Stock Code: 3611

TSC Auto ID Technology Co., Ltd.

Year 2023 Annual Report

Notice to readers

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

Printed on: 2024.04.20

Link to this Report: https://mops.twse.com.tw/mops/web/index

I. Spokesperson and Deputy Spokesperson:

Spokesperson - Name	: Huang Zhen Fang
Title	: Assistant General Manager of Finance
Contact number	: (02)2218-6789 Extension 3601
E-mail	: jerry_huang@tscprinters.com
Acting Spokesperson - Name	: Chang Qi Huang
Title	: Assistant Manager of Finance
Contact number	: (02)2218-6789 Extension 3606
E-mail	: richard_chang@tscprinters.com

II. Headquarters, branches, factories:

Headquarters:	Address: 9F., No. 95, Minquan Rd., Xindian Dist., New Taipei City 231, Taiwan Tel: (02) 2218-6789
Factory:	Address: No. 35, Sec. 2, Ligong 1st Rd., Chengxing Village, Wujie Township, Yilan County 268, Taiwan Tel: (03) 990-6677

III. Stock transfer agent:

Name	: Agency Department, CTBC Bank
Address	: 5F., No. 83, Sec. 1, Chongqing S. Rd., Taipei City 100, Taiwan
Website	: https://www.ctbcbank.com
Telephone	: (02)6636-5566

IV. Auditors of the latest financial statements:

Name	: Chang Li Chun, Fan You Wei
Name of firm	: Deloitte Taiwan
Address	: 20F., No. 100, Songren Road, Xinyi District, Taipei City
Website	: https://www2.deloitte.com/tw/tc.html
Telephone	: (02)2725-9988

V. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

Not applicable. (The Company has not issued any overseas securities as of the publication date of the annual report)

VI. Company website:

https://www.tscprinters.com/

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One. Report to Shareholders

Ladies and Gentlemen:

In 2023, the supply chain problems were gradually alleviated, but the weakening of the end market demand affected enterprises' willingness to invest. Under the influence of the conservative global economy in the second half of the year and the adjustment of industrial inventories, Taiwan's export orders for 2023 decreased by 15.9% year-on-year. Nevertheless, our team continues to invest in new product, application, and channels development based on our many years of experience, and we strive to enhance our global brand position and market share for our products. In 2023, the Company's operations are expected to maintain steady performance. Please refer to the following report of the Company’s 2023 business results, a summary of the 2024 business plan, and descriptions of the Company’s development strategy, external competitive environment, regulatory environment, and the macroeconomic environment:

I. 2023 Business report: (based on the data shown in Consolidated Financial Statements)

(I) Results of the 2023 business plan:

Unit: NT$ thousand

Project name	2023	2022	Increase (decrease) %
Net operating revenues	8,351,762	7,966,918	5%
Gross profits	2,807,221	2,647,459	6%
Operating profits	1,196,599	1,257,801	-5%
Profits before tax	1,256,785	1,347,394	-7%
Net income for the period	926,873	964,909	-4%
Total comprehensive income for the period	1,199,470	1,106,415	8%
Basic EPS (NT$)	19.76	(Note) 20.65	-4%

Note: For consistent comparison basis, basic earnings per share for 2022 have been adjusted retrospectively.

(II) Budget Execution: The Company did not produce a financial forecast for 2023, and hence is not required to disclose the budget execution.

(III) Revenues, expenses, and profitability analysis:

Unit: NT$ thousand

<table>
<tr><th colspan="3">Item \ Year</th><th>2023</th><th>2022</th></tr>
<tr><td rowspan="5">Profit and loss</td><td colspan="2">Operating profits</td><td>1,196,599</td><td>1,257,801</td></tr>
<tr><td colspan="2">Net non-operating income (expense)</td><td>60,186</td><td>89,593</td></tr>
<tr><td colspan="2">Profits before tax</td><td>1,256,785</td><td>1,347,394</td></tr>
<tr><td colspan="2">Net income</td><td>926,873</td><td>964,909</td></tr>
<tr><td colspan="2">Total comprehensive income for the period</td><td>1,199,470</td><td>1,106,415</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Return on assets (%)</td><td>11</td><td>12</td></tr>
<tr><td colspan="2">Return on shareholders' equity (%)</td><td>18</td><td>20</td></tr>
<tr><td rowspan="2">As a percentage of paid-in capital (%)</td><td>Operating profit</td><td>254</td><td>296</td></tr>
<tr><td>Pre-tax profit</td><td>267</td><td>317</td></tr>
<tr><td colspan="2">Net profit margin (%)</td><td>11</td><td>12</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td><td>19.76</td><td>(Note) 20.65</td></tr>
</table>

Note: For consistent comparison basis, basic earnings per share for 2022 have been adjusted retrospectively.

(IV) Research and Development:

As the application of automatic identification increases in the global market, the Company invested a total of NT$240,833 thousand in R&D in 2023, accounting for 3% of the annual operating revenue. We continue to develop value-added software tools (TSC Console or SOTI Connect) for printer management through online or internal networks to help customers manage equipment and expand service scope. In addition, the R&D of next-generation products and the development of new applications focuses on the application of linerless eco-friendly labels, which can reduce the consumption of raw materials by 15%, and reduce the carbon emission and waste volume by 50%. The Company is also investing in capital expenditure on label paper equipment to enhance its market competitiveness and continue to increase its revenue and profit.

II. Summary of the 2024 business plan

(I) Operational guidelines

In response to the importance attached by global enterprises to the sustainable development of ESG and the expanded requirements for the entire supply chain, the Company has been actively introducing new products made of recyclable materials to expand its business scope. In addition, the Company continues 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.

(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 2024 is as follows:

Unit: thousand pieces

Product category	Projected sales volume in 2024	Actual sales volume in 2023
Automatic Identification Printing Machine	750	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, and demands for products to meet ESG requirements are getting high. 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 product 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.

Best regards

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

Two. Company Profile

I. Date of incorporation: 2007.03.19

II. Company history

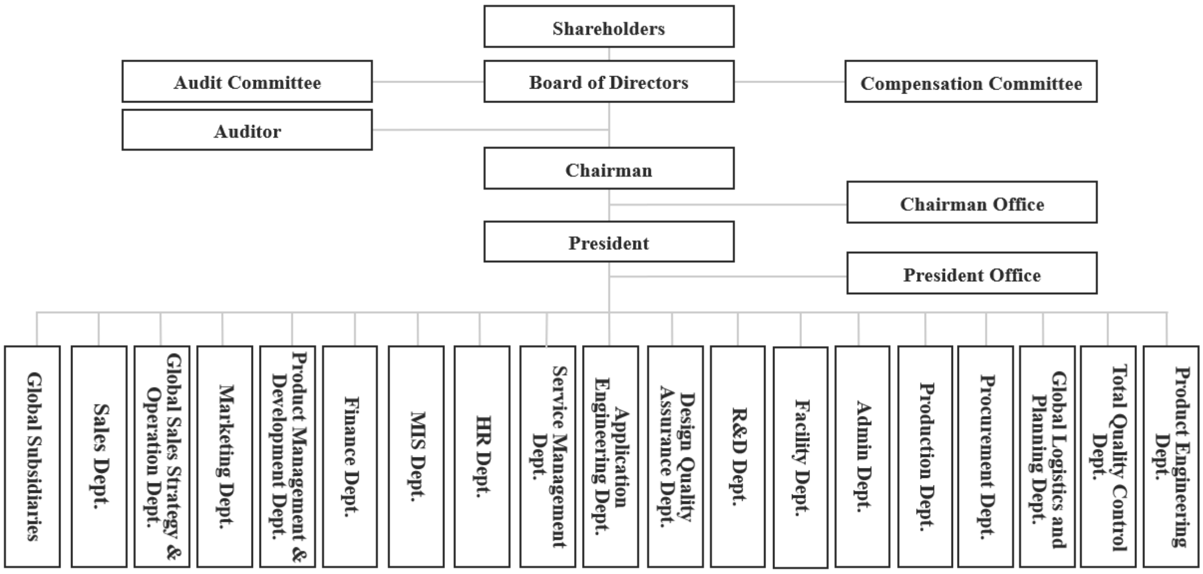
Mar. 2007	● TSC Auto ID Technology Co., Ltd. was founded with an initial capital of NT$1,000 thousand.
Aug.2007	● Acquired the Office Machinery Division of Taiwan Semiconductor Co., Ltd. (including assets, liabilities, and business activities) by issuing fifteen million common shares of NT$10 each to Taiwan Semiconductor Co., Ltd. , which increased paid-in capital to NT$151,000 thousand.
Aug. 2007	● Acquired plant premise at Letzer Industrial Park in Yilan County for the production, sale, research, development, administration, and warehousing of barcode printers.
Aug. 2007	● Completed a NT$50,000 thousand capital increase, increasing paid-in capital to NT$201,000 thousand.
Oct. 2007	● Completed a NT$30,000 thousand capital increase, increasing paid-in capital to NT$231,000 thousand.
Dec. 2007	● Completed investment in TSC Auto ID Technology EMEA GmbH (formerly named TSC Printer Europe GmbH), which is responsible for the sale of barcode label printers in Europe.
Dec. 2007	● Initial public offering of the Company's shares.
Mar. 2008	● Completed the investment in TSC Auto ID (H.K.) Ltd., and reinvested in Tianjin TSC Auto ID Technology Co., Ltd. in China.
May 2008	● Completed investment in Tianjin TSC Auto ID Technology, which is responsible for the manufacturing and sale of barcode label printers in Mainland China.
May 2008	● Completed investment in TSC Auto ID Technology America Inc., which is responsible for the sale of barcode label printers in the Americas.
Nov. 2008	● Completed a NT$30,800 thousand capital increase, increasing paid-in capital to NT$261,800 thousand.
Nov. 2008	● Common shares were listed for trading on Taipei Exchange.
Oct. 2010	● Completed a NT$30,000 thousand capital increase, increasing paid-in capital to NT$300,950 thousand.
Aug. 2011	● Capitalized NT$30,550 thousand of earnings, increasing paid-in capital to NT$336,050 thousand.
Dec. 2011	● Obtained "Certificate of Corporate Governance System - CG6006" from the Taiwan Corporate Governance Association. ● The TTP-225 direct thermal/thermal transfer desktop barcode label printer won the Taiwan Excellence Award.

Apr. 2013	● The ME240 series barcode label printers won the Taiwan Excellence Award.
Jan. 2015	● Obtained "Certificate of Corporate Governance System - CG6009" from the Taiwan Corporate Governance Association.
Aug. 2015	● Capitalized NT$34,629 thousand of earnings, increasing paid-in capital to NT$380,919 thousand.
Dec. 2015	● The Company issued its first domestic unsecured convertible bonds.
Jan. 2016	● The Company and its 100%-owned U.S. subsidiary TSC Auto ID Technology America Inc. jointly acquired 100% equity ownership in Printronix, Inc. and renamed the entity Printronix Auto ID Technology, Inc. The Company and its subsidiary also purchased intellectual property rights and other assets such as inventory from Pioneer Holding Corp. and its subsidiaries.
Jul. 2016	● Issued new shares for transfer, increasing paid-in capital to NT$385,354 thousand.
Jan. 2019	● Completed acquisition of operating assets from Diversified Labeling Solutions, Inc. through the subsidiary DLS Acquisition Corp. to support the growth of the printer consumables and labels business. The subsidiary was renamed Diversified Labeling Solutions, Inc. 。
Aug.2019	● Capitalized NT$38,555 thousand of earnings, increasing paid-in capital to NT$424,109 thousand.
Oct. 2021	● The Company invested and established TSC Auto ID Technology India Private Ltd. to venture into the market in India and establish its brand image.
Jul. 2022	● Completed the merger of Printronix Auto ID Technology, Inc. into the Company's 100% owned U.S. subsidiary, TSC Auto ID Technology America Inc.
Oct. 2022	● Named by Interbrand as one of the Top 40 Global Brands in Taiwan for 2022.
Feb. 2023	● Completed the establishment of Mosfortico Investments sp. z o.o.. to develop the business of printer consumables and label paper.
Jun. 2023	● Completed Mosfortico Investments sp. z o.o. c.'s acquisition of MGN sp. z o.o. for 100% share ownership, with a view to enhancing brand competitiveness and expanding the business in the European label paper market.
Aug. 2023	● Capitalized NT$42,522 thousand of earnings, increasing paid-in capital to NT$467,741 thousand.
Dec. 2023	● Named by Interbrand as one of the Top 40 Global Brands in Taiwan for 2023.

Three. Corporate Governance Report

I. Organizational structure

(I) Organizational Structure:



(II) Responsibilities of main departments:

Department	Main duties and responsibilities
G.M. Office	1. Planning and supervision of the management approach, quality control policy, and goals within the Company. 2. Establishment of operating strategies and amendment of performance targets, both short-term and long-term. 3. Managing legal affairs, contracts, and intellectual property rights.
Audit Office	1. Auditing and assessing the execution of the internal control system. 2. Preparation of audit reports and review of the improvements made.
Facility Dept.	1. Management of the general affairs of the Li-Ze plant. 2. Maintenance and management of plant affairs and system operation. 3. Maintenance and management of environment and safety matters. 4. Maintenance and management of occupational safety systems.
Admin Dept.	1. Administration of general affairs, correspondence, and properties at the Taipei Office.

Department	Main duties and responsibilities
	2. Maintenance and management of occupational safety.
Finance Dept.	1. Bookkeeping and tax-related affairs. 2. Cost analysis, budget preparation, and budget control. 3. Fund planning and allocation, and foreign exchange management. 4. Planning and handling of stock affairs, board of directors' and shareholders' meetings. 5. Reporting of information on the Market Observation Post System. 6. Evaluation and supervision of the reinvested business.
MIS Dept.	1. Planning and maintenance of the Company's operation system and office automation system. 2. Database and system administration. 3. Software and hardware procurement and management. 4. Host and network device operation management. 5. Information security management.
HR Dept.	1. Development and execution of human resource plans. 2. Talent selection, education, recruitment, and retention. 3. Human resource development and employee relations.
Application Engineering Dept.	1. Resolution and response to customers' engineering issues. 2. Conducting product-related training for customers. 3. Testing and validation of new product applications.
Design QA Dept.	1. Formulating verification plans and test items for new product design and development. 2. Laboratory testing apparatus/equipment application and management. 3. Product design quality control and integration of test data. 4. Production and testing program planning.
R&D Dept.	1. Design and development of new products. 2. Product application and design. 3. Support and resolution of issues concerning product specification, technology, and production procedures.
Production Dept.	1. Production scheduling and capacity planning. 2. Servicing and maintenance of production equipment. 3. Warehousing management.
Procurement Dept.	1. Processing and execution of procurement requests for raw materials and production equipment. 2. Supplier management and audit.

Department	Main duties and responsibilities
	3. Providing support for R&D materials and supply chain planning. 4. Establishment and optimization of supply chain strategies.
Global Logistics and Planning Dept.	1. Inventory control, materials collection, allocation and distribution of materials for production requirements, and shipment. 2. Control of production orders. 3. Supply requirement, production scheduling, and shipment scheduling. 4. Control of outsourced works.
Quality Control Dept.	1. Maintenance and ongoing improvement of the quality system. 2. Auditing of quality systems in various departments. 3. Coordination and resolution of external quality issues.
Product Engineering Dept.	1. Responsible for product production, establishing process-related operating procedures, and ensuring that all manufacturing operations are executed according to the production schedule and operating specifications. 2. Ensure that all manufacturing equipment, human resources, and professional skills are sufficient to produce products that meet customer demands. 3. Responsible for inventory management, establishing warehouse management procedures and processes, and ensuring that the handling, storage, packaging, preservation, and delivery of inventory are executed according to the schedule and operating specifications. 4. Ensure that all warehousing equipment, human resources, and professional skills are sufficient to meet inventory operations and related quality requirements.
Sales Dept.	1. Establishing distribution strategies and promoting and implementing sales operations. 2. Developing new customers and promoting brand exposure. 3. Establishing product pricing and market management. 4. Customer service, order management, shipping arrangement and relevant affairs.

Department	Main duties and responsibilities
Business Strategy Support Department	1. Communication and Management between Company Headquarters and Four Major Global Business Regions Sales 2. Maintenance of Global Key Accounts and Development 3. Leadership in the Global Deployment and Management of Strategic Projects for the Company 4. Planning of Global Strategic Sales Strategies, including Vertical Market Penetration, New Product Launches, Supply Management, and Project Management and Global Promotion of Market Activities
Marketing Dept.	1. Planning and execution of market entry strategies. 2. Formulation and execution of product promotion strategies. 3. Promotion of corporate brand image.
Service Management Dept.	1. Maintenance and repair service management. 2. Service option planning & management.
Product Management & Development Dept.	1. Product planning and development. 2. Product marketing strategy. 3. Market survey.

II. Information of Directors, Supervisors, General Managers, Vice General Managers, Assistant General Managers, and Heads of various departments and branches

(I) Information on directors

1. Director's profile

2024.04.20 Unit: shares; %

Title	Nationality or place of registration	Name	Gender Age	Date Eected	Term (Years)	Date first elected	Shares Held at the Time of Election		Current Shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President and Director	ROC	Wang Shiu Ting	M 71 - 80	2022.06.17	3	2007.03.07,	739,984	1.74%	903,826	1.92%	0	0%	362,930	0.77%	• Department of Mechanical Engineering, Tatung Institute of Technology • Texas Instruments Incorporated - Manager	• Taiwan Semiconductor Co., Ltd. - Chairman and General Manager • TSC Auto ID Technology Co., Ltd. - President and Director • Yangxin Everwell Electronic Co., Ltd. - Chairman (Corporate Representative) • Tianjin Everwell Technology Co., Ltd. - Chairman (Corporate Representative) • EVER ENERGETIC INTERNATIONAL LTD. Chairman (Corporate Representative) • EVER WINNER INTERNATIONAL CO., LTD. Chairman (Corporate Representative) • SKYRISE INT'L LTD. Chairman (Corporate Representative) • TAIWAN SEMICONDUCTOR JAPAN LTD. - Director (Corporate Representative) • Tianjin TSC Auto ID Technology Co., Ltd. - Chairman (Corporate Representative) • Printronix Auto ID Technology Co., Ltd. Chairman (Representative) • Nian Tzu Investment Co., Ltd.. - Chairman	Chairman	Wang Hsing Lei	Father-son	Mr. Wang Shiu Ting is the former Chairman of the Company has industry management and decision-making skills. Furthermore, the Company has 3 independent directors, less than half of whom hold concurrent position as employee or manager.

Title	Nationality or place of registration	Name	Gender Age	Date Eected	Term (Years)	Date first elected	Shares Held at the Time of Election		Current Shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	Wang Hsing Lei	M 41 - 50	2022.06.17	3	2013.06.13	183,304	0.43%	303,583	0.64%	75,714	0.16%	1,153,648	2.45%	• MBA, Massachusetts Institute of Technology • McKinsey & Company - Consultant	• Taiwan Semiconductor Co., Ltd. - Director (Corporate Representative) and Vice General Manager • Tianjin Everwell Technology Co., Ltd. - Supervisor (Corporate Representative) • Taiwan Semiconductor Europe GmbH - Director (Corporate Representative) • TSC Auto ID Technology Co., Ltd. - Chairman • TSC Auto ID Technology EMEA GmbH - Director (Corporate Representative) • TSC Auto ID (HK) Ltd. Responsible person (Corporate Representative) • Tianjin TSC Auto ID Technology Co., Ltd. - Director (Corporate Representative) • TSC Auto ID Technology America, Inc. Chairman (Corporate Representative) • Printronix Auto ID Technology Co., Ltd. - Director (Corporate Representative) • Diversified Labeling Solutions Inc. Chairman (Corporate Representative) • Precision Press & Label, Inc. Chairman (Corporate Representative) • TSC Auto ID Technology India Pvt Ltd. Chairman (Corporate Representative) • Arthur Investment Co., Ltd. - Director • Nian Tzu Investment Co., Ltd. - Director	Direct or and President	Wang Shiu Ting	Father-son	

Title	Nationality or place of registration	Name	Gender Age	Date Eected	Term (Years)	Date first elected	Shares Held at the Time of Election		Current Shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	ROC	Taiwan Semiconductor Co., Ltd.	-	2022.06.17	3	2007.03.07	15,453,177	36.38%	16,995,230	36.04%	0	0%	0	0%	None	None	None	None	None	
Corporate Representative	ROC	Luo Yue Gui	F 51 - 60	2022.06.17	3	2016.06.07	33,888	0.08%	62,912	0.13%	0	0%	0	0%	• Department of Accounting and Statistics, Open College Affiliated with National Taipei College of Business • Taiwan Songwang Electronics Co., Ltd. - Bonded Warehouse Officer • Kuender & Co., Ltd. - Finance and Accounting Officer	• Taiwan Semiconductor Co., Ltd. - Finance Department Senior Manager	None	None	None	
Director	ROC	Chen Ming Yi	M 51 - 60	2022.06.17	3	2022.06.17	0	0%	0	0%	0	0%	0	0%	• Department of Mechanical Engineering, National Kaohsiung Institute of Technology • Dell (Taiwan) B.V. Taiwan Branch - Assistant General Manager of Engineering	• TSC Auto ID Technology Co., Ltd. - General Manager • Tianjin TSC Auto ID Technology Co., Ltd. - Director (Corporate Representative) • Printronix Auto ID Technology Co., Ltd. - Supervisor (Corporate Representative) • Mosfortico Investments sp. z o.o. – Chairman • MGN sp. z o.o. Director (Corporate Representative)	None	None	None	
Independent Director	ROC	Ma Chia Ying	M 61 - 70	2022.06.17	3	2008.06.20	0	0%	0	0%	0	0%	0	0%	• Ph.D., Lehigh University College of Business and Economics • Master of Accounting, Utah State University • Bachelor of Accounting, National Chengchi University • Soochow University - full-	• Soochow University - Professor at the Accounting Department • Union Insurance Co., Ltd. - Director (Corporate Representative) • Medeon Biodesign, Inc. - Independent Director • RichWave Technology Corporation - Independent Director • Hiyes International Co Ltd. - Independent Director	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Eected	Term (Years)	Date first elected	Shares Held at the Time of Election		Current Shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
															time professor at the Department of Accounting • National Chengchi University - Adjunct Professor at the Department of Public Finance • National Chiao Tung University College of Biological Science and Technology - Adjunct Professor • World Bank, Department of Regional Economy - Finance and economics consultant • Lehigh University Computing Center - Senior Technical Consultant • Martin Dell Private Enterprise Research Center - Researcher • IDEAS System - Researcher • PwC Taiwan - Senior Auditor					
Independent Director	ROC	Li Chun Chi	M 61 - 70	2022.06.17	3	2008.06.20	0	0%	0	0%	0	0%	0	0%	• Ph.D. in Optics and Photonics, National Central University • Master in Optics and Photonics, National Central University • Taipei City University of Science and Technology - Associate Professor at the Department of Electrical	• Jie Xiang Engineering Consulting Co., Ltd. - Photoelectric Consultant	None	None	None	

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Nationality or place of registration</th><th rowspan="2">Name</th><th rowspan="2">Gender Age</th><th rowspan="2">Date Eected</th><th rowspan="2">Term (Years)</th><th rowspan="2">Date first elected</th><th colspan="2">Shares Held at the Time of Election</th><th colspan="2">Current Shareholding</th><th colspan="2">Shareholding of spouse and underage children</th><th colspan="2">Shares held in the names of others</th><th rowspan="2">Main career (academic) achievements</th><th rowspan="2">Concurrent duties in the Company and in other companies</th><th colspan="3">Spouse or relatives of second degree or closer acting as manager, director or supervisor</th><th rowspan="2">Remarks</th></tr>
<tr><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Title</th><th>Name</th><th>Relationship</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>Engineering and Head of the College of Engineering
• Technology & Science Institute of Northern Taiwan - Associate Professor at the Department of Electrical Engineering
• Kuang Wu Industry and Commerce Junior College - Lecturer at the Department of Electrical Engineering</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Independent Director</td><td>ROC</td><td>Lin Tuo Zhi</td><td>M 41 - 50</td><td>2022.06.17</td><td>3</td><td>2022.06.17</td><td>38,720</td><td>0.09%</td><td>42,583</td><td>0.09%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>• B.S. in Industrial Engineering, University of California, Berkeley, USA
• Master of Science, Massachusetts Institute of Technology
• Responsible person of Property Acquisition, Great China Region, Prudential Financial
• The Carlyle Group Inc.'s Asian Private Equity Investment Business</td><td>None</td><td>None</td><td>None</td><td>None</td><td></td></tr>
</table>

2. For representatives of corporate shareholders, the names and shareholding percentages of major shareholders (the top 10) in each corporate shareholder are further disclosed:

2024.04.20

Name of corporate shareholder	Major shareholders of corporate shareholders and shareholding percentage (%)
Taiwan Semiconductor Co., Ltd.	• TSC Auto ID Technology Co., Ltd. (6.06%) • Wang Shiu Ting (4.70%) • Arthur Investment Co., Ltd. (4.12%) • UMC Capital (2.56%) • Taishin Life Insurance fully entrusts Taishin Investment Trust with the stock investment account II (2.28%) • Nian Tzu Investment Co., Ltd. (1.76%) • Fubon Life Insurance Co., Ltd (1.48%) • Taiwan Life Insurance entrusts CTBC Investments with the investment account (II) (1.29%) • tandard Chartered Bank custodies ABS - External Manager Asia Series III (1.27%) • Jiayuan Investment Co., Ltd (1.25%)

3. Where the major shareholder is a corporate entity, the names and shareholding percentages of the corporate entity's major shareholder and top-ten shareholders

2024.04.20

Name of corporate entity	Major shareholders of corporate shareholders and shareholding percentage (%)
TSC Auto ID Technology Co., Ltd.	The name and shareholding ratio of the top ten shareholders in the most recent period has been disclosed in "IV. Fundraising I. Capital and Share (IV) Major Shareholders List" of this annual report.
Arthur Investment Co., Ltd.	Chou A Chui (19.90%), Wang Hsing Lei (55.74%), Wang Wan Yu (16.00%)
UMC Capital	United Microelectronics Corporation (100%)
Nian Tzu Investment Co., Ltd.	Wang Shiu Ting (99.97%), Wang Hsing Lei (0.03%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Jiayuan Investment Co., Ltd	Changwei Management Consulting Co., Ltd. (100%)

4. Disclosure of Directors' Professional Qualifications and Independent Directors' Independence:

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Wang Shiu Ting	**Educational Background:** Department of Mechanical Engineering, Tatung Institute of Technology **Current position:** • Taiwan Semiconductor Co., Ltd. - Chairman and General Manager • TSC Auto ID Technology Co., Ltd. - President and Director • Yangxin Everwell Electronic Co., Ltd. - Chairman (Corporate Representative) • Tianjin Everwell Technology Co., Ltd. - Chairman (Corporate Representative) • EVER ENERGETIC INTERNATIONAL LTD. Chairman (Corporate Representative) • EVER WINNER INTERNATIONAL CO., LTD. Chairman (Corporate Representative) • SKYRISE INT'L LTD. Chairman (Corporate Representative) • TAIWAN SEMICONDUCTOR JAPAN LTD. - Director (Corporate Representative) • Tianjin TSC Auto ID Technology Co., Ltd. - Chairman (Corporate Representative) • Printronix Auto ID Technology Co., Ltd. - Chairman (Corporate Representative) • Nian Tzu Investment Co., Ltd. - Chairman **Past experience:** Texas Instruments Incorporated - Manager **Expertise**: Director Wang Shiu Ting has practical experience, strategic management, leadership and academic ability. He has focused on the operation and strategic management of the semiconductor components industry for more than 40 years, and has the practical ability in financial accounting, commerce, marketing, and technology industry related operation planning, operation and management.	Please refer to "Board Independence"	None

<table>
<tr><th>Name \ Criteria</th><th>Professional Qualifications and Experience</th><th>Independence Status</th><th>Number of positions as independent director in other public companies</th></tr>
<tr><td>Wang Hsing Lei</td><td>Educational Background:
MBA, Massachusetts Institute of Technology
Current position:
• Taiwan Semiconductor Co., Ltd. - Director (Corporate Representative) and Vice General Manager
• Tianjin Everwell Technology Co., Ltd. - Supervisor (Corporate Representative)
• Taiwan Semiconductor Europe GmbH - Director (Corporate Representative)
• TSC Auto ID Technology Co., Ltd. - Chairman
• TSC Auto ID Technology EMEA GmbH - Director (Corporate Representative)
• TSC Auto ID (HK) Ltd. Responsible person (Corporate Representative)
• Tianjin TSC Auto ID Technology Co., Ltd. - Director (Corporate Representative)
• TSC Auto ID Technology America, Inc. Chairman (Corporate Representative)
• Printronix Auto ID Technology Co., Ltd. - Director (Corporate Representative)
• Diversified Labeling Solutions Inc. Chairman (Corporate Representative)
• Precision Press & Label, Inc. Chairman (Corporate Representative)
• TSC Auto ID Technology India Pvt Ltd. Chairman (Corporate Representative)
• Arthur Investment Co., Ltd. - Director
• Nian Tzu Investment Co., Ltd. - Director
Past experience:
McKinsey & Company - Consultant
Expertise:
Chairman, Wang Hsing Lei, has extensive experience in finance, accounting, commerce, marketing, technology, business management, and corporate governance.</td><td>Please refer to "Board Independence"</td><td>None</td></tr>
<tr><td>Taiwan Semiconductor Co., Ltd. Representative : Luo Yue Gui</td><td>Academic degree: Taipei Institute of Business Administration, Taipei College of Business
Current position:
Taiwan Semiconductor Co., Ltd. - Finance Department Senior Manager
Past experience:
• Taiwan Songwang Electronics Co., Ltd. - Bonded Warehouse Officer
• Kuender & Co., Ltd. - Finance and Accounting Officer
Expertise:
Director Luo Yue Gui has professional and experienced talents in finance, accounting, international trade, taxation, and corporate governance.</td><td>Please refer to "Board Independence"</td><td>None</td></tr>
</table>

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Chen Ming Yi	**Academic degree:** National Kaohsiung Institute of Technology, Mechanical Engineering **Current position:** • TSC Auto ID Technology Co., Ltd. - General Manager • Tianjin TSC Auto ID Technology Co., Ltd. - Director (Corporate Representative) • Printronix Auto ID Technology Co., Ltd. - Supervisor (Corporate Representative) • Mosfortico Investments sp. z o.o. – Chairman • MGN sp. z o.o. Director(Corporate Representative) **Past experience:** Dell (Taiwan) B.V. Taiwan Branch - Assistant General Manager of Engineering **Expertise:** Director Chen Ming Yi has experience in technology, industry, commerce, marketing, finance and corporate governance.	Please refer to "Board Independence"	None

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Ma Chia Ying (Independent Director)	**Educational Background:** • Ph.D., Lehigh University College of Business and Economics • Master of Accounting, Utah State University • Bachelor of Accounting, National Chengchi University **Past experience:** • Soochow University - full-time professor at the Department of Accounting • National Chengchi University - Adjunct Professor at the Department of Public Finance • National Chiao Tung University College of Biological Science and Technology - Adjunct Professor • World Bank, Department of Regional Economy - Finance and economics consultant • Lehigh University Computing Center - Senior Technical Consultant • Martin Dell Private Enterprise Research Center - Researcher • IDEAS System - Researcher • PwC Taiwan - Senior Auditor **Current position:** • Soochow University - Professor at the Accounting Department • Union Insurance Co., Ltd. - Director (Corporate Representative) • Medeon Biodesign, Inc. - Independent Director • RichWave Technology Corporation - Independent Director • Hiyes International Co Ltd. - Independent Director **Expertise:** Independent Director Ma Chia Ying has professional experience in finance, accounting, taxation, management and corporate governance, and is a certified public accountant of ROC. Although he has served as an independent director for more than 3 terms (9 years) of the Company, during his tenure as an independent director, he has raised many suggestions for the Company, which are of great help to the Company's operations. Therefore, the independent directors and the audit committee may rely on their expertise to improve the quality of corporate governance management of the board of directors and the oversight function of the audit committee. No violation of Article 30 of the Company Act.	1. Neither he/she or his/her spouse or relative within the second degree of kinship is also serving as a director, supervisor or employee at the Company. 2. Neither he/she or his/her spouse or relative within the second degree of kinship (or under the name of another person) possess the Company's shares. 3. Is not serving as a director/supervisor/employee at specific companies with financial/business relationship with the Company (refer to Article 3, Section 1 Clauses 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies for details). 4. Has not provided commercial, legal, financial or accounting services at the Company or any of its affiliated businesses in the past 2 years.	3

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Li Chun Chi (Independent Director)	**Educational Background:** • Ph.D. in Optics and Photonics, National Central University • Master in Optics and Photonics, National Central University **Current position:** Jie Xiang Engineering Consulting Co., Ltd. - Photoelectric Consultant **Past experience:** • Taipei City University of Science and Technology - Associate Professor at the Department of Electrical Engineering and Head of the College of Engineering • Technology & Science Institute of Northern Taiwan - Associate Professor at the Department of Electrical Engineering • Kuang Wu Industry and Commerce Junior College - Lecturer at the Department of Electrical Engineering **Expertise:** Independent Director Li Chun Chi has experience in engineering and corporate governance. Although he has served as an independent director for more than 3 terms (9 years) of the Company, he made many suggestions on the Company's operations during his tenure as Independent Director, which greatly benefited the Company's operations assistance. Therefore, the independent directors and the audit committee may rely on their expertise to improve the quality of corporate governance management of the board of directors and the oversight function of the audit committee. No violation of Article 30 of the Company Act.	1. Neither he/she or his/her spouse or relative within the second degree of kinship is also serving as a director, supervisor or employee at the Company. 2. Neither he/she or his/her spouse or relative within the second degree of kinship (or under the name of another person) possess the Company’s shares. 3. Is not serving as a director/supervisor/employee at specific companies with financial/business relationship with the Company (refer to Article 3, Section 1 Clauses 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies for details). 4. Has not provided commercial, legal, financial or accounting services at the Company or any of its affiliated businesses in the past 2 years.	None

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of positions as independent director in other public companies
Lin Tuo Zhi (Independent Director)	**Educational Background:** • Master of Science, Massachusetts Institute of Technology • B.S. in Industrial Engineering, University of California, Berkeley, USA **Current position:** None **Past experience:** • Responsible person of Property Acquisition, Great China Region, Prudential Financial • The Carlyle Group Inc.'s Asian Private Equity Investment Business **Expertise:** Independent Director Lin Tuo Zhi has work experience in finance, commerce, investment, engineering and management. No violation of Article 30 of the Company Act.	1. Neither he/she or his/her spouse or relative within the second degree of kinship is also serving as a director, supervisor or employee at the Company. 2. Neither his/her spouse and relative within the second degree of kinship (or under the name of another person) possess the Company's shares. 3. Is not serving as a director/supervisor/employee at specific companies with financial/business relationship with the Company (refer to Article 3, Section 1 Clauses 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies for details). 4. Has not provided commercial, legal, financial or accounting services at the Company or any of its affiliated businesses in the past 2 years.	None

5. Board diversity policy and independence

(1) Board diversity policy and goals:

Pursuant to the Company's "Corporate Governance Best Practice Principles", the composition of the Board of Directors shall take factors such as the development of the Company, its major shareholder status and actual operational needs into consideration and the Company has deemed that the Board ought to have no fewer than 5 members. In addition, composition of the Board shall be diverse in nature, with suitable diversification guidelines formulated base on factors such as the Company's nature of operation and management and its developmental needs. Board members include (but are not limited to) gender, age, professional background, professional skills and industry experience, etc., and should generally have the knowledge, skills and literacy necessary to perform their duties to achieve the ideal goals of corporate governance.

1. The board of directors shall be capable of:
   A. Operational judgment
   B. Accounting and financial analysis
   C. Business management ability
   D. Crisis management
   E. Industry knowledge
   F. International market view
   G. Leadership
   H. Decision making
2. The number of directors who also serve as managers of the Company shall not exceed 1/2 (50%) of the directors.
3. In line with the diversity policy, aim to have at least one F board member (14.29%)

(2) Implementation of the diversity policy of the Board of Directors:
All seven incumbent directors of the Company are native citizens of the ROC and they possess all the aforementioned requirements of knowledge, skills, and training (refer to the previous sections on directors' academic credentials and experiences), and each brings profound expertise in accounting, finance, business, commerce, engineering, and technology. Among which, by accommodating the diversity policy goals, it has been achieved to have at least one F director (14.3%, Luo Yue Gui). Directors with employee identity account for 3 director seats (42.9%, Wang Shiu Ting, Wang Hsing Lei, Chen Ming Yi); independent directors account for 3 seats (42.9%, Ma Chia Ying, Li Chun Chi, and Lin Tuo Zhi). In terms of directors' age groups, one director falls in the 71-80 year-old group (14.3%, Wang Shiu Ting), two in the 61-70 year-old group (28.6%, Ma Chia Ying and Li Chun Chi), two in the 51-60 year-old group (28.6%, Luo Yue Gui and Chen Ming Yi), and two in the 41-50 year-old group (28.6%, Wang Hsing Lei and Lin Tuo Zhi).

The following table shows the implementation of the Company's policy of diversity of board members:

Name of Director	Gender	Age	Term of independent director		Required competency items							
			Less than 3 terms	More than 3 terms	Operational judgment	Accounting and financial analysis	Business administration	Crisis management	Industry knowledge	International market view	Leadership	Decision making
Wang Shiu Ting	M	71~80	NA		✓	✓	✓	✓	✓	✓	✓	✓
Wang Hsing Lei	M	41~50			✓	✓	✓	✓	✓	✓	✓	✓
Taiwan Semiconductor Co., Ltd. Representative : Luo Yue Gui	F	51~60				✓		✓	✓		✓	✓
Chen Ming Yi	M	51~60			✓	✓	✓	✓	✓	✓	✓	✓
Ma Chia Ying	M	61~70		✓	✓	✓	✓	✓		✓		
Li Chun Chi	M	61~70		✓	✓		✓		✓			
Lin Tuo Zhi	M	41~50	✓		✓	✓	✓	✓		✓	✓	✓

(3) Board Independence:

The Company's current Board of Directors consists of 7 directors (including 3 independent directors), with independent directors accounting for 42.9%. The independence of the Board of Directors is as follows:

Name \ Criteria	Compliance of independence (Note 1)											
	1	2	3	4	5	6	7	8	9	10	11	12
Wang Shiu Ting						✓	✓		✓		✓	✓
Wang Hsing Lei					✓	✓	✓	✓	✓		✓	✓
Taiwan Semiconductor Co., Ltd. Representative : Luo Yue Gui				✓		✓	✓		✓	✓	✓	
Chen Ming Yi			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director: Ma Chia Ying	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director: Li Chun Chi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director: Lin Tuo Zhi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note 1: Please place a "✓" in the box if the director or supervisor met the following conditions during active duty and two years prior to the date elected.

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiaries, or other subsidiaries of the parent that are compliant with the Act or local laws).

(3) Does not aggregately hold more than 1% of the Company's outstanding shares in their own names or under the name of a spouse, underage children, or proxy shareholder; nor is a top-ten natural-person shareholder of the Company.

(4) Not a manager listed in (1), or a spouse, second-degree relative or closer or third-degree direct relative or closer to any personnel listed in (2) or (3).

(5) Not a director, supervisor, or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-five shareholder; or 3. appoints a director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of the Company Act (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiaries, or other subsidiaries of the parent that are compliant with the Act or local laws).

(6) Not a director, supervisor or employee of any other company that controls directorship in the company or where more than half of the total voting rights are controlled by a single party (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiaries, or other subsidiaries of the parent that are compliant with the Act or local laws).

(7) Does not assume concurrent duty as Chairman, General Manager or equivalent role, and is not a director, supervisor, or employee of another company or institution owned by a spouse (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiaries, or other subsidiaries of the parent that are compliant with the Act or local laws).

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has a financial or business relationship with the Company (however, this restriction does not apply to concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, its parent company, subsidiaries, or other subsidiaries of the parent that are compliant with the Act or local laws).

(9) Non-professionals, sole proprietorships, partnerships, companies, or institutions that provide auditing services to the Company or its affiliates, or have received accumulative commercial, legal, financial, or accounting services of less than NT$500,000 in the most recent two years. A member of the remuneration committee, public acquisition review committee, or special committee for mergers and acquisitions that is performed by the proprietor, partner, director, supervisor, manager, or spouse in accordance with the Securities and Exchange Act or the Business Mergers And Acquisitions Act; Not subject to this restriction.

(10) Not a spouse or relative of second degree or closer to any other directors.

(11) Does not meet any of the conditions stated in Article 30 of the Company Act.

(12) Not elected as a government, corporate or other representative according to Article 27 of the Company Act.

None of the three independent directors have violated Clauses 3 and 4 of Article 26-3 of the Securities and Exchange Act, which require that no directors or supervisors share spousal or familiar relationship within the second the degree of kinship.

(II) General Managers, Vice General Managers, Assistant General Managers, and Heads of various departments and branches

2024.04.20 ; Unit: shares; %

Title	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Chen Ming Yi	M	2022.6.20	0	0%	0	0%	0	0%	• Department of Mechanical Engineering, National Kaohsiung Institute of Technology • Dell (Taiwan) B.V. Taiwan Branch - Assistant General Manager of Engineering	• Tianjin TSC Auto ID Technology Co., Ltd. - Director (Corporate Representative) • Printronix Auto ID Technology Co., Ltd. - Supervisor (Corporate Representative) • Mosfortico Investments sp. z o.o. – Chairman • MGN sp. z o.o. Director(Corporate Representative)	None	None	None	-
Senior Assistant General Manager	ROC	Lee Cheng Chung	M	2015.02.26	101,454	0.22%	0	0%	0	0%	• Department of Electronic Engineering, National Chin-Yi Institute of Technology • EMBA, National Ilan University • Pro Arch Technology Inc. - Product Manager	• TSC Auto ID Technology India Private Ltd. (Corporate Representative)	None	None	None	-
Assistant General Manager	ROC	Chang Mu Lan	M	2017.08.01	0	0%	0	0%	0	0%	• MBA, University of Leicester (UK) • Tymphany Acoustic Technology Limited - Plant Manager • LiteOn Group Automotive Electronics Department- Senior Manager of Global Procurement/Plant Manager • Knowles Electronics Taiwan Ltd. - Asia-Pacific Procurement Manager	None	None	None	None	-
Assistant General Manager	ROC	Hu Chiu Chih	F	2019.03.26	0	0%	0	0%	0	0%	• Department of Information Management, Shih Hsin University • CipherLab Co., Ltd. - Assistant General Manager of the Technical Support Department	None	None	None	None	-
Assistant General Manager	ROC	Wu Chih Hao	M	2019.05.08	0	0%	0	0%	0	0%	• Master of Electrical Engineering, National Tsing Hua University • Compal Group - Head of the Product Division	None	None	None	None	-
Assistant General	ROC	Huang Zhen Fang	M	2021.09.28 (Assistant	0	0%	0	0%	0	0%	• MBA, Massachusetts Institute of Technology • Deputy Division Chief,	None	None	None	None	-

Title	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Manager and concurrently Financial information and Corporate Governance Officer				General Manager) 2021.11.09 (Head of Finance) 2023.08.09 (Corporate Governance Officer)							Strategic Investment Department, LITE-ON TECHNOLOGY CORP. • CFO, Yuen Foong Shop Co., Ltd.					
Chief Accounting Officer (Note 1)	ROC	Yen Han Chen	M	2024.03.15	0	0%	0	0%	0	0%	• Master of Accounting, National Taiwan University • Manager, TECO ELECTRIC & MACHINERY CO., LTD. • Manager, Les enphants Co., Ltd. • Assistant General Manager, PwC Taiwan	None	None	None	None	-
Section Chief and concurrently Chief Accounting Officer (Note 1)	ROC	Lin Shu Juan	F	2018.03.21	10,161	0.02%	0	0%	0	0%	• Department of Finance, Lan Yang Institute of Technology • YENYO Technology Co., Ltd. - Deputy Section Chief of the Finance Department • Solteam Incorporation - Chief of the Finance Department	None	None	None	None	-
Sales Vice General Manager (Note 2)	ROC	Lin Shu Li	M	2021.12.20	0	0%	0	0%	0	0%	• IMBA, National Chengchi University • BA of Industrial Design, National Cheng Kung University • Department Manager, Moxa Ltd. • General Manager, Ai Wei Technology Ltd. • International Business Manager, 3M Company	None	None	None	None	-
Corporate Governance Officer (Note 3)	ROC	Chung Chia Chun	F	2023.05.10	-	-	-	-	-	-	• Graduate Institute of Business Administration, National Central University • Deputy Manager of the Finance Department, TSC	-	-	-	-	-

Note 1: On 2024.03.15 the Board of Directors appointed Accounting Manager Chen Yen-Han as the Accounting Supervisor, while the former Accounting Supervisor, Lin Shu Juan, stepped down.

Note 2: Lin Shu Li, Vice General Manager of Sales, resigned on 2024.02.07.

Note 3: On 2023.08.09, the Board of Directors appointed Assistant Manager Huang Zhen Fang as the Director of Corporate Governance, and Assistant Manager Chung Chia Chun, the former Director of Corporate Governance, stepped down.

III. Remuneration paid during the most recent fiscal year to Directors, Supervisors, the General Manager, and Vice General Manager

(I) Remuneration of general directors and independent directors (yellow figures to be confirmed)

Unit: NT$ thousand

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of net income (Note 10)		Compensation received as employee								The sum of A, B, C, D, E, F and G as a percentage of net income (Note 10)		Compensation from business investments other than subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Severance payment and pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Severance payment and pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company		All companies included in the financial statements (Note 7)		The Company	All companies included in the financial statements (Note 7)	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Director	Wang Shiu Ting	0	0	0	0	24,504	24,504	0	0	24,504 2.64%	24,504 2.64%	17,226	18,793	108	108	8,500	0	8,500	0	50,338 5.43%	51,905 5.60%	None
Director	Wang Hsing Lei																					
Director	Taiwan Semiconductor Co., Ltd. Representative : Luo Yue Gui																					
Director	Chen Ming Yi																					
Independent Director	Ma Chia Ying	0	0	0	0	6,480	6,480	1,080	1,080	7,560 0.82%	7,560 0.82%	0	0	0	0	0	0	0	0	7,560 0.82%	7,560 0.82%	None
Independent Director	Li Chun Chi																					
Independent Director	Lin Tuo Zhi																					

1. The policy, system, standards, and structure by which independent director compensation is paid, and the association between the amount paid and independent directors' responsibilities, risks and time committed:
   The remuneration paid by the Company includes cash compensation, stock options, dividends, retirement benefits or severance pay, various allowances, and other measures with substantive incentives; its scope is consistent with the remuneration for the directors, supervisors and managers as stated in the Regulations Governing Information to be Published in Annual Reports of Public Companies for the establishment of a sound directors and managers remuneration system of the Company. The Company has appointed a Remuneration Committee and has established the "Remuneration Committee Charter". In accordance with this Charter, the Remuneration Committee is to faithfully perform the following functions and powers, and submit recommendations to the Board of Directors for discussion:
   (I) Establishment and regular review of annual and long-term performance targets for directors and managers of the Company, as well as their salary/compensation policy, system, standard, and structure.
   (II) Regular evaluation and determination of directors' and managers' salary and compensation.
   The Compensation Committee shall abide by the following principles when performing the duties mentioned in the preceding paragraph:
   (I) Ensure that the Company's compensation arrangements comply with all relevant laws and are capable of attracting top talent.

(II) Directors' and managers' performance shall be evaluated and compensated in comparison to industry peers, while taking into consideration their individual achievements, the Company's overall performance, and association with future risks.

(III) The compensation should not entice directors and managers into seeking high returns by acting outside the Company's risk appetite.

(IV)Short-term performance bonuses to directors and senior executives and the timing of variable salary payments/compensations shall be set according to industry characteristics and the Company's business nature.

When discussing compensation proposals from the Compensation Committee, the board of directors takes into consideration the amount of compensation proposed, the method of payment, and risks that the Company may be prone to in the future.

The Company's Chairman is authorized by the board of directors to determine managers' compensation based on the nature of their work, their duties, education, experience, skills, and potential.

After the Company's directors' remuneration and employees' remuneration have been approved by the Board of Directors and reported to the shareholders' meeting, the director's remuneration shall be distributed in accordance with the Company's "Director's Remuneration Planning Scale" of the Company; the number of bonuses to be paid to each employee is based on the employee's work performance, years of service, job grade and special contribution for determining the bonuses amount to be distributed to the employee. The remuneration that the Company pays to its directors and independent directors is based on the Company's policy, system, standards and structure for the payment of remuneration to directors and independent directors, and based on the responsibilities, risks, time invested, and other factors. The correlation between the recognition and the payment of remuneration is handled in accordance with the "Articles of Incorporation" and related "Management Regulations" of the Company.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

Compensation brackets table

Range of compensation paid to directors	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
Below NT$1,000,000	None	None	None	None
NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)	None	None	None	None
NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)	Representatives of Taiwan Semiconductor Co., Ltd. : Luo Yue Gui, Chen Ming Yi , Ma Chia Ying, Li Chun Chi, Lin Tuo Zhi.	Representatives of Taiwan Semiconductor Co., Ltd. : Luo Yue Gui, Chen Ming Yi , Ma Chia Ying, Li Chun Chi, Lin Tuo Zhi.	Representatives of Taiwan Semiconductor Co., Ltd. : Luo Yue Gui, Ma Chia Ying,Li Chun Chi, Lin Tuo Zhi.	Representatives of Taiwan Semiconductor Co., Ltd. : Luo Yue Gui, Ma Chia Ying,Li Chun Chi, Lin Tuo Zhi.
NT$3,500,000 (inclusive) - NT$5,000,000 (non-inclusive)	None	None	None	None
NT$5,000,000 (inclusive) - NT$10,000,000 (non-inclusive)	Wang Shiu Ting	Wang Shiu Ting	None	None
NT$10,000,000 (inclusive) - NT$15,000,000 (non-inclusive)	Wang Hsing Lei	Wang Hsing Lei	Wang Shiu Ting, Chen Ming Yi	Wang Shiu Ting, Chen Ming Yi
NT$15,000,000 (inclusive) - NT$30,000,000 (non-inclusive)	None	None	Wang Hsing Lei	Wang Hsing Lei
NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)	None	None	None	None
NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)	None	None	None	None
NT$100,000,000 and above	None	None	None	None
Total	7	7	7	7

Note 1: Directors' names are presented separately (for corporate shareholders, the name of the corporate shareholder and its representative are presented separately) and distinguished between independent and non-independent directors, while the amount of benefits are presented in aggregate sums. For directors and General Manager or Vice General Manager, fill out this form and the "General Manager and Vice General Manager Remuneration Table".

Note 2: Refers to directors' compensation in the last year (including salary, allowance, severance pay, various bonuses, incentives, etc.).

Note 3: Represents the amount of director remuneration in the last year that the board has proposed as part of the latest earnings appropriation.

Note 4: Refers to directors' business-related expenses (including travel expenses, special allowances, various stipends, accommodation, cars, etc.) in the most recent year. If there are expenses for providing housing, cars and other transportation tools or dedicated personnel, disclose the nature and cost of the assets provided, the actual or fair market value of rent, fuel, and other benefits. If there is a driver, please specify the remuneration paid to the driver by the company, but it is not to be included in the remuneration.

Note 5: Refers to the salary, allowance, severance pay, various bonuses, incentive payments, travel allowance, special allowance, various subsidies, dormitory, company vehicles and other objects provided to the director, who is concurrently an employee (such as General Manager, Vice General Manager, Manager, or other employee), in the most recent year. If there are expenses for providing housing, cars and other transportation tools or dedicated personnel, disclose the nature and cost of the assets provided, the actual or fair market value of rent, fuel, and other benefits. If there is a driver, please specify the related remuneration paid to the driver by the company, but it is not to be included in the remuneration. Recognize salary expenses based on IFRS 2 "Share-based Payment", which includes employee stock option, restricted stock awards, and subscription of shares for participating in cash capital increase, and so forth, and shall be included in remuneration.

Note 6: Refers to any compensation that the director received (in cash or in shares) in the last year for assuming the role of an employee (such as General Manager, Vice General Manager, Manager, or other employee). The amount of employee remuneration proposed by the board of directors in the last year should be disclosed (where the amount cannot be estimated, use the percentage of the amount paid in the last year to calculate the pro-forma amount for the current year). The "Name of managers who distribute employee compensation and distribution status table" should be filled in separately.

Note 7: The disclosure should include all companies covered by the Consolidated Financial Statements (including the Company) and represent the total amount of compensation paid by all companies to the Company’s directors.

Note 8: The amount of compensation paid by the Company to each director has been disclosed in ranges.

Note 9: The details should represent the range of compensation paid by the consolidated entity (including the Company) to each director.

Note 10: Net income refers to the amount of profit shown in the latest parent company only or individual financial reports.

Note 11:
a. This field represents all forms of compensation that the director received from the Company’s parent company or business investments other than subsidiaries (please fill in “None” if absent).
b. For directors who received compensation from the parent company or business investments other than subsidiaries, amounts received from these business investments or the parent company should be added to column I of the compensation brackets table. In this case, column I should be renamed “parent company and all business investments.”
c. Compensation refers to any return, remuneration (including remuneration received as an employee, director, and supervisor) and professional service fee that the Company’s director received for serving as director, supervisor, or manager in the parent company or business investments other than subsidiaries.

* The basis of compensation disclosed above is different from the basis of the Income Tax Act, hence the above table has been prepared solely for information disclosure, and not for tax purpose.

(II) Remuneration to supervisors: During the shareholder meeting held on June 18, 2010, the Company assembled an Audit Committee and elected three independent directors to replace supervisors, hence no compensation has been paid to supervisors since then.

(III) Compensation to the General Managers and Vice General Manager

Unit: NT$ thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Severance payment and pension (B)</th><th colspan="2">Bonuses and special allowances (C) (Note 3)</th><th colspan="4">Employees remuneration (D) (Note 4)</th><th colspan="2">The sum of A, B, C and D as a percentage of net income (%) (Note 8)</th><th rowspan="3">Compensation from business investments other than subsidiaries (Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements (Note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements (Note 5)</th></tr>
<tr><th>Amount Paid in cash</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Amount paid in shares</th></tr>
<tr><td>General Manager</td><td>Chen MingYi</td><td rowspan="2">8,800</td><td rowspan="2">8,800</td><td rowspan="2">216</td><td rowspan="2">216</td><td rowspan="2">4,154</td><td rowspan="2">4,154</td><td rowspan="2">4,875</td><td rowspan="2">0</td><td rowspan="2">4,875</td><td rowspan="2">0</td><td rowspan="2">18,045
1.95%</td><td rowspan="2">18,045
1.95%</td><td rowspan="2">None</td></tr>
<tr><td>Vice General Manager of Sales</td><td>Lin Shu Li (Note)</td></tr>
</table>

Note: Lin Shu Li, Vice General Manager of Sales, resigned on 2024.02.07.

Compensation brackets table

Range of compensation to General Manager and Vice General Managers	Names of General Manager and Vice General Managers	
	The Company (Note 6)	All companies included in the financial statements (Note 7)
Below NT$1,000,000	None	None
NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)	None	None
NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)	None	None
NT$3,500,000 (inclusive) - NT$5,000,000 (non-inclusive)	None	None
NT$5,000,000 (inclusive) - NT$10,000,000 (non-inclusive)	Lin Shu Li	Lin Shu Li
NT$10,000,000 (inclusive) - NT$15,000,000 (non-inclusive)	Chen Ming Yi	Chen Ming Yi
NT$15,000,000 (inclusive) - NT$30,000,000 (non-inclusive)	None	None
NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)	None	None
NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)	None	None
NT$100,000,000 and above	None	None
Total	2	2

Note 1: Names of the General Manager and Vice General Manager should be listed separately. The amounts paid by each category should be disclosed in aggregate form. If a director also served as the General Manager or Vice General Manager, the details should be completed in this table and the "Table for the Remuneration of Ordinary Directors and Independent Directors"

Note 2: Refers to salaries, allowances, and severance pay made to General Manager and Vice General Managers in the last year.

Note 3: Fill in the various bonuses, incentive payments, travel allowance, special allowance, various subsidies, dormitory, company vehicles and so on objects, and other remuneration amount provided to the General Manager and Vice General Manager in the most recent year. If there are expenses for providing housing, cars and other transportation tools or dedicated personnel, disclose the nature and cost of the assets provided, the actual or fair market value of rent, fuel, and other benefits. If there is a driver, please specify the related remuneration paid to the driver by the company, but it is not to be included in the remuneration. Recognize salary expenses based on IFRS 2 “Share-based Payment”, which includes employee stock option, restricted stock awards, and subscription of shares for participating in cash capital increase, and so forth, and shall be included in remuneration.

Note 4: Represents the amount of employee remuneration allocated to General Manager and Vice General Managers (in cash or in shares), which the board of directors has proposed as part of the latest earnings appropriation. Where the amount cannot be estimated, use the percentage of the amount paid in the last year to calculate the pro-forma amount for the current year. Fill in separately the "Manager Names Who Are Distributed the Employee Remuneration and the Distribution Table".

Note 5: Compensation should be presented in aggregate of all amounts paid by all companies covered by the Consolidated Financial Statements (including the Company) to the Company’s General Manager and Vice General Managers.

Note 6: The amount of compensation paid by the Company to its General Manager and Vice General Managers are disclosed separately in ranges.

Note 7: The disclosure should include all companies covered by the Consolidated Financial Statements (including the Company) to the Company’s General Manager and Vice General Managers. The names of General Manager and Vice General Managers have been disclosed separately in ranges.

Note 8: Net income refers to the amount of profit shown in the latest parent company only or individual financial reports.

Note 9: a. This field should disclose all forms of compensation that General Manager and Vice

General Managers received from the Company's parent company or business investments other than subsidiaries (please fill in "None" if absent).

b. For General Manager and Vice General Managers who received compensation from parent company or business investments other than subsidiaries, amounts received from these business investments or parent company should be added to column E of the compensation brackets table. In this case, column E will be renamed "parent company and all business investments."

c. Compensation refers to any return, remuneration (including remuneration received as an employee, director, and supervisor) and professional service fee that the Company's General Manager and Vice General Managers received for serving as director, supervisor, or manager in the parent company or business investments other than subsidiaries.

* The basis of compensation disclosed above is different from the basis of the Income Tax Act, hence the above table has been prepared solely for information disclosure, and not for tax purpose.

(IV) Names of names and distributions of employee profit-sharing compensation to managerial officers entitled to employee remuneration and amount entitled

Unit: NT$ thousand

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Total</th><th>The sum as a percentage of net income (%)</th></tr>
<tr><td rowspan="10">Manager</td><td>President</td><td>Wang Shiu Ting</td><td rowspan="10">0</td><td rowspan="10">15,313</td><td rowspan="10">15,313</td><td rowspan="10">1.65%</td></tr>
<tr><td>Chairman</td><td>Wang Hsing Lei</td></tr>
<tr><td>General Manager</td><td>Chen Ming Yi</td></tr>
<tr><td>Vice General Manager of Sales (Note 4)</td><td>Lin Shu Li</td></tr>
<tr><td>Senior Assistant General Manager of the Sales Dept.</td><td>Lee Cheng Chung</td></tr>
<tr><td>Assistant General Manager of the Production Dept.</td><td>Chang Mu Lan</td></tr>
<tr><td>Assistant General Manager of the R&D Dept.</td><td>Wu Chih Hao</td></tr>
<tr><td>Assistant General Manager of the Product Management & Development Dept.</td><td>Hu Chiu Chih</td></tr>
<tr><td>Assistant General Manager and Head of Finance and Corporate Governance</td><td>Huang Zhen Fang</td></tr>
<tr><td>Section Chief and Head of Accounting (Note 5)</td><td>Lin Shu Juan</td></tr>
</table>

Note 1: Names and titles should be disclosed separately, whereas the amount of profit sharing should be disclosed in aggregate.

Note 2: Fill in the amount of employee remuneration (including stocks and cash) distributed to managerial officers approved by the board of directors in the most recent year. If it is impossible to estimate, it will be calculated based on the proportion of the actual distribution amount last year to calculate. The proposed distribution amount from the net profit after tax this year refers to the net profit after tax amount of the most recent year. If the IFRSs are adopted, net profit after tax refers to the net profit after tax of the standalone or individual financial report in the most recent year.

Note 3: Pursuant to FSC Letter Tai-Cai-Zheng-III-Zi No. 0920001301 dated 2003.03.27, the role of manager covers the following positions:

(1) General manager or equivalent; (2) Vice general manager or equivalent; (3) Assistant vice president or equivalent; (4) Head of financial department; (5) Head of accounting department; (6) Other promising candidates of Company management and signature authority.

Note 4: Lin Shu Li, Vice General Manager of Sales, resigned on 2024.02.07.

Note 5: On 2024.03.15 the Board of Directors appointed Accounting Manager Chen Yen-Han as the Accounting Supervisor, while the former Accounting Supervisor, Lin Shu Juan, stepped down.

