Stock Code: 6203

海韻電子工業股份有限公司

Sea Sonic Electronics Co., Ltd.

2023 Annual Report

Publication Date: May 14, 2024

TWSE Website: http://mops.twse.com.tw

1. Company Spokesperson

   Spokesperson: CHANG, EN-HAO
   Title: Director
   Tel: (02)2659-0338
   Email: alexchang@seasonic.com.tw

   Deputy Spokesperson

   Name: PEI, LIN
   Title: Manager
   Tel: (02)2659-0338
   Email: jennifer@seasonic.com.tw

2. Headquarters, branches, and factory addresses and phone numbers:

   ❖ Headquarters :
   8 F.,No. 17, Ln. 360, Sec. 1,Neihu Rd.,Neihu Dist.,Taipei City , Taiwan
   Tel: (02) 2659-0338

   ❖ Dongguan Seasonic Electronic Co., Ltd.:
   11th,Ronghua road,3rd Industrial Park,Ju zhou District,Shi Jie,Dong Guan City,Guang Dong, China
   Tel:86-0769-81399168

   ❖ Taoyuan Factory:
   No. 22, Ln. 772, Heping Rd., Bade Dist., Taoyuan City , Taiwan
   Tel: (03) 271-9768

3. Share Transfer Agency (The Company's Shareholder Services Agent)

   Name: President Securities Corporation Shareholder Services Department
   Address: B1., No. 8, Dongxing Rd., Songshan Dist., Taipei City, Taiwan
   Tel: (02) 2747-8266
   Website: www.pscnet.com.tw

4. Auditors

   Auditors: LIN, ZHI-LONG and CHEN, ZHAO-HUI
   Company: Crowe (TW) CPAs
   Address: 7F., No. 122, Dunhua N. Rd.,Songshan Dist., Taipei City, Taiwan
   Tel: (02) 8770-5181
   Website: www.crowe.tw

5. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: Not applicable.

6. Company Website: www.seasonic.com

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Letter to Shareholders

Dear Shareholders,

On behalf of the Board of Directors and all employees, we extend our sincerest greetings and heartfelt thanks to all shareholders. Reflecting on the past year, the world has entered a post-pandemic era, with governments and the private sector working hand in hand towards active recovery, implementing various policies to stimulate domestic demand. However, to combat inflation, the Federal Reserve's interest rate hikes have caused unease in the economic environment and markets. Additionally, geopolitical tensions have affected the global economy like a butterfly effect, impacting industry supply chains in waves. Despite these challenges, the Company's management team and all employees, with limited resources, formulated highly effective strategies, ultimately overcoming obstacles and achieving organizational goals.

Below, we present the operational results for 2023 and an outline of the business plan for 2024:

I. Operational Results for 2023:

(1) Implementation Results

The Company's consolidated operating revenue for 2023 was NT$3,333,190 thousand, consolidated gross profit was NT$1,139,926 thousand, and consolidated net income attributable to the parent company was NT$614,706 thousand. Compared to 2022, consolidated operating revenue increased by NT$778,348 thousand, an increase of 30.47%, consolidated gross profit increased by NT$363,174 thousand, an increase of 46.76%, and consolidated net income attributable to the parent company increased by NT$164,480 thousand, an increase of 36.53%.

Moreover, the Return on Assets, Return on Equity, Pre-tax Net Profit to Paid-in Capital Ratio, and Net Profit Margin were 15.36%、21.58%、95.00% and 18.44% respectively. The earnings per share after tax were 7.58 dollars.

The main sales areas were domestic market (about 5.45%), American market (about 27.44%), Asian market (about 37.90%), European market (about 28.54%), and other areas (about 0.67%).

(2) Budget Execution

In accordance with current regulations, the company did not publicly disclose financial forecasts for 2023. 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 2023.

Finance and Income　　Unit: NT$ thousand

Year / Item	2022	2023
Net Operating Income	2,554,842	3,333,190
Net operating profit	776,752	1,139,926
Net income after tax attributable to the parent company	450,226	614,706

Profitability Unit: NT$ thousand

Item / Year	2022	2023
Return on Assets (%)	11.24	15.36
Return on equity (%)	17.23	21.58
Net income before income tax to paid-in capital ratio (%)	75.11	95.00
Net Income Ratio (%)	17.62	18.44
Earnings per share (NT$)	5.63	7.58

(4) Research and Development

Successful products developed in 2023:

1. In 2023, Sea Sonic successfully developed and mass-produced a series of standard products, including the Prime TX/PX, Vertex PX/GX, and Focus V3 GX, covering a power range of 750W to 1600W. These products adhere to the latest Intel ATX 3.0 power specifications and support PCIe Gen5, providing the market with the latest and most suitable power solutions. By maintaining a commitment to high-quality power supplies, these products attract more consumers demanding high quality and performance, enhancing customer loyalty to the Sea Sonic brand.
2. To meet OEM/ODM customization needs and horizontally expand market share, we actively offer optimal power solutions to OEM/ODM customers. We are committed to developing a full range of platforms that comply with ATX 3.0 standards and feature PCIe Gen5 functionality. Through continuous innovation and technological improvement, we expand the market and effectively promote economies of scale. Meeting personalized customer needs helps us maintain a leading position in a competitive market.

II. Summary of 2024 Business Plan：

(1) Business Policies

1. Uphold the Sea Sonic corporate spirit, develop energy-efficient power supplies, and firmly commit to sustainable development.
2. Respond to global economic changes by enhancing revenue and reducing costs to create long-term stable profits.
3. Anticipate market application trends, expand R&D centers, and refine core technologies.
4. Shorten product development cycles, improve R&D management, and ensure comprehensive intellectual property protection.
5. Establish long-term competitive advantages, make good use of human resources, and cultivate outstanding talent.
6. Build a dense network of business partners, strengthen channel expansion, and provide quality services.
7. Optimize operational process management, strengthen control mechanisms, and improve operational quality.

(2) Sales Prediction and Its Basis

The company expects the sales volume of products in 2024 to exceed 120 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 Development

   Looking ahead to 2024, with the successful launch of the new generation products such as Prime TX/PX, Vertex GX, Vertex PX, and Focus PX/GX, we will strategically introduce a series of high-quality and high-cost-performance products. These new offerings are expected to lead market trends and create another wave of demand.

2. Production

   In response to changes in the economic environment in China, we are actively enhancing our control over the supply chain and quality management. We are focusing more on in-house production, including a full range of low to mid-range models, to effectively control costs and increase production flexibility. At the same time, we will remain highly vigilant to control the risk of quality defects, strengthen internal quality management and monitoring mechanisms, increase customer trust in our products, and establish a good reputation in the highly competitive market to achieve long-term stable profits.

3. Marketing

   To expand market share, Sea Sonic has planned a comprehensive and forward-looking product development strategy. The new generation of flagship and cost-effective series, including Prime, Vertex, Focus, Core, and G12X, will continue to engage closely with consumers and professional online reviewers. Through diverse interactions, we will introduce the advantages of our products to a wide range of consumers. We will launch reward programs for returning or loyal customers to accurately capture consumer preferences, deeply embedding Sea Sonic's image of top-tier, environmentally friendly, energy-saving, silent, and high-efficiency products in the minds of users. This approach aims to meet the needs of different customer groups while enhancing the brand's market awareness and status.

4. Customer Service

   Sea Sonic is committed to excellent customer service, consistently providing high-quality after-sales support to ensure long-term loyalty to the Sea Sonic brand, products, and services. Our customer service personnel carefully listen to and focus on customer needs and desires, enhancing their skills to quickly resolve issues with efficiency and empathy. We offer a diverse range of services to major customers, maintaining weekly meetings and continuously monitoring customer sales status and consumer feedback on product usage, which we use for analysis and ongoing product improvement to meet customer needs. For global end consumers, we utilize various established online service systems to provide and enhance online customer service, technical consultations, repair registrations, and other methods to achieve timely, precise, and satisfactory service.

III. Future Development Strategy

Sea Sonic is committed to achieving sustainable growth and creating long-term value. We will continue to invest in innovative technologies and research and development, consistently pursuing excellent performance in our products and solutions to meet the needs of diverse customer groups. Through continuous technological innovation and product upgrades, we aim to maintain a competitive edge and a leading position in niche markets.

Additionally, we will further strengthen our cooperation with strategic partners to expand our business scope and market share. By establishing solid partnerships, we will jointly develop new markets, explore new business areas, and achieve diversified business development, enhancing the Company's profitability and market competitiveness.

In terms of talent development and management, we are dedicated to establishing an open and collaborative corporate culture, creating a positive working environment and reward system to attract and retain outstanding talents. Besides providing various training and development opportunities, we encourage employee creativity and potential and establish effective talent management systems to achieve the goal of mutual growth between employees and the Company.

Furthermore, we will actively seek more cooperation opportunities to expand our global market and enhance international competitiveness. Strengthening brand building and market promotion will help us create an international brand image, attract more customers and partners, and achieve broader business development and higher corporate value.

Lastly, we will continue to fulfill our corporate social responsibility by actively participating in social welfare activities and promoting sustainable development and social progress. Through concrete actions, we aim to give back to society and realize the vision of sustainable development for both the Company and the community.

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

(1) External Competitive Environment

With the rise of technological innovation and Industry 4.0, consumer demands for the performance and efficiency of electronic products are continuously increasing. Therefore, power supply manufacturers need to constantly introduce more efficient, reliable, and energy-saving products to meet market demands. Furthermore, environmental protection and energy-saving requirements are receiving increasing attention. As global awareness of environmental protection grows, government and industry standards for the energy efficiency and environmental friendliness of power supplies are also rising. Thus, we must actively respond to these requirements by continuously optimizing product designs to reduce energy consumption and environmental pollution.

In addition, the uncertainties in the global economic environment pose a certain degree of operational pressure. Factors such as international trade frictions and political instability may lead to fluctuations in material prices and unstable market demand, impacting the development of the power supply industry.

Despite these challenges, the demand for power supplies is expected to continue growing with the development and application of emerging technologies such as 5G, artificial intelligence, and the Internet of Things. As AI PCs and AI servers enhance their computing and transmission performance, the power supply industry will benefit from an increase in ASP, creating more business opportunities for the Company.

Overall, the power supply industry in 2024 faces significant challenges and opportunities. Sea Sonic will continue to closely monitor market changes, strengthen technological innovation, and improve product quality and performance to respond to market demand changes and achieve the goal of continuous and stable development.

(2) Regulatory Environment

Changes in the regulatory environment will have multifaceted impacts on our operations:

1. Increased Product Compliance Requirements

   If regulations heighten the requirements for the safety and environmental friendliness of power products, we may need to adjust product design and production processes to comply with the new rules. This would require technical upgrades or supply chain adjustments, increasing costs.

2. Increased Environmental Protection Pressure

   Should new environmental regulations impose stricter standards on emissions and waste management, we may need to allocate more resources to improve production processes to minimize environmental impact.

3. Enhanced Labor Conditions Requirements

   If new regulations strengthen labor rights protections, we will need to improve working conditions, increase wages and benefits, or enhance labor safety to meet the new standards. This would likely increase labor and management costs.

4. Strengthened Intellectual Property Protection

   To prevent infringements that could harm the Company's interests, we must enhance intellectual property protection and strengthen the supervision of our supply chain and partners, which would also increase management costs.Thus, regulatory changes will impact our operations, and we will proactively respond by enhancing our competitiveness and sustainable development capabilities to meet these challenges.

(3) Overall Business Environment

The overall business environment impacts Sea Sonic in political, economic, technological, and socio-cultural aspects:

1. Political Environment

Government policy changes, trade policy adjustments, and geopolitical risks can influence our future policy development plans and investment decisions. Therefore, we closely monitor political changes and adjust our strategies accordingly to address challenges and seize opportunities arising from these changes, ensuring sustainable and stable development.

2. Economic Environment

Factors such as economic growth rates, inflation rates, and unemployment rates will directly and profoundly affect our development and operations. For example, economic slowdown might reduce market demand, affecting sales revenue. Inflation may lead to higher costs, impacting profit margins. Changes in unemployment rates also affect purchasing power and market demand. We will continue to monitor economic trends and adapt to market changes, seizing potential opportunities to ensure the Company's ongoing stable development.

3. Technological Environment

With continuous technological advancements, new products from competitors may affect the competitive position of our existing products. However, the application of new technologies can also create new market demands. We will adjust our product strategies and marketing tactics according to technological changes, maintaining competitive advantages and exploring new opportunities.

4. Socio-Cultural Environment

Consumers' growing concern for product quality, safety, and environmental protection compels us to continually improve product quality, enhance safety management, and focus on environmental sustainability. Additionally, talent development and management are crucial; fostering an open and collaborative corporate culture is essential to attract and retain outstanding talent. Corporate social responsibility is also increasingly emphasized. Actively participating in social welfare activities and promoting sustainable development are vital for our corporate image. Therefore, we will adjust strategies and management practices to meet social demands and expectations timely.

Changes in the overall business environment profoundly impact Sea Sonic. We will adopt a multi-faceted and comprehensive assessment, closely monitor environmental changes, and adjust strategies accordingly to address uncertainties and challenges, finding suitable opportunities amidst changes to achieve a blueprint for sustainable and healthy development.

5. Epilogue

Dear Shareholders,

In the past period, the challenges we have faced have come not only from intensified market competition but also from changes in the global landscape and geopolitical instability. The escalating competition between China and the United States poses a significant challenge for us as an international company. With the increasing polarization, more and more countries are being forced to choose sides between China and the United States, bringing significant impacts on the international political and economic order.

In this context, we must closely monitor international developments and formulate strategies that align with current trends to address the challenges posed by geopolitical risks. At the same time, we need to enhance communication and collaboration with upstream and downstream partners and related stakeholders, promoting multilateral cooperation and solutions. We will also strengthen internal management, improving the Company's risk resilience to ensure stability in a turbulent environment.

Finally, we sincerely thank you for your continued support and trust in Sea Sonic. We firmly believe that only with the long-term support of our shareholders and the cooperation of our strategic partners can we collectively respond to changes in the external environment and seek steady development for the Company and society. Let us work together to create a brighter future. Once again, thank you for your support and trust.

Best Regard

Sea Sonic Electronics Co., Ltd.

Chairman: CHANG, HSIU-CHENG

President: LAN, CHIEN TUNG

CAO: CHANG, EN-HAO

I. Company Profile

1. Established Date: September 19, 1975

Headquarters, branches, and factory addresses and phone numbers:

1. Headquarters: 8 F.,No. 17, Ln. 360, Sec. 1,Neihu Rd.,Neihu Dist.,Taipei City , Taiwan.
   TEL: (02) 2659-0338
2. Branch: None.
3. Dongguan Seasonic Electronic Co., Ltd.: 11th,Ronghua road,3rd Industrial Park,Ju zhou District,Shi Jie,Dong Guan City,Guang Dong,China.
   TEL: 86-0769-81399168
4. Taoyuan Factory: No. 22, Ln. 772, Heping Rd., Bade Dist., Taoyuan City ,Taiwan.
   TEL: (03) 271-9768

2. Company Profile:

The Company was founded in 1975 with an initial capital of NT$1.2 million. After several capital increases, as of the ex-dividend date on April 23, 2024, the capital amounted to NT$824,063,700, with a par value of NT$10 per share, totaling 82,406,370 shares. The Company is a professional manufacturer of multi-purpose switching power supplies, with marketing channels spanning Europe, Asia, and Australia. The Company's major milestones 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. ●Implemented and passed the ISO-9002 quality certification.
1998	●Implemented and passed the ISO-9001 quality certification. ●Outsourced the production of lower-technology products to mainland China.

Year	Milestone
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. ●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.

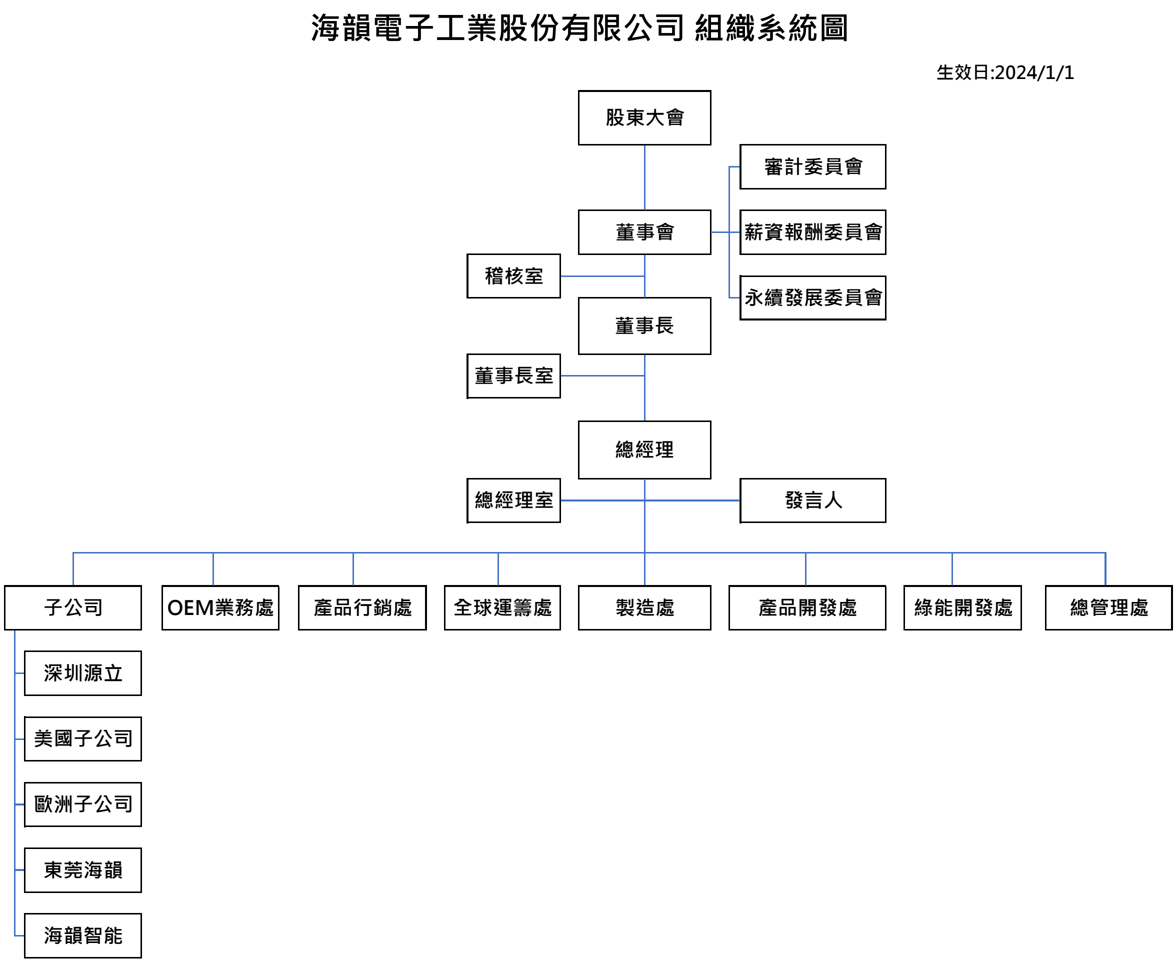
Year	Milestone
2012	●Establishment of Japanese subsidiary (Seasonic Japan Kabushiki Kaisha). ●The flagship 80 PLUS Platinum "Platinum" 520W/460W/400W fanless series retail products officially launched.
2013	●80 PLUS Gold "S12G series" and Bronze "M12II Evo Edition" series retail products officially launched. ●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 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

Year	Milestone
	and 230VAC are now available for retail sale.
2021	●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.)
2023	●Launched the flagship 80Plus Titanium “PRIME TX ATX3.0 Series” 1300W/1600W retail products. ●Launched the flagship 80Plus Platinum “PRIME PX ATX3.0 Series” 1600W retail product. ●Launched the 80Plus Platinum “VERTEX PX ATX3.0 Series” 750W/850W/1000W/1200W retail products. ●Launched the 80Plus Gold “VERTEX GX ATX3.0 Series” 1000W/1200W white retail products. ●Launched the 80Plus Gold “FOCUS GX ATX3.0 Series” 750W/850W/1000W black and white retail products. ●First-time launch of MagFlow Series 120mm ARGB lighting version fan retail product. ●Launched 12VHPWR 90°/180° 16pin to 16pin / 2x8pin cable (black and white) retail products. ●Launched 12V-2x6 90°/180° 16pin to 16pin / 2x8pin cable (black) retail products. ●Sea Sonic Electronics Group passed the ISO14064-1 greenhouse gas emission verification and certification for the first time. ●The first unsecured convertible corporate bonds were converted into common stock as of December 31, 2023, increasing the paid-in capital to NT$823,582,380.
2024	●The first unsecured convertible corporate bonds were converted into common stock as of the ex-dividend date on April 23, 2024, increasing the paid-in capital to NT$824,063,700.

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.
Compensation Committee	1. Regularly review the organizational rules of the Compensation 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.
	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.
Subsidiaries (Shenzhen Energy Power Electronics, USA, European Subsidiaries)	1. Execute sales strategies and customer development.
	2. Plan and execute regional advertising and marketing initiatives.
	3. Build service teams and achieve performance targets.
	4. Collect and analyze sales data and monitor competitor activities in respective markets.
	5. Provide regular recommendations to the Company on product development and marketing strategies.
Subsidiary (Sea Sonic Energy Co., Ltd.)	1. Develop and service energy management and environmental control products.
	2. Promote system integration and service platform businesses, and formulate marketing strategies.
	3. Build product service teams and provide after-sales service and maintenance for own-brand software and hardware.
OEM Business Department	1. Pre-sales and post-sales services for customers.
	2. Develop global customer base and gather market intelligence.
	3. Develop, maintain, and expand industry partner relationships.
	4. Manage global shipments and logistics.

Department	Responsibilities
	5. Manage product sales, profitability, and establish product specifications.
	6. Conduct market research and initiate new product projects.
	7. Plan and execute according to customer needs and expectations.
Product Marketing Department	1. Conduct industry analysis, competitor analysis, market research, and product positioning.
	2. Establish and develop corporate and brand image.
	3. Support and execute various marketing plans with retail channel partners.
	4. Maintain product life cycle and related matters.
	5. Analyze gross profit, technology trends, and confirm final product specifications with the R&D department.
Global Logistics Department	1. Manage global shipments and logistics, supporting overseas subsidiaries.
	2. Support and execute various sales plans with retail channel partners.
	3. Execute sales, order processes, and follow up on shipments.
	4. Plan and execute T1 sample delivery for retail products.
	5. Develop sales plans with channel partners.
	6. Execute procurement and management of all production materials, non-production materials, and assist in external negotiations for factory equipment.
	7. Plan and coordinate production, in-house manufacturing, outsourcing, and purchasing arrangements.
Manufacturing Department (including Dongguan Sea Sonic Subsidiary)	1. Plan and implement company quality policies, objectives, and guidelines, and supervise quality improvements at the plant.
	2. Validate new products (DVT, EVT) and assess product reliability.
	3. Manage domestic and overseas production and manufacturing operations.
	4. Control quality and costs of production and outsourced, purchased items.
Product Development Department	1. Research, design, and develop plans for new products and technologies.
	2. Conduct research, improvement, testing, sample production, safety approvals, maintenance, modifications, parts approval, and technical support during the product development phase.
	3. Evaluate future product and market trends with the marketing department.
	4. Provide technical support and consultation for products.
	5. Manage new product introductions to mass production and resolve production process and quality issues.
Green Energy Development Department	1. Undertake technology transfer of energy monitoring products from the Industrial Technology Research Institute.
	2. Develop new products in line with marketing strategies for intelligent energy and environmental control products.
	3. Manage global shipments and logistics.
	4. Plan and coordinate production, in-house manufacturing, outsourcing, and purchasing arrangements.
General Management Department	1. Plan and promote compliance with energy-saving and carbon reduction regulations and establish related systems.
	2. Provide professional accounting and tax planning management.
	3. Regularly announce or report financial status.
	4. Develop HR management systems linked to company strategies.
	5. Implement comprehensive recruitment, development, utilization, and retention systems, and retain talented personnel.
	6. Foster a friendly and performance-oriented workplace culture.
	7. Provide a healthy and safe working environment in response to labor safety and health policies.
	8. Plan, develop, and manage various information systems and equipment for the Company.
	9. Rationally plan warehouse space and utilization, establish material control systems, and enhance inventory turnover.
	10. Provide excellent after-sales service, consolidate customer feedback to optimize service processes, enhance market competitiveness, and improve company brand benefits.

2. Information on Directors, President, Vice Presidents, Assistant Managers, Department Heads, and Branch Managers

1 Director Information

April 23, 2024

Title	Nationality or Place of Registration	Name (Note 1)	Gender Age	Date Elected	Tenure	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held by Nominee Arrangement		Education and Professional Qualification	Current Positions at Sea Sonic and Other Companies	Relatives or Other Officers, Directors, or Supervisors with Spouse or Second-degree Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	CHANG, HSIU-CHENG	Male 51~60	2023.06.14	3 years	2011.06.15	2,122,666	2.575%	2,122,666	2.575%	266,000	0.322%	0	0.000%	Master of Industrial and Systems Engineering, University of Southern California	(Note 2)	Director	CHANG, YUN-CHI	Second degree	
Director	R.O.C.	LIN, YAO-CHIN	Male 61~70	2023.06.14	3 years	2004.06.15	0	0.000%	0	0.000%	10,000	0.000%	0	0.000%	PhD in Information Management, National Chengchi University Master of Engineering, National Taiwan University of Science and Technology Chair of the Department of Information Management, Yuan Ze University Director of the Innovation Incubation Center, Yuan Ze University	Associate Professor, Department of Information Management, Yuan Ze University	None	None	None	
Director	R.O.C.	CHING HAI Co. Ltd. Rep: CHANG, DUN-KAI	Male 61~70	2024.01.17	3 years	2006.06.23	6,396,264	7.761%	6,396,264	7.761%	0	0.000%	0	0.000%	Master of Electrical Engineering, University of Arizona Department of Electrical Engineering, National Tsing Hua University Independent Director, Sea Sonic Electronics Co., Ltd. Director, Sea Sonic Electronics Co., Ltd. Chairman and President, AverLogic Technologies Corp.	None	None	None	None	
							0	0.000%	0	0.000%	0	0.000%	0	0.000%						
Director	R.O.C.	CHING HAI Co. Ltd. Rep: CHANG, YUN-CHI	Female 51~60	2023.06.14	3 years	2023.06.14	6,396,264	7.761%	6,396,264	7.761%	0	0.000%	0	0.000%	Master of Business Administration, University of Illinois at Urbana-Champaign Marketing Manager, Sea Sonic Electronics Co., Ltd.	Chairman, CHING HAI Co., Ltd.	Chairman	CHANG, HSIU-CHENG	Second degree	
							591,866	0.718%	591,866	0.718%	0	0.000%	0	0.000%						
Independent Director	R.O.C.	LIN, CHING-CHING	Female 61~70	2023.06.14	3 years	2023.06.14	0	0.000%	0	0.000%	0	0.000%	0	0.000%	Master of Financial Management, University of Michigan Department of Accounting, Fu Jen Catholic University Vice President, Local Corporate Department, Citibank Taipei Branch Vice President, Deloitte & Touche Financial Advisory Corporation	Independent Director, Vietnam Manufacturing and Export Processing (Holdings) Ltd.	None	None	None	

Title	Nationality or Place of Registration	Name (Note 1)	Gender Age	Date Elected	Tenure	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held by Nominee Arrangement		Education and Professional Qualification	Current Positions at Sea Sonic and Other Companies	Relatives or Other Officers, Directors, or Supervisors with Spouse or Second-degree Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	HUANG, CHIN-HSIANG	Male 51~60	2023.06.14	3 years	2020.06.12	0	0.000%	0	0.000%	0	0.000%	0	0.000%	Department of Accounting, Chinese Culture University Specialist, Securities and Futures Bureau, FSC	Managing Director, P.H. Management Consultant Limited Chairman, Yong An International Management Consulting Co., Ltd.	None	None	None	
Independent Director	R.O.C.	KAO, CHIH-TING	Male 41~50	2023.06.14	3 years	2020.06.12	0	0.000%	0	0.000%	0	0.000%	0	0.000%	EMBA, National Taiwan University Master of Applied Mechanics, National Taiwan University Department of Civil Engineering, National Taiwan University	President, Director, and Partner, WK Innovation Ltd. Director, Bai Chuan Capital Co., Ltd. Institutional Shareholder Representative, Crystalvue Medical Corporation Director, Chien Yuan Asset Management Co., Ltd. Director, KOGE MICRO TECH CO., LTD.	None	None	None	

Note 1. List of Board Members as of April 23, 2024.
Note 2. Chairman of Sea Sonic Electronics Co., Ltd.; Director of Seasonic Electronics, Inc.; Director of Sea Sonic Europe B.V.; Director of FULL NET ENTERPRISE INC.; Director of Resonic Holdings Co., Ltd.; Director of Dongguan Seasonic Electronics Co. Ltd.; Chairman of Sea Sonic Energy Co., Ltd.; Executive Director and President of Shenzhen Energy Power Electronics Co., Ltd.

Major Shareholders of the Institutional Shareholder:

April 23, 2024

Institutional Shareholder (Note 1)	Major Shareholders of the Institutional Shareholder (Note 2)	%
CHING HAI Co., Ltd.	CHANG, YUN-CHI	25%
	CHANG, HSIU-CHENG	25%
	CHANG, YA-CHING	25%
	CHANG, CHI-LING	25%

Note 1: For directors representing institutional shareholders, the name of the institutional shareholder should be provided.
Note 2: Major shareholders of the institutional shareholder (top ten shareholders) and their shareholding ratios.

If the major shareholders of the institutional shareholder are also institutions, list their major shareholders: Not applicable.

(1)Disclosure of Directors' Professional Qualifications and Independent Directors' Independence Information

Condition / Name (Position)	Professional Qualifications and Experience	Independence	Concurrent Positions as Independent Directors in Other Public Companies
CHANG, HSIU-CHENG (Chairman)	Has business, finance, industry, and strategic management experience. Master of Industrial and Systems Engineering, University of Southern California; Chairman of the Company and its 100% owned subsidiaries for over 23 years, specializing in business and strategic management; Communicates and interacts with all directors in the Board with the role of a manager, providing relevant business management opinions. No disqualifications under Article 30 of the Company Act.	Not an independent director.	None
LIN, YAO-CHIN (Director) (Member of the Sustainability Committee)	Has business, information management, finance, and industry experience. PhD in Information Management, National Chengchi University; Master of Engineering, National Taiwan University of Science and Technology; Former Chair of the Department of Information Management and Director of the Innovation Incubation Center at Yuan Ze University; Currently an Associate Professor in the Department of Information Management at Yuan Ze University. No disqualifications under Article 30 of the Company Act.	Not an independent director.	None
CHANG, DUN-KAI (Director) (Member of the Sustainability Committee)	Has business, industry, and operations management experience. Master of Electrical Engineering, University of Arizona; Department of Electrical Engineering, National Tsing Hua University; Former Independent Director of Sea Sonic Electronics Co., Ltd. and Chairman and President of AverLogic Technologies Corp.; Currently a Director at Sea Sonic Electronics Co., Ltd. No disqualifications under Article 30 of the Company Act.	Not an independent director.	None
CHANG, YUN-CHI (Director) (Member of the Sustainability Committee)	Has business, marketing, and strategic management experience. Master of Business Administration, University of Illinois at Urbana-Champaign; Former Marketing Manager at Sea Sonic Electronics Co., Ltd.; Currently Chairman at CHING HAI Co., Ltd. No disqualifications under Article 30 of the Company Act.	Not an independent director.	None

Name (Position) \ Condition	Professional Qualifications and Experience	Independence	Concurrent Positions as Independent Directors in Other Public Companies
LIN, CHING-CHING (Independent Director) (Convener of the Audit Committee) (Member of the Compensation Committee) (Member of the Sustainability Committee)	Convener of the Company's Audit Committee, with extensive experience in business, finance, accounting, and operations management. Master of Financial Management, University of Michigan; Department of Accounting, Fu Jen Catholic University; Former Vice President at Citibank Taipei Branch and Deloitte & Touche Financial Advisory Corporation; Currently an Independent Director at Vietnam Manufacturing and Export Processing (Holdings) Ltd. No disqualifications under Article 30 of the Company Act.	Independent Director. Neither the director, their spouse, nor any relative within the second degree of kinship meets the following disqualifications: 1. Not serving as a director, supervisor, or employee of the Company or its associates. 2. Not holding shares in the Company. 3. Not serving as a director, supervisor, or employee of a specific affiliated company. 4. Not receiving compensation from the Company or its associates for providing business, legal, financial, accounting, or other services in the past two years.	1 (Note1)
HUANG, CHIN-HSIANG (Independent Director) (Convener of the Compensation Committee) (Member of the Audit Committee) (Member of the Sustainability Committee)	Convener of the Company's Compensation Committee, with extensive experience in business, finance, accounting, or industry. Department of Accounting, Chinese Culture University; Former Special Assistant to the Chairman at TAIWAN INTERNATIONAL SECURITIES CO.,LTD.; General Manager at Grand Fortune Securities Co., Ltd.; Executive Vice President at TACHAN SECURITIES CO.,LTD.; Deputy General Manager at EnTrust Securities Co., Limited; Associate Manager at Jin Hua Securities Co., Ltd.; and Specialist at Securities and Futures Bureau, FSC; Currently Managing Director at P.H. Management Consultant Limited and Chairman at Yong An International Management Consulting Co., Ltd. Managing Director, P.H. Management Consultant Limited and Chairman, Yong An International Management Consulting Co., Ltd.. No disqualifications under Article 30 of the Company Act.	Independent Director. Neither the director, their spouse, nor any relative within the second degree of kinship meets the following disqualifications: 1. Not serving as a director, supervisor, or employee of the Company or its associates. 2. Not holding shares in the Company. 3. Not serving as a director, supervisor, or employee of a specific affiliated company. 4. Not receiving compensation from the Company or its associates for providing business, legal, financial, accounting, or other services in the past two years.	None

Name (Position) / Condition	Professional Qualifications and Experience	Independence	Concurrent Positions as Independent Directors in Other Public Companies
KAO, CHIH-TING (Independent Director) (Convener of the Sustainability Committee) (Member of the Compensation Committee) (Member of the Audit Committee)	Convener of the Company's Sustainability Committee, with extensive experience in business, industry, and operations management. EMBA, National Taiwan University; Master of Applied Mechanics and Department of Civil Engineering, National Taiwan University; Former Manager at CHINA INVESTMENT AND DEVELOPMENT CO., LTD.; RD Director at Epson; R&D Engineer at Industrial Technology Research Institute; Currently Vice President, Director, and Partner at WK Innovation Ltd., Director at Bai Chuan Capital Co., Ltd., and Institutional Shareholder Representative at Crystalvue Medical Corporation. No disqualifications under Article 30 of the Company Act.	Independent Director. Neither the director, their spouse, nor any relative within the second degree of kinship meets the following disqualifications: 1. Not serving as a director, supervisor, or employee of the Company or its associates. 2. Not holding shares in the Company. 3. Not serving as a director, supervisor, or employee of a specific affiliated company. 4. Not receiving compensation from the Company or its associates for providing business, legal, financial, accounting, or other services in the past two years.	3

Note 1: A Taiwanese-owned Vietnam company listed on the Hong Kong Stock Exchange.

(2) Board Diversity and Independence:

1. Board Diversity

The Company's Board of Directors has adopted the "Corporate Governance Best Practice Principles," which includes a policy for the diversification of board members as outlined in Chapter 3. This policy covers two main criteria:

Basic Criteria and Values: Gender, age, nationality, and culture.

Professional Knowledge and Skills: Professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The composition of the 17th Board of Directors of the Company, which consists of seven members, takes diversity into consideration. There are two female directors, accounting for 28.57% of the board, which is higher than the percentage of female directors in listed companies in Taiwan. Additionally, there are three independent directors, representing 42.86% of the board. One independent director has a tenure of less than three years, while two have tenures of four years. The ages of the directors are distributed as follows: one under 50 years old, three between 50 and 60 years old, and three over 61 years old. The seven directors have diverse backgrounds and experience in finance, technology, and industrial marketing, which enhances the Company's governance and oversight capabilities.

2. Board Independence

The Board of Directors follows the "Rules for Election of Directors" and the "Corporate Governance Best Practice Principles." The nomination and selection of board members adhere to the Company's Articles of Incorporation and employ a candidate nomination system that encourages shareholder participation. Shareholders holding a certain number of shares can propose candidates. All related procedures are conducted and announced according to the law, ensuring shareholder rights and preventing the monopolization or excessive dilution of nomination rights, thereby ensuring the independence of board members.

