

ZERO ONE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 AND
INDEPENDENT AUDITORS' REVIEW REPORT

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Zero One Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Zero One Technology Co., Ltd and its subsidiaries (the "Group") as of September 30, 2022 and 2021 and the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended September 30, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the 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," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". 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.

Conclusion

Based on our reviews, nothing has come to our attention that caused 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 of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chien-Liang Liu and Pei-De Chen.

Deloitte & Touche

Taipei, Taiwan
Republic of China

October 26, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 674,605	9	\$ 1,016,070	13	\$ 936,120	14
Financial assets at fair value through profit or loss (Note 7)	57,345	1	346,392	5	23,937	-
Financial assets at fair value through other comprehensive income (Note 8)	2,620	-	-	-	-	-
Financial assets at amortized cost (Note 9)	986,618	13	895,930	12	234,206	3
Notes receivable (Note 11)	518,850	7	288,710	4	570,911	8
Trade receivables (Note 11)	3,133,643	40	2,595,990	34	2,669,091	39
Current tax assets	-	-	831	-	831	-
Inventories (Note 12)	1,387,767	18	1,647,322	21	1,630,222	24
Other current assets	42,239	-	31,218	-	16,148	-
Total current assets	<u>6,803,687</u>	<u>88</u>	<u>6,822,463</u>	<u>89</u>	<u>6,081,466</u>	<u>88</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	35,677	1	37,846	-	36,533	1
Financial assets at fair value through other comprehensive income (Note 8)	323,165	4	364,727	5	348,371	5
Financial assets at amortized cost (Notes 9, 10 and 29)	102,348	1	50,565	1	51,112	1
Investment accounted for using equity method (Note 14)	33,027	1	11,541	-	13,627	-
Property, plant and equipment (Notes 15 and 29)	312,782	4	317,114	4	310,081	4
Right-of-use assets (Note 16)	28,595	-	15,146	-	13,585	-
Other intangible assets	2,308	-	2,008	-	2,331	-
Deferred tax assets	51,520	1	44,484	1	44,611	1
Refundable deposits	7,828	-	10,418	-	8,711	-
Total non-current assets	<u>897,250</u>	<u>12</u>	<u>853,849</u>	<u>11</u>	<u>828,962</u>	<u>12</u>
TOTAL	<u>\$ 7,700,937</u>	<u>100</u>	<u>\$ 7,676,312</u>	<u>100</u>	<u>\$ 6,910,428</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 250,000	3	\$ -	-	\$ 450,000	6
Trade payables	2,969,325	39	3,008,135	39	3,029,985	44
Other payables (Note 18)	192,681	3	270,077	4	337,179	5
Current tax liabilities	62,165	1	98,067	1	65,592	1
Lease liabilities (Note 16)	14,550	-	7,486	-	7,925	-
Other current liabilities (Note 21)	332,082	4	320,003	4	243,224	4
Total current liabilities	<u>3,820,803</u>	<u>50</u>	<u>3,703,768</u>	<u>48</u>	<u>4,133,905</u>	<u>60</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	1,029	-	488	-	410	-
Lease liabilities (Note 16)	14,379	-	8,046	-	6,055	-
Net defined benefit liabilities (Note 19)	17,651	-	19,224	1	19,663	-
Refundable deposits	800	-	800	-	800	-
Total non-current liabilities	<u>33,859</u>	<u>-</u>	<u>28,558</u>	<u>1</u>	<u>26,928</u>	<u>-</u>
Total liabilities	<u>3,854,662</u>	<u>50</u>	<u>3,732,326</u>	<u>49</u>	<u>4,160,833</u>	<u>60</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	1,528,997	20	1,519,707	20	1,268,742	18
Capital surplus	1,238,820	16	1,234,325	16	485,485	7
Retained earnings						
Legal reserve	322,518	4	263,963	3	263,963	4
Unappropriated earnings	688,687	9	831,516	11	690,845	10
Total retained earnings	<u>1,011,205</u>	<u>13</u>	<u>1,095,479</u>	<u>14</u>	<u>954,808</u>	<u>14</u>
Other equity	30,709	-	58,682	1	29,645	1
Total equity attributable to owners of the Company	<u>3,809,731</u>	<u>49</u>	<u>3,908,193</u>	<u>51</u>	<u>2,738,680</u>	<u>40</u>
NON-CONTROLLING INTERESTS	<u>36,544</u>	<u>1</u>	<u>35,793</u>	<u>-</u>	<u>10,915</u>	<u>-</u>
Total equity	<u>3,846,275</u>	<u>50</u>	<u>3,943,986</u>	<u>51</u>	<u>2,749,595</u>	<u>40</u>
TOTAL	<u>\$ 7,700,937</u>	<u>100</u>	<u>\$ 7,676,312</u>	<u>100</u>	<u>\$ 6,910,428</u>	<u>100</u>

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 21)	\$ 3,755,382	100	\$ 4,272,343	100	\$ 9,796,325	100	\$ 9,840,049	100
OPERATING COSTS (Notes 12 and 22)	<u>3,374,081</u>	<u>90</u>	<u>3,912,151</u>	<u>91</u>	<u>8,695,910</u>	<u>89</u>	<u>8,915,505</u>	<u>90</u>
GROSS PROFIT	<u>381,301</u>	<u>10</u>	<u>360,192</u>	<u>9</u>	<u>1,100,415</u>	<u>11</u>	<u>924,544</u>	<u>10</u>
OPERATING EXPENSES (Note 22)								
Selling and marketing expenses	151,939	4	113,762	3	417,971	4	336,854	4
General and administrative expenses	38,332	1	38,429	1	114,153	1	113,893	1
Research and development expenses	3,643	-	3,656	-	9,908	-	6,851	-
Expected credit loss (reversed) recognized on trade receivables (Note 11)	(<u>10,658</u>)	<u>-</u>	<u>1,269</u>	<u>-</u>	<u>11,576</u>	<u>-</u>	(<u>1,820</u>)	<u>-</u>
Total operating expenses	<u>183,256</u>	<u>5</u>	<u>157,116</u>	<u>4</u>	<u>553,608</u>	<u>5</u>	<u>455,778</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>198,045</u>	<u>5</u>	<u>203,076</u>	<u>5</u>	<u>546,807</u>	<u>6</u>	<u>468,766</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	6,933	-	988	-	11,955	-	3,597	-
Other income	11,727	1	13,092	-	14,872	-	16,204	-
Other gains and losses (Note 22)	10,968	-	3,154	-	18,308	-	26,745	-
Net gain (loss) on derecognition of financial assets at amortized cost (Note 9)	-	-	2,692	-	-	-	2,692	-
Finance costs	(<u>648</u>)	<u>-</u>	(<u>775</u>)	<u>-</u>	(<u>846</u>)	<u>-</u>	(<u>889</u>)	<u>-</u>
Share of loss of associates accounted for using equity method	(<u>1,378</u>)	<u>-</u>	(<u>770</u>)	<u>-</u>	(<u>5,179</u>)	<u>-</u>	(<u>1,873</u>)	<u>-</u>
Total non-operating income and expenses	<u>27,602</u>	<u>1</u>	<u>18,381</u>	<u>-</u>	<u>39,110</u>	<u>-</u>	<u>46,476</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	225,647	6	221,457	5	585,917	6	515,242	5
INCOME TAX EXPENSE (Notes 4 and 23)	<u>35,841</u>	<u>1</u>	<u>42,253</u>	<u>1</u>	<u>108,301</u>	<u>1</u>	<u>104,181</u>	<u>1</u>
NET PROFIT	<u>189,806</u>	<u>5</u>	<u>179,204</u>	<u>4</u>	<u>477,616</u>	<u>5</u>	<u>411,061</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(<u>19,028</u>)	<u>-</u>	1,114	<u>-</u>	(<u>42,843</u>)	(<u>1</u>)	25,263	<u>-</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	<u>143</u>	<u>-</u>	(<u>15</u>)	<u>-</u>	<u>510</u>	<u>-</u>	(<u>229</u>)	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	(<u>18,885</u>)	<u>-</u>	<u>1,099</u>	<u>-</u>	(<u>42,333</u>)	(<u>1</u>)	<u>25,034</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 170,921</u>	<u>5</u>	<u>\$ 180,303</u>	<u>4</u>	<u>\$ 435,283</u>	<u>4</u>	<u>\$ 436,095</u>	<u>4</u>
NET PROFIT (LOSS) ATTRIBUTED TO:								
Owners of the Company	\$ 190,435	5	\$ 179,571	4	\$ 477,376	5	\$ 412,200	4
Non-controlling interests	(<u>629</u>)	<u>-</u>	(<u>367</u>)	<u>-</u>	<u>240</u>	<u>-</u>	(<u>1,139</u>)	<u>-</u>
	<u>\$ 189,806</u>	<u>5</u>	<u>\$ 179,204</u>	<u>4</u>	<u>\$ 477,616</u>	<u>5</u>	<u>\$ 411,061</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTED TO:								
Owners of the Company	\$ 171,596	5	\$ 180,706	4	\$ 434,971	4	\$ 437,322	4
Non-controlling interests	(<u>675</u>)	<u>-</u>	(<u>403</u>)	<u>-</u>	<u>312</u>	<u>-</u>	(<u>1,227</u>)	<u>-</u>
	<u>\$ 170,921</u>	<u>5</u>	<u>\$ 180,303</u>	<u>4</u>	<u>\$ 435,283</u>	<u>4</u>	<u>\$ 436,095</u>	<u>4</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 1.25</u>		<u>\$ 1.42</u>		<u>\$ 3.14</u>		<u>\$ 3.28</u>	
Diluted	<u>\$ 1.23</u>		<u>\$ 1.39</u>		<u>\$ 3.09</u>		<u>\$ 3.19</u>	

