

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

## Consolidated Financial Statement and Auditor's Audit Report

2024 and 2023

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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 2024 (from January 1 to December 31, 2024). 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 14, 2025

## **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, 2024 and December 31, 2023; the consolidated incomes statement from January 1 to December 31, 2024 and from January 1 to December 31, 2023; the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to December 31, 2024 and from January 1 to December 31, 2023 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, 2024 and 2023, consolidated financial performance from January 1 to December 31, 2024 and 2023 and consolidated cash flows from January 1 to December 31, 2024 and 2023.

### **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 2024 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 2024 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. in January 2016, and later acquired the main business activities and operating assets from Diversified Labeling Solutions, Inc. in January 2019, and the control over MGN sp. z o.o. in June 2023. Through the above-mentioned business combination transactions, the Company acquired Printronix's industrial printer business (hereinafter referred to as the "printer business group"), the label paper business - DLS brand and the label business - MGN brand. The Group recognized the transaction in the consolidated financial statements for the year, and the amount of which is 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.

When assessing whether goodwill is impaired, we performed the following audit procedures based on the significant estimates and assumptions used in the future cash flow and weighted average cost of capital:

1. Obtain the goodwill impairment test evaluation report issued by the evaluation experts commissioned by management, to understand and evaluate the reasonableness of the recoverable amount calculated by the evaluation model.
2. Assumptions used in the evaluation model include sales growth rate, profit rate, weighted average cost of capital (including interest rate without risk, volatility and risk premium), and other factors such as the Company's operating conditions, industry conditions and

future prospects, etc. The reasonableness of the goodwill impairment test evaluation report is comprehensively evaluated.

#### Identification and evaluation of tangible assets and intangible assets acquired from business combination

In June 2023, the Group acquired 100% of the equity of MGN sp. Z o.o. and obtained control over it with a price of PLN 48,200 thousand. In 2024, the fair value of the net identifiable assets and goodwill were measured based on the acquisition price. The intangible assets generated from the acquisition, including customer relations of NT\$217,471 thousand and goodwill of NT\$192,465 thousand, are material to the consolidated financial statements.

The determination of the consideration for the acquisition of the equity interest from the business combination transaction, the reasonableness of the purchase price allocation, and the fair value of the net assets acquired and the intangible assets and goodwill on the acquisition date are based on the appraisal report issued by external experts commissioned by management. The evaluation methods and assumptions adopted involve significant management estimates and judgments.

The main audit procedures performed by us are as follows:

1. The Board of Directors minutes and the reasonableness of the transaction price are obtained to review whether the transaction is executed in accordance with the "Procedures for Acquisition or Disposal of Assets" and related regulations;
2. Review the equity acquisition contract and verify the certificate of acquisition price to confirm and verify the acquisition price of the equity transaction.
3. Obtain the appraisal report issued by the appraisal experts commissioned by management, and assess the competence and independence of external independent appraisers;
4. Review the expected financial information used by management to prepare the appraisal report for the allocation of acquisition price, and compare with the Company's historical financial information and market industry expectations in the future to assess the reasonableness of the main assumptions (including sales growth rate, gross margin and operating margin).
5. Assess the evaluation model and key assumptions used in the appraisal report for the acquisition price allocation, including the useful life of intangible assets, the weighted average cost of capital (including the interest rate of risk-free return on capital, volatility and equity market risk return), and the Company's operating conditions, industry conditions and future prospects, to comprehensively assess the reasonableness of the above-mentioned acquisition price allocation assessment report.

**Emphasis of Matter**

As described in Note 14 to the consolidated financial statements, TSC Auto ID Technology Group acquired 100% of ownership of MGN sp. z o.o. on June 12, 2023 and obtained the valuation report in Q2 of 2024. Therefore, TSC Auto ID Technology Group has adjusted the original accounting treatment and provisional amount of MGN sp. z o.o. from the date of acquisition based on the valuation report and has restated the information in the comparison period.

**Other Matters**

As narrated in Note 11 of the consolidated financial statements, amongst the subsidiaries presented in the 2024 and 2023 consolidated financial statements of the 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 37.00% and 22.47% of the total consolidated assets as of December 31, 2024 and 2023 respectively; The operating revenues of the subsidiaries accounted for 45.68% and 39.51% of the consolidated operating revenues in 2024 and 2023 respectively, and their total comprehensive income accounted for 121.81% and 11.15% of the total consolidated comprehensive income respectively.

TSC Auto ID Technology Co., Ltd. has prepared standalone financial statements for 2024 and 2023, 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 2024 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 14, 2025

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

## Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: NT\$ thousand

Code	Asset	December 31, 2024		December 31, 2023 (After measurement period adjustment)	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,822,879	14	\$ 1,065,550	12
1110	Financial assets at fair value through profit or loss (Note 7)	43	-	4,543	-
1170	Notes and accounts receivable, net (Notes 9, 29)	1,788,945	14	1,306,353	15
1200	Other receivables (Note 29)	57,166	-	31,482	-
130X	Inventory (Note 10)	2,010,639	16	1,493,841	17
1410	Prepayments	196,718	2	46,640	-
1470	Other current assets (Note 16)	72,109	1	13,478	-
11XX	Total current assets	<u>5,948,499</u>	<u>47</u>	<u>3,961,887</u>	<u>44</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Note 8)	849,072	7	1,354,200	15
1600	Property, plant and equipment (Note 12 and 30)	1,442,391	11	1,276,149	14
1755	Right-of-use assets (Note 13)	678,641	5	148,301	2
1805	Goodwill (Note 14)	1,945,645	15	1,261,280	14
1821	Other intangible assets (Note 15)	1,073,007	9	418,727	5
1840	Deferred income tax assets (Note 23)	668,750	5	433,697	5
1990	Other non-current assets (Note 16)	99,858	1	100,862	1
15XX	Total non-current assets	<u>6,757,364</u>	<u>53</u>	<u>4,993,216</u>	<u>56</u>
1XXX	Total assets	<u>\$ 12,705,863</u>	<u>100</u>	<u>\$ 8,955,103</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 17)	\$ 1,841,636	14	\$ 671,395	7
2120	Financial liabilities at fair value through profit or loss (Note 7)	69,261	-	19,674	-
2170	Accounts payable (Note 29)	709,006	6	691,240	8
2200	Other payables (Notes 18, 29)	482,293	4	494,198	6
2230	Income tax liability during the period	91,505	1	94,966	1
2250	Liability reserve - current	18,705	-	6,595	-
2280	Lease liability (Note 13)	120,939	1	87,535	1
2320	Long-term liabilities due within one year (Note 17)	207,442	2	8,875	-
2399	Other current liabilities	293,401	2	119,110	1
21XX	Total current liabilities	<u>3,834,188</u>	<u>30</u>	<u>2,193,588</u>	<u>24</u>
	Non-current liabilities				
2500	Financial liabilities at fair value through profit or loss (Note 7)	26,784	-	54,521	1
2540	Long-term loans (Note 17)	2,335,770	18	611,154	7
2570	Deferred income tax liabilities (Note 23)	762,850	6	522,111	6
2580	Lease liability (Note 13)	567,344	5	49,622	1
2640	Net defined benefit liability (Note 19)	15,431	-	16,842	-
2670	Other non-current liabilities	62,217	1	45,994	-
25XX	Total non-current liabilities	<u>3,770,396</u>	<u>30</u>	<u>1,300,244</u>	<u>15</u>
2XXX	Total liabilities	<u>7,604,584</u>	<u>60</u>	<u>3,493,832</u>	<u>39</u>
	Total equity (Note 20)				
	Equity attributable to owners of the parent company				
3110	Ordinary share capital	473,791	4	471,406	5
3200	Capital surplus	722,280	5	676,011	8
	Retained earnings				
3310	Legal reserve	862,984	7	770,477	9
3320	Special reserve	8,597	-	8,597	-
3350	Unappropriated earnings	2,723,957	21	2,770,511	31
3300	Total retained earnings	3,595,538	28	3,549,585	40
3400	Other equity	234,184	2	764,269	8
31XX	Total equity of the parent company	<u>5,025,793</u>	<u>39</u>	<u>5,461,271</u>	<u>61</u>
36XX	Non-controlling interest	75,486	1	-	-
3XXX	Total equity	<u>5,101,279</u>	<u>40</u>	<u>5,461,271</u>	<u>61</u>
	Total liabilities and equity	<u>\$ 12,705,863</u>	<u>100</u>	<u>\$ 8,955,103</u>	<u>100</u>

The notes are an integral part of these consolidated financial statements.  
(Please refer to the audit report issued by Deloitte Taiwan on March 14, 2025.)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming-Yi

Chief Accounting Officer: Chen Yen-Han

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

Consolidated Comprehensive Income Statement

January 1 to December 31, 2024 and 2023

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

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenue (Notes 21, 29, and 33)				
4110	Revenues	\$ 8,798,132	100	\$ 8,351,762	100
	Operating costs (Notes 10, 21, 29)				
5110	Cost of goods sold	<u>6,062,972</u>	<u>69</u>	<u>5,544,541</u>	<u>67</u>
5900	Gross profits	<u>2,735,160</u>	<u>31</u>	<u>2,807,221</u>	<u>33</u>
	Operating expenses (Notes 9, 21, 29)				
6100	Sales & marketing expenses	973,709	11	819,694	10
6200	Administrative expenses	540,203	6	550,095	6
6300	R&D expenses	<u>304,582</u>	<u>3</u>	<u>240,833</u>	<u>3</u>
6000	Total operating expenses	<u>1,818,494</u>	<u>20</u>	<u>1,610,622</u>	<u>19</u>
6900	Operating profits	<u>916,666</u>	<u>11</u>	<u>1,196,599</u>	<u>14</u>
	Non-operating incomes and expenses (Note 21)				
7100	Interest income	16,983	-	9,944	-
7190	Other incomes	62,874	1	84,253	1
7020	Other gains and losses	31,607	-	25,163	1
7050	Financial cost	( <u>93,719</u> )	( <u>1</u> )	( <u>59,174</u> )	( <u>1</u> )
7000	Total non-operating incomes and expenses	<u>17,745</u>	<u>-</u>	<u>60,186</u>	<u>1</u>
7900	Profits before tax	934,411	11	1,256,785	15
7950	Income tax expenses (Note 23)	<u>262,195</u>	<u>3</u>	<u>329,912</u>	<u>4</u>
8200	Current net income	<u>672,216</u>	<u>8</u>	<u>926,873</u>	<u>11</u>

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Code		2024		2023	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that are not to be reclassified to profit or loss				
8311	Remeasurement of defined benefit plan (Note 19)	(\$ 11,603)	-	(\$ 1,803)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive incomes (Note 20)	( 598,962 ) ( 610,565 )	( 7 ) ( 7 )	256,040 254,237	3 3
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations (Note 20)	82,816	1	22,950	-
8399	Income tax components that may be reclassified (Note 23)	( 17,219 ) 65,597	- 1	( 4,590 ) 18,360	- -
8300	Other comprehensive income for the year (net of tax)	( 544,968 )	( 6 )	272,597	3
8500	Total comprehensive income for the year	\$ 127,248	2	\$ 1,199,470	14
	Net income attributable to:				
8610	Shareholders of the Company	\$ 669,957	8	\$ 926,873	11
8620	Non-controlling interest	\$ 2,259	-	\$ -	-
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 128,722	2	\$ 1,199,470	14

8720	Non-controlling interest	( \$ <u>1,474</u> )	<u>-</u>	\$ <u>-</u>	<u>-</u>
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	Earnings per share (Note 24)				
9710	Basic	\$ <u>14.19</u>		\$ <u>19.76</u>	
9810	Diluted	\$ <u>14.05</u>		\$ <u>19.50</u>	

The notes are an integral part of these consolidated financial statements.  
(Please refer to the audit report issued by Deloitte Taiwan on March 14, 2025.)