According to Article 26-3, Paragraph 3 of the Securities and Exchange Act, among the Company's seven directors, only CHANG, HSIU-CHENG and CHANG, YUN-CHI are related within the second degree of kinship. More than half of the directors have no spouse or relative within the second degree of kinship, and only 14.28% (one director) are also employees. The proportion of independent directors is 42.86% (three directors), which is better than the requirement of the Taiwan Stock Exchange, ensuring a certain level of independence in the Company's Board of Directors.

The Company has established a board performance evaluation system. According to the board-approved performance evaluation measures, an internal self-evaluation of the board and an individual director performance evaluation are conducted annually. The results are disclosed in the Company's annual report and on the corporate governance section of the Company's website.

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

April 23, 2024

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	
Vice President	ROC	ZHAO, YAN-TING	F	2024.01.01	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	0	0.04%	0	0%	0	0%	Bachelor's in German Studies, Tamkang University President, Seasonic Electronics, Inc.	None	None	None	None	
Director and Chief Financial Officer of General Management 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	
Director of Global Logistics 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 Green Energy Development Department	ROC	WU, WEI-CHEN	M	2024.01.01	0	0%	0	0%	0	0%	Lunghwa University of Science and Technology, Master of Electronic Engineering Manager, FSP Technology Inc./3Y POWER TECHNOLOGY	None	None	None	None	
Senior Manager of Product Marketing Department	ROC	HU, WEN-HAO	M	2024.01.01	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	KAO, 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	
President of Sea Sonic Energy Co., Ltd.	ROC	CHANG, YA-CHING	F	2024.03.11	795,790	0.965%	0	0%	0	0%	Master of CSIS, New York University Researcher, Energy and Environment Research Laboratories, ITRI	None	Chairman	CHANG, HSIU-CHENG	Second degree	

Note 1：The board of directors decided that Mr. Lan, Chien-Tung, the original general manager of Sea Sonic Energy Co., Ltd., would step down and Ms. Chang,Ya-Ching would be the new general manager on March 11, 2024.

Note 2：In July 2023, changed from executive director to supervisor in Shenzhen Energy Power Electronics Co., Ltd..

3. Remuneration of Directors, President, and Vice President

1. 2023 Remuneration of Directors (including Independent Directors)

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

Unit: Share/NT$ thousand

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 ar 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	From All Consolidated Entities	
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities				
																Cash	Stock	Cash	Stock			
Director (Note 7)	CHANG, HSIU-CHENG LAN, CHIEN-TUNG CHANG, YUN-CHI LIN, YAO-CHIN CHANG, CHENG-TSUNG LI, CHIN-CHANG	0	0	0	0	4,320	4,320	0	0	4,320 0.6725%	4,320 0.6725 %	5,672	11,684	138	138	3,802	0	3,802	0	13,932 2.2664%	19,944 3.2455 %	None
Independent Directors (Note 8)	LIN, CHING-CHING HUANG, CHIN-HSIANG KAO, CHIH-TING CHEN, CHAO-MING	0	0	0	0	3,861	3,861	0	0	3,861 0.6281%	3,861 0.6281 %	0	0	0	0	0	0	0	0	3,861 0.6281%	3,861 0.6281 %	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 managed according to the "Director and Ma Remuneration Method".
   According to the company's articles of incorporation,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 managed according to the "Director and Manager Remune 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 company's operational performance and future risks, ar 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	LIN, YAO-CHIN LAN, CHIEN-TUNG LI, CHIN-CHANG CHANG, YUN-CHI CHANG,CHENG-TSUNG LIN, CHING-CHING CHEN, CHAO-MING	LIN, YAO-CHIN LAN, CHIEN-TUNG LI, CHIN-CHANG CHANG, YUN-CHI CHANG,CHENG-TSUNG LIN, CHING-CHING CHEN, CHAO-MING	LIN, YAO-CHIN CHANG, CHENG-TSUNG LI, CHIN-CHANG LIN, CHING-CHING CHEN, CHAO-MING	LIN, YAO-CHIN CHANG, CHENG-TSUNGLI, CHIN-CHANG LIN, CHING-CHING CHEN, CHAO-MING
NT$1,000,0000 (included) ~ NT$2,000,000(excluded)	CHANG,HSIU-CHENG HUANG, CHIN-HSIANG KAO, CHIH-TING	CHANG,HSIU-CHENG HUANG, CHIN-HSIANG KAO, CHIH-TING	CHANG, YUN-CHI HUANG,CHIN-HSIANG KAO, CHIH-TING	
NT$2,000,000 (included)~ NT$3,500,000 (excluded)				
NT$3,500,000 (included)~ NT$5,000,000 (excluded)			CHANG, HSIU-CHENG	LAN, CHIEN-TUNG
NT$5,000,000 (included)~ NT$10,000,000 (excluded)			LAN, CHIEN-TUNG	CHANG, HSIU-CHENG
NT$10,000,000 (included)~ NT$15,000,000 (excluded)				
NT$15,000,000 (included)~ NT$30,000,000 (excluded)				
NT$30,000,000 (included)~ NT$50,000,000 (excluded)				
NT$50,000,000 (included)~ NT$100,000,000 (excluded)				
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.
Note 7: On June 14, 2023, during the shareholders' meeting re-election, former directors CHANG, CHENG-TSUNG and LI, CHIN-CHANG retired, and LAN, CHIEN-TUNG and CHANG, YUN-CHI were elected as new directors.
Note 8: On June 14, 2023, during the shareholders' meeting re-election, former independent director CHEN, CHAO-MING retired, and LIN, CHING-CHING was elected as the new independent director.

2. Compensation of the supervisors in 2023: 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$ thousand

Title	Name	Salary(A) (Note 1)		Severance Pay (B) (Note 2)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				The Total of Remuneration (A+B+C+D) and the Ratio Between it and Net Income (%)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary or the Parent company
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	LAN,CHIEN-TUNG	6,142	7,033	248	248	1,458	1,607	4,000	0	4,000	0	11,848 1.9274%	12,888 2.0966%	None
Vice President	LIN, CHAO-HSIEN													
Vice President	CHAO, YEN-TING													

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$1,000,0000 (included) ~ NT$2,000,000(excluded)	LIN, CHAO-HSIEN	
NT$2,000,000 (included)~ NT$3,500,000 (excluded)		LIN, CHAO-HSIEN
NT$3,500,000 (included)~ NT$5,000,000 (excluded)	CHAO, YEN-TING	CHAO, YEN-TING
NT$5,000,000 (included)~ NT$10,000,000 (excluded)	LAN, CHIEN-TUNG	LAN, CHIEN-TUNG
NT$10,000,000 (included)~ NT$15,000,000 (excluded)		
NT$15,000,000 (included)~ NT$30,000,000 (excluded)		
NT$30,000,000 (included)~ NT$50,000,000 (excluded)		
NT$50,000,000 (included)~ NT$100,000,000 (excluded)		
Over NT$100,000,000	3	3

Note 1: Refers to the 2023 annual salary of the general manager and deputy general manager.
Note 2: Refers to the retirement pension allocated for the President and Vice Presidents in accordance with the new labor pension system for the year 2023.
Note 3: Refers to various bonuses of the general manager and deputy general manager in 2023.
Note 4: Refers to the amount of employee remuneration distributed approved by the board of directors in 2023.
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$ thousand

	Title	Name	Employee Bonus - in Stock (Note 1)	Employee Bonus - in Cash (Note 1)	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	Chairman	CHANG, HSIU-CHENG	0	7,363	7,363	1.1978%
	President	LAN, CHIEN-TUNG				
	Vice President	CHAO, YEN-TING				
	Vice President	LIN, CHAO-HSIEN				
	Chief Financial Officer	CHANG, EN-HAO				
	Corporate Governance Officer	KAO, WEN-WEN				

Note 1: Refers to the amount of employee remuneration approved by the board of directors in 2023.

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$ thousand

	2023		2022	
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)	8,181	1.3309%	14,455	3.2107%
President and Vice President	12,888	2.0966%	11,070	2.4588%

Note 1:Compensation for 2023 includes the remuneration for directors concurrently serving as President or Vice President.

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.

Note 3: The total compensation paid in 2023 includes the remuneration for the President and Vice Presidents.

B. The Company’s compensation policy, according to Article 20 of the Articles of Incorporation: If the Company has a profit for the year, no less than 2% shall be allocated as employee compensation, and no more than 1.5% as director compensation. The compensation is based on the salary level of the position in the market, the responsibilities of the position within the Company, and the contribution to the Company’s operational goals. The procedure for setting compensation takes into account the Company’s overall operational performance, as well as individual performance and contribution to the Company’s performance, to provide reasonable remuneration. The Company reviews the compensation system in a timely manner according to the operating conditions and regulatory requirements, and submits it to the Compensation Committee for deliberation to balance the Company’s sustainable operation and risk control.
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. Board of Directors Meeting Status

A. Information on Board of Directors Meeting Status

The most recent fiscal year (2023), the Board of Directors (16th term) held a total of 4 meetings (A).

The 16th Board of Directors held 4 meetings in 2023. The attendance of the directors is as follows:

Title	Name (Note1)	Attendance in Person B	By Proxy	Attendance Rate in Person (%) 【B/A】	Notes
Chairman	CHANG, HSIU-CHENG	4	0	100%	
Director	CHANG, CHENG-TSUNG	0	0	0%	
Director	LI, CHIN-CHANG	4	0	100%	
Director	LIN, YAO-CHIN	4	0	100%	
Independent Director	CHEN, CHAO-MING	4	0	100%	
Independent Director	HUANG, CHIN-HSIANG	4	0	100%	
Independent Director	KAO, CHIH-TING	4	0	100%	

Note 1: The term of the 16th Board of Directors is from June 12, 2020, to June 11, 2023.

The most recent fiscal year (2023), the Board of Directors (17th term) held a total of 4 meetings (C).

The 17th Board of Directors held 4 meetings in 2023. The attendance of the directors is as follows:

Title	Name (Note1)	Attendance in Person D	By Proxy	Attendance Rate in Person (%) 【D/C】	Notes
Chairman	CHANG, HSIU-CHENG	4	0	100%	17th Chairman of the Board Re-elected on June 14, 2023
Director	LAN, CHIEN-TUNG	4	0	100%	Re-elected as new on June 14, 2023
Director	LIN, YAO-CHIN	4	0	100%	Re-elected on June 14, 2023
Director	CHING HAI Co., Ltd. Rep: CHANG, YUN-CHI	4	0	100%	Re-elected as new on June 14, 2023
Independent Director	LIN, CHING-CHING	4	0	100%	Re-elected as new on June 14, 2023
Independent Director	HUANG, CHIN-HSIANG	4	0	100%	Re-elected on June 14, 2023
Independent Director	KAO, CHIH-TING	4	0	100%	Re-elected on June 14, 2023

Note 1: The Company re-elected all directors at the shareholders' meeting on June 14, 2023. The term of the 17th Board of Directors is from June 14, 2023, to June 13, 2026.

Other Required Disclosures:

(1) If any of the following situations occurred during the operation of the Board of Directors, the date of the board meeting, the term, the content of the proposal, all independent directors' opinions, and the company's handling of the independent directors' opinions should be stated:
   1. Matters listed in Article 14-5 of the Securities and Exchange Act: Please refer to the "Major Resolutions of Shareholders' and Board Meetings" section of this annual report, pages 61-65.
   2. In addition to the aforementioned matters, any other board resolutions opposed or reserved by independent directors with recorded or written statements: None.

(2) Execution of Recusal by Directors on Proposals with Conflicts of Interest:
The Company has established the "Rules of Procedure for Board Meetings," which stipulates in Article 15 that directors with a conflict of interest in any meeting matter, either personally or as a representative of an entity, must explain the important aspects of their interest at that board meeting. If there is a risk of harm to the company's interests, they must not participate in the discussion or voting and must recuse themselves during the discussion and voting. They are also not allowed to exercise voting rights on behalf of other directors.

Proposals with Conflicts of Interest involving Directors in 2023:

(1) June 26, 2023, 17th Board of Directors, 2nd Meeting
   1. Proposal 3: Appointment of the members of the 5th Compensation Committee. This proposal was to appoint three independent directors, HUANG, CHIN-HSIANG, KAO, CHIH-TING, and LIN, CHING-CHING, as members of the 5th Compensation Committee. Due to conflicts of interest, they each recused themselves according to law and did not participate in the discussion or voting. The Chairman consulted the remaining attending directors, who had no objections, and the proposal was unanimously approved.
   2. Proposal 4: Appointment of members of the 2nd Sustainability Committee. This proposal was to appoint directors LAN, CHIEN-TUNG, CHANG, YUN-CHI, LIN, CHING-CHING, HUANG, CHIN-HSIANG, and KAO, CHIH-TING as members of the 2nd Sustainability Committee. Due to conflicts of interest, they each recused themselves according to law and did not participate in the discussion or voting. The Chairman consulted the remaining attending directors, who had no objections, and the proposal was unanimously approved.

(2) August 8, 2023, 17th Board of Directors, 3rd Meeting
   1. Proposal 4: Reassignment of the legal representative, directors, supervisors, and president of the Company's subsidiary, Shenzhen Energy Power Electronics Co., Ltd. Chairman CHANG, HSIU-CHENG recused himself due to a conflict of interest. The Chairman consulted the remaining attending directors, who had no objections, and the proposal was unanimously approved.
   2. Proposal 7: Addition of a member to the 2nd Sustainability Committee. This proposal was to appoint director LIN, YAO-CHIN as an additional member of the 2nd Sustainability Committee. Due to a conflict of interest, LIN recused himself according to law. The Chairman consulted the remaining attending directors, who had no objections, and the proposal was unanimously approved.
   3. Proposal 9: Distribution of directors' compensation for 2022. Directors CHANG, HSIU-CHENG, LIN, YAO-CHIN, HUANG, CHIN-HSIANG, and KAO, CHIH-TING recused themselves due to conflicts of interest. The Chairman consulted the remaining attending directors, who had no objections, and the proposal was unanimously approved.

4. Proposal 10: Distribution of employee compensation for 2022. Director CHANG, HSIU-CHENG, as a manager of the Company, recused himself due to a conflict of interest. The Chairman consulted the remaining attending directors, who had no objections, and the proposal was unanimously approved.

(1) November 9, 2023, 17th Board of Directors, 4th Meeting

1. Proposal 1: Distribution of year-end bonuses for 2023 for the Company's managers. Directors CHANG, HSIU-CHENG, LAN, CHIEN-TUNG, and CHANG, YUN-CHI, as managers of the Company, recused themselves due to conflicts of interest. The Chairman consulted the remaining attending directors, who had no objections, and the proposal was unanimously approved.
2. Proposal 2: Second distribution of employee compensation for 2021. Director CHANG, HSIU-CHENG, as a manager of the Company, recused himself due to a conflict of interest. The Chairman consulted the remaining attending directors, who had no objections, and the proposal was unanimously approved.

(3) Evaluation of Board of Directors' Performance

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2023/1/1 to 2023/12/31	1. Board of Directors 2. Individual board members 3. Salary Compensation 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. 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:
The Company completed the Board of Directors' performance evaluation using internal questionnaires in January 2024. The evaluation results were reported to the Board on March 11, 2024, and disclosed in the corporate governance section of the Company's website.
The performance evaluation scores for 2023 ranged from 90 to 100 points (with a full score of 100), meeting the excellent standard. Specifically, the overall average score for the Board's performance evaluation was 98 points, individual Board members' performance evaluation had an overall average score of 97 points, the Audit Committee's average score was 99 points, the Compensation Committee's average score was 99 points, and the Sustainability Committee's average score was 95 points. These results demonstrate the effective operation of the Company's Board, aligning with corporate governance standards. The Board will continue to assist in corporate management operations, ensuring an effective supervisory mechanism to enhance corporate governance outcomes.

(2) Evaluation of the Objectives and Implementation Status for Strengthening Board Functions for the Current and Recent Years:
To implement corporate governance and enhance corporate value, the Board has adopted the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethical Conduct for Directors and Managerial Officers," and "Code of Ethical Conduct for Employees." These guidelines actively improve various internal control systems to meet corporate governance evaluation criteria. The Compensation Committee was established in 2011 to strengthen the decision-making regarding directors' and managers' compensation through the "Regulations Governing the Compensation of Directors and Managers." The Audit Committee was established in 2020 to enhance internal control and financial information transparency. The "Sustainability Committee" was established in November 2021 to strengthen corporate governance and promote sustainable business practices.

1. In 2023, the Board approved the "Rules Governing Financial and Business Matters Between the Company and its Related Parties" to comply with Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. To fulfill corporate sustainability development and climate management responsibilities, the "Climate Risk and Opportunity Management Procedures" and "Procedures for Preparing and Verifying the Sustainability Report" were established. Additionally, the Company enhanced information security management operations by appointing a dedicated information security officer to promote and establish relevant internal control systems.
2. The Company provided directors with various professional development course information to enhance their professional competencies. In 2023, a total of seven directors participated in 20 training sessions, accumulating a total of 63 training hours.
3. The Company regularly provides directors with the latest regulatory information and reports on business operations during Board meetings. Relevant proposal materials are prepared, and personnel are assigned to attend and answer queries during the meetings.
4. The Board's operations comply with the Company's "Rules of Procedure for Board Meetings," effectively enhancing the Board's operational efficiency and decision-making capabilities, with satisfactory implementation results.
5. To continuously improve information transparency, important resolutions are announced and disclosed on the Company's website (www.seasonic.com) following Board meetings to protect shareholders' rights.

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

A. Audit Committee Operation Information

The most recent fiscal year (2023), the Audit Committee (1st term) held a total of 3 meetings (A).

The 1st Board of Directors held 3 meetings in 2023. The attendance of the independent directors is as follows:

Title	Name (Note1)	Attendance in Person B	By Proxy	Attendance Rate in Person (%) 【B/A】	Notes
Independent Director	HUANG, CHIN-HSIANG	3	0	100%	
Independent Director	CHEN, CHAO-MING	3	0	100%	
Independent Director	KAO, CHIH-TING	3	0	100%	

Note 1: The term of the 1st Audit Committee is from June 12, 2020, to June 11, 2023.

The most recent fiscal year (2023), the Audit Committee (2nd term) held a total of 3 meetings (C).

The 2nd Board of Directors held 2 meetings in 2023. The attendance of the independent directors is as follows:

Title	Name (Note1)	Attendance in Person D	By Proxy	Attendance Rate in Person (%) 【D/C】	Notes
Independent Director	LIN, CHING-CHING	2	0	100%	Re-elected as new on June 14, 2023 and act as the convenor
Independent Director	HUANG, CHIN-HSIANG	2	0	100%	Re-elected on June 14, 2023
Independent Director	KAO, CHIH-TING	2	0	100%	Re-elected on June 14, 2023

Note 1: The Company re-elected all directors at the shareholders' meeting on June 14, 2023. The term of the 2nd Audit Committee is from June 14, 2023, to June 13, 2026.

Other Required Disclosures:

1. If any of the following situations occur during the operation of the Audit Committee, the date of the Board meeting, the term, the content of the proposal, the resolution of the Audit Committee, and the handling of the Audit Committee's opinions by the Company should be stated:
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act: Please refer to "Major Resolutions of Shareholders' and Board Meetings" on pages 61 to 65 of this annual report.
   (2) In addition to the above matters, other matters not approved by the Audit Committee but approved by more than two-thirds of all directors: No such situations occurred.
2. The execution of independent directors' recusal from proposals involving conflicts of interest (should state the name of the independent director, the content of the proposal, the reason for recusal, and participation in voting): No such situations occurred.
3. Communication between independent directors and the internal audit officer and accountants (should include major matters communicated regarding the company's financial and business status, methods, and results):
   (1) The audit officer reports the audit results to the Audit Committee in the month following the completion of the audit project according to the audit plan.
   (2) The audit officer attends the Company's Board meetings to report on audit matters.
   (3) Independent directors may communicate with internal audit and accountants by phone whenever necessary.
   (4) The Company established the Audit Committee on June 12, 2020. On March 11, 2024, independent directors communicated face-to-face with the internal audit officer and accountants regarding the 2023 financial statement audit. Additionally, auditors report to independent directors according to the audit plan schedule.

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
(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

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			In 2023, the Board of Directors approved the "Rules Governing Financial and Business Matters Between the Company and its Related Parties" to comply with Article 17 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."	
(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" which added a provision that directors are prohibited from trading company stocks during a 30-day closed period before the announcement of annual financial reports and a 15-day closed period before the announcement of quarterly financial reports.	No difference
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	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	
			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. The 17th Board of Directors of the Company consists of 7 directors, emphasizing diversity. Among the members, directors with employee status account for 14.28%, not exceeding one-third of the board seats; there are 3 independent directors, accounting for 42.86%. One independent director has a tenure of less than 3 years, and two have a tenure of less than 6 years. The age distribution of the directors is as follows: 1 director is under 50 years old, 3 directors are between 51-60 years old, and 3 directors are over 61 years old. Each director has a professional background and experience in fields such as law, accounting, finance, marketing, technology, and industry. The Company values gender diversity in its board composition, with 2 female members, accounting for 28.57% of the board, which is higher than the average ratio of female directors in listed companies in Taiwan. The board's policy on diversity in member composition is disclosed on the Company's website and the Market Observation Post System.	

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
(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 functional committees will be assessed based on legal requirements, company operations, and management needs.	No difference
(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 11, 2024.	No difference
(4) Does the company conduct regular assessments of the independence of its auditors?	V		(4) The Audit Committee annually evaluates the independence of the certifying accountant and reports the results to the Board of Directors. The latest evaluation was reported and approved by the Board on January 26, 2024.	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	
			Evaluation Mechanism: 1. Confirm that the certifying accountant is not a related party to the Company or its directors. 2. Comply with the Corporate Governance Best Practice Principles for the rotation of the certifying accountant. 3. The certifying accountant reports quarterly to the Audit Committee on the execution and compliance of audit/review contents and independence. 4. Regularly obtain an independence statement from the accountant. 5. Obtain information on 13 audit quality indicators (AQIs) provided by the accounting firm and evaluate the audit quality of the firm and audit team according to the "Guidance on the Audit Quality Indicators (AQIs)" issued by the FSC. Evaluation Results: 1. The independence of the certifying accountant in relation to the Company complies with the relevant regulations of the Certified Public Accountant Act and professional ethical standards. 2. The Company has not appointed the same accountant for certification for five consecutive years. 3. In January 2024, the Audit Committee, referencing AQI information, confirmed that the accountant and the firm exceed industry standards in audit experience and training hours and will continue to implement digital audit tools to enhance audit quality.	

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
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. 2023 Business Execution Status: 1. Assisted the Board of Directors and functional committees with meeting procedures and compliance matters; provided reminders to relevant parties to avoid conflicts of interest before discussing issues related to stakeholders. 2. Responsible for announcing significant resolutions of the Board of Directors and Shareholders' Meetings, releasing important information in accordance with the law. 3. Facilitated communication meetings between independent directors, the internal audit supervisor, and the accountants. 4. Assisted directors in complying with laws and regulations, provided updates on company operations and corporate governance, and regularly shared the latest amendments to laws and regulations. 5. Handled pre-registration of the Shareholders' Meeting date, prepared and issued meeting notices, agendas, and minutes within statutory deadlines, managed	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	
			amendments to the Articles of Incorporation, and posted significant information and data uploads after the meetings. 6. Provided regular reports on corporate governance operations, improved corporate governance-related information according to the evaluation indicators of the corporate governance evaluation system. 7. Provided continuous education information and arranged courses for directors, ensuring all directors completed the required credits. 8. Planned and organized internal evaluations of the performance of the Board of Directors, board members, and functional committees for 2023, with comprehensive results reported to the Board on March 11, 2024. 9. The Corporate Governance Officer completed a total of 15 hours of continuous education courses in 2023.	
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder zone on the company's website, and appropriately responded to important corporate social responsibility issues raised by stakeholders?	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 reporting or lodging complaints regarding ethical misconduct or illegal activities are available through dedicated hotlines and email addresses for employees, suppliers, or other stakeholders.	No difference
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

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
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 for the first, second, and third quarters, as well as monthly operating results within the prescribed deadlines?		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 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.	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	
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		(1) Employee Rights:: The Company has always treated employees with integrity, protecting their legal rights in accordance with the Labor Standards Act. It has implemented the new labor pension scheme and group insurance benefits as mandated by the government to safeguard the rights 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. (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. (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	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	
			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. (6) Director Education: All directors of the Company possess relevant professional knowledge and have completed courses on securities regulations as required by law. The details of director education are entered into the Market Observation Post System. (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, 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. (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.	

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

9. Improvements Based on the Latest Corporate Governance Evaluation by the Taiwan Stock Exchange Corporate Governance Center:
   1. Improvements Made Based on the Latest Evaluation:
      (1) To ensure that related party transactions do not harm the interests of the Company or its shareholders, the Company, adhering to principles of fairness and reasonableness, established the "Rules Governing Financial and Business Matters Between the Company and its Related Parties," which was approved by the Board of Directors on November 9, 2023.
      (2) To enhance the structure of the Board of Directors, the 17th Board of Directors of the Company consists of 7 directors, emphasizing diversity, with 2 female directors accounting for 28.57% of the board, which is higher than the average ratio of female directors in listed companies in Taiwan.
   2. Priority Enhancement Areas and Measures Based on the Latest Evaluation:
      (1) Disclosure of information on the performance evaluation and compensation policies for directors and managers to enhance transparency.

Directors' Continuing Education in 2023:

Title	Participant	Training Course	Date	Training Hours	Organizer
Chairman	CHANG, HSIU-CHENG	Key Information and Responsibilities in Annual Reports: Directors' Perspective	2023/03/03	3.0	Taiwan Corporate Governance Association
		Shareholders' Meetings, Management Rights, and Equity Strategies	2023/03/10	3.0	Taiwan Corporate Governance Association
		How Directors Supervise Corporate Risk Management and Crisis Handling	2023/10/24	3.0	Securities and Futures Institute
Director	LAN, CHIEN-TUNG	14th Taipei Corporate Governance Forum	2023/09/04	3.0	Howard Civil Service International House
		Planning for Low-Carbon Transition: Carbon Rights and Carbon Pricing	2023/09/18	3.0	Taipei Foundation of Finance
		How Directors Supervise Corporate Risk Management and Crisis Handling	2023/10/24	3.0	Securities and Futures Institute
Director	LIN, YAO-CHIN	Dual Transformation in Sustainability and Digitalization	2023/08/22	3.0	Taiwan Corporate Governance Association
		How Directors Supervise Corporate Risk Management and Crisis Handling	2023/10/24	3.0	Securities and Futures Institute
Director	CHANG, YUN-CHI	How the Board Utilizes OKRs to Improve Corporate Governance Efficiency	2023/09/19	3.0	Securities and Futures Institute
		How Directors Supervise Corporate Risk Management and Crisis Handling	2023/10/24	3.0	Securities and Futures Institute
		Big Data Analysis and Corporate Governance	2023/11/21	3.0	Institute of Taiwan Project Management
		Building Succession Teams and Talent Development	2023/12/28	3.0	Institute of Taiwan Project Management
Independent Director	LIN, CHING-CHING	How to Manage Risk Effectively	2023/07/11	3.0	Taiwan Corporate Governance Association
		14th Taipei Corporate Governance Forum	2023/09/04	3.0	Howard Civil Service International House
		Corporate Growth Strategies and External Innovation	2023/09/12	3.0	Taiwan Corporate Governance Association
		How Directors Supervise Corporate Risk Management and Crisis Handling	2023/09/14	3.0	Securities and Futures Institute
Independent Director	HUANG, CHIN-HSIANG	Common Legal Issues in Mergers and Acquisitions Contracts	2023/07/25	3.0	Taiwan Corporate Governance Association
		How Directors Supervise Corporate Risk Management and Crisis Handling	2023/10/24	3.0	Securities and Futures Institute
Independent Director	KAO, CHIH-TING	Corporate Governance and Securities Regulations	2023/01/12	3.0	Securities and Futures Institute
		How Directors Supervise Corporate Risk Management and Crisis Handling	2023/10/24	3.0	Securities and Futures Institute

Managers' Participation in Corporate Governance Training and Education in 2023:

Title	Participant	Training Course	Date	Training Hours	Organizer
Chief Financial Officer	CHANG, EN-HAO	Latest Financial and Accounting Laws, Standards Q&A, and Common Financial Report Deficiencies	2023/05/11	3.0	Accounting Research and Development Foundation
		Common "Tax Planning" Strategies and Related Legal Responsibilities of Enterprises	2023/05/12	3.0	Accounting Research and Development Foundation
		EXCEL VBA Macro Application Workshop: Range Processing	2023/11/23	6.0	Securities and Futures Institute
Corporate Governance Officer	KAO, WEN-WEN	Promotion Conference for Sustainability Action Plans of Listed Companies	2023/07/13	3.0	Taipei Exchange
		Information Session on Equity of Insiders in OTC and Emerging Companies, Taipei Second Session	2023/08/09	3.0	Taipei Exchange
		Detecting Corporate Frauds or Operational Crises from Financial Statements	2023/08/16	3.0	Corporate Operating and Sustainable Development Association
		How Directors Supervise Corporate Risk Management and Crisis Handling	2023/10/24	3.0	Securities and Futures Institute
		Global Supply Chain Trends and Analysis for Taiwanese Businesses Under Geopolitical Context	2023/11/08	3.0	Corporate Operating and Sustainable Development Association

(4) Composition, duties, and operation of Compensation Committee:
Compensation 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 chairman. 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. The professional qualifications, independence, and exercise of authority of the members of this committee are conducted in accordance with the Company's "Compensation Committee Charter."
4. Other matters referred by the Board of Directors.

(1) Committee Member Information

April 23, 2024

Position (Name/Criteria)		Professional Qualifications and Experiences	Independence	Number of members of other public companies' Compensation Committees
Independent Director	HUANG, CHIN-HSIANG	Convener of the Company's Compensation Committee, with extensive experience in business, finance, accounting, or industry. Department of Accounting, Chinese Culture University; Former Special Assistant to the Chairman at TAIWAN INTERNATIONAL SECURITIES CO.,LTD.; General Manager at Grand Fortune Securities Co., Ltd.; Executive Vice President at TACHAN SECURITIES CO.,LTD.; Deputy General Manager at EnTrust Securities Co., Limited; Associate Manager at Jin Hua Securities Co., Ltd.; and Specialist at Securities and Futures Bureau, FSC; Currently Managing Director at P.H. Management Consultant Limited and Chairman at Yong An International Management Consulting Co., Ltd. Managing Director, P.H. Management Consultant Limited and Chairman, Yong An International Management Consulting Co., Ltd.. No disqualifications under Article 30 of the Company Act.	Independent Director. Neither the director, their spouse, nor any relative within the second degree of kinship meets the following disqualifications: 1. Not serving as a director, supervisor, or employee of the Company or its associates. 2. Not holding shares in the Company. 3. Not serving as a director, supervisor, or employee of a specific affiliated company. 4. Not receiving compensation from the Company or its associates for providing business, legal, financial, accounting, or other services in the past two years.	None

Position \ Name/Criteria		Professional Qualifications and Experiences	Independence	Number of members of other public companies' Compensation Committees
Independent Director	LIN, CHING-CHING	Has extensive experience in business, finance, accounting, and operations management. Master of Financial Management, University of Michigan; Department of Accounting, Fu Jen Catholic University; Former Vice President, Local Corporate Department, Citibank Taipei Branch; Vice President, Deloitte & Touche Financial Advisory Corporation; Currently an Independent Director, Vietnam Manufacturing and Export Processing (Holdings) Ltd. No disqualifications under Article 30 of the Company Act.	Independent Director. Neither the director, their spouse, nor any relative within the second degree of kinship meets the following disqualifications: 1. Not serving as a director, supervisor, or employee of the Company or its associates. 2. Not holding shares in the Company. 3. Not serving as a director, supervisor, or employee of a specific affiliated company. 4. Not receiving compensation from the Company or its associates for providing business, legal, financial, accounting, or other services in the past two years.	1 (Note 2)
Independent Director	KAO, CHIH-TING	Convener of the Company's Sustainability Committee, with extensive experience in business, industry, and operations management. EMBA, National Taiwan University; Master of Applied Mechanics and Department of Civil Engineering, National Taiwan University; Former Manager at CHINA INVESTMENT AND DEVELOPMENT CO., LTD.; RD Director at Epson; R&D Engineer at Industrial Technology Research Institute; Currently Vice President, Director, and Partner at WK Innovation Ltd., Director at Bai Chuan Capital Co., Ltd., and Institutional Shareholder Representative at Crystalvue Medical Corporation. No disqualifications under Article 30 of the Company Act.	Independent Director. Neither the director, their spouse, nor any relative within the second degree of kinship meets the following disqualifications: 1. Not serving as a director, supervisor, or employee of the Company or its associates. 2. Not holding shares in the Company. 3. Not serving as a director, supervisor, or employee of a specific affiliated company. 4. Not receiving compensation from the Company or its associates for providing business, legal, financial, accounting, or other services in the past two years.	1

Note 1: For relevant director information, please refer to Appendix on pages 19-20.
Note 2: A Taiwanese-owned Vietnam company listed on the Hong Kong Stock Exchange.

(2) Information on the operation of the Compensation Committee

1. The Compensation Committee of our company comprises 3 members.
2. Current Committee Term:
The most recent fiscal year (2023), the Compensation Committee (4th term) held a total of 2 meetings (A).

Title	Name (Note1)	Attendance in Person B	By Proxy	Attendance Rate in Person (%) 【B/A】	Notes
Convener	CHEN, CHAO-MING	2	0	100%	
Member	HUANG, CHIN-HSIANG	2	0	100%	
Member	KAO, CHIH-TING	2	0	100%	

Note 1: The term of the current (1st) Compensation Committee is from June 12, 2020, to June 11, 2023.

The most recent fiscal year (2023), the Compensation Committee (5th term) held a total of 2 meetings (C).

Title	Name (Note1)	Attendance in Person D	By Proxy	Attendance Rate in Person (%) 【D/C】	Notes
Convener	HUANG, CHIN-HSIANG	2	0	100%	Re-elected as new on June 14, 2023 and act as the convenor
Member	LIN, CHING-CHING	2	0	100%	Re-elected as new on June 14, 2023
Member	KAO, CHIH-TING	2	0	100%	Re-elected on June 14, 2023

Note 1: The Company re-elected all directors at the shareholders' meeting on June 14, 2023. The term of the current (2nd) Compensation Committee is from June 14, 2023, to June 13, 2026.

Other Required Disclosures:
1. If the Board of Directors does not adopt or modify the recommendations of the Compensation Committee, the date, session, agenda content, resolution results of the Board of Directors, and the handling of the opinions of the Compensation Committee by the Company should be stated: No such situation occurred.
2. Implementation of recusal by committee members on matters involving conflicts of interest: The Company has established a "Compensation Committee Charter," which stipulates in Article 10 that when the Compensation Committee discusses the compensation of its members, the member should explain during the meeting and recuse themselves from discussion and voting if there is a potential conflict of interest. The member is also prohibited from exercising voting rights on behalf of other committee members.

In 2023, the Company's committee members had conflicts of interest on the following proposals:
1. August 8, 2023, 5th Compensation Committee, 1st Meeting
   (1) Proposal 2: Distribution of 2022 compensation for directors of the Company. The attending members HUANG, CHIN-HSIANG and KAO, CHIH-TING recused themselves due to personal interests. The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
   (2) Proposal 3: Distribution of 2022 compensation for the Company's managers. KAIO, WEN-WEN, the Corporate Governance Officer, recused themselves. The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
2. November 9, 2023, 5th Compensation Committee, 2nd Meeting
   (1) Proposal 2: Distribution of year-end bonuses for the Company's managers in 2023. KAIO, WEN-WEN, the Corporate Governance Officer, recused themselves. The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.

(2) Proposal 3: Second distribution of 2021 compensation for the Company's managers. KAIO, WEN-WEN, the Corporate Governance Officer, recused themselves. The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.

3. Major Resolutions of the Compensation Committee in 2023:

Date	Proposal	Resolution
2023/01/13 4th Term 11th Meeting	1. Appointment of the Company's Vice President.	The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
	2. Promotion of the Company's Vice President.	The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
2023/03/21 4th Term 12th Meeting	1. Distribution of 2022 employee and director compensation for the Company.	The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
2023/08/08 5th Term 1st Meeting	1. Amendment of the Company's "Regulations Governing the Compensation of Directors and Managers."	The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
	2. Distribution of 2022 compensation for directors of the Company.	The attending members recused themselves due to personal interests. The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
	3. Distribution of 2022 compensation for the Company's managers.	KAIO, WEN-WEN, the Corporate Governance Officer, recused themselves. The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
2023/11/09 5th Term 2nd Meeting	1. Distribution of year-end bonuses for the Company's managers in 2023.	KAIO, WEN-WEN, the Corporate Governance Officer, recused themselves. The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
	2. Second distribution of 2021 compensation for the Company's managers.	KAIO, WEN-WEN, the Corporate Governance Officer, recused themselves. The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.
	3. Appointment of a dedicated information security officer for the Company.	The Chairman confirmed with all attending members that there were no objections, and the proposal was unanimously approved as submitted.

