Stock Code: 3611

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Financial Statement and Auditor's Review Report

First Quarter of 2021/2020

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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Auditor's Review Report

To TSC Auto ID Technology Co., Ltd.:

Background

We have audited the consolidated balance sheet as of March 31, 2021 and March 31, 2020; the consolidated incomes statement from January 1 to March 31, 2021 and from January 1 to March 31, 2020; the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to March 31, 2021 and from January 1 to March 31, 2020 of TSC Auto ID Technology Co., Ltd. and its subsidiaries ("TSC Auto ID Technology Group") and the notes to consolidated financial statements (including the summary of major accounting policies). According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission, the preparation of financial reports for fair representation is the management's responsibility. Our responsibility is to reach conclusions based on the review result of consolidated financial statements.

Scope

We carried out the review engagement in accordance with the Statements on Auditing Standards No. 65 "Review of Financial Statements." The procedures of a review of consolidated financial statements include inquiries (mainly to financial and accounting personnel), analytical procedures and other review procedures. A review is substantially less in scope than an audit. Therefore, we may not be able to detect all the material items which can be identified via audit work and will not be able to express an opinion accordingly.

Conclusion

Based on our review and other auditors' review (please refer to "Other Matters"), we did not identify in the abovementioned consolidated financial statements any materiality that was not prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission, and that prevented the fair representation of TSC Auto ID Technology Group's consolidated financial status as of March 31, 2021 and March 31, 2020, consolidated financial performance and cash flows from January 1 to March 31, 2021 and from January 1 to March 31, 2020.

Other Matters

Among the subsidiaries consolidated in TSC Auto ID Technology Group's financial statements, the financial statements of certain important subsidiaries were not reviewed by us but by other auditors. Therefore, our conclusion of the abovementioned financial statements was based on the review by other auditors of recognition and disclosure regarding the listed amounts and relevant information disclosed in notes of the financial statements of these companies. The total assets of the subsidiaries accounted for 19.45% and 22.62% of the total consolidated assets as of March 31, 2021 and 2020 respectively; The operating revenues of the subsidiaries accounted for 36.84% and 38.85% of the consolidated operating revenues as of March 31, 2021 and 2020 respectively; And their total comprehensive income accounted for 25.71% and (9.55%) of the total consolidated comprehensive income respectively.

Deloitte Taiwan

CPA Lin Wen Qin

CPA Fan You Wei

Official Letter of Approval by Securities and Futures Commission Taiwan-Finance-Securities-VI-0920123784

Official Letter of Approval by Securities and Futures Commission Taiwan-Finance-Securities-VI-0920123784

May 11, 2021

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheet

As of March 31, 2021, December 31, 2020 and March 31, 2020

Unit: NT$ thousand

Code	Asset	March 31, 2021 (reviewed) Amount	%	December 31, 2020 (audited) Amount	%	March 31, 2020 (reviewed) Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 1,234,845	17	$ 1,307,939	18	$ 823,613	13
1110	Financial assets at fair value through profit or loss (Note 7)	1,419	-	934	-	949	-
1170	Notes and accounts receivable, net (Notes 9, 26)	1,102,558	15	1,103,900	16	956,877	15
1200	Other receivables (Note 26)	39,277	1	15,537	-	27,208	-
130X	Inventory (Note 10)	915,573	13	779,214	11	951,397	15
1410	Prepayments	54,021	1	33,332	1	58,124	1
1470	Other current assets	3,860	-	4,294	-	841	-
11XX	Total current assets	3,351,553	47	3,245,150	46	2,819,009	44
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (Note 8)	784,720	11	845,920	12	351,020	5
1600	Property, plant and equipment (Note 12)	983,844	14	972,754	14	998,834	16
1755	Right-of-use assets (Note 13)	280,172	4	279,794	4	353,776	6
1780	Other intangible assets (Note 15)	298,852	4	312,557	4	378,341	6
1805	Goodwill (Note 14)	983,134	14	981,239	14	1,041,360	16
1840	Deferred income tax assets	442,546	6	442,269	6	471,810	7
1990	Other non-current assets	18,671	-	23,738	-	22,333	-
15XX	Total non-current assets	3,791,939	53	3,858,271	54	3,617,474	56
1XXX	Total assets	$ 7,143,492	100	$ 7,103,421	100	$ 6,436,483	100
Code	**Liabilities and equity**						
	Current liabilities						
2100	Short-term loans (Note 16)	$ 908,508	13	$ 794,994	11	$ 755,739	12
2120	Financial liabilities at fair value through profit or loss (Note 7)	2,913	-	3,235	-	1,247	-
2170	Accounts payable (Note 26)	616,285	9	540,217	8	534,623	9
2200	Other payables (Notes 17, 26)	265,437	4	279,466	4	254,937	4
2230	Income tax liability during the period	212,407	3	169,894	3	140,393	2
2250	Liability reserve	5,658	-	5,666	-	5,659	-
2280	Lease liability (Note 13)	82,941	1	80,462	1	79,900	1
2320	Long-term liabilities due within one year (Note 16)	4,000	-	4,000	-	50,000	1
2399	Other current liabilities	94,181	1	95,336	1	84,009	1
21XX	Total current liabilities	2,192,330	31	1,973,270	28	1,906,507	30
	Non-current liabilities						
2540	Long-term loans (Note 16)	696,000	10	1,026,000	14	865,000	14
2570	Deferred income tax liabilities	280,141	4	270,731	4	241,317	4
2580	Lease liability (Note 13)	215,334	3	211,975	3	270,574	4
2640	Net defined benefit liability	22,862	-	22,860	-	24,609	-
2670	Other non-current liabilities	72,688	1	47,370	1	90,065	1
25XX	Total non-current liabilities	1,287,025	18	1,578,936	22	1,491,565	23
2XXX	Total liabilities	3,479,355	49	3,552,206	50	3,398,072	53
	Equity (Note 18)						
3110	Ordinary share capital	424,769	6	424,769	6	424,769	6
3200	Capital surplus	581,324	8	577,665	8	570,185	9
	Retained earnings						
3310	Legal reserve	523,393	7	523,393	7	447,718	7
3320	Special reserve	8,597	-	8,597	-	8,597	-
3350	Unappropriated earnings	2,001,600	28	1,826,157	26	1,738,742	27
3300	Total retained earnings	2,533,590	35	2,358,147	33	2,195,057	34
3400	Other equity	124,454	2	190,634	3	(151,600)	(2)
3XXX	Total equity	3,664,137	51	3,551,215	50	3,038,411	47
	Total liabilities and equity	$ 7,143,492	100	$ 7,103,421	100	$ 6,436,483	100

The notes are an integral part of these consolidated financial statements.

(Please refer to the auditor's review report issued by Deloitte Taiwan on May 11, 2021.)

Chairman: Wang Shiu-Ting Chief Executive Officer: Wang Hsing-Lei Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Comprehensive Income Statement

From January 1 to March 31, 2021 and from January 1 to March 31, 2020

(Reviewed only. Not audited according to generally accepted audit standards.)

Unit: NT$ thousand except NT$ for earnings per share

Code		January 1 to March 31, 2021 Amount	%	January 1 to March 31, 2020 Amount	%
	Operating incomes (Notes 19, 26)				
4110	Revenues	$ 1,524,983	100	$ 1,288,833	100
	Operating costs (Notes 10, 20, 26)				
5110	Cost of goods sold	999,255	66	829,625	64
5900	Gross profits	525,728	34	459,208	36
	Operating expenses (Notes 9, 20, 26)				
6100	Sales & marketing expenses	148,023	10	151,160	12
6200	Administrative expenses	86,958	6	82,682	7
6300	R&D expenses	51,870	3	53,176	4
6000	Total operating expenses	286,851	19	287,018	23
6900	Operating profits	238,877	16	172,190	13
	Non-operating incomes and expenses (Note 20)				
7100	Interest income	1,120	-	1,002	-
7190	Other incomes	5,825	-	5,245	-
7020	Other gains and losses	1,461	-	6,165	1
7050	Financial cost	(6,808)	-	(11,359)	(1)
7000	Total non-operating incomes and expenses	1,598	-	1,053	-
7900	Profits before tax	240,475	16	173,243	13
7950	Income tax expenses (Note 21)	65,032	4	43,955	3
8200	Net income for the period	175,443	12	129,288	10

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Code		January 1 to March 31, 2021 Amount	%	January 1 to March 31, 2020 Amount	%
	Other comprehensive incomes (Note 18)				
8310	Items that are not to be reclassified to profit or loss				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive incomes	($ 61,200)	(4)	($ 264,844)	(21)
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	(6,225)	-	9,550	1
8399	Income tax components that may be reclassified	1,245	-	(1,910)	-
8300	Other comprehensive income for the period (net of tax)	(66,180)	(4)	(257,204)	(20)
8500	Total comprehensive income for the period	$ 109,263	7	($ 127,916)	(10)
	Net income attributable to:				
8610	Shareholders of the Company	$ 175,443	12	$ 129,288	10
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ 109,263	7	($ 127,916)	(10)
	Earnings per share (Note 22)				

9710	Basic	$ 4.13	$ 3.04
9810	Diluted	$ 4.11	$ 3.03

The notes are an integral part of these consolidated financial statements.

(Please refer to the auditor's review report issued by Deloitte Taiwan on May 11, 2021.)

Chairman:	Chief Executive Officer:	Chief Accounting Officer:
Wang Shiu Ting	Wang Hsing Lei	Lin Shu-Juan

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Statement of Changes in equity

From January 1 to March 31, 2021 and from January 1 to March 31, 2020

(Reviewed only. Not audited according to generally accepted audit standards.)

Unit: NT$1,000 unless otherwise indicated

		Share capital					Retained earnings				Other equity			
Code		No. of shares (thousand shares)	Ordinary share capital	Advanced receipt of share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive incomes	Total	Total equity
A1	Balance on January 1, 2020	42,437	$ 424,369	$ 400	$ 424,769	$ 568,892	$ 447,718	$ 8,597	$ 1,609,454	$ 2,065,769	($ 165,699)	$ 271,303	$ 105,604	$ 3,165,034
G1	Exercise of employee stock options	40	400	(400)	-	-	-	-	-	-	-	-	-	-
D1	Net income from January 1 to March 31, 2020	-	-	-	-	-	-	-	129,288	129,288	-	-	-	129,288
D3	Other comprehensive income (net of tax) from January 1 to March 31, 2020	-	-	-	-	-	-	-	-	-	7,640	(264,844)	(257,204)	(257,204)
D5	Total comprehensive income from January 1 to March 31, 2020	-	-	-	-	-	-	-	129,288	129,288	7,640	(264,844)	(257,204)	(127,916)
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	1,293	-	-	-	-	-	-	-	1,293
Z1	Balance on March 31, 2020	42,477	$ 424,769	$ -	$ 424,769	$ 570,185	$ 447,718	$ 8,597	$ 1,738,742	$ 2,195,057	($ 158,059)	$ 6,459	($ 151,600)	$ 3,038,411
A1	Balance on January 1, 2021	42,477	$ 424,769	$ -	$ 424,769	$ 577,665	$ 523,393	$ 8,597	$ 1,826,157	$ 2,358,147	($ 233,777)	$ 424,411	$ 190,634	$ 3,551,215
D1	Net income from January 1 to March 31, 2021	-	-	-	-	-	-	-	175,443	175,443	-	-	-	175,443
D3	Other comprehensive income (net of tax) from January 1 to March 31, 2021	-	-	-	-	-	-	-	-	-	(4,980)	(61,200)	(66,180)	(66,180)
D5	Total comprehensive income from January 1 to March 31, 2021	-	-	-	-	-	-	-	175,443	175,443	(4,980)	(61,200)	(66,180)	109,263
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	3,659	-	-	-	-	-	-	-	3,659
Z1	Balance on March 31, 2021	42,477	$ 424,769	$ -	$ 424,769	$ 581,324	$ 523,393	$ 8,597	$ 2,001,600	$ 2,533,590	($ 238,757)	$ 363,211	$ 124,454	$ 3,664,137

The notes are an integral part of these consolidated financial statements.