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2022 and 2021
(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Equity Attributable to Owners of the Company						Other Equity						
	Share Capital			Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at FVTOCI	Unearned employee benefits	Total	Total	Non-controlling Interests	Total Equity
	Shares (In Thousand)	Ordinary shares	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total							
BALANCE, JANUARY 1, 2021	125,640	\$ 1,256,402	\$ 478,757	\$ 219,863	\$ 667,898	\$ 887,761	\$ 74	\$ 39,577	(\$ 5,301)	\$ 34,350	\$ 2,657,270	\$ 12,142	\$ 2,669,412
Appropriation of the 2020 earnings													
Legal reserve	-	-	-	44,100	(44,100)	-	-	-	-	-	-	-	-
Cash dividends - \$3 per share	-	-	-	-	(377,836)	(377,836)	-	-	-	-	(377,836)	-	(377,836)
Net profit (loss) for the nine months ended September 30, 2021	-	-	-	-	412,200	412,200	-	-	-	-	412,200	(1,139)	411,061
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	(161)	25,283	-	25,122	25,122	(88)	25,034
Total comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	412,200	412,200	(161)	25,283	-	25,122	437,322	(1,227)	436,095
Share based payment transaction - employee restricted shares	-	-	-	-	-	-	-	-	2,856	2,856	2,856	-	2,856
Share based payment transaction - employee stock options	-	-	683	-	-	-	-	-	-	-	683	-	683
Cancellation of employee restricted shares	(15)	(150)	150	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares under employee stock options	1,249	12,490	5,895	-	-	-	-	-	-	-	18,385	-	18,385
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	32,683	32,683	-	(32,683)	-	(32,683)	-	-	-
BALANCE, SEPTEMBER 30, 2021	126,874	\$ 1,268,742	\$ 485,485	\$ 263,963	\$ 690,845	\$ 954,808	(\$ 87)	\$ 32,177	(\$ 2,445)	\$ 29,645	\$ 2,738,680	\$ 10,915	\$ 2,749,595
BALANCE, JANUARY 1, 2022	151,971	\$ 1,519,707	\$ 1,234,325	\$ 263,963	\$ 831,516	\$ 1,095,479	\$ 6	\$ 60,747	(\$ 2,071)	\$ 58,682	\$ 3,908,193	\$ 35,793	\$ 3,943,986
Appropriation of the 2021 earnings													
Legal reserve	-	-	-	58,555	(58,555)	-	-	-	-	-	-	-	-
Cash dividends - \$3.6 per share	-	-	-	-	(547,962)	(547,962)	-	-	-	-	(547,962)	-	(547,962)
Net profit (loss) for the nine months ended September 30, 2022	-	-	-	-	477,376	477,376	-	-	-	-	477,376	240	477,616
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	357	(42,762)	-	(42,405)	(42,405)	72	(42,333)
Total comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	477,376	477,376	357	(42,762)	-	(42,405)	434,971	312	435,283
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(439)	(439)	-	-	-	-	(439)	439	-
Share based payment transaction - employee restricted shares	-	-	-	-	-	-	-	-	1,183	1,183	1,183	-	1,183
Share based payment transaction - employee stock options	-	-	617	-	-	-	-	-	-	-	617	-	617
Issuance of ordinary shares under employee stock options	929	9,290	3,878	-	-	-	-	-	-	-	13,168	-	13,168
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(13,249)	(13,249)	-	13,249	-	13,249	-	-	-
BALANCE, SEPTEMBER 30, 2022	152,900	\$ 1,528,997	\$ 1,238,820	\$ 322,518	\$ 688,687	\$ 1,011,205	\$ 363	\$ 31,234	(\$ 888)	\$ 30,709	\$ 3,809,731	\$ 36,544	\$ 3,846,275

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended	
	September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 585,917	\$ 515,242
Adjustments for:		
Depreciation expenses	23,890	17,987
Amortization expenses	900	901
Expected credit loss recognized (reversed) on trade receivables	11,576	(1,820)
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	1,265	(5,470)
Finance costs	846	889
Net gain on derecognition of financial assets at amortized cost	-	(2,692)
Interest income	(11,955)	(3,597)
Dividend income	(12,367)	(11,700)
Costs of share-based payment	1,800	3,539
Share of loss of associates accounted for using equity method	5,179	1,873
Write-downs of inventories	35,488	41,907
Net loss (gains) on foreign currency exchange	(9,578)	6,763
Gain on lease modification	(91)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	289,951	341,264
Notes receivable	(230,140)	(340,421)
Trade receivables	(543,065)	(754,020)
Inventories	219,778	(440,128)
Other current assets	(5,392)	14,463
Trade payables	(73,070)	780,695
Other payables	(86,501)	91,608
Other current liabilities	12,079	27,360
Net defined benefit liabilities	(1,573)	(1,319)
Cash generated from operations	214,937	283,324
Income tax paid	(149,867)	(104,877)
Net cash generated from operating activities	<u>65,070</u>	<u>178,447</u>

(Continued)

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(\$ 47,047)	(\$ 30,392)
Proceeds from sale of financial assets at fair value through other comprehensive income	28,681	56,799
Purchase of financial assets at amortized cost	(1,222,261)	(285,637)
Proceeds from sale of financial assets at amortized cost	1,088,206	309,670
Acquisition of investments accounted for using equity method	(12,200)	(15,500)
Payments for property, plant and equipment	(4,545)	(3,391)
Increase in refundable deposits	-	(771)
Decrease in refundable deposits	2,590	-
Payment for intangible assets	(1,200)	(980)
Interest received	6,270	4,916
Dividends received	12,367	8,400
Net cash (used in) generated from investing activities	(149,139)	43,114
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	250,000	450,000
Repayment of the principal portion of lease liabilities	(10,536)	(6,864)
Dividends paid to owners of the Company	(547,962)	(377,836)
Exercise of employee share options	13,168	18,385
Interest paid	(837)	(816)
Net cash (used in) generated from financing activities	(296,167)	82,869
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	38,771	(6,200)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(341,465)	298,230
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	1,016,070	637,890
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	\$ 674,605	\$ 936,120

(Concluded)

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 and 2021

(Reviewed, Not Audited)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Zero One Technology Company Limited (the “Company” or “ZOTC”) was incorporated as a company limited by shares under the provisions of the Group Law of the Republic of China in June 27, 1980. On January 21, 2000, ZOTC’s Shares were listed on Taipei Exchange (TPEX). On August 26, 2002, ZOTC’s shares were listed on the Taiwan Stock Exchange (TWSE). ZOTC is a dedicated foundry in the technology industry which engages mainly in the design, manufacturing, packaging, selling, consulting and services of electronic information, computer software, hardware, accessories, components and Chinese data processing, etc.

The consolidated financial statements are expressed by the functional currency (New Taiwan Dollars) of the Company.

2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the board of directors on October 26, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

(2) Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2023

New / Revised / Amended Standards and Interpretations	Effective Date Announced by the IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except that deferred taxes will be recognized for temporary differences associated with lease and decommissioning obligations on January 1, 2022, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group continuously evaluates the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

(3) New IFRSs in issue by the IASB but not yet endorsed and issued into effect by the FSC

New / Revised / Amended Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
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 IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023

(Continued)

<u>New / Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

(Concluded)

Note 1: Unless stated otherwise, the above new, revised or amended standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group continuously evaluates the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- A. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- C. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13, Table 5 and Table 6 for detailed information on the subsidiaries, including the percentages of ownership and main businesses.

