

**TRANSCEND INFORMATION, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR23000175

To the Board of Directors and Shareholders of Transcend Information, Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Transcend Information Inc. and subsidiaries (the "Group") as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$1,411,745 thousand and NT\$1,513,557 thousand, both constituting 7% of the consolidated total assets as at September 30, 2023 and 2022, respectively, total liabilities amounted to NT\$88,688 thousand and NT\$72,417 thousand, both constituting 4% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and the total comprehensive income (loss) amounted to NT\$37,709 thousand, (NT\$32,836) thousand, (NT\$20,085) thousand and NT\$28,581 thousand, constituting 5%, (9%), (1%) and 1% of the consolidated total comprehensive income (loss) for the three months and nine months then ended, respectively.

Qualified conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of consolidated subsidiaries been reviewed by independent auditors as described in the Basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Chen, Ching Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

November 6, 2023

Lin, Yi-Fan

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	\$ 1,509,999	7	\$ 3,187,312	15	\$ 3,659,484	17
Financial assets at amortised cost - current	6(3)	8,672,421	41	8,611,357	40	6,735,210	31
Notes receivable, net	6(4)	255	-	867	-	372	-
Accounts receivable, net	6(4)	1,460,306	7	1,217,936	6	1,413,581	7
Accounts receivable due from related parties, net	7	1	-	-	-	-	-
Other receivables		121,858	1	77,626	-	76,031	-
Other receivables due from related parties	7	11,360	-	-	-	22,135	-
Inventories	6(5)	3,532,515	17	3,143,064	14	4,243,763	20
Other current assets		25,849	-	16,710	-	23,598	-
Total current assets		<u>15,334,564</u>	<u>73</u>	<u>16,254,872</u>	<u>75</u>	<u>16,174,174</u>	<u>75</u>
Non-current assets							
Financial assets at fair value through profit or loss - non-current	6(2)	321,975	2	51,463	-	48,311	-
Financial assets at fair value through other comprehensive income - non-current	6(6)	609,778	3	524,939	3	488,135	2
Financial assets at amortised cost - non-current	6(3)	316,859	1	-	-	-	-
Investments accounted for using equity method	6(7)	112,406	1	136,710	1	140,462	1
Property, plant and equipment, net	6(8) and 8	1,519,529	7	1,580,372	7	1,585,509	8
Right-of-use assets	6(9) and 7	182,291	1	196,190	1	207,287	1
Investment property, net	6(11)	2,584,166	12	2,593,931	12	2,596,682	12
Deferred income tax assets		103,603	-	137,774	1	152,306	1
Other non-current assets	6(12)	62,642	-	52,191	-	56,454	-
Total non-current assets		<u>5,813,249</u>	<u>27</u>	<u>5,273,570</u>	<u>25</u>	<u>5,275,146</u>	<u>25</u>
Total assets		<u>\$ 21,147,813</u>	<u>100</u>	<u>\$ 21,528,442</u>	<u>100</u>	<u>\$ 21,449,320</u>	<u>100</u>

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Accounts payable		\$ 1,395,294	7	\$ 472,677	2	\$ 525,991	2
Accounts payable - related parties	7	36,469	-	27,442	-	33,269	-
Other payables	7	245,903	1	271,948	2	227,020	1
Current income tax liabilities		346,726	2	581,546	3	539,173	3
Lease liabilities - current	7	54,302	-	47,806	-	49,854	-
Other current liabilities		18,838	-	25,348	-	29,954	-
Total current liabilities		<u>2,097,532</u>	<u>10</u>	<u>1,426,767</u>	<u>7</u>	<u>1,405,261</u>	<u>6</u>
Non-current liabilities							
Deferred income tax liabilities		231,664	1	376,447	2	433,947	2
Lease liabilities - non-current	7	104,283	1	132,962	-	132,195	1
Other non-current liabilities		42,914	-	41,730	-	47,419	-
Total non-current liabilities		<u>378,861</u>	<u>2</u>	<u>551,139</u>	<u>2</u>	<u>613,561</u>	<u>3</u>
Total liabilities		<u>2,476,393</u>	<u>12</u>	<u>1,977,906</u>	<u>9</u>	<u>2,018,822</u>	<u>9</u>
Equity attributable to shareholders of parent							
Share capital	6(14)						
Common stock		4,290,617	20	4,290,617	20	4,290,617	20
Capital surplus	6(15)						
Capital surplus		3,044,619	14	3,387,781	16	3,387,781	16
Retained earnings	6(16)						
Legal reserve		5,303,693	25	5,057,967	24	5,057,967	24
Special reserve		357,817	2	190,514	1	190,514	1
Unappropriated retained earnings		5,968,918	28	6,981,474	32	6,930,334	32
Other equity interest	6(17)						
Other equity interest		(294,244)	(1)	(357,817)	(2)	(426,715)	(2)
Total equity		<u>18,671,420</u>	<u>88</u>	<u>19,550,536</u>	<u>91</u>	<u>19,430,498</u>	<u>91</u>
Significant contingent liabilities and unrecognized contract commitments	9						
Total liabilities and equity		<u>\$ 21,147,813</u>	<u>100</u>	<u>\$ 21,528,442</u>	<u>100</u>	<u>\$ 21,449,320</u>	<u>100</u>

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Operating revenue	6(18) and 7	\$ 2,727,105	100	\$ 3,066,213	100	\$ 7,805,483	100	\$ 9,522,337	100
Operating costs	6(5)(22) and 7	(1,875,364)	(69)	(2,629,140)	(86)	(5,816,325)	(75)	(7,350,486)	(77)
Gross profit		<u>851,741</u>	<u>31</u>	<u>437,073</u>	<u>14</u>	<u>1,989,158</u>	<u>25</u>	<u>2,171,851</u>	<u>23</u>
Operating expenses	6(22)								
Sales and marketing expenses		(200,726)	(7)	(200,291)	(6)	(614,644)	(8)	(629,272)	(7)
Administrative expenses		(46,448)	(2)	(48,978)	(2)	(152,635)	(2)	(187,988)	(2)
Research and development expenses		(32,379)	(1)	(31,175)	(1)	(98,842)	(1)	(105,082)	(1)
Expected credit impairment (loss) gain	6(4)	(1)	-	(6)	-	(111)	-	298	-
Total operating expenses		<u>(279,554)</u>	<u>(10)</u>	<u>(280,450)</u>	<u>(9)</u>	<u>(866,232)</u>	<u>(11)</u>	<u>(922,044)</u>	<u>(10)</u>
Operating profit		<u>572,187</u>	<u>21</u>	<u>156,623</u>	<u>5</u>	<u>1,122,926</u>	<u>14</u>	<u>1,249,807</u>	<u>13</u>
Non-operating income and expenses									
Interest income	6(3)(19)	98,599	4	27,557	1	296,603	4	49,270	-
Other income	6(6)(10)(11)								
(20)		27,758	1	45,373	1	62,970	1	67,567	1
Other gains and losses	6(2)(21)	279,214	10	393,200	13	355,645	4	1,905,822	20
Finance costs	6(9)	(850)	-	(710)	-	(2,489)	-	(1,256)	-
Share of (loss) profit of associates and joint ventures accounted for using the equity method	6(7)								
()		<u>(2,923)</u>	<u>-</u>	<u>567</u>	<u>-</u>	<u>(14,860)</u>	<u>-</u>	<u>14,052</u>	<u>-</u>
Total non-operating income and expenses		<u>401,798</u>	<u>15</u>	<u>465,987</u>	<u>15</u>	<u>697,869</u>	<u>9</u>	<u>2,035,455</u>	<u>21</u>
Profit before income tax		<u>973,985</u>	<u>36</u>	<u>622,610</u>	<u>20</u>	<u>1,820,795</u>	<u>23</u>	<u>3,285,262</u>	<u>34</u>
Income tax expense	6(23)	(147,417)	(6)	(138,916)	(4)	(362,350)	(4)	(876,873)	(9)
Profit for the period		<u>\$ 826,568</u>	<u>30</u>	<u>\$ 483,694</u>	<u>16</u>	<u>\$ 1,458,445</u>	<u>19</u>	<u>\$ 2,408,389</u>	<u>25</u>
Other comprehensive income (loss)									
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	6(6)(17)	(\$ 188)	-	(\$ 82,636)	(3)	\$ 84,839	1	(\$ 206,301)	(2)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	6(7)	-	-	-	-	1,524	-	(219)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations	6(17)	(34,367)	(1)	(59,747)	(2)	(26,583)	-	(39,940)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(17)(23)	6,874	-	11,949	1	5,317	-	7,988	-
Other comprehensive income (loss) for the period		<u>(\$ 27,681)</u>	<u>(1)</u>	<u>(\$ 130,434)</u>	<u>(4)</u>	<u>\$ 65,097</u>	<u>1</u>	<u>(\$ 238,472)</u>	<u>(2)</u>
Total comprehensive income		<u>\$ 798,887</u>	<u>29</u>	<u>\$ 353,260</u>	<u>12</u>	<u>\$ 1,523,542</u>	<u>20</u>	<u>\$ 2,169,917</u>	<u>23</u>
Net profit attributable to:									
Shareholders of parent		<u>\$ 826,568</u>	<u>30</u>	<u>\$ 483,694</u>	<u>16</u>	<u>\$ 1,458,445</u>	<u>19</u>	<u>\$ 2,408,389</u>	<u>25</u>
Comprehensive income attributable to:									
Shareholders of parent		<u>\$ 798,887</u>	<u>29</u>	<u>\$ 353,260</u>	<u>12</u>	<u>\$ 1,523,542</u>	<u>20</u>	<u>\$ 2,169,917</u>	<u>23</u>
Earnings per share (in dollars)	6(24)								
Basic earnings per share		<u>\$ 1.93</u>		<u>\$ 1.13</u>		<u>\$ 3.40</u>		<u>\$ 5.61</u>	
Diluted earnings per share		<u>\$ 1.93</u>		<u>\$ 1.13</u>		<u>\$ 3.40</u>		<u>\$ 5.61</u>	

