Stock Code:5425

TAIWAN SEMICONDUCTOR CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: 11F., No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)
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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of TAIWAN SEMICONDUCTOR CO., LTD. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TAIWAN SEMICONDUCTOR CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TAIWAN SEMICONDUCTOR CO., LTD.
Chairman: Wang Shiu-Ting
Date: March 15, 2024.

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Independent Auditors' Report

To the Board of Directors of TAIWAN SEMICONDUCTOR CO., LTD.:

Opinion

We have audited the consolidated financial statements of TAIWAN SEMICONDUCTOR CO., LTD. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, consolidated changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (" IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) of the Group. Those statements were audited by the other Certified Public Accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the report of the other Certified Public Accountants. The financial statements of TSC Auto ID reflect the total assets constituting 41.55% and 39.48% of the consolidated total assets at December 31, 2023 and 2022, respectively, and the total operating revenues constituting 57.14% and 50.79% of the consolidated total operating revenues for the years then ended respectively.

The company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion with other matters paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to Note 4(n) "Revenue recognition" to the consolidated financial statements for accounting policy of revenue recognition; and Note 6(r) "Revenue from contracts with customers" for details on the related explanation .

   Description of the key audit matter

   The main business items of the Group are the manufacture and sale of rectifiers, and the manufacture and service of automatic identification system products. Revenue recognition is one of the key assessment matters in our audit. Revenue is the key indicator to evaluate the performance by investors and management. Therefore, revenue recognition is one of our key audit matters.

   How the matter was addressed in our audit:

   Our key audit procedures included: (i) testing the relevant control over the sales and collection cycle to determine the reliability of revenue records. (ii) checking and adjusting the data of sales system and general ledger entries, and evaluating whether the conditions of sale are consistent with the recognition of accounting policies. (iii) conducting trend analysis on the top ten sales customers to assess whether there are any major anomalies. (iv) using system tools to sample sales transactions before and after the year end to evaluate the correctness of the period and amount of revenue recognition.

2. The assessment of impairment loss of goodwill

   Please refer to Note 4(l) "Impairment of nonfinancial assets" of the consolidated financial statements for details on the accounting policy related to impairment loss of goodwill; Note 5(c) "The assessment of impairment loss of goodwill" of the accounting estimates and estimation uncertainty of the assessment of impairment loss of goodwill; and Note 6(i) "Goodwill" for details on the related explanation.

   Description of key audit matter

   When the Groups Bar Code Printers department obtained the business combinations and its control, and recognized a goodwill in the consolidated financial report, the amount is regarded as material. Besides, evaluating whether goodwill is impaired depends on the estimation of the future cash flow of the cashgenerating unit to determine the recoverable amount. The estimation of the future cash flow involves industrial environment and the forecast of the future operating results. Once the indicators of the forecast change, the recoverable amount will change as well and may cause an impairment loss.

   How the matter was addressed in our audit:

   Our key audit procedures included: communication of the related issue with other Certified Public Accountants, which included sending audit instruction to other Certified Public Accountants and obtaining the independent auditor's report of TSC Auto ID issued by other Certified Public Accountants.

   The audit procedure executed by other Certified Public Accountants included (i) obtaining the report of the assessment of impairment loss of goodwill provided by the evaluation expert appointed by the management of TSC Auto ID. (ii) understanding and assessing the reasonableness of the recoverable amount based on the evaluation model. (iii) comprehensively assessing the reasonableness of the assessment of impairment loss of goodwill based on the assumption used in the evaluation model, including sales growth rate, profit margin, weighted average cost of capital (WACC, which includes risk-free return rate and risk premium), etc. and assessing the previous operating conditions, the conditions of industrial environment and future outlook.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance including the Audit committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Yang-Lun and Hsiao, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,383,447	19	3,595,681	20
1110	Current financial assets at fair value through profit or loss (note 6(b))	25,603	-	1,798	-
1150	Notes receivable, net (notes 6(c) and (r))	307	-	588	-
1170	Accounts receivable, net (notes 6(c) and (r))	2,575,666	15	3,015,880	17
1200	Other receivables	72,080	-	105,789	1
1220	Current tax assets	22,532	-	409	-
130X	Inventories (note 6(d))	3,351,290	19	3,500,033	19
1410	Prepayments	148,159	1	251,545	1
1476	Other current financial assets (note 6(b))	86,540	1	599,488	3
		9,665,624	55	11,071,211	61
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	22,383	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	-	-	4,157	-
1600	Property, plant and equipment (notes 6(f) and (w))	4,423,524	25	4,483,033	25
1755	Right-of-use assets (note 6(g))	189,295	1	229,239	1
1822	Intangible assets (notes 6(h) and (w))	578,045	3	308,413	2
1805	Goodwill (notes 6(i) and (w))	1,269,559	7	1,136,565	6
1840	Deferred tax assets (note (o))	544,142	3	458,165	3
1980	Other non-current financial assets (note 6(b))	416,549	3	83,020	-
1990	Other non-current assets	436,361	3	443,016	2
		7,879,858	45	7,145,608	39
	Total assets	$ 17,545,482	100	18,216,819	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 1,621,395	9	1,466,515	8
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	2,392	-
2170	Accounts payable	1,356,786	8	1,648,557	9
2200	Other payables (note 6(l))	1,011,117	6	1,065,266	6
2230	Current tax liabilities	220,156	1	415,066	2
2322	Long-term borrowings, current portion (note 6(k))	307,457	2	322,349	2
2280	Lease liabilities, current (note 6(m))	105,383	1	106,012	-
2399	Other current liabilities	261,483	1	325,900	2
		4,883,777	28	5,352,057	29
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(k))	839,963	5	1,084,391	6
2580	Lease liabilities, non-current (note 6(m))	64,880	-	123,214	1
2640	Net defined benefit liabilities, non-current (note 6(n))	39,335	-	35,000	-
2570	Deferred tax liabilities (note 6(o))	972,065	6	825,106	5
2670	Other non-current liabilities	45,994	-	71,568	-
		1,962,237	11	2,139,279	12
	Total liabilities	6,846,014	39	7,491,336	41
	Stockholder' equity attributable to parent: (note 6(p))				
3110	Common stock	2,634,854	15	2,634,854	14
3200	Capital surplus	2,209,251	12	2,137,088	12
3300	Retained earnings	3,816,863	22	4,155,591	23
3400	Other stockholders' equity	(419,530)	(2)	(359,558)	(2)
3500	Treasury shares	(506,043)	(3)	(506,043)	(3)
	Total equity attributable to owners of parent	7,735,395	44	8,061,932	44
36XX	**Non-controlling interests** (note 6(e))	2,964,073	17	2,663,551	15
	Total equity	10,699,468	61	10,725,483	59
	Total liabilities and equity	$ 17,545,482	100	18,216,819	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4110	Total sales revenue (note 6(r))	$15,214,856	104	16,442,867	105
4190	Less: Sales discounts and allowances	598,842	4	755,733	5
	Net operating revenues	14,616,014	100	15,687,134	100
5000	Cost of goods sold (note 6(d))	10,123,352	69	10,337,968	66
	Gross profit	4,492,662	31	5,349,166	34
6000	**Operating expenses** (notes 6(n) and (t)):				
6100	Selling expenses	1,382,342	9	1,296,411	8
6200	Administrative expenses	890,966	6	906,575	6
6300	Research and development expenses	443,113	3	355,388	2
6450	Impairment loss	7,713	-	271	-
		2,724,134	18	2,558,645	16
	Operating income	1,768,528	13	2,790,521	18
	Non-operating income and expenses (note 6(s)):				
7100	Interest income	42,817	-	19,892	-
7010	Other income	52,142	-	46,025	-
7020	Other gains and losses	56,619	-	197,944	1
7050	Finance costs	(82,309)	(1)	(40,452)	-
		69,269	(1)	223,409	1
	Profit before income tax	1,837,797	12	3,013,930	19
7950	**Less: Income tax expenses** (note 6(o))	527,804	4	837,015	5
	Profit	1,309,993	8	2,176,915	14
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(n))	(4,578)	-	7,368	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(4,578)	-	7,368	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(43,641)	-	341,796	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	(4,590)	-	(48,006)	-
		(48,231)	-	293,790	2
8300	**Other comprehensive income (after tax)**	(52,809)	-	301,158	2
	Comprehensive income	**$ 1,257,184**	**8**	**2,478,073**	**16**
	Net income attributable to:				
	Owners of the parent	$ 718,640	4	1,562,887	10
	Non-controlling interests (note 6(e))	591,353	4	614,028	4
		$ 1,309,993	**8**	**2,176,915**	**14**
	Comprehensive income attributable to:				
	Owners of the parent	$ 655,242	4	1,738,755	11
	Non-controlling interests (note 6(e))	601,942	4	739,318	5
		$ 1,257,184	**8**	**2,478,073**	**16**
	Basic earnings per common share (NT dollars) (note 6(u))	**$**	**2.89**		**6.28**
	Diluted earnings per common share (NT dollars) (note 6(u))	**$**	**2.88**		**6.23**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
			Retained earnings								
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 2,650,854	2,166,799	884,887	459,300	1,902,930	3,247,117	(531,125)	(506,990)	7,026,655	2,200,854	9,227,509
Net income	-	-	-	-	1,562,887	1,562,887	-	-	1,562,887	614,028	2,176,915
Other comprehensive income	-	-	-	-	4,301	4,301	171,567	-	175,868	125,290	301,158
Total comprehensive income	-	-	-	-	1,567,188	1,567,188	171,567	-	1,738,755	739,318	2,478,073
Retirement of treasury shares	(16,000)	(69,482)	-	-	-	-	-	85,482	-	-	-
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	(84,535)	(84,535)	-	(84,535)
Appropriation and distribution of retained earnings:											
Provision of legal reserve	-	-	88,137	-	(88,137)	-	-	-	-	-	-
Provision of special reserve	-	-	-	71,825	(71,825)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(658,714)	(658,714)	-	-	(658,714)	-	(658,714)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	37,000	-	-	-	-	-	-	37,000	-	37,000
Changes in equity of affiliate accounted for using equity method	-	2,771	-	-	-	-	-	-	2,771	-	2,771
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(276,621)	(276,621)
Balance at December 31, 2022	2,634,854	2,137,088	973,024	531,125	2,651,442	4,155,591	(359,558)	(506,043)	8,061,932	2,663,551	10,725,483
Net income	-	-	-	-	718,640	718,640	-	-	718,640	591,353	1,309,993
Other comprehensive income	-	-	-	-	(3,426)	(3,426)	(59,972)	-	(63,398)	10,589	(52,809)
Total comprehensive income	-	-	-	-	715,214	715,214	(59,972)	-	655,242	601,942	1,257,184
Appropriation and distribution of retained earnings:											
Provision of legal reserve	-	-	156,719	-	(156,719)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,053,942)	(1,053,942)	-	-	(1,053,942)	-	(1,053,942)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	59,200	-	-	-	-	-	-	59,200	-	59,200
Changes in equity of affiliate accounted for using equity method	-	12,963	-	-	-	-	-	-	12,963	-	12,963
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(301,420)	(301,420)
Balance at December 31, 2023	**$ 2,634,854**	**2,209,251**	**1,129,743**	**531,125**	**2,155,995**	**3,816,863**	**(419,530)**	**(506,043)**	**7,735,395**	**2,964,073**	**10,699,468**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Profit before tax	$	1,837,797	3,013,930
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		848,095	790,180
Amortization expense		139,801	140,791
Expected credit loss		7,713	271
Net loss on financial assets or liabilities at fair value through profit or loss		5,965	51,151
Interest expense		80,472	38,330
Interest income		(42,817)	(19,892)
Gain (loss) on disposal of property, plant and equipment		(274)	4,840
Reversal of impairment gain on non-financial assets		(88)	(595)
Others		12,963	2,771
Total adjustments to reconcile profit (loss)		1,051,830	1,007,847
Changes in operating assets and liabilities:			
(Increase) decrease in financial assets at fair value through profit or loss		(30,781)	103,947
Decrease in notes receivable		281	163
(Increase) decrease in accounts receivable		512,393	(65,336)
(Increase) decrease in other receivables		35,649	(42,049)
(Increase) decrease in inventories		207,442	(1,055,208)
(Increase) decrease in prepayments		50,063	(92,899)
(Increase) decrease in other financial assets		512,948	(225,904)
Decrease in notes payable		-	(1,607)
Decrease in accounts payable		(386,093)	(24,992)
Increase (decrease) in other payable		(86,941)	181,589
Increase (decrease) in other current liabilities		(77,841)	92,684
Increase (decrease) in net defined benefit liabilities		4,335	(7,788)
Increase (decrease) in other non-current liabilities		(29,954)	17,577
Total adjustments		1,763,331	(111,976)
Cash inflow generated from operations		3,601,128	2,901,954
Interest received		43,274	19,436
Interest paid		(74,503)	(28,454)
Income taxes paid		(737,488)	(695,851)
Net cash flows from operating activities		2,832,411	2,197,085
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through profit or loss		(19,607)	-
Acquisition of financial assets at fair value through other comprehensive income		-	(4,157)
Acquisition of subsidiaries (net of cash acquired)		(358,490)	-
Acquisition of property, plant and equipment		(262,647)	(526,957)
Proceeds from disposal of property, plant and equipment		1,599	5,531
Increase in other financial assets		(436,127)	(11,437)
Acquisition of right-of-use assets		(2,035)	-
Acquisition of intangible assets		(42,622)	(35,317)
(Increase) decrease in other non-current assets		11,877	(27,074)
Increase in prepayments for equipment		(304,688)	(92,105)
Net cash flows used in investing activities		(1,412,740)	(691,516)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		146,091	545,089
Proceeds from long-term borrowings		300,000	419,320
Repayments of long-term borrowings		(586,822)	(561,890)
Payment of lease liabilities		(130,872)	(127,258)
Decrease in guarantee deposits received		(246)	(130)
Cash dividends paid		(994,742)	(621,714)
Repurchase of treasury shares		-	(84,535)
Change in non-controlling interests		(301,420)	(276,621)
Net cash flows used in financing activities		(1,568,011)	(707,739)
Effect of exchange rate changes on cash and cash equivalents		(63,894)	96,203
Net increase (decrease) in cash and cash equivalents		(212,234)	894,033
Cash and cash equivalents at the beginning of period		3,595,681	2,701,648
Cash and cash equivalents at the end of period	$	**3,383,447**	**3,595,681**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TAIWAN SEMICONDUCTOR CO., LTD. (“the Company”) was incorporated in January 1979 under the Company Act of the Republic of China. Its major business activities are the manufacture and sale of rectifiers and bar code printers. The Company’s common stock has been officially listed and traded on the GreTai Securities Market starting from February 2000.

