

ZERO ONE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 AND
INDEPENDENT AUDITORS' REVIEW REPORT

Address: 10F., No.8, Ln. 360, Sec. 1, Neihu Rd., Neihu Dist., Taipei City.

Office Number : +886 2 2656 5656

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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 March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended March 31, 2024 and 2023, 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2024 and 2023 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 Cheng-Hsiu Chang and Pei-De Chen.

Deloitte & Touche

Taipei, Taiwan
Republic of China

May 10, 2024

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

March 31, 2024, December 31, 2023, and March 31, 2023

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 806,911	8	\$ 492,357	6	\$ 1,123,321	14
Financial assets at fair value through profit or loss (Note 7)	905,383	10	826,856	10	1,010,085	13
Financial assets at fair value through other comprehensive income (Note 8)	-	-	3,920	-	3,120	-
Financial assets at amortized cost (Notes 9 and 10)	696,214	7	765,877	10	179,020	2
Notes receivable (Note 11)	246,446	3	169,521	2	199,673	3
Trade receivables (Notes 11 and 29)	3,539,662	37	3,107,546	39	3,018,051	39
Inventories (Note 12)	1,066,620	11	1,273,074	16	1,242,116	16
Other current assets (Note 29)	59,885	1	38,349	1	45,391	1
Total current assets	<u>7,321,121</u>	<u>77</u>	<u>6,677,500</u>	<u>84</u>	<u>6,820,777</u>	<u>88</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	66,289	1	63,639	1	36,907	1
Financial assets at fair value through other comprehensive income (Note 8)	511,366	5	463,080	6	345,537	4
Financial assets at amortized cost (Notes 9, 10 and 30)	140,638	1	136,446	2	133,138	2
Investment accounted for using equity method (Note 14)	1,160	-	2,089	-	27,493	-
Property, plant and equipment (Notes 15 and 30)	722,684	8	560,222	7	311,222	4
Right-of-use assets (Note 16)	62,241	1	21,727	-	22,510	-
Other intangible assets	2,237	-	2,733	-	3,829	-
Goodwill (Notes 17 and 26)	631,382	7	-	-	-	-
Deferred tax assets	42,671	-	40,557	-	50,484	1
Prepayments for equipment	10,380	-	300	-	-	-
Refundable deposits	22,854	-	10,983	-	9,267	-
Total non-current assets	<u>2,213,902</u>	<u>23</u>	<u>1,301,776</u>	<u>16</u>	<u>940,387</u>	<u>12</u>
TOTAL	<u>\$ 9,535,023</u>	<u>100</u>	<u>\$ 7,979,276</u>	<u>100</u>	<u>\$ 7,761,164</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables (Note 29)	\$ 3,046,410	32	\$ 3,001,768	38	\$ 2,902,718	37
Other payables (Note 18)	870,209	9	274,533	3	740,004	10
Current tax liabilities	174,367	2	82,154	1	143,416	2
Lease liabilities (Note 16)	43,072	-	13,535	-	13,425	-
Other current liabilities (Note 21)	282,670	3	290,320	4	308,340	4
Total current liabilities	<u>4,416,728</u>	<u>46</u>	<u>3,662,310</u>	<u>46</u>	<u>4,107,903</u>	<u>53</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	2,500	-	7,395	-	4,189	-
Lease liabilities (Note 16)	19,051	1	8,362	-	9,222	-
Net defined benefit liabilities (Note 19)	10,412	-	11,126	-	12,580	-
Other non-current liabilities	2,800	-	3,486	-	800	-
Total non-current liabilities	<u>34,763</u>	<u>1</u>	<u>30,369</u>	<u>-</u>	<u>26,791</u>	<u>-</u>
Total liabilities	<u>4,451,491</u>	<u>47</u>	<u>3,692,679</u>	<u>46</u>	<u>4,134,694</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	1,546,092	16	1,543,687	19	1,533,147	20
Capital surplus	1,249,600	13	1,248,647	16	1,241,099	16
Retained earnings						
Legal reserve	382,868	4	382,868	5	322,518	4
Unappropriated earnings	487,882	5	906,406	11	453,579	6
Total retained earnings	<u>870,750</u>	<u>9</u>	<u>1,289,274</u>	<u>16</u>	<u>776,097</u>	<u>10</u>
Other equity	103,037	1	54,029	1	41,696	-
Total equity attributable to owners of the Company	<u>3,769,479</u>	<u>39</u>	<u>4,135,637</u>	<u>52</u>	<u>3,592,039</u>	<u>46</u>
NON-CONTROLLING INTERESTS	<u>1,314,053</u>	<u>14</u>	<u>150,960</u>	<u>2</u>	<u>34,431</u>	<u>1</u>
Total equity	<u>5,083,532</u>	<u>53</u>	<u>4,286,597</u>	<u>54</u>	<u>3,626,470</u>	<u>47</u>
TOTAL	<u>\$ 9,535,023</u>	<u>100</u>	<u>\$ 7,979,276</u>	<u>100</u>	<u>\$ 7,761,164</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

For the three months ended March 31, 2024 and 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 29)	\$ 4,005,205	100	\$ 3,720,158	100
OPERATING COSTS (Notes 12, 22 and 29)	<u>3,486,348</u>	<u>87</u>	<u>3,309,054</u>	<u>89</u>
GROSS PROFIT	<u>518,857</u>	<u>13</u>	<u>411,104</u>	<u>11</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	190,353	5	162,891	4
General and administrative expenses	68,373	2	36,851	1
Research and development expenses	5,894	-	4,708	-
Reversal of expected credit loss (Note 11)	(<u>3,288</u>)	<u>-</u>	(<u>2,642</u>)	<u>-</u>
Total operating expenses	<u>261,332</u>	<u>7</u>	<u>201,808</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>257,525</u>	<u>6</u>	<u>209,296</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	11,467	1	4,808	-
Other income	2,673	-	74	-
Other gains and losses (Note 22)	5,408	-	12,663	-
Finance costs	(1,209)	-	(77)	-
Expected credit loss (Note 10)	-	-	(681)	-
Share of loss of associates accounted for using equity method	(<u>929</u>)	<u>-</u>	(<u>3,932</u>)	<u>-</u>
Total non-operating income and expenses	<u>17,410</u>	<u>1</u>	<u>12,855</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	274,935	7	222,151	6
INCOME TAX EXPENSE (Note 23)	<u>52,299</u>	<u>1</u>	<u>44,167</u>	<u>1</u>
NET PROFIT	<u>222,636</u>	<u>6</u>	<u>177,984</u>	<u>5</u>

(Continued)

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended March 31, 2024 and 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 48,690	1	\$ 15,069	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>680</u>	-	<u>98</u>	-
Other comprehensive income (loss) for the period, net of income tax	<u>49,370</u>	<u>1</u>	<u>15,167</u>	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 272,006</u>	<u>7</u>	<u>\$ 193,151</u>	<u>5</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 199,733	5	\$ 178,658	5
Non-controlling interests	<u>22,903</u>	<u>1</u>	<u>(674)</u>	-
	<u>\$ 222,636</u>	<u>6</u>	<u>\$ 177,984</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 248,913	6	\$ 193,803	5
Non-controlling interests	<u>23,093</u>	<u>1</u>	<u>(652)</u>	-
	<u>\$ 272,006</u>	<u>7</u>	<u>\$ 193,151</u>	<u>5</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.29</u>		<u>\$ 1.17</u>	
Diluted	<u>\$ 1.29</u>		<u>\$ 1.15</u>	

(Concluded)

