

**Stock No.: 3611**



**TSC Auto ID Technology Co., Ltd.**

**Handbook**

**For**

**2023 Annual General Shareholder's Meeting**

*Notice to readers*

*This English-version Handbook is a summary translation of the Chinese version and is not an official document for the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

Type of Meeting: Physical Meeting

Time: 09:00 a.m., June 16, 2023

Address: No. 35, Sec. 2, Ligong 1st Road, Chengxing Village,  
Wujie Township, Yilan County

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## **I. Meeting Procedures**

### **TSC Auto ID Technology Co., Ltd.**

#### **Procedures of the 2023 Annual General Shareholder's Meeting**

1. Call Meeting to Order
2. Chairperson's Address
3. Report Items
4. Matters for Ratification Proposals
5. Discussion Items
6. Extemporaneous Motions
7. Adjournment

## **II. Meeting Agenda**

### **TSC Auto ID Technology Co., Ltd.**

#### **Agenda of the 2023 Annual General Shareholder's Meeting**

**Time:** 09:00 a.m., June 16, 2023

**Location:** No. 35, Sec. 2, Ligong 1st Road, Chengxing Village, Wujie Township, Yilan County (Yilan Factory)

**Chair:** Wang Hsing Lei, Chairman

**Attendance:** (Reported number of shares in attendance)

#### **Agenda:**

1. Call Meeting to Order
2. Chairperson's Address
3. Report Items
  - (1) 2022 Business Report
  - (2) Audit Committee's Review Report
  - (3) Report on the Compensation Distribution for Employees and Directors for 2022
4. Matters for Ratification Proposals
  - (1) Acknowledgment of the Company's 2022 Business report and Financial statements
  - (2) Acknowledgment of the Company's 2022 Earnings Appropriation
5. Discussion Items
  - (1) Issuance of new shares through capitalization of the Company's 2022 earnings
  - (2) Amendments to the "Articles of Incorporation" of the Company
  - (3) Amendments to the "Procedures for Acquisition and Disposal of Assets" of the Company
6. Extemporary Motions
7. Adjournment

# 1. Report Items

## (1) 2022 Business Report

Supply chain issues remained critical in 2022. Inflationary issues have triggered a global interest rate hike. High interest rates are also raising market concerns about a recession. The global economy has slowed in the second half of the year; thus, enterprises have become more conservative in business expansion and are also under pressure regarding destocking. However, our team continues to launch in new product and application development based on our many years of experience, and we strive to enhance our global brand position and market share for our products. The operating performance in 2022 continues to grow. Please refer to the following report of the Company's 2022 business results, a summary of the 2023 business plan, and descriptions of the Company's development strategy, external competitive environment, regulatory environment, and the macroeconomic environment:

### I. 2022 business report: (based on the data shown in consolidated financial statements)

#### (I) Results of the 2022 business plan:

Unit: NT\$ thousand

Item	2022	2021	Percent Change
	Amount	Amount	
Net operating revenues	7,966,918	6,848,808	16%
Gross profits	2,647,459	2,275,377	16%
Operating profits	1,257,801	1,050,230	20%
Profits before tax	1,347,394	1,082,903	24%
Net income	964,909	784,486	23%
Total comprehensive income	1,106,415	946,510	17%
Earnings per share (NT\$)	22.71	18.47	23%

(II) 2022 budget execution: The Company did not produce a financial forecast for 2022, and hence is not required to disclose the budget execution.

#### (III) Revenues, expenses, and profitability analysis:

Unit: NT\$ thousand

Item	Year	2022	2021
Profit and loss	Operating profits	1,257,801	1,050,230
	Net non-operating income (expense)	89,593	32,673
	Profits before tax	1,347,394	1,082,903
	Net income	964,909	784,486
	Total comprehensive income	1,106,415	946,510

Item		Year		
		2022	2021	
Profitability	Return on assets (%)		12	11
	Return on shareholders' equity (%)		20	21
	As a percentage of paid-in capital (%)	Operating profit	296	247
		Pre-tax profit	317	255
	Net profit margin (%)		12	11
	Earnings per share (NT\$)		22.71	18.47

(IV) Research and development:

As the global market for Auto-ID applications increases, the Company spent a total of NT\$229,823 thousand on R&D in 2022, accounting for 3% of the annual operating revenue, and continued to launch in network application and network security as well as cloud-based software and hardware application development to expand the Company's market scope. In addition, the next generation product development and application development in new sectors focuses on automatic data collection, product mobility, RFID applications, online barcode inspection, and paperless environmental labeling applications. The Group is also investing in capital expenditure on label paper equipment to enhance its market competitiveness and continue to increase its revenue.

II. Summary of the 2023 business plan

(I) Operational guidelines

The Company will launch new Auto-ID products to expand the business scope, continue to develop complete hardware and software solutions for customers, and expand marketing channels to cover the entirety of its product lines from low-, medium-, to high-end. In addition, the Company aims to grow its proprietary brand in various parts of the world and introduce services to the Auto-ID system and provide customers with a more complete application service network to create diversified value for our customers.

We strengthen corporate sustainable operations and take concrete actions for the Environment, Society, and Corporate governance, for example: Carry on paperless products and develop environmentally friendly products to support sustainable development in our country. We are actively fulfilling our corporate social responsibility and responding to the United Nations' sustainable development goals by continuing to work toward 2050 net zero emissions and contributing to global sustainability.

(II) Sales forecast and key production/sales policies

The revenue of the Company is mainly from the sales of Auto-ID printers, services and consumables for labels. The estimated sales volume for 2023 is as follows:

Unit: thousand pieces

Product category	Projected sales volume - 2023	Actual sales volume - 2022
Auto-ID printers	800	700

The Company's production and sales policies, based on the aforementioned forecast, will be focusing on the key points below:

1. Ensuring the availability and quality of supplies from suppliers, and maintaining an adequate inventory level and turnover rate.
2. Continue to expand our business scale worldwide and strengthen the core competitiveness in our business fundamentals.

3. Provide a comprehensive and quality service to build sustainable management capacity.

### III. Future development strategies

We continue to insist on the customer-first policy and continue to integrate brand, product, marketing, and customer service to provide customers with all-in-one service and experiences in order to strengthen our market image and enhance our competitive advantage. We are aware of the changes in the applications from different industries and customers around the world, and work closely with our upstream and downstream partners. With a new business mindset, we seek new customers, new solutions, innovative service models, and new product development to create win-win opportunities and grow.

### IV. Impacts of the external competitive environment, regulatory environment, and the overall business environment

#### (I) Impacts of the external competitive environment

As Auto-ID applications become more popular and relevant to life, the market's demand for Auto-ID printing has increased. In response to the external competition that comes with increased demand, the Company will continue focusing on the development of new technologies while at the same time integrating resources, coordinating, and forming collaborative relationships with different partners in the market to overcome external challenges. In doing so, we aim to achieve consistent growth in terms of revenues and profit.

#### (II) Impacts of the regulatory environment and macroeconomic environment

There has been no change in key domestic or foreign policies or laws that significantly affected the Company's operations in the last year, and the Company remains compliant with all changes in the regulatory environment.

In the future, the Company expects to further expand its vertical integration to take advantage of the growing demand as well as application of Auto-ID. Driven by innovation, professionalism, and utmost respect for the business, we look forward to improving business performance and profitability to the mutual benefit of our shareholders, customers, and employees.

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan

## **(2) Audit Committee's Review Report**

### **TSC Auto ID Technology Co., Ltd. Audit Committee's Review Report**

We have reviewed the Company's 2022 business report, standalone financial statements, consolidated financial statements, and earnings appropriation proposal prepared by the board of directors. The standalone and consolidated financial statements have been audited by CPAs Chang Li Chun and Fan You Wei of Deloitte Taiwan, to which they issued an independent auditor's report. The Audit Committee found no misstatement in the above business report, standalone financial statements, consolidated financial statements, or earnings appropriation proposal, and hereby issues its report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours sincerely

For

2023 Annual General Shareholder's Meeting of TSC Auto ID Technology Co., Ltd.

Audit Committee convener: Ma Chia Ying

Audit Committee member: Li Chun Chi

Audit Committee member: Lin Tuo Zhi

March 15, 2023



**(3) Report on the Compensation Distribution for Employees and Directors for 2022**

Description: In accordance with Article 25 of the Company's Articles of Incorporation, the Company proposed to distribute 2.5% of the net profit amounting to NT\$32,729,017 for directors' remuneration and 5% of the net profit amounting to NT\$65,458,033 for employees' compensation for 2022, all of which are to be paid in cash.

## 2. Matters for Ratification Proposals

### Proposal 1

### Proposed by the Board of Directors

Proposal: Acknowledgment of the Company’s 2022 Business Report and Financial Statements.

Description: 1. The 2022 Standalone Financial Statements and Consolidated Financial Statements have been approved by the Board of Directors, and were audited by Independent Duditores, Chang Li Chun and Fan You Wei of Deloitte & Touche. In addition, the Business Report, Standalone Financial Statements and Consolidated Financial Statements were certified by the Audit Committee, and a written review report has been issued.

2. Please refer to page 3 and Appendix 1 (pages 12 to 35) for various statements in this proposal.

3. Please review and ratify.

Resolution:

### Proposal 2

### Proposed by the Board of Directors

Proposal: Acknowledgment of the Company’s 2022 Earnings Appropriation.

Description: 1. The Company’s net income for 2022 is NT\$964,909,158, adding the unappropriated retained earnings for the previous years, the legal reserve and the remeasurement of the defined benefit plan recognized in retained earnings, the total earnings available for distribution amounts is NT\$2,440,747,674. It is proposed that the Company distributes cash dividends in the amount of NT\$552,785,220 (estimated NT\$13 cash dividends per share) and stock dividends in the amount of NT\$42,521,940 (every thousand shares can be allocated with 100 shares) to shareholders.

2. Please refer to Appendix 2 (page 36) for the proposed Earnings Distribution Table and explanatory notes.

3. It is proposed that the Board of Directors be authorized with full power and authority to adjust distribution percentage if the number of outstanding shares is affected by the change in the number of shares outstanding prior to the dividend record date.

4. It is proposed that upon the approval of the Annual General Shareholders' Meeting, the Board of Directors be authorized to determine the ex-dividend date and other related matters.
5. The cash dividend distribution will be calculated to the nearest NT dollar. Fractional dividend less than NT\$1 shall be combined into other income of the Company.
6. Please review and ratify.

Resolution:

### 3. Discussion Items

#### Proposal 1

#### Proposed by the Board of Directors

Proposal: Issuance of new shares through capitalization of the Company's 2022 earnings.

