

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

Sonix Technology Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2021 and 2020 and Independent Auditors' Review Report

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 September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended, the consolidated statements of changes in equity and cash flows for nine months ended September 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 September 30, 2021 and 2020, the combined total assets of these insignificant subsidiaries were respectively NT\$211,048 thousand and NT\$196,266 thousand, representing 3.95% and 4.39%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were respectively NT\$7,725 thousand and NT\$7,479 thousand, representing 0.58% and 0.77%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2021 and 2020, the combined comprehensive income and loss of these subsidiaries respectively amounted to NT\$10,461 thousand, NT\$3,721 thousand, NT\$17,120 thousand and NT\$5,226 thousand representing 2.09%, 1.49%, 1.58% and 0.62%, 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 September 30, 2021 and 2020, with carrying values of NT\$8,737 thousand and NT\$8,378 thousand, respectively, and the related shares of the comprehensive income of these investees amounting to NT\$1,658 thousand, NT\$115 thousand, NT\$1,888 thousand, and NT\$542 thousand, for the three months and nine months ended September 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 September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months ended September 30, 2021 and 2020 , and its consolidated financial performance and its cash flows for the nine months ended September 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 Yao-Ling Huang and Suei-Chin Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 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	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents(Note 6)	\$ 1,280,425	24	\$ 1,481,511	29	\$ 951,406	21
Financial assets at fair value through profit or loss - current	63,113	1	65,818	1	64,519	2
Financial assets at amortized at cost - current(Notes 8 and 24)	435,775	8	373,452	8	330,802	7
Notes and trade receivables from unrelated parties(Notes 9 and 23)	786,626	15	664,814	13	741,668	17
Inventories(Note10)	1,243,158	23	915,940	18	919,841	21
Other current assets	65,252	1	47,463	1	57,744	1
Total current assets	<u>3,874,349</u>	<u>72</u>	<u>3,548,998</u>	<u>70</u>	<u>3,065,980</u>	<u>69</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current(Note 7)	459,776	9	537,651	11	416,699	9
Investments accounted for using the equity method(Note 12)	8,737	-	7,661	-	8,378	-
Property, plant and equipment(Notes 13 and 24)	718,476	14	751,930	15	751,334	17
Investment properties(Note 14)	123,944	2	126,056	2	126,475	3
Intangible assets(Note 15)	81,630	2	67,554	1	56,304	1
Deferred tax assets(Note 4)	76,631	1	47,844	1	41,373	1
Refundable deposits	4,581	-	4,675	-	4,890	-
Other non-current assets	-	-	-	-	36	-
Total non-current assets	<u>1,473,775</u>	<u>28</u>	<u>1,543,371</u>	<u>30</u>	<u>1,405,489</u>	<u>31</u>
TOTAL	<u>\$ 5,348,124</u>	<u>100</u>	<u>\$ 5,092,369</u>	<u>100</u>	<u>\$ 4,471,469</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes and trade payables to unrelated parties	\$ 442,446	8	\$ 494,841	10	\$ 423,286	10
Other payables(Note 16)	404,444	8	346,820	7	312,121	7
Current tax liabilities	166,713	3	164,366	3	104,933	2
Other current liabilities	45,887	1	13,188	-	17,248	-
Total current liabilities	<u>1,059,490</u>	<u>20</u>	<u>1,019,215</u>	<u>20</u>	<u>857,588</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Provisions - non-current	25,173	1	23,532	1	9,946	-
Deferred tax liabilities(Note 4)	97,352	2	15,621	-	-	-
Net defined benefit liabilities - non-current(Notes 4 and 17)	22,011	-	22,835	-	23,383	1
Guarantee deposits	117,663	2	113,306	2	82,482	2
Total non-current liabilities	<u>262,199</u>	<u>5</u>	<u>175,294</u>	<u>3</u>	<u>115,811</u>	<u>3</u>
Total liabilities	<u>1,321,689</u>	<u>25</u>	<u>1,194,509</u>	<u>23</u>	<u>973,399</u>	<u>22</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	1,678,770	31	1,678,770	33	1,678,770	38
Capital surplus	62,661	1	62,661	1	62,661	1
Retained earnings						
Legal reserve	1,005,920	19	903,337	18	903,337	20
Special reserve	228	-	67,297	1	67,297	2
Unappropriated earnings	1,225,712	23	1,038,500	21	778,940	17
Total retained earnings	<u>2,231,860</u>	<u>42</u>	<u>2,009,134</u>	<u>40</u>	<u>1,749,574</u>	<u>39</u>
Other equity	53,144	1	147,295	3	7,065	-
Total equity	<u>4,026,435</u>	<u>75</u>	<u>3,897,860</u>	<u>77</u>	<u>3,498,070</u>	<u>78</u>
TOTAL	<u>\$ 5,348,124</u>	<u>100</u>	<u>\$ 5,092,369</u>	<u>100</u>	<u>\$ 4,471,469</u>	<u>100</u>

