

## Management Report for Fourth Fiscal Quarter 2023

Hsinchu, Taiwan, February 6<sup>th</sup>, 2024 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended December 31<sup>st</sup>, 2023.

### Executive Summary

- Q4 2023 revenue was NT\$ 898.86 million, up 14.2% sequentially but down 0.4% year-over-year. Operating Margin was 60%, up 7 pts QoQ and 0.8 ppt YoY. Net income was affected by currency loss, down by 0.5% sequentially and down 6.2% year-over-year. EPS was NT\$ 5.41, and ROE was 53.1%.
- Strong licensing demand will continue to drive the growth momentum of licensing fees.
- We expect royalties in the first quarter to be temporarily affected by a customer moving to more advanced node, resulting in a single-digit QoQ decline but growth YoY.
- Revenue will decline by single digits quarterly, but increase by double-digits yearly.

### Financial Results

(Amounts in thousands of NT\$)

	Q4 2023 (unaudited)	Q3 2023	Change (QoQ)	Q4 2022	Change (YoY)	FY 2023 (unaudited)	FY 2022	Change (YoY)
Revenue	898,858	787,091	14.2%	902,704	-0.4%	3,050,325	3,216,711	-5.2%
Gross Margin	100%	100%	-	100%	-	100%	100%	-
Operating Expenses	359,330	369,873	-2.9%	368,090	-2.4%	1,357,725	1,363,293	-0.4%
Operating Income	539,528	417,218	29.3%	534,614	0.9%	1,692,600	1,853,418	-8.7%
Operating Margin	60.0%	53.0%	7.0ppts	59.2%	0.8ppt	55.5%	57.6%	-2.1ppts
*Net Income	403,753	405,903	-0.5%	430,536	-6.2%	1,474,443	1,611,909	-8.5%
Net Margin	44.5%	51.5%	-7.0ppts	47.6%	-3.1ppts	48.0%	49.9%	-1.9ppts
EPS (NT\$)	5.41	5.44	-0.6%	5.77	-6.2%	19.76	21.61	-8.6%
ROE	53.1%	57.2%	-4.1ppts	62.2%	-9.1ppts	48.5%	58.2%	-9.7ppts

\*Net income attributable to Shareholders of the Company

## Revenue Analysis

(Amounts in thousands of NT\$)

	Q4 2023	Q3 2023	Change (QoQ)	Q4 2022	Change (YoY)	FY 2023	FY 2022	Change (YoY)
Licensing	273,927	259,151	5.7%	205,104	33.6%	925,838	742,072	24.8%
Royalty	624,931	527,940	18.4%	697,600	-10.4%	2,124,487	2,474,639	-14.1%
Total	898,858	787,091	14.2%	902,704	-0.4%	3,050,325	3,216,711	-5.2%

### Revenue analysis by technology

Technology	Q4 2023								
	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	23.2%	11.2%	-22.3%	26.3%	1.4%	97.9%	21.9%	17.1%	-41.1%
NeoFuse	65.6%	18.1%	7.2%	42.8%	18.0%	18.3%	75.5%	18.2%	4.7%
PUF-Based	3.3%	-47.8%	-35.0%	10.9%	-47.9%	-29.0%	0.0%	87.2%	-97.8%
MTP	7.9%	64.1%	85.3%	20.0%	74.4%	99.1%	2.6%	37.1%	50.5%

Technology	FY 2023					
	Total Revenue		Licensing Revenue		Royalty Revenue	
	% of FY Revenue	Change (YoY)	% of FY Licensing	Change (YoY)	% of FY Royalty	Change (YoY)
NeoBit	25.5%	-27.1%	24.6%	48.2%	25.9%	-39.8%
NeoFuse	63.3%	3.4%	43.3%	4.3%	71.9%	3.2%
PUF-Based	4.3%	7.4%	14.2%	13.4%	0.0%	-87.1%
MTP	6.9%	30.6%	17.9%	88.4%	2.2%	-38.1%

- 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 2023			FY 2023	
	% of Q4	Change (QoQ)	Change (YoY)	% of FY	Change (YoY)
8-inch	37.8%	23.4%	-28.5%	41.1%	-27.7%
12-inch	62.2%	15.5%	5.9%	58.9%	-1.3%

