

ZERO ONE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 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, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, 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 the Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022, 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, 2023

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, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 911,334	12	\$ 1,054,159	13	\$ 674,605	9
Financial assets at fair value through profit or loss (Note 7)	60,767	1	1,005,507	13	57,345	1
Financial assets at fair value through other comprehensive income (Note 8)	3,140	-	2,790	-	2,620	-
Financial assets at amortized cost (Notes 9, 10 and 29)	736,588	10	148,570	2	986,618	13
Notes receivable (Note 11)	298,189	4	328,738	4	518,850	7
Trade receivables (Notes 11 and 28)	3,260,295	43	2,566,305	32	3,133,643	40
Current tax assets	318	-	7	-	-	-
Inventories (Note 12)	1,026,738	13	1,960,605	25	1,387,767	18
Other current assets	25,576	-	34,141	-	42,239	-
Total current assets	<u>6,322,945</u>	<u>83</u>	<u>7,100,822</u>	<u>89</u>	<u>6,803,687</u>	<u>88</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	69,892	1	35,146	-	35,677	1
Financial assets at fair value through other comprehensive income (Note 8)	428,475	6	318,221	4	323,165	4
Financial assets at amortized cost (Notes 9, 10 and 29)	138,920	2	134,483	2	102,348	1
Investment accounted for using equity method (Note 14)	24,703	-	27,628	-	33,027	1
Property, plant and equipment (Notes 15 and 29)	562,412	7	312,295	4	312,782	4
Right-of-use assets (Note 16)	19,796	-	24,866	-	28,595	-
Other intangible assets	3,267	-	4,357	-	2,308	-
Deferred tax assets	46,887	1	49,065	1	51,520	1
Refundable deposits	9,787	-	8,130	-	7,828	-
Total non-current assets	<u>1,304,139</u>	<u>17</u>	<u>914,191</u>	<u>11</u>	<u>897,250</u>	<u>12</u>
TOTAL	<u>\$ 7,627,084</u>	<u>100</u>	<u>\$ 8,015,013</u>	<u>100</u>	<u>\$ 7,700,937</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ -	-	\$ -	-	\$ 250,000	3
Trade payables (Note 28)	3,003,740	39	3,334,007	42	2,969,325	39
Other payables (Note 18)	225,255	3	256,928	3	192,681	3
Current tax liabilities	61,834	1	98,157	1	62,165	1
Lease liabilities (Note 16)	11,599	-	14,129	-	14,550	-
Other current liabilities (Note 21)	287,056	4	299,119	4	332,082	4
Total current liabilities	<u>3,589,484</u>	<u>47</u>	<u>4,002,340</u>	<u>50</u>	<u>3,820,803</u>	<u>50</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	944	-	4,241	-	1,029	-
Lease liabilities (Note 16)	8,065	-	10,966	-	14,379	-
Net defined benefit liabilities (Note 19)	10,560	-	13,288	-	17,651	-
Other non-current liabilities	1,486	-	800	-	800	-
Total non-current liabilities	<u>21,055</u>	<u>-</u>	<u>29,295</u>	<u>-</u>	<u>33,859</u>	<u>-</u>
Total liabilities	<u>3,610,539</u>	<u>47</u>	<u>4,031,635</u>	<u>50</u>	<u>3,854,662</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	1,542,737	20	1,530,317	19	1,528,997	20
Capital surplus	1,248,211	16	1,240,628	16	1,238,820	16
Retained earnings						
Legal reserve	382,868	5	322,518	4	322,518	4
Unappropriated earnings	738,847	10	828,494	10	688,687	9
Total retained earnings	<u>1,121,715</u>	<u>15</u>	<u>1,151,012</u>	<u>14</u>	<u>1,011,205</u>	<u>13</u>
Other equity	59,487	1	26,338	-	30,709	-
Total equity attributable to owners of the Company	<u>3,972,150</u>	<u>52</u>	<u>3,948,295</u>	<u>49</u>	<u>3,809,731</u>	<u>49</u>
NON-CONTROLLING INTERESTS	<u>44,395</u>	<u>1</u>	<u>35,083</u>	<u>1</u>	<u>36,544</u>	<u>1</u>
Total equity	<u>4,016,545</u>	<u>53</u>	<u>3,983,378</u>	<u>50</u>	<u>3,846,275</u>	<u>50</u>
TOTAL	<u>\$ 7,627,084</u>	<u>100</u>	<u>\$ 8,015,013</u>	<u>100</u>	<u>\$ 7,700,937</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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 21 and 28)	\$ 3,792,097	100	\$ 3,755,382	100	\$ 10,683,486	100	\$ 9,796,325	100
OPERATING COSTS (Notes 12, 22 and 28)	<u>3,375,669</u>	<u>89</u>	<u>3,374,081</u>	<u>90</u>	<u>9,473,204</u>	<u>89</u>	<u>8,695,910</u>	<u>89</u>
GROSS PROFIT	<u>416,428</u>	<u>11</u>	<u>381,301</u>	<u>10</u>	<u>1,210,282</u>	<u>11</u>	<u>1,100,415</u>	<u>11</u>
OPERATING EXPENSES (Note 22)								
Selling and marketing expenses	138,851	4	151,939	4	464,086	4	417,971	4
General and administrative expenses	42,528	1	38,332	1	116,494	1	114,153	1
Research and development expenses	6,017	-	3,643	-	16,531	-	9,908	-
Expected credit (gain) loss (Note 11)	(<u>11,377</u>)	-	(<u>10,658</u>)	-	<u>1,763</u>	-	<u>11,576</u>	-
Total operating expenses	<u>176,019</u>	<u>5</u>	<u>183,256</u>	<u>5</u>	<u>598,874</u>	<u>5</u>	<u>553,608</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>240,409</u>	<u>6</u>	<u>198,045</u>	<u>5</u>	<u>611,408</u>	<u>6</u>	<u>546,807</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	13,884	1	6,933	-	27,615	-	11,955	-
Other income	7,515	-	11,727	1	10,427	-	14,872	-
Other gains and losses (Note 22)	102	-	10,968	-	15,270	-	18,308	-
Finance costs	(<u>88</u>)	-	(<u>648</u>)	-	(<u>223</u>)	-	(<u>846</u>)	-
Expected credit loss (Note 10)	-	-	-	-	(<u>681</u>)	-	-	-
Share of loss of associates accounted for using equity method	(<u>3,811</u>)	-	(<u>1,378</u>)	-	(<u>9,562</u>)	-	(<u>5,179</u>)	-
Total non-operating income and expenses	<u>17,602</u>	<u>1</u>	<u>27,602</u>	<u>1</u>	<u>42,846</u>	-	<u>39,110</u>	-
PROFIT BEFORE INCOME TAX	258,011	7	225,647	6	654,254	6	585,917	6
INCOME TAX EXPENSE (Notes 4 and 23)	<u>60,688</u>	<u>2</u>	<u>35,841</u>	<u>1</u>	<u>125,750</u>	<u>1</u>	<u>108,301</u>	<u>1</u>
NET PROFIT	<u>197,323</u>	<u>5</u>	<u>189,806</u>	<u>5</u>	<u>528,504</u>	<u>5</u>	<u>477,616</u>	<u>5</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>18,717</u>)	-	(<u>19,028</u>)	-	33,641	-	(<u>42,843</u>)	(<u>1</u>)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	<u>600</u>	-	<u>143</u>	-	<u>35</u>	-	<u>510</u>	-
Other comprehensive income (loss) for the period, net of income tax	(<u>18,117</u>)	-	(<u>18,885</u>)	-	<u>33,676</u>	-	(<u>42,333</u>)	(<u>1</u>)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 179,206</u>	<u>5</u>	<u>\$ 170,921</u>	<u>5</u>	<u>\$ 562,180</u>	<u>5</u>	<u>\$ 435,283</u>	<u>4</u>
NET PROFIT (LOSS) ATTRIBUTED TO:								
Owners of the Company	\$ 193,896	5	\$ 190,435	5	\$ 523,242	5	\$ 477,376	5
Non-controlling interests	<u>3,427</u>	-	(<u>629</u>)	-	<u>5,262</u>	-	<u>240</u>	-
	<u>\$ 197,323</u>	<u>5</u>	<u>\$ 189,806</u>	<u>5</u>	<u>\$ 528,504</u>	<u>5</u>	<u>\$ 477,616</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTED TO:								
Owners of the Company	\$ 175,683	5	\$ 171,596	5	\$ 557,014	5	\$ 434,971	4
Non-controlling interests	<u>3,523</u>	-	(<u>675</u>)	-	<u>5,166</u>	-	<u>312</u>	-
	<u>\$ 179,206</u>	<u>5</u>	<u>\$ 170,921</u>	<u>5</u>	<u>\$ 562,180</u>	<u>5</u>	<u>\$ 435,283</u>	<u>4</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 1.26</u>		<u>\$ 1.25</u>		<u>\$ 3.41</u>		<u>\$ 3.14</u>	
Diluted	<u>\$ 1.25</u>		<u>\$ 1.23</u>		<u>\$ 3.38</u>		<u>\$ 3.09</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
(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, 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 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
BALANCE, JANUARY 1, 2023	153,032	\$ 1,530,317	\$ 1,240,628	\$ 322,518	\$ 828,494	\$ 1,151,012	\$ 167	\$ 26,665	(\$ 494)	\$ 26,338	\$ 3,948,295	\$ 35,083	\$ 3,983,378
Appropriation of the 2022 earnings													
Legal reserve	-	-	-	60,350	(60,350)	-	-	-	-	-	-	-	-
Cash dividends - \$3.6 per share	-	-	-	-	(551,080)	(551,080)	-	-	-	-	(551,080)	-	(551,080)
Net profit for the nine months ended September 30, 2023	-	-	-	-	523,242	523,242	-	-	-	-	525,242	5,262	528,504
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	25	33,747	-	33,772	33,772	(96)	33,676
Total comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	523,242	523,242	25	33,747	-	33,772	557,014	5,166	562,180
Changes in equity of associates accounted for using equity method	-	-	1,813	-	(2,576)	(2,576)	-	-	-	-	(763)	-	(763)
Changes in percentage of ownership interests in subsidiaries	-	-	454	-	-	-	-	-	-	-	454	4,146	4,600
Share based payment transaction - employee restricted shares	-	-	-	-	-	-	-	-	494	494	494	-	494
Issuance of ordinary shares under employee stock options	1,242	12,420	5,316	-	-	-	-	-	-	-	17,736	-	17,736
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,117	1,117	-	(1,117)	-	(1,117)	-	-	-
BALANCE, SEPTEMBER 30, 2023	154,274	\$ 1,542,737	\$ 1,248,211	\$ 382,868	\$ 738,847	\$ 1,121,715	\$ 192	\$ 59,295	\$ -	\$ 59,487	\$ 3,972,150	\$ 44,395	\$ 4,016,545