In order to improve operating efficiency and industry competitiveness from specialization, the Company restructured its business and organization. The Company separated its bar code printer business unit from itself and transferred it to establish TSC Auto ID Technology Co., Ltd. (TSC Auto ID). The Board of Directors’ meeting approved August 1, 2007, as the date of record of the split.

The Company and its subsidiaries are referred to as the Group, who engages in the manufacture and sale of rectifiers and auto identification systems, as well as product manufacturing and services.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issurance by the Board of Directors on March 15, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

(Continued)

2) Fair value through other comprehensive income (Available-for-sale financial assets)are measured at fair value;

3) The defined benefit liabilities are measured at present value of the defined benefit obligation less the fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Group's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Instruction
The Company	Ever Energetic Int'l Ltd. (Ever Energetic)	Holding company and general import and export business	100.00 %	100.00 %	-
The Company	Ever Winner Int'l Co., Ltd. (Ever Winner)	Holding company and general import and export business	100.00 %	100.00 %	-
The Company	Skyrise Int'l Ltd. (Skyrise)	Holding company and general import and export business	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor Europe GmbH (TSCE)	General import and export business	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor Japan Ltd. (TSCJ)	Trading of rectifiers	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor (H.K.) Co., Ltd. (TSCH)	Holding company and trading of rectifiers	25.22 %	25.22 %	-
The Company	TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Manufacture and sale of bar code printers	36.05 %	36.35 %	-
Ever Energetic	TSCH	Holding company and trading of rectifiers	36.96 %	36.96 %	-

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Instruction
Ever Energetic	TSC America, Inc.(TSCA)	Trading of rectifiers	75.00 %	75.00 %	-
Ever Winner	TSCH	Holding company and trading of rectifiers	37.82 %	37.82 %	-
Ever Winner	TSCA	Trading of rectifiers	25.00 %	25.00 %	-
Ever Winner	Shanghai Great Technology Trading Co., Ltd. (TSCC)	Trading of rectifiers	100.00 %	100.00 %	-
TSCH	Yangxin Everwell Electronic Co., Ltd. (Yangxin Everwell)	Manufacture and sale of rectifiers	100.00 %	100.00 %	-
TSCH	Tianjin Everwell Technology Co., Ltd. (Tianjin Everwell)	Manufacture and sale of wafers	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID Technology EMEA GmbH (TSCAE)	Trading of bar code printers and other parts	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID (H.K.) Ltd. (TSC HK)	Holding company and general import and export business	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto Technology America Inc. (TSCAA)	Trading of bar code printers and other parts	100.00 %	100.00 %	Note 3
TSC Auto ID	Printronix Auto ID Technology Co., Ltd. (Printronix AD)	Trading of bar code printers and other parts	100.00 %	100.00 %	-
TSC Auto ID	Diversified Labeling Solutions, Inc. (DLS)	Customization of design, integration and marketing of label papers and other parts	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID Technology India Private limited (TSCIN)	Trading of bar code printers and other parts	100.00 %	100.00 %	-
TSC Auto ID	Mosfortico Investments sp. z o.o. (TSCPL)	General investment	100.00 %	-	Note 1
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Trading of bar code printers and other parts	100.00 %	100.00 %	-
TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Trading of bar code printers and other parts	100.00 %	100.00 %	-
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (TTSC)	Manufacture and sale of bar code printers and other parts	100.00 %	100.00 %	-
TSC HK	Shenzhen Printronix Auto ID Technology Co., Ltd. (SPTNX)	Sale of bar code printers and other parts	-	100.00 %	Note 2
DLS	Precision Press & Label, Inc. (PPL)	Sale of bar code printers, label papers, other parts	100.00 %	100.00 %	-
TSCPL	MGN sp. z o.o. (MGN)	Customization of design, integration and marketing of label papers and other parts	100.00 %	-	Note 1

Note 1: TSC Auto ID established Mosfortico Investments sp. z o.o. (TSCPL), at the amount of PLN 4 thousand (approximately NTD 31 thousand), in February 2023. Moreover, in 2023, TSC Auto ID subsequently increased its capital by PLN 67,080 thousand (approximately NTD 498,796 thousand) in 2023 to acquire 100% of the shares of MGN sp. z o.o. (MGN), a Polish company, through TSCPL and for the capital demand. Please refer to note 6 (w) for details.

Note 2: It was liquidated and dissloved on August 31, 2023.

Note 3: Due to simplify in the organizational structure and improvement in operating efficiency of the Group, TSC Auto ID transferred its 5% ownership interest in its sub-subsidiary, PTNX US, to its subsidiary in the U.S., TSCAA, in order to merge and eliminate PTNX US, based on the resolution approved during the board meeting held on June 28, 2022. The nature of this merger is a restructuring under common control within the Group and does not affect the preparation of the consolidated financial statements; please refer to note 6(v).

(iii) Unlisted subsidiaries in the consolidated financial statements: None.

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group’ s entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting preiod, monetary items denominated in foreign currencies are retranslated into the functional currency at the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

· an investment in equity securities designated as at fair value through other comprehensive income;

· a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

· qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other asset are classified as non-current.

(i) It is expected to be realized, or intends to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(Continued)

An entity shall classify a liability as current when:

(i) It is expected to be settled the liability in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets and beneficiary certificates. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), and contract assets.

(Continued)

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 90 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(Continued)

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and improvements: 4~56 years.

2) Machinery and equipment: 3~20 years.

3) Transportation equipment: 7 years.

4) Office equipment and others: 1~20 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities or short-term leases of transport and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(k) Intangible assets

(i) Goodwill

Goodwill acquired through acquisition of business and control is included in intangible assets. Please refer to note 6(i) for subsequent to initial recognition, it is measured at cost less accumulated impairment losses.

(Continued)

(ii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortization is caculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimeated useful lives 2~10 years of intangible assets, from the date that they are available for use.

Except for goodwill, the Group shall inspect the residual values, useful lives and amortization methods of the intangible assets at least once at each annual reporing date. If there are any changes to intangible assets, they will be regarded as changes in accounting estimate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

(m) Product warranty obligations

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

(Continued)

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

The related refund obligation of the Group based on the estimated sales award is separately recognized in the balance sheet.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

· the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the resting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off currenttax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration.

(Continued)

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Contingent consideration classified as equity will not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(t) Earnings per share

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses(including revenues and expenses relating to transactions with other components of Group). The segment's operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Assessment of impairment of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6 (c) for relevant assumptions, input values and impairment recognition.

(Continued)

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(d) for inventory valuation.

(c) Assessment of impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Please refer to note 6(i) for impairment of goodwill.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2023	**December 31, 2022**
Cash and pretty cash	$	790	476
Checking and demand deposits		2,763,120	2,507,863
Repurchase agreement		-	500,000
Time deposits		1,008,967	587,342
Less: Time deposits with an original maturity date of more than three months (note 6(b))		(389,430)	-
	$	**3,383,447**	**3,595,681**

Please refer to note 6(x) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) The financial instruments held by the Group were as follows:

		December 31, 2023	**December 31, 2022**
Current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificates	$	20,032	-
Forward exchange contracts		5,571	-
Currency swaps		-	1,798
	$	**25,603**	**1,798**

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	December 31, 2023	December 31, 2022
Other financial assets:		
Structure deposits	$ -	599,488
Time deposits with an original maturity date of more than three months to one year	86,540	-
	$ 86,540	**599,488**
Non-current (financial assets):		
Mandatorily measured at fair value through profit or loss:		
Fund in foreign markets	**$ 22,383**	**-**
Measured at fair value through other comprehensive income:		
Fund in foreign markets	**$ -**	**4,157**
Other financial assets:		
Time deposits with an original maturity date of more than one year	$ 302,890	-
Refundable deposits	68,999	83,020
Other (note)	44,660	-
	$ 416,549	**83,020**
Current (financial liabilities):		
Mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	$ -	844
Currency swaps	-	1,548
	$ -	**2,392**

Note: On the merger date of TSC Auto ID and MGN, TSC Auto ID deposited the amount of EUR 1,292 thousand (NTD 58,800 thousand) to a third-party custodian account as the final payment for 18 months to ensure the security of the merger. If both parties have fulfilled their obligations under the acquisition agreement, and no other contingent liability or tax risk of MGN, which would result in the Group's additional losses, have been identified within 18 months, the deposits in such special account will be entirely returned to TSC Auto ID upon maturity, please refer to note 6(w).

Please refer to note 6(x) for the disclosures of credit risk exposures, currency risk exposures, and interest rate risk exposures.

(ii) The Group uses derivative financial instruments to hedge certain foreign exchange exposures arising from its operating activities. The Group held the following derivative financial instruments presented as held-for-trading financial assets (liabilities):

	December 31, 2023				
	Contract amount			**Currency**	**Contract period**
Selling/buying forward	USD	6,000 / NTD	187,271	USD to NTD	2024.01~2024.02
Selling/buying forward	EUR	3,000 / NTD	104,167	EUR to NTD	2024.01.18

	December 31, 2022				
	Contract amount			**Currency**	**Contract period**
Selling/buying forward	EUR	500 / USD	521	EUR to USD	2023.02.17
Selling/buying forward	USD	2,000 / NTD	60,718	USD to NTD	2023.02.17
Currency swaps	USD	7,200 / NTD	219,593	USD to NTD	2023.02~2023.05

(iii) Since the foreign funds held by the Company were not classified as equity instrument investments, and consequently, failed to meet the contractual cash flow characteristics of debt instruments, they were transferred to financial assets that were mandatorily measured at fair value through profit and loss as of 2023.

