

**ChipMOS TECHNOLOGIES INC. AND  
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2023 AND 2022**

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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, 2023 AND 2022  
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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, 2023 and 2022, 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” that came into effect 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 Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of 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 of March 31, 2023 and 2022, and 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" that came into effect as endorsed by the Financial Supervisory Commission.

## ***Other matter***

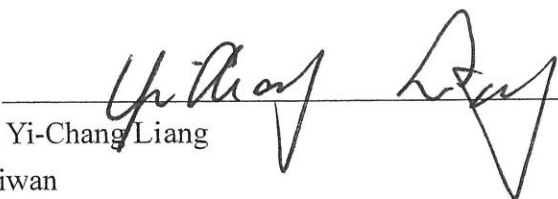
We did not review the financial statements of a certain investment accounted for using the equity method which were reviewed by other independent accountants. Therefore, our conclusion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and the information on the investee disclosed in Note 13 is based solely on the reports of the other independent accountants. The balance of this investment accounted for using the equity method amounted to NT\$298,820 thousand and NT\$305,916 thousand, constituting 0.7% and 0.7% of the consolidated total assets as of March 31, 2023 and 2022, respectively, and total net comprehensive income including the share of profit and other comprehensive income of associate accounted for using the equity method amounted to NT\$31,750 thousand and NT\$1,479 thousand, constituting 13.5% and 0.1% of the consolidated total comprehensive income for the three months then ended, respectively.



Chien-Yeh Hsu

For and on behalf of PricewaterhouseCoopers, Taiwan

May 4, 2023



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, 2023 and 2022 are reviewed, not audited)

Assets			March 31, 2023		December 31, 2022		March 31, 2022	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 11,735,786	26	\$ 9,896,604	22	\$ 6,287,972	15
1110	Current financial assets at fair value through profit or loss	6(2)	149,300	-	128,224	-	361,880	1
1136	Current financial assets at amortized cost	6(3)	98,462	-	98,731	-	30,238	-
1140	Current contract assets	6(17)	283,846	1	381,358	1	349,334	1
1150	Notes receivable, net		-	-	-	-	514	-
1170	Accounts receivable, net	6(4)	4,261,446	10	4,381,563	10	5,659,793	13
1200	Other receivables		52,675	-	131,863	-	39,583	-
1220	Current tax assets		19	-	-	-	231	-
130X	Inventories	6(5)	2,889,490	6	3,210,409	8	3,163,086	8
1410	Prepayments		130,373	-	123,377	-	167,527	-
11XX	Total current assets		19,601,397	43	18,352,129	41	16,060,158	38
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	314,551	1	338,102	1	387,114	1
1535	Non-current financial assets at amortized cost	6(3) and 8	37,362	-	37,362	-	37,339	-
1550	Investments accounted for using equity method	6(7)	4,452,430	10	4,353,448	10	4,121,656	10
1600	Property, plant and equipment	6(8) and 8	19,606,649	43	20,446,205	45	19,598,225	47
1755	Right-of-use assets	6(9)	1,211,269	2	898,992	2	984,383	2
1840	Deferred tax assets		136,678	-	159,286	-	176,882	-
1920	Refundable deposits		21,767	-	21,771	-	21,325	-
1990	Other non-current assets		327,921	1	335,650	1	627,700	2
15XX	Total non-current assets		26,108,627	57	26,590,816	59	25,954,624	62
1XXX	Total assets		\$ 45,710,024	100	\$ 44,942,945	100	\$ 42,014,782	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, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			Amount	%	Amount	%	Amount	%
Liabilities								
Current liabilities								
2150	Notes payable		\$ 127	-	\$ 132	-	\$ 15	-
2170	Accounts payable		571,820	1	560,802	1	988,411	2
2200	Other payables	6(10)	2,839,300	6	3,796,481	9	2,953,857	7
2230	Current tax liabilities		197,504	1	202,026	1	1,045,483	3
2250	Current provisions		24,079	-	26,643	-	5,531	-
2280	Current lease liabilities	6(28)	276,013	1	160,955	-	209,007	1
2320	Long-term bank loans, current portion	6(11)(28) and 8	1,870,602	4	1,522,917	3	93,788	-
2365	Current refund liabilities		27,969	-	37,123	-	6,159	-
2399	Other current liabilities		22,574	-	22,318	-	2,048	-
21XX	Total current liabilities		5,829,988	13	6,329,397	14	5,304,299	13
Non-current liabilities								
2540	Long-term bank loans	6(11)(28) and 8	13,280,975	29	12,444,884	28	9,282,587	22
2570	Deferred tax liabilities		188,415	-	188,812	-	263,623	1
2580	Non-current lease liabilities	6(28)	958,589	2	759,447	2	792,084	2
2630	Long-term deferred revenue		127,837	-	127,657	-	115,948	-
2640	Net defined benefit liability, non-current		256,149	1	259,215	1	499,895	1
2645	Guarantee deposits	6(28)	21,579	-	21,600	-	21,618	-
25XX	Total non-current liabilities		14,833,544	32	13,801,615	31	10,975,755	26
2XXX	Total liabilities		20,663,532	45	20,131,012	45	16,280,054	39
Equity								
Equity attributable to equity holders of the Company								
	Capital stock	6(13)						
3110	Capital stock—common stock		7,272,401	16	7,272,401	16	7,272,401	17
	Capital surplus	6(14)						
3200	Capital surplus		6,064,637	13	6,064,637	13	6,064,485	14
	Retained earnings							
3310	Legal reserve		2,575,987	6	2,575,987	6	2,070,505	5
3350	Unappropriated retained earnings		8,860,475	19	8,657,696	19	9,965,190	24
	Other equity interest	6(16)						
3400	Other equity interest		272,992	1	241,212	1	362,147	1
31XX	Equity attributable to equity holders of the Company		25,046,492	55	24,811,933	55	25,734,728	61
3XXX	Total equity		25,046,492	55	24,811,933	55	25,734,728	61
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 45,710,024	100	\$ 44,942,945	100	\$ 42,014,782	100

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)  
(Unaudited)

