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

Consolidated Financial Statement and Auditor's Review Report
Second Quarter of 2023/2022

Address: 9F., No.95, Minquan Rd., Xindian Dist., New Taipei City

Telephone: (02)2218-6789

TABLE OF CONTENTS

Auditor’s Review Report

To the Board of Directors and Shareholders of TSC Auto ID Technology Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of TSC Auto ID Technology Co., Ltd. and its subsidiaries (hereinafter referred to as “TSC Auto ID Technology Group”) as at June 30, 2023 and 2022 and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant 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

Except as explained in the following paragraph, we reviewed the financial statements in accordance with the Standard on Review Engagements ISRE 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” 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.

Basis for Qualified Conclusion

As explained in Note XI, the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT$240,057 thousand, constituting of 2.59% of the consolidated total assets, and total liabilities of NT$165,333 thousand, constituting of 3.98% of the consolidated total liabilities as at June 30, 2023. The total comprehensive income is at NT$2,196 thousand, constituting 0.82% and 0.24% of the consolidated comprehensive income for the three months and six months then ended. The related information of the reinvested business as narrated in Note 32 to the consolidated financial statements and the contents of the abovementioned insignificant subsidiaries were recognized and disclosed based on their financial statements which were not reviewed by the independent auditors.

Qualified 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 at June 30, 2023 and 2022, its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended. With exception to the financial statements of certain insignificant consolidated subsidiaries which have been reviewed by independent auditors that might have been determined to be necessary for adjustments to the consolidated financial statements, if any, as described in the above situation.

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. These subsidiaries accounted for 18.52% and 19.97% of the total consolidated assets as at June 30, 2023 and 2022, respectively; 34.46% and 35.47%, and 37.59% and 37.11% of the consolidated revenue for the three months and six months then ended; 17.28% and 42.78%, and 9.78% and 20.23% of the total comprehensive income for the six months then ended.

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

August 9, 2023

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

Consolidated Balance Sheet

As at June 30, 2023, December 31, 2022 and June 30, 2022

Unit: NT$ thousand

Code	Asset	June 30, 2023 Amount	%	December 31, 2022 Amount	%	June30, 2022 Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 1,116,765	12	$ 1,142,046	14	$ 1,037,744	13
1110	Financial assets at fair value through profit or loss (Note 7)	-	-	1,798	-	1,808	-
1170	Notes and accounts receivable, net (Notes 9, 29)	1,499,119	16	1,350,343	16	1,404,770	17
1200	Other receivables (Note 29)	88,335	1	51,116	1	64,460	1
130X	Inventory (Note 10)	1,640,887	18	1,624,449	19	1,537,501	19
1410	Prepayments	85,120	1	69,070	1	67,690	1
1470	Other current assets	7,630	-	7,835	-	5,834	-
11XX	Total current assets	4,437,856	48	4,246,657	51	4,119,807	51
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (Note 8)	1,437,080	16	1,098,160	13	1,052,280	13
1600	Property, plant and equipment (Notes 12 and 30)	1,143,769	12	1,053,525	13	1,045,307	13
1755	Right-of-use assets (Note 13)	168,153	2	180,889	2	216,967	3
1780	Other intangible assets (Note 15)	182,095	2	200,919	2	223,094	3
1805	Goodwill (Note 14)	1,371,039	15	1,058,071	13	1,023,961	12
1840	Deferred income tax assets	404,983	4	387,569	5	415,967	5
1990	Other non-current assets (Note 16)	127,141	1	68,979	1	48,372	-
15XX	Total non-current assets	4,834,260	52	4,048,112	49	4,025,948	49
1XXX	Total assets	$ 9,272,116	100	$ 8,294,769	100	$ 8,145,755	100
Code	Liabilities and equity						
	Current liabilities						
2100	Short-term loans (Note 17)	$ 613,190	7	$ 876,515	11	$ 775,594	10
2120	Financial liabilities at fair value through profit or loss (Note 7)	5,675	-	1,984	-	10,107	-
2170	Accounts payable (Note 29)	729,950	8	698,489	8	770,794	9
2200	Other payables (Notes 18, 29)	961,563	10	430,321	5	809,170	10
2230	Income tax liability during the period	162,075	2	120,953	1	140,672	2
2250	Liability reserve	6,589	-	6,618	-	6,141	-
2280	Lease liability (Note 13)	105,224	1	92,735	1	89,011	1
2320	Long-term liabilities due within one year (Notes 17, 30)	37,220	-	63,000	1	-	-
2399	Other current liabilities (Note 20)	156,189	2	130,883	2	160,566	2
21XX	Total current liabilities	2,777,675	30	2,421,498	29	2,762,055	34
	Non-current liabilities						
2540	Long-term loans (Notes 17, 30)	765,817	8	557,000	7	700,000	9
2570	Deferred income tax liabilities	423,212	5	383,490	5	347,830	4
2580	Lease liability (Note 13)	75,981	1	95,534	1	128,677	1
2640	Net defined benefit liability	14,983	-	14,954	-	19,751	-
2670	Other non-current liabilities	99,625	1	71,568	1	72,845	1
25XX	Total non-current liabilities	1,379,618	15	1,122,546	14	1,269,103	15
2XXX	Total liabilities	4,157,293	45	3,544,044	43	4,031,158	49
	Equity (Note 19)						
	Share capital						
3110	Ordinary share capital	425,219	5	425,129	5	424,769	5
3140	Advanced receipt of share capital	900	-	60	-	-	-
3100	Total share capital	426,119	5	425,189	5	424,769	5
3199	Stock dividends to be distributed	42,522	-	-	-	-	-
3200	Capital surplus	632,183	7	615,845	7	604,119	8
	Retained earnings						
3310	Legal reserve	770,477	8	673,504	8	673,504	8
3320	Special reserve	8,597	-	8,597	-	8,597	-
3350	Unappropriated earnings	2,377,609	26	2,537,721	31	2,021,915	25
3300	Total retained earnings	3,156,683	34	3,219,822	39	2,704,016	33
3400	Other equity	857,316	9	489,869	6	381,693	5
3XXX	Total equity	5,114,823	55	4,750,725	57	4,114,597	51
	Total liabilities and equity	$ 9,272,116	100	$ 8,294,769	100	$ 8,145,755	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 August 9, 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 April 1 to June 30, 2023 and 2022, and from January 1 to June 30, 2023 and 2022.

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

Code		April 1 to June 30, 2023 Amount	%	April 1 to June 30, 2022 Amount	%	January 1 to June 30, 2023 Amount	%	January 1 to June 30, 2022 Amount	%
	Operating incomes (Notes 20, 29)								
4110	Revenues	$ 2,194,641	100	$ 2,042,284	100	$ 4,102,690	100	$ 3,804,375	100
	Operating costs (Notes 10, 21, 29)								
5110	Cost of goods sold	1,417,773	65	1,341,705	66	2,700,179	66	2,579,093	68
5900	Gross profits	776,868	35	700,579	34	1,402,511	34	1,225,282	32
	Operating expenses (Notes 9, 21, 29)								
6100	Sales & marketing expenses	191,270	9	173,114	8	370,333	9	336,466	9
6200	Administrative expenses	140,117	6	118,121	6	254,915	6	217,268	5
6300	R&D expenses	60,631	3	62,541	3	111,975	3	119,617	3
6000	Total operating expenses	392,018	18	353,776	17	737,223	18	673,351	17
6900	Operating profits	384,850	17	346,803	17	665,288	16	551,931	15
	Non-operating incomes and expenses (Notes 21 and 29)								
7100	Interest income	2,458	-	699	-	4,800	-	1,304	-
7190	Other incomes	62,552	3	46,411	2	68,483	2	51,972	1
7020	Other gains and losses	12,677	1	23,966	1	14,041	-	39,425	1
7050	Financial cost	(13,677)	(1)	(6,119)	-	(25,514)	-	(11,521)	-
7000	Total non-operating incomes and expenses	64,010	3	64,957	3	61,810	2	81,180	2
7900	Profits before tax	448,860	20	411,760	20	727,098	18	633,111	17
7950	Income tax expenses (Note 22)	121,021	5	113,392	6	194,930	5	179,189	5
8200	Net income for the period	327,839	15	298,368	14	532,168	13	453,922	12
	Other comprehensive incomes (Note 19)								
8310	Items that are not to be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive incomes	(102,120)	(5)	(227,878)	(11)	338,920	8	(101,215)	(3)
8360	Items that may be subsequently reclassified to profit or loss								
8361	Exchange differences on translation of financial statements of foreign operations	50,644	2	71,214	4	35,659	1	162,158	5
8399	Income tax components that may be reclassified	(10,128)	-	(14,243)	(1)	(7,132)	-	(32,432)	(1)
8300	Other comprehensive income for the period (net of tax)	(61,604)	(3)	(170,907)	(8)	367,447	9	28,511	1
8500	Total comprehensive income for the period	$ 266,235	12	$ 127,461	6	$ 899,615	22	$ 482,433	13
	Net income attributable to:								
8610	Shareholders of the Company	$ 327,839	15	$ 298,368	14	$ 532,168	13	$ 453,922	12
	Total comprehensive income attributable to:								
8710	Shareholders of the Company	$ 266,235	12	$ 127,461	6	$ 899,615	22	$ 482,433	13
	Earnings per share (Note 23)								
9710	Basic	$ 7.01		$ 6.39		$ 11.38		$ 9.71	
9810	Diluted	$ 6.94		$ 6.36		$ 11.24		$ 9.65	

