environment available for continuous business operations.

(4) Implement an information security risk assessment mechanism to improve the effectiveness and timeliness of information security management.

2. Risk Management Organizational Structure

1. The board of directors appoints a director with information expertise to supervise the company's internal information security risk management related matters.

2. The general manager serves as the convener, coordinating and commanding the planning, review, correction, and implementation of risk management. Under the general manager, according to the company's organizational definition, relevant responsible units are responsible for promoting various risk management matters.

3. The information department is responsible for the risk assessment of major information assets, employee information security education and training, and information security internal audits.

Information Security Risk Management Organizational Structure	
Board of Directors	1. Appoint a director with information expertise to oversee the company's internal information security risk management matters.
President	1. Serve as the chief convener, coordinating the plan, review, modification, and implementation of risk management. The units under it, defined by the company's organization, are responsible for promoting various information security risk management.
President's Office	1. Evaluate the appropriateness of the company's various information security measures and asset security.
	2. Evaluate the benefits and risks of significant information security investments.
	3. Review contracts with related parties.
	4. Strengthen the concept of information security in all units to avoid strategic risks and reduce the risk of legal violations.
	5. Responsible for information security internal audit.
General Administration Department	1. Responsible for maintaining network security and the normal operation of the system, and for the establishment of data backup systems. Avoid the risk of network hacking or improper damage.
	2. Responsible for risk assessment and data protection mechanism of major information assets.
	3. Responsible for employee information security education and training
	4. Responsible for the information security of company financial data.
Brand Marketing Department /OEM BUSINESS DEPARTMENT	1. Responsible for the information security of company business, customers, and market layout and other confidential information.
	2. Responsible for the information security of new product planning and marketing strategy/promotion plan.
Materials Procurement Department	1. Responsible for the information security of company supplier data.
Product Development Department	1. Responsible for the information security of company technology and product confidential information.

3. Risk Management System

1. Inventory of information assets: Identify and inventory related information hardware and software assets, and establish a list of information hardware and software assets.

2. Evaluate information assets: Identify the value of assets based on the potential impact of the confidentiality, integrity, and availability of information assets being compromised.

(1) Confidentiality Evaluation: The confidentiality of information assets is evaluated by classifying the information and its usage permissions into four levels: low, medium, high, and very high.

(2) Availability Evaluation: The availability of information assets is assessed by the need for authorized users to normally use the information and processing equipment when needed to access them during the information processing process. The evaluation focuses on the need for the information asset to remain operational during its use. It also uses a four-level classification: low, medium, high, and very high.
3. Identify Threats/Vulnerabilities: Manage potential threats that each information asset may encounter during its use or processing process, as well as vulnerabilities that threats may exploit.
4. For each information asset, if either the confidentiality or availability security requirement is high or very high, immediately analyze the possibility of threats and the impact on the organization due to vulnerabilities, to identify its risk. As for information assets where any one of the security requirements for confidentiality, integrity, and availability is medium or below, a "threat/vulnerability analysis" also needs to be conducted. Carry out security control for "unacceptable risks", and protect the rest of the assets according to relevant regulations.
5. Identify external threat sources, such as hackers using specific methods of attack, which have different risk possibilities and are classified into three levels: low, medium, high.
6. Assessing the impact: Depending on the vulnerabilities of the information assets being exploited by threats, the impact on the organization is categorized into three levels: minor, moderate, and severe.
7. According to the above steps, low is 1 point, medium is 2 points, high is 3 points, and very high is 4 points. Risk Assessment = (Confidentiality + Availability) * Threat Occurrence Rate * Impact Level. Fill in as follows:

Cyber Security Risk Management Evaluation Table

Sea Sonic Electronics Co., Ltd. Risk Evaluation Table							
Identification and Evaluation of Information Assets					Risk Evaluation (Assessment and Analysis)		
NO	Asset	Asset Value Evaluation			Threat Identification	Impact Analysis	Risk Assessment
		Confidentiality	Availability	Total (Confidentiality + Availability)	Threat Occurrence Rate	Impact Level	Risk Level (Total * Threat Occurrence Rate * Impact Level)
01	Nutanix Virtualization	Top(4)	Top(4)	(8)	Lo (1)	Lo (1)	C(16)
02	ERP system	Hi(3)	Hi (3)	(6)	Lo (1)	中(2)	C(12)
03	PLM system	Mi(3)	Hi (3)	(6)	Lo (1)	中(2)	C(12)
04	Mail system	Mi(2)	Mi (2)	(4)	Lo (1)	Lo (1)	D(4)
05	Personnel payroll	Mi(2)	Mi(2)	(4)	Lo (1)	中(2)	D(8)
06	Backup system (Commvault)	Mi (2)	Lo (1)	(3)	Lo (1)	Lo (1)	D(3)
07	Access control system	Mi (2)	Lo (1)	(3)	Lo (1)	Lo (1)	D(3)
08	Firewall (Sophos)	Hi (4)	Hi (4)	(8)	Mi (2)	Lo (1)	C(16)
09	Wireless sharing device (Aruba)	Mi (2)	Lo (1)	(3)	Lo (1)	Lo (1)	D(3)
10	VPN (Network voice)	Mi (2)	Lo (1)	(3)	Lo (1)	Lo (1)	D(3)
11	UPS	Mi (2)	Lo (1)	(3)	Lo (1)	Lo (1	D(3)
12	Personal PC	Mi (2)	Lo (1)	(3)	Lo (1)	Lo (1)	D(3)
13	Fire extinguisher	Lo (1)	Lo (1)	(2)	Lo (1)	Lo (1)	D(2)
14	Air conditioning	Lo(1)	Lo (1)	(2)	Lo (1)	Lo (1)	D(2)

Evaluation of Information Assets:

The value of information assets is assessed based on the potential impact of the confidentiality, integrity, and availability of the information assets being compromised.

Confidentiality:

The confidentiality assessment of information assets is for classifying information and its permission requirements. The evaluation principles are as follows:

Confidentiality Classification	Rating	Description and Impact
Lo	1	Information Records: (1) The impact on the company can be ignored after the disclosure of public information records. (2) Information records that the general public can obtain. Computer System: In the event of an intrusion or unauthorized access, it will not affect any business of the company. Personnel: When personnel leak information or unauthorized access occurs, it will not affect any business of the company. Services: When the content of the service is leaked or unauthorized access occurs, it will not affect any business of the company.
Mi	2	Information Records: (1) Disclosure of information records will affect the implementation of the company's business or damage its reputation. (2) Information records that all internal colleagues can obtain. Computer System: When the computer system is intruded upon or unauthorized access occurs, it only affects the business of the person in charge. Personnel: When personnel leak information or unauthorized access occurs, it only affects the business of the person in charge. Services: When the content of the service is leaked or unauthorized access occurs, it only affects the business of the person in charge.
Hi	3	Information Records: (1) Disclosure of information records will affect the execution of the company's business or lead to punishment of the person in charge and the supervisor. (2) Information records that all related colleagues in the department can obtain; others must be authorized by the unit supervisor. Computer System: When the computer system is intruded upon or unauthorized access occurs, it can significantly affect the execution of the company's business. Personnel: When personnel leak information or unauthorized access occurs, it can significantly affect the execution of the company's business. Services: When the content of the service is leaked or unauthorized access occurs, it can significantly affect the execution of the company's business.

Confidentiality Classification	Rating	Description and Impact
TOP	4	Information Records: (1) Disclosure of information records will cause the company to face violations of laws and regulations or damage to its reputation, and the person responsible for the company may face stepping down. (2) Information records that only specific colleagues can obtain; others must be authorized by the department supervisor. Computer System: When the computer system is intruded upon or unauthorized access occurs, it can significantly affect the overall operation of the company's business. Personnel: When personnel leak information or unauthorized access occurs, it can significantly affect the overall operation of the company's business. Services: When the content of the service is leaked or unauthorized access occurs, it can significantly affect the overall operation of the company's business.

Usability

The evaluation of the usability of information assets assesses the extent to which authorized users can normally use information and processing equipment when needed during the process of information acquisition and its processing. The focus of the evaluation is to assess the time requirement for information assets to maintain normal operation during their use. The evaluation principles are as follows:

Availability Classification	Rating	Description and Impact
Low	1	Computer system: When the computer system breaks down or cannot be used, it does not affect any company business, or the impact can be ignored (it is acceptable for the information system recovery time to exceed seven days). Physical equipment: When physical equipment breaks down or cannot be used, it does not affect any company business, or the impact can be ignored (it is acceptable for the information system equipment recovery time to exceed seven days).
Medium	2	Computer system: When the computer system breaks down or cannot be used, it only affects the business of the person in charge (information system recovery time can be accepted within three days). Physical equipment: When physical equipment breaks down or cannot be used, it only affects the business of the person in charge (information system equipment recovery time can be accepted within three days).

Availability Classification	Rating	Description and Impact
High	3	Computer system: When the computer system breaks down or cannot be used, it can affect the execution of company business (information system recovery time should be less than one day). Physical equipment: When physical equipment breaks down or cannot be used, it can affect the execution of company business (information system equipment recovery time should be less than one day).
Very High	4	Computer system: When the computer system breaks down or cannot be used, it can affect the overall execution of company business (information system recovery time should be less than 12 hours). Physical equipment: When physical equipment breaks down or cannot be used, it can affect the overall execution of company business (information system equipment recovery time should be less than 12 hours).

