

Transcom, Inc.

2023 Annual Shareholders' Meeting Minutes

Meeting Type: Physical Shareholders' Meeting

Time: 10:00 A.M., June 29, 2023 (Thursday)

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 42,218,812 shares, accounting for 62.61% of the Company's total outstanding shares 67,427,782 (Deducting the restricted employee rights shares without voting right 392,000 shares).

Chairman: Chang Chian-Sern

Recorder: Tsai Pei-Ying

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

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. 2022 Business Report

Explanatory Notes :

The 2022 Business Report is attached hereto as **【 Attachment 1 】** .

2. 2022 Audit Committee's Review Report

Explanatory Notes :

The 2022 Audit Committee's Review Report is attached hereto as **【 Attachment 2 】** .

3. 2022 Earnings Distribution of Cash Dividend

Explanatory Notes :

- (1) The Company distributed dividends of NT\$3 per share, totaled in NT\$202,286,346, which was approved by the Board of Directors on March 15, 2023. 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 7, 2023

and it was paid on April 28, 2023.

4. 2022 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\$18,500,000 and NT\$6,912,200 in cash as compensations to employees and directors in 2022 have been approved by the Board of Directors on March 15, 2023.

5. Amendments to the Rules of Rules and Procedures of Board Meetings

Explanatory Notes :

- (1) Pursuant to Letter No. 1110383263 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 of board meetings is attached hereto as **【Attachment 4】**.

Ratifications Items

1. To approve 2022 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanatory Notes :

- (1) The 2022 financial statements were approved by the Board of Directors and have been audited by CPAs Yeh, Fang-Ting and Lin, Yung-Chih of PricewaterhouseCoopers (PwC). The 2022 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 2022 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: 42,218,812 votes (including votes casted electronically 10,522,043 votes)

Voting Results*		% of the total represented share present
Votes in favor:	42,122,717 votes (10,465,948 votes)	99.77%
Votes against:	2,318 votes (2,318 votes)	0.01%
Votes invalid:	0 votes (0votes)	0.00%
Votes abstained:	93,777 votes (83,777votes)	0.22%

* including votes casted electronically (numbers in brackets)

RESOLVED, that the 2022 Business Report and Financial Statements were hereby accepted as submitted.

2. To approve the proposal for 2022 Earnings Distribution

(Proposed by the Board of Directors)

Explanatory Notes :

- (1) The 2022 earnings distribution was approved by the Board of Directors and reviewed by the Audit Committee. 2022 Earnings Distribution Table is as below:

TRANSCOM, INC.
2022 Earnings Distribution Table

Unit: NT\$

Unappropriated retained earnings at the beginning of the period	555,865
Other comprehensive income – Remeasurement of defined benefit plans	2,284,141
Add: Net Income in 2022	249,468,859
Less: Appropriation of 10% for legal reserve	(25,175,300)
Total distributable retained earnings	227,133,565
Earnings Distribution Item:	
Shareholder dividend	
Cash dividends on common shares(NT\$ 3.00 per share)	202,286,346
Unappropriated retained earnings at the end of the period	24,847,219

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: 42,218,812 votes (including votes casted electronically 10,522,043 votes)

Voting Results*		% of the total represented share present
Votes in favor:	42,124,717 votes (10,467,948 votes)	99.78%
Votes against:	2,318 votes (2,318 votes)	0.00%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	91,777 votes (81,777 votes)	0.22%

* including votes casted electronically (numbers in brackets)

RESOLVED, that the approve the proposal for 2022 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\$67,428,782, divided into 6,742,878 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 capital surplus issued less than 1 share totaled NT\$2, which will be paid in cash.
- (5) 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.
- (6) Approval is respectfully requested.

Resolution :

Shares represented at the time of voting: 42,218,812 votes (including votes casted electronically 10,522,043 votes)

Voting Results*		% of the total represented share present
Votes in favor:	42,190,384 votes (10,533,615 votes)	99.93%
Votes against:	4,340 votes (4,340 votes)	0.01%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	24,088 votes (14,088 votes)	0.06%

* including votes casted electronically (numbers in brackets)

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

Extemporary Motions: None.

<Proceedings>

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

Question Summary: Transcom’s current revenue mainly comes from specific projects. When will the projects end? What will the source of revenue be afterwards? What are the company’s prospects for two types of 5G millimeter wave small base stations and low orbit satellites?

