

Stock Code: 301330

Abbreviation of Securities: ZKTECO

Announcement No.: 2023-035

ZKTECO CO., LTD.
2023 1st Quarter Report

The Company and all members of the Board of Directors guarantee that the information disclosed is true, accurate and complete, without any false records, misleading statements or material omissions.

Important content tips:

1. The Board of Directors, the Board of Supervisors, directors, supervisors, and senior management guarantee that the information presented in this report is true, accurate and complete without any false records, misleading statements or material omissions, and will undertake individual and joint legal liabilities.

2. The Company's legal representative, the person in charge of the accounting work, and the person in charge of accounting institution (accounting supervisor) hereby declare that the financial information in this report is true, accuracy, and complete.

3. Whether the 1st quarter report has been audited

Yes No

I. Key Financial Data

(I) Main Accounting Data and Financial Indicators

Whether the Company performed a retroactive adjustment or restatement of the previous accounting data

Yes No

Reasons for retroactive adjustment or restatement of the previous accounting data

Changes in accounting policies Correction of accounting errors Merger of enterprise under the same control Other reasons

	Current reporting period	The same period last year		Increase/decrease in this reporting period compared to the same period last year (%)
		Before adjustment	After adjustment	After adjustment
Operating revenue (RMB)	403,022,827.48	432,406,206.03	432,406,206.03	-6.80%
Net profit attributable to shareholders of listed companies (RMB)	31,690,542.22	29,319,200.73	29,376,601.09	7.88%
Net profit attributable to shareholders of listed companies after deducting non-recurring profits and losses (RMB)	30,281,180.21	25,767,460.21	25,824,860.57	17.26%
Net cash flows from operating activities (RMB)	64,369,898.55	-17,379,274.58	-17,379,274.58	470.38%
Basic earnings per share (RMB/share)	0.2098	0.2633	0.2638	-20.47%
Diluted earnings per share (RMB/share)	0.2121	0.2633	0.2638	-19.60%
Weighted average return on net assets (%)	1.03%	2.11%	2.12%	-1.09%
	At the end of this reporting period	At the end of the previous year		Increase or decrease at the end of this reporting period compared to the end of the previous year (%)
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	3,675,155,941.36	3,655,960,456.30	3,662,519,973.00	0.35%
Owner's equity attributable to shareholders of the listed company (RMB)	3,094,886,204.45	3,057,467,189.68	3,057,720,783.95	1.22%

Reasons for changes in accounting policies and situations of correction of accounting errors

On November 30, 2022, the Ministry of Finance issued and implemented the "Interpretation No. 16 of the Accounting Standards for Business Enterprises", which stipulates that "deferred income tax related to assets and liabilities arising from individual transactions shall not be subject to the accounting treatment of initial recognition exemption". The Company shall implement it from January 1, 2023. For the lease liabilities and right-of-use assets recognized due to the application of this regulation in the earliest period of financial statement presentation for the first time, as well as the estimated liabilities and corresponding assets related to the disposal obligation recognized, which generate taxable temporary differences and deductible temporary differences, the Company shall adjust the cumulative impact to present the initial retained earnings and other related financial statement items for the earliest period in the

financial statements in accordance with this regulation and the provisions of "Accounting Standards for Enterprises No. 18 - Income Tax".

(II) Items and Amounts of Non-recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Amount during this reporting period	Remarks
Losses and gains from disposal of non-current assets (including the offsetting portion of the provision for asset impairment)	-217,760.67	
Government subsidies included in current profits and losses (except those closely related to the normal business of the Company, which are in line with national policies and regulations and continue to be enjoyed in accordance with certain standards or quotas)	1,739,891.98	Mainly due to government subsidies received during the reporting period
Capital occupancy fees charged to non-financial enterprises included in current profits and losses	12,971.53	
In addition to the effective hedging business related to the normal business of the Company, the profits and losses from fair value changes arising from the holding of trading financial assets and trading financial liabilities as well as investment income from the disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets	354,202.50	
Other non-operating income and expenses other than the above items	-192,773.53	
Other profit and loss items that meet the definition of non-recurring profits and losses	0.00	
Less: income tax impact	204,066.33	
Minority interest impact (after tax)	83,103.47	
Total	1,409,362.01	

