

3704 Zyxel Group Corporation
2023Q3 Consolidated Financial Report

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Unit: NT\$ thousands

Balance Sheet				
Code	Accounting Title	2023/9/30	2022/12/31	2022/9/30
	Assets			
	Current assets			
1100	Cash and cash equivalents	5,967,253	6,040,344	6,456,215
1110	Current financial assets at fair value through profit or loss	207,624	128,308	143,618
1136	Current financial assets at amortised cost	28,268	22,277	20,563
1170	Accounts receivable, net	6,459,042	8,327,466	7,431,765
1180	Accounts receivable due from related parties, net	61,045	122,021	92,971
1210	Other receivables due from related parties	4,390	3,375	6,999
130X	Current inventories	5,632,627	8,001,198	7,597,674
1470	Other current assets	713,714	702,134	861,712
1476	Other current financial assets	22,901	35,929	70,172
1479	Other current assets, others	690,813	666,205	791,540
11XX	Total current assets	19,073,963	23,347,123	22,611,517
	Non-current assets			
1517	Non-current financial assets at fair value through other comprehensive income	28,979	28,979	25,713
1535	Non-current financial assets at amortised cost	214,391	104,563	124,865
1550	Investments accounted for using equity method	29,623	37,208	43,270
1600	Property, plant and equipment	1,780,853	1,891,464	1,830,538
1755	Right-of-use assets	388,535	427,554	435,343
1780	Intangible assets	302,845	343,892	322,037
1840	Deferred tax assets	613,248	591,094	566,530
1900	Other non-current assets	298,095	291,161	288,180
1920	Guarantee deposits paid	179,685	162,321	212,090
1975	Net defined benefit asset, non-current	104,421	103,515	65,940
1990	Other non-current assets, others	13,989	25,325	10,150
15XX	Total non-current assets	3,656,569	3,715,915	3,636,476
1XXX	Total assets	22,730,532	27,063,038	26,247,993
	Liabilities and equity			
	Liabilities			
	Current liabilities			
2100	Current borrowings	1,402,179	3,131,230	4,171,658
2110	Short-term notes and bills payable	0	200,000	200,000
2120	Current financial liabilities at fair value through profit or loss	0	105,448	0
2130	Current contract liabilities	233,875	827,495	62,744
2170	Accounts payable	4,457,307	6,788,608	6,483,416
2180	Accounts payable to related parties	53,103	122,608	4,804
2200	Other payables	870,919	968,599	737,892
2201	Wages and salaries payable	870,919	968,599	737,892
2220	Other payables to related parties	157	4,106	0
2230	Current tax liabilities	268,082	319,677	330,830
2250	Current provisions	467,576	456,506	464,095
2280	Current lease liabilities	35,699	44,265	44,537
2300	Other current liabilities	1,553,468	1,433,540	1,648,361
2399	Other current liabilities, others	1,553,468	1,433,540	1,648,361
21XX	Total current liabilities	9,342,365	14,402,082	14,148,337
	Non-current liabilities			
2530	Bonds payable	1,897,672	1,897,056	1,896,850
2570	Deferred tax liabilities	334,380	334,368	339,901
2580	Non-current lease liabilities	373,848	404,052	411,146
2600	Other non-current liabilities	11,337	11,225	13,740
2640	Net defined benefit liability, non-current	10,630	10,491	13,040
2645	Guarantee deposits received	707	734	700
25XX	Total non-current liabilities	2,617,237	2,646,701	2,661,637
2XXX	Total liabilities	11,959,602	17,048,783	16,809,974
	Equity			
	Equity attributable to owners of parent			
	Share capital			
3110	Ordinary share	4,030,700	3,978,690	3,978,690
3140	Advance receipts for share capital	33,230	23,030	0
3100	Total Share Capital	4,063,930	4,001,720	3,978,690
	Capital surplus			
3200	Total capital surplus	3,576,503	3,489,988	3,456,241

