



Management Report for Second Fiscal Quarter 2022

Hsinchu, Taiwan, August 10th, 2022 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended 30th June, 2022.

Executive Summary

- Q2 2022 revenue was NT\$ 796.29 million, up 9.5% sequentially, and 47.1% year-over-year. Operating income increased 11.3% sequentially, and 62.7% year-over-year. EPS was NT\$ 5.48, and ROE was 69.5%.
- PUF-based security licensing revenue increased 576.4% sequentially 2,163% year-over-year and accounted for 6% of total revenue in Q2 as adopted by DPU, CPU, AI SoC, FPGA, Security MCU and Setup Box.
- Licensing revenue will grow due to the continued strong demand for our IPs, especially for NeoFuse and PUF-related solutions.
- Royalty revenue will continue its growth momentum for 8-inch and 12-inch as content and penetration rate increase for various applications.

Financial Results

(Amounts in thousands of NT\$)

	Q2 2022	Q1 2022	Change (QoQ)	Q2 2021	Change (YoY)	H1 2022	H1 2021	Change (YoY)
Revenue	796,292	727,107	9.5%	541,415	47.1%	1,523,399	1,138,149	33.8%
Gross Margin	100%	100%	-	100%	-	100%	100%	-
Operating Expenses	336,197	313,846	7.1%	258,701	30.0%	650,043	517,724	25.6%
Operating Income	460,095	413,261	11.3%	282,714	62.7%	873,356	620,425	40.8%
Operating Margin	57.8%	56.8%	1.0ppt	52.2%	5.6ppts	57.3%	54.5%	2.8ppts
*Net Income	408,924	366,019	11.7%	243,731	67.8%	774,943	536,713	44.4%
Net Margin	51.5%	49.8%	1.7ppts	44.7%	6.8ppts	50.7%	46.9%	3.8ppts
EPS (NT\$)	5.48	4.91	11.6%	3.27	67.6%	10.39	7.20	44.3%
ROE	69.5%	55.0%	14.5ppts	50.2%	19.3ppts	65.9%	55.3%	10.6ppts

*Net income attributable to Shareholders of the Company



Revenue Analysis

(Amounts in thousands of NT\$)

	Q2 2022	Q1 2022	Change (QoQ)	Q2 2021	Change (YoY)	H1 2022	H1 2021	Change (YoY)
Licensing	200,729	191,608	4.8%	174,559	15.0%	392,337	351,552	11.6%
Royalty	595,563	535,499	11.2%	366,856	62.3%	1,131,062	786,597	43.8%
Total	796,292	727,107	9.5%	541,415	47.1%	1,523,399	1,138,149	33.8%

(Amounts in thousands of US\$)

	Q2 2022	Q1 2022	Change (QoQ)	Q2 2021	Change (YoY)	H1 2022	H1 2021	Change (YoY)
Licensing	6,878	6,875	0.0%	6,218	10.6%	13,753	12,459	10.4%
Royalty	20,425	19,384	5.4%	13,013	57.0%	39,809	27,801	43.2%
Total	27,303	26,259	4.0%	19,231	42.0%	53,562	40,260	33.0%

Revenue analysis by technology

Technology	Q2 2022								
	Total Revenue			Licensing Revenue			Royalty Revenue		
	% of Q2 Revenue	Change (QoQ)	Change (YoY)	% of Q2 Licensing	Change (QoQ)	Change (YoY)	% of Q2 Royalty	Change (QoQ)	Change (YoY)
NeoBit	35.5%	16.3%	27.1%	22.0%	26.4%	-11.4%	40.0%	14.6%	38.2%
NeoFuse	54.0%	-0.1%	51.2%	46.9%	-24.2%	-8.0%	56.4%	9.7%	84.5%
PUF-Based	6.0%	543.3%	2,196.0%	23.4%	576.4%	2,163.0%	0.1%	47.6%	100.0%
MTP	4.5%	-22.0%	11.0%	7.7%	-39.3%	-23.7%	3.5%	-1.1%	67.7%

* PUF-based security revenue increased 576.4% sequentially 2,163% year-over-year and accounted for 6% of total revenue in Q2 as adopted by DPU, CPU, AI SoC, FPGA, Security MCU and Setup Box.

