

Solid State System Co., Ltd. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Three Months Ended March 31, 2024 and 2023

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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.

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INDEPENDENT AUDITORS' REVIEW REPORT

For Solid State System Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Solid State System Co., Ltd. ("3S") and its subsidiaries (together referred to as the "Company") as of March 31, 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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

We conducted our reviews in accordance with the Standards on Review Engagements 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 conducted in accordance with the Standards on Auditing of the Republic of China 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.

Conclusion

Based on our reviews, 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 Company as of March 31, 2024, and of its consolidated financial performance as well as its consolidated cash flows for the three months ended March 31, 2024 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.

Other Matter – Reference to review of other independent auditors

The consolidated financial statements for the three months ended March 31, 2023 of the Company, were reviewed by other independent auditors and expressed an unqualified conclusion on those statements dated May 4, 2023. The engagement partners on the reviews resulting in this independent auditors' review report are Ting-Hsun Chan and Pei-Hua Huang.

Lan-Jai CPAs' Firm

Taiwan(Republic of China)

May 9, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

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

Solid State System Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

March 31, 2024, December 31 and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets:							Current liabilities:						
Cash and cash equivalents (note 6)	\$ 123,244	27	\$ 141,727	28	\$ 89,396	15	Short-term borrowings (note 12)	\$ 14,535	3	\$ 34,170	7	\$ 73,517	12
Accounts receivable, net (note 7)	17,131	4	13,889	3	8,378	1	Accounts payable	2,717	1	1,282	-	179	-
Accounts receivable from related parties, net (notes 7 and 24)	4,037	1	12,111	2	16,657	3	Accrued payroll and bonus	8,773	2	13,120	3	10,899	2
Inventories (note 8)	237,667	52	268,581	53	375,100	63	Other accrued expenses	12,572	3	14,886	3	11,082	2
Other current assets (note 25)	16,438	4	15,645	3	5,323	1	Current lease liabilities (note 10)	6,196	1	7,354	1	11,005	2
Total current assets	398,517	88	451,953	89	494,854	83	Current portion of long-term borrowings (note 12)	6,710	1	-	-	-	-
Non-current assets:							Other current liabilities	8,180	2	9,804	2	4,561	1
Property, plant and equipment (note 9)	27,231	6	29,352	6	52,583	9	Total current liabilities	59,683	13	80,616	16	111,243	19
Right-of-use assets (note 10)	9,355	2	11,778	2	21,566	4	Non-current liabilities:						
Intangible assets (note 11)	10,215	2	9,042	2	11,190	2	Long-term borrowings (note 12)	28,290	7	-	-	-	-
Refundable deposits (note 25)	6,814	2	6,810	1	6,756	1	Deferred tax liabilities	-	-	-	-	1,718	-
Net defined benefit asset, non-current (note 13)	-	-	-	-	8,490	1	Non-current lease liabilities (note 10)	798	-	1,593	-	6,253	1
Other non-current assets	-	-	-	-	67	-	Guarantee deposits received	618	-	618	-	618	-
Total non-current assets	53,615	12	56,982	11	100,652	17	Total non-current liabilities	29,706	7	2,211	-	8,589	1
							Total liabilities	89,389	20	82,827	16	119,832	20
							Equity (note 14):						
							Common stock	569,659	126	569,659	112	746,877	126
							Capital surplus	76,464	17	76,464	15	-	-
							Accumulated deficits	(283,380)	(63)	(220,015)	(43)	(271,203)	(46)
							Total equity	362,743	80	426,108	84	475,674	80
Total assets	\$ 452,132	100	\$ 508,935	100	\$ 595,506	100	Total liabilities and equity	\$ 452,132	100	\$ 508,935	100	\$ 595,506	100

