

**TRANSCEND INFORMATION, INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2022 AND 2021**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR22000191

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, 2022 and 2021, 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" 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 Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in 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 certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$1,513,557 thousand and NT\$1,736,849 thousand, constituting 7% and 8% of the consolidated total assets as at September 30, 2022 and 2021, respectively, total liabilities amounted to NT\$72,417 thousand and NT\$79,423 thousand, constituting 4% and 3% of the consolidated total liabilities as at September 30, 2022 and 2021, respectively, and the total comprehensive (loss) income amounted to (NT\$32,836) thousand, (NT\$87,622) thousand, NT\$28,581 thousand and (NT\$123,281) thousand, constituting (9%), (14%), 1% and (6%) of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

### ***Qualified conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain 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, 2022 and 2021, 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” as endorsed by the Financial Supervisory Commission.

Chen, Ching-Chang            Lin, Yi-Fan  
For and on Behalf of PricewaterhouseCoopers, Taiwan  
November 10, 2022

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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’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the 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, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

| Assets  | Notes       | September 30, 2022   |            | December 31, 2021    |            | September 30, 2021   |            |
|---|-------------|----------------------|------------|----------------------|------------|----------------------|------------|
|   |             | AMOUNT               | %          | AMOUNT               | %          | AMOUNT               | %          |
| <b>Current assets</b>   |             |                      |            |                      |            |                      |            |
| Cash and cash equivalents   | 6(1)        | \$ 3,659,484         | 17         | \$ 2,018,106         | 9          | \$ 1,639,693         | 8          |
| Financial assets at fair value through profit or loss - current               | 6(2)        | -                    | -          | 1,506,595            | 7          | 2,072,024            | 10         |
| Current financial assets at amortised cost, net                               | 6(3)        | 6,735,210            | 31         | 5,567,177            | 25         | 5,437,156            | 25         |
| Notes receivable, net   | 6(4)        | 372                  | -          | 2,499                | -          | 1,215                | -          |
| Accounts receivable, net  | 6(4)        | 1,413,581            | 7          | 1,622,484            | 7          | 1,616,292            | 7          |
| Other receivables   |             | 76,031               | -          | 108,850              | -          | 150,083              | 1          |
| Other receivables due from related parties                                    | 7           | 22,135               | -          | -                    | -          | -                    | -          |
| Inventories, net  | 6(5)        | 4,243,763            | 20         | 5,774,825            | 26         | 5,188,279            | 24         |
| Non-current assets held for sale, net   | 6(6)        | -                    | -          | 159,976              | 1          | -                    | -          |
| Other current assets  |             | 23,598               | -          | 13,445               | -          | 13,400               | -          |
| <b>Total current assets</b>   |             | <u>16,174,174</u>    | <u>75</u>  | <u>16,773,957</u>    | <u>75</u>  | <u>16,118,142</u>    | <u>75</u>  |
| <b>Non-current assets</b>   |             |                      |            |                      |            |                      |            |
| Non-current financial assets at fair value through profit or loss             | 6(2)        | 48,311               | -          | 111,599              | -          | 107,645              | -          |
| Non-current financial assets at fair value through other comprehensive income | 6(7)        | 488,135              | 2          | 629,576              | 3          | 267,424              | 1          |
| Investments accounted for using equity method                                 | 6(8)        | 140,462              | 1          | 148,514              | 1          | 135,375              | 1          |
| Property, plant and equipment, net  | 6(9) and 8  | 1,585,509            | 8          | 1,942,013            | 9          | 2,128,665            | 10         |
| Right-of-use assets   | 6(10) and 7 | 207,287              | 1          | 124,054              | -          | 149,295              | 1          |
| Investment property, net  | 6(12)       | 2,596,682            | 12         | 2,602,088            | 12         | 2,604,658            | 12         |
| Deferred tax assets   |             | 152,306              | 1          | 47,355               | -          | 54,559               | -          |
| Other non-current assets  | 6(13)       | 56,454               | -          | 59,345               | -          | 49,023               | -          |
| <b>Total non-current assets</b>   |             | <u>5,275,146</u>     | <u>25</u>  | <u>5,664,544</u>     | <u>25</u>  | <u>5,496,644</u>     | <u>25</u>  |
| <b>Total assets</b>   |             | <u>\$ 21,449,320</u> | <u>100</u> | <u>\$ 22,438,501</u> | <u>100</u> | <u>\$ 21,614,786</u> | <u>100</u> |

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**TRANSCEND INFORMATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

| Liabilities and equity   | Notes | September 30, 2022   |            | December 31, 2021    |            | September 30, 2021   |            |
|--|-------|----------------------|------------|----------------------|------------|----------------------|------------|
|  |       | AMOUNT               | %          | AMOUNT               | %          | AMOUNT               | %          |
| <b>Current liabilities</b>   |       |                      |            |                      |            |                      |            |
| Notes payable  |       | \$ -                 | -          | \$ -                 | -          | \$ -                 | -          |
| Accounts payable   |       | 525,991              | 2          | 1,364,835            | 6          | 1,255,393            | 6          |
| Accounts payable - related parties                                       | 7     | 33,269               | -          | 52,241               | -          | 30,847               | -          |
| Other payables   |       | 227,020              | 1          | 286,168              | 1          | 271,504              | 2          |
| Current tax liabilities  |       | 539,173              | 3          | 592,886              | 3          | 470,523              | 2          |
| Current lease liabilities  | 7     | 49,854               | -          | 16,917               | -          | 15,995               | -          |
| Other current liabilities  |       | 29,954               | -          | 88,606               | 1          | 36,675               | -          |
| <b>Total current liabilities</b>   |       | <u>1,405,261</u>     | <u>6</u>   | <u>2,401,653</u>     | <u>11</u>  | <u>2,080,937</u>     | <u>10</u>  |
| <b>Non-current liabilities</b>   |       |                      |            |                      |            |                      |            |
| Deferred tax liabilities   |       | 433,947              | 2          | 128,784              | 1          | 117,817              | 1          |
| Non-current lease liabilities  | 7     | 132,195              | 1          | 26,033               | -          | 26,313               | -          |
| Other non-current liabilities  |       | 47,419               | -          | 47,196               | -          | 51,086               | -          |
| <b>Total non-current liabilities</b>                                     |       | <u>613,561</u>       | <u>3</u>   | <u>202,013</u>       | <u>1</u>   | <u>195,216</u>       | <u>1</u>   |
| <b>Total liabilities</b>   |       | <u>2,018,822</u>     | <u>9</u>   | <u>2,603,666</u>     | <u>12</u>  | <u>2,276,153</u>     | <u>11</u>  |
| <b>Equity attributable to owners of parent</b>                           |       |                      |            |                      |            |                      |            |
| Share capital  | 6(15) |                      |            |                      |            |                      |            |
| Common stock   |       | 4,290,617            | 20         | 4,290,617            | 19         | 4,290,617            | 20         |
| Capital surplus  | 6(16) |                      |            |                      |            |                      |            |
| Capital surplus  |       | 3,387,781            | 16         | 3,730,914            | 16         | 3,730,914            | 17         |
| Retained earnings  | 6(17) |                      |            |                      |            |                      |            |
| Legal reserve  |       | 5,057,967            | 24         | 4,803,503            | 21         | 4,803,503            | 22         |
| Special reserve  |       | 190,514              | 1          | 117,244              | 1          | 117,244              | 1          |
| Unappropriated retained earnings   |       | 6,930,334            | 32         | 7,083,072            | 32         | 6,592,845            | 30         |
| Other equity interest  | 6(18) |                      |            |                      |            |                      |            |
| Other equity interest  |       | (426,715)            | (2)        | (190,515)            | (1)        | (196,490)            | (1)        |
| <b>Total equity</b>  |       | <u>19,430,498</u>    | <u>91</u>  | <u>19,834,835</u>    | <u>88</u>  | <u>19,338,633</u>    | <u>89</u>  |
| Significant contingent liabilities and unrecognized contract commitments | 9     |                      |            |                      |            |                      |            |
| <b>Total liabilities and equity</b>                                      |       | <u>\$ 21,449,320</u> | <u>100</u> | <u>\$ 22,438,501</u> | <u>100</u> | <u>\$ 21,614,786</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, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

| Items   | Notes          | Three months ended September 30 |             |                     |             | Nine months ended September 30 |              |                     |             |
|---|----------------|---------------------------------|-------------|---------------------|-------------|--------------------------------|--------------|---------------------|-------------|
|   |                | 2022                            |             | 2021                |             | 2022                           |              | 2021                |             |
|   |                | AMOUNT                          | %           | AMOUNT              | %           | AMOUNT                         | %            | AMOUNT              | %           |
| Operating revenue   | 6(19) and 7    | \$ 3,066,213                    | 100         | \$ 3,523,741        | 100         | \$ 9,522,337                   | 100          | \$ 10,816,545       | 100         |
| Operating costs   | 6(5)(23) and 7 | ( 2,629,140)                    | ( 86)       | ( 2,415,216)        | ( 68)       | ( 7,350,486)                   | ( 77)        | ( 7,538,174)        | ( 70)       |
| Gross profit  |                | <u>437,073</u>                  | <u>14</u>   | <u>1,108,525</u>    | <u>32</u>   | <u>2,171,851</u>               | <u>23</u>    | <u>3,278,371</u>    | <u>30</u>   |
| Operating expenses  | 6(23)          |                                 |             |                     |             |                                |              |                     |             |
| Sales and marketing expenses  |                | ( 200,291)                      | ( 6)        | ( 204,734)          | ( 6)        | ( 629,272)                     | ( 7)         | ( 639,737)          | ( 6)        |
| Administrative expenses   |                | ( 48,978)                       | ( 2)        | ( 66,410)           | ( 2)        | ( 187,988)                     | ( 2)         | ( 219,242)          | ( 2)        |
| Research and development expenses   |                | ( 31,175)                       | ( 1)        | ( 34,996)           | ( 1)        | ( 105,082)                     | ( 1)         | ( 116,893)          | ( 1)        |
| Reversal of impairment loss determined in accordance with IFRS 9  | 6(4)           | ( 6)                            | -           | 385                 | -           | 298                            | -            | 546                 | -           |
| Total operating expenses  |                | <u>( 280,450)</u>               | <u>( 9)</u> | <u>( 305,755)</u>   | <u>( 9)</u> | <u>( 922,044)</u>              | <u>( 10)</u> | <u>( 975,326)</u>   | <u>( 9)</u> |
| Operating profit  |                | <u>156,623</u>                  | <u>5</u>    | <u>802,770</u>      | <u>23</u>   | <u>1,249,807</u>               | <u>13</u>    | <u>2,303,045</u>    | <u>21</u>   |
| Non-operating income and expenses   |                |                                 |             |                     |             |                                |              |                     |             |
| Interest income   | 6(3)(20)       | 27,557                          | 1           | 6,405               | -           | 49,270                         | 1            | 72,444              | 1           |
| Other income  | 6(11)(21)      | 13,247                          | -           | 9,665               | -           | 33,131                         | -            | 27,861              | -           |
| Other gains and losses  | 6(2)(22)       | 425,326                         | 14          | ( 5,470)            | -           | 1,940,258                      | 20           | 66,327              | 1           |
| Finance costs   | 6(10)          | ( 710)                          | -           | ( 304)              | -           | ( 1,256)                       | -            | ( 1,022)            | -           |
| Share of profit of associates and joint ventures accounted for using the equity method                            | 6(8)           | 567                             | -           | 16,789              | 1           | 14,052                         | -            | 39,451              | -           |
| Total non-operating income and expenses   |                | <u>465,987</u>                  | <u>15</u>   | <u>27,085</u>       | <u>1</u>    | <u>2,035,455</u>               | <u>21</u>    | <u>205,061</u>      | <u>2</u>    |
| <b>Profit before income tax</b>   |                | <u>622,610</u>                  | <u>20</u>   | <u>829,855</u>      | <u>24</u>   | <u>3,285,262</u>               | <u>34</u>    | <u>2,508,106</u>    | <u>23</u>   |
| Income tax expense  | 6(24)          | ( 138,916)                      | ( 4)        | ( 164,194)          | ( 5)        | ( 876,873)                     | ( 9)         | ( 462,695)          | ( 4)        |
| <b>Profit for the period</b>  |                | <u>\$ 483,694</u>               | <u>16</u>   | <u>\$ 665,661</u>   | <u>19</u>   | <u>\$ 2,408,389</u>            | <u>25</u>    | <u>\$ 2,045,411</u> | <u>19</u>   |
| <b>Other comprehensive income (loss)</b>  |                |                                 |             |                     |             |                                |              |                     |             |
| <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>            |                |                                 |             |                     |             |                                |              |                     |             |
| Unrealized (loss) gain on financial assets at fair value through other comprehensive income                       | 6(7)(18)       | ( \$ 82,636)                    | ( 3)        | ( \$ 5,281)         | -           | ( \$ 206,301)                  | ( 2)         | ( \$ 4,114)         | -           |
| Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method |                | -                               | -           | -                   | -           | ( 219)                         | -            | 200                 | -           |
| <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>                |                |                                 |             |                     |             |                                |              |                     |             |
| Exchange differences on translation of foreign financial statements   | 6(18)          | ( 59,747)                       | ( 2)        | ( 14,162)           | ( 1)        | ( 39,940)                      | -            | ( 82,909)           | ( 1)        |
| Income tax related to components of other comprehensive income that will be reclassified to profit or loss        | 6(18)(24)      | <u>11,949</u>                   | <u>1</u>    | <u>2,832</u>        | <u>-</u>    | <u>7,988</u>                   | <u>-</u>     | <u>16,581</u>       | <u>-</u>    |
| <b>Other comprehensive loss for the period</b>  |                | <u>( \$ 130,434)</u>            | <u>( 4)</u> | <u>( \$ 16,611)</u> | <u>( 1)</u> | <u>( \$ 238,472)</u>           | <u>( 2)</u>  | <u>( \$ 70,242)</u> | <u>( 1)</u> |
| <b>Total comprehensive income</b>   |                | <u>\$ 353,260</u>               | <u>12</u>   | <u>\$ 649,050</u>   | <u>18</u>   | <u>\$ 2,169,917</u>            | <u>23</u>    | <u>\$ 1,975,169</u> | <u>18</u>   |
| Net profit attributable to:   |                |                                 |             |                     |             |                                |              |                     |             |
| Owners of parent  |                | <u>\$ 483,694</u>               | <u>16</u>   | <u>\$ 665,661</u>   | <u>19</u>   | <u>\$ 2,408,389</u>            | <u>25</u>    | <u>\$ 2,045,411</u> | <u>19</u>   |
| Comprehensive income attributable to:   |                |                                 |             |                     |             |                                |              |                     |             |
| Owners of parent  |                | <u>\$ 353,260</u>               | <u>12</u>   | <u>\$ 649,050</u>   | <u>18</u>   | <u>\$ 2,169,917</u>            | <u>23</u>    | <u>\$ 1,975,169</u> | <u>18</u>   |
| Earnings per share (in dollars)   | 6(25)          |                                 |             |                     |             |                                |              |                     |             |
| Basic earnings per share  |                | <u>\$ 1.13</u>                  |             | <u>\$ 1.55</u>      |             | <u>\$ 5.61</u>                 |              | <u>\$ 4.77</u>      |             |
| Diluted earnings per share  |                | <u>\$ 1.13</u>                  |             | <u>\$ 1.55</u>      |             | <u>\$ 5.61</u>                 |              | <u>\$ 4.76</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, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

