

**Stock No.: 3611**



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

**2023 Annual General Shareholder's Meeting Minutes  
(Translation)**

(This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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

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

**Type of Meeting:** Physical Meeting

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

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

**Attending:**

**Shareholders:** The total issued shares of the Company was 42,521,940 shares and the number of shares held by shareholders attending in person and by proxy was 30,379,824 shares (of which 27,467,922 shares were held by electronic voting), representing 71.44% of the total issued shares. Therefore, the number of shares present was in compliance with the requirements stipulated in the Company Act and the Company's Articles of Incorporation.

**Directors:** Wang Shiu Ting, Wang Hsing Lei, Luo Yue Gui (Representative of Taiwan Semiconductor Manufacturing Co., Ltd.), Chen Ming Yi

**Independent Director:** Ma Chia Ying (Convener of Audit Committee), Li Chun Chi (Convener of Compensation Committee), Lin Tuo Zhi

**Deloitte Taiwan:** CPA Chang Li Chun

**Lee and Li, Attorneys-at-Law:** David Tien

**Head of Finance:** Huang Zhen Fang

**Chairman:** Wang Hsing Lei

**Recorder:** Lee Hui Ju

**Agenda:**

- 1. Call Meeting to Order: The number of shares present has reached the quorum; therefore, the meeting is called to order.**
- 2. Chairperson's Address: (Omitted)**
- 3. Report Items:**

**(1) 2022 Business Report** : Please refer to Appendix 1.

**(2) Audit Committee's Review Report** : Please refer to Appendix 2.

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

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

**4. Matters for Ratification Proposals**

**Proposal 1**

**Proposed by the Board of Directors**

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

- Description:
1. The 2022 Standalone Financial Statements and Consolidated Financial Statements have been approved by the Board of Directors, and were audited by Independent Duditores, Chang Li Chun and Fan You Wei of Deloitte & Touche. In addition, the Business Report, Standalone Financial Statements and Consolidated Financial Statements were certified by the Audit Committee, and a written review report has been issued.
  2. Please refer to Appendix 1 and Appendix 3 for various statements in this proposal.
  3. Please review and ratify.

Resolution: The voting results of this proposal is as follows:

Shares present at the time of voting: 30,379,824

Voting result	% of the total represented share present
Votes in favor: 30,280,601 (including 27,419,699 votes casted in electronic form)	99.67
Votes against: 4,340 (including 4,340 votes casted in electronic form)	0.01
Votes invalid: 0	0.00
Votes abstained/no votes: 94,883 (including 43,883 votes casted in electronic form)	0.31

**[This proposal was adopted after voting.]**

**Proposal 2**

**Proposed by the Board of Directors**

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

- Description:
1. The Company’s net income for 2022 is NT\$964,909,158, adding the unappropriated retained earnings for the previous years, the legal reserve and the remeasurement of the defined benefit plan recognized in retained earnings, the total earnings available for distribution amounts is NT\$2,440,747,674. It is proposed that the Company distributes cash dividends in the amount of NT\$552,785,220 (estimated NT\$13 cash dividends per share) and stock dividends in the amount of NT\$42,521,940 (every thousand shares can be allocated with 100 shares) to shareholders.
  2. Please refer to Appendix 4 for the proposed Earnings Distribution Table and explanatory notes.
  3. It is proposed that the Board of Directors be authorized with full power and authority to adjust distribution percentage if the number of outstanding shares is affected by the change in the number of shares outstanding prior to the dividend record date.
  4. It is proposed that upon the approval of the Annual General Shareholders’ Meeting, the Board of Directors be authorized to determine the ex-dividend date and other related matters.
  5. The cash dividend distribution will be calculated to the nearest NT dollar. Fractional dividend less than NT\$1 shall be combined into other income of the Company.
  6. Please review and ratify.