			Three months ended March 31,			
			2023		2022	
Items	Notes		Amount	%	Amount	%
4000 Revenue	6(17)		\$ 4,605,134	100	\$ 6,725,222	100
5000 Cost of revenue	6(5)(23)(24)	(	4,035,361)	( 88)	( 5,047,198)	( 75)
5900 Gross profit			<u>569,773</u>	<u>12</u>	<u>1,678,024</u>	<u>25</u>
Operating expenses	6(23)(24)					
6100 Sales and marketing expenses		(	28,577)	( 1)	( 30,613)	-
6200 General and administrative expenses		(	117,119)	( 2)	( 134,961)	( 2)
6300 Research and development expenses		(	254,875)	( 5)	( 301,492)	( 5)
6000 Total operating expenses		(	<u>400,571</u>	<u>( 8)</u>	<u>467,066</u>	<u>( 7)</u>
6500 Other income (expenses), net	6(18)		<u>16,243</u>	<u>-</u>	<u>21,318</u>	<u>-</u>
6900 Operating profit			<u>185,445</u>	<u>4</u>	<u>1,232,276</u>	<u>18</u>
Non-operating income (expenses)						
7100 Interest income	6(19)		50,202	1	2,601	-
7010 Other income	6(20)		25,695	1	9,380	-
7020 Other gains and losses	6(21)	(	17,891)	( 1)	145,831	2
7050 Finance costs	6(22)	(	60,447)	( 1)	( 36,130)	-
7060 Share of profit of associates and joint ventures accounted for using equity method			<u>45,905</u>	<u>1</u>	<u>107,346</u>	<u>2</u>
7000 Total non-operating income (expenses)			<u>43,464</u>	<u>1</u>	<u>229,028</u>	<u>4</u>
7900 <b>Profit before income tax</b>			<u>228,909</u>	<u>5</u>	<u>1,461,304</u>	<u>22</u>
7950 Income tax expense	6(25)	(	26,559)	( 1)	( 236,565)	( 4)
8200 <b>Profit for the period</b>			<u>\$ 202,350</u>	<u>4</u>	<u>\$ 1,224,739</u>	<u>18</u>
<b>Other comprehensive income (loss)</b>						
8316 Unrealized (loss) gain on valuation of equity instruments at fair value through other comprehensive income	6(6)(16)	( \$	23,551)	( 1)	\$ 2,593	-
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)		34,256	1	( 4,031)	-
8349 Income tax effect on components that will not be reclassified to profit or loss	6(16)(25)		<u>4,710</u>	<u>-</u>	<u>( 519)</u>	<u>-</u>
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss			<u>15,415</u>	<u>-</u>	<u>( 1,957)</u>	<u>-</u>
8361 Exchange differences on translation of foreign operations	6(16)		<u>16,794</u>	<u>1</u>	<u>126,060</u>	<u>2</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss			<u>16,794</u>	<u>1</u>	<u>126,060</u>	<u>2</u>
8300 <b>Other comprehensive income, net of income tax</b>			<u>\$ 32,209</u>	<u>1</u>	<u>\$ 124,103</u>	<u>2</u>
8500 <b>Total comprehensive income for the period</b>			<u>\$ 234,559</u>	<u>5</u>	<u>\$ 1,348,842</u>	<u>20</u>
9750 Earnings per share — basic	6(26)		<u>\$</u>	<u>0.28</u>	<u>\$</u>	<u>1.68</u>
9850 Earnings per share — diluted	6(26)		<u>\$</u>	<u>0.28</u>	<u>\$</u>	<u>1.66</u>

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	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Total equity
<u>Year 2022</u>								
Balance at January 1, 2022		\$ 7,272,401	\$ 6,064,485	\$ 2,070,505	\$ 8,740,451	(\$ 86,025)	\$ 324,069	\$ 24,385,886
Profit for the period		-	-	-	1,224,739	-	-	1,224,739
Other comprehensive income (loss)		-	-	-	-	126,060	(1,957)	124,103
Total comprehensive income (loss) for the period		-	-	-	1,224,739	126,060	(1,957)	1,348,842
Balance at March 31, 2022		\$ 7,272,401	\$ 6,064,485	\$ 2,070,505	\$ 9,965,190	\$ 40,035	\$ 322,112	\$ 25,734,728
<u>Year 2023</u>								
Balance at January 1, 2023		\$ 7,272,401	\$ 6,064,637	\$ 2,575,987	\$ 8,657,696	(\$ 17,369)	\$ 258,581	\$ 24,811,933
Profit for the period		-	-	-	202,350	-	-	202,350
Other comprehensive income		-	-	-	429	16,794	14,986	32,209
Total comprehensive income for the period		-	-	-	202,779	16,794	14,986	234,559
Balance at March 31, 2023		\$ 7,272,401	\$ 6,064,637	\$ 2,575,987	\$ 8,860,475	(\$ 575)	\$ 273,567	\$ 25,046,492

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, 2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		\$ 228,909	\$ 1,461,304
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(8)(9)(23)	1,197,628	1,188,229
Expected credit gains		( 197 )	( 255 )
Interest expense	6(22)	60,447	26,104
Interest income	6(19)	( 50,202 )	( 2,601 )
Share of profit of associates and joint ventures accounted for using equity method		( 45,905 )	( 107,346 )
Gain on valuation of financial assets at fair value through profit or loss	6(2)(21)	( 24,957 )	( 2,535 )
Gain on disposal of property, plant and equipment	6(18)	( 3,907 )	( 1,133 )
Deferred income		( 5,088 )	( 4,240 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		3,881	615
Current contract assets		97,571	50,937
Notes receivable		-	521
Accounts receivable		120,229	684,687
Other receivables		37,473	45,984
Inventories		320,919	44,091
Prepayments		( 6,996 )	( 6,402 )
Changes in operating liabilities			
Notes payable		( 5 )	( 8 )
Accounts payable		11,018	( 23,980 )
Other payables		( 146,378 )	( 78,462 )
Current provisions		( 2,564 )	1,250
Current refund liabilities		( 9,154 )	( 3,690 )
Other current liabilities		256	( 12,173 )
Net defined benefit liability, non-current		( 3,066 )	( 3,393 )
Cash generated from operations		1,779,912	3,257,504
Interest received		46,496	2,501
Interest paid		( 50,017 )	( 19,195 )
Income tax paid		( 4,179 )	( 130 )
Net cash generated from operating activities		<u>1,772,212</u>	<u>3,240,680</u>

(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, 2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortized cost		( \$ 10,971 )	( \$ 10,405 )
Proceeds from repayments of financial assets at amortized cost		10,405	10,605
Acquisition of property, plant and equipment	6(27)	( 1,113,131 )	( 1,966,542 )
Proceeds from disposal of property, plant and equipment		61,133	3,579
Increase in refundable deposits		-	( 47 )
Increase in other non-current assets		-	( 62,882 )
Increase in long-term deferred revenue		5,268	-
Net cash used in investing activities		( 1,047,296 )	( 2,025,692 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term bank loans		-	50,000
Payments on short-term bank loans		-	( 781,751 )
Payments on lease liabilities		( 59,065 )	( 54,325 )
Proceeds from long-term bank loans		1,302,000	-
Payments on long-term bank loans		( 127,434 )	( 54,000 )
Decrease in guarantee deposits		( 21 )	( 7 )
Net cash generated from (used in) financing activities		1,115,480	( 840,083 )
Effect of foreign exchange rate changes		( 1,214 )	6,891
Net increase in cash and cash equivalents		1,839,182	381,796
Cash and cash equivalents at beginning of period		9,896,604	5,906,176
Cash and cash equivalents at end of period		\$ 11,735,786	\$ 6,287,972

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, 2023 AND 2022

(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 4, 2023.