(c) Notes and accounts receivable

	December 31, 2023	**December 31, 2022**
Notes receivable	$ 307	588
Accounts receivable	2,622,115	3,053,386
Less: Allowance for impairment	(46,449)	(37,506)
	$ 2,575,973	**3,016,468**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

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The loss allowance in Rectifiers was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,191,029	0.38%	4,565
1 to 90 days past due	83,880	0.94%	792
91 to 180 days past due	96	50.00%	48
181 to 270 days past due	62	50.00%	31
271 to 365 days past due	2,908	100.00%	2,908
More than 365 days past due	10,283	100.00%	10,283
	$ 1,288,258		18,627

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,512,691	1.13%	17,125
1 to 90 days past due	165,665	1.66%	2,758
91 to 180 days past due	7,826	3.16%	247
271~365 days past due	331	63.44%	210
More than 365 days past due	52	100.00%	52
	$ 1,686,565		20,392

The loss allowance in Bar Code Printers was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,033,663	1.13%	11,663
1 to 90 days past due	261,279	1.00%	2,613
91 to 180 days past due	11,985	7.08%	848
181 to 270 days past due	9,218	5.00%	461
271 to 365 days past due	6,424	10.00%	642
More than 365 days past due	11,595	100.00%	11,595
	$ 1,334,164		27,822

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	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 999,671	0.55%	5,530
1 to 90 days past due	339,761	1.00%	1,880
91 to 180 days past due	7,684	3.00%	1,523
181 to 270 days past due	2,186	5.00%	60
271 to 365 days past due	6,537	10.00%	362
More than 365 days past due	11,570	100.00%	7,759
	$ 1,367,409		**17,114**

The movement in the allowance for notes and trade receivable was as follows:

	2023	**2022**
Balance on January 1, 2023 and 2022	$ 37,506	39,430
Impairment losses recognized	7,721	1,380
Acquisition though busisness combinations	2,845	-
Amounts written off	(6)	(4,519)
Foreign exchange gains (losses)	(1,617)	1,215
Balance on December 31, 2023 and 2022	**$ 46,449**	**37,506**

As of December 31, 2023, and 2022, the Group does not regard as any collateral or discount for notes and trade receivable.

(d) Inventories

	December 31, 2023	**December 31, 2022**
Finished goods	$ 1,728,891	1,588,815
Work in process	504,950	636,075
Raw material and supplies	994,316	1,061,904
Inventories in transit	123,133	213,239
	$ 3,351,290	**3,500,033**

Raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sales amounted to $9,895,716 thousand and $10,200,728 thousand for the years ended December 31, 2023 and 2022, respectively.

During the years ended December 31, 2023 and 2022, the write-down of inventories to net realizable value amounting to $227,636 thousand and $137,240 thousand, respectively.

As of December 31, 2023, and 2022, the Group did not provide any inventories as collateral for its loans.

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(e) The significant non-controlling interests of subsidiaries

The subsidiaries' non-controlling interests that have significant effect on the Group were as follows:

Name of subsidiary	Country	Percentage of non-controlling interests on ownership interests and voting rights December 31, 2023	December 31, 2022
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Taiwan	63.95 %	63.65 %

The financial statement of TSC Auto ID has been prepared in accordance with the IFRSs endorsed by the FSC. The summary of financial information for TSC Auto ID was as follows. This financial information is disclosed in the amounts before the elimination on transactions between the Group.

The summary of financial information:

	December 31, 2023	December 31, 2022
Current assets	$ 3,965,437	4,246,657
Non-current assets	4,991,906	4,048,112
Current liabilities	(2,249,868)	(2,421,498)
Non-current liabilities	(1,246,204)	(1,122,546)
Net assets	**$ 5,461,271**	**4,750,725**
Non-controlling interests	**$ 2,964,073**	**2,663,551**

	2023	2022
Sales revenue	**$ 8,351,762**	**7,966,918**
Net income	$ 926,873	964,909
Other comprehensive income	272,597	141,506
Comprehensive income	**$ 1,199,470**	**1,106,415**
Net income attributable to non-controlling interests	**$ 591,353**	**614,028**
Comprehensive income attributable to non-controlling interests	**$ 601,942**	**739,318**

	2023	2022
Cash flows from operating activities	$ 1,405,226	652,129
Cash flows used in investing activities	(590,855)	(200,194)
Cash flows used in financing activities	(897,239)	(558,626)
Effect of exchange rate changes on cash and cash equivalents	6,372	48,858
Net decrease in cash and cash equivalents	**$ (76,496)**	**(57,833)**

(Continued)

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(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

		Land	Building and construction	Machinery and equipment	Total
Cost or deemed cost:					
Balance at 1 January, 2023	$	861,426	1,463,699	7,577,656	9,902,781
Additions		-	2,522	260,125	262,647
Sales of assets		-	-	(11,377)	(11,377)
Disposals		-	(341)	(21,889)	(22,230)
Others (including capitalized interest)		-	130	278,880	279,010
Acquisition through business combinations (note 6(w))		4,846	62,389	89,022	156,257
Effect of movement in exchange rates		275	(4,757)	(60,159)	(64,641)
Balance at December 31, 2023	$	**866,547**	**1,523,642**	**8,112,258**	**10,502,447**
Balance at 1 January, 2022	$	861,426	1,452,797	6,966,728	9,280,951
Additions		-	533	526,424	526,957
Sales of assets		-	-	(33,675)	(33,675)
Disposals		-	-	(72,342)	(72,342)
Others (including capitalized interest)		-	3,840	87,177	91,017
Effect of movement in exchange rates		-	6,529	103,344	109,873
Balance at December 31, 2022	$	**861,426**	**1,463,699**	**7,577,656**	**9,902,781**
Accumulated depreciation and impairment loss:					
Balance at 1 January, 2023	$	-	558,496	4,861,252	5,419,748
Depreciation for the year		-	45,341	682,334	727,675
Impairment gain		-	-	(88)	(88)
Sales of assets		-	-	(11,119)	(11,119)
Disposals		-	(323)	(20,840)	(21,163)
Others (including capitalized interest)		-	-	(998)	(998)
Acquisition through business combinations (note 6(w))		-	5,512	10,788	16,300
Effect of movement in exchange rates		-	(2,568)	(48,864)	(51,432)
Balance at December 31, 2023	$	**-**	**606,458**	**5,472,465**	**6,078,923**

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	Land	Building and construction	Machinery and equipment	Total
Balance at 1 January, 2022	$ -	512,266	4,267,550	4,779,816
Depreciation for the year	-	44,162	642,021	686,183
Impairment gain	-	-	(595)	(595)
Sales of assets	-	-	(27,034)	(27,034)
Disposals	-	-	(68,612)	(68,612)
Effect of movement in exchange rates	-	2,068	47,922	49,990
Balance at December 31, 2022	**$ -**	**558,496**	**4,861,252**	**5,419,748**
Carrying amount:				
Balance at December 31, 2023	**$ 866,547**	**917,184**	**2,639,793**	**4,423,524**
Balance at January 1, 2022	**$ 861,426**	**940,531**	**2,699,178**	**4,501,135**
Balance at December 31, 2022	**$ 861,426**	**905,203**	**2,716,404**	**4,483,033**

(i) As of December 31, 2023, the property, plant and equipment of the Group had been pledged as collateral for its long-term borrowings; please refer to note 8.

(ii) As of December 31, 2022, the Group did not provide any the property, plant and equipment as collateral for its loans.

(iii) The Company's interest capitalized for purchasing property, plant, and equipment for the years ended December 31, 2023, and 2022 were $1,206 thousand and $453 thousand, respectively, both at a rate of 1.50%.

(g) Right-of-use assets

The Group leases many assets including land and buildings, vehicles, machinery and IT equipment. Information about leases for which the Group as a lessee is presented below:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Total
Cost:					
Balance at January 1, 2023	$ 18,006	578,140	-	19,885	616,031
Additions	-	47,207	-	5,954	53,161
Disposal / write-off	-	(2,415)	-	-	(2,415)
Effect of movement in exchange rates	(331)	937	939	557	2,102
Acquisition through business combinations (note 6(w))	-	-	17,862	7,482	25,344
Balance at December 31, 2023	**$ 17,675**	**623,869**	**18,801**	**33,878**	**694,223**
Balance at January 1, 2022	$ 17,745	557,808	-	16,844	592,397
Additions	-	30,408	-	2,921	33,329
Disposal / write-off	-	(35,175)	-	(113)	(35,288)
Effect of movement in exchange rates	261	25,099	-	233	25,593
Balance at December 31, 2022	**$ 18,006**	**578,140**	**-**	**19,885**	**616,031**

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		Land	Building and construction	Machinery and equipment	Transportation equipment	Total
Accumulated depreciation :						
Balane at January 1, 2023	$	9,423	361,675	-	15,694	386,792
Depreciation for the year		359	113,545	1,308	5,208	120,420
Disposal / write-off		-	(1,845)	-	-	(1,845)
Effect of movement in exchange rates		(178)	(261)	-	-	(439)
Balance at December 31, 2023	$	**9,604**	**473,114**	**1,308**	**20,902**	**504,928**
Balance at January 1, 2022	$	8,931	290,831	-	11,970	311,732
Depreciation for the year		361	99,912	-	3,724	103,997
Disposal / write-off		-	(32,033)	-	-	(32,033)
Effect of movement in exchange rates		131	2,965	-	-	3,096
Balance at December 31, 2022	$	**9,423**	**361,675**	**-**	**15,694**	**386,792**
Carrying amount:						
Balance at December 31, 2023	$	**8,071**	**150,755**	**17,493**	**12,976**	**189,295**
Balance at January 1, 2022	$	**8,814**	**266,977**	**-**	**4,874**	**280,665**
Balance at December 31, 2022	$	**8,583**	**216,465**	**-**	**4,191**	**229,239**

(h) Intangible assets

The cost, amortization of the intangible assets of the Group for the years ended December 31, 2023 and 2022 were as follows:

		Acquired special technology	Customer relationship	Patent	Software	Trademarks rights	Total
Cost:							
Balance at January 1, 2023	$	153,667	453,496	50,607	345,131	13,678	1,016,579
Additions		-	-	-	42,622	-	42,622
Acquisition through business combinations (note 6(w))		-	270,899	-	3,905	-	274,804
Others		-	-	-	80,244	-	80,244
Effect of movement in exchange rates		(23)	15,293	-	(356)	(2)	14,912
Balance at December 31, 2023	$	**153,644**	**739,688**	**50,607**	**471,546**	**13,676**	**1,429,161**
Balance at January 1, 2022	$	139,729	408,751	50,607	307,639	12,342	919,068
Additions		-	-	-	35,317	-	35,317
Others (including capitalized interest)		-	-	-	1,284	-	1,284
Effect of movement in exchange rates		13,938	44,745	-	891	1,336	60,910
Balance at December 31, 2022	$	**153,667**	**453,496**	**50,607**	**345,131**	**13,678**	**1,016,579**
Accumulated amortization:							
Balance at January 1, 2023	$	110,110	293,169	44,281	246,928	13,678	708,166
Amortization for the year		14,301	34,051	6,326	85,123	-	139,801
Acquisition through business combinations (note 6(w))		-	-	-	2,200	-	2,200
Others		-	-	-	998	-	998
Effect of movement in exchange rates		(192)	120	-	25	(2)	(49)
Balance at December 31, 2023	$	**124,219**	**327,340**	**50,607**	**335,274**	**13,676**	**851,116**

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		Acquired special technology	Customer relationship	Patent	Software	Trademarks rights	Total
Balance at January 1, 2022	$	85,464	218,119	37,955	177,172	12,342	531,052
Amortization for the year		15,909	49,468	6,326	69,088	-	140,791
Effect of movement in exchange rates		8,737	25,582	-	668	1,336	36,323
Balance at December 31, 2022	$	**110,110**	**293,169**	**44,281**	**246,928**	**13,678**	**708,166**
Carrying amount:							
Balance at December 31, 2023	$	**29,425**	**412,348**	**-**	**136,272**	**-**	**578,045**
Balance at January 1, 2022	$	**54,265**	**190,632**	**12,652**	**130,467**	**-**	**388,016**
Balance at December 31, 2022	$	**43,557**	**160,327**	**6,326**	**98,203**	**-**	**308,413**

(i) Goodwill

		December 31, 2023	December 31, 2022
Cost			
Beginning balance	$	1,136,565	1,024,426
Acquisition through business combinations (note 6(w))		126,031	-
Effect of movement in exchange rates		6,963	112,139
Ending balance	$	**1,269,559**	**1,136,565**

TSC Auto ID merged with, and acquired the entire shares of, MGN on June 12, 2023, through TSCPL, and generated goodwill amounting to PLN 16,748 thousand (approximately NTD 126,031 thousand), with the expectation of an increase in market demand and competitive advantage from the acquisition, which will promote the benefit of the revenue growth and expand the business scale of the Group.

