

Management Report for Third Fiscal Quarter 2024

Hsinchu, Taiwan, November 8th, 2024 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended September 30th, 2024.

Executive Summary

- Q3 2024 revenue was NT\$ 899.48 million, up 0.7% sequentially and up 14.3% year-over-year. Operating Margin was 56.1%, up 0.6 ppt QoQ and 3.1 ppts YoY. Net income was NT\$ 413.97 million, down by 12.9% sequentially and up 2.0% year-over-year. EPS was NT\$ 5.54, and ROE was 54.6%.
- Licensing revenue will continue its growth momentum due to strong demands from both foundries and chip companies.
- We expect royalty will continue its growth momentum as accumulated tape outs in 16/12/7/6nm enter the production stage, along with continued market share gains in mature applications.

Financial Results

(Amounts in thousands of NT\$)

	Q3 2024	Q2 2024	Change (QoQ)	Q3 2023	Change (YoY)	Q1-Q3 2024	Q1-Q3 2023	Change (YoY)
Revenue	899,477	893,010	0.7%	787,091	14.3%	2,595,251	2,151,467	20.6%
Gross Margin	100%	100%	-	100%	-	100%	100%	-
Operating Expenses	394,561	397,829	-0.8%	369,873	6.7%	1,174,533	998,395	17.6%
Operating Income	504,916	495,181	2.0%	417,218	21.0%	1,420,718	1,153,072	23.2%
Operating Margin	56.1%	55.5%	0.6ppt	53.0%	3.1ppts	54.7%	53.6%	1.1ppts
*Net Income	413,969	475,096	-12.9%	405,903	2.0%	1,319,642	1,070,690	23.3%
Net Margin	45.5%	53.0%	-7.5ppts	51.5%	-6.0ppts	50.3%	49.4%	0.9ppt
EPS (NT\$)	5.54	6.36	-12.9%	5.44	1.8%	17.68	14.35	23.2%
ROE	54.6%	67.3%	-12.7ppts	57.2%	-2.6ppts	58.0%	50.3%	7.7ppts

*Net income attributable to Shareholders of the Company

Revenue Analysis

(Amounts in thousands of NT\$)

	Q3 2024	Q2 2024	Change (QoQ)	Q3 2023	Change (YoY)	Q1-Q3 2024	Q1-Q3 2023	Change (YoY)
Licensing	290,639	299,711	-3.0%	259,151	12.2%	818,679	651,911	25.6%
Royalty	608,838	593,299	2.6%	527,940	15.3%	1,776,572	1,499,556	18.5%
Total	899,477	893,010	0.7%	787,091	14.3%	2,595,251	2,151,467	20.6%

Revenue analysis by technology

(Amounts in thousands of NT\$)

Technology	Q3 2024								
	Total Revenue			Licensing Revenue			Royalty Revenue		
	% of Q3 Revenue	Change (QoQ)	Change (YoY)	% of Q3 Licensing	Change (QoQ)	Change (YoY)	% of Q3 Royalty	Change (QoQ)	Change (YoY)
NeoBit	27.7%	7.3%	32.6%	31.2%	23.2%	27.8%	26.0%	-0.1%	35.5%
NeoFuse	58.4%	1.3%	5.3%	30.9%	-10.1%	-9.7%	71.5%	4.0%	9.1%
PUF-Based	3.9%	-6.2%	-38.6%	12.0%	-6.5%	-39.0%	0.0%	-	-
MTP	10.0%	-14.0%	107.8%	25.9%	-15.3%	139.5%	2.5%	-7.0%	25.0%

(Amounts in thousands of NT\$)

Technology	Q1-Q3 2024					
	Total Revenue		Licensing Revenue		Royalty Revenue	
	% of Revenue	Change (YoY)	% of Licensing	Change (YoY)	% of Royalty	Change (YoY)
NeoBit	25.8%	17.9%	25.9%	36.3%	25.8%	11.0%
NeoFuse	61.0%	18.0%	37.8%	9.2%	71.6%	20.4%
PUF-Based	3.5%	-10.8%	11.1%	-10.6%	0.0%	-
MTP	9.7%	79.1%	25.2%	85.5%	2.6%	55.0%

- NeoBit : OTP technology covers from 0.5um to 55nm.
- NeoFuse : OTP technology covers mainly from 0.18um to 2nm.
- 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	Q3 2024			Q1-Q3 2024	
	% of Q3	Change (QoQ)	Change (YoY)	% of Q1-Q3	Change (YoY)
8-inch	40.9%	-1.2%	30.0%	42.0%	17.3%
12-inch	59.1%	5.5%	7.0%	58.0%	19.4%

Key Business Developments

Licensing

- Technology License
 - ✓ 3 licensing contracts were signed during this quarter.
 - ✓ As of September 30th, 2024, we have technologies under development for the adoption of 170 different process platforms, ranging from 0.25um to 2nm.