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY For the three months ended March 31, 2024 and 2023 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Equity Attributable to Owners of the Company												
	Share Capital						Other Equity						
	Shares (In Thousand)	Ordinary shares	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on Financial Assets at FVTOCI	Unearned Employee benefits	Total	Total	Non-controlling Interests	Total Equity
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 :													
Cash dividends - \$3.6 per share	-	-	-	-	(551,080)	(551,080)	-	-	-	-	(551,080)	-	(551,080)
Net profit (loss) for the three months ended March 31, 2023	-	-	-	-	178,658	178,658	-	-	-	-	178,658	(674)	177,984
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	69	15,076	-	15,145	15,145	22	15,167
Total comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	178,658	178,658	69	15,076	-	15,145	193,803	(652)	193,151
Changes in equity of associates accounted for using equity method	-	-	(1,027)	-	(2,576)	(2,576)	-	-	-	-	(3,603)	-	(3,603)
Share based payment transaction - employee restricted shares	-	-	-	-	-	-	-	-	296	296	296	-	296
Issuance of ordinary shares under employee stock options	283	2,830	1,498	-	-	-	-	-	-	-	4,328	-	4,328
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	83	83	-	(83)	-	(83)	-	-	-
BALANCE, MARCH 31, 2023	153,315	\$ 1,533,147	\$ 1,241,099	\$ 322,518	\$ 453,579	\$ 776,097	\$ 236	\$ 41,658	(\$ 198)	\$ 41,696	\$ 3,592,039	\$ 34,431	\$ 3,626,470
BALANCE, JANUARY 1, 2024	154,369	\$ 1,543,687	\$ 1,248,647	\$ 382,868	\$ 906,406	\$ 1,289,274	(\$ 135)	\$ 54,164	\$ -	\$ 54,029	\$ 4,135,637	\$ 150,960	\$ 4,286,597
Appropriation of the 2023 earnings :													
Cash dividends - \$4.0 per share	-	-	-	-	(618,429)	(618,429)	-	-	-	-	(618,429)	-	(618,429)
Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	199,733	199,733	-	-	-	-	199,733	22,903	222,636
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	476	48,704	-	49,180	49,180	190	49,370
Total comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	199,733	199,733	476	48,704	-	49,180	248,913	23,093	272,006
Issuance of ordinary shares under employee stock options	241	2,405	953	-	-	-	-	-	-	-	3,358	-	3,358
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	172	172	-	(172)	-	(172)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,140,000	1,140,000
BALANCE, MARCH 31, 2024	154,610	\$ 1,546,092	\$ 1,249,600	\$ 382,868	\$ 487,882	\$ 870,750	\$ 341	\$ 102,696	\$ -	\$ 103,037	\$ 3,769,479	\$ 1,314,053	\$ 5,083,532

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 274,935	\$ 222,151
Adjustments for:		
Depreciation expenses	12,298	8,215
Amortization expenses	496	528
Reversal of expected credit loss	(3,288)	(1,961)
Net gain on fair value changes of financial assets at fair value through profit or loss	(6,842)	(6,354)
Finance costs	1,209	77
Interest income	(11,467)	(4,808)
Dividend income	(70)	(64)
Compensation costs of employee stock options	-	296
Share of loss of associates accounted for using equity method	929	3,932
Write-down of inventories	8,190	8,619
Net gain on foreign currency exchange	(6,221)	(3,102)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(74,335)	15
Notes receivable	(66,565)	129,065
Trade receivables	99,191	(441,434)
Inventories	337,502	707,771
Other current assets	3,961	(9,123)
Trade payables	(156,861)	(427,779)
Other payables	(109,191)	(68,868)
Other current liabilities	(21,745)	9,221
Net defined benefit liabilities	(714)	(708)
Cash generated from operations	281,412	125,689
Income tax paid	(571)	(379)
Net cash generated from operating activities	<u>280,841</u>	<u>125,310</u>

(Continued)

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	(\$ 15,000)
Proceeds from sale of financial assets at fair value through other comprehensive income	4,324	2,423
Purchase of financial assets at amortized cost	(709,362)	(191,988)
Proceeds from sale of financial assets at amortized cost	856,190	161,402
Acquisition of investments accounted for using equity method	-	(7,400)
Net cash inflow on acquisition of subsidiary	243,021	-
Payments for property, plant and equipment	(4,904)	(1,293)
Increase in refundable deposits	(1,631)	(1,137)
Increase in prepayments for equipment	(10,080)	-
Interest received	6,191	2,684
Dividend received	<u>151</u>	<u>64</u>
Net cash generated from (used in) investing activities	<u>383,900</u>	<u>(50,245)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(284,766)	-
Repayments of long-term borrowings	(68,148)	-
Refund of guarantee deposits received	(686)	-
Repayment of the principal portion of lease liabilities	(6,943)	(3,837)
Exercise of employee share options	3,358	4,328
Interest paid	<u>(1,209)</u>	<u>(77)</u>
Net cash generated from financing activities	<u>(358,394)</u>	<u>414</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>8,207</u>	<u>(6,317)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	314,554	69,162
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>492,357</u>	<u>1,054,159</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 806,911</u>	<u>\$ 1,123,321</u>

(Concluded)

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 and 2023
(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 consolidated financial statements were approved by the Board of Directors on May 10, 2024.

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

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

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

(2) The IFRS Accounting Standards in issue by the IASB but not yet endorsed and issued into effect by the FSC

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
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 to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as 'other' only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment 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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities, which can be acquired during measurement date;
- 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);
- 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 Company and the entities controlled by the Company (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, Table 6 and Table 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 2023.

A. Classification of current and non-current assets and liabilities

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

B. Retirement benefits

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

C. Taxation

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

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

In the application of the Group's accounting policies, the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing significant accounting estimates, the Group will take into account various possible impacts on cash flow estimates, growth rates, discount rates, profitability and other related major estimates. Management will continue to review estimates and basic assumptions.

Material Accounting Judgments

Control over Subsidiaries

As discussed in Note 13, although the Group has obtained less than half of equity of UNICOMP INFORMATION CO., LTD., the management of the Group has obtained more than half of the director seats of UNICOMP INFORMATION CO., LTD., as well as written agreements of other major shareholders, and is capable of exercising more than half of the voting rights; therefore, the management of the Group assesses that it has the substantial capacity of control over related activities of UNICOMP INFORMATION CO., LTD., and thus, has control over the company.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and revolving funds	\$ 876	\$ 188	\$ 193
Checking accounts and demand deposits	784,942	443,655	878,369
Cash equivalents			
Time deposits	<u>21,093</u>	<u>48,514</u>	<u>244,759</u>
	<u>\$ 806,911</u>	<u>\$ 492,357</u>	<u>\$ 1,123,321</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets – current</u>			
Mandatorily measured at FVTPL			
Domestic convertible bond	\$ 53,865	\$ 56,809	\$ 41,331
Domestic listed ordinary shares	-	-	5,679
Fund beneficiary certificates	<u>851,518</u>	<u>770,047</u>	<u>963,075</u>
	<u>\$ 905,383</u>	<u>\$ 826,856</u>	<u>\$ 1,010,085</u>
<u>Financial assets – non-current</u>			
Mandatorily measured at FVTPL			
Domestic listed preferred shares	\$ 8,181	\$ 8,038	\$ 14,119
Domestic unlisted preferred shares	110	110	-
Fund beneficiary certificates	<u>57,998</u>	<u>55,491</u>	<u>22,788</u>
	<u>\$ 66,289</u>	<u>\$ 63,639</u>	<u>\$ 36,907</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investment			
Listed ordinary shares	<u>\$ -</u>	<u>\$ 3,920</u>	<u>\$ 3,120</u>
<u>Non-current</u>			
Domestic investment			
Listed ordinary shares	\$ 191,767	\$ 143,363	\$ 127,602
Listed preferred shares	150,359	150,477	163,985
Unlisted shares	<u>169,240</u>	<u>169,240</u>	<u>53,950</u>
	<u>\$ 511,366</u>	<u>\$ 463,080</u>	<u>\$ 345,537</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than three months (1)	\$ 555,014	\$ 639,857	\$ 179,020
Pledged time deposit (3)	13,200	3,200	-
Repurchase agreements collateralized by bonds (2)	<u>128,000</u>	<u>122,820</u>	<u>-</u>
	<u>\$ 696,214</u>	<u>\$ 765,877</u>	<u>\$ 179,020</u>

