

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2024		December 31, 2023		September 30, 2023			September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$2,658,912	70	\$2,731,524	73	\$2,302,078	70	Short-term loans	\$ -	-	\$ 30,000	1	\$ 30,000	1
Accounts receivable - net	283,301	7	194,960	5	367,752	11	Contract liabilities - current	77,233	2	77,268	2	70,754	2
Other receivables	1,445	-	2,965	-	1,673	-	Other payables	202,767	5	174,743	5	144,843	5
Prepayments	23,961	1	20,170	1	28,656	1	Other payables - related parties	35	-	-	-	50	-
Other current assets	4,552	-	4,974	-	5,902	-	Bonuses payable to employees and directors	380,010	10	349,031	9	360,293	11
Total current assets	<u>2,972,171</u>	<u>78</u>	<u>2,954,593</u>	<u>79</u>	<u>2,706,061</u>	<u>82</u>	Payables on equipment	3,534	-	9,220	-	11,662	-
							Current tax liabilities	52,868	2	44,486	1	-	-
NON-CURRENT ASSETS							Lease liabilities - current	2,674	-	2,358	-	2,895	-
Financial assets at fair value through other comprehensive income - noncurrent	4,700	-	5,369	-	4,947	-	Other current liabilities	2,592	-	2,479	-	2,560	-
Financial assets at amortized cost - noncurrent	118	-	118	-	116	-	Total current liabilities	<u>721,713</u>	<u>19</u>	<u>689,585</u>	<u>18</u>	<u>623,057</u>	<u>19</u>
Investment accounted for using the equity method	9,718	-	12,063	-	12,718	1	NON-CURRENT LIABILITIES						
Property, plant and equipment	477,486	13	473,470	13	459,540	14	Deferred tax liabilities	-	-	-	-	2,004	-
Right-of-use assets	6,368	-	3,607	-	4,600	-	Lease liabilities - noncurrent	3,838	-	1,314	-	1,743	-
Intangible assets	98,569	3	79,299	2	94,417	3	Net defined benefit liabilities - noncurrent	12,512	-	13,010	1	15,246	1
Deferred tax assets	4,094	-	3,770	-	1,742	-	Guarantee deposits received	10	-	10	-	10	-
Prepayments for equipment	225,196	6	224,714	6	8,173	-	Total non-current liabilities	<u>16,360</u>	<u>-</u>	<u>14,334</u>	<u>1</u>	<u>19,003</u>	<u>1</u>
Refundable deposits	1,519	-	694	-	693	-	Total liabilities	<u>738,073</u>	<u>19</u>	<u>703,919</u>	<u>19</u>	<u>642,060</u>	<u>20</u>
Total non-current assets	<u>827,768</u>	<u>22</u>	<u>803,104</u>	<u>21</u>	<u>586,946</u>	<u>18</u>	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
							Ordinary shares	746,623	20	746,423	20	762,093	23
							Capital surplus	121,484	3	114,313	3	114,172	3
							Retained earnings						
							Legal reserve	761,844	20	761,844	20	761,844	23
							Special reserve	5,170	-	4,980	-	4,980	-
							Unappropriated earnings	1,413,927	37	1,400,884	37	1,383,152	42
							Total retained earnings	<u>2,180,941</u>	<u>57</u>	<u>2,167,708</u>	<u>57</u>	<u>2,149,976</u>	<u>65</u>
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	595	-	61	-	295	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(5,900)	-	(5,231)	-	(5,653)	-
							Total other equity	(5,305)	-	(5,170)	-	(5,358)	-
							Treasury shares	-	-	-	-	(404,238)	(12)
							Total equity attributable to shareholders of the Company	3,043,743	80	3,023,274	80	2,616,645	79
							NON-CONTROLLING INTERESTS	<u>18,123</u>	<u>1</u>	<u>30,504</u>	<u>1</u>	<u>34,302</u>	<u>1</u>
							Total equity	<u>3,061,866</u>	<u>81</u>	<u>3,053,778</u>	<u>81</u>	<u>2,650,947</u>	<u>80</u>
TOTAL	<u>\$3,799,939</u>	<u>100</u>	<u>\$3,757,697</u>	<u>100</u>	<u>\$3,293,007</u>	<u>100</u>	TOTAL	<u>\$3,799,939</u>	<u>100</u>	<u>\$3,757,697</u>	<u>100</u>	<u>\$3,293,007</u>	<u>100</u>

Notice to Readers: The consolidated financial statements have been translated into English from the original Chinese version. If there is any conflict between the English version and the original Chinese version, the Chinese-language consolidated financial statements shall prevail.

