



Stock Code: 5471

# Sonix Technology Co., Ltd.

## 2024 Annual Shareholders' Meeting

### Meeting Handbook (Translation)

Type of Meeting : Physical Shareholders' Meeting

Time : June 19, 2024, 9:00 a.m.

Location : 9F, No.36, Taiyuan St., Zhubei City, Hsinchu,  
Taiwan (R.O.C)(Sonix's conference room)

(This document is prepared in accordance with the Chinese version and for reference only. If there is any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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# Sonix Technology Co., Ltd.

## 2024 Annual Shareholders' Meeting Procedure

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Approval Items
5. Election Matters
6. Other Proposals
7. Extemporaneous Motions
8. Adjournment

# Sonix Technology Co., Ltd.

## 2024 Annual Shareholders' Meeting Agenda

Type of Meeting : Physical Shareholders' Meeting

Time : June 19, 2024 (Wednesday), 9:00 a.m.

Location : 9F, No.36, Taiyuan St., Zhubei City, Hsinchu, Taiwan (R.O.C)  
(Sonix's conference room)

### **1. Call the Meeting to Order**

### **2. Chairman's Address**

### **3. Report Items**

(1) Business Report of 2023

(2) Audit Committee's Review Report on the 2023 Financial  
Statements

(3) Report the distribution of Directors' and Employees'  
remuneration of 2023

### **4. Approval Items**

(1) Adoption of the 2023 Business Report and Financial Statements

(2) Adoption of the 2023 Earnings Distribution

### **5. Election Matters**

(1) To elect new Directors

### **6. Other Proposals**

(1) Proposal of release the prohibition on Directors from  
participation in competitive business

### **7. Extemporaneous Motions**

### **8. Adjournment**

## **Report Items**

### **(1) Business Report of 2023**

Please refer to the Business Report on page 10~15 (Attachment 1).

### **(2) Audit Committee's Review Report on the 2023 Financial Statements**

Please refer to the Audit Committee's Review Report on page 16 (Attachment 2).

### **(3) Report the distribution of Directors' and Employees' remuneration of 2023**

The proposed distribution of Directors' and Employees' remuneration of NT\$3,900 thousand and NT\$37,360 thousand, respectively, from the Company's 2023 Earnings, all in cash, was approved by the Board of Directors on February 27, 2024.

# **Approval Items**

Proposed by the Board of Directors

## **(1) Adoption of the 2023 Business Report and Financial Statements**

The company's Financial Statements for 2023 have been prepared, together with the Business Report, it was approved by the Audit Committee and Board of Directors on February 27, 2024, and submitted to the annual shareholders' meeting for approval in accordance with the law. Business Report and Financial Statements, please refer to page 10~15 (Attachment 1) and page 17~36 (Attachment 3).

**Resolution:**

## (2) Adoption of the 2023 Earnings Distribution

The distribution of the Company's 2023 Earnings is proposed in accordance with the law as follows:

**Sonix Technology Co., Ltd.**  
**2023 Earnings Distribution Statement**

Unit: NT\$

Unappropriated earnings - beginning	229,558,897
Add: Net income of 2023	185,882,562
Add: Re-measured amount of the defined benefit plan recognized in retained earnings	214,685
Add: Disposal for financial assets at fair value through other comprehensive income	96,513,226
Net income plus adjustments	282,610,473
Less: Provision for Legal reserve	(28,261,047)
Add: Reversal for Special reserve	65,787,448
Distributable earning	549,695,771
Distribution items: Dividend to shareholders - cash (NT\$1.2 per share)	201,452,474
Unappropriated earnings - ending	348,243,297

Note: The cash dividends paid to shareholders from the Company's 2023 earnings amounted to NT\$201,452,474 with NT\$1.2 per share paid to shareholders listed in the shareholder roster as of the ex-dividend date in accordance with their shareholdings; the cash dividends were calculated on a pro rata basis, with the amount below NT\$1 rounded off and the total amount of the less than NT\$1 round-off was recorded as other incomes. The Board of Directors shall determine the ex-dividend date and related matters once the cash dividends have been approved by the regular shareholders' meeting. If the total number of shares outstanding on the ex-dividend date changes, the Board of Directors will adjust the distribution amount per share based on the actual total number of shares outstanding on the ex-dividend date.

Chairman: James Pao

General Manager: Chris Ko

Accounting Manager: Sophia Lin

Resolution:

# Election Matters

Proposed by the Board of Directors

## (1) To elect new Directors

1. The term of the current directors will expire on July 15, 2024, responsible for re-election according to law.
2. In accordance with “Articles of Incorporation” elects 9 Directors (including 3 Independent Directors) for a term of 3 years from June 19, 2024 to June 18, 2027. New directors will assume upon election.
3. The Company adopts a candidate nomination system for the election of Directors, and the shareholders shall elect the candidates from the list of candidates for Directors and Independent Directors, and the relevant information of the candidate list is as follows.

### A. The list of Director candidates is as follows:

Name	Education	Experience	Current Job	Shareholding
Samuel Chen	B.S. Chemical Engineering, National Tsing Hua University	Chairman of Sonix Technology Co., Ltd.	Director of Sonix Technology Co., Ltd.	7,270,261
James Pao	M.S. Electronics Engineering, National Chao Tung University	Chairman of Sonix Technology Co., Ltd.	Chairman of Sonix Technology Co., Ltd.	4,549,318
Chan Yee Hsiung	Institute of Electrical Engineering, New Jersey Institute of Technology	CTO of Sonix Technology Co., Ltd.	Director and CTO of Sonix Technology Co., Ltd.	3,325,219
Daniel Pan	B.B.A. Statistics, National Chung Hsing University College of Law and Commerce	CSO of Sonix Technology Co., Ltd.	Director and CSO of Sonix Technology Co., Ltd.	2,220,515
Chris Ko	M.B.A University Of South Australia	CEO of Sonix Technology Co., Ltd.	Director and CEO of Sonix Technology Co., Ltd.	578,602
Ching Hui Kuo	B.B.A., Accounting, Soochow University	Director of Sonix Technology Co., Ltd.	Director of Sonix Technology Co., Ltd.	360,907



B. The list of Independent Director candidates is as follows :

Name	Education	Experience	Current Job	Share holding	Reasons for nomination for the third term
Kao Chung Tsai	M.A. Institute of Economics, Soochow University	CEO of Best Yield Management and Consulting Corporation	Independent Director of Sonix Technology Co., Ltd.	0	Considering his work experience in financial related fields and his consulting capabilities for the company's products and technology, also he made specific suggestions on the company's finance, business, investment and other aspects as an independent director. He has made a lot of contributions to the company and performed quite well and competently. This time will continue to be nominated as an independent director candidate, so that he can still use his expertise and provide supervision and advice to the board of directors when performing independent director duties.
Mao Tien Shen	B.S.Civil Engineering, Tamkang University	Director and VP of Taiwan Mask Corp.	Independent Director of Sonix Technology Co., Ltd.	0	-
Tsai Lin Chiang	Department of Accounting, Chung Yuan Christian University	CFO of Chinese Gamer International Corp.	CFO of Chinese Gamer International Corp.	0	-

4. Please follow the Company's Procedures for Election of Directors for the election.

Election results:

## Other Proposals

Proposed by the Board of Directors

### (1) Proposal of release the prohibition on directors from participation in competitive business

1. In accordance with Paragraph 1 of Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. In light of the Company's business needs, the directors to be re-elected at the shareholders' meeting may concurrently serve as directors of other companies with the same business scope as the Company, and it is proposed that the shareholders' meeting resolve to lift the non-compete clause for new directors.
3. Since the Company adopts a candidate nomination system for the election of directors and independent directors, and in order to facilitate the shareholders to exercise their voting rights electronically, the "List of Candidates for Directors and Independent Directors released from Non-Compete Clause" is as below. After the election of directors and independent directors at the annual shareholders' meeting, the "List of Directors and Independent Directors released from Non-Compete Clause" will be disclosed at the annual shareholders' meeting.