|   | Notes    | Equity attributable to owners of the parent |                            |                         |                        |               |                 |                                  |   |  |               |
|---|----------|---|----------------------------|-------------------------|------------------------|---------------|-----------------|----------------------------------|---|--|---------------|
|   |          | Capital Reserves                            |                            |                         | Retained Earnings      |               |                 | Other equity interest            |   |  |               |
|   |          | Common stock                                | Additional paid-in capital | Donated assets received | Net assets from merger | Legal reserve | Special reserve | Unappropriated retained earnings | Exchange differences on translation of foreign financial statements | Unrealized gain or loss on financial assets at fair value through other comprehensive income | Total equity  |
| <b><u>Nine months ended September 30, 2021</u></b>  |          |   |                            |                         |                        |               |                 |                                  |   |  |               |
| Balance at January 1, 2021  |          | \$ 4,290,617                                | \$ 3,905,963               | \$ 4,278                | \$ 35,128              | \$ 4,683,878  | \$ 130,902      | \$ 5,738,504                     | (\$ 121,639)  | \$ 4,395   | \$ 18,672,026 |
| Net income for the period   |          | -   | -                          | -                       | -                      | -             | -               | 2,045,411                        | -   | -  | 2,045,411     |
| Other comprehensive income (loss)   | 6(7)(18) | -   | -                          | -                       | -                      | -             | -               | 200                              | ( 66,328 )  | ( 4,114 )  | ( 70,242 )    |
| Total comprehensive income (loss)   |          | -   | -                          | -                       | -                      | -             | -               | 2,045,611                        | ( 66,328 )  | ( 4,114 )  | 1,975,169     |
| Appropriations and distribution of 2020 earnings  | 6(17)    |   |                            |                         |                        |               |                 |                                  |   |  |               |
| Legal reserve   |          | -   | -                          | -                       | -                      | 119,625       | -               | ( 119,625 )                      | -   | -  | -             |
| Cash dividends  |          | -   | -                          | -                       | -                      | -             | -               | ( 1,094,107 )                    | -   | -  | ( 1,094,107 ) |
| Reversal of special reserve   |          | -   | -                          | -                       | -                      | -             | ( 13,658 )      | 13,658                           | -   | -  | -             |
| Cash payment from capital surplus   | 6(17)    | -   | ( 214,531 )                | -                       | -                      | -             | -               | -                                | -   | -  | ( 214,531 )   |
| Net gain on disposal of financial assets at fair value through other comprehensive income | 6(7)(18) | -   | -                          | -                       | -                      | -             | -               | 8,804                            | -   | ( 8,804 )  | -             |
| Expired unclaimed dividends recognized as capital surplus                                 |          | -   | -                          | 76                      | -                      | -             | -               | -                                | -   | -  | 76            |
| Balance at September 30, 2021   |          | \$ 4,290,617                                | \$ 3,691,432               | \$ 4,354                | \$ 35,128              | \$ 4,803,503  | \$ 117,244      | \$ 6,592,845                     | (\$ 187,967)  | (\$ 8,523)   | \$ 19,338,633 |
| <b><u>Nine months ended September 30, 2022</u></b>  |          |   |                            |                         |                        |               |                 |                                  |   |  |               |
| 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)   | 6(7)(18) | -   | -                          | -                       | -                      | -             | -               | ( 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(17)    |   |                            |                         |                        |               |                 |                                  |   |  |               |
| 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   | 6(17)    | -   | ( 343,249 )                | -                       | -                      | -             | -               | -                                | -   | -  | ( 343,249 )   |
| Net loss on disposal of financial assets at fair value through other comprehensive income | 6(7)(18) | -   | -                          | -                       | -                      | -             | -               | ( 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 |

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, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

|   | Notes    | Nine months ended September 30 |                      |
|---|----------|--------------------------------|----------------------|
|   |          | 2022                           | 2021                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |          |                                |                      |
| Profit before tax   |          | \$ 3,285,262                   | \$ 2,508,106         |
| Adjustments   |          |                                |                      |
| Adjustments to reconcile profit (loss)  |          |                                |                      |
| Net loss (gain) on financial assets at fair value through profit or loss                                | 6(2)(22) | 11,414                         | ( 75,633 )           |
| Share of profit or loss of associates and joint ventures accounted for using the equity method          | 6(8)     |                                | ( 39,451 )           |
| Gain on reversal of impairment  | 6(4)     | ( 298 )                        | ( 546 )              |
| Gain on disposal of non-current assets held for sale  | 6(22)    | 1,325,653                      | -                    |
| Loss on disposal of property, plant and equipment   | 6(22)    | 444                            | 4                    |
| Depreciation  | 6(23)    | 150,436                        | 191,006              |
| Interest income   | 6(20)    | ( 49,270 )                     | ( 72,444 )           |
| Interest expense  | 6(10)    | 1,256                          | 1,022                |
| Dividend income   | 6(22)    | ( 34,436 )                     | ( 5,840 )            |
| Changes in operating assets and liabilities   |          |                                |                      |
| Changes in operating assets   |          |                                |                      |
| Financial assets mandatorily measured at fair value through profit or loss                              |          | 1,517,314                      | 1,445,913            |
| Notes receivable  |          | 2,127                          | ( 456 )              |
| Accounts receivable   |          | 209,215                        | ( 181,102 )          |
| Other receivables   |          | 87,528                         | ( 82,775 )           |
| Other receivables - related parties   |          | ( 251 )                        | -                    |
| Inventories   |          | 1,531,062                      | ( 1,997,813 )        |
| Other current assets  |          | ( 10,153 )                     | ( 2,905 )            |
| Changes in operating liabilities  |          |                                |                      |
| Accounts payable  |          | ( 838,844 )                    | 121,127              |
| Accounts payable - related parties  |          | ( 18,972 )                     | ( 6,569 )            |
| Other payables  |          | ( 59,148 )                     | 24,869               |
| Other current liabilities   |          | ( 58,652 )                     | ( 36,371 )           |
| Other non-current liabilities   |          | 223                            | ( 2,351 )            |
| Cash inflow generated from operations   |          | 4,386,552                      | 1,787,791            |
| Dividends received  |          | 34,436                         | 5,840                |
| Interest received   |          | 45,490                         | 76,487               |
| Income tax paid   |          | ( 722,387 )                    | ( 305,942 )          |
| Net cash flows from operating activities  |          | <u>3,744,091</u>               | <u>1,564,176</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |          |                                |                      |
| Proceeds from disposal of available-for-sale financial assets   |          | 41,155                         | 773,971              |
| Acquisition of non-current financial assets at fair value through profit or loss                        |          | -                              | ( 68,088 )           |
| Proceeds from disposal of financial assets at amortised cost  |          | 2,700,000                      | 2,169,870            |
| Acquisition of financial assets at amortised cost   |          | ( 3,857,821 )                  | ( 1,950,000 )        |
| Proceeds from disposal of non-current financial assets at fair value through other comprehensive income | 6(7)     | 6,179                          | 54,426               |
| Acquisition of non-current financial assets at fair value through other comprehensive income            |          | ( 71,040 )                     | ( 214,964 )          |
| 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(26)    | ( 25,569 )                     | ( 11,088 )           |
| Acquisition of investment property  | 6(12)    | ( 2,973 )                      | ( 2,219 )            |
| Increase in other non-current financial assets  |          | ( 6,276 )                      | ( 1,612 )            |
| Net cash flows from investing activities  |          | <u>586,616</u>                 | <u>750,296</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |          |                                |                      |
| Cash dividends paid (including cash payment from capital surplus)                                       | 6(17)    | ( 2,574,370 )                  | ( 1,308,638 )        |
| Repayment of lease liabilities  |          | ( 51,153 )                     | ( 51,817 )           |
| Expired unclaimed dividends recognized as capital surplus   |          | 116                            | 76                   |
| Net cash flows used in financing activities   |          | <u>( 2,625,407 )</u>           | <u>( 1,360,379 )</u> |
| Effect of exchange rate changes   |          | ( 63,922 )                     | ( 51,252 )           |
| Net increase in cash and cash equivalents   |          | 1,641,378                      | 902,841              |
| Cash and cash equivalents at beginning of period  |          | 2,018,106                      | 736,852              |
| Cash and cash equivalents at end of period  |          | <u>\$ 3,659,484</u>            | <u>\$ 1,639,693</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, 2022 AND 2021

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

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 CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2022.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

| <u>New Standards, Interpretations and Amendments</u>                                | <u>Effective date<br/>by International<br/>Accounting<br/>Standards Board</u> |
|---|---|
| Amendments to IFRS 3, ‘Reference to the conceptual framework’                       | January 1, 2022   |
| Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’ | January 1, 2022   |
| Amendments to IAS 37, ‘Onerous contracts-cost of fulfilling a contract’             | January 1, 2022   |
| Annual improvements to IFRS Standards 2018–2020                                     | January 1, 2022   |

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 effective from 2023 are as follows:

| <u>New Standards, Interpretations and Amendments</u>   | <u>Effective date<br/>by International<br/>Accounting<br/>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   |

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<br/>by International<br/>Accounting<br/>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<br>by International<br>Accounting<br>Standards Board         |
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback'  | January 1, 2024   |
| 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 1, 'Classification of liabilities as current or non-current'  | January 1, 2024   |
| Amendments to IAS 1, 'Non-current liabilities with covenants'   | 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.