(Please refer to the auditor's review report issued by Deloitte Taiwan on May 11, 2021.)

Chairman: Wang Shiu Ting

Chief Executive Officer: Wang Hsing Lei

Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

From January 1 to March 31, 2021 and from January 1 to March 31, 2020

(Reviewed only. Not audited according to generally accepted audit standards.)

Unit: NT$ thousand

Code		January 1 to March 31, 2021	January 1 to March 31, 2020
	Cash flows from operating activities		
A10000	Profit before tax	$ 240,475	$ 173,243
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	45,142	46,905
A20200	Amortization	18,808	19,136
A20300	Expected credit impairment loss (reversal gain)	(590)	308
A20900	Financial cost	6,808	11,359
A21200	Interest income	(1,120)	(1,002)
A21900	Cost of employee stock options	3,659	1,293
A23700	Loss for market price decline and obsolete inventory	1,977	2,692
A24100	Unrealized foreign exchange losses	7,112	9,297
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	(485)	1,466
A31150	Notes and accounts receivable	(17,288)	78,227
A31180	Other receivables	(29,405)	(13,071)
A31200	Inventory	(151,491)	(92,704)
A31230	Prepayments	(20,594)	(21,174)
A31240	Other current assets	401	6
A31990	Other non-current assets	40	5
A32110	Financial liabilities held for trading	(322)	891
A32150	Accounts payable	101,537	24,278
A32180	Other payables	(8,322)	(46,844)
A32230	Other current liabilities	(1,582)	(13,303)
A32240	Net defined benefit liability	2	11
A32990	Other non-current liabilities	23,566	32,885
A33000	Cash inflows from operating activities	218,328	213,904
A33100	Interest received	1,114	1,022
A33500	Income tax paid	(12,062)	(9,401)
AAAA	Net cash flows from operating activities	207,380	205,525

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Code		January 1 to March 31, 2021	January 1 to March 31, 2020
	Cash flows from investing activities		
B02700	Purchase of property, plant and equipment	($ 34,097)	($ 15,181)
B03700	Increase in refundable deposits	-	(328)
B03800	Decrease in refundable deposits	21	-
B04500	Purchase of intangible assets	(4,809)	(4,007)
B07100	Increase in equipment prepayments	(1,197)	(3,770)
BBBB	Net cash outflows from investing activities	(40,082)	(23,286)
	Cash flows from financing activities		
C00100	Increase (decrease) in net short-term loans	115,210	(233,683)
C01600	Borrowing of long-term loans	-	120,000
C01700	Repayment of long-term loans	(330,000)	(120,000)
C03000	Increase in deposits received	1,568	-
C03100	Decrease in deposits received	-	(5)
C04020	Repayment of lease principals	(16,181)	(33,394)
C05600	Interest paid	(6,924)	(11,281)
CCCC	Net cash outflows from financing activities	(236,327)	(278,363)
DDDD	Currency impact on cash and cash equivalents	(4,065)	(1,155)
EEEE	Net decrease in cash and cash equivalents during the period	(73,094)	(97,279)
E00100	Cash and cash equivalents at the beginning of the period	1,307,939	920,892
E00200	Cash and cash equivalents at the end of the period	$ 1,234,845	$ 823,613

The notes are an integral part of these consolidated financial statements.

(Please refer to the auditor's review report issued by Deloitte Taiwan on May 11, 2021.)

Chairman: Wang Shiu Ting

Chief Executive Officer: Wang Hsing Lei

Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Notes to Consolidated Financial Statements

From January 1 to March 31, 2021 and from January 1 to March 31, 2020

(Reviewed only. Not audited according to generally accepted audit standards.)

(Unit: NT$1,000 unless otherwise indicated)

I. Company History

TSC Auto ID Technology Co., Ltd. ("the Company"), founded on March 19, 2007, is a global company in auto-identification systems/products manufacturing and services. The Company was listed on the TPEx on November 26, 2008.

The consolidated financial statements are expressed in NT dollars, the Company's functional currency.

II. Dates and procedures of approving financial reports

The consolidated financial reports were published on May 11, 2021 after approval by the Board of Directors.

III. Applicability of New and Modified Standards and Interpretations

(I) First adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations recognized and promulgated by the Financial Supervisory Commission (collectively referred to "IFRSs")

According to the consolidated company's assessment, the adoption of the IFRSs recognized and promulgated in 2021 by the Financial Supervisory Commission will not cause material changes to the consolidated company's accounting policies.

(II) IFRSs published by the International Accounting Standards Board (IASB) but yet to be recognized by the Financial Supervisory Commission

Newly published/amended/revised standards and interpretations	IASB release and effective date (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
IFRS 3 Amendment: Reference to the Conceptual Framework	January 1, 2022 (Note 3)
IFRS 10 and IAS 28 Amendment: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	TBD
IFRS 17 Insurance Contracts	January 1, 2023
IFRS 17 Amendment	January 1, 2023
IAS 1 Amendment: Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1 Amendment: Disclosure of Accounting Policies	January 1, 2023 (Note 4)

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Newly published/amended/revised standards and interpretations	IASB release and effective date (Note 1)
IAS 8 Amendment: Definition of Accounting Estimates	January 1, 2023 (Note 5)
IAS 12 Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transactions	January 1, 2023 (Note 6)
IAS 16 Amendment: Property, Plant and Equipment — Proceeds before Intended Use	January 1, 2022 (Note 7)
IAS 37 Amendment: Onerous Contracts: Cost of Fulfilling a Contract	January 1, 2022 (Note 8)

Note 1: Unless otherwise indicated, the abovementioned newly published, amended or revised standards and interpretations shall take effect on annual reporting periods after respective dates.

Note 2: The amended IFRS 9 is applicable to the exchange of financial liabilities or change of contractual terms during the annual reporting periods from January 1, 2022 onward; the amended IAS 41 Agriculture is applicable to the measurement of fair value during the annual reporting periods from January 1, 2022 onward; the amended IFRS 1 First-time Adoption of International Financial Reporting Standards applicable retrospectively to the annual reporting periods from January 1, 2022 onward.

Note 3: The amendment is applicable to business combinations with acquisition dates during the annual reporting period from January 1, 2022.

Note 4: The adoption of this amendment is delayed to the annual reporting periods from January 1, 2023 onward.

Note 5: The amendment is applicable to the changes of accounting estimates and accounting policies during the annual reporting periods from January 1, 2023 onward.

Note 6: The amendment is applicable to the transactions after January 1, 2022 except for temporary differences in relation to leases and decommissioning obligations on January 1, 2022 recognized as deferred income taxes.

Note 7: The amendment is applicable to the property, plant and equipment to reach the necessary location and status expected by management for operation from January 1, 2021 onward.

Note 8: The amendment is applicable to the contracts with outstanding obligations from January 1, 2022 onward.

As of the date these consolidated financial statements were approved and released, the consolidated company continued to assess the impact of other amended standards and interpretations on its financial status and financial performance. The relevant effects shall be disclosed once the assessment has been completed.

IV. Summary of Material Accounting Policies

(I) Statement of Compliance

These consolidated financial statements were prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission. These consolidated financial statements did not include all the information required for disclosure by the IFRSs for the entire year.

(II) Basis of Preparation

These consolidated financial statements were prepared according to historical costs except for the financial instruments measured at fair value and the net defined benefit liability calculated with the present value of the defined benefit obligation less the fair value of the asset plan.

The measurement of fair values can be classified into Level 1, Level 2 and Level 3 according to the level of observability and importance of relevant inputs.

1. Level 1 inputs: (unadjusted) quoted prices for identical assets or liabilities in active and liquid markets.

2. Level 2 inputs: input values of assets or liabilities observable directly (i.e., prices) or indirectly (i.e., inferred prices) other than Level 1 quoted prices.
3. Level 3 inputs: unobservable inputs for assets or liabilities.

(III) Basis of Consolidation

These consolidated financial statements include the Company and the entities (subsidiaries) controlled by the Company. The financial statements of subsidiaries have been adjusted so that their accounting policies are consistent with the consolidated company. All the transactions, account balances, incomes and gains, expenses and losses among individual entities have been canceled out in the preparation of the consolidated financial statements. The comprehensive incomes of subsidiaries are attributable to the shareholders of the Company.

Please refer to Note 11 and Table 7 for a detailed list of the subsidiaries, shareholding percentages in these subsidiaries and their businesses.

(IV) Other major accounting policies

In addition to the following explanations, please refer to the summary of the major accounting policies for 2020 consolidated financial statements.

1. Defined benefits

   Interim pension costs from the beginning of the year to the end of the reporting period are calculated with the discount rate determined actuarially on the closing date of the prior year and adjusted by reflecting significant market volatility, major plan changes, repayments or other material one-offs.

2. Income taxes

   Income tax expenses are the aggregate of the income taxes and deferred taxes during the period. Interim income taxes are assessed on an annualized basis, by applying the effective tax rate on the expected annual earnings to the interim profits before tax.

V. Key Sources of Uncertainty in Significant Accounting Judgements, Estimates and Assumptions

With regard to the adoption of accounting policies by the consolidated company, management must make judgments, estimates and assumptions based on historical experience and other relevant factors if relevant information is not readily available from other sources. The actual outcome may be different from the estimates.

The consolidated company will take into consideration the economic impact of COVID-19 when making major accounting estimates; meanwhile, the management will continually examine its estimates and basic assumptions. If an estimated change only affects the current period, the change shall be recognized during the period. If a change of accounting estimates affects both the current and future periods, the change shall be recognized during the current and future periods.

Please refer to the explanations about the main sources of uncertainty with major accounting judgments, estimates and assumptions in the 2020 consolidated financial statements.

