



Management Report for Fourth Fiscal Quarter 2022

Hsinchu, Taiwan, February 8th, 2023 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended 31st December, 2022.

Executive Summary

- Q4 2022 revenue was NT\$ 902.70 million, up 14.2% sequentially and up 43% year-over-year. Operating income increased by 20% sequentially and increase 61.2% year-over-year. EPS was NT\$ 5.77, and ROE was 62.2%.
- Licensing will grow significantly this year due to the strong demand for our PUF-related solutions.
- The growth momentum of royalty will be driven by penetration rate increase from 28nm, 12/16nm, 6/7nm and the newly qualified 5nm. We expect H1 royalty to be impacted by overall low utilization rate in foundry customers but will pick up momentum in H2.

Financial Results

(Amounts in thousands of NT\$)

	Q4 2022 (unaudited)	Q3 2022	Change (QoQ)	Q4 2021	Change (YoY)	FY 2022 (unaudited)	FY 2021	Change (YoY)
Revenue	902,704	790,608	14.2%	631,398	43.0%	3,216,711	2,363,824	36.1%
Gross Margin	100%	100%	-	100%	-	100%	100%	-
Operating Expenses	368,090	345,160	6.6%	299,677	22.8%	1,363,293	1,095,012	24.5%
Operating Income	534,614	445,448	20.0%	331,721	61.2%	1,853,418	1,268,812	46.1%
Operating Margin	59.2%	56.3%	2.9ppts	52.5%	6.7ppts	57.6%	53.7%	3.9ppts
*Net Income	430,536	406,430	5.9%	287,263	49.9%	1,611,909	1,101,157	46.4%
Net Margin	47.6%	50.9%	-3.3ppts	45.2%	2.4ppts	49.9%	46.3%	3.6ppts
EPS (NT\$)	5.77	5.45	5.9%	3.86	49.5%	21.61	14.78	46.2%
ROE	62.2%	63.7%	-1.5ppts	51.4%	10.8ppts	58.2%	49.3%	8.9ppts

*Net income attributable to Shareholders of the Company



Revenue Analysis

(Amounts in thousands of NT\$)

	Q4 2022	Q3 2022	Change (QoQ)	Q4 2021	Change (YoY)	FY 2022	FY 2021	Change (YoY)
Licensing	205,104	144,631	41.8%	162,632	26.1%	742,072	702,851	5.6%
Royalty	697,600	645,977	8.0%	468,766	48.8%	2,474,639	1,660,973	49.0%
Total	902,704	790,608	14.2%	631,398	43.0%	3,216,711	2,363,824	36.1%

(Amounts in thousands of US\$)

	Q4 2022	Q3 2022	Change (QoQ)	Q4 2021	Change (YoY)	FY 2022	FY 2021	Change (YoY)
Licensing	6,672	4,829	38.2%	5,855	14.0%	25,254	25,092	0.6%
Royalty	22,028	21,616	1.9%	16,788	31.2%	83,453	59,173	41.0%
Total	28,700	26,445	8.5%	22,643	26.7%	108,707	84,265	29.0%

Revenue analysis by technology

Technology	Q4 2022								
	Total Revenue			Licensing Revenue			Royalty Revenue		
	% of Q4 Revenue	Change (QoQ)	Change (YoY)	% of Q4 Licensing	Change (QoQ)	Change (YoY)	% of Q4 Royalty	Change (QoQ)	Change (YoY)
NeoBit	29.7%	-1.1%	20.7%	17.7%	-4.0%	54.6%	33.3%	-0.7%	16.7%
NeoFuse	60.9%	20.6%	52.7%	48.4%	47.6%	-3.9%	64.6%	15.9%	75.4%
PUF-Based	5.1%	110.0%	140.6%	20.5%	112.3%	122.1%	0.6%	88.4%	1,838.8%
MTP	4.3%	-6.7%	29.0%	13.4%	39.3%	61.8%	1.5%	-49.0%	-14.6%

