

Management Report for First Fiscal Quarter 2025

Hsinchu, Taiwan, May 9th, 2025 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended March 31st, 2025.

Executive Summary

- Q1 2025 revenue was NT\$ 911.73 million, down 9.8% sequentially but up 13.6% year-over-year. Operating Margin was 57.3%, up 1.3 pts QoQ and up 4.9 pts YoY. Net income was NT\$ 461.71 million, influenced by a decrease in foreign exchange gains, down by 10.3% sequentially but up 7.2% year-over-year.
- EPS was NT\$ 6.18.
- Driven by strong demand from foundries and end chip customers coupled with an expanding portfolio of process platforms and more advanced NVM and security-related IP, we expect licensing fees to maintain sustained growth momentum.
- We expect royalty revenue to continue its growth trend as the accumulated tape outs in advanced process nodes enter the production stage, along with continued market share gains in mature applications.

Financial Results

(Amounts in thousands of NT\$)

	Q1 2025	Q4 2024	Change (QoQ)	Q1 2024	Change (YoY)
Revenue	911,734	1,010,717	-9.8%	802,764	13.6%
Gross Margin	100%	100%	-	100%	-
Operating Expenses	389,387	444,784	-12.5%	382,143	1.9%
Operating Income	522,347	565,933	-7.7%	420,621	24.2%
Operating Margin	57.3%	56.0%	1.3pts	52.4%	4.9pts
Net Foreign Exchange Gain	12,151	37,262	-67.4%	69,516	-82.5%
*Net Income	461,706	514,608	-10.3%	430,577	7.2%
Net Margin	49.8%	51.1%	-1.3pts	52.7%	-2.9pts
EPS (NT\$)	6.18	6.89	-10.3%	5.77	7.1%
ROE	48.7%	62.5%	-13.8pts	53.2%	-4.5pts

*Net income attributable to Shareholders of the Company

Revenue Analysis

(Amounts in thousands of NT\$)

	Q1 2025	Q4 2024	Change (QoQ)	Q1 2024	Change (YoY)
Licensing	240,217	315,330	-23.8%	228,329	5.2%
Royalty	671,517	695,387	-3.4%	574,435	16.9%
Total	911,734	1,010,717	-9.8%	802,764	13.6%

Revenue analysis by technology

(Amounts in thousands of NT\$)

Technology	Q1 2025								
	Total Revenue			Licensing Revenue			Royalty Revenue		
	% of Q1 Revenue	Change (QoQ)	Change (YoY)	% of Q1 Licensing	Change (QoQ)	Change (YoY)	% of Q1 Royalty	Change (QoQ)	Change (YoY)
NeoBit	25.0%	-4.5%	19.8%	23.6%	-14.0%	18.7%	25.4%	-0.8%	20.2%
NeoFuse	66.2%	-4.4%	12.3%	49.1%	-4.3%	-1.7%	72.4%	-4.4%	16.3%
PUF-Based	1.9%	-75.7%	-4.3%	7.0%	-76.4%	-7.4%	0.1%	1.7%	542.2%
MTP	6.9%	-8.7%	10.7%	20.3%	-11.1%	14.9%	2.1%	0.2%	-1.6%

- 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 0.13um to 3nm.
- MTP : MTP technology covers from 0.15um to 12nm, 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	Q1 2025		
	% of Q1	Change (QoQ)	Change (YoY)
8-inch	42.5%	0.6%	16.1%
12-inch	57.5%	-6.2%	17.5%

Key Business Developments

Licensing

- Technology License
 - ✓ 17 licensing contracts were signed during this quarter.
 - ✓ As of March 31st, 2025, we have technologies under development for the adoption of 188 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	13	60	26	62	42	110	270	42	53	11	699
Developing	2	3	2	2	9	26	12	30	21	39	39	2	0	1	188

- Design License
 - ✓ A total of 137 product tape-outs occurred in the first quarter of 2025.
 - 1 tape-out at 3nm for MCU.
 - 1 tape-out at 5nm for AI SoC.
 - 3 tape-outs at 12nm/14nm/16nm for Network IC and Multimedia.
 - 23 tape-outs at 22nm/28nm for Network IC, Sensor, OLED Driver, MCU and others.
 - 5 tape-outs at 40nm for MCU and OLED Driver.
 - 27 tape-outs at 55nm/63nm/65nm for MCU, LCD Driver, OLED Driver, TDDI, and others.
 - 7 tape-outs at 80nm/90nm for PMIC, LCD Driver, OLED Driver and LED Driver.
 - 12 tape-outs at 0.13um for PMIC, MCU, Sensor, LCD Driver.
 - 54 tape-outs at 0.18um for PMIC, MCU, Sensor, Fingerprint, Oscillator, SSD Controller and others.
 - 4 tape-outs at 0.25um for PMIC and MCU.
 - ✓ As of March 31st, 2025, eMemory's cumulative number of design licenses has increased to 7,897—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:

- Driven by strong demand from foundries and end chip customers coupled with an expanding portfolio of process platforms and more advanced NVM and security-related IP, we expect licensing fees to maintain sustained growth momentum.

Royalties:

- We expect royalty revenue to continue its growth trend as the accumulated tape outs in advanced process nodes enter the production stage, along with continued market share gains in mature applications.

New IP Technology and Business Development

- New IP Technologies:
 - ✓ We are developing PQC modules and expanding into a full suite of solutions—from PUFrt to PQC PUFcc and PQC PUFhsm—to build the foundational hardware security cores needed for the upcoming decade of quantum migration.

- Business Platform Development:
 - ✓ Following our recognition as TSMC OIP's Best Embedded Memory IP Partner, we joined the Intel Chiplet Alliance, integrating our OTP/PUF technologies to become a key enabler of Intel's U.S.-based chiplet security innovation solutions.
 - ✓ At the upcoming Computex, we launched the PUF-based HSM edge server, which serves as the cornerstone of our Security as a Service platform strategy.

Financial Review

Gross margin

The gross margin remained at 100%.

Operating expenses

The total operating expenses in Q1 2025 were NT\$ 389.39 million and represented 42.7% of the total revenue. The operating expenses were down 12.5% QoQ but up 1.9% YoY.

Non-operating items and income tax expense

- Non-operating gain for the quarter was NT\$ 27.58 million, mainly due to currency gain of NT\$ 12.15 million from the depreciation of the Taiwan dollar this quarter and interest income of NT\$ 16.13 million.
- Q1 2025 effective tax rate was 17.5%.

Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 461.71 million, a decrease of 10.3% sequentially and an increase of 7.2% year-over-year.
- Earnings per share was NT\$ 6.18 in Q1 2025.

Current assets and current liabilities

- As of March 31st, 2025, cash increased by NT\$480.22 million from December 31st, 2024, to NT\$ 3,787.97 million.
- Total current assets including cash totaled NT\$ 4,100.63 million, with an increase of NT\$ 463.84 million from December 31st, 2024, was due to continued earnings leading to increase in cash.
- Total current liabilities increased by NT\$ 80.48 million from December 31st, 2024, to NT\$ 940.38 million, primarily due to continued earnings leading to income tax liabilities.
- The net working capital was NT\$ 3,160.25 million and the current ratio was 4.4x.

Cash flows

- As of March 31st, 2025, net cash generated from operating activities totaled NT\$578.45 million, including NT\$ 549.93 million from income before income tax, NT\$ 41.85 million from depreciation and amortization, and NT\$13.33 million used in other operating activities.
- Net cash used in investing activities was NT\$ 105.01 million in Q1 2025, primarily related to capital expenditure.

- Net cash used in financing activities was NT\$ 0.86 million in Q1 2025, primarily related to repayment of lease liabilities.
- As a result, total cash increased from NT\$ 3,307.75 million to NT\$ 3,787.97 million from December 31st, 2024, to March 31st, 2025.

Employee

- As of March 31st, 2025, eMemory has 317 full-time employees, including 220 R&D engineers. Our subsidiaries, PUFsecurity has 44 full-time employees, including 26 R&D engineers, and eMemory Japan has 6 full-time employees, including 3 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)