Chairman: Wang Hsing Lei    Chief Executive Officer: Chen Ming-Yi    Chief Accounting Officer: Chen Yen-Han

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries  
Consolidated Statement of Changes in equity  
January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand unless otherwise indicated

		Equity attributable to owners of the parent company							Other equity					
Code		Share capital		Retained earnings					Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity of the parent company	Non-controlling interest	Total equity
		No. of shares (thousand shares)	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total						
A1	Balance on January 1, 2023	42,519	\$ 425,189	\$ 615,845	\$ 673,504	\$ 8,597	\$ 2,537,721	\$ 3,219,822	( \$ 102,247 )	\$ 592,116	\$ 489,869	\$ 4,750,725	\$ -	\$ 4,750,725
G1	Exercise of employee stock options	370	3,695	49,486	-	-	-	-	-	-	-	53,181	-	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 )	-	( 552,785 )
B9	Stock dividends to the company's shareholders	4,252	42,522	-	-	-	( 42,522 )	( 42,522 )	-	-	-	-	-	-
D1	2023 net income	-	-	-	-	-	926,873	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	-	272,597
D5	Total comprehensive income of 2023	-	-	-	-	-	925,070	925,070	18,360	256,040	274,400	1,199,470	-	1,199,470
N1	Share-based compensation – employee stock options (Note 25)	-	-	10,680	-	-	-	-	-	-	-	10,680	-	10,680
Z1	Balance on December 31, 2023	47,141	471,406	676,011	770,477	8,597	2,770,511	3,549,585	( 83,887 )	848,156	764,269	5,461,271	-	5,461,271
G1	Exercise of employee stock options	238	2,385	28,803	-	-	-	-	-	-	-	31,188	-	31,188
	Appropriation and distribution of 2023 earnings													
B1	Legal reserve	-	-	-	92,507	-	( 92,507 )	-	-	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	( 612,854 )	( 612,854 )	-	-	-	( 612,854 )	-	( 612,854 )
D1	2024 net income	-	-	-	-	-	669,957	669,957	-	-	-	669,957	2,259	672,216
D3	2024 other comprehensive income - after tax	-	-	-	-	-	( 11,150 )	( 11,150 )	68,877	( 598,962 )	( 530,085 )	( 541,235 )	( 3,733 )	( 544,968 )
D5	Total comprehensive income of 2024	-	-	-	-	-	658,807	658,807	68,877	( 598,962 )	( 530,085 )	128,722	( 1,474 )	127,248
O1	Non-controlling interests acquired from business combination (Note 26)	-	-	-	-	-	-	-	-	-	-	-	76,960	76,960
N1	Share-based compensation – employee stock options (Note 25)	-	-	17,466	-	-	-	-	-	-	-	17,466	-	17,466
Z1	Balance on December 31, 2024	47,379	\$ 473,791	\$ 722,280	\$ 862,984	\$ 8,597	\$ 2,723,957	\$ 3,595,538	( \$ 15,010 )	\$ 249,194	\$ 234,184	\$ 5,025,793	\$ 75,486	\$ 5,101,279

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

(Please refer to the audit report issued by Deloitte Taiwan on March 14, 2025.)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming-Yi

Chief Accounting Officer: Chen Yen-Han

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

Consolidated Statement of Cash Flows

January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

Code		2024	2023 (After measurement period adjustment)
	Cash flows from operating activities		
A10000	Pre-tax profit for the current period	\$ 934,411	\$ 1,256,785
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	270,417	222,217
A20200	Amortization	76,379	75,411
A20300	Expected credit impairment loss (reversal gain)	( 8,992 )	7,450
A20900	Financial cost	93,719	59,174
A21200	Interest income	( 16,983 )	( 9,944 )
A21300	Dividend income	( 31,920 )	( 59,200 )
A21900	Cost of employee stock options	17,466	10,680
A22500	Loss (gain) from disposal and scrap of property, plant and equipment	1,500	( 853 )
A22800	Reclassification of intangible assets to losses	20	-
A23700	Loss for market price decline and obsolete inventory	28,807	17,636
A24100	Unrealized foreign exchange losses	534	2,968
A29900	Loss (gain) from lease modification	7	( 19 )
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	4,500	( 2,745 )
A31150	Notes and accounts receivable	2,053	101,567
A31180	Other receivables	13,278	23,572
A31200	Inventory	229,448	186,894
A31230	Prepayments	( 89,879 )	28,015
A31240	Other current assets	8,683	594
A31280	Net defined benefit assets	( 18,978 )	-
A31990	Other non-current assets	4,000	( 472 )
A32110	Financial liabilities held for trading	21,689	1,999
A32150	Accounts payable	( 142,162 )	( 119,117 )
A32180	Other payables	( 90,017 )	( 28,984 )
A32230	Other current liabilities	45,978	( 25,509 )
A32240	Net defined benefit liability	( 491 )	85
A32990	Other non-current liabilities	9,465	( 27,808 )
A33000	Cash inflows from operating activities	1,362,932	1,720,396

(Continued on next page)

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Code		2024	2023 (After measurement period adjustment)
A33100	Interest received	\$ 17,040	\$ 9,749
A33500	Income tax paid	( 247,580)	( 328,279)
AAAA	Net cash flows from operating activities	<u>1,132,392</u>	<u>1,401,866</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	( 93,834)	-
B02200	Net cash outflow for acquisition of subsidiary (Note 26)	( 2,370,265)	( 358,490)
B02700	Purchase of property, plant and equipment	( 105,167)	( 147,223)
B02800	Proceeds from sale of equipment	857	979
B03700	Payment of refundable deposits	( 892)	( 2,544)
B03800	Refund of refundable deposits	3,070	205
B04500	Purchase of intangible assets	( 24,333)	( 22,537)
B06500	Increase in other financial asset	-	( 44,660)
B07100	Increase in equipment prepayments	( 133,019)	( 72,423)
B07600	Dividends received	<u>31,920</u>	<u>59,200</u>
BBBB	Net cash outflows from investing activities	( <u>2,691,663</u> )	( <u>587,493</u> )
	Cash flows from financing activities		
C00100	Increase (decrease) in net short-term loans	1,168,160	( 201,201)
C01600	Borrowing of long-term loans	2,232,203	300,000
C01700	Repayment of long-term loans	( 308,899)	( 327,473)
C03100	Return of guarantee deposits received	( 89)	( 219)
C04020	Repayment of lease principals	( 104,302)	( 111,973)
C04500	Cash dividends paid	( 612,854)	( 552,785)
C04800	Exercise of employee stock options	31,188	53,181
C05600	Interest paid	( <u>89,052</u> )	( <u>56,769</u> )
CCCC	Net cash inflow (outflow) from financing activities	<u>2,316,355</u>	( <u>897,239</u> )
DDDD	Currency impact on cash and cash equivalents	<u>245</u>	<u>6,370</u>
EEEE	Net increase (decrease) in cash and cash equivalents	757,329	( 76,496)
E00100	Cash and cash equivalents at the beginning of the year	<u>1,065,550</u>	<u>1,142,046</u>



E00200	Cash and cash equivalents at the end of the year	<u>\$ 1,822,879</u>	<u>\$ 1,065,550</u>
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The notes are an integral part of these consolidated financial statements.  
(Please refer to the audit report issued by Deloitte Taiwan on March 14, 2025.)

Chairman: Wang Hsing Lei    Chief Executive Officer: Chen Ming-Yi    Chief Accounting Officer: Chen Yen-Han

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

Notes to Consolidated Financial Statements

January 1 to December 31, 2024 and 2023

(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 14, 2025 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 2024 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 2025

Newly published/amended/revised standards and interpretations	IASB release and effective date
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
The amendments to the application of the classification of financial assets in the amendments to IFRIS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” are as follows:	January 1, 2026 (Note 2)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendments are applied for the first time, the period of comparison shall not be re-stated, but the impact shall be recognized in the retained earnings on the date of initial application or the exchange differences of foreign operations under equity (as appropriate) and related assets and liabilities.

Note 2: The amendments are applicable for annual reporting periods beginning after January 1, 2026. Entities may choose to apply the same earlier on January 1, 2025. When applying the amendment for the first time, the amendment shall be applied retroactively without restatement of the comparative period, and the effects of the initial application shall be recognized at the initial application date. However, if an entity is able to restate without the use of hindsight, it may elect to restate comparative periods.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the IFRSs endorsed by the FSC and to be effective in 2025 will not result in significant changes in the Group's accounting policies.

(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)
“Annual Improvements to IFRS Accounting Standards — Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Classification and Measurement of Financial Instruments” regarding liability derecognition	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts referencing nature-dependent electricity”.	January 1, 2026
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
IFRS 18 "Presentation and Disclosures of Financial Statements"	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability”	January 1, 2027

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.

#### IFRS 18 "Presentation and Disclosures of Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements" and the main changes include:

The income and loss items should be divided into business, investment, financing, income tax and discontinued operations.

- The income statement shall be reported as operating income, pre-tax income before financing, and the sum and total of profit and loss.
- Provide guidance to strengthen the requirements of aggregation and segmentation: The consolidated company must identify assets, liabilities, equity, revenues, expenses and cash flows from individual transactions or other events and classify and summarize each line item presented which shall have at least one similar characteristic. Items that are dissimilar from other items should be disaggregated. The Consolidated Company only labels such items as "other" when no more informative label can be found.
- Increase the disclosure of performance measures defined by management: When the consolidated company engages in public communication outside of financial statements, and when communicating perspective on a specific aspect of the consolidated company's overall financial performance to users of the financial statements, it should disclose information about performance measures defined by management in a single note to the financial statements. This includes a description of the measure, how it is calculated, a reconciliation with subtotals or totals specified by IFRS accounting standards, and the impact of related reconciliation items on income tax and non-controlling interests.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is 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 expected to be realized within 12 months after the balance sheet date; 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 due within 12 months after the balance sheet date, 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 total comprehensive income of the subsidiary is attributed to the owners of the Company and non-controlling interests, even if the non-controlling interests have a loss balance.

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 at the fair value of the consideration for the transfer and the total amount of non-controlling interests of the acquired company, which exceeds the net amount of identifiable assets acquired and liabilities assumed on the date of acquisition.

The non-controlling interests of the acquired net assets that the acquiree has the present ownership interest in and is entitled to the non-controlling interests of the acquired net assets on a pro rata basis at the time of liquidation are measured based on the proportion of the recognized amount of the acquired identifiable net assets.

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 NT\$ 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 (and attributable to the Company's shareholders and non-controlling equity respectively)..

Goodwill arising from the acquisition of foreign operations and fair value adjustments to the book value of assets and liabilities as a result of acquiring foreign operations are accounted as assets and liabilities of the respective foreign operations. These amounts are converted using the closing exchange rates on each balance sheet date, and 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 cannot 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 28 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 an equity instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified as profit or loss.

## 2. Financial liabilities

### (1) Subsequent measurement

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

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

(2) Derecognition of financial liabilities

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

3. Derivatives

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

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

(XIII) Liability reserve

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

Warranty

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

(XIV) Revenue recognition

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

1. Revenue from sale of merchandise

Sales revenue from products such as barcode machines and parts, labels, and enterprise hand-held computers. 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 6 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 (assets) are the appropriation deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of the refund of the plan or the reduction of future contributions.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Vault cash and petty cash	\$ 140	\$ 199
Bank checks and demand deposits	1,542,852	765,351
Cash equivalents		
Fixed-term bank deposits with original maturity within three months	<u>279,887</u>	<u>300,000</u>
	<u>\$ 1,822,879</u>	<u>\$ 1,065,550</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial Assets – Current</u>		
Designated at fair value through profit or loss		
Derivatives (non-hedging)		
— Currency forward contracts (1)	<u>\$ 43</u>	<u>\$ 4,543</u>
<u>Financial Liabilities – Current</u>		
Held for trading		
Derivatives (non-hedging)		
Currency forward contracts (1)	<u>\$ 330</u>	<u>\$ -</u>
Contingent consideration	<u>68,931</u>	<u>19,674</u>
	<u>\$ 69,261</u>	<u>\$ 19,674</u>
<u>Financial Liabilities - Non-current</u>		
Contingent consideration	<u>\$ 26,784</u>	<u>\$ 54,521</u>

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

December 31, 2024

	<u>Currency</u>	<u>Maturity</u>	<u>Nominal value (NT\$ thousand)</u>
Short forwards	USD to NTD	2025.1.20-2025.1.21	USD 2,000/NTD 65,129
	Euro to NTD	2025.1.20	EUR 1,000/NTD 34,154

December 31, 2023

	<u>Currency</u>	<u>Maturity</u>	<u>Nominal value (NT\$ thousand)</u>
Short forwards	USD to NTD	January.19.2024 - February.21.2024	USD 4,000/NTD 124,789
	Euro to NTD	January.18.2024	EUR 3,000/NTD 104,167

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.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Equity Instrument Investments –</u>		
<u>Non-Current</u>		
Domestic investments		
TPEX-listed stocks	\$ 849,072	\$ 1,354,200

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

IX. Notes and Accounts Receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Receivables</u>		
Notes receivable	\$ -	\$ 25
Accounts receivable	1,847,554	1,334,142
Less: allowance for losses	( 58,633 )	( 27,822 )
Accounts receivable – affiliated parties (Note 29)	24	8
	\$ 1,788,945	\$ 1,306,353

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, 2024

	No sign of defaults						Sign of defaults	Total
	Not overdue	Overdue by 1-90 days	Overdue by 91-180 days	Overdue by 181-270 days	Overdue by 271-365 days	Overdue by 365 days		
Total account	\$ 1,369,204	\$ 399,486	\$ 22,192	\$ 12,949	\$ 2,663	\$ 38,717	\$ 2,343	\$ 1,847,554

value								
Allowance for losses (lifetime expected credit losses)	(11,999)	(3,995)	(666)	(647)	(266)	(38,717)	(2,343)	(58,633)
Amortized cost	<u>\$ 1,357,205</u>	<u>\$ 395,491</u>	<u>\$ 21,526</u>	<u>\$ 12,302</u>	<u>\$ 2,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,788,921</u>