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

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

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 September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales(Notes 23)	\$ 1,696,716	100	\$ 1,530,287	100	\$ 4,658,477	100	\$ 3,855,530	100
OPERATING COST								
Cost of goods sold(Notes 10 and 19)	<u>734,908</u>	<u>43</u>	<u>914,008</u>	<u>60</u>	<u>2,262,957</u>	<u>49</u>	<u>2,188,978</u>	<u>57</u>
GROSS PROFIT	<u>961,808</u>	<u>57</u>	<u>616,279</u>	<u>40</u>	<u>2,395,520</u>	<u>51</u>	<u>1,666,552</u>	<u>43</u>
OPERATING EXPENSES(Notes 19 and 23)								
Selling and marketing expenses	22,080	1	20,415	1	63,353	1	61,934	2
General and administrative expenses	58,447	4	48,775	3	167,272	4	136,755	3
Research and development expenses	247,349	15	202,014	13	664,099	14	581,648	15
Gain on reversal of expected credit loss	<u>(44)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44)</u>	<u>-</u>	<u>(94)</u>	<u>-</u>
Total operating expenses	<u>327,832</u>	<u>20</u>	<u>271,204</u>	<u>17</u>	<u>894,680</u>	<u>19</u>	<u>780,243</u>	<u>20</u>
PROFIT FROM OPERATIONS	<u>633,976</u>	<u>37</u>	<u>345,075</u>	<u>23</u>	<u>1,500,840</u>	<u>32</u>	<u>886,309</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES								
Other income(Notes 19 and 23)	26,055	2	10,508	1	32,185	1	19,477	1
Other gains and losses(Notes 19 and 25)	2,166	-	(4,848)	(1)	(21,180)	-	(19,738)	(1)
Share of profit or loss of associates accounted for using equity method(Note 12)	1,658	-	115	-	1,888	-	542	-
Interest income(Note 19)	<u>2,629</u>	<u>-</u>	<u>2,137</u>	<u>-</u>	<u>8,279</u>	<u>-</u>	<u>7,120</u>	<u>-</u>
Total non-operating income and expenses	<u>32,508</u>	<u>2</u>	<u>7,912</u>	<u>-</u>	<u>21,172</u>	<u>1</u>	<u>7,401</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	666,484	39	352,987	23	1,522,012	33	893,710	23
INCOME TAX EXPENSE(Notes 4 and 20)	<u>153,990</u>	<u>9</u>	<u>62,986</u>	<u>4</u>	<u>342,387</u>	<u>8</u>	<u>127,436</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>512,494</u>	<u>30</u>	<u>290,001</u>	<u>19</u>	<u>1,179,625</u>	<u>25</u>	<u>766,274</u>	<u>20</u>
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	<u>(4,779)</u>	<u>-</u>	<u>(58,414)</u>	<u>(4)</u>	<u>(71,091)</u>	<u>(2)</u>	<u>78,884</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	<u>(6,579)</u>	<u>-</u>	<u>17,985</u>	<u>1</u>	<u>(23,060)</u>	<u>-</u>	<u>(4,750)</u>	<u>-</u>

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

Total other comprehensive income and loss	<u>(11,358)</u>	<u>-</u>	<u>(40,429)</u>	<u>(3)</u>	<u>(94,151)</u>	<u>(2)</u>	<u>74,134</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 501,136</u>	<u>30</u>	<u>\$ 249,572</u>	<u>16</u>	<u>\$ 1,085,474</u>	<u>23</u>	<u>\$ 840,408</u>	<u>22</u>
	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE(Note 21)								
Basic	<u>\$ 3.05</u>		<u>\$ 1.73</u>		<u>\$ 7.03</u>		<u>\$ 4.56</u>	
Diluted	<u>\$ 2.98</u>		<u>\$ 1.70</u>		<u>\$ 6.85</u>		<u>\$ 4.47</u>	