	Retained earnings			
3300	Total retained earnings	3,502,156	2,946,870	2,450,513
	Other equity interest			
3400	Total other equity interest	(472,959)	(490,256)	(501,621)
3500	Treasury shares	(96,550)	(96,550)	(104,839)
31XX	Total equity attributable to owners of parent	10,573,080	9,851,772	9,278,984
36XX	Non-controlling interests	197,850	162,483	159,035
3XXX	Total equity	10,770,930	10,014,255	9,438,019
3X2X	Total liabilities and equity	22,730,532	27,063,038	26,247,993
3998	Equivalent issue shares of advance receipts for ordinary share	3,323,000	2,303,000	0
3999	Number of shares in entity held by entity and by its subsidiaries	7,317,397	7,317,397	8,146,262

Unit: NT\$ thousands EPS Unit: NT\$

Statement of Comprehensive Income					
Code	Accounting Title	2023/7/1To9/30	2022/7/1To9/30	2023/1/1To9/30	2022/1/1To9/30
	Operating revenue				
4000	Total operating revenue	6,973,857	8,660,990	22,951,124	21,918,764
	Operating costs				
5000	Total operating costs	5,417,957	6,668,705	17,978,610	17,100,686
5900	Gross profit (loss) from operations	1,555,900	1,992,285	4,972,514	4,818,078
5950	Gross profit (loss) from operations	1,555,900	1,992,285	4,972,514	4,818,078
	Operating expenses				
6100	Selling expenses	600,300	564,670	1,751,172	1,603,182
6200	Administrative expenses	258,339	237,350	756,899	679,655
6300	Research and development expenses	491,879	498,310	1,448,059	1,348,121
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(3,638)	(26,640)	3,520	21,382
6000	Total operating expenses	1,346,880	1,273,690	3,959,650	3,652,340
6900	Net operating income (loss)	209,020	718,595	1,012,864	1,165,738
	Non-operating income and expenses				
	Interest income				
7100	Total interest income	22,553	13,514	83,388	27,865
	Other income				
7010	Total other income	6,697	22,832	24,397	47,491
	Other gains and losses				
7590	Miscellaneous disbursements	(89,669)	(134,854)	(116,906)	(317,669)
7630	Foreign exchange losses	(63,794)	(63,234)	(184,760)	19,207
7020	Other gains and losses, net	153,463	198,088	301,666	298,462
	Finance costs				
7050	Finance costs, net	22,260	14,809	56,079	39,559
	Share of profit (loss) of associates and joint ventures accounted for using equity method				
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(1,044)	(2,537)	(5,063)	(4,711)
7000	Total non-operating income and expenses	159,409	217,088	348,309	329,548
7900	Profit (loss) from continuing operations before tax	368,429	935,683	1,361,173	1,495,286
	Tax expense (income)				
7950	Total tax expense (income)	72,354	169,902	297,194	324,703
8000	Profit (loss) from continuing operations	296,075	765,781	1,063,979	1,170,583
8200	Profit (loss)	296,075	765,781	1,063,979	1,170,583
	Other comprehensive income				
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	100,443	55,175	21,524	(45,971)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	20,071	11,121	4,362	(5,166)
8360	Components of other comprehensive income that will be reclassified to profit or loss	80,372	44,054	17,162	(40,805)
8300	Total other comprehensive income	80,372	44,054	17,162	(40,805)
8500	Total comprehensive income	376,447	809,835	1,081,141	1,129,778
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	290,027	762,512	1,055,501	1,162,081
8620	Profit (loss), attributable to non-controlling interests	6,048	3,269	8,478	8,502
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	370,705	807,234	1,072,798	1,122,563
8720	Comprehensive income, attributable to non-controlling interests	5,742	2,601	8,343	7,215
	Basic earnings per share				
9750	Total basic earnings per share	0.73	1.88	2.67	2.72
	Diluted earnings per share				
9850	Total diluted earnings per share	0.72	1.87	2.63	2.70

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Statements of Cash Flows			
Code	Accounting Title	2023/1/1To9/30	2022/1/1To9/30
	Cash flows from (used in) operating activities, indirect method		
A00010	Profit (loss) from continuing operations before tax	1,361,173	1,495,286

