

(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, 2022 and 2021
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, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended, the consolidated statements of changes in equity and cash flows for nine months ended September 30, 2022 and 2021, 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, 2022 and 2021, the combined total assets of these insignificant subsidiaries were respectively NT\$227,765 thousand and NT\$211,048 thousand, representing 5.31% and 3.95%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were respectively NT\$6,047 thousand and NT\$7,725 thousand, representing 0.85% and 0.58%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2022 and 2021, the combined comprehensive income and loss of these subsidiaries respectively amounted to NT\$(2,139) thousand, NT\$10,461 thousand, NT\$2,898 thousand and NT\$17,120 thousand representing (8.21)%, 2.09%, 0.7% and 1.58%, 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, 2022 and 2021, with carrying values of NT\$6,694 thousand and NT\$8,737 thousand, respectively, and the related shares of the comprehensive income of these investees amounting to NT\$25 thousand, NT\$1,658 thousand, NT(\$19) thousand, and NT\$1,888 thousand, for the three months and nine months ended September 30, 2022 and 2021, 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 26 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its cash flows for the nine months ended September 30, 2022 and 2021, 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 Shih Chieh Chou

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2022

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, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents(Note 6)	\$ 766,465	18	\$ 1,413,101	25	\$ 1,280,425	24
Financial assets at fair value through profit or loss - current	54,343	1	181,176	3	63,113	1
Financial assets at amortized at cost - current(Notes 8 and 24)	481,482	11	467,132	9	435,775	8
Notes and trade receivables from unrelated parties(Notes 9 and 23)	383,351	9	546,693	10	786,626	15
Inventories(Note 10)	1,275,468	30	1,448,377	26	1,243,158	23
Other current assets	59,919	1	67,281	1	65,252	1
Total current assets	<u>3,021,028</u>	<u>70</u>	<u>4,123,760</u>	<u>74</u>	<u>3,874,349</u>	<u>72</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current(Note 7)	261,250	6	452,151	8	459,776	9
Investments accounted for using the equity method(Note 12)	6,694	-	7,174	-	8,737	-
Property, plant and equipment(Notes 13 and 24)	715,940	17	723,640	13	718,476	14
Investment properties(Note 14)	121,693	3	123,398	2	123,944	2
Intangible assets(Note 15)	105,702	3	90,845	2	81,630	2
Deferred tax assets(Note 4)	49,262	1	73,294	1	76,631	1
Refundable deposits	5,070	-	7,197	-	4,581	-
Other non-current assets	45	-	74	-	-	-
Total non-current assets	<u>1,265,656</u>	<u>30</u>	<u>1,477,773</u>	<u>26</u>	<u>1,473,775</u>	<u>28</u>
TOTAL	<u>\$ 4,286,684</u>	<u>100</u>	<u>\$ 5,601,533</u>	<u>100</u>	<u>\$ 5,348,124</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables to unrelated parties	\$ 140,007	3	\$ 369,448	6	\$ 442,446	8
Other payables(Note 16)	370,540	9	426,572	8	404,444	8
Current tax liabilities	-	-	214,085	4	166,713	3
Other current liabilities	10,878	-	5,777	-	45,887	1
Total current liabilities	<u>521,425</u>	<u>12</u>	<u>1,015,882</u>	<u>18</u>	<u>1,059,490</u>	<u>20</u>
NON-CURRENT LIABILITIES						
Provisions for employee benefits	22,192	1	20,757	-	25,173	1
Deferred tax liabilities(Note 4)	60,878	1	94,092	2	97,352	2
Net defined benefit liabilities - non-current(Notes 4 and 17)	22,419	1	23,301	1	22,011	-
Guarantee deposits	87,548	2	116,021	2	117,663	2
Total non-current liabilities	<u>193,037</u>	<u>5</u>	<u>254,171</u>	<u>5</u>	<u>262,199</u>	<u>5</u>
Total liabilities	<u>714,462</u>	<u>17</u>	<u>1,270,053</u>	<u>23</u>	<u>1,321,689</u>	<u>25</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY(Note 18)						
Share capital						
Ordinary shares	1,678,770	39	1,678,770	30	1,678,770	31
Capital surplus	62,661	2	62,661	1	62,661	1
Retained earnings						
Legal reserve	1,152,339	27	1,005,920	18	1,005,920	19
Special reserve	228	-	228	-	228	-
Unappropriated earnings	746,498	17	1,510,271	27	1,225,712	23
Total retained earnings	<u>1,899,065</u>	<u>44</u>	<u>2,516,419</u>	<u>45</u>	<u>2,231,860</u>	<u>42</u>
Other equity	(68,274)	(2)	73,630	1	53,144	1
Total equity	<u>3,572,222</u>	<u>83</u>	<u>4,331,480</u>	<u>77</u>	<u>4,026,435</u>	<u>75</u>
TOTAL	<u>\$ 4,286,684</u>	<u>100</u>	<u>\$ 5,601,533</u>	<u>100</u>	<u>\$ 5,348,124</u>	<u>100</u>