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 654,254	\$ 585,917
Adjustments for:		
Depreciation expenses	24,870	23,890
Amortization expenses	1,582	900
Expected credit loss	2,444	11,576
Net (loss) gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(14,915)	1,265
Finance costs	223	846
Interest income	(27,615)	(11,955)
Dividend income	(10,156)	(12,367)
Compensation costs of share-based payment	494	1,800
Share of loss of associates accounted for using equity method	9,562	5,179
Write-downs (reversed) of inventories	(1,455)	35,488
Net loss on foreign currency exchange	(4,529)	(9,578)
Gain on lease modification	(25)	(91)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	924,909	289,951
Notes receivable	30,549	(230,140)
Trade receivables	(690,782)	(543,065)
Inventories	932,122	219,778
Other current assets	21,014	(5,392)
Trade payables	(353,322)	(73,070)
Other payables	(32,277)	(86,501)
Other current liabilities	(12,063)	12,079
Net defined benefit liabilities	(2,728)	(1,573)
Cash generated from operations	1,452,156	214,937
Income tax paid	(163,503)	(149,867)
Net cash generated from operating activities	<u>1,288,653</u>	<u>65,070</u>

(Continued)

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(\$ 90,000)	(\$ 47,047)
Proceeds from sale of financial assets at fair value through other comprehensive income	13,037	28,681
Purchase of financial assets at amortized cost	(760,767)	(1,222,261)
Proceeds from sale of financial assets at amortized cost	172,485	1,088,206
Acquisition of investments accounted for using equity method	(7,400)	(12,200)
Payments for property, plant and equipment	(261,363)	(4,545)
Proceeds from disposal of property, plant and equipment	15	-
Increase in refundable deposits	(1,657)	-
Decrease in refundable deposits	-	2,590
Payments for intangible assets	-	(1,200)
Interest received	15,139	6,270
Dividends received	10,156	12,367
Net cash used in investing activities	(910,355)	(149,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	250,000
Proceeds from guarantee deposits received	686	-
Repayment of the principal portion of lease liabilities	(11,266)	(10,536)
Dividends paid	(551,080)	(547,962)
Exercise of employee stock options	17,736	13,168
Interest paid	(223)	(837)
Increase in non-controlling interests	4,600	-
Net cash used in financing activities	(539,547)	(296,167)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	18,424	38,771
NET DECREASE IN CASH AND CASH EQUIVALENTS	(142,825)	(341,465)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,054,159	1,016,070
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 911,334	\$ 674,605

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

(Concluded)

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 and 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Zero One Technology Co., Ltd. (the “Company” or “ZOTC”) was incorporated as a company limited by shares under the Company Act of the Republic of China on June 27, 1980. On January 21, 2000, ZOTC’s shares were listed on the 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 ZOTC.

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, 2023.

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, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Group’s accounting policies.

(2) The IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2024.

<u>New / Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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.

Note:3 The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the application of above standards and interpretations will not have a significant effect on the Group’s financial position and financial performance.

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

<u>New / Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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 An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

(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 present value of defined benefits plans deducts net defined benefit liabilities measured at fair value.

