Stock Code: 3611

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

Consolidated Financial Statement and Auditor's Audit Report

2023 and 2022

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

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

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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

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 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	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	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.

<u>Warranty</u>

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	Selling and buying	100%	100%	-

	ME, Ltd. FZE (TSCAD)	of barcode printers and relevant components			
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	-	270,899	-	3,905	-	274,804

	Knowhow & technology	Customer relations	Patents	Software	Trademarks	Total
26)						
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
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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	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 liabilities					
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
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. 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		End of this period Outward remittances from Taiwan Accumulated invested amount (Note 5)	Investee Gains and losses for the period	Holding by the Company directly and indirectly	Recognized investment gain or loss during the period (Note 2)	Carrying amount of the investment at the end of the period Carrying amount	As of the period Total repatriated investment gains	Remarks
					Outward remittances	Recovered investments							
Tianjin TSC Auto ID Technology Co., Ltd.	Production and marketing of barcode printers and relevant components	$ 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.