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

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			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales(Notes 23)	\$ 744,462	100	\$ 1,696,716	100	\$ 2,798,510	100	\$ 4,658,477	100
OPERATING COST								
Cost of goods sold(Notes 10 and 19)	<u>406,972</u>	<u>55</u>	<u>734,908</u>	<u>43</u>	<u>1,490,315</u>	<u>53</u>	<u>2,262,957</u>	<u>49</u>
GROSS PROFIT	<u>337,490</u>	<u>45</u>	<u>961,808</u>	<u>57</u>	<u>1,308,195</u>	<u>47</u>	<u>2,395,520</u>	<u>51</u>
OPERATING EXPENSES(Notes 9, 19 and 23)								
Selling and marketing expenses	16,876	2	22,080	1	48,732	2	63,353	1
General and administrative expenses	48,517	7	58,447	4	149,509	5	167,272	4
Research and development expenses	189,170	25	247,349	15	582,631	21	664,099	14
Gain on reversal of expected credit loss	(2)	-	(44)	-	(18)	-	(44)	-
Total operating expenses	<u>254,561</u>	<u>34</u>	<u>327,832</u>	<u>20</u>	<u>780,854</u>	<u>28</u>	<u>894,680</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>82,929</u>	<u>11</u>	<u>633,976</u>	<u>37</u>	<u>527,341</u>	<u>19</u>	<u>1,500,840</u>	<u>32</u>
NON-OPERATING INCOME AND EXPENSES								
Other income(Notes 19 and 23)	3,664	-	26,055	2	40,382	2	32,185	1
Other gains and losses(Notes 19 and 25)	27,515	4	2,166	-	89,056	3	(21,180)	-
Share of profit or loss of associates accounted for using equity method(Note 12)	25	-	1,658	-	(19)	-	1,888	-
Interest revenue(Note 19)	<u>4,471</u>	<u>1</u>	<u>2,629</u>	<u>-</u>	<u>10,535</u>	<u>-</u>	<u>8,279</u>	<u>-</u>
Total non-operating income and expenses	<u>35,675</u>	<u>5</u>	<u>32,508</u>	<u>2</u>	<u>139,954</u>	<u>5</u>	<u>21,172</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	118,604	16	666,484	39	667,295	24	1,522,012	33
INCOME TAX EXPENSE (Notes 4 and 20)	<u>24,432</u>	<u>3</u>	<u>153,990</u>	<u>9</u>	<u>109,510</u>	<u>4</u>	<u>342,387</u>	<u>8</u>
NET PROFIT FOR THE PERIOD	<u>94,172</u>	<u>13</u>	<u>512,494</u>	<u>30</u>	<u>557,785</u>	<u>20</u>	<u>1,179,625</u>	<u>25</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	(83,786)	(11)	(4,779)	-	(187,615)	(7)	(71,091)	(2)

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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 September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ 15,670	2	\$ (6,579)	-	\$ 45,711	2	\$ (23,060)	-
Total other comprehensive income and loss	(68,116)	9	(11,358)	-	(141,904)	(5)	(94,151)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 26,056	4	\$ 501,136	30	\$ 415,881	15	\$ 1,085,474	23
EARNINGS PER SHARE(Notes 21)								
Basic	<u>\$ 0.56</u>		<u>\$ 3.05</u>		<u>\$ 3.32</u>		<u>\$ 7.03</u>	
Diluted	<u>\$ 0.55</u>		<u>\$ 2.98</u>		<u>\$ 3.25</u>		<u>\$ 6.85</u>	

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

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		Total	Total Equity
	Retained			earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive income		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total				
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 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
BALANCE AT JANUARY 1, 2022	\$ 1,678,770	\$ 62,661	\$ 1,005,920	\$ 228	\$ 1,510,271	\$ 2,516,419	\$ (66,995)	\$ 140,625	\$ 73,630	\$ 4,331,480
Appropriation of 2021 earnings										
Legal reserve	-	-	146,419	-	(146,419)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,175,139)	(1,175,139)	-	-	-	(1,175,139)
Net profit for the nine months ended September 30 , 2022					557,785	557,785				557,785
Other comprehensive loss for the nine months ended September 30 , 2022 net of income tax	-	-	-	-	-	-	45,711	(187,615)	(141,904)	(141,904)
Total comprehensive income (loss) for the nine months ended September 30 , 2022	-	-	-	-	557,785	557,785	45,711	(187,615)	(141,904)	415,881
BALANCE AT SEPTEMBER 30 , 2022	\$ 1,678,770	\$ 62,661	\$ 1,152,339	\$ 228	\$ 746,498	\$ 1,899,065	\$ (21,284)	\$ (46,990)	(\$ 68,274)	\$ 3,572,222

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 667,295	\$ 1,522,012
Adjustments for:		
Depreciation expenses	47,098	57,925
Amortization expenses	11,907	12,813
Gain on reversal of expected credit loss	(18)	(44)
Net gain on fair value changes of financial assets at fair value through profit or loss	6,566	2,627
Interest income	(10,535)	(8,279)
Dividend income	(29,572)	(11,351)
Share of (profit) loss of associates accounted for using equity method	19	(1,888)
Write-downs of inventory (gain from price recovery) and loss on retired	5,362	12,919
Net gain on foreign currency exchange	(5,905)	(3,291)
Changes in operating assets and liabilities		
Trade and notes receivables	175,458	(121,692)
Inventories	167,264	(340,066)
Other current assets	(6,665)	(17,947)
Trade payables	(232,665)	(53,037)
Other payables	(56,784)	57,778
Provisions for employee benefits	1,435	1,641
Other current liabilities	4,797	32,686
Compensation costs of employee share options	(882)	(824)
Cash generated from operations	744,175	1,141,982
Interest received	9,109	8,425
Dividends received	33,318	17,922
Income tax paid	(316,866)	(286,905)
Net cash generated by operating activities	<u>469,736</u>	<u>881,424</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(4,898)	(64,957)
Purchase of financial assets at fair value through profit or loss	-	(160,077)
Proceeds from sale of financial assets at fair value through profit or loss	120,267	160,155
Capital reduction and return of shares of invested companies using the equity method	-	812
Payments for property, plant and equipment	(26,275)	(28,820)
Increase in refundable deposits	-	(433)
Decrease in refundable deposits	2,185	-
Payments for intangible assets	(26,696)	(26,908)
Increase in other non-current assets	<u>23</u>	<u>-</u>
Net cash generated by (used in) investing activities	<u>64,606</u>	<u>(120,228)</u>

