

**TRANSCEND INFORMATION, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
THEREON
SEPTEMBER 30, 2024 AND 2023**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR24000207

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, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of insignificant consolidated subsidiaries for the nine-month periods ended September 30, 2024 and 2023 were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$1,336,141 thousand and NT\$1,411,745 thousand, constituting 6% and 7% of the consolidated total assets as at September 30, 2024 and 2023, respectively, total liabilities amounted to NT\$94,392 thousand and NT\$88,688 thousand, both constituting 4% of the consolidated total liabilities as at September 30, 2024 and 2023, respectively, and the total

comprehensive income (loss) amounted to NT\$13,639 thousand, NT\$37,709 thousand, (NT\$53,347) thousand and (NT\$20,085) thousand, constituting 4%, 5%, (2%) and (1%) of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

Qualified conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and 2023, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Chen, Ching Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

November 5, 2024

Lin, Yi-Fan

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,352,519	6	\$ 1,858,719	8	\$ 1,509,999	7
1110	Financial assets at fair value through profit or loss - current	6(2)	1,252,450	6	-	-	-	-
1136	Financial assets at amortised cost - current	6(3)	5,043,718	23	8,130,839	37	8,672,421	41
1150	Notes receivable, net	6(4)	132	-	323	-	255	-
1170	Accounts receivable, net	6(4)	1,178,200	5	1,247,331	6	1,460,306	7
1180	Accounts receivable due from related parties, net	7	-	-	-	-	1	-
1200	Other receivables		100,899	1	113,104	1	121,858	1
1210	Other receivables due from related parties	7	-	-	-	-	11,360	-
130X	Inventories	6(5)	6,102,684	28	5,003,689	22	3,532,515	17
1479	Other current assets		28,570	-	41,262	-	25,849	-
11XX	Total current assets		<u>15,059,172</u>	<u>69</u>	<u>16,395,267</u>	<u>74</u>	<u>15,334,564</u>	<u>73</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	1,207,198	6	461,734	2	321,975	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	914,512	4	626,628	3	609,778	3
1535	Financial assets at amortised cost - non-current	6(3)	311,337	1	301,602	1	316,859	1
1550	Investments accounted for using equity method	6(7)	88,902	-	105,138	-	112,406	1
1600	Property, plant and equipment	6(8), 7 and 8	1,545,413	7	1,509,348	7	1,519,529	7
1755	Right-of-use assets	6(9) and 7	129,644	1	168,708	1	182,291	1
1760	Investment property, net	6(11)	2,572,242	12	2,580,696	12	2,584,166	12
1840	Deferred income tax assets		92,024	-	80,796	-	103,603	-
1900	Other non-current assets	6(12)	50,296	-	59,364	-	62,642	-
15XX	Total non-current assets		<u>6,911,568</u>	<u>31</u>	<u>5,894,014</u>	<u>26</u>	<u>5,813,249</u>	<u>27</u>
	Total assets		<u>\$ 21,970,740</u>	<u>100</u>	<u>\$ 22,289,281</u>	<u>100</u>	<u>\$ 21,147,813</u>	<u>100</u>