As the measurement of identifiable assets and liabilities assumed acquired in the business combination has not yet been completed, the goodwill was recognized at the reporting date in provisional amounts and adjusted retroactively in the “Measurement Period”.

Goodwill had been allocated to two individual cash-generating units—one in Rectifiers department (CGU Rectifiers) and the other in Bar Code Printers department (CGU Bar Code Printers). The carrying amounts of goodwill which had been allocated to each CGU were as follows:

		December 31, 2023	December 31, 2022
CGU Rectifiers	$	78,482	78,494
CGU Bar Code Printers		1,191,077	1,058,071
	$	**1,269,559**	**1,136,565**

The recoverable amount of the CGU was based on its value in use, the value in use of Bar Code Printers’ different businesses is assessed on their recoverable amounts based on the following key assumptions:

(i) Printer business-Printronix

The value-in-use is estimated based on the cash flow that the management of the TSC Auto ID has budgeted for the next 5 years; the annual discount rates (before tax) used in 2023 and 2022 were 12.4% and 13.8%.

The cash flow of the Printronix brand during the financial budget period includes other key assumptions as follows:

1) Expected operating revenues and revenue growth: the management takes into account historical sales data, past experience producing barcode printers, forecast of the autoidentification systems industry, as well as future operating strategies and goals to estimate sales for the budget period.

2) Expected gross profit margin and operating profit margin: based on the past operating performance of the Printronix brand, while taking into consideration cost and expense improvements in the future.

(ii) Label business - DLS

The value-in-use is estimated based on the cash flow that the management of the TSC Auto ID has budgeted for the next 5 years; the annual discount rates (before tax) used in 2023 and 2022 were 11.9% and 13.7%.

The cash flow of the DLS brand during the financial budget period includes other key assumptions as follows:

1) Expected operating revenues and revenue growth: the management takes into account historical sales data, demand for labels in the U.S. market, forecast of the future development of the label industry, as well as future operating goals to estimate sales for the budget period.

2) Expected gross profit margin and operating profit margin: based on the past operating performance of the DLS brand, while taking into account the resource integration and operating efficiency improvements in the future.

(iii) Label Business - MGN

The value-in-use is estimated based on the cash flow that the management of the TSC Auto ID has budgeted for the next 5 years; the annual discount rates (before tax) used in 2023 was 14.1%.

The cash flow of the MGN brand during the financial budget period includes other key assumptions as follows:

1) Expected operating revenues and revenue growth: the management takes into account historical sales data, demand for labels in the Poland market, forecast of the future development of the label industry, as well as future operating goals to estimate sales for the budget period.

2) Expected gross profit margin and operating profit margin: based on the past operating performance of the MGN brand, while taking into account the resource integration and operating efficiency improvements in the future.

(Continued)

Recoverable amounts for all cash-generating units mentioned above were higher than their book values, hence no impairment loss was recognized. The management is of the opinion that any reasonable change of key assumptions relating to the recoverable amount of an individual cash-generating units would not cause the book value of the cash-generating unit to exceed its recoverable amount.

(j) Short-term borrowings

	December 31, 2023	December 31, 2022
Credit loans	$ **1,621,395**	**1,466,515**
Unused short-term credit lines	$ **3,973,950**	**4,102,980**
Range of interest rate (%)	**1.57%~8.80%**	**1.45%~5.49%**

Please refer to note 6(x) for the disclosures of interest rate risk exposures, currency risk exposures, and liquidity risk exposures.

Please refer to note 9 for disclosures of mortgaged and pledged assets.

(k) Long-term borrowings

	December 31, 2023		
	Rate range	**Maturity year**	**Amount**
Unsecured bank loans	1.20%	2027.07.16	$ 229,334
	1.20%	2026.12.04	66,157
	1.20%	2025.03.28	100,000
	1.20%	2024.12.25	120,000
	1.75%	2024.03.08	11,900
	1.65%~2.00%	2026.03.13	600,000
Secured bank loans	5.43%~8.80%	2027.12.15	20,029
			1,147,420
Less: Current portion			(307,457)
Total			$ **839,963**
Unused long-term credit lines			$ **1,588,370**

	December 31, 2022		
	Rate range	**Maturity year**	**Amount**
Unsecured bank loans	1.075%	2027.07.16	$ 256,000
	1.075%	2026.12.04	88,840
	1.075%	2025.03.28	160,000
	1.075%	2024.12.25	240,000
	1.625%	2024.03.08	41,900
	1.40%~1.50%	2025.10.14	620,000
			$ 1,406,740
Less: Current portion			(322,349)
Total			$ **1,084,391**
Unused long-term credit lines			$ **1,213,260**

(Continued)

To enhance mid-term working capital, The Group 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.

For the collateral for long-term borrowings, please refer to note 8.

(l) Other payable

	December 31, 2023	December 31, 2022
Salaries and bonus payable	$ 472,887	584,162
Payables on equipment	71,298	114,902
Others (note 6(w))	466,932	366,202
	$ 1,011,117	**1,065,266**

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 105,383	106,012
Non-current	64,880	123,214
	$ 170,263	**229,226**

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	**$ 7,426**	**9,692**
Expenses relating to short-term leases	**$ 8,240**	**8,743**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 12,511**	**11,275**

The Group leased buildings, vehicles and machinery equipment for its offices, plants, official cars and daily operations, with lease periods ranging from 1 to 6 years. The lease of offices and warehouses located in the United States is subject to an annual lease payment increase at rates ranging from 2.5% to 3%, and the lease payment of offices located in India is subject to an annual lease payment adjustment at a rate of 5%.

The amounts recognized in the statement of cash flows for the Group were as follows:

	2023	2022
Total cash outflow for leases	**$ 159,049**	**156,968**

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan assets at fair value are as follows:

	December 31, 2023		
	The Company	**TSC Auto ID**	**Total**
Present value of the defined benefit obligations	$ (62,438)	(20,574)	(83,012)
Fair value of plan assets	39,945	3,732	43,677
Net defined benefit liabilities	**$ (22,493)**	**(16,842)**	**(39,335)**

	December 31, 2022		
	The Company	**TSC Auto ID**	**Total**
Present value of the defined benefit obligations	$ (60,476)	(18,399)	(78,875)
Fair value of plan assets	40,430	3,445	43,875
Net defined benefit liabilities	**$ (20,046)**	**(14,954)**	**(35,000)**

1) Composition of plan assets

The Company and TSC Auto ID contribute pension funds to the Bank of Taiwan labor pension reserve account. Under the Labor Standards Act, each employee's retirement payment is calculated based on the number of years of service and the average salary for the six months before retirement. The Group allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2023, the pension fund account balance at Bank of Taiwan amounted to $43,677 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

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2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Company and TSC Auto ID in 2023 and 2022 were as follows:

	2023		
	The Company	**TSC Auto ID**	**Total**
Defined benefit obligation on January 1	$ (60,476)	(18,399)	(78,875)
Current service cost and interest cost	(677)	(367)	(1,044)
Remeasurement in net defined benefit liability			
－Actuarial gains and losses arising from financial assumption	(242)	(1,046)	(1,288)
－Actuarial gains and losses arising from experience adjustment	(2,706)	(762)	(3,468)
Pension paid	1,663	-	1,663
Defined benefit obligation on December 31	**$ (62,438)**	**(20,574)**	**(83,012)**

	2022		
	The Company	**TSC Auto ID**	**Total**
Defined benefit obligation on January 1	$ (63,094)	(22,831)	(85,925)
Current service cost and interest cost	(299)	(171)	(470)
Remeasurement in net defined benefit liability			
－Actuarial gains and losses arising from financial assumption	2,915	3,739	6,654
－Actuarial gains and losses arising from experience adjustment	(3,902)	864	(3,038)
Pension paid	3,904	-	3,904
Defined benefit obligation on December 31	**$ (60,476)**	**(18,399)**	**(78,875)**

3) Movement in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company and TSC Auto ID in 2023 and 2022 were as follows:

	2023		
	The Company	**TSC Auto ID**	**Total**
Fair value of plan assets on January 1	$ 40,430	3,445	43,875
Interest revenue	710	69	779
Remeasurement in net defined benefit liability			
－Return on plan assets (exclude current interest)	173	5	178
Contributions paid by the employer	295	213	508
Pension paid	(1,663)	-	(1,663)
Fair value of plan assets on December 31	**$ 39,945**	**3,732**	**43,677**

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	2022		
	The Company	**TSC Auto ID**	**Total**
Fair value of plan assets on January 1	$ 40,037	3,100	43,137
Interest revenue	302	24	326
Remeasurement in net defined benefit liability			
－Return on plan assets (exclude current interest)	3,536	216	3,752
Contributions paid by the employer	459	105	564
Pension paid	(3,904)	-	(3,904)
Fair value of plan assets on December 31	**$ 40,430**	**3,445**	**43,875**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Company and TSC Auto ID in 2023 and 2022 were as follows:

	2023		
	The Company	**TSC Auto ID**	**Total**
Net interest on net defined benefit liability	**$ (33)**	**298**	**265**

	2022		
	The Company	**TSC Auto ID**	**Total**
Net interest on net defined benefit liability	**$ (3)**	**147**	**144**

	2023		
	The Company	**TSC Auto ID**	**Total**
Cost of goods sold	$ (9)	117	108
Selling expense	(3)	19	16
Administration expense	(20)	75	55
Research and development expense	(1)	87	86
	$ (33)	**298**	**265**

	2022		
	The Company	**TSC Auto ID**	**Total**
Cost of goods sold	$ -	53	53
Selling expense	-	9	9
Administration expense	(3)	45	42
Research and development expense	-	40	40
	$ (3)	**147**	**144**

(Continued)

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5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Company and TSC Auto ID' s re-measurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023		
	The Company	**TSC Auto ID**	**Total**
Accumulative amount at January 1	$ (817)	(521)	(1,338)
Recognized during the period	(2,775)	(1,803)	(4,578)
Accumulative amount at December 31	**$ (3,592)**	**(2,324)**	**(5,916)**

	2022		
	The Company	**TSC Auto ID**	**Total**
Accumulative amount at January 1	$ (3,366)	(5,340)	(8,706)
Recognized during the period	2,549	4,819	7,368
Accumulative amount at December 31	**$ (817)**	**(521)**	**(1,338)**

6) Actuarial assumptions

The following are the Company and TSC Auto ID's principal actuarial assumptions:

	2023.12.31		2022.12.31	
	The Company	**TSC Auto ID**	**The Company**	**TSC Auto ID**
Discount rate	1.25%~1.625%	1.625 %	1.25%~1.75%	2.00 %
Future salary increase rate	2.50 %	2.50 %	2.50 %	2.50 %

The expected allocation payment made by the Company and TSC Auto ID to the defined benefit plans for the one year period after the reporting date were $260 thousand and $223 thousand, respectively.

The defined benefited obligation weight-average duration of the Company is between 2.00 years to 20.19 years. The defined benefited obligation weight-average duration of TSC Auto ID is from 2.33 years to 21.19 years.

7) Sensitivity analysis

When computing the present value of the defined benefit obligations, the Company and TSC Auto ID use judgments and estimations to determine the actuarial assumptions, including discount rate, employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		The impact on the present value of the defined benefit obligation	
		Increased 0.25%	**Decreased 0.25%**
December 31, 2023			
Discount rate	$	(1,342)	1,392
Future salary increasing rate		1,358	(1,316)
December 31, 2022			
Discount rate		(1,373)	1,425
Future salary increasing rate		1,394	(1,350)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company and TSC Auto ID allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

For the years 2023 and 2022, the Group's pension costs under the defined contribution method were $66,646 thousand and $66,412 thousand, respectively. Payment was made to the Bureau of Labor Insurance.

The pension cost of foreign subsidiaries recognized in accordance with the local defined contribution method amounted to $58,180 thousand and $50,288 thousand for the years 2023 and 2022, respectively.

