Stock Code: 3611

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

Consolidated Financial Statement and Auditor's Review Report

Third Quarter of 2023/2022

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

Telephone: (02)2218-6789

TABLE OF CONTENTS

Auditor’s Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of TSC Auto ID Technology Co., Ltd. and its subsidiaries (hereinafter referred to as “TSC Auto ID Technology Group”) as at September 30, 2023 and 2022 and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flow for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission, the preparation of financial reports for fair representation is the management’s responsibility. Our responsibility is to reach conclusions based on the review result of consolidated financial statements.

Scope

Except as explained in the following paragraph, we reviewed the financial statements in accordance with the Standard on Review Engagements ISRE 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” The procedures of a review of consolidated financial statements include inquiries (mainly to financial and accounting personnel), analytical procedures and other review procedures. A review is substantially less in scope than an audit. Therefore, we may not be able to detect all the material items which can be identified via audit work and will not be able to express an opinion accordingly.

Basis for Qualified Conclusion

As explained in Note XI, the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT$303,097 thousand, constituting of 3.22% of the consolidated total assets, and total liabilities of

NT$173,591 thousand, constituting of 4.22% of the consolidated total liabilities as at September 30, 2023. The total comprehensive income is at NT$(901) thousand and NT$1,295 thousand, constituting (0.66%) and 0.13%, respectively, of the consolidated comprehensive income for the three months and six months then ended. The related information of the reinvested business as narrated in Note 32 to the consolidated financial statements and the contents of the abovementioned insignificant subsidiaries were recognized and disclosed based on their financial statements which were not reviewed by the independent auditors.

Qualified Conclusion

Based on our review and other auditors' review (please refer to "Other Matters"), we did not identify in the abovementioned consolidated financial statements any materiality that was not prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission, and that prevented the fair representation of TSC Auto ID Technology Group's consolidated financial status as at September 30, 2023 and 2022, its consolidated financial performance for the three months and nine months then ended and its consolidated cash flow for the nine months then ended. With exception to the financial statements of certain insignificant consolidated subsidiaries which have been reviewed by independent auditors that might have been determined to be necessary for adjustments to the consolidated financial statements, if any, as described in the above situation.

Other Matters

Among the subsidiaries consolidated in TSC Auto ID Technology Group's financial statements, the financial statements of certain important subsidiaries were not reviewed by us but by other auditors. Therefore, our conclusion of the abovementioned financial statements was based on the review by other auditors of recognition and disclosure regarding the listed amounts and relevant information disclosed in notes of the financial statements of these companies. These subsidiaries accounted for 18.34% and 21.59% of the total consolidated assets as at September 30, 2023 and 2022, respectively; 34.12% and 40.03% and 36.41% and 38.11% of the consolidated revenue for the three months and nine months then ended; 15.72% and 10.99%, and 10.53% and 15.31% of the total comprehensive income for the nine months then ended.

Deloitte Taiwan　　　　　　　　CPA Fan You Wei

CPA Chang Li Chun

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

November 8, 2023

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

Consolidated Balance Sheet

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

Unit: NT$ thousand

Code	Asset	September 30, 2023 Amount	%	December 31, 2022 Amount	%	September 30, 2022 Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 1,307,967	14	$ 1,142,046	14	$ 809,102	10
1110	Financial assets at fair value through profit or loss (Note 7)	1,711	-	1,798	-	-	-
1170	Notes and accounts receivable, net (Notes 9, 29)	1,454,317	16	1,350,343	16	1,318,757	16
1200	Other receivables (Note 29)	35,461	-	51,116	1	40,668	-
130X	Inventory (Note 10)	1,731,011	18	1,624,449	19	1,753,700	21
1410	Prepayments	53,989	1	69,070	1	81,537	1
1470	Other current assets	12,755	-	7,835	-	12,530	-
11XX	Total current assets	4,597,211	49	4,246,657	51	4,016,294	48
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (Note 8)	1,265,400	14	1,098,160	13	1,228,400	15
1600	Property, plant and equipment (Note 12 and 30)	1,160,982	12	1,053,525	13	1,068,142	13
1755	Right-of-use assets (Note 13)	175,899	2	180,889	2	206,725	2
1780	Other intangible assets (Note 15)	213,944	2	200,919	2	220,238	3
1805	Goodwill (Note 14)	1,445,883	15	1,058,071	13	1,093,902	13
1840	Deferred income tax assets	409,466	4	387,569	5	420,576	5
1990	Other non-current assets (Note 16)	132,655	2	68,979	1	60,729	1
15XX	Total non-current assets	4,804,229	51	4,048,112	49	4,298,712	52
1XXX	Total assets	$ 9,401,440	100	$ 8,294,769	100	$ 8,315,006	100
Code	Liabilities and equity						
	Current liabilities						
2100	Short-term loans (Note 17)	$ 1,153,823	12	$ 876,515	11	$ 868,378	11
2120	Financial liabilities at fair value through profit or loss (Note 7)	418	-	1,984	-	20,105	-
2170	Accounts payable (Note 29)	800,264	8	698,489	8	730,340	9
2200	Other payables (Notes 17, 29)	437,895	5	430,321	5	342,732	4
2230	Income tax liability during the period	99,735	1	120,953	1	113,780	1
2250	Liability reserve	6,644	-	6,618	-	6,652	-
2280	Lease liability (Note 13)	94,059	1	92,735	1	95,749	1
2320	Long-term liabilities due within one year (Note 17, 30)	6,215	-	63,000	1	420,000	5
2399	Other current liabilities (Note 20)	159,472	2	130,883	2	178,399	2
21XX	Total current liabilities	2,758,525	29	2,421,498	29	2,776,135	33
	Non-current liabilities						
2540	Long-term loans (Note 17, 30)	733,061	8	557,000	7	280,000	3
2570	Deferred income tax liabilities	456,157	5	383,490	5	380,543	5
2580	Lease liability (Note 13)	71,446	1	95,534	1	117,038	2
2640	Net defined benefit liability	15,229	-	14,954	-	19,762	-
2670	Other non-current liabilities	79,148	1	71,568	1	68,003	1
25XX	Total non-current liabilities	1,355,041	15	1,122,546	14	865,346	11
2XXX	Total liabilities	4,113,566	44	3,544,044	43	3,641,481	44
	Equity (Note 18)						
	Share capital						
3110	Ordinary share capital	468,641	5	425,129	5	424,769	5
3140	Advanced receipt of share capital	2,430	-	60	-	360	-
3100	Total share capital	471,071	5	425,189	5	425,129	5
3200	Capital surplus	666,742	7	615,845	7	613,222	7
	Retained earnings						
3310	Legal reserve	770,477	8	673,504	8	673,504	8
3320	Special reserve	8,597	-	8,597	-	8,597	-
3350	Unappropriated earnings	2,607,142	28	2,537,721	31	2,267,291	28
3300	Total retained earnings	3,386,216	36	3,219,822	39	2,949,392	36
3400	Other equity	763,845	8	489,869	6	685,782	8
3XXX	Total equity	5,287,874	56	4,750,725	57	4,673,525	56
	Total liabilities and equity	$ 9,401,440	100	$ 8,294,769	100	$ 8,315,006	100

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

(Please refer to the auditor's review report issued by Deloitte Taiwan on November 8, 2023.)

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

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries
Consolidated Comprehensive Income Statement
From July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022.

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

Code		July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating incomes (Notes 20, 29)								
4110	Revenues	$ 2,107,692	100	$ 1,980,110	100	$ 6,210,382	100	$ 5,784,485	100
	Operating costs (Notes 10, 21, 29)								
5110	Cost of goods sold	1,372,332	65	1,323,932	67	4,072,511	65	3,903,025	67
5900	Gross profits	735,360	35	656,178	33	2,137,871	35	1,881,460	33
	Operating expenses (Notes 9, 21, 29)								
6100	Sales & marketing expenses	221,769	11	174,421	9	592,102	10	510,887	9
6200	Administrative expenses	149,338	7	110,181	5	404,253	6	327,449	6
6300	R&D expenses	60,704	3	55,424	3	172,679	3	175,041	3
6000	Total operating expenses	431,811	21	340,026	17	1,169,034	19	1,013,377	18
6900	Operating profits	303,549	14	316,152	16	968,837	16	868,083	15
	Non-operating incomes and expenses (Note 21 and 29)								
7100	Interest income	1,883	-	1,117	-	6,683	-	2,421	-
7190	Other incomes	9,220	1	2,250	-	77,703	1	54,222	1
7020	Other gains and losses	23,713	1	35,372	2	37,754	1	74,797	1
7050	Financial cost	(17,217)	(1)	(7,023)	-	(42,731)	(1)	(18,544)	-
7000	Total non-operating incomes and expenses	17,599	1	31,716	2	79,409	1	112,896	2
7900	Profits before tax	321,148	15	347,868	18	1,048,246	17	980,979	17
7950	Income tax expenses (Note 22)	91,615	4	102,492	5	286,545	5	281,681	5
8200	Net income for the period	229,533	11	245,376	13	761,701	12	699,298	12
	Other comprehensive incomes (Note 19)								
8310	Items that are not to be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive incomes	(171,680)	(8)	176,120	9	167,240	3	74,905	1
8360	Items that may be subsequently reclassified to profit or loss								
8361	Exchange differences on translation of financial statements of foreign operations	97,761	4	159,961	8	133,420	2	322,119	6
8399	Income tax components that may be reclassified	(19,552)	(1)	(31,992)	(2)	(26,684)	-	(64,424)	(1)
8300	Other comprehensive income for the period (net of tax)	(93,471)	(5)	304,089	15	273,976	5	332,600	6
8500	Total comprehensive income for the period	$ 136,062	6	$ 549,465	28	$ 1,035,677	17	$ 1,031,898	18
	Net income attributable to:								
8610	Shareholders of the Company	$ 229,533	11	$ 245,376	13	$ 761,701	12	$ 699,298	12
	Total comprehensive income attributable to:								
8710	Shareholders of the Company	$ 136,062	6	$ 549,465	28	$ 1,035,677	17	$ 1,031,898	18
	Earnings per share (Note 23)								
9710	Basic	$ 4.89		$ 5.25		$ 16.26		$ 14.96	
9810	Diluted	$ 4.83		$ 5.21		$ 16.05		$ 14.83	

The notes are an integral part of these consolidated financial statements.
(Please refer to the auditor’s review report issued by Deloitte Taiwan on November 8, 2023.)

