

eMemory Technology Inc. and Subsidiary

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)			March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$2,876,212	79	\$2,482,765	78	\$2,078,580	74	Contract liabilities - current	\$ 95,801	3	\$ 76,943	3	\$ 59,669	2
Accounts receivable - net	131,380	4	102,669	3	89,004	3	Other payables	133,362	4	152,271	5	112,323	4
Accounts receivable - related parties	-	-	-	-	28,535	1	Other payables - related parties	15	-	-	-	-	-
Other receivables	5,277	-	5,271	-	4,641	-	Bonuses payable to employees and directors	290,660	8	254,989	8	196,081	7
Other receivables - related parties	-	-	-	-	425	-	Payables on equipment	6,698	-	9,763	-	503	-
Prepayments	51,691	2	27,260	1	45,087	2	Current tax liabilities	187,961	5	140,661	4	123,337	4
Other current assets	7,489	-	3,854	-	3,159	-	Lease liabilities - current	3,250	-	3,230	-	1,534	-
Total current assets	<u>3,072,049</u>	<u>85</u>	<u>2,621,819</u>	<u>82</u>	<u>2,249,431</u>	<u>80</u>	Other current liabilities	2,046	-	1,928	-	2,252	-
							Total current liabilities	<u>719,793</u>	<u>20</u>	<u>639,785</u>	<u>20</u>	<u>495,699</u>	<u>17</u>
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income - noncurrent	13,779	-	16,130	1	21,457	1	Lease liabilities - noncurrent	4,717	-	5,532	-	3,829	-
Financial assets at amortized cost - noncurrent	116	-	116	-	114	-	Net defined benefit liabilities - noncurrent	18,999	-	19,190	1	21,038	1
Investment accounted for using the equity method	2,402	-	3,083	-	4,707	-	Guarantee deposits received	10	-	10	-	530	-
Property, plant and equipment	458,663	13	460,310	15	461,318	16	Total non-current liabilities	<u>23,726</u>	<u>-</u>	<u>24,732</u>	<u>1</u>	<u>25,397</u>	<u>1</u>
Right-of-use assets	7,879	-	8,686	-	5,307	-	Total liabilities	<u>743,519</u>	<u>20</u>	<u>664,517</u>	<u>21</u>	<u>521,096</u>	<u>18</u>
Intangible assets	69,810	2	72,436	2	75,559	3							
Deferred tax assets	2,454	-	4,257	-	2,937	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
Prepayments for equipment	-	-	-	-	3,300	-	Ordinary shares	761,272	21	761,235	24	760,778	27
Refundable deposits	438	-	471	-	428	-	Capital surplus	312,530	9	303,181	10	397,656	14
Total non-current assets	<u>555,541</u>	<u>15</u>	<u>565,489</u>	<u>18</u>	<u>575,127</u>	<u>20</u>	Retained earnings						
							Legal reserve	526,270	14	526,270	16	455,518	16
							Special reserve	60,101	2	60,101	2	65,586	3
							Unappropriated earnings	1,625,832	45	1,259,813	40	1,079,989	38
							Total retained earnings	<u>2,212,203</u>	<u>61</u>	<u>1,846,184</u>	<u>58</u>	<u>1,601,093</u>	<u>57</u>
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	(16)	-	(112)	-	(19)	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(33,225)	(1)	(30,874)	(1)	(59,655)	(2)
							Total other equity	(33,241)	(1)	(30,986)	(1)	(59,674)	(2)
							Treasury shares	(404,238)	(11)	(404,238)	(13)	(404,238)	(14)
							Total equity attributable to shareholders of the Company	2,848,526	79	2,475,376	78	2,295,615	82
							NON-CONTROLLING INTERESTS						
								35,545	1	47,415	1	7,847	-
							Total equity	<u>2,884,071</u>	<u>80</u>	<u>2,522,791</u>	<u>79</u>	<u>2,303,462</u>	<u>82</u>
TOTAL	<u>\$3,627,590</u>	<u>100</u>	<u>\$3,187,308</u>	<u>100</u>	<u>\$2,824,558</u>	<u>100</u>	TOTAL	<u>\$3,627,590</u>	<u>100</u>	<u>\$3,187,308</u>	<u>100</u>	<u>\$2,824,558</u>	<u>100</u>

eMemory Technology Inc. and Subsidiary

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

	Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 727,107	100	\$ 596,734	100
OPERATING COSTS	-	-	-	-
GROSS PROFIT	<u>727,107</u>	<u>100</u>	<u>596,734</u>	<u>100</u>
OPERATING EXPENSES				
Selling and marketing expenses	45,728	6	37,081	6
General and administrative expenses	71,335	10	63,303	10
Research and development expenses	197,917	27	165,995	28
Expected credit gain	(1,134)	-	(7,356)	(1)
Total operating expenses	<u>313,846</u>	<u>43</u>	<u>259,023</u>	<u>43</u>
OPERATING INCOME	<u>413,261</u>	<u>57</u>	<u>337,711</u>	<u>57</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	2,148	-	1,826	-
Other income	373	-	1,111	-
Other gains and losses	13,040	2	4,525	1
Finance costs	(42)	-	(22)	-
Share of loss of associates	(679)	-	(810)	-
Total non-operating income and expenses	<u>14,840</u>	<u>2</u>	<u>6,630</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	428,101	59	344,341	58
INCOME TAX EXPENSE	<u>65,863</u>	<u>9</u>	<u>52,907</u>	<u>9</u>
NET PROFIT	<u>362,238</u>	<u>50</u>	<u>291,434</u>	<u>49</u>