## December 31, 2023

	No sign of defaults						Sign of defaults	Total
	Not overdue	Overdue by 1-90 days	Overdue by 91-180 days	Overdue by 181-270 days	Overdue by 271-365 days	Overdue by 365 days		
Total account value	\$ 1,033,666	\$ 261,279	\$ 11,481	\$ 9,218	\$ 6,424	\$ 6,358	\$ 5,741	\$ 1,334,167
Allowance for losses (lifetime expected credit losses)	(11,663)	(2,613)	(344)	(461)	(642)	(6,358)	(5,741)	(27,822)
Amortized cost	<u>\$ 1,022,003</u>	<u>\$ 258,666</u>	<u>\$ 11,137</u>	<u>\$ 8,757</u>	<u>\$ 5,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,306,345</u>

Change to allowance of losses of receivables is as follows:

	2024	2023
Balance at the beginning of the year	\$ 27,822	\$ 17,114
Add: Provision (reversal) of impairment loss during this period	( 8,992 )	7,450
Less: actual charge-offs made in the current year	( 3,084 )	( 6 )
Acquisition through business combination	43,849	2,845
Difference in foreign currency translation	( 962 )	419
Year-end balance	<u>\$ 58,633</u>	<u>\$ 27,822</u>

## X. Inventory

	December 31, 2024	December 31, 2023
Finished goods	\$ 852,798	\$ 712,916
Semi-finished goods	424,752	292,603
Work in process	27,450	27,199
Raw materials	705,639	461,123
	<u>\$ 2,010,639</u>	<u>\$ 1,493,841</u>

Cost of goods sold by nature:

	December 31, 2024	December 31, 2023
Inventory cost for sold goods	\$ 6,034,165	\$ 5,526,905
Loss for market price decline and obsolete inventory	28,807	17,636
	<u>\$ 6,062,972</u>	<u>\$ 5,544,541</u>

## XI. Subsidiaries

### (I) Subsidiaries in the consolidated financial statements

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

Name of the	Name of the subsidiary	Nature of the business	Shareholding percentage		Description
			December	December	



investment company			31, 2024	31, 2023	
The Company	TSC Auto ID (H.K.) Ltd. (TCHK)	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	Printronic Auto ID Technology Co., Ltd. ("Printronic Auto ID Technology")	Selling and buying of barcode printers and relevant components	-	100%	Note 1
The Company	Diversified Labeling Solutions, Inc. (DLS)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100%	100%	-
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%	100%	-
The Company	Bluebird Inc. (BB)	Production and sales of enterprise hand-held computers and their components	96.54%	-	Note 2
The Company and BB	Bluebird Latin America S. de R.L. de CV (BBMX)	Production and sales of enterprise hand-held computers and their components	100%	-	Note 2
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (Tianjin TSC Auto ID Technology)	Production and marketing of barcode printers and relevant components	100%	100%	-
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Selling and buying of barcode printers and relevant components	100%	100%	-
TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Selling and buying of barcode printers and relevant components	100%	100%	-
DLS	Precision Press & Label, Inc. (PPL)	Selling of a variety of labels and printer consumables	100%	100%	-
TSCPL	MGN sp. z o.o. (MGN) (Note 26)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100%	100%	-
BB	Bluebird USA Inc. (BBUS)	Production and sales of enterprise hand-held	100%	-	-

BB	Bluebird India R&D Center Private Ltd. (BBIN)	computers and their components R&D and design of enterprise hand-held computers and technical services	99%	-	-
BB	Bluebird Germany GmbH (BBDE)	Production and sales of enterprise hand-held computers and their components	100%	-	-
BB	Bluebird Europe SL (BBES)	Production and sales of enterprise hand-held computers and their components	100%	-	-

Note 1: The Board of Directors of the company resolved to dissolve and liquidate the company in May 2024. The liquidation was reported to the court in November 2024.

Note 2: Blue Bird Inc. (BB) acquired the equity in November 2024. Blue Bird Latin America S. de R.L. (BBMX) is a subsidiary in which BB holds 99.97% of the equity. After the Company acquired 0.03% of the remaining equity of BB in November 2024, the Company and BB jointly hold 100% of BB's equity. For relevant information on the acquisition of BB, please refer to Note 26.

- (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	Unfinished construction and equipment for acceptance	Total
<u>Cost</u>						
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	-	-	( 5,400 )	( 4,964 )	-	( 10,364 )
Acquisition through business combination (Note 26)	4,846	62,381	81,190	4,608	-	153,025
Reclassification	-	-	-	( 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	1,591	3,821	( 461 )	1,777	7,003
Balance on December 31, 2023	<u>\$ 230,461</u>	<u>\$ 449,411</u>	<u>\$ 1,151,251</u>	<u>\$ 227,576</u>	<u>\$ 63,651</u>	<u>\$ 2,122,350</u>
<u>Accumulated depreciation</u>						
Balance on January 1,	\$ -	\$ 127,321	\$ 454,674	\$ 126,974	\$ -	\$ 708,969

2023						
Disposal	-	-	( 5,285 )	( 4,953 )	-	( 10,238 )
Acquisition through business combination (Note 26)	-	5,533	21,628	696	-	27,857
Depreciation expense	-	10,760	87,109	23,460	-	121,329
Reclassification	-	-	-	( 998 )	-	( 998 )
Net exchange difference	-	( 30 )	( 191 )	( 497 )	-	( 718 )
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 143,584</u>	<u>\$ 557,935</u>	<u>\$ 144,682</u>	<u>\$ -</u>	<u>\$ 846,201</u>
Net balance as of December 31, 2023	<u>\$ 230,461</u>	<u>\$ 305,827</u>	<u>\$ 593,316</u>	<u>\$ 82,894</u>	<u>\$ 63,651</u>	<u>\$ 1,276,149</u>
<u>Cost</u>						
Balance on January 1, 2024	\$ 230,461	\$ 449,411	\$ 1,151,251	\$ 227,576	\$ 63,651	\$ 2,122,350
Addition	-	-	25,907	15,412	71,879	113,198
Disposal	-	-	( 82,445 )	( 13,160 )	-	( 95,605 )
Acquisition through business combination (Note 26)	101	1,890	387,115	60,657	3,712	453,475
Reclassification from prepayment for equipment purchase	-	-	20,743	-	44,395	65,138
Reclassification from (to) construction in progress	-	1,147	103,894	3,676	( 108,997 )	( 280 )
Net exchange difference	18	3,825	26,962	7,018	2,060	39,883
Balance on December 31, 2024	<u>\$ 230,580</u>	<u>\$ 456,273</u>	<u>\$ 1,633,427</u>	<u>\$ 301,179</u>	<u>\$ 76,700</u>	<u>\$ 2,698,159</u>
<u>Accumulated depreciation</u>						
Balance on January 1, 2024	\$ -	\$ 143,584	\$ 557,935	\$ 144,682	\$ -	\$ 846,201
Disposal	-	-	( 80,346 )	( 12,902 )	-	( 93,248 )
Acquisition through business combination (Note 26)	-	456	312,051	44,292	-	356,799
Depreciation expense	-	12,015	106,871	19,978	-	138,864
Net exchange difference	-	836	2,693	3,623	-	7,152
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 156,891</u>	<u>\$ 899,204</u>	<u>\$ 199,673</u>	<u>\$ -</u>	<u>\$ 1,255,768</u>
Net balance as of December 31, 2024	<u>\$ 230,580</u>	<u>\$ 299,382</u>	<u>\$ 734,223</u>	<u>\$ 101,506</u>	<u>\$ 76,700</u>	<u>\$ 1,442,391</u>

The consolidated company has in November 2024 and June 2023, respectively, acquired property, plant and equipment through stock acquisition. Please refer to Note 26 for related information.

Except for the above paragraph and the depreciation expense recognized, the Group did not have any material addition, disposal or impairment of property, plant and equipment in 2024 and 2023.

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

Buildings and structures	
Office	10-52 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	4-7 years

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

XIII. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-of-use assets		
Buildings	\$ 651,955	\$ 117,832
Transportation equipment	10,648	12,976
Machinery and equipment	16,038	17,493
	<u>\$ 678,641</u>	<u>\$ 148,301</u>
	<u>2024</u>	<u>2023</u>
Purchase of right-of-use assets	<u>\$ 654,363</u>	<u>\$ 67,099</u>
Depreciation of right-of-use assets		
Buildings	\$ 122,336	\$ 94,372
Transportation equipment	6,620	5,208
Machinery and equipment	2,597	1,308
	<u>\$ 131,553</u>	<u>\$ 100,888</u>
Sublease incomes from right-of-use assets (rental incomes)	( <u>\$ 10,540</u> )	( <u>\$ 10,043</u> )

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 in 2024 and 2023.

(II) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Current	<u>\$ 120,939</u>	<u>\$ 87,535</u>
Non-current	<u>\$ 567,344</u>	<u>\$ 49,622</u>

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

<u>December 31, 2024</u>	<u>December 31, 2023</u>
0.25% ~ 10.58%	0.25% ~ 6.50%

(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

	2024	2023
Short-term lease expenses	\$ 2,947	\$ 1,221
Low-value asset lease expenses	\$ 12,559	\$ 12,040
Total cash (outflow) for leases	( \$ 150,203 )	( \$ 131,936 )

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

	2024	2023
<u>Cost</u>		
Balance at the beginning of the year	\$ 1,261,280	\$ 1,058,071
Acquisition through business combination (Note 26)	638,578	192,465
Net exchange difference	45,787	10,744
Year-end balance	<u>\$ 1,945,645</u>	<u>\$ 1,261,280</u>

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

	December 31, 2024	December 31, 2023
Printer business group	\$ 918,669	\$ 860,385
Label business - DLS	210,893	197,513
Label business - MGN	204,252	203,382
Mobile device business - Bluebird brand	611,831	-
	<u>\$ 1,945,645</u>	<u>\$ 1,261,280</u>

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 group

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 15.6% and 12.4%, respectively.

The cash flow of the seal and stamp business group in the financial budget period include other major assumptions as follows:

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 printer business group, 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 2024 and 2023 were 13.7% and 11.9%, 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 rates (after tax) used in 2024 and 2023 were 14.0% and 14.1%, respectively.

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.

(IV) Mobile device business - Bluebird 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 2024 was 20.5%.

Cash flow of the Bluebird 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 South Korean market, forecast of the mobile device 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 Bluebird 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.

The Group acquired 100% ownership of MGN on June 12, 2023. The acquisition resulted in goodwill of PLN 25,577 thousand (equivalent to NT\$192,465 thousand based on the exchange rate at the date of acquisition), which mainly came from the expected growth of MGN's products in the market and its competitive advantages, thereby leading to the growth of operating revenues and the expansion of the Group's business scope.

The Group obtained the valuation report in Q2 2024 and has adjusted the original accounting and provisional amounts from the acquisition date and restated the comparative information based on this purchase price allocation report.

