

# Transcom, Inc.

## 2024 Annual Shareholders' Meeting Minutes

**Meeting Type:** Physical Shareholders' Meeting

**Time:** 10:00 A.M., June 12, 2024 (Wednesday)

**Venue:** Room 201, 2F., NO.26, Nanke 3rd Rd., Xinshi Dist., Tainan City.

(The Allied Association For Science Park Industries)

**Number of shares represented by shareholders present:**

Shares represented by the shareholders in person or proxy totaled 46,855,599 shares, accounting for 63.00% of the Company's total outstanding shares 74,367,660 (Deducting the restricted employee rights shares without voting right 196,000 shares).

**Chairman:** Chang Chian-Sern

**Recorder:** Tsai Pei-Ying

**Attend Directors:** David S. Wang, Lu Feng-Chih, Jhang Wei-Han, Wu Chang-Luen

**Attend Independent Directors:** Fang Ping-Huang, Hong Yao, Wang Tien-Chin, Lee Bing-Jyr

**Attendee:** Yeh Fang-Ting, CPA, PricewaterhouseCoopers (PwC)

**Called the meeting:** The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

**Chairman's Address:** (omitted)

### Reports Items

#### 1. 2023 Business Report

**Explanatory Notes :**

The 2023 Business Report is attached hereto as 【Attachment 1】.

#### 2. 2023 Audit Committee's Review Report

**Explanatory Notes :**

The 2023 Audit Committee's Review Report is attached hereto as 【Attachment 2】.

#### 3. 2023 Earnings Distribution of Cash Dividend

**Explanatory Notes :**

- (1) The Company distributed dividends of NT\$4 per share, totaled in NT\$297,470,640, which was approved by the Board of Directors on March 12, 2024. Any fractional amount less than NT\$1 for the cash dividends shall be recognized as other income.
- (2) The record date for the cash dividend distribution is proposed to be set on April 2, 2024 and it was paid on April 24, 2024.

#### **4. 2023 Employees' and Directors' Compensation Distribution Report**

##### **Explanatory Notes :**

- (1) In accordance with Article 29 of the Articles of Incorporation, The Company shall appropriate no less than 4% of the profit of the fiscal year as employees' compensation and no more than 2% of the profit of the fiscal year as directors' bonus.
- (2) Distribution of the NT\$28,561,400 and NT\$11,424,500 in cash as compensations to employees and directors in 2023 have been approved by the Board of Directors on March 12, 2024.

#### **5. Amendments to the Rules of Rules and Procedures for Board Meetings**

##### **Explanatory Notes :**

- (1) Pursuant to Letter No. 1120383996 issued by the FSC, the Company amend the "Rules and Procedures of Board Meetings".
- (2) The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. The Comparison Table for amendments to the Company's rules and procedures for board meetings is attached hereto as 【Attachment 4】.

## Ratifications Items

### 1. To approve 2023 Business Report and Financial Statements

(Proposed by the Board of Directors)

#### Explanatory Notes :

- (1) The 2023 financial statements were approved by the Board of Directors and have been audited by CPAs Yeh, Fang-Ting and Hsu, Huei-Yu of PricewaterhouseCoopers (PwC). The 2023 business report, Independent Auditor's report and financial statements have been reviewed and approved by the Audit Committee, and proceed to be ratified the proposal in the shareholders' meeting.
- (2) The 2023 business report, Independent Auditor's report and financial statements are attached hereto as 【Attachment 1】 and 【Attachment 3】.
- (3) Ratification is respectfully requested.

#### Resolution :

Shares represented at the time of voting: 46,855,599 votes (including votes casted electronically 14,364,356 votes)

Voting Results*		% of the total represented share present
Votes in favor:	46,460,515 votes (13,983,272 votes)	99.15%
Votes against:	11,207 votes (11,207 votes)	0.02%
Votes invalid:	0 votes (0votes)	0.00%
Votes abstained:	383,877 votes (369,877votes)	0.81%

\* including votes casted electronically (numbers in brackets)

RESOLVED, that the 2023 Business Report and Financial Statements were hereby accepted as submitted.

