

ZERO ONE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2024 AND 2023 AND
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Zero One Technology Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2024 is stated as follows:

Authenticity of the Occurrence of Operating Income

The operating income of Zero One Technology Co., Ltd. mainly comes from the sales of enterprise computer software and hardware. Considering that there may be greater risks of fraud in income recognition and that the management could be under pressure to meet expected financial goals; therefore, we consider such revenue of significant growth rates and those from clients with substantial operating income a key audit matter.

We address the above mentioned income that the management evaluated by taking main audit procedures as follows:

1. Conduct tests of controls to understand the Company's revenue recognition process and the design and implementation of related controls.
2. Obtain the detailed accounts of these incomes, select samples to perform tests of details, and review documents such as purchase orders, delivery orders, and invoices to confirm the authenticity of these incomes.

3. Obtain the detailed accounts of these incomes, and select samples to test whether there is an anomaly in the subjects of the payment reconciliation and the amounts of the receipts, so as to confirm the authenticity of these incomes.
4. Review the occurrence of sales returns, sales discounts and allowances after the period to confirm whether there are any abnormalities.

Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Hsiu Chang and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
February 27, 2025

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 audit such parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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' report and parent company only financial statements shall prevail.

ZERO ONE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,066,325	10	\$ 190,974	3
Financial assets at fair value through profit or loss (Note 7)	33,143	-	707,583	9
Financial assets at fair value through other comprehensive income (Note 8)	-	-	3,920	-
Financial assets at amortized cost (Notes 9 and 10)	1,498,249	14	748,395	10
Notes receivable (Note 11)	211,779	2	169,098	2
Trade receivables (Notes 11 and 26)	3,509,943	33	3,059,132	40
Inventories (Notes 5 and 12)	2,086,604	20	1,249,707	16
Other current assets	29,364	-	33,799	-
Total current assets	<u>8,435,407</u>	<u>79</u>	<u>6,162,608</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	69,202	1	63,529	1
Financial assets at fair value through other comprehensive income (Note 8)	312,708	3	294,060	4
Financial assets at amortized cost (Notes 9, 10 and 27)	136,722	1	129,263	2
Investments accounted for using the equity method (Note 13)	853,836	8	433,960	6
Property, plant and equipment (Notes 14 and 27)	594,796	6	557,717	7
Right-of-use assets (Note 15)	15,085	-	9,148	-
Intangible assets	3,892	-	2,712	-
Deferred tax assets (Note 21)	28,905	-	38,859	-
Prepayments for Equipment	100	-	300	-
Refundable deposits	7,765	-	4,140	-
Long-term receivables (Note 11)	216,616	2	-	-
Net defined benefit assets (Note 17)	5,561	-	-	-
Total non-current assets	<u>2,245,188</u>	<u>21</u>	<u>1,533,688</u>	<u>20</u>
TOTAL	<u>\$ 10,680,595</u>	<u>100</u>	<u>\$ 7,696,296</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 26)	\$ 4,110,931	38	\$ 2,960,893	39
Other payables (Notes 16 and 26)	266,868	3	243,488	3
Current tax liabilities	122,899	1	80,070	1
Lease liabilities (Note 15)	8,159	-	6,306	-
Other current liabilities (Note 19)	239,010	2	245,554	3
Total current liabilities	<u>4,747,867</u>	<u>44</u>	<u>3,536,311</u>	<u>46</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 21)	2,763	-	7,380	-
Lease liabilities (Note 15)	7,044	-	3,042	-
Long-term payables	379,421	4	-	-
Net defined benefit liabilities (Note 17)	-	-	11,126	-
Guarantee deposit received	2,800	-	2,800	-
Total non-current liabilities	<u>392,028</u>	<u>4</u>	<u>24,348</u>	<u>-</u>
Total liabilities	<u>5,139,895</u>	<u>48</u>	<u>3,560,659</u>	<u>46</u>
EQUITY (Note 18)				
Common stocks	1,670,052	16	1,543,687	20
Additional paid-in capital	2,211,147	21	1,248,647	16
Retained earnings				
Legal reserve	451,802	4	382,868	5
Unappropriated earnings	1,156,953	11	906,406	12
Total retained earnings	<u>1,608,755</u>	<u>15</u>	<u>1,289,274</u>	<u>17</u>
Other equity	50,746	-	54,029	1
Total equity	<u>5,540,700</u>	<u>52</u>	<u>4,135,637</u>	<u>54</u>
TOTAL	<u>\$ 10,680,595</u>	<u>100</u>	<u>\$ 7,696,296</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

ZERO ONE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 19 and 26)	\$ 15,343,398	100	\$ 13,510,579	100
OPERATING COSTS (Notes 12 and 26)	<u>13,590,118</u>	<u>89</u>	<u>11,995,269</u>	<u>89</u>
GROSS PROFIT	<u>1,753,280</u>	<u>11</u>	<u>1,515,310</u>	<u>11</u>
OPERATING EXPENSES (Notes 17 and 20)				
Selling and marketing expenses	645,861	4	584,055	5
General and administrative expenses	202,534	1	146,413	1
Research and development expenses	9,500	-	13,207	-
Expected credit (gain) loss (Note 11)	(18,300)	-	12,630	-
Total operating expenses	<u>839,595</u>	<u>5</u>	<u>756,305</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>913,685</u>	<u>6</u>	<u>759,005</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 26)	59,556	1	40,488	1
Other income (Note 26)	14,233	-	8,022	-
Other gains and losses (Note 20)	12,565	-	16,079	-
Finance costs	(2,351)	-	(128)	-
Expected credit gain (loss) (Notes 9 and 10)	512	-	(953)	-
Share of profit or loss of subsidiaries accounted for using the equity method	<u>32,896</u>	<u>-</u>	<u>27,255</u>	<u>-</u>
Total non-operating income and expenses	<u>117,411</u>	<u>1</u>	<u>90,763</u>	<u>1</u>

(Continued)

ZERO ONE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 1,031,096	7	\$ 849,768	6
INCOME TAX EXPENSE (Note 21)	<u>197,327</u>	<u>2</u>	<u>158,251</u>	<u>1</u>
NET PROFIT	<u>833,769</u>	<u>5</u>	<u>691,517</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,753	-	(772)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	52,803	1	15,505	-
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	44,235	-	13,013	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(750)	-	154	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	<u>817</u>	<u>-</u>	<u>(302)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>100,858</u>	<u>1</u>	<u>27,598</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 934,627</u>	<u>6</u>	<u>\$ 719,115</u>	<u>5</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 5.22</u>		<u>\$ 4.50</u>	
Diluted	<u>\$ 5.21</u>		<u>\$ 4.46</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

ZERO ONE TECHNOLOGY CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	Share Capital			Retained Earnings			Other Equity				
	Shares		Additional Paid-in Capital	Legal Reserve	Unappropriated		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Comprehensive Income	Unearned Employee Benefits	Total	Total Equity
	(In Thousand)	Issued Capital			Earnings	Total					
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
Appropriation of the 2022 earnings											
Legal reserve	-	-	-	60,350	(60,350)	-	-	-	-	-	-
Cash dividends -NT \$3.6 per share	-	-	-	-	(551,080)	(551,080)	-	-	-	-	(551,080)
Net profit for the year ended December 31, 2023	-	-	-	-	691,517	691,517	-	-	-	-	691,517
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(618)	(618)	(302)	28,518	-	28,216	27,598
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	690,899	690,899	(302)	28,518	-	28,216	719,115
Changes in equity of associates accounted for using equity method	-	-	1,813	-	(2,576)	(2,576)	-	-	-	-	(763)
Changes in ownership interests of subsidiaries	-	-	456	-	-	-	-	-	-	-	456
Share based payment transaction – employee restricted shares	-	-	-	-	-	-	-	-	494	494	494
Issuance of common stocks under employee stock options	1,337	13,370	5,656	-	-	-	-	-	-	-	19,026
Exercise of right of disgorgement	-	-	94	-	-	-	-	-	-	-	94
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,019	1,019	-	(1,019)	-	(1,019)	-
BALANCE, DECEMBER 31, 2023	154,369	1,543,687	1,248,647	382,868	906,406	1,289,274	(135)	54,164	-	54,029	4,135,637
Appropriation of the 2023 earnings											
Legal reserve	-	-	-	68,934	(68,934)	-	-	-	-	-	-
Cash dividends – NT \$4.0 per share	-	-	-	-	(618,429)	(618,429)	-	-	-	-	(618,429)
Net profit for the year ended December 31, 2024	-	-	-	-	833,769	833,769	-	-	-	-	833,769
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	3,003	3,003	817	97,038	-	97,855	100,858
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	836,772	836,772	817	97,038	-	97,855	934,627
Issuance of shares for cash - privately placed common stock	12,000	120,000	960,000	-	-	-	-	-	-	-	1,080,000
Issuance of common stocks under employee stock options	636	6,365	2,418	-	-	-	-	-	-	-	8,783
Exercise of right of disgorgement	-	-	82	-	-	-	-	-	-	-	82
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	101,138	101,138	-	(101,138)	-	(101,138)	-
BALANCE, DECEMBER 31, 2024	167,005	\$ 1,670,052	\$ 2,211,147	\$ 451,802	\$ 1,156,953	\$ 1,608,755	\$ 682	\$ 50,064	\$ -	\$ 50,746	\$ 5,540,700

The accompanying notes are an integral part of the parent company only financial statements.