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, which can be acquired during measurement date;
- B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the 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 the asset or liability.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to ensure their accounting policies are in line with those used by the Group. 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 Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13, Tables 6 and 7 for the detailed information of subsidiaries, the percentage of ownership and main business.

(4) Other Significant Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended 2022.

A. Defined benefits of retirement

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 for the current period, and for amendments in significant plans, settlements, or other significant one-off events.

B. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

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

Please refer to the consolidated financial statements for the year ended December 31, 2022 for main sources of critical accounting judgments, estimates and uncertainty assumptions explanations.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	\$ 146	\$ 144	\$ 135
Checking accounts and demand deposits	649,801	418,049	376,576
Cash equivalents			
Time deposits	261,387	214,830	170,070
Repurchase agreements collateralized by bonds	-	421,136	127,824
	<u>\$ 911,334</u>	<u>\$ 1,054,159</u>	<u>\$ 674,605</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets – current</u>			
Mandatorily measured at FVTPL			
Domestic convertible bonds	\$ 48,362	\$ 39,885	\$ 38,852
Domestic listed ordinary shares	3,233	5,587	3,256
Fund beneficiary certificates	9,172	960,035	15,237
	<u>\$ 60,767</u>	<u>\$ 1,005,507</u>	<u>\$ 57,345</u>
<u>Financial assets – non-current</u>			
Mandatorily measured at FVTPL			
Domestic listed preference shares	\$ 8,088	\$ 13,532	\$ 13,826
Domestic unlisted preference shares	6,000	-	-
Fund beneficiary certificates	55,804	21,614	21,851
	<u>\$ 69,892</u>	<u>\$ 35,146</u>	<u>\$ 35,677</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investment			
Listed ordinary shares	<u>\$ 3,140</u>	<u>\$ 2,790</u>	<u>\$ 2,620</u>

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Domestic investment			
Listed ordinary shares	\$ 149,186	\$ 116,290	\$ 120,870
Listed preferred shares	150,339	162,981	162,384
Unlisted shares	<u>128,950</u>	<u>38,950</u>	<u>39,911</u>
	<u>\$ 428,475</u>	<u>\$ 318,221</u>	<u>\$ 323,165</u>

(Concluded)

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, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than three months (1)	\$ 604,308	\$ 148,570	\$ 391,350
Repurchase agreements collateralized by bonds (2)	129,080	-	595,268
Pledged time deposit (3)	<u>3,200</u>	<u>-</u>	<u>-</u>
	<u>\$ 736,588</u>	<u>\$ 148,570</u>	<u>\$ 986,618</u>
<u>Non-current</u>			
Domestic investment			
Pledged time deposit (3)	\$ 39,755	\$ 39,491	\$ 35,299
Foreign investment			
Perusahaan Listrik Negara corporate bond (USD) (4)	34,193	32,584	33,703
Southern California Edison corporate bond (USD) (5)	17,483	16,664	17,237
British Telecommunications plc corporate bond (USD) (6)	16,368	15,580	16,109
TSMC Arizona corporate bond (USD) (7)	<u>31,802</u>	<u>30,164</u>	<u>-</u>
	139,601	134,483	102,348
	(681)	-	-
	<u>\$ 138,920</u>	<u>\$ 134,483</u>	<u>\$ 102,348</u>

(1) As of September 30, 2023, December 31, 2022 and September 30, 2022, the market interest rate intervals of time deposit with original maturities of more than three months were 1.325%~5.57%, 0.76%~1.44% and 0.76%~3.00%, respectively.

(2) As of September 30, 2023 and September 30, 2022, the market interest rate intervals of repurchase agreements collateralized by bonds with original maturities of more than three months were 5% and 2.55%~2.95%.

(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) The Group purchased TSMC Arizona corporate bond (USD) by USD 982 thousand with a coupon rate of 3.875% in December 2022.
- (8) 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

	September 30, 2023	December 31, 2022	September 30, 2022
Gross carrying amount	\$ 876,189	\$ 283,053	\$ 1,088,966
Less: Allowance for impairment loss	(681)	-	-
Amortized cost	<u>\$ 875,508</u>	<u>\$ 283,053</u>	<u>\$ 1,088,966</u>

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.

11. NOTES, TRADE RECEIVABLE AND OVERDUE RECEIVABLES

	September 30, 2023	December 30, 2022	September 30, 2022
Measured at amortized cost			
Notes receivable	\$ 298,189	\$ 328,738	\$ 518,850
Trade receivable	3,272,495	2,582,290	3,148,661
Overdue receivables	6,857	1,309	1,309
Deduct: Allowance for impairment loss	(19,057)	(17,294)	(16,327)
	<u>\$ 3,558,484</u>	<u>\$ 2,895,043</u>	<u>\$ 3,652,493</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, 2023

	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	\$ 3,551,322	\$ 12,269	\$ 6,970	\$ -	\$ 6,980	\$ 3,577,541
Loss allowance (Lifetime ECLs)	(7,917)	(2,322)	(1,838)	-	(6,980)	(19,057)
Amortized cost	<u>\$ 3,543,405</u>	<u>\$ 9,947</u>	<u>\$ 5,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,558,484</u>

December 31, 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	\$ 2,863,953	\$ 11,597	\$ 27,523	\$ 7,493	\$ 1,771	\$ 2,912,337
Loss allowance (Lifetime ECLs)	(5,109)	(2,332)	(5,594)	(2,488)	(1,771)	(17,294)
Amortized cost	<u>\$ 2,858,844</u>	<u>\$ 9,265</u>	<u>\$ 21,929</u>	<u>\$ 5,005</u>	<u>\$ -</u>	<u>\$ 2,895,043</u>

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)	(2,661)	(539)	(1,024)	-	(12,103)	(16,327)
Amortized cost	<u>\$ 3,636,937</u>	<u>\$ 6,240</u>	<u>\$ 9,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,652,493</u>

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

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Balance at January 1	\$ 17,294	\$ 4,751
Add: Net remeasurement of loss allowance	<u>1,763</u>	<u>11,576</u>
Balance at September 30	<u>\$ 19,057</u>	<u>\$ 16,327</u>

12. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 923	\$ 2,022	\$ 3,089
Work in process	766	2,103	4,054
Finished goods	578	1,021	214
Commodities	<u>1,024,471</u>	<u>1,955,459</u>	<u>1,380,410</u>
	<u>\$ 1,026,738</u>	<u>\$ 1,960,605</u>	<u>\$ 1,387,767</u>

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

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Cost of inventories sold	\$ 3,364,969	\$ 3,347,694	\$ 9,429,990	\$ 8,659,974
(Reversal of) write-down of inventories	(20,727)	<u>26,184</u>	(1,455)	<u>35,488</u>
	<u>\$ 3,344,242</u>	<u>\$ 3,373,878</u>	<u>\$ 9,428,535</u>	<u>\$ 8,695,462</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, 2023	December 31, 2022	September 30, 2022	
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%	-
Zerone Win Investment Co., Ltd.	WingWill International Co., Ltd.	Services of cloud information software	90.80%	99.99%	99.99%	Note
	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%	50.00%	-
Asiaone Holdings Ltd.	Techone (Shanghai) Co., Ltd.	Technical service for network technology	70.00%	70.00%	70.00%	-

Note: In July 2022, the capital reduction was carried out to cover the loss and cash capital increase, resulting in the shareholding ratio of the Group increasing from 87.93% to 99.99%. Then the Group did not participate in the cash capital increase of WingWill International Co. Ltd. in April 2023, resulting in a decrease of the shareholding ratio to 90.80%.