- Description:
1. Based on the Company's total outstanding common shares of 42,521,940, the Company proposed to issue 4,252,194 new shares of common stock with par value of NT\$10 per share by appropriating NT\$42,521,940 from the distributable earnings of 2022.
  2. Upon the approval of the competent authority, the aforesaid capital increase plan shall be calculated based on the shareholders and their shareholdings as recorded in the shareholders' roster register on the ex-right date. Every thousand shares can be allocated with 100 shares. For any fractional shares, the shareholders may apply to the company's stock agency within 5 days from the ex-right date to combine fractional shares into one share. The uncombined shares or fractional shares will be converted to cash in accordance with Article 240 of the Company Act (rounded up to the nearest dollar), and the Chairman is authorized to allocate these uncombined shares or fractional shares to specific counterparties at the par value.
  3. Rights and obligations of these newly issued shares are the same as the existing common shares.
  4. If the number of outstanding shares of the Company increases or decreases in the future, the Company proposes to request a shareholders' meeting to authorize the Board of Directors to adjust the stock distribution rate and change the related matters according to the actual number of outstanding shares on the ex-right date.
  5. The Board of Directors is authorized to set another ex-right date once the issuance is approved by the competent authority.
  6. The Board of Directors is authorized to handle the matters related to this capital increase proposal if it is necessary to make changes as required by law or approved by the competent authority or for

other factors.

7. Please discuss and resolve.

Resolution:

### **Proposal 2**

**Proposed by the Board of Directors**

Proposal: Amendments to the “Articles of Incorporation” of the Company.

- Description:
1. In order to allow more flexibility in the way the Company appropriates legal reserve, the Company proposes to amend certain provisions of the “Articles of Incorporation of TSC Auto ID Technology Co., Ltd.” in accordance with the amendment of Article 172-2, Paragraph 1 of the Company Act by the Ministry of Economic Affairs dated December 29, 2021 and the amendment of Article 237, Paragraph 1 of the Company Act dated August 1, 2018.
  2. Please refer to Appendix 3 (page 37 to 38) for the Comparison Table of the Amended provisions.
  3. Please discuss and resolve.

Resolution:

### **Proposal 3**

**Proposed by the Board of Directors**

Proposal: Amendments to the “Procedures for Acquisition and Disposal of Assets” of the Company.

- Description:
1. The Company proposed to amend certain provisions of the “Procedures for Acquisition and Disposal of Assets” in order to meet the actual operational needs of the Company.
  2. Please refer to Appendix 4 (pages 39 to 44) for the comparison table of the amended provisions.
  3. Please discuss and resolve.

Resolution:

## **4. Extemporary Motions**

## **5. Adjournment**

### **III. Appendix**

#### **[Appendix 1]**

#### **Auditor's Audit Report**

To TSC Auto ID Technology Co., Ltd.:

##### **Audit opinions**

We have audited the standalone balance sheet as of December 31, 2022 and December 31, 2021; the standalone incomes statement from January 1 to December 31, 2022 and from January 1 to December 31, 2021; the standalone statements of changes in equity and the standalone statements of cash flows from January 1 to December 31, 2022 and from January 1 to December 31, 2021 of TSC Auto ID Technology Co., Ltd. and the notes to standalone financial statements (including the summary of major accounting policies).

Based on our audit and other auditors' audit (please refer to "Other Matters"), all material disclosures in the standalone financial statements mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and provide fair representation of TSC Auto ID Technology Co., Ltd.'s standalone financial status as of December 31, 2022 and 2021, standalone financial performance from January 1 to December 31, 2022 and 2021, and standalone cash flows from January 1 to December 31, 2022 and 2021.

##### **Basis of audit opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing principles. Our responsibilities as auditor for the standalone financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed the Norm of Professional Ethics for CPA and maintained independence from TSC Auto ID Technology Co., Ltd. when performing their duties. We believe that the evidence obtained from our audit and the audit results of other auditors provide an adequate and appropriate basis for our opinion.

##### **Key Audit Issues**

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 standalone financial statements of TSC Auto ID Technology Co., Ltd. These issues have already been addressed when we audited and formed our opinions on the standalone financial statements. Therefore, we do not provide opinions separately for individual issues.

Key audit issues concerning the 2022 standalone financial statements of TSC Auto ID Technology Co., Ltd. are as follows:

Impairment assessment for equity-accounted investments (including goodwill)

TSC Auto ID Technology Co., Ltd. acquired controlling interest in Printronix Auto ID Technology Inc. on January 23, 2016, and later acquired the main business activities and operating assets from Diversified Labeling Solutions, Inc. in January 2019. The acquisition includes the printer business Printronix brand and labeling business DLS brand. Equity-accounted investments (including goodwill) were recognized in standalone financial statements for the respective years, and the amounts are considered material to the standalone financial statements. Impairment assessment for goodwill is explained below:

Assessment of impairment for equity-accounted investments (including goodwill) depends largely on the estimation of the recoverable amount using future operating cash flow from the printer business Printronix brand and labeling business DLS brand (the cash-generating units). Since estimation of future operating cash flow involves the management's forecast on the performance of the industry and the Company, the assumptions used for the estimation and preparation (mainly including sales growth and operating profit margin) are prone to subjective judgment and high levels of uncertainty.

We have taken actions during our audit to address the above uncertainties, including: obtaining a goodwill impairment assessment report issued by a professional appraiser that the management had commissioned; understanding and assessing the rationality of the recoverable amount calculated from the valuation model; and evaluating the overall rationality of the aforementioned goodwill impairment assessment report after taking into consideration the assumptions used in the valuation model, such as sales growth, profit margin, and weighted average funding cost (including the risk-free rate, volatility, and risk premium), the state of the Company's operations, the state of the industry, and future outlook.

**Other Matters**

As narrated in Note 11 of the standalone financial statement, amongst the equity-accounted subsidiaries presented in the 2022 and 2021 standalone financial statements of TSC Auto ID Technology Co., Ltd., some had financial statements audited by other CPAs. Therefore, opinions made in the aforementioned standalone financial statements in regards to the book value of equity-accounted subsidiaries and the share of gains/losses were based on the figures recognized in audit reports prepared by other CPAs. As of December 31, 2022 and 2021, the abovementioned equity-accounted investees represented 16.13% and 13.38% respectively of the Company's standalone

total assets; share of profit from the abovementioned investees in 2022 and 2021 accounted for 15.58% and 11.06% respectively of the Company's standalone pre-tax profit.

### **Responsibilities of the management and governing body of the standalone financial statements**

Responsibilities of the management were to prepare and ensure fair presentation of the standalone financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and to exercise proper internal control practices that are relevant to the preparation of the standalone financial statements so that the standalone financial statements are free of material misstatements, whether caused by fraud or error.

The governing body of TSC Auto ID Technology Co., Ltd. (including the Audit Committee) is responsible for supervising the financial reporting process.

### **Responsibilities of the auditor when auditing standalone financial statements**

The purposes of our audit were to obtain reasonable assurance of whether the standalone financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We consider assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the standalone financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of users of the standalone financial statement.

When conducting audits in accordance with the auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as auditor:

1. Identifying and assessing risks of material misstatement within the standalone financial statements, whether due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Because fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, the risk of not detecting material misstatements arising from fraud is greater than that of misstatements arising from error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinions on the effectiveness of the internal control system of TSC Auto ID Technology Co., Ltd.



3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of TSC Auto ID Technology Co., Ltd. to operate as a going concern, based on the audit evidence obtained. We are obliged to remind users of the standalone financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or changes of circumstances may still render TSC Auto ID Technology Co., Ltd. no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the standalone financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the standalone financial statements.
6. Obtaining sufficient and appropriate audit evidence on the financial information of individual entities within TSC Auto ID Technology Co., Ltd., and expressing opinions on the standalone financial statements. Our responsibilities as auditor are to instruct, supervise and execute audits and form audit opinions on TSC Auto ID Technology Co., Ltd.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with the Norm of Professional Ethics for CPA, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governing body regarding the 2022 standalone financial statements of TSC Auto ID Technology Co., Ltd. These issues have been addressed in our audit report except for topics that are prohibited by law from being disclosed to the public, or, under extreme circumstances, topics that we decided not to communicate in the audit report because of greater negative impacts they may cause than the benefits they bring to public interest.

Deloitte Taiwan

CPA Chang Li Chun

Official Letter of Approval by Financial  
Supervisory Commission Financial-  
Supervisory-Securities-Corporate-  
1100356048

CPA Fan You Wei

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

March 15, 2023

TSC Auto ID Technology Co., Ltd.  
Standalone Balance Sheet  
December 31, 2022 and December 31, 2021

