

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

Sonix Technology Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023**

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Sonix Technology Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some insignificant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these insignificant subsidiaries were respectively NT\$ 243,348 thousand and NT\$224,065 thousand, representing 5.84% and 5.42%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were respectively NT\$6,996 thousand and NT\$6,866 thousand, representing 1.34% and 1.52%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2024 and 2023, the combined comprehensive income and loss of these subsidiaries respectively amounted to NT\$2,636 thousand and NT\$(2,831) thousand, representing 3.22% and (3.70%), respectively, of the consolidated total comprehensive income. In addition, as stated in Note 12 to the consolidated financial statements, the investments accounted for using equity-method as of March 31, 2024 and 2023, with carrying values of NT\$4,184 thousand and NT\$5,176 thousand, respectively, and the related shares of the comprehensive income of these investees amounting to NT\$(23) thousand, and NT\$(33) thousand, for the three months ended March 31, 2024 and 2023, respectively. These amounts referring to the investments accounted for using equity-method were based on unreviewed financial statements of associates. Related investments information on insignificant subsidiaries and investees stated above shown in Note 26 to the consolidated financial statements was also unreviewed.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash

flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

MAY 7, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

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

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents(Note 6)	\$ 1,259,875	30	\$ 1,058,821	26	\$ 801,366	19
Financial assets at fair value through profit or loss - current	60,580	1	58,765	1	56,300	1
Financial assets at amortized cost - current(Notes 8 and 24)	404,568	10	541,312	13	472,083	12
Trade receivables from unrelated parties(Notes 9 and 22)	263,844	6	310,768	8	281,115	7
Inventories(Note 10)	786,378	19	768,771	19	1,128,189	27
Other current assets	112,926	3	86,079	2	59,044	2
Total current assets	2,888,171	69	2,824,516	69	2,798,097	68
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current(Note 7)	290,736	7	298,472	7	345,693	8
Investments accounted for using equity method(Note 12)	4,184	-	4,207	-	5,176	-
Property, plant and equipment(Notes 13 and 24)	687,744	17	682,680	17	702,783	17
Investment properties(Note 14)	117,779	3	118,186	3	120,300	3
Intangible assets(Note 15)	138,781	3	135,955	3	114,973	3
Deferred tax assets(Note 4)	33,585	1	41,037	1	42,095	1
Refundable deposits	2,782	-	2,713	-	2,301	-
Other non-current assets	-	-	-	-	27	-
Total non-current assets	1,275,591	31	1,283,250	31	1,333,348	32
TOTAL	\$ 4,163,762	100	\$ 4,107,766	100	\$ 4,131,445	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables to unrelated parties	\$ 172,367	4	\$ 171,938	4	\$ 110,277	3
Other payables(Note 16)	127,408	3	157,266	4	172,202	4
Current tax liabilities	79,644	2	71,892	2	17,921	-
Other current liabilities	12,136	-	11,187	-	7,552	-
Total current liabilities	391,555	9	412,283	10	307,952	7
NON-CURRENT LIABILITIES						
Provisions - non-current	25,820	1	24,777	1	19,778	1
Deferred tax liabilities(Note 4)	3,002	-	11,890	-	36,090	1
Net defined benefit liabilities - non-current(Notes 4 and 17)	8,558	-	8,847	-	9,920	-
Guarantee deposits	91,379	2	88,354	2	79,459	2
Total non-current liabilities	128,759	3	133,868	3	145,247	4
Total liabilities	520,314	12	546,151	13	453,199	11
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY(Notes 7 and 18)						
Share capital						
Ordinary shares	1,678,770	40	1,678,770	41	1,678,770	41
Capital surplus	62,661	2	62,661	1	62,661	1
Retained earnings						
Legal reserve	1,210,820	29	1,210,820	30	1,152,339	28
Special reserve	66,015	2	66,015	2	228	-
Unappropriated earnings	559,636	13	512,170	12	782,489	19
Total retained earnings	1,836,471	44	1,789,005	44	1,935,056	47
Other equity	65,546	2	31,179	1	1,759	-
Total equity	3,643,448	88	3,561,615	87	3,678,246	89
TOTAL	\$ 4,163,762	100	\$ 4,107,766	100	\$ 4,131,445	100