Resolution: The voting results of this proposal is as follows:

Shares present at the time of voting: 30,379,824

Voting result	% of the total represented share present
Votes in favor: 30,313,601 (including 27,452,699 votes casted in electronic form)	99.78
Votes against: 4,340 (including 4,340 votes casted in electronic form)	0.01
Votes invalid: 0	0.00
Votes abstained/no votes: 61,883 (including 10,883 votes casted in electronic form)	0.20

**[This proposal was adopted after voting.]**

## 5. Discussion Items

### Proposal 1

### Proposed by the Board of Directors

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

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

Resolution: The voting results of this proposal is as follows:

Shares present at the time of voting: 30,379,824

Voting result	% of the total represented share present
Votes in favor: 30,312,551 (including 27,451,649 votes casted in electronic form)	99.77
Votes against: 5,390 (including 5,390 votes casted in electronic form)	0.01
Votes invalid: 0	0.00
Votes abstained/no votes: 61,883 (including 10,883 votes casted in electronic form)	0.20

**[This proposal was adopted after voting.]**

**Proposal 2**

**Proposed by the Board of Directors**

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

- Description:
1. In order to allow more flexibility in the way the Company appropriates legal reserve, the Company proposes to amend certain provisions of the “Articles of Incorporation of TSC Auto ID Technology Co., Ltd.” in accordance with the amendment of Article 172-2, Paragraph 1 of the Company Act by the Ministry of Economic Affairs dated December 29, 2021 and the amendment of Article 237, Paragraph 1 of the Company Act dated August 1, 2018.
  2. Please refer to Appendix 5 for the Comparison Table of the Amended provisions.
  3. Please discuss and resolve.

Resolution: The voting results of this proposal is as follows:

Shares present at the time of voting: 30,379,824

Voting result	% of the total represented share present
Votes in favor: 30,313,594 (including 27,452,692 votes casted in electronic form)	99.78
Votes against: 4,347 (including 4,347 votes casted in electronic form)	0.01
Votes invalid: 0	0.00
Votes abstained/no votes: 61,883 (including 10,883 votes casted in electronic form)	0.20

**[This proposal was adopted after voting.]**



**Proposal 3**

**Proposed by the Board of Directors**

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

- Description:
1. The Company proposed to amend certain provisions of the “Procedures for Acquisition and Disposal of Assets” in order to meet the actual operational needs of the Company.
  2. Please refer to Appendix 6 for the comparison table of the amended provisions.
  3. Please discuss and resolve.

Resolution: The voting results of this proposal is as follows:

Shares present at the time of voting: 30,379,824

Voting result	% of the total represented share present
Votes in favor: 27,320,879 (including 24,459,977 votes casted in electronic form)	89.93
Votes against: 2,997,062 (including 2,997,062 votes casted in electronic form)	9.86
Votes invalid: 0	0.00
Votes abstained/no votes: 61,883 (including 10,883 votes casted in electronic form)	0.20

**[This proposal was adopted after voting.]**

**Summary of the comment by Shareholder Account No. 15827:**

- (1) The anticipated product sale is 800,000 units for 2023, up 14.28% from last year. However, the cumulative revenue during the first five months only increased 5.98% year-on-year. Will there be significant growth in the year's second half to fill in the gap? Is the original anticipation simply too optimistic? Or is the label business dragging down the topline growth? Meanwhile, could you elaborate on the core competitiveness of the Company mentioned on the second page of the annual report?

The Company’s reply:

We are expecting higher pressure in 2023. The forecasted volume is higher than the actual number because of lower sales volume during the first few months. That said, revenue is a function of volumes and prices. The less than anticipated volume is due to the slowdown of channel sales.

The Company’s core competitiveness comes in two aspects: 1. strong product

R&D capability, with new product launches each year; 2. global technical service with high coverage.

- (2) Records show at least 20 conversions of employee stock options into ordinary shares since 2010 after the Company's IPO on Taipei Exchange in November 2008. However, only two persons among the top management including President, Vice Presidents, Assistant Vice Presidents and department heads own the Company's shares. None of the other managers and their family members have any shareholdings. Is it because they are largely bearish and have sold shares right after conversion to ordinary shares? Or are there any other reasons?

