

Stock Code: 301330

Abbreviation of Securities: ZKTECO

Announcement No.: 2023-075

ZKTECO CO., LTD.
2023 3rd 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 3rd 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

Accounting policy change

	Current reporting period	The same period last year		YoY change during the reporting period	From the beginning of 2023 to the end of the 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		Before adjustment	After adjustment	After adjustment
Operating revenue (RMB)	502,800,942.03	478,423,074.51	478,423,074.51	5.10%	1,439,983,612.03	1,403,538,024.67	1,403,538,024.67	2.60%
Net profit attributable to shareholders of listed companies (RMB)	49,889,198.20	63,927,831.56	64,035,685.03	-22.09%	138,643,533.82	134,193,053.52	134,267,346.46	3.26%
Net profit attributable to shareholders of listed companies after deducting non-recurring profits and losses (RMB)	50,126,505.67	60,059,763.70	60,167,617.17	-16.69%	144,602,982.17	134,062,594.86	134,136,887.80	7.80%
Net cash flows from operating activities (RMB)	-	-	-	-	183,302,835.87	-1,672,945.85	-1,672,945.85	11,056.89%
Basic earnings per share (RMB/share)	0.2100	0.5166	0.3805	-44.81%	0.7182	1.1619	0.8390	-14.40%
Diluted earnings per share (RMB/share)	0.2097	0.5166	0.3805	-44.89%	0.7141	1.1619	0.8390	-14.89%
Weighted average return on net assets	1.58%	3.22%	3.23%	-1.65%	4.44%	8.30%	8.30%	-3.86%
	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)	3,800,739,623.17	3,655,960,456.30	3,662,519,973.00	3.77%
Owner's equity attributable to shareholders of the listed company (RMB)	3,187,091,264.83	3,057,467,189.68	3,057,720,783.95	4.23%

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	Amount from the beginning of 2023 to the end of the reporting period	Remarks
Losses and gains from disposal of non-current assets (including the offsetting portion of the provision for asset impairment)	-197,525.38	-631,161.14	
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)	1,594,646.45	4,607,003.37	
Capital occupancy fees charged to non-financial enterprises included in current profits and losses	12,920.94	39,527.94	
In addition to the effective hedging business related to the normal business of the Company, the profits and	1,139,553.13	-6,670,356.22	Mainly due to investment gains and losses and changes in fair value generated by partial forward exchange

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			settlement to hedge against exchange rate fluctuations risk
Other non-operating income and expenses other than the above items	-2,517,579.47	-2,647,690.57	
Less: income tax impact	268,332.89	725,943.44	
Minority interest impact (after tax)	990.25	-69,171.71	
Total	-237,307.47	-5,959,448.35	-

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

During the reporting period, the operating revenue and gross profit increased by RMB 24.3779 million and RMB 34.0113 million respectively compared to the same period last year, an increase of 5.10% and 16.16%, respectively. However, the net profit attributable to shareholders of the listed company decreased by RMB 14.1465 million or 22.09% compared to the same period last year, mainly due to the following reasons:

(1) The recognized share-based payment amount generated by equity incentives during this reporting period is RMB 10.7791 million, which was not included in the same period last year;

(2) During this reporting period, the Company further increased its R&D investment, with R&D expenses (excluding share-based payment) increasing by 13.40% compared to the same period last year;

(3) During this reporting period, the sales department's advertising and promotional expenses, exhibition expenses, and personnel compensation expenses for expanding the market increased significantly, with sales expenses (excluding share-based payment) increasing by 8.26% compared to the same period last year;

(4) The USD to RMB exchange rate increased significantly during the same period last year, resulting in significant exchange gains. However, during this reporting period, the fluctuation of USD to RMB exchange rate was relatively small, and there were certain exchange losses.

Balance Sheet Items	September 30, 2023	January 1, 2023	Change ratio	Reasons
Trading financial asset	81,448,599.23	204,318,406.05	-60.14%	Mainly due to the redemption of structured wealth management products upon maturity
Construction in	121,456,375.48	57,041,298.90	112.93%	Mainly due to the Company's