(4) Other Significant Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

A. Defined retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

B. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

Please refer to the consolidated financial statements for the year ended December 31, 2021 for main sources of critical accounting judgments, estimates and uncertainty assumptions explanations.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 135	\$ 164	\$ 287
Checking accounts and demand deposits	376,576	877,506	880,133
Cash equivalents			
Time deposits	170,070	-	-
Repurchase agreements collateralized by bonds	127,824	138,400	55,700
	<u>\$ 674,605</u>	<u>\$ 1,016,070</u>	<u>\$ 936,120</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets – current</u>			
Mandatorily measured at FVTPL			
Domestic convertible bond	\$ 38,852	\$ 30,045	\$ 7,736
Domestic listed ordinary shares	3,256	1,163	-
Fund beneficiary certification	15,237	315,184	16,201
	<u>\$ 57,345</u>	<u>\$ 346,392</u>	<u>\$ 23,937</u>
<u>Financial assets – non-current</u>			
Mandatorily measured at FVTPL			
Domestic listed preference shares	\$ 13,826	\$ 14,681	\$ 14,445
Fund beneficiary certification	21,851	23,165	22,088
	<u>\$ 35,677</u>	<u>\$ 37,846</u>	<u>\$ 36,533</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Domestic investment			
Listed ordinary shares	<u>\$ 2,620</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Non-current</u>			
Domestic investment			
Listed and emerging market ordinary shares	\$ 120,870	\$ 141,197	\$ 118,890
Listed preference shares	162,384	154,877	183,268
Unlisted shares	39,911	68,653	46,213
	<u>\$ 323,165</u>	<u>\$ 364,727</u>	<u>\$ 348,371</u>

The investments in those ordinary and preferred shares are in line with the Group's medium- to long-term strategies and the investment profits are expected to be gained in the long run. The management of the Group management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than three months (1)	\$ 391,350	\$ 148,570	\$ 150,570
Repurchase agreements collateralized by bonds (2)	<u>595,268</u>	<u>747,360</u>	<u>83,636</u>
	<u>\$ 986,618</u>	<u>\$ 895,930</u>	<u>\$ 234,206</u>
<u>Non-current</u>			
Domestic investment			
Pledged time deposit (3)	\$ 35,299	\$ 35,124	\$ 35,561
Foreign investment			
Perusahaan Listrik Negara corporate bond (USD) (4)	33,703	15,441	15,551
Southern California Edison corporate bond (USD) (5)	17,237	-	-
British Telecommunications plc corporate bond (USD) (6)	<u>16,109</u>	<u>-</u>	<u>-</u>
	<u>\$ 102,348</u>	<u>\$ 50,565</u>	<u>\$ 51,112</u>

(1) As of September 30, 2022, December 31 and September 30, 2021, the market interest rate intervals of time deposit with original maturities of more than three months were 0.76%~3.00%, 0.76%~0.815% and 0.63%~0.815%, respectively.

(2) As of September 30, 2022, December 31 and September 30, 2021, the market interest rate intervals of repurchase agreements collateralized by bonds with original maturities more than three months were 2.55%~2.95%, 0.30%~0.40%, and 0.4%, respectively.

(3) Please refer to Note 29 for more details on financial assets at amortized cost under pledge.

(4) The Group purchased Perusahaan Listrik Negara corporate bond (USD) by USD 505 thousand with a coupon rate of 4.875% and USD 559 thousand with a coupon rate of 5.25%, in January 2022 and May 2021, respectively.

(5) The Group purchased Southern California Edison corporate bond (USD) by USD 544 thousand with a coupon rate of 4% in January 2022.

(6) The Group purchased British Telecommunications plc corporate bond (USD) by USD 508 thousand with a coupon rate of 4.25% in February 2022.

(7) Please refer to Note 10 for relevant credit risk management and impairment assessment information for financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

The investments in debt instruments of the Group are mainly financial assets at amortized cost.

The strategy that the Group adopts is to invest in debt instruments that are rated as investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is provided by external independent agencies. The Group consistently monitors changes in the credit risks of the invested debt instruments by tracking ratings and relevant information, and reviews the yield curve of bonds, material information of the bond-issuers, etc., so as to evaluate if there is a significant increase in the debt instruments since initial recognition.

The Group assesses the information of investment risk provided by external rating agencies and evaluates the 12-month expected credit loss or lifetime expected credit loss. The bonds that the Group invested are all of investment grade, and the credit risk of the bond-issuers is low and is capable to settle the contractual cash flows. The Group does not anticipate that the corporate bonds invested will have any material expected credit loss resulted from default within the 12 months after the date of the financial statements, and thus did not recognize allowance for loss as of September 30, 2022, December 31 and September 30, 2021.

11. NOTES, TRADE RECEIVABLE AND OVERDUE RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Measured at amortized cost			
Notes receivable	\$ 518,850	\$ 288,710	\$ 570,911
Trade receivable	3,148,661	2,600,741	2,678,703
Overdue receivables	1,309	-	-
Deduct: Allowance for impairment loss	(<u>16,327</u>)	(<u>4,751</u>)	(<u>9,612</u>)
	<u>\$ 3,652,493</u>	<u>\$ 2,884,700</u>	<u>\$ 3,240,002</u>

The average credit period of sales of goods of the Group was 60-90 days, and no interest was charged on trade receivable.

In order to minimize credit risk, the Group's management has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the Group's management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivable are estimated using a provision matrix by reference to past default experience of the customer, the customer's current financial position, and economic conditions of the industry, as well as forecasts of GDP and prospects of the industry. As the Group's historical data of credit loss indicates that there is no significant difference in terms of the types of loss resulted from different customer groups, therefore, the segregation of customers was not further differentiated in the matrix, and the number of days of trade receivables overdue was used to determine the ratio of the expected credit loss.

The Group writes off an account receivable when there is information indicating that the respective debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profits or losses.

The following table details the loss allowance of trade receivable:

September 30, 2022

	Not Past Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More Than 90 Days Past Due	Total
Gross carrying amount	\$3,639,598	\$ 6,779	\$ 10,340	\$ -	\$ 12,103	\$3,668,820
Loss allowance (Lifetime ECLs)	(<u>2,661</u>)	(<u>539</u>)	(<u>1,024</u>)	-	(<u>12,103</u>)	(<u>16,327</u>)
Amortized cost	<u>\$3,636,937</u>	<u>\$ 6,240</u>	<u>\$ 9,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,652,493</u>

December 31, 2021

	Not Past Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More Than 90 Days Past Due	Total
Gross carrying amount	\$2,850,119	\$ 20,301	\$ 12,883	\$ 5,297	\$ 851	\$2,889,451
Loss allowance (Lifetime ECLs)	(<u>435</u>)	(<u>776</u>)	(<u>1,625</u>)	(<u>1,064</u>)	(<u>851</u>)	(<u>4,751</u>)
Amortized cost	<u>\$2,849,684</u>	<u>\$ 19,525</u>	<u>\$ 11,258</u>	<u>\$ 4,233</u>	<u>\$ -</u>	<u>\$2,884,700</u>

September 30, 2021

	Not Past Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More Than 90 Days Past Due	Total
Gross carrying amount	\$3,224,073	\$ 21,191	\$ 4,350	\$ -	\$ -	\$3,249,614
Loss allowance (Lifetime ECLs)	(<u>4,385</u>)	(<u>4,158</u>)	(<u>1,069</u>)	-	-	(<u>9,612</u>)
Amortized cost	<u>\$3,219,688</u>	<u>\$ 17,033</u>	<u>\$ 3,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,240,002</u>

The movements of the loss allowance of trade receivable were as follows:

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Balance at January 1	\$ 4,751	\$ 12,906
Add: Net remeasurement of loss allowance	11,576	-
Less: Reversal of loss allowance	-	(1,820)
Amounts written off	-	(<u>1,474</u>)
Balance at September 30	<u>\$ 16,327</u>	<u>\$ 9,612</u>

12. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 3,089	\$ 2,914	\$ 9,860
Work in process	4,054	2,777	5,674
Finished goods	214	513	270
Commodities	1,380,410	1,641,118	1,614,232
Inventory in transit	-	-	186
	<u>\$ 1,387,767</u>	<u>\$ 1,647,322</u>	<u>\$ 1,630,222</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Cost of inventories sold	\$ 3,347,897	\$ 3,892,128	\$ 8,660,422	\$ 8,873,598
Write-down of inventories	<u>26,184</u>	<u>20,023</u>	<u>35,488</u>	<u>41,907</u>
	<u>\$ 3,374,081</u>	<u>\$ 3,912,151</u>	<u>\$ 8,695,910</u>	<u>\$ 8,915,505</u>

13. SUBSIDIARIES

(1) Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Zotech Co., Ltd.	Manufacturing for computer equipment	85.37%	85.37%	85.37%	-
	Zerone Win Investment Co., Ltd.	Investment	100.00%	100.00%	100.00%	-
	Asiaone Holdings Ltd.	Holding company	100.00%	100.00%	100.00%	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
Zerone Win Investment Co., Ltd.	WingWill International Co., Ltd.	Services of cloud information software	99.99%	87.93%	87.93%	A
	Petacom Technology Co., Ltd	Services of distribution of information product	100.00%	100.00%	100.00%	-
	DigiCosmos Tech. Co., Ltd.	Services of information security consulting	50.00%	50.00%	100.00%	B
Asiaone Holdings Ltd.	Techone (Shanghai)Co., Ltd.	Technical service for network technology	70.00%	70.00%	70.00%	-

(Concluded)

- A. In July 2022, the capital reduction was carried out to cover the loss and cash capital increase, resulting in the shareholding ratio of the consolidated company increasing from 87.93% to 99.99%, and the difference (\$439 thousand) caused by the adjustment of the shareholding ratio was recognized in the retained earnings.
- B. It was established in May 2021, the Group transferred part of its shares in December 2021, resulting in a decrease in the shareholding ratio from 100% to 50%, but the Group still holds the majority of directors. The transaction as mentioned above did not change the degree of control from the Group to this subsidiary, and was considered as equity transaction, and the consideration received was \$25,000 thousand and the carrying amount of the subsidiary's net assets \$24,932 thousand was calculated based on changes in relative equity. The difference between the actual acquisition or disposal of the equity share price of the subsidiary company and the book value was recognized as capital reserve at \$68 thousand.