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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 nine months ended September 30, 2020	-	-	-	-	766,274	766,274	-	-	-	766,274
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	(4,750)	78,884	74,134	74,134
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	766,274	766,274	(4,750)	78,884	74,134	840,408
BALANCE AT SEPTEMBER 30, 2020	\$ 1,678,770	\$ 62,661	\$ 903,337	\$ 67,297	\$ 778,940	\$ 1,749,574	\$ (78,997)	\$ 86,062	\$ 7,065	\$ 3,498,070
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
Appropriation of 2020 earnings										
Legal reserve	-	-	102,583	-	(102,583)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(956,899)	(956,899)	-	-	-	(956,899)
Reversal of special reserve	-	-	-	(67,069)	67,069	-	-	-	-	-
Net profit for the nine months ended September 30, 2021	-	-	-	-	1,179,625	1,179,625	-	-	-	1,179,625
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	(23,060)	(71,091)	(94,151)	(94,151)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	1,179,625	1,179,625	(23,060)	(71,091)	(94,151)	1,085,474
BALANCE AT SEPTEMBER 30, 2021	\$ 1,678,770	\$ 62,661	\$ 1,005,920	\$ 228	\$ 1,225,712	\$ 2,231,860	\$ (81,807)	\$ 134,951	\$ 53,144	\$ 4,026,435

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

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended	
	September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,522,012	\$ 893,710
Adjustments for:		
Depreciation expenses	57,925	63,491
Amortization expenses	12,813	10,550
Gain on reversal of expected credit loss	(44)	(94)
Net loss on fair value changes of financial assets at fair value through profit or loss	2,627	3,227
Interest income	(8,279)	(7,120)
Dividend income	(11,351)	(5,541)
Share of (profit) loss of associates accounted for using equity method	(1,888)	(542)
Loss on disposal of property, plant and equipment	-	1
Write-downs of inventory and loss of obsolete inventory	12,919	10,544
Net loss (gain) on foreign currency exchange	(3,291)	253
Changes in operating assets and liabilities		
Trade and notes receivables	(121,692)	(340,709)
Inventories	(340,066)	(261,383)
Other current assets	(17,947)	(2,483)
Trade and notes payable	(53,037)	180,632
Other payables	57,778	95,170
Provisions for employee benefits	1,641	1,374
Other current liabilities	32,686	(2,416)
Compensation costs of employee share options	(824)	(754)
Cash generated from operations	1,141,982	637,910
Interest received	8,425	7,750
Dividends received	17,922	13,853
Income tax paid	(286,905)	(61,661)
Net cash generated from operating activities	<u>881,424</u>	<u>597,852</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(64,957)	(38,122)
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	160,155	150,496
Return of capital reduction from investees under equity method	812	-
Payments for property, plant and equipment	(28,820)	(58,528)

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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 Nine Months Ended September 30	
	2021	2020
(Increase) decrease in refundable deposits	\$ (433)	\$ 283
Payments for intangible assets	(26,908)	(10,505)
Decrease in non-current assets	<u>-</u>	<u>18,927</u>
Net cash used in investing activities	<u>(120,228)</u>	<u>(27,449)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	9,170	10,667
Dividends paid to owners of the Company	<u>(956,899)</u>	<u>(352,542)</u>
Net cash used in financing activities	<u>(947,729)</u>	<u>(341,875)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(14,553)</u>	<u>(1,733)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(201,086)	226,795
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,481,511</u>	<u>724,611</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,280,425</u>	<u>\$ 951,406</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 NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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 November 5, 2021.

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

- a. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by

management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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.

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 for deferred taxes that 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.

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.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand	\$ 213	\$ 208	\$ 166
Checking accounts and demand deposits	700,582	1,052,253	514,746
Cash equivalents			
Time deposits	177,700	106,160	107,400
Repurchase bonds			
	<u>401,930</u>	<u>322,890</u>	<u>329,094</u>
	<u>\$ 1,280,425</u>	<u>\$ 1,481,511</u>	<u>\$ 951,406</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Non-current</u>			
<u>Domestic investments</u>			
Listed shares			
Champion Microelectronic Corp.	\$ 446,860	\$ 524,523	\$ 403,846
Unlisted shares			
Ours Technology Inc.	34	34	34
<u>Foreign investments</u>			
Unlisted shares			
Shenzhen Yingshixun Electronic Technology Co., Ltd.	<u>12,882</u>	<u>13,094</u>	<u>12,819</u>
	<u>\$ 459,776</u>	<u>\$ 537,651</u>	<u>\$ 416,699</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 September 30, 2021 RMB 3,200 thousand has been received in accordance with the progress of the contract, and has started to make equity change.