progress				construction of a multimodal biometrics digitalization industrial base project, resulting in an increase in investment in this period
Notes payable	141,733,753.49	68,293,818.22	107.54%	Mainly due to a small number of payable bills issued at the end of 2022 and an increase in procurement volume in 2023
Income Statement Items	January - September 2023	January - September 2022	Change ratio	Reasons
Financial expenses	-44,978,271.11	-34,685,171.83	-29.68%	Mainly due to the increase in interest income from current fund deposits
Other income	8,430,892.85	12,226,993.76	-31.05%	Mainly due to the lack of relevant subsidies for the subsidy projects for the same period last year in this period
Income from changes in fair value	-1,955,731.23	-722,849.81	170.56%	Mainly due to losses generated by partial forward exchange settlement to hedge against exchange rate fluctuations risk
Losses from credit impairment	-4,162,381.02	-2,775,855.38	49.95%	Mainly due to an increase in accounts receivable leading to an increase in bad debt reserves
Cash Flow Statement Items	January - September 2023	January - September 2022	Change ratio	Reasons
Net cash flows from operating activities	183,302,835.87	-1,672,945.85	11056.89%	Mainly due to an increase in cash received from selling goods and providing services in the current period and a decrease in cash paid for purchasing goods and receiving services
Net cash flows from investing activities	-182,299,863.94	-12,040,820.80	-1414.02%	Mainly due to the increase in cash paid for purchasing wealth management products, investment in ongoing projects, and external investment payments in this period
Net cash flows from financing activities	-86,869,563.26	1,433,962,592.96	-106.06%	Mainly due to the receipt of funds raised from the listing during the same period last year
Net increase in cash and cash equivalents	-83,173,247.43	1,453,069,177.47	-105.72%	Mainly due to a decrease in net cash flow from investing activities and financing activities in the current period

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	18,034	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 legal persons	30.30%	58,500,000	58,500,000		

Che Quanhong	Domestic individual	17.62%	34,022,300	34,022,300		
Shenzhen JYSJ Investment Enterprise (Limited Partnership)	Domestic non state-owned legal persons	7.31%	14,107,600	10,580,700		
Shenzhen JYHY Investment Enterprise (Limited Partnership)	Domestic non state-owned legal persons	7.21%	13,921,050	10,440,787		
Dongguan LX Investment Partnership (Limited Partnership)	Domestic non state-owned legal persons	5.12%	9,880,000	9,880,000		
Shenzhen JYLX Consulting Enterprise (Limited Partnership)	Domestic non state-owned legal persons	2.46%	4,748,380	3,561,285		
Huaxin Yuanchuang (Qingdao) Capital Management Co., Ltd. - Qingdao Walden Zhongxiang Investment Centre (Limited Partnership)	Other	1.76%	3,396,302	0		
Shenzhen Fuhai Juanyong I Venture Investment Fund (Limited Partnership)	Domestic non state-owned legal persons	1.35%	2,612,540	0		
Shenzhen JYQL Investment and Consulting Enterprise (Limited Partnership)	Domestic non state-owned legal persons	0.91%	1,762,800	1,322,100		
Huaxin Yuanchuang (Qingdao) Capital Management Co., Ltd. - Yiwu Walden Yuanjing Venture Capital Centre (Limited Partnership)	Other	0.66%	1,267,067	0		

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	Number
Shenzhen JYSJ Investment Enterprise (Limited Partnership)	3,526,900	RMB denominated ordinary shares	3,526,900
Shenzhen JYHY Investment Enterprise (Limited Partnership)	3,480,263	RMB denominated ordinary shares	3,480,263
Huaxin Yuanchuang (Qingdao) Capital Management Co., Ltd. - Qingdao Walden Zhongxiang Investment Centre (Limited Partnership)	3,396,302	RMB denominated ordinary shares	3,396,302
Shenzhen Fuhai Juanyong I Venture Investment Fund (Limited Partnership)	2,612,540	RMB denominated ordinary shares	2,612,540
Huaxin Yuanchuang (Qingdao) Capital Management Co., Ltd. - Yiwu Walden Yuanjing Venture Capital Centre (Limited Partnership)	1,267,067	RMB denominated ordinary shares	1,267,067
Shenzhen JYLX Consulting Enterprise (Limited Partnership)	1,187,095	RMB denominated ordinary shares	1,187,095
Changjiang Wealth Asset Management - Bank	1,098,092	RMB	1,098,092