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. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates	September 30, 2023	December 31, 2022	September 30, 2022
Individual Insignificant Associate			
TrustONE Security Inc.	\$ 2,417	\$ 1,430	\$ 2,112
Leukocyte-Lab Co., Ltd.	5,975	6,327	8,047
InfinitesSoft Solutions Inc.	16,311	19,871	22,868
	<u>\$ 24,703</u>	<u>\$ 27,628</u>	<u>\$ 33,027</u>

Name of Associates	Percentage of Equity Holding and Voting Rights		
	September 30, 2023	December 31, 2022	September 30, 2022
TrustONE Security Inc.	32.00%	32.00%	32.00%
Leukocyte-Lab Co., Ltd.	26.56%	34.78%	37.50%
Infinitesoft Solutions Inc.	24.33%	24.33%	24.33%

The Group invested in TrustONE Security Inc. in February 2021 with the investment amount of \$4,000 thousand and shareholding ratio of 32%. The Group subscribed for additional new shares of \$3,200 thousand and \$2,400 thousand pro rata in January 2022 and March 2023, respectively. TrustONE Security Inc. is mainly engaged in the R&D, sale and service of information software.

The Group invested in Leukocyte-Lab Co., Ltd. in September 2021 with the investment amount of \$11,500 thousand and shareholding ratio of 37.5%. The Group did not participate in the cash capital increase of Leukocyte-Lab Co., Ltd. in November 2022, resulting in a decrease of the shareholding ratio to 34.78%. It was later that when the Group participated in Leukocyte-Lab Co., Ltd.'s cash capital increase investment of \$5,000 thousand in March 2023 that the shareholding ratio reached 43.04%. In August 2023, the Group did not participate in the cash capital increase of Leukocyte-Lab Co., Ltd., therefore the shareholding ratio was reduced to 26.56%. Leukocyte-Lab Co., Ltd. is mainly engaged in information security management and consulting services.

The Group acquired the shares of Infinitesoft Solutions Inc. for \$9,000 thousand in June, 2022, and the shareholding ratio increased from 15% to 24.33%. Since the Group has significant influence over Infinitesoft Solutions Inc., it has been transferred from financial assets at fair value through other comprehensive profit or loss to investments using the equity method. Infinitesoft Solutions Inc. engages mainly in software 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, 2023	December 31, 2022	September 30, 2022
Land	\$ 470,859	\$ 234,892	\$ 234,892
Buildings	69,682	51,070	51,524
Machinery equipment	23	74	91
Office equipment	10,116	9,029	10,223
Delivery equipment	-	-	123
Other equipment	11,732	17,230	15,929
	<u>\$ 562,412</u>	<u>\$ 312,295</u>	<u>\$ 312,782</u>

The Group purchased the land and buildings located in Neihu District, Taipei City with non-related parties for the operation of office purposes at the price of \$253,330 thousand in May 2023.

Except for above transaction and depreciation recognized, property, plant and equipment of the Group were not significantly increased, disposed nor impaired for the nine months ended September 30, 2023 and 2022.

Depreciation expenses were depreciated on a straight-line basis over the estimated useful life of the asset:

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, 2023	December 31, 2022	September 30, 2022
Carrying amounts of right-of-use assets			
Buildings	\$ 19,796	\$ 24,866	\$ 28,595
	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Additions to right-of-use assets			\$ 25,399
Depreciation charge for right-of-use assets			
Buildings	\$ 3,498	\$ 3,706	\$ 10,635
Office equipment	-	-	73
	\$ 3,498	\$ 3,706	\$ 10,708

(2) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts of lease liabilities			
Current	\$ 11,599	\$ 14,129	\$ 14,550
Non-current	\$ 8,065	\$ 10,966	\$ 14,379

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	0.75%~4.75%	0.75%~4.75%	0.75%~4.75%

(3) Other lease information

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Expenses relating to short-term leases	\$ 71	\$ 131	\$ 401	\$ 475
Expenses relating to low-value asset leases	\$ 58	\$ 58	\$ 173	\$ 111
Total cash (outflow) for leases			(\$ 12,063)	(\$ 11,399)

17. SHORT-TERM BORROWINGS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured borrowings</u>			
– Line of credit borrowings	\$ -	\$ -	\$ 250,000

Interest rate of bank revolving loans was 1.375% on September 30, 2022.

18. OTHER PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Salaries and bonuses payable	\$ 103,442	\$ 129,450	\$ 83,439
Compensation of employees and directors payable	27,165	36,881	27,740
Sales tax payable	24,382	17,299	26,963
Others	70,266	73,298	54,539
	<u>\$ 225,255</u>	<u>\$ 256,928</u>	<u>\$ 192,681</u>

19. RETIREMENT BENEFIT PLANS

For the three months ended and nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were \$38 thousand, \$29 thousand, \$115 thousand and \$86 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

20. EQUITY

(1) Ordinary Shares

	September 30, 2023	December 31, 2022	September 30, 2022
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>154,274</u>	<u>153,032</u>	<u>152,900</u>
Issued capital	<u>\$ 1,542,737</u>	<u>\$ 1,530,317</u>	<u>\$ 1,528,997</u>

The change in share capital is mainly due to employee stock options exercised.

(2) Capital Surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<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	\$ 1,169,604	\$ 1,164,288	\$ 1,163,713
Treasury stock transactions	25,343	25,343	25,343
From exercised and invalid employees stock options	36,835	28,456	27,574
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	68	68	68
Vested employees restricted shares	8,426	6,712	6,712
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries	454	-	-
Changes in equity of associates accounted for using equity method	2,840	1,027	-
<u>May not be used for any purpose</u>			
Employees restricted shares	-	1,714	1,714
Employees stock options	4,641	13,020	13,696
	<u>\$ 1,248,211</u>	<u>\$ 1,240,628</u>	<u>\$ 1,238,820</u>

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

(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 employees' and directors' compensation, refer to compensation of employees and compensation 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 the Company'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.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

The appropriations of earnings for 2022 and 2021 are as follows:

	For Fiscal Year 2022	For Fiscal Year 2021
Legal reserve	\$ 60,350	\$ 58,555
Cash dividends	\$ 551,080	\$ 547,962
Cash dividends per share (\$)	\$ 3.6	\$ 3.6

The cash dividends listed above were approved by the board of directors on February 21, 2023 and February 23, 2022, respectively, and the remaining appropriations of earnings were approved by the shareholders' meeting on May 30, 2023 and May 26, 2022, respectively.

