

Stock code : 3259

Solid State System Co., Ltd.

Individual Financial Statements

With Independent Auditors' Review Report

For the Nine Months Ended September 30, 2025 and 2024

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The independent auditors' review report and the accompanying individual 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 individual financial statements, the Chinese version shall prevail.

Table of Contents

Contents	Page
1. Independent Auditors' Review Report	1
2. Individual Balance Sheets	2
3. Individual Statements of Comprehensive Income	3
4. Individual Statements of Changes in Equity	4
5. Individual Statements of Cash Flows	5
6. Notes to the Individual Financial Statements	
(1) Company History	6
(2) Approval Date and Procedures of the Financial Statements	6
(3) New Standards, Amendments and Interpretations Adopted	6~8
(4) Summary of Significant Accounting Policies	8
(5) Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty	8~9
(6)~(20) Explanation of Significant Accounts	9~17
(21) Financial Instruments	17~22
(22) Financial Risk Management	22
(23) Capital Risk Management	22~23
(24) Financing Activities Not Affecting Current Cash Flow	23
(25) Related-Party Transactions	24
(26) Pledged Assets	25
(27) Commitments and Contingencies	25
(28) Losses Due to Major Disasters	25
(29) Subsequent Events	25
(30) Others	25~26
(31) Other Disclosures	26~27
(32) Segment Information	27



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INDEPENDENT AUDITORS' REVIEW REPORT

For Solid State System Co., Ltd.:

Introduction

We have reviewed the accompanying individual balance sheets of Solid State System Co., Ltd. ("3S") as of September 30, 2025 and 2024, and the related individual statements of comprehensive income for the three and nine months ended September 30, 2025 and 2024, as well as the changes in equity and cash flows for the nine months ended September 30, 2025 and 2024, and notes to the individual financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the individual 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 individual 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 individual 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 individual financial statements do not present fairly, in all material respects, the individual financial position of 3S as of September 30, 2025 and 2024, and of its individual financial performance for the three and nine months ended September 30, 2025 and 2024, as well as its individual cash flows for the nine months ended September 30, 2025 and 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.

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)

November 6, 2025

Notes to Readers

The accompanying individual financial statements are intended only to present the individual 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 individual financial statements are those generally accepted and applied in the Republic of China.

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

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

Solid State System Co., Ltd.

Individual Balance Sheets

September 30, 2025, December 31 and September 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets	September 30, 2025		December 31, 2024		September 30, 2024		Liabilities and Equity	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets:							Current liabilities:						
Cash and cash equivalents (note 6)	\$ 42,516	6	\$ 430,667	60	\$ 97,033	24	Short-term borrowings (notes 13 and 26)	\$ 43,000	7	\$ 33,833	5	\$ 35,000	9
Current financial assets at amortized cost (notes 7)	300,000	46	-	-	-	-	Accounts payable	21,109	3	7,979	1	6,250	2
Accounts receivable, net (note 8)	17,839	3	23,009	3	29,257	7	Accrued payroll and bonus	8,998	1	12,340	2	9,398	2
Accounts receivable from related parties, net (notes 8 and 25)	3,757	1	2,055	-	2,421	1	Other accrued expenses	13,260	2	16,367	2	13,366	3
Inventories (note 9)	162,105	24	184,784	26	199,552	49	Current lease liabilities (note 11)	6,558	1	8,569	1	9,519	2
Other current assets (note 26)	21,844	3	23,270	3	17,684	4	Current portion of long-term borrowings (note 13)	6,919	1	6,805	1	6,767	2
Total current assets	548,061	83	663,785	92	345,947	85	Other current liabilities	30,932	5	10,671	1	8,590	2
							Total current liabilities	130,776	20	96,564	13	88,890	22
Non-current assets:							Non-current liabilities:						
Property, plant and equipment (note 10 and 26)	90,395	13	28,065	4	27,876	7	Long-term borrowings (note 13)	61,665	9	23,189	3	24,904	6
Right-of-use assets (note 11)	6,465	1	13,533	2	16,720	4	Non-current lease liabilities (note 11)	-	-	4,074	1	5,802	2
Intangible assets (note 12)	12,378	2	7,360	1	9,331	2	Guarantee deposits received	618	-	628	-	628	-
Refundable deposits (note 26)	6,093	1	6,852	1	6,854	2	Total non-current liabilities	62,283	9	27,891	4	31,334	8
Other non-current assets	649	-	800	-	-	-	Total liabilities	193,059	29	124,455	17	120,224	30
Total non-current assets	115,980	17	56,610	8	60,781	15	Equity (note 15):						
							Common stock	729,659	110	729,659	101	569,659	140
							Capital surplus	-	-	190,985	27	-	-
							Accumulated deficits	(258,677)	(39)	(324,704)	(45)	(283,155)	(70)
							Total equity	470,982	71	595,940	83	286,504	70
Total assets	\$ 664,041	100	\$ 720,395	100	\$ 406,728	100	Total liabilities and equity	\$ 664,041	100	\$ 720,395	100	\$ 406,728	100