A10000	Profit (loss) before tax	1,361,173	1,495,286
	Adjustments		
	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	246,951	219,822
A20200	Amortization expense	98,494	81,209
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	3,520	21,382
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(111,006)	(320,094)
A20900	Interest expense	56,079	39,559
A21200	Interest income	(83,388)	(27,865)
A21300	Dividend income	(3,685)	(11,290)
A21900	Share-based payments	7,604	31,226
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	5,063	4,711
A22500	Loss (gain) on disposal of property, plan and equipment	(2,015)	(33)
A29900	Other adjustments to reconcile profit (loss)	1,070,988	290,693
A20010	Total adjustments to reconcile profit (loss)	1,288,605	329,320
	Changes in operating assets and liabilities		
	Changes in operating assets		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(100,940)	364,707
A31150	Decrease (increase) in accounts receivable	1,931,970	(2,008,238)
A31190	Decrease (increase) in other receivable due from related parties	(1,015)	(3,928)
A31200	Adjustments for decrease (increase) in inventories	1,392,112	(1,645,306)
A31990	Decrease (increase) in other operating assets	1,249	(309,771)
A31000	Total changes in operating assets	3,223,376	(3,602,536)
	Changes in operating liabilities		
A32150	Increase (decrease) in accounts payable	(2,400,806)	1,486,205
A32190	Increase (decrease) in other payable to related parties	(3,949)	(8,618)
A32240	Increase (decrease) in net defined benefit liability	(767)	196
A32990	Increase (decrease) in other operating liabilities	(706,037)	(155,931)
A32000	Total changes in operating liabilities	(3,111,559)	1,321,852
A30000	Total changes in operating assets and liabilities	111,817	(2,280,684)
A20000	Total adjustments	1,400,422	(1,951,364)
A33000	Cash inflow (outflow) generated from operations	2,761,595	(456,078)
A33100	Interest received	84,442	23,946
A33200	Dividends received	6,554	13,264
A33300	Interest paid	(61,040)	(42,652)
A33500	Income taxes refund (paid)	(372,799)	(200,155)
AAAA	Net cash flows from (used in) operating activities	2,418,752	(661,675)
	Cash flows from (used in) investing activities		
B00040	Acquisition of financial assets at amortised cost	(144,154)	(389,768)
B00060	Proceeds from repayments of financial assets at amortised cost	38,389	638,809
B00100	Acquisition of financial assets at fair value through profit or loss	(25,874)	(264,800)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	53,056	223,521
B01800	Acquisition of investments accounted for using equity method	0	(20,000)
B02700	Acquisition of property, plant and equipment	(106,462)	(289,683)
B02800	Proceeds from disposal of property, plant and equipment	10,104	859
B03700	Increase in refundable deposits	(17,364)	(76,699)
B04500	Acquisition of intangible assets	(33,188)	(27,198)
B06500	Increase in other financial assets	(62)	0
B06700	Increase in other non-current assets	(6,441)	(4,945)
BBBB	Net cash flows from (used in) investing activities	(231,996)	(209,904)
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	8,154,292	14,432,273
C00200	Decrease in short-term loans	(9,880,650)	(11,816,098)
C00500	Increase in short-term notes and bills payable	40,000	620,000
C00600	Decrease in short-term notes and bills payable	(240,000)	(620,000)
C03100	Decrease in guarantee deposits received	(28)	(18)
C04020	Payments of lease liabilities	(36,620)	(32,599)
C04500	Cash dividends paid	(491,155)	(221,195)
C04800	Exercise of employee share options	177,262	32,000
C04900	Payments to acquire treasury shares	0	(312,483)
C05800	Change in non-controlling interests	(18,177)	0
CCCC	Net cash flows from (used in) financing activities	(2,295,076)	2,081,880
DDDD	Effect of exchange rate changes on cash and cash equivalents	35,229	(47,570)
EEEE	Net increase (decrease) in cash and cash equivalents	(73,091)	1,162,731
E00100	Cash and cash equivalents at beginning of period	6,040,344	5,293,484
E00200	Cash and cash equivalents at end of period	5,967,253	6,456,215
E00210	Cash and cash equivalents reported in the statement of financial position	5,967,253	6,456,215