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Solid State System Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended March 31,			
	2024		2023	
	Amount	%	Amount	%
Operating revenues (notes 16 and 24)	\$ 42,199	100	\$ 89,397	100
Operating costs (notes 8 and 29)	(56,423)	(134)	(52,984)	(59)
Gross (loss) profit	(14,224)	(34)	36,413	41
Operating expenses (notes 24 and 29):				
Selling	(12,670)	(30)	(14,670)	(16)
General and administrative	(10,119)	(24)	(10,621)	(12)
Research and development	(27,860)	(66)	(32,018)	(36)
Total operating expenses	(50,649)	(120)	(57,309)	(64)
Net operating loss	(64,873)	(154)	(20,896)	(23)
Non-operating income and expenses (note 17):				
Interest income	302	1	89	-
Other gains and losses	1,483	4	(707)	(1)
Finance costs	(277)	(1)	(471)	(1)
Total non-operating income and expenses	1,508	4	(1,089)	(2)
Loss before income tax	(63,365)	(150)	(21,985)	(25)
Income tax expenses (note 19)	-	-	-	-
Net loss for the period	(63,365)	(150)	(21,985)	(25)
Other comprehensive income for the period (after tax)	-	-	-	-
Total comprehensive income for the period	(\$ 63,365)	(150)	(\$ 21,985)	(25)
Earnings per share (New Taiwan Dollars) (note 15)				
Basic earnings per share	(\$ 1.11)		(\$ 0.44)	
Diluted earnings per share	(\$ 1.11)		(\$ 0.44)	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Solid State System Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Accumulated deficits	Total equity
Balance as of January 1, 2023	\$ 746,877	\$ -	(\$ 249,218)	\$ 497,659
Net loss for the period	-	-	(21,985)	(21,985)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(21,985)	(21,985)
Balance as of March 31, 2023	<u>\$ 746,877</u>	<u>\$ -</u>	<u>(\$ 271,203)</u>	<u>\$ 475,674</u>
Balance as of January 1, 2024	\$ 569,659	\$ 76,464	(\$ 220,015)	\$ 426,108
Net loss for the period	-	-	(63,365)	(63,365)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(63,365)	(63,365)
Balance as of March 31, 2024	<u>\$ 569,659</u>	<u>\$ 76,464</u>	<u>(\$ 283,380)</u>	<u>\$ 362,743</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Solid State System Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Loss before income tax	(\$ 63,365)	(\$ 21,985)
Adjustments to reconcile profit (loss):		
Depreciation	6,191	8,249
Amortization	2,001	2,987
Expected credit (gain) loss	(8)	8
Interest expense	277	471
Interest income	(302)	(89)
Provision for inventory devaluation loss	20,328	8,879
Others	-	608
Changes in operating assets and liabilities:		
Accounts receivable	(3,234)	5,205
Accounts receivable from related parties	8,074	23,986
Inventories	10,586	6,474
Other operating assets	(785)	2,933
Accounts payable	1,435	(1,757)
Other operating liabilities	(10,736)	(15,495)
Cash flows (used in) from operations	(29,538)	20,474
Interest received	321	86
Interest paid	(252)	(458)
Income tax paid	(27)	-
Net cash flows (used in) from operating activities	(29,496)	20,102
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(1,484)	(1,465)
Decrease in refundable deposits	(4)	23
Acquisition of intangible assets	(103)	-
Net cash flows used in investing activities	(1,591)	(1,442)
Cash flows from financing activities:		
Proceeds from borrowings	15,018	51,517
Repayments of borrowings	(34,653)	(44,019)
Proceeds from long-term borrowings	35,000	-
Payment of lease liabilities	(2,761)	(2,714)
Net cash flows from financing activities	12,604	4,784
Net (decrease) increase in cash and cash equivalents for the period	(18,483)	23,444
Cash and cash equivalents at beginning of period	141,727	65,952
Cash and cash equivalents at end of period	\$ 123,244	\$ 89,396

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

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

Reviewed only, not audited in accordance with generally accepted auditing standards

Solid State System Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars,

Except for Earnings Per Share Information and Unless Otherwise Specified)

1. Company History

Solid State System Co., Ltd. (“3S”) was incorporated on November 26, 1998, as a company limited by shares and registered under the Ministry of Economic Affairs of the Republic of China (“R.O.C.”). The address of 3S’s registered office is 5F-1 No. 22 Tai Yuen Street, Tai Yuen Hi-Tech Industrial Park, Zhubei City, Hsinchu 302, Taiwan, R. O. C. 3S’s common stocks have been publicly listed on Taipei Exchange since December 24, 2007.

The main activities of 3S and its subsidiaries (hereinafter referred to as “the Company”) are the design, research, development, manufacture and sale of integrated circuits (ICs).

2. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2024 .

3. New standards, Amendments and Interpretations Adopted

(1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024 :

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(2) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC.

The Company does not expect the (following) other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS21“Lack of Exchangeability”

4. Summary of Significant Accounting Policies

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of consolidation

The principle of preparation of the consolidated financial statements is consistent with those of the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2023.

A. List of subsidiaries in the consolidated financial statements

Name of investor	Subsidiary	Main activities	Percentage of ownership (%)			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
3S	ViCHIP Corporation Limited (ViCHIP)	Operating electronic components manufacturing, wholesaling, sales and product design business	-%	-%	100%	a

a. 3S liquidated its subsidiary, ViCHIP, on November 3, 2022. All related statutory registration procedures had already been completed on October 24, 2023.

- B. List of subsidiaries which are not included in the consolidated financial statements:
None.

(3) Employee 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 reporting date of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(4) Income tax

Income tax expense in the financial statements is measured and disclosed in according to paragraph B12 of IAS 34 endorsed by the FSC.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as income tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, the major sources of accounting judgments, estimations and assumptions of uncertainty are applied consistently with note 5 to the consolidated financial statements for the year ended December 31, 2023.