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	<u>Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Guarantee deposits received	-	9,170
Guarantee deposits refunded	(31,683)	-
Cash dividends	(1,175,139)	(956,899)
Net cash used in financing activities	(1,206,822)	(947,729)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>25,844</u>	(<u>14,553</u>)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(646,636)	(201,086)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,413,101</u>	<u>1,481,511</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 766,465</u>	<u>\$ 1,280,425</u>

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (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 reported to the board of directors and authorized for issue on November 9, 2022.

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

- a. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: 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 accompanying consolidated financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

b. New IFRSs in Issue But Not Yet Endorsed and Issued into Effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note1)
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
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 Comparative information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
January 1, 2024	

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

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.

See Note 11 and Tables 4 and 5 for the detailed information of subsidiaries, including the percentage of ownership and main business.

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 30, 2021.

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, 2021.

6. CASH AND CASH EQUIVALENTS

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Cash on hand	\$ 224	\$ 255	\$ 213
Checking accounts and demand deposits	651,358	875,773	700,582
Cash equivalents			
Time deposits	50,100	136,480	177,700
Repurchase bonds			
	<u>64,783</u>	<u>400,593</u>	<u>401,930</u>
	<u>\$ 766,465</u>	<u>\$ 1,413,101</u>	<u>\$ 1,280,425</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>September 30</u> <u>2022</u>	<u>December 31</u> <u>2021</u>	<u>September 30</u> <u>2021</u>
<u>Non-current</u>			
<u>Domestic investments</u>			
Publicly traded stocks			
Champion Microelectronic Corp. Unlisted shares	\$ 261,216	\$ 452,117	\$ 446,860
Unlisted shares			
Ours Technology Inc.	34	34	34
<u>Foreign investment</u>			
Unlisted shares			
Shenzhen Yingshixun Electronic Technology Co., Ltd.	-	-	12,882
	<u>\$ 261,250</u>	<u>\$ 452,151</u>	<u>\$ 459,776</u>

These investments 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 YSX Electronics Co., Ltd. signed an equity transfer agreement on January 12, 2021. The equity transfer price was RMB3,720 thousand. After receiving the full transfer payment of RMB3,000 thousand in installments, it would go through the commercial registration procedures for equity changes. As of December 31, 2021 the amount of RMB3,720 thousand has been received according to the schedule as stipulated in the contract, and the equity change has been completed.

8. FINANCIAL ASSETS AT AMORTIZED COST-CURRENT

	<u>September 30</u> <u>2022</u>	<u>December 31</u> <u>2021</u>	<u>September 30</u> <u>2021</u>
<u>Current</u>			
<u>Domestic investment</u>			
Time deposits	\$ 261,573	\$ 261,559	\$ 261,556
<u>Foreign investment</u>			
Time deposits	219,909	205,573	174,219
	<u>\$ 481,482</u>	<u>\$ 467,132</u>	<u>\$ 435,775</u>

- a. As of September 30, 2022, December 30, 2021 and September 30, 2021, the interest rate ranges for time deposits with original maturities of more than 3 months were 0.35% to 2.25%, 0.35% to 2.25% and 0.20% to 2.25% per annum, respectively.
- b. Refer to Note 24 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES AND ACCOUNTS RECEIVABLE

	<u>September 30</u> <u>2022</u>	<u>December 31</u> <u>2021</u>	<u>September 30</u> <u>2021</u>
<u>Notes receivable</u>	\$ -	\$ -	\$ 463
<u>Accounts receivable</u>			
Total amounts of trade	387,111	550,471	789,958

receivables measured at amortized cost			
Less: Allowance for loss	(<u>3,760</u>)	(<u>3,778</u>)	(<u>3,795</u>)
	<u>383,351</u>	<u>546,693</u>	<u>786,163</u>
Total	<u>\$ 383,351</u>	<u>\$ 546,693</u>	<u>\$ 786,626</u>

Accounts receivable

The average credit period of sales of goods was 60 days. No interest was charged on trade receivables. 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 its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

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 information 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 following table details the loss allowance of trade receivables.