ZERO ONE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,031,096	\$ 849,768
Adjustments for:		
Depreciation expenses	31,108	27,212
Amortization expenses	1,877	1,978
Expected credit (gain) loss	(18,812)	13,583
Net gain on fair value change of financial assets at fair value through profit or loss	(11,726)	(16,352)
Finance costs	2,351	128
Interest income	(59,556)	(40,488)
Dividend income	(11,692)	(6,475)
Compensation costs of employee stock options	-	494
Share of gain of subsidiaries accounted for using the equity method	(32,896)	(27,255)
Gain on disposal of property, plant and equipment	(76)	-
Reversal of write-down of inventories	(47,071)	(24,002)
Net gain on foreign currency exchange	(1,691)	(33,398)
Gain on lease modification	-	(25)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	680,493	276,808
Notes receivable	(42,681)	150,175
Trade receivables	(646,239)	(584,978)
Inventories	(800,496)	716,688
Other current assets	(5,526)	13,706
Trade payables	1,505,602	(311,817)
Other payables	23,307	9,895
Other current liabilities	(6,544)	(23,482)
Net defined benefit assets (liabilities)	(12,934)	(2,934)
Cash generated from operations	1,577,894	989,229
Income tax paid	(149,911)	(160,164)
Net cash generated from operating activities	<u>1,427,983</u>	<u>829,065</u>

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ZERO ONE TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	(\$ 75,000)
Proceeds from sale of financial assets at fair value through other comprehensive income	38,075	14,176
Purchase of financial assets at amortized cost	(1,533,951)	(780,911)
Disposal of financial assets at amortized cost	783,604	178,733
Payments for property, plant and equipment	(47,776)	(261,617)
Proceeds from disposal of property, plant and equipment	92	-
Increase in refundable deposits	(3,625)	(824)
Payments for intangible assets	(2,675)	-
Increase in prepayment for equipment	-	(300)
Interest received	69,457	22,770
Other dividends received	<u>21,373</u>	<u>6,475</u>
Net cash used in investing activities	(<u>675,426</u>)	(<u>896,498</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	-	2,000
Repayment of principal portion of lease liabilities	(9,979)	(9,872)
Dividends paid	(618,429)	(551,080)
Proceeds from issuance of shares	1,080,000	-
Exercise of employee stock options	8,783	19,026
Acquisition of additional interests in subsidiaries	(351,609)	(12,145)
Interest paid	(2,351)	(128)
Exercise of right of disgorgement	<u>82</u>	<u>94</u>
Net cash generated from (used in) financing activities	<u>106,497</u>	(<u>552,105</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>16,297</u>	<u>8,745</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	875,351	(610,793)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>190,974</u>	<u>801,767</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$1,066,325</u>	<u>\$ 190,974</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

ZERO ONE TECHNOLOGY CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

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

The parent company only financial statements are expressed by the functional currency (New Taiwan dollars) of the Company.

2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved by the Board of Directors and issued on February 27, 2025.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

Application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the parent company only financial statements were authorized for issue, the Company had assessed that the application of above standards and interpretations would not have a material impact on the Company’s financial position and financial performance.

(3) The IFRS Accounting Standards in issue 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)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature - dependent Electricity”	January 1, 2026
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

(Continued)

<u>New / Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

(Concluded)

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

IFRS 18 “Presentation and Disclosures in Financial Statements”

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

These parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

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

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

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

When preparing the parent company only financial statements, the Company account for subsidiaries by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent company in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries, share of other comprehensive income of subsidiaries and the related equity items in the parent company only financial statements.

(3) Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

(4) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which the arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

(5) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriated to group similar or related items. The net realizable value is the estimated selling price of inventories less the estimated costs necessary to make the sale under normal situations. Inventories are recorded at the weighted-average cost on the balance sheet date.

(6) Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(7) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except self-owned land which is not recognized in depreciation, the depreciation of the remaining items of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(8) Impairment of property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right of use assets and intangible assets (excluding goodwill), to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

(9) Financial instruments

Financial assets and financial liabilities are recognized on parent company only balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

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

a. Measurement category

The Company's financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

(a) Financial assets at FVTPL

For certain financial assets which include debt instrument that do not meet the criteria of amortized cost or FVTOCI, it is mandatorily required to measure them at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The dividends, interest earned and net gain or loss recognized in profit or loss on the financial asset. Fair value is determined in the manner described in Note 25.

(b) Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

- a). The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and trade receivables, other receivables and refundable deposits, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to multiply the gross carrying amount of a financial asset.

Cash equivalents, held to meet short-term cash commitments, include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, as well as deposits in the bank and repurchase bonds, which are subject to an insignificant risk of changes in value.

(c) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable designate investments in equity instruments that is not held for trading as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes and trade receivables).

The Company always recognizes the loss allowance by lifetime Expected Credit Loss (i.e. ECL) for notes and accounts receivable. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In order for the Company to fulfill the purpose of internal credit and risk management control, under the premise that does not take into account of the collaterals owned by the Company, the following will be deemed as a default of the financial assets:

- (a) Either internal or external information indicates that it is impossible for the debtors to clear the debts;
- (b) Any delay in payment – unless there is reasonable and supporting information that indicates the basis for delaying the payment is more appropriate.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

B. Equity Instruments

The equity instruments issued by the Company are recognized based on the amount obtained after deducting the cost of direct issue.

C. Financial liabilities

a. Subsequent measurement

Except for financial liabilities held for trading and measured at fair value through profit or loss, all financial liabilities are measured at amortized cost using the effective interest method.

b. De-recognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(10) Revenue recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods

Revenue from sale of goods comes from sales of computer software, hardware, accessories, equipment, and components, etc. Customers have the right of quotation and user, and the responsibility of resale as goods after shipment and taking risks of losses of obsolete goods. The Company recognizes revenues and trade receivable as goods after shipment.

(11) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

A. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

B. The Company as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and less any lease incentives received, any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(12) Costs of loans

All costs of loans incurred shall be recognized as profits and losses at the current period.

(13) Employee benefit

A. Short-term employee benefits.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost as well as previous service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement (comprising actuarial gains and losses and the return on plan assets excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan.

(14) Share-based payment arrangements

The fair value and expected estimate amounts of the stock options and restricted shares determined at the grant date of the stock options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of stock options that will eventually vest, with a corresponding increase in additional paid-in capital - employee stock options. The fair value determined at the grant date of the stock options is recognized as an expense in full at the grant date when the stock options granted vest immediately.

When restricted shares for employees of the Company are issued, other equity – unearned employee benefits are recognized on the grant date, with a corresponding increase in additional paid-in capital – employee restricted shares. If the issuance is made for consideration and includes a clause requiring employees to refund the payment upon resignation, the total amount received from employees shall be recognized as a payable. For grants with a grant date prior to October 10, 2024, according to the FSC's FAQ, the payable may continue to be recognized based on the estimated amount net of the expected employee turnover rate.

At the end of each reporting period, the Company revises its estimate of the number of stock options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the additional paid-in capital – employee stock options and additional paid-in capital – employee restricted shares.

(15) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

The Company recognizes current earnings (losses) in accordance with the Income Tax Act in the Republic of China, and calculate the amount for tax payable (recoverable).

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated according to the Income Tax Act in the Republic of China.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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

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

The accounting policies, related estimates, and underlying assumptions adopted by the Company have been evaluated by its management, who concluded that they do not involve any material estimation uncertainties.

6. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	\$ 32	\$ 170
Checking accounts and demand deposits	659,759	142,290
Cash equivalents		
Time deposits	<u>406,534</u>	<u>48,514</u>
	<u>\$ 1,066,325</u>	<u>\$ 190,974</u>

As the end of reporting period, the market rate intervals of demand deposits in banks were as follows:

	December 31, 2024	December 31, 2023
Demand deposits	0.01%~0.95%	0.455%~0.58%
Time deposits	4.73%~4.94%	5.51%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2024	December 31, 2023
<u>Financial assets – current</u>		
Mandatorily measured at FVTPL		
Domestic convertible bonds	\$ 33,143	\$ 56,809
Fund beneficiary certificates	<u>-</u>	<u>650,774</u>
	<u>\$ 33,143</u>	<u>\$ 707,583</u>
<u>Financial assets – non-current</u>		
Mandatorily measured at FVTPL		
Domestic listed preference shares	\$ 8,306	\$ 8,038
Fund beneficiary certificates	<u>60,896</u>	<u>55,491</u>
	<u>\$ 69,202</u>	<u>\$ 63,529</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	December 31, 2024	December 31, 2023
<u>Current</u>		
Domestic investment		
Listed common stocks	\$ -	\$ 3,920
<u>Non-current</u>		
Domestic investment		
Listed common stocks	\$ 189,843	\$ 64,364
Listed preference shares	90,891	122,585
Unlisted shares	31,974	107,111
	<u>\$ 312,708</u>	<u>\$ 294,060</u>

The investments in those ordinary and preferred shares are in line with the Company's medium- to long-term strategies and the investment profits are expected to be gained in the long run. The management of the Company 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 Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2024	December 31, 2023
<u>Current</u>		
Domestic investment		
Time deposits with original maturities of more than three months (1)	\$ 1,498,249	\$ 625,575
Repurchase agreements collateralized by bonds (2)	-	122,820
	<u>\$ 1,498,249</u>	<u>\$ 748,395</u>
<u>Non-current</u>		
Domestic investment		
Pledged time deposit (3)	\$ 35,702	\$ 35,210
Foreign investment		
Perusahaan Listrik Negara corporate bond (USD) (4)	34,657	32,519
Southern California Edison corporate bond (USD) (5)	17,713	16,626
British Telecommunications plc corporate bond (USD) (6)	16,623	15,573
TSMC Arizona corporate bond (USD) (7)	32,468	30,288
	137,163	130,216
Less: Impairment loss	(441)	(953)
	<u>\$ 136,722</u>	<u>\$ 129,263</u>

(1) As of December 31, 2024 and 2023 the market interest rate intervals of time deposit over 3 months portion were 1.575%~5.24% and 1.45%~5.57%, respectively.

(2) As of December 31, 2023, the market interest rate of repurchase agreements collateralized by bonds over 3 months portion was 5%.

(3) Please refer to Note 27 for more details on financial assets at amortized cost under pledge.

(4) The Company 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 Company purchased Southern California Edison corporate bond (USD) by USD 544 thousand with a coupon rate of 4% in January 2022.
- (6) The Company purchased British Telecommunications plc corporate bond (USD) by USD 508 thousand with a coupon rate of 4.25% in February 2022.
- (7) The Company 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

	December 31, 2024	December 31, 2023
Gross Carrying Amount	\$ 1,635,412	\$ 878,611
Less: Impairment Loss	(441)	(953)
Amortized Cost	<u>\$ 1,634,971</u>	<u>\$ 877,658</u>

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

The strategy that the Company 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 Company 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 Company 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 AND OVERDUE RECEIVABLE

	December 31, 2024	December 31, 2023
Measured at amortized cost		
Notes receivable	\$ 211,779	\$ 169,098
Trade receivable	3,519,918	3,082,198
Long-term receivable	220,122	-
Overdue receivable	6,048	5,549
Less: Unearned finance income	(9,214)	-
Less: Allowances for impairment loss - trade receivable	(4,267)	(23,066)
Less: Allowances for impairment loss - overdue receivable	(6,048)	(5,549)
	<u>\$ 3,938,338</u>	<u>\$ 3,228,230</u>
Current	\$ 3,721,722	\$ 3,228,230
Non-current	216,616	-
	<u>\$ 3,938,338</u>	<u>\$ 3,228,230</u>

Long-term receivable mainly arose from installment sales.

