

Management Report for Fourth Fiscal Quarter 2024

Hsinchu, Taiwan, February 12th, 2025 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended December 31st, 2024.

Executive Summary

- Q4 2024 revenue was NT\$ 1.01 billion, up 12.4% sequentially and up 12.4% year-over-year. Operating Margin was 56.0%, down 0.1 ppt QoQ and 4.0 ppts YoY. This quarter we benefited from a foreign exchange gain, in contrast to last year's loss. This variation in non-operating results resulted in higher bonus payouts, which contributed to the decrease in the operating margin. Net income was NT\$ 514.61 million, up by 24.3% sequentially and up 27.5% year-over-year. EPS was NT\$ 6.89, and ROE was 62.5%.
- We anticipate that licensing revenue will continue its growing momentum due to increasing demand from both foundries and end chip customers. We continue to launch new IPs, and available on increasing number of process nodes on worldwide foundries.
- We expect royalty revenue to continue its growth trend, driven by a robust number of tape outs in the pipeline that are moving into production. In 2024, we achieved a record-high in NTO numbers.

Financial Results

(Amounts in thousands of NT\$)

	Q4 2024 (unaudited)	Q3 2024	Change (QoQ)	Q4 2023	Change (YoY)	FY 2024 (unaudited)	FY 2023	Change (YoY)
Revenue	1,010,717	899,477	12.4%	898,858	12.4%	3,605,968	3,050,325	18.2%
Gross Margin	100%	100%	-	100%	-	100%	100%	-
Operating Expenses	444,784	394,561	12.7%	359,330	23.8%	1,619,317	1,357,725	19.3%
Operating Income	565,933	504,916	12.1%	539,528	4.9%	1,986,651	1,692,600	17.4%
Operating Margin	56.0%	56.1%	-0.1ppt	60.0%	-4.0ppts	55.1%	55.5%	-0.4ppt
*Net Income	514,608	413,969	24.3%	403,753	27.5%	1,834,250	1,474,443	24.4%
Net Margin	51.1%	45.5%	5.6ppts	44.5%	6.6ppts	50.5%	48.0%	2.5ppts
EPS (NT\$)	6.89	5.54	24.4%	5.41	27.4%	24.57	19.76	24.3%
ROE	62.5%	54.6%	7.9ppts	53.1%	9.4ppts	55.7%	48.5%	7.2ppts

*Net income attributable to Shareholders of the Company

Revenue Analysis

(Amounts in thousands of NT\$)

	Q4 2024	Q3 2024	Change (QoQ)	Q4 2023	Change (YoY)	FY 2024	FY 2023	Change (YoY)
Licensing	315,330	290,639	8.5%	273,927	15.1%	1,134,009	925,838	22.5%
Royalty	695,387	608,838	14.2%	624,931	11.3%	2,471,959	2,124,487	16.4%
Total	1,010,717	899,477	12.4%	898,858	12.4%	3,605,968	3,050,325	18.2%

(Amounts in thousands of US\$)

	Q4 2024	Q3 2024	Change (QoQ)	Q4 2023	Change (YoY)	FY 2024	FY 2023	Change (YoY)
Licensing	9,819	9,019	8.9%	8,632	13.8%	35,484	29,765	19.2%
Royalty	21,688	18,714	15.9%	19,414	11.7%	77,156	68,422	12.8%
Total	31,507	27,733	13.6%	28,046	12.3%	112,640	98,187	14.7%

Revenue analysis by technology

(Amounts in thousands of NT\$)

Technology	Q4 2024								
	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	23.6%	-4.2%	14.2%	20.9%	-27.2%	-8.3%	24.8%	9.0%	26.1%
NeoFuse	62.5%	20.9%	7.2%	39.1%	41.9%	5.1%	73.1%	16.7%	7.8%
PUF-Based	7.1%	104.4%	140.2%	22.6%	104.1%	138.7%	0.1%	140.3%	631.8%
MTP	6.8%	-26.1%	-3.3%	17.4%	-30.1%	-0.2%	2.0%	-5.4%	-13.8%