## List of Candidates for Directors and Independent Directors released from Non-Compete Clause

Title	Name	Company in which the individual is concurrently serving	Position held
Director	Samuel Chen	Anapex Technology Inc.	Chairman
		Rayson Technology Co., Ltd.	
		Chip Integration Technology Corp.	
		Globalsat Worldcom Corp.	Director
Director	James Pao	New Pocket Device Corp.	Chairman
Director	Ching Hui Kuo	Cincon Electronics Co., Ltd.	Independent director
Independent Director	Kao Chung Tsai	Champion Microelectronic Corp.	Corporate director representative
		Ultradisplay Inc.	Director
Independent Director	Mao Tien Shen	Alpha Microelectronics Corp.	Independent director
		Nyquest Technology Co., Ltd.	

Resolution:

## Extemporary Motions

## Adjournment

## Business Report

### I. 2023 Business Results

It was a year of drastic changes in the economy in 2023. The global political and economic situation was turbulent, inflation and supply and demand imbalances impacted various industries. Influenced by sluggish end-market demand and inventory adjustments, the company experienced an overall decline in sales, with operating revenue totaling NT\$2,610 million and operating gross profit reaching NT\$1,090 million. Operating net profit amounted to NT\$158 million, with after-tax net profit at NT\$186 million, resulting in earnings per share of NT\$1.11. Consumer product sales accounted for 52%, while multimedia contributed 48%.

Reflecting on the past year, geopolitical conflicts intensified, the Russia-Ukraine war, the Israel-Palestine war, and the shadow of the war caused uncertainty in economic recovery. However, under the influence of inventory reduction, the demand for the semiconductor industry gradually recovered. Chat GPT has started a wave of AI trends and created new opportunities for IC chips. The application field of generative AI technology will be increasingly expanded, and it will gradually move towards personal devices. Along with AI PC and mobile phone getting popular, and transmission interfaces, memory specifications being upgraded, all of these will drive a new wave of demand. In addition, climate change and energy transformation have entered a critical moment, making electric vehicles and low-carbon energy-saving concept products an important trend.

Under the severe environment, Sonix will actively improve its technology and catch the market trends to launch high-end computing core microcontrollers and new products with AI functions and low power concepts. It will continue to build a solid competitive advantage and grow with more complete solutions.

#### (i) Revenues and profits

Unit: Thousand NT\$

Items	2023	2022	Increase or Decrease	Change %
Operating revenues	2,609,937	3,354,067	(744,130)	(22%)
Operating gross profits	1,090,270	1,563,233	(472,963)	(30%)
Operating net profits	157,929	558,209	(400,280)	(72%)
Net profits after tax	185,882	578,568	(392,686)	(68%)
Other comprehensive Income	193,694	(133,177)	326,871	245%
Total comprehensive Income	379,576	445,391	(65,815)	(15%)

#### (ii) Financial receipts and expenditures, and profitability analysis

##### 1. Financial receipts and expenditures

Unit: Thousand NT\$

Items	2023	2022	Increase or Decrease	Change %
Interest incomes	19,868	16,804	3,064	18%

## 2.Profitability analysis

Analysis item \ Year	2023	2022
Return on assets	4 %	12 %
Return on equity	5 %	15 %
Net profits before tax to paid-in capital	12 %	42 %
Net profit margin	7 %	17 %
Earnings per share (NT\$)	1.11	3.45

### (iii) Implementation status of budget

The Company did not disclose its financial forecast for 2023; therefore, there is no need to disclose the implementation status of budget.

### (iv) Research and Development Status

The Company's R&D expenses accounted for 27% of operating revenues in 2023, and the specific R&D results are as follows.

Product line	R&D status
Voice Controller ICs	Launched the market's first true wireless full-duplex 8KHz gaming-specific SNC733XX series solution, which adopts a dual-core architecture to handle RF control and peripheral sensors separately, truly realizing the transmission and reception of complete mouse packets within an 8KHz cycle time, achieves full-duplex performance, and has superior features such as high polling rate, low latency, low power consumption and high anti-interference.
Microcontrollers	Develop DDR5 module LED professional control MCU, tailor-made for I3C transmission specifications. Obtained development and design introduction from major DDR5 module manufacturers. Built-in ARGB function can help customers reduce design requirements. It has the advantage of reducing development cycle and cost for PC peripheral LED control.
Image processing chips	Launched Sonix first HDR ISP, supporting FHD HDR TNr @30fps/FHD TNr @60fps, and supporting RGB, RGB+IR new generation Win Hello models, which can effectively improve the dynamic range of images in backlight environments and support different brightness scenes can be switched dynamically and smoothly between modes, which is suitable for laptop cameras, network cameras with external Win Hello face recognition, and AI image recognition related products.
Wireless multimedia Solutions	Developed long-distance/low-power consumption/high-bandwidth (4 Mbps) 2.4G FHSS wireless transceivers, enabling outdoor wireless transmission distances up to 800m for home security, baby monitors, wireless video reversing, wireless remote controls, wireless toys and other applications.

## II. 2024 Business Plan Overview

### (i) Business principles and important policies

#### 1.R&D Strategy

- (1)Based on profound microcontroller and imaging core technologies, keep abreast of the trend of consumer products, strengthen product system development, and provide highly integrated one-stop solutions (Turnkey Solution) to help customers shorten the development time of end products.
- (2)Strengthen software and hardware integration and in addition to chip specifications and performance improvements, a department to actively build platform, application services and various development tools, software design kits (SDKs) and technical documents has been set up to provide customers with more complete and real-time support.

#### 2.Marketing Strategy

- (1)Deeply rooted in the domestic and overseas markets with the establishment of a complete and thorough marketing and agency network for sales locations in Asia and North America, providing comprehensive technical support through our agency mechanism and technical documents and development tools through our website to help customers solve problems and obtain the latest product information.
- (2)In terms of key customer development: In addition to high-end toy applications, the Company has also entered the field of home appliance and personal medical products, bringing a broader space; Microcontroller products, with the support of a wide range of solution providers and developers, are in the leading position in personal medical and consumer electronics applications. In response to the demand for energy saving and low carbon, we have also launched a new BLDC motor control chip, which can be used in various home appliances and machine tools, expanding the market into the industrial control field. In terms of multimedia products, in response to the AI trend, we continue to provide the most competitive solutions from major notebook manufacturers. In addition, non-notebook fields, home video, smart surveillance and cash payment applications are all opportunities for the market to continue to expand and grow. The Company provides diversified products to reduce risks in product off-peak seasons and balance market supply and demand changes to create the next wave of growth opportunities.
- (3)In order to expand into new markets, the Company is actively promoting industry integration, betting on STEM education, joining the Smart Robot Toy Alliance, and participating in the Artificial Intelligence Chip Alliance, actively communicating with the industry, integrating horizontal and vertical resources, and managing the visibility and influence of the Sonix's brand.

#### 3.Production Strategy

- (1)By leveraging the specialization in the value chain of Taiwan's semiconductor industry and working closely with upstream and downstream suppliers, obtain sufficient and high-quality wafer sources and ensure product yields and quality.
- (2)Adopt a diversified outsourcing strategy to cooperate with foreign suppliers to spread the supply risk caused by natural disasters or accidents.

#### 4.Operational and Financial Planning

Accumulate working capital through steady operations, with a strong structure of low debt and sufficient capital, coupled with a stringent internal control and audit system to ensure a strong financial structure and improve operating performance to cope with the impact of changes in the economy.

##### (ii) Expected sales volume and its basis

The Company continues to focus on the consumer electronics field and is actively expanding into microcontrollers and multimedia products with high growth potential. Based on 2023 sales data, the current industry environment and market demand, the estimated sales volume for 2024 is approximately 365,751 thousand units.

##### (iii) Production and Sales Strategy

The Company insists on serving customers with high quality and high efficiency, creating immediate benefits for customers, and uniting all employees to reach a consensus on "customer satisfaction service," focusing on "providing customers with the most efficient IC design," strengthening rapid R&D capability, participating in development from the time of product specification, thinking about customers' needs from the perspective of application, and taking the initiative to provide customers with tailor-made products and complete services with our independent and innovative technology, complete technology platform, and software and hardware development tools.