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

(English Translation of Individual Financial Statements Originally Issued in Chinese.)
Solid State System Co., Ltd.
Individual Statements of Comprehensive Income
For the three and nine months ended September 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended September 30,				For the nine months ended September 30,			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues (notes 17 and 25)	\$ 69,326	100	\$ 62,891	100	\$ 174,103	100	\$ 166,095	100
Operating costs (notes 9 and 30)	(62,082)	(90)	(51,024)	(81)	(154,899)	(89)	(159,817)	(96)
Gross profit (loss)	7,244	10	11,867	19	19,204	11	6,278	4
Operating expenses								
Selling	(11,456)	(17)	(11,870)	(19)	(35,403)	(20)	(37,492)	(22)
General and administrative	(7,855)	(11)	(9,399)	(15)	(28,723)	(16)	(29,091)	(18)
Research and development	(29,324)	(42)	(26,354)	(41)	(82,917)	(48)	(84,585)	(51)
Total operating expenses	(48,635)	(70)	(47,623)	(75)	(147,043)	(84)	(151,168)	(91)
Net operating loss	(41,391)	(60)	(35,756)	(56)	(127,839)	(73)	(144,890)	(87)
Non-operating income and expenses (note 18)								
Interest income	1,340	2	298	-	4,282	2	1,048	1
Other gains and losses	1,365	(2)	2,349	4	128	-	5,357	3
Financial costs	(625)	(1)	(493)	(1)	(1,529)	(1)	(1,119)	(1)
Total non-operating income and expenses	2,080	3	2,154	3	2,881	1	5,286	3
Loss before income tax	(39,311)	(57)	(33,602)	(53)	(124,958)	(72)	(139,604)	(84)
Income tax benefit (note 20)	-	-	-	-	-	-	-	-
Net loss for the period	(39,311)	(57)	(33,602)	(53)	(124,958)	(72)	(139,604)	(84)
Other comprehensive income for the period (after tax)	-	-	-	-	-	-	-	-
Total comprehensive income for the period	(\$ 39,311)	(57)	(33,602)	(53)	(124,958)	(72)	(139,604)	(84)
Earning (loss) per share (New Taiwan Dollars) (note 16)								
Basic earnings (loss) per share	(\$ 0.54)		(\$ 0.59)		(\$ 1.71)		(\$ 2.45)	
Diluted earnings (loss) per share	(\$ 0.54)		(\$ 0.59)		(\$ 1.71)		(\$ 2.45)	

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

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

Solid State System Co., Ltd.

Individual Statements of Changes in Equity

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Accumulated deficits	Total equity
Balance as of January 1, 2024	\$ 569,659	\$ 76,464	(\$ 220,015)	\$ 426,108
Net loss for the period	-	-	(139,604)	(139,604)
Capital surplus used to offset accumulated deficits	-	(76,464)	76,464	-
Balance as of September 30, 2024	<u>\$ 569,659</u>	<u>\$ -</u>	<u>(\$ 283,155)</u>	<u>\$ 286,504</u>
Balance as of January 1, 2025	\$ 729,659	\$ 190,985	(\$ 324,704)	\$ 595,940
Net loss for the period	-	-	(124,958)	(124,958)
Capital surplus used to offset accumulated deficits	-	(190,985)	190,985	-
Balance as of September 30, 2025	<u>\$ 729,659</u>	<u>\$ -</u>	<u>(\$ 258,677)</u>	<u>\$ 470,982</u>

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

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

Solid State System Co., Ltd.

