

(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, 2023 and 2022**

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, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended, the consolidated statements of changes in equity and cash flows for nine months ended September 30, 2023 and 2022, 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 the Standards on Review Engagements No. 2410 "Review of Interim 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, 2023 and 2022, the combined total assets of these insignificant subsidiaries were respectively NT\$226,506 thousand and NT\$227,765 thousand, representing 5.48% and 5.31%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were respectively NT\$7,598 thousand and NT\$6,047 thousand, representing 1.33% and 0.85%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2023 and 2022, the combined comprehensive income and loss of these subsidiaries respectively amounted to NT\$2,546 thousand, (NT\$2,139) thousand, NT\$6,175 thousand and NT\$2,898 thousand representing 1.82%, (8.21%), 1.62% and 0.7%, 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, 2023 and 2022, with carrying values of NT\$5,196 thousand and NT\$6,694 thousand, respectively, and the related shares of the comprehensive income of these investees amounting to NT\$48 thousand, NT\$25 thousand, (NT\$13) thousand, and (NT\$19) thousand, for the three months and nine months September ended 30, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended September 30, 2023 and 2022 and its consolidated financial performance and its cash flows for the nine months ended September 30, 2023 and 2022, 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 Lin Huang and Shih Chieh Chou.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 8, 2023

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, 2023		December 31, 2022		September 30, 2022	
	Reviewed		Audited		Reviewed	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,013,573	25	\$ 822,487	20	\$ 766,465	18
Financial assets at fair value through profit or loss - current	56,311	1	55,753	1	54,343	1
Financial assets at amortized cost - current (Notes 8 and 24)	446,200	11	471,742	11	481,482	11
Trade receivables from unrelated parties (Notes 9 and 23)	349,387	8	240,530	6	383,351	9
Inventories (Note 10)	887,903	22	1,222,093	29	1,275,468	30
Other current assets	95,028	2	70,864	2	59,919	1
Total current assets	<u>2,848,402</u>	<u>69</u>	<u>2,883,469</u>	<u>69</u>	<u>3,021,028</u>	<u>70</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	300,915	7	283,921	7	261,250	6
Investments accounted for using equity method (Note 12)	5,196	-	5,209	-	6,694	-
Property, plant and equipment (Notes 13 and 24)	685,037	17	708,637	17	715,940	17
Investment properties (Note 14)	119,083	3	120,919	3	121,693	3
Intangible assets (Note 15)	135,747	3	115,582	3	105,702	3
Deferred tax assets (Note 4)	38,857	1	50,970	1	49,262	1
Refundable deposits	2,802	-	5,067	-	5,070	-
Other non-current assets	6	-	38	-	45	-
Total non-current assets	<u>1,287,643</u>	<u>31</u>	<u>1,290,343</u>	<u>31</u>	<u>1,265,656</u>	<u>30</u>
<b>TOTAL</b>	<u>\$ 4,136,045</u>	<u>100</u>	<u>\$ 4,173,812</u>	<u>100</u>	<u>\$ 4,286,684</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Trade payables to unrelated parties	\$ 162,306	4	\$ 135,641	3	\$ 140,007	3
Other payables (Note 16)	203,399	5	243,647	6	370,540	9
Current tax liabilities	43,563	1	15,310	1	-	-
Other current liabilities	12,740	-	14,052	-	10,878	-
Total current liabilities	<u>422,008</u>	<u>10</u>	<u>408,650</u>	<u>10</u>	<u>521,425</u>	<u>12</u>
<b>NON-CURRENT LIABILITIES</b>						
Provisions - non-current	26,451	1	18,970	1	22,192	1
Deferred tax liabilities (Note 4)	22,285	1	48,272	1	60,878	1
Net defined benefit liabilities - non-current (Notes 4 and 17)	9,388	-	14,329	-	22,419	1
Guarantee deposits	92,527	2	81,859	2	87,548	2
Total non-current liabilities	<u>150,651</u>	<u>4</u>	<u>163,430</u>	<u>4</u>	<u>193,037</u>	<u>5</u>
Total liabilities	<u>572,659</u>	<u>14</u>	<u>572,080</u>	<u>14</u>	<u>714,462</u>	<u>17</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> (Note 18)						
Share capital						
Ordinary shares	1,678,770	40	1,678,770	40	1,678,770	39
Capital surplus	62,661	1	62,661	2	62,661	2
Retained earnings						
Legal reserve	1,210,820	29	1,152,339	28	1,152,339	27
Special reserve	66,015	2	228	-	228	-
Unappropriated earnings	470,267	11	773,521	18	746,498	17
Total retained earnings	1,747,102	42	1,926,088	46	1,899,065	44
Other equity	74,853	2	(65,787)	(2)	(68,274)	(2)
Total equity	<u>3,563,386</u>	<u>86</u>	<u>3,601,732</u>	<u>86</u>	<u>3,572,222</u>	<u>83</u>
<b>TOTAL</b>	<u>\$ 4,136,045</u>	<u>100</u>	<u>\$ 4,173,812</u>	<u>100</u>	<u>\$ 4,286,684</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			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Note 23)	\$ 698,301	100	\$ 744,462	100	\$ 1,899,707	100	\$ 2,798,510	100
OPERATING COSTS								
Cost of goods sold (Notes 10 and 19)	396,537	57	406,972	55	1,115,506	59	1,490,315	53
GROSS PROFIT	301,764	43	337,490	45	784,201	41	1,308,195	47
OPERATING EXPENSES (Notes 9, 19 and 23)								
Selling and marketing expenses	16,121	2	16,876	2	47,137	2	48,732	2
General and administrative expenses	46,576	7	48,517	7	128,983	7	149,509	5
Research and development expenses	187,057	27	189,170	25	521,636	27	582,631	21
Expected credit gain	(2)	-	(2)	-	(5)	-	(18)	-
Total operating expenses	249,752	36	254,561	34	697,751	36	780,854	28
PROFIT FROM OPERATIONS	52,012	7	82,929	11	86,450	5	527,341	19
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 19 and 23)	3,431	1	3,664	-	17,102	1	40,382	2
Other gains and losses (Notes 19 and 25)	15,897	2	27,515	4	26,789	1	89,056	3
Share of profit or loss of associates accounted for using equity method (Note 12)	48	-	25	-	(13)	-	(19)	-
Interest revenue (Note 19)	4,956	1	4,471	1	13,059	1	10,535	-
Total non-operating income and expenses	24,332	4	35,675	5	56,937	3	139,954	5
PROFIT BEFORE INCOME TAX	76,344	11	118,604	16	143,387	8	667,295	24
INCOME TAX EXPENSE (Notes 4 and 20)	15,582	2	24,432	3	(807)	-	109,510	4
NET PROFIT	60,762	9	94,172	13	144,194	8	557,785	20
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investment in equity instruments measured at fair value through other comprehensive income	30,634	4	(83,786)	(11)	214,635	11	(187,615)	(7)