Unit: NT\$ thousand

Code	Asset	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents (Note 6)	\$ 833,645	11	\$ 883,849	13
1110	Financial assets at fair value through profit or loss (Notes 7 and 26)	1,798	-	3,061	-
1170	Notes and accounts receivable, net (Note 9)	283,996	4	374,060	5
1180	Accounts receivable – affiliated parties (Note 27)	1,082,149	14	739,074	11
1200	Other receivables	11,472	-	9,480	-
1210	Other receivables – affiliated parties (Note 27)	227,995	3	323,124	5
130X	Inventory (Note 10)	561,043	8	447,142	6
1470	Other current assets	3,777	-	1,527	-
11XX	Total current assets	<u>3,005,875</u>	<u>40</u>	<u>2,781,317</u>	<u>40</u>
<b>Non-current assets</b>					
1517	Financial assets at fair value through other comprehensive income (Notes 8 and 26)	1,098,160	14	1,068,960	15
1550	Equity-accounted investments (Notes 11 and 27)	2,880,022	38	2,436,780	35
1600	Property, plant and equipment (Note 12)	464,074	6	474,642	7
1755	Right-of-use assets (Note 13)	1,417	-	5,244	-
1780	Intangible assets (Note 14)	35,452	1	48,059	1
1840	Deferred income tax assets (Note 21)	95,524	1	116,662	2
1990	Other non-current assets	14,927	-	3,992	-
15XX	Total non-current assets	<u>4,589,576</u>	<u>60</u>	<u>4,154,339</u>	<u>60</u>
1XXX	Total assets	<u>\$ 7,595,451</u>	<u>100</u>	<u>\$ 6,935,656</u>	<u>100</u>
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
2100	Short-term loans (Note 15)	\$ 876,515	11	\$ 550,706	8
2120	Financial liabilities at fair value through profit or loss (Notes 7 and 26)	1,984	-	443	-
2170	Accounts payable	465,124	6	410,105	6
2180	Accounts payable – affiliated parties (Note 27)	158,262	2	281,143	4
2200	Other payables (Note 16)	222,810	3	190,905	3
2220	Other accounts payable – affiliated parties (Note 27)	17,858	-	17,884	-
2230	Income tax liability during the period (Note 21)	120,113	2	182,379	3
2280	Lease liability (Note 13)	1,528	-	5,305	-
2320	Long-term liabilities due within one year (Note 15)	63,000	1	65,000	1
2399	Other current liabilities (Note 19)	43,764	1	72,258	1
21XX	Total current liabilities	<u>1,970,958</u>	<u>26</u>	<u>1,776,128</u>	<u>26</u>
<b>Non-current liabilities</b>					
2540	Long-term loans (Note 15)	557,000	7	835,000	12
2570	Deferred income tax liabilities (Note 21)	265,370	4	193,834	3
2580	Lease liability (Note 13)	-	-	2,270	-
2640	Net defined benefit liability (Note 17)	14,954	-	19,731	-
2670	Other non-current liabilities	36,444	-	20,550	-
25XX	Total non-current liabilities	<u>873,768</u>	<u>11</u>	<u>1,071,385</u>	<u>15</u>
2XXX	Total liabilities	<u>2,844,726</u>	<u>37</u>	<u>2,847,513</u>	<u>41</u>
<b>Equity (Note 18)</b>					
<b>Share capital</b>					
3110	Ordinary share capital	425,129	6	424,769	6
3140	Advanced receipt of share capital	60	-	-	-
3100	Total share capital	<u>425,189</u>	<u>6</u>	<u>424,769</u>	<u>6</u>
3200	Capital surplus	<u>615,845</u>	<u>8</u>	<u>592,852</u>	<u>9</u>
<b>Retained earnings</b>					
3310	Legal reserve	673,504	9	595,108	9
3320	Special reserve	8,597	-	8,597	-
3350	Unappropriated earnings	<u>2,537,721</u>	<u>33</u>	<u>2,113,635</u>	<u>30</u>
3300	Total retained earnings	<u>3,219,822</u>	<u>42</u>	<u>2,717,340</u>	<u>39</u>
3400	Other equity	<u>489,869</u>	<u>7</u>	<u>353,182</u>	<u>5</u>
3XXX	Total equity	<u>4,750,725</u>	<u>63</u>	<u>4,088,143</u>	<u>59</u>
Total liabilities and equity		<u>\$ 7,595,451</u>	<u>100</u>	<u>\$ 6,935,656</u>	<u>100</u>

The notes are an integral part of these standalone financial statements.  
(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2023.)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming Yi

Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd.

Standalone Comprehensive Income Statement

From January 1 to December 31, 2022 and from January 1 to December 31, 2021

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

Code		2022		2021	
		Amount	%	Amount	%
	Operating incomes (Notes 19, 27)				
4110	Revenues	\$ 3,865,879	100	\$ 3,266,229	100
	Operating costs (Notes 10, 20, 27)				
5110	Cost of goods sold	<u>2,447,256</u>	<u>63</u>	<u>2,083,861</u>	<u>64</u>
5900	Gross profits	1,418,623	37	1,182,368	36
5910	(Unrealized) realized gain on transactions with subsidiaries	( <u>90,169</u> )	( <u>3</u> )	<u>10,995</u>	<u>1</u>
5950	Realized gross profit	<u>1,328,454</u>	<u>34</u>	<u>1,193,363</u>	<u>37</u>
	Operating expenses (Notes 9, 20, 27)				
6100	Sales & marketing expenses	81,304	2	58,379	2
6200	Administrative expenses	219,216	6	174,772	5
6300	R&D expenses	<u>233,829</u>	<u>6</u>	<u>216,484</u>	<u>7</u>
6000	Total operating expenses	<u>534,349</u>	<u>14</u>	<u>449,635</u>	<u>14</u>
6900	Operating profits	<u>794,105</u>	<u>20</u>	<u>743,728</u>	<u>23</u>
	Non-operating incomes and expenses				
7100	Interest income (Notes 20, 27)	10,994	-	7,050	-
7190	Other incomes (Notes 20, 27)	44,021	1	25,835	1
7020	Other gains and losses (Note 20)	51,944	1	8,222	-
7050	Financial cost (Note 20)	( <u>19,545</u> )	-	( <u>14,120</u> )	( <u>1</u> )
7070	Share of profit from equity-accounted subsidiaries (Note 11)	<u>329,454</u>	<u>9</u>	<u>218,452</u>	<u>7</u>
7000	Total non-operating incomes and expenses	<u>416,868</u>	<u>11</u>	<u>245,439</u>	<u>7</u>

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Code		2022		2021	
		Amount	%	Amount	%
7900	Profits before tax	1,210,973	31	989,167	30
7950	Income tax expenses (Note 21)	246,064	6	204,681	6
8200	Current net income	964,909	25	784,486	24
	Other comprehensive income				
	Items that are not to be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 17)	4,819	-	( 524)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive incomes (Note 18)	( 55,335)	( 1)	223,040	7
8310		( 50,516)	( 1)	222,516	7
	Items that may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations (Note 18)	240,028	6	( 75,615)	( 2)
8399	Income tax components that may be reclassified (Note 21)	( 48,006)	( 1)	15,123	-
8360		192,022	5	( 60,492)	( 2)
8300	Other comprehensive income for the year (net of tax)	141,506	4	162,024	5
8500	Total comprehensive income for the year	\$ 1,106,415	29	\$ 946,510	29
	Earnings per share (Note 22)				
9710	Basic	\$ 22.71		\$ 18.47	
9810	Diluted	\$ 22.45		\$ 18.32	

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2023.)

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan

TSC Auto ID Technology Co., Ltd.  
Standalone Statement of Changes in equity  
From January 1 to December 31, 2022 and from January 1 to December 31, 2021

Unit: NT\$ thousand unless otherwise indicated

Code		Share capital				Retained earnings					Other equity		Total equity	
		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 gain of financial assets measured at fair value through other comprehensive incomes		Total
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
	Appropriation and distribution of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	71,715	-	( 71,715 )	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	( 424,769 )	( 424,769 )	-	-	-	( 424,769 )
D1	2021 net income	-	-	-	-	-	-	-	784,486	784,486	-	-	-	784,486
D3	2021 other comprehensive income - after tax	-	-	-	-	-	-	-	( 524 )	( 524 )	( 60,492 )	223,040	162,548	162,024
D5	Total comprehensive income of 2021	-	-	-	-	-	-	-	783,962	783,962	( 60,492 )	223,040	162,548	946,510
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	15,187	-	-	-	-	-	-	-	15,187
Z1	Balance on December 31, 2021	42,477	424,769	-	424,769	592,852	595,108	8,597	2,113,635	2,717,340	( 294,269 )	647,451	353,182	4,088,143
G1	Exercise of employee stock options	36	360	60	420	6,296	-	-	-	-	-	-	-	6,716
	Appropriation and distribution of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	78,396	-	( 78,396 )	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	( 467,246 )	( 467,246 )	-	-	-	( 467,246 )
D1	2022 net income	-	-	-	-	-	-	-	964,909	964,909	-	-	-	964,909
D3	2022 other comprehensive income - after tax	-	-	-	-	-	-	-	4,819	4,819	192,022	( 55,335 )	136,687	141,506
D5	Total comprehensive income of 2022	-	-	-	-	-	-	-	969,728	969,728	192,022	( 55,335 )	136,687	1,106,415
M3	Income taxes related to subsidiaries under organizational restructuring (Notes 21, 24)	-	-	-	-	1,984	-	-	-	-	-	-	-	1,984
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	14,713	-	-	-	-	-	-	-	14,713
Z1	Balance on December 31, 2022	42,513	\$ 425,129	\$ 60	\$ 425,189	\$ 615,845	\$ 673,504	\$ 8,597	\$ 2,537,721	\$ 3,219,822	( \$ 102,247 )	\$ 592,116	\$ 489,869	\$ 4,750,725

The notes are an integral part of these standalone financial statements.  
(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2023.)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming Yi

Chief Accounting Officer: Lin Shu Juan

TSC Auto ID Technology Co., Ltd.

Standalone Statement of Cash Flows

From January 1 to December 31, 2022 and from January 1 to December 31, 2021

Unit: NT\$ thousand

Code		2022	2021
	Cash flows from operating activities		
A10000	Pre-tax profit for the current period	\$ 1,210,973	\$ 989,167
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	33,905	33,937
A20200	Amortization	26,516	24,001
A20300	Expected credit loss	-	1,476
A20900	Financial cost	19,545	14,120
A21200	Interest income	( 10,994)	( 7,050)
A21300	Dividend income	( 37,000)	( 20,400)
A21900	Cost of employee stock options	14,713	15,187
A22400	Share of profit from equity-accounted subsidiaries	( 329,454)	( 218,452)
A23700	Loss for market price decline and obsolete inventory (Gain from price recovery)	19,500	( 800)
A23900	(Realized) unrealized gain on transactions with subsidiaries	90,169	( 10,995)
A24100	Unrealized foreign exchange (gains) losses	( 44,802)	5,496
A29900	Gain on lease amendment	( 621)	-
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	1,263	( 2,127)
A31150	Notes and accounts receivable	87,397	( 115,252)
A31160	Accounts receivable – affiliated parties	( 306,696)	( 34,304)
A31180	Other receivables	3,768	1,488
A31190	Other receivables – affiliated parties	( 48,788)	5,784
A31200	Inventory	( 133,401)	( 178,333)
A31240	Other current assets	( 2,250)	1,086
A32110	Financial liabilities held for trading	1,541	( 2,792)
A32150	Accounts payable	53,396	122,513
A32160	Accounts payable – affiliated parties	( 122,166)	140,804
A32180	Other payables	29,855	31,358
A32190	Other payables – affiliated parties	285	( 211)
A32230	Other current liabilities	( 28,494)	40,860
A32240	Net defined benefit liability	42	( 3,653)
A32990	Other non-current liabilities	( 2,152)	8,322
A33000	Cash inflows from operating activities	526,050	841,230

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Code		2022	2021
A33100	Interest received	\$ 11,132	\$ 6,758
A33500	Income tax paid	( 261,678 )	( 142,235 )
AAAA	Net cash flows from operating activities	<u>275,504</u>	<u>705,753</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	( 84,535 )	-
B01800	Established equity-accounted subsidiaries	-	( 2,791 )
B02300	Net cash inflow for disposal of a subsidiary (Note 27)	48,219	-
B02700	Purchase of property, plant and equipment	( 16,940 )	( 9,073 )
B03700	Increase in refundable deposits	( 442 )	( 252 )
B03800	Decrease in refundable deposits	758	4
B04300	Increase in other receivables – affiliated parties	( 311,248 )	( 355,295 )
B04400	Decrease in other receivables – affiliated parties	448,588	329,392
B04500	Purchase of intangible assets	( 13,909 )	( 14,999 )
B07100	Increase in equipment prepayments	( 14,631 )	( 2,436 )
B07600	Dividends received	<u>37,000</u>	<u>105,687</u>
BBBB	Net cash inflows from investing activities	<u>92,860</u>	<u>50,237</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in net short-term loans	320,151	( 181,287 )
C01600	Borrowing of long-term loans	280,000	300,000
C01700	Repayment of long-term loans	( 560,000 )	( 430,000 )
C04020	Repayment of lease principals	( 4,015 )	( 3,391 )
C04800	Exercise of employee stock options	6,716	-
C05600	Interest paid	( 17,923 )	( 14,258 )
C04500	Cash dividends paid	( 467,246 )	( 424,769 )
CCCC	Net cash outflows from financing activities	( 442,317 )	( 753,705 )
DDDD	Currency impact on cash and cash equivalents	<u>23,749</u>	( 4,045 )
EEEE	Net decrease in cash and cash equivalents	( 50,204 )	( 1,760 )
E00100	Cash and cash equivalents at the beginning of the year	<u>883,849</u>	<u>885,609</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 833,645</u>	<u>\$ 883,849</u>

The notes are an integral part of these standalone financial statements.  
(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2023.)