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales(Note 23)	\$ 612,028	100	\$ 538,446	100
OPERATING COSTS				
Cost of goods sold(Notes 10 and 19)	<u>351,908</u>	<u>57</u>	<u>323,768</u>	<u>60</u>
GROSS PROFIT	<u>260,120</u>	<u>43</u>	<u>214,678</u>	<u>40</u>
OPERATING EXPENSES(Notes 9, 19 and 23)				
Sales and marketing expenses	15,943	3	14,422	3
General and administrative expenses	38,917	6	38,764	7
Research and development expenses	180,487	30	156,709	29
expected credit gain	(2)	-	-	-
Total operating expenses	<u>235,345</u>	<u>39</u>	<u>209,895</u>	<u>39</u>
PROFIT FROM OPERATIONS	<u>24,775</u>	<u>4</u>	<u>4,783</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income(Note 19)	3,398	-	3,487	1
Other gains and losses(Notes 19 and 25)	23,589	4	393	-
Share of profit or loss of associates (Note 12)	(23)	-	(33)	-
Interest revenue(Note 19)	<u>7,386</u>	<u>1</u>	<u>2,834</u>	<u>-</u>
Total non-operating income and expenses	<u>34,350</u>	<u>5</u>	<u>6,681</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	59,125	9	11,464	2
INCOME TAX EXPENSE(Notes 4 and 20)	<u>11,659</u>	<u>2</u>	<u>2,496</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>47,466</u>	<u>7</u>	<u>8,968</u>	<u>2</u>

(Continued)

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	(\$ 7,736)	(1)	\$ 61,772	11
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>42,103</u>	<u>7</u>	<u>5,774</u>	<u>1</u>
Total other comprehensive income and loss	<u>34,367</u>	<u>6</u>	<u>67,546</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 81,833</u>	<u>13</u>	<u>\$ 76,514</u>	<u>14</u>
EARNINGS PER SHARE(Note 21)				
Basic	<u>\$ 0.28</u>		<u>\$ 0.05</u>	
Diluted	<u>\$ 0.28</u>		<u>\$ 0.05</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 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Ordinary Shares	Capital Surplus Ordinary Shares Issued At Premium	Retained Earnings(Note 18)				Foreign Operations	Other Equity(Note 18)		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Exchange Differences on Translating	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities	
BALANCE AT JANUARY 1, 2023	\$ 1,678,770	\$ 62,661	\$1,152,339	\$ 228	\$ 773,521	\$ 1,926,088	\$ (40,092)	\$ (25,695)	\$ (65,787)	\$ 3,601,732
Net profit for the three months ended March 31, 2023	-	-	-	-	8,968	8,968	-	-	-	8,968
Other comprehensive income for the three months ended March 31, 2023 net of income tax	-	-	-	-	-	-	5,774	61,772	67,546	67,546
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	8,968	8,968	5,774	61,772	67,546	76,514
BALANCE AT MARCH 31, 2023	\$ 1,678,770	\$ 62,661	\$1,152,339	\$ 228	\$ 782,489	\$ 1,935,056	\$ (34,318)	\$ 36,077	\$ 1,759	\$ 3,678,246
BALANCE AT JANUARY 1, 2024	\$ 1,678,770	\$ 62,661	\$1,210,820	\$ 66,015	\$ 512,170	\$ 1,789,005	\$ (57,870)	\$ 89,049	\$ 31,179	\$ 3,561,615
Net profit for the three months ended March 31, 2024	-	-	-	-	47,466	47,466	-	-	-	47,466
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	42,103	(7,736)	34,367	34,367
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	47,466	47,466	42,103	(7,736)	34,367	81,833
BALANCE AT MARCH 31, 2024	\$ 1,678,770	\$ 62,661	\$ 1,210,820	\$ 66,015	\$ 559,636	\$ 1,836,471	\$ (15,767)	\$ 81,313	\$ 65,546	\$ 3,643,448