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investment			
Pledged time deposit (3)	\$ 42,573	\$ 42,393	\$ 39,627
Foreign investment			
Perusahaan Listrik Negara corporate bond (USD) (4)	33,875	32,519	32,294
Southern California Edison corporate bond (USD) (5)	17,318	16,626	16,514
British Telecommunications plc corporate bond (USD) (6)	16,229	15,573	15,447
TSMC Arizona corporate bond (USD) (7)	<u>31,596</u>	<u>30,288</u>	<u>29,937</u>
	141,591	137,399	133,819
Less: Allowance for impairment loss	(953)	(953)	(681)
	<u>\$ 140,638</u>	<u>\$ 136,446</u>	<u>\$ 133,138</u>

(Concluded)

- (1) As of March 31, 2024, December 31, 2023 and March 31, 2023, the market interest rate intervals of time deposit with original maturities of more than three months were 1.51%~5.57%, 1.385%~5.57% and 1.20%~5.00%, respectively.
- (2) As of March 31, 2024 and December 31, 2023, the market interest rate intervals of repurchase agreements collateralized by bonds with original maturities of more than three months were both 5.00%.
- (3) Please refer to Note 30 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

	March 31, 2024	December 31, 2024	March 31, 2023
Gross carrying amount	\$ 837,805	\$ 903,276	\$ 312,839
Less: Allowance for impairment loss	(953)	(953)	(681)
Amortized cost	<u>\$ 836,852</u>	<u>\$ 902,323</u>	<u>\$ 312,158</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

	March 31, 2024	December 31, 2023	March 31, 2023
Measured at amortized cost			
Notes receivable	\$ 246,446	\$ 169,521	\$ 199,673
Trade receivable	3,565,620	3,130,648	3,025,846
Overdue receivables	5,549	5,549	6,857
Less: Allowance for impairment loss - trade receivable	(25,958)	(23,102)	(7,795)
Less: Allowance for impairment loss - overdue receivable	(5,549)	(5,549)	(6,857)
	<u>\$ 3,786,108</u>	<u>\$ 3,277,067</u>	<u>\$ 3,217,724</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:

March 31, 2024

	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	\$ 3,692,378	\$ 83,791	\$ 21,743	\$ 12,646	\$ 7,057	\$ 3,817,615
Loss allowance (Lifetime ECLs)	(8,783)	(5,196)	(7,517)	(3,452)	(6,559)	(31,507)
Amortized cost	<u>\$ 3,683,595</u>	<u>\$ 78,595</u>	<u>\$ 14,226</u>	<u>\$ 9,194</u>	<u>\$ 498</u>	<u>\$ 3,786,108</u>

December 31, 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	\$ 3,272,640	\$ 6,244	\$ 2,513	\$ 13,153	\$ 11,168	\$ 3,305,718
Loss allowance (Lifetime ECLs)	(8,466)	(1,556)	(785)	(6,676)	(11,168)	(28,651)
Amortized cost	<u>\$ 3,264,174</u>	<u>\$ 4,688</u>	<u>\$ 1,728</u>	<u>\$ 6,477</u>	<u>\$ -</u>	<u>\$ 3,277,067</u>

March 31, 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	\$ 3,220,066	\$ 1,908	\$ 2,340	\$ 742	\$ 7,320	\$ 3,232,376
Loss allowance (Lifetime ECLs)	(6,186)	(390)	(477)	(279)	(7,320)	(14,652)
Amortized cost	<u>\$ 3,213,880</u>	<u>\$ 1,518</u>	<u>\$ 1,863</u>	<u>\$ 463</u>	<u>\$ -</u>	<u>\$ 3,217,724</u>

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

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Balance at January 1	\$ 28,651	\$ 17,294
Add: Acquisitions through business combinations	6,144	-
Deduct: Reversal of loss allowance	(3,288)	(2,642)
Balance at March 31	<u>\$ 31,507</u>	<u>\$ 14,652</u>

12. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 699	\$ 868	\$ 2,214
Work in process	599	701	1,262
Finished goods	232	289	320
Commodities	<u>1,065,090</u>	<u>1,271,216</u>	<u>1,238,320</u>
	<u>\$ 1,066,620</u>	<u>\$ 1,273,074</u>	<u>\$ 1,242,116</u>

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

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Cost of inventories sold	\$ 3,467,100	\$ 3,294,343
Inventory write-downs (reversal of write-down of inventories)	<u>8,190</u>	<u>8,619</u>
	<u>\$ 3,475,290</u>	<u>\$ 3,302,962</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
			March 31, 2024	December 31, 2023	March 31, 2023	
ZOTC	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%	1
	Asiaone Holdings Ltd.	Holding company	100.00%	100.00%	100.00%	2
Zerone Win Investment Co., Ltd.	Wing Will International Co., Ltd.	Services of cloud information software	90.80%	99.99%	99.99%	3
	Petacom Technology Co., Ltd.	Services of distribution of information product	51.00%	51.00%	100.00%	4

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
	DigiCosmos Tech. Co., Ltd.	Services of information security consulting	50.00%	50.00%	50.00%	5
	LinkONE Digital CO., LTD.	Consulting services for digital transformation such as AI, data, and cloud service	100.00%	-	-	6
	TerraONE Tech CO., LTD.	Distribution for information security products	100.00%	-	-	6
	TerraONE Tech CO., LTD.	Distribution for information security products	100.00%	-	-	6
	UNICOMP INFORMATION CO., LTD. (“UNICOMP”)	Distribution for information products and related services	20.00%	-	-	7
Asiaone Holdings Ltd.	Techone (Shanghai) Co., Ltd.	Information commodity trading and network technology services	70.00%	70.00%	70.00%	-
	TECHONE VIETNAM TECHNOLOGY COMPANY LIMITED	Information commodity trading and network technology services	70.00%	70.00%	-	8

(Concluded)

1. The Group participated in a cash capital increase of \$350,000 thousand in January 2024, and the shareholding ratio remained unchanged after the capital increase.
2. The Group participated in a cash capital increase of \$12,145 thousand in September 2023, and the shareholding ratio remained unchanged after the capital increase.
3. In April 2023, the Group did not participate in the cash capital increase according to the shareholding ratio, resulting in the shareholding ratio being reduced to 90.80%.
4. In October 2023, the Group did not participate in the cash capital increase according to the shareholding ratio, resulting in the shareholding ratio being reduced to 51%.
5. The Group holds 50% of the shares of DigiCosmos Tech. Co., Ltd. Since the Group holds a majority of directors' seats, it is evident that the Group has the substantive ability to lead DigiCosmos' relevant activities, in consequence, DigiCosmos Tech. Co., Ltd. is listed as a subsidiary.

6. It was established in January 2024.
7. In February 2024, the Group participated in UNICOMP's cash capital increase, acquiring 20% of the company's equity with \$285,000 thousand in cash. In the same month, the Group also obtained more than half of the director seats and written agreements of other major shareholders, and is thus capable of exercising more than half of the voting rights. Therefore, the management of the Group assesses that it has the substantial capacity of control over related activities of UNICOMP, and thus, deems it a subsidiary.
8. It was established in November 2023.

Except for UNICOMP, the rest of the above-mentioned subsidiaries are not major subsidiaries, and their 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.

(3) Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non- controlling Interests March 31, 2024
UNICOMP	80%

See Tables 6 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests From February 1 to March 31, 2024	Accumulated Non- controlling Interests March 31, 2024
UNICOMP	<u>\$ 25,819</u>	<u>\$ 1,165,820</u>

The summarized financial information of UNICOMP represents amounts before intragroup eliminations.