The average credit period of sales of goods of the Company was 60-90 days.

In order to minimize credit risk, the Company'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 Company 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 Company's management believes the Company's credit risk was significantly reduced.

The Company applies the approach to providing for expected credit losses which permits the use of lifetime expected loss provision for all trade receivable. The expected credit losses of trade receivable on durable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's past experience of receivable and current financial position, expectation of GDP and prospect of the industry, deciding the rate of the expected credit losses by the different levels of credit limits of customers and actual conditions, based on the degree of doubtful accounts triggered by customers of different industries.

The Company 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 Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivable:

December 31, 2024

	<u>Not Past Due</u>	<u>1-30 Days Past Due</u>	<u>31-60 Days Past Due</u>	<u>61-90 Days Past Due</u>	<u>More Than 90 Days Past Due</u>	<u>Total</u>
Gross carrying amount	\$ 3,919,682	\$ 17,772	\$ 5,151	\$ -	\$ 6,048	\$ 3,948,653
Loss allowance (Lifetime ECLs)	(1,306)	(2,320)	(641)	-	(6,048)	(10,315)
Amortized cost	<u>\$ 3,918,376</u>	<u>\$ 15,452</u>	<u>\$ 4,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,938,338</u>

December 31, 2023

	<u>Not Past Due</u>	<u>1-30 Days Past Due</u>	<u>31-60 Days Past Due</u>	<u>61-90 Days Past Due</u>	<u>More Than 90 Days Past Due</u>	<u>Total</u>
Gross carrying amount	\$ 3,225,188	\$ 4,823	\$ 2,513	\$ 13,153	\$ 11,168	\$ 3,256,845
Loss allowance (Lifetime ECLs)	(8,430)	(1,556)	(785)	(6,676)	(11,168)	(28,615)
Amortized cost	<u>\$ 3,216,758</u>	<u>\$ 3,267</u>	<u>\$ 1,728</u>	<u>\$ 6,477</u>	<u>\$ -</u>	<u>\$ 3,228,230</u>

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

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 28,615	\$ 17,294
Add: Net remeasurement of loss allowance	-	12,630
Less: Net remeasurement of loss allowance	(18,300)	-
Less: Amounts written off	-	(1,309)
Balance at December 31	<u>\$ 10,315</u>	<u>\$ 28,615</u>

12. INVENTORIES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Commodities	<u>\$ 2,086,604</u>	<u>\$ 1,249,707</u>

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

	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 13,615,370	\$ 12,019,271
Reversal of write-down of inventories	(47,071)	(24,002)
	<u>\$ 13,568,299</u>	<u>\$ 11,995,269</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2024	December 31, 2023
<u>Investments in subsidiaries</u>		
Zotech Co., Ltd.	\$ 48,037	\$ 45,463
Zerone Win Investment Co., Ltd.	773,563	360,855
Asiaone Holdings Ltd.	<u>32,236</u>	<u>27,642</u>
	<u>\$ 853,836</u>	<u>\$ 433,960</u>
<u>Percentage of owners' equity and voting right</u>		
Name of subsidiaries	December 31, 2024	December 31, 2023
Zotech Co., Ltd.	85.37%	85.37%
Zerone Win Investment Co., Ltd.	100.00%	100.00%
Asiaone Holdings Ltd.	100.00%	100.00%

The Company participated in a cash capital increase of \$350,000 thousand in January 2024, and the shareholding ratio remained unchanged after the capital increase.

The Company participated in a cash capital increase of \$1,609 and \$12,145 thousand in Asiaone Holdings Ltd. in May 2024 and September 2023, and the shareholding ratio remained unchanged after the capital increase.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Office equipment	Delivery equipment	Other equipment	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 234,892	\$ 128,185	\$ 6,469	\$ 49,450	\$ 2,458	\$ 41,702	\$ 463,156
Additions	235,967	20,300	-	4,476	-	874	261,617
Disposals	-	-	(146)	(1,883)	-	-	(2,029)
Reclassification	-	-	-	1,908	-	1,203	3,111
Balance at December 31, 2023	<u>\$ 470,859</u>	<u>\$ 148,485</u>	<u>\$ 6,323</u>	<u>\$ 53,951</u>	<u>\$ 2,458</u>	<u>\$ 43,779</u>	<u>\$ 725,855</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 77,115	\$ 6,469	\$ 41,063	\$ 2,458	\$ 25,612	\$ 152,717
Disposals	-	-	(146)	(1,883)	-	-	(2,029)
Depreciation	-	2,337	-	6,096	-	9,017	17,450
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 79,452</u>	<u>\$ 6,323</u>	<u>\$ 45,276</u>	<u>\$ 2,458</u>	<u>\$ 34,629</u>	<u>\$ 168,138</u>
Carrying amounts at December 31, 2023	<u>\$ 470,859</u>	<u>\$ 69,033</u>	<u>\$ -</u>	<u>\$ 8,675</u>	<u>\$ -</u>	<u>\$ 9,150</u>	<u>\$ 557,717</u>
<u>Cost</u>							
Balance at January 1, 2024	\$ 470,859	\$ 148,485	\$ 6,323	\$ 53,951	\$ 2,458	\$ 43,779	\$ 725,855
Additions	-	12,857	-	10,842	22,739	1,338	47,776
Disposals	-	-	(4,086)	(6,800)	(2,458)	(65)	(13,409)
Reclassification	-	-	-	3,720	200	6,568	10,488
Balance at December 31, 2024	<u>\$ 470,859</u>	<u>\$ 161,342</u>	<u>\$ 2,237</u>	<u>\$ 61,713</u>	<u>\$ 22,939</u>	<u>\$ 51,620</u>	<u>\$ 770,710</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 79,452	\$ 6,323	\$ 45,276	\$ 2,458	\$ 34,629	\$ 168,138
Disposals	-	-	(4,086)	(6,783)	(2,458)	(66)	(13,393)
Depreciation	-	2,792	-	8,200	1,960	8,217	21,169
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 82,244</u>	<u>\$ 2,237</u>	<u>\$ 46,693</u>	<u>\$ 1,960</u>	<u>\$ 42,780</u>	<u>\$ 175,914</u>
Carrying amounts at December 31, 2024	<u>\$ 470,859</u>	<u>\$ 79,098</u>	<u>\$ -</u>	<u>\$ 15,020</u>	<u>\$ 20,979</u>	<u>\$ 8,840</u>	<u>\$ 594,796</u>

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	3 Years

Please refer to Note 27 for more details on property, plant and equipment under pledge.

15. LEASE ARRANGEMENTS

(1) Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amounts of right-of-use assets		
Buildings	<u>\$ 15,085</u>	<u>\$ 9,148</u>
	2024	2023
Additions to right-of-use assets	<u>\$ 15,876</u>	<u>\$ 1,381</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 9,939</u>	<u>\$ 9,762</u>

(2) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amounts of lease liabilities		
Current	<u>\$ 8,159</u>	<u>\$ 6,306</u>
Non-current	<u>\$ 7,044</u>	<u>\$ 3,042</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2024	December 31, 2023
Buildings	0.75%~1.175%	0.75%~1.00%

(3) Other lease information

	2024	2023
Expenses relating to short-term leases	<u>\$ 67</u>	<u>\$ 63</u>
Expenses relating to low-value asset leases	<u>\$ 302</u>	<u>\$ 211</u>
Total cash (outflow) for leases	<u>(\$ 10,482)</u>	<u>(\$ 10,274)</u>

16. OTHER PAYABLE

	December 31, 2024	December 31, 2023
Salaries and bonuses payable	<u>\$ 146,878</u>	<u>\$ 124,182</u>
Compensation of employees and directors payable	41,000	40,000
Tax Payable	9,918	17,894
Others	<u>69,072</u>	<u>61,412</u>
	<u>\$ 266,868</u>	<u>\$ 243,488</u>

17. RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

The plan under the ROC Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Act, ZOTC has made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts.

(2) Defined benefit plans

ZOTC has defined benefit plans under the ROC Labor Standards Act that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by Bureau of Labor Funds, Ministry of Labor; as such, the Company does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans in the parent company only balance sheets were as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ 760	\$ 55,345
Fair value of plan assets	(6,321)	(44,219)
Net defined benefit (asset) liability	(\$ 5,561)	\$ 11,126

Movements in net defined benefit (asset) liabilities were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability/assets
Balance at January 1, 2023	\$ 60,586	(\$ 47,298)	\$ 13,288
Interest expense (income)	704	(550)	154
Recognized in profits or losses	704	(550)	154
Remeasurements			
Return on plan assets (excluding amounts included in interest, net)	-	(433)	(433)
Actuarial loss arising from experience adjustments	1,205	-	1,205
Recognized in other comprehensive income	1,205	(433)	772
Contribution from employer	-	(1,788)	(1,788)
Benefit Payments	(7,150)	5,850	(1,300)
Balance at December 31, 2023	\$ 55,345	(\$ 44,219)	\$ 11,126
Balance at January 1, 2024	\$ 55,345	(\$ 44,219)	\$ 11,126
Current service cost	23,943	-	23,943
Interest expense (income)	692	(565)	127
Recognized in profits or losses	24,635	(565)	24,070
Remeasurements			
Return on plan assets (excluding amounts included in interest, net)	-	(3,963)	(3,963)
Actuarial loss arising from experience adjustments	210	-	210
Recognized in other comprehensive income	210	(3,963)	(3,753)
Contribution from employer	-	(1,018)	(1,018)
Benefit Payments	(79,430)	43,444	(35,986)
Balance at December 31, 2024	\$ 760	(\$ 6,321)	(\$ 5,561)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<u>2024</u>	<u>2023</u>
Selling and marketing expenses	\$ 83	\$ 67
General and administrative expenses	<u>23,987</u>	<u>87</u>
	<u>\$ 24,070</u>	<u>\$ 154</u>

