

eMemory Technology Inc. and Subsidiary

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)			September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$1,900,464	70	\$1,754,111	71	\$1,434,636	65	Short-term bank loans	\$ -	-	\$ -	-	\$ 20,000	1
Accounts receivable - net	222,133	8	117,449	5	149,105	7	Contract liabilities - current	77,222	3	50,802	2	56,002	2
Other receivables	3,729	-	105	-	156	-	Other payables	104,781	4	136,590	5	89,622	4
Other receivables - related parties	379	-	277	-	427	-	Other payables - related parties	55	-	-	-	-	-
Prepayments	39,402	2	23,711	1	50,037	2	Bonuses payable to employees and directors	227,910	8	164,397	7	147,565	7
Other current assets	4,087	-	3,262	-	3,608	-	Payables on equipment	4,118	-	5,134	-	3,755	-
Total current assets	<u>2,170,194</u>	<u>80</u>	<u>1,898,915</u>	<u>77</u>	<u>1,637,969</u>	<u>74</u>	Current tax liabilities	107,103	4	87,696	4	79,059	4
							Lease liabilities - current						
							1,911						
							-						
							1,340						
							-						
							1,800						
							-						
							2,207						
							-						
							2,134						
							-						
							7,050						
							-						
							525,307						
							19						
							448,093						
							18						
							404,853						
							18						
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income - noncurrent	13,104	-	21,037	1	17,100	1	Lease liabilities - noncurrent	3,517	-	2,073	-	2,327	-
Financial assets at amortized cost - noncurrent	114	-	114	-	113	-	Net defined benefit liabilities - noncurrent	20,641	1	21,233	1	20,915	1
Investment accounted for using the equity method	3,637	-	5,517	-	2,681	-	Guarantee deposits received	530	-	530	-	530	-
Property, plant and equipment	451,413	17	467,393	19	472,984	21	Total non-current liabilities	<u>24,688</u>	<u>1</u>	<u>23,836</u>	<u>1</u>	<u>23,772</u>	<u>1</u>
Right-of-use assets	5,363	-	3,352	-	4,059	-	Total liabilities	<u>549,995</u>	<u>20</u>	<u>471,929</u>	<u>19</u>	<u>428,625</u>	<u>19</u>
Intangible assets	74,399	3	76,814	3	75,116	4		EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
Deferred tax assets	3,118	-	4,022	-	3,702	-	Ordinary shares	760,876	28	760,592	31	760,562	34
Prepayments for equipment	3,300	-	50	-	-	-	Capital surplus	289,500	11	391,907	16	362,825	17
Refundable deposits	461	-	358	-	358	-	Retained earnings						
Total non-current assets	<u>554,909</u>	<u>20</u>	<u>578,657</u>	<u>23</u>	<u>576,113</u>	<u>26</u>	Legal reserve	526,270	19	455,518	18	455,518	20
							Special reserve						
							60,101						
							2						
							65,586						
							3						
							65,586						
							3						
							Unappropriated earnings						
							971,297						
							36						
							787,007						
							32						
							594,142						
							27						
							1,557,668						
							57						
							1,308,111						
							53						
							1,115,246						
							50						
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations						
							(95)						
							-						
							(26)						
							-						
							5						
							-						
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income						
							(33,900)						
							(1)						
							(60,075)						
							(3)						
							(64,012)						
							(3)						
							(33,995)						
							(1)						
							(60,101)						
							(3)						
							(64,007)						
							(3)						
							Treasury shares						
							(404,238)						
							(15)						
							(404,238)						
							(16)						
							(404,238)						
							(18)						
							Total equity attributable to shareholders of the Company						
							2,169,811						
							80						
							1,996,271						
							81						
							1,770,388						
							80						
							NON-CONTROLLING INTERESTS						
							5,297						
							-						
							9,372						
							-						
							15,069						
							1						
							Total equity						
							2,175,108						
							80						
							2,005,643						
							81						
							1,785,457						
							81						
TOTAL	<u>\$2,725,103</u>	<u>100</u>	<u>\$2,477,572</u>	<u>100</u>	<u>\$2,214,082</u>	<u>100</u>	TOTAL	<u>\$2,725,103</u>	<u>100</u>	<u>\$2,477,572</u>	<u>100</u>	<u>\$2,214,082</u>	<u>100</u>