## 2. To approve the proposal for 2023 Earnings Distribution

(Proposed by the Board of Directors)

### Explanatory Notes :

- (1) The 2023 earnings distribution was approved by the Board of Directors and reviewed by the Audit Committee. 2023 Earnings Distribution Table is as below:

TRANSCOM, INC.

2023 Earnings Distribution Table

Unit: NT\$

Unappropriated retained earnings at the beginning of the period	24,847,219
Add: Net Income in 2023	436,535,892
Other comprehensive income – Remeasurement of defined benefit plans in 2023	(1,572,804)
Less: Appropriation of 10% for legal reserve	(43,496,309)
Appropriation special reserve	(3,797,720)
Total distributable retained earnings	412,516,278
Earnings Distribution Item:	
Shareholder dividend	
Cash dividends on common shares(NT\$ 4.00 per share)	297,470,640
Unappropriated retained earnings at the end of the period	115,045,638

Chairman : CHANG,CHIAN-SERN

President : CHANG,CHIAN-SERN

Accounting Manager : KUO,CHIA-CHE



- (2) Ratification is respectfully requested.

**Resolution :**

Shares represented at the time of voting: 46,855,599 votes (including votes casted electronically 14,364,356 votes)

Voting Results*		% of the total represented share present
Votes in favor:	46,463,805 votes (13,986,562 votes)	99.16%
Votes against:	7,907 votes (7,907 votes)	0.01%
Votes invalid:	0 votes (0votes)	0.00%
Votes abstained:	383,887 votes (369,887votes)	0.81%

\* including votes casted electronically (numbers in brackets)

RESOLVED, that the approve the proposal for 2023 Earnings Distribution was hereby approved as proposed.

## Discussions Items

### 1. Issurance of New Shares from Capital Surplus

**(Proposed by the Board of Directors)**

**Explanatory Notes :**

- (1) With the goal of the expanding the Company's operation and strengthening its financial structure, it is proposed that the Company issue new shares from additional paid-in capital in the amount of NT\$74,367,660, divided into 7,436,766 common shares with a par value NT\$10 each.
- (2) The record date for this capital increase shall be set by the Board of Directors after approval of capital increase by this Annual Shareholders' Meeting and by the competent authority. The surplus transfer to capital increase is distributed with 100 free shares per thousand shares. Shareholders could request the Company's shareholder service agent to consolidate fractional shares within the period of 5 days from the share transfer suspension date. In the event that fractional shares are not consolidated within the period, then such fractional shares will be converted to cash rounded to the nearest NT\$ in accordance with its par value. The chairman shall be authorized to solicit specified persons to subscribe for accumulated fractional shares at a subscription price equal to par value.
- (3) The rights and obligations of the newly issued shares currently are the same as those issued initially. The newly issued shares will be paperless.
- (4) The regular shareholders meeting is proposed that the board of directors shall be authorized with full power to handle any related adjustments due to the opinions of the competent authority or the amendment of applicable laws.
- (5) Approval is respectfully requested.

**Resolution :**

Shares represented at the time of voting: 46,855,599 votes (including votes casted electronically 14,364,356 votes)

Voting Results*		% of the total represented share present
Votes in favor:	46,459,016 votes (13,981,773 votes)	99.15%
Votes against:	12,627 votes (12,627 votes)	0.02%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	383,956 votes (369,956 votes)	0.81%

\* including votes casted electronically (numbers in brackets)

RESOLVED, that Issurance of New Shares from Capital Surplus was hereby approved as proposed.

## 2. Amendments to the Rules of Procedure for Shareholders' Meeting

### (Proposed by the Board of Directors)

#### Explanatory Notes :

- (1) Pursuant to Letter No. 1120004167 issued by the TWSE, the Company amend the "Rules of Procedure for Shareholders' Meeting".
- (2) The amendments are made simultaneously in accordance with the revision of the articles of the competent authorities. The Comparison Table for amendments to the Company's rules and procedures for shareholders' meeting is attached hereto as **【Attachment 5】**.