UNICOMP

	March 31, 2024
Current assets	\$ 932,512
Non-current assets	833,888
Current liabilities	(299,891)
Non-current liabilities	(9,235)
Equity	<u>\$ 1,457,274</u>
Equity	
Owners of UNICOMP	\$ 291,454
Non-controlling interests of UNICOMP	<u>1,165,820</u>
	<u>\$ 1,457,274</u>

	From February 1 to March 31, 2024
Revenue	<u>\$ 343,166</u>
Net profit	\$ 32,274
Other comprehensive income (loss)	<u>-</u>
Total comprehensive income (loss)	<u>\$ 32,274</u>
Profit attributable to:	
Owners of UNICOMP	\$ 6,455
Non-controlling interests of UNICOMP	<u>25,819</u>
	<u>\$ 32,274</u>
Cash inflow/(outflow) from:	
Operating activities	\$ 31,583
Investing activities	64,017
Financing activities	(70,183)
Net cash inflow/(outflow)	<u>\$ 25,417</u>

14. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates	March 31, 2024	December 31, 2023	March 31, 2023
Individual Insignificant Associate			
TrustONE Security Inc.	\$ 1,160	\$ 2,089	\$ 2,976
Leukocyte-Lab Co. Ltd.	-	-	5,714
Infinitesoft Solutions Inc.	-	-	18,803
	<u>\$ 1,160</u>	<u>\$ 2,089</u>	<u>\$ 27,493</u>

Name of Associates	Percentage of Equity Holding and Voting Rights		
	March 31, 2024	December 31, 2023	March 31, 2023
TrustONE Security Inc.	32.00%	32.00%	32.00%
Leukocyte-Lab Co. Ltd.	26.56%	26.56%	43.04%
Infinitesoft Solutions Inc.	-	-	24.33%

The Group acquired 32% of the equity of TrustONE Security Inc. in February 2021 with the investment amount of \$4,000 and increased its capital according to the shareholding ratio with the investment amount of \$3,200 thousand and \$2,400 thousand respectively in January 2022 and March 2023.

The Group invested in Leukocyte-Lab Co. Ltd. in September 2021 with the investment amount of \$11,500 thousand and share-holding ratio of 37.5%. The Group did not participate in the cash capital increase of Leukocyte-Lab Co. Ltd. in November 2022, resulting in decrease of the shareholding ratio to 34.78%. The Group participated its cash capital increase of \$5,000 thousand in March 2023, resulting in the increase of share-holding ratio to 43.04%; however, in August 2023, the share-holding ratio was reduced to 26.56% as the Group did not participate in its cash capital increase.

The Group evaluated the recoverable amount of Leukocyte-Lab Co. Ltd. based on the net asset value and it was lower than the book value. In 2023, an impairment loss of \$6,205 thousand was recognized and recorded under the equity method investment loss.

In 2023, the Group stopped recognizing further loss under the equity method when the investment losses exceeded the original investment cost as the Group did not continue to support Leukocyte-Lab Co. Ltd.'s operations and finances. The amounts of unrecognized share of losses of associate extracted from the relevant financial statements of the associate, both for the period and cumulatively, were as follows:

	For the Three Months Ended March 31, 2024
Unrecognized share of losses of associate	
Amount for the period	(\$ 452)
Accumulated amount	(\$ 452)

The Group acquire the shares of InfinitiesSoft Solutions Inc. for \$9,000 thousand in June 2022, resulting in the increase of the share-holding ratio from 15% to 24.33%. Consequently, the Group then had the significant influence over InfinitiesSoft Solutions Inc., and had transferred financial assets at fair value through other comprehensive profit or loss to investments using the equity method. However, as the Group did not participate in InfinitiesSoft Solutions Inc.'s cash capital increase in December 2023, the shareholding ratio was reduced to 14.31%. and consequently losing its significant influence over InfinitiesSoft Solutions Inc. Subsequently the financial assets measured at fair value through other comprehensive gains and losses was recognized as the disposal of investment profits amounting to \$20,977 thousand.

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 impacts.

15. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 607,622	\$ 470,859	\$ 234,892
Buildings	82,178	69,033	50,615
Machinery equipment	-	5	52
Office equipment	14,349	10,559	10,497
Delivery equipment	3,147	-	-
Other equipment	15,388	9,766	15,166
	<u>\$ 722,684</u>	<u>\$ 560,222</u>	<u>\$ 311,222</u>

Except for depreciation recognized and acquisitions through business combinations, property, plant and equipment of the Group were not significantly increased, disposed or impaired for the three months ended March 31, 2024 and 2023.

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 30.

16. LEASE ARRANGEMENTS

(1) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts of right-of-use assets			
Buildings	\$ 43,831	\$ 21,727	\$ 22,510
Delivery equipment	18,410	-	-
	<u>\$ 62,241</u>	<u>\$ 21,727</u>	<u>\$ 22,510</u>

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Additions to right-of-use assets	<u>\$ 17,417</u>	<u>\$ 1,381</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 5,601	\$ 3,745
Delivery equipment	<u>1,268</u>	<u>-</u>
	<u>\$ 6,869</u>	<u>\$ 3,745</u>

(2) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts of lease liabilities			
Current	<u>\$ 43,072</u>	<u>\$ 13,535</u>	<u>\$ 13,425</u>
Non-current	<u>\$ 19,051</u>	<u>\$ 8,362</u>	<u>\$ 9,222</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	0.75%~3.95%	0.75%~4.75%	0.75%~4.75%
Delivery equipment	2.20%~2.39%	-	-

(3) Other lease information

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Expenses relating to short-term leases	<u>\$ 270</u>	<u>\$ 134</u>
Expenses relating to low-value asset leases	<u>\$ 76</u>	<u>\$ 58</u>
Total cash (outflow) for leases	<u>(\$ 7,452)</u>	<u>(\$ 4,106)</u>

17. GOODWILL

	For the Three Months Ended March 31, 2024
Cost	
Balance at January 1	\$ -
Additional amounts recognized from business combinations that occurred during the period (Note 26)	<u>631,382</u>
Balance at March 31	<u>\$ 631,382</u>

18. OTHER PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Dividends payable	\$ 618,429	\$ -	\$ 551,080
Salaries and bonuses payable	110,649	144,128	61,929
Compensation of employees and directors payable	38,964	40,964	45,881
Sales tax payable	28,841	20,405	16,557
Others	<u>73,326</u>	<u>69,036</u>	<u>64,557</u>
	<u>\$ 870,209</u>	<u>\$ 274,533</u>	<u>\$ 740,004</u>

19. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2024 and 2023, the pension expenses of defined benefit plans were \$32 thousand and \$38 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

20. EQUITY

(1) Ordinary Shares

	March 31, 2023	December 31, 2023	March 31, 2023
Shares authorized (in thousands of shares)	200,000	200,000	200,000
Authorized capital	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Shares issued and fully paid (in thousands of shares)	154,610	154,369	153,315
Issued capital	\$ 1,546,092	\$ 1,543,687	\$ 1,533,147

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

For the purposes of enhancing the Company's operational capital enrichment and strengthening the financial structure as well as to meet other capital needs for the Company's long-term operation and development, and to consider the cost of fund raising and the timeliness and convenience of introducing strategic cooperative partners, the Company's Board of Directors resolved to conduct private placement of common shares within the limit of no more than 20,000 thousand common stocks on February 27, 2024. The targets of this private placement is limited to specific persons who comply with the provisions of Article 43-6 of the Securities and Exchange Act and other relevant laws and regulations and the relevant interpretations of the competent authorities. This private placement is yet to be approved by the shareholders' meeting expected to be held on May 27, 2024. For relevant information, please refer to the website of "Market Observation Post System" of TWSE.

(2) Capital Surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<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	\$ 1,170,897	\$ 1,169,944	\$ 1,165,786
Treasury stock transactions	25,343	25,343	25,343
From exercised and invalid employees stock options	39,093	37,472	30,370
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	8,426	6,712
<u>May be used to offset a deficit only</u>			
Recognized changes in the associates using the equity method	2,840	2,840	-
Recognized changes in the ownership interests of subsidiaries	456	456	-
Exercise of right of disgorgement	94	94	-
<u>May not be used for any purpose</u>			
Employees restricted shares	-	-	1,714
Employees stock options	2,383	4,004	11,106
	<u>\$ 1,249,600</u>	<u>\$ 1,248,647</u>	<u>\$ 1,241,099</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 and once a year).