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2170	Accounts payable		\$ 1,690,521	8	\$ 1,791,770	8	\$ 1,395,294	7
2180	Accounts payable - related parties	7	19,061	-	39,913	-	36,469	-
2200	Other payables		559,840	3	301,355	2	245,903	1
2230	Current income tax liabilities		115,811	-	494,669	2	346,726	2
2280	Lease liabilities - current	7	52,680	-	52,944	-	54,302	-
2300	Other current liabilities		11,504	-	22,189	-	18,838	-
21XX	Total current liabilities		<u>2,449,417</u>	<u>11</u>	<u>2,702,840</u>	<u>12</u>	<u>2,097,532</u>	<u>10</u>
Non-current liabilities								
2570	Deferred income tax liabilities		148,058	1	173,377	1	231,664	1
2580	Lease liabilities - non-current	7	53,738	-	101,640	1	104,283	1
2600	Other non-current liabilities		41,027	-	42,714	-	42,914	-
25XX	Total non-current liabilities		<u>242,823</u>	<u>1</u>	<u>317,731</u>	<u>2</u>	<u>378,861</u>	<u>2</u>
2XXX	Total liabilities		<u>2,692,240</u>	<u>12</u>	<u>3,020,571</u>	<u>14</u>	<u>2,476,393</u>	<u>12</u>
Equity attributable to shareholders of		6(15)						
parent share capital								
3110	Common stock		4,298,677	20	4,290,617	19	4,290,617	20
Capital surplus		6(16)						
3200	Capital surplus		2,897,663	13	3,044,619	13	3,044,619	14
Retained earnings		6(17)						
3310	Legal reserve		5,503,030	25	5,303,693	24	5,303,693	25
3320	Special reserve		230,363	1	357,817	2	357,817	2
3350	Unappropriated retained earnings		6,447,681	29	6,502,327	29	5,968,918	28
Other equity interest		6(18)						
3400	Other equity interest		(98,914)	-	(230,363)	(1)	(294,244)	(1)
3XXX	Total equity		<u>19,278,500</u>	<u>88</u>	<u>19,268,710</u>	<u>86</u>	<u>18,671,420</u>	<u>88</u>
Significant contingent liabilities and		9						
unrecognized contract commitments								
Significant events after the balance		11						
sheet date								
3X2X	Total liabilities and equity		<u>\$ 21,970,740</u>	<u>100</u>	<u>\$ 22,289,281</u>	<u>100</u>	<u>\$ 21,147,813</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, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$ 2,516,920	100	\$ 2,727,105	100	\$ 7,581,156	100	\$ 7,805,483	100
5000 Operating costs	6(5)(23) and 7	(1,784,613)	(71)	(1,875,364)	(69)	(5,109,312)	(67)	(5,816,325)	(75)
5900 Gross profit		<u>732,307</u>	<u>29</u>	<u>851,741</u>	<u>31</u>	<u>2,471,844</u>	<u>33</u>	<u>1,989,158</u>	<u>25</u>
Operating expenses	6(23) and 7								
6100 Sales and marketing expenses		(198,583)	(8)	(200,726)	(7)	(625,300)	(8)	(614,644)	(8)
6200 Administrative expenses		(48,592)	(2)	(46,448)	(2)	(154,044)	(2)	(152,635)	(2)
6300 Research and development expenses		(35,162)	(1)	(32,379)	(1)	(107,384)	(2)	(98,842)	(1)
6450 Expected credit impairment loss	6(4)	(117)	-	(1)	-	(117)	-	(111)	-
6000 Total operating expenses		<u>(282,454)</u>	<u>(11)</u>	<u>(279,554)</u>	<u>(10)</u>	<u>(886,845)</u>	<u>(12)</u>	<u>(866,232)</u>	<u>(11)</u>
6900 Operating profit		<u>449,853</u>	<u>18</u>	<u>572,187</u>	<u>21</u>	<u>1,584,999</u>	<u>21</u>	<u>1,122,926</u>	<u>14</u>
Non-operating income and expenses									
7100 Interest income	6(3)(20)	79,508	3	98,599	4	254,093	3	296,603	4
7010 Other income	6(6)(10)(11)								
	(21)	24,731	1	27,758	1	59,328	1	62,970	1
7020 Other gains and losses	6(2)(22)	(103,098)	(4)	279,214	10	394,020	5	355,645	4
7050 Finance costs	6(9)	(688)	-	(850)	-	(2,024)	-	(2,489)	-
7060 Share of loss of associates and joint ventures accounted for using the equity method	6(7)	(8,911)	-	(2,923)	-	(16,064)	-	(14,860)	-
7000 Total non-operating income and expenses		<u>(8,458)</u>	<u>-</u>	<u>401,798</u>	<u>15</u>	<u>689,353</u>	<u>9</u>	<u>697,869</u>	<u>9</u>
7900 Profit before income tax		441,395	18	973,985	36	2,274,352	30	1,820,795	23
7950 Income tax expense	6(24)	(93,538)	(4)	(147,417)	(6)	(403,905)	(5)	(362,350)	(4)
8200 Profit for the period		<u>\$ 347,857</u>	<u>14</u>	<u>\$ 826,568</u>	<u>30</u>	<u>\$ 1,870,447</u>	<u>25</u>	<u>\$ 1,458,445</u>	<u>19</u>
Other comprehensive income (loss)									
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316 Unrealized gain (loss) on financial assets at fair value through other comprehensive income	6(6)(18)	(\$ 45,500)	(2)	(\$ 188)	-	\$ 232,582	3	\$ 84,839	1
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	6(7)	-	-	-	-	(172)	-	1,524	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(18)	16,638	1	(34,367)	(1)	46,386	-	(26,583)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(18)(24)	(3,328)	-	6,874	-	(9,277)	-	5,317	-
8300 Other comprehensive income (loss) for the period		<u>(\$ 32,190)</u>	<u>(1)</u>	<u>(\$ 27,681)</u>	<u>(1)</u>	<u>\$ 269,519</u>	<u>3</u>	<u>\$ 65,097</u>	<u>1</u>
8500 Total comprehensive income		<u>\$ 315,667</u>	<u>13</u>	<u>\$ 798,887</u>	<u>29</u>	<u>\$ 2,139,966</u>	<u>28</u>	<u>\$ 1,523,542</u>	<u>20</u>
Net profit attributable to:									
8610 Shareholders of parent		<u>\$ 347,857</u>	<u>14</u>	<u>\$ 826,568</u>	<u>30</u>	<u>\$ 1,870,447</u>	<u>25</u>	<u>\$ 1,458,445</u>	<u>19</u>
Comprehensive income attributable to:									
8710 Shareholders of parent		<u>\$ 315,667</u>	<u>13</u>	<u>\$ 798,887</u>	<u>29</u>	<u>\$ 2,139,966</u>	<u>28</u>	<u>\$ 1,523,542</u>	<u>20</u>
Earnings per share (in dollars)	6(25)								
9750 Basic earnings per share		<u>\$ 0.81</u>		<u>\$ 1.93</u>		<u>\$ 4.36</u>		<u>\$ 3.40</u>	
9850 Diluted earnings per share		<u>\$ 0.81</u>		<u>\$ 1.93</u>		<u>\$ 4.36</u>		<u>\$ 3.40</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-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital Reserves				Retained Earnings				Other Equity Interest			
Notes	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Restricted stock	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total equity	
<u>Nine months ended September 30, 2023</u>													
	Balance at January 1, 2023	\$ 4,290,617	\$ 3,348,183	\$ 4,470	\$ 35,128	\$ -	\$ 5,057,967	\$ 190,514	\$ 6,981,474	(\$ 197,218)	(\$ 160,599)	\$ -	\$ 19,550,536
	Net income for the period	-	-	-	-	-	-	1,458,445	-	-	-	1,458,445	
6(6)(18)	Other comprehensive income (loss) for the period	-	-	-	-	-	-	1,524	(21,266)	84,839	-	65,097	
	Total comprehensive income (loss)	-	-	-	-	-	-	1,459,969	(21,266)	84,839	-	1,523,542	
6(17)	Appropriations and distribution of 2022 earnings	-	-	-	-	-	-	-	-	-	-	-	
	Legal reserve	-	-	-	-	245,726	-	(245,726)	-	-	-	-	
	Cash dividends	-	-	-	-	-	-	(2,059,496)	-	-	-	(2,059,496)	
	Special reserve	-	-	-	-	-	167,303	(167,303)	-	-	-	-	
	Cash payment from capital surplus	-	(343,249)	-	-	-	-	-	-	-	-	(343,249)	
	Expired unclaimed dividends recognized as capital surplus	-	-	87	-	-	-	-	-	-	-	87	
	Balance at September 30, 2023	\$ 4,290,617	\$ 3,004,934	\$ 4,557	\$ 35,128	\$ -	\$ 5,303,693	\$ 357,817	\$ 5,968,918	(\$ 218,484)	(\$ 75,760)	\$ -	\$ 18,671,420
<u>Nine months ended September 30, 2024</u>													
	Balance at January 1, 2024	\$ 4,290,617	\$ 3,004,934	\$ 4,557	\$ 35,128	\$ -	\$ 5,303,693	\$ 357,817	\$ 6,502,327	(\$ 234,051)	\$ 3,688	\$ -	\$ 19,268,710
	Net income for the period	-	-	-	-	-	-	1,870,447	-	-	-	1,870,447	
6(6)(18)	Other comprehensive income (loss) for the period	-	-	-	-	-	-	(172)	37,109	232,582	-	269,519	
	Total comprehensive income	-	-	-	-	-	-	1,870,275	37,109	232,582	-	2,139,966	
6(17)	Appropriations and distribution of 2023 earnings	-	-	-	-	-	-	-	-	-	-	-	
	Legal reserve	-	-	-	-	199,337	-	(199,337)	-	-	-	-	
	Cash dividends	-	-	-	-	-	-	(1,930,778)	-	-	-	(1,930,778)	
	Reversal of special reserve	-	-	-	-	-	(127,454)	127,454	-	-	-	-	
	Cash payment from capital surplus	-	(214,531)	-	-	-	-	-	-	-	-	(214,531)	
	Expired unclaimed dividends recognized as capital surplus	-	-	147	-	-	-	-	-	-	-	147	
	Dividends claimed after expiration	-	-	(10)	-	-	-	-	-	-	-	(10)	
6(6)(18)	Net gain on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	77,740	-	(77,740)	-	-	
6(14)(15)(18)	Share-based payment transactions	8,060	-	-	-	67,438	-	-	-	-	(60,502)	14,996	
	Balance at September 30, 2024	\$ 4,298,677	\$ 2,790,403	\$ 4,694	\$ 35,128	\$ 67,438	\$ 5,503,030	\$ 230,363	\$ 6,447,681	(\$ 196,942)	\$ 158,530	(\$ 60,502)	\$ 19,278,500

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,274,352	\$ 1,820,795
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(22)	(214,267)	(260)
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(7)	16,064	14,860
Expected credit impairment loss	6(4)	117	111
Loss on disposal of property, plant and equipment	6(22)	-	2
Depreciation	6(23)	101,410	121,921
Interest income	6(20)	(254,093)	(296,603)
Interest expense	6(9)	2,024	2,489
Dividend income	6(6)(21)	(17,678)	(19,874)
Share-based payment	6(14)(23)	14,996	-
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		(1,250,000)	-
Notes receivable		191	612
Accounts receivable		68,995	(242,505)
Accounts receivable - related parties		-	(1)
Other receivables		5,915	(37,069)
Other receivables - related parties		-	(392)
Inventories		(1,098,995)	(389,451)
Other current assets		12,692	(9,139)
Changes in liabilities relating to operating activities			
Accounts payable		(101,249)	922,617
Accounts payable - related parties		(20,852)	9,027
Other payables		258,485	(26,045)
Other current liabilities		(10,685)	(6,510)
Net defined benefit liability		(849)	(663)
Other non-current liabilities		-	1,847
Cash (outflow) inflow generated from operations		(213,427)	1,865,769
Dividends received		17,298	19,874
Interest received		260,277	289,198
Income tax paid		(828,587)	(702,465)
Net cash flows (used in) provided by operating activities		(764,439)	1,472,376
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss - non-current		180,217	-
Acquisition of financial assets at fair value through profit or loss - non-current		(713,864)	(270,252)
Proceeds from disposal of financial assets at amortised cost		5,561,855	5,549,930
Acquisition of financial assets at amortised cost		(2,474,734)	(5,909,923)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	407,962	-
Acquisition of financial assets at fair value through other comprehensive income		(463,264)	-
Acquisition of property, plant and equipment	6(26)	(71,322)	(12,739)
(Increase) decrease in guarantee deposits paid		(896)	1,386
Increase in other non-current assets		(556)	(14,749)
Net cash flows provided by (used in) investing activities		2,425,398	(656,347)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		(838)	-
Cash dividends paid (including cash payment from capital surplus)	6(17)	(2,145,309)	(2,402,745)
Payment of lease liabilities		(51,975)	(47,088)
Expired unclaimed dividends recognized as capital surplus		147	87
Dividends claimed after expiration		(10)	-
Net cash flows used in financing activities		(2,197,985)	(2,449,746)
Effect of exchange rate changes		30,826	(43,596)
Net decrease in cash and cash equivalents		(506,200)	(1,677,313)
Cash and cash equivalents at beginning of period		1,858,719	3,187,312
Cash and cash equivalents at end of period		\$ 1,352,519	\$ 1,509,999

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 5, 2024.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

The IASB has issued the amendments to update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss

related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognized during that reporting period.

B. IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(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 that came into effect as endorsed by the FSC[®] (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Transcend Information, Inc.	Saffire Investment Ltd. (Saffire)	Investment holdings	100	100	100	
	Transcend Japan Inc. (Transcend Japan)	Import and whole-sale of computer memory modules	100	100	100	Note 2
	Transcend Information Inc. (Transcend USA)	Import and whole-sale of computer memory modules	100	100	100	Note 1
	Transcend Korea Inc. (Transcend Korea)	Import and whole-sale of computer memory modules	100	100	100	"
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holdings	100	100	100	
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Import and whole-sale of computer memory modules	100	100	100	Note 1
	Transcend Information Trading GmbH (Transcend Germany)	Import and whole-sale of computer memory modules	-	100	100	Notes 1 and 4
	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacture and sales of blank medium such as memory expansion cards and external storage devices, and other disk drives and lease of self-owned	100	100	100	Notes 1 and 3
	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesale, retail, manufacture, import and export, agent and related services of computer software and hardware and auxiliary equipment, and non- residential real estate leasing	100	100	100	Notes 1 and 3
	Transcend Information (H.K) Ltd. (Transcend HK)	Import and whole-sale of computer memory modules	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Transcend Information Europe B.V.	Transcend Information Trading GmbH (Transcend Germany)	Import and whole-sale of computer memory modules	100	-	-	Note 1 and 4

Note 1: The financial statements of insignificant subsidiary as of and for the nine-month periods ended September 30, 2024 and 2023 were not reviewed by independent auditors.

Note 2: The financial statements as of and for the nine-month period ended September 30, 2024 were not approved by independent auditors.

Note 3: The effective date of the merger of Transcend Shanghai and Transtech Shanghai was March 29, 2024, with Transtech Shanghai as the surviving company and Transcend Shanghai as the dissolved company. However, as of November 5, 2024, the related procedure of the merger has not yet been completed.

Note 4: In the third quarter of 2024, the Group adjusted its investment structure. Transcend Germany's 100% equity interest is now held by Transcend Europe.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustment for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Group will redeem at no consideration and retire those stocks.

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, 2023 for related information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and petty cash	\$ 330	\$ 441	\$ 744
Checking accounts and demand deposits	1,352,189	1,603,099	1,099,001
Time deposits	-	255,179	410,254
	<u>\$ 1,352,519</u>	<u>\$ 1,858,719</u>	<u>\$ 1,509,999</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, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 1,250,000	\$ -	\$ -
Valuation adjustments	2,450	-	-
	<u>\$ 1,252,450</u>	<u>\$ -</u>	<u>\$ -</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 979,278	\$ 433,566	\$ 331,733
Valuation adjustments	227,920	28,168	(9,758)
	<u>\$ 1,207,198</u>	<u>\$ 461,734</u>	<u>\$ 321,975</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-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets measured at fair value through profit or loss		
Beneficiary certificates	(\$ <u>25,166</u>)	(\$ <u>8,567</u>)
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets measured at fair value through profit or loss		
Beneficiary certificates	\$ <u>214,267</u>	\$ <u>260</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, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Time deposits with original maturity of more than three months	\$ <u>5,043,718</u>	\$ <u>8,130,839</u>	\$ <u>8,672,421</u>
Non-current items:			
Corporate bonds	\$ <u>311,337</u>	\$ <u>301,602</u>	\$ <u>316,859</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	\$ <u>60,892</u>	\$ <u>84,933</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	\$ <u>197,556</u>	\$ <u>264,286</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 issuers of ordinary corporate bonds which the Group invested are well-known domestic and foreign enterprises. The Group's counterparties have good credit quality, so the Group expects that the probability of counterparty default is remote. The impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes receivable	\$ 132	\$ 323	\$ 255
Accounts receivable	\$ 1,178,798	\$ 1,247,793	\$ 1,460,951
Less: Loss allowance	(598)	(462)	(645)
	<u>\$ 1,178,200</u>	<u>\$ 1,247,331</u>	<u>\$ 1,460,306</u>

- A. As of September 30, 2024, December 31, 2023 and September 30, 2023, the estimated sales discounts and allowances were \$87,116, \$105,415 and \$106,526, 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, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Not past due	\$ 1,055,077	\$ 1,009,865	\$ 1,304,531
Up to 30 days	110,812	225,142	144,711
31 to 90 days	1,747	1,701	1,812
91 to 180 days	3,498	2,687	4,906
Over 180 days	7,796	8,721	5,246
	<u>\$ 1,178,930</u>	<u>\$ 1,248,116</u>	<u>\$ 1,461,206</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, 2024, December 31, 2023 and September 30, 2023, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of notes receivable and accounts receivable from contracts with customers amounted to \$1,219,313.
- E. As at September 30, 2024, December 31, 2023 and September 30, 2023, 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 \$132, \$323 and \$255, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,178,200, \$1,247,331 and \$1,460,306, 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, 2024, December 31, 2023 and September 30, 2023, 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, 2024, December 31, 2023 and September 30, 2023, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>September 30, 2024</u>				
Expected loss rate	0.001%~0.555%	0.010%~63%	25%~100%	
Total book value	\$ 1,054,945	\$ 116,057	\$ 7,796	\$ 1,178,798
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>				
Expected loss rate	0.002%~0.384%	0.011%~38%	25%~100%	
Total book value	\$ 1,009,542	\$ 229,530	\$ 8,721	\$ 1,247,793
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>September 30, 2023</u>				
Expected loss rate	0.002%~0.418%	0.012%~34%	25%~100%	
Total book value	\$ 1,304,276	\$ 151,429	\$ 5,246	\$ 1,460,951

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

	<u>2024</u>	<u>2023</u>
At January 1	\$ 462	\$ 510
Provision for impairment	117	111
Effect of exchange rate changes	19	24
At September 30	<u>\$ 598</u>	<u>\$ 645</u>

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

(5) Inventories

	<u>September 30, 2024</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 5,513,553	(\$ 220,869)	\$ 5,292,684
Work in progress	358,403	(460)	357,943
Finished goods	454,821	(2,764)	452,057
	<u>\$ 6,326,777</u>	<u>(\$ 224,093)</u>	<u>\$ 6,102,684</u>
	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 4,107,777	(\$ 119,316)	\$ 3,988,461
Work in progress	423,938	(511)	423,427
Finished goods	594,886	(3,085)	591,801
	<u>\$ 5,126,601</u>	<u>(\$ 122,912)</u>	<u>\$ 5,003,689</u>

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

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

	Three-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 1,697,103	\$ 1,959,021
Loss on (gain on reversal of) decline in market value of inventory	87,510	(83,657)
	<u>\$ 1,784,613</u>	<u>\$ 1,875,364</u>
	Nine-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 5,008,131	\$ 6,057,104
Loss on (gain on reversal of) decline in market value of inventory	101,181	(240,779)
	<u>\$ 5,109,312</u>	<u>\$ 5,816,325</u>

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

B. No inventories were pledged to others.

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items:			
Equity instruments			
Listed stocks	\$ 674,857	\$ 621,815	\$ 684,413
Others	81,125	1,125	1,125
	<u>755,982</u>	<u>622,940</u>	<u>685,538</u>
Valuation adjustments	158,530	3,688	(75,760)
	<u>\$ 914,512</u>	<u>\$ 626,628</u>	<u>\$ 609,778</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 \$914,512, \$626,628 and \$609,778 as at September 30, 2024,

December 31, 2023 and September 30, 2023, respectively.

