



Management Report for Second Fiscal Quarter 2023

Hsinchu, Taiwan, August 9th, 2023 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended 30th June, 2023.

Executive Summary

- Q2 2023 revenue was NT\$ 696.63 million, up 4.3% sequentially but down 12.5% year-over-year. Operating income increased by 0.5% sequentially but decreased 19.9% year-over-year. EPS was NT\$ 4.71, and ROE was 53.5%.
- We expect revenue to grow sequentially in H2.
- The demand for 5nm and 3nm is very strong, with customer adoption in Autonomous Driving, Data Centers and AI-related this year.

Financial Results

(Amounts in thousands of NT\$)

	Q2 2023	Q1 2023	QoQ	Q2 2022	YoY
Revenue	696,625	667,751	4.3%	796,292	-12.5%
Gross Margin	100%	100%	-	100%	-
Operating Expenses	327,865	300,657	9.0%	336,197	-2.5%
Operating Income	368,760	367,094	0.5%	460,095	-19.9%
Operating Margin	52.9%	55.0%	-2.1ppts	57.8%	-4.9ppts
*Net Income	351,697	313,090	12.3%	408,924	-14.0%
Net Margin	50.2%	46.1%	4.1ppts	51.5%	-1.3ppts
EPS (NT\$)	4.71	4.20	12.1%	5.48	-14.1%
ROE	53.5%	38.9%	14.6ppts	69.5%	-16.0ppts

*Net income attributable to Shareholders of the Company

Revenue Analysis

(Amounts in thousands of NT\$)

	Q2 2023	Q1 2023	Change (QoQ)	Q2 2022	Change (YoY)
Licensing	249,711	143,049	74.6%	200,729	24.4%
Royalty	446,914	524,702	-14.8%	595,563	-25.0%
Total	696,625	667,751	4.3%	796,292	-12.5%

Revenue analysis by technology

Technology	Q2 2023								
	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	27.7%	2.7%	-31.8%	22.7%	101.0%	27.6%	30.5%	-14.6%	-42.8%
NeoFuse	59.6%	-2.8%	-3.5%	45.4%	60.0%	20.5%	67.5%	-15.3%	-10.2%
PUF-Based	4.0%	67.2%	-41.1%	11.0%	66.3%	-41.4%	0.1%	123.3%	-18.8%
MTP	8.7%	67.8%	68.3%	20.9%	89.9%	239.0%	1.9%	-1.6%	-58.4%

- 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	Q2 2023		
	% of Q2	Change (QoQ)	Change (YoY)
8-inch	44.5%	-19.2%	-34.5%
12-inch	55.5%	-10.9%	-15.0%

Key Business Developments

Licensing

- Technology License
 - ✓ 10 licensing contracts were signed during this quarter.
 - ✓ As of June 30th, 2023, we have technologies under development for the adoption of 143 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	2	4	9	46	23	38	33	98	235	42	53	11	594
Developing	3	4	1	7	16	7	30	15	27	32	1	0	0	143

- Design License
 - ✓ A total of 147 product tape-outs occurred in the second quarter of 2023, remaining at a high level.



- 3 tape-outs at 6nm/7nm for AI server-related, Multimedia and others.
 - 7 tape-outs at 12nm/14nm/16nm for PMIC, MCU, Network IC, DRAM, AI SoC and USB.
 - 16 tape-outs at 22nm/28nm for MCU, LCD Driver, OLED Driver, Network IC, LED Driver, Multimedia, SSD Controller and others.
 - 10 tape-outs at 40nm for MCU, LCD Driver, Sensor-related, OLED Driver and Network IC.
 - 24 tape-outs at 55nm/63nm/65nm for PMIC, MCU, LCD Driver, Sensor-related, OLED Driver, TDDI and Touch.
 - 8 tape-outs at 80nm/90nm for PMIC, LCD Driver, TDDI, OLED Driver, and LED Driver.
 - 19 tape-outs at 0.13um for PMIC, MCU, LCD Driver, Sensor-related, Audio and T-con and others.
 - 58 tape-outs at 0.18um for PMIC, MCU, LCD Driver, Sensor-related, Clock, Motor Driver Fingerprint and others.
 - 0 tape-out at 0.25um.
 - 2 tape-outs for DRAM.
- ✓ As of June 30th 2023, eMemory's cumulative number of design licenses has increased to 6,787—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

- We expect the licensing revenue to increase significantly compared to H1.

Royalty

- As new applications gradually enter the mass production stage, we expect royalties to grow quarter after quarter for the rest of the year.