8. FINANCIAL ASSETS AT AMORTIZED COST-CURRENT

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Current</u>			
Domestic investments			

Time deposits with original maturities of more than 3 months	\$ 261,556	\$ 261,543	\$ 261,539
Foreign investments			
Time deposits with original maturities of more than 3 months	<u>174,219</u>	<u>111,909</u>	<u>69,263</u>
	<u>\$ 435,775</u>	<u>\$ 373,452</u>	<u>\$ 330,802</u>

- a. As of September 30, 2021, December 31, 2020 and September 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% ~ 1.95% per annum, respectively.
- b. For information on pledges of financial assets at amortized cost, see Note 24.

9. NOTES AND ACCOUNTS RECEIVABLE

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Notes receivable</u>	<u>\$ 463</u>	<u>\$ 27,426</u>	<u>\$ -</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	789,958	641,227	745,507
Less: Allowance for impairment loss	(<u>3,795</u>)	(<u>3,839</u>)	(<u>3,839</u>)
	<u>786,163</u>	<u>637,388</u>	<u>741,668</u>
Total	<u>\$ 786,626</u>	<u>\$ 664,814</u>	<u>\$ 741,668</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.:

September 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	-	52.01%	100%	100%	-
Gross carrying amount	\$ 785,817	\$ 721	\$ 5	\$ 3,415	\$ 789,958
Allowance for loss(Lifetime ECLs)	<u>-</u>	(<u>375</u>)	(<u>5</u>)	(<u>3,415</u>)	(<u>3,795</u>)
Amortized cost	<u>\$ 785,817</u>	<u>\$ 346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,163</u>

December 31, 2020

	Less than 60 days	61~90 days	91~180 days	More than 180 days	Total
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>

September 30, 2020

	Less than 60 days	61~90 days	91~180 days	More than 180 days	Total
Expected credit loss rate	0.03%	9.99%	100%	100%	
Gross carrying amount	\$740,945	\$ 1,051	\$ 1	\$ 3,510	\$745,507
Allowance for loss(Lifetime ECLs)	(223)	(105)	(1)	(3,510)	(3,839)
Amortized cost	<u>\$ 740,722</u>	<u>\$ 946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$741,668</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 3,839	\$ 3,933
Less: Reversal of impairment loss	(44)	(94)
Balance at September 30	<u>\$ 3,795</u>	<u>\$ 3,839</u>

10. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Merchandise	\$ 2,444	\$ 1,388	\$ 2,507
Finished goods	314,902	140,476	227,473
Work in process	834,400	693,404	565,476
Raw materials	91,412	80,672	124,385
	<u>\$ 1,243,158</u>	<u>\$ 915,940</u>	<u>\$ 919,841</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Cost of inventories sold	\$ 721,846	\$ 906,542	\$ 2,250,038	\$ 2,178,434
Inventory write-downs (reversed)	3,456	(4,490)	1,754	(1,412)
Loss of inventory scrap	9,606	11,956	11,165	11,956
	<u>\$ 734,908</u>	<u>\$ 914,008</u>	<u>\$ 2,262,957</u>	<u>\$ 2,188,978</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:

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	General Investment	100.00	100.00	100.00	Note
	Sonix Technology Ltd.	General Investment	100.00	100.00	100.00	Note

	Sonix Technology K.K.	Engaged in the business of computer system integration and technical consulting services, etc.	100.00	100.00	100.00	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 (Shenzhen) Co., Ltd., Sonix Technology Ltd. and Sonix Holding Group Co., Ltd., for the nine months ended September 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 September 30, 2021 and 2020, have not been reviewed.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Associate that is not individually material</u>			
Unlisted shares			
Paradigm Venture Capital Corporation.	\$ <u>8,737</u>	\$ <u>7,661</u>	\$ <u>8,378</u>

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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Self-Own Land	\$ 110,984	\$ 110,984	\$ 110,984
Buildings	561,831	588,302	587,274
Office equipment	30,984	26,484	21,760
Miscellaneous Equipment	<u>14,677</u>	<u>26,160</u>	<u>31,316</u>
	<u>\$ 718,476</u>	<u>\$ 751,930</u>	<u>\$ 751,334</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of property, plant and equipment during the nine months ended September 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Land	\$ 77,732	\$ 77,732	\$ 77,732
Buildings	<u>46,212</u>	<u>48,324</u>	<u>48,743</u>
	<u>\$ 123,944</u>	<u>\$ 126,056</u>	<u>\$ 126,475</u>

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

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
1 st year	\$ 6,277	\$ 6,218
2 nd year	748	2,777
3 rd year	<u>-</u>	<u>787</u>
	<u>\$ 7,025</u>	<u>\$ 9,782</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment property during the nine months ended September 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 September 30, 2021 should not be materially different from the fair value assessed by the independent appraiser mentioned above.