6. Cash and Cash Equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 136	\$ 119	\$ 53
Checking and savings accounts	25,008	29,108	53,343
Time deposits	98,100	112,500	36,000
	<u>\$ 123,244</u>	<u>\$ 141,727</u>	<u>\$ 89,396</u>

Please refer to note 20 for the disclosure of credit risk and currency risk of the financial assets and liabilities of the Company.

7. Accounts Receivable

A. Accounts receivable (including receivables from related parties)

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	\$ 21,180	\$ 26,020	\$ 25,059
Less: loss allowance	(12)	(20)	(24)
	<u>\$ 21,168</u>	<u>\$ 26,000</u>	<u>\$ 25,035</u>
Accounts receivable, net	<u>\$ 17,131</u>	<u>\$ 13,889</u>	<u>\$ 8,378</u>
Accounts receivable from related parties, net	<u>\$ 4,037</u>	<u>\$ 12,111</u>	<u>\$ 16,657</u>

The Company applies the simplified approach to provide for its expected credit losses (ECL), which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The expected loss allowance for accounts receivable (including receivables from related parties) was determined as follows:

	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Expected loss allowance
Not past due	\$ 20,651	0.053%	\$ 11
Past due 1~89 days	529	0.189%	1
Total	<u>\$ 21,180</u>		<u>\$ 12</u>

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Expected loss allowance
Not past due	\$ 25,438	0.067%	\$ 17
Past due 1~89 days	582	0.515%	3
Total	<u>\$ 26,020</u>		<u>\$ 20</u>

	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Expected loss allowance
Not past due	<u>\$ 25,059</u>	0.096%	<u>\$ 24</u>

The movements in the allowance for accounts receivable (including receivables from related parties) were as follows:

	For the three months ended March 31,	
	2024	2023
Beginning balance	\$ 20	\$ 16
Impairment loss (reversed) recognized	(8)	8
Ending balance	<u>\$ 12</u>	<u>\$ 24</u>

The Company's net accounts receivable (including receivables from related parties) mentioned above were not pledged as collateral.

8. Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 13,837	\$ 26,153	\$ 37,507
Work in process	84,592	100,531	145,451
Finished goods	139,238	141,897	192,142
	<u>\$ 237,667</u>	<u>\$ 268,581</u>	<u>\$ 375,100</u>

The costs of goods sold related to inventories for the three months ended March 31, 2024 and 2023 were \$56,423 and \$52,984, respectively. The cost of goods sold includes provision for inventory devaluation loss of \$20,328 and \$8,879, respectively.

The Company's inventories mentioned above were not pledged as collateral.

9. Property, Plant and Equipment

	Machinery and equipment	Office and other equipment	Total
Cost:			
Balance as of January 1, 2024	\$ 111,203	\$ 46,140	\$ 157,343
Additions	95	744	839
Balance as of March 31, 2024	<u>\$ 111,298</u>	<u>\$ 46,884</u>	<u>\$ 158,182</u>
Accumulated depreciation and impairment loss:			
Balance as of January 1, 2024	\$ 94,494	\$ 33,497	\$ 127,991
Depreciation for the period	883	2,077	2,960
Balance as of March 31, 2024	<u>\$ 95,377</u>	<u>\$ 35,574</u>	<u>\$ 130,951</u>
Book value:			
Balance as of March 31, 2024	<u>\$ 15,921</u>	<u>\$ 11,310</u>	<u>\$ 27,231</u>

	Machinery and equipment	Office and other equipment	Total
Cost:			
Balance as of January 1, 2023	\$ 117,202	\$ 45,291	\$ 162,493
Additions	-	429	429
Reclassification	(329)	(279)	(608)
Balance as of March 31, 2023	<u>\$ 116,873</u>	<u>\$ 45,441</u>	<u>\$ 162,314</u>
Accumulated depreciation and impairment loss:			
Balance as of January 1, 2023	\$ 76,920	\$ 27,788	\$ 104,708
Depreciation for the period	<u>2,792</u>	<u>2,231</u>	<u>5,023</u>
Balance as of March 31, 2023	<u>\$ 79,712</u>	<u>\$ 30,019</u>	<u>\$ 109,731</u>
Book value:			
Balance as of March 31, 2023	<u>\$ 37,161</u>	<u>\$ 15,422</u>	<u>\$ 52,583</u>

The Company's property, plant and equipment mentioned above were not pledged as collateral.

10. Lease Arrangements

A. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount:			
Buildings	<u>\$ 9,355</u>	<u>\$ 11,778</u>	<u>\$ 21,566</u>
	For the Three Months Ended March 31		
	2024	2023	
Additions to right-of-use assets	<u>\$ 808</u>	<u>\$ 1,192</u>	
Depreciation for right-of-use assets			
Buildings	<u>\$ 3,231</u>	<u>\$ 3,226</u>	

B. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount:			
Current	\$ 6,196	\$ 7,354	\$ 11,005
Non-current	798	1,593	6,253
	<u>\$ 6,994</u>	<u>\$ 8,947</u>	<u>\$ 17,258</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.40%~2.50%	1.40%~2.08%	1.40%~2.08%

C. Material lease activities and terms

The Company leases buildings, parking space and store house for its office space, staff parking area and store the machine, with the leases terms that typically run for a period of 1 to 5 years.

