

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

## **Sonix Technology Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2021 and 2020**

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Sonix Technology Co., Ltd.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Sonix Technology Co., Ltd. and its subsidiaries as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020 and for the six months ended, the consolidated statements of changes in equity and cash flows for six months ended June 30, 2021 and 2020, and related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Accounting Standards No.65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some insignificant subsidiaries included in the consolidated financial statements were not reviewed. As of June 30, 2021 and 2020, the combined total assets of these insignificant subsidiaries were respectively NT\$201,754 thousand and NT\$187,948 thousand, representing 3.53% and 4.07%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were respectively NT\$5,857 thousand and NT\$6,475 thousand, representing 0.48% and 0.47%, respectively, of the consolidated total liabilities. For the three months and six months ended June 30, 2021 and 2020, the combined comprehensive income and loss of these subsidiaries respectively amounted to NT\$5,993 thousand, NT\$5,045 thousand, NT\$6,659 thousand and NT\$1,505 thousand representing 1.80%, 0.97%, 1.14% and 0.25%, respectively, of the consolidated total comprehensive income. In addition, as stated in Note 12 to the consolidated financial statements, the investments accounted for using equity-method as of June 30, 2021 and 2020, with carrying values of NT\$7,891 thousand and NT\$8,263 thousand, respectively, and the related shares of the comprehensive income of these investees amounting to NT\$294 thousand, NT\$28 thousand, NT\$230 thousand, and NT\$427 thousand, for the three months and six months ended June 30, 2021 and 2020, respectively. These amounts referring to the investments accounted for using equity-method were based on unreviewed financial statements of associates. Related investments information on insignificant subsidiaries and investees stated above shown in Note 27 to the consolidated financial statements was also unreviewed.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated

financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its cash flows for the six months ended June 30, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ reviews report are Tung-Feng Lee and Yao-Ling Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 5, 2021

Notice to Readers

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

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

**SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents(Note 6)	\$ 1,866,814	33	\$ 1,481,511	29	\$ 1,105,922	24
Financial assets at fair value through profit or loss - current	214,678	4	65,818	1	154,740	3
Financial assets at amortized cost - current(Notes 8 and 24)	388,859	7	373,452	8	323,259	7
Notes and trade receivables from unrelated parties(Notes 9 and 23)	646,215	11	664,814	13	588,996	13
Inventories(Note 10)	1,062,901	18	915,940	18	923,119	20
Other current assets	47,607	1	47,463	1	48,904	1
Total current assets	<u>4,227,074</u>	<u>74</u>	<u>3,548,998</u>	<u>70</u>	<u>3,144,940</u>	<u>68</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current(Note 7)	471,182	8	537,651	11	483,161	11
Investments accounted for using the equity method(Note 12)	7,891	-	7,661	-	8,263	-
Property, plant and equipment(Notes 13 and 24)	727,991	13	751,930	15	736,646	16
Investment properties(Note 14)	124,632	2	126,056	2	126,890	3
Intangible assets(Note 15)	80,375	2	67,554	1	53,098	1
Deferred tax assets(Note 4)	69,609	1	47,844	1	40,189	1
Refundable deposits	4,587	-	4,675	-	4,829	-
Other non-current assets	-	-	-	-	20,871	-
Total non-current assets	<u>1,486,267</u>	<u>26</u>	<u>1,543,371</u>	<u>30</u>	<u>1,473,947</u>	<u>32</u>
<b>TOTAL</b>	<u>\$ 5,713,341</u>	<u>100</u>	<u>\$ 5,092,369</u>	<u>100</u>	<u>\$ 4,618,887</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Trade payables to unrelated parties	\$ 427,310	7	\$ 494,841	10	\$ 508,430	11
Other payables(Note 16)	393,424	7	346,820	7	656,874	14
Current tax liabilities	160,082	3	164,366	3	82,683	2
Other current liabilities	51,441	1	13,188	-	14,371	-
Total current liabilities	<u>1,032,257</u>	<u>18</u>	<u>1,019,215</u>	<u>20</u>	<u>1,262,358</u>	<u>27</u>
<b>NON-CURRENT LIABILITIES</b>						
Provisions - non-current	25,173	1	23,532	1	9,488	-
Deferred tax liabilities(Note 4)	60,051	1	15,621	-	-	-
Net defined benefit liabilities - non-current(Notes 4 and 17)	22,291	-	22,835	-	23,640	1
Guarantee deposits	91,371	2	113,306	2	74,903	2
Total non-current liabilities	<u>198,886</u>	<u>4</u>	<u>175,294</u>	<u>3</u>	<u>108,031</u>	<u>3</u>
Total liabilities	<u>1,231,143</u>	<u>22</u>	<u>1,194,509</u>	<u>23</u>	<u>1,370,389</u>	<u>30</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Share capital						
Ordinary shares	1,678,770	29	1,678,770	33	1,678,770	36
Capital surplus	62,661	1	62,661	1	62,661	1
Retained earnings						
Legal reserve	903,337	16	903,337	18	903,337	20
Special reserve	67,297	1	67,297	1	67,297	1
Unappropriated earnings	1,705,631	30	1,038,500	21	488,939	11
Total retained earnings	<u>2,676,265</u>	<u>47</u>	<u>2,009,134</u>	<u>40</u>	<u>1,459,573</u>	<u>32</u>
Other equity	64,502	1	147,295	3	47,494	1
Total equity	<u>4,482,198</u>	<u>78</u>	<u>3,897,860</u>	<u>77</u>	<u>3,248,498</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 5,713,341</u>	<u>100</u>	<u>\$ 5,092,369</u>	<u>100</u>	<u>\$ 4,618,887</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