Through the defined benefit plans under the ROC Labor Standards Act, the Company is exposed to the following risks:

- A. Investment risk: The pension funds are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the ROC Labor Standards Act, the rate of return on the Company's assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
- B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
- C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions at the measurement date were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.60%	1.25%
Future salary increase rate	4.50%	3.00%

If main actuarial assumptions vary within a reasonable extent, as for other assumption remaining unchanged, the present value of defined benefit obligation increases (decreases) shall be as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
increases by 0.25%	(\$ 52)	(\$ 1,048)
decreases by 0.25%	\$ 56	\$ 1,079
Future salary increase rate		
increases by 0.25%	\$ 53	\$ 1,044
decreases by 0.25%	(\$ 50)	(\$ 1,019)

As actuarial assumptions may be correlative with one another, it is less likely that only one single assumption will be changed, the above sensitive analysis cannot indicate actual changes of the present value of defined benefit obligation.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Contribution amounts within 1 year	\$ 4	\$ 1,842
Average duration of the defined benefit obligation	28 Years	7.7 Years

18. EQUITY

(1) Common stocks

	December 31, 2024	December 31, 2023
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	<u>167,005</u>	<u>154,369</u>
Issued capital	<u>\$ 1,670,052</u>	<u>\$ 1,543,687</u>

To enhance operational capital, expand investment partnerships, strengthen the financial structure, and address other funding needs for the Company's long-term development, while also considering the cost of raising funds and the timeliness and convenience of introducing strategic partners, the shareholders' meeting held on May 27, 2024 passed a resolution authorizing the Board of Directors to complete a private placement of common shares within one year, with a maximum limit of 20,000 thousand shares. On July 30, 2024, the Board of Directors approved negotiations with selected subscribers and established August 7, 2024, as the record date for a capital increase. The Company issued 12,000 thousand shares of privately placed common stock at a price of \$90 per share, raising \$1,080,000 thousand in funds. As of December 31, 2024, the Company has accumulated a total of 12,000 thousand shares of privately placed common stock. Except for the transferee stipulated under the ROC Securities and Exchange Act, the aforementioned privately placed common stock shall not be resold to anyone else within three years after their delivery.

(2) Additional paid-in capital

	December 31, 2024	December 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Premium on shares issued above par value	\$ 2,132,362	\$ 1,169,944
Treasury stock transactions	25,343	25,343
From exercised and invalid employees stock options	41,476	37,472
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	68	68
Vested employees restricted shares	8,426	8,426
<u>May be used to offset a deficit only</u>		
Recognized changes in equities of subsidiaries	456	456
Share of changes in equities of associates	2,840	2,849
Exercise of right of disgorgement	176	94
<u>May not be used for any purpose</u>		
Employees stock options	<u>-</u>	<u>4,004</u>
	<u>\$ 2,211,147</u>	<u>\$ 1,248,647</u>

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

(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' compensation and remuneration of directors and supervisors, refer to employees' compensation and remuneration of directors in Note 20 (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 2023 and 2022 earnings were as follows:

	For Fiscal Year 2023	For Fiscal Year 2022
Legal reserve	<u>\$ 68,934</u>	<u>\$ 58,555</u>
Cash dividends	<u>\$ 618,429</u>	<u>\$ 547,962</u>
Cash dividends per share (\$)	<u>\$ 4.0</u>	<u>\$ 3.6</u>

The above appropriations of earnings have been approved by ZOTC's board of directors on February 27, 2024 and February 21, 2023. The remaining appropriations of earnings were approved by shareholder's meeting held on May 27, 2024 and May 30, 2023, respectively.

The appropriations of earnings for 2024 have been proposed by ZOTC's board of directors on February 27, 2025. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (\$)
Legal reserve	<u>\$ 93,791</u>	
Cash dividends	835,026	\$ 5.0

The above appropriation for cash dividends was resolved by ZOTC's board of directors; the other proposed appropriations are subject to the resolution of the shareholders' meeting to be held on May 22, 2025.

19. REVENUE

(1) Income from contracts with clients

	2024	2023
Sales revenue	<u>\$ 15,219,354</u>	<u>\$ 13,402,569</u>
Service revenue	<u>124,044</u>	<u>108,010</u>
	<u>\$ 15,343,398</u>	<u>\$ 13,510,579</u>

(2) Remaining balance of the contracts

	December 31, 2024	December 31, 2023
Notes receivable (Note 11)	\$ 211,779	\$ 169,098
Trade receivable (Note 11)	\$ 3,509,943	\$ 3,059,132
Long-term receivable (Note 11)	\$ 216,616	\$ -
Contract liability (Other current liabilities)	\$ 74,860	\$ 36,482

20. NET INCOME

(1) Other Gains and losses

	2024	2023
Net gain arising on financial assets measured at FVTPL	\$ 11,726	\$ 16,352
Net foreign exchange gain (loss)	1,029	(298)
Gain on disposal of property, plant and equipment	76	-
Other	(266)	25
	<u>\$ 12,565</u>	<u>\$ 16,079</u>

(2) Depreciation & amortization

	2024	2023
Property, plant and equipment	\$ 21,169	\$ 17,450
Right-of-use assets	9,939	9,762
Intangible assets	1,877	1,978
	<u>\$ 32,985</u>	<u>\$ 29,190</u>
An analysis of depreciation by function Operating expenses	\$ 31,108	\$ 27,212
An analysis of amortization by function Operating expenses	\$ 1,877	\$ 1,978

(3) Employee benefits expense

	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 16,539	\$ 14,279
Defined benefit plans (Note 17)	24,070	154
	<u>40,609</u>	<u>14,433</u>
Share-based payment		
Equity-settled (Note 23)	-	494
Other employee benefits		
Salaries expense	491,068	435,198
Others	70,969	63,620
	<u>562,037</u>	<u>498,818</u>
Total employee benefits expense	<u>\$ 602,646</u>	<u>\$ 513,745</u>
Employee benefits expense summarized by function		
Operating expenses	<u>\$ 602,646</u>	<u>\$ 513,745</u>

(4) Compensation for employees and remuneration of directors

ZOTC shall allocate compensation to employees and Directors of ZOTC not less than 1%~15% and not more than 3% of surplus earnings during the period, respectively, and the amount of employees' and Directors' compensation for the years ended December 31, 2024 and 2023, with resolution of the board of directors on February 27, 2025 and February 27, 2024, were as follows:

Estimate Rate

	<u>2024</u>	<u>2023</u>
Compensation of employee	2.5%	3.0%
Compensation of director	1.3%	1.5%

Amount

	<u>2024</u>	<u>2023</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employee	\$ 27,000	\$ 27,000
Compensation of director	14,000	13,000

If changes in the very amount after the end of the reporting period, it will be booked next year, based on accounting estimates regulations.

The distribution amount of employees' and director's compensation in 2023, and 2022 has no difference compared to the recognized amount of the parent company only financial statements in 2023 and 2022.

Relevant information about employees' and director's compensation can be found on the website of "Market Observation Post System" of TWSE.

21. INCOME TAXES

(1) Income tax recognized in profit or loss

The major components of income tax expenses were as follows:

	<u>2024</u>	<u>2023</u>
Current tax		
In respect of the current year	\$ 199,229	\$ 154,466
Surtax on undistributed retained earnings	99	
Adjustments for previous years	(6,588)	(7,763)
	<u>192,740</u>	<u>146,703</u>
Deferred tax		
In respect of the current year	<u>4,587</u>	<u>11,548</u>
Income tax expense recognized in profit or loss	<u>\$ 197,327</u>	<u>\$ 158,251</u>

A reconciliation of accounting profit and income tax expense was as follows:

	<u>2024</u>	<u>2023</u>
Profit before income tax	<u>\$ 1,031,096</u>	<u>\$ 849,768</u>
Income tax expense calculated at the statutory rate	\$ 206,219	\$ 169,954
Permanent difference	2,091	560
Surtax on undistributed retained earnings	99	-
Investment tax credits	(4,500)	(4,500)
The adjustment of current income tax expenses for previous years	(6,588)	(7,763)
Others	<u>6</u>	<u>-</u>
Total income tax expense recognized in profit or loss	<u>\$ 197,327</u>	<u>\$ 158,251</u>

(2) Deferred tax balances

Movements of deferred tax assets and deferred tax liabilities were as follows:

2024

	<u>Beginning Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Ending Balance</u>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation losses	\$ 35,036	(\$ 9,414)	\$ -	\$ 25,622
Defined benefit plans	2,225	(1,475)	(750)	-
Unrealized foreign exchange gains	-	1,685	-	1,685
Others	<u>1,598</u>	<u>-</u>	<u>-</u>	<u>1,598</u>
	<u>\$ 38,859</u>	<u>(\$ 9,204)</u>	<u>(\$ 750)</u>	<u>\$ 28,905</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ 6,163	(\$ 6,163)	\$ -	\$ -
Defined benefit plans	-	1,112	-	1,112
Others	<u>1,217</u>	<u>434</u>	<u>-</u>	<u>1,651</u>
	<u>\$ 7,380</u>	<u>(\$ 4,617)</u>	<u>\$ -</u>	<u>\$ 2,763</u>

2023

	<u>Beginning Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Ending Balance</u>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation losses	\$ 39,836	(\$ 4,800)	\$ -	\$ 35,036
Defined benefit plans	2,658	(587)	154	2,225
Others	<u>4,620</u>	<u>(3,022)</u>	<u>-</u>	<u>1,598</u>
	<u>\$ 47,114</u>	<u>(\$ 8,409)</u>	<u>\$ 154</u>	<u>\$ 38,859</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ 3,402	\$ 2,761	\$ -	\$ 6,163
Others	<u>839</u>	<u>378</u>	<u>-</u>	<u>1,217</u>
	<u>\$ 4,241</u>	<u>\$ 3,139</u>	<u>\$ -</u>	<u>\$ 7,380</u>

(3) Income tax assessment

The Company's tax returns through 2022 had been assessed by the tax authorities.

22. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>2024</u>	<u>2023</u>
Earnings used in the computation of basic/diluted earnings per share	<u>\$ 833,769</u>	<u>\$ 691,517</u>

Shares

Units: Thousand shares

	<u>2024</u>	<u>2023</u>
Weighted average number of common stocks used in the computation of basic earnings per share	159,589	153,577
Effect of potentially dilutive common stocks :		
Employees' compensation	253	483
Employee stock options	193	1,019
Employee restricted shares	<u>-</u>	<u>77</u>
Weighted average number of common stocks outstanding in computation of diluted earnings per share	<u>160,035</u>	<u>155,156</u>

If the Company will distribute bonus to employees and the bonus will be settled in cash or shares, the Company will assume that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included and considered in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS

(1) Employee stock option plan

In January 2018 and September 2018, 2000, and 2,000 options were granted to qualified employees of ZOTC, and each option entitles the holder to subscribe for 1,000 common stocks of the Company 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 common stocks on the grant date. For any subsequent changes in the Company's common stocks, the exercise price of options will be adjusted by the regulated formula, accordingly.

Information about employee stock options was as follows:

	<u>2024</u>		<u>2023</u>	
<u>Employee stock options</u>	<u>Number of Options (In Thousands)</u>	<u>Weighted Average Exercise Price (\$)</u>	<u>Number of Options (In Thousands)</u>	<u>Weighted Average Exercise Price (\$)</u>
Balance, begin of period	636	\$ 14.24	1,973	\$ 15.15
Options exercised	(636)	13.80	(1,337)	14.23
Balance, end of period	<u>-</u>		<u>636</u>	14.24
Options exercisable, end of the period	<u>-</u>		<u>636</u>	

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

December 31, 2023	
Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Years)
\$13.20 (Note)	0.01
14.40 (Note)	0.67

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

(2) Employee restricted shares

The shareholders meeting of the Company, 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 have been allocated of new shares with employee restricted shares given by the Company, the Company has the right to take back their shares without giving any compensation and handle the new shares with employee restricted shares that have been allocated but have not yet met the vested conditions in the event where the employees violate the labor contract or work rules.

When the employee fails to meet the vested conditions, the Company will take back the new shares with restricted shares granted without giving any compensation according to law and cancel them.

Compensation costs by issuance of employee restricted shares recognized was \$494 thousand in 2023.

24. CAPITAL RISK MANAGEMENT

The Company engages mainly in the agent of enterprise information software and hardware, and is currently without any plans of imposed capital requirements at present and in the future. The Company 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 Company periodically reviews the policy of capital risk management, for seeking a steady and conservative policy.

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

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

25. FINANCIAL INSTRUMENTS

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

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

	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets</u>				
Measured at amortized cost				
– Foreign corporate bonds	\$ 101,020	\$ 85,277	\$ 94,053	\$ 83,170

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

A. Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Domestic convertible bonds	\$ 33,143	\$ -	\$ -	\$ 33,143
Domestic listed shares	8,306	-	-	8,306
Fund beneficiary certification	<u>15,119</u>	<u>-</u>	<u>45,777</u>	<u>60,896</u>
Total	<u>\$ 56,568</u>	<u>\$ -</u>	<u>\$ 45,777</u>	<u>\$ 102,345</u>

Financial assets measured at

FVTOCI

Equity investments				
– Domestic listed shares	\$ 280,734	\$ -	\$ -	\$ 280,734
– Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>31,974</u>	<u>31,974</u>
Total	<u>\$ 280,734</u>	<u>\$ -</u>	<u>\$ 31,974</u>	<u>\$ 312,708</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Domestic convertible bonds	\$ 56,809	\$ -	\$ -	\$ 56,809
Domestic listed shares	8,038	-	-	8,038
Fund beneficiary certification	<u>664,707</u>	<u>-</u>	<u>41,558</u>	<u>706,265</u>
Total	<u>\$ 729,554</u>	<u>\$ -</u>	<u>\$ 41,558</u>	<u>\$ 771,112</u>

Financial assets measured at

FVTOCI

Equity investments				
– Domestic listed shares	\$ 190,869	\$ -	\$ -	\$ 190,869
– Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>107,111</u>	<u>107,111</u>
Total	<u>\$ 190,869</u>	<u>\$ -</u>	<u>\$ 107,111</u>	<u>\$ 297,980</u>

There were no transfers between Level 1 and Level 2 in 2024 and 2023, respectively.

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

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

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

(3) Categories of financial instruments

	December 31, 2024	December 31, 2023
<u>Financial assets</u>		
Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 102,345	\$ 771,112
Financial assets measured at amortized cost (Note 1)	6,657,899	4,323,688
Financial assets measured at FVTOCI – Investments in equity instruments	312,708	297,980
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	4,760,020	3,207,181

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

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

(4) Financial risk management objectives and policies

The Company'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 Company's financial department measures the aforementioned risks based on the Company's risk appetite, and reports to the board of directors for carrying out relevant policies at any time.

A. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

a. Foreign currency risk

The Company's purchases are denominated in foreign currencies, thus the Company is exposed to foreign currency risks. To protect against reductions in value of foreign currency denominated assets and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes derivative financial instruments, such as forward exchange contracts and options, for avoiding foreign currency risks.

The carrying amounts of the Company'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 29.

Sensitivity analysis

The Company'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. When the New Taiwan dollar appreciates 5% against the relevant currency, the Company's net profit in 2024 and 2023 would increase by \$27,608 thousand and \$7,280 thousand, respectively.

b. Interest rate risk

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

	December 31, 2024	December 31, 2023
Interest rate risks at fair value		
– Financial assets	\$ 2,309,230	\$ 793,866
– Financial liabilities	611,319	9,348
Interest rate risks at cash flows		
– Financial assets	782,592	274,596

Sensitivity analysis

The sensitivity analyses below were determined based on the Company'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 Company's pre-tax profit in 2024 and 2023 would increase by \$3,913 thousand and \$1,373 thousand, respectively.

c. Other price risk

The Company is exposed to price risks arising from investments of public offering securities, corporate bonds and fund beneficiary certificates. The investments should be approved by the management, for controlling risks by holding different investment portfolios.

Sensitivity analysis

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

If equity prices had been 5% higher, pre-tax profit in 2024 and 2023 would have increased by \$5,117 thousand and \$38,556 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income in would have increased by \$15,635 thousand and \$14,899 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

B. Credit risk

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

The Company 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 Company is responsible for decision of rating criteria, credit limits approval, and other censor procedure, etc., in order to collect delinquent trade receivable. Otherwise, the Company 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 Company only transacts with financial institutions with good rating.

Trade receivable consisted of a large number of 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 credit risk of the Company concentrates on top 5 customers of the Company. As of December 31, 2024 and 2023, the Company's five largest customers accounted all for 34% and 36% of trade receivable, respectively.

C. Liquidity risk

The Company 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 Company'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 Company'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 Company may be required to pay, including interest and principal of cash flows.

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

December 31, 2024

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 4,161,104	\$ -
Lease liabilities	8,316	7,120
Fixed interest rate liabilities	<u>222,600</u>	<u>384,902</u>
	<u>\$ 4,392,020</u>	<u>\$ 392,022</u>

December 31, 2023

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,204,381	\$ -
Lease liabilities	<u>6,357</u>	<u>3,057</u>
	<u>\$ 3,210,738</u>	<u>\$ 3,057</u>

As of December 31, 2024 and 2023, the Company's unused short-term credit of limit of the bank were \$2,450,000 thousand and \$1,800,000 thousand respectively.

26. RELATED PARTIES TRANSACTIONS

The details of transactions between the Company and related parties are disclosed as follows.

(1) The name and relationship of related party

<u>Name of the related party</u>	<u>Relationship with the Company</u>
Zotech Co., Ltd.	Subsidiary
Zerone Win Investment Co., Ltd.	Subsidiary
Petacom Technology Co., Ltd.	Subsidiary
Wing Will International Co., Ltd.	Subsidiary
DigiCosmos Tech. Co., Ltd.	Subsidiary
LinkONE Digital Co., Ltd.	Subsidiary
TerraONE Tech Co., Ltd.	Subsidiary
Unicom Information Co., Ltd.	Subsidiary

(Continued)

Name of the related party	Relationship with the Company
Asiaone Holdings Ltd.	Subsidiary
Techone (Shanghai) Co., Ltd.	Subsidiary
Techone Vietnam Technology Company Limited	Subsidiary
Techone Global Company Limited	Subsidiary
TrustONE Security Inc.	Associate under a subsidiary
Leukocyte-Lab Co. Ltd.	Associate under a subsidiary
Infinitesoft Solutions Inc.	Associate under a subsidiary (changed to non-related party effective December 22, 2023)

(Concluded)

(2) Operating revenue

Line Items	Types of related parties	2024	2023
Sales revenue	Subsidiaries	\$ 107,652	\$ 103,183
	Associates	2,001	466
	Other related parties	-	2
		<u>\$ 109,653</u>	<u>\$ 103,651</u>
Service revenue	Subsidiaries	\$ 4,417	\$ 4,972

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

(3) Purchases

Types of related parties	2024	2023
Subsidiaries	\$ 95,668	\$ 23,873
Associates	20,644	24,682
	<u>\$ 116,312</u>	<u>\$ 48,555</u>

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

(4) Receivables from related parties (excluding loans and contract assets to related parties)

Line Items	Types of related parties	December 31, 2024	December 31, 2023
Trade receivable	Subsidiaries	\$ 39,007	\$ 34,285
	Associates	1,935	5
Other receivable	Subsidiaries	-	499
		<u>\$ 40,942</u>	<u>\$ 34,789</u>

(5) Payables to related parties

Line Items	Types of related parties	December 31, 2024	December 31, 2023
Trade payable	Subsidiaries	\$ 3,621	\$ 7,956
	Associates	4,783	8,551
Other payable	Subsidiaries	196	354
		<u>\$ 8,600</u>	<u>\$ 16,861</u>

(6) Loans to related parties (Recognized as other current assets)

Interest income

Types of related parties/Name	2024	2023
Subsidiaries	\$ 138	\$ -

(7) Non-operating income

<u>Line Items</u>	<u>Types of related parties</u>	<u>2024</u>	<u>2023</u>
Rental income	Subsidiaries	<u>\$ 726</u>	<u>\$ 724</u>

(8) Compensation of key management personnel

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 47,690</u>	<u>\$ 42,705</u>
Post-employment benefits	<u>26,532</u>	<u>144</u>
	<u>\$ 74,222</u>	<u>\$ 42,849</u>

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

27. ASSETS PLEDGED AS COLLATERAL

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment, Net	<u>\$ 202,066</u>	<u>\$ 203,454</u>
Pledged time deposit (Financial assets at amortized cost – non-current)	<u>35,702</u>	<u>35,210</u>
	<u>\$ 237,768</u>	<u>\$ 238,664</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of December 31, 2024, the Company issued \$87,000 thousand of cashier order for payment guaranteed for Microsoft Taiwan Corporation.
- (2) As of December 31, 2024, the Company issued \$50,000 thousand of cashier order for payment guaranteed for Microsoft Regional Sales Corporation.