September 30,2022

	<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%	4.93%	0%	100%	
Total carrying amount	\$ 377,105	\$ 6,570	\$ -	\$ 3,436	\$ 387,111
Allowance for loss	-	(<u>324</u>)	-	(<u>3,436</u>)	(<u>3,760</u>)
Amortized cost	<u>\$ 377,105</u>	<u>\$ 6,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,351</u>

December 31,2021

	<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%	0%	8.77%	100%	
Total carrying amount	\$ 542,741	\$ -	\$ 4,332	\$ 3,398	\$ 550,471
Allowance for loss	-	-	(<u>380</u>)	(<u>3,398</u>)	(<u>3,778</u>)
Amortized cost	<u>\$ 542,741</u>	<u>\$ -</u>	<u>\$ 3,952</u>	<u>\$ -</u>	<u>\$ 546,693</u>

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%	
Total carrying amount	\$ 785,817	\$ 721	\$ 5	\$ 3,415	\$ 789,958
Allowance for loss	-	(<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>

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

	<u>Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 3,778	\$ 3,839
Less:Reversal of impairment loss	(<u>18</u>)	(<u>44</u>)
Balance at September 30	<u>\$ 3,760</u>	<u>\$ 3,795</u>

10. INVENTORIES

	<u>September 30</u> <u>2022</u>	<u>December 31</u> <u>2021</u>	<u>September 30</u> <u>2021</u>
Merchandise	\$ 666	\$ 1,223	\$ 2,444
Finished goods	276,677	499,677	314,902
Work in process	832,584	805,989	834,400
Raw materials	165,541	141,488	91,412
	<u>\$ 1,275,468</u>	<u>\$ 1,448,377</u>	<u>\$ 1,243,158</u>

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

	<u>Three Months Ended</u> <u>September 30</u>		<u>Nine Months Ended</u> <u>September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 407,429	\$ 721,846	\$ 1,484,953	\$ 2,250,038
Inventory write-downs (reversed) and Loss of inventory scrap	(457)	13,062	5,362	12,919
	<u>\$ 406,972</u>	<u>\$ 734,908</u>	<u>\$ 1,490,315</u>	<u>\$ 2,262,957</u>

Inventory write-downs were reversed as a result of a decrease in loss allowance of inventories that have not changed for more than half a year.

11. SUBSIDIARIES

Subsidiaries included in consolidated financial statements

Entities covered by the consolidated financial statements are as follows:

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership</u>			<u>Remark</u>
			<u>Sep. 30 ,</u> <u>2022</u>	<u>Dec. 31</u> <u>2021</u>	<u>Sep.30 ,</u> <u>2021</u>	
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 nine months ended September 30, 2022 and 2021 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, 2022 and 2021, have not been reviewed.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
<u>Affiliate of no materiality</u>			
Unlisted shares			
Paradigm Venture Capital Corporation.	\$ 6,694	\$ 7,174	\$ 8,737

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments, their financial statements have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Own Land	\$ 110,984	\$ 110,984	\$ 110,984
Buildings	549,289	558,571	561,831
Office equipment	45,800	42,964	30,984
Miscellaneous Equipment	9,867	11,121	14,677
	<u>\$ 715,940</u>	<u>\$ 723,640</u>	<u>\$ 718,476</u>

Except for the recognition of depreciation expenses, the property, plant and equipment real estate of the Group did not undergo any major additions, disposals or impairments from January 1 to September 30, 2022 and 2021.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main building	20 - 50 years
Renovation equipment	2 - 20 years
Office equipment	2 - 5 years
Other equipment	2 - 5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 24.

14. INVESTMENT PROPERTY

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Land	\$ 77,732	\$ 77,732	\$ 77,732
Buildings	43,961	45,666	46,212
	<u>\$ 121,693</u>	<u>\$ 123,398</u>	<u>\$ 123,944</u>

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 was as follows:

	<u>September 30 2022</u>	<u>September 30 2021</u>
1 st year	\$ 6,555	\$ 6,277
2 nd year	-	748
	<u>\$ 6,555</u>	<u>\$ 7,025</u>

Except for the recognition of depreciation expenses, the investment property real estate of the Group did not undergo any major additions, disposals or impairments from January 1 to September 30, 2022 and 2021. Investment properties 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 valuers, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. Since there is no significant change in the transaction price of real estate in this area, there should be no significant difference between the fair value assessed on September 30, 2022 and the aforementioned fair value assessed by the independent appraiser.

15. INTANGIBLE ASSETS

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Computer software	\$ 11,845	\$ 13,904	\$ 13,608
Patent rights	<u>93,857</u>	<u>76,941</u>	<u>68,022</u>
	<u>\$ 105,702</u>	<u>\$ 90,845</u>	<u>\$ 81,630</u>

Except for recognized amortization expenses, the book value of other intangible assets of the merged company increased from January 1 to September 30, 2022 and 2021 were respectively 26,696 thousand and 26,908 thousand, and no major disposals occurred for the rest and derogation situations. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1 - 10 years
Patent rights	1 - 10 years

16. OTHER PAYABLES

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Payable for salaries and bonuses	\$334,609	\$372,642	\$371,503
Payable for professional service fees	4,915	5,864	6,144
Payable insurance	2,747	5,878	5,812
Others	<u>28,269</u>	<u>42,188</u>	<u>20,985</u>
	<u>\$ 370,540</u>	<u>\$ 426,572</u>	<u>\$ 404,444</u>

17. RETIREMENT BENEFIT PLANS

For the three months ended and nine months ended September 30, 2022 and 2021, the pension expenses of defined benefit plans were 65 thousand, 64 thousand, 193 thousand and 192 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

18. EQUITY

a. Share capital

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Shares authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>167,877</u>	<u>167,877</u>	<u>167,877</u>
Shares issued	<u>\$ 1,678,770</u>	<u>\$ 1,678,770</u>	<u>\$ 1,678,770</u>

b. Capital surplus

The capital surplus balance amount remained unchanged in September 30, 2022 and 2021.