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$594,277	100	\$441,259	100	\$1,732,426	100	\$1,279,971	100
OPERATING COSTS	-	-	-	-	-	-	-	-
GROSS PROFIT	<u>594,277</u>	<u>100</u>	<u>441,259</u>	<u>100</u>	<u>1,732,426</u>	<u>100</u>	<u>1,279,971</u>	<u>100</u>
OPERATING EXPENSES								
Selling and marketing expenses	39,622	7	34,062	8	114,161	7	94,444	7
General and administrative expenses	66,174	11	51,477	12	188,826	11	147,740	12
Research and development expenses	171,252	29	147,140	33	502,598	29	436,818	34
Expected credit loss (gain)	<u>563</u>	-	<u>11,234</u>	<u>2</u>	<u>(10,250)</u>	<u>(1)</u>	<u>13,738</u>	<u>1</u>
Total operating expenses	<u>277,611</u>	<u>47</u>	<u>243,913</u>	<u>55</u>	<u>795,335</u>	<u>46</u>	<u>692,740</u>	<u>54</u>
OPERATING INCOME	<u>316,666</u>	<u>53</u>	<u>197,346</u>	<u>45</u>	<u>937,091</u>	<u>54</u>	<u>587,231</u>	<u>46</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	1,570	-	1,385	-	5,447	-	6,064	1
Other income	1,117	-	2,374	-	3,566	-	4,753	-
Other gains and losses	4,428	1	(1,219)	-	6,563	1	4,839	-
Finance costs	(20)	-	(58)	-	(69)	-	(122)	-
Share of loss of associates	<u>(660)</u>	-	<u>(854)</u>	-	<u>(2,006)</u>	-	<u>(2,703)</u>	-
Total non-operating income and expenses	<u>6,435</u>	<u>1</u>	<u>1,628</u>	-	<u>13,501</u>	<u>1</u>	<u>12,831</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	323,101	54	198,974	45	950,592	55	600,062	47
INCOME TAX EXPENSE	<u>47,948</u>	<u>8</u>	<u>30,393</u>	<u>7</u>	<u>142,095</u>	<u>8</u>	<u>85,406</u>	<u>7</u>
NET PROFIT	<u>275,153</u>	<u>46</u>	<u>168,581</u>	<u>38</u>	<u>808,497</u>	<u>47</u>	<u>514,656</u>	<u>40</u>

(Continued)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 600	-	\$ 198	-	\$ 20,630	1	\$ 1,570	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of the financial statements of foreign operations	(2)	-	10	-	(76)	-	10	-
Share of the other comprehensive loss of associates accounted for using the equity method	-	-	1	-	-	-	(1)	-
Other comprehensive income	598	-	209	-	20,554	1	1,579	-
TOTAL COMPREHENSIVE INCOME	<u>\$275,751</u>	<u>46</u>	<u>\$168,790</u>	<u>38</u>	<u>\$829,051</u>	<u>48</u>	<u>\$516,235</u>	<u>40</u>
NET PROFIT (LOSS)								
ATTRIBUTABLE TO:								
Shareholders of the Company	\$277,181	47	\$168,581	38	\$813,894	47	\$514,656	40
Non-controlling interests	(2,028)	(1)	-	-	(5,397)	-	-	-
	<u>\$275,153</u>	<u>46</u>	<u>\$168,581</u>	<u>38</u>	<u>\$808,497</u>	<u>47</u>	<u>\$514,656</u>	<u>40</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Company	\$277,780	47	\$168,790	38	\$834,455	48	\$516,235	40
Non-controlling interests	(2,029)	(1)	-	-	(5,404)	-	-	-
	<u>\$275,751</u>	<u>46</u>	<u>\$168,790</u>	<u>38</u>	<u>\$829,051</u>	<u>48</u>	<u>\$516,235</u>	<u>40</u>
EARNINGS PER SHARE								
Basic	<u>\$ 3.72</u>		<u>\$ 2.26</u>		<u>\$ 10.92</u>		<u>\$ 6.92</u>	
Diluted	<u>\$ 3.71</u>		<u>\$ 2.26</u>		<u>\$ 10.89</u>		<u>\$ 6.90</u>	