Individual Statements of Cash Flows

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2025	2024
Cash flows from operating activities:		
Loss before income tax	(\$ 124,958)	(\$ 139,604)
Adjustments to reconcile profit (loss):		
Depreciation	17,924	17,990
Amortization	6,296	5,948
Expected credit loss (gain)	12 (3)	
Interest expense	1,529	1,119
Interest income	(4,282)	(1,048)
Gains on disposals of property, plant and equipment	- (2,884)	
Provision for inventory devaluation loss	554	15,696
Others	18	-
Changes in operating assets and liabilities:		
Accounts receivable	5,158 (15,365)	
Accounts receivable from related parties	(1,702)	9,690
Inventories	22,125	53,333
Other operating assets	2,123 (1,998)	
Accounts payable	13,130	4,968
Other operating liabilities	12,665 (5,127)	
Cash flows used in operations	(49,408)	(57,285)
Interest received	4,076	1,088
Interest paid	(1,497)	(1,096)
Income taxes paid	(379)	(83)
Income taxes refund	28	2
Net cash flows used in operating activities	(47,180)	(57,374)
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(300,000)	-
Acquisition of property, plant and equipment	(71,061)	(8,288)
Proceeds from disposal of property, plant and equipment	-	2,884
Decrease (increase) in refundable deposits	759 (44)	
Acquisition of intangible assets	(10,858)	(6,237)
Net cash flows used in investing activities	(381,160)	(11,685)
Cash flows from financing activities:		
Proceeds from borrowings	74,940	60,018
Repayments of borrowings	(65,773)	(59,188)
Proceeds from long-term borrowings	43,680	35,000
Repayments of long-term borrowings	(5,090)	(3,329)
(Decrease) Increase in guarantee deposits	(10)	10
Payment of lease liabilities	(7,558)	(8,146)
Net cash flows from financing activities	40,189	24,365
Net decrease in cash and cash equivalents for the period	(388,151)	(44,694)
Cash and cash equivalents at beginning of period	430,667	141,727
Cash and cash equivalents at end of period	\$ 42,516	\$ 97,033

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

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

Solid State System Co., Ltd.

Notes to the Individual Financial Statements

For the nine months ended September 30, 2025 and 2024

(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 is the design, research, development, manufacture and sale of integrated circuits (ICs).

2. Approval Date and Procedures of the Individual Financial Statements

The individual financial statements were authorized for issuance by the Board of Directors on November 6, 2025.

3. New Standards, Amendments, and Interpretations Adopted

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

3S has initially adopted the following new amendments, which do not have a significant impact on its individual financial statements, from January 1, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.

- (2) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

3S assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7.

- Annual Improvements of IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Nature-dependent Electricity Contracts”

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

The following new and amended standards, which may be relevant to 3S, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	<p>January 1, 2027</p> <p>Note : On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

3S is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when 3S completes its evaluation.

3S 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 financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

4. Summary of Significant Accounting Policies

(1) Statement of compliance

These individual 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 individual financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the individual financial statements are the same as those in the individual financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the individual financial statements for the year ended December 31, 2024.

(2) 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 individual 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 individual financial statements, the major sources of accounting judgments, estimations and assumptions of uncertainty are applied consistently with note 5 to the individual financial statements for the year ended December 31, 2024.

6. Cash and Cash Equivalents

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand and petty cash	\$ 154	\$ 147	\$ 183
Checking and savings accounts	38,362	430,520	38,850
Time deposits	4,000	-	58,000
	<u>\$ 42,516</u>	<u>\$ 430,667</u>	<u>\$ 97,033</u>

Please refer to note 21 for the disclosure of credit risk and currency risk of the financial assets and liabilities of 3S.

7. Financial Assets at Amortized Cost

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than three months	\$ 300,000	\$ -	\$ -
Range of interest rates	<u>1.70%</u>	<u>-%</u>	<u>-%</u>

Please refer to note 21 for the disclosure of credit risk and currency risk of the financial assets and liabilities of 3S.

8. Accounts Receivable

A. Accounts receivable (including receivables from related parties)

	September 30, 2025	December 31, 2024	September 30, 2024
Accounts receivable	\$ 21,620	\$ 25,076	\$ 31,695
Less: loss allowance	(24)	(12)	(17)
	<u>\$ 21,596</u>	<u>\$ 25,064</u>	<u>\$ 31,678</u>
Accounts receivable, net	\$ 17,839	\$ 23,009	\$ 29,257
Accounts receivable from related parties, net	<u>\$ 3,757</u>	<u>\$ 2,055</u>	<u>\$ 2,421</u>

3S 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:

September 30, 2025			
	Gross carrying amount	Weighted-average loss rate	Expected loss allowance
Not past due	\$ 19,625	0.117%	\$ 23
Past due by 1~89 days	1,995	0.050%	1
Total	<u>\$ 21,620</u>		<u>\$ 24</u>

December 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Expected loss allowance
Not past due	\$ 22,601	0.053%	\$ 12
Past due by 1~89 days	2,475	-%	-
Total	<u>\$ 25,076</u>		<u>\$ 12</u>

September 30, 2024			
	Gross carrying amount	Weighted-average loss rate	Expected loss allowance
Not past due	\$ 26,456	0.042%	\$ 11
Past due by 1~89 days	5,239	0.115%	6
Total	<u>\$ 31,695</u>		<u>\$ 17</u>

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

	For the nine months ended September 30,	
	2025	2024
Beginning balance	\$ 12	\$ 20
Impairment loss (gain) recognized	12	(3)
Ending balance	<u>\$ 24</u>	<u>\$ 17</u>

3S's net accounts receivable (including receivables from related parties) mentioned above were not pledged as collateral.