- B. For the three-month period ended September 30, 2024, and for the nine-month period ended September 30, 2024, the Group disposed equity investments whose fair value were \$146,352 and \$407,962, respectively, and the cumulative gains on disposal were transferred to retained earnings in the amount of \$32,504 and \$77,740, respectively. For the nine-month period ended September 30, 2023, there were no related transactions.
- 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-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive loss	(\$ <u>45,500</u>)	(\$ <u>188</u>)
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>32,504</u>	\$ <u>-</u>
Dividend income recognized in profit or loss		
Held at end of period	\$ 12,394	\$ 13,133
Derecognized during the period	<u>1,220</u>	<u>-</u>
	<u>\$ 13,614</u>	<u>\$ 13,133</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ <u>232,582</u>	\$ <u>84,839</u>
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>77,740</u>	\$ <u>-</u>
Dividend income recognized in profit or loss		
Held at end of period	\$ 15,474	\$ 19,874
Derecognized during the period	<u>2,204</u>	<u>-</u>
	<u>\$ 17,678</u>	<u>\$ 19,874</u>

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

(7) Investments accounted for using equity method

<u>Investee Company</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Taiwan IC Packaging Corporation	\$ <u>88,902</u>	\$ <u>105,138</u>	\$ <u>112,406</u>

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

Associate name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2024	December 31, 2023	September 30, 2023		
Taiwan IC Packaging	Taiwan	12.51%	12.51%	12.51%	Note	Equity method

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

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

Balance sheet

	Taiwan IC Packaging Corporation		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 896,981	\$ 996,963	\$ 1,129,097
Non-current assets	1,128,335	1,129,944	1,132,712
Current liabilities	(191,834)	(174,106)	(253,145)
Non-current liabilities	(72,432)	(73,302)	(73,716)
Total net assets	<u>\$ 1,761,050</u>	<u>\$ 1,879,499</u>	<u>\$ 1,934,948</u>
Share in associate's net assets	\$ 220,307	\$ 235,125	\$ 242,062
Net equity differences	(131,405)	(129,987)	(129,656)
	<u>\$ 88,902</u>	<u>\$ 105,138</u>	<u>\$ 112,406</u>

Statement of comprehensive income

	Taiwan IC Packaging Corporation	
	Three-month periods ended September 30,	
	2024	2023
Revenue	\$ 223,119	\$ 230,914
Loss for the period from continuing operations	(\$ 71,248)	(\$ 23,362)
Total comprehensive loss	<u>(\$ 71,248)</u>	<u>(\$ 23,362)</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

	<u>Taiwan IC Packaging Corporation</u>	
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue	\$ 686,057	\$ 612,356
Loss for the period from continuing operations	(\$ 128,444)	(\$ 118,871)
Total comprehensive loss	(\$ 128,444)	(\$ 118,871)
Dividends received from associates	\$ -	\$ -

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

	<u>Three-month periods ended September 30,</u>	
<u>Investee Company</u>	<u>2024</u>	<u>2023</u>
Taiwan IC Packaging Corporation	(\$ 8,911)	(\$ 2,923)

	<u>Nine-month periods ended September 30,</u>	
<u>Investee Company</u>	<u>2024</u>	<u>2023</u>
Taiwan IC Packaging Corporation	(\$ 16,236)	(\$ 13,336)

E. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was \$400,187, \$317,957 and \$285,064 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

(Remainder of page intentionally left blank)

(8) Property, plant and equipment

	2024						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>At January 1</u>							
Cost	\$ 705,964	\$ 1,187,112	\$ 194,519	\$ 22,360	\$ 32,057	\$ 7,257	\$ 2,149,269
Accumulated depreciation	-	(460,786)	(130,626)	(19,785)	(24,852)	(3,872)	(639,921)
	<u>\$ 705,964</u>	<u>\$ 726,326</u>	<u>\$ 63,893</u>	<u>\$ 2,575</u>	<u>\$ 7,205</u>	<u>\$ 3,385</u>	<u>\$ 1,509,348</u>
<u>At January 1</u>							
Cost	\$ 705,964	\$ 726,326	\$ 63,893	\$ 2,575	\$ 7,205	\$ 3,385	\$ 1,509,348
Additions (including transfers)	-	48,020	30,561	1,467	1,429	365	81,842
Depreciation charge	-	(24,110)	(22,172)	(1,209)	(2,449)	(1,075)	(51,015)
Net exchange differences	2,634	2,422	(2)	-	184	-	5,238
At September 30	<u>\$ 708,598</u>	<u>\$ 752,658</u>	<u>\$ 72,280</u>	<u>\$ 2,833</u>	<u>\$ 6,369</u>	<u>\$ 2,675</u>	<u>\$ 1,545,413</u>
<u>At September 30</u>							
Cost	\$ 708,598	\$ 1,241,910	\$ 166,177	\$ 10,524	\$ 27,309	\$ 6,692	\$ 2,161,210
Accumulated depreciation	-	(489,252)	(93,897)	(7,691)	(20,940)	(4,017)	(615,797)
	<u>\$ 708,598</u>	<u>\$ 752,658</u>	<u>\$ 72,280</u>	<u>\$ 2,833</u>	<u>\$ 6,369</u>	<u>\$ 2,675</u>	<u>\$ 1,545,413</u>

	2023						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>At January 1</u>							
Cost	\$ 711,572	\$ 1,204,122	\$ 345,956	\$ 28,079	\$ 30,619	\$ 20,663	\$ 2,341,011
Accumulated depreciation	-	(450,034)	(250,796)	(21,649)	(22,396)	(15,764)	(760,639)
	<u>\$ 711,572</u>	<u>\$ 754,088</u>	<u>\$ 95,160</u>	<u>\$ 6,430</u>	<u>\$ 8,223</u>	<u>\$ 4,899</u>	<u>\$ 1,580,372</u>
<u>At January 1</u>							
At January 1	\$ 711,572	\$ 754,088	\$ 95,160	\$ 6,430	\$ 8,223	\$ 4,899	\$ 1,580,372
Additions (including transfers)	-	5,510	6,655	-	1,909	1,577	15,651
Disposals	-	-	-	-	(2)	-	(2)
Depreciation charge	-	(23,415)	(37,604)	(3,030)	(3,367)	(3,243)	(70,659)
Net exchange differences	(4,729)	(1,168)	5	-	59	-	(5,833)
At September 30	<u>\$ 706,843</u>	<u>\$ 735,015</u>	<u>\$ 64,216</u>	<u>\$ 3,400</u>	<u>\$ 6,822</u>	<u>\$ 3,233</u>	<u>\$ 1,519,529</u>
<u>At September 30</u>							
Cost	\$ 706,843	\$ 1,190,951	\$ 276,624	\$ 28,219	\$ 31,373	\$ 9,411	\$ 2,243,421
Accumulated depreciation	-	(455,936)	(212,408)	(24,819)	(24,551)	(6,178)	(723,892)
	<u>\$ 706,843</u>	<u>\$ 735,015</u>	<u>\$ 64,216</u>	<u>\$ 3,400</u>	<u>\$ 6,822</u>	<u>\$ 3,233</u>	<u>\$ 1,519,529</u>

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

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

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise certain store locations and offices. Low-value assets comprise equipment such as printers and water dispensers.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 100,146	\$ 128,309	\$ 137,696
Buildings	27,816	38,288	42,311
Transportation equipment (business vehicles)	1,682	2,111	2,284
	<u>\$ 129,644</u>	<u>\$ 168,708</u>	<u>\$ 182,291</u>

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,387	\$ 9,388
Buildings	3,982	4,592
Transportation equipment (business vehicles)	191	223
	<u>\$ 13,560</u>	<u>\$ 14,203</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 28,163	\$ 28,162
Buildings	11,772	12,678
Transportation equipment (business vehicles)	561	605
	<u>\$ 40,496</u>	<u>\$ 41,445</u>

- D. For the three-month and nine-month periods ended September 30, 2024 and 2023, the additions to right-of-use assets were \$0, \$0, \$53 and \$27,386, respectively.

