Stock Code: 3611

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

Consolidated Financial Statement and Auditor's Review Report

First Quarter of 2023/2022

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

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Auditor's Review Report

To TSC Auto ID Technology Co., Ltd.:

Background

We have audited the consolidated balance sheet as of March 31, 2023 and March 31, 2022; the consolidated incomes statement from January 1 to March 31, 2023 and from January 1 to March 31, 2022; the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to March 31, 2023 and from January 1 to March 31, 2022 of TSC Auto ID Technology Co., Ltd. and its subsidiaries ("TSC Auto ID Technology Group") and the notes to consolidated financial statements (including the summary of major accounting policies). According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission, the preparation of financial reports for fair representation is the management's responsibility. Our responsibility is to reach conclusions based on the review result of consolidated financial statements.

Scope

We reviewed the financial statements in accordance with the Review Standards No. 2410 "Review of Financial Statements". The procedures of a review of consolidated financial statements include inquiries (mainly to financial and accounting personnel), analytical procedures and other review procedures. A review is substantially less in scope than an audit. Therefore, we may not be able to detect all the material items which can be identified via audit work and will not be able to express an opinion accordingly.

Conclusion

Based on our review and other auditors' review (please refer to "Other Matters"), we did not identify in the abovementioned consolidated financial statements any materiality that was not prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission, and that prevented the fair representation of TSC Auto ID Technology Group's consolidated financial status as of March 31, 2023 and March 31, 2022, consolidated financial performance and cash flows from January 1 to March 31, 2023 and from January 1 to March 31, 2022.

Other Matters

Among the subsidiaries consolidated in TSC Auto ID Technology Group's financial statements, the financial statements of certain important subsidiaries were not reviewed by us but by other auditors. Therefore, our conclusion of the abovementioned financial statements was based on the review by other auditors of recognition and disclosure regarding the listed amounts and relevant information disclosed in notes of the financial statements of these companies. The total assets of the subsidiaries accounted for 19.69% and 19.48% of the total consolidated assets as of March 31, 2023 and 2022 respectively; The operating revenues of the subsidiaries accounted for 41.18% and 39.00% of the consolidated operating revenues as of March 31, 2023 and 2022 respectively; And their total comprehensive income accounted for 7.26% and 12.07% of the total consolidated comprehensive income respectively.

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

May 10, 2023

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

Consolidated Balance Sheet

As of March 31, 2023, December 31, 2021 and March 31, 2022

Unit: NT$ thousand

		March 31, 2023 (reviewed)		December 31, 2022 (audited)		March 31, 2022 (reviewed)	
Code	Asset	Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 1,104,394	13	$ 1,142,046	14	$ 882,023	11
1110	Financial assets at fair value through profit or loss (Note 7)	355	-	1,798	-	984	-
1170	Notes and accounts receivable, net (Notes 9, 27)	1,254,309	15	1,350,343	16	1,315,333	17
1200	Other receivables (Note 27)	35,264	-	51,116	1	37,826	-
130X	Inventory (Note 10)	1,680,755	19	1,624,449	19	1,400,183	18
1410	Prepayments	100,573	1	69,070	1	68,296	1
1470	Other current assets	10,528	-	7,835	-	298	-
11XX	Total current assets	4,186,178	48	4,246,657	51	3,704,943	47
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (Note 8)	1,539,200	18	1,098,160	13	1,280,200	16
1600	Property, plant and equipment (Note 12)	1,068,791	12	1,053,525	13	1,031,730	13
1755	Right-of-use assets (Note 13)	158,374	2	180,889	2	231,370	3
1780	Other intangible assets (Note 15)	189,452	2	200,919	2	235,545	3
1805	Goodwill (Note 14)	1,049,113	12	1,058,071	13	986,235	12
1840	Deferred income tax assets	404,317	5	387,569	5	416,156	5
1990	Other non-current assets	50,113	1	68,979	1	44,853	1
15XX	Total non-current assets	4,459,360	52	4,048,112	49	4,226,089	53
1XXX	Total assets	$ 8,645,538	100	$ 8,294,769	100	$ 7,931,032	100
Code	Liabilities and equity						
	Current liabilities						
2100	Short-term loans (Note 16)	$ 698,121	8	$ 876,515	11	$ 570,029	7
2120	Financial liabilities at fair value through profit or loss (Note 7)	2,541	-	1,984	-	7,422	-
2170	Accounts payable (Note 26)	740,393	9	698,489	8	761,743	10
2200	Other payables (Notes 17, 27)	322,177	4	430,321	5	281,743	4
2230	Income tax liability during the period	184,424	2	120,953	1	244,325	3
2250	Liability reserve	6,620	-	6,618	-	6,143	-
2280	Lease liability (Note 13)	93,394	1	92,735	1	87,607	1
2320	Long-term liabilities due within one year (Note 16)	5,000	-	63,000	1	-	-
2399	Other current liabilities (Note 19)	101,284	1	130,883	2	176,924	2
21XX	Total current liabilities	2,153,954	25	2,421,498	29	2,135,936	27
	Non-current liabilities						
2540	Long-term loans (Note 16)	522,000	6	557,000	7	780,000	10
2570	Deferred income tax liabilities	400,943	5	383,490	5	316,185	4
2580	Lease liability (Note 13)	75,323	1	95,534	1	159,960	2
2640	Net defined benefit liability	14,964	-	14,954	-	19,747	-
2670	Other non-current liabilities	92,577	1	71,568	1	73,451	1
25XX	Total non-current liabilities	1,105,807	13	1,122,546	14	1,349,343	17
2XXX	Total liabilities	3,259,761	38	3,544,044	43	3,485,279	44
	Equity (Note 18)						
	Share capital						
3110	Ordinary share capital	425,189	5	425,129	5	424,769	5
3140	Advanced receipt of share capital	30	-	60	-	-	-
3100	Total share capital	425,219	5	425,189	5	424,769	5
3200	Capital surplus	617,487	7	615,845	7	595,490	8
	Retained earnings						
3310	Legal reserve	673,504	8	673,504	8	595,108	7
3320	Special reserve	8,597	-	8,597	-	8,597	-
3350	Unappropriated earnings	2,742,050	31	2,537,721	31	2,269,189	29
3300	Total retained earnings	3,424,151	39	3,219,822	39	2,872,894	36
3400	Other equity	918,920	11	489,869	6	552,600	7
3XXX	Total equity	5,385,777	62	4,750,725	57	4,445,753	56
	Total liabilities and equity	$ 8,645,538	100	$ 8,294,769	100	$ 7,931,032	100

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

(Please refer to the auditor's review report issued by Deloitte Taiwan on May 10, 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 March 31, 2023 and from January 1 to March 31, 2022

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

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

		January 1 to March 31, 2023		January 1, 2022 to March 31, 2022	
Code		Amount	%	Amount	%
	Operating incomes (Notes 19, 27)				
4110	Revenues	$ 1,908,049	100	$ 1,762,091	100
	Operating costs (Notes 10, 20, 27)				
5110	Cost of goods sold	1,282,406	67	1,237,388	70
5900	Gross profits	625,643	33	524,703	30
	Operating expenses (Notes 9, 20, 26)				
6100	Sales & marketing expenses	179,063	9	163,352	9
6200	Administrative expenses	114,798	6	99,147	6
6300	R&D expenses	51,344	3	57,076	3
6000	Total operating expenses	345,205	18	319,575	18
6900	Operating profits	280,438	15	205,128	12
	Non-operating incomes and expenses (Note 20)				
7100	Interest income	2,342	-	605	-
7190	Other incomes	5,931	-	5,561	-
7020	Other gains and losses	1,364	-	15,459	1
7050	Financial cost	(11,837)	-	(5,402)	-
7000	Total non-operating incomes and expenses	(2,200)	-	16,223	1
7900	Profits before tax	278,238	15	221,351	13
7950	Income tax expenses (Note 21)	73,909	4	65,797	4
8200	Net income for the period	204,329	11	155,554	9

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Code		January 1 to March 31, 2023 Amount	%	January 1 to March 31, 2022 Amount	%
	Other comprehensive incomes (Note 18)				
8310	Items that are not to be reclassified to profit or loss				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive incomes	$ 441,040	23	$ 126,663	7
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	(14,985)	(1)	90,944	5
8399	Income tax components that may be reclassified	2,996	-	(18,189)	(1)
8300	Other comprehensive income for the period (net of tax)	429,051	22	199,418	11
8500	Total comprehensive income for the period	$ 633,380	33	$ 354,972	20
	Net income attributable to:				
8610	Shareholders of the Company	$ 204,329	11	$ 155,554	9
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ 633,380	33	$ 354,972	20
	Earnings per share (Note 22)				
9710	Basic	$ 4.81		$ 3.66	
9810	Diluted	$ 4.75		$ 3.64	

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

(Please refer to the auditor’s review report issued by Deloitte Taiwan on May 10, 2023.)