On the production side, the Company maintains long-term partnerships with upstream wafer and packaging and testing suppliers to stabilize capacity supply and appropriately enhance manufacturing processes to provide customers with the most efficient and competitive products.

#### III. Future development strategy of the Company

With microcontroller technology as the core, Sonix's 8-bit and 32-bit product lines are becoming more complete, combining its long-established video and voice core technologies and integrating various sensors and wireless transmission modules to become a cross-application platform. In addition to improved computing performance, the optical recognition chipsets are also moving toward miniaturization to meet the needs of various products.

SONIX's overall products continue to evolve towards energy saving, environmental protection, low power consumption and high performance, and strengthen the system integration and networking capability of the products, and focus on STEM education and creative field to develop more diverse applications.

In terms of ESG (corporate sustainable operations), the Company has diversified its product development technologies from IC design, foundry to packaging and testing, and implemented the quality policy of "dynamic innovation and customer satisfaction" to establish the core value of the SONIX brand. In response to the global emphasis on ESG, Sonix not only actively develops new products that meets the

concepts of low power consumption, energy saving, and environmental protection, but also continues to issue sustainability reports every year to disclose various ESG achievements. In terms of customer service, we actively respond to various customer needs and strive for excellence to provide a more complete and friendly product development environment and software to help customers improve their development performance and efficiency. For internal employees, we uphold the spirit of one family, creating an open environment for employees to enjoy growth and work; for the investing public, we continue to return profits to shareholders, hoping to meet the needs of stakeholders at all levels and fulfill our corporate social responsibility.

#### IV. Effect of external competition, legal environment, and overall business environment.

##### (i) Major effect of external competition

The factors affecting the Company's products and markets include changes in the external environment and changes in technology applications and supply.

Affected by the external competitive environment, regulatory environment, and overall business environment, the main impacts include the external environmental changes, technological application changes, and supply aspects of the company's products and market factors.

Regarding external environmental changes, since the outbreak of the COVID-19 pandemic, the technology industry has benefited from the demands for e-commerce, remote work, and distance learning, leading to a strong wave of business opportunities. However, as the pandemic subsides, the demand for consumer electronics products has gradually declined, and the growth momentum has slowed down. In addition, various factors such as intensified geopolitical conflicts, supply chain challenges, and concerns about inflation have caused the industry to enter a period of inventory adjustment, and corporate operations have also experienced a decline.

In terms of technological application changes, the digital technology applications such as AI, 5G, IoT, etc. have accelerated under the influence of the pandemic. The wave of AI is sweeping across the electronics industry. The demand for high-performance computing products has increased significantly. Various new applications are in full swing. Coupled with the continued deployment of 5G and the increase in demand for automotive electronics, the inventory reduction will drive the recovery and growth of the semiconductor business.

On the supply side, weak end-market demand has spread from consumers to businesses, creating an uncertain economic environment. On the supply side, the shift from chip shortage to oversupply in the past two years has led to an increase in inventory, a decline in wafer factory capacity utilization, and a correction phase in wafer supply and demand. In the absence of a significant recovery in demand, the IC design industry has placed great pressure on wafer foundries. As the



bargaining power increases, there is an opportunity to obtain more favorable terms and reduce cost pressure.

(ii) Legal environment

The Company strictly abides by all laws and environmental regulations, and our product supply chain is managed through a process. We also actively extend our green product policy and develop harmless and green products, considering both quality and environmental benefits; we are committed to energy saving and pollution prevention by enhancing awareness of energy conservation and recycling. In terms of corporate governance, we also comply with laws and regulations and promote corporate social responsibility. We publish corporate responsibility reports annually to disclose relevant information to stakeholders and promote sustainable development of the company. In addition, we pay close attention to the announcement and changes of various regulations and propose timely response measures to meet the needs of various changes and reduce the impact and influence brought by changes in the legal environment.

There was no violation of the relevant laws and regulations in 2023.

(iii) In terms of the overall business environment

Geopolitical risks are rising, and the global semiconductor ecosystem is being restructured. Manufacturing bases that were originally highly concentrated on Asia are gradually moving to Europe and the United States. Faced with the dilemma of geopolitical development and the imbalance of global semiconductor supply and demand, governments of various countries are actively promoting the development of regional semiconductor supply chains, major foundries are planning to build factories and expand production capacity. However, mass production takes time, and the outbreak of the Russia-Ukraine War in 2023 had a major impact on the global economy. The trend of the development of the pandemic, climate change, and supply chain strategies alliances have made the global semiconductor market full of variables and unpredictability, especially geopolitics, which will be the most uncertain factor affecting the development of the global semiconductor industry.

Behind the crisis also comes opportunities and new business prospects. In response to the changes brought about by the pandemic, existing technologies have been combined with new applications, driving the accelerated development of industries such as remote, cloud, internet, and e-commerce. The applications of smart homes, smart healthcare, Internet of Things, electric vehicles, and drones will also become more widespread. For Sonix, which focuses on consumer electronic chips, the emergence of these new products and services is a long-term opportunity for business growth.

(iv) Others in the legal and general business environments do not have a material effect on the Company's finance and business matters.

## **Audit Committee's Review Report**

Attachment 2

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements and proposal for distribution of profits. The 2023 Financial Statements were audited by independent auditors of Deloitte & Touche and issued an Independent Audit Report. The 2023 Business Report, Financial Statements and proposal for distribution of profits have been checked by the Audit Committee and no irregularities were found. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To Sonix Technology Co., Ltd. 2024 annual shareholders' meeting

Sonix Technology Co., Ltd.

Chairman of the Audit Committee : Chih cheng Chou

May 7, 2024

## INDEPENDENT AUDITORS' REPORT

Attachment 3

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

### Opinion

We have audited the accompanying consolidated financial statements of Sonix Technology Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

#### Occurrence of Revenue

The Group's operating income mainly comes from transactions generated from R&D, design, manufacturing and sales of voice controllers, microcontrollers, video/image controllers, wireless multimedia, optical identification and so on. We performed an analytical procedure on the sales revenue in 2023, and some kinds of products have a relatively certain percentage of annual sales, and the revenue of these products may have been recognized before fulfilling the requirements of IAS regulations on revenue recognition, which can have a significant impact to the financial statements of the Group. Thus, we identified the occurrence of revenue for specific products as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies and details of revenue recognition.

We performed the following main audit procedures for the occurrence of revenue:

1. We obtained an understanding of and tested the design and operating effectiveness of the key controls with regard to the occurrence of revenue.
2. We selected samples from specific products' sales details, and we checked the original documents. We also verified the collections and other procedures performed and confirmed that there were no abnormalities in the occurrence of operating income.

#### **Other Matter**

We have also audited the parent company only financial statements of Sonix Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion for the years ended December 31, 2023 and 2022.