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

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries
Consolidated Statement of Changes in equity
From January 1 to September 30, 2023 and 2022

Unit: NT$ thousands, except as otherwise indicated

		Share capital					Retained earnings				Other equity			
Code		No. of shares (thousand shares)	Ordinary share capital	Advanced receipt of share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive incomes	Total	Total equity
A1	Balance on January 1, 2022	42,477	$ 424,769	$ -	$ 424,769	$ 592,852	$ 595,108	$ 8,597	$ 2,113,635	$ 2,717,340	($ 294,269)	$ 647,451	$ 353,182	$ 4,088,143
G1	Exercise of employee stock options	-	-	360	360	5,396	-	-	-	-	-	-	-	5,756
	Appropriation and distribution of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	78,396	-	(78,396)	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	(467,246)	(467,246)	-	-	-	(467,246)
D1	Net income from January 1 to September 30, 2022	-	-	-	-	-	-	-	699,298	699,298	-	-	-	699,298
D3	Other comprehensive income (net of tax) from January 1 to September 30, 2022	-	-	-	-	-	-	-	-	-	257,695	74,905	332,600	332,600
D5	Total comprehensive income from January 1 to September 30, 2022	-	-	-	-	-	-	-	699,298	699,298	257,695	74,905	332,600	1,031,898
M3	Income taxes related to subsidiaries under organizational restructuring (Notes 21, 26)	-	-	-	-	1,984	-	-	-	-	-	-	-	1,984
N1	Share-based compensation – employee stock options (Note 24)	-	-	-	-	12,990	-	-	-	-	-	-	-	12,990
Z1	Balance on September 30, 2022	42,477	$ 424,769	$ 360	$ 425,129	$ 613,222	$ 673,504	$ 8,597	$ 2,267,291	$ 2,949,392	($ 36,574)	$ 722,356	$ 685,782	$ 4,673,525
A1	Balance on January 1, 2023	42,513	$ 425,129	$ 60	$ 425,189	$ 615,845	$ 673,504	$ 8,597	$ 2,537,721	$ 3,219,822	($ 102,247)	$ 592,116	$ 489,869	$ 4,750,725
G1	Exercise of employee stock options	99	990	2,370	3,360	45,201	-	-	-	-	-	-	-	48,561
	Appropriation and distribution of 2022 earnings													
B1	Legal reserve	-	-	-	-	-	96,973	-	(96,973)	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	(552,785)	(552,785)	-	-	-	(552,785)
B9	Stock dividends to the company's shareholders	4,252	42,522	-	42,522	-	-	-	(42,522)	(42,522)	-	-	-	-
D1	Net income from January 1 to September 30, 2023	-	-	-	-	-	-	-	761,701	761,701	-	-	-	761,701
D3	Other comprehensive income (net of tax) from January 1 to September 30, 2023	-	-	-	-	-	-	-	-	-	106,736	167,240	273,976	273,976
D5	Total comprehensive income from January 1 to September 30, 2023	-	-	-	-	-	-	-	761,701	761,701	106,736	167,240	273,976	1,035,677
N1	Share-based compensation – employee stock options (Note 24)	-	-	-	-	5,696	-	-	-	-	-	-	-	5,696
Z1	Balance on September 30, 2023	46,864	$ 468,641	$ 2,430	$ 471,071	$ 666,742	$ 770,477	$ 8,597	$ 2,607,142	$ 3,386,216	$ 4,489	$ 759,356	$ 763,845	$ 5,287,874

The notes are an integral part of these consolidated financial statements.
(Please refer to the auditor's review report issued by Deloitte Taiwan on November 8, 2023.)

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

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

Consolidated Statement of Cash Flows

From January 1 to September 30, 2023 and 2022

Unit: NT$ thousand

Code		January 1 to September 30, 2023	January 1 to September 30, 2022
	Cash flows from operating activities		
A10000	Profit before tax	$ 1,048,246	$ 980,979
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	162,073	142,555
A20200	Amortization	50,748	58,792
A20300	Expected credit losses (reversal gains)	6,915	(1,129)
A20900	Financial cost	42,731	18,544
A21200	Interest income	(6,683)	(2,421)
A21300	Dividend income	(59,200)	(37,000)
A21900	Cost of employee stock options	5,696	12,990
A22500	Loss (gain) on disposal of property, plant and equipment	(821)	1,315
A23700	Loss for market price decline and obsolete inventory	7,909	11,006
A29900	Gain on lease amendment	(19)	(619)
A24100	Unrealized foreign exchange gains	(37,504)	(88,070)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	87	3,061
A31150	Notes and accounts receivable	43,481	88,207
A31180	Other receivables	16,767	20,388
A31200	Inventory	(3,295)	(509,682)
A31230	Prepayments	22,484	(45,344)
A31240	Other current assets	(1,231)	(987)
A31990	Other non-current assets	(311)	960
A32110	Financial liabilities held for trading	(1,566)	19,662
A32150	Accounts payable	(76,036)	(100,642)
A32180	Other payables	(74,806)	(91,361)
A32230	Other current liabilities	14,354	18,147
A32240	Net defined benefit liability	(50)	31
A32990	Other non-current liabilities	1,487	10,982
A33000	Cash inflows from operating activities	1,161,456	510,364
A33100	Interest received	6,498	2,680
A33500	Income tax paid	(278,087)	(332,035)
AAAA	Net cash flows from operating activities	889,867	181,009

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Code		January 1 to September 30, 2023	January 1 to September 30, 2022
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	$ -	($ 84,535)
B02200	Net cash outflow for acquisition of subsidiary (Note 25)	(358,490)	-
B02700	Purchase of property, plant and equipment	(49,222)	(58,348)
B02800	Proceeds from sale of property, plant and equipment	909	887
B03700	Increase in refundable deposits	(2,585)	(222)
B03800	Decrease in refundable deposits	67	5,076
B04500	Purchase of intangible assets	(14,152)	(7,210)
B06500	Increase in other financial asset	(42,873)	-
B07100	Increase in equipment prepayments	(66,530)	(43,381)
B07600	Dividends received	59,200	37,000
BBBB	Net cash outflows from investing activities	(473,676)	(150,733)
	Cash flows from financing activities		
C00100	Increase in net short-term loans	266,810	306,565
C01600	Borrowing of long-term loans	300,000	80,000
C01700	Repayment of long-term loans	(206,781)	(280,000)
C03000	Collect the guarantee deposits received	-	85
C03100	Return of guarantee deposits received	(218)	(311)
C04020	Repayment of lease principals	(84,638)	(90,574)
C04800	Exercise of employee stock options	48,561	5,756
C05600	Interest paid	(42,720)	(18,312)
C04500	Cash dividends paid	(552,785)	(467,246)
CCCC	Net cash outflows from financing activities	(271,771)	(464,037)
DDDD	Currency impact on cash and cash equivalents	21,501	42,984
EEEE	Net increase (decrease) in cash and cash equivalents during the period	165,921	(390,777)
E00100	Cash and cash equivalents at the beginning of the period	1,142,046	1,199,879
E00200	Cash and cash equivalents at the end of the period	$ 1,307,967	$ 809,102

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

(Please refer to the auditor's review report issued by Deloitte Taiwan on November 8, 2023.)

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

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements
From January 1 to September 30, 2023 and 2022
(Unit: NT$ thousand unless otherwise indicated)

I. Company history

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

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

II. Dates and procedures of approving financial reports

The consolidated financial reports were published on November 8, 2023 after approval by the Board of Directors.

III. Applicability of new and modified standards and interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. Summary of significant accounting policies

(I) Statement of Compliance

These consolidated financial statements were prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission. These consolidated financial statements did not include all the information required for disclosure by the IFRSs for the entire year.

(II) Basis of Preparation

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

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

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

(III) Basis of Consolidation

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

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

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

(IV) Other major accounting policies

In addition to the following explanations, please refer to the summary of the major accounting policies for 2022 consolidated financial statements.

1. Business combinations

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

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

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

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

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

2. Defined-benefit post-employment benefit

Interim pension costs from the beginning of the year to the end of the reporting period are calculated with the discount rate determined actuarially on the closing date of the prior year and adjusted by reflecting significant market volatility, major plan changes, repayments or other material one-offs.

3. Income taxes

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

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

With regard to the adoption of accounting policies by the consolidated company, management must make judgments, estimates and assumptions based on historical experience and other relevant factors if relevant information is not readily available from other sources. The actual outcome may be different from the estimates.

The consolidated company, when making significant accounting estimates, incorporated the fluctuations in market interest rates and changes in the economic environment into the major accounting estimates such as cash flows, growth, discount rates, and profitability. Management will continue to review these estimates and assumptions.

Please refer to the explanations about the main sources of uncertainty with major accounting judgments, estimates and assumptions in the 2022 consolidated financial statements.

VI. Cash and Cash Equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Vault cash and petty cash	$ 291	$ 79	$ 74
Bank checks and demand deposits	901,717	465,607	479,028

Cash equivalents			
Fixed-term bank deposits with original maturity within three months	205,959	176,360	330,000
Bills sold under repurchase agreements	200,000	500,000	-
	$ 1,307,967	$ 1,142,046	$ 809,102

Range of market interest rates applicable to bank time deposits and bills sold under repurchase agreements at the end of the reporting date is shown below:

	September 30, 2023	December 31, 2022	September 30, 2022
Fixed-term deposits	1.35% - 2.00%	1.20% - 1.40%	0.27% - 0.85%
Bills sold under repurchase agreements	1.13% - 1.14%	0.98% - 1.02%	-

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial Assets – Current			
Designated at fair value through profit or loss			
Derivatives (non-hedging)			
- Currency forward contracts (1)	$ 1,711	$ -	$ -
- Currency swaps (2)	-	1,798	-
	$ 1,711	$ 1,798	$ -
Financial Liabilities – Current			
Held for trading			
Derivatives (non-hedging)			
- Currency forward contracts (1)	$ 418	$ 436	$ 2,902
- Currency swaps (2)	-	1,548	17,203
	$ 418	$ 1,984	$ 20,105

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

September 30, 2023

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	Euro to NTD	October 25, 2023	EUR 3,000/NTD 103,293
	USD to NTD	October 18, 2023	USD 1,000/NTD 31,788

December 31, 2022

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	USD to NTD	February 17, 2023	USD 2,000/NTD 60,718

September 30, 2022

	Currency	Maturity	Nominal value (NT$ thousand)
Short forwards	Euro to NTD	October 13, 2022 to November 25, 2022	EUR 5,000/NTD 153,415

The consolidated company primarily engages in currency forward transactions to hedge the risks associated with exchange rate fluctuations for assets and liabilities denominated in foreign currencies.