The increase (decrease) in retrospective adjustments of relevant accounts in the Balance Sheets is as follows:

	<u>December 31, 2023</u>	<u>Acquisition date</u>
<u>Assets</u>		

Accounts receivable	\$ 3	(\$ 867)
Other receivables	261	2,645
Inventory	-	17
Prepayments	( 3,814)	93
Other current assets	-	( 2,319)
Property, plant and equipment	( 15,627)	51,200
Right-of-use assets	-	( 699)
Intangible assets	( 56,818)	217,250
Goodwill	70,203	( 146,212)
Deferred income tax assets	-	191
Other non-current assets	3,552	( 32,703)
<u>Liabilities</u>		
Accounts payable	3	( 32,343)
Other payables	( 1,736)	70,458
Lease liabilities - current	-	( 179)
Other current liabilities	( 26)	1,879
Deferred income tax liabilities	( 481)	51,004
Lease liabilities - non-current	-	( 457)
Other non-current liabilities	-	( 1,766)

## XV. Other Intangible Assets

	Knowhow & technology	Customer relations	Patents	Software	Trademarks	Others	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 153,667	\$ 355,132	\$ 50,607	\$ 139,493	\$ 135	\$ -	\$ 699,034
Acquisition by separate purchase	-	-	-	22,537	-	-	22,537
Acquisition through business combination (Note 26)	-	217,471	-	3,905	-	-	221,376
Reclassification from prepayment for equipment purchase	-	-	-	36,855	-	-	36,855
Reclassification	-	-	-	4,240	-	-	4,240
Disposal	-	-	-	-	-	-	-
Net exchange difference	( 23 )	12,278	-	( 356 )	-	-	11,899
Balance on December 31, 2023	<u>\$ 153,644</u>	<u>\$ 584,881</u>	<u>\$ 50,607</u>	<u>\$ 206,674</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ 995,941</u>
<u>Accumulated amortization</u>							
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)	-	-	-	2,540	-	-	2,540
Reclassification	-	-	-	998	-	-	998
Disposal	-	-	-	-	-	-	-
Net exchange difference	( 192 )	298	-	44	-	-	150
Balance on December 31, 2023	<u>\$ 124,219</u>	<u>\$ 259,725</u>	<u>\$ 50,607</u>	<u>\$ 142,528</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ 577,214</u>
Net balance as of December 31, 2023	<u>\$ 29,425</u>	<u>\$ 325,156</u>	<u>\$ -</u>	<u>\$ 64,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,727</u>

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	Knowhow & technology	Customer relations	Patents	Software	Trademarks	Others	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 153,644	\$ 584,881	\$ 50,607	\$ 206,674	\$ 135	\$ -	\$ 995,941
Acquisition by separate purchase	-	-	-	20,981	67	3,285	24,333
Acquisition through business combination (Note 26)	69,624	431,330	13,899	541	118,968	199,874	834,236
Reclassification from prepayment for equipment purchase	-	-	-	40,307	-	-	40,307
Reclassification from fixed assets	-	-	-	-	-	-	-
Disposal	-	-	( 54,204 )	( 59 )	( 3,650 )	( 83 )	( 57,996 )
Net exchange difference	<u>6,679</u>	<u>7,063</u>	<u>( 499 )</u>	<u>3,146</u>	<u>( 4,864 )</u>	<u>( 8,444 )</u>	<u>3,081</u>
Balance on December 31, 2024	<u>\$ 229,947</u>	<u>\$ 1,023,274</u>	<u>\$ 9,803</u>	<u>\$ 271,590</u>	<u>\$ 110,656</u>	<u>\$ 194,632</u>	<u>\$ 1,839,902</u>
<u>Accumulated amortization</u>							
Balance on January 1, 2024	\$ 124,219	\$ 259,725	\$ 50,607	\$ 142,528	\$ 135	\$ -	\$ 577,214
Amortization expenses	15,859	23,434	13	30,984	1,817	4,272	76,379
Acquisition through business combination (Note 26)	-	-	13,802	-	10,530	126,787	151,119
Reclassification from fixed assets	-	-	-	-	-	-	-
Disposal	-	-	( 54,204 )	( 59 )	( 3,630 )	( 83 )	( 57,976 )
Net exchange difference	<u>7,935</u>	<u>17,213</u>	<u>( 495 )</u>	<u>1,273</u>	<u>( 364 )</u>	<u>( 5,403 )</u>	<u>20,159</u>
Balance on December 31, 2024	<u>\$ 148,013</u>	<u>\$ 300,372</u>	<u>\$ 9,723</u>	<u>\$ 174,726</u>	<u>\$ 8,488</u>	<u>\$ 125,573</u>	<u>\$ 766,895</u>
Net balance as of December 31, 2024	<u>\$ 81,934</u>	<u>\$ 722,902</u>	<u>\$ 80</u>	<u>\$ 96,864</u>	<u>\$ 102,168</u>	<u>\$ 69,059</u>	<u>\$ 1,073,007</u>

The Group acquired 100% equity of BB on November 20, 2024 and 100% equity of MGN on June 12, 2023, and recognized customer relationship of KRW 18,400,000 thousand (NT\$431,330 thousand based on the exchange rate on the date of acquisition) and PLN 28,900 thousand (NT\$217,471 thousand based on the exchange rate on the date of acquisition), respectively. Please refer to Note 26 for relevant information.

Except for the above paragraph and the amortization expense recognized, the Group did not have any material addition, disposal or impairment of other intangible assets in 2024 and 2023.

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

Licensed technology	5-10 years
Customer relations	9-19.6 years
Patent rights	8 years
Software cost	1-10 years
Trademark	5 years
Others	5 years

#### XVI. Other Assets

	December 31, 2024	December 31, 2023
Other financial asset (I)	\$ 43,659	\$ 44,660
Prepayment of equipment amount	59,903	40,498
Refundable deposits	33,468	11,446

Net defined benefit assets (Note 19)	5,753	-
Current tax assets	4,990	12,599
Others	<u>24,194</u>	<u>5,137</u>
	<u>\$ 171,967</u>	<u>\$ 114,340</u>

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	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current	<u>\$ 72,109</u>	<u>\$ 13,478</u>
Non-current	<u>\$ 99,858</u>	<u>\$ 100,862</u>

- (I) The consolidated company acquired 100% equity interest in MGN on June 12, 2023 and deposited EUR 1,292 thousand in an escrow account as the balance payment (NT\$43,659 thousand based on the exchange rate at the end of the reporting period); to ensure that both parties have fulfilled their obligations in the acquisition agreement. The special account was settled on January 7, 2025.

## XVII. Loans

- (I) Short-term loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured loans	\$ 1,835,419	\$ 671,395
Secured loans	<u>6,217</u>	<u>-</u>
	<u>\$ 1,841,636</u>	<u>\$ 671,395</u>
Interest Rate Interval for Unsecured Loans (%)	1.77% ~ 5.63%	4.71% ~ 7.51%
Interest Rate Interval for Secured Borrowings (%)	7.52%	-

The bank borrowings were secured by the consolidated company's own land and buildings (see Note 30). The maturity date of the borrowings is March 2025, and the interest rate on December 31, 2024 is 7.52%.

- (II) Long-term loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured borrowings (1)	540,000	600,000
Secured borrowings (2), (3)	\$ 2,011,009	\$ 20,029
Less: Unamortized host fee on long-term loans Balance	( 7,797 )	-
Less: portion due within one year	( <u>207,442</u> )	( <u>8,875</u> )
	<u>\$ 2,335,770</u>	<u>\$ 611,154</u>
Interest Rate Interval for Unsecured Loans (%)	1.77% ~ 1.88%	1.65% ~ 2.00%
Interest Rate Interval for Secured Borrowings (%)	2.37% ~ 4.91%	5.43% ~ 8.80%
Final maturity	2029/11/14	2027/12/15

- (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.

In the duration of each loan, 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. Liabilities ratio (total liabilities/shareholders' equity): >150%.
  2. (Cash and cash equivalents + annualized EBITDA)/(short-term borrowings + medium- and long-term borrowings due within one year) must not be less than 1.
- (2) In the consolidated company's long-term secured bank borrowings, the consolidated company's self-owned land, buildings, and machinery and equipment were pledged as collateral (see Note 30). The maturity dates of the borrowings are December 2027, December 31, 2024, and December 31, 2023, and the interest rates of the borrowings are 4.38% - 4.91% and 5.43% - 8.80%, respectively.
- (3) In the long-term secured bank borrowings of the consolidated company, the Company's acquisition of the equity of Bluebird Inc. (BB) was pledged as collateral. The maturity date is November 14, 2029. As of December 31, 2024, the interest rate is a floating interest rate was 2.374% (TAI BOR + 0.65%). From the loan drawdown date, the first installment is due 12 months, with each installment to be repaid every six months and in nine installments over a total of nine installments. The amortization of each period is 3%, 3%, 5%, 5%, 5%, 7.5%, 7.5%, 10%, and 54% of the principal respectively. This loan is used to acquire the cash consideration and related expenses for the acquisition of BB. In addition, according to the syndicated loan agreement, the Company shall maintain the following financial ratios during the duration of the contract and review them once every six months from the 2024 consolidated financial statements.
1. Current ratio (current assets/current liabilities): >100%;
  2. Debt burden ratio ([medium- to long-term and short-term bank borrowings (including long-term debt due within one year or one business cycle) + bills

payable + domestic and foreign corporate bonds (including convertible bonds)]/tangible net worth): > 3 times;

3. Principal times interest earned [past 12 months (pre-tax net income + depreciation + amortization + interest expense)/payable principal and interest expenses on all borrowings in the past 12 months]: >1.5 times;
4. Tangible net worth (shareholders' equity - intangible assets): >NT\$2 billion in 2024; >NT\$2.5 billion in 2025; >NT\$3 billion in 2026 and onwards.

As of the approval and release of this consolidated financial statement, the Company's 2024 consolidated financial statement did not violate the financial ratio commitment of the above-mentioned long-term borrowings.

#### XVIII. Other Payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Salaries and bonuses payable	\$ 191,762	\$ 184,943
Payable - final payment for acquisition (Note 26)	55,361	46,120
Employees' remuneration payable	45,030	61,968
Service fees payable	37,579	35,393
Taxes payable	29,284	29,770
Insurance premiums payable	25,565	17,302
Directors' remuneration payable	22,515	30,984
R&D expenses payable	12,790	11,588
Equipment amount payable	2,427	5,150
Others (Note 29)	59,980	70,980
	<u>\$ 482,293</u>	<u>\$ 494,198</u>

#### 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.

Some of the consolidated company's pension to employees in the subsidiary in South Korea is a defined benefit plan. The net defined benefit assets as of December 31, 2024 were NT\$5,753 thousand, and it was recognized in other non-current assets.

The following amounts relating to the defined benefit plan have been recognized on the consolidated balance sheet:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 19,729	\$ 20,574
Fair value of plan assets	( 4,298 )	( 3,732 )
Net defined benefit liability	<u>\$ 15,431</u>	<u>\$ 16,842</u>

Changes in net defined benefit liability:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2023	<u>\$ 18,399</u>	<u>( \$ 3,445 )</u>	<u>\$ 14,954</u>
Service costs			
Service costs for the current year	-	-	-
Interest expense (income)	<u>367</u>	<u>( 69 )</u>	<u>298</u>
Recognized in profit or loss	<u>367</u>	<u>( 69 )</u>	<u>298</u>
Remeasurement			
Return on plan assets	-	( 5 )	( 5 )

(excluding amounts already included in net interest)			
Actuarial loss - change in financial assumption	1,046	-	1,046
Actuarial loss - adjustment based on past experience	<u>762</u>	<u>-</u>	<u>762</u>
Recognized in other comprehensive income	<u>1,808</u>	( <u>5</u> )	<u>1,803</u>
Employer's contribution	-	( 213 )	( 213 )
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2023	<u>20,574</u>	( <u>3,732</u> )	<u>16,842</u>
Service costs			
Service costs for the current year	-	-	-
Interest expense (income)	<u>333</u>	( <u>62</u> )	<u>271</u>
Recognized in profit or loss	<u>333</u>	( <u>62</u> )	<u>271</u>
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	( 309 )	( 309 )
Actuarial gain - change in financial assumption	( 747 )	-	( 747 )
Actuarial gain - adjustment based on past experience	( <u>431</u> )	<u>-</u>	( <u>431</u> )
Recognized in other comprehensive income	( <u>1,178</u> )	( <u>309</u> )	( <u>1,487</u> )

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Employer's contribution	\$ -	(\$ 195)	(\$ 195)
Benefits paid	-	-	-
December 31, 2024	<u>\$ 19,729</u>	<u>(\$ 4,298)</u>	<u>\$ 15,431</u>

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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	2.0%	1.625%
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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
0.25% increase	(\$ 622)	(\$ 705)
0.25% decrease	<u>\$ 648</u>	<u>\$ 736</u>



Expected salary increase

0.25% increase	\$ 636	\$ 720
0.25% decrease	(\$ 614)	(\$ 693)

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.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected contributions within 1 year	\$ 193	\$ 223
Average maturity of defined benefit obligations	13-19 years	14-20 years

## XX. Equity

### (I) Ordinary share capital

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized shares (thousand shares)	<u>80,000</u>	<u>80,000</u>
Authorized share capital	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Issued shares (thousand shares)	<u>47,379</u>	<u>47,141</u>
Issued share capital	<u>\$ 473,791</u>	<u>\$ 471,406</u>

The change in the Company's issued share capital was mainly due to the exercise of stock options by employees. The face value per ordinary share issued is NT\$10. Each share is entitled to one voting right and one right to dividends.

Out of the authorized capital, the capital reserved for the issuance of employee share options is 8,000 thousand shares.

As of December 31, 2024 and 2023, the Company had issued 22.9 thousand shares and 33.5 thousand shares, respectively, that had not been registered at the New Taipei City Government.