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 59,125	\$ 11,464
Adjustments for:		
Depreciation expenses	19,552	17,717
Amortization expenses	5,476	4,504
Gain on reversal of expected credit loss	(2)	-
Net loss on fair value changes of financial assets at fair value through profit or loss	(1,815)	(547)
Interest income	(7,386)	(2,834)
Share of (profit) loss of associates accounted for using equity method	23	33
Disposal of losses to property, plant and equipment	83	-
Price reduction of inventories	(1,753)	(1,502)
Net gain on foreign currency exchange	992	(690)
Changes in operating assets and liabilities		
Trade and notes receivables	49,260	(40,325)
Inventories	(16,237)	95,340
Other current assets	(25,261)	12,986
Trade payables	(1,038)	(25,408)
Other payables	(30,082)	(71,407)
Provisions for employee benefits	1,043	808
Other current liabilities	873	(6,361)
Net defined benefit liability	(289)	(4,409)
Cash generated from operations	52,564	(10,631)
Interest received	6,016	1,658
Income tax paid	(5,305)	(3,182)
Net cash generated from operating activities	<u>53,275</u>	<u>(12,155)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(850)	(31,752)
Disposal of financial assets at amortized cost	148,652	32,112
Payments for property, plant and equipment	(10,791)	(9,432)
Decrease in refundable deposits	-	2,824
Payments for intangible assets	(8,262)	(3,887)
Decrease in other assets	-	10
Net cash generated from investing activities	<u>128,749</u>	<u>(10,125)</u>

(Continued)

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	63	353
Refunds of guarantee deposits received	<u>(656)</u>	<u>(2,769)</u>
Net cash used in financing activities	<u>(593)</u>	<u>(2,416)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>19,623</u>	<u>3,575</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	201,054	(21,121)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,058,821</u>	<u>822,487</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,259,875</u>	<u>\$ 801,366</u>

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

(Concluded)

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 7, 2024.

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

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

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the

financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

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

d. Other significant accounting policies

Except for the following, for the summary of significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

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

3) Other long-term employee benefits

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

4) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	<u>March 31, 2024</u>	<u>December31, 2023</u>	<u>March 31, 2023</u>
Cash on hand	\$ 193	\$ 254	\$ 266
Checking accounts and demand deposits	920,627	829,203	688,143
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	172,465	71,559	50,100
Repurchase bonds			
	<u>166,590</u>	<u>157,805</u>	<u>62,857</u>
	<u>\$ 1,259,875</u>	<u>\$ 1,058,821</u>	<u>\$ 801,366</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>March 31, 2024</u>	<u>December31, 2023</u>	<u>March 31, 2023</u>
<u>Non-current</u>			
Domestic investments			
Listed shares			
Ordinary shares-Champion Microelectronic Corp.	\$ 290,702	\$ 298,438	\$ 345,659
Unlisted shares			
Ordinary share-Ours Technology Inc.	<u>34</u>	<u>34</u>	<u>34</u>
	<u>\$ 290,736</u>	<u>\$ 298,472</u>	<u>\$ 345,693</u>

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

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

8. FINANCIAL ASSETS AT AMORTIZED COST-CURRENT

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Current</u>			
Domestic investment			
Time deposits with original maturity of more than 3 months	\$ 146,612	\$ 246,606	\$ 246,583
Foreign investment			
Time deposits with original maturity of more than 3 months	<u>257,956</u>	<u>294,706</u>	<u>225,500</u>
	<u>\$ 404,568</u>	<u>\$ 541,312</u>	<u>\$ 472,083</u>

- a. As of March 31, 2024, December 31, 2023 and March 31, 2023, the interest rates for time deposits with original maturity of more than 3 months were 1.29% to 5.6%, 1.29% to 5.6% and 0.8% to 4% per annum, respectively.
- b. Refer to Note 24 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES AND ACCOUNTS RECEIVABLE

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	267,596	314,522	284,875
Less: Allowance for loss	(3,752)	(3,754)	(3,760)
	<u>263,844</u>	<u>310,768</u>	<u>281,115</u>

Accounts receivable

The average credit period of sales of goods was 60 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that have good credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

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

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

The following table details the loss allowance of trade receivables.

March 31, 2024

	<u>Less than 60</u> <u>days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>More than</u> <u>180 days</u>	<u>Total</u>
Expected credit loss rate	0.12%	100%	0%	100%	
Total carrying amount	\$ 264,159	\$ 6	\$ -	\$ 3,431	\$ 267,596
Allowance for loss	(315)	(6)	-	(3,431)	(3,752)
Amortized cost	<u>\$ 263,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,844</u>

December 31, 2023

	<u>Less than 60</u> <u>days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>More than</u> <u>180 days</u>	<u>Total</u>
Expected credit loss rate	0.11 %	0%	0%	100%	
Total carrying amount	\$ 311,107	\$ -	\$ -	\$ 3,415	\$ 314,522
Allowance for loss	(339)	-	-	(3,415)	(3,754)
Amortized cost	<u>\$ 310,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,768</u>