9. Inventories

	September 30, 2025	December 31, 2024	September 30, 2024
Raw materials	\$ 1,995	\$ 393	\$ 1,030
Work in process	55,974	61,389	61,261
Finished goods	104,136	123,002	137,261
	<u>\$ 162,105</u>	<u>\$ 184,784</u>	<u>\$ 199,552</u>

a. The costs of goods sold related to inventories for the three and nine months ended September 30, 2025 and 2024 were \$62,082, \$51,024, \$154,899, and \$159,817, respectively. The cost of goods sold includes provision for inventory devaluation (reversed) loss of (\$3,467), (\$5,405), \$554, and \$15,696, respectively.

b. 3S's inventories mentioned above were not pledged as collateral.

10. Property, Plant, and Equipment

	Land	Buildings	Machinery and equipment	Office and other equipment	Total
Cost:					
Balance as of January 1, 2025	\$ -	\$ -	\$ 69,327	\$ 55,808	\$ 125,135
Additions	38,827	18,565	6,767	7,565	71,724
Disposal and write-off	-	-	(19,852)	-	(19,852)
Reclassification	-	-	2,500	(2,511)	(11)
Balance as of September 30, 2025	\$ 38,827	\$ 18,565	\$ 58,742	\$ 60,862	\$ 176,996
Accumulated depreciation and impairment loss:					
Balance as of January 1, 2025	\$ -	\$ -	\$ 55,981	\$ 41,089	\$ 97,070
Depreciation for the period	-	108	2,845	6,430	9,383
Disposal and write-off	-	-	(19,852)	-	(19,852)
Reclassification	-	-	1,229	(1,229)	-
Balance as of September 30, 2025	\$ -	\$ 108	\$ 40,203	\$ 46,290	\$ 86,601
Book value:					
Balance as of September 30, 2025	\$ 38,827	\$ 18,457	\$ 18,539	\$ 14,572	\$ 90,395
	Land	Buildings	Machinery and equipment	Office and other equipment	Total
Cost:					
Balance as of January 1, 2024	\$ -	\$ -	\$ 111,203	\$ 46,140	\$ 157,343
Additions	-	-	190	6,746	6,936
Disposal and write-off	-	-	(35,118)	-	(35,118)
Balance as of September 30, 2024	\$ -	\$ -	\$ 76,275	\$ 52,886	\$ 129,161
Accumulated depreciation and impairment loss:					
Balance as of January 1, 2024	\$ -	\$ -	\$ 94,494	\$ 33,497	\$ 127,991
Depreciation for the period	-	-	2,666	5,746	8,412
Disposal and write-off	-	-	(35,118)	-	(35,118)
Balance as of September 30, 2024	\$ -	\$ -	\$ 62,042	\$ 39,243	\$ 101,285
Book value:					
Balance as of September 30, 2024	\$ -	\$ -	\$ 14,233	\$ 13,643	\$ 27,876

3S real estate-backed collateralization for bank loans, please refer to note 26.

11. Lease Arrangements

A. Right-of-use assets

	September 30, 2025		December 31, 2024		September 30, 2024			
Carrying amount:								
Buildings	\$	6,465	\$	13,533	\$	16,720		
	For the three months ended September 30,		For the nine months ended September 30,					
	2025		2024		2025		2024	
Addition to right-of-use assets	\$	-	\$	11,684	\$	1,473	\$	14,520
Depreciation for right-of-use assets								
Buildings	\$	2,049	\$	3,181	\$	8,541	\$	9,578

B. Lease liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Carrying amount:			
Current	\$ 6,558	\$ 8,569	\$ 9,519
Non-current	-	4,074	5,802
	\$ 6,558	\$ 12,643	\$ 15,321

Range of discount rate for lease liabilities was as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Buildings	2.64%~2.68%	1.40%~2.64%	1.40%~2.64%

C. Material lease activities and terms

3S 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.

12. Intangible Assets

	Computer software	Patent and technology license fee	Total
Cost:			
Balance as of January 1, 2025	\$ 10,106	\$ 15,241	\$ 25,347
Additions	6,622	4,692	11,314
Balance as of September 30, 2025	\$ 16,728	\$ 19,933	\$ 36,661
Accumulated amortization:			
Balance as of January 1, 2025	\$ 8,126	\$ 9,861	\$ 17,987
Amortization for the period	4,831	1,465	6,296
Balance as of September 30, 2025	\$ 12,957	\$ 11,326	\$ 24,283
Book value:			
Balance as of September 30, 2025	\$ 3,771	\$ 8,607	\$ 12,378

	Computer software	Patent and technology license fee	Total
Cost:			
Balance as of January 1, 2024	\$ 11,131	\$ 20,896	\$ 32,027
Additions	6,237	-	6,237
Balance as of September 30, 2024	\$ 17,368	\$ 20,896	\$ 38,264
Accumulated amortization:			
Balance as of January 1, 2024	\$ 9,166	\$ 13,819	\$ 22,985
Amortization for the period	4,651	1,297	5,948
Balance as of September 30, 2024	\$ 13,817	\$ 15,116	\$ 28,933
Book value:			
Balance as of September 30, 2024	\$ 3,551	\$ 5,780	\$ 9,331

3S's intangible assets mentioned above were not pledged as collateral.