(Amounts in thousands of NT\$)

Technology	FY 2024					
	Total Revenue		Licensing Revenue		Royalty Revenue	
	% of Revenue	Change (YoY)	% of Licensing	Change (YoY)	% of Royalty	Change (YoY)
NeoBit	25.2%	16.9%	24.5%	22.2%	25.5%	14.7%
NeoFuse	61.3%	14.6%	37.9%	7.2%	72.1%	16.5%
PUF-Based	4.5%	23.4%	14.3%	23.4%	0.0%	-
MTP	9.0%	52.8%	23.3%	59.0%	2.4%	30.3%

- 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	Q4 2024			FY 2024	
	% of Q4	Change (QoQ)	Change (YoY)	% of FY	Change (YoY)
8-inch	40.8%	13.9%	20.0%	41.7%	18.0%
12-inch	59.2%	14.4%	6.0%	58.3%	15.2%

Key Business Developments

Licensing

- Technology License
 - ✓ 19 licensing contracts were signed during this quarter.
 - ✓ As of December 31st, 2024, we have technologies under development for the adoption of 168 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	12	59	25	59	40	108	264	42	53	11	683
Developing	1	4	2	2	7	19	11	22	21	35	42	2	0	0	168

- Design License
 - ✓ A total of 181 product tape-outs occurred in the fourth quarter of 2024, remaining at a high level.
 - 1 tape-out at 6nm/7nm for AI SoC.
 - 9 tape-out at 12nm/14nm/16nm for AI SoC and Network IC.
 - 30 tape-outs at 22nm/28nm for Network IC, ISP, SSD controller and others.
 - 8 tape-outs at 40nm for MCU, LCD Driver and OLED Driver.
 - 27 tape-outs at 55nm/63nm/65nm for PMIC, MCU, LCD Driver, OLED Driver, TDDI, and others.
 - 7 tape-outs at 80nm/90nm for PMIC, LCD Driver, OLED Driver and TDDI.
 - 29 tape-outs at 0.13um for PMIC, MCU, Sensor, LCD Driver, LED Driver and Multimedia.
 - 68 tape-outs at 0.18um for PMIC, MCU, Sensor, LCD Driver, LED Driver, Fingerprint, Multimedia, HDMI, Clock and others.
 - 1 tape-out at 0.25um for PMIC.
 - 1 tape-out for DRAM.
 - ✓ As of December 31st, 2024, eMemory's cumulative number of design licenses has increased to 7,760—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:

- We anticipate that licensing revenue will continue its growing momentum due to increasing demand from both foundries and end chip customers. We continue to launch new IPs, and available on increasing number of process nodes on worldwide foundries.

Royalties:

- We expect royalty revenue to continue its growth trend, driven by a robust number of tape outs in the pipeline that are moving into production. In 2024, we achieved a record-high in NTO numbers.

New IP Technology and Business Development

- New IP Technologies:
 - ✓ NeoFuse is advancing various derivative processes at leading edge nodes, having secured design wins in 3/4/5/6/7nm process nodes.
 - ✓ RRAM is broadening into automotive grade, and already have multiple customer design wins.
 - ✓ NeoFlash continues its progress in specialty processes, aiming to replace embedded flash and external NOR flash.
 - ✓ Developing 2nm technologies in collaboration with leading foundries.
- Business Platform Development:
 - ✓ We have joined Arm Total Design and introduced PUFrt as the hardware root of trust for the RSE in CSS.
 - ✓ We have developed PUFhsm, an embedded Hardware Security Module solution for automotive chips and high-performance computing (HPC). Together with the hardware root of trust (PUFrt), PUFhsm provides a comprehensive secure enclave solution.

Financial Review

Gross margin

The gross margin remained at 100%.

Operating expenses

- The total operating expenses in Q4 2024 were NT\$ 444.78 million and represented 44.0% of the total revenue. The operating expenses were up 12.7% QoQ and up 23.8% YoY. The increase of QoQ was mainly attributable to the increase 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 gain for the quarter was NT\$ 51.90 million, mainly due to currency gain of NT\$ 37.26 million from the depreciation of the Taiwan dollar this quarter.
- FY 2024 effective tax rate was 15.4%.

Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 514.61 million, an increase of 24.3% sequentially and an increase of 27.5% year-over-year.
- Earnings per share was NT\$ 6.89 in Q4 2024. ROE was 62.5%.

Current assets and current liabilities

- As of December 31st, 2024, cash increased by NT\$576.23 million from December 31st, 2023, to NT\$ 3,307.75 million.
- Total current assets including cash totaled NT\$ 3,636.78 million, with an increase of NT\$ 682.19 million from December 31st, 2023, was due to higher revenues and earnings leading to increase in cash and accounts receivable.
- Total current liabilities increased by NT\$ 170.32 million from December 31st, 2023, to NT\$ 859.90 million, primarily due to higher revenues and earnings leading to higher bonuses payable and income tax liabilities.
- The net working capital was NT\$ 2,776.88 million and the current ratio was 4.2x.

Cash flows

- As of December 31st, net cash generated from operating activities totaled NT\$1,992.33 million, including NT\$ 2,154.63 million from income before income tax, NT\$ 149.70 million from depreciation and amortization, and NT\$312 million used in other operating activities.
- Net cash used in investing activities was NT\$ 164.95 million in FY2024, primarily related to capital expenditure.
- Net cash used in financing activities was NT\$ 1,333.64 million in FY2024, mainly attributable to the dividend payout.
- As a result, total cash increased from NT\$ 2,731.52 million to NT\$ 3,307.75 million from December 31st, 2023, to December 31st, 2024.

Employee

- As of December 31st, 2024, eMemory has 310 full-time employees, including 215 R&D engineers. Our subsidiaries, PUFsecurity has 45 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(UNAUDITED)