The above subsidiaries are not significant subsidiaries. The financial statements have not been reviewed by CPAs. The management of the Group holds the view that there is not any material impact given the fact that the financial statements of the above subsidiaries have not been reviewed by CPAs.

(2) Subsidiaries excluded from the consolidated financial statements : None.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates	September 30, 2022	December 31, 2021	September 30, 2021
Individual Insignificant Associate			
TrustONE Security Inc.	\$ 2,112	\$ 1,397	\$ 2,127
Leukocyte-Lab Co. Ltd.	8,047	10,144	11,500
InfinitiesSoft Solutions Inc.	22,868	-	-
	<u>\$ 33,027</u>	<u>\$ 11,541</u>	<u>\$ 13,627</u>

Name of Associates	Percentage of Equity Holding and Voting Rights		
	September 30, 2022	December 31, 2021	September 30, 2021
TrustONE Security Inc.	32%	32%	32%
Leukocyte-Lab Co. Ltd.	37.5%	37.5%	37.5%
InfinitiesSoft Solutions Inc.	24.33%	-	-

The Group invested in TrustONE Security Inc. in February 2021 with the investment amount of \$4,000 thousand and share-holding ratio of 32%. The Group subscribed for additional new shares of \$3,200 pro rata in January 2022. TrustONE Security Inc. engages mainly in the R&D, sale and service of information software.

The Group invested in Leukocyte-Lab Co. Ltd. in September 2021, which engages mainly in information security management and consulting service, with the investment amount of \$11,500 thousand, and share-holding ratio of 37.5%.

The Group acquire the shares of InfinitiesSoft Solutions Inc. for \$9,000 thousand in June, 2022, and the share-holding ratio increased from 15% to 24.33%. Since the Group has significant influence over InfinitiesSoft Solutions Inc., it has been transferred from financial assets at fair value through other comprehensive profit or loss to investments using the equity method. InfinitiesSoft Solutions Inc. engages mainly in software research & development, and services of information and computer software.

The investment was accounted for using the equity method and the share of profit or loss and other comprehensive income of the invested company was calculated on the basis of the financial statements that have not been reviewed by CPAs. The management of the Group holds the view that the calculations of the financial statements that were not reviewed by the CPAs have not resulted in any material impact.

15. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 234,892	\$ 234,892	\$ 234,892
Buildings	51,524	52,887	53,340
Machinery equipment	91	143	-
Office equipment	10,223	10,135	8,549
Delivery equipment	123	490	614
Other equipment	15,929	18,567	12,686
	<u>\$ 312,782</u>	<u>\$ 317,114</u>	<u>\$ 310,081</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of property, plant and equipment during the nine months ended September 30, 2022 and 2021.

Depreciation expenses were depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	7-50 Years
Machinery equipment	3 Years
Office equipment	3-5 Years
Delivery equipment	5 Years
Other equipment	2-3 Years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 29.

16. LEASE ARRANGEMENTS

(1) Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts of right-of-use assets			
Buildings	\$ 28,595	\$ 15,003	\$ 13,392
Office equipment	-	143	193
	<u>\$ 28,595</u>	<u>\$ 15,146</u>	<u>\$ 13,585</u>

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Additions to right-of-use assets			\$ 25,399	\$ 7,781
Depreciation charge for right-of-use assets				
Buildings	\$ 3,706	\$ 2,434	\$ 10,635	\$ 7,045
Office equipment	<u>-</u>	<u>50</u>	<u>73</u>	<u>151</u>
	<u>\$ 3,706</u>	<u>\$ 2,484</u>	<u>\$ 10,708</u>	<u>\$ 7,196</u>

(2) Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts of lease liabilities			
Current	\$ 14,550	\$ 7,486	\$ 7,925
Non-current	\$ 14,379	\$ 8,046	\$ 6,055

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Buildings	0.75%~4.75%	0.75%~4.75%	0.85%~4.75%
Office equipment	-	1.20%	1.20%

(3) Other lease information

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Expenses relating to short-term leases	\$ 131	\$ 201	\$ 475	\$ 662
Expenses relating to low-value asset leases	\$ 58	\$ 13	\$ 111	\$ 38
Total cash (outflow) for leases			(\$ 11,399)	(\$ 7,721)

17. SHORT-TERM BORROWINGS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
– Line of credit borrowings	\$ 250,000	\$ -	\$ 450,000

Interest rate of bank revolving loans was 1.375% and 0.75%~0.78% on September 30, 2022 and 2021.

18. OTHER PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Salaries and bonuses payable	\$ 83,439	\$ 135,443	\$ 71,611
Compensation of employees and directors payable	27,740	43,071	32,957
Sales tax payable	26,963	32,224	32,677
Others	<u>54,539</u>	<u>59,339</u>	<u>199,934</u>
	<u>\$ 192,681</u>	<u>\$ 270,077</u>	<u>\$ 337,179</u>

19. RETIREMENT BENEFIT PLANS

For the three and nine months ended September 30, 2022 and 2021, the Group's pension costs under the defined benefit plan were made payment \$29 thousand, \$66 thousand, \$86 thousand and \$197 thousand, respectively, decided by actuarial pension costs rate on December 31, 2021 and 2020.

20. EQUITY

(1) Ordinary Shares

	September 30, 2022	December 31, 2021	September 30, 2021
Shares authorized (in thousands of shares)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>152,900</u>	<u>151,971</u>	<u>126,874</u>
Issued capital	<u>\$ 1,528,997</u>	<u>\$ 1,519,707</u>	<u>\$ 1,268,742</u>

The change in share capital is mainly due to the issuance of new shares from cash capital increase, the exercise of employee share options, and the cancellation of employee restricted stock.

As per the resolution of the board of directors' meeting held on October 13, 2021, the Company issued 25,000 thousand new shares with a par value of \$10 per share at an issue price of \$40, with December 21, 2021 as the base date for the capital increase.

(2) Capital Surplus

	September 30, 2022	December 31, 2021	September 30, 2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Premium on shares issued above par value	\$ 1,163,713	\$ 1,159,835	\$ 411,846
Treasury stock transactions	25,343	25,343	25,343
From exercised and invalid employees share options	27,574	21,459	20,817
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	68	68	-
Vested employees restricted shares	6,712	4,621	4,621
<u>May not be used for any purpose</u>			
Employees restricted stock	1,714	3,805	3,805
Employees stock options	<u>13,696</u>	<u>19,194</u>	<u>19,053</u>
	<u>\$ 1,238,820</u>	<u>\$ 1,234,325</u>	<u>\$ 485,485</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to a certain percentage of the Company's capital surplus and once a year.

(3) Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles of Incorporation, where ZOTC earns profits in a fiscal year, such profit shall first be set aside to pay applicable taxes, offset losses of previous years, then set aside 10% for legal reserve, and also set aside or reverse a special reserve in accordance with the laws and regulations. Should there be any remaining profits, those profits, plus the accumulated undistributed retained earnings from the previous year shall be used first by ZOTC's board of directors as the basis for proposing a distribution plan of dividends for preferred shares for the same year, any further remaining unappropriated earnings after the distribution of dividends of preferred shares shall be distributed in accordance with the proposal submitted by the board of directors, for approval at the shareholders' meeting. The distributable dividends and bonuses may be paid in cash after a supermajority resolution of the board of directors, which shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors in Note 22 (4).

ZOTC adopts a dividend distribution policy whereby only surplus profits of ZOTC shall be distributed to shareholders. Based on ZOTC's future capital budget planning and the needs for working capital requirements, as well as taking account into the impact to the extent of the diluted earnings per share and return on equity, no less than 30% of the remaining balance is to be allocated to shareholders and the ratio for cash dividends shall not be lower than 10% of the total shareholders' dividends distributed for the same year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals ZOTC's paid-in capital. The legal reserve may be used to offset deficits. If ZOTC has no deficit and the legal reserve has exceeded 25% of ZOTC's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 are as follows:

	For Fiscal Year 2021	For Fiscal Year 2020
Legal reserve	<u>\$ 58,555</u>	<u>\$ 44,100</u>
Cash dividends	<u>\$ 547,962</u>	<u>\$ 377,836</u>
Cash dividends per share (NT\$)	<u>\$ 3.6</u>	<u>\$ 3</u>

The above cash dividends were distributed by the board of directors resolutions on February 23, 2022 and February 24, 2021, respectively, and the remaining surplus distribution items were also resolved by the shareholders' regular meetings on May 26, 2022 and August 4, 2021.