#### Resolution :

Shares represented at the time of voting: 46,855,599 votes (including votes casted electronically 14,364,356 votes)

Voting Results*		% of the total represented share present
Votes in favor:	45,308,351 votes (12,831,108 votes)	96.69%
Votes against:	12,227 votes (12,227 votes)	0.02%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	1,535,021 votes (1,521,021 votes)	3.27%

\* including votes casted electronically (numbers in brackets)

RESOLVED, that the Rules of Procedure for Shareholders' Meeting was hereby approved as proposed.

Extemporary Motions: None.



**<Proceedings>**

**Questions from shareholders prior to the meeting: From Shareholder nos.18392.**

**Question Summary:**

Does Transcom get additional order due to the international instable situation? How the progress of the new products and orders in defense radar, drone, 5G small station, and low earth orbit satellite goes? How about the forecast in sales?

**Management team's reply:**

The sales from Israel is expected to grow in 30% year on year, however it accounts for a small proportion in total revenue. Defense missile upgrade is occurred periodically. Although Transcom have long-term orders now, Transcom must pass the military product certification procedure certified by Defense Ministry in the following order. Transcom will keep developing high-power products to create new business opportunities. Transcom's SSPA products have been applied in the radar system used in army of land, sea, air field, and the developing project collaborate with National Space Center is ongoing. It's still not mature in 5G market, but Transcom is ready for it. The total revenue in 2024 is expected the grow by 10% year on year, we have not prepared the sales forecast in 2025 yet.

**Meeting Adjournment: 10:53 AM, June 12, 2024**

# 【Attachment 1】

## 2023 Business Report

### I.2023 Business Results

#### (I) Business Plan Implementation Results

In 2023, the Company's operations strategy mainly focuses on the production and research and development of national defense GaAs and GaN MMIC high power amplifiers, transceiver modules, and power amplifiers for international manufacturers. Another focus is the research and development of high-frequency and high-power amplifiers for European manufacturers. In addition, the production of commercial low-noise components, power components, and single-crystal microwave integrated circuits is increasing, while the high power and frequency solid-state amplifiers are mass-produced. Furthermore, Transcom is discussing mass-production plans for solid-state amplifiers in different frequencies. The following are the business results for 2023.

Unit:NT\$ thousands,%

Item	2023	2022	Variance	Rate of Variance(%)
Operating Revenue	1,250,809	1,034,660	216,149	20.89
Operating Cost	554,943	469,871	85,072	18.11
Operating gross profit	695,866	564,789	131,077	23.21
Operating Expenses	230,159	199,920	30,239	15.13
Operating Profit	465,707	364,869	100,838	27.64
Non-Operating Income and Expenses	65,533	(43,066)	108,599	252.17
Net Profit before tax	531,240	321,803	209,437	65.08
Net Profit after tax	436,535	249,469	187,066	74.99

#### (II) Budget Execution

The Company only set an internal budget for 2023 without making public announcement.

The overall profit and revenue was affected by the changes in the industry, resulting in

the net revenue of NT\$1,250,809 thousand, net profit after tax of NT\$436,535 thousand, and revenue budget of NT\$ 1,100,000 thousand in 2023.

(III) Analysis of financial revenue and expenditure analysis and profitability

Item	Year		2023	2022
Financial structure (%)	Debts ratio		15.54	16.46
	Long-term Capital to Property, Plant and Equipment		522.94	490.19
Solvency (%)	Current Ratio		706.05	552.84
	Quick Ratio		538.36	368.94
Profitability (%)	Return on Assets		17.31	10.67
	Ratio to paid-in capital (%)	Operating profit	62.45	46.04
		Pretax income	71.24	44.95
	Return on equity (%)		20.49	12.51
	Basic Earnings per share (NT\$)		5.88	3.71

(IV) Research and development:

Over the years, Transcom has successfully developed GaAs and GaN high-frequency devices and MMIC for various frequency bands. The Company moves on to develop X band 10W IC, Ka band 3W IC, broadband MMIC, ultra-high-bandwidth power amplifiers and transceiver modules for various frequency bands, signal synthesizers, and microwave subsystems. Our products are used in advanced national defense radar systems and microwave tracking system, earning long-term orders and praise from the national defense and major Microwave Companies in Europe and other international markets. In the future, there will be an emphasis on the development of GaN technology, ultra-high frequency power SSPAs, and the research and development of 5G-related MMICs.