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent									
		Capital Reserves			Retained Earnings			Other Equity Interest			
Notes	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity	
<u>Nine months ended September 30, 2022</u>											
	Balance at January 1, 2022	\$ 4,290,617	\$ 3,691,432	\$ 4,354	\$ 35,128	\$ 4,803,503	\$ 117,244	\$ 7,083,072	(\$ 197,932)	\$ 7,417	\$ 19,834,835
	Net income for the period	-	-	-	-	-	-	2,408,389	-	-	2,408,389
	Other comprehensive income (loss) for the period	-	-	-	-	-	(219)	(31,952)	(206,301)	(238,472)	
	Total comprehensive income (loss)	-	-	-	-	-	2,408,170	(31,952)	(206,301)	2,169,917	
	Appropriations and distribution of 2021 earnings	6(16)									
	Legal reserve	-	-	-	-	254,464	(254,464)	-	-	-	
	Cash dividends	-	-	-	-	-	(2,231,121)	-	-	(2,231,121)	
	Special reserve	-	-	-	-	73,270	(73,270)	-	-	-	
	Cash payment from capital surplus	-	(343,249)	-	-	-	-	-	-	(343,249)	
	Net loss on disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	(2,053)	-	2,053	-	
	Expired unclaimed dividends recognized as capital surplus	-	-	116	-	-	-	-	-	116	
	Balance at September 30, 2022	\$ 4,290,617	\$ 3,348,183	\$ 4,470	\$ 35,128	\$ 5,057,967	\$ 190,514	\$ 6,930,334	(\$ 229,884)	(\$ 196,831)	\$ 19,430,498
<u>Nine months ended September 30, 2023</u>											
	Balance at January 1, 2023	\$ 4,290,617	\$ 3,348,183	\$ 4,470	\$ 35,128	\$ 5,057,967	\$ 190,514	\$ 6,981,474	(\$ 197,218)	(\$ 160,599)	\$ 19,550,536
	Net income for the period	-	-	-	-	-	-	1,458,445	-	-	1,458,445
	Other comprehensive income (loss) for the period	6(6)(17)	-	-	-	-	-	1,524	(21,266)	84,839	65,097
	Total comprehensive income (loss)	-	-	-	-	-	-	1,459,969	(21,266)	84,839	1,523,542
	Appropriations and distribution of 2022 earnings	6(16)									
	Legal reserve	-	-	-	-	245,726	(245,726)	-	-	-	
	Cash dividends	-	-	-	-	-	(2,059,496)	-	-	(2,059,496)	
	Special reserve	-	-	-	-	-	167,303	(167,303)	-	-	
	Cash payment from capital surplus	-	(343,249)	-	-	-	-	-	-	(343,249)	
	Expired unclaimed dividends recognized as capital surplus	-	-	87	-	-	-	-	-	87	
	Balance at September 30, 2023	\$ 4,290,617	\$ 3,004,934	\$ 4,557	\$ 35,128	\$ 5,303,693	\$ 357,817	\$ 5,968,918	(\$ 218,484)	(\$ 75,760)	\$ 18,671,420

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,820,795	\$ 3,285,262
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(21)	(260)	11,414
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(7)	14,860	(14,052)
Expected credit impairment loss (gain)	6(4)	111	(298)
Gain on disposal of non-current assets held for sale	6(21)	-	(1,325,653)
Loss on disposal of property, plant and equipment	6(21)	2	444
Depreciation	6(22)	121,921	150,436
Interest income	6(19)	(296,603)	(49,270)
Interest expense	6(9)	2,489	1,256
Dividend income	6(6)(20)	(19,874)	(34,436)
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		-	1,517,314
Notes receivable		612	2,127
Accounts receivable		(242,505)	209,215
Accounts receivable - related parties		(1)	-
Other receivables		(37,069)	87,528
Other receivables - related parties		(392)	(251)
Inventories		(389,451)	1,531,062
Other current assets		(9,139)	(10,153)
Changes in liabilities relating to operating activities			
Accounts payable		922,617	(838,844)
Accounts payable - related parties		9,027	(18,972)
Other payables		(26,045)	(59,148)
Other current liabilities		(6,510)	(58,652)
Other non-current liabilities		1,184	223
Cash inflow generated from operations		1,865,769	4,386,552
Dividends received		19,874	34,436
Interest received		289,198	45,490
Income tax paid		(702,465)	(722,387)
Net cash flows from operating activities		<u>1,472,376</u>	<u>3,744,091</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss - non-current		-	41,155
Acquisition of financial assets at fair value through profit or loss - non-current		(270,252)	-
Proceeds from disposal of financial assets at amortised cost		5,549,930	2,700,000
Acquisition of financial assets at amortised cost		(5,909,923)	(3,857,821)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	-	6,179
Acquisition of financial assets at fair value through other comprehensive income		-	(71,040)
Proceeds from disposal of non-current assets held for sale		-	1,802,799
Proceeds from disposal of property, plant and equipment		-	162
Acquisition of property, plant and equipment	6(25)	(12,739)	(25,569)
Acquisition of investment property	6(11)	-	(2,973)
Increase in other non-current assets		(13,363)	(6,276)
Net cash flows (used in) from investing activities		<u>(656,347)</u>	<u>586,616</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (including cash payment from capital surplus)	6(16)	(2,402,745)	(2,574,370)
Payment of lease liabilities		(47,088)	(51,153)
Expired unclaimed dividends recognized as capital surplus		87	116
Net cash flows used in financing activities		<u>(2,449,746)</u>	<u>(2,625,407)</u>
Effect of exchange rate changes		(43,596)	(63,922)
Net (decrease) increase in cash and cash equivalents		(1,677,313)	1,641,378
Cash and cash equivalents at beginning of period		3,187,312	2,018,106
Cash and cash equivalents at end of period		<u>\$ 1,509,999</u>	<u>\$ 3,659,484</u>

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Transcend Information, Inc. (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are manufacturing, processing and sales of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on November 6, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation and basis of consolidation as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC, and SIC Internationals that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2022.