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

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

Consolidated Statement of Changes in equity

From January 1 to March 31, 2023 and from January 1 to March 31, 2022

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

Unit: NT$ thousand unless otherwise indicated

		Share capital					Retained earnings				Other equity			
Code		No. of shares (thousand shares)	Ordinary share capital	Advanced receipt of share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gain of financial assets measured at fair value through other comprehensive incomes	Total	Total equity
A1	Balance on January 1, 2022	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
D1	Net income from January 1 to March 31, 2022	-	-	-	-	-	-	-	155,554	155,554	-	-	-	155,554
D3	Other comprehensive income (net of tax) from January 1 to March 31, 2022	-	-	-	-	-	-	-	-	-	72,755	126,663	199,418	199,418
D5	Total comprehensive income from January 1 to March 31, 2022	-	-	-	-	-	-	-	155,554	155,554	72,755	126,663	199,418	354,972
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	2,638	-	-	-	-	-	-	-	2,638
Z1	Balance on March 31, 2022	42,477	$ 424,769	$ -	$ 424,769	$ 595,490	$ 595,108	$ 8,597	$ 2,269,189	$ 2,872,894	($ 221,514)	$ 774,114	$ 552,600	$ 4,445,753
A1	Balance on January 1, 2023	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
G1	Exercise of employee stock options	6	60	(30)	30	450	-	-	-	-	-	-	-	480
D1	Net income from January 1 to March 31, 2023	-	-	-	-	-	-	-	204,329	204,329	-	-	-	204,329
D3	Other comprehensive income (net of tax) from January 1 to March 31, 2023	-	-	-	-	-	-	-	-	-	(11,989)	441,040	429,051	429,051
D5	Total comprehensive income from January 1 to March 31, 2023	-	-	-	-	-	-	-	204,329	204,329	(11,989)	441,040	429,051	633,380
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	1,192	-	-	-	-	-	-	-	1,192
Z1	Balance on March 31, 2023	42,519	$ 425,189	$ 30	$ 425,219	$ 617,487	$ 673,504	$ 8,597	$ 2,742,050	$ 3,424,151	($ 114,236)	$ 1,033,156	$ 918,920	$ 5,385,777

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

(Please refer to the auditor's review report issued by Deloitte Taiwan on May 10, 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 March 31, 2023 and from January 1 to March 31, 2022

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

Unit: NT$ thousand

Code		January 1 to March 31, 2023	January 1 to March 31, 2022
	Cash flows from operating activities		
A10000	Profit before tax	$ 278,238	$ 221,351
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	50,071	46,172
A20200	Amortization	17,330	18,924
A20300	Expected credit losses (reversal gains)	5,274	(1,310)
A20900	Financial cost	11,837	5,402
A21200	Interest income	(2,342)	(605)
A22500	Gain on disposal and scrapping of property, plant, and equipment	(128)	(850)
A21900	Cost of employee stock options	1,192	2,638
A23000	Gain on lease amendment	-	(535)
A23700	Loss for market price decline and obsolete inventory (Gain from price recovery)	(6,675)	3,787
A24100	Unrealized foreign exchange gains	(20,020)	(25,772)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	1,443	2,077
A31150	Notes and accounts receivable	113,724	24,954
A31180	Other receivables	16,040	1,944
A31200	Inventory	(46,162)	(210,831)
A31230	Prepayments	(31,715)	(34,892)
A31240	Other current assets	(2,466)	(62)
A31990	Other non-current assets	23	715
A32110	Financial liabilities held for trading	557	6,979
A32150	Accounts payable	35,856	(36,681)
A32180	Other payables	(102,677)	(105,435)
A32230	Other current liabilities	(29,351)	20,115
A32240	Net defined benefit liability	10	16
A32990	Other non-current liabilities	21,381	19,851
A33000	Cash inflow (outflow) from operating activities	311,440	(42,048)
A33100	Interest received	1,915	944
A33500	Income tax paid	(8,587)	(11,261)
AAAA	Net cash inflows (outflows) from operating activities	304,768	(52,365)

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Code		January 1 to March 31, 2023	January 1 to March 31, 2022
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	$ -	($ 84,577)
B02700	Purchase of property, plant and equipment	(22,436)	(23,918)
B02800	Disposal of property, plant and equipment	304	850
B03700	Increase in refundable deposits	(189)	(27)
B03800	Decrease in refundable deposits	14	109
B04500	Purchase of intangible assets	(7,222)	(1,353)
B07100	Increase in equipment prepayments	(5,730)	(13,991)
BBBB	Net cash outflows from investing activities	(35,259)	(122,907)
	Cash flows from financing activities		
C00100	Increase (decrease) in net short-term loans	(182,816)	7,417
C01600	Borrowing of long-term loans	50,000	-
C01700	Repayment of long-term loans	(143,000)	(120,000)
C03000	Collect the guarantee deposits received	-	83
C04020	Repayment of lease principals	(19,865)	(34,927)
C04800	Exercise of employee stock options	480	-
C05600	Interest paid	(12,308)	(5,543)
CCCC	Net cash outflows from financing activities	(307,509)	(152,970)
DDDD	Currency impact on cash and cash equivalents	348	10,386
EEEE	Net decrease in cash and cash equivalents during the period	(37,652)	(317,856)
E00100	Cash and cash equivalents at the beginning of the period	1,142,046	1,199,879
E00200	Cash and cash equivalents at the end of the period	$ 1,104,394	$ 882,023

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

(Please refer to the auditor’s review report issued by Deloitte Taiwan on May 10, 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

Notes to Consolidated Financial Statements

From January 1 to March 31, 2023 and from January 1 to March 31, 2022

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

(Unit: NT$ thousand unless otherwise indicated)

I. Company History

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

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

II. Dates and procedures of approving financial reports

The consolidated financial reports were published on May 10, 2023 after approval by the Board of Directors.

III. Applicability of New and Modified Standards and Interpretations

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

According to the consolidated company's assessment, the adoption of the IFRSs recognized and promulgated in 2023 by the Financial Supervisory Commission will not cause material changes to the consolidated company's accounting policies.

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

Newly published/amended/revised standards and interpretations	IASB release and effective date (Note 1)
IFRS 10 and IAS 28 Amendment: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	TBD
IFRS 16 Amendment: Lease Liability in a Sale and Leaseback	January 1, 2024 (Note 2)
IFRS 17: Insurance Contracts	January 1, 2023
IFRS 17 Amendment	January 1, 2023
IFRS 17 Amendment: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
IAS 1 Amendment: Classification of Liabilities as Current or Non-current	January 1, 2024
IAS 1 Amendment: Non-current Liabilities with Covenants	January 1, 2024

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

Note 2: The seller and lessee shall amend the sale and leaseback deal signed after the first time application of IFRS 16 for retrospective application.

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

IV. Summary of Material Accounting Policies

(I) Statement of Compliance

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

(II) Basis of Preparation

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

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

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

(III) Basis of Consolidation

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

The Group adopts the book value method for business combinations under common control (group restructuring). Since the ultimate controlling parties are the same, the Group does not lose control over the changes in ownership in the subsidiaries. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly as an adjustment to equity and does not affect the preparation of the consolidated financial statements.

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

(IV) Other major accounting policies

In addition to the following explanations, please refer to the summary of the major accounting policies for 2022 consolidated financial statements.

1. Defined benefits

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

2. Income tax expense

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

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

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

The consolidated company, when making significant accounting estimates, incorporated the fluctuations in market interest rates and changes in the economic environment into the major accounting estimates such as cash flows, growth, discount rates, and profitability. Management will continue to review these estimates and assumptions.

Please refer to the explanations about the main sources of uncertainty with major accounting judgments, estimates and assumptions in the 2022 consolidated financial statements.