#### 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, 2021, 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' 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, 2021.

##### (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 Interpretations, and SIC Interpretations 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, 2021.

B. Subsidiaries included in the consolidated financial statements:

| Name of Investor        | Name of Subsidiary  | Main Business Activities  | Ownership (%)      |                   |                    | Description |
|-------------------------|---|---|--------------------|-------------------|--------------------|-------------|
|                         |   |   | September 30, 2022 | December 31, 2021 | September 30, 2021 |             |
| Transcend Taiwan        | Saffire Investment Ltd. (Saffire)                           | Investment holdings   | 100                | 100               | 100                |             |
|                         | Transcend Japan Inc. (Transcend Japan)                      | Wholesale and import of computer memory modules and peripheral products   | 100                | 100               | 100                |             |
|                         | Transcend Information Inc. (Transcend USA)                  | Wholesale and import of computer memory modules and peripheral products   | 100                | 100               | 100                | Note 1      |
|                         | Transcend Korea Inc. (Transcend Korea)                      | Wholesale and import of computer memory modules and peripheral products   | 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)        | Wholesale and import of computer memory modules and peripheral products   | 100                | 100               | 100                | Note 1      |
|                         | Transcend Information Trading GmbH (Transcend Germany)      | Wholesale and import of computer memory modules and peripheral products   | 100                | 100               | 100                | "           |
|                         | Transcend Information (Shanghai), Ltd. (Transcend Shanghai) | Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings | 100                | 100               | 100                | Note 2      |

| Name of Investor  | Name of Subsidiary  | Main Business Activities  | Ownership (%)      |                   |                    | Description |
|-------------------|---|---|--------------------|-------------------|--------------------|-------------|
|                   |   |   | September 30, 2022 | December 31, 2021 | September 30, 2021 |             |
| Memhiro Pte. Ltd. | Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)   | Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components | 100                | 100               | 100                | Note 1      |
|                   | Transcend Information (Hong Kong), Ltd. (Transcend Hong Kong) | Wholesale and import of computer memory modules and peripheral products   | 100                | 100               | 100                | "           |

Note 1: The financial statements of insignificant subsidiary as of and for the nine months ended September 30, 2022 and 2021 were not reviewed by independent auditors.

Note 2: The financial statements as of and for the nine months ended September 30, 2021 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.

##### 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, 2021 for related information.

##### 6. DETAILS OF SIGNIFICANT ACCOUNTS

###### (1) Cash and cash equivalents

|                                       | September 30, 2022  | December 31, 2021   | September 30, 2021  |
|---------------------------------------|---------------------|---------------------|---------------------|
| Cash on hand and petty cash           | \$ 157              | \$ 217              | \$ 644              |
| Checking accounts and demand deposits | 2,769,273           | 1,931,009           | 1,639,049           |
| Time deposits                         | 890,054             | 86,880              | -                   |
|                                       | <u>\$ 3,659,484</u> | <u>\$ 2,018,106</u> | <u>\$ 1,639,693</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

| <u>Items</u>   | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
| Current items:   |                           |                          |                           |
| Financial assets mandatorily measured at fair value through profit or loss |                           |                          |                           |
| Beneficiary certificates   | \$ -                      | \$ 1,501,948             | \$ 2,052,000              |
| Financial products   | -                         | -                        | 11,968                    |
| Valuation adjustments  | -                         | 4,647                    | 8,056                     |
|  | <u>\$ -</u>               | <u>\$ 1,506,595</u>      | <u>\$ 2,072,024</u>       |
| Non-current items:   |                           |                          |                           |
| Financial assets mandatorily measured at fair value through profit or loss |                           |                          |                           |
| Beneficiary certificates   | \$ 61,481                 | \$ 100,976               | \$ 88,278                 |
| Valuation adjustments  | (13,170)                  | 10,623                   | 19,367                    |
|  | <u>\$ 48,311</u>          | <u>\$ 111,599</u>        | <u>\$ 107,645</u>         |

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

|  | <u>Three months ended September 30,</u> |                   |
|--|---|-------------------|
|  | <u>2022</u>                             | <u>2021</u>       |
| Financial assets mandatorily measured at fair value through profit or loss |   |                   |
| Beneficiary certificates   | (\$ 5,768)                              | (\$ 4,033)        |
| Financial products   | 3                                       | 117               |
|  | <u>(\$ 5,765)</u>                       | <u>(\$ 3,916)</u> |

|  | <u>Nine months ended September 30,</u> |                  |
|--|--|------------------|
|  | <u>2022</u>                            | <u>2021</u>      |
| Financial assets mandatorily measured at fair value through profit or loss |  |                  |
| Beneficiary certificates   | (\$ 20,414)                            | \$ 75,223        |
| Financial products   | <u>9,000</u>                           | <u>410</u>       |
|  | <u>(\$ 11,414)</u>                     | <u>\$ 75,633</u> |

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

(3) Financial assets at amortised cost

| <u>Items</u>   | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
| Current items:   |                           |                          |                           |
| Time deposits with original maturity of more than three months | <u>\$ 6,735,210</u>       | <u>\$ 5,567,177</u>      | <u>\$ 5,437,156</u>       |

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>2022</u>                             | <u>2021</u>     |
| Interest income | <u>\$ 15,961</u>                        | <u>\$ 5,599</u> |

  

|                 | <u>Nine months ended September 30,</u> |                  |
|-----------------|--|------------------|
|                 | <u>2022</u>                            | <u>2021</u>      |
| Interest income | <u>\$ 32,424</u>                       | <u>\$ 19,401</u> |

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 Group's counterparties have good credit quality, and the impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

|                      | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|----------------------|---------------------------|--------------------------|---------------------------|
| Notes receivable     | <u>\$ 372</u>             | <u>\$ 2,499</u>          | <u>\$ 1,215</u>           |
| Accounts receivable  | <u>\$ 1,414,068</u>       | <u>\$ 1,623,284</u>      | <u>\$ 1,619,824</u>       |
| Less: Loss allowance | <u>( 487)</u>             | <u>( 800)</u>            | <u>( 3,532)</u>           |
|                      | <u>\$ 1,413,581</u>       | <u>\$ 1,622,484</u>      | <u>\$ 1,616,292</u>       |

A. As of September 30, 2022, December 31, 2021 and September 30, 2021, the estimated sales discounts and allowances were \$71,630, \$63,361 and \$67,605, 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, 2022</u>  |                         |
|----------------|----------------------------|-------------------------|
|                | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due   | \$ 1,251,151               | \$ 372                  |
| Up to 30 days  | 146,333                    | -                       |
| 31 to 90 days  | 10,993                     | -                       |
| 91 to 180 days | 150                        | -                       |
| Over 180 days  | 5,441                      | -                       |
|                | <u>\$ 1,414,068</u>        | <u>\$ 372</u>           |

|                | <u>December 31, 2021</u>   |                         |
|----------------|----------------------------|-------------------------|
|                | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due   | \$ 1,347,477               | \$ 2,499                |
| Up to 30 days  | 258,288                    | -                       |
| 31 to 90 days  | 11,418                     | -                       |
| 91 to 180 days | 406                        | -                       |
| Over 180 days  | 5,695                      | -                       |
|                | <u>\$ 1,623,284</u>        | <u>\$ 2,499</u>         |

|                | <u>September 30, 2021</u>  |                         |
|----------------|----------------------------|-------------------------|
|                | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due   | \$ 1,442,768               | \$ 1,215                |
| Up to 30 days  | 158,079                    | -                       |
| 31 to 90 days  | 3,321                      | -                       |
| 91 to 180 days | 3,086                      | -                       |
| Over 180 days  | 12,570                     | -                       |
|                | <u>\$ 1,619,824</u>        | <u>\$ 1,215</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, 2022, December 31, 2021 and September 30, 2021, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of notes receivable and accounts receivable from contracts with customers amounted to \$1,439,523.



- E. As at September 30, 2022, December 31, 2021 and September 30, 2021, 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 \$372, \$2,499 and \$1,215, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,413,581, \$1,622,484 and \$1,616,292, 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, 2022, December 31, 2021 and September 30, 2021, 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, 2022, December 31, 2021 and September 30, 2021, the provision matrix is as follows:

|                           | <u>Not<br/>past due</u> | <u>1-180 days<br/>past due</u> | <u>Over 180 days<br/>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 |
|                           | <u>Not<br/>past due</u> | <u>1-180 days<br/>past due</u> | <u>Over 180 days<br/>past due</u> | <u>Total</u> |
| <u>December 31, 2021</u>  |                         |                                |                                   |              |
| Expected loss rate        | 0.002%~0.496%           | 0.015%~36%                     | 25%~100%                          |              |
| Total book value          | \$ 1,347,477            | \$ 270,112                     | \$ 5,695                          | \$ 1,623,284 |
|                           | <u>Not<br/>past due</u> | <u>1-180 days<br/>past due</u> | <u>Over 180 days<br/>past due</u> | <u>Total</u> |
| <u>September 30, 2021</u> |                         |                                |                                   |              |
| Expected loss rate        | 0.002%~0.5%             | 0.015%~37%                     | 25%~100%                          |              |
| Total book value          | \$ 1,442,768            | \$ 164,486                     | \$ 12,570                         | \$ 1,619,824 |

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

|                                 | 2022                |                  |
|---------------------------------|---------------------|------------------|
|                                 | Accounts receivable | Notes receivable |
| At January 1                    | \$ 800              | \$ -             |
| Reversal of impairment          | ( 298)              | -                |
| Effect of exchange rate changes | ( 15)               | -                |
| At September 30                 | <u>\$ 487</u>       | <u>\$ -</u>      |

  

|                                 | 2021                |                  |
|---------------------------------|---------------------|------------------|
|                                 | Accounts receivable | Notes receivable |
| At January 1                    | \$ 4,310            | \$ -             |
| Reversal of impairment          | ( 546)              | -                |
| Write-offs                      | ( 42)               | -                |
| Effect of exchange rate changes | ( 190)              | -                |
| At September 30                 | <u>\$ 3,532</u>     | <u>\$ -</u>      |

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

(5) Inventories

|                  | September 30, 2022  |                                 |                     |
|------------------|---------------------|---------------------------------|---------------------|
|                  | Cost                | Allowance for<br>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> |

  

|                  | December 31, 2021   |                                 |                     |
|------------------|---------------------|---------------------------------|---------------------|
|                  | Cost                | Allowance for<br>valuation loss | Book value          |
| Raw materials    | \$ 4,555,175        | (\$ 48,311)                     | \$ 4,506,864        |
| Work in progress | 604,979             | ( 438)                          | 604,541             |
| Finished goods   | 667,191             | ( 3,771)                        | 663,420             |
|                  | <u>\$ 5,827,345</u> | <u>(\$ 52,520)</u>              | <u>\$ 5,774,825</u> |

  

|                  | September 30, 2021  |                                 |                     |
|------------------|---------------------|---------------------------------|---------------------|
|                  | Cost                | Allowance for<br>valuation loss | Book value          |
| Raw materials    | \$ 3,765,838        | (\$ 27,487)                     | \$ 3,738,351        |
| Work in progress | 686,919             | ( 729)                          | 686,190             |
| Finished goods   | 771,014             | ( 7,276)                        | 763,738             |
|                  | <u>\$ 5,223,771</u> | <u>(\$ 35,492)</u>              | <u>\$ 5,188,279</u> |

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

|  | <u>Three months ended September 30,</u> |                     |
|--|---|---------------------|
|  | <u>2022</u>                             | <u>2021</u>         |
| Cost of goods sold   | \$ 2,271,988                            | \$ 2,420,826        |
| Loss on (gain on reversal of) decline in market value of inventory | <u>357,152</u>                          | <u>( 5,610)</u>     |
|  | <u>\$ 2,629,140</u>                     | <u>\$ 2,415,216</u> |

  

|  | <u>Nine months ended September 30,</u> |                     |
|--|--|---------------------|
|  | <u>2022</u>                            | <u>2021</u>         |
| Cost of goods sold                           | \$ 6,887,065                           | \$ 7,537,844        |
| Loss on decline in market value of inventory | <u>463,421</u>                         | <u>330</u>          |
|  | <u>\$ 7,350,486</u>                    | <u>\$ 7,538,174</u> |

The gain on reversal of decline in market value of inventory for the three months ended September 30, 2021 was due to the Group's disposal of slow-moving inventory.