#### **Responsibilities of Management and Those Charged with Governance for 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 IFRSs, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yao Lin Huang and Shih Chieh Chou

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

#### 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 audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.*

# SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,058,821	26	\$ 822,487	20
Financial assets at fair value through profit or loss - current (Note 4)	58,765	1	55,753	1
Financial assets at amortized cost - current (Notes 4, 8 and 25)	541,312	13	471,742	11
Trade receivables from unrelated parties (Notes 4, 9 and 24)	310,768	8	240,530	6
Inventories (Notes 4, 5 and 10)	768,771	19	1,222,093	29
Other current assets	86,079	2	70,864	2
Total current assets	2,824,516	69	2,883,469	69
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	298,472	7	283,921	7
Investments accounted for using equity method (Notes 4 and 12)	4,207	-	5,209	-
Property, plant and equipment (Notes 4, 13 and 25)	682,680	17	708,637	17
Investment properties (Notes 4 and 14)	118,186	3	120,919	3
Intangible assets (Notes 4 and 15)	135,955	3	115,582	3
Deferred tax assets (Notes 4 and 20)	41,037	1	50,970	1
Refundable deposits	2,713	-	5,067	-
Other non-current assets	-	-	38	-
Total non-current assets	1,283,250	31	1,290,343	31
<b>TOTAL</b>	<b>\$ 4,107,766</b>	<b>100</b>	<b>\$ 4,173,812</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade payables to unrelated parties	\$ 171,938	4	\$ 135,641	3
Other payables (Note 16)	157,266	4	243,647	6
Current tax liabilities (Notes 4 and 20)	71,892	2	15,310	1
Other current liabilities	11,187	-	14,052	-
Total current liabilities	412,283	10	408,650	10
<b>NON-CURRENT LIABILITIES</b>				
Provisions - non-current (Note 4)	24,777	1	18,970	1
Deferred tax liabilities (Notes 4 and 20)	11,890	-	48,272	1
Net defined benefit liabilities - non-current (Notes 4 and 17)	8,847	-	14,329	-
Guarantee deposits	88,354	2	81,859	2
Total non-current liabilities	133,868	3	163,430	4
Total liabilities	546,151	13	572,080	14
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 18)</b>				
Share capital				
Ordinary shares	1,678,770	41	1,678,770	40
Capital surplus	62,661	1	62,661	2
Retained earnings				
Legal reserve	1,210,820	30	1,152,339	28
Special reserve	66,015	2	228	-
Unappropriated earnings	512,170	12	773,521	18
Total retained earnings	1,789,005	44	1,926,088	46
Other equity	31,179	1	(65,787)	(2)
Total equity	3,561,615	87	3,601,732	86
<b>TOTAL</b>	<b>\$ 4,107,766</b>	<b>100</b>	<b>\$ 4,173,812</b>	<b>100</b>

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

# SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)				
Sales	\$ 2,609,937	100	\$ 3,354,067	100
OPERATING COSTS (Notes 10 and 19)				
Cost of goods sold	<u>1,519,667</u>	<u>58</u>	<u>1,790,834</u>	<u>53</u>
GROSS PROFIT	<u>1,090,270</u>	<u>42</u>	<u>1,563,233</u>	<u>47</u>
OPERATING EXPENSES (Notes 9, 15, 17, 19 and 24)				
Selling and marketing expenses	64,861	2	66,036	2
General and administrative expenses	172,858	7	193,346	6
Research and development expenses	694,628	27	745,660	22
Expected credit gain	<u>(6)</u>	<u>-</u>	<u>(18)</u>	<u>-</u>
Total operating expenses	<u>932,341</u>	<u>36</u>	<u>1,005,024</u>	<u>30</u>
PROFIT FROM OPERATIONS	<u>157,929</u>	<u>6</u>	<u>558,209</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 19 and 24)	20,836	1	43,590	1
Other gains and losses (Notes 19 and 26)	2,597	-	79,040	2
Share of profit or loss of associates	(67)	-	(128)	-
Interest revenue (Note 19)	<u>19,868</u>	<u>1</u>	<u>16,804</u>	<u>1</u>
Total non-operating income and expenses	<u>43,234</u>	<u>2</u>	<u>139,306</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	201,163	8	697,515	21
INCOME TAX EXPENSE (Notes 4 and 20)	<u>15,281</u>	<u>1</u>	<u>118,947</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>185,882</u>	<u>7</u>	<u>578,568</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME AND LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 17)	268	-	7,800	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	212,192	8	(164,943)	(5)

(Continued)



# SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Share of the other comprehensive loss of associated accounted for using the equity method	\$ (935)	-	\$ (1,377)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>(53)</u>	<u>-</u>	<u>(1,560)</u>	<u>-</u>
	211,472	8	(160,080)	(5)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(17,778)</u>	<u>-</u>	<u>26,903</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>193,694</u>	<u>8</u>	<u>(133,177)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 379,576</u>	<u>15</u>	<u>\$ 445,391</u>	<u>13</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 1.11</u>		<u>\$ 3.45</u>	
Diluted	<u>\$ 1.10</u>		<u>\$ 3.38</u>	

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 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity			Total Equity
	Share Capital		Capital Surplus Ordinary Shares Issued at Premium	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	Total		
	Shares (In Thousands)	Ordinary Shares		Legal Reserve	Special Reserve	Unappropriated Earnings				Total	
BALANCE AT JANUARY 1, 2022	<u>167,877</u>	<u>\$ 1,678,770</u>	<u>\$ 62,661</u>	<u>\$ 1,005,920</u>	<u>\$ 228</u>	<u>\$ 1,510,271</u>	<u>\$ 2,516,419</u>	<u>\$ (66,995)</u>	<u>\$ 140,625</u>	<u>\$ 73,630</u>	<u>\$ 4,331,480</u>
Appropriation of 2021 earnings											
Legal reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,419</u>	<u>-</u>	<u>(146,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,175,139)</u>	<u>(1,175,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,175,139)</u>
Net profit for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,568</u>	<u>578,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,568</u>
Other comprehensive income for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,240</u>	<u>6,240</u>	<u>26,903</u>	<u>(166,320)</u>	<u>(139,417)</u>	<u>(133,177)</u>
Total comprehensive income for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584,808</u>	<u>584,808</u>	<u>26,903</u>	<u>(166,320)</u>	<u>(139,417)</u>	<u>445,391</u>
BALANCE AT DECEMBER 31, 2022	<u>167,877</u>	<u>1,678,770</u>	<u>62,661</u>	<u>1,152,339</u>	<u>228</u>	<u>773,521</u>	<u>1,926,088</u>	<u>(40,092)</u>	<u>(25,695)</u>	<u>(65,787)</u>	<u>3,601,732</u>
Appropriation of 2022 earnings											
Legal reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,481</u>	<u>-</u>	<u>(58,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,787</u>	<u>(65,787)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(419,693)</u>	<u>(419,693)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(419,693)</u>
Net profit for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,882</u>	<u>185,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,882</u>
Other comprehensive income for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215</u>	<u>215</u>	<u>(17,778)</u>	<u>211,257</u>	<u>193,479</u>	<u>193,694</u>
Total comprehensive income for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,097</u>	<u>186,097</u>	<u>(17,778)</u>	<u>211,257</u>	<u>193,479</u>	<u>379,576</u>
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,513</u>	<u>96,513</u>	<u>-</u>	<u>(96,513)</u>	<u>(96,513)</u>	<u>-</u>
BALANCE AT DECEMBER 31, 2023	<u>167,877</u>	<u>\$ 1,678,770</u>	<u>\$ 62,661</u>	<u>\$ 1,210,820</u>	<u>\$ 66,015</u>	<u>\$ 512,170</u>	<u>\$ 1,789,005</u>	<u>\$ (57,870)</u>	<u>\$ 89,049</u>	<u>\$ 31,179</u>	<u>\$ 3,561,615</u>

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

# SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 201,163	\$ 697,515
Adjustments for:		
Depreciation expense	71,010	63,796
Amortization expense	19,847	16,444
Expected credit loss reversed on trade receivables	(6)	(18)
Net gain (loss) on fair value changes of financial assets at fair value through profit or loss	(3,012)	5,156
Interest income	(19,868)	(16,804)
Dividend income	(6,571)	(29,572)
Share of (profit) loss of associates	67	128
Loss on disposal of property, plant and equipment	21	374
Reversal of write-downs of inventory and loss of obsolete inventory	55,053	15,566
Net loss on foreign currency exchange	2,483	8,209
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(75,672)	302,833
Inventories	398,420	210,637
Other current assets	6,372	(16,631)
Trade payables	38,321	(233,707)
Other payables	(86,084)	(183,138)
Provisions for employee benefits	5,807	(1,787)
Other current liabilities	(2,741)	8,483
Net defined benefit liabilities	(5,214)	(1,172)
Cash generated from operations	599,396	846,312
Interest received	17,277	14,378
Dividends received	6,571	33,318
Income tax paid	(4,280)	(326,910)
Net cash generated from operating activities	<u>618,964</u>	<u>567,098</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	(358,223)	(153,317)
Disposal of financial assets at amortized cost	283,883	154,443
Proceeds from sale of financial assets at fair value through profit or loss	-	120,267
Payments for property, plant and equipment	(47,983)	(40,506)
Increase in refundable deposits	(442)	(129)
Decrease in refundable deposits	2,833	2,712
Payments for intangible assets	(40,235)	(41,137)
Decrease in other non-current assets	<u>37</u>	<u>33</u>
Net cash generated from investing activities	<u>37,511</u>	<u>42,366</u>

## SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	\$ 12,695	\$ 18,511
Refund of guarantee deposits received	(4,912)	(58,598)
Dividends paid to owners of the Company	<u>(419,693)</u>	<u>(1,175,139)</u>
Net cash used in financing activities	<u>(411,910)</u>	<u>(1,215,226)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(8,231)</u>	<u>15,148</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	236,334	(590,614)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>822,487</u>	<u>1,413,101</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,058,821</u>	<u>\$ 822,487</u>

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

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Sonix Technology Co., Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2023 are stated as follows:

#### Occurrence of Revenue

The Company's operating income mainly comes from transactions generated from R&D, design, manufacturing and sales of voice controllers, microcontrollers, video/image controllers, wireless multimedia, optical identification and so on. We performed an analytical procedure on the sales revenue in 2023, and some kinds of products have a relatively certain percentage of annual sales, and the revenue of these products may have been recognized before fulfilling the requirements of IAS regulations on revenue recognition, which can have a significant impact to the financial statements of the Company. Thus, we identified the occurrence of revenue for specific products as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies and details of revenue recognition.

We performed the following main audit procedures for the occurrence of revenue:

1. We obtained an understanding of and tested the design and operating effectiveness of the key controls with regard to the occurrence of revenue.
2. We selected samples from specific products' sales details, and we checked the original documents. We also verified the collections and other procedures performed and confirmed that there were no abnormalities in the occurrence of operating income.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yao Lin Huang and Shih Chieh Chou.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

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# SONIX TECHNOLOGY CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 785,522	19	\$ 493,305	12
Financial assets at fair value through profit or loss - current (Note 4)	22,688	-	21,571	1
Financial assets at amortized cost - current (Notes 4, 8 and 24)	240,206	6	240,178	6
Trade receivables from unrelated parties (Notes 4 and 9)	191,614	5	145,499	3
Trade receivables from related parties (Notes 4 and 23)	74,751	2	5,767	-
Inventories (Notes 4, 5 and 10)	589,338	14	957,211	23
Other current assets (Note 23)	<u>73,038</u>	<u>2</u>	<u>56,790</u>	<u>1</u>
Total current assets	<u>1,977,157</u>	<u>48</u>	<u>1,920,321</u>	<u>46</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	298,445	7	283,894	7
Investments accounted for using equity method (Notes 4 and 11)	1,177,405	29	1,377,594	32
Property, plant and equipment (Notes 4, 12 and 24)	355,016	9	353,045	8
Investment properties (Notes 4 and 13)	111,813	3	112,982	3
Intangible assets (Notes 4 and 14)	134,938	3	114,045	3
Deferred tax assets (Notes 4 and 19)	39,613	1	48,977	1
Refundable deposits	<u>2,415</u>	<u>-</u>	<u>4,764</u>	<u>-</u>
Total non-current assets	<u>2,119,645</u>	<u>52</u>	<u>2,295,301</u>	<u>54</u>
TOTAL	<u>\$ 4,096,802</u>	<u>100</u>	<u>\$ 4,215,622</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties (Notes 4 and 23)	\$ 120,878	3	\$ 92,513	2
Other payables (Note 15)	138,840	3	222,213	5
Current tax liabilities (Notes 4 and 19)	71,757	2	15,310	1
Other current liabilities	<u>119,265</u>	<u>3</u>	<u>173,010</u>	<u>4</u>
Total current liabilities	<u>450,740</u>	<u>11</u>	<u>503,046</u>	<u>12</u>
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 4)	24,777	1	18,970	1
Deferred tax liabilities (Notes 4 and 19)	11,342	-	48,089	1
Net defined benefit liabilities - non-current (Notes 4 and 16)	8,847	-	14,329	-
Guarantee deposits	<u>39,481</u>	<u>1</u>	<u>29,456</u>	<u>1</u>
Total non-current liabilities	<u>84,447</u>	<u>2</u>	<u>110,844</u>	<u>3</u>
Total liabilities	<u>535,187</u>	<u>13</u>	<u>613,890</u>	<u>15</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 17)				
Share capital				
Ordinary shares	<u>1,678,770</u>	<u>41</u>	<u>1,678,770</u>	<u>40</u>
Capital surplus	<u>62,661</u>	<u>1</u>	<u>62,661</u>	<u>1</u>
Retained earnings				
Legal reserve	1,210,820	30	1,152,339	27
Special reserve	66,015	2	228	-
Unappropriated earnings	<u>512,170</u>	<u>12</u>	<u>773,521</u>	<u>19</u>
Total retained earnings	<u>1,789,005</u>	<u>44</u>	<u>1,926,088</u>	<u>46</u>
Other equity	<u>31,179</u>	<u>1</u>	<u>(65,787)</u>	<u>(2)</u>
Total equity	<u>3,561,615</u>	<u>87</u>	<u>3,601,732</u>	<u>85</u>
TOTAL	<u>\$ 4,096,802</u>	<u>100</u>	<u>\$ 4,215,622</u>	<u>100</u>

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

# SONIX TECHNOLOGY CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)				
Sales	\$ 2,234,761	100	\$ 3,028,449	100
OPERATING COSTS (Notes 10, 18 and 23)				
Cost of goods sold	<u>1,170,990</u>	<u>52</u>	<u>1,496,222</u>	<u>50</u>
GROSS PROFIT	1,063,771	48	1,532,227	50
UNREALIZED LOSS (GAIN) ON THE TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>(68,946)</u>	<u>(3)</u>	<u>82,798</u>	<u>3</u>
REALIZED LOSS ON THE TRANSACTIONS WITH SUBSIDIARIES	<u>118,897</u>	<u>5</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,113,722</u>	<u>50</u>	<u>1,615,025</u>	<u>53</u>
OPERATING EXPENSES (Notes 14, 16, 18 and 23)				
Selling and marketing expenses	49,915	2	53,275	2
General and administrative expenses	124,231	6	138,751	4
Research and development expenses	590,271	26	632,678	21
Expected credit gain	<u>(6)</u>	<u>-</u>	<u>(18)</u>	<u>-</u>
Total operating expenses	<u>764,411</u>	<u>34</u>	<u>824,686</u>	<u>27</u>
PROFIT FROM OPERATIONS	<u>349,311</u>	<u>16</u>	<u>790,339</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 18 and 23)	22,892	1	56,993	2
Other gains and losses (Notes 18 and 25)	(446)	-	79,403	3
Share of profit or loss of associates	(181,476)	(8)	(234,539)	(8)
Interest revenue (Note 18)	<u>9,822</u>	<u>-</u>	<u>8,885</u>	<u>-</u>
Total non-operating income and expenses	<u>(149,208)</u>	<u>(7)</u>	<u>(89,258)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	200,103	9	701,081	23
INCOME TAX EXPENSE (Notes 4 and 19)	<u>14,221</u>	<u>1</u>	<u>122,513</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>185,882</u>	<u>8</u>	<u>578,568</u>	<u>19</u>

(Continued)

# SONIX TECHNOLOGY CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 16)	\$ 268	-	\$ 7,800	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	212,192	10	(164,943)	(5)
Share of the other comprehensive loss of associated accounted for using the equity method	(935)	-	(1,377)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	(53)	-	(1,560)	-
	<u>211,472</u>	<u>10</u>	<u>(160,080)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(17,778)	(1)	26,903	1
Other comprehensive income for the year, net of income tax	<u>193,694</u>	<u>9</u>	<u>(133,177)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 379,576</u>	<u>17</u>	<u>\$ 445,391</u>	<u>15</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 1.11</u>		<u>\$ 3.45</u>	
Diluted	<u>\$ 1.10</u>		<u>\$ 3.38</u>	