Identify Threats/Vulnerabilities
For each information asset, identify the threats it may encounter during its use or processing, as well as the vulnerabilities that threats may exploit. For each information asset, if the confidentiality and usability of any security requirement are high (3) or very high (4), an analysis of the possibility of threats and the impact of vulnerabilities on the organization should be conducted immediately to identify the risk. For those with medium (2) or lower security requirements, a "threat/vulnerability analysis" should also be conducted. For "unacceptable risks," implement safety controls, and protect other assets according to relevant regulations. External threats, such as hacker attacks that damage, destroy, or leak information assets, can pose different risks depending on the possibility of threats and the ease of vulnerability exploitation.

Possible levels:

Likelihood	Rating	Explanation	Classification Definition
Low	1	Unlikely to occur	1. Although the event or threat has not occurred, it may occur 2. Happens less than once on average per year
Medium	2	May occur	1. May happen more than once on average per year, less than 6 times
High	3	High probability of occurrence	1. May happen more than 6 times on average per year

Rank definition explanation:
Human prevention: Preventing information security incidents caused by threats due to human attention.
Examples of human prevention: An outsider trying to sneak into the office is stopped, the hard disk is replaced before it fails, the network bandwidth is increased when it's about to be fully loaded, frequent network attacks fail...

The number and frequency of security incidents are estimated based on users' past impressions and experiences.
If there are clear event statistics in the past, use statistical data for evaluation.

Impact level: The impact of the organization when vulnerabilities of information assets are exploited by threats

Rating	Impact Level	Explanation of Classification Definition
1	Minor	1.No impact on the company's image 2.Data leakage or tampering does not affect personal rights, and data does not need to be re-acquired 3.The company can accept this asset/service being unavailable or only affecting non-core business for more than 3 days 4.The loss to the company is less than 1 million yuan 5.The threat will not cause any impact on laws and regulations
2	Moderate	1. It has a certain impact on the company's image. 2. Data leakage or tampering causes damage to the rights and interests of a few individuals. 3. Data damage/loss can be immediately restored through backup data. 4. The company can accept that this asset/service cannot be used or causes slow execution of core business within 1 day. 5. The loss amount caused to the company exceeds 1 million yuan but is less than 10 million yuan. 6. This threat will cause colleagues and their direct superiors to be punished by the company's high-level management.
3	Severe	1. It has a severe impact on the company's image, and this threat has a severe impact on the company (negative reports from the internet/news media). 2. Data leakage or tampering causes massive damage to personal rights and interests. 3. Data is damaged/lost and the company has no backup data to recover or the recovery time exceeds 12 hours. 4. The company cannot accept that this asset/service cannot be used or causes the core business to completely stop. 5. The loss caused to the company exceeds 10 million yuan. 6. This threat will cause a serious violation of laws and regulations, and senior managers will have to step down.

Setting risk levels: Risk levels are represented from highest to lowest as A, B, C, D respectively. Explanation of the meaning represented by the risk level:

Level	Risk Acceptance Level	Explanation
A	Unacceptable (37< Value at Risk <72)	Risk is unacceptable and may affect the operation of the company or the overall business. Risk management should be prioritized if necessary.
B	Unacceptable (19< Value at Risk <36)	Risk is unacceptable and may affect the operation of some systems or departments of the company. Risk management should be timely.
C	Acceptable (10< Value at Risk <18)	Risk is acceptable and may affect the operation of local systems, departmental business or individual work. The trend of rising risk values needs to be regularly reviewed.
D	Acceptable (1< Value at Risk <9)	Risk is acceptable and the impact on system or business operations is limited. Existing security measures can be used for control.

According to the self-assessment results of the company's information security risk evaluation worksheet, there is no significant risk at present.

5. Specific management plan and resources invested in information security management:

1. In 2023, it is planned to upgrade the operating system related to information security of two ADs to enhance network security protection.
2. Join the cybersecurity fleet protection of Taiwan Telecom in the network environment to prevent hacker attacks at the front end. The organization will also periodically notify security vulnerability bulletins.
3. Social engineering protection training: Given the ever-innovating scam methods of emails, use Trend PhishInsight to periodically send social engineering emails for testing and raise the alertness of Hyun Electronics employees.
4. Join the Taiwan CERT/CSIRT Alliance, which will periodically provide information security intelligence, share hacker invasion methods, and need to block malicious IP.
5. Purchase Nod 32 antivirus software to strengthen PC protection and avoid being hacked.
6. Introduce Privacy Guardian encryption software to prevent the leakage of confidential files.
7. The system architecture is changed from the traditional three-tier architecture to the super-converged virtualization architecture, establish remote backup, and

support employees to work from home when the epidemic is severe.

8. Make 8 rules for cyber security and anti-hacking propaganda to remind employees of necessary compliance.

(2)Losses, possible impacts, and countermeasures due to major information security incidents in the recent fiscal year and as of the date of the annual report printing: None.

7. Important contracts (currently valid and contracts that will expire in the next fiscal year, such as supply and purchase contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and other important contracts that can affect the rights and interests of investors)

Contract Nature	Parties	Contract Start and End Date	Main Content	Restrictive Clauses
Sales Contract	X	2009.07.28～To termination of cooperation	Product Sales	None

V. Financial Overview

1. Brief Balance Sheet and Income Statement for the Past Five Years

(1) Brief Balance Sheet and Income Statement - International Financial Reporting Standards

1. Brief Balance Sheet - International Financial Reporting Standards (Consolidated)

Unit: NT$1,000

Item \ Year		Financial information for the last five years					As of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		2,030,617	2,310,819	3,529,592	3,775,658	3,313,226	3,589,627
Property, plant and equipment		211,818	195,663	209,166	212,775	210,138	205,846
Intangible assets		-	-	-	-	10,000	18,000
Other Assets		50,500	109,106	288,419	321,229	314,627	304,166
Total assets		2,292,935	2,615,588	4,027,177	4,309,662	3,847,991	4,117,639
Current liabilities	Before distribution	578,723	747,820	1,751,730	1,043,470	550,874	687,340
	After distribution	778,606	947,703	2,151,496	1,443,236	-	-
Non-current liabilities		72,646	137,058	132,244	683,302	654,410	654,982
Total liabilities	Before distribution	651,369	884,878	1,883,974	1,726,772	1,205,284	1,342,322
	After distribution	851,252	1,084,761	2,283,740	2,126,538	-	-
Total equity attributable to owners of parent		1,641,566	1,730,710	2,143,203	2,582,890	2,642,707	2,775,317
Share Capital		799,532	799,532	799,532	799,532	799,532	799,532
Capital reserve		-	-	-	95,714	95,714	95,714
Capital reserve	Before distribution	855,391	950,952	1,362,810	1,715,164	1,765,624	1,897,979
	After distribution	655,508	751,069	963,044	1,315,398	-	-
Other Equity		(13,357)	(19,774)	(19,139)	(27,520)	(18,163)	(17,908)
Other Equity		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total Equity	Before distribution	1,641,566	1,730,710	2,143,203	2,582,890	2,642,707	2,775,317
	After distribution	1,441,683	1,530,827	1,743,437	2,183,124	-	-

Note 1: The consolidated financial reports from 2018 to 2022 have all been audited by accountants; the consolidated financial report for the first quarter of 2023 has been reviewed by accountants.

Note 2: The above-mentioned numbers after distribution are filled in according to the resolution of the shareholders' meeting of the following year.

Note 3: The profit distribution plan for 2022 has not yet been resolved by the shareholders' meeting.

2. Brief Consolidated Income Statement - International Financial Reporting Standards

Unit: NT$1,000

Year / Item	Financial information for the last five years					As of March 31, 2023
	2018	2019	2020	2021	2022	
Turnover	2,265,865	2,241,902	3,891,875	5,017,499	2,554,842	728,379
Gross profit	683,474	709,093	1,233,634	1,491,645	776,752	471,866
Net Operating Profit and Loss	360,020	381,817	878,676	1,015,670	430,327	171,531
Non-operating income and expenses	42,705	(10,096)	(107,456)	(52,313)	170,163	2,865
Net profit (loss) before tax	402,725	371,721	771,220	963,357	600,490	174,396
Net profit (loss) for the period from continuing operations	300,568	295,505	611,132	752,829	450,226	132,355
Net profit (loss) from discontinued operations	-	-	-	-	-	-
Net profit (loss) for the period	300,568	295,505	611,132	752,829	450,226	132,355
Other comprehensive income for the period (Net of tax)	(714)	(6,478)	1,244	(8,657)	9,357	255
Total comprehensive profit or loss for the period	299,854	289,027	612,376	744,172	459,583	132,610
Net profit attributable to owners of the parent company	300,585	295,505	611,132	752,829	450,226	132,355
Net profit attributable to non-controlling interests	(17)	-	-	-	-	
Total comprehensive income attributable to the owners of the parent company	299,871	289,027	612,376	744,172	459,583	132,610
Total comprehensive income attributable to non-controlling interests	(17)	-	-	-	-	-
Earnings per share (NTD)	3.76	3.70	7.64	9.42	5.63	1.66

Note 1: The consolidated financial reports from 2018 to 2022 have all been audited by accountants; the consolidated financial report for the first quarter of 2023 has been reviewed by accountants.