(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:

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
1. Has the company established a governance structure to promote sustainable development, set up a dedicated (or part-time) unit for promoting sustainable development, authorized senior management by the board of directors to handle related matters, and how does the board of directors supervise?	V		(1) In order to promote sustainable development governance practices, the Company established the "Sustainable Development Committee" on November 9, 2021, with the approval of the board of directors. The committee aims to implement corporate social responsibility and achieve the concept of sustainable operation. The committee is the highest-level decision-making center for sustainable development within the Company. The second term of the committee consists of six members, appointed by the board of directors, with half of the members being independent directors. The Company's board of directors serves as the highest supervisory unit for sustainable development. (2) The Company has established the "Sustainable Development Committee Charter" and the "Sustainable Development Best Practice Principles" as guiding principles for promoting sustainable development-related matters. (3) To implement corporate social responsibility and sustainable management, and to coordinate the Company's sustainable development promotion activities, the "Sustainable Development Committee" serves as an interdepartmental communication platform for vertical integration and horizontal connection. Under the committee, there is an "ESG Promotion Team," which is further divided into four working groups based on different issues: the "Information Security Group," the "Greenhouse Gas Inventory Group," the "Climate Change Group," and the "Risk Management Group." These groups are responsible for managing and executing sustainable development tasks. Through regular meetings, they identify sustainable issues relevant to the Company's operations and stakeholders, develop corresponding strategies and work plans, allocate budgets related to sustainable development, plan and execute annual programs, and track the effectiveness of implementation	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			to ensure that sustainable development strategies are fully integrated into the Company's daily operations. (4) The "Sustainable Development Committee" reports to the board of directors at least once a year on the strategies and results of sustainable development implementation, as well as future promotion plans. (5) In 2023, the "Sustainable Development Committee" held a total of four meetings, including: a. Establishing the "Climate Risk and Opportunity Management Procedure." b. Implementing the progress of the "Greenhouse Gas Inventory and Verification Schedule Plan." c. Establishing the "Procedure for Preparing and Verifying the Sustainability Report." (6) After hearing the committee's report, the Company's board of directors must evaluate the potential success of these strategies, regularly review the progress of the strategies, and urge the management team to make adjustments when necessary.	
2. Does the company conduct risk assessments related to environmental, social, and corporate governance issues that are pertinent to its operations based on the materiality principle, and establish relevant risk management policies or strategies?	V		(1) The disclosure period covered is from January 2023 to December 2023, reflecting the sustainable development performance of the entire Sea Sonic Electronics Co., Ltd. group. The risk assessment boundary is the same as the consolidated financial statements, including the headquarters of Sea Sonic Electronics Co., Ltd. in Taiwan and its subsidiaries. (2) The Company has established an ESG Promotion Team under the Sustainable Development Committee and set up a dedicated Sustainable Development Department responsible for coordinating the Company's sustainable development direction and goals, promoting related tasks, and reporting the results to the board of directors. We analyze the materiality principles based on the Global Reporting Initiative (GRI) Standards, communicate with internal and external stakeholders, and evaluate significant ESG issues through reviewing domestic and	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			international research reports, literature, and integrating assessment data from various departments and subsidiaries. Effective risk management policies and specific action plans are formulated to identify, measure, monitor, and control these risks, reducing their impact. (3) To ensure the implementation of risk management policies, Sea Sonic Electronics Co., Ltd. established the "Risk Management Policy and Procedures" in 2021, which was approved by the Board of directors. This serves as a guideline to formulate the "Risk Management Operating Procedures," clearly defining the principles, responsibilities, and operational mechanisms of risk management. This ensures the execution of all risk management procedures and related operations, enhancing risk management effectiveness. For relevant risk issues (including environmental, social, and corporate governance issues), please refer to the Risk-related Matters section in the Sea Sonic Electronics Co., Ltd. Sustainability Report.	
3. Environmental Issues (1) Has the company established an appropriate environmental management system based on the characteristics of its industry?	V		(1) The Sea Sonic Electronics Co., Ltd. (Dongguan) factory follows the ISO 14001:2015 standards to establish an environmental management system and continues to pass third-party verification. Additionally, in compliance with ISO 14064-1 standards, Sea Sonic Electronics Co., Ltd. has been conducting annual greenhouse gas inventories and tracking emission reduction results since 2022.	None
(2) Is the company committed to improving the efficiency of resource utilization and using recycled materials with low environmental impact?	V		(2) The Company is committed to enhancing the efficiency of resource utilization and continues to promote various energy-saving and carbon reduction measures as follows: 1. Office Energy-Saving Equipment: Using LED lighting fixtures with energy-saving labels. 2. Air Conditioning System Upgrade: The Taiwan headquarters updated to variable frequency air conditioning systems in 2022, and the Dongguan	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			factory has been gradually upgrading to variable frequency air conditioners since 2021. All new equipment has obtained local energy-saving certifications. 3. Factory Energy-Saving Equipment: Replacing old fuel vehicles with new energy vehicles. 4. Energy-Saving and Carbon Reduction Advocacy: a. Office Energy-Saving Measures: Implementing electronic approvals for internal documents and forms, and selecting paper certified by the Forest Stewardship Council (FSC) for photocopying. b. Turning off lights and setting air conditioning to a constant temperature during lunch breaks. 5. Resource Utilization and Recycling: a. Using reusable turnover boxes for material transportation in factories. b. Installing an ERS energy recovery and reuse system in factories, applying AC→DC→AC inversion technology for energy recycling, achieving energy-saving effects. c. Waste Recycling and Management: Complying with environmental regulations in operational locations, actively reducing waste generation through scrap recycling and paid cleaning services. 6.. Product Design: a. Using raw materials that comply with EU RoHS regulations. b. Developing high-efficiency, energy-saving power supplies.	
(3) Has the company assessed the potential risks and opportunities of climate change on its current and future operations, and taken relevant countermeasures?	V		(3) In 2023, Sea Sonic Electronics Co., Ltd. used the TCFD framework for the first time. The Climate Change Team under the ESG Promotion Team identified climate change risks and opportunities based on issues that may arise within their scope of business.	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			a. The main climate change risks identified in 2023 are: ① Introduction of energy/fuel/carbon taxes: Increased operating costs due to national carbon tax mechanisms. ② Enhanced emission disclosure obligations: Governments, investors, and customers demanding carbon emission information. ③ Rising average temperatures: Increased energy consumption leading to higher energy costs. ④ Energy and greenhouse gas management: Replacing energy-consuming equipment with high-efficiency ones and introducing green materials, increasing operational costs. ⑤ Rising raw material costs: Increased production and transportation costs for raw materials. b. The main climate change opportunities identified in 2023 are: ① Developing environmentally friendly, energy-saving products, enhancing market demand and competitive advantage. ② Diversifying financial assets: Increasing investments in green financial products. ③ Adopting more efficient transportation methods: Using more efficient transportation modes, consolidating shipments, or switching to electric vehicles. ④ Using more efficient production processes: Creating improvement activities to reduce losses. ⑤ Using new technologies: Introducing high-efficiency facilities to reduce high-energy consumption equipment and decrease power usage. c. Our action plan: ① Manufacturing, transporting, and planning long-term use of	

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			renewable energy more efficiently. Establishing a product carbon footprint management mechanism and gradually implementing low-carbon practices. ② Improving product performance from the design stage, planning to use FSC-certified paper for packaging materials. ③ Establishing backup mechanisms for alternative material suppliers to ensure stable material sources, avoid stock-out crises, and reduce costs. ④ Innovating production processes to reduce energy consumption, decrease working hours, and lower carbon emissions from processes. ⑤ Promoting digital product manuals to replace paper manuals, reducing paper usage. The climate-related risks and opportunities for the company's operations in 2023 are disclosed in the Sustainability Report.	
(4) Has the company compiled statistics on greenhouse gas emissions, water usage, and total waste weight over the past two years, and formulated policies for greenhouse gas reduction, water conservation, or other waste management strategies?	V		(4) Environmental climate change has become a common concern for investors and businesses. The Company focuses on various energy-saving and carbon reduction issues and greenhouse gas reduction topics. 1. Greenhouse Gas Management: In 2021, the Company introduced ISO 14064-1, fully promoting greenhouse gas emissions inventory and verification, setting reduction targets for categories one and two greenhouse gases, seeking reduction opportunities, and proposing improvement plans to gradually enhance greenhouse gas reduction performance. In April 2023, the Company obtained third-party verification of the group-wide greenhouse gas inventory for the first time.	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			2. Water Resource Management: The main strategy is promoting tap water conservation, improving water-use equipment such as installing water-saving toilets in restrooms, and replacing urinals and faucets with sensor-activated ones as part of daily water-saving measures. 3. Waste Management: The waste generated during operations includes "domestic waste" and "industrial waste," which are properly handled by legally qualified contractors according to the regulations of the operating locations. At the key production base Sea Sonic (Dongguan), the company continues to pass ISO 14001 external certification, adhering to the environmental policy of "committed to green environmental protection and creating sustainable development." Through the ISO 14001 environmental management system's regular PDCA cycle performance review mechanism, the Company aims to achieve green operations and sustainability commitments. The 2023 greenhouse gas inventory and emission monitoring disclosures are available in the Sustainability Report.	
4. Social Issues (1) Does the company establish relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	V		(1) In December 2023, Sea Sonic Electronics Co., Ltd. established a human rights policy and published it on the official website. Additionally, e-learning courses were organized to help all employees of the group understand their rights and company regulations. The company complies with the labor laws of the operating locations, adhering to international human rights conventions and local labor laws, prohibiting the employment of child labor, discrimination, workplace harassment, and forced labor. An independent grievance channel is established, and a smooth communication channel between labor and management is maintained to provide employees with a safe, equal, and free working environment.	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
(2) Does the company establish and implement reasonable employee welfare measures (including compensation, leave, and other benefits) and appropriately reflect business performance or results in employee compensation?	V		(2) Sea Sonic Electronics Co., Ltd. Taiwan headquarters participates in annual salary surveys conducted by job banks. The company sets salary schemes based on local industry salary levels, local price levels, basic wage adjustments, and social insurance regulations. Through market-competitive salary structures and employee incentive compensation systems, the company aims to attract and retain key talents. For example, in 2023, the salary standards in other regions met the local minimum wage requirements, and there were no penalties for non-compliance with salary regulations. According to the company's articles of association, if the company has profits in the fiscal year, no less than 2% should be allocated as employee compensation, which is rewarded based on individual annual performance. To reflect the price index and individual performance results, the company evaluates salary adjustment plans annually to ensure employee compensation is competitive externally and fair internally. Reasonable and competitive salary and welfare measures are established, including above-industry salary treatment, flexible working hours, remote work options, and other benefits (such as excellent employee awards, bonuses for three major holidays, travel subsidies, birth gifts, and scholarships for employees' children). Business performance results are reflected in individual compensation based on employee performance. The 2023 employee welfare items and average employee salary adjustments are disclosed on the Market Observation Post System, with detailed content also disclosed in the Sustainability Report.	None
(3) Does the company provide a safe and healthy working environment for employees and regularly implement safety and health education for them?	V		(3) The company complies with occupational safety and health regulations in various regions and provides necessary health consultations and tracking services for employees' health. In accordance with local laws and regulations, we conduct regular health	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			check-ups for employees. Additionally, we periodically offer on-site consultations with occupational specialists, establish an employee health database for continuous monitoring and care of high-risk employees, and regularly promote health education by providing information on health and disease prevention to enhance employees' health knowledge. We also organize regular health promotion activities to encourage employees to prioritize their health. The 2023 employee safety and health management measures and performance are disclosed in the Sustainability Report.	
(4) Does the company establish effective career development training programs for employees?	V		(4) To fulfill corporate social responsibility, the Company has developed a comprehensive training system, offering diversified training courses and various professional on-the-job training. Training content is designed according to different job functions and specialties, encompassing five main areas: general courses for new employees, professional competencies, managerial competencies, compliance training, and occupational safety training. This comprehensive talent development plan helps employees grow continuously and ensures the Company's sustainable operations. The 2023 talent development program and its performance are disclosed in the Sustainability Report.	None
(5) Regarding customer health and safety, customer privacy, marketing, and labeling of products and services, does the company comply with relevant regulations and international standards, and establish policies and grievance procedures to protect consumer or customer rights?	V		(5) The Company specializes in the professional design and production of power-related products. From product design to production and finally to delivery to customers, each stage undergoes strict scrutiny to ensure product safety. The packaging clearly indicates the place of origin, product specifications, and safety certification marks, providing customers with safe products and ensuring the safety of product sales and services. During the design phase, products are also sent to professional laboratories accredited by TAF (Taiwan Accreditation Foundation) for global safety certification of power products to ensure compliance with	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			various international safety standards. The company’s website offers grievance channels for different stakeholders. An internal grievance mechanism is available for periodic communication and case handling. For consumers in various countries, product repair services and complaint channels are provided, along with dedicated customer service and quality assurance departments that handle customer communication and consumer rights based on established management procedures, offering comprehensive after-sales services.	
(6) Does the company establish supplier management policies, requiring suppliers to adhere to relevant standards on environmental protection, occupational safety and health, or labor rights, and implement these policies?	V		(6) The Company has established supplier management procedures, including the implementation of a TQRDCE evaluation system for suppliers, which is assessed biannually. All new suppliers must pass environmental and social screening mechanisms to qualify as approved suppliers. Annually, based on the supplier audit plan, we verify the actual operations of all major material suppliers to minimize risks related to the environment, human rights, and labor. Regarding supplier social responsibility, we consider three indicators, and any violation of these will result in permanent disqualification: protection of human rights (e.g., gender equality, right to work, and prohibition of discrimination); inhumane treatment (including sexual harassment, mental or physical coercion, or verbal abuse); and providing a safe and healthy work environment for employees. Sea Sonic Electronics Co., Ltd. fosters collaboration with supply chain partners to implement ESG sustainable development, setting common ESG goals with suppliers and building stable, sustainable, and mutually beneficial strategic partnerships. The 2023 sustainable supply chain management and audit performance are disclosed in the Sustainability Report.	None

Assessment Item	Implementation Status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
5. Does the company prepare a sustainability report or other non-financial information report in reference to international standards or guidelines? Has the aforementioned report obtained assurance or certification from a third-party verification unit?	V		To enhance corporate governance, we comply with the regulation requiring listed companies with revenue under NT$2 billion to prepare a sustainability report starting from 2025. Under the leadership of the board of directors, Sea Sonic Electronics Co., Ltd. initiated the preparation of the sustainability report in 2023 and voluntarily issued it in June 2024. This report, finalized by the "Sustainable Development Committee," was verified by SGS with a Type 1 moderate level of assurance according to AA1000 AS V3. For the verification assurance statement, please refer to the appendix of the sustainability report.	None
6. If the company has established Sustainable Development Best Practice Principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," what is the company's operation in accordance with the principles and what are the differences? The Company's "2023 Sustainability Report" was prepared in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies." In 2022, the Company established its "Sustainable Development Best Practice Principles," adhering to legal requirements and international standards. This ensures the Company provides a safe working environment where employees are treated with respect and dignity. While operating the business, the Company assumes environmental responsibilities and complies with ethical standards, actively working towards the direction set by these principles to implement the Company's sustainable operation policy and statement.				
7. Other important information to understand the implementation of sustainable development initiatives: The Company is committed to environmental protection, energy conservation, carbon reduction, occupational safety, and public welfare activities. It continuously monitors new issues and trends to align with corporate sustainability goals and directions. The implementation status is as follows: 1. At the primary production base in Dongguan, the Company continuously passes external ISO 14001 verification. Adhering to the environmental policy of "committing to green environmental protection and promoting sustainable development," the Company uses the ISO 14001 environmental management system's regular PDCA cycle performance mechanism to achieve green operation and sustainable development commitments. 2. The Company replaces office energy-saving equipment, promotes energy conservation and carbon reduction, optimizes resource utilization and recycling, and reduces paper consumption. 3. Through innovative product process design, the Company reduces energy consumption and work hours, thereby lowering the carbon emissions generated by the processes. 4. The Company complies with occupational safety and health regulations in various regions, conducting supervision and management operations to provide employees with a safe working environment. 5. The Company actively engages in environmental and public welfare activities, participating in the "Ivory Coast Waste-to-Treasure School Construction Project" and donating free lunches to impoverished areas, demonstrating social care and helping communities in need.				

(5) 2. Climate-related information for listed and OTC companies

Climate-Related Information for Listed Companies

1. Implementation of Climate-Related Information

Item	Implementation Status
1. Describe the Board of Directors' and management's oversight and governance regarding climate-related risks and opportunities.	1. To enhance the Company's efforts in promoting sustainable development, Sea Sonic Electronics established the "Climate Risk and Opportunity Management Procedures" in 2023. These procedures, reviewed and approved by the Audit Committee, enable the Climate Change Task Force to identify climate change-related risks and opportunities, conduct risk assessments, and set targets in accordance with TCFD guidelines. The results of climate change-related issues are reported to the Board of Directors.
2. Explain how identified climate risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, long-term).	2. Following the TCFD framework, the Company assessed climate change risks and opportunities, completing the latest assessment in 2023. Identified climate-related risks and opportunities are integrated into the overall corporate risk identification process, with responsible units developing action plans. Details on climate change risk and opportunity assessments and response strategies can be found in the Climate Governance section of Sea Sonic Electronics' Sustainability Report.
3. Discuss the financial impacts of extreme weather events and transition actions.	3. In compliance with TCFD recommendations, the Company identified long-term physical risks, such as changes in rainfall patterns and extreme climate variations. Measures include installing water storage equipment, purchasing flood barriers, semi-annual drainage system cleaning at the Dongguan plant, and developing a regional supply chain risk diversification plan. The impact on revenue is estimated at 0.002%, while the impact from transition actions is estimated at 0.58%.

Item	Implementation Status
4. Explain how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.	4. The Climate Change Task Force uses the same definitions as the risk management process for identifying risks and opportunities, scoring them on a four-point scale based on occurrence probability and impact severity. Identified risks and opportunities are prioritized, and action plans are developed through cross-departmental discussions. These evaluations are integrated into the overall risk management and reported to the Sustainability Committee.
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and main financial impacts used.	5. Currently, no scenario analysis is used.
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transition risks.	6. For management plans related to the risks identified in 2023, please refer to the Climate Action section of Sea Sonic Electronics' Sustainability Report.
7. If internal carbon pricing is used as a planning tool, explain the basis for setting prices.	7. Currently, internal carbon pricing is not used.
8. If climate-related targets are set, explain the activities covered, greenhouse gas emissions scopes, planning timeframe, annual progress achieved; if carbon offsets or renewable energy certificates (RECs) are used to meet the targets, explain the source and amount of carbon reduction or the number of RECs.	8. Objectives: • Initiate greenhouse gas inventory: Launch a greenhouse gas inventory project in 2023. • Electricity intensity per unit of revenue: Aim to reduce by 1% from the 2021 baseline. • Energy intensity: Maintain below 2.5 without using carbon offsets.
9. Greenhouse gas inventory and verification status, reduction targets, strategies, and specific action plans (to be filled in sections 1-1 and 1-2).	9. For additional details, please refer to the Climate Action section in the Company's Sustainability Report, outlined in sections 1-1 and 1-2.

1-1 Greenhouse Gas Inventory and Verification for the Past Two Years

1-1-1 Greenhouse Gas Inventory Information

Detail the emissions (in tCO2e), intensity (tCO2e/NT$1 million), and data coverage for the past two years.

Since 2021, following the ISO 14064-1:2018 standard for greenhouse gas inventories and adopting the operational control approach to define organizational boundaries, we established a “Greenhouse Gas Inventory Management Procedure” to conduct and regularly assess and manage organizational greenhouse gas emissions. Thus, 2021 was set as the baseline year. In March 2024, we completed the internal verification of the entire group’s 2023 greenhouse gas inventory, with the boundary scope consistent with the consolidated financial statements, ensuring accurate control and management of greenhouse gas emissions.

Units	2022	2023
Total greenhouse gas emissions (tCO_2e)	215,561.96	262,258.57
Emission intensity (tCO_2e/per NT$1 million in revenue)	84.37	78.69

Note 1: Direct emissions (Scope 1, directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, from imported electricity, heat, or steam causing indirect greenhouse gas emissions), and other indirect emissions (Scope 3, emissions generated by the company’s activities, not from energy but from sources owned or controlled by other companies).

Note 2: Data coverage for direct and energy indirect emissions should be managed according to the timeline set by Article 10, Section 2 of the standards, and other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or the International Organization for Standardization (ISO) published ISO 14064-1.

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or business turnover, but at least it should be detailed using the business turnover (in million NT$).

1-1-2 Greenhouse Gas Verification Information

Detail the verification status up to the date of the annual report publication for the last two years, including the scope of verification, verification institution, verification standards, and verification opinions.

1. The 2021 data coverage aligns with the consolidated financial statements, and in April 2023, Taiwan Inspection Technology Co., Ltd. conducted the greenhouse gas inventory according to the Greenhouse Gas Protocol and ISO 14064-1, providing reasonable assurance in their verification opinion.
2. The 2022 and 2023 data were only internally verified.

Note 1: Should be managed according to the timeline set by Article 10, Section 2 of the standards, and if complete verification information is not obtained by the date of annual report publication, it should be stated that “Complete verification information will be disclosed in the sustainability report” or, if no sustainability report is prepared, “Complete verification information will be disclosed on the public information observatory” and revealed in the next year’s annual report.

Note 2: The verification institution should comply with the sustainability report verification institution regulations set by the Taiwan Stock Exchange Corporation and the Taipei Exchange Foundation.

Note 3: Disclosure content can be referenced from the best practice examples on the Taiwan Stock Exchange Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Detail the greenhouse gas reduction baseline year and its data, reduction targets, strategies, specific action plans, and status of achieving reduction targets.
Using 2021 as the baseline year, we planned to reduce the electricity intensity per unit of revenue by 1%. Based on the 2023 inventory results, Scope 1 and 2 total emissions amounted to 1437.70 tCO2e, a reduction of 26.70% from the baseline year 2021. We continue to promote energy-saving and carbon reduction plans to further reduce greenhouse gas emissions, contributing our part to the environment. The 2023 greenhouse gas emission information is disclosed in the sustainability report.

Note 1: Should be managed according to the timeline set by Article 10, Section 2 of the standards.

Note 2: The baseline year should be the year in which the consolidated financial report boundary is completed, for example, companies with a capital of over NT$10 billion should complete the inventory of the 2024 consolidated financial report by 2025, hence the baseline year is 2024. If the company has completed the consolidated financial report inventory earlier, that earlier year may be used as the baseline year, and the data for the baseline year can be calculated as a single year or an average of several years.

Note 3: Disclosure content can be referenced from the best practice examples on the Taiwan Stock Exchange Corporate Governance Center website.

(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	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	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	
the 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?			regularly assesses 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) Does the company regularly hold internal and external education and training for ethical management?	V		(5) To ensure new employees understand the importance of ethical conduct and behavior and to prevent dishonest behavior, the Company has, since 2021, required every new employee to sign the "Code of Ethical Conduct for Employees" upon joining. In 2023, all 44 new employees at our Taiwan headquarters signed the "Code of Ethical Conduct for Employees" and the "Integrity Commitment," achieving a 100% signing rate. At Dongguan Seasonic in China, all 193 new employees also signed the "Integrity Commitment," with a 100% signing rate. In 2023, Manager level or above a total of 33 employees participated in internal and external training on ethical conduct, including both in-person and online formats, accumulating 147 training hours; this includes 24 employees from the Taiwan headquarters completing 133.5 hours, and 9 employees from Dongguan Seasonic in China 13.5 hours.	No difference
3. Operation of the company's reporting system (1) Has the company established a specific reporting	V		(1) The company has established a specific whistleblowing and reward system in the "Code of	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	
and reward system, set up convenient reporting channels, and appointed appropriate dedicated personnel to handle the reported targets?			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) Has the company established standard operating procedures for investigating reported matters, subsequent measures to be taken after the investigation is completed, and related confidentiality mechanisms?	V		(2) On the company's website, different categories of stakeholders are provided with recipients and mailbox addresses for complaints and whistleblowing. Internally, a confidentiality mechanism has been set up.	No difference
(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.				

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">6. Other important information helpful in understanding the Company’s operation of ethical management:
The Company’s “Procedures for Ethical Management and Guidelines for Conduct” were amended in response to relevant legal revisions and approved by the Board of Directors on November 9, 2023. The Company continuously monitors developments in domestic and international standards related to ethical management, encourages directors, managers, and employees to participate in further education or training, and timely submit suggestions for improvements, thereby enhancing the effectiveness of the Company’s ethical management practices.</td></tr>
</table>

(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.

(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 11, 2024

Based on the findings of a self-check, the Company states the following with regard to its internal control system during the year of 2023:

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, 2023, 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 11, 2024, 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, CHIEN-TUNG

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' and board meetings.

1. Board meeting

Date	Proposal	Resolution	Items listed under Article 14-5 of the Securities and Exchange Act	Opinions of independent directors and the company's response to these opinions
2023/05/09 16th Term 18th Meeting	1. Approval of the Company's consolidated financial statements for the first quarter of 2023.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	2. Approval for loans from the Company to SEA SONIC EUROPE B.V. (SSE European subsidiary) and SEASONIC ELECTRONICS INC. (SSU American subsidiary).	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	3. Renewal of Directors' and Key Officers' Liability Insurance.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	4. Progress report on the Company's "Greenhouse Gas Inventory and Verification Schedule Plan."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
2023/06/14 17th Term 1st Meeting	1. Nomination of the Chairman.	The proposal to re-elect CHANG, HSIU-CHENG as Chairman was unanimously approved by all attending directors.		None
2023/06/26 17th Term 2nd Meeting	1. Determination of the ex-dividend date for cash dividends.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	2. Amendment of certain articles of the "Sustainability Committee Charter."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	3. Appointment of members to the Company's fifth Compensation Committee.	Except for the directors HUANG, CHIN-HSIANG, KAO, CHIH-TING, and LIN, CHING-CHING, who abstained from discussion and voting due to conflicts of interest, the remaining directors unanimously approved the proposal after consultation by the chairman.		None

Date	Proposal	Resolution	Items listed under Article 14-5 of the Securities and Exchange Act	Opinions of independent directors and the company's response to these opinions
	4. Appointment of members to the Company's second Sustainability Committee.	Except for LAN, CHIEN-TUNG, CHANG, YUN-CHI, LIN, CHING-CHING, HUANG, CHIN-HSIANG, and KAO, CHIH-TING, who each abstained from discussion and voting due to legal conflicts of interest, the remaining directors unanimously approved the proposal after consultation by the chairman.		None
2023/08/08 17th Term 3rd Meeting	1. Approval of the Company's consolidated financial statements for the second quarter of 2023.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	2. Approval for loans from the Company to SEA SONIC EUROPE B.V. (SSE European subsidiary) and SEASONIC ELECTRONICS INC. (SSU American subsidiary).	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	3. Setting the benchmark date for the issuance of new shares due to the conversion of unsecured convertible corporate bonds.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	4. Appointment of new legal representatives, directors, and the President for the mainland subsidiary Shenzhen Energy Power Electronics Co., Ltd.	After legal conflicts of interest were addressed, the remaining directors unanimously approved the proposal after consultation by the chairman.		None
	5. Progress report on the Company's "Greenhouse Gas Inventory and Verification Schedule Plan."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	6. Amendment of certain articles of the "Sustainability Committee Charter."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	7. Appointment of members to the Company's second Sustainability Committee.	After legal conflicts of interest were addressed, the remaining directors unanimously approved the proposal after consultation by the chairman.		None
	8. Amendment of certain articles of the "Regulations Governing the Compensation of Directors and Managers."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	9. Distribution of 2022 compensation for directors of the Company.	After legal conflicts of interest were addressed, the remaining directors unanimously approved the proposal after consultation by the chairman.		None
	10. Distribution of 2022 compensation for the Company's managers.	After legal conflicts of interest were addressed, the remaining directors unanimously approved the proposal after consultation by the chairman.		None

Date	Proposal	Resolution	Items listed under Article 14-5 of the Securities and Exchange Act	Opinions of independent directors and the company's response to these opinions
2023/11/09 17th Term 4th Meeting	1. Distribution of year-end bonuses for the Company's managers in 2023.	After legal conflicts of interest were addressed, the remaining directors unanimously approved the proposal after consultation by the chairman.		None
	2. Second distribution of 2021 compensation for the Company's managers.	After legal conflicts of interest were addressed, the remaining directors unanimously approved the proposal after consultation by the chairman.		None
	3. Approval of the Company's consolidated financial statements for the third quarter of 2023.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	4. Approval for loans from the Company to subsidiary Sea Sonic Energy Co., Ltd.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	5. Setting the benchmark date for the issuance of new shares due to the conversion of unsecured convertible corporate bonds.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	6. Application for a credit line renewal with Taishin Commercial Bank.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	7.Establishment of the "Rules Governing Financial and Business Matters Between the Company and its Related Parties."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	8. Establishment of the Company's "Rules Governing Financial and Business Matters Between the Company and its Related Parties."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	9. Establishment of the Company's "Climate Risk and Opportunity Management Procedures."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	10. Appointment of a dedicated information security officer for the Company.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	11. Establishment of the Company's 2024 audit plan.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	12. Amendment of the Company's "Internal Control System" and "Implementation Rules for Internal Audit."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	13. Amendment of certain articles of the Company's "Procedures for Ethical Management and Guidelines for Conduct."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None

Date	Proposal	Resolution	Items listed under Article 14-5 of the Securities and Exchange Act	Opinions of independent directors and the company's response to these opinions
	14. Amendment of certain articles of the Company's "Internal Significant Information Handling Procedures."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
2024/01/26 17th Term 5th Meeting	1. Approval of the Company's 2024 business plan.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	2. Application for financial product transaction limits with CTBC Bank.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	3. Application for forward foreign exchange transaction limits.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	4. Change of certified public accountants and assessment of their independence and suitability.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	5. Change of members of the Company's second Sustainability Committee.	Except for CHANG, DUN-KAI, who abstained from discussion and voting due to a conflict of interest related to the proposal, the remaining directors unanimously approved the proposal after consultation by the chairman.		None
	6. Amendment of certain articles of the Company's "Articles of Incorporation."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	7. Amendment of the Company's "Board Performance Evaluation Methods."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	8. Amendment of "Rules of Procedure for Board Meetings."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	9. Amendment of certain articles of the Company's "Audit Committee Charter."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
2024/03/11 17th Term 6th Meeting	1. Appointment of the President for subsidiary Sea Sonic Energy Co., Ltd.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	2. Distribution of 2023 compensation for employees and directors.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	3. Approval of the Company's 2023 business report and financial statements.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None

Date	Proposal	Resolution	Items listed under Article 14-5 of the Securities and Exchange Act	Opinions of independent directors and the company's response to these opinions
	4. Approval of the Company's 2023 profit distribution plan.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	5. Cancellation of the loan limit to SEA SONIC EUROPE B.V. (SSE European subsidiary).	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	6. Approval for loans from the Company to SEASONIC ELECTRONICS INC. (SSU American subsidiary).	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	7. Application for financial product transaction limits with E.SUN Commercial Bank.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	8. Application for financial product transaction limits with KGI Bank.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	9. 2023 assessment of the effectiveness of the internal control system and declaration of internal control.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	10. Amendment of the Company's "Internal Control System" and "Implementation Rules for Internal Audit."	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.	V	None
	11. 2023 self-assessment report on the performance evaluation of directors, the board, and functional committees.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	12. Establishment of procedures for accepting shareholder proposals.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None
	13. Planning for the 2024 Annual Shareholder Meeting, including date, time, location, agenda, and the option for electronic voting.	The proposal was unanimously approved without objection after the Chairman consulted with all present directors.		None

2.Shareholder meeting

Date	Shareholders' Meeting Resolutions	Implementation Status	Items listed under Article 14-5 of the Securities and Exchange Act:	Opinions of independent directors and the company's response to these opinions.
2023/06/14	1. Approval of the Company's 2022 business report and financial statements.	Approved by resolution at the regular meeting.	V	None
	2. Approval of the 2022 profit distribution plan.	The ex-dividend date has been set for July 30, 2023, with cash dividends to be distributed on August 16, 2023.	V	None
	3. Election of the Chairman of the Company.	The elected list of the seventeenth Board of Directors: Directors: CHANG, HSIU-CHENG; LIN, YAO-CHIN; LAN, CHIEN-TUNG; CHANG, YUN-CHI. Independent Directors: HUANG, CHIN-HSIANG; LIN, CHING-CHING; KAO, CHIH-TING. Approval for registration was granted by the Ministry of Economic Affairs on July 3, 2023, and announced on the Company's website.		None
	4. Removal of non-compete restrictions for newly appointed directors and their representatives.	Approved by resolution at the regular meeting.		None

(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 Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.

5. Information on Accountant Fees

Unit of amount: NTD thousand

Name of Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Audit Fee	Non-audit Fee (Note)	Total	Remarks
Crowe (TW) CPAs	LIN, ZHI-LONG CHEN, ZHAO-HUI	2023.01.01~2023.12.31	2,330	1,057	3,387	

Note: Tax certification public fee is 430 thousand. Inspection list 32 thousand. Report 516 thousand. Others 79 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

(1) Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by Board of Directors on January 26, 2024</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">In view of the business and management needs of the Company, starting from the first quarter of 2024, there will be a change of the accounting firm and the certifying public accountants.</td></tr>
<tr><td rowspan="3">State Whether the Appointment Is Terminated or Rejected by the Consignor or CPAs</td><td colspan="2">Client / Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td></td><td>V</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td><td>Not available</td><td>Not available</td></tr>
<tr><td>The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions (Note)</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Is There Any Disagreement in Opinion with the Issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

(2) Successor CPAs

Accounting Firm	Deloitte & Touche
CPA	CHIEN MING-YEN and CHUANG PI-YU
Date of Engagement	Approved by Board of Directors on January 26, 2024
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might Be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that Are Different from the Former CPA's Opinions	None

(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards.

7. Where the company's chairman, 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	2023		As of April 23, 2024	
		Change in Number of Shares Held	Change in Number of Pledged Shares	Change in Number of Shares Held	Change in Number of Pledged Shares
Chairman	CHANG, HSIU-CHENG	(1,599,066)	0	0	0
Director	LIN, YAO-CHIN	0	0	0	0
Director (Note 3)	CHING HAI Co., Ltd.	0	0	0	0
	Rep: CHANG, DUN-KAI	0	0	0	0
Director (Note 1)	CHING HAI Co., Ltd.	0	0	0	0
	Rep: CHANG, YUN-CHI	0	0	0	0
Director (Note 1)	LIN, CHING-CHING	0	0	0	0
Director	HUANG, CHIN-HSIANG	0	0	0	0
Director	KAO, CHIH-TING	0	0	0	0
Major Shareholder (Note 2)	CHANG, CHENG-TSUNG	0	0	0	0
Major Shareholder (Note 2)	WEI CHIN-HUA	0	0	0	0
President (Note 3)	LAN, CHIEN-TUNG	0	0	0	0
Vice President	CHAO, YEN-TING	0	0	0	0
Vice President	LIN, CHAO-HSIEN	0	0	0	0
Financial Manager	CHANG, EN-HAO	0	0	0	0
Corporate Governance Officer	KAO, WEN-WEN	0	0	0	0

Note 1: Appointed after the complete re-election of directors on June 14, 2023, with this date being the starting point for calculating changes in share numbers.

Note 2: CHANG, CHENG-TSUNG and WEI CHIN-HUA are shareholders holding more than ten percent of the Company's shares.

Note 3: LAN, CHIEN-TUNG resigned from his directorship on January 17, 2024, and CHANG, DUN-KAI would be the new Rep.

Note 4: CHANG, CHENG-TSUNG, LI, CHIN-CHANG, and CHEN, CHAO-MING were relieved of their duties following the complete re-election of directors on June 14, 2023.