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

(Please refer to the auditor’s review report issued by Deloitte Taiwan on August 9, 2023.)

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

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

Consolidated Statement of Changes in equity

From January 1 to June 30, 2023 and 2022

Unit: NT$ thousands, except as otherwise indicated

		Share capital				To be distributed		Retained earnings				Other equity			
Code		No. of shares (thousand shares)	Ordinary share capital	Advanced receipt of share capital	Total share capital	Stock dividends	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
	Appropriation and distribution of 2021 earnings														
B1	Legal reserve	-	-	-	-	-	-	78,396	-	(78,396)	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	-	(467,246)	(467,246)	-	-	-	(467,246)
D1	Net income from January 1 to June 30, 2022	-	-	-	-	-	-	-	-	453,922	453,922	-	-	-	453,922
D3	Other comprehensive income (net of tax) from January 1 to June 30, 2022	-	-	-	-	-	-	-	-	-	-	129,726	(101,215)	28,511	28,511
D5	Total comprehensive income from January 1 to June 30, 2022	-	-	-	-	-	-	-	-	453,922	453,922	129,726	(101,215)	28,511	482,433
N1	Share-based compensation – employee stock options (Note 24)	-	-	-	-	-	11,267	-	-	-	-	-	-	-	11,267
Z1	Balance on June 30, 2022	42,477	$ 424,769	$ -	$ 424,769	$ -	$ 604,119	$ 673,504	$ 8,597	$ 2,021,915	$ 2,704,016	($ 164,543)	$ 546,236	$ 381,693	$ 4,114,597
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	9	90	840	930	-	13,941	-	-	-	-	-	-	-	14,871
	Appropriation and distribution of 2022 earnings														
B1	Legal reserve	-	-	-	-	-	-	96,973	-	(96,973)	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	-	(552,785)	(552,785)	-	-	-	(552,785)
B9	Stock dividends to the company's shareholders	-	-	-	-	42,522	-	-	-	(42,522)	(42,522)	-	-	-	-
D1	Net income from January 1 to June 30, 2023	-	-	-	-	-	-	-	-	532,168	532,168	-	-	-	532,168
D3	Other comprehensive income (net of tax) from January 1 to June 30, 2023	-	-	-	-	-	-	-	-	-	-	28,527	338,920	367,447	367,447
D5	Total comprehensive income from January 1 to June 30, 2023	-	-	-	-	-	-	-	-	532168	532168	28527	338920	367447	899615
N1	Share-based compensation – employee stock options (Note 24)	-	-	-	-	-	2397	-	-	-	-	-	-	-	2397

Z1	Balance on June 30, 2023	42,522	$ 425,219	$ 900	$ 426,119	$ 42,522	$ 632,183	$ 770,477	$ 8,597	$ 2,377,609	$ 3,156,683	($ 73,720)	$ 931,036	$ 857,316	$ 5,114,823

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

(Please refer to the auditor's review report issued by Deloitte Taiwan on August 9, 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 June 30, 2023 and 2022

Unit: NT$ thousand

Code		January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
	Cash flows from operating activities		
A10000	Profit before tax	$ 727,098	$ 633,111
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	103,453	93,722
A20200	Amortization	33,138	38,529
A20300	Expected credit losses (reversal gains)	5,821	(1,020)
A20900	Financial cost	25,514	11,521
A21200	Interest income	(4,800)	(1,304)
A21300	Dividend income	(59,200)	(37,000)
A21900	Cost of employee stock options	2,397	11,267
A22500	Gain from disposal of property, plant and equipment	(812)	(871)
A23700	Loss for market price decline and obsolete inventory	7,033	7,848
A29900	Gain on lease amendment	(16)	(2,186)
A24100	Unrealized foreign exchange gains	(26,754)	(47,127)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	1,798	1,253
A31150	Notes and accounts receivable	(31,669)	(68,650)
A31180	Other receivables	22,511	16,295
A31200	Inventory	49,564	(345,585)
A31230	Prepayments	(44,582)	(31,216)
A31240	Other current assets	1,077	(962)
A31990	Other non-current assets	2,688	518
A32110	Financial liabilities held for trading	3,691	9,664
A32150	Accounts payable	(65,204)	(16,301)
A32180	Other payables	(34,965)	(63,373)

(Continued on next page)

(Continued from previous page)

Code		January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
A32230	Other current liabilities	13,433	3,466
A32240	Net defined benefit liability	29	20
A32990	Other non-current liabilities	10,767	18,077
A33000	Cash inflows from operating activities	742,010	229,696
A33100	Interest received	4,822	1,629
A33500	Income tax paid	(136,702)	(205,775)
AAAA	Net cash flows from operating activities	610,130	25,550
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	$ -	($ 84,535)
B02200	Net cash outflow for acquisition of subsidiary (Note 25)	(358,490)	-
B02700	Purchase of property, plant and equipment	(34,124)	(43,496)
B02800	Proceeds from sale of property, plant and equipment	899	871
B03700	Increase in refundable deposits	(2,490)	(27)
B03800	Decrease in refundable deposits	67	4,559
B04500	Purchase of intangible assets	(10,835)	(1,565)
B06500	Increase in other financial asset	(44,404)	-
B07100	Increase in equipment prepayments	(13,741)	(29,604)
BBBB	Net cash outflows from investing activities	(463,118)	(153,797)
C00100	Increase (decrease) in net short-term loans	(283,978)	222,243
C01600	Borrowing of long-term loans	300,000	-
C01700	Repayment of long-term loans	(143,906)	(200,000)
C03000	Collect the guarantee deposits received	-	84
C03100	Return of guarantee deposits received	(219)	-
C04020	Repayment of lease principals	(40,929)	(71,251)
C04800	Exercise of employee stock options	14,871	-
C05600	Interest paid	(25,868)	(10,575)
CCCC	Net cash outflows from financing activities	(180,029)	(59,499)

(Continued on next page)

(Continued from previous page)

Code		January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
DDDD	Currency impact on cash and cash equivalents	7,736	25,611
EEEE	Net decrease in cash and cash equivalents during the period	(25,281)	(162,135)
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	$ 1,116,765	$ 1,037,744

The notes are an integral part of these consolidated financial statements.
(Please refer to the auditor's review report issued by Deloitte Taiwan on August 9, 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 June 30, 2023 and 2022

(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 August 9, 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	Undecided
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'Deferred taxes arising from OECD Pillar Two model rules'	Note 3

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.

Note 3: After the publication of this amendment, the facts of exceptions and disclosures will be applied immediately, and will be applied retrospectively according to IAS 8. The amendment is applicable to other disclosures starting from January 1, 2023. These other disclosure requirements are not applicable to the former interim financial report before December 31, 2023.

