

**ChipMOS TECHNOLOGIES INC. AND  
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine 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 September 30, 2023 and 2022, and its consolidated financial performance for the three months and nine months then ended, and its consolidated cash flows for the nine 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***

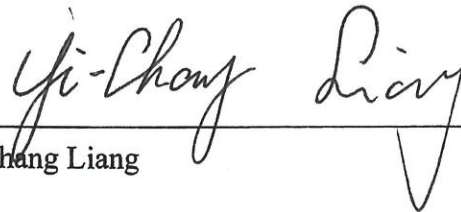
We did not review the financial statements of a certain investment accounted for using the equity method which were reviewed by other independent accountants. Therefore, our conclusion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and the information 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\$273,994 thousand and NT\$272,553 thousand, constituting 0.6% and 0.6% of the consolidated total assets as of September 30, 2023 and 2022, respectively, and total net comprehensive income including the share of profit and other comprehensive (loss) income of associate accounted for using the equity method amounted to (NT\$18,604) thousand, (NT\$5,937) thousand, NT\$10,659 thousand and (NT\$15,436) thousand, constituting (2.9%), (0.8%), 0.8% and (0.5%) of the consolidated total comprehensive income for the three months and nine months then ended, respectively.



Chien-Yeh Hsu

For and on behalf of PricewaterhouseCoopers, Taiwan

November 2, 2023



Yi-Chang Liang

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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)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 11,312,031	25	\$ 9,896,604	22	\$ 7,468,269	18
1110	Current financial assets at fair value through profit or loss	6(2)	40,095	-	128,224	-	117,183	-
1136	Current financial assets at amortized cost	6(3)	6,599	-	98,731	-	6,376	-
1140	Current contract assets	6(18)	333,720	1	381,358	1	374,591	1
1170	Accounts receivable, net	6(4)	5,486,276	12	4,381,563	10	4,558,550	11
1200	Other receivables		80,817	-	131,863	-	72,909	-
1210	Other receivables — related parties		3,735	-	-	-	-	-
1220	Current tax assets		424	-	-	-	15	-
130X	Inventories	6(5)	2,703,561	6	3,210,409	8	3,298,828	8
1410	Prepayments		108,807	-	123,377	-	110,892	-
11XX	<b>Total current assets</b>		<u>20,076,065</u>	<u>44</u>	<u>18,352,129</u>	<u>41</u>	<u>16,007,613</u>	<u>38</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	210,478	1	338,102	1	309,918	1
1535	Non-current financial assets at amortized cost	6(3) and 8	37,411	-	37,362	-	37,362	-
1550	Investments accounted for using equity method	6(7)	4,538,810	10	4,353,448	10	4,349,647	10
1600	Property, plant and equipment	6(8) and 8	18,738,969	42	20,446,205	45	19,754,687	47
1755	Right-of-use assets	6(9)	1,108,259	2	898,992	2	951,503	2
1840	Deferred tax assets		141,324	-	159,286	-	178,452	1
1920	Refundable deposits		21,814	-	21,771	-	21,808	-
1990	Other non-current assets		204,502	1	335,650	1	441,150	1
15XX	<b>Total non-current assets</b>		<u>25,001,567</u>	<u>56</u>	<u>26,590,816</u>	<u>59</u>	<u>26,044,527</u>	<u>62</u>
1XXX	<b>Total assets</b>		<u>\$ 45,077,632</u>	<u>100</u>	<u>\$ 44,942,945</u>	<u>100</u>	<u>\$ 42,052,140</u>	<u>100</u>

(Continued)

**ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Liabilities</b>								
<b>Current liabilities</b>								
2100	Short-term bank loans	6(10)(29)	\$ 187,099	-	\$ -	-	\$ -	-
2150	Notes payable		64	-	132	-	222	-
2170	Accounts payable		759,007	2	560,802	1	888,901	2
2200	Other payables	6(11)	2,624,133	6	3,796,481	9	2,850,845	7
2230	Current tax liabilities		282,454	1	202,026	1	111,210	-
2250	Current provisions		23,284	-	26,643	-	24,851	-
2280	Current lease liabilities	6(29)	264,735	1	160,955	-	186,617	1
2320	Long-term bank loans, current portion	6(12)(29) and 8	2,076,227	4	1,522,917	3	932,006	2
2365	Current refund liabilities		28,849	-	37,123	-	15,646	-
2399	Other current liabilities		23,727	-	22,318	-	24,047	-
21XX	<b>Total current liabilities</b>		<u>6,269,579</u>	<u>14</u>	<u>6,329,397</u>	<u>14</u>	<u>5,034,345</u>	<u>12</u>
<b>Non-current liabilities</b>								
2540	Long-term bank loans	6(12)(29) and 8	12,913,995	29	12,444,884	28	10,857,555	26
2570	Deferred tax liabilities		162,826	-	188,812	-	226,458	1
2580	Non-current lease liabilities	6(29)	869,449	2	759,447	2	785,025	2
2630	Long-term deferred revenue		119,654	-	127,657	-	121,064	-
2640	Net defined benefit liability, non-current		245,641	1	259,215	1	488,539	1
2645	Guarantee deposits	6(29)	21,599	-	21,600	-	21,626	-
25XX	<b>Total non-current liabilities</b>		<u>14,333,164</u>	<u>32</u>	<u>13,801,615</u>	<u>31</u>	<u>12,500,267</u>	<u>30</u>
2XXX	<b>Total liabilities</b>		<u>20,602,743</u>	<u>46</u>	<u>20,131,012</u>	<u>45</u>	<u>17,534,612</u>	<u>42</u>
<b>Equity</b>								
<b>Equity attributable to equity holders of the Company</b>								
Capital stock								
3110	Capital stock—common stock	6(14)	7,272,401	16	7,272,401	16	7,272,401	17
Capital surplus								
3200	Capital surplus	6(15)	6,064,637	13	6,064,637	13	6,064,637	14
Retained earnings								
3310	Legal reserve		2,930,973	7	2,575,987	6	2,575,987	6
3350	Unappropriated retained earnings		8,041,930	18	8,657,696	19	8,324,784	20
Other equity interest								
3400	Other equity interest	6(17)	164,948	-	241,212	1	279,719	1
31XX	<b>Equity attributable to equity holders of the Company</b>		<u>24,474,889</u>	<u>54</u>	<u>24,811,933</u>	<u>55</u>	<u>24,517,528</u>	<u>58</u>
3XXX	<b>Total equity</b>		<u>24,474,889</u>	<u>54</u>	<u>24,811,933</u>	<u>55</u>	<u>24,517,528</u>	<u>58</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	<b>Total liabilities and equity</b>	9	<u>\$ 45,077,632</u>	<u>100</u>	<u>\$ 44,942,945</u>	<u>100</u>	<u>\$ 42,052,140</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)