Details of other profit and loss items that meet the definition of non-recurring profits and losses

Applicable Not applicable

The Company does not have other specific conditions of profit and loss items that meet the definition of non-recurring profit and loss. Explanations on classifying any non-recurring gain/loss item mentioned in the "Explanatory Announcement for Information Disclosure by Companies that Issue Securities to the Public No. 1 - Non-recurring Gains and Losses" as recurring gain/loss item

Applicable Not applicable

The Company does not classify any non-recurring gain/loss item mentioned in the "Explanatory Announcement for Information Disclosure by Companies that Issue Securities to the Public No. 1 - Non-recurring Gains and Losses" as recurring gain/loss item.

(III) Changes and Reasons for Changes in Key Accounting Data and Financial Indicators

Applicable Not applicable

Balance Sheet Items	March 31, 2023	December 31, 2022	Change ratio	Reasons
Trading financial asset	52,704,348.13	204,318,406.05	-74.20%	Mainly due to the maturity of structured deposits
Notes payable	129,274,492.93	68,293,818.22	89.29%	Mainly due to the month on month increase in procurement volume in 2022 Q4, resulting in an increase in the issuance of notes payable during the reporting period
Income Statement Items	January - March 2023	January - March 2022	Change ratio	Reasons
Financial expenses	-8,461,054.18	-1,435,819.60	-489.28%	Mainly due to the fact that during the reporting period, the amount of bank deposits significantly increased compared to the same period last year, resulting in a significant increase in interest income
Other income	3,354,811.90	2,370,527.35	41.52%	Mainly due to the year-on-year increase in the amount of value-added tax immediately collected and refunded received by the subsidiary in this period
Income from changes in fair value	-	-182,854.54	100.00%	Mainly due to the lack of forward foreign exchange settlement and sales business in this period
Losses from credit impairment	818,545.26	266,734.44	-206.88%	Mainly due to the decrease in accounts receivable at the end of this period, resulting in the reversal of bad debt reserves
Cash Flow Statement Items	January - March 2023	January - March 2022	Change ratio	Reasons
Net cash flows from operating activities	64,369,898.55	-17,379,274.58	470.38%	Mainly due to the decrease in purchase payments made in the current period compared to the same period last year
Net cash flows from operating activities	8,704,305.63	-11,849,084.85	173.46%	Mainly due to the increase in the maturity or redemption amount of current time deposits and financial products compared to the same period last year, which is higher than the increase in the purchase amount of current term deposits and financial products compared to the same period last year
Net cash flows from financing activities	-20,327,769.95	-7,986,494.23	-154.53%	Mainly due to the higher amount of cash dividends paid by subsidiaries to shareholders in the current period compared to the same period last year
Effect of fluctuation in exchange rate on cash and cash equivalents	-3,672,657.75	-1,008,437.54	-264.19%	Mainly due to the impact of exchange rate fluctuations.

II. Shareholder Information

(I) Table of the Total Number of Common Shareholders and the Number of Preferred Shareholders with Resumed Voting Rights and information about Top Ten Shareholders

Unit: share

Total number of common shareholders at the end of the reporting period		17,418	Total number of preferred shareholders whose voting rights have been recovered at the end of the reporting period (if any)		0	
Particulars about the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of shares with trading restrictions	Pledged, marked or frozen	
					Share status	Amount
Shenzhen ZKTeco Times Investment Co., Ltd.	Domestic non state-owned corporation	30.30%	45,000,000.00	45,000,000.00		
Che Quanhong	Domestic individual	17.62%	26,171,000.00	26,171,000.00		
Shenzhen JYSJ Investment Enterprise (Limited Partnership)	Domestic non state-owned corporation	7.31%	10,852,000.00	10,852,000.00		
Shenzhen JYHY Investment Enterprise (Limited Partnership)	Domestic non state-owned corporation	7.21%	10,708,500.00	10,708,500.00		
Dongguan LX Investment Partnership Enterprise (Limited Partnership)	Domestic non state-owned corporation	5.12%	7,600,000.00	7,600,000.00		
Shenzhen JYLX Consulting Enterprise (Limited Partnership)	Domestic non state-owned corporation	2.46%	3,652,600.00	3,652,600.00		
Huaxin Yuanchuang (Qingdao) Investment Management Co., Ltd. - Qingdao Walden Zhongxiang Investment Center (Limited	Other	1.76%	2,612,540.00	2,612,540.00		