The Company's reply:

Employee stock options are the incentive mechanism provided by the Company. Managers have full discretion over conversion. That said, the Company's management is stable, with a low turnover. Moreover, the Company conducts annual surveys on employees' satisfaction and the scores increase year on year. We believe that management has a strong sense of identity with the Company.

- (3) The Company purchased additional 2,110,000 shares of Taiwan Semiconductor in the second quarter of 2020 and 1,200,000 shares in the first quarter of 2022. Timing was good based on Taiwan Semiconductor's share price today. However, these shares are recognized as financial assets with fair value through other comprehensive income. Will the Company dispose of these shares when the share price of Taiwan Semiconductor is high? Or, is the Company keeping these shares for the long term?

This begs another question: Why was the money spent on the purchase of Taiwan Semiconductor's shares, and not on the buyback of the Company's own shares? After all, the share price of TSC Printronix Auto ID was also relatively low during the two abovementioned periods.

The Company's reply:

In addition to dedication to our core business, we also keep an eye on good acquisition targets. We have observed the high investment value of Taiwan Semiconductor and intend to hold these shares for the long term. Hence, we are not considering selling these shares.

Supplementary comment from Shareholder Account No. 15827: As a minority shareholder, we do not like to see cross-holdings between the parent and the subsidiary.

The Company's reply:

We hear you and thank you for the comments from our shareholders.

- (4) Whilst the Company's share price can be categorized as high, the price/earnings ratio has been low. Given the same industry characteristics, your peer Godex International is trading at a P/E multiple. As the leader of labels and printers in

Taiwan, shouldn't you be thinking about improving the situation? I guess this is possibly due to a relatively low payout ratio, although the EPS is high. Are you planning to increase the payout ratio?

The Company's reply:

We continue to seek high growth opportunities by enhancing core competitiveness, increasing sales channels and R&D. All these require investments. For example, the recently acquired subsidiary MGN in Poland also needs capital to pursue growth opportunities. Hence, our strategy is to maintain a high level of working capital and investable funds to quickly deploy capital and contribute to revenues and profits once we identify good targets or opportunities.

Supplementary comment from Shareholder Account No. 15827: Your peer Godex International is trading at a P/E multiple. The Company should look after shareholders.

The Company's reply:

We hear you and thank you for the valuable comments from our shareholders.

- (5) Page 72 of the annual report talks about IoT and Data Analytics. Is TSC Printronix Auto ID already offering relevant applications and functions? Could you give more color on where these functions are in use?

The Company's reply:

We adopt two strategies for IoT: 1. We ensure IoT connectivity during the hardware development stage. 2. We maintain a long-standing emphasis on software platform R&D. There is no mature IoT business model yet in the auto id industry. IoT and data analytics is not expected to create any tangible contribution to revenues within the next one to two years. However, we will continue to keep a close eye and prioritize this as a long-term goal for competitiveness.

- (6) What is the reason behind the lower capacity for barcode label printers in 2022 compared to 2021? The production value was higher despite a smaller output. Is it because of a gradual shift to products with higher selling prices?

The Company's reply:

The Company has an extremely extensive product portfolio, with a wide range of selling prices and positioning. In the past, desk printers accounted for a high percentage. We have been stepping up the marketing of high-end products in order to improve the product mix. Revenue breakdown by product over the year has shown a significant improvement and growth. This comes from both higher volumes and ASPs. Our capacity did not increase. Shareholders see lower outputs, but this is not due to reduced capacities.

- (7) The Company did not disclose much about the acquisition of the Polish company MGN. The consideration was much smaller compared to the prior two acquisitions of the U.S. companies. What was the rationale for this acquisition? What is the expected benefit? Will future acquisitions continue to be small in scale or do you intend to focus on large deals?