21. REVENUE

(1) Income from contracts with clients

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Sales revenue	\$ 3,750,374	\$ 3,722,849	\$ 10,572,382	\$ 9,719,421
Service revenue	41,723	32,533	111,104	76,904
	<u>\$ 3,792,097</u>	<u>\$ 3,755,382</u>	<u>\$ 10,683,486</u>	<u>\$ 9,796,325</u>

(2) Remaining balance of the contracts

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable (Note 11)	\$ 298,189	\$ 328,738	\$ 518,850
Trade receivable (Note 11)	\$ 3,260,295	\$ 2,566,305	\$ 3,133,643
Contract liability (Other current liabilities)	<u>\$ 64,761</u>	<u>\$ 51,304</u>	<u>\$ 52,410</u>

22. NET INCOME

(1) Other gains and losses

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Net foreign exchange profit (loss)	\$ 3,632	(\$ 1,532)	\$ 14,915	(\$ 1,265)
Net (loss) gain arising on financial assets measured at FVTPL	(3,530)	12,500	330	19,596
Gain on lease modification	-	-	25	91
Others	-	-	-	(114)
	<u>\$ 102</u>	<u>\$ 10,968</u>	<u>\$ 15,270</u>	<u>\$ 18,308</u>

(2) Depreciation & amortization

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Property, plant and equipment	\$ 4,601	\$ 4,420	\$ 13,939	\$ 13,182
Right-of-use assets	3,498	3,706	10,931	10,708
Intangible assets	527	350	1,582	900
	<u>\$ 8,626</u>	<u>\$ 8,476</u>	<u>\$ 26,452</u>	<u>\$ 24,790</u>

An analysis of depreciation by function

Operating cost	\$ 24	\$ -	\$ 72	\$ -
Operating expenses	8,075	8,126	24,798	23,890
	<u>\$ 8,099</u>	<u>\$ 8,126</u>	<u>\$ 24,870</u>	<u>\$ 23,890</u>

An analysis of amortization by function

Operating expenses	\$ 527	\$ 350	\$ 1,582	\$ 900
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(3) Employee benefits expense

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Post-employment benefits				
Defined contribution plans	\$ 4,470	\$ 3,717	\$ 12,739	\$ 10,507
Defined benefit plans (Note 19)	38	29	115	86
	<u>4,508</u>	<u>3,746</u>	<u>12,854</u>	<u>10,593</u>
Share-based payment				
Equity-settled (Note 25)	-	600	494	1,800
Other employee benefits	144,625	121,801	427,002	354,077
Total employee benefits expense	<u>\$ 149,133</u>	<u>\$ 126,147</u>	<u>\$ 440,350</u>	<u>\$ 366,470</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 7,644	\$ 204	\$ 20,569	\$ 542
Operating expenses	141,489	125,943	419,781	365,928
	<u>\$ 149,133</u>	<u>\$ 126,147</u>	<u>\$ 440,350</u>	<u>\$ 366,470</u>

(4) Compensation of employees and compensation of directors

The Company shall allocate compensation of employees and compensation of directors at the range between 1%~15% and no more than 3% of annual profits during the period, respectively. The estimate of compensation of employees and compensation of directors for the three and nine months ended September 30, 2023 and 2022 were as follows:

Estimate Rate

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Compensation of employees	2.675%	3%
Compensation of directors	1.337%	1.5%

Amount

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Compensation of employees	\$ 6,000	\$ 7,077	\$ 18,000	\$ 18,271
Compensation of directors	3,000	3,538	9,000	9,135

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.

The compensation of employees and compensation of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on February 21, 2023 and February 23, 2022, respectively, are as follows:

	2022 Cash	2021 Cash
Compensation of employees	\$ 24,000	\$ 28,714
Compensation of directors	12,000	14,357

There was no difference between the actual amounts of the compensation of employees and compensation of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and compensation 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 were as follows:

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Current tax				
In respect of the current period	\$ 47,172	\$ 49,296	\$ 131,320	\$ 122,914
Income tax on unappropriated earnings	-	24	-	24
Adjustments for prior year	6,853	(8,295)	(4,451)	(8,142)
Deferred tax				
In respect of the current period	6,663	(5,184)	(1,119)	(6,495)
Income tax expense recognized in profit or loss	\$ 60,688	\$ 35,841	\$ 125,750	\$ 108,301

(2) Income tax assessment

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

Company	Year of Assessment
The Company	2020
Zotech Co., Ltd.	2021
Zerone Win Investment Co., Ltd.	2021
WingWill International Co., Ltd.	2021
Petacom Technology Co., Ltd	2021
DigiCosmos Tech. Co., Ltd.	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, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 193,896</u>	<u>\$ 190,435</u>	<u>\$ 523,242</u>	<u>\$ 477,376</u>

Shares

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	153,839	152,525	153,330	152,160
Effect of potentially dilutive ordinary shares:				
Compensation of employees	291	469	385	596
Employee share options	902	1,456	1,179	1,676
Employees restricted stock	<u>-</u>	<u>145</u>	<u>102</u>	<u>248</u>
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	<u>155,032</u>	<u>154,595</u>	<u>154,996</u>	<u>154,680</u>

If the Group offered to settle the compensation paid to employees in cash or shares, 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 stock option plan

In September 2016, January 2018, and September 2018, 1,860, 2000, and 2,000 options were granted to qualified employees of ZOTC, and each option entitles the holder to subscribe for 1,000 ordinary shares of ZOTC when exercisable. The options granted are valid for 6 years and shall be exercised a portion of them after two years from the date of grant. The options were granted at an exercise price equal to the fair value of ZOTC's ordinary shares on the grant date. For any subsequent changes in ZOTC's ordinary shares, the exercise price of options will be adjusted by the regulated formula, accordingly.

Information on employee stock options was as follows:

	For the Nine Months Ended September 30, 2023		For the Nine Months Ended September 30, 2022	
	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (\$)
Employee stock options				
Balance at January 1	1,973	\$ 15.15	3,034	\$ 15.93
Options exercised	(1,242)	14.28	(929)	14.17
Options outstanding, at September 30	<u>731</u>	14.15	<u>2,105</u>	15.10
Options exercisable, at September 30	<u>731</u>		<u>2,105</u>	

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

September 30, 2023		December 31, 2022		September 30, 2022	
Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)	Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)	Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)
\$ 13.20 (Note)	0.26	\$ 14.20 (Note)	1.01	\$ 14.20 (Note)	1.26
14.40 (Note)	0.92	15.50 (Note)	1.67	15.50 (Note)	1.92

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

The Company adopted binomial option pricing model to evaluate inputs of stock options in September 2018 and January 2018 as follows:

	September, 2018	January, 2018
Securities price of the vested date	20.65 Dollars	19.85 Dollars
Exercised price	20.65 Dollars	19.85 Dollars
Foreseeable volatility rate	32.96%	33.81%
Duration	6 Years	6 Years
Foreseeable dividend rate	0%	0%
Risk-free rate	0.72%	0.74%

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

(2) Employees restricted stock

The shareholders meeting of the ZOTC, 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 of directors to decide the issue price at the issuance date. The board of directors 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 have 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 have 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 have 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 stocks 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 \$0 thousand, \$394 thousand, \$494 thousand and \$1,183 thousand for the three and nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2022, the unearned employee benefit totaled \$888 thousand, accounted for as the decrease in other equity.