Technology	H1 2022					
	Total Revenue		Licensing Revenue		Royalty Revenue	
	% of H1 Revenue	Change (YoY)	% of H1 Licensing	Change (YoY)	% of H1 Royalty	Change (YoY)
NeoBit	34.5%	13.5%	20.2%	2.6%	39.5%	15.7%
NeoFuse	56.5%	50.7%	55.7%	13.1%	56.7%	69.8%
PUF-Based	3.6%	625.0%	13.7%	609.9%	0.1%	100.0%
MTP	5.4%	-14.5%	10.4%	-44.6%	3.7%	82.1%

* PUF-based revenue is expected to see significant growth in H2.

- NeoBit : OTP technology covers from 0.5um to 55nm.



- NeoFuse : OTP technology covers mainly from 0.18um to 5nm.
- PUF-Based : PUF technology covers mainly from 55nm to 5nm.
- MTP : MTP technology covers from 0.35um to 22nm, offering high-density memory and allowing up to 100K rewritable times with zero additional masking layers.

Royalty revenue analysis by wafer size (8-inch vs 12-inch)

Wafer Size	Q2 2022			H1 2022	
	% of Q2	Change (QoQ)	Change (YoY)	% of H1	Change (YoY)
8-inch	51.1%	12.1%	56.3%	50.9%	35.5%
12-inch	48.9%	10.3%	69.1%	49.1%	53.5%

* 8-inch wafers contributed 51.1% of royalty, up 12.1% sequentially and 56.3% YoY due to growth in wafer shipment and ASP from the increasing penetration rate of various applications.

* 12-inch wafers contributed 48.9% of royalty, up 10.3% QoQ and 69.1% YoY due to increasing penetration rate for 28nm and below.

Key Business Developments

Licensing

- Technology License
 - ✓ 8 licensing contracts were signed during this quarter.
 - ✓ As of June 30th, 2022, we have technologies under development for the adoption of 128 different process platforms, ranging from 0.25um to 5nm.

Development of Key Technologies

	4/5nm	6/7nm	12/16nm	22/28nm	40nm	55/65nm	80/90nm	0.11/ 0.13um	0.152/0.16/ 0.18um	0.25um	0.3/ 0.35um	0.4/ 0.5um	Total
Qualified	0	4	6	43	21	35	31	95	223	42	53	11	564
Developing	4	1	7	12	6	25	12	22	38	1	0	0	128

- Design License
 - ✓ A total of 177 product tape-outs occurred in the second-quarter of 2022, remaining at a high level.
 - 5 tape-outs at 6nm/7nm for DPU, CPU, SSD Controller, High-speed Interface, and others.
 - 1 tape-out at 12nm/14nm/16nm for AI SoC.
 - 20 tape-outs at 22nm/28nm for MCU, OLED Driver, LCD Driver, Network IC,



Multimedia, T-con and HDMI.

- 12 tape-outs at 40nm for MCU, OLED Driver, TDDI, Touch and others.
 - 25 tape-outs at 55nm/63nm/65nm for PMIC, Sensor-related, MCU, OLED Driver, LCD Driver, TDDI, Network IC and others.
 - 11 tape-outs at 80nm/90nm for PMIC, LCD Driver and TDDI.
 - 15 tape-outs at 0.13um for Sensor-related, MCU, OLED Driver and LCD Driver.
 - 83 tape-outs at 0.18um for PMIC, Sensor-related, Fingerprint, MCU, LCD Driver, TDDI, Network IC, Clock, T-con, Audio, LED Driver and others.
 - 3 tape-outs at 0.25um for PMIC, Sensor-related and MCU.
 - 2 tape-outs for DRAM for LCOS and DRAM.
- ✓ As of June 30th, 2022, eMemory's cumulative number of design licenses has increased to 6,204—a direct result of our ongoing effort in expanding and diversifying our technologies for adoption in a wide range of applications.

Future Growth Drivers

License

- Licensing revenue will grow due to the continued strong demand for our IPs, especially NeoFuse and PUF-related solutions.

Royalty

- 8-inch and 12-inch royalties will continue the growth momentum from the increasing penetration rate of various applications.
- Increasing new tape-outs (NTO) from 6/7nm will also drive higher ASP and royalty growth further.

New Business Development

- PUFrt (Root of Trust IP) and PUFcc (Security Co-processor IP) continue to be adopted in IoT, Industrial IoT, FPGA, Data Processor Unit (DPU), CPU, Setup Box, Mobile Storage (UFS), and Automotive applications.
- Our collaboration with Arm is progressing very successfully and we anticipate more joint-marketing activities before the end of the year.