Management team’s reply: The company's current major projects will end next year, follow-up customer new projects will also start next year to continue generating revenue. Transcom collaborates with domestic and foreign companies to launch 5G and 6G products. It will take some time to enter the market because the millimeter market is currently not booming. Meanwhile, Transcom is actively liaising with foreign companies to replace the IC of the market and making a breakthrough in the low orbit satellites market.

Meeting Adjournment: 10:51 AM, June 29, 2023

【 Attachment 1 】

2022 Business Report

I.2022 Business Results

(I) Business Plan Implementation Results

In 2022, 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 2022.

Unit:NT\$ thousands,%

Item	2022	2021	Variance	Rate of Variance(%)
Operating Revenue	1,034,660	916,696	117,964	12.86
Operating Cost	469,871	421,996	47,875	11.34
Operating gross profit	564,789	494,700	70,089	14.17
Operating Expenses	199,920	182,387	17,533	9.61
Operating Profit	364,869	312,313	52,556	16.83
Non-Operating Income and Expenses	(43,066)	(7,396)	(35,670)	(482.29)
Net Profit before tax	321,803	304,917	16,886	5.54
Net Profit after tax	249,469	246,600	2,869	1.16

(II) Budget Execution

The Company only set an internal budget for 2022 without public. The overall profit and revenue was affected by the changes in the industry, resulting in the net revenue of

NT\$1,034,660 thousand, net profit after tax of NT\$249,469 thousand, and revenue budget of NT\$ 1,100,000 thousand in 2022.

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

Item	Year	2022	2021	
Financial structure (%)	Debts ratio	16.30	14.31	
	Long-term Capital to Property, Plant and Equipment	489.14	635.50	
Solvency (%)	Current Ratio	552.84	767.20	
	Quick Ratio	368.94	608.12	
Profitability (%)	Return on Assets	10.68	14.16	
	Ratio to paid-in capital (%)	Operating profit	53.79	46.04
		Pretax income	47.44	44.95
	Return on equity (%)	12.51	17.18	
	Basic Earnings per share (NT\$)	3.71	4.04	

(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 military radar systems and microwave tracking system, earning long-term orders and praise from the military and major Microwave Companies in Europe and Israel. 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 2022 Business Report, Financial Statements and Earnings Distribution Proposal of the Company. The Financial Statements have been audited by CPAs Yeh, Fang-Ting and Lin, Yung-Chih 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, (2023)

Transcom Inc,

Convener of the Audit Committee : WANG, TIEN-CHIN

March 15, 2023

【 Attachment 3 】

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the balance sheets of Transcom, Inc. (the “Company”) as of December 31, 2022 and 2021, 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 significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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 2022 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 2022 financial statements are stated as follows:

Cut-off of revenue

Description

Refer to Note 4(25) for accounting policies on revenue recognition.

The Company derives its revenues from the sales of microwave semiconductor devices. Sales revenue is recognised when risk and reward of the goods have been transferred upon acceptance by customers according to the terms specified in the contracts. As the sales require to confirm whether the significant risks and rewards in relation to the ownership have been transferred to the customer, it involves manual procedures and judgment. Given that there is a risk of material misstatement from improper revenue recognition, we consider the cut-off of revenue a key audit matter in our audit.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

- 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 recognised when risks and rewards of goods have been transferred and revenue was recognised 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 maintain 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

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 15, 2023

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
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 575,630	24	\$ 1,177,645	51
1136	Current financial assets at amortised cost	6(1)(2) and 8	212,960	9	35,000	2
1150	Notes receivable, net	6(3)	-	-	1,142	-
1170	Accounts receivable, net	6(3) and 12(2)	147,267	6	98,892	4
130X	Inventories	6(4)	453,114	19	332,900	14
1410	Prepayments		13,345	-	10,488	1
11XX	Total current assets		<u>1,402,316</u>	<u>58</u>	<u>1,656,067</u>	<u>72</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(5)	328,575	14	126,591	6
1535	Non-current financial assets at amortised cost	6(2) and 8	5,437	-	5,437	-
1600	Property, plant and equipment	6(6)	438,179	18	329,515	14
1755	Right-of-use assets	6(7)	116,508	5	91,482	4
1780	Intangible assets	6(8)	10,490	-	2,476	-
1840	Deferred income tax assets	3(2) and 6(25)	23,614	1	19,601	1
1915	Prepayments for equipment	6(6)	13,213	1	33,146	1
1920	Guarantee deposits paid	6(9)	58,647	3	45,634	2
15XX	Total non-current assets		<u>994,663</u>	<u>42</u>	<u>653,882</u>	<u>28</u>
1XXX	Total assets		<u>\$ 2,396,979</u>	<u>100</u>	<u>\$ 2,309,949</u>	<u>100</u>