(V) The total remuneration, as a percentage of net income stated in the parent company only financial reports financial reports, as paid by this company and by each other compan uded in the Consolidated Financial Statements during the past 2 fiscal years to directors, general managers, and Vice General Manager, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Compensation paid to the Company’s Directors, General Managers, and Vice General Managers in the last 2 years, and percentages relative to standalone net income.

Year / Item	2022		2023	
	The Company	Consolidated Financial Statements	The Company	Consolidated Financial Statements
Total director compensation as a percentage of net income	6.44%	6.60%	6.25%	6.42%
Total compensation to General Managers and Vice General Managers as a percentage of net income	2.17%	2.33%	1.95%	1.95%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

The remuneration to directors and employees of the Company is distributed in accordance with the Company's Articles of Incorporation and dividend policy. Taking into account the Company's profitability and future operating needs, the Compensation Committee proposes the distribution plan which is to be discussed and approved by the Board of Directors. The General Manager and Vice General Manager Remuneration is processed regardless of operating profit or loss. When the Company’s Board of Directors discusses the recommendation by the Compensation Committee, the compensation paid to the managers is paid in accordance with industry standards taking into account the remuneration amount, the payment method and the company’s future risks. The board of directors authorizes the Chairman to determine and approve the remuneration to be paid with considerations of the nature of their work and responsibilities, as well as factors such as education, experience, skills, and potential development; in summary, there should be no impact on future risks.

IV. Corporate governance:

(I) Functionality of board of directors:

A total of 7 board of directors meetings (A) were held in 2023; below are directors' attendance records:

Title	Name	Number of in-person attendances (B)	Number of proxy attendances	Actual attendance rate (%) (B/A)	Remarks
Director	Wang Shiu Ting	6	1	86%	Re-elected on 2022.06.17
Chairman	Wang Hsing Lei	7	-	100%	Re-elected on 2022.06.17
Director	Taiwan Semiconductor Co., Ltd. Representative : Luo Yue Gui	7	-	100%	Re-elected on 2022.06.17
Director	Chen Ming Yi	7	-	100%	Newly elected on 2022.06.17
Independent Director	Ma Chia Ying	7	-	100%	Re-elected on 2022.06.17
Independent Director	Li Chun Chi	7	-	100%	Re-elected on 2022.06.17
Independent Director	Lin Tuo Zhi	7	-	100%	Newly elected on 2022.06.17

Other mandatory disclosures:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the Company has responded to such opinions:

1. Conditions described in Article 14-3 of the Securities and Exchange Act: None.
2. Any other documented objections or reservations raised by independent director against board resolutions in relation to matters other than those described above: None.

II. Disclosure regarding avoidance of motions involving conflict of interest, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process: None.

III. Cycle, period, scope, method, and detail of board performance self (peer) evaluation:

Assessment cycle	Assessment period	Scope of assessment	Assessment method	Assessment details
Once a year	2023.01.01 ~ 2023.12.31	The performance of the board as a whole, the individual directors, and functional committees.	1. Board assessment 2. Board members' individual self-assessment and overall assessment. 3. Functional committee assessment.	Board performance assessment uses a total of 45 indicators covering five major aspects: I. Participation in the Company's operations. II. Improvement of the board's decision quality. III. Composition of the board of directors. IV. Election and continuing education of directors. V. Internal control. Outcome of the 2023 assessment: Excellent (score of 4.91). Board member performance self-assessment uses a total of 25 indicators covering six major aspects: I. Comprehension of the Company's targets and missions. II. Awareness of the director' duties. III. Participation in the Company's operations. IV. Management and communication of internal relations. V. Professionalism and ongoing education of directors. VI. Internal control. Outcome of the 2023 assessment: Excellent (score of 4.80). Audit Committee performance assessment uses a total of 22 indicators covering five major aspects: I. Participation in the Company's operations. II. Awareness towards the duties of the functional committee. III. Improvements to the quality of decisions made by the functional committee. IV. Composition of the functional committee and selection of committee members. V. Internal control. Outcome of the 2023 assessment: Excellent (score of 5.00).

Assessment cycle	Assessment period	Scope of assessment	Assessment method	Assessment details
				Compensation Committee performance assessment uses a total of 19 indicators covering four major aspects: I. Participation in the Company's operations. II. Awareness towards the duties of the functional committee. III. Improvements to the quality of decisions made by the functional committee. IV. Composition of the functional committee and selection of committee members. Outcome of the 2023 assessment: Excellent (score of 5.00).

IV. Enhancements to the functionality of the board of directors in the current and the last year (e.g. assembly of an Audit Committee, improvement of information transparency, etc.), and progress of such enhancements:

1. The Company voluntarily assembled an Audit Committee in place of supervisors in accordance with Article 14-4 of the Securities and Exchange Act on June 18, 2010.
2. Enhancements to the functionality of the board of directors, and progress of such enhancements:
   (1) Among the seven incumbent directors in 2023, three are independent directors, more than one-third of the members are independent. The three independent directors are also concurrently serving as the Audit Committee and Compensation Committee to assist and supervise the Board of Directors and report periodically to the Board on the status of their operations.
   (2) Directors' Continuing Education: The Company arranges diversified external training courses for directors to enhance their professionalism, faithful execution of business, and good administrator's duty of care, and to help the directors fully utilize their operational decision-making and leadership, as well as maintain their core values and professional competence.

   (3) In an effort to improve information transparency, the Company has established a "Stakeholder" section on its corporate website to information pertaining to "Corporate Governance" and "Corporate Social Responsibility (CSR)". In addition, vital information pertaining to decisions made by the board has also been made public on the Market Observation Post System (MOPS) website and our corporate website. The Company had also held periodic investor conferences for the general public and in 2023, the Company held a total of four investor conferences

and two of the video files were placed on the Market Observation Post System for investors to read.

(4) To ensure that directors are adequately protected from the potential risks arising from their duties, the Company has provided liability coverage for all directors each year. Contents of their liability coverage have been reviewed periodically to ensure that the insurance payout and scope of courage are adequate.

(5) Pursuant to the "Self-Evaluation of the Board of Directors", the Company has been conducting performance assessment for the Board of Directors and the functional committees on a yearly basis. The evaluation results in 2023 have been reported to the Board of Directors on 2024.03. 15.

(II) Information on the operation of the Audit Committee:

A total of 7 Audit Committee meetings (A) were held in 2023; independent directors' attendance records are summarized below:

Title	Name	Number of in-person attendances (B)	Number of proxy attendances	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Ma Chia Ying	7	0	100%	Re-elected on 2022.06.17
Independent Director	Li Chun Chi	7	0	100%	Re-elected on 2022.06.17
Independent Director	Lin Tuo Zhi	7	0	100%	Newly elected on 2022.06.17

Other mandatory disclosures:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the independent directors' dissenting opinions, qualified opinions, or major recommendations, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions:

1. Conditions described in Article 14-5 of the Securities and Exchange Act:

Audit Committee Date	Term	Major resolutions	Dissenting opinions, qualified opinions, or major recommendations of independent directors	Resolution by Audit Committee	Action taken by the Company per Audit Committee's opinion
2023.03.15	5th Term The 5th session	1. The Company, through its 100%-owned subsidiary in Poland, Mosfortico Investments sp. z o.o. , acquire MGN sp. zo.o. shares. 2. The Company made capital increase in the subsidiary in Poland, Mosfortico Investments sp. z o.o. 3. The Company's lending of funds to the Polish subsidiary Mosfortico Investments sp. z o.o. 4. Presentation of the Company's 2022 business report and financial statements. 5. Presentation of the Company's 2022 earnings appropriation. 6. Issuance of new shares through capitalization of the Company's 2022 earnings. 7. Amendment to the Company's Articles of Incorporation 8. Amendments to the "Asset Acquisition and Disposal Procedures." 9. The Company's termination of lending of funds to U.S. subsidiary TSC Auto ID	No objection or reservations from all independent directors	Adopted by unanimous consent from all participating members	None

Audit Committee Date	Term	Major resolutions	Dissenting opinions, qualified opinions, or major recommendations of independent directors	Resolution by Audit Committee	Action taken by the Company per Audit Committee's opinion
		Technology America Inc.. Quota of Loaning Funds	No objection or reservations from all independent directors	Adopted by unanimous consent from all participating members	None
2023.05.05	5th Term 6th meeting	Amendments to the "Asset Acquisition and Disposal Procedures."			
2023.05.10	5th Term The 7th meeting	1. The Company's Consolidated Financial Statement for 2023 Q1. 2. The Company to provide loans to its German subsidiary, TSC Auto ID Technology EMEA GmbH			
2023.06.16	5th Term The 8th meeting	1. the proposal for the base date of the Company's 2022 cash dividend distribution and related matters. 2. Proposal of setting the base date for the allotment of new shares and ex-right dividend for the year ended December 31, 2022 3. The Company's issuance of 1,000 units of employee warrant, and to establish the "2023 Employee Warrant Issuance and Subscription Policy." 4. The Company to provide endorsement and guarantee to its German subsidiary, TSC Auto ID Technology EMEA GmbH.			
2023.08.09	5th Term The 9th meeting	1. Presentation of the Company's Consolidated Financial Statement for 2023 Q2. 2. Ratification of the amendment to the Company's "Regulations Governing the Issuance of Employee Stock Options and Share Subscription for 2023" 3. The list of beneficiaries for the first issuance of employee warrant for 2023. 4. The merger and change of name of the Company's 100%-owned subsidiary in Poland, Mosfortico Investments sp. z o.o. and its 100%-owned company in Poland, MGN sp.			
2023.11.08	5th Term The 10th meeting	1. Presentation of the Company's Consolidated Financial Statement for 2023 Q3. 2. Establishment of the Company's "Computerized Information System Processing Cycles". 3. Establishment of the "Whistleblower Reporting and Protection System Management Measures". 4. The merger and change of transaction structure of the Company's 100%-owned			

Audit Committee Date	Term	Major resolutions	Dissenting opinions, qualified opinions, or major recommendations of independent directors	Resolution by Audit Committee	Action taken by the Company per Audit Committee’s opinion
		subsidiary in Poland, Mosfortico Investment sp. z o. and its 100%-owned company MGN sp. z o.			
2023.12.27	5th Term The 11th meeting	1. Formulation of the 2024 audit plan 2. Evaluation of the independence and suitability of CPAs 3. Establishment of the "Procedure of Pre-approval Review Procedures for Non-Assurance Services".	No objection or reservations from all independent directors	Adopted by unanimous consent from all participating members	None
2024.03.15	5th Term The 12th meeting	1. The "Statement of Internal Control System" for 2023. 2. Presentation of the 2023 business report and financial statements. 3. Presentation of the 2023 earnings appropriation. 4. Amendments to the "Rules of Procedure for Board of Directors Meetings" 5. Amendment to the Procedures for Election of Directors 6. Merger and amendment to the "Regulations Governing the Prevention of Insider Trading" and "Procedures for Handling Material Inside Information". 7. Evaluation of the independence and suitability of CPAs. 8. Change of the Chief Accounting Officer of the Company. 9. Lending of funds to an indirectly 100%-owned subsidiary of the Company, MGN sp. z o. o.			

2. Other than those described above, any resolutions not supported by the Audit Committee but approved by more than two-thirds of the directors: None.

II. Avoidance of involvement in discussions involving conflict of interest by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process: None.

III. Status of communication with independent directors and chief internal auditor (shall include the items, methods and outcomes of corporate finance, sales performance and so forth):

1. Communication between independent directors and internal auditing officers:

Date	Method of communication	Issues discussed	Outcome
2023.03.15	Audit Committee	1. Report on the implementation of internal audit operations for 2022 Q4. 2. Declaration of Internal Control System for 2022.	No objections
2023.05.10		Report on the implementation of internal audit operations for 2023 Q1.	
2023.08.09		Report on the implementation of internal audit operations for 2023 Q2.	
2023.11.08		Report on the implementation of internal audit operations for 2023 Q3.	
2023.12.27		The 2024 audit plan	
2024.03.15		1. Report on the implementation of internal audit operations for 2023 Q4. 2. Declaration of Internal Control System for 2023.	

2. Status of Communication With Independent Directors and CPAs:

Date	Method of communication	Issues discussed	Outcome
2023.03.15	Convened independent meeting	1. Outcome of 2022 financial statement audit. 2. Consolidated standalones for 2022. 3. Key Audit Issues 4. Other communication matters	Consulted and no other suggestions
2023.12.27		1. Annual audit planning. 2. Communicated on key audit issues. 3. Deloitte Taiwan's report on supplier quality management (SQM) and audit quality indicator (AQI) 4. IFRS sustainability disclosure	
2024.03.15		1. Outcome of 2023 financial statement audit. 2. Consolidated standalones for 2023. 3. Key Audit Issues 4. Other communication matters	

IV. Audit Committee Annual Work Focus:

1. The Audit Committee of the Company operates with the following primary matters of oversight:
   (1) Fair presentation of the Company’s financial statements.
   (2) Selection, termination, independence, and performance of the CPAs.
   (3) Effective implementation of the Company’s internal control.
   (4) The Company’s compliance with relevant laws and regulations.
   (5) Control of existing or potential risks of the Company.
2. Matters reviewed in 2023 include the following:
   (1) Audit of financial statements
   (2) Annual audit plan
   (3) Assessment on the competency and independence of CPAs

(4) Major asset transactions
(5) Material Loaning of Funds and Endorsement/Guarantee
(6) Amendment to the "Articles of Incorporation"
(7) Amendments to the "Procedures for Acquisition or Disposal of Assets"
(8) Issuance of employee stock options, and the formulation and amendment of the "Procedure of 2023 Employee Stock Option Certificates Issuance and Subscription Regulations"
(9) Establishment of "Computerized Information System Processing Cycles"
(10) Establishment of the "Whistleblower Reporting and Protection System Management Regulations"
(11) Establishment of the "Procedure of Review Procedures for Non-Assurance Services"

(III) Corporate governance and deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has established the Board approved "TSC Auto ID Technology Co., Ltd. Corporate Governance Code of Conduct" and disclosed the details in the Corporate Governance section of its website and the MOPS, where stakeholders may access it.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	✓		The Company has a spokesperson system and a shareholder service unit in place; contact details have been fully disclosed on the Company's webpages, so that shareholders may express opinions through telephone or e-mail and have their queries handled properly according to relevant procedures.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(II) Is the Company constantly informed of the identities of its major shareholders with actual control of the Company and their ultimate controllers?	✓		The Company makes monthly regulatory reports and establishes the identities of its controlling shareholders and major shareholders through a stock transfer agent. The Company contacts its major shareholders if necessary.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	✓		Pursuant to Article 14, Chapter 2 of the Company's Corporate Governance Principles, the management objectives, authorities and responsibilities of the personnel, assets, and finance between the Company and its affiliates should be clearly defined, and risk assessments should be conducted and appropriate firewalls should be established. The business and accounting are operated independently and are handled by dedicated personnel. These are audited from time to time by the parent company, and are conducted in accordance with the "Regulations Governing Transactions with Related Parties, Group Enterprises and Specific Companies" established by the Company.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Has the Company established internal policies that prevent insiders from trading securities using non-public information?	✓		The Company has established robust procedures and systems for handling and disclosing material insider information, which not only prevent inappropriate leakage of information but also ensure the consistency and accuracy of information disclosed to outsiders. The Company has also implemented internal policies including the "Procedures for Insider Trading Prevention and Handling Material Inside Information", and "Ethical Behavior Guidelines" to prevent insider trading, and published details in the Corporate Governance section of its website to serve as reference for investors and employees.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
III. Composition and responsibilities of the board of directors				
(I) Has the Board of Directors established a diversity policy and specific management objectives, and implemented such measures?	✓		The Company has outlined criteria for the diversity of the Board as part of its Corporate Governance Code of Conduct to ensure that the Board consists of directors with different skill sets, backgrounds, and experience. The professional ability, gender ratio, age distribution, structure, and composition of directors are evaluated and reviewed simultaneously at each election. Please refer to Page 22~25 for the Company's board diversity policy, specific management goals and implementation.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		✓	The Company has assembled a Compensation Committee and an Audit Committee. As for other functional committees, the Company currently adopts alternative arrangements for the effective use of resources in place of assembling other functional committees, but may assemble additional committees in the future if there is a need to do so.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(III) Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? Also, the performance evaluation results are reported to the board of directors and used as a reference for individual directors' remuneration and nomination for re-election?	✓		The Company has established the "Self-Evaluation or Peer Evaluation of the Board of Directors", and has conducted self-evaluation of each director member and evaluation of the overall performance of the Board of Directors every year since 2020. The relevant performance evaluation of the Board of Directors for 2023 has been submitted to the 6th meeting of the 5th Compensation Committee held on 2024.03.15, and the 13th meeting of the 6th Board of Directors on the same day. According to the "Self-Evaluation or Peer Evaluation of the Board of Directors", it was applied to the remuneration to individual directors and the nomination for renewal. Refer to "2023 Board of Directors' Performance Evaluation Results" on Page 37~38.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		The company refers to the Audit Quality Index Report (AQIs) once a year，and the Audit Committee conducts routine assessment of the certification of CPA's independence, reviews the CPAs' statement of independence, and reports the results of the assessment to the Board of Directors. Please refer to Page 60~62 for the "Assessment of the independence and suitability of CPAs". The Audit Quality Indicators (AQIs) report issued by the CPAs of the Company was reviewed and approved by the 12th meeting of the 5th Audit Committee and the 13th meeting of the 6th Board of Directors on 2024.03.15. The Company has never not changed its CPAs for seven consecutive ye ars.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
IV. Has the TWSE/GTSM listed company allocated an adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		On August 9, 2023, the 10th meeting of the 6th Board of Directors of the Company appointed Assistant Vice President of Finance Department, Huang Zhen Fang, as the Corporate Governance Officer responsible for corporate governance-related affairs, including the following: 1. Handling of board meeting and shareholder meeting affairs in accordance with laws. 2. Preparation of board/shareholder meeting minutes. 3. Assistance in the inauguration and continuing education of directors and supervisors. 4. Provide information required by directors and supervisors to carry out their duties. 5. Assisting directors and supervisors in complying with laws and regulations. 6. Report to the Board of Directors on whether the qualification of independent directors complies with relevant laws and regulations at the time of nomination, election, and term of office. 7. Matters with regard to the change of directors. 8. Other matters stipulated in the Company's Articles of Incorporation or contracts, etc.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		1. The Company has created a stakeholders section and an investors section on its website (www.tscprinters.com) to serve as contact windows for addressing key corporate social responsibility issues that are of concern to stakeholders. Refer to Page 63~72 of this Annual Report for the report on communication with stakeholders for the year 2023. The "2023 Report on the Communication Channels with Stakeholders " was reported to the Board of Directors on 2023.12.27. 2. A “Corporate Governance” section has been created on the Company’s website, where investors may inquire the Company’s governance policies and governance practices. 3. The Company's website has also set up a dedicated page for "Corporate Social Responsibility" to disclose the status of the Company's sustainable development. Please refer to Page 90~95 for "2023 Execution Progress of Sustainable Development ".	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
VI. Does the Company engage a stock transfer agent to handle shareholder meeting affairs?	✓		The Company has commissioned the Agency Department of CTBC Bank to handle share administration affairs.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
VII. Information disclosure				
(I) Has the Company stablished a website that discloses financial, business, and corporate governance-related information?	✓		The Company's website www.tscprinters.com provides information on finances, business, corporate governance, presentations at legal meetings, and stakeholder contact windows, and has dedicated personnel to maintain and update the data.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(II) Has the Company adopted other means to disclose information (e.g. an English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)?	✓		1. The Company has set up an English website and designated dedicated personnel to be responsible for the collection and disclosure of corporate information. It has set up the system of spokesperson and deputy spokesperson, and set up an investor mailbox to respond to investors' questions immediately. 2. All information that the Company is bound to disclose by law has been published on the "Market Observation Post System" in a timely manner, where investors may inquire on their own. 3. In 2023, the Company was invited by the securities dealer to hold a total of 4 institutional investor conferences to explain the Company's operating performance to investors. At least one institutional investor conference video and audio files are disclosed on the MOPS for investors to review.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(III) Does the Company publish and officially file annual financial reports within two months after the end of the accounting period, and publish/file Q1, Q2 and Q3 financial reports along with the monthly business performance before the designated due dates?	✓		After the end of the fiscal year, the Company announces and reports its annual financial statements by the deadline stipulated in Article 36 of the Securities and Exchange Act, and completes the announcement and reporting of the financial reports for the first to third quarters and the operating status of each month by the prescribed deadlines.	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurement criteria, implementation of customer policy, and liability insurance for directors and supervisors)?	✓		1. Employees' rights and employee care: (1) The Company is committed to creating a diverse, equal and inclusive working environment, and takes actions consistent with the Responsible Business Alliance (RBA) Code of Conduct, and treats all employees with dignity and respect. (2) In addition to regularly organizing labor-management meetings and labor safety meetings, the Company also holds quarterly all-members meetings to convey various policies more precisely. We also increase cross-departmental discussions and collaborations, establish a two-way communication platform between employers and employees, and jointly create a healthy and friendly environment working environment. (3) The Company conducts annual engagement surveys. After the surveys, the Company invites employees to discuss items for improvement and build an excellent workplace for the Company. In addition to the annual surveys, employees can also use the Opinions Window to feedback their thoughts and opinions to the Company at any time. (4) The Company has set up an Employee Welfare Committee to design and organize activities for employees' physical and mental health. Other benefits such as domestic and foreign travel subsidies, wedding/funeral	Complies with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			subsidies, etc., are offered to enhance the working relationship and sense of unity among employees. In addition to labor and health insurance, we also purchase group insurance (including accident and medical insurance) for our employees. (5) The Company has implemented "Employee Education and Training Procedures" to help employees develop character, skills, efficiency, and quality. A training plan encompassing orientation, on-the-job training, and external training is devised on a yearly basis to support the training of professional talent and facilitate the optimal use of human resources. (6) The Company has developed its pension system and "Worker Retirement Policy" in accordance with the Labor Standards Act. A labor pension fund account has been opened with the Bank of Taiwan, and the Company makes monthly contributions into the account at 2% of employees' total salary. No employee retired in 2023.	

			2. Investor relations: (1) Information is disclosed on the Market Observation Post System and the Company's website (www.tscprinters.com) to give investors a better understanding of how the Company performs. Other means of communication such as shareholder meetings and spokespersons are also used to interact with investors. (2) The Company maintains open communication channels with consumers, employees, investors, and suppliers, and respects and protects their rightful interests. (3) The Company subscribes to product liability insurance each year for the protection of consumers worldwide. Proper product management and improvement practices are taken to reduce corporate risks. 3. Supplier relations: The Company convenes supplier conferences at its subsidiary locations around the world from time to time to learn suppliers' needs and to enhance supplier relations. 4. Stakeholders' rights: The Company's website disclose the contact persons and contact methods for stakeholders, and the Company communicates directly with the interested parties, respecting and protecting their legitimate rights and interests. 5. Continuing education of directors: All of the Company's directors have professional backgrounds and practical experience in the management of the industry. The Company also provides	

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			information on external corporate governance courses for directors to take from time to time. 6. Implementation of risk management policy and risk measurement criteria: The Company has implemented internal policies and systems in accordance with laws to manage and assess risks. 7. Implementation of customer policy: The Company conducts customer satisfaction surveys to learn customers' concerns and needs, and thereby maintain good relationship. 8. The Company purchases liability insurance for directors: The Company purchases liability insurance for directors every year. The insurance period was from 2023.04.18to 202404.17. The insured amount is US$4 million. The insurance was presented to the board of directors on May 10, 2023.	

Assessment criteria	Operation			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: According to the outcome of the 2023 (10th) Corporate Governance Evaluation published by the competent authority, there are deficiencies in the Company's corporate governance in different aspects such as safeguarding shareholders' rights and treating shareholders equally, strengthening the structure and operation of the Board of Directors, enhancing information transparency, and implementing corporate social responsibility. The Company's corporate governance enforcing unit has made or planned the following improvements with specific regards to the deficiencies highlighted in the evaluation: (I) Improvement progress 1. The Company has disclosed the professional qualifications and experience of the members of the Audit Committee, as well as the annual work focus and operation status 2. All members of the Company's Compensation Committee attend at least twice a year, and disclose information such as the policy, system, standard and structure for regular review of the performance evaluation of directors and managers and remuneration. 3. The Company has recorded the important contents of shareholders' questions and the Company's responses in the shareholders' meeting minutes. 4. The Company's shareholders' meetings have been uploaded with uninterrupted audio and video after the shareholders' meeting. 5. The Company has uploaded the insider shareholdings of the previous month to the Market Observation Post System by the 10th (inclusive) of each month. 6. The Company has established an English-language website that includes financial, business, and corporate governance-related information. 7. The Company has established a whistle-blowing system for illegal (including corruption) and unethical behaviors by internal and external personnel and disclosed in detail on the Company's website. (II) Priority enhancements and measures. 1. In line with the government's 2050 net-zero emissions target, the Company has initiated greenhouse gas inventory plans. 2. The Company has established a an exclusive (or concurrent) dedicated unit to be in charge of sustainable development. In accordance with the materiality principle, the Company conducts risk assessments of environmental, social, and corporate governance issues pertaining to company operations and establishes the relevant risk management policy or strategy. The Board of Directors monitors the Company's status of sustainable development.				

(Table 1)

TSC Auto ID Technology Co., Ltd.
Assessment of the independence and suitability of CPAs

Assessment criteria	Suitability and Independence
1. Items of financial interest: 1.1 Has "direct financial interest" with the audit client. 1.2 Has "material indirect financial interest" with the audit client. 1.3 Has "material financial interest" with another company that the audit client has control and influence over.	**1. Items of financial interest:** 1.1 None. 1.2 None. 1.3 None.
2. Financing and Guarantees: 2.1 Has acquired financing/guarantees from a financial institution via illegitimate business conduct. 2.2 Has acquired financing/guarantees from a non-financial institution audit client. 2.3 Has offered reciprocal financing/guarantees to a non-financial institution audit client.	**2. Financing and Guarantees:** 2.1 None. 2.2 None. 2.3 None.
3. Close business relationship with audit client: 3.1 Has close business relationship with audit client. 3.2 Has close business relationship with the director/supervisor/manager of the audit client.	**3. Close business relationship with audit client:** 3.1 None. 3.2 None.
4. Being employed by or serving at audit client's company: 4.1 The Certifying CPA is currently serving (or has served in the past two years) as a director/supervisor/manager at the audit client's company or being appointed/employed to assume a position that has material impact on the audit. 4.2 Is currently serving as a director/supervisor/manager at the audit client's company or being employed to assume a position that has material impact on the audit. 4.3 Has served as a director/supervisor/manager at the audit client's company or being employed to assume a position that has material impact on the audit during the audit period. 4.4 Has been confirmed to become a director/supervisor/manager at the audit client's	**4. Being employed by or serving at audit client's company:** 4.1 None. 4.2 None. 4.3 None. 4.4 None. 4.5 None. 4.6 None. 4.7 None.

Assessment criteria	Suitability and Independence
company or employed to assume a position that has material impact on the audit. 4.5 Is serving as a director/supervisor at another company that the audit client has control and influence over. 4.6 Is providing services in the capacity equivalent to a director/supervisor/manager or other similar positions for the audit client. 4.7 Has been previously working under the commissioning or audit client in the capacity of a regular position and receiving fixed remuneration.	
5. Non-audit related items: **5.1 Rating service related items:** 5.11 Has provided a portion of the audit client's financial statement, providing material influence and highly subjective rating in the statement. 5.12 Has provided a portion of the audit client's financial statement, providing non-material/relatively less subjective rating in the statement. **5.2 Bookkeeping services:** 5.21 Has provided bookkeeping services that are non-compliant to the code of ethics for CPA. **5.3 Internal audit services:** 5.31 Has assisted or undertaken internal audit services that are non-complaint to generally accepted auditing standards. 5.32 Has assisted or undertaken internal audit services relating to the audit client's corporate operations. **5.4 Short-term personnel dispatch services:** 5.41 Has dispatched internal staff to assist the audit client to perform works relating to management decision-making, contract/document approval or signing, custody of signed financial notes and so forth. 5.42 Has dispatched internal staff to assist the audit client to perform works relating to non-management decision-making, contract/document approval or signing, custody of signed financial notes and so forth. **5.5 Recruitment of senior managers:** 5.51 Has recruited senior managers who have direct and material impact on the audit case on behalf of the audit client.	**5. Non-audit related items:** **5.1 Rating service related items:** 5.11 None. 5.12 None. **5.2 Bookkeeping services:** 5.21 None. **5.3 Internal audit services:** 5.31 None. 5.32 None. **5.4 Short-term personnel dispatch services:** 5.41 None. 5.42 None. **5.5 Recruitment of senior managers:** 5.51 None. **5.6 Financial management service for the Company:** 5.61 None. 5.62 None. 5.63 None. 5.64 None. 5.65 None.

Assessment criteria	Suitability and Independence
5.6 Financial management service for the Company: 5.61 Has recommended, promoted or sold stocks or other securities issued by the audit client. 5.62 Has represented the audit client in transaction or promised terms/conditions for transaction. 5.63 Has assisted audit client in the development of corporate strategies. 5.64 Has provided matchmaking service of funding sources for audit client. 5.65 Has provided structural suggestions for audit client's transaction or influenced the client's accounting analytics.	
6. Other Matters: **6.1 Gifts and presents:** 6.11 Has receive gift or present of significant monetary value from the audit client. 6.12 Has received a gift or present of significant monetary value from the director/supervisor/manager of the audit client. **6.2 Remuneration and commission:** 6.21 Has entered into agreement with audit client involving contingent fees. 6.22 Has requested, accepted offers or any illegitimate commission.	**6. Other Matters:** **6.1 Gifts and presents:** 6.11 None. 6.12 None. **6.2 Remuneration and commission:** 6.21 None. 6.22 None.

(Table 2)

TSC Auto ID Technology Co., Ltd.

2023 Report on the Communication Channels with Stakeholders

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
Customer	● Customer service ● Product Safety and Responsibility ● Risk management ● Legal Compliance ● Business ethics	● Customer satisfaction survey ● Customer meeting ● Customer Questionnaire ● By telephone, emails, and video conferencing	1、Annual customer surveys are used to quickly adjust and improve customer satisfaction, strengthen customer relationships, and deepen business partnerships. 2、Every year, online/offline seminars around the world are held from time to time to improve direct and effective business communication, ensure understanding of customer needs, and enhance customer satisfaction. 3、Conduct customer surveys from time to time. 4、Direct contact with customers via telephone, emails and video conferences from time to time. 5、Cooperate with local sales and engineers from time to time to provide immediate assistance and solve global business and engineering problems.
Investor	● Company Operations Outlook ● Financial Performance ● Corporate governance	● Market Observation Post System ● Investors' area on the Company's website ● Annual Report ● Shareholders' meeting ● Investor conference	1、From time to time, the Company's financial performance, operating status and future prospects are disclosed through the Market Observation Post System, the Company's

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
		● Email addresses of the spokesperson and acting spokesperson ● Disclosure of information in English	website and annual reports. 2、 A shareholders' meeting (i.e., June 16, 2023) is convened a year to explain operating performance to investors, and shareholders' questions and the Company's responses are recorded in the shareholders' meeting minutes, and the video and audio files of the shareholders' meeting are also disclosed on the Company's website for investment people to read. 3、 Four institutional investor conferences were held in 2023 to enhance the company's exposure and transparency, and to increase the frequency of dialogue with investors. At least one of the audio and video files was also disclosed on the Market Observation Post System for investors to read. 4、 The email address and hotline of the spokesperson and acting spokesperson were set up to provide investors with inquiry from time to time. 5、 Disclosure of shareholder notices, agenda handbooks, annual reports, minutes

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
			of shareholder meetings, quarterly financial statements, and material information announcements in English are now available to enhance communication with foreign investors.
Supplier	● Supply Chain Management ● Transportation Carbon Emission Survey ● Environmental friendly raw materials survey	● Through procurement, quality control, and R&D, the company directly communicates and responds to relevant vendors through phone calls, emails, and visits from time to time. ● Supplier on-site audits ● The Company convenes supplier conferences on an unscheduled basis to learn suppliers' issues and to promote policies on the green supply chain	Suppliers are instructed and given assistance to pass certification for quality management systems, control the use of raw materials, and make sure that the products and materials supplied conform with the Company's quality requirements.
Staff	● The Company's Targets and Policies	● All-members meeting ● Headquarters management meeting ● Global management meeting	1. Through policies of the quarterly staff meetings, monthly global management meetings, and headquarters management meetings, are communicated more accurately and cross-departmental discussions and collaboration are enhanced. 2. Apart from the policy communication, the all-hands meeting also includes sharing at cross-departmental activities such as activities sharing and

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
			Team-Building sharing by the clubs to enhance the exchange and understanding of colleagues in other departments and plants.
		● Global Strategy Symposium	3. The first global strategy seminar was held in 2023, inviting senior executives from all over the world to participate in the formulation of the Company's strategy for the next 3-5 years, allowing for more comprehensive strategic thinking and more consensus and commitment in execution.
		● Global News Quarterly	4. Besides the discussion in the meeting, the inaugural issue of "Global News Quarterly" was published in 2023 to share important information of each branch office and praise outstanding employees, so that employees distributed in different locations can know each other's status, and become more cohesive overall.
	● Employee Compensation and Benefits	● Regular review of employees' work and salary	5. Annual promotion and salary reviews ensure that employees are the right fit for the role they can make and receive remuneration accordingly.

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
		● Employee benefits in excess of statutory regulations	6. In 2023, increase the proportion of the Company's surplus employee remuneration, and share the Company's achievements with employees. 7. In August 2023, employee stock options were issued to motivate employees to show better work performance and help to retain outstanding key employees. 8. In July 2023, the Company provides new employees with special vacation days that are better than the law to help new employees adapt to their career changes and new environment, increase their retention rate, and enhance the Company's competitiveness in the talent market. 9. Increase the amount of employee referral bonuses and encourage employees to nominate outstanding talents with TSC core values to participate in and build a high-performance team with consensus. 10. In 2023, parents of colleagues were allowed to participate in group insurance to expand the company's care for colleagues' family life.

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
			11. In 2023, the Company increased the number of health examination items to take care of the health of employees. We hope that through various screening tests, employees can find and treat hidden health problems as soon as possible.
	● Employee Training and Development	● Performance Evaluation and Reward	12. Implement annual performance management. Through goal setting at the beginning of the period, real-time feedback improvement during the period, and year-end evaluation, align the efforts of colleagues with the company's strategy to achieve organizational goals together. 13. Outstanding employees are selected on a quarterly basis and praised in the all-hands meeting to increase the motivation of employees for learning and development, and provide opportunities for other employees to learn from the best practices.
		● Education and training	14. Through the promotion and execution of personal work plans, employees have a direction of learning that suits them, and gradually achieve their learning goals and career development.

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
			15. In 2023, a management leadership workshop was held to improve the leadership of supervisors. By analyzing the current situation of organizational talents, a talent development plan that is in line with the company's strategy was formulated. 16. In 2023, the pandemic was over and various physical courses were resumed. At the same time, the development of diversified online learning courses was also accelerated to provide employees with diverse learning methods and increase their willingness to learn. 17. IN 2023, continue the annual training surveys and pre-course interviews made the course contents more in line with the needs of the departments and employees to maintain good learning results.
	● Employee Relations and Care	● Labor-management conference ● Labor safety conference	18. The Company has established a two-way communication platform between employers and employees through regular labor-management meetings and labor safety meetings to create a healthy and friendly workplace.

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
		● 2023 Employee Opinion Survey ● Employee suggestion mailbox	19. The Company attaches great importance to the results of the employee opinion survey every year. After the survey, the company invites colleagues to discuss the direction for improvement, in order to build TSC into an excellent workplace. The results of the employee opinion survey result have increased significantly year by year. In addition to the annual survey, employees can also provide feedback at any time through the suggestion box ideas and opinions to the Company. 20. New guidelines for the prevention of sexual harassment and workplace violence, integration of complaint mailboxes and establishment of an independent grievance hotline to ensure the safety of colleagues in the workplace and provide a safe working environment.
		● Health and lifestyle	21. Continue to provide a series of health and lifestyle seminars. In 2023, more legal-related seminars will be arranged so that employees can improve their knowledge of the legal basics and protect their own interests.

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
			22. The bank provides insurance-related quarterly reports on a regular basis to increase employees' insurance-related knowledge, and resume group insurance company personnel to be regularly stationed at the Company to provide professional advice on employees' insurance issues.
		● Team-building	23. In 2023, the Company's team-building activities continued with the theme of collaboration. Through cross-departmental exchanges and interactions, we can get to know more colleagues outside work contact, establish good relationships and create more opportunities for collaboration." 24. In the 2023 Sports Week, a step counting contest was added to help colleagues develop the good habit of exercising in a fun way. In addition to exercising to strengthen our bodies, colleagues can also achieve the effect of exercising for stress relief.
		● EAP solutions	25. Other focus besides employees' physical health, the Company has also launched a psychological counseling program in

Stakeholder	Topic of Concern	Communication Channels and Operations	Implementation Result
			2023 to provide employees with better psychological care and comprehensive workplace health through professional counseling and monthly EAP Digest.

(IV) Disclose the composition, responsibilities, and functioning of Compensation Committee, if available:

1. Information on Compensation Committee Members:

2024.04.20

<table>
<tr><td colspan="2">Criteria / Role / Name</td><td>Professional Qualifications and Experience</td><td>Independence Status</td><td>Number of positions as Compensation Committee member in other public companies</td></tr>
<tr><td>Independent Director (Convener)</td><td>Li Chun Chi</td><td colspan="2" rowspan="3">All members are independent directors. Same contents as the "Disclosure of Directors' Professional Qualifications and Independent Directors' Independence."</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Ma Chia Ying</td><td>3</td></tr>
<tr><td>Independent Director</td><td>Lin Tuo Zhi</td><td>0</td></tr>
</table>

2. Operation of the Compensation Committee:

(1) The Company's Compensation Committee consists of 3 members, all of whom are independent directors.

(2) Duration of service of the current board: from June 28, 2022, to June 16, 2025. The Compensation Committee held 3 meetings (A) in 2023; details of members' eligibility and attendance are as follows:

Title	Name	Number of in-person attendances (B)	Number of proxy attendances	Actual attendance rate (%) (B/A)	Remarks
Convener	Li Chun Chi	3	0	100	Re-elected on 2022.06.28
Committee member	Ma Chia Ying	3	0	100	Re-elected on 2022.06.28
Committee member	Lin Tuo Zhi	3	0	100	Newly elected on June 28, 2022

3. Other mandatory disclosures:

(1) If the board of directors does not accept, or amends, any recommendation of the Compensation Committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the Compensation Committee (e.g., if the

salary/compensation approved by the board is higher than the recommendation of the Compensation Committee, specify the difference(s) and the reasons): None.

(2) Objections or reservations voiced by members of the Compensation Committee on record/written statement regarding decisions resolved: None.

(3) Item of discussion and decisions resolved by Compensation Committee:

Compensation Committee Date	Meeting session	Major resolutions	Outcome of resolution	Action taken by the Company per Compensation Committee's opinion
2023.03.15	5th Term The 3rd meeting	Employee and director remuneration for 2022.	Adopted by unanimous consent from all participating members after consultation with the chairman	Executed as resolved
2023.08.09	5th Term The 4th meeting	List of Qualified Directors and Managers for Initial Issuance of Employee Stock Options in 2023		
2023.12.27	5th Term The 5th session	1. Review of the 2023 Managerial Officers' Performance Evaluation 2. Assessment of remuneration for directors and managers in 2024.		
2024.03.15	5th Term 6th meeting	1. Review of the 2023 Board of Directors Performance Evaluation 2. Employee and director remuneration for 2023.		

(V)) Status of sustainable development promotion and deviations and causes of deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
I. Has the Company established and promoted its governance structure for sustainable development and established a department that is fully (or partially) committed to the promotion of sustainable development by senior management with authorization from the Board of Directors perform relevant tasks, under the supervision of the Board of Directors?	✓		1. In 2022, the Company established the Sustainable Development Executive Team, which consists of business, R&D, production, legal, finance, auditing, human resources, and other functional units to jointly promote and enhance environmental, social, and corporate governance, in order to implement corporate governance, develop a sustainable environment, promote social welfare, and enhance information disclosure. 2. The Company's Sustainable Development Executive Team meets at least once a quarter to formulate sustainable development implementation strategies, adjust implementation directions, and report on implementation progress. 3. The Company regularly reports the implementation status of sustainable development to the Board of Directors at least once a year. The "2023 Sustainable Development Implementation" was reported to the Board of Directors on 2024.03.15.	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on the principle of materiality?	✓		The Company has implemented corporate governance, conducted risk assessment for operation-related environmental/social/corporate governance issues, endeavored to foster a sustainable development and upheld social charity in accordance with our "Sustainable Development Best Practice Principles". For details on "2023 Execution Progress of Sustainable Development", Please refer to Page 90~95.	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
III. Environmental Issues (I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?	✓		The Company upholds its commitment to supporting the sustainable growth of society through the creation, regular audit, and evaluation of the ISO 14001 system (Certificate is valid from 2022.08.07 ~ 2025.08.07).	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(II) Is the Company committed to improving energy efficiency and using renewable	✓		By adopting a robust operating system, the Company is able to ensure total compliance with RoHS in regards to production procedures and materials management, and thereby minimize the	Compliance with Sustainable Development Best Practice Principles for

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
materials that produce less impact on the environment?			environmental burdens of manufacturing activities.	TWSE/TPEx Listed Companies
(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	✓		The Company examines the energy consumption of its plants and adopts conservation measures and strategies accordingly.	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Does the Company maintain statistics on greenhouse gas emissions, water usage, and total waste volume in the last two years, and implement policies aimed at reducing greenhouse gases, water and other waste?	✓		1. The following data has been compiled based on monthly electricity bills, water bills, and waste statistics of Yilan Factor: • 2022: (1) Greenhouse gas emissions: direct emission 1.519 metric tons CO2e; indirect emissions 421.67 metric tons CO2e. (2) Water usage: 4,275 kL. (3) Total general waste volume: 14.95 metric tons. (4) Total hazardous waste volume: 203 kgs. • 2023 (inventory results): (1) Greenhouse gas emissions: Direct emissions (scope 1) 74.1428 metric tons/carbon dioxide equivalent (CO2e), indirect emissions (scope 2) 404.6625 metric tons/carbon dioxide equivalent (CO2e). (2) Water usage: 3,,796 kL.	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			(3) Total general waste volume: 14.926 metric tons. (4) Total hazardous waste volume: 130 kgs. According to the inventory results, purchased electricity was the main source of greenhouse gas emissions of Yilan Factor, and the Company sought to control and regulate temperature settings for air conditioning and minimize indirect greenhouse gas emissions. Since 2023 is the first carbon inventory, the main expected users are the requirements of the Financial Supervisory Commission. The ISO 14064-1:2018 standard is adopted and 2023 is set as the base year. 2. Implemented the environmental performance indicator - waste recycling rate project to increase the waste recycling rate. The waste recycling rate in 2023 reached 80.6%, an increase of 4.6% over 2022.	
IV. Social Issues (I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		1. The Company complies with labor regulations and protects employees' rightful interests by making mandatory pension fund contributions, maintaining open communication channels between labor and management, learning and satisfying employees' needs, and making mutually beneficial decisions for labor and management. We have also established an Employee Welfare Committee to handle various welfare	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>matters in a win-win situation for both employees and employers.
2. The Company supports and respects relevant international labor and human rights regulations, and references the International Labor Convention, the United Nations Universal Declaration of Human Rights, and other norms, and takes actions to be consistent with the Responsible Business Alliance (RBA) Code of Conduct and other public policy commitments, and their implementation, the Company's human rights policy has been disclosed on the official website.
3. The training on issues related to the promotion of human rights protection in 2023 are detailed as follows:
<table>
<tr><th>Education and training courses</th><th>Hours</th><th>No of people</th></tr>
<tr><td>Labor Safety and Occupational Health and Safety Related Education and Training</td><td>835</td><td>486</td></tr>
<tr><td>Insider trading prevention training</td><td>8</td><td>16</td></tr>
<tr><td>Corporate Governance Officer Training</td><td>12</td><td>1</td></tr>
<tr><td>Accounting system education and training</td><td>24</td><td>2</td></tr>
<tr><td>Internal control system education and training</td><td>24</td><td>2</td></tr>
</table></td><td></td></tr>
<tr><td>(II) Has the Company established and implemented reasonable employee welfare measures</td><td>✓</td><td></td><td>1. According to the Articles of Incorporation, any profits concluded from a financial year are subject to employee remuneration of no less than 2% and no more than 10%, which the board of directors may decide to distribute in shares or in cash.</td><td>Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx</td></tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?			2. Regular employees are entitled to holiday bonuses for the Dragon Boat Festival, Mid-Autumn Festival, and the Lunar New Year. 3. Year-end bonuses are distributed each year based on the overall profitability of the company and the results of individual employee performance evaluations. 4. The Company issues employee stock options to reward outstanding employees and inspire employees to show better work performance and to stay in the Company for a long time for growing together. 5. The Company implements an annual promotion and salary review process and makes appropriate adjustments to ensure that employees can contribute their strengths and receive corresponding remuneration. 6. The Company provides new employees with special vacation days that are better than the law to help new employees adapt to their career changes, increase their retention rate, and improve the Company's competitiveness in the talent market. 7. To help employees take care of their families, the Company provides family-friendly leave that exceeds the legal requirements, so that employees in need can take time off to look after their families. 8. The Company has also established the Employee Welfare Committee to coordinate the employee welfare	Listed Companies

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>matters (such as: club activities, employee travel, quarterly networking, scholarship application and childcare allowance, etc.)</td><td></td></tr>
<tr><td>(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?</td><td>✓</td><td></td><td>1. The Company has been certified by the ISO 45001 (Certificate validity period from 2021.8.26 to 2024.8.26) for occupational safety and health management system. It protects and provides employees with a safe and healthy working environment, enables the organization to identify and prevent related risks, and reduces accidents and to reduce the likelihood of occupational diseases and improve compliance with laws and regulations, and regularly organizes employee health checkups, safety and health seminars, and fire safety drills every year, as well as regular inspections and maintenance of related equipment.
2. There was no fire incident in the Company in 2023.
3. The Company conducts occupational safety and health education for each new employee, so that colleagues can understand the Company's environmental safety and health guidelines, and arranges monthly theme lectures by Lohas Series to provide related knowledge about health and life, help employees enhance their daily functions, and build a safe, healthy and high quality life.</td><td>Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	✓		The Company is committed to providing employees with diversified learning methods in order to improve employees' willingness to learn and development results. 1. The Company establishes an annual training plan and develops the learning of key functions of the year based on the Company's policies and employee training needs. 2. There are three main categories of learning activities: Design a variety of learning activities for different subjects and needs including general learning, vocational learning, and professional learning. 3. Through training needs survey and pre-course interviews, the training content is designed to meet the needs of each department and employees, so that employees can achieve good learning goals and results. 4. Organize leadership workshops to improve the leadership of supervisors. Through the leadership of supervisors, the learning and development of teams and employees can be learned and implemented not only in class but also at work. 5. The Company promotes the "Individual Development Plan" system. Employees discuss with their supervisors and customize each employee's personal learning goals to achieve employees' learning goals and career development in a planned and efficient manner.	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(V) Has the Company complied with laws and international standards with respect to issues such as customers' health, safety, and privacy, marketing and labeling of all products and services offered, and implemented consumer or customer protection policies and complaint procedures?	✓		The Company is fully compliant with regulations in regards to product labeling and testing. It has procedures and dedicated units available to handle customer complaints, and product support/service contacts are made available on the company website.	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and	✓		The Company convenes supplier conferences on an unscheduled basis to learn suppliers' issues and to promote policies on green supply chain. Suppliers are instructed and given assistance to pass certification for quality management systems, control the use of raw materials, and make sure that the products and materials supplied conform with the Company's quality requirements.	Compliance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
health, or work rights/human rights issues, and tracked suppliers' performance on a regular basis?				
V. Does the Company prepare sustainable development reports or any reports of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by the assurance or opinion of a third-party certifier?		✓	Although the Company has not yet prepared sustainable development reports according to international reporting standards or guidelines, it has created a CSR section on its website and discloses relevant information on the Company's website and the Market Observation Post System.	The Company has not yet prepared a sustainability report.
VI. If the Company has established Sustainable Development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has established its "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", and has also established a comprehensive internal control system and related regulations, which have been gradually implemented.				

VII. Other information useful for the understanding of sustainable development:

(I) Environmental protection duties: The Company enforces the requirements of RoHS and WEEE directives in the design and manufacturing of its products, and makes declarations of compliance with environmental protection laws of the EU for its main products. The Company's Yilan Plant has been certified for ISO 14001, and the treatment of industrial waste is fully compliant with rules.

(II) Social Responsibility:

1. Promotion of an inclusive society:
   (1) Established the ESG committee and appointed key management personnel to continuously promote the process; strengthened the awareness of sustainability and social responsibility, and encouraged employees to participate in ESG-related education and training. A total of 243 persons and 896 hours of training were held in the year.
   (2) Make ESG one of the important strategies of the Company in 3 to 5 years, and promote the plans through OKR and other strategies to the work goals of each supervisor and employee, and achieve the Company's overall ESG strategic goals.
   (3) To expand the influence of the ecosystem, we advocate sustainability-related topics in all employee meetings, global management meetings and annual supplier meetings, and encourage each employee, regional branches, and partners at all levels to jointly promote a friendly environment, improve corporate governance and social harmony financial concepts and plans.
   (4) Support the government's "Safe Employment Plan" to help unemployed workers re-employed and provide a diversified workforce.
   (5) The Company continues to participate in the "Industry-Academia Internship Program" jointly organized by the FSC and the Ministry of Education to jointly cultivate the talents needed by the industry. The Company also continues to organize talent recruitment activities on campus to recruit new talents, reduce the unemployment rate for new employees, and promote employer branding.
   (6) The Company joined the "Be A Giver" social movement organized by the 104 Job Bank, and held the resume health examination with more than 200 givers to teach them about career planning, functional development, and the spirit of an employee. The Company helped more than 500 job seekers enter the workplace with courage and blessings, realizing the Talent Sustainability Companion Program.
2. Enhance employee communication and build a friendly workplace:
   (1) Through policies of the quarterly staff meetings, monthly global management meetings, and headquarters management meetings, are communicated more accurately and cross-departmental discussions and collaboration are enhanced.
   (2) Sharing of cross-departmental team-building activities.
   (3) Published the first issue of the "Global News Quarterly" to share important information and praise outstanding employees to enhance overall cohesion.
   (4) Increase the proportion of the Company's surplus employee remuneration, and share the Company's achievements with employees.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			(5) The number of special vacation days for new employees is better than that of the law. (6) Released the first version of "TSC LOHAS Guidelines". (7) Allow the parents of employees to participate in group insurance to expand the company's care for employees' families. (8) Annual company health exams are added to provide more complete care for the health of employees. (9) Implemented "psychological counseling service" to provide comprehensive care in the workplace. (10) The annual Sports Week event is held. In addition to exercising and working out, employees also achieve the effect of physical and mental relaxation. (11) Continue to provide a series of health and lifestyle seminars to increase daily functions and establish a high quality of life.	

(VI) Implementation of climate-related information

<table>
<tr><th>Item</th><th>Execution progress</th></tr>
<tr>
<td>
1. Describe the monitoring and governance of climate-related risks and opportunities by the board of directors and the management
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).
3. Describe the financial impact of extreme climate events and transformation actions.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.
5. If scenario analysis is used to evaluate the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be explained.
6. If there is a transformation plan in place to manage climate-related risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.
7. If internal carbon pricing is used as a planning tool, the basis for setting
</td>
<td>
1-1 Board of Directors:
(1) The Board of Directors is the highest body of the Company's climate risk management. Its goal is to comply with laws and regulations, supervises the Company's overall climate-related risk management, understand the risks to its operations, and ensure the effectiveness of risk management.
(2) The above climate-related actions, if involving major investments or plans, are also supervised by the Board of Directors.
1-2 Management:
(1) Continue to pay attention to global sustainable development issues, establish the ESG Committee to define the Company's development directions in the three dimensions of environment, corporate governance, and society, and develop environmentally friendly and recyclable products to reduce the impact on the environment.
(2) Strengthen the importance of ESG and make ESG one of the important strategies of the Company in 3 to 5 years. The plans launched through OKR and other strategies are extended to the work goals of each supervisor and employee, and each work item completed by colleagues, ensuring the achievement of the Company's ESG strategic goals.
2. The identification of climate risks and opportunities can have multiple impacts on a company's operations, strategies, and finances (in the short term, medium term, and long term).
<table>
<tr><th>Risk / Opportunity</th><th>Risk Category vs opportunity</th><th>Short-term</th><th>Medium-term</th><th>Long-term</th></tr>
<tr>
<td>Risk</td>
<td>• Transformation Risks
During the low-carbon transition process, risks associated with changes in policy and regulations, technology, market, social, and economic conditions may arise.</td>
<td>Greenhouse gas caps, carbon taxes, and carbon fees</td>
<td>• Shifting consumer needs and preferences
• Transition to low-carbon/plastic-reducing technologies
• New renewable energy laws and regulations
• Lack of climate action and declining brand reputation</td>
<td>Net-zero trends</td>
</tr>
</table>
</td>
</tr>
</table>

<table>
<tr>
<td>the price shall be explained.
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if using carbon offsets or renewable energy certificates (RECs) to achieve the goals, it should be explained on the exchange for the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs).</td>
<td>
<table>
<tr><td></td><td>• Physical Risk
The physical risks posed by climate change can be immediate or long-term. Physical risks can have a financial impact on an organization, such as direct damage to assets or indirect effects due to supply chain disruptions.</td><td>Extreme changes in climate patterns lead to increased flooding (own operations)</td><td>Supply chain disruptions due to increased drought</td><td>Average temperatures are rising</td></tr>
<tr><td>Opportunity</td><td>• opportunity
Efforts to mitigate and adapt to climate change will create opportunities for organizations.</td><td>R&D and innovation of new low-carbon products and services</td><td>Improve the efficiency of resource use</td><td>Enhance the company's reputation</td></tr>
</table>
3. ~ 8. Under development and planning
</td>
</tr>
<tr>
<td>9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans.</td>
<td>1. According to the Sustainable Development Roadmap for Listed Companies issued by the Financial Supervisory Commission in March 2022, our company, being categorized as having a paid-in capital of less than 5 billion NT dollars, is required to undergo the third stage of greenhouse gas inventory and verification (i.e., completing the inventory in the fiscal year 2026 and verification in 2027).
2. Please refer to (VII) "The Company's Greenhouse Gas Inventory and Explanation for the Recent Two Years".</td>
</tr>
</table>

(VII) GHG inventory and assurance in the last 2 years

1. Greenhouse Gas Inventory Information
   The Company's Yilan Plant has collected greenhouse gas data for the most recent two years and the results are as follows:
   (1) 2022:
   - Direct Emission : 1.519 metric tons/carbon dioxide equivalent (CO2e)
   - Indirect emissions: 421.67 tons/carbon dioxide equivalent (CO2e)

   (2) 2023 (inventory results):
   - Direct emissions (Scope 1): 74.1428 tons/carbon dioxide equivalent (CO2e)
   - Indirect emissions (Scope 2): 404.6625 tons/carbon dioxide equivalent (CO2e)

   According to the inventory results, purchased electricity was the main source of greenhouse gas emissions of Yilan Factor, and the Company sought to control and regulate temperature settings for air conditioning and minimize indirect greenhouse gas emissions. Since 2023 is the first carbon inventory, the main expected users are the requirements of the Financial Supervisory Commission. The ISO 14064-1:2018 standard is adopted and 2023 is set as the base year.

2. Greenhouse Gas Assurance Information
   The Company has not conducted external verification of greenhouse gas assertion.

3. Greenhouse gas reduction goals, strategies and concrete action plans
   The Company has not yet set greenhouse gas reduction goals, strategies and concrete action plans.

TSC Auto ID Technology Co., Ltd.

2023 Execution Progress of Sustainable Development

With the global trend of heightened attention to ESG issues, TSC is committed to integrating its operational strategies and sustainability goals to ensure steady growth and demonstrate a positive impact on environmental sustainability, social welfare, and corporate governance. TSC hopes to integrate its vision, governance, products, and services to strengthen communication with stakeholders and to exert a positive influence on suppliers and consumers, working together for a better society.

I. Foster a sustainable environment

In an effort to stay compliant with pertinent international directives and guidelines for environmental protection, the Company has continued to develop new energy-saving products and embraced policies that focus on the promotion of environmental promotion as our means of fostering a sustainable development. Letzer Factory and Tianjin Factory obtained ISO14001:2015 & GB/T24001-2016 certification, we also implemented specific assessment and periodic audits to review the status of energy consumption across our factories, which enabled us to implement effective energy-saving solutions and strategies. Not only that, we have also ensured full compliance with both the RoHS and WEEE Directives in our processes and material management through dedicated operating systems so that the spirit of these directives are embodied in our product design and manufacturing. Last but not least, the Company has also made relevant declarations of conformity for our main lines of products as required by relevant EU environmental regulations to reduce the burden on the environment caused by our product manufacturing. Key executions for 2023 include:

(I) Launched the TH DH series desktop barcode printers, which has reduced waste at the product design stage and used recycled materials in products and packaging. The shell of this new generation of desktop barcode printers is made of 30% recycled plastics and 100% of the outer casing can be recycled; when the product is scrapped, more than 90% of the printer parts can also be recycled; for the packaging part, 100% recyclable packaging is used from the inside out, and the outer carton is Forest Stewardship Council (FSC)-certified eco-friendly cartons made from a blend of 80% recyclable pulp and 20% pulp from well-managed forests by FSC. Other packaging materials include paper-plastic cushioning packaging and various packaging bags which can be recovered 100%.

(II) Launched the MB240 series linerless industrial printers for printing linerless labels. The use of linerless labels is an excellent solution to reduce costs and practice sustainable development. The raw materials required for linerless label manufacturing are reduced by 15%. In addition, the length of each roll of label paper can be increased by more than 40%, so the cost of transportation, warehousing and raw material management can be reduced by 50%, while carbon emissions and waste volume can also be reduced by 50%.

(III) We have established a culture of environmental protection and energy saving measures to reduce waste generation and promote resource recycling and reuse. In response to the Company's paper-reduction policy, the Li-Ze plant is committed to increasing the recycling rate of waste and reducing the impact of domestic waste on environmental sustainability. In 2023, the waste recycling rate reached 80%, improving the circular economy and following the international trend of environmental protection.

(IV) Diversified Labeling Solutions, Inc., a 100%-owned company in the U.S., cooperates with the parent company to manufacture linerless labels. Because label liners usually contain a non-degradable silicone base, they generate too much waste and are difficult to recycle through DLS. The manufacturing of linerless labels reduces raw materials by more than 15%, and reduces transportation, warehousing and raw material management costs by 50%, while reducing carbon emissions and waste volume by 50%.

II. Facilitate social care

The Company is determined to become the most outstanding enterprise of well-being, and will continue to care for the disadvantaged and engage in public welfare as the main policy direction. The Company also continues to build a quality working environment, provides competitive compensation and benefits and a diversified learning environment, strives to create a suitable workplace for employees to work with peace of mind, and assists employees in their career development, as well as providing smooth communication channels between employers and employees, and actively understands and reasonably meets the needs of employees, in order to achieve a win-win situation for both employer and employees. In 2023, the implementation status was as follows:

(I) Enhance employee communication: In 2023, increase channels for collaboration and communication among departments to enhance overall cohesion.

1. Through policies of the quarterly staff meetings, monthly global management meetings, and headquarters management meetings, are communicated more accurately and cross-departmental discussions and collaboration are enhanced.
2. Besides the communication on policies, the all-hands meeting also includes sharing at cross-departmental activities, such as the introduction of invited club activities and the sharing of cross-departmental Team-Building activities, to deepen the exchanges and memories of employees.
3. The inaugural issue of "Global News Quarterly" was published to share important information of each branch office and praise outstanding employees, so that employees distributed in different locations can know each other's status, and become more cohesive overall.
4. The Company has established a two-way communication platform between employers and employees through regular labor-management meetings and labor safety meetings to create a healthy and friendly workplace.
5. Continue to conduct the annual employee engagement survey and expand the scope of the global survey. After the survey, employees are invited to discuss the items for improvement and to work together to create a good workplace for TSC. In addition to the annual surveys, employees can also

use the Opinions Mailbox to feedback their thoughts and opinions to the Company at any time.

6. In 2023, the Company's team-building activity theme was about collaboration. Through cross-departmental group interactions, we can get to know more colleagues outside work contact, establish good relationships and create more opportunities for collaboration."

(II) Building a Friendly Workplace: Other than the actual salary adjustment in 2023, the Company has also introduced many measures to take care of the physical and mental health of employees.

