

eMemory 2Q26 Earnings Call Q&A Transcript (Combined)

August 14th, 2026, 16:00-17:00 Taiwan Time

Q&A Transcript

- 1. In the previous earnings call, the company mentioned that royalty revenue was expected to grow in the second half of the year. Are you now more confident in that outlook?**

>> Yes. We have already seen several advanced-node products, including ADAS, AI accelerators, SSDs, networking, and other new products, begin to enter mass production. In addition, with foundry wafer prices gradually increasing, growth momentum is expected to accelerate.

- 2. The company has mentioned that a number of customer using 3nm technology have already been licensed or taped out. Could some of them begin contributing to royalty revenue in the second half of this year?**

>> We have already seen customers move into mass production with several hundred wafers, which indicates that the products have been successfully validated. The contribution is expected to become more meaningful next year.

- 3. AI data centers are driving upgrades in high-voltage power architectures, such as 400V and 800V HVDC, as well as next-generation power ICs. Has the company started to benefit from this trend? Which product lines would be the main beneficiaries?**

>> For eMemory, the upgrade of AI data center power architectures creates opportunities through our IP being integrated into power management, power control, and related analog mixed-signal chips. As voltage levels and power density continue to increase, power ICs require more precise calibration, parameter compensation, device identification, reliability management, and security functions. The related IP we can provide mainly includes OTP, which is used for analog parameter calibration, trimming, power control settings, and product identification; and MTP, which supports system parameters and configuration settings that need to be updated multiple times. Customers have already started to move into mass production, and we expect the contribution to expand further.

- 4. Could you share how investors should think about the contribution from advanced-node products to your royalty revenue today, and how you expect that mix to evolve over the next few years?**

>> In terms of the licensing NRE contribution, advanced-node licenses already account for more than 50%. This is mainly because the licensing fee for a single advanced-node product is several times higher than the average licensing price. Looking ahead, as these products gradually move into mass production, we expect the royalty contribution to increase meaningfully as well.

5. Royalty revenue declined in Q2 compared with Q1. Could you please help explain the main reasons behind the decrease?

>> Q2 royalty revenue corresponds to foundry production in the first quarter. Overall, mature-node foundry capacity utilization remained at a relatively low level, and some customers also underwent seasonal inventory adjustments. Starting from the second quarter, overall foundry capacity utilization began to improve, while new applications started entering mass production. Together with the subsequent impact from foundry price increases, royalty revenue is expected to accelerate in the second half of the year.

6. As 2nm and GAA processes gradually move toward mass production, have the competitive advantages of NeoPUF and NeoFuse in advanced nodes become even stronger? Are customers also adopting these technologies faster than they did last year?

>> As process technologies move toward 2nm and GAA, chip design and manufacturing costs continue to rise, and customers are placing even stricter requirements on area, power consumption, reliability, and compliance with security standards. In this environment, the competitive advantages of NeoFuse and PUF-based security IP become even more apparent. NeoPUF can create a unique hardware identity at the silicon level for each chip, supporting key generation and a hardware root of trust. NeoFuse provides reliable OTP storage for chip configuration, code patching, SRAM repair, and other functions. These capabilities can be integrated with advanced logic processes and support the security, reliability, and high-yield requirements of advanced SoCs. Compared with the past, we are indeed seeing customers start discussions on security architecture earlier, and the number of applications under evaluation is also increasing.

7. As more PUF licenses enter mass production, how do you expect the licensing and royalty revenue to grow?

>> Based on our operating performance in recent years, our PUF business has delivered very strong growth in both licensing and royalty revenue, mostly from advanced process nodes. With AI booming and driving increasing demand for hardware security, we believe this trend is still in the early stages.

8. Could you share the latest progress with customers for 1T Flash? Is there a possibility that it could start moving into mass production within the next year or so?

>> For 1T Flash, we are currently working with several foundry partners on platform development and validation. Each platform is progressing according to its development plan, and we may see customers begin mass production next year.

9. Your Security IP has expanded from AI CPUs and BMCs into AI data center SSDs and CXL-related applications. Does this suggest that eMemory's Security IP is moving from a single chip to multiple critical chips within an AI server? Where do you see the next major opportunities?