	March 31, 2025		December 31, 2024		March 31, 2024			March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$3,787,967	76	\$3,307,749	74	\$3,137,593	73	Contract liabilities - current	\$ 106,225	2	\$ 73,423	2	\$ 100,887	2
Notes receivable - net	235	-	-	-	-	-	Other payables	162,258	4	217,868	5	172,345	4
Accounts receivable - net	279,770	6	300,961	7	278,694	7	Other payables - related parties	70	-	55	-	-	-
Other receivables	2,866	-	1,516	-	2,616	-	Bonuses payable to employees and directors	446,401	9	429,284	9	361,064	9
Prepayments	24,697	-	20,287	1	19,422	1	Payables on equipment	17,623	-	7,400	-	11,327	-
Other current assets	5,090	-	6,271	-	4,892	-	Current tax liabilities	200,679	4	124,483	3	123,186	3
Total current assets	<u>4,100,625</u>	<u>82</u>	<u>3,636,784</u>	<u>82</u>	<u>3,443,217</u>	<u>81</u>	Lease liabilities - current	5,016	-	5,351	-	3,511	-
							Other current liabilities	2,110	-	2,039	-	2,481	-
							Total current liabilities	<u>940,382</u>	<u>19</u>	<u>859,903</u>	<u>19</u>	<u>774,801</u>	<u>18</u>
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income - noncurrent	4,154	-	4,620	-	5,379	-							
Financial assets at amortized cost – noncurrent	120	-	120	-	118	-	Deferred tax liabilities	428	-	941	-	920	-
Investment accounted for using the equity method	7,313	-	8,681	-	11,199	-	Lease liabilities - noncurrent	5,687	-	6,202	-	6,257	-
Property, plant and equipment	474,844	10	482,569	11	467,004	11	Net defined benefit liabilities - noncurrent	6,640	-	6,817	-	12,838	1
Right-of-use assets	10,371	-	11,269	-	9,660	-	Guarantee deposits received	20	-	10	-	10	-
Intangible assets	126,238	3	84,839	2	111,562	3	Total non-current liabilities	<u>12,775</u>	<u>-</u>	<u>13,970</u>	<u>-</u>	<u>20,025</u>	<u>1</u>
Deferred tax assets	2,078	-	3,276	-	1,924	-	Total liabilities	<u>953,157</u>	<u>19</u>	<u>873,873</u>	<u>19</u>	<u>794,826</u>	<u>19</u>
Prepayments for equipment	265,794	5	224,714	5	224,854	5							
Refundable deposits	<u>1,608</u>	<u>-</u>	<u>1,680</u>	<u>-</u>	<u>819</u>	<u>-</u>							
Total non-current assets	<u>892,520</u>	<u>18</u>	<u>821,768</u>	<u>18</u>	<u>832,519</u>	<u>19</u>	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
							Ordinary shares	746,650	15	746,633	17	746,521	17
							Capital surplus	123,103	3	122,218	3	117,527	3
							Retained earnings						
							Legal reserve	761,844	15	761,844	17	761,844	18
							Special reserve	5,170	-	5,170	-	4,980	-
							Unappropriated earnings	2,395,777	48	1,934,071	43	1,831,461	43
							Total retained earnings	3,162,791	63	2,701,085	60	2,598,285	61
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	737	-	251	-	143	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(6,446)	-	(5,980)	-	(5,221)	-
							Total other equity	(5,709)	-	(5,729)	-	(5,078)	-
							Total equity attributable to shareholders of the Company	4,026,835	81	3,564,207	80	3,457,255	81
							NON-CONTROLLING INTERESTS	13,153	-	20,472	1	23,655	-
							Total equity	<u>4,039,988</u>	<u>81</u>	<u>3,584,679</u>	<u>81</u>	<u>3,480,910</u>	<u>81</u>
TOTAL	<u>\$4,993,145</u>	<u>100</u>	<u>\$4,458,552</u>	<u>100</u>	<u>\$4,275,736</u>	<u>100</u>	TOTAL	<u>\$4,993,145</u>	<u>100</u>	<u>\$4,458,552</u>	<u>100</u>	<u>\$4,275,736</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)

	Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 911,734	100	\$ 802,764	100
OPERATING COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>911,734</u>	<u>100</u>	<u>802,764</u>	<u>100</u>
OPERATING EXPENSES				
Selling and marketing expenses	63,938	7	63,829	8
General and administrative expenses	82,909	9	76,325	10
Research and development expenses	242,893	27	241,881	30
Expected credit (reversal) loss	(353)	-	108	-
Total operating expenses	<u>389,387</u>	<u>43</u>	<u>382,143</u>	<u>48</u>
OPERATING INCOME	<u>522,347</u>	<u>57</u>	<u>420,621</u>	<u>52</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	16,131	2	22,070	3
Other income	299	-	373	-
Other gains and losses	12,639	1	69,557	9
Finance costs	(129)	-	(264)	-
Share of loss of associates	(1,361)	-	(858)	-
Total non-operating income and expenses	<u>27,579</u>	<u>3</u>	<u>90,878</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	549,926	60	511,499	64
INCOME TAX EXPENSE	<u>95,975</u>	<u>10</u>	<u>88,444</u>	<u>11</u>
NET PROFIT	<u>453,951</u>	<u>50</u>	<u>423,055</u>	<u>53</u>