(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

April 23. 2024；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	
CHANG, ZHENG-ZONG	21,069,968	25.568%	10,157,309	12.325%	0	0.000%	WEI, JIN-HUA CHANG, HSIU-CHENG CHANG, YUN-CHI CHANG, YA-JING CHANG, 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	12.325%	21,069,968	25.568%	0	0.000%	CHANG, HSIU-CHENG CHANG, HSIU-CHENG CHANG, YUN-CHI CHANG, YA-JING CHANG, JI-LING	Spouse 1st degree of kinship 1st degree of kinship 1st degree of kinship 1st degree of kinship	
CHING HAI Co., Ltd.	6,396,264	7.761%	-	0.000%	-	0.000%	-	-	
CHING HAI Co., Ltd. Rep: CHANG, YUN-CHI	591,866	0.718%	-	0.000%	-	0.000%	-	-	
CHING HAI Co., Ltd. Rep: CHANG, DUN-KAI	0	0.000%	0	0.000%	0	0.000%	-	-	
CHANG, HSIU-CHENG	2,122,666	2.575%	266,000	0.322%	0	0.000%	CHANG, ZHENG-ZONG WEI, JIN-HUA CHANG, YUN-CHI CHANG, YA-JING CHANG, 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	2.392%	1,087,850	1.320%	0	0.000%	YANG, LI-YING	Spouse	
YANG, LI-YING	1,087,850	1.320%	1,971,196	2.392%	0	0.000%	LIN, SHUI-CHUAN	Spouse	
CHANG, YA-JING	795,790	0.965%	0	0.000%	0	0.000%	CHANG, ZHENG-ZONG WEI, JIN-HUA CHANG, HSIU-CHENG CHANG, YUN-CHI CHANG, JI-LING	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	
CHANG, JI-LING	771,459	0.936%	0	0.000%	0	0.000%	CHANG, ZHENG-ZONG WEI, JIN-HUA CHANG, HSIU-CHENG CHANG, YUN-CHI CHANG, YA-JING	1st degree of kinship 1st degree of kinship 2nd degree of kinship 2nd degree of kinship 2nd degree of kinship	
Ming Guan Investment Co., Ltd.	696,910	0.845%	0	0.000%	0	0.000%	None	None	
Ming Guan Investment Co., Ltd. Rep: LI, CHUN-YAN	0	0.000%	0	0.000%	0	0.000%	None	None	
Li Ying Investment Co., Ltd.	667,550	0.810%	0	0.000%	0	0.000%	None	None	
Li Ying Investment Co., Ltd. Rep: WEN, SHU-ZHEN	35,615	0.043%	0	0.000%	0	0.000%	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 April 23. 2024

Share Type	Authorized Capital			Remark
	Outstanding Shares (Listed)	Unissued Shares	Total	
Registered Common Stock	82,406,370	67,593,630	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	Establishment	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 to capital increase of 7,580 thousand dollars)	None	2002/09/17 No. Tai-tsai-zhen-1-0910151477
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-10001164820
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-10201198090
2023/08	10	150,000,000	1,500,000	80,906,192	809,062	Convertible corporate bonds converted into common stock NT$9,529 thousand	None	2023/08/28 No. jin-sho-shan-11230164900
2023/12	10	150,000,000	1,500,000	823,582,380	823,582	Convertible corporate bonds converted into common stock NT$14,520 thousand	None	2023/12/04 No. jin-sho-shan-11230223800
2024/04	10	150,000,000	1,500,000	82,406,370	824,063	Convertible corporate bonds converted into common stock NT$481 thousand	None	Capital amount on the ex-dividend date, pending submission for approval by the upcoming board meeting and registration of changes with the Ministry of Economic Affairs

Summary declaration system related information: Not applicable.

(2)Remark

April 23. 2024

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	-	-	28	54	12	11,297	11,391
Shareholding	-	-	8,060,323	1,445,582	15,192	72,885,270	82,406,370
Percentage	-	-	9.781%	1.754%	0.018%	88.447%	100%

(3)Shareholding Distribution Status

Per share face value of ten dollars

April 23. 2024

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1 - 999	2,372	460,012	0.558
1,000 - 5,000	7,746	14,517,675	17.617
5,001 - 10,000	753	5,821,153	7.064
10,001 - 15,000	205	2,630,900	3.193
15,001 - 20,000	113	2,076,606	2.520
20,001 - 30,000	82	2,072,024	2.514
30,001 - 40,000	41	1,469,490	1.783
40,001 - 50,000	20	913,495	1.109
50,001 - 100,000	32	2,206,114	2.677
100,001 - 200,000	9	1,407,750	1.708
200,001 - 400,000	4	1,087,430	1.320
400,001 - 600,000	4	2,006,759	2.435
600,001 - 800,000	4	2,931,709	3.558
800,001 - 1,000,000	0	0	0.000
1,000,001 or over	6	42,805,253	51.944
Total	11,391	82,406,370	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.

April 23. 2024

Shareholding / Shareholder's Name	Shareholding	Percentage
CHANG, ZHENG-ZONG	21,069,968	25.568%
WEI, JIN-HUA	10,157,309	12.325%
CHING HAI Co., Ltd.	6,396,264	7.761%
CHANG, HSIU-CHENG	2,122,666	2.575%
LIN, SHUI-CHUAN	1,971,196	2.392%
YANG, LI-YING	1,087,850	1.320%
CHANG, YA-JING	795,790	0.965%
CHANG, JI-LING	771,459	0.936%
Ming Guan Investment Co.,	696,910	0.845%
Li Ying Investment Co., Ltd.	667,550	0.810%

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

Unit: NT$; shares

Item / Year			2022	2023	As of March 31, 2024 (Note 8)
Market Price per Share (Note 1)	Highest Market Price		89.50	115.50	97.70
	Lowest Market Price		43.65	50.40	87.70
	Average Market Price		61.50	84.04	92.83
Net Worth per Share (Note 2)	Before Distribution		33.05	37.10	39.08
	After Distribution		-	-	-
Earnings per Share	Weighted Average Shares		79,953,277	81,051,217	82,375,957
	Earnings per Share (Note 3)	Before adjustment	5.63	7.58	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)		10.92	11.09	-
	Price / Dividend Ratio (Note 6)		12.30	16.81	49.38
	Cash Dividend Yield Rate (Note 7)		8.13%	5.95%	-

＊ 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 proposed distribution of earnings for the year 2023 was discussed and approved by the Board of Directors on March 11, 2024 (pending resolution by the general shareholders' meeting). The proposed distribution schedule for the 2023 earnings is as follows:

Item	Amount
Undistributed earnings at beginning of period	659,494,270
Add: Net income after tax for 2023	614,705,919
Less: Others	(433,439)
Itemized:	
Less: Provision for legal reserve	(61,470,592)
Less: Itemized of special reserve (translation of financial statements of foreign operating companies)	(4,016,614)
Subtotal of distributable earnings for the year	1,208,279,544
Distributable items:	
Cash dividends to shareholders	(411,791,190)
Undistributed earnings at the end of the period	796,488,354

Note: The distribution of profits is prioritized from the undistributed profits of 2023.
Undistributed profits at the end of each year are as follows:
2012：10,706,385 / 2013：9,394,768 / 2014：35,394,536 / 2015：17,737,251 / 2016：21,358,943 / 2018：69,929,188 / 2019：59,593,300 / 2020：151,434,761 / 2021：268,717,968 / 2022：14,793,731 / 2023：137,427,523

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>2024
(Estimated)</td></tr>
<tr><td colspan="3">Opening paid-in capital</td><td>823,582,380</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 2024 is based on the profit distribution plan approved by the board of directors on March 11, 2024.
2. The company's financial forecast for 2024 is not publicly available, so there is no need to disclose the estimated business performance, earnings per share, and hypothetical data for 2024.

(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: 24,544,175 yuan

B. Director remuneration: 8,181,392 yuan

C. There is no difference from the employee cash remuneration of 24,544,175 yuan and director remuneration of 8,181,392 yuan recognized in the 2023 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$ 17,640,850 of employee cash remuneration and NT$ 5,880,283 of director remuneration in 2022, which is no different from the amount of employee cash remuneration of NT$ 17,640,850 and director remuneration of NT$ 5,880,283 recognized in the 2022 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

Type of Corporate Bonds	First (Term) Secured Corporate Bonds
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 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

Type of Corporate Bonds	First (Term) Secured Corporate Bonds
	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 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

Type of Corporate Bonds		First (Term) Secured Corporate Bonds
		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
Name of Credit Rating Agency, Date of Rating, Results of Corporate Bond Rating		None
Other Rights Attached	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)	NA
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuance conditions on the possible dilution of equity and the impact on existing shareholders' rights		None
Name of Entrusted Custodian for Exchange Object		None

(2) Convertible Corporate Bond Information

Type of corporate bonds		First secured convertible corporate bonds		
Item \ Year		2022	2023	As of March 31, 2024
Market price of convertible corporate bonds	Highest	114.00	137.00	120.00
	Lowest	93.10	96.95	110.00
	Average	106.51	119.33	114.01
Conversion price		87.10	83.10	83.10
Issue (implementation) date and conversion price at issue		September 9, 2021 Conversion price 95.8 dollars		
Method of fulfilling conversion obligation (Note 3)		Issue new shares		

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:

The repayment funds for this convertible bond will be covered by the cash flow generated from annual operational and financing activities. These funds will be deposited with the bond repayment and interest payment agency one business day before the bond's principal and interest due date or its maturity date.

IV. Operation Overview

1. 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$ thousand

Product	2022		2023		As of March 31, 2024	
	Sales volume	%	Sales volume	%	Sales volume	%
Power Supply	2,484,358	97.24%	3,270,638	98.12%	550,516	99.48%
Others	70,484	2.76%	62,552	1.88%	2,898	0.52%
Total	2,554,842	100.00%	3,333,190	100.00%	553,414	100.00%

3. Current Product (Service) Items of the Company

(1) Product

PC Business Division:

A. ATX12V Flagship Series: Prime complies with the Intel DG 2.1 (ATX3.1) standards and has achieved certification for 80PLUS Titanium efficiency. It also meets the ErP Lot 6 2013 standards for standby efficiency. Output ranges from 1300W to 1600W. The entire series features a modular cable design, employs interleaved PFC technology, and includes a 13.5cm hydraulic dynamic bearing fan. A patented three-stage/two-stage thermal control switch ensures high power, ultra-high efficiency, and extremely quiet operation. The series also includes models with 80PLUS Platinum efficiency, with outputs ranging from 1300W to 1600W, offering consumers top-tier choices.

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 2.1 (ATX3.1) 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: FOCUS conforms to the latest Intel DG 2.1 (ATX3.1) standards and supports the latest PCIe 5.0 standards for independent graphics cards. It features a fully modular output design, utilizes a new 13.5cm FDB hydraulic bearing silent fan, and optimized digital temperature control circuits, offering mainstream power outputs from 750W to 1000W. The standard 140mm depth facilitates assembly and compatibility with more cases, targeting mid-range users and offering a higher cost-performance ratio.
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 650W 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: FOCUS SGX represents compact, high-power products with a fully detachable cable design. Designed for Mini-ITX motherboards and cases, it uses a newly designed 9cm FDB hydraulic bearing silent fan and optimized digital temperature control circuits, offering mainstream power outputs from 750W to 850W. This series targets users requiring compact, high-density, and high-performance computer systems.
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. Industrial PC/Flex12V Platinum Series: Offering 550-650W outputs, suitable for applications like DVR digital surveillance systems, NAS network storage systems, POS, and industrial-grade computer power supplies. Complying with the 80 PLUS Platinum efficiency and EuP Lot 6 2013 Standby efficiency standards, this series features a fully modular cable design for enhanced mechanical compatibility and flexibility to meet diverse cabling needs of customers, combined with a DC to DC voltage conversion design for high efficiency and stability.

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.

(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.

  Development of Models Introducing SMD High-Voltage MOS Materials: This reduces costs by minimizing manual attachment during the manufacturing process, which also lowers the incidence of defects thereby improving yield and increasing production capacity.

  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

2023 NVIDIA RTX 4090/4080 Graphics Cards: The introduction of high-specification power supplies triggered by these graphics cards, coupled with applications such as AI/Edge Computing, has recently provided a significant growth impetus for the power supply industry.

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$ thousand

Item	2022	2023	As of March 31, 2024
R&D expenses (in thousands)	59,256	55,414	16,836
Percentage of Operating Revenue (%)	2.32%	1.66%	3.04%
Net Operating Income	2,554,842	3,333,190	553,414

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$ thousand

Sales region \ Year		2022		2023	
		Amount	%	Amount	%
Domestic		152,226	5.96%	181,618	5.45%
Foreign	America	413,572	16.19%	914,771	27.44%
	Europe	364,117	14.25%	951,199	28.54%
	Asia	1,609,531	63.00%	1,263,216	37.90%
	Other	15,396	0.60%	22,386	0.67%
	Subtotal	2,402,616	94.04%	3,151,572	94.55%
Total		2,554,842	100.00%	3,333,190	100.00%

2. Market Sales

In 2023, the Company’s performance grew by 30% compared to 2022. Our products are primarily marketed based on their environmental friendliness, quiet operation, and high efficiency, covering all major retail market needs across various power levels. Our marketing channels are spread across the Americas, Asia, Europe, Australia, and Africa, with primary applications in desktop and industrial computers. We continue to develop higher-end products and expand new product lines to achieve our sales targets for 2024.

(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

Demand in PC gaming has strengthened in 2023, with the computational needs of high-end graphics cards for AI/Edge Computing applications driving the demand for power supplies.

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 3.1specifications 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

■ We have developed strategic partnerships to increase production flexibility and outsource low-tech operations to external manufacturers. This strategy allows us to preserve our main production capacity for high-end products and the manufacturing of OEM/ODM products.

■ 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。

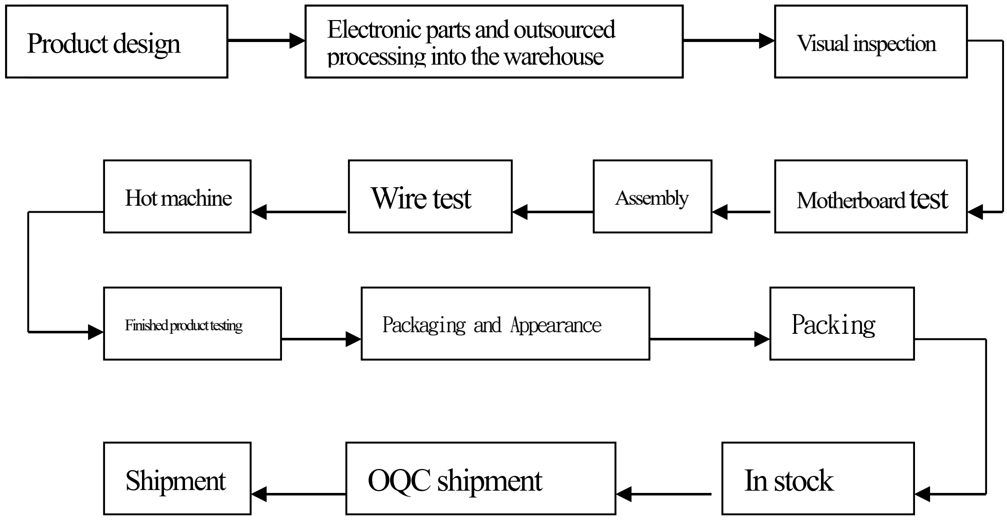
來源：IDC全球個人計算設備季度跟踪報告，2020年9月1日

(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) Customers accounting for more than 10% of the total sales or purchase volume in any of the last two fiscal years, including the name, sales or purchase amount, percentage, and reasons for changes in these amounts.

1. Major Customers over the Last Two Fiscal Years

Unit: NT$ thousand；%

	2022				2023				As of March 31, 2024			
Item	Name	Amount	Percentage to Annual Net Sales (%)	Relation to the Issuer	Name	Amount	Percentage to Annual Net Sales (%)	Relation to the Issuer	Name	Amount	Percentage to Net Sales as of Q1 (%)	Relation to the Issuer
	Company A	541,201	21.18%	None	Company A	713,578	21.41%	None	Company A	88,318	15.96%	None
	Others	2,013,641	78.82%		Others	2,619,612	78.59%		Others	465,096	84.04%	
	Net Sales Amount	2,554,842	100.00%		Net Sales Amount	3,333,190	100.00%		Net Sales Amount	553,414	100.00%	

Note 1: This table lists customers who accounted for more than 10% of the total sales amount over the last two fiscal years, along with their sales amounts and percentages. However, due to contractual agreements that restrict the disclosure of customer names or if the transaction involves individuals who are not associates, pseudonyms are used.

2. Major Suppliers over the Last Two Fiscal Years

Unit: NT$ thousand；%

	2022				2023				As of March 31, 2024			
Item	Name	Amount	Percentage to Annual Net Purchase (%)	Relation to the Issuer	Name	Amount	Percentage to Annual Net Purchase (%)	Relation to the Issuer	Name	Amount	Percentage to Net Purchase as of Q1 (%)	Relation to the Issuer
	Company A	109,790	8.50%	None	Company A	164,485	8.23%	None	Company A	31,914	17.17%	None
	Others	1,181,311	91.50%		Others	1,834,197	91.77%		Others	153,943	82.83%	
	Net Purchase Amount	1,291,101	100.00%		Net Purchase Amount	1,998,682	100.00%		Net Purchase Amount	185,857	100.00%	

Note 1: This applies similarly to suppliers accounting for more than 10% of the total purchase amount over the last two fiscal years, with names and transaction amounts listed under pseudonyms due to similar contractual confidentiality agreements.

(8) Production Value for the Last Two Fiscal Years

Production Capacity and Output Unit: Thousand units
Production Value Unit: NT$ thousand

Year / Production ValueMain / Products	2022			2023		
	Capacity	Output	Value	Capacity	Output	Value
Power Supplies	736	774	1,073,758	1,077	1,017	1,499,000
Other	-	-	-	-	-	-
Total	736	774	1,073,758	1,077	1,017	1,499,000

(9) Sales Value for the Last Two Fiscal Years

Sales Volume Unit: Thousand units
Sales Amount Unit: NT$ thousand

Year / Sales Value / Products	2022				2023			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Power Supplies	77	150,318	837	2,334,040	82	177,140	976	3,093,498
Other	176	1,908	3,480	68,576	238	4,478	915	58,074
Total	253	152,226	4,317	2,402,616	320	181,618	1,891	3,151,572

(10) Historical Performance Indicators:

Item / Year			Financial Analysis from 2019 to 2023					Q1 2024
			2019	2020	2021	2022	2023	
Historical Performance Indicators	Return on Total Assets (%)		12.15	18.47	18.16	11.24	15.36	3.68
	Return on Equity attributable to Shareholders (%)		17.53	31.55	31.86	17.23	21.58	4.95
	% to Paid-in Capital Ratio	Operating Income	47.76	109.90	127.03	53.82	92.31	7.16
		Pre-tax Income	46.49	96.46	120.49	75.11	95.00	23.41
	Net Margin (%)		13.18	15.70	15.00	17.62	18.44	28.05
	Earnings Per Share (NT$)		3.70	7.64	9.42	5.63	7.58	1.88

(11) Industry-Specific Key Performance Indicators:

Item		Financial Analysis from 2019 to 2023					Q1 2024
		2019	2020	2021	2022	2023	
Operating Performance Analysis	Average Collection Turnover (Times)	6.01	6.38	5.99	3.90	7.76	5.65
	Days Sales Outstanding	61	57	61	94	47	65
	Average Inventory Turnover (Times)	2.05	3.07	3.12	1.64	2.10	1.54
	Average Inventory Turnover (Days)	178	119	117	223	174	237
	Average Payment Turnover (Times)	3.31	2.74	3.57	4.25	7.53	5.51
	Property, Plant and Equipment Turnover (Times)	11.00	19.23	23.78	12.08	16.37	2.83
	Total Assets Turnover (Times)	0.91	1.17	1.20	0.63	0.82	0.13

3. Employee Numbers for the Last Two Fiscal Years

March 31, 2024

Year		2022 (Note)	2023 (Note)	2024 (Note)
Employee Numbers	Direct Labor	106	112	125
	Indirect Labor	205	240	235
	Total	311	352	360
Average Age		37.18	36.7	37.5
Average Tenure		7	6.1	5.4
Education	Ph.D.	0%	0%	0%
	Master’s	5%	7%	6%
	Bachelor’s	32%	35%	35%
	High School	20%	10%	9%
	Below High School	43%	48%	50%

Note 1:Data for 2022 and 2023 are up to December 31st of each year, and data for 2024 are up to March 31, 2024.
Note 2:Employee numbers for 2023 and 2024 include employees from the headquarters and subsidiaries: Sea Sonic Energy Co., Ltd., Dongguan Seasonic, Shenzhen Energy Power Electronics, and the U.S. subsidiary.

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. Employee Benefits, Retirement Systems, and Labor Agreements:

The Company's Employee Welfare Committee was established and officially registered with the approval of the Department of Labor, Taipei City Government on September 13, 1999 (Document Bei-Shi-Lao-Yi-Zi No. 8822884400). The Company offers various employee benefits, including flexible work hours, the option to work from home, and additional benefits such as the Outstanding Employee Award, festival bonuses, travel subsidies, childbirth gifts, and scholarships for employees and their children. Details are also disclosed in the Sustainability Report.

2. Employee Education and Training:

The Company has established an "Employee Education and Training Procedure" for staff to follow. The training programs are categorized into internal and external training:

(1) Internal Training: Organized by the company, including scheduling dates, courses, venues, and registration. Instructors may be employees or external hires.

(2) External Training: Managed by the HR department, sending staff to courses organized by professional educational institutions based on the schedule.

(3) In 2023, the following statistics and expenditures were recorded for employee education and training:

Training Type	Internal Training	External Training
Training Hours/Persons	6,622.5 hours / 2,593 attendees	210 hours / 36 attendees
Expenditure	NT$27 thousand	NT$111 thousand
Courses	【New Employee Orientation】 • New Employee General Training 【Professional Skills】 • Peoduct Training Meeting for 2023 Computex • R&D Training Courses/Seminars • Warehouse Management/Semi-automatic Forklift Use/Elevator Operation • Statistical Sampling Inspection Course 【Compliance Training】 • ESG-related Training • Ministry of Labor's Conventions on Human Rights Education • Promoting Workplace Gender Equality 【Management Skills】 • Supervisor Management Training • Elite Training Courses 【Occupational Safety Training】 • New Employee Fire Safety Training • Level 3 Safety Education for Employees • Healthy Workplace and Lifestyle Course • Healthy Eating Seminar	【Specialized Skills】 • One-day Project Management Training • Procurement Negotiation Strategies and Tactics 【Compliance Training】 • AFNOR International Certification Course - Sustainability Reporting and Carbon Management • Ethics in Business Management Courses 【Occupational Safety Training】 • Type A Occupational Health and Safety Manager 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.

3.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.

4. 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.

5. The Company is committed to gender equality. Compensation, work arrangements, and promotions are based on organizational needs and the professional abilities of employees, without gender discrimination. As of December 31, 2023, women comprised 46.02% of the workforce and 38.46% of management positions, with further details disclosed in the Sustainability Report.

6.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. Review contracts with related parties.
	3. 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. Strengthen the concept of information security in all units to avoid strategic risks and reduce the risk of legal violations.
	4. Responsible for the information security of company financial data.
Product 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.
Global Logistics 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)	Mi (2)	C(12)
03	PLM system	Mi(3)	Hi (3)	(6)	Lo (1)	Mi (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 (Networkvoice)	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

Likelihood	Rating	Explanation	Classification Definition
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.

Rating	Impact Level	Explanation of Classification Definition
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 Plans and Investment in Information Security Management Resources:

1. In 2023, two AD servers and two Terminal Servers underwent cybersecurity-related operating system upgrades to enhance network security protection.
2. In 2024, an upgrade of the wireless network system to the Aruba version will be carried out, establishing a Wifi6 environment.
3. In 2024, a vulnerability scanning system will be established to reduce the risk of system hacking.
4. In 2024, it is planned to introduce an MDR (Managed Detection and Response) system to enhance the capability for continuous monitoring of threats.
5. In 2024, it is planned to implement Office 365, updating the Office software to reduce software vulnerabilities and cloudifying the mail server to increase service availability.
6. The network environment will incorporate Chunghwa Telecom's cybersecurity fleet for front-end protection against hacker attacks, and this organization will also regularly notify us of security vulnerability alerts.
7. Social engineering protection training: With the increasing sophistication of email scam techniques, social engineering emails will be sent periodically for testing to enhance the vigilance of Sea Sonic Electronics employees.
8. Joining the Taiwan CERT/CSIRT Alliance, which provides regular cybersecurity intelligence, sharing hacker intrusion techniques and malicious IP addresses that need to be blocked.
9. Procurement of endpoint antivirus software to enhance the protection of personal computers and prevent hacking.
10. The use of DLP (Data Loss Prevention) encryption software to prevent confidential files from being leaked.
11. The system architecture is based on hyper-converged virtualization to reduce the risk of hardware failure and service interruption.

(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) : None.

V. Financial Highlights

1. Condensed Balance Sheet and Statement of Comprehensive Income from 2019 to 2023

(1) Condensed Balance Sheet

1. Condensed Balance Sheet (Consolidated)

Unit: NT$ thousand

Item \ Year		Financial Analysis from 2019 to 2023: 2019	2020	2021	2022	2023	Q1 2024
Current Assets		2,310,819	3,529,592	3,775,658	3,313,226	3,619,897	3,588,875
Property, Plant and Equipment		195,663	209,166	212,775	210,138	197,122	194,596
Intangible Assets		-	-	-	10,000	28,568	29,083
Other Assets		109,106	288,419	321,229	314,627	405,282	467,354
Total Assets		2,615,588	4,027,177	4,309,662	3,847,991	4,250,869	4,279,908
Current Liabilities	Before Distribution	747,820	1,751,730	1,043,470	550,874	703,902	972,860
	After Distribution	947,703	2,151,496	1,443,236	950,640	-	-
Noncurrent Liabilities		137,058	132,244	683,302	654,410	491,865	86,885
Total Liabilities	Before Distribution	884,878	1,883,974	1,726,772	1,205,284	1,195,767	1,059,745
	After Distribution	1,084,761	2,283,740	2,126,538	1,605,050	-	-
Equity Attributable to Shareholders of the Parent		1,730,710	2,143,203	2,582,890	2,642,707	3,055,102	3,220,163
Capital Stock		799,532	799,532	799,532	799,532	823,582	824,063
Capital Surplus		-	-	95,714	95,714	273,136	276,631
Retained Earnings	Before Distribution	950,952	1,362,810	1,715,164	1,765,624	1,980,564	2,135,773
	After Distribution	751,069	963,044	1,315,398	1,365,858	-	-
Others		(19,774)	(19,139)	(27,520)	(18,163)	(22,180)	(16,304)
Treasury Stock		-	-	-	-	-	-
Noncontrolling Interests		-	-	-	-	-	-
Total Equity	Before Distribution	1,730,710	2,143,203	2,582,890	2,642,707	3,055,102	3,220,163
	After Distribution	1,530,827	1,743,437	2,183,124	2,242,941	-	-

Note 1: The consolidated financial statements from 2019 to 2023 have been audited by accountants; the consolidated financial statements for the first quarter of 2024 have been reviewed by accountants.

Note 2: The figures after distribution mentioned above are filled out according to the resolutions of the shareholders' meeting of the following year.

Note 3: The profit distribution proposal for 2023 has not yet been resolved by the shareholders' meeting.

2. Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$ thousand

Item \ Year	Financial Analysis from 2019 to 2023					Q1 2024
	2019	2020	2021	2022	2023	
Net Revenue	2,241,902	3,891,875	5,017,499	2,554,842	3,333,190	553,414
Gross Profit	709,093	1,233,634	1,491,645	776,752	1,139,926	153,755
Income from Operations	381,817	878,676	1,015,670	430,327	760,254	58,975
Non-operating Income and Expenses	(10,096)	(107,456)	(52,313)	170,163	22,171	133,907
Income before Income Tax	371,721	771,220	963,357	600,490	782,425	192,882
Net Profit of Ongoing Operations	295,505	611,132	752,829	450,226	614,706	155,209
Losses from Discontinued Operations	-	-	-	-	-	-
Net Income	295,505	611,132	752,829	450,226	614,706	155,209
Other Comprehensive Income (Loss) for the Period, Net of Income Tax	(6,478)	1,244	(8,657)	9,357	(4,017)	5,876
Total Comprehensive Income for the Period	289,027	612,376	744,172	459,583	610,689	161,085
Net Income Attributable to Shareholders of the Parent	295,505	611,132	752,829	450,226	614,706	155,209
Net Income Attributable to Noncontrolling Interests	-	-	-	-	-	-
Total Comprehensive Income Attributable to Shareholders of the Parent	289,027	612,376	744,172	459,583	614,706	155,209
Total Comprehensive Income Attributable to Noncontrolling Interests	-	-	-	-	-	-
Earnings Per Share (NT$)	3.70	7.64	9.42	5.63	7.58	1.88

Note 1: The consolidated financial statements from 2019 to 2023 have been audited by accountants; the consolidated financial statements for the first quarter of 2024 have been reviewed by accountants.

3. Condensed Balance Sheet (Unconsolidated)

Unit: NT$ thousand

Item \ Year		Financial Analysis from 2019 to 2023				
		2019	2020	2021	2022	2023
Current Assets		1,661,449	2,565,203	2,755,856	2,831.132	3,715,971
Investments Accounted for Using the Equity Method		587,007	520,844	389,567	343,882	331,212
Property, Plant and Equipment		157,596	175,105	175,806	183,132	170,573
Intangible Assets		-	-	-	-	1,901
Other Assets		23,872	205,230	230,805	221,872	253,913
Total Assets		2,429,924	3,466,382	3,552,034	3,580,018	3,933,570
Current Liabilities	Before Distribution	587,721	1,240,352	322,349	274,810	330,854
	After Distribution	787,604	1,640,118	722,115	674,576	-
Noncurrent Liabilities		111,493	82,827	646,795	662,501	547,614
Total Liabilities	Before Distribution	699,214	1,323,179	969,144	937,311	878,468
	After Distribution	899,097	1,722,945	1,368,910	1,337,077	-
Capital Stock		799,532	799,532	799,532	799,532	823,582
Capital Surplus		-	-	95,714	95,714	273,136
Retained Earnings	Before Distribution	950,952	1,362,810	1,715,164	1,765,624	1,980,564
	After Distribution	751,069	963,044	1,315,398	1,365,858	-
Others		(19,774)	(19,139)	(27,520)	(18,163)	(22,180)
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	1,730,710	2,143,203	2,582,890	2,642,707	3,055,102
	After Distribution	1,530,827	1,743,437	2,183,124	2,242,941	-

Note 1: The parent company only financial statements from 2019 to 2023 have been audited by accountants.

Note 2: The figures after distribution mentioned above are filled out according to the resolutions of the shareholders' meeting of the following year.

Note 3: The profit distribution proposal for 2023 has not yet been resolved by the shareholders' meeting.

4. Condensed Statement of Comprehensive Income (Unconsolidated)

Unit: NT$ thousand

Item / Year	Financial Analysis from 2019 to 2023				
	2019	2020	2021	2022	2023
Net Revenue	1,812,410	3,607,682	4,8156,38	2,396,811	3,341,081
Gross Profit	465,330	824,262	1,245,798	674,076	1,047,559
Income from Operations	303,115	618,290	997,227	474,717	722,454
Non-operating Income and Expenses	43,791	121,701	(44,466)	100,630	68,916
Income before Income Tax	346,906	739,991	952,761	575,347	791,370
Net Profit of Ongoing Operations	295,505	611,132	752,829	450,226	614,706
Losses from Discontinued Operations	-	-	-	-	-
Net Income	295,505	611,132	752,829	450,226	614,706
Other Comprehensive Income (Loss) for the Period, Net of Income Tax	(6,478)	1,244	(8,657)	9,357	(4,017)
Total Comprehensive Income for the Period	289,027	612,376	744,172	459,583	610,689
Earnings Per Share (NT$)	3.70	7.64	9.42	5.63	7.58

Note 1: The parent company only financial statements from 2019 to 2023 have been audited by accountants.

(2) Auditors' Opinions from 2019 to 2023

1. Auditors' Opinions from 2019 to 2023

Year	CPA	Accounting Firm	Audit Opinion
2019	WANG WU-CHANG KAO PEI	Crowe (TW) CPAs	An Unmodified Opinion
2020	LIN, ZHI-LONG KAO PEI	Crowe (TW) CPAs	An Unmodified Opinion
2021	LIN, ZHI-LONG CHEN, ZHAO-HUI	Crowe (TW) CPAs	An Unmodified Opinion
2022	LIN, ZHI-LONG CHEN, ZHAO-HUI	Crowe (TW) CPAs	An Unmodified Opinion
2023	LIN, ZHI-LONG CHEN, ZHAO-HUI	Crowe (TW) CPAs	An Unmodified Opinion

2. Changes in Auditors from 2019 to 2023: None.

2. Financial Analysis from 2019 to 2023

(1) Financial Analysis

1. Financial Analysis (Consolidated)

Item	Year	Financial Analysis from 2019 to 2023					Q1 2024
		2019	2020	2021	2022	2023	
Capital Structure Analysis	Debts Ratio (%)	33.83	46.78	40.07	31.32	28.13	24.76
	Long-term Fund to Property, Plant and Equipment (%)	954.58	1,087.87	1,535.05	1,569.02	1,799.38	1,699.44
Liquidity Analysis	Current Ratio (%)	309.01	201.49	361.84	601.45	514.26	368.90
	Quick Ratio (%)	215.62	137.62	234.36	404.00	338.41	257.01
	Times Interest Earned (%)	112.09	269.44	194.29	62.87	85.92	91.22
Operating Performance Analysis	Average Collection Turnover (Times)	6.01	6.38	5.99	3.90	7.76	5.65
	Days Sales Outstanding	61	57	61	94	47	65
	Average Inventory Turnover (Times)	2.05	3.07	3.12	1.64	2.10	1.54
	Average Inventory Turnover (Days)	178	119	117	223	174	237
	Average Payment Turnover (Times)	3.31	2.74	3.57	4.25	7.53	5.51
	Property, Plant and Equipment Turnover (Times)	11.00	19.23	23.78	12.08	16.37	2.83
	Total Assets Turnover (Times)	0.91	1.17	1.20	0.63	0.82	0.13
Profitability Analysis	Return on Total Assets (%)	12.15	18.47	18.16	11.24	15.36	3.68
	Return on Equity (%)	17.53	31.55	31.86	17.23	21.58	4.95
	Pre-tax Income to Paid-in Capital Ratio (%)	46.49	96.46	120.49	75.11	95.00	23.41
	Net Margin (%)	13.18	15.70	15.00	17.62	18.44	28.05
	Earnings Per Share (NT$)	3.70	7.64	9.42	5.63	7.58	1.88
Cash Flow	Cash Flow Ratio (%)	80.31	41.14	-12.46	115.81	93.56	19.86
	Cash Flow Adequacy Ratio (%)	125.68	106.05	72.16	88.56	111.32	102.86
	Cash Flow Reinvestment Ratio (%)	20.73	22.02	-15.67	6.97	7.09	5.66
Leverage	Operating Leverage	1.55	1.29	1.36	1.65	1.47	2.48
	Financial Leverage	1.00	1.00	1.00	1.02	1.01	1.03

Reasons for Changes Exceeding 20% in Various Financial Ratios Over the Last Two Fiscal Years:

1. Times Interest Earned (%)：
The increase is primarily due to higher revenues driven by market demand in 2023, resulting in an increase in earnings before interest and taxes compared to the previous year, thereby raising the times interest earned ratio.

2. Average Collection Turnover (Times) / Days Sales Outstanding / Average Inventory Turnover (Times) / Average Inventory Turnover (Days) / Average Payment Turnover (Times)：
The increase in these ratios in 2023 is mainly due to increased market demand, which led to higher revenues and cost of goods sold compared to the previous year, resulting in a higher turnover rate and a decrease in the number of days sales outstanding and inventory turnover days.

3. Property, Plant and Equipment Turnover (Times) / Total Assets Turnover (Times)：
The rise in these turnover ratios in 2023 was mainly due to increased revenues driven by higher market demand, enhancing the turnover rate.

4. Return on Total Assets (%) / Return on Equity (%) / Pre-tax Income to Paid-in Capital Ratio (%)：
The increase in these ratios is mainly due to an increase in net profit for the period compared to the previous year, resulting in higher returns on assets and equity and an increase in the pre-tax income to paid-in capital ratio.

5.Earnings Per Share (NT$)：
The increase in earnings per share in 2023 is mainly due to an increase in net profit attributable to the shareholders of the parent company compared to the previous year.

6. Cash Flow Adequacy Ratio (%)：
The increase in this ratio in 2023 is primarily due to increased revenues and pre-tax profits driven by stronger market demand compared to the previous year, leading to net cash inflows from operating activities, which raised the cash flow adequacy ratio.

Note 1: The consolidated financial statements from 2019 to 2023 have been audited by accountants; the consolidated financial statements for the first quarter of 2024 have been reviewed by accountants.