(3) Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles of Incorporation, where ZOTC earns profits in a fiscal year, such profit shall first be set aside to pay applicable taxes, offset losses of previous years, then set aside 10% for legal reserve, and also set aside or reverse a special reserve in accordance with the laws and regulations. Should there be any remaining profits, those profits, plus the accumulated undistributed retained earnings from the previous year shall be used first by ZOTC's board of directors as the basis for proposing a distribution plan of dividends for preferred shares for the same year, any further remaining unappropriated earnings after the distribution of dividends of preferred shares shall be distributed in accordance with the proposal submitted by the board of directors, for approval at the shareholders' meeting. The distributable dividends and bonuses may be paid in cash after a supermajority resolution of the board of directors, which shall be submitted to the shareholders' meeting. For the policies on the distribution of employees' and directors' compensation, refer to compensation of employees and 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 2023 and 2022 are as follows:

	For Fiscal Year 2023	For Fiscal Year 2022
Legal reserve	\$ 68,934	\$ 60,350
Cash dividends	\$ 618,429	\$ 551,080
Cash dividends per share (\$)	\$ 4.0	\$ 3.6

The cash dividends listed above were approved by the board of directors on February 27, 2024 and February 21, 2023, respectively. The appropriations of earnings for 2022 have been approved by ZOTC's shareholder's meeting held on May 30, 2023. The appropriations of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held on May 27, 2024.

21. REVENUE

(1) Income from contracts with clients

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Sales revenue	\$ 3,967,191	\$ 3,691,142
Service revenue	38,014	29,016
	<u>\$ 4,005,205</u>	<u>\$ 3,720,158</u>

(2) Remaining balance of the contracts

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable (Note 11)	\$ 246,446	\$ 169,521	\$ 199,673
Trade receivable (Note 11)	\$ 3,539,662	\$ 3,107,546	\$ 3,018,051
Contract liability (Other current liabilities)	\$ 81,422	\$ 73,790	\$ 40,444

22. NET INCOME

(1) Other gains and losses

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Net foreign exchange (loss) profit	(\$ 1,434)	\$ 6,309
Net gain arising on financial assets measured at FVTPL	<u>6,842</u>	<u>6,354</u>
	<u>\$ 5,408</u>	<u>\$ 12,663</u>

(2) Depreciation & amortization

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Property, plant and equipment	\$ 5,429	\$ 4,470
Right-of-use assets	6,869	3,745
Intangible assets	<u>496</u>	<u>528</u>
	<u>\$ 12,794</u>	<u>\$ 8,743</u>
 An analysis of depreciation by function		
Operating cost	\$ 24	\$ 24
Operating expenses	<u>12,274</u>	<u>8,191</u>
	<u>\$ 12,298</u>	<u>\$ 8,215</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 496</u>	<u>\$ 528</u>

(3) Employee benefits expense

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Post-employment benefits		
Defined contribution plans	\$ 5,944	\$ 3,967
Defined benefit plans (Note 19)	<u>32</u>	<u>38</u>
	<u>5,976</u>	<u>4,005</u>
Share-based payment		
Equity-settled (Note 25)	<u>-</u>	<u>296</u>
Other employee benefits	<u>188,479</u>	<u>139,088</u>
Total employee benefits expense	<u>\$ 194,455</u>	<u>\$ 143,389</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 8,496	\$ 5,895
Operating expenses	<u>185,959</u>	<u>137,494</u>
	<u>\$ 194,455</u>	<u>\$ 143,389</u>

(4) Compensation of employees and directors

ZOTC shall allocate compensation of employees and 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 directors for the three months ended March 31, 2024 and 2023 is as follows:

Estimate Rate

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Compensation of employees	2.851%	2.593%
Compensation of directors	1.416%	1.297%

Amount

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2022
Compensation of employees	<u>\$ 7,350</u>	<u>\$ 7,764</u>
Compensation of directors	<u>\$ 3,650</u>	<u>\$ 2,911</u>

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 directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 27, 2024 and February 21, 2023, respectively, are as follows:

	For Fiscal Year 2023	For Fiscal Year 2022
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 27,000	\$ 24,000
Compensation of directors	13,000	12,000

There is no difference between the actual amounts of director's compensation for 2023 paid, the actual amounts of employees' and director's compensation for 2022 paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022. The compensation of employees for 2023 has not been actually paid yet.

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

23. INCOME TAXES

(1) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Current tax		
In respect of the current period	\$ 59,308	\$ 45,638
Deferred tax		
In respect of the current period	(7,009)	(1,471)
Income tax expense recognized in profit or loss	<u>\$ 52,299</u>	<u>\$ 44,167</u>

(2) Income tax assessment

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

<u>Company</u>	<u>Year of Assessment</u>
The Company	2021
Zotech Co., Ltd.	2022
Zerone Win Investment Co., Ltd.	2022
WingWill International Co., Ltd.	2022
Petacom Technology Co., Ltd	2021
DigiCosmos Tech. Co., Ltd.	2022
LinkONE Digital CO., LTD.	Note
TerraONE Tech CO., LTD.	Note
UNICOMP INFORMATION CO., LTD.	2021

Note: It was established in January 2024.

24. EARNINGS PER SHARE

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

Net Profit for the Period

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 199,733</u>	<u>\$ 178,658</u>

Shares

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	154,529	152,974
Effect of potentially dilutive ordinary shares:		
Compensation of employees	336	395
Employee stock options	384	1,313
Employee restricted shares	<u>-</u>	<u>163</u>
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	<u>155,249</u>	<u>154,845</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 January 2018, and September 2018, 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 Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
<u>Employee stock options</u>	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (\$)
Balance at January 1	636	\$ 14.24	1,973	\$ 15.15
Options exercised	(241)	13.97	(283)	15.29
Options outstanding at March 31	<u>395</u>	13.70	<u>1,690</u>	14.05
Options exercisable at March 31	<u>395</u>		<u>1,690</u>	

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

March 31, 2024		December 31, 2023		March 31, 2023	
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)	0.01	\$ 13.20 (Note)	0.76
13.70 (Note)	0.42	14.40 (Note)	0.67	14.40 (Note)	1.42

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 as follows:

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

(2) Employee restricted shares

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

An employee who remains employed at the company after the period as follows has elapsed from the time of employee restricted shares 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 shares, 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 year has elapsed from the time of employee restricted shares, 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 year has elapsed from the time of employee restricted shares, 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 year has elapsed from the time of employee restricted shares, 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 shares as employees breach the labor contract and working regulations, for the employee restricted shares that don't meet the vesting conditions.

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

Compensation costs by issuance of employee restricted shares recognized were \$296 thousand for the three months ended March 31, 2023.

26. BUSINESS COMBINATIONS

(1) Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
UNICOMP	Distribution for information products and related services	February 1, 2024	20%	<u>\$ 285,000</u>

In February 2024, the Group participated in UNICOMP's cash capital increase, acquiring 20% of the company's equity with \$285,000 thousand in cash. In the same month, the Group also obtained more than half of the director seats and written agreements of other major shareholders, and is thus capable of exercising more than half of the voting rights. As a result, it has gained actual management right of UNICOMP and thus included the company in its consolidated financial statements.

(2) Assets acquired and liabilities assumed at the date of acquisition

	UNICOMP
Current assets	
Cash and cash equivalents	\$ 528,021
Trade and other receivables	545,481
Inventories	148,384
Other	85,524
Non-current assets	
Property, plant and equipment	153,831
Other	39,051
Current liabilities	
Short-term borrowings	(284,766)
Trade and other payables	(276,246)
Other	(57,016)
Non-current liabilities	
Long-term borrowings	(68,148)
Deferred tax liabilities	(20,498)
	<u>\$ 793,618</u>

The initial accounting process for the acquisition of UNICOMP is provisional as of the date of balance sheet. As of the date of issuance of this consolidated financial statement, the required market valuations and other calculations have not been completed. Therefore, the asset and liability values are temporarily based on the best estimates of the management of the Group.

(3) Non-controlling interests

The non-controlling interest in UNICOMP (an 80% ownership interest) is measured at fair value of \$1,140,000 thousand as of the acquisition date. This fair value was estimated using the market approach.

(4) Goodwill recognized on acquisitions

	UNICOMP INFORMATION CO., LTD.
Consideration transferred	\$ 285,000
Plus: Non-controlling interests (80% ownership interest in UNICOMP)	1,140,000
Less: Fair value of identifiable net assets acquired	(793,618)
Goodwill recognized on acquisitions	<u>\$ 631,382</u>

As of the date of issuance of this consolidated financial statement, the purchase price allocation report for the acquisition of UNICOMP has not been completed. Therefore, the difference between the investment cost and the net value of acquired equity is temporarily recorded under goodwill.