**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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

A. New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by International Accounting Standards Board (“IASB”)</u>
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 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

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 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17, “Insurance Contracts”	January 1, 2023

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by IASB</u>
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 1, “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1, “Non-current Liabilities with Covenants”	January 1, 2024

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, 2022, 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, 2022.

##### (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 is consistent with those for the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of investee	Main business	Percentage of Ownership (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
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	100

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

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.

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, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and petty cash	\$ 450	\$ 450	\$ 450
Checking accounts and demand deposits	1,818,434	2,248,954	2,593,285
Time deposits	9,916,902	7,647,200	3,694,237
	<u>\$ 11,735,786</u>	<u>\$ 9,896,604</u>	<u>\$ 6,287,972</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, 2023	December 31, 2022	March 31, 2022
Current:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 171,988	\$ 171,988	\$ 339,679
Valuation adjustment	( 22,688)	( 43,764)	22,201
	<u>\$ 149,300</u>	<u>\$ 128,224</u>	<u>\$ 361,880</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, 2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 21,076	\$ 1,920
Beneficiary certificates	3,881	615
	<u>\$ 24,957</u>	<u>\$ 2,535</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, 2023	December 31, 2022	March 31, 2022
Current:			
Time deposits	<u>\$ 98,462</u>	<u>\$ 98,731</u>	<u>\$ 30,238</u>
Non-current:			
Restricted bank deposits	<u>\$ 37,362</u>	<u>\$ 37,362</u>	<u>\$ 37,339</u>

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

	Three months ended March 31, 2023	2022
Interest income	<u>\$ 911</u>	<u>\$ 53</u>

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, 2023	December 31, 2022	March 31, 2022
Accounts receivable	\$ 4,264,003	\$ 4,384,232	\$ 5,661,469
Less: Loss allowance	( 2,557)	( 2,669)	( 1,676)
	<u>\$ 4,261,446</u>	<u>\$ 4,381,563</u>	<u>\$ 5,659,793</u>

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, 2023	December 31, 2022	March 31, 2022
Current	\$ 4,253,489	\$ 4,357,073	\$ 5,659,093
Within 1 month	10,514	27,159	2,376
	<u>\$ 4,264,003</u>	<u>\$ 4,384,232</u>	<u>\$ 5,661,469</u>

C. As of March 31, 2023, December 31, 2022 and March 31, 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of accounts receivable from contracts with customers was \$6,344,246.

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, 2023			
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	<u>\$ 3,021,687</u>	<u>(\$ 132,197)</u>	<u>\$ 2,889,490</u>
December 31, 2022			
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	<u>\$ 3,316,039</u>	<u>(\$ 105,630)</u>	<u>\$ 3,210,409</u>
March 31, 2022			
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	<u>\$ 3,289,403</u>	<u>(\$ 126,317)</u>	<u>\$ 3,163,086</u>

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

	Three months ended March 31,	
	2023	2022
Cost of revenue	\$ 4,008,794	\$ 5,042,467
Allowance for inventory valuation and obsolescence loss	26,567	4,731
	<u>\$ 4,035,361</u>	<u>\$ 5,047,198</u>

A. Allowance for 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, 2023	December 31, 2022	March 31, 2022
Designation of equity instruments			
Foreign unlisted stocks	\$ 38,534	\$ 38,534	\$ 38,534
Valuation adjustment	276,017	299,568	348,580
	<u>\$ 314,551</u>	<u>\$ 338,102</u>	<u>\$ 387,114</u>

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, 2023, December 31, 2022 and March 31, 2022, 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,	
	2023	2022
Financial assets at fair value through other comprehensive income		
Foreign unlisted stocks	(\$ 23,551)	\$ 2,593

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Associates</u>			
JMC ELECTRONICS CO., LTD. ("JMC")	\$ 298,820	\$ 267,070	\$ 305,916
Unimos Microelectronics (Shanghai) Co., Ltd. ("Unimos Shanghai")	4,153,610	4,086,378	3,815,740
	<u>\$ 4,452,430</u>	<u>\$ 4,353,448</u>	<u>\$ 4,121,656</u>



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

(a) Basic information

Company name	Principal place of business	Shareholding ratio March 31, 2023	Nature of relationship	Method of measurement
Unimos Shanghai	Shanghai, People's Republic of China ("P.R.C.")	45.02%	Strategic Investee	Equity method

(b) Summarized financial information

Balance sheets

	Unimos Shanghai March 31, 2023
Current assets	\$ 4,526,163
Non-current assets	4,619,950
Current liabilities	( 681,738)
Non-current liabilities	( 216,672)
Total net assets	<u>\$ 8,247,703</u>
Share in associate's net assets	\$ 3,713,462
Depreciable assets	418,030
Goodwill	22,118
Carrying amount of the associate	<u>\$ 4,153,610</u>

Statements of comprehensive income

	Unimos Shanghai Three months ended March 31, 2023
Revenue	<u>\$ 1,087,794</u>
Profit for the period from continuing operations	\$ 135,764
Other comprehensive income, net of income tax	-
Total comprehensive income	<u>\$ 135,764</u>
Dividend received from the associate	<u>\$ -</u>

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, 2023, December 31, 2022 and March 31, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$298,820, \$4,353,448 and \$4,121,656, respectively.

	Three months ended March 31,	
	2023	2022
(Loss) profit for the period from continuing operations	( \$ 2,506)	\$ 107,346
Other comprehensive income (loss), net of income tax	34,256	( 4,031)
Total comprehensive income	<u>\$ 31,750</u>	<u>\$ 103,315</u>

C. JMC has quoted market prices. As of March 31, 2023, December 31, 2022 and March 31, 2022, the fair value was \$295,895, \$249,000 and \$429,940, respectively.