B. No inventories were pledged to others.

(6) Non-current assets held for sale

|  | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
| Buildings and structures held for sale   | \$ -                      | \$ 143,596               | \$ -                      |
| Right-of-use assets held for sale - land | <u>-</u>                  | <u>16,380</u>            | <u>-</u>                  |
|  | <u>\$ -</u>               | <u>\$ 159,976</u>        | <u>\$ -</u>               |

A. On November 26, 2021, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Shanghai, resolved to sell its buildings in response to the land expropriation. As of December 31, 2021, the related assets transferred to non-current assets held for sale amounted to \$159,976 which were all disposed in 2022.

B. On February 18, 2022, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Shanghai, resolved to sell land use rights, buildings and ancillary structures located in Fengxian District, Shanghai. As of September 30, 2022, the related assets transferred to non-current assets held for sale had all been disposed.

C. The carrying amount of non-current assets held for sale was lower than the fair value less costs to sell based on the assessment. Thus, no impairment has occurred. Refer to table 4 for related transactions.

(7) Non-current financial assets at fair value through other comprehensive income

| <u>Items</u>          | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|-----------------------|---------------------------|--------------------------|---------------------------|
| Non-current items:    |                           |                          |                           |
| Equity instruments    |                           |                          |                           |
| Listed stocks         | \$ 683,841                | \$ 621,034               | \$ 274,822                |
| Others                | 1,125                     | 1,125                    | 1,125                     |
|                       | <u>684,966</u>            | <u>622,159</u>           | <u>275,947</u>            |
| Valuation adjustments | ( 196,831)                | 7,417                    | ( 8,523)                  |
|                       | <u>\$ 488,135</u>         | <u>\$ 629,576</u>        | <u>\$ 267,424</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 \$488,135, \$629,576 and \$267,424 as at September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- B. For the three months and nine months ended September 30, 2022 and 2021, the Group disposed equity investments whose fair value was \$0, \$0, \$6,179 and \$54,426, respectively, and the cumulative (loss) gain on disposal was transferred to retained earnings in the amount of \$0, \$0, (\$2,053) and \$8,804, respectively.
- C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

|   | <u>Three months ended September 30,</u> |                    |
|---|---|--------------------|
|   | <u>2022</u>                             | <u>2021</u>        |
| <u>Equity instruments at fair value through other comprehensive income</u>    |   |                    |
| Fair value change recognized in other comprehensive loss                      | (\$ <u>82,636</u> )                     | (\$ <u>5,281</u> ) |
| Cumulative (loss) gain reclassified to retained earnings due to derecognition | <u>\$ -</u>                             | <u>\$ -</u>        |
| Dividend income recognized in profit or loss                                  |   |                    |
| Held at end of period   | \$ 32,126                               | \$ 4,540           |
| Derecognized during the period  | <u>-</u>                                | <u>-</u>           |
|   | <u>\$ 32,126</u>                        | <u>\$ 4,540</u>    |

|   | Nine months ended September 30, |                 |
|---|---------------------------------|-----------------|
|   | 2022                            | 2021            |
| <u>Equity instruments at fair value through other comprehensive income</u>    |                                 |                 |
| Fair value change recognized in other comprehensive loss                      | (\$ 206,301)                    | (\$ 4,114)      |
| Cumulative (loss) gain reclassified to retained earnings due to derecognition | (\$ 2,053)                      | \$ 8,804        |
| Dividend income recognized in profit or loss                                  |                                 |                 |
| Held at end of period   | \$ 34,436                       | \$ 5,840        |
| Derecognized during the period  | -                               | -               |
|   | <u>\$ 34,436</u>                | <u>\$ 5,840</u> |

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

(8) Investments accounted for using equity method

| <u>Investee Company</u>   | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|---------------------------|---------------------------|--------------------------|---------------------------|
| Taiwan IC Packaging Corp. | \$ 140,462                | \$ 148,514               | \$ 135,375                |

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, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |                               |                              |
| Taiwan IC Packaging Corp. | Taiwan                             | 12.50%                    | 12.52%                   | 12.74%                    | Note                          | Equity method                |

Note: Taiwan IC Packaging Corp. 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 Corp. processes the raw materials provided by the Group into relevant semi-finished goods.

B. The Group held a 12.5% equity interest in Taiwan IC Packaging Corp., 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 Corp. and the Group does not serve as corporate director of Taiwan IC Packaging Corp., which indicate that the Group has no control ability to direct the relevant activities of Taiwan IC Packaging Corp. In addition, the Company's chairman is the same with Taiwan IC Packaging Corp.; hence, the Group has significant influence over Taiwan IC Packaging Corp.

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

Balance sheet

|                                 | <u>Taiwan IC Packaging Corp.</u> |                          |                           |
|---------------------------------|----------------------------------|--------------------------|---------------------------|
|                                 | <u>September 30, 2022</u>        | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
| Current assets                  | \$ 1,460,724                     | \$ 1,408,762             | \$ 1,303,460              |
| Non-current assets              | 1,146,830                        | 1,219,160                | 1,239,347                 |
| Current liabilities             | ( 397,083)                       | ( 374,580)               | ( 395,443)                |
| Non-current liabilities         | ( 72,430)                        | ( 83,523)                | ( 84,173)                 |
| Total net assets                | <u>\$ 2,138,041</u>              | <u>\$ 2,169,819</u>      | <u>\$ 2,063,191</u>       |
| Share in associate's net assets | \$ 267,255                       | \$ 271,661               | \$ 262,880                |
| Net equity differences          | ( 126,793)                       | ( 123,147)               | ( 127,505)                |
|                                 | <u>\$ 140,462</u>                | <u>\$ 148,514</u>        | <u>\$ 135,375</u>         |

Statement of comprehensive income

|  | <u>Taiwan IC Packaging Corp.</u>        |                   |
|--|---|-------------------|
|  | <u>Three months ended September 30,</u> |                   |
|  | <u>2022</u>                             | <u>2021</u>       |
| Revenue  | \$ 246,958                              | \$ 536,349        |
| Profit for the period from continuing operations | \$ 11,963                               | \$ 131,761        |
| Total comprehensive income                       | <u>\$ 4,554</u>                         | <u>\$ 131,761</u> |
| Dividends received from associates               | <u>\$ -</u>                             | <u>\$ -</u>       |

|  | <u>Taiwan IC Packaging Corp.</u>       |                   |
|--|--|-------------------|
|  | <u>Nine months ended September 30,</u> |                   |
|  | <u>2022</u>                            | <u>2021</u>       |
| Revenue  | \$ 994,138                             | \$ 1,446,185      |
| Profit for the period from continuing operations | \$ 114,137                             | \$ 309,231        |
| Total comprehensive income                       | <u>\$ 114,137</u>                      | <u>\$ 309,231</u> |
| Dividends received from associates               | <u>\$ -</u>                            | <u>\$ -</u>       |

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

| <u>Investee Company</u>   | <u>Three months ended September 30,</u> |                  |
|---------------------------|---|------------------|
|                           | <u>2022</u>                             | <u>2021</u>      |
| Taiwan IC Packaging Corp. | \$ <u>567</u>                           | \$ <u>16,789</u> |

| <u>Investee Company</u>   | <u>Nine months ended September 30,</u> |                  |
|---------------------------|--|------------------|
|                           | <u>2022</u>                            | <u>2021</u>      |
| Taiwan IC Packaging Corp. | \$ <u>13,833</u>                       | \$ <u>39,651</u> |

E. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation were \$193,827, \$446,724 and \$426,419 as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

(9) Property, plant and equipment

|   | 2022              |                          |                   |                  |                  |                  |                     |
|---|-------------------|--------------------------|-------------------|------------------|------------------|------------------|---------------------|
|   | Land              | Buildings and structures | Machinery         | Vehicles         | Office equipment | Others           | Total               |
| <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> |
| Opening net book amount as 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               |
| Closing net book amount as 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> |



|  | 2021              |                          |                   |                  |                  |                  |                     |
|--|-------------------|--------------------------|-------------------|------------------|------------------|------------------|---------------------|
|  | Land              | Buildings and structures | Machinery         | Vehicles         | Office equipment | Others           | Total               |
| <u>At January 1</u>                        |                   |                          |                   |                  |                  |                  |                     |
| Cost                                       | \$ 725,983        | \$ 2,601,967             | \$ 418,357        | \$ 26,892        | \$ 28,116        | \$ 52,518        | \$ 3,853,833        |
| Accumulated depreciation                   | -                 | ( 1,257,196)             | ( 243,085)        | ( 12,767)        | ( 21,134)        | ( 37,327)        | ( 1,571,509)        |
|  | <u>\$ 725,983</u> | <u>\$ 1,344,771</u>      | <u>\$ 175,272</u> | <u>\$ 14,125</u> | <u>\$ 6,982</u>  | <u>\$ 15,191</u> | <u>\$ 2,282,324</u> |
| Opening net book amount as at January 1    | \$ 725,983        | \$ 1,344,771             | \$ 175,272        | \$ 14,125        | \$ 6,982         | \$ 15,191        | \$ 2,282,324        |
| Additions (including transfers)            | -                 | -                        | 2,103             | -                | 7,458            | 1,527            | 11,088              |
| Disposals                                  | -                 | -                        | -                 | -                | ( 4)             | -                | ( 4)                |
| Depreciation charge                        | -                 | ( 79,585)                | ( 48,092)         | ( 3,211)         | ( 2,509)         | ( 4,445)         | ( 137,842)          |
| Net exchange differences                   | ( 10,575)         | ( 15,850)                | ( 72)             | ( 65)            | ( 296)           | ( 43)            | ( 26,901)           |
| Closing net book amount as at September 30 | <u>\$ 715,408</u> | <u>\$ 1,249,336</u>      | <u>\$ 129,211</u> | <u>\$ 10,849</u> | <u>\$ 11,631</u> | <u>\$ 12,230</u> | <u>\$ 2,128,665</u> |
| <u>At September 30</u>                     |                   |                          |                   |                  |                  |                  |                     |
| Cost                                       | \$ 715,408        | \$ 2,566,982             | \$ 386,372        | \$ 26,671        | \$ 32,141        | \$ 48,211        | \$ 3,775,785        |
| Accumulated depreciation                   | -                 | ( 1,317,646)             | ( 257,161)        | ( 15,822)        | ( 20,510)        | ( 35,981)        | ( 1,647,120)        |
|  | <u>\$ 715,408</u> | <u>\$ 1,249,336</u>      | <u>\$ 129,211</u> | <u>\$ 10,849</u> | <u>\$ 11,631</u> | <u>\$ 12,230</u> | <u>\$ 2,128,665</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.