- B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Transcend Information, Ltd. Inc.	Saffire Investment	Investment holdings	100	100	100	
	Transcend Japan Inc. (Transcend Japan)	Import and wholesale of computer memory modules	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Transcend Information, Inc.	Transcend Information Inc. (Transcend USA)	Import and wholesale of computer memory modules	100	100	100	Note 1
	Transcend Korea Inc. (Transcend Korea)	Import and wholesale of computer memory modules	100	100	100	"
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holdings	100	100	100	
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Import and wholesale of computer memory modules	100	100	100	Note 1
	Transcend Information Trading GmbH (Transcend Germany)	Import and wholesale of computer memory modules	100	100	100	"
	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacture and sales of blank medium such as memory expansion cards and external storage devices, and other disk drives and lease of self-owned buildings	100	100	100	Note 2
	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesale, agent, import and export, retail and related services of expansion memory modules, external storage devices and related storage equipment and components	100	100	100	Note 1
	Transcend Information (Hong Kong), Ltd. (Transcend Hong Kong)	Import and wholesale of computer memory modules	100	100	100	"

Note 1: The financial statements of insignificant subsidiary as of and for the nine months ended September 30, 2023 and 2022 were not reviewed by independent auditors.

Note 2: The financial statements as of and for the nine months ended September 30, 2023 were not reviewed by independent auditors.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustment for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group’s business model is achieved by collecting contractual cash flows.
 - (b) The assets’ contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change during this period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022 for related information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and petty cash	\$ 744	\$ 173	\$ 157
Checking accounts and demand deposits	1,099,001	2,519,575	2,769,273
Time deposits	410,254	667,564	890,054
	<u>\$ 1,509,999</u>	<u>\$ 3,187,312</u>	<u>\$ 3,659,484</u>

- A. The aforementioned time deposits pertain to high liquidity investments with maturity within three months.
- B. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- C. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Items	September 30, 2023	December 31, 2022	September 30, 2022
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 331,733	\$ 61,481	\$ 61,481
Valuation adjustments	(9,758)	(10,018)	(13,170)
	\$ 321,975	\$ 51,463	\$ 48,311

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended September 30,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	(\$ 8,567)	(\$ 5,768)
Financial products	-	3
	(\$ 8,567)	(\$ 5,765)
	Nine months ended September 30,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 260	(\$ 20,414)
Financial products	-	9,000
	\$ 260	(\$ 11,414)

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Time deposits with original maturity of more than three months	\$ 8,672,421	\$ 8,611,357	\$ 6,735,210
Non-current items:			
Corporate bonds	\$ 316,859	-	-

A. Amounts recognized in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 84,933	\$ 15,961

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 264,286	\$ 32,424

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. The Group transacts time deposits with reputable domestic and foreign banks. The issuers of ordinary corporate bonds which the Group invested are well-known domestic and foreign enterprises. The Group's counterparties have good credit quality, so the Group expects that the probability of counterparty default is remote. The impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 255	\$ 867	\$ 372
Accounts receivable	\$ 1,460,951	\$ 1,218,446	\$ 1,414,068
Less: Loss allowance	(645)	(510)	(487)
	<u>\$ 1,460,306</u>	<u>\$ 1,217,936</u>	<u>\$ 1,413,581</u>

A. As of September 30, 2023, December 31, 2022 and September 30, 2022, the estimated sales discounts and allowances were \$106,526, \$92,122 and \$71,630, respectively. Since the sales discounts and allowances met the requirements for offset of financial liabilities and financial assets, the net amounts were shown under accounts receivable.

B. The ageing analysis of accounts receivable and notes receivable is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Not past due	\$ 1,304,531	\$ 962,635	\$ 1,251,523
Up to 30 days	144,711	238,088	146,333
31 to 90 days	1,812	8,809	10,993
91 to 180 days	4,906	5,776	150
Over 180 days	5,246	4,005	5,441
	<u>\$ 1,461,206</u>	<u>\$ 1,219,313</u>	<u>\$ 1,414,440</u>

The above ageing analysis was based on past due date.

- C. The Group has credit insurance that covers accounts receivable from major customers. Should bad debts occur, the Group will receive 90% of the losses resulting from non-payment.
- D. As of September 30, 2023, December 31, 2022 and September 30, 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of notes receivable and accounts receivable from contracts with customers amounted to \$1,625,783.
- E. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$255, \$867 and \$372, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,460,306, \$1,217,936 and \$1,413,581, respectively.
- F. The Group classifies customers' accounts receivable in accordance with the credit rating of the customer. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- G. The Group wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On September 30, 2023, December 31, 2022 and September 30, 2022, the Group has no written-off financial assets that are still under recourse procedures.
- H. The Group used forecastability, historical and timely information to assess the loss rate of accounts receivable. As of September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>September 30, 2023</u>				
Expected loss rate	0.002%~0.418%	0.012%~34%	25%~100%	
Total book value	\$ 1,304,276	\$ 151,429	\$ 5,246	\$ 1,460,951
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>				
Expected loss rate	0.003%~0.523%	0.017%~38%	25%~100%	
Total book value	\$ 961,768	\$ 252,673	\$ 4,005	\$ 1,218,446
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>September 30, 2022</u>				
Expected loss rate	0.003%~0.523%	0.017%~38%	25%~100%	
Total book value	\$ 1,251,151	\$ 157,476	\$ 5,441	\$ 1,414,068

I. The balance of allowance for loss and movements are as follows:

	2023	2022
At January 1	\$ 510	\$ 800
Provision for impairment	111	-
Reversal of impairment	-	(298)
Effect of exchange rate changes	24	(15)
At September 30	<u>\$ 645</u>	<u>\$ 487</u>

J. The Group does not hold any collateral as security.

(5) Inventories

September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,791,132	(\$ 241,407)	\$ 2,549,725
Work in progress	637,709	(1,064)	636,645
Finished goods	350,269	(4,124)	346,145
	<u>\$ 3,779,110</u>	<u>(\$ 246,595)</u>	<u>\$ 3,532,515</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,743,592	(\$ 446,816)	\$ 2,296,776
Work in progress	285,227	(6,256)	278,971
Finished goods	601,619	(34,302)	567,317
	<u>\$ 3,630,438</u>	<u>(\$ 487,374)</u>	<u>\$ 3,143,064</u>

September 30, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,887,399	(\$ 499,514)	\$ 3,387,885
Work in progress	333,565	(4,450)	329,115
Finished goods	538,740	(11,977)	526,763
	<u>\$ 4,759,704</u>	<u>(\$ 515,941)</u>	<u>\$ 4,243,763</u>

A. The cost of inventories recognized as expense for the period:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 1,959,021	\$ 2,271,988
(Gain on reversal of) loss on decline in market value of inventory	(83,657)	357,152
	<u>\$ 1,875,364</u>	<u>\$ 2,629,140</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 6,057,104	\$ 6,887,065
(Gain on reversal of) loss on decline in market value of inventory	(240,779)	463,421
	<u>\$ 5,816,325</u>	<u>\$ 7,350,486</u>

The gain on reversal of decline in market value of inventory for the three months and nine months ended September 30, 2023 arose from the clearance of inventories which were previously provided with allowance and the recovery in the net realizable value of certain inventories.

B. No inventories were pledged to others.

(6) Financial assets at fair value through other comprehensive income - non-current

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 684,413	\$ 684,413	\$ 683,841
Others	1,125	1,125	1,125
	<u>685,538</u>	<u>685,538</u>	<u>684,966</u>
Valuation adjustments	(75,760)	(160,599)	(196,831)
	<u>\$ 609,778</u>	<u>\$ 524,939</u>	<u>\$ 488,135</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$609,778, \$524,939 and \$488,135 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

B. For the nine months ended September 30, 2022, the Group disposed equity investments whose fair value was \$6,179, and the cumulative loss on disposal was transferred to retained earnings in the amount of (\$2,053). For the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023, there were no related transactions.