Chairman:	Chief Executive Officer:	Chief Accounting Officer:
Wang Hsing Lei	Chen Ming Yi	Lin Shu Juan



## **Declaration Concerning the Consolidated Financial Statements of Affiliated Enterprises**

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for financial year 2022 (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements; therefore, no separate consolidated financial statements of affiliated enterprises were prepared.

This declaration is solemnly made by

Name of the company: TSC Auto ID Technology Co., Ltd.

Chairman: Wang Hsing Lei

March 15, 2023

## **Auditor’s Audit Report**

To TSC Auto ID Technology Co., Ltd.:

### **Audit opinions**

We have audited the consolidated balance sheet as of December 31, 2022 and December 31, 2021; the consolidated incomes statement from January 1 to December 31, 2022 and from January 1 to December 31, 2021; the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to December 31, 2022 and from January 1 to December 31, 2021 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).

Based on our audit and other auditors’ audit (please refer to “Other Matters”), all material disclosures in the consolidated financial statements mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved and promulgated by the Financial Supervisory Commission, and provide fair representation of TSC Auto ID Technology Group’s consolidated financial status as of December 31, 2022 and 2021, consolidated financial performance from January 1 to December 31, 2022 and 2021, and consolidated cash flows from January 1 to December 31, 2022 and 2021.

### **Basis of audit opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing principles. Our responsibilities as auditor for the consolidated financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed the Norm of Professional Ethics for CPA and maintained independence from TSC Auto ID Technology Group when performing their duties. We believe that the evidence

obtained from our audit and the audit results of other auditors provide an adequate and appropriate basis for our opinion.

### **Key Audit Issues**

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 consolidated financial statements of TSC Auto ID Technology Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore, we do not provide opinions separately for individual issues.

Key audit issues concerning the 2022 consolidated financial statements of TSC Auto ID Technology Group are as follows:

#### **Impairment assessment for goodwill**

TSC Auto ID Technology Group acquired controlling interest in Printronix Auto ID Technology Inc. on January 23, 2016, and later acquired the main business activities and operating assets from Diversified Labeling Solutions, Inc. in January 2019. The acquisition includes the printer business Printronix brand and labeling business DLS brand. Goodwill was recognized in the consolidated financial statements for the respective years, and the amounts are considered material to the consolidated financial statements. Assessment of goodwill impairment depends largely on the estimation of the recoverable amount using future operating cash flow from the printer business Printronix brand and labeling business DLS brand (the cash-generating units). Since the estimation of future operating cash flow involves the management's forecast of the performance of the industry and the Company, the assumptions used for the estimation and preparation are prone to subjective judgment and high levels of uncertainty.

We have taken actions during our audit to address the above uncertainties, including: obtaining a goodwill impairment assessment report issued by a professional appraiser that the management had commissioned; understanding and assessing the rationality of the recoverable amount calculated from the valuation model; and evaluating the overall rationality of the aforementioned goodwill impairment assessment report after taking into consideration the assumptions used in the valuation model, such as sales growth, profit margin, and weighted average funding cost (including the risk-free rate, volatility, and risk premium), the state of the Company's operations, the state of the industry, and future outlook.

### **Other Matters**

As narrated in Note 11 of the consolidated financial statements, amongst the subsidiaries presented in the 2022 and 2021 consolidated financial statements of TSC Auto ID Technology Group were financial statements of important subsidiaries that were audited by other CPAs.

Therefore, opinions made in the aforementioned consolidated financial statements in regards to the amounts and footnote disclosures of such businesses were based on the figures recognized and disclosed in audited reports prepared by other CPAs. The total assets of the subsidiaries accounted for 20.99% and 19.12% of the total consolidated assets as of December 31, 2022 and 2021 respectively; The operating revenues of the subsidiaries accounted for 37.43% and 34.37% of the consolidated operating revenues in 2022 and 2021 respectively, and their total comprehensive income accounted for 17.64% and 11.93% of the total consolidated comprehensive income respectively.

TSC Auto ID Technology Co., Ltd. has prepared standalone financial statements for 2022 and 2021, to which we have issued an independent auditor's report with unqualified opinion and made additional disclosures in the Other Matters paragraph.

## **Responsibilities of the management and governing body of the consolidated financial statements**

Responsibilities of the management were to prepare and ensure fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved and promulgated by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of the consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing the consolidated financial statements also included assessing the ability of TSC Auto ID Technology Group to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate TSC Auto ID Technology Group or cease business operations, or is compelled to do so with no alternative solution.

The governing body of TSC Auto ID Technology Group (including the Audit Committee) is responsible for supervising the financial reporting process.

## **Responsibilities of the auditor when auditing consolidated financial statements**

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We consider assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of users of the consolidated financial statements.

When conducting audits in accordance with the auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as auditor:

1. Identifying and assessing risks of material misstatement within the consolidated financial statements, whether due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Because fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, the risk of not detecting material misstatements arising from fraud is greater than that of misstatements arising from error.

2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinions on the effectiveness of the internal control system of TSC Auto ID Technology Group.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of TSC Auto ID Technology Group to operate as a going concern, based on the audit evidence obtained. We are obliged to remind users of the consolidated financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or changes of circumstances may still render TSC Auto ID Technology Group no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the consolidated financial statements.
6. Obtaining sufficient and appropriate audit evidence on the financial information of individual entities within the group, and expressing opinions on the consolidated financial statements. Our responsibilities as auditor are to instruct, supervise and execute audits and form audit opinions on the group.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with the Norm of Professional Ethics for CPA, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governing body regarding the 2022 consolidated financial statements of TSC Auto ID Technology Group. These issues have been addressed in our audit report except for topics that are prohibited by law from being disclosed to the public, or, under extreme circumstances, topics that we decided not to communicate in the audit report because of greater negative impacts they may cause than the benefits they bring to public interest.

Deloitte Taiwan

CPA Chang Li Chun

CPA Fan You Wei

Official Letter of Approval by Financial  
Supervisory Commission Financial-  
Supervisory-Securities-Corporate-  
1100356048

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

March 15, 2023

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

## Consolidated Balance Sheet

December 31, 2022 and December 31, 2021

Unit: NT\$ thousand

Code	Asset	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Note 6)	\$ 1,142,046	14	\$ 1,199,879	16
1110	Financial assets at fair value through profit or loss (Notes 7 and 27)	1,798	-	3,061	-
1170	Notes and accounts receivable, net (Notes 9, 28)	1,350,343	16	1,270,068	17
1200	Other receivables (Note 28)	51,116	1	27,419	-
1220	Income tax assets during the period	6,365	-	-	-
130X	Inventory (Note 10)	1,624,449	19	1,158,048	15
1410	Prepayments	69,070	1	35,229	-
1470	Other current assets	1,470	-	2,581	-
11XX	Total current assets	<u>4,246,657</u>	<u>51</u>	<u>3,696,285</u>	<u>48</u>
	<b>Non-current assets</b>				
1517	Financial assets at fair value through other comprehensive income (Notes 8 and 27)	1,098,160	13	1,068,960	14
1600	Property, plant and equipment (Note 12)	1,053,525	13	1,014,529	13
1755	Right-of-use assets (Note 13)	180,889	2	244,435	3
1780	Other intangible assets (Note 15)	200,919	2	246,691	3
1805	Goodwill (Note 14)	1,058,071	13	953,676	13
1840	Deferred income tax assets (Note 22)	387,569	5	416,976	6
1990	Other non-current assets	68,979	1	28,539	-
15XX	Total non-current assets	<u>4,048,112</u>	<u>49</u>	<u>3,973,806</u>	<u>52</u>
1XXX	Total assets	<u>\$ 8,294,769</u>	<u>100</u>	<u>\$ 7,670,091</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Note 16)	\$ 876,515	11	\$ 550,706	7
2120	Financial liabilities at fair value through profit or loss (Notes 7 and 27)	1,984	-	443	-
2170	Accounts payable (Note 28)	698,489	8	758,245	10
2200	Other payables (Notes 17, 28)	430,321	5	373,131	5
2230	Income tax liability during the period	120,953	1	191,874	3
2250	Liability reserve	6,618	-	6,083	-
2280	Lease liability (Note 13)	92,735	1	101,861	1
2320	Long-term liabilities due within one year (Note 16)	63,000	1	65,000	1
2399	Other current liabilities (Note 20)	130,883	2	153,194	2
21XX	Total current liabilities	<u>2,421,498</u>	<u>29</u>	<u>2,200,537</u>	<u>29</u>
	<b>Non-current liabilities</b>				
2540	Long-term loans (Note 16)	557,000	7	835,000	11
2570	Deferred income tax liabilities (Note 22)	383,490	5	302,575	4
2580	Lease liability (Note 13)	95,534	1	172,318	2
2640	Net defined benefit liability (Note 18)	14,954	-	19,731	-
2670	Other non-current liabilities	71,568	1	51,787	1
25XX	Total non-current liabilities	<u>1,122,546</u>	<u>14</u>	<u>1,381,411</u>	<u>18</u>
2XXX	Total liabilities	<u>3,544,044</u>	<u>43</u>	<u>3,581,948</u>	<u>47</u>
	<b>Equity (Note 19)</b>				
	<b>Share capital</b>				
3110	Ordinary share capital	425,129	5	424,769	5
3140	Advanced receipt of share capital	60	-	-	-
3100	Total share capital	<u>425,189</u>	<u>5</u>	<u>424,769</u>	<u>5</u>
3200	Capital surplus	<u>615,845</u>	<u>7</u>	<u>592,852</u>	<u>8</u>
	<b>Retained earnings</b>				
3310	Legal reserve	673,504	8	595,108	8
3320	Special reserve	8,597	-	8,597	-
3350	Unappropriated earnings	<u>2,537,721</u>	<u>31</u>	<u>2,113,635</u>	<u>27</u>
3300	Total retained earnings	<u>3,219,822</u>	<u>39</u>	<u>2,717,340</u>	<u>35</u>
3400	Other equity	<u>489,869</u>	<u>6</u>	<u>353,182</u>	<u>5</u>
3XXX	Total equity	<u>4,750,725</u>	<u>57</u>	<u>4,088,143</u>	<u>53</u>
	Total liabilities and equity	<u>\$ 8,294,769</u>	<u>100</u>	<u>\$ 7,670,091</u>	<u>100</u>