1. Increase the proportion of the Company's surplus employee remuneration, and share the Company's achievements with employees.
2. In August, the Company issues employee stock options to reward outstanding employees and inspire employees to show better work performance and to stay in the Company for a long time for growing together.
3. In July, the Company provides new employees with special vacation days that are better than the law to help new employees adapt to their career changes, increase their retention rate, and improve the Company's competitiveness in the talent market.
4. Raise employee referral bonuses and encourage employees to refer outstanding talents with TSC's core values to join the Company and build a high-performing team with a common understanding.
5. Integrate various welfare systems and supports, and issue the first version of the "TSC Lohas Guidelines" to give employees a more comprehensive understanding of the Company's care and provide employees in need with easier access to relevant information for application and use.
6. Employees' parents are allowed to participate in the group insurance to expand the company's care for employees' families, and group insurance on-site services are provided to improve the life security of individuals and their families by providing professional insurance consulting to employees.
7. The Company has added annual health examination items to take more comprehensive care of the physical health of employees. It is hoped that various screening tests will enable employees to achieve early detection and treatment of hidden health problems.
8. Aside from the physical health of employees, the Company has begun to implement a "mental counseling service" to take care of employees' mental health by professional counselors and monthly EAP mentality digests to complete the care in the workplace.
9. The annual Sports Week event adds a step count contest to help colleagues develop the good habit of exercising in a fun way. In addition to exercising, employees can also relax physically and mentally.

(III) Focus on employee development: When the pandemic was over in 2023, physical courses were resumed, and the development of online courses was accelerated to provide employees with diverse learning methods and increase their willingness to learn:

1. A series of functional learning activities are planned in accordance with the company's policy to improve the teamwork, collaboration and proposal power of colleagues in order to achieve the Company's OKR.
2. Through annual training survey and pre-course interviews, the training content is designed to meet the needs of each department and employees, so that employees can achieve good learning goals and results.
3. Implement annual performance management. Through goal setting at the beginning of the period, real-time feedback improvement during the period, and year-end evaluation, align the efforts of colleagues with the company's strategy to achieve organizational goals together.
4. Organize management and leadership workshops to improve the leadership of supervisors. Through strategic goal analysis of each function and inventory of the organization's talent status, a talent development plan that conforms to the company's strategy is formulated.
5. Through the promotion and execution of individual work plans, each employee can customize each employee's learning goals and methods to gradually achieve their learning goals and career development.
6. Outstanding employees are selected on a quarterly basis and praised in the all-hands meeting to increase the motivation of employees for learning and development, and provide opportunities for other employees to learn from the best practices.
7. The Bank continues to offer a series of health and lifestyle seminars. This year, we also added legal-related seminars, so that employees can increase their daily skills and build a high quality of life in addition to work-related studies.

(IV) Promotion of an inclusive society: Jointly implement social responsibilities with the government and private sectors, hoping to create a more harmonious and inclusive society through the efforts of employees and the Company.

1. Establish the ESG committee to define the Company's development directions in the three aspects of environment, corporate governance, and society, and appoint key management personnel to continuously promote the process.
2. Enhance the awareness of sustainability and social responsibility, and encourage employees to participate in ESG-related education and training. The contents include overall corporate sustainable development management, greenhouse gas inventory, carbon reduction management, TCFD climate change risk and science-based reduction target introduction, corporate governance evaluation, green supply chain management, information security, diverse workplace and more topics. There were a total of 243 enrollments and 896 hours of training.
3. Strengthen the importance of ESG and make ESG one of the important strategies of the Company in 3 to 5 years. The plans launched through OKR and other strategies are extended to the work goals of each supervisor and employee, and each work item completed by colleagues, ensuring the achievement of the Company's ESG strategic goals.
4. Non-profit social service organizations that comply with the Company's social responsibility mission are selected and signed on a collaborative plan for 2024 to provide in-depth and long-term understanding and assistance

for social groups and individuals in need, including personnel care, financial assistance and environmental improvement.

5. To expand the influence of the ecosystem, we advocate sustainability-related topics in all employee meetings, global management meetings and annual supplier meetings, and encourage each employee, regional branches, and partners at all levels to jointly promote a friendly environment, improve corporate governance and social harmony financial concepts and plans.
6. Support the government's "Safe Employment Plan" to reward all units for hiring unemployed workers, successfully re-employ unemployed workers, and provide a diversified workforce.
7. The Company continues to participate in the "Industry-Academia Internship Program" jointly organized by the Financial Supervisory Commission and the Ministry of Education to provide internship opportunities for college students to experience the workplace and jointly cultivate the talents needed by the industry.
8. Besides the "Industry-Academia Collaborative Internship Program," the Company also continues to organize on-campus talent recruitment activities to provide internship opportunities to current students and recruit social freshman talents. We hope to achieve the wonderful state of a job right after graduation and reduce the unemployment rate of freshman talents. At the same time, the Company promotes employer branding.
9. The Company joined the "Be A Giver" social movement organized by the 104 Job Bank, and held the resume health examination with more than 200 givers to teach them about career planning, functional development, and the spirit of an employee. The Company helped more than 500 job seekers enter the workplace with courage and blessings, realizing the Talent Sustainability Companion Program.

III. Promote corporate governance

The Company has made a conscious effort to create a profit for our shareholders and strengthen our governance and ethical corporate management, and we continue to improve our operational information transparency as our pivotal policy towards corporate governance. In addition to providing general guidelines of conduct for directors and managers, the Company continues to achieve stable operating profits through product development, market development, and cost control. When the Company makes a profit, it also appropriately returns the profit to shareholders in accordance with the dividend policy set forth in the Articles of Incorporation. Key executions in 2023 included:

(I) The Company has attained steady growth in its profit margin and has managed an average cash dividend at NT$10 per share in recent years so as to give back to our shareholders.

(II) Continue to improve and refine the Company's ranking in the corporate governance evaluation of TPEx-listed companies.

(III) Continue to improve the professional knowledge and literacy of directors and actively implement the corporate governance system. The seven directors of the

Company have all completed the requirement of at least 6 hours of training, and received a total of 69 hours of training in 2023.

(IV) The Company has established the "Regulations Governing the Whistleblower Reporting and Protection System" and set up a whistle-blowing email address at tscwb@tscprinters.com for employees and external parties to anonymously report crime, fraud, or illegal activities in violation of laws and regulations, and announced at on the company’s internal and external website. The Company has appointed a Corporate Governance Officer since May 2023 to implement corporate governance and strengthen the functions of the Board of Directors.

(V) Continue to improve information transparency and strengthen information disclosure to domestic and foreign investors as follows:

1. The Company was invited by the securities dealer to hold a total of 4 institutional investor conferences to explain the Company's operating performance to investors. At least once a year institutional investor conference video and audio files are disclosed on the MOPS for investors to review.
2. Record the Company's responses to shareholders' questions in the minutes of the shareholders annual general meeting. The video and audio files of the annual general meeting are also placed on the Company's website for investors to refer to.
3. Material information is published in English and on the Market Observation Post System (MOPS) and on the Company's website, the English version of the Shareholders Meeting Notice, Shareholder Meeting Handbook, Shareholder Meeting Annual Report, Shareholder Meeting Minutes, and Financial Report are disclosed at the same time.

(VI) Enforcement of business integrity, deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

<table>
<tr><th rowspan="2">Evaluate Item</th><th colspan="3">Operation</th><th rowspan="2">Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>I. Establishment of integrity policies and solutions
(I) Has the Company established a set of board-approved business integrity policies, and stated the policies and practices it implements to maintain business integrity in its Articles of Incorporation or external correspondence? Are the board of directors and the senior management committed to fulfilling this commitment?</td><td>✓</td><td></td><td>1. The Company has established the board approved “Business Integrity Code of Conduct” and “Ethical Behavior Guidelines,” and made related provisions in its “Work Rule”.
2. In January 2024, All Directors and Senior management of the company signed the "Statement of Compliance with Integrity Management Policy," declaring their willingness to adhere to the company's integrity management guidelines and relevant laws and regulations governing integrity management by regulatory authorities. The signing rate of All Directors and Senior management reached 100%, demonstrating the commitment to implementing the management policy.</td><td>Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</td></tr>
</table>

Evaluate Item	Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conduct that include at least the measures mentioned in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		1. The Company organizes education, training and promotion for employees so that they fully understand the Company's determination, policies, prevention plans and the consequences of violations. In addition, to ensure the implementation of ethical management to implement the integrity management guidelines. 2. The Company has established an effective accounting system and internal control system, and the internal auditors shall conduct regular audits on the compliance with the system referred to in the preceding paragraph.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conduct? Are the above measures reviewed and revised on a regular basis?	✓		The Company has addressed the issue in its "Business Integrity Code of Conduct" and "Ethical Behavior Guidelines" with relevant procedures enforced, reviewed, and amended on a regular basis.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluate Item	Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
II. Enforcement of business integrity (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		The Company engages in commercial activities in a fair and transparent manner. External contracts are drafted with integrity clauses.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(II) Does the Company have a unit directly under the board of directors that enforces business integrity? Does this unit report its progress regarding the implementation of the business integrity policy and prevention against dishonest conduct to the board of directors on a regular basis (at least once a year)?	✓		The Company currently does not have any unit that specializes in business integrity management; instead, business integrity is managed by individual departments within their respective duties.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(III) Does the Company have any policy that prevents conflicts of interests, and channels that facilitate the reporting of conflicts of interests?	✓		The Company has stated in its "Work Rules" and "Ethical Behavior Guidelines" that employees, directors, and managers are not allowed to engage in or profit from any work activity that is in conflict with the Company's interests.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluate Item	Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(IV) Has the Company implemented effective accounting policies and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	✓		The Company has established effective accounting policies and internal control system to enforce business integrity throughout the organization. Internal auditors are assigned to conduct regular audits to ensure compliance with the abovementioned policies/system.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

<table>
<tr><th rowspan="2">Evaluate Item</th><th colspan="3">Operation</th><th rowspan="2">Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?</td><td>✓</td><td></td><td>1. The Company constantly emphasizes its integrity principles in meetings, and requires all employees to adhere to business integrity rules internally and externally.
2. Implementation of ethical management of the Company in 2023:
(1) The above management measures are placed on the Company's internal website to promote to employees.
(2) Set up a "report mailbox" on the Company's website.
(3) Education and training on ethical corporate management issues are detailed as follows:
<table>
<tr><th>Education and training courses</th><th>Hours</th><th>No of people</th></tr>
<tr><td>Labor Safety and Occupational Health and Safety Related Education and Training</td><td>835</td><td>486</td></tr>
<tr><td>Insider trading prevention training</td><td>8</td><td>16</td></tr>
<tr><td>Corporate Governance Officer Training</td><td>12</td><td>1</td></tr>
<tr><td>Accounting system education and training</td><td>24</td><td>2</td></tr>
<tr><td>Internal control system education and training</td><td>24</td><td>2</td></tr>
</table></td><td>Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</td></tr>
</table>

Evaluate Item	Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
III. The operation of the Company's whistle-blowing system (I) Does the Company provide incentives and means for employees to report misconduct? Does the Company assign dedicated personnel to investigate the reported misconduct?	✓		1. To establish a corporate culture of integrity and transparency, promote sound operations, implement the Company's "Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" and protect the rights and interests of whistle-blowers, the Company's Board of Directors passed on November 8, 2023 the "Whistle-blower and Protection System Management Regulations." The Company has established and announced the whistleblowing e-mail address on the Company's website and internal website, so that internal and external parties can report and process the cases of crime, fraud, or violation of the law. The Company's Audit Office is the unit that accepts and investigates whistleblowing cases. 2. The information on whistleblowing channels are as follows: Email: tscwb@tscprinters.com Mailing Address: 9F., No. 95, Minquan Rd., Xindian Dist., New Taipei City 231023, Taiwan To: TSC Auto ID Technology Co., Ltd., Audit Office	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

(II) Has the Company implemented any standard procedures for handling reported misconduct, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	✓		1. The "Whistle-blower and Protection System Management Regulations" stipulates the conditions for accepting whistle-blowing cases, investigation procedures, follow-up measures for investigation reports, and protection of whistle-blowers. 2. Criteria for accepting reports To obtain sufficient information on the reported incident for expediting the acceptance and investigation of the case, the whistleblower shall at least submit the following information: (1) The whistleblower's actual name, ID card number, and valid contact information. The so-called contact methods include but are not limited to telephone numbers, mailing addresses, and e-mail addresses. (2) The respondent's name or other information that is sufficiently identifiable. (3) The specific content of the reported case, the time of occurrence, and the location of the violation, with specific evidence and relevant information for investigation. 3. Investigation Procedure (1) After a case is accepted, the whistleblower's identity and the content of the report shall be kept confidential and shall not be disclosed. Persons who know the identity of the whistleblower and the reported contents due to the investigating unit initiating the investigation or for the performing of his/her duties or business, shall kept these information	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

			confidential. Any violation will result in the person being suspended from participating in the follow-up procedure and will face disciplinary measures of the Company. However, if the disclosure is approved by the whistleblower, or there is an investigation need, such as: evidence required by a court of law, or considerations of public safety, this shall not apply; the whistleblower shall also be bound by the obligation of confidentiality. (2) After the investigation unit accepts the case, it shall report to the Chairman and, if necessary, the President; if the case involves any directors or senior management with duties equivalent to associate managers or higher, the matter must be reported to the Audit Committee. (3) The investigating unit shall ascertain the relevant facts immediately, and may, if necessary, engage relevant departments for assistance, or engage external independent professionals to assist in the investigation. (4) When receiving the notice to assist the investigation, the personnel of the relevant units have the responsibility to accept the interview, reply faithfully, provide relevant information and maintain confidentiality. (5) After the completion of the investigation, if the respondent is a general employee, the investigation	

			unit shall report to the Chairman in writing and notify the general manager; if the respondent involves a director or senior management with duties equivalent to an assistant manager or higher, the investigation report shall be submitted to the Company's Audit Committee and the audit unit will make revisions (if any) to the report based on the opinions of the Audit Committee and submit the revised report to the Chairman for approval, and then to the Board of Directors for approval. 4. Subsequent treatment Substantiated whistleblowing cases shall be handled in accordance with the following procedures: Immediately request the person being reported to stop the relevant behavior, and pursue legal responsibility according to the relevant laws and regulations or disciplinary actions in accordance with the relevant regulations of the Company. If the circumstances are serious, the person may be subject to dismissal or termination, and if necessary, through legal proceedings to claim for damages, in order to maintain the Company's reputation and rights. (1) Relevant departments will submit a written review and improvement measures to the investigation unit to follow up until the improvement measures are completed.	

			(2) For cases involving material violations or violations that are likely to cause material damage to the Company, the relevant departments are to report to the Audit Committee for follow-up handling and review of corrective measures. (3) When necessary, the Company shall report to the competent authorities or refer the matter to the judicial authorities for investigation and seek compensation for damages through legal proceedings, in order to protect the Company's reputation and rights. 5. Whistleblower Protection The Company shall protect whistleblowers in the following ways: (1) The identity of the whistleblower shall be kept confidential, and no information that can identify the whistleblower shall be disclosed. (2) The whistleblower shall not be dismissed, discharged, demoted or reduced salary, or damaged on the rights and interests they are entitled to according to laws, contracts, or customs, or any other unfavorable punishment due to the whistleblowing. However, the following is with exception: The Company makes organizational reorganization, merger, or abolishment for business purposes or management which is not directed at the individual whistleblower as	

Evaluate Item	Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
			punishment; or, when it is verified by the Company of other illegal or improper behaviors of the whistleblower. If the whistleblower or investigator has been treated unfairly, threatened, intimidated, retaliated or subjected to any other unfavorable act for reporting on or participating in the investigation, they shall report to the handling unit or the investigating unit immediately, and the handling unit or the investigating unit may, depending on the severity of the situation, report it to the police, or notify all independent directors.	

Evaluate Item	Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(III) Does the Company have appropriate measures in place to protect whistleblowers from retaliation?	✓		1. The Company has established the "Whistle-blower and Protection System Management Regulations." There is also a whistleblower protection system, which stipulates that the whistleblower shall not be dismissed, demoted, reduced in salary, or face damages to the rights that he/she is entitled to according to the laws, contracts, or customs of the whistleblower, or other unfavorable disposition due to whistleblowing. If the whistleblower or investigator has been treated unfairly, threatened, intimidated, retaliated or subjected to any other unfavorable act for reporting on or participating in the investigation, they shall report to the handling unit or the investigating unit immediately, and the handling unit or the investigating unit may, depending on the severity of the situation, report it to the police, or notify all independent directors. 2. The Company did not receive any whistleblowing incidents in 2023.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

<table>
<tr><th rowspan="2">Evaluate Item</th><th colspan="3">Operation</th><th rowspan="2">Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>IV. Enhanced information disclosure
Has the Company disclosed its integrity principles and progress on its website and MOPS?</td><td>✓</td><td></td><td>Details of the Business Integrity Code of Conduct have been disclosed on the Company's website (www.tscprinters.com), where investors and employees may inquire at will.
The Finance Dept. is responsible for gathering and publishing information, and for keeping the spokesperson and acting spokesperson updated on the latest developments.</td><td>Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</td></tr>
<tr><td colspan="5">V. If the Company has established business integrity policies in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please describe its current practices and any deviations from the Best Practice Principles:
The Company has implemented the “Business Integrity Code of Conduct” and “Ethical Behavior Guidelines,” and stated its integrity policies, practices, and commitments from the board of directors and the management to implementing the business policies in the “Work Rules.” There was no material difference between the Company’s actual practices and the Code of Conduct of the Company.</td></tr>
<tr><td colspan="5">VI. Other information relevant to understanding business integrity within the Company (e.g. review of business integrity principles amended by the Company):
1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/GTSM policies, and related commercial regulations, which serve as the cornerstone for implementing business integrity.
2. Rules on directors’ recusal have been outlined in “Board of Directors Meeting Rules,” whereas the “Procedures for Insider Trading Prevention and Handling Material Inside Information” regulates how directors, managers, and employees should handle material insider information and prevention. It has been stated in the Company’s “Ethical Behavior Guidelines” that directors and managers may not exploit company property, information, or their vested authorities for their own gains.</td></tr>
</table>

(VII) Method of inquiry for corporate governance principles and related policies, if any:

The Company currently has Ethical Behavior Guidelines, Business Integrity Code of Conduct, Corporate Governance Code of Conduct, Sustainable Development Best Practice Principles, Shareholder Meeting Conference Rules, Independent Director Responsibility Guidelines, and robust internal control and audit systems in place to enforce corporate governance. Please visit the Market Observation Post System (https://mops.twse.com.tw) and the Company's website (https://apac.tscprinters.com/zh-TW/%E9%87%8D%E8%A6%81%E5%85%A7%E9%83%A8%E8%A6%8F%E7%AB%A0) for more detailed disclosures on codes and policies.

(VIII) Other information material to the understanding of corporate governance within the Company:

1. The Company's Procedures for Handling Material Internal Information:

   To manage the Company's internal material information and prevent insider trading, the Board of Directors on 2024.03.15approved the revision of the "Regulations on Prevention of Insider Trading" and the "Procedures for Handling Material Internal Information" and the merged and revised "Procedures for Prevention of Insider Trading and Handling Material Internal Information" which has been published on the Company's website for all employees to follow to avoid violations and insider trading.

2. The Company directors' continuing education in 2023 is as follows:

Title	Name	Course date	Organizer	Course name	Total hours of continuing education
Chairman	Wang Hsing Lei	2023.11.09	Taiwan Corporate Governance Association	Potential tax risks under common business models of Taiwanese companies	6
		2023.10.26		The Macro Perspective of the Sustainable Development of Global Enterprises - From Vision 2050 to Action 2023	
Director	Wang Shiu Ting	2023.11.09	Taiwan Corporate Governance Association	Potential tax risks under common business models of Taiwanese companies	6
		2023.10.26		The Macro Perspective of the Sustainable Development of Global Enterprises - From Vision 2050 to Action 2023	
Representative of corporate director	Luo Yue Gui	2023.12.14 ~2023.12.15	Accounting Research and Development Foundation	Continuing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	24
		2023.11.09	Taiwan Corporate Governance Association	Potential tax risks under common business models of Taiwanese companies	
		2023.10.26		The Macro Perspective of the Sustainable Development of Global Enterprises - From Vision 2050 to Action 2023	
		2023.10.04	Taipei Bar Association	2023 Corporate Governance Forum - Corporate Governance Seminar	
		2023.04.13	Taiwan Institute of Directors	2023 KPMG Forum - Business Opportunities and Challenges of Net Zero Boom	
Director	Chen Ming Yi	2023.11.09	Taiwan Corporate Governance Association	Potential tax risks under common business models of Taiwanese companies	6
		2023.10.26		The Macro Perspective of the Sustainable Development of Global Enterprises - From Vision 2050 to Action 2023	

Title	Name	Course date	Organizer	Course name	Total hours of continuing education
Independent Director	Ma Chia Ying	2023.11.17	Taiwan Institute of Directors	How to implement TCFD from the perspective of the board of directors	15
		2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Conference	
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	
		2023.06.02	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taiwan New Net Zero Electricity Summit	
Independent Director	Li Chun Chi	2023.06.02	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taiwan New Net Zero Electricity Summit	6
		2023.04.27	Taipei Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	
Independent Director	Lin Tuo Zhi	2023.11.09	Taiwan Corporate Governance Association	Potential tax risks under common business models of Taiwanese companies	6
		2023.04.27	Taipei Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	

(IX) Internal control system and execution

1. Declaration of Internal Control

TSC Auto ID Technology Co., Ltd.

Declaration of Internal Control System

Date: March 15, 2024

The following declaration has been made based on the 2023 self-assessment of the Company's internal control system:

I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's board of directors and managers. The Company has established such a system with the purpose of providing reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security, etc.), reliable, timely, and transparent financial reporting, and regulatory compliance.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the Company's internal control system is equipped with a self-monitoring mechanism and the Company will take corrective actions once a defect is identified.

III. The Company determines whether the design and implementation of its internal control system is effective in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria for determining the internal control system are based on the process of management control. The internal control system is divided into five elements: 1. Control environment; 2. Risk assessment; 3. Control operations; 4. Information and communication; and 5. Each element of the supervision operation also includes certain items. For the aforementioned items, please refer to the provisions of the "Regulations".

IV. The Company has adopted the abovementioned internal control system criteria to validate the effectiveness, design, and execution of its internal control system.

V. Based on the results of the assessments described above, the Company considers the design and execution of its internal control system to be effective as of December 31, 2023. This system (including supervision and management of subsidiaries) has provided reasonable assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

VI. This Statement will become the main content of the Company's annual report and public offering prospectus, and any illegal misrepresentations or omissions in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This declaration was passed unanimously by all seven directors present at the Company's Board of Directors meeting held on March 15, 2024.

TSC Auto ID Technology Co., Ltd.

Chairman: Wang Hsing Lei

President: Chen Ming Yi

2. If the internal control system was reviewed by an external CPA, the result of such review should be disclosed: None

(X) Penalties imposed on the Company for regulatory violations, or penalties against employees for violations of the internal control system, in the last year and up until the publication date of the annual report that may significantly impact shareholders' interest or securities prices; describe details of the penalty, areas of weakness and any corrective actions taken: None.

(XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year and up until the publication date of the annual report

1. Major resolutions of the 2023 annual shareholder's meeting:

Date	Major resolutions	Summary of resolutions	Execution progress
2023.06.16	1. Acknowledgment of the Company's 2022 business report and financial statements.	Adopted by unanimous consent from all participating shareholders	Executed as resolved.
		Number of votes in favor: 30,280,601 votes (including 27,419,699 votes voted electronically)	
		Number of votes against: 4,340 votes (including 4,340 votes by electronic voting)	
		Number of invalid votes: 0 (including 0 votes by electronic voting)	
		Number of votes abstained and non-voting: 94,883 votes (including 43,883 electronic voting)	
		Number of voting rights of shareholders present: 30,379,824 votes	
	2. Acknowledgment of the Company's 2022 earnings appropriation.	Adopted by unanimous consent from all participating shareholders	The dividend record date was set on July 26, 2023, and the dividend distribution was completed on August 16, 2023 (cash dividends of NT$12.97254290 per share).
		Number of votes in favor: 30,313,601 votes (including 27,452,699 votes voted electronically)	
		Number of votes against: 4,340 votes (including 4,340 votes by electronic voting)	
		Number of invalid votes: 0 (including 0 votes by electronic voting)	
		Number of votes abstained and non-voting votes: 61,883 votes (including 10,883 votes by electronic voting)	
		Number of voting rights of shareholders present: 30,379,824 votes	
	3. Issuance of new shares through capitalization of the Company's 2022 earnings.	Adopted by unanimous consent from all participating shareholders	1. The dividend record date was set on August 7, 2023, and the dividend
		Number of votes in favor: 30,312,551 votes (including 27,451,649 votes cast by electronic voting)	

Date	Major resolutions	Summary of resolutions	Execution progress
		Number of votes against: 5,390 votes (including 5,390 votes by electronic voting)	distribution was completed on September 6, 2023 (share dividends of NT$99.78879159 per share). 2. The New Taipei City Government approved the application for the Company's change registration application for new shares on August 21, 2023.
		Number of invalid votes: 0 (including 0 votes by electronic voting)	
		Number of votes abstained and non-voting: 61,883 votes (including 10,883 votes by electronic voting)	
		Number of voting rights of shareholders present: 30,379,824 votes	
	4. Amendments to the "Articles of Incorporation" of the Company.	Adopted by unanimous consent from all participating shareholders	1. Executed in accordance with the amended Articles. 2. The New Taipei City Government approved the application for the Company's change registration application on June 21, 2023.
		Number of votes in favor: 30,313,594 votes (including 27,452,692 votes cast by electronic voting)	
		Number of votes against: 4,347 votes (including 4,347 votes by electronic voting)	
		Invalid votes: 0 (including 0 votes casted in electronic form)	
		Number of votes abstained and non-voting: 61,883 votes (including 10,883 votes by electronic voting)	
		Number of voting rights of shareholders present: 30,379,824 votes	
	5. Amendments to the "Asset Acquisition and Disposal Procedures" of the Company.	Adopted by unanimous consent from all participating shareholders	It was processed in accordance with the revised regulations and uploaded to the MOPS.
		Number of votes in favor: 27,320,879 votes (including 24,459,977 votes cast by electronic voting)	
		Number of votes against: 2,997,062 votes (including 2,997,062 votes cast by electronic voting)	
		Number of invalid votes: 0 (including 0 votes by electronic voting)	
		Number of votes abstained and non-voting: 61,883 votes (including 10,883 votes by electronic voting)	
		Number of voting rights of shareholders present: 30,379,824 votes	

2. Major board of directors resolutions in 2023:

Date of meeting	Meeting session	Major resolutions	Outcome of resolution
2023.03.15	6th Term 6th meeting	1. Through the 100%-owned subsidiary in Poland, Mosfortico Investments sp. z o.o. , acquire MGN sp. zo.o. shares. 2. Capital increase in the subsidiary in Poland, Mosfortico Investments sp. z o.o. 3. Lending of funds to the Polish subsidiary Mosfortico Investments sp. z o.o. 4. Presentation of the 2022 business report and financial statements. 5. Presentation of the 2022 earnings appropriation. 6. Issuance of new shares through capitalization of 2022 earnings. 7. 2022 employee and director remuneration. 8. Review of the Company's 2022 "Declaration of Internal Control System." 9. Amendments to the Articles of Incorporation. 10.Amendments to the "Asset Acquisition and Disposal Procedures." 11. Amendments to the "Compensation Committee Charter". 12. Application of credit limit with First Commercial Bank. 13. Application of credit limit with CTBC Bank. 14. Application of credit limit with Bank Sinopac. 15. Application of credit limit with Bank of Taiwan. 16. The first exercise of employee warrant to common stock in 2020. 17. The Company's group (including all subsidiaries) greenhouse gas inventory and verification schedule. 18. Proposal for the time, venue, and agenda for the 2023 annual general meeting, and to allow the exercise of voting rights in electronic form. 19. Termination of lending of funds to U.S. subsidiary TSC Auto ID Technology America Inc.. Quota of Loaning Funds	Adopted by unanimous consent from all participating directors after consultation with the chairman
2023.05.05	6th Term The 7th meeting	1. Approved the amendments to the "Asset Acquisition and Disposal Procedures" of the Company.	
2023.05.10	6th Term The 8th meeting	1. Approved the Company's Consolidated Financial Statement for 2023 Q1. 2. Approved the application of credit limit with Taishin Bank. 3. Approved the Company's first exercise of employee warrant to common stock in 2020. 4. Approved the appointment of a corporate governance officer of the Company. 5. Approved the Company to provide loans to its German subsidiary, TSC Auto ID Technology EMEA GmbH	

Date of meeting	Meeting session	Major resolutions	Outcome of resolution
2023.06.16	6th Term The 9th meeting	1. Approved the proposal for the base date of the Company's 2022 cash dividend distribution and related matters. 2. Approved the setting of the base date for the allotment of new shares and ex-right dividend for the year ended December 31, 2022 3. Approved the Company’s issuance of 1,000 units of employee warrant, and to establish the "2023 Employee Warrant Issuance and Subscription Policy." 4. Approved the credit line application for DBS (Taiwan) Commercial Bank. 5. Approved the Company to provide endorsement and guarantee to its German subsidiary, TSC Auto ID Technology EMEA GmbH. 6. Approved the credit line application for Citibank (Taiwan).	Adopted by unanimous consent from all participating directors after consultation with the chairman
2023.08.09	6th Term The 10th meeting	1. Approved the Company’s Consolidated Financial Statement for 2023 Q2. 2. Approved the internal adjustment and replacement of Corporate Governance Officer. 3. Approved the ratification of the amendment to the Company's "Regulations Governing the Issuance of Employee Stock Options and Share Subscription for 2023" 4. Approval of the list of beneficiaries for the first issuance of employee warrant for 2023. 5. Approved the Company’s first exercise of employee warrant to common stock in 2020. 6. Approved the credit line application of Far Eastern Commercial Bank. 7. Approved the KGI Bank's credit line application. 8. Approved the merger and change of name of the Company’s 100%-owned subsidiary in Poland, Mosfortico Investments sp. z o.o. and its 100%-owned company in Poland, MGN sp.	
2023.11.08	6th Term The 11th meeting	1. Approved the Company’s Consolidated Financial Statement for 2023 Q3. 2. Approved the establishment of the Company's "Computerized Information System Processing Cycles". 3. Approved the establishment of the "Whistleblower Reporting and Protection System Management Measures". 4. Approved the merger and change of name of the Company’s 100%-owned subsidiary in Poland, Mosfortico Investment sp. z o. o. and its 100%-owned company MGN sp. z o. 5. Approved the Company’s first and second exercise of employee warrant to common stock in 2020.	
2023.12.27	6th Term The 12th meeting	1. Approved the formulation of the 2024 audit plan. 2. Approved the evaluation of the independence and suitability of CPAs. 3. Approved the establishment of the "Procedure of Pre-approval Review Procedures for Non-Assurance Services".	

Date of meeting	Meeting session	Major resolutions	Outcome of resolution
		4. Approved the Company's 2024 business plan.	Adopted by unanimous consent from all participating directors after consultation with the chairman
2024.03.15	6th Term The 13th meeting	1. Approved the "Statement of Internal Control System" for 2023. 2. Approved the distribution of remuneration to directors and employees for 2023. 3. Approved the 2023 business report and financial report. 4. Approved the presentation of the 2023 earnings appropriation. 5. Approved the amendments to the "Rules of Procedure for Board of Directors Meetings". 6. Approved the amendment to the Procedures for Election of Directors 7. Approved the merger and amendment to the "Regulations Governing the Prevention of Insider Trading" and "Procedures for Handling Material Inside Information". 8. Approved the matters related to the convening of the 2024 annual general meeting. 9. Approved the evaluation of the independence and suitability of CPAs. 10. Approved the Taiwan Bank's credit line application. 11. Approved the application of credit limit with CTBC Bank. 12. Approved the application of credit limit with Bank Sinopac. 13. Approved the change of the Chief Accounting Officer of the Company. 14. Approved the lending of funds to an indirectly 100%-owned subsidiary of the Company, MGN sp. z o. o. 15. Approved the Company's first and second exercise of employee warrant to common stock in 2020.	

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the last year and up until the publication date of the annual report: None.

(XIII) Resignation or dismissal of the Chairman, General Manager, head of accounting, head of finance, chief internal auditor, corporate governance officer, or head of R&D in the last year and up until the publication date of the annual report:

2024.04.20

Title	Name	Date of inauguration	Date of dismissal	Reason for resignation/dismissal
Chief Accounting Officer	Lin Shu Juan	2018.03. 21	2024.03.15	Internal transfer
Corporate Governance Officer	Chung Chia Chun	2023.05.10	2023.08.09	Job adjustment

V. Information on CPA professional fees:

Unit: NT$ thousand

accounting firm	CPA	Auditor's audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Chang Li Chun	2023.01.01 ~ 2023.12.31	4,500	965 (Note)	5,480	-
	Fan You Wei					

Note: Non-audit service content: income tax verification, transfer pricing, annual report and agenda handbook review, non-managerial full-time employee salary information checklist.

(I) Disclosure of any replacement of accounting firms that resulted in a reduction of audit fees paid along with the amount and reason for the reduction, as compared to the year before the replacement: None.

(II) For audit fees that reduced by 10% or more compared to the previous year, disclose the amount, percentage and reason for the reduction: None.

VI. Information on changes of CPAs:

(1) About the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="3">2022.11.08</td></tr>
<tr><td>Reason for replacement and description</td><td colspan="3">For accommodating the quality control policy of Deloitte and Touche to ensure the professional audit quality of CPAs, the CPAs have been replaced from Lin Wen Qin and Fan You Wei to Chang Li Chun and Fan You Wei starting from the third quarter of 2022.</td></tr>
<tr><td rowspan="3">Explanation for the appointment terminated or unaccepted by the client or the CPA.</td><td>Parties
circumstance</td><td>CPA</td><td>Principal</td></tr>
<tr><td>Voluntary termination of appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td>No longer accepting (continuing) appointment</td></tr>
<tr><td>Reasons for issuing opinions other than unqualified opinions in the last 2 years</td><td colspan="3">For the Company's Consolidated Financial Statements for Q2 and Q3, 2023 Report, because the financial statements of non-material subsidiaries have not been reviewed by the accountants, and the accountants have issued qualified opinion.</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td>The disclosure of the accounting principles or practices report</td></tr>
<tr><td></td><td>Disclosure of Financial Reports</td></tr>
<tr><td></td><td>Audit Scope or Procedure</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">✓</td></tr>
<tr><td colspan="3">Description: N/A</td></tr>
<tr><td colspan="2">Other disclosures
(Things to be disclosed in Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Guidelines)</td><td colspan="2">None</td></tr>
</table>

(2) Information on the succeeding CPA

Name of firm	Deloitte Taiwan
Name of CPA	Chang Li Chun and Fan You Wei
Date of appointment	2022.11.08
Prior to the appointment, opinions and consultation results may be issued on the accounting treatment or accounting principles of specific transactions and financial statements	N/A
Written opinions of the successor CPA on matters of disagreement with the former CPA	None

(3) The reply of the former CPA in accordance with Article 10, Paragraph 6, Item 1 and 2-3 of the Guidelines: None.

VII. Any of the Company's Directors, General Manager, or Manager involved in financial or accounting affairs employed by the accounting firm or any of its affiliated companies in the last year: None.

VIII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year and up until the publication date of the annual report:

(I) Change of shareholding of directors, supervisors, managers, and major shareholders

Title	Name	2023		As of 2024.04.20	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director	Wang Shiu Ting	163,842	0	0	0
Chairman	Wang Hsing Lei	120,279	0	0	0
Shareholder with more than 10% ownership interest	Taiwan Semiconductor Co., Ltd.	1,542,053	0	0	0
Director	Taiwan Semiconductor Co., Ltd.				
	Representative : Luo Yue Gui	29,024	0	0	0
Director and General Manager	Chen Ming Yi	0	0	0	0
Independent Director	Ma Chia Ying	0	0	0	0
Independent Director	Li Chun Chi	0	0	0	0
Independent Director	Lin Tuo Zhi	3,863	0	0	0
Vice General Manager of Sales	Lin Shu Li (Note 1)	0	0	0	0
Senior Assistant General Manager	Lee Cheng Chung	16,479	0	0	0
Assistant General Manager	Chang Mu Lan	0	0	0	0
Assistant General Manager	Hu Chiu Chih	0	0	0	0
Assistant General Manager	Wu Chih Hao	0	0	0	0
Assistant Vice President and Head of Finance and Corporate Governance Officer	Huang Zhen Fang (Note 2)	0	0	0	0
Chief Accounting Officer	Yen-Han Chen (Note 3)	0	0	0	0
Section Chief and Head of Accounting	Lin Shu Juan (Note 3)	241	0	7,500	0
Corporate Governance Officer	Chung Chia Chun (Note 2)	99	0	-	-

Note: 1. Vice General Manager of Sales, Lin Shu Li resigned on 2024.02.07

2. On 2023.08.09 of the Board of Directors appointed Assistant Manager Huang Zhen Fang as the Head of Corporate Governance, and Deputy Manager Chung Chia Chun, the former Head of Corporate Governance, stepped down.

3. On 2024.03.15 of the Board of Directors appointed Accounting Manager Chen Yen-Han as the Accounting Supervisor, while the former Accounting Supervisor, Lin Shu Juan, stepped down.

(II) Transfer of shareholding: None.

(III) Information on shares pledged: Not applicable as no share was pledged to related parties.

IX. Relationships characterized as spouse or second-degree relatives or closer among Top-ten shareholders:

2024.04.20

Name	Shares held in own name		Shares held by spouse and underage children		Total shares held in the names of others		Names and relationships of top-ten shareholders characterized as spouse or second-degree relative or closer, as defined in Statements of Auditing Standards No. 6		Remarks
	Shares	Ratio	Shares	Ratio	Shares	Ratio	Name	Relation	
Taiwan Semiconductor Co., Ltd.	16,995,230	36.04%	0	0	0	0	Wang Shiu Ting	Taiwan Semiconductor Co., Ltd. - Chairman and General Manager	None
Representative: Wang Shiu Ting	See below for details								None
Standard Chartered Custodianship of Fidelity Puritan Trust: Fidelity Low Price Stock Fund	2,544,911	5.40%	0	0	0	0	None	None	None
Taiwei Advanced Co., Ltd.	1,271,000	2.70%	0	0	0	0	None	None	None
Representative: Zhang Tai Wei	0	0.00%	0	0	0	0	None	None	None
Leiting Co., Ltd.	1,153,648	2.45%	0	0	0	0	None	None	None
Representative: Lan Wan Ting	75,714	0.16%	0	0	0	0	None	None	None
Wang Shiu Ting	903,826	1.92%	0	0	362,930	0.80%	Taiwan Semiconductor Co., Ltd.	Chairman and General Manager	None
							Wang Hsiu Peng	Second-degree relative	None
Nan Shan Life Insurance Company Ltd.	721,021	1.53%	0	0	0	0	None	None	None
Representative: Yin Chong Yao	0	0.00%	0	0	0	0	None	None	None
Li Fang Chiang	531,530	1.13%	0	0	0	0	None	None	None
Wang Hsiu Peng	505,902	1.07%	0	0	0	0	Wang Shiu Ting	Second-degree relative	None
Standard Chartered Bank Trustees, part of the Fidelity Group, provides employee benefit plans	431,838	0.92%	0	0	0	0	None	None	None
Arthur Investment Co., Ltd.	394,755	0.84%	0	0	0	0	None	None	None
Representative: Lan Wan Ting	75,714	0.16%	0	0	0	0	None	None	None

X. Information on investments jointly held by the Company, the Company's Directors, Supervisors, Managers, and Enterprises directly or indirectly controlled by the Company and the aggregate shareholding:

Unit : Thousand shares; %

Business investment (Note 1)	The Company's investment		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Comprehensive investment	
	Shares	Ratio(%)	Shares	Ratio(%)	Shares	Ratio(%)
TSC Auto ID Technology EMEA GmbH	(Note 2)	100.00	–	–	(Note 2)	100.00
TSC Auto ID (H.K.) Ltd.	11,711	100.00	–	–	11,711	100.00
TSC Auto ID Technology America Inc.	16,000	100.00	–	–	16,000	100.00
Printronix Auto ID Technology Co., Ltd.	500	100.00	–	–	500	100.00
Tianjin TSC Auto ID Technology Co., Ltd.	–	–	(Note 2)	100.00	(Note 2)	100.00
TSC Auto ID Technology ME, Ltd. FZE	–	–	(Note 2)	100.00	(Note 2)	100.00
TSC Auto ID Technology Spain, S.L.	–	–	(Note 2)	100.00	(Note 2)	100.00
Shenzhen Printronix Auto ID Technology Co., Ltd. (Note 4)	–	–	–	–	–	–
Diversified Labeling Solutions, Inc.	1	100.00	–	–	1	100.00
Precision Press & Label, Inc	–	–	850	100.00	850	100.00
TSC Auto ID Technology India Private Ltd.	710	100.00	–	-	710	100.00
Mosfortico Investments sp. z o.o.	(Note 3)	100.00	–	-	(Note 3)	100.00
MGN sp. z o.o	–	–	2	100.00	2	100.00

Note 1: All are 100% owned long-term investments of the Company.

Note 2: The company license only recognizes the investment amount without specifying the number of shares.

Note 3: The number of shares held is less than one thousand, therefore it is not listed.

Note 4: Approved by the Shun-Shen-Zi No. 11256107350 on October 17, 2023 for cancellation.

Four. Capital Overview

I. Capital and shares

(I) Source of capital

Unit: thousand shares; NT$ thousand

Year/ month	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid in properties other than cash	Others
Mar. 2007	10	80,000	800,000	100	1,000	Incorporation	0	Mar. 19, 2007, Jing-Shou-Zhong-Zi No. 09631826720
Aug. 2007	10	80,000	800,000	15,100	151,000	Acquisition of divestments	Non-cash net assets totaling NT$140,000 thousand	Sep. 7, 2007, Jing-Shou-Zhong-Zi No. 09632746370
Aug. 2007	10	80,000	800,000	20,100	201,000	Cash capital increase	0	Sep. 10, 2007, Jing-Shou-Zhong-Zi No. 09632740820
Oct. 2007	40	80,000	800,000	23,100	231,000	Cash capital increase	0	Nov. 30, 2007, Jing-Shou-Zhong-Zi No. 09633132590
Nov. 2008	25	80,000	800,000	26,180	261,800	Cash capital increase	0	Dec. 12, 2008, Jing-Shou-Zhong-Zi No. 09734128440
Jan. 2010	15	80,000	800,000	26,560	265,600	Exercise of employee warrant	0	Jan. 25, 2010, Fu-Chan-Ye-Shang-Zi No. 09980436010
Apr. 2010	15	80,000	800,000	27,005	270,050	Exercise of employee warrant	0	Apr. 23, 2010, Fu-Chan-Ye-Shang-Zi No. 09983136100
Jul. 2010	15	80,000	800,000	27,095	270,950	Exercise of employee warrant	0	Jul. 19, 2010, Fu-Chan-Ye-Shang-Zi No. 09985892100
Oct. 2010	63.5	80,000	800,000	30,095	300,950	Cash capital increase	0	Oct. 8, 2010, Fu-Chan-Ye-Shang-Zi No. 09988348200
Oct. 2010	15	80,000	800,000	30,195	301,950	Exercise of employee warrant	0	Oct. 14, 2010, Fu-Chan-Ye-Shang-Zi No. 09988661400
Apr. 2011	15	80,000	800,000	30,550	305,500	Exercise of employee warrant	0	Apr. 21, 2011, Fu-Chan-Ye-Shang-Zi No. 10082778010
Aug. 2011	10	80,000	800,000	33,605	336,050	Capitalization of earnings	0	Aug. 12, 2011, Fu-Chan-Ye-Shang-Zi No. 10086547010
Jan. 2012	13.6	80,000	800,000	33,663	336,625	Exercise of employee warrant	0	Jan. 12, 2012, Fu-Chan-Ye-Shang-Zi No. 10180236100
Apr. 2012	13.6	80,000	800,000	33,943	339,425	Exercise of employee warrant	0	Apr. 24, 2012, Fu-Chan-Ye-Shang-Zi No. 10182883800
Jun. 2012	13.6	80,000	800,000	34,075	340,750	Exercise of employee warrant	0	Jun. 1, 2012, Fu-Chan-Ye-Shang-Zi No. 10184100910
Nov. 2013	70.9	80,000	800,000	34,403	344,030	Exercise of employee warrant	0	Nov. 21,2013 Taipei-Government-Economic-Department-1025072870

Year/ month	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid in properties other than cash	Others
Jan. 2014	70.9	80,000	800,000	34,428	344,280	Exercise of employee warrant	0	Jan. 20, 2014 Taipei-Government-Economic-Department-1035123213
Jun. 2014	70.9	80,000	800,000	34,460	344,600	Exercise of employee warrant	0	Jun. 26, 2014 Taipei-Government-Economic-Department-1035159578
Dec. 2014	68.3	80,000	800,000	34,567	345,665	Exercise of employee warrant	0	Dec. 4, 2014 Taipei-Government-Economic-Department-1035200434
Jan. 2015	68.3	80,000	800,000	34,572	345,715	Exercise of employee warrant	0	Jan. 13, 2015 New-Taipei-Government-Economic-Department-1045121825
May 2015	68.3	80,000	800,000	34,629	346,290	Exercise of employee warrant	0	May 25, 2015 New-Taipei-Government-Economic-Department-1045151085
Aug. 2015	10	80,000	800,000	38,092	380,919	Capitalization of earnings	0	Aug. 11, 2015 New-Taipei-Government-Economic-Department-1045171247
Nov. 2015	60.1	80,000	800,000	38,190	381,904	Exercise of employee warrant	0	Nov. 09, 2015 New-Taipei-Government-Economic-Department-1045193237
Apr. 2016	60.1	80,000	800,000	38,212	382,124	Exercise of employee warrant	0	Apr. 15, 2016 New-Taipei-Government-Economic-Department-1055157192
Jun. 2016	60.1	80,000	800,000	38,235	382,354	Exercise of employee warrant	0	Jun. 2, 2016 New-Taipei-Government-Economic-Department-1055182375
Jul. 2016	10	80,000	800,000	38,535	385,354	Share exchange	0	Jul. 14, 2016 New-Taipei-Government-Economic-Department-1055214734
Nov. 2016	57.3	80,000	800,000	38,555	385,554	Exercise of employee warrant	0	Nov. 30, 2016 New-Taipei-Government-Economic-Department-1055326983
Aug. 2019	10	80,000	800,000	42,411	424,109	Capitalization of earnings	0	Aug. 7, 2019 New-Taipei-Government-Economic-Department-1088039060
Nov. 2019	223.5	80,000	800,000	42,437	424,369	Exercise of employee warrant	0	Nov. 22, 2019 New-Taipei-Government-Economic-Department-1088079734
Jan. 2020	223.5	80,000	800,000	42,477	424,769	Exercise of employee warrant	0	Jan. 16, 2020 New-Taipei-Government-Economic-Department-1098004172
Nov. 2022	159.9	80,000	800,000	42,513	425,129	Exercise of employee warrant	0	Nov. 29, 2022 New-Taipei-Government-Economic-Department-1118085118
Apr. 2023	159.9	80,000	800,000	42,519	425,189	Exercise of employee warrant	0	Letter No. Xin-Bei-Fu-Jing-Si-1128022417 dated 2023.04.06

Year/ month	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid in properties other than cash	Others
Jun. 2023	159.9	80,000	800,000	42,522	425,219	Exercise of employee warrant	0	Letter No. Xin-Bei-Fu-Jing-Si-1128042964 dated 2023.06.21
Aug. 2023	10	80,000	800,000	46,774	467,741	Capitalization of earnings	0	Letter No. Xin-Bei-Fu-Jing-Si-1128059014 dated 2023.08.21
Sep. 2023	159.9	80,000	800,000	46,864	468,641	Exercise of employee warrant	0	Letter No. Xin-Bei-Fu-Jing-Si-1128063508 dated 2023.09.04
Dec. 2023	137.9/ 168	80,000	800,000	47,107	471,071	Exercise of employee warrant	0	Letter No. Xin-Bei-Fu-Jing-Si-1128086440 dated 2023.12.05
Mar. 2024	137.9	80,000	800,000	47,141	471,406	Exercise of employee warrant	0	Letter No : Xin-Bei-Fu-Jing-Si-Zi 1138023277 dated 2024.04.08

Unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	47,150,134	32,849,866	80,000,000	9,500 shares are pending approval by the Board of Directors for capital increase. After the effective date of the capital increase, an application will be made to the New Taipei City Government for registration amendment

(II) Shareholders structure:

2024.04.20

Shareholders / Quantity	Government institutions	Financial institutions	Other juridical persons	Foreign institutions and foreigner persons	Natural persons	Total
No. of people	1	6	57	87	4,778	4,929
No. of shares held	19	1,443,329	21,520,595	5,704,385	18,481,806	47,150,134
Ratio %	0.00	3.06	45.64	12.10	39.20	100.00

(III) Diversity of ownership:

2024.04.20

Shareholding range	Number of shareholders (persons)	Shares held (shares)	Ratio %
1 to 999	1,977	324,100	0.69
1,000 to 5,000	2,326	4,238,874	8.99
5,001 to 10,000	269	1,979,006	4.20
10,001 to 15,000	114	1,401,640	2.97
15,001 to 20,000	64	1,116,306	2.37
20,001 to 30,000	51	1,221,423	2.59
30,001 to 40,000	34	1,224,166	2.60
40,001 to 50,000	17	782,503	1.66
50,001 to 100,000	30	2,048,757	4.35
100,001 to 200,000	22	2,954,202	6.27
200,001 to 400,000	16	4,800,251	10.17
400,001 to 600,000	3	1,469,270	3.12
600,001 to 800,000	1	721,021	1.53
800,001 to 1,000,000	1	903,826	1.92
1,000,001 and above	4	21,964,789	46.57
Total	4,929	47,150,134	100.00

(IV)List of major shareholders:

2024.04.20

Shares / name of the major shareholder	Shares held	Shareholding percentage %
Taiwan Semiconductor Co., Ltd.	16,995,230	36.04
Standard Chartered Custodianship of Fidelity Puritan Trust: Fidelity Low Price Stock Fund	2,544,911	5.40
Taiwei Advanced Co., Ltd.	1,271,000	2.70
Leiting Co., Ltd.	1,153,648	2.45
Wang Shiu Ting	903,826	1.92
Nan Shan Life Insurance Company Ltd.	721,021	1.53
Li Fang Chiang	531,530	1.13
Wang Hsiu Peng	505,902	1.07
Standard Chartered Bank Trustees, part of the Fidelity Group, provides employee benefit plans.	431,838	0.92
Arthur Investment Co., Ltd.	394,755	0.84

(V) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years

Unit: NT$

Item\Year			2022	2023	As of 2024.04.20
Market price per share (Note 1)	Maximum		211.5	293.5	247.5
	Minimum		170	192.0	222.0
	Average		191.7	243.5	236.0
Net value per share (Note 2)	Before distribution		111.8	115.85	—
	After distribution		98.73	(Note 9)	—
Earnings per Share	Weighted average outstanding shares (thousand shares)		42,492	46,907	—
	Earnings per share (Note 3)	Before adjustment	22.71	19.76	—
		After adjustment	20.65	-	—
Dividends per share	Cash dividends		12.97	13.0 (Note 9)	—
	Stock dividends	From earnings	1.0	—	—
		From capital surplus	—	—	—
	Cumulative undistributed dividends (Note 4)		—	—	—
Analysis of investment returns	P/E ratio (Note 5)		9.20	11.99	—
	Price to dividend ratio (Note 6)		14.64	18.22 (Note 9)	—
	Cash dividend yield (Note 7)		6.83	5.49 (Note 9)	—

Note 1: The table shows the highest and lowest market price of common shares in each year; average market price is calculated by weighing transacted prices against transacted volumes in the respective years.

Note 2: Please refer to the number of issued shares at the end of the year and fill in the distribution according to the resolution of the shareholders' meeting of the following year

Note 3: Where stock dividends were issued, EPS should be disclosed in amounts before and after retrospective adjustments.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year / earnings per share.

Note 6: Price to dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the current year.

Note 8: Net worth per share and earnings per share should be based on audited (auditor-reviewed) data as of the latest quarter before the publication date of the annual report. For all other fields, calculations should be based on data as at the end of their respective years.

Note 9: The 2023 earnings appropriation has been approved by the board of directors, but has yet to be acknowledged in a shareholder meeting.

(VI) Dividend policy and execution

1. Dividend policy

   If there is a profit in the Company's final accounting each year, it shall pay tax in accordance with the law, make up for the losses of the previous years, and then set aside 10% as the legal reserve and special reserve or reversal of the special reserve as required by law. The remaining balance, together with the accumulated undistributed earnings of the previous year, shall be regarded as the earnings available for distribution, but a portion of it may be retained depending on the business conditions and then distributed as dividends to shareholders. The Company is a the growth stage, in consideration of the company’s future capital needs and operation development, the board of directors shall plan the earnings distribution plan for shareholders and proceed with the resolution of the shareholders' meeting. If an earnings distribution is resolved, the percentage to be distributed shall not be less than 10% of the distributable earnings in the current year. Dividends shall be paid in cash or shares, where the percentage of cash dividends shall not be less than 10% of the total dividends. However, if cash dividends are less than NT$0.2 per share, share dividends shall be distributed instead.

2. Dividend distribution proposed for the current annual general meeting

   Cash dividends: NT$13 per share for a total of NT$612,854,242; to be approved in the annual general meeting.

3. If a material change in dividend policy is expected, provide an explanation:

   There has been no material change in the Company’s dividend policy.

(VII) Impacts of stock dividends proposed for the current annual general meeting on the Company’s business performance and earnings per share: Not applicable, since the Company did not disclose its financial forecast for 2023.

(VIII) Employee and director remuneration:

1. Percentage or range of employee/director remuneration stated in the Articles of Incorporation.

   Percentage or range of employee/director remuneration stated in Article 25 of the Articles of Incorporation:

   (1) Employee remuneration: 2% to 10% of profit concluded in the current year, if any.

   (2) Director remuneration: no more than 5% of the above profit.

   The board of directors may decide to distribute employee remuneration in shares or in cash. Remuneration can be distributed to employees of controlled or subordinate companies that meet certain criteria, and the Board of Directors is authorized to determine these criteria. However, when the company still has accumulated losses, it shall reserve in advance an amount to make up the losses first, followed by distributing remuneration to employees and directors based on the proportion stated in the preceding paragraph.

2. Basis for estimating employee and director remuneration and stock dividends, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

The Company recognized NT$61,967,674 of employee remuneration payable and NT$30,983,837 of director remuneration payable in 2023. These amounts were estimated by multiplying the amount of 2023 profit before tax and employee remuneration by 5% for employee remuneration and 2.5% for director remuneration. Any subsequent differences between the amount estimated and the actual amount will be treated as a change in accounting estimate.

3. Information on any approval by the board of directors of distribution of compensation:
   (1) If there is any discrepancy between the amount of employee remuneration, directors' and supervisors' remuneration distributed in cash or shares, and the estimated amount for the year, the discrepancy, cause and treatment should be disclosed.
   The Company's 2023 employee and director remuneration was approved by the Board of Directors on 2024.03.15, and the amounts of cash remuneration to employees and directors' remuneration were as follows:
   A. Employees' cash remuneration NT$61,967,674
   B. Employee stock remuneration NTD 0
   C. Directors' remuneration NTD 30,983,837
   The employee and director compensation approved by the aforementioned Board of Directors did not differ from the amount of expenses recognized in the fiscal year 2023 financial statements audit.
   (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.

4. Actual distribution of employees' and directors' remuneration in the previous year:
   The employees' remuneration actually distributed in 2022 was NT$65,458,033 and the directors' remuneration is NT$32,729,017, which are the same as the amounts recognized in the financial statements for that year.

(IX) Buyback of the Company’s shares: None.

II. Disclosure related to corporate bonds: None.

III. Preferred shares: None.

IV. Issuance of global depositary receipts: None.

V. Employee warrants

(I) Employee warrants unexpired and outstanding as of the publication date of the annual report, and impacts on shareholders' equity

2024.04.20; unit: NT$

Type of employee warrant	First time in 2020	Second time in 2020	First time in 2023
Effective date of filing and total number of units	May 6, 2020 1,000 units	May 6, 2020 1,000 units	2023.07.31 1,000 units
Issuance date	July 1, 2020	April 6, 2021	2023.08.11
Number of Units Issued (Units)	943	57	855
Number of outstanding units	0	0	145
Exercisable shares as a percentage of total outstanding shares (Note)	2.00	0.12	1.81
Duration of warrant	2020.07.01 ~ 2025.06.30	2021.04.06 ~ 2026.04.05	2023.08.11 ~ 2028.08.10
Method of delivery	Issuance of new shares		
Period and percentage (%) of exercise restriction	After 2 years: 50% After 3 years: 75% After 4 years: 100%		
No. of shares acquired through exercise (shares)	415,000	6,000	0
Amount of shares subscribed through exercise (NT$)	60,198,500	1,008,000	0
Number of shares unexercised(shares)	408,500	21,000	0
Subscription price per unexercised share	137.9	168.0	241.0
Number of unexercised shares as a percentage of total outstanding shares (%)	0.87	0.04	0.0
Effect on shareholders' interests	Unexercised shares accounted for only 0.87% of outstanding shares, hence dilutive effects are deemed limited	Unexercised shares accounted for only 0.04% of outstanding shares, hence dilutive effects are deemed limited	-

Note: The number of issued shares as of 2024.04.20 was 47,150,134 shares.

(II) Names of managers who have acquired employee warrants and names of employees ranking top ten in terms of exercisable shares

2024.04.20

	Title	Name	Exercisable shares (thousand shares)	Exercisable shares as a percentage of total outstanding shares	Exercised				Not exercised			
					Number of shares exercised (thousand shares)	Subscription price of shares exercised (NT$)	Amount of shares subscribed through exercise (NT$ thousand)	Number of exercised shares as a percentage of total outstanding shares	Number of shares unexercised(thousand shares)	Subscription price of shares unexercised (NT$)	Amount of shares subscribed through exercise (NT$ thousand)	Number of unexercised shares as a percentage of total outstanding shares
Manager	President	Wang Shiu Ting	427	0.91% (Note1)	216.5	(Note 2)	31,686	0.46% (Note1)	210.5	137.9 168.0	29,660	0.45% (Note1)
	Chairman	Wang Hsing Lei										
	General Manager	Chen Ming Yi										
	Senior Assistant General Manager	Lee Cheng Chung										
	Assistant General Manager	Chang Mu Lan										
	Assistant General Manager	Hu Chiu Chih										
	Assistant General Manager	Wu Chih Hao										
	Section Chief (Note 3)	Lin Shu Juan										
Staff	Lan Wei Cheng		199	0.42% (Note1)	106	(Note 2)	15,321	0.22% (Note1)	93	137.9	12,825	0.20% (Note1)
	Chang Wen Pin											
	Chu Wen Kai											
	Andy Edwards											
	Bill Brown											
	Ladislav Sloup											
	Amine Soubai											
	John Otott											
	Kevin Aie											
	Kevin Odonnell											

Note 1：Calculated based on 47,150,134 shares outstanding as of 2024.04.20。

Note 2：The original subscription prices of the first and second employee stock option certificates issued in 109 were $159.9 and $194.8, and the subscription prices were adjusted to $137.9 and $168 due to the cash and stock dividends issued in 2023.08.

Note 3：On 2024.03.15 of the Board of Directors appointed Accounting Manager Chen Yen-Han as the Accounting Supervisor, while the former Accounting Supervisor, Lin Shu Juan, stepped down.。

VI. Employee restricted shares: None.

VII. Status of new share issuance in connection with mergers and acquisitions: None.

VIII. Progress on planned use of capital: None.

Five. Operational overview

I. Business activities

(I) Scope of operation

1. The Company's main line of business: the manufacturing and distribution of barcode printers, labels and printer consumables and parts and accessories for barcode printers.

2. Revenue mix

Unit: NT$ thousand; %

Key products \ Year	2022		2023	
	Turnover	Revenue mix	Turnover	Revenue mix
Barcode printers	4,447,035	55.8%	4,478,885	53.6%
Labels and printer consumables	2,981,908	37.4%	3,299,691	39.5%
Barcode printer components and others	537,975	6.8%	573,186	6.9%
Total	7,966,918	100.0%	8,351,762	100%

3. Products and services currently provided by TSC
   (1) Barcode printers: development, production and distribution of direct thermal and thermal transfer barcode printers and products.
   (2) Labels and printer consumables: production and distribution of labels and printer consumables.
   (3) Parts, accessories and others: accessories and consumables for barcode printers, including optional items such as keyboards, printers; production and distribution of wash label cutters, thermal transfer ribbons, direct thermal wristbands and revenues from global warranty plan.

4. New products planned for development
   (1) Thermal transfer/direct thermal industrial barcode printers.
   (2) Thermal transfer/direct thermal desktop barcode printers.
   (3) Mobile direct thermal barcode printer.
   (4) Bar code verification detector.
   (5) Bar code label printing solution.

(II) Industry overview

1. Current status and development of the industry
   Overall, the growth of the barcode label printing industry is mainly driven by several factors, including the continuous advancement of technology and the continuous expansion of application scope, especially after the Covid-19 pandemic, the rapid development of logistics, e-commerce and retail industries

and the increasing demand for production efficiency and product traceability have further promoted the growth of the barcode label printer market.