VI. Cash and Cash Equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Vault cash and petty cash	$ 68	$ 79	$ 70
Bank checks and demand deposits	411,376	465,607	825,757
Cash equivalents			
Fixed-term bank deposits with original maturity within three months	492,950	176,360	56,196
Bills sold under repurchase agreements	200,000	500,000	-
	$ 1,104,394	$ 1,142,046	$ 882,023

Range of market interest rates applicable to bank time deposits and bills sold under repurchase agreements at the end of the reporting date is shown below:

	March 31, 2023	December 31, 2022	March 31, 2022
Fixed-term deposits	1.20%~2.00%	1.20%～1.40%	0.37%~2.60%
Bills sold under repurchase agreements	0.95%~0.98%	0.98%～1.02%	-

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial Assets – Current			
Designated at fair value through profit or loss			
Derivatives (non-hedging)			
- Currency forward contracts (1)	$ 355	$ -	$ 984
- Currency swaps (2)	-	1,798	-
	$ 355	$ 1,798	$ 984
Financial Liabilities – Current			
Held for trading			
Derivatives (non-hedging)			

- Currency forward contracts (1)	$ 2,541	$ 436	$ 4,054
- Currency swaps (2)	-	1,548	3,368
	$ 2,541	$ 1,984	$ 7,422

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

March 31, 2023

	Currency	Maturity	Nominal valu (NT$ thousand)
Short forwards	Euro to NTD	April 20, 2023	EUR 2,000/NTD 65,181
	USD to NTD	April 13, 2023 to May 18, 2023	USD 4,000/NTD 111,045

December 31, 2022

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	USD to NTD	February 17, 2023	USD 4,000/NTD 111,045

March 31, 2022

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	Euro to NTD	April 5, 2022	EUR 1,000/NTD 31,423
	USD to NTD	April 8, 2022 to May 6, 2022	USD 5,000/NTD 139,474
	Euro to USD	April 22, 2022	EUR 1,000/USD 1,148

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

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

December 31, 2022

	Nominal value (NT$ thousand)	Exercise exchange rates	Maturity
Currency swaps	USD 7,200/NTD 219,593	29.663~30.901	February 17, 2023 to May 19, 2023

March 31, 2022

	Nominal value (NT$ thousand)	Exercise exchange rates	Maturity
Currency swaps	USD 11,500/NTD 325,181	27.638~28.522	May 18, 2022 to August 22, 2022

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Equity Instrument Investments – Non-Current			
Domestic investments			
TPEx-listed stocks	$ 1,539,200	$ 1,098,160	$ 1,280,200

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

IX. Notes and Accounts Receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Receivables			
Notes receivable	$ 161	$ 536	$ 550
Accounts receivable	1,276,621	1,366,873	1,336,962
Less: allowance for losses	(22,477)	(17,114)	(22,187)
Accounts receivable – affiliated parties (Note 27)	4	48	8
	$ 1,254,309	$ 1,350,343	$ 1,315,333

Accounts receivable

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

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

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

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

March 31, 2023

	No sign of defaults							
	Not overdue	Overdue by 1-90 days	Overdue by 91-180 days	Overdue by 181-270 days	Overdue by 271-365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 984,054	$ 248,992	$ 25,514	$ 2,812	$ 1,865	$ 9,322	$ 4,062	$ 1,276,621
Allowance for losses (lifetime expected credit losses)	(5,510)	(2,490)	(765)	(141)	(187)	(9,322)	(4,062)	(22,477)
Amortized cost	$ 978,544	$ 246,502	$ 24,749	$ 2,671	$ 1,678	$ -	$ -	$ 1,254,144

December 31, 2022

	No sign of defaults							
	Not overdue	Overdue by 1-90 days	Overdue by 91-180 days	Overdue by 181-270 days	Overdue by 271-365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 999,135	$ 339,761	$ 6,265	$ 2,186	$ 6,537	$ 8,535	$ 4,454	$ 1,366,873
Allowance for losses (lifetime expected credit losses)	(5,530)	(1,880)	(104)	(60)	(362)	(4,724)	(4,454)	(17,114)
Amortized cost	$ 993,605	$ 337,881	$ 6,161	$ 2,126	$ 6,175	$ 3,811	$ -	$ 1,349,759

March 31, 2022

	No sign of defaults							
	Not overdue	Overdue by 1-90 days	Overdue by 91-180 days	Overdue by 181-270 days	Overdue by 271-365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 985,065	$ 281,594	$ 47,097	$ 9,521	$ 3,154	$ 5,805	$ 4,726	$ 1,336,962
Allowance for losses (lifetime expected credit losses)	(6,635)	(2,816)	(1,413)	(476)	(316)	(5,805)	(4,726)	(22,187)
Amortized cost	$ 978,430	$ 278,778	$ 45,684	$ 9,045	$ 2,838	$ -	$ -	$ 1,314,775

Change to allowance of losses of receivables is as follows:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance at the beginning of the period	$ 17,114	$ 23,884
Add: credit loss during the period	6,029	-
Less: reversal of impairment loss during the period	(755)	(1,310)
Difference in foreign currency translation	89	(387)
Balance at the end of the period	$ 22,477	$ 22,187

X. Inventory

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	$ 679,175	$ 685,693	$ 478,690
Semi-finished goods	307,964	308,301	281,125
Work in process	102,426	48,454	76,082
Raw materials	591,190	582,001	564,158
Inventory in transit	-	-	128
	$ 1,680,755	$ 1,624,449	$ 1,400,183

Cost of goods sold by nature:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Inventory cost for sold goods	$ 1,289,081	$ 1,233,601
Loss for market price decline and obsolete inventory (Gain from price recovery)	(6,675)	3,787
	$ 1,282,406	$ 1,237,388

The recovery of the net realizable value of the inventory was caused by the recovery of inventory sale prices in specific markets.

XI. Subsidiaries

(I) Subsidiaries in the consolidated statements

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

Name of the investment company	Name of the subsidiary	Nature of the business	Shareholding percentage March 31, 2023	December 31, 2022	March 31, 2022	Description
The Company	TSC Auto ID (H.K.) Ltd. (TSCHK)	Investment in production businesses and general imports/exports	100%	100%	100%	-
The Company	TSC Auto ID Technology EMEA GmbH (TSCAE)	Selling and buying of barcode printers and relevant components	100%	100%	100%	-
The Company	TSC Auto ID Technology America Inc. (TSCAA)	Selling and buying of barcode printers and relevant components	100%	100%	100%	-
The Company	Printronix Auto ID Technology Co., Ltd. ("Printronix Auto ID Technology")	Selling and buying of barcode printers and relevant components	100%	100%	100%	-
The Company and TSCAA	Printronix Auto ID Technology Inc. (PTNX US)	Selling and buying of barcode printers and relevant components	-	-	100%	Note 1
The Company	Diversified Labeling Solutions, Inc. (DLS)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100%	100%	100%	
The Company	TSC Auto ID Technology India Private limited (TSCIN)	Selling and buying of barcode printers and relevant components	100%	100%	100%	
The Company	Mosfortico Investments sp. z o.o. (TSCPL)	General investment	100%	-	-	Note 2
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (Tianjin TSC Auto ID Technology)	Production and marketing of barcode printers and relevant components	100%	100%	100%	
TSC HK	Shenzhen Printronix Auto ID Technology Co., Ltd. (Shenzhen Printronix Auto ID Technology)	Selling and buying of barcode printers and relevant components	100%	100%	100%	
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Selling and buying of barcode printers and relevant components	100%	100%	100%	
TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Selling and buying of barcode printers and relevant components	100%	100%	100%	

DLS	Precision Press & Label, Inc. (PPL)	Selling of a variety of labels and printer consumables	100%	100%	100%

Note 1: For the purpose of simplifying the group organization structure and increase operation efficiency, the Company's Board of Directors has resolved to set the consolidated base date as July 1, 2022 after the Company has sold 5% of PTNX US stock to TSCAA (please refer to Note 24 for related information), TSCAA absorbs the 100% consolidated subsidiary, PTNX US. The nature of this merger is a restructuring under common control within the group and does not affect the compilation of the consolidated financial statements.