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

The following information was aggregated by the foreign currencies other than functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 53,570	32.785 (USD:NTD)	<u>\$ 1,756,292</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	70,412	32.785 (USD:NTD)	<u>\$ 2,308,457</u>

December 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 28,065	30.705 (USD:NTD)	\$ <u>861,736</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	32,807	30.705 (USD:NTD)	\$ <u>1,007,339</u>

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

	2024		2023	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	32.112 (USD:NTD)	\$ <u>1,029</u>	31.155 (USD:NTD)	(\$ <u>298</u>)

30. SEPARATELY DISCLOSED ITEMS

(1) Significant Transactional Items

- A. Financing provided to others: Table 1.
- B. Endorsements/guarantees provided: Table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Table 3.
- D. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: Table 4.
- E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- H. Trade receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- I. Trading in derivative instruments: None.

(2) Information on investees: Table 5.

(3) Information on investment in Mainland China :

- A. The name of the investee in mainland China, the main business and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 6.
- B. Significant direct or indirect transactions with the investee, its price and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: 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 shareholder : List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 7.

ZERO ONE TECHNOLOGY CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEARS ENDED DECEMBER 31, 2024

Table 1

(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature for Financing (Note 3)	Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 5)	Note
													Item	Value			
0	ZOTC	Zerone Win Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 70,000	\$ 70,000	\$ -	3%	2	\$ -	Operating capital	\$ -	—	\$ -	\$ 554,070	\$ 1,108,140	
0	ZOTC	WingWill International Co., Ltd.	Other receivables from related parties	Yes	20,000	20,000	-	3%	2	-	Operating capital	-	—	-	554,070	1,108,140	
0	ZOTC	WingWill International Co., Ltd.	Other receivables from related parties	Yes	20,000	20,000	-	3%	2	-	Operating capital	-	—	-	554,070	1,108,140	
1	Zerone Win Investment Co., Ltd.	Techone Global Company Limited	Other receivables from related parties	Yes	65,670	65,670	-	3%	2	-	Operating capital	-	—	-	309,425	309,425	
1	Zerone Win Investment Co., Ltd.	Leukocyte-Lab Co. Ltd.	Other receivables from related parties	Yes	5,000	5,000	5,000	3%	2	-	Operating capital	-	—	-	309,425	309,425	

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 Company has set the maximum amount of loans to any individual counterparty at 10% of the Company's net worth, as audited or reviewed by a CPA in the most recent financial statements. For Zerone Win Investment, the maximum amount of loans to any individual counterparty is set at 40% of its net worth, as audited or reviewed by a CPA in its latest financial statements.

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.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEARS ENDED DECEMBER 31, 2024
Table 2

(In Thousands of New Taiwan Dollars)

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 Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)	Note
		Name	Relationship (Note 2)											
0	ZOTC	Techone (Shanghai) Co., Ltd.	(2)	\$ 554,070	\$ 131,140	\$ 131,140	\$ -	\$ -	2.37	\$1,108,140	Y	N	Y	
0	ZOTC	Techone Vietnam Technology Company Limited	(2)	554,070	131,140	131,140	-	-	2.37	1,108,140	Y	N	N	
1	Zerone Win Investment Co., Ltd.	WingWill International Co., Ltd.	(2)	77,356	1,700	-	-	-	-	154,713	N	N	N	

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 : 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 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent 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 of an endorsement/guarantee for a single enterprise is 10% of the net worth of the company providing the endorsement guarantee; the maximum limit of the endorsement guarantee is 20% of the net worth of the company providing the endorsement guarantee.

Note 4 : This refers to the maximum balance of endorsement guarantee for others in the current year

Note 5 : The amount approved by the Board of Directors should be filled in. However, if the board of directors authorizes the chairman of the board to make a decision in accordance with Article 12, Paragraph 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 of the board.

Note 6 : The actual borrowing amount of the endorsed guarantee company within the range of the balance of the endorsement guarantee should be filled in.

Note 7 : The following groups must be indicated with a 'Y' - those who are endorsed and guaranteed by the listed parent company to its subsidiaries; and subsidiaries being the endorser and guarantor of the listed parent companies, and those endorsed and guaranteed by the mainland China region.

ZERO ONE TECHNOLOGY CO., LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2024

Table 3

(In Thousands of New Taiwan Dollars)

Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units/ Par Value	Carrying Values	Percentage of Ownership (%)	Fair Value	
ZOTC	Beneficiary certificates							
	KGI Kaefer Fund	—	Financial assets at FVTPL – non-current	170,199	\$ 4,291	-	\$ 4,291	
	KGI Taiwan Multi-Asset Income Fund	—	Financial assets at FVTPL – non-current	1,198,020	15,119	-	15,119	
	KGI Taiwan Select-Asset Income Fund	—	Financial assets at FVTPL – non-current	500,325	6,164	-	6,164	
	Nomura 2026 DM Markets Trigger Maturity Private Placement Bond Fund	—	Financial assets at FVTPL – non-current	100,000	35,322	-	35,322	
	Corporate bonds							
	JPP Holding Company Limited - 3rd convertible bond	—	Financial assets at FVTPL – current	11 (Units)	1,247	-	1,247	
	International CSRC Investment Holdings Co., Ltd. - 3rd convertible bond	—	Financial assets at FVTPL – current	50 (Units)	4,850	-	4,850	
	Flexium Interconnect Inc. - 6th convertible bond	—	Financial assets at FVTPL – current	20 (Units)	1,986	-	1,986	
	Yulon Finance Corporation - 2nd convertible bond	—	Financial assets at FVTPL – current	100 (Units)	9,500	-	9,500	
	WPG Holdings Limited - 2nd convertible bond	—	Financial assets at FVTPL – current	73 (Units)	7,417	-	7,417	
	TCC Group Holdings Co., Ltd. - 1st convertible bond	—	Financial assets at FVTPL – current	82 (Units)	8,143	-	8,143	
	Perusahaan Listrik Negara corporate bonds (USD) 5.25%	—	Financial assets at amortized cost – non-current	USD 500,000	18,043	-	14,344	
	Perusahaan Listrik Negara corporate bonds (USD) 4.875%	—	Financial assets at amortized cost – non-current	USD 500,000	16,485	-	13,267	
	Southern California Edison corporate bonds (USD)	—	Financial assets at amortized cost – non-current	USD 500,000	17,497	-	12,727	

(Continued)

Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units/ Par Value	Carrying Values	Percentage of Ownership (%)	Fair Value	
ZOTC	British Telecommunications plc corporate bonds (USD)	—	Financial assets at amortized cost — non-current	USD 500,000	\$ 16,527	-	\$ 12,742	
	TSMC Arizona corporate bonds (USD)	—	Financial assets at amortized cost — non-current	USD 1,000,000	32,468	-	32,197	
	Stock							
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTPL — non-current	66,000	4,026	-	4,026	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTPL — non-current	80,000	4,280	-	4,280	
	K Way Information Corp.	—	Financial assets at FVTOCI — non-current	655,000	18,602	2.14	18,602	
	China Electric Mfg. Corp.	—	Financial assets at FVTOCI — non-current	2,650,200	41,741	0.82	41,741	
	Unex Technology Corp.	—	Financial assets at FVTOCI — non-current	175,000	1,904	1.68	1,904	
	Da-Chang Start-Up Investment Co. Ltd	—	Financial assets at FVTOCI — non-current	3,000,000	30,070	2.73	30,070	
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI — non-current	134,000	8,174	-	8,174	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTOCI — non-current	70,000	3,745	-	3,745	
	Fubon Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	385,000	23,292	-	23,292	
	Taishin Financial Holding Co., Ltd. Preferred Shares E	—	Financial assets at FVTOCI — non-current	240,000	12,384	-	12,384	
	CTBC Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	90,000	5,625	-	5,625	
	Cathay Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	230,000	13,823	-	13,823	
	QST International Corporation Preferred Shares A	—	Financial assets at FVTOCI — non-current	45,000	2,248	-	2,248	
	Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	—	Financial assets at FVTOCI — non-current	1,350,000	21,600	-	21,600	
	Nextlink Technology Co., Ltd.	—	Financial assets at FVTOCI — non-current	1,000,000	129,500	4.53	129,500	

(Continued)

Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units/ Par Value	Carrying Values	Percentage of Ownership (%)	Fair Value	
ZOTC	Duofu Co. Ltd.	—	Financial assets at FVTOCI – non-current	1,000	\$ -	0.05	\$ -	
	Jotangi Technology Co. Ltd.	—	Financial assets at FVTOCI – non-current	796,250	-	9.32	-	
Zerone Win Investment Co., Ltd	Beneficiary certificates Jih Sun Money Market Fund	—	Financial assets at FVTPL – current	8,436,792	130,522	-	130,522	
	Stocks Leukocyte-Lab Co., Ltd. Preferred Stock A	Associate	Financial assets at FVTPL – non-current	600,000	110	-	110	
	Shin Kong Financial Holding Co., Ltd. Preferred Stock A	—	Financial assets at FVTOCI – non-current	50,000	1,773	-	1,773	
	Saviah Technologies, Inc. Preferred Stock B	—	Financial assets at FVTOCI – non-current	375,000	7,350	-	7,350	
	GrandTech C.G. Systems Inc.	—	Financial assets at FVTOCI – non-current	74,000	4,129	0.12	4,129	
	FiduciaEdge Technologies Co., Ltd.	—	Financial assets at FVTOCI – non-current	500,000	3,050	3.33	3,050	
	GrandTech Cloud Services Inc.	—	Financial assets at FVTOCI – non-current	1,001	58	-	58	
	InfinitesSoft Solutions Inc.	—	Financial assets at FVTOCI – non-current	2,780,889	43,938	14.31	43,938	
Zotech Co. Ltd.	Stock Taishin Financial Holding Exchangeable Preferred Shares F	—	Financial assets at FVTOCI – non-current	340,000	5,440	-	5,440	
Wing Will International Co., Ltd.	Beneficiary certificates Jih Sun Money Market Fund	—	Financial assets at FVTPL – current	1,304,895	20,188	-	20,188	
TerraONE Tech Co. Ltd.	Beneficiary certificates Jih Sun Money Market Fund	—	Financial assets at FVTPL – current	2,285,267	35,354	-	35,354	

(Continued)

Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units/ Par Value	Carrying Values	Percentage of Ownership (%)	Fair Value	
LinkONE Digital Co., Ltd.	Beneficiary certificates Taishin 1699 Money Market Fund	—	Financial assets at FVTPL — current	708,722	\$ 10,027	-	\$ 10,027	
DigiCosmos Tech. Co., Ltd.	Beneficiary certificates Fubon Chi-Hsiang Money Market Fund	—	Financial assets at FVTPL — current t	1,535,985	25,085	-	25,085	

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

Note 2 : Relevant information about Investments in equity of subsidiaries, associates, see Table 5 & Table 6.