C. Amounts recognized in profit or loss in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive loss	(\$ 188)	(\$ 82,636)
Cumulative loss reclassified to retained earnings due to derecognition	\$ -	\$ -
Dividend income recognized in profit or loss held at end of period	\$ 13,133	\$ 32,126
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income (loss)	\$ 84,839	(\$ 206,301)
Cumulative loss reclassified to retained earnings due to derecognition	\$ -	(\$ 2,053)
Dividend income recognized in profit or loss held at end of period	\$ 19,874	\$ 34,436

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(7) Investments accounted for using equity method

<u>Investee Company</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taiwan IC Packaging Corporation	\$ 112,406	\$ 136,710	\$ 140,462

A. The basic information of the associate that is material to the Group is as follows:

<u>Associate name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>			<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>		
Taiwan IC Packaging Corporation	Taiwan	12.51%	12.50%	12.50%	Note	Equity method

Note: Taiwan IC Packaging Corporation is engaged in IC packaging and testing and is the upstream supplier in the IT and semiconductor industries. In order to reach synergy of vertical integration, Taiwan IC Packaging Corporation processes the raw materials provided by the Group into relevant semi-finished goods.

B. The Group held a 12.51% equity interest in Taiwan IC Packaging Corporation, and is the company's largest single shareholder. However, the Group does not hold the majority of the voting power during the shareholders' meeting of Taiwan IC Packaging Corporation and the Group does not serve as corporate director of Taiwan IC Packaging Corporation, which indicate that the Group has no control ability to direct the relevant activities of Taiwan IC Packaging Corporation. In addition, the Company's chairman is the same with Taiwan IC Packaging Corporation; hence, the Group has significant influence over Taiwan IC Packaging Corporation.

C. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>Taiwan IC Packaging Corporation</u>		
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets	\$ 1,129,097	\$ 1,218,268	\$ 1,460,724
Non-current assets	1,132,712	1,151,953	1,146,830
Current liabilities	(253,145)	(167,786)	(397,083)
Non-current liabilities	(73,716)	(75,327)	(72,430)
Total net assets	<u>\$ 1,934,948</u>	<u>\$ 2,127,108</u>	<u>\$ 2,138,041</u>
Share in associate's net assets	\$ 242,062	\$ 265,889	\$ 267,255
Net equity differences	<u>(129,656)</u>	<u>(129,179)</u>	<u>(126,793)</u>
	<u>\$ 112,406</u>	<u>\$ 136,710</u>	<u>\$ 140,462</u>

Statement of comprehensive income

	<u>Taiwan IC Packaging Corporation</u>	
	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 230,914	\$ 246,958
(Loss) profit for the period from continuing operations	(\$ 23,362)	\$ 4,554
Total comprehensive (loss) income	<u>(\$ 23,362)</u>	<u>\$ 4,554</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

	<u>Taiwan IC Packaging Corporation</u>	
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 612,356	\$ 994,138
(Loss) profit for the period from continuing operations	(\$ 118,871)	\$ 114,137
Total comprehensive (loss) income	(\$ 118,871)	\$ 114,137
Dividends received from associates	\$ -	\$ -

D. Share of profit of associates accounted for using the equity method is as follows:

	<u>Three months ended September 30,</u>	
<u>Investee Company</u>	<u>2023</u>	<u>2022</u>
Taiwan IC Packaging Corporation	(\$ 2,923)	\$ 567

	<u>Nine months ended September 30,</u>	
<u>Investee Company</u>	<u>2023</u>	<u>2022</u>
Taiwan IC Packaging Corporation	(\$ 13,336)	\$ 13,833

E. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was \$285,064, \$242,305 and \$193,827 as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(8) Property, plant and equipment

2023

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1</u>							
Cost	\$ 711,572	\$ 1,204,122	\$ 345,956	\$ 28,079	\$ 30,619	\$ 20,663	\$ 2,341,011
Accumulated depreciation	-	(450,034)	(250,796)	(21,649)	(22,396)	(15,764)	(760,639)
	<u>\$ 711,572</u>	<u>\$ 754,088</u>	<u>\$ 95,160</u>	<u>\$ 6,430</u>	<u>\$ 8,223</u>	<u>\$ 4,899</u>	<u>\$ 1,580,372</u>
At January 1	\$ 711,572	\$ 754,088	\$ 95,160	\$ 6,430	\$ 8,223	\$ 4,899	\$ 1,580,372
Additions (including transfers)	-	5,510	6,655	-	1,909	1,577	15,651
Disposals	-	-	-	-	(2)	-	(2)
Depreciation charge	-	(23,415)	(37,604)	(3,030)	(3,367)	(3,243)	(70,659)
Net exchange differences	(4,729)	(1,168)	5	-	59	-	(5,833)
At September 30	<u>\$ 706,843</u>	<u>\$ 735,015</u>	<u>\$ 64,216</u>	<u>\$ 3,400</u>	<u>\$ 6,822</u>	<u>\$ 3,233</u>	<u>\$ 1,519,529</u>
<u>At September 30</u>							
Cost	\$ 706,843	\$ 1,190,951	\$ 276,624	\$ 28,219	\$ 31,373	\$ 9,411	\$ 2,243,421
Accumulated depreciation	-	(455,936)	(212,408)	(24,819)	(24,551)	(6,178)	(723,892)
	<u>\$ 706,843</u>	<u>\$ 735,015</u>	<u>\$ 64,216</u>	<u>\$ 3,400</u>	<u>\$ 6,822</u>	<u>\$ 3,233</u>	<u>\$ 1,519,529</u>

2022

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1</u>							
Cost	\$ 712,136	\$ 2,227,274	\$ 383,459	\$ 27,859	\$ 32,077	\$ 48,096	\$ 3,430,901
Accumulated depreciation	-	(1,146,125)	(268,788)	(16,915)	(21,226)	(35,834)	(1,488,888)
	<u>\$ 712,136</u>	<u>\$ 1,081,149</u>	<u>\$ 114,671</u>	<u>\$ 10,944</u>	<u>\$ 10,851</u>	<u>\$ 12,262</u>	<u>\$ 1,942,013</u>
At January 1	\$ 712,136	\$ 1,081,149	\$ 114,671	\$ 10,944	\$ 10,851	\$ 12,262	\$ 1,942,013
Additions (including transfers)	-	2,899	29,717	-	1,320	800	34,736
Disposals	-	-	(121)	-	(6)	(479)	(606)
Transfers to non-current assets held for sale	-	(290,296)	(2,215)	(18)	(239)	(2,054)	(294,822)
Depreciation charge	-	(45,413)	(43,940)	(3,389)	(3,009)	(4,395)	(100,146)
Net exchange differences	(4,270)	8,297	141	27	67	72	4,334
At September 30	<u>\$ 707,866</u>	<u>\$ 756,636</u>	<u>\$ 98,253</u>	<u>\$ 7,564</u>	<u>\$ 8,984</u>	<u>\$ 6,206</u>	<u>\$ 1,585,509</u>
<u>At September 30</u>							
Cost	\$ 707,866	\$ 1,288,655	\$ 340,172	\$ 28,073	\$ 30,104	\$ 21,571	\$ 2,416,441
Accumulated depreciation	-	(532,019)	(241,919)	(20,509)	(21,120)	(15,365)	(830,932)
	<u>\$ 707,866</u>	<u>\$ 756,636</u>	<u>\$ 98,253</u>	<u>\$ 7,564</u>	<u>\$ 8,984</u>	<u>\$ 6,206</u>	<u>\$ 1,585,509</u>

A. The relevant assets of the Group recognized as property, plant and equipment are all for self-use.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 137,696	\$ 165,858	\$ 175,246
Buildings	42,311	28,506	31,703
Transportation equipment (business vehicles)	2,284	1,826	338
	<u>\$ 182,291</u>	<u>\$ 196,190</u>	<u>\$ 207,287</u>

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,388	\$ 9,387
Buildings	4,592	4,010
Transportation equipment (business vehicles)	223	174
	<u>\$ 14,203</u>	<u>\$ 13,571</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 28,162	\$ 28,302
Buildings	12,678	11,852
Transportation equipment (business vehicles)	605	533
	<u>\$ 41,445</u>	<u>\$ 40,687</u>

C. For the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$27,386 and \$194,436, respectively. Details are provided in Note 7(2)F. For the three months ended September 30, 2023 and 2022, there were no related transactions.

