

ZERO ONE TECHNOLOGY CO., LTD.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022 AND  
INDEPENDENT AUDITORS' REVIEW REPORT

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## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Zero One Technology Co., Ltd and its subsidiaries (the “Group”) as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended March 31, 2023 and 2022, 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, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche

Taipei, Taiwan  
Republic of China

April 28, 2023

Notice to Readers

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

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

# ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

March 31, 2023, December 31, 2022, and March 31, 2022

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,123,321	14	\$ 1,054,159	13	\$ 789,389	10
Financial assets at fair value through profit or loss (Note 7)	1,010,085	13	1,005,507	13	653,010	8
Financial assets at fair value through other comprehensive income (Note 8)	3,120	-	2,790	-	3,540	-
Financial assets at amortized cost (Notes 9 and 10)	179,020	2	148,570	2	1,122,461	15
Notes receivable (Note 11)	199,673	3	328,738	4	156,656	2
Trade receivables (Notes 11 and 27)	3,018,051	39	2,566,305	32	2,679,490	35
Current tax assets	7	-	7	-	687	-
Inventories (Note 12)	1,242,116	16	1,960,605	25	1,350,597	18
Other current assets (Note 27)	45,384	1	34,141	-	39,981	-
Total current assets	<u>6,820,777</u>	<u>88</u>	<u>7,100,822</u>	<u>89</u>	<u>6,795,811</u>	<u>88</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss (Note 7)	36,907	1	35,146	-	37,719	1
Financial assets at fair value through other comprehensive income (Note 8)	345,537	4	318,221	4	358,358	5
Financial assets at amortized cost (Notes 9, 10 and 28)	133,138	2	134,483	2	95,721	1
Investment accounted for using equity method (Note 14)	27,493	-	27,628	-	13,031	-
Property, plant and equipment (Notes 15 and 28)	311,222	4	312,295	4	313,603	4
Right-of-use assets (Note 16)	22,510	-	24,866	-	24,204	-
Other intangible assets	3,829	-	4,357	-	1,740	-
Deferred tax assets	50,484	1	49,065	1	41,103	1
Refundable deposits	9,267	-	8,130	-	9,846	-
Total non-current assets	<u>940,387</u>	<u>12</u>	<u>914,191</u>	<u>11</u>	<u>895,325</u>	<u>12</u>
<b>TOTAL</b>	<u>\$ 7,761,164</u>	<u>100</u>	<u>\$ 8,015,013</u>	<u>100</u>	<u>\$ 7,691,136</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Trade payables (Note 27)	\$ 2,902,718	37	\$ 3,334,007	42	\$ 2,942,120	38
Other payables (Note 17)	740,004	10	256,928	3	748,457	10
Current tax liabilities	143,416	2	98,157	1	131,938	2
Lease liabilities (Note 16)	13,425	-	14,129	-	10,740	-
Other current liabilities (Note 20)	308,340	4	299,119	4	277,623	4
Total current liabilities	<u>4,107,903</u>	<u>53</u>	<u>4,002,340</u>	<u>50</u>	<u>4,110,878</u>	<u>54</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	4,189	-	4,241	-	468	-
Lease liabilities (Note 16)	9,222	-	10,966	-	13,816	-
Net defined benefit liabilities (Note 18)	12,580	-	13,288	-	18,446	-
Other non-current liabilities	800	-	800	-	800	-
Total non-current liabilities	<u>26,791</u>	<u>-</u>	<u>29,295</u>	<u>-</u>	<u>33,530</u>	<u>-</u>
Total liabilities	<u>4,134,694</u>	<u>53</u>	<u>4,031,635</u>	<u>50</u>	<u>4,144,408</u>	<u>54</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)</b>						
Ordinary shares	1,533,147	20	1,530,317	19	1,524,007	20
Capital surplus	1,241,099	16	1,240,628	16	1,236,844	16
Retained earnings						
Legal reserve	322,518	4	322,518	4	263,963	3
Unappropriated earnings	453,579	6	828,494	10	431,230	6
Total retained earnings	<u>776,097</u>	<u>10</u>	<u>1,151,012</u>	<u>14</u>	<u>695,193</u>	<u>9</u>
Other equity	41,696	-	26,338	-	55,229	1
Total equity attributable to owners of the Company	<u>3,592,039</u>	<u>46</u>	<u>3,948,295</u>	<u>49</u>	<u>3,511,273</u>	<u>46</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>34,431</u>	<u>1</u>	<u>35,083</u>	<u>1</u>	<u>35,455</u>	<u>-</u>
Total equity	<u>3,626,470</u>	<u>47</u>	<u>3,983,378</u>	<u>50</u>	<u>3,546,728</u>	<u>46</u>
<b>TOTAL</b>	<u>\$ 7,761,164</u>	<u>100</u>	<u>\$ 8,015,013</u>	<u>100</u>	<u>\$ 7,691,136</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, 2023 and 2022

(Reviewed, Not Audited)