2. Financial Analysis (Unconsolidated)

Item	Year	Financial Analysis from 2019 to 2023				
		2019	2020	2021	2022	2023
Capital Structure Analysis	Debts Ratio (%)	28.78	38.17	27.78	26.18	22.33
	Long-term Fund to Property, Plant and Equipment (%)	1,168.94	1,271.25	1,837.07	1,804.82	2,112.13
Liquidity Analysis	Current Ratio (%)	282.69	206.81	854.93	1,030.21	959.93
	Quick Ratio (%)	271.23	194.04	815.96	906.04	868.24
	Times Interest Earned (%)	8,673.65	21,765.44	380.28	77.56	118.73
Operating Performance Analysis	Average Collection Turnover (Times)	2.69	4.24	4.22	2.49	3.56
	Days Sales Outstanding	136	86	86	147	103
	Average Inventory Turnover (Times)	33.52	24.47	25.32	11.44	15.63
	Average Inventory Turnover (Days)	11	15	14	32	23
	Average Payment Turnover (Times)	3.99	3.77	7.23	106.85	52.38
	Property, Plant and Equipment Turnover (Times)	11.27	21.69	27.45	13.36	18.89
	Total Assets Turnover (Times)	0.79	1.22	1.37	0.67	0.89
Profitability Analysis	Return on Total Assets (%)	12.91	20.73	21.51	12.79	16.51
	Return on Equity (%)	17.53	31.55	31.86	17.23	21.58
	Pre-tax Income to Paid-in Capital Ratio (%)	43.39	92.55	119.16	71.96	96.09
	Net Margin (%)	16.30	16.94	15.63	18.78	18.40
	Earnings Per Share (NT$)	3.70	7.64	9.42	5.63	7.58
Cash Flow	Cash Flow Ratio (%)	72.42	56.29	-23.64	298.89	103.12
	Cash Flow Adequacy Ratio (%)	139.29	147.21	105.34	138.54	123.95
	Cash Flow Reinvestment Ratio (%)	11.70	21.51	-14.27	12.38	-1.58
Leverage	Operating Leverage	1.24	1.31	1.25	1.34	1.41
	Financial Leverage	1.00	1.00	1.00	1.02	1.01

Reasons for Changes Exceeding 20% in Various Financial Ratios Over the Last Two Fiscal Years:

1. Times Interest Earned (%)：
The increase is primarily due to higher revenues driven by market demand in 2023, resulting in an increase in earnings before interest and taxes compared to the previous year, thereby raising the times interest earned ratio.
2. Average Collection Turnover (Times) / Days Sales Outstanding / Average Inventory Turnover (Times) / Average Inventory Turnover (Days) / Average Payment Turnover (Times)：
The increase in these ratios in 2023 is mainly due to increased market demand, which led to higher revenues and cost of goods sold compared to the previous year, resulting in a higher turnover rate and a decrease in the number of days sales outstanding and inventory turnover days.
3. Property, Plant and Equipment Turnover (Times) / Total Assets Turnover (Times)：
The rise in these turnover ratios in 2023 was mainly due to increased revenues driven by higher market demand, enhancing the turnover rate.
4. Return on Total Assets (%) / Return on Equity (%) / Pre-tax Income to Paid-in Capital Ratio (%)：
The increase in these ratios is mainly due to an increase in net profit for the period compared to the previous year, resulting in higher returns on assets and equity and an increase in the pre-tax income to paid-in capital ratio.
5. Earnings Per Share (NT$)：
The increase in earnings per share in 2023 is mainly due to an increase in net profit attributable to the shareholders of the parent company compared to the previous year.
6. Cash Flow Ratio (%) / Cash Flow Adequacy Ratio (%)：
The decrease in these ratios in 2023 is primarily due to increased market demand leading to higher revenues, an increase in accounts receivable, and higher income tax payments compared to the previous year. Despite increased revenues, net cash inflows from operating activities were less than the previous year, leading to a decrease in the cash flow ratio and cash flow adequacy ratio.

Note 1: The parent company only financial statements from 2019 to 2023 have been audited by accountants.

Note 2: The calculation method for financial ratios are as follows:

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis
   (1) Average Collection Turnover = Net Sales / Average Trade Receivables (including Accounts Receivable and Notes Receivable originated from operation)
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Average Payment Turnover = Cost of Sales / Average Trade Payables (including Accounts Payable and Notes Payable originated from operation)
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity = Net Income / Average Equity
   (3) Net Margin = Net Income / Net Sales
   (4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage:
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

3. Audit Committee's Review Report on 2023 Financial Statements

Audit Committee Report

The Board of Directors had prepared and submitted the 2023 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, 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,

2024 Shareholders General Meeting of Sea Sonic Electronics Co., Ltd.

Convener: LIN, CHING- CHING

林青青

March 11, 2024

4. Consolidated Financial Statements for the Years Ended December 31, 2023 and Independent Auditors' Report

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, 2023, 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 11, 2024

國富浩華聯合會計師事務所
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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, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 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, 2023. 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, 2023 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.

Valuation of receivables
Please refer to Note 4.7 for details of the accounting policies for impairment of receivables and to Note 5.2.2, Note 6.3 and Note 6.4 for related disclosures.

Description on the key audit matter:

The net amount of the Group's receivables as of December 31, 2023 is $395,342 thousand NTD (net of loss allowance of $1,175 thousand NTD). Since the impairment of receivables is based on the management's subjective judgment according to the default risk and expected loss rate of receivables, we have included it as one of the key audit matters in our audit of the financial statements.

Audit procedures in response:

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

Valuation of inventories
Please refer to Note 4.8 for details of the accounting policies for inventories and to Note 5.2.6 and Note 6.5 for related disclosures.

Description on the key audit matter:

The net amount of the Group's inventories as of December 31, 2023 is $1,110,184 thousand NTD (net of the loss allowance on inventories of $58,113 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, 2023 and 2022 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, 2023 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 11, 2024

<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.

(Annex 9)

Sea Sonic Electronics Co., Ltd. and its Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

In thousands of NTD

Code	Assets	December 31, 2023			December 31, 2022		
			Amount	%		Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6.1)	$	1, 513, 896	35	$	1, 384, 168	36
1110	Financial assets at FVTPL - current (Note 6.2)		381, 404	9		357, 136	9
1150	Notes receivable, net (Note 6.3)		25, 691	1		24, 392	1
1170	Accounts receivable, net (Notes 6.4)		369, 651	9		434, 630	11
1200	Other receivables		14, 645	–		6, 396	–
1220	Current-period income tax assets		4, 888	–		3	–
130x	Inventories (Note 6.5)		1, 110, 184	26		979, 830	26
1410	Prepayments		127, 661	3		107, 878	3
1476	Other financial assets - current (Note 6.6)		63, 171	2		10, 559	–
1479	Other current assets		8, 706	–		8, 234	–
11xx	Total current assets		3, 619, 897	85		3, 313, 226	86
	Non-current assets						
1600	Property, plant and equipment (Note 6.7)		197, 122	5		210, 138	6
1755	Right-of-use assets (Note 6.8)		70, 709	2		40, 914	1
1780	Intangible assets (Note 6.9, Note 7)		28, 568	1		10, 000	–
1840	Deferred tax assets (Note 6.26)		111, 284	3		64, 256	2
1915	Prepayments for equipment		–	–		71	–
1920	Refundable deposits		12, 275	–		2, 106	–
1980	Other financial assets - noncurrent (Note 6.10)		206, 062	4		200, 622	5
1995	Other noncurrent assets		4, 952	–		6, 658	–
15xx	Total noncurrent assets		630, 972	15		534, 765	14
1xxx	Total assets	$	4, 250, 869	100	$	3, 847, 991	100

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Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2130	Contract liabilities - current (Note 6.20)	$ 31, 362	1	$ 15, 420	−
2170	Accounts payable	360, 765	8	221, 686	6
2200	Other payables (Note 6.11)	112, 748	3	113, 547	3
2230	Current-period income tax liabilities	118, 554	3	143, 998	4
2250	Provision - current (Note 6.12)	10, 928	−	8, 912	−
2280	Lease liabilities - current (Note 6.8)	16, 134	−	13, 094	−
2300	Other current liabilities (Note 6.13)	53, 411	1	34, 217	1
21xx	Total current liabilities	703, 902	16	550, 874	14
	Noncurrent liabilities				
2530	Corporate bonds payable (Note 6.14)	392, 425	10	587, 293	15
2570	Deferred tax liabilities (Note 6.26)	43, 997	1	35, 977	1
2580	Lease liabilities - noncurrent (Note 6.8)	55, 419	1	31, 116	1
2645	Guarantee deposits received	24	−	24	−
25xx	Total non-current liabilities	491, 865	12	654, 410	17
2xxx	Total liabilities	1, 195, 767	28	1, 205, 284	31
	Equity				
	Equity attributable to owners of the parent				
	Share capital (Note 6.16)				
3110	Common share	823, 582	19	799, 532	21
3130	Bond conversion entitlement certificates	−	−	−	−
3100	Total share capital	823, 582	19	799, 532	21
3200	Capital surplus (Note 6.17)				
3280	Capital surplus – others	273, 136	6	95, 714	2
	Retained earnings (Note 6.18)				
3310	Legal reserve	688, 633	16	643, 610	17
3320	Special reserve	18, 163	−	27, 520	1
3350	Unappropriated retained earnings	1, 273, 768	31	1, 094, 494	28
3300	Total retained earnings	1, 980, 564	47	1, 765, 624	46
3400	Other equity (Note 6.19)				
3410	Exchange differences arising from translation of foreign operations	(22, 180)	−	(18, 163)	−
31xx	Total equity attributable to owners of the parent	3, 055, 102	72	2, 642, 707	69
3xxx	Total equity	3, 055, 102	72	2, 642, 707	69
	Total liabilities and equity	$ 4, 250, 869	100	$ 3, 847, 991	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

(Annex 10)

Sea Sonic Electronics Co., Ltd. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Code	Item	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Note 6.20)	$ 3, 333, 190	100	$ 2, 554, 842	100
5000	Operating costs (Note 6.5)	(2, 193, 264)	(66)	(1, 778, 090)	(69)
5900	Gross profit (loss) from operations	1, 139, 926	34	776, 752	31
	Operating Expenses				
6100	Selling expenses	(189, 928)	(5)	(169, 717)	(8)
6200	Administrative expenses	(136, 200)	(4)	(114, 764)	(4)
6300	Research and development expenses	(55, 414)	(2)	(59, 256)	(2)
6450	Expected credit impairment (loss) benefit	1, 870	-	(2, 688)	-
6000	Total operating expenses	(379, 672)	(11)	(346, 425)	(14)
6900	Operating income (loss)	760, 254	23	430, 327	17
	Non-operating income and expenses				
7100	Interest income (Note 6.21)	59, 610	2	21, 180	1
7010	Other income (Note 6.22)	8, 544	-	13, 160	1
7020	Other gains and losses (Note 6.23)	(36, 191)	(1)	145, 936	5
7050	Finance costs (Note 6.25)	(9, 792)	-	(10, 113)	-
7000	Total non-operating income and expenses	22, 171	1	170, 163	7
7900	Net income (loss) before income tax	782, 425	24	600, 490	24
7950	Income tax (expense) benefit (Note 6.26)	(167, 719)	(5)	(150, 264)	(6)
8200	Net income (loss)	614, 706	19	450, 226	18
	Other comprehensive income or loss for the year (Note 6.27)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from translation of foreign operations	(5, 021)	-	11, 696	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	1, 004	-	(2, 339)	-
		(4, 017)	-	9, 357	-
8300	Other comprehensive income (net) for the year	(4, 017)	-	9, 357	-
8500	Total comprehensive income for the year	$ 610, 689	19	$ 459, 583	18
8600	Net income (loss) attributable to				
8610	Owners of the parent (net profit/loss)	$ 614, 706		$ 450, 226	
8620	Non-controlling interests (net profit/loss)	-		-	
		$ 614, 706		$ 450, 226	
8700	Total comprehensive income attributable to:				
8710	Owners of the parent (comprehensive income)	$ 610, 689		$ 459, 583	
8720	Non-controlling interests (comprehensive income)	-		-	
		$ 610, 689		$ 459, 583	
	Earnings per share				
9750	Basic earnings per share (Note 6.28)	$ 7. 58		$ 5. 63	
9850	Diluted earnings per share (Note 6.28)	$ 7. 20		$ 5. 23	

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

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

(Annex 11)

Sea Sonic Electronics Co., Ltd. and its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Item	Equity attributable to owners of the parent: Share capital: Common share capital	Share capital: Bond conversion entitlement certificates	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Other equity items: Exchange differences arising from translation of foreign operations	Total equity attributable to owners of the parent	Total equity
Balance on January 1, 2022	$ 799, 532	$ –	$ 95, 714	$ 568, 355	$ 19, 139	$ 1, 127, 670	($ 27, 520)	$ 2, 582, 890	$ 2, 582, 890
Appropriation and distribution of earnings									
Set aside legal reserve	–	–	–	75, 255	–	(75, 255)	–	–	–
Set aside reversal of special reserve	–	–	–	–	8, 381	(8, 381)	–	–	–
Cash dividends of common shares	–	–	–	–	–	(399, 766)	–	(399, 766)	(399, 766)
Net income (net loss) for 2022	–	–	–	–	–	450, 226	–	450, 226	450, 226
Other comprehensive income or loss for 2022	–	–	–	–	–	–	9, 357	9, 357	9, 357
Total consolidated profit or loss for 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
Appropriation and distribution of earnings									
Set aside legal reserve	–	–	–	45, 023	–	(45, 023)	–	–	–
Set aside special reserve	–	–	–	–	(9, 357)	9, 357	–	–	–
Cash dividends of common shares	–	–	–	–	–	(399, 766)	–	(399, 766)	(399, 766)
Other changes in capital surplus	–	–	6	–	–	–	–	6	6
Net income (net loss) for 2023	–	–	–	–	–	614, 706	–	614, 706	614, 706
Other comprehensive income or loss for 2023	–	–	–	–	–	–	(4, 017)	(4, 017)	(4, 017)
Total consolidated profit or loss for 2023	–	–	–	–	–	614, 706	(4, 017)	610, 689	610, 689
Conversion of convertible bonds	–	24, 050	177, 416	–	–	–	–	201, 466	201, 466
Bond conversion entitlement certificates	24, 050	(24, 050)	–	–	–	–	–	–	–
Balance on December 31, 2023	$ 823, 582	$ –	$ 273, 136	$ 688, 633	$ 18, 163	$ 1, 273, 768	($ 22, 180)	$ 3, 055, 102	$ 3, 055, 102

The accompanying notes are an integral part of the consolidated financial statements.
Chairman: CHANG, HSIU-CHENG Manager: LAN, JIEN-TONG CAO: CHANG, EN-HAO

(Annex 12)

Sea Sonic Electronics Co., Ltd. and its Subsidiaries
Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Item	2023	2022
Cash flows from operating activities		
Income (loss) before income tax, net	$ 782, 425	$ 600, 490
Adjustment items		
Income/gain or expenses/loss items		
Depreciation expense	35, 145	38, 004
Amortization expense	4, 972	4, 522
Expected credit impairment loss (benefit)	(1, 870)	2, 688
Net loss (gain) on financial assets and liabilities at FVTPL	(12, 313)	6, 410
Interest expense	9, 214	9, 705
Interest income	(59, 610)	(21, 180)
Loss (benefit) on disposal and scrapping of property, plant and equipment	(878)	766
Transfer of property, plant and equipment to expense	13	-
Lease modification benefits	(3, 183)	(54)
Prepayment for equipment transferred to expense	71	3
Unamortized expense transferred to expense	700	660
Changes in operating assets / liabilities, net		
Changes in operating assets, net		
Decrease (increase) in notes receivable	(1, 313)	(147)
Decrease (increase) in accounts receivable	66, 810	386, 993
Decrease (increase) in other receivables	(3, 606)	6, 909
Decrease (increase) in inventories	(129, 865)	206, 574
Decrease (increase) in prepayments	(19, 783)	32, 473
Decrease (increase) in other current assets	(472)	(1, 046)
Changes in operating liabilities, net		
Increase (decrease) in contract liabilities	15, 942	(33, 168)
Increase (decrease) in accounts payable	139, 079	(392, 995)
Increase (decrease) in other payables	(799)	(43, 423)
Increase (decrease) in provisions	2, 016	1, 139
Increase (decrease) in other current liabilities	19, 194	(1, 004)
Cash flows from (used in) operations	841, 889	804, 319
Interest received	54, 964	18, 780
Interest paid	(2, 535)	(2, 210)
Income tax refunds (paid)	(235, 763)	(182, 907)
Net cash flows from (used in) operating activities	658, 555	637, 982

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Cash flows from investing activities				
Acquisition of financial assets at FVTPL	(	242, 078)	(	24, 647)
Disposal of financial assets at FVTPL		230, 000		133, 240
Acquisition of property, plant and equipment	(	10, 385)	(	8, 798)
Disposal of property, plant and equipment		3, 566		4, 591
Decrease (increase) in refundable deposits	(	10, 169)		3, 739
Acquisition of intangible assets	(	20, 262)	(	10, 000)
Decrease (increase) in other financial assets	(	58, 052)	(	18, 594)
Decrease (increase) in other noncurrent assets	(	2, 335)	(	1, 456)
Decrease (increase) in prepayments for equipment		-	(	11, 800)
Net cash flows from (used in) investing activities	(	109, 715)		66, 275
Cash flows from financing activities				
Increase (decrease) in guarantee deposits received		-	(	9)
Lease principal repayment	(	14, 334)	(	12, 614)
Cash dividends paid	(	399, 766)	(	399, 766)
Other financing activities		6		-
Net cash flows from (used in) financing activities	(	414, 094)	(	412, 389)
Effect of exchange rate changes on cash and cash equivalents	(	5, 018)		7, 879
Increase (decrease) in cash and cash equivalents for the period		129, 728		299, 747
Cash and cash equivalents at beginning of period		1, 384, 168		1, 084, 421
Cash and cash equivalents at end of period	$	1, 513, 896	$	1, 384, 168

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, 2023 and 2022
(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 11, 2024.

3. Application of Newly Issued and Amended Standards 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 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)
Amendments to IAS 12 "International Tax Reform － Pillar Two Model Rules"	(Note D)

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 date of the earliest comparative period expressed (January 1, 2022), unless additional provisions are made for temporary differences related to lease and decommissioning obligations.

Note D: As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

(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 to 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 January, 2022, the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with lease and 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.

(4) Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"

The amendments stipulates that, as a temporary exception to IAS 12, corporations shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform. However, corporations shall disclose in its financial reports that it has applied this exception. In addition, corporations shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, corporations should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated.

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 impact of not yet adopting the newly issued and revised IFRSs endorsed by the FSC is summarized in the following table:

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note A)
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
Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements "	January 1, 2024 (Note B)

Note A: The seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note B: The amendment provides certain transitional reliefs. When initially applying the amendment, entities are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

(1) Amendments to IFRS 16 "Lease liability in a sale and leaseback"

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that when an entity determines whether a liability is classified as noncurrent, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity’s compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the entity’s equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counter-party an option to extinguish the liability by the entity’s equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation”, then the classification of the liability will not be affected.

(3) Amendment to IAS 1 “Non-current Liabilities with Covenants”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

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

New standards, interpretations and amendments issued by IASB but not endorsed and issued into effect by the FSC are as follows:

New IFRSs	Effective Date Announced by IASB
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 IAS 21 "Lack of Exchangeability"	January 1, 2025

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

(1) Except for the following items, the consolidated financial statements have been prepared under the historical cost convention :

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

B. Financial assets measured at fair value through other comprehensive income.

C. Liabilities on cash-settled share-based payment arrangements measured at fair value.

D. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

(2) 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) Principles for the preparation 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.

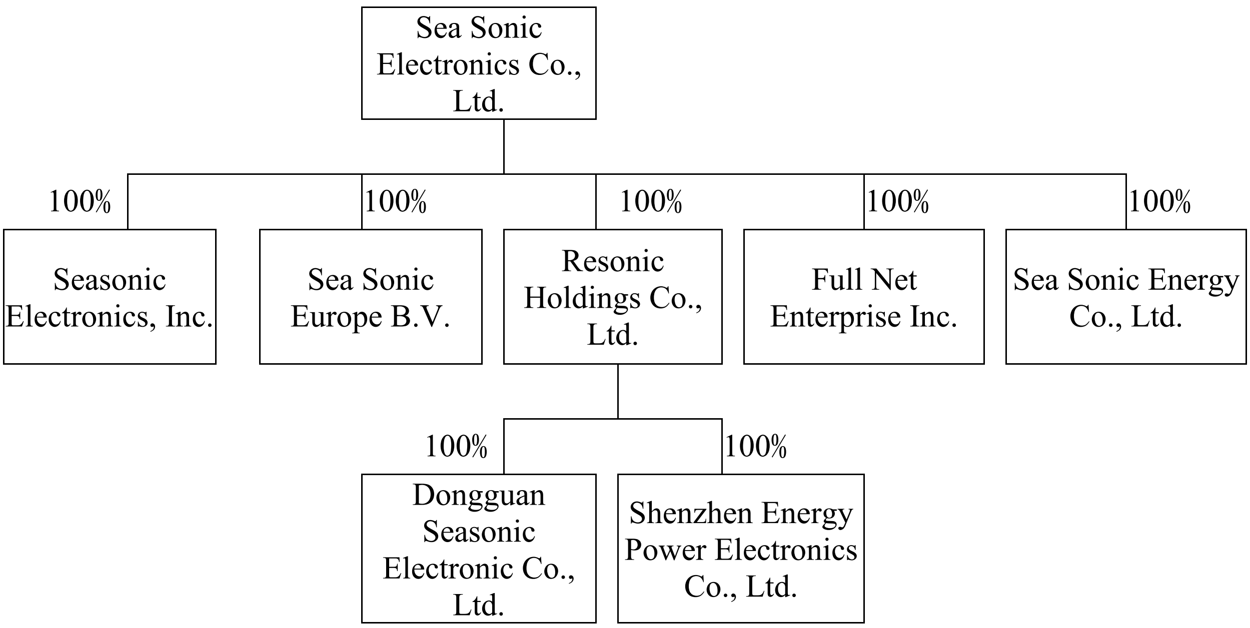
B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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, 2023 are as follows :



(3) The subsidiaries in the consolidated financial statements :

Investor	Subsidiaries	Main Businesses	Percentage of Ownership 2023.12.31	Percentage of Ownership 2022.12.31
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%	100%
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 accountants.

B. Changes in the consolidated subsidiaries:

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 $131, 238 thousand and $112, 634 thousand NTD deposited in Mainland China as of December 31, 2023 and 2022 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

(1) 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.

(2) 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.

(3) 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

(1) 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.

The Group classifies all assets that do not meet the above criteria as non-current.

(2) 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).

4.7.1 Financial Assets

A. 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

a. 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.

b. 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.

B. 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.

C. 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

A. 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 of embedded derivative; and the master contract is not an asset within the scope of IFRS 9; 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.

B. 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.

(1) The Group as a lessee

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

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

(2) 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

<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.

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

Common 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, and does not give

rise to an equivalent number of taxable and deductible temporary differences. 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:

(1) Identifying the contract;

(2) Identifying performance obligations;

(3) Determine the transaction price;

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

(5) 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 accounting 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 income 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.

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, 2023	December 31, 2022
Cash	$ 975	$ 832
Demand deposits	49, 381	47, 608
Time deposits	62, 350	343, 791
Foreign currency deposits	1, 401, 190	991, 937
Total	$ 1, 513, 896	$ 1, 384, 168

(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 FVTPL

Item	December 31, 2023	December 31, 2022
Financial assets - current		
Non-derivative financial assets mandatorily measured at FVTPL		
Fund beneficiary certificates	$ 354, 874	$ 333, 386
Corporate bonds	26, 332	22, 430
Derivative financial assets		
Convertible corporate bonds	198	1, 320
Total	$ 381, 404	$ 357, 136

(1) The Group has no financial assets at FVTPL 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, 2023	December 31, 2022
Notes receivable	$ 25, 951	$ 24, 638
Less: Loss allowance	(260)	(246)
Notes receivable, net	$ 25, 691	$ 24, 392

(1) As of December 31, 2023 and 2022, no notes 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, 2023	December 31, 2022
Measured at amortized cost		
Accounts receivable	$ 370, 566	$ 437, 376
Less: Loss allowance	(915)	(2, 746)
Accounts receivable, net	$ 369, 651	$ 434, 630

(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 are 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, 2023	Gross carrying amount	Lifetime loss allowance (expected credit losses)	Amortized cost
Not past due	$ 318, 866	260	$ 318, 606
Past due 1~30 days	54, 498	－	54, 498
Past due 30~60 days	22, 238	－	22, 238
Past due e 60~90 days	－	－	－
Past due more than 91 days (overdue accounts)	915	915	－
Total	$ 396, 517	$ 1, 175	$ 395, 342

December 31, 2022	Gross carrying amount	Lifetime 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 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

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	2023	2022
Balance on January 1	$ 2, 992	$ 245
Add: Recognition of impairment losses	–	2, 688
Less: Reversal of impairment losses	(1, 870)	–
Amounts written off	–	–
Foreign exchange differences	53	59
Ending balance	$ 1, 175	$ 2, 992

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, 2023	December 31, 2022
Finished goods and merchandise	$ 754, 926	$ 505, 391
Work in progress and semi-finished products	22, 293	48, 774
Raw materials	320, 701	407, 657
Supplies	12, 264	18, 008
Total	$ 1, 110, 184	$ 979, 830

(1) The cost of inventories recognized as expense (gain) for 2023 and 2022 :

Item	2023	2022
Cost of goods sold	$ 2, 113, 501	$ 1, 735, 087
Loss on price decline (gain on reversal) of inventories	33, 764	(8, 221)
Loss on scrapping of inventories	47, 463	52, 204
Loss (gain) on inventory take	(1, 464)	(980)
Total operating costs	$ 2, 193, 264	$ 1, 778, 090

(2) As of December 31, 2023 and 2022, the insurance amount for inventories was $899, 717 thousand and $1, 114, 561 thousand, respectively.

(3) In 2023 and 2022, 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 $33, 764 thousand and ($8, 221) thousand, respectively.

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

6.6. Other financial assets - current

Item	December 31, 2023	December 31, 2022
Time deposits – initial maturity over three months	$ 63, 171	$ 10, 559

6.7. Property, plant and equipment

	December 31, 2023	December 31, 2022
Assets used by the Group	$ 177, 776	$ 190, 333
Assets under operating leases	19, 346	19, 805
Total	$ 197, 122	$ 210, 138

Assets used by the Group

Item	December 31, 2023	December 31, 2022
Land	$ 97, 779	$ 97, 779
Buildings	98, 673	98, 673
Machinery	98, 743	96, 484
Other equipment	44, 176	48, 467
Total cost	339, 371	341, 403
Less: Accumulated depreciation and impairment	(161, 595)	(151, 070)
Total	$ 177, 776	$ 190, 333

	Land		Buildings		Machinery		Other equipment		Total
Costs									
Balance, January 1, 2023	$	97, 779	$	98, 673	$	96, 484	$	48, 467	$ 341, 403
Additions		−		−		7, 186		3, 199	10, 385
Disposals		−		−	(	2, 668)	(	7, 360)	(10, 028)
Reclassification		−		−		−	(	13)	(13)
Effect of changes in foreign exchange rate		−		−	(	2, 259)	(	117)	(2, 376)
Balance, December 31, 2023	$	97, 779	$	98, 673	$	98, 743	$	44, 176	$ 339, 371
Accumulated depreciation and impairment									
Balance, January 1, 2023	$	−	$	71, 902	$	57, 722	$	21, 446	$ 151, 070
Depreciation expense		−		3, 196		8, 964		7, 431	19, 591
Disposals		−		−	(	1, 077)	(	6, 263)	(7, 340)
Effect of changes in foreign exchange rate		−		−	(	1, 645)	(	81)	(1, 726)
Balance, December 31, 2023	$	−	$	75, 098	$	63, 964	$	22, 533	$ 161, 595

	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 changes in foreign exchange rate		−		−		1, 301		604	1, 905
Balance, December 31, 2022	$	97, 779	$	98, 673	$	96, 484	$	48, 467	$ 341, 403
Accumulated depreciation and impairment									
Balance, January 1, 2022	$	−	$	67, 779	$	61, 649	$	25, 572	$ 155, 000
Depreciation expense		−		4, 123		12, 015		8, 618	24, 756
Disposals		−		−	(	16, 785)	(	13, 121)	(29, 906)
Effect of changes in foreign exchange rate		−		−		843		377	1, 220
Balance, December 31, 2022	$	−	$	71, 902	$	57, 722	$	21, 446	$ 151, 070

(1)

Item	2023	2022
Additions of property, plant and equipment	$ 10, 385	$ 7, 983
(Increase) decrease in payables for purchase of equipment	–	815
Cash paid	$ 10, 385	$ 8, 798

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

(3) As there was no sign of impairment in 2023 and 2022, 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, 2023	December 31, 2022
Land	$ 13, 609	$ 13, 609
Buildings	16, 450	16, 450
Total cost	30, 059	30, 059
Less: Accumulated depreciation and impairment	(10, 713)	(10, 254)
Total	$ 19, 346	$ 19, 805

	Land		Buildings		Total	
Costs						
Balance, January 1, 2023	$	13, 609	$	16, 450	$	30, 059
Balance, December 31, 2023	$	13, 609	$	16, 450	$	30, 059
Accumulated depreciation and impairment						
Balance, January 1, 2023	$	–	$	10, 254	$	10, 254
Depreciation expense		–		459		459
Balance, December 31, 2023	$	–	$	10, 713	$	10, 713

	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

(5) 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.

(6) 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, 2023		December 31, 2022	
First year	$	1, 224	$	1, 224

(7) As of December 31, 2023, the market value of the Group's assets leased under operating leases was still higher than the net carrying amount with no impairment.

(8) 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, 2023	December 31, 2022
Buildings	$ 80, 008	$ 86, 629
Transportation equipment	423	423
Total cost	80, 431	87, 052
Less: Accumulated depreciation and impairment	(9, 722)	(46, 138)
Total	$ 70, 709	$ 40, 914

Costs	Buildings	Transportation equipment	Total
Balance, January 1, 2023	$ 86, 629	$ 423	$ 87, 052
Increase for the year	78, 197	–	78, 197
Disposal	(83, 241)	–	(83, 241)
Effect of changes in foreign exchange rate	(1, 577)	–	(1, 577)
Balance, December 31, 2023	$ 80, 008	$ 423	$ 80, 431

Accumulated depreciation and impairment			
Balance, January 1, 2023	$ 45, 985	$ 153	$ 46, 138
Depreciation expense	14, 952	143	15, 095
Disposal	(51, 114)	–	(51, 114)
Effect of changes in foreign exchange rate	(395)	(2)	(397)
Balance, December 31, 2023	$ 9, 428	$ 294	$ 9, 722

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

Accumulated depreciation and impairment	Buildings		Transportation equipment		Total	
Balance, January 1, 2022	$	33, 281	$	10	$	33, 291
Depreciation expense		12, 653		135		12, 788
Disposals	(	980)		–	(	980)
Effect of changes in foreign exchange rate		1, 031		8		1, 039
Balance, December 31, 2022	$	45, 985	$	153	$	46, 138

(2) Lease liabilities

Item	December 31, 2023		December 31, 2022	
Carrying amount of lease liabilities				
Current	$	16, 134	$	13, 094
Non-current	$	55, 419	$	31, 116

The ranges of discount rates for the lease liabilities :

	December 31, 2023	December 31, 2022
Buildings	1. 00%～8. 00%	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) 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 2023 and 2022.

C. Information related to the Group's leases for 2023 and 2022 is as follows :

Item	2023	2022
Expenses relating to short-term leases	$ 1, 065	$ 582
Expenses relating to low-value asset leases	$ 48	$ 16
Total cash outflow for leases (Note)	$ 17, 982	$ 15, 293

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

D. For the years ended December 31, 2023 and 2022, there was no indication that the right-of-use assets were impaired and therefore no impairment assessment was performed.

6.9 Intangible assets

Item	December 31, 2023	December 31, 2022
Computer software	$ 2, 262	$ –
Technique of lightweight electric sensor and control	28, 000	10, 000
Subtotal	30, 262	10, 000
Less: Accumulated depreciation and impairment loss	(1, 694)	–
Net amount	$ 28, 568	$ 10, 000

	Computer software	Technique of lightweight electric sensor and control	Total
Cost			
Balance, January 1, 2023	$ –	$ 10, 000	$ 10, 000
Additions	2, 262	18, 000	20, 262
Disposals	–	–	–
Reclassifications	–	–	–
Balance, December 31, 2023	$ 2, 262	$ 28, 000	$ 30, 262
Accumulated depreciation and impairment			
Balance, January 1, 2023	$ –	$ –	$ –
Amortization expense	361	1, 333	1, 694
Disposals	–	–	–
Reclassification	–	–	–
Balance, December 31, 2023	$ 361	$ 1, 333	$ 1, 694

	Technique of lightweight electric sensor and control
Cost	
Balance, January 1, 2022	$ –
Additions	10, 000
Disposals	–
Reclassification	–
Balance, December 31, 2022	$ 10, 000
Accumulated depreciation and impairment	
Balance, January 1, 2022	$ –
Amortization expense	–
Disposals	–
Reclassification	–
Balance, December 31, 2022	$ –

Note: Please refer to Note 7.3 for details.

6.10 Other financial assets - noncurrent

Item	December 31, 2023	December 31, 2022
Segregated foreign exchange deposit account for offshore funds	$ 206, 062	$ 200, 622

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, 2023	December 31, 2022
Salaries and bonuses payable	$ 36, 975	$ 28, 568
Employees' compensation and directors' and supervisors' remuneration payables	42, 994	47, 531
Insurance premiums payable	1, 502	1, 385
Service expense payable	4, 341	3, 259
Tax payable	1, 584	711
Pension payable	1, 197	1, 075
Processing fees payable	10, 261	9, 087
Others	13, 894	21, 931
Total	$ 112, 748	$ 113, 547

6.12 Provision - current

Item	December 31, 2023	December 31, 2022
Employee benefits	$ 10, 928	$ 8, 912

Item	Employee benefits
Balance, January 1, 2023	$ 8, 912
Added during the period	5, 075
Used during the period	(3, 019)
Effect of foreign currency exchange differences	(40)
Balance, December 31, 2023	$ 10, 928

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 differences	88
Balance, December 31, 2022	$ 8, 912

Provision for employee benefits is estimated based on vested short-term-service leave entitlements.

6.13 Other current liabilities

Item	December 31, 2023		December 31, 2022	
Refund liabilities	$	52, 237	$	33, 802
Others		1, 174		415
Total	$	53, 411	$	34, 217

6.14 Corporate bonds payable

Item	December 31, 2023		December 31, 2021	
First domestic unsecured convertible corporate bonds	$	395, 800	$	600, 000
Less: Discount on corporate bonds payable	(	3, 375)	(	12, 707)
Total	$	392, 425	$	587, 293

(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, 2023, the bonds has all been converted into 2,405 thousands shares, and the conversion price is $83.1 NTD per share.

C. According to the terms of conversion, all bonds redeemed (including bonds repurchased by the Securities Office), 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, 2023, the bonds repurchased by the Company from the open markets amounted to $0 thousand at par.

G. The first corporate bonds payable for the period to the statement of cash flows is as follows:

Item	January to December, 2023
Conversion of corporate bonds payable	$ 204, 200
Reversal of discounts on converted corporate bonds payable	(2, 653)
Reversal of converted financial assets measured at FVTPL	(81)
Changes in equity this period	(201, 466)
Cash paid this period	$ −

(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 2023 and 2022, the Group recognized total expense of $4,554 thousand and $4,275 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

For those employees who joined the Company before June 30, 2005 and were covered by the defined benefit plan, all of them had either left the Company or had their seniority settled in fiscal year 2022. Therefore, on December 5, 2022, the Company completed the process of refunding the remaining balance of the Labor Pension Reserve, and received $3,000 thousand from the reserve.

6.16 Share capital

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

	2023		
Item	Shares (in thousands)	Amount	
January 1	79, 953	$	799, 532
Bond conversion entitlement certificates	2, 405		24, 050
December 31	82, 358	$	823, 582

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

(2) As of December 31, 2023, the Company's authorized capital amount was $1,500,000 thousand, consisting of 150,000 thousand shares of ordinary stocks.

(3) During the period from January to December 2023, the convertible bonds issued by the Company had a face value of $204,200 thousand had been converted into 2,405 thousand shares of common stock, of which 953 thousand shares and 1,452 thousand shares were converted and registered on August 28, 2023 and December 4, 2023, respectively.