(Continued)

eMemory Technology Inc. and Subsidiaries

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

	Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(\$ 466)	-	\$ 10	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	552	-	172	-
Share of the other comprehensive loss of associates accounted for using the equity method	(11)	-	(10)	-
Other comprehensive income	75	-	172	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 454,026</u>	<u>50</u>	<u>\$ 423,227</u>	<u>53</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 461,706	51	\$ 430,577	54
Non-controlling interests	(7,755)	(1)	(7,522)	(1)
	<u>\$ 453,951</u>	<u>50</u>	<u>\$ 423,055</u>	<u>53</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 461,726	51	\$ 430,669	54
Non-controlling interests	(7,700)	(1)	(7,442)	(1)
	<u>\$ 454,026</u>	<u>50</u>	<u>\$ 423,227</u>	<u>53</u>
EARNINGS PER SHARE				
Basic	<u>\$ 6.18</u>		<u>\$ 5.77</u>	
Diluted	<u>\$ 6.17</u>		<u>\$ 5.76</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											Total Equity
							Other Equity		Total	Non-Controlling Interests		
							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				
	Ordinary Shares			Retained Earnings								
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
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	74,652	\$ 746,521	\$ 117,527	\$ 761,844	\$ 4,980	\$1,831,461	\$2,598,285	\$ 143	(\$ 5,221)	\$3,457,255	\$ 23,655	\$3,480,910
BALANCE, JANUARY 1, 2025	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
Changes in percentage of ownership interests in subsidiaries	-	-	341	-	-	-	-	-	-	341	(341)	-
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, 2025	-	-	-	-	-	461,706	461,706	-	-	461,706	(7,755)	453,951
Other comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	-	-	486	(466)	20	55	75
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	461,706	461,706	486	(466)	461,726	(7,700)	454,026
Issuance of ordinary shares under employee share options	2	17	540	-	-	-	-	-	-	557	33	590
Share-based payments	-	-	-	-	-	-	-	-	-	-	689	689
BALANCE, MARCH 31, 2025	74,666	\$ 746,650	\$ 123,103	\$ 761,844	\$ 5,170	\$2,395,777	\$3,162,791	\$ 737	(\$ 6,446)	\$4,026,835	\$ 13,153	\$4,039,988

eMemory Technology Inc. and Subsidiaries

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

	Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 549,926	\$ 511,499
Adjustments for:		
Depreciation expenses	13,242	11,510
Amortization expenses	28,609	24,241
Expected credit (reversal) loss	(353)	108
Finance costs	129	264
Interest income	(16,131)	(22,070)
Share-based payments	689	739
Share of loss of associates	1,361	858
Net gain on foreign currency exchange	(9,664)	(62,971)
Changes in operating assets and liabilities		
Notes receivable	(235)	-
Accounts receivable	24,207	(73,860)
Prepayments	(3,111)	2,750
Other current assets	1,181	82
Contract liabilities	32,802	23,619
Other payables	(55,613)	(2,392)
Other payables- related parties	15	-
Other current liabilities	71	2
Net defined benefit liabilities	(177)	(172)
Bonuses payable to employees and directors	17,117	12,033
Cash generated from operations	584,065	426,240
Interest received	15,284	22,419
Income tax paid	(20,896)	(8,980)
Net cash generated from operating activities	578,453	439,679

(Continued)

eMemory Technology Inc. and Subsidiaries

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

	Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 5,914)	(\$ 2,076)
Increase in refundable deposits	-	(125)
Decrease in refundable deposits	72	-
Acquisition of intangible assets	(58,092)	(56,504)
Increase in prepayments for equipment	(41,080)	(140)
Net cash used in investing activities	(105,014)	(58,845)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(30,000)
Increase in deposits received	10	-
Repayment of the principal portion of lease liabilities	(1,331)	(988)
Exercise of employee share options	590	3,162
Interest paid	(129)	(284)
Net cash used in financing activities	(860)	(28,110)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	7,639	53,345
NET INCREASE IN CASH	480,218	406,069
CASH AT THE BEGINNING OF THE PERIOD	3,307,749	2,731,524
CASH AT THE END OF THE PERIOD	\$ 3,787,967	\$ 3,137,593

(Concluded)