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 significant 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 consolidated comprehensive income statement has included the profit and loss of the subsidiary(ies) acquired from the date of acquisition in this period. 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 8 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. Business combinations

Business combinations are accounted using the acquisition method. Costs associated with acquisitions are expensed in the year when the costs are incurred and the services rendered.

Goodwill is measured as the fair value of consideration transferred that is in excess of net identifiable assets acquired and liabilities borne on the acquisition date.

When the consolidated company's consideration is transferred in a business combination and it includes assets or liabilities arising from the contingent consideration arrangement, the contingent consideration is measured at fair value on the acquisition date and forms part of the consideration transfer payment by the exchange acquiree. If changes to the contingent consideration at fair value is made during the measurement period, retrospective adjustments are then made to the acquisition costs and relative goodwill. Measurement period adjustments refers to the adjustments made after the acquisition date as a result of additional information that the acquirer obtained about facts and circumstances that existed at the acquisition date which falls within the “measurement period” (which is within one year starting from the acquisition date).

Changes to contingent consideration at fair value due to adjustments made outside of the measurement period, its subsequent handling is dependent on the classification of the contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity. Other contingent consideration shall be measured at fair value at each reporting date, with any resulting fair value changes recognized in profit or loss.

Provisional amounts are recognized at the end of the reporting period for business combinations that have yet to complete measurement for the amount of identifiable assets acquired and liabilities assumed. Retrospective adjustments or additional assets/liabilities will be recognized during the "measurement period" to reflect all facts prevailing as of the acquisition date and updates of the latest circumstances.

2. Defined-benefit post-employment benefit

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.

3. Income taxes

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

V. Critical accounting judgements, estimates and key sources of assumption uncertainty

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

	June 30, 2023	December 31, 2022	June 30, 2022
Vault cash and petty cash	$ 270	$ 79	$ 91
Bank checks and demand deposits	768,323	465,607	987,853
Cash equivalents			
Fixed-term bank deposits with original maturity within three months	248,172	176,360	49,800
Bills sold under repurchase agreements	100,000	500,000	-
	$ 1,116,765	$ 1,142,046	$ 1,037,744

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Fixed-term deposits	1.25%～2.05%	1.20%～1.40%	0.62%
Bills sold under repurchase agreements	1.10%	0.98%～1.02%	-

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial Assets – Current			
Designated at fair value through profit or loss			
Derivatives (non-hedging)			
- Currency forward contracts (1)	$ -	$ -	$ 1,395
- Currency swaps (2)	-	1,798	413
	$ -	$ 1,798	$ 1,808
Financial Liabilities – Current			
Held for trading			
Derivatives (non-hedging)			
- Currency forward contracts (1)	$ 5,675	$ 436	$ 1,254
- Currency swaps (2)	-	1,548	8,853
	$ 5,675	$ 1,984	$ 10,107

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

June 30, 2023

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	Euro to NTD	112.7.21~112.9.21	EUR 6,000/NTD 198,331
	USD to NTD	112.7.21~112.8.24	USD 3,000/NTD 91,275

December 31, 2022

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	USD to NTD	112.2.17	USD 2,000/NTD 60,718

June 30, 2022

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	Euro to NTD	111.7.18~111.8.19	EUR 3,000/NTD 94,631
	USD to NTD	111.7.8~111.8.10	USD 4,000/NTD 117,607

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	112.2.17~112.5.19

June 30, 2022

	Nominal value (NT$ thousand)	Exercise exchange rates	Maturity
Currency swaps	USD 10,500/NTD 302,782	28.522~29.665	111.8.17~111.11.18

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

	June 30, 2023	December 31, 2022	June 30, 2022
Equity Instrument Investments – Non-Current			
Domestic investments			
TPEx-listed stocks	$ 1,437,080	$ 1,098,160	$ 1,052,280

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

	June 30, 2023	December 31, 2022	June 30, 2022
Receivables			
Notes receivable	$ -	$ 536	$ 63
Accounts receivable	1,522,400	1,366,873	1,428,447
Less: allowance for losses	(23,302)	(17,114)	(23,740)
Accounts receivable – affiliated parties (Note 29)	21	48	-
	$ 1,499,119	$ 1,350,343	$ 1,404,770

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:

June 30, 2023

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 1,152,758	$ 328,052	$ 19,463	$ 4,992	$ 3,468	$ 9,518	$ 4,149	$ 1,522,400
Allowance for losses (lifetime expected credit losses)	(5,173)	(3,281)	(584)	(250)	(347)	(9,518)	(4,149)	(23,302)
Amortized cost	$ 1,147,585	$ 324,771	$ 18,879	$ 4,742	$ 3,121	$ -	$ -	$ 1,499,098

December 31, 2022

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 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	(5,530)	(1,880)	(104)	(60)	(362)	(4,724)	(4,454)	(17,114)

expected credit losses)								
Amortized cost	$ 993,605	$ 337,881	$ 6,161	$ 2,126	$ 6,175	$ 3,811	$ -	$ 1,349,759

June 30, 2022

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 1,040,314	$ 314,639	$ 32,197	$ 23,657	$ 5,234	$ 7,095	$ 5,311	$ 1,428,447
Allowance for losses (lifetime expected credit losses)	(5,516)	(3,146)	(966)	(1,183)	(523)	(7,095)	(5,311)	(23,740)
Amortized cost	$ 1,034,798	$ 311,493	$ 31,231	$ 22,474	$ 4,711	$ -	$ -	$ 1,404,707

Change to allowance of losses of receivables is as follows:

	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Balance at the beginning of the period	$ 17,114	$ 23,884
Impairment loss recognized (reversed) during this period	5,821	(1,020)
Difference in foreign currency translation	367	876
Balance at the end of the period	$ 23,302	$ 23,740

X. Inventory

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	$ 694,711	$ 685,693	$ 574,772
Semi-finished goods	284,125	308,301	260,417
Work in process	76,582	48,454	112,826
Raw materials	585,469	582,001	589,486
	$ 1,640,887	$ 1,624,449	$ 1,537,501

Cost of goods sold by nature:

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Inventory cost for sold goods	$ 1,404,065	$ 1,337,644	$ 2,693,146	$ 2,571,245
Loss for market price decline and obsolete inventory	13,708	4,061	7,033	7,848
	$ 1,417,773	$ 1,341,705	$ 2,700,179	$ 2,579,093

XI. Subsidiaries

(I) Subsidiaries in the consolidated financial statements

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

Investment company Name	Name of the subsidiary	Nature of the business	Shareholding percentage 2023 June 30	2022 December 31	2022 June 30	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 2
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 3
TSC HK	Tianjin TSC Auto ID	Production and	100%	100%	100%	-

	Technology Co., Ltd. (Tianjin TSC Auto ID Technology)	marketing of barcode printers and relevant components				
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%	-
TSCPL	MGN sp. z o.o. （MGN） (Note 25)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100%	-	-	Note 1

Note 1: It is an insignificant subsidiary and its financial statements have not been reviewed by an independent auditor.

Note 2: 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 26 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 3: The Company had in February 2023 established the Mosfortico Investments sp. z o.o. (TSCPL) with a capital of PLN 4,520 (equivalent to NT$31,311). In June 2023, the capital was increased to PLN 58,106 thousand (equivalent to NT$429,260 thousand). 100% ownership of MGN sp. z o.o. (MGN) of Poland has been acquired through TSCPL. Please refer to Note 25 for related information.

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

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

XII. Property, plant and equipment

	June 30, 2023	December 31, 2022	June 30, 2022
Land	$ 228,047	$ 225,340	$ 225,340
Buildings and structures	279,894	258,118	263,501
Machinery and equipment	544,795	463,183	480,400
Other equipment	85,641	77,386	72,798
Equipment to be inspected	5,392	29,498	3,268
	$ 1,143,769	$ 1,053,525	$ 1,045,307

The consolidated company has in June 2023 acquired property, plant and equipment through stock acquisition. Please refer to Note 25 for related information.