D. Information on profit or loss in relation to lease contracts is as follows:

	Three months ended September 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 850	\$ 710
Expense on short-term lease contracts	2,171	1,795
Expense on leases of low-value assets	337	669
	Nine months ended September 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,489	\$ 1,256
Expense on short-term lease contracts	5,675	5,714
Expense on leases of low-value assets	943	1,306

E. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$53,706 and \$58,173, respectively.

(10) Leasing arrangements - lessor

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the three months and nine months ended September 30, 2023 and 2022, the Group recognized rent income in the amounts of \$14,625, \$13,247, \$43,096 and \$33,131, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease receivables under the operating leases is as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>			
2023	\$	15,025	2023	\$	58,970	2022	\$	15,185
2024		37,665	2024		37,943	2023		49,805
2025		20,806	2025		22,309	2024		37,943
2026		13,144	2026		12,664	2025		22,309
2027		815	2027		815	2026		12,664
2028		-	2028		-	2027		815
	\$	<u>87,455</u>		\$	<u>132,701</u>		\$	<u>138,721</u>

(11) Investment property

	2023		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 466,845	\$ 2,735,571
Accumulated depreciation	-	(141,640)	(141,640)
	<u>\$ 2,268,726</u>	<u>\$ 325,205</u>	<u>\$ 2,593,931</u>
At January 1	\$ 2,268,726	\$ 325,205	\$ 2,593,931
Depreciation charge	-	(9,817)	(9,817)
Net exchange differences	-	52	52
At September 30	<u>\$ 2,268,726</u>	<u>\$ 315,440</u>	<u>\$ 2,584,166</u>
<u>At September 30</u>			
Cost	\$ 2,268,726	\$ 467,011	\$ 2,735,737
Accumulated depreciation	-	(151,571)	(151,571)
	<u>\$ 2,268,726</u>	<u>\$ 315,440</u>	<u>\$ 2,584,166</u>
	2022		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 461,381	\$ 2,730,107
Accumulated depreciation	-	(128,019)	(128,019)
	<u>\$ 2,268,726</u>	<u>\$ 333,362</u>	<u>\$ 2,602,088</u>
At January 1	\$ 2,268,726	\$ 333,362	\$ 2,602,088
Additions	-	2,973	2,973
Depreciation charge	-	(9,603)	(9,603)
Net exchange differences	-	1,224	1,224
At September 30	<u>\$ 2,268,726</u>	<u>\$ 327,956</u>	<u>\$ 2,596,682</u>
<u>At September 30</u>			
Cost	\$ 2,268,726	\$ 467,179	\$ 2,735,905
Accumulated depreciation	-	(139,223)	(139,223)
	<u>\$ 2,268,726</u>	<u>\$ 327,956</u>	<u>\$ 2,596,682</u>

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	\$ <u>14,625</u>	\$ <u>13,247</u>
Direct operating expenses arising from investment property that generated rental income	\$ <u>3,090</u>	\$ <u>3,070</u>
Direct operating expenses arising from investment property that did not generate rental income	\$ <u>176</u>	\$ <u>176</u>
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	\$ <u>43,096</u>	\$ <u>33,131</u>
Direct operating expenses arising from investment property that generated rental income	\$ <u>9,291</u>	\$ <u>9,077</u>
Direct operating expenses arising from investment property that did not generate rental income	\$ <u>526</u>	\$ <u>526</u>

B. The fair value of the investment property held by the Group was \$5,040,346, \$5,047,960 and \$5,022,177 as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. The aforementioned fair values were assessed based on the transaction prices of similar properties in the same area and are categorized within Level 3 in the fair value hierarchy.

C. No investment property was pledged to others.

(12) Other non-current assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Guarantee deposits paid	\$ 33,502	\$ 34,888	\$ 30,436
Prepayment for business facilities	13,020	2,912	11,242
Others	16,120	14,391	14,776
	<u>\$ 62,642</u>	<u>\$ 52,191</u>	<u>\$ 56,454</u>

(13) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension

Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognized pension costs of \$147, \$161, \$440 and \$483 for the three months and nine months ended September 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$1,476.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Transtech Shanghai and Transcend Hong Kong have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages, ranging from 12.5% to 20%. Other than the monthly contributions, the Group has no further obligations.
- (c) Transcend Japan, Transcend Korea, Transcend USA, Transcend Europe and Transcend Germany have defined contribution plans. Monthly contributions are based on a certain percentage of employees' monthly salaries and wages and are recognized as pension costs accordingly. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2023 and 2022 were \$10,320, \$10,083, \$30,391 and \$30,510, respectively.

(14) Share capital

As of September 30, 2023, the Company's authorized capital was \$5,000,000, consisting of 500 million shares of ordinary stock (including 25 million shares reserved for employee stock options), and the paid-in capital was \$4,290,617 with par value of \$10 per share. All proceeds from shares issued have been collected. The Company's ordinary shares outstanding at the beginning and at the end of the period were 429,062 thousand shares for the nine months ended September 30, 2023 and 2022.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus shall not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company's normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is the distributable earnings to be appropriated as resolved by stockholders at the stockholders' meeting. The Board of Directors is authorized by the shareholders to resolve the appropriation of cash dividends and cash payment from capital surplus by a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, which will then be reported to the shareholders.
- B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of shareholders. Cash dividends shall account for at least 5% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of earnings and cash payment from capital surplus for the years ended December 31, 2022 and 2021 have been resolved by the shareholders during their meeting on June 16, 2023 and June 17, 2022, respectively. Details are summarized below:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 245,726		\$ 254,464	
Special reserve	167,303		73,270	
Cash dividends	<u>2,059,496</u>	\$ 4.80	<u>2,231,121</u>	\$ 5.20
	<u>\$ 2,472,525</u>		<u>\$ 2,558,855</u>	
		Cash payment per share		Cash payment per share
	Amount	(in dollars)	Amount	(in dollars)
Cash payment from capital surplus	<u>\$ 343,249</u>	\$ 0.80	<u>\$ 343,249</u>	\$ 0.80

Actual distribution of retained earnings for 2022 and 2021 were in agreement with the amounts resolved by the Board of Directors and shareholders.

(17) Other equity items

	2023		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 160,599)	(\$ 197,218)	(\$ 357,817)
Revaluation adjustment	84,839	-	84,839
Currency translation differences	-	(26,583)	(26,583)
Effect from income tax	-	5,317	5,317
At September 30	<u>(\$ 75,760)</u>	<u>(\$ 218,484)</u>	<u>(\$ 294,244)</u>

	2022		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	\$ 7,417	(\$ 197,932)	(\$ 190,515)
Revaluation adjustment	(206,301)	-	(206,301)
Revaluation transferred to retained earnings	2,053	-	2,053
Currency translation differences	-	(39,940)	(39,940)
Effect from income tax	-	7,988	7,988
At September 30	<u>(\$ 196,831)</u>	<u>(\$ 229,884)</u>	<u>(\$ 426,715)</u>

(18) Operating revenue

	Three months ended September 30,	
	2023	2022
Sales revenue	<u>\$ 2,727,105</u>	<u>\$ 3,066,213</u>

	Nine months ended September 30,	
	2023	2022
Sales revenue	<u>\$ 7,805,483</u>	<u>\$ 9,522,337</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

	Electronic products					
Three months ended September 30, 2023	Taiwan	Asia	America	Europe	Others	Total
Revenue from external customer contracts	<u>\$ 545,489</u>	<u>\$ 1,051,468</u>	<u>\$ 331,906</u>	<u>\$ 635,598</u>	<u>\$ 162,644</u>	<u>\$ 2,727,105</u>
	Electronic products					
Nine months ended September 30, 2023	Taiwan	Asia	America	Europe	Others	Total
Revenue from external customer contracts	<u>\$ 1,725,666</u>	<u>\$ 2,679,961</u>	<u>\$ 1,079,066</u>	<u>\$ 1,847,470</u>	<u>\$ 473,320</u>	<u>\$ 7,805,483</u>

Three months ended September 30, 2022	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$ 661,998	\$ 939,094	\$ 560,791	\$ 729,128	\$ 175,202	\$ 3,066,213

Nine months ended September 30, 2022	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$ 2,182,832	\$ 2,956,305	\$ 1,651,509	\$ 2,171,770	\$ 559,921	\$ 9,522,337

B. Contract assets and liabilities

The Group has no revenue-related contract assets and liabilities.