VI. Cash and Cash Equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Vault cash and petty cash	$ 83	$ 90	$ 85
Bank checks and demand deposits	1,124,354	1,190,560	523,528
Cash equivalents			
Fixed-term bank deposits with original maturity within three months	110,408	117,289	300,000
	$ 1,234,845	$ 1,307,939	$ 823,613

The market prevalent interest rates of fixed-term bank deposits as of the end of the reporting period are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fixed-term deposits	0.35%~2.40%	0.37%~2.70%	0.16%~0.63%

VII. Financial instruments measured at fair value through profit or loss

	March 31, 2021	December 31, 2020	March 31, 2020
Financial Assets – Current			
Designated at fair value through profit or loss			
Derivatives (non-hedging)			
- Currency forward contracts (1)	$ 1,419	$ 477	$ 949
- Currency swaps (2)	-	457	-
	$ 1,419	$ 934	$ 949
Financial Liabilities – Current			
Held for trading			
Derivatives (non-hedging)			
- Currency forward contracts (1)	$ 1,368	$ 3,235	$ -
- Currency swaps (2)	1,545	-	1,247
	$ 2,913	$ 3,235	$ 1,247

(I) A summary of the outstanding currency forward contracts not under hedge accounting as of the balance sheet date is as follows:

March 31, 2021

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	Euro to NTD	April 13, 2021 to May 12, 2021	EUR 3,000/NTD 101,883
	USD to NTD	April 8, 2021	USD 3,000/NTD 84,263
	Euro to USD	June 23, 2021	EUR 1,000/USD 1,174

December 31, 2020

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	Euro to NTD	March 24, 2021 to April 26, 2021	EUR 2,000/NTD 68,785
	USD to NTD	March 5, 2021 to April 8, 2021	USD 11,000/NTD 310,549

March 31, 2020

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	Euro to NTD	June 1, 2020	EUR 1,000/NTD 34,173

The consolidated company primarily engages in currency forward transactions to hedge the risks associated with exchange rate fluctuations for assets and liabilities denominated in foreign currencies.

(II) A summary of the outstanding currency swap contracts not under hedge accounting as of the end of the reporting period is as follows:

March 31, 2021

	Nominal value (NT$ thousand)	Exercise exchange rates	Maturity
Currency swaps	USD 3,000/NTD 84,048	28.016	April 13, 2021

December 31, 2020

	Nominal value (NT$ thousand)	Exercise exchange rates	Maturity
Currency swaps	USD 3,000/NTD 85,980	28.66	January 13, 2021

March 31, 2020

	Nominal value (NT$ thousand)	Exercise exchange rates	Maturity
Currency swaps	USD 4,900/NTD 146,980	29.996	April 10, 2020

The consolidated company primarily engages in currency swap transactions to hedge the risks associated with exchange rate fluctuations for assets denominated in foreign currencies.

VIII. Financial assets measured at fair value through other comprehensive incomes

	March 31, 2021	December 31, 2020	March 31, 2020
Equity Instrument Investments – Non-Current			
Domestic investments			
TPEx-listed stocks	$ 784,720	$ 845,920	$ 351,020

The consolidated company invests in ordinary shares listed on the TPEx for mid-to-long term strategic purposes and seeks to profit from long-term investments. The consolidated company's management does not think recognizing the short-term fair value volatility of such investments as profit or loss aligned with the long-term investment planning abovementioned. Therefore, management decided to designate such investments measured at fair value through other comprehensive incomes.

IX. Notes and Accounts Receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Receivables			
Notes receivable	$ 97	$ 153	$ 79
Accounts receivable	1,116,764	1,118,781	971,281
Less: allowance for losses	(14,342)	(15,042)	(14,517)
Accounts receivable – affiliated parties (Note 26)	39	8	34
	$ 1,102,558	$ 1,103,900	$ 956,877

Accounts receivable

The consolidated company's average credit period for products sold is 45 days after the issuance of invoices or 45 to 60 days based on monthly statements. Accounts receivable do not accrue interests. Before accepting new customers, the consolidated company assesses the credit quality of the potential customers and determines the credit allowance for such customers through internal credit evaluation procedures. The credit allowance and ratings for customers are periodically reviewed according to actual requirements. When determining the recoverability of accounts receivable, the consolidated company takes into account any change of the credit quality from the original credit date to the balance sheet date. It refers to past late payments and current financial statuses of counterparties. The unrecoverable amount of receivables is reviewed and estimated case by case in order to recognize an appropriate allowance for credit losses for the receivables that may not be recovered.

In addition to the recognition of allowance for credit losses for individual customers experiencing credit impairment, the consolidated company recognizes an allowance for expected credit loss during the lifetime of receivables. The consolidated company decides whether to categorize individual customers into different risk groups by considering past default records and current financial status of the customers and the economic and business environment during the period. Lifetime expected credit losses are calculated according to the historical loss rates and reference to customers' default records. The consolidated company categorizes customers according to the countries and regions they are located and defines the expected credit loss rates by taking into account GDP forecasts and unemployment levels and the overdue days of accounts receivable. An allowance for losses will be recognized at 100% of any receivable overdue for more than one year and without any credit guarantees.

If there is evidence indicating a counterparty is in severe financial difficulty (such as in liquidation) and the consolidated company cannot reasonably expect to recover the amount, the consolidated company will write off the relevant receivables but will continue to pursue the payments. Any recovered amount will be recognized in profit or loss.

The consolidated company uses a provision matrix to measure the allowance for losses of receivables as follows:

March 31, 2021

	No sign of defaults							
	Not overdue	Overdue by 1-90 days	Overdue by 91-180 days	Overdue by 181-270 days	Overdue by 271-365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 843,869	$ 254,587	$ 5,940	$ 2,679	$ 812	$ 2,968	$ 5,909	$ 1,116,764
Allowance for losses (lifetime expected credit losses)	(2,526)	(2,546)	(178)	(134)	(81)	(2,968)	(5,909)	(14,342)
Amortized cost	$ 841,343	$ 252,041	$ 5,762	$ 2,545	$ 731	$ -	$ -	$ 1,102,422

December 31, 2020

	No sign of defaults							
	Not overdue	Overdue by 1-90 days	Overdue by 91-180 days	Overdue by 181-270 days	Overdue by 271-365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 891,470	$ 206,024	$ 8,878	$ 2,132	$ 1,218	$ 3,194	$ 5,865	$ 1,118,781
Allowance for losses (lifetime expected credit losses)	(3,686)	(2,060)	(266)	(107)	(122)	(3,194)	(5,607)	(15,042)
Amortized cost	$ 887,784	$ 203,964	$ 8,612	$ 2,025	$ 1,096	$ -	$ 258	$ 1,103,739

March 31, 2020

	No sign of defaults							
	Not overdue	Overdue by 1-90 days	Overdue by 91-180 days	Overdue by 181-270 days	Overdue by 271-365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 679,381	$ 270,273	$ 10,046	$ 5,524	$ 861	$ 1,092	$ 4,104	$ 971,281
Allowance for losses (lifetime expected credit losses)	(6,632)	(2,703)	(301)	(276)	(86)	(1,092)	(3,427)	(14,517)
Amortized cost	$ 672,749	$ 267,570	$ 9,745	$ 5,248	$ 775	$ -	$ 677	$ 956,764

Change to allowance of losses of receivables is as follows:

	January 1 to March 31, 2021	January 1 to March 31, 2020
Balance at the beginning of the period	$ 15,042	$ 14,227
Add: credit loss during the period	-	308
Less: reversal of impairment loss during the period	(590)	-
Difference in foreign currency translation	(110)	(18)
Balance at the end of the period	$ 14,342	$ 14,517

X. Inventory

	March 31, 2021	December 31, 2020	March 31, 2020
Finished goods	$ 315,278	$ 309,536	$ 365,412
Semi-finished goods	189,089	155,967	205,052
Work in process	49,261	10,216	49,889
Raw materials	361,814	303,495	331,044
Inventory in transit	131	-	-
	$ 915,573	$ 779,214	$ 951,397

Cost of goods sold by nature:

	January 1 to March 31, 2021	January 1 to March 31, 2020
Inventory cost for sold goods	$ 997,278	$ 826,933
Loss for market price decline and obsolete inventory	1,977	2,692
	$999,255	$829,625

XI. Subsidiaries

(I) Subsidiaries in the consolidated statements

The entities covered by these consolidated financial statements are as follows:

Name of the investment company	Name of the subsidiary	Nature of the business	Shareholding percentage March 31, 2021	December 31, 2020	March 31, 2020
The Company	TSC Auto ID (H.K.) Ltd. (TSCHK)	Investment in production businesses and general imports/exports	100%	100%	100%
The Company	TSC Auto ID Technology EMEA GmbH (TSCAE)	Selling and buying of barcode printers and relevant components	100%	100%	100%
The Company	TSC Auto ID Technology America Inc. (TSCAA)	Selling and buying of barcode printers and relevant components	100%	100%	100%
The Company	Printronix Auto ID Technology Co., Ltd. ("Printronix Auto ID Technology")	Selling and buying of barcode printers and relevant components	100%	100%	100%
The Company and TSCAA	Printronix Auto ID Technology Inc. (PTNX US)	Selling and buying of barcode printers and relevant components	100%	100%	100%
The Company	Diversified Labeling Solutions, Inc. (DLS)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100%	100%	100%
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (Tianjin TSC Auto ID Technology)	Production and marketing of barcode printers and relevant components	100%	100%	100%

TSC HK	Shenzhen Printronix Auto ID Technology Co., Ltd. (Shenzhen Printronix Auto ID Technology)	Selling and buying of barcode printers and relevant components	100%	100%	100%
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Selling and buying of barcode printers and relevant components	100%	100%	100%
TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Selling and buying of barcode printers and relevant components	100%	100%	100%
DLS	Precision Press & Label, Inc. (PPL)	Selling of a variety of labels and printer consumables	100%	100%	100%

(II) Subsidiaries not included in the consolidated financial statements: none.

(III) Other information: The financial statements of the abovementioned subsidiaries included in the consolidated financial statements during the same period were reviewed by the Company's CPAs and other CPAs.

XII. Property, plant and equipment

	March 31, 2021	December 31, 2020	March 31, 2020
Land	$ 225,340	$ 225,340	$ 225,340
Buildings and structures	272,928	275,957	279,796
Machinery and equipment	387,921	385,864	383,632
Other equipment	73,420	77,361	92,591
Equipment to be inspected	24,235	8,232	17,475
	$ 983,844	$ 972,754	$ 998,834

Other than the recognized depreciation expenses, there was no significant purchase, disposal or impairment of the consolidated company's property, plant and equipment from January 1 to March 31, 2021 and from January 1 to March 31, 2020, respectively.

Depreciation is recognized in a straight line method according to following service lives:

Buildings and structures	
Offices	38-52 years
Factories and auxiliary equipment	17-37 years
Indoor decoration engineering	5 years
Machinery and molding equipment	3-20 years

Office and other equipment	1-20 years
Lease hold improvements	5-10 years
Transportation equipment	7 years

XIII. Lease agreements

(I) Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amount of right-of-use assets			
Buildings	$ 273,956	$ 273,285	$ 347,352
Transportation equipment	6,216	6,509	6,424
	$ 280,172	$ 279,794	$ 353,776

	January 1 to March 31, 2021	January 1 to March 31, 2020
Purchase of right-of-use assets	$ 22,690	$ 1,940
Depreciation of right-of-use assets		
Buildings	$ 20,566	$ 21,265
Transportation equipment	1,004	937
	$ 21,570	$ 22,202
Sublease incomes from right-of-use assets (rental incomes)	($ 2,698)	($ 3,280)

Other than the purchase and recognized depreciation expenses above listed, there was no significant sublease or impairment of the consolidated company's right-of-use assets from January 1 to March 31, 2021.