3. Brief Balance Sheet - International Financial Reporting Standards (Individual)

Unit: NT$1,000

Item \ Yerar		Financial information for the last five years				
		2018	2019	2020	2021	2022
Current assets		1,494,617	1,661,449	2,565,203	2,755,856	2,831.132
Investments accounted for using the equity method		478,482	587,007	520,844	389,567	343,882
Property, plant and equipment		164,073	157,596	175,105	175,806	183,132
Intangible assets		-	-	-	-	-
Other assets		11,027	23,872	205,230	230,805	221,872
Total assets		2,148,199	2,429,924	3,466,382	3,552,034	3,580,018
Current liabilities	Before distribution	387,518	587,721	1,240,352	322,349	274,810
	After distribution	587,401	787,604	1,640,118	722,115	-
Non-current liabilities		119,115	111,493	82,827	646,795	662,501
Total liabilities	Before distribution	506,633	699,214	1,323,179	969,144	937,311
	After distribution	706,516	899,097	1,722,945	1,368,910	-
Share Capital		799,532	799,532	799,532	799,532	799,532
Capital reserve		-	-	-	95,714	95,714
Retain surplus	Before distribution	855,391	950,952	1,362,810	1,715,164	1,765,624
	After distribution	655,508	751,069	963,044	1,315,398	-
Other equity		(13,357)	(19,774)	(19,139)	(27,520)	(18,163)
Treasury stock		-	-	-	-	-
Total Equity	Before distribution	1,641,566	1,730,710	2,143,203	2,582,890	2,642,707
	After distribution	1,441,683	1,530,827	1,743,437	2,183,124	-

Note 1: The individual financial reports from 2018 to 2022 have all been audited by accountants.

Note 2: The above-mentioned numbers after distribution are filled in according to the resolution of the shareholders' meeting of the following year.

Note 3: The profit distribution plan for 2022 has not yet been resolved by the shareholders' meeting.

4. Brief Income Statement - International Financial Reporting Standards (Individual)

Unit: NT$1,000

Item \ Year	Financial information for the last five years				
	2018	2019	2020	2021	2022
Turnover	2,403,330	1,812,410	3,607,682	4,815,638	2,396,811
Gross profit	526,470	465,330	824,262	1,245,798	674,076
Net operating Profit and Loss	360,932	303,115	618,290	997,227	474,717
Non-operating income and expenses	45,183	43,791	121,701	(44,466)	100,630
Net profit (loss) before tax	406,115	346,906	739,991	952,761	575,347
Net profit (loss) for the period from continuing operations	300,585	295,505	611,132	752,829	450,226
Net profit (loss) from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	300,585	295,505	611,132	752,829	450,226
Other comprehensive income (net of tax) for the period	(714)	(6,478)	1,244	(8,657)	9,357
Total comprehensive income for the period	299,871	289,027	612,376	744,172	59,583
Earnings per share (NTD)	3.76	3.70	7.64	9.42	5.63

Note 1: The individual financial statements for the years 2018 to 2022 have been audited by our auditors.

(2) Name and Audit Opinion of the Accountant for the Last Five Years

1. Names and audit opinions of accountants for the last five years

Year	CPA	Firm	Opinion
2018	CHEN, GUI-MEI WANG, WU-CHANG	Crowe (TW) CPAs	unqualified opinion
2019	WANG, WU-CHANG GAO-PEI	Crowe (TW) CPAs	unqualified opinion
2020	LIN, ZHI-LONG GAO-PEI	Crowe (TW) CPAs	unqualified opinion
2021	LIN, ZHI-LONG CHEN, ZHAO-HUI	Crowe (TW) CPAs	unqualified opinion
2022	LIN, ZHI-LONG CHEN, ZHAO-HUI	Crowe (TW) CPAs	unqualified opinion

2. Whether there has been a change of accountants in the past five years: No

2. Financial Analysis for the Past Five Years

(1) Financial Analysis - International Financial Reporting Standards

1. Financial Analysis - International Financial Reporting Standards (Consolidated)

Item	Year	Financial Analysis for the Last Five Years					As of March 31, 2023
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt to assets ratio	28.41	33.83	46.78	40.07	31.32	32.60
	Long-term capital to property, plant and	809.29	954.58	1,087.87	1,535.05	1,569.02	1,666.44
Solvency (%)	Mobility Ratio	350.88	309.01	201.49	361.84	601.45	522.25
	Quick Ratio	206.66	215.62	137.62	234.36	404.00	388.65
	Interest cover multiplier	451.98	112.09	269.44	194.29	62.87	75.02
Operating Capabilities	Receivables turnover rate (times)	6.69	6.01	6.38	5.99	3.90	5.98
	Average number of days of receipt	55	61	57	61	94	61
	Inventory turnover rate (times)	2.45	2.05	3.07	3.12	1.64	2.11
	Turnover rate of accounts payable	149	178	119	117	223	173
	Average number of sales days	3.94	3.31	2.74	3.57	4.25	6.85
	Property, plant and equipment turnover	10.86	11.00	19.23	23.78	12.08	3.5
	Total Asset Turnover (Times)	1.00	0.91	1.17	1.20	0.63	0.18
Profitability	Return on Assets (%)	13.24	12.15	18.47	18.16	11.24	3.37
	Return on Equity (%)	19.52	17.53	31.55	31.86	17.23	4.89
	Net income before income tax to paid-in capital (%)	50.37	46.49	96.46	120.49	75.11	21.81
	Net profit rate (%)	13.27	13.18	15.70	15.00	17.62	18.17
	Earnings per share (NT$)	3.76	3.70	7.64	9.42	5.63	1.66
Cash Flow	Cash flow ratio (%)	-6.62	80.31	41.14	-12.46	115.81	58.57
	Cash flow fair ratio (%)	70.74	125.68	106.05	72.16	88.56	106.65
	Cash reinvestment ratio (%)	-7.27	20.73	22.02	-15.67	6.97	11.31
Leverage	Operating leverage	0.96	1.55	1.29	1.36	1.65	1.32
	Financial leverage	1.00	1.00	1.00	1.00	1.02	1.01

Financial Analysis - International Financial Reporting Standards (Consolidated)
Reasons for changes of more than 20% in various financial ratios in the past two years:

1. Debt to Asset Ratio (%): Mainly due to reduced market demand in 2022, which led to a decrease in current assets and current liabilities compared to the same period last year, hence the ratio decreased.
2. Current Ratio (%) / Quick Ratio (%): Mainly due to decreased demand for raw materials in 2022 due to reduced market demand, resulting in less payable accounts compared to the same period last year, hence the ratio increased.
3. Interest Coverage Ratio (%): Mainly due to decreased net profit before income tax and interest expense compared to the same period last year, and increased interest expense on corporate bonds, hence the interest coverage ratio decreased.
4. Accounts Receivable Turnover (times) / Average Collection Days / Inventory Turnover (times) / Average Selling Days: Mainly due to decreased market demand in 2022, leading to decreased accounts receivable and cost of goods sold compared to the same period last year, hence turnover decreased and collection and selling days increased.
5. Property, Plant and Equipment Turnover (times) / Total Asset Turnover (times): Mainly due to decreased sales revenue in 2022 due to reduced market demand, resulting in relatively lower net profit for the period, hence the turnover ratio decreased.
6. Return on Assets (%) / Return on Equity (%) / Pre-tax Profit to Paid-in Capital Ratio (%): Mainly due to decreased pre-tax profit compared to the same period.
7. Earnings Per Share (NTD): Mainly due to decreased net income attributable to the parent company in 2022 compared to the same period last year, resulting in decreased earnings per share.
8. Cash Flow Ratio (%) / Cash Flow Adequacy Ratio (%) / Cash Reinvestment Ratio (%):
This is mainly due to the decrease in market demand in 2022 and active inventory reduction, thus accounts receivable

and inventory were less than the same period last year, leading to a net cash inflow from operating activities. Hence, the cash flow ratio, cash reinvestment ratio, and cash reinvestment ratio all increased compared to the same period last year. 9. Operational Leverage: The main reason is that the net operating income was less than the same period last year, causing operational leverage to increase.

Note 1: The consolidated financial reports from 2018 to 2022 have been audited by accountants; the first quarter of 2023 consolidated financial report has also been reviewed by the accountant.

2. Financial Analysis - International Financial Reporting Standards (Individual)

Item	Year	Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt to assets ratio (%)	23.58	28.78	38.17	27.78	26.18
	Long-term capital to	1,073.11	1,168.94	1,271.25	1,837.07	1,804.82
Solvency (%)	Current Ratio (%)	385.69	282.69	206.81	854.93	1,030.21
	Quick Ratio (%)	381.49	271.23	194.04	815.96	906.04
	Interest coverage multiple	455.78	8,673.65	21,765.44	380.28	77.56
Operating Capabilities	Receivables turnover rate	3.61	2.69	4.24	4.22	2.49
	Average number of days to	101	136	86	86	147
	Inventory turnover rate	109.77	33.52	24.47	25.32	11.44
	Average sales days	3	11	15	14	32
	Turnover rate of accounts	5.58	3.99	3.77	7.23	106.85
	Property, plant and	14.38	11.27	21.69	27.45	13.36
	Total assets turnover rate	1.10	0.79	1.22	1.37	0.67
Profitability	Return on Assets (%)	13.83	12.91	20.73	21.51	12.79
	Return on equity (%)	19.52	17.53	31.55	31.86	17.23
	Net income before income	50.79	43.39	92.55	119.16	71.96
	Net Income Ratio (%)	12.51	16.30	16.94	15.63	18.78
	Earnings per share (NT$)	3.76	3.70	7.64	9.42	5.63
Cash Flow	Cash flow ratio (%)	47.92	72.42	56.29	-23.64	298.89
	Cash flow allowance ratio	109.32	139.29	147.21	105.34	138.54
	Cash reinvestment ratio (%)	4.88	11.70	21.51	-14.27	12.38
Leverage	Operating leverage	1.53	1.24	1.31	1.25	1.34
	Financial leverage	1.00	1.00	1.00	1.00	1.02

The reasons for the changes in various financial ratios in the past two years reaching 20% are:

1. Curren Ratio (%):

This is mainly due to the decrease in market demand in 2022, leading to a reduction in raw material demand, causing accounts payable to be less than the same period last year, hence the ratio increased.