13. Borrowings

A. Short-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank loans	\$ 43,000	\$ 23,833	\$ 25,000
Secured bank loans	-	10,000	10,000
Total	\$ 43,000	\$ 33,833	\$ 35,000
Unused credit line	\$ 11,500	\$ 35,167	\$ 50,000
Range of interest rates	2.68%-2.75%	2.64%~3.08%	2.63%~3.08%

B. Long-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank loans	\$ 24,904	\$ 29,994	\$ 31,671
Secured bank loans	43,680	-	-
Less: Current portion of long-term borrowings	(6,919)	(6,805)	(6,767)
	\$ 61,665	\$ 23,189	\$ 24,904
Unused credit line	\$ -	\$ -	\$ -
Range of interest rates	2.22%-2.30%	2.22%	2.22%

3S asset-backed collateralization for bank loans, please refer to note 26.

14. Employee Benefit

3S allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance) in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, 3S allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

For the information related to 3S's pension costs for the nine months ended September 30, 2025 and 2024, please refer to note 30.

15. Capital and Other Equity Interest

A. Ordinary share capital

	September 30, 2025	December 31, 2024	September 30, 2024
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)	72,966	72,966	56,966
Issued share capital	\$ 729,659	\$ 729,659	\$ 569,659

On October 14, 2024, based on the resolution of a Board of Directors meeting, to increase 3S's capital by issuing 16,000 thousand common shares with a par value of NT\$10 per share. The initial issue price is NT\$22 per share. The issuance registration with the FSC, under registration No. 1130361038, became effective on November 21, 2024. The effective date of the capital increase was December 31, 2024, and the relevant statutory registration procedures had already been completed on February 8, 2025.

In order to appeal to strategic investors for the purpose of strengthening 3S's stockholder structure and improving competitiveness, on May 27, 2025, based on the resolution of a stockholders' meeting, the Board of Directors resolved to conduct the private placement within 20,000 thousand common stock.

B. Capital surplus

3S's capital surplus was as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Capital increase	\$ -	\$ 190,979	\$ -
Other- expired stock option	-	6	-
	\$ -	\$ 190,985	\$ -

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

A resolution was approved during the stockholders' meetings held on May 27, 2025 and May 29, 2024, respectively. For 3S to use its capital surplus to offset its accumulated deficits in 2024 and 2023 at the amount of \$190,985 and \$76,464, respectively. Such resolutions were consistent with those approved by the Board of Directors.

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

16. Earnings Per Share

A. Basic earnings (loss) per share

Basic earnings per share amounts for the three and nine months ended September 30, 2025 and 2024 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 September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Net loss attributable to 3S's stockholders	(\$ 39,311)	(\$ 33,602)	(\$ 124,958)	(\$ 139,604)
Weighted average common stocks outstanding (thousand shares)	72,966	56,966	72,966	56,966
Basic EPS (TWD)	(\$ 0.54)	(\$ 0.59)	(\$ 1.71)	(\$ 2.45)

There were no dilutive potential ordinary shares for the period.

17. Revenue

A. The analysis of the revenue generated by 3S in the current year is as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Primary geographical markets				
China	\$ 41,193	\$ 30,671	\$ 78,417	\$ 74,551
Taiwan	11,448	14,758	46,930	49,034
North-east Asia	16,073	10,787	43,433	32,505
America	612	6,675	5,323	10,005
	<u>\$ 69,326</u>	<u>\$ 62,891</u>	<u>\$ 174,103</u>	<u>\$ 166,095</u>
Major products				
Revenue from IC	\$ 69,326	\$ 62,891	\$ 173,580	\$ 166,095
Technical Service Income	-	-	523	-
	<u>\$ 69,326</u>	<u>\$ 62,891</u>	<u>\$ 174,103</u>	<u>\$ 166,095</u>

18. Non-operating Income and Expenses

A. Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest income from bank deposits	\$ 1,339	\$ 298	\$ 4,271	\$ 1,048
Other interest income	1	-	11	-
	<u>\$ 1,340</u>	<u>\$ 298</u>	<u>\$ 4,282</u>	<u>\$ 1,048</u>

B. Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Gains on disposals of property, plant and equipment	\$ -	\$ 2,618	\$ -	\$ 2,884
Foreign exchange (losses) gains, net	817	(663)	(2,084)	1,273
Others	548	394	2,212	1,200
	<u>\$ 1,365</u>	<u>\$ 2,349</u>	<u>\$ 128</u>	<u>\$ 5,357</u>

C. Financial costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest expense — borrowings	\$ 578	\$ 424	\$ 1,350	\$ 999
Interest expense — lease liabilities	47	69	179	120
	<u>\$ 625</u>	<u>\$ 493</u>	<u>\$ 1,529</u>	<u>\$ 1,119</u>

19. Compensation of Employees and Directors

According to 3S's articles of incorporation, if 3S has profit in a given fiscal year (defined as pre-tax net income before deducting directors' and employees' compensation), after offsetting any accumulated deficit, no more than 2% of the remainder shall be appropriated as compensation to directors, and 1% to 10% of the remainder shall be appropriated as employee compensation. Of the employee compensation, 5% shall be allocated for base-level employees. 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 nine months ended September 30, 2025 and 2024, 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.

20. Income Tax

A. The amount income tax expense were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Current tax expense				
In respect of the current year	\$ -	\$ -	\$ -	\$ -

B. Income tax assessments

The income tax returns of 3S through 2023 have been assessed by the tax authorities.

21. Financial Instruments

A. Categories of financial instruments

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Financial assets</u>			
Financial assets measured at amortized cost:			
Cash and cash equivalents	\$ 42,516	\$ 430,667	\$ 97,033
Financial assets at amortized cost	300,000	-	-
Accounts receivable (including receivables from related parties)	21,596	25,064	31,678
Refundable deposits	6,093	6,852	6,854
	<u>\$ 370,205</u>	<u>\$ 462,583</u>	<u>\$ 135,565</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost:			
Short-term borrowings	\$ 43,000	\$ 33,833	\$ 35,000
Accounts payable	21,109	7,979	6,250
Accrued payroll and bonus	8,998	12,340	9,398
Other accrued expenses	13,260	16,367	13,366
Lease liabilities (included in current and non-current)	6,558	12,643	15,321
Long-term borrowings (included in current and non-current)	68,584	29,994	31,671
Guarantee deposits received	618	628	628
	<u>\$ 162,127</u>	<u>\$ 113,784</u>	<u>\$ 111,634</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 September 30, 2025, December 31, 2024, and September 30, 2024 were \$370,205, \$462,583, and \$135,565, respectively.

b. Situation of concentrated credit risk

3S's potential credit risk is derived primarily from cash and cash equivalents and receivable (including accounts receivable and receivables from related parties). 3S maintains its cash and cash equivalents in various creditworthy financial institutions. 3S monitors its exposure with these financial institutions; therefore, 3S considers that there is no concentration of credit risk in regard to cash and cash equivalents.

3S's sales to individual clients constituting over 10% of total sales revenue for the nine months ended September 30, 2025 and 2024, were 55% and 38%, respectively, of the total sales revenues. To reduce the concentration of credit risk, 3S 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 8.

No impairment loss was recognized for the nine months ended September 30, 2025 and 2024. 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(6) of the individual financial statements for the year ended December 31, 2024.

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	Over 5 years
<u>September 30, 2025</u>					
Non-derivative financial liabilities					
Short-terms borrowing	\$ 43,000	\$ 43,307	\$ 43,307	\$ -	\$ -
Accounts payable	21,109	21,109	21,109	-	-
Accrued payroll and bonus	8,998	8,998	8,998	-	-
Other accrued expenses	13,260	13,260	13,260	-	-
Lease liabilities (included in current and non-current)	6,558	6,621	6,621	-	-
Long-term borrowings (included in current and non-current)	68,584	81,584	8,407	28,813	44,364
Guarantee deposits received	618	618	-	618	-
	<u>\$ 162,127</u>	<u>\$ 175,497</u>	<u>\$ 101,702</u>	<u>\$ 29,431</u>	<u>\$ 44,364</u>

	Carrying amount	Contractual cash flows	Within 1 years	1~5 years	Over 5 years
<u>December 31, 2024</u>					
Non-derivative financial liabilities					
Short-terms borrowing	\$ 33,833	\$ 34,021	\$ 34,021	\$ -	\$ -
Accounts payable	7,979	7,979	7,979	-	-
Accrued payroll and bonus	12,340	12,340	12,340	-	-
Other accrued expenses	16,367	16,367	16,367	-	-
Lease liabilities (included in current and non-current)	12,643	12,866	8,765	4,101	-
Long-term borrowings (included in current and non-current)	29,994	31,458	7,402	24,056	-
Guarantee deposits received	628	628	-	628	-
	<u>\$ 113,784</u>	<u>\$ 115,659</u>	<u>\$ 86,874</u>	<u>\$ 28,785</u>	<u>\$ -</u>

