

**ChipMOS TECHNOLOGIES INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2021 AND 2020**

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For the convenience of readers and for information purpose only, the review report of independent accountants and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language review report of independent accountants and consolidated financial statements shall prevail.

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020  
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## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of ChipMOS TECHNOLOGIES INC.

### *Introduction*

We have reviewed the accompanying consolidated balance sheets of ChipMOS TECHNOLOGIES INC. and its subsidiaries (the “Group”) as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### *Scope of Review*

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our reviews and the reports of other independent accountants, as described in the *Other matter* section of the report, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

### ***Other Matter***


We did not review the financial statements of a certain investment accounted for under the equity method which were reviewed by other independent accountants. Therefore, our conclusion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements is based solely on the reports of the other independent accountants. The balance of this investment accounted for under the equity method amounted to NT\$272,574 thousand and NT\$245,622 thousand, constituting 0.7% and 0.6% of the consolidated total assets as at March 31, 2021 and 2020, respectively, and total net comprehensive income (loss) including the share of profit and other comprehensive income of associate accounted for under the equity method amounted to NT\$21,804 thousand and (NT\$4,172) thousand, constituting 2.3% and (0.6%) of the consolidated total comprehensive income (loss) for the three months then ended, respectively.



Chien-Yeh Hsu

For and on behalf of PricewaterhouseCoopers, Taiwan

May 11, 2021



Yi-Chang Liang

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and review report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.



**ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Assets			March 31, 2021		December 31, 2020		March 31, 2020	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 5,590,833	15	\$ 4,113,651	12	\$ 7,512,214	20
1110	Current financial assets at fair value through profit or loss	6(2)	62,160	-	53,120	-	150,000	1
1136	Current financial assets at amortized cost	6(3)	206,884	1	206,482	1	170,493	1
1140	Current contract assets	6(19)	364,536	1	389,016	1	341,719	1
1150	Notes receivable, net		870	-	599	-	468	-
1170	Accounts receivable, net	6(4)	5,477,494	15	5,364,156	15	4,720,771	12
1180	Accounts receivable—related parties, net		-	-	-	-	100	-
1200	Other receivables		26,297	-	51,436	-	72,642	-
1210	Other receivables—related parties		-	-	-	-	1,943	-
1220	Current tax assets		-	-	-	-	138,941	-
130X	Inventories	6(5)	2,278,488	6	2,102,075	6	2,318,925	6
1410	Prepayments		93,812	-	75,568	-	114,868	-
11XX	Total current assets		14,101,374	38	12,356,103	35	15,543,084	41
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	9,358	-	10,368	-	10,887	-
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	224,832	1	262,007	1	95,974	-
1535	Non-current financial assets at amortized cost	6(3) and 8	48,319	-	48,319	-	68,450	-
1550	Investments accounted for using equity method	6(7)	3,320,247	9	3,271,677	9	3,338,349	9
1600	Property, plant and equipment	6(8) and 8	18,033,241	49	17,994,686	51	18,122,892	47
1755	Right-of-use assets	6(9)	1,056,918	3	859,069	3	802,397	2
1840	Deferred tax assets		179,559	-	185,691	1	172,415	1
1920	Refundable deposits		20,826	-	21,186	-	21,127	-
1990	Other non-current assets		116,054	-	71,708	-	58,499	-
15XX	Total non-current assets		23,009,354	62	22,724,711	65	22,690,990	59
1XXX	Total assets		\$ 37,110,728	100	\$ 35,080,814	100	\$ 38,234,074	100

(Continued)

**ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			Amount	%	Amount	%	Amount	%
<b>Liabilities</b>								
<b>Current liabilities</b>								
2100	Short-term bank loans	6(10)	\$ 324,538	1	\$ -	-	\$ -	-
2130	Current contract liabilities	6(19)	-	-	-	-	749	-
2150	Notes payable		306	-	2,899	-	-	-
2170	Accounts payable	6(11)	1,137,537	3	966,821	3	821,884	2
2200	Other payables	6(12)	2,740,459	7	3,249,403	9	2,385,503	7
2230	Current tax liabilities		700,820	2	474,765	1	434,772	1
2250	Current provisions		6,259	-	3,463	-	1,069	-
2280	Current lease liabilities	6(30)	258,594	1	132,549	1	56,607	-
2310	Receipts in advance		-	-	10,790	-	8,078	-
2320	Long-term bank loans, current portion	6(13)(30) and 8	748,517	2	748,353	2	748,050	2
2365	Current refund liabilities		6,999	-	9,864	-	20,593	-
2399	Other current liabilities		18,718	-	21,059	-	33,469	-
21XX	<b>Total current liabilities</b>		<u>5,942,747</u>	<u>16</u>	<u>5,619,966</u>	<u>16</u>	<u>4,510,774</u>	<u>12</u>
<b>Non-current liabilities</b>								
2540	Long-term bank loans	6(13)(30) and 8	7,691,706	21	6,985,212	20	11,815,314	31
2570	Deferred tax liabilities		285,146	1	300,179	1	294,877	1
2580	Non-current lease liabilities	6(30)	811,157	2	737,946	2	753,074	2
2630	Long-term deferred revenue		89,568	-	72,438	-	71,461	-
2640	Net defined benefit liability, non-current		508,075	1	511,651	2	477,046	1
2645	Guarantee deposits	6(30)	21,657	-	21,670	-	1,056	-
25XX	<b>Total non-current liabilities</b>		<u>9,407,309</u>	<u>25</u>	<u>8,629,096</u>	<u>25</u>	<u>13,412,828</u>	<u>35</u>
2XXX	<b>Total liabilities</b>		<u>15,350,056</u>	<u>41</u>	<u>14,249,062</u>	<u>41</u>	<u>17,923,602</u>	<u>47</u>
<b>Equity</b>								
<b>Equity attributable to equity holders of the Company</b>								
	Capital stock	6(15)						
3110	Capital stock—common stock		7,272,401	20	7,272,401	21	7,272,401	19
	Capital surplus	6(16)						
3200	Capital surplus		6,059,651	16	6,059,651	17	6,059,651	16
	Retained earnings							
3310	Legal reserve		1,837,894	5	1,837,894	5	1,579,478	4
3320	Special reserve		19,802	-	19,802	-	-	-
3350	Unappropriated retained earnings		6,457,603	18	5,498,370	15	5,472,156	14
	Other equity interest	6(18)						
3400	Other equity interest		113,321	-	143,634	1	(73,214)	-
31XX	<b>Equity attributable to equity holders of the Company</b>		<u>21,760,672</u>	<u>59</u>	<u>20,831,752</u>	<u>59</u>	<u>20,310,472</u>	<u>53</u>
3XXX	<b>Total equity</b>		<u>21,760,672</u>	<u>59</u>	<u>20,831,752</u>	<u>59</u>	<u>20,310,472</u>	<u>53</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 37,110,728</u>	<u>100</u>	<u>\$ 35,080,814</u>	<u>100</u>	<u>\$ 38,234,074</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except earnings per share in dollars)  
(Unaudited)

				Three months ended March 31,			
				2021		2020	
Items	Notes			Amount	%	Amount	%
4000 Revenue	6(19)		\$	6,465,339	100	\$	5,586,802
5000 Cost of revenue	6(5)(25)(26)		(	4,903,701)	( 76)	(	4,316,090)
5900 Gross profit				1,561,638	24		1,270,712
Operating expenses	6(25)(26)						
6100 Sales and marketing expenses			(	14,777)	( 1)	(	13,163)
6200 General and administrative expenses			(	142,107)	( 2)	(	125,004)
6300 Research and development expenses			(	267,716)	( 4)	(	257,697)
6000 Total operating expenses			(	424,600)	( 7)	(	395,864)
6500 Other income (expenses), net	6(20)			22,654	1		25,283
6900 Operating profit				1,159,692	18		900,131
Non-operating income (expenses)							
7100 Interest income	6(21)			1,260	-		11,682
7010 Other income	6(22)			5,772	-		2,568
7020 Other gains and losses	6(23)			1,009	-		45,529
7050 Finance costs	6(24)		(	32,095)	( 1)	(	44,241)
7060 Share of gain (loss) of associates and joint ventures accounted for using equity method				49,360	2	(	19,816)
7000 Total non-operating income (expenses)				25,306	1	(	4,278)
7900 <b>Profit before income tax</b>				1,184,998	19		895,853
7950 Income tax expense	6(27)		(	225,877)	( 4)	(	183,137)
8200 <b>Profit for the period</b>			\$	959,121	15	\$	712,716
<b>Other comprehensive income (loss)</b>							
8316 Unrealized loss on valuation of equity instruments at fair value through other comprehensive income	6(6)		(\$	37,175)	( 1)	(\$	25,834)
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	6(7)			18,228	1	(	5,390)
8349 Income tax effect on components that will not be reclassified to profit or loss	6(27)			7,435	-		5,167
8310 Components of other comprehensive loss that will not be reclassified to profit or loss			(	11,512)	-	(	26,057)
8361 Exchange differences on translation of foreign operations	6(18)		(	18,689)	( 1)	(	27,426)
8360 Components of other comprehensive loss that will be reclassified to profit or loss			(	18,689)	( 1)	(	27,426)
8300 <b>Other comprehensive loss, net of income tax</b>			(\$	30,201)	( 1)	(\$	53,483)
8500 <b>Total comprehensive income for the period</b>			\$	928,920	14	\$	659,233
9750 Earnings per share – basic	6(28)		\$		1.32	\$	0.98
9850 Earnings per share – diluted	6(28)		\$		1.30	\$	0.97

The accompanying notes are an integral part of these consolidated financial statements.