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(o) Income tax

(i) The components of income tax in the years 2023 and 2022 were as follows:

		2023	2022
Current tax expenses			
Current period	$	501,795	706,086
Additional tax on undistributed earnings		40,277	15,051
Adjustment for prior periods		(16,122)	5,832
		525,950	726,969
Deferred tax expenses			
Origination of temporary differences		1,854	110,046
Total income tax expenses	**$**	**527,804**	**837,015**

(ii) The amount of income tax recognized directly in equity for 2023 and 2022 were as follows:

		2023	2022
Disposal of partial equity of subsidiaries	**$**	**-**	**721**

(iii) The amount of income tax recognized in other comprehensive income for the years 2023 and 2022 were as follows:

		2023	2022
Items that maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences of foreign operations	**$**	**4,590**	**48,006**

The Group' s reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

		2023	2022
Profit excluding income tax	**$**	**1,837,797**	**3,013,930**
Income tax	$	402,258	608,107
Undistributed earnings additional tax		40,277	15,051
Income tax expense of subsidiaries		108,019	245,889
Change in unrecognized temporary difference and others		(22,750)	(32,032)
Total	**$**	**527,804**	**837,015**

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(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the Group's deferred tax assets have not been recognized in respect of the following temporary difference:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 58,402	56,897
Investment tax credit	$ 61,840	61,850

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	Inventory obsolescence	Allowance for impairment	Unrealized gross profit	Investment tax credit	Net operating loss carryforward	Others	Total
Balance at January 1, 2023	$ 50,338	937	70,423	249,672	7,360	79,435	458,165
Recognized in profit or loss	40,254	(690)	21,414	(18,000)	(295)	46,294	88,977
Recognized in other comprehensive income	-	-	-	-	-	(4,590)	(4,590)
Acquisition from business combination (note 6(w))	-	-	-	-	-	1,565	1,565
Effect of movement in exchange rate	-	-	-	181	2	(158)	25
Balance at December 31, 2023	$ 90,592	247	91,837	231,853	7,067	122,546	544,142
Balance at January 1, 2022	$ 30,702	1,802	41,695	248,655	16,641	116,702	456,197
Recognized in profit or loss	19,636	(865)	28,728	(25,291)	(10,717)	7,040	18,531
Recognized in other comprehensive income	-	-	-	-	-	(48,006)	(48,006)
Effect of movement in exchange rate	-	-	-	26,308	1,436	3,699	31,443
Balance at December 31, 2022	$ 50,338	937	70,423	249,672	7,360	79,435	458,165

Deferred tax liabilities:

	Recognized income under equity method	Book-tax difference of intangible assets	Maturity year difference arising from plant and equipment	Others	Total
Balance at January 1, 2023	$ (697,299)	(9,919)	(97,328)	(20,560)	(825,106)
Recognized in profit or loss	(71,837)	6,001	(7,391)	(17,604)	(90,831)
Acquisition from business combination (note 6(w))	-	(51,471)	-	(1,740)	(53,211)
Effect of movement in exchange rate	-	(2,877)	107	(147)	(2,917)
Balance at December 31, 2023	$ (769,136)	(58,266)	(104,612)	(40,051)	(972,065)

(Continued)

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	Recognized income under equity method	Book-tax difference of intangible assets	Maturity year difference arising from plant and equipment	Others	Total
Balance at January 1, 2022	$ (569,143)	(19,544)	(80,074)	(15,961)	(684,722)
Recognized in profit or loss	(128,156)	11,347	(8,194)	(3,574)	(128,577)
Effect of movement in exchange rate	-	(1,722)	(9,060)	(1,025)	(11,807)
Balance at December 31, 2022	**$ (697,299)**	**(9,919)**	**(97,328)**	**(20,560)**	**(825,106)**

(v) As of December 31, 2023, TSCAA based on the investment tax credits recognized in the U.S. local tax laws is as follows:

Offset items	Not yet deducted balance	Final deduction year
Research and development expenditure		
Federal tax	$ 45,621	2036
State tax	248,072	Unlimited
	$ 293,693	

(vi) As of December 31, 2023, net operating loss carryforward of DLS is as follows:

Offset items	Not yet deducted balance	Final deduction year
Illinois	**$ 74,390**	2031

(vii) As of December 31, 2023, the income tax returns of the Company and TSC Auto ID through the year 2021 were assessed by the Tax Authority.

(viii) Since funds are needed for expanding the overseas operations, the earnings of the Company’s overseas subsidiaries will not be transferred back in the short run. In accordance with paragraph A39 of IAS 12 “Income Taxes”, the earnings’ book-tax difference should be considered permanent.

(p) Stockholders’ equity

(i) Common stock

A resolution was passed during the general meeting of shareholders held on June 14, 2019 for the issuance of ordinary shares for cash within a year under private placement, with the number of shares issued not exceeding 10,000 thousand. Subsequently, a resolution was passed during the board meeting held on October 30, 2019 for the issuance of 6,741 thousand ordinary shares under private placement, with par value of $10 per share, amounting to $299,975 thousand, with November 18, 2019 as the date of capital increase. The relevant statutory registration procedures have since been completed.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities (December 18, 2019), and after applying for a public offering with the Financial Supervisory Commission. The Company has reissued its public offering, and declared it effective on May 18, 2023.

The Company retired 1,600 thousand of treasury shares and eliminated $69,482 thousand of capital surplus - treasury shares, which was approved by the Board of Directors on January 10, 2022, as the date of capital reduction. The related registration procedures have been completed.

The Company increased its capital to $9,000,000 thousand based on a resolution approved during the shareholders' meeting held on June 19, 2023. All relevant registration procedures had been completed on June 30, 2023. As of December 31, 2023 and 2022, the authorized capital amounted to $9,000,000 thousand and $3,600,000 thousand (including the amount of $100,000 authorized for the issuance of the employee stock options); the Company' s outstanding capital amounted to $2,634,854 thousand, respectively, with a par value of $10 (dollars) per share.

(ii) Capital surplus

		December 31, 2023	December 31, 2022
Premium on shares issued above par value	$	639,859	639,859
Conversion premium of convertible corporate bonds		1,229,442	1,229,442
Treasury share transactions		200,145	140,945
Employee share options premium		24,378	24,378
Interest compensation payable on convertible corporate bonds		18,674	18,674
Employee share options		1,543	1,543
Change in affiliates recognized under equity method		95,210	82,247
	$	2,209,251	2,137,088

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

(Continued)

(iv) Special reserve

According to ROC SFB regulations, an ROC publicly listed company should retain its special reserve equal to any deductions from stockholders’ equity before distribution of earnings. If the aforementioned deduction from stockholders’ equity is reversed, the same amount could be removed from special reserve and transferred to unappropriated earnings. The remaining earnings may be distributed as stockholders’ dividends.

The increase in retained earnings occurring before the adoption date due to the first-time adoption of IFRSs amounted to $302,149. In accordance with IFRS 1 issued by the Financial Supervisory Commission, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution. When the relevant assets are used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to $302,149 on December 31, 2023 and 2022.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders’ equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders’ equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

(v) Distribution of earnings and dividend policy

In accordance with the Company’s articles of incorporation, if there are appropriate earnings at year-end, the after-tax earnings shall first be offset against any deficit, and 10% should be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reverse equals the total authorized capital. Special capital reserve may be appropriated in accordance with relevant laws. The remaining balance of the earnings can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the Stockholders’ meeting.

According to the stock dividend policy of the Company, in consideration of future capital needs, operational development, capital needs, international and domestic competitiveness, and stockholders’ benefits, etc., cash dividends cannot be lower than 10% of total stock dividends. However, stock dividends instead of cash dividends are distributed if the cash dividends per share are less than 0.2 (dollars).

(Continued)

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The annual shareholders' meeting on June 19, 2023 and June 21, 2022, resolved to distribute earnings as dividends and as employee bonuses and directors' remuneration for 2022 and 2021 as follows:

	2022		2021	
	Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Dividends distributed to common shareholders:				
Cash	$ 4.00	**1,053,942**	2.50	**658,714**

(vi) Treasury stocks

In accordance with Article 28-2 of the Securities and Exchange Act, in order to transfer shares to employees, the Company repurchased 1,600 thousand shares of treasury stock at a cost of $85,482 thousand and retired 1,600 thousand of treasury shares in January 2022, as described in common stock.

In accordance with Securities and Exchange Act requirements, treasury shares held by the Company should not be pledged, and do not hold shareholder rights before their transfer.

As of December 31, 2023 and 2022, a subsidiary of the Company, TSC Auto ID, held 14,800 thousand share of the Company with a total value of $506,043 thousand respectively, recognized under treasury shares.

As of year-end 2023 and 2022, the Company had recognized dividend income received from its TSC Auto ID subsidiary in the amount of $59,200 thousand and $37,000 thousand, respectively, and the total amount were transferred to capital surplus – treasury shares under the equity method.

(vii) Other equity

	Foreign exchange differences arising from foreign operation
Balance at January 1, 2023	$ (359,558)
Foreign exchange differences	(59,972)
Balance at December 31, 2023	**$ (419,530)**

	Foreign exchange differences arising from foreign operation
Balance at January 1, 2022	$ (531,125)
Foreign exchange differences	171,567
Balance at December 31, 2022	**$ (359,558)**

(Continued)

(q) Share-based payment

As of December 31, 2023 , the Group’s share-based payment arrangements were as follows:

	TSC Auto ID		
Type	**TSC Auto ID’s first exercise of employee stock options in the year 2023**	**TSC Auto ID’s first exercise of employee stock options in the year 2020**	**TSC Auto ID’s second exercise of employee stock options in the year 2020**
Grant date	112.8.11	109.7.1	110.4.6
Number of shares granted	855 units	943 units	57 units
Contract term	5 years	5 years	5 years
Recipients	Employees	Employees	Employees
Vesting period	Provide future service of 2 years	Provide future service of 2 years	Provide future service of 2 years

(i) Determining the fair value of equity instruments granted

TSC Auto ID used the Black Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	TSC Auto ID		
	Year 2023 First employee stock options	**Year 2020 First employee stock options**	**Year 2020 Second employee stock options**
Exercise price ($)	241.00	188.50	217.50
Term of the stock option (years)	3.5~4.5	3.5~4.5	3.5~4.5
Expected volatility (%)	23.20%~ 23.82%	31.40%~ 32.52%	29.98%~ 31.14%
Risk-free interest rate (%)	1.05%~ 1.08%	0.33%~ 0.36%	0.26%~ 0.30%

(ii) The details of TSC Auto ID’s employee stock options were as follows:

	2023		2022	
TSC Auto ID stock options	**Number of stock options**	**Weighted-average exercise price ($)**	**Number of stock options**	**Weighted-average exercise price ($)**
Outstanding at January 1	895.5	$159.90~194.80	945	170.80~208.10
Granted during the year	855	241	-	-
Forfeited during the year	(369.5)	137.9~168.0	(42)	159.90
Expired during the year	(15)	159.90	(7.5)	159.90
Outstanding at December 31	**1,366.0**	137.90~241.00	**895.5**	159.90~194.80
Exercisable at December 31	**273.63**		**412**	
Weighted average of remaining contractual period (year)	**1.50~ 4.62**		**2.50~ 3.27**	

(Continued)

In the years 2023 and 2022, TSC Auto ID's share-based payments due to equity settlement amounted to $10,680 thousand and $14,713 thousand, respectively, and were recognized under operating cost and operating expense.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023		
	Rectifiers	**Bar code Printers**	**Total**
Primary geographical markets			
Asia	$ 3,804,181	2,458,904	6,263,085
America	649,281	4,040,321	4,689,602
Europe	1,730,443	1,852,472	3,582,915
Others	80,412	-	80,412
	$ 6,264,317	**8,351,697**	**14,616,014**
Major products lines			
Rectifiers	$ 6,264,317	-	6,264,317
Bar code Printers	-	8,351,697	8,351,697
	$ 6,264,317	**8,351,697**	**14,616,014**

	2022		
	Rectifiers	**Bar code Printers**	**Total**
Primary geographical markets			
Asia	$ 4,569,313	2,332,541	6,901,854
America	1,127,047	4,113,704	5,240,751
Europe	1,917,594	1,520,620	3,438,214
Others	106,315	-	106,315
	$ 7,720,269	**7,966,865**	**15,687,134**
Major products lines			
Rectifiers	$ 7,720,269	-	7,720,269
Bar code Printers	-	7,966,865	7,966,865
	$ 7,720,269	**7,966,865**	**15,687,134**

(ii) Contract balances

	December 31, 2023	**December 31, 2022**	**January 1, 2022**
Notes and trade receivable	$ 2,622,422	3,053,974	2,990,996
Less: Allowance for impairment	(46,449)	(37,506)	(39,430)
Total	**$ 2,575,973**	**3,016,468**	**2,951,566**

(Continued)

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

(s) Non-operating income and expenses

(i) Interest income

The Group's interest income detail was as follows:

		2023	2022
Interest income from bank deposits	$	**42,817**	**19,892**

(ii) Other income

		2023	2022
Rent income	$	7,942	8,739
Others		44,200	37,286
	$	**52,142**	**46,025**

(iii) Other gains and losses

		2023	2022
Gains (losses) on disposal of property, plant and equipment	$	274	(4,840)
Foreign exchange gains		61,374	261,843
Losses on financial asset at fair value through profit or loss		(5,965)	(51,151)
Reversal of impairment gains on property, plant and equipment		88	595
Others		848	(8,503)
	$	**56,619**	**197,944**

(iv) Finance costs

		2023	2022
Interest expense	$	(81,889)	(38,804)
Less: interest capitalization		1,417	474
Other financial costs		(1,837)	(2,122)
	$	**(82,309)**	**(40,452)**

(t) Remunerations to employees and directors

In accordance with the Company's articles of incorporation, require that earnings shall first be offset against any deficit, then, a range from 4% to 10% will be distributed as employee remuneration and a maximum of 1% will be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

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The abovementioned directors' remuneration, which should be distributed in cash, and the amount of remuneration to employees, had been approved by the Board of Directors and will be reported during the shareholders' meeting.