Partnership)						
Shenzhen Fuhai Juanyong I Venture Investment Fund (Limited Partnership)	Domestic non state-owned corporation	1.35%	2,009,646.00	2,009,646.00		
Changjiang Wealth Asset Management - Bank of Nanjing - Changjiang Wealth - ZKTeco Employee Strategic Placement No.1 Collective Asset Management Plan	Other	1.17%	1,733,148.00	1,733,148.00		
National Social Security Fund 504 Portfolio	Other	1.00%	1,479,856.00	0.00		
Particulars about shares held by the Top 10 common shareholders holding shares that are not subject to trading restriction(s)						
Name of shareholder	Number of shares without trading restrictions	Types of shares				
		Type	Amount			
National Social Security Fund 504 Portfolio	1,479,856.00	RMB ordinary shares	1,479,856.00			
Hong Kong Securities Clearing Company Limited	740,930.00	RMB ordinary shares	740,930.00			
China International Capital Corporation Limited	546,628.00	RMB ordinary shares	546,628.00			
Wang Zheng	442,300.00	RMB ordinary shares	442,300.00			
Shenzhen Upright Asset Management Co., Ltd. - Upright Elite - Penghui No.1 Securities Investment Fund	413,912.00	RMB ordinary shares	413,912.00			
Shenzhen Upright Asset Management Co., Ltd. - Upright Cornerstone Investment No. 1 Fund	379,055.00	RMB ordinary shares	379,055.00			
Liang Qiming	300,078.00	RMB ordinary shares	300,078.00			
CITIC Securities Co., Ltd.	274,777.00	RMB ordinary shares	274,777.00			
Zhu Qizhong	161,600.00	RMB ordinary shares	161,600.00			
Huatai Securities Co., Ltd.	161,195.00	RMB ordinary shares	161,195.00			
Explanation on associated relationship and concerted actions among above shareholders	The Company does not know whether there is a related relationship between the top 10 shareholders of shares without trading restrictions, as well as between the top 10 shareholders outstanding shares without trading restrictions and the top 10 shareholders, or whether they belong					

	to persons acting in concert.
Information on Top 10 shareholders of participating in margin trading and short selling business (if any)	Among the top 10 shareholders without trading restrictions, Wang Zheng held a total of 442,300 shares of the Company at the end of the reporting period, including 0 share held through ordinary securities accounts and 442,300 shares held through a margin account of Chinalin Securities Co., Ltd. At the end of the reporting period, Zhu Qizhong held a total of 161,600 shares of the Company, including 0 share held through ordinary securities accounts and 161,600 shares held through a margin account of Zheshang Securities Co., Ltd.

(II) Total Number of Preferred Shareholders and information about Top 10 Preferred Shareholders

Applicable Not applicable

(III) Changes in Restricted Shares

Applicable Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of shares released from trading restrictions in this period	Increase in restricted shares in this period	Number of restricted shares at the end of the period	Reason for restrictions	Date of releasing from trading restrictions
Shenzhen ZKTeco Times Investment Co., Ltd.	45,000,000.00			45,000,000.00	Restricted shares before IPO	February 17, 2026
Che Quanhong	26,171,000.00			26,171,000.00	Restricted shares before IPO	February 17, 2026
Shenzhen JYSJ Investment Enterprise (Limited Partnership)	10,852,000.00			10,852,000.00	Restricted shares before IPO	One quarter of the shares will be unlocked from August 17, 2023, until all shares are unlocked on August 17, 2026
Shenzhen JYHY Investment Enterprise (Limited Partnership)	10,708,500.00			10,708,500.00	Restricted shares before IPO	One quarter of the shares will be unlocked from August 17, 2023, until all shares are unlocked on August 17, 2026
Dongguan LX Investment Partnership Enterprise (Limited Partnership)	7,600,000.00			7,600,000.00	Restricted shares before IPO	August 17, 2025
Shenzhen	3,652,600.00			3,652,600.00	Restricted	One quarter of