(II) Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amount of lease liabilities			
Current	$ 82,941	$ 80,462	$ 79,900
Non-current	$ 215,334	$ 211,975	$ 270,574

The range of the discount rates for lease liabilities is as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Buildings	0.25%~6.25%	0.25%~6.25%	0.69%~6.25%
Transportation equipment	0.69%~2.20%	0.69%~2.20%	0.69%~2.20%

(III) Important activities and clauses as a lessee

The consolidated company rents certain buildings as offices and factories and transportation equipment as business vehicles. The lease period is 1-6 years. According to contracts, the rents for offices and warehouses in the U.S. are increased by 3% p.a. according to contracts.

The consolidated company entered into a factory lease agreement with Tianjin TEDA Science& Technology Development Group. Due to the severe impact of COVID-19 on the economy in 2020, Tianjin TEDA Science& Technology Development Group agreed to waive the rents from February 2020 to April 2020 without any conditions and halve the rents from May 2020 to July 2020. However, property management fees were required as usual. The consolidated company reduced the right-of-use assets by NT$4,458 thousand according to the modified lease agreement and the difference resulting in the lease liability.

(IV) Other information on leases

	January 1 to March 31, 2021	January 1 to March 31, 2020
Short-term lease expenses	$ 362	$ 225
Low-value asset lease expenses	$ 2,141	$ 2,409
Total cash (outflow) for leases	($ 21,595)	($ 39,675)

The consolidated company chooses to exempt the recognition of office equipment leases qualified for short-term leases and low-value asset leases. In other words, no right-of-use assets or liabilities will be recognized for such leases.

XIV. Goodwill

	January 1 to March 31, 2021	January 1 to March 31, 2020
Cost		
Balance at the beginning of the period	$ 981,239	$ 1,032,919
Net exchange difference	1,895	8,441
Balance at the end of the period	$ 983,134	$ 1,041,360

Distribution of carrying amount of goodwill to the following cash generating units:

	March 31, 2021	December 31, 2020	March 31, 2020
Printer business	$ 799,579	$ 798,038	$ 846,935
Label business	183,555	183,201	194,425
	$ 983,134	$ 981,239	$ 1,041,360

XV. Other Intangible Assets

	March 31, 2021	December 31, 2020	March 31, 2020
Knowhow & technology	$ 67,577	$ 71,349	$ 87,718
Customer relations	172,206	180,890	220,675
Patents	17,397	18,978	23,722
Software cost	41,672	41,340	46,226
	$ 298,852	$ 312,557	$ 378,341

Other than the recognized amortization, there was no significant addition, disposal or impairment of the consolidated company's intangible assets from January 1 to March 31, 2021 and from January 1 to March 31, 2020, respectively.

Amortization is recognized in a straight line method according to following service lives:

Licensed technology	5-10 years
Customer relations	7-15 years
Patents	8 years
Software cost	1-10 years

XVI. Loans

(I) Short-term loans

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured loans	$ 908,508	$ 794,994	$ 755,739
Annual interest rate (%)	0.42%~0.96%	0.42%~1.29%	0.46%~2.75%
Final maturity	June 24, 2021	March 26, 2021	June 29, 2020

(II) Long-term loans

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured loans	$ 700,000	$ 1,030,000	$ 915,000
Less: portion due within one year	(4,000)	(4,000)	(50,000)
	$ 696,000	$ 1,026,000	$ 865,000
Annual interest rate (%)	0.93%~1.00%	0.93%~1.05%	1.05%~1.25%
Final maturity	September 23, 2023	September 23, 2023	November 22, 2022

To enhance mid-term working capital, the Company has signed loan agreements with different banks and paid interest incurred periodically. Before the expiry of contracts, short-term loans can be made within the revolving credit lines. There are no revolving credit lines for mid-term or long-term loans. The maturity dates above are based on the end dates of the loan periods. The covenant of the loans with Yuanta Commercial Bank requires the Company to maintain the following financial ratios for annual and interim consolidated financial statements:

(1) Current ratio no lower than 110%; liabilities/book value of tangible assets no higher than 300%;

(2) Book value of tangible assets above NT$1.2 billion.

(3) Debt service coverage ratio (DSCR) not below 1x.

XVII. Other payables

	March 31, 2021	December 31, 2020	March 31, 2020
Current			
Salaries and bonuses payable	$ 84,471	$ 135,217	$ 85,925
Employees' remuneration payable	48,244	38,697	47,667
Directors' remuneration payable	36,184	29,023	35,750
Taxes payable	31,050	5,979	18,715
Service fees payable	11,036	10,702	12,446
Insurance premiums payable	7,604	7,519	7,381
R&D expenses payable	4,658	11,448	4,667
Equipment amount payable	2,161	6,919	1,869
Others (Note 26)	40,029	33,962	40,517
	$ 265,437	$ 279,466	$ 254,937

XVIII. Equity

(I) Ordinary share capital

	March 31, 2021	December 31, 2020	March 31, 2020
Authorized shares (thousand shares)	80,000	80,000	80,000
Authorized share capital	$ 800,000	$ 800,000	$ 800,000
Issued shares (thousand shares)	42,477	42,477	42,477
Issued share capital	$ 424,769	$ 424,769	$ 424,769

The face value per ordinary share issued is NT$10. Each share is entitled to one voting right and one right to dividends.

(II) Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
May be used to offset losses, issue cash or appropriate to share capital (1)			
Premium of share issuance	$ 416,789	$ 416,789	$ 416,789
May be used to offset losses only			
Lapsed stock options	122,840	53,380	50,374
Exercised employee stock options	20,556	20,556	20,556
May not be used for any purposes (2)			
Employee stock options	21,139	86,940	82,466
	$ 581,324	$ 577,665	$ 570,185

1. This type of capital surplus may be used to offset losses or to issue cash dividends or appropriate share capital in the absence of losses. Share capital appropriation is limited to a certain percentage of paid-in capital each year.
2. Capital surplus generated due to the issuance of employee stock options may not be used for any purposes.

(III) Retained earnings and dividend policy

According to the earnings distribution policy stated in the Company's Articles of Incorporation, any earnings for the year should be used to pay taxes according to laws, offset losses from prior years and then appropriate 10% as legal reserves and recognize or reverse any special reserves required by laws. The remaining balance, along with accumulative and undistributed earnings from the previous year, may be used for earnings distribution. However, a portion may be reserved for business needs before the issuance of dividends to shareholders. The Company is in a growth stage. To fund the future operation and development, the Board of Directors proposes the earnings distribution and the issuance of dividends to shareholders is proceeded after resolution from the shareholders' meeting. The Company's policy regarding employees’ remuneration and directors’ remuneration is stated in the Articles of Incorporation. Please refer to Note 20 (7) for employees’ remuneration and directors’ remuneration.

According to the Company’s Articles of Incorporation, the percentage of earnings to be distributed according to the resolution, in principle, may not fall below 10% of the distributable earnings for the year. Dividends may be issued in cash or with shares. The percentage of dividends distributed in cash may not fall below 10% of the total dividends. However, stock dividends will be issued in lieu of cash dividends below NT$0.2 per share.

Appropriation to the legal reserve shall continue and may stop when the legal reserve reaches the same amount as the paid-in capital. The legal reserve may be used to offset losses. If the legal reserve exceeds 25% of the paid-in capital and there are no losses, the exceeding portion may be distributed in cash.

In accordance with Financial-Supervisory-Securities-Corporate-1010012865 and Financial-Supervisory-Securities-Corporate-1090150022 and “Questions Answered Regarding the Applicability of Recognition of Special Reserves After Adoption of International Financial Reporting Standards”, when the earnings are distributed, a special reserve should be provided for the difference between the net deduction of other equity items at the end of the reporting period and the special reserve provided due to the application of IFRSs for the first time. If there is a subsequent reversal of the net deduction of other equity items, the earnings may be distributed for the reversed portion.

Proposals for distribution of the Company’s 2020 and 2019 earnings:

	Earnings distribution		Dividend per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$ 71,715	$ 75,675		
Cash dividends	424,769	424,769	$ 10	$ 10
	$ 496,484	$ 500,444		

The 2020 earnings distribution is subject to the resolution of the annual general shareholders' meeting scheduled for June 11, 2021.

(IV) Other equity

1. Exchange differences on translation of financial statements of foreign operations

	January 1 to March 31, 2021	January 1 to March 31, 2020
Balance at the beginning of the period	($233,777)	($165,699)
Incurred during the period		
Exchange differences on translation of financial statements of foreign operations	(6,225)	9,550
Relevant income taxes	1,245	(1,910)
Balance at the end of the period	($238,757)	($158,059)

2. Unrealized gain (loss) of financial assets measured at fair value through other comprehensive incomes

	January 1 to March 31, 2021	January 1 to March 31, 2020
Balance at the beginning of the period	$424,411	$271,303
Unrealized loss of financial assets measured at fair value through other comprehensive incomes	(61,200)	(264,844)
Balance at the end of the period	$363,211	$ 6,459

XIX. Income

	January 1 to March 31, 2021	January 1 to March 31, 2020
Revenue from contracts with customers		
Barcode printers	$ 839,119	$ 642,777
Labels and printer consumables	561,785	500,683
Barcode printer components and others	124,079	145,373
	$ 1,524,983	$ 1,288,833

(I) Explanations of revenue from contracts with customers

The consolidated company primarily sells barcode printers and relevant components to China, Taiwan, other parts of Asia, Europe and the Americas.

According to the consolidated company's agreement with distributors, if the purchase of certain models by distributors reaches the contracted volume, the consolidated company will provide incentives at a percentage of the procurement value or retrospective unit price reductions for certain models. Based on past experiences and considering various agreement terms and conditions, the consolidated company estimates the possible rewards and incentives amount and recognizes refund liabilities (as other current liabilities) accordingly.