6.17 Capital surplus

Item	December 31, 2023	December 31, 2022
Share premium	$ 209, 990	$ –
Convertible corporate bond options	63, 139	95, 713
Other (right of disgorgement)	7	1
Total	$ 273, 136	$ 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, 2023	December 31, 2022
Recognition for the initial adoption of IFRS	$ 7,000	$ 7,000
Recognition of debit balance for other equity	11,163	20,520
Total	$ 18,163	$ 27,520

(4) The appropriations of 2022 and 2021 earnings have been approved by the shareholders in meetings in June 2023 and June 2022 and the appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
Item	2022	2021	2022	2021
Legal reserve	$ 45,023	$ 75,255		
Set aside (reversal of) special reserve	(9,357)	8,381		
Cash dividends	399,766	399,766	$ 5.00	$ 5.00
Total	$ 435,432	$ 483,402	$ 5.00	$ 5.00

(5) The appropriations of earnings for 2023 had been approved in the meeting of the Board of Directors at March 11, 2024 and the appropriations and dividends per share were as follows:

	2023	
Item	Amount	Dividends Per Share (NT$)
Legal reserve	$ 61,470	
Set aside (reversal of) special reserve	4,017	
Cash dividends- common shares	411,791	$ 5.00
Total	$ 477,278	$ 5.00

The appropriations of earnings for 2023 are to be presented for approval in the shareholders’ meeting which is to be held June, 2024.

(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, 2023	($ 18, 163)
Exchange differences on translation of foreign operations	(4, 017)
Balance, December 31, 2023	($ 22, 180)

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

6.20 Operating revenue

Item	2023	2022
Revenue from contracts with customers		
Sales revenue	$ 3, 333, 190	$ 2, 554, 482

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 uses the expected value to estimate 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:

2023

Main Products	Domestic Sales Division	Asia Production and Sales Division	European and American Sales Division	Total
Switching power supplies	$ 1, 468, 874	$ 473, 784	$ 1, 327, 980	$ 3, 270, 638
Others	26, 502	21, 674	14, 376	62, 552
Total	$ 1, 495, 376	$ 495, 458	$ 1, 342, 356	$ 3, 333, 190

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

(2) Contract balances

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

Item	December 31, 2023	December 31, 2022
Notes and accounts receivable	$ 395, 342	$ 459, 022
Contract liabilities - current		
Sale of goods	$ 31, 362	$ 15, 420

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	2023	2022
From the beginning contract liabilities		
Sale of goods	$ 10, 433	$ 46, 218

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

D. Unfulfilled contracts with customers

As of December 31, 2023 and 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	2023		2022	
Interest from bank deposits	$	56, 431	$	19, 160
Interest from financial assets at FVTPL		2, 326		1, 356
Others		853		664
Total	$	59, 610	$	21, 180

6.22 Other income

Item	2023		2022	
Rental income	$	841	$	851
Income from settlement of the old pension plan		–		1, 433
Others		7, 703		10, 876
Total	$	8, 544	$	13, 160

6.23 Other gains or losses

Item	2023		2022	
Net gain (loss) on financial assets and financial liabilities at FVTPL	$	12, 313	($	6, 410)
Lease modification benefits		3, 183		54
Net foreign currency exchange gains (losses)	(	43, 255)		176, 480
Gain (loss) on disposal of property, plant and equipment		878	(	766)
Others (Note)	(	9, 310)	(	23, 422)
Total	($	36, 191)	$	145, 936

Note : Please refer to Note 12.4 for details.

6.24 Employee benefits, depreciation, depletion and amortization expense

Nature	2023 Operating costs	2023 Operating expenses	2023 Total
Employee benefits expense			
Salary	$ 73, 548	$ 162, 857	$ 236, 405
Insurance	9, 723	11, 389	21, 112
Pension	–	4, 554	4, 554
Other employee benefit expense	79	13, 500	13, 579
Depreciation	11, 527	23, 618	35, 145
Amortization	–	4, 972	4, 972
Total	$ 94, 877	$ 220, 890	$ 315, 767

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

(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 2023 and 2022 were approved in the meetings of the Board of Directors on March 11, 2024 and March 21, 2023, respectively. The amounts recognized in the financial reports were as follows:

	2023		2022	
	Employee compensation	Directors' and supervisors' remuneration	Employee compensation	Directors' and supervisors' remuneration
Amount resolved to be distributed	$ 24, 544	$ 8, 181	$ 17, 641	$ 5, 880
Amount recognized in the financial statements	24, 544	8, 181	17, 641	5, 880
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	2023	2022
Interest expense		
Bank loan	$ −	$ 99
Interest on lease liabilities	2, 535	2, 081
Interest on convertible bonds	6, 679	7, 495
Other interest expense	−	30
Bank charges	578	408
Less: Capitalized amount for qualified assets	−	−
Financial costs	$ 9, 792	$ 10, 113

6.26 Income tax

(1) Components of income tax expense

Item	2023	2022
Current-period income tax		
Income tax generated from current-period income	$ 209, 751	$ 135, 691
Income tax on unappropriated earnings	740	13, 458
Adjustments for prior periods	(4, 053)	27, 217
Total income tax for current period	206, 438	176, 366
Deferred tax		
The origination and reversal of temporary differences	(38, 719)	(26, 102)
Total deferred income taxes	(38, 719)	(26, 102)
Income tax expense	$ 167, 719	$ 150, 264

Note: please refer to Note 12.4 for details.

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

Item	2023	2022
Exchange differences on translation of foreign financial statements	$ 1, 004	($ 2, 339)

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

Item	2023	2022
Net income before income tax	$ 782, 425	$ 600, 490
Income tax expense at the statutory rate	$ 183, 494	$ 109, 015
Deductible items in determining taxable income		
Gains (losses) on valuation of financial assets	(2, 457)	1, 222
Unrealized gain on sales of affiliated companies	21, 990	591
Other adjustments	6, 724	24, 863
Income tax adjustments for prior years	(4, 053)	27, 217
Additional income tax on unappropriated earnings	740	13, 458
Tax per special fund-repatriation laws		
Net change in deferred income taxes	(38, 719)	(26, 102)
Temporary differences	$ 167, 719	$ 150, 264

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.

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

	2023				
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	$ 5, 046	$ 2, 232	$ –	$ –	$ 7, 278
Unrealized loss on inventories	605	446	–	–	1, 051
Accrued vacation pays	1, 326	444	–	–	1, 770
Unrealized gain on sales	35, 689	32, 991	–	–	68, 680
Unrealized exchange loss	3, 592	13, 124	–	–	16, 716
Exchange differences on translation of foreign financial statements	4, 541	–	1, 004	–	5, 545
Loss deduction	13, 457	(2, 498)	–	(715)	10, 244
Subtotal	64, 256	46, 739	1, 004	(715)	111, 284
Deferred tax liabilities :					
Temporary differences					
Gain on foreign investments accounted for using the equity method	(35, 977)	(8, 020)	–	–	(43, 997)
Subtotal	(35, 977)	(8, 020)	–	–	(43, 997)
Total	$ 28, 279	$ 38, 719	$ 1, 004	($ 715)	$ 67, 287

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

(5) The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

6.27 Other comprehensive income

Item	2023 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	($ 5, 021)	$ 1, 004	($ 4, 017)
Recognized in other comprehensive income	($ 5, 021)	$ 1, 004	($ 4, 017)

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
Recognized in other comprehensive income	$ 11, 696	($ 2, 339)	$ 9, 357

6.28 Earnings per share

	2023	2022
A. Basic earnings per share		
Net income available to common shareholders of the parent	$ 614, 706	$ 450, 226
Weighted average number of shares outstanding for the period (in thousand shares)	81, 051	79, 953
Basic earnings per share, after tax (NT$)	$ 7. 58	$ 5. 63
B. Diluted earnings per share		
Net income available to common shareholders of the parent	$ 614, 706	$ 450, 226
Effect of the dilutive potential Common shares		
Effect of convertible bonds	5, 344	6, 163
Net income for calculating diluted earnings per share	$ 620, 050	$ 456, 389
Retrospective adjusted weighted average number of shares (in thousand shares)	81, 051	79, 953
Convertible corporate bonds (in thousand shares)	4, 763	6, 889
Effect of employees' compensation (in thousand shares)	315	497
Weighted-average number of shares outstanding for the calculation of diluted earnings per share (in thousand shares)	86, 129	87, 339
Diluted earnings per share, after tax (NT$)	$ 7. 20	$ 5. 23

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, 2023

			Non-cash Changes					
	Jan. 1, 2023	Cash Flow	Acquisition of subsidiaries	Disposal of Subsidiaries	Change in Exchange Rate	Fair Value Adjustments	Other	December 31, 2023
Corporate bonds payable (Note 1)	$ 587, 293	$ -	$ -	$ -	$ -	$ -	($ 194, 868)	$ 392, 425
Leasing liabilities(Note 2)	44, 210	(14, 334)	-	-	(1, 210)	-	42, 887	71, 553
Total	$ 631, 503	($ 14, 334)	$ -	$ -	($ 1, 210)	$ -	($ 151, 981)	$ 463, 978

Note 1: Non-cash changes refer to increased $6, 679 thousand of interest amortization of convertible corporate bonds for the current period. A decrease of $204, 200 thousand in bonds payable and an increase of $2, 653 thousand in premiums

(discounts) on bonds payable were recognized on the conversion of bonds.

Note 2: Non-cash changes were due to an increase of $78,197 thousand in leases and a decrease of $35,310 thousand in lease disposals during the period.

(2) December 31, 2022

	Jan. 1, 2022	Cash Flow	Non-cash Changes						December 1, 2022
			Acquisition of subsidiaries	Disposal of Subsidiaries	Change in Exchange Rate	Fair Value Adjustments	Other		
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.

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
Fiona Lin	Key management personnel

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) Purchase of goods

Item	Names of related parties	2023	2022
Purchase of goods	Other related parties		
	Ekopro Solutions Inc.	$ 2, 027	$ –

(2) Property transaction

A. Acquisition of intangible assets

Related party categories	Amount of Acquisition 2023	2022
Other related parties		
Ekopro Solutions Inc.	$ 18, 000	$ 10, 000

The subsidiary of the Group, Sea Sonic Energy, commissioned 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. In early September 2023, the acceptance was conducted, and the final payment was paid and transferred to intangible assets and began to be amortized. As of December 31, 2023, the Company has also acquired an unimpaired valuation report from an external professional entity.

B. Disposals of property, plant and equipment

Names of related parties	Disposal proceeds 2023	2022
Key management personnel		
Fiona Lin (Note)	$ 835	$ -

Note: Amounts were translated into U.S. dollars at the average exchange rates from January to December.

7.4 Key management compensation

Categories	2023	2022
Salaries and other short-term employee benefits	$ 32, 042	$ 21, 706

8. Pledged Asset: None.

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

10. Significant Disaster Losses: None

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, 2023 (Foreign currency: functional currency)	Foreign currency	Exchange rate	Book Value (NTD)
Financial Assets			
Monetary items			
USD : NTD	$ 77, 946	30. 66	$ 2, 389, 811
HKD : NTD	154	3. 9	601
RMB : NTD	91, 282	4. 3	392, 514
USD : EUR	4, 575	0. 9076	140, 254
Investments accounted for using the equity method (Note)			
USD : NTD	1, 753	30. 66	53, 734
RMB : NTD	49, 370	4. 3	212, 289
EUR : NTD	402	33. 78	13, 592
Financial liabilities			
Monetary items			
USD : NTD	627	30. 66	19, 220
HKD : NTD	86	3. 9	334
RMB : NTD	20, 262	4. 3	87, 124
USD : EUR	10, 012	0. 9076	306, 965
USD : RMB	1, 267	7. 1302	38, 844

December 31, 2022 (Foreign currency: functional currency)	External currency	Exchange rate	Book Value (NTD)
Financial Assets			
Monetary items			
USD : NTD	$ 45, 283	30. 71	$ 1, 390, 634
HKD : NTD	58	3. 94	227
RMB : NTD	153, 335	4. 41	676, 208
USD : EUR	2, 489	0. 9386	76, 437
Investments accounted for using the equity method (Note)			
USD : NTD	2, 303	30. 71	70, 718
RMB : NTD	45, 435	4. 41	200, 368
EUR : NTD	9	32. 72	310
Financial liabilities			
Monetary items			
USD : NTD	311	30. 71	9, 535
HKD : NTD	173	3. 94	683
RMB : NTD	2, 941	4. 41	12, 969
USD : EUR	3, 176	0. 9386	97, 535
EUR : NTD	4, 072	32. 72	133, 233
USD : NTD	4, 238	30. 71	130, 149
USD : RMB	2, 655	6. 9637	81, 542

(Foreign currency: functional currency)	December 31, 2023		
	Sensitivity Analysis		
	Movement	Impact on Profit or Loss	Impact on Equity
Financial Assets			
Monetary items			
USD : NTD	1%	$ 19, 118	$ –
HKD : NTD	1%	5	–
RMB : NTD	1%	3, 140	–
USD : EUR	1%	1, 122	–
Investments accounted for using the equity method (Note)			
USD : NTD	1%	–	430
RMB : NTD	1%	–	109
EUR : NTD	1%	–	1, 698
Financial liabilities			
Monetary items			
USD : NTD	1%	154	–
HKD : NTD	1%	3	–
RMB : NTD	1%	697	–
USD : EUR	1%	2, 456	–
USD : RMB	1%	311	–

(Foreign currency: functional currency)	December 31, 2022		
	Sensitivity Analysis		
	Movement	Impact on Profit or Loss	Impact on Equity
Financial Assets			
Monetary items			
USD : NTD	1%	$ 11, 125	$ –
HKD : NTD	1%	2	–
RMB : NTD	1%	5, 410	–
USD : EUR	1%	611	–
Investments accounted for using the equity method (Note)			
USD : NTD	1%	–	566
RMB : NTD	1%	–	1, 603
EUR : NTD	1%	–	2
Financial liabilities			
Monetary items			
USD : NTD	1%	76	–
HKD : NTD	1%	5	–
RMB : NTD	1%	104	–
USD : EUR	1%	780	–
EUR : NTD	1%	1, 066	–
USD : NTD	1%	1, 041	–
USD : RMB	1%	652	–

Note : Does not consider write-off adjustments on profit or loss from sales.

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 2023 and 2022 amounted to ($43, 255) thousand and $176,480 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 :

	Carrying amount	
Item	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	$ 331, 583	$ 554, 972
Financial liabilities	−	−
Net amount	$ 331, 583	$ 554, 972
Cash flow rate risk		
Financial assets	$ 1, 450, 571	$ 1, 039, 545
Financial liabilities	(392, 425)	(587, 293)
Net amount	$ 1, 058, 146	$ 452, 252

(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 interest rate swaps 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 $8,465 thousand and $3,618 thousand for 2023 and 2022, 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.

(a) 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, 2023 and December 31, 2022 was 71.14% and 79.23%, respectively. The credit concentration risk associated with other accounts receivable is insignificant.

(b)Measurement of expected credit losses

I. 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.

II. 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.)

III. 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, 2023						
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	$ 360, 765	$ −	$ −	$ −	$ −	$ 360, 765	$ 360, 765
Other payables	112, 748	−	−	−	−	112, 748	112, 748
Guarantee deposits received	24	−	−	−	−	24	24
Corporate bonds payable	−	395, 800	−	−	−	395, 800	392, 425
Subtotal	$ 473, 537	$395, 800	$ −	$ −	$ −	$ 869, 337	$ 865, 962

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
Lease liabilities	$ 18, 703	$ 59, 066	$ −	$ −	$ −	$ −	$ 77, 769

	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
Total	$ 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 payment
Lease liabilities	$ 14, 755	$ 32, 832	$ −	$ −	$ −	$ −	$ 47, 587

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, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at FVTPL		
Financial assets mandatorily measured at FVTPL	$ 381, 404	$ 357, 136
Financial assets measured at amortized cost		
Cash and cash equivalents	1, 513, 896	1, 384, 168
Notes and accounts receivable (including related parties)	395, 342	459, 022
Other receivables (including related parties)	14, 645	6, 396
Other financial assets - current	63, 171	10, 559
Refundable deposits	12, 275	2, 106
Other financial assets - noncurrent	206, 062	200, 622
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable	360, 765	221, 686
Other payables	112, 748	113, 547
Corporate bonds payable	392, 425	587, 293
Guarantee deposits received	24	24

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

The input value for this level refers to the open quoted market price of instrument in an active market for the same instrument. 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 input parameters for measuring fair value that are not based on observable inputs that are available in 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:

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

	December 31, 2023			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at FVTPL- current				
-Funds	$ 354, 874	$ -	$ -	$ 354, 874
-Corporate bonds	26, 332	-	-	26, 332
-Derivative instruments - convertible bonds redemption amount	-	-	198	198
Total	$ 381, 206	$ -	$ 198	$ 381, 404

	December 31, 2022			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at FVTPL- 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

(4) Fair value valuation techniques for instruments measured at fair value:

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:

   (A) Listed shares: Closing price

   (B) Open-end funds: Net asset value

   (C) 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 2023 and 2022: None.

(6) Changes in level 3 instruments in 2023 and 2022 are shown in the table below:

A. 2023：

Financial assets at FVTPL	Derivative instruments - convertible bonds redemption rights
January 1, 2023	$ 1, 320
Acquired during the period	-
Gain (loss) recognized in profit (loss) for the period	(1, 041)
Converted during the period	(81)
December 31, 2023	$ 198

B. 2022：

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

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

A. December 31, 2023:

Item	Fair Value at December 31, 2023	Valuation Technique	Significant Unobservable Inputs	Range (weighted average)	Relationship Between Input and Fair Value
Derivative financial assets:					
Convertible bonds redemption rights	$ 198	Binomial tree model for pricing convertible bonds	Volatility	39. 81	The higher volatility, the higher the fair value

B. 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:					
Convertible bonds redemption rights	$ 1, 320	Binomial tree model for pricing convertible bonds	Volatility	29. 94	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) Sensitivity analysis of Level 3 fair value to reasonably possible alternative assumptions:

A. December 31, 2023:

			December 31, 2023	
			Recognized in profit or loss	
	Input value	Change	Favorable changes	Unfavorable changes
Financial Assets				
Hybrid instruments	Volatility	±5%	$ –	($ 119)

B. December 31, 2022 :

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

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

13.1 Significant transactions information (before inter-group eliminated)

(1) Loans to others: Table 1;

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

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

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

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

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

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

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

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

(10) The business relationship between the parent and the subsidiaries and significant transactions between them: Table 5;

13.2. Information on investees: Table 6;

13.3 Information on investment in Mainland China (before elimination): Table 7.

13.4 Information on major shareholders (Names of shareholders holding 5% or more of the Company's shares, number of shares held, and percentage of shares held): Table 8.

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 uninterruptible power supplies.

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 The Group does not allocate income tax expense(benefit) or non-recurring profit of loss to reportable segments Furthermore, not all profit or loss of reportable segments contain major non-cash items 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 non-recurring profit or loss and exchange gains and losses. Sales and transfers within segments are recognized as transactions with third parties and measured by current market price.

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

(1) 2023

	Domestic Sales Division	Asia Production and Sales Division	European and American Sales Division	Adjustment and elimination	Total
Operating revenue					
Revenue from external customers	$ 1, 495, 376	$ 495, 458	$ 1, 342, 356	$ −	$ 3, 333, 190
Revenue among segments	1, 850, 475	3, 937, 103	4, 098	(5, 791, 676)	−
Total revenue	$ 3, 345, 851	$ 4, 432, 561	$ 1, 346, 454	($ 5, 791, 676)	$ 3, 333, 190
Interest income	58, 251	2, 666	723	(2, 030)	59, 610
Interest expense	6, 722	2, 130	2, 440	(2, 078)	9, 214
Depreciation and amortization	18, 689	19, 135	2, 317	−	40, 141
Income from investment	46, 422	30, 920	−	(77, 342)	−
Loss from investment	6, 323	13, 726	−	(20, 049)	−
Profit or loss of segment (Note)	$ 787, 582	$ 57, 826	($ 5, 390)	($ 57, 593)	$ 782, 425
Investments accounted for using the equity method	331, 212	212, 289	−	(543, 501)	−
Noncurrent assets – capital expense	24, 253	8, 761	527	(559)	32, 982
Segment assets	$ 3, 970, 234	$ 1, 470, 006	$ 914, 266	($ 2, 103, 637)	$ 4, 250, 869
Segment liabilities	$ 880, 189	$ 956, 223	$ 846, 940	($ 1, 487, 585)	$ 1, 195, 767

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

(2) 2022

	Domestic Sales Division	Asia Production and Sales Division	European and American Sales Division	Adjustment and elimination	Total
Operating revenue					
Revenue from external customers	$ 1, 452, 750	$ 383, 083	$ 719, 009	$ −	$ 2, 554, 842
Revenue among segments	944, 208	3, 437, 942	−	(4, 382, 150)	−
Total revenue	$ 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
Depreciation and amortization	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)	−
Noncurrent assets – capital expense	20, 027	1, 126	52	(951)	20, 254
Segment assets	$ 3, 618, 910	$ 1, 326, 051	$ 621, 781	($ 1, 718, 751)	$ 3, 847, 991
Segment liabilities	$ 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.

14.5 Geographical information

In thousands of NTD

	Sales from external customers		Non-current assets	
	2023	2022	2023	2022
Taiwan	$ 181, 618	$ 152, 226	$ 420, 939	$ 400, 408
America	914, 771	413, 572	12, 398	7, 272
Europe	951, 199	364, 117	625	550
Asia	1, 263, 216	1, 609, 531	85, 726	62, 279
Others	22, 386	15, 396	–	–
Total	$ 3, 333, 190	$ 2, 554, 842	$ 519, 688	$ 470, 509

14.6 Product information

In thousands of NTD

Products	2023	2022
Switching power supplies	$ 3, 270, 638	$ 2, 484, 358
Others	62, 552	70, 484
Total	$ 3, 333, 190	$ 2, 554, 842

14.7 Important customer information

For the years 2023 and 2022, the Company and its subsidiaries had sales to a single customer that accounted for more than 10 percent of consolidated net operating revenues:

	2023		2022	
	Amount	Percentage	Amount	Percentage
Customer A	$ 713, 578	21. 41%	$ 541, 201	21. 18%

Table 1

Sea Sonic Electronics Co., Ltd. and its subsidiaries
Loans to Others
December 31, 2023

In USD and in thousands of 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	$ −	−	2	$ −	Operating turnover	$ −	None	$ −	$ 611, 020	$1, 222, 041
		Sea Sonic Europe B.V.	Receivable from related party	Yes	195, 000	195, 000	−	−	2	−	Operating turnover	−	None	−	611, 020	1, 222, 041
		Sea Sonic Energy Co., Ltd.	Receivable from related party	Yes	20, 000	20, 000	−	−	2	−	Operating turnover	−	None	−	611, 020	1, 222, 041
		Shenzhen Energy Power Electronics Co., Ltd.	Receivable from related party	Yes	65, 000	−	−	−	2	−	Operating turnover	−	None	−	611, 020	1, 222, 041

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., Sea Sonic Energy Co., Ltd. and Shenzhen Energy Power Electronics Co., Ltd. of $195,000 thousand, $195,000 thousand, $20,000 thousand and $65,000 thousand separately. As of December 31, 2023, $0 thousand, $0 thousand , $0 thousand and $0 thousand has been drawn actually. The Company ‘s capital loan of $65,00 thousand to Shenzhen Energy Power Electronics Co., Ltd. expired on October 31, 2023 and will not be extended.

Table 2

Sea Sonic Electronics Co., Ltd. and its subsidiaries
Marketable securities at held the end of the period
December 31, 2023

In thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Sea Sonic Electronics Co., Ltd.	Taishin 1699 money market fund	–	Financial assets at FVTPL - current	5, 342, 928. 99	74, 494	–	74, 494	
	Fuh Hwa Angel Fund	–	Financial assets at FVTPL - current	545, 765. 10	10, 930	–	10, 930	
	Nomura Multi Income Multi Asset Fund Accumulate USD	–	Financial assets at FVTPL - current	48, 385. 15	18, 001	–	18, 001	
	Nomura Global Financial Bond Fund Accumulate USD	–	Financial assets at FVTPL - current	110, 363. 39	35, 906	–	35, 906	
	Fuh Hwa Global Bond Fund	–	Financial assets at FVTPL - current	677, 093. 90	10, 307	–	10, 307	
	PGIM Short-term Bond Fond USD	–	Financial assets at FVTPL - current	20, 346. 19	6, 240	–	6, 240	
	Fuh Hwa Global Short-term Income Fond	–	Financial assets at FVTPL - current	1, 213, 170. 20	15, 167	–	15, 167	
	Nomura Global Short Duration Bond Fund USD	-	Financial assets at FVTPL - current	92, 952. 35	31, 630	–	31, 630	
	Nomura 2026 Private Placement Matured Market Maturity Bond Fund	–	Financial assets at FVTPL - current	50, 000. 00	15, 745	–	15, 745	
	PGIM Global Eco-Friendly ESG Multi-Asset Fund Inc TWD	–	Financial assets at FVTPL - current	9, 565, 899. 48	100, 946	–	100, 946	
	Fuh Hwa 3-8Yr Maturity A-Rated Bond USD.	–	Financial assets at FVTPL - current	50, 000. 00	16, 333	–	16, 333	
	Goldman Sachs Global Sustainable Equity - X Cap USD	–	Financial assets at FVTPL - current	1, 426. 69	16, 939	–	16, 939	
	Corporate bonds of Apple Inc.	–	Financial assets at FVTPL - current	100. 00	3, 129	–	3, 129	
	Corporate bonds of Altria Group, Inc.	–	Financial assets at FVTPL - current	300. 00	9, 059	–	9, 059	
	Corporate bonds of AbbVie	–	Financial assets at FVTPL - current	100. 00	2, 911	–	2, 911	
	Corporate bonds of Ford Motor Company in USD	–	Financial assets at FVTPL - current	200. 00	5, 023	–	5, 023	
	Oversea corporate bonds of Altria Group, Inc.	–	Financial assets at FVTPL - current	100. 00	2, 504	–	2, 504	
	Oversea corporate bonds of Intel Corporation	–	Financial assets at FVTPL - current	170. 00	3, 706	–	3, 706	
Reasonic Holdings Co.,Ltd.	Nomura High Yield Bonds USD AM	–	Financial assets at FVTPL - current	9, 098. 26	2, 236	–	2, 236	

Table 3

Sea Sonic Electronics Co., Ltd. and its subsidiaries

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

December 31, 2023

In thousands of 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, 937, 538	88. 63%	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	685, 228	20. 51%	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.	－	－	492, 555	42. 61%	
	Sea Sonic Europe B.V.	Subsidiary	Sales	696, 826	20. 86%	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.	－	－	306, 104	26. 48%	
	Shenzhen Energy Power Electronics Co., Ltd.	Sub-subsidiary	Sales	421, 466	12. 61%	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.	－	－	140, 222	12. 13%	
Dongguan Seasonic Electronic Co., Ltd.	Full Net Enterprise Inc.	Affiliated company	Sales	1, 943, 088	99. 08%	T/T 60 days ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow.	－	－	－	－	

Table 4

Sea Sonic Electronics Co., Ltd. and its subsidiaries

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

December 31, 2023

In thousands of 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	$ 492, 555	2. 11	$ –	–	$ 277, 033	$ –
			Other receivables	170	–	–	–	170	–
	Sea Sonic Europe B.V.	Subsidiaries	Accounts receivable	306, 104	3. 46	–	–	90, 171	–
			Other receivables	584	–	–	–	584	–
	Shenzhen Energy Power Electronics Co., Ltd.	Sub-subsidiary	Accounts receivable	140, 222	2. 92	–	–	71, 055	–
			Other receivables	–	–	–	–	–	–

Note : The amount collected as of February 29, 2024.

Table 5

Sea Sonic Electronics Co., Ltd. and its subsidiaries
Intercompany Relationship and Significant Intercompany Transactions
December 31, 2023

In thousands of 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	$ 685, 228	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.	20. 56%
				Account receivable	492, 555		11. 59%
		Sea Sonic Europe B.V.	Parent company to subsidiary	Sales revenue	696, 826	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.”	20. 91%
				Account receivable	306, 104		7. 20%
		Full Net Enterprise Inc.	Parent company to subsidiary	Sales revenue	46, 312	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	1. 39%
		Shenzhen Energy Power Electronics Co., Ltd.	Parent company to sub-subsidiary	Sales revenue	421, 466	T/T 120 days after receipt in general ; further discussion for payments regarding particular transaction or order.”	12. 64%
				Account receivable	140, 222		3. 30%
1	Dongguan Seasonic Electronic Co., Ltd	Full Net Enterprise Inc.	Sub-subsidiary to subsidiary	Sales revenue	1, 943, 088	T/T 60 days ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow.	58. 30%
2	Full Net Enterprise Inc.	Sea Sonic Electronics Co., Ltd.	Subsidiary to parent company	Sales revenue	1, 937, 538	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	58. 13%
		Dongguan Seasonic Electronic Co., Ltd.	Subsidiary to sub-subsidiary	Sales revenue	57, 122	T/T 60 days ; prepayment regarding particular transaction or order ; occasionally payment referring status of cash flow.	1. 71%

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, 2023

In thousands of 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, 2023	December 31, 2022	Number of Shares	Percentage of Ownership(%)	Carrying Amount			
Sea Sonic Electronics Co., Ltd.	Resonic Holdings Co., Ltd.	British Virgin Islands	Holding Company	$ 165, 547	$ 165, 547	25, 300	100	$ 210, 553	$ 17, 343	$ 17, 343	Subsidiaries
	Seasonic Electronics, Inc.	United States	International Trade	9, 890	9, 890	300, 000	100	(63, 839)	(17, 117)	(17, 117)	Subsidiaries
	Sea Sonic Europe B.V.	Netherlands	International Trade	4, 796	4, 796	100, 000	100	(37, 571)	13, 162	13, 162	Subsidiaries
	Full Net Enterprise Inc.	Samoa	Triangle Trade	87, 520	87, 520	2, 700, 000	100	86, 274	(2, 192)	(2, 192)	Subsidiaries
	Sea Sonic Energy Co., Ltd.	Taiwan	Information Software Services	40, 000	40, 000	40, 000, 000	100	34, 385	(3, 788)	(3, 788)	Subsidiaries

Note : Excluding the unrealized profit 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, 2023

1.Disclosure of information related to instrument in Mainland China

In USD, HKD, thousands of NTD, thousands of RMB

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan by the end of period (Note (D))	Investment Flows		Accumulated Outflow of Investment from Taiwan by the end of period	Ownership held by the Company (direct or indirect) (%)	Net Income (Losses) of the Investee	Recognized profit or loss (Note (B))	Carrying Amount by the end of period	Accumulated Inward Remittance of Earnings by the end of period
					Outflow	Inflow						
Dongguan Seasonic Electronic Co., Ltd.	Production of switching power supplies	HKD 29, 030, 000	Note (A), (C)	USD 3, 748, 125 (NTD 114, 918)	−	−	USD 3, 748, 125 (NTD 114, 918)	100%	(NTD 13, 726)	(NTD 13, 726)	NTD 173, 033	RMB 15, 215 (NTD 65, 576)
Shenzhen Energy Power Electronics Co., Ltd.	Import and export of computer hardware and equipment	USD 200, 000	Note (A), (C)	USD 200, 000 (NTD 6, 132)	−	−	USD 200, 000 (NTD 6, 132)	100%	NTD 30, 920	NTD 30, 920	NTD 39, 256	−

Unit: USD, thousand NTD

Accumulated Investment in Mainland China as of December 31, 2022 (Note (D))	Investment Amounts Authorized by Investment Commission, MOEA (Note (D))	Upper Limit on Investment (Note (E))
USD 3, 948, 125 (NTD 121, 050)	USD 3, 948, 125 (NTD 121, 050)	NTD 1, 833, 061

Note :

(A) Reinvestment through investment on third region company.

(B) Profit and loss of financial statement has been audited by independent certified public accountant of parent company in Taiwan.

(C)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, 2023, 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.

(D) Amounts in the table shall be listed in NTD. Foreign currency shall be exchanged to NTD with the exchange rate at date of report.

(E) 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.

(F) 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 2023.

Table 8

Sea Sonic Electronics Co., Ltd. and its subsidiaries

Information on Major Shareholders

December 31, 2023

Shares / Major shareholders	Numbers of Shares	Percentage of ownership
Chang, Cheng-Tsung	21, 069, 968	25. 58%
Wei, Chin-Hua	10, 157, 309	12. 33%
CHING HAI Co., Ltd.	6, 396, 264	7. 76%

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.

5. Parent Company Only Financial Statements for the Years Ended December 31, 2023 and Independent Auditors' Report

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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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years ended December 31, 2023 and 2022 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, 2023. 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, 2023 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.

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

Description on the key audit matter:
The net amount of the Company's receivables as of December 31, 2023 is $1, 155, 853 thousand NTD (net of loss allowance of $260 thousand NTD). Since the impairment of receivables is based on the management's subjective judgment according to the default risk and expected loss rate of receivables, we have included it as one of the key audit matters in our audit of the financial statements.