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 June 30, 2022.

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

Buildings and structures	
Office	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

The consolidated company has created a collateral for the bank as a guarantee for the long-term borrowing of amount for property, plant and equipment. Please refer to Note 30 for detailed information.

XIII. Lease agreement

(I) Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of right-of-use assets			
Buildings	$ 163,737	$ 176,698	$ 212,274
Transportation equipment	4,416	4,191	4,693
	$ 168,153	$ 180,889	$ 216,967

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Purchase of right-of-use assets	$ 32,172	$ -	$ 33,427	$ 3,896
Depreciation of right-of-use assets				
Buildings	$ 22,880	$ 21,225	$ 44,936	$ 41,679
Transportation equipment	809	946	1,712	1,850
	$ 23,689	$ 22,171	$ 46,648	$ 43,529
Sublease incomes from right-of-use assets (rental incomes)	($ 2,463)	($ 2,818)	($ 4,904)	($ 5,522)

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 June 30, 2023 and from January 1 to June 30, 2022.

(II) Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of lease liabilities			
Current	$ 105,224	$ 92,735	$ 89,011
Non-current	$ 75,981	$ 95,534	$ 128,677

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

	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	0.25%~4.75%	0.25%~4.68%	0.25%~4.50%
Transportation equipment	0.25%~2.27%	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

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Short-term lease expenses	$ 306	$ 300	$ 534	$ 538
Low-value asset lease expenses	$ 6,689	$ 1,071	$ 9,570	$ 5,362
Total cash (outflow) for leases			($ 54,606)	($ 82,050)

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 June 30, 2023	January 1, 2022 to June 30, 2022
Cost		
Balance at the beginning of the period	$ 1,058,071	$ 953,676
Acquisition through business	291,848	-

combination (Note 25)		
Net exchange difference	21,120	70,285
Balance at the end of the period	$ 1,371,039	$ 1,023,961

The consolidated company has on June 12, 2023 acquired MGN and generated goodwill valued at PLN 38,784 thousand (equivalent to NT$291,848 thousand). This amount is mainly due to the expected MGN product market and competitive advantage which in turn drives the operating income growth and expansion of the Group's operating scale.

As the measurement for the identifiable assets acquired and liabilities assumed for the business combination is not yet completed, an amount is temporarily used for the recognized value of goodwill at the end of the financial statements reporting period. Retrospective adjustments will be made to the amount during the measurement period.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Printer business	$ 872,574	$ 860,525	$ 832,784
Label business	498,465	197,546	191,177
	$ 1,371,039	$ 1,058,071	$ 1,023,961

XV. Other Intangible Assets

	June 30, 2023	December 31, 2022	June 30, 2022
Knowhow & technology	$ 37,005	$ 43,557	$ 50,022
Customer relations	111,260	117,293	132,319
Patent rights	3,163	6,326	9,489
Software cost	30,667	33,743	31,264
	$ 182,095	$ 200,919	$ 223,094

Other than the recognized amortization, there was no significant addition, disposal or impairment of the consolidated company's intangible assets from January 1 to June 30, 2023 and from January 1 to June 30, 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
Patent rights	8 years
Software cost	1-10 years

XVI. Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayment of equipment amount	$ 69,978	$ 58,819	$ 37,769
Other financial asset (I)	44,404	-	-
Refundable deposits	11,528	9,135	9,320
Others	1,231	1,025	1,283
	$ 127,141	$ 68,979	$ 48,372

(I) The consolidated company deposited EUR 1,292 thousand (equivalent to NT$44,404 thousand) to a third party escrow account on the closing date for the acquisition of MGN as the final payment. This is to ensure transaction security for both parties. The escrow period lasts for 18 months starting from the closing date. The amount in the account will be released in whole to the selling party upon the expiration of the period on the condition that both parties have fulfilled their obligations for the acquisition agreement, and that during this time there are no discoveries made about MGN for any other existing or tax risks, or debts that will result in additional losses to be borne by the consolidated company.

XVII. Loans

(I) Short-term loans

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured loans			
Bank overdraft	$ 7,955	$ -	$ -
Bank borrowings	605,235	876,515	775,594
	$ 613,190	$ 876,515	$ 775,594
Annual interest rate (%)	4.30%~8.56%	1.63%~5.49%	0.44%~2.49%

	December 31 2023	March 28 2023	September 11 2022
Final maturity	December 31 2023	March 28 2023	September 11 2022

(II) Long-term loans

	June 30, 2023	December 31, 2022	June 30, 2022
Secured borrowings (2)	$ 26,037	$ -	$ -
Unsecured loans (1)	777,000	620,000	700,000
Less: portion due within one year	(37,220)	(63,000)	-
	$ 765,817	$ 557,000	$ 700,000
Annual interest rate (%)	1.52%~9.86%	1.40%~1.50%	1.25%~1.27%
Final maturity	December 15 2027	October 14 2025	July 22 2024

(1) 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.

(2) The self-owned lands and buildings of the consolidated company are pledged as collaterals for the bank loan (refer to Note 30). The maturity date for the loan is in December 2027. The loan interest rate as at June 30, 2023 is 4.39%-9.86%.

XVIII. Other Payables

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Dividends payable	$ 552,785	$ -	$ 467,246
Salaries and bonuses	134,234	192,743	123,864

payable			
Employees' remuneration payable	100,861	65,458	67,204
Directors' remuneration payable	50,431	32,729	50,403
Taxes payable	41,034	42,206	28,913
Service fees payable	10,086	13,278	10,945
Insurance premiums payable	9,374	9,260	9,652
R&D expenses payable	5,389	7,913	6,123
Equipment amount payable	4,417	4,035	3,280
Others (Note 29)	52,952	62,699	41,540
	$ 961,563	$ 430,321	$ 809,170

XIX. Equity

(I) Ordinary share capital

	June 30, 2023	December 31, 2022	June 30, 2022
Authorized shares (thousand shares)	80,000	80,000	80,000
Authorized share capital	$ 800,000	$ 800,000	$ 800,000
Issued shares (thousand shares)	42,522	42,513	42,477
Issued share capital	$ 425,219	$ 425,129	$ 424,769

Changes in the Company's share capital are mainly explained by the exercising of employee stock option.

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

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to offset losses, issue cash or appropriate to share capital (1)			
Premium of share issuance	$ 437,026	$ 423,085	$ 416,789
Difference between the actual disposal price and book value of the	1,984	1,984	

subsidiaries' equity (Note 26)			
May be used to offset losses only			
Lapsed stock options	123,244	122,907	122,840
Exercised employee stock options	26,660	22,210	20,556
May not be used for any purposes (2)			
Employee stock options	43,269	45,659	43,934
	$ 632,183	$ 615,845	$ 604,119

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 21 (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 Annual Shareholder's Meetings on June 16, 2023 and 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		

(IV) Other equity

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

	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Balance at the beginning of the period	($102,247)	($294,269)
Incurred during the period		
Exchange differences on translation of financial statements of foreign operations	35,659	162,158
Relevant income taxes	(7,132)	(32,432)
Balance at the end of the period	($ 73,720)	($164,543)

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

	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Balance at the beginning of the period	$592,116	$647,451
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive incomes	338,920	(101,215)
Balance at the end of the period	$931,036	$546,236

XX. Revenue

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Revenue from contracts with customers				
Barcode printers	$ 1,265,027	$ 1,199,754	$ 2,203,379	$ 2,115,253
Labels and printer consumables	801,741	724,427	1,587,511	1,411,621
Barcode printer components and others	127,873	118,103	311,800	277,501
	$ 2,194,641	$ 2,042,284	$ 4,102,690	$ 3,804,375

(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 June 30, 2023 and December 31, 2022 and June 30, 2022, the consolidated company estimated the refund liabilities at 100,376 thousand, 91,058 thousand and 112,370 thousand, respectively.