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## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales(Note 23)	\$ 1,574,640	100	\$ 1,490,901	100	\$ 2,961,761	100	\$ 2,325,243	100
OPERATING COST								
Cost of goods sold(Notes 10 and 19)	<u>753,970</u>	<u>48</u>	<u>823,674</u>	<u>55</u>	<u>1,528,049</u>	<u>52</u>	<u>1,274,970</u>	<u>55</u>
GROSS PROFIT	<u>820,670</u>	<u>52</u>	<u>667,227</u>	<u>45</u>	<u>1,433,712</u>	<u>48</u>	<u>1,050,273</u>	<u>45</u>
OPERATING EXPENSES								
(Notes 19 and 23)								
Selling and marketing expenses	21,725	1	22,715	2	41,273	1	41,519	2
General and administrative expenses	61,374	4	50,673	3	108,825	4	87,980	4
Research and development expenses	226,841	14	210,900	14	416,750	14	379,634	16
Gain on reversal of expected credit loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94)</u>	<u>-</u>
Total operating expenses	<u>309,940</u>	<u>19</u>	<u>284,288</u>	<u>19</u>	<u>566,848</u>	<u>19</u>	<u>509,039</u>	<u>22</u>
PROFIT FROM OPERATIONS	<u>510,730</u>	<u>33</u>	<u>382,939</u>	<u>26</u>	<u>866,864</u>	<u>29</u>	<u>541,234</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES								
Other income(Notes 19 and 23)	3,634	-	3,125	-	6,130	-	8,969	1
Other gains and losses(Notes 19 and 25)	(19,008)	(1)	(11,685)	(1)	(23,346)	-	(14,890)	(1)
Share of profit or loss of associates accounted for using equity method(Note 12)	294	-	28	-	230	-	427	-
Interest revenue(Note 19)	<u>3,061</u>	<u>-</u>	<u>2,563</u>	<u>-</u>	<u>5,650</u>	<u>-</u>	<u>4,983</u>	<u>-</u>
Total non-operating income and expenses	<u>(12,019)</u>	<u>(1)</u>	<u>(5,969)</u>	<u>(1)</u>	<u>(11,336)</u>	<u>-</u>	<u>(511)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	498,711	32	376,970	25	855,528	29	540,723	23
INCOME TAX EXPENSE (Notes 4 and 20)	<u>100,856</u>	<u>7</u>	<u>44,962</u>	<u>3</u>	<u>188,397</u>	<u>6</u>	<u>64,450</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>397,855</u>	<u>25</u>	<u>332,008</u>	<u>22</u>	<u>667,131</u>	<u>23</u>	<u>476,273</u>	<u>20</u>

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## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	(56,156)	(3)	205,662	14	(66,312)	(2)	137,298	6
Exchange differences on translating the financial statements of foreign operations	\$ (9,593)	(1)	\$ (16,854)	(1)	\$ (16,481)	(1)	\$ (22,735)	(1)
Total other comprehensive income and loss	(65,749)	(4)	188,808	13	(82,793)	(3)	114,563	5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 332,106	21	\$ 520,816	35	\$ 584,338	20	\$ 590,836	25
EARNINGS PER SHARE (Note 21)								
Basic	\$ 2.37		\$ 1.98		\$ 3.97		\$ 2.84	
Diluted	\$ 2.34		\$ 1.95		\$ 3.92		\$ 2.79	

The accompanying notes are an integral part of the consolidated financial statements.

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**SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity(Note 18)		Total	Total Equity
	Share Capital (Note 18)	Capital Surplus (Note 18)	Retained Earnings(Note 18)			Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2020	\$ 1,678,770	\$ 62,661	\$ 869,185	\$ 121,110	\$ 345,547	\$ 1,335,842	\$ (74,247)	\$ 7,178	\$ (67,069)	\$ 3,010,204
Appropriation of 2019 earnings										
Legal reserve	-	-	34,152	-	(34,152)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(352,542)	(352,542)	-	-	-	(352,542)
Reversal of special reserve	-	-	-	(53,813)	53,813	-	-	-	-	-
Net profit for the six months ended June 30, 2020	-	-	-	-	476,273	476,273	-	-	-	476,273
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	(22,735)	137,298	114,563	114,563
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	476,273	476,273	(22,735)	137,298	114,563	590,836
BALANCE AT JUNE 30, 2020	\$ 1,678,770	\$ 62,661	\$ 903,337	\$ 67,297	\$ 488,939	\$ 1,459,573	\$ (96,982)	\$ 144,476	\$ 47,494	\$ 3,248,498
BALANCE AT JANUARY 1, 2021	\$ 1,678,770	\$ 62,661	\$ 903,337	\$ 67,297	\$ 1,038,500	\$ 2,009,134	\$ (58,747)	\$ 206,042	\$ 147,295	\$ 3,897,860
Net profit for the six months ended June 30, 2021	-	-	-	-	667,131	667,131	-	-	-	667,131
Other comprehensive income for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	(16,481)	(66,312)	(82,793)	(82,793)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	667,131	667,131	(16,481)	(66,312)	(82,793)	584,338
BALANCE AT JUNE 30, 2021	\$ 1,678,770	\$ 62,661	\$ 903,337	\$ 67,297	\$ 1,705,631	\$ 2,676,265	\$ (75,228)	\$ 139,730	\$ 64,502	\$ 4,482,198

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

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## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 855,528	\$ 540,723
Adjustments for:		
Depreciation expenses	40,412	38,968
Amortization expenses	8,411	7,003
Gain on reversal of expected credit loss	-	(94)
Net gain on fair value changes of financial assets at fair value through profit or loss	1,140	3,185
Interest income	(5,650)	(4,983)
Share of (profit) loss of associates accounted for using equity method	(230)	(427)
Loss on disposal of property, plant and equipment	-	1
Write-downs of inventory (gain from price recovery) and loss on retired	(143)	3,078
Net gain on foreign currency exchange	(4,564)	(1,235)
Changes in operating assets and liabilities		
Trade and notes receivables	19,300	(186,185)
Inventories	(146,765)	(257,102)
Other current assets	863	7,718
Trade payables	(67,947)	266,605
Other payables	46,758	86,944
Provisions for employee benefits	1,641	916
Other current liabilities	38,285	(5,292)
Compensation costs of employee share options	(544)	(497)
Cash generated from operations	786,495	499,326
Interest received	4,713	4,255
Income tax paid	(170,017)	(19,687)
Net cash generated from operating activities	<u>621,191</u>	<u>483,894</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(17,189)	(30,766)
Purchase of financial assets at fair value through profit or loss	(160,077)	(90,000)
Proceeds from sale of financial assets at fair value through profit or loss	10,077	60,317
Payments for property, plant and equipment	(19,848)	(27,853)
Increase in refundable deposits	(433)	-
Decrease in refundable deposits	-	413
Payments for intangible assets	(21,246)	(3,797)
Increase in other non-current assets	-	(1,908)
Net cash used in investing activities	<u>(208,716)</u>	<u>(93,594)</u>

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## **SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

### **CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In Thousands of New Taiwan Dollars)**

**(Reviewed, Not Audited)**

	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from guarantee deposits received	\$ -	\$ 2,889
Refunds of guarantee deposits received	<u>(16,868)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(16,868)</u>	<u>2,889</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>(10,304)</u>	<u>(11,878)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	385,303	381,311
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>1,481,511</u>	<u>724,611</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 1,866,814</u>	<u>\$ 1,105,922</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

## **SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)**

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#### **1. GENERAL INFORMATION**

Sonix Technology Co., Ltd (the “Company”) was incorporated in the Republic of China (“ROC”) in July 1996. The Company mainly develops, designs, manufactures and trades semiconductors.