Note 2: The Company established Mosfortico Investments sp. z o.o. (TSCPL) in February, 2023 with capital of 4,520 PLN (NT$31,311). It is planned to obtain 100% equity of MGN sp. z o.o. (MGN), a company in Poland, through TSCPL. As of the publication date of the consolidated financial statements, the consolidated company already signed a share purchase agreement with the seller with the initial consideration of 54,000 thousand PLN or its equivalent in Euros. However, the total transaction price may increase or decrease depending on the contingent consideration related to MGN's profitability for the following three years after the acquisition and other conditions specified in the agreement.

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

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

XII. Property, plant and equipment

	March 31, 2023	December 31, 2022	March 31, 2022
Land	$ 225,340	$ 225,340	$ 225,340
Buildings and structures	256,169	258,118	267,218
Machinery and equipment	498,021	463,183	461,654
Other equipment	84,868	77,386	68,724
Equipment to be inspected	4,393	29,498	8,794
	$ 1,068,791	$ 1,053,525	$ 1,031,730

Other than the recognized depreciation expenses, there was no significant purchase, disposal or impairment of the consolidated company's property, plant and equipment from January 1 to March 31, 2023 and from January 1 to March 31, 2022, respectively.

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

Buildings and structures	
Offices	38-52 years
Factories and auxiliary equipment	17-37 years
Indoor decoration engineering	5 years
Machinery and molding equipment	3-20 years
Office and other equipment	1-20 years
Lease hold improvements	5-10 years
Transportation equipment	7 years

XIII. Lease agreements

(I) Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of right-of-use assets			
Buildings	$ 154,804	$ 176,698	$ 227,320
Transportation equipment	3,570	4,191	4,050
	$ 158,374	$ 180,889	$ 231,370

	January 1 to March 31, 2023	January 1 to March 31, 2022
Purchase of right-of-use assets	$ 1,255	$ 1,063

	January 1 to March 31, 2023	January 1 to March 31, 2022
Depreciation of right-of-use assets		
Buildings	$ 22,056	$ 20,454
Transportation equipment	903	904
	$ 22,959	$ 21,358
Sublease incomes from right-of-use assets (rental incomes)	($ 2,441)	($ 2,704)

Other than the purchase and recognized depreciation expenses above listed, there was no significant sublease or impairment of the consolidated company's right-of-use assets from January 1 to March 31, 2023 and from January 1 to March 31, 2022.

(II) Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of lease liabilities			
Current	$ 93,394	$ 92,735	$ 87,607
Non-current	$ 75,323	$ 95,534	$ 159,960

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

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	0.25%~4.68%	0.25%~4.68%	0.25%~6.25%
Transportation equipment	0.25%~2.75%	0.25%~2.27%	0.25%~2.27%

(III) Important activities and clauses as a lessee

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

(IV) Other information on leases

	January 1 to March 31, 2023	January 1 to March 31, 2022
Short-term lease expenses	$ 228	$ 238
Low-value asset lease expenses	$ 2,881	$ 4,291
Total cash (outflow) for leases	($ 24,816)	($ 41,904)

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

XIV. Goodwill

	January 1 to March 31, 2023	January 1 to March 31, 2022
Cost		
Balance at the beginning of the period	$ 1,058,071	$ 953,676
Net exchange difference	(8,958)	32,559
Balance at the end of the period	$ 1,049,113	$ 986,235

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

	March 31, 2023	December 31, 2022	March 31, 2022
Printer business	$ 853,240	$ 860,525	$ 802,101
Label business	195,873	197,546	184,134
	$ 1,049,113	$ 1,058,071	$ 986,235

XV. Other Intangible Assets

	March 31, 2023	December 31, 2022	March 31, 2022
Knowhow & technology	$ 39,687	$ 43,557	$ 52,129
Customer relations	111,366	117,293	136,505
Patents	4,744	6,326	11,070
Software cost	33,655	33,743	35,841
	$ 189,452	$ 200,919	$ 235,545

Other than the recognized amortization, there was no significant addition, disposal or impairment of the consolidated company's intangible assets from January 1 to March 31, 2023 and from January 1 to March 31, 2022, respectively.

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

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

XVI. Loans

(I) Short-term loans

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured loans	$ 698,121	$ 876,515	$ 570,029
Annual interest rate (%)	3.31%~5.65%	1.63%~5.49%	0.44%~0.92%
Final maturity	112/6/22	112/3/28	111/7/14

(II) Long-term loans

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured loans	$ 527,000	$ 620,000	$ 780,000
Less: portion due within one year	(5,000)	(63,000)	-
	$ 522,000	$ 557,000	$ 780,000
Annual interest rate (%)	1.52%~2.00%	1.40%~1.50%	1.00%
Final maturity	March 13, 2026	October 14, 2025	November 22, 2024

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

1. The liability ratio must not exceed 150%.
2. (Cash and cash equivalents + annualized EBITDA)/(short-term borrowings + medium- and long-term borrowings due within one year) must not be less than 1.

XVII. Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Current			
Salaries and bonuses payable	$ 101,023	$ 192,743	$ 95,613
Employees' remuneration payable	79,271	65,458	50,983
Directors' remuneration payable	39,635	32,729	38,238
Taxes payable	24,784	42,206	26,212
Service fees payable	12,347	13,278	10,692

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	March 31, 2023	December 31, 2022	March 31, 2022
Insurance premiums payable	$ 10,094	$ 9,260	$ 7,979
R&D expenses payable	4,221	7,913	8,464
Equipment amount payable	2,041	4,035	1,872
Others (Note 27)	48,761	62,699	41,690
	$ 322,177	$ 430,321	$ 281,743

XVIII. Equity

(I) Ordinary share capital

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized shares (thousand shares)	80,000	80,000	80,000
Authorized share capital	$ 800,000	$ 800,000	$ 800,000
Issued shares (thousand shares)	42,519	42,513	42,477
Issued share capital	$ 425,189	$ 425,129	$ 424,769

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

(II) Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset losses, distributed in cash, or capitalized (1)			
Premium of share issuance	$ 423,535	$ 423,085	$ 416,789
Difference between the actual disposal price and book value of the subsidiaries' equity (Note 24)	1,984	1,984	-
May be used to offset losses only			
Lapsed stock options	122,907	122,907	122,840

Exercised employee stock options	22,615	22,210	20,556
May not be used for any purposes (2)			
Employee stock options	46,446	45,659	35,305
	$ 617,487	$ 615,845	$ 595,490

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

(III) Retained earnings and dividend policy

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

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

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

The Company held the Board of Directors meeting on March 15, 2023 for the proposal and the shareholders' meeting on June 17, 2022 for the resolution of the 2022 and 2021 earnings distribution as follows:

	Earnings distribution		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 96,973	$ 78,396		
Stock dividends	42,522	-	$ 1	$ -
Cash dividends	552,785	467,246	13	11
	$ 692,280	$ 545,642		

The 2022 earnings distribution is subject to the resolution of the annual general shareholders' meeting scheduled for June 16, 2023.

(IV) Other equity

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance at the beginning of the period	($ 102,247)	($ 294,269)
Incurred during the period		
Exchange differences on translation of financial statements of foreign operations	(14,985)	90,944
Relevant income taxes	2,996	(18,189)
Balance at the end of the period	($ 114,236)	($ 221,514)

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance at the beginning of the period	$ 592,116	$ 647,451
Unrealized gain of financial assets measured at fair value through other comprehensive incomes	441,040	126,663
Balance at the end of the period	$ 1,033,156	$ 774,114

XIX. Income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Revenue from contracts with customers		
Barcode printers	$ 938,352	$ 915,499
Labels and printer consumables	785,770	687,194
Barcode printer components and others	183,927	159,398
	$ 1,908,049	$ 1,762,091

(I) Explanations of revenue from contracts with customers

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

According to the consolidated company's agreement with distributors, if the purchase of certain models by distributors reaches the contracted volume, the consolidated company will provide incentives at a percentage of the procurement value or retrospective unit price reductions for certain models. Based on past experiences and considering various agreement terms and conditions, the consolidated company estimates the possible rewards and incentives amount and recognizes refund liabilities (as other current liabilities) accordingly. As of March 31, 2023, December 31, 2021 and March 31, 2022, the consolidated company estimates the refund liabilities to be NT$60,270 thousand, NT$91,058 thousand, and NT$112,138 thousand, respectively.