21. REVENUE

(1) Income from contracts with clients

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Sales revenue	<u>\$ 3,722,849</u>	<u>\$ 4,255,421</u>	<u>\$ 9,719,421</u>	<u>\$ 9,787,613</u>
Service revenue	<u>32,533</u>	<u>16,922</u>	<u>76,904</u>	<u>52,436</u>
	<u>\$ 3,755,382</u>	<u>\$ 4,272,343</u>	<u>\$ 9,796,325</u>	<u>\$ 9,840,049</u>

(2) Remaining balance of the contracts

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable (Note 11)	<u>\$ 518,850</u>	<u>\$ 288,710</u>	<u>\$ 570,911</u>
Trade receivable (Note 11)	<u>\$ 3,133,643</u>	<u>\$ 2,595,990</u>	<u>\$ 2,669,091</u>
Contract liability (Other current liabilities)	<u>\$ 52,410</u>	<u>\$ 52,817</u>	<u>\$ 32,103</u>

22. NET PROFIT

(1) Other gains and losses

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Net foreign exchange profit	\$ 12,500	\$ 2,926	\$ 19,596	\$ 21,275
Net gain (loss) arising on financial assets measured at FVTPL	(1,532)	228	(1,265)	5,470
Gain on lease modification	-	-	91	-
Others	-	-	(114)	-
	<u>\$ 10,968</u>	<u>\$ 3,154</u>	<u>\$ 18,308</u>	<u>\$ 26,745</u>

(2) Depreciation & amortization

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Property, plant and equipment	\$ 4,420	\$ 3,603	\$ 13,182	\$ 10,791
Right-of-use assets	3,706	2,484	10,708	7,196
Intangible assets	350	323	900	901
	<u>\$ 8,476</u>	<u>\$ 6,410</u>	<u>\$ 24,790</u>	<u>\$ 18,888</u>
An analysis of depreciation by function				
Operating expenses	<u>\$ 8,126</u>	<u>\$ 6,087</u>	<u>\$ 23,890</u>	<u>\$ 17,987</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 350</u>	<u>\$ 323</u>	<u>\$ 900</u>	<u>\$ 901</u>

(3) Employee benefits expense

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Post-employment benefits				
Defined contribution plans	\$ 3,717	\$ 3,160	\$ 10,507	\$ 9,064
Defined benefit plans (Note 19)	29	66	86	197
	<u>3,746</u>	<u>3,226</u>	<u>10,593</u>	<u>9,261</u>
Share-Based Payment				
Equity-settled (Note 25)	600	1,153	1,800	3,539
Other employee benefits	121,801	112,058	354,077	317,478
Total employee benefits expense	<u>\$ 126,147</u>	<u>\$ 116,437</u>	<u>\$ 366,470</u>	<u>\$ 330,278</u>

(Continued)

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Analysis by function				
Operating costs	\$ 204	\$ 825	\$ 542	\$ 2,599
Operating expenses	<u>125,943</u>	<u>115,612</u>	<u>365,928</u>	<u>327,679</u>
	<u>\$ 126,147</u>	<u>\$ 116,437</u>	<u>\$ 366,470</u>	<u>\$ 330,278</u>

(Concluded)

(4) Compensation of employees and directors

The Group shall allocate compensation to the employees and directors of the Group not less than 1%~15% and not more than 3% of annual profits during the period, respectively, and the estimate of employees' compensation and directors for the three and nine months ended September 30, 2022 and 2021 were as follows:

Estimate Rate

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Compensation of employees	3%	4%
Compensation of directors	1.5%	2%

Amount

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Compensation of employees	\$ 7,077	\$ 9,500	\$ 18,271	\$ 21,971
Remuneration of directors	3,538	4,750	9,135	10,986

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate, and will be adjusted in the following year.

The compensation of employees and directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on February 23, 2022 and February 24, 2021, respectively, are as follows:

	2021	2020
	Cash	Cash
Compensation of employees	\$ 28,714	\$ 23,613
Remuneration of directors	14,357	11,807

There was no difference between the actual amounts of the compensation of employees and directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES

(1) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Current tax				
In respect of the current period	\$ 49,296	\$ 43,270	\$ 122,914	\$ 110,319
Income tax on unappropriated earnings	24	953	24	953
Adjustments for prior year	(8,295)	-	(8,142)	(464)
Deferred tax				
In respect of the current period	(5,184)	(1,970)	(6,495)	(6,627)
Income tax expense recognized in profit or loss	<u>\$ 35,841</u>	<u>\$ 42,253</u>	<u>\$ 108,301</u>	<u>\$ 104,181</u>

(2) Income tax assessment

The Company and subsidiaries' income tax returns have been assessed by the tax authority as follows:

Company	Year of Assessment
The Company	2020
Zotech Co., Ltd.	2020
Zerone Win Investment Co., Ltd.	2020
WingWill International Co., Ltd.	2020
Petacom Technology Co., Ltd.	2020
DigiCosmos Tech. Co., Ltd.	Note

Note: It was established in May 2021.

24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Earnings used in the computation of basic/diluted earnings per share	<u>\$ 190,435</u>	<u>\$ 179,571</u>	<u>\$ 477,376</u>	<u>\$ 412,200</u>

Shares

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	152,525	126,185	152,160	125,820
Effect of potentially dilutive ordinary shares:				
Compensation of employees	469	472	596	588
Employee share options	1,456	2,214	1,676	2,372
Employees restricted stock	<u>145</u>	<u>280</u>	<u>248</u>	<u>385</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>154,595</u>	<u>129,151</u>	<u>154,680</u>	<u>129,165</u>

If the Group offered to settle the compensation paid to employees in shares or cash, the Group assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. SHARE-BASED PAYMENT ARRANGEMENTS

(1) Employee Share Option Plan

Qualified employees of the Company and its subsidiaries were granted 1,000, 1,860, 2,000 and 2,000 options in August 2015, September 2016, January 2018 and September 2018. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares at the grant date. For any subsequent changes in the Company's ordinary shares, the exercise price is adjusted accordingly.

Information on employee share options is as follows:

Employee share option	For the Nine Months Ended September 30, 2022		For the Nine Months Ended September 30, 2021	
	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (NT\$)	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (NT\$)
Balance at January 1	3,034	\$ 15.93	4,468	\$ 16.70
Options exercised	(929)	14.17	(1,249)	14.72
Options forfeited	-	-	(88)	16.65
Outstanding options, at September 30	<u>2,105</u>	15.10	<u>3,131</u>	16.18
Options exercisable, at September 30	<u>2,105</u>		<u>1,691</u>	

Information on outstanding options at the end of reporting period is as follows:

September 30, 2022		December 31, 2021		September 30, 2021	
Range of Exercise Price (NT\$)	Weighted- Over-Age Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted- Over-Age Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted- Over-Age Remaining Contractual Life (Years)
\$ -	-	\$ 12.50 (Note)	0.68	\$ 12.50 (Note)	0.93
14.20 (Note)	1.26	15.40 (Note)	2.01	15.70 (Note)	2.26
15.50 (Note)	1.92	16.90 (Note)	2.67	17.20 (Note)	2.92

Note: The issued price will be adjusted by methods of issuance.

The Company adopted binomial option pricing model and Black-Scholes price model to evaluate inputs of stock options in September, 2018, January, 2018 and September, 2016 as follows:

	September 2018	January 2018	September 2016
Securities price of the vested date	20.65 Dollars	19.85 Dollars	16.95 Dollars
Exercised price	20.65 Dollars	19.85 Dollars	16.95 Dollars
Foreseeable volatility rate	32.96%	33.81%	38.26%
Duration	6 Years	6 Years	6 Years
Foreseeable dividend rate	0%	0%	0%
No risk rates	0.72%	0.74%	0.56%

The compensation cost recognized were \$206 thousand, \$777 thousand, \$617 thousand and \$683 thousand for the three and nine months ended September 30, 2022 and 2021, respectively.

(2) Employees restricted stock

The shareholders meeting of the Company, on June 11, 2018, resolved to issue employees restricted stock amounting to \$7,000 thousand, consisting of 700 thousand shares, respectively, par value in \$10, the subscription price is \$0 (The issue price is \$0), and authorized the Board to decide the issue price at the issuance date. The Board resolved to issue \$7,000 thousand, with total share number of 700 thousand shares, on April 30, 2019 and the record date of issuance is June 13, 2019.

An employee who remains employed at the company after the period as follows has elapsed from the time of employee restricted stocks and who personal performance have met with the criteria listing, will be eligible for vesting of an installment of the shares.