March 31, 2023

	<u>Less than 60</u> <u>days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>More than</u> <u>180 days</u>	<u>Total</u>
Expected credit loss rate	0.12%	0%	0%	100%	
Total carrying amount	\$ 281,458	\$ -	\$ -	\$ 3,417	\$ 284,875
Allowance for loss	(343)	-	-	(3,417)	(3,760)
Amortized cost	<u>\$ 281,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,115</u>

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

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 3,754	\$ 3,760
Less: Net remeasurement of loss allowance	(2)	-
Balance at March 31	<u>\$ 3,752</u>	<u>\$ 3,760</u>

10. INVENTORIES

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Finished and purchased goods	\$ 1,189	\$ -	\$ 735
Finished goods	152,382	154,626	273,788
Work in process	536,175	506,757	703,336
Raw materials	<u>96,632</u>	<u>107,388</u>	<u>150,330</u>
	<u>\$ 786,378</u>	<u>\$ 768,771</u>	<u>\$ 1,128,189</u>

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

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
Cost of inventories sold	\$ 353,661	\$ 325,270
Inventory write-downs	(2,941)	(1,502)
Inventory obsolescence losses	<u>1,188</u>	<u>-</u>
	<u>\$ 351,908</u>	<u>\$ 323,768</u>

As a result of the net realizable value rebounding, the benefit of inventory write-down was reversed.

11. SUBSIDIARIES

Subsidiaries included in consolidated financial statements

Entities covered by the consolidated financial statements are as follows:

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership</u>			<u>Remark</u>
			<u>March</u> <u>31,</u> <u>2024</u>	<u>December</u> <u>31</u> <u>2023</u>	<u>March</u> <u>31,</u> <u>2023</u>	
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	Investment activities	100.00	100.00	100.00	note
	Sonix Technology Ltd.	Investment activities	100.00	100.00	100.00	note
	Sonix Technology K.K.	Design, development, after-sales service, wholesale of semiconductor products and parts and related software and commission agency services	100.00	100.00	100.00	note
Sonix Technology Ltd.	Sonix Holding	Investment activities	100.00	100.00	100.00	note
Sonix Holding	Sonix Technology (Chengdu) Co., Ltd.	Computer system integration and technical consultation services	100.00	100.00	100.00	note
	Sonix Technology (Shenzhen) Co., Ltd	Computer system integration and technical consultation services	100.00	100.00	100.00	note

Note: Except for Sonix Technology (Shenzhen) Co., Ltd., Sonix Technology Ltd. and Sonix Holding, for the three months ended March 31, 2024 and 2023 were important subsidiaries, financial statements have been reviewed, The rest are non-significant subsidiaries, and their financial statements for the period from January 1 to March 31, 2024 and 2023, have not been reviewed.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Associate that is not individually material</u>			
Unlisted shares			
Paradigm Venture Capital Corporation.	\$ 4,184	\$ 4,207	\$ 5,176

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

13. PROPERTY, PLANT AND EQUIPMENT

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Own Land	\$ 110,984	\$ 110,984	\$ 110,984
Buildings	507,798	502,671	532,393
Office equipment	44,729	48,878	43,019
Other Equipment	24,233	20,147	16,387
	<u>\$ 687,744</u>	<u>\$ 682,680</u>	<u>\$ 702,783</u>

Except for the recognition of depreciation expenses, the property, plant and equipment real estate of the Group did not undergo any major additions, disposals or impairments from January 1 to March 31, 2024 and 2023.

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

Buildings	
Main building	20 and 50 years
Renovation equipment	2 and 20 years
Office equipment	2 to 5 years
Other Equipment	2 to 5 years

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

14. INVESTMENT PROPERTY

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	\$ 77,732	\$ 77,732	\$ 77,732
Buildings	40,047	40,454	42,568
	<u>\$ 117,779</u>	<u>\$ 118,186</u>	<u>\$ 120,300</u>

The maturity analysis of lease payments receivable under operating leases of investment properties as of March 31, 2024 and 2023 was as follows:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
1 st year	\$ 11,540	\$ 5,503
2 nd year	10,592	2,777
3 rd year	2,449	2,206
	<u>\$ 24,581</u>	<u>\$ 10,486</u>

Except for the recognition of depreciation expenses, the investment property real estate of the Group did not undergo any major additions, disposals or impairments from January 1 to March 31, 2024 and 2023. The investment properties are depreciated using the straight-line method over 20 and 50 years.