(Continued)

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (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			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of financial statements of foreign affiliates	\$ 48,435	7	\$ 15,670	2	\$ 22,518	1	\$ 45,711	2
Total other comprehensive income and loss	79,069	11	(68,116)	(9)	237,153	12	(141,904)	(5)
<b>TOTAL COMPREHENSIVE INCOME</b>	\$ 139,831	20	\$ 26,056	4	\$ 381,347	20	\$ 415,881	15
<b>EARNINGS PER SHARE</b> (Note 21)								
Basic	\$ 0.36		\$ 0.56		\$ 0.86		\$ 3.32	
Diluted	\$ 0.36		\$ 0.55		\$ 0.85		\$ 3.25	

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

(Concluded)

# SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Ordinary Shares	Capital Surplus Ordinary Shares Issued At Premium	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
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	-	-	-	-	(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 income for the Nine Months Ended September 30, 2022 net of income tax	-	-	-	-	-	-	45,711	(187,615)	(141,904)	(141,904)
Total comprehensive income 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	\$ 1,152,399	\$ 228	\$ 746,498	\$ 1,899,065	(\$ 21,284)	\$ 46,990	(\$ 68,274)	\$ 3,572,222
BALANCE AT JANUARY 1, 2023	\$ 1,678,770	\$ 62,661	\$ 1,152,339	\$ 228	\$ 773,521	\$ 1,926,088	(\$ 40,092)	(\$ 25,695)	(\$ 65,787)	\$ 3,601,732
Appropriation of 2022 Earnings										
Legal reserve	-	-	58,481	-	(58,481)	-	-	-	-	-
Special reserve	-	-	-	65,787	(65,787)	-	-	-	-	-
Cash dividends	-	-	-	-	(419,693)	(419,693)	-	-	-	(419,693)
Net profit for the Nine Months Ended September 30, 2023	-	-	-	-	144,194	144,194	-	-	-	144,194
Other comprehensive income for the Nine Months Ended September 30, 2023, net of income tax	-	-	-	-	-	-	22,518	214,635	237,153	237,153
Total comprehensive income for the Nine Months Ended September 30, 2023	-	-	-	-	144,194	144,194	22,518	214,635	237,153	381,347
Disposal for financial assets at fair value through other comprehensive income	-	-	-	-	96,513	96,513	-	(96,513)	(96,513)	-
BALANCE AT SEPTEMBER 30, 2023	\$ 1,678,770	\$ 62,661	\$ 1,210,820	\$ 66,015	\$ 470,267	\$ 1,747,102	\$ (17,574)	\$ 92,427	\$ 74,853	\$ 3,563,386