Any capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19.g.

The Company distributes share dividends and cash dividends after taking into account its future business needs and long-term financial plan and provided that the ratio for share dividend shall not exceed 50% of the total distribution. The distribution of profits may also be made by way of share or cash dividends. The appropriation for cash dividend should not be less than 10% of the annual dividends distributed.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The 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 paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on June 21, 2022 and July 16, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 146,419	\$ 102,583
Special reserve	\$ -	\$ (67,069)
Cash dividends	\$1,175,139	\$ 956,899
Cash dividends per share (NT\$)	\$ 7	\$ 5.7

The appropriation of earnings for 2020 included the reversal of equity deductions from 2019. Thus, special reserves of \$67,069 thousand from prior year were reversed to unappropriated earnings.

19. NET PROFIT

a. Other income

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Rental income				
Investment properties	\$ 1,928	\$ 1,705	\$ 5,125	\$ 5,145
Dividends	-	11,351	29,572	11,351
Others	1,736	12,999	5,685	15,689
	<u>\$ 3,664</u>	<u>\$ 26,055</u>	<u>\$ 40,382</u>	<u>\$ 32,185</u>

b. Other gains and losses

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>

Fair value changes of financial assets				
Financial assets designated as at FVTPL	\$ 165	(\$ 1,487)	(\$ 6,566)	(\$ 2,627)
Net foreign exchange gains(losses), net	27,493	3,843	97,392	(17,540)
Others	(143)	(190)	(1,770)	(1,013)
	<u>\$ 27,515</u>	<u>\$ 2,166</u>	<u>\$ 89,056</u>	<u>(\$ 21,180)</u>

c. Interest revenue

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 4,040	\$ 1,616	\$ 8,352	\$ 5,189
Financial assets measured at amortized cost	431	1,013	2,183	3,090
	<u>\$ 4,471</u>	<u>\$ 2,629</u>	<u>\$ 10,535</u>	<u>\$ 8,279</u>

d. Depreciation and amortization

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 15,490	\$ 16,865	\$ 45,123	\$ 55,975
Investment properties	659	648	1,975	1,950
Intangible assets	4,207	4,402	11,907	12,813
Total	<u>\$ 20,356</u>	<u>\$ 21,915</u>	<u>\$ 59,005</u>	<u>\$ 70,738</u>
An analysis of depreciation by function				
Operating costs	\$ 714	\$ 5,019	\$ 2,812	\$ 20,573
Operating expenses	14,776	11,846	42,311	35,402
Non-operating income and expenses (Note)	659	648	1,975	1,950
	<u>\$ 16,149</u>	<u>\$ 17,513</u>	<u>\$ 47,098</u>	<u>\$ 57,925</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 4,207</u>	<u>\$ 4,402</u>	<u>\$ 11,907</u>	<u>\$ 12,813</u>

Note: The depreciation expense above includes rent revenue and other expenditures in non-operating income and expenses.

e. Depreciation expenses directly related to investment properties

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Direct depreciation expense from investment properties generating rental income	\$ 516	\$ 499	\$ 1,376	\$ 1,504
Direct depreciation expense from investment properties	143	149	599	446

not generating rental
income

\$	<u>659</u>	\$	<u>648</u>	\$	<u>1,975</u>	\$	<u>1,950</u>
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f. Employee benefits expense

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Post-employment benefits(Note 17)				
Defined contribution plans	\$ 8,262	\$ 7,704	\$ 24,481	\$ 22,833
Defined benefit plans	<u>65</u>	<u>64</u>	<u>193</u>	<u>192</u>
	8,327	7,768	24,674	23,025
Other employee benefits	<u>181,603</u>	<u>260,494</u>	<u>570,788</u>	<u>682,631</u>
Total employee benefits expense	<u>\$ 189,930</u>	<u>\$ 268,262</u>	<u>\$ 595,462</u>	<u>\$ 705,656</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 189,930</u>	<u>\$ 268,262</u>	<u>\$ 595,462</u>	<u>\$ 705,656</u>

g. Compensation of employees and remuneration of directors and supervisors

The Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021 the estimated employees' compensation and the remuneration of directors and supervisors, were as follows:

Accrual rate

	Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>
Compensation of employees	14.33%	13.01%
Remuneration of directors and supervisors	1.25%	1.20%

Amount

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Compensation of employees	\$ <u>19,310</u>	\$ <u>85,622</u>	\$ <u>113,910</u>	\$ <u>221,522</u>
Remuneration of directors and supervisors	\$ <u>1,590</u>	\$ <u>7,878</u>	\$ <u>9,910</u>	\$ <u>20,378</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 and supervisors for 2021 and 2020 that were resolved by the board of directors on February 23, 2022 and February 26, 2021, respectively, are as shown below:

	2021		2020	
	Cash	Stock	Cash	Stock
Compensation of employees	\$ 259,000	\$ -	\$ 145,750	\$ -