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2023.)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming Yi

Chief Accounting Officer: Lin Shu-Juan



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

Consolidated Comprehensive Income Statement

From January 1 to December 31, 2022 and from January 1 to December 31, 2021

Unit: NT\$ thousands except NT\$ for earnings per share

Code		2022		2021	
		Amount	%	Amount	%
	Operating incomes (Notes 20, 28, 32)				
4110	Revenues	\$ 7,966,918	100	\$ 6,848,808	100
	Operating costs (Notes 10, 21, 28)				
5110	Cost of goods sold	<u>5,319,459</u>	<u>67</u>	<u>4,573,431</u>	<u>67</u>
5900	Gross profits	<u>2,647,459</u>	<u>33</u>	<u>2,275,377</u>	<u>33</u>
	Operating expenses (Notes 9, 21, 28)				
6100	Sales & marketing expenses	702,486	9	620,763	9
6200	Administrative expenses	457,349	5	391,492	6
6300	R&D expenses	<u>229,823</u>	<u>3</u>	<u>212,892</u>	<u>3</u>
6000	Total operating expenses	<u>1,389,658</u>	<u>17</u>	<u>1,225,147</u>	<u>18</u>
6900	Operating profits	<u>1,257,801</u>	<u>16</u>	<u>1,050,230</u>	<u>15</u>
	Non-operating incomes and expenses (Note 21)				
7100	Interest income	4,082	-	4,390	-
7190	Other incomes	67,109	1	40,683	1
7020	Other gains and losses	46,918	-	13,165	-
7050	Financial cost	( <u>28,516</u> )	-	( <u>25,565</u> )	-
7000	Total non-operating incomes and expenses	<u>89,593</u>	<u>1</u>	<u>32,673</u>	<u>1</u>
7900	Profits before tax	1,347,394	17	1,082,903	16
7950	Income tax expenses (Note 22)	<u>382,485</u>	<u>5</u>	<u>298,417</u>	<u>4</u>
8200	Current net income	<u>964,909</u>	<u>12</u>	<u>784,486</u>	<u>12</u>

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Code		2022		2021	
		Amount	%	Amount	%
8310	Other comprehensive income				
	Items that are not to be reclassified to profit or loss				
8311	Remeasurement of defined benefit plan (Note 18)	4,819	-	( 524 )	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive incomes (Note 19)	( 55,335 )	( 1 )	223,040	3
		( 50,516 )	( 1 )	222,516	3
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations (Note 19)	240,028	3	( 75,615 )	( 1 )
8399	Income tax components that may be reclassified (Note 22)	( 48,006 )	-	15,123	-
		192,022	3	( 60,492 )	( 1 )
8300	Other comprehensive income for the year (net of tax)	141,506	2	162,024	2
8500	Total comprehensive income for the year	\$ 1,106,415	14	\$ 946,510	14
8610	Net income attributable to: Shareholders of the Company	\$ 964,909	12	\$ 784,486	11
8710	Total comprehensive income attributable to: Shareholders of the Company	\$ 1,106,415	14	\$ 946,510	14
9710	Earnings per share (Note 23) Basic	\$ 22.71		\$ 18.47	
9810	Diluted	\$ 22.45		\$ 18.32	

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2023.)

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries  
Consolidated Statement of Changes in equity  
From January 1 to December 31, 2022 and from January 1 to December 31, 2021

Unit: NT\$ thousand unless otherwise indicated

Code		Share capital			Retained earnings					Other equity		Total	Total equity	
		No. of shares (thousand shares)	Ordinary share capital	Advanced receipt of share capital	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations			Unrealized gain of financial assets measured at fair value through other comprehensive incomes
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
	Appropriation and distribution of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	71,715	-	( 71,715 )	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	( 424,769 )	( 424,769 )	-	-	-	( 424,769 )
D1	2021 net income	-	-	-	-	-	-	-	784,486	784,486	-	-	-	784,486
D3	2021 other comprehensive income - after tax	-	-	-	-	-	-	-	( 524 )	( 524 )	( 60,492 )	223,040	162,548	162,024
D5	Total comprehensive income of 2021	-	-	-	-	-	-	-	783,962	783,962	( 60,492 )	223,040	162,548	946,510
N1	Share-based compensation – employee stock options (Note 24)	-	-	-	-	15,187	-	-	-	-	-	-	-	15,187
Z1	Balance on December 31, 2021	42,477	424,769	-	424,769	592,852	595,108	8,597	2,113,635	2,717,340	( 294,269 )	647,451	353,182	4,088,143
G1	Exercise of employee stock options	36	360	60	420	6,296	-	-	-	-	-	-	-	6,716
	Appropriation and distribution of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	78,396	-	( 78,396 )	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	( 467,246 )	( 467,246 )	-	-	-	( 467,246 )
D1	2022 net income	-	-	-	-	-	-	-	964,909	964,909	-	-	-	964,909
D3	2022 other comprehensive income - after tax	-	-	-	-	-	-	-	4,819	4,819	192,022	( 55,335 )	136,687	141,506
D5	Total comprehensive income of 2022	-	-	-	-	-	-	-	969,728	969,728	192,022	( 55,335 )	136,687	1,106,415
M3	Income taxes related to subsidiaries under organizational restructuring (Notes 22, 25)	-	-	-	-	1,984	-	-	-	-	-	-	-	1,984
N1	Share-based compensation – employee stock options (Note 24)	-	-	-	-	14,713	-	-	-	-	-	-	-	14,713
Z1	Balance on December 31, 2022	42,513	\$ 425,129	\$ 60	\$ 425,189	\$ 615,845	\$ 673,504	\$ 8,597	\$ 2,537,721	\$ 3,219,822	( \$ 102,247 )	\$ 592,116	\$ 489,869	\$ 4,750,725

The notes are an integral part of these consolidated financial statements.  
(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2023.)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming Yi

Chief Accounting Officer: Lin Shu Juan

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

Consolidated Statement of Cash Flows

From January 1 to December 31, 2022 and from January 1 to December 31, 2021

Unit: NT\$ thousand

Code		2022	2021
	Cash flows from operating activities		
A10000	Pre-tax profit for the current period	\$ 1,347,394	\$ 1,082,903
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	193,442	181,348
A20200	Amortization	80,406	74,929
A20300	Expected credit impairment loss (reversal gain)	( 3,487)	9,563
A20900	Financial cost	28,516	25,565
A21200	Interest income	( 4,082)	( 4,390)
A21300	Dividend income	( 37,000)	( 20,400)
A21900	Cost of employee stock options	14,713	15,187
A22500	Loss from disposal of property, plant and equipment	4,467	2,158
A23700	Loss for market price decline and obsolete inventory	27,799	4,010
A24100	Unrealized foreign exchange (gains) losses	( 44,802)	5,496
A29900	Gain on lease amendment	( 621)	-
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	1,263	( 2,127)
A31150	Notes and accounts receivable	22,229	( 221,328)
A31180	Other receivables	( 28,274)	( 16,747)
A31200	Inventory	( 417,741)	( 429,016)
A31230	Prepayments	( 36,731)	( 2,710)
A31240	Other current assets	158	( 891)
A31990	Other non-current assets	662	338
A32110	Financial liabilities held for trading	1,541	( 2,792)
A32150	Accounts payable	( 129,093)	279,587
A32180	Other payables	8,333	112,804
A32230	Other current liabilities	( 25,850)	60,050
A32240	Net defined benefit liability	42	( 3,653)
A32990	Other non-current liabilities	<u>17,577</u>	<u>5,253</u>
A33000	Cash inflows from operating activities	1,020,861	1,155,137
A33100	Interest received	4,220	4,098
A33500	Income tax paid	( <u>372,952</u> )	( <u>207,412</u> )
AAAA	Net cash flows from operating activities	<u>652,129</u>	<u>951,823</u>

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<u>Code</u>		<u>2022</u>	<u>2021</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	(\$ 84,535)	\$ -
B02700	Purchase of property, plant and equipment	( 85,236)	( 146,936)
B02800	Property, plant and equipment	2,031	943
B03700	Increase in refundable deposits	( 470)	( 4,717)
B03800	Decrease in refundable deposits	5,321	83
B04500	Purchase of intangible assets	( 15,152)	( 15,742)
B07100	Increase in equipment prepayments	( 59,153)	( 6,278)
B07600	Dividends received	<u>37,000</u>	<u>20,400</u>
BBBB	Net cash outflows from investing activities	( <u>200,194</u> )	( <u>152,247</u> )
	Cash flows from financing activities		
C00100	Increase (decrease) in net short-term loans	320,151	( 237,239)
C01600	Borrowing of long-term loans	280,000	300,000
C01700	Repayment of long-term loans	( 560,000)	( 430,000)
C03000	Collect the guarantee deposits received	84	-
C03100	Return of guarantee deposits received	( 317)	( 216)
C04020	Repayment of lease principals	( 111,120)	( 69,728)
C04500	Cash dividends paid	( 467,246)	( 424,769)
C04800	Exercise of employee stock options	6,716	-
C05600	Interest paid	( <u>26,894</u> )	( <u>25,723</u> )
CCCC	Net cash outflows from financing activities	( <u>558,626</u> )	( <u>887,675</u> )
DDDD	Currency impact on cash and cash equivalents	<u>48,858</u>	( <u>19,961</u> )
EEEE	Net decrease in cash and cash equivalents	( 57,833)	( 108,060)
E00100	Cash and cash equivalents at the beginning of the year	<u>1,199,879</u>	<u>1,307,939</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 1,142,046</u>	<u>\$ 1,199,879</u>

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2023.)