<u>September 30, 2024</u>					
Non-derivative financial liabilities					
Short-terms borrowing	\$ 35,000	\$ 35,214	\$ 35,214	\$ -	\$ -
Accounts payable	6,250	6,250	6,250	-	-
Accrued payroll and bonus	9,398	9,398	9,398	-	-
Other accrued expenses	13,366	13,366	13,366	-	-
Lease liabilities (included in current and non-current)	15,321	15,413	9,651	5,762	-
Long-term borrowings (included in current and non-current)	31,671	33,309	7,402	25,907	-
Guarantee deposits received	628	628	-	628	-
	<u>\$ 111,634</u>	<u>\$ 113,578</u>	<u>\$ 81,281</u>	<u>\$ 32,297</u>	<u>\$ -</u>

D. Currency risk

a. Exposure to currency risk

3S's financial assets and liabilities exposed to exchange rate risk were as follows:

September 30, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,151	30.44 (USD : TWD)	<u>\$ 35,036</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 835	30.44 (USD : TWD)	<u>\$ 25,417</u>

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,225	32.78 (USD : TWD)	<u>\$ 40,156</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 334	32.78 (USD : TWD)	<u>\$ 10,949</u>

September 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,477	31.65 (USD : TWD)	<u>\$ 46,747</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 272	31.65 (USD : TWD)	<u>\$ 8,609</u>

b. Sensitivity analysis

3S'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 September 30, 2025 and 2024, would have decreased or increased the net loss by \$77 and \$305, respectively. This analysis is based on foreign currency exchange rate variances that 3S 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

3S' 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:

September 30, 2025					
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 42,516	\$ -	\$ -	\$ -	\$ -
Financial assets at amortized cost	300,000	-	-	-	-
Accounts receivable (including receivables from related parties)	21,596	-	-	-	-
Refundable deposits	6,093	-	-	-	-
	<u>\$ 370,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities measured at amortized cost					
Short-terms borrowing	\$ 43,000	\$ -	\$ -	\$ -	\$ -
Accounts payable	21,109	-	-	-	-
Accrued payroll and bonus	8,998	-	-	-	-
Other accrued expenses	13,260	-	-	-	-
Lease liabilities (included in current and non-current)	6,558	-	-	-	-
Long-term borrowings (included in current and non-current)	68,584	-	-	-	-
Guarantee deposits received	618	-	-	-	-
	<u>\$ 162,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2024					
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 430,667	\$ -	\$ -	\$ -	\$ -
Accounts receivable (including receivables from related parties)	25,064	-	-	-	-
Refundable deposits	6,852	-	-	-	-
	<u>\$ 462,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities measured at amortized cost					
Short-terms borrowing	\$ 33,833	\$ -	\$ -	\$ -	\$ -
Accounts payable	7,979	-	-	-	-
Accrued payroll and bonus	12,340	-	-	-	-
Other accrued expenses	16,367	-	-	-	-
Lease liabilities (included in current and non-current)	12,643	-	-	-	-
Long-term borrowings (included in current and non-current)	29,994	-	-	-	-
Guarantee deposits received	628	-	-	-	-
	<u>\$ 113,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	September 30, 2024				
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 97,033	\$ -	\$ -	\$ -	\$ -
Accounts receivable (including receivables from related parties)	31,678	-	-	-	-
Refundable deposits	6,854	-	-	-	-
	<u>\$ 135,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities measured at amortized cost					
Short-terms borrowing	\$ 35,000	\$ -	\$ -	\$ -	\$ -
Accounts payable	6,250	-	-	-	-
Accrued payroll and bonus	9,398	-	-	-	-
Other accrued expenses	13,366	-	-	-	-
Lease liabilities (included in current and non-current)	15,321	-	-	-	-
Long-term borrowings (included in current and non-current)	31,671	-	-	-	-
Guarantee deposits received	628	-	-	-	-
	<u>\$ 111,634</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.

22. Financial Risk Management

Except as described in the following paragraph, there were no significant changes in 3S's objectives and policies applied in the financial risk management from those in note 23 of the individual financial statement for the year ended December 31, 2024.

23. Capital Risk 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 3S. 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:

	September 30, 2025	December 31, 2024	September 30, 2024
Total liabilities	\$ 193,059	\$ 124,455	\$ 120,224
Total equity	\$ 470,982	\$ 595,940	\$ 286,504
Debt-to-capital ratio	40.99%	20.88%	41.96%

3S approach to capital management for the nine months ended September 30, 2025, was the same as that in 2024.