(10) 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, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
|  | <u>Carrying amount</u>    | <u>Carrying amount</u>   | <u>Carrying amount</u>    |
| Land   | \$ 175,246                | \$ 82,013                | \$ 107,452                |
| Buildings                                    | 31,703                    | 41,158                   | 40,744                    |
| Transportation equipment (business vehicles) | 338                       | 883                      | 1,099                     |
|  | <u>\$ 207,287</u>         | <u>\$ 124,054</u>        | <u>\$ 149,295</u>         |

|  | <u>Three months ended September 30,</u> |                            |
|--|---|----------------------------|
|  | <u>2022</u>                             | <u>2021</u>                |
|  | <u>Depreciation charge</u>              | <u>Depreciation charge</u> |
| Land   | \$ 9,387                                | \$ 9,774                   |
| Buildings                                    | 4,010                                   | 4,591                      |
| Transportation equipment (business vehicles) | 174                                     | 214                        |
|  | <u>\$ 13,571</u>                        | <u>\$ 14,579</u>           |

|  | <u>Nine months ended September 30,</u> |                            |
|--|--|----------------------------|
|  | <u>2022</u>                            | <u>2021</u>                |
|  | <u>Depreciation charge</u>             | <u>Depreciation charge</u> |
| Land   | \$ 28,302                              | \$ 29,336                  |
| Buildings                                    | 11,852                                 | 13,925                     |
| Transportation equipment (business vehicles) | 533                                    | 655                        |
|  | <u>\$ 40,687</u>                       | <u>\$ 43,916</u>           |

C. For the three months and nine months ended September 30, 2022 and 2021, the additions to right-of-use assets were \$0, \$0, \$194,436 and \$9,917, respectively. Refer to Note 7(2)E. for details.

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

|                                       | <u>Three months ended September 30,</u> |             |
|---------------------------------------|---|-------------|
|                                       | <u>2022</u>                             | <u>2021</u> |
| <u>Items affecting profit or loss</u> |   |             |
| Interest expense on lease liabilities | \$ 710                                  | \$ 304      |
| Expense on short-term lease contracts | 1,795                                   | 2,210       |
| Expense on leases of low-value assets | 669                                     | 335         |
| <br>                                  |   |             |
|                                       | <u>Nine months ended September 30,</u>  |             |
|                                       | <u>2022</u>                             | <u>2021</u> |
| <u>Items affecting profit or loss</u> |   |             |
| Interest expense on lease liabilities | \$ 1,256                                | \$ 1,022    |
| Expense on short-term lease contracts | 5,714                                   | 6,629       |
| Expense on leases of low-value assets | 1,306                                   | 1,055       |

E. For the nine months ended September 30, 2022 and 2021, the Group's total cash outflow for leases were \$58,173 and \$59,501, respectively.

F. On February 18, 2022 and November 26, 2021, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Information (Shanghai), Ltd., approved a resolution for a sale transaction. Refer to Note 6(6) for details of right-of-use assets transferred to non-current assets held for sale.

(11) 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.

B. For the three months and nine months ended September 30, 2022 and 2021, the Group recognized rent income in the amount of \$13,247, \$9,665, \$33,131 and \$27,861, 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, 2022</u> |      | <u>December 31, 2021</u> |      | <u>September 30, 2021</u> |
|------|---------------------------|------|--------------------------|------|---------------------------|
| 2022 | \$ 15,185                 | 2022 | \$ 38,925                | 2021 | \$ 9,800                  |
| 2023 | 49,805                    | 2023 | 26,757                   | 2022 | 27,011                    |
| 2024 | 37,943                    | 2024 | 16,806                   | 2023 | 15,992                    |
| 2025 | 22,309                    | 2025 | 9,406                    | 2024 | 6,870                     |
| 2026 | 12,664                    | 2026 | 9,406                    | 2025 | -                         |
| 2027 | 815                       | 2027 | -                        | 2026 | -                         |
|      | <u>\$ 138,721</u>         |      | <u>\$ 101,300</u>        |      | <u>\$ 59,673</u>          |

(12) Investment property

|  | 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> |
| Opening net book amount as 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               |
| Closing net book amount as 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> |
|  | 2021                |                          |                     |
|  | Land                | Buildings and structures | Total               |
| <u>At January 1</u>                        |                     |                          |                     |
| Cost                                       | \$ 2,268,726        | \$ 459,716               | \$ 2,728,442        |
| Accumulated depreciation                   | -                   | ( 116,016)               | ( 116,016)          |
|  | <u>\$ 2,268,726</u> | <u>\$ 343,700</u>        | <u>\$ 2,612,426</u> |
| Opening net book amount as at January 1    | \$ 2,268,726        | \$ 343,700               | \$ 2,612,426        |
| Additions                                  | -                   | 2,219                    | 2,219               |
| Depreciation charge                        | -                   | ( 9,248)                 | ( 9,248)            |
| Net exchange differences                   | -                   | ( 739)                   | ( 739)              |
| Closing net book amount as at September 30 | <u>\$ 2,268,726</u> | <u>\$ 335,932</u>        | <u>\$ 2,604,658</u> |
| <u>At September 30</u>                     |                     |                          |                     |
| Cost                                       | \$ 2,268,726        | \$ 460,382               | \$ 2,729,108        |
| Accumulated depreciation                   | -                   | ( 124,450)               | ( 124,450)          |
|  | <u>\$ 2,268,726</u> | <u>\$ 335,932</u>        | <u>\$ 2,604,658</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>2022</u>                             | <u>2021</u>      |
| Rental income from investment property   | <u>\$ 13,247</u>                        | <u>\$ 9,665</u>  |
| Direct operating expenses arising from investment property that generated rental income        | <u>\$ 3,070</u>                         | <u>\$ 2,913</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>2022</u>                             | <u>2021</u>      |
| Rental income from investment property   | <u>\$ 33,131</u>                        | <u>\$ 27,861</u> |
| Direct operating expenses arising from investment property that generated rental income        | <u>\$ 9,077</u>                         | <u>\$ 8,722</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 were \$5,022,177, \$5,702,362 and \$5,487,338 as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively, which were based on the transaction prices of similar properties in the same area.

C. No investment property was pledged to others.

(13) Other non-current assets

|                                    | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|------------------------------------|---------------------------|--------------------------|---------------------------|
| Guarantee deposits paid            | \$ 30,436                 | \$ 31,414                | \$ 30,911                 |
| Prepayment for business facilities | 11,242                    | 12,416                   | 2,772                     |
| Others                             | 14,776                    | 15,515                   | 15,340                    |
|                                    | <u>\$ 56,454</u>          | <u>\$ 59,345</u>         | <u>\$ 49,023</u>          |

## (14) 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 \$161, \$166, \$483 and \$498 for the three months and nine months ended September 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$1,474.

### 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) Transcend Shanghai, 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, 2022 and 2021 were \$10,083, \$10,222, \$30,510 and \$30,976, respectively.

(15) Share capital

As of September 30, 2022, 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, 2022 and 2021.

(16) 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.

(17) 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 stockholders. 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, 2021 and 2020 have been resolved at the shareholders' meeting on June 17, 2022 and August 26, 2021, respectively. Details are summarized below:

|   | <u>Year ended December 31, 2021</u> |  | <u>Year ended December 31, 2020</u> |  |
|---|-------------------------------------|--|-------------------------------------|--|
|   | <u>Amount</u>                       | <u>Dividends per share (in dollars)</u>    | <u>Amount</u>                       | <u>Dividends per share (in dollars)</u>    |
| Legal reserve                                   | \$ 254,464                          |  | \$ 119,625                          |  |
| Appropriation for (reversal of) special reserve | 73,270                              |  | ( 13,658)                           |  |
| Cash dividends                                  | <u>2,231,121</u>                    | \$ 5.20                                    | <u>1,094,107</u>                    | \$ 2.55                                    |
|   | <u>\$ 2,558,855</u>                 |  | <u>\$ 1,200,074</u>                 |  |
|   | <u>Amount</u>                       | <u>Cash payment per share (in dollars)</u> | <u>Amount</u>                       | <u>Cash payment per share (in dollars)</u> |
| Cash payment from capital surplus               | \$ <u>343,249</u>                   | \$ 0.80                                    | \$ <u>214,531</u>                   | \$ 0.50                                    |

Actual distribution of retained earnings for 2021 and 2020 was in agreement with the amounts resolved by the Board of Directors and shareholders.



(18) Other equity items

|   | 2022                                       |   |                     |
|---|--|---|---------------------|
|   | Unrealized<br>gain or loss<br>on valuation | Exchange<br>differences<br>on translation of<br>foreign financial<br>statements | Total               |
| At January 1  | \$ 7,417                                   | (\$ 197,932)  | (\$ 190,515)        |
| Revaluation - gross                                     | ( 206,301)                                 | -   | ( 206,301)          |
| Revaluation transferred to<br>retained earnings-gross   | 2,053                                      | -   | 2,053               |
| Currency translation<br>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> |
|   | 2021                                       |   |                     |
|   | Unrealized<br>gain or loss<br>on valuation | Exchange<br>differences<br>on translation of<br>foreign financial<br>statements | Total               |
| At January 1  | \$ 4,395                                   | (\$ 121,639)  | (\$ 117,244)        |
| Revaluation - gross                                     | ( 4,114)                                   | -   | ( 4,114)            |
| Revaluation transferred to<br>retained earnings - gross | ( 8,804)                                   | -   | ( 8,804)            |
| Currency translation<br>differences                     | -  | ( 82,909)   | ( 82,909)           |
| Effect from income tax                                  | -  | 16,581  | 16,581              |
| At September 30   | <u>(\$ 8,523)</u>                          | <u>(\$ 187,967)</u>   | <u>(\$ 196,490)</u> |

(19) Operating revenue

|               | Three months ended September 30, |                      |
|---------------|----------------------------------|----------------------|
|               | 2022                             | 2021                 |
| Sales revenue | <u>\$ 3,066,213</u>              | <u>\$ 3,523,741</u>  |
|               | Nine months ended September 30,  |                      |
|               | 2022                             | 2021                 |
| Sales revenue | <u>\$ 9,522,337</u>              | <u>\$ 10,816,545</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:

| Three months ended<br>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<br>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  |
| Three months ended<br>September 30, 2021 | Electronic products |              |              |              |            | Total         |
|  | Taiwan              | Asia         | America      | Europe       | Others     |               |
| Revenue from external customer contracts | \$ 912,893          | \$ 1,300,983 | \$ 483,101   | \$ 645,730   | \$ 181,034 | \$ 3,523,741  |
| Nine months ended<br>September 30, 2021  | Electronic products |              |              |              |            | Total         |
|  | Taiwan              | Asia         | America      | Europe       | Others     |               |
| Revenue from external customer contracts | \$ 2,767,110        | \$ 3,883,516 | \$ 1,236,259 | \$ 2,348,353 | \$ 581,307 | \$ 10,816,545 |

B. Contract assets and liabilities

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

(20) Interest income

|  | Three months ended September 30, |                 |
|--|----------------------------------|-----------------|
|  | 2022                             | 2021            |
| Interest income from bank deposits                               | \$ 10,719                        | \$ 149          |
| Interest income from financial assets measured at amortised cost | 15,961                           | 5,599           |
| Other interest income  | 877                              | 657             |
|  | <u>\$ 27,557</u>                 | <u>\$ 6,405</u> |

|  | Nine months ended September 30, |                  |
|--|---------------------------------|------------------|
|  | 2022                            | 2021             |
| Interest income from bank deposits                               | \$ 13,434                       | \$ 583           |
| Interest income from financial assets measured at amortised cost | 32,424                          | 19,401           |
| Other interest income  | 3,412                           | 52,460           |
|  | <u>\$ 49,270</u>                | <u>\$ 72,444</u> |

(21) Other income

|               | Three months ended September 30, |          |
|---------------|----------------------------------|----------|
|               | 2022                             | 2021     |
| Rental income | \$ 13,247                        | \$ 9,665 |

  

|               | Nine months ended September 30, |           |
|---------------|---------------------------------|-----------|
|               | 2022                            | 2021      |
| Rental income | \$ 33,131                       | \$ 27,861 |