The Company estimated its remuneration to employees amounting to $55,799 thousand and $139,206 thousand for the years ended December 31, 2023 and 2022, respectively, and estimated its remuneration to directors amounting $9,300 thousand and $19,886 thousand for the years ended December 31, 2023 and 2022, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentages of the remuneration to employees and directors, as specified in the Company's article. The estimations are recorded under operation expenses. The differences between the estimated amounts in financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized as profit or loss in following year. The related information can be accessed from the market observation post system website. There were no differences between the estimated amounts reflected in the 2023 and 2022 financial reports, and the actual amounts approved by the Board of Directors.

(u) Earnings per share

(i) Basic earnings per share

	2023	2022
Net income	$ 718,640	1,562,887
Weighted-average number of outstanding shares (thousands)	248,685	248,877
Basic earnings per share ($)	2.89	6.28

(ii) Diluted earnings per share

	2023	2022
Diluted net income per share	718,640	1,562,887
Weighted-average number of outstanding shares (thousands)	248,685	248,877
Employees' remuneration	880	2,058
Diluted weighted-average number of common shares outstanding (thousands)	249,565	250,935
Diluted earnings per share ($)	2.88	6.23

(v) Disposal of subsidiaries under the restructuring-loss of control

TSC Auto ID signed a share transaction agreement with its subsidiary TSCAA on July 1, 2022 to sell 5% of TSC Auto ID owned shares in PTNX US. Upon the completion of the share transfer, the Board of Directors of TSC Auto ID resolved that July 1, 2022 shall be the record date for the merger. TSCAA has consolidated and merged with PTNX US, which becomes a 100% owned subsidiary. This transaction is considered an organizational restructuring under common control and is treated as an equity transaction.

(Continued)

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(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
Net accounts receivable	4,192
Accounts receivable-affiliated parties, net	1,012
Other receivable-affiliated parties	2,354
Inventory	2,516
Prepayment	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 liability	
Account 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

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(iii) Equity transaction difference

	PTNX US
Consideration received	$ 48,219
Disposal of net assets	(49,270)
Adjustments to exchange difference on translation of financial statements of foreign operations	(8,871)
Equity transaction difference (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 $9,922 thousand. The Company adjusts according to the proportion of ownership. In summary, except for the income tax recognized in capital surplus rather than recognized directly in equity, the above transaction did not affect the preparation of the financial statements of the Group.

(w) Business combinations

To enhance brand competitiveness and expand its European labels market, TSC Auto ID merged with, and acquired the entire equity interest of, MGN on June 12, 2023 through TSCPL, with the initial consideration of PLN 63,552 thousand (approximately NTD 478,227 thousand). However, the total transaction price may increase or decrease in accordance with contingent consideration and other contractual conditions relating to MGN's profit conditions for the preceding three years after delivery.

(i) Subsidiary business acquired

	Principal activity	Acquisition date	Shareholding	Consideration transferred
MGN	Customization of design, integration and marketing of label papers and other parts	June 12, 2023	100%	**$ 478,227**

(ii) Consideration transferred

	MGN
Cash	$ 362,703
Final payment of purchase price payable (note 6(b))	43,645
Contingently issuable consideration (Note)	71,879
	$ 478,227

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Note: Pursuant to the contingent consideration agreement included in the acquisition contract, TSC Auto ID will be required to pay the seller a maximum of PLN 14,000 thousand additionally if MGN's operating income and gross profit margin meet the performance targets for a period of three years from the acquisition date. The management considers this payment obligation to be highly probable, and the fair value of the obligation at acquisition date is estimated to be PLN 9,552 thousand (approximately NTD 71,879 thousand).

(iii) Assets acquired on the acquisition date and liabilities undertaken through fair value

	MGN
Current assets	
Cash and cash equivalents	$ 4,213
Net accounts receivable	79,892
Inventories	2,397
Prepaid expenses	58,699
Other current assets	6,258
Non-current assets	
Property, plant and equipment	139,957
Right-of-use assets	25,344
Software	1,705
Customer Relationships	270,899
Deferred tax assets	1,565
Other non-current assets	11,361
Current liabilities	
Short-term borrowings	(8,789)
Accounts payable	(94,322)
Other payables	(33,044)
Current income tax liabilities	(422)
Lease liabilities	(6,036)
Long-term borrowings, current portion	(7,335)
Other current liabilities	(13,447)
Non-current liabilities	
Long-term borrowings	(19,094)
Deferred income tax liabilities	(53,211)
Lease liabilities	(12,248)
Other non-current liabilities	(2,146)
	$ 352,196

Because the measure of the recognized amount of assets acquired and liabilities undertaken does not complete, the fair value is recognized on the reporting date by a tentative amount.

(Continued)

(iv) Goodwill arising on acquisition

	MGN
Consideration transferred	$ 478,227
Less: The assumed identifiable assets and liabilities	(352,196)
Goodwill arising on acquisition	**$ 126,031**

Goodwill due to purchase MGN results from control premium. The transferred consideration in business combination including the expected synergies from the combination, the growth of revenue, future market development and employee values of MGN.

Goodwill arising from the consolidation is not expected to be tax deductible.

(v) Net cash flows used in acquisition of subsidiary

	MGN
Valuable consideration	$ 362,703
Less: Cash balance	(4,213)
	$ 358,490

(vi) The impact on business performance due to business combination

The business performance for the acquired company on the acquisition date (June 12, 2023) is stated as below:

	MGN
Operating revenue	**$ 303,570**
Net income	**$ 520**

If the merger with, and acquisition of, MGN in June 2023 occurred on January 1, 2023, TSC Auto ID’ s operating revenue and net profit would have been $8,564,766 thousand and $1,267,015 thousand, for the year ended December 31, 2023, respectively. However, the future estimation of operating revenue and net income cannot be applied since the merger and the acquisition had occurred on the same date.

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group has a wide range of customers and has no significant transactions that only focus on a single customer. There is no sales revenue to a specified customer accounted for 10% of operating revenue.

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3) Receivable and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(c).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	1 year	1-2 years	2-5 years	More than 5 years
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	$ 1,621,395	1,628,176	1,628,176	-	-	-
Accounts payable	1,356,786	1,356,786	1,356,786	-	-	-
Other payables	1,011,117	1,011,117	1,011,117	-	-	-
Lease liabilities	170,263	178,188	113,515	61,964	2,709	-
Long-term borrowings (including expires within one year)	1,147,420	1,175,359	322,957	425,050	427,352	-
	$ 5,306,981	**5,349,626**	**4,432,551**	**487,014**	**430,061**	**-**
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	$ 1,466,515	1,471,972	1,471,972	-	-	-
Accounts payable	1,648,557	1,648,557	1,648,557	-	-	-
Other payables	1,065,266	1,065,266	1,065,266	-	-	-
Lease liabilities	229,226	241,713	118,899	105,058	17,756	-
Long-term borrowings (including expires within one year)	1,406,740	1,422,754	330,430	859,760	232,564	-
Derivative financial liabilities						
Exchange forward contract	2,392	2,392	2,392	-	-	-
	$ 5,818,696	**5,852,654**	**4,637,516**	**964,818**	**250,320**	**-**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

		December 31, 2023		December 31, 2022	
		Exchange rate	**Amount (TWD)**	**Exchange rate**	**Amount (TWD)**
Financial assets					
Monetary Items					
USD	$	30.705	1,864,116	30.71	2,986,582
EUR		33.98	899,804	32.72	885,939
JPY		0.2172	171,334	0.2324	200,138
HKD		3.9290	466,665	3.9380	468,598
CNY		4.3270	2,018,397	4.4080	1,976,945
KRW		0.0238	702	0.0244	2,390
			$ 5,421,018		**6,520,592**
Derivative financial instruments					
USD	$	30.705	3,316	30.71	1,798
EUR		33.98	2,255	32.72	-
			$ 5,571		**1,798**
Financial liabilities					
Monetary items					
USD	$	30.705	597,638	30.71	751,186
EUR		33.98	365,939	32.72	513,442
JPY		0.2172	47,000	0.2324	59,307
HKD		3.9290	1,337	3.9380	1,534
CNY		4.3270	565,398	4.4080	609,884
KRW		0.0238	875	0.0244	2,509
			$ 1,578,187		**1,937,862**
Derivative financial instruments					
USD	$	30.705	-	30.71	2,392
			$ -		**2,392**

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on financial assets and financial liabilities that are denominated in foreign currency.

(Continued)

A strengthening (weakening) of 3% of the NTD against the foreign currency as of December 31, 2023 and 2022, would have increased or decreased the net profit before tax by $115,452 thousand and $137,464 thousand for the years ended December 31, 2023 and 2022, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2022 (prior year).

3) Foreign exchange gains and losses of monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to $61,374 thousand and $261,843 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group’s financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis point, the Group’s net profit before tax would have decreased by $27,688 thousand and $28,733 thousand for the years ended December 31, 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Group’s borrowing at variable rates and investment in variable-rate bills.

(v) Other price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follow, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	2023		2022	
Security price on the reporting date	**Other consolidated profit or loss after tax**	**Net income**	**Other consolidated profit or loss after tax**	**Net income**
Increasing 1%	$ -	379	33	-
Decreasing 1%	$ -	(379)	(33)	-

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(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 20,032	20,032	-	-	20,032
Derivative financial assets	5,571	-	5,571	-	5,571
Fund in foreign markets	22,383	-	-	22,383	22,383
Subtotal	47,986	20,032	5,571	22,383	47,986
Financial assets measured at amortized cost					
Cash and cash equivalents	3,383,447	-	-	-	-
Notes and accounts receivable	2,575,973	-	-	-	-
Other receivables	72,080	-	-	-	-
Other financial assets (including current and non-current)	503,089	-	-	-	-
Subtotal	6,534,589	-	-	-	-
Total	**$ 6,582,575**	**20,032**	**5,571**	**22,383**	**47,986**
Financial liabilities measured at amortized cost					
Accounts payable	$ 1,356,786	-	-	-	-
Other payables	1,011,117	-	-	-	-
Lease liabilities	170,263	-	-	-	-
Borrowings	2,768,815	-	-	-	-
Subtotal	5,306,981	-	-	-	-
Total	**$ 5,306,981**	**-**	**-**	**-**	**-**

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 1,798	-	1,798	-	1,798
Financial assets at fair value through other comprehensive income					
Fund in foreign markets	$ 4,157	-	-	4,157	4,157

(Continued)

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	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	3,595,681	-	-	-	-
Notes and accounts receivable	3,016,468	-	-	-	-
Other receivables	105,789	-	-	-	-
Other financial assets (including current and non-current)	682,508	-	-	-	-
Subtotal	7,400,446	-	-	-	-
Total	**$ 7,406,401**	**-**	**1,798**	**4,157**	**5,955**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 2,392	-	2,392	-	2,392
Financial liabilities measured at amortized cost					
Accounts payable	1,648,557	-	-	-	-
Other payables	1,065,266	-	-	-	-
Lease liabilities	229,226	-	-	-	-
Borrowings	2,873,255	-	-	-	-
Subtotal	5,816,304	-	-	-	-
Total	**$ 5,818,696**	**-**	**2,392**	**-**	**2,392**

2) Valuation techniques of financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’ s-length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the consolidated balance sheet date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Fair value hierarchy transfer

There was no transfer from one level to another for the years ended December 31, 2023 and 2022.