(5) Net cash outflow on the acquisition of subsidiaries

	<u>UNICOMP</u>
Consideration paid in cash	\$ 285,000
Less: Cash and cash equivalent balances acquired	(<u>528,021</u>)
	(\$ <u>243,021</u>)

(6) Impact of acquisitions on the results of the Group

The acquired company's results of operations since the acquisition date are as follows:

	<u>UNICOMP</u>
Operating revenue	\$ <u>343,166</u>
Net profit	\$ <u>32,274</u>

Had the abovementioned acquisition of UNICOMP been in effect on January 1, 2024, the Group's operating revenues and profit would have been \$518,883 thousand and \$37,767 thousand, respectively, from January 1 to March 31, 2024. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the operating revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of each annual reporting period, nor is it intended to be a projection of future results.

27. CAPITAL RISK MANAGEMENT

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

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

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

28. FINNANCIAL 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:

	<u>March 31,</u> <u>2024</u>		<u>December 31,</u> <u>2023</u>		<u>March 31,</u> <u>2023</u>	
	<u>Carrying</u> <u>Amount</u>	<u>Fair Value</u>	<u>Carrying</u> <u>Amount</u>	<u>Fair Value</u>	<u>Carrying</u> <u>Amount</u>	<u>Fair Value</u>
<u>Financial Assets</u>						
Financial assets at amortized cost						
— Foreign corporate bonds	\$ 98,065	\$ 85,054	\$ 94,053	\$ 83,170	\$ 93,511	\$ 80,414

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

A. Fair value hierarchy

March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at</u> <u>FVTPL</u>				
Domestic convertible bonds	\$ 53,865	\$ -	\$ -	\$ 53,865
Domestic listed shares	8,181	-	-	8,181
Domestic unlisted shares	-	-	110	110
Fund beneficiary certificates	<u>866,074</u>	<u>-</u>	<u>43,442</u>	<u>909,516</u>
Total	<u>\$ 928,120</u>	<u>\$ -</u>	<u>\$ 43,552</u>	<u>\$ 971,672</u>

Financial assets measured at
FVTOCI

Equity investments				
— Domestic listed shares	\$ 342,126	\$ -	\$ -	\$ 342,126
— Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>169,240</u>	<u>169,240</u>
Total	<u>\$ 342,126</u>	<u>\$ -</u>	<u>\$ 169,240</u>	<u>\$ 511,366</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at</u> <u>FVTPL</u>				
Domestic convertible bonds	\$ 56,809	\$ -	\$ -	\$ 56,809
Domestic listed shares	8,038	-	-	8,038
Domestic unlisted shares	-	-	110	110
Fund beneficiary certificates	<u>783,980</u>	<u>-</u>	<u>41,558</u>	<u>825,538</u>
Total	<u>\$ 848,827</u>	<u>\$ -</u>	<u>\$ 41,668</u>	<u>\$ 890,495</u>

Financial assets measured at
FVTOCI

Equity investments				
— Domestic listed shares	\$ 297,760	\$ -	\$ -	\$ 297,760
— Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>169,240</u>	<u>169,240</u>
Total	<u>\$ 297,760</u>	<u>\$ -</u>	<u>\$ 169,240</u>	<u>\$ 467,000</u>

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at</u> <u>FVTPL</u>				
Domestic convertible bonds	\$ 41,331	\$ -	\$ -	\$ 41,331
Domestic listed shares	19,798	-	-	19,798
Fund beneficiary certificates	<u>976,241</u>	<u>-</u>	<u>9,622</u>	<u>985,863</u>
Total	<u>\$ 1,037,370</u>	<u>\$ -</u>	<u>\$ 9,622</u>	<u>\$ 1,046,992</u>

Financial assets measured at
FVTOCI

Equity investments				
— Domestic listed shares	\$ 294,707	\$ -	\$ -	\$ 294,707
— Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>53,950</u>	<u>53,950</u>
Total	<u>\$ 294,707</u>	<u>\$ -</u>	<u>\$ 53,950</u>	<u>\$ 348,657</u>

There were no transfers between Level 1 and Level 2 for three months ended March 31, 2024 and 2023, respectively.

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Measured at FVTPL			
Mandatorily measured at FVTPL	\$ 971,672	\$ 890,495	\$ 1,046,992
Financial assets measured at amortized cost (Note 1)	5,485,047	4,705,701	4,662,470
Financial assets measured at FVTOCI — Investments in equity instruments	511,366	467,000	348,657
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,919,419	3,279,787	3,643,522

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 risks.

a. Foreign currency risk

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

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 32.

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 three months ended March 31, 2024 and 2023 would decrease by \$5,336 thousand and \$5,350 thousand, respectively.

b. Interest rate risk

The Group exposed to the risk of interest rate at fair value, since holding the fixed-rate loan, accessing the interest rate of the bank loan regularly, observing influences on profits or losses from fluctuation range of the interest rate, keeping contact with the bank based on the actual requirement, and acquiring the best interest rate of the loan.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Interest rate risks at fair value			
– Financial assets	\$ 722,761	\$ 815,933	\$ 412,365
– Financial liabilities	62,123	21,897	22,647
Interest rate risks at cash flows			
– Financial assets	920,125	578,559	1,022,920

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 three months ended March 31, 2024 and 2023 would increase by \$1,150 thousand and \$1,279 thousand, respectively.

c. Other price risk

The Group is exposed to price risks arising from shares, corporate 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 the prices had been 5% higher, pre-tax profit for the three months ended March 31, 2024 and 2023 would have increased by \$48,584 thousand and \$52,350 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the three months ended March 31, 2024 and 2023 would have increased by \$25,568 thousand and \$17,433 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 39%, 35% and 46% of trade receivable, respectively, as of March 31, 2024, December 31, 2023 and March 31, 2023.

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.

March 31, 2024

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,916,619	\$ -
Lease liabilities	<u>29,632</u>	<u>33,707</u>
	<u>\$ 3,946,251</u>	<u>\$ 33,707</u>

December 31, 2023

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,276,301	\$ -
Lease liabilities	<u>13,794</u>	<u>8,446</u>
	<u>\$ 3,290,095</u>	<u>\$ 8,446</u>

March 31, 2023

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,642,722	\$ -
Lease liabilities	<u>13,601</u>	<u>9,282</u>
	<u>\$ 3,656,323</u>	<u>\$ 9,282</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's unused short-term credit of limit of the bank were \$2,346,295 thousand, \$1,807,295 thousand and \$1,800,000 thousand, respectively.

29. 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

<u>Name of the related party</u>	<u>Relationship with the Group</u>
TrustONE Security Inc.	Associate
Leukocyte-Lab Co. Ltd.	Associate
Infinitesoft Solutions Inc.	Associate (changed to non-related party effective December 22, 2023)
K Way Information Corp.	Other related party (changed to non-related party effective May 30, 2023)

(2) Operating revenue

Line Items	Types of related parties	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Sales revenue	Associates	\$ 13	\$ 165

Prices and payment terms for transactions with related parties and non-related parties were similar.