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan

[Appendix 2]

**TSC Auto ID Technology Co., Ltd.**

**Earnings Distribution Table for 2022**

Unit: NT\$

Item	Amount	
Unappropriated retained earnings for previous year		1,567,992,182
Net income for 2022	964,909,158	
Remeasurement of defined benefit plan recognized in retained earnings	4,819,167	
Adjusted unappropriated retained earnings after net income plus other items calculated into for the period		969,728,325
10% legal reserve		(96,972,833)
Earnings available for distribution for the period		2,440,747,674
Less: Distribution Items:		
Bonus to shareholders – Cash dividends (NT\$13 per share) Stock dividends (NT\$1 per share)	(595,307,160)	
Unappropriated retained earnings at the end of the period		1,845,440,514

Note 1: The shareholders' bonus is distributed from the retained earnings of 2022.

Note 2: The Cash dividend distribution will be calculated to the nearest NT dollar. Fractional dividend less than NT\$1 shall be combined into other income of the Company.

Note 3: The number of shares for cash dividends was calculated based on the total number of 42,521,940 shares outstanding as of March 15, 2023.

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan

[Appendix 3]

Comparison Table for Amendments of the “Articles of Incorporation”

Articles	After Revision	Existing Provision	Explanation
Article 25-1	<p>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 reserve and recognize or reverse any special reserves required by laws. After distributing dividends on preferred shares in accordance with Article 6-1 of the Articles of Incorporation, the remaining balance, along with accumulated and undistributed earnings from the previous year, may be reserved for business needs before distributing dividends to ordinary shareholders. <u>The Company’s legal reserve shall be appropriated until it reaches the total amount of the Company’s paid-in capital. When the balance of the legal reserve has reached the total amount of the Company’s paid-in capital, no further appropriation may be made.</u> The Company is currently in a growth stage of its life cycle, and in order to cater to future capital requirements and business prospects, all shareholder dividends are to be proposed by the board of directors as part of an earnings appropriation plan, and resolved in a shareholder meeting. In principle, the percentage of earnings to be distributed according to the resolution may not be lower than 10% of the distributable earnings for the year. Dividends may be issued in cash or shares. The percentage of dividends distributed in cash may not be lower than 10% of the total dividends. However, stock dividends will be issued in lieu of</p>	<p>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 reserve and recognize or reverse any special reserves required by laws. After distributing dividends on preferred shares in accordance with Article 6-1 of the Articles of Incorporation, the remaining balance, along with accumulated and undistributed earnings from the previous year, may be reserved for business needs before distributing dividends to ordinary shareholders. The Company is currently in a growth stage of its life cycle, and in order to cater to future capital requirements and business prospects, all shareholder dividends are to be proposed by the board of directors as part of an earnings appropriation plan, and resolved in a shareholder meeting. In principle, the percentage of earnings to be distributed according to the resolution may not be lower than 10% of the distributable earnings for the year. Dividends may be issued in cash or shares. The percentage of dividends distributed in cash may not be lower than 10% of the total dividends. However, stock dividends will be issued in lieu of cash dividends below NT\$0.2 per share. The rights, obligations, order of distribution, amount and manner of distribution of the preferred shares of the Company shall be governed by the preferred shares provisions of the Articles of Incorporation.</p>	<p>Article 237(1) of the Company Act stipulates that a company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. Therefore, the Articles of Incorporation were amended to provide that the Company’s legal reserve shall be appropriated until it reaches the total amount of the Company’s paid-in capital. When the balance of the legal reserve has reached the total amount of the Company’s paid-in capital, no further appropriation may be made.</p>

	cash dividends below NT\$0.2 per share. The rights, obligations, order of distribution, amount and manner of distribution of the preferred shares of the Company shall be governed by the preferred shares provisions of the Articles of Incorporation.		
Article 27	<p>This Article of Incorporation was established on March 7, 2007.</p> <p>The first amendment was made on April 26, 2007.</p> <p>The second amendment was made on May 21, 2007.</p> <p>The third amendment was made on June 13, 2007.</p> <p>The fourth amendment was made on May 15, 2008.</p> <p>The fifth amendment was made on June 16, 2009.</p> <p>The sixth amendment was made on June 18, 2010.</p> <p>The seventh amendment was made on June 19, 2012.</p> <p>The eighth amendment was made on June 13, 2013.</p> <p>The ninth amendment was made on June 7, 2016.</p> <p>The tenth amendment was made on June 8, 2017.</p> <p>The eleventh amendment was made on June 13, 2019.</p> <p>The twelfth amendment was made on June 11, 2021.</p> <p>The thirteenth amendment was made on June 17, 2022.</p> <p><u>The fourteenth amendment was made on June 16, 2023.</u></p>	<p>This Article of Incorporation was established on March 7, 2007.</p> <p>The first amendment was made on April 26, 2007.</p> <p>The second amendment was made on May 21, 2007.</p> <p>The third amendment was made on June 13, 2007.</p> <p>The fourth amendment was made on May 15, 2008.</p> <p>The fifth amendment was made on June 16, 2009.</p> <p>The sixth amendment was made on June 18, 2010.</p> <p>The seventh amendment was made on June 19, 2012.</p> <p>The eighth amendment was made on June 13, 2013.</p> <p>The ninth amendment was made on June 7, 2016.</p> <p>The tenth amendment was made on June 8, 2017.</p> <p>The eleventh amendment was made on June 13, 2019.</p> <p>The twelfth amendment was made on June 11, 2021.</p> <p>The thirteenth amendment was made on June 17, 2022.</p>	Added the fourteenth amendment date.



**[Appendix 4]**

**Comparison Table for the Amendments to the “Procedures for Acquisition and Disposal of Assets”**

Articles	After Revision	Existing Provision	Explanation
Article 2	<p>Scope of Assets &amp; Limits</p> <p>I. The term “assets” as used in these Procedures includes the following:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>(2) Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>(3) Memberships.</p> <p>(4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(5) Right-of-use assets.</p> <p>(6) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>(7) Derivatives.</p> <p>(8) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.</p> <p>(9) Other major assets.</p> <p>II. Limits:</p> <p>(1) The total amount of the real property for non-business use, other fixed assets, and short-term securities purchased by the Company is limited to 20% of the Company’s shareholders’ equity as reported in the most recent financial statements audited by accountants.</p>	<p>Scope of Assets &amp; Limits</p> <p>I. The term “assets” as used in these Procedures includes the following:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>(2) Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>(3) Memberships.</p> <p>(4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(5) Right-of-use assets.</p> <p>(6) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>(7) Derivatives.</p> <p>(8) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.</p> <p>(9) Other major assets.</p> <p>II. Limits:</p> <p>(1) The total amount of the real property for non-business use, other fixed assets, and short-term securities purchased by the Company is limited to 20% of the Company’s shareholders’ equity as reported in the most recent financial statements audited by accountants.</p>	<p>According to the actual business conditions within the Company. Adjust the upper limit of net long-term and short-term securities investment and the upper limit of long-term investment in a single company.</p>

Articles	After Revision	Existing Provision	Explanation
	<p>(2)The Company’s net investment in short-term and long-term securities is limited to <del>120%</del><b>200%</b> of the Company’s <del>consolidated</del> shareholders’ equity as reported in the most recent financial statements audited <del>or reviewed</del> by accountants. However, the amount of long-term investment (actual funds invested) in a single company is limited to <del>60%</del><b>100%</b> of the Company’s <del>consolidated</del> shareholders’ equity as reported in the most recent financial statements audited <del>or reviewed</del> by accountants.</p> <p>(3)The scope and limits of investment in subsidiaries are as described in I~II above.</p>	<p>(2)The Company’s net investment in short-term and long-term securities is limited to 120% of the Company’s shareholders’ equity as reported in the most recent financial statements audited by accountants. However, the amount of long-term investment (actual funds invested) in a single company is limited to 60% of the Company’s shareholders’ equity as reported in the most recent financial statements audited by accountants.</p> <p>(3)The scope and limits of investment in subsidiaries are as described in I~II above.</p>	
Article 6	<p>I. Trading Principles and Strategies</p> <p>(1) Types of Derivatives  “Derivatives”: Forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes, or other interests. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>(II) Operating or Hedging Strategies</p> <p>The Company shall engage in derivative product trading for the purpose of hedging, and should</p>	<p>I. Trading Principles and Strategies</p> <p>(1) Types of Derivatives  “Derivatives”: Forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes, or other interests. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>(II) Operating or Hedging Strategies</p> <p>The Company shall engage in derivative product trading for the purpose of hedging, and should</p>	Adjust the segregation of duties for each department according to the actual business conditions within the Company.

Articles	After Revision	Existing Provision	Explanation
	<p>choose the instruments to hedge interest rate and exchange rate risks arising from the Company's business operations as much as possible. In addition, the counterparties should be banks with high credit ratings and with whom the Company normally has business relationships in order to avoid credit risk from occurring.</p> <p>(III) Segregation of Duties</p> <p>1. Board of Directors</p> <p>(1) Approve type of derivatives trading.</p> <p>(2) Approve total trading amount.</p> <p>2. <del>Head</del> of a finance department</p> <p>(1) <del>Control the total amount and type of derivate trading. Draft strategy for derivatives trading to hedge the risk of market price fluctuations.</del></p> <p>(2) <del>Approve the appointment and discharge of traders and control the trading department and the trader's authorized limits. Execute the transactions according to the authorized authority and the formulated strategy.</del></p> <p>(3) <del>Prepare the risk report format, calculate risk exposure, and evaluate profit and loss periodically.</del></p> <p>(4) <del>Set up the risk assessment model and performance evaluation model, and assign traders and confirmation personnel as necessary. The traders are</del></p>	<p>choose the instruments to hedge interest rate and exchange rate risks arising from the Company's business operations as much as possible. In addition, the counterparties should be banks with high credit ratings and with whom the Company normally has business relationships in order to avoid credit risk from occurring.</p> <p>(III) Segregation of Duties</p> <p>1. Chairman</p> <p>(1) Approve type of derivatives trading.</p> <p>(2) Approve total trading amount.</p> <p>2. Head of a finance department</p> <p>(1) Control the total amount and type of derivatives trading.</p> <p>(2) Approve the appointment and discharge of traders and control the trading department and the trader's authorized limits.</p> <p>(3) Prepare the risk report format.</p> <p>(4) Set up the risk assessment model and performance evaluation model.</p>	