11. Intangible Assets

	Computer software	Patent and technology license fee	Total
Cost:			
Balance as of January 1, 2024	\$ 11,131	\$ 20,896	\$ 32,027
Additions	3,174	-	3,174
Balance as of March 31, 2024	<u>\$ 14,305</u>	<u>\$ 20,896</u>	<u>\$ 35,201</u>
Accumulated amortization:			
Balance as of January 1, 2024	\$ 9,166	\$ 13,819	\$ 22,985
Amortization for the period	1,504	497	2,001
Balance as of March 31, 2024	<u>\$ 10,670</u>	<u>\$ 14,316</u>	<u>\$ 24,986</u>
Book value:			
Balance as of March 31, 2024	<u>\$ 3,635</u>	<u>\$ 6,580</u>	<u>\$ 10,215</u>
	Computer software	Patent and technology license fee	Total
Cost:			
Balance as of March 31, 2023			
(Balance as of January 1, 2023)	<u>\$ 27,664</u>	<u>\$ 24,591</u>	<u>\$ 52,255</u>
Accumulated amortization:			
Balance as of January 1, 2023	\$ 24,267	\$ 13,811	\$ 38,078
Amortization for the period	2,010	977	2,987
Balance as of March 31, 2023	<u>\$ 26,277</u>	<u>\$ 14,788</u>	<u>\$ 41,065</u>
Book value:			
Balance as of March 31, 2023	<u>\$ 1,387</u>	<u>\$ 9,803</u>	<u>\$ 11,190</u>

The Company's intangible assets mentioned above were not pledged as collateral.

12. Borrowings

A. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	<u>\$ 14,535</u>	<u>\$ 34,170</u>	<u>\$ 73,517</u>
Unused credit lines	<u>\$ 70,465</u>	<u>\$ 26,834</u>	<u>\$ 36,483</u>
Range of interest rates	<u>2.625%~2.63%</u>	<u>2.21%~2.95%</u>	<u>2.21%~2.95%</u>

B. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	\$ 35,000	\$ -	\$ -
Less: Current portion of long-term borrowings	(6,710)	(-)	(-)
	<u>\$ 28,290</u>	<u>\$ -</u>	<u>\$ -</u>
Unused credit lines	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Range of interest rates	<u>2.095%</u>	<u>-%</u>	<u>-%</u>

The Company asset-backed collateralization for bank loans, please refer to note 25.

13. Employee Benefit

In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, 3S applied for a clearance on the remaining years of service of its employees to the competent authority, who approved its application in November and December of the same year. As of December 31, 2023, there were no employees belonging to the old labor pension plan.

For the information related to the Company's pension costs for the three months ended March 31, 2024 and 2023, please refer to note 29.

14. Capital and Other Equity Interest

A. Ordinary share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Number of authorized shares (in thousands)	120,000	120,000	120,000
Amount of authorized shares	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Number of issued and fully paid shares (in thousands)	56,966	56,966	74,688
Issued share capital	\$ 569,659	\$ 569,659	\$ 746,877

In order to appeal to strategic investors, on May 16, 2023, based on the resolution of a special stockholders' meeting, the Board of Directors approved the proposal, to raise \$148,464 through private placement of 7,200 thousand common stock at a premium price of \$20.62 dollars per share on November 2, 2023. The premium amounted to \$76,464 and was recognized as capital surplus—additional paid in capital. The effective date of the capital increase was November 17, 2023, and the required registration process was completed on December 21, 2023. Except for the restriction on trading as required by the Securities and Exchange Act and the requirement for a public offering could only be made three years after the issuance date whenever the Company meets the profitability requirement announced by the Taipei Exchange in Taiwan, the rights and obligations of participants in this private placement are identical to those of holders of current outstanding common stock.

In order to improve the financial structure of the Company, a resolution was passed during the stockholders' meeting held on May 16, 2023 for the capital reduction of \$249,218 to compensate the deficit, the capital reduction ratio is 33%. The remaining balance after the reduction amounted to \$497,659. The capital reduction has been approved by the FSC on the June 14, 2023, and the date of capital reduction set on June 15, 2023. The relevant statutory registration procedures had already been completed on July 12, 2023.