## II. Overview of Business Plan

(I) Business Strategy:

1. Focuses on the defense microwave field and the civil microwave infrastructure.

2. Adopts a sales agent system for marketing.

(II) Estimated sales volume and basis:

The sales volume is reasonably compiled based on market demand, development trends, customer operation, the Company's current order status, and the Company's production capacity scale. The Company will strive to strengthen ties with existing customers, continue to develop new products, and explore new customers. With the increase of government defense budget, it is estimated that the Company's performance will show stable signs of growth in the following years.

(III) Significant production and sales policies:

1. Q ( Quality ) : Product Features and Reliability
2. P ( Price ) : Competitive Price
3. D ( Delivery ) : Prompt delivery
4. The Company adopts an agency system for overseas marketing, and keep searching for outstanding agents to boost its sales in Europe.
5. Make to Order (MTO) to relieve pressure on inventory.

### **III. The Future Development Strategies**

- (I) Development of microwave communication systems.
- (II) Development of GaN process technology and related products.
- (III) Development of high-frequency high-power amplifiers.
- (IV) Mass production of millimeter-wave solid-state power amplifiers and transceiver modules.
- (V) Mass production of Ku-band GaN high-frequency high-power solid-state power amplifiers.
- (VI) Development of 28GHz and 39GHz MMICs for 5G implementation
- (VII) Consolidate the domestic market, and expand international market.

#### **IV. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions**

The chances of the Company being affected by the changes in law and policies both domestically and internationally are slim due to the characteristics of the industry it is in. In addition, the Company strives to develop better production techniques and masters key independent technologies to enhance its competitiveness. Therefore, there is limited impact of changes in the industrial environment on the Company's finances and business.

Chairman : CHANG,CHIAN-SERN

President : CHANG,CHIAN-SERN

Accounting Officer : KUO,CHIA-CHE

## 【Attachment 2】

### **Transcom Inc, Audit Committee's Review Report**

Hereby approved

The Board of Directors has submitted the 2023 Business Report, Financial Statements and Earnings Distribution Proposal of the Company. The Financial Statements have been audited by CPAs Yeh, Fang-Ting and Hsu, Huei-Yu of PricewaterhouseCoopers (PwC), Taiwan, and audit report has been issued. The above-mentioned business report, financial statements and earning distribution proposal have been reviewed and approved by the Audit Committee. All members believe that there is no disagreement. The above documents have been reported according to Article 14(4) of the Securities Exchange Law and Article 219 of the Company Law. Please kindly check.

Sincerely,

Annual Shareholders' Meeting of Transcom Inc, (2024)

Transcom Inc,

Convener of the Audit Committee : WANG, TIEN-CHIN

March 12, 2024

## 【 Attachment 3】

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Transcom, Inc.

#### **Opinion**

We have audited the accompanying balance sheets of Transcom, Inc. (the “Company”) as of December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

#### **Basis for opinion**

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

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2023 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 financial statements are stated as follows:

## **Cut-off of revenue**

### Description

Refer to Note 4(26) for accounting policies on revenue recognition.

The Company derives its revenues from the sales of microwave semiconductor devices. Sales revenue is recognized when risk and reward of the goods have been transferred upon acceptance by customers according to the terms specified in the contracts. As the revenue recognition procedure involves manual procedures and has significant impact on financial statements, we considered the cut-off of revenue a key audit matter for this year's audit.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding and assessed the accounting policies of revenue recognition.
- B. Obtained an understanding and assessed the internal controls over revenue recognition, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
- C. Performed cut-off tests on sales revenue transactions that took place during a certain period before and after the balance sheet date to confirm whether revenue was recognized when risks and rewards of goods have been transferred and revenue was recognized and recorded in the proper period.