(Continued)

TRANSCOM, INC.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 40,000	1	\$ 30,000	1
2130	Current contract liabilities	6(18)	2,071	-	4,259	-
2150	Notes payable		18,824	1	17,505	1
2170	Accounts payable		18,055	1	10,527	-
2200	Other payables	6(11)	102,911	4	90,207	4
2230	Current income tax liabilities	6(25)	45,804	2	43,169	2
2250	Current provisions	6(4)(12)	22,909	1	17,356	1
2280	Current lease liabilities	6(7)	3,081	-	2,835	-
21XX	Total current liabilities		<u>253,655</u>	<u>10</u>	<u>215,858</u>	<u>9</u>
Non-current liabilities						
2527	Non-current contract liabilities	6(18)	4,792	-	4,792	-
2550	Non-current provisions	6(12)	23,105	1	-	-
2570	Deferred income tax liabilities	3(2) and 6(25)	570	-	10	-
2580	Non-current lease liabilities	6(7)	93,090	4	90,561	4
2640	Net defined benefit liabilities - non current	6(13)	15,536	1	19,403	1
25XX	Total non-current liabilities		<u>137,093</u>	<u>6</u>	<u>114,766</u>	<u>5</u>
2XXX	Total liabilities		<u>390,748</u>	<u>16</u>	<u>330,624</u>	<u>14</u>
Share capital						
3110	Common stock	6(14)(15)(16)	678,208	28	678,288	29
3200	Capital surplus	6(15)(16)	1,023,598	43	1,036,491	45
Retained earnings						
3310	Legal reserve	6(14)(15)(17)	59,746	2	35,126	2
3350	Unappropriated retained earnings		252,309	11	247,031	11
3400	Other equity interest	6(17)	(7,630)	-	(17,611)	(1)
3XXX	Total equity		<u>2,006,231</u>	<u>84</u>	<u>1,979,325</u>	<u>86</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 2,396,979</u>	<u>100</u>	<u>\$ 2,309,949</u>	<u>100</u>

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

TRANSCOM, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18)	\$ 1,034,660	100	\$ 916,696	100
5000 Operating costs	6(4)(7)(8)(12)(13)) (16)(23)(24)	(469,871)	(46)	(421,996)	(46)
5900 Net operating margin		<u>564,789</u>	<u>54</u>	<u>494,700</u>	<u>54</u>
Operating expenses	6(7)(8)(13)(16)(2) 3)(24), 7 and 12(2)				
6100 Selling expenses		(12,675)	(1)	(14,363)	(2)
6200 General and administrative expenses		(139,569)	(14)	(122,761)	(13)
6300 Research and development expenses		(46,204)	(4)	(46,761)	(5)
6450 Expected credit impairment (loss) gain		(1,472)	-	1,498	-
6000 Total operating expenses		(199,920)	(19)	(182,387)	(20)
6900 Operating profit		<u>364,869</u>	<u>35</u>	<u>312,313</u>	<u>34</u>
Non-operating income and expenses					
7100 Interest income	6(2)(19)	5,219	-	1,010	-
7010 Other income	6(5)(20)	19,216	2	277	-
7020 Other gains and losses	6(5)(21)	(64,998)	(6)	(6,753)	(1)
7050 Finance costs	6(7)(12)(22)	(2,503)	-	(1,930)	-
7000 Total non-operating income and expenses		(43,066)	(4)	(7,396)	(1)
7900 Profit before income tax		<u>321,803</u>	<u>31</u>	<u>304,917</u>	<u>33</u>
7950 Income tax expense	6(25)	(72,334)	(7)	(58,317)	(6)
8200 Profit for the year		<u>\$ 249,469</u>	<u>24</u>	<u>\$ 246,600</u>	<u>27</u>
Other comprehensive income (loss)(Net)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit obligation	6(13)	\$ 2,855	-	(\$ 502)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(571)	-	101	-
8300 Total other comprehensive income (loss) for the year		<u>\$ 2,284</u>	<u>-</u>	<u>(\$ 401)</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 251,753</u>	<u>24</u>	<u>\$ 246,199</u>	<u>27</u>
Earnings per share (in dollars)	6(26)				
9750 Basic		\$	3.71	\$	4.04
9850 Diluted		\$	3.67	\$	4.00