The Company's reply:

Printers are usually sold together with consumables such as labels. Consumables are in high volumes and of heavy weight and hence not suitable for global distribution from production at a single site. Moreover, the gross margin is low and the lead time is short in terms of customers' demand. Hence, it is necessary to have facilities for consumables in each region to meet local demand. This is why we acquired DLS in the U.S. The acquisition of MGN is based on the same strategy. Deal sizes are not the focus. Strategic consideration is key.

#### **Summary of the comment by Shareholder Account No. 17329:**

Teva became the world's largest manufacturer of generic drugs via acquisitions. TSC Printronix Auto ID enlarges its share capital by issuing stock dividends at NT\$1 per share. EPS will be diluted if revenue growth does not keep up. The Company may as well obtain external capital with a rights issue. The P/E ratio is relatively low. Many industrial computers also have low P/E ratios because their revenues are mainly from tenders. TSC Printronix Auto ID is not an industrial computer company, but its share price is lower than Advantech or Ennoconn's. TSC Printronix Auto ID reports solid profits, ROE higher than 20% and P/E ratio at 10x. If the Company is willing to conduct an equity raise, it will be easier to pursue acquisitions. This will also benefit employees and major shareholders. The Company's distribution of bonus shares at NT\$1 per share this year will not only lower its share price but also incur tax expenses. TSC Printronix Auto ID is No. 4 in the industrial printer market. The Japanese companies ranking second and third are not doing well. How can the Company acquire these players? It requires a large sum of capital. The Company is good, but it is necessary to enhance external communication or engage a professional PR company. This will also increase the market capitalization.

The Company's reply:

We thank this shareholder for the valuable input. There is a lot to think about. We anticipate rapid growth and there are many funding options. We will assess carefully.

#### **4. Extemporaneous Motions: (None)**

#### **5. Adjournment (Chair announced adjournment)**

## Appendix 1

### (1) 2022 Business Report

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

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

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

Unit: NT\$ thousand

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

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

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

Unit: NT\$ thousand

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

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

(IV) Research and development:

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

II. Summary of the 2023 business plan

(I) Operational guidelines

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

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

(II) Sales forecast and key production/sales policies

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

Unit: thousand pieces

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

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

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

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

### III. Future development strategies

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

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

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

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

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

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

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

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan

## Appendix 2

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

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

Yours sincerely

For

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

Audit Committee convener: Ma Chia Ying

Audit Committee member: Li Chun Chi

Audit Committee member: Lin Tuo Zhi

March 15, 2023



## Appendix 3

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

To TSC Auto ID Technology Co., Ltd.:

#### **Audit opinions**

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

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

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

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

#### **Key Audit Issues**

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

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

### Impairment assessment for equity-accounted investments (including goodwill)

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

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

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

### **Other Matters**

As narrated in Note 11 of the standalone financial statement, amongst the equity-accounted subsidiaries presented in the 2022 and 2021 standalone financial statements of TSC Auto ID Technology Co., Ltd., some had financial statements audited by other CPAs. Therefore, opinions made in the aforementioned standalone financial statements in regards to the book value of equity-accounted subsidiaries and the share of gains/losses were based on the figures recognized in audit reports prepared by other CPAs. As of December 31, 2022 and 2021, the abovementioned equity-accounted investees represented 16.13% and 13.38% respectively of the Company's standalone total assets; share of profit from the abovementioned investees in 2022 and 2021 accounted for 15.58% and 11.06% respectively of the Company's standalone pre-tax profit.

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

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

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

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

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

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

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

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

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

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

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

Deloitte Taiwan

CPA Chang Li Chun

CPA Fan You Wei

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

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

March 15, 2023

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

Unit: NT\$ thousand

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

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

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming Yi

Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd.