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

## **Auditors' responsibilities for the audit of the financial statements**

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



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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Yeh, Fang-Ting

Independent Accountants

Hsu, Hui-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 12, 2024

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The accompanying 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 financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

TRANSCOM, INC.  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		Adjusted December 31, 2022	
Assets		Notes	AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,141,565	43	\$ 575,630	24
1136	Current financial assets at amortised cost	6(2)	120,965	4	212,960	9
1170	Accounts receivable, net	6(3) and 12(2)	210,592	8	147,267	6
1200	Other receivables		1,610	-	-	-
130X	Inventories	6(4)	453,047	17	453,114	19
1410	Prepayments		6,307	-	13,345	-
11XX	Total current assets		1,934,086	72	1,402,316	58
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(5)	-	-	328,575	14
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	28,194	1	-	-
1535	Non-current financial assets at amortised cost	6(2) and 8	5,437	-	5,437	-
1600	Property, plant and equipment	6(7)	457,959	17	438,179	18
1755	Right-of-use assets	6(8)	111,838	4	116,508	5
1780	Intangible assets	6(9)	8,637	1	10,490	1
1840	Deferred income tax assets	3(1) and 6(26)	33,267	2	28,227	1
1915	Prepayments for equipment	6(7)	6,504	-	13,213	1
1920	Guarantee deposits paid	6(10)	82,861	3	58,647	2
15XX	Total non-current assets		734,697	28	999,276	42
1XXX	Total assets		\$ 2,668,783	100	\$ 2,401,592	100

(Continued)

TRANSCOM, INC.  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan dollars)					(	Adjusted		)
Liabilities and Equity			Notes	December 31, 2023		December 31, 2022		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(11)	\$	40,000	2	\$	40,000	1
2130	Current contract liabilities	6(19)		12,120	-		2,071	-
2150	Notes payable			730	-		18,824	
2170	Accounts payable			18,238	1		18,055	1
2200	Other payables	6(12)		114,496	4		102,911	4
2230	Current income tax liabilities	6(26)		59,214	2		45,804	2
2250	Current provisions	6(4)(13)		25,988	1		22,909	1
2280	Current lease liabilities	6(8)		3,143	-		3,081	-
21XX	Total current liabilities			273,929	10		253,655	10
Non-current liabilities								
2527	Non-current contract liabilities	6(19)		5,649	-		4,792	-
2550	Non-current provisions	6(13)		23,571	1		23,105	1
2570	Deferred income tax liabilities	3(1) and 6(26)		5,103	-		5,183	
2580	Non-current lease liabilities	6(8)		89,947	4		93,090	4
2640	Net defined benefit liabilities - non current	6(14)		16,582	1		15,536	1
25XX	Total non-current liabilities			140,852	6		141,706	6
2XXX	Total liabilities			414,781	16		395,361	16
Share capital								
3110	Common stock	6(15)(17)		745,637	28		678,208	28
3200	Capital surplus	6(16)(17)		969,558	36		1,023,598	43
Retained earnings								
3310	Legal reserve	6(18)		84,921	3		59,746	2
3350	Unappropriated retained earnings			459,810	17		252,309	11
3400	Other equity interest	6(6)(17)	(	5,924)	-	(	7,630)	-
3KXX	Total equity			2,254,002	84		2,006,231	84
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total liabilities and equity		\$	2,668,783	100	\$	2,401,592	100