(3) Purchases

Types of related parties	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Associates	\$ 3,910	\$ 1,366

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

Line Items	Types of related parties/Name	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivable	Associates	\$ 59	\$ 163	\$ 165

(5) Payables to related parties

Line Items	Types of related parties/Name	March 31, 2024	December 31, 2023	March 31, 2023
Trade payable	Associates	\$ 4,057	\$ 8,551	\$ 685

(6) Prepayments (Other current assets)

Types of related parties/Name	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ -	\$ -	\$ 3,961

(7) Compensation of key management personnel

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Short-term employee benefits	\$ 15,867	\$ 11,728
Post-employment benefits	72	36
	\$ 15,939	\$ 11,764

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

30. ASSETS PLEDGED AS COLLATERAL

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

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment, Net	\$ 349,648	\$ 203,454	\$ 204,496
Pledged time deposits (Financial assets at amortized cost)	55,773	45,593	39,627
	\$ 405,421	\$ 249,047	\$ 244,123

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of March 31, 2024, the Group opens NT\$ 87,000 thousand of cashier order for payment guaranteed for Microsoft Taiwan Corporation.
- (2) As of March 31, 2024, the Group opens NT\$ 50,000 thousand of cashier order for payment guaranteed for Microsoft Regional Sales Corporation.
- (3) As of March 31, 2024, the Group issued NT\$ 2,705 thousand of standby letters of credit through financial institutions for as performance bonds.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2024

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 31,829	32.00 (USD:NTD)	\$ <u>1,018,528</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	28,494	32.00 (USD:NTD)	\$ <u>911,808</u>

December 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 29,272	30.705 (USD:NTD)	\$ <u>898,797</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	32,947	30.705 (USD:NTD)	\$ <u>1,011,638</u>

March 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 30,683	30.45 (USD:NTD)	\$ <u>934,297</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	27,169	30.45 (USD:NTD)	\$ <u>827,296</u>

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

	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
	Exchange rate	Net Foreign exchange gain (loss)	Exchange rate	Net Foreign exchange gain (loss)
USD	31.448 (USD:NTD)	(\$ <u>1,434</u>)	30.395 (USD:NTD)	\$ <u>6,309</u>

33. SEPARATELY DISCLOSED ITEMS

(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.
 - a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c. The amount of property transactions and the amount of the resultant gains or losses.
 - d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(4) Information on major shareholders: 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.

34. 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	Eliminations	Total
<u>For the three months ended</u>				
<u>March 31, 2024</u>				
Revenues from external customers	\$ 3,549,540	\$ 455,665	\$ -	\$ 4,005,205
Inter-segment revenues	-	32,327	(32,327)	-
Segment revenues	<u>\$ 3,549,540</u>	<u>\$ 487,992</u>	<u>(\$ 32,327)</u>	<u>\$ 4,005,205</u>
Segment profit (loss)	<u>\$ 273,649</u>	<u>\$ 52,249</u>	<u>\$ -</u>	\$ 325,898
General administration division costs and compensation of directors				(63,373)
Non-operating income and expenses				<u>17,410</u>
Net income before tax				<u>\$ 274,935</u>
<u>For the three months ended</u>				
<u>March 31, 2023</u>				
Revenues from external customers	\$ 3,646,346	\$ 73,812	\$ -	\$ 3,720,158
Inter-segment revenues	-	38,213	(38,213)	-
Segment revenues	<u>\$ 3,646,346</u>	<u>\$ 112,025</u>	<u>(\$ 38,213)</u>	<u>\$ 3,720,158</u>
Segment profit (loss)	<u>\$ 236,962</u>	<u>\$ 9,185</u>	<u>\$ -</u>	\$ 246,147
General administration division costs and compensation of directors				(36,851)
Non-operating income and expenses				<u>12,855</u>
Net income before tax				<u>\$ 222,151</u>

Segment profit represented the profit before tax earned by each segment without allocation of general 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 three months ended March 31, 2024	For the three months ended March 31, 2023
IT Infrastructure	\$ 1,171,685	\$ 1,191,617
Network & Information Security	1,985,343	1,637,142
Cloud Platform & Application	674,003	730,551
Big Data & Application	171,086	153,083
Other	<u>3,008</u>	<u>7,765</u>
	<u>\$ 4,005,205</u>	<u>\$ 3,720,158</u>

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

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	Zerone Win Investment Co., Ltd	Other receivables from related parties	Yes	\$ 70,000	\$ 70,000	\$ -	3%	2	\$ -	Operating capital	\$ -	—	\$ -	\$ 376,948	\$ 753,896	
		Wing Will International Co., Ltd.	Other receivables from related parties	Yes	20,000	20,000	-	3%	2	\$ -	Operating capital	-	—	-	376,948	753,896	

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 THREE MONTHS ENDED MARCH 31, 2024

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)											
0	ZOTC	Techone (Shanghai) Co., Ltd.	(2)	\$ 376,948	\$ 64,000	\$ 64,000	\$ 64,000	\$ -	1.70	\$ 753,896	Y	N	Y	
0	ZOTC	TECHONE VIETNAM TECHNOLOGY COMPANY LIMITED	(2)	376,948	64,000	64,000	64,000	-	1.70	753,896	Y	N	N	
1	Zerone Win Investment Co., Ltd.	Wing Will International Co., Ltd.	(2)	75,324	1,700	-	-	-	-	150,648	N	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

MARCH 31, 2024

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	March 31, 2024				Note
				Shares/Units/Par Value	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Beneficiary certificate							
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL – current	32,280,335	\$ 451,566	-	\$ 451,566	
	Jih Sun Money Market Fund	—	Financial assets at FVTPL – current	18,313,677	280,287	-	280,287	
	KGI Kaefer Fund	—	Financial assets at FVTPL – non-current	170,199	4,212	-	4,212	
	KGI Taiwan Multi-Asset Income Fund	—	Financial assets at FVTPL – non-current	1,198,020	14,556	-	14,556	
	KGI Taiwan Select-Asset Income Fund	—	Financial assets at FVTPL – non-current	500,325	6,124	-	6,124	
	Nomura 2026 DM Markets Trigger Maturity Private Placement Bond Fund	—	Financial assets at FVTPL – non-current	100,000	33,106	-	33,106	
	Corporate bond							
	Chailease Holding Company Limited - 1st convertible bonds	—	Financial assets at FVTPL – current	160 (Units)	15,736	-	15,736	
	Giant Manufacturing Co., Ltd. - 1st convertible bonds	—	Financial assets at FVTPL – current	55 (Units)	5,844	-	5,844	
	Topco Technologies Corp. - 1st convertible bonds	—	Financial assets at FVTPL – current	36 (Units)	4,133	-	4,133	
	Gloria Material Technology Corp. - 7th convertible bond	—	Financial assets at FVTPL – current	50 (Units)	5,475	-	5,475	
	Ennoconn Corporation - 5th convertible bond	—	Financial assets at FVTPL – current	12 (Units)	1,535	-	1,535	
	Phison Electronics Corp. - 2nd convertible bonds	—	Financial assets at FVTPL – current	30 (Units)	3,784	-	3,784	
	International CSRC Investment Holdings Co., Ltd. - 3rd convertible bonds	—	Financial assets at FVTPL – current	50 (Units)	5,105	-	5,105	
	Tai-Tech Advanced Electronics Co., Ltd. - 1st convertible bonds	—	Financial assets at FVTPL – current	20 (Units)	2,438	-	2,438	
	Yulon Finance Corporation - 2nd convertible corporate bonds	—	Financial assets at FVTPL – current	100 (Units)	9,815	-	9,815	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units/Par Value	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Perusahaan Listrik Negara corporate bond (USD) 5.25%	—	Financial assets at amortized cost — non-current	USD 500,000	\$ 17,577	-	\$ 14,813	
	Perusahaan Listrik Negara corporate bond (USD) 4.875%	—	Financial assets at amortized cost — non-current	USD 500,000	16,020	-	13,544	
	Southern California Edison corporate bond (USD)	—	Financial assets at amortized cost — non-current	USD 500,000	16,813	-	12,728	
	British Telecommunications plc corporate bond (USD)	—	Financial assets at amortized cost — non-current	USD 500,000	16,059	-	12,942	
	TSMC Arizona corporate bond (USD)	—	Financial assets at amortized cost — non-current	USD1,000,000	31,596	-	31,027	
	Stock							
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTPL — non-current	66,000	3,973	-	3,973	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTPL — non-current	80,000	4,208	-	4,208	
	K Way Information Corp.	—	Financial assets at FVTOCI — non-current	655,000	24,464	2.14	24,464	
	China Electric Mfg. Corp.	—	Financial assets at FVTOCI — non-current	2,650,200	44,921	0.82	44,921	
	Unex Technology Corp.	—	Financial assets at FVTOCI — non-current	175,000	2,088	1.68	2,088	
	Da-Chang Start-Up Investment Co. Ltd.	—	Financial assets at FVTOCI — non-current	3,000,000	30,023	2.73	30,023	
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI — non-current	134,000	8,067	-	8,067	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTOCI — non-current	70,000	3,682	-	3,682	
	Fubon Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	385,000	23,100	-	23,100	
	Taishin Financial Holding Co., Ltd. Preferred Shares E	—	Financial assets at FVTOCI — non-current	240,000	12,408	-	12,408	
	CTBC Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	90,000	5,418	-	5,418	
	Cathay Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	230,000	13,708	-	13,708	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI — non-current	675,000	31,759	-	31,759	
	QST International Corporation Preferred Shares A	—	Financial assets at FVTOCI — non-current	45,000	2,000	-	2,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units/Par Value	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI— non-current	1,350,000	\$ 22,545	-	\$ 22,545	
	Nextlink Technology Co., Ltd.	—	Financial assets at FVTOCI— non-current	1,000,000	75,000	5.00	75,000	
	Duofu Co., Ltd.	—	Financial assets at FVTOCI— non-current	10,000	-	0.05	-	
	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 Stock A	Associate	Financial assets at FVTPL — non-current	600,000	110	-	110	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI— non-current	240,000	11,292	-	11,292	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI— non-current	50,000	1,292	-	1,292	
	Tatung System Technologies Inc.	—	Financial assets at FVTOCI— non-current	1,500,000	117,150	1.69	117,150	
	Saviah Technologies, Inc. Preferred Shares B	—	Financial assets at FVTOCI— non-current	375,000	14,378	-	14,378	
	GrandTech C.G. Systems Inc.	—	Financial assets at FVTOCI— non-current	74,000	5,232	0.12	5,232	
	FiduciaEdge Technologies Co., Ltd.	—	Financial assets at FVTOCI— non-current	500,000	5,980	3.33	5,980	
	GrandTech Cloud Services Inc.	—	Financial assets at FVTOCI— non-current	872	58	-	58	
	InfinitesSoft Solutions Inc.	—	Financial assets at FVTOCI— non-current	2,780,889	41,713	14.31	41,713	
Petacom Technology Co., Ltd.	Beneficiary certificate Taishin 1699 Money Market Fund	—	Financial assets at FVTPL — current	8,554,586	119,665	-	119,665	
Zotech Co., Ltd.	Stock							
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI— non-current	200,000	9,410	-	9,410	
	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI— non-current	340,000	5,678	-	5,678	