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

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

Description on the key audit matter:
The net amount of the Company's inventories as of December 31, 2023 is $114, 399 thousand NTD (net of the loss allowance on inventories of $5, 242 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, 2023 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 11, 2024

<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, 2023 and 2022

In thousands of NTD

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6.1)	$ 1, 256, 165	31	$ 1, 128, 971	32
1110	Financial assets at FVTPL - current (Note 6.2)	379, 168	10	354, 930	10
1150	Notes receivable, net (Note 6.3)	25, 691	1	24, 392	1
1170	Accounts receivable, net (Notes 6.4)	191, 281	5	289, 152	8
1180	Accounts receivable – related parties, net (Note 6.4, Note 7)	938, 881	24	404, 528	11
1200	Other receivables	8, 775	–	5, 446	–
1210	Other receivables – related parties (Note 7)	754	–	263, 738	7
130x	Inventories (Note 6.5)	114, 399	3	179, 053	5
1410	Prepayments (Note 7)	188, 980	5	162, 203	5
1476	Other financial assets - current (Note 6.6)	63, 171	2	10, 559	–
1479	Other current assets	8, 706	–	8, 160	–
11xx	Total current assets	3, 175, 971	81	2, 831, 132	79
	Noncurrent assets				
1550	Investments accounted for using equity method (Note 6.7)	331, 212	9	343, 882	10
1600	Property, plant and equipment (Note 6.8)	170, 573	4	183, 132	5
1755	Right-of-use assets (Note 6.9)	12, 197	–	1, 292	–
1780	Intangible assets	1, 901	–	–	–
1840	Deferred income tax assets (Note 6.25)	32, 325	1	15, 105	–
1915	Prepayments for equipment (Note 7)	–	–	71	–
1920	Refundable deposits	856	–	678	–
1980	Other financial assets - noncurrent (Note 6.10)	206, 062	5	200, 622	6
1995	Other noncurrent assets	2, 473	–	4, 104	–
15xx	Total noncurrent assets	757, 599	19	748, 886	21
1xxx	Total Assets	$ 3, 933, 570	100	$ 3, 580, 018	100

(continued to next page)

(continued from previous page)

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2130	Contract liabilities - current (Note 6.19)	$ 2, 980	–	$ 4, 292	–
2170	Accounts payable	80, 040	2	7, 540	–
2200	Other payables	73, 789	2	81, 178	2
2220	Other payables – related parties (Note 7)	–	–	23	–
2230	Current-period income tax liabilities	117, 552	3	140, 631	4
2250	Provision - current (Note 6.11)	8, 686	–	6, 631	–
2280	Lease liabilities - current (Note 6.9)	2, 458	–	1, 306	–
2300	Other current liabilities (Note 6.12)	45, 349	1	33, 209	1
21xx	Total current liabilities	330, 854	8	274, 810	7
	Noncurrent liabilities				
2530	Corporate bonds payable (Note 6.13)	392, 425	10	587, 293	17
2570	Deferred income tax liabilities (Note 6.25)	43, 997	1	35, 977	1
2580	Lease liabilities - noncurrent (Note 6.9)	9, 758	–	–	–
2645	Gurantee deposits received	24	–	24	–
2650	Credit balance of investments accounted for using equity method (Note 6.7)	101, 410	3	39, 207	1
25xx	Total noncurrent liabilities	547, 614	14	662, 501	19
2xxx	Total liabilities	878, 468	22	937, 311	26
	Equity				
	Share capital (Note 6.15)				
3110	Common shares	823, 582	21	799, 532	22
3130	Bond conversion entitlement certificates	–	–	–	–
3100	Total share capital	823, 582	21	799, 532	22
3200	Capital surplus (Note 6.16)	273, 136	7	95, 714	3
	Retained earnings(Note 6.17)				
3310	Legal reserve	688, 633	18	643, 610	18
3320	Special reserve	18, 163	–	27, 520	1
3350	Unappropriated retained earnings	1, 273, 768	33	1, 094, 494	31
3300	Total retained earnings	1, 980, 564	51	1, 765, 624	50
3400	Other equity (Note 6.18)				
3410	Exchange differences arising from translation of foreign operations	(22, 180)	(1)	(18, 163)	(1)
3xxx	Total equity	3, 055, 102	78	2, 642, 707	74
	Total liabilities and equity	$ 3, 933, 570	100	$ 3, 580, 018	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, 2023 and 2022

In thousands of NTD

Code	Item	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Note 6.19)	$ 3, 341, 081	100	$ 2, 396, 811	100
5000	Operating costs (Note 6.5)	(2, 293, 522)	(69)	(1, 719, 782)	(71)
5900	Gross profit (loss) from operations	1, 047, 559	31	677, 029	29
5910	Unrealized profit (loss) from sales	(241, 916)	(7)	(131, 963)	(6)
5920	Realized profit (loss) from sales	131, 963	4	129, 010	5
5950	Gross profit (loss) from operations, net	937, 606	28	674, 076	28
	Operating expenses				
6100	Selling expenses	(66, 976)	(2)	(59, 237)	(2)
6200	Administrative expenses	(97, 488)	(2)	(81, 413)	(4)
6300	Research and development expenses	(50, 674)	(2)	(58, 708)	(2)
6450	Profit (loss) on expected credit impairment	(14)	-	(1)	-
6000	Total operating expenses	(215, 152)	(6)	(199, 359)	(8)
6900	Operating income (loss)	722, 454	22	474, 717	20
	Non-operating income and expenses				
7100	Interest income (Note 6.20)	58, 115	2	21, 991	1
7010	Other income (Note 6.21)	6, 493	-	10, 841	-
7020	Other gains and losses (Note 6.22)	(29, 069)	(1)	205, 401	8
7050	Finance costs (Note 6.24)	(6, 722)	-	(7, 515)	-
7070	Share of profit or loss of subsidiary, associates and joint venture entity under equity method	40, 099	1	(130, 088)	(5)
7000	Total non-operating income and expenses	68, 916	2	100, 630	4
7900	Net income (loss) before income tax	791, 370	24	575, 347	24
7950	Income tax (expense) benefit (Note 6.25)	(176, 664)	(5)	(125, 121)	(5)
8200	Net income (loss)	614, 706	19	450, 226	19
	Other comprehensive income or loss for the year (Note 6.26)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising from translation of foreign operations	(5, 021)	-	11, 696	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	1, 004	-	(2, 339)	-
		(4, 017)	-	9, 357	-
8300	Other comprehensive income (loss) for the year ,net	(4, 017)	-	9, 357	-
8500	Total Comprehensive Income for the Year	$ 610, 689	19	$ 459, 583	19
	Earnings per share				
9750	Basic earnings per share (Note 6.27)	$ 7. 58		$ 5. 63	
9850	Diluted earnings per share (Note 6.27)	$ 7. 20		$ 5. 23	

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, 2023 and 2022

In thousands of NTD

	Share capital			Retained earnings			Other equity	
Item	Common share	Bond conversion entitlement certificates	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange difference arising from translation of foreign operations	Total equity
Balance on January 1, 2022	$ 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 from common shares	–		–	–	–	(399, 766)	–	(399, 766)
Net income (net loss) for the year 2022	–		–	–	–	450, 226	–	450, 226
Other comprehensive income (loss) for 2022	–		–	–	–	–	9, 357	9, 357
Total comprehensive income (loss) for 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
Appropriation and Distribution of Earnings								
Legal reserve	–		–	45, 023	–	(45, 023)	–	–
Reversal of special reserve	–		–	–	(9, 357)	9, 357	–	–
Cash dividends from common shares	–		–	–	–	(399, 766)	–	(399, 766)
Changes in other capital surplus	–		6	–	–	–	–	6
Net income (net loss) for 2023	–		–	–	–	614, 706	–	614, 706
Other comprehensive income (loss) for 2023	–		–	–	–	–	(4, 017)	(4, 017)
Total comprehensive income (loss) for 2023	–		–	–	–	614, 706	(4, 017)	610, 689
Convertible bonds converted	–	24, 050	177, 416	–	–	–	–	201, 466
Bond conversion entitlement certificates	24, 050	(24, 050)	–	–	–	–	–	–
Balance on December 31, 2023	$ 823, 582	$ –	$ 273, 136	$ 688, 633	$ 18, 163	$ 1, 273, 768	($ 22, 180)	$ 3, 055, 102

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, 2023 and 2022

In thousand NTD

Item	2023	2022
Cash flows from operating activities		
Income (loss) before income tax, net	$ 791, 370	$ 575, 347
Adjustment items		
Depreciation expense	13, 859	15, 371
Amortization expense	3, 147	4, 082
Expected credit loss (benefit)	14	1
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(12, 283)	6, 109
Interest expense	6, 722	7, 515
Interest income	(58, 115)	(21, 991)
Share of profit or loss of subsidiaries, associates, and joint ventures under equity method	(40, 099)	130, 088
Loss (benefit) on disposal and scrapping of property, plant and equipment	(409)	(68)
Unrealized sales profit (loss)	71	–
Realized sales profit (loss)	241, 916	131, 963
Unamortized expense transferred to expense	(131, 963)	(129, 010)
Changes in operating assets / liabilities, net	700	660
Changes in operating assets, net		
Decrease (increase) in notes receivable	(1, 313)	(147)
Decrease (increase) in accounts receivable	97, 871	411, 164
Decrease (increase) in accounts receivable – related parties	(534, 353)	74, 453
Decrease (increase) in other receivables	293	4, 925
Decrease (increase) in other receivables – related parties	(398)	894
Decrease (increase) in inventories	64, 654	(57, 404)
Decrease (increase) in prepayments	(26, 777)	(160, 609)
Decrease (increase) in other current assets	(546)	(5, 960)
Changes in operating liabilities, net		
Increase (decrease) in contract liabilities	(1, 312)	(1, 565)
Increase (decrease) in accounts payable	72, 500	785
Increase (decrease) in accounts payable – related parties	–	(17, 895)
Increase (decrease) in other payables	(7, 389)	(15, 074)
Increase (decrease) in other payables – related parties	(23)	(96)

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Increase (decrease) in provision for liabilities	2, 055	1, 234
Increase (decrease) in other current liabilities	12, 140	4, 482
Cash flows from (used in) operations	492, 332	959, 254
Interest received	56, 831	17, 452
Interest paid	(43)	(20)
Income tax refunds (paid)	(207, 939)	(155, 302)
Net cash flows from (used in) operating activities	341, 181	821, 384
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	(242, 037)	(24, 647)
Disposal of financial assets at fair value through profit or loss	230, 000	129, 327
Acquisition of investments accounted for using equity method	–	(40, 000)
Acquisition of property, plant and equipment	(2, 136)	(7, 159)
Disposal of property, plant and equipment	2, 958	4, 468
Decrease (increase) in refundable deposits	(178)	4
Decrease (increase) in other receivables – related parties	261, 043	(261, 043)
Acquisition of tangible assets	(2, 262)	–
Decrease (increase) in other financial assets	(58, 052)	(18, 594)
Decrease (increase) in other non-current assets	(1, 855)	(1, 456)
Decrease (increase) in prepayments for equipment	–	(11, 717)
Net cash flows from (used in) investing activities	187, 481	(230, 817)
Cash flows from financing activities		
Increase (decrease) in deposits received	–	(9)
Lease principal repayment	(1, 708)	(1, 552)
Cash dividends paid	(399, 766)	(399, 766)
Other financing activities	6	–
Net cash flows from (used in) financing activities	(401, 468)	(401, 327)
Increase (decrease) in cash and cash equivalents for the period	127, 194	189, 240
Cash and cash equivalents at beginning of period	1, 128, 971	939, 731
Cash and cash equivalents at end of period	$ 1, 256, 165	$ 1, 128, 971

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, 2023 and 2022
(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 11, 2024.

3. Application of Newly Issued and Amended Standards 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 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)
Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”	(Note D)

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 date of the earliest comparative period expressed (January 1, 2022), unless additional provisions are made for temporary differences related to lease and decommissioning obligations.

Note D: As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

(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 disclose 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 January, 2022, the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with lease and 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.

(4) Amendments to IAS 12 "International Tax Reform － Pillar Two Model Rules"

The amendments stipulates that, as a temporary exception to IAS 12, corporations shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform. However, corporations shall disclose in its financial reports that it has applied this exception. In addition, corporations shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, corporations should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated.

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 impact of not yet adopting the newly issued and revised IFRSs endorsed by the FSC is summarized in the following table:

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note A)
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
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements "	January 1, 2024 (Note B)

Note A: The seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note B: The amendment provides certain transitional reliefs. When initially applying the amendment, entities are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

(1) Amendments to IFRS 16 “Lease liability in a sale and leaseback”

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity’s compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the entity’s equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counter-party an option to extinguish the liability by the entity’s equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation”, then the classification of the liability will not be affected.

(3) Amendment to IAS 1 “Non-current Liabilities with Covenants”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

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

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

New standards, interpretations and amendments issued by IASB but not endorsed and issued into effect by the FSC are as follows:

New IFRSs	Effective Date Announced by IASB
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 IAS 21 "Lack of Exchangeability"	January 1, 2025

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

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

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

B. Financial assets measured at fair value through other comprehensive income.

C. Liabilities on cash-settled share-based payment arrangements measured at fair value.

D. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

(2) 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.

(3) Investments in subsidiaries, affiliates or joint ventures are accounted for by the equity method in the preparation of the Company's financial statements. In order to make the current year's profit or loss, other comprehensive profit or loss and equity in the Individual Financial Statements the same as the current year's profit or loss, other comprehensive profit or loss and equity in the Consolidated Financial Statements of the Company attributable to the owners of the Company, the differences in certain accounting treatments under the Individual Basis and the Consolidated Basis are adjustments to the " Investments accounted for using equity method," "Share of profit or loss of subsidiaries, associates and joint ventures under equity method," and "Share of other comprehensive income of subsidiaries, associates, and joint ventures under equity method," as well as to the related equity line items.

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.

Translation of foreign operations

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 comprehensive income statement are translated at average exchange rates for the period.
   (C) All exchange differences 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

(1) 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.

The Company classifies all liabilities that do not meet the above criteria as noncurrent.

(2) 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 parent company only 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.

The Company classifies all liabilities that do not meet the above criteria as noncurrent.

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.

Upon initial recognition of financial assets and financial liabilities, they are measured at fair value. Upon initial recognition, the transaction costs that can be directly attributable to obtaining or issuing the financial assets and financial liabilities (except for one sclassified as financial assets and financial liabilities at FVTPL) shall be added to or subtracted from the fair value of the financial assets and financial liabilities. The transaction costs that can be directly attributable to obtaining or issuing financial assets at FVTPL are recorded in profit or loss in the period occurred.

4.6.1 Financial Assets

A. 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

a. 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.

b. 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.

B. 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.

C. 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

A. 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 of embedded derivative; and the master contract is not an asset within the scope of IFRS 9; 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.

B. 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 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.

(1) 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.

(2)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

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

A. 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.

B. 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, and, does not give rise to equal taxable and deductible temporary differences. 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 Coperation 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.

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, 2023	December 31, 2022
Cash	$ 167	$ 77
Demand deposits	45, 786	21, 152
Time deposits	-	315, 126
Foreign currency deposits	1, 210, 212	792, 616
Total	$ 1, 256, 165	$ 1, 128, 971

(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 FVTPL – current

Item	December 31, 2023	December 31, 2022
Non-derivative financial assets mandatorily measured at FVTPL		
Fund beneficiary certificates	$ 352, 638	$ 331, 180
Corporate bonds	26, 332	22, 430
Derivative financial assets		
Rights to redeem convertible corporate bonds	198	1, 320
Total	$ 379, 168	$ 354, 930

(1) The Company has no financial assets at FVTPL 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, 2023	December 31, 2022
Notes receivable	$ 25, 951	$ 24, 638
Less: Loss allowance	(260)	(246)
Notes receivable, net	$ 25, 691	$ 24, 392

(1) As of December 31, 2023 and 2022, no notes 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, 2023	December 31, 2022
Measured at amortized cost		
Accounts receivable	$ 191, 281	$ 289, 152
Accounts receivable – related parties	938, 881	404, 528
Accounts receivable, net	$ 1, 130, 162	$ 693, 680

(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 are 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 receivables) , were detailed below:

December 31, 2023	Gross carrying amount	Lifetime loss allowance (expected credit losses)	Amortized cost
Not past due	$ 1, 126, 739	$ 260	$ 1, 126, 479
Past due 1~30 days	9, 537	-	9, 537
Past due 30~60 days	19, 837	-	19, 837
Past due 60~90 days	-	-	-
Past due more than 91 days	-	-	-
Total	$ 1, 156, 113	$ 260	$ 1, 155, 853

December 31, 2022	Gross carrying amount	Lifetime 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	276	-	276
Total	$ 718, 318	$ 246	$ 718, 072

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	2023	2022
Beginning balance	$ 246	$ 245
Add: Recognition of impairment losses	314	276
Less: Reversal of impairment losses	(300)	(275)
Ending balance	$ 260	$ 246

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, 2023	December 31, 2022
Finished goods and merchandise	$ 28, 723	$ 59, 785
Work in process and semi-finished products	215	17, 316
Raw materials	82, 913	99, 091
Supplies	2, 548	2, 861
Total	$ 114, 399	$ 179, 053

(1) Inventory-related losses (gains) recognized as costs of goods sold:

Item	2023	2022
Cost of goods sold	$ 2, 282, 565	$ 1, 718, 504
Loss on price decline (gain on reversal) of inventories	2, 216	1, 309
Loss on scrapping of inventories	8, 832	710
Loss (gain) on inventory counts	(91)	(741)
Total operating costs	$ 2, 293, 522	$ 1, 719, 782

(2) As of December 31, 2023 and 2022, the insurance amount for inventories was $30,000 thousand and $50,000 thousand, respectively.

(3) In 2023 and 2022, 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 $2,216 thousand and $1, 309 thousand, respectively.

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

6.6 Other financial assets - current

Item	December 31, 2023	December 31, 2022
Time deposits – initial maturity over three months	$ 63, 171	$ 10, 559

6.7 Investments accounted for using equity method

Investee	December 31, 2023	December 31, 2022
Subsidiary:		
Resonic Holdings Co., Ltd.	$ 210, 553	$ 198, 879
Seasonic Electronics, Inc.	(63, 839)	18, 021
Sea Sonic Europe B.V.	(37, 571)	(39, 207)
Full Net Enterprise Inc.	86, 274	88, 251
Sea Sonic Energy Co., Ltd.	34, 385	38, 731
Subtotal	229, 802	304, 675
Plus: Credit balance of investments accounted for using equity method	101, 410	39, 207
Total	$ 331, 212	$ 343, 882

(1) Please refer to Note 4.3 of the consolidated financial statement of 2023 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 Seasonic Electronics.Inc. was transferred to noncurrent liabilities in 2023 because the Company recognized a gain or loss on the investment in Seasonic Electronics. Inc. 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) The credit balance of the carrying value of the investment in Sea Sonic Europe B.V.was transferred to noncurrent liabilities in 2023 and 2022 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.

6.8 Property, plant and equipment

	December 31, 2023	December 31, 2022
Assets used by the Company	$ 151, 227	$ 163, 327
Assets under operating leases	19, 346	19, 805
Total	$ 170, 573	$ 183, 132

Assets used by the Company

Item	December 31, 2023	December 31, 2022
Land	$ 97, 779	$ 97, 779
Buildings	98, 673	98, 673
Machinery	16, 977	21, 045
Other equipment	35, 923	36, 382
Total cost	249, 352	253, 879
Less: Accumulated depreciation and impairment	(98, 125)	(90, 552)
Total	$ 151, 227	$ 163, 327

	Land	Buildings	Machinery	Other equipment	Total
Costs					
Balance, January 1, 2023	$97, 779	$ 98, 673	$ 21, 045	$ 36, 382	$ 253, 879
Additions	−	−	−	2, 136	2, 136
Disposals	−	−	(4, 068)	(2, 595)	(6, 663)
Balance, December 31, 2023	$97, 779	$ 98, 673	$ 16, 977	$ 35, 923	$ 249, 352
Accumulated depreciation and impairment					
Balance, January 1, 2023	$ −	$ 71, 902	$ 5, 315	$ 13, 335	$ 90, 552
Depreciation expense	−	3, 196	2, 583	5, 908	11, 687
Disposals	−	−	(1, 520)	(2, 594)	(4, 114)
Balance, December 31, 2023	$ −	$ 75, 098	$ 6, 378	$16, 649	$ 98, 125

	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

(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	2023	2022
Additions of property, plant and equipment	$ 2, 136	$ 6, 344
(Increase) decrease in payables for purchase of equipment	−	815
Cash paid	$ 2, 136	$ 7, 159

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

(3) As there was no sign of impairment in 2023 and 2022, no assessment of impairment has been performed for both years.

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

Assets under operating leases

Item	December 31, 2023		December 31, 2022	
Land	$	13, 609	$	13, 609
Buildings		16, 450		16, 450
Total cost		30, 059		30, 059
Less: Accumulated depreciation and impairment	(	10, 713)	(	10, 254)
Total	$	19, 346	$	19, 805

	Land		Buildings		Total	
Costs						
Balance, January 1, 2023	$	13, 609	$	16, 450	$	30, 059
Balance, December 31, 2023	$	13, 609	$	16, 450	$	30, 059
Accumulated depreciation and impairment						
Balance, January 1, 2023	$	−	$	10, 254	$	10, 254
Depreciation expense		−		459		459
Balance, December 31, 2023	$	−	$	10, 713	$	10, 713

	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

(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 option 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, 2023	December 31, 2022
First year	$ 1, 224	$ 1, 224

(3) As of December 31, 2023, and 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 collaterals.

6.9 Lease agreements

(1) Right-of-use assets

Item	December 31, 2023	December 31, 2022
Buildings	$ 12, 618	$ 4, 650
Less: Accumulated depreciation and impairment	(421)	(3, 358)
Total	$ 12, 197	$ 1, 292

Costs	Buildings
Balance, January 1, 2023	$ 4, 650
Balance, December 31, 2023	12, 618
Additions during the period	(4, 650)
Recuction during the period	$ 12, 618

Accumulated depreciation and impairment	
Balance, January 1, 2023	$ 3, 358
Depreciation	1, 713
Write-offs during the period	(4, 650)
Balance, December 31, 2023	$ 421

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

(2) Lease liabilities

Item	December 31, 2023		December 31, 2022	
Carrying amount of lease liabilities				
Current	$	2, 458	$	1, 306
Non-current	$	9, 758	$	–

The ranges of discount rates for the lease liabilities:

	December 31, 2023	December 31, 2022
Buildings	1. 00%~1. 85%	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 2023 and 2022.

C. Information related to the Company's leases for 2023 and 2022 is as follows:

Item	2023		2022	
Expenses relating to short-term leases	$	150	$	150
Expenses relating to low-value asset leases	$	48	$	16
Total cash outflow for leases (Note)	$	1, 949	$	1, 738

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

D. For the years ended December 31, 2023 and 2022, there was no indication that the right-of-use assets were impaired and therefore no impairment assessment was performed.

6.10 Other financial assets - noncurrent

Item	December 31, 2023	December 31, 2022
Segregated foreign exchange deposit account for offshore funds	$ 206, 062	$ 200, 622

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 Provisions - current

Item	December 31, 2023	December 31, 2022
Employee benefits	$ 8, 686	$ 6, 631

Item	Employee benefits
Balance, January 1, 2023	$ 6, 631
Added during the period	2, 846
Used during the period	(791)
Balance, December 31, 2023	$ 8, 686

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

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

6.12 Other current liabilities

Item	December 31, 2023	December 31, 2022
Refund liabilities	$ 44, 487	$ 32, 796
Others	862	413
Total	$ 45, 349	$ 33, 209

6.13 Corporate bonds payable

Item	December 31, 2023	December 31, 2022
First domestic unsecured convertible corporate bonds	$ 395, 800	$ 600, 000
Less: Discount on corporate bonds payable	(3, 375)	(12, 707)
Total	$ 392, 425	$ 587, 293

(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, 2023, the bonds has all been converted into 2, 405 thousands shares, and the conversion price is $83.10 NTD per share.

C. According to the terms of conversion, all bonds redeemed (including bonds repurchased by the Securities Office), matured and converted are retired and not to be resell or re-issued; conversion rights attached to the bonds are also extinguished.

D. The Company may redeem 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, 2023, the bonds repurchased by the Company from the open markets amounted to $0 thousand at par.

G. Reconciliation between the first converted cororate bonds payable in this period and the statement of cash flows:

Item	January to December, 2023
Conversion of corporate bonds payable	$ 204, 200
Reversal of discounts on converted corporate bonds payable	(2, 653)
Reversal of converted financial assets measured at FVTPL	(81)
Changes in equity during the period	(201, 466)
Cash paid during the period	$ -

(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 2023 and 2022, the Company recognized a total of $4,410 thousand and $4,239 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

For those employees who joined the Company before June 30, 2005 and were covered by the defined benefit plan, all of them had either left the Company or had their seniority settled in 2022. Therefore, on December 5, 2022, the Company completed the process of refunding the remaining balance of the Labor Pension Reserve, and received $3,000 thousand from the reserve.

6.15 Share capital

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

Item	2023 Shares (in thousands)	2023 Amount
January 1	79, 953	$ 799, 532
Bond conversion entitlement certificates	2, 405	24, 050
December 31	82, 358	$ 823, 582

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

(2) As of December 31, 2023, the Company's authorized capital amount was $1,500,000 thousand, consisting of 150,000 thousand shares of ordinary stocks.

(3) During the period from January to December 2023, the convertible bonds issued by the Company had a face value of $204,200 thousand had been converted into 2,405 thousand shares of common stock, of which 953 thousand shares and 1,452 thousand shares were converted and registered on August 28, 2023 and December 4, 2023, respectively.

6.16 Capital surplus

Item	December 31, 2023	December 31, 2022
Share premium	$ 209, 990	$ –
Convertible corporate bond options	63, 139	95, 713
Other (right of disgorgement)	7	1
Total	$ 273, 136	$ 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 undistributed 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 measured, 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, 2023	December 31, 2022
Recognition for the initial adoption of IFRS	$ 7, 000	$ 7, 000
Recognition of debit balance for other equity	11, 163	20, 520
Total	$ 18, 163	$ 27, 520

(4) The appropriations of 2022 and 2021 earnings have been approved by the shareholders in meetings in June 2023 and June 2022 and the appropriations and dividends per share were as follows:

Item	Appropriation of Earnings 2022	Appropriation of Earnings 2021	Dividends Per Share (NT$) 2022	Dividends Per Share (NT$) 2021
Legal reserve	$ 45, 023	$ 75, 255		
Special reserve (reversal)	(9, 357)	8, 381		
Cash dividends for common shares	399, 766	399, 766	$ 5. 00	$ 5. 00
Total	$ 435, 432	$ 483, 402	$ 5. 00	$ 5. 00

(5) The appropriations of earnings for 2023 had been proposed in the meeting of the Board of Directors on March 11, 2023 was as follows:

Item	2023 Amount	2023 Dividends Per Share (NT$)
Legal reserve	$ 61, 470	
Special reserve	4, 017	
Cash dividends for common shares	411, 791	$ 5. 00
Total	$ 477, 278	$ 5. 00

The appropriations of earnings for 2023 are to be presented for approval in the shareholders' meeting which is to be held in June, 2024.

(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 from translation of foreign opeations	
Balance, January 1, 2023	($	18, 163)
Exchange differences translation of foreign operations	(	4, 017)
Balance, December 31, 2023	($	22,180)

Item	Exchange differences from translation of foreign opeations	
Balance, January 1, 2022	($	27, 520)
Exchange differences translation of foreign operations		9, 357
Balance, December 31, 2022	($	18,163)

6.19 Operating revenue

Item	2023		2022	
Revenue from contracts with customers				
Sales revenue	$	3, 341, 081	$	2, 396, 811

The products of the Group, including switching power supplies, are mainly sold to dealers and system assembling companies. Considering transaction records with the customers in the past year and accumulated experiences, the Group uses the expected value to estimate 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:

2023

Main Products	Asia	Europe and America	Other Regions	Total
Switching power supplies	$ 1, 340, 736	$ 1, 897, 771	$ 22, 379	$ 3, 260, 886
Others	69, 734	10, 454	7	80, 195
Total	$ 1, 410, 470	$ 1, 908, 225	$ 22, 386	$ 3, 341, 081

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

(2) Contract balances

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

Item	2023	2022
Notes and accounts receivable	$ 1, 155, 853	$ 718, 072
Contract liabilities - current		
Sale of goods	$ 2, 980	$ 4, 292

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	2023	2022
Revenue recognized during the period from the beginning balance of contract liabilities		
Sale of goods	$ 2, 399	$ 5, 556

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, 2023 and 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	2023	2022
Interest from bank deposits	$ 53, 942	$ 17, 910
Interest income from financial assets at FVTPL	2, 139	1, 167
Other	2, 034	2, 914
Total	$ 58, 115	$ 21, 991

6.21 Other income

Item	2023	2022
Rental income	$ 862	$ 851
Income from settlement of the old pension plan	–	1, 433
Other income	5, 631	8, 557
Total	$ 6, 493	$ 10, 841

6.22 Other gains or losses

Item	2023	2022
Net gain (loss) on financial assets at FVTPL	$ 12, 283	($ 6, 109)
Net foreign currency exchange gains (losses)	(32, 746)	211, 442
Gain (loss) on disposal of property, plant and equipment	409	68
Other	(9, 015)	–
Total	$ 29, 069	$ 205, 401

6.23 Employee benefits, depreciation, and amortization expense

Nature	2023 Operating costs	2023 Operating expenses	2023 Total
Employee benefits expense			
Salary	$ −	$ 112, 160	$ 112, 160
Labor and health insurance	−	9, 600	9, 600
Pension expense	−	4, 410	4, 410
Director remuneration	−	8, 181	8, 181
Other employee benefit expense	−	4, 951	4, 951
Depreciation expense	−	13, 859	13, 859
Amortization expense	−	3, 147	3, 147
Total	$ −	$ 156, 308	$ 156, 308

Nature	2022 Operating costs	2022 Operating expenses	2022 Total
Employee benefits expense			
Salary	$ −	$ 102, 167	$ 102, 167
Labor and health insurance	−	9, 346	9, 346
Pension	−	4, 239	4, 239
Directors' remuneration	−	5, 880	5, 880
Other employee benefit expense	−	4, 497	4, 497
Depreciation expense	−	15, 371	15, 371
Amortization expense	−	4, 082	4, 082
Total	$ −	$ 145, 582	$ 145, 582

(1) Additional information on employee amount and employee benefits expense of the Company in 2023 and 2022 is as follows:

	2023	2022
Number of employees	118	120
Number of directors who are not concurrently employees	5	5
Average employee benefits expense	$ 1, 160	$ 1, 046
Average employee salary expense	$ 993	$ 888
Adjust of employee salary expense	11. 82%	(20. 93%)

(2) Compensation policy (including directors, managers 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 managers

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

The payment of compensation to managers 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 the remuneration 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. Directors’ remuneration shall be paid only by cash with its distribution approved by Board of Directors and reported to shareholders’ meeting.

The directors’ 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 2023 and 2022 were approved in the meetings of the Board of Directors on March 11, 2024 and March 21, 2023, respectively. The amounts recognized in the financial statements were as follows:

	2023		2022	
	Employees' compensation	Directors' remuneration	Employee compensation	Directors' remuneration
Amount resolved to be distributed	$ 24, 544	$ 8, 181	$ 17, 641	$ 5, 880
Amount recognized in the financial statements	24, 544	8, 181	17, 641	5, 880
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 the Board of Directors is available from the Market Observation Post System on the website of the TWSE.

6.24 Finance costs

Item	2023	2022
Interest expense		
Interest on lease liabilities	$ 43	$ 20
Interest on convertible corporate bonds	6, 679	7, 495
Less: Capitalized amount for qualified assets	–	–
Finance costs	$ 6, 722	$ 7, 515

6.25 Income tax

(1) Components of income tax expense

Item	2023	2022
Current-period income tax		
Income tax generated from current-period income	$ 186, 998	$ 128, 727
Income tax on unappropriated retain earnings	740	13, 457
Adjustments for prior periods	(2, 878)	(5, 229)
Total income tax for current period	184, 860	136, 955
Deferred income tax		
The origination and reversal of temporary differences	(8, 196)	(11, 834)
Total deferred income tax	(8, 196)	(11, 834)
Income tax expense	$ 176, 664	$ 125, 121

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

Item	2023	2022
Exchange differences from translation of foreign operations	$ 1, 004	($ 2, 339)

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

Item	2023	2022
Net income before income tax	$ 791, 370	$ 575, 347
Income tax expense at the statutory rate	$ 158, 274	$ 115, 069
Items excluded when determining taxable income		
Losses (gains) on valuation of financial assets	(2, 457)	1, 222
Unrealized (profit)loss from on sales of affiliated companies	21, 990	591
Other adjustments	9, 191	11, 845
Income tax adjustments for prior years	(2, 878)	(5, 229)
Additional income tax on unappropriated earnings	740	13, 457
Net change in deferred income taxes		
Temporary differences	(8, 196)	(11, 834)
Income tax expense recognized in profit or loss	$ 176, 664	$ 125, 121

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%.

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

Item	2023				
	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 for returns and discounts write-down	$ 5, 046	$ 2, 232	$ −	$ −	$ 7, 278
Unrealized loss on inventory	605	443	−	−	1, 048
Accrued vacation pays	1, 326	411	−	−	1, 737
Unrealized foreign exchange loss	3, 587	13, 130	−	−	16, 717
Exchange differences translation of foreign	4, 541	−	1, 004	−	5, 545
Subtotal	15, 105	16, 216	1, 004	−	32, 325
Deferred income tax liabilities:					
Temporary differences					
Gain on foreign investments accounted for using the equity method	(35, 977)	(8, 020)	−	−	(43, 997)
Subtotal	(35, 977)	(8, 020)	−	−	(43, 997)
Total	($20, 872)	$ 8, 196	$ 1, 004	$ −	($11, 672)

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 for returns and discounts write-down	$ 4, 916	$ 130	$ −	$ −	$ 5, 046
Unrealized loss on inventory	343	262	−	−	605
Accrued vacation pays	1, 079	247	−	−	1, 326
Unrealized foreign exchange loss	18, 528	(14, 941)	−	−	3, 587
Exchange differences translation of foreign	6, 880	−	(2, 339)	−	4, 541
Subtotal	31, 746	(14, 302)	(2, 339)	−	15, 105
Deferred income 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)

(5) The Company’s income tax returns through 2021 have been assessed and approved by the tax authority.

6.26 Other comprehensive income

Item	2023 Pre-tax	2023 Income tax (expense) benefit	2023 Net after tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	($ 5, 021)	$ 1, 004	($ 4, 017)
Recognized in other comprehensive income	($ 5, 021)	$ 1, 004	($ 4, 017)

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

6.27 Basic earnings per share

Item	2023	2022
A. Basic earnings per share.		
Net income available to common shareholders	$ 614, 706	$ 450, 226
Weighted average number of shares outstanding for the period (in thousand shares)	81, 051	79, 953
Basic earnings per share, after tax (NT$)	$ 7. 58	$ 5. 63
B. Diluted earnings per share.		
Net income available to common shareholders	$ 614, 706	$ 450, 226
Effect of the dilutive potential ordinary shares		
Effect of convertible corporate bonds	5, 344	6, 163
Net income for calculating diluted earnings per share	620, 050	456, 389
Retrospective adjusted weighted average number of shares (in thousand shares)	81, 051	79, 953
Convertible corporate bonds (in thousand shares)	4, 763	6, 889
Effect of employees' compensation (in thousand shares)	315	497
Weighted-average number of shares outstanding for the calculation of diluted earnings per share (in thousand shares)	86, 129	87, 339
Diluted earnings per share, after tax (NT$)	$ 7. 20	$ 5. 23

If the Company offered to settle the compensation paid to employees in shares or cash at the Company's option, the Company assumed that the entire amount of the compensation 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 will still be included in the calculation of diluted earnings per share when 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, 2023

			Non-cash Changes					
	Jan. 1, 2023	Cash Flow	Acquisition of subsidiaries	Disposal of Subsidiaries	Change in Exchange Rate	Fair Value Adjustments	Others	December 31, 2023
Corporate bonds payable (Note 1)	$ 587, 293	$ −	$ −	$ −	$ −	$ −	($ 194, 868)	$ 392, 425
Leasing liabilities (Note 1)	1, 306	(1, 708)	−	−	−	−	12, 618	12, 216
Total	$ 588, 599	($ 1, 708)	$ −	$ −	$ −	$ −	($ 182, 250)	$ 404, 641

Note1: Non-cash changes refer to increased $6,679 thousand of interest amortization of convertible corporate bonds for the current period. A decrease of $204,200 thousand in bonds payable and an increase of $2,653 thousand in premiums (discounts) on bonds payable were recognized on the conversion of bonds.

Note 2: Non-cash changes refer to increased 12, 618 thousand of lease for the current period.

(2) 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.

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.	Sub-subsidiary

7.2 Significant transactions with related parties

(1) Operating revenue

Item	Related party category/Name	2023	2022
Sales revenue	Subsidiary		
	Seasonic Electronics, Inc.	$ 685, 228	$ 347, 699
	Sea Sonic Europe B.V.	696, 826	226, 723
	Other	46, 312	54, 131
	Sub-subsidiary		
	Shenzhen Energy Power Electronics Co., Ltd.	421, 466	315, 654
	Total	$ 1, 849, 832	$ 944, 207

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) Purchases

Item	Related party category/Name	2023	2022
Purchases	Subsidiary		
	Full Net Enterprise Inc.	$ 1, 937, 538	$ 1, 710, 507

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	2023	2022	Nature of transaction
Other income	Subsidiary			
	Full Net Enterprise Inc.	$ -	$ 960	Management consulting income

(4) Receivables from related parties

Item	Related party category/Name	December 31, 2023	December 31, 2022
Notes and accounts receivable	Subsidiary		
	Seasonic Electronics, Inc.	$ 492, 555	$ 158, 486
	Sea Sonic Europe B.V.	306, 104	97, 117
	Sea Sonic Energy Co., Ltd.	−	10
	Sub-subsidiary		
	Shenzhen Energy Power Electronics Co., Ltd.	140, 222	148, 915
	Less: Loss allowance	−	−
	Net amount	$ 938, 881	$ 404, 528

No collateral was collected for receivables from related parties. No loss allowance was recognized for receivables from related parties in 2023 and 2022.

Item	Related party category/Name	December 31, 2023	December 31, 2022
Other receivables	Subsidiary		
	Seasonic Electronics, Inc.	$ 170	$ 216
	Sea Sonic Europe B.V.	584	141
	Less: Loss allowance	−	−
	Net amount	$ 754	$ 357

A. No loss allowance was recognized for other receivables from related parties in 2023 and 2022.

B. Receivables of financing are not included.

(5) Payables to related parties

Item	Related party category/Name	December 31, 2023	December 31, 2022
Other payables	Subsidiary		
	Full Net Enterprise Inc.	$ -	$ 23

(6) Prepayment to related parties

Item	Related party category/Name	December 31, 2023	December 31, 2022
Prepayments for purchases	Subsidiary		
	Full Net Enterprise Inc.	$ 181, 365	$ 158, 508

Item	Related party category	December 31, 2023	December 31, 2022
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, 2023	December 31, 2022
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.	$ 1, 013	$ 762
Sea Sonic Europe B.V.	1, 016	2, 152
Total	$ 2, 029	$ 2, 914
Interest rate	2. 616%~2. 867%	2. 616%~2. 867%

All loans to related parties in 2023 and 2022 are loans without collateral.

(8) Property leases (Operating lease – renting)

Leasing object	Lessee	Deposit	From January to December, 2023 Lease term	From January to December, 2023 Rent income	From January to December, 2022 Lease term	From January to December, 2022 Rent income
8F., No. 81, Zhouzi St., Neihu Dist., Taipei City	Sea Sonic Energy Co., Ltd.	$ −	112. 04. 01~ 113. 03. 31	$ 21	−	$ −

The price of the above lease is from reference to market prices and determined by both parties to the contract. Rents are collected monthly.