Standalone Comprehensive Income Statement

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

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

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

(Continued on next page)

(Continued from previous page)

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

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

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

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan



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

Unit: NT\$ thousand unless otherwise indicated

Code		Share capital				Retained earnings					Other equity		Total equity	
		No. of shares (thousand shares)	Ordinary share capital	Advanced receipt of share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gain of financial assets measured at fair value through other comprehensive incomes		Total
A1	Balance on January 1, 2021	42,477	\$ 424,769	\$ -	\$ 424,769	\$ 577,665	\$ 523,393	\$ 8,597	\$ 1,826,157	\$ 2,358,147	( \$ 233,777 )	\$ 424,411	\$ 190,634	\$ 3,551,215
	Appropriation and distribution of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	71,715	-	( 71,715 )	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	( 424,769 )	( 424,769 )	-	-	-	( 424,769 )
D1	2021 net income	-	-	-	-	-	-	-	784,486	784,486	-	-	-	784,486
D3	2021 other comprehensive income - after tax	-	-	-	-	-	-	-	( 524 )	( 524 )	( 60,492 )	223,040	162,548	162,024
D5	Total comprehensive income of 2021	-	-	-	-	-	-	-	783,962	783,962	( 60,492 )	223,040	162,548	946,510
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	15,187	-	-	-	-	-	-	-	15,187
Z1	Balance on December 31, 2021	42,477	424,769	-	424,769	592,852	595,108	8,597	2,113,635	2,717,340	( 294,269 )	647,451	353,182	4,088,143
G1	Exercise of employee stock options	36	360	60	420	6,296	-	-	-	-	-	-	-	6,716
	Appropriation and distribution of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	78,396	-	( 78,396 )	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	( 467,246 )	( 467,246 )	-	-	-	( 467,246 )
D1	2022 net income	-	-	-	-	-	-	-	964,909	964,909	-	-	-	964,909
D3	2022 other comprehensive income - after tax	-	-	-	-	-	-	-	4,819	4,819	192,022	( 55,335 )	136,687	141,506
D5	Total comprehensive income of 2022	-	-	-	-	-	-	-	969,728	969,728	192,022	( 55,335 )	136,687	1,106,415
M3	Income taxes related to subsidiaries under organizational restructuring (Notes 21, 24)	-	-	-	-	1,984	-	-	-	-	-	-	-	1,984
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	14,713	-	-	-	-	-	-	-	14,713
Z1	Balance on December 31, 2022	42,513	\$ 425,129	\$ 60	\$ 425,189	\$ 615,845	\$ 673,504	\$ 8,597	\$ 2,537,721	\$ 3,219,822	( \$ 102,247 )	\$ 592,116	\$ 489,869	\$ 4,750,725

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

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming Yi

Chief Accounting Officer: Lin Shu Juan

TSC Auto ID Technology Co., Ltd.

Standalone Statement of Cash Flows

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

Unit: NT\$ thousand

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

(Continued on next page)

(Continued from previous page)

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

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

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan

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

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

This declaration is solemnly made by

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

Chairman: Wang Hsing Lei

March 15, 2023

## **Auditor’s Audit Report**

To TSC Auto ID Technology Co., Ltd.:

### **Audit opinions**

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

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

### **Basis of audit opinion**

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

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

### **Key Audit Issues**

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

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

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

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

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

### **Other Matters**

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

Deloitte Taiwan

CPA Chang Li Chun

CPA Fan You Wei

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

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

March 15, 2023

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

## Consolidated Balance Sheet

December 31, 2022 and December 31, 2021

Unit: NT\$ thousand

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

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

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

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming Yi

Chief Accounting Officer: Lin Shu-Juan

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

Consolidated Comprehensive Income Statement

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

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

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

(Continued on next page)

(Continued from previous page)