JY LX Consulting Enterprise (Limited Partnership)					shares before IPO	the shares will be unlocked from August 17, 2023, until all shares are unlocked on August 17, 2026
Shenzhen Fuhai Juanyong I Venture Investment Fund (Limited Partnership)	2,009,646.00			2,009,646.00	Restricted shares before IPO	August 17, 2023
Huaxin Yuanchuang (Qingdao) Investment Management Co., Ltd. - Yiwu Walden Yuanjing Venture Capital Center (Limited Partnership)	1,406,752.00			1,406,752.00	Restricted shares before IPO	August 17, 2023
Huaxin Yuanchuang (Qingdao) Investment Management Co., Ltd. - Qingdao Walden Zhongxiang Investment Center (Limited Partnership)	2,612,540.00			2,612,540.00	Restricted shares before IPO	August 17, 2023
Shenzhen JYQL Investment and Consulting Enterprise (Limited Partnership)	1,356,000.00			1,356,000.00	Restricted shares before IPO	One quarter of the shares will be unlocked from August 17, 2023, until all shares are unlocked on August 17, 2026
Changjiang Wealth Asset Management - Bank of Nanjing - Changjiang Wealth - ZKTeco Employee Strategic Placement No.1 Collective	1,733,148.00			1,733,148.00	Restricted shares after IPO	August 17, 2023

Asset Management Plan						
Changjiang Wealth Asset Management - Bank of Nanjing - Changjiang Wealth - ZKTeco Employee Strategic Placement No.2 Collective Asset Management Plan	272,022.00			272,022.00	Restricted shares after IPO	August 17, 2023
Offline issuance restricted shares	1,865,168.00	1,865,168.00		0.00	Restricted shares after IPO	February 17, 2023
Total	115,239,376.00	1,865,168.00	0.00	113,374,208.00		

III. Other Important Events

Applicable Not applicable

1. On January 18, 2023, the Company held the 23rd Session of the Second Board Meeting and the 17th Session of the Second Supervisory Board Meeting. On February 6, 2023, the Company held the Second Extraordinary General Meeting of 2023, and deliberated and approved the "Proposal on Changing the Investment Projects of Raised Funds, Changing the Special Account for Raised Funds, Increasing Capital and Providing Loans to Subsidiaries to Implement Investment Projects". The Company agreed to change the original investment project "Tangxia Production Base Construction Project" (hereinafter referred to as "the original investment project") to "Multimodal Biometrics Digitalization Industrial Base Construction Project of ZKTeco" (hereinafter referred to as "the new investment project"), and the original investment project will no longer be constructed. The original investment project was constructed by the Company as the main entity, while the new investment project was implemented by the Company's wholly-owned subsidiary, ZKTECO (GUANGDONG) CO., LTD. The total investment amount of the new investment project is RMB 431.8689 million. The new investment project uses the unused raised funds and over-raised funds of the original investment project, as well as the corresponding fund returns. Among them, the raised funds of the original investment project are RMB 248.4118 million, and the over-raised funds are RMB 147.6392 million. The actual income of the funds corresponding to these two parts shall be based on the net income of the funds corresponding to the transfer of relevant funds to the special account for the new investment project after approval by the shareholders' meeting. The insufficient part will be invested by ZKTECO (GUANGDONG) CO., LTD with its own funds.