- A. An employee who remains employed at the company after 1 year has elapsed from the time of employee restricted stocks, and who personal performance have met with the criteria listing of 75 scores and above, will be eligible for vesting of an installment of 25% of the shares.
- B. An employee who remains employed at the company after 2 years has elapsed from the time of employee restricted stocks, and who personal performance have met with the criteria listing of 75 scores and above, will be eligible for vesting of an installment of 25% of the shares.
- C. An employee who remains employed at the company after 3 years has elapsed from the time of employee restricted stocks, and who personal performance have met with the criteria listing of 75 scores and above, will be eligible for vesting of an installment of 25% of the shares.
- D. An employee who remains employed at the company after 4 years has elapsed from the time of employee restricted stocks, and who personal performance have met with the criteria listing of 75 scores and above, will be eligible for vesting of an installment of 25% of the shares.

After employees received the vested shares from the Company, it will redeem and cancel the issued employee restricted stock as employees breach the labor contract and working regulations, for the employee restricted stocks that don't meet the vesting conditions.

When employees fail to meet the vesting conditions of employee restricted stocks as redeemed by the Company without charge will be cancelled, based on the relevant regulations.

Compensation costs by issuance of employee restricted stocks recognized were \$394 thousand, \$376 thousand, \$1,183 thousand and \$2,856 thousand for the three and nine months ended September 30, 2022 and 2021. As of September 30, 2022 and 2021, the unearned employee benefit totaled \$888 thousand and \$2,445 thousand, accounted for as the decrease in other equity.

(3) Reserve of cash capital increase for employee stock options

The Company reserved the cash capital increase for employee stock options in November 2021, this was calculated based on Black-Scholes price model and the parameters used are as follows:

Securities price of the vested date	\$37.65
Exercised price	\$40.00
Foreseeable volatility rate	20.07%
Foreseeable duration	0.0658 year
Risk-free interest rate	0.2352%

26. CAPITAL RISK MANAGEMENT

The Group engages as a distributor of software and hardware equipment, without any plans of imposed capital requirements at present or in the future. The Group manages its capital to ensure requirements of operating funds and dividend expenses, based on growth and development of scale of enterprise and prospective of the industry. The Group periodically reviews the policy of capital risk management, for the purpose of seeking a steady and conservative policy.

The capital structure of the Group consists of net debt and equity (comprising share capital, capital reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

(1) Information about fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, the management believes the carrying amounts of financial assets and liabilities not measured at fair value recognized in the consolidated financial statements approximate or cannot be measured their fair values:

	September 30, 2022		December 31, 2021		September 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets</u>						
Financial assets at amortized cost						
— Foreign corporate bonds	\$ 67,049	\$ 48,451	\$ 15,441	\$ 15,585	\$ 15,551	\$ 15,597

(2) Information about fair value of financial assets measured at fair value on a recurring basis.

A. Fair value hierarchy

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Convertible bonds	\$ 38,852	\$ -	\$ -	\$ 38,852
Domestic listed shares	17,082	-	-	17,082
Fund beneficiary certification	<u>27,852</u>	<u>-</u>	<u>9,236</u>	<u>37,088</u>
Total	<u>\$ 83,786</u>	<u>\$ -</u>	<u>\$ 9,236</u>	<u>\$ 93,022</u>

Financial assets measured at

FVTOCI

Equity investments				
— Domestic listed shares and emerging market shares	\$ 285,874	\$ -	\$ -	\$ 285,874
— Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>39,911</u>	<u>39,911</u>
Total	<u>\$ 285,874</u>	<u>\$ -</u>	<u>\$ 39,911</u>	<u>\$ 325,785</u>

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Convertible bonds	\$ 30,045	\$ -	\$ -	\$ 30,045
Domestic listed shares	15,844	-	-	15,844
Fund beneficiary certification	<u>328,782</u>	<u>-</u>	<u>9,567</u>	<u>338,349</u>
Total	<u>\$ 374,671</u>	<u>\$ -</u>	<u>\$ 9,567</u>	<u>\$ 384,238</u>

Financial assets measured at

FVTOCI

Equity investments				
— Domestic listed shares and emerging market shares	\$ 296,074	\$ -	\$ -	\$ 296,074
— Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>68,653</u>	<u>68,653</u>
Total	<u>\$ 296,074</u>	<u>\$ -</u>	<u>\$ 68,653</u>	<u>\$ 364,727</u>

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Convertible bonds	\$ 7,736	\$ -	\$ -	\$ 7,736
Domestic listed shares	14,445	-	-	14,445
Fund beneficiary certification	<u>29,355</u>	<u>-</u>	<u>8,934</u>	<u>38,289</u>
Total	<u>\$ 51,536</u>	<u>\$ -</u>	<u>\$ 8,934</u>	<u>\$ 60,470</u>

Financial assets measured at

FVTOCI

Equity investments				
— Domestic listed shares and emerging market shares	\$ 290,066	\$ -	\$ 12,092	\$ 302,158
— Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>46,213</u>	<u>46,213</u>
Total	<u>\$ 290,066</u>	<u>\$ -</u>	<u>\$ 58,305</u>	<u>\$ 348,371</u>

There were no transfers between Level 1 and Level 2 for nine months ended September 30, 2022 and 2021, respectively.

B. Valuation techniques and inputs applied for Level 3 fair value Measurement

Fund beneficiary certificates are based on the asset method, and the reach of the fair value of individual assets and individual liabilities covered by the subject is assessed and evaluated.

Domestic unlisted stocks are based on the market method, which is mainly calculated by referring to the relevant information of listed companies or those with similar industrial nature, and taking into account of their liquidity discounts.

(3) Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Measured at FVTPL			
Mandatorily measured at FVTPL	\$ 93,022	\$ 384,238	\$ 60,470
Financial assets measured at amortized cost (Note 1)	5,423,892	4,882,817	4,475,988
Financial assets measured at FVTOCI—Investments in equity instruments	325,785	364,727	348,371
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,412,806	3,279,012	3,817,964

Note;1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes receivable, trade receivable and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, trade payable, other payable, and deposits received.

(4) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk relating to the operations, based on related protocols and internal control procedures. The Group's financial department measures the aforementioned risks based on the Group's risk appetite, and reports to the board of directors for carrying out relevant policies.

A. Market risk

The financial risk which the Group needs to manage as a result of operating activities is changes in foreign currency exchange rates.

a. Foreign currency risk

The Group's purchases are denominated in foreign currencies, thus the Group is exposed to foreign currency risks. Exchange rate exposures are managed within approved policy parameters utilizing foreign financial instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities of non-functional currency calculated (including those eliminated on consolidation) at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group's exchange rate exposure was in the exchange rate of U.S. dollars.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. If the New Taiwan dollar appreciates 5% against the relevant currency, the Group's net profit for the nine months ended September 30, 2022 and 2021 would decrease by \$15,216 thousand and increase by \$18,258 thousand, respectively.

b. Interest rate risk

The Group assesses the interest rate of the bank loan regularly, observes influences on profits or losses from fluctuation range of the interest rate, and keeps contact with the bank based on the actual requirement to acquire favorable interest rate of the loan.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Interest rate risks at fair value			
– Financial assets	\$ 1,246,592	\$ 944,802	\$ 200,980
– Financial liabilities	278,929	15,532	463,980
Interest rate risks at cash flows			
– Financial assets	516,844	1,017,599	1,020,171

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period.

If interest rates had been 50 basis points higher and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2022 and 2021 would increase by \$1,938 thousand and \$3,826 thousand, respectively.

c. Other price risk

The Group is exposed to price risks arising from investments of shares, bonds and fund beneficiary certificates. Investments should be approved by the management, for controlling risks by holding different investment portfolios.

Sensitivity analysis

The following sensitivity analysis is based on risk exposure of prices at the end of the reporting period.

If prices had been 5% higher, pre-tax profit for the nine months ended September 30, 2022 and 2021 would have increased by \$4,651 thousand and \$3,024 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the nine months ended September 30, 2022 and 2021 would have increased by \$16,289 thousand and \$17,419 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

B. Credit risk

A Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the financial department regularly.

To decrease a credit risk, the key management personnel of the Group is responsible for decision of rating criteria, credit limits approval, and other censor procedure, etc., in order to collect delinquent trade receivable. Otherwise, the Group reviews each trade receivable to assure allowance of impairment losses of uncollectable bad debts, hence the key management personnel considers credit risk of trade receivable is insignificant.

The credit risk of the current fund is insignificant, since the Group only transacts with financial institutions with good rating.

Trade receivable consisted of many customers. Ongoing credit evaluation is performed on the financial condition of certain customer's trade receivable. If necessary, purchasing insurance for credit enhancing procedures is a must.

The Group's concentration of credit risk was mainly in the Group's five largest customers, which accounted for 42%, 33% and 49% of trade receivable, respectively, as of September 30, 2022, December 31, 2021 and September 30, 2021.

C. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises financing line of the banking facilities and ensures compliance with the terms of loan agreements.