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)

	For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 143,387	\$ 667,295
Adjustments for:		
Depreciation expenses	52,491	47,098
Amortization expenses	14,537	11,907
Expected credit loss reversed on trade receivables	( 5)	( 18)
Net gain(loss) on fair value changes of financial assets at fair value through profit or loss	( 558)	6,566
Interest income	( 13,059)	( 10,535)
Dividend income	( 6,571)	( 29,572)
Share of (profit) loss of associates and joint ventures	13	19
Price reduction of inventories	56,681	5,362
Loss for disposal of property, plant and equipment	16	-
Net gain (loss) on foreign currency exchange	264	( 5,905)
Changes in operating assets and liabilities		
Trade and notes receivables	( 105,399)	175,458
Inventories	277,338	167,264
Other current assets	( 3,248)	( 6,665)
Trade payables	25,497	( 232,665)
Other payables	( 40,483)	( 56,784)
Provisions for employee benefits	7,481	1,435
Other current liabilities	( 1,423)	4,797
Net defined benefit liability	( 4,941)	( 882)
Cash generated from operations	402,018	744,175
Interest received	11,300	9,109
Dividends received	6,571	33,318
Income tax paid	( 3,868)	( 316,866)
Net cash generated from operating activities	<u>416,021</u>	<u>469,736</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of Financial Assets at Fair value through other comprehensive income	197,641	-
Purchase of financial assets at amortized cost	-	( 4,898)
Disposal of financial assets at amortized cost	30,297	-
Proceeds from sale of financial assets at fair value through profit or loss	-	120,267
Payments for property, plant and equipment	( 20,386)	( 26,275)
Decrease in refundable deposits	2,274	2,185
Payments for intangible assets	( 34,679)	( 26,696)
Decrease in other assets	30	23
Net cash generated from investing activities	<u>175,177</u>	<u>64,606</u>

(Continued)



# 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	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Guarantee deposits received	7,464	-
Guarantee deposits refunded	-	( 31,683)
Cash dividends	<u>( 419,693)</u>	<u>( 1,175,139)</u>
Net cash used in investing activities	<u>( 412,229)</u>	<u>( 1,206,822)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>12,117</u>	<u>25,844</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	191,086	( 646,636)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>822,487</u>	<u>1,413,101</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,013,573</u>	<u>\$ 766,465</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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 8, 2023.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation is continuously assessing the possible impact of the application of other standards and interpretations on the Corporation’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, 2022.

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) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as defined benefit retirement plans, but the relevant remeasurements are recognized in profit or loss

3) 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 pretax 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, 2022.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 321	\$ 329	\$ 224
Checking accounts and demand deposits	862,635	709,260	651,358
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	82,320	50,100	50,100

Repurchase bonds	<u>68,297</u>	<u>62,798</u>	<u>64,783</u>
	<u>\$ 1,013,573</u>	<u>\$ 822,487</u>	<u>\$ 766,465</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Non-current</u>			
Domestic investments			
Listed shares			
Ordinary shares-Champion Microelectronic Corp.	\$ 300,881	\$ 283,887	\$ 261,216
Unlisted shares			
Ordinary shares-Ours Technology Inc.	<u>34</u>	<u>34</u>	<u>34</u>
	<u>\$ 300,915</u>	<u>\$ 283,921</u>	<u>\$ 261,250</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.

In August and September 2023, the company sold part of the ordinary shares of Champion Microelectronic Corp. at a fair value of NT\$197,641 thousand, and unrealized gain on financial assets at fair value through other comprehensive income NT\$96,513 thousand will be transferred to retained earnings.