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)  
(Unaudited)

		Equity attributable to equity holders of the Company							
		Retained earnings				Other equity interest			
Notes	Capital stock — common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Total equity	
<u>Year 2020</u>									
Balance at January 1, 2020	\$ 7,272,401	\$ 6,059,651	\$ 1,579,478	\$ -	\$ 4,759,511	(\$ 89,682)	\$ 69,880	\$ 19,651,239	
Profit for the period	-	-	-	-	712,716	-	-	712,716	
Other comprehensive loss	6(18)	-	-	-	( 71)	( 27,426)	( 25,986)	( 53,483)	
Total comprehensive income (loss) for the period	-	-	-	-	712,645	( 27,426)	( 25,986)	659,233	
Balance at March 31, 2020	\$ 7,272,401	\$ 6,059,651	\$ 1,579,478	\$ -	\$ 5,472,156	(\$ 117,108)	\$ 43,894	\$ 20,310,472	
<u>Year 2021</u>									
Balance at January 1, 2021	\$ 7,272,401	\$ 6,059,651	\$ 1,837,894	\$ 19,802	\$ 5,498,370	(\$ 61,330)	\$ 204,964	\$ 20,831,752	
Profit for the period	-	-	-	-	959,121	-	-	959,121	
Other comprehensive income (loss)	6(18)	-	-	-	112	( 18,689)	( 11,624)	( 30,201)	
Total comprehensive income (loss) for the period	-	-	-	-	959,233	( 18,689)	( 11,624)	928,920	
Balance at March 31, 2021	\$ 7,272,401	\$ 6,059,651	\$ 1,837,894	\$ 19,802	\$ 6,457,603	(\$ 80,019)	\$ 193,340	\$ 21,760,672	

The accompanying notes are an integral part of these consolidated financial statements.



**ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(Unaudited)

	Notes	Three months ended March 31, 2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		\$ 1,184,998	\$ 895,853
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(8)(9)(25)	1,127,030	1,004,886
Expected credit losses		7	40
Interest expense	6(24)	29,535	42,049
Interest income	6(21)	( 1,260 )	( 11,682 )
Share of (gain) loss of associates and joint ventures accounted for using equity method		( 49,360 )	19,816
Gain on valuation of financial assets at fair value through profit or loss	6(2)(23)	( 8,832 )	( 284 )
Gain on disposal of property, plant and equipment	6(20)	( 6,715 )	( 1,229 )
Deferred income		( 2,697 )	( 3,049 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		802	( 149,565 )
Current contract assets		24,488	36,162
Notes receivable		( 271 )	297
Accounts receivable		( 113,356 )	( 267,931 )
Accounts receivable—related parties		-	945
Other receivables		15,361	( 16,332 )
Other receivables—related parties		-	2,980
Inventories		( 176,413 )	( 551,283 )
Prepayments		( 15,684 )	( 55,174 )
Other non-current assets		2,306	1,153
Changes in operating liabilities			
Current contract liabilities		-	( 482 )
Notes payable		( 2,593 )	-
Accounts payable		170,716	2,336
Other payables		( 125,156 )	( 181,317 )
Current provisions		2,796	( 929 )
Current refund liabilities		( 2,865 )	( 5,407 )
Other current liabilities		( 2,341 )	1,227
Net defined benefit liability, non-current		( 3,576 )	( 3,061 )
Cash generated from operations		2,046,920	760,019
Interest received		1,225	14,373
Interest paid		( 24,937 )	( 40,586 )
Income tax paid		( 1,288 )	( 1,499 )
Net cash generated from operating activities		2,021,920	732,307

(Continued)

**ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(Unaudited)

	Notes	Three months ended March 31, 2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in financial assets at amortized cost		( \$ 402 )	( \$ 1,523 )
Acquisition of property, plant and equipment	6(29)	( 1,490,772 )	( 1,546,384 )
Proceeds from disposal of property, plant and equipment		16,738	32,229
Decrease in refundable deposits		360	18
(Increase) decrease in other non-current assets		( 46,652 )	7,474
Increase in long-term deferred revenue		9,037	75,126
Net cash used in investing activities		( 1,511,691 )	( 1,433,060 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
	6(30)		
Proceeds from short-term bank loans		374,538	-
Payments on short-term bank loans		( 50,000 )	-
Payments on lease liabilities		( 57,851 )	( 12,348 )
Proceeds from long-term bank loans		699,963	3,519,374
Decrease in guarantee deposits		( 13 )	( 39 )
Net cash generated from financing activities		966,637	3,506,987
Effect of foreign exchange rate changes		316	1,896
Net increase in cash and cash equivalents		1,477,182	2,808,130
Cash and cash equivalents at beginning of period		4,113,651	4,704,084
Cash and cash equivalents at end of period		\$ 5,590,833	\$ 7,512,214

The accompanying notes are an integral part of these consolidated financial statements.

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Unaudited)

**1. HISTORY AND ORGANIZATION**

ChipMOS TECHNOLOGIES INC. (the “Company”) was incorporated on July 28, 1997. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, development, manufacturing and sale of high-integration and high-precision integrated circuits and related assembly and testing services. On April 11, 2014, the Company’s shares were listed on the Taiwan Stock Exchange. On November 1, 2016, the Company’s American Depositary Shares (“ADSs”) were listed on the NASDAQ Global Select Market.

**2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors on May 11, 2021.

**3. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS**

(1) Effect of the adoption of new or amended International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

A. New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by International Accounting Standards Board (“IASB”)</u>
Amendments to IFRS 4, “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021
Amendments to IFRS 9, International Accounting Standards (“IAS”) 39, IFRS 7, IFRS 4 and IFRS 16, “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021
Amendments to IFRS 16, “Covid-19-Related Rent Concessions beyond 30 June 2021”	April 1, 2021 (Note)

Note: Early adoption from January 1, 2021 is allowed by FSC.

B. Based on the Group’s assessment, the above standards and interpretations have no significant impact on the Group’s financial position and financial performance.

(2) Effect of new, revised or amended IFRSs as endorsed by the FSC that has not yet adopted

None.

(3) The IFRSs issued by IASB but not yet endorsed by the FSC

A. New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by IASB</u>
Amendments to IFRS 3, “Reference to the Conceptual Framework”	January 1, 2022

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IAS 1, “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1, “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8, “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 16, “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37, “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022

B. Based on the Group’s assessment, the above standards and interpretations have no significant impact on the Group’s financial position and financial performance.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the statement of compliance, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Statement of compliance

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed by the FSC.
- B. The consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

##### (2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets at fair value through profit or loss (including derivative instruments).
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities were recognized based on the net amount of pension fund assets less the present value of benefit obligation.
- B. The preparation of the consolidated financial statements in conformity with IFRSs, IASs, International Financial Reporting Interpretations Committee interpretations, and SIC interpretations as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and

estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those for the year ended December 31, 2020.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of investee	Main business	Percentage of Ownership (%)			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	ChipMOS U.S.A., Inc. ("ChipMOS USA")	Marketing of semiconductors and electronic related products	100	100	100	
The Company	ChipMOS TECHNOLOGIES (BVI) LTD. ("ChipMOS BVI")	Holding company	100	100	100	
ChipMOS BVI	ChipMOS SEMICONDUCTORS (Shanghai) LTD. ("ChipMOS Shanghai")	Marketing of semiconductors and electronic related products	100	100	-	Note

Note: In order to maintain and develop market in the People's Republic of China ("P.R.C."), the Group invested and established the subsidiary, ChipMOS Shanghai on April 8, 2020 and then included it in the consolidated financial statements.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: Not applicable.

E. No significant restrictions on the ability of subsidiaries to transfer funds to parent company.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes during the period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand and petty cash	\$ 470	\$ 470	\$ 452
Checking accounts and demand deposits	2,706,077	2,609,421	5,501,187
Time deposits	2,884,286	1,503,760	2,010,575
	<u>\$ 5,590,833</u>	<u>\$ 4,113,651</u>	<u>\$ 7,512,214</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. No cash and cash equivalents of the Group were pledged to others.

### (2) Financial assets at fair value through profit or loss

	March 31, 2021	December 31, 2020	March 31, 2020
Current:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 46,512	\$ 46,512	\$ -
Beneficiary certificates	-	-	150,000
Valuation adjustment	15,648	6,608	-
	<u>\$ 62,160</u>	<u>\$ 53,120</u>	<u>\$ 150,000</u>

Non-current:

Financial assets mandatorily measured at fair value through profit or loss			
Foreign partnership interests	\$ 10,940	\$ 10,940	\$ 10,940
Valuation adjustment	(1,582)	(572)	(53)
	<u>\$ 9,358</u>	<u>\$ 10,368</u>	<u>\$ 10,887</u>

A. Amounts recognized in profit or loss in relation to the financial assets at fair value through profit or loss are listed below:

	Three months ended March 31,	
	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 802	\$ 435
Listed stocks	9,040	-
Foreign partnership interests	(1,010)	(151)
	<u>\$ 8,832</u>	<u>\$ 284</u>

B. No financial assets at fair value through profit or loss were pledged to others.

C. Information relating to price risk of financial assets at fair value through profit or loss is provided in Note 12(2).



(3) Financial assets at amortized cost

	March 31, 2021	December 31, 2020	March 31, 2020
Current:			
Time deposits	\$ 206,884	\$ 206,482	\$ 170,493
Non-current:			
Restricted bank deposits	\$ 48,319	\$ 48,319	\$ 68,450

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Three months ended March 31,	
	2021	2020
Interest income	\$ 384	\$ 653

B. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group is the carrying amount at the end of each reporting period.