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 27)	\$ 3,720,158	100	\$ 3,072,976	100
OPERATING COSTS (Notes 12, 21 and 27)	<u>3,309,054</u>	<u>89</u>	<u>2,713,898</u>	<u>88</u>
GROSS PROFIT	<u>411,104</u>	<u>11</u>	<u>359,078</u>	<u>12</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	162,891	4	137,189	5
General and administrative expenses	36,851	1	37,099	1
Research and development expenses	4,708	-	3,142	-
(Reversal of) expected credit loss (Note 11)	( <u>2,642</u> )	<u>-</u>	<u>558</u>	<u>-</u>
Total operating expenses	<u>201,808</u>	<u>5</u>	<u>177,988</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>209,296</u>	<u>6</u>	<u>181,090</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	4,808	-	1,768	-
Other income	74	-	1,181	-
Other gains and losses (Note 21)	12,663	-	1,299	-
Finance costs	( <u>77</u> )	-	( <u>81</u> )	-
Expected credit loss (Note 10)	( <u>681</u> )	-	-	-
Share of loss of associates accounted for using equity method	( <u>3,932</u> )	<u>-</u>	( <u>1,710</u> )	<u>-</u>
Total non-operating income and expenses	<u>12,855</u>	<u>-</u>	<u>2,457</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	222,151	6	183,547	6
INCOME TAX EXPENSE (Note 22)	<u>44,167</u>	<u>1</u>	<u>37,371</u>	<u>1</u>
NET PROFIT	<u>177,984</u>	<u>5</u>	<u>146,176</u>	<u>5</u>

(Continued)

# ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended March 31, 2023 and 2022

(Reviewed, Not Audited)

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

	For the Three Months Ended March 31			
	2023		2022	
	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	\$ 15,069	-	(\$ 3,296)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>98</u>	-	<u>611</u>	-
Other comprehensive income (loss) for the period, net of income tax	<u>15,167</u>	-	<u>(2,685)</u>	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 193,151</u>	<u>5</u>	<u>\$ 143,491</u>	<u>5</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 178,658	5	\$ 146,722	5
Non-controlling interests	<u>(674)</u>	-	<u>(546)</u>	-
	<u>\$ 177,984</u>	<u>5</u>	<u>\$ 146,176</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 193,803	5	\$ 143,829	5
Non-controlling interests	<u>(652)</u>	-	<u>(338)</u>	-
	<u>\$ 193,151</u>	<u>5</u>	<u>\$ 143,491</u>	<u>5</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 1.17</u>		<u>\$ 0.97</u>	
Diluted	<u>\$ 1.15</u>		<u>\$ 0.95</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, 2023 and 2022

(Reviewed, Not Audited)

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

	Equity Attributable to Owners of the Company						Other Equity						
	Share Capital			Retained Earnings			Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on Financial Assets at FVTOCI	Unearned Employee benefits	Total	Total	Non-controlling Interests	Total Equity
	Shares (In Thousand)	Ordinary shares	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total							
BALANCE, JANUARY 1, 2022	151,971	\$ 1,519,707	\$ 1,234,325	\$ 263,963	\$ 831,516	\$ 1,095,479	\$ 6	\$ 60,747	( \$ 2,071 )	\$ 58,682	\$ 3,908,193	\$ 35,793	\$ 3,943,986
Appropriation of the 2021 earnings :													
Cash dividends - \$3.6 per share	-	-	-	-	( 547,962 )	( 547,962 )	-	-	-	-	( 547,962 )	-	( 547,962 )
Net profit (loss) for the three months ended March 31, 2022	-	-	-	-	146,722	146,722	-	-	-	-	146,722	( 546 )	146,176
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	428	( 3,321 )	-	( 2,893 )	( 2,893 )	208	( 2,685 )
Total comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	146,722	146,722	428	( 3,321 )	-	( 2,893 )	143,829	( 338 )	143,491
Share based payment transaction - employee restricted shares	-	-	-	-	-	-	-	-	394	394	394	-	394
Share based payment transaction - employee stock options	-	-	205	-	-	-	-	-	-	-	205	-	205
Issuance of ordinary shares under employee stock options	430	4,300	2,314	-	-	-	-	-	-	-	6,614	-	6,614
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	954	954	-	( 954 )	-	( 954 )	-	-	-
BALANCE, MARCH 31, 2022	152,401	\$ 1,524,007	\$ 1,236,844	\$ 263,963	\$ 431,230	\$ 695,193	\$ 434	\$ 56,472	( \$ 1,677 )	\$ 55,229	\$ 3,511,273	\$ 35,455	\$ 3,546,728
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

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, 2023 and 2022

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 222,151	\$ 183,547
Adjustments for:		
Depreciation expenses	8,215	7,778
Amortization expenses	528	268
(Reversal of) expected credit loss	( 1,961)	558
Net gain on fair value changes of financial assets at fair value through profit or loss	( 6,354)	( 445)
Finance costs	77	81
Interest income	( 4,808)	( 1,768)
Dividend income	( 64)	-
Compensation costs of employee stock options	296	599
Share of loss of associates accounted for using equity method	3,932	1,710
Write-down of inventories (reversal of write-down of inventories)	8,619	( 18,622)
Net (gain) loss on foreign currency exchange	( 3,102)	13,476
Gain on lease modification	-	( 89)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	15	( 336,346)
Notes receivable	129,065	132,054
Trade receivables	( 441,434)	( 80,233)
Inventories	707,771	315,090
Other current assets	( 9,123)	22,265
Trade payables	( 427,779)	( 81,498)
Other payables	( 68,868)	( 77,236)
Other current liabilities	9,221	( 42,380)
Net defined benefit liabilities	( 708)	( 778)
Cash generated from operations	125,689	38,031
Income tax (paid) returned	( 379)	5
Net cash generated from operating activities	<u>125,310</u>	<u>38,036</u>

(Continued)

# ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2023 and 2022

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(\$ 15,000)	(\$ 17,160)
Proceeds from sale of financial assets at fair value through other comprehensive income	2,423	16,693
Purchase of financial assets at amortized cost	( 191,988)	( 1,178,484)
Proceeds from sale of financial assets at amortized cost	161,402	908,669
Acquisition of investments accounted for using equity method	( 7,400)	( 3,200)
Payments for property, plant and equipment	( 1,293)	( 685)
Increase in refundable deposits	( 1,137)	-
Decrease in refundable deposits	-	572
Interest received	2,684	924
Dividend received	<u>64</u>	<u>-</u>
Net cash used in investing activities	( <u>50,245</u> )	( <u>272,671</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of the principal portion of lease liabilities	( 3,837)	( 3,114)
Exercise of employee share options	4,328	6,614
Interest paid	( <u>77</u> )	( <u>81</u> )
Net cash generated from financing activities	<u>414</u>	<u>3,419</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	( <u>6,317</u> )	<u>4,535</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	69,162	( 226,681)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>1,054,159</u>	<u>1,016,070</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$1,123,321</u>	<u>\$ 789,389</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, 2023 and 2022

(Reviewed, Not Audited)

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

**1. GENERAL**

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

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

**2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were approved by the Board of Directors on April 28, 2023.

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

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

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

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

New / Revised / Amended Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

##### (2) Basis of preparation

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

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

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

##### (3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the 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 5 and Table 6 for the detailed information of subsidiaries, the percentage of ownership and main business.

##### (4) Other significant accounting policies

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

##### A. Defined benefits of retirement

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

##### B. Taxation

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and revolving funds	\$ 193	\$ 144	\$ 285
Checking accounts and demand deposits	878,369	418,049	789,104
Cash equivalents			
Time deposits	244,759	214,830	-
Repurchase agreements collateralized by bonds	-	421,136	-
	<u>\$ 1,123,321</u>	<u>\$ 1,054,159</u>	<u>\$ 789,389</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets – current</u>			
Mandatorily measured at FVTPL			
Domestic convertible bond	\$ 41,331	\$ 39,885	\$ 24,879
Domestic listed ordinary shares	5,679	5,587	12,641
Fund beneficiary certificates	963,075	960,035	615,490
	<u>\$ 1,010,085</u>	<u>\$ 1,005,507</u>	<u>\$ 653,010</u>
<u>Financial assets – non-current</u>			
Mandatorily measured at FVTPL			
Domestic listed preferred shares	\$ 14,119	\$ 13,532	\$ 14,697
Fund beneficiary certificates	22,788	21,614	23,022
	<u>\$ 36,907</u>	<u>\$ 35,146</u>	<u>\$ 37,719</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in equity instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic investment			
Listed ordinary shares	\$ 3,120	\$ 2,790	\$ 3,540
<u>Non-current</u>			
Domestic investment			
Listed ordinary shares	\$ 127,602	\$ 116,290	\$ 136,773
Listed preferred shares	163,985	162,981	152,932
Unlisted shares	53,950	38,950	68,653
	<u>\$ 345,537</u>	<u>\$ 318,221</u>	<u>\$ 358,358</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, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than three months (1)	\$ 179,020	\$ 148,570	\$ 220,132
Repurchase agreements collateralized by bonds (2)	-	-	902,329
	<u>\$ 179,020</u>	<u>\$ 148,570</u>	<u>\$ 1,122,461</u>
<u>Non-current</u>			
Domestic investment			
Pledged time deposit (3)	\$ 39,627	\$ 39,491	\$ 35,216
Foreign investment			
Perusahaan Listrik Negara corporate bond (USD) (4)	32,294	32,584	30,411
Southern California Edison corporate bond (USD) (5)	16,514	16,664	15,567
British Telecommunications plc corporate bond (USD) (6)	15,447	15,580	14,527
TSMC Arizona corporate bond (USD) (7)	29,937	30,164	-
	133,819	134,483	95,721
Less: Allowance for impairment loss	( 681 )	-	-
	<u>\$ 133,138</u>	<u>\$ 134,483</u>	<u>\$ 95,721</u>

- (1) As of March 31, 2023, December 31, 2022 and March 31, 2022, the market interest rate intervals of time deposit with original maturities of more than three months were 1.20%~5.00%, 0.76%~1.44% and 0.55%~1.065%, respectively.
- (2) As of March 31, 2022, the market interest rate intervals of repurchase agreements collateralized by bonds with original maturities of more than three months were 0.30%~0.95%.
- (3) Please refer to Note 28 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, 2023	December 31, 2022	March 31, 2022
Gross carrying amount	\$ 312,839	\$ 283,053	\$ 1,218,182
Less: Allowance for impairment loss	( 681 )	-	-
Amortized cost	<u>\$ 312,158</u>	<u>\$ 283,053</u>	<u>\$ 1,218,182</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, 2023	December 31, 2022	March 31, 2022
Measured at amortized cost			
Notes receivable	\$ 199,673	\$ 328,738	\$ 156,656
Trade receivable	3,025,846	2,582,290	2,684,799
Overdue receivables	6,857	1,309	-
Less: Allowance for impairment loss	( 14,652 )	( 17,294 )	( 5,309 )
	<u>\$ 3,217,724</u>	<u>\$ 2,895,043</u>	<u>\$ 2,836,146</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, 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>

December 31, 2022

	Not Past Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More Than 90 Days Past Due	Total
Gross carrying amount	\$ 2,863,953	\$ 11,597	\$ 27,523	\$ 7,493	\$ 1,771	\$ 2,912,337
Loss allowance (Lifetime ECLs)	( 5,109 )	( 2,332 )	( 5,594 )	( 2,488 )	( 1,771 )	( 17,294 )
Amortized cost	\$ 2,858,844	\$ 9,265	\$ 21,929	\$ 5,005	\$ -	\$ 2,895,043

March 31, 2022

	Not Past Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More Than 90 Days Past Due	Total
Gross carrying amount	\$ 2,785,132	\$ 16,402	\$ 38,612	\$ -	\$ 1,309	\$ 2,841,455
Loss allowance (Lifetime ECLs)	( 276 )	( 271 )	( 3,453 )	-	( 1,309 )	( 5,309 )
Amortized cost	\$ 2,784,856	\$ 16,131	\$ 35,159	\$ -	\$ -	\$ 2,836,146