of Nanjing - Changjiang Wealth - ZKTeco Employee Strategic Placement No.1 Collective Asset Management Plan		denominated ordinary shares	
Shenzhen Gohedge Fund Management Co., Ltd. - Gohedge Pearl No.1 Private Equity Fund	799,630	RMB denominated ordinary shares	799,630
Zhu Yongjian	779,713	RMB denominated ordinary shares	779,713
Liang Qiming	700,000	RMB denominated ordinary shares	700,000
Explanation on associated relationship and concerted actions among above shareholders	<p>Shareholder Che Quanhong is elder brother of shareholder Che Quanzhong from Shenzhen ZKTeco Times Investment Co., Ltd., and son of Che Jun, partner of Dongguan LX Investment Partnership (Limited Partnership).</p> <p>The shareholder Che Quanhong holds 76.02% of the equity of Shenzhen ZKTeco Times Investment Co., Ltd., being the controlling shareholder of Shenzhen ZKTeco Times Investment Co., Ltd. Meanwhile, Che Quanhong holds 1.18% of the property share of shareholder Dongguan LX Investment Partnership (Limited Partnership).</p> <p>Che Quanzhong, the younger brother of shareholder Che Quanhong, holds a 23.98% stake in Shenzhen ZKTeco Times Investment Co., Ltd. Che Jun, the father of shareholder Che Quanhong, holds 98.68% of the property share of Dongguan LX Investment Partnership (Limited Partnership).</p> <p>The fund managers of shareholders Qingdao Walden Zhongxiang Equity Investment Center (Limited Partnership) and Yiwu Walden Yuanjing Venture Capital Center (Limited Partnership) are both Huaxin Yuanchuang (Qingdao) Capital Management Co., Ltd.</p> <p>In addition, there is no affiliated relationship between the other shareholders of the Company.</p>		
Information on Top 10 shareholders of participating in margin trading and short selling business (if any)	<p>The shareholder Shenzhen Gohedge Fund Management Co., Ltd. - Gohedge Pearl No.1 Private Equity Fund holds 674,570 shares of the Company through ordinary securities account, and 125,060 shares of the Company through a margin account of CITIC Securities Co., Ltd., totaling 799,630 shares of the Company.</p>		

(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	45,000,000	0	13,500,000	58,500,000	Restricted shares before	February 17, 2026

Co., Ltd.					IPO	
Che Quanhong	26,171,000	0	7,851,300	34,022,300	Restricted shares before IPO	February 17, 2026
Shenzhen JYSJ Investment Enterprise (Limited Partnership)	10,852,000	3,526,900	3,255,600	10,580,700	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	3,480,263	3,212,550	10,440,787	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 (Limited Partnership)	7,600,000	0	2,280,000	9,880,000	Restricted shares before IPO	August 17, 2025
Shenzhen JYLY Consulting Enterprise (Limited Partnership)	3,652,600	1,187,095	1,095,780	3,561,285	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 Fuhai Juanyong I Venture Investment Fund (Limited Partnership)	2,009,646	2,612,540	602,894	0	Restricted shares before IPO	August 22, 2023
Huaxin Yuanchuang (Qingdao) Capital Management Co., Ltd. - Yiwu Walden Yuanjing Venture Capital Centre (Limited Partnership)	1,406,752	1,828,777	422,025	0	Restricted shares before IPO	August 22, 2023
Huaxin Yuanchuang (Qingdao) Capital Management Co., Ltd. - Qingdao Walden Zhongxiang Investment Centre (Limited Partnership)	2,612,540	3,396,302	783,762	0	Restricted shares before IPO	August 22, 2023
Shenzhen JYQL Investment and Consulting Enterprise (Limited Partnership)	1,356,000	440,700	406,800	1,322,100	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 Asset Management Plan	1,733,148	2,253,092	519,944	0	Restricted shares after IPO	August 22, 2023
Changjiang Wealth Asset Management - Bank of Nanjing - Changjiang Wealth - ZKTeco Employee Strategic Placement No.2 Collective Asset Management Plan	272,022	353,629	81,607	0	Restricted shares after IPO	August 22, 2023
Offline issuance restricted shares	1,865,168	1,865,168	0	0	Restricted shares after IPO	February 17, 2023
Total	115,239,376	20,944,466	34,012,262	128,307,172	-	-

III. Other Important Events

Applicable Not applicable

1. Listing and circulation of some shares already issued before the initial public offering and strategic placement shares in the initial public offering

Some of the shares already issued before the Company's initial public offering and the strategic placement shares in the initial public offering were lifted from restrictions and listed for circulation on August 22, 2023. The specific situation is as follows: there are a total of 9 shareholders for which the restrictions were lifted, and the number of restricted shares listed for circulation is 19,079,298, accounting for 9.8836% of the Company's total share capital. Among them, there are 7 shareholders for which the restrictions have been lifted on shares issued before the initial public offering, and the number of shares is 16,472,577, accounting for 8.5333% of the Company's total share capital. There 2 shareholders for which the restrictions on the initial public offering of strategic placement shares have been lifted, and the number of shares is 2,606,721, accounting for 1.3504% of the Company's total share capital.