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

(Concluded)

# SONIX TECHNOLOGY CO., LTD.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus Ordinary Shares Issued at Premium	Retained Earnings			Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
	Shares (In Thousands)	Ordinary Shares		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	<u>167,877</u>	<u>\$ 1,678,770</u>	<u>\$ 62,661</u>	<u>\$ 1,005,920</u>	<u>\$ 228</u>	<u>\$ 1,510,271</u>	<u>\$ 2,516,419</u>	<u>\$ (66,995)</u>	<u>\$ 140,625</u>	<u>\$ 73,630</u>	<u>\$ 4,331,480</u>
Appropriation of 2021 earnings											
Legal reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,419</u>	<u>-</u>	<u>(146,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,175,139)</u>	<u>(1,175,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,175,139)</u>
Net profit for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,568</u>	<u>578,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,568</u>
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,240</u>	<u>6,240</u>	<u>26,903</u>	<u>(166,320)</u>	<u>(139,417)</u>	<u>(133,177)</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584,808</u>	<u>584,808</u>	<u>26,903</u>	<u>(166,320)</u>	<u>(139,417)</u>	<u>445,391</u>
BALANCE AT DECEMBER 31, 2022	<u>167,877</u>	<u>1,678,770</u>	<u>62,661</u>	<u>1,152,339</u>	<u>228</u>	<u>773,521</u>	<u>1,926,088</u>	<u>(40,092)</u>	<u>(25,695)</u>	<u>(65,787)</u>	<u>3,601,732</u>
Appropriation of 2022 earnings											
Legal reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,481</u>	<u>-</u>	<u>(58,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,787</u>	<u>(65,787)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(419,693)</u>	<u>(419,693)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(419,693)</u>
Net profit for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,882</u>	<u>185,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,882</u>
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215</u>	<u>215</u>	<u>(17,778)</u>	<u>211,257</u>	<u>193,479</u>	<u>193,694</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,097</u>	<u>186,097</u>	<u>(17,778)</u>	<u>211,257</u>	<u>193,479</u>	<u>379,576</u>
Disposal for financial assets at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,513</u>	<u>96,513</u>	<u>-</u>	<u>(96,513)</u>	<u>(96,513)</u>	<u>-</u>
BALANCE AT DECEMBER 31, 2023	<u>167,877</u>	<u>\$ 1,678,770</u>	<u>\$ 62,661</u>	<u>\$ 1,210,820</u>	<u>\$ 66,015</u>	<u>\$ 512,170</u>	<u>\$ 1,789,005</u>	<u>\$ (57,870)</u>	<u>\$ 89,049</u>	<u>\$ 31,179</u>	<u>\$ 3,561,615</u>

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

# SONIX TECHNOLOGY CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax from continuing operations	\$ 200,103	\$ 701,081
Adjustments for:		
Depreciation expense	42,557	34,912
Amortization expense	19,342	15,451
Expected credit loss reversed on trade receivables	(6)	(18)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,117)	237
Interest income	(9,822)	(8,885)
Dividend income	(6,571)	(29,572)
Share of profit of associates and joint ventures	181,476	234,539
Reversal of write-downs of inventory and loss of obsolete inventory	58,699	6,585
Net loss on foreign currency exchange	3,966	7,018
Changes in operating assets and liabilities		
Trade receivables	(121,874)	286,895
Inventories	309,174	136,252
Other current assets	2,630	2,041
Trade payables	30,389	(226,011)
Other payables	(83,076)	(181,073)
Provisions for employee benefits	5,807	(1,787)
Other current liabilities	(53,621)	(74,077)
Net defined benefit liabilities	(5,214)	(1,172)
Cash generated from operations	572,842	902,416
Interest received	9,876	6,934
Dividends received	6,571	32,858
Income tax paid	(4,284)	(344,850)
Net cash generated from operating activities	<u>585,005</u>	<u>597,358</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	(102,206)	(2,178)
Disposal of financial assets at amortized cost	102,178	17,159
Proceeds from sale of financial assets at fair value through profit or loss	-	120,267
Payments for property, plant and equipment	(43,359)	(38,915)
Increase in refundable deposits	(422)	(121)
Decrease in refundable deposits	2,824	-
Payments for intangible assets	(40,235)	(41,137)
Net cash generated from investing activities	<u>116,421</u>	<u>55,075</u>

(Continued)

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

### **STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)**

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	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from guarantee deposits received	\$ 12,695	\$ 6,391
Refund of guarantee deposits received	(2,211)	(58,067)
Dividends paid to owners of the Company	<u>(419,693)</u>	<u>(1,175,139)</u>
Net cash used in financing activities	<u>(409,209)</u>	<u>(1,226,815)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	292,217	(574,382)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>493,305</u>	<u>1,067,687</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 785,522</u>	<u>\$ 493,305</u>

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

(Concluded)

## **Articles of Incorporation**

### **Chapter 1 General Principles**

- Article 1: The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be Sonix Technology Co., Ltd.
- Article 2: The Company's scope of business is as follows:  
I. Research and development, design and manufacture, trading and distribution, import and export of semiconductors.  
II. Computer programming and development.  
III. Electronic, chemical, mechanical equipment and chemical raw materials trading and import/export business.  
IV. I599990 Other Designing (IC design, testing)  
V. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.  
When the Company invests in other companies with limited liability, the total amount of its investment may exceed 40% of the Company's paid-in capital. In addition, the Company may provide guarantees and endorsements for loans from relevant authorities and financial institutions, as well as financial accommodations with each other for business purposes.
- Article 3: The Company shall have its head office in Hsinchu County, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.
- Article 4: Public announcements of the Company shall be made according to Article 28 of the Company Act.

### **Chapter 2 Shares**

- Article 5: The total capital stock of the Company shall be in the amount of 2.5 billion New Taiwan Dollars, divided into 250 million shares(including 25 million shares of warrants and corporate bonds with warrants), at 10 New Taiwan Dollars each, to be issued in installments. The unissued shares shall be issued by the Board of Directors as necessary.
- Article 6: The Company's stocks are all registered, signed or sealed by the directors representing the Company, and issued after obtaining a certification from a bank permitted by law for issuance and certification of stocks. The shares issued by the Company may be exempted from printing stocks but the shares should be registered with the centralized securities depository institution.
- Article 7: A transfer of shares in the Company shall not be made against the Company unless the name and residence or domicile of the transferee are entered in the shareholder roster of the Company.
- Article 8: The transfer, inheritance, bestowal, pledge, loss, destruction of shares and other stock affairs shall be handled in accordance with the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 9: Changes in the shareholder roster shall cease no later than 60 days prior to the date of the annual shareholders' meeting, no later than 30 days prior to the date of the special shareholders' meeting, or no later than five days prior to the base date on which the Company decides to distribute dividends and bonuses or other benefits.

### Chapter 3 Shareholders' Meeting

- Article 10: There are two types of shareholders' meetings: annual and special. Annual meetings are held once a year and are convened by the Board of Directors in accordance with the laws within six months after the end of the fiscal year. Unless otherwise provided in the Company Act, special shareholders' meetings shall be convened by the Board of Directors when necessary in accordance with the laws.
- Article 11: If a shareholder meeting is convened by the chairperson of the board, the chairperson shall chair the meeting. When the chairperson is on leave or for any reason unable to exercise the powers of office, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholder meeting is convened by someone with the convening right but other than the Board of Directors, the convening person shall chair the meeting and if there are more than two such persons, one of them shall be elected as the chair of the meeting.
- Article 12: When a shareholder is unable to attend the shareholder meeting for some reason, the proxy form issued by the Company shall be provided, specifying the scope of authorization, and a proxy shall be appointed to attend. The use of the proxy form is governed by the rules set by the competent authorities.
- Article 13: The shareholders of the Company shall have one voting right per share, except for those who have no voting rights under Article 179 of the Company Act. The shareholders shall be notified of the convening of the annual shareholders' meeting 30 days prior to the meeting, and the shareholders shall be notified of the date, location and reason for the convening of the special shareholders' meeting 15 days prior to the meeting. But the shareholders holding less than 1,000 shares may be notified by public announcement.
- Article 14: Unless otherwise provided in the Company Act, a resolution at a shareholders' meeting shall be made with the presence of shareholders representing a majority of the total number of outstanding shares, and shall be carried out with the consent of a majority of the attending shareholders.
- Article 15: Resolutions of a shareholder meeting should be recorded in the meeting minutes, which shall be signed or sealed by the chair and distributed to each shareholder within 20 days after the meeting. The distribution of the minutes may be made by public announcement. The minutes shall record the date, month and year of the meeting, the location, the name of the chair and the method of resolution, and shall record the main points of the proceedings and their results. The minutes shall be kept by the Company together with the signature book of the attending shareholders and the proxy form for attendance.