(Concluded)

ZERO ONE TECHNOLOGY CO., LTD.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 4

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)
ZOTC	<u>Beneficiary certificates</u>													
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL—current	—	—	10,297,883	\$ 150,442	30,679,267	\$ 450,000	40,977,150	\$ 601,031	\$ 600,000	\$ 1,031	-	\$ -
	Jih Sun Money Market Fund	Financial assets at FVTPL—current	—	—	-	-	39,156,168	600,000	39,156,168	601,110	600,000	1,110	-	-
	Taishin 1699 Money Market Fund	Financial assets at FVTPL—current	—	—	35,885,387	500,332	10,711,096	150,000	46,596,483	652,544	650,000	2,544	-	-
	<u>Stock</u>													
	Zerone Win Investment Co., Ltd.	Investment accounted for using equity method	—	Subsidiary	30,000,000	360,855	35,000,000	350,000	-	-	-	-	65,000,000	773,563

Note 1: The carrying amount is the original investment cost.

Note 2: The ending balance included adjustments of unrealized gains or loss on financial assets and share of profit or loss of subsidiaries accounted for using the equity method.

ZERO ONE TECHNOLOGY CO., LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
Table 5

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses	Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2024	December 31, 2023	Number of Ownership	Percentage of Ownership	Carrying Values			
ZOTC	Zotech Co., Ltd.	Taiwan	Manufacturing for computer equipment	\$ 35,000	\$ 35,000	3,500,000	85.37	\$ 48,037	\$ 2,755	\$ 2,352	Subsidiary
	Zerone Win Investment Co., Ltd.	Taiwan	Investment	650,000	300,000	65,000,000	100.00	773,563	28,376	28,376	Subsidiary
	Asiaone Holdings Ltd.	Republic of Seychelles	Holding company	23,818	22,208	750,000	100.00	32,236	2,168	2,168	Subsidiary
Zotech Co., Ltd.	Yuan A.I. Tech Co., Ltd.		Software Technical Services	2,000	-	200,000	23.81	2,001	6	1	Associate
Zerone Win Investment Co., Ltd.	Wing Will International Co., Ltd.	Taiwan	Services of cloud information software	70,899	70,899	45,399,000	90.80	53,110	6,732	6,112	Sub-subsubsidiary
	PetaCom Technology Co., Ltd.	Taiwan	Services of distribution of information product	77,545	77,545	10,200,000	51.00	91,919	(20,530)	(10,470)	Sub-subsubsidiary
	DigiCosmos Tech. Co., Ltd.	Taiwan	Services of information security consulting	25,000	25,000	2,500,000	50.00	38,239	19,180	9,590	Sub-subsubsidiary
	LinkONE Digital Co., Ltd.	Taiwan	Consulting services for digital transformation such as AI, data, and cloud service	26,000	-	26,000,000	100.00	20,980	(5,020)	(5,020)	Sub-subsubsidiary
	TerraONE Tech Co., Ltd.	Taiwan	Distribution for information security products	50,000	-	50,000,000	100.00	48,497	(1,503)	(1,503)	Sub-subsubsidiary
	Unicomp Information Co., Ltd.	Taiwan	Distribution for information products and related services	285,000	-	7,500,000	20.00	295,187	208,369	37,344	Sub-subsubsidiary
	TrustOne Security Inc.	Taiwan	R&D, sale and service of information software	12,160	9,600	12,160,000	32.00	2,938	(5,348)	(1,711)	Associate
	Leukocyte-Lab Co. Ltd.	Taiwan	Information security management and consulting service	16,500	16,500	340,000	26.56	(4,250)	(16,002)	(4,250)	Associate

(Continued)

Investor Company	Investee Company	Location	Main Businesses	Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2024	December 31, 2023	Number of Ownership	Percentage of Ownership	Carrying Values			
Asiaone Holdings Ltd.	Techone Vietnam Technology Company Limited	Vietnam	Information commodities trading and technical service for network technology	\$ 10,639	Note 2	Note 3	70.00	\$ 11,234	(\$ 272)	(\$ 190)	Sub-subsiidiary
	Techone Global Company Limited	Thailand	Information commodities trading and technical service for network technology	1,545	-	17,000	34.00	1,429	(579)	(197)	Sub-subsiidiary

(Concluded)

Note 1: Please refer to Table 6 for information on investment in Mainland China.

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

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

ZERO ONE TECHNOLOGY CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024

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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of 31 December, 2024	Accumulated Repatriation of Investment Income as of 31 December, 2024	Note
					Outward	Inward							
Techone (Shanghai) Co., Ltd.	Information commodities trading and technical service for network technology	\$ 13,434 (RMB 3,000)	(Note 1)	\$ 9,118	\$ -	\$ -	\$ 9,118	\$ 3,835	70%	\$ 2,684	\$ 18,733	\$ -	—

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 9,118	\$ 9,118	\$ 4,126,340

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 audited by CPAs on December 31, 2024.

Note 3 : According to the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" stipulated by the Investment Commission, Ministry of Economic Affairs, the limit is 60% of net worth of the Company or the consolidated financial statements. $(6,877,234 \times 60\% = 4,126,340)$

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

ZERO ONE TECHNOLOGY CO., LTD
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Table 7

(In Shares)

	Shares	
	Total Shares Owned	Ownership Percentage
WPG Holdings Limited	12,000,000	7.18%

§THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS§

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ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

STATEMENT 1 (In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand and revolving funds		\$ 32
Checking accounts and demand deposits	New Taiwan dollar	392,437
	USD 8,153 thousand @ 32.785; EUR 1 thousand @ 34.14	267,322
Time deposits	USD 12,400 thousand@ 32.785; annual interest rate at 4.73% ~ 4.94%; Expired by February 27, 2025	<u>406,534</u>
		<u>\$ 1,066,325</u>

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FVTPL – CURRENT
DECEMBER 31, 2024

Statement 2

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

Name of financial instruments	Description	Units	Par value (Dollars)	Total	Acquisition Cost	Fair value	
						Units (Dollars)	Total
JPP Holding Company Limited - 3rd convertible bond	Convertible bond	11 (units)	100,000	\$ 1,100	\$ 1,111	\$ 113.40	\$ 1,247
International CSRC Investment Holdings Co., Ltd. – 3rd convertible bond	Convertible bond	50 (units)	100,000	5,000	5,035	97.00	4,850
Flexium Interconnect Inc. - 6th convertible bond	Convertible bond	20 (units)	100,000	2,000	2,010	99.30	1,986
Yulon Finance Corporation - 2nd convertible bonds	Convertible bond	100 (units)	100,000	10,000	10,150	95.00	9,500
WPG Holdings Limited – 2nd convertible bond	Convertible bond	73 (units)	100,000	7,300	7,446	101.60	7,417
TCC Group Holdings Co., Ltd. - 1st convertible bond	Convertible bond	82 (units)	100,000	8,200	<u>8,241</u>	99.30	<u>8,143</u>
					33,993		<u>\$ 33,143</u>
Add (less): Valuation adjustment					(<u>850</u>)		
					<u>\$ 33,143</u>		

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2024

Statement 3 (In Thousands of New Taiwan Dollars)

The firm name	Description	Amount
Non-related parties		
Stark Technology Inc.	Payment for goods	\$ 76,777
Wen Wei Technology Co., Ltd.	Payment for goods	27,343
Apex Fong Yi Technology Co., Ltd.	Payment for goods	26,556
Shanda Information CO., LTD.	Payment for goods	15,483
Others (Note)	Payment for goods	<u>65,620</u>
		211,779
Less: Allowances for impairment loss		<u>-</u>
		<u>\$ 211,779</u>

Note : The amount of individual company included in others does not exceed 5% of the account balance.

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF TRADE RECEIVABLE
DECEMBER 31, 2024

Statement 4 (In Thousands of New Taiwan Dollars)

<u>The Company's name</u>	<u>Description</u>	<u>Amount</u>
Kinmax Technology Inc.	Payment for goods	\$ 570,253
Stark Technology Inc.	Payment for goods	298,605
Hwacom Systems Inc.	Payment for goods	206,602
High Performance Information Co., Ltd.	Payment for goods	188,840
Others (Note)	Payment for goods	<u>2,466,526</u>
		3,730,826
Less: Long-term receivables		216,616
Less: Allowances for impairment loss		<u>4,267</u>
Total		<u>\$ 3,509,943</u>

Note : The amount of individual company included in others does not exceed 5% of the account balance.

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024

Statement 5 (In Thousands of New Taiwan Dollars)

<u>Items</u>	<u>Book value</u>	<u>Net realizable value (Note)</u>
Commodities	<u>\$ 2,086,604</u>	<u>\$ 2,133,362</u>

Note : The net realizable value is the estimated selling price of inventories less the estimated costs necessary to make the sale under normal situations.