B. Capital surplus

The Company's capital surplus was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Capital increase	\$ 76,464	\$ 76,464	\$ -

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Distribution of earnings/deficit compensation

The deficit compensation for 2023 was presented for a resolution in the Board of Directors' meeting on February 22, 2024, which are then to be approved in annual stockholders' meeting. A resolution was approved during the stockholder' meeting held on May 16, 2023 for 3S to use it's the capital surplus to offset its accumulated deficits in 2022 at the amount of \$249,218, was consistent with those of the resolution approved by the Board of Directors.

The information will be available on the Market Observation Post System website.

15. Earnings Per Share

A. Basic earnings (loss) per share

Basic earnings per share amounts for the three months ended March 31, 2024 and 2023 were calculated by dividing net profit attributable to ordinary equity holders of the 3S by the weighted average number of ordinary shares outstanding as follow:

	For the three months ended March 31,	
	2024	2023
Net loss attributable to 3S's stockholders	(\$ 63,365)	(\$ 21,985)
Weighted average common stocks outstanding (thousand shares)	56,966	49,766
Basic and diluted EPS (TWD)	(\$ 1.11)	(\$ 0.44)

The deficit compensation has been retroactively adjusted when calculating the EPS, with the date of capital reduction set on June 15, 2023. The changes in basic and diluted EPS due to retroactive adjustment for the three months ended March 31, 2023 were as follows:

	For the three months ended March 31, 2023	
	Before Retrospective Adjustment	After Retrospective Adjustment
Net loss attributable to 3S's stockholders	(\$ 21,985)	(\$ 21,985)
Weighted average common stocks outstanding (thousand shares)	74,688	49,766
Basic and diluted EPS (TWD)	(\$ 0.29)	(\$ 0.44)

There were no dilutive potential ordinary shares for the period.

16. Revenue

A. The analysis of the revenue generated by the company in the current year is as follows:

	For the three months ended March 31,	
	2024	2023
Primary geographical markets		
America	\$ -	\$ 64,961
China	18,777	13,448
Taiwan	14,830	9,149
North-east Asia	8,592	1,839
	<u>\$ 42,199</u>	<u>\$ 89,397</u>
Major products		
Revenue from IC	\$ 42,199	\$ 63,162
Technical Service Income	-	26,235
	<u>\$ 42,199</u>	<u>\$ 89,397</u>

17. Non-Operating Income and Expenses

A. Interest income

	For the three months ended March 31,	
	2024	2023
Interest income from bank deposits	\$ 302	\$ 88
Other interest income	-	1
	<u>\$ 302</u>	<u>\$ 89</u>

B. Other gains and losses

	For the three months ended March 31,	
	2024	2023
Foreign exchange (losses) gains, net	\$ 1,171	(\$ 1,034)
Others	312	327
	<u>\$ 1,483</u>	<u>(\$ 707)</u>

C. Finance costs

	For the three months ended March 31,	
	2024	2023
Interest expense—borrowings	\$ 247	\$ 399
Interest expense—lease liabilities	30	72
	<u>\$ 277</u>	<u>\$ 471</u>

18. Compensation of Employees and Directors

According to 3S's articles of incorporation, 3S's annual net income before tax, after offsetting any accumulated deficit, no less than 10% of the remainder shall be appropriated as employee compensation, and no more than 2% of the remainder shall be appropriated as compensation to directors. The compensation of employee in the form of stock bonuses may also apply to employees of the affiliated companies. The Board of Directors is authorized to set out related terms and conditions. The remuneration to independent directors of 3S are distributed on a monthly fixed term and excluded from the above-mentioned distribution.

Because 3S incurred a net loss for the three months ended March 31, 2024 and 2023, compensation to employees and directors were not accrued.

If there are any subsequent adjustments to the actual compensation amounts after the annual stockholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For related information about the 3S's compensation to employees and directors will be available at the Market Observation Post System website.

19. Income Tax

A. The amount income tax expense were as follows:

	For the three months ended March 31,	
	2024	2023
Current tax expense		
In respect of the current year	<u>\$ -</u>	<u>\$ -</u>

B. Income tax assessments

The income tax returns of the Company through 2022 have been assessed by the tax authorities.

20. Financial Instruments

A. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets measured at amortized cost:			
Cash and cash equivalents	\$ 123,244	\$ 141,727	\$ 89,396
Accounts receivable (including receivables from related parties)	21,168	26,000	25,035
Refundable deposits	6,814	6,810	6,756
	<u>\$ 151,226</u>	<u>\$ 174,537</u>	<u>\$ 121,187</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost:			
Short-term borrowings	\$ 14,535	\$ 34,170	\$ 73,517
Accounts payable	2,717	1,282	179
Accrued payroll and bonus	8,773	13,120	10,899
Other accrued expenses	12,572	14,886	11,082
Lease liabilities (included in current and non-current)	6,994	8,947	17,258
Long-term borrowings (included in current and non-current)	35,000	-	-
Guarantee deposits received	618	618	618
	<u>\$ 81,209</u>	<u>\$ 73,023</u>	<u>\$ 113,553</u>

B. Credit risk

a. Exposure to Credit Risk

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk. The maximum credit risk exposure amounts as of March 31, 2024, December 31, 2023, and March 31, 2023 were \$151,226, \$174,537, and \$121,187, respectively.

b. Situation of Concentrated Credit Risk

The Company's potential credit risk is derived primarily from cash and cash equivalents and receivable (including accounts receivable and receivables from related parties). The Company maintains its cash and cash equivalents in various creditworthy financial institutions. The Company monitors its exposure with these financial institutions; therefore, the Company considers that there is no concentration of credit risk in regard to cash and cash equivalents.