(22) Other gains and losses

|  | Three months ended September 30, |                   |
|--|----------------------------------|-------------------|
|  | 2022                             | 2021              |
| Loss on disposal of property, plant and equipment  | (\$ 6)                           | (\$ 4)            |
| Net currency exchange gain   | 400,380                          | 5,649             |
| Net loss on financial assets and liabilities at fair value through profit or loss                | ( 5,765)                         | ( 3,916)          |
| Dividend income  | 32,126                           | 4,540             |
| Loss on disposal of non-current assets held for sale (including effect of exchange rate changes) | ( 3,520)                         | -                 |
| Others   | 2,111                            | ( 11,739)         |
|  | <u>\$ 425,326</u>                | <u>(\$ 5,470)</u> |

  

|  | Nine months ended September 30, |                  |
|--|---------------------------------|------------------|
|  | 2022                            | 2021             |
| Loss on disposal of property, plant and equipment  | (\$ 444)                        | (\$ 4)           |
| Net currency exchange gain (loss)  | 586,470                         | ( 8,000)         |
| Net (loss) gain on financial assets and liabilities at fair value through profit or loss | ( 11,414)                       | 75,633           |
| Dividend income  | 34,436                          | 5,840            |
| Gain on disposal of non-current assets held for sale                                     | 1,325,653                       | -                |
| Others   | 5,557                           | ( 7,142)         |
|  | <u>\$ 1,940,258</u>             | <u>\$ 66,327</u> |

(23) Expenses by nature

|   | Three months ended September 30, |            |
|---|----------------------------------|------------|
|   | 2022                             | 2021       |
| Wages and salaries  | \$ 250,887                       | \$ 275,140 |
| Labor and health insurance fees   | 29,337                           | 29,685     |
| Pension costs   | 10,244                           | 10,389     |
| Other personnel expenses  | 13,159                           | 13,642     |
| Depreciation on property, plant and equipment<br>(including investment property and right-of-use<br>assets) | 44,753                           | 62,943     |

  

|   | Nine months ended September 30, |            |
|---|---------------------------------|------------|
|   | 2022                            | 2021       |
| Wages and salaries  | \$ 862,456                      | \$ 906,098 |
| Labor and health insurance fees   | 90,366                          | 92,761     |
| Pension costs   | 30,993                          | 31,474     |
| Other personnel expenses  | 41,065                          | 39,734     |
| Depreciation on property, plant and equipment<br>(including investment property and right-of-use<br>assets) | 150,436                         | 191,006    |

- 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' and supervisors' remuneration.
- B. For the three months and nine months ended September 30, 2022 and 2021, employees' compensation were accrued at \$6,117, \$8,692, \$30,914 and \$26,352, respectively; while directors' remuneration were accrued at \$0, \$1,217, \$0 and \$3,689, respectively. The aforementioned amounts were recognized in salary expenses.
- C. The employees' compensation was estimated and accrued based on 1% of distributable profit of current period for the nine months ended September 30, 2022. As of September 30, 2022, no directors' remuneration was accrued.
- D. The difference between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2021 financial statements by \$1,149 and \$1,377, respectively, have been adjusted in profit or loss for 2022.
- E. Information about employees' compensation and directors' remuneration of the Company as approved at the meeting of Board of Directors 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.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

|   | Three months ended September 30, |                   |
|---|----------------------------------|-------------------|
|   | 2022                             | 2021              |
| Current tax:                                      |                                  |                   |
| Current tax on profits for the period             | \$ 142,452                       | \$ 168,564        |
| Prior year income tax overestimation              | ( 42)                            | ( 432)            |
| Total current tax                                 | <u>142,410</u>                   | <u>168,132</u>    |
| Deferred tax:                                     |                                  |                   |
| Origination and reversal of temporary differences | ( 3,494)                         | ( 3,938)          |
| Total deferred tax                                | <u>( 3,494)</u>                  | <u>( 3,938)</u>   |
| Income tax expense                                | <u>\$ 138,916</u>                | <u>\$ 164,194</u> |

|   | Nine months ended September 30, |                   |
|---|---------------------------------|-------------------|
|   | 2022                            | 2021              |
| Current tax:                                      |                                 |                   |
| Current tax on profits for the period             | \$ 677,967                      | \$ 486,635        |
| Prior year income tax overestimation              | ( 9,293)                        | ( 5,551)          |
| Total current tax                                 | <u>668,674</u>                  | <u>481,084</u>    |
| Deferred tax:                                     |                                 |                   |
| Origination and reversal of temporary differences | 208,199                         | ( 18,389)         |
| Total deferred tax                                | <u>208,199</u>                  | <u>( 18,389)</u>  |
| Income tax expense                                | <u>\$ 876,873</u>               | <u>\$ 462,695</u> |

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

|   | Three months ended September 30, |                   |
|---|----------------------------------|-------------------|
|   | 2022                             | 2021              |
| Exchange differences on translation of foreign financial statements | <u>(\$ 11,949)</u>               | <u>(\$ 2,832)</u> |

  

|   | Nine months ended September 30, |                    |
|---|---------------------------------|--------------------|
|   | 2022                            | 2021               |
| Exchange differences on translation of foreign financial statements | <u>(\$ 7,988)</u>               | <u>(\$ 16,581)</u> |

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings per share

|  | <u>Three months ended September 30, 2022</u> |  |  |
|--|--|--|--|
|  | <u>Profit after tax</u>                      | <u>Weighted-average<br/>common shares<br/>outstanding<br/>(in thousands)</u> | <u>Earnings<br/>per share<br/>(in dollars)</u> |
| <u>Basic earnings per share</u>  |  |  |  |
| Profit attributable to ordinary<br>shareholders of the parent  | <u>\$ 483,694</u>                            | <u>429,062</u>   | <u>\$ 1.13</u>                                 |
| <u>Diluted earnings per share</u>  |  |  |  |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 483,694                                   | 429,062  |  |
| Assumed conversion of all<br>dilutive potential ordinary<br>shares   |  |  |  |
| Employees' compensation  | <u>-</u>                                     | <u>479</u>   |  |
| Profit attributable to ordinary<br>shareholders of the parent plus<br>assumed conversion of all<br>dilutive potential ordinary<br>shares | <u>\$ 483,694</u>                            | <u>429,541</u>   | <u>\$ 1.13</u>                                 |

|  | <u>Nine months ended September 30, 2022</u> |  |  |
|--|---|--|--|
|  | <u>Profit after tax</u>                     | <u>Weighted-average<br/>common shares<br/>outstanding<br/>(in thousands)</u> | <u>Earnings<br/>per share<br/>(in dollars)</u> |
| <u>Basic earnings per share</u>  |   |  |  |
| Profit attributable to ordinary<br>shareholders of the parent  | <u>\$ 2,408,389</u>                         | <u>429,062</u>   | <u>\$ 5.61</u>                                 |
| <u>Diluted earnings per share</u>  |   |  |  |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 2,408,389                                | 429,062  |  |
| Assumed conversion of all<br>dilutive potential ordinary<br>shares   |   |  |  |
| Employees' compensation  | <u>-</u>                                    | <u>578</u>   |  |
| Profit attributable to ordinary<br>shareholders of the parent plus<br>assumed conversion of all<br>dilutive potential ordinary<br>shares | <u>\$ 2,408,389</u>                         | <u>429,640</u>   | <u>\$ 5.61</u>                                 |

Three months ended September 30, 2021

|  | <u>Profit after tax</u> | <u>Weighted-average<br/>common shares<br/>outstanding<br/>(in thousands)</u> | <u>Earnings<br/>per share<br/>(in dollars)</u> |
|--|-------------------------|--|--|
| <u>Basic earnings per share</u>  |                         |  |  |
| Profit attributable to ordinary shareholders of the parent   | \$ 665,661              | 429,062  | \$ 1.55  |
| <u>Diluted earnings per share</u>  |                         |  |  |
| Profit attributable to ordinary shareholders of the parent   | \$ 665,661              | 429,062  |  |
| Assumed conversion of all dilutive potential ordinary shares   |                         |  |  |
| Employees' compensation  | -                       | 393  |  |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 665,661              | 429,455  | \$ 1.55  |

Nine months ended September 30, 2021

|  | <u>Profit after tax</u> | <u>Weighted-average<br/>common shares<br/>outstanding<br/>(in thousands)</u> | <u>Earnings<br/>per share<br/>(in dollars)</u> |
|--|-------------------------|--|--|
| <u>Basic earnings per share</u>  |                         |  |  |
| Profit attributable to ordinary shareholders of the parent   | \$ 2,045,411            | 429,062  | \$ 4.77  |
| <u>Diluted earnings per share</u>  |                         |  |  |
| Profit attributable to ordinary shareholders of the parent   | \$ 2,045,411            | 429,062  |  |
| Assumed conversion of all dilutive potential ordinary shares   |                         |  |  |
| Employees' compensation  | -                       | 443  |  |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 2,045,411            | 429,505  | \$ 4.76  |

(26) Supplemental cash flow information

Investing activities with partial cash payments

|   | Nine months ended September 30, |                  |
|---|---------------------------------|------------------|
|   | 2022                            | 2021             |
| Purchase of property, plant and equipment               | \$ 34,736                       | \$ 11,088        |
| Less: Transfers from prepayment for business facilities | ( 9,167)                        | -                |
| Cash paid during the period                             | <u>\$ 25,569</u>                | <u>\$ 11,088</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, |               |
|--|----------------------------------|---------------|
|  | 2022                             | 2021          |
| Sales of goods                                   |                                  |               |
| Associates accounted for using the equity method | <u>\$ 189</u>                    | <u>\$ 2</u>   |
|  | Nine months ended September 30,  |               |
|  | 2022                             | 2021          |
| Sales of goods                                   |                                  |               |
| Associates accounted for using the equity method | <u>\$ 935</u>                    | <u>\$ 404</u> |

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>2022</u>                             | <u>2021</u>       |
| Purchases of goods                               |   |                   |
| Associates accounted for using the equity method | <u>\$ 54,191</u>                        | <u>\$ 48,030</u>  |
|  |   |                   |
|  | <u>Nine months ended September 30,</u>  |                   |
|  | <u>2022</u>                             | <u>2021</u>       |
| Purchases of goods                               |   |                   |
| Associates accounted for using the equity method | <u>\$ 189,434</u>                       | <u>\$ 162,431</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, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
| Other receivable:                            |                           |                          |                           |
| Associates accounted for using equity method | <u>\$ 22,135</u>          | <u>\$ -</u>              | <u>\$ -</u>               |

The above receivable pertains to cash dividends declared by associates but have not yet been received by the Group.

## D. Payables to related parties

|  | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
| Accounts payable:                            |                           |                          |                           |
| Associates accounted for using equity method | <u>\$ 33,269</u>          | <u>\$ 52,241</u>         | <u>\$ 30,847</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. 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 NT\$1,350 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, 2022, December 31, 2021 and September 30, 2021, the balance of related right-of-use assets amounted to \$175,246, \$15,263 and \$24,421 while lease liabilities amounted to \$149,294, \$0 and \$0, respectively.