## 8. FINANCIAL ASSETS AT AMORTIZED COST-CURRENT

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Domestic investment			
Time deposits with original maturity of more than 3 months	\$ 246,599	\$ 246,578	\$ 261,573
Foreign investment			
Time deposits with original maturity of more than 3 months	<u>199,601</u>	<u>225,164</u>	<u>219,909</u>
	<u>\$ 446,200</u>	<u>\$ 471,742</u>	<u>\$ 481,482</u>

a. As of September 30, 2023, December 31, 2022 and September 30, 2022, the interest rates for time deposits with original maturity of more than 3 months were 1.02% to 4.70%, 0.35% to 2.7% and 0.35% 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. TRADE RECEIVABLE

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Trade receivable</u>			
At amortized cost			
Gross carrying amount	353,142	244,290	387,111

Less: Allowance for impairment loss	( <u>3,755</u> )	( <u>3,760</u> )	( <u>3,760</u> )
	<u>\$ 349,387</u>	<u>\$ 240,530</u>	<u>\$ 383,351</u>

### Trade 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 have good credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or 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, 2023

	<u>Less than 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>
Expected credit loss rate	0.09%	0%	0%	100%	
Total carrying amount	\$ 349,704	\$ -	\$ -	\$ 3,438	\$ 353,142
Allowance for loss	( <u>317</u> )	-	-	( <u>3,438</u> )	( <u>3,755</u> )
Amortized cost	<u>\$ 349,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,387</u>

### December 31, 2022

	<u>Less than 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>
Expected credit loss rate	0.14%	0%	0%	100%	
Total carrying amount	\$ 240,868	\$ -	\$ -	\$ 3,422	\$ 244,290
Allowance for loss	( <u>338</u> )	-	-	( <u>3,422</u> )	( <u>3,760</u> )
Amortized cost	<u>\$ 240,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,530</u>

### September 30, 2022

	<u>Less than 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 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>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 3,760	\$ 3,778
Less: Net remeasurement of loss allowance	( <u>5</u> )	( <u>18</u> )
Balance at September 30	<u>\$ 3,755</u>	<u>\$ 3,760</u>

## 10. INVENTORIES

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Finished and purchased goods	\$ 15	\$ 24	\$ 666
Finished goods	159,090	273,137	276,677
Work in progress	594,783	784,455	832,584
Raw materials	<u>134,015</u>	<u>164,477</u>	<u>165,541</u>
	<u>\$ 887,903</u>	<u>\$ 1,222,093</u>	<u>\$ 1,275,468</u>

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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 342,437	\$ 407,429	\$ 1,058,825	\$ 1,484,953
Inventory write-downs (reversed)	( 7,135)	( 457)	( 11,664)	5,362
Scrapped of inventories	<u>61,235</u>	<u>-</u>	<u>68,345</u>	<u>-</u>
	<u>\$ 396,537</u>	<u>\$ 406,972</u>	<u>\$ 1,115,506</u>	<u>\$ 1,490,315</u>

## 11. SUBSIDIARIES

Subsidiaries included in consolidated financial statements are shown below:

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership</u>			<u>Remark</u>
			<u>Sep. 30, 2023</u>	<u>Dec. 31 2022</u>	<u>Sep. 30, 2022</u>	
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	General Investment	100.00	100.00	100.00	note
	Jian Mou Investment Corporation	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	General Investment	100.00	100.00	100.00	note
Sonix Holding	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, for the Nine Months Ended September 30, 2023 and 2022 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, 2023 and 2022, have not been reviewed.

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Associate that is not individually material</u>			
Unlisted shares			
Paradigm Venture Capital Corporation.	\$ <u>5,196</u>	\$ <u>5,209</u>	\$ <u>6,694</u>

The shares of profit or loss and other comprehensive income of the affiliates using the equity method, their financial statements have not been reviewed.

## 13. PROPERTY, PLANT AND EQUIPMENT

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Own Land	\$ 110,984	\$ 110,984	\$ 110,984
Buildings	521,980	536,883	549,289
Office equipment	36,904	43,431	45,800
Other Equipment	<u>15,169</u>	<u>17,339</u>	<u>9,867</u>
	<u>\$ 685,037</u>	<u>\$ 708,637</u>	<u>\$ 715,940</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, 2023 and 2022.

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 PROPERTIES

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Land	\$ 77,732	\$ 77,732	\$ 77,732
Buildings	<u>41,351</u>	<u>43,187</u>	<u>43,961</u>
	<u>\$ 119,083</u>	<u>\$ 120,919</u>	<u>\$ 121,693</u>

The maturity analysis of lease payments receivable under operating leases of investment properties as of September 30, 2023 and 2022 was as follows:

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Year 1	\$ 11,419	\$ 6,555
Year 2	11,306	-
Year 3	<u>7,399</u>	<u>-</u>
	<u>\$ 30,124</u>	<u>\$ 6,555</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, 2023 and 2022. The investment properties are depreciated using the straight-line method over 20 and 50 years.