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

	Three-month periods ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 688	\$ 850
Expense on short-term lease contracts	847	2,171
Expense on leases of low-value assets	333	337
	Nine-month periods ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,024	\$ 2,489
Expense on short-term lease contracts	4,128	5,675
Expense on leases of low-value assets	1,011	943

F. For the nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$57,114 and \$53,706, respectively.

(10) Leasing arrangements - lessor

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.
- B. For the three-month and nine-month periods ended September 30, 2024 and 2023, the Group recognized rent income in the amounts of \$11,117, \$14,625, \$41,650 and \$43,096, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	September 30, 2024		December 31, 2023		September 30, 2023			
2024	\$	11,276	2024	\$	37,444	2023	\$	14,310
2025		41,994	2025		19,815	2024		35,871
2026		35,327	2026		12,518	2025		19,815
2027		10,711	2027		776	2026		12,518
2028		3,780	2028		-	2027		776
2029		1,260	2029		-	2028		-
	\$	<u>104,348</u>		\$	<u>70,553</u>		\$	<u>83,290</u>

(11) Investment property

	2024		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 465,607	\$ 2,734,333
Accumulated depreciation	-	(153,637)	(153,637)
	<u>\$ 2,268,726</u>	<u>\$ 311,970</u>	<u>\$ 2,580,696</u>
At January 1	\$ 2,268,726	\$ 311,970	\$ 2,580,696
Depreciation charge	-	(9,899)	(9,899)
Net exchange differences	-	1,445	1,445
At September 30	<u>\$ 2,268,726</u>	<u>\$ 303,516</u>	<u>\$ 2,572,242</u>
<u>At September 30</u>			
Cost	\$ 2,268,726	\$ 469,842	\$ 2,738,568
Accumulated depreciation	-	(166,326)	(166,326)
	<u>\$ 2,268,726</u>	<u>\$ 303,516</u>	<u>\$ 2,572,242</u>
	2023		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 466,845	\$ 2,735,571
Accumulated depreciation	-	(141,640)	(141,640)
	<u>\$ 2,268,726</u>	<u>\$ 325,205</u>	<u>\$ 2,593,931</u>
At January 1	\$ 2,268,726	\$ 325,205	\$ 2,593,931
Depreciation charge	-	(9,817)	(9,817)
Net exchange differences	-	52	52
At September 30	<u>\$ 2,268,726</u>	<u>\$ 315,440</u>	<u>\$ 2,584,166</u>
<u>At September 30</u>			
Cost	\$ 2,268,726	\$ 467,011	\$ 2,735,737
Accumulated depreciation	-	(151,571)	(151,571)
	<u>\$ 2,268,726</u>	<u>\$ 315,440</u>	<u>\$ 2,584,166</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	\$ 11,117	\$ 14,625
Direct operating expenses arising from investment property that generated rental income	\$ 3,315	\$ 3,090
Direct operating expenses arising from investment property that did not generate rental income	\$ -	\$ 176
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	\$ 41,650	\$ 43,096
Direct operating expenses arising from investment property that generated rental income	\$ 9,899	\$ 9,291
Direct operating expenses arising from investment property that did not generate rental income	\$ -	\$ 526

B. The fair value of the investment property held by the Group was \$5,083,174, \$5,053,643 and \$5,040,346 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. The aforementioned fair values were assessed based on the transaction prices of similar properties in the same area and are categorized within Level 3 in the fair value hierarchy.

C. No investment property was pledged to others.

(12) Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Guarantee deposits paid	\$ 33,891	\$ 32,995	\$ 33,502
Prepayments for business facilities	1,452	10,520	13,020
Others	14,953	15,849	16,120
	<u>\$ 50,296</u>	<u>\$ 59,364</u>	<u>\$ 62,642</u>

(13) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards 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 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 for the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognized pension costs of \$92, \$147, \$278 and \$440 for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$1,467.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Transtech Shanghai and Transcend Hong Kong have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages, ranging from 12.5% to 20%. Other than the monthly contributions, the Group has no further obligations.
- (c) Transcend Japan, Transcend Korea, Transcend USA, Transcend Europe and Transcend Germany have defined contribution plans. Monthly contributions are based on a certain percentage of employees' monthly salaries and wages and are recognized as pension costs accordingly. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2024 and 2023 were \$10,308, \$10,320, \$31,212 and \$30,391, respectively.

(14) Share-based payment

A. As of September 30, 2024, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Restricted stocks to employees (Note 1)	May 9, 2024	806 thousand shares	2 years	2-year service (Note 2)

Note 1: Except for inheritance, the restricted stocks to employees issued by the Group cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method during the vesting period. For the employees who do not meet the vesting condition, the Group will redeem at no consideration and retire those stocks. However, the employees are not required to return or pay back the derivative stocks or dividends.

Note 2: For the employees who are currently working in the Group, whose services have reached 2 years since the allocation of restricted stocks to employees, the vested share ratio is 100%.

B. Details of the share-based payment arrangements are as follows:

	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Quantity (in thousands)</u>	<u>Quantity (in thousands)</u>
Restricted stocks to employees at beginning of period	-	-
Issued during the period	<u>806</u>	-
Restricted stocks to employees at end of period	<u>806</u>	-

C. The Group's restricted stocks to employees were issued with a par value of \$10 (in dollars) and the issuance price per share was NT\$0 (that is, no consideration). In addition, the Group measured the stocks at fair value which is the closing price at NT\$98.6 on the grant date.

D. The compensation costs recognized for the above share-based payment transactions for the three-month and nine-month periods ended September 30, 2024 were \$9,515 and \$14,996, respectively.

(15) Share capital

A. As of September 30, 2024, 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 \$4,298,677 with par value of \$10 per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	<u>2024</u>	<u>2023</u>
At January 1	\$ 429,062	\$ 429,062
Issuance of restricted stocks to employees	<u>806</u>	-
At September 30	<u>\$ 429,868</u>	<u>\$ 429,062</u>

B. The shareholders at the shareholders' meeting on June 16, 2023 adopted a resolution to issue restricted stocks to employees for no consideration, and the effective date was authorized to be separately determined by the Board of Directors. The total issuance shares amounted to 3,000 thousand. Except for conversion right of restricted stocks, the rights and benefits of the stocks before employees reach the vesting condition are the same as the issued ordinary shares.

- C. The Board of Directors during its meeting on May 9, 2024 adopted a resolution to issue 806 thousand shares of the restricted stocks to employees with the effective date set on May 9, 2024, and the registration was completed on June 12, 2024.

(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 shareholders. Cash dividends shall account for at least 5% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of earnings and cash payment from capital surplus for the years ended December 31, 2023 and 2022 have been resolved by the shareholders during their meeting on June 21, 2024 and June 16, 2023, respectively. Details are summarized below:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve (Reversal of appropriation for special reserve)	\$ 199,337		\$ 245,726	
Cash dividends	(127,454)		167,303	
	1,930,778	\$ 4.50	2,059,496	\$ 4.80
	<u>\$ 2,002,661</u>		<u>\$ 2,472,525</u>	
	Amount	Cash payment per share (in dollars)	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	\$ 214,531	\$ 0.50	\$ 343,249	\$ 0.80

Actual distribution of retained earnings for 2023 and 2022 were in agreement with the amounts resolved by the Board of Directors and shareholders.

(18) Other equity items

	2024			
	Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Unearned employee compensation	Total
At January 1	\$ 3,688	(\$ 234,051)	\$ -	(\$ 230,363)
Revaluation adjustment	232,582	-	-	232,582
Revaluation transferred to retained earnings	(77,740)	-	-	(77,740)
Currency translation differences	-	46,386	-	46,386
Effect from income tax	-	(9,277)	-	(9,277)
Issuance of restricted stocks to employees	-	-	(75,498)	(75,498)
Compensation cost of restricted stocks to employees	-	-	14,996	14,996
At September 30	<u>\$ 158,530</u>	<u>(\$ 196,942)</u>	<u>(\$ 60,502)</u>	<u>(\$ 98,914)</u>

	2023		
	Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 160,599)	(\$ 197,218)	(\$ 357,817)
Revaluation adjustment	84,839	-	84,839
Currency translation differences	-	(26,583)	(26,583)
Effect from income tax	-	5,317	5,317
At September 30	(\$ 75,760)	(\$ 218,484)	(\$ 294,244)

(19) Operating revenue

	Three-month periods ended September 30,	
	2024	2023
Sales revenue	\$ 2,516,920	\$ 2,727,105

	Nine-month periods ended September 30,	
	2024	2023
Sales revenue	\$ 7,581,156	\$ 7,805,483

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-month period ended September 30, 2024	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$ 558,995	\$ 784,953	\$ 452,060	\$ 567,106	\$ 153,806	\$ 2,516,920
Nine-month period ended September 30, 2024	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$1,738,846	\$2,416,407	\$1,155,238	\$1,788,322	\$ 482,343	\$ 7,581,156

Three-month period ended September 30, 2023	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$ 545,489	\$1,051,468	\$ 331,906	\$ 635,598	\$ 162,644	\$ 2,727,105

Nine-month period ended September 30, 2023	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$1,725,666	\$2,679,961	\$1,079,066	\$1,847,470	\$ 473,320	\$ 7,805,483

B. Contract assets and liabilities

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

(20) Interest income

	Three-month periods ended September 30,	
	2024	2023
Interest income from bank deposits	\$ 4,804	\$ 12,673
Interest income from financial assets measured at amortised cost	60,892	84,933
Other interest income	13,812	993
	<u>\$ 79,508</u>	<u>\$ 98,599</u>