C. Information about the financial assets at amortized cost that were pledged to others as collateral is provided in Note 8.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

(4) Accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable	\$ 5,479,132	\$ 5,365,776	\$ 4,722,186
Less: Loss allowance	( 1,638)	( 1,620)	( 1,415)
	\$ 5,477,494	\$ 5,364,156	\$ 4,720,771

A. The Group's credit term granted to customers is 30~90 days. Receivables do not bear interest. The loss allowance is determined based on the credit quality of customers. Information relating to credit risk is provided in Note 12(2).

B. The aging analysis of accounts receivable based on past due date are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	\$ 5,441,521	\$ 5,272,208	\$ 4,718,210
Within 1 month	37,611	93,568	3,514
1-2 months	-	-	128
2-3 months	-	-	-
3-4 months	-	-	334
	\$ 5,479,132	\$ 5,365,776	\$ 4,722,186

C. As of March 31, 2021, December 31, 2020 and March 31, 2020, accounts receivable were all from contracts with customers. And as of January 1, 2020, the balance of accounts receivable from contracts with customers was \$4,452,904.

D. Without taking into account of any collateral held or other credit enhancements, the amount that

best reflects the Group's maximum exposure to credit risk in respect of the accounts receivable is the carrying amount at the end of each reporting period.

E. No accounts receivable of the Group were pledged to others.

(5) Inventories

		March 31, 2021	
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	\$ 2,390,240	(\$ 111,752)	\$ 2,278,488
		December 31, 2020	
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	\$ 2,181,890	(\$ 79,815)	\$ 2,102,075
		March 31, 2020	
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	\$ 2,374,343	(\$ 55,418)	\$ 2,318,925

The cost of inventories recognized as an expense for the period:

		Three months ended March 31,	
		2021	2020
Cost of revenue		\$ 4,871,764	\$ 4,318,949
Loss on abandonment		-	5,221
Allowance for (reversal of) inventory valuation and obsolescence loss		31,937	( 8,080)
		\$ 4,903,701	\$ 4,316,090

A. Allowance for (reversal of) inventory valuation and obsolescence loss was recognized due to the change in net realizable value.

B. No inventories of the Group were pledged to others.

(6) Non-current financial assets at fair value through other comprehensive income

	March 31, 2021	December 31, 2020	March 31, 2020
Designation of equity instruments			
Foreign unlisted stocks	\$ 38,534	\$ 38,534	\$ 38,534
Valuation adjustment	186,298	223,473	57,440
	\$ 224,832	\$ 262,007	\$ 95,974

A. Based on the Group's business model, the foreign unlisted stocks held for strategic investments were elected to classify as "Financial assets at fair value through other comprehensive income". As of March 31, 2021, December 31, 2020 and March 31, 2020, the fair value of aforementioned investments is the carrying amount at the end of each reporting period.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended March 31,	
	2021	2020
Financial assets at fair value through other comprehensive income		
Foreign unlisted stocks	(\$ 37,175)	(\$ 25,834)

C. No financial assets at fair value through other comprehensive income were pledged to others.

D. Information about fair value measurement is provided in Note 12(3).

(7) Investments accounted for using equity method

<u>Associates</u>	March 31, 2021	December 31, 2020	March 31, 2020
JMC ELECTRONICS CO., LTD. ("JMC")	\$ 272,574	\$ 250,769	\$ 245,622
Unimos Microelectronics (Shanghai) Co., Ltd. ("Unimos Shanghai")	3,047,673	3,020,908	3,092,727
	<u>\$ 3,320,247</u>	<u>\$ 3,271,677</u>	<u>\$ 3,338,349</u>

A. The basic information and summarized financial information of the associates that are material to the Group are as follows:

(a) Basic information

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>			<u>Nature of relationship</u>	<u>Method of measurement</u>
		March 31, 2021	December 31, 2020	March 31, 2020		
Unimos Shanghai	P.R.C.	45.02%	45.02%	45.02%	Strategic Investee	Equity method

(b) Summarized financial information

Balance sheets

	<u>Unimos Shanghai</u>		
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 2,127,373	\$ 2,438,725	\$ 2,845,251
Non-current assets	4,252,723	3,905,089	3,564,190
Current liabilities	( 586,131)	( 618,949)	( 703,984)
Non-current liabilities	( 229,898)	( 248,583)	( 155,243)
Total net assets	<u>\$ 5,564,067</u>	<u>\$ 5,476,282</u>	<u>\$ 5,550,214</u>
Share in associate's net assets	\$ 2,505,176	\$ 2,465,651	\$ 2,498,939
Depreciable assets	520,379	533,139	571,670
Goodwill	22,118	22,118	22,118
Carrying amount of the associate	<u>\$ 3,047,673</u>	<u>\$ 3,020,908</u>	<u>\$ 3,092,727</u>

## Statements of comprehensive income

	Unimos Shanghai	
	Three months ended March 31,	
	2021	2020
Revenue	\$ 612,106	\$ 388,691
Profit (loss) for the period from continuing operations	\$ 130,026	(\$ 18,351)
Other comprehensive income, net of income tax	-	-
Total comprehensive income (loss)	\$ 130,026	(\$ 18,351)
Dividends received from the associate	\$ -	\$ -

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of March 31, 2021, December 31, 2020 and March 31, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$272,574, \$250,769 and \$245,622, respectively.

	Three months ended March 31,	
	2021	2020
Profit for the period from continuing operations	\$ 3,576	\$ 1,218
Other comprehensive income (loss), net of income tax	18,228	( 5,390)
Total comprehensive income (loss)	\$ 21,804	(\$ 4,172)

C. JMC has quoted market prices. As of March 31, 2021, December 31, 2020 and March 31, 2020, the fair value was \$578,510, \$454,010 and \$470,500, respectively.

## (8) Property, plant and equipment

	2021						
	Land	Buildings	Machinery and equipment	Tools	Others	Construction in progress and equipment to be inspected	Total
<u>January 1</u>							
Cost	\$ 452,738	\$ 11,212,129	\$ 53,246,474	\$ 5,451,547	\$ 2,185,299	\$ 639,607	\$ 73,187,794
Accumulated depreciation and impairment	-	( 7,119,843)	( 41,898,177)	( 4,499,186)	( 1,675,902)	-	( 55,193,108)
	<u>\$ 452,738</u>	<u>\$ 4,092,286</u>	<u>\$ 11,348,297</u>	<u>\$ 952,361</u>	<u>\$ 509,397</u>	<u>\$ 639,607</u>	<u>\$ 17,994,686</u>
January 1	\$ 452,738	\$ 4,092,286	\$ 11,348,297	\$ 952,361	\$ 509,397	\$ 639,607	\$ 17,994,686
Additions	-	-	1,752	104	43	1,108,403	1,110,302
Disposals	-	-	-	( 207)	-	-	( 207)
Reclassifications	-	28,644	447,911	130,682	36,970	( 644,207)	-
Depreciation expenses	-	( 102,407)	( 707,996)	( 202,617)	( 58,520)	-	( 1,071,540)
Exchange adjustment	-	-	1	-	( 1)	-	-
March 31	<u>\$ 452,738</u>	<u>\$ 4,018,523</u>	<u>\$ 11,089,965</u>	<u>\$ 880,323</u>	<u>\$ 487,889</u>	<u>\$ 1,103,803</u>	<u>\$ 18,033,241</u>
<u>March 31</u>							
Cost	\$ 452,738	\$ 11,240,773	\$ 53,517,627	\$ 5,509,149	\$ 2,215,563	\$ 1,103,803	\$ 74,039,653
Accumulated depreciation and impairment	-	( 7,222,250)	( 42,427,662)	( 4,628,826)	( 1,727,674)	-	( 56,006,412)
	<u>\$ 452,738</u>	<u>\$ 4,018,523</u>	<u>\$ 11,089,965</u>	<u>\$ 880,323</u>	<u>\$ 487,889</u>	<u>\$ 1,103,803</u>	<u>\$ 18,033,241</u>

2020							
	Land	Buildings	Machinery and equipment	Tools	Others	Construction in progress and equipment to be inspected	Total
<u>January 1</u>							
Cost	\$ 452,738	\$ 10,821,972	\$ 51,244,512	\$5,008,321	\$ 1,937,755	\$ 936,389	\$ 70,401,687
Accumulated depreciation and impairment	- ( 6,726,043)	( 40,081,391)	( 4,111,845)	( 1,502,964)	-	( 52,422,243)	
	<u>\$ 452,738</u>	<u>\$ 4,095,929</u>	<u>\$ 11,163,121</u>	<u>\$ 896,476</u>	<u>\$ 434,791</u>	<u>\$ 936,389</u>	<u>\$ 17,979,444</u>
January 1	\$ 452,738	\$ 4,095,929	\$ 11,163,121	\$ 896,476	\$ 434,791	\$ 936,389	\$ 17,979,444
Additions	-	37,622	370,632	227,434	56,793	445,688	1,138,169
Disposals	-	-	-	( 219)	( 95)	-	( 314)
Reclassifications	-	13,684	467,345	3,439	6,476	( 490,944)	-
Depreciation expenses	- ( 96,887)	( 666,911)	( 179,238)	( 51,376)	-	( 994,412)	
Exchange adjustment	-	-	3	-	2	-	5
March 31	<u>\$ 452,738</u>	<u>\$ 4,050,348</u>	<u>\$ 11,334,190</u>	<u>\$ 947,892</u>	<u>\$ 446,591</u>	<u>\$ 891,133</u>	<u>\$ 18,122,892</u>
<u>March 31</u>							
Cost	\$ 452,738	\$ 10,873,278	\$ 51,815,463	\$5,238,245	\$ 1,996,905	\$ 891,133	\$ 71,267,762
Accumulated depreciation and impairment	- ( 6,822,930)	( 40,481,273)	( 4,290,353)	( 1,550,314)	-	( 53,144,870)	
	<u>\$ 452,738</u>	<u>\$ 4,050,348</u>	<u>\$ 11,334,190</u>	<u>\$ 947,892</u>	<u>\$ 446,591</u>	<u>\$ 891,133</u>	<u>\$ 18,122,892</u>

