

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2024 (Reviewed)		December 31, 2023 (Audited)		March 31, 2023 (Reviewed)			March 31, 2024 (Reviewed)		December 31, 2023 (Audited)		March 31, 2023 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$3,137,593	73	\$2,731,524	73	\$3,436,178	81	Short-term loans	\$ -	-	\$ 30,000	1	\$ -	-
Accounts receivable - net	278,694	7	194,960	5	181,385	4	Contract liabilities - current	100,887	2	77,268	2	99,440	3
Other receivables	2,616	-	2,965	-	1,629	-	Other payables	172,345	4	174,743	5	121,145	3
Prepayments	19,422	1	20,170	1	14,976	1	Other payables - related parties	-	-	-	-	25	-
Other current assets	4,892	-	4,974	-	5,066	-	Bonuses payable to employees and directors	361,064	9	349,031	9	374,060	9
Total current assets	<u>3,443,217</u>	<u>81</u>	<u>2,954,593</u>	<u>79</u>	<u>3,639,234</u>	<u>86</u>	Payables on equipment	11,327	-	9,220	-	9,823	-
							Current tax liabilities	123,186	3	44,486	1	183,616	4
NON-CURRENT ASSETS							Lease liabilities - current	3,511	-	2,358	-	2,957	-
Financial assets at fair value through other comprehensive income - noncurrent	5,379	-	5,369	-	4,976	-	Other current liabilities	2,481	-	2,479	-	1,796	-
Financial assets at amortized cost – noncurrent	118	-	118	-	116	-	Total current liabilities	<u>774,801</u>	<u>18</u>	<u>689,585</u>	<u>18</u>	<u>792,862</u>	<u>19</u>
Investment accounted for using the equity method	11,199	-	12,063	-	14,291	-							
Property, plant and equipment	467,004	11	473,470	13	456,434	11	NON-CURRENT LIABILITIES						
Right-of-use assets	9,660	-	3,607	-	4,624	-	Deferred tax liabilities	920	-	-	-	-	-
Intangible assets	111,562	3	79,299	2	101,086	3	Lease liabilities - noncurrent	6,257	-	1,314	-	1,760	-
Deferred tax assets	1,924	-	3,770	-	1,757	-	Net defined benefit liabilities - noncurrent	12,838	1	13,010	1	15,552	-
Prepayments for equipment	224,854	5	224,714	6	1,143	-	Guarantee deposits received	10	-	10	-	10	-
Refundable deposits	819	-	694	-	862	-	Total non-current liabilities	<u>20,025</u>	<u>1</u>	<u>14,334</u>	<u>1</u>	<u>17,322</u>	<u>-</u>
Total non-current assets	<u>832,519</u>	<u>19</u>	<u>803,104</u>	<u>21</u>	<u>585,289</u>	<u>14</u>	Total liabilities	<u>794,826</u>	<u>19</u>	<u>703,919</u>	<u>19</u>	<u>810,184</u>	<u>19</u>
							EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
							Ordinary shares	746,521	17	746,423	20	761,885	18
							Capital surplus	117,527	3	114,313	3	211,939	5
							Retained earnings						
							Legal reserve	761,844	18	761,844	20	635,956	15
							Special reserve	4,980	-	4,980	-	30,985	1
							Unappropriated earnings	1,831,461	43	1,400,884	37	2,143,204	51
							Total retained earnings	<u>2,598,285</u>	<u>61</u>	<u>2,167,708</u>	<u>57</u>	<u>2,810,145</u>	<u>67</u>
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	143	-	61	-	669	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(5,221)	-	(5,231)	-	(5,624)	-
							Total other equity	<u>(5,078)</u>	<u>-</u>	<u>(5,170)</u>	<u>-</u>	<u>(4,955)</u>	<u>-</u>
							Treasury shares	-	-	-	-	(404,238)	(10)
							Total equity attributable to shareholders of the Company	3,457,255	81	3,023,274	80	3,374,776	80
							NON-CONTROLLING INTERESTS						
								23,655	-	30,504	1	39,563	1
							Total equity	<u>3,480,910</u>	<u>81</u>	<u>3,053,778</u>	<u>81</u>	<u>3,414,339</u>	<u>81</u>
TOTAL	<u>\$4,275,736</u>	<u>100</u>	<u>\$3,757,697</u>	<u>100</u>	<u>\$4,224,523</u>	<u>100</u>	TOTAL	<u>\$4,275,736</u>	<u>100</u>	<u>\$3,757,697</u>	<u>100</u>	<u>\$4,224,523</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) (Reviewed, Not Audited)

	Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 802,764	100	\$ 667,751	100
OPERATING COSTS	-	-	-	-
GROSS PROFIT	802,764	100	667,751	100
OPERATING EXPENSES				
Selling and marketing expenses	63,829	8	49,996	7
General and administrative expenses	76,325	10	64,562	10
Research and development expenses	241,881	30	186,163	28
Expected credit loss (Reversal of expected credit loss)	108	-	(64)	-
Total operating expenses	382,143	48	300,657	45
OPERATING INCOME	420,621	52	367,094	55
NON-OPERATING INCOME AND EXPENSES				
Interest income	22,070	3	10,497	2
Other income	373	-	373	-
Other gains and losses	69,557	9	(5,505)	(1)
Finance costs	(264)	-	(26)	-
Share of loss of associates	(858)	-	(903)	-
Total non-operating income and expenses	90,878	12	4,436	1
PROFIT BEFORE INCOME TAX	511,499	64	371,530	56
INCOME TAX EXPENSE	88,444	11	63,972	10
NET PROFIT	423,055	53	307,558	46