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

TRANSCOM, INC.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Surplus				Retained Earnings			Total equity	
		Common stock	Additional paid-in capital	Employee stock options	Restricted stock	Others	Legal reserve	Unappropriated retained earnings		Unearned employee compensation
For the year ended December 31, 2021										
Balance at January 1, 2021		\$ 412,706	\$ 244,009	\$ -	\$ 61,853	\$ 259	\$ 18,735	\$ 187,199	(\$ 34,185)	\$ 890,576
Profit for the year		-	-	-	-	-	-	246,600	-	246,600
Other comprehensive income (loss) for the year		-	-	-	-	-	-	(401)	-	(401)
Total comprehensive income		-	-	-	-	-	-	246,199	-	246,199
Distribution of 2020 net income:										
Legal reserve	6(17)	-	-	-	-	-	16,391	(16,391)	-	-
Stock dividends	6(17)	149,741	-	-	-	-	-	(149,741)	-	-
Cash dividends	6(17)	-	-	-	-	-	-	(20,235)	-	(20,235)
Issuance of common stock for cash	6(14)	75,370	809,804	-	-	-	-	-	-	885,174
Cash dividends from capital surplus	6(15)	-	(40,471)	-	-	-	-	-	-	(40,471)
Stock dividends from capital surplus	6(15)	40,471	(40,471)	-	-	-	-	-	-	-
Compensation costs of employee restricted stock	6(16)(24)	-	-	-	-	-	-	-	16,574	16,574
Compensation costs of cash capital increase for employee preemption	6(16)(24)	-	1,313	-	-	195	-	-	-	1,508
Balance at December 31, 2021		\$ 678,288	\$ 974,184	\$ -	\$ 61,853	\$ 454	\$ 35,126	\$ 247,031	(\$ 17,611)	\$ 1,979,325
For the 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 (loss) for the year		-	-	-	-	-	-	2,284	-	2,284
Total comprehensive income		-	-	-	-	-	-	251,753	-	251,753
Distribution of 2021 net income:										
Legal reserve	6(17)	-	-	-	-	-	24,620	(24,620)	-	-
Cash dividends	6(17)	-	-	-	-	-	-	(221,855)	-	(221,855)
Cash dividends from capital surplus	6(15)	-	(12,992)	-	-	(454)	-	-	-	(13,446)
Employee share options	6(16)(24)	-	-	473	-	-	-	-	-	473
Retirement of employees' restricted stocks	6(14)(16)	(80)	-	-	80	-	-	-	-	-
Compensation costs of employee restricted stock	6(16)(24)	-	-	-	-	-	-	-	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

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

TRANSCOM, INC.
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 321,803	\$ 304,917
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(5)(21)		
Expected credit impairment loss (gain)	12(2)	65,781	(2,365)
Loss on inventory market price decline	6(4)	1,472	(1,498)
Depreciation	6(6)(7)(23)	17,742	13,148
(Gain) loss on disposal of property, plant and equipment	6(21)	52,587	45,704
Amortization	6(8)(23)	(493)	22
Provisions	6(4)(12)	3,008	1,658
Interest income	6(19)	17,229	17,934
Dividend income	6(5)(20)	(5,219)	(1,010)
Interest expense	6(22)	(18,681)	-
Employee share options	6(16)(24)	2,503	1,930
Compensation costs of employee restricted stock	6(16)(24)	473	-
Compensation costs of cash capital increase for employee preemption		9,981	16,574
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,142	(1,122)
Accounts receivable		(49,847)	(6,653)
Other receivables		-	1,921
Inventories		(137,956)	(5,971)
Prepayments		(2,857)	(2,554)
Changes in operating liabilities			
Current contract liabilities		(2,188)	3,133
Notes payable		860	536
Accounts payable		7,528	1,594
Other payables		3,575	11,981
Current provisions	6(12)	(11,676)	(11,109)
Non-current contract liabilities		-	1
Net defined benefit liabilities		(1,012)	(964)
Cash inflow generated from operations		275,755	389,315
Interest received		5,219	1,010
Dividends received		18,681	-
Interest paid		(2,464)	(1,930)
Income tax paid		(73,723)	(49,454)
Net cash flows from operating activities		223,468	338,941