2. Due to the need of strategic planning and business development, the Company and PT Digital Mediatama Maxima Tbk. (hereinafter referred to as "DMMX") jointly invested and established ZKDIGIMAX PTE. LTD. (hereinafter referred to as "ZKDIGIMAX") in Singapore through the wholly-owned subsidiary of Singapore, ZKTECO SG INVESTMENT PTE.LTD. (hereinafter referred to as "ZKTECO SG INVESTMENT"). The registered capital of ZKDIGIMAX is USD 20 million, of which ZKTECO SG INVESTMENT subscribed USD 16 million and DMMX subscribed USD 4 million. In March 2023, ZKDIGIMAX completed the registration procedures for its establishment in Singapore. On March 31, 2023, ZKTECO SG INVESTMENT and DMMX officially signed the "Shareholders' Agreement". The Company's overseas investment to establish a secondary controlling

subsidiary is mainly based on the strategic layout of the Company's business development. By focusing on and promoting the integration of DMMX's IaaS (Infrastructure as a Service), CMS (Content Management System) and management service solutions with intelligent digital signage of ZKTeco, BioCV computer vision human-computer interaction technology, Minerva IoT cloud platform and service capabilities, smart business SaaS cloud platforms and AI services are provided for retails, catering and other scenarios, promoting the digital upgrading of global retail and catering enterprises, thereby further expanding the Company's market size, improving its performance level, and enhancing its competitiveness.

3. The Company held the 24th Session of the Second Board Meeting on March 21, 2023, and deliberated and approved the "Proposal on the Election and Nomination of Non-Independent Director Candidates for the Third Board of Directors" and the "Proposal on the Election and Nomination of Independent Director Candidates for the Third Board of Directors". The board of directors agreed to nominate Mr. Che Quanhong, Mr. Jin Hairong, Mr. Ma Wentao, and Mr. Fu Zhiqian as non-independent director candidates for the third board of directors, and agreed to nominate Mr. Pang Chunlin, Ms. Zhuo Shuyan, and Ms. Dong Xiuqin as independent director candidates for the third board of directors. On the same day, the Company held the 18th Session of the Second Supervisory Board Meeting, and deliberated and approved the "Proposal on the Election and Nomination of Candidates for Non-employee Representative Supervisors of the 3rd Board of Supervisors". The board of supervisors nominated Mr. Wang Huineng and Mr. Yang Xianfeng as candidates for non-employee representative supervisors of the 3rd Board of Supervisors. The board of directors proposed to convene the third extraordinary general meeting of the Company for 2023 at 14:00 on April 7, 2023 to review the aforementioned matters.

4. On January 30, 2023, XIAMEN ZKTECO CO., LTD., a subsidiary of the Company, signed a "Credit Line Contract" numbered XYXXZE Zi No. 2023003 with Xiamen Branch of Industrial Bank Co., Ltd. The maximum principal amount of the credit line under this Contract is converted into RMB 40 million, and the specific types of credit line business include but are not limited to short-term working capital loans, medium-term working capital loans, working capital loans (technology innovation fund R&D loans), bank acceptance bills, non-financing letter of guarantee business, and bill pool financing business, which revolve within the limit. On January 30, 2023, the subsidiary of the Company, XIAMEN ZKTECO CO., LTD. (hereinafter referred to as the "borrower") signed a "Technology Innovation Fund Syndicated Loan Contract" with Xiamen Branch of Industrial Bank Co., Ltd. (hereinafter referred to as the "lender", "lead bank", "agent bank") and Xiamen International Trust Co., Ltd. (hereinafter referred to as the "lender", "participating bank"). All lenders agree to provide the borrower with a loan limit of not more than RMB 8,500,000.00 in total principal. The participating bank and the lead bank, as lenders, shall undertake loans in a ratio of 5:95. The commitment amount of the participating bank shall not exceed RMB 425,000.00, and the commitment amount of the lead bank shall not exceed RMB 8,075,000.00. The Contract stipulates that the borrower shall use each fund withdrawn for the R&D investment of XIAMEN ZKTECO CO., LTD. The fixed interest rate of the loan is 3.60%, with Xiamen International Trust Co., Ltd. bearing 1.60% of the interest expense. The loan term is 3 years and interest is paid quarterly.