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

**TRANSCOM, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	\$ 1,250,809	100	\$ 1,034,660	100
5000	Operating costs	6(4)(8)(9)(13)(14) (17)(24)(25)	( 554,943)	( 44)	( 469,871)	( 46)
5900	Net operating margin		<u>695,866</u>	<u>56</u>	<u>564,789</u>	<u>54</u>
	Operating expenses	6(8)(9)(14)(17)(24)(25), 7 and 12(2)				
6100	Selling expenses		( 17,888)	( 1)	( 12,675)	( 1)
6200	General and administrative expenses		( 157,329)	( 13)	( 139,569)	( 14)
6300	Research and development expenses		( 57,849)	( 5)	( 46,204)	( 4)
6450	Expected credit gain (loss)		<u>2,907</u>	<u>-</u>	<u>1,472</u>	<u>-</u>
6000	Total operating expenses		<u>( 230,159)</u>	<u>( 19)</u>	<u>( 199,920)</u>	<u>( 19)</u>
6900	Operating profit		<u>465,707</u>	<u>37</u>	<u>364,869</u>	<u>35</u>
	Non-operating income and expenses					
7100	Interest income	6(2)(20)	14,604	1	5,219	-
7010	Other income	6(5)(21)	10,287	1	19,216	2
7020	Other gains and losses	6(5)(22)	43,629	4	( 64,998)	( 6)
7050	Finance costs	6(8)(13)(23)	( 2,987)	-	( 2,503)	-
7000	Total non-operating income and expenses		<u>65,533</u>	<u>6</u>	<u>( 43,066)</u>	<u>( 4)</u>
7900	Profit before income tax		<u>531,240</u>	<u>43</u>	<u>321,803</u>	<u>31</u>
7950	Income tax expense	6(26)	( 94,705)	( 8)	( 72,334)	( 7)
8200	Profit for the year		<u>\$ 436,535</u>	<u>35</u>	<u>\$ 249,469</u>	<u>24</u>
	Other comprehensive (loss) income, net					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(14)	( \$ 1,966)	-	\$ 2,855	-
8316	Unrealized loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)	( 3,798)	( 1)	-	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(26)	<u>393</u>	<u>-</u>	<u>( 571)</u>	<u>-</u>
8300	Total other comprehensive (loss) income for the year		<u>( \$ 5,371)</u>	<u>( 1)</u>	<u>\$ 2,284</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 431,164</u>	<u>34</u>	<u>\$ 251,753</u>	<u>24</u>
	Earnings per share (in dollars)	6(27)				
9750	Basic		<u>\$ 5.88</u>		<u>\$ 3.37</u>	
9850	Diluted		<u>\$ 5.83</u>		<u>\$ 3.34</u>	

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

TRANSCOM, INC.  
STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Capital Surplus				Retained Earnings		Other Equity Interest			
	Share capital - common stock	Additional paid-in capital	Employee stock options	Employee restricted stock	Others	Legal reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total
Year ended December 31, 2022										
Balance at January 1, 2022	\$ 678,288	\$ 974,184	\$ -	\$ 61,853	\$ 454	\$ 35,126	\$ 247,031	\$ -	(\$ 17,611)	\$ 1,979,325
Profit for the year	-	-	-	-	-	-	249,469	-	-	249,469
Other comprehensive income for the year	-	-	-	-	-	-	2,284	-	-	2,284
Total comprehensive income	-	-	-	-	-	-	251,753	-	-	251,753
Distribution of 2021 net income:										
Legal reserve	-	-	-	-	-	24,620	( 24,620 )	-	-	-
Cash dividends	-	-	-	-	-	-	( 221,855 )	-	-	( 221,855 )
Capital surplus used to issue cash to shareholders	-	( 12,992 )	-	-	( 454 )	-	-	-	-	( 13,446 )
Compensation cost of employee stock options	-	-	473	-	-	-	-	-	-	473
Retirement of employee restricted stocks	( 80 )	-	-	80	-	-	-	-	-	-
Compensation cost of employee restricted stock	-	-	-	-	-	-	-	-	9,981	9,981
Balance at December 31, 2022	\$ 678,208	\$ 961,192	\$ 473	\$ 61,933	\$ -	\$ 59,746	\$ 252,309	\$ -	(\$ 7,630)	\$ 2,006,231
Year ended December 31, 2023										
Balance at January 1, 2023	\$ 678,208	\$ 961,192	\$ 473	\$ 61,933	\$ -	\$ 59,746	\$ 252,309	\$ -	(\$ 7,630)	\$ 2,006,231
Profit for the year	-	-	-	-	-	-	436,535	-	-	436,535
Other comprehensive loss for the year	-	-	-	-	-	-	( 1,573 )	( 3,798 )	-	( 5,371 )
Total comprehensive income (loss)	-	-	-	-	-	-	434,962	( 3,798 )	-	431,164
Distribution of 2022 net income:										
Legal reserve	-	-	-	-	-	25,175	( 25,175 )	-	-	-
Cash dividends	-	-	-	-	-	-	( 202,286 )	-	-	( 202,286 )
Capitalisation of capital surplus	67,429	( 67,429 )	-	-	-	-	-	-	-	-
Compensation cost of employee stock options	-	-	13,389	-	-	-	-	-	-	13,389
Compensation cost of employee restricted stock	-	-	-	-	-	-	-	-	5,504	5,504
Balance at December 31, 2023	\$ 745,637	\$ 893,763	\$ 13,862	\$ 61,933	\$ -	\$ 84,921	\$ 459,810	(\$ 3,798)	(\$ 2,126)	\$ 2,254,002