The Company was listed at OTC market on November 27, 2000 and submitted applications for listed at stock exchange market to Securities and Futures Bureau, FSC on June 27 then approved by Taiwan Stock Exchange on July 25, 2003. The Company’s shares have been traded at the Taiwan Stock Exchange since August 25, 2003.

For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s stocks are listed on the Taipei Exchange.

#### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s board of directors on August 5, 2021.

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

##### **New IFRSs in Issue But Not Yet Endorsed and Issued into Effect by the FSC**

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

a. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

b. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

c. Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- 1) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

- 2) The Group chose the accounting policy from options permitted by the standards;
  - 3) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
  - 4) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
  - 5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- d. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value, 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:

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

See Note 11, Table 5 and Table 6 for the detailed information of subsidiaries, including the percentages of ownership and main businesses.

d. Other significant accounting policies

Except for the following, for the summary of significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

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

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

**6. CASH AND CASH EQUIVALENTS**

	<b>June 30, 2021</b>	<b>December31, 2020</b>	<b>June 30, 2020</b>
Cash on hand	\$ 230	\$ 208	\$ 440
Checking accounts and demand deposits	1,163,534	1,052,253	840,337
Cash equivalents			
Time deposits	218,410	106,160	49,300
Repurchase bonds			
	<u>484,640</u>	<u>322,890</u>	<u>215,845</u>
	<u>\$ 1,866,814</u>	<u>\$ 1,481,511</u>	<u>\$ 1,105,922</u>

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

	<u>June 30, 2021</u>	<u>December31, 2020</u>	<u>June 30, 2020</u>
<u>Non-current</u>			
<u>Domestic investments</u>			
Listed shares			
Champion Microelectronic Corp.	\$ 458,210	\$ 524,523	\$ 470,572
Unlisted shares			
Ours Technology Inc.	34	34	34
<u>Foreign investments</u>			
Unlisted shares			
Shenzhen Yingshixun Electronic Technology Co., Ltd.	12,938	13,094	12,555
	<u>\$ 471,182</u>	<u>\$ 537,651</u>	<u>\$ 483,161</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Shenzhen Yingshixun Electronic Technology Co., Ltd. signed an equity transfer agreement contract on January 12, 2021. The equity transfer price is RMB 3,720 thousand. After receiving the full transfer amount of RMB 3,000 thousand in installments, it will go through the commercial registration procedures for equity change. As of June 30, 2021 RMB 2,000 thousand has been received in accordance with the progress of the contract.

## 8. FINANCIAL ASSETS AT AMORTIZED COST-CURRENT

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Current</u>			
<u>Domestic investments</u>			
Time deposits with original maturities of more than 3 months	\$ 261,552	\$ 261,543	\$ 261,534
<u>Foreign investments</u>			
Time deposits with original maturities of more than 3 months	127,307	111,909	61,725
	<u>\$ 388,859</u>	<u>\$ 373,452</u>	<u>\$ 323,259</u>

- a. As of June 30, 2021, December 31, 2020 and June 30, 2020, the interest rate ranges for time deposits with original maturities of more than 3 months were 0.20% ~ 2.25%, 0.30% ~ 2.25% and 0.50% ~ 1.75% per annum, respectively.
- b. For information on pledges of financial assets at amortized cost, see Note 24.

## 9. NOTES AND ACCOUNTS RECEIVABLE

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Notes receivable</u>	\$ 4,020	\$ 27,426	\$ 8,217
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	646,034	641,227	584,618
Less: Allowance for impairment loss	( 3,839 )	( 3,839 )	( 3,839 )
	<u>642,195</u>	<u>637,388</u>	<u>580,779</u>
Total	<u>\$ 646,215</u>	<u>\$ 664,814</u>	<u>\$ 588,996</u>

### Accounts receivable

The average credit period of sales of goods is 60 days. No interest is charged on trade receivables for the first 60 days from the date of the invoice. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored approved by the risk management committee annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group measured the allowance for loss on accounts receivable as follows.:

### June 30, 2021

	<u>Less than 60 days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>More than 180 days</u>	<u>Total</u>
Expected credit loss rate	0.05%	-	-	100%	-
Gross carrying amount	\$ 642,543	\$ -	\$ -	\$ 3,491	\$ 646,034
Allowance for loss(Lifetime ECLs)	( 348 )	-	-	( 3,491 )	( 3,839 )
Amortized cost	<u>\$ 642,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,195</u>

### December 31, 2020

	<u>Less than 60 days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>More than 180 days</u>	<u>Total</u>
Expected credit loss rate	0.06%	-	100%	100%	-
Gross carrying amount	\$ 637,758	\$ -	\$ 1	\$ 3,468	\$ 641,227
Allowance for loss(Lifetime ECLs)	( 370 )	-	( 1 )	( 3,468 )	( 3,839 )
Amortized cost	<u>\$ 637,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,388</u>

### June 30, 2020

	<u>Less than 60 days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>More than 180 days</u>	<u>Total</u>
Expected credit loss rate	0.06%	-	-	100%	-
Gross carrying amount	\$ 581,100	\$ -	\$ -	\$ 3,518	\$ 584,618
Allowance for loss(Lifetime ECLs)	( 321 )	-	-	( 3,518 )	( 3,839 )
Amortized cost	<u>\$ 580,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 580,779</u>

The movements of the allowance for doubtful trade receivables are as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 3,839	\$ 3,933
Less: Reversal of impairment loss	<u>-</u>	<u>( 94 )</u>
Balance at June 30	<u>\$ 3,839</u>	<u>\$ 3,839</u>

## 10. INVENTORIES

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Merchandise	\$ 692	\$ 1,388	\$ 1,903
Finished goods	192,145	140,476	192,945
Work in process	810,984	693,404	555,378
Raw materials	<u>59,080</u>	<u>80,672</u>	<u>172,893</u>
	<u>\$ 1,062,901</u>	<u>\$ 915,940</u>	<u>\$ 923,119</u>

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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Cost of inventories sold	\$ 754,502	\$ 820,632	\$ 1,528,192	\$ 1,271,892
Inventory write-downs (reversed)	<u>( 2,091 )</u>	<u>3,042</u>	<u>( 1,702 )</u>	<u>3,078</u>
Loss of inventory scrap	<u>1,559</u>	<u>-</u>	<u>1,559</u>	<u>-</u>
	<u>\$ 753,970</u>	<u>\$ 823,674</u>	<u>\$ 1,528,049</u>	<u>\$ 1,274,970</u>

Inventory write-downs were reversed as a result of decrease in inventories for which there is no change for more than half a year and the allowance for loss is provided.