The determination of fair value was performed by independent qualified professional valuers, and the fair value was measured by using Level 3 inputs on January 4, 2023. 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, 2023 and the aforementioned fair value assessed by the independent appraiser.

## 15. INTANGIBLE ASSETS

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Computer software	\$ 8,907	\$ 10,706	\$ 11,845
Patents	<u>126,840</u>	<u>104,876</u>	<u>93,857</u>
	<u>\$ 135,747</u>	<u>\$ 115,582</u>	<u>\$ 105,702</u>

Except for recognized amortization expenses, the book value of other intangible assets of the merged company increased from January 1 to September 30, 2023 and 2022 were respectively NT\$34,679 thousand and NT\$26,696 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
Patents	1 - 10 years

## 16. OTHER PAYABLES

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Payables for salaries and bonuses	164,151	\$ 207,597	\$ 334,609
Payables for professional service fees	2,723	4,887	4,915
Payables for insurance	2,904	2,999	2,747
Others	<u>33,621</u>	<u>28,164</u>	<u>28,269</u>
	<u>\$ 203,399</u>	<u>\$ 243,647</u>	<u>\$ 370,540</u>

## 17. RETIREMENT BENEFIT PLANS

For the three months ended and nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were NT\$82 thousand, NT\$65 thousand, NT\$246 thousand and NT\$193 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

## 18. EQUITY

### a. Share capital

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</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

There was no change in the balance of each category of capital surplus in September 30, 2023 and 2022. 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 dividend 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.

When the Company makes a special surplus reserve for the net deductions from other equity accumulated in the previous period, it only makes a provision for the undistributed earnings of the previous period.

The appropriations of earnings for 2022 and 2021 had been approved in the meetings of the shareholders of Sonix held on June 16, 2023 and June 21, 2022, respectively. The appropriations and dividends per share were as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 58,481	\$ 146,419
Special reserve	\$ 65,787	\$ -
Cash dividends	\$ 419,693	\$ 1,175,139
Cash dividends per share (NT\$)	\$ 2.5	\$ 7

## 19. NET PROFIT

a. Other income

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Rental income				
Investment properties	\$ 2,386	\$ 1,928	\$ 6,755	\$ 5,125
Dividends	-	-	6,571	29,572
Others	1,045	1,736	3,776	5,685
	<u>\$ 3,431</u>	<u>\$ 3,664</u>	<u>\$ 17,102</u>	<u>\$ 40,382</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fair value changes of financial assets				
Financial assets designated as at FVTPL	(\$ 855)	\$ 165	\$ 558	(\$ 6,566)
Net foreign exchange gains	16,823	27,493	27,774	97,392
Disposal of Property, plant and equipment losses	-	-	( 16)	-
Others	( 71)	( 143)	( 1,527)	( 1,770)
	<u>\$ 15,897</u>	<u>\$ 27,515</u>	<u>\$ 26,789</u>	<u>\$ 89,056</u>

c. Interest revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 4,061	\$ 4,040	\$ 10,616	\$ 8,352
Financial assets measured at amortized cost	895	431	2,443	2,183
	<u>\$ 4,956</u>	<u>\$ 4,471</u>	<u>\$ 13,059</u>	<u>\$ 10,535</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 16,821	\$ 15,490	\$ 50,522	\$ 45,123
Investment properties	657	659	1,969	1,975
Intangible assets	5,049	4,207	14,537	11,907
	<u>\$ 22,527</u>	<u>\$ 20,356</u>	<u>\$ 67,028</u>	<u>\$ 59,005</u>
An analysis of depreciation by function				
Operating costs	\$ 1,974	\$ 714	\$ 4,934	\$ 2,812
Operating expenses	14,847	14,776	45,588	42,311
Non-operating income and expenses (Note)	657	659	1,969	1,975
	<u>\$ 17,478</u>	<u>\$ 16,149</u>	<u>\$ 52,491</u>	<u>\$ 47,098</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 5,049</u>	<u>\$ 4,207</u>	<u>\$ 14,537</u>	<u>\$ 11,907</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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Direct depreciation expense from investment properties generating rental income	\$ 586	\$ 516	\$ 1,707	\$ 1,376
Direct depreciation expense from investment properties not generating rental income	<u>71</u>	<u>143</u>	<u>262</u>	<u>599</u>
	<u>\$ 657</u>	<u>\$ 659</u>	<u>\$ 1,969</u>	<u>\$ 1,975</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Post-employment benefits (Note 17)				
Defined contribution plans	\$ 8,191	\$ 8,262	\$ 24,752	\$ 24,481
Defined benefit plans	<u>82</u>	<u>65</u>	<u>246</u>	<u>193</u>
	8,273	8,327	24,998	24,674
Other employee benefits	<u>179,095</u>	<u>181,603</u>	<u>496,088</u>	<u>570,788</u>
Total employee benefits expense	<u>\$ 187,368</u>	<u>\$ 189,930</u>	<u>\$ 521,086</u>	<u>\$ 595,462</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 187,368</u>	<u>\$ 189,930</u>	<u>\$ 521,086</u>	<u>\$ 595,462</u>