Remuneration of directors and supervisors	24,000	-	17,000	-
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There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
foreign exchange gains	\$ 27,493	\$ 13,047	\$ 97,392	\$ 28,498
foreign exchange losses	-	(9,204)	-	(46,038)
Net gains or losses	<u>\$ 27,493</u>	<u>\$ 3,843</u>	<u>\$ 97,392</u>	<u>(\$ 17,540)</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current Income tax				
In respect of the current period	\$ 23,627	\$ 123,276	\$ 144,830	\$ 300,370
Changes in estimate for prior periods	-	-	(27,759)	(12,217)
No tax deduction for foreign income	<u>502</u>	<u>438</u>	<u>1,582</u>	<u>1,300</u>
	24,129	123,714	118,653	289,453
Deferred income tax				
In respect of the current period	<u>303</u>	<u>30,276</u>	<u>(9,143)</u>	<u>52,934</u>
Income tax expense recognized in profit or loss	<u>\$ 24,432</u>	<u>\$ 153,990</u>	<u>\$ 109,510</u>	<u>\$ 342,387</u>

b. Income tax assessments

The Company and its subsidiaries had their income taxes examined by the tax authorities at the following years:

	<u>Year of Examination</u>
The Company	2019
Jian Mou Investment Corporation.	2020
Sonix Technology (Chengdu) Co., Ltd.	2021
Sonix Technology (Shenzhen) Co., Ltd.	2021

21. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Period

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the period attributable to owners of the Company	\$ <u>94,172</u>	\$ <u>512,494</u>	\$ <u>557,785</u>	\$ <u>1,179,625</u>

Number of shares

Unit: In Thousand Shares

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares in computation of basic earnings per share	167,877	167,877	167,877	167,877
Effects of potentially dilutive ordinary shares Compensation of employees or bonus issue to employees	<u>2,990</u>	<u>3,859</u>	<u>3,598</u>	<u>4,211</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>170,867</u>	<u>171,736</u>	<u>171,475</u>	<u>172,088</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be 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 measured at fair value on a recurring basis

Fair value hierarchy
September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Mutual funds	\$ <u>54,343</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>54,343</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 261,216	\$ -	\$ -	\$ 261,216
Unlisted shares	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
	<u>\$ 261,216</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 261,250</u>

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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Financial assets at FVTPL				
Mutual funds	<u>\$ 181,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,176</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 452,117	\$ -	\$ -	\$ 452,117
Unlisted shares	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
	<u>\$ 452,117</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 452,151</u>

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Mutual funds	<u>\$ 63,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,113</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 446,860	\$ -	\$ -	\$ 446,860
Unlisted shares	-	-	34	34
	<u>-</u>	<u>12,882</u>	<u>-</u>	<u>12,882</u>
	<u>\$ 446,860</u>	<u>\$ 12,882</u>	<u>\$ 34</u>	<u>\$ 459,776</u>

There were no transfers between Level 1 and Level 2 in the current and prior periods.

b. Categories of financial instruments

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mutual funds	\$ 54,343	\$ 181,176	\$ 63,113
Financial assets measured at amortized cost (1)	1,636,368	2,434,123	2,507,407
Financial assets at FVTOCI			
Equity instruments	261,250	452,151	459,776
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	263,486	539,399	593,050

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, which comprise short-term bills payable and trade and other payables (excluding employment benefits), guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, 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 have been no changes to the Group's exposure to market risk 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 sales and purchases, which exposed the Group to foreign currency risk. Approximately 63% 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 48% of costs is denominated in currencies other than the functional currency of the entity in the Group.

It is the Group's policy to negotiate the terms of hedge derivatives to match the terms of hedged items to maximize the hedging effectiveness. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 25.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar and RMB (the functional currencies) 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 foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar and RMB strengthens 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar and RMB against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD IMPACT		EUR IMPACT		RMB IMPACT	
	Nine months ended 2022	Nine months ended 2021	Nine months ended 2022	Nine months ended 2021	Nine months ended 2022	Nine months ended 2021
income and loss	\$3,965 (i)	\$7,250(i)	\$ 236 (ii)	\$ 244 (ii)	\$ 566(iii)	\$ 3,587(iii)

- i. This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period, and the changes in financial assets are measured at FVTPL.
- ii. This was mainly the result of the changes in the financial assets are measured at amortized cost.
- iii. The result was mainly attributable to the exposure on outstanding accounts receivable in RMB that were not hedged at the end of the year.

b)Interest rate risk

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

	<u>September 30</u> <u>2022</u>	<u>December 31</u> <u>2021</u>	<u>September 30</u> <u>2021</u>
Fair value interest rate risk			
– Financial assets	\$ 512,199	\$ 920,050	\$ 932,053
Cash flow interest rate risk			
– Financial assets	735,263	959,756	783,738

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each asset outstanding at the end of the reporting period was outstanding for the whole year. 1% 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 and the nine months ended September 30 ,2022 would have decreased/increased by (\$2,008) thousand and \$5,514 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank savings and financial assets 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 and the nine months ended September 30 ,2021 would have decreased/increased by (\$355) thousand and \$5,878 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank savings and financial assets at amortized cost.

c)Other price risk

The Group was exposed to price risk through its investments in beneficiary certificates and equity securities. 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 team 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 reporting period.