## Key Business Developments

### Licensing

- Technology License
  - ✓ 14 licensing contracts were signed during this quarter.
  - ✓ As of December 31<sup>st</sup>, 2023, we have technologies under development for the adoption of 147 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
<b>Qualified</b>	0	4	4	9	50	23	44	36	99	246	42	53	11	621
<b>Developing</b>	4	4	1	7	17	7	25	18	30	33	1	0	0	147

- Design License
  - ✓ A total of 149 product tape-outs occurred in the fourth quarter of 2023, remaining at a high level.
    - 2 tape-outs at 6nm/7nm for AI SoC and Multimedia.
    - 7 tape-outs at 12nm/14nm/16nm for AI SoC, SSD Controller, Advanced SoC, USB and others.
    - 23 tape-outs at 22nm/28nm for Sensor-related, TDDI, OLE Driver, Network IC, AI SoC, SSD Controller, Multimedia and HDMI.
    - 12 tape-outs at 40nm for Sensor-related, AI SoC, TDDI, OLED Driver, LCD Driver, Network IC and others.
    - 22 tape-outs at 55nm/63nm/65nm for PMIC, Sensor-related, AI SoC, TDDI, OLED Driver, LCD Driver, Network IC, LED Driver, and Fingerprint.
    - 6 tape-outs at 80nm/90nm for PMIC, Sensor-related, TDDI, LCD Driver and LED Driver.
    - 14 tape-outs at 0.13um for PMIC, AI SoC, TDDI, LCD Driver, LED Driver and Audio.
    - 61 tape-outs at 0.18um for PMIC, Sensor-related, AI SoC, LCD Driver, LED Driver, Audio, Fingerprint and others.
    - 1 tape-out at 0.25um for PMIC.
    - 1 tape-out for DRAM.
  - ✓ As of December 31<sup>st</sup>, 2023, eMemory's cumulative number of design licenses has increased to 7,075—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

- Strong licensing demand will continue to drive the growth momentum of licensing fees.

## Royalty

- We expect royalties in the first quarter to be temporarily affected by a customer moving to more advanced node, resulting in a single-digit QoQ decline but growth YoY.
- Revenue will decline by single digits quarterly, but increase by double-digits yearly.

## New IP Technology and Business Development

- Specialty processes (HV, HK, BCD, embedded flash, and emerging memory): There will be more foundry technology licensing this quarter. The per wafer royalty ASP will increase due to ongoing development into more advanced nodes. The continued adoption of RRAM by more customers will drive increasing applications and contribute to royalty growth in the future.
- Advanced processes: Last quarter, we successfully licensed our 3nm OTP and PUF technology to a US foundry customer and will be collaborating on the development of the most leading processes in the future. Furthermore, our PUF-based security has been successfully adopted in a leading US high-performance computing (HPC) customer's related application. There are multiple projects in 3/4/5nm under progress.

## **Financial Review**

### Gross margin

The gross margin remained at 100%.

### Operating expenses

- The total operating expenses in Q4 2023 were NT\$ 359.33 million and represented 40.0% of the total revenue. The operating expenses were down 2.9% QoQ and down 2.4% YoY. The decrease was mainly attributable to the decrease in bonuses.

### Non-operating items and income tax expense

- Non-operating loss for the quarter was NT\$ 62.16 million, mainly due to currency loss of NT\$ 95.13 million, from the appreciation of the Taiwan dollar this quarter.
- FY 2023 effective tax rate was 16.5%.

### Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 403.75 million, a decrease of 0.5% sequentially and a decrease of 6.2% year-over-year.
- Earnings per share was NT\$ 5.41 in Q4 2023. ROE was 53.1%

### Current assets and current liabilities

- As of December 31<sup>st</sup>, 2023, cash decreased by NT\$ 334.74 million from December 31<sup>st</sup>, 2022, to NT\$ 2,731.52 million.
- Total current assets including cash totaled NT\$ 2,954.59 million, with a decrease of NT\$ 379.32 million from December 31<sup>st</sup>, 2022. The decrease was due to the dividend payout, the lower revenues and earnings, and higher capital expenditures leading to lower bank deposits.