#### **Chapter 4 Directors and Audit Committee**

- Article 16: The Company shall have seven to nine directors, who shall serve for a term of three years and shall be eligible for re-election. The total number of shares held by all directors of the Company shall be in accordance with the Company Act and the regulations of the relevant competent authorities. In accordance with the Securities and Exchange Act, the number of independent directors shall not be less than three and shall not be less than one-fifth of the number of directorships.
- The Company adopts a candidate nomination system for the election of directors, and the nomination of candidates is addressed in accordance with Article 192-1 of the Company Act. The professional qualifications, shareholdings, restrictions on concurrent positions, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant provisions of the Company Act and the Securities and Exchange Act.
- Independent directors and non-independent directors should be elected together, but their respective elected numbers shall be calculated separately.
- Article 16-1: The company establishing an audit committee are adopted pursuant to Article 14-4, of the Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors. one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise.
- Article 16-2: The composition, authority, rules of procedure and other matters to be followed by the Audit Committee of the Company shall be in accordance with the relevant regulations of the competent securities authorities.
- Article 17: If the number of director vacancies reaches one-third or all independent directors are dismissed, the Board of Directors shall convene a special shareholders' meeting within 60 days to hold a by-election, and the term of office shall be limited to the original term of office.
- Article 18: When the term of office of directors expires before re-election, their authorities and duties shall be extended until the re-elected directors take office. However, the competent authority may order the Company to re-elect within a time limit, and if the re-election does not take place by the end of the time limit, the directors shall be dismissed from office by the end of the time limit.
- Article 19: The directors shall organize board meetings, and a chairperson shall be elected by the presence of at least two-thirds of the directors and the consent of a majority of the directors present, to carry out all business of the Company in accordance with the laws, the Articles of Incorporation, and the resolutions of the shareholders' meeting and the Board of Directors. The boarding meetings shall be convened with seven days' notice of the reason to all directors But the board meetings may be convened at any time in case of emergency. Notice for the convening of the board meetings can be made in writing, email or fax.
- Article 20: The Board of Directors shall resolve the Company's business principles and other important matters. Except for the first meeting of each term of the Board of Directors, which is convened in accordance with Article 203 of the Company Act, the board meetings shall be convened by the chairperson of the board. If the chairperson of the board is absent from office or is unable to exercise his or her duties for any reason, the chairperson of the board shall designate one of the directors to act on his or her behalf, If no appointment is made, the director shall elect a person to act on his behalf.

- Article 21: Unless otherwise provided in the Company Act, a board meeting shall be attended by a majority of the directors, and a resolution shall be made with the consent of a majority of the directors present. If a director is unable to attend a meeting for any reason, he or she may issue a proxy form, listing the scope of authorization according to the convening matters meeting, and appoint another director to attend the meeting on his or her behalf, but only if one person is appointed by one person. However, one person cannot be entrusted by more than one person.
- Article 21-1: If the Board of Directors meets by video conference, its directors who participate in the meeting by video shall be deemed to be present in person.
- Article 22: The minutes of the Board of Directors' meetings shall be prepared, and signed and sealed by the chairperson, and distributed to each director within 20 days after the meeting. The minutes shall contain the year, month, day, location, name of the chair, method of resolution, and the main points and results of the proceedings. The minutes shall be kept by the Company together with the signature book of the attending directors and the proxy form for attendance.
- Article 23: -delete-
- Article 24: The Company's directors shall be compensated for the performance of their duties, regardless of the Company's operating profit or loss, as determined by the Board of Directors in accordance with their participation in and contribution to the Company's operations and with reference to industry standards.
- Article 24-1: The Company may purchase liability insurance for directors during their term of office in respect of their legal liability to perform the scope of their business.

#### **Chapter 5 Managerial officers and employees**

- Article 25: The Company has a general manager and several deputy general managers, whose appointment, dismissal and remuneration are governed by Article 29 of the Company Act.
- Article 26: The Company may employ consultants and key staff by resolution of the Board of Directors.

#### **Chapter 6 Annual final accounting**

- Article 27: At the end of the fiscal year, the Board of Directors shall prepare the following reports and submit them to the annual shareholders' meeting for adoption in accordance with the law: (1) business report (2) financial statements (3) earnings distribution proposal or loss make-up proposal.
- Article 28: When the Company has an amount of profit (the term "an amount of profit" means pre-tax benefits deducted the benefits before employees' and directors' remuneration), shall allocate not less than 10% as employees' remuneration, not more than 5% as directors' remuneration. However, the company's accumulated losses (including adjusted unappropriated earnings) shall have been covered.
- The aforementioned employee remuneration may be in the form of stock or cash and may be paid to employees of the controlling company or subordinate companies who meet the conditions set by the Board of Directors. The aforementioned director remuneration can only be in the form of cash.
- The previous two shall be resolved by the Board of Directors and reported to the shareholders' meeting.
- Prior to the establishment of the Audit Committee of the Company, the supervisor remuneration was based on the distribution of director remuneration of the first three paragraphs of this Article.

Article 28-1: If there is any net profits after tax (including the amount of adjustment of unappropriated earnings) for the current period as indicated in the Company's annual final accounts, the Company shall first make up for the accumulated losses and set aside 10% as legal reserve in accordance with the laws; however, this shall not apply if the accumulated legal reserve has reached the Company's paid-in capital. Then, special reserve is provided or reversed in accordance with the law or the regulations of the competent authority. The Board of Directors shall prepare a proposal for the distribution of the annual earnings, including the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

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

#### **Chapter 7 Supplementary provisions**

Article 29: In regard to all matters not provided in these Articles of Incorporation, the “Company Act” of the Republic of China or other related regulations shall govern.

Article 30: The Articles were established on July 1, 1996.  
The 1st amendment was made on July 23, 1997.  
The 2nd amendment was made on September 21, 1998.  
The 3rd amendment was made on April 10, 1999.  
The 4th amendment was made on December 4, 1999.  
The 5th amendment was made on June 15, 2000.  
The 6th amendment was made on April 30, 2001.  
The 7th amendment was made on May 29, 2002.  
The 8th amendment was made on June 18, 2003.  
The 9th amendment was made on June 18, 2004.  
The 10th amendment was made on June 14, 2005.  
The 11th amendment was made on June 15, 2006.  
The 12th amendment was made on June 15, 2007.  
The 13th amendment was made on June 19, 2008.  
The 14th amendment was made on June 16, 2009.  
The 15th amendment was made on June 15, 2010.  
The 16th amendment was made on June 18, 2012.  
The 17th amendment was made on June 21, 2016.  
The 18th amendment was made on June 22, 2017.  
The 19th amendment was made on June 16, 2020.  
The 20th amendment was made on July 16, 2021.