Unit: NT\$ thousands

Statements of Change in Equity																
		3110	3140	3100	3200	3310	3320	3350	3300	3410	3420	3400	3500	31XX	36XX	3XXX
		Ordinary share	Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
A1	Equity at beginning of period	3,978,690	23,030	4,001,720	3,489,988	353,762	310,540	2,282,568	2,946,870	(433,898)	(56,358)	(490,256)	(96,550)	9,851,772	162,483	10,014,255
B1	Legal reserve appropriated					165,844		(165,844)	0					0		0
B3	Special reserve appropriated						179,716	(179,716)	0					0		0
B5	Cash dividends of ordinary share							(500,215)	(500,215)					(500,215)		(500,215)
D1	Profit (loss)							1,055,501	1,055,501					1,055,501	8,478	1,063,979
D3	Other comprehensive income									17,297		17,297		17,297	(135)	17,162
D5	Total comprehensive income							1,055,501	1,055,501	17,297		17,297		1,072,798	8,343	1,081,141
M1	Adjustments of capital surplus for company's cash dividends received by subsidiaries				9,060									9,060		9,060
M7	Changes in ownership interests in subsidiaries				(7,314)									(7,314)	7,314	0
N1	Share-based payments	52,010	10,200	62,210	84,769									146,979	37,887	184,866
O1	Changes in non-controlling interests														(18,177)	(18,177)
Y1	Total increase (decrease) in equity	52,010	10,200	62,210	86,515	165,844	179,716	209,726	555,286	17,297		17,297		721,308	35,367	756,675
Z1	Equity at end of period	4,030,700	33,230	4,063,930	3,576,503	519,606	490,256	2,492,294	3,502,156	(416,601)	(56,358)	(472,959)	(96,550)	10,573,080	197,850	10,770,930

Unit: NT\$ thousands

Last year's Statements of Change in Equity																
		3110	3140	3100	3200	3310	3320	3350	3300	3410	3420	3400	3500	31XX	36XX	3XXX
		Ordinary share	Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
A1	Equity at beginning of period	4,490,008	46,140	4,536,148	3,680,924	247,133	200,347	1,066,291	1,513,771	(402,479)	(59,624)	(462,103)	(198,448)	9,070,292	149,317	9,219,609
B1	Legal reserve appropriated					106,629		(106,629)	0					0		0
B3	Special reserve appropriated						110,193	(110,193)	0					0		0
B5	Cash dividends of ordinary share							(225,339)	(225,339)					(225,339)		(225,339)
C7	Changes in equity of associates and joint ventures accounted for using equity method				13,826									13,826		13,826
D1	Profit (loss)							1,162,081	1,162,081					1,162,081	8,502	1,170,583
D3	Other comprehensive income									(39,518)		(39,518)		(39,518)	(1,287)	(40,805)
D5	Total comprehensive income							1,162,081	1,162,081	(39,518)		(39,518)		1,122,563	7,215	1,129,778
E3	Capital reduction	(450,678)		(450,678)										(450,678)		(450,678)

L1	Purchase of treasury shares												(312,483)	(312,483)		(312,483)
L3	Retirement of treasury share	(129,360)		(129,360)	(276,732)								406,092	0		0
M1	Adjustments of capital surplus for company's cash dividends received by subsidiaries				4,144									4,144		4,144
M7	Changes in ownership interests in subsidiaries				(105)									(105)	105	0
N1	Share-based payments	68,720	(46,140)	22,580	34,184									56,764	6,462	63,226
O1	Changes in non-controlling interests													0	(4,064)	(4,064)
Y1	Total increase (decrease) in equity	(511,318)	(46,140)	(557,458)	(224,683)	106,629	110,193	719,920	936,742	(39,518)		(39,518)	93,609	208,692	9,718	218,410
Z1	Equity at end of period	3,978,690	0	3,978,690	3,456,241	353,762	310,540	1,786,211	2,450,513	(441,997)	(59,624)	(501,621)	(104,839)	9,278,984	159,035	9,438,019