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

TRANSCOM, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 531,240	\$ 321,803
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(5)(22)	( 52,863 )	65,781
Expected credit (gain) loss	12(2)	( 2,907 )	1,472
Loss on inventory market price decline	6(4)	20,720	17,742
Depreciation	6(7)(8)(24)	69,145	52,587
Loss (gain) on disposal of property, plant and equipment	6(22)	1,590	( 493 )
Amortization	6(9)(24)	2,692	3,008
Provisions	6(4)(13)	15,562	17,229
Interest income	6(20)	( 14,604 )	( 5,219 )
Dividend income	6(5)(21)	( 10,154 )	( 18,681 )
Interest expense	6(23)	2,987	2,503
Compensation cost of employee stock options	6(17)(25)	13,389	473
Compensation cost of employee restricted stock	6(17)(25)	5,504	9,981
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	1,142
Accounts receivable		( 60,418 )	( 49,847 )
Other receivables		( 1,443 )	-
Inventories		( 20,653 )	( 137,956 )
Prepayments		7,038	( 2,857 )
Changes in operating liabilities			
Current contract liabilities		10,049	( 2,188 )
Notes payable		( 16,017 )	860
Accounts payable		183	7,528
Other payables		28,513	3,575
Current provisions	6(13)	( 12,483 )	( 11,676 )
Non-current contract liabilities		857	-
Net defined benefit liabilities-non current		( 920 )	( 1,012 )
Cash inflow generated from operations		517,007	275,755
Dividends received		10,154	18,681
Interest received		14,604	5,219
Interest paid		( 2,521 )	( 2,464 )
Income tax paid		( 86,022 )	( 73,723 )
Net cash flows from operating activities		453,222	223,468

(Continued)

TRANSCOM, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in current financial assets at amortised cost		\$ 91,995	(\$ 177,960 )
Acquisition of non-current financial assets at fair value through profit or loss		( 1,923 )	( 267,765 )
Proceeds from disposal of non-current financial assets at fair value through profit or loss	6(28)	383,194	-
Cash paid for acquisition of non-current financial assets at fair value through other comprehensive income		( 31,992 )	-
Cash paid for acquisition of property, plant and equipment	6(28)	( 69,851 )	( 81,085 )
Proceeds from disposal of property, plant and equipment		-	495
Acquisition of intangible assets	6(9)	( 839 )	( 11,022 )
Increase in prepayments for equipment		( 28,290 )	( 46,812 )
Increase in guarantee deposits paid		( 24,214 )	( 13,013 )
Net cash flows from (used in) investing activities		318,080	( 597,162 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(29)	-	10,000
Payment of lease liabilities	6(29)	( 3,081 )	( 3,020 )
Capital surplus used to issue cash to shareholders	6(16)	-	( 13,446 )
Payments of cash dividends	6(18)	( 202,286 )	( 221,855 )
Net cash flows used in financing activities		( 205,367 )	( 228,321 )
Net increase (decrease) in cash and cash equivalents		565,935	( 602,015 )
Cash and cash equivalents at beginning of year	6(1)	575,630	1,177,645
Cash and cash equivalents at end of year	6(1)	\$ 1,141,565	\$ 575,630