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 899,477	100	\$ 787,091	100	\$2,595,251	100	\$2,151,467	100
OPERATING COSTS	-	-	-	-	-	-	-	-
GROSS PROFIT	<u>899,477</u>	<u>100</u>	<u>787,091</u>	<u>100</u>	<u>2,595,251</u>	<u>100</u>	<u>2,151,467</u>	<u>100</u>
OPERATING EXPENSES								
Selling and marketing expenses	68,294	8	69,711	9	205,417	8	173,644	8
General and administrative expenses	79,660	9	74,625	9	235,343	9	209,993	10
Research and development expenses	246,547	27	225,566	29	732,132	28	614,789	28
Expected credit loss (reversal)	60	-	(29)	-	1,641	-	(31)	-
Total operating expenses	<u>394,561</u>	<u>44</u>	<u>369,873</u>	<u>47</u>	<u>1,174,533</u>	<u>45</u>	<u>998,395</u>	<u>46</u>
OPERATING INCOME	<u>504,916</u>	<u>56</u>	<u>417,218</u>	<u>53</u>	<u>1,420,718</u>	<u>55</u>	<u>1,153,072</u>	<u>54</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	18,225	2	14,981	2	57,779	2	42,532	2
Other income	347	-	736	-	1,092	-	1,481	-
Other gains and losses	(33,460)	(3)	54,254	7	60,106	2	79,218	3
Finance costs	(95)	-	(134)	-	(468)	-	(181)	-
Share of loss of associates	(811)	-	(822)	-	(2,429)	-	(2,498)	-
Total non-operating income and expenses	<u>(15,794)</u>	<u>(1)</u>	<u>69,015</u>	<u>9</u>	<u>116,080</u>	<u>4</u>	<u>120,552</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	489,122	55	486,233	62	1,536,798	59	1,273,624	59
INCOME TAX EXPENSE	<u>79,557</u>	<u>9</u>	<u>80,530</u>	<u>10</u>	<u>231,036</u>	<u>9</u>	<u>210,585</u>	<u>10</u>
NET PROFIT	<u>409,565</u>	<u>46</u>	<u>405,703</u>	<u>52</u>	<u>1,305,762</u>	<u>50</u>	<u>1,063,039</u>	<u>49</u>

(Continued)

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (loss)	(351)	-	229	-	(669)	-	33	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of the financial statements of foreign operations	686	-	486	-	663	-	(334)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(6)	-	2	-	(21)	-	8	-
Other comprehensive income (loss)	329	-	717	-	(27)	-	(293)	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 409,894</u>	<u>46</u>	<u>\$ 406,420</u>	<u>52</u>	<u>\$ 1,305,735</u>	<u>50</u>	<u>\$ 1,062,746</u>	<u>49</u>
NET PROFIT (LOSS)								
ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 413,969	46	\$ 405,903	52	\$ 1,319,642	51	\$ 1,070,690	50
Non-controlling interests	(4,404)	-	(200)	-	(13,880)	(1)	(7,651)	(1)
	<u>\$ 409,565</u>	<u>46</u>	<u>\$ 405,703</u>	<u>52</u>	<u>\$ 1,305,762</u>	<u>50</u>	<u>\$ 1,063,039</u>	<u>49</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 414,302	46	\$ 406,522	52	\$ 1,319,507	51	\$ 1,070,312	50
Non-controlling interests	(4,408)	-	(102)	-	(13,772)	(1)	(7,566)	(1)
	<u>\$ 409,894</u>	<u>46</u>	<u>\$ 406,420</u>	<u>52</u>	<u>\$ 1,305,735</u>	<u>50</u>	<u>\$ 1,062,746</u>	<u>49</u>
EARNINGS PER SHARE								
Basic	<u>\$ 5.54</u>		<u>\$ 5.44</u>		<u>\$ 17.68</u>		<u>\$ 14.35</u>	
Diluted	<u>\$ 5.54</u>		<u>\$ 5.43</u>		<u>\$ 17.64</u>		<u>\$ 14.31</u>	

(Concluded)