(II) A summary of the outstanding currency swap contracts not under hedge accounting as of the end of the reporting period is as follows:

December 31, 2022

	Nominal value (NT$ thousand)	Exercise exchange rates	Maturity
Currency swaps	USD 7,200/NTD 219,593	29.663~30.901	February 17, 2023 to May 19, 2023

September 30, 2022

	Nominal value (NT$ thousand)	Exercise exchange rates	Maturity
Currency swaps	USD 9,500/NTD 282,401	29.663~29.862	November 18, 2022 to February 17, 2023

The consolidated company primarily engages in currency swap transactions to hedge the risks associated with exchange rate fluctuations for assets denominated in foreign currencies.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Equity Instrument Investments – Non-Current			
Domestic investments			
TPEx-listed stocks	$ 1,265,400	$ 1,098,160	$ 1,228,400

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

	September 30, 2023	December 31, 2022	September 30, 2022
Receivables			
Notes receivable	$ -	$ 536	$ 59
Accounts receivable	1,480,834	1,366,873	1,343,102
Less: allowance for losses	(26,545)	(17,114)	(24,406)
Accounts receivable – affiliated parties (Note 29)	28	48	2
	$ 1,454,317	$ 1,350,343	$ 1,318,757

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:

September 30, 2023

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~360 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 1,129,607	$ 294,285	$ 24,194	$ 12,072	$ 4,188	$ 10,779	$ 5,709	$ 1,480,834
Allowance for losses (lifetime expected credit losses)	(5,365)	(2,943)	(726)	(604)	(419)	(10,779)	(5,709)	(26,545)
Amortized cost	$ 1,124,242	$ 291,342	$ 23,468	$ 11,468	$ 3,769	$ -	$ -	$ 1,454,289

December 31, 2022

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~365 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 999,671	$ 339,761	$ 6,265	$ 2,186	$ 6,537	$ 8,535	$ 4,454	$ 1,367,409
Allowance for losses (lifetime expected credit losses)	(5,530)	(1,880)	(104)	(60)	(362)	(4,724)	(4,454)	(17,114)
Amortized cost	$ 994,141	$ 337,881	$ 6,161	$ 2,126	$ 6,175	$ 3,811	$ -	$ 1,350,295

September 30, 2022

	No sign of defaults							
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue 271~360 days	Overdue by 365 days	Sign of defaults	Total
Total account value	$ 1,011,633	$ 263,094	$ 33,984	$ 12,547	$ 8,489	$ 8,881	$ 4,533	$ 1,343,161
Allowance for losses (lifetime expected credit	(5,865)	(2,631)	(1,020)	(627)	(849)	(8,881)	(4,533)	(24,406)

losses)								
Amortized cost	$ 1,005,768	$ 260,463	$ 32,964	$ 11,920	$ 7,640	$ -	$ -	$ 1,318,755

Change to allowance of losses of receivables is as follows:

	January 1 to September 30, 2023	January 1 to September 30, 2022
Balance at the beginning of the period	$ 17,114	$ 23,884
Impairment loss recognized (reversed) during this period	6,915	(1,129)
Acquisition through business combination	1,917	-
Difference in foreign currency translation	599	1,651
Balance at the end of the period	$ 26,545	$ 24,406

X. Inventory

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	$ 774,117	$ 685,693	$ 718,691
Semi-finished goods	300,800	308,301	266,352
Work in process	67,227	48,454	113,697
Raw materials	588,867	582,001	654,960
	$ 1,731,011	$ 1,624,449	$ 1,753,700

Cost of goods sold by nature:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Inventory cost for sold goods	$ 1,371,456	$ 1,320,774	$ 4,064,602	$ 3,892,019
Loss for market price decline and obsolete inventory	876	3,158	7,909	11,006
	$ 1,372,332	$ 1,323,932	$ 4,072,511	$ 3,903,025

XI. Subsidiaries

(I) Subsidiaries in the consolidated financial statements

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

			Shareholding percentage			
Name of the investment company	Name of the subsidiary	Nature of the business	September 30, 2023	December 31, 2022	September 30, 2022	Description
The Company	TSC Auto ID (H.K.) Ltd. (TSCHK)	Investment in production businesses and general imports/exports	100%	100%	100%	-
The Company	TSC Auto ID Technology EMEA GmbH (TSCAE)	Selling and buying of barcode printers and relevant	100%	100%	100%	-

		components				
The Company	TSC Auto ID Technology America Inc.(TSCAA)	Selling and buying of barcode printers and relevant components	100%	100%	100%	-
The Company	Printronix Auto ID Technology Co., Ltd. (“Printronix Auto ID Technology”)	Selling and buying of barcode printers and relevant components	100%	100%	100%	-
The Company	Diversified Labeling Solutions, Inc. (DLS)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100%	100%	100%	-
The Company	TSC Auto ID Technology India Private limited (TSCIN)	Selling and buying of barcode printers and relevant components	100%	100%	100%	-
The Company	Mosfortico Investments sp. z o.o. (TSCPL)	General investment	100%	-	-	Note 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%	100%	-
TSC HK	Shenzhen Printronix Auto ID Technology Co., Ltd. (Shenzhen Printronix Auto ID Technology)	Selling and buying of barcode printers and relevant components	-	100%	100%	Note 3
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Selling and buying of barcode printers and relevant components	100%	100%	100%	-
TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Selling and buying of barcode printers and relevant components	100%	100%	100%	-
DLS	Precision Press & Label, Inc. (PPL)	Selling of a variety of labels and printer consumables	100%	100%	100%	-
TSCPL	MGN sp. z o.o. (MGN) (Note 25)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100%	-	-	Note 1

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

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

Note 3: The company was liquidated and extinguished on August 31, 2023.

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

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

XII. Property, plant and equipment

	September 30, 2023	December 31, 2022	September 30, 2022
Land	$ 227,953	$ 225,340	$ 225,340
Buildings and structures	281,876	258,118	261,769
Machinery and equipment	557,138	463,183	489,988
Other equipment	84,430	77,386	76,841
Equipment to be inspected	9,585	29,498	14,204
	$ 1,160,982	$ 1,053,525	$ 1,068,142

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

Other than the recognized depreciation expenses, there was no significant purchase, disposal or impairment of the consolidated company's property, plant and equipment from January 1 to September 30, 2022.

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

Buildings and structures	
Offices	38-52 years
Factories and auxiliary equipment	17-37 years
Indoor decoration engineering	5 years
Machinery and molding equipment	3-20 years
Office and other equipment	1-20 years
Lease hold improvements	5-10 years
Transportation equipment	7 years

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

XIII. Lease agreement

(I) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of right-of-use assets			
Buildings	$ 146,089	$ 176,698	$ 202,749
Transportation equipment	11,887	4,191	3,976
Machinery and equipment	17,923	-	-
	$ 175,899	$ 180,889	$ 206,725

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Purchase of right-of-use assets	$ 5,828	$ -	$ 65,298	$ 5,496
Depreciation of right-of-use assets				
Buildings	$ 24,573	$ 21,725	$ 69,509	$ 63,404
Transportation equipment	1,824	763	3,536	2,613
Machinery and equipment	735	-	735	-
	$ 27,132	$ 22,488	$ 73,780	$ 66,017
Sublease incomes from right-of-use assets (rental incomes)	($ 2,534)	($ 2,534)	($ 7,438)	($ 8,056)

In June 2023, the consolidated company acquired right-of-use assets for NTD 26,043 thousand and lease liabilities for NTD 18,920 thousand through equity acquisition. Please refer to Note 25 for relevant information.

Other than the purchase and recognized depreciation expenses above listed, there was no significant sublease or impairment of the consolidated company's right-of-use assets from January 1 to September 30, 2022.

(II) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of lease liabilities			
Current	$ 94,059	$ 92,735	$ 95,749
Non-current	$ 71,446	$ 95,534	$ 117,038

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

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	0.25%~6.50%	0.25%~4.68%	0.25%~4.50%
Transportation equipment	0.25%~4.75%	0.25%~2.27%	0.25%~2.27%
Machinery and equipment	1.60%~3.70%	-	-

(III) Important activities and clauses as a lessee

The consolidated company leases certain buildings, transportation equipment and machinery equipment for offices, plants, company vehicles and daily operations, with lease periods of 1 to 6 years. For the offices and warehouses in the United States, it is agreed that the lease payment will be increased by 2.5% to 3% per year; in addition, the lease payment of the office in India will be adjusted by 5% per year.

(IV) Other information on leases

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term lease expenses	$ 304	$ 206	$ 838	$ 744
Low-value asset lease expenses	($ 341)	$ 2,636	$ 9,229	$ 7,998
Total cash (outflow) for leases			($ 100,051)	($ 106,447)

The consolidated company chooses to exempt the recognition of office equipment leases qualified for short-term leases and low-value asset leases. In other words, no right-of-use assets or liabilities will be recognized for such leases.

XIV. Goodwill

	January 1 to September 30, 2023	January 1 to September 30, 2022
Cost		
Balance at the beginning of the period	$ 1,058,071	$ 953,676
Acquisition through business combination (Note 25)	338,676	-
Net exchange difference	49,136	140,226
Balance at the end of the period	$ 1,445,883	$ 1,093,902

The consolidated company has on June 12, 2023 acquired MGN and generated goodwill valued at PLN 45,007 thousand (equivalent to NT$338,676 thousand). This amount is mainly due to the expected MGN product market and competitive advantage which in turn drives the operating income growth and expansion of the Group's operating scale.

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Printer business	$ 904,238	$ 860,525	$ 889,666
Label business	541,645	197,546	204,236
	$ 1,445,883	$ 1,058,071	$ 1,093,902

XV. Other Intangible Assets

	September 30, 2023	December 31, 2022	September 30, 2022
Knowhow & technology	$ 34,637	$ 43,557	$ 49,097
Customer relations	112,575	117,293	131,315
Patent rights	1,581	6,326	7,907
Software cost	65,151	33,743	31,919
	$ 213,944	$ 200,919	$ 220,238

Except for the addition of computer software and the recognition of amortization expenses, there was no significant disposal or impairment of the other intangible assets of the consolidated company from January 1 to September 30, 2023 and 2022.

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

Licensed technology	5-10 years
Customer relations	7-15 years
Patent rights	8 years
Software cost	1-10 years

XVI. Other non-current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Prepayment of equipment amount	$ 76,567	$ 58,819	$ 50,290
Other financial asset (I)	42,873	-	-
Refundable deposits	11,864	9,135	9,246
Others	1,351	1,025	1,193
	$ 132,655	$ 68,979	$ 60,729

(I) The consolidated company deposited EUR 1,292 thousand (equivalent to NT$43,465 thousand) to a third party escrow account on the closing date for the acquisition of MGN as the final payment. This is to ensure transaction security for both parties. The escrow period lasts for 18 months starting from the closing date. The amount in the account will be released in whole to the selling party upon the expiration of the period on the condition that both parties have fulfilled their obligations for the acquisition agreement, and that during this time there are no discoveries made about MGN for any other existing or tax risks, or debts that will result in additional losses to be borne by the consolidated company.