### (II) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset losses, issue cash or appropriate to share capital (1)</u>		
Premium of share issuance	\$ 501,374	\$ 472,571
Difference between the actual disposal price and book value of the subsidiaries' equity	1,984	1,984
<u>May be used to offset losses only</u>		
Lapsed stock options	123,244	123,244

Exercised employee stock options	63,466	39,415
<u>May not be used for any purposes (2)</u>		
Employee stock options	<u>32,212</u>	<u>38,797</u>
	<u>\$ 722,280</u>	<u>\$ 676,011</u>

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 regular shareholders' meetings on June 18, 2024 and June 16, 2023 and resolved the following earning distributions for 2023 and 2022, respectively:

	Earnings distribution		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 92,507	\$ 96,973		
Cash dividends	612,854	552,785	13	13
Stock dividends	-	42,522	\$ -	\$ 1
	<u>\$ 705,361</u>	<u>\$ 692,280</u>		

The Board of Directors on March 14, 2025 proposed the following earnings distribution and dividend per share for 2024:

	Earnings distribution	Dividend per share (NT\$)
Legal reserve	\$ 65,881	
Cash dividends	<u>474,481</u>	\$ 10
	<u>\$ 540,362</u>	

The above earnings distribution proposal is still pending for shareholder meeting resolution in June 17, 2025.

(IV) Other equity

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

	2024	2023
Balance at the beginning of the year	(\$ 83,887)	(\$ 102,247)
Incurred in the current year		
Exchange differences on translation of financial statements of foreign operations	86,096	22,950
Relevant income taxes	( 17,219)	( 4,590)
Year-end balance	<u>(\$ 15,010)</u>	<u>(\$ 83,887)</u>

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

	2024	2023
Balance at the beginning of the year	\$ 848,156	\$ 592,116
Unrealized gains (losses) from financial assets measured at fair value	<u>( 598,962)</u>	<u>256,040</u>

through other comprehensive incomes		
Year-end balance	<u>\$ 249,194</u>	<u>\$ 848,156</u>

(V) Non-controlling interest

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ -	\$ -
Current net income	2,259	-
Other comprehensive income for the year		
Exchange differences on translation of financial statements of foreign operations	( 3,280 )	-
Remeasurement of defined benefit plan	( 453 )	-
Non-controlling interests increased by acquiring subsidiaries (Note 26)	<u>76,960</u>	<u>-</u>
Year-end balance	<u>\$ 75,486</u>	<u>\$ -</u>

XXI. Revenue

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Barcode printer components	\$ 4,779,440	\$ 5,052,071
Labels and printer consumables	3,492,089	3,299,691
Corporate hand-held computers	<u>526,603</u>	<u>-</u>
	<u>\$ 8,798,132</u>	<u>\$ 8,351,762</u>

(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 IV - 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, 2024 and 2023, the consolidated company estimates the refund liabilities to be NT\$99,003 thousand and NT\$61,148 thousand, respectively.

(II) Breakdown of revenue from contracts with customers

See Note 33 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

	2024	2023
Bank deposits	\$ 16,983	\$ 7,741
Bills sold under repurchase agreements	-	2,203
	<u>\$ 16,983</u>	<u>\$ 9,944</u>

(II) Other incomes

	2024	2023
Dividend income	\$ 31,920	\$ 59,200
Rental incomes (Note 13)	10,578	10,043
Others	20,376	15,010
	<u>\$ 62,874</u>	<u>\$ 84,253</u>

(III) Other gains and losses

	2024	2023
Net exchange gain	\$ 65,527	\$ 35,403
Loss from financial instruments measured at fair value through profit or loss	( 27,745 )	( 9,133 )
Reclassification of intangible assets to losses	( 20 )	-
Gain on disposal and scrapping of property, plant, and equipment (loss)	( 1,500 )	853
Gain (loss) on lease modification	( 7 )	19
Other losses	( 4,648 )	( 1,979 )
	<u>\$ 31,607</u>	<u>\$ 25,163</u>

(IV) Financial cost

	2024	2023
Bank loan interests	\$ 63,324	\$ 52,517

Lease liability interests	<u>30,395</u> <u>\$ 93,719</u>	<u>6,657</u> <u>\$ 59,174</u>
(V) Depreciation and amortization		
	<u>2024</u>	<u>2023</u>
Property, plant and equipment	\$ 138,864	\$ 121,329
Right-of-use assets	131,553	100,888
Intangible assets	<u>76,379</u>	<u>75,411</u>
	<u>\$ 346,796</u>	<u>\$ 297,628</u>
Depreciation by function		
Operating costs	\$ 207,827	\$ 155,391
Operating expenses	<u>62,590</u>	<u>66,826</u>
	<u>\$ 270,417</u>	<u>\$ 222,217</u>
Amortization by function		
Operating costs	\$ 1,450	\$ 996
Operating expenses	<u>74,929</u>	<u>74,415</u>
	<u>\$ 76,379</u>	<u>\$ 75,411</u>
(VI) Employee benefit expenses		
	<u>2024</u>	<u>2023</u>
Other employee benefits	\$ 1,785,528	\$ 1,603,646
Retirement benefits		
Defined contributions	49,017	46,474
Defined benefits (Note 19)	4,474	298
Share-based payment (Note 25)		
Equity settled	<u>17,466</u>	<u>10,680</u>
Total employee benefit expenses	<u>\$ 1,856,485</u>	<u>\$ 1,661,098</u>
Summary by function		
Operating costs	\$ 740,220	\$ 677,139
Operating expenses	<u>1,116,265</u>	<u>983,959</u>
	<u>\$ 1,856,485</u>	<u>\$ 1,661,098</u>

(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 remuneration to employees and directors for 2024 and 2023 were approved by the Board of Directors on March 14, 2025 and March 15, 2024, respectively, as follows:

Estimated and recognized percentage

	<u>2024</u>	<u>2023</u>
Employees' remuneration	5.0%	5.0%
Directors' remuneration	2.5%	2.5%

Amount

	<u>2024</u>	<u>2023</u>
Employees' remuneration	\$ 45,030	\$ 61,968
Directors' remuneration	<u>22,515</u>	<u>30,984</u>
	<u>\$ 67,545</u>	<u>\$ 92,952</u>

Amounts recognized in  
consolidated financial  
statements

<u>\$ 67,545</u>	<u>\$ 92,952</u>
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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 2023 and 2022 consolidated financial statement for the 2023 and 2022 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)

	<u>2024</u>	<u>2023</u>
Total exchange gain	\$ 177,751	\$ 163,268
Total exchange loss	( <u>112,224</u> )	( <u>127,865</u> )
Net gain (loss)	<u>\$ 65,527</u>	<u>\$ 35,403</u>

XXIII. Income taxes

(I) Income tax recognized in profit and loss

The primary components of income tax expenses are as follows:

	<u>2024</u>	<u>2023</u>
Income tax during the period		
Incurred during the period	\$ 245,658	\$ 292,294
Tax on undistributed earnings	10,985	13,872
Adjustment for the previous year	( <u>3,367</u> )	( <u>10,101</u> )
	<u>253,276</u>	<u>296,065</u>
Deferred income tax		
Incurred during the period	<u>8,919</u>	<u>33,847</u>
Income tax expenses recognized in profit and loss	<u><u>\$ 262,195</u></u>	<u><u>\$ 329,912</u></u>

Reconciliation of accounting income and income tax expense:

	<u>2024</u>	<u>2023</u>
Profits before tax	<u><u>\$ 934,411</u></u>	<u><u>\$ 1,256,785</u></u>
Income tax derived by applying the statutory tax rate to pre-tax profit	\$ 236,123	\$ 285,656
Increase/decrease from required adjustments	( 12,294 )	( 15,735 )
Effect of deferred income tax on overseas subsidiaries' earnings	31,273	64,110
Tax on undistributed earnings	10,985	13,872

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	<u>2024</u>	<u>2023</u>
Unrecognized loss carryforwards and deductible temporary difference	(\$ 525)	(\$ 7,890)
Previous income taxes adjusted in the current year	( 3,367)	( 10,101)
Income tax expenses recognized in profit and loss	<u>\$ 262,195</u>	<u>\$ 329,912</u>

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. 26%-28% tax rate; Germany 30% tax rate; Poland 19% tax rate; and South Korea 21% tax rate. The tax rates in other jurisdictions are based on the local tax rates applicable.

Given the uncertainty involved in the earnings appropriation in the 2024 annual general meeting, the consequences of the 5% additional income tax on undistributed 2023 earnings cannot be determined reliably.

(II) Income tax recognized under other comprehensive income

	<u>2024</u>	<u>2023</u>
<u>Deferred income tax</u> Incurred in the current year		
Income tax expenses on translation differences from foreign operations	( \$ 17,219)	( \$ 4,590)

(III) Deferred income tax assets and liabilities

Below are changes in deferred income tax assets and liabilities:

2024

	Balance at the beginning of the year	Acquisition through business combination (Note 26)	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange difference	Year-end balance
<u>Deferred income tax assets</u>						
Temporary difference						
Unrealized gross profit from associated companies	\$ 81,428	\$ -	( \$ 14,662)	\$ -	\$ -	\$ 66,766
Exchange differences from foreign operations	18,680	-	-	( 17,219)	-	1,461
Leave encashment payable	7,455	-	303	-	314	8,072
Allowance for inventory devaluation	9,011	24,487	( 1,616)	-	( 747)	31,135
Merger and acquisition costs	5,171	-	( 534)	-	336	4,973
Loss carryforwards	7,067	-	( 1,520)	\$ -	442	5,989

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	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
Differences in timing of revenue recognition	\$ 15,350	\$ -	\$ 2,169	\$ -	\$ -	\$ 17,519
Others	57,682	68,424	37,825	-	325	164,256
Investment credit	<u>231,853</u>	<u>105,921</u>	<u>20,891</u>	<u>-</u>	<u>9,914</u>	<u>368,579</u>
	<u>\$ 433,697</u>	<u>\$ 198,832</u>	<u>\$ 42,856</u>	<u>( \$ 17,219 )</u>	<u>\$ 10,584</u>	<u>\$ 668,750</u>
Deferred income tax liabilities						
Temporary difference						
Investment gains recognized using the equity method	\$ 325,296	\$ 303	\$ 31,273	\$ -	( \$ 13	\$ 356,859
The difference in the cost of tax of each asset arising from the merger	47,539	148,033	( 11,103 )	-	( 5,595	178,874
Difference in useful lives of plant and equipment	114,858	-	1,497	-	7,147	123,502
Differences in timing of cost recognition	9,951	-	694	-	-	10,645
Others	<u>24,467</u>	<u>39,777</u>	<u>29,414</u>	<u>-</u>	<u>( 688</u>	<u>92,970</u>
	<u>\$ 522,111</u>	<u>\$ 188,113</u>	<u>\$ 51,775</u>	<u>\$ -</u>	<u>\$ 851</u>	<u>\$ 762,850</u>

## 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	-	10	9,011
Merger and acquisition costs	5,684	-	( 519 )	-	0	5,171
Loss carryforwards	7,360	-	( 295 )	-	0	7,067
Differences in timing of revenue recognition	-	-	15,350	-		15,350
Others	34,147	439	23,322	-	( 220	57,682
Investment credit	<u>249,672</u>	<u>-</u>	<u>( 18,000 )</u>	<u>-</u>	<u>18</u>	<u>231,853</u>
	<u>\$ 387,569</u>	<u>\$ 1,565</u>	<u>\$ 49,127</u>	<u>( \$ 4,590 )</u>	<u>\$ 20</u>	<u>\$ 433,697</u>
Deferred income tax liabilities						
Temporary difference						
Investment gains recognized using the equity method	\$ 261,186	\$ -	\$ 64,110	\$ -	\$ -	\$ 325,296
The difference in the cost of tax of each asset arising from the merger	9,919	41,320	( 6,001 )	-	2,30	47,539
Difference in useful lives of plant and equipment	97,328	9,696	7,391	-	44	114,858

Differences in timing of cost recognition	-	-	9,951	-	-	9,951
Others	<u>15,057</u>	<u>1,740</u>	<u>7,523</u>	<u>-</u>	<u>14'</u>	<u>24,467</u>
	\$ 383,490	\$ 52,756	\$ 82,974	\$ -	\$ 2,89	\$ 522,111

(IV) Information on amounts not recognized as deferred income tax asset in the consolidated balance sheet

As of December 31, 2024 and 2023, the consolidated company had NT\$16,599 thousand and NT\$16,395 thousand of deductible temporary differences, respectively, that were not recognized as deferred income tax assets.

As of December 31, 2024, the consolidated company had NT\$346,998 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, 2024:

<u>Deduction items</u>	<u>Deduction-able balance</u>	<u>Deduction-able due</u>
Research and development expenses		
U.S. Fed	\$ 31,759	2036 years
State tax	<u>262,782</u>	No limit
	<u>\$ 294,541</u>	

As of December 31, 2024, the information on the investment tax credit of the subsidiary in South Korea, BB, is as follows:

<u>Deduction items</u>	<u>Deduction-able balance</u>	<u>Deduction-able due</u>
Research and development expenses	\$ 407,987	2034 years
Others	<u>13,049</u>	2033~2034 years
	<u>\$ 421,036</u>	

Loss carryforwards for U.S. subsidiary DLS as of December 31, 2024:

<u>Jurisdiction</u>	<u>Outstanding balance</u>	<u>Losses carried forward due</u>
Illinois	<u>\$ 63,036</u>	2031 years

(VI) Income tax assessment

The business income tax filings from the Company as profit-seeking enterprises up to 2022 have been assessed by the tax authorities.