## 11. SUBSIDIARIES

### Subsidiaries included in consolidated financial statements

Entities covered by the consolidated financial statements are as follows:

<b>Investor</b>	<b>Investee</b>	<b>Nature of Activities</b>	<b>Proportion of Ownership</b>			<b>Remark</b>
			<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	General Investment	100.00	100.00	100.00	Note
	Sonix Technology Ltd. Sonix Technology K.K.	General Investment Engaged in the business of computer system integration and technical consulting services, etc.	100.00 100.00	100.00 100.00	100.00 100.00	Note Note
Sonix Technology Ltd.	Sonix Holding Group Co., Ltd.	General Investment	100.00	100.00	100.00	Note
Sonix Holding Group Co., Ltd.	Sonix Technology (Chengdu) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	100.00	100.00	100.00	Note
	Sonix Technology (Shenzhen) Co., Ltd	Engaged in the business of computer system integration and technical consulting services, etc.	100.00	100.00	100.00	Note

Note: Except for Sonix Technology (Chengdu) Co., Ltd., Sonix Technology Ltd. and Sonix Holding Group



Co., Ltd., for the six months ended June 30, 2021 and 2020 were important subsidiaries, financial statements have been reviewed, the rest are non-significant subsidiaries, and their financial statements for the period from January 1 to June 30, 2021 and 2020, have not been reviewed.

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

### Investments in associates

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Associate that is not individually material</u>			
Unlisted shares			
Paradigm Venture Capital Corporation.	\$ 7,891	\$ 7,661	\$ 8,263

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed.

## 13. PROPERTY, PLANT AND EQUIPMENT

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Self-Own Land	\$ 110,984	\$ 110,984	\$ 110,984
Buildings	570,660	588,302	566,717
Office equipment	27,263	26,484	21,538
Miscellaneous Equipment	19,084	26,160	37,407
	<u>\$ 727,991</u>	<u>\$ 751,930</u>	<u>\$ 736,646</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of property, plant and equipment during the six months ended June 30, 2021 and 2020.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Office main building	20 and 50 years
Decoration Equipment	2 and 20 years
Office equipment	2 to 5 years
Miscellaneous Equipment	2 to 5 years

For the amount of property, plant and equipment pledged as collateral for loans, see Note 24.

## 14. INVESTMENT PROPERTY

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Land	\$ 77,732	\$ 77,732	\$ 77,732
Buildings	46,900	48,324	49,158
	<u>\$ 124,632</u>	<u>\$ 126,056</u>	<u>\$ 126,890</u>

The total future rentals to be received for investment property leased under operating leases for the three months ended 2021 and 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
1 <sup>st</sup> year	\$ 7,781	\$ 7,690
2 <sup>nd</sup> year	1,458	2,777
3 <sup>rd</sup> year	-	1,497
	<u>\$ 9,239</u>	<u>\$ 11,964</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment property during the six months ended June 30, 2021 and 2020. Investment property is depreciated on a straight-line basis over 20 and 50 years of useful life.

The determination of fair value was performed by independent qualified professional valuer Mr. Chou Shih-yuan on January 5, 2021 and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and the objective net income of the subject of the survey for an average future one-year period. Since there is no significant change in the transaction price of real estate in this area, the fair value as assessed on June 30, 2021 should not be materially different from the fair value assessed by the independent appraiser mentioned above.

## 15. INTANGIBLE ASSETS

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Computer software	\$ 14,785	\$ 12,346	\$ 12,637
Patent rights	<u>65,590</u>	<u>55,208</u>	<u>40,461</u>
	<u>\$ 80,375</u>	<u>\$ 67,554</u>	<u>\$ 53,098</u>

Except for amortization recognized, the Group did not have significant addition, disposal, or impairment of intangible assets during the six months ended June 30, 2021 and 2020. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1 to 10 years
Patent rights	1 to 10 years

## 16. OTHER PAYABLES

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Payable for dividend	\$ -	\$ -	\$ 352,542
Payable for salaries and bonuses	362,379	272,715	239,902
Payable service expenses	5,327	30,599	27,641
Payable insurance premium	5,722	5,410	4,606
Others	<u>19,996</u>	<u>38,096</u>	<u>32,183</u>
	<u>\$ 393,424</u>	<u>\$ 346,820</u>	<u>\$ 656,874</u>

## 17. RETIREMENT BENEFIT PLANS

For the three months ended and six months ended June 30, 2021 and 2020, the pension expenses of defined benefit plans were 64 thousand, 80 thousand, 128 thousand and 161 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019, respectively.

## 18. EQUITY

### a. Share capital

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Capital authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Shares issued and fully paid (in thousands)	<u>167,877</u>	<u>167,877</u>	<u>167,877</u>
Capital issued	<u>\$ 1,678,770</u>	<u>\$ 1,678,770</u>	<u>\$ 1,678,770</u>

b. Capital surplus

There was no change in the balance of each category of capital surplus in June 30, 2021 and 2020. The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividend policy

The Company's Articles of Incorporation, state that, if there are any net profits after tax (including the amount of adjustment of unappropriated earnings) for the current period as indicated in the Company's annual final accounts, the Company shall first make up for the accumulated losses and set aside 10% as legal reserve in accordance with the laws; however, this shall not apply if the accumulated legal reserve has reached the Company's paid-in capital. Then, special reserve is provided or reversed in accordance with the law or the regulations of the competent authority. The Board of Directors shall prepare a proposal for the distribution of the annual earnings, including the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. Company's Articles of Incorporation is described in Note 19(7) Employees' compensation and the remuneration of directors.

According to its dividend policy, the Company is to pay no less than 50% of distributable earnings to shareholders each year, taking into account current and future development plans, the investment environment, capital requirements, domestic and international competition, and the interests of shareholders; dividends may be paid in cash or in stock, with cash dividends of no less than 10% of the total dividends.

Appropriation of earnings to legal reserve should be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 had been approved in the meetings of the Board of Directors and shareholders of Sonix held on February 26, 2021 and June 16, 2020, respectively. The appropriations and dividends per share were as follows:

	<u>2020</u>	<u>2019</u>
Legal reserve	\$ <u>102,583</u>	\$ <u>34,152</u>
Special reserve	( \$ <u>67,069</u> )	( \$ <u>53,813</u> )
Cash dividends	\$ <u>956,899</u>	\$ <u>352,542</u>
Cash dividends per share (NT\$)	\$ 5.7	\$ 2.1

The Group suspends its originally scheduled shareholders' meeting in response to the FSC's announcement: "For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings". The appropriations of earnings for 2020 are to be resolved in the meeting of the shareholders of Sonix which is expected to be held on July 16, 2021.