(19) Interest income

	Three months ended September 30,	
	2023	2022
Interest income from bank deposits	\$ 12,673	\$ 10,719
Interest income from financial assets measured at amortised cost	84,933	15,961
Other interest income	993	877
	<u>\$ 98,599</u>	<u>\$ 27,557</u>

	Nine months ended September 30,	
	2023	2022
Interest income from bank deposits	\$ 30,033	\$ 13,434
Interest income from financial assets measured at amortised cost	264,286	32,424
Other interest income	2,284	3,412
	<u>\$ 296,603</u>	<u>\$ 49,270</u>

(20) Other income

	Three months ended September 30,	
	2023	2022
Rental income	\$ 14,625	\$ 13,247
Dividend income	13,133	32,126
	<u>\$ 27,758</u>	<u>\$ 45,373</u>

	Nine months ended September 30,	
	2023	2022
Rental income	\$ 43,096	\$ 33,131
Dividend income	19,874	34,436
	<u>\$ 62,970</u>	<u>\$ 67,567</u>

(21) Other gains and losses

	Three months ended September 30,	
	2023	2022
Net currency exchange gain	\$ 285,900	\$ 400,380
Net loss on financial assets at fair value through profit or loss	(8,567)	(5,765)
Loss on disposal of non-current assets held for sale (including effect of exchange rate changes)	-	(3,520)
Loss on disposals of property, plant and equipment	-	(6)
Others	1,881	2,111
	<u>\$ 279,214</u>	<u>\$ 393,200</u>
	Nine months ended September 30,	
	2023	2022
Net currency exchange gain	\$ 349,526	\$ 586,470
Net gain (loss) on financial assets at fair value through profit or loss	260	(11,414)
Gain on disposal of non-current assets held for sale	-	1,325,653
Loss on disposals of property, plant and equipment	(2)	(444)
Others	5,861	5,557
	<u>\$ 355,645</u>	<u>\$ 1,905,822</u>

(22) Expenses by nature

	Three months ended September 30,	
	2023	2022
Wages and salaries	\$ 267,772	\$ 250,887
Labor and health insurance fees	29,578	29,337
Pension costs	10,467	10,244
Other personnel expenses	12,413	13,159
Depreciation charges (including investment property and right-of-use assets)	40,009	44,753
	Nine months ended September 30,	
	2023	2022
Wages and salaries	\$ 823,791	\$ 862,456
Labor and health insurance fees	90,968	90,366
Pension costs	30,831	30,993
Other personnel expenses	39,856	41,065
Depreciation charges (including investment property and right-of-use assets)	121,921	150,436

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors' remuneration.
- B. For the three months and nine months ended September 30, 2023 and 2022, employees' compensation was accrued at \$10,622, \$6,117, \$18,848 and \$30,914, respectively; while no directors' remuneration was accrued. The aforementioned amounts were recognized in salary expenses.
- C. The employees' compensation was estimated and accrued based on not less than 1% of distributable profit of current period for the nine months ended September 30, 2023. As of September 30, 2023, no directors' remuneration was accrued.
- D. The differences between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2022 financial statements by \$742 and (\$2,300), respectively, have been adjusted in profit or loss for 2023. The employees' compensation and directors' remuneration had been fully paid.
- E. Information about employees' compensation and directors' remuneration of the Company as approved at the meeting of Board of Directors at and resolved by the stockholders at their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 238,797	\$ 142,452
Prior year income tax overestimation	(37)	(42)
Total current income tax	<u>238,760</u>	<u>142,410</u>
Deferred income tax:		
Origination and reversal of temporary differences	(91,343)	(3,494)
Total deferred income tax	<u>(91,343)</u>	<u>(3,494)</u>
Income tax expense	<u>\$ 147,417</u>	<u>\$ 138,916</u>

	Nine months ended September 30,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 468,257	\$ 677,967
Prior year income tax overestimation	(612)	(9,293)
Total current income tax	<u>467,645</u>	<u>668,674</u>
Deferred income tax:		
Origination and reversal of temporary differences	(105,295)	208,199
Total deferred income tax	<u>(105,295)</u>	<u>208,199</u>
Income tax expense	<u>\$ 362,350</u>	<u>\$ 876,873</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	Three months ended September 30,	
	2023	2022
Financial statements translation differences of foreign operations	(\$ 6,874)	(\$ 11,949)

	Nine months ended September 30,	
	2023	2022
Financial statements translation differences of foreign operations	(\$ 5,317)	(\$ 7,988)

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	<u>Three months ended September 30, 2023</u>		
	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 826,568	429,062	\$ 1.93
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 826,568	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	260	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 826,568	429,322	\$ 1.93

	<u>Nine months ended September 30, 2023</u>		
	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,458,445	429,062	\$ 3.40
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,458,445	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	356	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,458,445	429,418	\$ 3.40

Three months ended September 30, 2022

	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 483,694	429,062	\$ 1.13
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 483,694	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	479	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 483,694	429,541	\$ 1.13

Nine months ended September 30, 2022

	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,408,389	429,062	\$ 5.61
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,408,389	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	578	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,408,389	429,640	\$ 5.61

(25) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 15,651	\$ 34,736
Less: Transfers from prepayment for business facilities	(2,912)	(9,167)
Cash paid during the period	<u>\$ 12,739</u>	<u>\$ 25,569</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Taiwan IC Packaging Corporation	Associate accounted for using equity method
Won Chin Investment Inc. (Won Chin)	Other related party
Cheng Chuan Technology Development Inc. (Cheng Chuan)	Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended September 30,	
	2023	2022
Sales of goods		
Associates accounted for using the equity method	\$ 188	\$ 189
	Nine months ended September 30,	
	2023	2022
Sales of goods		
Associates accounted for using the equity method	\$ 694	\$ 935

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to Taiwan IC Packaging Corporation is 30 days after receipt of goods. The credit term to third parties is 30 to 60 days after monthly billings.

B. Purchases

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods		
Associates accounted for using the equity method	\$ <u>59,712</u>	\$ <u>54,191</u>
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods		
Associates accounted for using the equity method	\$ <u>138,312</u>	\$ <u>189,434</u>

The purchase prices charged by related parties are approximate to those charged by third parties. The payment term from Taiwan IC Packaging Corporation is 30 days after monthly billings. The payment term from third parties is 30 to 45 days after monthly billings.

C. Receivables from related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable:			
Associates accounted for using equity method	\$ <u>1</u>	\$ <u>-</u>	\$ <u>-</u>
Other receivables:			
Associates accounted for using equity method	\$ <u>11,360</u>	\$ <u>-</u>	\$ <u>22,135</u>

The receivables from related parties arise mainly from sales transactions. The credit term to Taiwan IC Packaging Corporation is 30 days after receipt of goods. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties. Other receivables pertains to cash dividends declared by associates.

D. Payables to related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable:			
Associates accounted for using equity method	\$ <u>36,469</u>	\$ <u>27,442</u>	\$ <u>33,269</u>

The payables to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase. The payables bear no interest.

E. Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other payables:			
Associates accounted for using equity method	\$ -	\$ 4	\$ -

Other payables to related parties arise mainly from miscellaneous purchases. The payables bear no interest.