(II) Breakdown of revenue from contracts with customers

	January 1 to March 31, 2023	January 1 to March 31, 2022
Main markets		
Taiwan and other parts of Asia	$ 303,826	$ 254,939
China	204,365	245,217
Americas	1,028,550	924,901
Europe	371,308	337,034
	$ 1,908,049	$ 1,762,091

XX. Additional information about net income during the period

Net income during the period includes the following:

(I) Interest income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Bank deposits	$ 2,342	$ 605

(II) Other incomes

	January 1 to March 31, 2023	January 1 to March 31, 2022
Rental incomes (Note 13)	$ 2,441	$ 2,704
Others	3,490	2,857
	$ 5,931	$ 5,561

(III) Other gains and losses

	January 1 to March 31, 2023	January 1 to March 31, 2022
Net exchange gain	$ 3,829	$ 28,506
Loss from financial instruments measured at fair value through profit or loss	(1,920)	(13,966)
Gain from disposal of property, plant and equipment	128	850
Gain on lease amendment	-	535
Other losses	(673)	(466)
	$ 1,364	$ 15,459

(IV) Financial cost

	January 1 to March 31, 2023	January 1 to March 31, 2022
Bank loan interests	$ 10,034	$ 2,904
Lease liability interests	1,803	2,498
	$ 11,837	$ 5,402

(V) Depreciation and amortization

	January 1 to March 31, 2023	January 1 to March 31, 2022
Property, plant and equipment	$ 27,112	$ 24,814
Right-of-use assets	22,959	21,358
Intangible assets	17,330	18,924
	$ 67,401	$ 65,096
Deprecation by function		
Operating costs	$ 35,669	$ 32,133
Operating expenses	14,402	14,039
	$ 50,071	$ 46,172
Amortization by function		
Operating costs	$ 240	$ 157
Operating expenses	17,090	18,767
	$ 17,330	$ 18,924

(VI) Employee benefit expenses

	January 1 to March 31, 2023	January 1 to March 31, 2022
Shor-term employee benefits	$ 357,264	$ 329,681
Retirement benefits		
Defined contributions	11,557	11,270
Defined benefits	75	37
Share-based payment (Note 23)		
Equity settled	1,192	2,638
Other employee benefits	15,390	13,660
Total employee benefit expenses	$ 385,478	$ 357,286
Summary by function		
Operating costs	$ 160,545	$ 154,340
Operating expenses	224,933	202,946
	$ 385,478	$ 357,286

(VII) Employees' remuneration and directors' remuneration

In case of profits during the year, the Company shall allocate at least 2% but no more than 10% of the profits as employees' remuneration. The employees' remuneration is issued in cash or wish shares according to the decision by the Board of Directors. Eligible employees include the employees working for controlled or subordinated companies and meeting certain criteria defined by the Board of Directors. The Company may allocate up to 5% of the abovementioned profits as directors' remunerations according to the decision by the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting. In case of accumulated losses, profits should be used to offset the losses before distributing the aforesaid percentage as employees' remuneration and directors' remuneration. The estimated and recognized employees' remuneration and directors' remuneration from January 1 to March 31, 2023 and from January 1 to March 31, 2022, respectively, are as follows:

Estimated and recognized percentage

	January 1 to March 31, 2023	January 1 to March 31, 2022
Employees' remuneration	5.0%	4.0%
Directors' remuneration	2.5%	3.0%

Amount

	January 1 to March 31, 2023	January 1 to March 31, 2022
Employees' remuneration	$ 13,813	$ 8,438
Directors' remuneration	$ 6,906	$ 6,329

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

The employees' remuneration and directors' remuneration for 2022 and 2021 as determined by the Board of Directors on March 15, 2023 and March 28, 2022, respectively, are as follows:

	2022	2021
Employees' remuneration	$ 65,458	$ 42,545
Directors' remuneration	32,729	31,909
	$ 98,187	$ 74,454
Amounts recognized in financial statements	$ 98,187	$ 74,454

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

(VIII) Gain/loss on foreign currency exchange

	January 1 to March 31, 2023	January 1 to March 31, 2022
Total exchange gain	$ 36,571	$ 44,345
Total exchange loss	(32,742)	(15,839)
Net income	$ 3,829	$ 28,506

XXI. Income taxes

(I) Income taxes recognized in profit and loss

The primary components of income tax expenses are as follows:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Income tax during the period		
Incurred during the period	$ 70,979	$ 62,018
Adjustment for the previous year	713	17
	71,692	62,035
Deferred income tax		
Incurred during the period	2,217	3,762
Income tax expenses recognized in profit and loss	$ 73,909	$ 65,797

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

(II) Income tax assessment

The business income tax filings from the Company and the Company's subsidiaries in Taiwan as profit-seeking enterprises up to 2021 and 2020 have been assessed by the tax authorities.

XXII. Earnings per Share

	January 1 to March 31, 2023	January 1 to March 31, 2022
Basic earnings per share	$ 4.81	$ 3.66
Diluted earnings per share	$ 4.75	$ 3.64

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

Net income for the period

	January 1 to March 31, 2023	January 1 to March 31, 2022
Net income attributable to the shareholders of the Company	$204,329	$155,554
Net income used for the calculation of earnings per share	$204,329	$155,554

No. of shares

Unit: thousand shares

	January 1 to March 31, 2023	January 1 to March 31, 2022
Weighted average number of ordinary shares used for the calculation of earnings per share	42,521	42,477
Effects of dilutive potential ordinary shares:		
Employee stock options	196	74
Employees' remuneration	296	240
Average weighted number of ordinary shares used for the calculation of dilutive earnings per share	43,013	42,791

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

XXIII. Shares-based Payment Agreement

The consolidated company did not issue any new employee stock options from January 1 to March 31, 2023 and from January 1 to March 31, 2022. Information on the employee stock options issued is as follows:

	January 1 to March 31, 2023		January 1 to March 31, 2022	
Employee stock options	Unit	Weighted average exercise price (NT$)	Unit	Weighted average exercise price (NT$)
Outstanding at the beginning of the period	895.5	159.9~194.8	945	170.8-208.1
Exercised during the period	(3)	159.9	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	892.5	159.9~194.8	945	170.8-208.1
Exercisable at the end of the period	410.3		-	-
Weighted average time to maturity (years)	2.25~3.02 years		3.25~4.02years	

Cost of remuneration recognized from January 1 to March 31, 2023 and from January 1 to March 31, 2022 amounted to NT$1,192 thousand and NT$2,638 thousand, respectively.

XXIV. Disposal of subsidiaries under the restructuring

The Company signed a share purchase agreement with its subsidiary TSCAA on July 1, 2022 to sell 5% of the Company's shares in PTNX US. This transaction is considered an organizational restructuring under common control and is treated as an equity transaction.

(I) Consideration received

	PTNX US
Total consideration received	$ 48,219

(II) Analysis of assets and liabilities for loss of control

	PTNX US
Current assets	
Cash and Cash Equivalents	$ 2,010
Accounts receivable, net	4,192
Accounts receivable – affiliated parties, net	1,012
Other receivables – affiliated parties	2,354
Inventory	2,516
Prepayments	1,056
Other current assets	10
Non-current assets	
Property, plant and equipment	48
Intangible assets	18
Goodwill	27,738
Customer relations	277
Knowhow & technology	842
Deferred income tax assets	13,676
Current liabilities	
Accounts payable	(2,643)
Other payables	(931)
Income tax liability during the period	(234)
Liability reserve	(23)
Other current liabilities	(90)
Non-current liabilities	
Deferred income tax liabilities	(814)
Other non-current liabilities	(1,744)
Disposal of net assets	$ 49,270

(III) Equity transaction differences

	PTNX US
Consideration received	$ 48,219
Disposal of net assets	(49,270)
Adjustments to exchange differences on translation of financial statements of foreign operations	(8,871)
Equity transaction differences (recognized as capital surplus reduction)	($ 9,922)

TSCAA recognizes the book value of PTNX US held by the parent company under the equity method as of July 1, 2022, as the accounting basis for the acquisition. The excess of the acquisition price over the carrying value of PTNX US's net assets was adjusted to capital surplus of NT$9,922 thousand. Except for the income tax recognized directly in equity, the above transaction did not affect the preparation of the financial statements of the Group.