2. Interest Coverage Ratio (%):

This is mainly due to the decrease in pre-tax income and interest expenses compared to the same period last year, and the company's interest payments increased compared to the same period last year, hence the interest coverage ratio decreased.

3. Accounts Receivable Turnover (times) / Average Collection Days / Inventory Turnover (times) / Average Days to Sale:

This is mainly because the market demand in 2022 decreased, leading to a decrease in accounts receivable and cost of goods sold compared to the same period last year, hence the turnover rate decreased leading to an increase in collection days and days to sale.

4. Accounts Payable Turnover (times): This is mainly because market demand decreased in 2022, hence there was a reduction in inventory stocking, causing accounts payable to be less than the same period last year, hence the turnover rate decreased. 5. Turnover of Property, Plant and Equipment (times) / Total Assets Turnover (times): This is mainly because market demand decreased in 2022, leading to a decrease in sales revenue. Net income for the current period decreased accordingly, causing both turnover and return rates to decrease. 6. Return on Assets (%) / Return on Equity (%) / Ratio of Pre-tax Income to Paid-in Capital (%): This is primarily due to the decrease in pre-tax income compared to the same period. 7. Net Profit Margin (%): This is mainly because the market demand decreased in 2022, causing sales revenue to decrease by 50% compared to the same period last year, hence the net profit margin increased. 8. Earnings per share (dollar): This is mainly because the after-tax profit attributable to the parent company in 2022 was less than the same period last year, resulting in a decrease in earnings per share. 9. Cash Flow Ratio (%) / Cash Flow Adequacy Ratio (%) / Cash Reinvestment Ratio (%): The primary reason is that in the fiscal year 2022, due to a decrease in market demand, the receivables decreased compared to the same period last year, leading to net cash inflow from operating activities. Therefore, the cash flow ratio, the cash reinvestment ratio, and the cash reinvestment ratio all increased compared to the same period last year.

Note 1: The individual financial reports from 2018 to 2022 have all been audited by accountants.

Note 2: The calculation formulas for financial ratios are listed as follows:

1. Financial Structure

(1) Debt-to-assets ratio = Total liabilities / Total assets.

(2) Long-term funds to property, plant, and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant, and equipment.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.

(3) Interest coverage ratio = EBIT (Earnings before Interest and Taxes) / Interest expenses for the period.

3. Operational Capability

(1) Receivables turnover ratio = Net sales / Average receivables balance for each period.

(2) Average collection period = 365 / Receivables turnover ratio.

(3) Inventory turnover ratio = Cost of goods sold / Average inventory.

(4) Payables turnover ratio = Cost of goods sold / Average payables balance for each period.

(5) Average days in inventory = 365 / Inventory turnover ratio.

(6) Fixed asset turnover ratio = Net sales / Average net fixed assets.

(7) Total asset turnover ratio = Net sales / Average total assets.

4. Profitability

(1) Return on assets = (Net income after tax + Interest expense * (1 - tax rate)) / Average total assets.

(2) Return on equity = Net income after tax / Average total equity.

(3) Net profit margin = Net income after tax / Net sales.

(4) Earnings per share = (Net income attributable to the parent company - preferred stock dividends) / Weighted average number of shares outstanding.

5. Cash Flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities over the last five years / Capital expenditure + increase in inventory + cash dividends over the last five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross property, plant, and equipment + long-term investment + other non-current assets + working capital).

6. Leverage

(1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / Operating profit.

(2) Financial leverage = Operating profit / (Operating profit - Interest expense).

3. Audit Committee’s Review Report on the 2022 Financial Statements

Audit Committee Report

The Board of Directors had prepared and submitted the 2022 Financial Statements (including the parent company only and consolidated statements). The audit of the financial statements was completed by CPA LIN, ZHI-LONG and CHEN, ZHAO-HUI at Crowe (TW) CPAs) Crowe (TW), and an audit report was issued. The audit of the aforementioned statements, along with issues such as the business reports and the report of earning distribution, submitted by the Board of Directors was conducted by the audit committee, and no inconsistency was found. The audit report was issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours sincerely,

2023 Shareholders General Meeting of Sea Sonic Electronics Co., Ltd.

Convener: HUANG, CHIN-HSIANG

Mar.21, 2023

4. 2022 Consolidated Financial Statements audited by CPAs

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

國富浩華聯合會計師事務所
Crowe (TW) CPAs
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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.

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.

<u>Valuation of receivables</u>
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.

<u>Valuation of inventories</u>
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.

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 financia1 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 ethica1 requirements regarding independence, and to communicate with them all re1ationships 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.

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 21, 2023

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

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.

Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

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.
Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

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

Item	Equity attributable to owners of the parent							
			Retained earnings			Other equity items		
	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.

Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

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.

Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

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.

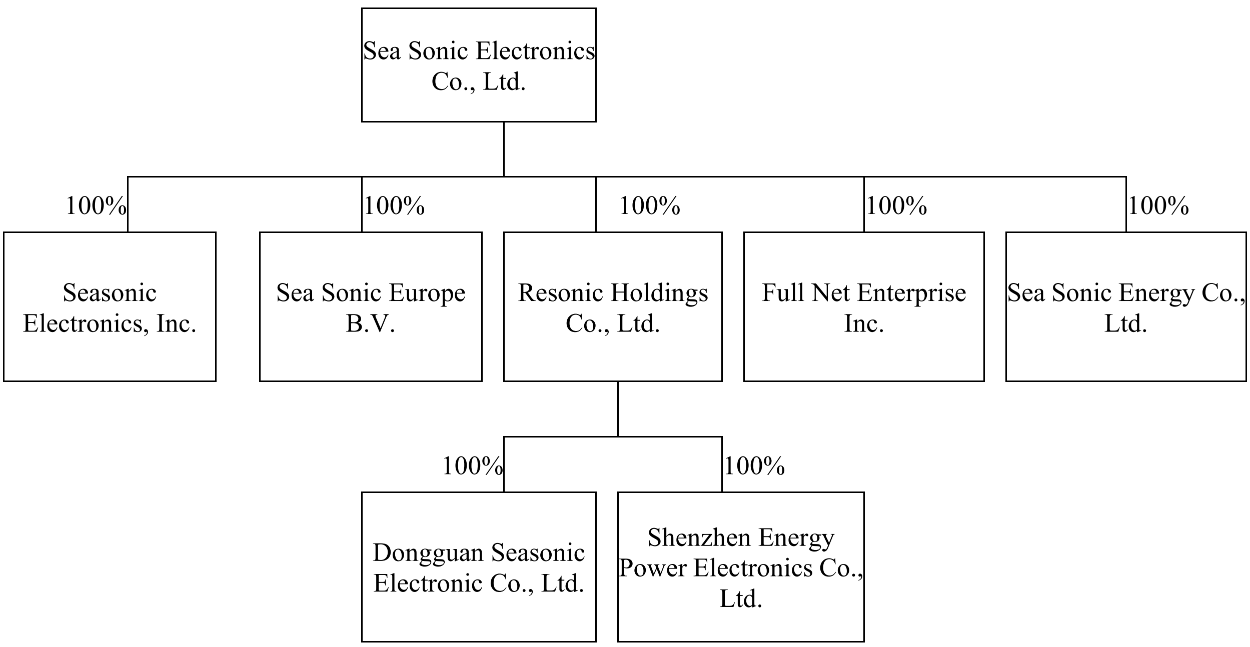
c Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests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

Investor	Subsidiaries	Main Businesses	Percentage of Ownership 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.

<u>Right-of-use assets</u>

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.

Employees' compensation and directors' and supervisors' remuneration

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

Termination benefits

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

Business model assessment for financial assets

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

	Land	Buildings	Machinery	Other equipment	Total
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	Buildings	Transportation equipment	Total
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 :

Item	2022	
	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

	2022		
Nature	Operating costs	Operating expenses	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

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

The above employee compensations are distributed in cash.