	Nine-month periods ended September 30,	
	2024	2023
Interest income from bank deposits	\$ 26,864	\$ 30,033
Interest income from financial assets measured at amortised cost	197,556	264,286
Other interest income	29,673	2,284
	<u>\$ 254,093</u>	<u>\$ 296,603</u>

(21) Other income

	Three-month periods ended September 30,	
	2024	2023
Rental income	\$ 11,117	\$ 14,625
Dividend income	13,614	13,133
	<u>\$ 24,731</u>	<u>\$ 27,758</u>

	Nine-month periods ended September 30,	
	2024	2023
Rental income	\$ 41,650	\$ 43,096
Dividend income	17,678	19,874
	<u>\$ 59,328</u>	<u>\$ 62,970</u>

(22) Other gains and losses

	Three-month periods ended September 30,	
	2024	2023
Net currency exchange (loss) gain	(\$ 81,125)	\$ 285,900
Net loss on financial assets at fair value through profit or loss	(25,166)	(8,567)
Others	3,193	1,881
	<u>(\$ 103,098)</u>	<u>\$ 279,214</u>

	Nine-month periods ended September 30,	
	2024	2023
Net currency exchange gain	\$ 168,279	\$ 349,526
Net gain on financial assets at fair value through profit or loss	214,267	260
Loss on disposals of property, plant and equipment	-	(2)
Others	11,474	5,861
	<u>\$ 394,020</u>	<u>\$ 355,645</u>

(23) Expenses by nature

	Three-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 260,634	\$ 267,772
Share-based payments	9,515	-
Labor and health insurance fees	29,113	29,578
Pension costs	10,400	10,467
Other personnel expenses	13,870	12,413
Depreciation charges (including investment property and right-of-use assets)	33,922	40,009

	Nine-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 845,815	\$ 823,791
Share-based payments	14,996	-
Labor and health insurance fees	91,694	90,968
Pension costs	31,490	30,831
Other personnel expenses	43,208	39,856
Depreciation charges (including investment property and right-of-use assets)	101,410	121,921

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors' remuneration.

- B. For the three-month and nine-month periods ended September 30, 2024 and 2023, the employees' compensation was accrued at \$4,645, \$10,622, \$23,510 and \$18,848, respectively, based on not less than 1% distributable profit of current period for the three-month and nine-month periods ended September 30, 2024 and 2023, and recognized in salary expenses; while no directors' remuneration was accrued.
- C. The differences between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2023 financial statements by \$734 and (\$2,300), respectively, have been adjusted in profit or loss for 2024. The employees' compensation and directors' remuneration had been fully paid.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors 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:

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Current income tax on profits for the period	\$ 135,497	\$ 238,797
Prior year income tax overestimation	(175)	(37)
Total current income tax	<u>135,322</u>	<u>238,760</u>
Deferred income tax:		
Origination and reversal of temporary differences	(41,784)	(91,343)
Total deferred income tax	(41,784)	(91,343)
Income tax expense	<u>\$ 93,538</u>	<u>\$ 147,417</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Current tax on profits for the period	\$ 465,803	\$ 468,257
Prior year income tax overestimation	(16,074)	(612)
Total current income tax	<u>449,729</u>	<u>467,645</u>
Deferred income tax:		
Origination and reversal of temporary differences	(45,824)	(105,295)
Total deferred income tax	(45,824)	(105,295)
Income tax expense	<u>\$ 403,905</u>	<u>\$ 362,350</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial statements translation differences of foreign operations	\$ <u>3,328</u>	(\$ <u>6,874</u>)
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial statements translation differences of foreign operations	\$ <u>9,277</u>	(\$ <u>5,317</u>)

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	<u>Three-month period ended September 30, 2024</u>		
	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>347,857</u>	<u>429,062</u>	\$ <u>0.81</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 347,857	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	228	
Restricted stocks to employees	-	<u>175</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>347,857</u>	<u>429,465</u>	\$ <u>0.81</u>

Nine-month period ended September 30, 2024			
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,870,447	429,062	\$ 4.36
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,870,447	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	295	
Restricted stocks to employees	-	110	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,870,447	429,467	\$ 4.36
Three-month period ended September 30, 2023			
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 826,568	429,062	\$ 1.93
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 826,568	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	260	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 826,568	429,322	\$ 1.93

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

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine-month periods ended September 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 81,842	\$ 15,651
Less: Transfers from prepayment for business facilities	(10,520)	(2,912)
Cash paid during the period	\$ 71,322	\$ 12,739

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Taiwan IC Packaging Corporation (Taiwan IC Packaging)	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
Transcend H.K. Ltd.	Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods		
- Taiwan IC Packaging	<u>\$ 5</u>	<u>\$ 188</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods		
- Taiwan IC Packaging	<u>\$ 656</u>	<u>\$ 694</u>

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

B. Purchases

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Purchases of goods		
- Taiwan IC Packaging	<u>\$ 29,811</u>	<u>\$ 59,712</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Purchases of goods		
- Taiwan IC Packaging	<u>\$ 105,438</u>	<u>\$ 138,312</u>

The purchase prices charged by related parties are approximate to those charged by third parties. The payment term from Taiwan IC Packaging 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, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable			
- Taiwan IC Packaging	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Other receivable			
- Taiwan IC Packaging	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,360</u>

The receivables from related parties arise mainly from sales transactions. The credit term to Taiwan IC Packaging is 30 days after delivery. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

Other receivables arise mainly from cash dividends paid by associates.

D. Payables to related parties

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts payable			
- Taiwan IC Packaging	\$ <u>19,061</u>	\$ <u>39,913</u>	\$ <u>36,469</u>

The payables to related parties arise mainly from purchase transactions, and information on the payment term is provided in Note 7(2) B. The payables bear no interest.

E. Property transactions – acquisition of property, plant and equipment

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Transcend H.K. Ltd.	\$ <u>-</u>	\$ <u>-</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Transcend H.K. Ltd.	\$ <u>42,503</u>	\$ <u>-</u>

F. Leasing arrangements – lessee

- (a) The Company renewed a land lease contract with its related party, Won Chin and Cheng Chuan, with a lease term of 5 years from June 12, 2022 to June 11, 2027. The annual rental payment is \$38,484 (excluding tax), which was determined based on the appraisal results of Yungcheng Real Estate Appraisers Firm and CCIS Real Estate Joint Appraisers Firm and renewed at \$1,350 (including tax) in dollar per square feet/month (tax included) after having a three-party negotiation. Rent is paid on the contract date and becomes payable on the same date each following year until the end of the lease. As of September 30, 2024, December 31, 2023 and September 30, 2023, the balance of related right-of-use assets amounted to \$100,145, \$128,309 and \$137,696 while lease liabilities amounted to \$75,652, \$113,163 and \$112,707, respectively.
- (b) The Group entered into an office lease contract with its related party, Transcend H.K. Ltd., with a lease term of 1 year from June 1, 2022 to May 31, 2023 and renewed the contract to April 30, 2024 on June 1, 2023. The monthly rental payment is HKD \$50 thousand, which was determined by reference to the surrounding market quoted price. The Group recognized rental expenses of \$608, \$816 and \$1,777 for the three-month period ended September 30, 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively. Upon the expiration of the lease term, the Group purchased the office from the related party based on the consideration of operation planning. Details are provided in Note 7(2)E.

(3) Key management compensation

	Three-month periods ended September 30,	
	2024	2023
Salaries and other employee benefits	\$ 4,928	\$ 4,330
Share-based payments	1,346	-
	<u>\$ 6,274</u>	<u>\$ 4,330</u>

	Nine-month periods ended September 30,	
	2024	2023
Salaries and other employee benefits	\$ 17,980	\$ 15,538
Share-based payments	2,121	-
	<u>\$ 20,101</u>	<u>\$ 15,538</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Pledge purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Property, plant and equipment	<u>\$ 113,607</u>	<u>\$ 112,175</u>	<u>\$ 112,047</u>	Collateral for general credit limit granted by financial institutions

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of September 30, 2024, 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

On October 1, 2024, the Group adjusted its investment structure whereby the 100% equity interest of Transcend Information Europe B.V. was transferred from the original shareholder, Memhiro Pte Ltd., to Saffire Investment Ltd.