IV. Quarterly Financial Statements

(I) Financial Statements

1. Consolidated Balance Sheet

Unit: RMB

Item	March 31, 2023	January 1, 2023
Current assets:		
Monetary funds	2,109,889,614.34	1,912,945,031.97
Deposit reservation for balance		
Lendings to banks and other financial institutions		

Trading financial asset	52,704,348.13	204,318,406.05
Derivative financial assets		
Notes receivable		
Accounts receivable	373,491,838.79	403,497,924.27
Receivable financing		
Prepayment	39,001,896.08	30,954,685.58
Premiums receivable		
Reinsurance accounts receivable		
Reserves for reinsurance contract receivable		
Other receivables	29,953,316.74	34,207,287.53
Including: interest receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventories	329,071,668.72	348,280,641.59
Contract assets	301,199.94	306,799.94
Held-for-sale assets		
Non-current assets due within one year	10,025,638.89	10,025,638.89
Other current assets	18,753,070.16	17,861,354.81
Total current assets	2,963,192,591.79	2,962,397,770.63
Non-current assets:		
Loans and advances to customers		
Debt investment	13,852,657.12	12,331,160.29
Other debt investment		
Long-term receivables		
Long-term equity investment	7,178,211.15	7,151,332.70
Other equity instrument investments		
Other non-current financial assets		
Investment real estate		
Fixed assets	454,727,805.27	446,857,509.06
Construction in progress	56,073,306.74	57,041,298.90
Productive biological assets		
Oil and gas assets		
Right-of-use asset	48,513,942.15	50,640,675.59
Intangible assets	67,898,374.16	68,110,512.79
Development expenditures		
Goodwill	489,765.16	496,386.40
Long-term deferred expenses	3,164,927.93	3,056,310.34
Deferred income tax assets	58,566,018.09	53,309,238.98
Other non-current assets	1,498,341.80	1,127,777.32
Total non-current assets	711,963,349.57	700,122,202.37
Total assets	3,675,155,941.36	3,662,519,973.00
Current liabilities:		
Short-term loan	9,855,000.00	9,855,000.00
Borrowings from the Central Bank		
Borrowings from banks and other financial institutions		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	129,274,492.93	68,293,818.22
Accounts payable	160,708,067.88	226,000,476.96
Advances from customer		
Contract liabilities	52,569,505.97	58,838,840.39
Financial assets sold for repurchase		
Deposit from customers and interbank		

Acting trading securities		
Acting underwriting securities		
Payroll payable	53,067,064.84	58,940,852.80
Taxes and dues payable	26,263,892.33	22,621,805.04
Other payables	30,663,110.03	31,429,478.43
Including: interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance accounts receivable		
Liabilities held for sale		
Non-current liabilities due within one year	21,279,647.91	23,718,225.39
Other current liabilities	19,981,038.10	21,173,620.79
Total current liabilities	503,661,819.99	520,872,118.02
Non-current liabilities:		
Reserves for insurance contracts		
Long-term loan	120,021.80	141,757.54
Bonds payable		
Including: preferred stock		
Perpetual bonds		
Lease liabilities	28,034,876.93	28,256,717.44
Long-term payables		
Long-term payroll payable		
Estimated liabilities	600,000.00	600,000.00
Deferred income	1,993,164.27	2,039,702.49
Deferred tax liability	9,428,115.92	9,833,050.63
Other non-current liabilities		
Total non-current liabilities	40,176,178.92	40,871,228.10
Total liabilities	543,837,998.91	561,743,346.12
Owner's equity:		
Share capital	148,492,051.00	148,492,051.00
Other equity instruments		
Including: preferred stock		
Perpetual bonds		
Capital reserve	2,071,464,420.86	2,061,172,912.28
Less: treasury stock		
Other comprehensive income	437,545.51	5,254,175.81
Special reserve		
Surplus reserves	53,975,085.77	53,975,085.77
General risk reserves		
Undistributed profits	820,517,101.31	788,826,559.09
Total owner's equity attributable to the parent company	3,094,886,204.45	3,057,720,783.95
Minority interests	36,431,738.00	43,055,842.93
Total owner's equity	3,131,317,942.45	3,100,776,626.88
Total liabilities and owner's equity	3,675,155,941.36	3,662,519,973.00