(II) Breakdown of revenue from contracts with customers

	January 1 to March 31, 2021	January 1 to March 31, 2020
Main markets		
Taiwan and other parts of Asia	$ 214,774	$ 180,180
China	219,274	107,165
Americas	757,277	698,906
Europe	333,658	302,582
	$ 1,524,983	$ 1,288,833

XX. Additional information about net income during the period

Net income during the period includes the following:

(I) Interest income

	January 1 to March 31, 2021	January 1 to March 31, 2020
Bank deposits	$ 1,120	$ 1,002

(II) Other incomes

	January 1 to March 31, 2021	January 1 to March 31, 2020
Rental incomes (Note 13)	$ 2,698	$ 3,280
Others	3,127	1,965
	$ 5,825	$ 5,245

(III) Other gains and losses

	January 1 to March 31, 2021	January 1 to March 31, 2020
Net exchange gain (loss)	($ 1,509)	$ 7,306
Gain (loss) from financial instruments measured at fair value through profit or loss	3,498	(75)
Other losses	(528)	(1,066)
	$ 1,461	$ 6,165

(IV) Financial cost

	January 1 to March 31, 2021	January 1 to March 31, 2020
Bank loan interests	$ 3,826	$ 7,667
Lease liability interests	2,982	3,692
	$ 6,808	$ 11,359

(V) Depreciation and amortization

	January 1 to March 31, 2021	January 1 to March 31, 2020
Property, plant and equipment	$ 23,572	$ 24,703
Right-of-use assets	21,570	22,202
Intangible assets	18,808	19,136
	$ 63,950	$ 66,041

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	January 1 to March 31, 2021	January 1 to March 31, 2020
Deprecation by function		
Operating costs	$ 30,702	$ 32,546
Operating expenses	14,440	14,359
	$ 45,142	$ 46,905
Amortization by function		
Operating costs	$ 90	$ 54
Operating expenses	18,718	19,082
	$ 18,808	$ 19,136

(VI) Employee benefit expenses

	January 1 to March 31, 2021	January 1 to March 31, 2020
Shor-term employee benefits	$299,878	$281,976
Retirement benefits		
Defined contributions	9,366	8,781
Defined benefits	44	84
Share-based payment (Note 23)		
Equity settled	3,659	1,293
Other employee benefits	2,848	6,806
Total employee benefit expenses	$315,795	$298,940
Summary by function		
Operating costs	$125,300	$120,113
Operating expenses	190,495	178,827
	$315,795	$298,940

(VII) Employees' remuneration and directors' remuneration

In case of profits during the year, the Company shall allocate at least 2% but no more than 10% of the profits as employees' remuneration. The employees' remuneration is issued in cash or wish shares according to the decision by the Board of Directors. Eligible employees include the employees working for controlled or subordinated companies and meeting certain criteria defined by the Board of Directors. The Company may allocate up to

5% of the abovementioned profits as directors' remunerations according to the decision by the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting. In case of accumulated losses, profits should be used to offset the losses before distributing the aforesaid percentage as employees' remuneration and directors' remuneration. The estimated and recognized employees' remuneration and directors' remuneration from January 1 to March 31, 2021 and from January 1 to March 31, 2020, respectively, are as follows:

Estimated and recognized percentage

	January 1 to March 31, 2021	January 1 to March 31, 2020
Employees' remuneration	4.0%	4.0%
Directors' remuneration	3.0%	3.0%

Amount

	January 1 to March 31, 2021	January 1 to March 31, 2020
Employees' remuneration	$ 9,547	$ 6,959
Directors' remuneration	$ 7,161	$ 5,219

In case of changes in the amounts after the approval and publication of annual consolidated financial statements, the difference shall be treated as changes in accounting estimates and recognized during the following year.

The employees' remuneration and directors' remuneration for 2020 and 2019 as determined by the Board of Directors on March 22, 2021 and March 25, 2020, respectively, are as follows:

	2020	2019
Employees' remuneration	$ 38,697	$ 40,708
Directors' remuneration	29,023	30,531
	$ 67,720	$ 71,239
Amounts recognized in financial statements	$ 67,720	$ 71,239

The information about the Company's employees' remuneration and directors' remuneration as determined by the Board of Directors is available on Taiwan Stock Exchange's Market Observation Post System.

(VIII) Gain/loss on foreign currency exchange

	January 1 to March 31, 2021	January 1 to March 31, 2020
Total exchange gain	$ 23,079	$ 30,454
Total exchange loss	(24,588)	(23,148)
Net gain (loss)	($ 1,509)	$ 7,306

XXI. Income taxes

(I) Income taxes recognized in profit and loss

The primary components of income tax expenses are as follows:

	January 1 to March 31, 2021	January 1 to March 31, 2020
Income tax during the period		
Incurred during the period	$ 54,359	$ 48,768
Adjustment for the previous year	(113)	205
	54,246	48,973
Deferred income tax		
Incurred during the period	10,786	(5,018)
Income tax expenses recognized in profit and loss	$ 65,032	$ 43,955

The income tax rate is 20% for profit-seeking enterprises and the tax rate on undistributed earnings is 5% in Taiwan. The subsidiaries in China are subject to a 25% tax rate, in the U.S. to a 26%-28% tax rate and in Germany about 30%. The tax rates in other jurisdictions are based on the local tax rates applicable.

(II) Income tax assessment

The business income tax filings from the Company and the Company's subsidiaries in Taiwan as profit-seeking enterprises up to 2019 have been assessed by the tax authorities.

XXII. Earnings per Share

	January 1 to March 31, 2021	January 1 to March 31, 2020
Basic earnings per share	$ 4.13	$ 3.04
Diluted earnings per share	$ 4.11	$ 3.03

The earnings and the weighted average number of ordinary shares for the calculation of earnings per share are as follows:

Net income for the period

	January 1 to March 31, 2021	January 1 to March 31, 2020
Net income attributable to the shareholders of the Company	$175,443	$129,288
Net income used for the calculation of earnings per share	$175,443	$129,288

No. of shares

Unit: thousand shares

	January 1 to March 31, 2021	January 1 to March 31, 2020
Weighted average number of ordinary shares used for the calculation of earnings per share	42,477	42,477
Effects of dilutive potential ordinary shares:		
Employees' remuneration	206	259
Average weighted number of ordinary shares used for the calculation of dilutive earnings per share	42,683	42,736

The consolidated company can opt to issue employees' remuneration with shares or in cash. The calculation of diluted earnings per share should assume the remuneration is paid with shares. The dilute potential ordinary shares should be included in the weighted average number of shares outstanding for the calculation of diluted earnings per share. The calculation of diluted earnings per share before the decision on the issuance of shares as employees' remuneration in the following year should also take into account the effects of dilutive ordinary shares.

The outstanding employee stock options were anti-dilutive due to the exercise price higher than the average market price from January 1 to March 31, 2021 and from January 1 to March 31, 2020. Hence, these options were not included in the calculation of diluted earnings per share.

XXIII. Shares-based Payment Agreement

The information on the employee stock options issued by the consolidated company is as follows:

	January 1 to March 31, 2021		January 1 to March 31, 2020	
Employee stock options	Unit	Weighted average exercise price (NT$)	Unit	Weighted average exercise price (NT$)
Outstanding at the beginning of the period	1,742	$178.5-211.6	854	$ 223.5
Given up due to departure	-	-	(10)	-
Expired during the period	(809)	-	-	-
Outstanding at the end of the period	933	178.5	844	223.5
Exercisable at the end of the period	-	-	844	223.5
Weighted average time to maturity (years)	3.98 years		1.23 years	

Cost of remuneration recognized from January 1 to March 31, 2021 and from January 1 to March 31, 2020 amounted to NT$3,659 thousand and NT$1,293 thousand, respectively.

XXIV. Capital Risk Management

The policy adopted by the Board of Directors seeks to sustain a robust capital structure, maintain the confidence from investors, creditors and the market and support the operational development going forward. The capital management of the consolidated company intends to protect the going concern capability, continue to create shareholder returns and other stakeholders' interest, maintain the optimal capital structure and reduce the cost of capital.

To maintain or adjust the capital structure, the consolidated company may adjust shareholders' dividends, reduce capital by returning funds to shareholders, issue new shares, repurchase shares, raise new debts or repay existing debts.

The consolidated company controls and manages capital structure with the liability ratio. This ratio is calculated with total liabilities divided by total assets. The consolidated company's capital management seeks to maintain a liability ratio of no more than 55% to ensure funding at a reasonable cost. The liability ratios for different time periods are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Total liabilities	$ 3,479,355	$ 3,552,206	$ 3,398,072
Total equity	$ 3,664,137	$ 3,551,215	$ 3,038,411
Total assets	$ 7,143,492	$ 7,103,421	$ 6,436,483
Liability ratio	48.71%	50.00%	52.79%

XXV. Financial Instruments

(I) Fair value – recurring fair value measurement of financial instruments

1. Fair value hierarchy

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 1,419	$ -	$ 1,419
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx -Equity investment	$ 784,720	$ -	$ -	$ 784,720

Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 2,913	$ -	$ 2,913

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 934	$ -	$ 934
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx -Equity investment	$ 845,920	$ -	$ -	$ 845,920
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 3,235	$ -	$ 3,235

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 949	$ -	$ 949
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx -Equity investment	$ 351,020	$ -	$ -	$ 351,020

Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 1,247	$ -	$ 1,247

There was no transfer between Level 1 and Level 2 fair values from January 1 to March 31, 2021 and from January 1 to March 31, 2020.

2. Level 2 fair values – valuation techniques and input values

Types of financial instruments	Valuation techniques and input values
Derivatives – currency forwards and currency swaps	Discounted cash flows: Future cash flows are estimated based on observable forward exchange rates and contract rates at the end of the period and discounted with a rate reflective of credit risks of counterparties.

(II) Types of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
Financial Assets			
Measured at fair value through profit or loss			
Designated at fair value through profit or loss	$ 1,419	$ 934	$ 949
Financial assets measured at amortized cost (Note 1)	2,376,680	2,427,376	1,807,698
Financial assets measured at fair value through other comprehensive incomes - equity instrument investments	784,720	845,920	351,020
Financial Liabilities			
Measured at fair value through profit or loss			
Held for trading	2,913	3,235	1,247

Measured at amortized cost (Note 2)	2,321,331	2,441,740	2,290,957

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, notes receivable, accounts receivable and other receivables.

Note 2: The balance includes financial liabilities measured at amortized costs such as short-term loans, accounts payable, other payables and long-term loans.

(III) Financial risk management objectives and policy

The financial risk management by the consolidated company is to manage the market risks (including exchange rate risks, interest rate risks and other price risks), credit risks and liquidity risks associated with operational activities. To reduce relevant financial risks, the consolidated company strives to identify, assess and hedge market uncertainty to mitigate the potential and adverse impact of market changes on the financial performance.

The consolidated company's important financing activities are reviewed by the Board of Directors and Audit Committee according to relevant regulations and the internal control system.

1. Market risks

The primary financial risks that the consolidated company is exposed to due to operating activities are foreign exchange rate risks (Note 1) and interest rate risks (Note 2). The company engages in certain derivatives transactions to manage the foreign exchange risks and interest rate risks. Currency forwards are the main instrument to hedge exchange rate risks incurred by exporting barcode printers to Europe and Americas.

There has been no change in the consolidated company's risk exposure in the financial instrument market and methods to manage and measure such exposure.

(1) Exchange rate risks

The consolidated company manages exchange rate risks by using currency forwards and currency swaps within the range allowed by policy.

Please refer to Note 28 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items cancelled out in the consolidated financial statements) on the balance sheet date.

Sensitivity Analysis

The consolidated company is primarily subject to the exchange rate volatility of the Euro, the US dollars, Chinese yuan, and Japanese yen.

The table below details the consolidated company's sensitivity analysis of the impact when the NT dollars (functional currency) appreciates and depreciates by 3% again different foreign currencies. Positive numbers in the table below indicate the amount increased in profits before tax, with the NT dollars depreciating by 3% against different currencies. Negative numbers indicate the amount decreased in profits before tax, with the NT dollars appreciating by 3% against different currencies.

	Gains and losses	
	January 1 to March 31, 2021	January 1 to March 31, 2020
Euro	$ 4,838 (i)	$ 4,632 (i)
USD	717 (ii)	9,983 (ii)
CNY	510 (iii)	1,687 (iii)
JPY	(1,565) (iv)	(1,183) (iv)

(i) This is primarily due to the consolidated company's accounts receivable, bank deposits, short-term loans, and accounts payable denominated in Euro and outstanding on the balance sheet date, without hedged cash flows.

(ii) This is primarily due to the consolidated company's accounts receivable, bank deposits, short-term loans, and accounts payable denominated in the US dollars and outstanding on the balance sheet date, without hedged cash flows.