If equity prices had been 1% higher/lower, pre-tax profit or loss for the ended September 30,2022 would have increased/decreased by \$543 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 September 30,2022 would have increased/decreased by \$2,613 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 or loss for the ended September 30,2021 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 September

30,2021 would have increased/decreased by \$4,598 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 only deals with creditworthy counterparties of financial institutions and entities that are rated the equivalent of investment grade and above. Therefore, there is no expected great credit risk.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group's credit risk is mainly concentrated in the Group's top five major customers. As of September 30,2022, December 31 and September 30,2021, the percentages of accounts receivable from the top five customers to the Group's accounts receivable balance were 52%,50% and 43%,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 working capital of the Group is sufficient for its liabilities, and hence there's no liquidity risk for not fulfilling contractual obligations due to a failure to raise funds.

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. Detail of transactions between the Group and other related parties are disclosed below.

a. Related parties and relationships

<u>Related Parties</u>	<u>Relationship with the Company</u>
Senno Technology Inc.	Physical relationship
Digit Mobile Inc.	Physical relationship
New Pocket Device Corp.	Physical relationship

b. Operating transactions

<u>Line Item</u>	<u>Related Party Category</u>	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Sales	Physical relationship	\$ <u>123</u>	\$ <u>9,172</u>	\$ <u>4,120</u>	\$ <u>18,512</u>
Operating expenses					
Miscellaneous expenses	Physical relationship	\$ <u>35</u>	\$ <u>16</u>	\$ <u>197</u>	\$ <u>157</u>
Non-operating revenue	Physical relationship	\$ <u>43</u>	\$ <u>-</u>	\$ <u>2</u>	\$ <u>-</u>

The sales prices and payment terms for related parties are similar with those of sales to third parties.

c. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Account receivable	Physical relationship	\$ 129	\$ 552	\$ 916

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

d. Compensation of key management personnel

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 6,167	\$ 14,659	\$ 26,216	\$ 41,483
Post-employment benefits	45	44	135	132
	<u>\$ 6,212</u>	<u>\$ 14,703</u>	<u>\$ 26,351</u>	<u>\$ 41,615</u>

The remuneration of directors and key executives was determined by the remuneration committee, was 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 borrowings, purchases and tariffs of imported goods:

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Property, plant and equipment	\$ 207,408	\$ 210,064	\$ 210,950
Pledged deposits(classified as financial assets at amortized cost - current)	52,173	52,159	52,156
	<u>\$ 259,581</u>	<u>\$ 262,223</u>	<u>\$ 263,106</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 foreign currencies and respective functional currencies were as follows:

September 30, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 15,050	31.70(USD: NTD)	\$ 477,085
USD	1,640	7.0998(USD: RMB)	51,988
EUR	760	31.06(EUR: NTD)	23,606
RMB	12,738	4.448(RMB: NTD)	56,659
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	4,168	31.80(USD: NTD)	132,542
RMB	18	4.498(RMB: NTD)	81

December 31, 2021

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 34,087	27.63(USD: NTD)	\$ 941,824
USD	1,814	6.3757(USD: RMB)	50,121
EUR	760	31.12(EUR: NTD)	23,651
RMB	53,510	4.319(RMB: NTD)	231,110
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	11,408	27.73(USD: NTD)	316,344
USD	527	6.3757(USD: RMB)	14,614
RMB	303	4.369(RMB: NTD)	1,324

September 30, 2021

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</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
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	11,182	27.90(USD: NTD)	311,978
USD	396	6.4854(USD: RMB)	11,048

The Group is mainly exposed to the U.S. and RMB dollar. 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>Three Months Ended September 30, 2022</u>		<u>Three Months Ended September 30, 2021</u>	
	Functional currency exchanged to presenting currency	Net exchange gain	Functional currency exchanged to presenting currency	Net exchange gain
NTD	1 (NTD: NTD)	\$ 23,877	1 (NTD: NTD)	\$ 3,810
RMB	4.445(RMB: NTD)	3,616	4.615 (RMB: NTD)	33
		<u>\$ 27,493</u>		<u>\$ 3,843</u>
Functional currency	<u>Nine Months Ended September 30, 2022</u>		<u>Nine Months Ended September 30, 2021</u>	
	Functional currency exchanged to presenting currency	Net exchange gain	Functional currency exchanged to presenting currency	Net exchange loss
NTD	1 (NTD: NTD)	\$ 90,756	1 (NTD: NTD)	(\$ 20,414)
RMB	4.439(RMB: NTD)	6,636	4.338 (RMB: NTD)	2,874
		<u>\$ 97,392</u>		<u>(\$ 17,540)</u>

26. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others. (None)
 - 2) Endorsements/guarantees provided. (None)
 - 3) Marketable securities held (excluding investment 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. (None)
 - 9) Trading in derivative instruments. (None)
 - 10) Intercompany relationships and significant intercompany transactions. (Table 3)
- b. Information on investees: (Table 4)
- 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 investments in the mainland China area. (Table 5)
 - 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: (Tables 2, 3 and 5)
 - 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 end of period 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 receiving 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)

27. SEGMENT INFORMATION

The operating decision makers of the merged company use product-specific information to allocate resources and evaluate departmental performance. Each product has similar economic characteristics and is sold through a unified and centralized sales method. Therefore, the merged company is a single product. The operating department reports, and the departmental information provided by the combined company to the operating decision makers for review is based on the same measurement basis as the financial statements. Therefore, the departmental revenue and operating results that should be reported from January 1 to September 30, 2022 and 2021 can be referred to consolidated comprehensive income statement from January 1 to September 30, 2022 and 2021.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