- Total current liabilities decreased by NT\$ 97.24 million from December 31<sup>st</sup>, 2022, to NT\$ 689.59 million, primarily due to lower revenues and earnings lead to lower income tax liability.
- The net working capital was NT\$ 2,265 million and the current ratio was 4.3x.

#### Cash flows

- As of December 31<sup>st</sup>, net cash generated from operating activities totaled NT\$1,525.72 million, including NT\$ 1,750.99 million from income before income tax, NT\$ 125.69 million from depreciation and amortization, and NT\$ 350.96 million used in other operating activities, which included tax payment of NT\$ 384.89 million.
- Net cash used in investing activities was NT\$ 362.92 million in FY2023, primarily related to capital investment.
- Net cash used in financing activities was NT\$ 1,480.38 million in FY2023, mainly attributable to cash dividends.
- As a result, total cash decreased from NT\$ 3,066.27 million to NT\$ 2,731.52 million from December 31<sup>st</sup>, 2022, to December 31<sup>st</sup>, 2023.

#### Employee

- As of December 31<sup>st</sup>, 2023, eMemory has 295 full-time employees, including 206 R&D engineers. Our subsidiaries, PUFsecurity has 48 full-time employees, including 26 R&D engineers, and eMemory Japan has 8 full-time employees, including 5 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 Subsidiary

## CONSOLIDATED BALANCE SHEETS(UNAUDITED)

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022		LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash	\$ 2,731,524	73	\$ 3,066,268	79	Short-term loans	\$ 30,000	1	\$ -	-
Accounts receivable - net	194,960	5	239,381	6	Contract liabilities - current	77,268	2	67,508	2
Accounts receivable - related parties	-	-	3,071	-	Other payables	174,743	5	181,897	5
Other receivables	2,965	-	1,018	-	Other payables - related parties	-	-	10	-
Prepayments	20,170	1	20,014	1	Bonuses payable to employees and directors	349,031	9	384,981	10
Other current assets	4,974	-	4,157	-	Payables on equipment	9,220	-	7,478	-
Total current assets	<u>2,954,593</u>	<u>79</u>	<u>3,333,909</u>	<u>86</u>	Current tax liabilities	44,486	1	139,676	3
					Lease liabilities - current	2,358	-	3,299	-
					Other current liabilities	2,479	-	1,979	-
					Total current liabilities	<u>689,585</u>	<u>18</u>	<u>786,828</u>	<u>20</u>
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Financial assets at fair value through other comprehensive income - noncurrent	5,369	-	4,914	-	Lease liabilities - noncurrent	1,314	-	2,237	-
Financial assets at amortized cost - noncurrent	118	-	116	-	Net defined benefit liabilities - noncurrent	13,010	1	15,712	1
Investment accounted for using the equity method	12,063	-	15,185	-	Guarantee deposits received	10	-	10	-
Property, plant and equipment	473,470	13	460,797	12	Total non-current liabilities	<u>14,334</u>	<u>1</u>	<u>17,959</u>	<u>1</u>
Right-of-use assets	3,607	-	5,438	-	Total liabilities	<u>703,919</u>	<u>19</u>	<u>804,787</u>	<u>21</u>
Intangible assets	79,299	2	74,187	2	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>				
Deferred tax assets	3,770	-	2,743	-	Ordinary shares	746,423	20	761,845	19
Prepayments for equipment (real estate)	224,714	6	-	-	Capital surplus	114,313	3	210,522	5
Refundable deposits	694	-	822	-	Retained earnings				
Total non-current assets	<u>803,104</u>	<u>21</u>	<u>564,202</u>	<u>14</u>	Legal reserve	761,844	20	635,956	16
					Special reserve	4,980	-	30,985	1
					Unappropriated earnings	1,400,884	37	1,830,114	47
					Total retained earnings	<u>2,167,708</u>	<u>57</u>	<u>2,497,055</u>	<u>64</u>
					Other equity				
					Exchange differences on the translation of the financial statements of foreign operations	61	-	706	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(5,231)	-	(5,686)	-
					Total other equity	<u>(5,170)</u>	<u>-</u>	<u>(4,980)</u>	<u>-</u>
					Treasury shares	-	-	(404,238)	(10)
					Total equity attributable to shareholders of the Company	3,023,274	80	3,060,204	78
					<b>NON-CONTROLLING INTERESTS</b>				
						30,504	1	33,120	1
					Total equity	<u>3,053,778</u>	<u>81</u>	<u>3,093,324</u>	<u>79</u>
<b>TOTAL</b>	<u>\$ 3,757,697</u>	<u>100</u>	<u>\$ 3,898,111</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 3,757,697</u>	<u>100</u>	<u>\$ 3,898,111</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(UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 3,050,325	100	\$ 3,216,711	100
OPERATING COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>3,050,325</u>	<u>100</u>	<u>3,216,711</u>	<u>100</u>
OPERATING EXPENSES				
Selling and marketing expenses	229,597	8	220,275	7
General and administrative expenses	281,717	9	297,436	9
Research and development expenses	846,465	28	846,920	26
Reversal of expected credit loss	<u>(54)</u>	<u>-</u>	<u>(1,338)</u>	<u>-</u>
Total operating expenses	<u>1,357,725</u>	<u>45</u>	<u>1,363,293</u>	<u>42</u>
OPERATING INCOME	<u>1,692,600</u>	<u>55</u>	<u>1,853,418</u>	<u>58</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	65,256	2	15,416	-
Other income	1,854	-	2,422	-
Other gains and losses	(4,959)	-	39,892	1
Finance costs	(442)	-	(144)	-
Share of loss of associates	<u>(3,317)</u>	<u>-</u>	<u>(2,080)</u>	<u>-</u>
Total non-operating income and expenses	<u>58,392</u>	<u>2</u>	<u>55,506</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,750,992	57	1,908,924	59
INCOME TAX EXPENSE	<u>288,335</u>	<u>9</u>	<u>304,783</u>	<u>9</u>
NET PROFIT FOR THE YEAR	<u>1,462,657</u>	<u>48</u>	<u>1,604,141</u>	<u>50</u>