(iii) This is primarily due to the consolidated company's accounts receivable, bank deposits and accounts payable denominated in Chinese yuan and outstanding on the balance sheet date, without hedged cash flows.

(iv) This is primarily due to the consolidated company's bank deposits and accounts payable denominated in Japanese yen and outstanding on the balance sheet date, without cash flows hedged.

(2) Interest rate risks

The carrying amounts of the consolidated company's financial assets and financial liabilities exposed to interest rate risks on the balance sheet date are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risks			
- Financial assets	$ 60,408	$ 67,289	$ 300,000
- Financial liabilities	1,206,783	930,791	1,221,213
Cash flow interest rate risks			
- Financial assets	1,143,487	1,155,165	458,200
- Financial liabilities	700,000	1,186,640	800,000

The consolidated company is exposed to fair value interest rate risks due to its position of fixed-rate fixed-term bank deposits, bank loans and lease liabilities. The consolidated company is exposed to cash flow interest rate risks due to its position of floating-rate demand bank deposits, fixed-term bank deposits and bank loans.

Sensitivity Analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivatives on the balance sheet date. It is assumed that all the floating rate liabilities on the balance sheet date are outstanding throughout the reporting period.

If the interest rate increases/decreases by 100 basis points and all other variables are unchanged, the consolidated company's profits before tax will increase/decrease by NT$1,109 thousand and increase/decrease by NT$855 thousand from January 1 to March 31, 2021 and from January 1 to March 31, 2020, respectively, primarily due to floating-rate bank deposits and bank loans.

The consolidated company's rising sensitivity to interest rates during this period is primarily due to an increase in floating-rate financial assets.

(3) Other price risks

The consolidated company is exposed to equity price risks due to its position of TPEx-listed equity securities. The equity investments are not held for trading but for strategic purposes. The consolidated company does not actively trade such investments.

Sensitivity Analysis

The sensitivity analysis below is based on the equity price exposure on the balance sheet date.

If the equity price goes up/down by 1%, the other comprehensive incomes net of tax will increase/decrease by NT$7,847 thousand and by NT$3,510 thousand from January 1 to March 31, 2021 and from January 1 to March 31, 2020, respectively, due to change in the fair value of financial assets measured at fair value through other comprehensive incomes.

The consolidated company's rising sensitivity to price risks during this period is primarily due to an increase in the fair value of investees.

2. Credit risks

Credit risks are the consolidated company's risks of financial losses due to the counterparties' delay in honoring contractual obligations. The consolidated company's credit risks primarily come from the cash generated from operating activities, bank deposits, accounts receivable and other financial instruments in investing activities.

Financial credit risks

The consolidated company controls the risk exposure to every financial institution. Bank deposits are with financial institutions of good credits and without major contract performance concerns. Therefore, there are no material credit risks.

Credit risks associated with operations

To reduce credit risks, the consolidated company establishes a credit policy for continued assessment of customers' financial statuses and transaction records. However, no security or guarantee from customers is required. To mitigate credit risks, the consolidated company's management implements other monitoring procedures to ensure the adoption of appropriate actions for the recovery of overdue receivables. Meanwhile, the consolidated company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate credit loss for the unrecoverable receivables. Hence, the consolidated company's management does not think there are major credit risks for the consolidated company.

The top ten customers accounted for 33% and 32% of the consolidated company's operating incomes from January 1 to March 31, 2021 and from January 1 to March 31, 2020, respectively. To lower the credit risks, the consolidated company periodically assesses the financial statuses of customers and the recoverability of accounts receivable and recognizes appropriate allowance for losses accordingly.

3. Liquidity risks

The consolidated company manages and maintains sufficient cash and cash equivalents to support operations and mitigate the impact of cash flow volatility. To control liquidity risks, the consolidated company's management keeps a close eye on the utilization of credit lines with banks to ensure adherence to the borrowing terms and conditions. The consolidated company's current capital is adequate to meet the due liabilities. It is unlikely that the consolidated company is unable to repay financial liabilities or honor relevant obligations in cash or with other financial assets. Please refer to (3) Credit Facilities for the available credit lines as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

(1) Table of Liquidity and Interest Rate Risks of Non-Derivative Financial Liabilities

The table below details the maturities of the consolidated company's non-derivative financial liabilities with repayment periods agreed. The analysis is based on the earliest possible repayment dates required and undiscounted cash flows of financial liabilities (including principals and estimated interests). In other words, the earliest and immediate repayment dates required by banks for loans are listed below, without considering the probabilities of banks immediately exercising such rights. The maturity analysis for other non-derivative financial liabilities is produced in reference to the agreed repayment dates.

March 31, 2021

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 712,823	$ -	$ -	$ -
Lease liabilities	16,527	75,401	226,114	1,004
Floating interest rate instruments	31	4,000	696,000	-
Fixed interest rate instruments	909,163	-	-	-
	$1,638,544	$ 79,401	$ 922,114	$ 1,004

Further information on the lease liability maturities is as follows:

	Shorter than 1 year	1-5 years	5-10 years
Lease liabilities	$ 91,928	$ 226,114	$ 1,004

December 31, 2020

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 616,746	$ -	$ -	$ -
Lease liabilities	18,670	75,030	214,025	-
Floating interest rate instruments	156,859	4,000	1,026,000	-
Fixed interest rate instruments	638,962	-	-	-
	$1,431,237	$ 79,030	$1,240,025	$ -

Further information on the lease liability maturities is as follows:

	Shorter than 1 year	1-5 years	5-10 years
Lease liabilities	$ 93,700	$ 214,025	$ -

March 31, 2020

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 620,218	$ -	$ -	$ -
Lease liabilities	17,860	76,653	309,216	626
Floating interest rate instruments	-	-	750,000	-
Fixed interest rate instruments	757,501	50,000	115,000	-
	$1,395,579	$ 126,653	$1,174,216	$ 626

Further information on the lease liability maturities is as follows:

	Shorter than 1 year	1-5 years	5-10 years
Lease liabilities	$ 94,513	$ 309,216	$ 626

(2) Table of Liquidity and Interest Rate Risks of Derivative Financial Liabilities

The liquidity analysis of derivative financial instruments based on net settlements is produced with the undiscounted and contracted net cash inflows and outflows. The analysis on the derivatives based on gross settlements is produced with the undiscounted total cash inflows and outflows. If the payable or receivable amount is not fixed, the amount disclosed is estimated with the expected interest rate in reference to the yield curve on the balance sheet date.

March 31, 2021

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Gross settlements				
Currency forwards				
- Inflows	$ 117,765	$ -	$ -	$ -
- Outflows	(119,085)	-	-	-
	(1,320)	-	-	-
Currency swaps				
- Inflows	84,048	-	-	-
- Outflows	(85,605)	-	-	-
	(1,557)	-	-	-
	($ 2,877)	$ -	$ -	$ -

December 31, 2020

	Within 1 year	1-2 years	2-5 years	Over 5 years
Gross settlements				
Currency forwards				
- Inflows	$ 294,578	$ -	$ -	$ -
- Outflows	(298,164)	-	-	-
	($ 3,586)	$ -	$ -	$ -

March 31, 2020

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Gross settlements				
Currency swaps				
- Inflows	$ 146,980	$ -	$ -	$ -
- Outflows	(148,103)	-	-	-
	($ 1,123)	$ -	$ -	$ -

(3) Credit facilities

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured credit facilities with banks (reviewed annually)			
- Utilized amount	$ 1,608,507	$ 1,768,034	$ 1,670,739
- Available amount	2,387,098	2,141,646	1,956,286
	$ 3,995,605	$ 3,909,680	$ 3,627,025

XXVI. Transactions with Affiliated Parties

The Company's ultimate controller is Taiwan Semiconductor Manufacturing Co., Ltd., which owned 36.38% of the Company's ordinary shares as of March 31, 2021, December 31, 2020 and March 31, 2020.

All the transactions, account balances, incomes and gains, expenses and losses among the Company and its subsidiaries (i.e., the Company's affiliated parties) have been canceled out in the preparation of the consolidated financial statements and hence not disclosed in these notes. Except those disclosed in other notes, the transactions between the consolidated company and other affiliated parties are as follows:

(I) Names of and relations with the affiliated parties

Name of the affiliated party	Relation with the consolidated company
Taiwan Semiconductor Co., Ltd. (Taiwan Semiconductor)	The Company's parent
Tianjin Everwell Technology Co., Ltd. (Tianjin Everwell)	Affiliated company

Yangxin Everwell Electronic Co., Ltd. (Yangxin Everwell)	Affiliated company
TSC America, Inc.(TSCA)	Affiliated company

(II) Operating incomes

Itemized account	Affiliated party category	January 1 to March 31, 2021	January 1 to March 31, 2020
Revenues	Parent company	$ 8	$ 23
	Affiliated company	34	9
		$ 42	$ 32

(III) Purchase

Affiliated party category	January 1 to March 31, 2021	January 1 to March 31, 2020
Parent company	$ 573	$ 490

The consolidated company's 120-day payment terms with the abovementioned affiliated parties are not significantly different from the terms with other suppliers.

(IV) Receivables from affiliated parties (excluding loans to affiliated parties)

Itemized account	Affiliated party category	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable – affiliated parties	Parent company	$ 8	$ -	$ 24
	Affiliated company	31	8	10
		$ 39	$ 8	$ 34
Other receivables – affiliated parties	Affiliated company	$ 580	$ 575	$ 1,214

No guarantee was obtained for the outstanding receivables from affiliated parties. No allowance for losses was recognized for receivables from affiliated parties from January 1 to March 31, 2021 and from January 1 to March 31, 2020.

(V) Payables to affiliated parties

Itemized account	Affiliated party category	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable – affiliated parties	Parent company	$ 670	$ 410	$ 544
Other payables – affiliated parties	Parent company	$ 9	$ 7	$ -

Affiliated company	1,412	1,409	1,496
	$ 1,421	$ 1,416	$ 1,496

No guarantee was provided for the outstanding payables to affiliated parties.

(VI) Management's remuneration

	January 1 to March 31, 2021	January 1 to March 31, 2020
Shor-term employee benefits	$ 21,137	$ 18,467
Retirement benefits	81	81
Shares-based payment	1,183	395
	$ 22,401	$ 18,943

Remuneration Committee determines the remuneration to directors and other key members of management in accordance with individual performances and market trends.

XXVII. Other Matters

The outbreak of COVID-19 in January 2020 took the world by storm and caused great uncertainty in the global economy and financial development. As of the approval and the publication of these consolidated financial statements and according to the consolidated company's assessment, the pandemic did not cause material effects on the consolidated company's going concern capabilities, asset impairment or fundraising risks. The consolidated company will continue to observe and assess the impact of COVID-19 on the aforesaid aspects.