XXIV. Earnings per share

<u>2024</u>	<u>2023</u>
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Basic earnings per share	\$ 14.19	\$ 19.76
Diluted earnings per share	\$ 14.05	\$ 19.50

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

	2024	2023
Net income attributable to the shareholders of the Company	\$ 669,957	\$ 926,873
Net income used for the calculation of diluted earnings per share	\$ 669,957	\$ 926,873

Number of shares

Unit: Thousand shares

	2024	2023
Weighted average number of ordinary shares used for the calculation of earnings per share	47,222	46,907
Effects of dilutive potential ordinary shares:		
Employee stock options	177	299
Employees' remuneration	277	316
Average weighted number of ordinary shares used for the calculation of dilutive earnings per share	47,676	47,522

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

In order to attract and retain the Company's talent and encourage employees, the Board of Directors on June 16, 2023 approved the 2023 employee stock option certificate and stock option measures. The Company granted 855 units of stock options to employees in August 2023 and each unit was entitled to subscribe 1,000 common 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:

Employee stock options	2024		2023	
	Unit	Weighted average exercise price (NT\$)	Unit	Weighted average exercise price (NT\$)
Outstanding at the beginning of the year	1,366.0	\$137.9-241.0	895.5	\$ 171.8
Granted in the current year	-	-	855.0	241.0
Exercised in the current year	( 238.5 )	130.8	( 369.5 )	138.4
Forfeited due to resignation in the current year	( 45 )	239.5	( 15.0 )	159.9
Outstanding for the period	<u>1,082.5</u>	201.6	<u>1,366.0</u>	202.9
Exercisable for the period	<u>265.75</u>		<u>273.63</u>	
Weighted average fair value of the granted stock options during the year (NT\$)	<u>\$ -</u>		<u>\$ 47.76</u>	
Weighted average time to maturity (years)	0.5~3.62		1.5~4.62	

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	Weighted average time to maturity (years)
<u>December 31, 2024</u>		
\$ 130.1	254.5	0.50
\$ 158.5	18.0	1.27
\$ 227.3	810.0	3.62
<u>December 31, 2023</u>		
\$ 137.9	490.0	1.50

\$ 168.0	21.0	2.27
\$ 241.1	855.0	4.62

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:

	<u>August 2023</u>
Share price on granted day	NT\$241
Exercise price	NT\$241
Expected volatility	23.20%~23.82%
Time to maturity	3.5~4.5 years
Expected dividend yield	0%
Risk-free rate	0.35%~0.41%

The expected volatility is the annualized standard deviation of the historical returns over the time period equivalent to time to maturity.

The remuneration cost recognized for 2024 and 2023 were NT\$17,466 thousand and NT\$10,680 thousand, respectively.

## XXVI. Business combinations

### (I) Acquisition of subsidiaries

	<u>Principal activities</u>	<u>Acquisition date</u>	<u>Proportion of voting equity interests acquired (%)</u>	<u>Consideration transferred</u>
MGN (Note 1)	Printer consumables and customized design, integration, production and marketable of a variety of labels	June 12, 2023	100	<u>\$ 476,560</u>
BB (Note 2)	Production and sales of enterprise hand-held computers and their components	November 20, 2024	96.54	<u>\$ 2,783,490</u>

Note 1: For the purpose of enhancing brand competitiveness and expanding the Europe label market, the Company acquired 100% of the shares of MGN sp. z o.o. (mainly engaged in barcode label business, hereinafter referred to as MGN) through the subsidiary TSCPL in June 2023. The initial acquisition consideration was PLN 63,331 thousand (equivalent to NT\$476,560

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.

Note 2: In order to provide customers with a complete automatic identification system solution to improve the overall market share and brand competitiveness of the Group, the Company acquired 96.54% of the equity of Bluebird Inc. in November 2024, and the initial acquisition consideration was KRW 118,740,223 thousand (equivalent to NT\$2,783,490 thousand).

(II) Consideration transferred

	<u>BB</u>	<u>MGN</u>
Cash	\$ 2,771,997	\$ 362,703
Payable - final payment for acquisition (Notes 1, 2)	11,493	43,645
Contingent consideration agreement (Note 3)	<u>-</u>	<u>70,212</u>
Total	<u>\$ 2,783,490</u>	<u>\$ 476,560</u>

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 NT\$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. As of December 31, 2024, the consolidated company had an acquisition price final purchase price payable (KRW 520,000 thousand). The payment was made on January 7, 2025.
3. 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 9,331 thousand (equivalent to NT\$70,212 thousand).

(III) Assets acquired and liabilities assumed on acquisition date

<u>BB</u>	<u>MGN</u>
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Current assets		
Cash	\$ 401,732	\$ 4,213
Accounts receivable	444,793	79,895
Other receivables	42,725	2,645
Inventory	743,132	58,699
Prepaid expenses	68,452	2,649
Current tax assets	596	-
Other current assets	32,325	-
Non-current assets		
Property, plant and equipment	96,676	125,168
Right-of-use assets	7,348	25,344
Intangible assets	251,787	1,365
Customer relations	431,330	217,471
Deferred income tax assets	198,832	1,565
Refundable deposits	24,796	-
Other non-current assets	-	14,723
Current liabilities		
Accounts payable	( 125,471 )	( 94,324 )
Short-term loans	-	( 8,789 )
Other payables	( 59,743 )	( 28,876 )
Liability reserve	( 15,550 )	-
Income tax liability during the period	-	( 422 )
Lease liabilities	( 7,977 )	( 6,036 )
Contract liabilities	( 106,382 )	-
Long-term loans maturing within one year	-	( 7,335 )
Other current liabilities	( 14,005 )	( 13,422 )

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	BB	MGN
Non-current liabilities		
Liability reserve	(\$ 4,454)	\$ -
Long-term loans	-	( 19,094)
Deferred income tax liabilities	( 188,113)	( 52,756)
Lease liabilities	( 390)	( 12,248)
Accrued pension liabilities	( 567)	-
Other non-current liabilities	-	( 6,340)
	<u>\$ 2,221,872</u>	<u>\$ 284,095</u>

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

	BB	MGN
Consideration transferred	\$ 2,783,490	\$ 476,560
Add: Non-controlling interests (3.46% of ownership interests of BB)	76,874	-
Add: Non-controlling interests (1% of ownership interests of BBIN)	86	-
Less: Fair value of net identifiable assets acquired	( 2,221,872)	( 284,095)
Goodwill derived from acquisition	<u>\$ 638,578</u>	<u>\$ 192,465</u>

Goodwill arising from the acquisition of BB and MGN was mainly derived from the 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 value of its employees.

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

	BB	MGN
Consideration paid in cash	\$ 2,771,997	\$ 362,703
Less: cash balance acquired	( 401,732)	( 4,213)
	<u>\$ 2,370,265</u>	<u>\$ 358,490</u>

(VI) Effect of business combination on operating performance

The operating results of the acquired company since the acquisition date (November 20, 2024 and June 12, 2023) are as follows:

	BB	MGN
Operating incomes	<u>\$ 526,603</u>	<u>\$ 303,570</u>
Profit before tax	<u>\$ 88,361</u>	<u>\$ 520</u>

If the acquisition of BB in November 2024 occurred on January 1, 2024, the consolidated company would have a pro forma operating revenue of NT\$10,719,684 thousand and a pro forma net profit of NT\$1,320,169 thousand for the twelve months ended December 31, 2024.

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. 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total liabilities	<u>\$ 7,604,584</u>	<u>\$ 3,493,832</u>
Total equity	<u>\$ 5,101,279</u>	<u>\$ 5,461,271</u>
Total assets	<u>\$12,705,863</u>	<u>\$ 8,955,103</u>
Liability ratio	<u>59.85%</u>	<u>39.01%</u>

XXVIII. 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, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 43</u>
<u>Financial assets measured at fair value through other comprehensive incomes</u>				
Marketable securities listed on TPEx				
-Equity investment	<u>\$ 849,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,072</u>
<u>Financial liabilities measured at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ -</u>	<u>\$ 330</u>
Contingent consideration of business combinations	<u>-</u>	<u>-</u>	<u>95,715</u>	<u>95,715</u>
	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ 95,715</u>	<u>\$ 96,045</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 4,543</u>	<u>\$ -</u>	<u>\$ 4,543</u>
<u>Financial assets measured at fair value through other comprehensive incomes</u>				
Marketable securities listed on TPEx				
-Equity investment	<u>\$ 1,354,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,354,200</u>

<u>Financial liabilities</u>				
<u>measured at fair value</u>				
<u>through profit or loss</u>				
Contingent consideration				
of business				
combinations	\$	-	\$	-
			\$	74,195
			\$	74,195

There was no transfer between Level 1 and Level 2 fair values in 2024 and 2023.

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

<u>Types of financial instruments</u>	<u>Valuation techniques and input values</u>
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). In 2024, the loss of financial liabilities measured at fair value through profit or loss of NT\$21,359 thousand (recognized in other gains and losses) was recognized due to the change in fair value. In 2023, no profit or loss related to the consideration was recognized in the consolidated statement of comprehensive income.

4. Level 3 fair values – valuation techniques and input values

<u>Types of financial instruments</u>	<u>Valuation techniques and input values</u>
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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial Assets</u>		
Measured at fair value through profit or loss		
Designated at fair value through profit or loss	\$ 43	\$ 4,543
Measured at amortized cost	3,712,649	2,448,045

(Note 1)		
Equity instrument investments measured at fair value through other comprehensive income	849,072	1,354,200

Financial Liabilities

Measured at fair value through profit or loss		
Held for trading	330	-
Contingent consideration of business combinations	95,715	74,195
Measured at amortized cost (Note 2)	5,287,080	2,198,967

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 (see (1) below) and interest rate risks (see (2) below). The company engages in certain derivatives transactions to manage the foreign exchange risks and interest rate risks. 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 31 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 following table details the consolidated company's sensitivity analysis when the functional currency of the consolidated entity increases and decreases by 3% against each relevant foreign currency. The positive numbers in the following table indicate the increase in net income before tax when the functional currency of the consolidated entity depreciates by 3% against each relevant currency. When the functional currency of the consolidated entity appreciates by 3% against each relevant foreign currency, the net income before tax will be the negative number of the same amount.

	Gains and losses	
	2024	2023
United States dollars	\$ 16,412 (i)	\$ 10,722 (i)
Euro	7,644 (ii)	7,814 (ii)
Chinese Yuan	( 4,381 ) (iii)	( 314 ) (iii)
Japanese Yen	( 1,438 ) (iv)	( 1,363 ) (iv)
GBP	295 (v)	- (v)

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

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risks		
- Financial assets	\$ 279,887	\$ 344,660
- Financial liabilities	2,523,702	808,346
Cash flow interest rate risks		
- Financial assets	1,441,883	693,493
- Financial liabilities	2,557,226	620,235

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

#### Sensitivity Analysis

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

If the interest rate increases/decreases by 100 basis points and all other variables are unchanged, the consolidated company's profits before tax will increase/decrease by NT\$11,153 thousand and decrease/increase by NT\$733 thousand in 2024 and 2023, respectively, primarily due to floating-rate bank deposits and bank loans.

The consolidated entity became more sensitive to interest rates for the fiscal year mainly due to an increase in financial liabilities with floating interest rates.

(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\$8,491 thousand and by NT\$13,542 thousand in 2024 and 2023, due to change in the fair value of financial assets measured at fair value through other comprehensive incomes.

The decrease in the sensitivity on price risk of the Group was mainly attributable to the decrease in the fair value of the investees during the period.