g. Compensation of employees' and the remuneration of directors

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 for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 the estimated employees' compensation and the remuneration of directors, were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>
Compensation of employees	16.83%	14.33%
Remuneration of directors	1.46%	1.25%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>

Compensation of employees	<u>\$ 12,282</u>	<u>\$ 19,310</u>	<u>\$ 29,319</u>	<u>\$ 113,910</u>
Remuneration of directors	<u>\$ 1,068</u>	<u>\$ 1,590</u>	<u>\$ 2,550</u>	<u>\$ 9,910</u>

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

The appropriations of employees' compensation and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on February 24, 2023 and February 23, 2022, respectively, areas shown below:

	2022		2021	
	Cash	Stock	Cash	Stock
Employees' compensation	\$ 118,420	\$ -	\$ 259,000	\$ -
Remuneration of directors	10,000	-	24,000	-

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, 2021 and 2022.

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
foreign exchange gains	\$ 22,890	\$ 27,493	\$ 35,717	\$ 97,392
foreign exchange losses	( 6,067)	-	( 7,943)	-
	<u>\$ 16,823</u>	<u>\$ 27,493</u>	<u>\$ 27,774</u>	<u>\$ 97,392</u>

## 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	
	2023	2022	2023	2022
Current Income tax				
In respect of the current period	\$ 11,155	\$ 23,627	\$ 43,903	\$ 144,830
Changes in estimate for prior periods	-	-	( 31,433)	( 27,759)
	11,155	23,627	12,470	117,071
Deferred income tax				
In respect of the current period	4,230	303	( 13,858)	( 9,143)
No tax deduction for foreign income	197	502	581	1,582
	<u>4,427</u>	<u>805</u>	<u>( 13,277)</u>	<u>( 7,561)</u>
Income tax expense recognized in profit or loss	<u>\$ 15,582</u>	<u>\$ 24,432</u>	<u>(\$ 807)</u>	<u>\$ 109,510</u>

b. The state of income tax assessment

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

	<u>As of the year of assessment</u>
The Company	2020
Jian Mou Investment Corporation.	2021
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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit for the period attributable to owners of the Company	\$ <u>60,762</u>	\$ <u>94,172</u>	\$ <u>144,194</u>	\$ <u>557,785</u>

### Number of shares

Unit: In Thousand Shares

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</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>674</u>	<u>2,990</u>	<u>1,105</u>	<u>3,598</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>168,551</u>	<u>170,867</u>	<u>168,982</u>	<u>171,475</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, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Beneficiary certificates	\$ 56,311	\$ -	\$ -	\$ 56,311
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 300,881	\$ -	\$ -	\$ 300,881
- Domestic unlisted shares	-	-	34	34
Total	<u>\$ 300,881</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 300,915</u>
<u>December 31, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Beneficiary certificates	\$ 55,753	\$ -	\$ -	\$ 55,753
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 283,887	\$ -	\$ -	\$ 283,887
- Domestic unlisted shares	-	-	34	34
Total	<u>\$ 283,887</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 283,921</u>
<u>September 30, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Beneficiary certificates	\$ 54,343	\$ -	\$ -	\$ 54,343
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 261,216	\$ -	\$ -	\$ 261,216
- Domestic unlisted shares	-	-	34	34
Total	<u>\$ 261,216</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 261,250</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</u> <u>2023</u>	<u>December 31</u> <u>2022</u>	<u>March 31</u> <u>2022</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Beneficiary certificates	\$ 56,311	\$ 55,753	\$ 54,343
Financial assets at amortized cost (Note 1)	1,811,962	1,539,826	1,636,368
Financial assets at FVTOCI			
Investment in equity instruments	300,915	283,921	261,250
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	294,081	253,550	263,486

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, 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 50% 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 39% 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 USD 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	
	For the nine months ended 2023	For the nine months ended 2022	For the nine months ended 2023	For the nine months ended 2022	For the nine months ended 2023	For the nine months ended 2022
Profit or loss	\$ 4,304 (i)	\$ 3,965 (i)	\$ 250 (ii)	\$ 236 (ii)	\$ 2,200 (iii)	\$ 566 (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 period.