Technology	FY 2022					
	Total Revenue		Licensing Revenue		Royalty Revenue	
	% of FY Revenue	Change (YoY)	% of FY Licensing	Change (YoY)	% of FY Royalty	Change (YoY)
NeoBit	33.2%	16.3%	20.7%	9.8%	36.9%	17.5%
NeoFuse	58.0%	52.2%	51.8%	-1.3%	59.8%	77.0%
PUF-Based	3.8%	316.6%	15.6%	294.9%	0.3%	3,278.1%
MTP	5.0%	-15.5%	11.9%	-38.9%	3.0%	55.2%

- NeoBit : OTP technology covers from 0.5um to 55nm.
- NeoFuse : OTP technology covers mainly from 0.18um to 3nm.
- PUF-Based : PUF technology covers mainly from 55nm to 5nm.
- MTP : MTP technology covers from 0.15um 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	Q4 2022			FY 2022	
	% of Q4	Change (QoQ)	Change (YoY)	% of FY	Change (YoY)
8-inch	47.4%	9.6%	40.2%	48.8%	35.2%
12-inch	52.6%	6.6%	57.5%	51.2%	65.0%

Key Business Developments

Licensing

- Technology License
 - ✓ 6 licensing contracts were signed during this quarter.
 - ✓ As of December 31st, 2022, we have technologies under development for the adoption of 135 different process platforms, ranging from 0.25um to 3nm.

Development of Key Technologies

	3nm	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	0	4	8	44	22	36	31	96	226	42	53	11	573
Developing	2	4	1	6	11	7	28	15	28	32	1	0	0	135

- Design License
 - ✓ A total of 150 product tape-outs occurred in the fourth quarter of 2022, remaining at a high level.
 - 3 tape-outs at 6nm/7nm for SSD Controller and others.
 - 8 tape-outs at 12nm/14nm/16nm for MCU, Network IC, SSD Controller, AI SoC and others.
 - 13 tape-outs at 22nm/28nm for MCU, OLED Driver, Network IC, T-con, SSD Controller and others.
 - 10 tape-outs at 40nm for Sensor-related, MCU, OLED Driver and Network IC.
 - 14 tape-outs at 55nm/63nm/65nm for PMIC, Sensor-related, OLED Driver, LCD Driver, TDDI and others.
 - 6 tape-outs at 80nm/90nm for PMIC, Sensor-related and LCD Driver.
 - 18 tape-outs at 0.13um for PMIC, Sensor-related, MCU, LCD Driver, Network IC and Audio.
 - 70 tape-outs at 0.18um for PMIC, Sensor-related, Fingerprint, MCU, LCD Driver, Network IC, LED Driver, Oscillator, Motor Driver and others.
 - 7 tape-outs at 0.25um for PMIC and Sensor-related.
 - 1 tape-out for DRAM.



- ✓ As of December 31st, 2022, eMemory's cumulative number of design licenses has increased to 6,503—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 will grow significantly this year due to the strong demand for our PUF-related solutions.

Royalty

- The growth momentum of royalty will be driven by penetration rate increase from 28nm, 12/16nm, 6/7nm and the newly qualified 5nm.
- We expect H1 royalty to be impacted by overall low utilization rate in foundry customers but will pick up momentum in H2.

New IP Technology and Business Development

- NeoFlash technology platforms are developed in several foundries, targeting the embedded flash market.
- PUF-based IPs have completed N5 tape-out and is moving to N4/N3, maintaining the leading position in technology.

Financial Review

Gross margin

The gross margin remained at 100%.

Operating expenses

- The total operating expenses in Q4 2022 were NT\$ 368.09 million and represented 40.80% of the total revenue. The operating expenses increased 22.80% 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 expenses for the quarter were NT\$ 14.57 million, mainly due to exchange losses caused by the appreciation of the Taiwan dollar this quarter.
- FY 2022 effective tax rate was 16.0%.

Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 430.54 million, an increase of 5.9% sequentially and an increase of 49.9% year-over-year.
- Earnings per share was NT\$ 5.77 in Q4 2022. ROE was 62.2%



Current assets and current liabilities

- As of December 31st, 2022, cash increased by NT\$ 583.50 million from December 31st, 2021, to NT\$ 3,066.27 million.
- Total current assets including cash totaled NT\$ 3,333.91 million, with an increase of NT\$ 712.09 million from December 31st, 2021. The increase was due to growth related to revenue and profit.
- Total current liabilities increased by NT\$ 147.04 million from December 31st, 2021, to NT\$ 786.83 million primarily as a result of growth in revenue resulting in increasing employee bonuses and compensations.
- The net working capital was NT\$ 2,547.08 million and the current ratio was 4.2x.

Cash flows

- As of December 31st, 2022, net cash generated from operating activities totaled NT\$ 1,681.90 million, including NT\$ 1,908.92 million from income before income tax, NT\$ 74.90 million from depreciation and amortization, and NT\$ 301.92 million used in other operating activities, which included tax payment of NT\$ 304.27 million.
- Net cash used in investing activities was NT\$ 70.85 million from FY 2022, primarily related to capital investment.
- Net cash used in financing activities was NT\$ 1,048.91 million in FY 2022 mainly attributable to cash dividends paid.
- As a result, total cash increased from NT\$ 2,482.77 million to NT\$ 3,066.27 million from December 31st, 2021 to December 31st, 2022.

Employee

- As of December 31st, 2022, eMemory has 287 full-time employees, including 198 R&D engineers. Our subsidiaries, PUFsecurity has 37 full-time employees, including 20 R&D engineers, and eMemory Japan has 7 full-time employees, including 4 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 (UNAUDITED)
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$ 3,066,268	79	\$2,482,765	78	Contract liabilities - current	\$ 67,508	2	\$ 76,943	3
Accounts receivable - net	239,381	6	102,669	3	Other payables	181,897	5	152,271	5
Accounts receivable - related parties	3,071	-	-	-	Other payables - related parties	10	-	-	-
Other receivables	1,018	-	5,271	-	Bonuses payable to employees and directors	384,981	10	254,989	8
Prepayments	20,014	1	27,260	1	Payables on equipment	7,478	-	9,763	-
Other current assets	4,157	-	3,854	-	Current tax liabilities	139,676	3	140,661	4
Total current assets	<u>3,333,909</u>	<u>86</u>	<u>2,621,819</u>	<u>82</u>	Lease liabilities - current	3,299	-	3,230	-
					Other current liabilities	1,979	-	1,928	-
					Total current liabilities	<u>786,828</u>	<u>20</u>	<u>639,785</u>	<u>20</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income - noncurrent	4,914	-	16,130	1	Lease liabilities - noncurrent	2,237	-	5,532	-
Financial assets at amortized cost - noncurrent	116	-	116	-	Net defined benefit liabilities - noncurrent	15,712	1	19,190	1
Investment accounted for using the equity method	15,185	-	3,083	-	Guarantee deposits received	10	-	10	-
Property, plant and equipment	460,797	12	460,310	15	Total non-current liabilities	<u>17,959</u>	<u>1</u>	<u>24,732</u>	<u>1</u>
Right-of-use assets	5,438	-	8,686	-	Total liabilities	<u>804,787</u>	<u>21</u>	<u>664,517</u>	<u>21</u>
Intangible assets	74,187	2	72,436	2					
Deferred tax assets	2,743	-	4,257	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Refundable deposits	822	-	471	-	Ordinary shares	761,845	19	761,235	24
Total non-current assets	<u>564,202</u>	<u>14</u>	<u>565,489</u>	<u>18</u>	Capital surplus	210,522	5	303,181	10
					Retained earnings				
					Legal reserve	635,956	16	526,270	16
					Special reserve	30,985	1	60,101	2
					Unappropriated earnings	1,830,114	47	1,259,813	40
					Total retained earnings	<u>2,497,055</u>	<u>64</u>	<u>1,846,184</u>	<u>58</u>
					Other equity				
					Exchange differences on the translation of the financial statements of foreign operations	706	-	(112)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(5,686)	-	(30,874)	(1)
					Total other equity	(4,980)	-	(30,986)	(1)
					Treasury shares	(404,238)	(10)	(404,238)	(13)
					Total equity attributable to shareholders of the Company	3,060,204	78	2,475,376	78
					NON-CONTROLLING INTERESTS				
						33,120	1	47,415	1
					Total equity	<u>3,093,324</u>	<u>79</u>	<u>2,522,791</u>	<u>79</u>
TOTAL	<u>\$ 3,898,111</u>	<u>100</u>	<u>\$ 3,187,308</u>	<u>100</u>	TOTAL	<u>\$3,898,111</u>	<u>100</u>	<u>\$3,187,308</u>	<u>100</u>