Liquidity & interest rate risk table

The table below summarizes the due analysis of the maturity profile of the Group's non-derivative financial liabilities, enacted by contractual undiscounted payments of cash flow of financial liabilities, according to remaining contracts on the earliest date on which the Group may be required to pay, including interest and principal of cash flows.

The other non-derivative financial liabilities are listed at their contract repayment dates.

September 30, 2022

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,161,997	\$ -
Lease liabilities	14,811	14,593
Fixed interest rate liabilities	<u>250,301</u>	<u>-</u>
	<u>\$ 3,427,109</u>	<u>\$ 14,593</u>

December 31, 2021

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,278,212	\$ -
Lease liabilities	<u>7,618</u>	<u>8,130</u>
	<u>\$ 3,285,830</u>	<u>\$ 8,130</u>

September 30, 2021

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,367,091	\$ -
Lease liabilities	8,054	6,115
Fixed interest rate liabilities	<u>450,750</u>	<u>-</u>
	<u>\$ 3,825,895</u>	<u>\$ 6,115</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's unused short-term credit of limit of the bank were \$1,350,000 thousand, \$1,600,000 thousand and \$800,000 thousand, respectively.

28. TRANSACTIONS WITH RELATED PARTIES

Transactions and balances apply for the profits and losses, revenues and expenses between the Group and its subsidiaries, which were related parties of the Group, had been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

(1) Names of Related Parties and the relationship with the Company

<u>Names of Related Party</u>	<u>Relationship with the Company</u>
TrustONE Security Inc.	Associate
Leukocyte-Lab. Co., Ltd.	Associate
Infinitesoft Solutions Inc.	Associate
K Way Information Corporation	Other related party

(2) Purchase

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Related parties	<u>\$ 7,752</u>	<u>\$ 193</u>	<u>\$ 8,002</u>	<u>\$ 639</u>

(3) Compensation of key management personnel

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Short-term employee benefits	<u>\$ 4,969</u>	<u>\$ 7,857</u>	<u>\$ 46,125</u>	<u>\$ 43,380</u>

The compensation of directors and other key management personnel are decided by personal performance and economic market trend through the remuneration committee.

29. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for bank borrowings, tariff guarantee for imported commodities:

	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment, Net	\$ 205,190	\$ 206,231	\$ 206,579
Pledged time deposits (Financial assets at amortized cost – non-current)	<u>35,299</u>	<u>35,124</u>	<u>35,561</u>
	<u>\$ 240,489</u>	<u>\$ 241,355</u>	<u>\$ 242,140</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of September 30, 2022, the Group opens NT\$ 87,000 thousand of cashier order for payment guaranteed for Microsoft Taiwan Corporation.
- (2) As of September 30, 2022, the Group opens NT\$ 50,000 thousand of cashier order for payment guaranteed for Microsoft Regional Sales Corporation.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2022

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 43,479	31.75	(USD:NTD)	\$ <u>1,380,458</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	33,894	31.75	(USD:NTD)	\$ <u>1,076,135</u>

December 31, 2021

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 46,298	27.68	(USD:NTD)	\$ <u>1,281,529</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	45,913	27.68	(USD:NTD)	\$ <u>1,270,872</u>

September 30, 2021

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 48,493	27.85	(USD:NTD)	\$ <u>1,350,530</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	61,605	27.85	(USD:NTD)	\$ <u>1,715,699</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Nine Months Ended September 30, 2022		For the Nine Months Ended September 30, 2021	
	Exchange Rate	Net Foreign exchange gain (loss)	Exchange Rate	Net Foreign exchange gain (loss)
Foreign currencies				
USD	29.285 (USD:NTD)	\$ <u>19,596</u>	28.067 (USD:NTD)	\$ <u>21,275</u>
	For the Three Months Ended September 30, 2022		For the Three Months Ended September 30, 2021	
	Exchange Rate	Net Foreign exchange gain (loss)	Exchange Rate	Net Foreign exchange gain (loss)
Foreign currencies				
USD	30.404 (USD:NTD)	\$ <u>12,500</u>	27.858 (USD:NTD)	\$ <u>2,926</u>

32. SEPARATELY DISCLOSED ITEMS

(1) Information about significant transactions:

- A. Financing provided to others: Table 1.
- B. Endorsements/guarantees provided: None.
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2.
- D. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 3.
- E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- I. Trading in derivative instruments: None.
- J. Other: Intercompany relationships and significant intercompany transactions: Table 4.

(2) Information on investees: Table 5.

(3) Information on investment in mainland China:

- A. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
- B. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c. The amount of property transactions and the amount of the resultant gains or losses.
 - d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(4) Information of major shareholder: List of all shareholders with ownership of 5 percent or greater showing the name, the number of shares and percentage of ownership held by each shareholder: None.

33. SEGMENT INFORMATION

The management monitors the operating results focusing on the types of products and services acquired or provided of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The department of the Group's business division of brands distribution and others shall be reported.

(1) Segments revenue & operating results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	The business division of brands distribution	Other	Eliminations	Total
<u>For the nine months ended</u>				
<u>September 30, 2022</u>				
Revenues from external customers	\$ 9,542,963	\$ 253,362	\$ -	\$ 9,796,325
Inter-segment revenues	-	91,434	(91,434)	-
Segment revenues	<u>\$ 9,542,963</u>	<u>\$ 344,796</u>	<u>(\$ 91,434)</u>	<u>\$ 9,796,325</u>
Segment profit (loss)	<u>\$ 601,437</u>	<u>\$ 59,523</u>	<u>\$ -</u>	\$ 660,960
General administration division costs and compensation of directors				(114,153)
Non-operating income and expenses				<u>39,110</u>
Net income before tax				<u>\$ 585,917</u>
<u>For the nine months ended</u>				
<u>September 30, 2021</u>				
Revenues from external customers	\$ 9,672,710	\$ 167,339	\$ -	\$ 9,840,049
Inter-segment revenues	-	38,004	(38,004)	-
Segment revenues	<u>\$ 9,672,710</u>	<u>\$ 205,343</u>	<u>(\$ 38,004)</u>	<u>\$ 9,840,049</u>
Segment profit (loss)	<u>\$ 596,363</u>	<u>(\$ 13,704)</u>	<u>\$ -</u>	\$ 582,659
General administration division costs and compensation of directors				(113,893)
Non-operating income and expenses				<u>46,476</u>
Net income before tax				<u>\$ 515,242</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and compensation of directors and non-operating income and expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(2) Total segment assets and liabilities

The assets and liabilities of the Group haven't been provided to the operating decision maker, hence valuation number of assets and liabilities shall not be disclosed.

(3) Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
IT Infrastructure	\$ 2,910,076	\$ 4,125,362
Network & Information Security	4,295,174	3,651,634
Cloud Platform & Application	2,050,342	1,645,925
Big Data & Application	536,481	413,903
Other	<u>4,252</u>	<u>3,225</u>
	<u>\$ 9,796,325</u>	<u>\$ 9,840,049</u>

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Table 1

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 3)	Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 5)	Note
													Item	Value			
0	ZOTC	Zerone Win Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 50,000	\$ -	\$ -	3%	2	\$ -	Operating Capital	\$ -	—	\$ -	\$ 380,973	\$ 761,946	
0	ZOTC	WingWill International Co., Ltd.	Other receivables from related parties	Yes	20,000	20,000	-	3%	2	-	Operating Capital	-	—	\$ -	380,973	761,946	

Note 1 : The number column is organized as follows :

- (1) Number 0 represents the issuer.
- (2) The investee companies are numbered from 1 in order.

Note 2 : Maximum balance of financing provided to others for the period.

Note 3 : Reference for the nature for financing provided to others.

- (1) 1:The borrower has business contact with the creditor.
- (2) 2:The borrower has short-term financing necessities.

Note 4 : For short-term financing necessities, the financing limit for each borrower shall not exceed 10% of the lender's net worth as stated in its latest financial statement audited or reviewed by CPAs.

Note 5 : Aggregate financing limit shall not exceed 20% of the lender's net worth as stated in its latest financial statement audited or reviewed by CPAs.