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 working capital needs. Debt financing is not necessary.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ 2,459,648	\$ 461,734	\$ 321,975
Financial assets at fair value through other comprehensive income	914,512	626,628	609,778
<u>Financial instruments at amortised cost</u>			
Cash and cash equivalents	1,352,519	1,858,719	1,509,999
Financial assets at amortised cost	5,355,055	8,432,441	8,989,280
Notes receivable	132	323	255
Accounts receivable (including related parties)	1,178,200	1,247,331	1,460,307
Other receivables (including related parties)	100,899	113,104	133,218
Guarantee deposits paid	<u>33,891</u>	<u>32,995</u>	<u>33,502</u>
	<u>\$ 11,394,856</u>	<u>\$ 12,773,275</u>	<u>\$ 13,058,314</u>
<u>Financial liabilities</u>			
<u>Financial liabilities at amortised cost</u>			
Accounts payable (including related parties)	\$ 1,709,582	\$ 1,831,683	\$ 1,431,763
Other payables	559,840	301,355	245,903
Guarantee deposits received	<u>33,210</u>	<u>34,048</u>	<u>36,187</u>
	<u>\$ 2,302,632</u>	<u>\$ 2,167,086</u>	<u>\$ 1,713,853</u>
Lease liabilities	<u>\$ 106,418</u>	<u>\$ 154,584</u>	<u>\$ 158,585</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, 2023 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, 2023 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 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, 2024				
	Foreign currency	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 129,361	31.65	\$ 4,094,276
	JPY : NTD	843,534	0.2223	187,518
	RMB : NTD	36,679	4.523	165,899
	KRW : NTD	1,756,906	0.0243	42,693
	USD : EUR	1,107	0.8946	35,037
	GBP : EUR	727	1.1993	30,847
	Financial liabilities	USD : NTD	\$ 51,110	31.65
EUR : NTD		5,575	35.38	197,244
RMB : NTD		62,252	4.523	281,566

December 31, 2023				
	Foreign currency	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 192,283	30.71	\$ 5,905,011
	RMB : NTD	82,598	4.327	357,402
	EUR : NTD	4,182	33.98	142,104
	JPY : NTD	791,457	0.2172	171,904
	KRW : NTD	1,669,630	0.0239	39,904
	USD : EUR	5,849	0.9038	179,623
	GBP : EUR	4,295	1.1521	168,149
Financial liabilities	USD : NTD	\$ 51,792	30.71	\$ 1,590,532
	RMB : NTD	62,252	4.327	269,364

September 30, 2023

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

- iii. The information on total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023 is provided in Note 6(22).
- iv. Sensitivity analysis relating to foreign exchange rate risks is primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Group's net income will decrease or increase by \$24,766 and \$60,568 for the nine-month periods ended September 30, 2024 and 2023, respectively.

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss and other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments are listed and unlisted equity securities of domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the nine-month periods ended September 30, 2024 and 2023 would have increased/decreased by \$9,145 and \$6,098, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

(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(11).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, accounts payable (including related parties), other payables, guarantee deposits received, and lease liabilities 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, 2024	<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	\$ 2,459,648	\$ -	\$ -	\$ 2,459,648
Financial assets at fair value through other comprehensive income				
Equity securities	<u>833,387</u>	<u>-</u>	<u>81,125</u>	<u>914,512</u>
	<u>\$ 3,293,035</u>	<u>\$ -</u>	<u>\$ 81,125</u>	<u>\$ 3,374,160</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 461,734	\$ -	\$ -	\$ 461,734
Financial assets at fair value through other comprehensive income				
Equity securities	<u>625,503</u>	<u>-</u>	<u>1,125</u>	<u>626,628</u>
	<u>\$ 1,087,237</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 1,088,362</u>
September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 321,975	\$ -	\$ -	\$ 321,975
Financial assets at fair value through other comprehensive income				
Equity securities	<u>608,653</u>	<u>-</u>	<u>1,125</u>	<u>609,778</u>
	<u>\$ 930,628</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 931,753</u>

- 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-month periods ended September 30, 2024 and 2023, 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 following chart is the movement of Level 3 for the nine-month periods ended September 30, 2024 and 2023:

	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	Financial assets at fair value through other comprehensive income	Financial assets at fair value through other comprehensive income
At January 1	\$ 1,125	\$ 1,125
Acquired during the period	80,000	-
At September 30	<u>\$ 81,125</u>	<u>\$ 1,125</u>

- I. Financial 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. Except for financial products which are income investments whose valuation technique and significant unobservable inputs are judged based on the cash flow of individual contract, the following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to other valuation model used in Level 3 fair value measurement:

	<u>Fair value at September 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 80,000	Most recent non-active market price	Not applicable	Not applicable	Not applicable
	1,125	Net asset value	Not applicable	Not applicable	Not applicable
	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 1,125	Net asset value	Not applicable	Not applicable	Not applicable
	<u>Fair value at September 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 1,125	Net asset value	Not applicable	Not applicable	Not applicable

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: None.
- 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 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 6.

(4) Major shareholders information

Major shareholders information: Refer to table 9.

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:

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Segment revenue	\$ 2,516,920	\$ 2,727,105
Segment income	\$ 347,857	\$ 826,568

	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Segment revenue	\$ 7,581,156	\$ 7,805,483
Segment income	\$ 1,870,447	\$ 1,458,445

(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.
Provision of endorsements and guarantees to others
Nine-month period ended September 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2024 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2024 (Note 5)	Actual drawn down amount (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 7)	Provision of endorsements/ guarantees by parent subsidiary (Note 8)	Provision of endorsements/ guarantees by parent subsidiary to company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Transcend Information, Inc.	Transcend Japan Inc.	2	\$ 3,855,700	\$ 435,400 (JPY2,000,000) (In thousands)	\$ 222,300 (JPY1,000,000) (In thousands)	\$ -	-	1	\$ 7,711,400	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. (\$19,278,500*20%=\$3,855,700)

Note 4: The maximum outstanding endorsement/guarantee amount and outstanding endorsement/guarantee amount during and as of September 30, 2024 is JPY\$2,000,000 and JPY\$1,000,000 (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. \$19,278,500*40%=\$7,711,400

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

Transcend Information, Inc.

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

September 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2024				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Information, Inc.	Stocks							
	TrendForce Corporation	-	Financial assets at fair value through other comprehensive income - non-current	60,816	\$ 1,125	-	\$ 1,125	-
	Fubon Financial Holding Co., Ltd. Preferred Shares B Taiwan Semiconductor Manufacturing Co., Ltd. MediaTek Inc.	-	"	1,758,000	105,480	-	105,480	-
	Fubon Financial Holding Co., Ltd. ASUSTek Computer Inc.	-	"	450,000	430,650	-	430,650	-
	Rehear Audiology Company Ltd. Novatek Microelectronics Corporation	-	"	170,000	199,750	-	199,750	-
		-	"	576,384	52,106	-	52,106	-
		-	"	54,000	29,861	-	29,861	-
		-	"	1,000,000	80,000	5	80,000	-
		-	"	30,000	15,540	-	15,540	-
					<u>\$ 914,512</u>			
	Beneficiary certificates							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	88,871,594	\$ 1,252,450	-	\$ 1,252,450	-
	Yuanta/P-shares Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - non-current	2,887,000	\$ 531,064	-	\$ 531,064	-
	Yuanta/P-shares Taiwan Dividend Plus ETF	-	"	3,039,000	117,488	-	117,488	-
	Fubon FTSE TWSE Taiwan 50 ETF	-	"	4,215,000	453,112	-	453,112	-
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	-	"	3,125,000	71,094	-	71,094	-
	Yuanta Taiwan High Dividend Low Volatility ETF	-	"	600,000	34,440	-	34,440	-
					<u>\$ 1,207,198</u>			
	Corporate bonds							
	TSMC Arizona Corporation U.S. dollar-denominated corporate bonds	-	Financial assets at amortised cost - non-current	1,850,000	\$ 58,053	-	\$ 57,915	-
	International Business Machines Corporation U.S. dollar-denominated corporate bonds	-	"	2,250,000	70,636	-	72,003	-
	Meta Platforms, Inc. U.S. dollar-denominated corporate bonds	-	"	1,650,000	49,558	-	50,243	-
	PAYPAL HOLDINGS, INC. U.S. dollar-denominated corporate bonds	-	"	1,100,000	34,231	-	34,798	-
	Intel Corporation U.S. dollar-denominated corporate bonds	-	"	2,000,000	62,319	-	61,253	-
	Mercedes-Benz Finance North America LLC U.S. dollar-denominated corporate bonds	-	"	250,000	7,984	-	7,956	-
	Toyota Motor Credit Corporation U.S. dollar- denominated corporate bonds	-	"	900,000	28,556	-	28,853	-
					<u>\$ 311,337</u>			