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

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

6.28 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

<table>
<tr><th rowspan="2">Purchaser/seller</th><th rowspan="2">Counterparty</th><th rowspan="2">Relationships with the counterparty</th><th colspan="4">Transaction</th><th colspan="2">Differences in transaction terms compared to third party transactions</th><th colspan="2">Notes/accounts receivable (payable)</th><th rowspan="2">Footnote</th></tr>
<tr><th>Purchases (Sales)</th><th>Amount</th><th>Percentage of total purchases (sales)</th><th>Credit term</th><th>Unit Price</th><th>Credit term</th><th>Balance</th><th>Percentage of total notes/accounts receivable (payable)</th></tr>
<tr><td rowspan="4">Sea Sonic Electronics Co., Ltd.</td><td>Full Net Enterprise Inc.</td><td>Subsidiary</td><td>Purchases</td><td>$ 1,710,507</td><td>97.01%</td><td>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</td><td>-</td><td>-</td><td>$ -</td><td>-</td><td></td></tr>
<tr><td>Seasonic Electronics, Inc.</td><td>Subsidiary</td><td>Sales</td><td>347,699</td><td>14.51%</td><td>T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.</td><td>-</td><td>-</td><td>158,486</td><td>22.06%</td><td></td></tr>
<tr><td>Sea Sonic Europe B.V.</td><td>Subsidiary</td><td>Sales</td><td>226,723</td><td>9.46%</td><td>T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.</td><td>-</td><td>-</td><td>97,117</td><td>13.52%</td><td></td></tr>
<tr><td>Shenzhen Energy Power Electronics Co., Ltd.</td><td>Indirect subsidiary</td><td>Sales</td><td>315,654</td><td>13.17%</td><td>T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.</td><td>-</td><td>-</td><td>148,915</td><td>20.73%</td><td></td></tr>
<tr><td>Dongguan Seasonic Electronic Co., Ltd.</td><td>Full Net Enterprise Inc.</td><td>Affiliated company</td><td>Sales</td><td>1,653,754</td><td>97.86%</td><td>T/T 60 days ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow.</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td></tr>
</table>

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.

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Independent Auditors' Report

To : Sea Sonic Electronics Co., Ltd.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows :

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

Description on the key audit matter :

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

Audit procedures in response :

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

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

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

Audit procedures in response :

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

<u>Valuation of inventories</u>
Please refer to Note 4.7 for details of the accounting policies for inventories and to Note 5.2.6 and Note 6.5 for related disclosures.

Description on the key audit matter :

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

Audit procedures in response :

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

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

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

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

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financia1 statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethica1 requirements regarding independence, and to communicate with them all re1ationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lin, Chih-Lung and Chen, Chao-Hui.

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

March 21, 2023

<u>Notice to Readers</u>

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

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

Sea Sonic Electronics Co., Ltd.

Parent Company Only Balance Sheets

December 31, 2022 and 2021

In thousand NTD

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

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

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

Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

Sea Sonic Electronics Co., Ltd.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

In thousand NTD

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

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

Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

Sea Sonic Electronics Co., Ltd.

Parent Company Only Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

In thousand NTD

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

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

Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

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

In thousand NTD

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

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

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

Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

Sea Sonic Electronics Co., Ltd.
Notes to Parent company only Financial Statements
For the Years Ended December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. General Information

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

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

2. The Authorization of the Parent company only Financial Statements

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

3. Application of New Standards, Amendments, and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

(4) Annual Improvement to IFRS Standards 2018-2020

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

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

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

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

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

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

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

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

(1) Amendments to IAS 1 "Disclosures of Accounting Policies"

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

(2) Amendments to IAS 8 "Definition of Accounting Estimates"

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note A)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IRFS 17	January 1, 2023
Amendments to IRFS 17 "Initial Application of IFRS 17 and IFRS 9─Comparative Information"	January 1, 2023
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

4.1 Statement of Compliance

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

4.2 Basis of Preparation

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

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

(2) Financial assets measured at fair value through other comprehensive income.

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

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

4.3 Foreign Exchange

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

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

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

Exchange of foreign institutions

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

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

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

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

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

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

4.4 Classification of Current and Non-current Assets and Liabilities

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

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

(b) Assets held mainly for trading purposes ;

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

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

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

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

(2) Liabilities arising mainly from trading activities ;

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

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

4.5 Cash and cash equivalents

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

4.6 Financial instruments

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

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

4.6.1 Financial Assets

(1) Measurement categories

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

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

A. Financial assets at fair value through profit or loss

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

B. Financial assets at amortized cost

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

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ; and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

(2) Impairment of financial assets

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

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

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

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

(3) Derecognition of financial assets

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

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

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

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

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

4.6.2 Equity Instruments

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

4.6.3 Financial Liabilities

(1) Subsequent measurements

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

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

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

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

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

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

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

(2) Derecognition of financial liabilities

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

4.6.4 Modification of Financial Instruments

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

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

4.7 Inventories

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

4.8 Subsidiaries and investments accounted for using the equity method

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

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

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

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

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

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

4.9 Property, Plant and Equipment

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

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

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

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

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

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

4.10 Leases

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

A. The Company as a lessee

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

B. The Company as a lessor

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

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

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

4.11 Impairment of non-financial assets

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

4.12 Provisions

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

4.13 Employee benefits

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

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

<u>Pensions</u>

(1) Defined contribution plan

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

(2) Defined benefit plan

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

(b) Remeasurements of defined benefit plans are recognized in other comprehensive income as incurred and are recorded as retained earnings.
(c) Past-service costs are recognized immediately in profit or loss.

Employees’ compensation and directors’ and supervisors’ remuneration

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

Termination benefits

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

4.14 Share capital

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

4.15 Income tax

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

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

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

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

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

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

4.16 Revenue Recognition

The Company applies the following steps for revenue recognition :

(a) Identifying the contract ;

(b) Identifying performance obligations ;

(c) Determine the transaction price ;

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

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

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

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

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

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

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

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

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

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

5.1 Significant judgment for adopting auditing policy

Business model assessment for financial assets

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

Lease term

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

5.2 Critical accounting estimates and assumptions

Revenue Recognition

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

Estimated impairment of financial assets

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

Fair value measurements and valuation processes

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

Impairment assessment of tangible and intangible assets

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

Realizability of deferred tax assets

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

Valuation of inventories

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

Calculation of accrued pension obligations

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

Lessees' incremental borrowing rates

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

6. Description of Significant Accounting Items

6.1 Cash and cash equivalents

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

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

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

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

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

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

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

6.3 Notes receivable, net

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

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

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

6.4 Accounts receivable, net

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

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

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

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

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

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

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

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

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

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

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

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

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

6.5 Inventories and cost of goods sold

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

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

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

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

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

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

6.6 Other financial assets - current

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

6.7 Investments accounted for using equity method

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

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

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

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

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

6.8 Property, plant and equipment

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

Assets used by the Company

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

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

	Land	Buildings	Machinery	Other equipment	Total
Costs					
Balance, January 1, 2021	$ 97, 779	$ 84, 896	$ 27, 759	$ 30, 077	$ 240, 511
Additions	–	–	637	9, 457	10, 094
Disposals	–	–	(1, 450)	(271)	(1, 721)
Reclassification	–	2, 233	1, 972	1, 339	5, 544
Balance, December 31, 2021	$ 97, 779	$ 87, 129	$ 28, 918	$ 40, 602	$ 254, 428
Accumulated depreciation and impairment					
Balance, January 1, 2021	$ –	$ 64, 382	$ 8, 478	$ 13, 271	$ 86, 131
Depreciation expense	–	3, 397	3, 903	5, 772	13, 072
Disposals	–	–	(85)	(231)	(316)
Balance, December 31, 2021	$ –	$ 67, 779	$ 12, 296	$ 18, 812	$ 98, 887

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

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

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

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

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

Assets under operating leases

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

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

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

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

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

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

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

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

6.9 Lease agreements

(1) Right-of-use assets

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

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

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

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

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

(2) Lease liabilities

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

The ranges of discount rates for the lease liabilities :

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

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

(3) Other lease information

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

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

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

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

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

6.10 Other financial assets - noncurrent

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

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

6.11 Provision - current

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

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

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

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

6.12 Other current liabilities

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

6.13 Corporate bonds payable

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

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

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

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

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

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

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

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

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

6.14 Pensions

(1) Defined contribution plan

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

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

(2) Defined benefit plan

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

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

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

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

(a) 2022 : None

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

(b) 2021 :

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

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

(a) Investment risk

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

(b) Interest rate risk

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

(c) Salary risk

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

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

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

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

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

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

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

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

6.15 Share capital

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

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

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

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

6.16 Capital surplus

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

6.17 Retained earnings and dividend policy

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

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

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

(3)Special reserve

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

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

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

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

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

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

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

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

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

6.18 Other equity

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

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

6.19 Operating revenue

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

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

(1) Categories of revenue from contracts with customers

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

2022

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

2021

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

(2) Contract balances

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

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

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

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

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

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

D. Unfulfilled contract

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

(3) Assets related to contract costs : None.

6.20 Interest Income

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

6.21 Other income

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

6.22 Other gains or losses

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

6.23 Employee benefits, depreciation, depletion and amortization expense

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

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

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

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

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

Employee compensation

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

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

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

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

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

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

Compensation to general manager

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

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

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

Directors’ remuneration

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

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

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

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

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

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

The above employee compensations are distributed in cash.