XVII. Loans

(I) Short-term loans

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured loans	$ 1,153,823	$ 876,515	$ 868,378
Annual interest rate (%)	1.68%~6.35%	1.63%~5.49%	0.50%~3.72%
Final maturity	December 22, 2023	March 28, 2023	February 10, 2023

(II) Long-term loans

	September 30, 2023	December 31, 2022	September 30, 2022
Secured borrowings (2)	$ 22,276	$ -	$ -
Unsecured borrowings (1)	717,000	620,000	700,000
Less: portion due within one year	(6,215)	(63,000)	(420,000)
	$ 733,061	$ 557,000	$ 280,000
Annual interest rate (%)	1.65%~9.34%	1.40%~1.50%	1.38%~1.41%
Final maturity	December 15, 2027	October 14, 2025	September 1, 2025

(1) To enhance mid-term working capital, the Company has signed loan agreements with different banks and paid interest incurred periodically. Before the expiry of contracts, short-term loans can be made within the revolving credit lines. There are no revolving credit lines for mid-term or long-term loans. The maturity dates above are based on the end dates of the loan periods. The covenant of the loans with KGI Bank requires the Company to maintain the following financial ratios for annual and interim consolidated financial statements:

1. The liability ratio must not exceed 150%.

2. (Cash and cash equivalents + annualized EBITDA)/(short-term borrowings + medium- and long-term borrowings due within one year) must not be less than 1.

(2) The self-owned lands, buildings, machinery and equipment of the consolidated company are pledged as collaterals for the bank loan (refer to Note 30). The maturity date for the loan is in December 2027. The loan interest rate as at September 30, 2023 is 9.34%.

XVIII. Other Payables

	September 30, 2023	December 31, 2022	September 30, 2022
Current			
Salaries and bonuses payable	169,425	$ 192,743	$ 160,657
Employees' remuneration payable	50,816	65,458	37,812
Acquisition price payable (Note 25)	42,873	-	-
Taxes payable	34,614	42,206	38,391
Directors' remuneration payable	25,408	32,729	28,359
Insurance premiums payable	19,442	9,260	7,988
Service fees payable	15,712	13,278	10,938
R&D expenses payable	9,290	7,913	8,347
Equipment amount payable	1,723	4,035	5,087
Others (Note 29)	68,592	62,699	45,153
	$ 437,895	$ 430,321	$ 342,732

XIX. Equity

(I) Ordinary share capital

	September 30, 2023	December 31, 2022	September 30, 2022
Authorized shares (thousand shares)	80,000	80,000	80,000
Authorized share capital	$ 800,000	$ 800,000	$ 800,000
Issued shares (thousand shares)	46,864	42,513	42,477
Issued share capital	$ 468,641	$ 425,129	$ 424,769

Changes in the Company's share capital are mainly due to capitalization of earnings through the issuance of new shares; and exercising of employee stock option.

The face value per ordinary share issued is NT$10. Each share is entitled to one voting right and one right to dividends.

(II) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset losses, issue cash or appropriate to share capital (1)			
Premium of share issuance	$ 468,286	$ 423,085	$ 422,185
Difference between the actual disposal price and book value of the subsidiaries' equity (Note 26)	1,984	1,984	1,984
May be used to offset losses only			
Lapsed stock options	123,244	122,907	122,896
Exercised employee stock options	37,586	22,210	22,210
May not be used for any purposes (2)			
Employee stock options	35,642	45,659	43,947
	$ 666,742	$ 615,845	$ 613,222

1. This type of capital surplus may be used to offset losses or to issue cash dividends or appropriate share capital in the absence of losses. Share capital appropriation is limited to a certain percentage of paid-in capital each year.
2. Capital surplus generated due to the issuance of employee stock options may not be used for any purposes.

(III) Retained earnings and dividend policy

According to the earnings distribution policy stated in the Company's Articles of Incorporation, any earnings for the year should be used to pay taxes according to laws, offset losses from prior years and then appropriate 10% as legal reserves and recognize or reverse any special reserves required by laws. The remaining balance, along with accumulative and undistributed earnings from the previous year, may be used for earnings distribution. However, a portion may be reserved for business needs before the issuance of dividends to shareholders. The Company is in a growth stage. To fund the future operation and development, the Board of Directors proposes the earnings distribution and the issuance of dividends to shareholders is proceeded after resolution from the shareholders' meeting. The Company's policy regarding employees' remuneration and directors' remuneration is stated in the Articles of

Incorporation. Please refer to Note 21 (7) for employees' remuneration and directors' remuneration.

According to the Company's Articles of Incorporation, the percentage of earnings to be distributed according to the resolution, in principle, may not fall below 10% of the distributable earnings for the year. Dividends may be issued in cash or with shares. The percentage of dividends distributed in cash may not fall below 10% of the total dividends. However, stock dividends will be issued in lieu of cash dividends below NT$0.2 per share.

Appropriation to the legal reserve shall continue and may stop when the legal reserve reaches the same amount as the paid-in capital. The legal reserve may be used to offset losses. If the legal reserve exceeds 25% of the paid-in capital and there are no losses, the exceeding portion may be distributed in cash.

The Company held the Annual Shareholder's Meetings on June 16, 2023 and June 17, 2022 for the resolution of the 2022 and 2021 earnings distribution as follows:

	Earnings distribution		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 96,973	$ 78,396		
Stock dividends	42,522	-	$ 1	
Cash dividends	552,785	467,246	$ 13	$ 11
	$ 692,280	$ 545,642		

(IV) Other equity

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

	January 1 to September 30, 2023	January 1 to September 30, 2022
Balance at the beginning of the period	($ 102,247)	($ 294,269)
Incurred during the period		
Exchange differences on translation of financial statements of foreign operations	133,420	330,990
Relevant income taxes	(26,684)	(64,424)
Disposal of foreign subsidiaries' equity (Note 26)	-	(8,871)
Balance at the end of the period	$ 4,489	($ 36,574)

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

	January 1 to September 30, 2023	January 1 to September 30, 2022
Balance at the beginning of the period	$ 592,116	$ 647,451
Unrealized gain of financial assets measured at fair value through other comprehensive incomes	167,240	74,905
Balance at the end of the period	$ 759,356	$ 722,356

XX. Revenue

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Revenue from contracts with customers				
Barcode printers	$ 1,104,935	$ 1,073,629	$ 3,308,314	$ 3,188,882
Labels and printer consumables	847,836	792,679	2,435,347	2,204,300
Barcode printer components and others	154,921	113,802	466,721	391,303
	$ 2,107,692	$ 1,980,110	$ 6,210,382	$ 5,784,485

(I) Explanations of revenue from contracts with customers

The consolidated company primarily sells barcode printers and relevant components to China, Taiwan, other parts of Asia, Europe and the Americas.

According to the consolidated company's agreement with distributors, if the purchase of certain models by distributors reaches the contracted volume, the consolidated company will provide incentives at a percentage of the procurement value or retrospective unit price reductions for certain models. Based on past experiences and considering various agreement terms and conditions, the consolidated company estimates the possible rewards and incentives amount and recognizes refund liabilities (as other current liabilities) accordingly. As of September 30, 2023 and December 31, 2022 and September 30, 2022, the consolidated company estimated the refund liabilities at NT$112,280 thousand, NT$91,058 thousand and NT$132,560 thousand, respectively.

(II) Breakdown of revenue from contracts with customers

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Main markets				
Taiwan and other parts of Asia	$ 265,152	$ 270,579	$ 885,189	$ 824,962
China	308,427	255,367	917,480	789,253
America	1,014,319	1,055,416	3,089,266	3,045,063
Europe	519,794	398,748	1,318,447	1,125,207
	$ 2,107,692	$ 1,980,110	$ 6,210,382	$ 5,784,485

XXI. Additional information about net income during the period

Net income during the period includes the following:

(I) Interest income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Bank deposits	$ 1,883	$ 1,117	$ 6,683	$ 2,421

(II) Other incomes

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Dividend income	$ -	$ -	$ 59,200	$ 37,000
Rental incomes (Note 13)	2,534	2,534	7,438	8,056
Others	6,686	(284)	11,065	9,166
	$ 9,220	$ 2,250	$ 77,703	$ 54,222

(III) Other gains and losses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net exchange gain	$ 28,604	$ 65,341	$ 52,229	$ 130,403
Loss from financial instruments measured at fair value through profit or loss	(4,317)	(25,791)	(13,310)	(52,626)
Gains (losses) on disposal of property, plant and equipment	9	(2,186)	821	(1,315)
Gain (loss) on lease modification	3	(1,567)	19	619
Other losses	(586)	(425)	(2,005)	(2,284)
	$ 23,713	$ 35,372	$ 37,754	$ 74,797

(IV) Financial cost

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Bank loan interests	$ 15,504	$ 4,883	$ 37,521	$ 11,499
Lease liability interests	1,713	2,140	5,210	7,045
	$ 17,217	$ 7,023	$ 42,731	$ 18,544

(V) Depreciation and amortization

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Property, plant and equipment	$ 31,488	$ 26,345	$ 88,293	$ 76,538
Right-of-use assets	27,132	22,488	73,780	66,017
Intangible assets	17,610	20,263	50,748	58,792
	$ 76,230	$ 69,096	$ 212,821	$ 201,347
Deprecation by function				
Operating costs	$ 39,518	$ 35,079	$ 114,276	$ 100,878
Operating expenses	19,102	13,754	47,797	41,677
	$ 58,620	$ 48,833	$ 162,073	$ 142,555
Amortization by function				
Operating costs	$ 257	$ 262	$ 737	$ 576
Operating expenses	17,353	20,001	50,011	58,216
	$ 17,610	$ 20,263	$ 50,748	$ 58,792

(VI) Employee benefit expenses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Shor-term employee benefits	$ 401,047	$ 363,711	$ 1,130,005	$ 1,060,486
Retirement benefits				
Defined contributions	11,363	12,721	35,126	35,963
Defined benefits	75	37	224	111
Share-based payment (Note 24)				
Equity settled	3,299	1,723	5,696	12,990
Other employee benefits	17,100	13,795	46,741	41,487
Total employee benefit expenses	$ 432,884	$ 391,987	$ 1,217,792	$ 1,151,037
Summary by function				
Operating costs	$ 173,826	$ 167,881	$ 493,850	$ 490,103
Operating expenses	259,058	224,106	723,942	660,934
	$ 432,884	$ 391,987	$ 1,217,792	$ 1,151,037

(VII) Employees' remuneration and directors' remuneration

In case of profits during the year, the Company shall allocate at least 2% but no more than 10% of the profits as employees' remuneration. The employees' remuneration is issued in cash or wish shares according to the decision by the Board of Directors. Eligible employees include the employees working for controlled or subordinated companies and meeting certain criteria defined by the Board of Directors. The Company may allocate up to 5% of the abovementioned profits as directors' remunerations according to the decision by the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting. In case of accumulated losses, profits should be used to offset the losses before distributing the aforesaid percentage as employees' remuneration and directors' remuneration. The estimated employees' remuneration and directors' remuneration from July 1 to September 30, 2023 and 2022, and January 1 to September 30, 2023 and 2022, respectively, are as follows:

Estimated and recognized percentage

	January 1 to September 30, 2023	January 1 to September 30, 2022
Employees' remuneration	5.0%	4.0%
Directors' remuneration	2.5%	3.0%

Amount

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Employees' remuneration	$ 15,413	$ 13,153	$ 50,816	$ 37,812
Directors' remuneration	$ 7,706	$ 9,865	$ 25,408	$ 28,359

In case of changes in the amounts after the approval and publication of annual consolidated financial statements, the difference shall be treated as changes in accounting estimates and recognized during the following year.