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



## 【Attachment 4】

Comparison Table for Amendments To “Rules and Procedures for Board Meetings”			
Article	After Amendments	Before Amendments	Description
Article 8	<p>paragraph 1~3 (Omitted)</p> <p>When the meeting time is due and one-half all board directors are not present, the meeting chair may announce that the meeting time will be postponed <u>on the same day</u>, provided that no more than two postponements are made. If the quorum is still not met after two postponements, the chair may re-convene the meeting following the procedures provided in Article 3, paragraph 2.</p> <p>paragraph 5 (Omitted)</p>	<p>paragraph 1~3 (Omitted)</p> <p>When the meeting time is due and one-half all board directors are not present, the meeting chair may announce that the meeting time will be postponed, provided that no more than two postponements are made. If the quorum is still not met after two postponements, the chair may re-convene the meeting following the procedures provided in Article 3, paragraph 2.</p> <p>paragraph 5 (Omitted)</p>	The amendments are made simultaneously in accordance with the revision of the articles of the Competent authorities.
Article 11	<p>paragraph 1~2 (Omitted)</p> <p>If at any time during the proceedings of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of <u>the</u> meeting, following the procedures provided in Article 8, paragraph 4.</p> <p><u>During the proceedings of a board meeting, if the chair is unable to chair the meeting or fails to declare the meeting closed as provided in paragraph 2, the procedures of Article 7, paragraph 3 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.</u></p>	<p>paragraph 1~2 (Omitted)</p> <p>If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, following the procedures provided in Article 8, paragraph 5.</p>	The amendments are made simultaneously in accordance with the revision of the articles of the Competent authorities.
Article 19	These Procedures were made on 14 December 2010 and have been amended on :	These Procedures were made on 14 December 2010 and have been amended on :	To add the number and date of this

Comparison Table for Amendments To “Rules and Procedures for Board Meetings”			
Article	After Amendments	Before Amendments	Description
	(1) April, 9, 2013 (2) March, 23, 2018 (3) April, 26, 2019 (4) February, 24, 2020 (5) January, 19, 2021 (6) November , 10, 2022 <u>(7) March , 12, 2024</u>	(1) April, 9, 2013 (2) March, 23, 2018 (3) April, 26, 2019 (4) February, 24, 2020 (5) January, 19, 2021 (6) November , 10, 2022	amendments.

## 【Attachment 5】

Comparison Table for Amendments To “Rules of Procedure for Shareholders’ Meeting”			
Article	After Amendments	Before Amendments	Description
Article 3	<p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.</p> <p><u>Unless otherwise specified in the guidelines for Regulations Governing the Administration of Shareholder Services of Public Companies, the Company convening a virtual-only shareholder’s meeting shall be explicitly described in the Article of Incorporation and approved by a majority of the directors present at a directors meeting attended by two-third or more of directors.</u></p> <p>The following is omitted.</p>	<p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.</p> <p>The following is omitted.</p>	The amendments are made simultaneously in accordance with the revision of the articles of the Competent authorities.
Article 6-1	<p>To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:</p> <p>Subparagraph 1~2 (Omitted)</p> <p>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p>	<p>To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:</p> <p>Subparagraph 1~2 (Omitted)</p> <p>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p>	The amendments are made simultaneously in accordance with the revision of the articles of the Competent authorities.

	<p><u>Unless otherwise specified in Paragraph 6 of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company is required to provide shareholders with the necessary equipment and assistance for online connection. The Company shall also specify the application period for shareholders and any other relevant matters to be noted.</u></p>		
Article 22	<p>When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</p> <p><u>Unless otherwise specified in Paragraph 6 of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company is required to provide shareholders with the necessary equipment and assistance for online connection. The Company shall also specify the application period for shareholders and any other relevant matters to be noted.</u></p>	<p>When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</p>	<p>The amendments are made simultaneously in accordance with the revision of the articles of the Competent authorities.</p>

Article 23	<p>These Rules were made on June, 24, 2003 and have been amended on :</p> <p>(1) June, 29, 2012</p> <p>(2) June, 26, 2013</p> <p>(3) June, 12, 2015</p> <p>(4) June, 11, 2019</p> <p>(5) May, 20, 2020</p> <p>(6) April, 15, 2021</p> <p>(7) June, 28, 2022</p> <p><u>(8) June, 12, 2024</u></p>	<p>These Rules were made on June, 24, 2003 and have been amended on :</p> <p>(1) June, 29, 2012</p> <p>(2) June, 26, 2013</p> <p>(3) June, 12, 2015</p> <p>(4) June, 11, 2019</p> <p>(5) May, 20, 2020</p> <p>(6) April, 15, 2021</p> <p>(7) June, 28, 2022</p>	<p>To add the number and date of this amendments.</p>
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