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

6.24 Financial costs

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

6.25 Income tax

(1) Components of income tax expense

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

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

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

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

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

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

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

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

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

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

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

6.26 Other comprehensive income

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

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

6.27 Earnings per share

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

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

6.28 Reconciliation of liabilities arising from financing activities

(1) December 31, 2022

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

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

(2) December 31, 2021

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

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

7. Related Party Transactions

7.1 Names of related parties and relationship categories

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

7.2 Significant transactions with related parties

(1) Operating revenue

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

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

B. Payment terms :

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

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

(2) Purchase

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

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

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

(3) Various income

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

(4) Receivables from related parties

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

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

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

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

B. Receivables of financing is not included.

(5) Payables to related parties

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

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

(6) Prepayment to related parties

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

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

(7) Loans to related parties

A. Balance by the end of the period :

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

B. Interest income

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

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

(8) Assets transaction

Disposal of property, plant and equipment

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

7.3 Key management compensation

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

8. Pledged Asset : None.

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

10. Significant Disaster Losses :

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

11. Significant Subsequent Events : None.

12. Others

12.1 Capital risk management

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

12.2 Financial instruments

(1) Financial risks associated with financial instruments

Financial risk management policies

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

The nature and degree of the significant financial risks :

(A) Market Risk

Foreign exchange risk

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

(b) Sensitivity analysis of foreign currency risk

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

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

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

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

Price risk

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

Interest rate risk

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

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

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

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

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

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

(B) Credit risk

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

(a) Business-related credit risk :

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

(b) Financial credit risk：

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

(i) Credit concentration risk

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

(ii) Measurement of expected credit losses

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

(C) Liquidity risk

(a) Liquidity risk management

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

(b) Maturity analysis for financial liabilities :

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

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

Derivative financial liabilities : None.

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

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

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

Derivative financial liabilities : None.

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

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

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

(2) Categories of financial instruments

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

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

12.3 Fair value information

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

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

Level 1 :

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

Level 2

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

Level 3

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. 2022：

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

B. 2021：

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

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

A. December 31, 2022 :

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

B. December 31, 2021 :

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

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

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

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

A. December 31, 2022 :

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

B. December 31, 2021 :

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

13. Supplementary Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Segment Information

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

Table 1

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

in USD and in thousand NTD

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

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

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

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

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

C : Maximum loan to subsidiaries and other borrowers

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

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

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

Table 2

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

In thousand NTD

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

Table 3

Sea Sonic Electronics Co., Ltd.
Purchases from or Sales to Related Parties of at Least NT$100 Million or 20% of the Paid-in Capital
December 31, 2022

In thousand NTD

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

Table 4

Sea Sonic Electronics Co., Ltd.

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

December 31, 2022

In thousand NTD

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

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

Table 5

Sea Sonic Electronics Co., Ltd.

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

December 31, 2022

In thousand NTD

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

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

Table 6

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

In USD, HKD, thousand NTD, thousand RMB

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits/Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Dongguan Seasonic Electronic Co., Ltd.	Production of switching power supplies	HKD 29,030,000	Note (1), (3)	USD 3,748,125 (NTD 115,105)	-	-	USD 3,748,125 (NTD 115,105)	(NTD 89,535)	100%	(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)	NTD 2,284	100%	NTD 2,284	NTD 9,057	-

Unit : USD, thousand NTD

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

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

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

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

Table 7

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

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

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

6. The company and its related companies have no financial turnover difficulties affecting the financial status of the company in the most recent year and up to the date of printing the annual report.

VI. Review, Analysis, and Risk Issues of Financial Status and Performance

1. Review and Analysis of Financial Status

Unit: NT$1,000

Item \ Year	2021	2022	Difference	
			Amount of increase or decrease	Variation (%)
Current Assets	3,775,658	3,313,226	(462,432)	(12.25)
Property, plant and equipment	212,775	210,138	(2,637)	(1.24)
Intangible assets	-	10,000	10,000	-
Other Assets	321,229	314,627	(6,602)	(2.06)
Total Assets	4,309,662	3,847,991	(461,671)	(10.71)
Current liabilities	1,043,470	550,874	(492,596)	(47.21)
Non-current liabilities	683,302	654,410	(28,892)	(4.23)
Total liabilities	1,726,772	1,205,284	(521,488)	(30.20)
Equity attributable to owners of the parent	2,582,890	2,642,707	59,817	2.32
Share capital	799,532	799,532	-	-
Capital surplus	95,714	95,714	-	-
Retained earnings	1,715,164	1,765,624	50,460	2.94
Other equity	(27,520)	(18,163)	9,357	(34.00)
Treasury stock	-	-	-	-
Non-controlling interests	-	-	-	-
Total equity	2,582,890	2,642,707	59,817	2.32

Explanation of the percentage change analysis:
In the last two years, for those changes reaching 20% and an amount of at least 10 million New Taiwan dollars, the reasons for their changes are as follows:

1. Decrease in current liabilities:
Mainly due to a decrease in market demand in 2022, resulting in a decrease in inventory reserves and thus a decrease in accounts payable compared to the same period last year.

2. Decrease in other equity:
Mainly due to the impact of exchange rate fluctuations in 2022, other equity has decreased compared to the same period last year.

2. Review and Analysis of Financial Performance

(1) Financial performance comparative analysis table

Unit: NT$1,000

Item \ Year	2021	2022	Amount of increase or decrease	Variation (%)
Operating revenue	5,017,499	2,554,842	(2,462,657)	(49.08)
Gross profit	1,491,645	776,752	(714,893)	(47.93)
Operating income (loss)	1,015,670	430,327	(585,343)	(57.63)
Non-operating income and expenses	(52,313)	170,163	222,476	425.28
Profit before tax	963,357	600,490	(362,867)	(37.67)
Profit for the period from continuing operations	752,829	450,226	(302,603)	(40.20)
Loss from discontinued operations	-	-	-	-
Profit (loss) for the period	752,829	450,226	(302,603)	(40.20)
Other comprehensive income for the period (net of tax)	(8,657)	9,357	18,014	208.09
Total comprehensive income for the period	744,172	459,583	(284,589)	(38.24)
Net profit attributable to owners of the Company	752,829	450,226	(302,603)	(40.20)
Net profit attributable to non-controlling interests	-	-	-	-
Total comprehensive income attributable to owners of the Company	744,172	459,583	(284,589)	(38.24)
Total comprehensive income attributable to non-controlling interests	-	-	-	-
Earnings per share (NTD)	9.42	5.63	(3.79)	(40.23)

1. Explanation of the percentage change analysis:

For the changes in the last two years reaching 20% and an amount of at least 10 million New Taiwan dollars, the reasons for their changes are as follows:

a. Decrease in operating income/gross profit/operating profit/pre-tax and current net profit/total amount of current comprehensive income:

Mainly due to a decrease in market demand in 2022, resulting in a decrease in operating revenue and current net profit compared to the same period last year.

b. Increase in non-operating income and expenses:

Mainly due to exchange rate fluctuations in 2022, resulting in an increase in exchange gains compared to the same period last year.

c. Earnings per share (in dollars):

Mainly due to the decrease in after-tax profit attributable to the parent company in 2022, earnings per share have decreased compared to the same period last year.

2. Reasons for major changes in the company's main business, or if changes in operating policies, market conditions, economic environment, or other internal and external factors have occurred or are expected to occur, their facts and impacts on the company's future financial business and corresponding plans: No significant changes.

3. Expected sales volume for the next year and its basis, and the main factors for the company's expected sales volume to continue to grow or decline:

The company expects the quantity of products sold in 2023 to exceed 1 million units, which is based on market demand forecasts and assessments of the company's capacity, as well as expected domestic and international market conditions. The company will strengthen customer and vendor relationships, enhance outsourcing strategic alliances, increase the proportion of non-mainland production sites; continuously establish competitive advantages with new technologies, develop highly competitive products, and expect to achieve this goal through the promotion of new products and the development of new markets.

3. Cash Flow Analysis:

(1) Cash flow liquidity analysis for the last two years

Unit: %

Item / Year	2021	2022	Increase (decrease)
Cash flow ratio (%)	-12.46	115.81	1029.45
Cash flow allowance ratio (%)	72.16	88.56	22.73
Cash reinvestment ratio (%)	-15.67	6.97	144.48

Explanation of the change in the increase/decrease rate:

Mainly due to the decrease in market demand in 2022 and active inventory reduction, resulting in a decrease in receivables and inventory compared to the same period last year, leading to net cash inflow from operating activities, thus the cash flow ratio, cash reinvestment ratio and cash reinvestment ratio have all increased compared to the same period last year.

(2) Plan to improve liquidity shortage: The company does not have a liquidity shortage, so there is no need to propose an improvement plan.

(3) Cash flow liquidity analysis for the next year

Unit: NT$1,000

Beginning Cash Balance	Annual Net Cash Flow from Operating Activities	Total Annual Cash Outflow	Cash Surplus (or Deficit)	Remedial measures for cash shortfall	
				Investment Plan	Financial Management Plan
$1,384,168	$1,137,276	$1,074,689	$1,446,755	—	—

Explanation of cash flow changes:

1. Cash flow liquidity analysis for the next year:

(1) Operating activities: Expected to pay payable accounts and taxes, etc.

(2) Investment activities: Expected to pay inter-company loan funds and acquire financial assets measured at fair value through profit and loss, etc.

(3) Financing activities: Expected to pay cash dividends, etc.

2. Remedies for cash flow shortage: No cash shortage situation.

4. The impact of significant capital expenditures in the recent fiscal year on financial operations: None.

5. The re-investment policy in the recent fiscal year, the main reasons for its profits or losses, the improvement plan, and the investment plan for the next year:

(1) Re-investment in the recent fiscal year:

The company's re-investment was aimed at developing local markets, acquiring local market information from various regions, establishing and integrating a global marketing system, and expanding the needs of brand business.