SEPTEMBER 30 ,2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	September 30 ,2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sonix Technology Co., Ltd.	<u>Shares</u>							
	Ours Technology Inc.	—	Financial assets at fair value through other comprehensive income - non-current	54	\$ 7	-	\$ 7	1
	Muchip Corporation.	—	Financial assets at fair value through other comprehensive income - non-current	14,180	-	-	-	1
	Champion Microelectronic Corp.	—	Financial assets at fair value through other comprehensive income - non-current	6,571,472	261,216	8.22	261,216	1
	<u>Beneficiary certificates</u>							
	Franklin Templeton - Global Total Return Fund	—	Financial assets at fair value through profit or loss - current	29,951.693	20,176	-	20,176	1
Jian Mou Investment Corporation.	<u>Shares</u>							
	Ours Technology Inc.	—	Financial assets at fair value through other comprehensive income - non-current	115	27	-	27	1
	<u>Beneficiary certificates</u>							
	Jih SunAsian High Yield Bond Fund A(TWD)	—	Financial assets at fair value through profit or loss - current	1,307,168.12	11,772	-	11,772	1
	Jih Sun Target Income Fund of Funds(TWD)	—	Financial assets at fair value through profit or loss - current	1,500,000	13,305	-	13,305	1
	Nomura Fallen Angel HY Bd N A TWD	—	Financial assets at fair value through profit or loss - current	1,007,650	9,090	-	9,090	1

Note 1: The amount is measured at the fair value of net assets as of September 30 ,2022.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	Subsidiary of second-tier subsidiary	Sales	(\$ 542,819)	(22%)	30days	\$ -	—	\$ 40,682	12%	
Sonix Technology (Shenzhen) Co., Ltd.	Sonix Technology Co., Ltd.	Parent company	Purchases	542,819	98%	30days	-	—	(40,682)	(94%)	

Note: The amount was eliminated based on the audited financial statements.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	1	Trade Receivable	\$ 40,682	The sales prices and payment terms to related parties were not significantly different from those of sales to third parties.	1
		Sonix Technology (Shenzhen) Co., Ltd.	1	Sales	542,819	The sales prices and payment terms to related parties were not significantly different from those of sales to third parties.	19

Note 1: The following numerals represent the corresponding directional relationship:

- a. Parent company to subsidiary: 1;
- b. Subsidiary to parent company: 2; and
- c. Between subsidiaries: 3.

Note 2: The amount was eliminated based on the audited financial statements.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30 ,2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30 ,2022			Net Income (Losses) of the Investee (Note 1)	Share of Profit (Losses) (Note 1)	Note
				September 30 ,2022	December 31,2021	Number of Shares	Percentage of Ownership	Carrying Amount			
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	P.O. Box 3321, Road Town, Tortola, The British Virgin Islands	Investment activities	\$ 1,031,999	\$ 1,031,999	33,010,000	100	\$1,350,690	(\$ 166,191)	(\$ 166,191)	Subsidiary
	Jian Mou Investment Corporation.	Hsin Chu	Investment activities	155,000	155,000	15,500,000	100	98,491	(4,706)	(4,706)	Subsidiary
	Sonix Technology K.K.	Tokyo	Design, development, after-sales service, wholesale of semi-conductor products and parts and related software and commission agency services	31,792	31,792	8,000	100	10,988	(1,252)	(1,252)	Subsidiary
Jian Mou Investment Corporation.	Paradigm Venture Capital Corporation.	Taipei	Investment activities	43,948	43,948	459,960	20.98	6,694	(91)	(19)	
Sonix Technology Ltd.	Sonix Holding Group Co., Ltd.	P.O. Box 438, Road Town, Tortola, The British Virgin Islands	Investment activities	997,099	997,099	32,010,000	100	1,312,987	(166,220)	(166,220)	Second-tier subsidiary

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: Except profit and loss of Paradigm Venture Capital Corporation, the listed amounts above were all eliminated upon consolidation.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30 ,2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30 , 2022	Net Income (Losses) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Losses) (Note 1)	Carrying Amount as of September 30 ,2022 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30 , 2022	Note
					Outflow	Inflow							
Sonix Technology (Chengdu) Co., Ltd.	Computer system integration and technical consultation services	\$ 317,500 (US\$ 10,000 thousand)	Reinvest in China via setting up company in third area	\$ 317,500 (US \$10,000 thousand)	\$ -	\$ -	\$ 317,500 (US \$10,000 thousand)	\$ 8,856 (US \$302 thousand)	100%	\$ 8,856 (US \$302 thousand)	\$ 117,968 (US \$3,716 thousand)	\$ -	
Sonix Technology (Shenzhen) Co., Ltd.	Computer system integration and technical consultation services	698,500 (US\$ 22,000 thousand)	Reinvest in China via setting up company in third area	698,500 (US \$22,000 thousand)	-	-	698,500 (US \$22,000 thousand)	(175,076) (US\$5,978 thousand)	100%	(175,076) (US \$5,978 thousand)	1,195,011 (US \$37,638 thousand)	-	

Accumulated Outward Remittance for Investment in Mainland China as of September 30 , 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,016,000 (US\$32,000 thousand)	\$1,063,625 (US\$33,500 thousand)	\$2,143,333

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:The investment profit and loss was recognized based on the average exchange rate from January 1 to September 30 , 2022; the other accounts were all based on prevailing exchange rate as of September 30 , 2022.

Note 3:The listed amounts above were all eliminated upon consolidation.