The appropriation of earnings for 2020 included the reversal of equity deductions from 2019. Thus, a special reserve of \$67,069 thousand from prior year was revolved to unappropriated earnings. The appropriation of earnings for 2019 included the reversal of equity deductions from 2018. Thus, a special reserve of \$53,813 thousand from prior year was revolved to unappropriated earnings.

d. Other equity

1) Exchange differences on translating foreign operations

	<u>Six Months Ended June 30</u>	
	<u>2021</u>	<u>2021</u>
Balance at January 1	( \$ 58,747 )	( \$ 74,247 )
Occurred in the year		
Exchange differences on translation of foreign operations	( <u>16,481</u> )	( <u>22,735</u> )
Balance at June 30	( \$ <u>75,228</u> )	( \$ <u>96,982</u> )

2) Unrealized gain on financial assets at FVTOCI

	<u>Six Months Ended June 30</u>	
	2021	2021
Balance at January 1	\$ 206,042	\$ 7,178
Occurred in the year		
Unrealized gain or loss	( <u>66,312</u> )	<u>137,298</u>
Balance at June 30	<u>\$ 139,730</u>	<u>\$ 144,476</u>

**19. NET PROFIT**

a. Other income

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2021	2020	2021	2020
Rental income				
Investment properties	\$ 1,716	\$ 1,710	\$ 3,440	\$ 3,446
Others	<u>1,918</u>	<u>1,415</u>	<u>2,690</u>	<u>5,523</u>
	<u>\$ 3,634</u>	<u>\$ 3,125</u>	<u>\$ 6,130</u>	<u>\$ 8,969</u>

b. Other gains and losses

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2021	2020	2021	2020
Valuation gain (loss) on financial assets				
Financial assets at fair value through profit or loss	( \$ 402 )	\$ 2,560	( \$ 1,140 )	( \$ 3,185 )
Foreign currency exchange gain(loss), net	( 18,456 )	( 13,674 )	( 21,383 )	( 10,964 )
Property, plant and equipment disposal of losses	-	( 1 )	-	( 1 )
Others	( <u>150</u> )	( <u>570</u> )	( <u>823</u> )	( <u>740</u> )
	<u>( \$ 19,008 )</u>	<u>( \$ 11,685 )</u>	<u>( \$ 23,346 )</u>	<u>( \$ 14,890 )</u>

c. Interest revenue

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2021	2020	2021	2020
Bank deposits	\$ 1,926	\$ 1,512	\$ 3,573	\$ 2,797
Financial assets measured at amortized cost	<u>1,135</u>	<u>1,051</u>	<u>2,077</u>	<u>2,186</u>
	<u>\$ 3,061</u>	<u>\$ 2,563</u>	<u>\$ 5,650</u>	<u>\$ 4,983</u>

d. Depreciation and amortization

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2021	2020	2021	2020
Property, plant and equipment	\$ 18,243	\$ 19,810	\$ 39,110	\$ 37,680
Investment properties	649	640	1,302	1,288
Intangible assets	<u>4,384</u>	<u>3,502</u>	<u>8,411</u>	<u>7,003</u>
Total	<u>\$ 23,276</u>	<u>\$ 23,952</u>	<u>\$ 48,823</u>	<u>\$ 45,971</u>

An analysis of depreciation by function

Operating costs	\$ 6,308	\$ 10,221	\$ 15,554	\$ 17,319
Operating expenses	11,935	9,589	23,556	20,361

Non-operating income and expenses (Note)	<u>649</u>	<u>640</u>	<u>1,302</u>	<u>1,288</u>
	<u>\$ 18,892</u>	<u>\$ 20,450</u>	<u>\$ 40,412</u>	<u>\$ 38,968</u>

An analysis of amortization by function				
Operating expenses	<u>\$ 4,384</u>	<u>\$ 3,502</u>	<u>\$ 8,411</u>	<u>\$ 7,003</u>

Note: The depreciation expenses of investment properties above are included in non-operating income and expenses - rental income and other expenses.

e. Depreciation expenses directly related to investment properties

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2021	2020	2021	2020
Generated rental income	\$ 500	\$ 497	\$ 1,005	\$ 1,002
Ingenerated rental income	<u>149</u>	<u>143</u>	<u>297</u>	<u>286</u>
	<u>\$ 649</u>	<u>\$ 640</u>	<u>\$ 1,302</u>	<u>\$ 1,288</u>

f. Employee benefits expense

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2021	2020	2021	2020
Post-employment benefits (Note 17)				
Defined contribution plans	\$ 7,457	\$ 4,794	\$ 15,129	\$ 10,487
Defined benefit plans	<u>64</u>	<u>80</u>	<u>128</u>	<u>161</u>
	7,521	4,874	15,257	10,648
Other employee benefits	<u>231,836</u>	<u>215,665</u>	<u>422,137</u>	<u>374,527</u>
Total employee benefits expense	<u>\$ 239,357</u>	<u>\$ 220,539</u>	<u>\$ 437,394</u>	<u>\$ 385,175</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 239,357</u>	<u>\$ 220,539</u>	<u>\$ 437,394</u>	<u>\$ 385,175</u>

g. Employees' compensation and the remuneration of directors

The Articles stipulates to distribute employees' compensation and remuneration of directors at the rates no less than 10% and no higher than 5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors.

For the three months ended June 30, 2021 and 2020, the estimated employees' compensation and the remuneration of directors, were as follows:

Estimated percentage

	<u>Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Employees' compensation	13.99%	15.09%
Remuneration of directors	1.29%	1.39%

Amount

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2021	2020	2021	2020
Employees' compensation	<u>\$ 81,046</u>	<u>\$ 67,321</u>	<u>\$ 135,900</u>	<u>\$ 97,071</u>
Remuneration of directors	<u>\$ 7,454</u>	<u>\$ 6,129</u>	<u>\$ 12,500</u>	<u>\$ 8,929</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2020 and 2019 that were resolved by the board of directors on February 26, 2021 and March 13, 2020, respectively, are as shown below:

	<b>2020</b>		<b>2019</b>	
	<u>Cash</u>	<u>Stock</u>	<u>Cash</u>	<u>Stock</u>
Employees' compensation	\$ 145,750	\$ -	\$ 70,150	\$ -
Remuneration of directors	17,000	-	6,600	-

As of June 30, 2021, the employees' compensation and remuneration of directors for the year 2020 have not been paid.