D. JMC is still recognized as investment accounted for using equity method given that the Company retains significant influence by holding one seat in JMC's Board of Directors.

(8) Property, plant and equipment

2023							
	Land	Buildings	Machinery and equipment	Tools	Others	Construction in progress and equipment to be inspected	Total
<u>January 1</u>							
Cost	\$ 452,738	\$ 13,379,852	\$ 59,197,255	\$ 5,716,357	\$ 2,615,959	\$ 504,200	\$ 81,866,361
Accumulated depreciation and impairment	-	( 7,994,344)	( 46,438,887)	( 4,919,660)	( 2,067,265)	-	( 61,420,156)
	<u>\$ 452,738</u>	<u>\$ 5,385,508</u>	<u>\$ 12,758,368</u>	<u>\$ 796,697</u>	<u>\$ 548,694</u>	<u>\$ 504,200</u>	<u>\$ 20,446,205</u>
January 1	\$ 452,738	\$ 5,385,508	\$ 12,758,368	\$ 796,697	\$ 548,694	\$ 504,200	\$ 20,446,205
Additions	-	154	593	-	-	312,423	313,170
Disposals	-	-	( 11,402)	( 377)	-	-	( 11,779)
Reclassifications	-	80,196	138,834	99,925	46,457	( 365,412)	-
Depreciation expenses	-	( 137,290)	( 772,411)	( 161,392)	( 69,849)	-	( 1,140,942)
Exchange adjustment	-	-	( 3)	-	( 2)	-	( 5)
March 31	<u>\$ 452,738</u>	<u>\$ 5,328,568</u>	<u>\$ 12,113,979</u>	<u>\$ 734,853</u>	<u>\$ 525,300</u>	<u>\$ 451,211</u>	<u>\$ 19,606,649</u>
<u>March 31</u>							
Cost	\$ 452,738	\$ 13,460,202	\$ 59,275,508	\$ 5,691,067	\$ 2,657,843	\$ 451,211	\$ 81,988,569
Accumulated depreciation and impairment	-	( 8,131,634)	( 47,161,529)	( 4,956,214)	( 2,132,543)	-	( 62,381,920)
	<u>\$ 452,738</u>	<u>\$ 5,328,568</u>	<u>\$ 12,113,979</u>	<u>\$ 734,853</u>	<u>\$ 525,300</u>	<u>\$ 451,211</u>	<u>\$ 19,606,649</u>
2022							
	Land	Buildings	Machinery and equipment	Tools	Others	Construction in progress and equipment to be inspected	Total
<u>January 1</u>							
Cost	\$ 452,738	\$ 11,877,419	\$ 57,176,339	\$ 5,574,316	\$ 2,345,204	\$ 682,929	\$ 78,108,945
Accumulated depreciation and impairment	-	( 7,533,863)	( 43,894,154)	( 4,736,326)	( 1,833,481)	-	( 57,997,824)
	<u>\$ 452,738</u>	<u>\$ 4,343,556</u>	<u>\$ 13,282,185</u>	<u>\$ 837,990</u>	<u>\$ 511,723</u>	<u>\$ 682,929</u>	<u>\$ 20,111,121</u>
January 1	\$ 452,738	\$ 4,343,556	\$ 13,282,185	\$ 837,990	\$ 511,723	\$ 682,929	\$ 20,111,121
Additions	-	-	394	156	-	623,579	624,129
Disposals	-	-	-	( 1,029)	-	-	( 1,029)
Reclassifications	-	69,625	141,999	192,997	69,500	( 474,121)	-
Depreciation expenses	-	( 114,007)	( 777,195)	( 181,088)	( 63,732)	-	( 1,136,022)
Exchange adjustment	-	-	16	-	10	-	26
March 31	<u>\$ 452,738</u>	<u>\$ 4,299,174</u>	<u>\$ 12,647,399</u>	<u>\$ 849,026</u>	<u>\$ 517,501</u>	<u>\$ 832,387</u>	<u>\$ 19,598,225</u>
<u>March 31</u>							
Cost	\$ 452,738	\$ 11,947,044	\$ 57,258,083	\$ 5,463,873	\$ 2,410,414	\$ 832,387	\$ 78,364,539
Accumulated depreciation and impairment	-	( 7,647,870)	( 44,610,684)	( 4,614,847)	( 1,892,913)	-	( 58,766,314)
	<u>\$ 452,738</u>	<u>\$ 4,299,174</u>	<u>\$ 12,647,399</u>	<u>\$ 849,026</u>	<u>\$ 517,501</u>	<u>\$ 832,387</u>	<u>\$ 19,598,225</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,	
	2023	2022
Amount of interest capitalized	\$ 1,356	\$ 1,312
Range of the interest rates for capitalization	1.3287%	0.8004%

- 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. For machinery and equipment, lease agreements are between 2 to 3 years. For land, lease agreements are between 10 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:

	Carrying amount		
	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 625,607	\$ 630,969	\$ 646,522
Buildings	16,585	8,214	13,369
Machinery and equipment	566,970	257,196	320,536
Others	2,107	2,613	3,956
	<u>\$ 1,211,269</u>	<u>\$ 898,992</u>	<u>\$ 984,383</u>

	Depreciation expenses	
	Three months ended March 31, 2023	Three months ended March 31, 2022
Land	\$ 5,362	\$ 5,468
Buildings	2,718	2,336
Machinery and equipment	48,100	43,918
Others	506	485
	<u>\$ 56,686</u>	<u>\$ 52,207</u>

- C. For the three months ended March 31, 2023 and 2022, additions to right-of-use assets were \$368,932 and \$200,533, respectively.