XXV. Capital Risk Management

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

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

The consolidated company controls and manages capital structure with the liability ratio. This ratio is calculated with total liabilities divided by total assets. The consolidated company's capital management seeks to maintain a liability ratio of no more than 60% to ensure funding at a reasonable cost. The liability ratios for different time periods are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Total liabilities	$ 3,259,761	$ 3,544,044	$ 3,485,279
Total equity	$ 5,385,777	$ 4,750,725	$ 4,445,753
Total assets	$ 8,645,538	$ 8,294,769	$ 7,931,032
Liability ratio	37.70%	42.73%	43.94%

XXVI. Financial Instruments

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

1. Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 355	$ -	$ 355
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
-Equity investment	$1,539,200	$ -	$ -	$1,539,200
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 2,541	$ -	$ 2,541

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 1,798	$ -	$ 1,798
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
-Equity investment	$1,098,160	$ -	$ -	$1,098,160
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 1,984	$ -	$ 1,984

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 984	$ -	$ 984
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
-Equity investment	$1,280,200	$ -	$ -	$1,280,200
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 7,422	$ -	$ 7,422

There was no transfer between Level 1 and Level 2 fair values from January 1 to March 31, 2023 and from January 1 to March 31, 2022.

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

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

(II) Types of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
Financial Assets			
Measured at fair value through profit or loss			
Designated at fair value through profit or loss	$ 355	$ 1,798	$ 984
Measured at amortized cost (Note 1)	2,393,967	2,543,505	2,232,854
Equity instrument investments measured at fair value through other comprehensive income	1,539,200	1,098,160	1,280,200
Financial Liabilities			
Measured at fair value through profit or loss			
Held for trading	2,541	1,984	7,422
Measured at amortized cost (Note 2)	2,067,762	2,334,395	2,208,682

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

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

(III) Financial risk management objectives and policy

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

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

1. Market risks

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

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

(1) Exchange rate risks

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

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

Sensitivity Analysis

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

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

	Gains and losses	
	January 1 to March 31, 2023	January 1 to March 31, 2022
Euro	$ 13,987 (i)	$ 3,673 (i)
USD	6,838 (ii)	17,538 (ii)
CNY	2,055 (iii)	352 (iii)
JPY	(2,803) (iv)	(1,927) (iv)

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

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

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

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

(2) Interest rate risks

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risks			
- Financial assets	$ 692,950	$ 676,360	$ 56,196
- Financial liabilities	744,860	1,064,784	817,596
Cash flow interest rate risks			
- Financial assets	261,089	341,228	785,607
- Financial liabilities	648,978	620,000	780,000

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

Sensitivity Analysis

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

If the interest rate increases/decreases by 100 basis points and all other variables are unchanged, the consolidated company's profits before tax will increase/decrease by NT$970 thousand and increase/decrease by NT$14 thousand from January 1 to March 31, 2023 and from January 1 to March 31, 2022, respectively, primarily due to floating-rate bank deposits and bank loans.

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

(3) Other price risks

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

Sensitivity Analysis

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

If the equity price goes up/down by 1%, the other comprehensive incomes net of tax will increase/decrease by NT$15,392 thousand and by NT$12,802 thousand from January 1 to March 31, 2023 and from January 1 to March 31, 2022, respectively, due to change in the fair value of financial assets measured at fair value through other comprehensive incomes.

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

2. Credit risks

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

Financial credit risks

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

Credit risks associated with operations

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

The top ten customers accounted for 39% and 39% of the consolidated company’s operating incomes from January 1 to March 31, 2023 and from January 1 to March 31, 2022, respectively. To lower the credit risks, the consolidated company periodically assesses the financial statuses of customers and the recoverability of accounts receivable and recognizes appropriate allowance for losses accordingly.

3. Liquidity risks

The consolidated company manages and maintains sufficient cash and cash equivalents to support operations and mitigate the impact of cash flow volatility. To control liquidity risks, the consolidated company’s management keeps a close eye on the utilization of credit lines with banks to ensure adherence to the borrowing terms and conditions. The consolidated company’s current capital is adequate to meet the due liabilities. It is unlikely that the consolidated company is unable to repay financial liabilities or honor relevant obligations in cash or with other financial assets. Please refer to (3) Credit Facilities for the available credit lines as of March 31, 2023, December 31, 2021 and March 31, 2022, respectively.

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

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

March 31, 2023

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 842,641	$ -	$ -	$ -
Lease liabilities	35,074	62,753	76,545	-
Floating interest rate instruments	122,543	5,000	522,000	-
Fixed interest rate instruments	577,325	-	-	-
	$1,577,583	$ 67,753	$ 598,545	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 97,827	$ 76,545	$ -

December 31, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 837,880	$ -	$ -	$ -
Lease liabilities	35,165	65,934	95,727	-
Floating interest rate instruments	480	63,000	557,000	-
Fixed interest rate instruments	878,229	-	-	-
	$1,751,754	$ 128,934	$ 652,727	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 101,099	$ 95,727	$ -

March 31, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 858,653	$ -	$ -	$ -
Lease liabilities	17,144	78,251	165,583	-
Floating interest rate instruments	201	-	780,000	-
Fixed interest rate instruments	570,256	-	-	-
	$1,446,254	$ 78,251	$ 945,583	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 95,395	$ 165,583	$ -

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

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

March 31, 2023

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Gross settlements				
Currency forwards				
- Inflows	$ 124,595	$ -	$ -	$ -
- Outflows	(127,200)	-	-	-
	($ 2,605)	$ -	$ -	$ -

December 31, 2022

	Within 1 year	1-2 years	2-5 years	Over 5 years
Gross settlements				
Currency forwards				
- Inflows	$ 60,718	$ -	$ -	$ -
- Outflows	(61,420)	-	-	-
	(702)	-	-	-
Currency swaps				
- Inflows	50,427	-	-	-
- Outflows	(52,207)	-	-	-
	(1,780)	-	-	-
	($ 2,482)	$ -	$ -	$ -

March 31, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Gross settlements				
Currency forwards				
- Inflows	$ 170,897	$ -	$ -	$ -
- Outflows	(175,045)	-	-	-
	(4,148)	-	-	-
Currency swaps				
- Inflows	325,181	-	-	-
- Outflows	(329,188)	-	-	-
	(4,007)	-	-	-
	($ 8,155)	$ -	$ -	$ -

(3) Credit facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured credit facilities with banks (reviewed annually)			
- Utilized amount	$ 1,225,121	$ 1,496,515	$ 1,350,029
- Available amount	2,285,929	2,328,780	3,176,103
	$ 3,511,050	$ 3,825,295	$ 4,526,132

XXVII. Transactions with Affiliated Parties

The Company’s ultimate controller is Taiwan Semiconductor Co., Ltd., which owned 36.34%, 36.35% and 36.38% of the Company’s ordinary shares as of March 31, 2023, December 31, 2021 and March 31, 2022, respectively.

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

(I) Names of and relations with the affiliated parties

Name of the affiliated party	Relation with the consolidated company
Taiwan Semiconductor Co., Ltd. (Taiwan Semiconductor)	The Company's parent
Tianjin Everwell Technology Co., Ltd. (Tianjin Everwell)	Affiliated company
Yangxin Everwell Electronic Co., Ltd. (Yangxin Everwell)	Affiliated company
TSC America, Inc.(TSCA)	Affiliated company
Taiwan Semiconductor Europe GmbH (TSCE)	Affiliated company

(II) Operating incomes

Itemized account	Affiliated party category	January 1 to March 31, 2023	January 1 to March 31, 2022
Revenues	Parent company	$ -	$ 8
	Affiliated company	4	-
		$ 4	$ 8

(III) Purchase

Affiliated party category	January 1 to March 31, 2023	January 1 to March 31, 2022
Parent company	$ 156	$ 896

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

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

Itemized account	Affiliated party category	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable – affiliated parties	Parent company	$ -	$ -	$ 8
	Affiliated company	4	48	-
		$ 4	$ 48	$ 8
Other receivables – affiliated parties	Affiliated company	$ 1,560	$ 1,736	$ 625

No guarantee was obtained for the outstanding receivables from affiliated parties. No allowance for losses was recognized for receivables from affiliated parties from January 1 to March 31, 2023 and from January 1 to March 31, 2022.