There is no difference between the actual amounts of the employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2019.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Foreign currency exchange gains or losses

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
foreign exchange gains	\$ 4,716	\$ 5,964	\$ 15,451	\$ 13,316
foreign exchange losses	( 23,172 )	( 19,638 )	( 36,834 )	( 24,280 )
Net gains or losses	( \$ 18,456 )	( \$ 13,674 )	( \$ 21,383 )	( \$ 10,964 )

## 20. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense are as follows:

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current Income tax				
In respect of the current period	\$ 100,249	\$ 49,913	\$ 177,094	\$ 83,236
Changes in estimate for prior periods	( 15,942 )	( 15,002 )	( 12,217 )	( 15,002 )
	84,307	34,911	164,877	68,234
Deferred income tax				
In respect of the current period	16,111	9,856	22,658	( 4,198 )
No tax deduction for foreign income	438	195	862	414
Income tax expense recognized in profit or loss	<u>\$ 100,856</u>	<u>\$ 44,962</u>	<u>\$ 188,397</u>	<u>\$ 64,450</u>

b. The state of income tax assessment

The Company's tax returns had been examined and cleared the tax authorities as follows:

	<u>As of the year of assessment</u>
The Company	2019
Jian Mou Investment Corporation.	2019
Sonix Technology (Chengdu) Co., Ltd.	2020
Sonix Technology (Shenzhen) Co., Ltd.	2020

## 21. EARNINGS PER SHARE

The weighted-average number of shares of common stock and earnings per share used in the calculation of consolidated earnings per share are as follows:

### Net profits for the period

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net profits attributable to shareholders of the Company	\$ <u>397,855</u>	\$ <u>332,008</u>	\$ <u>667,131</u>	\$ <u>476,273</u>

### Number of shares

Unit: In Thousand Shares

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	167,877	167,877	167,877	167,877
Effect of dilutive potential ordinary shares Compensation of employees	<u>1,918</u>	<u>2,115</u>	<u>2,449</u>	<u>2,903</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>169,795</u>	<u>169,992</u>	<u>170,326</u>	<u>170,780</u>

Since the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 22. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are measured at fair value on a recurring basis

### Fair value Hierarchy

#### June 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Fund beneficiary certificate	\$ <u>214,678</u>	\$ -	\$ -	\$ <u>214,678</u>
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 458,210	\$ -	\$ -	\$ 458,210
- Domestic unlisted shares	-	-	34	34
- Foreign unlisted shares	-	12,938	-	12,938
Total	\$ <u>458,210</u>	\$ <u>12,938</u>	\$ <u>34</u>	\$ <u>471,182</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficiary certificate	\$ 65,818	\$ -	\$ -	\$ 65,818
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 524,523	\$ -	\$ -	\$ 524,523
- Domestic unlisted shares	-	-	34	34
- Foreign unlisted shares	-	13,094	-	13,094
Total	<u>\$ 524,523</u>	<u>\$ 13,094</u>	<u>\$ 34</u>	<u>\$ 537,651</u>

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficiary certificate	\$ 154,740	\$ -	\$ -	\$ 154,740
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 470,572	\$ -	\$ -	\$ 470,572
- Domestic unlisted shares	-	-	34	34
- Foreign unlisted shares	-	12,555	-	12,555
Total	<u>\$ 470,572</u>	<u>\$ 12,555</u>	<u>\$ 34</u>	<u>\$ 483,161</u>

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2021 and 2020.

## b. Categories of financial instruments

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Fund beneficiary certificate	\$ 214,678	\$ 65,818	\$ 154,740
Financial assets at amortized cost (Note 1)	2,906,475	2,524,452	2,023,006
Financial assets at FVTOCI			
Investment in equity instruments	471,182	537,651	483,161
<u>Financial liabilities</u>			
Amortized cost (Note 2)	549,726	682,252	1,000,305

Note 1: The balances included cash and cash and equivalents, notes and accounts receivable, refundable deposits and financial assets at amortized cost - current.

Note 2: The balances included financial liabilities at amortized cost, which comprise accounts payable, deposits received and other payables (excluding employee benefits).

## c. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and payable. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.



## 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and market price risk (see (c) below). There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

### a) Foreign currency risk

The Company and Sonix Technology (Shenzhen) Co., Ltd. have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Approximately 48% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 54% of costs is denominated in currencies other than the functional currency of the entity in the Group.

The Group manages its foreign currency risk for hedging purposes and does not trade in financial instruments for speculative purposes. The foreign currency risk management strategy is to regularly review the net position of assets and liabilities in each currency and manage the risk of that net position.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as Note 25.

#### Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the NTD and RMB (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 1% change in foreign currency rates. The scope of sensitivity analysis includes monetary financial assets and liabilities. A positive number below indicates an increase pre-tax profit with NTD and RMB weakening 1% against the relevant currency. For a 1% strengthening of the NTD and RMB against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD IMPACT		EUR IMPACT		RMB IMPACT	
	For the six months ended	For the six months ended	For the six months ended	For the six months ended	For the six months ended	For the six months ended
	2021	2020	2021	2020	2021	2020
profit and loss	\$ 8,995 (i)	\$ 4,106 (i)	\$ 250 (ii)	\$ 251 (ii)	\$ 4,435(iii)	\$ 1 (iv)

- i) The result was mainly attributable to the exposure on outstanding receivables and payables in USD that were not hedged at the end of the period and measured at fair value through profit or loss - changes in current fair value.
- ii) The result was mainly attributable to changes in the fair value of measured at amortized cost.
- iii) The result was mainly attributable to the exposure on outstanding receivables in RMB that were not hedged at the end of the period.
- iv) The result was mainly attributable to the exposure on outstanding prepaid expenses in RMB that were not hedged at the end of the period.

### b) Interest rate risk

The carrying amounts of the Group's financial assets with exposure to interest rates at the end of the reporting period were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fair value interest rate risk			
– Financial assets	\$ 1,008,561	\$ 719,159	\$ 504,570
Cash flow interest rate risk			
– Financial assets	1,246,571	1,135,380	923,973

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for financial assets at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each assets outstanding at the end of the period was outstanding for the whole year. 1% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended June 30, 2021 and six months ended June 30, 2021 would have decreased/increased by 3,149 thousand and 6,233 thousand, respectively, which was mainly a result of changes in cash and cash equivalents and financial assets measured at amortized cost.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended June 30, 2021 and six months ended June 30, 2020 would have decreased/increased by 3,119 thousand and 4,620 thousand, respectively, which was mainly a result of changes in cash and cash equivalents and financial assets measured at amortized cost.