The Company's sales to individual clients constituting over 10% of total sales revenue for the three months ended March 31, 2024 and 2023, were 63% and 73%, respectively, of the total sales revenues. To reduce the concentration of credit risk, the Company continuously evaluates the credit status of its customers and the collectability of accounts receivable, and provides for its ECL. It is management's belief that such concentration of credit risk is under control. For the details of aging and ECL, please refer to note 7.

No impairment loss was recognized for the three months ended March 31, 2024 and 2023. All of these financial assets are considered to have low risk and thus, the

impairment provision recognized during the period was limited to 12 months excepted losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7) of the consolidated financial statements for the year ended December 31, 2023.

C. Liquidity risk

The following are the contractual maturities of financial liabilities (including estimated interest expense):

	Carrying amount	Contractual cash flows	Within 1 years	1~5 years
<u>March 31, 2024</u>				
Non-derivative financial liabilities				
Short-terms borrowing	\$ 14,535	\$ 14,654	\$ 14,654	\$ -
Accounts payable	2,717	2,717	2,717	-
Accrued payroll and bonus	8,773	8,773	8,773	-
Other accrued expenses	12,572	12,572	12,572	-
Lease liabilities (included in current and noncurrent)	6,994	7,040	6,241	799
Long-term borrowings (included in current and non-current)	35,000	36,896	7,379	29,517
Guarantee deposits received	618	618	-	618
	<u>\$ 81,209</u>	<u>\$ 83,270</u>	<u>\$ 52,336</u>	<u>\$ 30,934</u>
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
Short-terms borrowing	\$ 34,170	\$ 34,424	\$ 34,424	\$ -
Accounts payable	1,282	1,282	1,282	-
Accrued payroll and bonus	13,120	13,120	13,120	-
Other accrued expenses	14,886	14,886	14,886	-
Lease liabilities (included in current and noncurrent)	8,947	9,014	7,416	1,598
Guarantee deposits received	618	618	-	618
	<u>\$ 73,023</u>	<u>\$ 73,344</u>	<u>\$ 71,128</u>	<u>\$ 2,216</u>
<u>March 31, 2023</u>				
Non-derivative financial liabilities				
Short-terms borrowing	\$ 73,517	\$ 73,986	\$ 73,986	\$ -
Accounts payable	179	179	179	-
Accrued payroll and bonus	10,899	10,899	10,899	-
Other accrued expenses	11,082	11,082	11,082	-
Lease liabilities (included in current and noncurrent)	17,258	17,481	11,190	6,291
Guarantee deposits received	618	618	-	618
	<u>\$ 113,553</u>	<u>\$ 114,245</u>	<u>\$ 107,336</u>	<u>\$ 6,909</u>

D. Currency risk

a. Exposure to currency risk

The Company's financial assets and liabilities exposed to exchange rate risk were as follows:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 839	32.00 (USD : TWD)	<u>\$ 26,848</u>

Financial liabilities

Monetary items

USD	\$ 221	32.00 (USD : TWD)	<u>\$ 7,072</u>
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December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,076	30.68 (USD : TWD)	<u>\$ 33,012</u>

Financial liabilities

Monetary items

USD	\$ 175	30.68 (USD : TWD)	<u>\$ 5,369</u>
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March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,239	30.44 (USD : TWD)	<u>\$ 37,715</u>

Financial liabilities

Monetary items

USD	\$ 52	30.44 (USD : TWD)	<u>\$ 1,583</u>
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b. Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivable (including receivables from related parties), accounts payable and other payables accounts that are denominated in foreign currency.

A 1% depreciation or appreciation of the TWD against the USD as of March 31, 2024 and 2023, would have decreased or increased the net loss by \$158 and \$289, respectively. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant. Both periods are analyzed on the same basis.