(2) Profit or loss status of the re-investment:

This year, the investment loss from the re-investment business was NT$ 131,132,000. (See table below)

Investee Company Name	Company Nature	2022	
		Shareholding Ratio (%)	Current Period Recognized Investment Gain (Loss) (in thousands of NTD)
Resonic Holdings Co., Ltd.	Holding Company	100.00	(87,397)
Seasonic Electronics, Inc.	International Trade	100.00	6,278
Sea Sonic Europe B.V.	International Trade	100.00	(48,237)
Full Net Enterprise Inc.	Triangle Trading	100.00	(507)
Sea Sonic Energy Co., Ltd.	Information Software Services	100.00	(1,269)
Total			(131,132)

(3) Improvement plan:

The SSE subsidiary and the mainland production base suffered losses in 2022, mainly due to the global economic downturn and decreased demand from end customers. In the future, in major European and American markets, we aim to establish a strong brand and use marketing-oriented investment as the main axis, combined with non-mainland capacity to produce high-end products, to increase the market share of our own brand and OEM customers. In recent years, we have continuously introduced multiple automation investments in production equipment, testing equipment, and information equipment to reduce dependence on labor and simultaneously improve product quality. At the same time, we continue to simplify processes, reduce costs, improve product reliability, adopt more process control automation information systems, more quickly grasp process information, and improve process capabilities. Due to the intensification of international geopolitical risks in 2023, it may affect the supply chain and we need to further strengthen the strategy of diversifying production bases.

(4) Investment plan for the next year:

It will depend on the operating conditions in the relevant fields of the industry.

6. Analysis and evaluation of risk items:

(1) The impact of interest rate changes, exchange rate fluctuations, and inflation on the company's profits and losses, and future response measures:

1. Interest rate changes: The company has a sound financial structure, and the use of short-term idle funds is mainly to invest in fixed deposits and funds to reduce the significant impact caused by interest rate changes. The interest income in 2022 and the first quarter of 2023 were NT$ 21,180,000 and NT$ 9,264,000 respectively. Due to the appropriate operation of funds, the level of interest rates has no significant impact on the company.

2. Exchange rate changes: The company's products are mostly quoted in US dollars or RMB for export, and exchange rate fluctuations have a certain degree of impact on the company's profits. Due to exchange rate factors, the net foreign exchange gains in 2022 and the net foreign exchange losses in the first quarter of 2023 were NT$ 176,480,000 and NT$ 9,134,000 respectively. To reduce the impact of exchange rate changes on profits, the company will pay attention to the collection of related information on exchange rate changes at any time, adjust the level of US dollar positions in response to exchange rate changes, convert to Taiwanese dollars or RMB in a timely manner to avoid the risk caused by changes in the US dollar exchange rate; also, sales quotations also consider exchange rate factors for timely adjustments to protect the company's reasonable profits.

3. Inflation: No significant impact.

(2) The policy of engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees and derivative transactions, the main reasons for profits or losses, and future response measures: None.

(3) Future research and development plans and expected R&D expenses:

Future R&D plan:

1. Brand Retail Product Series:
   With new materials, circuit architectures, and high-voltage SMD MOSFET designs, we plan to design a series of products with higher continuous and peak output power that meet the 80 PLUS Titanium efficiency rating. This will optimize and enhance the output characteristics and production efficiency of our existing high-end retail Platinum efficiency series, supporting the latest NVIDIA and AMD high-end graphics card platforms. This will supply power for e-sports and special demand players, enhancing our product competitiveness.
   We plan to update mid-range models to comply with Intel's latest ATX3.0 platform power supply requirements, pairing them with the latest 12VHPWR connectors to provide system integrators and consumers with the best power supply options.

   We aim to use SeaSonic's patented magnetic components to develop high-power density products with a small SFX 850-1000W size. This will cater to players using small computer cases and offer case manufacturers a solution for small power supply sizes.

   Our research into Totem pole and third-generation semiconductor GaN FET aims to achieve higher efficiency and align with future semiconductor trends, storing technical energy.

   We aim to optimize the digital temperature control circuit to achieve quieter operation, enhance protective functions, and improve product reliability.

2. ODM Retail Product Series:
   We will meet the latest Intel and PCIe Gen5 specifications and customize OLED displays and full-color LED illumination solutions. The flagship PC power supply will have active PFC, improved efficiency, reduced costs, and quieter operation.

3. SI Product Series:
   We aim to develop a PC power supply ranging from 400~1000W that complies with Intel's latest specifications. This power supply will have active PFC, Platinum and Gold conversion efficiency, and an integrated design to reduce production costs and improve production efficiency. This will meet the diverse needs of customers in various industries. Additionally, we plan to optimize our existing mass-produced products to comply with the latest EU and CEC energy regulations, improving our product competitiveness.

Future R&D Plan	Goal	Current Progress	Further R&D Costs Needed	Expected Mass Production Time	Major Factors Influencing Future R&D Success
Brand new ATX series products	1. Compliant with the latest Intel PSDG/PCIe design specifications 2. Compliant with 80 PLUS Titanium/Platinum/Gold conversion efficiency 3. Introduction of high-voltage SMD MOS 4. Compliant with the latest ErP Lot 6 low-power specifications 5. Optimized heat dissipation design of the structure, improving the silence effect	Product development design	18,000 thousand	2024 Q1	Familiarity with high-efficiency circuits, magnetic components, and printed circuit board layout wiring applications
Brand new SFX series products	1. Complies with the latest Intel PSDG SFX power supply design specifications 2. Complies with 80 PLUS platinum/gold efficiency 3. Complies with the latest ErP Lot 6 low power consumption specifications 4. Standard SFX small size high power.	Product development design	11,000 thousand	2024 Q2	Improvement of patented magnetic components and printed circuit board layout wiring technology
Brand new SFX series products	1. Complies with the latest Intel PSDG SFX/PCIe power supply design specifications 2. Complies with 80 PLUS titanium efficiency 3. Complies with	Product development design	15,000 thousand	2024 Q3	Familiarity with printed circuit board layout wiring and high-efficiency magnetic component applications, and introduction

Future R&D Plan	Goal	Current Progress	Further R&D Costs Needed	Expected Mass Production Time	Major Factors Influencing Future R&D Success
	the latest ErP Lot 6 low power consumption specifications 4. Ultra-high power density product 5. Uses 3rd generation semiconductor GaN FET and Totem pole architecture.				of digital power monitoring technology research
Optimized ATX series products	1. Complies with the latest Intel PSDG/PCIe design specifications 2. Complies with 80 PLUS platinum/gold 3. Complies with the latest ErP Lot 6 low power consumption specifications 4. Enhanced heat dissipation design to achieve the goal of high wattage output without fans	Product development design	12,000 thousand	2023 Q3	Familiarity with high-efficiency circuits, magnetic components, and printed circuit board layout wiring applications and new heat dissipation materials and mechanical design applications
High power, high efficiency Interleaved line	1. Can be used for ATX and Server/IPC power supply products 2. Complies with 80 PLUS titanium or higher efficiency 3. Derive ultra-high wattage fanless power supply products	Product development design	13,000 thousand	2024 Q2	Introduction of digital power control technology research and familiarity with high-efficiency circuits and semiconductor component applications

(4) Impact and response measures of significant domestic and foreign policy and legal changes on the company's financial business:

With the increase in environmental awareness, governments worldwide will strengthen environmental requirements for power supply products. For example, the European Union's "European Green Deal" law issued in 2019 requires stricter energy consumption limits for power supply products in standby mode. Therefore, power supply manufacturers need to strengthen the research and development of product environmental performance to meet relevant regulatory requirements. In response to climate change, countries are actively promoting energy-saving and carbon reduction. The 26th United Nations Climate Change Conference (COP26) unanimously agreed that the global temperature increase by the end of this century should aim to be less than 1.5 degrees Celsius compared to pre-industrial times. Major countries and global leading enterprises have announced their goals to achieve zero carbon emissions by 2050. Governments and enterprises also call for attention to ESG. In response to this trend, our company has set up a Sustainable Development Committee composed of directors, formulated a greenhouse gas inventory and verification plan in 2022, and carried out a carbon inventory according to the plan, actively promoting energy saving and carbon reduction, social responsibility, and corporate governance.

(5) The impact and response measures of technological changes (including information security risks) and industry changes on the company's financial business:

In recent years, hackers and viruses have been rampant, and once a company is breached, it can have a significant impact on the overall operations of the company. In light of this, we have invested heavily in both software and hardware to enhance information security, and have simultaneously promoted the digitalization of internal processes and the automation of document encryption.

The situations such as the pandemic, wars, inflation, etc., make the international political and economic environment full of instability and uncertainty. However, adhering to a customer-oriented policy, we plan to construct a customer relationship system to enhance customer service and understand customer needs. In addition to planning the distribution of the market, we will also invest in diversified new product markets to meet customer needs. Through supplier management, we establish good partner relationships, obtain material price advantages, and ensure no shortage of material demands. We increase the proportion of intelligent production automation to improve production management, reduce costs and expenses, and increase the proportion of non-land production through outsourcing strategic alliances.

(6) Impact and response measures for changes in corporate image on corporate crisis management: Not applicable.

(7) Expected benefits, potential risks and response measures for mergers and acquisitions: Not applicable.

(8) Expected benefits, potential risks, and response measures for expanding factories: None.

(9) Risks and response measures faced by the concentration of purchases or sales: None.