2. Bank Credit

On September 19, 2023, Dongguan Tangxia Sub-branch of Agricultural Bank of China Ltd. issued a "Credit Statement", granting the Company a credit line of RMB 280 million, with a validity period from September 19, 2023 to September 18, 2024. Among them, RMB 60 million is other exclusive credit lines, occupied by bank acceptance and guarantee deposits; RMB 40 million is a low risk credit line, and 100% deposit is required for low risk businesses; RMB 180 million is a general credit line, RMB 5 million is used for handling capital business on behalf of customers in branches, and the remaining RMB 175 million is used for handling bank acceptance bills, short-term working capital loans and trade financing business. Among them, RMB 80 million is used for credit, and the guarantee way of the other RMB 100 million is pending. The specific use of credit shall be implemented in accordance with the management measures for individual business, and the loan interest rate shall be implemented in accordance with the relevant regulations of Agricultural Bank of China. The proportion of deposit for handling bank acceptance bills and letter of guarantee business shall not be less than 30%, with the bank acceptance bill handling fee within three months being 0.025% of the total invoicing amount.

IV. Quarterly Financial Statements

(I) Financial Statements

1. Consolidated Balance Sheet

Prepared by: ZKTECO CO., LTD.

September 30, 2023

Unit: RMB

Item	September 30, 2023	January 1, 2023
Current assets:		
Monetary funds	2,005,821,024.37	1,912,945,031.97
Deposit reservation for balance		
Lendings to banks and other financial institutions		
Trading financial asset	81,448,599.23	204,318,406.05
Derivative financial assets		
Notes receivable		
Accounts receivable	456,433,009.21	403,497,924.27
Receivable financing		
Prepayment	42,184,932.00	30,954,685.58
Premiums receivable		
Reinsurance accounts receivable		
Reserves for reinsurance contract receivable		
Other receivables	38,499,739.75	34,207,287.53
Including: interest receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventories	338,300,015.56	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
Other current assets	15,077,688.43	17,861,354.81
Total current assets	2,978,066,208.49	2,962,397,770.63
Non-current assets:		
Loans and advances to customers		
Debt investment	41,892,027.22	12,331,160.29
Other debt investment		
Long-term receivables		
Long-term equity investment	7,050,362.49	7,151,332.70
Other equity instrument investments		
Other non-current financial assets	24,000,000.00	
Investment real estate	23,555,781.87	
Fixed assets	433,815,082.69	446,857,509.06
Construction in progress	121,456,375.48	57,041,298.90
Productive biological assets		
Oil and gas assets		
Right-of-use asset	40,432,996.08	50,640,675.59
Intangible assets	66,003,240.17	68,110,512.79
Development expenditures		
Goodwill	511,724.31	496,386.40
Long-term deferred expenses	2,235,140.03	3,056,310.34
Deferred income tax assets	59,853,160.31	53,309,238.98

Other non-current assets	1,867,524.03	1,127,777.32
Total non-current assets	822,673,414.68	700,122,202.37
Total assets	3,800,739,623.17	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	2,099,555.02	
Derivative financial liabilities		
Notes payable	141,733,753.49	68,293,818.22
Accounts payable	186,666,309.76	226,000,476.96
Advances from customer		
Contract liabilities	57,507,108.82	58,838,840.39
Financial assets sold for repurchase		
Deposit from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	39,601,916.38	58,940,852.80
Taxes and dues payable	32,058,524.43	22,621,805.04
Other payables	39,112,651.09	31,429,478.43
Including: interest payable	8,315.00	
Dividends payable		
Handling charges and commissions payable		
Reinsurance accounts receivable		
Liabilities held for sale		
Non-current liabilities due within one year	22,194,903.29	23,718,225.39
Other current liabilities	14,216,429.01	21,173,620.79
Total current liabilities	545,046,151.29	520,872,118.02
Non-current liabilities:		
Reserves for insurance contracts		
Long-term loan	8,406,776.30	141,757.54
Bonds payable		
Including: preferred stock		
Perpetual bonds		
Lease liabilities	19,131,141.53	28,256,717.44
Long-term payables		
Long-term payroll payable		
Estimated liabilities	600,000.00	600,000.00
Deferred income	1,900,087.84	2,039,702.49
Deferred tax liability	8,873,615.06	9,833,050.63
Other non-current liabilities	210,000.00	
Total non-current liabilities	39,121,620.73	40,871,228.10
Total liabilities	584,167,772.02	561,743,346.12
Owner's equity:		
Share capital	193,039,666.00	148,492,051.00
Other equity instruments		
Including: preferred stock		
Perpetual bonds		
Capital reserve	2,047,020,545.38	2,061,172,912.28
Less: treasury stock		
Other comprehensive income	17,558,092.62	5,254,175.81
Special reserve		
Surplus reserves	53,975,085.77	53,975,085.77
General risk reserves		