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

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Balance at January 1	\$ 17,294	\$ 4,751
Add: Net remeasurement of loss allowance	-	558
Deduct: Reversal of loss allowance	( 2,642 )	-
Balance at March 31	\$ 14,652	\$ 5,309

12. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 2,214	\$ 2,022	\$ 3,178
Work in process	1,262	2,103	2,822
Finished goods	320	1,021	120
Commodities	1,238,320	1,955,459	1,344,477
	\$ 1,242,116	\$ 1,960,605	\$ 1,350,597

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

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Cost of inventories sold	\$ 3,294,343	\$ 2,732,520
Inventory write-downs (reversal of write-down of inventories)	8,619	( 18,622 )
	\$ 3,302,962	\$ 2,713,898

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, 2023	December 31, 2022	March 31, 2022	
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%	-
	Asiaone Holdings Ltd.	Holding company	100.00%	100.00%	100.00%	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
Zerone Win Investment Co., Ltd.	Wing Will International Co., Ltd.	Services of cloud information software	99.99%	99.99%	87.93%	Note
	Petacom Technology Co., Ltd.	Services of distribution of information product	100.00%	100.00%	100.00%	-
	DigiCosmos Tech. Co., Ltd.	Services of information security consulting	50.00%	50.00%	50.00%	-
Asiaone Holdings Ltd.	Techone (Shanghai) Co., Ltd.	Technical service for network technology	70.00%	70.00%	70.00%	-

(Concluded)

Note: In July 2022, the capital reduction was carried out to cover the loss and cash capital increase, resulting in the shareholding ratio of the Group increasing from 87.93% to 99.99%.

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

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

#### 14. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates	March 31, 2023	December 31, 2022	March 31, 2022
Individual Insignificant Associate			
TrustONE Security Inc.	\$ 2,976	\$ 1,430	\$ 3,710
Leukocyte-Lab Co. Ltd.	5,714	6,327	9,321
InfinitesSoft Solutions Inc.	18,803	19,871	-
	<u>\$ 27,493</u>	<u>\$ 27,628</u>	<u>\$ 13,031</u>

Name of Associates	Percentage of Equity Holding and Voting Rights		
	March 31, 2023	December 31, 2022	March 31, 2022
TrustONE Security Inc.	32.00%	32.00%	32.00%
Leukocyte-Lab Co. Ltd.	43.04%	34.78%	37.50%
InfinitesSoft Solutions Inc.	24.33%	24.33%	-

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

The Group invested in Leukocyte-Lab Co. Ltd. in September 2021 with the investment amount of \$11,500 thousand and 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%. It was later that when the Group participated in Leukocyte-Lab Co. Ltd.'s cash capital increase investment of \$5,000 thousand in March 2023 that the shareholding ratio reached 43.04%. Leukocyte-Lab Co. Ltd. is mainly engaged in information security management and consulting services.

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

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

#### 15. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 234,892	\$ 234,892	\$ 234,892
Buildings	50,615	51,070	52,432
Machinery equipment	52	74	126
Office equipment	10,497	9,029	8,993
Delivery equipment	-	-	368
Other equipment	<u>15,166</u>	<u>17,230</u>	<u>16,792</u>
	<u>\$ 311,222</u>	<u>\$ 312,295</u>	<u>\$ 313,603</u>

Except for depreciation recognized, property, plant and equipment of the Group were not significantly increased, disposed nor impaired for the three months ended March 31, 2023 and 2022.

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

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

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 28.

#### 16. LEASE ARRANGEMENTS

##### (1) Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts of right-of-use assets			
Buildings	\$ 22,510	\$ 24,866	\$ 24,112
Office equipment	<u>-</u>	<u>-</u>	<u>92</u>
	<u>\$ 22,510</u>	<u>\$ 24,866</u>	<u>\$ 24,204</u>
		For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Additions to right-of-use assets		<u>\$ 1,381</u>	<u>\$ 13,502</u>
Depreciation charge for right-of-use assets			
Buildings		\$ 3,745	\$ 3,254
Office equipment		<u>-</u>	<u>50</u>
		<u>\$ 3,745</u>	<u>\$ 3,304</u>

##### (2) Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts of lease liabilities			
Current	\$ 13,425	\$ 14,129	\$ 10,740
Non-current	<u>\$ 9,222</u>	<u>\$ 10,966</u>	<u>\$ 13,816</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	0.75%~4.75%	0.75%~4.75%	0.75%~4.75%
Office equipment	-	-	1.20%

(3) Other lease information

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Expenses relating to short-term leases	\$ 134	\$ 217
Expenses relating to low-value asset leases	\$ 58	\$ 13
Total cash (outflow) for leases	( \$ 4,106 )	( \$ 3,425 )

17. OTHER PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Dividends payable	\$ 551,080	\$ -	\$ 547,962
Salaries and bonuses payable	61,929	129,450	59,614
Compensation of employees and directors payable	45,881	36,881	53,781
Sales tax payable	16,557	17,299	27,263
Others	64,557	73,298	59,837
	<u>\$ 740,004</u>	<u>\$ 256,928</u>	<u>\$ 748,457</u>

18. RETIREMENT BENEFIT PLANS

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

19. EQUITY

(1) Ordinary Shares

	March 31, 2023	December 31, 2022	March 31, 2022
Shares authorized (in thousands of shares)	200,000	200,000	200,000
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Shares issued and fully paid (in thousands of shares)	153,315	153,032	152,401
Issued capital	<u>\$ 1,533,147</u>	<u>\$ 1,530,317</u>	<u>\$ 1,524,007</u>