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

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

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

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan

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

Unit: NT\$ thousand unless otherwise indicated

Code		Share capital			Retained earnings					Other equity		Total	Total equity	
		No. of shares (thousand shares)	Ordinary share capital	Advanced receipt of share capital	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations			Unrealized gain of financial assets measured at fair value through other comprehensive incomes
A1	Balance on January 1, 2021	42,477	\$ 424,769	\$ -	\$ 424,769	\$ 577,665	\$ 523,393	\$ 8,597	\$ 1,826,157	\$ 2,358,147	( \$ 233,777 )	\$ 424,411	\$ 190,634	\$ 3,551,215
	Appropriation and distribution of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	71,715	-	( 71,715 )	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	( 424,769 )	( 424,769 )	-	-	-	( 424,769 )
D1	2021 net income	-	-	-	-	-	-	-	784,486	784,486	-	-	-	784,486
D3	2021 other comprehensive income - after tax	-	-	-	-	-	-	-	( 524 )	( 524 )	( 60,492 )	223,040	162,548	162,024
D5	Total comprehensive income of 2021	-	-	-	-	-	-	-	783,962	783,962	( 60,492 )	223,040	162,548	946,510
N1	Share-based compensation – employee stock options (Note 24)	-	-	-	-	15,187	-	-	-	-	-	-	-	15,187
Z1	Balance on December 31, 2021	42,477	424,769	-	424,769	592,852	595,108	8,597	2,113,635	2,717,340	( 294,269 )	647,451	353,182	4,088,143
G1	Exercise of employee stock options	36	360	60	420	6,296	-	-	-	-	-	-	-	6,716
	Appropriation and distribution of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	78,396	-	( 78,396 )	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	( 467,246 )	( 467,246 )	-	-	-	( 467,246 )
D1	2022 net income	-	-	-	-	-	-	-	964,909	964,909	-	-	-	964,909
D3	2022 other comprehensive income - after tax	-	-	-	-	-	-	-	4,819	4,819	192,022	( 55,335 )	136,687	141,506
D5	Total comprehensive income of 2022	-	-	-	-	-	-	-	969,728	969,728	192,022	( 55,335 )	136,687	1,106,415
M3	Income taxes related to subsidiaries under organizational restructuring (Notes 22, 25)	-	-	-	-	1,984	-	-	-	-	-	-	-	1,984
N1	Share-based compensation – employee stock options (Note 24)	-	-	-	-	14,713	-	-	-	-	-	-	-	14,713
Z1	Balance on December 31, 2022	42,513	\$ 425,129	\$ 60	\$ 425,189	\$ 615,845	\$ 673,504	\$ 8,597	\$ 2,537,721	\$ 3,219,822	( \$ 102,247 )	\$ 592,116	\$ 489,869	\$ 4,750,725

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

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming Yi

Chief Accounting Officer: Lin Shu Juan

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

Consolidated Statement of Cash Flows

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

Unit: NT\$ thousand

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

(Continued on next page)

(Continued from previous page)

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

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

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

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting Officer:  
Lin Shu Juan