eMemory Technology Inc. and Subsidiary

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE	\$3,216,711	100	\$2,363,824	100
OPERATING COSTS	-	-	-	-
GROSS PROFIT	<u>3,216,711</u>	<u>100</u>	<u>2,363,824</u>	<u>100</u>
OPERATING EXPENSES				
Selling and marketing expenses	220,275	7	166,218	7
General and administrative expenses	297,436	9	257,449	11
Research and development expenses	846,920	26	681,871	29
Reversal of expected credit loss	(1,338)	-	(10,526)	(1)
Total operating expenses	<u>1,363,293</u>	<u>42</u>	<u>1,095,012</u>	<u>46</u>
OPERATING INCOME	<u>1,853,418</u>	<u>58</u>	<u>1,268,812</u>	<u>54</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	15,416	-	6,997	-
Other income	2,422	-	3,899	-
Other gains and losses	39,892	1	6,059	-
Finance costs	(144)	-	(109)	-
Share of loss of associates	(2,080)	-	(2,560)	-
Total non-operating income and expenses	<u>55,506</u>	<u>1</u>	<u>14,286</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,908,924	59	1,283,098	54
INCOME TAX EXPENSE	<u>304,783</u>	<u>9</u>	<u>189,444</u>	<u>8</u>
NET PROFIT FOR THE YEAR	<u>1,604,141</u>	<u>50</u>	<u>1,093,654</u>	<u>46</u>

(Continued)



eMemory Technology Inc. and Subsidiary

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 2,702	-	\$ 1,253	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive (loss) income	(6,562)	-	23,656	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	886	-	(97)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive (loss) income for the year	(<u>2,973</u>)	<u>-</u>	<u>24,812</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$1,601,168</u>	<u>50</u>	<u>\$1,118,466</u>	<u>47</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$1,611,909	50	\$1,101,157	46
Non-controlling interests	(<u>7,768</u>)	<u>-</u>	(<u>7,503</u>)	<u>-</u>
	<u>\$1,604,141</u>	<u>50</u>	<u>\$1,093,654</u>	<u>46</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$1,608,867	50	\$1,125,980	47
Non-controlling interests	(<u>7,699</u>)	<u>-</u>	(<u>7,514</u>)	<u>-</u>
	<u>\$1,601,168</u>	<u>50</u>	<u>\$1,118,466</u>	<u>47</u>
EARNINGS PER SHARE				
Basic	<u>\$ 21.61</u>		<u>\$ 14.78</u>	
Diluted	<u>\$ 21.51</u>		<u>\$ 14.73</u>	

(Conclude)