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

(2) Capital Surplus

	March 31, 2023	December 31, 2022	March 31, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Premium on shares issued above par value	\$ 1,165,786	\$ 1,164,288	\$ 1,162,149
Treasury stock transactions	25,343	25,343	25,343
From exercised and invalid employees stock options	30,370	28,456	24,320

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
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	6,712	6,712	4,621
<u>May be used to offset a deficit only</u>			
Share of changes in equities of associates	-	1,027	-
<u>May not be used for any purpose</u>			
Employees restricted shares	1,714	1,714	3,805
Employees stock options	11,106	13,020	16,538
	<u>\$ 1,241,099</u>	<u>\$ 1,240,628</u>	<u>\$ 1,236,844</u>

(Concluded)

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 21 (4).

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

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

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

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

The cash dividends listed above were approved by the board of directors on February 21, 2023 and February 23, 2022, respectively. The appropriations of earnings for 2021 have been approved by ZOTC's shareholder's meeting held on May 26, 2022. The appropriations of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held on May 30, 2023.

## 20. REVENUE

### (1) Income from contracts with clients

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Sales revenue	\$ 3,691,142	\$ 3,050,447
Service revenue	<u>29,016</u>	<u>22,529</u>
	<u>\$ 3,720,158</u>	<u>\$ 3,072,976</u>

### (2) Remaining balance of the contracts

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable (Note 11)	\$ <u>199,673</u>	\$ <u>328,738</u>	\$ <u>156,656</u>
Trade receivable (Note 11)	\$ <u>3,018,051</u>	\$ <u>2,566,305</u>	\$ <u>2,679,490</u>
Contract liability (Other current liabilities)	<u>\$ 40,444</u>	<u>\$ 51,304</u>	<u>\$ 31,994</u>

## 21. NET INCOME

### (1) Other gains and losses

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Net foreign exchange profit	\$ 6,309	\$ 878
Net gain arising on financial assets measured at FVTPL	6,354	445
Gain on lease modification	-	89
Others	<u>-</u>	<u>( 113 )</u>
	<u>\$ 12,663</u>	<u>\$ 1,299</u>

### (2) Depreciation & amortization

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Property, plant and equipment	\$ 4,470	\$ 4,474
Right-of-use assets	3,745	3,304
Intangible assets	<u>528</u>	<u>268</u>
	<u>\$ 8,743</u>	<u>\$ 8,046</u>
An analysis of depreciation by function		
Operating cost	\$ 24	\$ -
Operating expenses	<u>8,191</u>	<u>7,778</u>
	<u>\$ 8,215</u>	<u>\$ 7,778</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 528</u>	<u>\$ 268</u>

(3) Employee benefits expense

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Post-employment benefits		
Defined contribution plans	\$ 3,967	\$ 3,298
Defined benefit plans (Note 18)	<u>38</u>	<u>29</u>
	<u>4,005</u>	<u>3,327</u>
Share-based payment		
Equity-settled (Note 24)	<u>296</u>	<u>599</u>
Other employee benefits	<u>139,088</u>	<u>120,037</u>
Total employee benefits expense	<u>\$ 143,389</u>	<u>\$ 123,963</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 5,895	\$ 161
Operating expenses	<u>137,494</u>	<u>123,802</u>
	<u>\$ 143,389</u>	<u>\$ 123,963</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, 2023 and 2022 is as follows:

Estimate Rate

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Compensation of employees	2.593%	4%
Compensation of directors	1.297%	1.5%

Amount

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Compensation of employees	<u>\$ 6,000</u>	<u>\$ 7,764</u>
Compensation of directors	<u>\$ 3,000</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, 2022 and 2021, which were approved by the Company's board of directors on February 21, 2023 and February 23, 2022, respectively, are as follows:

	For Fiscal Year 2022	For Fiscal Year 2021
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 24,000	\$ 28,714
Compensation of directors	12,000	14,357

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

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.

## 22. 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, 2023	For the Three Months Ended March 31, 2022
Current tax		
In respect of the current period	\$ 45,638	\$ 33,973
Adjustments for previous years	<u>-</u>	<u>37</u>
	45,638	34,010
Deferred tax		
In respect of the current period	( <u>1,471</u> )	<u>3,361</u>
Income tax expense recognized in profit or loss	<u>\$ 44,167</u>	<u>\$ 37,371</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	2020
Zotech Co., Ltd.	2020
Zerone Win Investment Co., Ltd.	2021
WingWill International Co., Ltd.	2020
Petacom Technology Co., Ltd	2021
DigiCosmos Tech. Co., Ltd.	Note

Note: It was established in May 2021.

## 23. 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, 2023	For the Three Months Ended March 31, 2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 178,658</u>	<u>\$ 146,722</u>

### Shares

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	152,974	151,861
Effect of potentially dilutive ordinary shares:		
Compensation of employees	395	558
Employee stock options	1,313	1,883
Employee restricted shares	<u>163</u>	<u>297</u>
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	<u>154,845</u>	<u>154,599</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.