(10) The impact, risks and response measures of the large transfer or replacement of the equity of directors, supervisors, or major shareholders who hold more than 10% of the shares: None.

(11) The impact, risks and response measures of changes in management rights on the company: Not applicable.

(12) Litigation or non-litigation events:

1. There are no major lawsuits, non-litigation, or administrative litigation events that have been definitively judged or are currently under dispute in the past two years and up to the date of printing of the annual report, which may have a significant impact on shareholder equity or securities prices.
2. There are no major lawsuits, non-litigation, or administrative litigation events that have been definitively judged or are currently under dispute in the past two years and up to the date of printing of the annual report, which may have a significant impact on the company's shareholders' equity or securities prices.

(13) Other important risks and response measures: None.

7. Other important matters: None.

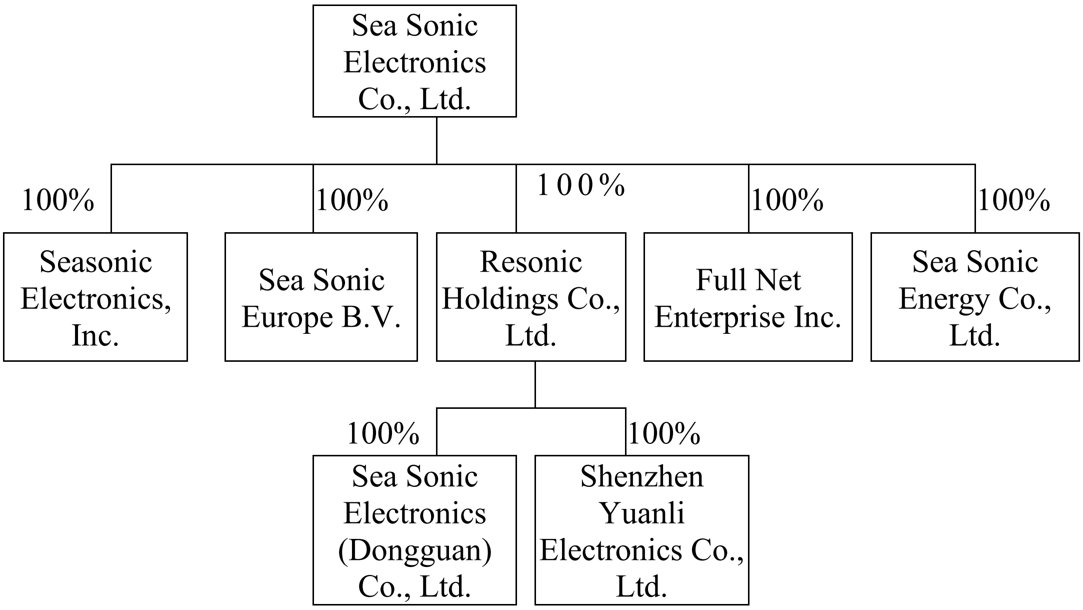
VII. SPECIAL DISCLOSURE

1. Summary of Affiliated Companies

Consolidated business report of related companies

(1) Affiliated Companies Overview

1. Organizational chart of affiliated companies



2. Basic Information on Affiliates

Unit: NT$

Name	Date of establishment	Location	Paid-in capital	Business
Sea Sonic Electronics Co., Ltd.	1975/9/19	8th Floor, No. 17, Lane 360, Section 1, Neihu Road, Neihu District, Taipei City	NT$799,532,770	Our company is a professional manufacturer of Switching Power Supplies (SPS). Our main business scope includes the development, research, production, and sales of power supplies. These power supplies are essential components of personal computers, industrial computer workstations, servers, and communication equipment. They are mainly responsible for maintaining stable voltage during computer operations.
Resonic Holdings Co., Ltd.	1997/8/13	P.O.BOX 3321, Road Town Tortoia British Virgin ,Inlands	USD 4,048,125 (=NTD165,547,000)	Parent company
Sea Sonic Electronics (Dongguan) Co., Ltd.	1994/9/5	No. 11, Ronghua Road, Third Industrial Zone, Juzhou, Shijie Town, Dongguan City, Guangdong Province	HKD 29,030,000 (=NTD157,003,000)	Production of switching power supplies, uninterruptible power supplies, electronic stabilizers, electronic testing instruments, etc.
Shenzhen Yuanli Electronics Co., Ltd.	2021/1/12	Xinhe Building 601, No. 85, Tongxin Road, Tongxin Community, BaoLong Street, Longgang District, Shenzhen City	USD 200,000 (=NTD5,708,000)	Managing import and export business of computer hardware and equipment.
Seasonic Electronics, Inc.	2005/8/31	16025 Arrow Hwy Suite A/B, Irwindale CA91706	USD 300,000 (=NTD9,890,000)	Managing import and export business of computer hardware and equipment.
Sea Sonic Europe	2008/5/14	Everdenberg 117 4902 TT	EUR 100,000	Managing import and export

Name	Date of establishment	Location	Paid-in capital	Business
B.V.		Oosterhout The Netherlands	(=NTD4,796,000)	business of computer hardware and equipment.
Full Net Enterprise Inc.	2015/4/1	Offshore Chambers P.O. Box 217 Apia, Samoa	USD 2,700,000 (=NTD87,520,000)	Managing import and export business of computer hardware and equipment.
Sea Sonic Energy Co., Ltd.	2022/4/1	8th Floor, No. 81, Zhouzi Street, Neihu District, Taipei City	NT$40,000,000	Information software services.

3. Presumed to be related by control and subordination - The same shareholder data: Not applicable.

4. Information on directors, supervisors, and presidents of each related company

Name	Title	Name or Representative		Shareholding	
				Shares	Ratio
Resonic Holdings Co., Ltd.	Director	ZHANG, XIU-CHENG	Sea Sonic Electronics Co., Ltd. Pept.	25,300	100%
Sea Sonic Electronics (Dongguan) Co., Ltd.	Chairman and President	WEI, JIN-HUA	-	(Note 1)	100%
	Director	ZHANG, XIU-CHENG	Resonic Holdings Co., Ltd. Pept.		
	Director	ZHANG, YA-JING	-		
Shenzhen Yuanli Electronics Co., Ltd.	Chairman and President	LIN, ZHAO-XIAN	-	(Note 1)	100%
	supervisor	LI, QIN-ZHANG	-		
Seasonic Electronics, Inc.	Director	ZHANG, XIU-CHENG	Sea Sonic Electronics Co., Ltd. Pept.	300,000	100%
Sea Sonic Europe B.V.	Director	ZHANG, XIU-CHENG	Sea Sonic Electronics Co., Ltd. Pept.	100,000	100%
Full Net Enterprise Inc.	Director	ZHANG, XIU-CHENG	Sea Sonic Electronics Co., Ltd. Pept.	2,700,000	100%
Sea Sonic Energy Co., Ltd.	Director	ZHANG, XIU-CHENG	Sea Sonic Electronics Co., Ltd. Pept.	40,000,000	100%

Note 1: It's a limited company, so there are no shares.

5. Overview of the operations of our affiliates

Unit: Unless otherwise specified, the rest is in thousands of New Taiwan dollars.

Name	Amount of capital	Total Assets	Total liabilities	Net value	Operating income	Operating profit or loss	Profit or loss for the period (After tax)	Earnings per share ($)
Sea Sonic Electronics Co., Ltd.	799,532	3,580,018	937,311	2,642,707	2,396,811	474,717	450,226	5.63
Resonic Holdings Co., Ltd.	124,981	202,958	-	202,958	-	(69)	(87,397)	(3,454.43)
Sea Sonic Electronics (Dongguan) Co., Ltd.	116,437	702,999	511,688	191,311	1,689,871	(20,497)	(89,535)	-
Shenzhen Yuanli Electronics Co., Ltd.	5,708	163,503	154,446	9,057	346,966	19,387	2,284	-
Seasonic Electronics, Inc.	9,890	373,515	302,797	70,718	399,395	(64)	6,278	20.93
Sea Sonic Europe B.V.	4,796	248,266	247,956	310	319,615	(40,864)	(48,237)	(482.37)
Full Net Enterprise Inc.	87,520	256,591	167,932	88,659	1,784,188	(1,234)	(507)	(0.19)
Sea Sonic Energy Co., Ltd.	40,000	38,892	161	38,731	146	(1,804)	(1,269)	(0.03)

(2) Consolidated financial statements of related enterprises: Please refer to pages 148 to 231.

Related enterprise report: Not applicable.

2. The private placement of securities in recent years and up to the date of printing of the annual report should disclose the date and amount approved by the shareholders' meeting or board of directors, the basis and rationality for the price setting, the method of selecting specific individuals, the necessary reasons for conducting a private placegment, and the use of funds after the capital or price has been fully received until the completion of the capital use plan, the use of funds for private placement of securities, and the progress of the plan: None.

3. Situation of the subsidiary holding or disposing of the company's stocks in the recent year and up to the date of printing the annual report: None.

4. Other necessary supplementary explanations: None.

5. As of the date of printing the annual report for the recent year, there has been no event that has a significant impact on shareholder rights or securities prices as defined in Paragraph 2 of Article 36 of the Securities and Exchange Act (including compliance with the verification and public handling procedures of significant information of the OTC companies of the Securities Trading Center of the Republic of China, Article 11, Paragraph 1, Significant Information Press Conference): None.