(3) Key management compensation

|                                      | <u>Three months ended September 30,</u> |             |
|--------------------------------------|---|-------------|
|                                      | <u>2022</u>                             | <u>2021</u> |
| Salaries and other employee benefits | \$ 11,713                               | \$ 10,792   |
|                                      | <u>Nine months ended September 30,</u>  |             |
|                                      | <u>2022</u>                             | <u>2021</u> |
| Salaries and other employee benefits | \$ 58,102                               | \$ 33,820   |

8. PLEDGED ASSETS

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

| <u>Pledged assets</u>         | <u>Book value</u>         |                          |                           | <u>Pledge purpose</u>   |
|-------------------------------|---------------------------|--------------------------|---------------------------|---|
|                               | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |   |
| Property, plant and equipment | \$ 115,655                | \$ 127,675               | \$ 132,636                | Collateral for general credit limit granted by financial institutions |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of September 30, 2022, 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, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
| <u>Financial assets</u>  |                           |                          |                           |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 48,311                 | \$ 1,618,194             | \$ 2,179,669              |
| Financial assets at fair value through other comprehensive income          | 488,135                   | 629,576                  | 267,424                   |
| Financial assets at amortised cost   |                           |                          |                           |
| Cash and cash equivalents  | 3,659,484                 | 2,018,106                | 1,639,693                 |
| Financial assets at amortised cost   | 6,735,210                 | 5,567,177                | 5,437,156                 |
| Notes receivable   | 372                       | 2,499                    | 1,215                     |
| Accounts receivable  | 1,413,581                 | 1,622,484                | 1,616,292                 |
| Other receivables (including related parties)                              | 98,166                    | 108,850                  | 150,083                   |
| Refundable deposits  | 30,436                    | 31,414                   | 30,911                    |
|  | <u>\$ 12,473,695</u>      | <u>\$ 11,598,300</u>     | <u>\$ 11,322,443</u>      |
| <u>Financial liabilities</u>   |                           |                          |                           |
| Financial liabilities at amortised cost                                    |                           |                          |                           |
| Accounts payable (including related parties)                               | \$ 559,260                | \$ 1,417,076             | \$ 1,286,240              |
| Other payables   | 227,020                   | 286,168                  | 271,504                   |
|  | <u>\$ 786,280</u>         | <u>\$ 1,703,244</u>      | <u>\$ 1,557,744</u>       |
| Lease liabilities  | <u>\$ 182,049</u>         | <u>\$ 42,950</u>         | <u>\$ 42,308</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, 2021 for related information.

## C. Significant financial risks and degrees of financial risks

There is no significant change except for the following information. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021 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, 2022  |                            |               |              |
|-----------------------|---------------------|----------------------------|---------------|--------------|
|                       | Foreign<br>currency | Foreign currency<br>amount | 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   |

| December 31, 2021     |                     |                            |               |              |
|-----------------------|---------------------|----------------------------|---------------|--------------|
|                       | Foreign<br>currency | Foreign currency<br>amount | Exchange rate | Book value   |
| Financial assets      | USD : NTD           | \$ 104,112                 | 27.68         | \$ 2,881,820 |
|                       | RMB : NTD           | 28,260                     | 4.344         | 122,761      |
|                       | EUR : NTD           | 1,492                      | 31.32         | 46,729       |
|                       | JPY : NTD           | 90,334                     | 0.241         | 21,725       |
|                       | GBP : EUR           | 1,887                      | 1.1909        | 70,385       |
|                       | USD : EUR           | 1,712                      | 0.8838        | 47,388       |
| Financial liabilities | USD : NTD           | \$ 41,900                  | 27.68         | \$ 1,159,792 |
| September 30, 2021    |                     |                            |               |              |
|                       | Foreign<br>currency | Foreign currency<br>amount | Exchange rate | Book value   |
| Financial assets      | USD : NTD           | \$ 64,898                  | 27.85         | \$ 1,807,409 |
|                       | RMB : NTD           | 43,104                     | 4.305         | 185,563      |
|                       | JPY : NTD           | 260,956                    | 0.249         | 64,978       |
|                       | EUR : NTD           | 1,072                      | 32.32         | 34,647       |
|                       | USD : EUR           | 1,846                      | 0.8617        | 51,411       |
|                       | GBP : EUR           | 1,876                      | 1.159         | 70,275       |
| Financial liabilities | USD : NTD           | \$ 35,172                  | 27.85         | \$ 979,540   |

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, 2022 and 2021 is provided in Note 6(22).

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 \$51,064 and \$8,279 for the nine months ended September 30, 2022 and 2021, respectively.

#### 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 accounts receivable 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(12).

C. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables (including related parties), notes payable, accounts payable (including related parties) and other

payables 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, 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>   |
| December 31, 2021   | <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  | \$ 1,618,194        | \$ -           | \$ -             | \$ 1,618,194        |
| Financial assets at fair value through other comprehensive income |                     |                |                  |                     |
| Equity securities   | <u>628,451</u>      | <u>-</u>       | <u>1,125</u>     | <u>629,576</u>      |
|   | <u>\$ 2,246,645</u> | <u>\$ -</u>    | <u>\$ 1,125</u>  | <u>\$ 2,247,770</u> |
| September 30, 2021  | <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  | \$ 2,167,434        | \$ -           | \$ -             | \$ 2,167,434        |
| Financial products  | -                   | -              | 12,235           | 12,235              |
| Financial assets at fair value through other comprehensive income |                     |                |                  |                     |
| Equity securities   | <u>266,299</u>      | <u>-</u>       | <u>1,125</u>     | <u>267,424</u>      |
|   | <u>\$ 2,433,733</u> | <u>\$ -</u>    | <u>\$ 13,360</u> | <u>\$ 2,447,093</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, 2022 and 2021, 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 and 2021 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: Refer to table 3.
- 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: Refer to table 4.
- G. Purchases or sales of goods from or to relate parties reaching NT\$100 million or 20% of the Company's paid-in capital or more: Refer to table 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 6.



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

J. Significant inter-company transactions during the reporting periods: Refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Major shareholders information

Major shareholders information: Refer to table 10.

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, |               |
|-----------------|----------------------------------|---------------|
|                 | 2022                             | 2021          |
| Segment revenue | \$ 3,066,213                     | \$ 3,523,741  |
| Segment income  | \$ 483,694                       | \$ 665,661    |
|                 | Nine months ended September 30,  |               |
|                 | 2022                             | 2021          |
| Segment revenue | \$ 9,522,337                     | \$ 10,816,545 |
| Segment income  | \$ 2,408,389                     | \$ 2,045,411  |

(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, 2022

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Number<br>(Note 1) | Endorser/<br>guarantor | Party being<br>endorsed/guaranteed<br><br>Company name | Relationship with<br>the endorser/<br>guarantor<br>(Note 2) | Limit on<br>endorsements/<br>guarantees<br>provided for a<br>single party<br>(Note 3) | Maximum<br>outstanding<br>endorsement/<br>guarantee<br>amount as of<br>September 30,<br>2022 (Note 4) | Outstanding<br>endorsement/<br>guarantee<br>amount at<br>September 30,<br>2022 (Note 5) | Actual<br>amount<br>drawn down<br>(Note 6) | Amount of<br>endorsements/<br>guarantees<br>secured with<br>collateral | Ratio of<br>accumulated<br>endorsement/<br>guarantee amount<br>to net asset value of<br>the endorser/<br>guarantor company | Ceiling on total<br>amount of<br>endorsements/<br>guarantees provided<br>(Note 7) | Provision of<br>endorsements/<br>guarantees by<br>parent<br>company to<br>subsidiary<br>(Note 8) | Provision of<br>endorsements/<br>guarantees by<br>subsidiary to<br>parent<br>company | Provision of<br>endorsements/<br>guarantees to<br>the party in<br>Mainland<br>China | Footnote |
|--------------------|------------------------|--|---|---|---|---|--|--|--|---|--|--|---|----------|
|                    |                        |  |   |   |   |   |  |  |  |   |  |  |   |          |
| 0                  | Transcend<br>Taiwan    | Transcend<br>Japan Inc.                                | 2   | \$ 3,886,100  | \$ 486,400<br>(JPY2,000,000)<br>(In thousands)  | \$ 440,200<br>(JPY2,000,000)<br>(In thousands)  | \$ -                                       | -  | 2  | \$ 7,772,199  | 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.  $\$19,430,498 \times 20\% = \$3,886,100$

Note 4: The maximum outstanding endorsement/guarantee amount during and as of September 30, 2022 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.  $(\$19,430,498 \times 40\% = \$7,772,199)$

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, 2022

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Securities held by | Marketable securities<br>(Note 1)                    | Relationship with the<br>securities issuer (Note 2) | General ledger account  | As of September 30, 2022 |                        |               |            | Footnote<br>(Note 4) |
|--------------------|--|---|---|--------------------------|------------------------|---------------|------------|----------------------|
|                    |  |   |   | Number of shares         | Book value<br>(Note 3) | Ownership (%) | Fair value |                      |
| Transcend Taiwan   | Stocks   |   |   |                          |                        |               |            |                      |
|                    | TrendForce Corporation                               | -   | Non-current financial<br>assets at fair value through other<br>comprehensive income | 60,816                   | \$ 1,125               | 1             | \$ 1,125   | -                    |
|                    | Fubon Financial Holding Co., Ltd. Preferred Shares B | -   | "   | 1,758,000                | 103,546                | -             | 103,546    | -                    |
|                    | Taiwan Semiconductor Manufacturing Co., Ltd.         | -   | "   | 420,000                  | 177,240                | -             | 177,240    | -                    |
|                    | MediaTek Inc.  | -   | "   | 40,000                   | 22,040                 | -             | 22,040     | -                    |
|                    | Fubon Financial Holding Co., Ltd.                    | -   | "   | 1,067,016                | 53,244                 | -             | 53,244     | -                    |
|                    | Cathay Financial Holding Co. Ltd.                    | -   | "   | 200,000                  | 7,990                  | -             | 7,990      | -                    |
|                    | Yuanta Financial Holding Co., Ltd.                   | -   | "   | 119,480                  | 2,336                  | -             | 2,336      | -                    |
|                    | CTBC Financial Holding Co., Ltd.                     | -   | "   | 100,000                  | 1,985                  | -             | 1,985      | -                    |
|                    | Formosa Plastics Corporation                         | -   | "   | 262,000                  | 22,689                 | -             | 22,689     | -                    |
|                    | ASUSTek Computer Inc.                                | -   | "   | 410,000                  | 95,940                 | -             | 95,940     | -                    |
|                    |  |   |   |                          | <u>\$ 488,135</u>      |               |            |                      |
|                    | Beneficiary certificates                             |   |   |                          |                        |               |            |                      |
|                    | Yuanta Taiwan Top 50 ETF                             | -   | Non-current financial assets at fair<br>value through profit or loss                | 467,000                  | <u>\$ 48,311</u>       | -             | \$ 48,311  | -                    |

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

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Nine months ended September 30, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investor         | Marketable securities (Note 1) | General ledger account  | Counterparty (Note 2) | Relationship with the investor (Note 2) | Balance as at January 1, 2022 |              | Addition (Note 3) |        | Number of shares | Disposal (Note 3) |              | Gain on disposal | Balance as at September 30, 2022 |        |      |
|------------------|--------------------------------|---|-----------------------|---|-------------------------------|--------------|-------------------|--------|------------------|-------------------|--------------|------------------|----------------------------------|--------|------|
|                  |                                |   |                       |   | Number of shares              | Amount       | Number of shares  | Amount |                  | Selling price     | Book value   |                  | Number of shares                 | Amount |      |
| Transcend Taiwan | Taishin 1699 Money Market Fund | Current financial assets at fair value through profit or loss | -                     | -                                       | 110,142,508                   | \$ 1,501,948 | -                 | \$ -   | -                | 110,142,508       | \$ 1,508,314 | \$ 1,501,948     | \$ 6,366                         | -      | \$ - |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Transcend Information, Inc. and Subsidiaries

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

Nine months ended September 30, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

| Real estate disposed by                | Real estate   | Date of the event | Date of acquisition       | Book value | Net transaction amount | Status of collection | Gain (loss) on disposal | Counterparty   | Relationship | Purpose of disposal                                     | Basis or reference used in setting the price   | Other commitments |
|--|---|-------------------|---------------------------|------------|------------------------|----------------------|-------------------------|--|--------------|---|--|-------------------|
| Transcend Information (Shanghai), Ltd. | Land use rights, buildings and accessories of 106/17 Hill, 2nd Neighborhood, Xidu Town, Fengxian, Shanghai  | 2021/11/26        | May 2005 to December 2010 | \$ 159,976 | \$ 509,292             | Note 2               | \$ 346,185              | Shanghai Fengpu Industrial Park Fengxian Comprehensive Bonded Zone (Shanghai Minhang Export Processing Zone Development Co., Ltd.) | -            | To cooperate with the government's expropriation policy | In accordance with the Shanghai Fengpu Industrial Park expropriation policy and expropriation compensation agreement | -                 |
| "                                      | Land use rights, buildings and accessories of No. 300, Lane 3111, Huancheng West Road, Shanghai Industrial Development Zone, 25/6 Hill, 2 Neighborhood, Xidu Town, Fengxian District, and 25/7 Hill, 2 Neighborhood, Xidu Town, Fengxian District | 2022/2/18         | May 2005 to January 2014  | 364,201    | 1,343,837              | 1,343,837            | 983,348                 | Shanghai Fengpu Construction Development Co., Ltd.   | -            | Activate assets and enhance working capital             | Note 3   | -                 |

Note 1: Date of the event refers to the date of the Board of Directors' resolution.