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 37% and 40% of the consolidated company's operating incomes in 2024 and 2023. 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, 2024 and December 31, 2023, 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, 2024

	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<u>Non-derivative</u>				
<u>financial</u>				
<u>liabilities</u>				
Non-interest				
bearing liabilities	\$ 931,992	\$ -	\$ -	\$ -
Lease liabilities	163,947	171,037	471,077	24,506
Floating interest				
rate instruments	263,885	194,509	2,292,565	-
Fixed interest rate				
instruments	<u>1,842,867</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,202,691</u>	<u>\$ 365,546</u>	<u>\$ 2,763,642</u>	<u>\$ 24,506</u>

December 31, 2023

	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<u>Non-derivative</u>				
<u>financial</u>				
<u>liabilities</u>				
Non-interest				
bearing liabilities	\$ 907,543	\$ -	\$ -	\$ -
Lease liabilities	91,837	41,459	9,287	-
Floating interest				
rate instruments	19,919	315,889	303,614	-
Fixed interest rate				
instruments	<u>676,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,695,719</u>	<u>\$ 357,348</u>	<u>\$ 312,901</u>	<u>\$ -</u>

(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, 2024

	Within 1 year	1-2 years	2-5 years	Over 5 years
<u>Gross settlements</u>				
Currency forwards				
-Inflow	\$ 65,129	\$ -	\$ -	\$ -
-Outflow	( 65,570)	-	-	-
	( 441)	-	-	-

(3) Credit facilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Secured credit facilities with banks (reviewed annually)		
- Utilized amount	\$ 2,017,226	\$ 20,029
- Available amount	105,546	85,974
	<u>\$ 2,122,772</u>	<u>\$ 106,003</u>
Unsecured credit facilities with banks (reviewed annually)		
- Utilized amount	\$ 2,375,419	\$ 1,271,395
- Available amount	1,921,276	2,665,811
	<u>\$ 4,296,695</u>	<u>\$ 3,937,206</u>

XXIX. Related party transactions

The Company's ultimate controller is Taiwan Semiconductor Manufacturing Co., Ltd., which owned 35.87% and 36.05% of the Company's ordinary shares as of December 31, 2024 and December 31, 2023, 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

<u>Name of the affiliated party</u>	<u>Relation with the consolidated company</u>
Taiwan Semiconductor Co., Ltd. (Taiwan Semiconductor)	The Company's parent
Tianjin Everwell Technology Co., Ltd. (Tianjin)	Affiliated company

Everwell)	
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	2024	2023
Revenues	Parent company	\$ 8	\$ 24
	Affiliated company	<u>64</u>	<u>41</u>
		<u>\$ 72</u>	<u>\$ 65</u>

(III) Purchase

Affiliated party category	2024	2023
Parent company	<u>\$ 104</u>	<u>\$ 467</u>

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, 2024	December 31, 2023
Accounts receivable – affiliated parties	Parent company	\$ -	\$ 8
	Affiliated company	<u>24</u>	<u>-</u>
		<u>\$ 24</u>	<u>\$ 8</u>
Other receivables – affiliated parties	Affiliated company	<u>\$ 1,770</u>	<u>\$ 1,765</u>

No guarantee was obtained for the outstanding receivables from affiliated parties. No allowance for losses was recognized for receivables from affiliated parties in 2024 and 2023.

(V) Payables to affiliated parties

Itemized account	Affiliated party category	December 31, 2024	December 31, 2023
Accounts payable – affiliated parties	Parent company	<u>\$ 8</u>	<u>\$ 72</u>
Other payables – affiliated parties	Affiliated company	<u>\$ -</u>	<u>\$ 1,519</u>

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

(VI) Other related party transactions

<u>Itemized account</u>	<u>Affiliated party category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Lease income	Affiliated company	<u>\$ 2,184</u>	<u>\$ 2,087</u>

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

	<u>2024</u>	<u>2023</u>
Shor-term employee benefits	\$ 88,492	\$ 105,735
Retirement benefits	791	920
Shares-based payment	<u>5,281</u>	<u>3,499</u>
	<u>\$ 94,564</u>	<u>\$ 110,154</u>

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

XXX. Pledged assets

Except as disclosed in Note 17, the following assets of the consolidated company have been provided as collateral for borrowings from banks and leasing companies:

	<u>2024</u>	<u>2023</u>
Land	\$ 5,143	\$ 5,121
Buildings and structures - Net	51,835	26,503
Machinery and equipment - net	<u>25,074</u>	<u>27,016</u>
	<u>\$ 82,052</u>	<u>\$ 58,640</u>

XXXI. Information on Assets and Liabilities Denominated in Foreign Currencies and with Significant Influence

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

(Unit: thousand in NT dollars and foreign currencies)

December 31, 2024

	Foreign currency	Exchange Rate	Carrying amount
Assets denominated in foreign currencies			
<u>Monetary items</u>			
United States dollars	\$ 37,153	32.785 (USD: NTD)	\$ 1,218,061
Euro	31,547	34.140 (EUR: NTD)	1,077,015
Chinese Yuan	38,045	4.478 (CNY: NTD)	170,366
GBP	239	41.190 (GBP: NTD)	9,844
Japanese Yen	40,315	0.210 (JPY: NTD)	8,466
			<u>\$ 2,483,752</u>

(Continued on next page)

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	Foreign currency	Exchange rate	Carrying amount
Liabilities denominated in foreign currencies			
<u>Monetary items</u>			
United States dollars	\$ 20,466	32.785 (USD: NTD)	\$ 670,978
Euro	24,084	34.140 (EUR: NTD)	822,228
Chinese Yuan	70,657	4.478 (CNY: NTD)	316,402
Japanese Yen	268,602	0.210 (JPY: NTD)	56,406
			<u>\$ 1,866,014</u>

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
<u>Monetary items</u>			
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
			<u>\$ 1,505,869</u>

Liabilities denominated in foreign currencies			
<u>Monetary items</u>			
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
			<u>\$ 943,904</u>

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

	2024		2023	
Foreign currency	Exchange rate	Net exchange gain (loss)	Exchange rate	Net exchange gain (loss)
United States dollars	32.785 (USD: NTD)	\$ 7,672	30.705 (USD: NTD)	( \$ 8,486 )
Euro	34.140 (EUR: NTD)	( 14,892 )	33.98 (EUR: NTD)	3,813

Japanese Yen	0.210 (JPY: NTD)	1,531	0.2172 (JPY: NTD)	( 247 )
Chinese Yuan	4.478 (CNY: NTD)	<u>4,773</u>	4.327 (CNY: NTD)	<u>1,967</u>
		( \$ <u>916</u> )		( \$ <u>2,953</u> )

#### XXXII. Supplementary disclosure

##### (I) Information on significant transactions:

1. Loans to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Position of marketable securities at the end of the period (excluding subsidiaries): Table 3.
4. Cumulative purchase or sale of the same marketable security for at least NT\$300 million or at an amount equivalent to 20% of the paid-in capital: Attached Table 4.
5. Acquisition of real estates for at least NT\$300 million or at an amount equivalent to 20% of the paid-in capital: none
6. Disposal of real estimates for at least NT\$300 million or at an amount equivalent to 20% of the paid-in capital: none
7. Purchase from and sale to affiliated parties for at least NT\$100 million or at an amount equivalent to 20% of the paid-in capital: Table 5.
8. Receivables from affiliated parties for at least NT\$100 million or at an amount equivalent to 20% of the paid-in capital: Table 6.
9. Transaction of derivatives: Note 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.

### XXXIII. Segment information

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

#### (I) Segment Revenues and Operating Results

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

	2024				Total
	Segment A	Segment B	Segment D	Intersegment adjustment	
Revenue					
Revenue from external customers	\$ 4,779,440	\$ 3,492,089	\$ 526,603	\$ -	\$ 8,798,132
Intersegment revenue	<u>1,303</u>	<u>9,906</u>	<u>-</u>	<u>( 11,209 )</u>	<u>-</u>
Total revenue	<u>\$ 4,780,743</u>	<u>\$ 3,501,995</u>	<u>\$ 526,603</u>	<u>( \$ 11,209 )</u>	<u>\$ 8,798,132</u>

Interest income	<u>\$ 12,750</u>	<u>\$ 8,603</u>	<u>\$ 1,093</u>	<u>( \$ 5,463 )</u>	<u>\$ 16,983</u>
Financial cost	<u>( \$ 69,685 )</u>	<u>( \$ 28,893 )</u>	<u>( \$ 623 )</u>	<u>\$ 5,482</u>	<u>( \$ 93,719 )</u>
Material income, expenses, and losses					
Depreciation and amortization	<u>\$ 175,185</u>	<u>\$ 157,818</u>	<u>\$ 13,793</u>	<u>\$ -</u>	<u>\$ 346,796</u>
Segment profit (loss)	<u>\$ 1,039,869</u>	<u>\$ 84,413</u>	<u>\$ 88,361</u>	<u>( \$ 278,232 )</u>	<u>\$ 934,411</u>

	2023				
	Segment A	Segment B	Segment D	Intersegment adjustment	Total
Revenue					
Revenue from external customers	\$ 5,052,071	\$ 3,299,691	\$ -	\$ -	\$ 8,351,762
Intersegment revenue	<u>1,208</u>	<u>4,366</u>	<u>-</u>	<u>( 5,574 )</u>	<u>-</u>
Total revenue	<u>\$ 5,053,279</u>	<u>\$ 3,304,057</u>	<u>\$ -</u>	<u>( \$ 5,574 )</u>	<u>\$ 8,351,762</u>
Interest income	<u>\$ 11,127</u>	<u>\$ 478</u>	<u>\$ -</u>	<u>( \$ 1,661 )</u>	<u>\$ 9,944</u>
Financial cost	<u>( \$ 48,873 )</u>	<u>( \$ 11,962 )</u>	<u>\$ -</u>	<u>\$ 1,661</u>	<u>( \$ 59,174 )</u>
Material income, expenses, and losses					
Depreciation and amortization	<u>\$ 278,528</u>	<u>\$ 19,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,628</u>
Segment profit (loss)	<u>\$ 1,434,958</u>	<u>\$ 141,911</u>	<u>\$ -</u>	<u>( \$ 320,084 )</u>	<u>\$ 1,256,785</u>

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

	<u>2024</u>	<u>2023</u>
<u>Main markets</u>		

Taiwan and other parts of		
Asia	\$ 1,605,184	\$ 1,223,987
China	1,153,454	1,234,982
America	3,831,245	4,040,321
Europe	<u>2,208,249</u>	<u>1,852,472</u>
	<u>\$ 8,798,132</u>	<u>\$ 8,351,762</u>

Non-current assets

	<u>2024</u>	<u>2023</u>
<u>Main markets</u>		
Taiwan and other parts of		
Asia	\$ 1,937,338	\$ 500,401
China	244,479	191,874
America	2,207,410	1,739,766
Europe	<u>750,457</u>	<u>674,658</u>
	<u>\$ 5,139,684</u>	<u>\$ 3,106,699</u>

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 2024 and 2023.

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

Loans to Others

January 1 to December 31, 2024

Table 1

Unit: NT\$ thousand unless 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 (Note 3, 7, 8)	Amount actually drawn (Note 7)	Interest rate range	Nature for financing	Transaction amounts	Reason for need for short-term financing	Recognized allowance for bad debts	Collateral		Financing limits for each borrowing company (Note 5)	Financing company's total financing amount limits (Note 6)
													Name	Value		
0	TSC Auto ID Technology Co., Ltd.	Mosfortico Investments sp. z o.o.	Other receivables – affiliated parties	Yes	\$ 170,700-5,000 (EUR thousand)	\$ -	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 1,005,159	\$ 2,010,317
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH	Other receivables – affiliated parties	Yes	204,840 (EUR thousand)	204,840 (EUR thousand)	112,662 (EUR thousand)	0.00%	The need for short-term financing	-	Operating capital	-	None	-	1,005,159	2,010,317
0	TSC Auto ID Technology Co., Ltd.	MGN sp. z o. o	Other receivables – affiliated parties	Yes	375,540 (EUR thousand)	375,540 (EUR thousand)	123,416 (EUR thousand)	0.00%	The need for short-term financing	-	Operating capital	-	None	-	1,005,159	2,010,317
1	Bluebird Inc	Bluebird Germany GmbH	Other receivables – affiliated parties	Yes	6,828 (EUR 200 thousand)	6,828 (EUR 200 thousand)	5,121 (EUR 150 thousand)	0.00%	The need for short-term financing	-	Operating capital	5,121	None	-	1,005,159	2,010,317
1	Bluebird Inc	Bluebird Europe SL	Other receivables – affiliated parties	Yes	205 (EUR 6 thousand)	205 (EUR 6 thousand)	205 (EUR 6 thousand)	0.00%	The need for short-term financing	-	Operating capital	205	None	-	1,005,159	2,010,317
2	Diversified Labeling Solutions Inc.	TSC Auto ID Technology Co., Ltd.	Other receivables – affiliated parties	Yes	98,355 (USD thousand)	98,355 (USD thousand)	65,570 (USD thousand)	0.00%	The need for short-term financing	-	Operating capital	-	None	-	1,005,159	2,010,317

Note 1: Numbers in the column:

(1) 0 for the Company.

(2) Subsidiaries are numbered sequentially starting from 1 according to the company type.

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.

The limit of the amount of loans between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, or loans to foreign companies in which the Company holds 100% of the voting shares, shall not exceed 20% of the net value of the Company as stated in its latest financial statement that has been certified or reviewed by a CPA.

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.

The total limit of the amount of loans to foreign companies in which the Company directly and indirectly holds 100% of the voting shares, or loans to foreign companies in which the Company holds 100% of the voting shares, shall not exceed 40% of the net value of the Company as stated in its latest financial statement that has been certified or reviewed by a CPA.