4) Reconciliation of Level 3 fair values

	Financial assets at fair value through profit or loss
Opening balance, January 1, 2023	$ -
Total gains or losses	
Recognized in profit or loss	(1,381)
Purchased	19,607
Reclassified	4,157
Ending balance, December 31, 2023	**$ 22,383**

For the years ended December 31, 2023 and 2022, the total gains and losses that were included in "other gains and losses" were as follows:

	2023	2022
Total gains or losses		
Recognized in profit or loss (presented in "other gains and losses")	(1,381)	(2,639)

5) Quantified information on significant unobservable inputs Level 3 used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure the fair value include the financial assets at fair value through profit and loss – other financial assets and fund in foreign markets, please refer to note 6(b).

The funds held by the Company in foreign markets, which are categorized as level 3, have only one significant unobservable input.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit and loss – fund in foreign markets	Net Asset Value Method	Net Asset Value	The higher the net asset value is, the higher the estimated fair value would be.

(y) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group' s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivable

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

If the Group retains the rights to the products that have already been sold, the Group shall also have the right to require collateral if payment has not been received. The Group does not require any collateral for accounts receivable and other receivables.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At 31 December 2023, no other guarantees were outstanding (2022: none).

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2023 and 2022, the Group's unused credit line were amounted to $5,442,320 thousand and $5,316,240 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

Please refer to note 6(x)iii(1) for more details on currency risk exposure

2) Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios. The Group assigned a specific team to supervise and assess the equity price risk so as to avoid or minimize the risk from the hedging position.

(z) Capital management

The Group sets objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interests of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Group’s capital management strategy is consistent with the prior year, and the gearing ratio is maintained within 60% so as to ensure financing at reasonable cost. The gearing ratios on the reporting date were as follows:

	December 31, 2023	**December 31, 2022**
Total liabilities	$ 6,846,014	7,491,336
Less: cash and cash equivalents	3,383,447	3,595,681
Net liabilities	**$ 3,462,567**	**3,895,655**
Total equity	**$ 10,669,468**	**10,725,483**
Total capital	**$ 14,132,035**	**14,621,138**
Debt-to-equity ratio	**24.50%**	**26.64%**

(Continued)

(aa) Investing and financing activities not affecting current cash flow

The Group did not have investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022.

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2023	**Cash flows**	**Foreign exchange movement**	**Other**	**Changes in lease payments**	**December 31, 2023**
Short-term borrowings	$ 1,466,515	146,091	-	8,789	-	1,621,395
Long-term borrowings (including expires within one year)	1,406,740	(286,822)	1,073	26,429	-	1,147,420
Lease liabilities	229,226	(130,872)	(4,547)	25,710	50,746	170,263
Deposit received	2,217	(246)	-	-	-	1,971
Total liabilities from financing activities	**$ 3,104,698**	**(271,849)**	**(3,474)**	**60,928**	**50,746**	**2,941,049**

			Non-cash changes			
	January 1, 2022	**Cash flows**	**Foreign exchange movement**	**Other**	**Changes in lease payments**	**December 31, 2022**
Short-term borrowings	$ 921,426	545,089	-	-	-	1,466,515
Long-term borrowings (including expires within one year)	1,549,310	(142,570)	-	-	-	1,406,740
Lease liabilities	304,151	(127,258)	12,771	9,692	29,870	229,226
Deposit received	2,347	(130)	-	-	-	2,217
Total liabilities from financing activities	**$ 2,777,234**	**275,131**	**12,771**	**9,692**	**29,870**	**3,104,698**

(7) Related-party transactions:

(a) Related-party transactions

The Company is the ultimate controlling party of the Consolidated Company.

(b) Key management personnel compensation

Key management personnel compensation comprised:

	2023	**2022**
Short-term employment benefits	$ 217,685	258,037
Post-employment benefits	2,642	1,271
Share-based payment	3,499	5,079
	$ 223,826	**264,387**

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Please refer to note 6(q) for explanation related to share-based payment.

(8) Pledged assets:

The carrying amounts of assets provided by the Group pledged as security were as follows:

Assets pledged as security	Liabilities secured by pledge	December 31, 2023	December 31, 2022
Property, plant and equipment	Borrowing	$ 51,785	-

(9) Commitments and contingencies:

The guarantee notes provided by the Group to the banks were as follows:

	December 31, 2023	December 31, 2022
TWD	$ 2,081,900	2,411,900
USD	14,000	21,000

As of December 31, 2023 and 2022, the Company has unused letters of credit issued by the Group.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) The information on employee benefits, depreciation, and amortization expenses, by function, is summarized as follows:

By function / By item	December 31, 2023			December 31, 2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	1,015,742	1,312,434	2,328,176	1,051,476	1,319,205	2,370,681
Labor and health insurance	125,273	121,737	247,010	109,668	99,757	209,425
Pension	63,883	61,208	125,091	59,344	57,500	116,844
Remuneration of directors	-	41,604	41,604	-	53,936	53,936
Others	92,917	39,237	132,154	94,147	32,308	126,455
Depreciation	720,840	127,255	848,095	678,964	111,216	790,180
Amortization	14,384	125,417	139,801	14,551	126,240	140,791

(b) Seasonality of operations

The Group's operations are not affected by seasonal or cyclical factors.

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(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
1	TSC Auto ID	TSCAA	Other receivables-related party	Yes	-	-	-	- %	-	-	Canceled on March 15, 2023	-	None	-	-	-
2	TSC Auto ID	DLS (Note 5)	Other receivables-related party	Yes	322,700	-	-	- %	2	-	Repayment of bank loans	-	None	-	1,092,254	2,184,508
3	TSC Auto ID	TSCPL	Other receivables-related party	Yes	173,550	169,900	-	- %	2	-	Repayment of bank loans	-	None	-	1,092,254	2,184,508
4	TSC Auto ID	TSCAE	Other receivables-related party	Yes	34,710	33,980	8,495	- %	2	-	Repayment of bank loans	-	None	-	1,092,254	2,184,508

Note 1: No.2 refers to those who have the need for short-term financing.

Note 2: Limitation on amount of loans to short-term financing company individually by TSC Auto ID is 20% of TSC Auto ID's net asset.

Note 3: Limitation on amount of loans to short-term financing company in total by TSC Auto ID is 40% of TSC Auto ID's net asset.

Note 4: Conversion at the exchange rate of NTD 32.27 for USD on September 30, 2023, and NTD 34.71 for EUR on August 31, 2023

Note 5: The capital loan amounts of TSC Auto ID to its subsidiary DLS expired on November 8, 2023.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
1	TSC Auto ID	TSCAA	2	2,184,508	369,000	184,230	-	-	3.37 %	3,276,763	N	N	N
2	TSC Auto ID	TSCAE	2	2,184,508	-	15,353	-	-	0.28 %	3,276,763	N	N	N

Note 1: No.2 refers to companies that directly and indirectly hold more than 50% shares of voting rights.

Note 2: Limitation on amount of guarantees and endorsements for a specific enterprise is 40% of TSC Auto ID's net asset.

Note 3: Limitation on amount of guarantees and endorsement in total is 60% of TSC Auto ID's net asset.

Note 4: Conversion at exchange rate NTD 30.75 to USD on May 31, 2023.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss-current	1,885	20,032	-	20,032	-	
The Company	Applied WirelessIdentifications Group, Inc.	-	Financial assets at fair value through profit or loss-current	243	-	-	-	-	

(Continued)

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Third Dimension (3D)Semiconductor, Inc.	-	Financial assets at fair value through profit or loss-current	921	-	-	-	-	
The Company	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	22,383	-	22,383	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars/Shares)

Company holding securities	Security type and name	Account	Counter-party	Relationship	Beginning		Purchase		Sale				Other (Note 1)	Ending	
					Shares (in thousands)	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Amount	Shares (in thousands)	Amount
TSC Auto ID	TSCPL	Investments accounted for using equity method	TSCPL	Subsidiary	-	-	-	498,827	-	-	-	-	6,752	-	505,579
TSCPL	MGN (Note 2)	Investments accounted for using equity method	SEBASTIAN ŁUKASZ NAWROT AND ROBERT ZENON MALAK AND MGN (Note 2)	-	-	-	2	71,834 (thousands PLN)	-	-	-	-	(865) (thousands PLN)	2	70,969 (thousands PLN)

Note 1: Others represent the investment gains and losses, as well as exchange differences, in the statement of foreign operation.

Note 2: TSC Auto ID acquired the entire equity interest of MGN from SEBASTIAN ŁUKASZ NAWROT and ROBERT ZENON MALAK through TSCPL. An additional capital increase of MGN in the amount of PLN 8,282 thousand was made.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms (Note 1)	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	TSCJ	Subsidiary	Sale	(282,477)	(2) %		-		47,388	2%	
The Company	TSCH	Subsidiary	Sale	(519,244)	(4) %		-		180,148	7%	
The Company	TSCA	Sub-subsidiary	Sale	(484,009)	(3) %		-		135,498	5%	
The Company	TSCC	Sub-subsidiary	Sale	(403,387)	(3) %		-		79,724	3%	(Note 2)
The Company	TSCC	Sub-subsidiary	Purchase	198,936	2 %		-		-	-%	
The Company	Yangxin Everwell	Sub-subsidiary	Purchase	1,511,067	16 %		-		(289,040)	(21)%	(Note 2)
The Company	Tianjin Everwell	Sub-subsidiary	Purchase	209,840	2 %		-		(14,255)	(1)%	
TSC Auto ID	TSCAE	Subsidiary	Sale	(908,878)	(6) %		-		591,893	23%	
TSC Auto ID	TTSC	Subsidiary	Sale	(456,866)	(3) %		-		-	-%	
TSC Auto ID	TTSC	Subsidiary	Purchase	642,624	7 %		-		(164,670)	(12)%	
TSC Auto ID	TSCAA	Subsidiary	Sale	(818,842)	(6) %		-		430,797	17%	

Note 1: Open Account 30～135 days. Adjustments depend on demand for funds when necessary.

Note 2: Accounts receivable (payable) presents at net amount.

Note 3: The related transaction has been written off. Please refer to Note 13(a)x.

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(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note1)	Allowance for bad debts
					Amount	Action taken		
The Company	TSCH	Subsidiary	180,148	2.35 %	-		88,395	-
The Company	TSCA	Sub-subsidiary	135,498	2.44 %	-		59,818	-
TSC Auto ID	TSCAE	Subsidiary	591,893	1.48 %	-		150,777	-
TSC Auto ID	TSCAA	Subsidiary	430,797	2.07 %	-		82,814	-
TTSC	TSC Auto ID	Subsidiary	164,670	5.24 %	-		137,654	-

Note 1: As of report date.

Note 2: The related transaction has been written off. Please refer to Note 13(a)x.

(ix) Trading in derivative instruments: Please refer to notes 6(b).