Articles	After Revision	Existing Provision	Explanation
	<p><u>responsible for making transactions; confirmation personnel are responsible for confirming transactions with counterparties.</u></p> <p><u>(5) Report to the Board of Directors or to an executive officer who is not responsible for the trading or decision-making thereof periodically.</u></p> <p><u>(6) Carry out bookkeeping and maintain supporting documents according to GAAP.</u></p> <p><u>3. Trading Unit</u></p> <p><u>(1) Prepare trading strategies and make transactions directly to counterparties within the scope of the authorization.</u></p> <p><u>(2) Compile and record all transaction documents, certificates, and information.</u></p> <p><u>4. Delivery Unit</u></p> <p><u>The personnel in charge of fund arrangement will calculate the cash flow and handle the delivery matters thoroughly in line with the bank credit line.</u></p> <p><u>5. Accounting Unit</u></p> <p><u>(1) Provide risk exposure information.</u></p> <p><u>(2) Bookkeeping and prepare financial statements in accordance with GAAP.</u></p> <p><u>(3) Measure, oversee, and control transaction risk and report to the Board of Directors or to an executive officer who is not responsible for the trading or</u></p>	<p>3. Trading Unit</p> <p>(1) Prepare trading strategies and make transactions directly to counterparties within the scope of the authorization.</p> <p>(2) Compile and record all transaction documents, certificates, and information.</p> <p>4. Delivery Unit</p> <p>The personnel in charge of fund arrangement will calculate the cash flow and handle the delivery matters thoroughly in line with the bank credit line.</p> <p>5. Accounting Unit</p> <p>(1) Provide risk exposure information.</p> <p>(2) Bookkeeping and prepare financial statements in accordance with GAAP.</p> <p>(3) Measure, oversee, and control transaction risk and report to the Board of Directors or to an executive officer who is not responsible for the trading or</p>	

Articles	After Revision	Existing Provision	Explanation
	<p><del>decision-making</del> <del>thereof</del> <del>periodically.</del></p> <p><u>63.</u> Audit office Understand the appropriateness of the internal control of derivatives trading and examine whether the trading <del>department</del> has followed the operating procedures. <del>Analyze the transaction cycle and</del> prepare audit reports. Report to the Audit Committee if significant deficiencies are found. (omitted below)</p>	<p>decision-making                      thereof periodically.</p> <p>6. Audit office Understand the appropriateness of the internal control of derivatives trading and examine whether the trading department has followed the operating procedures. Analyze the transaction cycle and prepare audit reports. Report to the Audit Committee if significant deficiencies are found. (omitted below)</p>	
Article 13	<p>These Procedures shall be approved by the Audit Committee and then resolved by the board of directors, and shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Audit Committee or the board of directors meeting. Date of establishment: April 26, 2007 The first amendment was made on August 9, 2007. The second amendment was made on June 16, 2009. The third amendment was made on June 18, 2010. The fourth amendment was made on June 19, 2012. The fifth amendment was made on June 13, 2013.</p>	<p>These Procedures shall be approved by the Audit Committee and then resolved by the board of directors, and shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Audit Committee or the board of directors meeting. Date of establishment: April 26, 2007 The first amendment was made on August 9, 2007. The second amendment was made on June 16, 2009. The third amendment was made on June 18, 2010. The fourth amendment was made on June 19, 2012. The fifth amendment was made on June 13, 2013.</p>	Added the twelfth amendment date.

Articles	After Revision	Existing Provision	Explanation
	<p>The sixth amendment was made on June 13, 2014.</p> <p>The seventh amendment was made on June 09, 2015.</p> <p>The eighth amendment was made on June 08, 2017.</p> <p>The ninth amendment was made on June 13, 2019.</p> <p>The tenth amendment was made on June 11, 2021.</p> <p>The eleventh amendment was made on June 17, 2022.</p> <p><u>The twelfth amendment was made on June 16, 2023.</u></p>	<p>The sixth amendment was made on June 13, 2014.</p> <p>The seventh amendment was made on June 09, 2015.</p> <p>The eighth amendment was made on June 08, 2017.</p> <p>The ninth amendment was made on June 13, 2019.</p> <p>The tenth amendment was made on June 11, 2021.</p> <p>The eleventh amendment was made on June 17, 2022.</p>	

## [Appendix 5]

### Shareholder Meeting Conference Rules

1. The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
2. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.  
The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.
3. Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.
4. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
5. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the vice chairman shall act in place of the Chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

6. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

7. The shareholders meeting shall be documented by audio or video and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
8. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, a new chair shall be elected, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After close of the said meeting, shareholders shall not elect another chairperson to hold another meeting at the same place or at any other place.

10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same



proposal.

13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
14. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

16. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

17. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 177, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration

of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

18. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
19. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

20. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

These Rules was established on August 9, 2007.

The first amendment was made on June 8, 2017.

The second amendment was made on July 23, 2021.

## [Appendix 6]

### Articles of Incorporation (Before The Amendments)

#### Chapter I General Provisions

- Article 1: The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 鼎翰科技股份有限公司 in the Chinese language, and TSC Auto ID Technology Co., Ltd. in the English language.
- Article 2: The scope of business of the Company shall be as follows:
1. CC01080 Manufacture of Electronic Parts and Components
  2. CB01020 Office Machines Manufacturing
  3. CC01110 Computers and Computing Peripheral Equipments Manufacturing
  4. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
  5. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
  6. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company may provide mutual endorsements/guarantees for another company in the same industry for the business purpose.
- Article 4: The reinvestment of the Company shall be resolved by the board of directors. The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation's paid-in capital as provided in Article 13 of the Company Act.
- Article 5: The headquarters of this Company shall be located in New Taipei City. If the Company considers it necessary, it may, by a resolution adopted at a meeting by the board of directors, set up branch offices in Taiwan or abroad.

#### Chapter II Capital Stocks

- Article 6: The total capital stock of the Company shall be in the amount of 800,000,000 New Taiwan Dollars, divided into 80,000,000 shares, at NT\$10 each. The Board of Directors is authorized to issue the shares in installments, some of which may be preferred shares. The Company reserves NT\$80 million capital described in the preceding paragraph, divided into 8 million shares at NT\$10 per share, for the issuance of employee stock warrants. The employee stock warrants may be issued in installments as resolved by the board of directors, and the subscription price may be lower than the closing price on the issue date. The Company's employee stock warrants shall be issued to employees of the parent or subsidiaries of the Company meeting certain specific requirements. These requirements are determined by the Board of Directors.
- Article 6-1: The rights and obligations of the preferred shares of the Company and other important conditions for issuance are shown below:
- (1) Dividends for preferred shares shall be set at no more than 8% per annum.

Dividends for preferred shares shall be calculated on the offering price per share and will be paid in cash once a year. After the ratification of the financial statements and the appropriation of the earnings by the annual regular shareholders' meeting, the Board shall set the dividend day for the distribution of dividends of the previous fiscal year. The distribution of dividends in the year of offering and the year of redemption shall be based on the quantity of the issuing day.

- (2) The Company is discretionary in payment of stock dividend for preferred shares. If the Company has no earnings in particular year, or the earnings are insufficient for dividend payment, or otherwise necessary, the Company may decide not to pay dividends on preferred shares by resolution of the shareholders' meeting, and this will not become a cause of default. If the preferred shares so issued are the non-accumulative type, the dividends not being distributed or inadequate amount of dividends shall not be accumulated to deferred payments with subsequent years in which the Company has earnings.
- (3) Further to the entitlement of dividend stated in Subparagraph 1, the holders of preferred shares are not entitled to cash dividend or stock dividend for common stocks through for cash payment or capitalization of retained earnings and capital reserve.
- (4) Holders of preferred shares issued by the Company have the priority to distribution of residual assets over the holders of common stocks up to the amount of the issued price of the outstanding preferred shares at the time of issuance, and its preferential order to receive indemnification is the same as that of shareholders of various preferred shares issued by the Company, all of which are next to those of general creditors.
- (5) Holders of preferred shares are not entitled to vote and taking part in the election but could be elected as Directors, and are entitled to vote only in the Shareholders' Meeting of preferred shares and session of the Shareholders' Meeting related to the rights and obligations of the holders of preferred shares.
- (6) No conversion of the convertible preferred shares issued by the Company within 1 year from the day of offering. The timing for conversion shall be determined by the Board as an integral part of the condition of offering under authorization. Holders of convertible preferred shares may apply for conversion of preferred shares in their holding to common stocks in whole or in part as stated in the conditions of offering at the ratio of 1 preferred share to 1 common stock (conversion ratio is 1:1). After the conversion of preferred shares to common stocks, the rights and obligations shall be the same as common stocks. The payment of dividend in the year of conversion of preferred shares shall be based on the exact number of outstanding days of the shares in proportion to the number of days in the year in the calculation. However, preferred shares converted to common stocks prior to the ex-right (dividend) day are not entitled to the payment of dividend for preferred shares in the year of payment and payment in subsequent years, but are entitled to the payment of dividend of common stocks from earnings and capital reserve.
- (7) For the holders of the preferred shares with no maturity date, they may not claim for the redemption of the shares. The Company may redeem the outstanding preferred shares in whole or in part from the day after the 5th

anniversary of the offering of preferred shares at the original offering price at any time. The preferred shares not being redeemed still be granted the rights and obligations as mentioned in preceding subparagraphs. Where the Company may determine to pay stock dividend in particular year, the payable dividend to the deadline of redemption shall be calculated on the exact number of outstanding days.

The Board shall be authorized to assign the title, issuing date and the terms and conditions for the offering of preferred shares at the time of offering pending on the situation of the capital market and the willingness of the investors and in accordance with the Articles of Incorporation of the Company and other applicable legal rules.

Article 7: When the Company issues new shares, there shall be ten to fifteen percent of such new shares reserved for subscription by the employees of parent or subsidiaries of the Company meeting certain specific requirements, and such specific requirements are authorized to be set by the board of directors.

Article 8: The Company's stocks are changed to be registered with names. Issuance has to be signed or sealed by three directors of the Company, and shall be underwritten in accordance with the laws. After the Company has publicly listed, it may be exempted from printing any share certificate for the shares issued, but it shall register the issued shares with a centralized securities depository enterprise.

Article 9: No transfer of shares shall be handled within thirty days prior to a regular shareholders' meeting, or within fifteen days prior to a special shareholders' meeting, or within five days prior to allocation of dividend bonus or any other benefits.

After the Company has been publicly listed, no transfer of shares shall be handled within sixty days prior to a regular shareholders' meeting, or within thirty days prior to a special shareholders' meeting, or within five days prior to allocation of dividend bonus or any other benefits in accordance with the Article 165 of the Company Act.

Article 10: The Company's stock matters shall be handled in accordance with the relevant laws and regulations by the competent authority.

### Chapter III Shareholders' Meeting

Article 11: The meeting of shareholders includes the regular meeting of shareholders and special meeting of shareholders. The regular meetings shall be convened once a year within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China, while the Extraordinary General meeting of shareholders will be held when necessary.