The employees' remuneration and directors' remuneration for 2022 and 2021 as determined by the Board of Directors on March 15, 2023 and March 28, 2022, respectively, are as follows:

	2022	2021
Employees' remuneration	$ 65,458	$ 42,545
Directors' remuneration	32,729	31,909
	$ 98,187	$ 74,454
Amounts recognized in financial statements	$ 98,187	$ 74,454

The information about the Company's employees' remuneration and directors' remuneration as determined by the Board of Directors is available on Taiwan Stock Exchange's Market Observation Post System.

(VIII) Exchange gain (loss)

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Total exchange gain	$ 64,714	$ 97,229	$ 142,224	$ 200,298
Total exchange loss	(36,110)	(31,888)	(89,995)	(69,895)
Net gain (loss)	$ 28,604	$ 65,341	$ 52,229	$ 130,403

XX. Income taxes

(I) Income tax recognized in profit and loss

The primary components of income tax expenses are as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Income tax during the period				
Incurred during the period	$ 84,625	$ 63,299	$ 249,325	$ 220,625
Tax on undistributed earnings	-	-	13,873	11,916
Adjustment for the previous year	(7,873)	5,388	(8,969)	5,406
	76,752	68,687	254,229	237,947
Deferred income tax				
Incurred during the period	14,863	33,805	32,316	43,734
Income tax expenses recognized in profit and loss	$ 91,615	$ 102,492	$ 286,545	$ 281,681

The income tax rate is 20% for profit-seeking enterprises and the tax rate on undistributed earnings is 5% in Taiwan. The subsidiaries in China are subject to a 25% tax rate, in the U.S. to a 26%~28% tax rate and in Europe about 19%~30%. The tax rates in other jurisdictions are based on the local tax rates applicable.

(II) Income tax assessment

The business income tax filings from the Company and the Company's subsidiaries in Taiwan as profit-seeking enterprises up to 2021 have been assessed by the tax authorities.

XXIII. Earnings per share

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Basic earnings per share	$ 4.89	$ 5.25	$ 16.26	$ 14.96
Diluted earnings per share	$ 4.83	$ 5.21	$ 16.05	$ 14.83

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

Unit: NTD per share

	Before retrospective adjustment		After retrospective adjustment	
	July 1 to September 30, 2022	January 1 to September 30, 2022	July 1 to September 30, 2022	January 1 to September 30, 2022
Basic earnings per share	$ 5.77	$ 16.46	$ 5.25	$ 14.96
Diluted earnings per share	$ 5.73	$ 16.32	$ 5.21	$ 14.83

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

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net income attributable to the shareholders of the Company	$ 229,533	$ 245,376	$ 761,701	$ 699,298
Net income used for the calculation of earnings per share	$ 229,533	$ 245,376	$ 761,701	$ 699,298

Number of shares

Unit: Thousand shares

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Weighted average number of ordinary shares used for the calculation of earnings per share	46,934	46,748	46,831	46,733
Effects of dilutive potential ordinary shares:				
Employee stock options	342	91	346	116
Employees' remuneration	210	226	289	299
Average weighted number of ordinary shares used for	47,486	47,065	47,466	47,148

the calculation of dilutive
earnings per share

The consolidated company can opt to issue employees' remuneration with shares or in cash. The calculation of diluted earnings per share should assume the remuneration is paid with shares. The dilute potential ordinary shares should be included in the weighted average number of shares outstanding for the calculation of diluted earnings per share. The calculation of diluted earnings per share before the decision on the issuance of shares as employees' remuneration in the following year should also take into account the effects of dilutive ordinary shares.

XXIV. Shares-based Payment Agreement

The Company granted 855 employee stock options in August 2023. Each option can subscribe to 1,000 ordinary shares. These options were issued to the employees working for the Company and the subsidies and meeting certain criteria.

The time to maturity of these options is five years. The exercisable percentages in different years are as follows:

(I) Up to 50% on the day following two years in issuance.

(II) Up to 75% on the day following three years in issuance.

(III) Up to 100% on the day following four years in issuance.

The information on the employee stock options issued by the consolidated company is as follows:

	January 1 to September 30, 2023		January 1 to September 30, 2022	
Employee stock options	Unit	Weighted average exercise price (NT$)	Unit	Weighted average exercise price (NT$)
Outstanding at the beginning of the period	895.5	$159.9-194.8	945.0	$170.8-208.1
Granted during the period	855.0	241.0	-	-
Given up due to departure	(15.0)	159.9	(2.5)	159.9
Exercised during the period	(336.0)	137.9-168.0	(36.0)	159.9
Outstanding at the end of the period	1,399.5	137.9-241.0	906.5	159.9-194.8
Exercisable at the end of the period	307.13	-	421.75	-
Weighted average fair value of the granted stock options during the period (NT$)	$ 47.76		$ -	
Weighted average time to maturity (years)	1.75~4.87		2.75~3.52	

As of the balance sheet date, the information of the employee stock options outstanding is as follows:

Range of exercise prices (NT$)	Employee stock options outstanding: No. of units	Employee stock options outstanding: Weighted average time to maturity (years)
September 30, 2023		
$ 137.9	523.5	1.75
$ 168.0	21.0	2.52
$ 241.0	855.0	4.87
December 31, 2022		
$ 159.9	868.5	2.5
$ 194.8	27.0	3.27
September 30, 2022		
$ 159.9	879.5	2.75
$ 194.8	27.0	3.52

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

The valuation of the employee stock options granted in August 2023 is based on the Black-Scholes model, with the inputs as follows:

	August 2023
Share price on granted day	NTD 241
Exercise price	NTD 241
Expected volatility	22.83%~23.82%
Time to maturity	3.5~4.5 years
Expected dividend yield	0%
Risk-free rate	1.05%~1.08%

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

The remuneration costs recognized from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, are NT$3,299 thousand, NT$1,723 thousand, NT$5,696 thousand and NT$12,990 thousand, respectively.

XXV. Business combinations

(I) Acquisition of subsidiaries

	Principal activities	Acquisition date	Proportion of voting equity interests acquired (%)	Consideration transferred
MGN	Printer consumables and customized design, integration, production and marketable of a variety of labels	June 12, 2023	100	$ 406,168

For the purpose of enhancing brand competitiveness and expanding the Europe labelling paper market, the consolidated company has acquired 100% of the shares of MGN sp. z o.o. on June 12, 2023. The initial acquisition consideration was PLN 53,976 thousand (equivalent to NT$406,168 thousand). There may be some changes made to the total transaction price depending on the contingent consideration and other contracts relating to the profit conditions of MGN in the coming three years after the settlement.

(II) Consideration transferred

	MGN
Cash	$ 362,703
Payable - final payment for acquisition (Note 1)	43,465
Total	$ 406,168

1. According to the acquisition agreement, the consolidated company deposited EUR 1,292 thousand (equivalent to NTD 43,465 thousand) in the third-party escrow account 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.

(III) Assets acquired and liabilities assumed on acquisition date

	MGN
Current assets	
Cash	$ 4,213
Accounts receivable	80,762
Inventory	58,682
Prepaid expenses	2,557
Other current assets	2,319
Non-current assets	

Property, plant and equipment	73,968
Right-of-use assets	26,043
Intangible assets	1,584
Other non-current assets	48,801
Current liabilities	
Accounts payable	(126,667)
Short-term loans	(8,789)
Other payables	(33,003)
Income tax liability during the period	(422)
Lease liabilities	(6,215)
Long-term loans maturing within one year	(7,335)
Other current liabilities	(11,544)
Non-current liabilities	
Long-term loans	(19,094)
Deferred income tax liabilities	(1,752)
Lease liabilities	(12,705)
Other non-current liabilities	(3,911)
	$ 67,492

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

(IV) Goodwill derived from acquisition

	MGN
Consideration transferred	$ 406,168
Less: fair value of net identifiable assets acquired	(67,492)
Goodwill derived from acquisition	$ 338,676

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

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

(V) Net cash outflow for acquisition of subsidiaries

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

(VI) Effect of business combination on operating performance

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

	MGN
Operating incomes	$ 174,238
Profit before tax	$ 3,503

If the acquisition of MGN in June 2023 occurred on January 1, 2023, the consolidated company would have a pro forma operating revenue of NTD 388,232 thousand and a pro forma net profit of NTD 13,733 thousand for the nine months ended September 30, 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.

XXVI. Disposal of subsidiaries under the restructuring

In order to simplify the organizational structure of the Group and enhance operating efficiency, the Company signed an equity transaction agreement with its subsidiary TSCAA on July 1, 2022, selling the 5% PTNX US equity that the Company held. The board has resolved the merger base date to be July 1, 2022 and that TSCAA will merge with its 100%-owned subsidiary PTNX US. This transaction belongs to the organizational reorganization under common control and is treated as an equity transaction.

(I) Consideration received

	PTNX US
Total consideration received	$ 48,219

(II) Analysis of assets and liabilities for loss of control

	PTNX US
Current assets	
Cash and Cash Equivalents	$ 2,010
Accounts receivable, net	4,192
Accounts receivable – affiliated parties, net	1,012
Other receivables – affiliated parties	2,354
Inventory	2,516
Prepayments	1,056

Other current assets	10
Non-current assets	
Property, plant and equipment	48
Intangible assets	18
Goodwill	27,738
Customer relations	277
Knowhow & technology	842
Deferred income tax assets	13,676
Current liabilities	
Accounts payable	(2,643)
Other payables	(931)
Income tax liability during the period	(234)
Liability reserve	(23)
Other current liabilities	(90)
Non-current liabilities	
Deferred income tax liabilities	(814)
Other non-current liabilities	(1,744)
Disposal of net assets	$ 49,270

(III) Equity transaction differences

	PTNX US
Consideration received	$ 48,219
Disposal of net assets	(49,270)
Adjustments to exchange differences on translation of financial statements of foreign operations (Note 19)	(8,871)
Equity transaction differences (recognized as capital surplus reduction)	($ 9,922)

TSCAA recognizes the book value of PTNX US held by the parent company under the equity method as of July 1, 2022, as the accounting basis for the acquisition. The excess of the acquisition price over the carrying value of PTNX US's net assets was adjusted to capital surplus of NT$9,922 thousand. Except for the income tax recognized directly in equity, the above transaction did not affect the preparation of the financial statements of the Group.