#### c) Other price risk

The Group was exposed to equity price risk through its investments in fund beneficiary certificate and investment in equity instruments. The investments are not held for trading purposes. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special personnel to monitor the price risk and will consider hedging the risk exposure should the need arise.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the period.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended, 2021 would have increased/decreased by 2,147 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended, 2021 would have increased/decreased by 4,712 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended, 2020 would have increased/decreased by 1,547 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended, 2020 would have increased/decreased by 4,832 thousand as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's counterparties are creditworthy financial institutions and corporate organizations, and therefore no significant credit risk is expected.

To mitigate credit risk, the Group's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables.

The Group's credit risk is mainly concentrated in the Group's top five major customers. As of June 30, 2021, December 31 and June 30, 2020, the percentages of accounts receivable from the top five customers to the Group's accounts receivable balance were 39%, 47% and 33%, respectively. The concentration of credit risk on the remaining accounts receivable is not significant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's operating capital is sufficient to meet its liabilities on the book. Therefore, there is no liquidity risk that cannot be able to raise funds to meet its contractual obligations.

## 23. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships associated with the Company:

Name of related parties	Relationship with the Group
Senno Technology Inc.	Chairman is the same person (Substantial related party)
Digit Mobile Inc.	Chairman is the same person (Substantial related party)
Chip Integration Technology Corporation	Chairman is the same person (Substantial related party)
New Pocket Device Corp.	Chairman is the same person (Substantial related party)

b. Business transaction

Line Items	Related Party Categories/Name	Three Months Ended June 30		Six Months Ended June 30	
		2021	2020	2021	2020
Sales revenues	Substantial related party	\$ 3,212	\$ 1,893	\$ 9,340	\$ 2,365
Operating expenses					
Miscellaneous	Substantial related party	\$ 141	\$ 110	\$ 141	\$ 127
Material fee	Substantial related party	-	4	-	4
		<u>\$ 141</u>	<u>\$ 114</u>	<u>\$ 141</u>	<u>\$ 131</u>
Non-operating income	Substantial related party	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ -</u>	<u>\$ 472</u>

The transaction prices and payment terms between the Group and its related parties are comparable to those of non-related parties.

c. Receivables from related parties

Line Items	Related Party Categories	June 30, 2021	December 31, 2020	June 30, 2020
Account receivables	Substantial related party	\$ 787	\$ 4,240	\$ 692

The outstanding trade receivables from related parties are unsecured. For the 6 months ended June 30, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

d. Remuneration of key management personnel

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 16,262	\$ 9,200	\$ 26,824	\$ 15,814
Post-employment benefits	44	49	88	98
	<u>\$ 16,306</u>	<u>\$ 9,249</u>	<u>\$ 26,912</u>	<u>\$ 15,912</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

## 24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for short-term bank loan facilities, purchases and customs duties on goods.

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Property, plant and equipment	\$ 211,835	\$ 213,606	\$ 215,377
Pledged deposits(classified as financial assets at amortized cost-current)	52,152	52,143	52,134
	<u>\$ 263,987</u>	<u>\$ 265,749</u>	<u>\$ 267,511</u>

## 25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

### June 30, 2021

	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>Carrying amount</b>
<b>Financial assets</b>			
<u>Monetary items</u>			
USD	\$ 38,271	27.81 (USD: NTD)	\$ 1,064,317
USD	4,390	6.4601(USD: RMB)	122,086
EUR	760	32.95(EUR: NTD)	25,042
RMB	103,532	4.284(RMB: NTD)	443,531
<b>Financial liabilities</b>			
<u>Monetary items</u>			
USD	10,014	27.91(USD: NTD)	279,491
USD	264	6.4601(USD: RMB)	7,368

### December 31, 2020

	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>Carrying amount</b>
<b>Financial assets</b>			
<u>Monetary items</u>			
USD	\$ 42,919	28.43(USD: NTD)	\$ 1,220,187
USD	3,934	6.5249(USD: RMB)	111,844
EUR	760	34.82(EUR: NTD)	26,463
RMB	52	4.352(RMB: NTD)	226

<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	9,960	28.53(USD: NTD)	284,159
USD	11,841	6.5240(USD: RMB)	337,824
<u>June 30, 2020</u>			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 31,211	29.58(USD: NTD)	\$ 923,221
USD	2,064	7.0795(USD: RMB)	61,053
EUR	760	33.07(EUR: NTD)	25,133
RMB	30	4.166(RMB: NTD)	125
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	12,215	29.68(USD: NTD)	362,541
USD	7,114	7.0795(USD: RMB)	211,144

The Group is mainly exposed to the USD and the RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant [realized and unrealized] foreign exchange gains (losses) were as follows:

Functional currency	<b>Three Months Ended June 30,2021</b>		<b>Three Months Ended June 30,2020</b>	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign exchange gains (losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign exchange gains (losses)
NTD	1(NTD: NTD)	( \$ 17,955 )	1(NTD: NTD)	( \$ 10,619 )
RMB	4.507(RMB: NTD)	( 501 )	4.204(RMB: NTD)	( 3,055 )
		( \$ 18,456 )		( \$ 13,674 )

  

Functional currency	<b>Six Months Ended June 30,2021</b>		<b>Six Months Ended June 30,2020</b>	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign exchange gains (losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign exchange gains (losses)
NTD	1(NTD: NTD)	( \$ 24,224 )	1(NTD: NTD)	( \$ 3,795 )
RMB	4.354(RMB: NTD)	2,841	4.268(RMB: NTD)	( 7,169 )
		( \$ 21,383 )		( \$ 10,964 )

## 26. OTHER ITEMS

The Company has not been affected by the pandemic of the COVID-19 due to the industrial characteristics, and as the epidemic showed down and the government lifted some restrictions, the Company has returned to normal operation.

## 27. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
  - 1) Financing provided to others: None
  - 2) Endorsements/guarantees provided: None
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):  
Table 1
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None

- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
  - 9) Trading in derivative instruments: None
  - 10) Others: Intercompany relationships and significant intercompany transactions: Table 4
- b. Information on investees: Table 5
- c. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 2.3.4.6
    - 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 ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

## 28. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of allocating resource and assessing the performance of segment focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Group reports information is as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by sub segment and operating results for the six months ended June 30, 2021 and 2020 are shown in the accompanying consolidated income statements.