15. INTANGIBLE ASSETS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Computer software	\$ 13,608	\$ 12,346	\$ 11,231
Patent rights	<u>68,022</u>	<u>55,208</u>	<u>45,073</u>
	<u>\$ 81,630</u>	<u>\$ 67,554</u>	<u>\$ 56,304</u>

Except for amortization recognized, the Group have addition amount are \$26,908 thousand and \$10,505 thousand, did not have disposal, or impairment of intangible assets during the nine months ended September 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Payable for salaries and bonuses	\$ 371,503	\$ 272,715	\$ 259,002
Payable service expenses	6,144	30,599	28,981
Payable insurance premium	5,812	5,410	5,340
Others	<u>20,985</u>	<u>38,096</u>	<u>18,798</u>
	<u>\$ 404,444</u>	<u>\$ 346,820</u>	<u>\$ 312,121</u>

17. RETIREMENT BENEFIT PLANS

For the three months ended and nine months ended September 30, 2021 and 2020, the pension expenses of

defined benefit plans were 64 thousand, 81 thousand, 192 thousand and 242 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 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 September 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 shareholders of Sonix held on July 16, 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 appropriation of earnings for 2020 and 2019 included the reversal of equity deductions from 2019 and 2018. Thus, a special reserve of \$67,069 thousand and \$53,813 thousand from prior year was revolved to unappropriated earnings.

d. Other equity

1) Exchange differences on translating foreign operations

	For the Nine Months Ended September 30	
	2021	2021
Balance at January 1	(\$ 58,747)	(\$ 74,247)
Occurred in the year		
Exchange differences on translation of foreign operations	(23,060)	(4,750)
Balance at September 30	<u>(\$ 81,807)</u>	<u>(\$ 78,997)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2021	2021
Balance at January 1	\$ 206,042	\$ 7,178
Occurred in the year		
Unrealized gain or loss	(71,091)	78,884
Balance at September 30	<u>\$ 134,951</u>	<u>\$ 86,062</u>

19. NET PROFIT

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Rental income	\$ 1,705	\$ 1,694	\$ 5,145	\$ 5,140
Investment properties				
股利收入	11,351	5,541	11,351	5,541
Others	<u>12,999</u>	<u>3,273</u>	<u>15,689</u>	<u>8,796</u>
	<u>\$ 26,055</u>	<u>\$ 10,508</u>	<u>\$ 32,185</u>	<u>\$ 19,477</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Valuation gain (loss) on financial assets				
Financial assets at fair value through profit or loss	(\$ 1,487)	(\$ 42)	(\$ 2,627)	(\$ 3,227)
Foreign currency exchange gain(loss), net	(3,843)	(4,584)	(17,540)	(15,548)
Property, plant and equipment disposal of losses	-	-	-	(1)
Others	(190)	(222)	(1,013)	(962)
	<u>\$ 2,166</u>	<u>(\$ 4,848)</u>	<u>(\$ 21,180)</u>	<u>(\$ 19,738)</u>

c. Interest revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Bank deposits	\$ 1,616	\$ 1,278	\$ 5,189	\$ 4,075
Financial assets measured at amortized cost	<u>1,013</u>	<u>859</u>	<u>3,090</u>	<u>3,045</u>

	<u>\$ 2,629</u>	<u>\$ 2,137</u>	<u>\$ 8,279</u>	<u>\$ 7,120</u>
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d. Depreciation and amortization