(1) Continuous advancement of technology: The technology of barcode label printers continues to improve, including the improvement of printing resolution, increase of printing speed, and improvement of printing durability, which enable the printer to print labels more quickly and accurately. They can also respond to various labeling needs of diversified applications.

(2) Automation and digital trends: With the development of automation and digital technology, barcode label printers are becoming more and more widely used in various industries. Many enterprises are starting to consider using automated label printers to improve production efficiency, reduce labor costs, reduce downtime and automated inventory management.

(3) Application expansion: The application scope of barcode label printers continues to expand, not only limited to traditional commodity labels, but also includes logistics labels, mailing labels, production batch labels, horticultural labels, medical labels, and more. As the application scope expands, the demand for printers is also increasing.

(4) Increased awareness of environmental protection: With the increasing awareness of environmental protection, many enterprises have begun to pay attention to the environmental protection performance of their printers, including the use of environmentally friendly materials, energy conservation and emission reduction. Therefore, the design of some new barcode label printers focuses more on energy saving and carbon reduction and the recycling of materials.

(5) Intense competition in the industry: The barcode label printer market is fiercely competitive. Many well-known manufacturers have launched new products one after another to continuously improve product performance to meet the growing needs of customers. This has also driven the continuous development and innovation of the market.

However, in 2023 years, the global barcode label printer market has shown a significant shrinking trend. There are many reasons for this trend, mainly including the previous supply chain problems and the gradual resolution of the product supply problem in 2021/2022, which led to the incomplete digestion of the channel inventory in 2023, which in turn led to a significant decline in the willingness of major distribution agents to stock These problems are expected to bring some uncertainties to the development of the first half of 2024.

2. Future development of the industry

Apart from solving the problem of excessive inventory in channels, barcode label printers are expected to grow steadily in the next few years. This is mainly due to the popularity of smart factories, the increase in demand for RFID integration, the expansion of e-commerce and online retailing, and the integration of enterprise resource planning (ERP) platforms driven by the growing emphasis on sustainability and environmental labeling practices.

(1) Increased automation of logistics:

As global economic growth slows, businesses are looking for ways to reduce costs and simplify processes. Labor shortages during COVID-19 continue to affect all industries. Therefore, logistics automation is expected to further expand, especially as some major retailers are investing in automated dock loading and unloading equipment and barcode quality is critical to the success of automation. This is because a defective barcode may cause the automation to fail. Barcode detection technology solution equipped with the printer can grade barcodes according to ISO standards and store detailed reports for each label. This cost-effective process eliminates manual errors and prevents expensive refunds or fines due to unreadable barcode labels, and ensures reliable printing in logistics applications.

(2) Increased traceability requirements:

The rise of e-commerce during the pandemic has had a profound impact on the supply chain. Consumers and stakeholders are now demanding greater transparency from manufacturers and enterprises. They not only want to know the delivery time of items, but also the entire logistics process. Consumers expect real-time tracking barcodes for the process and RFID label plays a key role in providing traceability and meeting these needs.

(3) Technological progress:

Bar code printers now offer wireless connectivity options, enhancing their mobility and flexibility. In addition, the reliability and cost-effectiveness of thermal printing technology will continue to promote its application.

(4) Sustainability and environmental practices:

With the increasing awareness of environmental protection, more and more enterprises are looking for sustainable solutions, and barcode labeling and printers are no exception. Manufacturers are taking environmental protection into account by using recycled and recyclable materials to reduce energy consumption and minimize waste in the future. More energy-saving and carbon-reducing barcode printers are expected to appear on the market. Enterprises will also give priority to printers with longer service life and easy recycling to reduce the generation of e-waste.

(5) Smart printing and IoT integration:

The Internet of Things (IoT) is changing the way of logistics and supply chain management. Barcode printers will become smart devices. Integration with IoT devices to realize real-time data exchange and predictive maintenance will become a key function. By monitoring and analyzing the printer to identify potential failures and repair them in a timely manner to ensure continuous and efficient operation before a serious failure occurs.

This intelligence not only improves productivity and efficiency, but also makes logistics and supply chain management more flexible and reliable. By connecting to IoT devices, barcode printers can instantly update data and help companies track and manage inventory more accurately, and realize the application of intelligent technology of real-time adjustment and response, which will bring greater competitive advantages to enterprises, and provide more efficient, flexible and sustainable logistics and supply chain solutions.

(6) Enhanced security and anti-counterfeiting measures:

Counterfeit goods pose a major threat to supply chain and consumer safety. Barcode labels will include advanced security data functions, such as encrypted QR codes and RFID labels, and strict network encryption to ensure data security. These measures will help to verify products authenticity and prevent fraud.

(7) Mobile printing:

Mobile printing is critical to logistics and supply chain management, especially during field operations and delivery. It helps workers print labels in real time to ensure the accuracy and traceability of goods processing. The battery life and connection quality of the printers are guaranteed. It improves work continuity and communication stability, improves efficiency and customer satisfaction, and will become more important as the industry develops.

(8) Cloud-based printing solutions:

Cloud-based printing solutions are revolutionizing label design, management, and distribution. This trend will greatly simplify the collaboration process by allowing users to access label content, database, and print settings from any device with an internet connection. Improve extensibility and version control, so that team members can easily share and edit tags at the same time. In addition, the use of the cloud platform can also achieve seamless collaboration across different locations and departments, thereby improving work efficiency and communication effects. These features allow enterprises to manage their labeling and printing needs flexibly to better meet changes in market demand. With the popularity of cloud technology, cloud-based printing platforms will become an indispensable part of enterprises giving them a label management experience that is of higher efficiency and more convenience.

(9) Printing and automatic labeling system:

Automatic labeling systems bring convenience to industrial production and logistics. These integrated systems can effectively apply labels to products and improve the speed and accuracy of barcode printing and application, especially on high-speed production lines. They have raised efficiency and reduced error rates. These systems have become an indispensable part of the industry due to their automation and reliability. As technology advances, they will continue to bring innovation and benefits to the industry.

The future of barcode label printers will move towards automation, traceability, technological progress, sustainability, smart technology, security, integration enhancement and cloud solutions. Enterprises need to continue to adjust to respond to market demand and ensure the efficient and accurate automation of labeling in the supply chain and logistics improving production efficiency. Traceability ensures transparency of product distribution. Technological advancements bring innovative sustainable development needs, promoting environmental solutions and smart technology to improve operational efficiency. Security protects sensitive information.

2. Relationship between the upstream, midstream and downstream suppliers
In the domestic barcode label printer industry of Taiwan, the supply chain can be separated into raw material manufacturers (upstream vendors), barcode label printer manufacturers (midstream vendors) and various end users in respective businesses and domains (downstream vendors). The Company mainly produces various barcode printers and is in the mid-stream of the industry.

(1) Upstream industry

Our upstream vendors include manufacturers of various parts and components that are needed for our products, such as motors, power supplies, microprocessors, print heads, dynamic memory, flash memory, LCD and so forth. Examples include EDACPOWER (power supply manufacturer) and Kyocera (print head manufacturer) and so forth.

(2) Midstream industry

The mid-stream industry is the barcode label printing machine manufacturers. The global barcode label printing machine industry is dominated by large manufacturers in the US and Japan, such as Zebra Technologies and Honeywell from the US, SATO from Japan, and Toshiba Tec., while the large manufacturers in Taiwan are TSC and GoDEX.

(3) Downstream industries

Our downstream vendors include various enterprises and sectors that purchase our products and they comprise a large array of sectors, including logistics, warehousing, finance, healthcare, IT, retail, postal services, transportation and so forth. Examples include retailers such as Walmart, Costco, the Post Office and Railway Administration Bureau/Directorate General of Highways and so forth.

The vendors in the up/mid/downstream of the barcode label printer industry are illustrated in the figure below:

Upstream

Part and component sourcing

- Print heads
- Motors
- Power supplies
- LCD
- CPU
- Memory

Midstream

Barcode label printer manufacturing

- Overseas manufacturers: Zebra, Avery, Honeywell, Toshiba TEC, Sato
- Domestic manufacturers: TSC, GoDEX

Downstream

Distribution

- Distributors (Distributors)
- Value Added Resellers (VARs)
- Original Design Manufacturers (OEMs)
- System Integrators (System Integrators)
- Direct Sales (Direct Sales)

End users

- Manufacturing, warehousing: Storage space management, quality control, raw material inventory management, automated management, etc.
- Postal services, shipping: Post office, logistics, courier services, railway/highway administration, air freight, etc.
- Retail and franchise operators: Wal-Mart, Costco, 7-Eleven, etc.
- Healthcare industry: Drug and patient history data management, various specimen/sample management
- Service industry: Ticket printing, membership card production

3. Product development trends

   The future development of the barcode label printer industry will involve several key aspects:

   (1) Integration of IoT: Label printers will be integrated with IoT technology to achieve real-time monitoring, predictive maintenance and enhanced connectivity.

   (2) Advanced printing technology: Future printers will use advanced technologies such as thermal transfer, thermal and ink jet to provide higher-resolution, faster and more durable labels.

   (3) Automatic identification and data capture: The expanded adoption of automatic identification and data capture will improve productivity and support product safety and anti-counterfeiting.

   (4) Enhanced network security and data security: Security features such as encryption, authentication, and regulatory compliance will be used to protect sensitive information on labels.

   (5) Mobile printing solutions: The solutions that support printing from smart phones and tablet computers will be more widely used, and the development of mobile printers will be promoted through the improvement of wireless technology, which will enable more flexible printing in various environments.

   (6) Environmentally sustainable design: The manufacturer will continue to develop energy-saving printers with environmentally friendly materials and implement a consumables recycling program.

   (7) AI and machine learning: These technologies will be used to optimize the printing process, improve quality, and automate label design and layout.

   (8) Customization and personalization: The printers of the future will provide more customization and personalization options to meet the needs of customized packaging and branding in various industries.

   It can be foreseen that in the future, domestic and foreign manufacturers in the barcode label printing industry will seek upstream and downstream integration, and will also move towards more functional integration and intelligent development, sustainability, and mobility, which will jointly shape the barcode and label printer products meeting the changing needs of manufacturing, logistics, retail, healthcare and other industries.

4. Competition situation

   The global barcode label printer market is fiercely competitive. Most of the leading players are mainly American and Japanese manufacturers. There are both established and new entrants. The competition is based on continuous efforts to achieve differentiation through product innovation, pricing strategy, global influence and customer service. Maintaining or improving its market position includes the world's number one manufacturer Zebra Technologies from the US, SATO and Toshiba Tec from Japan, TSC Auto ID from Taiwan, and Honeywell from the US to name a few.

The Company, TSC Auto ID, is currently the world's top four barcode label printer manufacturers and the leader in this field in Taiwan. The Company has the development capability of independent R&D and manufacturing, and can also provide customers with diversified automation solutions. Due to the flexible use of business strategies and effective control of product costs, the Company currently sells in the global market under the self-owned brand of "TSC Auto ID". In addition to the expansion of the printer business, the Company has also acquired Diversified Labeling Solutions Inc., USA through the subsidiary in USA. Assets for business use to develop the business of printer peripheral consumables and label paper. In addition, the Company completed the acquisition of MGN sp. z o.o.. in June 2023 for 100% of its equity to further expand the business in the European label stock market.

(III) Overview of existing technologies and research and development

1. Level of technology for the Company’s line of business and research and development

Technology serves as the basis of the Company’s development. In light of rapid changes in the industry, TSC relies on its competent R&D team for the design and development of new products to ensure the Company’s competitiveness. Ever since the Company’s foray into the barcode label printer market, we have been actively involved in product development and innovation while actively nurturing our R&D talent. Most of our key technologies have been the fruit of independent research and development by TSC’s R&D team. With years of profound practical experience in the industry, extensive knowledge of the products and competence in development and innovation, our team is equipped with know-how in key technologies such as the mechanisms, circuitry and firmware of our products. Through our overseas distribution locations and feedback from downstream customers, we are able to collect relevant market information that enable us to predict future trends in product development and potential applications so that we can steer our independent development and new product designs in the right direction. The fact that TSC has been acknowledged by local and foreign customers on numerous occasions reflects our strength in product development and capacity for innovation. The Company is active in its market deployment for barcode printers of high-end and low-end models for vertical development for a more comprehensive product range. Our commitment to improving environmental-friendly products and solutions is unwavering with the goal to reduce enterprise resources wastes and to elevate sustainability. At the same time, we carry out research and development of related software and hardware systems, horizontal integration of systems, and expand product applications, so as to satisfy the market needs of each application fields.

2. Investment in R&D in the last year and up until the publication date of the annual report

Unit: NT$ thousand

Item \ Year	2019	2020	2021	2022	2023	2024.01.01 ~ 2024.04.20
R&D expenses	222,492	204,793	212,892	229,823	240,833	55,859
Operating incomes	5,856,888	5,683,808	6,848,808	7,966,918	8,351,762	1,875,486
R&D expenses as percentage of operating revenue	3.8%	3.6%	3.1%	2.88%	2.88%	2.98%

3. Technologies/products successfully developed in the last year and up until the publication date of the annual report
   (1) TH/DH series desktop thermal transfer/thermal barcode label printers
   (2) PEX-1000/PEX-2000 series automatic labeling application barcode label printing machine
   (3) MH241/MH241T/MH241P/MH261T Industrial Thermal Transfer Barcode Label Printing Machine
   (4) MB241/MB241T Industrial Thermal Transfer Barcode Label Printing Machine/Linerless Barcode Label Printing Machine
   (5) ML241/ML241P Industrial Thermal Transfer Barcode Label Printing Machine
   (6) ALPHA-30L/ALPHA-40L/ALPHA-40L RFID Label Printing Machine
   (7) TSC Console Remote Monitoring Software
   (8) TSC Standalone Creator Software
   (9) SOTI Connect IoT Management Solution Integrated Development

(IV) Long and short-term business development plans.

1. Short-term development plans

   (1) Product planning strategies:

   TSC Auto ID's short-term product planning strategy is to improve the performance and operation of barcode label printers and RFID printers, continue to innovate, upgrade product specifications and functions, so as to fully respond to enterprises with different types of printing needs and control and the future expansion and matching options are considered for customers.

   We also uphold the values of attaching importance to environmental sustainability, following the principle of environmental friendliness, and design energy-saving, recyclable, and more environmentally friendly products in terms of functions, packaging, and materials, such as linerless label printers, automatic labeling solutions.

Moreover, we will also develop suitable products and solutions for the target industries, such as: medical industry, manufacturing and logistics automation.

(2) Marketing planning strategies:

A. The company will focus on cultivating in key vertical markets, enhance brand awareness and trust through the successful cases of existing indicator customers, continue to expand the corporate customer base, and increase market share.

B. With the integration of DLS, MGN operations, TSC will be able to provide one-stop services for our customers by constructing a comprehensive network of global distribution.

(3) Production planning strategies:

Focus on optimizing the allocation of production lines and production areas to improve production efficiency and capacity, thereby improving product sales profits and price competitiveness.

(4) Operation management strategies:

Integrate and optimize the Group's information and operating systems, continue to improve processes, enhance collaboration and management efficiency, optimize cost structure, increase production efficiency, and increase gross profits, maintain the smooth operation of the supply chain, ensure timely delivery and meet customer needs, strengthen quality control, and ensure compliance to brand standards and customer expectations, promote the Company's products, increase brand awareness, and inspire sales to manage risks that may affect business and finance, in order to maintain the Company's long-term interests.

2. Long-term development plans

(1) Product planning strategies:

Aside from continuing to strengthen the functions of existing products and new services, it is expected to actively invest in the research and development of hardware and system technologies related to the automated identification industry, as well as software development and software and hardware solutions and system integration, in accordance with the current industry trends. In particular, the application of RFID technology, the advancement of wireless connection technology, and the development of environmental protection and sustainable products ensure that its products and diversified solutions can meet the needs of the market and remain competitive.

(2) Marketing planning strategies:

Strengthening the market stability of existing products, coupled with the addition of DLS and MGN which will open up new customer groups and

marketing channels, and actively promote product portfolio sales to improve business performance and achieve corporate growth goals.
In the future, we will further promote the competitive advantages of TSC Auto ID by combining barcode label printers, label consumables and global service plans with strategic partners to extend more value-added overall solutions to different vertical industries and end customers, while enhancing brand awareness and professional image.

(3) Production planning strategies:
We will continue to optimize production facilities to improve production efficiency and yield rate, and introduce green manufacturing to continue to reduce energy consumption and waste, and achieve the goal of sustainable development.

(4) Operation management strategies:
Establish an efficient talent management system, attract, train and retain outstanding talents, improve the overall quality of talents, and continue to invest in product and technology R&D and innovation to meet customer needs and maintain competitive advantages to meet the challenges of company growth and internationalization. Focus on brand building and market, positioning to differentiate from competitors, enhance brand awareness and value, actively expand market share, continue to develop new channels and markets, and cultivate channel partnerships. By combining environmental sustainability and social responsibility with the Company's long-term strategy and deepening of our channel partnerships, we are committed to serving the society, customers, employees and shareholders.

II. Market, production and sales overview

(I) Market analysis:

1. Primary regions of product distribution

Unit: NT$ thousand; %

By region		2022		2023	
		Turnover	Ratio %	Turnover	Ratio %
Domestic distribution		141,438	1.78%	112,789	1.35%
International distribution	Asia and other regions	2,191,156	27.50%	2,346,180	28.09%
	Europe	1,520,620	19.09%	1,852,472	22.18%
	Americas	4,113,704	51.63%	4,040,321	48.38%
Total		7,966,918	100.00%	8,351,762	100.00%

2. Market share
At present, the Company's market share is second only to the manufacturers in the United States and Japan, and it is one of the top four manufacturers of barcode label printers in the world. In the past, Asia was the main market for

sales, accounting for more than 40%. The layout of the Asian market is still open to emerging markets. Markets such as India and Southeast Asia are for deployment. Printronix's main products are high-end industrial barcode label printers, which strengthen the Company's strength in the field of industrial models. After the Printronix brand was added to the sales, the overall sales in Europe and the United States also accounted for more than 40%.

3. Demand and supply conditions for the market in the future and the market’s potential

   The barcode label printer market is showing a growth trend, mainly due to the expansion of the global supply chain and the booming e-commerce industry. The development of automation in the post-pandemic era has accelerated this trend, and enterprises are increasingly focusing on improving production efficiency, reducing risks, and ensuring workplace security. Therefore, the demand for automatic identification and data capture (AIDC) technology continues to grow, and barcode label printers, as an important part of it, have a promising market prospect.

   Market demand comes from e-commerce, manufacturing, and logistics industries. In e-commerce, enterprises need to effectively track and manage inventory to ensure accurate delivery of orders, and barcode label printers are a key tool to achieve this goal. Similarly, the commerce and logistics industries also need to track and manage products and goods accurately to improve production efficiency and reduce inventory costs.

   In the future, with the development of the Internet of Things (IoT) and big data technologies, the demand for barcode label printers may further increase. Bar code label printers can be integrated with IoT devices and big data platforms to achieve more intelligent and automated production and logistics management to drive market growth.

   In terms of competition, the Company has established a solid market position, has a small and medium-sized enterprise customer base and continues to expand the share of large corporate customers. The Company is committed to improving product quality, technology and service standards to maintain a competitive advantage. We also closely monitor market dynamics and continue to innovate to respond to competitive challenges and maintain a leading position.

   Overall, the barcode label printer market is full of opportunities and challenges. The Company will continue its efforts to achieve sustained growth and success. Through continuous improvement of products and services, seizing market opportunities, strengthening technological innovation, and close cooperation with customers, the Company will expand market share and maintain its solid leading position.

4. Competitive advantage

   (1) Costs of manufacturing and production technologies

   In the ever-changing barcode label printer industry, TSC has established three major production bases for printer products and two major production bases for consumables, including the United States and Europe. With its strong resilient R&D team and mature manufacturing technology, we continue to produce market-leading printer products and RFID barcode identification products in order to respond to the changing needs of the market.

As the production technology matures, TSC introduces barcode recognition technology to the production line, and establishes the automatic barcode quality identification and product parts tracking system, so that the production history of printer products and key parts of the printer can be completely recorded. With the newly launched products, our product line has not only become more complete, but the sales of industrial products have also increased year by year, and the production base has become more flexible, and can adjust the production balance of the three production bases at any time in response to capacity needs to ensure product supply. The Company has built its second factory in Yilan in 2023. If there is a demand for capacity expansion in the future, the production space will be more effectively used, and the production and warehousing space will be optimized to increase the capacity utilization rate and meet customer order needs.

(2) R&D capabilities

In the fast-growing high-tech industry, R&D capability can be said to be a decisive factor in the development of an enterprise. Continuous innovation will bring market-leading new products, new services, and new solutions to further create new market. The same is true for the barcode, label, and printer industry. Although the industry growth is not as fast as the consumer electronics industry such as notebook computers and smart phones, the rapid development of wireless networks and automation technology has also driven continuous advancement of automatic identification technology. In such industries, enterprises must continue to invest a large amount of R&D costs, purchase advanced R&D equipment and recruit elite R&D personnel, in order to maintain their own competitiveness and expand the market share of their products.

Apart from having a competent R&D team, TSC has also implemented internal training and programs to ensure the passing on of research experience and expertise. In 2023, the Company invested about NTD 240 million, or about 2.9% of the revenue in R&D, in the development of various models of barcode label printers.

In the first half of last year, the company completed the PEX2000, a new generation of 4-inch and the Company's first 6-inch print engine. In the second half of the year, it completed the new 2-inch and 4-inch desktop label printer TH/DH series in addition to the refinement of the hardware. The Company has also continued to invest in software development. The brand-new printer management software TSC CONSOLE online version and integrated software development tool kit (SDK) are about to enter the end of development. In addition, the Company continues to introduce different solutions to assist customers.

Furthermore, in response to the rising awareness of global environmental protection, the Company has also set a goal to connect with the world, investing manpower to change product packaging to recyclable environmental protection packaging materials by the end of 2025, and the products themselves use recycled materials as much as possible.

(3) Product quality

The Company's barcode label printing process has been certified by the international certification organization DNV GL Business Assurance, including the ISO9001 quality system, ISO14001 environmental management system, and ISO45001 occupational safety and health management standards, and many of our products have won the Taiwan Excellence Award for recognition. Whether it is factory manufacturing or product certification, TSC has always been a leader in related industries in Taiwan. Its products are sold all over the world, and have obtained certifications from various countries, including Energy Star and FSC certifications continuously. TSC is committed to environmental protection of the earth and corporate sustainability. TSC focuses on innovation and encourage employees to improve their daily operation patterns. In recent years, a number of electronic operations have been introduced to reduce human errors, improve manufacturing efficiency, and further practice standardized production to continue to improve product quality.

We are committed to rigorous supply chain management, strict cost control, and advanced manufacturing capabilities. We have demonstrated enough in the barcode label printing industry to be followed by other related companies and we continue to promote high-quality products to the world to meet customer needs generating revenues and profits for the enterprises.

5. Advantages, disadvantages and countermeasures for prospective development

The development prospect of barcode label printer is affected by many factors:

(1) Advantages

A. Correct market positioning:

As international brand names such as Zebra and Sato still dominate the market, TSC has sought to achieve market differentiation as a way to avoid direct competition from key players. Instead, the Company has committed itself to the development of multi-functional and high quality products according to the principle of market segmentation in order to build its product niche.

B. Flexible marketing strategy

TSC has distributed products across the world under its original brand name. In order to ensure its competitive edge, the Company has actively maintained close partnership with local distributors and endeavored to strengthen customer services in the hopes of elevating its brand to be the benchmark in the industry. With regards to market development for new products, the Company started out with strategic international

OEM/ODM alliances to familiarize itself with distribution channels in the market and establish its presence. Presently, the Company is primarily focused on the marketing of its own products, supplemented with brand promotion and after-sales services in order to increase revenue from marketing. In recent years, TSC Auto ID has been honored to receive many awards from international authorities, such as:

- 2020 Listed as one of the "Top 100 Fast Growing Companies" by CommonWealth Magazine.
- 2022 - 2023 Awarded Interbrand Taiwan's Best International Brand Potential Star for two consecutive years
- 2023 PEX2000 RFID print engine won the "Golden Award" of the 20th China IOTE 2023
- 2023 T6000e awarded as "China IoT Industry Innovative Product" by IoT Star 2023

C. Strong R&D capabilities and technical standards

Over the years, the Company has been dedicated to R&D and technical innovation. Apart from actively recruiting technical talent, the Company has also invested in relevant research and technical development projects in order to achieve full control of core technologies for our products and secure our place in the international market.

D. Excellent quality level

For many years, the Company has been committed to the establishment of a quality system, implementing the requirements of total quality control, and implementing strict quality control measures to ensure the improvement of product quality. The Company's barcode label printing machine manufacturing has passed the DNV ISO-9001 certification and registration. Following Alpha-2R, our products, MB240 and ML240 series, won the Taiwan Excellence Award again in 2020. We have been recognized for our persistence and efforts in quality policy and many of our barcode label printers have passed the Cerner Corporation's certification which can be used by our global customer base, which includes more than 2,700 hospitals and 4,150 licensed physicians.

(2) Disadvantages

A. Market price pressure:

The market competition is fierce, and the price pressure is great, which has a certain impact on the profit margin of barcode label printer manufacturers.

<u>Countermeasures</u>:

Develop new products and value-added services with unique functions or performance advantages to make differentiation, and reduce costs through optimization of production processes and supply chain management.

B. Uncertainty of international trade:

Uncertainty in international trade policies and trade frictions may have an impact on the global supply chain and market demand for barcode label printers.

Countermeasures:

Establish a comprehensive risk management plan, including market risk and policy risk assessment.

C. Environmental regulations: The strengthening of environmental regulations may bring additional costs and challenges to the design and manufacturing of barcode label printers.

Countermeasures:

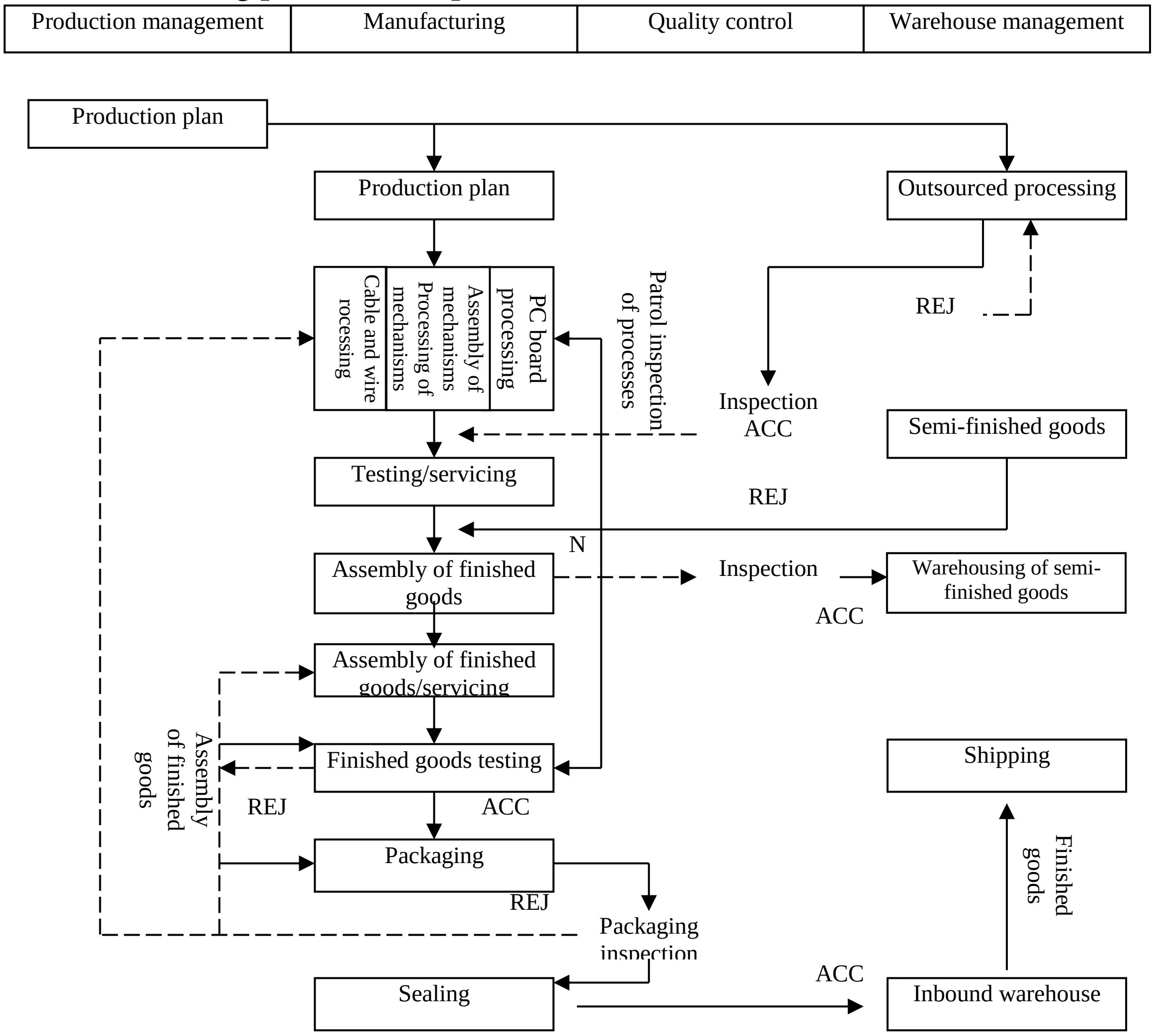
In terms of environmental regulations, the Company has always been a leader in relevant industries in Taiwan. In addition to passing the ISO14001 environmental management system, the Company continues to monitor changes in environmental regulations and new requirements to ensure that product design and manufacturing processes are adjusted in a timely manner to meet regulatory requirements.

(II) Usage and manufacturing processes for the company's main products

1. Important purpose of the product

Key products	Product contents	Main application and functions
Barcode label printer	Direct thermal/thermal transfer barcode label printer	Identification, tracking and management of raw materials/finished products/assets/ personnel/safety/services in logistics, manufacturing, retail, government agencies and healthcare industries
Parts, accessories and others	Direct thermal/thermal transfer barcode label printer related parts, components and replacement parts	Provision of barcode label printer auxiliary functions and services
Blank label	Paper for barcode label printer	Applications involving object identification, tracking and management

2. Manufacturing processes for products:



(III) Supply of main raw materials

TSC specializes in the production of barcode label printers and relevant consumables. Our primary materials include print heads, power supplies and adhesives. The Company has maintained positive relationships with all raw material suppliers over the years and all raw materials are in steady supply with zero incidences of supply disruption.

Primary materials	Key suppliers	State of supply
Print heads	Kyocera, ROHM, Toshiba, SHEC	Normal
Power supplies	EDACPOWER, Wearnes, Billion	Normal
Adhesives	Morgan, 3M	Normal

(IV) Names of customers that have contributed 10% or more of total received (distributed) products, the amount and ratio in either one year of the most recent two years and state the reason for change

1. Main suppliers in the last two years:

Unit: NT$ thousand; %

Item	2022				2023			
	Name	Amount	As a percentage of annual net purchases (%)	Relation ship with the issuer	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer Relation
1	Morgan	742,743	17.33%	None	Morgan	689,838	17.80%	None
2	Others	3,544,022	82.67%	None	Others	3,180,405	82.20%	None
	Net purchase	4,286,765	100.00%	–	Net purchase	3,874,895	100.00%	–

2. Main customers in the last two years:

Unit: NT$ thousand; %

Item	2022				2023			
	Name	Amount	As a percentage of annual net sales	Relationship with the issuer	Name	Amount	As a percentage of annual net sales	Relationship with the issuer
1	Others	7,966,918	100.00%	None	Others	8,351,762	100.00%	None
	Net sales	7,966,918	100.00%	–	Net sales	8,351,762	100.00%	–

(V) Production volume and value in the last two years

Unit: thousand units; NT$ thousand

Year	2022			2023		
Volume/Value Main products	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Barcode label Printer	840	726	2,707,093	774	701	2,610,615
Blank labels (Note)	–	–	2,555,276	–	–	2,637,469
Parts, accessories and others (Note)	–	–	1,053,802	–	–	1,058,035
Total	840	726	6,316,171	774	701	6,306,119

Note: Blank labels, parts, accessories, and others are not listed separately due to the extensive variety and vast differences in specifications. Comparison in quantity alone is meaningless.

(VI) Sales volume and value in the last two years

Unit: thousand units; NT$ thousand

Year	2022				2023			
volume/value / Main products	Domestic distribution		International distribution		Domestic distribution		International distribution	
Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Barcode label printer	18	106,815	682	4,343,130	14	87,454	682	4,391,431
Blank labels (Note)	-	-	-	2,981,617	-	-	-	3,299,691
Parts, accessories and others (Note)	-	34,242	-	501,114	-	25,335	-	547,851
Total	18	141,057	682	7,825,861	14	112,789	682	8,238,973

Note: Blank labels, parts, accessories, and others are not listed separately due to the extensive variety and vast differences in specifications. Comparison in quantity alone is meaningless.

III. Employees

2024.04.20

Year		2022	2023	As of 2024.04.20
Employee count	General staff	441	535	538
	Indirect employees	71	63	68
	Direct employees	442	504	495
	Total	954	1,102	1,101
Average age		40.97	40.42	40.77
Average years of service		6.53	6.86	7.04
Distribution of academic background %	Doctoral Degree	0.00	0.00	0.16
	Master's Degree	9.55	9.63	9.63
	University/College	45.85	47.52	47.98
	Senior high school	37.56	36.18	35.71
	Junior high school and below	7.04	6.68	6.52

IV. Contribution to environmental protection

The Company did not incur any losses (compensations) or fines due to pollution of the environment in the last year and up until the publication date of the annual report.

V. Labor-Management Relations

(I) Availability and execution of employee welfare, continuing education, training and retirement policies; elaborate on the agreements between employers and employees, and protection of employees' rights:

1. Employee welfare measures:

Below is a list of key benefits offered by the Company:

(1) Subscription to Labor Insurance and National Health Insurance, as required by laws. The Company takes the initiative to notify employees of available benefits, and provides guidance on how to claim benefits for the protection of their interests.

(2) Enroll all permanent employees in group insurance and overseas travel insurance, which covers life insurance, accident insurance, medical insurance, cancer insurance, and overseas trip insurance. The Company pays the full amount of premiums, which adds another layer of security to the work and life of employees and allow the parents of employees to participate in group insurance, to expand the company's care for employees' families, provide group insurance on-site services, and provide professional insurance consulting to employees to improve the livelihood security of individuals and their families.

(3) On the regular physical exams for employees, in addition to the statutory physical exams, the Company has added annual health examination items to take more comprehensive care of the physical health of employees. It is hoped that various screening tests will enable employees to achieve early detection and treatment of hidden health problems.

(5) The annual Sports Week event adds a step count contest to help colleagues develop the good habit of exercising in a fun way. In addition to exercising, employees can also relax physically and mentally.

(6) Aside from the physical health of employees, the Company implements a "mental counseling service" to take care of employees' mental health by professional counselors and monthly EAP mentality digests to complete the care in the workplace.

(7) Provide employee referral bonuses and encourage employees to refer outstanding talents with TSC's core values to join the Company and build a high-performing team with a common understanding.

(8) The Company provides new employees with special vacation days that are better than the law to help new employees adapt to their career changes, increase their retention rate, and improve the Company's competitiveness in the talent market.

(9) Integrate various welfare systems and supports, and issue the first version of the "TSC Lohas Guidelines" to give employees a more comprehensive understanding of the Company's care and provide employees in need with easier access to relevant information for application and use.

The Employee Welfare Committee is primarily responsible for arranging the following benefits:

(1) Birthday cash gifts
(2) Wedding, childbirth, funeral, and injury/disability subsidy
(3) Travel subsidy
(4) Club subsidy
(5) Monthly birthday events
(6) Educational scholarships for employees (spouse) and children
(7) Organizing festive events
(8) Selection and commendation of top-performing workers
(9) Employees who complete a certain number of years of service are rewarded with cash or gifts of equivalent value
(10) Childcare subsidy
(11) Talent and skill subsidy for employees and their children
(12) Special discount stores
(13) Quarterly networking activities

The Company has an Employee Welfare Committee, which was approved by the Yilan County Government under Letter No. Yi-She-Lao-Zi No. 0960200001. The committee consists of worker representatives elected by various departments. The committee holds regular meetings to organize benefits and activities for employees, offers a variety of club activities along with free fitness facilities and table tennis equipment, and promotes recreational and entertainment activities to help employees bond.

2. Pension system:

To stabilize the life of employees after retirement, the Company has established the "Employees Retirement Regulations" and established the Supervisory Committee of the Labor Retirement Reserve Fund, which has set up a special account for the labor pension fund. Since 2005.07.01, for employees who choose the new pension system, the Company will act according to the Labor Pension Act allocating 6% of employees' monthly salaries and wages as pension funds transferred into their personal accounts at the Bureau of Labor Insurance on a monthly basis. The Company pays on behalf of the employee for the voluntary payment rate by deducting from the employee’s monthly salary and transfer the amount to the individual pension account with the Labor Bureau. However, the Company uses the actuarial results of the actuaries for the withheld pension accounts of the Bureau of Labor Insurance but whose seniority before 2005.07.01 and the employees opting for the old pension system in accordance with the "Labor Standards Act", on a monthly basis, contributions to the pension fund are entrusted to the Labor Pension Fund Supervisory Committee, and the accounts in the Bank of Taiwan are deposited in the name of the Labor Pension Fund Supervisory Committee. The relevant system and execution are handled in accordance with the relevant laws and regulations. The Company's regulations governing the application of pension funds in accordance with the Pension Act are as follows:

(1) Retirement conditions

(I) An employee of the Company may voluntarily retire under any of the following circumstances:

1. Those with more than 15 years of service and at least 55 years of age
2. Those with more than 25 years of service

(II) An employee of the Company may be compelled to retire if he/she meets any of the following criteria:

1. Aged 60 or above
2. Mental or physical disability that is unfit for work

(III) The Company's employees who have served for at least 15 years and are at least 45 years old may apply for preferential retirement voluntarily, which shall be implemented after approval by the manager in charge:

Those who meet the above conditions must submit an application and follow the relevant procedures.

(2) Pension payment standard

The pension payment standards are as follows, which shall be paid within one month after the approved retirement:

(I) Seniority:

The service years are counted from the date of employment until the date of approved retirement. The service years are calculated in accordance with Chapter VII of the Company's Work Rules.

(II) Base: (services under the old system)

1. Two bases will be given for every full year of service. However, if the total number of years of service exceeds 15 years, one base will be given for every full year, up to a maximum of 45 bases. 0 years of service under half a year will be counted as half a year. The full six-month period shall be counted as one year.
2. For mandatory retirement of workers, if the mental loss or physical disability is caused by the performance of their duties, an additional 20% shall be paid in accordance with the provisions of the preceding paragraph.
3. The standard for the pension base is calculated based on the average monthly salary at the time of approved retirement (calculated in accordance with Article 2, Paragraph 4 of the Labor Standards Act).

(III) The retirement age shall be fully calculated in accordance with the date of birth recorded in the household registration.

For workers eligible for the New Labor Retirement System, the employer shall make monthly pension contributions for the workers on behalf of the workers and deposit them in the personal pension account established by the Bureau of Labor Insurance; the relevant pension contribution standards are as follows:

(I) The employer's monthly contribution to the labor pension shall not be less than 6% of the labor's monthly salary.

(II) The grading scale for monthly wage payment as stated in the preceding paragraph shall be prepared by the central competent authority and submitted to the Executive Yuan for approval.

(III) Employees may voluntarily contribute within 6% of their monthly wages. The voluntary labor contribution may be fully deducted from the total comprehensive income of the current year.

(3) Timing of pension payment

The pension shall be paid in full in one lump sum within 30 days after the retiree has been approved and has completed the resignation procedures. However, if the Company's operations or financial difficulties occur and the pension reserve fund provided in accordance with the law is insufficient, the instalment payment may be made after approval from the competent authority.

For workers covered by the New Labor Pension System, pension claims and pension calculation shall follow the Labor Pension Act and relevant laws and regulations.

(4) Time limit for claiming pension

Retirees claim for pension, which extinguishes due to non-use of pension for five years, starting from the month after retirement. No employee retired in 2023.

3. Education and training:

Talent is the most important asset of a company, and a company may grow only if its employees grow. The Company has implemented plans to raise the quality of its talent persistently and systematically, and by building a team of exceptionally talented individuals, the organization has the competitive advantage it needs to sustain growth.

Training courses are mainly divided into three categories: general studies, competence studies, and professional studies. The Company offers a variety of internal courses in these categories and encourages employees to attend external training courses.

Each year, the Company plans and budgets for annual training programs. Based on the results of the employee training needs survey, the current year’s key projects, and employee personal development plans, the Company plans and conducts courses to enhance employee competency and professional knowledge learning and cultivate and develop talents.

In addition, each department also offers different courses and diversified learning environments according to their professional abilities, such as: Learning plan for new recruits, factory tours, industry and product knowledge, business visits, professional training, cross-departmental on-the-job training, etc.

Education and training progress in the last year (2023):

Course category	Course sessions	Total participant count	Total hours	Total expenses (NT$ thousand)
Specialist training	148	1,506	3,812	1373.3
Management skill	4	50	564	
General knowledge training	72	1,240	2,370	
Total	224	2796	6746	

4. Work environment and protection of employees' safety:

   The Company has implemented standard operating manuals and protection measures in accordance with the Occupational Safety and Health Act and Regulations for the Occupational Safety and Health Equipment and Measures to ensure the safety of factory and office environments, as well as the safety of personnel.

   (1) Establishment of occupational safety and health inspection plan: safety and health facilities of the Company are inspected automatically to prevent accidents.

   (2) Employee health checkup: new and existing employees are subjected to regular health checkup and health management.

   (3) Occupational safety and health training: workers are trained regularly on safety, health, disaster prevention, and response.

   (4) Specialist training: all operators of hazardous machinery and equipment are required to comply with government rules by undergoing specialist training and obtaining certification from government-approved training institutions.

   (5) Occupational health and safety personnel: the Company has hired a class-1 manager of occupational health and safety affairs and a occupational health and safety manager in accordance with the laws.

   (6) Investigation of occupational hazard: occupational hazards and accidents are analyzed and reported to the labor inspection authority, with measures implemented to prevent recurrence.

   (7) Contractor management: communication channels have been established between contractors and the Company to discuss work safety and prevent occupational hazards.

   (8) Environment testing: the Company tests the noise level, chemical and drinking water of the work environment on an annual basis to ensure that the environment is safe for employees to operate in.

5. Employee service code of conduct:

   The Company has established a set of Employee Work Rules in accordance with the Labor Standards Act and related laws that outline the rights and obligations between labor and the employer for sound management as well as unity within the workforce. The work rules also include the following service code of conduct:

(1) Employees shall be loyal to their duties, comply strictly with all of the Company’s policies, and obey the supervision of their supervisors without excuse. Managerial personnel are expected to treat their subordinates with respect and offer appropriate guidance.
(2) Employees are expected to work diligently and deliver high-quality, productive results while reducing wear to the Company’s assets. Employees shall also maintain confidentiality of all secrets pertaining to their business activities or duties.
(3) Employees shall escalate work-related reports progressively up the reporting line, and may not skip levels when reporting except in emergency or special circumstances.
(4) Employees shall wear proper attire and ID badges according to rules of the Company. ID badges are to be returned to the Company upon replacement or resignation.
(5) Employees shall comply with safety and health regulations and rules of the Company, maintain safety, health, and cleanliness of the workplace and nearby environment, and take actions to prevent burglary, fire, and other hazards.
(6) Employees may not bring weapons, hazardous items (referring to controlled items listed in Article 4 of the Controlling Guns, Ammunition and Knives Act), contraband, or unrelated items into the workplace.
(7) Employees are not allowed to take company property out of the work premises without approval. Employees who wish to take company property outside the workplace may do so only after obtaining a permit from the department in charge of management.
(8) Employees may not leave their job posts without approval during work hours.
(9) Employees are not permitted to bring outsiders into the plant without the approval of the plant manager or above.
(10) Employees may not exploit their vested authorities for their own gains or the gains of others.
(11) Employees may not accept kickbacks or illicit gains in exchange for any actions at work, whether such actions are legitimate or illegitimate.
(12) Employees are required to swipe their cards in person when getting on or off work. No third party is allowed to swipe their cards on behalf of them. If any violation is verified, it will result in dismissal of both parties.
(13) Employees who clock in more than 15 minutes after work commencement time are treated as late arrival, and those who clock out more than 15 minutes before end-of-day are treated as early departure. Employees should apply for leave of absence when arriving more than 15 minutes late or leaving more than 15 minutes early; failure to comply will be deemed as unjustified absence.
(14) Employees who forget to clock in/out should obtain signed approval from the head of the department on the current day (for clock-in) or the next day

(for clock-out). Failure to do so within the prescribed period shall be deemed as absenteeism.

(15) Those who ask for leave during working hours must clock out before going out. If the employee is unable to clock out to get off work during business hours, it shall be approved with the signature and seal of the unit manager.

(16) Employees who are absent from work without applying or extending leave of absence are treated as unjustified absence.

(17) Employees shall tidy up their workplaces before leaving work. Managers are required to inspect the areas they are in charge of before leaving.

6. Labor-Management Agreement

Labor-management meetings are held in compliance with the Council of Labor Affairs' Regulations for Implementing Labor-Management Meeting, in which the Company appoints its representatives while employees elect their representatives. All labor-management meeting representatives shall serve a 4-year term. The representatives for the labor side may serve a following term if reelected and the representatives for the management side may serve a following term if reappointed. Labor-management meetings are convened once every three months in the presence of labor and management representatives to mediate labor-management relations, promote cooperation, and address workers' issues in advance. Issues concerning workers' benefits, worker safety and health, and production efficiency improvements are discussed during the meetings, and solutions are implemented with the consensus of both sides for mutual benefit.

(II) Losses as a result of employment disputes in the last year up and up to the publication date of the annual report: None.

VI. Cybersecurity Management

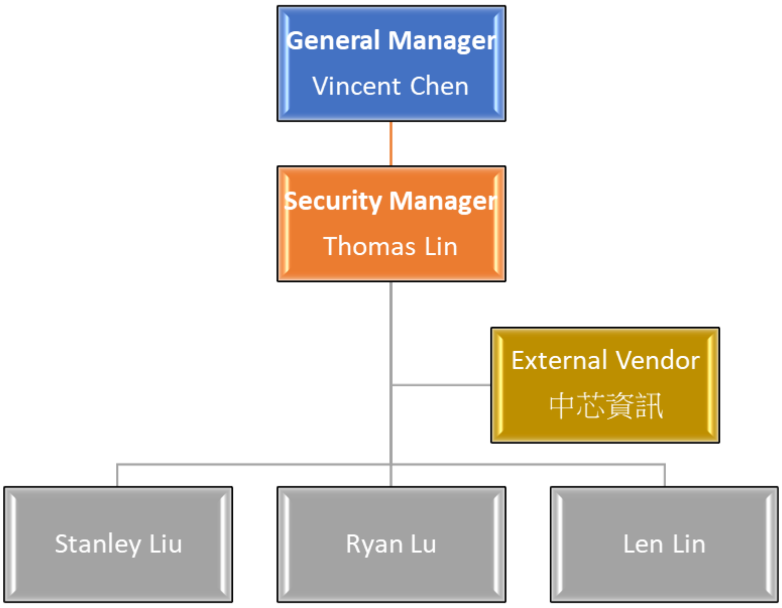
(I) Describe the structure of cybersecurity risk management, cybersecurity policies, specific management solutions, resources committed towards cybersecurity management and so forth.

1. Cyber security risk management framework

(1) Cybersecurity governance organization

The Company has formally established an enterprise information security team in 2022, and appointed a dedicated information security officer and dedicated information security personnel in May 2023 to coordinate the formulation, execution, risk management, and compliance verification of information security and protection related policies. The dedicated information security officer reports to the Board of Directors and the President at least once a year on the effectiveness of information security management, information security related issues and directions, and also appoints an outsourced information security vendor (SMIC) to assist in related technical planning, consultation and server monitoring. The "Information Security Management Policy Operation and Implementation" for 2023 was reported to the Board of Directors on 2024.03.15.

(2) Structure of cybersecurity organization



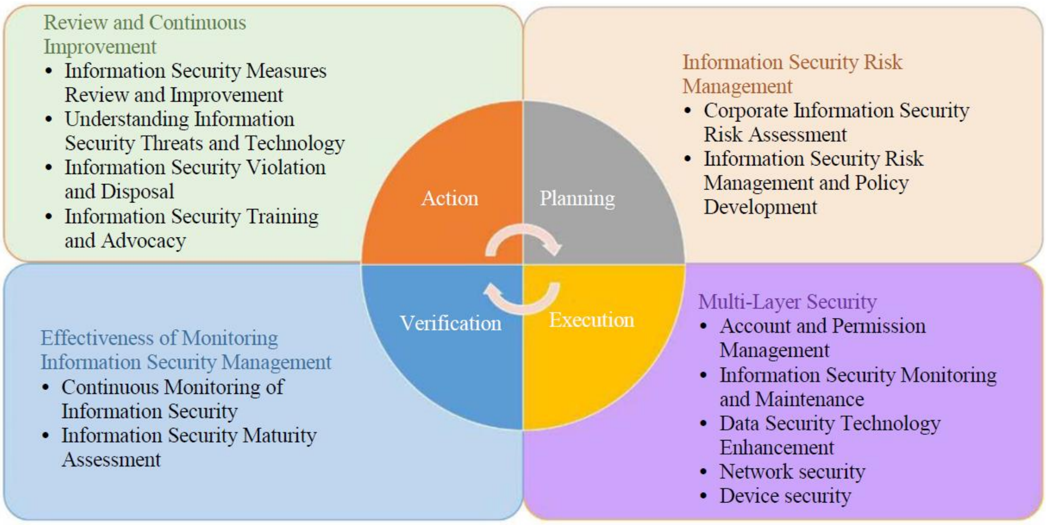
2. Cyber security management

(1) Corporate Information Security Management Strategy and Framework

The information security team is responsible for coordinating the promotion of information security management-related issues and holds regular information security meetings every month to review the applicability of information security policies and protection measures and report report on the effectiveness of implementation according to the management cycle of Plan-Do-Check-Act (PDCA).

The "planning stage" focuses on information security risk management, establishes a complete Information Security Management System (ISMS), reduces corporate information security threats from the systematic, technical, and procedural aspects, and establishes the protection of confidential information that meets customer needs. The "Execution Phase" of the service involves the construction of multi-layered information security protection, continuous introduction of innovative information security defense technologies, integration and internalization of information security control mechanism into software and hardware maintenance and other daily operating processes, systematic monitoring of information security, maintenance of the "review stage" of the confidentiality, integrity, and availability of key assets of the Company. Proactive supervision and audit is conducted to ensure the continued effectiveness of information security regulations. Information security indicators measurement and quantitative analysis of the “action stage” is conducted according to the review results principally for the purpose of review discussion and continuous improvements to practice supervision and monitoring and audit in order to ensure the continued effectiveness of information security standards. When employees violate relevant regulations and procedures, they will be handled according to the information security violation handling procedures, and personnel penalties will be imposed depending on the violation (including the employee's performance appraisal for the current year or necessary legal actions); Moreover, regularly review and implement improvement actions including information security measures, education and training, and promotion based on the performance indicators and maturity assessment results to ensure that the Company's important and confidential information is not leaked.

(2) Enterprise Information Security Risk Management and Improvement



3. Specific Management Solutions

Network security

.Fortified our network firewall and network control to prevent viruses from spreading across workstations or factories

Device security

.Installed endpoint virus protection measure on relevant office equipment and devices to strengthen the detection of malware
.Installed monitoring software on major system mainframe and performed routine scans to ensure mainframe security

Data security

.Established document management system, strengthened document classification and data protection
.Outgoing mail backup and control
. Strengthening of server backups in compliance with the 321 Principles

Education and training

.Routine notification on cybersecurity awareness and warnings to bolster employees' awareness for cybersecurity
. Information security training organized from time to time
. Information security personnel have completed the EC-CONSEIL ECIH information security crisis controller certification course

4. Resources committed towards cybersecurity management

(1) Outcome of corporate cybersecurity promotion in 2023

All of our new employees (more than 30) have completed their cybersecurity and protection training

100%

Sent a total of 6 cybersecurity promotional emails to employees as a way to highlight crucial regulations for cybersecurity and cautions

6 pieces of cybersecurity promotional emails

Percentage of our employees have been subjected to disciplinary actions due to violation of relevant cybersecurity and confidential information protection procedures:

0%

The information security documents were formulated in accordance with the information security management and control guidelines for listed companies.

16 information security documents

(2) The Company continues to invest resources in information security-related fields. In 2023, the investment in information security projects cost about NT$3 million. Resource investment includes building a sound infrastructure, strengthening information security defense equipment and education and training, etc., to improve information security

governance capabilities and Improve information security protection mechanism.

Unit: NTD

Projects or Investment Projects	Amount
One-year license for backup software	186,900
Email backup	180,000
Three-year license for anti-virus software	595,000
Endpoint protection software licensing	504,000
Firewall warranty update and protection module authorization	885,150
321-Backup Program	624,750
Destroyed 30 hard-disk drives (degaussing + puncturing)	9,713

(II) State the losses, potential impact and response measures towards major cybersecurity incidents the Company has incurred during last year until the publication date of annual report: None.

VII. Major contracts:

Nature of Contract	Party	Dates of Commencement and Termination of Contract	Main Contents	Restrictions
Mid-term loans	Yuanta Commercial Bank	2022/10/14 - 2025/10/14	NT$420 million	None
Mid-term loans	Bank Of Taiwan	2022/04/08 - 2025/04/08	NT$200 million	None
Mid-term loans	Far Eastern International Bank	2022/09/01 - 2025/09/01	NT$300 million	None
Mid-term loans	KGI Bank	2023/03/27 - 2026/03/13	NT$300 million	None

Six. Financial Overview

I. Summary Statement of Financial Position and Statement of Comprehensive Income for the last 5 years

(I) Summary Statement of Financial Position

1. Summary consolidated Statement of Financial Position - IFRS-compliant

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,884,002	3,245,150	3,696,285	4,246,657	3,965,437
Property, plant and equipment		1,003,707	972,754	1,014,529	1,053,525	1,291,776
Intangible assets		1,423,963	1,293,796	1,200,367	1,258,990	1,666,622
Other assets		1,477,479	1,591,721	1,758,910	1,735,597	2,033,508
Total assets		6,789,151	7,103,421	7,670,091	8,294,769	8,957,343
Current liabilities	Before dividend	2,083,708	1,973,270	2,200,537	2,421,498	2,249,868
	After dividend	2,508,477	2,398,039	2,667,783	2,974,283	(Note 2)
Non-current liabilities		1,540,409	1,578,936	1,381,411	1,122,546	1,246,204
Total liabilities	Before dividend	3,624,117	3,552,206	3,581,948	3,544,044	3,496,072
	After dividend	4,048,886	3,976,975	4,049,194	4,096,829	(Note 2)
Equity attributable to owners of the parent company		3,165,034	3,551,215	4,088,143	4,750,725	5,461,271
Share capital		424,769	424,769	424,769	425,189	471,406
Capital surplus		568,892	577,665	592,852	615,845	676,011
Retained earnings	Before dividend	2,065,769	2,358,147	2,717,340	3,219,822	3,549,585
	After dividend	1,641,000	1,933,378	2,250,094	2,624,515	(Note 2)
Other equity		105,604	190,634	353,182	489,869	764,269
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before dividend	3,165,034	3,551,215	4,088,143	4,750,725	5,461,271

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
	After dividend	2,740,265	3,126,446	3,620,897	4,197,940	(Note 2)

Note 1: All financial information from 2019 to 2023 has been audited.
Note 2: 2023 earnings appropriation has yet to be approved in the shareholder meeting; hence no disclosure was made for the amount after distribution.

2. Summary standalone Statement of Financial Position - IFRS-compliant

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,509,507	2,447,356	2,781,317	3,005,875	2,421,668
Property, plant and equipment		510,920	491,812	474,642	464,074	447,753
Intangible assets		69,629	57,061	48,059	35,452	25,022
Other assets		2,954,328	3,328,022	3,631,638	4,090,050	5,196,712
Total assets		6,044,384	6,324,251	6,935,656	7,595,451	8,091,155
Current liabilities	Before dividend	1,781,790	1,542,318	1,776,128	1,970,958	1,559,084
	After dividend	2,206,559	1,967,087	2,243,374	2,523,743	(Note 2)
Non-current liabilities		1,097,560	1,230,718	1,071,385	873,768	1,070,800
Total liabilities	Before dividend	2,879,350	2,773,036	2,847,513	2,844,726	2,629,884
	After dividend	3,304,119	3,197,805	3,314,759	3,397,511	(Note 2)
Share capital		424,769	424,769	424,769	425,189	471,406
Capital surplus		568,892	577,665	592,852	615,845	676,011
Retained earnings	Before dividend	2,065,769	2,358,147	2,717,340	3,219,822	3,549,585
	After dividend	1,641,000	1,933,378	2,250,094	2,624,515	(Note 2)
Other equity		105,604	190,634	353,182	489,869	764,269
Treasury stock		0	0	0	0	0
Total equity	Before dividend	3,165,034	3,551,215	4,088,143	4,750,725	5,461,271
	After dividend	2,740,265	3,126,446	3,620,891	4,197,940	(Note 2)

Note 1: All financial information from 2019 to 2023 has been audited.

Note 2: 2023 earnings appropriation has yet to be approved in the shareholder meeting; hence no disclosure was made for the amount after distribution.

(II) Summary Statement of Comprehensive Income

1. Summary consolidated Statement of Comprehensive Income - IFRS-compliant

Unit: NT$ thousand, except for earnings per share which is in NT$

Item \ Year	Financial information for the most recent five years (Note)				
	2019	2020	2021	2022	2023
Operating incomes	5,856,888	5,683,808	6,848,808	7,966,918	8,351,762
Gross profits	2,201,856	2,022,823	2,275,377	2,647,459	2,807,221
Operating profit/loss	985,868	917,306	1,050,230	1,257,801	1,196,599
Non-operating incomes and expenses	12,552	26,183	32,673	89,593	60,186
Profits before tax	998,420	943,489	1,082,903	1,347,394	1,256,785
Current period net income from continuing operations	760,524	715,352	784,486	964,909	926,873
Loss from discontinued operations	0	0	0	0	0
Current net income (loss)	760,524	715,352	784,486	964,909	926,873
Other comprehensive income for the period (net of tax)	(29,471)	86,825	162,024	141,506	272,597
Total comprehensive income for the period	731,053	802,177	946,510	1,106,415	1,199,470
Net income attributable to owners of the parent company	760,524	715,352	784,486	964,909	926,873
Net income attributable to non-controlling interest	—	—	—	—	-
Total comprehensive income attributed to owners of the parent company	731,053	802,177	946,510	1,106,415	1,199,470
Total comprehensive income attributed to non-controlling interest	—	—	—	—	-
Earnings per Share	16.30	15.31	16.79	20.65	19.76

Note: All financial information from 2019 to 2023 has been audited.

2. Summary standalone Statement of Comprehensive Income - IFRS-compliant

Unit: NT$ thousand, except for earnings per share which is in NT$

Item \ Year	Financial information for the most recent five years (Note)				
	2019	2020	2021	2022	2023
Operating incomes	2,988,254	2,619,995	3,266,229	3,865,879	3,784,488
Gross profits	1,228,879	1,085,450	1,182,368	1,418,623	1,483,056
Operating profit/loss	774,139	706,595	743,728	794,105	765,937
Non-operating incomes and expenses	172,323	193,121	245,439	416,868	380,464
Profits before tax	946,462	899,716	989,167	1,210,973	1,146,401
Current period net income from continuing operations	760,524	715,352	784,486	964,909	926,873
Loss from discontinued operations	0	0	0	0	0
Current net income (loss)	760,524	715,352	784,486	964,909	926,873
Other comprehensive income for the period (net of tax)	(29,471)	86,825	162,024	141,506	272,597
Total comprehensive income for the period	731,053	802,177	946,510	1,106,415	1,199,470
Earnings per Share	16.30	15.31	16.79	20.65	19.76

Note: All financial information from 2019 to 2023 has been audited.