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Three months ended March 31,	
	2021	2020
Amount of interest capitalized	\$ 2,396	\$ 3,482
Range of the interest rates for capitalization	1.2894%	1.7415%

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Leasing arrangements—lessee

A. The Group leases various assets, including land, buildings, machinery and equipment, and others. Lease agreements are typically made for periods of 2 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation expenses are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 631,177	\$ 636,261	\$ 691,074
Buildings	17,079	19,044	13,105
Machinery and equipment	408,533	203,249	96,546
Others	129	515	1,672
	<u>\$ 1,056,918</u>	<u>\$ 859,069</u>	<u>\$ 802,397</u>

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 5,083	\$ 5,356
Buildings	1,979	1,973
Machinery and equipment	48,042	2,759
Others	386	386
	<u>\$ 55,490</u>	<u>\$ 10,474</u>

C. For the three months ended March 31, 2021 and 2020, additions to right-of-use assets were \$253,326 and \$99,304, respectively.

D. The information on profit or loss accounts relating to lease contracts is as follows:

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,781	\$ 3,311
Expense on short-term lease contracts	35,299	56,080

E. For the three months ended March 31, 2021 and 2020, the Group's total cash outflow for leases were \$92,953 and \$50,107, respectively.

(10) Short-term bank loans

<u>Type of loans</u>	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Bank loans			
Unsecured bank loans	<u>\$ 324,538</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate range	<u>0.68%~0.7%</u>	<u>-</u>	<u>-</u>
Unused credit lines of short-term bank loans			
NT\$	<u>\$ 3,130,297</u>	<u>\$ 3,251,000</u>	<u>\$ 2,999,200</u>
US\$ (in thousands)	<u>\$ 82,857</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>



(11) Accounts payable

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable	\$ 653,152	\$ 766,805	\$ 254,381
Estimated accounts payable	484,385	200,016	567,503
	<u>\$ 1,137,537</u>	<u>\$ 966,821</u>	<u>\$ 821,884</u>

(12) Other payables

	March 31, 2021	December 31, 2020	March 31, 2020
Payable to equipment suppliers	\$ 764,889	\$ 1,145,359	\$ 564,555
Employees' compensation payable	463,426	332,080	438,412
Salaries and bonuses payable	523,849	788,720	446,770
Pension payable	15,787	15,159	30,581
Directors' remuneration payable	23,171	16,604	21,921
Interest payable	2,421	1,958	2,199
Other expense payable	946,916	949,523	881,065
	<u>\$ 2,740,459</u>	<u>\$ 3,249,403</u>	<u>\$ 2,385,503</u>

(13) Long-term bank loans

Type of loans	Period and payment term	March 31, 2021	December 31, 2020	March 31, 2020
Syndicated bank loan	Borrowing period is from May 30, 2018 to May 30, 2023; interest is repayable monthly; principal is repayable semi-annually from November 30, 2018	\$ 3,310,000	\$ 3,310,000	\$ 9,066,000
Government granted bank loans	Borrowing period is from March 11, 2020 to February 15, 2030; interest is repayable monthly; principal is repayable monthly from March 15, 2023	5,214,000	4,505,000	3,584,000
Less: Fee on syndicated bank loan		( 14,663)	( 17,223)	( 22,163)
Less: Unamortized interest on government granted bank loans		( 69,114)	( 64,212)	( 64,473)
Less: Current portion (fee included)		( 748,517)	( 748,353)	( 748,050)
		<u>\$ 7,691,706</u>	<u>\$ 6,985,212</u>	<u>\$ 11,815,314</u>
Interest rate range		<u>0.65%~1.7895%</u>	<u>0.65%~1.7895%</u>	<u>0.7%~1.7895%</u>
Unused credit lines of long-term bank loans				
NT\$		<u>\$ 10,530,000</u>	<u>\$ 11,239,000</u>	<u>\$ 10,360,000</u>

- A. On January 1, 2019, Ministry of Economic Affairs, R.O.C. (“MOEA”) implemented the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” and companies are subsidized with preferential interest loans for qualified investment projects. The Company has obtained the qualification from the MOEA, and signed loan agreements with financial institutions during January and March 2020 with the line of credit amounted to NT\$12.144 billion and terms from seven to ten years. Funding from these loans were used to invest in machineries, equipment and plant expansions and broaden the Company’s working capital.
- B. On May 15, 2018, the Company entered into a syndicated loan with eleven banks in Taiwan, including Taiwan Cooperative Bank, in the amount of NT\$12 billion with a term of five years. Funding from this syndicated loan was used to repay the existing debt of financial institutions and broaden the Company’s working capital. Pursuant to the syndicated loan agreement, the Group is required to maintain certain financial ratios including current ratio, interest protection multiples and debt to equity ratio during the loan periods.
- C. Information about the items that are pledged to others as collaterals for long-term bank loans is provided in Note 8.

(14) Pensions

A. Defined Benefit Plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the pension fund deposited with the Bank of Taiwan, the trustee, under the name of the independent pension fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by March of following year.
- (b) For the aforementioned pension plan, the Company recognized pension costs of \$682 and \$1,232 for the three months ended March 31, 2021 and 2020, respectively.

## B. Defined Contribution Plans

Effective from July 1, 2005, the Company established a defined contribution pension plan (“New Plan”) under the Labor Pension Act, covering all regular employees with Republic of China (“R.O.C.”) nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the three months ended March 31, 2021 and 2020 were \$47,741 and \$46,182, respectively.

### (15) Capital stock

- A. As of March 31, 2021, the Company’s authorized capital was \$9,700,000, consisting of 970,000 thousand ordinary shares, and the paid-in capital was \$7,272,401 with a par value of \$10 (in dollars) per share, consisting of 727,240 thousand ordinary shares. All proceeds from shares issued have been collected.
- B. As of March 31, 2021, the outstanding ADSs were approximately 4,221,280 units representing 84,426 thousand ordinary shares and each ADS represents 20 ordinary shares of the Company. The major terms and conditions of the ADSs are summarized as follows:
- (a) Voting rights:
- ADS holders have no right to directly vote in shareholders’ meetings with respect to the deposited shares. The depository bank shall vote on behalf of ADS holders or provide voting instruction to the designated person of the Company. The depository bank shall vote in the manner as instructed by ADS holders.
- (b) Distribution of dividends:
- ADS holders are deemed to have the same rights as holders of ordinary shares with respect to the distribution of dividends.
- C. The number of the Company’s ordinary shares outstanding were both 727,240 thousand shares for the three months ended March 31, 2021 and 2020, respectively.

### (16) Capital surplus

Pursuant to the R.O.C. Company Act, any capital surplus arising from paid-in capital in excess of par value on issuance of ordinary shares and donations can be used to cover accumulated deficits or to issue new shares or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficits. Furthermore, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above may not exceed 10% of the paid-in capital each year. The capital surplus may not be used to cover accumulated deficits unless the legal reserve is insufficient.

		2021			
		Share premium	Employee restricted shares	Long-term investment	Total
January 1		<u>\$6,043,483</u>	<u>\$ -</u>	<u>\$ 16,168</u>	<u>\$ 6,059,651</u>
March 31		<u>\$6,043,483</u>	<u>\$ -</u>	<u>\$ 16,168</u>	<u>\$ 6,059,651</u>

		2020			
		Share premium	Employee restricted shares	Long-term investment	Total
January 1		<u>\$5,674,242</u>	<u>\$ 369,241</u>	<u>\$ 16,168</u>	<u>\$ 6,059,651</u>
March 31		<u>\$5,674,242</u>	<u>\$ 369,241</u>	<u>\$ 16,168</u>	<u>\$ 6,059,651</u>

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as a legal reserve. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. After the distribution of earnings, the remaining earnings and prior years' unappropriated retained earnings may be appropriated according to a proposal by the Board of Directors and approved in the shareholders' meeting.
- B. The Company's dividend policy is summarized here. As the Company operates in a volatile business environment, the issuance of dividends to be distributed takes into consideration the Company's financial structure, operating results and future expansion plans. The earnings distribution of the Company may be made by way of cash dividends or stock dividends, provided that cash dividends account for at least 10% of the total dividends distributed. The earnings distribution will be proposed by the Board of Directors and approved at the shareholders' meeting.
- C. Except for covering accumulated deficits or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve may not be used for any other purpose. The use of the legal reserve for the issuance of shares or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company must set aside a special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.