New IP Technology and Business Development

- The demand for 5nm design licensing is very strong, with customer adoption in Autonomous Driving, Data Centers and AI-related this year.
- Developing 3nm in several foundries with many customer requests and continue cooperating with CPU partners for 3nm Confidential Computing.
- 22nm emerging memory MRAM and ReRAM completed verification with customer design-ins.

Financial Review

Gross margin

The gross margin remained at 100%.



Operating expenses

- The total operating expenses in Q2 2023 were NT\$ 327.87 million and represented 47.1% of the total revenue. The operating expenses was up 9% QoQ. The increase was mainly attributable to the increase in bonuses and rewards.

Non-operating items and income tax expense

- Non-operating income for the quarter was NT\$ 47.10 million, mainly due to earned interests and the benefits derived from the depreciation of the Taiwan dollar this quarter.
- H1 2023 effective tax rate was 16.5%.

Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 351.70 million, an increase of 12.3% sequentially but a decrease of 14% year-over-year.
- Earnings per share was NT\$ 4.71 in Q2 2023. ROE was 53.5%

Current assets and current liabilities

- As of June 30th, 2023, cash increased by NT\$ 275.65 million from March 31st, 2023, to NT\$ 3,711.82 million.
- Total current assets including cash totaled NT\$ 4,014.72 million, with an increase of NT\$ 375.49 million from March 31st, 2023. The increase was due to cash from revenue.
- Total current liabilities increased by NT\$ 1,560.14 million from March 31st, 2023, to NT\$ 2,353 million primarily as a result of growth in revenue of 2022 resulting in increasing annual dividends.
- The net working capital was NT\$ 1,661.72 million and the current ratio was 1.7x.

Cash flows

- As of June 30th, 2023, net cash generated from operating activities totaled NT\$ 706.84 million, including NT\$ 787.39 million from income before income tax, NT\$ 57.86 million from depreciation and amortization, and NT\$ 138.41 million used in other operating activities, which included tax payment of NT\$ 153.92 million.
- Net cash used in investing activities was NT\$ 90.95 million in H1 2023, primarily related to capital investment.
- Net cash generated from financing activities was NT\$ 15.02 million in H1 2023 mainly attributable to an increase in non-controlling interests.
- As a result, total cash increased from NT\$ 3,066.27 million to NT\$ 3,711.82 million from December 31st, 2022 to June 30th, 2023.

Employee

- As of June 30th, 2023, eMemory has 288 full-time employees, including 199 R&D engineers. Our subsidiaries, PUFsecurity has 40 full-time employees, including 22 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
(In Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022			June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$ 3,711,823	81	\$ 3,066,268	79	\$ 3,226,759	79	Contract liabilities - current	\$ 95,015	2	\$ 67,508	2	\$ 88,565	2
Accounts receivable - net	277,351	6	239,381	6	201,156	5	Other payables	147,998	3	181,897	5	155,034	4
Accounts receivable - related parties	-	-	3,071	-	-	-	Other payables - related parties	35	-	10	-	30	-
Other receivables	1,959	-	1,018	-	293	-	Bonuses payable to employees and directors	452,681	10	384,981	10	376,934	9
Prepayments	17,824	-	20,014	1	40,169	1	Payables on equipment	6,659	-	7,478	-	9,759	-
Other current assets	5,767	-	4,157	-	7,713	-	Dividends payable	1,529,698	33	-	-	1,043,829	26
Total current assets	<u>4,014,724</u>	<u>87</u>	<u>3,333,909</u>	<u>86</u>	<u>3,476,090</u>	<u>85</u>	Current tax liabilities	115,803	3	139,676	3	102,148	2
							Lease liabilities - current	2,614	-	3,299	-	3,266	-
NON-CURRENT ASSETS							Other current liabilities	2,497	-	1,979	-	1,688	-
Financial assets at fair value through other comprehensive income - noncurrent	4,718	-	4,914	-	14,836	-	Total current liabilities	<u>2,353,000</u>	<u>51</u>	<u>786,828</u>	<u>20</u>	<u>1,781,253</u>	<u>43</u>
Financial assets at amortized cost - noncurrent	116	-	116	-	116	-	NON-CURRENT LIABILITIES						
Investment accounted for using the equity method	13,536	-	15,185	-	15,692	1	Deferred tax liabilities	968	-	-	-	-	-
Property, plant and equipment	454,861	10	460,797	12	466,774	12	Lease liabilities - noncurrent	1,281	-	2,237	-	3,895	-
Right-of-use assets	3,810	-	5,438	-	7,065	-	Net defined benefit liabilities - noncurrent	15,400	-	15,712	1	18,804	1
Intangible assets	112,561	3	74,187	2	86,004	2	Guarantee deposits received	10	-	10	-	10	-
Deferred tax assets	1,687	-	2,743	-	2,556	-	Total non-current liabilities	<u>17,659</u>	<u>-</u>	<u>17,959</u>	<u>1</u>	<u>22,709</u>	<u>1</u>
Prepayments for equipment	1,143	-	-	-	-	-	Total liabilities	<u>2,370,659</u>	<u>51</u>	<u>804,787</u>	<u>21</u>	<u>1,803,962</u>	<u>44</u>
Refundable deposits	831	-	822	-	458	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
Total non-current assets	<u>593,263</u>	<u>13</u>	<u>564,202</u>	<u>14</u>	<u>593,501</u>	<u>15</u>	Ordinary shares	761,885	17	761,845	19	761,272	19
							Capital surplus	107,460	2	210,522	5	214,726	5
							Retained earnings	761,844	17	635,956	16	635,956	16
							Legal reserve	4,980	-	30,985	1	30,985	1
							Special reserve	977,249	21	1,830,114	47	1,022,196	25
							Unappropriated earnings	1,744,073	38	2,497,055	64	1,689,137	42
							Total retained earnings						
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	(95)	-	706	-	213	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(5,882)	-	(5,686)	-	(32,168)	(1)
							Total other equity	(5,977)	-	(4,980)	-	(31,955)	(1)
							Treasury shares	(404,238)	(9)	(404,238)	(10)	(404,238)	(10)
							Total equity attributable to shareholders of the Company	2,203,203	48	3,060,204	78	2,228,942	55
							NON-CONTROLLING INTERESTS						
							Total equity	<u>2,237,328</u>	<u>49</u>	<u>3,093,324</u>	<u>79</u>	<u>2,265,629</u>	<u>56</u>
TOTAL	<u>\$ 4,607,987</u>	<u>100</u>	<u>\$ 3,898,111</u>	<u>100</u>	<u>\$ 4,069,591</u>	<u>100</u>	TOTAL	<u>\$ 4,607,987</u>	<u>100</u>	<u>\$ 3,898,111</u>	<u>100</u>	<u>\$ 4,069,591</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 Subsidiary