## 24. SHARE-BASED PAYMENT ARRANGEMENTS

### (1) Employee stock option plan

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

Information on employee stock options was as follows:

	For the Three Months Ended March 31, 2023		For the Three Months Ended March 31, 2022	
	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (\$)
Employee stock options				
Balance at January 1	1,973	\$ 15.15	3,034	\$ 15.93
Options exercised	( 283 )	15.29	( 430 )	15.38
Options outstanding at March 31	<u>1,690</u>	14.05	<u>2,604</u>	14.73
Options exercisable at March 31	<u>1,690</u>		<u>1,877</u>	

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

March 31, 2023		December 31, 2022		March 31, 2022	
Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)	Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)	Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)
\$ - (Note)	-	\$ - (Note)	-	\$ 11.50 (Note)	0.43
13.20 (Note)	0.76	14.20 (Note)	1.01	14.20 (Note)	1.76
14.40 (Note)	1.42	15.50 (Note)	1.67	15.50 (Note)	2.42

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

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

	September, 2018	January, 2018	September, 2016
Securities price of the vested date	20.65 Dollars	19.85 Dollars	16.95 Dollars
Exercised price	20.65 Dollars	19.85 Dollars	16.95 Dollars
Foreseeable volatility rate	32.96%	33.81%	38.26%
Duration	6 Years	6 Years	6 Years
Foreseeable dividend rate	0%	0%	0%
Risk-free rates	0.72%	0.74%	0.56%

The compensation cost recognized was \$205 thousand for the three months ended March 31, 2022.

### (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 and \$394 thousand for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023 and for the same period in 2022, the unearned employee benefit totaled \$198 thousand and \$1,677 thousand, accounted for as the decrease in other equity.

## 25. 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.

## 26. 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:

	March 31, 2023		December 31, 2022		March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets</u>						
Financial assets at amortized cost						
— Foreign corporate bonds	\$ 93,511	\$ 80,414	\$ 94,992	\$ 77,938	\$ 60,505	\$ 54,944

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

A. Fair value hierarchy

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>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>

December 31, 2022

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

Financial assets measured at  
FVTOCI

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

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Domestic convertible bonds	\$ 24,879	\$ -	\$ -	\$ 24,879
Domestic listed shares	27,338	-	-	27,338
Fund beneficiary certificates	<u>628,968</u>	-	<u>9,544</u>	<u>638,512</u>
Total	<u>\$ 681,185</u>	<u>\$ -</u>	<u>\$ 9,544</u>	<u>\$ 690,729</u>

Financial assets measured at  
FVTOCI

Equity investments				
– Domestic listed shares	\$ 293,245	\$ -	\$ -	\$ 293,245
– Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>68,653</u>	<u>68,653</u>
Total	<u>\$ 293,245</u>	<u>\$ -</u>	<u>\$ 68,653</u>	<u>\$ 361,898</u>

There were no transfers between Level 1 and Level 2 for three months ended March 31, 2023 and 2022, 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, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Measured at FVTPL			
Mandatorily measured at FVTPL	\$ 1,046,992	\$ 1,040,653	\$ 690,729
Financial assets measured at amortized cost (Note 1)	4,662,470	4,240,385	4,853,563
Financial assets measured at FVTOCI			
— Investments in equity instruments	348,657	321,011	361,898
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,643,522	3,591,735	3,691,377

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

Note 2: The balances included financial liabilities measured at amortized cost, which comprise 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 30.

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, 2023 and 2022 would decrease by \$5,350 thousand and \$12,916 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, 2023	December 31, 2022	March 31, 2022
Interest rate risks at fair value			
— Financial assets	\$ 412,365	\$ 774,604	\$ 1,077,996
— Financial liabilities	22,647	25,095	24,556
Interest rate risks at cash flows			
— Financial assets	1,022,920	562,464	929,290

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, 2023 and 2022 would increase by \$1,279 thousand and \$1,162 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, 2023 and 2022 would have increased by \$52,350 thousand and \$34,536 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, 2023 and 2022 would have increased by \$17,433 thousand and \$18,095 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 46%, 34% and 37% of trade receivable, respectively, as of March 31, 2023, December 31, 2022 and March 31, 2022.

C. Liquidity risk

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

Liquidity & interest rate risk table

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

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

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>

December 31, 2022

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

March 31, 2022

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,690,577	\$ -
Lease liabilities	<u>11,004</u>	<u>13,968</u>
	<u>\$ 3,701,581</u>	<u>\$ 13,968</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's unused short-term credit of limit of the bank were \$1,800,000 thousand, \$1,600,000 thousand and \$1,600,000 thousand, respectively.

27. 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 (since June 29, 2022)
K Way Information Corp.	Other related party

(2) Operating revenue

Line Items	Types of related parties	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Sales revenue	Associates	\$ 165	\$ 205
	Other related parties	-	112
		<u>\$ 165</u>	<u>\$ 317</u>

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, 2023	For the Three Months Ended March 31, 2022
Associates	<u>\$ 1,366</u>	<u>\$ 107</u>

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

Line Items	Types of related parties/Name	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivable	Associates	\$ 165	\$ 5	\$ 156
	Other related parties	-	590	118
		<u>\$ 165</u>	<u>\$ 595</u>	<u>\$ 274</u>

(5) Payables to related parties

Line Items	Types of related parties/Name	March 31, 2023	December 31, 2022	March 31, 2022
Trade payable	Associates	<u>\$ 685</u>	<u>\$ 1,506</u>	<u>\$ 93</u>

(6) Prepayments (Other current assets)

Types of related parties/Name	March 31, 2023	December 31, 2022	March 31, 2022
Associates	<u>\$ 3,961</u>	<u>\$ -</u>	<u>\$ -</u>

(7) Compensation of key management personnel

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Short-term employee benefits	<u>\$ 31,096</u>	<u>\$ 32,435</u>

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

28. ASSETS PLEDGED AS COLLATERAL

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

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment, Net	\$ 204,496	\$ 204,843	\$ 205,884
Pledged time deposits (Financial assets at amortized cost - non-current)	<u>39,627</u>	<u>39,491</u>	<u>35,216</u>
	<u>\$ 244,123</u>	<u>\$ 244,334</u>	<u>\$ 241,100</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of March 31, 2022, the group opens NT\$ 87,000 thousand of cashier order for payment guaranteed for Microsoft Taiwan Corporation.
- (2) As of March 31, 2022, the group opens NT\$ 50,000 thousand of cashier order for payment guaranteed for Microsoft Regional Sales Corporation.