Undistributed profits	875,497,875.06	788,826,559.09
Total owner's equity attributable to the parent company	3,187,091,264.83	3,057,720,783.95
Minority interests	29,480,586.32	43,055,842.93
Total owner's equity	3,216,571,851.15	3,100,776,626.88
Total liabilities and owner's equity	3,800,739,623.17	3,662,519,973.00

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

2. Consolidated income statement

Unit: RMB

Item	2023 Q3	2022 Q3
I. Total operating revenue	1,439,983,612.03	1,403,538,024.67
Including: operating revenue	1,439,983,612.03	1,403,538,024.67
Interest income		
Premium earned		
Revenue from handling charges and commissions		
II. Total operating cost	1,262,912,308.23	1,251,733,742.80
Including: operating cost	747,237,863.64	797,056,661.33
Interest expense		
Expenses from handling charges and commissions		
Surrender value		
Net payments for insurance claims		
Net provisions for reserves in insurance liability contracts		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	14,487,429.74	12,086,514.72
Selling expense	296,766,809.25	257,199,618.38
Administrative expense	93,319,512.60	82,753,203.33
R&D expenses	156,078,964.11	137,322,916.87
Financial expenses	-44,978,271.11	-34,685,171.83
Including: interest expenses	2,461,347.10	2,310,259.45
Interest income	45,417,933.63	12,765,104.45
Plus: other income	8,430,892.85	12,226,993.76
Investment income (loss expressed with "-")	-1,725,758.54	-2,851,452.46
Including: income from investment in associates and joint ventures	1,812,820.04	1,887,556.49
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 "-")	-1,955,731.23	-722,849.81
Losses from credit impairment (loss expressed with "-")	-4,162,381.02	-2,775,855.38
Losses from impairment of assets (loss expressed with "-")	-3,428,778.18	-5,030,757.26
Gains from disposal of assets (loss expressed with "-")	-234,164.39	14,745.57
III. Operating profit (loss expressed with "-")	173,995,383.29	152,665,106.29
Plus: non-operating revenue	780,799.31	748,112.04
Less: non-operating expenditure	3,823,995.51	1,877,488.95
IV. Total profit (loss expressed with "-")	170,952,187.09	151,535,729.38
Less: income tax expenses	16,266,701.41	5,533,749.41
V. Net profit (loss expressed with "-")	154,685,485.68	146,001,979.97
(I) Classification by business continuity		
1. Net profit from continuing operations (net loss expressed with "-")	154,685,485.68	146,001,979.97
2. Net profit from discontinued operations (net loss expressed with "-")		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company (net loss expressed with "-")	138,643,533.82	134,267,346.46
2. Minority shareholders' profit and loss (net loss expressed with "-")	16,041,951.86	11,734,633.51
VI. Other comprehensive income - after tax	1,168,896.86	32,538,347.92
Net of tax of other comprehensive income attributable to the owner of the parent company	12,303,916.81	31,704,946.32
(I) Other comprehensive income that cannot be transferred to profit or loss		
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		
(II) Other comprehensive income that will be reclassified into profit or loss	12,303,916.81	31,704,946.32
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Change 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	12,303,916.81	31,704,946.32
7. Others		
After-tax net amount of other comprehensive income attributable to the minority shareholders	-11,135,019.95	833,401.60
VII. Total comprehensive income	155,854,382.54	178,540,327.89
(I) Total comprehensive income attributable to owners of the parent company	150,947,450.63	165,972,292.78
(II) Total comprehensive income attributable to minority shareholders	4,906,931.91	12,568,035.11
VIII. Earnings per share:		
(I) Basic earnings per share	0.7182	0.8390
(II) Diluted earnings per share	0.7141	0.8390

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 0.00, and the net profit realized by the combined party in the previous period is RMB 0.00.