E. Fair value of financial instruments

a. Categories of financial instruments and fair value

The Company's carrying amount and the fair value of financial assets and liabilities (including information for fair value hierarchy, excluding financial instruments whose fair values approximate the carrying amounts and lease liabilities) were as follows:

	March 31, 2024				
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 123,244	\$ -	\$ -	\$ -	\$ -
Accounts receivable (including receivables from related parties)	21,168	-	-	-	-
Refundable deposits	6,814	-	-	-	-
	<u>\$ 151,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities measured at amortized cost					
Short-terms borrowing	\$ 14,535	\$ -	\$ -	\$ -	\$ -
Accounts payable	2,717	-	-	-	-
Accrued payroll and bonus	8,773	-	-	-	-
Other accrued expenses	12,572	-	-	-	-
Lease liabilities (included in current and noncurrent)	6,994	-	-	-	-
Long-term borrowings (included in current and non-current)	35,000	-	-	-	-
Guarantee deposits received	618	-	-	-	-
	<u>\$ 81,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2023					
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 141,727	\$ -	\$ -	\$ -	\$ -
Accounts receivable (including receivables from related parties)	26,000	-	-	-	-
Refundable deposits	6,810	-	-	-	-
	<u>\$ 174,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities measured at amortized cost					
Short-terms borrowing	\$ 34,170	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,282	-	-	-	-
Accrued payroll and bonus	13,120	-	-	-	-
Other accrued expenses	14,886	-	-	-	-
Lease liabilities (included in current and noncurrent)	8,947	-	-	-	-
Guarantee deposits received	618	-	-	-	-
	<u>\$ 73,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	March 31, 2023				
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 89,396	\$ -	\$ -	\$ -	\$ -
Accounts receivable (including receivables from related parties)	25,035	-	-	-	-
Refundable deposits	6,756	-	-	-	-
	<u>\$ 121,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities measured at amortized cost					
Short-terms borrowing	\$ 73,517	\$ -	\$ -	\$ -	\$ -
Accounts payable	179	-	-	-	-
Accrued payroll and bonus	10,899	-	-	-	-
Other accrued expenses	11,082	-	-	-	-
Lease liabilities (included in current and noncurrent)	17,258	-	-	-	-
Guarantee deposits received	618	-	-	-	-
	<u>\$ 113,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b. Valuation techniques for financial instruments not measured at fair value

Fair value measurement for financial assets and liabilities measured at amortized cost will be based on the latest quoted price and agreed-upon price if these prices are available in the active markets. When market value is unavailable, the fair value of financial liabilities is evaluated based on the discounted cash flow of the financial assets and liabilities.

Due to the refundable deposits and guarantee deposits received that do not have explicit expiration dates, their fair value is evaluated based on their carrying amounts.

21. Financial Risk Management

Except as described in the following paragraph, there were no significant changes in the Company's objectives and policies applied in the financial risk management from those in note 6(17) of the consolidated financial statement for the year ended December 31, 2023.

22. Capital Management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of common stock, capital surplus, retained earnings, and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to common stockholders.

The debt-to-capital ratio as of the reporting date is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Total liabilities	\$ 89,389	\$ 82,827	\$ 119,832
Total equity	\$ 362,743	\$ 426,108	\$ 475,674
Debt-to-capital ratio	24.64%	19.44%	25.19%

The Company approach to capital management for the three months ended March 31, 2024, was the same as that in 2023.

23. Financing Activities Not Affecting Current Cash Flow

Reconciliation of liabilities arising from financing activities were as follows:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
Balance as of January 1, 2024	\$ 34,170	\$ -	\$ 8,947	\$ 618	\$ 43,735
Cash flows:					
Proceeds from borrowings	15,018	35,000	-	-	50,018
Repayments of borrowings	(34,653)	-	-	-	(34,653)
Payment of lease liabilities	-	-	(2,761)	-	(2,761)
Interest paid	-	-	(30)	-	(30)
Non-cash flow:					
Increase in lease liabilities	-	-	808	-	808
Interest expense	-	-	30	-	30
Balance as of March 31, 2023	\$ 14,535	\$ 35,000	\$ 6,994	\$ 618	\$ 57,147
Balance as of January 1, 2023	\$ 66,019	\$ -	\$ 18,780	\$ 618	\$ 85,417
Cash flows:					
Proceeds from borrowings	51,517	-	-	-	51,517
Repayments of borrowings	(44,019)	-	-	-	(44,019)
Payment of lease liabilities	-	-	(2,714)	-	(2,714)
Interest paid	-	-	(72)	-	(72)
Non-cash flow:					
Increase in lease liabilities	-	-	1,192	-	1,192
Interest expense	-	-	72	-	72
Balance as of March 31, 2023	\$ 73,517	\$ -	\$ 17,258	\$ 618	\$ 91,393

24. Related-Party Transactions

A. Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Kingston Digital International Ltd (KDIL)	The subsidiary of Kingston Technology Company
KIOXIA Corporation (KIC)	A member of the board of 3S

B. Significant transactions with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the consolidated financial statements.

a. Sales and service revenue from related parties

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
KDIL	\$ -	\$ 64,961
KIC	7,253	592
	<u>\$ 7,253</u>	<u>\$ 65,553</u>