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

	Three months ended March 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,333	\$ 3,632
Expense on short-term lease contracts	11,420	26,402

E. For the three months ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$74,212 and \$78,484, respectively.

(10) Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Salaries and bonuses payable	\$ 826,130	\$ 1,002,577	\$ 645,040
Payable to equipment suppliers	598,241	1,405,931	474,142
Employees' compensation payable	471,975	447,303	836,188
Pension payable	14,891	16,541	16,401
Directors' remuneration payable	11,799	11,182	29,760
Interest payable	8,988	7,768	3,202
Other expense payable	907,276	905,179	949,124
	<u>\$ 2,839,300</u>	<u>\$ 3,796,481</u>	<u>\$ 2,953,857</u>

(11) Long-term bank loans

Type of loans	Period and payment term	March 31, 2023	December 31, 2022	March 31, 2022
Government granted bank loans	Borrowing period is from March 11, 2020 to October 15, 2032; interest is repayable monthly; principal is repayable monthly from March 15, 2023	\$ 15,235,964	\$ 14,056,131	\$ 9,463,131
Less: Unamortized interest on government granted bank loans		( 84,387)	( 88,330)	( 86,756)
Less: Current portion (fee included)		( 1,870,602)	( 1,522,917)	( 93,788)
		<u>\$ 13,280,975</u>	<u>\$ 12,444,884</u>	<u>\$ 9,282,587</u>
Interest rate range		<u>1.2%~1.75%</u>	<u>1.075%~1.625%</u>	<u>0.7%~1.1%</u>
Unused credit lines of long-term bank loans				
NT\$		<u>\$ 8,364,600</u>	<u>\$ 9,671,868</u>	<u>\$ 5,176,868</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 2020 and September 2022 with the line of credit amounted to NT\$23.73 billion and terms from seven to ten years. Funding from these loans was 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. The syndicated loan was fully repaid in advance in March 2022.
- C. Information about the items that are pledged to others as collaterals for long-term bank loans is provided in Note 8.

## (12) 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 \$960 and \$921 for the three months ended March 31, 2023 and 2022, respectively.

### B. Defined Contribution Plans

- (a) 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, 2023 and 2022 were \$45,037 and \$49,607, respectively.

- (b) According to the defined contribution pension plan stipulated by the P.R.C., ChipMOS Shanghai contributes monthly on amount based on a certain percentage of the local employees' monthly salaries and wages. The contribution percentage was both 16% for the three months ended March 31, 2023 and 2022. The pension of each employee is managed by the government and ChipMOS Shanghai has no further obligations except the monthly contribution. The pension costs under defined contribution pension plan of ChipMOS Shanghai for the three months ended March 31, 2023 and 2022 were \$129 and \$52, respectively.

(13) Capital stock

A. As of March 31, 2023, 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, 2023, the outstanding ADSs were approximately 4,371,252 units representing 87,425 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 as of January 1 and March 31 of 2023 and 2022 were all 727,240 thousand shares, respectively.

(14) 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.

		2023		
		Share premium	Long-term investment	Total
January 1		\$ 6,043,483	\$ 21,154	\$ 6,064,637
March 31		\$ 6,043,483	\$ 21,154	\$ 6,064,637

		2022		
		Share premium	Long-term investment	Total
January 1		\$ 6,043,483	\$ 21,002	\$ 6,064,485
March 31		\$ 6,043,483	\$ 21,002	\$ 6,064,485

(15) 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 2022 and 2021 earnings were proposed in the board meeting held on February 23, 2023, and resolved in the shareholders' meeting held on May 26, 2022, respectively. The appropriations and dividends per share are as follows:

	2022		2021	
	Amount	Cash distribution per share (in dollars)	Amount	Cash distribution per share (in dollars)
Legal reserve	\$ 354,986		\$ 505,482	
Cash dividend	1,672,652	\$ 2.30	3,127,133	\$ 4.30

(16) Other equity interest

	2023		
	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	(\$ 17,369)	\$ 258,581	\$ 241,212
Currency translation differences			
- The Company	16,794	-	16,794
Evaluation adjustment			
- The Company	-	( 23,551)	( 23,551)
- Associates	-	33,827	33,827
Evaluation adjustment related tax			
- The Company	-	4,710	4,710
March 31	(\$ 575)	\$ 273,567	\$ 272,992

	2022		
	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	(\$ 86,025)	\$ 324,069	\$ 238,044
Currency translation differences			
- The Company	126,060	-	126,060
Evaluation adjustment			
- The Company	-	2,593	2,593
- Associates	-	( 4,031)	( 4,031)
Evaluation adjustment related tax			
- The Company	-	( 519)	( 519)
March 31	\$ 40,035	\$ 322,112	\$ 362,147



(17) Revenue

	Three months ended March 31,	
	2023	2022
Revenue from contracts with customers	\$ 4,605,134	\$ 6,725,222

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

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

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Contract assets	\$ 283,846	\$ 381,358	\$ 349,334	\$ 400,255

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

D. 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.

(18) Other income (expenses), net

	Three months ended March 31,	
	2023	2022
Gain on disposal of scrapped materials	\$ 5,321	\$ 9,432
Gain on disposal of property, plant and equipment	3,907	1,133
Gain on disposal of items purchased on behalf of others	1,406	7,079
Others	5,609	3,674
	\$ 16,243	\$ 21,318

(19) Interest income

	Three months ended March 31,	
	2023	2022
Bank deposits	\$ 49,291	\$ 2,548
Financial assets at amortized cost	911	53
	\$ 50,202	\$ 2,601

(20) Other income

	Three months ended March 31,	
	2023	2022
Rental income	\$ 20,456	\$ 5,140
Grant income	5,239	4,240
	\$ 25,695	\$ 9,380

(21) Other gains and losses

	Three months ended March 31,	
	2023	2022
Foreign exchange (losses) gains, net	(\$ 43,728)	\$ 142,520
Gain on valuation of financial assets at fair value through profit or loss	24,957	2,535
Others	880	776
	<u>(\$ 17,891)</u>	<u>\$ 145,831</u>

(22) Finance costs

	Three months ended March 31,	
	2023	2022
Interest expense		
Bank loans	\$ 57,470	\$ 23,784
Lease liabilities	4,333	3,632
Less: Amounts capitalized in qualifying assets	( 1,356)	( 1,312)
	60,447	26,104
Finance expense	-	10,026
	<u>\$ 60,447</u>	<u>\$ 36,130</u>

(23) Expenses by nature

	Three months ended March 31,	
	2023	2022
Raw materials and supplies used	\$ 848,021	\$ 1,341,584
Employee benefit expenses	1,363,018	1,773,780
Depreciation expenses	1,197,628	1,188,229
Others	1,027,265	1,210,671
	<u>\$ 4,435,932</u>	<u>\$ 5,514,264</u>

(24) Employee benefit expenses

	Three months ended March 31,	
	2023	2022
Salaries	\$ 1,102,563	\$ 1,481,776
Directors' remuneration	4,917	8,400
Labor and health insurance	105,361	114,422
Pension	46,126	50,580
Other personnel expenses	104,051	118,602
	<u>\$ 1,363,018</u>	<u>\$ 1,773,780</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, 2023 and 2022, the employees' compensation were accrued at \$24,672 and \$162,801, respectively; the directors' remuneration were accrued at \$617 and \$4,070, respectively.
- C. For the year of 2022, employees' compensation and directors' remuneration recognized were consistent with the amounts resolved in the Board of Directors' meeting.