(II) Breakdown of revenue from contracts with customers

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Main markets				
Taiwan and other parts of Asia	$ 316,211	$ 299,444	$ 620,037	$ 554,383
China	404,688	288,669	609,053	533,886
America	1,046,397	1,064,746	2,074,947	1,989,647
Europe	427,345	389,425	798,653	726,459
	$ 2,194,641	$ 2,042,284	$ 4,102,690	$ 3,804,375

XXI. Additional information about net income during the period

Net income during the period includes the following:

(I) Interest income

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Bank deposits	$ 2,458	$ 699	$ 4,800	$ 1,304

(II) Other incomes

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Dividend income	$ 59,200	$ 37,000	$ 59,200	$ 37,000
Rental incomes (Note 13)	2,463	2,818	4,904	5,522
Others	889	6,593	4,379	9,450
	$ 62,552	$ 46,411	$ 68,483	$ 51,972

(III) Other gains and losses

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Net exchange gain	$ 19,796	$ 36,556	$ 23,625	$ 65,062
Loss from financial instruments measured at fair value through profit or loss	(7,073)	(12,869)	(8,993)	(26,835)
Gain from disposal of property, plant and equipment	684	21	812	871
Gain on lease amendment	16	1,651	16	2,186
Other losses	(746)	(1,393)	(1,419)	(1,859)
	$ 12,677	$ 23,966	$ 14,041	$ 39,425

(IV) Financial cost

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Bank loan interests	$ 11,983	$ 3,712	$ 22,017	$ 6,616
Lease liability interests	1,694	2,407	3,497	4,905
	$ 13,677	$ 6,119	$ 25,514	$ 11,521

(V) Depreciation and amortization

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Property, plant and equipment	$ 29,693	$ 25,379	$ 56,805	$ 50,193
Right-of-use assets	23,689	22,171	46,648	43,529
Intangible assets	15,808	19,605	33,138	38,529
	$ 69,190	$ 67,155	$ 136,591	$ 132,251
Deprecation by function				
Operating costs	$ 39,089	$ 33,666	$ 74,758	$ 65,799
Operating expenses	14,293	13,884	28,695	27,923
	$ 53,382	$ 47,550	$ 103,453	$ 93,722
Amortization by function				
Operating costs	$ 240	$ 157	$ 480	$ 314
Operating expenses	15,568	19,448	32,658	38,215
	$ 15,808	$ 19,605	$ 33,138	$ 38,529

(VI) Employee benefit expenses

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Short-term employee benefits	$ 371,694	$ 367,094	$ 728,958	$ 696,775
Retirement benefits				
Defined contributions	12,206	11,972	23,763	23,242
Defined benefits	74	37	149	74
Share-based payment (Note 24)				
Equity settled	1,205	8,629	2,397	11,267
Other employee benefits	14,251	14,032	29,641	27,692
Total employee benefit expenses	$ 399,430	$ 401,764	$ 784,908	$ 759,050
Summary by function				
Operating costs	$ 159,479	$ 167,882	$ 320,024	$ 322,222
Operating expenses	239,951	233,882	464,884	436,828
	$ 399,430	$ 401,764	$ 784,908	$ 759,050

(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 employees’ remuneration and directors’ remuneration from April 1 to June 30, 2023 and 2022, and January 1 to June 30, 2023 and 2022, respectively, are as follows:

Estimated and recognized percentage

	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Employees’ remuneration	5.0%	4.0%
Directors’ remuneration	2.5%	3.0%

Amount

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Employees’ remuneration	$ 21,590	$ 16,221	$ 35,403	$ 24,659
Directors’ remuneration	$ 10,796	$ 12,165	$ 17,702	$ 18,494

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) Exchange gain (loss)

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Total exchange gain	$ 40,939	$ 58,724	$ 77,510	$ 103,069
Total exchange loss	(21,143)	(22,168)	(53,885)	(38,007)
Net gain (loss)	$ 19,796	$ 36,556	$ 23,625	$ 65,062

XXII. Income taxes

(I) Income tax recognized in profit and loss

The primary components of income tax expenses are as follows:

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Income tax during the period				
Incurred during the period	$ 91,910	$ 95,308	$ 162,889	$ 157,326
Tax on undistributed earnings	13,873	11,916	13,873	11,916
Adjustment for the previous year	2	1	715	18
	105,785	107,225	177,477	169,260
Deferred income tax				
Incurred during the period	15,236	6,167	17,453	9,929
Income tax expenses recognized in profit and loss	$ 121,021	$ 113,392	$ 194,930	$ 179,189

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 have been assessed by the tax authorities.

XXIII. Earnings per share

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Basic earnings per share	$ 7.01	$ 6.39	$ 11.38	$ 9.71
Diluted earnings per share	$ 6.94	$ 6.36	$ 11.24	$ 9.65

When calculating the earnings per share, retrospective adjustments have been made for the effects of the bonus distribution. The bonus distribution base date is set as August 7, 2023. Changes to the basic and diluted earnings per share for April 1 to June 30, 2022, and January 1 to June 30, 2022 due to the retrospective adjustments are as shown below:

Unit: NTD per share

	Before retrospective adjustment		After retrospective adjustment	
	April 1, 2022 to June 30, 2022	January 1, 2022 to June 30, 2022	April 1, 2022 to June 30, 2022	January 1, 2022 to June 30, 2022
Basic earnings per share	$ 7.02	$ 10.69	$ 6.39	$ 9.71
Diluted earnings per share	$ 7.00	$ 10.61	$ 6.36	$ 9.65

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

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Net income attributable to the shareholders of the Company	$ 327,839	$ 298,368	$ 532,168	$ 453,922
Net income used for the calculation of earnings per share	$ 327,839	$ 298,368	$ 532,168	$ 453,922

Number of shares

Unit: Thousand shares

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Weighted average number of ordinary shares used for the calculation of earnings per share	46,786	46,725	46,779	46,725
Effects of dilutive potential ordinary shares:				
Employee stock options	331	23	317	63
Employees' remuneration	142	154	261	264
Average weighted number of ordinary shares used for the calculation of dilutive earnings per share	47,259	46,902	47,357	47,052

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.

XXIV. Shares-based Payment Agreement

In order to attract and retain talents of the Company and to motivate employees, the Company's Board of Directors has on June 16, 2023 passed by resolution the issuance and subscription method for the 2023 employee stock options. The reserved total number of units for issuance is 1,000 units. For each unit subscribed, 1,000 common shares of the Company may be purchased. An additional of 1,000,000 common shares is expected to be issued due to the exercise of employee stock options.

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 June 30, 2023		January 1, 2022 to June 30, 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	945.0	$170.8-208.1
Granted during the period	-	-	-	-
Given up due to departure	(15.0)	159.9	-	-
Exercised during the period	(93.0)	159.9	-	-
Outstanding at the end of the period	787.5	137.9-168	945.0	159.9-194.8
Exercisable at the end of the period	326.3	-	-	-
Weighted average time to maturity (years)	2.01~2.77 years		3.01~3.77 years	

The exercise price is the closing price of the Company's ordinary shares on the day of issuance. The exercise price shall be adjusted according to the formula in case of change in the Company's issuance of cash dividends and ordinary shares.

The remuneration costs recognized from April 1 to June 30, 2023 and 2022, and from January 1 to June 30, 2023 and 2022, are NT$1,205 thousand, NT$8,629 thousand, NT$2,397 thousand and NT$11,267 thousand, respectively.

XXV. Business combinations

(I) Acquisition of subsidiaries

	Principal activities	Acquisition date	Proportion of voting equity interests acquired (%)	Consideration transferred
MGN	Printer consumables and customized design, integration, production and marketable of a variety of labels	June 12, 2023	100	$ 362,703

For the purpose of enhancing brand competitiveness and expanding the Europe labelling paper market, the consolidated company has acquired 100% of the shares of MGN sp. z o.o. on June 12, 2023. The initial acquisition consideration was PLN 48,200 thousand (equivalent to NT$362,703 thousand). There may be some changes made to the total transaction price depending on the contingent consideration and other contracts relating to the profit conditions of MGN in the coming three years after the settlement.