Appendix 4

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

**Earnings Distribution Table for 2022**

Unit: NT\$

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

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

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

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

Chairman:  
Wang Hsing Lei

Chief Executive Officer:  
Chen Ming Yi

Chief Accounting officer:  
Lin Shu Juan

## Appendix 5

### Comparison Table for Amendments of the “Articles of Incorporation”

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

	dividends will be issued in lieu of cash dividends below NT\$0.2 per share. The rights, obligations, order of distribution, amount and manner of distribution of the preferred shares of the Company shall be governed by the preferred shares provisions of the Articles of Incorporation.		may be made.
Article 27	<p>This Article of Incorporation was established on March 7, 2007.</p> <p>The first amendment was made on April 26, 2007.</p> <p>The second amendment was made on May 21, 2007.</p> <p>The third amendment was made on June 13, 2007.</p> <p>The fourth amendment was made on May 15, 2008.</p> <p>The fifth amendment was made on June 16, 2009.</p> <p>The sixth amendment was made on June 18, 2010.</p> <p>The seventh amendment was made on June 19, 2012.</p> <p>The eighth amendment was made on June 13, 2013.</p> <p>The ninth amendment was made on June 7, 2016.</p> <p>The tenth amendment was made on June 8, 2017.</p> <p>The eleventh amendment was made on June 13, 2019.</p> <p>The twelfth amendment was made on July 23, 2021.</p> <p>The thirteenth amendment was made on June 17, 2022.</p> <p><u>The fourteenth amendment was made on June 16, 2023.</u></p>	<p>This Article of Incorporation was established on March 7, 2007.</p> <p>The first amendment was made on April 26, 2007.</p> <p>The second amendment was made on May 21, 2007.</p> <p>The third amendment was made on June 13, 2007.</p> <p>The fourth amendment was made on May 15, 2008.</p> <p>The fifth amendment was made on June 16, 2009.</p> <p>The sixth amendment was made on June 18, 2010.</p> <p>The seventh amendment was made on June 19, 2012.</p> <p>The eighth amendment was made on June 13, 2013.</p> <p>The ninth amendment was made on June 7, 2016.</p> <p>The tenth amendment was made on June 8, 2017.</p> <p>The eleventh amendment was made on June 13, 2019.</p> <p>The twelfth amendment was made on July 23, 2021.</p> <p>The thirteenth amendment was made on June 17, 2022.</p>	<p>Added the fourteenth amendment date.</p>

## Appendix 6

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

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

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

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

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

Articles	After Revision	Existing Provision	Explanation
	<p><del>transaction risk and report to the Board of Directors or to an executive officer who is not responsible for the trading or decision-making thereof periodically.</del></p> <p>63. Audit office</p> <p>Understand the appropriateness of the internal control of derivatives trading and examine whether the trading <del>department</del> has followed the operating procedures. <del>Analyze the transaction cycle and</del> prepare audit reports. Report to the Audit Committee if significant deficiencies are found.</p> <p>(omitted below)</p>	<p>transaction risk and report to the Board of Directors or to an executive officer who is not responsible for the trading or decision-making thereof periodically.</p> <p>6. Audit office</p> <p>Understand the appropriateness of the internal control of derivatives trading and examine whether the trading department has followed the operating procedures. Analyze the transaction cycle and prepare audit reports. Report to the Audit Committee if significant deficiencies are found.</p> <p>(omitted below)</p>	
Article 13	<p>These Procedures shall be approved by the Audit Committee and then resolved by the board of directors, and shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended.</p> <p>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Audit Committee or the board of directors meeting.</p> <p>Date of establishment: April 26, 2007</p> <p>The first amendment was made on August 9, 2007.</p> <p>The second amendment was made on June 16, 2009.</p> <p>The third amendment was made on June 18, 2010.</p>	<p>These Procedures shall be approved by the Audit Committee and then resolved by the board of directors, and shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended.</p> <p>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Audit Committee or the board of directors meeting.</p> <p>Date of establishment: April 26, 2007</p> <p>The first amendment was made on August 9, 2007.</p> <p>The second amendment was made on June 16, 2009.</p> <p>The third amendment was made on June 18, 2010.</p>	Added the twelfth amendment date.



Articles	After Revision	Existing Provision	Explanation
	<p>The fourth amendment was made on June 19, 2012.</p> <p>The fifth amendment was made on June 13, 2013.</p> <p>The sixth amendment was made on June 13, 2014.</p> <p>The seventh amendment was made on June 09, 2015.</p> <p>The eighth amendment was made on June 08, 2017.</p> <p>The ninth amendment was made on June 13, 2019.</p> <p>The tenth amendment was made on July 23, 2021.</p> <p>The eleventh amendment was made on June 17, 2022.</p> <p><u>The twelfth amendment was made on June 16, 2023.</u></p>	<p>The fourth amendment was made on June 19, 2012.</p> <p>The fifth amendment was made on June 13, 2013.</p> <p>The sixth amendment was made on June 13, 2014.</p> <p>The seventh amendment was made on June 09, 2015.</p> <p>The eighth amendment was made on June 08, 2017.</p> <p>The ninth amendment was made on June 13, 2019.</p> <p>The tenth amendment was made on July 23, 2021.</p> <p>The eleventh amendment was made on June 17, 2022.</p>	