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:

	<b>September 30</b>	<b>December 31</b>	<b>September 30</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Fair value interest rate risk			
– Financial assets	\$ 512,631	\$ 500,470	\$ 512,199
Cash flow interest rate risk			
– Financial assets	946,666	793,158	735,263

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 ended and for the nine months ended September 30, 2023 would have increased/decreased by NT\$1,995 thousand and NT\$7,100 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 ended and for the nine months ended September 30, 2022 would have increased/decreased by (NT\$2,008) thousand and NT\$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.

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 Nine Months Ended September 30, 2023 and 2022 would have increased/decreased by NT\$563 thousand and NT\$543 thousand, respectively, 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, 2023 and 2022 would have increased/decreased by NT\$3,009 thousand and NT\$2,613 thousand, respectively, 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 concentration of credit risk of 54%, 41% and 52% of total trade receivables as of September 30, 2023, December 31, and September 30, 2022, respectively, was related to the Group's largest customer and the five largest customers within the business segment. The rest of the credit risk concentration of trade receivables are not comparatively 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. 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 relationships

<u>Related parties</u>	<u>Relationship with the Company</u>
Senno Technology Inc.	Related party in substance
Digit Mobile Inc.	Related party in substance
New Pocket Device Corp.	Related party in substance

### b. Operating transactions

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Sales		\$ <u>708</u>	\$ <u>123</u>	\$ <u>1,689</u>	\$ <u>4,120</u>
Operating expenses					
Miscellaneous expenses	Related party in substance	\$ <u>18</u>	\$ <u>35</u>	\$ <u>155</u>	\$ <u>197</u>
Non-operating revenue	Related party in substance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2</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 30,2023</u>	<u>December 31,2022</u>	<u>September 30,2022</u>
Account receivable	Related party in substance	\$ 201	\$ -	\$ 129

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

d. Compensation of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 4,734	\$ 6,167	\$ 14,409	\$ 26,216
Post-employment benefits	50	45	150	135
	<u>\$ 4,784</u>	<u>\$ 6,212</u>	<u>\$ 14,559</u>	<u>\$ 26,351</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 2023</u>	<u>December 31 2022</u>	<u>September 30 2022</u>
Property, plant and equipment	\$ 203,866	\$ 206,523	\$ 207,408
Pledged deposits(classified as financial assets at amortized cost - current)	2,199	52,178	52,173
	<u>\$ 206,065</u>	<u>\$ 258,701</u>	<u>\$ 259,581</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 30,2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 14,522	32.22(USD: NTD)	\$ 467,899
USD	3,215	7.1798(USD: RMB)	103,587
EUR	741	33.71(EUR: NTD)	24,979
RMB	50,148	4.39(RMB: NTD)	220,150
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	4,365	32.32(USD: NTD)	141,077
RMB	34	4.44(RMB: NTD)	151

December 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 14,355	30.66(USD: NTD)	\$ 440,124
USD	2,004	6.9646(USD: RMB)	61,443
EUR	750	32.52(EUR: NTD)	24,390
RMB	29,662	4.383(RMB: NTD)	130,009
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	3,194	30.76(USD: NTD)	98,247

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

The Group is mainly exposed to the USD and 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, 2023</u>		<u>For the Three Months Ended September 30, 2022</u>	
	<u>Functional currency exchanged to presenting currency</u>	<u>Net exchange gain (loss)</u>	<u>Functional currency exchanged to presenting currency</u>	<u>Net exchange gain (loss)</u>
NTD	1 (NTD: NTD)	\$ 17,321	1 (NTD: NTD)	\$ 23,877
RMB	4.401(RMB: NTD)	( 498)	4.445 (RMB: NTD)	3,616
		<u>\$ 16,823</u>		<u>\$ 27,493</u>
Functional currency	<u>For the nine Months Ended September 30, 2023</u>		<u>For the nine Months Ended September 30, 2022</u>	
	<u>Functional currency exchanged to presenting currency</u>	<u>Net exchange gain (loss)</u>	<u>Functional currency exchanged to presenting currency</u>	<u>Net exchange gain (loss)</u>
NTD	1(NTD: NTD)	\$ 25,151	1(NTD: NTD)	\$ 90,756
RMB	4.413(RMB: NTD)	2,623	4.439(RMB: NTD)	6,636
		<u>\$ 27,774</u>		<u>\$ 97,392</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 investments in subsidiaries, associates and joint ventures):

Table 1

- 4) Marketable securities acquired and 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 of 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: Table 2.3.5
    - 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, 2023 and 2022 can be referred to consolidated statements of comprehensive income from January 1 to September 30, 2023 and 2022.