Development of Key Technologies

	2nm	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	6	4	9	55	25	57	39	105	257	42	53	11	663
Developing	1	4	2	1	10	19	11	22	21	34	44	1	0	0	170

- Design License
 - ✓ A total of 179 product tape-outs occurred in the third quarter of 2024, remaining at a high level.
 - 2 tape-outs at 6nm/7nm for AI SoC and ISP.
 - 1 tape-out at 12nm/14nm/16nm for AI SoC.
 - 27 tape-outs at 22nm/28nm for Network IC and Multimedia.
 - 11 tape-outs at 40nm for MCU, OLED Driver, and IoT.
 - 24 tape-outs at 55nm/63nm/65nm for PMIC, MCU, LCD Driver, OLED Driver, Motor Driver, TDDI, and Multimedia.
 - 7 tape-outs at 80nm/90nm for PMIC, LCD Driver, TDDI, LED Driver, and others.
 - 21 tape-outs at 0.13um for PMIC, MCU, LCD Driver, and Touch.
 - 85 tape-outs at 0.18um for PMIC, MCU, Sensor, Multimedia, Network IC, Fingerprint, LED Driver, Motor Driver, Oscillator, Clock and others.
 - 1 tape-out at 0.25um for PMIC.
 - ✓ As of September 30th, 2024, eMemory's cumulative number of design licenses has increased to 7,579—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 will continue its growth momentum as accumulated tape outs in 16/12/7/6nm enter the production stage, along with continued market share gains in mature applications.

New IP Technology and Business Development

- New IP Technologies:
 - ✓ NeoFuse/NeoPUF were successfully verified in the N3P process, with design in and evaluation cases ongoing.
 - ✓ NeoMTP for 4-color ESL/e-Paper display driver has been successfully verified in customer products and will soon ramp up.
 - ✓ We are developing 2nm technologies with leading foundries.
- Business Platform Development:
 - ✓ The CPU architecture for security IP is expected to start contributing to revenue.
 - ✓ eMemory and Siemens are offering a groundbreaking SRAM repair toolset that integrates Siemens' Tessent MemoryBIST software with eMemory's NeoFuse OTP.
 - ✓ PUFsecurity is collaborating with Arm on PSA Certified RoT Component Level 3 Certification for its Crypto Coprocessor, providing a robust security subsystem essential for the AIoT era.

Financial Review

Gross margin

The gross margin remained at 100%.

Operating expenses

- The total operating expenses in Q3 2024 were NT\$ 394.56 million and represented 43.9% of the total revenue. The operating expenses were down 0.8% QoQ but up 6.7% YoY. The decrease of QoQ was mainly attributable to the decrease in bonuses and rewards, and the increase of YoY was mainly attributable to the increase in the number of employees, and bonuses and rewards.

Non-operating items and income tax expense

- Non-operating loss for the quarter was NT\$ 15.79 million, mainly due to currency loss of NT\$ 33.62 million from the appreciation of the Taiwan dollar this quarter.
- Q1-Q3 2024 effective tax rate was 15.0%.

Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 413.97 million, a decrease of 12.9% sequentially but an increase of 2.0% year-over-year.
- Earnings per share was NT\$ 5.54 in Q3 2024. ROE was 54.6%.

Current assets and current liabilities

- As of September 30th, 2024, cash decreased by NT\$1,093.46 million from June 30th, 2024, to NT\$ 2,658.91 million.
- Total current assets including cash totaled NT\$ 2,972.17 million, with a decrease of NT\$ 1,105.91 million from June 30th, 2024, was due to the dividend payout.

- Total current liabilities decreased by NT\$ 1,521.74 million from June 30th, 2024, to NT\$ 721.71 million, primarily due to the dividend payout.
- The net working capital was NT\$ 2,250.46 million and the current ratio was 4.1x.

Cash flows

- As of September 30th, net cash generated from operating activities totaled NT\$1,338.08 million, including NT\$ 1,536.80 million from income before income tax, NT\$ 110.79 million from depreciation and amortization, and NT\$309.51 million used in other operating activities.
- Net cash used in investing activities was NT\$ 138.54 million in Q1-Q3 2024, primarily related to the increase in capital expenditure.
- Net cash used in financing activities was NT\$ 1,333.12 million in Q1-Q3 2024, mainly attributable to the dividend payout.
- As a result, total cash decreased from NT\$ 2,731.52 million to NT\$ 2,658.91 million from December 31st, 2023, to September 30th, 2024.

Employee

- As of September 30th, 2024, eMemory has 308 full-time employees, including 213 R&D engineers. Our subsidiaries, PUFsecurity has 44 full-time employees, including 27 R&D engineers, and eMemory Japan has 5 full-time employees, including 2 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)

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

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

eMemory Technology Inc. and Subsidiaries

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

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

(Continued)

eMemory Technology Inc. and Subsidiaries

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

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

(Concluded)

eMemory Technology Inc. and Subsidiaries

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

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

eMemory Technology Inc. and Subsidiaries

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

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

(Continued)

eMemory Technology Inc. and Subsidiaries

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

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

(Concluded)