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2022

Table 2

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Beneficiary certificates							
	KGI Kaefer Fund	—	Financial assets at FVTPL—non-current	170,199	\$ 3,630	-	\$ 3,630	
	KGI Taiwan Multi-Asset Income Fund	—	Financial assets at FVTPL—non-current	1,198,020	12,615	-	12,615	
	KGI Taiwan Select-Asset Income Fund	—	Financial assets at FVTPL—non-current	500,325	5,606	-	5,606	
	Corporate bond							
	M.J. International Co. Ltd. — 1 st convertible bonds	—	Financial assets at FVTPL—current	20 (Units)	1,970	-	1,970	
	Chailease Holding Company Limited - 1 st convertible corporate bonds	—	Financial assets at FVTPL—current	180 (Units)	17,640	-	17,640	
	Taishin Financial Holding Co., Ltd. - 1 st exchangeable bonds	—	Financial assets at FVTPL—current	60 (Units)	6,084	-	6,084	
	Group Up Industrial Co., Ltd. - 1 st convertible corporate bonds	—	Financial assets at FVTPL—current	29 (Units)	3,103	-	3,103	
	Giant Manufacturing Co., Ltd. - 1 st convertible corporate bonds	—	Financial assets at FVTPL—current	100 (Units)	10,055	-	10,055	
	Perusahaan Listrik Negara corporate bond (USD)	—	Financial assets at amortized cost—non-current	10 (Units)	33,703	-	25,087	
	Southern California Edison corporate Bond (USD)	—	Financial assets at amortized cost—non-current	5 (Units)	17,237	-	11,658	
	British Telecommunications plc corporate bond (USD)	—	Financial assets at amortized cost—non-current	5 (Units)	16,109	-	11,706	
	Stock							
	Fubon Financial Holding Co., Ltd.	—	Financial assets at FVTPL—current	65,248	3,256	-	3,256	
Cathay Financial Holdings Preferred Shares A	—	Financial assets at FVTPL—non-current	166,000	9,778	-	9,778		
Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTPL—non-current	80,000	4,048	-	4,048		

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Sino-American Silicon Products Inc.	—	Financial assets at FVTOCI—current	20,000	2,620	-	2,620	
	K Way Information Corporation	Director of ZOTC	Financial assets at FVTOCI—non-current	655,000	19,454	2.14	19,454	
	China Electric Mfg. Corp.	—	Financial assets at FVTOCI—non-current	2,689,200	40,607	0.83	40,607	
	Unex Technology Corp.	—	Financial assets at FVTOCI—non-current	175,000	2,404	1.68	2,404	
	Da-Chang Start-Up Investment Co. Ltd.	—	Financial assets at FVTOCI—non-current	3,000,000	29,949	2.73	29,949	
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI—non-current	134,000	7,893	-	7,893	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTOCI—non-current	70,000	3,542	-	3,542	
	Fubon Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI—non-current	400,000	23,560	-	23,560	
	Taishin Financial Holding Co., Ltd. Preferred Shares E	—	Financial assets at FVTOCI—non-current	240,000	12,048	-	12,048	
	CTBC Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI—non-current	90,000	5,445	-	5,445	
	Cathay Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI—non-current	230,000	13,478	-	13,478	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI—non-current	700,000	33,740	-	33,740	
	United Orthopedic Corporation Preferred Shares A	—	Financial assets at FVTOCI—non-current	200,000	9,100	-	9,100	
	QST International Corporation Preferred Shares A	—	Financial assets at FVTOCI—non-current	45,000	2,040	-	2,040	
	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI—non-current	1,350,000	22,680	-	22,680	
	Miiicasa Holdings (Cayman) Inc.	—	Financial assets at FVTOCI—non-current	2,500,000	-	3.45	-	
	Duofu Co., Ltd.	—	Financial assets at FVTOCI—non-current	10,000	-	0.22	-	
	Jotangi Technology Co., Ltd.	—	Financial assets at FVTOCI—non-current	796,250	-	9.32	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Zerone Win Investment Co., Ltd.	Stock							
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI—non-current	240,000	\$ 11,568	-	\$ 11,568	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI—non-current	50,000	1,938	-	1,938	
	Tatung System Technologies Inc.	—	Financial assets at FVTOCI—non-current	1,500,000	56,475	1.69	56,475	
	LEO Systems, Inc.	—	Financial assets at FVTOCI—non-current	20,000	498	0.02	498	
	GrandTech C.G. Systems Inc.	—	Financial assets at FVTOCI—non-current	70,000	3,836	0.12	3,836	
	FiduciaEdge Technologies Co., Ltd.	—	Financial assets at FVTOCI—non-current	500,000	7,500	4.09	7,500	
	GrandTech Cloud Services Inc.	—	Financial assets at FVTOCI—non-current	727	58	-	58	
Petacom Technology Co., Ltd.	Beneficiary certificates Taishin 1699 Money Market Fund	—	Financial assets at FVTPL—current	1,110,000	15,237	-	15,237	
Zotech Co., Ltd.	Stock							
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI—non-current	200,000	9,640	-	9,640	
	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI—non-current	340,000	5,712	-	5,712	

(Concluded)

Note 1 : Securities, indicated by the above table, are derivative from stock, bonds, beneficiary certificates, and the above items, based on IFRS 9 ‘Financial Instruments.’

Note 2 : Relevant information about Investments in equity of subsidiaries and associates, please refer to Table 5 & 6.

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Table 3

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)
ZOTC	Beneficiary certificates FSITC Taiwan Money Market	Financial assets at FVTPL— current	—	—	6,463,581	\$ 100,000	25,835,709	\$ 400,000	32,299,290	\$ 500,323	\$ 500,000	\$ 323	-	\$ -

Note: The beginning balance included adjustments of unrealized gains or loss on financial assets.

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR NINE MONTHS ENDED SEPTEMBER 30, 2022

Table4

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
0	ZOTC	WingWill International Co., Ltd.	1	Sales revenue	\$ 39,860	Note 5	-
				Trade receivables	13,250	Note 5	-
0	ZOTC	Petacom Technology Co., Ltd.	1	Sales revenue	7,286	Note 5	-
				Cost of goods sold	7,135	Note 5	-
0	ZOTC	Techone (Shanghai) Co., Ltd.	1	Sales revenue	15,038	Note 5	-
				Cost of goods sold	9,026	Note 5	-
1	Petacom Technology Co., Ltd.	Techone (Shanghai) Co., Ltd.	3	Sales revenue	8,663	Note 5	-

Note 1 : Business between the parent and subsidiaries is numbered as follows:

1. Parent:0.
2. Subsidiaries are numbered from 1 in order.

Note 2 : Three types of relationship between parties are numbered as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 3 : Percentage of transaction amounts to consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it shall be calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it shall be calculated by dividing the cumulative balance into consolidated operating revenues.

Note 4 : Only the related parties' transactions over 5,000 thousand are disclosed.

Note 5 : The terms of transactions with intercompany partners are similar to non-related parties.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2022

Table 5

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
ZOTC	Zotech Co., Ltd.	Taiwan	Manufacturing for computer equipment	\$ 35,000	\$ 35,000	3,500,000	85.37	\$ 44,774	\$ 9,258	\$ 7,903	Subsidiary
	ZeroneWin Investment Co., Ltd.	Taiwan	Investment	300,000	300,000	30,000,000	100.00	316,004	2,608	2,608	Subsidiary
	Asiaone Holdings Ltd.	Republic of Seychelles	Holding company	10,063	10,063	320,000	100.00	13,896	1,843	1,843	Subsidiary
ZeroneWin Investment Co., Ltd.	WingWill International Co., Ltd.	Taiwan	Services of cloud information software	54,499	25,500	28,999,000	99.99	25,763	(141)	(75)	Sub-subsidiary
	Petacom Technology Co., Ltd.	Taiwan	Services of distribution of information product	50,000	50,000	50,000,000	100.00	56,971	6,217	6,217	Sub-subsidiary
	DigiCosmos Tech. Co., Ltd.	Taiwan	Services of information security consulting	25,000	25,000	2,500,000	50.00	23,044	(3,677)	(1,838)	Sub-subsidiary
	TrustONE Security Inc.	Taiwan	R&D, sale and service of information software	7,200	4,000	7,200,000	32.00	2,112	(7,763)	(2,484)	Associate
	Leukocyte-Lab Co. Ltd.	Taiwan	Information security management and consulting service	11,500	11,500	240,000	37.50	8,047	(5,591)	(2,097)	Associate
	InfinitesSoft Solutions Inc.	Taiwan	Software development, and services of information and computer software	37,800	28,800	2,780,889	24.33	22,868	(12,716)	(598)	Associate

Note: Please refer to Table 6 for information on investment in mainland China.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR NINE MONTHS ENDED SEPTEMBER 30, 2022

Table 6

(In Thousands of New Taiwan Dollars/Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022	Note
					Outward	Inward							
Techone (Shanghai) Co., Ltd.	Technical service for network technology	\$ 13,419 (RMB 3,000)	(Note 1)	\$ 9,118	\$ -	\$ -	\$ 9,118	\$ 2,630	70%	\$ 1,841	\$ 13,589	\$ -	—

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 9,118	\$ 9,118	\$ 2,285,839

Note 1 : The Company directly holds 100% of a subsidiary - Asiaone Holdings Ltd., which reinvests the company in mainland China.

Note 2 : Amount was recognized based on the financial statements which were not reviewed by CPAs on September 30, 2022.

Note 3 : Determined by sixty percent (60%) of the Company's net worth, reviewed by CPAs on September 30, 2022 ($3,809,731 \times 60\% = 2,285,839$).

Note 4 : For foreign currency conversion, gain (loss) are converted by the average exchange rate in 2022 Q3. Other amounts are converted into New Taiwan Dollars by the exchange rate on September 30, 2022.