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	September 30, 2023				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	4,071,472	300,881	5.09	300,881	Note
	<u>Beneficiary certificates</u>							
	Franklin Templeton - Global Total Return Fund	—	Financial assets at fair value through profit or loss - current	29,951.693	21,800	-	21,800	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>Beneficiary certificate</u>							
	Jih SunAsian High Yield Bond Fund A(TWD)	—	Financial assets at fair value through profit or loss - current	1,307,168.12	11,287	-	11,287	Note
	Jih Sun Target Income Fund of Funds(TWD)	—	Financial assets at fair value through profit or loss - current	1,500,000	13,545	-	13,545	Note
	Nomura Fallen Angel HY Bd N A TWD	—	Financial assets at fair value through profit or loss - current	1,007,650	9,679	-	9,679	Note

Note: The amount is measured at the fair value of net assets as of September 30, 2023.

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

Company Name	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.	Sub-sub-subsidiary	Sales	( \$ 567,396 )	( 35% )	30days	\$ -	—	\$ 72,230	25%	
Sonix Technology (Shenzhen) Co., Ltd.	Sonix Technology Co., Ltd.	Parent company	Purchases	567,396	98%	30days	-	—	( 72,230 )	( 91% )	

Note: 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, 2023

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

No.	Company Name	Company Name	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Item	Amount	Terms	
0	Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	1	Accounts Receivable	\$ 72,230	No Significant Difference from Non-Related Party	2
		Sonix Technology (Shenzhen) Co., Ltd.	1	Sales	567,396	No Significant Difference from Non-Related Party	30

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.



## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
 (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, 2023			Net Gain (Loss) of the Investee	Share of Gain (Loss)	Remarks
				September 30,2023	December 31,2022	Shares	%	Carrying Value			
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	P.O. Box 3321, Road Town, Tortola, The British Virgin Islands	General Investment	\$ 1,031,999	\$ 1,031,999	33,010,000	100	\$1,161,533	(\$ 131,663)	(\$ 131,663)	Subsidiary
	Jian Mou Investment Corporation.	Hsinchu county	General Investment	155,000	155,000	15,500,000	100	97,726	783	783	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	9,913	(61)	(61)	Subsidiary
Jian Mou Investment Corporation.	Paradigm Venture Capital Corporation.	Taipei city	General Investment	43,948	43,948	459,960	20.98	5,196	(65)	(13)	
Sonix Technology Ltd.	Sonix Holding	P.O. Box 438, Road Town, Tortola, The British Virgin Islands	General Investment	997,099	997,099	32,010,000	100	1,122,247	( 132,443)	( 132,443)	Second-tier subsidiary

Note 1: Except for the Sonix Technology Ltd. & Sonix Holding 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, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (US\$ in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (US\$ in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023 (US\$ in Thousands)	Net Income (Loss) of the Investee (US\$ in Thousands)	Ownership of Direct or Indirect Investment	Investment Income (Losses) (US\$ in Thousands) (Note 1)	Carrying Amount as of September 30, 2023 (US\$ in Thousands) (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2023	Note
					Outward	Inward							
Sonix Technology (Chengdu) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	\$ 322,700 ( US\$ 10,000)	Invest in Mainland China through companies incorporated in third regions.	\$ 322,700 ( US \$10,000)	\$ -	\$ -	\$ 322,700 ( US \$10,000)	\$ 5,453 ( US \$176)	100%	\$ 5,453 ( US \$176)	\$ 119,945 ( US \$3,717)	\$ -	
Sonix Technology (Shenzhen) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	709,940 ( US\$ 22,000)	Invest in Mainland China through companies incorporated in third regions.	709,940 ( US \$22,000)	-	-	709,940 ( US \$22,000)	( 137,896) ( US \$4,459)	100%	( 137,896) ( US \$4,459)	1,002,295 ( US \$31,060)	-	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023 (US\$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,032,640 (US\$32,000)	\$1,081,045 (US\$33,500)	\$2,138,031

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, 2023 to September 30, 2023; the other accounts were all based on prevailing exchange rate as of September 30, 2023.

Note 3: The profit and loss of investments between reinvested companies, investments accounted for using the equity method, and the equity of investee companies were all eliminated during the preparation of the consolidated financial statements.