The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the Ministry of Economic Affairs.

Article 12: In the event that a shareholder is unable to attend a shareholders' meeting for any reason, in addition to the provisions of Articles 177, 177-1 and 177-2 of the Company Act, upon the Company being publicly listed, the Company shall also comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" as promulgated by the Financial Supervisory Commission, Executive Yuan.

Article 13: Shareholders are entitled to one vote per share. The resolutions reached in the

meeting of shareholders, unless otherwise provided in the relevant laws and regulations, must be with the majority votes of the attending shareholders and the shareholdings of the attending shareholders is over one half of the total number of shares issued. However, this does not apply to the preferred shares with no voting rights issued by the Company.

Article 13-1: If the Company proposes to withdraw from being publicly listed, the Company shall, in addition to obtaining the approval from the board of directors, a resolution in the shareholders' meeting shall be resolved by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares before proceeding with the withdrawal of being publicly listed.

Article 14: The resolutions of the shareholders' meeting shall be signed or sealed by the chairperson, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The minutes referred to in the preceding paragraph shall be distributed in accordance with the Company Act.

#### Chapter IV Directors and Audit Committee

Article 15: The Company's Board is composed of 7 directors elected among the competent individuals in the meeting of shareholders for a 3-year tenure and can be reelected. After the Company has been publicly listed, the minimum total registered shares owned by all directors shall be subject to the provisions of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

Article 15-1: After the Company has been publicly issued, the number of independent directors shall not be less than two and shall not be less than one-fifth of all directors. The Company shall adopt a candidate nomination system for the election of non-independent directors and independent directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority in charge of securities.

Article 15-2: The election of directors of the Company shall be conducted in accordance with the "Procedures for Election of Directors". The open-ballot, cumulative voting method will be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. In the event that there is a need to amend the Procedures, in addition to the provisions of Article 172 of the Company Act, the comparison table of the amendments shall be listed in the convening reason. The independent directors and non-independent directors shall be elected at the same time, but in separately calculated numbers.

Article 16: The board of directors shall consist of directors of the Company, and the chairman of the board of directors shall be elected by a majority of directors in attendance at a meeting attended by over two-thirds of the board of directors. The chairman of the board of directors shall represent this Company in external matters. Board of Directors Meeting shall be convened at least once per quarter. The reasons for calling a board of directors meeting shall be notified to each director at least

seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice of the meeting may be made by electronic mail or facsimile transmission. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 17: Where the chairman of the board of directors is on leave or cannot exercise his powers or perform his duties for any reason, an acting chairman shall be designated in accordance with Article 208 of the Company Act.

Article 18: Unless otherwise provided for in the Company Act, resolutions of the board of directors shall be adopted by one-half of the directors at a meeting attended by one-half of the directors. Where a director is unable to attend the meeting of the board of directors, he/she may appoint another director as his/her proxy to attend the meeting by issuing a letter of proxy. The meeting minutes of the Board of Directors shall be made. Each director can act as a proxy for only one other director.

Article 19: The authority of the Board of Directors shall be governed by the provisions of the Company Act and other relevant laws and regulations.

Article 20: The Company shall establish an Audit Committee, which shall consist of all independent directors. Matters concerning the number, term of office, powers, rules of procedure for meetings, and resources to be provided by the Company when the Audit Committee exercises its powers shall be prescribed separately in the Audit Committee Charter.

Powers conferred by the Company Act, the Securities and Exchange Act and any other law to be exercised by supervisors, excepting those powers set out in Article 14-4, paragraph 4, of the Securities and Exchange Act, shall be exercised by the Audit Committee.

The provisions of Article 14-4, paragraph 4, of the Securities and Exchange Act concerning provisions of the Company Act concerning acts done by supervisors, and the role of supervisors as representatives of the Company, shall apply mutatis mutandis to the independent director members on the Audit Committee.

Article 21: The Company may pay remuneration to the directors of the Company when they perform the duties of the Company. The remuneration shall be based on the standards of the industry no matter whether the Company has profit or suffered loss. When the Company has a surplus, the Company shall also distribute the remuneration to the directors in accordance with the provisions of Article 25.

Article 22: In order to provide a liability insurance system for directors and to reduce the risks arising from the execution of their duties, the Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship after each term of election.

## Chapter V Managers

Article 23: The Company shall appoint managers, whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

## Chapter VI Accounting

Article 24: The Company's fiscal year is starting from January 1 until December 31 of every calendar year. The final account closing shall be conducted at end of every fiscal year. The board of directors shall prepare the following statements and submit them to the regular shareholders' meeting for ratification in accordance with the laws.

- (1) Business report.
- (2) Financial statements.
- (3) Proposal of surplus earning distribution or loss off-setting.

Article 25: 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. However, profits must first be retained to offset cumulated losses, if any. The remaining balance can then be allocated for employee remuneration and director remuneration at the above percentages.

Article 25-1: 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 reserve and recognize or reverse any special reserves required by laws. After distributing dividends on preferred shares in accordance with Article 6-1 of the Articles of Incorporation, the remaining balance, along with accumulated and undistributed earnings from the previous year, may be reserved for business needs before distributing dividends to ordinary shareholders. The Company is currently in a growth stage of its life cycle, and in order to cater to future capital requirements and business prospects, all shareholder dividends are to be proposed by the board of directors as part of an earnings appropriation plan, and resolved in a shareholder meeting. In principle, the percentage of earnings to be distributed according to the resolution may not be lower than 10% of the distributable earnings for the year. Dividends may be issued in cash or shares. The percentage of dividends distributed in cash may not be lower than 10% of the total dividends. However, stock dividends will be issued in lieu of cash dividends below NT\$0.2 per share. The rights, obligations, order of distribution, amount and manner of distribution of the preferred shares of the Company shall be governed by the preferred shares provisions of the Articles of Incorporation.

## Chapter VII Miscellaneous

Article 26: Any matters not provided for by these Articles of Incorporation shall be subject to the provisions of the Company Act.

Article 27: This Article of Incorporation was established on March 7, 2007.  
The first amendment was made on April 26, 2007.  
The second amendment was made on May 21, 2007.  
The third amendment was made on June 13, 2007.  
The fourth amendment was made on May 15, 2008.  
The fifth amendment was made on June 16, 2009.



The sixth amendment was made on June 18, 2010.  
The seventh amendment was made on June 19, 2012.  
The eighth amendment was made on June 13, 2013.  
The ninth amendment was made on June 7, 2016.  
The tenth amendment was made on June 8, 2017.  
The eleventh amendment was made on June 13, 2019.  
The twelfth amendment was made on July 23, 2021.  
The thirteenth amendment was made on June 17, 2022.

**[Appendix 7]**

**Effect upon Business Performance, Earnings Per Share and Return On Shareholders' Investment of the Company's Stock Dividend Distribution**

Unit: NT\$1,000; NT\$ for earnings per share

Item		Year	2023 (estimation)
Paid-in capital at the beginning			425,219
Dividend and stock dividend this year	Cash dividend per share (Note 1)		NT\$13.0
	Stock dividend from retained earnings transferred to capital increase		0.1 share
	Stock dividend from capital reserve transferred to capital increase		NT\$0
Changes to operating performances (Note 2)	Operating profit		N/A
	Increasing (decreasing) percentage of operating profit compared with the same period last year		N/A
	Net profit after tax		N/A
	Increasing (decreasing) percentage of net profit after tax compared with the same period last year		N/A
	Earnings per Share		N/A
	Increasing (decreasing) percentage of earnings per share compared with the same period last year		N/A
	Annual average rate on investment (reciprocal of annual price-earnings ratio)		N/A
Proforma earnings per share and price-earnings ratio (Note 2)	If all the retained earnings transferred to capital increase were distributed by cash dividend	Proforma earnings per share	N/A
		Proforma annual average rate on investment	N/A
	If capital reserve transferred to capital increase was not conducted	Proforma earnings per share	N/A
		Proforma annual average rate on investment	N/A
	If capital reserve transferred to capital increase and all the retained earnings transferred to capital increase distributed by cash dividend were not conducted	Proforma earnings per share	N/A
		Proforma annual average rate on investment	N/A

Note 1: To be resolved at 2023 Annual General Shareholders' Meeting.

Note 2: The Company is not required to disclose the financial forecast information for 2022 in accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies" and is therefore not applicable.

**[Appendix 8]**

**Information on the Shareholdings of the Company's Directors**

- I. The number of shares outstanding on April 18, 2023 was 42,521,940, and the minimum number of shares to be held by all directors was 3,600,000 in accordance with Article 26 of the Securities and Exchange Act.
- II. The number of shares held by all directors as of April 18, 2023, date for suspension of share transfer for this regular shareholders' meeting, is as follows:

Title	Name	Date elected	Shareholding when elected			Current shareholding			Remarks
			Type of share	No. of shares	% of share issued at the time	Type of share	No. of shares	% of share issued at the time	
Chairman	Wang Hsing Lei	June 17, 2022	Ordinary share	183,304	0.43%	Ordinary share	183,304	0.43%	
Director	Wang Shiu Ting	June 17, 2022	Ordinary share	739,984	1.74%	Ordinary share	739,984	1.74%	
Director	Taiwan Semiconductor Co., Ltd. Corporate representative: Luo Yue Gui	June 17, 2022	Ordinary share	15,453,177	36.38%	Ordinary share	15,453,177	36.34%	
Director	Chen Ming Yi	June 17, 2022	Ordinary share	0	-	Ordinary share	0	-	
Independent Director	Ma Chia Ying	June 17, 2022	Ordinary share	0	-	Ordinary share	0	-	
Independent Director	Li Chun Chi	June 17, 2022	Ordinary share	0	-	Ordinary share	0	-	
Independent Director	Lin Tuo Zhi	June 17, 2022	Ordinary share	38,720	0.09%	Ordinary share	38,720	0.09%	
Total				16,415,185	38.64%		16,415,185	38.60%	

Total number of shares outstanding at the time of election on June 17, 2022 : 42,476,940 shares

## **[Appendix 9] Other Explanations**

Explanation on the acceptance of shareholders' proposals at this regular shareholders' meeting:

- Explanation: 1. Pursuant to Article 172-1 of the Company Act, a shareholder holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words. In case a proposal contains more than one matter, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
2. The period for accepting the shareholders' proposal for this year's regular shareholders' meeting is from March 29, 2023 to April 10, 2023. The Company has announced the acceptance of the proposal on the Market Observation Post System in accordance with the laws.
3. The Company did not receive any proposals from shareholders during the aforesaid period of accepting proposals.