>> Yes. As AI server architectures continue to evolve, we are seeing hardware security requirements extend across different parts of the system, including computing, storage, connectivity, and system management. This gives our Security IP opportunities to address a much broader range of chips.

Our licensing activity in the first half also reflects this trend, with applications across CPUs, storage devices, optical communication ICs, FPGAs, and high-speed interface chips. For us, the opportunity is not simply about adding more customers. It is about expanding our security footprint across AI infrastructure, while also providing more security functionality within each chip.

As Hardware Root of Trust, data protection, and system-level security become very important for AI infrastructure, we believe there is significant room for our Security IP business to grow across AI and data center applications.

10. Will NeoFlash compete with NAND Flash used in enterprise and consumer SSDs, such as SLC, TLC, or QLC? Or does it address a different market?

>> For standalone applications, our initial development focus is mainly on NOR Flash. NOR Flash and NAND Flash are two memory technologies with different positioning, and they mainly address different application needs.

NOR Flash is focused on fast boot, low-latency random read, execute-in-place, or XIP, and high reliability. Therefore, it is mainly used to store firmware and system code. NAND Flash, on the other hand, is mainly designed for high capacity and lower cost, making it more suitable for large-scale data storage applications.

However, after foundry partners successfully move standalone NOR Flash into mass production, we may further extend 1T Flash into NAND Flash architecture in the future.

11. As cybersecurity regulations such as the EU Cyber Resilience Act, or CRA, come into force on September this year, how does the company view the adoption trend of PUF in advanced-node SoCs?

>>With the CRA expected to become mandatory, non-compliance may result in significant penalties. The regulation also applies broadly to all connected products sold in the European market. As a result, the market is placing greater emphasis on cybersecurity compliance. At the same time, the concepts of Secure by Design and Secure by Default are increasingly becoming industry consensus. In this context, PUF, as a key technology for hardware root of trust, plays an important role in device identity and key protection. As regulatory requirements become more stringent, we expect demand for related security mechanisms to continue increasing.

12. Has eMemory's IP been adopted in applications related to Low Earth Orbit (LEO) satellites and space communications?

>> Yes, our technology has already been adopted by U.S. customers for LEO satellite applications. Given that satellites operate in extreme environments and are non-recoverable once launched, our OTP provides four indispensable safeguards:

- 1. Radiation Hardening & High Reliability:** In space, intense radiation can cause 'bit flips' in traditional Flash or EEPROM, leading to data errors or mission failure. Our OTP stores data by permanently altering the physical circuit structure. Once written, it remains immune to radiation, making it the most secure place to store critical boot code.
- 2. Secure Communication & Key Storage:** As satellites function as massive network nodes, cybersecurity is paramount. Our OTP stores encryption keys and digital certificates that cannot be remotely tampered with or erased. This establishes a robust Hardware Root of Trust, protecting communications between satellites and ground stations from hacking attempts.
- 3. Hardware Identification:** For constellations comprising thousands of satellites, precise management is vital. Each chip is programmed with a Unique ID (UID) during production, which is essential for fleet management, fault tracking, and automated spectrum licensing verification.
- 4. Parameter Compensation for Extreme Environments:** To withstand drastic temperature fluctuations in space, our OTP stores calibration and compensation parameters for precision sensors. This ensures that electronic signals remain accurate regardless of the extreme thermal conditions.

13. Being removed from the MSCI Index, coupled with our relatively high foreign ownership, may raise concerns about potential heavy foreign sell-offs and how the company plans to respond?

>> MSCI Index inclusion is primarily based on market capitalization rankings and is not a reflection of a company's fundamentals. In fact, even ten years ago, when we were not included in the MSCI Standard Index, foreign ownership of our shares was already above 50%. As of the end of July this year, foreign ownership reached a historical high.

We have reached out to our major foreign shareholders, and they responded that this index adjustment will not affect their investment decisions. As for passive fund rebalancing, experience shows that index constituent changes are largely predictable using quantitative models, so the market usually discounts and absorbs the impact in advance. The foreign selling pressure observed since early August likely reflects these passive fund adjustments. To mitigate significant stock price volatility, we will proactively enhance our communications with the capital market, especially local institutions. We plan to participate in more investor conferences and expand analyst research coverage, proving the company's true value through our strong fundamentals and operational numbers.