(V) Payables to affiliated parties

Itemized account	Affiliated party category	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable – affiliated parties	Parent company	$ 164	$ 101	$ 1,136
Other payables – affiliated parties	Parent company	$ -	$ 94	$ -
	Affiliated company	1,507	1,520	1,416
		$ 1,507	$ 1,614	$ 1,416

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

(VI) Management's remuneration

	January 1 to March 31, 2023	January 1 to March 31, 2022
Shor-term employee benefits	$ 23,757	$ 21,962
Retirement benefits	54	81
Shares-based payment	428	932
	$ 24,239	$ 22,975

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

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

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

(Unit: thousand in NT dollars and foreign currencies)

March 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
USD	$ 21,741	30.450 (USD: NTD)	$ 662,013
Euro	21,079	33.150 (EUR: NTD)	698,769
CNY	47,474	4.431 (CNY: NTD)	210,357
			$ 1,571,139
Liabilities denominated in foreign currencies			
Monetary items			
USD	14,255	30.450 (USD: NTD)	$ 434,065
Euro	7,015	33.150 (EUR: NTD)	232,547
CNY	32,015	4.431 (CNY: NTD)	141,858
JPY	407,998	0.229 (JPY: NTD)	93,432
			$ 901,902

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
USD	$ 35,519	30.710 (USD: NTD)	$ 1,090,788
Euro	19,646	32.720 (EUR: NTD)	642,817
CNY	50,337	4.408 (CNY: NTD)	221,885
JPY	22,226	0.232 (JPY: NTD)	5,156
			$ 1,960,646
Liabilities denominated in foreign currencies			
Monetary items			
USD	11,618	30.710 (USD: NTD)	$ 356,789
Euro	15,285	32.720 (EUR: NTD)	500,125
CNY	35,880	4.408 (CNY: NTD)	158,159
JPY	237,678	0.232 (JPY: NTD)	55,141
			$ 1,070,214

March 31, 2022

Assets denominated in foreign currencies	Foreign currency	Exchange rate	Carrying amount
Monetary items			
USD	$ 31,276	28.625 (USD: NTD)	$ 895,276
Euro	15,596	31.920 (EUR: NTD)	497,824
CNY	47,057	4.506 (CNY: NTD)	212,039
JPY	1,000	0.235 (JPY: NTD)	235
			$ 1,605,374
Liabilities denominated in foreign currencies			
Monetary items			
USD	10,853	28.625 (USD: NTD)	$ 310,667
Euro	11,760	31.920 (EUR: NTD)	375,379
CNY	44,455	4.506 (CNY: NTD)	200,314
JPY	273,999	0.235 (JPY: NTD)	64,390
			$ 950,750

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

	January 1 to March 31, 2023		January 1 to March 31, 2022	
Functional currency	Functional currency converted to presentation currency	Net exchange gain (loss)	Functional currency converted to presentation currency	Net exchange gain (loss)
USD	30.450 (USD: NTD)	($ 6,122)	28.625 (USD: NTD)	$ 18,041
Euro	33.150 (EUR: NTD)	23,151	31.920 (EUR: NTD)	2,648
CNY	4.431 (CNY: NTD)	1,797	4.506 (CNY: NTD)	2,636
JPY	0.229 (JPY: NTD)	1,194	0.235 (JPY: NTD)	2,447
		$ 20,020		$ 25,772

XXIX. Supplement Disclosure

(I) Information on significant transactions:

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

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

(II) Information on investees: Table 7

(III) Information on investments in China:

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

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

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

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

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

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

XXX. Segment information

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

Segment Revenues and Operating Results

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

	January 1 to March 31, 2023			
	Segment A	Segment B	Intersegment adjustment	Total
Income				
Revenue from external customers	$ 1,122,279	$ 785,770	$ -	$ 1,908,049
Intersegment revenue	487	23	(510)	-
Total revenue	$ 1,122,766	$ 785,793	($ 510)	$ 1,908,049
Segment profit (loss)	$ 277,384	$ 61,348	($ 60,494)	$ 278,238

	January 1 to March 31, 2022			
	Segment A	Segment B	Intersegment adjustment	Total
Income				
Revenue from external customers	$ 1,074,897	$ 687,194	$ -	$ 1,762,091
Intersegment revenue	8	31	(39)	-
Total revenue	$ 1,074,905	$ 687,225	($ 39)	$ 1,762,091
Segment profit (loss)	$ 198,023	$ 57,133	($ 33,805)	$ 221,351

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

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

TSC Auto ID Technology Co., Ltd. and Its SubsidiariesLoans to Others

January 1 to March 31, 2023

Table 1

Unit: NT$ thousand unless otherwise indicated

No. (Note 1)	Financing company	Counter-party	Financial statement account (Note 2)	Related party?	Maximum balance for the period (Note 3, 6)	Balance at the end of the period (Note 3, 6, 7)	Amount actually drawn (Note 6)	Interest rate range	Nature for financing	Transaction amounts	Reason for need for short-term financing	Recognized allowance for bad debts	Collateral		Financing limits for each borrowing company (Note 4)	Financing company's total financing amount limits (Note 5)
													Name	Value		
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	Other receivables – affiliated parties	Yes	$ 213,150 (USD 7,000 thousand)	$ -	$ -	-	-	$ -	-	$ -	None	$ -	$ -	$ -
0	TSC Auto ID Technology Co., Ltd.	Diversified Labeling Solutions Inc.	Other receivables – affiliated parties	Yes	304,500 (USD 10,000 thousand)	304,500 (USD 10,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,077,155	2,154,311
0	TSC Auto ID Technology Co., Ltd.	Mosfortico Investments sp. z o.o.	Other receivables – affiliated parties	Yes	-	165,750 (EUR 5,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,077,155	2,154,311

Note 1: Numbers in the column:

(1) 0 for the Company.

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

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

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

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

Note 6: Foreign currency amounts in this table based on exchange rates on March 31, 2023. NT dollars based on US$1=NT$30.45 or EU$1=NT33.15.

Note 7: The Company terminated all the credit lines of the U.S. subsidiary, TSC Auto ID Technology America Inc., as approved by a resolution of the Board of Directors on March 15, 2023.

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

Endorsements and Guarantees for Others

January 1 to March 31, 2023

Table 2

Unit: NT$ thousand unless otherwise indicated

No. (Note 1)	Name of the endorsement/guarantee provider	Endorsed/guaranteed entity		Limit of endorsements/guarantees for a single company (Note 3)	Maximum balance of endorsements/ guarantees during the period (Note 6)	Balance of endorsements/guarantees as of the end of the period (Note 4, 6)	Amount actually drawn (Note 5, 6)	Amount endorsed/ guaranteed by collateralizing assets	Cumulative endorsed/guaranteed amount as the % of book value in the most recent financial statements	Maximum limit of endorsements/ guarantees (Note 3)	Endorsements /guarantees from the parent to subsidiaries	Endorsements /guarantees from subsidiaries to the parent	Endorsements /guarantees to entities in China	Remarks
		Name of the company	Relation (Note 2)											
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	(2)	$ 2,154,311	$ 365,400 (USD 12,000 thousand)	$ 365,400 (USD 12,000 thousand)	$ -	$ -	6.78%	$ 3,231,466	Y	N	N	

Note 1: Numbers in the column:

(1) 0 for the Company.

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

(1) Company with business dealings.

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

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

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

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

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

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

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

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

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

Note 6: Foreign currency amounts in this table are based on exchange rates on March 31, 2023. NT dollars based on US$1=NT$30.45.

Note 7: The Company provides a customs endorsement/guarantee with a bank letter of guarantee for NT$4,000 thousand to Taipei Customs, Customs Administration.