Note 2: As of September 30, 2022, \$458,363 had been collected.

Note 3: The prices were determined in accordance with two valuation reports, amounting to RMB 391,970 thousand and RMB 385,610 thousand, respectively.

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, 2022

Table 5

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 1) |                           |   | 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 Taiwan | Transtech Trading (Shanghai) Co., Ltd. | Subsidiary of Memhiro                       | Sales             | \$ 485,675 | 5                                     | 120 days after monthly billings  | No significant difference | 30 to 60 days after monthly billings to third parties | \$ 85,651                           | 7   | -        |
| "                | Transcend Japan Inc.                   | The Company's subsidiary                    | "                 | 325,024    | 4                                     | "  | "                         | "   | 13,599                              | 1   | -        |
| "                | Transcend Information Europe B.V.      | Subsidiary of Memhiro                       | "                 | 328,223    | 4                                     | "  | "                         | "   | 9,999                               | 1   | -        |
| "                | Transcend Information, Inc.            | The Company's subsidiary                    | "                 | 336,953    | 4                                     | "  | "                         | "   | 8,209                               | 1   | -        |
| "                | Transcend Korea Inc.                   | The Company's subsidiary                    | "                 | 226,363    | 3                                     | "  | "                         | "   | 12,532                              | 1   | -        |
| "                | Transcend Information Trading GmbH     | Subsidiary of Memhiro                       | "                 | 311,938    | 3                                     | "  | "                         | "   | 17,198                              | 1   | -        |
| "                | Transcend Information (H.K) Ltd.       | Subsidiary of Memhiro                       | "                 | 117,408    | 1                                     | "  | "                         | "   | 6,551                               | 1   | -        |
| Transcend Taiwan | Taiwan IC Packaging Corporation        | Associate accounted for using equity method | (Purchase)        | ( 189,434) | (4)                                   | 30 days after monthly billings   | "                         | 30 to 45 days after monthly billings to third parties | ( 33,269)                           | (3)   | -        |

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, 2022

Table 6

Expressed in thousands of NTD  
 (Except as otherwise indicated)

| Creditor                                  | Counterparty     | Relationship<br>with the counterparty | Balance as at<br>September 30,<br>2022 | Turnover rate | Overdue receivables |              | Amount collected<br>subsequent to the<br>balance sheet date | Allowance for<br>doubtful accounts |
|---|------------------|---------------------------------------|--|---------------|---------------------|--------------|---|------------------------------------|
|   |                  |                                       |  |               | Amount              | Action taken |   |                                    |
| Transcend Information<br>(Shanghai), Ltd. | Transcend Taiwan | Ultimate parent company               | \$ 420,320                             | -             | \$ 420,320          | -            | -   | -                                  |

Transcend Information, Inc. and Subsidiaries  
Significant inter-company transactions during the period  
Nine months ended September 30, 2022

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Number<br>(Note 1) | Company name     | Counterparty                           | Relationship<br>(Note 2) | Transaction            |            |   | Percentage of consolidated total operating<br>revenues or total assets (Note 3) |
|--------------------|------------------|--|--------------------------|------------------------|------------|---|---|
|                    |                  |  |                          | General ledger account | Amount     | Transaction terms   |   |
| 0                  | Transcend Taiwan | Transtech Trading (Shanghai) Co., Ltd. | 1                        | Sales                  | \$ 485,675 | There is no significant<br>difference in unit price<br>from those to third parties. | 5   |
| "                  | "                | Transcend Japan Inc.                   | "                        | "                      | 325,024    | "   | 3   |
| "                  | "                | Transcend Information Europe B.V.      | "                        | "                      | 328,223    | "   | 3   |
| "                  | "                | Transcend Information, Inc.            | "                        | "                      | 336,953    | "   | 4   |
| "                  | "                | Transcend Information Trading GmbH     | "                        | "                      | 311,938    | "   | 3   |
| "                  | "                | Transcend Korea Inc.                   | "                        | "                      | 226,363    | "   | 2   |
| "                  | "                | Transcend Information (H.K) Ltd.       | "                        | "                      | 117,408    | "   | 1   |
| "                  | "                | Transcend Information (Shanghai), Ltd. | "                        | Accounts Payable       | ( 420,320) | 120 days after monthly billings   | ( 2)  |

(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  
Nine months ended September 30, 2022

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investor                | Investee                           | Location                 | Main business activities                                     | Initial investment amount |               | Shares held as at September 30, 2022 |               |               | Net profit (loss) | Investment   | Footnote |
|-------------------------|------------------------------------|--------------------------|--|---------------------------|---------------|--------------------------------------|---------------|---------------|-------------------|--------------|----------|
|                         |                                    |                          |  | Balance as at             | Balance as at | Number of shares                     | Ownership (%) | Book value    | of the investee   | income       |          |
|                         |                                    |                          |  | September 30,             | December 31,  |                                      |               |               | for the nine      | recognized   |          |
|                         |                                    |                          |  | 2022                      | 2021          |                                      |               | months ended  | for the nine      |              |          |
|                         |                                    |                          |  |                           |               |                                      |               | September 30, | months ended      |              |          |
|                         |                                    |                          |  |                           |               |                                      |               | 2022          | September 30,     |              |          |
|                         |                                    |                          |  |                           |               |                                      |               |               | 2022 (Note 1)     |              |          |
| Transcend Taiwan        | Saffire Investment Ltd.            | B.V.I.                   | Investment holdings  | \$ 1,202,418              | \$ 1,202,418  | 36,600,000                           | 100           | \$ 2,611,526  | \$ 1,163,467      | \$ 1,163,467 | Note 2   |
|                         | Transcend Japan Inc.               | Japan                    | Wholesale of computer memory modules and peripheral products | 89,103                    | 89,103        | 6,400                                | 100           | 220,892       | 11,423            | 11,423       | Note 2   |
|                         | Transcend Information, Inc.        | United States of America | Wholesale of computer memory modules and peripheral products | 38,592                    | 38,592        | 625,000                              | 100           | 210,424       | ( 523)            | ( 523)       | Note 2   |
|                         | Transcend Korea Inc.               | Korea                    | Wholesale of computer memory modules and peripheral products | 6,132                     | 6,132         | 40,000                               | 100           | 63,436        | 11,128            | 11,128       | Note 2   |
|                         | Taiwan IC Packaging Corp.          | Taiwan                   | Packaging of Semi-conductors                                 | 354,666                   | 354,666       | 21,928,036                           | 12.50         | 140,462       | 114,137           | 14,052       | Note 5   |
| Saffire Investment Ltd. | Memhiro Pte Ltd.                   | Singapore                | Investment holdings  | 1,156,920                 | 1,156,920     | 55,132,000                           | 100           | 2,577,078     | 1,163,415         | 1,163,415    | Note 3   |
| Memhiro Pte Ltd.        | Transcend Information Europe B.V.  | Netherlands              | Wholesale of computer memory modules and peripheral products | 1,693                     | 1,693         | 100                                  | 100           | 221,681       | 1,359             | 1,359        | Note 4   |
|                         | Transcend Information Trading GmbH | Germany                  | Wholesale of computer memory modules and peripheral products | 2,288                     | 2,288         | -                                    | 100           | 133,741       | 21,444            | 21,444       | Note 4   |
|                         | Transcend Information (H.K.) Ltd.  | Hong Kong                | Wholesale of computer memory modules and peripheral products | 7,636                     | 7,636         | 2,000,000                            | 100           | 37,460        | 3,154             | 3,154        | Note 4   |

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

Note 2: Subsidiary of the Company.

Note 3: Subsidiary of Saffire.

Note 4: Subsidiary of Memhiro.

Note 5: Refer to Note 6 (8).

Transcend Information, Inc. and Subsidiaries  
Information on investments in Mainland China  
Nine months ended September 30, 2022

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investee in<br>Mainland China                   | Main business activities  | Paid-in capital   | Investment<br>method<br>(Note 1)   | Accumulated amount<br>of remittance from<br>Taiwan to<br>Mainland China<br>as of January 1,<br>2022 | Amount remitted from<br>Taiwan to Mainland<br>China/Amount remitted<br>back to Taiwan for<br>the nine months ended<br>September 30, 2022 |                               | Accumulated<br>amount of remittance<br>from Taiwan to<br>Mainland China as of<br>September 30, 2022 | Net income (loss)<br>of investee for<br>the nine months<br>ended<br>September 30, 2022 | Ownership<br>held by<br>the Company<br>(direct or<br>indirect) | Investment income<br>(loss) recognized<br>by the Company<br>for<br>the nine months<br>ended<br>September 30, 2022<br>(Note 2) | Book value of<br>investments in<br>Mainland China<br>as of September<br>30, 2022 | Accumulated amount<br>of investment income<br>remitted back to Taiwan<br>as of September 30,<br>2022 | Footnote |
|---|---|---|--|---|--|-------------------------------|---|--|--|---|--|--|----------|
|   |   |   |  |   | Remitted to<br>Mainland<br>China   | Remitted<br>back to<br>Taiwan |   |  |  |   |  |  |          |
| Transcend<br>Information<br>(Shanghai), Ltd.    | Manufacture and sales of<br>computer memory modules,<br>storage products and disks,<br>and lease of self-owned<br>buildings     | \$ 150,787  | 2  | \$ 1,134,178  | -  | -                             | \$ 1,134,178  | \$ 1,129,701   | 100  | \$ 1,129,701  | \$ 1,169,244   | \$ 1,464,028   | Note 4   |
| Transtech<br>Trading<br>(Shanghai) Co.,<br>Ltd. | Wholesale, agent, import and<br>export and retail of computer<br>memory modules, storage<br>products and computer<br>components | 16,310  | 2  | 16,310  | -  | -                             | 16,310  | ( 8,225)   | 100  | ( 8,225)  | 39,444   | -  | -        |
| <u>Company name</u>                             | <u>Accumulated amount of<br/>remittance from Taiwan to<br/>Mainland China as of<br/>September 30, 2022</u>                      | <u>Investment<br/>amount approved<br/>by the Investment<br/>Commission of<br/>the Ministry of<br/>Economic Affairs<br/>(MOEA)</u> | <u>Ceiling on<br/>investments in<br/>Mainland China<br/>imposed by the<br/>Investment<br/>Commission of<br/>MOEA</u> |   |  |                               |   |  |  |   |  |  |          |
| Transcend<br>Information<br>(Shanghai), Ltd.    | \$ 1,134,178  | \$ 1,134,178  | \$ -   |   |  |                               |   |  |  |   |  |  |          |
| Transtech<br>Trading<br>(Shanghai) Co.,<br>Ltd. | 16,310  | 16,310  | -  |   |  |                               |   |  |  |   |  |  |          |
|   | <u>\$ 1,150,488</u>   | <u>\$ 1,150,488</u>   | <u>\$ 11,658,299</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 in Transtech Trading (Shanghai) Co., Ltd. recognized for the period was based on the financial statements that were not reviewed by independent auditors.

The gain and loss on investment in Transcend Information (Shanghai), Ltd. recognized for the period was based on the financial statements that were reviewed by R.O.C. parent company's CPA.

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

Note 4: In September 2022, the shareholders of Transcend Information (Shanghai), Ltd. resolved to reduce its capital from US\$34.6 million to US\$4.6 million, and the proceeds from capital reduction was returned to Memhiro Pte Ltd.

Transcend Information, Inc. and Subsidiaries  
Major shareholders information  
September 30, 2022

Table 10

| 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               |