eMemory Technology Inc. and Subsidiary
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company							Other Equity			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	Treasury Shares				
	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	-	-	3,068	-	-	-	-	-	-	-	3,068	(3,068)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	126	-	-	-	-	-	-	-	126	-	126
Issuance of cash dividends from capital surplus	-	-	(111,759)	-	-	-	-	-	-	-	(111,759)	-	(111,759)
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	-	1,101,157	1,101,157	-	-	-	1,101,157	(7,503)	1,093,654
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,253	1,253	(86)	23,656	-	24,823	(11)	24,812
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,102,410	1,102,410	(86)	23,656	-	1,125,980	(7,514)	1,118,466
Issuance of ordinary shares under employee share options	64	643	19,839	-	-	-	-	-	-	-	20,482	9,613	30,095
Share-based payment	-	-	-	-	-	-	-	-	-	-	-	78	78
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	38,934	38,934
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(5,545)	(5,545)	-	5,545	-	-	-	-
BALANCE, DECEMBER 31, 2021	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	-	-	(13,814)	-	-	-	-	-	-	-	(13,814)	13,814	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	14,182	-	-	-	-	-	-	-	14,182	-	14,182
Issuance of cash dividends from capital surplus	-	-	(111,839)	-	-	-	-	-	-	-	(111,839)	-	(111,839)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	1,611,909	1,611,909	-	-	-	1,611,909	(7,768)	1,604,141
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,702	2,702	818	(6,562)	-	(3,042)	69	(2,973)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	1,614,611	1,614,611	818	(6,562)	-	1,608,867	(7,699)	1,601,168
Issuance of ordinary shares under employee share options	61	610	18,812	-	-	-	-	-	-	-	19,422	8,867	28,289
Share-based payment	-	-	-	-	-	-	-	-	-	-	-	723	723
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(31,750)	(31,750)	-	31,750	-	-	-	-
BALANCE, DECEMBER 31, 2022	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



eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$1,908,924	\$1,283,098
Adjustments for:		
Depreciation expenses	39,318	40,785
Amortization expenses	35,584	18,838
Reversal of expected credit loss	(1,338)	(10,526)
Finance costs	144	109
Interest income	(15,416)	(6,997)
Dividend income	(932)	(315)
Share-based payment	723	78
Share of loss of associates	2,080	2,560
Loss on disposal of property, plant and equipment	-	26
Gain on disposal of investments	(86)	(100)
Net (gain) loss on foreign currency exchange	(18,580)	4,553
Changes in operating assets and liabilities		
Accounts receivable	(137,271)	22,699
Accounts receivable - related parties	(3,084)	-
Other receivables	5,118	(5,118)
Other receivables - related parties	-	277
Prepayments	7,261	(3,571)
Other current assets	(303)	(592)
Contract liabilities	(9,435)	26,141
Other payables	29,631	15,678
Other payables - related parties	10	-
Other current liabilities	51	(206)
Net defined benefit liabilities	(776)	(790)
Bonuses payable to employees and directors	<u>129,992</u>	<u>90,592</u>
Cash generated from operations	1,971,615	1,477,219
Interest received	14,550	6,949
Income tax paid	(304,269)	(136,692)
Net cash generated from operating activities	<u>1,681,896</u>	<u>1,347,476</u>

(Continued)



eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 4,654	\$ 28,563
Acquisition of financial assets at amortized cost	-	(2)
Acquisition of financial assets at fair value through profit or loss	(370,000)	(771,000)
Proceeds from disposal of financial assets at fair value through profit or loss	370,086	771,100
Acquisition of property, plant and equipment	(38,835)	(26,762)
Increase in refundable deposits	(351)	(113)
Acquisition of intangible assets	(37,335)	(14,460)
Decrease in prepayments for equipment	-	50
Dividend received	932	315
Net cash used in investing activities	<u>(70,849)</u>	<u>(12,309)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in guarantee deposits received	-	(520)
Repayment of the principal portion of lease liabilities	(3,233)	(2,322)
Dividend paid	(1,043,820)	(670,536)
Exercise of employee share options	28,289	30,095
Interest paid	(144)	(109)
Increase in non-controlling interests	<u>30,000</u>	<u>38,934</u>
Net cash used in financing activities	<u>(1,048,908)</u>	<u>(604,458)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>21,364</u>	<u>(2,055)</u>
NET INCREASE IN CASH	583,503	728,654
CASH AT THE BEGINNING OF THE YEAR	<u>2,482,765</u>	<u>1,754,111</u>
CASH AT THE END OF THE YEAR	<u>\$3,066,268</u>	<u>\$2,482,765</u>

(Concluded)