Legal Representative: Jin Hairong. Person in charge of accounting work: Wang Youwu . Person in charge of accounting department: Fang Li

2. Consolidated Income Statement

Unit: RMB

Item	2023 Q1	2022 Q1
I. Total operating revenue	403,022,827.48	432,406,206.03

Including: operating revenue	403,022,827.48	432,406,206.03
Interest income		
Premium earned		
Revenue from handling charges and commissions		
II. Total operating cost	366,431,964.03	401,456,417.15
Including: operating cost	206,936,533.66	246,039,041.25
Interest expense		
Expenses from handling charges and commissions		
Surrender value		
Net payments for insurance claims		
Net provisions for policy reserves		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	2,815,533.99	4,775,517.36
Selling expenses	89,773,070.43	82,244,779.64
Administrative expenses	27,990,999.21	25,847,105.52
R&D expenses	47,376,880.92	43,985,792.98
Financial expenses	-8,461,054.18	-1,435,819.60
Including: interest expenses	770,609.19	786,239.36
Interest income	15,105,655.30	1,816,778.36
Plus: other income	3,354,811.90	2,370,527.35
Investment income (loss expressed with "-")	1,975,900.37	2,840,616.00
Including: income from investment in associates and joint ventures	806,641.55	671,953.22
Gains from derecognition of financial assets measured at amortized cost		
Gains from foreign exchange (loss expressed with "-")		
Gains from net exposure hedging (loss expressed with "-")		
Gains from changes in fair value (loss expressed with "-")		-182,854.54
Losses from credit impairment (loss expressed with "-")	818,545.26	266,734.44
Losses from impairment of assets (loss expressed with "-")	-3,282,698.64	-2,898,435.54
Gains from disposal assets (loss expressed with "-")	-203,207.68	17,120.23
III. Operating profit (loss expressed with "-")	39,254,214.66	33,363,496.82
Plus: non-operating revenue	96,744.56	523,752.02
Less: non-operating expenditure	304,657.32	242,237.53
IV. Total profit (loss expressed with "-")	39,046,301.90	33,645,011.31

Less: income tax expenses	1,529,528.60	2,291,976.82
V. Net profit (loss expressed with "-")	37,516,773.30	31,353,034.49
(I) Classification by business continuity		
1. Net profit from continuing operations (net loss expressed with "-")	37,516,773.30	31,353,034.49
2. Net profit from discontinued operations (net loss expressed with "-")		
(II) Classification by ownership		
1. Net profits attributable to owners of parent company	31,690,542.22	29,376,601.09
2. Minority shareholders' profit and loss	5,826,231.08	1,976,433.40
VI. Other comprehensive income - Net of Income Tax	-4,779,705.56	-2,502,725.26
Net of tax of other comprehensive income attributable to the owner of the parent company	-4,816,630.30	-1,684,259.02
Other comprehensive income that cannot be transferred to profit or loss	0.00	0.00
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Other		
(2) Other comprehensive income that will be reclassified into profit or loss	-4,816,630.30	-1,684,259.02
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation difference of foreign currency financial statements	-4,816,630.30	-1,684,259.02
7. Others		
After-tax net amount of other comprehensive income attributable to the minority shareholders	36,924.74	-818,466.24
VII. Total comprehensive income	32,737,067.74	28,850,309.23
Total comprehensive income attributable to owners of the parent company	26,873,911.92	27,692,342.07
Total comprehensive income attributable to minority shareholders	5,863,155.82	1,157,967.16
VIII. Earnings per share (EPS):		
(I) Basic earnings per share	0.2098	0.2638

(II) Diluted earnings per share	0.2121	0.2638
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In the event of a merger of enterprise under the same control in the current period, the net profit realized by the combined party before the merger is RMB, and the net profit realized by the combined party in the previous period is RMB.