(III) Names of the auditors of the financial statement in the last 5 years and audit opinions

Year	2019	2020	2021	2022	2023
Certifying CPA	Wang I Wen Fan YouWei	Wang I Wen Fan You Wei	Lin Wen-Qin Fan You Wei	Chang Li Chun Fan You Wei	Chang Li Chun Fan You Wei
Audit opinions	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial analysis for the last 5 years

(I) Financial analysis for the last 5 years - Consolidated Financial Statements/IFRS-compliant

Analysis items (Note 2) \ Year		Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial position (%)	Debt-to-assets ratio	53.38	50.01	46.70	42.73	39.03
	Long-term capital to property, plant and equipment ratio	468.81	527.38	539.12	557.49	519.24
Solvency (%)	Current ratio	138.41	164.46	167.97	175.37	176.25
	Quick ratio	95.30	123.28	113.75	105.44	107.61
	Interest coverage ratio	21.88	27.15	43.36	48.25	22.24
Operating efficiency	Receivables turnover ratio (times)	6.39	5.23	5.68	5.99	6.18
	Average cash collection days	57	70	64	61	59
	Inventory turnover ratio (times)	4.68	4.28	4.54	3.69	3.43
	Payables turnover ratio (times)	6.38	6.93	7.04	7.30	7.98
	Average inventory turnover days	78	85	80	99	106
	Property, plant and equipment turnover ratio (times)	7.16	5.75	6.89	7.70	7.12
	Total asset turnover ratio (times)	0.94	0.82	0.93	1.00	0.97
Profitability	Return on assets (%)	12.88	10.71	10.90	12.37	11.29
	Return on shareholders' equity (%)	25.50	21.30	20.54	21.83	18.15
	Pre-tax profit as a percentage of paid-up capital (%) (Note 6)	235.05	222.12	254.94	316.89	266.60
	Net profit margin (%)	12.99	12.59	11.45	12.11	11.1
	Earnings per share (NT$) (Note 3)	17.93	16.84	18.47	22.71	19.76
Cash flow	Cash flow ratio (%)	45.58	57.00	43.25	26.93	62.46
	Cash flow adequacy ratio (%)	130.61	148.32	152.24	134.42	138.94
	Cash reinvestment ratio (%)	19.57	19.16	12.50	3.89	16.10
Degree of leverage	Degree of operating leverage	2.22	2.30	2.28	2.18	2.44

Analysis items (Note 2) / Year		Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
	Degree of financial leverage	1.05	1.04	1.02	1.02	1.05

Reasons for changes in financial ratios in the last two years. (Unnecessary if the variation was less than 20%)

1. Interest coverage ratio: The decrease by 54% is mainly due to the increase in bank borrowing interest expense in 2023.
2. Cash Flow Ratio/Cash Reinvestment Ratio: Due to the increase of NT$753,097 thousand in cash inflow from operating activities in 2023, the ratio increased by 132% and 314%, respectively.

Note 1: The financial information from 2019 to 2023 has been audited by CPAs.

Note 2: Below are the formulas used for the financial analyses:

1. Financial position
   (1) Debt-to-assets ratio = total liabilities / total assets.
   (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Interest coverage ratio = earnings before interest and tax / interest expenses for the current period.
3. Operating efficiency
   (1) Receivables turnover ratio (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities) for each period.
   (2) Average cash collection days = 365 / receivables turnover.
   (3) Inventory turnover ratio = cost of sales / average inventory balance.
   (4) Payables turnover ratio (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities) for each period.
   (5) Average inventory turnover days = 365 / inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = net sales / average net property, plant and equipment balance.
   (7) Total assets turnover ratio = net sales / total assets.
4. Profitability
   (1) Return on assets = (net income + interest expense (1 - tax rate))/average total assets.
   (2) Return on equity = net income / average net shareholders' equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (net income attributable to owners of the parent company - preferred share dividends) / weighted average outstanding shares (Note 3).
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital) (Note 4).
6. Degree of leverage
   (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 5).

(2) Degree of financial leverage = operating profit / (operating profit - interest expense).

Note 3: The above calculation of earnings per share shall take the following factors into account:

1. Weighted average outstanding common shares are used, instead of year-end outstanding shares.
2. Effects of cash issue and treasury stock are adjusted for the length of time the shares were in circulation, and reflected in weighted average outstanding shares.
3. If any additional shares were issued against capitalized earnings or capital surplus, full-year or half-year earnings per share is adjusted retrospectively, regardless of when the additional shares were issued.
4. For preferred shares that are cumulative and non-convertible in nature, all current-year dividends (whether distributed or not) are deducted from net income, or added to net loss. For preferred shares that are non-cumulative in nature, preferred share dividends are deducted from net income, but no adjustment is required for net loss.

Note 4: The cash flow analysis shall take the following factors into account:

1. Net cash flow from operating activities is taken from the amount of net cash in-flows from operating activities presented in the cash flow statement.
2. Capital expenditure refers to the amount of annual cash outflow for capital investments.
3. Increase in inventory is taken into the calculation only if the closing balance exceeds the opening balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividends include both common and preferred share cash dividends.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The issuer is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification has to be reasonable and consistent.

Note 6: For companies that issue shares without face value or at any face value other than NT$10 per share, all above percentages that involve paid-up capital in the denominator shall be substituted with equity attributable to owners of the parent company instead.

(II) Financial analysis for the last 5 years - Standalone Financial Statements/IFRS-compliant

Analysis items (Note 2) \ Year		Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial position (%)	Debt-to-assets ratio	47.64	43.85	41.06	37.45	32.5
	Long-term capital to property, plant and equipment ratio	834.30	972.31	1087.04	1,211.98	1,458.86
Solvency (%)	Current ratio	140.84	158.68	156.59	152.51	155.33
	Quick ratio	123.12	141.18	131.34	123.92	124.97
	Interest coverage ratio	30.53	41.37	71.05	62.96	25.49
Operating efficiency	Receivables turnover ratio (times)	2.73	2.51	3.11	3.10	2.79
	Average cash collection days	134	146	117	118	131
	Inventory turnover ratio (times)	5.65	5.14	5.69	4.75	4.31
	Payables turnover ratio (times)	3.27	3.30	3.71	3.72	4.10
	Average inventory turnover days	65	71	64	77	85
	Property, plant and equipment turnover ratio (times)	5.83	5.23	6.76	8.24	8.3
	Total asset turnover ratio (times)	0.52	0.42	0.49	0.53	0.48
Profitability	Return on assets (%)	13.78	11.86	12.00	13.50	12.29
	Return on shareholders' equity (%)	25.50	21.30	20.54	21.83	18.15
	Pre-tax profit as a percentage of paid-up capital (%) (Note 6)	222.82	211.81	232.87	284.81	243.19
	Net profit margin (%)	25.45	27.30	24.02	24.96	24.49
	Earnings per share (NT$) (Note 3)	17.93	16.84	18.47	22.71	19.76
Cash flow	Cash flow ratio (%)	33.09	54.28	39.74	13.98	49.76
	Cash flow adequacy ratio (%)	119.10	133.46	138.72	121.94	120.22
	Cash reinvestment ratio (%)	5.36	9.98	6.52	(3.99)	4.10
Degree of leverage	Degree of operating leverage	1.69	1.64	1.69	1.87	2.04
	Degree of financial leverage	1.04	1.03	1.02	1.03	1.07

Analysis items (Note 2) / Year	Financial analysis for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Reasons for changes in financial ratios in the last two years. (Unnecessary if the variation was less than 20%) 1. Long-term capital fixed assets ratio: Mainly due to the injection of comprehensive income in 2023 that led to an increase in equity, resulting in the long-term capital fixed assets ratio increased by 20% . 2. Interest coverage ratio: The decrease by 60% is mainly due to the increase in bank borrowing interest expense in 2023. 3. Cash Flow Ratio/Cash Reinvestment Ratio: Due to the increase of NT$500,244 thousand in cash inflow from operating activities in 2023, the ratio increased by 256% and 203%, respectively.					

Note 1: All financial information from 2019 to 2023 has been audited.

Note 2: Below are the formulas used for the financial analyses:

1. Financial position
   (1) Debt-to-assets ratio = total liabilities / total assets.
   (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Interest coverage ratio = earnings before interest and tax / interest expenses for the current period.
3. Operating efficiency
   (1) Receivables turnover ratio (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities) for each period.
   (2) Average cash collection days = 365 / receivables turnover.
   (3) Inventory turnover ratio = cost of sales / average inventory balance.
   (4) Payables turnover ratio (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities) for each period.
   (5) Average inventory turnover days = 365 / inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = net sales / average net property, plant and equipment balance.
   (7) Total assets turnover ratio = net sales / total assets.
4. Profitability
   (1) Return on assets = (net income + interest expense (1 - tax rate))/average total assets.
   (2) Return on equity = net income / average net shareholders' equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (net income attributable to owners of the parent company - preferred share dividends) / weighted average outstanding shares (Note 3).
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital) (Note 4).
6. Degree of leverage

(1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 5).

(2) Degree of financial leverage = operating profit / (operating profit - interest expense).

Note 3: The above calculation of earnings per share shall take the following factors into account:

Note 4: The cash flow analysis shall take the following factors into account:

1. Net cash flow from operating activities is taken from the amount of net cash in-flows from operating activities presented in the cash flow statement.
2. Capital expenditure refers to the amount of annual cash outflow for capital investments.
3. Increase in inventory is taken into the calculation only if the closing balance exceeds the opening balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividends include both common and preferred share cash dividends.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The issuer is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification has to be reasonable and consistent.

Note 6: For companies that issue shares without face value or at any face value other than NT$10 per share, all above percentages that involve paid-up capital in the denominator shall be substituted with equity attributable to owners of the parent company instead.

III. Audit Committee's Review Report of the latest financial statements

TSC Auto ID Technology Co., Ltd.

Audit Committee’s Review Report

The Company's Board of Directors has prepared the 2023 Business Report, Standalone Financial Statements, Consolidated Financial Statements and Earnings Distribution proposal. The Standalone Financial Statements and Consolidated Financial Statements have been audited by CPA Chang Li Chun and CPA Fan You Wei of Deloitte & Touche and has issued audit report on the above-mentioned Business Report, Standalone Financial Statements, Consolidated Financial Statements and Earnings Distribution proposal which have been reviewed by the Audit Committee and are found to be correct. We have issued this report in accordance with the Securities and Exchange Act and the Company Act.

For

2024 Annual General Meeting of TSC Auto ID Technology Co., Ltd.

Audit Committee convener: Ma Chia Ying

March 15, 2024

IV. Independent Auditors' Report on the latest consolidated and Standalone Financial Statements: Please refer to the Appendix 1 and Appendix 2.

V. Financial distress encountered by the Company and affiliated companies in the last year and up until the publication date of the annual report, and impacts on the Company's financial position: None.

Seven. Review and analysis of financial position and business performance, and risk management issues

I. Review and analysis of financial position

Unit: NT$ thousand; %

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	4,246,657	3,965,437	-281,220	-6.62%
Financial assets measured at fair value through other comprehensive incomes - non-current	1,098,160	1,354,200	256,040	23.32%
Property, plant and equipment	1,053,525	1,291,776	238,251	22.61%
Right-of-use assets	180,889	148,301	-32,588	-18.02%
Intangible assets	200,919	475,545	274,626	136.68%
Goodwill	1,058,071	1,191,077	133,006	12.57%
Deferred income tax assets	387,569	433,697	46,128	11.90%
Other non-current assets	68,979	97,310	28,331	41.07%
Total assets	**8,294,769**	**8,957,343**	**662,574**	**7.99%**
Current liabilities	2,421,498	2,249,868	-171,630	-7.09%
Non-current liabilities	1,122,546	1,246,204	123,658	11.02%
Total liabilities	**3,544,044**	**3,496,072**	**-47,972**	**-1.35%**
Share capital	425,189	471,406	46,217	10.87%
Capital surplus	615,845	676,011	60,166	9.77%
Retained earnings	3,219,822	3,549,585	329,763	10.24%
Other equity	489,869	764,269	274,400	56.01%
Total shareholders' equity	**4,750,725**	**5,461,271**	**710,546**	**14.96%**

Explanation to significant variations:

1. Financial assets measured at fair value through other comprehensive incomes - non-current: The investee's share price has increased.
2. Property, plant and equipment: Mainly due to additional purchase of equipment and acquisition of MGN sp. z o.o. resulting in an increase in property, plant and equipment.
3. Intangible assets: Change mainly due to the acquisition of MGN sp. z o.o.. that generates customer relationship.
4. Other non-current assets: Mainly due to the acquisition of MGN sp. z o.o.., therefore, the final payment of the acquisition deposited in the escrow account for the acquisition.
5. Other Equity Items: The difference was mainly due to an increase of NT$18,360 thousand in translation gains on the financial statements of foreign operating institutions and of NT$256,040 thousand in investment income from equity instruments measured at fair value through other comprehensive income or loss.

II. Review and analysis of financial performance

(I) Comparative analysis of operating performance:

Unit: NT$ thousand; %

Item	2022	2023	Amount increase (decrease)	Variation (%)
Net operating revenues	7,966,918	8,351,762	384,844	4.83%
Operating costs	5,319,459	5,544,541	225,082	4.23%
Gross profits	2,647,459	2,807,221	159,762	6.03%
Operating expenses	1,389,658	1,610,622	220,964	15.90%
Operating profits	1,257,801	1,196,599	-61,202	-4.87%
Non-operating income and (expenses)	89,593	60,186	-29,407	-32.82%
Profits before tax	1,347,394	1,256,785	-90,609	-6.72%
Income tax expense	382,485	329,912	-52,573	-13.75%
Net income for the period	964,909	926,873	-38,036	-3.94%
Analysis and explanation of variations: Due to an increase in interest income by NT$5,862 thousand, a decrease in exchange gains by NT$67,673 thousand, an increase in dividend income by NT$22,200 thousand, a decrease in losses from financial instruments measured at fair value through profit or loss by NT$40,317 thousand, and an increase in financial costs by NT$30,658 thousand, net non-operating income decreased by 32.82%.				

(II) Analysis of gross profit variation: not applicable as gross profit variation between the two years did not exceed 20%.

III. Review and analysis of cash flow

(I) Analysis of cash flow variations in the most recent year:

Unit: NT$ thousand

<table>
<tr><td rowspan="2">Beginning of the period Cash balance (1)</td><td rowspan="2">Net cash flow from operating activities for the year (2)</td><td rowspan="2">Net cash flow from investing and financing activities for the year (3)</td><td rowspan="2">Currency impact on cash and cash equivalents (4)</td><td rowspan="2">Cash surplus
(1)+(2)-(3)+(4)</td><td colspan="2">Financing of cash deficits</td></tr>
<tr><td>Investment plans</td><td>Financing plans</td></tr>
<tr><td>1,142,046</td><td>1,405,226</td><td>(1,488,094)</td><td>6,372</td><td>1,065,550</td><td>None</td><td>None</td></tr>
<tr><td colspan="7">Analysis of cash flow variations for the last year:
1. Operating activities: Net cash inflow of NT$1,405,226 thousand in the current period was mainly attributed to net income and non-cash expenses (depreciation).
2. Investing activities: The net cash outflow of NT$590,855 thousand in the current period is mainly due to the acquisition of MGN and the purchase of property, plant and equipment.
3. Fund-raising activities: The net cash outflow for the current period was NT$897,239 thousand, mainly due to the distribution of cash dividends and the repayment of loan and lease principal.</td></tr>
</table>

(II) Improvements for liquidity shortage and liquidity analysis: there is no liquidity shortage.

(III) Liquidity analysis for the next year:

<table>
<tr><td rowspan="2">Opening cash balance (1)</td><td rowspan="2">Net cash flow from operating activities for the year (2)</td><td rowspan="2">Net cash flow from investing and financing activities for the year (3)</td><td rowspan="2">Cash surplus
(1)+(2)+(3)</td><td colspan="2">Financing of cash deficits</td></tr>
<tr><td>Investment plans</td><td>Financing plans</td></tr>
<tr><td>1,065,550</td><td>1,500,000</td><td>(1,100,000)</td><td>1,465,550</td><td>None</td><td>None</td></tr>
<tr><td colspan="6">1. Analysis of cash flow variation for the next year:
(1) Net cash inflow from operating activities mainly comprises revenues generated from operations.
(2) Cash outflows mainly represent the Company's expectations toward operational requirements, capital expenditure, repayment of maturing bank loans, and cash dividend payments.
2. Remedial measures for projected cash surplus (deficit) and liquidity analysis: cash outflows projected for the coming year are mainly associated with operational requirements, which the Company intends to cover using cash inflow from operating activities, or bank borrowings at times of insufficient cash balance.</td></tr>
</table>

IV. Material capital expenditures in the last year and impacts on financial position and business performance: None.

V. Reinvestment policy for the last year, the main reasons for the profits/losses, the plan for improving re-investment profitability, and investment plans for the next year

(I) Reinvestment policy for the most recent fiscal year: the Company is primarily involved in the manufacture and sale of barcode label printers; its investment policies are to gain 100% ownership in upstream and downstream businesses.

(II) Main reasons of profit or loss:

Unit: NT$ thousand

Description / Item	Amount of 2023 profit (loss)	Main reasons of profit or loss	Improvement plans	Investment plan for the next year
TSC Auto ID (H.K.) Ltd.	228,001	Profit contribution from in China subsidiaries	Continue to expand the market and increase the number of customers to continuously increase the turnover.	The Company will adhere to the existing reinvestment policy and invest at an appropriate time depending on changes in the industrial environment.
TSC Auto ID Technology America Inc.	2,555	The regional economy cooled down, revenue declined slightly, and the overall profit was still maintained	Continue to expand the market and increase the number of customers to continuously increase the turnover.	
TSC Auto ID Technology EMEA GmbH	(13,080)	The European market economy has cooled, and the momentum of terminal demand and capital investment is weak.	Continue to expand the market and increase the number of customers to continuously increase the turnover.	
Tianjin TSC Auto ID Technology Co., Ltd.	230,188	The performance of the domestic and foreign markets has grown steadily, and the production costs and expenses have been properly controlled.	Continue to expand the market and increase the number of customers to continuously increase the turnover.	
TSC AUTO ID TECHNOLOGY ME, Ltd. FZE	(5,018)	The regional economy is cooling and revenue is declining.	Continue to expand the market and increase the number of customers to continuously increase the turnover.	
TSC AUTO ID TECHNOLOGY Spain, S.L.	231	The cost control is appropriate	Continue to expand the market and increase the number of customers to continuously increase the turnover.	

Description / Item	Amount of 2023 profit (loss)	Main reasons of profit or loss	Improvement plans	Investment plan for the next year
Printronix Auto ID Technology Co., Ltd	(463)	The sales business has been transferred to TSC, and only service revenue is maintained at present.	Plans to close business in the future	
Shenzhen Printronix Auto ID Technology Co., Ltd.	(1,600)	Disbanded		
Diversified Labeling Solutions, Inc.	129,839	The performance is stable and the cost control is appropriate.	Continue to expand the market and increase the number of customers to continuously increase the turnover.	The Company will adhere to the existing reinvestment policy and invest at an appropriate time depending on changes in the industrial environment.
Precisions Press & Label, Inc.	8,919	The performance is stable and the cost control is appropriate.	Continue to expand the market and increase the number of customers to continuously increase the turnover.	
TSC Auto ID Technology India Private Ltd.	(411)	It is mainly based on service income and has no sales income.	Adjust service income and improve profit structure.	
Mosfortico Investments sp. z o.o.	(26,356)	The acquired MGN paid various expenses for	It will be merged with MGN in the future.	
MGN sp. z o.o.	(6,507)	Amortization of intangible assets arising from acquisition premiums is recognized.	Through the cross-sales synergy of European affiliates, we continued to improve the sales performance in the European market.	

VI. Evaluation of risk management issues in the last year and up until the publication date of the annual report:

(I) Impacts of interest rate, exchange rate, and inflation rate on the Company's profitability in the last year and up to the publication date of the annual report, and response measures.

1. Interest rate: Interest expenses accounted for 0.71% of the Company's net operating revenues in 2023. These interest expenses had accrued primarily on bank loans that the Company had borrowed for working capital and hedging. Considering that they accounted for a small percentage of consolidated operating

revenues and profit, future interest rate changes should not cause any material impact on the Company’s overall operations or profitability.

2. Foreign exchange rates: The subsidiaries of the reinvestment business conduct transactions in the local currency with relatively insignificant exchange rate risks. For Taiwan, the sales revenue is denominated in USD, EUR, and CNY, while the payment is mainly in NTD, USD, CNY, and some Japanese Yen. These provide partial natural hedging. Our financial staff keep close contact with the foreign exchange departments of our banks for the latest exchange rate news from major domestic banks, to determine the amount of NTD. Given the possible appreciation or depreciation, the timing of foreign exchange settlement for exports is carefully selected, and the weights of various foreign currency accounts are appropriately adjusted. In addition, the hedging strategy of pre-sale of foreign exchange forwards is timely carried out to reduce the impact of exchange rate changes on the Company's profits. The basis is not only in accordance with the relevant laws and regulations promulgated by the competent authorities, but also in accordance with the Company's "Procedures for the Acquisition or Disposal of Assets".

3. Inflation: In recent years, inflation and raw material and energy prices continue to rise, and the Company increases the prices of some products in a timely manner to respond to the rising prices. Therefore, the inflation rate has no significant impact on the Company.

(II) Policies on high-risk and highly-leveraged investments, loans to external parties, endorsements/guarantees, and trading of derivatives; describe the main reasons for the profits/losses incurred and future response measures.

1. The Company focuses on its core business and invests primarily in entities that are involved in the barcode label industry. The Company does not engage in high-risk or highly-leveraged investments.

2. External party lending: Loans to external parties are arranged according to the Company's "External Party Lending Procedures" and are subject to the board of directors' resolution.

3. Endorsements and guarantees: All endorsements and guarantees to external parties are arranged according to the Company's "Endorsement and Guarantee Policy" and are subject to the board of directors' resolution.

4. Trading of derivatives:

(1) Policy: The Company trades derivatives primarily for hedging purpose, specifically to hedge against risk of changes in market exchange rate for existing or potential assets or liabilities.

(2) Main reasons for the profits/losses: due to exchange rate changes.

(3) Future response measures: The Company not only assigns dedicated personnel to oversee derivative transactions, but also conducts analyses, discussions, and assessments both on a regular and irregular basis to minimize exchange rate risks.

(III) Future research and development plans and projected expenses:

1. Short-term R&D focus:

Speeding up specification/function upgrades for existing products and reducing production costs in accordance with customer needs and trends of market development. The following R&D emphases have been planned for the short term:

(1) To develop industrial barcode printers in order to flesh out TSC's offerings of mid- to high-end products.

(2) To develop mobile barcode label printers that are more lightweight and compact for the mobile workforce.

(3) To develop diverse applications for existing products in target industries, such as healthcare industry and transportation industry. Through product development planning, TSC shall create automated solutions for different industries.

(4) To deploy in the RFID application market by providing desktop and industrial RFID printers to accommodate demands for relevant applications in different domains.

(5) In light of the changes in consumer behavior and the emergence of mPOS, the Company will expand its development of mobile barcode printers in conjunction with the use of smart devices to deliver comprehensive mobile printing solutions.

(6) With the existing customers of DLS as our basis, we shall implement cross-selling strategies by matching with existing products to provide one-stop services and in turn increase our market share.

2. Medium- and long-term R&D focus:

Apart from continuing to improve upon existing products and functions, the Company is expecting to actively commit to the development of AIDC-related hardware and system technologies in light of current industrial trends. TSC will also foray into the domain of software development and system integration as a way to boost its competitiveness.

3. Projected R&D expenses: The Company expects to commit NT$245,502 thousand of R&D expenses in 2024.

(IV) Financial impacts and response measures in the event of changes in local and foreign regulations:

The Company carries out business activities strictly in compliance with laws and rules of the competent authority, and encountered no change in local or foreign policy/regulation that affected its financial or business performance in the last year and up until the publication date of the annual report.

(V) Effect on the company’s financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

Technology changes rapidly, especially in the electronics industry. In addition to the risks, new product applications and derived business opportunities may also be generated. The Company always pays attention to the changes in technology and the industry, so that the Company can take relevant countermeasures.

(VI) Crisis management, impacts, and response measures in the event of a change in corporate image:

The Company has been dedicated to maintaining a sound corporate image and complying with regulations since it was founded. As of the publication date of the annual report, there has been no occurrence that compromised the corporate image.

(VII) Expected benefits, risks, and response measures in relation to mergers and acquisitions:

1. Expected Benefits:

The Company’s board of directors has on 2023.03.15, approved that the Company, through its 100%-owned subsidiary in Poland, Mosfortico Investments sp. z oo, acquires MGN sp. z o.o. for 100% of shares to develop the label paper business in Europe, to create synergy with the Polish subsidiary through the sales of the European subsidiary, and to complete the transaction on 2023.06.12.

To simplify the organizational structure of the Company and improve operating efficiency, the Board of Directors passed the merger of Mosfortico and MGN on August 9, 2023, and resolved to have Mosfortico as the surviving company and change the name of Mosfortico after the merger.

In addition, due to the consideration of business, operation and the fact that Mosfortico has no actual business activities as the holding company, the adoption of MGN as the surviving company will enable the surviving company to retain the records of MGN's debts and goodwill, and reduce the doubts of existing MGN customers. It is more beneficial for the Company to develop the label paper business in Europe than using Mosfortico as the surviving company. Therefore, the Company's board of directors resolved on November 8, 2023 to change the transaction structure and use MGN as the surviving company after the merger of MGN and Mosfortico.

2. Possible Risks and Countermeasures:

Raw material and energy prices fluctuations in Poland continue to rise as a result of the war between Russia and Ukraine.

3. Countermeasures:

Increasing product prices in response.

(VIII) Expected benefits, risks, and response measures associated with plant expansions: None.

(IX) Risks and response measures associated with concentrated sales or purchases:

The Company has a relatively diverse customer base, and no single customer accounted for more than 30% of net revenues in the current period. Given the recent efforts committed to marketing products under a proprietary brand, tightening the management of distribution channels, and exploring new products and markets, the Company should be able to diversify its customer base further in the future to support growth and eliminate risk exposure to a single product or customer group. For the above reasons, the Company expects no risk of sales concentration.

(X) Impacts, risks, and response measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest: None.

(XI) Impacts, risks, and response measures associated with a change of management: None.

(XII) Major litigations, non-contentious cases, or administrative litigations involving the company or any director, supervisor, general manager, person-in-charge, or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact on shareholders or security prices of the company; disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved, and progress as of the publication date of the annual report: None.

(XIII) Other significant risks and response measures:

Risk management framework

Risk management responsibility of various operations within the Company is divided and allocated among the following units:

(1) G.M Office:

Responsible for operational decision making and planning, feasibility assessment of risk management plans, assessment of all risk types, establishment of rules to be complied with in routine operations, and overall implementation and enforcement of risk management practices within the Company.

(2) Audit Office:

The Audit Office devises and executes annual audit plans based on risk assessment outcomes, and conducts special audits on an unscheduled basis to ensure the effectiveness of risk management solutions implemented.

(3) Finance Dept:

Responsible for the scheduling and planning of finance, and reducing exchange rate risk through various derivatives. Complies with applicable laws and rules, such as International Financial Reporting Standards (IFRS) and tax laws, to ensure the reliability of financial reporting and reduce accounting and taxation risks.

(4) MIS Dept:

Maintenance and management of systems, network, computer terminals, and related equipment, and reduction of networking and cybersecurity risks.

(5) Sales Dept:

Responsible for executing business plans in alignment with the Company's annual targets. Provides quotations, signs contracts, negotiates order timing, and performs services such as shipment, collection, customer complaint handling, sales return, restocking etc. The department is also responsible for determining credit limits for customers as a means to reduce business risk.

(6) R&D Unit:

Responsible for product development as well as search and analysis of information concerning intellectual property rights for the purpose of avoiding infringement.

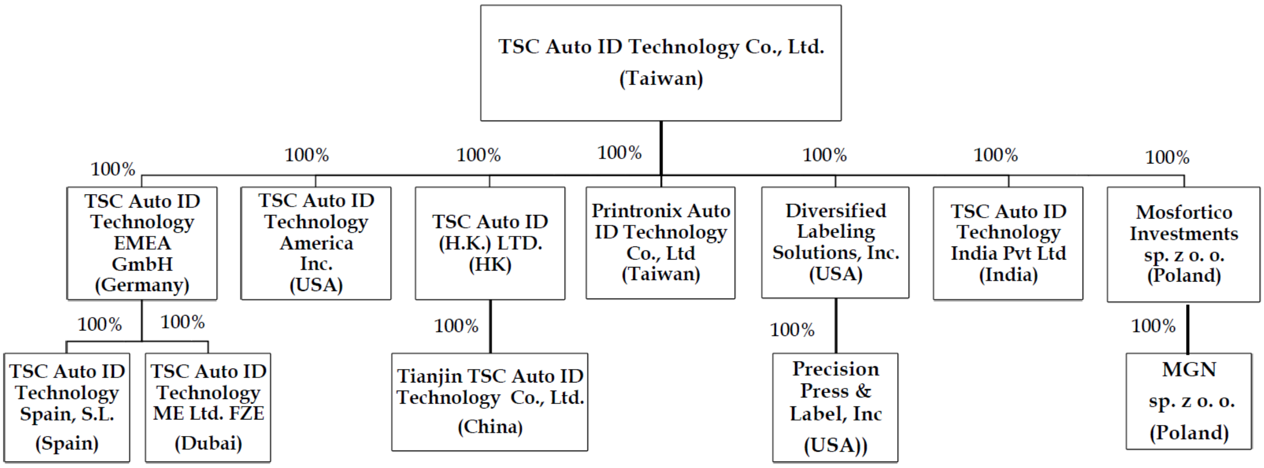
VII. Other material issues:

The Company has implemented comprehensive cybersecurity protection measures for network and computer equipment, along with a disaster recovery plan. Automated alerts and firewalls have been created for the e-mail system as security protections for system and data. No major abnormality has been discovered in this regard.

Eight. Special Disclosures

I. Summary of affiliated companies

(I) Affiliated enterprises chart



(II)Related information of related companies

2023.12.31；Unit：%；thousand dollars

Company Name	Date of set up	Address	Paid in capital	Ratio (%)	Main business items
Taiwan Semiconductor Corporation	1979.01	11th Floor, No. 205, Section 3, Beixin Road, Xindian District, New Taipei City	NT$ 2,634,855	5.62	Manufacture of rectifiers. Sales and import and export business
TSC Auto ID Technology EMEA GmbH	2007.03	GEORG-WIMMER-RING8B, D-85604 ZORNEDING, GERMANY	EUR 101	100	Sale of barcode printers and relevant components
TSC Auto ID (H.K.) Ltd.	2008.02	7/F, Chuang's Enterprises Building, 382 Lockhart Road, Wanchai, Hong Kong	USD1,500	100	Selling of a variety of labels and printer consumables
TSC Auto ID Technology America Inc.	2008.03	3040 Saturn Street, Suite 200, Brea, CA92821, USA	USD1,600	100	Sale of barcode printers and relevant components
Tianjin TSC Auto ID Technology Co., Ltd.	2008.05	The second floor of the production plant of Rongda Building, No. 51 Ninth Street, Tianjin Economic and Technological Development Zone	RMB10,500	100	Sale of barcode printers and relevant components

Company Name	Date of set up	Address	Paid in capital	Ratio (%)	Main business items
TSC AUTO ID TECHNOLOGY ME, Ltd. FZE	2011.11	BUILDING NO.7WA/ WESTWING, OFFICE NO. G009 POBOX NO.293673 DUBAI, UAE	AED 1,000	100	Sale of barcode printers and relevant components
TSC AUTO ID TECHNOLOGY Spain, S.L.	2012.12	08328 Alella (Barcelona), Avenida Ricra Principal Nr. 8.	EUR 3	100	Sale of barcode printers and relevant components
Printronix Auto ID Technology Co., Ltd	2015.12	9 Floor, No. 95, Minquan Road, Xindian District, New Taipei City	NT$5,000	100	Sale of barcode printers and relevant components
Shenzhen Printronix Auto ID Technology Co., Ltd. (Note)	2016.01	New World Business Center, No. 6009 Yitian Road, Fubao Street, Futian District, Shenzhen	RMB1,000	100	Sale of barcode printers and relevant components
Diversified Labeling Solutions, Inc.	2018.11	1285 Hamilton Pkwy, Itasca, IL 60143	USD 0.1	100	Selling of a variety of labels and printer consumables
Precisions Press & Label, Inc.	2011.07	900 N. Great Southwest Parkway, Suite 100 Arlington, TX 76011	USD 115	100	Selling of a variety of labels and printer consumables
TSC Auto ID Technology India Private Ltd.	2021.05	B-108, DAMJI SHAMJI CORPOARTE SQUARE LAXMI NAGAR, GHATKOPAR (E) MUMBAI Mumbai City MH 400075 IN	USD 100	100	Sale of barcode printers and relevant components
Mosfortico Investments sp. z o.o.	2023.02	28 Towarowa Street, 00-839 Warsaw, Poland	PLN 5	100	General investment
MGN sp. z o.o.	2013.12	78 Nowomiejska Street, 78-600 Warsaw, Poland	PLN 1,000	100	Selling of a variety of labels and printer consumables

Note : Approved by the Shun-Shen-Zi No. 11256107350 on October 17, 2023 for cancellation.

(III) It is estimated that there are no controlling or subsidiary relationships with the same shareholder information：None

(IV) The industries covered by the overall related businesses.

(1) The business items of the Company and its affiliates are the manufacture and sale of barcode printers, printer labels and consumables, barcode printer spare parts, etc. The range of applications for barcode label printers

continues to expand, not only in traditional commodity labels, but also in logistics labels, mail labels, production batch labels, horticultural labels, medical labels, and more

(2) For related businesses that have interrelated operations, it should be explained how they collaborate and divide their responsibilities: Please refer to the company's history and recent investment policy.

(V) Information on directors, supervisors and presidents of related companies

2023.12.31；Unit：%；Unit: Thousand shares; thousand dollars

Company Name	Title	Name or representative	Holding shares	
			No of shares or capital contribution	Ratio (%)
Taiwan Semiconductor Corporation	Chairman	Wang Shiu Ting	14,800	5.62
	Director	TSC Auto ID Technology Co., Ltd Representative：Wang Hsing Lei UMC Venture Capital company Representative：Liu Chang yu		
	Independent Director	Zhan Qian long, Lin Bo Sheng, Fan Hong Shu, Ma Shu Zhuang		
TSC Auto ID Technology EMEA GmbH	Director	TSC Auto ID Technology Co., Ltd Representative： Wang Hsing Lei、Sloup Ladislav、Amine Soubai	EUR 101	100
TSC Auto ID (HK) Ltd.	Chairman	TSC Auto ID Technology Co., Ltd Representative：Wang Hsing Lei	USD1,500	100
Tianjin TSC Auto ID Technology Co., Ltd.	Chairman	TSC Auto ID Technology Co., Ltd Representative：Wang Shiu Ting	USD 1,500	100
	Director	TSC Auto ID Technology Co., Ltd Representative： Wang Hsing Lei、Chen Ming Yi		
	Supervisors	TSC Auto ID Technology Co., Ltd Representative：Wang Shiu Feng		
TSC Auto ID Technology America, Inc.	Chairman	TSC Auto ID Technology Co., Ltd Representative：Wang Hsing Lei	USD33,000	100
TSC Auto ID Technology ME Ltd. FZE	Representative	TSC Auto ID Technology EMEA GmbH Representative：Sloup Ladislav	AED 1,000	100
TSC Auto ID Technology Spain, S.L.	Representative	TSC Auto ID Technology EMEA GmbH Representative：Sloup Ladislav	EUR 3	100
Printronix Auto	Chairman	TSC Auto ID Technology Co., Ltd	NT$5,000	100

Company Name	Title	Name or representative	Holding shares	
			No of shares or capital contribution	Ratio (%)
ID Technology Co., Ltd		Representative：Wang Shiu Ting		
	Director	TSC Auto ID Technology Co., Ltd Representative： Wang Hsing Lei、Huang Zhen Fang		
	Supervisors	TSC Auto ID Technology Co., Ltd Representative：Chen Ming Yi		
Shenzhen Printronix Auto ID Technology Co., Ltd. (Note)	Chairman	TSC Auto ID Technology Co., Ltd Representative：Wang Shiu Ting	USD 154	100
	Director	TSC Auto ID Technology Co., Ltd Representative： Wang Hsing Lei、Chen Ming Yi		
	Supervisors	TSC Auto ID Technology Co., Ltd Representative：Zheng Yi cheng		
Diversified Labeling Solutions Inc.	Chairman	TSC Auto ID Technology Co., Ltd Representative：Wang Hsing Lei	USD26,000	100
Precision Press & Label, Inc.	Chairman	Diversified Labeling Solutions Inc. Representative：Wang Hsing Lei	USD115	100
TSC Auto ID Technology India Private Ltd.	Director	TSC Auto ID Technology Co., Ltd Representative：JEETENDRA BHARATBHUSHAN JOLLY、Wang Hsing Lei、Lee Cheng Chung	USD100	100
Mosfortico Investments sp. z o.o.	Chairman	TSC Auto ID Technology Co., Ltd Representative：Chen Ming Yi	PLN67,084	100
MGN sp. z o.o.	Director	Mosfortico Investments sp. z o.o Representative：Chen Ming Yi、Amine Mohammed Soubai、John Michael Otott	PLN71,834	100

Note: Approved by the Shun-Shen-Zi No. 11256107350 on October 17, 2023 for cancellation.

(VI) Consolidated Financial Statements of related companies：Please refer to 【Appendix I】

(VII) Relationship report: None.

II. Private placement of securities in the last year and up until the publication date of the annual report

Not applicable (the Company did not make any private placement of securities in the last year and up until the publication date of the annual report).

III. Holding or disposal of the Company's shares by subsidiaries in the last year and up until the publication date of the annual report

Not applicable (no subsidiary has held or disposed the Company's shares in the last year and up until the publication date of the annual report).

IV. Other supplementary information:

Execution of TPEX-listing commitments: The Company has fulfilled all commitments made when applying for TPEX listing, and reports progress on a quarterly basis to the competent authority.

Nine. Occurrences of material impact

Occurrences significant to shareholders' equity or security price, as defined in Article 36, Paragraph 2, Subparagraph 2 of the Act, in the last year and up until the publication date of the annual report: None.

Appendix 1

2023 Consolidated Financial Statement

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 2023 (from January 1 to December 31, 2023). 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, 2024

Auditor’s Audit Report

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

Audit opinions

We have audited the consolidated balance sheet as of December 31, 2023 and December 31, 2022; the consolidated incomes statement from January 1 to December 31, 2023 and from January 1 to December 31, 2022; the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to December 31, 2023 and from January 1 to December 31, 2022 of TSC Auto ID Technology Co., Ltd. and its subsidiaries (“TSC Auto ID Technology Group”) and the notes to consolidated financial statements (including the summary of major accounting policies).

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, 2023 and 2022, consolidated financial performance from January 1 to December 31, 2023 and 2022 and consolidated cash flows from January 1 to December 31, 2023 and 2022.

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 Matters

Key Audit Matters are matters that we considered to be the most important, based on professional judgment, when auditing the 2023 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 Matters concerning the 2023 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 2023 and 2022 consolidated financial statements of TSC Auto ID Technology Group were financial statements of 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 22.47% and 20.99% of the total consolidated assets as of December 31, 2023 and 2022 respectively; The operating revenues of the subsidiaries accounted for 39.51% and 37.43% of the consolidated operating revenues in 2023 and 2022 respectively, and their total comprehensive income accounted for 11.15% and 17.64% of the total consolidated comprehensive income respectively.

TSC Auto ID Technology Co., Ltd. has prepared standalone financial statements for 2023 and 2022, 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 Matters after communicating with the governing body regarding the 2023 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, 2024

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

Consolidated Balance Sheet

December 31, 2023 and December 31, 2022

Unit: NT$ thousand

		December 31, 2023		December 31, 2022	
Code	Asset	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 1,065,550	12	$ 1,142,046	14
1110	Financial assets at fair value through profit or loss (Notes 7 and 29)	4,543	-	1,798	-
1170	Notes and accounts receivable, net (Notes 9, 30)	1,306,350	15	1,350,343	16
1200	Other receivables (Note 30)	31,221	-	51,116	1
1220	Income tax assets during the period	12,599	-	6,365	-
130X	Inventory (Note 10)	1,493,841	17	1,624,449	19
1410	Prepayments	50,454	-	69,070	1
1470	Other current assets	879	-	1,470	-
11XX	Total current assets	3,965,437	44	4,246,657	51
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 8 and 29)	1,354,200	15	1,098,160	13
1600	Property, plant and equipment (Note 12 and 31)	1,291,776	15	1,053,525	13
1755	Right-of-use assets (Note 13)	148,301	2	180,889	2
1780	Other intangible assets (Note 15)	475,545	5	200,919	2
1805	Goodwill (Note 14)	1,191,077	13	1,058,071	13
1840	Deferred income tax assets (Note 23)	433,697	5	387,569	5
1990	Other non-current assets	97,310	1	68,979	1
15XX	Total non-current assets	4,991,906	56	4,048,112	49
1XXX	Total assets	$ 8,957,343	100	$ 8,294,769	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 17)	$ 671,395	8	$ 876,515	11
2120	Financial liabilities at fair value through profit or loss (Notes 7 and 29)	-	-	1,984	-
2170	Accounts payable (Note 30)	691,237	8	698,489	8
2200	Other payables (Notes 18, 30)	570,129	6	430,321	5
2230	Income tax liability during the period	94,966	1	120,953	1
2280	Lease liability (Note 13)	87,535	1	92,735	1
2320	Long-term liabilities due within one year (Note 17)	8,875	-	63,000	1
2399	Other current liabilities	125,731	1	137,501	2
21XX	Total current liabilities	2,249,868	25	2,421,498	29
	Non-current liabilities				
2540	Long-term loans (Note 17)	611,154	7	557,000	7
2570	Deferred income tax liabilities(Note 23)	522,592	6	383,490	5
2580	Lease liability (Note 13)	49,622	1	95,534	1
2640	Net defined benefit liability (Note 19)	16,842	-	14,954	-
2670	Other non-current liabilities	45,994	-	71,568	1
25XX	Total non-current liabilities	1,246,204	14	1,122,546	14
2XXX	Total liabilities	3,496,072	39	3,544,044	43
	Equity (Note 20)				
	Share capital				
3110	Ordinary share capital	471,071	5	425,129	5
3140	Advanced receipt of share capital	335	-	60	-
3100	Total share capital	471,406	5	425,189	5
3200	Capital surplus	676,011	8	615,845	7
	Retained earnings				
3310	Legal reserve	770,477	9	673,504	8
3320	Special reserve	8,597	-	8,597	-
3350	Unappropriated earnings	2,770,511	31	2,537,721	31
3300	Total retained earnings	3,549,585	40	3,219,822	39
3400	Other equity	764,269	8	489,869	6
3XXX	Total equity	5,461,271	61	4,750,725	57
	Total liabilities and equity	$ 8,957,343	100	$ 8,294,769	100

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2024.)

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, 2023 and 2022

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

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating incomes (Notes 21, 30, 34)				
4110	Revenues	$ 8,351,762	100	$ 7,966,918	100
	Operating costs (Notes 10, 21, 30)				
5110	Cost of goods sold	5,544,541	67	5,319,459	67
5900	Gross profits	2,807,221	33	2,647,459	33
	Operating expenses (Notes 9, 21, 30)				
6100	Sales & marketing expenses	819,694	10	702,486	9
6200	Administrative expenses	550,095	6	457,349	5
6300	R&D expenses	240,833	3	229,823	3
6000	Total operating expenses	1,610,622	19	1,389,658	17
6900	Operating profits	1,196,599	14	1,257,801	16
	Non-operating incomes and expenses (Note 21)				
7100	Interest income	9,944	-	4,082	-
7190	Other incomes	84,253	1	67,109	1
7020	Other gains and losses	25,163	1	46,918	-
7050	Financial cost	(59,174)	(1)	(28,516)	-
7000	Total non-operating incomes and expenses	60,186	1	89,593	1
7900	Profits before tax	1,256,785	15	1,347,394	17
7950	Income tax expenses (Note 23)	329,912	4	382,485	5
8200	Current net income	926,873	11	964,909	12

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Items that are not to be reclassified to profit or loss				
8311	Remeasurement of defined benefit plan (Note 19)	($ 1,803)	-	$ 4,819	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive incomes (Note 20)	256,040	3	(55,335)	(1)
		254,237	3	(50,516)	(1)
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations (Note 20)	22,950	-	240,028	3
8399	Income tax components that may be reclassified (Note 23)	(4,590)	-	(48,006)	-
		18,360	-	192,022	3
8300	Other comprehensive income for the year (net of tax)	272,597	3	141,506	2
8500	Total comprehensive income for the year	$ 1,199,470	14	$ 1,106,415	14

	Net income attributable to:				
8610	Shareholders of the Company	$ 926,873	11	$ 964,909	12
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ 1,199,470	14	$ 1,106,415	14
	Earnings per share (Note 24)				
9710	Basic	$ 19.76		$ 20.65	
9810	Diluted	$ 19.50		$ 20.41	

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2024.)

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, 2023 and 2022

Unit: NT$ thousands, except as otherwise indicated

		Share capital					Retained earnings				Other equity			
Code		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 Financial assets measured at fair value through profit or loss Unrealized gain	Total	Total equity
A1	Balance on January 1, 2022	42,477	$ 424,769	$ -	$ 424,769	$ 592,852	$ 595,108	$ 8,597	$ 2,113,635	$ 2,717,340	($ 294,269)	$ 647,451	$ 353,182	$ 4,088,143
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 23, 27)	-	-	-	-	1,984	-	-	-	-	-	-	-	1,984
N1	Share-based compensation – employee stock options (Note 25)	-	-	-	-	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
G1	Exercise of employee stock options	342	3,420	275	3,695	49,486	-	-	-	-	-	-	-	53,181
	Appropriation and distribution of 2022 earnings													
B1	Legal reserve	-	-	-	-	-	96,973	-	(96,973)	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	(552,785)	(552,785)	-	-	-	(552,785)
B9	Stock dividends to the company's shareholders	4,252	42,522	-	42,522	-	-	-	(42,522)	(42,522)	-	-	-	-
D1	2023 net income	-	-	-	-	-	-	-	926,873	926,873	-	-	-	926,873
D3	2023 other comprehensive income - after tax	-	-	-	-	-	-	-	(1,803)	(1,803)	18,360	256,040	274,400	272,597
D5	Total comprehensive income of 2023	-	-	-	-	-	-	-	925,070	925,070	18,360	256,040	274,400	1,199,470
N1	Share-based compensation – employee stock options (Note 25)	-	-	-	-	10,680	-	-	-	-	-	-	-	10,680
Z1	Balance on December 31, 2023	47,107	$ 471,071	$ 335	$ 471,406	$ 676,011	$ 770,477	$ 8,597	$ 2,770,511	$ 3,549,585	($ 83,887)	$ 848,156	$ 764,269	$ 5,461,271

The notes are an integral part of these consolidated financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2024.)

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 Statements of Cash Flow

From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Pre-tax profit for the current period	$ 1,256,785	$ 1,347,394
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	222,217	193,442
A20200	Amortization	75,411	80,406
A20300	Expected credit losses (reversal gains)	7,450	(3,487)
A20900	Financial cost	59,174	28,516
A21200	Interest income	(9,944)	(4,082)
A21300	Dividend income	(59,200)	(37,000)
A21900	Cost of employee stock options	10,680	14,713
A22500	Loss (gain) on disposal of property, plant and equipment	(853)	4,467
A23700	Loss for market price decline and obsolete inventory	17,636	27,799
A24100	Unrealized foreign exchange (gains) losses	2,968	(44,802)
A29900	Gain on lease amendment	(19)	(621)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	(2,745)	1,263
A31150	Notes and accounts receivable	101,567	22,229
A31180	Other receivables	23,571	(28,274)
A31200	Inventory	186,894	(417,741)
A31230	Prepayments	28,016	(36,731)
A31240	Other current assets	594	158
A31990	Other non-current assets	2,889	662
A32110	Financial liabilities held for trading	(1,984)	1,541
A32150	Accounts payable	(119,118)	(129,093)
A32180	Other payables	(25,001)	8,333
A32230	Other current liabilities	(25,509)	(25,850)
A32240	Net defined benefit liability	85	42
A32990	Other non-current liabilities	(27,808)	17,577
A33000	Cash inflows from operating activities	1,723,756	1,020,861
A33100	Interest received	9,749	4,220
A33500	Income tax paid	(328,279)	(372,952)
AAAA	Net cash flows from operating activities	1,405,226	652,129

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Code		2023	2022
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	$ -	($ 84,535)
B02200	Net cash outflow for acquisition of subsidiary (Note 26)	(358,490)	-
B02700	Purchase of property, plant and equipment	(147,223)	(85,236)
B02800	Proceeds from sale of property, plant and equipment	979	2,031
B03700	Increase in refundable deposits	(2,544)	(470)
B03800	Decrease in refundable deposits	205	5,321
B04500	Purchase of intangible assets	(22,537)	(15,152)
B06500	Increase in other financial asset	(44,660)	-
B07100	Increase in equipment prepayments	(75,785)	(59,153)
B07600	Dividends received	59,200	37,000
BBBB	Net cash outflows from investing activities	(590,855)	(200,194)
	Cash flows from financing activities		
C00100	Increase (decrease) in net short-term loans	(201,201)	320,151
C01600	Borrowing of long-term loans	300,000	280,000
C01700	Repayment of long-term loans	(327,473)	(560,000)
C03000	Collect the guarantee deposits received	-	84
C03100	Return of guarantee deposits received	(219)	(317)
C04020	Repayment of lease principals	(111,973)	(111,120)
C04500	Cash dividends paid	(552,785)	(467,246)
C04800	Exercise of employee stock options	53,181	6,716
C05600	Interest paid	(56,769)	(26,894)
CCCC	Net cash outflows from financing activities	(897,239)	(558,626)
DDDD	Currency impact on cash and cash equivalents	6,372	48,858
EEEE	Net decrease in cash and cash equivalents	(76,496)	(57,833)
E00100	Cash and cash equivalents at the beginning of the year	1,142,046	1,199,879
E00200	Cash and cash equivalents at the end of the year	$ 1,065,550	$ 1,142,046

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2024.)

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

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

Notes to Consolidated Financial Statements

From January 1 to December 31, 2023 and 2022

(Unit: NT$ thousand unless otherwise indicated)

I. Company history

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

The composition of the Company's consolidated financial statements includes the Company and its subsidiaries (hereinafter referred to as the "consolidated company").

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

II. Dates and procedures of approving financial reports

The consolidated financial reports were published on March 15, 2024 after approval by the Board of Directors.

III. Applicability of new and modified standards and interpretations

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

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

(II) IFRSs published by International Accounting Standards Board (IASB), recognized by the Financial Supervisory Commission and applicable in 2024

Newly published/amended/revised standards and interpretations	IASB release and effective date (Note 1)
IFRS 16 Amendment: Lease Liability in a Sale and Leaseback	January 1, 2024 (Note 2)
IAS 1 Amendment: Classification of Liabilities as Current or Non-current	January 1, 2024
IAS 1 Amendment: Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024 (Note 3)

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

Note 2: Amendment to IFRS 16 is applied retrospectively for sale-leaseback transactions contracted after the initial application of IFRS 16.

Note 3: When this Amendment is first applied, partial disclosure is exempted.

As of the date these consolidated financial statements were approved and released and according to the consolidated company's assessment, the adoption in 2024 of the amended standards and interpretations recognized by the Financial Supervisory Commission will not cause significant influence on its financial status or financial performance.

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

Newly published/amended/revised standards and interpretations	IASB release and effective date (Note 1)
IFRS 10 and IAS 28 Amendment: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Undecided
IFRS 17 Insurance Contracts	January 1, 2023
IFRS 17 Amendment	January 1, 2023
IFRS 17 Amendment: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the impact will be recognized in the retained earnings on the date of initial application. When the consolidated company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

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

IV. Summary of significant accounting policies

(I) Statement of Compliance

These consolidated financial statements were prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs recognized and promulgated by the Financial Supervisory Commission.

(II) Basis of Preparation

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

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

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

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets that are held mainly for the purpose of trading;
2. Assets that are expected to be realized within 12 months after the end of the reporting period; and
3. Cash and cash equivalents (except for those that are intended to be swapped or settled against liabilities more than 12 months after the end of the reporting period or those with restricted uses).

Current liabilities include:

1. Liabilities that are held mainly for the purpose of trading;
2. Liabilities that are expected to be repaid within 12 months after the end of the reporting period; and
3. Liabilities where the repayment terms cannot be extended unconditionally beyond 12 months after the end of the reporting period.

Assets and liabilities that do not satisfy the above criteria are classified into non-current assets or non-current liabilities.

(IV) Basis of Consolidation

These consolidated financial statements include the Company and the entities (subsidiaries) controlled by the Company. The consolidated comprehensive income statement has included the profit and loss of the subsidiary(ies) acquired from the date of acquisition in this period. The financial statements of subsidiaries have been adjusted so that their accounting policies are consistent with the consolidated company. All the transactions, account balances, incomes and gains, expenses and losses among individual entities have been canceled out in the preparation of the consolidated financial statements. The comprehensive incomes of subsidiaries are attributable to the shareholders of the Company.

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

Please refer to Note 11 and Table 8 for a detailed list of the subsidiaries, shareholding percentages in these subsidiaries and their businesses.

(V) Business combinations

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

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

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

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

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

(VI) Foreign currency

During the preparation of the financial report, transactions denominated in currencies other than the functional currency of the respective entities (i.e. foreign currency transactions) are converted and recorded in the functional currency using the exchange rate at the transaction date.

Monetary foreign currency accounts are converted using the closing exchange rates at the end of each reporting period. Exchange differences arising from the settlement or translation of monetary accounts are recognized in profit or loss in the year in which they occurred.

Foreign currency-denominated non-monetary items measured at fair value are converted using exchange rates as of the date of fair value assessment, with exchange differences recognized in current profit or loss. However, items that have fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items measured at historical cost are converted using the exchange rate at the date of the initial transaction. No further conversion is made.

When preparing the consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries that operate in countries or use currencies that are different from the Company) are converted into NTD using the exchange rates at the end of each reporting period. Revenues, expenses, and losses are converted using the average exchange rate of the current year; any exchange differences that arise as a result are recognized in other comprehensive income.

(VII) Inventory

Inventory comprises raw materials, works-in-progress, finished goods, and semi-finished goods. Inventory is measured at the lower of cost or net realizable value; the lower of cost or net realizable value is compared item-by-item, except items within the same category. Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances. Cost of inventory is calculated using the weighted average method.

(VIII) Property, plant and equipment

Property, plant and equipment are initially recognized at cost, and subsequently measured at cost after accumulated depreciation and impairment.

No depreciation is provided on land, whereas property, plant and equipment are depreciated using the straight line method over their useful lives. Depreciation is provided separately for each major component. The consolidated company reviews estimated useful life, residual value, and depreciation method at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

Gains or losses arising from derecognized property, plant and equipment are calculated as the difference between disposal proceeds and the asset's book value, and are recognized through profit or loss.

(IX) Goodwill

Goodwill acquired from business combination is recognized at cost on the acquisition date, and subsequently measured at cost after cumulative impairment.

For the purpose of impairment test, goodwill is allocated to various cash-generating units or cash-generating groups (collectively referred to as “cash-generating units”) that the consolidated company expects will benefit from the combination.

Cash-generating units to which goodwill is allocated will undergo impairment tests separately each year (and whenever there are signs indicating impairment of the unit) by comparing a unit's book value, including goodwill, with its recoverable amount. Cash-generating units that have been allocated goodwill through business combination in a given year are required to conduct an impairment test before the end of that year. If a goodwill-allocated cash-generating unit exhibits a recoverable amount that is lower than its book value, an impairment loss shall be recognized to first reduce the book value of the goodwill that has been allocated to the cash-generating unit; any remaining amount of impairment will then be taken to reduce the book values of other assets within the unit on the basis of the book value weight of each asset. Any impairment losses are directly recognized as loss in the current period. Impairment loss on goodwill can not be reversed in a later period.

When disposing part of a cash-generating unit in which goodwill is allocated, the amount of goodwill relating to the operation being disposed is included in the operation's book value to determine the gain or loss on disposal.

(X) Intangible assets

1. Acquisition by separate purchase

Intangible assets that are acquired through separate purchase with limited useful life are initially recognized at cost, and subsequently measured at cost less accumulated amortization and impairment. Intangible assets are amortized on a straight-line basis over their useful lives. The estimated useful life, residual value, and amortization method are reviewed at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively. Intangible assets that are without defined useful lives are presented at cost less accumulated impairment.

2. Acquisition through business combination

The intangible assets acquired through business combination are recognized at the fair value on the date of acquisition and are recognized separately from goodwill. They are subsequently measured the same way as the intangible assets acquired by separate purchase.

3. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and book value of the assets is recognized in current profit or loss.

(XI) Impairment of property, plant and equipment, right-of-use assets and intangible assets (except goodwill)

The consolidated company evaluates all property, plant and equipment, right-of-use assets, and intangible assets (except goodwill) for signs of impairment at the end of each reporting period. Assets that exhibit any sign of impairment will have the recoverable amount estimated. If the recoverable amount can not be estimated for a particular asset, the consolidated company will instead estimate the recoverable amount for the entire cash-generating unit the asset belongs to.

Recoverable amount is the higher of the fair value less selling costs and the use value. If the recoverable amount of an asset or cash-generating unit falls below its book value, the book value of that particular asset or cash-generating unit shall be reduced to the recoverable amount with impairment losses recognized in profit or loss.

When impairment losses are reversed on a later date, the book value of corresponding assets/cash-generating units shall be adjusted upwards to the recoverable amount. However, the increased book value shall not exceed the book value (less amortization or depreciation) of the asset/cash-generating unit before impairment losses were recognized in the first place. Reversal of impairment loss is recognized through profit or loss.

(XII) Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the consolidated company becomes a party of the contract of these instruments.

When initially recognizing financial assets and liabilities, those that are not designated to be measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities measured at fair value through profit or loss are recognized immediately through profit or loss.

1. Financial Assets

Routine transactions of financial assets are recognized on or derecognized from the balance sheet based on principle of trade date accounting.

(1) Measurement category

Financial assets held by the consolidated company are divided into the following categories: financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets held by the consolidated company measured at fair value through profit or loss mainly comprise derivatives mandatorily measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value. Gains and losses from remeasurement are recognized as other gains and losses. See Note 29 for details regarding the fair value method.

B. Financial assets measured at amortized cost

Financial asset investments held by the consolidated company that satisfy both the following conditions are measured at amortized cost:

a. The financial asset is held for a specific business model, the purpose of which is to hold the financial asset and collect contractual cash flow; and

b. The contractual terms give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

For financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable and other receivables measured at amortized cost, etc.), the effective interest method is used to determine the book value at initiation. They are subsequently measured net of impairments and amortization. Any gain/loss from currency exchange incurred on these financial assets is recognized in profit or loss.

Interest income is calculated by multiplying the book value of the financial asset with the effective interest rate.

Financial assets are considered credit-impaired if the issuer or debtor exhibits major financial distress, default, likely bankruptcy, financial restructuring, or any financial difficulty that may render the financial asset no longer available on the active market.

Cash equivalents include time deposits with less than 3 months until maturity that are highly liquid, readily convertible into defined amounts of cash, and less prone to the risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Equity instrument investments measured at fair value through other comprehensive income

For equity instrument investments that are neither held for trading nor recognized/received as a consideration for business acquisition, the consolidated company is entitled to an irrevocable option to account them at fair value through other comprehensive income at initial recognition.

Equity instrument investments measured at fair value through other comprehensive income are measured at fair value; subsequent fair value changes are recognized in other comprehensive income and accumulated under other equity. Upon disposal of investments, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified as profit or loss.

Dividends from equity instrument investments measured at fair value through other comprehensive income are recognized in profit or loss when the entitlement to receive is confirmed, unless the dividends clearly represent a partial recovery of the investment cost.

(2) Impairment of financial assets

At the end of each reporting period, the consolidated company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) based on expected credit losses.

All accounts receivable have loss provisions recognized based on expected credit losses over their duration. For other financial assets, the Company first evaluates whether there is significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit loss; if there is significant increase in credit risk, loss provisions are recognized based on expected credit loss over the remaining duration.

Expected credit losses are determined as average credit loss weighted against the risk of default. 12-month expected credit losses represent the amount of expected credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

For the purpose of internal credit risk management, a financial asset is deemed to have defaulted in any of the following circumstances, without considering the presence of collaterals:

A. There is internal or external information to indicate that the debtor is unable to settle outstanding debts.

B. Payment is overdue for more than 365 days, unless there is reasonable and supportable information to demonstrate that a postponed default criterion is more appropriate.

All impairment losses on financial assets are recognized using allowance accounts, which reduce the book value of the corresponding financial asset.

(3) Derecognition of financial assets

Financial assets can be derecognized from the balance sheet only if all contractual cash flow entitlements from the financial assets have ended, or if the financial assets have been transferred with virtually all risks and returns assumed by another party.

The difference between the book value of a financial asset measured at amortized cost and the amount of consideration received for the asset's derecognition is recognized in profit or loss. When a equity instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified as profit or loss.

2. Financial liabilities

(1) Subsequent measurement

The consolidated company’s financial liabilities that are not held for trading are measured at amortized cost using the effective interest method.

Derivative instruments held by the consolidated company measured at fair value through profit or loss mainly comprise financial liabilities held for trading; any gains or losses from subsequent remeasurement are recognized in other gains or losses. See Note 29 for details regarding the fair value method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities from the balance sheet, any differences between the book value and the consideration paid are recognized as profit or loss.