(Concluded)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Company							Other Equity			Total	Non-controlling Interests	Total Equity
	Ordinary Shares		Capital Surplus	Legal Reserve	Retained Earnings			Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares			
	Number of Shares (In Thousands)	Amount			Special Reserve	Unappropriated Earnings	Total						
BALANCE, JANUARY 1, 2020	75,834	\$ 758,336	\$ 404,446	\$ 401,471	\$ 61,932	\$ 545,653	\$ 1,009,056	(\$ 4)	(\$ 65,582)	(\$ 404,238)	\$ 1,702,014	\$ -	\$ 1,702,014
Appropriation of 2019 earnings													
Legal reserve	-	-	-	54,047	-	(54,047)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	3,654	(3,654)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(408,466)	(408,466)	-	-	-	(408,466)	-	(408,466)
Changes in percentage of ownership interests in subsidiaries	-	-	49	-	-	-	-	-	-	-	49	(49)	-
Change in capital surplus from investments in associates accounted for by using the equity method	-	-	3	-	-	-	-	-	-	-	3	-	3
Issuance of cash dividends from capital surplus	-	-	(111,400)	-	-	-	-	-	-	-	(111,400)	-	(111,400)
Net profit for the nine months ended September 30, 2020	-	-	-	-	-	514,656	514,656	-	-	-	514,656	-	514,656
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	-	-	9	1,570	-	1,579	-	1,579
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	514,656	514,656	9	1,570	-	516,235	-	516,235
Issuance of ordinary shares under employee share options	223	2,226	68,642	-	-	-	-	-	-	-	70,868	-	70,868
Share-based payments	-	-	1,085	-	-	-	-	-	-	-	1,085	118	1,203
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000
BALANCE, SEPTEMBER 30, 2020	<u>76,057</u>	<u>\$ 760,562</u>	<u>\$ 362,825</u>	<u>\$ 455,518</u>	<u>\$ 65,586</u>	<u>\$ 594,142</u>	<u>\$ 1,115,246</u>	<u>\$ 5</u>	<u>(\$ 64,012)</u>	<u>(\$ 404,238)</u>	<u>\$ 1,770,388</u>	<u>\$ 15,069</u>	<u>\$ 1,785,457</u>
BALANCE, JANUARY 1, 2021	76,060	\$ 760,592	\$ 391,907	\$ 455,518	\$ 65,586	\$ 787,007	\$ 1,308,111	(\$ 26)	(\$ 60,075)	(\$ 404,238)	\$ 1,996,271	\$ 9,372	\$ 2,005,643
Appropriation of 2020 earnings													
Legal reserve	-	-	-	70,752	-	(70,752)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(5,485)	5,485	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(558,792)	(558,792)	-	-	-	(558,792)	-	(558,792)
Changes in percentage of ownership interests in subsidiaries	-	-	475	-	-	-	-	-	-	-	475	(475)	-
Change in capital surplus from investments in associates accounted for by using the equity method	-	-	126	-	-	-	-	-	-	-	126	-	126
Issuance of cash dividends from capital surplus	-	-	(111,759)	-	-	-	-	-	-	-	(111,759)	-	(111,759)
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	813,894	813,894	-	-	-	813,894	(5,397)	808,497
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	-	(69)	20,630	-	20,561	(7)	20,554
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	813,894	813,894	(69)	20,630	-	834,455	(5,404)	829,051
Issuance of ordinary shares under employee share options	28	284	8,751	-	-	-	-	-	-	-	9,035	1,759	10,794
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	45	45
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(5,545)	(5,545)	-	5,545	-	-	-	-
BALANCE, SEPTEMBER 30, 2021	<u>76,088</u>	<u>\$ 760,876</u>	<u>\$ 289,500</u>	<u>\$ 526,270</u>	<u>\$ 60,101</u>	<u>\$ 971,297</u>	<u>\$ 1,557,668</u>	<u>(\$ 95)</u>	<u>(\$ 33,900)</u>	<u>(\$ 404,238)</u>	<u>\$ 2,169,811</u>	<u>\$ 5,297</u>	<u>\$ 2,175,108</u>

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 950,592	\$ 600,062
Adjustments for:		
Depreciation expenses	30,520	31,908
Amortization expenses	13,885	11,961
Expected credit (gain) loss	(10,250)	13,738
Finance costs	69	122
Interest income	(5,447)	(6,064)
Dividend income	(226)	(1,210)
Share-based payments	45	1,203
Share of loss of associates	2,006	2,703
Loss on disposal of property, plant and equipment	26	35
Gain on disposal of investments	(85)	(48)
Net loss on foreign currency exchange	2,600	7,111
Intangible assets reclassified as operating expenses	-	110
Lease modification benefit	-	(12)
Changes in operating assets and liabilities		
Accounts receivable	(95,959)	(39,149)
Other receivables	(3,604)	1,650
Other receivables - related parties	(102)	(17)
Prepayments	(15,691)	(14,148)
Other current assets	(825)	667
Contract liabilities	26,420	23,165
Other payables	(31,829)	8,710
Other payables- related parties	55	-
Other current liabilities	73	5,319
Net defined benefit liabilities	(592)	(469)
Bonuses payable to employees and directors	63,513	22,445
Cash generated from operations	925,194	669,792
Interest received	5,427	6,187
Income tax paid	(121,784)	(79,608)
Net cash generated from operating activities	<u>808,837</u>	<u>596,371</u>

(Continued)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 28,563	\$ -
Proceeds from disposal of financial assets at amortized cost	-	33,500
Acquisition of financial assets at fair value through profit or loss	(671,000)	(626,000)
Proceeds from disposal of financial assets at fair value through profit or loss	671,085	626,048
Acquisition of property, plant and equipment	(13,946)	(26,534)
Increase in refundable deposits	(103)	(9)
Acquisition of intangible assets	(11,470)	(13,382)
Increase in prepayments for equipment	(3,250)	-
Dividends received	<u>226</u>	<u>1,210</u>
Net cash generated from (used in) investing activities	<u>105</u>	<u>(5,167)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	-	20,000
Repayment of the principal portion of lease liabilities	(1,632)	(2,321)
Dividends paid	(670,536)	(519,866)
Exercise of employee share options	9,035	70,868
Increase in non-controlling interests	1,759	15,000
Interest paid	(<u>69</u>)	(<u>116</u>)
Net cash used in financing activities	<u>(661,443)</u>	<u>(416,435)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	(<u>1,146</u>)	(<u>3,991</u>)
NET INCREASE IN CASH	146,353	170,778
CASH AT THE BEGINNING OF THE PERIOD	<u>1,754,111</u>	<u>1,263,858</u>
CASH AT THE END OF THE PERIOD	<u>\$ 1,900,464</u>	<u>\$ 1,434,636</u>

(Concluded)