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FVTPL – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 6

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

Name	Beginning Balance		Addition		Decrease		Valuation for the current year	Ending Balance		Collateral/Pledge
	Shares	Book value	Shares	Amount	Shares	Amount		Shares	Book value	
KGI Kaefer Fund	170,199	\$ 4,055	-	\$ -	-	\$ -	\$ 236	170,199	\$ 4,291	
KGI Taiwan Multi-Asset Income Fund	1,198,020	13,933	-	-	-	-	1,186	1,198,020	15,119	
KGI Taiwan Select-Asset Income Fund	500,325	5,966	-	-	-	-	198	500,325	6,164	
Nomura 2026 DM Markets Trigger Maturity Private Placement Bond Fund	100,000	31,537	-	-	-	-	3,785	100,000	35,322	
Cathay Financial Holding Co., Ltd. Preferred Shares A	66,000	3,934	-	-	-	-	92	66,000	4,026	
Union Bank of Taiwan Preferred Shares A	80,000	<u>4,104</u>	-	<u>-</u>	-	<u>-</u>	<u>176</u>	80,000	<u>4,280</u>	
		<u>\$ 63,529</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 5,673</u>		<u>\$ 69,202</u>	

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FVTOCI—NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 7

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

Name	Beginning Balance		Addition		Decrease		Valuation for the current year	Ending Balance		Guaranteed /Pledged
	Shares	Book value	Shares	Amount	Shares	Amount		Shares	Book value	
K Way Information Corp.	655,000	\$ 20,371	-	\$ -	-	\$ -	(\$ 1,769)	655,000	\$ 18,602	None
China Electric Mfg. Corp	2,650,200	43,993	-	-	-	-	(2,252)	2,650,200	41,741	None
Unex Technology Corp.	175,000	2,088	-	-	-	-	(184)	175,000	1,904	None
Da-Chang Start-Up Investment Co. Ltd.	3,000,000	30,023	-	-	-	-	47	3,000,000	30,070	None
Cathay Financial Holding Co., Ltd. Preferred Shares A	134,000	7,986	-	-	-	-	188	134,000	8,174	None
Union Bank of Taiwan Preferred Shares A	70,000	3,591	-	-	-	-	154	70,000	3,745	None
Fubon Financial Holding Co., Ltd. Preferred Shares B	385,000	23,062	-	-	-	-	230	385,000	23,292	None
Taishin Financial Holding Co., Ltd. Preferred Shares E	240,000	12,264	-	-	-	-	120	240,000	12,384	None
CTBC Financial Holding Co., Ltd. Preferred Shares B	90,000	5,346	-	-	-	-	279	90,000	5,625	None
Cathay Financial Holding Co., Ltd. Preferred Shares B	230,000	13,731	-	-	-	-	92	230,000	13,823	None
WPG Holdings Limited Preferred Shares A	675,000	31,725	-	-	675,000	33,750	2,025	-	-	None
QST International Corp. Preferred Shares A	45,000	1,930	-	-	-	-	318	45,000	2,248	None
Taishin Financial Holding Co., Ltd. Exchangeable Preferred Shares F	1,350,000	22,950	-	-	-	-	(1,350)	1,350,000	21,600	None
Nextlink Technology Co., Ltd.	1,000,000	75,000	-	-	-	-	54,500	1,000,000	129,500	None
Duofu Co., Ltd	1,000	-	-	-	-	-	-	1,000	-	None
Jotangi Technology Co., Ltd.	796,250	-	-	-	-	-	-	796,250	-	None
		<u>\$ 294,060</u>		<u>\$ -</u>		<u>\$ 33,750</u>	<u>\$ 52,398</u>		<u>\$ 312,708</u>	

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 8

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

Name	Beginning Balance		Addition		Decrease		Increase (Decrease) in Using the Equity Method (Note 1)	Ending Balance			Net value of equity	Collateral/Pledge
	Shares	Amount	Shares	Amount (Note 2)	Shares	Amount		Shares	Percentage of ownership%	Amount		
Zotech Co., Ltd.	3,500,000	\$ 45,463	-	\$ -	-	\$ -	\$ 2,574	3,500,000	85.37	\$ 48,037	\$ 48,037	None
Zerone Win Investment Co., Ltd.	30,000,000	360,855	35,000,000	350,000	-	-	62,708	65,000,000	100.00	773,563	773,563	None
Asiaone Holdings Ltd.	700,000	<u>27,642</u>	50,000	<u>1,609</u>	-	-	<u>2,985</u>	750,000	100.00	<u>32,236</u>	32,236	None
		<u>\$ 433,960</u>		<u>\$ 351,609</u>		<u>\$ -</u>	<u>\$ 68,267</u>			<u>\$ 853,836</u>		

Note 1 : Including

1. Share of profit or loss of subsidiaries accounted for using the equity method	\$ 32,896
2. Cash dividends received from subsidiaries	(9,681)
3. Share of other comprehensive income (loss) of subsidiaries accounted for using equity method.	44,235
4. Exchange differences on translation of the financial statements of foreign operations	<u>817</u>
	<u>\$ 68,267</u>

Note 2 : This refers to cash capital increase.

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2024

Statement 9

(In Thousands of New Taiwan Dollars)

The Company's name	Amount
CISCO SYSTEMS INTERNATIONAL	\$ 854,144
VMware International Unlimited Company	773,717
Trend Micro Incorporated	627,688
NetApp B.V.	268,598
Others (Note)	<u>1,966,205</u>
	4,490,352
Less: Long-term payables	<u>379,421</u>
	<u>\$ 4,110,931</u>

Note : The amount of individual company included in others does not exceed 5% of the account balance.

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2024

Statement 10 (In Thousands of New Taiwan Dollars)

<u>Items</u>	<u>Amount</u>
Receipts under custody	\$ 149,985
Contract liability - current	74,860
Temporary receipts	<u>14,165</u>
	<u>\$ 239,010</u>

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 11 (In Thousands of New Taiwan Dollars)

Items	Description	Amount
Sales revenue	Selling hardware and software suite	\$ 15,246,045
Service revenue		<u>124,044</u>
		15,370,089
Less: sales returns		21,565
sales discounts		<u>5,126</u>
		<u>\$ 15,343,398</u>

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 12

(In Thousands of New Taiwan Dollars)

Items	Amount
Costs of goods sold	
Inventory, beginning of year	\$ 1,424,886
Add : Purchases	13,889,280
Inventory, ending of year	(2,214,712)
Other incoming transfers	667,639
Other outgoing transfers	(<u>153,248</u>)
Total costs of sales and purchases	13,613,845
Reversal of write-down of inventories	(47,071)
Losses on scrap of inventories	1,509
Inventory shrinkage	<u>16</u>
Costs of goods sold	13,568,299
Costs of service	<u>21,819</u>
	<u>\$ 13,590,118</u>

Note : The above statement indicates that the amount of all items regarding inventories is recognized by original costs of inventories, with no deduction of allowance for inventory valuation losses.

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 13

(In Thousands of New Taiwan Dollars)

Items	Selling and marketing expenses	General and administrative expenses	Research & Development Expenses	Expected credit losses	Total
Payroll Expenses	\$ 392,321	\$ 133,543	\$ 5,813	\$ -	\$ 531,677
Entertainment expense	95,775	2,095	1	-	97,871
Insurance expense	38,485	10,028	524	-	49,037
Depreciation expense	13,883	17,190	35	-	31,108
Expected credit (gain) loss	-	-	-	(18,300)	(18,300)
Others (Note)	<u>105,397</u>	<u>39,678</u>	<u>3,127</u>	<u>-</u>	<u>148,202</u>
	<u>\$ 645,861</u>	<u>\$ 202,534</u>	<u>\$ 9,500</u>	<u>(\$ 18,300)</u>	<u>\$ 839,595</u>

Note : The amount of each item in others does not exceed 5% of the account balance.

ZERO ONE TECHNOLOGY CO., LTD.
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND
AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Statement 14 (In Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
	Classified as Operating Expenses	Classified as Operating Expenses
Employee benefit expenses (Note)		
Salary and bonus	\$ 477,035	\$ 422,623
Labor and health insurance	35,355	31,455
Pension	40,609	14,433
Directors' compensation	14,033	13,069
Others	<u>35,614</u>	<u>32,165</u>
	<u>\$ 602,646</u>	<u>\$ 513,745</u>
Depreciation	<u>\$ 31,108</u>	<u>\$ 27,212</u>
Amortization	<u>\$ 1,877</u>	<u>\$ 1,978</u>

Note 1: As of December 31, 2024 and 2023, the Company had 395 and 355 employees, respectively, and there were 4 non-employee directors for both years. The calculation basis is consistent to employee benefit expenses.

Note 2: (1) Average employee benefit expenses for 2024 and 2023 were \$1,505 thousand and \$1,426 thousand, respectively.

(2) Average salary and bonus for 2024 and 2023 were \$1,220 thousand and \$1,204 thousand, respectively.

(3) The change in the average salary and bonus adjustment is 1.3%.

Note 3: The Company's compensation policies (including directors, managers and employees) are as follows:

(1) Directors: Accordingly to Article 19 of the Company's Articles of Incorporation, the compensation for directors shall be no more than 3% of annual profits. The Company allocates 1.5% of the current year's annual profits for the compensation to directors, and will provide reasonable reward by taking into account of the Company's operating results and the contribution they made. The procedures to determine the compensation is based on the Company's "Rules for Distribution of Compensation to Directors." Apart from referencing the company's overall operational efficiencies, future management risk and developing trend of the industry, the personal efficiency achievement rate, contribution to the overall performance, and devotion to company performance, achievement rate, profitability rate, operational efficiency and contribution are also collectively evaluated before calculating the compensation ratio. Relevant performance appraisals and the soundness of the compensation are reviewed and approved by the Remuneration Committee and the Board in accordance with the charter of relevant laws and requirements, so as to achieve the balance of the Company's sustainability and risk management.

- (2) Managers: Based on the Company's compensation policy to managers, criteria such as industry standards and personal performance evaluation items, which include financial indicators (such as the Company's revenue, achievement rate for profit before tax and after tax) and non-financial related indicators (such as taking on the role as trainer and any gross misconduct of the department in terms of legal and compliance and operational risks incidents) are also included in the evaluation. The procedures to determine and distribute the compensation is based on the Company's performance appraisal evaluation guidelines. Relevant performance appraisals and the soundness of the compensation are reviewed and approved by the Remuneration Committee and the Board in accordance with the charter of relevant laws and requirements, so as to achieve the balance of the Company's sustainability and risk management.
- (3) Employees: The Company conducts annual market survey regularly by analyzing salary, bonus and annual income statistics. Salary adjustment is processed based on Company's work rules and the results of individual performance appraisals so as to ensure the fairness of internal and external practices which meets the market standards.