3. Derivatives

The consolidated company utilizes derivatives including currency forwards and interest rate swaps; they are used for the management of exchange rate risks.

Derivatives are recognized at fair value at the time the contracts are signed, and subsequently remeasured at fair value at the end of each reporting period. Gains or losses arising from subsequent remeasurements are recognized directly in profit or loss. Derivatives with positive fair values are presented as financial assets; those with negative fair values are presented as financial liabilities.

(XIII) Liability reserve

Liability reserves are recognized to account for the risk and uncertainty of obligations. It represents the best estimate of the cash outlay needed to settle obligations on the balance sheet date. Liability reserves are measured by estimating the present discounted value of cash flows needed to settle obligations.

Warranty

Warranty obligations for products that meet the agreed specifications represent the management's best estimate about the amount of cash outlay that the consolidated company has to incur to settle its obligations. These liabilities are recognized when revenues have been recognized on corresponding products.

(XIV) Revenue recognition

The consolidated company first identifies performance obligations in contracts it signs with customers, then divides and allocates the transaction sums to various obligations, and recognizes revenue when each obligation is fulfilled.

1. Revenue from sale of merchandise

Revenue from sale of merchandise refers to the sale of barcode printers, parts, and accessories. The consolidated company recognized the revenue as accounts receivable upon the transfer of the controlling rights of the products to the customers. Controlling rights mainly refer to the customers who already have the rights for pricing and use of the products, have main responsibilities for their re-sale, and bear the risk of product obsolescence. The timing of transfer is to be decided based on the transaction terms agreed with the customers (such as, the goods have arrived at the designated location before shipment or at the destination port for loading and so on that satisfy the timing of the contract obligation). Advance receipts collected before the completion of sales of merchandise are recognized as contractual liabilities, and are reclassified as revenue when the controlling rights of the merchandise have been transferred.

Raw materials that are outsourced for processing involve no transfer of ownership or control, therefore no revenue is recognized on the transaction.

2. Service income

Service income is generated from warranty extension, and is initially recognized as contractual liability at the time when proceeds are collected from customers. The duration of service ranges from 1 year to 5 years. The amount contains no significant financing component.

Income is recognized monthly using the straight line method over the duration of service contracts, as customers use up warranty coverage offered by the consolidated company.

3. Dividend and interest income

Dividend income from investment is recognized when shareholders' entitlement has been established, provided that economic benefits of such a transaction are very likely to be received by the consolidated company, and that the amount of income can be measured reliably.

Interest income on financial assets is recognized when the consolidated company is very likely to realize the associated economic benefits, and that the amount of income can be measured reliably. Interest income is recognized by applying the applicable effective interest rate on outstanding principal over the duration of time elapsed.

(XV) Lease

The consolidated company evaluates whether a contract meets the criteria of (or includes arrangements characterized as) lease on the day of contract establishment.

1. Where the consolidated company is the lessor

A lease arrangement is classified as a finance lease if the terms involve a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All other lease arrangements are classified as operating lease.

Proceeds received from operating leases net of lease incentives are recognized as income on a straight-line basis over the lease tenor.

When sub-leasing right-of-use assets, the consolidated company classifies the sublease based on the right of use involved (instead of the underlying asset). However, where the main lease is a short-term lease that is exempted from lease recognition, the consolidated company classifies the sublease as an operating lease.

Proceeds received from operating leases net of lease incentives are recognized as income on a straight-line basis over the lease tenor.

2. Where the consolidated company is the lessee

The Company recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value underlying assets and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are initially measured at cost (mainly the initial amount of lease liability), and subsequently at cost less accumulated depreciation and impairment with adjustments made to the remeasurement of lease liability. Right-of-use assets are presented individually on the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of the useful life or until expiry of the lease tenor, whichever the earlier.

Lease liabilities are measured at the present value of lease payments (mostly fixed payments) at initiation. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead.

Subsequently, lease liability is measured at cost after amortization using the effective interest method, whereas interest expense is amortized over the lease tenor. If there is any change to the amounts to be paid over the lease tenor that leads to changes in future lease payments, the consolidated company will remeasure its lease liabilities and make corresponding adjustments to right-of-use assets. If, however, the book value of right-of-use assets has already been reduced to zero, any remaining remeasurements are recognized in profit or loss. Lease modification that are not treated as separate lease, the lease liability is re-measured to reduce its scope of lease and to reduce the right-of-use assets, and its profit or loss from the partial or full termination of the lease is recognized. Other lease modifications are re-measured to adjust the right-of-use assets. Lease liabilities are presented individually on the consolidated balance sheet.

(XVI) Borrowing costs

All borrowing costs are recognized through profit or loss in the year in which they occur.

(XVII) Government grants

Government grants are recognized only when the consolidated company has reasonable assurance towards fulfilling the government's grant criteria and receiving the grant.

Government grants relating to benefits intended to compensate the related costs that are recognized as expenses by the consolidated company, these grants are recognized as other incomes on a systematic basis during this period. Government grants, obtained by the consolidated company that come with the term and condition that the consolidated company shall acquire the non-current assets through purchase, construction or other methods, are recognized as deferred income. Related assets are transferred to profit and loss within their useful life on a reasonable and systematic basis.

(XVIII) Employee benefit

1. Short-term employee benefits

Liabilities associated with short-term employee benefits are measured at the non-discounted amount of cash that the Company expects to pay in exchange for employees' services.

2. Retirement benefits

For defined contribution plans, the amount of contributions that is appropriated to pension funds over the duration of employees' services is recognized as expense.

For defined benefit plans, the cost of benefits (including service cost, net interest, and effect of remeasurement) is estimated using the projected unit credit method. Current service costs and net interests on net defined benefit liabilities are recognized as employee benefit expense at the time incurred. Effects of remeasurement (including actuarial gains/losses and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit or loss in subsequent periods.

Net defined benefit liabilities represent the shortfall of contributions made to the defined benefit plan.

3. Other long-term employee benefits

The accounting treatment for other long-term employee benefits and defined retirement benefit plans is the same and any related re-measurement is recognized as profit or loss.

(XIX) Shares-based Payment Agreement

Vested employee stock options

Employee stock options are measured based on the fair value of equity instruments and the best quantity estimate on the grant date. Expenses are recognized on a straight-line basis over the vesting period with simultaneous adjustments made to capital surplus - employee stock options. If stock options are vested on the day granted, then all expenses are to be recognized on the grant date. The consolidated company designates the board approval date as the grant date.

The consolidated company revises its estimate on the amount of employee stock options to be vested at the end of each reporting period. If any amendment is made to the original estimate, its effect is recognized in profit or loss so that cumulative expenses can accurately reflect the amended estimate. Meanwhile, corresponding adjustments are made to capital surplus - employee stock options.

(XX) Income tax

Income tax expense represents the sum of current year's income tax and deferred income tax.

1. Current income tax

The consolidated company reports current period income (loss) and calculates income tax payable (refundable) according to tax laws stipulated by the local tax jurisdiction.

Pursuant to the Income Tax Act of the Republic of China, undistributed earnings are subject to additional income tax, which is recognized in the year shareholders resolve to retain the earnings.

Adjustments to income taxes reported in previous years are recognized as income tax expenses in the period the adjustment is made.

2. Deferred income tax

Deferred income taxes are tax effects of temporary differences deriving from the different book value of assets and liabilities presented in the financial statement and those reported for tax filing. Assets and liabilities that arise as a result of transaction other than business merger and present no impact on taxable income or accounting profit at initial recognition do not have temporary differences recognized as deferred income tax assets and liabilities. Furthermore, no deferred income tax liability is recognized on taxable temporary differences that arise from the initial recognition of goodwill.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized when they are very likely to generate taxable income in the future to offset deductible temporary differences, loss carryforwards, and research and development expenses.

Taxable temporary differences relating to investments in subsidiaries are recognized as deferred income tax liabilities. Deductible temporary differences relating to these investments are recognized as deferred income tax assets only to the extent that sufficient taxable income can be earned to realize the temporary differences, and that reversal is expected in the foreseeable future.

The book value of deferred income tax asset is re-assessed at the end of each reporting period. The Company will reduce the book value when it is no longer highly likely to generate enough taxable income to realize part or all of the assets. The book value of unrecognized deferred income tax assets is re-assessed at the end of each reporting period. The Company will increase the book value when it is highly likely to generate enough taxable income to realize part or all of the assets.

Deferred income tax assets and liabilities are measured using the tax rate applicable at the time the liability/asset is expected to be settled/realized. This tax rate is determined based on the tax rate and tax laws prevailing at the end of the reporting period. Deferred income tax liabilities and assets represent tax impacts of the method by which the consolidated company expects to recover or settle the book value of its assets and liabilities at the end of the reporting period.

3. Current and deferred income tax for the year

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly listed under equity items, which are also recognized in other comprehensive income or directly listed under equity.

If current income tax or deferred income tax is generated from business combinations, the income tax effect is included into the accounting treatment for business combinations.

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

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

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

Assessment of goodwill impairment

When determining whether there is impairment of goodwill, it is necessary to evaluate the use value of various cash-generating units in which goodwill is allocated. To calculate the use value, the management is required to estimate future cash flows for each cash-generating unit, and determine the appropriate discount rate to be used for calculating present value. If the actual cash flow is lesser than expected, or if there are changes to the facts and situations that result in amendments to the cash flow either for lower or a higher discount rate, these may generate major impairment losses.

VI. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Vault cash and petty cash	$ 199	$ 79
Bank checks and demand deposits	765,351	465,607
Cash equivalents		
Fixed-term bank deposits with original maturity within three months	300,000	176,360
Bills sold under repurchase agreements	-	500,000
	$ 1,065,550	$ 1,142,046

Range of market interest rates applicable to bank time deposits and bills sold under repurchase agreements as of the balance sheet date is shown below:

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

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

	December 31, 2023	December 31, 2022
Financial Assets – Current		
Designated at fair value through profit or loss		
Derivatives (non-hedging)		
- Currency forward contracts (1)	$ 4,543	$ -
- Currency swaps (2)	-	1,798
	$ 4,543	$ 1,798
Financial Liabilities – Current		
Held for trading		
Derivatives (non-hedging)		
- Currency forward contracts (1)	$ -	$ 436
- Currency swaps (2)	-	1,548
	$ -	$ 1,984

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

December 31, 2023

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	USD to NTD	January 19, 2024 to February 21, 2024	USD 4,000/NTD 124,789
	Euro to NTD	January 18, 2024	EUR 3,000/NTD 104,167

December 31, 2022

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	USD to NTD	February 17, 2023	USD 2,000/NTD 60,718

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

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

December 31, 2022

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

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

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

	December 31, 2023	December 31, 2022
Equity Instrument Investments – Non-Current		
Domestic investments		
TPEx-listed stocks	$ 1,354,200	$ 1,098,160

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

IX. Notes and Accounts Receivable

	December 31, 2023	December 31, 2022
Receivables		
Notes receivable	$ 25	$ 536
Accounts receivable	1,334,139	1,366,873
Less: allowance for losses	(27,822)	(17,114)
Accounts receivable – affiliated parties (Note 30)	8	48
	$ 1,306,350	$ 1,350,343

Accounts receivable

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

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

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

The consolidated company measures the allowance loss for notes and accounts receivable based on the provision matrix as follows:

December 31, 2023

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 1,033,663	$ 261,279	$ 11,481	$ 9,218	$ 6,424	$ 6,358	$ 5,741	$ 1,334,164
Allowance for losses (lifetime expected credit losses)	(11,663)	(2,613)	(344)	(461)	(642)	(6,358)	(5,741)	(27,822)
Amortized cost	$ 1,022,000	$ 258,666	$ 11,137	$ 8,757	$ 5,782	$ -	$ -	$ 1,306,342

December 31, 2022

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 999,671	$ 339,761	$ 6,265	$ 2,186	$ 6,537	$ 8,535	$ 4,454	$ 1,367,409
Allowance for losses (lifetime expected credit losses)	(5,530)	(1,880)	(104)	(60)	(362)	(4,724)	(4,454)	(17,114)
Amortized cost	$ 994,141	$ 337,881	$ 6,161	$ 2,126	$ 6,175	$ 3,811	$ -	$ 1,350,295

Change to allowance of losses of receivables is as follows:

	2023	2022
Balance at the beginning of the year	$ 17,114	$ 23,884
Add: Provision (reversal) of impairment loss during this period	7,450	(3,487)
Less: actual charge-offs made in the current year	(6)	(4,519)
Acquisition through business combination	2,845	-
Difference in foreign currency translation	419	1,236
Year-end balance	$ 27,822	$ 17,114

X. Inventory

	December 31, 2023	December 31, 2022
Finished goods	$ 712,916	$ 685,693
Semi-finished goods	292,603	308,301
Work in process	27,199	48,454
Raw materials	461,123	582,001
	$ 1,493,841	$ 1,624,449

Cost of goods sold by nature:

	December 31, 2023	December 31, 2022
Inventory cost for sold goods	$ 5,526,905	$ 5,291,660

Loss for market price decline and obsolete inventory	17,636	27,799
	$ 5,544,541	$ 5,319,459

XI. Subsidiaries

(I) Subsidiaries in the consolidated financial statements

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

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

TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Selling and buying of barcode printers and relevant components	100%	100%	-
DLS	Precision Press & Label, Inc. (PPL)	Selling of a variety of labels and printer consumables	100%	100%	-
TSCPL	MGN sp. z o.o.（MGN）(Note 26)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100%	-	-

Note 1: The Company had in February 2023 established the Mosfortico Investments sp. z o.o.(TSCPL) with a capital of PLN 4 thousand (equivalent to NT$31 thousand). In 2023, the capital was subsequently increased to a total of PLN 67,080 thousand (equivalent to NT$498,796 thousand). 100% ownership of MGN sp. z o.o. (MGN) of Poland has been acquired through TSCPL and meet capital requirements. Please refer to Note 26.

Note 2: The company was liquidated and extinguished on August 31, 2023.

Note 3: For the purpose of simplifying the group organization structure and increase operation efficiency, the Company's Board of Directors resolved for the transfer of 5% of the shares held by the Company for the sub-subsidiary PTNX US to its subsidiary TSCAA in USA on June 28, 2022. This transaction is considered organization re-structuring within the Group under common control and it does not affect the control by the Company. Please refer to Note 27.

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

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

XII. Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other equipment	Construction in progress	Total
Cost						
Balance on January 1, 2022	$ 225,340	$ 383,900	$ 822,897	$ 175,439	$ 14,170	$ 1,621,746
Addition	-	-	32,225	25,005	28,473	85,703
Disposal	-	-	(15,776)	(8,919)	-	(24,695)
Reclassification from prepayment for equipment purchase	-	-	18,577	48	-	18,625
Reclassification from (to) construction in progress	-	-	11,870	3,305	(15,175)	-

Net exchange difference	-	1,539	48,064	9,482	2,030	61,115
Balance on December 31, 2022	$ 225,340	$ 385,439	$ 917,857	$ 204,360	$ 29,498	$ 1,762,494
Accumulated depreciation						
Balance on January 1, 2022	$ -	$ 117,503	$ 381,087	$ 108,627	$ -	$ 607,217
Disposal	-	-	(9,278)	(8,919)	-	(18,197)
Depreciation expense	-	9,546	71,702	22,531	-	103,779
Net exchange difference	-	272	11,163	4,735	-	16,170
Balance on December 31, 2022	$ -	$ 127,321	$ 454,674	$ 126,974	$ -	$ 708,969
Net balance as of December 31, 2022	$ 225,340	$ 258,118	$ 463,183	$ 77,386	$ 29,498	$ 1,053,525
Cost						
Balance on January 1, 2023	$ 225,340	$ 385,439	$ 917,857	$ 204,360	$ 29,498	$ 1,762,494
Addition	-	-	26,200	21,331	104,078	151,609
Disposal	-	-	(4,840)	(4,964)	-	(9,804)
Acquisition through business combination (Note 26)	4,846	62,389	84,387	4,635	-	156,257
Reclassification to intangible assets	-	-	-	(4,240)	-	(4,240)
Reclassification from prepayment for equipment purchase	-	-	62,823		-	62,823
Reclassification from (to) construction in progress	-	-	64,760	6,942	(71,702)	-
Net exchange difference	275	1,590	4,035	(460)	1,777	7,217
Balance on December 31, 2023	$ 230,461	$ 449,418	$ 1,155,222	$ 227,604	$ 63,651	$ 2,126,356
Accumulated depreciation						
Balance on January 1, 2023	$ -	$ 127,321	$ 454,674	$ 126,974	$ -	$ 708,969
Disposal	-	-	(4,725)	(4,953)	-	(9,678)
Acquisition through business combination (Note 26)	-	5,512	10,159	629	-	16,300
Depreciation expense	-	10,760	87,109	23,460	-	121,329
Reclassification to intangible assets	-			(998)	-	(998)
Net exchange difference	-	(31)	(809)	(502)	-	(1,342)
Balance on December 31, 2023	$ -	$ 143,562	$ 546,408	$ 144,610	$ -	$ 834,580
Net balance as of December 31, 2023	$ 230,461	$ 305,856	$ 608,814	$ 82,994	$ 63,651	$ 1,291,776

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

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

The consolidated company has created a collateral for the bank as a guarantee for the long-term borrowing of amount for property, plant and equipment. Please refer to Note 31 for detailed information.

XIII. Lease agreement

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 117,832	$ 176,698
Transportation equipment	12,976	4,191
Machinery and equipment	17,493	-
	$ 148,301	$ 180,889

	2023	2022
Purchase of right-of-use assets	$ 67,099	$ 7,560
Depreciation of right-of-use assets		
Buildings	$ 94,372	$ 85,939
Transportation equipment	5,208	3,724
Machinery and equipment	1,308	-
	$ 100,888	$ 89,663
Sublease incomes from right-of-use assets (rental incomes)	($ 10,043)	($ 10,483)

In June 2023, the consolidated company acquired right-of-use assets for NTD 25,344 thousand and lease liabilities for NTD 18,284 thousand through equity acquisition. Please refer to Note 26 for relevant information.

Other than the above additions and recognized depreciation expenses, there was no significant sublease, or impairment of the consolidated company's right-of-use assets of 2022.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 87,535	$ 92,735
Non-current	$ 49,622	$ 95,534

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

	December 31, 2023	December 31, 2022
Buildings	0.25%～6.50%	0.25%～4.68%
Transportation equipment	0.25%～4.75%	0.25%～2.27%
Machinery and equipment	1.60%～3.70%	-

(III) Important activities and clauses as a lessee

The consolidated company leases certain buildings, transportation equipment and machinery equipment for offices, plants, company vehicles and daily operations, with lease periods of 1 to 6 years. For the offices and warehouses in the United States, it is agreed that the lease payment will be increased by 2.5% to 3% per year; in addition, the lease payment of the office in India will be adjusted by 5% per year.

(IV) Other information on leases

	2023	2022
Short-term lease expenses	$ 1,221	$ 1,580
Low-value asset lease expenses	$ 12,040	$ 10,812
Total cash (outflow) for leases	($ 131,936)	($ 132,642)

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

XIV. Goodwill

	2023	2022
Cost		
Balance at the beginning of the year	$ 1,058,071	$ 953,676
Acquisition through business combination (Note 26)	126,031	-
Net exchange difference	6,975	104,395
Year-end balance	$ 1,191,077	$ 1,058,071

The consolidated company has on June 12, 2023 acquired MGN and generated goodwill valued at PLN 16,748 thousand (equivalent to NT$126,031 thousand). This amount is mainly due to the expected MGN product market and competitive advantage which in turn drives the operating income growth and expansion of the Group’s operating scale.

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

Goodwill is allocated to the following cash-generating units when conducting impairment test; the book value of goodwill allocated to cash-generating units prior to recognizing impairment losses is explained below:

	December 31, 2023	December 31, 2022
Printer business - Printronix	$ 860,385	$ 860,525
Label business - DLS	197,513	197,546

Label business - MGN	133,179	-
	$ 1,191,077	$ 1,058,071

The recoverable amounts of the above cash-generating units were determined based on use value, which were assessed using the following key assumptions:

(I) Printer business - Printronix

Use value is estimated based on the cash flow that the management of the consolidated company has budgeted for the next 5 years; the discount rates (after tax) used in 2023 and 2022 were 12.4% and 13.8%, respectively.

Cash flow of the Printronix brand estimated for the budget period also involved the following main assumptions:

1. Expected operating revenues and revenue growth: the management takes into account historical sales data, past experience producing barcode printers, forecast of the auto-identification systems industry, as well as future operating strategies and goals to estimate sales over the budget period.
2. Expected gross profit margin and operating profit margin: estimates were made based on past operating performance of the Printronix brand, while taking into consideration cost and expense improvements in the future.

(II) Label business - DLS

Use value is estimated based on the cash flow that the management of the consolidated company has budgeted for the next 5 years; the discount rates (after tax) used in 2023 and 2022 were 11.9% and 13.7%, respectively.

Cash flow of the DLS brand estimated for the budget period also involved the following main assumptions:

1. Expected operating revenues and revenue growth: the management takes into account historical sales data, demand for labels in the U.S. market, forecast of the label industry, as well as future operating goals to estimate sales over the budget period.
2. Expected gross profit margin and operating profit margin: estimates were made based on past operating performance of the DLS brand, while taking into account resource integration and efficiency improvements in the future.

(III) Label business - MGN brand

Use value is estimated based on the cash flow that the management of the consolidated company has budgeted for the next 5 years; the discount rate (after tax) used in 2023 was 14.1%.

Cash flow of the MGN brand estimated for the budget period also involved the following main assumptions:

1. Expected operating revenues and revenue growth: the management takes into account historical sales data, demand for labels in the European market, forecast of the label industry, as well as future operating goals to estimate sales over the budget period.
2. Expected gross profit margin and operating profit margin: estimates were made based on past operating performance of the MGN brand, while taking into account resource integration and efficiency improvements in the future.

Recoverable amounts for all cash-generating units mentioned above were higher than their book values, hence no impairment loss was recognized. The management is of the opinion that any reasonable change of key assumptions relating to the recoverable amount of an individual cash-generating units would not cause the book value of the cash-generating unit to exceed its recoverable amount.

XV. Other Intangible Assets

	Knowhow & technology	Customer relations	Patents	Software	Trademarks	Total
Cost						
Balance on January 1, 2022	$ 139,729	$ 320,092	$ 50,607	$ 123,450	$ 135	$ 634,013
Acquisition by separate purchase	-		-	15,152	-	15,152
Net exchange difference	13,938	35,040	-	891	-	49,869
Balance on December 31, 2022	$ 153,667	$ 355,132	$ 50,607	$ 139,493	$ 135	$ 699,034
Accumulated amortization						
Balance on January 1, 2022	$ 85,464	$ 179,331	$ 37,955	$ 84,437	$ 135	$ 387,322
Amortization expenses	15,909	37,526	6,326	20,645	-	80,406
Net exchange difference	8,737	20,982	-	668	-	30,387
Balance on December 31, 2022	$ 110,110	$ 237,839	$ 44,281	$ 105,750	$ 135	$ 498,115
Net balance as of December 31, 2022	$ 43,557	$ 117,293	$ 6,326	$ 33,743	$ -	$ 200,919
Cost						
Balance on January 1, 2023	$ 153,667	$ 355,132	$ 50,607	$ 139,493	$ 135	$ 699,034
Acquisition by separate purchase	-	-	-	22,537	-	22,537
Acquisition through business combination (Note 26)	-	270,899	-	3,905	-	274,804
Reclassification from prepayment for equipment purchase	-	-	-	36,855	-	36,855
Reclassification from fixed assets	-	-	-	4,240	-	4,240
Net exchange difference	(23)	15,309	-	(356)	-	14,930
Balance on December 31, 2023	$ 153,644	$ 641,340	$ 50,607	$ 206,674	$ 135	$1,052,400

	Knowhow & technology	Customer relations	Patents	Software	Trademarks	Total
Accumulated amortization						
Balance on January 1, 2023	$ 110,110	$ 237,839	$ 44,281	$ 105,750	$ 135	$ 498,115
Amortization expenses	14,301	21,588	6,326	33,196	-	75,411
Acquisition through business combination (Note 26)	-	-	-	2,200	-	2,200
Reclassification from fixed assets	-	-	-	998	-	998
Net exchange difference	(192)	298	-	25	-	131
Balance on December 31, 2023	$ 124,219	$ 259,725	$ 50,607	$ 142,169	$ 135	$ 576,855
Net balance as of December 31, 2023	$ 29,425	$ 381,615	$ -	$ 64,505	$ -	$ 475,545

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

Licensed technology	5-10 years
Customer relations	7-16 years
Patent rights	8 years
Software cost	1-10 years

XVI. Other non-current assets

	December 31, 2023	December 31, 2022
Other financial asset (I)	$ 44,660	$ -
Prepayment of equipment amount	40,498	58,819
Refundable deposits	11,446	9,135
Others	706	1,025
	$ 97,310	$ 68,979

(I) The consolidated company deposited EUR 1,292 thousand to a third party escrow account of PLN 5,800 thousand (equivalent to NT$43,645 thousand) on the closing date for the acquisition of MGN as the final payment. This is to ensure transaction security for both parties. The escrow period lasts for 18 months starting from the closing date. The amount in the account will be released in whole to the selling party upon the expiration of the period on the condition that both parties have fulfilled their obligations for the acquisition agreement, and that during this time there are no discoveries made about MGN for any other existing or tax risks, or debts that will result in additional losses to be borne by the consolidated company.

XVII. Short-term loans

(I) Short-term loans

	December 31, 2023	December 31, 2022
Unsecured loans	$ 671,395	$ 876,515

Annual interest rate (%)	4.71%～7.51%	1.63%～5.49%
Final maturity	February 26, 2024	March 28, 2023

(II) Long-term loans

	December 31, 2023	December 31, 2022
Secured borrowings (2)	$ 20,029	$ -
Unsecured borrowings (1)	600,000	620,000
Less: portion due within one year	(8,875)	(63,000)
	$ 611,154	$ 557,000
Annual interest rate (%)	1.65%～8.80%	1.40%～1.50%
Final maturity	December 15, 2027	October 14, 2025

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

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

As of the approval and release of this consolidated financial statement, the Company’s 2023 consolidated financial statement did not violate the financial ratio commitment of the above-mentioned long-term borrowings.

(2) The self-owned lands, buildings, machinery and equipment of the consolidated company are pledged as collaterals for the bank loan (refer to Note 31). The maturity date for the loan is in December 2027. The loan interest rate as at December 31, 2023 is 5.43%~8.80%.

XVIII. Other Payables

	December 31, 2023	December 31, 2022
Current		
Salaries and bonuses payable	$ 184,943	$ 192,743

Contingent consideration payable (Note 26)	75,956	-
Employees’ remuneration payable	61,968	65,458
Payable - final payment for acquisition (Note 26)	46,120	-
Service fees payable	35,393	13,278
Directors’ remuneration payable	30,984	32,729
Taxes payable	$ 29,770	$ 42,206
Insurance premiums payable	17,302	9,260
R&D expenses payable	11,588	7,913
Equipment amount payable	5,150	4,035
Others (Note 30)	70,955	62,699
	$ 570,129	$ 430,321

XIX. Retirement benefit plan

(I) Defined contributions

The pension scheme introduced under the “Labor Pension Act” that the consolidated company uses is a government-managed defined contribution plan, for which the Company is required to contribute an amount equal to 6% of employees’ monthly salaries into their individual pension accounts held with the Bureau of Labor Insurance.

Employees of the consolidated company's subsidiaries in Germany, the USA, Poland and China are participants of the pension schemes offered by the local governments. These subsidiaries are required to finance pension plans by contributing a certain percentage of employees' salaries. The consolidated company's obligation with respect to government-operated pension plans is limited only to making the required contributions.

(II) Defined benefits

The consolidated company is also subject to the pension scheme introduced under the “Labor Standards Act,” which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and 6-month average salary leading up to their retirement. The Company makes monthly pension contributions equivalent to 2% of employees' monthly salaries into an account held under the Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following year at the end of each year, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by the Bureau of

Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the consolidated balance sheet:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 20,574	$ 18,399
Fair value of plan assets	(3,732)	(3,445)
Net defined benefit liability	$ 16,842	$ 14,954

Changes in net defined benefit liability:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2022	$ 22,831	($ 3,100)	$ 19,731
Service costs			
Service costs for the current year	-	-	-
Interest expense (income)	171	(24)	147
Recognized in profit or loss	171	(24)	147
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	(216)	(216)
Actuarial loss - change in demographic assumption	-	-	-
Actuarial gain - change in financial assumption	(3,739)	-	(3,739)
Actuarial gain - adjustment based on past experience	(864)	-	(864)
Recognized in other comprehensive income	(4,603)	(216)	(4,819)
Employer's contribution	-	(105)	(105)
Benefits paid	-	-	-
December 31, 2022	18,399	(3,445)	14,954
Service costs			
Service costs for the current year	-	-	-
Interest expense (income)	367	(69)	298
Recognized in profit or loss	367	(69)	298
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	(5)	(5)

Actuarial loss - change in financial assumption	1,046	-	1,046
Actuarial loss - adjustment based on past experience	762	-	762
Recognized in other comprehensive income	1,808	(5)	1,803
Employer's contribution	-	(213)	(213)
Benefits paid	-	-	-
December 31, 2023	$ 20,574	($ 3,732)	$ 16,842

The Company is exposed to the following risks due to adoption of the pension scheme introduced under the "Labor Standards Act":

1. Investment risks: The Bureau of Labor Funds, Ministry of Labor, manages the labor pension fund either on its own or through mandate. The labor pension fund is allocated into equity securities, debt securities, and bank deposits in Taiwan and abroad; however, the Company estimates a return on plan assets at a rate no lower than the 2-year time deposit rate offered by local banks.
2. Interest rate risks: A decrease in government and corporate bond yields would increase the present value of defined benefit obligations while at the same time increase the return of plan assets invested in debt instruments. The overall effect on net defined benefit obligation is partially offset.
3. Salary risks: The present value of defined benefit obligations is calculated by taking into consideration plan participants' future salary levels. An increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	December 31, 2023	December 31, 2022
Discount rate	1.625%	2.0%
Expected salary increase	2.5%	2.5%

A reasonable change in the main actuarial assumption would increase (decrease) the present value of defined benefit obligations by the following amounts, provided that all other assumptions remain unchanged:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 705)	($ 653)
0.25% decrease	$ 736	$ 683
Expected salary increase		
0.25% increase	$ 720	$ 670
0.25% decrease	($ 693)	($ 645)

Actuarial assumptions tend to be intercorrelated. It is unlikely to see only one assumption changing at one time, therefore the above sensitivity analysis may not truly reflect changes in the present value of defined benefit obligations.

	December 31, 2023	December 31, 2022
Expected contributions within 1 year	$ 223	$ 103
Average maturity of defined benefit obligations	14-20 years	15-21 years

XX. Equity

(I) Ordinary share capital

	December 31, 2023	December 31, 2022
Authorized shares (thousand shares)	80,000	80,000
Authorized share capital	$ 800,000	$ 800,000
Issued shares (thousand shares)	47,107	42,513
Issued share capital	$ 471,071	$ 425,129

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

(II) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset losses, issue cash or appropriate to share capital (1)		
Premium of share issuance	$ 472,571	$ 423,085
Difference between the actual disposal price and book value of the subsidiaries' equity (Note 27)	1,984	1,984
May be used to offset losses only		
Lapsed stock options	123,244	122,907
Exercised employee stock options	39,415	22,210
May not be used for any purposes (2)		

Employee stock options	38,797	45,659
	$ 676,011	$ 615,845

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

(III) Retained earnings and dividend policy

According to the earnings distribution policy stated in the Company's Articles of Incorporation, any earnings for the year should be used to pay taxes according to laws, offset losses from prior years and then appropriate 10% as legal reserves and recognize or reverse any special reserves required by laws. The remaining balance, along with accumulative and undistributed earnings from the previous year, may be used for earnings distribution. However, a portion may be reserved for business needs before the issuance of dividends to shareholders. The Company is in a growth stage. To fund the future operation and development, the Board of Directors proposes the earnings distribution and the issuance of dividends to shareholders is proceeded after resolution from the shareholders' meeting. The Company's policy regarding employees' remuneration and directors' remuneration is stated in the Articles of Incorporation. Please refer to Note 22 (7) for employees' remuneration and directors' remuneration.

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

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

The Company held the Annual Shareholder's Meetings on June 16, 2023 and June 17, 2022 for the resolution of the 2022 and 2021 earnings distribution as follows:

	Earnings distribution		Dividend per share (NT$)	
	2022	2021	2022	2021

Legal reserve	$ 96,973	$ 78,396		
Stock dividends	42,522	-	$ 1	$ -
Cash dividends	552,785	467,246	13	11
	$ 692,280	$ 545,642		

Details of the 2023 earnings appropriation plan and dividends per share proposed by the board of directors in the meeting dated March 15, 2024, are as follows:

	Earnings distribution	Dividend per share (NT$)
Legal reserve	$ 92,507	
Cash dividends	612,854	$ 13
	$ 705,361	

The above earnings distribution proposal is still pending for shareholder meeting resolution in June 18, 2024.

(IV) Other equity

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

	2023	2022
Balance at the beginning of the year	($ 102,247)	($ 294,269)
Incurred in the current year		
Exchange differences on translation of financial statements of foreign operations	22,950	248,899
Relevant income taxes	(4,590)	(48,006)
Disposal of foreign subsidiaries’ equity (Note 27)	-	(8,871)
Year-end balance	($ 83,887)	($ 102,247)

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

	2023	2022
Balance at the beginning of the year	$ 592,116	$ 647,451
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive incomes	256,040	(55,335)
Year-end balance	$ 848,156	$ 592,116

XXI. Revenue

	2023	2022
Revenue from contracts with customers		
Barcode printers	$ 4,478,885	$ 4,447,035
Labels and printer consumables	3,299,691	2,981,908
Barcode printer components and others	573,186	537,975
	$ 8,351,762	$ 7,966,918

(I) Explanations of revenue from contracts with customers

In addition to the following explanations, please also refer to the explanations provided in (XIV) of Note 4 - Summary of Material Accounting Policies.

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

According to the consolidated company’s agreement with distributors, if the purchase of certain models by distributors reaches the contracted volume, the consolidated company will provide incentives at a percentage of the procurement value or retrospective unit price reductions for certain models. Based on past experiences and considering various agreement terms and conditions, the consolidated company estimates the possible rewards and incentives amount and recognizes refund liabilities (as other current liabilities) accordingly. As of December 31, 2023 and 2022, the consolidated company estimates the refund liabilities to be NT$61,148 thousand and NT$91,058 thousand, respectively.

(II) Breakdown of revenue from contracts with customers

See Note 34 for a breakdown of income.

XXII. Additional information about net income during the year

Net income during the year includes the following:

(I) Interest income

	2023	2022
Bank deposits	$ 7,741	$ 3,330
Bills sold under repurchase agreements	2,203	752
	$ 9,944	$ 4,082

(II) Other incomes

	2023	2022
Dividend income	$ 59,200	$ 37,000
Rental incomes (Note 13)	10,043	10,483
Others	15,010	19,626
	$ 84,253	$ 67,109

(III) Other gains and losses

	2023	2022
Net exchange gain	$ 35,403	$ 103,076
Loss from financial instruments measured at fair value through profit or loss	(9,133)	(49,450)
Gain (loss) on disposal of property, plant and equipment	853	(4,467)
Gain on lease amendment	19	621
Other losses	(1,979)	(2,862)
	$ 25,163	$ 46,918

(IV) Financial cost

	2023	2022
Bank loan interests	$ 52,517	$ 19,423
Lease liability interests	6,657	9,093
	$ 59,174	$ 28,516

(V) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 121,329	$ 103,779
Right-of-use assets	100,888	89,663
Intangible assets	75,411	80,406
	$ 297,628	$ 273,848
Deprecation by function		
Operating costs	$ 155,391	$ 136,968
Operating expenses	66,826	56,474

	$ 222,217	$ 193,442
Amortization by function		
Operating costs	$ 996	$ 815
Operating expenses	74,415	79,591
	$ 75,411	$ 80,406

(VI) Employee benefit expenses

	2023	2022
Shor-term employee benefits	$ 1,541,132	$ 1,447,663
Retirement benefits		
Defined contributions	46,474	48,571
Defined benefits (Note 19)	298	147
Share-based payment (Note 25)		
Equity settled	10,680	14,713
Other employee benefits	62,514	56,696
Total employee benefit expenses	$ 1,661,098	$ 1,567,790
Summary by function		
Operating costs	$ 677,139	$ 660,069
Operating expenses	983,959	907,721
	$ 1,661,098	$ 1,567,790

(VII) Employees' remuneration and directors' remuneration

In case of profits during the year, the Company shall allocate at least 2% but no more than 10% of the profits as employees' remuneration. The employees' remuneration is issued in cash or wish shares according to the decision by the Board of Directors. Eligible employees include the employees working for controlled or subordinated companies and meeting certain criteria defined by the Board of Directors. The Company may allocate up to 5% of the abovementioned profits as directors' remunerations according to the decision by the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting. In case of accumulated losses, profits should be used to offset the losses before distributing the aforesaid percentage as employees' remuneration and directors' remuneration. The estimated employees' remuneration and directors' remuneration for 2023 and 2022 as determined by the Board of Directors on March 15, 2024 and March 15, 2023, respectively, are as follows:

Estimated and recognized percentage

	2023	2022
Employees' remuneration	5.0%	5.0%
Directors' remuneration	2.5%	2.5%

Amount

	2023	2022
Employees' remuneration	$ 61,968	$ 65,458
Directors' remuneration	30,984	32,729
	$ 92,952	$ 98,187
Amounts recognized in consolidated financial statements	$ 92,952	$ 98,187

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

There is no difference between the actual distribution and the amount recognized in the 2022 and 2021 consolidated financial statement for the 2022 and 2021 remuneration to employees and directors.

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

(VIII) Exchange gain (loss)

	2023	2022
Total exchange gain	$ 163,268	$ 234,012
Total exchange loss	(127,865)	(130,936)
Net gain (loss)	$ 35,403	$ 103,076

XXIII. Income taxes

(I) Income tax recognized in profit and loss

The primary components of income tax expenses are as follows:

	2023	2022
Income tax during the period		
Incurred during the period	$ 292,294	$ 275,803
Tax on undistributed earnings	13,872	11,916
Adjustment for the previous year	(10,101)	12,813
	296,065	300,532
Deferred income tax		
Incurred during the period	33,847	81,953
Income tax expenses recognized in profit and loss	$ 329,912	$ 382,485

Reconciliation of accounting income and income tax expense:

	2023	2022
Profits before tax	$ 1,256,785	$ 1,347,394
Income tax derived by applying the statutory tax rate to pre-tax profit	$ 285,656	$ 300,226
Increase/decrease from required adjustments	(15,735)	(557)
Effect of deferred income tax on overseas subsidiaries' earnings	64,110	67,876
Tax on undistributed earnings	13,872	11,916
Unrecognized loss carryforwards and deductible temporary difference	(7,890)	(9,789)
Previous income taxes adjusted in the current year	(10,101)	12,813
Income tax expenses recognized in profit and loss	$ 329,912	$ 382,485

The income tax rate is 20% for profit-seeking enterprises and the tax rate on undistributed earnings is 5% in Taiwan. The subsidiaries in China, Tianjin TSC Auto ID Technology, is subject to a 25% tax rate; in the U.S. to a 26%-28% tax rate, in Germany about 30%, and for the subsidiary in Poland about 19%. The tax rates in other jurisdictions are based on the local tax rates applicable.

Given the uncertainty involved in the earnings appropriation in the 2023 annual general meeting, the consequences of the 5% additional income tax on undistributed 2022 earnings cannot be determined reliably.

(II) Income tax directly recognized in equity

	2023	2022
Income tax during the period		
Disposal of subsidiary	$ -	$ 1,984

(III) Income tax recognized under other comprehensive income

	2023	2022
Deferred income tax		
Incurred in the current year		
Income tax expenses on translation differences from foreign operations	($ 4,590)	($ 48,006)

(IV) Deferred income tax assets and liabilities

Below are changes in deferred income tax assets and liabilities:

2023

	Balance at the beginning of the year	Acquisition through business combination (Note 26)	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Year-end balance
Deferred income tax assets						
Temporary difference						
Unrealized gross profit from associated companies	$ 56,861	$ -	$ 24,567	$ -	$ -	$ 81,428
Exchange differences from foreign operations	23,270	-	-	(4,590)	-	18,680
Leave encashment payable	6,106	859	440	-	50	7,455
Allowance for inventory devaluation	4,469	267	4,262	-	13	9,011
Merger and acquisition costs	5,684	-	(519)	-	6	5,171
Loss carryforwards	7,360	-	(295)	-	2	7,067
Differences in timing of revenue recognition	-	-	15,350	-	-	15,350
Others	34,147	439	23,322	-	(226)	57,682
Investment credit	249,672	-	(18,000)	-	181	231,853
	$ 387,569	$ 1,565	$ 49,127	($ 4,590)	$ 26	$ 433,697
Deferred income tax liabilities						
Temporary difference						
Investment gains recognized using the equity method	$ 261,186	$ -	$ 64,110	$ -	$ -	$ 325,296
Difference between book value and taxation basis of intangible assets acquired through business combination	9,919	51,471	(6,001)	-	2,877	58,266
Difference in useful lives of plant and equipment	97,328	-	7,391	-	(107)	104,612
Differences in timing of cost recognition	-	-	9,951	-	-	9,951
Others	15,057	1,740	7,523	-	147	24,467
	$ 383,490	$ 53,211	$ 82,974	$ -	$ 2,917	$ 522,592

2022

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Year-end balance
Deferred income tax assets					
Temporary difference					
Unrealized gross profit from associated companies	$ 38,801	$ 18,060	$ -	$ -	$ 56,861
Exchange differences from foreign operations	71,276	-	(48,006)	-	23,270
Leave encashment payable	7,545	(2,020)	-	581	6,106
Allowance for inventory devaluation	6,922	(3,010)	-	557	4,469
Merger and acquisition costs	5,586	(495)	-	593	5,684

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Deferred income tax liabilities	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Year-end balance
Loss carryforwards	16,641	(10,717)	-	1,436	7,360
Others	21,550	10,629	-	1,968	34,147
Investment credit	248,655	(25,291)	-	26,308	249,672
	$ 416,976	($ 12,844)	($ 48,006)	$ 31,443	$ 387,569
Temporary difference					
Investment gains recognized using the equity method	$ 193,310	$ 67,876	$ -	$ -	$ 261,186
Difference between book value and taxation basis of intangible assets acquired through business combination	19,544	(11,347)	-	1,722	9,919
Difference in useful lives of plant and equipment	80,074	8,194	-	9,060	97,328
Others	9,647	4,386	-	1,024	15,057
	$ 302,575	$ 69,109	$ -	$ 11,806	$ 383,490

(IV) Information on amounts not recognized as deferred income tax asset in the consolidated balance sheet

As of December 31, 2023 and 2022, the consolidated company had NT$16,395 thousand and NT$16,271thousand of deductible temporary differences, respectively, that were not recognized as deferred income tax assets.

As of December 31, 2023, the consolidated company had NT$61,840 thousand of unused investment credit that was not recognized as deferred income tax asset.

(V) Details of unused investment credit and loss carryforwards

Investment credit of U.S. subsidiary TSCAA as of December 31, 2023:

Deduction items	Deductionable balance	Deductionable due
Research and development expenses		
U.S. Fed	$ 45,621	The year 2036
State tax	248,072	No limit
	$ 293,693	

Loss carryforwards for U.S. subsidiary DLS as of December 31, 2023:

Jurisdiction	Outstanding balance	Losses carried forward due
Illinois	$ 74,390	The year 2031

(VI) Income tax assessment

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

XXIV. Earnings per share

	2023	2022
Basic earnings per share	$ 19.76	$ 20.65
Diluted earnings per share	$ 19.50	$ 20.41

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

	Before retrospective adjustment	After retrospective adjustment
	2022	2022
Basic earnings per share	$ 22.71	$ 20.65
Diluted earnings per share	$ 22.45	$ 20.41

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

Net income for the period

	2023	2022
Net income attributable to the shareholders of the Company	$ 926,873	$ 964,909
Net income used for the calculation of diluted earnings per share	$ 926,873	$ 964,909

Number of shares

Unit: Thousand shares

	2023	2022
Weighted average number of ordinary shares used for the calculation of earnings per share	46,907	42,492
Effects of dilutive potential ordinary shares:		
Employee stock options	299	107
Employees' remuneration	316	390
Average weighted number of ordinary shares used for the calculation of dilutive earnings per share	47,522	42,989

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

XXV. Shares-based Payment Agreement

The Company granted 855 employee stock options in August 2023. Each option can subscribe to 1,000 ordinary shares. These options were issued to the employees working for the Company and the subsidies and meeting certain criteria. The time to maturity of these options is five years. The exercisable percentages in different years are as follows:

(I) Up to 50% on the day following two years in issuance.

(II) Up to 75% on the day following three years in issuance.

(III) Up to 100% on the day following four years in issuance.

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

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

	2023		2022	
Employee stock options	Unit	Weighted average exercise price (NT$)	Unit	Weighted average exercise price (NT$)
Outstanding at the beginning of the year	895.5	$159.9-194.8	945	$170.8-208.1
Granted in the current year	855.0	241.0	-	-
Exercised in the current year	(369.5)	137.9-168.0	(42)	159.9
Forfeited due to resignation in the current year	(15.0)	159.9	(7.5)	159.9
Outstanding for the period	1,366.0	137.9-241.0	895.5	159.9-194.8
Exercisable for the period	273.63		412	-
Weighted average fair value of the granted stock options during the year (NT$)	$ 47.76		$ -	
Weighted average time to maturity (years)	1.5~4.62		2.5~3.27	

As of the balance sheet date, the information of the employee stock options outstanding is as follows:

Range of exercise prices (NT$)	Employee stock options outstanding No. of units	Employee stock options outstanding Weighted average time to maturity (years)
December 31, 2023		
$ 137.9	490.0	1.50
$ 168.0	21.0	2.27
$ 241.1	855.0	4.62
December 31, 2022		
$ 159.9	868.5	2.50
$ 194.8	27.0	3.27

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

The valuation of the employee stock options granted in August 2023 is based on the Black-Scholes model, with the inputs as follows:

	August 2023
Share price on granted day	NTD 241
Exercise price	NTD 241
Expected volatility	23.20%~23.82%
Time to maturity	3.5~4.5 years
Expected dividend yield	0%
Risk-free rate	1.05%~1.08%

The expected volatility is the annualized standard deviation of the historical returns over the time period equivalent to time to maturity.

Cost of remuneration recognized for 2023 and 2022 amounted to NT$10,680 thousand and NT$14,713 thousand, respectively.

XXVI. Business combinations

(I) Acquisition of subsidiaries

	Principal activities	Acquisition date	Proportion of voting equity interests acquired (%)	Consideration transferred
MGN	Printer consumables and customized design, integration, production and marketable of a variety of labels	June 12, 2023	100	$ 478,227

For the purpose of enhancing brand competitiveness and expanding the Europe labelling paper market, the consolidated company has acquired 100% of the shares of MGN sp. z o.o. on June 12, 2023. The initial acquisition consideration was PLN 63,552 thousand (equivalent to NT$478,227 thousand). There may be some changes made to the total transaction price depending on the contingent consideration and other contracts relating to the profit conditions of MGN in the coming three years after the settlement.

(II) Consideration transferred

	MGN
Cash	$ 362,703
Payable - final payment for acquisition (Note 1)	43,645
Contingent consideration agreement (Note 2)	71,879
Total	$ 478,227

1. According to the acquisition agreement, the consolidated company deposited EUR 1,292 thousand to the third-party escrow account for PLN 5,800 thousand (equivalent to NTD 43,645 thousand) as the balance payment on the settlement date. The custody period is 18 months from the settlement date. If the consolidated company has not suffered additional losses due to assuming the liabilities not yet entered into accounts of MGN, the balance will be paid in full to the seller.
2. For the contingent consideration agreement based on the acquisition contract, for the three years starting from the date of acquisition, if the operating income and gross profit reach the set performance targets for MGN, the consolidated company will just need to pay an additional PLN 14,000 thousand to the seller. The management believes that this payment obligation is very likely to occur. The fair value of this obligation at the date of acquisition is estimated at PLN 9,552 thousand (equivalent to NT$71,879 thousand).

(III) Assets acquired and liabilities assumed on acquisition date

	MGN
Current assets	
Cash	$ 4,213
Accounts receivable	79,892
Other receivables	2,397
Inventory	58,699
Prepaid expenses	6,258

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	MGN
Non-current assets	
Property, plant and equipment	139,957
Right-of-use assets	25,344
Intangible assets	1,705
Customer relations	270,899
Deferred income tax assets	1,565
Other non-current assets	11,361
Current liabilities	
Accounts payable	(94,322)
Short-term loans	(8,789)
Other payables	(33,044)
Income tax liability during the period	(422)
Lease liabilities	(6,036)
Long-term loans maturing within one year	(7,335)
Other current liabilities	(13,447)
Non-current liabilities	
Long-term loans	($ 19,094)
Deferred income tax liabilities	(53,211)
Lease liabilities	(12,248)
Other non-current liabilities	(2,146)
	$ 352,196

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

(IV) Goodwill derived from acquisition

	MGN
Consideration transferred	$ 478,227
Less: fair value of net identifiable assets acquired	(352,196)
Goodwill derived from acquisition	$ 126,031

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

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

(V) Net cash outflow for acquisition of subsidiaries

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

(VI) Effect of business combination on operating performance

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

	MGN
Operating incomes	$ 303,570
Profit before tax	$ 520

If the acquisition of MGN in June 2023 occurred on January 1, 2023, the consolidated company would have a pro forma operating revenue of NT$8,564,766 thousand and a pro forma net profit of NT$1,267,015 thousand for the twelve months ended December 31, 2023. These figures do not represent the actual amount of revenues or business outcome that the consolidated company would have generated if the business combination had been completed at the beginning of the same year, and should not be considered a forecast of future business outcome.

XXVII. Disposal of subsidiaries under the restructuring

In order to simplify the organizational structure of the Group and enhance operating efficiency, the Company signed an equity transaction agreement with its subsidiary TSCAA on July 1, 2022, selling the 5% PTNX US equity that the Company held. The board has resolved the merger base date to be July 1, 2022 and that TSCAA will merge with its 100%-owned subsidiary PTNX US. This transaction belongs to the organizational reorganization under common control and is treated as an equity transaction.

(I) Consideration received

	PTNX US
Total consideration received	$ 48,219

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

	PTNX US
Current assets	
Cash and Cash Equivalents	$ 2,010
Accounts receivable, net	4,192
Accounts receivable – affiliated parties, net	1,012
Other receivables – affiliated parties	2,354
Inventory	2,516
Prepayments	1,056
Other current assets	10

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	PTNX US
Non-current assets	
Property, plant and equipment	48
Intangible assets	18
Goodwill	27,738
Customer relations	277
Knowhow & technology	842
Deferred income tax assets	13,676
Current liabilities	
Accounts payable	(2,643)
Other payables	($ 931)
Income tax liability during the period	(234)
Liability reserve	(23)
Other current liabilities	(90)
Non-current liabilities	
Deferred income tax liabilities	(814)
Other non-current liabilities	(1,744)
Disposal of net assets	$ 49,270

(III) Equity transaction differences

	PTNX US
Consideration received	$ 48,219
Disposal of net assets	(49,270)
Adjustments to exchange differences on translation of financial statements of foreign operations (Note 20)	(8,871)
Equity transaction differences (recognized as capital surplus reduction)	($ 9,922)

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

XXVIII. Capital Risk Management

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

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

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

	December 31, 2023	December 31, 2022
Total liabilities	$ 3,496,072	$ 3,544,044
Total equity	$ 5,461,271	$ 4,750,725
Total assets	$ 8,957,343	$ 8,294,769
Liability ratio	39.03%	42.73%

XIX. Financial instruments

(I) Fair value – financial instruments not measured at fair value

The consolidated company believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value are close to their fair values or fair values that cannot be reliably measured.

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

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 4,543	$ -	$ 4,543
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
-Equity investment	$ 1,354,200	$ -	$ -	$ 1,354,200
Contingent consideration of business combinations	$ -	$ -	$ 75,956	$ 75,956

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December 31, 2022

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

There was no transfer between Level 1 and Level 2 fair values in 2023 and 2022.

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

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

3. Reconciliation of financial instruments measured at Level 3 fair value

The only financial liabilities that the consolidated company subsequently measured using Level 3 fair value is the contingent consideration related to the acquisition of MGN company (Note 26). Profit or loss from the contingent consideration that is not recognized in the Consolidated Comprehensive Income Statement for the fiscal year 2023.

4. Level 3 fair values – valuation techniques and input values

Types of financial instruments	Valuation techniques and input values
Contingent consideration agreement	Option pricing model: Fair value that is obtained from the evaluation based on the level of fluctuation, absence of risk interest rate, risk discounts and remaining life period.

(III) Types of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Measured at fair value through profit or loss		
Designated at fair value through profit or loss	$ 4,543	$ 1,798
Measured at amortized cost (Note 1)	2,447,781	2,543,505
Equity instrument investments measured at fair value through other comprehensive income	1,354,200	1,098,160
Financial Liabilities		
Measured at fair value through profit or loss		
Held for trading	-	1,984
Measured at amortized cost (Note 2)	2,198,939	2,334,395
Contingent consideration of business combinations (Note 26)	75,956	-

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

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

(IV) Financial risk management objectives and policy

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

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

1. Market risks

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

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

(1) Exchange rate risks

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

Please refer to Note 32 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items cancelled out in the consolidated financial statements) on the balance sheet date.

Sensitivity Analysis

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

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

	Gains and losses	
	2023	2022
United States dollars	$ 10,722 (i)	$ 22,020 (i)
Euro	7,814 (ii)	4,281 (ii)
Chinese Yuan	(314) (iii)	1,912 (iii)
Japanese Yen	(1,363) (iv)	(1,500) (iv)

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

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

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

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

(2) Interest rate risks

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

	December 31, 2023	December 31, 2022
Fair value interest rate risks		
- Financial assets	$ 344,660	$ 676,360
- Financial liabilities	808,346	1,064,784
Cash flow interest rate risks		
- Financial assets	693,493	341,228
- Financial liabilities	620,235	620,000

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

Sensitivity Analysis

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

If the interest rate increases/decreases by 100 basis points and all other variables are unchanged, the consolidated company' s profits before tax will decrease/increase by NT$733 thousand and decrease/increase by NT$2,788 thousand in 2023 and 2022, respectively, primarily due to floating-rate bank deposits and bank loans.

The consolidated entity became less sensitive to interest rates for the fiscal year mainly due to an increase in variable-interest financial assets.

(3) Other price risks

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

Sensitivity Analysis

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

If the equity price goes up/down by 1%, the other comprehensive incomes net of tax will increase/decrease by NT$13,542 thousand and by NT$10,982 thousand in 2023 and 2022, due to change in the fair value of financial assets measured at fair value through other comprehensive incomes.

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

2. Credit risks

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

Financial credit risks

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

Credit risks associated with operations

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

The top ten customers accounted for 40% and 33% of the consolidated company’s operating incomes in 2023 and 2022. To lower the credit risks, the consolidated company periodically assesses the financial statuses of customers and the recoverability of accounts receivable and recognizes appropriate allowance for losses accordingly.

3. Liquidity risks

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

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

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

December 31, 2023

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 983,471	$ -	$ -	$ -
Lease liabilities	21,459	70,378	48,722	2,024
Floating interest rate instruments	5,416	14,503	619,503	-
Fixed interest rate instruments	676,420	-	-	-
	$ 1,686,766	$ 84,881	$ 668,225	$ 2,024

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 91,837	$ 48,722	$ 2,024

December 31, 2022

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

Further information on the lease liability maturities is as follows:

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

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

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

December 31, 2022

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

(3) Credit facilities

	December 31, 2023	December 31, 2022
Secured credit facilities with banks (reviewed annually)		
- Utilized amount	$ 20,029	$ -
- Available amount	85,974	92,130
	$ 106,003	$ 92,130
Unsecured credit facilities with banks (reviewed annually)		
- Utilized amount	$ 1,271,395	$ 1,496,515
- Available amount	2,665,811	2,328,780
	$ 3,937,206	$ 3,825,295

XXX. Related party transactions

The Company's ultimate controller is Taiwan Semiconductor Manufacturing Co., Ltd., which owned 36.05% and 36.35% of the Company's ordinary shares as of December 31, 2023 and December 31, 2022, respectively.

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

(I) Names of and relations with the affiliated parties

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

(II) Operating incomes

Itemized account	Affiliated party category	2023	2022
Revenues	Parent company	$ 24	$ 8
	Affiliated company	41	45
		$ 65	$ 53

(III) Purchase

Affiliated party category	2023	2022
Parent company	$ 467	$ 1,827

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

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

Itemized account	Affiliated party category	December 31, 2023	December 31, 2022
Accounts receivable – affiliated parties	Parent company	$ 8	$ -
	Affiliated company	-	48
		$ 8	$ 48
Other receivables – affiliated parties	Affiliated company	$ 1,765	$ 1,736

No guarantee was obtained for the outstanding receivables from affiliated parties. No allowance for losses was recognized for receivables from affiliated parties in 2023 and 2022.

(V) Payables to affiliated parties

Itemized account	Affiliated party category	December 31, 2023	December 31, 2022
Accounts payable – affiliated parties	Parent company	$ 72	$ 101
Other payables – affiliated parties	Parent company	$ -	$ 94
	Affiliated company	1,519	1,520
		$ 1,519	$ 1,614

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

(VI) Other related party transactions

Itemized account	Affiliated party category	December 31, 2023	December 31, 2022
Lease income	Affiliated company	$ 2,087	$ 1,742

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

(VII) Management's remuneration

	2023	2022
Shor-term employee benefits	$ 105,735	$ 125,798
Retirement benefits	920	294
Shares-based payment	3,499	5,079
	$ 110,154	$ 131,171

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

XXXI. Pledged assets

The following assets of the consolidated company have been provided as collateral for borrowings from banks and leasing companies:

	2023	2022
Land	$ 2,179	$ -
Buildings and structures - Net	15,905	-
Machinery and equipment - net	33,701	-
	$ 51,785	$ -

XXXII. Information on Assets and Liabilities Denominated in Foreign Currencies and with Significant Influence

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

(Unit: thousand in NT dollars and foreign currencies)

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
United States dollars	$ 24,029	30.705 (USD: NTD)	$ 737,810
Euro	18,065	33.980 (EUR: NTD)	613,849
Chinese Yuan	35,637	4.327 (CNY: NTD)	154,201
Japanese Yen	41	0.217 (JPY: NTD)	9
			$ 1,505,869
Liabilities denominated in foreign currencies			
Monetary items			
United States dollars	12,389	30.705 (USD: NTD)	$ 380,404
Euro	10,400	33.980 (EUR: NTD)	353,392
Chinese Yuan	38,056	4.327 (CNY: NTD)	164,668
Japanese Yen	209,400	0.217 (JPY: NTD)	45,440
			$ 943,904

December 31, 2022

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

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

	2023		2022	
Foreign currency	Exchange rate	Net exchange gain (loss)	Exchange rate	Net exchange gain (loss)
United States dollars	30.705 (USD: NTD)	($ 8,486)	30.710 (USD: NTD)	$ 15,618
Euro	33.98 (EUR: NTD)	3,813	32.720 (EUR: NTD)	30,333
Japanese Yen	0.2172 (JPY: NTD)	(247)	0.232 (JPY: NTD)	(2,607)
Chinese Yuan	4.327 (CNY: NTD)	1,967	4.408 (CNY: NTD)	1,325
		($ 2,953)		$ 44,669

XXXIII. Supplementary disclosure

(I) Information on significant transactions:

1. Loans to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Position of marketable securities at the end of the period (excluding subsidiaries): Table 3.
4. Cumulative purchase or sale of the same marketable security for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: Attached Table 4.
5. Acquisition of real estates for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: none

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

(II) Information on investees: Table 8.

(III) Information on investments in China:

1. Names of investees in China, major businesses, paid-in capitals, investment methods, inward and outward remittances, shareholding percentages, investment gains (losses), carrying amounts of investments at the end of the period, repatriated investment gains (losses) and ceiling on investments in China: Table 9
2. Significant transactions with investees in China directly or indirectly through third regions; prices, payment terms and unrealized profits or losses of such transactions: Table 10.
   (1) Purchase amounts and percentages, balances and percentages of corresponding payables as of the end of the period.
   (2) Sale amounts and percentages, balances and percentages of corresponding receivables as of the end of the period.
   (3) Property transaction amounts and resulting gains (losses).
   (4) Purchases and balances of check endorsements and guarantees and the offering of collaterals as of the end of the period.
   (5) Maximum balance, end-of-period balance, interest rate range and interest expenses of borrowings during the period.
   (6) Other transactions (such as offering and receiving of services) with significant influence on profit or loss or financial status during the period.

(IV) Information on major shareholders: names, shareholding amounts and percentages of the shareholders with at least 5% stakes: Table 11.