(9) Property leases (Operating lease – renting)

Disposal of property, plant and equipment

Related party category/Name	Price of disposal 2023	Price of disposal 2022
Subsidiary		
Full Net Enterprise Inc.	$ 956,654	$ -

7.3 Key management compensation

Related party category/Name	2023	2022
Salaries and other short-term employee benefits	$ 26. 575	$ 17, 045

8. Pledged Asset : None.

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

10. Significant Disaster Losses: None.

11. Significant Subsequent Events: None.

12. Others

12.1 Capital risk management

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

12.2 Financial instruments

(1) Financial risks associated with financial instruments

Financial risk management policies

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

The nature and degree of the significant financial risks:

(A) Market Risk

Foreign exchange risk

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

(b) Sensitivity analysis of foreign currency risk

December 31, 2023	Foreign currency	Exchange rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD: NTD	$ 77, 839	30. 66	$ 2, 386, 546
RMB: NTD	90, 822	4. 3	390, 534
HKD: NTD	148	3. 9	575
Investments accounted for using the equity method (Note)			
USD: NTD	1, 753	30. 66	53, 734
EUR: NTD	402	33. 78	13, 592
Financial liabilities			
Monetary items			
USD: NTD	618	30. 66	18, 962
RMB: NTD	14, 291	4. 3	61, 449
HKD: NTD	86	3. 9	334

December 31, 2022	Foreign currency	Exchange rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD: NTD	$ 45, 270	30. 71	$ 1, 390, 250
RMB: NTD	152, 495	4. 41	672, 504
HKD: NTD	51	3. 94	201
Investments accounted for using the equity method (Note)			
USD: NTD	2, 303	30. 71	70, 718
EUR: NTD	9	32. 72	310
Financial liabilities			
Monetary items			
USD: NTD	300	30. 71	9, 212
RMB: NTD	1, 014	4. 41	4, 474
HKD: NTD	173	3. 94	683

(Foreign currency: functional currency)	From January to December, 2023		
	Sensitivity Analysis		
	Movement	Impact on profit or loss	Impact on equity
Financial Assets			
Monetary items			
USD: NTD	1%	$ 19, 092	$ –
RMB: NTD	1%	3, 124	–
HKD: NTD	1%	5	–
Investments accounted for using the equity method (Note)			
USD: NTD	1%	–	430
EUR: NTD	1%	–	109
Financial liabilities			
Monetary items			
USD: NTD	1%	152	–
RMB: NTD	1%	492	–
HKD: NTD	1%	3	–

(Foreign currency: functional currency)	From January to December, 2022		
	Sensitivity Analysis		
	Movement	Impact on profit or loss	Impact on equity
Financial Assets			
Monetary items			
USD: NTD	1%	$ 11, 122	$ –
RMB: NTD	1%	5, 380	–
HKD: NTD	1%	2	–
Investments accounted for using the equity method (Note)			
USD: NTD	1%	–	566
EUR: NTD	1%	–	2
Financial liabilities			
Monetary items			
USD: NTD	1%	74	–
RMB: NTD	1%	36	–
HKD: NTD	1%	5	–

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 2023 and 2022 amounted to ($32,746) thousand and $211,442 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, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	$ 269, 233	$ 526, 307
Financial liabilities	–	–
Net amount	$ 269, 233	$ 526, 307
Cash flow rate risk		
Financial assets	$ 1, 255, 997	$ 813, 768
Financial liabilities	(392, 425)	(587, 293)
Net amount	$ 863, 572	$ 226, 475

(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) $6,909 thousand and $1,812 thousand for 2023 and 2022, 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.

(a) 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, 2023 and December 31, 2022 was 97.26% and 96.56%, respectively. The credit concentration risk associated with other accounts receivable is insignificant.

(b) Measurement of expected credit losses

I. 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.

II. 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.

III. 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:

	December 31, 2023						
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)	$ 80, 040	$ −	$ −	$ −	$ −	$ 80, 040	$ 80, 040
Other payables (related parties included)	73, 789	−	−	−	−	73, 789	73, 789
Deposits received	24	−	−	−	−	24	24
Bonds payable	−	395, 800	−	−	−	395, 800	392, 425
Total	$ 153, 853	$395, 800	$ −	$ −	$ −	$ 549, 653	$ 546, 278

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	$ 2, 640	$ 10,120	$ −	$ −	$ −	$ −	$ 12, 760

	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 (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
Total	$ 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

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, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Financial Assets		
Financial assets at fair value through profit or loss		
Financial assets mandatory measured at fair value through profit or loss	$ 379, 168	$ 354, 930
Financial assets measured at amortized cost		
Cash and cash equivalents	1, 256, 165	1, 128, 971
Notes receivable and accounts receivable (including related parties)	1, 155, 853	718, 072
Other receivables (including related parties)	9, 529	269, 184
Other financial assets - current	63, 171	10, 559
Guaranteed deposits paid	856	678
Other financial assets - noncurrent	206, 062	200, 622
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable (including related parties)	80, 040	7, 540
Other payables	73, 789	81, 201
Bonds payable	392, 425	587, 293
Deposits received	24	24

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, 2023			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at FVTPL				
Assets - current				
-Funds	$ 352, 638	$ −	$ −	$ 352, 638
-Corporate bonds	26, 332	−	−	26, 332
-Derivative instruments - convertible bonds redemption amount	−	−	198	198
Total	$ 378, 970	$ −	$ 198	$ 379, 168

	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

(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 2023 and 2022: None.

(6) Changes in level 3 instruments in 2023 and 2022 are shown in the table below:

A. 2023：

Financial assets at fair value through profit or loss	Derivative instruments - convertible bonds redemption rights
January 1, 2023	$ 1, 320
Acquired during the period	－
Gain (loss) recognized in profit or loss for the period	(1, 041)
Converted in this period	(81)
December 31, 2023	$ 198

B. 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

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

A. December 31, 2023:

Item	Fair Value December 31, 2023	Valuation Technique	Significant Unobservable Inputs	Range(weighted average)	Relationship Between Input and Fair Value
Derivative financial assets					
Right to redeem the convertible bonds	$ 198	Binary tree method for pricing convertible bond	Volatility	39. 81	The higher volatility, the higher the fair value

B. December 31, 2022:

Item	Fair Value 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

(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, 2023:

			December 31, 2023	
			Recognized in profit or loss	
	Input value	Change	Favorable changes	Unfavorable changes
Financial Assets				
Hybrid instruments	Volatility	± 5%	$ −	($ 119)

B. December 31, 2022:

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

13. Supplementary Disclosures

13.1 Significant transactions information (before inter-group eliminated)

(1) Loans to others: Table 1;

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

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

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

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

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

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

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

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

13.2 Information on investees (excluding information on investment in mainland China): Table 5;

13.3 Information on investment in mainland China: Table 6.

13.4 Information on major shareholders: Table 7.

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, 2023

In USD and in thousands of 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	-	-	2	$ -	Operating turnover	$ -	None	$ -	$ 611, 020	$ 1, 222, 041
		Sea Sonic Europe B.V.	Receivable from related party	Yes	195,000	195,000	-	-	2	-	Operating turnover	-	None	-	611, 020	1, 222, 041
		Sea Sonic Energy Co., Ltd.	Receivable from related party	Yes	20, 000	20, 000	-	-	2	-	Operating turnover	-	None	-	611, 020	1, 222, 041
		Shenzhen Energy Power Electronics Co., Ltd.	Receivable from related party	Yes	65,000	-	-	-	2	-	Operating turnover	-	None	-	611, 020	1, 222, 041

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., Sea Sonic Energy Co., Ltd. and Shenzhen Energy Power Electronics Co., Ltd. of $195,000 thousand, $195,000 thousand, 20,000 thousand and $65,000 thousand separately. As of December 31, 2023, $0 thousand, $0 thousand , $0 thousand and $0 thousand has been drawn actually. The Company 's capital loan of $65,00 thousand to Shenzhen Energy Power Electronics Co., Ltd. expired on October 31, 2023 and will not be extended.

Table 2

Sea Sonic Electronics Co., Ltd.

Holding of Marketable Securities at the end of the period

December 31, 2023

In thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Sea Sonic Electronics Co., Ltd.	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	5, 342, 928. 99	74, 494	-	74, 494	
	Fuh Hwa Angel Fund	-	Financial assets at FVTPL - current	545, 765. 10	10, 930	-	10, 930	
	Nomura Multi Income Multi Asset Fund Accumulate USD	-	Financial assets at FVTPL - current	48, 385. 15	18, 001	-	18, 001	
	Nomura Global Financial Bond Fund Accumulate USD	-	Financial assets at FVTPL - current	110, 363. 39	35, 906	-	35, 906	
	Fuh Hwa Global Bond Fund	-	Financial assets at FVTPL - current	677, 093. 90	10, 307	-	10, 307	
	PGIM Short-term Bond Fond USD	-	Financial assets at FVTPL - current	20, 346. 19	6, 240	-	6, 240	
	Fuh Hwa Global Short-term Income Fond	-	Financial assets at FVTPL - current	1, 213, 170. 20	15, 167	-	15, 167	
	Nomura Global Short Duration Bond Fund USD	-	Financial assets at FVTPL - current	92, 952. 35	31, 630	-	31, 630	
	Nomura 2026 Private Placement Matured Market Flexible Maturity Bond Fund	-	Financial assets at FVTPL - current	50, 000. 00	15, 745	-	15, 745	
	PGIM Global Eco-Friendly ESG Multi-Asset Fund Inc TWD	-	Financial assets at FVTPL - current	9, 565, 899. 48	100, 946	-	100, 946	
	Fuh Hwa 3-8Yr Maturity A-Rated Bond USD.	-	Financial assets at FVTPL - current	50, 000. 00	16, 333	-	16, 333	
	Goldman Sachs Global Sustainable Equity - X Cap USD	-	Financial assets at FVTPL - current	1, 426. 69	16, 939	-	16, 939	
	Corporate bonds of Apple Inc.	-	Financial assets at FVTPL - current	100. 00	3, 129	-	3, 129	
	Corporate bonds of Altria Group, Inc.	-	Financial assets at FVTPL - current	300. 00	9, 059	-	9, 059	
	Corporate bonds of AbbVie	-	Financial assets at FVTPL - current	100. 00	2, 911	-	2, 911	
	Corporate bonds of Ford Motor Company in USD	-	Financial assets at FVTPL - current	200. 00	5, 023	-	5, 023	
	Oversea corporate bonds of Altria Group, Inc.	-	Financial assets at FVTPL - current	100. 00	2, 504	-	2, 504	
	Oversea corporate bonds of Intel Corporation	-	Financial assets at FVTPL - current	170. 00	3, 706	-	3, 706	

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, 2023

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, 937, 538	88. 63%	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	685, 228	20. 51%	T/T 120 days after receipt in general; further discussion for payments regarding particular transaction or order.	-	-	492, 555	42. 61%	
	Sea Sonic Europe B.V.	Subsidiary	Sales	696, 826	20. 86%	T/T 120 days after receipt in general; further discussion for payments regarding particular transaction or order.	-	-	306, 104	26. 48%	
	Shenzhen Energy Power Electronics Co., Ltd.	Sub-subsidiary	Sales	421, 466	12. 61%	T/T 120 days after receipt in general; further discussion for payments regarding particular transaction or order.	-	-	140, 222	12. 13%	
Dongguan Seasonic Electronic Co., Ltd.	Full Net Enterprise Inc.	Affiliated company	Sales	1, 943, 088	99. 08%	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, 2023

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	$ 492,555	2.11	$ -	-	$ 277,033	$ -
			Other receivables	170	-	-	-	170	-
	Sea Sonic Europe B.V.	Subsidiaries	Accounts receivable	306,104	3.46	-	-	90,171	-
			Other receivables	584	-	-	-	584	-
	Shenzhen Energy Power Electronics Co., Ltd.	Sub-subsidiary	Accounts receivable	140,222	2.92	-	-	71,055	-
			Other receivables	-	-	-	-	-	-

Note: The amount collected as of February 29, 2024.

Table 5

Sea Sonic Electronics Co., Ltd.

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

December 31, 2023

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, 2023	December 31, 2022	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	$ 210, 553	$ 17, 343	$ 17, 343	Subsidiaries
	Seasonic Electronics, Inc.	United States	International Trade	9, 890	9, 890	300, 000	100	(63, 839)	(17, 117)	(17, 117)	Subsidiaries
	Sea Sonic Europe B.V.	Netherlands	International Trade	4, 796	4, 796	100, 000	100	(37, 571)	13, 162	13, 162	Subsidiaries
	Full Net Enterprise Inc.	Samoa	Triangle Trade	87, 520	87, 520	2, 700, 000	100	86, 274	(2, 192)	(2, 192)	Subsidiaries
	Sea Sonic Energy Co., Ltd.	Taiwan	Information Software Services	40, 000	40, 000	40, 000, 000	100	34, 385	(3, 788)	(3, 788)	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, 2023

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 by the end of period (Note (4))	Investment Flows		Accumulated Outflow of Investment from Taiwan by the end of period	Ownership held by the Company (direct or indirect) (%)	Net Income (Losses) of the Investee	Share of Profits/Losses	Carrying Amount by the end of period	Accumulated Inward Remittance of Earnings by the end of period
					Outflow	Inflow						
Dongguan Seasonic Electronic Co., Ltd.	Production of switching power supplies	HKD 29,030,000	Note (1), (3)	USD 3,748,125 (NTD 114, 918)	-	-	USD 3,748,125 (NTD 114, 918)	100%	(NTD 13, 726)	(NTD 13, 726)	NTD173, 033	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 6,132)	-	-	USD 200,000 (NTD 6,132)	100%	NTD 30, 920	NTD 30, 920	NTD 39, 256	-

Unit: USD, thousand NTD

Accumulated Investment in Mainland China as of December 31, 2023 (Note (4))	Investment Amounts Authorized by Investment Commission, MOEA (Note (4))	Upper Limit on Investment (Note (5))
USD 3,948,125 (NTD 121,050)	USD 3,948,125 (NTD 121,050)	NTD 1,833,061

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, 2023, 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 2023 with no repetitive disclosure in parent company only financial statement

Table 7

Sea Sonic Electronics Co., Ltd.
Information on Major Shareholders
December 31, 2023

Shares / Major shareholders	Numbers of Shares	Percentage of ownership
Chang, Cheng-Tsung	21, 069, 968	25. 58%
Wei, Chin-Hua	10, 157, 309	12. 33%
CHING HAI Co., Ltd.	6, 396, 264	7. 76%

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 should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in recent years and as of the date of this Annual Report: None.

VI. Review and Analysis of Financial Condition and Performance, and Risk Factors

1. Review and Analysis of Financial Condition

Unit: NT$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	3,313,226	3,619,897	306,671	9.26
Property, Plant and Equipment	210,138	197,122	(13,016)	(6.19)
Intangible Assets	10,000	28,568	18,568	185.68
Other Assets	314,627	405,282	90,655	28.81
Total Assets	3,847,991	4,250,869	402,878	10.47
Current Liabilities	550,874	703,902	153,028	27.78
Noncurrent Liabilities	654,410	491,865	(162,545)	(24.84)
Total Liabilities	1,205,284	1,195,767	(9,517)	(0.79)
Equity Attributable to Shareholders of the Parent	2,642,707	3,055,102	412,395	15.61
Capital Stock	799,532	823,582	24,050	3.01
Capital Surplus	95,714	273,136	177,422	185.37
Retained Earnings	1,765,624	1,980,564	214,940	12.17
Others	(18,163)	(22,180)	(4,017)	22.12
Treasury Stock	-	-	-	-
Noncontrolling Interests	-	-	-	-
Total Equity	2,642,707	3,055,102	412,395	15.61

Analysis of Changes in Ratios Exceeding 20%:

For changes that exceeded 20% and amounted to more than NT$10 million in the last two fiscal years, the reasons are as follows:

1. Increase in intangible assets: Mainly due to the acquisition of lightweight power-sensing technology in 2023.
2. Increase in other assets: Mainly due to an increase in right-of-use assets and deferred tax assets in 2023 compared to the previous year.
3. Increase in current liabilities: Mainly due to an expected increase in market demand, leading to an increase in accounts payable compared to the previous year.
4. Decrease in non-current liabilities: Mainly due to investors progressively converting convertible bonds into ordinary shares.
5. Increase in capital surplus: Mainly due to the continuous execution of convertible bonds into ordinary shares by investors.
6. Decrease in other equity: Mainly due to the exchange losses from foreign operations due to currency fluctuations in 2023.

2. Review and Analysis of Financial Performance

(1) Comparative Financial Performance Analysis Table

Unit: NT$ thousand

Item \ Year	2022	2023	Difference	%
Net Revenue	2,554,842	3,333,190	778,348	30.47
Gross Profit	776,752	1,139,926	363,174	46.76
Income from Operations	430,327	760,254	329,927	76.67
Non-operating Income and Expenses	170,163	22,171	(147,992)	(86.97)
Income before Income Tax	600,490	782,425	181,935	30.30
Net Profit of Ongoing Operations	450,226	614,706	164,480	36.53
Losses from Discontinued Operations	-	-	-	-
Net Income	450,226	614,706	164,480	36.53
Other Comprehensive Income (Loss) for the Period, Net of Income Tax	9,357	(4,017)	(13,374)	(142.93)
Total Comprehensive Income for the Period	459,583	610,689	151,106	32.88
Net Income Attributable to Shareholders of the Parent	450,226	614,706	164,480	36.53
Net Income Attributable to Noncontrolling Interests	-	-	-	-
Total Comprehensive Income Attributable to Shareholders of the Parent	459,583	610,689	151,106	32.88
Total Comprehensive Income Attributable to Noncontrolling Interests	-	-	-	-
Earnings Per Share (NT$)	5.63	7.58	1.95	34.64

1. Analysis of Changes in Ratios Exceeding 20%:
   For changes that exceeded 20% and amounted to more than NT$10 million in the last two fiscal years, the reasons are as follows:
   a. Increase in net revenue/gross profit/income from operations/income before income tax and net income/total comprehensive income for the period:
      Mainly due to an increase in market demand in 2023, leading to higher revenue and current net profit compared to the previous year.
   b. Decrease in non-operating income and expenses/other comprehensive income (loss) for the period, net of income tax:
      Mainly due to the impact of currency fluctuations in 2023, resulting in increased exchange losses compared to the previous year.
   c. Increase in earnings per share (NT$):
      Mainly due to a decrease in net income attributable to the parent company's shareholders compared to the previous year.
2. Reasons for Changes in Major Business Operations or Significant Changes or Expected Significant Changes in Operating Policies, Market Conditions, Economic Environment, or Other External and Internal Factors, and Their Impact and the Company's Plans: None.
3. Expected Sales Volume for the Next Fiscal Year and the Basis for the Expectation that Sales Volume Will Continue to Grow or Decline:

   The Company expects to sell over 1.2 million units in 2024 based on market demand forecasts,assessment of the Company's capacity, and anticipated domestic and international market conditions. The Company plans to strengthen relationships with customers and suppliers, enhance strategic outsourcing alliances, increase the proportion of non-China production; continue to establish competitive advantages with new technologies and develop highly competitive products. The goal is to achieve this through the promotion of new products and the exploration of new markets.

3. Cash Flow Projection:

(1) Cash Flow Liquidity Analysis for the Last Two Years

Unit: %

Item \ Year	2022	2023	Difference (%)
Cash Flow Ratio	115.81	93.56	-19.21
Cash Flow Adequacy Ratio	88.56	111.32	25.70
Cash Flow Reinvestment Ratio	6.97	7.09	1.72

Analysis of Difference (%):

1. Cash Flow Ratio: Primarily, the increase in market demand in 2023 led to an increase in revenue, receivables, and income tax payments, reducing net cash inflow from operating activities compared to the previous year. An increase in current liabilities also contributed to a decrease in the cash flow ratio compared to the previous year.
2. Cash Flow Adequacy Ratio and Cash Flow Reinvestment Ratio: The increase in market demand in 2023 resulted in increased revenue and pre-tax net profit, leading to a net cash inflow from operating activities. This caused both the cash flow adequacy ratio and the cash flow reinvestment ratio to rise compared to the previous year.

(2) Remedial Actions for Liquidity Shortfall: The Company did not face any liquidity shortages, thus no remedial plans have been necessary.

(3) Cash Flow Projection for Next Year:

Unit:NT$thousand

Beginning Cash Balance	Annual Net Cash Flow from Operating Activities	Total Annual Cash Outflows	Remaining Cash Balance (Deficit)	Remedy for Cash Shortfall	
				Investment Plan	Financing Plan
$1,513,896	$638,348	$1,320,744	$831,500	—	—

Cash Flow Difference Explanation:

1. Analysis of Cash Flow Liquidity for the Upcoming Year:
   (1) Operating Activities: Expected payments for accounts payable and income taxes.
   (2) Investing Activities: Anticipated expenditure for acquiring production machinery and upgrading cybersecurity systems.
   (3) Financing Activities: Expected payments for cash dividends and maturing corporate bonds.
2. Remedy for Cash Shortfall: There are no cash shortfalls anticipated.

4. Recent Years Major Capital Expenditures and Impact on Financial and Business: None.

5. Recent Year's Reinvestment Policy, Profitability or Loss Reasons, Improvement Plans, and Future Investment Plans:

(1) Recent Year's Reinvestment:

The Company's reinvestments have been aimed at developing local markets, acquiring local market information in various regions to establish and integrate a global marketing system, and expanding brand operations.

(2) Profit or Loss Status from Reinvestments:

This year, the investment returns from reinvested enterprises totaled NT$7,408 thousand. (See details below)

Name of Investee Company	Nature of Business	2023	
		Ownership Percentage (%)	Investment Gain (Loss) Recognized This Period (NT$ thousand)
Resonic Holdings Co., Ltd.	Holding Company	100.00	17,343
Seasonic Electronics, Inc.	International Trade	100.00	(17,117)
Sea Sonic Europe B.V.	International Trade	100.00	13,162
Full Net Enterprise Inc.	Triangular Trade	100.00	(2,192)
Sea Sonic Energy Co., Ltd.	Information Software Services	100.00	(3,788)
Total			7,408

(3) Improvement Plan

The SSA subsidiary has been affected by a global economic downturn and a decrease in end-customer demand. Future strategies in major European and American markets will focus on establishing a strong brand, with a marketing-oriented investment approach and manufacturing high-end products outside of mainland China to increase market share of our own brands. The heightened geopolitical risks in 2024 might impact the supply chain, necessitating a more robust strategy for diversifying production bases.

(4) Future Investment Plans for the Next Year:

Investments will be determined based on the operational conditions related to the core business sectors.

6. Risk Analysis and Assessment

(1) Impact of interest rate changes, currency fluctuations, and inflation on the company's profit and loss, and future measures:

1. Interest Rate Changes:

The Company has a strong financial standing, and we primarily invest short-term idle funds in time deposits and funds to mitigate the significant impact of interest rate fluctuations. In 2023 and the first quarter of 2024, interest income was NT$59,610 thousand and NT$10,006 thousand, respectively. Due to proper fund management, interest rate levels have not significantly impacted the Company.

2. Currency Fluctuations:

Our products are primarily quoted in USD or RMB for exports, and fluctuations in exchange rates significantly affect our profitability. In 2023, net foreign exchange losses amounted to NT$43,255 thousand and net foreign exchange gains in the first quarter of 2024 were NT$107,376 thousand. To reduce the impact of exchange rate fluctuations on profitability, the Company continuously monitors changes in exchange rates, adjusting our USD holdings as necessary to mitigate risks associated with USD fluctuations. Additionally, our sales pricing also considers exchange rate factors to ensure reasonable profits for the Company.

3. Inflation: No significant impact.

(2) Policies on engaging in high-risk/highly leveraged investments; lending, endorsements, and guarantees for other parties, financial derivative transactions, main reasons for profits or losses, and future measures: None.

(3) Future R&D plans and anticipated R&D expenses:

Future R&D plans

1. Brand Retail Product Series:

Developing new models with higher continuous and peak output wattage using new materials, circuit architecture, and high-voltage SMD MOSFET designs that meet the 80 PLUS Titanium efficiency standard. Optimizing existing high-end retail series with Platinum efficiency to enhance output characteristics and production efficiency, supporting the latest NVIDIA and AMD high-end graphics platforms for gamers and special needs customers, thereby enhancing product competitiveness.

Updating mid-range models to meet the latest Intel ATX3.1 platform requirements with power supplies featuring the newest 12V 2x6 connectors, offering the best power supply options for system builders and consumers.

Developing compact high-power density products in the SFX 850-1000W range using Sea Sonic’s patented magnetic components, providing solutions for small form factor PC cases and offering these to case manufacturer customers.

Researching Totem pole and third-generation semiconductor GaN FET technologies to pursue higher efficiency and align with future semiconductor usage trends, building technological capacity.

Optimizing digital temperature control circuits to achieve quieter operation, comprehensive protection features, and improved product reliability.

2. ODM Retail Product Series:

Meeting the latest Intel and PCIe Gen5 standards with custom OLED display and full-color LED lighting solutions that incorporate active PFC, enhance efficiency, reduce costs, and improve silence in flagship PC power supplies.

3. SI Product Series:

Developing PC power supplies ranging from 400 to 1000W that meet the latest Intel standards, incorporating active PFC with Platinum and Gold conversion efficiencies, and employing an integrated design to reduce production costs and increase efficiency, meeting the diverse needs of industrial customers. Additionally, optimizing existing mass-produced products to meet the latest EU and CEC energy standards, enhancing product competitiveness.

Future R&D Plans	Project Objectives	Current Progress	Additional R&D Expenditures Needed	Expected Mass Production Timeline	Key Factors Influencing R&D Success
New ATX Series Products	1. Comply with the latest Intel PSDG/PCIe design specifications. 2. Achieve 80 PLUS Titanium/Platinum conversion efficiency. 3. Implement high-voltage SMD MOS. 4. Meet the latest ErP Lot 6 low power consumption standards. 5. Optimize thermal management designs to enhance quiet operation.	Products are in the development and design stage.	NT$20,000 thousand	Q4 2025	Familiarity with high-efficiency circuits, magnetic components, and PCB layout applications.
New SFX Series Products	1. Comply with the latest Intel PSDG SFX power supply design specifications. 2. Achieve 80 PLUS Platinum/Gold efficiency. 3. Meet the latest ErP Lot 6 low power consumption standards. 4. Maintain compact SFX size with high power output.	Products are in the development and design stage.	NT$12,000 thousand	Q3 2025	Advancement in patented magnetic components and PCB layout techniques.
Optimized ATX Series Products	1. Comply with the latest Intel PSDG/PCIe design specifications. 2. Achieve 80 PLUS Platinum/Gold efficiency. 3. Meet the latest ErP Lot 6 low power consumption standards. 4. Enhance cooling design to achieve fanless high-wattage output targets.	Products are in the development and design stage.	NT$13,500 thousand	Q3 2024	Familiarity with high-efficiency circuits, magnetic components, and PCB layout applications, as well as the application of new cooling materials and mechanical designs
High-Power, High-Efficiency Interleaved Circuits	1. Applicable to ATX and Server/IPC power supply products. 2. Achieve above 80 PLUS Titanium efficiency. 3. Develop ultra-high wattage fanless power supply products.	Products are in the development and design stage.	NT$14,500 thousand	Q4 2025	Research into the introduction of digital power control technologies and familiarity with high-efficiency circuits and semiconductor components

(4) Risks Associated with Changes in the Government Policies and Regulatory Environment:

Leading countries and global enterprises have announced commitments to achieve zero carbon emissions by 2050. Governments and business sectors are also emphasizing the importance of ESG. To align with this trend, our company established a Sustainability Committee, composed of directors, in 2022. We formulated the "Sustainable Development Best Practice Principles" in accordance with laws and international standards to ensure that our company provides a safe working environment, respects and dignifies our employees during their work, and takes on environmental responsibilities while adhering to ethical standards in business operations. Our company actively pursues the direction set out in these guidelines to implement our sustainability policies and declarations.

We closely monitor and master any policies and regulations that might affect our operations and adjust our internal systems accordingly to comply with the aforementioned regulations.

(5) Risks Associated with Changes in Technology (including Cybersecurity Risks) and Industry:

As a professional power supply manufacturer, our company leverages technological advancements to enhance the technology and usability of our products, offering opportunities for the sale and manufacture of new products. Technological changes have shown no negative impact on the company's financial operations. In 2023, there were no significant losses due to major cybersecurity incidents.

(6) Changes in Corporate Reputation and Impact on the Company's Crisis Management: N/A.

(7) Risks Associated with Mergers and Acquisitions: N/A.

(8) Risks Associated with Capacity Expansion: None.

(9) Risks Associated with Purchasing or Sales Concentration: None.

(10) Potential Impact and Risks Associated with Sales of Significant Numbers of Shares by Directors, Supervisors and/or Shareholders Who Own 10% or More of the Company's Total Outstanding Shares: None.

(11) Risks Associated with Change in Management: N/A.

(12) Litigation or Non-Litigation Issues:

1. Significant litigation, non-litigation, or administrative disputes finalized or pending by the date of the annual report publication, which may significantly impact shareholders' equity or securities prices. This includes the nature of the dispute, amount in question, start date of litigation, key parties involved, and current status: None.
2. Significant litigation, non-litigation, or administrative disputes involving the company's directors, president, principal responsible persons, shareholders holding more than ten percent of shares, and subsidiary companies, finalized or pending by the date of the annual report publication, which may significantly impact the company's shareholders' equity or securities prices. This includes the nature of the dispute, amount in question, start date of litigation, key parties involved, and current status: None.

(13) Other Important Risks and Mitigation Measures: None.

7. Other Important Matters: None.

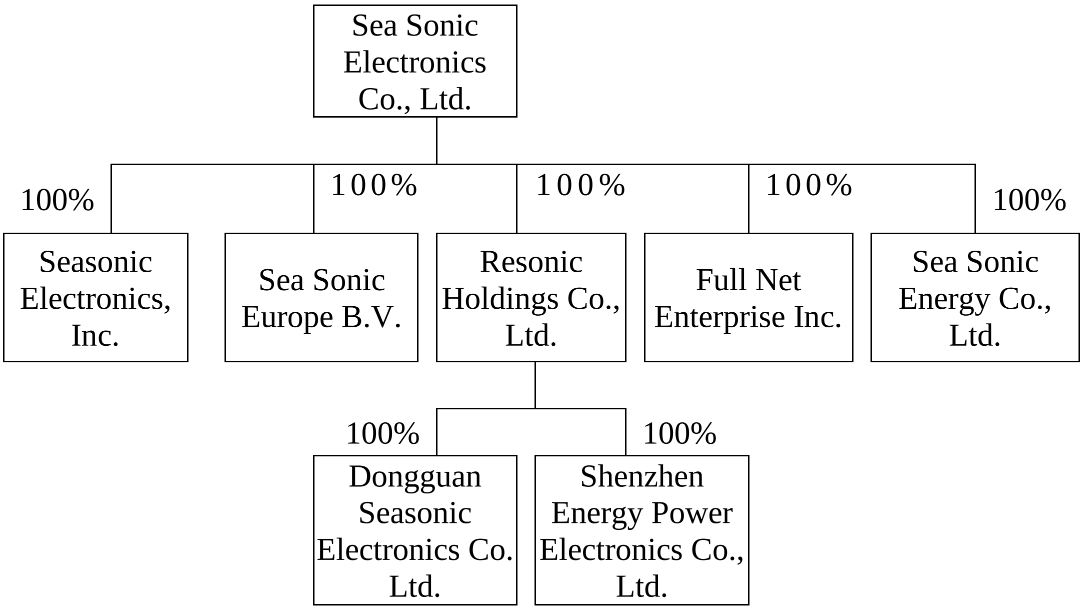
VII. Other Special Notes

1. Information on Associates

Consolidated Business Report of Associates

(1) Overview of Associates

1.Organization Chart of Associates



2. Basic Information of Each Associates

Unit: NT$

Company	Date of Incorporation	Address	Capital Stock	Business Activities
Sea Sonic Electronics Co., Ltd.	September 19, 1975	8 F., No. 17, Ln. 360, Sec. 1, Neihu Rd., Neihu Dist., Taipei City , Taiwan	NT$823,582,380	The Company is a professional manufacturer of Switching Power Supplies (SPS), primarily engaged in the development, design, research, production, and sales of power supplies, which are crucial components for personal computers, industrial computer workstations, servers, and communication information equipment, mainly responsible for maintaining stable voltage during computer operation.
Resonic Holdings Co., Ltd.	August 13, 1997	P.O.BOX 3321,Road Town Tortoia British Virgin ,Inlands	USD 4,048,125 (=NTD165,547,000)	Holding company.
Dongguan Seasonic Electronic Co., Ltd.	September 5, 1994	11th,Ronghua road,3rd Industrial Park,Ju zhou District,Shi Jie,Dong Guan City,Guang Dong,China	HKD 29,030,000 (=NTD157,003,000)	Production of switching power supplies, uninterruptible power supplies, electronic stabilizers, electronic testing equipment, etc.
Shenzhen Energy Power Electronics Co., Ltd.	January 12, 2021	Room 601,Xinhe Building, Building C, No.85, Tongxin Road, Tongxin Community, Baolong Street, Longgang District, Shenzhen,Guang Dong,China	USD 200,000 (=NTD5,708,000)	Engaged in the import and export business of computer hardware and equipment.
Seasonic Electronics, Inc.	August 31, 2005	16025 Arrow Hwy Suite A/B, Irwindale CA91706, USA	USD 300,000 (=NTD9,890,000)	Engaged in the import and export business of computer hardware and equipment.
Sea Sonic Europe B.V.	May 14, 2008	Rietveld 7 5258 ED Berlicum The Netherlands	EUR 100,000 (=NTD4,796,000)	Engaged in the import and export business of computer hardware and equipment.
Full Net Enterprise Inc.	April 1, 2015	Offshore Chambers P.O. Box 217 Apia, Samoa	USD 2,700,000 (=NTD87,520,000)	Engaged in the import and export business of computer hardware and equipment.
Sea Sonic Energy Co., Ltd.	April 1, 2022	8 F., No. 81, Zhouzi St., Neihu Dist., Taipei City , Taiwan	NT$40,000,000	Information software services business.

3. Shareholders in Common of the Company and Its Subsidiaries with Deemed Control and Subordination: None.

4. Rosters of Directors, Supervisors, and Presidents of Associates

Company	Title	Name/Representatives		Shareholding	
				Shares	% (Investment Holding %)
Resonic Holdings Co., Ltd.	Director	CHANG, HSIU-CHENG	Representative, Sea Sonic Electronics Co., Ltd.	25,300	100%
Dongguan Seasonic Electronics Co. Ltd.	Chairman & President	WEI CHIN-HUA	-	(Note 1)	100%
	Director	CHANG, HSIU-CHENG	Representative, Resonic Holdings Co., Ltd.		
	Director	CHANG, YA-CHING	-		
Shenzhen Energy Power Electronics Co., Ltd.	Executive Director & President	CHANG, HSIU-CHENG	-	(Note 1)	100%
	Director	LIN, CHAO-HSIEN	-		
Seasonic Electronics, Inc.	Director	CHANG, HSIU-CHENG	Representative, Sea Sonic Electronics Co., Ltd.	300,000	100%
Sea Sonic Europe B.V.	Director	CHANG, HSIU-CHENG	Representative, Sea Sonic Electronics Co., Ltd.	100,000	100%
Full Net Enterprise Inc.	Director	CHANG, HSIU-CHENG	Representative, Sea Sonic Electronics Co., Ltd.	2,700,000	100%
Sea Sonic Energy Co., Ltd.	Director	CHANG, HSIU-CHENG	Representative, Sea Sonic Electronics Co., Ltd.	40,000,000	100%

Note 1: Indicates a limited company, hence no share quantity is mentioned.

5. Operational Highlights of Associates

Unit: Unless otherwise stated, the amounts are in NT$ thousands.

Company	Capital Stock	Total Assets	Total Liabilities	Net Worth	Net Revenue	Income (Loss) from Operation	Net Income (Loss)	Earnings Per Share (NT$) (After Tax)
Sea Sonic Electronics Co., Ltd.	823,582	3,933,570	878,468	3,055,102	3,341,081	722,454	614,706	7.58
Resonic Holdings Co., Ltd.	124,981	215,027	-	215,027	-	(73)	17,343	685.49
Dongguan Seasonic Electronics Co. Ltd.	116,437	794,932	621,899	173,033	1,961,149	3,294	(13,726)	-
Shenzhen Energy Power Electronics Co., Ltd.	5,708	192,215	152,959	39,256	477,397	41,101	30,920	-
Seasonic Electronics, Inc.	9,890	567,663	513,930	53,733	609,604	(16,123)	(17,117)	(57.06)
Sea Sonic Europe B.V.	4,796	346,603	333,011	13,592	736,850	13,713	13,162	131.62
Full Net Enterprise Inc.	87,520	267,831	181,364	86,467	1,994,015	(31)	(2,192)	(0.81)
Sea Sonic Energy Co., Ltd.	40,000	36,663	1,719	34,944	4,770	(3,944)	(3,788)	(0.09)

(2) Consolidated Financial Statements of Associates: Please refer to pages 115 to 182.

Associates' 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 placement, 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.