(II) Assets acquired and liabilities assumed on acquisition date

	MGN
Current assets	
Cash	$ 4,213
Accounts receivable	82,679
Inventory	58,986
Prepaid expenses	3,413
Other current assets	26
Non-current assets	
Property, plant and equipment	73,968
Intangible assets	1,584
Other non-current assets	166
Current liabilities	
Accounts payable	(79,215)
Short-term loans	(8,789)
Other payables	(11,911)
Long-term loans maturing within one year	(7,335)
Other current liabilities	(11,544)
Non-current liabilities	
Long-term loans	(19,095)
Deferred long-term revenue	(14,525)
Other non-current liabilities	(1,766)
	$ 70,855

As of the approval and publication date of the Company's financial statements, the measurement for the identifiable assets acquired and liabilities assumed for the business combination is not yet completed. Hence, an amount is temporarily used to recognize its fair value.

(III) Goodwill derived from acquisition

	MGN
Consideration transferred	$ 362,703
Less: fair value of net identifiable assets acquired	(70,855)
Goodwill derived from acquisition	$ 291,848

Goodwill from the acquisition of MGN mainly represents control premium. Furthermore, the amount of consideration paid for the acquisition includes the Company's expectations with respect to synergy, revenue growth and future market development, and the employee value of the MGN company.

For goodwill arising from the merger, it is expected that it cannot be used a tax deductible item.

(IV) Net cash outflow for acquisition of subsidiaries

	MGN
Consideration paid in cash	$ 362,703
Less: cash balance acquired	(4,213)
	$ 358,490

(V) Effect of business combination on operating performance

Business performance of acquired companies since the acquisition date (June 12, 2023) is explained below:

	MGN
Operating incomes	$ 45,460
Profit before tax	$ 3,503

If the acquisition of MGN occurs in June 2023, the consolidated company drafts the operating revenue to incur on January 1, 2023, and for the three months and six months ended at NT$130,662 thousand and NT$258,464 thousand, respectively, and the net income at NT$7,595 thousand and NT$13,733 thousand. These figures do not represent the actual amount of revenues or business outcome that the consolidated company would have generated if the business combination had been completed at the beginning of the same year, and should not be considered a forecast of future business outcome.

XXVI. 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.

XXVII. 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Total liabilities	$ 4,157,293	$ 3,544,044	$ 4,031,158
Total equity	$ 5,114,823	$ 4,750,725	$ 4,114,597
Total assets	$ 9,272,116	$ 8,294,769	$ 8,145,755
Liability ratio	44.84%	42.73%	49.49%

XXVIII. Financial instruments

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

1. Fair value hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
- Equity investment	$ 1,437,080	$ -	$ -	$ 1,437,080
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 5,675	$ -	$ 5,675

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

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 1,808	$ -	$ 1,808
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
- Equity investment	$ 1,052,280	$ -	$ -	$ 1,052,280
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 10,107	$ -	$ 10,107

There was no transfer between Level 1 and Level 2 fair values from January 1 to June 30, 2023 and 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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial Assets			
Measured at fair value through profit or loss			
Designated at fair value through profit or loss	$ -	$ 1,798	$ 1,808
Measured at amortized cost (Note 1)	2,748,623	2,543,505	2,506,974
Financial assets measured at fair value through other comprehensive	1,437,080	1,098,160	1,052,280

incomes - equity instrument investments			
Financial Liabilities			
Measured at fair value through profit or loss			
Held for trading	5,675	1,984	10,107
Measured at amortized cost (Note 2)	2,269,429	2,334,395	2,346,841

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

Note 2: The balance includes financial liabilities measured at amortized costs such as short-term loans, accounts payable, other payables and long-term loans (including those reaching maturity within one year).

(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 June 30, 2023	January 1, 2022 to June 30, 2022
Euro	$ 12,559 (i)	$ 4,945 (i)
United States dollars	11,520 (ii)	17,787 (ii)
Chinese Yuan	3,211 (iii)	2,384 (iii)
Japanese Yen	(1,235) (iv)	(1,697) (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:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risks			
- Financial assets	$ 392,576	$ 676,360	$ 49,800
- Financial liabilities	708,590	1,064,784	993,282
Cash flow interest rate risks			
- Financial assets	530,361	341,228	834,074
- Financial liabilities	888,842	620,000	700,000

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

Sensitivity Analysis

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

If the interest rate increases/decreases by 100 basis points and all other variables are unchanged, the consolidated company's profits before tax will decrease/increase by NT$1,792 thousand and increase/decrease by NT$670 thousand from January 1 to June 30, 2023 and 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 an increase in floating-rate financial assets.

(3) Other price risks

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

Price 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$14,371 thousand and by NT$10,523 thousand from January 1 to June 30, 2023 and from January 1 to June 30, 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.

<u>Financial credit risks</u>

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.

<u>Credit risks associated with operations</u>

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 40% and 38% of the consolidated company's operating incomes from January 1 to June 30, 2021 and from January 1 to June 30, 2020, respectively. To lower the credit risks, the consolidated company periodically assesses the financial statuses of customers and the recoverability of accounts receivable and recognizes appropriate allowance for losses accordingly.

3. Liquidity risks

The consolidated company manages and maintains sufficient cash and cash equivalents to support operations and mitigate the impact of cash flow volatility. To control liquidity risks, the consolidated company's management keeps a close eye on the utilization of credit lines with banks to ensure adherence to the borrowing terms and conditions. The consolidated company's current capital is adequate to meet the due liabilities. It is unlikely that the consolidated company is unable to repay financial liabilities or honor relevant obligations in cash or with other financial assets. Please refer to (3) Credit Facilities for the available credit lines as of June 30, 2023, December 31, 2022 and June 30, 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.

June 30, 2023

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest	$1,405,987	$ -	$ -	$ -

bearing liabilities				
Lease liabilities	37,910	71,827	77,339	-
Floating interest rate instruments	648	123,025	765,817	-
Fixed interest rate instruments	528,726	-	-	-
	$1,973,271	$ 194,852	$ 843,156	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 109,737	$ 77,339	$ -

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	$ -

June 30, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$1,338,493	$ -	$ -	$ -
Lease liabilities	35,043	61,307	133,206	-
Floating interest rate instruments	221	-	700000	-
Fixed interest rate instruments	776885	-	-	-
	$2,150,642	$ 61,307	$ 833,206	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 96,350	$ 133,206	$ -

(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.

June 30, 2023

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Gross settlements				
Currency forwards				
-Inflow	$ 289,606	$ -	$ -	$ -
-Outflow	(296,280)	-	-	-
	($ 6,674)	$ -	$ -	$ -

December 31, 2022

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

June 30, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Gross				

settlements				
Currency forwards				
-Inflow	$ 87,896	$ -	$ -	$ -
-Outflow	(89,160)	-	-	-
	(1,264)	-	-	-
Currency swaps				
-Inflow	213,787	-	-	-
-Outflow	(222,900)	-	-	-
	(9,113)	-	-	-
	($ 10,377)	$	$ -	$ -

(3) Credit facilities

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured credit facilities with banks (reviewed annually)			
- Utilized amount	$ 1,390,190	$ 1,496,515	$ 1,475,594
- Available amount	2,146,289	2,328,780	2,973,833
	$ 3,536,479	$ 3,825,295	$ 4,449,427

XXIX. Related party transactions

The Company’s ultimate controller is Taiwan Semiconductor Co., Ltd., which owned 36.27%, 36.36% and 36.38% of the Company’s ordinary shares as of June 30, 2023, December 31, 2022 and June 30, 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	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Revenues	Parent company	$ 16	$ -	$ 16	$ 8
	Affiliated company	3	-	7	-
		$ 19	$ -	$ 23	$ 8

(III) Purchase

Affiliated party category	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Parent company	$ 203	$ 772	$ 359	$ 1,668

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	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable – affiliated parties	Affiliated company	$ 21	$ 48	$ -
Other receivables – affiliated parties	Affiliated company	$ 1,712	$ 1,736	$ 695

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 June 30, 2023 and from January 1 to June 30, 2022.