The determination of fair value was performed by independent qualified professional valuers, and the fair value was measured by using Level 3 inputs on December 31, 2023. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

15. INTANGIBLE ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Computer software	\$ 7,483	\$ 8,136	\$ 11,106
Patents	<u>131,298</u>	<u>127,819</u>	<u>103,867</u>
	<u>\$ 138,781</u>	<u>\$ 135,955</u>	<u>\$ 114,973</u>

Except for the recognition of amortized expenses, the Intangible assets of the group did not undergo any major additions, disposals or impairments from January 1 to March 31, 2024 and 2023. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1 to 10 years
Patents	1 to 10 years

16. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Payable for salaries or bonuses	\$ 101,297	\$ 122,190	\$ 148,705
Payable for benefit expenses	5,289	5,300	3,312
Payable for insurance	2,880	2,925	2,856
Payable for professional service fees	1,728	1,901	1,558
Payable for equipment	-	4,725	-
Others	<u>16,214</u>	<u>20,225</u>	<u>15,771</u>
	<u>\$ 127,408</u>	<u>\$ 157,266</u>	<u>\$ 172,202</u>

17. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the company's defined benefit retirement plans were calculated using the projected pension cost stated in 2023 and 2021 actuarial reports, and the amounts are the NT\$60 thousand and NT\$82 thousand respectively for the three months ended March 31, 2024 and 2023.

18. EQUITY

a. Share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Shares authorized (in thousands of shares)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Capital authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>167,877</u>	<u>167,877</u>	<u>167,877</u>
Capital issued	<u>\$ 1,678,770</u>	<u>\$ 1,678,770</u>	<u>\$ 1,678,770</u>

b. Capital surplus

There was no change in the balance of each category of capital surplus in March 31, 2024 and 2023. Any capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

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

The Company distributes share dividends and cash dividends after taking into account its future business needs and long-term financial plan and provided that the ratio for share dividend shall not exceed 50% of the total distribution. The distribution of profits may also be made by way of share or cash dividends. The appropriation for cash dividend should not be less than 10% of the annual dividends distributed. Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriations of earnings for 2023 and 2022 had been approved in the meetings of the Board of Directors and shareholders of Sonix held on May 7, 2024 and June 16, 2023, respectively. The appropriations and dividends per share were as follows:

	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 28,261	\$ 58,481
Special reserve	(\$ 65,787)	\$ 65,787
Cash dividends	\$ 201,452	\$ 419,693
Cash dividends per share (NT\$)	\$ 1.2	\$ 2.5

The above-mentioned 2023 surplus distribution plan includes the reversal of the reduction in the company's shareholders' equity in 2022, so the special surplus reserve of NT\$65,787 thousand aside in previous years was transferred back to undistributed surplus for distribution.

The appropriations of earnings for 2023 are to be resolved in the meeting of the shareholders of Sonix which is expected to be held on June 19, 2024.

19. NET PROFIT

a. Other income

	For the Three Months Ended	
	March 31	
	<u>2024</u>	<u>2023</u>
Rental income		
Investment properties	\$ 2,358	\$ 2,045
Others	<u>1,040</u>	<u>1,442</u>
	<u>\$ 3,398</u>	<u>\$ 3,487</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
Fair value changes of financial assets		
Financial assets designated as at FVTPL	\$ 1,815	\$ 547
Net foreign exchange gains	22,373	1,249
Disposal of losses to property, plant and equipment	(83)	-
Others	(516)	(1,403)
	<u>\$ 23,589</u>	<u>\$ 393</u>

c. Interest revenue

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
Bank deposits	\$ 5,222	\$ 2,089
Financial assets at amortized cost	2,164	745
Total	<u>\$ 7,386</u>	<u>\$ 2,834</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
Property, plant and equipment	\$ 18,895	\$ 17,058
Investment properties	657	659
Intangible assets	5,476	4,504
Total	<u>\$ 25,028</u>	<u>\$ 22,221</u>
An analysis of depreciation by function		
Operating costs	\$ 1,974	\$ 1,536
Operating expenses	16,921	15,522
Non-operating income and expenses (Note)	657	659
	<u>\$ 19,552</u>	<u>\$ 17,717</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 5,476</u>	<u>\$ 4,504</u>