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company							Other Equity		Treasury Shares	Total	Non-Controlling Interests	Total Equity
	Ordinary Shares		Capital Surplus	Legal Reserve	Retained Earnings			Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Loss				
	Number of Shares (In Thousands)	Amount			Special Reserve	Unappropriated Earnings	Total						
BALANCE, JANUARY 1, 2023	76,185	\$ 761,845	\$ 210,522	\$ 635,956	\$ 30,985	\$ 1,830,114	\$ 2,497,055	\$ 706	(\$ 5,686)	(\$ 404,238)	\$ 3,060,204	\$ 33,120	\$ 3,093,324
Appropriation of 2022 earnings													
Legal reserve	-	-	-	125,888	-	(125,888)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,417,769)	(1,417,769)	-	-	-	(1,417,769)	-	(1,417,769)
Reversal of special reserve	-	-	-	-	(26,005)	26,005	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	7,923	-	-	-	-	-	-	-	7,923	(7,923)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	23	-	-	-	-	-	-	-	23	-	23
Issuance of cash dividends from capital surplus	-	-	(111,929)	-	-	-	-	-	-	-	(111,929)	-	(111,929)
Net profit (loss) for the nine months ended September 30, 2023	-	-	-	-	-	1,070,690	1,070,690	-	-	-	1,070,690	(7,651)	1,063,039
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	(411)	33	-	(378)	85	(293)
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	1,070,690	1,070,690	(411)	33	-	1,070,312	(7,566)	1,062,746
Issuance of ordinary shares under employee share options	25	248	7,633	-	-	-	-	-	-	-	7,881	-	7,881
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	1,239	1,239
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	15,432	15,432
BALANCE, SEPTEMBER 30, 2023	76,210	\$ 762,093	\$ 114,172	\$ 761,844	\$ 4,980	\$ 1,383,152	\$ 2,149,976	\$ 295	(\$ 5,653)	(\$ 404,238)	\$ 2,616,645	\$ 34,302	\$ 2,650,947
BALANCE, JANUARY 1, 2024	74,643	\$ 746,423	\$ 114,313	\$ 761,844	\$ 4,980	\$ 1,400,884	\$ 2,167,708	\$ 61	(\$ 5,231)	\$ -	\$ 3,023,274	\$ 30,504	\$ 3,053,778
Appropriation of 2023 earnings													
Special reserve	-	-	-	-	190	(190)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,306,409)	(1,306,409)	-	-	-	(1,306,409)	-	(1,306,409)
Changes in percentage of ownership interests in subsidiaries	-	-	882	-	-	-	-	-	-	-	882	(882)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	105	-	-	-	-	-	-	-	105	-	105
Net profit (loss) for the nine months ended September 30, 2024	-	-	-	-	-	1,319,642	1,319,642	-	-	-	1,319,642	(13,880)	1,305,762
Other comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	-	-	534	(669)	-	(135)	108	(27)
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	1,319,642	1,319,642	534	(669)	-	1,319,507	(13,772)	1,305,735
Issuance of ordinary shares under employee share options	20	200	6,184	-	-	-	-	-	-	-	6,384	368	6,752
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	1,905	1,905
BALANCE, SEPTEMBER 30, 2024	74,663	\$ 746,623	\$ 121,484	\$ 761,844	\$ 5,170	\$ 1,413,927	\$ 2,180,941	\$ 595	(\$ 5,900)	\$ -	\$ 3,043,743	\$ 18,123	\$ 3,061,866

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,536,798	\$ 1,273,624
Adjustments for:		
Depreciation expenses	34,287	29,481
Amortization expenses	76,505	61,557
Expected credit loss (reversal)	1,641	(31)
Finance costs	468	181
Interest income	(57,779)	(42,532)
Dividend income	-	(363)
Share-based payments	1,905	1,239
Share of loss of associates	2,429	2,498
Property, plant and equipment transferred to expenses	-	67
Loss on disposal of investment	82	-
Net gain on foreign currency exchange	(59,925)	(62,134)
Lease modification benefit	(9)	
Intangible assets transferred to expenses	344	597
Changes in operating assets and liabilities		
Accounts receivable	(90,237)	(118,783)
Accounts receivable - related parties	-	3,038
Other receivables	-	(6)
Prepayments	1,874	4,205
Other current assets	422	(1,745)
Contract liabilities	(35)	3,246
Other payables	28,025	(37,127)
Other payables- related parties	35	40
Other current liabilities	113	581
Net defined benefit liabilities	(498)	(466)
Bonuses payable to employees and directors	<u>30,979</u>	<u>(24,688)</u>
Cash generated from operations	1,507,424	1,092,479
Interest received	59,313	41,883
Income tax paid	(<u>228,657</u>)	(<u>360,103</u>)
Net cash generated from operating activities	<u>1,338,080</u>	<u>774,259</u>

(Continued)

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 41,035)	(\$ 21,499)
Increase in refundable deposits	(825)	-
Decrease in refundable deposits	-	129
Acquisition of intangible assets	(96,201)	(82,384)
Increase in prepayments for equipment	(482)	(8,173)
Dividends received	-	363
Net cash used in investing activities	<u>(138,543)</u>	<u>(111,564)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	30,000
Decrease in short-term loans	(30,000)	-
Repayment of the principal portion of lease liabilities	(2,983)	(2,695)
Dividends paid	(1,306,402)	(1,529,693)
Exercise of employee share options	6,752	7,881
Interest paid	(488)	(163)
Increase in non-controlling interests	-	15,432
Net cash used in financing activities	<u>(1,333,121)</u>	<u>(1,479,238)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>60,972</u>	<u>52,353</u>
NET DECREASE IN CASH	(72,612)	(764,190)
CASH AT THE BEGINNING OF THE PERIOD	<u>2,731,524</u>	<u>3,066,268</u>
CASH AT THE END OF THE PERIOD	<u>\$ 2,658,912</u>	<u>\$ 2,302,078</u>

(Concluded)