(V) Payables to affiliated parties

Itemized account	Affiliated party category	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable – affiliated parties	Parent company	$ 242	$ 101	$ 1,095
Other payables – affiliated parties	Parent company	$ -	$ 94	$ -
	Affiliated company	1,541	1,520	1,471
		$ 1,541	$ 1,614	$ 1,471

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

(VI) Other related party transactions

Itemized account	Affiliated party category	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Lease income	Affiliated company	$ 524	$ 446	$ 1,036	$ 892

The consolidated company gives the usage rights of the office and parking space to the affiliated company with the transfer of the operating lease. The transfer lease lasts for a period of five years, which can be renewed upon maturity. The lease payment is collected on a regular basis and processed following the general terms.

(VII) Management's remuneration

	April 1 to June 30, 2023	April 1, 2022 to June 30, 2022	January 1 to June 30, 2023	January 1, 2022 to June 30, 2022
Shor-term employee benefits	$ 34,113	$ 28,851	$ 57,870	$ 50,813
Retirement benefits	364	81	418	162
Shares-based payment	433	2,871	861	3,803
	$ 34,910	$ 31,803	$ 59,149	$ 54,778

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

XXX. Pledged assets

The below properties are provided as collaterals for the credit borrowings:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	$ 2,707	$ -	$ -
Buildings and structures - Net	28,945	-	-
	$ 31,652	$ -	$ -

XXXI. Information on 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)

June 30, 2023

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
United States dollars	$ 23,142	31.140 (USD: NTD)	$ 720,642
Euro	20,407	33.810 (EUR: NTD)	689,961
Chinese Yuan	53,923	4.282 (CNY: NTD)	230,898
			$ 1,641,501
Liabilities denominated in foreign currencies			
Monetary items			
United States dollars	10,811	31.140 (USD: NTD)	$ 336,655

Euro	8,025	33.810 (EUR: NTD)	271,325
Chinese Yuan	28,924	4.282 (CNY: NTD)	123,853
Japanese Yen	191,494	0.2150 (JPY: NTD)	41,171
			$ 773,004

December 31, 2022

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

June 30, 2022

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
United States dollars	$ 36,421	29.720 (USD: NTD)	$ 1,082,432
Euro	17,743	31.050 (EUR: NTD)	550,920
Chinese Yuan	77,039	4.439 (CNY: NTD)	341,976
			$ 1,975,328
Liabilities			

denominated in foreign currencies			
Monetary items			
United States dollars	16,472	29.720 (USD: NTD)	$ 489,548
Euro	12,434	31.050 (EUR: NTD)	386,076
Chinese Yuan	59,134	4.439 (CNY: NTD)	262,496
Japanese Yen	259,483	0.2182 (JPY: NTD)	56,619
			$ 1,194,739

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

	April 1 to June 30, 2023		April 1, 2022 to June 30, 2022	
Foreign currency	Exchange rate	Net exchange gain (loss)	Exchange rate	Net exchange gain
United States dollars	31.140 (USD: NTD)	$ 13,896	29.720 (USD: NTD)	$ 20,477
Euro	33.810 (EUR: NTD)	(5,255)	31.050 (EUR: NTD)	(1,299)
Chinese Yuan	4.282 (CNY: NTD)	(2,954)	4.439 (CNY: NTD)	1,102
Japanese Yen	0.2150 (JPY: NTD)	1,047	0.2182 (JPY: NTD)	1,075
		$ 6,734		$ 21,355

	January 1 to June 30, 2023		January 1, 2022 to June 30, 2022	
Foreign currency	Exchange rate	Net exchange gain (loss)	Exchange rate	Net exchange gain (loss)
United States dollars	31.140 (USD: NTD)	$ 7,774	29.720 (USD: NTD)	$ 38,518
Euro	33.810 (EUR: NTD)	17,896	31.050 (EUR: NTD)	1,349
Chinese Yuan	4.282 (CNY: NTD)	(1,157)	4.439 (CNY: NTD)	3,738
Japanese Yen	0.2150 (JPY: NTD)	2,241	0.2182 (JPY: NTD)	3,522
		$ 26,754		$ 47,127

XXXII. Supplementary 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: Attached Table 4.
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 5.
8. Receivables from affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital: Table 6.
9. Transaction of derivatives: Note 8.
10. Other information: business relations and significant transactions (circumstances and amounts) between the parent company and subsidiaries and among subsidiaries: Table 7.

(II) Information on investees: Table 8.

(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 9
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 10.

(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 11.

XXXIII. 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 June 30, 2023			
	Segment A	Segment B	Intersegment adjustment	Total
Revenue				
Revenue from external customers	$ 2,515,179	$ 1,587,511	$ -	$ 4,102,690
Intersegment revenue	905	65	(970)	-
Total revenue	$ 2,516,084	$ 1,587,576	($ 970)	$ 4,102,690
Segment profit (loss)	$ 776,028	$ 106,719	($ 155,649)	$ 727,098

	January 1, 2022 to June 30, 2022			
	Segment A	Segment B	Intersegment adjustment	Total
Revenue				
Revenue from external customers	$ 2,392,754	$ 1,411,621	$ -	$ 3,804,375
Intersegment revenue	68	104	(172)	-
Total revenue	$ 2,392,822	$ 1,411,725	($ 172)	$ 3,804,375
Segment profit (loss)	$ 685,495	$ 130,689	($ 183,073)	$ 633,111

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

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

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

Loans to Others

January 1 to June 30, 2023

Table 1

Unit: NT$ thousands, except as otherwise indicated

No. (Note 1)	Financing company	Counter-party	Financial statement account (Note 2)	Whether or not it is a Related party	Maximum balance for the period (Notes 3, 6)	Balance at the end of the period (Note 3, 6, 7)	Amount actually drawn (Note 6)	Interest rate range	Lending of capital Type	Transaction amounts	Reason for need for short-term financing	Recognized allowance for bad debts	Collateral Name	Collateral Value	Limit on loans granted to a single party (Note 4)	Lending of capital Ceiling on total (Note 5)
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	Other receivables – affiliated parties	Yes	$ 217,980 (USD 7,000 thousand)	$ -	$ -	-	-	$ -	-	$ -	None	$ -	$ -	$ -
0	TSC Auto ID Technology Co., Ltd.	Diversified Labeling Solutions Inc.	Other receivables – affiliated parties	Yes	311,400 (USD 10,000 thousand)	311,400 (USD 10,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,022,965	2,045,929
0	TSC Auto ID Technology Co., Ltd.	Mosfortico Investments sp. z o.o.	Other receivables – affiliated parties	Yes	-	169,050 (EUR 5,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,022,965	2,045,929
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH	Other receivables – affiliated parties	Yes	-	33,810 (EUR 1,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,022,965	2,045,929

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 June 30, 2023. NT dollars based on US$1 = NT$31.14 or EU$1 = NT33.81.

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 June 30, 2023

Table 2

Unit: NT$ thousands, except as otherwise indicated

No. (Note 1)	Name of the endorsement/guarantee provider	Endorsed/guaranteed entity		For a single company Endorsements and guarantees Maximum amount (Note 3)	Maximum balance of endorsements/guarantees during the period (Note 6)	Balance of endorsements/guarantees as of the end of the period (Notes 4, 6)	Amount actually drawn (Notes 5, 6)	Amount endorsed/guaranteed by collateralizing assets	Cumulative endorsed/guaranteed amount as the % of book value in the most recent financial statements	Endorsements and guarantees Maximum amount (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)	$ 2,045,929	$ 373,680 (USD 12,000 thousand)	$ 186,840 (USD 6,000 thousand)	$ -	$ -	3.65%	$ 3,068,894	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 June 30, 2023. NT dollars based on US$1 = NT$31.14.

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

June 30, 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	$ 1,437,080	5.62%	$ 1,437,080	

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 8 and 9 for information on subsidiaries.