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 696,625	100	\$ 796,292	100	\$1,364,376	100	\$1,523,399	100
OPERATING COSTS	-	-	-	-	-	-	-	-
GROSS PROFIT	<u>696,625</u>	<u>100</u>	<u>796,292</u>	<u>100</u>	<u>1,364,376</u>	<u>100</u>	<u>1,523,399</u>	<u>100</u>
OPERATING EXPENSES								
Selling and marketing expenses	53,937	8	49,475	6	103,933	8	95,203	7
General and administrative expenses	70,806	10	68,595	9	135,368	10	139,930	9
Research and development expenses	203,060	29	214,538	27	389,223	28	412,455	27
Expected credit loss (reversal)	<u>62</u>	-	<u>3,589</u>	-	<u>(2)</u>	-	<u>2,455</u>	-
Total operating expenses	<u>327,865</u>	<u>47</u>	<u>336,197</u>	<u>42</u>	<u>628,522</u>	<u>46</u>	<u>650,043</u>	<u>43</u>
OPERATING INCOME	<u>368,760</u>	<u>53</u>	<u>460,095</u>	<u>58</u>	<u>735,854</u>	<u>54</u>	<u>873,356</u>	<u>57</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	17,054	3	2,751	-	27,551	2	4,899	-
Other income	372	-	372	-	745	-	745	-
Other gains and losses	30,469	4	12,956	2	24,964	2	25,996	2
Finance costs	(21)	-	(38)	-	(47)	-	(80)	-
Share of loss of associates	<u>(773)</u>	-	<u>(816)</u>	-	<u>(1,676)</u>	-	<u>(1,495)</u>	-
Total non-operating income and expenses	<u>47,101</u>	<u>7</u>	<u>15,225</u>	<u>2</u>	<u>51,537</u>	<u>4</u>	<u>30,065</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	415,861	60	475,320	60	787,391	58	903,421	59
INCOME TAX EXPENSE	<u>66,083</u>	<u>10</u>	<u>65,579</u>	<u>8</u>	<u>130,055</u>	<u>10</u>	<u>131,442</u>	<u>8</u>
NET PROFIT	<u>349,778</u>	<u>50</u>	<u>409,741</u>	<u>52</u>	<u>657,336</u>	<u>48</u>	<u>771,979</u>	<u>51</u>