F. Leasing arrangements - lessee

The Company renewed a land lease contract with its related party, Won Chin and Cheng Chuan, with a lease term of 5 years from June 12, 2022 to June 11, 2027. The annual rental payment is \$38,484 (excluding tax), which was determined based on the appraisal results of Yungcheng Real Estate Appraisers Firm and CCIS Real Estate Joint Appraisers Firm and renewed at \$1,350 in dollar per square feet/month (tax included) after having a three-party negotiation. Rent is paid on the contract date and becomes payable on the same date each following year until the end of the lease. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of related right-of-use assets amounted to \$137,696, \$165,858 and \$175,246 while lease liabilities amounted to \$112,707, \$149,825 and \$149,294, respectively.

(3) Key management compensation

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other employee benefits	\$ 4,330	\$ 11,713

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other employee benefits	\$ 15,538	\$ 58,102

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	<u>Book value</u>			
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	
Pledged assets				<u>Pledge purpose</u>
Property, plant and equipment	\$ 112,047	\$ 121,700	\$ 115,655	Collateral for general credit limit granted by financial institutions

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of September 30, 2023, except for the provision of endorsements and guarantees mentioned in Note 13(1) B, there are no other significant commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders 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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's own funds are currently sufficient, daily operations can create stable cash inflows, and there are no significant capital expenditure plans in the short term. Except for obtaining loans to reduce the exchange rate exposure, the Group has sufficient funds to cover its own needs. Debt financing is not necessary.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ 321,975	\$ 51,463	\$ 48,311
Financial assets at fair value through other comprehensive income	609,778	524,939	488,135

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,509,999	\$ 3,187,312	\$ 3,659,484
Financial assets at amortised cost	8,989,280	8,611,357	6,735,210
Notes receivable	255	867	372
Accounts receivable (including related parties)	1,460,307	1,217,936	1,413,581
Other receivables (including related parties)	133,218	77,626	98,166
Refundable deposits	33,502	34,888	30,436
	<u>\$ 13,058,314</u>	<u>\$ 13,706,388</u>	<u>\$ 12,473,695</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Accounts payable (including related parties)	\$ 1,431,763	\$ 500,119	\$ 559,260
Other payables (including related parties)	245,903	271,948	227,020
	<u>\$ 1,677,666</u>	<u>\$ 772,067</u>	<u>\$ 786,280</u>
Lease liabilities	<u>\$ 158,585</u>	<u>\$ 180,768</u>	<u>\$ 182,049</u>

B. Financial risk management policies

There was no significant change during this period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022 for related information.

C. Significant financial risks and degrees of financial risks

There was no significant change except for the following information. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022 for the related information.

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currencies: JPY, KRW, USD, EUR, GBP and RMB, etc.). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2023

	Foreign currency	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 224,924	32.27	\$ 7,258,297
	RMB : NTD	93,208	4.415	411,513
	EUR : NTD	7,276	33.91	246,729
	JPY : NTD	600,869	0.2162	129,908
	KRW : NTD	2,016,053	0.0240	48,385
	USD : EUR	4,751	0.9517	153,315
	GBP : EUR	3,955	1.16	155,155
Financial liabilities	USD : NTD	\$ 37,232	32.27	\$ 1,201,477
	RMB : NTD	62,252	4.415	274,843

December 31, 2022

	Foreign currency	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 254,448	30.71	\$ 7,814,098
	RMB : NTD	23,994	4.408	105,766
	EUR : NTD	5,372	32.72	175,772
	JPY : NTD	474,455	0.2324	110,263
	KRW : NTD	1,728,885	0.0246	42,531
	USD : EUR	5,905	0.9385	181,343
	GBP : EUR	1,950	1.13	72,326
Financial liabilities	USD : NTD	\$ 13,052	30.71	\$ 400,827
	RMB : NTD	97,981	4.408	431,900

September 30, 2022

	Foreign currency	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 174,861	31.75	\$ 5,551,837
	EUR : NTD	1,612	31.26	50,391
	GBP : NTD	658	35.53	23,379
	USD : EUR	4,789	1.0157	152,051
	GBP : EUR	2,471	1.1366	87,795
Financial liabilities	USD : NTD	\$ 14,028	31.75	\$ 445,389

- iii. The information on total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022 is provided in Note 6(21).
- iv. Sensitivity analysis relating to foreign exchange rate risks is primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Group's net income will decrease or increase by \$60,568 and \$51,064 for the nine months ended September 30, 2023 and 2022, respectively.

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss and other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in listed and unlisted equity securities and financial instruments by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$6,098 and \$4,881, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's principal interest-bearing assets are cash and cash equivalents and financial assets at amortised cost. Cash and cash equivalents are due within twelve months. Financial assets at amortised cost are maintained at fixed rates. Therefore, it is assessed that there is no significant cash flow interest rate risk.

- ii. The Group has not used any financial instruments to hedge its interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the receivables based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. To control internal risk, the Group assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group determines that the default occurs when the contract payments are past due over 180 days.
- iv. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. For details of credit risk in relation to accounts receivable and notes receivable, refer to Note 6(4).

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in non-hedging derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market, financial products and investment property is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 321,975	\$ -	\$ -	\$ 321,975
Financial assets at fair value through other comprehensive income				
Equity securities	<u>608,653</u>	<u>-</u>	<u>1,125</u>	<u>609,778</u>
	<u>\$ 930,628</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 931,753</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 51,463	\$ -	\$ -	\$ 51,463
Financial assets at fair value through other comprehensive income				
Equity securities	<u>523,814</u>	<u>-</u>	<u>1,125</u>	<u>524,939</u>
	<u>\$ 575,277</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 576,402</u>
September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 48,311	\$ -	\$ -	\$ 48,311
Financial assets at fair value through other comprehensive income				
Equity securities	<u>487,010</u>	<u>-</u>	<u>1,125</u>	<u>488,135</u>
	<u>\$ 535,321</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 536,446</u>

- E. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active 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. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed stocks classified as financial assets at fair value through other comprehensive income and beneficiary certificates classified as financial assets at fair value through profit or loss.
- F. For the nine months ended September 30, 2023 and 2022, there were no transfers between Level 1 and Level 2.
- G. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- H. The financial products purchased for the nine months ended September 30, 2022 were categorised as Level 3.
- I. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently review the fair value.
- J. The qualitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement is as follows: financial products are income investments, and the judgements of their valuation technique and significant unobservable inputs are based on the cash flow of individual contract.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the Company's paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chairman of the Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Three months ended September 30,	
	2023	2022
Segment revenue	\$ 2,727,105	\$ 3,066,213
Segment income	\$ 826,568	\$ 483,694

	Nine months ended September 30,	
	2023	2022
Segment revenue	\$ 7,805,483	\$ 9,522,337
Segment income	\$ 1,458,445	\$ 2,408,389

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

Transcend Information, Inc. and Subsidiaries
Provision of endorsements and guarantees to others
Nine months ended September 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 7)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Transcend Information, Inc.	Transcend Japan Inc.	2	\$ 3,734,284	\$ 461,800 (JPY2,000,000) (In thousands)	\$ 432,400 (JPY2,000,000) (In thousands)	\$ -	-	2	\$ 7,468,568	Y	-	-	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (a) The Company is '0'.
- (b) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (a) Having business relationship
- (b) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (c) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (d) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (e) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (f) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Not exceeding 20% of the Company's net asset value. (\$18,671,420*20%=\$3,734,284)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of September 30, 2023 is JPY\$2,000,000 (In thousands).

Note 5: The amount was approved by the Board of Directors.

Note 6: The actual amount of endorsement drawn down is \$0.