26. CAPITAL RISK MANAGEMENT

The Group operates as a distributor of enterprise software and hardware, and has no plans to impose any large capital expenditures presently or in the future. The Group manages its capital to meet requirements of operating funds and dividend expenses, based on scale of the enterprise, and the growth and development of industry perspectives. The Group periodically reviews the policy of capital risk management which is in line with the principle of adopting 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, 2023		December 31, 2022		September 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets</u>						
Financial assets at amortized cost						
— Foreign corporate bonds	\$ 99,165	\$ 78,718	\$ 94,992	\$ 77,938	\$ 67,049	\$ 48,451

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

A. Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Domestic convertible bonds	\$ 48,362	\$ -	\$ -	\$ 48,362
Domestic listed shares	11,321	-	-	11,321
Domestic unlisted shares	-	-	6,000	6,000
Fund beneficiary certificates	<u>22,925</u>	<u>-</u>	<u>42,051</u>	<u>64,976</u>
Total	<u>\$ 82,608</u>	<u>\$ -</u>	<u>\$ 48,051</u>	<u>\$ 130,659</u>

Financial assets measured at

FVTOCI

Equity investments				
– Domestic listed shares	\$ 302,665	\$ -	\$ -	\$ 302,665
– Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>128,950</u>	<u>128,950</u>
Total	<u>\$ 302,665</u>	<u>\$ -</u>	<u>\$ 128,950</u>	<u>\$ 431,615</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Domestic convertible bonds	\$ 39,885	\$ -	\$ -	\$ 39,885
Domestic listed shares	19,119	-	-	19,119
Fund beneficiary certificates	<u>972,458</u>	<u>-</u>	<u>9,191</u>	<u>981,649</u>
Total	<u>\$1,031,462</u>	<u>\$ -</u>	<u>\$ 9,191</u>	<u>\$1,040,653</u>

Financial assets measured at

FVTOCI

Equity investments				
– Domestic listed shares	\$ 282,061	\$ -	\$ -	\$ 282,061
– Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>38,950</u>	<u>38,950</u>
Total	<u>\$ 282,061</u>	<u>\$ -</u>	<u>\$ 38,950</u>	<u>\$ 321,011</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Domestic convertible bonds	\$ 38,852	\$ -	\$ -	\$ 38,852
Domestic listed shares	17,082	-	-	17,082
Fund beneficiary certificates	<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	\$ 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>

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the nine months ended September 30, 2023 and 2022.

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

Fund beneficiary certificates are an asset-based method that estimates the fair value of individual assets covered by the valuation and evaluation targets, and the total market value of individual liabilities.

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, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Measured at FVTPL			
Mandatorily measured at FVTPL	\$ 130,659	\$ 1,040,653	\$ 93,022
Financial assets measured at amortized cost (Note 1)	5,370,095	4,244,283	5,431,328
Financial assets measured at FVTOCI			
— Investments in equity instruments	431,615	321,011	325,785
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,230,481	3,591,735	3,412,806

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, other receivable and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise 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 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, 2023 and 2022 would increase by \$1,480 thousand and decrease by \$15,216 thousand, respectively.

b. Interest rate risk

The Group accesses the interest rate of the bank loan, observes influences on profits or losses from fluctuation range of the interest rate, keeps contact with the bank based on the actual requirement, and acquires the best interest rate of the loan.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Interest rate risks at fair value			
— Financial assets	\$ 992,215	\$ 774,604	\$ 1,246,592
— Financial liabilities	19,664	25,095	278,929
Interest rate risks at cash flows			
— Financial assets	794,481	562,464	516,844

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, 2023 and 2022 would increase by \$2,979 thousand and \$1,938 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 equity prices at the end of the reporting period.

If equity prices had been 5% higher, pre-tax profit for the nine months ended September 30, 2023 and 2022 would have increased by \$6,533 thousand and \$4,651 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, 2023 and 2022 would have increased by \$21,581 thousand and \$16,289 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 and financial guarantees provided by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the condensed 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 concentration risk of trade receivable is insignificant.

The credit concentration 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 37%, 34% and 42% of trade receivable, respectively, as of September 30, 2023, December 31, 2022 and September 30, 2022.

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 principal and interest of cash flows.

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

September 30, 2023

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,228,995	\$ -
Lease liabilities	<u>11,815</u>	<u>8,163</u>
	<u>\$ 3,240,810</u>	<u>\$ 8,163</u>

December 31, 2022

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,590,935	\$ -
Lease liabilities	<u>14,344</u>	<u>11,044</u>
	<u>\$ 3,605,279</u>	<u>\$ 11,044</u>

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>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's unused short-term credit of limit of the bank were \$1,807,329 thousand, \$1,600,000 thousand and \$1,350,000 thousand, respectively.

28. RELATED PARTIES TRANSACTIONS

Transactions and balances between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties were disclosed below.

(1) The names and relationship of related party

Name of the related party	Relationship with the Group
TrustONE Security Inc.	Associate
Leukocyte-Lab Co., Ltd.	Associate
Infinitesoft Solutions Inc.	Associate (since June 29, 2022)
K Way Information Corp.	Other related party (Non-related party since May 30, 2023)

(2) Operating revenue

Line Items	Types of related parties	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Sales revenue	Associates	\$ 28	\$ 15	\$ 302	\$ 239
	Other related parties	-	38	2	282
		<u>\$ 28</u>	<u>\$ 53</u>	<u>\$ 304</u>	<u>\$ 521</u>

(3) Purchases

Types of related parties	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Associates	<u>\$ 1,655</u>	<u>\$ 7,752</u>	<u>\$ 13,935</u>	<u>\$ 8,002</u>

(4) Receivables from related parties (excluding loans to related parties)

Line Items	Types of related parties/Name	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivable	Associates	\$ 7	\$ 5	\$ 5
	Other related parties	-	590	-
		<u>\$ 7</u>	<u>\$ 595</u>	<u>\$ 5</u>

(5) Payables to related parties

Line Items	Types of related parties/Name	September 30, 2023	December 31, 2022	September 30, 2022
Trade payable	Associates	<u>\$ 618</u>	<u>\$ 1,506</u>	<u>\$ 3,493</u>

(6) Compensation of key management personnel

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Short-term employee benefits	<u>\$ 5,021</u>	<u>\$ 4,969</u>	<u>\$ 40,601</u>	<u>\$ 46,125</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 and tariff guarantee for imported commodities:

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment, Net	\$ 203,801	\$ 204,843	\$ 205,190
Pledged time deposits (Financial assets at amortized cost)	<u>42,955</u>	<u>39,491</u>	<u>35,299</u>
	<u>\$ 246,756</u>	<u>\$ 244,334</u>	<u>\$ 240,489</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of September 30, 2023, the Group opens NT\$ 87,000 thousand of cashier order for payment guaranteed for Microsoft Taiwan Corporation.
- (2) As of September 30, 2023, the Group opens NT\$ 50,000 thousand of cashier order for payment guaranteed for Microsoft Regional Sales Corporation.
- (3) As of September 30, 2023, the Group entrusts financial institutions to issue NT\$ 2,671 thousand of the performance guarantee.