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").

(25) Income tax expense

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2023	2022
Current income tax:		
Current income tax on profits for the period	\$ 12,138	\$ 256,643
Prior year income tax overestimation	( 12,500)	( 24,925)
Total current income tax	( 362)	231,718
Deferred income tax:		
Relating to origination and reversal of temporary differences	26,921	4,847
Income tax expense	<u>\$ 26,559</u>	<u>\$ 236,565</u>

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

	Three months ended March 31,	
	2023	2022
Unrealized (loss) gain on valuation of financial assets at fair value through other comprehensive income	( \$ 4,710)	\$ 519

- B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings per share

Three months ended March 31, 2023			
	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	\$ 202,350	727,240	\$ 0.28
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		7,850	
Profit attributable to equity holders of the Company	\$ 202,350	735,090	\$ 0.28

Three months ended March 31, 2022			
	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	\$ 1,224,739	727,240	\$ 1.68
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		11,498	
Profit attributable to equity holders of the Company	\$ 1,224,739	738,738	\$ 1.66

(27) Supplemental cash flow information

Partial cash paid for investing activities

Property, plant and equipment

Three months ended March 31,		
	2023	2022
Purchase of property, plant and equipment	\$ 313,170	\$ 624,129
Add: Beginning balance of payable on equipment	1,405,931	1,816,555
Less: Ending balance of payable on equipment	( 598,241)	( 474,142)
Less: Transfer from other non-current assets	( 7,729)	-
Cash paid during the period	\$ 1,113,131	\$ 1,966,542

(28) Changes in liabilities from financing activities

	2023			
	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
January 1	\$ 13,967,801	\$ 21,600	\$ 920,402	\$ 14,909,803
Changes in cash flow from financing activities	1,174,566 (	21)(	59,065)	1,115,480
Adjustment of right-of-use assets	-	-	368,932	368,932
Amortization of interest expense	9,210	-	4,333	13,543
March 31	<u>\$ 15,151,577</u>	<u>\$ 21,579</u>	<u>\$ 1,234,602</u>	<u>\$ 16,407,758</u>

	2022				
	Short-term bank loans	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
January 1	\$ 731,751	\$ 9,413,365	\$ 21,625	\$ 851,251	\$ 11,017,992
Changes in cash flow from financing activities	( 731,751)	( 54,000)	( 7)	( 54,325)	( 840,083)
Adjustment of right-of-use assets	-	-	-	200,533	200,533
Amortization of loan fees	-	10,026	-	-	10,026
Amortization of interest expense	-	6,984	-	3,632	10,616
March 31	\$ -	\$ 9,376,375	\$ 21,618	\$ 1,001,091	\$ 10,399,084

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

Name	Relationship
Unimos Shanghai	Associate
JMC	Associate

(3) Significant related party transactions

None.

(4) Key management personnel compensation

	Three months ended March 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 35,610	\$ 58,712
Post-employment compensation	550	512
	<u>\$ 36,160</u>	<u>\$ 59,224</u>

8. PLEDGED ASSETS

Assets	Purpose	Carrying amount		
		March 31, 2023	December 31, 2022	March 31, 2022
Non-current financial assets at amortized cost	Lease	\$ 37,362	\$ 37,362	\$ 37,339
Property, plant and equipment				
- Land	Bank loan	452,738	452,738	452,738
- Buildings	Bank loan	5,328,568	5,385,508	4,299,174
- Machinery and equipment	Bank loan	<u>8,767,345</u>	<u>8,204,983</u>	<u>6,149,104</u>
		<u>\$ 14,586,013</u>	<u>\$ 14,080,591</u>	<u>\$ 10,938,355</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) A letter of guarantee was issued by the financial institutions to the Customs Administration of the Ministry of Finance for making payment of customs-duty deposits when importing. As of March 31, 2023, December 31, 2022 and March 31, 2022, the amounts guaranteed by the financial institutions were \$135,600, \$135,600 and \$137,700, respectively.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	<u>\$ 1,634,556</u>	<u>\$ 1,703,841</u>	<u>\$ 3,476,390</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, 2022.

### (2) Financial instruments

#### A. Financial instruments by category

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 149,300	\$ 128,224	\$ 361,880
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	314,551	338,102	387,114
Financial assets at amortized cost			
Cash and cash equivalents	11,735,786	9,896,604	6,287,972
Financial assets at amortized cost	135,824	136,093	67,577
Notes receivable	-	-	514
Accounts receivable	4,261,446	4,381,563	5,659,793
Other receivables	52,675	131,863	39,583
Refundable deposits	21,767	21,771	21,325
	<u>\$ 16,671,349</u>	<u>\$ 15,034,220</u>	<u>\$ 12,825,758</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Notes payable	\$ 127	\$ 132	\$ 15
Accounts payable	571,820	560,802	988,411
Other payables	2,839,300	3,796,481	2,953,857
Long-term bank loans (including current portion)	15,151,577	13,967,801	9,376,375
Lease liabilities (including current portion)	1,234,602	920,402	1,001,091
Guarantee deposits	21,579	21,600	21,618
	<u>\$ 19,819,005</u>	<u>\$ 19,267,218</u>	<u>\$ 14,341,367</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, 2022.

#### 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, 2022.

(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, 2023		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 215,927	30.4500	\$ 6,574,977
JPY:NTD	125,349	0.2288	28,680
RMB:NTD	6,513	4.4310	28,859
<u>Non-monetary items</u>			
JPY:NTD	1,374,786	0.2288	314,551
RMB:NTD	937,398	4.4310	4,153,610
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,705	30.4500	\$ 265,067
JPY:NTD	1,392,632	0.2288	318,634
	December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 208,989	30.7100	\$ 6,418,052
JPY:NTD	114,940	0.2324	26,712
RMB:NTD	7,199	4.4080	31,733
<u>Non-monetary items</u>			
JPY:NTD	1,454,830	0.2324	338,102
RMB:NTD	927,037	4.4080	4,086,378
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,031	30.7100	\$ 338,762
JPY:NTD	1,587,732	0.2324	368,989



March 31, 2022			
(Foreign currency: functional currency)	Foreign currency		Carrying amount
	(in thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 173,427	28.6250	\$ 4,964,348
JPY:NTD	219,925	0.2353	51,748
RMB:NTD	5,070	4.5060	22,845
<u>Non-monetary items</u>			
JPY:NTD	1,645,196	0.2353	387,114
RMB:NTD	846,813	4.5060	3,815,740
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 13,707	28.6250	\$ 392,363
JPY:NTD	793,173	0.2353	186,634