Note 7: Not exceeding 40% of the Company's net asset value. (\$18,671,420*40%=\$7,468,568)

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

Transcend Information, Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Information, Inc.	Stocks							
	TrendForce Corporation	-	Financial assets at fair value through other comprehensive income - non-current	60,816	\$ 1,125	1	\$ 1,125	-
	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	"	1,758,000	105,129	-	105,129	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	420,000	219,660	-	219,660	-
	MediaTek Inc.	-	"	40,000	29,400	-	29,400	-
	Fubon Financial Holding Co., Ltd.	-	"	1,120,366	68,007	-	68,007	-
	Cathay Financial Holding Co. Ltd.	-	"	216,323	9,637	-	9,637	-
	Yuanta Financial Holding Co., Ltd.	-	"	119,480	2,993	-	2,993	-
	CTBC Financial Holding Co., Ltd	-	"	100,000	2,450	-	2,450	-
	Formosa Plastics Corporation	-	"	262,000	20,907	-	20,907	-
	ASUSTek Computer Inc.	-	"	410,000	150,470	-	150,470	-
					<u>\$ 609,778</u>			
	Beneficiary certificates							
	Yuanta/P-shares Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - non-current	1,612,000	\$ 197,712	-	\$ 197,712	-
	Yuanta/P-shares Taiwan Dividend Plus ETF	-	"	797,000	27,943	-	27,943	-
	Fubon FTSE TWSE Taiwan 50 ETF	-	"	1,115,000	78,997	-	78,997	-
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	-	"	850,000	17,323	-	17,323	-
					<u>\$ 321,975</u>			
	Corporate bonds							
	TSMC Arizona Corporation U.S. dollar-denominated corporate bonds	-	Financial assets at amortised cost - non-current	1,850,000	\$ 59,104	-	\$ 59,104	-
	International Business Machines Corporation U.S. dollar- denominated corporate bonds	-	"	2,250,000	71,964	-	71,964	-
	Meta Platforms, Inc. U.S. dollar-denominated corporate bonds	-	"	1,650,000	50,254	-	50,254	-
	PAYPAL HOLDINGS, INC. U.S. dollar-denominated corporate bonds	-	"	1,100,000	34,842	-	34,842	-
	Intel Corporation U.S. dollar-denominated corporate bonds	-	"	2,000,000	63,417	-	63,417	-
	Mercedes-Benz Finance North America LLC U.S. dollar- denominated corporate bonds	-	"	250,000	8,156	-	8,156	-
	Toyota Motor Credit Corporation U.S. dollar-denominated corporate bonds	-	"	900,000	29,122	-	29,122	-
					<u>\$ 316,859</u>			

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Transcend Information, Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note)			Notes/accounts receivable (payable)		Footnote
			Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	Sales	\$ 661,579	9	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	\$ 408,705	26	-
"	Transcend Japan Inc.	The Company's subsidiary	"	345,218	5	"	"	"	126,389	8	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	368,090	5	"	"	"	58,827	4	-
"	Transcend Information Inc.	The Company's subsidiary	"	519,055	7	"	"	"	31,061	2	-
"	Transcend Korea Inc.	The Company's subsidiary	"	241,340	3	"	"	"	48,385	3	-
"	Transcend Information Trading GmbH	Subsidiary of Memhiro	"	251,579	3	"	"	"	24,712	2	-
Transcend Information, Inc.	Taiwan IC Packaging Corporation	Associate accounted for using equity method	(purchases)	(138,312)	(2)	30 days after monthly billings	"	30 to 45 days after monthly billings to third parties	(36,469)	(2)	-

Note: The Company's sales to subsidiaries were equivalent to subsidiaries' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries' purchases from the Company.

Transcend Information, Inc. and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 Nine months ended September 30, 2023

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Transcend Information, Inc.	Transcend Japan Inc.	The Company's subsidiary	\$ 126,389	3.97	\$ -	-	\$ 29,403	\$ -
"	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	408,705	3.44	-	-	66,225	-
Transcend Information (Shanghai), Ltd.	Transcend Information, Inc.	Ultimate parent company	257,818	-	257,818	-	-	-

Transcend Information, Inc. and Subsidiaries
Significant inter-company transactions during the period
Nine months ended September 30, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	1	Sales	\$ 661,579	There is no significant difference in unit price from those to third parties.	8
"	"	Transcend Japan Inc.	"	"	345,218	"	4
"	"	Transcend Information Europe B.V.	"	"	368,090	"	5
"	"	Transcend Information Inc.	"	"	519,055	"	7
"	"	Transcend Information Trading GmbH	"	"	251,579	"	3
"	"	Transcend Korea Inc.	"	"	241,340	"	3
"	"	Transtech Trading (Shanghai) Co., Ltd.	"	Accounts receivable	408,705	120 days after monthly billings	2
"	"	Transcend Information (Shanghai), Ltd.	"	Accounts payable	(257,818)	120 days after monthly billings	(1)
1	Transcend Information Europe B.V.	Transcend Information Trading GmbH	3	Sales	99,772	There is no significant difference in unit price from those to third parties.	1

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(a) Parent company is "0".

(b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Transcend Information, Inc. and Subsidiaries
Information on investees (excluding information on investments in Mainland China)
Nine months ended September 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net (loss) profit of the investee for the nine months ended September 30, 2023	Investment (loss) income recognized by the Company for the nine months ended September 30, 2023 (Note 1)	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Transcend Information, Inc.	Saffire Investment Ltd.	B.V.I.	Investment holdings	\$ 216,829	\$ 216,829	6,600,000	100	\$ 836,670	\$ 7,903	\$ 7,903	Note 2
	Transcend Japan Inc.	Japan	Import and wholesale of computer memory modules and peripheral products	89,103	89,103	6,400	100	104,090	16,262	16,262	Note 2
	Transcend Information Inc.	United States of America	Import and wholesale of computer memory modules and peripheral products	38,592	38,592	625,000	100	178,692	23,877	23,877	Note 2
	Transcend Korea Inc.	Korea	Import and wholesale of computer memory modules and peripheral products	6,132	6,132	40,000	100	2,681	(5,731)	(5,731)	Note 2
	Taiwan IC Packaging Corporation	Taiwan	Packaging of Semi-conductors	354,666	354,666	21,928,036	12.51	112,406	(118,871)	(14,860)	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investment holdings	173,702	173,702	8,277,609	100	801,072	6,317	6,317	Note 3
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Import and wholesale of computer memory modules and peripheral products	1,693	1,693	100	100	241,042	(2,390)	(2,390)	Note 4
	Transcend Information Trading GmbH	Germany	Import and wholesale of computer memory modules and peripheral products	2,288	2,288	-	100	122,679	(4,470)	(4,470)	Note 4
	Transcend Information (H.K.) Ltd.	Hong Kong	Import and wholesale of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	9,162	(1,059)	(1,059)	Note 4

Note 1: The Company does not directly recognize the investment (loss) income, except for the subsidiaries and associates directly held.

Note 2: Subsidiary of the Company.

Note 3: Subsidiary of Saffire.

Note 4: Subsidiary of Memhiro.

Note 5: Associate of the Company.

Transcend Information, Inc. and Subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net loss of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment loss recognized by the Company for the nine months ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings	\$ 150,787	2	\$ 150,787	-	\$ -	\$ 150,787	\$ 5,629	100	\$ 5,629	\$ 330,676	\$ 2,281,608	Note 4
Transtech Trading (Shanghai) Co., Ltd.	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components	16,310	2	16,310	-	-	16,310	7,843	100	7,843	66,579	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Transcend Information, Inc.	\$ <u>167,097</u>	\$ <u>167,097</u>	\$ <u>11,202,852</u>

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (Memhiro Pte Ltd.), which then invested in Mainland China.
- (3) Others.

Note 2: The gain and loss on investment recognized for the period was based on the financial statements that were not reviewed by independent auditors.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: For the nine months ended September 30, 2023, Transcend Information (Shanghai), Ltd. remitted back gain on investments of 817,580 (RMB 187,800 thousand) which was based on the exchange rate of RMB 1=4.35.

Transcend Information, Inc. and Subsidiaries
Major shareholders information
September 30, 2023

Table 8

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Won Chin Investment Inc.	74,783,600	17.42
Wan An Technology Inc.	34,142,854	7.95
Cheng Chuan Technology Development Inc.	32,971,701	7.68
Wan Min Investment Inc.	29,726,397	6.92
Wan Chuan Investment Inc.	29,505,896	6.87