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

3. Consolidated Cash Flow Statement

Unit: RMB

Item	2023 Q3	2022 Q3
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	1,487,266,012.39	1,429,208,395.73
Net increase in deposits from customers and deposits in banks and other financial institutions		
Net increase in borrowings from the Central Bank		
Net increase in borrowings from banks and other financial institutions		
Cash received from receiving insurance premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling fees and commissions		
Net increase in borrowings from banks and other financial institutions		
Net capital increase in repurchase business		
Net cash received from vicariously traded securities		
Refund of taxes and surcharges	48,522,171.18	40,371,738.83

Cash received from other operating activities	34,026,186.26	59,468,312.19
Subtotal of cash inflows from operating activities	1,569,814,369.83	1,529,048,446.75
Cash paid for purchase of goods and rendering of services	729,304,911.13	905,799,976.85
Net increase in loans and advances to customers		
Net increase in deposits in Central Bank and other banks and financial institutions		
Cash paid for original insurance contract claims		
Net increase in lendings to banks and other financial institutions		
Cash paid for interest, handling fees and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	412,108,352.14	376,666,397.24
Payments of all types of taxes	54,586,811.26	62,007,657.83
Other cash payments relating to operating activities	190,511,459.43	186,247,360.68
Subtotal of cash outflows from operating activities	1,386,511,533.96	1,530,721,392.60
Net cash flows from operating activities	183,302,835.87	-1,672,945.85
II. Cash flows from investing activities:		
Cash received from disinvestment	549,376,181.66	84,671,435.32
Cash received from investment income	2,499,098.17	1,333,253.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	343,862.87	381,494.14
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	552,219,142.70	86,386,183.12
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	108,652,539.76	60,109,142.96
Cash paid for investments	619,025,771.88	31,829,460.96
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	6,840,695.00	6,488,400.00
Subtotal of cash outflows from investing activities	734,519,006.64	98,427,003.92
Net cash flows from operating activities	-182,299,863.94	-12,040,820.80
III. Cash flows from financing activities:		
Cash received from investors	2,445,378.21	1,486,667,165.16
Including: cash received by subsidiaries from the absorption of minority shareholders' investments	2,445,378.21	
Cash received from borrowings	8,500,000.00	

Cash received from other financing activities	0.00	
Subtotal of cash inflows from financing activities	10,945,378.21	1,486,667,165.16
Cash paid for debt repayments	224,246.01	152,016.85
Cash paid for distribution of dividends and profits or payment of interest	73,168,224.18	6,423,466.51
Including: dividends and profits paid to minority shareholders by subsidiaries	21,116,705.95	6,403,557.60
Cash paid for other financing activities	24,422,471.28	46,129,088.84
Subtotal of cash outflows from financing activities	97,814,941.47	52,704,572.20
Net cash flows from financing activities	-86,869,563.26	1,433,962,592.96
IV. Effect of exchange rate changes on cash and cash equivalents	2,693,343.90	32,820,351.16
V. Net increase in cash and cash equivalents	-83,173,247.43	1,453,069,177.47
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	994,435,010.67	1,969,357,603.23

(II) Implementation of new accounting standards adjustment for the first time starting from 2023. Relevant project information on financial statements at the beginning of the year

Applicable Not applicable

Adjustment description

According to the relevant provisions of the "Interpretation No. 16 of the Accounting Standards for Business Enterprises", the Company has made the following adjustments to the beginning balance of 2023 for certain accounts in the consolidated balance sheet:

Adjustment of some accounts involved in the consolidated balance sheet

Unit: RMB

Item	December 31, 2022	January 1, 2023	Adjustments
Deferred income tax assets	46,749,722.28	53,309,238.98	6,559,516.70
Deferred tax liability	3,557,844.83	9,833,050.63	6,275,205.80
Other comprehensive income	5,255,222.65	5,254,175.81	-1,046.84
Undistributed profits	788,571,917.98	788,826,559.09	254,641.11
Minority interests	43,025,126.30	43,055,842.93	30,716.63

(III) Audit Report

Whether the 3rd Quarter Report has been audited

Yes No

The Company's Q3 Report has not been audited.

ZKTECO CO., LTD.

Board of Directors

October 27, 2023