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

e. Depreciation expenses directly related to investment properties

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
Generated rental income	\$ 586	\$ 515
Ingenerated rental income	71	144
	<u>\$ 657</u>	<u>\$ 659</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Post-employment benefits(Note 17)		
Defined contribution plans	\$ 8,514	\$ 8,477
Defined benefit plans	<u>60</u>	<u>82</u>
	8,574	8,559
Other employee benefits	<u>156,448</u>	<u>145,161</u>
Total employee benefits expense	<u>\$ 165,022</u>	<u>\$ 153,720</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 165,022</u>	<u>\$ 153,720</u>

g. Employees' compensation and the remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended March 31, 2024 and 2023, the estimated employees' compensation and the remuneration of directors, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	13.92%	13.80%
Remuneration of directors	1.21%	1.20%

Amount

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	<u>\$ 9,694</u>	<u>\$ 1,832</u>
Remuneration of directors	<u>\$ 843</u>	<u>\$ 159</u>

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

The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 that were resolved by the board of directors on February 27, 2024 and February 24, 2023, respectively, areas shown below:

	2023		2022	
	<u>Cash</u>	<u>Stock</u>	<u>Cash</u>	<u>Stock</u>
Employees' compensation	\$ 37,360	\$ -	\$ 118,420	\$ -
Remuneration of directors	3,900	-	10,000	-

There is no difference between the actual amounts of the employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2023 and 2022.

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2024	2023
foreign currency exchange gain	\$ 22,373	\$ 3,620
foreign currency exchange loss	-	(2,371)
Net gain or loss	<u>\$ 22,373</u>	<u>\$ 1,249</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2024	2023
Current Income tax		
In respect of the current period	<u>\$ 12,836</u>	<u>\$ 5,601</u>
Deferred income tax		
In respect of the current period	(1,401)	(3,297)
Offshore income tax expense	<u>224</u>	<u>192</u>
	(1,177)	(3,105)
Income tax expense recognized in profit or loss	<u>\$ 11,659</u>	<u>\$ 2,496</u>

b. The state of income tax assessment

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

	<u>As of the year of assessment</u>
The Company	2022
Jian Mou Investment Corporation.	2022
Sonix Technology (Chengdu) Co., Ltd.	2022
Sonix Technology (Shenzhen) Co., Ltd.	2022

21. EARNINGS PER SHARE

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

Net profits for the period

	For the Three Months Ended March 31	
	2024	2023
Profit for the period attributable to owners of the Company	<u>\$ 47,466</u>	<u>\$ 8,968</u>

The weighted average number of ordinary shares outstanding (in thousands of shares is as follows):

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares in computation of basic earnings per share	167,877	167,877
Effects of potentially dilutive ordinary shares		
Compensation of employees or bonus issue to employees	<u>632</u>	<u>1,340</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>168,509</u>	<u>169,217</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. FINANCIAL INSTRUMENTS

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

Fair value Hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificates	<u>\$ 60,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,580</u>
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 290,702	\$ -	\$ -	\$ 290,702
- Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
Total	<u>\$ 290,702</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 290,736</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificates	<u>\$ 58,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,765</u>
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 298,438	\$ -	\$ -	\$ 298,438
- Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
Total	<u>\$ 298,438</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 298,472</u>

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Beneficiary certificates	<u>\$ 56,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,300</u>
Financial assets at FVTOCI				
Investment in equity instruments				
- Domestic listed shares	\$ 345,659	\$ -	\$ -	\$ 345,659
- Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
Total	<u>\$ 345,659</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 345,693</u>

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

b. Categories of financial instruments

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Beneficiary certificates	\$ 60,580	\$ 58,765	\$ 56,300
Financial assets at amortized cost (Note 1)	1,931,069	1,913,614	1,556,865
Financial assets at FVTOCI			
Equity instruments	290,736	298,472	345,693
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	289,857	295,368	213,233

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

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

c. Financial risk management objectives and policies

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and market price risk (see (c) below).

There have been no changes to the Group's exposure to market risk or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and Sonix Technology (Shenzhen) Co., Ltd. have foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 50% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group

making the sale, whilst almost 51% of costs is denominated in currencies other than the functional currency of the entity in the Group.