New IP Technology Development

- 22nm ReRAM IP is adopted by wearable and IoT applications.
- NeoFlash is being licensed to multiple foundries as Embedded Flash solutions in specialty processes for Smart Power and Smart MCU repeated applications.
- PUF-based IPs have tape-out in N5 and are developing in N4/N3.
- Successfully developed PUF-based Embedded Flash solutions to protect digital assets.

Financial Review

Gross margin



The gross margin remained at 100%.

Operating expenses

- The total operating expenses in Q2 2022 were NT\$ 336.20 million and represented 42.2% of the total revenue. The operating expenses increased 30% from the previous year. The annual increase was mainly attributable to the increase in salary and other related human resource expenses, such as the increase in bonuses and rewards.

Non-operating items and income tax expense

- Non-operating items for the quarter were NT\$ 15.23 million, which increased 2.6% sequentially and 3,392% year-over-year. The increase in non-operating items were due to benefits derived from the depreciation of the Taiwan dollar this quarter.
- H1 2022 effective tax rate was 14.5%.

Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 408.92 million, an increase of 11.7% sequentially, and an increase of 67.8% year-over-year.
- Earnings per share were NT\$ 5.48 in Q2 2022. ROE was 69.5%

Current assets and current liabilities

- As of June 30th, 2022, cash increased by NT\$ 870.06 million from June 30th, 2021 to NT\$ 3,226.76 million.
- Total current assets including cash totaled NT\$ 3,476.09 million, with an increase of NT\$ 940.85 million from June 30th, 2021. The increase was due to revenue and profit growth.
- Total current liabilities increased by NT\$ 604.96 million from June 30th, 2021 to NT\$ 1,781.25 million primarily as a result of growth in revenue resulting in increasing cash dividends, as well as employee bonuses and compensations.
- The net working capital was NT\$ 1,694.84 million and the current ratio was 2.0x.

Cash flows

- As of June 30th, 2022, net cash generated from operating activities totaled NT\$ 789.49 million, including NT\$ 903.42 million from income before income tax, NT\$ 34.35 million from depreciation and amortization, and NT\$ 148.28 million used in other operating activities, which included tax payment of NT\$ 168.28 million.
- Net cash used in investing activities was NT\$ 52.75 million in H1 2022, primarily related to capital investment.
- Net cash used in financing activities was NT\$ 0.27 million in H1 2022.
- As a result, total cash increased from NT\$ 2,356.70 million to NT\$ 3,226.76 million from June 30th, 2021 to June 30th, 2022.

Employee

- As of June 30th, 2022, eMemory has 277 full-time employees, including 195 R&D



engineers. Our subsidiaries, PUFsecurity has 33 full-time employees, including 20 R&D engineers, and eMemory Japan has 4 full-time employees, including 3 R&D engineers.

Cautionary Statement

This report contains forward-looking statements, which are subject to risk factors associated with the semiconductor and intellectual property business. We believe that the expectations reflected in these statements are reasonable. However, they may be affected by a variety of variables, many of which are beyond our control. These variables could cause actual results or trends to differ materially which include, but are not limited to: wafer price fluctuation, actual demand, rapid technology change, delays or failures in customers' tape-outs into wafer production, our ability to negotiate, monitor and enforce agreements for the determination and payment of royalties, any bug or fault in our technology which leads to significant damage to our technology and reputation, actual or potential litigation, semiconductor industry cycle and general economic conditions. Unless as required by law, eMemory undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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-Financial Statements to Follow-