XXVII. Capital Risk Management

The policy adopted by the Board of Directors seeks to sustain a robust capital structure, maintain the confidence from investors, creditors and the market and support the operational development going forward. The capital management of the consolidated company intends to protect the going concern capability, continue to create shareholder returns and other stakeholders' interest, maintain the optimal capital structure and reduce the cost of capital.

To maintain or adjust the capital structure, the consolidated company may adjust shareholders' dividends, reduce capital by returning funds to shareholders, issue new shares, repurchase shares, raise new debts, or repay existing debts.

The consolidated company controls and manages capital structure with the liability ratio. This ratio is calculated by dividing total liabilities by total assets. The consolidated company adopts a capital management strategy to keep the liability ratio at no more than 60%, and thereby ensures access to funding at reasonable a cost. The liability ratios for different time periods are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Total liabilities	$ 4,113,566	$ 3,544,044	$ 3,641,481
Total equity	$ 5,287,874	$ 4,750,725	$ 4,673,525
Total assets	$ 9,401,440	$ 8,294,769	$ 8,315,006
Liability ratio	43.75%	42.73%	43.79%

XXVIII. Financial instruments

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

1. Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 1,711	$ -	$ 1,711
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
-Equity investment	$1,265,400	$ -	$ -	$1,265,400

Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 418	$ -	$ 418

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ 1,798	$ -	$ 1,798
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
-Equity investment	$1,098,160	$ -	$ -	$1,098,160
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 1,984	$ -	$ 1,984

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivatives	$ -	$ -	$ -	$ -
Financial assets measured at fair value through other comprehensive incomes				
Marketable securities listed on TPEx				
-Equity investment	$1,228,400	$ -	$ -	$1,228,400
Financial liabilities measured at fair value through profit or loss				
Derivatives	$ -	$ 20,105	$ -	$ 20,105

There was no transfer between Level 1 and Level 2 fair values from January 1 to September 30, 2023 and 2022.

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

Types of financial instruments	Valuation techniques and input values
Derivatives – currency forwards and currency swaps	Discounted cash flows: Future cash flows are estimated based on observable forward exchange rates and contract rates at the end of the period and discounted with a rate reflective of credit risks of counterparties.

(II) Types of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
Financial Assets			
Measured at fair value through profit or loss			
Designated at fair value through profit or loss	$ 1,711	$ 1,798	$ -
Financial assets measured at amortized cost (Note 1)	2,840,618	2,543,505	2,168,527
Financial assets measured at fair value through other comprehensive incomes - equity instrument investments	1,265,400	1,098,160	1,228,400
Financial Liabilities			
Measured at fair value through profit or loss			
Held for trading	418	1,984	20,105
Measured at amortized cost (Note 2)	2,885,607	2,334,395	2,414,622

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

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

(III) Financial risk management objectives and policy

The financial risk management by the consolidated company is to manage the market risks (including exchange rate risks, interest rate risks and other price risks), credit risks and liquidity risks associated with operational activities. To reduce relevant financial risks, the consolidated company strives to identify, assess and hedge market uncertainty to mitigate the potential and adverse impact of market changes on the financial performance.

The consolidated company's important financing activities are reviewed by the Board of Directors and Audit Committee according to relevant regulations and the internal control system.

1. Market risks

The primary financial risks that the consolidated company is exposed to due to operating activities are foreign exchange rate risks (Note 1) and interest rate risks (Note 2). The company engages in certain derivatives transactions to manage the foreign exchange risks and interest rate risks. Currency forwards are the main instrument to hedge exchange rate risks incurred by exporting barcode printers to Europe and Americas.

There has been no change in the consolidated company's risk exposure in the financial instrument market and methods to manage and measure such exposure.

(1) Exchange rate risks

The consolidated company manages exchange rate risks by using currency forwards and currency swaps within the range allowed by policy.

Please refer to Note 28 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items cancelled out in the consolidated financial statements) on the balance sheet date.

Sensitivity Analysis

The consolidated company is primarily subject to the exchange rate volatility of the US dollars, the Euro, Chinese yuan, and Japanese yen.

The table below details the consolidated company's sensitivity analysis of the impact when the NT dollars (functional currency) appreciates and depreciates by 3% again different foreign currencies. Positive numbers in the table below indicate the amount increased in profits before tax, with the NT dollars depreciating by 3% against different currencies. Negative numbers indicate the amount decreased in profits before tax, with the NT dollars appreciating by 3% against different currencies.

	Gains and losses	
	January 1 to September 30, 2023	January 1 to September 30, 2022
United States dollars	$ 12,116 (i)	$ 23,829 (i)
Euro	7,573 (ii)	7,908 (ii)
Chinese Yuan	1,974 (iii)	2,307 (iii)
Japanese Yen	(1,219) (iv)	(1,915) (iv)

(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 Euro and outstanding on the balance sheet date, without hedged cash flows.

(iii) This is primarily due to the consolidated company's accounts receivable, bank deposits and accounts payable denominated in Chinese yuan and outstanding on the balance sheet date, without hedged cash flows.

(iv) This is primarily due to the consolidated company's bank deposits and accounts payable denominated in Japanese yen and outstanding on the balance sheet date, without cash flows hedged.

(2) Interest rate risks

The carrying amounts of the consolidated company's financial assets and financial liabilities exposed to interest rate risks on the balance sheet date are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risks			
- Financial assets	$ 448,832	$ 676,360	$ 330,000
- Financial liabilities	1,319,328	1,064,784	1,081,165
Cash flow interest rate risks			
- Financial assets	696,320	341,228	386,963
- Financial	739,276	620,000	700,000

liabilities

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

<u>Sensitivity Analysis</u>

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$322 thousand and increase/decrease by NT$2,348 thousand from January 1 to September 30, 2023, and from January 1 to September 30, 2022, respectively, primarily due to floating-rate bank deposits and bank loans.

The consolidated entity became less sensitive to interest rates this year mainly due to an increase in variable-interest financial assets.

(3) Other price risks

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

<u>Price Sensitivity Analysis</u>

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$12,654 thousand and by NT$12,284 thousand from January 1 to September 31, 2023 and from January 1 to September 31, 2022, respectively, due to changes in the fair value of financial assets measured at fair value through other comprehensive incomes.

The consolidated company’s rising sensitivity to price risks during this period is primarily due to an increase in the fair value of investees.

2. Credit risks

Credit risks are the consolidated company’s risks of financial losses due to the counterparties’ delay in honoring contractual obligations. The consolidated company’s credit risks primarily come from the cash generated from operating activities, bank deposits, accounts receivable and other financial instruments in investing activities.

Financial credit risks

The consolidated company controls the risk exposure to every financial institution. Bank deposits are with financial institutions of good credits and without major contract performance concerns. Therefore, there are no material credit risks.

Credit risks associated with operations

To reduce credit risks, the consolidated company establishes a credit policy for continued assessment of customers' financial statuses and transaction records. However, no security or guarantee from customers is required. To mitigate credit risks, the consolidated company’s management implements other monitoring procedures to ensure the adoption of appropriate actions for the recovery of overdue receivables. Meanwhile, the consolidated company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate credit loss for the unrecoverable receivables. Hence, the Company’s management does not think there are major credit risks for the consolidated company.

The top ten customers accounted for 39.54% and 31.45% of the consolidated company’s operating incomes from January 1 to September 31, 2023 and from January 1 to September 31, 2022, respectively. To lower the credit risks, the consolidated company periodically assesses the financial statuses of customers and the recoverability of accounts receivable and recognizes appropriate allowance for losses accordingly.

3. Liquidity risks

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

(1) Table of Liquidity and Interest Rate Risks of Non-Derivative Financial Liabilities

The table below details the maturities of the consolidated company's non-derivative financial liabilities with repayment periods agreed. The analysis is based on the earliest possible repayment dates required and undiscounted cash flows of financial liabilities (including principals and estimated interests). In other words, the earliest and immediate repayment dates required by banks for loans are listed below, without considering the probabilities of banks immediately exercising such rights. The maturity analysis for other non-derivative financial liabilities is produced in reference to the agreed repayment dates.

September 30, 2023

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 992,510	$ -	$ -	$ -
Lease liabilities	22,203	77,521	70,574	-
Floating interest rate instruments	3,333	3,362	733,061	-
Fixed interest rate instruments	1,155,447	-	-	-
	$2,173,493	$ 80,883	$ 803,635	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 99,724	$ 70,574	$ -

December 31, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing	$ 837,880	$ -	$ -	$ -

liabilities				
Lease liabilities	35,165	65,934	95,727	-
Floating interest rate instruments	480	63,000	557,000	-
Fixed interest rate instruments	878,229	-	-	-
	$1,751,754	$ 128,934	$ 652,727	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 101,099	$ 95,727	$ -

September 30, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 846,244	$ -	$ -	$ -
Lease liabilities	37,638	64,002	134,688	-
Floating interest rate instruments	280	420,000	280,000	-
Fixed interest rate instruments	868,900	-	-	-
	$1,753,062	$ 484,002	$ 414,688	$ -

Further information on the lease liability maturities is as follows:

	Within 1 year	1-5 years	5-10 years
Lease liabilities	$ 101,640	$ 134,688	$ -

(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.

September 30, 2023

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Gross settlements				
Currency forwards				
-Inflow	$ 31,788	$ -	$ -	$ -

-Outflow	(32,270)	-	-	-
	($ 482)	$ -	$ -	$ -

December 31, 2022

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

September 30, 2022

	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Gross settlements				
Currency forwards				
-Inflow	$ 153,415	$ -	$ -	$ -
-Outflow	(156,300)	-	-	-
	(2,885)	-	-	-
Currency swaps				
-Inflow	282,401	-	-	-
-Outflow	(301,625)	-	-	-
	(19,224)	-	-	-
	($ 22,109)	$ -	$ -	$ -

(3) Credit facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Secured credit facilities with banks (reviewed annually)			
- Utilized amount	$ 22,276	$ -	$ -
- Available amount	90,356	92,130	95,250
	$ 112,632	$ 92,130	$ 95,250
Unsecured credit facilities with banks (reviewed annually)			
- Utilized amount	$ 1,870,823	$ 1,496,515	$ 1,568,378
- Available amount	1,566,177	2,328,780	2,311,908
	$ 3,437,000	$ 3,825,295	$ 3,880,286

XXIX. Related party transactions

The Company's ultimate controller is Taiwan Semiconductor Co., Ltd., which owned 36.08%, 36.36% and 36.35% of the Company's ordinary shares as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

All the transactions, account balances, incomes and gains, expenses and losses among the Company and its subsidiaries (i.e., the Company's affiliated parties) have been canceled out in the preparation of the consolidated financial statements and hence not disclosed in these notes. Except those disclosed in other notes, the transactions between the consolidated company and other affiliated parties are as follows:

(I) Names of and relations with the affiliated parties

Name of the affiliated party	Relation with the consolidated company
Taiwan Semiconductor Co., Ltd. (Taiwan Semiconductor)	The Company's parent
Tianjin Everwell Technology Co., Ltd. (Tianjin Everwell)	Affiliated company
Yangxin Everwell Electronic Co., Ltd. (Yangxin Everwell)	Affiliated company
TSC America, Inc. (TSCA)	Affiliated company
Taiwan Semiconductor Europe GmbH (TSCE)	Affiliated company

(II) Operating incomes

Itemized account	Affiliated party category	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Revenues	Parent company	$ -	$ -	$ 16	$ 8
	Affiliated company	34	2	41	2
		$ 34	$ 2	$ 57	$ 10

(III) Purchase

Affiliated party category	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Parent company	$ 77	$ 141	$ 436	$ 1,809

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	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable – affiliated parties	Parent company	$ 9	$ -	$ -

	Affiliated company	19	48	2
		$ 28	$ 48	$ 2
Other receivables – affiliated parties	Affiliated company	$ 1,697	$ 1,736	$ 1,616

No guarantee was obtained for the outstanding receivables from affiliated parties. No allowance for losses was recognized for receivables from affiliated parties from January 1 to September 30, 2023 and from January 1 to September 30, 2022.