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

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

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar and RMB (the functional currencies) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar and RMB strengthens 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar and RMB against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD IMPACT		EUR IMPACT		RMB IMPACT	
	For the three months ended 2024	For the three months ended 2023	For the three months ended 2024	For the three months ended 2023	For the three months ended 2024	For the three months ended 2023
Profit or loss	\$ 5,123 (i)	\$ 4,431 (i)	\$ 255 (ii)	\$ 247 (ii)	\$ 2,356 (iii)	\$ 716(iii)

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

b) Interest rate risk

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

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
— Financial assets	\$ 659,423	\$ 686,483	\$ 500,865
Cash flow interest rate risk			
— Financial assets	1,004,667	913,207	772,088

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each asset outstanding at the end of the

reporting period was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$2,512 thousand and NT\$1,930 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank savings and financial assets at amortized cost.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit or loss for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$606 thousand and \$563 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$2,907 thousand and NT\$3,457 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group only deals with creditworthy counterparties of financial institutions and entities that are rated the equivalent of investment grade and above. Therefore, there is no expected great credit risk.

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

The Group's concentration of credit risk of 42%, 43% and 52% of total trade receivables as of March 31, 2024, December 31, and March 31, 2023, respectively, was related to the Group's largest customer and the five largest customers within the business segment. The rest of the credit risk concentration of trade receivables are not comparatively significant.

3) Liquidity Risk

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

The working capital of the Group is sufficient for its liabilities, and hence there's no liquidity risk for not fulfilling contractual obligations due to a failure to raise funds.

23. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

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

b. Operating transactions

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Three Months Ended</u>	
		<u>March 31</u>	
		<u>2024</u>	<u>2023</u>
Sales	Related party in substance	<u>\$ 814</u>	<u>\$ 642</u>

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

c. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>March 31,</u> <u>2024</u>	<u>December31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Account receivable	Related party in substance	<u>\$ 224</u>	<u>\$ 146</u>	<u>\$ 349</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

d. Compensation of key management personnel

	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 4,537</u>	<u>\$ 3,059</u>
Post-employment benefits	<u>42</u>	<u>50</u>
	<u>\$ 4,579</u>	<u>\$ 3,109</u>

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

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for short-term bank borrowings, purchases and tariffs of imported goods:

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Property, plant and equipment	<u>\$ 202,096</u>	<u>\$ 202,981</u>	<u>\$ 205,637</u>
Pledged deposits(classified as financial assets at amortized cost - current)	<u>2,212</u>	<u>2,206</u>	<u>2,183</u>
	<u>\$ 204,308</u>	<u>\$ 205,187</u>	<u>\$ 207,820</u>

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 17,011	31.95(USD: NTD)	\$ 543,501
USD	3,433	7.095(USD: RMB)	109,684
EUR	743	34.26(EUR: NTD)	25,455
RMB	53,758	4.383(RMB: RMB)	235,621
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	4,397	32.05(USD: NTD)	140,924

December 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 19,571	30.655(USD: NTD)	\$ 599,949
USD	3,340	7.0827(USD: RMB)	102,388
EUR	743	33.78(EUR: NTD)	25,099
RMB	66,378	4.302(RMB: NTD)	285,558
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	3,923	30.755(USD: NTD)	120,652
RMB	180	4.352(RMB: NTD)	783

March 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 15,062	30.40(USD: NTD)	\$ 457,885
USD	2,341	6.8717(USD: RMB)	71,166
EUR	750	32.95(EUR: NTD)	24,713
RMB	16,252	4.406(RMB: RMB)	71,606
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	2,819	30.50(USD: NTD)	85,980

Due to the variety of foreign currency transactions of the Group, the exchange gains or losses information is disclosed on an aggregated basis. Foreign currency exchange gains (realized and unrealized) were NT\$22,373 thousand and NT\$1,249 thousand as of March 31, 2024 and 2023, respectively.

26. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions:
 - 1) Financing provided to others: None
 - 2) Endorsements/guarantees provided: None
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 2
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions.: Table 3
- b. Information on investees: Table 4
- c. Information on investments in mainland China:
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Table 5
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 2.3.5
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

27. SEGMENT INFORMATION

The operating decision makers of the merged company use product-specific information to allocate resources and evaluate departmental performance. Each product has similar economic characteristics and is sold through a unified and centralized sales method. Therefore, the merged company is a single product. The operating department reports, and the departmental information provided by the combined company to the operating decision makers for review is based on the same measurement basis as the financial statements. Therefore, the departmental revenue and operating results that should be reported from January 1 to March 31, 2024 and 2023 can be referred to consolidated income statement from January 1 to March 31, 2024 and 2023.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2024