E. The appropriations of 2020 and 2019 earnings were proposed in the board meeting held on March 16, 2021, and resolved in the shareholders' meeting held on June 9, 2020, respectively. The appropriations and dividends per share are as follows:

	2020		2019	
	Amount	Cash distribution per share (in dollars)	Amount	Cash distribution per share (in dollars)
Legal reserve	\$ 232,611		\$ 258,416	
Special reserve	( 19,802)		19,802	
Cash dividend	1,599,928	\$ 2.20	1,309,032	\$ 1.80

(18) Other equity interest

	2021		
	Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Total
January 1	(\$ 61,330)	\$ 204,964	\$ 143,634
Currency translation differences			
- The Company	( 18,689)	-	( 18,689)
Evaluation adjustment			
- The Company	-	( 37,175)	( 37,175)
- Associates	-	18,116	18,116
Evaluation adjustment related tax			
- The Company	-	7,435	7,435
March 31	(\$ 80,019)	\$ 193,340	\$ 113,321

	2020		
	Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Total
January 1	(\$ 89,682)	\$ 69,880	(\$ 19,802)
Currency translation differences			
- The Company	( 27,426)	-	( 27,426)
Evaluation adjustment			
- The Company	-	( 25,834)	( 25,834)
- Associates	-	( 5,319)	( 5,319)
Evaluation adjustment related tax			
- The Company	-	5,167	5,167
March 31	(\$ 117,108)	\$ 43,894	(\$ 73,214)

(19) Revenue

	Three months ended March 31,	
	2021	2020
Revenue from contracts with customers	\$ 6,465,339	\$ 5,586,802

A. The Group is primarily engaged in the assembly and testing services on high-integration and high-precision integrated circuits, and recognized revenue based on the progress towards completion of performance obligation during the service period. Information on revenue disaggregation is provided in Note 14.

B. Contract assets and liabilities

The Group has recognized the following contract assets and liabilities in relation to revenue from contracts with customers:

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Contract assets	\$ 364,536	\$ 389,016	\$ 341,719	\$ 377,869
Contract liabilities (Advance payments)	\$ -	\$ -	\$ 749	\$ 1,231

C. The information relating to loss allowance for contract assets is provided in Note 12(2).

D. Revenue recognized for the three months ended March 31, 2021 and 2020, amounted to \$0 and \$565, respectively, was related to carried forward contract liabilities for performance obligations not satisfied in prior year.

E. All of the service contracts are for periods of one year or less. As permitted under IFRS 15, “Revenue from Contracts with Customers”, the transaction price allocated to these unsatisfied contracts is not disclosed.

(20) Other income (expenses), net

	Three months ended March 31,	
	2021	2020
Gain on disposal of scrapped materials	\$ 11,184	\$ 10,845
Royalty income	-	2,962
Gain on disposal of items purchased on behalf of others	1,792	10,247
Gain on disposal of property, plant and equipment	6,715	1,229
Others	2,963	-
	\$ 22,654	\$ 25,283

(21) Interest income

	Three months ended March 31,	
	2021	2020
Bank deposits	\$ 876	\$ 11,029
Financial assets at amortized cost	384	653
	\$ 1,260	\$ 11,682



(22) Other income

	Three months ended March 31,	
	2021	2020
Rental income	\$ 3,075	\$ 1,994
Grant income	2,697	574
	<u>\$ 5,772</u>	<u>\$ 2,568</u>

(23) Other gains and losses

	Three months ended March 31,	
	2021	2020
Foreign exchange (losses) gains, net	(\$ 9,907 )	\$ 44,743
Gain on valuation of financial assets at fair value through profit or loss	8,832	284
Compensation income	1,524	-
Others	560	502
	<u>\$ 1,009</u>	<u>\$ 45,529</u>

(24) Finance costs

	Three months ended March 31,	
	2021	2020
Interest expense		
Bank loans	\$ 28,150	\$ 42,220
Lease liabilities	3,781	3,311
Less: Amounts capitalized in qualifying assets	( 2,396 )	( 3,482 )
	29,535	42,049
Finance expense	2,560	2,192
	<u>\$ 32,095</u>	<u>\$ 44,241</u>

(25) Expenses by nature

	Three months ended March 31,	
	2021	2020
Raw materials and supplies used	\$ 1,382,510	\$ 1,038,745
Employee benefit expenses	1,596,181	1,556,521
Depreciation expenses	1,127,030	1,004,886
Others	1,222,580	1,111,802
	<u>\$ 5,328,301</u>	<u>\$ 4,711,954</u>

(26) Employee benefit expenses

	Three months ended March 31,	
	2021	2020
Salaries	\$ 1,322,335	\$ 1,277,017
Directors' remuneration	9,397	7,833
Labor and health insurance	103,022	107,721
Pension	48,423	47,414
Other personnel expenses	113,004	116,536
	<u>\$ 1,596,181</u>	<u>\$ 1,556,521</u>

- A. In accordance with the Company's Articles of Incorporation, employees' compensation is based on the current year's earnings, which should first be used to cover accumulated deficits, if any, and then 10% of the remaining balance distributed as employees' compensation, including distributions to certain qualifying employees in affiliate companies, and no more than 0.5% as directors' remuneration. Subject to the Board of Directors' approval, employees' compensation may be made by way of cash or share issuance. Distribution of employees' compensation and directors' remuneration shall be presented and reported in the subsequent shareholders' meeting.
- B. Based on profit distributable as of the end of reporting period, for the three months ended March 31, 2021 and 2020, the employees' compensation were accrued at \$131,346 and \$100,056, respectively; the directors' remuneration were accrued at \$6,567 and \$5,003, respectively.
- C. For the year of 2020, employees' compensation and directors' remuneration recognized were consistent with the amounts resolved in the Board of Directors' meetings.
- Information about the appropriation of employees' compensation and directors' remuneration by the Company as approved by the Board of Directors is posted in the Market Observation Post System ("MOPS").

(27) Income tax expense

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2021	2020
Current income tax:		
Current income tax on profits for the period	\$ 227,344	\$ 166,591
Deferred income tax:		
Relating to origination and reversal of temporary differences	( 1,467)	16,546
Income tax expense	<u>\$ 225,877</u>	<u>\$ 183,137</u>

- (b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	Three months ended March 31,	
	2021	2020
Unrealized loss on valuation of financial assets at fair value through other comprehensive income	(\$ 7,435)	(\$ 5,167)

- B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.
- C. On October 31, 2016, the Company merged with its former parent company, ChipMOS TECHNOLOGIES (Bermuda) LTD. And as a result, the Company recognized its own shares originally held by former parent company as treasury stock. Subsequently, the Company deducted unappropriated retained earnings by \$5,052,343 to reflect the loss due from the cancellation of treasury stock. In January 2017, the Company has filed an application to the National Taxation Bureau of the Northern Area, Ministry of Finance to apply the accumulated deficit amount, as a deduction in the calculation of years 2016 and 2015 additional 10% tax on unappropriated retained earnings. In April and June 2020, the Company received the Notice for Assessment of Tax for the years 2016 and 2015 from the National Taxation Bureau of the Northern Area, Ministry of Finance, and is entitled to tax refund amounted to \$138,941.

(28) Earnings per share

Three months ended March 31, 2021			
	Amount after income tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	<u>\$ 959,121</u>	<u>727,240</u>	<u>\$ 1.32</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		<u>10,116</u>	
Profit attributable to equity holders of the Company	<u>\$ 959,121</u>	<u>737,356</u>	<u>\$ 1.30</u>
Three months ended March 31, 2020			
	Amount after income tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	<u>\$ 712,716</u>	<u>727,240</u>	<u>\$ 0.98</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		<u>3,761</u>	
Profit attributable to equity holders of the Company	<u>\$ 712,716</u>	<u>731,001</u>	<u>\$ 0.97</u>

(29) Supplemental cash flow information

Partial cash paid for investing activities

Property, plant and equipment

	Three months ended March 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 1,110,302	\$ 1,138,169
Add: Beginning balance of payable on equipment	1,145,359	972,770
Less: Ending balance of payable on equipment	( 764,889)	( 564,555)
Cash paid during the period	<u>\$ 1,490,772</u>	<u>\$ 1,546,384</u>

(30) Changes in liabilities from financing activities

	2021				
	Short-term bank loans	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
January 1	\$ -	\$ 7,733,565	\$ 21,670	\$ 870,495	\$ 8,625,730
Changes in cash flow from financing activities	324,538	699,963	( 13)	( 57,851)	966,637
Adjustment of right-of-use assets	-	-	-	253,326	253,326
Amortization of loan fees	-	2,560	-	-	2,560
Amortization of interest expense	-	4,135	-	3,781	7,916
March 31	<u>\$ 324,538</u>	<u>\$ 8,440,223</u>	<u>\$ 21,657</u>	<u>\$ 1,069,751</u>	<u>\$ 9,856,169</u>

	2020				
	Short-term bank loans	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
January 1	\$ -	\$ 9,041,645	\$ 1,095	\$ 692,951	\$ 9,735,691
Changes in cash flow from financing activities	-	3,519,374	( 39)	( 12,348)	3,506,987
Adjustment of right-of-use assets	-	-	-	125,767	125,767
Amortization of loan fees	-	2,192	-	-	2,192
Amortization of interest expense	-	153	-	3,311	3,464
March 31	<u>\$ -</u>	<u>\$ 12,563,364</u>	<u>\$ 1,056</u>	<u>\$ 809,681</u>	<u>\$ 13,374,101</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company has neither a parent company nor an ultimate controlling party. The transactions between the Company and its subsidiaries were eliminated in the accompanying consolidated financial statements and were not disclosed herein. The transactions between the Group and other related parties are as follows.

### (2) Names of related parties and relationship

<u>Name</u>	<u>Relationship</u>
Unimos Shanghai	Associate
JMC	Associate

### (3) Significant related party transactions

None.