eMemory Technology Inc. and Subsidiary

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)			June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$ 3,226,759	79	\$ 2,482,765	78	\$ 2,356,696	76	Contract liabilities - current	\$ 88,565	2	\$ 76,943	3	\$ 71,332	2
Accounts receivable - net	201,156	5	102,669	3	113,656	4	Other payables	155,034	4	152,271	5	105,014	4
Other receivables	293	-	5,271	-	9,063	-	Other payables - related parties	30	-	-	-	90	-
Other receivables - related parties	-	-	-	-	390	-	Bonuses payable to employees and directors	376,934	9	254,989	8	252,381	8
Prepayments	40,169	1	27,260	1	52,397	2	Payables on equipment	9,759	-	9,763	-	6,656	-
Other current assets	7,713	-	3,854	-	3,038	-	Dividends payable	1,043,829	26	-	-	670,551	22
Total current assets	<u>3,476,090</u>	<u>85</u>	<u>2,621,819</u>	<u>82</u>	<u>2,535,240</u>	<u>82</u>	Current tax liabilities	102,148	2	140,661	4	66,700	2
							Lease liabilities - current	3,266	-	3,230	-	1,540	-
NON-CURRENT ASSETS							Other current liabilities	1,688	-	1,928	-	2,032	-
Financial assets at fair value through other comprehensive income - noncurrent	14,836	-	16,130	1	12,504	1	Total current liabilities	<u>1,781,253</u>	<u>43</u>	<u>639,785</u>	<u>20</u>	<u>1,176,296</u>	<u>38</u>
Financial assets at amortized cost - noncurrent	116	-	116	-	114	-							
Investment accounted for using the equity method	15,692	1	3,083	-	4,219	-	NON-CURRENT LIABILITIES						
Property, plant and equipment	466,774	12	460,310	15	458,526	15	Lease liabilities - noncurrent	3,895	-	5,532	-	3,442	-
Right-of-use assets	7,065	-	8,686	-	4,921	-	Net defined benefit liabilities - noncurrent	18,804	1	19,190	1	20,840	1
Intangible assets	86,004	2	72,436	2	74,083	2	Guarantee deposits received	10	-	10	-	530	-
Deferred tax assets	2,556	-	4,257	-	2,978	-	Total non-current liabilities	<u>22,709</u>	<u>1</u>	<u>24,732</u>	<u>1</u>	<u>24,812</u>	<u>1</u>
Prepayments for equipment	-	-	-	-	3,300	-	Total liabilities	<u>1,803,962</u>	<u>44</u>	<u>664,517</u>	<u>21</u>	<u>1,201,108</u>	<u>39</u>
Refundable deposits	458	-	471	-	429	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
Total non-current assets	<u>593,501</u>	<u>15</u>	<u>565,489</u>	<u>18</u>	<u>561,074</u>	<u>18</u>	Ordinary shares	761,272	19	761,235	24	760,798	25
							Capital surplus	214,726	5	303,181	10	286,574	9
							Retained earnings						
							Legal reserve	635,956	16	526,270	16	526,270	17
							Special reserve	30,985	1	60,101	2	60,101	2
							Unappropriated earnings	1,022,196	25	1,259,813	40	723,616	23
							Total retained earnings	<u>1,689,137</u>	<u>42</u>	<u>1,846,184</u>	<u>58</u>	<u>1,309,987</u>	<u>42</u>
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	213	-	(112)	-	(94)	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(32,168)	(1)	(30,874)	(1)	(64,000)	(2)
							Total other equity	<u>(31,955)</u>	<u>(1)</u>	<u>(30,986)</u>	<u>(1)</u>	<u>(64,094)</u>	<u>(2)</u>
							Treasury shares	(404,238)	(10)	(404,238)	(13)	(404,238)	(13)
							Total equity attributable to shareholders of the Company	2,228,942	55	2,475,376	78	1,889,027	61
							NON-CONTROLLING INTERESTS						
								<u>36,687</u>	<u>1</u>	<u>47,415</u>	<u>1</u>	<u>6,179</u>	<u>-</u>
							Total equity	<u>2,265,629</u>	<u>56</u>	<u>2,522,791</u>	<u>79</u>	<u>1,895,206</u>	<u>61</u>
TOTAL	<u>\$4,069,591</u>	<u>100</u>	<u>\$3,187,308</u>	<u>100</u>	<u>\$3,096,314</u>	<u>100</u>	TOTAL	<u>\$4,069,591</u>	<u>100</u>	<u>\$3,187,308</u>	<u>100</u>	<u>\$3,096,314</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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 796,292	100	\$ 541,415	100	\$ 1,523,399	100	\$ 1,138,149	100
OPERATING COSTS	-	-	-	-	-	-	-	-
GROSS PROFIT	<u>796,292</u>	<u>100</u>	<u>541,415</u>	<u>100</u>	<u>1,523,399</u>	<u>100</u>	<u>1,138,149</u>	<u>100</u>
OPERATING EXPENSES								
Selling and marketing expenses	49,475	6	37,458	7	95,203	7	74,539	6
General and administrative expenses	68,595	9	59,349	11	139,930	9	122,652	11
Research and development expenses	214,538	27	165,351	31	412,455	27	331,346	29
Expected credit loss (gain)	<u>3,589</u>	<u>-</u>	<u>(3,457)</u>	<u>(1)</u>	<u>2,455</u>	<u>-</u>	<u>(10,813)</u>	<u>(1)</u>
Total operating expenses	<u>336,197</u>	<u>42</u>	<u>258,701</u>	<u>48</u>	<u>650,043</u>	<u>43</u>	<u>517,724</u>	<u>45</u>
OPERATING INCOME	<u>460,095</u>	<u>58</u>	<u>282,714</u>	<u>52</u>	<u>873,356</u>	<u>57</u>	<u>620,425</u>	<u>55</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	2,751	-	2,051	-	4,899	-	3,877	-
Other income	372	-	1,338	-	745	-	2,449	-
Other gains and losses	12,956	2	(2,390)	-	25,996	2	2,135	-
Finance costs	(38)	-	(27)	-	(80)	-	(49)	-