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

JUNE 30, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Net Worth/Fair Value	
Sonix Technology Co., Ltd.	<u>Stock</u>							
	Ours Technology Inc.	—	Financial assets at fair value through other comprehensive income - non-current	54	\$ 7	-	\$ 7	Note
	Muchip Corporation.	—	Financial assets at fair value through other comprehensive income - non-current	14,180	-	-	-	Note
	Champion Microelectronic Corp.	—	Financial assets at fair value through other comprehensive income - non-current	5,974,066	458,210	8.21	458,210	Note
	<u>Fund beneficiary certificate</u>							
	Franklin Templeton - Global Total Return Fund	—	Financial assets at fair value through profit or loss – current	29,951.693	23,098	-	23,098	Note
	Fuh Hwa Money Market	—	Financial assets at fair value through profit or loss – current	3,436,308	50,014	-	50,014	Note
	Union Money Market Fund	—	Financial assets at fair value through profit or loss – current	3,754,035.59	50,018	-	50,018	Note
Yuanta Wan Tai Money Market Fund	—	Financial assets at fair value through profit or loss – current	3,276,046.2	50,012	-	50,012	Note	
Jian Mou Investment Corporation.	<u>Stock</u>							
	Ours Technology Inc.	—	Financial assets at fair value through other comprehensive income - non-current	115	27	-	27	Note
	<u>Fund beneficiary certificate</u>							
	Jih SunAsian High Yield Bond Fund A(TWD)	—	Financial assets at fair value through profit or loss - current	1,307,168.12	15,824	-	15,824	Note
	Jih Sun Target Income Fund of Funds(TWD)	—	Financial assets at fair value through profit or loss - current	1,500,000	15,555	-	15,555	Note
Nomura Global Short Duration Bond Fund	—	Financial assets at fair value through profit or loss - current	1,007,650	10,157	-	10,157	Note	
Sonix Technology (Shenzhen) Co., Ltd.	<u>Equity</u>	—	Financial assets at fair value through other comprehensive income - non-current	555,550	12,938	5	12,938	Note
	Shenzhen Yingshixun Electronic Technology Co., Ltd.							

Note: Estimated at fair value as of June 30, 2021.

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable( Payable)		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	Sub-sub-subsidiary	Sales	( \$ 965,978)	( 39% )	45 days	\$ -	—	\$ 154,358	26%	
Sonix Technology (Shenzhen) Co., Ltd.	Sonix Technology Co., Ltd.	Parent company	Purchases	965,978	98%	45 days	-	—	( 154,358 )	( 99% )	

Note: All the transactions had been eliminated when preparing of the consolidated financial statements.



**SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
JUNE 30, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period(note)	Impairment Loss
					Amount	Actions Taken		
Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	Sub-sub-subsubsidiary	\$ 154,358	7.98	\$ -	—	\$ 154,358	\$ -

Note 1: As of August 5, 2021.

Note 2: All the transactions had been eliminated when preparing of the consolidated financial statements.

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

No.	Company Name	Company Name	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Item	Amount	Terms	
0	Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	1	Accounts Receivable	\$ 154,358	No Significant Difference from Non-Related Party	3
		Sonix Technology (Shenzhen) Co., Ltd.	1	Sales	965,978	No Significant Difference from Non-Related Party	33

Note 1: 1 represents parent to subsidiary 、 2 represents subsidiary to parent 、 3 represents subsidiary to subsidiary.

Note 2: All the transactions had been eliminated when preparing of the consolidated financial statements.

TABLE 5

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING THE INFORMATION ON INVESTMENT IN MAINLAND CHINA)  
FOR THE THREE MONTHS ENDED JUNE 30, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2021			Net Gain (Loss) of the Investee	Investment Gain (Loss) Recognized(Note 1)	Remarks
				June 30,2021	December 31,2020	Shares	Percentage of Ownership	Carrying Value			
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	P.O. Box 3321, Road Town, Tortola, British Virgin Islands	General Investment	\$ 1,031,999	\$ 1,031,999	33,010,000	100	\$1,289,585	\$ 219,560	\$ 219,560	Subsidiary
	Jian Mou Investment Corporation.	Hsinchu county	General Investment	155,000	155,000	15,500,000	100	105,632	(25)	(25)	Subsidiary
	Sonix Technology K.K.	Tokyo Metropolitan	Engaged in the business of computer system integration and technical consulting services, etc.	31,792	31,792	8,000	100	12,614	2,666	2,666	Subsidiary
Jian Mou Investment Corporation.	Paradigm Venture Capital Corporation.	Taipei city	General Investment	44,760	44,760	541,129	20.98	7,891	1,244	230	
Sonix Technology Ltd.	Sonix Holding Group Co., Ltd.	P.O. Box 438, Road Town, Tortola, British Virgin Islands	General Investment	997,099	997,099	32,010,000	100	1,265,482	219,609	219,609	Sub-subsubsidiary

Note 1: Except for the Sonix Technology Co., Ltd. & Sonix Holding Group Co., Ltd., calculated based on the investee's financial statements unreviewed and the Company's percentage of ownership during the same period.

Note 2: With the except Paradigm Venture Capital Corporation., Gains or losses on investments between investees, equity-method investments in investors and net equity in investees are eliminated when the consolidated financial statements are prepared.

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (US\$ in Thousands)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (US\$ in Thousands)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2021 (US\$ in Thousands)	Net Income (Loss) of the Investee (US\$ in Thousands)	Percentage of Ownership	Investment Income (Losses) (US\$ in Thousands)(Note 1)	Carrying Amount as of June 30,2021 (US\$ in Thousands) (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2021	Note
					Outflow	Inflow							
Sonix Technology (Chengdu) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	\$ 278,600 ( US\$ 10,000)	Invest in Mainland China through companies incorporated in third regions.	\$ 278,600 ( US \$10,000)	\$ -	\$ -	\$ 278,600 ( US \$10,000)	\$ 4,018 ( US \$143)	100%	\$ 4,018 ( US \$143)	\$ 83,344 ( US \$2,992)	\$ -	
Sonix Technology (Shenzhen) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	612,920 ( US\$ 22,000)	Invest in Mainland China through companies incorporated in third regions.	612,920 ( US \$22,000)	-	-	612,920 ( US \$22,000)	215,591 ( US \$7,653)	100%	215,591 ( US \$7,653)	1,173,132 ( US \$42,108)	-	

Accumulated Investment in Mainland China as of June 30, 2021 (US\$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on Investment
\$891,520 (US\$32,000)	\$933,310 (US\$33,500)	\$2,689,318

Note 1: Except for the SONIX Technology (Shenzhen) Co., Ltd., calculated based on the investee's financial statements unreviewed and the Company's percentage of ownership during the same period.

Note 2: Except for the investment income or losses recognized in the current period, which was calculated using the average exchange rate from January 1 to June 30, 2021, the rest was calculated using the exchange rate at the end of June 30,2021.

Note 3: Income or losses on investments between investees, equity-method investments in investors and net equity in investees are eliminated when the consolidated financial statements are prepared.