### (4) Key management personnel compensation

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 55,044	\$ 52,386
Post-employment compensation	536	504
	<u>\$ 55,580</u>	<u>\$ 52,890</u>

## 8. PLEDGED ASSETS

<u>Assets</u>	<u>Purpose</u>	<u>Carrying amount</u>		
		<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Non-current financial assets at amortized cost	Lease and bank loan	\$ 48,319	\$ 48,319	\$ 68,450
Property, plant and equipment				
- Land	Bank loan	452,738	452,738	452,738
- Buildings	Bank loan	4,018,523	4,092,287	4,050,348
- Machinery and equipment	Bank loan	<u>7,326,447</u>	<u>6,912,544</u>	<u>7,256,643</u>
		<u>\$ 11,846,027</u>	<u>\$ 11,505,888</u>	<u>\$ 11,828,179</u>

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) A letter of guarantee was issued by the Bank of Taiwan to the Customs Administration of the Ministry of Finance for making payment of customs-duty deposits when importing. As of March 31, 2021, December 31, 2020 and March 31, 2020, the amounts guaranteed by the Bank of Taiwan were \$99,000, \$99,000 and \$100,800, respectively.

(2) Capital expenditures that are contracted for, but not provided for, are as follows:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Property, plant and equipment	<u>\$ 2,498,092</u>	<u>\$ 2,331,041</u>	<u>\$ 1,245,577</u>

## 10. SIGNIFICANT DISASTER LOSS

None.

# 11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

# 12. OTHERS

## (1) Capital management

There was no significant change during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

## (2) Financial instruments

### A. Financial instruments by category

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 71,518	\$ 63,488	\$ 160,887
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	224,832	262,007	95,974
Financial assets at amortized cost			
Cash and cash equivalents	5,590,833	4,113,651	7,512,214
Financial assets at amortized cost	255,203	254,801	238,943
Notes receivable	870	599	468
Accounts receivable	5,477,494	5,364,156	4,720,771
Accounts receivable — related parties	-	-	100
Other receivables	26,297	51,436	72,642
Other receivables — related parties	-	-	1,943
Refundable deposits	20,826	21,186	21,127
	<u>\$ 11,667,873</u>	<u>\$ 10,131,324</u>	<u>\$ 12,825,069</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term bank loans	\$ 324,538	\$ -	\$ -
Notes payable	306	2,899	-
Accounts payable	1,137,537	966,821	821,884
Other payables	2,740,459	3,249,403	2,385,503
Long-term bank loans (including current portion)	8,440,223	7,733,565	12,563,364
Lease liabilities (including current portion)	1,069,751	870,495	809,681
Guarantee deposits	21,657	21,670	1,056
	<u>\$ 13,734,471</u>	<u>\$ 12,844,853</u>	<u>\$ 16,581,488</u>

### B. Risk management policies

There was no significant change during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

### C. Significant financial risks and degrees of financial risks

Except for the items explained below, there was no significant change during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

#### (a) Market risk

##### Foreign exchange risk

- i. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be

materially affected by the exchange rate fluctuations is as follows:

March 31, 2021			
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 145,968	28.5350	\$ 4,165,197
JPY:NTD	69,074	0.2577	17,800
RMB:NTD	6,393	4.3440	27,771
<u>Non-monetary items</u>			
JPY:NTD	872,457	0.2577	224,832
RMB:NTD	701,582	4.3440	3,047,673
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 38,754	28.5350	\$ 1,105,845
JPY:NTD	1,309,904	0.2577	337,562

December 31, 2020			
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 175,840	28.4800	\$ 5,007,923
JPY:NTD	137,635	0.2763	38,029
RMB:NTD	6,838	4.3770	29,930
<u>Non-monetary items</u>			
JPY:NTD	948,270	0.2763	262,007
RMB:NTD	690,178	4.3770	3,020,908
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 26,410	28.4800	\$ 752,157
JPY:NTD	1,538,241	0.2763	425,016

March 31, 2020			
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 188,373	30.2250	\$ 5,693,574
JPY:NTD	225,662	0.2788	62,915
RMB:NTD	6,455	4.2550	27,466
<u>Non-monetary items</u>			
JPY:NTD	344,239	0.2788	95,974
RMB:NTD	726,845	4.2550	3,092,727
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,679	30.2250	\$ 80,973
JPY:NTD	274,072	0.2788	76,411

- ii. The total exchange (losses) gains, including realized and unrealized (losses) gains arising from significant foreign exchange variations on monetary items held by the Group for the three months ended March 31, 2021 and 2020, amounted to (\$9,907) and \$44,743, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variations:

Three months ended March 31, 2021			
Sensitivity analysis			
	Change in exchange rate	Effect on profit (loss)	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 208,260	\$ -
JPY:NTD	5%	890	-
RMB:NTD	5%	1,389	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 55,292	\$ -
JPY:NTD	5%	16,878	-



Three months ended March 31, 2020				
Sensitivity analysis				
	Change in exchange rate		Effect on profit (loss)	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	284,679	\$ -
JPY:NTD	5%		3,146	-
RMB:NTD	5%		1,373	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	4,049	\$ -
JPY:NTD	5%		3,821	-

Price risk

- i. The Group's financial instruments, which are exposed to price risk, are the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in financial instruments, the Group diversifies its portfolio. Diversification of the portfolio is in accordance with the limits set by the Group.
- ii. The Group invests in beneficiary certificates and listed stocks issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. For the three months ended March 31, 2021 and 2020, it is estimated that the prices of equity securities increase or decrease by 1%, with all other variables held constant, would increase or decrease the Group's profit before income tax by \$622 and \$1,500, respectively.
- iii. The Group's investments in financial instruments comprise foreign unlisted stocks and partnership. The prices of financial instruments would change due to different valuation models and assumptions used. Analysis related to the effect on profit or other comprehensive income if these assumptions change is provided in Note 12(3)G.

Interest rate risk on cash flow and fair value

- i. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate bank loans. The Group reassesses the hedge management periodically to make sure it complies with the cost effectiveness.
- ii. The sensitivity analysis depends on the exposure of interest rate risk at the end of the

reporting period.

- iii. Analysis of debt with floating interest rates is based on the assumption that the outstanding debt at the end of the reporting period is outstanding throughout the period. The degree of variation the Group used to report to internal management is increase or decrease of 1% in interest rates which is assessed as the reasonable degree of variation by the management.
- iv. For the three months ended March 31, 2021 and 2020, it is estimated that a general increase or decrease of 1% in interest rates, with all other variables held constant, would decrease or increase the Group's profit before income tax approximately by \$22,121 and \$31,625, respectively, mainly due to the Group's floating rate on bank loans.

(b) Credit risk

- i. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss, mainly resulted from its operating activities (primarily notes and accounts receivable) and from its financing activities (primarily deposits with banks and financial instruments). The Group is exposed to credit risk arising from the carrying amount of the financial assets recognized in the consolidated balance sheet.
- ii. Each business unit performs ongoing credit evaluations of its debtors' financial conditions according to the Group's established policies, procedures and controls relating to customer credit risk management. The Group maintains an account for loss allowance based upon the available facts and circumstances, history of collection and write-off experiences of all trade and other receivables which consequently minimize the Group's exposure to bad debts.
- iii. Credit risk from balances with banks and financial institutions is managed by the Group's finance unit in accordance with the Group's policies. Transaction counterparty of the Group is determined through its internal controls policy. For banks and financial institutions, only parties rated above BBB+ by Taiwan Ratings are accepted. The probability of counterparty default is remote, so there is no significant credit risk.
- iv. The Group adopts the assumptions under IFRS 9, "Financial Instruments" and the default is deemed to have occurred when the contract payments are past due over 90 days.
- v. The Group categorized contract assets, accounts receivable and other receivables by characteristics of credit risk and applied the simplified approach using loss rate methodology to estimate expected credit loss.
- vi. The Group referred to the forecastability of business monitoring indicators published by the National Development Council to adjust the loss rate which is based on historical and current information when assessing the future default possibility of contract assets, accounts receivable and other receivables. As of March 31, 2021, December 31, 2020 and March 31, 2020, the loss rate methodologies are as follows:

	March 31, 2021		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.030%	0.030%	0.030%
Total carrying amount	\$ 364,645	\$ 5,479,132	\$ 26,304
Loss allowance	( \$ 109 )	( \$ 1,638 )	( \$ 7 )

	December 31, 2020		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.030%	0.030%	0.030%
Total carrying amount	\$ 389,133	\$ 5,365,776	\$ 51,446
Loss allowance	( \$ 117 )	( \$ 1,620 )	( \$ 10 )

	March 31, 2020		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.030%	0.030%	0.030%
Total carrying amount	\$ 341,821	\$ 4,722,286	\$ 74,591
Loss allowance	( \$ 102 )	( \$ 1,415 )	( \$ 6 )

- vii. Under the simplified approach, movements in relation to loss allowance for contract assets, accounts receivable, and other receivables are as follows:

	2021		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
January 1	( \$ 117 )	( \$ 1,620 )	( \$ 10 )
Provision for impairment loss	-	( 18 )	-
Reversal of impairment loss	8	-	3
March 31	( \$ 109 )	( \$ 1,638 )	( \$ 7 )

	2020		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
January 1	( \$ 114 )	( \$ 1,351 )	( \$ 18 )
Provision for impairment loss	-	( 64 )	-
Reversal of impairment loss	12	-	12
March 31	( \$ 102 )	( \$ 1,415 )	( \$ 6 )

- viii. The Group's recorded financial assets at amortized cost include time deposits with contract period over three months and restricted bank deposits. Because of the low credit risk, expected credit losses for the period are measured through a loss allowance at an amount equal to the 12-month expected credit losses. There is no significant provision for the losses.