(Continued)

eMemory Technology Inc. and Subsidiary

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

	Three Months Ended March 31			
	2024		2023	
	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	\$ 10	-	\$ 62	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	172	-	(18)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(10)	-	7	-
Other comprehensive income	<u>172</u>	<u>-</u>	<u>51</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 423,227</u>	<u>53</u>	<u>\$ 307,609</u>	<u>46</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 430,577	54	\$ 313,090	47
Non-controlling interests	(7,522)	(1)	(5,532)	(1)
	<u>\$ 423,055</u>	<u>53</u>	<u>\$ 307,558</u>	<u>46</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 430,669	54	\$ 313,115	47
Non-controlling interests	(7,442)	(1)	(5,506)	(1)
	<u>\$ 423,227</u>	<u>53</u>	<u>\$ 307,609</u>	<u>46</u>
EARNINGS PER SHARE				
Basic	<u>\$ 5.77</u>		<u>\$ 4.20</u>	
Diluted	<u>\$ 5.76</u>		<u>\$ 4.18</u>	

(Concluded)

eMemory Technology Inc. and Subsidiaries

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	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		Legal Reserve	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
Changes in percentage of ownership interests in subsidiaries	-	-	181	-	-	-	-	-	-	-	181	(181)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	2	-	-	-	-	-	-	-	2	-	2
Net profit (loss) for the three months ended March 31, 2023	-	-	-	-	-	313,090	313,090	-	-	-	313,090	(5,532)	307,558
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	-	(37)	62	-	25	26	51
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	313,090	313,090	(37)	62	-	313,115	(5,506)	307,609
Issuance of ordinary shares under employee share options	4	40	1,234	-	-	-	-	-	-	-	1,274	-	1,274
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	324	324
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	11,806	11,806
BALANCE, MARCH 31, 2023	<u>76,189</u>	<u>\$ 761,885</u>	<u>\$ 211,939</u>	<u>\$ 635,956</u>	<u>\$ 30,985</u>	<u>\$2,143,204</u>	<u>\$2,810,145</u>	<u>\$ 669</u>	<u>(\$ 5,624)</u>	<u>(\$ 404,238)</u>	<u>\$3,374,776</u>	<u>\$ 39,563</u>	<u>\$3,414,339</u>
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
Changes in percentage of ownership interests in subsidiaries	-	-	203	-	-	-	-	-	-	-	203	(203)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	4	-	-	-	-	-	-	-	4	-	4
Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	-	430,577	430,577	-	-	-	430,577	(7,522)	423,055
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	-	82	10	-	92	80	172
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	430,577	430,577	82	10	-	430,669	(7,442)	423,227
Issuance of ordinary shares under employee share options	9	98	3,007	-	-	-	-	-	-	-	3,105	57	3,162
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	739	739
BALANCE, MARCH 31, 2024	<u>74,652</u>	<u>\$ 746,521</u>	<u>\$ 117,527</u>	<u>\$ 761,844</u>	<u>\$ 4,980</u>	<u>\$1,831,461</u>	<u>\$2,598,285</u>	<u>\$ 143</u>	<u>(\$ 5,221)</u>	<u>\$ -</u>	<u>\$3,457,255</u>	<u>\$ 23,655</u>	<u>\$3,480,910</u>

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 511,499	\$ 371,530
Adjustments for:		
Depreciation expenses	11,510	9,831
Amortization expenses	24,241	15,756
Expected credit loss (Reversal of expected credit loss)	108	(64)
Finance costs	264	26
Interest income	(22,070)	(10,497)
Share-based payments	739	324
Share of loss of associates	858	903
Property, plant and equipment transferred to expenses	-	68
Net (gain) loss on foreign currency exchange	(62,971)	4,404
Intangible assets transferred to expenses	-	216
Changes in operating assets and liabilities		
Accounts receivable	(73,860)	57,018
Accounts receivable - related parties	-	3,038
Other receivables	-	(5)
Prepayments	2,750	5,689
Other current assets	82	(909)
Contract liabilities	23,619	31,932
Other payables	(2,392)	(60,749)
Other payables- related parties	-	15
Other current liabilities	2	(183)
Net defined benefit liabilities	(172)	(160)
Bonuses payable to employees and directors	12,033	(10,921)
Cash generated from operations	426,240	417,262
Interest received	22,419	9,891
Income tax paid	(8,980)	(19,697)
Net cash generated from operating activities	<u>439,679</u>	<u>407,456</u>

(Continued)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 2,076)	(\$ 2,384)
Increase in refundable deposits	(125)	(40)
Acquisition of intangible assets	(56,504)	(42,871)
Increase in prepayments for equipment	(140)	(1,143)
Net cash used in investing activities	(58,845)	(46,438)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(30,000)	-
Repayment of the principal portion of lease liabilities	(988)	(819)
Exercise of employee share options	3,162	1,274
Interest paid	(284)	(26)
Increase in non-controlling interests	-	11,806
Net cash (used in) generated from financing activities	(28,110)	12,235
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	53,345	(3,343)
NET INCREASE IN CASH	406,069	369,910
CASH AT THE BEGINNING OF THE PERIOD	2,731,524	3,066,268
CASH AT THE END OF THE PERIOD	<u>\$ 3,137,593</u>	<u>\$ 3,436,178</u>

(Concluded)