

Management Report for Second Fiscal Quarter 2024

Hsinchu, Taiwan, August 7th, 2024 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended June 30th, 2024.

Executive Summary

- Q2 2024 revenue was NT\$ 893.01 million, up 11.2% sequentially and up 28.2% year-over-year. Operating Margin was 55.5%, up 3.1 pts QoQ and 2.6 pts YoY. Net income was NT\$ 475.10 million, up by 10.3% sequentially and 35.1% year-over-year. EPS was NT\$ 6.36, and ROE was 67.3%.
- Licensing revenue will continue its growth momentum due to strong demands from both foundries and chip companies.
- We expect royalty sequential growth in H2 due to new products ramping up.

Financial Results

(Amounts in thousands of NT\$)

	Q2 2024	Q1 2024	Change (QoQ)	Q2 2023	Change (YoY)	H1 2024	H1 2023	Change (YoY)
Revenue	893,010	802,764	11.2%	696,625	28.2%	1,695,774	1,364,376	24.3%
Gross Margin	100%	100%	-	100%	-	100%	100%	-
Operating Expenses	397,829	382,143	4.1%	327,865	21.3%	779,972	628,522	24.1%
Operating Income	495,181	420,621	17.7%	368,760	34.3%	915,802	735,854	24.5%
Operating Margin	55.5%	52.4%	3.1pts	52.9%	2.6pts	54.0%	53.9%	0.1ppt
*Net Income	475,096	430,577	10.3%	351,697	35.1%	905,673	664,787	36.2%
Net Margin	53.0%	52.7%	0.3ppt	50.2%	2.8pts	52.8%	48.2%	4.6pts
EPS (NT\$)	6.36	5.77	10.2%	4.71	35.0%	12.13	8.91	36.1%
ROE	67.3%	53.2%	14.1pts	53.5%	13.8pts	64.1%	50.5%	13.6pts

*Net income attributable to Shareholders of the Company

Revenue Analysis

(Amounts in thousands of NT\$)

	Q2 2024	Q1 2024	Change (QoQ)	Q2 2023	Change (YoY)	H1 2024	H1 2023	Change (YoY)
Licensing	299,711	228,329	31.3%	249,711	20.0%	528,040	392,760	34.4%
Royalty	593,299	574,435	3.3%	446,914	32.8%	1,167,734	971,616	20.2%
Total	893,010	802,764	11.2%	696,625	28.2%	1,695,774	1,364,376	24.3%

Revenue analysis by technology

Technology	Q2 2024								
	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	25.9%	22.1%	20.1%	24.6%	54.0%	30.2%	26.7%	11.3%	15.9%
NeoFuse	58.1%	-3.5%	25.1%	33.3%	-16.7%	-11.9%	70.6%	0.2%	39.0%
PUF-Based	4.2%	105.1%	34.0%	12.5%	105.2%	36.0%	0.0%	-	-
MTP	11.8%	84.9%	72.3%	29.6%	110.0%	69.9%	2.7%	11.6%	86.8%

Technology	H1 2024					
	Total Revenue		Licensing Revenue		Royalty Revenue	
	% of H1 Revenue	Change (YoY)	% of H1 Licensing	Change (YoY)	% of H1 Royalty	Change (YoY)
NeoBit	24.9%	10.7%	23.0%	43.4%	25.7%	1.4%
NeoFuse	62.3%	25.6%	41.7%	19.3%	71.7%	27.3%
PUF-Based	3.3%	24.7%	10.5%	26.3%	0.0%	-
MTP	9.5%	66.4%	24.8%	64.3%	2.6%	75.7%

- 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 3nm.
- 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 2024			H1 2024	
	% of Q2	Change (QoQ)	Change (YoY)	% of H1	Change (YoY)
8-inch	42.5%	2.6%	26.7%	42.6%	11.8%
12-inch	57.5%	3.8%	37.6%	57.4%	27.3%

Key Business Developments

Licensing

- Technology License
 - ✓ 10 licensing contracts were signed during this quarter.
 - ✓ As of June 30th, 2024, we have technologies under development for the adoption of 153 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	6	4	9	54	25	55	37	104	254	42	53	11	654
Developing	4	0	1	8	18	8	21	22	31	39	1	0	0	153