31. FOREIGN-CURRENCY-DEMONINATED ASSETS AND LIABILITIES THAT HAVE SIGNIFICANT INFLUENCE

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, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 36,559	32.27 (USD:NTD)	<u>\$ 1,179,759</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	37,476	32.27 (USD:NTD)	<u>\$ 1,209,351</u>

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 25,590	30.71 (USD:NTD)	<u>\$ 785,869</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	40,516	30.71 (USD:NTD)	<u>\$ 1,244,246</u>

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>

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

	<u>For the Nine Months Ended September 30, 2023</u>		<u>For the Nine Months Ended September 30, 2022</u>	
<u>Foreign currencies</u>	<u>Exchange rate</u>	<u>Net Foreign Exchange Gain (Loss)</u>	<u>Exchange rate</u>	<u>Net Foreign Exchange Gain (Loss)</u>
USD	30.928 (USD:NTD)	\$ <u>330</u>	29.285 (USD:NTD)	\$ <u>19,596</u>
	<u>For the Three Months Ended September 30, 2023</u>		<u>For the Three Months Ended September 30, 2022</u>	
<u>Foreign currencies</u>	<u>Exchange rate</u>	<u>Net Foreign Exchange Gain (Loss)</u>	<u>Exchange rate</u>	<u>Net Foreign Exchange Gain (Loss)</u>
USD	31.684 (USD:NTD)	(\$ <u>3,530</u>)	30.404 (USD:NTD)	\$ <u>12,500</u>

32. ADDITIONAL DISCLOSURES

(1) Information about significant transactions:

- A. Financing provided to others: Table 1.
- B. Endorsements/guarantees provided: Table 2.
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3.
- 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 4.
- 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 5.

(2) Information on investees: Table 6.

(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 7.

- 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.
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - The amount of property transactions and the amount of the resultant gains or losses.
 - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - 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 on 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 assessments. 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	Internal write- off	Total
<u>For the Nine Months Ended</u>				
<u>September 30, 2023</u>				
Revenues from external customers	\$ 10,379,966	\$ 303,520	\$ -	\$ 10,683,486
Inter-segment revenues	-	94,902	(94,902)	-
Segment revenues	<u>\$ 10,379,966</u>	<u>\$ 398,422</u>	<u>(\$ 94,902)</u>	<u>\$ 10,683,486</u>
Segment profit (loss)	<u>\$ 701,110</u>	<u>\$ 26,792</u>	<u>\$ -</u>	<u>\$ 727,902</u>
General administration division costs and compensation of directors				(116,494)
Non-operating income and expenses				<u>42,846</u>
Net income before tax				<u>\$ 654,254</u>
<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>	<u>\$ 660,960</u>
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>

Segment profit represents the profit before tax earned by each segment without allocation of central administration division 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, 2023	For the Nine Months Ended September 30, 2022
IT Infrastructure	\$ 3,037,137	\$ 2,910,076
Network & Information Security	4,791,896	4,295,174
Cloud Platform & Application	2,280,838	2,050,342
Big Data & Application	571,411	536,481
Other	<u>2,204</u>	<u>4,252</u>
	<u>\$ 10,683,486</u>	<u>\$ 9,796,325</u>

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 1

(In Thousands of New Taiwan Dollars)

No.	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 Amounts	Reason 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	WingWill International Co., Ltd.	Other receivables from related parties	Yes	\$ 20,000	\$ 20,000	\$ -	3%	2	\$ -	Operating capital	\$ -	—	\$ -	\$ 397,215	\$ 794,430	
0	ZOTC	Zerone Win Investment Co., Ltd.	Other receivables from related parties	Yes	70,000	70,000	-	3%	2	-	Operating capital	-	—	-	397,215	794,430	

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

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
Table 2

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)	Note
		Name	Relationship (Note 2)											
1	Zerone Win Investment Co., Ltd.	WingWill International Co., Ltd.	(2)	\$ 35,210	\$ 1,700	\$ 1,700	\$ 1,700	\$ -	0.48	\$ 70,420	Y	N	N	

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 : There are 7 types of relationship between the endorser and the endorsed guarantor, it will be sufficient to just identify which type it is:

- (1) A company which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the public company.
- (4) Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) Companies which provide mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : The limit on each endorsement/guarantee given to each party is 10% of the Zerone Win's net equity. The aggregate endorsement/guarantee limit is 20% of the Zerone Win's net equity.

Note 4 : The maximum amount endorsed/guaranteed in this year.

Note 5 : The amount approved by the Board of Directors should be filled in. However, if the Board of Directors authorizes the Chairman to make a decision in accordance with Article 12, Clause 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount decided by the Chairman.

Note 6 : The actual expenditure amount of the endorsed guarantee company within the scope of the endorsement guarantee balance should be entered.

Note 7 : Y must be filled in only when the following conditions are met : if the parent company of the listed company endorses the subsidiary company; if the subsidiary company endorses the parent company of the listed company, and if it belongs to the mainland China region.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2023

Table 3

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				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	\$ 3,990	-	\$ 3,990	
	KGI Taiwan Multi-Asset Income Fund	—	Financial assets at FVTPL – non-current	1,198,020	13,753	-	13,753	
	KGI Taiwan Select-Asset Income Fund	—	Financial assets at FVTPL – non-current	500,325	5,831	-	5,831	
	Nomura 2026 DM Markets Trigger Maturity Private Placement Bond Fund	—	Financial assets at FVTPL – non-current	100,000	32,230	-	32,230	
	Corporate bond							
	Chailease Holding Company Limited - 1st convertible bond	—	Financial assets at FVTPL – current	160 (Units)	15,760	-	15,760	
	Giant Manufacturing Co., Ltd. - 1st convertible bond	—	Financial assets at FVTPL – current	100 (Units)	10,300	-	10,300	
	Topco Technologies Corp. - 1st convertible bond	—	Financial assets at FVTPL – current	36 (Units)	3,892	-	3,892	
	Gloria Material Technology Corp. – 7th convertible bond	—	Financial assets at FVTPL – current	100 (Units)	10,320	-	10,320	
	Ennoconn Corporation – 5th convertible bond	—	Financial assets at FVTPL – current	50 (Units)	5,450	-	5,450	
	HD Renewable Energy Co., Ltd. – 1st convertible bond	—	Financial assets at FVTPL – current	25 (Units)	2,640	-	2,640	
	Perusahaan Listrik Negara corporate bond (USD) 5.25%	—	Financial assets at amortized cost – non-current	USD 500,000	17,812	-	13,168	
	Perusahaan Listrik Negara corporate bond (USD) 4.875%	—	Financial assets at amortized cost – non-current	USD 500,000	16,210	-	11,963	
	Southern California Edison corporate Bond (USD)	—	Financial assets at amortized cost – non-current	USD 500,000	17,076	-	11,723	
	British Telecommunications plc corporate bond (USD)	—	Financial assets at amortized cost – non-current	USD 500,000	16,265	-	11,245	
TSMC Arizona corporate bond (USD)	—	Financial assets at amortized cost – non-current	USD 1,000,000	31,802	-	30,619		