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Property, plant and equipment	\$ 16,865	\$ 23,879	\$ 55,975	\$ 61,559
Investment properties	648	644	1,950	1,932
Intangible assets	<u>4,402</u>	<u>3,547</u>	<u>12,813</u>	<u>10,550</u>
Total	<u>\$ 21,915</u>	<u>\$ 28,070</u>	<u>\$ 70,738</u>	<u>\$ 74,041</u>
An analysis of depreciation by function				
Operating costs	\$ 5,019	\$ 13,135	\$ 20,573	\$ 30,454
Operating expenses	11,846	10,744	35,402	31,105
Non-operating income and expenses (Note)	<u>648</u>	<u>644</u>	<u>1,950</u>	<u>1,932</u>
	<u>\$ 17,513</u>	<u>\$ 24,523</u>	<u>\$ 57,925</u>	<u>\$ 63,491</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 4,402</u>	<u>\$ 3,547</u>	<u>\$ 12,813</u>	<u>\$ 10,550</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>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Generated rental income	\$ 499	\$ 496	\$ 1,504	\$ 1,498
Ingenerated rental income	<u>149</u>	<u>148</u>	<u>446</u>	<u>434</u>
	<u>\$ 648</u>	<u>\$ 644</u>	<u>\$ 1,950</u>	<u>\$ 1,932</u>

f. Employee benefits expense

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Post-employment benefits(Note 17)				
Defined contribution plans	\$ 7,704	\$ 4,702	\$ 22,833	\$ 15,189
Defined benefit plans	<u>64</u>	<u>81</u>	<u>192</u>	<u>242</u>
	7,768	4,783	23,025	15,431
Other employee benefits	<u>260,494</u>	<u>207,224</u>	<u>682,631</u>	<u>581,751</u>
Total employee benefits expense	<u>\$ 268,262</u>	<u>\$ 212,007</u>	<u>\$ 705,656</u>	<u>\$ 597,182</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 268,262</u>	<u>\$ 212,007</u>	<u>\$ 705,656</u>	<u>\$ 597,182</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 September 30, 2021 and 2020, and the nine months ended September 30, 2021 and 2020, estimated employees' compensation and the remuneration of directors, were as follows:

Estimated percentage

	For the Nine Months Ended September 30	
	2021	2020
Employees' compensation	13.01%	14.43%
Remuneration of directors	1.20%	1.33%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Employees' compensation	\$ 85,622	\$ 54,212	\$ 221,522	\$ 151,283
Remuneration of directors	\$ 7,878	\$ 4,988	\$ 20,378	\$ 13,917

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:

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

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, 2020 and 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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
foreign exchange gains	\$ 13,047	\$ 5,293	\$ 28,498	\$ 18,609
foreign exchange losses	(9,204)	(9,877)	(46,038)	(34,157)
Net gains or losses	\$ 3,843	(\$ 4,584)	(\$ 17,540)	(\$ 15,548)

20. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current Income tax In respect of the current period	\$ 123,276	\$ 63,946	\$ 300,370	\$ 147,182

Changes in estimate for prior periods	-	-	(12,217)	(15,002)
	<u>123,276</u>	<u>63,946</u>	<u>288,153</u>	<u>132,180</u>
Deferred income tax				
In respect of the current period	30,276	(1,171)	52,934	(5,369)
No tax deduction for foreign income	<u>438</u>	<u>211</u>	<u>1,300</u>	<u>625</u>
Income tax expense recognized in profit or loss	<u>\$ 153,990</u>	<u>\$ 62,986</u>	<u>\$ 342,387</u>	<u>\$ 127,436</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>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Net profits attributable to shareholders of the Company	<u>\$ 512,494</u>	<u>\$ 290,001</u>	<u>\$ 1,179,625</u>	<u>\$ 766,274</u>

Number of shares

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
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>3,859</u>	<u>3,145</u>	<u>4,211</u>	<u>3,669</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>171,736</u>	<u>171,022</u>	<u>172,088</u>	<u>171,546</u>

Unit: In Thousand Shares

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

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Fund beneficiary certificate	\$ 63,113	\$ -	\$ -	\$ 63,113
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 446,860	\$ -	\$ -	\$ 446,860
- Domestic unlisted shares	-	-	34	34
- Foreign unlisted shares	-	12,882	-	12,882
Total	<u>\$ 446,860</u>	<u>\$ 12,882</u>	<u>\$ 34</u>	<u>\$ 459,776</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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>

September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Fund beneficiary certificate	\$ 64,519	\$ -	\$ -	\$ 64,519
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 403,846	\$ -	\$ -	\$ 403,846
- Domestic unlisted shares	-	-	34	34
- Foreign unlisted shares	-	12,819	-	12,819
Total	<u>\$ 403,846</u>	<u>\$ 12,819</u>	<u>\$ 34</u>	<u>\$ 416,699</u>

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

- b. Categories of financial instruments

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Fund beneficiary certificate	\$ 63,113	\$ 65,818	\$ 64,519
Financial assets at amortized cost (Note 1)	2,507,407	2,524,452	2,028,766
Financial assets at FVTOCI			
Investment in equity instruments	459,776	537,651	416,699

	2021	2020	2021	2020	2021	2020
profit and loss	<u>\$ 7,250</u> (i)	<u>\$ 8,259</u> (i)	<u>\$ 244</u> (ii)	<u>\$ 258</u> (ii)	<u>\$ 3,587</u> (iii)	<u>\$ -</u> (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.