XXXIV. Segment information

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

(I) Segment Revenues and Operating Results

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

2023

	Segment A	Segment B	Intersegment adjustment	Total
Revenue				
Revenue from external customers	$ 5,052,071	$ 3,299,691	$ -	$ 8,351,762
Intersegment revenue	1,208	4,366	(5,574)	-
Total revenue	$ 5,053,279	$ 3,304,057	($ 5,574)	$ 8,351,762
Interest income	$ 11,127	$ 478	($ 1,661)	$ 9,944
Financial cost	($ 48,873)	($ 11,962)	$ 1,661	($ 59,174)
Material income, expenses, and losses				
Depreciation and amortization	$ 278,528	$ 19,100	$ -	$ 297,628
Segment profit (loss)	$ 1,434,958	$ 141,911	($ 320,084)	$ 1,256,785

	2022			
	Segment A	Segment B	Intersegment adjustment	Total
Revenue				
Revenue from external customers	$ 4,985,010	$ 2,981,908	$ -	$ 7,966,918
Intersegment revenue	374	349	(723)	-
Total revenue	$ 4,985,384	$ 2,982,257	($ 723)	$ 7,966,918
Interest income	$ 11,794	$ -	($ 7,712)	$ 4,082
Financial cost	($ 25,463)	($ 10,765)	$ 7,712	($ 28,516)
Material income, expenses, and losses				
Depreciation and amortization	$ 179,558	$ 94,290	$ -	$ 273,848
Segment profit (loss)	$ 1,402,502	$ 275,354	($ 330,462)	$ 1,347,394

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

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

(II) Regional disclosure

The consolidated company operates mainly in four regions: Taiwan and other parts of Asia, China, the Americas, and Europe.

Income generated from external customers classified by operating location, and non-current assets by location where they are located:

Revenue

	2023	2022
Main markets		
Taiwan and other parts of Asia	$ 1,223,987	$ 1,255,080
China	1,234,982	1,077,514
America	4,040,321	4,113,704
Europe	1,852,472	1,520,620
	$ 8,351,762	$ 7,966,918

Non-current assets

	2023	2022
Main markets		
Taiwan and other parts of Asia	$ 500,401	$ 502,006
China	191,874	175,566
America	1,739,766	1,792,438
Europe	674,658	23,394
	$ 3,106,699	$ 2,493,404

Non-current assets include property, plant and equipment, right-of-use assets, goodwill and other intangible assets.

(III) Information on major customers

None of the consolidated company's customers individually accounted for more than 10% of revenues in 2023 and 2022.

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

Loans to Others

January 1 to December 31, 2023

Table 1

Unit: NT$ thousands, except as otherwise indicated

No. (Note 1)	Financing company	Counter-party	Financial statement account (Note 2)	Whether or not it is a Related party	Maximum balance for the period (Note 3, 4, 7)	Balance at the end of the period (Notes 3, 7, 8, 9)	Amount actually drawn (Note 7)	Interest rate range	Lending of capital Type	Transaction amounts	Reason for need for short-term financing	Recognized allowance for bad debts	Collateral		Limit on loans granted to a single party (Note 5)	Lending of capital Ceiling on total (Note 6)
													Name	Value		
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	Other receivables – affiliated parties	Yes	$ -	$ -	$ -	-	-	$ -	-	$ -	None	$ -	$ -	$ -
0	TSC Auto ID Technology Co., Ltd.	Diversified Labeling Solutions Inc.	Other receivables – affiliated parties	Yes	307,050 (USD 10,000 thousand)	-	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,092,254	2,184,508
0	TSC Auto ID Technology Co., Ltd.	Mosfortico Investments sp. z o.o.	Other receivables – affiliated parties	Yes	169,900 (EUR 5,000 thousand)	169,900 (EUR 5,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,092,254	2,184,508
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH	Other receivables – affiliated parties	Yes	33,980 (EUR 1,000 thousand)	33,980 (EUR 1,000 thousand)	8,495 (EUR 250 thousand)	-	The need for short-term financing	-	Operating capital	-	None	-	1,092,254	2,184,508

Note 1: Numbers in the column:

(1) 0 for the Company.

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

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

Note 4: The highest current balance is the highest balance amount accumulated for the period.

Note 5: Any need for short-term financing from the Company is capped at 20% of the book value of its most recent financial statements as audited or reviewed by CPAs.

Note 6: The aggregate amount of the Company’s lending to others is capped at 40% of the book value of its most recent financial statements as audited or reviewed by CPAs.

Note 7: Foreign currency amounts in this table based on exchange rates on December 31, 2023. NT dollars based on US$1 = NT$30.705 or EU$1 = NT33.98.

Note 8: The Company terminated all the credit lines of the U.S. subsidiary, TSC Auto ID Technology America Inc., as approved by a resolution of the Board of Directors on March 15, 2023.

Note 9: The Company’s loan amount to subsidiary Diversified Labeling Solutions Inc. has expired on November 8, 2023 upon maturity.

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

Endorsements and Guarantees for Others

January 1 to December 31, 2023

Table 2

Unit: NT$ thousands, except as otherwise indicated

No. (Note 1)	Name of the endorsement/guarantee provider	Endorsed/guaranteed entity		For a single company Endorsements and guarantees Maximum amount (Note 3)	Maximum balance of endorsements/guarantees during the period (Note 6)	Balance of endorsements/guarantees as of the end of the period (Notes 4, 6)	Amount actually drawn (Notes 5, 6)	Amount endorsed/guaranteed by collateralizing assets	Cumulative endorsed/guaranteed amount as the % of book value in the most recent financial statements	Endorsements and guarantees Maximum amount (Note 3)	Endorsements/guarantees from the parent to subsidiaries	Endorsements/guarantees from subsidiaries to the parent	Endorsements/guarantees to entities in China	Remarks
		Name of the company	Relation (Note 2)											
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	(2)	$ 2,184,508	$ 368,460 (USD 12,000 thousand)	$ 184,230 (USD 6,000 thousand)	$ -	$ -	3.37%	$ 3,276,763	Y	N	N	
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH.	(2)	2,184,508	-	15,353 (USD 500 thousand)	-	-	0.28%	3,276,763	Y	N	N	

Note 1: Numbers in the column:

(1) 0 for the Company.

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

(1) Company with business dealings.

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

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

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

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

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

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

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

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

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

Note 6: Foreign currency amounts in this table are based on exchange rates on December 31, 2023. NT dollars based on US$1 = NT$30.705.

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

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

Position of marketable securities at the end of the period

December 31, 2023

Table 3

Unit: NT$ thousand/thousand shares/thousand units

Investees	Types and names of marketable securities (Note 1)	Relation with the issuer (Note 2)	Itemized account	End of the period				Remarks
				No. of units	Carrying amount (Note 3)	Shareholding percentage	Fair value	
	Shares							
The Company	Taiwan Semiconductor Co., Ltd.	Parent company	Financial assets measured at fair value through other comprehensive incomes – non-current	14,800	$ 1,354,200	5.62%	$ 1,354,200	

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

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

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

Note 4: Please refer to Tables 8 and 9 for information on subsidiaries.

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

Cumulative purchase or sale of the same marketable security for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital

January 1 to December 31, 2023

Table 4

Unit: NT$ thousands, except as otherwise indicated

Types and	Names of marketable securities (Note 1)	Itemized account	Counterparties (Note 2)	Relation (Note 2)	Beginning of the period		Purchase (Note 3)		Sell (Note 3)				Investment gain (loss)	Other variables (Note 5)	End of the period	
					No. of shares (thousand shares)	Amount	No. of shares (thousand shares)	Amount	Number of shares (unit)	Sales price	Book cost	Gains and losses on disposal			No. of shares (thousand shares)	Amount
	Shares															
The Company	TSCPL	Long-term investments at equity	TSCPL	Subsidiaries	-	$ -	Note 4	$ 498,827 (PLN 67,084 thousand)	-	$ -	$ -	$ -	($ 26,356)	$ 33,108	Note 4	$ 505,579
	Shares															
TSCPL	MGN	Long-term investments at equity	SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK and MGN (Note 6)	-	-	-	2	PLN 71,834 thousand	-	-	-	-	(PLN 865 thousand)	-	2	PLN 70,969 thousand

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

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

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

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

Note 5: It includes the recognized exchange differences on translation of financial statements of foreign operations at NT$ 33,108 thousand.

Note 6: After the Company has acquired 100% ownership of MGN through TSCPL from SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK, the Company increased the capital of MGN at PLN 8,282 thousand.

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

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

January 1 to December 31, 2023

Table 5

Unit: NT$ thousands, except as otherwise indicated

Purchase (sale) company	Counterparties	Relation	Transactions				Circumstances and reasons why transaction terms are different from the general terms		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As % of total sale (purchase)	Credit period	Unit price	Credit period	Balance	As % of total notes and accounts receivable (payable)	
The Company	TSCAE	Subsidiary	Sale of goods	($ 908,878)	(24%)	135 days based on monthly statements	-	-	$ 591,893	44%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Sale of goods	(456,866)	(12%)	60 days based on monthly statements	-	-	-	-%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Purchase	642,624	35%	60 days based on monthly statements	-	-	(164,670)	(33%)	
The Company	TSCAA	Subsidiary	Sale of goods	(818,842)	(22%)	120 days based on monthly statements	-	-	430,797	32%	

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

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

December 31, 2023

Table 6

Unit: NT$ thousands, except as otherwise indicated

Company from which receivables are recognized	Name of the counterparty	Relation	Receivables from affiliated parties (Note 1)	Turnover	Overdue receivables from affiliated parties		Receivables from affiliated parties Recovered receivables (Note 2)	Recognized allowance for bad debts
					Amount	Treatment		
The Company	TSCAE	Subsidiary	Accounts receivable $ 591,893 Other receivables 16,500	1.48	$ -	-	$150,777 7,161	$ -
The Company	TSCAA	Subsidiary	Accounts receivable 430,797 Other receivables 155	2.07	-	-	82,814 77	-
Tianjin TSC Auto ID Technology	The Company	Parent company	Accounts receivable 164,670	5.24	-	-	137,654	-

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

Note 2: Recovered amount as of March 15, 2024.

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

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

January 1 to December 31, 2023

Table 7

Unit: NT$ thousands, except as otherwise indicated

No.	Entity concerned	Name of the counterparty	Relation with the counterparty (Note 1)	Transaction with the counterparty			
				Item	Amount	Transaction terms and conditions	As % of the consolidated total revenue or the consolidated total assets (Note 2)
0	The Company	TSCAA	1	Accounts receivable	$ 430,797	Note 3	5%
			1	Revenues	818,842	Note 3	10%
		TSCAE	1	Accounts receivable	591,893	Note 3	7%
			1	Revenues	908,878	Note 3	11%
		Tianjin TSC Auto ID Technology	1	Revenues	456,866	Note 3	5%
			1	Accounts payable	164,670	Note 3	2%
			1	Purchase	642,624	Note 3	8%

Note 1: Relation with the counterparty:

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

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

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

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

Name and location of the investee, etc.

January 1 to December 31, 2023

Table 8

Unit: NT$ thousands, except as otherwise indicated

Name of the investment company	Name of the investee	Location	Primary business	Original invested amount		Holdings at the end of the year			Profit (loss) of the investee during the period	Recognized investment gain (loss) during the period Investment gain (loss)	Remarks
				End of this period	End of last year	No. of shares (thousand shares)	Ratio (%)	Carrying amount (Note 2)			
The Company	TSCAE	Germany	Sale of barcode printers and relevant components	$ 2,943	$ 2,943	Note 1	100.00	($ 87,915)	($ 13,080)	($ 13,080)	Subsidiary
The Company	TSCAA	United States	Sale of barcode printers and relevant components	1,096,621 (US$33,000 thousand)	1,096,621 (US$33,000 thousand)	16,000	100.00	1,014,055	2,555	2,555	Subsidiary
The Company	TSCHK	Hong Kong	Investment in production businesses and general imports/exports	47,468 (US$1,500 thousand)	51,738 (US$1,654 thousand)	11,711	100.00	785,817	228,001	228,001	Subsidiary
The Company	Printronix Auto ID Technology	Taiwan	Sale of barcode printers and relevant components	5,000	5,000	500	100.00	4,796	(463)	(463)	Subsidiary
The Company	DLS	United States	Printer consumables and customized design, integration, production and marketable of a variety of labels	801,558 (US$26,000 thousand)	801,558 (US$26,000 thousand)	1	100.00	1,352,977	129,839	129,839	Subsidiary
The Company	TSCIN	India	Sale of barcode printers and relevant components	2,791 (US$100 thousand)	2,791 (US$100 thousand)	710	100.00	1,189	(411)	(411)	Subsidiary
The Company	TSCPL	Poland	General investment	498,827 (PLN 67,084 thousand)	-	Note 2	100.00	505,579	(26,356)	(26,356)	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Sale of barcode printers and relevant components	8,234	8,234	Note 1	100.00	(12,405)	(5,018)	(5,018)	Sub-subsidiary
TSCAE	TSCAS	Spain	Sale of barcode printers and relevant components	124	124	Note 1	100.00	2,997	231	231	Sub-subsidiary
DLS	PPL	United States	Selling of a variety of labels and printer consumables	US$115 thousand	US$115 thousand	850	100.00	38,691 (US$1,260 thousand)	8,919 (US$287 thousand)	8,919 (US$287 thousand)	Sub-subsidiary
TSCPL	MGN	Poland	Printer consumables and customized design, integration, production and marketable of a variety of labels	PLN 71,834 thousand	-	2	100.00	564,328 (PLN 70,969 thousand)	519 (PLN 69 thousand)	(6,507) (PLN 865 thousand)	Sub-subsidiary

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

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

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

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

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

Information on investments in China

January 1 to December 31, 2023

Table 9

Unit: NT$ thousands, except as otherwise indicated

Names of investees in China	Primary business	Paid-in capital (Note 6)	Investment method (Note 1)	Beginning of the period Outward remittances from Taiwan Accumulated invested amount (Note 6)	Outward remittances or recovered investments during the period: Outward remittances	Outward remittances or recovered investments during the period: Recovered investments	End of this period Outward remittances from Taiwan Accumulated invested amount (Note 5)	Investee Gains and losses for the period	Holding by the Company directly and indirectly	Recognized investment gain or loss during the period (Note 2)	Carrying amount of the investment at the end of the period Carrying amount	As of the period Total repatriated investment gains	Remarks
Tianjin TSC Auto ID Technology Co., Ltd.	Production and marketing of barcode printers and relevant components	$ 45,434 (CNY 10,500 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	$ 46,058 (US$1,500 thousand)	$ -	$ -	$ 46,058 (US$1,500 thousand)	$ 230,188	100%	$ 230,188 (Note 3)	$ 824,980	$ 787,814	-
Shenzhen Printronix Auto ID Technology Co., Ltd.	Sale of barcode printers and relevant components	-	(2) Investor: TSC Auto ID (H.K.) LTD	4,729 (US$154 thousand)	-	(4,729) (US$154 thousand)	-	(1,600)	-	(1,600) (Note 3)	-	5,898	Note 5

Cumulative outward investments from Taiwan at the end of this period (Note 6)	Investment amount approved by the Investment Commission, MOEA (Note 6)	Ceiling imposed by the Investment Commission, MOEA on investments in China (Note 4)
$46,058 (US$1,500 thousand)	$46,058 (US$1,500 thousand)	$3,276,763

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

(1) Direct investments in China

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

(3) Other methods

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

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

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

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

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

C. Others.

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

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

Note 5: Shenzhen Printronix Auto ID Technology Co., Ltd. had the share capital returned to the parent company, TSCHK, in July 2023 and was liquidated and extinguished on August 31, 2023; TSCHK had remitted the share capital back to the ultimate parent company, TSC Auto ID Technology Co., Ltd., in July 2023 and the cancellation of the investment quota has been applied to the Investment Review Committee, Ministry of Economic Affairs (MOEA). The approval letter, Jing-Shou-Fan-Zi No. 11256107350 from the MOEA was received on October 17, 2023 for reference.

Note 6: Foreign currency amounts in this table based on exchange rates on December 31, 2023. NT dollars based on US$1=NT$30.705 or RMB$1 = NT$4.327.

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

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

January 1 to December 31, 2023

Table 10

Unit: NT$ thousands, except as otherwise indicated

Counterparties	Relation with the counterparty	Type of transaction Purchase (sale)	Amount	Transaction terms and conditions			Notes and accounts receivable (payable)		Unrealized gains or losses
				Price	Payment terms	Comparison with transactions at an arm's length	Balance	%	
Tianjin TSC Auto ID Technology Co., Ltd.	Sub-subsidiary	Sale of goods	($ 456,866)	Note 1	60 days based on monthly statements	Equivalent	$ -	-%	$ 39,204 (Note 2)
		Purchase	642,624	Note 1	60 days based on monthly statements	Equivalent	(164,670)	(33%)	

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

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

TSC Auto ID Technology Co., Ltd.

Information on major shareholders

December 31, 2023

Table 11

Unit: shares

Name of the major shareholder	Shares	
	No. of shares held	Shareholding percentage
Taiwan Semiconductor Co., Ltd.	16,995,230	36.05%
Standard Chartered Bank, Department of Business in custody for Fidelity Puritan Trust: Fidelity Low-Priced Fund Investment	2,544,911	5.39%

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

Appendix 2

2023 Standalone Financial Statement

Auditor's Audit Report

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

Audit opinions

We have audited the standalone balance sheet as of December 31, 2023 and December 31, 2022; the standalone incomes statement from January 1 to December 31, 2023 and from January 1 to December 31, 2022; the standalone statements of changes in equity and the standalone statements of cash flows from January 1 to December 31, 2023 and from January 1 to December 31, 2022 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, 2023 and 2022, standalone financial performance from January 1 to December 31, 2023 and 2022, and standalone cash flows from January 1 to December 31, 2023 and 2022.

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 Matters

Key Audit Matters are matters that we considered to be the most important, based on professional judgment, when auditing the 2023 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 Matters concerning the 2023 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 some of the equity-accounted subsidiaries of reinvestments presented in the 2023 and 2022 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, 2023 and 2022, the abovementioned equity-accounted investees represented 23.70% and 16.13% respectively of the Company's standalone total assets; share of profit from the abovementioned investees in 2023 and 2022 accounted for 11.37% and 15.58% 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 management's responsibilities when preparing the standalone financial statements also included assessing the ability of TSC Auto ID Technology Company to operate, disclose information and account for transactions as a going concern unless the management intends to liquidate TSC Auto ID Technology Company or cease business operations or is compelled to do so with no alternative solution.

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 Matters after communicating with the governing body regarding the 2023 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, 2024

TSC Auto ID Technology Co., Ltd.

Standalone Balance Sheet

December 31, 2023 and December 31, 2022

Unit: NT$ thousand

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 578,606	7	$ 833,645	11
1110	Financial assets at fair value through profit or loss (Notes 7 and 27)	4,543	-	1,798	-
1170	Notes and accounts receivable, net (Note 9)	304,305	4	283,996	4
1180	Accounts receivable – affiliated parties (Note 28)	1,034,474	13	1,082,149	14
1200	Other receivables	8,836	-	11,472	-
1210	Other receivables – affiliated parties (Note 28)	16,700	-	227,995	3
130X	Inventory (Note 10)	470,919	6	561,043	8
1470	Other current assets	3,285	-	3,777	-
11XX	Total current assets	2,421,668	30	3,005,875	40
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 8 and 27)	1,354,200	17	1,098,160	14
1550	Equity-accounted investments (Notes 11, 24, and 28)	3,664,413	45	2,880,022	38
1600	Property, plant and equipment (Note 12)	447,753	6	464,074	6
1755	Right-of-use assets (Note 13)	26,750	-	1,417	-
1780	Intangible assets (Note 14)	25,022	-	35,452	1
1840	Deferred income tax assets (Note 21)	129,890	2	95,524	1
1990	Other non-current assets	21,459	-	14,927	-
15XX	Total non-current assets	5,669,487	70	4,589,576	60
1XXX	Total assets	$ 8,091,155	100	$ 7,595,451	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term loans (Note 15)	$ 671,189	8	$ 876,515	11
2120	Financial liabilities at fair value through profit or loss (Notes 7 and 27)	-	-	1,984	-
2170	Accounts payable	333,356	4	465,124	6
2180	Accounts payable – affiliated parties (Note 28)	164,742	2	158,262	2
2200	Other payables (Note 16)	234,022	3	222,810	3
2220	Other accounts payable – affiliated parties (Note 28)	20,822	-	17,858	-
2230	Income tax liability during the period (Note 21)	92,916	1	120,113	2
2280	Lease liability (Note 13)	11,712	-	1,528	-
2320	Long-term liabilities due within one year (Note 15)	-	-	63,000	1
2399	Other current liabilities (Note 19)	30,325	1	43,764	1
21XX	Total current liabilities	1,559,084	19	1,970,958	26
	Non-current liabilities				
2540	Long-term loans (Note 15)	600,000	8	557,000	7
2570	Deferred income tax liabilities (Note 21)	336,156	4	265,370	4
2580	Lease liability (Note 13)	15,281	-	-	-
2640	Net defined benefit liability (Note 17)	16,842	-	14,954	-
2670	Other non-current liabilities (Note 11)	102,521	1	36,444	-
25XX	Total non-current liabilities	1,070,800	13	873,768	11
2XXX	Total liabilities	2,629,884	32	2,844,726	37
	Equity (Note 18)				
	Share capital				
3110	Ordinary share capital	471,071	6	425,129	6
3140	Advanced receipt of share capital	335	-	60	-
3100	Total share capital	471,406	6	425,189	6
3200	Capital surplus	676,011	8	615,845	8
	Retained earnings				
3310	Legal reserve	770,477	10	673,504	9
3320	Special reserve	8,597	-	8,597	-
3350	Unappropriated earnings	2,770,511	34	2,537,721	33
3300	Total retained earnings	3,549,585	44	3,219,822	42
3400	Other equity	764,269	10	489,869	7
3XXX	Total equity	5,461,271	68	4,750,725	63
	Total liabilities and equity	$ 8,091,155	100	$ 7,595,451	100

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2024.)

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, 2023 and 2022

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

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating incomes (Notes 19, 28)				
4110	Revenues	$ 3,784,488	100	$ 3,865,879	100
	Operating costs (Notes 10, 20, 28)				
5110	Cost of goods sold	2,301,432	61	2,447,256	63
5900	Gross profits	1,483,056	39	1,418,623	37
5910	Unrealized gain on transactions with subsidiaries	(123,660)	(3)	(90,169)	(3)
5950	Realized gross profit	1,359,396	36	1,328,454	34
	Operating expenses (Notes 9, 20, 28)				
6100	Sales & marketing expenses	103,101	3	81,304	2
6200	Administrative expenses	244,986	6	219,216	6
6300	R&D expenses	245,372	6	233,829	6
6000	Total operating expenses	593,459	15	534,349	14
6900	Operating profits	765,937	21	794,105	20
	Non-operating incomes and expenses				
7100	Interest income (Notes 20, 28)	10,262	-	10,994	-
7190	Other incomes (Notes 20, 28)	68,588	2	44,021	1
7020	Other gains and losses (Note 20)	28,345	1	51,944	1
7050	Financial cost (Note 20)	(46,816)	(1)	(19,545)	-
7070	Share of profit from equity-accounted subsidiaries (Note 11)	320,085	8	329,454	9
7000	Total non-operating incomes and expenses	380,464	10	416,868	11

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Profits before tax	$ 1,146,401	31	$ 1,210,973	31
7950	Income tax expenses (Note 21)	219,528	6	246,064	6
8200	Current net income	926,873	25	964,909	25
	Other comprehensive income				
	Items that are not to be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 17)	(1,803)	-	4,819	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive incomes (Note 18)	256,040	7	(55,335)	(1)
8310		254,237	7	(50,516)	(1)
	Items that may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations (Note 18)	22,950	-	240,028	6
8399	Income tax components that may be reclassified (Note 21)	(4,590)	-	(48,006)	(1)
8360		18,360	-	192,022	5
8300	Other comprehensive income for the year (net of tax)	272,597	7	141,506	4
8500	Total comprehensive income for the year	$ 1,199,470	32	$ 1,106,415	29
	Earnings per share (Note 22)				
9710	Basic	$ 19.76		$ 20.65	
9810	Diluted	$ 19.50		$ 20.41	

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2024.)

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

TSC Auto ID Technology Co., Ltd.

Standalone Statement of Changes in equity

From January 1 to December 31, 2023 and 2022

Unit: NT$ thousands, except as otherwise indicated

Code		Share capital: No. of shares (thousand shares)	Share capital: Ordinary share capital	Share capital: Advanced receipt of share capital	Share capital: Total share capital	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Retained earnings: Total	Other equity: Exchange differences on translation of financial statements of foreign operations	Other equity: Unrealized gain of financial assets measured at fair value through other comprehensive incomes / Financial assets measured at fair value through profit or loss — Unrealized valuation gain	Other equity: Total	Total equity
A1	Balance on January 1, 2022	42,477	$ 424,769	$ -	$ 424,769	$ 592,852	$ 595,108	$ 8,597	$ 2,113,635	$ 2,717,340	($ 294,269)	$ 647,451	$ 353,182	$ 4,088,143
G1	Exercise of employee stock options	36	360	60	420	6,296	-	-	-	-	-	-	-	6,716
	Appropriation and distribution of 2021 earnings													
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	(467,246)	(467,246)	-	-	-	(467,246)
B1	Legal reserve	-	-	-	-	-	78,396	-	(78,396)	-	-	-	-	-
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, 25)	-	-	-	-	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
G1	Exercise of employee stock options	342	3,420	275	3,695	49,486	-	-	-	-	-	-	-	53,181
	Appropriation and distribution of 2022 earnings													
B1	Legal reserve	-	-	-	-	-	96,973	-	(96,973)	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	(552,785)	(552,785)	-	-	-	(552,785)
B9	Stock dividend to shareholders	4,252	42,522	-	42,522	-	-	-	(42,522)	(42,522)	-	-	-	-
D1	2023 net income	-	-	-	-	-	-	-	926,873	926,873	-	-	-	926,873
D3	2023 other comprehensive income - after tax	-	-	-	-	-	-	-	(1,803)	(1,803)	18,360	256,040	274,400	272,597
D5	Total comprehensive income of 2023	-	-	-	-	-	-	-	925,070	925,070	18,360	256,040	274,400	1,199,470
N1	Share-based compensation – employee stock options (Note 23)	-	-	-	-	10,680	-	-	-	-	-	-	-	10,680
Z1	Balance on December 31, 2023	47,107	$ 471,071	$ 335	$ 471,406	$ 676,011	$ 770,477	$ 8,597	$ 2,770,511	$ 3,549,585	($ 83,887)	$ 848,156	$ 764,269	$ 5,461,271

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15,2024.)

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, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Pre-tax profit for the current period	$ 1,146,401	$ 1,210,973
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	38,961	33,905
A20200	Amortization	32,628	26,516
A20300	Gain on reversal of expected credit losses	(2,199)	-
A20900	Financial cost	46,816	19,545
A21200	Interest income	(10,262)	(10,994)
A21300	Dividend income	(59,200)	(37,000)
A21900	Cost of employee stock options	10,680	14,713
A22400	Share of profit from equity-accounted subsidiaries	(320,085)	(329,454)
A23700	Loss for market price decline and obsolete inventory	10,400	19,500
A23900	Unrealized gain on transactions with subsidiaries	123,660	90,169
A24100	Unrealized foreign exchange (gains) losses	2,968	(44,802)
A29900	Gain on lease amendment	(3)	(621)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	(2,745)	1,263
A31150	Notes and accounts receivable	(27,359)	87,397
A31160	Accounts receivable – affiliated parties	35,552	(306,696)
A31180	Other receivables	2,831	3,768
A31190	Other receivables – affiliated parties	1,458	(48,788)
A31200	Inventory	79,724	(133,401)
A31240	Other current assets	(2,296)	(2,250)
A32110	Financial liabilities held for trading	(1,984)	1,541
A32150	Accounts payable	(130,440)	53,396
A32160	Accounts payable – affiliated parties	10,700	(122,166)
A32180	Other payables	8,054	29,855
A32190	Other payables – affiliated parties	3,462	285
A32230	Other current liabilities	(13,439)	(28,494)
A32240	Net defined benefit liability	85	42
A32990	Other non-current liabilities	(3,792)	(2,152)
A33000	Cash inflows from operating activities	980,576	526,050

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Code		2023	2022
A33100	Interest received	$ 10,067	$ 11,132
A33500	Income tax paid	(214,895)	(261,678)
AAAA	Net cash flows from operating activities	775,748	275,504
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	-	(84,535)
B01800	Established and increased capital for equity-accounted subsidiaries	(499,417)	-
B02300	Net cash inflow for disposal of subsidiaries	-	48,219
B02400	Return of share capital due to capital reduction of subsidiaries	4,270	-
B02700	Purchase of property, plant and equipment	(8,465)	(16,940)
B03700	Increase in refundable deposits	(2,323)	(442)
B03800	Decrease in refundable deposits	191	758
B04300	Related party of lending of capital	(8,360)	(311,248)
B04400	Repayment for lending of capital to related party	223,808	448,588
B04500	Purchase of intangible assets	(19,410)	(13,909)
B07100	Increase in equipment prepayments	(8,800)	(14,631)
B07600	Dividends received	59,200	37,000
BBBB	Net cash inflow (outflow) from investment activities	(259,306)	92,860
	Cash flows from financing activities		
C00100	Increase (decrease) in net short-term loans	(192,618)	320,151
C01600	Borrowing of long-term loans	300,000	280,000
C01700	Repayment of long-term loans	(320,000)	(560,000)
C04020	Repayment of lease principals	(8,494)	(4,015)
C04500	Cash dividends paid	(552,785)	(467,246)
C04800	Exercise of employee stock options	53,181	6,716
C05600	Interest paid	(44,411)	(17,923)
CCCC	Net cash outflows from financing activities	(765,127)	(442,317)
DDDD	Currency impact on cash and cash equivalents	(6,354)	23,749
EEEE	Net decrease in cash and cash equivalents	(255,039)	(50,204)
E00100	Cash and cash equivalents at the beginning of the year	833,645	883,849
E00200	Cash and cash equivalents at the end of the year	$ 578,606	$ 833,645

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

(Please refer to the audit report issued by Deloitte Taiwan on March 15, 2024.)

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

TSC Auto ID Technology Co., Ltd.
Notes to Standalone Financial Statements
From January 1 to December 31, 2023 and 2022
(Unit: NT$ thousand unless otherwise indicated)

I. Company history

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

The standalone financial reports are expressed in NT dollars, the Company's functional currency.

II. Dates and procedures of approving financial reports

The standalone financial reports were published on March 15, 2024 after approval by the Board of Directors.

III. Applicability of new and modified standards and interpretations

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

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

(II) IFRSs published by International Accounting Standards Board (IASB), recognized by the Financial Supervisory Commission and applicable in 2024

Newly published/amended/revised standards and interpretations	IASB release and effective date (Note 1)
IFRS 16 Amendment: Lease Liability in a Sale and Leaseback	January 1, 2024 (Note 2)
IAS 1 Amendment: Classification of Liabilities as Current or Non-current	January 1, 2024
IAS 1 Amendment: Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024 (Note 3)

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

Note 2: Amendment to IFRS 16 is applied retrospectively for sale-leaseback transactions contracted after the initial application of IFRS 16.

Note 3: When this Amendment is first applied, partial disclosure is exempted.

As of the date these standalone financial reports were approved and released and according to the Company's assessment, the adoption in 2024 of the amended standards and interpretations recognized by the Financial Supervisory Commission will not cause significant influence on its financial status or financial performance.

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

Newly published/amended/revised standards and interpretations	IASB release and effective date (Note 1)
IFRS 10 and IAS 28 Amendment: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Undecided
IFRS 17 Insurance Contracts	January 1, 2023
IFRS 17 Amendment	January 1, 2023
IFRS 17 Amendment: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the impact will be recognized in the retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

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

IV. Summary of significant accounting policies

(I) Statement of Compliance

These standalone financial statements were prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

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

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

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

The Company accounts for its subsidiaries using the equity method when preparing the standalone financial statements. To ensure consistency between the amount of profit/loss, other comprehensive income, and equity presented in the standalone financial statements and the amount of profit/loss, other comprehensive income, and equity attributable to the Company's owners shown in the consolidated financial statements, adjustments were made to differences in accounting treatment between the standalone basis and consolidated basis for "equity-accounted investments," "share of profit from equity-accounted subsidiaries," "share of other comprehensive income from equity-accounted subsidiaries," and related equity items.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets that are held mainly for the purpose of trading;
2. Assets that are expected to be realized within 12 months after the end of the reporting period; and
3. Cash and cash equivalents (except for those that are intended to be swapped or settled against liabilities more than 12 months after the end of the reporting period or those with restricted uses).

Current liabilities include:

1. Liabilities that are held mainly for the purpose of trading;
2. Liabilities that are expected to be repaid within 12 months after the end of the reporting period; and
3. Liabilities where the repayment terms cannot be extended unconditionally beyond 12 months after the end of the reporting period.

Assets and liabilities that do not satisfy the above criteria are classified into non-current assets or non-current liabilities.

(IV) Loss of control over subsidiary under joint control

When the Company disposes of a subsidiary leading to the loss of control over the business under joint control, the gain or loss from the transaction is not recognized.

(V) Foreign currency

During preparation of the standalone financial report, transactions denominated in currencies other than the functional currency of the Company (i.e. foreign currency transactions) are converted and recorded in the functional currency using the exchange rate at the transaction date.

Monetary foreign currency accounts are converted using the closing exchange rates at the end of each reporting period. Exchange differences arising from the settlement or translation of monetary accounts are recognized in profit or loss in the year in which they occurred.

Foreign currency-denominated non-monetary items measured at fair value are converted using exchange rates as of the date of fair value assessment, with exchange differences recognized in current profit or loss. However, items that have fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items measured at historical cost are converted using the exchange rate at the date of the initial transaction. No further conversion is made.

When preparing the standalone financial reports, assets and liabilities of foreign operations (including subsidiaries that operate in countries or use currencies that are different from the Company) are converted into NTD using the exchange rates at the end of each reporting period. Revenues, expenses, and losses are converted using the average exchange rate of the current year; any exchange differences that arise as a result are recognized in other comprehensive income.

(VI) Inventory

Inventory comprises raw materials, works-in-progress, finished goods, and semi-finished goods. Inventory is measured at the lower of cost or net realizable value; the lower of cost or net realizable value is compared item-by-item, except items within the same category. Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances. Cost of inventory is calculated using the weighted average method.

(VII) Investments in subsidiaries

The Company accounts for investments in subsidiaries using the equity method.

A subsidiary is an entity in which the Company exercises control.

Under the equity method, investments are initially recognized at cost; after the acquisition date, the book value may be increased or decreased by the Company's share of profits/losses and other comprehensive income in subsidiaries. Furthermore, changes in other equity items of subsidiaries are recognized proportionally according to the Company's shareholding percentage.

If the share of losses of a subsidiary equals or exceeds the Company's equity ownership, the Company will continue recognizing additional losses at the current shareholding percentage.

Acquisition costs in excess of the Company's share of net identifiable assets and liabilities (i.e., fair value) in a subsidiary that constitutes a business on the date of acquisition are recognized as goodwill. This goodwill includes the book value of the investment and is not amortized.

Impairments are assessed for individual cash-generating units and presented consistently throughout the standalone financial statements by comparing recoverable amounts with book values. Should the recoverable amount increase in subsequent years, the amount previously impaired can be reversed and recognized as gains. However, the asset's book value after reversal cannot exceed the amount of the book value less amortization before the impairment took place. Impairment loss on goodwill can not be reversed in a later year.

Any unrealized gains/losses arising from downstream transactions between the Company and subsidiaries have been eliminated in the standalone financial statements. Gains/losses arising from upstream transactions and transactions among subsidiaries are recognized in the standalone financial statements only when the Company exercises no control over the subsidiary.

(VIII) Property, plant and equipment

Property, plant and equipment are initially recognized at cost, and subsequently presented at cost after accumulated depreciation and impairment.

No depreciation is provided on land, whereas property, plant and equipment are depreciated using the straight line method over their useful lives. Depreciation is provided separately for each major component. The Company reviews estimated useful life, residual value, and depreciation method at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

Gains or losses arising from derecognized property, plant and equipment are calculated as the difference between disposal proceeds and the asset's book value, and are recognized through profit or loss.

(IX) Intangible assets

1. Acquisition by separate purchase

Intangible assets that are acquired through separate purchase with limited useful life are initially recognized at cost, and subsequently measured at cost less accumulated amortization and impairment. Intangible assets are amortized on a straight-line basis over their useful lives. The estimated useful life, residual value, and amortization method are reviewed at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively. Intangible assets that are without defined useful lives are presented at cost less accumulated impairment.

2. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and book value of the assets is recognized in current profit or loss.

(X) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Company evaluates all property, plant and equipment, right-of-use assets, and intangible assets for signs of impairment at the end of each reporting period. Assets that exhibit any sign of impairment will have the recoverable amount estimated. If the recoverable amount can not be estimated for a particular asset, the Company will instead estimate the recoverable amount for the entire cash-generating unit.

Recoverable amount is the higher of the fair value less selling costs and the use value. If the recoverable amount of an asset or cash-generating unit falls below its book value, the book value of that particular asset or cash-generating unit shall be reduced to the recoverable amount with impairment losses recognized in profit or loss.

When impairment losses are reversed on a later date, the book value of corresponding assets/cash-generating units shall be adjusted upwards to the recoverable amount. However, the increased book value shall not exceed the book value (less amortization or depreciation) of the asset/cash-generating unit before impairment losses were recognized in the first place. Reversal of impairment loss is recognized through profit or loss.

(XI) Financial Instruments

Financial assets and financial liabilities are recognized on the standalone balance sheet when the Company becomes a party of the contract of these instruments.

When initially recognizing financial assets and liabilities, those that are not designated to be measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities measured at fair value through profit or loss are recognized immediately through profit or loss.

1. Financial Assets

Routine transactions of financial assets are recognized on or derecognized from the balance sheet based on principle of trade date accounting.

(1) Measurement category

Financial assets held by the Company are divided into the following categories: financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets held by the Company measured at fair value through profit or loss mainly comprise derivatives mandatorily measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value. Gains and losses from remeasurement are recognized as other gains and losses. See Note 27 for details regarding the fair value method.

B. Financial assets measured at amortized cost

Financial asset investments held by the Company that satisfy both the following conditions are measured at amortized cost:

a. The financial asset is held for a specific business model, the purpose of which is to hold the financial asset and collect contractual cash flow; and
b. The contractual terms give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

For financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable and other receivables measured at amortized cost, etc.), the effective interest method is used to determine the book value at initiation. They are subsequently measured net of impairments and amortization. Any gain/loss from currency exchange incurred on these financial assets is recognized in profit or loss.

Interest income is calculated by multiplying the book value of the financial asset with the effective interest rate.

Financial assets are considered credit-impaired if the issuer or debtor exhibits major financial distress, default, likely bankruptcy, financial restructuring, or any financial difficulty that may render the financial asset no longer available on the active market.

Cash equivalents include time deposits with less than 3 months until maturity that are highly liquid, readily convertible into defined amounts of cash, and less prone to the risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Equity instrument investments measured at fair value through other comprehensive income

For equity instrument investments that are neither held for trading nor recognized/received as a consideration for business acquisition, the Company is entitled to an irrevocable option to account them at fair value through other comprehensive income at initial recognition.

Equity instrument investments measured at fair value through other comprehensive income are measured at fair value; subsequent fair value changes are recognized in other comprehensive income and accumulated under other equity. Upon disposal of investments, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified as profit or loss.

Dividends from equity instrument investments measured at fair value through other comprehensive income are recognized in profit or loss when the entitlement to receive is confirmed, unless the dividends clearly represent a partial recovery of the investment cost.

(2) Impairment of financial assets

At the end of each reporting period, the Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) based on expected credit losses.

All accounts receivable have loss provisions recognized based on expected credit losses over their duration. For other financial assets, the Company first evaluates whether there is significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit loss; if there is significant increase in credit risk, loss provisions are recognized based on expected credit loss over the remaining duration.

Expected credit losses are determined as average credit loss weighted against the risk of default. 12-month expected credit losses represent the amount of expected credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

For the purpose of internal credit risk management, a financial asset is deemed to have defaulted in any of the following circumstances, without considering the presence of collaterals:

A. There is internal or external information to indicate that the debtor is unable to settle outstanding debts.

B. Payment is overdue for more than 365 days, unless there is reasonable and supportable information to demonstrate that a postponed default criterion is more appropriate.

All impairment losses on financial assets are recognized using allowance accounts, which reduce the book value of the corresponding financial asset.

(3) Derecognition of financial assets

Financial assets can be derecognized from the balance sheet only if all contractual cash flow entitlements from the financial assets have ended, or if the financial assets have been transferred with virtually all risks and returns assumed by another party.

The difference between the book value of a financial asset measured at amortized cost and the amount of consideration received for the asset's derecognition is recognized in profit or loss. When a equity instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified as profit or loss.

2. Financial liabilities

(1) Subsequent measurement

The Company’s financial liabilities that are not held for trading are measured at amortized cost using the effective interest method.

Derivative instruments held by the Company measured at fair value through profit or loss mainly comprise financial liabilities held for trading; any gains or losses from subsequent remeasurement are recognized in other gains or losses. See Note 27 for details regarding the fair value method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities from the balance sheet, any differences between the book value and the consideration paid are recognized as profit or loss.

3. Derivatives

The Company utilizes derivatives including currency forwards and interest rate swaps; they are used for the management of exchange rate risks.

Derivatives are recognized at fair value at the time the contracts are signed, and subsequently remeasured at fair value at each balance sheet date. Gains or losses arising from subsequent remeasurements are recognized directly in profit or loss. Derivatives with positive fair values are presented as financial assets; those with negative fair values are presented as financial liabilities.

(XII) Liability reserve

Liability reserves are recognized to account for the risk and uncertainty of obligations. It represents the best estimate of the cash outlay needed to settle obligations at the end of the reporting period. Liability reserves are measured by estimating the present discounted value of cash flows needed to settle obligations.

Warranty

Warranty obligations for products that meet the agreed specifications represent the management's best estimate about the amount of cash outlay that the Company has to incur to settle its obligations. These liabilities are recognized when revenues have been recognized on corresponding products.

(XIII) Revenue recognition

The Company first identifies performance obligations in contracts it signs with customers, then divides and allocates the transaction sums to various obligations, and recognizes revenue when each obligation is fulfilled.

1. Revenue from sale of merchandise

Revenue from sale of merchandise refers to the sale of barcode printers, parts, and accessories. The Company recognized the revenue as accounts receivable upon the transfer of the controlling rights of the products to the customers. Controlling rights mainly refer to the customers who already have the rights for pricing and use of the products, have main responsibilities for their re-sale, and bear the risk of product obsolescence. The timing of transfer is to be decided based on the transaction terms agreed with the customers (such as, the goods have arrived at the designated location before shipment or at the destination port for loading and so on that satisfy the timing of the contract obligation). Advance receipts collected before the completion of sales of merchandise are recognized as contractual liabilities, and are reclassified as revenue when the controlling rights of the merchandise have been transferred.

Raw materials that are outsourced for processing involve no transfer of ownership or control, therefore no revenue is recognized on the transaction.

2. Service income

Service income is generated from warranty extension, and is initially recognized as contractual liability at the time when proceeds are collected from customers. The duration of service ranges from 1 year to 5 years. The amount contains no significant financing component.

Income is recognized monthly using the straight line method over the duration of service contracts, as customers use up warranty coverage offered by the Company.

3. Dividend and interest income

Dividend income from investment is recognized when shareholders' entitlement has been established, provided that economic benefits of such a transaction are very likely to be received by the Company, and that the amount of income can be measured reliably.

Interest income on financial assets is recognized when the Company is very likely to realize the associated economic benefits, and that the amount of income can be measured reliably. Interest income is recognized by applying the applicable effective interest rate on outstanding principal over the duration of time elapsed.

(XIV) Lease

The Company evaluates whether a contract meets the criteria of (or includes arrangements characterized as) lease on the day of contract establishment.

1. Where the Company is the lessor

A lease arrangement is classified as a finance lease if the terms involve a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All other lease arrangements are classified as operating lease.

Proceeds received from operating leases net of lease incentives are recognized as income on a straight-line basis over the lease tenor.

2. Where the Company is the lessee

The Company recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value underlying assets and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are initially measured at cost (mainly the initial amount of lease liability), and subsequently at cost less accumulated depreciation and impairment with adjustments made to the remeasurement of lease liability. Right-of-use assets are presented individually on the standalone balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of the useful life or until expiry of the lease tenor, whichever the earlier.

Lease liabilities are measured at the present value of lease payments (mostly fixed payments) at initiation. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead.

Subsequently, lease liability is measured at cost after amortization using the effective interest method, whereas interest expense is amortized over the lease tenor. If there is any change to the amounts to be paid over the lease tenor that leads to changes in future lease payments, the Company will remeasure its lease liabilities and make corresponding adjustments to right-of-use assets. If, however, the book value of right-of-use assets has already been reduced to zero, any remaining remeasurements are recognized in profit or loss. Lease modification that are not treated as separate lease, the lease liability is re-measured to reduce its scope of lease and to reduce the right-of-use assets, and its profit or loss from the partial or full termination of the lease is recognized. Other lease modifications are re-measured to adjust the right-of-use assets. Lease liabilities are presented individually on the standalone balance sheet.

(XV) Borrowing costs

All borrowing costs are recognized through profit or loss in the year in which they occur.

(XVI) Employee benefit

1. Short-term employee benefits

Liabilities associated with short-term employee benefits are measured at the non-discounted amount of cash that the Company expects to pay in exchange for employees' services.

2. Retirement benefits

For defined contribution plans, the amount of contributions that is appropriated to pension funds over the duration of employees' services is recognized as expense.

For defined benefit plans, the cost of benefits (including service cost, net interest, and effect of remeasurement) is estimated using the projected unit credit method. Current service costs and net interests on net defined benefit liabilities are recognized as employee benefit expense at the time incurred. Effects of remeasurement (including actuarial gains/losses and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit or loss in subsequent periods.

Net defined benefit liabilities represent the shortfall of contributions made to the defined benefit plan.

(XVII) Shares-based Payment Agreement

Vested employee stock options

Employee stock options are measured based on the fair value of equity instruments and the best quantity estimate on the grant date. Expenses are recognized on a straight-line basis over the vesting period with simultaneous adjustments made to capital surplus - employee stock options. If stock options are vested on the day granted, then all expenses are to be recognized on the grant date. The Company designates the board approval date as the grant date.

The Company revises its estimate on the amount of employee stock options to be vested at the end of each reporting period. If any amendment is made to the original estimate, its effect is recognized in profit or loss so that cumulative expenses can accurately reflect the amended estimate. Meanwhile, corresponding adjustments are made to capital surplus - employee stock options.

(XVIII) Income tax

Income tax expense represents the sum of current year's income tax and deferred income tax.

1. Current income tax

The Company determines its current income according to the Income Tax Act of the Republic of China for the calculation of its income tax payable.

Pursuant to the Income Tax Act of the Republic of China, undistributed earnings are subject to additional income tax, which is recognized in the year shareholders resolve to retain the earnings.

Adjustments to income taxes reported in previous years are recognized as income tax expenses in the period the adjustment is made.

2. Deferred income tax

Deferred income taxes are tax effects of temporary differences deriving from the different book value of assets and liabilities presented in the financial statement and those reported for tax filing. Assets and liabilities that arise as a result of transactions other than acquisitions of subsidiaries and present no impact on taxable income or accounting profit at initial recognition do not have temporary differences recognized as deferred income tax assets and liabilities. Furthermore, no deferred income tax liability is recognized on taxable temporary differences that arise from the initial recognition of goodwill in subsidiary investments.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences, research and development expenses, and training expenses.

Taxable temporary differences relating to investments in subsidiaries are recognized as deferred income tax liabilities. Deductible temporary differences relating to these investments are recognized as deferred income tax assets only to the extent that sufficient taxable income can be earned to realize the temporary differences, and that reversal is expected in the foreseeable future.

The book value of deferred income tax asset is re-assessed at the end of each reporting period. The Company will reduce the book value when it is no longer highly likely to generate enough taxable income to realize part or all of the assets. The book value of unrecognized deferred income tax assets is re-assessed at the end of each reporting period. The Company will increase the book value when it is highly likely to generate enough taxable income to realize part or all of the assets.

Deferred income tax assets and liabilities are measured using the tax rate applicable at the time the liability/asset is expected to be settled/realized. This tax rate is determined based on the tax rate and tax laws prevailing at the end of the reporting period. Deferred income tax liabilities and assets represent tax impacts of the method by which the Company expects to recover or settle the book value of its assets and liabilities at the end of the reporting period.

3. Current and deferred income tax for the year

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly listed under equity items, which are also recognized in other comprehensive income or directly listed under equity.

If current income tax or deferred income tax is generated from the acquisition of subsidiaries, the income tax effect is included into the accounting treatment for investing in subsidiaries.

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

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

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

Impairment of goodwill in subsidiary investments

When assessing goodwill impairment in subsidiary investments, the Company first allocates the amount of goodwill acquired through business combination on the acquisition date into the cash-generating units that are expected to benefit from synergies created by the combination, and then estimates the use value of each cash-generating unit that is allocated goodwill. To calculate the use value, the management is required to estimate future cash flows for each cash-generating unit that has goodwill allocated to it, and determine the appropriate discount rate to be used for calculating present value. If the actual cash flow is lesser than expected, or if there are changes to the facts and situations that result in amendments to the cash flow either for lower or a higher discount rate, these may generate major impairment losses.

VI. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Vault cash and petty cash	$ 50	$ 50
Bank demand deposit	278,556	157,235
Cash equivalents		
Fixed-term bank deposits with original maturity within three months	300,000	176,360

Bills sold under repurchase agreements	-	500,000
	$ 578,606	$ 833,645

Range of market interest rates applicable to bank demand deposits, time deposits, and bills sold under repurchase agreements as of the balance sheet date is shown below:

	December 31, 2023	December 31, 2022
Bank demand deposit	0.001%~5.35%	0.001%~4.00%
Fixed-term deposits	1.25%~1.40%	1.20%~1.40%
Bills sold under repurchase agreements	-	0.98%~1.02%

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

	December 31, 2023	December 31, 2022
Financial Assets – Current		
Designated at fair value through profit or loss		
Derivatives (non-hedging)		
- Currency forward contracts (1)	$ 4,543	$ -
- Currency swaps (2)	-	1,798
	$ 4,543	$ 1,798
Financial Liabilities – Current		
Held for trading		
Derivatives (non-hedging)		
- Currency forward contracts (1)	$ -	$ 436
- Currency swaps (2)	-	1,548
	$ -	$ 1,984

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

December 31, 2023

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	USD to NTD	January 19, 2024 to February 21, 2024	USD 4,000/NTD 124,789
	Euro to NTD	January 18, 2024	EUR 3,000/NTD 104,167

December 31, 2022

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	USD to NTD	February 17, 2023	USD 2,000 /NTD 60,718

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

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

December 31, 2022

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

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

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

	December 31, 2023	December 31, 2022
Equity Instrument Investments – Non-Current		
Domestic investments		
TPEx-listed stocks	$ 1,354,200	$ 1,098,160

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

IX. Notes and Accounts Receivable

	December 31, 2023	December 31, 2022
Receivables		
Notes receivable	$ 25	$ 536
Accounts receivable	308,139	289,518
Less: allowance for losses	(3,859)	(6,058)
	$ 304,305	$ 283,996

Accounts receivable

The Company's average credit period for products sold is 60 to 75 days based on monthly statements. Accounts receivable do not accrue interests. Before accepting new customers, the Company assesses the credit quality of the potential customers and determines the credit allowance for such customers through internal credit evaluation procedures. The credit allowance and ratings for customers are periodically reviewed according to actual requirements. When determining the recoverability of accounts receivable, the Company takes into account any change of the credit quality from the original credit date to the balance sheet date. It refers to past late payments and current financial statuses of counterparties. The unrecoverable amount of receivables is reviewed and estimated case by case in order to recognize an appropriate allowance for credit losses for the receivables that may not be recovered. Hence, the Company's management believes that the Company's credit risks have been significantly reduced.

In addition to the recognition of allowance for credit losses for individual customers experiencing credit impairment, the Company recognizes an allowance for expected credit loss during the lifetime of receivables. Expected credit losses for the duration of accounts are calculated using a preparation matrix, which takes into consideration a customer's default history, current financial position, prospects of the industry and economy, the current state of the operating environment, GDP forecast, and unemployment rate. Since the Company's previous credit loss records showed no significant difference in loss pattern across customer groups, the preparation matrix did not distinguish between customer groups, but merely set the expected credit loss rate based on the number of days overdue. 100% loss provision is recognized on accounts receivable that are overdue for more than one year and without credit guarantee.

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

The Company measures the loss allowance for notes and accounts receivable based on the provision matrix as follows:

December 31, 2023

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~365 days	Overdue Overdue by 365 days	Sign of defaults	Total
Total account value	$ 211,336	$ 93,604	$ 144	$ 45	$ -	$ -	$ 3,035	$ 308,164
Allowance for losses (lifetime expected credit losses)	(636)	(181)	(4)	(3)	-	-	(3,035)	(3,859)
Amortized cost	$ 210,700	$ 93,423	$ 140	$ 42	$ -	$ -	$ -	$ 304,305

December 31, 2022

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~365 days	Overdue Overdue by 365 days	Sign of defaults	Total
Total account value	$ 227,141	$ 59,188	$ 178	$ 154	$ -	$ 358	$ 3,035	$ 290,054
Allowance for losses (lifetime expected credit losses)	(2,226)	(372)	(23)	(44)	-	(358)	(3,035)	(6,058)
Amortized cost	$ 224,915	$ 58,816	$ 155	$ 110	$ -	$ -	$ -	$ 283,996

Change to allowance of losses of receivables is as follows:

	2023	2022
Balance at the beginning of the year	$ 6,058	$ 6,058
Less: reversal of impairment loss in the current year	(2,199)	-
Year-end balance	$ 3,859	$ 6,058

X. Inventory

	December 31, 2023	December 31, 2022
Finished goods	$ 78,930	$ 85,808
Semi-finished goods	138,388	144,825
Work in process	9,842	24,143
Raw materials	243,759	306,267
	$ 470,919	$ 561,043

Cost of goods sold by nature:

	2023	2022
Inventory cost for sold goods	$ 2,291,032	$ 2,427,756
Loss for market price decline and obsolete inventory	10,400	19,500
	$ 2,301,432	$ 2,447,256

XI. Equity-accounted investments

Investments in subsidiaries

	December 31, 2023	December 31, 2022
Non-listed companies		
TSC Auto ID Technology EMEA GmbH(TSCAE)	($ 87,915)	($ 18,046)
TSC Auto ID Technology America Inc.(TSCAA)	1,014,055	1,077,842
TSC Auto ID (H.K.) Ltd. (TSCHK)	785,817	570,382
Printronix Auto ID Technology Co., Ltd. ("Printronix Auto ID Technology")	4,796	5,259
Diversified Labeling Solutions, Inc. (DLS)	1,352,977	1,224,938
TSC Auto ID Technology India Private limited（TSCIN）	1,189	1,601
Mosfortico Investments sp. z o.o. (TSCPL)	505,579	-
	3,576,498	2,861,976
Add: Credit balance of equity-accounted investments transferred to non-current liabilities	87,915	18,046
	$ 3,664,413	$ 2,880,022

The Company's ownership interests and voting rights in subsidiaries as of the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
TSCAE	100%	100%
TSCAA	100%	100%
TSCHK	100%	100%
Printronix Auto ID Technology	100%	100%
DLS	100%	100%
TSCIN	100%	100%
TSCPL (Note 1)	100%	-

Note 1: The Company had in February 2023 established the Mosfortico Investments sp. z o.o.(TSCPL) with a capital of PLN 4 thousand (equivalent to NT$31 thousand). In 2023, the capital was subsequently increased to a total of PLN 67,080 thousand (equivalent to NT$498,796 thousand). 100% ownership of MGN sp. z o.o. (MGN) of Poland has been acquired through TSCPL, and meet capital requirements. Please refer to Note 24.

Note 2: For the purpose of simplifying the group organization structure and increase operation efficiency, the Company's Board of Directors resolved for the transfer of 5% of the shares held by the Company for the sub-subsidiary PTNX US to its subsidiary TSCAA in USA on June 28, 2022. This transaction is considered organization re-structuring within the Group under common control and it does not affect the control by the Company. Please refer to Note 25.

Note 3: Share of profit recognized in 2023 and 2022 from equity-accounted subsidiary investments outstanding as of December 31, 2023 and 2022, totaled NT$320,085 thousand and NT$329,454 thousand, respectively. These amounts were calculated based on the financial statements of the respective subsidiaries audited by the Company's CPAs and other CPAs for the corresponding periods.

Note 4: The Company indirectly holds the investments in subsidiaries transactions. Please refer to Note 30.

XII. Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other equipment	Total
Cost					
Balance on January 1, 2022	$ 225,340	$ 279,454	$ 316,915	$ 42,956	$ 864,665
Addition	-	-	5,043	10,762	15,805
Scrapped	-	-	(133)	(8,919)	(9,052)
Reclassification from prepayment for equipment purchase	-	-	3,331	49	3,380
Balance on December 31, 2022	$ 225,340	$ 279,454	$ 325,156	$ 44,848	$ 874,798
Accumulated depreciation					
Balance on January 1, 2022	$ -	$ 99,518	$ 255,653	$ 34,852	$ 390,023
Scrapped	-		(133)	(8,919)	(9,052)
Depreciation expense	-	6,850	19,164	3,739	29,753
Balance on December 31, 2022	$ -	$ 106,368	$ 274,684	$ 29,672	$ 410,724
Net balance as of December 31, 2022	$ 225,340	$ 173,086	$ 50,472	$ 15,176	$ 464,074

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	Land	Buildings and structures	Machinery and equipment	Other equipment	Total
Cost					
Balance on January 1, 2023	$ 225,340	$ 279,454	$ 325,156	$ 44,848	$ 874,798
Addition	-	-	4,847	4,733	9,580
Scrapped	-	-	(372)	(2,071)	(2,443)
Reclassification from prepayment for equipment purchase	-	-	4,400	-	4,400
Balance on December 31, 2023	$ 225,340	$ 279,454	$ 334,031	$ 47,510	$ 886,335
Accumulated depreciation					
Balance on January 1, 2023	$ -	$ 106,368	$ 274,684	$ 29,672	$ 410,724
Scrapped	-	-	(372)	(2,071)	(2,443)
Depreciation expense	-	6,849	19,193	4,259	30,301
Balance on December 31, 2023	$ -	$ 113,217	$ 293,505	$ 31,860	$ 438,582
Net balance as of December 31, 2023	$ 225,340	$ 166,237	$ 40,526	$ 15,650	$ 447,753

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

Buildings and structures	
Office	52 years
Factories and auxiliary equipment	17-37 years
Indoor decoration engineering	5 years
Machinery and molding equipment	6-7 years
Office and other equipment	5-7 years

Property, plant and equipment showed no sign of impairment in 2023 and 2022, hence the Company did not perform impairment assessment.

XIII. Lease agreement

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 25,858	$ 1,417
Transportation equipment	892	-
	$ 26,750	$ 1,417

	2023	2022
Purchase of right-of-use assets	$ 34,524	$ 1,411
Depreciation of right-of-use assets		
Buildings	$ 8,445	$ 4,062
Transportation equipment	215	90
	$ 8,660	$ 4,152

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 11,712	$ 1,528
Non-current	$ 15,281	$ -

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

	December 31, 2023	December 31, 2022
Buildings	2.00%-2.20%	2.20%
Transportation equipment	2.00%	-

(III) Important activities and clauses as a lessee

The Company has in 2023 leased the land and buildings in Li Ze Industrial Park for warehousing usage. The lease period is June 2023 to May 2026 with a monthly lease payment of NT$734 thousand based on the area size of the warehouse. According to the lease contract, when the lease period ends, the Company does not have preferential rights to the leased property. If the Company does not renew the contract in advance, the lease contract will automatically end. Without the consent of the lessor, the Company shall not sublet or transfer the lease object in whole or in part.

The Company has leased another building and trucks for office and transport usage with lease period of 1 to 3 years. The contract was already renewed in advance before its maturity in 2023.