- Design License
 - ✓ A total of 171 product tape-outs occurred in the second quarter of 2024, remaining at a high level.
 - 3 tape-outs at 6nm/7nm for Network IC.
 - 1 tape-out at 12nm/14nm/16nm for SSD controller.
 - 26 tape-outs at 22nm/28nm for Network IC, ISP, and HDMI.
 - 14 tape-outs at 40nm for MCU, LCD Driver, OLED Driver, IoT, Touch and Sensor-related.
 - 19 tape-outs at 55nm/63nm/65nm for PMIC, MCU, LCD Driver, OLED Driver, Sensor-related, TDDI, and Multimedia.
 - 19 tape-outs at 80nm/90nm for PMIC, LCD Driver, TDDI, LED Driver, and others.
 - 26 tape-outs at 0.13um for PMIC, MCU, LCD Driver, Sensor-related, TDDI, Network IC, and others.
 - 60 tape-outs at 0.18um for PMIC, MCU, Sensor-related, Multimedia, Fingerprint, Motor Driver, Oscillator, and others.
 - 3 tape-outs at 0.25um for PMIC and LED Driver.
 - ✓ As of June 30th, 2024, eMemory's cumulative number of design licenses has increased to 7,400—a direct result of our ongoing effort in expanding and diversifying our technologies for adoption in a wide range of applications.

Future Growth Drivers

Licensing:

- Licensing revenue will continue its growth momentum due to strong demands from both foundries and chip companies.
- Royalties: We expect royalty sequential growth in H2 due to new products ramping up.

New IP Technology and Business Development

- New IP Technologies:
 - ✓ NeoFuse is developing in FinFET HV process to meet customers' next generation OLED DDI plans.
 - ✓ RRAM is expanding into more processes with increased customers' demand.
 - ✓ NeoFlash continues progressing in specialty processes replacing embedded flash and external NOR flash.
 - ✓ Developing 2nm technologies with leading foundries.
- Business Platform Development:
 - ✓ CPU architecture for security IP will start to contribute to revenue.
 - ✓ Successfully integrated NeoFuse for SRAM repair with EDA company.

Financial Review

Gross margin

The gross margin remained at 100%.

Operating expenses

- The total operating expenses in Q2 2024 were NT\$ 397.83 million and represented 44.5% of the total revenue. The operating expenses were up 4.1% QoQ and 21.3% YoY. 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\$ 41 million, mainly due to currency gain of NT\$ 18.2 million from the depreciation of the Taiwan dollar this quarter.
- H1 2024 effective tax rate was 14.5%.

Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 475.10 million, an increase of 10.3% sequentially and an increase of 35.1% year-over-year.
- Earnings per share was NT\$ 6.36 in Q2 2024. ROE was 67.3%.

Current assets and current liabilities

- As of June 30th, 2024, cash increased by NT\$614.78 million from March 31st, 2024, to NT\$ 3,752.37 million.
- Total current assets including cash totaled NT\$ 4,078.08 million, with an increase of NT\$ 634.86 million from March 31st, 2024, due to cash from revenue.
- Total current liabilities increased by NT\$ 1,468.66 million from March 31st, 2024, to NT\$ 2,243.46 million, primarily due to dividends payable.
- The net working capital was NT\$ 1,834.62 million and the current ratio was 1.8x.

Cash flows

- As of June 30th, 2024, net cash generated from operating activities totaled NT\$1,077.17 million, including NT\$ 1,047.68 million from income before income tax, NT\$ 73.08 million from depreciation and amortization, and NT\$43.59 million used in other operating activities.
- Net cash used in investing activities was NT\$ 104.87 million in H1 2024, primarily related to the increase in capital expenditure.
- Net cash used in financing activities was NT\$ 27.68 million in H1 2024, mainly attributable to repayment of loans.
- As a result, total cash increased from NT\$ 2,731.52 million to NT\$ 3,752.37 million from December 31st, 2023, to June 30th, 2024.

