

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 ppts QoQ and up 4.9 ppts 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% | 1.3ppts | 52.4% | 4.9ppts |
| 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% | -1.3ppts | 52.7% | -2.9ppts |
| EPS (NT\$) | 6.18 | 6.89 | -10.3% | 5.77 | 7.1% |
| ROE | 48.7% | 62.5% | -13.8ppts | 53.2% | -4.5ppts |

*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 228 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 | 4 | 4 | 2 | 2 | 15 | 48 | 21 | 30 | 21 | 39 | 39 | 2 | 0 | 1 | 228 |

- 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 | - | Deferred tax liabilities | 428 | - | 941 | - | 920 | - |
| Financial assets at amortized cost – noncurrent | 120 | - | 120 | - | 118 | - | Lease liabilities - noncurrent | 5,687 | - | 6,202 | - | 6,257 | - |
| Investment accounted for using the equity method | 7,313 | - | 8,681 | - | 11,199 | - | Net defined benefit liabilities - noncurrent | 6,640 | - | 6,817 | - | 12,838 | 1 |
| Property, plant and equipment | 474,844 | 10 | 482,569 | 11 | 467,004 | 11 | Guarantee deposits received | 20 | - | 10 | - | 10 | - |
| Right-of-use assets | 10,371 | - | 11,269 | - | 9,660 | - | Total non-current liabilities | <u>12,775</u> | <u>-</u> | <u>13,970</u> | <u>-</u> | <u>20,025</u> | <u>1</u> |
| Intangible assets | 126,238 | 3 | 84,839 | 2 | 111,562 | 3 | Total liabilities | <u>953,157</u> | <u>19</u> | <u>873,873</u> | <u>19</u> | <u>794,826</u> | <u>19</u> |
| Deferred tax assets | 2,078 | - | 3,276 | - | 1,924 | - | | | | | | | |
| Prepayments for equipment | 265,794 | 5 | 224,714 | 5 | 224,854 | 5 | EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY | | | | | | |
| Refundable deposits | 1,608 | - | 1,680 | - | 819 | - | Ordinary shares | 746,650 | 15 | 746,633 | 17 | 746,521 | 17 |
| 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> | 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 | <u>3,162,791</u> | <u>63</u> | <u>2,701,085</u> | <u>60</u> | <u>2,598,285</u> | <u>61</u> |
| | | | | | | | 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 | <u>(5,709)</u> | <u>-</u> | <u>(5,729)</u> | <u>-</u> | <u>(5,078)</u> | <u>-</u> |
| | | | | | | | 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 | - | - | - | - |
| GROSS PROFIT | 911,734 | 100 | 802,764 | 100 |
| 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 | 389,387 | 43 | 382,143 | 48 |
| OPERATING INCOME | 522,347 | 57 | 420,621 | 52 |
| 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 | 27,579 | 3 | 90,878 | 12 |
| PROFIT BEFORE INCOME TAX | 549,926 | 60 | 511,499 | 64 |
| INCOME TAX EXPENSE | 95,975 | 10 | 88,444 | 11 |
| NET PROFIT | 453,951 | 50 | 423,055 | 53 |

(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 | | | | | | | 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 | | | |
| | Number of Shares (In Thousands) | Amount | | 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 | <u>578,453</u> | <u>439,679</u> |

(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 | <u>7,639</u> | <u>53,345</u> |
| NET INCREASE IN CASH | 480,218 | 406,069 |
| CASH AT THE BEGINNING OF THE PERIOD | <u>3,307,749</u> | <u>2,731,524</u> |
| CASH AT THE END OF THE PERIOD | <u>\$ 3,787,967</u> | <u>\$ 3,137,593</u> |

(Concluded)