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Stock							
	Fubon Financial Holding Co., Ltd.	—	Financial assets at FVTPL — current	53,262	\$ 3,233	-	\$ 3,233	
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTPL — non-current	66,000	3,960	-	3,960	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTPL — non-current	80,000	4,128	-	4,128	
	Sino-American Silicon Products Inc.	—	Financial assets at FVTOCI — current	20,000	3,140	-	3,140	
	K Way Information Corp.	—	Financial assets at FVTOCI — non-current	655,000	20,239	2.14	20,239	
	China Electric Mfg. Corp.	—	Financial assets at FVTOCI — non-current	2,650,200	43,463	0.82	43,463	
	Unex Technology Corp.	—	Financial assets at FVTOCI — non-current	175,000	1,412	1.68	1,412	
	Da-Chang Start-Up Investment Co. Ltd.	—	Financial assets at FVTOCI — non-current	3,000,000	29,980	2.73	29,980	
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI — non-current	134,000	8,040	-	8,040	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTOCI — non-current	70,000	3,612	-	3,612	
	Fubon Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	385,000	23,023	-	23,023	
	Taishin Financial Holding Co., Ltd. Preferred Shares E	—	Financial assets at FVTOCI — non-current	240,000	12,216	-	12,216	
	CTBC Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	90,000	5,436	-	5,436	
	Cathay Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	230,000	13,800	-	13,800	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI — non-current	700,000	32,130	-	32,130	
	QST International Corporation Preferred Shares A	—	Financial assets at FVTOCI — non-current	45,000	1,894	-	1,894	
	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI — non-current	1,350,000	22,748	-	22,748	
	Nextlink Technology Co., Ltd.	—	Financial assets at FVTOCI — non-current	1,000,000	75,000	5.00	75,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	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	-	
Zerone Win Investment Co., Ltd.	Stock Leukocyte-Lab Co., Ltd. Preferred Shares A	Associate	Financial assets at FVTPL — non-current	600,000	6,000	-	6,000	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI— non-current	240,000	11,016	-	11,016	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI— non-current	50,000	1,515	-	1,515	
	Tatung System Technologies Inc.	—	Financial assets at FVTOCI— non-current	1,500,000	80,400	1.69	80,400	
	Saviah Technologies, Inc. Preferred Shares B	—	Financial assets at FVTOCI— non-current	375,000	15,000	-	15,000	
	GrandTech C.G. Systems Inc.	—	Financial assets at FVTOCI— non-current	74,000	5,084	0.12	5,084	
	FiduciaEdge Technologies Co., Ltd.	—	Financial assets at FVTOCI— non-current	500,000	7,500	3.33	7,500	
	GrandTech Cloud Services Inc.	—	Financial assets at FVTOCI— non-current	872	58	0.01	58	
Petacom Technology Co., Ltd.	Beneficiary certificates Taishin 1699 Money Market Fund	—	Financial assets at FVTPL — current	660,000	9,172	-	9,172	
Zotech Co., Ltd.	Stock WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI— non-current	200,000	9,180	-	9,180	
	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI— non-current	340,000	5,729	-	5,729	

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 Table 6 & Table 7.

(Concluded)

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, 2023

Table 4

(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 Taishin 1699 Money Market Fund	Financial assets at FVTPL— current	—	—	47,267,987	\$ 650,654	-	\$ -	47,267,987	\$ 655,071	\$ 650,000	\$ 5,071	-	\$ -
	Taishin Ta- Chong Money Market Fund	Financial assets at FVTPL— current	—	—	20,808,963	300,296	20,609,067	300,000	41,418,030	602,367	600,000	2,367	-	-

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 5

(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	\$ 56,064	Note 5	1%
				Trade receivables	14,246	Note 5	-
0	ZOTC	Techone (Shanghai) Co., Ltd.	1	Sales revenue	12,355	Note 5	-
				Cost of goods sold	14,375	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

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 6

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
ZOTC	Zotech Co., Ltd.	Taiwan	Manufacturing for computer equipment	\$ 35,000	\$ 35,000	3,500,000	85.37	\$ 46,029	\$ 2,866	\$ 2,446	Subsidiary
	ZeroneWin Investment Co., Ltd.	Taiwan	Investment	300,000	300,000	30,000,000	100.00	352,101	6,517	6,517	Subsidiary
	Asiaone Holdings Ltd.	Republic of Seychelles	Holding company	22,208	10,063	700,000	100.00	26,600	522	522	Subsidiary
ZeroneWin Investment Co., Ltd.	WingWill International Co., Ltd.	Taiwan	Services of cloud information software	70,899	54,499	45,399,000	90.80	40,454	(911)	(864)	Sub-subsidiary
	Petacom Technology Co., Ltd.	Taiwan	Services of distribution of information product	50,000	50,000	5,000,000	100.00	79,416	8,799	8,799	Sub-subsidiary
	DigiCosmos Tech. Co., Ltd.	Taiwan	Services of information security consulting	25,000	25,000	2,500,000	50.00	26,316	9,295	4,648	Sub-subsidiary
	TrustOne Security Inc.	Taiwan	R&D, sale and service of information software	9,600	7,200	9,600,000	32.00	2,417	(4,416)	(1,413)	Associate
	Leukocyte-Lab Co., Ltd.	Taiwan	Information security management and consulting service	16,500	11,500	340,000	26.56	5,975	(12,506)	(4,589)	Associate
	InfinitesSoft Solutions Inc.	Taiwan	Software development, and services of information and computer software	37,800	37,800	2,780,889	24.33	16,311	(16,291)	(3,560)	Associate

Note: Please refer to Table 7 for information on investment in mainland China.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 7

(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023	Note
					Outward	Inward							
Techone (Shanghai) Co., Ltd.	Technical service for network technology	\$ 13,245 (RMB 3,000)	(Note 1)	\$ 9,118	\$ -	\$ -	\$ 9,118	\$ 805	70%	\$ 564	\$ 14,206	\$ -	—

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2023	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	\$ 2,409,927

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, 2023.

Note 3 : According to the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAIC), the limit is 60% of the Company's net worth or the Group's net worth, whichever is higher (the Group's net worth $4,016,545 \times 60\% = 2,409,927$).

Note 4 : For foreign currency conversion, gain (loss) are converted by the average exchange rate in 2023 Q3. Other amounts are converted into New Taiwan Dollars by the exchange rate on September 30, 2023.