24. 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, 2025	\$ 33,833	\$ 29,994	\$ 12,643	\$ 628	\$ 77,098
Cash flows:					
Proceeds from borrowings	74,940	43,680	-	-	118,620
Repayments of borrowings	(65,773)	(5,090)	-	-	(70,863)
Payment of lease liabilities	-	-	(7,558)	-	(7,558)
Interest paid	-	-	(179)	-	(179)
Decrease in guarantee deposits	-	-	-	(10)	(10)
Non-cash flow:					
Increase in lease liabilities	-	-	1,473	-	1,473
Interest expense	-	-	179	-	179
Balance as of September 30, 2025	\$ 43,000	\$ 68,584	\$ 6,558	\$ 618	\$ 118,760
Balance as of January 1, 2024	\$ 34,170	\$ -	\$ 8,947	\$ 618	\$ 43,735
Cash flows:					
Proceeds from borrowings	60,018	35,000	-	-	95,018
Repayments of borrowings	(59,188)	(3,329)	-	-	(62,517)
Payment of lease liabilities	-	-	(8,146)	-	(8,146)
Interest paid	-	-	(120)	-	(120)
Increase in guarantee deposits	-	-	-	10	10
Non-cash flow:					
Increase in lease liabilities	-	-	14,520	-	14,520
Interest expense	-	-	120	-	120
Balance as of September 30, 2024	\$ 35,000	\$ 31,671	\$ 15,321	\$ 628	\$ 82,620

25. Related-Party Transactions

A. Names and relationships with related parties

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

Name of related parties	Relationship with 3S
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 3S during the period covered in the financial statements.

a. Sales and service revenue from related parties

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
KIC	\$ 9,554	\$ 5,110	\$ 26,009	\$ 20,926

The collection terms for sales to related parties will be 30 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

	September 30, 2025	December 31, 2024	September 30, 2024
KIC	\$ 3,757	\$ 2,055	\$ 2,421

c. Transactions with key management personnel

Key management compensation for the three and nine months ended September 30, 2025 and 2024 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Short-term employee benefits	\$ 2,662	\$ 2,835	\$ 7,985	\$ 7,928
Post-employment benefits	81	81	243	243
	\$ 2,743	\$ 2,916	\$ 8,228	\$ 8,171

26. Pledged Assets

The carrying values of 3S's pledged assets are as follows:

Assets	Purpose of Pledged	September 30, 2025	December 31, 2024	September 30, 2024
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	10,000
Time deposits (recorded in other current financial assets)	Financing facilities	-	2,000	2,000
Property, plant and equipment	Financing facilities	54,567	-	-
Refundable deposits	Warranty guarantee	3,976	3,976	3,976
		<u>\$ 69,443</u>	<u>\$ 16,876</u>	<u>\$ 16,876</u>

27. Commitments and Contingencies

3S has obtained licenses to use other companies' technology, which requires a monthly royalty payment based on its sales volume.

28. Losses Due to Major Disasters: None.

29. Subsequent Events: None.

30. Others

- A. 3S incurred a net loss amounting to \$258,677 as of September 30, 2025. 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) Plan to issue of new common shares for cash in private placement, in order to have sound financial structure and enrich working capital.

- (c) 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 September 30, 2025			For the three months ended September 30, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 1,375	\$ 30,330	\$ 31,705	\$ 1,450	\$ 29,784	\$ 31,234
Labor and health insurance	117	2,432	2,549	132	2,218	2,350
Pension	68	1,448	1,516	76	1,368	1,444
Others	78	1,600	1,678	126	1,608	1,734
Depreciation	1,043	4,426	5,469	1,036	4,982	6,018
Amortization	-	2,177	2,177	-	1,969	1,969
By function By item	For the nine months ended September 30, 2025			For the nine months ended September 30, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 4,235	\$ 90,064	\$ 94,299	\$ 4,131	\$ 93,711	\$ 97,842
Labor and health insurance	359	7,403	7,762	353	7,133	7,486
Pension	205	4,244	4,449	198	4,218	4,416
Others	243	4,507	4,750	276	4,511	4,787
Depreciation	3,048	14,876	17,924	3,085	14,905	17,990
Amortization	-	6,296	6,296	-	5,948	5,948

31. 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 September 30, 2025 (excluding investment in subsidiaries, associates and joint ventures): None.
- Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 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.

- f. Business relationships and significant intercompany transactions: None.
- B. Information on investees (excluding information on investees in Mainland China): None.
- C. Information on investment in Mainland China:
 - a. The name of investees in Mainland China, the main businesses and products, and other information: None.
 - b. Limitation on investment in Mainland China: None.
 - c. Significant transactions: None.

32. Segment Information

3S operates predominantly in one industry segment which includes the in the research, development, manufacture and sale of integrated circuits (ICs). For sales to other than the individual entities and income before income tax, please see statements of comprehensive income. For assets, please see the balance sheets.