The collection terms for sales to related parties will be 30 to 45 days or after the month-end; the prices of the products sold to related parties, which were determined by the products' specifications and the situation regarding market supply and demand, and there was no significant differences as compare to those of the other parties.

b. Accounts receivable from related parties

	<u>March 31, 2024</u>	<u>December 31, 2022</u>	<u>March 31, 2023</u>
KDIL	\$ -	\$ 10,040	\$ 16,603
KIC	4,037	2,071	54
	<u>\$ 4,037</u>	<u>\$ 12,111</u>	<u>\$ 16,657</u>

c. Transactions with key management personnel

Key management compensation for the three months ended March 31, 2024 and 2023 were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 2,564	\$ 2,648
Post-employment benefits	81	81
	<u>\$ 2,645</u>	<u>\$ 2,729</u>

25. Pledged Assets

The carrying values of the Company's pledged assets are as follows:

Assets	Purpose of Pledged	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits (recorded in other current financial assets)	Customs duty guarantee	\$ 900	\$ 900	\$ 900
Time deposits (recorded in other current financial assets)	Purchase guarantee	10,000	10,000	-
Time deposits (recorded in other current financial assets)	Financing facilities	2,000	-	-
Refundable deposits	Warranty guarantee	3,976	3,976	3,976
		<u>\$ 16,876</u>	<u>\$ 14,876</u>	<u>\$ 4,876</u>

26. Commitments and Contingencies

3S has obtained licenses to use other companies' technology, which requires a monthly royalty payment based on its sales volume. 3S must also guarantee the minimum production capacity required by some outsourcing factories.

27. Losses Due to Major Disasters: None.

28. Subsequent Events: None.

29. Others

- A. 3S incurred a net loss amounting to \$283,380 as of March 31, 2024. 3S intends to adopt the following countermeasures to maintain its operation:
 - a. Marketing plans
 - (a) Continue optimizing customer and product portfolios in order to provide higher value-added and profitable services.
 - (b) Continue to enhance operation efficiency through improving material cost management and production efficiency to maximize profit.
 - b. Financial structure improvement plans
 - (a) Enforce inventory management, analyze the sales status and adjust inventory levels when necessary, and close out the slow-moving inventory in order to reduce the stock risk and capital lying idle.
 - (b) Propose to dispose the assets in order to enrich working capital.
 - (c) Plan to issue of new common shares for cash in private placement, in order to have sound financial structure and enrich working capital.
 - (d) Control the labor expenditure, as well as review and improve the daily expenses of 3S in order to avoid unnecessary expenses at all costs.

- B. A summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By function By item	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 1,302	\$ 31,593	\$ 32,895	\$ 1,264	\$ 35,217	\$ 36,481
Labor and health insurance	103	2,589	2,692	104	2,955	3,059
Pension	55	1,474	1,529	55	1,649	1,704
Others	69	1,456	1,525	76	1,589	1,665
Depreciation	1,037	5,154	6,191	2,282	5,967	8,249
Amortization	-	2,001	2,001	-	2,987	2,987

30. Other disclosures

- A. Information on Significant Transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the 3S:

- Loans to other parties: None.
- Guarantees and endorsements for other parties: None.
- Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.
- Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- Trading in derivative instruments: None.
- Business relationships and significant intercompany transactions: None.

- B. Information on Investees:

Information on Investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China): None.

- C. Information on Investment in Mainland China:

- The names of investees in Mainland China, the main businesses and products, and other information: None.
- Limitation on investment in Mainland China: None.
- Significant transactions: None.

D. Major shareholders: Table 1.

31. Segment Information

The Company operates predominantly in one industry segment which includes the in the research, development, manufacture and sale of integrated circuits (ICs). The segment information is found in the consolidated financial statements. For sales to other than the consolidated entities and income before income tax, please see statements of comprehensive income. For assets, please see the consolidated balance sheets.

Solid State System Co., Ltd. and Subsidiaries
INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024

Table 1

Name of Major Shareholder	Number of Shares	Percentage of Ownership
ZHI HAO JIANG	5,684,386	9.97%
YU LIAN JIANG	3,982,568	6.99%
TA YU CHEN	3,946,646	6.92%
Kingston Technology Corporation	3,485,652	6.12%
KIOXIA Corporation	3,375,480	5.93%
CHIH LIANG TSAO	2,874,826	5.04%

Note 1 : The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter.

Note 2 : The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

Note 3 : In the case of the above information, if the shareholder delivers the shares to the trust, the shares will be disclosed as a personal account under the trust account of the principal opened by the trustee.

Note 4 : As for the shareholders' declaration of more than 10% of the insider's shareholdings under the Securities and Exchange Act, the shareholders' stocks should be included in their own shareholdings, plus, the shares delivered to the trust, wherein the shareholders have the right of decision on using the trust property. For information on insider's equity declaration, please refer to market observation post system.