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

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

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

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

Transcend Information, Inc.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Nine-month period ended September 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Marketable securities					Relationship with the investor		Balance as at January 1, 2024		Addition		Disposal			Balance as at September 30, 2024		
Investor	Type	Name	General ledger account	Counterparty		Number of shares (in shares)/Unit	Amount	Number of shares (in shares)/Unit	Amount	Number of shares (in shares)/Unit	Selling price	Book value	Gain (loss) on disposal	Gains (losses) on valuation (Note 2)	Number of shares (in shares)/Unit	Amount
Transcend Information, Inc.	Beneficiary certificate	Taishin 1699 Money Market Fund	Note 1	None	None	-	\$ -	88,871,594	\$ 1,250,000	-	\$ -	\$ -	\$ -	2,450	88,871,594	\$ 1,252,450

Note 1: Recorded as financial assets at fair value through profit or loss - current.
Note 2: Including gains (losses) on valuation and effect of foreign exchange.

Transcend Information, Inc.

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

Nine-month period ended September 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note)			Notes/accounts receivable (payable)		Footnote
			Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	Sales	\$ 591,377	8	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	\$ 161,236	13	-
"	Transcend Japan Inc.	The Company's subsidiary	"	255,655	4	"	"	"	111,546	9	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	314,380	4	"	"	"	-	-	-
"	Transcend Information, Inc.	The Company's subsidiary	"	438,982	6	"	"	"	75,403	6	-
"	Transcend Korea Inc.	The Company's subsidiary	"	232,295	3	"	"	"	42,693	4	-
"	Transcend Information Trading GmbH	Subsidiary of Memhiro	"	215,048	3	"	"	"	-	-	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH	Jointly controlled by the ultimate parent company	"	110,348	29	30 days after delivery	"	7 to 60 days after delivery to third parties	5,653	15	-
Transcend Information, Inc.	Taiwan IC Packaging Corporation	Associates accounted for using equity method	(Purchases)	(105,438)	(2)	30 days after monthly billings	"	30 to 45 days after monthly billings to third parties	(19,061)	(1)	-

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.
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 September 30, 2024

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Transcend Information, Inc.	Transcend Japan Inc.	The Company's subsidiary	\$ 111,546	2.54	\$ -	-	\$ 37,136	\$ -
"	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	161,236	3.05	-	-	25,464	-
Transtech Trading (Shanghai) Co., Ltd.	Transcend Information, Inc.	Ultimate parent company	264,125	-	264,125	-	-	-

Transcend Information, Inc.
Significant inter-company transactions during the period
Nine-month period ended September 30, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	1	Sales	\$ 591,377	There is no significant difference in unit price from those to third parties.	8
"	"	Transcend Japan Inc.	"	"	255,655	"	3
"	"	Transcend Information, Inc.	"	"	438,982	"	6
"	"	Transcend Korea Inc.	"	"	232,295	"	3
"	"	Transcend Information Europe B.V.	"	"	314,380	"	4
"	"	Transcend Information Trading GmbH	"	"	215,048	"	3
"	"	Transcend Information (H.K) Ltd.	"	"	88,838	"	1
"	"	Transtech Trading (Shanghai) Co., Ltd.	"	Accounts payable	(264,125)	120 days after monthly billings	(1)
1	Transcend Information Europe B.V.	Transcend Information Trading GmbH	3	Sales	110,348	There is no significant difference in unit price from those to third parties.	1

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

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

(a) Parent company is "0".

(b) Subsidiaries were numbered from 1.

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

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiaries.

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

Transcend Information, Inc.
Information on investees (excluding information on investments in Mainland China)
Nine-month period ended September 30, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net (loss) profit of the investee for the nine-month period ended September 30, 2024	Investment (loss) income recognized by the Company for the nine-month period ended September 30, 2024 (Note 1)	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Transcend Information, Inc.	Saffire Investment Ltd.	B.V.I.	Investment holdings	\$ 216,829	\$ 216,829	6,600,000	100	\$ 779,557	(\$ 66,327)	(\$ 66,327)	Note 2
	Transcend Japan Inc.	Japan	Import and wholesale of computer memory modules and peripheral products	89,103	89,103	6,400	100	99,194	235	235	Note 2
	Transcend Information Inc.	United States of America	Import and wholesale of computer memory modules and peripheral products	38,592	38,592	625,000	100	170,915	(13,110)	(13,110)	Note 2
	Transcend Korea Inc.	Korea	Import and wholesale of computer memory modules and peripheral products	6,132	6,132	40,000	100	2,128	(11,254)	(11,254)	Note 2
	Taiwan IC Packaging Corporation	Taiwan	Packaging of Semi-conductors	354,666	354,666	21,928,036	12.51	88,902	(128,444)	(16,064)	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investment holdings	173,702	173,702	8,277,609	100	739,275	(67,972)	(67,972)	Note 3
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Import and wholesale of computer memory modules and peripheral products	3,981	1,693	8,850	100	227,084	(33,578)	(33,578)	Note 4
	Transcend Information Trading GmbH	Germany	Import and wholesale of computer memory modules and peripheral products	-	2,288	-	-	-	(4,658)	-	Note 4, Note 6
	Transcend Information (H.K.) Ltd.	Hong Kong	Import and wholesale of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	7,671	(3,936)	(3,936)	Note 4
Transcend Information Europe B.V.	Transcend Information Trading GmbH	Germany	Import and wholesale of computer memory modules and peripheral products	140,479	-	-	100	132,434	(4,658)	(4,658)	Note 4, Note 6

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

Note 2: Subsidiary of the Company.

Note 3: Subsidiary of Saffire.

Note 4: Subsidiary of Memhiro.

Note 5: Associate of the Company.

Note 6: In the third quarter of 2024, the Group adjusted its investment structure. Transcend Information Trading GmbH 100% equity interest is now held by Transcend Information Europe B.V.

Transcend Information, Inc.
Information on investments in Mainland China
Nine-month period ended September 30, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month period ended September 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net loss of investee for the nine-month period ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment loss recognized by the Company for the nine-month period ended September 30, 2024 (Note 2)	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings	\$ 150,787	2	\$ 150,787	-	\$ -	\$ 150,787	(\$ 1,885)	100	(\$ 1,885)	\$ -	\$ 2,281,608	Note 4
Transtech Trading (Shanghai) Co., Ltd.	Wholesale, retail, manufacture, import and export, agent and related services of computer software and hardware and auxiliary equipment, non-residential real estate leasing	16,310	2	16,310	-	-	16,310	(24,850)	100	(24,850)	340,537	38,228	Note 4, Note 5
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>										
Transcend Information, Inc.	\$ 167,097	\$ 167,097	\$ 11,567,100										

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

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

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

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

Note 4: Transcend Information (Shanghai), Ltd. and Transtech Trading (Shanghai) Co., Ltd. merged on March 29, 2024, with Transtech Trading (Shanghai) Co., Ltd. as the surviving company and Transcend Information (Shanghai), Ltd. as the dissolved company.

On May 6, 2024, the Company's application of matters relating to the merger of investees in Mainland China had been approved by the Investment Commission, MOEA. However, the related merger procedure is still in process as of November 5, 2024.

Note 5: On April 11, 2024, Transtech Trading (Shanghai) Co., Ltd. remitted back investment income amounting to NT\$38,228 thousand (CNY\$8,672 thousand), which was translated into New Taiwan Dollars at the average exchange rate of NT\$4.4 to CNY\$1.

Transcend Information, Inc.
Major shareholders information
September 30, 2024

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Won Chin Investment Inc.	74,783,600	17.39
Wan An Technology Inc.	34,251,854	7.96
Cheng Chuan Technology Development Inc.	32,971,701	7.67
Capital Tip Customzied Taiwan Select High Dividend ETF	29,907,000	6.95
Wan Chuan Investment Inc.	29,505,896	6.86
Wan Min Investment Inc.	29,216,397	6.79