Share of loss of associates	<u>(816)</u>	<u>-</u>	<u>(536)</u>	<u>-</u>	<u>(1,495)</u>	<u>-</u>	<u>(1,346)</u>	<u>-</u>
Total non-operating income and expenses	<u>15,225</u>	<u>2</u>	<u>436</u>	<u>-</u>	<u>30,065</u>	<u>2</u>	<u>7,066</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	475,320	60	283,150	52	903,421	59	627,491	55
INCOME TAX EXPENSE	<u>65,579</u>	<u>8</u>	<u>41,240</u>	<u>7</u>	<u>131,442</u>	<u>8</u>	<u>94,147</u>	<u>8</u>
NET PROFIT	<u>409,741</u>	<u>52</u>	<u>241,910</u>	<u>45</u>	<u>771,979</u>	<u>51</u>	<u>533,344</u>	<u>47</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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	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	1,057	-	19,610	3	(1,294)	-	20,030	2
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of the financial statements of foreign operations	252	-	(82)	-	374	-	(74)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>7</u>	-	<u>-</u>	-	<u>5</u>	-	<u>-</u>	-
Other comprehensive income (loss)	<u>1,316</u>	-	<u>19,528</u>	<u>3</u>	<u>(915)</u>	-	<u>19,956</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$411,057</u>	<u>52</u>	<u>\$261,438</u>	<u>48</u>	<u>\$771,064</u>	<u>51</u>	<u>\$553,300</u>	<u>49</u>
NET PROFIT (LOSS)								
ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 408,924	52	\$ 243,731	45	\$ 774,943	51	\$ 536,713	47
Non-controlling interests	<u>817</u>	-	<u>(1,821)</u>	-	<u>(2,964)</u>	-	<u>(3,369)</u>	-
	<u>\$409,741</u>	<u>52</u>	<u>\$241,910</u>	<u>45</u>	<u>\$771,979</u>	<u>51</u>	<u>\$533,344</u>	<u>47</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 410,210	52	\$ 263,266	48	\$ 773,974	51	\$ 556,675	49
Non-controlling interests	<u>847</u>	-	<u>(1,828)</u>	-	<u>(2,910)</u>	-	<u>(3,375)</u>	-
	<u>\$411,057</u>	<u>52</u>	<u>\$261,438</u>	<u>48</u>	<u>\$771,064</u>	<u>51</u>	<u>\$553,300</u>	<u>49</u>
EARNINGS PER SHARE								
Basic	<u>\$ 5.48</u>		<u>\$ 3.27</u>		<u>\$ 10.39</u>		<u>\$ 7.20</u>	
Diluted	<u>\$ 5.47</u>		<u>\$ 3.26</u>		<u>\$ 10.35</u>		<u>\$ 7.18</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							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 Income				
	Number of Shares (In Thousands)	Amount			Special Reserve	Unappropriated Earnings	Total						
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
Appropriation of 2020 earnings													
Legal reserve	-	-	-	70,752	-	(70,752)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(5,485)	5,485	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(558,792)	(558,792)	-	-	-	(558,792)	-	(558,792)
Changes in percentage of ownership interests in subsidiaries	-	-	17	-	-	-	-	-	-	-	17	(17)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	48	-	-	-	-	-	-	-	48	-	48
Issuance of cash dividends from capital surplus	-	-	(111,759)	-	-	-	-	-	-	-	(111,759)	-	(111,759)
Net profit (loss) for the six months ended June 30, 2021	-	-	-	-	-	536,713	536,713	-	-	-	536,713	(3,369)	533,344
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	(68)	20,030	-	19,962	(6)	19,956
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	536,713	536,713	(68)	20,030	-	556,675	(3,375)	553,300
Issuance of ordinary shares under employee share options	20	206	6,361	-	-	-	-	-	-	-	6,567	166	6,733
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	33	33
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	23,955	23,955	-	(23,955)	-	-	-	-
BALANCE, JUNE 30, 2021	76,080	\$ 760,798	\$ 286,574	\$ 526,270	\$ 60,101	\$ 723,616	\$ 1,309,987	(\$ 94)	(\$ 64,000)	(\$ 404,238)	\$ 1,889,027	\$ 6,179	\$ 1,895,206
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
Appropriation of 2021 earnings													
Legal reserve	-	-	-	109,686	-	(109,686)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(29,116)	29,116	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(931,990)	(931,990)	-	-	-	(931,990)	-	(931,990)
Changes in percentage of ownership interests in subsidiaries	-	-	8,128	-	-	-	-	-	-	-	8,128	(8,128)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	14,099	-	-	-	-	-	-	-	14,099	-	14,099
Issuance of cash dividends from capital surplus	-	-	(111,839)	-	-	-	-	-	-	-	(111,839)	-	(111,839)
Net profit (loss) for the six months ended June 30, 2022	-	-	-	-	-	774,943	774,943	-	-	-	774,943	(2,964)	771,979
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	325	(1,294)	-	(969)	54	(915)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	774,943	774,943	325	(1,294)	-	773,974	(2,910)	771,064
Issuance of ordinary shares under employee share options	3	37	1,157	-	-	-	-	-	-	-	1,194	224	1,418
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	86	86
BALANCE, JUNE 30, 2022	76,127	\$ 761,272	\$ 214,726	\$ 635,956	\$ 30,985	\$ 1,022,196	\$ 1,689,137	\$ 213	(\$ 32,168)	(\$ 404,238)	\$ 2,228,942	\$ 36,687	\$ 2,265,629