Legal Representative: Jin Hairong Person in charge of accounting work: Wang Youwu Person in charge of accounting department: Fang Li

3. Consolidated Cash Flow Statement

Unit: RMB

Item	2023 Q1	2022 Q1
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	453,759,458.45	470,499,725.02
Net increase in deposits from customers and deposits in banks and other financial institutions	0.00	
Net increase in borrowings from the Central Bank	0.00	
Net increase in borrowings from banks and other financial institutions	0.00	
Cash received from receiving insurance premiums of original insurance contracts	0.00	
Net cash received from reinsurance business	0.00	
Net increase in deposits and investments from policyholders	0.00	
Cash received from interest, handling fees and commissions	0.00	
Net increase in borrowings from banks and other financial institutions	0.00	
Net capital increase in repurchase business	0.00	
Net cash received from vicariously traded securities	0.00	
Refund of taxes and surcharges	21,026,770.27	11,677,723.19
Cash received from other operating activities	14,989,016.60	17,614,509.66
Subtotal of cash inflows from operating activities	489,775,245.32	499,791,957.87
Cash paid for purchase of goods and rendering of services	207,708,632.71	295,303,603.46
Net increase in loans and advances to customers	0.00	
Net increase in deposits in Central Bank and other banks and financial institutions	0.00	
Cash paid for original insurance contract claims	0.00	
Net increase in lendings to banks and other financial institutions	0.00	
Cash paid for interest, handling fees	0.00	

and commissions		
Cash paid for policy dividends	0.00	
Cash paid to and for employees	125,445,116.49	124,338,394.76
Payments of all types of taxes	13,491,315.70	20,902,263.66
Other cash payments relating to operating activities	78,760,281.87	76,626,970.57
Subtotal of cash outflows from operating activities	425,405,346.77	517,171,232.45
Net cash flows from operating activities	64,369,898.55	-17,379,274.58
II. Cash flows from investing activities:		
Cash received from disinvestment	485,364,529.75	32,341,973.53
Cash received from investment income	756,078.92	2,137,798.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	178,690.17	890.02
Net cash received from disposal of subsidiaries and other business units	0.00	
Cash received from other investing activities	0.00	
Subtotal of cash inflows from investing activities	486,299,298.84	34,480,662.21
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	18,760,852.38	26,446,518.18
Cash paid for investments	458,834,140.83	19,883,228.88
Net increase in pledge loans	0.00	
Net cash paid to acquire subsidiaries and other business units	0.00	
Cash paid for other investing activities	0.00	
Subtotal of cash outflows from investing activities	477,594,993.21	46,329,747.06
Net cash flows from operating activities	8,704,305.63	-11,849,084.85
III. Cash flows from financing activities:		
Cash received from investors	0.00	
Including: cash received by subsidiaries from the absorption of minority shareholders' investments	0.00	
Cash received from borrowings	0.00	
Cash received from other financing activities	0.00	
Subtotal of cash inflows from financing activities	0.00	
Cash paid for debt repayments	0.00	52,970.04
Cash paid for distribution of dividends and profits or payment of interest	12,487,260.75	328,543.44
Including: dividends and profits paid to minority shareholders by subsidiaries	12,487,260.75	320,642.28
Cash paid for other financing activities	7,840,509.20	7,604,980.75
Subtotal of cash outflows from financing activities	20,327,769.95	7,986,494.23
Net cash flows from financing activities	-20,327,769.95	-7,986,494.23
IV. Effect of exchange rate changes on cash and cash equivalents	-3,672,657.75	-1,008,437.54

V. Net increase in cash and cash equivalents	49,073,776.48	-38,223,291.20
Plus: beginning balance of cash and cash equivalents	1,077,608,258.10	516,288,425.76
VI. Closing balance of cash and cash equivalents	1,126,682,034.58	478,065,134.56

(II) Audit Report

Whether the 2023 1 st Quarter Report been audited

Yes No

The Company's Q1 Report has not been audited.

ZKTECO CO., LTD.

Board of Directors

April 28, 2023