## **Rules & Procedures of Shareholders Meeting**

- Article 1: Unless otherwise provided by the laws or the Articles of Incorporation, the Rules of Procedure for the Company's shareholders' meetings shall be governed by the provisions of these Rules. Shareholders as referred to in these Rules shall mean the shareholders themselves and the proxies appointed by the shareholders to attend the meetings.
- Article 2: Attendance at shareholders' meetings shall be calculated on the basis of shares. The number of shares in attendance is calculated based on the number of shares in the signature book or the attendance card, plus the number of shares for which the voting rights are exercised electronically. The Company may appoint lawyers, CPA, or related personnel to attend the shareholder meeting. The personnel administering the shareholder meeting should wear identification cards or armbands.
- Article 3: If a shareholder meeting is convened by the Board of Directors, the chairperson of the board shall chair the meeting. When the chairperson is on leave or for any reason unable to exercise the powers of office, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.
- If a shareholder meeting is convened by someone with the convening right but other than the Board of Directors, the convening person shall chair the meeting and if there are more than two such persons, one of them shall be elected as the chair of the meeting.
- Article 4: The chair should call the meeting to order at the scheduled meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement. No more than two such postponements, for a combined total of no more than one hour, may be made. When there are still insufficient attending shareholders representing more than one-third of the total issued shares after two postponements, the chair shall announce the meeting to be aborted.
- When there are still insufficient attending shareholders representing more than one-third of the total issued shares after two postponements, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and all shareholders shall be notified of the tentative resolution and another shareholder meeting shall be convened within one month.
- Before the conclusion of the meeting, if the attending shareholders represent a majority of the total number of issued shares, the chair may submit a tentative resolution for voting by the shareholder meeting in accordance with Article 174 of the Company Act.

- Article 5: If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting should proceed in the order set by the agenda, which may not be changed without a resolution of the shareholder meeting.
- If a shareholder meeting is convened by someone with the convening right but other than the Board of Directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.
- The chair must not declare the meeting adjourned before conclusion of the meeting agenda of the preceding two paragraphs proceeding (including extraordinary motions), except by a resolution of the shareholder meeting. After the meeting is adjourned by resolution, the shareholders shall not elect another chair for the meeting to be held at the same place or another venue.
- Article 6: Before speaking, an attending shareholder must specify the subject of the speech on a speaker slip, his or her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. An attending shareholder who has submitted a speaker slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker slip, the spoken content shall prevail.
- Article 7: Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the topic, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders must not speak or interrupt unless they have sought and obtained the consent of the chair and the speaking shareholder; the chair should stop any violation. If the chair's request to stop is not accepted, the provisions of Article 17 will apply.
- Article 8: If a corporation is entrusted to attend a shareholders' meeting, it may appoint a representative to attend. When a corporate shareholder appoints two or more representatives to attend a shareholder meeting, only one person may speak on the same proposal.
- Article 9: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to voting, the chair may announce the discussion closed, call for voting.
- Article 10: No discussion or voting will be made unless it is a proposal. Monitoring and counting personnel for voting on a proposal shall be appointed by the chair, but all monitoring personnel should be shareholders.
- Article 11: Unless otherwise required by the Company Act or the Articles of Incorporation of the Company, resolutions in a shareholder meeting should be made with the consent of a majority of the voting rights of the shareholders present. If no objection is raised as the chair consulting all shareholders present, the proposal shall be deemed to be passed and shall have

the same effect as a voting. When there is an amendment or an alternative to a proposal, the chair shall decide the order in which they will be put to voting. When any one among them is approved, the other proposals will then be deemed rejected, and no further voting shall be required. The results of the voting shall be reported on the spot and recorded.

- Article 12: A shareholder shall have one voting right per share, except when the shares are restricted shares or have no voting rights under Article 179 of the Company Act. Where shareholders appoint a proxy to attend a shareholder meeting, except for a trust enterprise or a stock affairs agency approved by the competent securities authority when one person is concurrently appointed as proxy by two or more shareholders, the voting rights of that proxy must not exceed 3% of the voting rights of the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation. in excess of that shall not be counted.
- Article 13: Voting at shareholders' meetings shall be calculated on the basis of shares.  
The number of non-voting shares is not included in the total number of issued shares when the resolution is made at the shareholders' meeting.  
A shareholder may not vote at a meeting if he or she has an interest in the matter that would be detrimental to the Company's interests, and may not exercise his or her voting rights on behalf of another shareholder.  
The number of shares on which voting rights cannot be exercised is not included in the number of voting rights of shareholders present.
- Article 14: During the meeting, the chair may announce a break at his or her discretion.
- Article 15: In the event of an air raid alert, the meeting will be stopped or suspended and the attendees will be evacuated. The meeting will be resumed after the alert has been lifted for one hour.
- Article 16: The chair may direct proctors or security personnel to help maintain order in the meeting place. Proctors or security officers, when helping maintain order at the scene, should wear armbands or identification cards with the word "Proctor."
- Article 17: Shareholders shall obey the directions of the chair, the proctors (or security officers) regarding the maintenance of order, and the chairman or the proctors (or security officers) may ask any person to leave who disrupts the shareholders' meeting.
- Article 18: All matters not provided for in the Procedure shall be governed by the Company Act, the Company's Articles of Incorporation and relevant laws and regulations.
- Article 19: The Procedure shall come into effect upon the approval of the shareholders' meeting and the same applies to amendments.
- Article 20: The Articles were established on April 10, 1999.  
The 1st amendment was made on May 29, 2002.  
The 2nd amendment was made on June 18, 2012.  
The 3rd amendment was made on June 22, 2017.

## **Procedures for Election of Directors**

- Article 1: The election of directors of the Company shall be conducted in accordance with the provisions of the Procedure.
- Article 2: The Company's directors are elected by the single cumulative registered voting system and each share shall have the same number of voting rights as the number of directors to be elected, which may be cast collectively for a single candidate or split among several candidates.
- Article 3: The election of directors of the Company shall be conducted in accordance with the procedures for the nomination of candidates stipulated in Article 192-1 of the Company Law.  
The number of directors will be as specified in the Company's Article of incorporation, with voting rights separately calculated for independent and non-independent directors. Those receiving the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of directors, they shall draw lots to determine, with the chair drawing lots for those not in attendance.
- Article 4: The Board of Directors should prepare election ballots corresponding to the number of directors to be elected, specify the number of voting rights on the ballots and distribute the ballots to the shareholders attending the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of candidates.
- Article 5: Before the election begins, the chair should appoint a number of persons with shareholder status as vote monitoring and counting personnel to perform the respective duties. The vote monitors shall have the identity of a shareholder.
- Article 6: The ballot boxes are prepared by the Board of Directors and are open for inspection by the vote monitors before the voting.
- Article 7: A ballot is invalid if one of the following is true :
- (i) Do not use ballots prepared by the Person with the right to convene.
  - (ii) The candidates filled in are inconsistent with the list of director candidates after verification.
  - (iii) In addition to filling in the name (name) of the electee, write other words.
  - (iv) Put blank ballots into the ballot box.
  - (v) The handwriting is blurred and unrecognizable or has been altered.
  - (vi) Fill in at the same time two or more electees.
- Article 8: The chair will announce the names of the elected directors on the spot after the voting.

- Article 9: The Board of Directors of the company shall issue a notice of election to the elected directors.
- Article 10: All matters not provided for in the Procedure shall be governed by the Company Act, the Company's Article of Incorporation and relevant laws and regulations.
- Article 11: The Procedure shall come into effect upon the approval of the shareholders' meeting and the same applies to amendments.
- Article 12: The Procedure was established on April 10, 1999.  
The 1st amendment was made on May 29, 2002.  
The 2nd amendment was made on June 19, 2008.  
The 3rd amendment was made on July 16, 2021.



## Sonix Technology Co., Ltd.

Appendix 4

### Shareholdings of all Directors

- 1.The number of shares of common stock issued by the company: 167,877,062 shares.
- 2.The minimum number of shares held by all Directors of the company: 10,072,623 shares.

Date: April 20, 2024

Title	Name	Shares	Shareholding (%)
Chairman	James Pao	4,549,318	2.71%
Director	Samuel Chen	7,270,261	4.33%
Director	Chan Yee Hsiung	3,325,219	1.98%
Director	Daniel Pan	2,220,515	1.32%
Director	Chris Ko	578,602	0.34%
Director	Ching Hui Kuo	360,907	0.22%
Independent Director	Kao Chung Tsai	0	0%
Independent Director	Chih cheng Chou	0	0%
Independent Director	Mao Tien Shen	0	0%
Total shareholding of all Directors		18,304,822	10.90%