Employee

- As of June 30th, 2024, eMemory has 304 full-time employees, including 210 R&D engineers. Our subsidiaries, PUFsecurity has 46 full-time employees, including 28 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 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 Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2024		December 31, 2023		June 30, 2023			June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$3,752,371	76	\$2,731,524	73	\$3,711,823	81	Short-term loans	\$ -	-	\$ 30,000	1	\$ -	-
Accounts receivable - net	293,221	6	194,960	5	277,351	6	Contract liabilities - current	89,453	2	77,268	2	95,015	2
Other receivables	2,412	-	2,965	-	1,959	-	Other payables	207,710	4	174,743	5	147,998	3
Prepayments	24,832	1	20,170	1	17,824	-	Other payables - related parties	20	-	-	-	35	-
Other current assets	5,240	-	4,974	-	5,767	-	Bonuses payable to employees and directors	460,945	9	349,031	9	452,681	10
Total current assets	<u>4,078,076</u>	<u>83</u>	<u>2,954,593</u>	<u>79</u>	<u>4,014,724</u>	<u>87</u>	Payables on equipment	4,694	-	9,220	-	6,659	-
							Dividends payable	1,306,409	27	-	-	1,529,698	33
NON-CURRENT ASSETS							Current tax liabilities	168,502	4	44,486	1	115,803	3
Financial assets at fair value through other comprehensive income - noncurrent	5,051	-	5,369	-	4,718	-	Lease liabilities - current	3,184	-	2,358	-	2,614	-
Financial assets at amortized cost - noncurrent	118	-	118	-	116	-	Other current liabilities	2,539	-	2,479	-	2,497	-
Investment accounted for using the equity method	10,531	-	12,063	-	13,536	-	Total current liabilities	<u>2,243,456</u>	<u>46</u>	<u>689,585</u>	<u>18</u>	<u>2,353,000</u>	<u>51</u>
Property, plant and equipment	465,232	10	473,470	13	454,861	10	NON-CURRENT LIABILITIES						
Right-of-use assets	8,582	-	3,607	-	3,810	-	Deferred tax liabilities	647	-	-	-	968	-
Intangible assets	115,119	2	79,299	2	112,561	3	Lease liabilities - noncurrent	5,531	-	1,314	-	1,281	-
Deferred tax assets	2,331	-	3,770	-	1,687	-	Net defined benefit liabilities - noncurrent	12,673	-	13,010	1	15,400	-
Prepayments for equipment	225,114	5	224,714	6	1,143	-	Guarantee deposits received	10	-	10	-	10	-
Refundable deposits	1,546	-	694	-	831	-	Total non-current liabilities	<u>18,861</u>	<u>-</u>	<u>14,334</u>	<u>1</u>	<u>17,659</u>	<u>-</u>
Total non-current assets	<u>833,624</u>	<u>17</u>	<u>803,104</u>	<u>21</u>	<u>593,263</u>	<u>13</u>	Total liabilities	<u>2,262,317</u>	<u>46</u>	<u>703,919</u>	<u>19</u>	<u>2,370,659</u>	<u>51</u>
							EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
							Ordinary shares	<u>746,563</u>	<u>15</u>	<u>746,423</u>	<u>20</u>	<u>761,885</u>	<u>17</u>
							Capital surplus	<u>119,329</u>	<u>3</u>	<u>114,313</u>	<u>3</u>	<u>107,460</u>	<u>2</u>
							Retained earnings						
							Legal reserve	761,844	16	761,844	20	761,844	17
							Special reserve	5,170	-	4,980	-	4,980	-
							Unappropriated earnings	<u>999,958</u>	<u>20</u>	<u>1,400,884</u>	<u>37</u>	<u>977,249</u>	<u>21</u>
							Total retained earnings	<u>1,766,972</u>	<u>36</u>	<u>2,167,708</u>	<u>57</u>	<u>1,744,073</u>	<u>38</u>
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	(89)	-	61	-	(95)	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(5,549)	-	(5,231)	-	(5,882)	-
							Total other equity	(5,638)	-	(5,170)	-	(5,977)	-
							Treasury shares	-	-	-	-	(404,238)	(9)
							Total equity attributable to shareholders of the Company	2,627,226	54	3,023,274	80	2,203,203	48
							NON-CONTROLLING INTERESTS						
								<u>22,157</u>	<u>-</u>	<u>30,504</u>	<u>1</u>	<u>34,125</u>	<u>1</u>
							Total equity	<u>2,649,383</u>	<u>54</u>	<u>3,053,778</u>	<u>81</u>	<u>2,237,328</u>	<u>49</u>
TOTAL	<u>\$4,911,700</u>	<u>100</u>	<u>\$3,757,697</u>	<u>100</u>	<u>\$4,607,987</u>	<u>100</u>	TOTAL	<u>\$4,911,700</u>	<u>100</u>	<u>\$3,757,697</u>	<u>100</u>	<u>\$4,607,987</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 June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 893,010	100	\$ 696,625	100	\$ 1,695,774	100	\$ 1,364,376	100
OPERATING COSTS	-	-	-	-	-	-	-	-