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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Fair value interest rate risk			
— Financial assets	\$ 932,053	\$ 719,159	\$ 683,958
Cash flow interest rate risk			
— Financial assets	783,738	1,135,380	597,961

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 September 30, 2021 and nine months ended September 30, 2021 would have decreased/increased by (355) thousand and 5,878 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 September 30, 2021 and nine months ended September 30, 2020 would have decreased/increased by (135) thousand and 4,485 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 nine months ended, 2021 would have increased/decreased by 631 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended, 2021 would have increased/decreased by 4,598 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 nine months ended, 2020 would have increased/decreased by 645 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended, 2020 would have increased/decreased by 4,167 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 September 30, 2021, December 31 and September 30, 2020, the percentages of accounts receivable from the top five customers to the Group's accounts receivable balance were 43%, 47% and 46%, 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:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
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

<u>Line Items</u>	<u>Related Party Categories/Name</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales revenues	Substantial related party	\$ <u>9,172</u>	\$ <u>7,476</u>	\$ <u>18,512</u>	\$ <u>9,841</u>
Operating expenses Miscellaneous	Substantial related party	\$ 16	\$ 5	\$ 157	\$ 132

Material fee	Substantial related party	-	-	-	4
		<u>\$ 16</u>	<u>\$ 5</u>	<u>\$ 157</u>	<u>\$ 136</u>
Non-operating income	Substantial related party	-	-	-	472
		<u>\$ -</u>	<u>\$ -</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

<u>Line Items</u>	<u>Related Party Categories</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Account receivables	Substantial related party	\$ 916	\$ 4,240	\$ 6,495

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

d. Remuneration of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 14,659	\$ 11,077	\$ 41,483	\$ 26,891
Post-employment benefits	44	49	132	147
	<u>\$ 14,703</u>	<u>\$ 11,126</u>	<u>\$ 41,615</u>	<u>\$ 27,038</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.

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Property, plant and equipment	\$ 210,950	\$ 213,606	\$ 214,491
Pledged deposits(classified as financial assets at amortized cost-current)	52,156	52,143	52,139
	<u>\$ 263,106</u>	<u>\$ 265,749</u>	<u>\$ 266,630</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:

September 30, 2021

<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
USD	\$ 35,332	27.80 (USD: NTD)	\$ 982,230

USD	2,367	6.4854(USD: RMB)	65,803
EUR	760	32.12(EUR: NTD)	24,411
RMB	83,807	4.280(RMB: NTD)	358,694

Financial liabilities

Monetary items

USD	11,182	27.90(USD: NTD)	311,978
USD	396	6.4854(USD: RMB)	11,048

December 31, 2020

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<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

Financial liabilities

Monetary items

USD	9,960	28.53(USD: NTD)	284,159
USD	11,841	6.5240(USD: RMB)	337,824

September 30, 2020

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 37,495	29.05(USD: NTD)	\$ 1,089,230
USD	3,031	6.8101(USD: RMB)	88,051
EUR	760	33.95(EUR: NTD)	25,802
RMB	3	4.244(RMB: NTD)	13

Financial liabilities

Monetary items

USD	7,047	29.15(USD: NTD)	205,420
USD	5,006	6.8101(USD: RMB)	145,925

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	<u>For the Three Months Ended September 30, 2021</u>		<u>For the Three Months Ended September 30, 2020</u>	
	<u>Exchange Rate (Foreign Currency: Functional Currency)</u>	<u>Net Foreign exchange gains (losses)</u>	<u>Exchange Rate (Foreign Currency: Functional Currency)</u>	<u>Net Foreign exchange gains (losses)</u>
NTD	1(NTD: NTD)	\$ 3,810	1(NTD: NTD)	(\$ 13,510)
RMB	4.615(RMB: NTD)	33	4.267(RMB: NTD)	8,926
		<u>\$ 3,843</u>		<u>(\$ 4,584)</u>