(c) Liquidity risk

- i. The Group manages and maintains adequate cash and cash equivalents to finance the Group's operations, and minimize the impact from cash flow fluctuations. The Group also monitors its debt financing plans to ensure it is in compliance with the financial covenants required under its loan agreements.
- ii. The primary source of liquidity for the Group is from bank loans. See Note 6(10)(13) for details of the unused credit lines of the Group as of March 31, 2021, December 31, 2020 and March 31, 2020.
- iii. The contractual undiscounted cash flows of accounts payable and other payables due within one year and is equivalent to their carrying amounts. Except for the aforementioned, the table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on the earliest repayment dates and contractual undiscounted payments, including principal and interest. The Group does not consider the probability of early repayments requested by the banks.

<u>Non-derivative financial liabilities</u>	March 31, 2021				
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Short-term bank loans	\$ 325,660	\$ -	\$ -	\$ -	\$ 325,660
Long-term bank loans	849,446	3,868,806	2,559,304	1,531,212	8,808,768
Lease liabilities	272,960	238,116	54,106	711,989	1,277,171
Guarantee deposits	-	-	-	21,657	21,657
	<u>\$ 1,448,066</u>	<u>\$ 4,106,922</u>	<u>\$ 2,613,410</u>	<u>\$ 2,264,858</u>	<u>\$ 10,433,256</u>

<u>Non-derivative financial liabilities</u>	December 31, 2020				
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Long-term bank loans	\$ 846,401	\$ 3,558,597	\$ 2,198,717	\$ 1,487,808	\$ 8,091,523
Lease liabilities	145,594	160,146	54,689	718,752	1,079,181
Guarantee deposits	-	-	-	21,670	21,670
	<u>\$ 991,995</u>	<u>\$ 3,718,743</u>	<u>\$ 2,253,406</u>	<u>\$ 2,228,230</u>	<u>\$ 9,192,374</u>

<u>Non-derivative financial liabilities</u>	March 31, 2020				
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Long-term bank loans	\$ 938,811	\$ 1,907,004	\$ 8,574,134	\$ 1,826,783	\$ 13,246,732
Lease liabilities	69,977	126,159	59,295	786,404	1,041,835
Guarantee deposits	-	-	-	1,056	1,056
	<u>\$ 1,008,788</u>	<u>\$ 2,033,163</u>	<u>\$ 8,633,429</u>	<u>\$ 2,614,243</u>	<u>\$ 14,289,623</u>

The difference between the floating interest rates and estimated interest rates will affect the non-derivative financial liabilities stated above.

(3) Fair value information

A. The different levels of inputs used in valuation techniques to measure fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. An active market is a market in which trading for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices from Level 1 that are observable information for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of cash and cash equivalents, financial assets at amortized cost, contract assets, notes receivable, accounts receivable (including related parties), other receivables (including related parties), refundable deposits, bank loans, contract liabilities, notes payable, accounts payable, other payables, lease liabilities and guarantee deposits are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

	<u>March 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Listed stocks	\$ 62,160	\$ -	\$ -	\$ 62,160
- Foreign partnership interests	-	-	9,358	9,358
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	-	-	224,832	224,832
	<u>\$ 62,160</u>	<u>\$ -</u>	<u>\$ 234,190</u>	<u>\$ 296,350</u>

	December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Listed stocks	\$ 53,120	\$ -	\$ -	\$ 53,120
- Foreign partnership interests	-	-	10,368	10,368
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>262,007</u>	<u>262,007</u>
	<u>\$ 53,120</u>	<u>\$ -</u>	<u>\$ 272,375</u>	<u>\$ 325,495</u>

	<u>March 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Beneficiary certificates	\$ 150,000	\$ -	\$ -	\$ 150,000
- Foreign partnership interests	-	-	10,887	10,887
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>95,974</u>	<u>95,974</u>
	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 106,861</u>	<u>\$ 256,861</u>

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- The fair value of the Group's listed stocks is measured by using the market quoted prices, which is categorized within Level 1 fair value.
  - Except for listed stocks with active markets, the fair value of the Group's other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
  - The Group's financial instruments issued by foreign partnerships are measured by using the discounted cash flow method, which derives present value estimates by discounting

expected future operating effectiveness and free cash flows projections.

iv. The Group's financial instruments issued by foreign companies are measured by the comparable company valuation (EV/EBITDA ratio and P/B ratio).

v. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. The following table shows the movements of Level 3 for the three months ended March 31, 2021 and 2020:

	2021		
	Debt instruments	Equity instruments	Total
January 1	\$ 10,368	\$ 262,007	\$ 272,375
Gains or losses recognized in profit or loss			
Recorded as non-operating expenses	( 1,010)	-	( 1,010)
Gains or losses recognized in other comprehensive income			
Recorded as unrealized losses on valuation of financial assets at fair value through other comprehensive income	-	( 37,175)	( 37,175)
March 31	<u>\$ 9,358</u>	<u>\$ 224,832</u>	<u>\$ 234,190</u>

	2020		
	Debt instruments	Equity instruments	Total
January 1	\$ 11,038	\$ 121,808	\$ 132,846
Gains or losses recognized in profit or loss			
Recorded as non-operating expenses	( 151)	-	( 151)
Gains or losses recognized in other comprehensive income			
Recorded as unrealized losses on valuation of financial assets at fair value through other comprehensive income	-	( 25,834)	( 25,834)
March 31	<u>\$ 10,887</u>	<u>\$ 95,974</u>	<u>\$ 106,861</u>

E. The Group performs the fair value measurements being categorized within Level 3 with assistance from specialist. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

F. The following is the qualitative information and sensitivity analysis of changes in significant unobservable inputs under valuation model used in Level 3 fair value measurement:

	Fair value as of March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average method)	Relationship of inputs to fair value
Non-derivative debt instrument:					
Foreign partnership interests	\$ 9,358	Discounted cash flow	Discount rate	0.30%	The lower the discount rate, the higher the fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	224,832	Comparable companies	Price to book ratio multiple	2.61	The higher the multiple, the higher the fair value
			Enterprise value to EBITDA multiple	12.61	The higher the multiple, the higher the fair value
			Discount for lack of marketability	15.80%	The higher the discount for lack of marketability, the lower the fair value
	Fair value as of December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average method)	Relationship of inputs to fair value
Non-derivative debt instrument:					
Foreign partnership interests	\$ 10,368	Discounted cash flow	Discount rate	0.30%	The lower the discount rate, the higher the fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	262,007	Comparable companies	Price to book ratio multiple	1.97	The higher the multiple, the higher the fair value
			Enterprise value to EBITDA multiple	12.00	The higher the multiple, the higher the fair value
			Discount for lack of marketability	15.80%	The higher the discount for lack of marketability, the lower the fair value



	Fair value as of March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average method)	Relationship of inputs to fair value
Non-derivative debt instrument:					
Foreign partnership interests	\$ 10,887	Discounted cash flow	Discount rate	0.30%	The lower the discount rate, the higher the fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	95,974	Comparable companies	Price to book ratio multiple	1.07	The higher the multiple, the higher the fair value
			Enterprise value to EBITDA multiple	8.23	The higher the multiple, the higher the fair value
			Discount for lack of marketability	15.80%	The higher the discount for lack of marketability, the lower the fair value

G. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		March 31, 2021				
		Change	Recognized in profit or loss		Recognized in other comprehensive income	
Input			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:						
Foreign partnership interests	Discount rate	Note	\$ -	\$ -	\$ -	\$ -
Foreign unlisted stocks	Price to book ratio multiple	± 1%	-	-	35	28
	Enterprise value to EBITDA multiple	± 1%	-	-	1,868	1,914
	Discount for lack of marketability	± 1%	-	-	2,657	2,650
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,560</u>	<u>\$ 4,592</u>

		March 31, 2020					
		Change	Recognized in		Recognized in other		
Input			Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets:							
Foreign partnership interests	Discount rate	Note	\$ -	\$ -	\$ -	\$ -	-
Foreign unlisted stocks	Price to book ratio multiple	± 1%	-	-	30	23	
	Enterprise value to EBITDA multiple	± 1%	-	-	657	657	
	Discount for lack of marketability	± 1%	-	-	1,150	1,142	
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,837</u>	<u>\$ 1,822</u>	

Note: Based on the Group's assessment, change in input would not have significant impact on profit or loss or other comprehensive income.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

A. Financings provided: None.

B. Endorsements and guarantees provided: There were no endorsements and guarantees provided by the Company. For information related to the Company's letter of guarantee for duty, please refer to Note 9(1).

C. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Held company name	Marketable securities type and name	Relationship with the company	General ledger account	As of March 31, 2021				
				Number of shares	Carrying amount	Ownership (%)	Fair value	Note
The Company	Chipbond Technology Corporation	N/A	Financial assets at fair value through profit or loss	800,000	\$ 62,160	0.12	\$ 62,160	
The Company	RYOWA CO., LTD.	N/A	Financial assets at fair value through other comprehensive income	420	221,429	18.12	221,429	
The Company	CONNECTEC JAPAN Corporation	N/A	Financial assets at fair value through other comprehensive income	56,497	3,403	2.74	3,403	
ChipMOS BVI	Shanghai Zuzhu Business Consulting Partnership (Limited Partnership) ("Zuzhu")	N/A	Financial assets at fair value through profit or loss	-	4,196	Note	4,196	
ChipMOS BVI	Shanghai Zuzhan Business Consulting Partnership (Limited Partnership) ("Zuzhan")	N/A	Financial assets at fair value through profit or loss	-	1,901	Note	1,901	
ChipMOS BVI	Shanghai Zuchen Business Consulting Partnership (Limited Partnership) ("Zuchen")	N/A	Financial assets at fair value through profit or loss	-	1,625	Note	1,625	
ChipMOS BVI	Shanghai Guizao Business Consulting Partnership (Limited Partnership) ("Guizao")	N/A	Financial assets at fair value through profit or loss	-	1,636	Note	1,636	

Note: As of April 15, 2021, Zuzhu, Zuzhan, Zuchen, and Guizao have completed the cancellation of registration.