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSETS	2024		2023		LIABILITIES AND EQUITY	2024		2023	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$ 3,307,749	74	\$ 2,731,524	73	Short-term loans	\$ -	-	\$ 30,000	1
Accounts receivable - net	300,961	7	194,960	5	Contract liabilities - current	73,423	2	77,268	2
Other receivables	1,516	-	2,965	-	Other payables	217,868	5	174,743	5
Prepayments	20,287	1	20,170	1	Other payables - related parties	55	-	-	-
Other current assets	<u>6,271</u>	-	<u>4,974</u>	-	Bonuses payable to employees and directors	429,284	9	349,031	9
Total current assets	<u>3,636,784</u>	<u>82</u>	<u>2,954,593</u>	<u>79</u>	Payables on equipment	7,400	-	9,220	-
NON-CURRENT ASSETS					Current tax liabilities	124,483	3	44,486	1
Financial assets at fair value through other comprehensive income - noncurrent	4,620	-	5,369	-	Lease liabilities - current	5,351	-	2,358	-
Financial assets at amortized cost - noncurrent	120	-	118	-	Other current liabilities	<u>2,039</u>	-	<u>2,479</u>	-
Investment accounted for using the equity method	8,681	-	12,063	-	Total current liabilities	<u>859,903</u>	<u>19</u>	<u>689,585</u>	<u>18</u>
Property, plant and equipment	482,569	11	473,470	13	NON-CURRENT LIABILITIES				
Right-of-use assets	11,269	-	3,607	-	Deferred tax liabilities	941	-	-	-
Intangible assets	84,839	2	79,299	2	Lease liabilities - noncurrent	6,202	-	1,314	-
Deferred tax assets	3,276	-	3,770	-	Net defined benefit liabilities - noncurrent	6,817	-	13,010	1
Prepayments for equipment	224,714	5	224,714	6	Guarantee deposits received	<u>10</u>	-	<u>10</u>	-
Refundable deposits	<u>1,680</u>	-	<u>694</u>	-	Total non-current liabilities	<u>13,970</u>	-	<u>14,334</u>	<u>1</u>
Total non-current assets	<u>821,768</u>	<u>18</u>	<u>803,104</u>	<u>21</u>	Total liabilities	<u>873,873</u>	<u>19</u>	<u>703,919</u>	<u>19</u>
					EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
					Ordinary shares	<u>746,633</u>	<u>17</u>	<u>746,423</u>	<u>20</u>
					Capital surplus	<u>122,218</u>	<u>3</u>	<u>114,313</u>	<u>3</u>
					Retained earnings				
					Legal reserve	761,844	17	761,844	20
					Special reserve	5,170	-	4,980	-
					Unappropriated earnings	<u>1,934,071</u>	<u>43</u>	<u>1,400,884</u>	<u>37</u>
					Total retained earnings	<u>2,701,085</u>	<u>60</u>	<u>2,167,708</u>	<u>57</u>
					Other equity				
					Exchange differences on the translation of the financial statements of foreign operations	251	-	61	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(5,980)</u>	-	<u>(5,231)</u>	-
					Total other equity	<u>(5,729)</u>	-	<u>(5,170)</u>	-
					Total equity attributable to shareholders of the Company	3,564,207	80	3,023,274	80
					NON-CONTROLLING INTERESTS	<u>20,472</u>	<u>1</u>	<u>30,504</u>	<u>1</u>
					Total equity	<u>3,584,679</u>	<u>81</u>	<u>3,053,778</u>	<u>81</u>
TOTAL	<u>\$ 4,458,552</u>	<u>100</u>	<u>\$ 3,757,697</u>	<u>100</u>	TOTAL	<u>\$ 4,458,552</u>	<u>100</u>	<u>\$ 3,757,697</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(UNAUDITED)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 3,605,968	100	\$ 3,050,325	100
OPERATING COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>3,605,968</u>	<u>100</u>	<u>3,050,325</u>	<u>100</u>
OPERATING EXPENSES				
Selling and marketing expenses	285,557	8	229,597	8
General and administrative expenses	324,487	9	281,717	9
Research and development expenses	1,006,157	28	846,465	28
Expected credit loss (reversal)	<u>3,116</u>	<u>-</u>	<u>(54)</u>	<u>-</u>
Total operating expenses	<u>1,619,317</u>	<u>45</u>	<u>1,357,725</u>	<u>45</u>
OPERATING INCOME	<u>1,986,651</u>	<u>55</u>	<u>1,692,600</u>	<u>55</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	71,484	2	65,256	2
Other income	1,386	-	1,854	-
Other gains and losses	99,164	3	(4,959)	-
Finance costs	(582)	-	(442)	-
Share of loss of associates	<u>(3,470)</u>	<u>-</u>	<u>(3,317)</u>	<u>-</u>
Total non-operating income and expenses	<u>167,982</u>	<u>5</u>	<u>58,392</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	2,154,633	60	1,750,992	57
INCOME TAX EXPENSE	<u>332,375</u>	<u>9</u>	<u>288,335</u>	<u>9</u>
NET PROFIT FOR THE YEAR	<u>1,822,258</u>	<u>51</u>	<u>1,462,657</u>	<u>48</u>

(Continued)

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME(UNAUDITED)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 5,536	-	\$ 2,083	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (loss)	(749)	-	455	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	349	-	(663)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(21)	-	9	-
Other comprehensive income for the year	5,115	-	1,884	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$1,827,373</u>	<u>51</u>	<u>\$1,464,541</u>	<u>48</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$1,834,250	51	\$1,474,443	48
Non-controlling interests	(11,992)	-	(11,786)	-
	<u>\$1,822,258</u>	<u>51</u>	<u>\$1,462,657</u>	<u>48</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$1,839,227	51	\$1,476,336	48
Non-controlling interests	(11,854)	-	(11,795)	-
	<u>\$1,827,373</u>	<u>51</u>	<u>\$1,464,541</u>	<u>48</u>
EARNINGS PER SHARE				
Basic	<u>\$ 24.57</u>		<u>\$ 19.76</u>	
Diluted	<u>\$ 24.52</u>		<u>\$ 19.70</u>	

(Concluded)