(Continued)

## eMemory Technology Inc. and Subsidiary

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME(UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 2,083	-	\$ 2,702	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (loss)	455	-	(6,562)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	(663)	-	886	-
Share of the other comprehensive income of associates accounted for using the equity method	<u>9</u>	<u>-</u>	<u>1</u>	<u>-</u>
Other comprehensive income (loss) for the year	<u>1,884</u>	<u>-</u>	<u>(2,973)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,464,541</u>	<u>48</u>	<u>\$ 1,601,168</u>	<u>50</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 1,474,443	48	\$ 1,611,909	50
Non-controlling interests	<u>(11,786)</u>	<u>-</u>	<u>(7,768)</u>	<u>-</u>
	<u>\$ 1,462,657</u>	<u>48</u>	<u>\$ 1,604,141</u>	<u>50</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 1,476,336	48	\$ 1,608,867	50
Non-controlling interests	<u>(11,795)</u>	<u>-</u>	<u>(7,699)</u>	<u>-</u>
	<u>\$ 1,464,541</u>	<u>48</u>	<u>\$ 1,601,168</u>	<u>50</u>
EARNINGS PER SHARE				
Basic	<u>\$ 19.76</u>		<u>\$ 21.61</u>	
Diluted	<u>\$ 19.70</u>		<u>\$ 21.51</u>	

(Concluded)