GROSS PROFIT	<u>893,010</u>	<u>100</u>	<u>696,625</u>	<u>100</u>	<u>1,695,774</u>	<u>100</u>	<u>1,364,376</u>	<u>100</u>
OPERATING EXPENSES								
Selling and marketing expenses	73,294	8	53,937	8	137,123	8	103,933	8
General and administrative expenses	79,358	9	70,806	10	155,683	9	135,368	10
Research and development expenses	243,704	28	203,060	29	485,585	29	389,223	28
Expected credit loss (reversal)	<u>1,473</u>	<u>-</u>	<u>62</u>	<u>-</u>	<u>1,581</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
Total operating expenses	<u>397,829</u>	<u>45</u>	<u>327,865</u>	<u>47</u>	<u>779,972</u>	<u>46</u>	<u>628,522</u>	<u>46</u>
OPERATING INCOME	<u>495,181</u>	<u>55</u>	<u>368,760</u>	<u>53</u>	<u>915,802</u>	<u>54</u>	<u>735,854</u>	<u>54</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	17,484	2	17,054	3	39,554	2	27,551	2
Other income	372	-	372	-	745	-	745	-
Other gains and losses	24,009	3	30,469	4	93,566	6	24,964	2
Finance costs	(109)	-	(21)	-	(373)	-	(47)	-
Share of loss of associates	<u>(760)</u>	<u>-</u>	<u>(773)</u>	<u>-</u>	<u>(1,618)</u>	<u>-</u>	<u>(1,676)</u>	<u>-</u>
Total non-operating income and expenses	<u>40,996</u>	<u>5</u>	<u>47,101</u>	<u>7</u>	<u>131,874</u>	<u>8</u>	<u>51,537</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	536,177	60	415,861	60	1,047,676	62	787,391	58
INCOME TAX EXPENSE	<u>63,035</u>	<u>7</u>	<u>66,083</u>	<u>10</u>	<u>151,479</u>	<u>9</u>	<u>130,055</u>	<u>10</u>
NET PROFIT	<u>473,142</u>	<u>53</u>	<u>349,778</u>	<u>50</u>	<u>896,197</u>	<u>53</u>	<u>657,336</u>	<u>48</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 June 30				For the Six Months Ended June 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 loss on investments in equity instruments at fair value through other comprehensive loss	(328)	-	(258)	-	(318)	-	(196)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of the financial statements of foreign operations	(195)	-	(802)	-	(23)	-	(820)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(5)	-	(1)	-	(15)	-	6	-
Other comprehensive loss	(528)	-	(1,061)	-	(356)	-	(1,010)	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 472,614</u>	<u>53</u>	<u>\$ 348,717</u>	<u>50</u>	<u>\$ 895,841</u>	<u>53</u>	<u>\$ 656,326</u>	<u>48</u>
NET PROFIT (LOSS)								
ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 475,096	53	\$ 351,697	50	\$ 905,673	53	\$ 664,787	49
Non-controlling interests	(1,954)	-	(1,919)	-	(9,476)	-	(7,451)	(1)
	<u>\$ 473,142</u>	<u>53</u>	<u>\$ 349,778</u>	<u>50</u>	<u>\$ 896,197</u>	<u>53</u>	<u>\$ 657,336</u>	<u>48</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 474,536	53	\$ 350,675	50	\$ 905,205	53	\$ 663,790	49
Non-controlling interests	(1,922)	-	(1,958)	-	(9,364)	-	(7,464)	(1)
	<u>\$ 472,614</u>	<u>53</u>	<u>\$ 348,717</u>	<u>50</u>	<u>\$ 895,841</u>	<u>53</u>	<u>\$ 656,326</u>	<u>48</u>
EARNINGS PER SHARE								
Basic	<u>\$ 6.36</u>		<u>\$ 4.71</u>		<u>\$ 12.13</u>		<u>\$ 8.91</u>	
Diluted	<u>\$ 6.36</u>		<u>\$ 4.71</u>		<u>\$ 12.11</u>		<u>\$ 8.89</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			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	Treasury Shares			
	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)	-	-	-	-	-	-	-
Reversal of 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 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
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	-	-	582	-	-	-	-	-	-	-	582	(582)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	101	-	-	-	-	-	-	-	101	-	101
Net profit (loss) for the six months ended June 30, 2024	-	-	-	-	-	905,673	905,673	-	-	-	905,673	(9,476)	896,197
Other comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	-	(150)	(318)	-	(468)	112	(356)
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	905,673	905,673	(150)	(318)	-	905,205	(9,364)	895,841
Issuance of ordinary shares under employee share options	14	140	4,333	-	-	-	-	-	-	-	4,473	225	4,698
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	1,374	1,374
BALANCE, JUNE 30, 2024	74,657	\$ 746,563	\$ 119,329	\$ 761,844	\$ 5,170	\$ 999,958	\$ 1,766,972	(\$ 89)	(\$ 5,549)	\$ -	\$ 2,627,226	\$ 22,157	\$ 2,649,383