XXVIII. The assets and liabilities denominated in foreign currencies and with significant influence

The following information is expressed with the foreign currencies other than the functional currencies of individual entities of the consolidated company. The disclosed exchange rates are the rates to convert foreign currencies to functional currencies. The assets and liabilities denominated in foreign currencies and with significant influence are as follows:

(Unit: 1,000 in NT dollars and foreign currencies)

March 31, 2021

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
USD	$ 25,820	28.535 (USD: NTD)	$ 736,774
Euro	13,160	33.480 (EUR: NTD)	440,597
CNY	45,473	4.344 (CNY: NTD)	197,535
			$ 1,374,906
Liabilities denominated in foreign currencies			
Monetary items			
USD	24,982	28.535 (USD: NTD)	$ 712,861
Euro	8,343	33.480 (EUR: NTD)	279,324
CNY	41,562	4.344 (CNY: NTD)	180,545
JPY	202,397	0.258 (JPY: NTD)	52,218
			$ 1,224,948

December 31, 2020

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
USD	$ 26,627	28.480 (USD: NTD)	$ 758,337
Euro	10,813	35.020 (EUR: NTD)	378,671
CNY	37,414	4.377 (CNY: NTD)	163,761
			$ 1,300,769
Liabilities denominated in foreign currencies			
Monetary items			
USD	18,749	28.480 (USD: NTD)	$ 533,972
Euro	7,918	35.020 (EUR: NTD)	277,288
CNY	32,467	4.377 (CNY: NTD)	142,108
JPY	162,248	0.276 (JPY: NTD)	44,780
			$ 998,148

March 31, 2020

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
USD	$ 30,908	30.225 (USD: NTD)	$ 934,194
Euro	11,670	33.240 (EUR: NTD)	387,911
CNY	37,435	4.255 (CNY: NTD)	159,286
JPY	80,001	0.278 (JPY: NTD)	22,240
			$ 1,503,631
Liabilities denominated in foreign currencies			
Monetary items			
USD	19,898	30.225 (USD: NTD)	$ 601,417
Euro	7,025	33.240 (EUR: NTD)	233,511
CNY	24,216	4.255 (CNY: NTD)	103,039
JPY	221,858	0.278 (JPY: NTD)	61,677
			$ 999,644

The exchange gain or loss (unrealized) with significant influence is as follows:

	January 1 to March 31, 2021		January 1 to March 31, 2020	
Functional currency	Functional currency converted to presentation currency	Net exchange gain (loss)	Functional currency converted to presentation currency	Net exchange gain (loss)
USD	28.535 (USD: NTD)	($ 11,451)	30.225 (USD: NTD)	($ 9,881)
Euro	33.480 (EUR: NTD)	(443)	33.240 (EUR: NTD)	170
CNY	4.344 (CNY: NTD)	2,142	4.255 (CNY: NTD)	316
JPY	0.258 (JPY: NTD)	2,638	0.278 (JPY: NTD)	94
		($ 7,114)		($ 9,301)

XXIX. Supplement Disclosure

(I) Information on significant transactions:

1. Loans to others: Table 1
2. Endorsements and guarantees for others: Table 2

3. Position of marketable securities at the end of the period (excluding subsidiaries): Table 3
4. Cumulative purchase or sale of the same marketable security for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: none
5. Acquisition of real estates for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: none
6. Disposal of real estimates for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: none
7. Purchase from and sale to affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital: Table 4
8. Receivables from affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital: Table 5
9. Transaction of derivatives: Note 7
10. Other information: business relations and significant transactions (circumstances and amounts) between the parent company and subsidiaries and among subsidiaries: Table 6

(II) Information on investees: Table 7

(III) Information on investments in China:

1. Names of investees in China, major businesses, paid-in capitals, investment methods, inward and outward remittances, shareholding percentages, investment gains (losses), carrying amounts of investments at the end of the period, repatriated investment gains (losses) and ceiling on investments in China: Table 8
2. Significant transactions with investees in China directly or indirectly through third regions; prices, payment terms and unrealized profits or losses of such transactions: Table 9
   (1) Purchase amounts and percentages, balances and percentages of corresponding payables as of the end of the period.
   (2) Sale amounts and percentages, balances and percentages of corresponding receivables as of the end of the period.

(3) Property transaction amounts and resulting gains (losses).

(4) Purchases and balances of check endorsements and guarantees and the offering of collaterals as of the end of the period.

(5) Maximum balance, end-of-period balance, interest rate range and interest expenses of borrowings during the period.

(6) Other transactions (such as offering and receiving of services) with significant influence on profit or loss or financial status during the period.

(IV) Information on major shareholders: names, shareholding amounts and percentages of the shareholders with at least 5% stakes: Table 10

XXX. Segment information

The information provided to the key decision-makers for resource allocation and segment performance reviews is focused on each delivered product type. The consolidated company's segment reporting should be based on product categories. The two strategic business units are managed separately due to the different technologies and market strategies involved. Segment A sells barcode printers and relevant components. Segment B sells labels and printer consumables.

Segment Revenues and Operating Results

The consolidated company's reporting segment revenues and operating results are as follows:

	January 1 to March 31, 2021			
	Segment A	Segment B	Intersegment adjustment	Total
Income				
Revenue from external customers	$ 963,198	$ 561,785	$ -	$ 1,524,983
Intersegment revenue	439	3	(442)	-
Total revenue	$ 963,637	$ 561,788	($ 442)	$ 1,524,983
Segment profit (loss)	$ 255,182	$ 36,983	($ 51,690)	$ 240,475

	January 1 to March 31, 2020			
	Segment A	Segment B	Intersegment adjustment	Total
Income				
Revenue from external customers	$ 788,150	$ 500,683	$ -	$ 1,288,833
Intersegment revenue	1,840	1,191	(3,031)	-
Total revenue	$ 789,990	$ 501,874	($ 3,031)	$ 1,288,833
Segment profit (loss)	$ 167,774	$ 16,053	($ 10,584)	$ 173,243

The consolidated company treats intersegment sales as transactions with third parties by measuring these sales with prevalent market prices.

The consolidated company's management allocates resources and assesses segment performance by referring to the internal reporting of segment profit or loss before tax (excluding non-recurrent items) according to the review by key decision-makers in operations. The consolidated company does not allocate income tax expenses (gains) and non-recurrent gains (losses) to reporting segments as income tax expenses (gains) and expenses and non-recurrent gains (losses) are managed at the group level. The reported amounts are consistent with the amounts in the reports used by operational decision-makers.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Loans to Others

January 1 to March 31, 2021

Table 1

Unit: NT$ thousand unless otherwise indicated

Serial No. (Note 1)	Financing company	Counter-party	Financial statement account (Note 2)	Related party?	Maximum balance for the period (Note 3, 6)	Balance at the end of the period (Note 3, 6)	Amount actually drawn (Note 6)	Interest rate range	Nature for financing	Transaction amounts	Reason for need for short-term financing	Recognized allowance for bad debts	Collateral		Financing limits for each borrowing company (Note 4)	Financing company's total financing amount limits (Note 5)
													Name	Value		
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	Other receivables – affiliated parties	Yes	$ 228,280 (USD 8,000 thousand)	$ 228,280 (USD 8,000 thousand)	$ 134,115 (USD 4,700 thousand)	1.2%	The need for short-term financing	$ -	Operating capital	$ -	None	$ -	$ 732,827	$ 1,465,655
0	TSC Auto ID Technology Co., Ltd.	Diversified Labeling Solutions Inc.	Other receivables – affiliated parties	Yes	342,420 (USD 12,000 thousand)	342,420 (USD 12,000 thousand)	171,210 (USD 6,000 thousand)	1.27%	The need for short-term financing	-	Operating capital	-	None	-	732,827	1,465,655

Note 1: Numbers in the column:

(1) 0 for the Company.

Note 2: This field is required for the accounts receivable from affiliated companies, accounts receivable from affiliated parties, transactions with shareholders, prepayments, temporary payments, etc. that are lending in nature.

Note 3: The maximum balance during the period and the balance as of the end of the period refer to the quotas determined by the Board of Directors, not the amounts actually utilized.

Note 4: Any need for short-term financing from the Company is capped at 20% of the book value of its most recent financial statements as audited or reviewed by CPAs.

Note 5: The aggregate amount of the Company's lending to others is capped at 40% of the book value of its most recent financial statements as audited or reviewed by CPAs.

Note 6: Foreign currency amounts in this table are based on exchange rates on March 31, 2021. NT dollars based on US$1=NT$28.535.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Endorsements and Guarantees for Others

January 1 to March 31, 2021

Table 2

Unit: NT$ thousand unless otherwise indicated

Serial No. (Note 1)	Name of the endorsement/guarantee provider	Endorsed/guaranteed entity		Limit of endorsements/ guarantees for a single company (Note 3)	Maximum balance of endorsements/ guarantees during the period (Note 6)	Balance of endorsements/ guarantees as of the end of the period (Note 4, 6)	Amount actually drawn (Note 5, 6)	Amount endorsed/ guaranteed by collateralizing assets	Cumulative endorsed/ guaranteed amount as the % of book value in the most recent financial statements	Maximum limit of endorsements/ guarantees (Note 3)	Endorsements/ guarantees from the parent to subsidiaries	Endorsements/ guarantees from subsidiaries to the parent	Endorsements/ guarantees to entities in China	Remarks
		Name of the company	Relation (Note 2)											
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	(2)	$ 1,465,655	$ 228,280 (USD 8,000 thousand)	$ 228,280 (USD 8,000 thousand)	$ -	$ -	6.23%	$ 2,198,482	Y	N	N	

Note 1: Numbers in the column:

(1) 0 for the Company.

Note 2: Please indicate one of the following six types of relations between endorsers/guarantors and endorsees/guarantees:

(1) Company with business dealings.

(2) Company with over 50% voting shares directly and indirectly owned by the Company.

(3) Company who directly and indirectly owns at over 50% of the Company's voting shares.

(4) Between the companies with over 90% voting shares directly and indirectly owned by the Company.

(5) Between peers required for engineering project undertakings or between joint builders required to guarantee each other according to contract terms and conditions.

(6) Endorsement and guarantee to an investee by all shareholders according to shareholding percentages in a joint investment.

(7) Joint guarantee provided by peers in contract performance for off-plan property sales according to the Consumer Protection Act.

Note 3: The aggregate endorsed/guaranteed amount and the maximum endorsement/guarantee to a single company is capped at 60% and 40%, respectively, of the Company's book value according to the most recent financial statements as audited or reviewed by CPAs.

Note 4: This field is for the amount approved by the Board of Directors. However, please provide the amount decided by the Chairman if the Chairman is authorized by the Board of Directors according to Subparagraph 8 of Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 5: Amount actually utilized by the endorsed/guaranteed company within the endorsed/guaranteed range.

Note 6: Foreign currency amounts in this table are based on exchange rates on March 31, 2021. NT dollars based on US$1=NT$28.535.

Note 7: The Company provides a customs endorsement/guarantee with a bank letter of guarantee for NT$5,000 thousand to Taipei Customs, Customs Administration.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Position of marketable securities at the end of the period

March 31, 2021

Table 3

Unit: NT$ thousand/thousand shares/thousand units

Investees	Types and names of marketable securities (Note 1)	Relation with the issuer (Note 2)	Itemized Account	End of the period				Remarks
				No. of units	Carrying amount (Note 3)	Shareholding percentage	Fair value	
	Shares							
The Company	Taiwan Semiconductor Co., Ltd.	Parent company	Financial assets measured at fair value through other comprehensive incomes – non-current	13,600	$ 784,720	5.13%	$ 784,720	

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the aforesaid financial instruments according to IFRS 9 Financial Instruments.