30. 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, 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>

December 31, 2022

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

March 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 46,718	28.625 (USD:NTD)	\$ <u>1,337,303</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	37,694	28.625 (USD:NTD)	\$ <u>1,078,991</u>

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

	For the three months ended March 31, 2023		For the three months ended March 31, 2022	
	Exchange rate	Net Foreign exchange gain (loss)	Exchange rate	Net Foreign exchange gain (loss)
Foreign currencies				
USD	30.395 (USD:NTD)	\$ <u>6,309</u>	27.994 (USD:NTD)	\$ <u>878</u>

### 31. 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: None.
- E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital : None.
- F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- I. Trading in derivative instruments: None.
- J. Other: Intercompany relationships and significant intercompany transactions: Table 4.

#### (2) Information on investees: Table 5.

#### (3) Information on investment in mainland China :

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

#### (4) Information 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.

### 32. 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, 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>
<u>For the three months ended</u>				
<u>March 31, 2022</u>				
Revenues from external customers	\$ 3,012,490	\$ 60,486	\$ -	\$ 3,072,976
Inter-segment revenues	-	28,680	( 28,680)	-
Segment revenues	<u>\$ 3,012,490</u>	<u>\$ 89,166</u>	<u>( \$ 28,680)</u>	<u>\$ 3,072,976</u>
Segment profit (loss)	<u>\$ 191,862</u>	<u>\$ 26,327</u>	<u>\$ -</u>	\$ 218,189
General administration division costs and compensation of directors				( 37,099)
Non-operating income and expenses				<u>2,457</u>
Net income before tax				<u>\$ 183,547</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, 2023	For the three months ended March 31, 2022
IT Infrastructure	\$ 1,191,617	\$ 832,640
Network & Information Security	1,637,142	1,370,109
Cloud Platform & Application	730,551	688,703
Big Data & Application	153,083	180,348
Other	<u>7,765</u>	<u>1,176</u>
	<u>\$ 3,720,158</u>	<u>\$ 3,072,976</u>

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

Table 1

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

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	Wing Will International Co., Ltd.	Other receivables from related parties	Yes	\$ 20,000	\$ 20,000	\$ -	3%	2	\$ -	Operating capital	\$ -	—	\$ -	\$ 359,204	\$ 718,408	

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, 2023

Table 2

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)	Note
		Name	Relationship (Note 2)											
1	Zerone Win Investment Co., Ltd.	Wing Will International Co., Ltd.	(2)	\$ 31,656	\$ 1,700	\$ 1,700	\$ 1,700	\$ -	0.54	\$ 63,312	Y	-	-	