Note 7: Foreign currency amounts in this table based on exchange rates on December 31, 2024. NT dollars based on US\$1 = NT\$32.785 or EU\$1 = NT\$34.14.

Note 8: The Company's loan facility to its subsidiary, Mosfortico Investments sp. z o.o., expired on March 15, 2024.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries  
Endorsements and Guarantees for Others  
January 1 to December 31, 2024

Table 2Unit: NT\$ thousand unless otherwise indicated

No. (Note 1)	Name of the endorsement/guarantee provider	Endorsed/guaranteed entity		Limit of endorsements/ guarantees for a single company (Note 3)	Maximum balance of endorsements/ guarantees during the period (Note 6)	Balance of endorsements/ guarantees as of the end of the period (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	Maximum limit of endorsements/ guarantees (Note 3)	Endorsements/ guarantees from the parent to subsidiaries	Endorsements/guarantees from subsidiaries to the parent	Endorsements/ guarantees to entities in China	Remarks
		Name of the company	Relation (Note 2)											
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	(2)	\$ 2,010,317	\$ 196,710 (USD 6,000 thousand)	\$ 196,710 (USD 6,000 thousand)	\$	\$ -	3.91%	\$ 3,015	Y	N	N	
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH.	(2)	2,010,317	16,393 (USD 500 thousand)	-		-	-	3,015	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: The foreign currency amounts listed in this table are expressed in New Taiwan Dollars at the exchange rate of USD1=NTD32.785 on December 31, 2024.

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.

Note 8: The Company has resolved to discharge the entire endorsement and guarantee amount to its subsidiary TSC Auto ID Technology EMEA GmbH at the Board of Directors' meeting held on June 18, 2024.

Note 9: The endorsement/guarantee amount provided by the Company to the subsidiary, TSC Auto ID Technology America Inc., was naturally lifted on September 13, 2024.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries  
 Position of marketable securities at the end of the period  
 December 31, 2024

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	
The Company	<u>Shares</u> Taiwan Semiconductor Co., Ltd.	Parent company	Financial assets measured at fair value through other comprehensive incomes – non-current	15,960	\$ 849,072	0.00%	\$ 849,072	

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, 2024

Table 4 Unit: NT\$ thousand unless otherwise indicated

Types and	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 4)	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	<del>Shares</del> Bluebird Inc.	Long-term investments at equity	H-ALPHA PRIVATE EQUITY FUND, JANG WON LEE, CHOI CHAN SIK, UM TAE HOON and HAN SOO HEE	Subsidiaries	-	\$ -	6,777	\$ 2,783,490	-	\$ -	\$ -	\$ -	\$ 62,506	( \$ 131,555 )	6,777	\$ 2,714,441

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: Includes exchange differences (NT\$118,918 thousand) arising from translation of financial statements of foreign operations and actuarial losses (NT\$12,637 thousand) on defined benefit plans.

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, 2024

Table 5 Unit: NT\$ thousand unless otherwise indicated

Purchase (sale) company	Counterparties	Relation	Transactions				Circumstances and reasons why transaction terms are not at an arm's length		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As % of total sale (purchase)	Credit period	Unit price	Credit period	Balance	As % of total notes and accounts receivable (payable)	
The Company	TSCAE	Subsidiary	Sale of goods	( \$ 582,130 )	( 19% )	135 days based on monthly statements	-	-	\$ 654,589	48%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Sale of goods	( 478,531 )	( 15% )	60 days based on monthly statements	-	-	23,021	2%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Purchase	720,363	43%	60 days based on monthly statements	-	-	( 316,401 )	( 59% )	
The Company	TSCAA	Subsidiary	Sale of goods	( 472,554 )	( 15% )	120 days based on monthly statements	-	-	372,920	28%	



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, 2024

Table 6Unit: NT\$ thousand unless otherwise indicated

Company from which receivables are recognized	Name of the counterparty	Relation	Receivables from affiliated parties (Note 1)	Turnover	Overdue receivables from affiliated parties		Recovered receivables from affiliated parties (Note 2)	Recognized allowance for bad debts
					Amount	Treatment		
The Company	TSCAE	Subsidiary	Accounts receivable \$ 654,589 Other receivables 114,866	0.93	\$ 357,358 352	-	\$141,210 -	\$ -
The Company	TSCAA	Subsidiary	Accounts receivable 372,920 Other receivables 441	1.18	206,859 223	-	95,267 216	-
The Company	MGN	Subsidiary	Other receivables 126,790	-	-	-	-	-
Tianjin TSC Auto ID Technology	The Company	Parent company	Accounts receivable 316,401	4.09	-	-	218,568	-

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

Note 2: Recovered amount as of March 14, 2025.

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, 2024

Table 7

Unit: NT\$ thousand unless otherwise indicated

No.	Entity concerned	Name of the counterparty	Relation with the counterparty (Note 1)	Transaction with the counterparty			
				Item	Amount	Transaction terms and conditions	As % of the consolidated total revenue or the consolidated total assets (Note 2)
0	The Company	TSCAA	1	Accounts receivable	\$ 372,920	Note 3	3%
			1	Revenues	472,554	Note 3	5%
			1	R&D expenses	89,825	Note 3	1%
		TSCAE	1	Accounts receivable	654,589	Note 3	5%
			1	Revenues	582,130	Note 3	7%
			1	Other receivables	114,866	At an arm's length	1%
		Tianjin TSC Auto ID Technology	1	Revenues	478,531	Note 3	5%
			1	Accounts payable	316,401	Note 3	2%
			1	Purchase	720,363	Note 3	8%
		MGN	1	Other receivables	126,790	At an arm's length	1%

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, 2024

Table 8

Unit: NT\$ thousand unless otherwise indicated

Name of the investment company	Name of the investee	Location	Primary business	Original invested amount		Holdings at the end of the year			Profit (loss) of the investee during the period	Recognized investment gain (loss) during the period	Remarks
				End of this period	End of last year	No. of shares (thousand shares)	Ratio (%)	Carrying amount (Note 2)			
The Company	TSCAE	Germany	Sale of barcode printers and relevant components	\$ 2,943	\$ 2,943	Note 1	100.00	( \$ 35,864 )	\$ 151	\$ 151	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	1,130,227	15,317	15,317	Subsidiary
The Company	TSCHK	Hong Kong	Investment in production businesses and general imports/exports	47,468 ( US\$1,500 thousand )	47,468 ( US\$1,500 thousand )	12,711	100.00	848,660	121,221	121,221	Subsidiary
The Company	Printronix Auto ID Technology	Taiwan	Sale of barcode printers and relevant components	-	5,000	-	-	-	( 162 )	( 162 )	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	1,534,114	87,349	87,349	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	1,850	615	615	Subsidiary
The Company	TSCPL	Poland	General investment	498,827 ( PLN 67,084 thousand )	498,827 ( PLN 67,084 thousand )	Note 2	100.00	471,032	( 36,981 )	( 36,981 )	Subsidiary
The Company	BB	Korea	Production and sales of enterprise hand-held computers and their components	2,783,490 ( KRW 118,740,223 thousand )	-	6,777	96.54	2,714,441	87,189	62,506	Subsidiary
The Company	BBMX	Mexico	Production and sales of enterprise hand-held computers and their components	Note 5	-	Note 1	0.03	1	2,682	1	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Sale of barcode printers and relevant components	8,234	8,234	Note 1	100.00	( 16,074 )	( 1,382 )	( 1,382 )	Sub-subsubsidiary
TSCAE	TSCAS	Spain	Sale of barcode printers and relevant components	124	124	Note 1	100.00	3,252	244	244	Sub-subsubsidiary
DLS	PPL	United States	Selling of a variety of labels and printer consumables	US\$115 thousand	US\$115 thousand	850	100.00	50,916 ( US\$1,553 thousand )	9,375 ( US\$293 thousand )	9,375 ( US\$293 thousand )	Sub-subsubsidiary
TSCPL	MGN	Poland	Printer consumables and customized design, integration, production and marketable of a variety of labels	PLN 71,613 thousand	PLN 71,613 thousand	2	100.00	549,383 ( PLN 68,795 thousand )	( 8,800 ) ( PLN 1,094 thousand )	( 15,706 ) ( PLN 1,952 thousand )	Sub-subsubsidiary
BB	BBMX	Mexico	Production and sales of enterprise hand-held computers and their components	5 ( KRW 215 thousand )	-	Note 1	99.97	5 ( KRW 215 thousand )	2,682 ( KRW 116,704 thousand )	2,682 ( KRW 116,669 thousand )	Sub-subsubsidiary
BB	BBUS	United States	Production and sales of enterprise hand-held computers and their components	2,920 ( KRW 124,050 thousand )	-	Note 2	100.00	-	( 73 ) ( KRW 3,180 thousand )	( 73 ) ( KRW 3,180 thousand )	Sub-subsubsidiary
BB	BBIN	India	R&D and design of enterprise hand-held computers and technical services	4,078 ( KRW 173,230 thousand )	-	990	99.00	5,279 ( KRW 235,027 thousand )	1,846 ( KRW 80,294 thousand )	1,827 ( KRW 79,473 thousand )	Sub-subsubsidiary
BB	BBDE	Germany	Production and sales of enterprise hand-held computers and their components	756 ( KRW 32,098 thousand )	-	Note 1	100.00	-	( 1,918 ) ( KRW 83,430 thousand )	( 1,918 ) ( KRW 83,430 thousand )	Sub-subsubsidiary
BB	BBES	Spain	Production and sales of enterprise hand-held computers and their components	1,265 ( KRW 53,758 thousand )	-	Note 1	100.00	1,121 ( KRW 49,897 thousand )	( 27 ) ( KRW 1,178 thousand )	( 27 ) ( KRW 1,178 thousand )	Sub-subsubsidiary

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

Note 2: Figure not shown as the Company held less than one thousand 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.

Note 5: Not listed as the investment amount is less than \$ 1,000.

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries  
Information on investments in China  
January 1 to December 31, 2024

Table 9Unit: NT\$ thousand unless otherwise indicated

Names of investees in China	Primary business	Paid-in capital (Note 6)	Investment method (Note 1)	Cumulative outward investments from Taiwan at the beginning of this period (Note 6)	Outward remittances or recovered investments during the period		Cumulative outward investments from Taiwan at the end of this period (Note 5)	Profit or loss of the investee during the period	Holding by the Company directly and indirectly	Recognized investment gain or loss during the period (Note 2)	Carrying amount of the investment at the end of the period	Total repatriated investment gains as of the end of this period	Remarks
					Outward remittances	Recovered investments							
Tianjin TSC Auto ID Technology Co., Ltd.	Production and marketing of barcode printers and relevant components	\$ 47,019 (CNY 10,500 thousand)	(2) Investor: TSC Auto ID (H.K.) Ltd	\$ 49,178 (US\$1,500 thousand)	\$ -	\$ -	\$ 49,178 (US\$1,500 thousand)	\$ 130,982	0.00%	\$ 130,982 (Note 3)	\$ 887,521	\$ 886,152	-

Cumulative outward investments from Taiwan to China 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)
\$49,178 (US\$1,500 thousand)	\$49,178 (US\$1,500 thousand)	\$2,130,729

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: Foreign currency amounts in this table based on exchange rates on December 31, 2024. NT dollars based on US\$1=NT\$32.785 or RMB\$1=NT\$4.478.

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, 2024

Table 10

Unit: NT\$ thousand unless otherwise indicated

Counterparties	Relation with the counterparty	Transaction type: purchase (sale)	Amount	Transaction terms and conditions			Notes and accounts receivable (payable)		Unrealized gains or losses
				Price	Payment terms	Comparison with transactions at an arm’s length	Balance	%	
Tianjin TSC Auto ID Technology Co., Ltd.	Sub-subsidiary	Sale of goods	(\$ 478,351 )	Note 1	60 days based on monthly statements	Equivalent	\$ 23,021	0.00%	\$ 38,905 (Note 2)
		Purchase	720,363	Note 1	60 days based on monthly statements	Equivalent	( 316,401 )	( 59% )	

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, 2024.

TSC Auto ID Technology Co., Ltd.

Information on major shareholders

December 31, 2024

Table 11

Unit: shares

Name of the major shareholder	Shares	
	No. of shares held	Shareholding percentage
Taiwan Semiconductor Co., Ltd.	16,995,230	0.00%
Standard Chartered Bank, Department of Business in custody for Fidelity Puritan Trust: Fidelity Low-Priced Fund Investment	2,544,911	0.00%

Note 1: 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 parent company only financial statements due to differences in the basis of preparation.

Note 2: For the information above, where a shareholder transfers the shares to a trust, the trustor's individual account opened by the trustee shall be disclosed. As for the insider declaration of the ownership percentage over 10% in accordance with the Securities and Exchange Act, including the shares on hand and those being put in the trust, and the right to use the trust asset, please refer to the declaration information on MOPS.