# eMemory Technology Inc. and Subsidiary

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

### Equity Attributable to Shareholders of the Company

	Ordinary Shares		Capital Surplus	Legal Reserve	Retained Earnings			Other Equity		Treasury Shares	Total	Non-Controlling Interests	Total Equity
	Number of Shares (In Thousands)	Amount			Special Reserve	Unappropriated Earnings	Total	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				
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	-	-	( 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 years ended December 31, 2022	-	-	-	-	-	1,611,909	1,611,909	-	-	-	1,611,909	( 7,768 )	1,604,141
Other comprehensive income (loss) for the years ended December 31, 2022	-	-	-	-	-	2,702	2,702	818	( 6,562 )	-	( 3,042 )	69	( 2,973 )
Total comprehensive income (loss) for the years 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 payments												723	723
Non-controlling interests												( 30,000 )	( 30,000 )
Disposal of investments in equity instrument 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
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	-	-	8,365	-	-	-	-	-	-	-	8,365	( 8,365 )	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	186	-	-	-	-	-	-	-	186	-	186
Issuance of cash dividends from capital surplus	-	-	( 111,929 )	-	-	-	-	-	-	-	( 111,929 )	-	( 111,929 )
Net profit (loss) for the years ended December 31, 2023	-	-	-	-	-	1,474,443	1,474,443	-	-	-	1,474,443	( 11,786 )	1,462,657
Other comprehensive income (loss) for the years ended December 31, 2023	-	-	-	-	-	2,083	2,083	( 645 )	455	-	1,893	( 9 )	1,884
Total comprehensive income (loss) for the years ended December 31, 2023	-	-	-	-	-	1,476,526	1,476,526	( 645 )	455	-	1,476,336	( 11,795 )	1,464,541
Issuance of ordinary shares under employee share options	25	248	7,633	-	-	-	-	-	-	-	7,881	90	7,971
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	2,022	2,022
Retirement of treasury stock	( 1,567 )	( 15,670 )	( 464 )	-	-	( 388,104 )	( 388,104 )	-	-	404,238	-	-	-
Non-controlling interests												15,432	15,432
BALANCE, DECEMBER 31, 2023	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

## eMemory Technology Inc. and Subsidiary

### CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,750,992	\$ 1,908,924
Adjustments for:		
Depreciation expenses	40,199	39,318
Amortization expenses	85,495	35,584
Reversal of expected credit loss	(54)	(1,338)
Finance costs	442	144
Interest income	(65,256)	(15,416)
Dividend income	(363)	(932)
Share-based payments	2,022	723
Share of loss of associates	3,317	2,080
Property, plant and equipment transferred to expense	66	-
Gain on disposal of investments	-	(86)
Net loss (gain) on foreign currency exchange	24,505	(18,580)
Intangible assets transferred to expenses	632	-
Changes in operating assets and liabilities		
Accounts receivable	36,343	(137,271)
Accounts receivable - related parties	3,038	(3,084)
Other receivables	-	5,118
Prepayments	184	7,261
Other current assets	(817)	(303)
Contract liabilities	9,760	(9,435)
Other payables	(7,124)	29,631
Other payables - related parties	(10)	10
Other current liabilities	500	51
Net defined benefit liabilities	(619)	(776)
Bonuses payable to employees and directors	(35,950)	129,992
Cash generated from operations	<u>1,847,302</u>	<u>1,971,615</u>
Interest received	63,307	14,550
Income tax paid	<u>(384,892)</u>	<u>(304,269)</u>
Net cash generated from operating activities	<u>1,525,717</u>	<u>1,681,896</u>

(Continued)

## eMemory Technology Inc. and Subsidiary

### CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 4,654
Acquisition of financial assets at fair value through profit or loss	-	(370,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	370,086
Acquisition of property, plant and equipment	(47,462)	(38,835)
Increase in refundable deposits	-	(351)
Decrease in refundable deposits	128	-
Acquisition of intangible assets	(91,239)	(37,335)
Increase in prepayments for equipment (real estate)	(224,714)	-
Dividends received	<u>363</u>	<u>932</u>
Net cash used in investing activities	<u>(362,924)</u>	<u>(70,849)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	30,000	-
Repayment of the principal portion of lease liabilities	(3,669)	(3,233)
Dividends paid	(1,529,693)	(1,043,820)
Exercise of employee share options	7,971	28,289
Interest paid	(422)	(144)
Increase (decrease) in non-controlling interests	<u>15,432</u>	<u>(30,000)</u>
Net cash used in financing activities	<u>(1,480,381)</u>	<u>(1,048,908)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(17,156)</u>	<u>21,364</u>
NET (DECREASE) INCREASE IN CASH	(334,744)	583,503
CASH AT THE BEGINNING OF THE YEAR	<u>3,066,268</u>	<u>2,482,765</u>
CASH AT THE END OF THE YEAR	<u>\$2,731,524</u>	<u>\$3,066,268</u>

(Concluded)