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sonix Technology Co., Ltd.	<u>Stock</u>							
	Ours Technology Inc.	—	Financial assets at fair value through other comprehensive income - non-current	54	\$ 7	-	\$ 7	Note
	Champion Microelectronic Corp.	—	Financial assets at fair value through other comprehensive income - non-current	4,071,472	290,702	5.09	290,702	Note
	<u>Beneficiary certificates</u>							
	Franklin Templeton - Global Total Return Fund	—	Financial assets at fair value through profit or loss - current	29,951,693	23,407	-	23,407	Note
Jian Mou Investment Corporation.	<u>Stock</u>							
	Ours Technology Inc.	—	Financial assets at fair value through other comprehensive income - non-current	115	27	-	27	Note
	<u>Beneficiary certificate</u>							
	Jih SunAsian High Yield Bond Fund A(TWD)	—	Financial assets at fair value through profit or loss - current	1,307,168.12	11,876	-	11,876	Note
	Jih Sun Target Income Fund of Funds(TWD)	—	Financial assets at fair value through profit or loss - current	1,500,000	15,045	-	15,045	Note
	Nomura Fallen Angel HY Bd N A TWD	—	Financial assets at fair value through profit or loss - current	1,007,650	10,252	-	10,252	Note

Note: The amount is measured at the fair value of net assets as of March 31, 2024.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	Third-tier subsidiary	Sale	(\$ 178,326)	(33%)	30days	\$ -	—	\$ 83,796	32%	
Sonix Technology (Shenzhen) Co., Ltd.	Sonix Technology Co., Ltd.	Parent company	Purchase	178,326	96%	30days	-	—	(83,796)	(100%)	

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024**

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

No.	Investee Company	Counterparty	Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	1	Trade Receivable	\$ 83,796	No Significant Difference from Non-Related Party	2
		Sonix Technology (Shenzhen) Co., Ltd.	1	Sales	178,326	No Significant Difference from Non-Related Party	29

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

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING THE INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				March 31,2024	December 31,2023	Number of Shares	%	Carrying Amount			
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	P.O. Box 3321, Road Town, Tortola, The British Virgin Islands	Investment activities	\$ 1,031,999	\$ 1,031,999	33,010,000	100	\$1,066,840	(\$ 44,084)	(\$ 44,084)	Subsidiary
	Jian Mou Investment Corporation.	Hsinchu county	Investment activities	155,000	155,000	15,500,000	100	99,505	1,236	1,236	Subsidiary
	Sonix Technology K.K.	Tokyo Metropolitan	Design, development, after-sales service, wholesale of semi-conductor products and parts and related software and commission agency services	31,792	31,792	8,000	100	9,844	(471)	(471)	Subsidiary
Jian Mou Investment Corporation.	Paradigm Venture Capital Corporation.	Taipei city	Investment activities	43,948	43,948	459,960	20.98	4,184	(107)	(23)	
Sonix Technology Ltd.	Sonix Holding	P.O. Box 438, Road Town, Tortola, The British Virgin Islands	Investment activities	997,099	997,099	32,010,000	100	1,027,178	(44,454)	(44,454)	Second-tier subsidiary

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

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (US\$ in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 (US\$ in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (US\$ in Thousands)	Net Income (Loss) of the Investee (US\$ in Thousands)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (US\$ in Thousands)	Carrying Amount as of March 31, 2024 (US\$ in Thousands)	Accumulated Repatriation of Investment Income as of March 31, 2024	Note
					Outward	Inward							
Sonix Technology (Chengdu) Co., Ltd.	Computer system integration and technical consultation services	\$ 320,000 (US\$ 10,000)	Invest in mainland China through companies incorporated in third regions	\$ 320,000 (US \$10,000)	\$ -	\$ -	\$ 320,000 (US \$10,000)	\$ 1,870 (US \$59)	100%	\$ 1,870 (US \$59)	\$ 127,419 (US \$3,982)	\$ -	
Sonix Technology (Shenzhen) Co., Ltd.	Computer system integration and technical consultation services	704,000 (US\$ 22,000)	Invest in mainland China through companies incorporated in third regions	704,000 (US \$22,000)	-	-	704,000 (US \$22,000)	(46,324) (US \$1,473)	100%	(46,324) (US \$1,473)	899,751 (US \$28,117)	-	

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,024,000 (US\$32,000)	\$1,072,000 (US\$33,500)	\$2,186,068

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

Note 2: Except for the investment income or loss recognized in the current period, which was calculated using the average exchange rate from January 1 to March 31, 2024, the rest was calculated using the exchange rate at the end of March 31, 2024.

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