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

Position of marketable securities at the end of the period

March 31, 2023

Table 3

Unit: NT$ thousand/thousand shares/thousand units

Investees	Types and names of marketable securities (Note 1)	Relation with the issuer (Note 2)	Itemized Account	End of the period				Remarks
				No. of units	Carrying amount (Note 3)	Shareholding percentage	Fair value	
	Shares							
The Company	Taiwan Semiconductor Co., Ltd.	Parent company	Financial assets measured at fair value through other comprehensive incomes – non-current	14,800	$ 1,539,200	5.62%	$ 1,539,200	

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

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

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

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

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

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

January 1 to March 31, 2023

Table 4

Unit: NT$ thousand unless otherwise indicated

Purchase (sale) company	Counterparties	Relation	Transactions				Circumstances and reasons why transaction terms are not at an arm's length		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As % of total sale (purchase)	Credit period	Unit price	Credit period	Balance	As % of total notes and accounts receivable (payable)	
The Company	TSCAE	Subsidiaries	Sale	($ 302,436)	(31%)	135 days based on monthly statements	-	-	$ 681,945	50%	
The Company	TSCAA	Subsidiaries	Sale	(200,132)	(21%)	120 days based on monthly statements	-	-	413,783	30%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Sale	(172,832)	(18%)	60 days based on monthly statements	-	-	156,705	11%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Purchase	107,122	21%	60 days based on monthly statements	-	-	(141,837)	(23%)	

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

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

March 31, 2023

Table 5

Unit: NT$ thousand unless otherwise indicated

Company from which receivables are recognized	Name of the counterparty	Relation	Receivables from affiliated parties (Note 1)		Turnover	Overdue receivables from affiliated parties		Recovered receivables from affiliated parties (Note 2)	Recognized allowance for losses
						Amount	Treatment		
The Company	TSCAE	Subsidiaries	Accounts receivable	$ 681,945	1.83	$ -	-	$132,227	$ -
			Other receivables	874				-	
The Company	TSCAA	Subsidiaries	Accounts receivable	413,783	2.07	-	-	43,363	-
			Other receivables	1,614				275	
The Company	Tianjin TSC Auto ID Technology	Subsidiaries	Accounts receivable	156,705	3.93	-	-	61,904	-
Tianjin TSC Auto ID Technology	The Company	Parent company	Accounts receivable	141,837	4.66	-	-	58,088	-

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

Note 2: Recovered amount as of May 10, 2023.

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

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

January 1 to March 31, 2023

Table 6

Unit: NT$ thousand unless otherwise indicated

No.	Entity concerned	Name of the counterparty	Relation with the counterparty (Note 1)	Transaction with the counterparty			
				Item	Amount	Transaction terms and conditions	As % of the consolidated total revenue or the consolidated total assets (Note 2)
0	The Company	TSCAA	1	Accounts receivable	$ 413,783	Note 3	5%
			1	Revenues	200,132	Note 3	10%
		TSCAE	1	Accounts receivable	681,945	Note 3	8%
			1	Revenues	302,436	Note 3	16%
		Tianjin TSC Auto ID Technology	1	Accounts receivable	156,705	Note 3	2%
			1	Revenues	172,832	Note 3	9%
			1	Accounts payable	141,837	Note 3	2%
			1	Purchase	107,122	Note 3	6%

Note 1: Relation with the counterparty:

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

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

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

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

Name and location of the investee, etc.

January 1 to March 31, 2023

Table 7

Unit: NT$ thousand unless otherwise indicated

Name of the investment company	Name of the investee	Location	Primary business	Original invested amount		Holdings at the end of the year			Profit (loss) of the investee during the period	Recognized investment gain (loss) during the period	Remarks
				End of this period	End of last year	No. of shares (thousand shares)	Percentage (%)	Carrying amount (Note 2)			
The Company	TSCAE	Germany	Sale of barcode printers and relevant components	$ 2,943	$ 2,943	Note 1	100.00	($ 73,576)	($ 10,972)	($ 10,972)	Subsidiaries
The Company	TSCAA	United States	Sale of barcode printers and relevant components	1,096,621 (US$33,000 thousand)	1,096,621 (US$33,000 thousand)	16,000	100.00	1,038,566	(7,189)	(7,189)	Subsidiaries
The Company	TSCHK	Hong Kong	Investment in production businesses and general imports/exports	51,738 (US$1,654 thousand)	51,738 (US$1,654 thousand)	11,711	100.00	603,478	34,814	34,814	Subsidiaries
The Company	Printronix Auto ID Technology	Taiwan	Sale of barcode printers and relevant components	5,000	5,000	500	100.00	5,141	(117)	(117)	Subsidiaries
The Company	DLS	United States	Printer consumables and customized design, integration, production and marketable of a variety of labels	801,558 (US$26,000 thousand)	801,558 (US$26,000 thousand)	1	100.00	1,259,116	44,480	44,480	Subsidiaries
The Company	TSCIN	India	Sale of barcode printers and relevant components	2,791 (US$100 thousand)	2,791 (US$100 thousand)	710	100.00	1,146	(450)	(450)	Subsidiaries
The Company	TSCPL	Poland	General investment	31 (5 thousand PLN)	-	-	100.00	(40)	(71)	(71)	Subsidiaries
TSCAE	TSCAD	United Arab Emirates	Sale of barcode printers and relevant components	8,234	8,234	Note 1	100.00	(10,162)	(1,461)	(1,461)	Sub-subsidiary
TSCAE	TSCAS	Spain	Sale of barcode printers and relevant components	124	124	Note 1	100.00	2,786	90	90	Sub-subsidiary
DLS	PPL	United States	Selling of a variety of labels and printer consumables	US$115 thousand	US$115 thousand	850	100.00	32,050 (US$1,053 thousand)	2,413 (US$79 thousand)	2,413 (US$79 thousand)	Sub-subsidiary

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

Note 2: Carrying amount net of unrealized gains from sales.

Note 3: Please refer to Tables 8 and 9 for information on investees in China.

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

Information on investments in China

January 1 to March 31, 2023

Table 8

Unit: NT$ thousand unless otherwise indicated

Names of investees in China	Primary business	Paid-in capital (Note 5)	Investment method (Note 1)	Cumulative outward investments from Taiwan at the beginning of this period (Note 5)	Outward remittances or recovered investments during the period		Cumulative outward investments from Taiwan at the end of this period (Note 5)	Profit or loss of the investee during the period	Holding by the Company directly and indirectly	Recognized investment gain or loss during the period (Note 2)	Carrying amount of the investment at the end of the period	Total repatriated investment gains as of the end of this period	Remarks
					Outward remittances	Recovered investments							
Tianjin TSC Auto ID Technology Co., Ltd.	Production and marketing of barcode printers and relevant components	$ 46,526 (CNY 10,500 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	$ 45,675 (US$1,500 thousand)	$ -	$ -	$ 45,675 (US$1,500 thousand)	$ 35,652	100%	$ 35,652 (Note 3)	$ 647,374	$ 787,814	
Shenzhen Printronix Auto ID Technology Co., Ltd.	Sale of barcode printers and relevant components	4,431 (CNY 1,000 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	4,689 (US$154 thousand)	-	-	4,689 (US$154 thousand)	(248)	100%	(248) (Note 3)	5,805	5,898	

Cumulative outward investments from Taiwan to China at the end of this period (Note 5)	Investment amount approved by the Investment Commission, MOEA (Note 5)	Ceiling imposed by the Investment Commission, MOEA on investments in China (Note 4)
$ 50,364 (US$1,654 thousand)	$ 50,364 (US$1,654 thousand)	$ 3,231,466

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

(1) Direct investments in China

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

(3) Other methods

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

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

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

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

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

C. Others.

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

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

Note 5: Foreign currency amounts in this table based on exchange rates on March 31, 2023. NT dollars based on US$1=NT$30.45 or RMB$1=NT$4.431.

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

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

January 1 to March 31, 2023

Table 9

Unit: NT$ thousand unless otherwise indicated

Counterparties	Relation with the counterparty	Transaction type: purchase (sale)	Amount	Transaction terms and conditions			Notes and accounts receivable (payable)		Unrealized gains or losses
				Price	Payment terms	Comparison with transactions at an arm's length	Balance	%	
Tianjin TSC Auto ID Technology Co., Ltd.	Sub-subsidiary	Sale	(\$ 172,832)	Note 1	60 days based on monthly statements	Equivalent	\$ 156,705	11%	\$ 49,743 (Note 2)
		Purchase	107,122	Note 1	60 days based on monthly statements	Equivalent	(141,837)	(23%)	

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

Note 2: This refers to cumulative unrealized gains or losses as of March 31, 2023.

TSC Auto ID Technology Co., Ltd.

Information on major shareholders

March 31, 2023

Table 10

Unit: shares

Name of the major shareholder	Shares	
	No. of shares held	Shareholding percentage
Taiwan Semiconductor Co., Ltd.	15,453,177	36.34%
Standard Chartered Bank, Department of Business in custody for Fidelity Puritan Trust: Fidelity Low-Priced Fund Investment	2,314,000	5.44%
Cathay Life Insurance's fully discretionary account with Cathay Securities Investment Trust (TAIEX 15)	2,190,300	5.15%

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