eMemory Technology Inc. and Subsidiaries

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

	Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,047,676	\$ 787,391
Adjustments for:		
Depreciation expenses	22,881	19,532
Amortization expenses	50,199	38,328
Expected credit loss (reversal)	1,581	(2)
Finance costs	373	47
Interest income	(39,554)	(27,551)
Share-based payments	1,374	649
Share of loss of associates	1,618	1,676
Property, plant and equipment transferred to expenses	-	68
Net gain on foreign currency exchange	(85,333)	(19,467)
Intangible assets transferred to expenses	344	216
Changes in operating assets and liabilities		
Accounts receivable	(90,609)	(33,915)
Accounts receivable - related parties	-	3,038
Prepayments	(600)	4,198
Other current assets	(266)	(1,610)
Contract liabilities	12,185	27,507
Other payables	32,977	(33,896)
Other payables- related parties	20	25
Other current liabilities	60	518
Net defined benefit liabilities	(337)	(312)
Bonuses payable to employees and directors	<u>111,914</u>	<u>67,700</u>
Cash generated from operations	1,066,503	834,140
Interest received	40,108	26,610
Income tax paid	(<u>29,440</u>)	(<u>153,912</u>)
Net cash generated from operating activities	<u>1,077,171</u>	<u>706,838</u>

(Continued)

eMemory Technology Inc. and Subsidiaries

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

	Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 17,259)	(\$ 12,882)
Increase in refundable deposits	(852)	(9)
Acquisition of intangible assets	(86,363)	(76,918)
Increase in prepayments for equipment	(400)	(1,143)
Net cash used in investing activities	(104,874)	(90,952)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(30,000)	-
Repayment of the principal portion of lease liabilities	(1,987)	(1,641)
Exercise of employee share options	4,698	1,274
Interest paid	(393)	(47)
Increase in non-controlling interests	-	15,432
Net cash (used in) generated from financing activities	(27,682)	15,018
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	76,232	14,651
NET INCREASE IN CASH	1,020,847	645,555
CASH AT THE BEGINNING OF THE PERIOD	2,731,524	3,066,268
CASH AT THE END OF THE PERIOD	<u>\$ 3,752,371</u>	<u>\$ 3,711,823</u>

(Concluded)