Functional currency	<u>For the Nine Months Ended September 30, 2021</u>		<u>For the Nine Months Ended September 30, 2020</u>	
	<u>Exchange Rate (Foreign Currency: Functional Currency)</u>	<u>Net Foreign exchange gains (losses)</u>	<u>Exchange Rate (Foreign Currency: Functional Currency)</u>	<u>Net Foreign exchange gains (losses)</u>
NTD	1(NTD: NTD)	\$ 3,810	1(NTD: NTD)	(\$ 13,510)
RMB	4.615(RMB: NTD)	33	4.267(RMB: NTD)	8,926
		<u>\$ 3,843</u>		<u>(\$ 4,584)</u>

NTD	1(NTD: NTD)	(\$ 20,414)	1(NTD: NTD)	(\$ 17,305)
RMB	4.338(RMB: NTD)	<u>2,874</u>	4.264(RMB: NTD)	<u>1,757</u>
		(\$ <u>17,540</u>)		(\$ <u>15,548</u>)

26. OTHER ITEMS

The Company's operation has not been affected by the pandemic of the COVID-19.

As of the reporting date of this consolidated financial report by the board of directors, the consolidated company continues to evaluate the economic impact of the epidemic on the consolidated company.

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 nine months ended September 30, 2021 and 2020 are shown in the accompanying consolidated income statements.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 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	September 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	6,571,472	446,860	8.22	446,860	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	22,473	-	22,473	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>	—	Financial assets at fair value through profit or loss - current	1,307,168.12	15,055	-	15,055	Note
	Jih SunAsian High Yield Bond Fund A(TWD)	—	Financial assets at fair value through profit or loss - current	1,500,000	15,360	-	15,360	Note
	Jih Sun Target Income Fund of Funds(TWD)	—	Financial assets at fair value through profit or loss - current	1,007,650	10,225	-	10,225	Note
Sonix Technology (Shenzhen) Co., Ltd.	Nomura Global Short Duration Bond Fund	—						
	<u>Equity</u>	—	Financial assets at fair value through other comprehensive income - non-current	555,550	12,882	5	12,882	Note

Note: Estimated at fair value as of September 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 NINE MONTHS ENDED SEPTEMBER 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	(\$ 1,443,051)	(37%)	30 days	\$ -	—	\$ 118,938	19%	
Sonix Technology (Shenzhen) Co., Ltd.	Sonix Technology Co., Ltd.	Parent company	Purchases	1,443,051	99%	30 days	-	—	(118,938)	(100%)	

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
SEPTEMBER 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-subsidiary	\$ 118,938	8.58	\$ -	—	\$ 118,938	\$ -

Note 1: As of November 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 NINE MONTHS ENDED SEPTEMBER 30, 2021

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

No.	Company Name	Company Name	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	1	Accounts Receivable	\$ 118,938	No Significant Difference from Non-Related Party	2
		Sonix Technology (Shenzhen) Co., Ltd.	1	Sales	1,443,051	No Significant Difference from Non-Related Party	31

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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2021			Net Gain (Loss) of the Investee	Investment Gain (Loss) Recognized(Note 1)	Remarks
				September 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	\$1,468,772	\$ 405,165	\$ 405,165	Subsidiary
	Jian Mou Investment Corporation.	Hsinchu county	General Investment	155,000	155,000	15,500,000	100	106,445	788	788	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	13,351	3,564	3,564	Subsidiary
Jian Mou Investment Corporation.	Paradigm Venture Capital Corporation.	Taipei city	General Investment	43,948	44,760	459,960	20.98	8,737	9,149	1,888	
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	1,435,667	405,200	405,200	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 NINE MONTHS ENDED SEPTEMBER, 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 September 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 September 30,2021 (US\$ in Thousands) (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2021	Note
					Outflow	Inflow							
Sonix Technology (Chengdu) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	\$ 278,500 (US\$ 10,000)	Invest in Mainland China through companies incorporated in third regions.	\$ 278,500 (US \$10,000)	\$ -	\$ -	\$ 278,500 (US \$10,000)	\$ 12,769 (US \$455)	100%	\$ 12,769 (US \$455)	\$ 91,666 (US \$3,291)	\$ -	
Sonix Technology (Shenzhen) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	612,700 (US\$ 22,000)	Invest in Mainland China through companies incorporated in third regions.	612,700 (US \$22,000)	-	-	612,700 (US \$22,000)	392,431 (US \$13,982)	100%	392,431 (US \$13,982)	1,343,994 (US \$48,258)	-	

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
\$891,200 (US\$32,000)	\$932,975 (US\$33,500)	\$2,415,861

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 September 30, 2021, the rest was calculated using the exchange rate at the end of September 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.