Note 2: Blank in this column if the issuer of the marketable securities is not a related party.

Note 3: Column of carrying amount: Please provide the carrying amount after fair value adjustments and allowance for losses if measured at fair value or the carrying amount at amortized cost (net of allowance for losses) if not measured at fair value.

Note 4: Please refer to Tables 7 and 8 for information on subsidiaries.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Purchase from and sale to affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital

January 1 to March 31, 2021

Table 4

Unit: NT$ thousand unless otherwise indicated

Purchase (sale) company	Counterparties	Relation	Transactions				Circumstances and reasons why transaction terms are not at an arm's length		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As % of total sale (purchase)	Credit period	Unit price	Credit period	Balance	As % of total notes and accounts receivable (payable)	
The Company	TSCAE	Subsidiaries	Sale	($ 298,200)	(42%)	135 days based on monthly statements	-	-	$ 439,579	43%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Sale	(99,849)	(14%)	60 days based on monthly statements	-	-	49,657	5%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Purchase	161,915	33%	90 days based on monthly statements	-	-	(180,547)	(34%)	

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Receivables from affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital

March 31, 2021

Table 5

Unit: NT$ thousand unless otherwise indicated

Company from which receivables are recognized	Name of the counterparty	Relation	Receivables from affiliated parties (Note 1)		Turnover	Overdue receivables from affiliated parties		Recovered receivables from affiliated parties (Note 2)	Recognized allowance for losses
						Amount	Treatment		
The Company	TSCAE	Subsidiaries	Accounts receivable	$ 439,579	2.92	$ -	-	$ 84,554	$ -
			Other receivables	857	-				
The Company	TSCAA	Subsidiaries	Accounts receivable	187,176	1.53	-	-	24,663	-
			Other receivables	135,561	-			-	
The Company	DLS	Subsidiaries	Other receivables	171,778	-	-	-	-	-
Tianjin TSC Auto ID Technology	The Company	Parent company	Accounts receivable	180,547	4.48	-	-	-	-

Note 1: Please provide accounts receivable, notes receivable and other receivables.

Note 2: Recovered amount as of May 11, 2021.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Business relations, circumstances and amounts of significant transactions between the parent and subsidiaries and among subsidiaries

January 1 to March 31, 2021

Table 6

Unit: NT$ thousand unless otherwise indicated

No.	Entity concerned	Name of the counterparty	Relation with the counterparty (Note 1)	Transaction with the counterparty			
				Item	Amount	Transaction terms and conditions	As % of the consolidated total revenue or the consolidated total assets (Note 2)
0	The Company	TSCAA	1	Accounts receivable	$ 187,176	Note 3	3%
			1	Other receivables	135,561	At an arm's length	2%
			1	Revenues	67,155	Note 3	4%
		TSCAE	1	Accounts receivable	439,579	Note 3	6%
			1	Revenues	298,496	Note 3	20%
		TSCAD	1	Accounts receivable	16,330	Note 3	0%
		Tianjin TSC Auto ID Technology	1	Accounts receivable	49,657	Note 3	1%
			1	Revenues	99,849	Note 3	7%
			1	Accounts payable	180,547	Note 3	3%
			1	Purchase	161,915	Note 3	11%
		PTNX US	1	Accounts receivable	34,447	Note 3	0%
			1	Revenues	27,125	Note 3	2%
			1	Other payables	17,844	At an arm's length	0%
			1	R&D expenses	18,186	At an arm's length	1%
		DLS	1	Other receivables	171,778	At an arm's length	2%
1	TSCAA	PTNX US	3	Other payables	36,121	At an arm's length	1%

Note 1: Relation with the counterparty:

1. The parent to a subsidiary
2. Subsidiary to the parent
3. Subsidiary to a subsidiary

Note 2: Transactions as a percentage of the consolidated total revenue or the consolidated total assets: If the transactions are a balance sheet item, the balance at the end of the period is calculated as a percentage of consolidated total assets. If the transactions are an income statement item, the cumulative amount is calculated as a percentage of the consolidated total revenue.

Note 3: Sales based on market prices Collection period: 60-135 days based on monthly statements

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Name and location of the investee, etc.

January 1 to March 31, 2021

Table 7

Unit: NT$ thousand unless otherwise indicated

Name of the investment company	Name of the investee	Location	Primary business	Original invested amount: End of this period	Original invested amount: End of last year	Holdings at the end of the year: No. of shares (thousand shares)	Holdings at the end of the year: Percentage (%)	Holdings at the end of the year: Carrying amount (Note 3)	Profit (loss) of the investee during the period	Recognized investment gain (loss) during the period	Remarks
The Company	TSCAE	Germany	Sale of barcode printers and relevant components	$ 2,943	$ 2,943	Note 1	100.00	$ 12,607	$ 5,180	$ 5,180	Subsidiaries
The Company	TSCAA	United States	Sale of barcode printers and relevant components	1,096,621 (US$33,000 thousand)	1,096,621 (US$33,000 thousand)	16,000	100.00	954,011	(658)	(658)	Subsidiaries
The Company	TSCHK	Hong Kong	Investment in production businesses and general imports/exports	51,738 (US$1,654 thousand)	51,738 (US$1,654 thousand)	11,711	100.00	509,004	16,401	16,401	Subsidiaries
The Company	PTNX US	United States	Sale of barcode printers and relevant components	63,021 (US$1,875 thousand)	63,021 (US$1,875 thousand)	Note 2	5.00	47,118	1,382	(367)	Sub-subsidiary
The Company	Printronix Auto ID Technology	Taiwan	Sale of barcode printers and relevant components	5,000	5,000	500	100.00	5,551	(137)	(137)	Subsidiaries
The Company	DLS	United States	Printer consumables and customized design, integration, production and marketable of a variety of labels	801,558 (US$26,000 thousand)	801,558 (US$26,000 thousand)	1	100.00	872,547	27,297	27,297	Subsidiaries
TSCAE	TSCAD	United Arab Emirates	Sale of barcode printers and relevant components	8,234	8,234	Note 1	100.00	(4,810)	927	927	Sub-subsidiary
TSCAE	TSCAS	Spain	Sale of barcode printers and relevant components	124	124	Note 1	100.00	2,161	108	108	Sub-subsidiary
TSCAA	PTNX US	United States	Sale of barcode printers and relevant components	US$45,319 thousand	US$45,319 thousand	Note 2	95.00	1,213,764 (US$42,536 thousand)	1,382 (US$49 thousand)	(5,852) (US$207 thousand)	Sub-subsidiary
DLS	PPL	United States	Selling of a variety of labels and printer consumables	(US$115 thousand)	(US$115 thousand)	850	100.00	5,449 (US$191 thousand)	2,843 (US$100 thousand)	2,843 (US$100 thousand)	Sub-subsidiary

Note 1: The company license only specifies the amount of invested capital without the number of shares.

Note 2: Not listed if the holding is below 1,000 shares.

Note 3: Carrying amount net of unrealized gains from sales.

Note 4: Please refer to Tables 8 and 9 for information on investees in China.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Information on investments in China

January 1 to March 31, 2021

Table 8

Unit: NT$ thousand unless otherwise indicated

Names of investees in China	Primary business	Paid-in capital (Note 5)	Investment method (Note 1)	Cumulative outward investments from Taiwan at the beginning of this period (Note 5)	Outward remittances or recovered investments during the period		Cumulative outward investments from Taiwan at the end of this period (Note 5)	Profit or loss of the investee during the period	Holding by the Company directly and indirectly	Recognized investment gain or loss during the period (Note 2)	Carrying amount of the investment at the end of the period	Total repatriated investment gains as of the end of this period	Remarks
					Outward remittances	Recovered investments							
Tianjin TSC Auto ID Technology Co., Ltd.	Production and marketing of barcode printers and relevant components	$ 45,612 (CNY 10,500 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	$ 42,803 (US$1,500 thousand)	$ -	$ -	$ 42,803 (US$1,500 thousand)	$ 15,548	100%	$ 15,548 (Note 3)	$ 508,566	$ 691,539	
Shenzhen Printronix Auto ID Technology Co., Ltd.	Sale of barcode printers and relevant components	4,344 (CNY 1,000 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	4,394 (US$154 thousand)	-	-	4,394 (US$154 thousand)	853	100%	853 (Note 3)	13,010	-	

Cumulative outward investments from Taiwan to China at the end of this period (Note 5)	Investment amount approved by the Investment Commission, MOEA (Note 5)	Ceiling imposed by the Investment Commission, MOEA on investments in China (Note 4)
$47,197 (US$1,654 thousand)	$47,197 (US$1,654 thousand)	$2,198,482

Note 1: Please indicate one of the following three investment methods:

(1) Direct investments in China

(2) Investments in China via third regions (Please indicate the investment companies in third regions)

(3) Other methods

Note 2: Recognized investment gains or losses during the period:

(1) Please note if there is no investment gain or loss yet during the preparatory stage.

(2) Please indicate one of the three following bases for recognition of investment gains or losses:

A. Financial statements audited by international accounting firms with cooperation ties with accounting firms in Taiwan.

B. Financial statements reviewed by the parent company's external auditor in Taiwan.

C. Others.

Note 3: Note 2-2(B) for the basis of investment gains (losses) recognition.

Note 4: According to the Amendment to Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China on August 29, 2008 by the Investment Commission, the cap on investments in China is 60% of the book value.

Note 5: Foreign currency amounts in this table based on exchange rates on March 31, 2021. NT dollars based on US$1=NT$28.535 or RMB$1=NT$4.344.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Significant transactions with investees in China directly or indirectly through third regions; prices, payment terms and unrealized profits or losses of such transactions, and other relevant information

January 1 to March 31, 2021

Table 9

Unit: NT$ thousand unless otherwise indicated

Counterparties	Relation with the counterparty	Transaction type: purchase (sale)	Amount	Transaction terms and conditions			Notes and accounts receivable (payable)		Unrealized gains or losses
				Price	Payment terms	Comparison with transactions at an arm's length	Balance	%	
Tianjin TSC Auto ID Technology Co., Ltd.	Sub-subsidiary	Sale	($ 99,849)	Note 1	60 days based on monthly statements	Equivalent	$ 49,657	5%	$ 12,480 (Note 2)
		Purchase	161,915	Note 1	90 days based on monthly statements	Equivalent	(180,547)	(34%)	-

Note 1: The Company's transactions with affiliated parties are conducted according to the agreed prices.

Note 2: This refers to cumulative unrealized gains or losses as of March 31, 2021.

TSC Auto ID Technology Co., Ltd.

Information on major shareholders

March 31, 2021

Table 10 Unit: shares

Name of the major shareholder	Shares	
	No. of shares held	Shareholding percentage
Taiwan Semiconductor Co., Ltd.	15,453,177	36.38%
Cathay Life Insurance's fully discretionary account with Cathay Securities Investment Trust (TAIEX 15)	2,247,300	5.29%

Note: The information on major shareholders in this table is based on the Taiwan Depository & Clearing Corporation data on the shareholders with at least 5% of paperless ordinary shares and preferred shares (including treasury shares) without registration on the final business day of the current quarter. The number of paperless shares may be different from the share capital recorded in the Company's consolidated financial statements due to differences in the basis of preparation.