(Continued)

TRANSCOM, INC.
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in current financial assets at amortised cost		(\$ 230,668)	(\$ 6,000)
Decrease in current financial assets at amortised cost		52,708	134,623
Acquisition of financial assets at fair value through profit or loss — non current		(267,765)	(124,226)
Cash paid for acquisition of property, plant and equipment	6(27)	(81,085)	(133,935)
Proceeds from disposal of property, plant and equipment		495	-
Acquisition of intangible assets	6(8)	(11,022)	(811)
Increase in prepayments for equipment		(46,812)	(35,194)
(Increase)decrease in guarantee deposits paid		(13,013)	26,509
Net cash flows used in investing activities		(597,162)	(139,034)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	10,000	10,000
Decrease in long-term borrowings	6(28)	-	(10,102)
Payment of lease liabilities	6(28)	(3,020)	(2,778)
Proceeds from issuing shares	6(14)	-	885,174
Cash dividends from capital surplus	6(15)	(13,446)	(40,471)
Payments of cash dividends	6(17)	(221,855)	(20,235)
Net cash flows (used in) from financing activities		(228,321)	821,588
Net (decrease) increase in cash and cash equivalents		(602,015)	1,021,495
Cash and cash equivalents at beginning of year	6(1)	1,177,645	156,150
Cash and cash equivalents at end of year	6(1)	<u>\$ 575,630</u>	<u>\$ 1,177,645</u>

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

【Attachment 4】

Comparison Table for Amendments To “Rules and Procedures of Board Meetings”			
Article	After Amendments	Before Amendments	Description
Article 3	<p>The board of directors shall meet at least quarterly.</p> <p>The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</p> <p>The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</p> <p>All matters set out in the subparagraphs of Article 7, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.</p>	<p>The board of directors shall meet at least quarterly.</p> <p>The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</p> <p>The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</p> <p>All matters set out in the subparagraphs of Article 7, paragraph 1, except for emergencies Circumstances or just cause shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.</p>	<p>The amendments are made simultaneously in a coordance with the reversion of the articles of the Competent authorities.</p>
Article 12	<p>The company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> 1. Corporate business plan. 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA). 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of 	<p>The company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> 1. Corporate business plan. 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA). 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of 	<p>The amendments are made simultaneously in a coordance with the reversion of the articles of the Competent authorities.</p>

Comparison Table for Amendments To “Rules and Procedures of Board Meetings”			
Article	After Amendments	Before Amendments	Description
	<p>the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of any equity-type securities.</p> <p><u>6. If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.</u></p> <p><u>7.</u> The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><u>8.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>9.</u> Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph <u>8</u> of the preceding paragraph means a related party as</p>	<p>the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of any equity-type securities.</p> <p><u>6.</u> The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><u>7.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>8.</u> Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph <u>7</u> of the preceding paragraph means a related party as</p>	

Comparison Table for Amendments To “Rules and Procedures of Board Meetings”			
Article	After Amendments	Before Amendments	Description
	<p>defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise,</p>	<p>defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise,</p>	

Comparison Table for Amendments To “Rules and Procedures of Board Meetings”			
Article	After Amendments	Before Amendments	Description
	issue a written opinion in advance, which shall be recorded in the meeting minutes.	issue a written opinion in advance, which shall be recorded in the meeting minutes.	
Article 19	These Procedures were made on 14 December 2010 and have been amended on : (1) April, 9, 2013 (2) March, 23, 2018 (3) April, 26, 2019 (4) February, 24, 2020 (5) January, 19, 2021 (6) <u>November , 10, 2022</u>	These Procedures were made on 14 December 2010 and have been amended on : (1) April, 9, 2013 (2) March, 23, 2018 (3) April, 26, 2019 (4) February, 24, 2020 (5) January, 19, 2021	To add the number and date of this amendments.