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

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

January 1 to June 30, 2023

Table 4

Unit: NT$ thousands, except as otherwise indicated

Types and Company name	Names of marketable securities (Note 1)	Itemized account	Counterpartie (Note 2)	Relation (Note 2)	Beginning of the period		Purchase (Note 3)		Sell (Note 3)				Investment gain (loss)	Other variables	End of the period	
					No. of shares (thousand shares)	Amount	No. of shares (thousand shares)	Amount	Number of shares (unit)	Sales price	Book cost	Gains and losses on disposal			No. of shares (thousand shares)	Amount
The Company	Shares TSCPL	Long-term investments at equity	TSCPL	Subsidiaries	-	$ -	Note 4	$ 429,291 (PLN 58,111 thousand)	-	$ -	$ -	$ -	($ 12,238)	$ 16,650 (Note 5)	Note 4	$ 433,703
TSCPL	Shares MGN	Long-term investments at equity	SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK (Note 6)	-	-	-	2	PLN 48,200 thousand	-	-	-	-	PLN 304 thousand	-	2	PLN 48,504 thousand

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

Note 2: For investors using marketable securities at equity, it is necessary to fill out the two columns.

Note 3: The accumulated purchase and sale amount shall be calculated separately based on market price, i.e., whether it has reached NT$300 million or 20% of the paid-in capital.

Note 4: Figure not shown as the Company held less than one thousand shares.

Note 5: It includes the recognized exchange differences on translation of financial statements of foreign operations at NT$16,650 thousand.

Note 6: The Company has acquired 100% ownership of MGN through TSCPL from SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK.

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 June 30, 2023

Table 5

Unit: NT$ thousands, except as otherwise indicated

Purchase (sale) company	Counterparties	Relation	Transactions				Circumstances and reasons why transaction terms are different from the general terms		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	Subsidiary	Sale of goods	($ 543,757)	(28%)	135 days based on monthly statements	-	-	$ 683,615	46%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Sale of goods	(332,505)	(17%)	60 days based on monthly statements	-	-	146,617	10%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Purchase	247,107	26%	60 days based on monthly statements	-	-	(123,819)	(26%)	
The Company	TSCAA	Subsidiary	Sale of goods	(432,914)	(22%)	120 days based on monthly statements	-	-	449,497	30%	

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

June 30, 2023

Table 6

Unit: NT$ thousands, except as 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		Receivables from affiliated parties Recovered receivables (Note 2)	Recognized allowance Loss amount
						Amount	Treatment		
The Company	TSCAE	Subsidiary	Accounts receivable $	683,615	1.64	$ -	-	$125,474	$ -
			Other receivables	924	-			-	
The Company	TSCAA	Subsidiary	Accounts receivable $	449,497	2.14	-	-	72,351	-
			Other receivables	1,231	-	-	-	-	-
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Accounts receivable	146,617	3.89	-	-	86,399	-
Tianjin TSC Auto ID Technology	The Company	Parent company	Accounts receivable	123,819	5.03	-	-	50,211	-

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

Note 2: Recovered amount as of August 9, 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 June 30, 2023

Table 7

Unit: NT$ thousands, except as 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	$ 449,497	Note 3	5%
			1	Revenues	432,914	Note 3	11%
		TSCAE	1	Accounts receivable	683,615	Note 3	7%
			1	Revenues	543,757	Note 3	13%
		Tianjin TSC Auto ID Technology	1	Accounts receivable	146,617	Note 3	2%
			1	Revenues	332,505	Note 3	8%
			1	Accounts payable	123,819	Note 3	1%
			1	Purchase	247,107	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 June 30, 2023

Table 8

Unit: NT$ thousands, except as otherwise indicated

Name of the investment company	Name of the investee	Location	Primary business	Original invested amount		Held at end of period			Profit (loss) of the investee during the period	Recognized investment gain (loss) during the period Investment gain (loss)	Remarks
				End of this period	End of last year	No. of shares (thousand shares)	Percentage (%)	Carrying amount (Note 3)			
The Company	TSCAE	Germany	Sale of barcode printers and relevant components	$ 2,943	$ 2,943	Note 1	100.00	($ 111,418)	($ 32,460)	($ 32,460)	Subsidiary
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)	16000	100.00	1,066,032	7,874	7,874	Subsidiary
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)	11711	100.00	661,188	107,869	107,869	Subsidiary
The Company	Printronix Auto ID Technology	Taiwan	Sale of barcode printers and relevant components	5,000	5,000	500	100.00	5,042	(216)	(216)	Subsidiary
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	1,329,678	85,755	85,755	Subsidiary
The Company	TSCIN	India	Sale of barcode printers and relevant components	2,791 (US$100 thousand)	2,791 (US$100 thousand)	710	100.00	680	(935)	(935)	Subsidiary
The Company	TSCPL	Poland	General investment	429,291 (PLN 58,111 thousand)	-	Note 2	100.00	433,703	(12,238)	(12,238)	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Sale of barcode printers and relevant components	8,234	8,234	Note 1	100.00	(11,615)	(2,663)	(2,663)	Sub-subsidiary
TSCAE	TSCAS	Spain	Sale of barcode printers and relevant components	124	124	Note 1	100.00	2,920	167	167	Sub-subsidiary
DLS	PPL	United States	Selling of a variety of labels and printer consumables	US$115 thousand	US$115 thousand	850	100.00	35,630 (US$1,444 thousand)	5,214 (US$171 thousand)	5,214 (US$171 thousand)	Sub-subsidiary
TSCPL	MGN	Poland	Printer consumables and customized design, integration, production and marketable of a variety of labels	PLN 48,200 thousand	-	2	100.00	372,878 (PLN 48,504 thousand)	2,196 (PLN 304 thousand)	2,196 (PLN 304 thousand)	Sub-subsidiary

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

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

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

Note 4: Please refer to Tables 9 and 10 for information on investees in China.

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

Information on investments in China

January 1 to June 30, 2023

Table 9

Unit: NT$ thousands, except as otherwise indicated

Names of investees in China	Primary business	Paid-in capital (Note 5)	Investment method (Note 1)	Beginning of the period Outward remittances from Taiwan Accumulated invested amount (Note 5)	Outward remittances or recovered investments during the period		End of this period Outward remittances from Taiwan Accumulated invested amount (Note 5)	Investee Gains and losses for 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 Carrying amount	As of the period Total repatriated investment gains	Remarks
					Outward remittances	Recovered investments							
Tianjin TSC Auto ID Technology Co., Ltd.	Production and marketing of barcode printers and relevant components	$ 44,961 (CNY 10,500 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	$ 46,710 (US$1,500 thousand)	$ -	$ -	$ 46,710 (US$1,500 thousand)	$ 108,712	100%	$ 108,712 (Note 3)	$ 697,063	$ 787,814	
Shenzhen Printronix Auto ID Technology Co., Ltd.	Sale of barcode printers and relevant components	4,282 (CNY 1,000 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	4,796 (US$154 thousand)	-	-	4,796 (US$154 thousand)	(256)	100%	(256) (Note 3)	5,601	5,898	

Cumulative outward investments from Taiwan 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)
$51,506 (US$1,654 thousand)	$51,506 (US$1,654 thousand)	$3,068,894

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 June 30, 2023. NT dollars based on US$1 = NT$31.14 or RMB$1 = NT$4.282.

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 June 30, 2023

Table 10

Unit: NT$ thousands, except as otherwise indicated

Counterparties	Relation with the counterparty	Type of transaction 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 of goods	($ 332,505)	Note 1	60 days based on monthly statements	Equivalent	$ 146,617	2%	$ 41,517 (Note 2)
		Purchase	247,107	Note 1	60 days based on monthly statements	Equivalent	(123,819)	(1%)	

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 June 30, 2023.

TSC Auto ID Technology Co., Ltd.

Information on major shareholders

June 30, 2023

Table 11 Unit: shares

Name of the major shareholder	Shares	
	No. of shares held	Shareholding percentage
Taiwan Semiconductor Co., Ltd.	15,453,177	36.27%
Standard Chartered Bank, Department of Business in custody for Fidelity Puritan Trust: Fidelity Low-Priced Fund Investment	2,314,000	5.43%
Cathay Life Insurance's fully discretionary account with Cathay Securities Investment Trust (TAIEX 15)	2,190,300	5.14%

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.