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	TSCE	1	Selling expenses-commission	109,699	Monthly payment	0.72%
0	The Company	TSCE	1	Accrued expenses	33,477		0.19%
0	The Company	TSCJ	1	Sales revenue	282,477	Note 3	1.86%
0	The Company	TSCJ	1	Accounts receivable	47,388		0.27%
0	The Company	TSCH	1	Sales revenue	519,244	Monthly payment	3.41%
0	The Company	TSCH	1	Accounts receivable	180,148		1.03%
0	The Company	TSCH	1	Other receivables	450		-%
0	The Company	TSCH	1	Accrued expenses	92		-%
0	The Company	TSCA	1	Sales revenue	484,009	Note 3	3.18%
0	The Company	TSCA	1	Selling expenses-commission	6,759		0.04%
0	The Company	TSCA	1	Accounts receivable	135,498		0.77%
0	The Company	TSCA	1	Other receivables	5,168		0.03%
0	The Company	TSCA	1	Accrued expenses	2,027		0.01%
0	The Company	TSCC	1	Sales revenue	403,387	Monthly payment	2.65%
0	The Company	TSCC	1	Accounts receivable	79,724		0.68%
0	The Company	TSCC	1	Other receivables	149		-%
0	The Company	TSCC	1	Purchase	198,936		1.31%
0	The Company	Yangxin Everwell	1	Purchase	1,511,067	Note 4	9.93%
0	The Company	Yangxin Everwell	1	Accounts payable	288,980	Note 5	1.65%
0	The Company	Tianjin Everwell	1	Purchase	209,840		1.38%
0	The Company	Tianjin Everwell	1	Accounts payable	14,255		0.08%
0	The Company	Tianjin Everwell	1	Other receivables	57,048		0.33%
1	Yangxin Everwell	TSCC	3	Sales revenue	1,000,199	Note 3	6.57%
1	Yangxin Everwell	TSCC	3	Accounts receivable	309,210		1.76%
2	Tianjin Everwell	Yangxin Everwell	3	Sales revenue	125,989	Note 3	0.83%

Note 1 : Representations of No. are as below:
- A. 0 is for the Company.
- B. Subsidiaries are numbered in order from 1.

Note 2: Categories of relationship with traders are as below:
- A. Parent company to subsidiary.
- B. Subsidiary to parent company.
- C. Subsidiary to subsidiary.

Note 3: Sales price is based on general market price. Collecting period is open account 90～180 days.

Note 4: Processing cost is based on cost-plus approach. Collecting period is open account 90～180 days.

Note 5: Payments due on open account 180 days after purchase.

(Continued)

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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee (Note 1)	Note
				September 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Ever Energetic	British Virgin Islands	Holding company and general import and export business	665,501	665,501	21,175	100.00 %	1,508,678	100.00 %	(30,416)	(30,416)	Subsidiary
The Company	Ever Winner	British Virgin Islands	Holding company and general import and export business	465,127	465,127	16,010	100.00 %	1,749,041	100.00 %	121,998	121,998	Subsidiary
The Company	Skyrise	British Virgin Islands	Holding company and general import and export business	2,845	2,845	50	100.00 %	1,831	100.00 %	(25)	(25)	Subsidiary
The Company	TSCE	Germany	General import and export business	10,972	10,972	-	100.00 %	71,525	100.00 %	8,458	8,458	Subsidiary
The Company	TSCJ	Japan	Trading of rectifiers	28,689	28,689	2	100.00 %	121,218	100.00 %	17,306	17,306	Subsidiary
The Company	TSCH	Hong Kong	Holding company and trading of rectifiers	282,312	282,312	672	25.22 %	617,134	25.22 %	(27,136)	11,194	Subsidiary
The Company	TSC Auto ID	Taiwan	Manufacture and sale of bar code printers	163,728	163,728	16,995	36.05 %	1,142,998	36.34 %	926,874	276,321	Subsidiary
Ever Energetic	TSCA	United States	Trading of rectifiers	258,520	258,520	6,750	75.00 %	235,165	75.00 %	(27,046)	(20,284)	Subsidiary
Ever Energetic	TSCH	Hong Kong	Holding company and trading of rectifiers	571,628	571,628	985	36.96 %	1,199,916	36.96 %	(27,136)	(10,030)	Subsidiary
Ever Winner	TSCA	United States	Trading of rectifiers	83,813	83,813	2,250	25.00 %	78,388	25.00 %	(27,046)	(6,762)	Subsidiary
Ever Winner	TSCC	China	Trading of rectifiers	4,461	4,461	-	100.00 %	368,174	100.00 %	139,098	139,098	Subsidiary
Ever Winner	TSCH	Hong Kong	Holding company and trading of rectifiers	792,254	792,254	1,008	37.82 %	1,227,836	37.82 %	(27,136)	(10,263)	Subsidiary
TSCH	Yangxin Everwell	China	Manufacture and sale of rectifiers	966,119	966,119	-	100.00 %	2,263,424	100.00 %	(39,574)	(39,574)	Subsidiary
TSCH	Tianjin Everwell	China	Manufacture and sale of wafers	787,044	787,044	-	100.00 %	638,418	100.00 %	(21,271)	(21,271)	Subsidiary
TSC Auto ID	TSCAE	Germany	Trading of bar code printers and other parts	2,943	2,943	-	100.00 %	(87,915)	100.00 %	(13,080)	(13,080)	Subsidiary
TSC Auto ID	TSCAA	United States	Trading of bar code printers and other parts	1,096,621	1,096,621	16,000	100.00 %	1,014,055	100.00 %	2,555	2,555	Subsidiary
TSC Auto ID	TSC HK	Hong Kong	Holdind company and general import and export business	47,468	51,738	11,711	100.00 %	785,817	100.00 %	228,001	228,001	Subsidiary
TSC Auto ID	Printronix AD	Taiwan	Trading of bar code printers and other parts	5,000	5,000	500	100.00 %	4,796	100.00 %	(463)	(463)	Subsidiary
TSC Auto ID	DLS	United States	Customization of design, integration and marketing of label papers and other parts	801,558	801,558	1	100.00 %	1,352,977	100.00 %	129,839	129,839	Subsidiary
TSC Auto ID	TSCIN	India	Trading of bar code printers and other parts	2,791	2,791	710	100.00 %	1,189	100.00 %	(411)	(411)	Subsidiary
TSC Auto ID	TSCPL	Poland	General investment	498,827	-	-	100.00 %	505,579	100.00 %	(26,356)	(26,356)	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Trading of bar code printers and other parts	8,234	8,234	-	100.00 %	(12,405)	100.00 %	(5,018)	(5,018)	Subsidiary
TSCAE	TSCAS	Spain	Trading of bar code printers and other parts	124	124	-	100.00 %	2,997	100.00 %	231	231	Subsidiary
DLS	PPL	United States	Sale of bar code printer, label papers, other parts	115 (thousands USD)	115 (thousands USD)	850	100.00 %	38,691	100.00 %	8,919	8,919	Subsidiary
TSCPL	MGN	Poland	Customization of design, integration and marketing of label papers and other parts	71,834 (thousands PLN)	-	2	100.00 %	564,328	100.00 %	519	(6,507)	Subsidiary
TSC HK	TTSC	China	Manufacture and sale of bar code printers and other parts	46,058	46,058	-	100.00 %	824,980	100.00 %	230,188	230,188	Subsidiary
TSC HK	SPTNX (Note 2)	China	Trading of bar code printers and other parts	-	4,729	-	-	-	100.00 %	(1,600)	(1,600)	Subsidiary

Note 1: Calculated by equity according to investee's reviewed financial report.

Note 2: Please refer to (c) Information on oversea branchses and reoresentative offices.

TAIWAN SEMICONDUCTOR CO., LTD.
Notes to Consolidated Financial Statements

(c) Information on overseas branches and representative offices:

(i) The names of investees in China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
TSCC	Trading of rectifiers	4,461	(2)	4,461	-	-	4,461	139,098	100.00%	100.00 %	139,098	368,174	397,444
Yangxin Everwell	Manufacture and sale of rectifiers	1,667,160	(2)	628,196	-	-	628,196	(39,574)	100.00%	100.00 %	(39,574)	2,263,424	250,864
Tianjin Everwell	Manufacture and sale of wafers	387,173	(2)	387,173	-	-	387,173	(21,271)	100.00%	100.00 %	(21,271)	638,418	452,102
TTSC	Manufacture and sale of bar code printers and other parts	45,434	(2)	46,058	-	-	46,058	230,188	36.05%	36.34 %	82,983	824,980	787,814
SPTNX (Note 2)	Sale of bar code printers and other parts	-	(2)	4,729	-	(4,729)	-	(1,600)	-	36.34 %	(577)	-	5,898

Note 1: No.2 refers to investing in China companies through reinvesting in existing companies in the third region.

Note 2: Shenzhen Printronix Auto ID Technology has repatriated its share capital to TSCHK in July 2023 and was liquidated on August 31, 2023; TSCHK repatriated the share capital of Shenzhen Printronix Auto ID Technology to TSC Auto ID in July 2023; the investment amount has been applied for cancellation to the Department of Investment Review, Ministry of Economic Affairs, R.O.C., and obtained the letter of authorization No. 11256107350 dated October 17, 2023 from the Commission for record.

(ii) Limitation on investment in China:

Accumulated Investment in China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,012,321	1,994,881	4,641,237

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Unit: share

Shareholding / Shareholder's Name	Shares	Percentage
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	14,800,000	5.61 %

Note (i): The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note (ii): If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider' s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

	2023			
	Rectifiers	**Bar Code Printers**	**Adjustments and eliminations**	**Total**
Revenue:				
Revenue from external customers	$ 6,264,317	8,351,697	-	14,616,014
Intersegment revenues	4,850,250	65	(4,850,315)	-
Interest	32,873	9,944	-	42,817
Total revenue	**$ 11,147,440**	**8,361,706**	**(4,850,315)**	**14,658,831**
Interest expense	$ 21,298	59,174	-	80,472
Depreciation and amortization	690,268	297,628	-	987,896
Reported segment profit and loss	**$ 640,212**	**1,256,785**	**(59,200)**	**1,837,797**

	2022			
	Rectifiers	**Bar Code Printers**	**Adjustments and eliminations**	**Total**
Revenue:				
Revenue from external customers	$ 7,720,269	7,966,865	-	15,687,134
Intersegment revenues	6,850,654	53	(6,850,707)	-
Interest	15,810	4,082	-	19,892
Total revenue	**$ 14,586,733**	**7,971,000**	**(6,850,707)**	**15,707,026**
Interest expense	$ 9,814	28,516	-	38,330
Depreciation and amortization	657,123	273,848	-	930,971
Reported segment profit and loss	**$ 1,703,536**	**1,347,394**	**(37,000)**	**3,013,930**

	Rectifiers	**Bar Code Printers**	**Adjustments and eliminations**	**Total**
Reported segment assets				
December 31, 2023	**$ 22,626,105**	**8,957,343**	**(14,037,966)**	**17,545,482**
December 31, 2022	**$ 24,369,174**	**8,294,769**	**(14,447,124)**	**18,216,819**
Reported segment liabilities				
December 31, 2023	**$ 4,753,574**	**3,496,072**	**(1,403,632)**	**6,846,014**
December 31, 2022	**$ 5,877,524**	**3,544,044**	**(1,930,232)**	**7,491,336**

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Information about the product

Revenue from external customers of the Group was as follows:

Products	2023	2022
Rectifiers	$ 6,264,317	7,720,269
Bar code printers	8,351,697	7,966,865
Total	**$ 14,616,014**	**15,687,134**

(b) Geographical information

In presenting the information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographical information	2023	2022
Revenue from external customers:		
Asia	$ 6,263,085	6,901,854
Americas	4,689,602	5,240,751
Europe	3,582,915	3,438,214
Other countries	80,412	106,315
Total	**$ 14,616,014**	**15,687,134**

Geographical information	December 31, 2023	December 31, 2022
Non-current assets:		
Asia	$ 4,342,996	4,643,621
Europe	1,860,458	1,931,975
Americas	693,330	24,670
	$ 6,896,784	**6,600,266**

Non-current assets are not including financial instruments and deferred tax assets.

(c) Information about major customers

Because the Group has a broad customer base, there is no significant transaction focus on a single customer, and there is no sales revenue from a single customer constituting over 10% of the total operating revenue.

社團法人台北市會計師公會會員印鑑證明書

北市財證字第 1131670 號

會員姓名：
(1) 郭仰倫
(2) 蕭佩如

事務所名稱： 安侯建業聯合會計師事務所

事務所地址： 台北市信義區信義路五段7號68樓　　事務所統一編號： 04016004

事務所電話： (02)81016666　　委託人統一編號： 34286449

會員書字號：
(1) 北市會證字第 4498 號
(2) 北市會證字第 3787 號

印鑑證明書用途： 辦理 台灣半導體股份有限公司

112 年度（自民國 112 年 01 月 01 日 至 112 年 12 月 31 日 ）財務報表之查核簽證。

簽名式（一）	郭仰倫	存會印鑑（一）	
簽名式（二）	蕭佩如	存會印鑑（二）	

理事長：

核對人：

中　華　民　國　113 年 02 月 26 日