(IV) Other information on leases

	2023	2022
Short-term lease expenses	$ 837	$ 1,238
Low-value asset lease expenses	$ 255	$ 251
Total cash (outflow) for leases	($ 10,011)	($ 5,631)

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

(XIV) Intangible assets

	Patents	Knowhow & technology	Software	Trademarks	Total
Cost					
Balance on January 1, 2022	$ 50,607	$ 12,401	$ 105,336	$ 135	$ 168,479
Acquisition by separate purchase	-	-	13,909	-	13,909
Balance on December 31, 2022	$ 50,607	$ 12,401	$ 119,245	$ 135	$ 182,388
Accumulated amortization					
Balance on January 1, 2022	$ 37,955	$ 10,127	$ 72,203	$ 135	$ 120,420
Amortization expenses	6,326	2,274	17,916	-	26,516
Balance on December 31, 2022	$ 44,281	$ 12,401	$ 90,119	$ 135	$ 146,936
Net balance as of December 31, 2022	$ 6,326	$ -	$ 29,126	$ -	$ 35,452
Cost					
Balance on January 1, 2023	$ 50,607	$ 12,401	$ 119,245	$ 135	$ 182,388
Acquisition by separate purchase	-	-	19,410	-	19,410
Reclassification from prepayment for equipment purchase	-	-	2,788	-	2,788
Balance on December 31, 2023	$ 50,607	$ 12,401	$ 141,443	$ 135	$ 204,586
Accumulated amortization					
Balance on January 1, 2023	$ 44,281	$ 12,401	$ 90,119	$ 135	$ 146,936
Amortization expenses	6,326	-	26,302	-	32,628
Balance on December 31, 2023	$ 50,607	$ 12,401	$ 116,421	$ 135	$ 179,564
Net balance as of December 31, 2023	$ -	$ -	$ 25,022	$ -	$ 25,022

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

Patent rights	8 years
Knowhow & technology	5 years
Software cost	1-5 years
Trademark	6 years

Intangible assets with limited useful lives showed no sign of impairment in 2023 and 2022, hence the Company did not perform impairment assessment.

XV. Loans

(I) Short-term loans

	December 31, 2023	December 31, 2022
Unsecured loans	$ 671,189	$ 876,515
Annual interest rate (%)	4.71%～6.40%	1.63%～5.49%
Final maturity	2024/2/26	2023/3/28

(II) Long-term loans

	December 31, 2023	December 31, 2022
Unsecured loans	$ 600,000	$ 620,000
Less: portion due within one year	-	(63,000)
	$ 600,000	$ 557,000
Annual interest rate (%)	1.65%~2.00%	1.4%~1.5%
Final maturity	2026/3/13	2025/10/14

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

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

As of the approval and release of this parent company only financial statement, the Company's 2023 consolidated financial statement did not violate the financial ratio commitment of the above-mentioned long-term borrowings.

XVI. Other payables

	December 31, 2023	December 31, 2022
Current		
Employees' remuneration payable	$ 61,968	$ 65,458
Salaries and bonuses payable	60,205	62,248
Directors' remuneration payable	30,984	32,729
Service fees payable	24,389	7,978
R&D expenses payable	11,588	7,914
Insurance premiums payable	10,772	9,174
Equipment amount payable	5,150	4,035
Others	28,966	33,274
	$ 234,022	$ 222,810

XVII. Retirement benefit plan

(I) Defined contributions

The pension scheme introduced under the "Labor Pension Act" that the Company uses is a government-managed defined contribution plan, for which the Company is required to contribute an amount equal to 6% of employees' monthly salaries into their individual pension accounts held with the Bureau of Labor Insurance.

(II) Defined benefits

The Company is also subject to the pension scheme introduced under the "Labor Standards Act," which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and 6-month average salary leading up to their retirement. The Company makes monthly pension contributions equivalent to 2% of employees' monthly salaries into an account held under the Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following year at the end of each year, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the standalone balance sheet:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 20,574	$ 18,399
Fair value of plan assets	(3,732)	(3,445)
Net defined benefit liability	$ 16,842	$ 14,954

Changes in net defined benefit liability:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2022	$ 22,831	($ 3,100)	$ 19,731
Service costs			
Service costs for the current year	-	-	-
Interest expense (income)	171	(24)	147
Recognized in profit or loss	171	(24)	147
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	(216)	(216)
Actuarial loss - change in demographic assumption	-	-	-
Actuarial gain - change in financial assumption	($ 3,739)	$ -	($ 3,739)
Actuarial gain - adjustment based on past experience	(864)	-	(864)
Recognized in other comprehensive income	(4,603)	(216)	(4,819)
Employer's contribution	-	(105)	(105)
Benefits paid	-	-	-
December 31, 2022	18,399	(3,445)	14,954
Service costs			
Service costs for the current year	-	-	-
Interest expense (income)	367	(69)	298
Recognized in profit or loss	367	(69)	298

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	(5)	(5)
Actuarial loss - change in financial assumption	1,046	-	1,046
Actuarial loss - adjustment based on past experience	762	-	762
Recognized in other comprehensive income	1,808	(5)	1,803
Employer's contribution	-	(213)	(213)
Benefits paid	-	-	-
December 31, 2023	$ 20,574	($ 3,732)	$ 16,842

The Company is exposed to the following risks due to adoption of the pension scheme introduced under the “Labor Standards Act”:

1. Investment risks: The Bureau of Labor Funds, Ministry of Labor, manages the labor pension fund either on its own or through mandate. The labor pension fund is allocated into equity securities, debt securities, and bank deposits in Taiwan and abroad; however, the Company estimates a return on plan assets at a rate no lower than the 2-year time deposit rate offered by local banks.
2. Interest rate risks: A decrease in government and corporate bond yields would increase the present value of defined benefit obligations while at the same time increase the return of plan assets invested in debt instruments. The overall effect on net defined benefit obligation is partially offset.
3. Salary risks: The present value of defined benefit obligations is calculated by taking into consideration plan participants' future salary levels. An increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	December 31, 2023	December 31, 2022
Discount rate	1.625%	2.0%
Expected salary increase	2.5%	2.5%

A reasonable change in the main actuarial assumption would increase (decrease) the present value of defined benefit obligations by the following amounts, provided that all other assumptions remain unchanged:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 705)	($ 653)
0.25% decrease	$ 736	$ 683
Expected salary increase		
0.25% increase	$ 720	$ 670
0.25% decrease	($ 693)	($ 645)

Actuarial assumptions tend to be intercorrelated. It is unlikely to see only one assumption changing at one time, therefore the above sensitivity analysis may not truly reflect changes in the present value of defined benefit obligations.

	December 31, 2023	December 31, 2022
Expected contributions within 1 year	$ 223	$ 103
Average maturity of defined benefit obligations	14-20 years	15-21 years

XVIII. Equity

(I) Ordinary share capital

	December 31, 2023	December 31, 2022
Authorized shares (thousand shares)	80,000	80,000
Authorized share capital	$ 800,000	$ 800,000
Issued shares (thousand shares)	47,107	42,513
Issued share capital	$ 471,071	$ 425,129

Changes in the Company's share capital are mainly due to capitalization of earnings through the issuance of new shares; and exercising of employee stock option.

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

(II) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset losses, issue cash or appropriate to share capital (1)		
Premium of share issuance	$ 472,571	$ 423,085
Difference between the actual disposal price and book value of the subsidiaries' equity	1,984	1,984
May be used to offset losses only		
Lapsed stock options	123,244	122,907
Exercised employee stock options	39,415	22,210
May not be used for any purposes (2)		
Employee stock options	38,797	45,659
	$ 676,011	$ 615,845

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

(III) Retained earnings and dividend policy

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

Based on the Company's Articles of Incorporation, the percentage of earnings to be distributed according to the resolution, in principle, may not fall below 10% of the distributable earnings for the year. Dividends may be issued in cash or with shares.

The percentage of dividends distributed in cash may not fall below 10% of the total dividends. However, stock dividends will be issued in lieu of cash dividends below NT$0.2 per share.

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

The Company held the Annual Shareholder's Meetings on June 16, 2023 and June 17, 2022 for the resolution of the 2022 and 2021 earnings distribution as follows:

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

Details of the 2023 earnings appropriation plan and dividends per share proposed by the board of directors in the meeting dated March 15, 2024, are as follows:

	Earnings distribution	Dividend per share (NT$)
Legal reserve	$ 92,507	
Cash dividends	612,854	$ 13
	$ 705,361	

The above earnings distribution proposal is still pending for shareholder meeting resolution in June 18, 2024.

(IV) Other equity

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

	2023	2022
Balance at the beginning of the year	($ 102,247)	($ 294,269)
Incurred in the current year		
Exchange differences on translation of financial statements of foreign operations	22,950	248,899
Relevant income taxes	(4,590)	(48,006)
Disposal of foreign subsidiaries' equity	-	(8,871)
Year-end balance	($ 83,887)	($ 102,247)

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

	2023	2022
Balance at the beginning of the year	$ 592,116	$ 647,451
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive incomes	256,040	(55,335)
Year-end balance	$ 848,156	$ 592,116

XIX. Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of merchandise	$ 3,756,517	$ 3,836,804
Service and other income	27,971	29,075
	$ 3,784,488	$ 3,865,879

(I) Explanations of revenue from contracts with customers

In addition to the following explanations, please also refer to the explanations provided in (XIII) of Note 4 - Summary of Material Accounting Policies.

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

According to the Company's agreement with distributors, if the purchase of certain models by distributors reaches the contracted volume, the Company will provide incentives at a percentage of the procurement value or retrospective unit price reductions for certain models. Based on past experiences and considering various agreement terms and conditions, the Company estimates the possible rewards and incentives amount and recognizes refund liabilities (as other current liabilities) accordingly. As of December 31, 2022 and 2021, the Company estimates the refund liabilities to be NT$2,288 thousand and NT$2,252 thousand, respectively.

(II) Breakdown of revenue from contracts with customers

Please see Account 8 in the details of major accounting items for a more detailed breakdown of income.

XX. Additional information about net income during the year

Net income during the year includes the following:

(I) Interest income

	2023	2022
Bank deposits	$ 6,398	$ 2,530
Bills sold under repurchase agreements	2,203	752
Lending of capital	1,661	7,712
	$ 10,262	$ 10,994

(II) Other incomes

	2023	2022
Dividend income	$ 59,200	$ 37,000
Others	9,388	7,021
	$ 68,588	$ 44,021

(III) Other gains and losses

	2023	2022
Net exchange gain	$ 37,489	$ 100,850
Loss from financial instruments measured at fair value through profit or loss	(9,134)	(49,450)
Gain on lease amendment	3	621
Other losses	(13)	(77)
	$ 28,345	$ 51,944

(IV) Financial cost

	2023	2022
Bank loan interests	$ 46,437	$ 19,455
Lease liability interests	379	90
	$ 46,816	$ 19,545

(V) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 30,301	$ 29,753
Right-of-use assets	8,660	4,152
Intangible assets	32,628	26,516
	$ 71,589	$ 60,421

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	2023	2022
Deprecation by function		
Operating costs	$ 30,180	$ 25,500
Operating expenses	8,781	8,405
	$ 38,961	$ 33,905
Amortization by function		
Operating costs	$ 933	$ 751
Operating expenses	31,695	25,765
	$ 32,628	$ 26,516

(VI) Employee benefit expenses

	2023	2022
Shor-term employee benefits	$ 397,135	$ 406,572
Retirement benefits		
Defined contributions	12,674	11,980
Defined benefits (Note 17)	298	147
Share-based payment (Note 23)		
Equity settled	$ 10,680	$ 14,713
Other employee benefits	15,825	14,728
Total employee benefit expenses	$ 436,612	$ 448,140
Summary by function		
Operating costs	$ 144,838	$ 142,914
Operating expenses	291,774	305,226
	$ 436,612	$ 448,140

(VII) Employees' remuneration and directors' remuneration

In case of profits during the year, the Company shall allocate at least 2% but no more than 10% of the profits as employees' remuneration. The employees' remuneration is issued in cash or wish shares according to the decision by the Board of Directors. Eligible employees include the employees working for controlled or subordinated companies and meeting certain criteria defined by the Board of Directors. The Company may allocate up to 5% of the abovementioned profits as directors' remunerations according to the decision by the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting. In case of accumulated losses, profits should be used to offset the losses before distributing the aforesaid percentage as employees' remuneration and directors' remuneration. The estimated employees' remuneration and directors' remuneration for 2023 and 2022 as determined by the Board of Directors on March 15, 2024 and March 15, 2023, respectively, are as follows:

Estimated and recognized percentage

	2023	2022
Employees' remuneration	5.0%	5.0%
Directors' remuneration	2.5%	2.5%

Amount

	2023	2022
Employees' remuneration - cash	$ 61,968	$ 65,458
Directors' remuneration	30,984	32,729
	$ 92,952	$ 98,187
Amounts recognized in standalone financial statements	$ 92,952	$ 98,187

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

There is no difference between the actual distribution and the amount recognized in the 2022 and 2021 parent company only financial statement for the 2022 and 2021 remuneration to employees and directors.

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

(VIII) Exchange gain (loss)

	2023	2022
Total exchange gain	$ 148,481	$ 220,468
Total exchange loss	(110,992)	(119,618)
Net gain (loss)	$ 37,489	$ 100,850

XXI. Income tax

(I) Income tax recognized in profit and loss

The primary components of income tax expenses are as follows:

	2023	2022
Income tax during the period		
Incurred in the current year	$ 179,258	$ 195,068
Tax on undistributed earnings	13,872	11,916
Adjustment for the previous year	(5,432)	(5,588)
	187,698	201,396
Deferred income tax		
Incurred in the current year	31,830	44,668
Income tax expenses recognized in profit and loss	$ 219,528	$ 246,064

Reconciliation of accounting income and income tax expense:

	2023	2022
Profits before tax	$ 1,146,401	$ 1,210,973
Income tax derived by applying the statutory tax rate to pre-tax profit	$ 229,280	$ 242,195
Increase/decrease from required adjustments	(9,593)	(2,467)
Tax on undistributed earnings	13,872	11,916
Unrecognized deductible temporary difference	(8,068)	8
Previous income taxes adjusted in the current year	(5,432)	(5,588)
Tax credit for income source from Mainland China	(531)	-
Income tax expenses recognized in profit and loss	$ 219,528	$ 246,064

Given the uncertainty involved in the earnings appropriation in the 2023 annual general meeting, the consequences of the 5% additional income tax on undistributed 2022 earnings cannot be determined reliably.

(II) Income tax directly recognized in equity

	2023	2022
Income tax during the period		
Disposal of subsidiary	$ -	$ 1,984

(III) Income tax recognized under other comprehensive income

	2023	2022
Deferred income tax		
Incurred in the current year		
Income tax expenses on translation differences from foreign operations	($ 4,590)	($ 48,006)

(IV) Deferred income tax assets and liabilities

Below are changes in deferred income tax assets and liabilities:

2023

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Year-end balance
Deferred income tax assets				
Temporary difference				
Unrealized gross profit from associated companies	$ 56,861	$ 24,567	$ -	$ 81,428
Exchange differences from foreign operations	23,270	-	(4,590)	18,680
Differences in timing of revenue recognition	-	15,350	-	15,350
Others	15,393	(961)	-	14,432
	$ 95,524	$ 38,956	($ 4,590)	$129,890
Deferred income tax liabilities				
Temporary difference				
Investment gains recognized using the equity method	($261,186)	($ 64,110)	$ -	($325,296)
Differences in timing of cost recognition	-	(9,951)		(9,951)
Others	(4,184)	3,275	-	(909)
	($265,370)	($ 70,786)	$ -	($336,156)

2022

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Year-end balance
Deferred income tax assets				
Temporary difference				
Unrealized gross profit from associated companies	$ 38,801	$ 18,060	$ -	$ 56,861
Exchange differences from foreign operations	71,276	-	(48,006)	23,270
Others	6,585	8,808	-	15,393
	$116,662	$ 26,868	($ 48,006)	$ 95,524
Deferred income tax liabilities				
Temporary difference				
Investment gains recognized using the equity method	($193,310)	($ 67,876)	$ -	($261,186)
Others	(524)	(3,660)	-	(4,184)
	($193,834)	($ 71,536)	$ -	($265,370)

(V) As of December 31, 2023 and 2022, the Company had NT$8,327 thousand and NT$8,242 thousand of deductible temporary differences, respectively, that were not recognized as deferred income tax assets on the standalone balance sheet.

(VI) Income tax assessment

The business income tax filings from the Company as profit-seeking enterprises up to 2021 have been assessed by the tax authorities.

XXII. Earnings per share

	2023	2022
Basic earnings per share	$ 19.76	$ 20.65
Diluted earnings per share	$ 19.50	$ 20.41

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

	Before retrospective adjustment 2022	After retrospective adjustment 2022
Basic earnings per share	$ 22.71	$ 20.65
Diluted earnings per share	$ 22.45	$ 20.41

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

Current net income

	2023	2022
Net income attributable to the shareholders of the Company	$ 926,873	$ 964,909
Net income used for the calculation of diluted earnings per share	$ 926,873	$ 964,909

Number of shares

Unit: Thousand shares

	2023	2022
Weighted average number of ordinary shares used for the calculation of earnings per share	46,907	42,492
Effects of dilutive potential ordinary shares:		
Employee stock options	299	107
Employees' remuneration	316	390
Average weighted number of ordinary shares used for the calculation of dilutive earnings per share	47,522	42,989

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

XXIII. Shares-based Payment Agreement

The Company granted 855 employee stock options in August 2023. Each option can subscribe to 1,000 ordinary shares. These options were issued to the employees working for the Company and the subsidies and meeting certain criteria. The time to maturity of these options is five years. The exercisable percentages in different years are as follows:

(I) Up to 50% on the day following two years in issuance.

(II) Up to 75% on the day following three years in issuance.

(III) Up to 100% on the day following four years in issuance.

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

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

	2023		2022	
Employee stock options	Unit	Weighted average exercise price (NT$)	Unit	Weighted average exercise price (NT$)
Outstanding at the beginning of the year	895.5	$159.9-194.8	945	$170.8-208.1
Granted in the current year	855.0	241.0	-	-
Exercised in the current year	(369.5)	137.9-168.0	(42)	159.9
Forfeited due to resignation in the current year	(15.0)	159.9	(7.5)	159.9
Outstanding for the period	1,366.0	137.9-241.0	895.5	159.9-194.8
Exercisable for the period	273.63		412	-
Weighted average fair value of the granted stock options during the year (NT$)	$ 47.76		$ -	
Weighted average time to maturity (years)	1.5~4.62		2.5~3.27	

As of the balance sheet date, the information of the employee stock options outstanding is as follows:

	Employee stock options outstanding	
Range of exercise prices (NT$)	No. of units	Weighted average time to maturity (years)
December 31, 2023		
$ 137.9	490.0	1.50
$ 168.0	21.0	2.27
$ 241.1	855.0	4.62
December 31, 2022		
$ 159.9	868.5	2.50
$ 194.8	27.0	3.27

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

The valuation of the employee stock options granted in August 2023 is based on the Black-Scholes model, with the inputs as follows:

	August 2023
Share price on granted day	NTD 241
Exercise price	NTD 241
Expected volatility	23.20%~23.82%
Time to maturity	3.5~4.5 years
Expected dividend yield	0%
Risk-free rate	1.05%~1.08%

The expected volatility is the annualized standard deviation of the historical returns over the time period equivalent to time to maturity.

Cost of remuneration recognized for 2023 and 2022 amounted to NT$10,680 thousand and NT$14,713 thousand, respectively.

XXIV. Acquisition of subsidiaries - with control

	Principal activities	Acquisition date	Proportion of voting equity interests acquired (%)	Consideration transferred
MGN	Printer consumables and customized design, integration, production and marketable of a variety of labels	June 12, 2023	100%	$ 478,227

For the purpose of enhancing brand competitiveness and expanding the Europe labeling paper market, the Company has acquired 100% of the shares of MGN sp. zoo. in June 2023 through the subsidiary TSCPL (mainly engaged in the barcode label business, hereinafter referred to as MGN). The initial acquisition consideration was PLN 63, 552 thousand (equivalent to NT$478,227 thousand). On the explanation for the MGN acquisition, please refer to the Company's 2023 consolidated financial statement Note 26.

XXV. Disposal of subsidiaries under the restructuring

The Company signed a share purchase agreement with its subsidiary TSCAA on July 1, 2022 to sell 5% of the Company's shares in PTNX US. This transaction is considered organizational restructuring under common control and is treated as an equity transaction by the Company. Please refer to Note 28 and Note 27 of the Company's consolidated financial statements.

XXVI. Capital Risk Management

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

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

The Company controls and manages the capital structure based on the liability ratio. This ratio is calculated by dividing total liabilities by total assets. The Company adopts a capital management strategy to keep the liability ratio at no more than 50%, and thereby ensures access to funding at reasonable a cost. The liability ratios for different time periods are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 2,629,884	$ 2,844,726
Total equity	$ 5,461,271	$ 4,750,725
Total assets	$ 8,091,155	$ 7,595,451
Liability ratio	32.50%	37.45%

XXVII. Financial instruments

(I) Fair value – financial instruments not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value are close to their fair values or their fair values that cannot be reliably measured.

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

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 4,543	$ -	$ 4,543
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
-Equity investment	$1,354,200	$ -	$ -	$1,354,200
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ -	$ -	$ -

December 31, 2022

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

There was no transfer between Level 1 and Level 2 fair values in 2023 and 2022.

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

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

(III) Types of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Measured at fair value through profit or loss		
Designated at fair value through profit or loss	$ 4,543	$ 1,798
Measured at amortized cost (Note 1)	1,942,921	2,439,257
Equity instrument investments measured at fair value through other comprehensive income	1,354,200	1,098,160
Financial Liabilities		
Measured at fair value through profit or loss		
Held for trading	-	1,984
Measured at amortized cost (Note 2)	1,870,974	2,200,134

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

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

(IV) Financial risk management objectives and policy

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

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

1. Market risks

The primary financial risks that the Company is exposed to due to operating activities are foreign exchange rate risks (see (1) below) and interest rate risks (see (2) below). The Company engages in certain derivatives transactions to manage the foreign exchange risks and interest rate risks. For the exchange rate and interest rate risks the borne, currency forwards are the main instruments used to hedge exchange rate risks arising from the export of barcode printers to Europe and the Americas.

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

(1) Exchange rate risks

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

Please refer to Note 29 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity Analysis

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

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

	Gains and losses	
	2023	2022
United States dollars	$ 10,669 (i)	$ 15,305 (i)
Euro	7,814 (ii)	4,281 (ii)
Chinese Yuan	(314) (iii)	1,912 (iii)
Japanese Yen	(1,363) (iv)	(1,500) (iv)

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

(ii) This is primarily due to the Company’s accounts receivable, bank deposits, other accounts receivable, and short-term loans denominated in Euro and outstanding on the balance sheet date, without hedged cash flows.

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

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

(2) Interest rate risks

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

	December 31, 2023	December 31, 2022
Fair value interest rate risks		
- Financial assets	$ 308,495	$ 897,472
- Financial liabilities	698,182	878,043
Cash flow interest rate risks		
- Financial assets	278,556	157,235
- Financial liabilities	600,000	620,000

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

Sensitivity Analysis

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

If the interest rate increases/decreases by 100 basis points and all other variables are unchanged, the Company's profits before tax will decrease/increase by NT$3,214 thousand and decrease/increase by NT$4,628 thousand in 2023 and 2022, respectively, primarily due to floating-rate bank deposits and bank loans.

The Company became less sensitive to interest rates this year mainly due to an increase in variable-interest financial assets.

(3) Other price risks

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

Sensitivity Analysis

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

If the equity price goes up/down by 1%, the other comprehensive incomes net of tax will increase/decrease by NT$13,542 thousand and by NT$10,982 thousand in 2023 and 2022, due to change in the fair value of financial assets measured at fair value through other comprehensive incomes.

The Company became more sensitive to investments in equity securities mainly due to increases in the fair value of individual investees.

2. Credit risks

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

Financial credit risks

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

Credit risks associated with operations

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

The top ten customers accounted for 88% and 88% of the Company's operating incomes in 2022 and 2021 respectively. To lower the credit risks, the Company periodically assesses the financial statuses of customers and the recoverability of accounts receivable and recognizes appropriate allowance for losses accordingly.

3. Liquidity risks

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

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

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

December 31, 2023

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 599,785	$ -	$ -	$ -
Lease liabilities	3,147	9,000	15,504	-
Floating interest rate instruments	415	-	600,000	-
Fixed interest rate instruments	673,764	-	-	-
	$ 1,277,111	$ 9,000	$ 615,504	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 12,147	$ 15,504	$ -

December 31, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 703,619	$ -	$ -	$ -
Lease liabilities	888	650	-	-
Floating interest rate instruments	480	63,000	557,000	-
Fixed interest rate instruments	878,229	-	-	-
	$ 1,583,216	$ 63,650	$ 557,000	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 1,538	$ -	$ -

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

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

December 31, 2022

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

(3) Credit facilities

	December 31, 2023	December 31, 2022
Unsecured credit facilities with banks (reviewed annually)		
- Utilized amount	$ 1,271,189	$ 1,496,515
- Available amount	2,545,811	2,159,875
	$ 3,817,000	$ 3,656,390

XXVIII. Related party transactions

The Company's ultimate controller is Taiwan Semiconductor Manufacturing Co., Ltd., which owned 36.05% and 36.35% of the Company's ordinary shares as of December 31, 2023 and December 31, 2022, respectively.

Except those disclosed in other notes, the transactions between the Company and affiliated parties are as follows:

(I) Names of and relations with the affiliated parties

Name of the affiliated party	Relation with the Company
Taiwan Semiconductor Co., Ltd. (Taiwan Semiconductor)	The Company's parent
TSC Auto ID Technology EMEA GmbH (TSCAE)	Subsidiary
TSC Auto ID Technology America Inc.(TSCAA)	Subsidiary
Printronix Auto ID Technology Inc.(PTNX US)	Subsidiary (Note)
Printronix Auto ID Technology Co., Ltd. ("Printronix Auto ID Technology")	Subsidiary
Tianjin TSC Auto ID Technology Co., Ltd. (Tianjin TSC Auto ID Technology)	Sub-subsidiary
TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Subsidiary
Diversified Labeling Solutions, Inc.(DLS)	Subsidiary
TSC Auto ID Technology India Private limited (TSCIN)	Subsidiary
Mosfortico Investments sp. z o.o. (TSCPL)	Subsidiary

Note: Starting from July 1, 2022, it was extinguished after being absorbed and merged by TSCAA.

(II) Operating incomes

Itemized account	Affiliated party category/name	2023	2022
Revenues	Parent company	$ 24	$ 8
	Subsidiary		
	TSCAE	908,878	1,209,955
	Tianjin TSC Auto ID Technology	456,866	597,482
	TSCAA	818,842	655,646
	Others	21,653	100,589
		2,206,239	2,563,672
		$ 2,206,263	$ 2,563,680

The Company sells goods to subsidiaries at ordinary price terms (i.e. the market price); sales proceeds receivable from subsidiaries are collected within 60 to 135 days, and may be adjusted depending on capital requirements.

(III) Purchase

Affiliated party category/name	2023	2022
Parent company	$ 467	$ 1,827
Subsidiary		
Tianjin TSC Auto ID Technology	642,624	696,558
Others	349	2,070
	642,973	698,628
	$ 643,440	$ 700,455

The Company's 60–120 day payment terms with the abovementioned affiliated parties are not significantly different from the terms with other suppliers.

(IV) Outsourced processing of materials

Affiliated party category/name	2023	2022
Subsidiary		
Tianjin TSC Auto ID Technology	$ 205,667	$ 228,145

The Company sells raw materials and semi-finished goods to its Chinese subsidiary for processing through a direct trade arrangement. Some of the finished goods are purchased by the Company and sold to its customers either directly or through merchandising trade. These sales transactions have had revenues and costs offset against the amount of goods repurchased and resold, and the amounts offset were not accounted as sale in the standalone financial statements.

(V) Service expenses

Itemized account	Affiliated party category/name	2023	2022
Research expenses	Subsidiary		
	PTNX US	-	$ 42,098
	TSCAA	$ 81,419	36,659
		$ 81,419	$ 78,757

The Company engages its subsidiaries to partially handle the development of industrial barcode printers, and accounts for service expenses by applying a certain percentage onto the actual cost incurred.

(VI) Management service income

Itemized account	Affiliated party category/name	2023	2022
Other non-operating incomes	Subsidiary		
	Printronix Auto ID Technology	$ 389	$ 389
	Others	37	56
		$ 426	$ 445

(VII) Receivables from affiliated parties

Itemized account	Affiliated party category/name	December 31, 2023	December 31, 2022
Accounts receivable – affiliated parties	Parent company	$ 8	$ -
	Subsidiary		
	TSCAE	591,893	$ 640,390
	TSCAA	430,797	359,305
	Others	11,776	82,454
		1,034,466	1,082,149
		$ 1,034,474	$ 1,082,149
Other receivables – affiliated parties	Subsidiary		
	DLS	$ -	$ 168,905
	TSCAA	156	53,148
	TSCAE	16,500	-
	Others	44	5,942
		$ 16,700	$ 227,995

No guarantee was obtained for the outstanding receivables from affiliated parties. No allowance for losses was recognized for receivables from affiliated parties in 2023 and 2022.

(VIII) Payables to affiliated parties

Itemized account	Affiliated party category/name	December 31, 2023	December 31, 2022
Accounts payable – affiliated parties	Parent company	$ 72	$ 101
	Subsidiary		
	Tianjin TSC Auto ID Technology	164,670	158,161
		$ 164,742	$ 158,262
Other payables – affiliated parties	Parent company	$ -	$ 94
	Subsidiary		
	TSCAA	20,822	17,764
		$ 20,822	$ 17,858

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

(IX) Loans to affiliated parties

Itemized account	Affiliated party category/name	December 31, 2023	December 31, 2022
Other receivables – affiliated parties	Subsidiary		
	DLS	$ -	$ 168,905
	TSCAA	-	52,207
	TSCAE	8,495	-
		$ 8,495	$ 221,112

Itemized account	Affiliated party category/name	2023	2022
Interest income	Subsidiary		
	DLS	$ 1,191	$ 4,490
	Others	470	3,222
		$ 1,661	$ 7,712

The Company provides short-term funding to DLS, TSCAA and TSCAE at rates that are equivalent to the market rate. Please refer to Table 1 for details.

(X) Subsidiaries for capital increase

2023

Itemized account	Name of the affiliated party	Transaction targets	Acquired price
Equity-accounted investments	PLN	PLN Paid-in capital	$ 498,796

(XI) Disposal of subsidiary

2022

Itemized account	Name of the affiliated party	Disposal price	Gain (loss) from disposal
Equity-accounted investments	PTNX US	$ 48,219	$ -

The Company has sold 5% of its PTNX US shares to TSCAA. The disposal price is based on the valuation outcomes of an external expert on enterprise valuation and with reference to the market situation.

(XII) Endorsements and guarantees

Please refer to Table 2 for details of endorsements and guarantees for others.

(XIII) Management's remuneration

	2023	2022
Shor-term employee benefits	$ 65,528	$ 65,882
Retirement benefits	216	294
Shares-based payment	3,499	5,079
	$ 69,243	$ 71,255

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

XXIX. Information on Assets and Liabilities Denominated in Foreign Currencies and with Significant Influence

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

(Unit: thousand in NT dollars and foreign currencies)

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
United States dollars	$ 23,971	30.705 (USD: NTD)	$ 736,030
Euro	18,065	33.980 (EUR: NTD)	613,849
Chinese Yuan	35,637	4.327 (CNY: NTD)	154,201
Japanese Yen	41	0.217 (JPY: NTD)	9
			$ 1,504,089
Non-monetary items			
Equity-accounted subsidiaries			
United States dollars	77,089	30.705 (USD: NTD)	$ 2,367,032
Chinese Yuan	181,608	4.327 (CNY: NTD)	785,817
Polish zloty	63,581	7.951 (PLN: NTD)	505,579
			$ 3,658,428
Liabilities denominated in foreign currencies			
Monetary items			
United States dollars	12,389	30.705 (USD: NTD)	$ 380,404
Euro	10,400	33.980 (EUR: NTD)	353,392
Chinese Yuan	38,056	4.327 (CNY: NTD)	164,668
Japanese Yen	209,400	0.217 (JPY: NTD)	45,440

			$ 943,904
Non-monetary items			
Equity-accounted subsidiaries			
Euro	2,587	33.980 (EUR: NTD)	$ 87,915

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
United States dollars	$ 28,230	30.710 (USD: NTD)	$ 866,943
Euro	19,646	32.720 (EUR: NTD)	642,817
Chinese Yuan	50,337	4.408 (CNY: NTD)	221,885
Japanese Yen	22,226	0.232 (JPY: NTD)	5,156
			$ 1,736,801
Non-monetary items			
Equity-accounted subsidiaries			
United States dollars	74,985	30.710 (USD: NTD)	$ 2,302,780
Chinese Yuan	129,397	4.408 (CNY: NTD)	570,382
			$ 2,873,162
Liabilities denominated in foreign currencies			
Monetary items			
United States dollars	11,618	30.710 (USD: NTD)	$ 356,789
Euro	15,285	32.720 (EUR: NTD)	500,125
Chinese Yuan	35,880	4.408 (CNY: NTD)	158,159
Japanese Yen	237,678	0.232 (JPY: NTD)	55,141
			$ 1,070,214
Non-monetary items			
Equity-accounted subsidiaries			
Euro	552	32.720 (EUR: NTD)	$ 18,046

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

	2023		2022	
Foreign currency	Exchange rate	Net exchange gain (loss)	Exchange rate	Net exchange gain (loss)
United States dollars	30.705 (USD: NTD)	($ 8,486)	30.710 (USD: NTD)	$ 15,618
Euro	33.980 (EUR: NTD)	3,813	32.720 (EUR: NTD)	30,333
Japanese Yen	0.217 (JPY: NTD)	(247)	0.232 (JPY: NTD)	(2,607)

Chinese Yuan	4.327 (CNY: NTD)	1,967	4.408 (CNY: NTD)	1,325
		($ 2,953) ($ 8,486)		$ 44,669

XXX. Supplementary disclosure

(I) Information on significant transactions:

1. Loans to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Position of marketable securities at the end of the period (excluding subsidiaries): Table 3.
4. Cumulative purchase or sale of the same marketable security for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: Attached Table 4.
5. Acquisition of real estates for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: none
6. Disposal of real estimates for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: none
7. Purchase from and sale to affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital: Table 5.
8. Receivables from affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital: Table 6.
9. Transaction of derivatives: Note 7

(II) Information on investees: Table 7.

(III) Information on investments in China:

1. Names of investees in China, major businesses, paid-in capitals, investment methods, inward and outward remittances, shareholding percentages, investment gains (losses), carrying amounts of investments at the end of the period,

repatriated investment gains (losses) and ceiling on investments in China: Table 8.

2. Significant transactions with investees in China directly or indirectly through third regions; prices, payment terms and unrealized profits or losses of such transactions: Table 9.

   (1) Purchase amounts and percentages, balances and percentages of corresponding payables as of the end of the period.

   (2) Sale amounts and percentages, balances and percentages of corresponding receivables as of the end of the period.

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

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

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

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

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

TSC Auto ID Technology Co., Ltd.

Loans to Others

January 1 to December 31, 2023

Table 1

Unit: NT$ thousands, except as otherwise indicated

No. (Note 1)	Financing company	Counter-party	Financial statement account (Note 2)	Whether or not it is a Related party	Maximum balance for the period (Note 3, 4, 7)	Balance at the end of the period (Notes 3, 7, 8, 9)	Amount actually drawn (Note 7)	Interest rate range	Lending of capital Type	Transaction amounts	Reason for need for short-term financing	Recognized allowance for bad debts	Collateral		Limit on loans granted to a single party (Note 5)	Lending of capital Ceiling on total (Note 6)
													Name	Value		
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	Other receivables – affiliated parties	Yes	$ -	$ -	$ -	-	-	$ -	-	$ -	None	$ -	$ -	$ -
0	TSC Auto ID Technology Co., Ltd.	Diversified Labeling Solutions Inc.	Other receivables – affiliated parties	Yes	307,050 (USD 10,000 thousand)	-	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,092,254	2,184,508
0	TSC Auto ID Technology Co., Ltd.	Mosfortico Investments sp. z o.o.	Other receivables – affiliated parties	Yes	169,900 (EUR 5,000 thousand)	169,900 (EUR 5,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,092,254	2,184,508
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH	Other receivables – affiliated parties	Yes	33,980 (EUR 1,000 thousand)	33,980 (EUR 1,000 thousand)	8,495 (EUR 250 thousand)	-	The need for short-term financing	-	Operating capital	-	None	-	1,092,254	2,184,508

Note 1: Numbers in the column:

(1) 0 for the Company.

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

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

Note 4: The highest current balance is the highest balance amount accumulated for the period.

Note 5: Any need for short-term financing from the Company is capped at 20% of the book value of its most recent financial statements as audited or reviewed by CPAs.

Note 6: The aggregate amount of the Company's lending to others is capped at 40% of the book value of its most recent financial statements as audited or reviewed by CPAs.

Note 7: Foreign currency amounts in this table based on exchange rates on December 31, 2023. NT dollars based on US$1 = NT$30.705 or EU$1 = NT33.98.

Note 8: The Company terminated all the credit lines of the U.S. subsidiary, TSC Auto ID Technology America Inc., as approved by a resolution of the Board of Directors on March 15, 2023.

Note 9: The Company's loan amount to subsidiary Diversified Labeling Solutions Inc. has expired on November 8, 2023 upon maturity.

TSC Auto ID Technology Co., Ltd.

Endorsements and Guarantees for Others

January 1 to December 31, 2023

Table 2

Unit: NT$ thousands, except as otherwise indicated

No. (Note 1)	Name of the endorsement/guarantee provider	Endorsed/guaranteed entity		For a single company Endorsements and guarantees Maximum amount (Note 3)	Maximum balance of endorsements/guarantees during the period (Note 6)	Balance of endorsements/guarantees as of the end of the period (Notes 4, 6)	Amount actually drawn (Notes 5, 6)	Amount endorsed/guaranteed by collateralizing assets	Cumulative endorsed/guaranteed amount as the % of book value in the most recent financial statements	Endorsements and guarantees Maximum amount (Note 3)	Endorsements/ guarantees from the parent to subsidiaries	Endorsements /guarantees from subsidiaries to the parent	Endorsements /guarantees to entities in China	Remarks
		Name of the company	Relation (Note 2)											
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	(2)	$ 2,184,508	$ 368,460 (USD 12,000 thousand)	$ 184,230 (USD 6,000 thousand)	$ -	$ -	3.37%	$ 3,276,763	Y	N	N	
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH.	(2)	2,184,508	-	15,353 (USD 500 thousand)	-	-	0.28%	3,276,763	Y	N	N	

Note 1: Numbers in the column:

(1) 0 for the Company.

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

(1) Company with business dealings.

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

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

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

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

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

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

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

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

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

Note 6: Foreign currency amounts in this table are based on exchange rates on December 31, 2023. NT dollars based on US$1 = NT$30.705.

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

TSC Auto ID Technology Co., Ltd.

Position of marketable securities at the end of the period

December 31, 2023

Table 3

Unit: NT$ thousand/thousand shares/thousand units

Investees	Types and names of marketable securities (Note 1)	Relation with the issuer (Note 2)	Itemized account	End of the period				Remarks
				No. of units	Carrying amount (Note 3)	Shareholding percentage	Fair value	
	Shares							
The Company	Taiwan Semiconductor Co., Ltd.	Parent company	Financial assets measured at fair value through other comprehensive incomes – non-current	14,800	$ 1,354,200	5.62%	$ 1,354,200	

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

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

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

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

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

Cumulative purchase or sale of the same marketable security for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital

January 1 to December 31, 2023

Table 4 Unit: NT$ thousands, except as otherwise indicated

Types and	names of marketable securities (Note 1)	Itemized account	Counterparties (Note 2)	Relation (Note 2)	Beginning of the period		Purchase (Note 3)		Sell (Note 3)				Investment gain (loss)	Other variables (Note 5)	End of the period	
					No. of shares (thousand shares)	Amount	No. of shares (thousand shares)	Amount	Number of shares (unit)	Sales price	Book cost	Gains and losses on disposal			No. of shares (thousand shares)	Amount
The Company	Shares TSCPL	Long-term investments at equity	TSCPL	Subsidiaries	-	$ -	Note 4	$ 498,827 (PLN 67,084 thousand)	-	$ -	$ -	$ -	($ 26,356)	$ 33,108	Note 4	$ 505,579
TSCPL	Shares MGN	Long-term investments at equity	SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK and MGN (Note 6)	-	-	-	2	PLN 71,834 thousand	-	-	-	-	(PLN 865 thousand)	-	2	PLN 70,969 thousand

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

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

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

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

Note 5: It includes the recognized exchange differences on translation of financial statements of foreign operations at NT$ 33,108 thousand.

Note 6: After the Company has acquired 100% ownership of MGN through TSCPL from SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK, the Company increased the capital of MGN at PLN 8,282 thousand.

TSC Auto ID Technology Co., Ltd.

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

January 1 to December 31, 2023

Table 5

Unit: NT$ thousands, except as otherwise indicated

Purchase (sale) company	Counterparties	Relation	Transactions				Circumstances and reasons why transaction terms are different from the general terms		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As % of total sale (purchase)	Credit period	Unit price	Credit period	Balance	As % of total notes and accounts receivable (payable)	
The Company	TSCAE	Subsidiary	Sale of goods	($ 908,878)	(24%)	135 days based on monthly statements	-	-	$ 591,893	44%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Sale of goods	(456,866)	(12%)	60 days based on monthly statements	-	-	-	-	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Purchase	642,624	35%	60 days based on monthly statements	-	-	(164,670)	(33%)	
The Company	TSCAA	Subsidiary	Sale of goods	(818,842)	(22%)	120 days based on monthly statements	-	-	430,797	32%	

TSC Auto ID Technology Co., Ltd.

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

December 31, 2023

Table 6

Unit: NT$ thousands, except as otherwise indicated

Company from which receivables are recognized	Name of the counterparty	Relation	Receivables from affiliated parties (Note 1)		Turnover	Overdue receivables from affiliated parties		Receivables from affiliated parties Recovered receivables (Note 2)	Recognized allowance Loss amount
						Amount	Treatment		
The Company	TSCAE	Subsidiary	Accounts receivable	$ 591,893	1.48	$ -	-	$ 150,777	$ -
			Other receivables	16,500				7,161	
The Company	TSCAA	Subsidiary	Accounts receivable	430,797	2.07	-	-	82,814	-
			Other receivables	155				77	
Tianjin TSC Auto ID Technology	The Company	Parent company	Accounts receivable	164,670	5.24	-	-	137,654	-

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

Note 2: Recovered amount as of March 15, 2024.

TSC Auto ID Technology Co., Ltd.

Name and location of the investee, etc.

January 1 to December 31, 2023

Table 7

Unit: NT$ thousands, except as otherwise indicated

Name of the investment company	Name of the investee	Location	Primary business	Original invested amount		Holdings at the end of the year			Profit (loss) of the investee during the period	Recognized investment gain (loss) during the period Investment gain (loss)	Remarks
				End of this period	End of last year	No. of shares (thousand shares)	Ratio (%)	Carrying amount (Note 2)			
The Company	TSCAE	Germany	Sale of barcode printers and relevant components	$ 2,943	$ 2,943	Note 1	100.00	($ 87,915)	($ 13,080)	($ 13,080)	Subsidiary
The Company	TSCAA	United States	Sale of barcode printers and relevant components	1,096,621 (US$33,000 thousand)	1,096,621 (US$33,000 thousand)	16,000	100.00	1,014,055	2,555	2,555	Subsidiary
The Company	TSCHK	Hong Kong	Investment in production businesses and general imports/exports	47,468 (US$1,500 thousand)	51,738 (US$1,654 thousand)	11,711	100.00	785,817	228,001	228,001	Subsidiary
The Company	Printronix Auto ID Technology	Taiwan	Sale of barcode printers and relevant components	5,000	5,000	500	100.00	4,796	(463)	(463)	Subsidiary
The Company	DLS	United States	Printer consumables and customized design, integration, production and marketable of a variety of labels	801,558 (US$26,000 thousand)	801,558 (US$26,000 thousand)	1	100.00	1,352,977	129,839	129,839	Subsidiary
The Company	TSCIN	India	Sale of barcode printers and relevant components	2,791 (US$100 thousand)	2,791 (US$100 thousand)	710	100.00	1,189	(411)	(411)	Subsidiary
The Company	TSCPL	Poland	Printer consumables and customized design, integration, production and marketable of a variety of labels	498,827 (PLN 67,084 thousand)	-	Note 2	100.00	505,579	(26,356)	(26,356)	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Sale of barcode printers and relevant components	8,234	8,234	Note 1	100.00	(12,405)	(5,018)	(5,018)	Sub-subsidiary
TSCAE	TSCAS	Spain	Sale of barcode printers and relevant components	124	124	Note 1	100.00	2,997	231	231	Sub-subsidiary
DLS	PPL	United States	Selling of a variety of labels and printer consumables	US$115 thousand	US$115 thousand	850	100.00	38,691 (US$1,260 thousand)	8,919 (US$287 thousand)	8,919 (US$287 thousand)	Sub-subsidiary
TSCPL	MGN	Poland	Printer consumables and customized design, integration, production and marketable of a variety of labels	PLN 71,834 thousand	-	2	100.00	564,328 (PLN 70,969 thousand)	519 (PLN 69 thousand)	(6,507) (PLN 865 thousand)	Sub-subsidiary

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

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

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

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

TSC Auto ID Technology Co., Ltd.

Information on investments in China

January 1 to December 31, 2023

Table 8

Unit: NT$ thousands, except as otherwise indicated

Names of investees in China	Primary business	Paid-in capital (Note 6)	Investment method (Note 1)	Beginning of the period Outward remittances from Taiwan Accumulated invested amount (Note 6)	Outward remittances or recovered investments during the period		End of this period Outward remittances from Taiwan Accumulated invested amount (Note 6)	Investee Gains and losses for the period	Holding by the Company directly and indirectly	Recognized investment gain or loss during the period (Note 2)	Carrying amount of the investment at the end of the period Carrying amount	As of the period Total repatriated investment gains	Remarks
					Outward remittances	Recovered investments							
Tianjin TSC Auto ID Technology Co., Ltd.	Production and marketing of barcode printers and relevant components	$ 45,434 (CNY 10,500 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	$ 46,058 (US$1,500 thousand)	$ -	$ -	$ 46,058 (US$1,500 thousand)	$ 230,188	100%	$ 230,188 (Note 3)	$ 824,980	$ 787,814	-
Shenzhen Printronix Auto ID Technology Co., Ltd.	Sale of barcode printers and relevant components	-	(2) Investor: TSC Auto ID (H.K.) LTD	4,729 (US$154 thousand)	-	($ 4,729) (US$154 thousand)	-	(1,600)	-	(1,600) (Note 3)	-	5,898	Note 5

Cumulative outward investments from Taiwan at the end of this period (Note 6)	Investment amount approved by the Investment Commission, MOEA (Note 6)	Ceiling imposed by the Investment Commission, MOEA on investments in China (Note 4)
$46,058 (US$1,500 thousand)	$46,058 (US$1,500 thousand)	$3,276,763

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

(1) Direct investments in China

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

(3) Other methods

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

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

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

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

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

C. Others.

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

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

Note 5: Shenzhen Printronix Auto ID Technology Co., Ltd. had the share capital returned to the parent company, TSCHK, in July 2023 and was liquidated and extinguished on August 31, 2023; TSCHK had remitted the share capital back to the ultimate parent company, TSC Auto ID Technology Co., Ltd., in July 2023 and the cancellation of the investment quota has been applied to the Investment Review Committee, Ministry of Economic Affairs (MOEA). The approval letter, Jing-Shou-Fan-Zi No. 11256107350 from the MOEA was received on October 17, 2023 for reference.

Note 6: Foreign currency amounts in this table based on exchange rates on December 31, 2023. NT dollars based on US$1=NT$30.705 or RMB$1 = NT$4.327.

TSC Auto ID Technology Co., Ltd.

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

January 1 to December 31, 2023

Table 9

Unit: NT$ thousands, except as otherwise indicated

Counterparties	Relation with the counterparty	Type of transaction Purchase (sale)	Amount	Transaction terms and conditions			Notes and accounts receivable (payable)		Unrealized gains or losses
				Price	Payment terms	Comparison with transactions at an arm's length	Balance	%	
Tianjin TSC Auto ID Technology Co., Ltd.	Sub-subsidiary	Sale of goods	(\$ 456,866)	Note 1	60 days based on monthly statements	Equivalent	\$ -	-	\$ 39,204 (Note 2)
		Purchase	642,624	Note 1	60 days based on monthly statements	Equivalent	(164,670)	(33%)	

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

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

TSC Auto ID Technology Co., Ltd.

Information on major shareholders

December 31, 2023

Table 10

Unit: shares

Name of the major shareholder	Shares	
	No. of shares held	Shareholding percentage
Taiwan Semiconductor Co., Ltd.	16,995,230	36.05%
Standard Chartered Bank, Department of Business in custody for Fidelity Puritan Trust: Fidelity Low-Priced Fund Investment	2,544,911	5.39%

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

§DIRECTORY OF DETAILS OF MAJOR ACCOUNTING items§

TSC Auto ID Technology Co., Ltd.

Cash and cash equivalents account

December 31, 2024

Account 1

Unit: NT$ thousand unless otherwise indicated

Item	Summary	Amount
Petty cash		$ 50
Demand deposit		
New Taiwan Dollar (NTD)		216,460
Foreign currency	Mainly includes USD 1,112 thousand; exchange rate: 30.705	62,096
	Mainly includes EUR 160 thousand; exchange rate: 33.980	-
	Mainly includes RMB 5,199 thousand; exchange rate: 4.327	-
	Mainly includes JPY 41 thousand; exchange rate: 0.217	-
Fixed-term deposits		
New Taiwan Dollar (NTD)		300,000
Total		$ 578,606

TSC Auto ID Technology Co., Ltd.

Accounts receivable account

December 31, 2023

Account 2 Unit: NT$ thousand

Name	Amount
Brother Industries, Ltd.	$ 101,503
Retail Solution And Technologies	91,691
Business Telecom-Import LLC	21,799
Others (Note)	93,146
Less: allowance for losses	(3,859)
Total	$ 304,280

Note: No customer represented more than 5% of account balance.

TSC Auto ID Technology Co., Ltd.

Inventory account

December 31, 2023

Account 3 | Unit: NT$ thousand

Item	Amount	
	Cost	Net realizable value
Finished goods	$ 79,860	$ 103,103
Semi-finished goods	144,199	220,547
Work in process	9,842	9,842
Raw materials	255,918	338,593
Total	489,819	$ 672,085
Less: allowance for inventory devaluation	(18,900)	
Net balance	$ 470,919	

TSC Auto ID Technology Co., Ltd.

Equity-accounted investment variation account

January 1 to December 31, 2023

Account 4

Unit: NT$ thousand unless otherwise indicated

Name of the investee	Balance at the beginning of the year: No. of shares (thousand shares)	Balance at the beginning of the year: Amount	Increase in current year: No. of shares (thousand shares)	Increase in current year: Amount	Decrease in current year (Note 3): No. of shares (thousand shares)	Decrease in current year (Note 3): Amount	Investment gains (Net loss)	Foreign currency translation adjustment	Adjustment for unrealized gain/loss on downstream transactions	Others	Year-end balance: No. of shares (thousand shares)	Year-end balance: Shareholding %	Year-end balance: Amount	Number of shares and net value or market price (Note 5)
Non-listed companies														
TSC Auto ID (H.K.) Limited (TSCHK)	11,711	$ 570,382	-	$ 590	-	($ 4,270)	$ 228,001	($ 13,739)	$ 4,853	$ -	11,711	100%	$ 785,817	$ 825,021
TSC Auto ID Technology EMEA GmbH (TSCAE)	Note 1	(18,046)	-	-	-	-	(13,080)	5,603	(62,392)	-	註 1	100%	(87,915)	131,001
TSC Auto ID Technology America Inc. (TSCAA)	16,000	1,077,842	-	-	-	-	2,555	(221)	(66,121)	-	16,000	100%	1,014,055	1,163,899
Printronix Auto ID Technology	500	5,259	-	-	-	-	(463)	-	-	-	500	100%	4,796	4,796
Diversified Labeling Solutions, Inc. (DLS)	1	1,224,938	-	-	-	-	129,839	(1,800)	-	-	1	100%	1,352,977	1,352,977
TSC Auto ID Technology India Private Limited (TSCIN)	710	1,601	-	-	-	-	(411)	(1)	-	-	710	100%	1,189	1,189
Mosfortico Investments sp. z o.o.(TSCPL)	-	-	註 2	498,827	-	-	(26,356)	33,108	-	-	註 2	100%	505,579	505,579
		2,861,976		499,417		(4,270)	320,085	22,950	(123,660)	-			3,576,498	3,984,462
Add: Credit balance of long-term equity investments transferred to non-current liabilities		18,046		-		-	-	-	-	-			87,915	
		$ 2,880,022		$ 499,417		($ 4,270)	$ 320,085	$ 22,950	($ 123,660)	$ -			$ 3,664,413	$ 3,984,462

Note 1: The investee's business license only indicates the amount of capital, so no share count is recorded.

Note 2: Figure not shown as the Company held less than one thousand shares.

Note 3: The amount reduction for this fiscal year is due to the liquidation and elimination of the sub-subsidiary Printronix Auto ID Technology Co., Ltd.. The original capital contribution has been repatriated to the Company. Please refer to Table 8.

Note 4: Calculated based on the investee's net equity shown in audited financial statements.

TSC Auto ID Technology Co., Ltd.

Short-term borrowings account

December 31, 2023

Account 5

Unit: NT$ thousand unless otherwise indicated

Loan category and lender	Year-end balance	Loan tenor	Interest rate range (%)	Credit facilities	Collateral or security	Remarks
Loan on credit						
Bank SinoPac	$ 115,532	July 21, 2023 to January 22, 2024	4.86	$ 360,000	None	-
CTBC Bank	51,359	October 18, 2023 to January 19, 2024	4.95~6.15	300,000	None	-
First Commercial Bank	305,515	November 20, 2023 to February 18, 2024	6.30~6.40	600,000	None	-
Taishin International Bank Co., Ltd.	71,358	October 13, 2023 to January 18, 2024	4.71	400,000	None	-
FAR EASTERN INTERNATIONAL BANK	127,425	November 21, 2023 to February 26, 2024	4.80~5.13	400,000	None	-
	$ 671,189			$ 2,060,000		

TSC Auto ID Technology Co., Ltd.

Accounts payable account

December 31, 2023

Account 6 Unit: NT$ thousand

Name of the company	Amount
Company A (Note 1)	$ 43,356
Jawbone Industrial Co., Ltd.	27,626
Guide Wally Enterprises Co., Ltd.	23,246
King Hoya Co., Ltd.	23,156
Others (Note 2)	215,972
Total	$ 333,356

Note 1: The contract signed with the customer prohibits disclosure of the customer's name.

Note 2: No customer represented more than 5% of account balance.

TSC Auto ID Technology Co., Ltd.

Long-term borrowings account

December 31, 2023

Account 7

Unit: NT$ thousand unless otherwise indicated

Loan category and lender	Summary	Amount borrowed	Loan tenor	Annual interest rate (%)	Collateral or security	Remarks
Loan on credit						
Bank Of Taiwan	Payment is expected to be settled in April 2025.	$ 120,000	October 7, 2022 to April 8, 2025	1.70	None	-
Yuanta Commercial Bank	Payment is expected to be settled in October 2025.	240,000	October 14, 2022 to October 14, 2025	1.65	None	-
KGI Bank Co., Ltd.	Payments are expected to be subsequently settled between March 2025 to March 2026.	240,000	March 27, 2023 to March 13, 2026	2.00	None	-
Less: portion due within one year		-				
		$ 600,000				

TSC Auto ID Technology Co., Ltd.

Sales revenue account

January 1 to December 31, 2023

Account 8

Unit: NT$ thousand

Name	Sales volume	Net sales
Hardware	452K SET	$ 3,081,037
Components	Note	813,314
Others		27,971
		3,922,322
Less: sales return and discount		(137,834)
Total		$ 3,784,488

Note: Parts and components are not listed separately due to the extensive variety and vast difference in unit prices.

TSC Auto ID Technology Co., Ltd.

Cost of sales account

January 1 to December 31, 2023

Account 9 | Unit: NT$ thousand

Item	Amount
Cost of goods sold	
Direct materials	
Raw materials at the beginning of the year	$ 315,998
Add: net purchases for the current year	909,600
R&D department returned materials and reclassified from others	1,264
Less: raw materials at the end of the year	(255,918)
Cost of raw materials sold	(119,159)
Raw materials collected that were reclassified into expenses and others	(5,114)
Raw materials used this year	846,671
Direct labor	58,743
Manufacturing expenses account (Account 10)	170,571
Manufacturing cost	1,075,985
Add: work-in-progress at the beginning of the year	24,143
Reclassified from finished goods and semi-finished goods	537,271
Processing expenses	163,636
Less: work-in-process at the end of the year	(9,842)
Add: semi-finished goods at the beginning of the year	150,416
Net purchases for the current year	131,039
Less: semi-finished goods at the end of the year	(144,199)
Sale of semi-finished goods	(220,955)
Reclassified to work-in-progress	(510,684)
Reclassified to others	(11,519)
Cost of finished goods	1,185,291
Add: finished goods at the beginning of the year	87,373
Purchases for the current year	799,833
Reclassified from raw materials	179
Less: finished goods at the end of the year	(79,860)
Finished goods reclassified to work-in-progress	(26,587)
Reclassified to others	(2,286)
Cost of sale of self-produced products	1,963,943
Add: cost of raw materials and semi-finished goods sold	340,114
Add: Allowance for inventory devaluation	10,400
Others	(13,025)
Cost of goods sold	$ 2,301,432

TSC Auto ID Technology Co., Ltd.

Manufacturing expenses account

January 1 to December 31, 2023

Account 10

Unit: NT$ thousand

Name	Amount
Indirect labor	$ 57,314
Depreciation	30,180
Insurance fees	15,863
Royalties	14,008
Others (Note)	53,206
Total	$ 170,571

Note: No single item represented more than 5% of account balance.

TSC Auto ID Technology Co., Ltd.

Operating expenses account

January 1 to December 31, 2023

Account 11 | Unit: NT$ thousand

Item	Sales & marketing expenses	Administrative expenses	Research and development Expenses	Total
Payroll expenses and pension	$ 41,112	$ 146,035	$ 84,688	$ 271,835
Research expenses	-	-	128,732	128,732
Professional service fees	2,185	42,567	1,639	46,391
Depreciation and amortization expenses	361	31,105	9,010	40,476
Commission expense	12,719	-	-	12,719
Travelling expense	5,787	1,701	4,019	11,507
Import and export charges	10,180	-	-	10,180
Advertisement expense	6,361	170	-	6,531
Others (Note)	24,396	23,408	17,284	65,088
Total	$ 103,101	$ 244,986	$ 245,372	$ 593,459

Note: No single item represented more than 5% of total expenses for the given function.

TSC Auto ID Technology Co., Ltd.

Summary of current employee welfare, depreciation, and amortization expenses by function

From January 1 to December 31, 2023 and 2022

Account 12 | Unit: NT$ thousand

	2023			2022		
	Attributable to operating Costs	Attributable to operating Expenses	Total	Attributable to operating Costs	Attributable to operating Expenses	Total
Employee benefit expenses (Note)						
Salary expenses	$ 116,057	$ 232,620	$ 348,677	$ 116,023	$ 245,401	$ 361,424
Labor/health insurance premium	13,467	13,607	27,074	12,563	13,489	26,052
Pension expenses	5,821	7,151	12,972	5,474	6,653	12,127
Directors' remuneration	-	32,064	32,064	-	33,809	33,809
Other employee benefit expenses	9,493	6,332	15,825	8,854	5,874	14,728
	$ 144,838	$ 291,774	$ 436,612	$ 142,914	$ 305,226	$ 448,140
Depreciation expense	$ 30,180	$ 8,781	$ 38,961	$ 25,500	$ 8,405	$ 33,905
Amortization expenses	$ 933	$ 31,695	$ 32,628	$ 751	$ 25,765	$ 26,516

Note 1: The Company employed an average of 360 employees in 2024 and 359 employees in 2023; the number of directors without concurrent role as employee was 4 in both years. The same employee base was used for calculating employee benefit expenses.

Note 2: Average employee benefit expense was reported at NT$1,136 thousand for 2024 and NT$1,167 thousand for 2023.

Note 3: The Company reported average payroll expenses of NT$979 thousand for 2024 and NT$1,018 thousand for 2013; employee payroll expenses had decreased by an average of 3.80% in the two years.

Note 4: The Company has no supervisor, hence no compensation was allocated for supervisors.

Note 5: The Company's director, manager, and employee compensation policies are explained below:

(1) Directors: The Company compensates directors according to its Articles of Incorporation and dividend policy. The amount of compensation takes into account the Company's profitability and future operating requirements, for which the Remuneration Committee raise a proposal for discussion, approval, and implementation by the board of directors. When discussing compensation proposals from the Remuneration Committee, the board of directors take into consideration the amount of compensation proposed, the method of payment, and risks that the Company may be prone to in the future.

(2) Managers: The Chairman is authorized by the board of directors to determine managers' compensation based on their duties, contributions, the Company's performance in that given year, potential development, and other relevant factors.

(3) Employees: Employees' compensation is determined according to the Company's employee compensation rules.

TSC Auto ID Technology Co., Ltd.

Chairman: Wang Hsing Lei