- 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, 2023 and 2022, amounted to (\$43,728) and \$142,520, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variations:

Three months ended March 31, 2023			
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%	\$ 328,749	\$ -
JPY:NTD	5%	1,434	-
RMB:NTD	5%	1,443	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 13,253	\$ -
JPY:NTD	5%	15,932	-

Three months ended March 31, 2022				
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%	\$	248,217	\$ -
JPY:NTD	5%		2,587	-
RMB:NTD	5%		1,142	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	19,618	\$ -
JPY:NTD	5%		9,332	-

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, 2023 and 2022, 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 \$1,493 and \$3,619, respectively.
- iii. The Group's investments in financial instruments comprise foreign unlisted stocks. 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, 2023 and 2022, 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 \$38,090 and \$23,658, 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, 2023, December 31, 2022 and March 31, 2022, the loss rate methodologies are as follows:

March 31, 2023			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.060%	0.060%	0.060%
Total carrying amount	\$ 284,016	\$ 4,264,003	\$ 52,694
Loss allowance	( \$ 170 )	( \$ 2,557 )	( \$ 19 )

December 31, 2022			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.060%	0.060%	0.060%
Total carrying amount	\$ 381,587	\$ 4,384,232	\$ 131,908
Loss allowance	( \$ 229 )	( \$ 2,669 )	( \$ 45 )

March 31, 2022			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.030%	0.030%	0.030%
Total carrying amount	\$ 349,438	\$ 5,661,469	\$ 39,594
Loss allowance	( \$ 104 )	( \$ 1,676 )	( \$ 11 )

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

2023			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
January 1	( \$ 229 )	( \$ 2,669 )	( \$ 45 )
Reversal of impairment loss	59	112	26
March 31	( \$ 170 )	( \$ 2,557 )	( \$ 19 )

	2022		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
January 1	( \$ 120 )	( \$ 1,910 )	( \$ 16 )
Reversal of impairment loss	16	234	5
March 31	( \$ 104 )	( \$ 1,676 )	( \$ 11 )

- 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(11) for details of the unused credit lines of the Group as of March 31, 2023, December 31, 2022 and March 31, 2022.
- iii. The contractual undiscounted cash flows of notes payable, accounts payable and other payables due within one year and is equivalent to its carrying amount. 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.

	March 31, 2023				
<u>Non-derivative financial liabilities</u>	Within			Over	
	1 year	1 to 3 years	3 to 5 years	5 years	Total
Long-term bank loans	\$ 2,078,649	\$ 6,279,111	\$ 5,525,818	\$ 2,040,683	\$ 15,924,261
Lease liabilities	294,124	389,538	57,056	697,371	1,438,089
Guarantee deposits	-	-	-	21,579	21,579
	<u>\$ 2,372,773</u>	<u>\$ 6,668,649</u>	<u>\$ 5,582,874</u>	<u>\$ 2,759,633</u>	<u>\$ 17,383,929</u>
	December 31, 2022				
<u>Non-derivative financial liabilities</u>	Within			Over	
	1 year	1 to 3 years	3 to 5 years	5 years	Total
Long-term bank loans	\$ 1,699,165	\$ 5,675,288	\$ 5,354,335	\$ 1,914,280	\$ 14,643,068
Lease liabilities	174,460	182,767	57,057	704,503	1,118,787
Guarantee deposits	-	-	-	21,600	21,600
	<u>\$ 1,873,625</u>	<u>\$ 5,858,055</u>	<u>\$ 5,411,392</u>	<u>\$ 2,640,383</u>	<u>\$ 15,783,455</u>

<u>Non-derivative financial liabilities</u>	March 31, 2022				
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Long-term bank loans	\$ 176,846	\$ 3,321,716	\$ 4,491,303	\$1,792,505	\$ 9,782,370
Lease liabilities	222,797	203,418	56,976	724,987	1,208,178
Guarantee deposits	-	-	-	21,618	21,618
	<u>\$ 399,643</u>	<u>\$ 3,525,134</u>	<u>\$ 4,548,279</u>	<u>\$2,539,110</u>	<u>\$ 11,012,166</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 takes 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, other receivables, refundable deposits, long-term bank loans, notes payable, accounts payable, other payables, 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 are as follows:

	March 31, 2023			
	<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	\$ 149,300	\$ -	\$ -	\$ 149,300
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	-	-	314,551	314,551
	<u>\$ 149,300</u>	<u>\$ -</u>	<u>\$ 314,551</u>	<u>\$ 463,851</u>

	<u>December 31, 2022</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	\$ 128,224	\$ -	\$ -	\$ 128,224
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>338,102</u>	<u>338,102</u>
	<u>\$ 128,224</u>	<u>\$ -</u>	<u>\$ 338,102</u>	<u>\$ 466,326</u>

	March 31, 2022			
	<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	\$ 361,880	\$ -	\$ -	\$ 361,880
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>387,114</u>	<u>387,114</u>
	<u>\$ 361,880</u>	<u>\$ -</u>	<u>\$ 387,114</u>	<u>\$ 748,994</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. 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.
- ii. 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.
- iii. The Group's financial instruments issued by foreign companies are measured by the comparable company valuation (EV/EBITDA ratio).

- iv. 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, 2023 and 2022:

	Equity instruments	
	2023	2022
January 1	\$ 338,102	\$ 384,521
Gain or loss recognized in other comprehensive income		
Recorded as unrealized (loss) gain on valuation of financial assets at fair value through other comprehensive income	( 23,551)	2,593
March 31	<u>\$ 314,551</u>	<u>\$ 387,114</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, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	\$ 314,551	Comparable companies	Enterprise value to EBITDA multiple	5.36	The higher the multiple, the higher the fair value
			Discount for lack of marketability	15.70%	The higher the discount for lack of marketability, the lower the fair value



	Fair value as of December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	\$ 338,102	Comparable companies	Enterprise value to EBITDA multiple	4.82	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, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	\$ 387,114	Comparable companies	Enterprise value to EBITDA multiple	9.85	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, 2023				
		Change	Recognized in profit or loss		Recognized in other comprehensive income	
Input			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:						
Foreign unlisted stocks	Enterprise value to EBITDA multiple	± 1%	\$ -	\$ -	\$ 2,714	\$ 2,714
	Discount for lack of marketability	± 1%	-	-	3,728	3,728
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,442</u>	<u>\$ 6,442</u>