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY(UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company												Non-controlling Interests	Total Equity
	Ordinary Shares		Capital Surplus	Legal Reserve	Retained Earnings			Other Equity		Treasury Shares	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 Income					
	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	-	-	8,365	-	-	-	-	-	-	-	8,365	(8,365)	-	
Changes 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 year ended December 31, 2023	-	-	-	-	-	1,474,443	1,474,443	-	-	-	1,474,443	(11,786)	1,462,657	
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	2,083	2,083	(645)	455	-	1,893	(9)	1,884	
Total comprehensive income (loss) for the year 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 shares	(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	
Appropriation of 2023 earnings														
Special reserve	-	-	-	-	190	(190)	-	-	-	-	(1,306,409)	-	(1,306,409)	
Cash dividends distributed by the Company	-	-	-	-	-	(1,306,409)	(1,306,409)	-	-	-	-	-	-	
Changes in percentage of ownership interests in subsidiaries	-	-	1,304	-	-	-	-	-	-	-	1,304	(1,304)	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	109	-	-	-	-	-	-	-	109	-	109	
Net profit (loss) for the year ended December 31, 2024	-	-	-	-	-	1,834,250	1,834,250	-	-	-	1,834,250	(11,992)	1,822,258	
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	5,536	5,536	190	(749)	-	4,977	138	5,115	
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	1,839,786	1,839,786	190	(749)	-	1,839,227	(11,854)	1,827,373	
Issuance of ordinary shares under employee share options	21	210	6,492	-	-	-	-	-	-	-	6,702	590	7,292	
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	2,536	2,536	
BALANCE, DECEMBER 31, 2024	74,664	\$ 746,633	\$ 122,218	\$ 761,844	\$ 5,170	\$1,934,071	\$2,701,085	\$ 251	\$ (5,980)	\$ -	\$3,564,207	\$ 20,472	\$3,584,679	

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,154,633	\$ 1,750,992
Adjustments for:		
Depreciation expenses	46,633	40,199
Amortization expenses	103,070	85,495
Expected credit loss (reversal)	3,116	(54)
Finance costs	582	442
Interest income	(71,484)	(65,256)
Dividend income	-	(363)
Share-based payments	2,536	2,022
Share of loss of associates	3,470	3,317
Property, plant and equipment transferred to expenses	28	66
Loss on disposal of intangible assets	82	-
Net (gain) loss on foreign currency exchange	(93,508)	24,505
Lease modification benefit	(9)	-
Intangible assets transferred to expenses	1,718	632
Changes in operating assets and liabilities		
Accounts receivable	(97,605)	36,343
Accounts receivable - related parties	-	3,038
Prepayments	731	184
Other current assets	(1,297)	(817)
Contract liabilities	(3,845)	9,760
Other payables	43,128	(7,124)
Other payables - related parties	55	(10)
Other current liabilities	(440)	500
Net defined benefit liabilities	(657)	(619)
Bonuses payable to employees and directors	80,253	(35,950)
Cash generated from operations	2,171,190	1,847,302
Interest received	72,933	63,307
Income tax paid	(251,792)	(384,892)
Net cash generated from operating activities	1,992,331	1,525,717

(Continued)

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS **(UNAUDITED)** FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (54,654)	\$ (47,462)
Increase in refundable deposits	(986)	-
Decrease in refundable deposits	-	128
Acquisition of intangible assets	(109,310)	(91,239)
Increase in prepayments for equipment	-	(224,714)
Dividends received	-	363
Net cash used in investing activities	<u>(164,950)</u>	<u>(362,924)</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	(3,936)	(3,669)
Dividends paid	(1,306,402)	(1,529,693)
Exercise of employee share options	7,292	7,971
Interest paid	(602)	(422)
Increase in non-controlling interests	-	15,432
Net cash used in financing activities	<u>(1,333,648)</u>	<u>(1,480,381)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>82,492</u>	<u>(17,156)</u>
NET INCREASE (DECREASE) IN CASH	576,225	(334,744)
CASH AT THE BEGINNING OF THE YEAR	<u>2,731,524</u>	<u>3,066,268</u>
CASH AT THE END OF THE YEAR	<u>\$3,307,749</u>	<u>\$2,731,524</u>

(Concluded)