(V) Payables to affiliated parties

Itemized account	Affiliated party category	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable – affiliated parties	Parent company	$ 253	$ 101	$ 211
Other payables – affiliated parties	Parent company	$ -	$ 94	$ -
	Affiliated company	1,597	1,520	1,571
		$ 1,597	$ 1,614	$ 1,571

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

(VI) Other related party transactions

Itemized account	Affiliated party category	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Lease income	Affiliated company	$ 513	$ 436	$ 1,549	$ 1,328

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

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Shor-term employee benefits	$ 25,884	$ 27,754	$ 83,754	$ 78,567
Retirement benefits	297	81	715	243
Shares-based payment	1,070	638	1,931	4,441
	$ 27,251	$ 28,473	$ 86,400	$ 83,251

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

XXX. Pledged assets

The following assets of the consolidated company have been provided as collateral for borrowings from banks and leasing companies:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	$ 1,883	$ -	$ -
Buildings and structures - Net	6,701	-	-
Machinery and equipment - net	25,987	-	-
	$ 34,571	$ -	$ -

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)

September 30, 2023

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
United States dollars	$ 25,621	32.270 (USD: NTD)	$ 826,790
Euro	19,450	33.910 (EUR: NTD)	659,550
Chinese Yuan	56,319	4.415 (CNY: NTD)	248,648
			$ 1,734,988
Liabilities denominated in foreign currencies			
Monetary items			
United States dollars	13,106	32.270 (USD: NTD)	$ 422,931
Euro	12,006	33.910 (EUR: NTD)	407,123

Chinese Yuan	41,414	4.415 (CNY: NTD)	182,843
Japanese Yen	188,169	0.216 (JPY: NTD)	40,645
			$ 1,053,542

December 31, 2022

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

September 30, 2022

	Foreign currency	Exchange rate	Carrying amount
Assets denominated in foreign currencies			
Monetary items			
United States dollars	$ 31,238	31.750 (USD: NTD)	$ 991,807
Euro	19,968	31.260 (EUR: NTD)	624,200
Chinese Yuan	63,391	4.473 (CNY: NTD)	283,548
			$ 1,899,555
Liabilities denominated in foreign currencies			
Monetary items			
United States dollars	6,221	31.750 (USD: NTD)	$ 197,517

Euro	11,535	31.260 (EUR: NTD)	360,584
Chinese Yuan	46,201	4.473 (CNY: NTD)	206,657
Japanese Yen	290,039	0.2201 (JPY: NTD)	63,837
			$ 828,595

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

	July 1 to September 30, 2023		July 1 to September 30, 2022	
Foreign currency	Exchange rate	Net exchange gain (loss)	Exchange rate	Net exchange gain (loss)
United States dollars	32.27 (USD: NTD)	$ 15,021	31.75 (USD: NTD)	$ 40,681
Euro	33.91 (EUR: NTD)	(6,188)	31.26 (EUR: NTD)	1,995
Chinese Yuan	4.415 (CNY: NTD)	3,578	4.473 (CNY: NTD)	869
Japanese Yen	0.216 (JPY: NTD)	(1,661)	0.2201 (JPY: NTD)	(2,602)
		$ 10,750		$ 40,943

	January 1 to September 30, 2023		January 1 to September 30, 2022	
Foreign currency	Exchange rate	Net exchange gain	Exchange rate	Net exchange gain
United States dollars	32.27 (USD: NTD)	$ 22,795	31.75 (USD: NTD)	$ 79,199
Euro	33.91 (EUR: NTD)	11,708	31.26 (EUR: NTD)	3,344
Chinese Yuan	4.415 (CNY: NTD)	2,421	4.473 (CNY: NTD)	4,607
Japanese Yen	0.216 (JPY: NTD)	580	0.2201 (JPY: NTD)	920
		$ 37,504		$ 88,070

XXXII. Supplementary disclosure

(I) Information on significant transactions:

1. Loans to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Position of marketable securities at the end of the period (excluding subsidiaries): Table 3.
4. Cumulative purchase or sale of the same marketable security for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: Attached Table 4.
5. Acquisition of real estates for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: none

6. Disposal of real estimates for at least NT$300 million or at an amount equivalent to 20% of the paid-in capital: none
7. Purchase from and sale to affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital: Table 5.
8. Receivables from affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital: Table 6.
9. Transaction of derivatives: Note 8.
10. Other information: business relations and significant transactions (circumstances and amounts) between the parent company and subsidiaries and among subsidiaries: Table 7.

(II) Information on investees: Table 8.

(III) Information on investments in China:

1. Names of investees in China, major businesses, paid-in capitals, investment methods, inward and outward remittances, shareholding percentages, investment gains (losses), carrying amounts of investments at the end of the period, repatriated investment gains (losses) and ceiling on investments in China: Table 9
2. Significant transactions with investees in China directly or indirectly through third regions; prices, payment terms and unrealized profits or losses of such transactions: Table 10.
   (1) Purchase amounts and percentages, balances and percentages of corresponding payables as of the end of the period.
   (2) Sale amounts and percentages, balances and percentages of corresponding receivables as of the end of the period.
   (3) Property transaction amounts and resulting gains (losses).
   (4) Purchases and balances of check endorsements and guarantees and the offering of collaterals as of the end of the period.
   (5) Maximum balance, end-of-period balance, interest rate range and interest expenses of borrowings during the period.
   (6) Other transactions (such as offering and receiving of services) with significant influence on profit or loss or financial status during the period.

(IV) Information on major shareholders: names, shareholding amounts and percentages of the shareholders with at least 5% stakes: Table 11.

XXXIII. Segment information

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

Segment Revenues and Operating Results

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

	January 1 to September 30, 2023			
	Segment A	Segment B	Intersegment adjustment	Total
Revenue				
Revenue from external customers	$ 3,775,035	$ 2,435,347	$ -	$ 6,210,382
Intersegment revenue	1,126	1,979	(3,105)	-
Total revenue	$ 3,776,161	$ 2,437,326	($ 3,105)	$ 6,210,382
Segment profit (loss)	$ 1,199,533	$ 124,624	($ 275,911)	$ 1,048,246

	January 1 to September 30, 2022			
	Segment A	Segment B	Intersegment adjustment	Total
Revenue				
Revenue from external customers	$ 3,580,185	$ 2,204,300	$ -	$ 5,784,485
Intersegment revenue	190	-	(190)	-
Total revenue	$ 3,580,375	$ 2,204,300	($ 190)	$ 5,784,485
Segment profit (loss)	$ 1,008,989	$ 216,270	($ 244,280)	$ 980,979

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

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

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

Loans to Others

January 1 to September 30, 2023

Table 1

Unit: NT$ thousand unless otherwise indicated

No. (Note 1)	Financing company	Counter-party	Financial statement account (Note 2)	Related party	Maximum balance for the period (Notes 3, 6)	Balance at the end of the period (Note 3, 6, 7)	Amount actually drawn (Note 6)	Interest rate range	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 4)	Financing company's total financing amount limits (Note 5)
													Name	Value		
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology America Inc.	Other receivables – affiliated parties	Yes	$ -	$ -	$ -	-	-	$ -	-	$ -	None	$ -	$ -	$ -
0	TSC Auto ID Technology Co., Ltd.	Diversified Labeling Solutions Inc.	Other receivables – affiliated parties	Yes	322,700 (USD 10,000 thousand)	322,700 (USD 10,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,057,575	2,115,150
0	TSC Auto ID Technology Co., Ltd.	Mosfortico Investments sp. z o.o.	Other receivables – affiliated parties	Yes	169,550 (EUR 5,000 thousand)	169,550 (EUR 5,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,057,575	2,115,150
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH	Other receivables – affiliated parties	Yes	33,910 (EUR 1,000 thousand)	33,910 (EUR 1,000 thousand)	-	-	The need for short-term financing	-	Operating capital	-	None	-	1,057,575	2,115,150

Note 1: Numbers in the column:

(1) 0 for the Company.

Note 2: This field is required for the accounts receivable from affiliated companies, accounts receivable from affiliated parties, transactions with shareholders, prepayments, temporary payments, etc. that are lending in nature.

Note 3: The maximum balance during the period and the balance as of the end of the period refer to the quotas determined by the Board of Directors, not the amounts actually utilized.

Note 4: Any need for short-term financing from the Company is capped at 20% of the book value of its most recent financial statements as audited or reviewed by CPAs.

Note 5: The aggregate amount of the Company's lending to others is capped at 40% of the book value of its most recent financial statements as audited or reviewed by CPAs.

Note 6: Foreign currency amounts in this table based on exchange rates on September 30, 2023. NT dollars based on US$1 = NT$32.27 or EU$1 = NT33.91.

Note 7: The Company terminated all the credit lines of the U.S. subsidiary, TSC Auto ID Technology America Inc., as approved by a resolution of the Board of Directors on March 15, 2023.

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

Endorsements and Guarantees for Others

January 1 to September 30, 2023

Table 2

Unit: 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 amount (Note 3)	Maximum balance of endorsements/guarantees during the period (Note 6)	Balance of endorsements/guarantees as of the end of the period (Notes 4, 6)	Amount actually drawn (Notes 5, 6)	Amount endorsed/guaranteed by collateralizing assets	Cumulative endorsed/guaranteed amount as the % of book value in the most recent financial statements	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)	$ 2,115,150	$ 387,240 (USD 12,000 thousand)	$ 193,620 (USD 6,000 thousand)	$	$	3.66%	$ 3,172,724	Y	N	N	
0	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH.	(2)	2,115,150	-	16,135 (USD 500 thousand)			0.31%	3,172,724	Y	N	N	

Note 1: Numbers in the column:

(1) 0 for the Company.