(Continued)

eMemory Technology Inc. and Subsidiary

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

	Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(\$ 2,351)	-	\$ 420	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	122	-	8	-
Share of the other comprehensive loss of associates accounted for using the equity method	(2)	-	-	-
Other comprehensive (loss) income	(2,231)	-	428	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 360,007</u>	<u>50</u>	<u>\$ 291,862</u>	<u>49</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 366,019	50	\$ 292,982	49
Non-controlling interests	(3,781)	-	(1,548)	-
	<u>\$ 362,238</u>	<u>50</u>	<u>\$ 291,434</u>	<u>49</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 363,764	50	\$ 293,409	49
Non-controlling interests	(3,757)	-	(1,547)	-
	<u>\$ 360,007</u>	<u>50</u>	<u>\$ 291,862</u>	<u>49</u>
EARNINGS PER SHARE				
Basic	<u>\$ 4.91</u>		<u>\$ 3.93</u>	
Diluted	<u>\$ 4.89</u>		<u>\$ 3.92</u>	

(Concluded)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Company												Total Equity
	Ordinary Shares		Capital Surplus	Retained Earnings				Other Equity		Treasury Shares	Total	Non-Controlling Interests	
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE, JANUARY 1, 2021	76,060	\$ 760,592	\$ 391,907	\$ 455,518	\$ 65,586	\$ 787,007	\$1,308,111	(\$ 26)	(\$ 60,075)	(\$ 404,238)	\$1,996,271	\$ 9,372	\$2,005,643
Changes in percentage of ownership interests in subsidiaries	-	-	5	-	-	-	-	-	-	-	5	(5)	-
Net profit (loss) for the three months ended March 31, 2021	-	-	-	-	-	292,982	292,982	-	-	-	292,982	(1,548)	291,434
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	-	-	7	420	-	427	1	428
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	292,982	292,982	7	420	-	293,409	(1,547)	291,862
Issuance of ordinary shares under employee share options	18	186	5,744	-	-	-	-	-	-	-	5,930	7	5,937
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	20	20
BALANCE, MARCH 31, 2021	76,078	\$ 760,778	\$ 397,656	\$ 455,518	\$ 65,586	\$1,079,989	\$1,601,093	(\$ 19)	(\$ 59,655)	(\$ 404,238)	\$2,295,615	\$ 7,847	\$2,303,462
BALANCE, JANUARY 1, 2022	76,124	\$ 761,235	\$ 303,181	\$ 526,270	\$ 60,101	\$1,259,813	\$1,846,184	(\$ 112)	(\$ 30,874)	(\$ 404,238)	\$2,475,376	\$ 47,415	\$2,522,791
Changes in percentage of ownership interests in subsidiaries	-	-	8,192	-	-	-	-	-	-	-	8,192	(8,192)	-
Net profit (loss) for the three months ended March 31, 2022	-	-	-	-	-	366,019	366,019	-	-	-	366,019	(3,781)	362,238
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	-	96	(2,351)	-	(2,255)	24	(2,231)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	366,019	366,019	96	(2,351)	-	363,764	(3,757)	360,007
Issuance of ordinary shares under employee share options	3	37	1,157	-	-	-	-	-	-	-	1,194	61	1,255
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	18	18
BALANCE, MARCH 31, 2022	76,127	\$ 761,272	\$ 312,530	\$ 526,270	\$ 60,101	\$1,625,832	\$2,212,203	(\$ 16)	(\$ 33,225)	(\$ 404,238)	\$2,848,526	\$ 35,545	\$2,884,071

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 428,101	\$ 344,341
Adjustments for:		
Depreciation expenses	9,556	10,351
Amortization expenses	4,774	4,446
Expected credit gain	(1,134)	(7,356)
Finance costs	42	22
Interest income	(2,148)	(1,826)
Share-based payments	18	20
Share of loss of associates	679	810
Net (gain) loss on foreign currency exchange	(9,523)	1,125
Changes in operating assets and liabilities		
Accounts receivable	(23,491)	34,588
Accounts receivable - related parties	-	(28,470)
Other receivables	-	(4,493)
Other receivables - related parties	-	(148)
Prepayments	(24,431)	(21,376)
Other current assets	(3,635)	103
Contract liabilities	18,858	8,867
Other payables	(19,033)	(24,391)
Other payables- related parties	15	-
Other current liabilities	118	118
Net defined benefit liabilities	(191)	(195)
Bonuses payable to employees and directors	<u>35,671</u>	<u>31,684</u>
Cash generated from operations	414,246	348,220
Interest received	2,142	1,783
Income tax paid	(<u>16,760</u>)	(<u>16,181</u>)
Net cash generated from operating activities	<u>399,628</u>	<u>333,822</u>

(Continued)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 10,160)	(\$ 8,203)
Increase in refundable deposits	-	(70)
Decrease in refundable deposits	33	-
Acquisition of intangible assets	(2,148)	(3,191)
Increase in prepayments for equipment	-	(3,250)
Net cash used in investing activities	<u>(12,275)</u>	<u>(14,714)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(802)	(709)
Exercise of employee share options	1,255	5,937
Interest paid	(42)	(22)
Net cash generated from financing activities	<u>411</u>	<u>5,206</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>5,683</u>	<u>155</u>
NET INCREASE IN CASH	393,447	324,469
CASH AT THE BEGINNING OF THE PERIOD	<u>2,482,765</u>	<u>1,754,111</u>
CASH AT THE END OF THE PERIOD	<u>\$ 2,876,212</u>	<u>\$ 2,078,580</u>

(Concluded)