(Continued)



eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	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 (loss) income	(258)	-	1,057	-	(196)	-	(1,294)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of the financial statements of foreign operations	(802)	-	252	-	(820)	-	374	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(1)	-	7	-	6	-	5	-
Other comprehensive (loss) income	(1,061)	-	1,316	-	(1,010)	-	(915)	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 348,717</u>	<u>50</u>	<u>\$ 411,057</u>	<u>52</u>	<u>\$ 656,326</u>	<u>48</u>	<u>\$ 771,064</u>	<u>51</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 351,697	50	\$ 408,924	52	\$ 664,787	49	\$ 774,943	51
Non-controlling interests	(1,919)	-	817	-	(7,451)	(1)	(2,964)	-
	<u>\$ 349,778</u>	<u>50</u>	<u>\$ 409,741</u>	<u>52</u>	<u>\$ 656,326</u>	<u>48</u>	<u>\$ 771,979</u>	<u>51</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 350,675	50	\$ 410,210	52	\$ 663,790	49	\$ 773,974	51
Non-controlling interests	(1,958)	-	847	-	(7,464)	(1)	(2,910)	-
	<u>\$ 348,717</u>	<u>50</u>	<u>\$ 411,057</u>	<u>52</u>	<u>\$ 656,326</u>	<u>48</u>	<u>\$ 771,064</u>	<u>51</u>
EARNINGS PER SHARE								
Basic	<u>\$ 4.71</u>		<u>\$ 5.48</u>		<u>\$ 8.91</u>		<u>\$ 10.39</u>	
Diluted	<u>\$ 4.71</u>		<u>\$ 5.47</u>		<u>\$ 8.89</u>		<u>\$ 10.35</u>	

(Concluded)



eMemory Technology Inc. and Subsidiary
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		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, 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
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)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(26,005)	26,005	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,417,769)	(1,417,769)	-	-	-	(1,417,769)	-	(1,417,769)
Changes in percentage of ownership interests in subsidiaries	-	-	7,612	-	-	-	-	-	-	-	7,612	(7,612)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	21	-	-	-	-	-	-	-	21	-	21
Issuance of cash dividends from capital surplus	-	-	(111,929)	-	-	-	-	-	-	-	(111,929)	-	(111,929)
Net profit (loss) for the six months ended June 30, 2023	-	-	-	-	-	664,787	664,787	-	-	-	664,787	(7,451)	657,336
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	-	(801)	(196)	-	(997)	(13)	(1,010)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	664,787	664,787	(801)	(196)	-	663,790	(7,464)	656,326
Issuance of ordinary shares under employee share options	4	40	1,234	-	-	-	-	-	-	-	1,274	-	1,274
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	649	649
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	15,432	15,432
BALANCE, JUNE 30, 2023	76,189	\$ 761,885	\$ 107,460	\$ 761,844	\$ 4,980	\$ 977,249	\$1,744,073	(\$ 95)	(\$ 5,882)	(\$ 404,238)	\$2,203,203	\$ 34,125	\$2,237,328



eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 787,391	\$ 903,421
Adjustments for:		
Depreciation expenses	19,532	19,218
Amortization expenses	38,328	15,137
Expected credit (reversal) loss	(2)	2,455
Finance costs	47	80
Interest income	(27,551)	(4,899)
Share-based payments	649	86
Share of loss of associates	1,676	1,495
Property, plant and equipment transferred to expenses	68	-
Net gain on foreign currency exchange	(19,467)	(12,342)
Intangible assets transferred to expenses	216	-
Changes in operating assets and liabilities		
Accounts receivable	(33,915)	(95,749)
Accounts receivable - related parties	3,038	-
Other receivables	-	5,118
Prepayments	4,198	(12,879)
Other current assets	(1,610)	(3,859)
Contract liabilities	27,507	11,622
Other payables	(33,896)	2,766
Other payables- related parties	25	30
Other current liabilities	518	(240)
Net defined benefit liabilities	(312)	(386)
Bonuses payable to employees and directors	<u>67,700</u>	<u>121,945</u>
Cash generated from operations	834,140	953,019
Interest received	26,610	4,759
Income tax paid	(<u>153,912</u>)	(<u>168,284</u>)
Net cash generated from operating activities	<u>706,838</u>	<u>789,494</u>

(Continued)



eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 12,882)	(\$ 24,058)
Increase in refundable deposits	(9)	-
Decrease in refundable deposits	-	13
Acquisition of intangible assets	(76,918)	(28,705)
Increase in prepayments for equipment	(1,143)	-
Net cash used in investing activities	(90,952)	(52,750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(1,641)	(1,608)
Exercise of employee share options	1,274	1,418
Interest paid	(47)	(80)
Increase in non-controlling interests	15,432	-
Net cash generated from (used in) financing activities	15,018	(270)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	14,651	7,520
NET INCREASE IN CASH	645,555	743,994
CASH AT THE BEGINNING OF THE PERIOD	3,066,268	2,482,765
CASH AT THE END OF THE PERIOD	<u>\$3,711,823</u>	<u>\$3,226,759</u>

(Concluded)