Note 2: Please indicate one of the following seven types of relations between endorsers/guarantors and endorsees/guarantees:

(1) Company with business dealings.

(2) Company with over 50% voting shares directly and indirectly owned by the Company.

(3) Company who directly and indirectly owns at over 50% of the Company's voting shares.

(4) Between the companies with over 90% voting shares directly and indirectly owned by the Company.

(5) Between peers required for engineering project undertakings or between joint builders required to guarantee each other according to contract terms and conditions.

(6) Endorsement and guarantee to an investee by all shareholders according to shareholding percentages in a joint investment.

(7) Joint guarantee provided by peers in contract performance for off-plan property sales according to the Consumer Protection Act.

Note 3: The aggregate endorsed/guaranteed amount and the maximum endorsement/guarantee to a single company is capped at 60% and 40%, respectively, of the Company's book value according to the most recent financial statements as audited or reviewed by CPAs.

Note 4: This field is for the amount approved by the Board of Directors. However, please provide the amount decided by the Chairman if the Chairman is authorized by the Board of Directors according to Subparagraph 8 of Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 5: Amount actually utilized by the endorsed/guaranteed company within the endorsed/guaranteed range.

Note 6: Foreign currency amounts in this table are based on exchange rates on September 30, 2023. NT dollars based on US$1 = NT$32.27.

Note 7: The Company provides a customs endorsement/guarantee with a bank letter of guarantee for NT$4,000 thousand to Taipei Customs, Customs Administration.

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

Position of marketable securities at the end of the period

September 30, 2023

Table 3

Unit: NT$ thousand/thousand shares/thousand units

Investees	Types and names of marketable securities (Note 1)	Relation with the issuer (Note 2)	Itemized account	End of the period				Remarks
				No. of units	Carrying amount (Note 3)	Shareholding percentage	Fair value	
	Shares							
The Company	Taiwan Semiconductor Co., Ltd.	Parent company	Financial assets measured at fair value through other comprehensive incomes – non-current	14,800	$ 1,265,400	5.62%	$ 1,265,400	

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 September 30, 2023

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	End of the period	
					No. of shares (thousand shares)	Amount	No. of shares (thousand shares)	Amount	Number of shares (unit)	Sales price	Book cost	Gains and losses on disposal			No. of shares (thousand shares)	Amount
The Company	Shares TSCPL	Long-term investments at equity	TSCPL	Subsidiaries	-	$ -	Note 4	$ 498,827 (PLN 67,084 thousand)	-	$ -	$ -	$ -	($ 15,978)	($ 947) (Note 5)	Note 4	$ 481,902
TSCPL	Shares MGN	Long-term investments at equity	SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK and MGN (Note 6)	-	-	-	2	PLN 62,258 thousand	-	-	-	-	PLN 175 thousand	-	2	PLN 62,433 thousand

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

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

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

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

Note 5: It includes the recognized exchange differences on translation of financial statements of foreign operations at NT$(947) thousand.

Note 6: After the Company has acquired 100% ownership of MGN through TSCPL from SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK, the Company increased the capital of MGN at PLN 8,282 thousand.

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

Purchase from and sale to affiliated parties for at least NT$100 million or at an amount equivalent to 20% of the paid-in capital

January 1 to September 30, 2023

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	Subsidiaries	Sale of goods	($ 755,489)	(26%)	135 days based on monthly statements	-	-	$ 624,767	44%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Sale of goods	(500,659)	(17%)	60 days based on monthly statements	-	-	119,986	8%	
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Purchase	447,260	31%	60 days based on monthly statements	-	-	(182,841)	(30%)	
The Company	TSCAA	Subsidiaries	Sale of goods	(685,112)	(23%)	120 days based on monthly statements	-	-	506,172	36%	

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

September 30, 2023

Table 6

Unit: 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 losses
						Amount	Treatment		
The Company	TSCAE	Subsidiaries	Accounts receivable	$ 624,767	1.59	$ -	-	$ 77,179	$ -
			Other receivables	926	-			894	-
The Company	TSCAA	Subsidiaries	Accounts receivable	506,172	2.11	-	-	71,705	-
			Other receivables	333	-	-	-	-	-
The Company	Tianjin TSC Auto ID Technology	Sub-subsidiary	Accounts receivable	119,986	4.24	-	-	61,950	-
Tianjin TSC Auto ID Technology	The Company	Parent company	Accounts receivable	182,841	4.65	-	-	91,124	-

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

Note 2: Recovered amount as of November 8, 2023.

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

Business relations, circumstances and amounts of significant transactions between the parent and subsidiaries and among subsidiaries

January 1 to September 30, 2023

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	$ 506,172	Note 3	5%
			1	Revenues	685,112	Note 3	11%
		TSCAE	1	Accounts receivable	624,767	Note 3	7%
			1	Revenues	755,489	Note 3	12%
		Tianjin TSC Auto ID Technology	1	Accounts receivable	119,986	Note 3	1%
			1	Revenues	500,659	Note 3	8%
			1	Accounts payable	182,841	Note 3	2%
			1	Purchase	447,260	Note 3	7%

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 September 30, 2023

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 3)			
The Company	TSCAE	Germany	Sale of barcode printers and relevant components	$ 2,943	$ 2,943	Note 1	100.00	($ 98,942)	($ 21,173)	($ 21,173	Subsidiaries
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	1,091,517	18,097	18,097	Subsidiaries
The Company	TSCHK	Hong Kong	Investment in production businesses and general imports/exports	47,468 (US$1,500 thousand)	51,738 (US$1,654 thousand)	11,711	100.00	750,790	189,505	189,505	Subsidiaries
The Company	Printronix Auto ID Technology	Taiwan	Sale of barcode printers and relevant components	5,000	5,000	500	100.00	4,992	(267)	(267	Subsidiaries
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	1,399,210	106,979	106,979	Subsidiaries
The Company	TSCIN	India	Sale of barcode printers and relevant components	2,791 (US$100 thousand)	2,791 (US$100 thousand)	710	100.00	374	(1,253)	(1,253	Subsidiaries
The Company	TSCPL	Poland	General investment	498,827 (PLN 67,084 thousand)	-	Note 2	100.00	481,902	(15,978)	(15,978	Subsidiaries
TSCAE	TSCAD	United Arab Emirates	Sale of barcode printers and relevant components	8,234	8,234	Note 1	100.00	(13,973)	(4,539)	(4,539	Sub-subsidiary
TSCAE	TSCAS	Spain	Sale of barcode printers and relevant components	124	124	Note 1	100.00	2,998	237	237	Sub-subsidiary
DLS	PPL	United States	Selling of a variety of labels and printer consumables	US$115 thousand	US$115 thousand	850	100.00	$39,267 (US$1,217 thousand)	7,507 (US$244 thousand)	7,507 (US$244 thousand)	Sub-subsidiary
TSCPL	MGN	Poland	Printer consumables and customized design, integration, production and marketable of a variety of labels	PLN 62,258 thousand	-	2	100.00	463,410 (PLN 62,433 thousand)	1,295 (PLN 175 thousand)	1,295 (PLN 175 thousand)	Sub-subsidiary

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.

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

Information on investments in China

January 1 to September 30, 2023

Table 9

Unit: 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 6)	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	$ 46,358 (CNY 10,500 thousand)	(2) Investor: TSC Auto ID (H.K.) LTD	$ 48,405 (US$1,500 thousand)	$ -	$ -	$ 48,405 (US$1,500 thousand)	$ 191,690	100%	$ 191,690 (Note 3)	$ 803,358	$ 787,814	
Shenzhen Printronix Auto ID Technology Co., Ltd.	Sale of barcode printers and relevant components	-	(2) Investor: TSC Auto ID (H.K.) LTD	4,970 (US$154 thousand)	-	($ 4,970) (US$154 thousand)	-	(1,600)	-	(1,600) (Note 3)	-	5,898	Note 5

Cumulative outward investments from Taiwan to China at the end of this period (Note 5)	Investment amount approved by the Investment Commission, MOEA (Note 5)	Ceiling imposed by the Investment Commission, MOEA on investments in China (Note 4)
$48,405 (US$1,500 thousand)	$53,375 (US$1,654 thousand)	$3,172,724

Note 1: Please indicate one of the following three investment methods:

(1) Direct investments in China

(2) Investments in China via third regions (Please indicate the investment companies in third regions)

(3) Other methods

Note 2: Recognized investment gains or losses during the period:

(1) Please note if there is no investment gain or loss yet during the preparatory stage.

(2) Please indicate one of the three following bases for recognition of investment gains or losses:

A. Financial statements audited by international accounting firms with cooperation ties with accounting firms in Taiwan.

B. Financial statements reviewed by the parent company's external auditor in Taiwan.

C. Others.

Note 3: Note 2-2(B) for the basis of investment gains (losses) recognition.

Note 4: According to the Amendment to Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China on August 29, 2008 by the Investment Commission, the cap on investments in China is 60% of the book value.

Note 5: Shenzhen Printronix Auto ID Technology Co., Ltd. had the share capital returned to the parent company, TSCHK, in July 2023 and was liquidated and extinguished on August 31, 2023; TSCHK had remitted the share capital back to the ultimate parent company, TSC Auto ID Technology Co., Ltd., in July 2023 and the cancellation of the investment quota has not yet been applied to the Investment Review Committee, Ministry of Economic Affairs.

Note 6: Foreign currency amounts in this table based on exchange rates on September 30, 2023. NT dollars based on US$1=NT$32.27 or RMB$1 = NT$4.415.

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 September 30, 2023

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	($ 500,659)	Note 1	60 days based on monthly statements	Equivalent	$ 119,986	8%	$ 52,311 (Note 2)
		Purchase	447,260	Note 1	60 days based on monthly statements	Equivalent	(182,841)	(30%)	

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 September 30, 2023.

TSC Auto ID Technology Co., Ltd.

Information on major shareholders

September 30, 2023

Table 11

Unit: shares

Name of the major shareholder	Shares	
	No. of shares held	Shareholding percentage
Taiwan Semiconductor Co., Ltd.	16,995,230	36.14%
Standard Chartered Bank, Department of Business in custody for Fidelity Puritan Trust: Fidelity Low-Priced Fund Investment	2,544,911	5.41%
Cathay Life Insurance’s fully discretionary account with Cathay Securities Investment Trust (TAIEX 15)	2,408,867	5.12%

Note: The information on major shareholders in this table is based on the Taiwan Depository & Clearing Corporation data on the shareholders with at least 5% of paperless ordinary shares and preferred shares (including treasury shares) without registration on the final business day of the current quarter. The number of paperless shares may be different from the share capital recorded in the Company’s consolidated financial statements due to differences in the basis of preparation.