(Concluded)

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

Note 2 : Relevant information about investments in equity of subsidiaries and associates, please refer to Table 6 and Table 7.

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 YEAR ENDED DECEMBER 31, 2024

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	
					Unit/ Number of Shares	Amount	Unit/ Number of Shares	Amount	Unit/ Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Unit/ Number of Shares	Amount (Note 1)
ZOTC	<u>Beneficiary certificates</u>													
	Taishin 1699 Money Market Fund	Financial assets at FVTPL – current	–	–	10,297,883	\$ 150,442	17,105,128	\$ 250,000	27,403,011	\$ 400,757	\$ 400,000	\$ 757	-	\$ -
	Jih Sun Money Market Fund	Financial assets at FVTPL – current	–	–	-	-	22,889,913	350,000	4,574,236	70,000	69,949	51	18,313,677	280,287
	<u>Stock</u> Zerone Win Investment Co., Ltd.	Investment accounted for using equity method	–	Subsidiary	30,000,000	360,855	35,000,000	350,000	-	-	-	-	65,000,000	753,240

Note 1: The ending balance included adjustments of unrealized gains or loss on financial assets and share of profit or loss of subsidiaries accounted for using the equity method.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

Table 5

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount (Note 4)	Transaction Terms	Percentage of Consolidated Total Revenues or Total Assets (Note 3)
0	ZOTC	Wing Will International Co., Ltd.	1	Sales revenue	\$ 14,939	Note 5	-
				Trade receivable	17,257	Note 5	-
0	ZOTC	Techone (Shanghai) Co., Ltd.	1	Sales revenue	5,233	Note 5	-
				Cost of goods sold	5,812	Note 5	-
				Trade receivable	5,352	Note 5	-
				Trade payable	5,939	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 is 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 yearly cumulative balance into consolidated operating revenues.

Note 4 : Transaction amounts account for at least \$ 5,000 thousand.

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 THREE MONTHS ENDED MARCH 31, 2024
Table 6

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses	Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				March 31, 2024	December 31, 2023	Number of Ownership	Percentage of Ownership	Carrying Values			
ZOTC	Zotech Co., Ltd.	Taiwan	Manufacturing for computer equipment	\$ 35,000	\$ 35,000	3,500,000	85.37	\$ 46,973	\$ 1,861	\$ 1,589	Subsidiary
	Zerone Win Investment Co., Ltd.	Taiwan	Investment	650,000	300,000	65,000,000	100.00	753,240	(869)	(869)	Subsidiary
	Asiaone Holdings Ltd.	Republic of Seychelles	Holding company	22,208	22,208	700,000	100.00	29,254	1,136	1,136	Subsidiary
Zerone Win Investment Co., Ltd.	Wing Will International Co., Ltd.	Taiwan	Services of cloud information software	70,899	70,899	45,399,000	90.80	44,847	(2,369)	(2,151)	Sub-subsubsidiary
	Petacom Technology Co., Ltd.	Taiwan	Services of distribution of information product	77,545	77,545	10,200,000	51.00	96,105	(12,321)	(6,284)	Sub-subsubsidiary
	DigiCosmos Tech. Co., Ltd.	Taiwan	Services of information security consulting	25,000	25,000	2,500,000	50.00	31,206	5,113	2,556	Sub-subsubsidiary
	LinkONE Digital CO., LTD..	Taiwan	Consulting services for digital transformation such as AI, data, and cloud service	26,000	-	26,000,000	100.00	25,925	(75)	(75)	Sub-subsubsidiary
	TerraONE Tech CO., LTD.	Taiwan	Distribution for information security products	50,000	-	50,000,000	100.00	49,929	(71)	(71)	Sub-subsubsidiary
	UNICOMP INFORMATION CO., LTD.	Taiwan	Distribution for information products and related services	285,000	-	7,500,000	20.00	291,455	37,767	6,454	Sub-subsubsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses	Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				March 31, 2024	December 31, 2023	Number of Ownership	Percentage of Ownership	Carrying Values			
Zerone Win Investment Co., Ltd.	TrustOne Security Inc.	Taiwan	R&D, sale and service of information software	\$ 9,600	\$ 9,600	9,600,000	32.00	\$ 1,160	(\$ 2,902)	(\$ 929)	Associate
	Leukocyte-Lab Co. Ltd.	Taiwan	Information security management and consulting service	16,500	16,500	340,000	26.56	-	-	-	Associate
Asiaone Holdings Ltd.	TECHONE VIETNAM TECHNOLOGY COMPANY LIMITED	Vietnam	Information commodities trading and technical service for network technology	10,639	Note 2	Note 3	70.00	11,904	758	535	Sub-subsiidiary

(Concluded)

Note 1: Please refer to Table 7 for information on investment in Mainland China.

Note 2: As of December 31, 2023, the establishment of the company has been completed even though the capital injection has not been completed.

Note 3: It is a limited company so that there is no record of the number of shares.

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024

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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024	Note
					Outward	Inward							
Techone (Shanghai) Co., Ltd.	Information commodities trading and technical service for network technology	\$ 13,224 (RMB 3,000)	(Note 1)	\$ 9,118	\$ -	\$ -	\$ 9,118	\$ 958	70%	\$ 671	\$ 16,460	\$ -	—

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024	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	\$ 3,050,119

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 March 31, 2024.

Note 3 : According to the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" stipulated by the Investment Commission, Ministry of Economic Affairs, the limit is 60% of net worth of the Company or the consolidated financial statements, whichever is higher (the Group's net worth 5,083,532×60%= 3,050,119).

Note 4 : For foreign currency conversion, gain (loss) are converted by the average exchange rate in 2024 Q1. Other amounts are converted into New Taiwan Dollars by the exchange rate on March 31, 2024.