eMemory Technology Inc. and Subsidiary

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

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 903,421	\$ 627,491
Adjustments for:		
Depreciation expenses	19,218	20,456
Amortization expenses	15,137	9,034
Expected credit loss (gain)	2,455	(10,813)
Finance costs	80	49
Interest income	(4,899)	(3,877)
Dividend income	-	(226)
Share-based payments	86	33
Share of loss of associates	1,495	1,346
Net (gain) loss on foreign currency exchange	(12,342)	3,505
Changes in operating assets and liabilities		
Accounts receivable	(95,749)	12,266
Other receivables	5,118	(8,916)
Other receivables - related parties	-	(113)
Prepayments	(12,879)	(28,686)
Other current assets	(3,859)	224
Contract liabilities	11,622	20,530
Other payables	2,766	(31,568)
Other payables- related parties	30	90
Other current liabilities	(240)	(102)
Net defined benefit liabilities	(386)	(393)
Bonuses payable to employees and directors	<u>121,945</u>	<u>87,984</u>
Cash generated from operations	953,019	698,314
Interest received	4,759	3,835
Income tax paid	(<u>168,284</u>)	(<u>114,099</u>)
Net cash generated from operating activities	<u>789,494</u>	<u>588,050</u>

(Continued)



eMemory Technology Inc. and Subsidiary

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

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 28,563
Acquisition of property, plant and equipment	(24,058)	(8,875)
Increase in refundable deposits	-	(71)
Decrease in refundable deposits	13	-
Acquisition of intangible assets	(28,705)	(6,303)
Increase in prepayments for equipment	-	(3,250)
Dividends received	-	226
Net cash (used in) generated from investing activities	<u>(52,750)</u>	<u>10,290</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(1,608)	(1,192)
Exercise of employee share options	1,418	6,733
Interest paid	(80)	(49)
Net cash (used in) generated from financing activities	<u>(270)</u>	<u>5,492</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>7,520</u>	(<u>1,247</u>)
NET INCREASE IN CASH	743,994	602,585
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>\$ 3,226,759</u>	<u>\$ 2,356,696</u>

(Concluded)