		March 31, 2022				
		Change	Recognized in profit or loss		Recognized in other comprehensive income	
Input			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:						
Foreign unlisted stocks	Enterprise value to EBITDA multiple	± 1%	\$ -	\$ -	\$ 3,565	\$ 3,558
	Discount for lack of marketability	± 1%	-	-	4,607	4,601
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,172</u>	<u>\$ 8,159</u>

### 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, 2023				
				Number of shares	Carrying amount	Ownership (%)	Fair value	Note
The Company	Chipbond Technology Corporation	None	Financial assets at fair value through profit or loss	800,000	\$ 55,440	0.11	\$ 55,440	
The Company	Solar Applied Materials Technology Corporation	None	Financial assets at fair value through profit or loss	2,568,000	93,860	0.43	93,860	
The Company	RYOWA CO., LTD.	None	Financial assets at fair value through other comprehensive income	420	311,354	18.12	311,354	
The Company	CONNECTEC JAPAN Corporation	None	Financial assets at fair value through other comprehensive income	56,497	3,197	2.74	3,197	

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, 2023		Acquisition		Disposal			Balance as of March 31, 2023		
					Number of shares/units (in thousands)	Amount	Number of shares/units (in thousands)	Amount	Number of shares/units (in thousands)	Selling price	Book value	Gain on disposal	Number of shares/units (in thousands)	Amount
The Company	Taishin 1699 Money Market Fund	Note	N/A	N/A	-	\$ -	43,552	\$ 600,000	43,552	\$ 601,398	\$ 600,000	\$ 1,398	-	\$ -
The Company	Union Money Market Fund	Note	N/A	N/A	-	-	22,357	300,000	22,357	300,738	300,000	738	-	-
The Company	Taishin Ta-Chong Money Market Fund	Note	N/A	N/A	-	-	27,703	400,000	27,703	400,995	400,000	995	-	-
The Company	Shin Kong Chi-Shin Money-Market Fund	Note	N/A	N/A	-	-	19,086	300,000	19,086	300,750	300,000	750	-	-

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	\$ 8,638	-	0.19%
0	The Company	ChipMOS Shanghai	Note	Service expense	3,394	-	0.07%

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, 2023			Net profit of the investee for the three months ended March 31, 2023	Investment income recognized for the three months ended March 31, 2023	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	\$ 249,377	\$ 1,418	\$ 1,418	
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	298,820	( 25,058)	( 2,506)	Note
The Company	ChipMOS BVI	British Virgin Islands	Holding company	3,087,825	3,087,825	2,413,992,975	100	4,148,605	39,667	39,667	

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, 2023	Amount remitted from Taiwan to P.R.C./ Amount remitted back to Taiwan for the three months ended March 31, 2023		Accumulated amount of remittance from Taiwan to P.R.C. as of March 31, 2023	Net income of investee for the three months ended March 31, 2023	Ownership (%) held by the Company (directly or indirectly)	Investment income recognized for the three months ended March 31, 2023	Carrying amount of investments in P.R.C. as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan through March 31, 2023	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	\$ 135,764	45.02	\$ 48,411	\$ 4,153,610	\$ -	Note 2
ChipMOS Shanghai	Marketing of semiconductors and electronic related products	15,113	Note 1	15,113	-	-	15,113	93	100.00	93	16,838	-	Note 2

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.

Company name	Accumulated amount of remittance from Taiwan to P.R.C. as of March 31, 2023	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	\$ 15,027,895

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

(4) Major shareholders information

<u>Major shareholder name</u>	<u>Number of shares</u>	<u>Ownership (%)</u>	<u>Notes</u>
First Bank in Its Capacity as Master Custodian for Custodial Account of ChipMOS' ADSs	87,425,054	12.02%	Notes 1, 2
Siliconware Precision Industries Co., Ltd.	78,910,390	10.85%	Note 1
Yann Yuan Investment Co., Ltd.	41,200,000	5.66%	Note 1

Note 1: The information is calculated by the Taiwan Depository & Clearing Corporation, based on total number of ordinary shares and preferred shares that have completed the dematerialized registration and delivery (including treasury shares) for shareholders who owns more than 5% of the Company on the last business day at the end of each quarter. However, there may be differences due to basis of preparation between the share capital recorded in the company's consolidated financial report and the number of shares which the Company has completed the dematerialized registration and delivery.

Note 2: For shareholders who transfer shares into a trust, they are disclosed by the principal of individual account opened by the trustee. As for shareholders who declare insider equity holding for more than 10% in accordance with the Securities and Exchange Act, their shareholdings include their personal shareholdings plus the shares transferred to a trust and have the rights to make decisions on trust property. 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, 2023						
	<u>Testing</u>	<u>Assembly</u>	<u>LCDD</u>	<u>Bumping</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
Revenue:							
External customers	\$ 1,029,792	\$ 1,075,883	\$ 1,598,860	\$ 900,599	\$ -	\$ -	\$ 4,605,134
Inter-segment	-	-	-	-	11,850	( 11,850)	-
Total revenue	<u>\$ 1,029,792</u>	<u>\$ 1,075,883</u>	<u>\$ 1,598,860</u>	<u>\$ 900,599</u>	<u>\$ 11,850</u>	<u>(\$ 11,850)</u>	<u>\$ 4,605,134</u>
Operating profit (loss)	<u>\$ 140,314</u>	<u>(\$ 280,925)</u>	<u>\$ 280,829</u>	<u>\$ 47,239</u>	<u>(\$ 2,002)</u>	<u>(\$ 10)</u>	<u>\$ 185,445</u>

	Three months ended March 31, 2022						
	<u>Testing</u>	<u>Assembly</u>	<u>LCDD</u>	<u>Bumping</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
Revenue:							
External customers	\$ 1,393,928	\$ 1,880,773	\$ 2,140,374	\$ 1,310,147	\$ -	\$ -	\$ 6,725,222
Inter-segment	-	-	-	-	10,918	( 10,918)	-
Total revenue	<u>\$ 1,393,928</u>	<u>\$ 1,880,773</u>	<u>\$ 2,140,374</u>	<u>\$ 1,310,147</u>	<u>\$ 10,918</u>	<u>(\$ 10,918)</u>	<u>\$ 6,725,222</u>
Operating profit (loss)	<u>\$ 367,485</u>	<u>\$ 82,041</u>	<u>\$ 666,649</u>	<u>\$ 118,432</u>	<u>(\$ 2,272)</u>	<u>(\$ 59)</u>	<u>\$ 1,232,276</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.