D. Marketable securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the paid-in capital:

Investor	Marketable securities type and name	General ledger account	Counterparty	Relationship with the investee	Balance as of January 1, 2021		Acquisition		Disposal				Balance as of March 31, 2021	
					Number of shares/units	Amount	Number of shares/units	Amount	Number of shares/units	Selling price	Book value	Gain on disposal	Number of shares/units	Amount
					(in thousands)		(in thousands)		(in thousands)				(in thousands)	
The Company	Taishin Ta-Chong Money Market Fund	Note	N/A	N/A	-	\$ -	48,872	\$ 700,000	48,872	\$ 700,095	\$ 700,000	\$ 95	-	\$ -
The Company	Fuh Hwa Money Market Fund	Note	N/A	N/A	-	-	82,499	1,200,000	82,499	1,200,118	1,200,000	118	-	-
The Company	Cathay Taiwan Money Market Fund	Note	N/A	N/A	-	-	27,922	350,000	27,922	350,181	350,000	181	-	-
The Company	UPAMC James Bond Money Market Fund	Note	N/A	N/A	-	-	29,684	500,000	29,684	500,147	500,000	147	-	-

Note: Accounted for as “Financial assets at fair value through profit or loss”.

E. Acquisition of real estate properties with amount exceeding the lower of \$300 million or 20% of the paid-in capital: None.

F. Disposal of real estate properties with amount exceeding the lower of \$300 million or 20% of paid-in capital: None.

G. Purchases from or sales to related parties with amount exceeding the lower of \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties with amount exceeding the lower of \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods:

Number	Company name	Counterparty	Relationship	General ledger account	Transaction		Percentage of consolidated total revenues or total assets (%)
					Amount	Transaction terms	
0	The Company	ChipMOS USA	Note	Service expense	\$ 8,362	-	0.13%
0	The Company	ChipMOS Shanghai	Note	Service expense	1,903	-	0.03%

Note: Represents the transactions from parent company to subsidiary.

## (2) Information on investees

Names, locations and related information of investees (excluding information on investments in the P.R.C.):

Investor	Investee	Location	Main business activities	Original investment amount		Shares held as of March 31, 2021			Net profit of the investee for the three months ended March 31, 2021	Investment income recognized for the three months ended March 31, 2021	Note
				Ending balance	Beginning balance	Number of shares	Ownership (%)	Carrying amount			
The Company	ChipMOS USA	San Jose, USA	Marketing of semiconductors and electronic related products	\$ 217,918	\$ 217,918	3,550,000	100	\$ 227,784	\$ 572	\$ 572	
The Company	JMC	Kaohsiung, Taiwan	Manufacturing, processing and trading of high-end flexible IC substrates for display driver ICs	148,007	148,007	8,300,000	10	272,574	35,758	3,576	Note
The Company	ChipMOS BVI	British Virgin Islands	Holding company	3,087,825	3,087,825	2,413,992,975	100	3,078,223	42,591	42,591	

Note: Company's associate accounted for using equity method.

## (3) Information on investments in the P.R.C.

### A. Basic information:

Investee in P.R.C.	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to P.R.C. as of January 1, 2021	Amount remitted from Taiwan to P.R.C./ Amount remitted back to Taiwan for the three months ended March 31, 2021		Accumulated amount of remittance from Taiwan to P.R.C. as of March 31, 2021	Net income (loss) of investee for the three months ended March 31, 2021	Ownership (%) held by the Company (directly or indirectly)	Investment gain (loss) recognized for the three months ended March 31, 2021	Carrying amount of investments in P.R.C. as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan through March 31, 2021	Note
					Remitted to P.R.C.	Remitted back to Taiwan							
Unimos Shanghai	Semiconductor assembling and testing services	\$ 10,817,191	Note 1	\$ 2,885,586	\$ -	\$ -	\$ 2,885,586	\$ 130,026	45.02	\$ 45,784	\$ 3,047,673	\$ -	Note 2
ChipMOS Shanghai	Marketing of semiconductors and electronic related products	15,113	Note 1	15,113	-	-	15,113	( 9)	100.00	( 9)	14,755	-	Note 2
Zuzhu	Business consulting services	7,944	Note 1	-	-	-	-	( 230)	Note 3	-	4,196	-	
Zuzhan	Business consulting services	2,324	Note 1	-	-	-	-	( 252)	Note 3	-	1,901	-	
Zuchen	Business consulting services	2,210	Note 1	-	-	-	-	( 228)	Note 3	-	1,625	-	
Guizao	Business consulting services	2,172	Note 1	-	-	-	-	( 230)	Note 3	-	1,636	-	

Note 1: Through investing in an existing company (ChipMOS BVI) in the third area, which then invested in the investee in P.R.C.

Note 2: Recognized based on the financial statements that are reviewed by the Company's independent accountants.

Note 3: As of April 15, 2021, Zuzhu, Zuzhan, Zuchen, and Guizao have completed the cancellation of registration.

Company name	Accumulated amount of remittance from Taiwan to P.R.C. as of March 31, 2021	Investment amount approved by the Investment Commission of MOEA	Limit on investments in P.R.C. imposed by the Investment Commission of MOEA
The Company	\$ 2,900,699	\$ 2,900,699	\$ 13,056,403

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the P.R.C.: None.

(4) Major shareholders information

Major shareholder name	Number of shares	Ownership (%)	Notes
First Bank in Its Capacity as Master Custodian for Custodial Account of ChipMOS' ADSs	84,425,614	11.60%	Notes 1, 2
Siliconware Precision Industries Co., Ltd.	78,910,390	10.85%	Note 1
Yann Yuan Investment Co., Ltd.	55,000,000	7.56%	Note 1

Note 1: This table is calculated by Taiwan Depository & Clearing Corporation, using total number of ordinary shares and preferred shares held by the shareholders who have completed the company's non-physical registration and delivery (including treasury shares) is more than 5% on the last business day at the end of each quarter. As for the share capital recorded in the company's consolidated financial report and the number of shares which the company has completed the non-physical registration and delivery, may be different from computational basis.

Note 2: Above information if belongs to shareholders delivering the shares to the trust, will be disclosed by the principal individual account of the trustee opened the trust account. As for shareholders who handle the declaration of insider equity holding more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, etc. Please refer to the information on the MOPS for insider equity declaration.

#### 14. SEGMENT INFORMATION

##### (1) General information

The Group engages mainly in the assembly and testing of semiconductors, memory modules and general investments. In accordance with IFRS 8, “Operating Segments”, the Group’s segments include Testing, Assembly, Testing and Assembly for LCD, OLED and other Display Panel Driver Semiconductors (“LCDD”), Bumping and others as the five reportable segments.

##### (2) Measurement of segment information

The Group’s reportable segments are strategic business units which provide different products and services. The accounting policies adopted by the operating segments are the same as the accounting policies described in Note 4.

##### (3) Information about segment profit or loss

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	Three months ended March 31, 2021						
	<u>Testing</u>	<u>Assembly</u>	<u>LCDD</u>	<u>Bumping</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
Revenue:							
External customers	\$ 1,336,531	\$ 1,870,718	\$ 1,896,483	\$ 1,361,607	\$ -	\$ -	\$ 6,465,339
Inter-segment	-	-	-	-	10,151	( 10,151)	-
Total revenue	<u>\$ 1,336,531</u>	<u>\$ 1,870,718</u>	<u>\$ 1,896,483</u>	<u>\$ 1,361,607</u>	<u>\$ 10,151</u>	<u>(\$ 10,151)</u>	<u>\$ 6,465,339</u>
Operating profit (loss)	<u>\$ 380,959</u>	<u>\$ 178,654</u>	<u>\$ 467,346</u>	<u>\$ 134,310</u>	<u>(\$ 1,583)</u>	<u>\$ 6</u>	<u>\$ 1,159,692</u>

	Three months ended March 31, 2020						
	<u>Testing</u>	<u>Assembly</u>	<u>LCDD</u>	<u>Bumping</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
Revenue:							
External customers	\$ 1,214,854	\$ 1,448,515	\$ 1,767,601	\$ 1,155,832	\$ -	\$ -	\$ 5,586,802
Inter-segment	-	-	-	-	9,450	( 9,450)	-
Total revenue	<u>\$ 1,214,854</u>	<u>\$ 1,448,515</u>	<u>\$ 1,767,601</u>	<u>\$ 1,155,832</u>	<u>\$ 9,450</u>	<u>(\$ 9,450)</u>	<u>\$ 5,586,802</u>
Operating profit	<u>\$ 316,991</u>	<u>\$ 22,192</u>	<u>\$ 435,131</u>	<u>\$ 125,198</u>	<u>\$ 608</u>	<u>\$ 11</u>	<u>\$ 900,131</u>

##### (4) Reconciliation for segment income (loss)

Revenue from external customers and segment income (loss) reported to the chief operating decision maker are measured using the same method as for revenue and operating profit in the financial statements. Thus, no reconciliation is needed.