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, 2023

Table 3

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Beneficiary certificate							
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL — current	47,267,987	\$ 652,743	-	\$ 652,743	
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL — current	20,808,963	301,218	-	301,218	
	KGI Kaefer Fund	—	Financial assets at FVTPL — non-current	170,199	3,873	-	3,873	
	KGI Taiwan Multi-Asset Income Fund	—	Financial assets at FVTPL — non-current	1,198,020	13,166	-	13,166	
	KGI Taiwan Select-Asset Income Fund	—	Financial assets at FVTPL — non-current	500,325	5,749	-	5,749	
	Corporate bond							
	M.J. International Co. Ltd. — 1st convertible bonds	—	Financial assets at FVTPL — current	20 (Units)	1,994	-	1,994	
	Chailease Holding Company Limited — 1st convertible bonds	—	Financial assets at FVTPL — current	180 (Units)	18,414	-	18,414	
	Taishin Financial Holding Co., Ltd. — 1st exchangeable bonds	—	Financial assets at FVTPL — current	60 (Units)	6,123	-	6,123	
	Giant Manufacturing Co., Ltd. — 1st convertible bonds	—	Financial assets at FVTPL — current	100 (Units)	9,940	-	9,940	
	Topco Technologies Corp. — 1st convertible bonds	—	Financial assets at FVTPL — current	45 (Units)	4,860	-	4,860	
	Perusahaan Listrik Negara corporate bond (USD) 5.25%	—	Financial assets at amortized cost — non-current	500,000	16,830	-	13,587	
	Perusahaan Listrik Negara corporate bond (USD) 4.875%	—	Financial assets at amortized cost — non-current	500,000	15,293	-	12,500	
	Southern California Edison corporate bond (USD)	—	Financial assets at amortized cost — non-current	500,000	16,107	-	12,540	
	British Telecommunications plc corporate bond (USD)	—	Financial assets at amortized cost — non-current	500,000	15,344	-	11,696	
	TSMC Arizona corporate bond (USD)	—	Financial assets at amortized cost — non-current	1,000,000	29,937	-	30,091	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Stock							
	Fubon Financial Holding Co., Ltd.	—	Financial assets at FVTPL — current	68,510	\$ 3,871	-	\$ 3,871	
	Cathay Financial Holding Co., Ltd.	—	Financial assets at FVTPL — current	43,257	1,808	-	1,808	
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTPL — non-current	166,000	9,943	-	9,943	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTPL — non-current	80,000	4,176	-	4,176	
	Sino-American Silicon Products Inc.	—	Financial assets at FVTOCI — current	20,000	3,120	-	3,120	
	K Way Information Corp.	Director of ZOTC	Financial assets at FVTOCI — non-current	655,000	17,849	2.14	17,849	
	China Electric Mfg. Corp.	—	Financial assets at FVTOCI — non-current	2,689,200	44,909	0.83	44,909	
	Unex Technology Corp.	—	Financial assets at FVTOCI — non-current	175,000	1,412	1.68	1,412	
	Da-Chang Start-Up Investment Co. Ltd.	—	Financial assets at FVTOCI — non-current	3,000,000	29,980	2.73	29,980	
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI — non-current	134,000	8,027	-	8,027	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTOCI — non-current	70,000	3,654	-	3,654	
	Fubon Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	400,000	24,200	-	24,200	
	Taishin Financial Holding Co., Ltd. Preferred Shares E	—	Financial assets at FVTOCI — non-current	240,000	12,240	-	12,240	
	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI — non-current	1,350,000	22,680	-	22,680	
	CTBC Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	90,000	5,337	-	5,337	
	Cathay Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	230,000	13,754	-	13,754	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI — non-current	700,000	34,545	-	34,545	
	United Orthopedic Corporation Preferred Shares A	—	Financial assets at FVTOCI — non-current	155,000	8,308	-	8,308	
	QST International Corporation Preferred Shares A	—	Financial assets at FVTOCI — non-current	45,000	2,034	-	2,034	
	Miiicasa Holdings (Cayman) Inc.	—	Financial assets at FVTOCI — non-current	2,500,000	-	3.45	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Duofu Co., Ltd.	—	Financial assets at FVTOCI— non-current	10,000	\$ -	0.22	\$ -	
	Jotangi Technology Co., Ltd.	—	Financial assets at FVTOCI— non-current	796,250	-	9.32	-	
Zerone Win Investment Co., Ltd.	Stock WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI— non-current	240,000	11,844	-	11,844	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI— non-current	50,000	1,780	-	1,780	
	Tatung System Technologies Inc.	—	Financial assets at FVTOCI— non-current	1,500,000	59,775	1.69	59,775	
	GrandTech C.G. Systems Inc.	—	Financial assets at FVTOCI— non-current	74,000	5,069	0.12	5,069	
	FiduciaEdge Technologies Co., Ltd.	—	Financial assets at FVTOCI— non-current	500,000	7,500	4.09	7,500	
	GrandTech Cloud Services Inc.	—	Financial assets at FVTOCI— non-current	727	58	-	58	
	Saviah Technologies, Inc. Preferred Shares B	—	Financial assets at FVTOCI— non-current	375,000	15,000	-	15,000	
Petacom Technology Co., Ltd.	Beneficiary certificate Taishin 1699 Money Market Fund	—	Financial assets at FVTPL — current	660,000	9,114	-	9,114	
Zotech Co., Ltd.	Stock WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI— non-current	200,000	9,870	-	9,870	
	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI— non-current	340,000	5,712	-	5,712	

(Concluded)

Note 1 : Securities, indicated by the above table, are derivative from 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 5 and Table 6.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

Table 4

(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	\$ 26,687	Note 5	1%
				Trade receivable	28,485	Note 5	-
0	ZOTC	Techone (Shanghai) Co., Ltd.	1	Cost of goods sold	5,413	Note 5	-
				Trade payable	5,457	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, 2023

Table 5

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses	Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				March 31, 2023	December 31, 2022	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	\$ 43,821	(\$ 393)	(\$ 336)	Subsidiary
	Zerone Win Investment Co., Ltd.	Taiwan	Investment	300,000	300,000	30,000,000	100.00	316,559	( 6,184)	( 6,184)	Subsidiary
	Asiaone Holdings Ltd.	Republic of Seychelles	Holding company	10,063	10,063	320,000	100.00	15,016	1,040	1,040	Subsidiary
Zerone Win Investment Co., Ltd.	Wing Will International Co., Ltd.	Taiwan	Services of cloud information software	54,499	54,499	28,999,000	99.99	21,723	( 2,741)	( 2,741)	Sub-subsubsidiary
	Petacom Technology Co., Ltd.	Taiwan	Services of distribution of information product	50,000	50,000	50,000,000	100.00	72,168	1,552	1,552	Sub-subsubsidiary
	DigiCosmos Tech. Co., Ltd.	Taiwan	Services of information security consulting	25,000	25,000	2,500,000	50.00	20,605	( 2,127)	( 1,063)	Sub-subsubsidiary
	TrustOne Security Inc.	Taiwan	R&D, sale and service of information software	9,600	7,200	9,600,000	32.00	2,976	( 2,670)	( 855)	Associate
	Leukocyte-Lab Co. Ltd.	Taiwan	Information security management and consulting service	16,500	11,500	340,000	43.04	5,714	( 5,627)	( 2,009)	Associate
	InfinitesSoft Solutions Inc.	Taiwan	Software development, and services of information and computer software	37,800	37,800	2,780,889	24.33	18,803	( 4,389)	( 1,068)	Associate

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

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

Table 6

(In Thousands of New Taiwan Dollars/Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023	Note
					Outward	Inward							
Techone (Shanghai) Co., Ltd.	Technical service for network technology	\$ 13,293 (RMB 3,000)	(Note 1)	\$ 9,118	\$ -	\$ -	\$ 9,118	\$ 1,489	70%	\$ 1,042	\$ 14,728	\$ -	—

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 9,118	\$ 9,118	\$ 2,175,882

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, 2023.

Note 3 : According to the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAIC), the limit is 60% of the Company's net worth or the Group's net worth, whichever is higher (3,626,470×60%=2,175,882).

Note 4 : For foreign currency conversion, gain (loss) are converted by the average exchange rate in 2023 Q1. Other amounts are converted into New Taiwan Dollars by the exchange rate on March 31, 2023.