Items	Notes	Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue	6(18)	\$ 5,581,557	100	\$ 5,253,906	100	\$ 15,630,815	100	\$ 18,830,865	100
5000 Cost of revenue	6(5)(24)(25)	( 4,692,475)	( 84)	( 4,441,683)	( 85)	( 13,231,371)	( 85)	( 14,598,726)	( 78)
5900 Gross profit		<u>889,082</u>	<u>16</u>	<u>812,223</u>	<u>15</u>	<u>2,399,444</u>	<u>15</u>	<u>4,232,139</u>	<u>22</u>
Operating expenses	6(24)(25)								
6100 Sales and marketing expenses		( 33,806)	( 1)	( 31,797)	-	( 97,944)	( 1)	( 97,876)	-
6200 General and administrative expenses		( 121,519)	( 2)	( 132,427)	( 3)	( 368,504)	( 2)	( 409,069)	( 2)
6300 Research and development expenses		( 283,988)	( 5)	( 292,063)	( 6)	( 815,480)	( 5)	( 901,467)	( 5)
6000 Total operating expenses		( 439,313)	( 8)	( 456,287)	( 9)	( 1,281,928)	( 8)	( 1,408,412)	( 7)
6500 Other income (expenses), net	6(19)	<u>37,380</u>	<u>1</u>	<u>41,239</u>	<u>1</u>	<u>76,446</u>	<u>1</u>	<u>82,596</u>	<u>-</u>
6900 Operating profit		<u>487,149</u>	<u>9</u>	<u>397,175</u>	<u>7</u>	<u>1,193,962</u>	<u>8</u>	<u>2,906,323</u>	<u>15</u>
Non-operating income (expenses)									
7100 Interest income	6(20)	41,469	1	10,610	-	150,541	1	19,279	-
7010 Other income	6(21)	20,830	-	23,004	-	68,393	-	42,203	-
7020 Other gains and losses	6(22)	174,672	3	266,255	5	310,903	2	586,723	3
7050 Finance costs	6(23)	( 69,419)	( 1)	( 39,029)	-	( 196,430)	( 1)	( 104,763)	-
7060 Share of profit of associates and joint ventures accounted for using equity method		<u>63,345</u>	<u>1</u>	<u>142,496</u>	<u>3</u>	<u>163,319</u>	<u>1</u>	<u>397,765</u>	<u>2</u>
7000 Total non-operating income (expenses)		<u>230,897</u>	<u>4</u>	<u>403,336</u>	<u>8</u>	<u>496,726</u>	<u>3</u>	<u>941,207</u>	<u>5</u>
<b>Profit before income tax</b>		<u>718,046</u>	<u>13</u>	<u>800,511</u>	<u>15</u>	<u>1,690,688</u>	<u>11</u>	<u>3,847,530</u>	<u>20</u>
7900 Income tax expense	6(26)	( 137,481)	( 3)	( 128,699)	( 2)	( 279,245)	( 2)	( 630,431)	( 3)
8200 <b>Profit for the period</b>		<u>\$ 580,565</u>	<u>10</u>	<u>\$ 671,812</u>	<u>13</u>	<u>\$ 1,411,443</u>	<u>9</u>	<u>\$ 3,217,099</u>	<u>17</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)(17)	(\$ 44,254)	( 1)	\$ 39,352	-	(\$ 127,624)	( 1)	(\$ 74,603)	-
8320 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	6(7)	( 20,815)	-	( 5,527)	-	6,559	-	( 28,238)	-
8349 Income tax effect on components that will not be reclassified to profit or loss	6(17)(26)	<u>8,851</u>	<u>-</u>	<u>( 7,870)</u>	<u>-</u>	<u>25,525</u>	<u>-</u>	<u>14,921</u>	<u>-</u>
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss		( 56,218)	( 1)	25,955	-	( 95,540)	( 1)	( 87,920)	-
8361 Exchange differences on translation of foreign operations	6(17)	<u>123,996</u>	<u>2</u>	<u>44,307</u>	<u>1</u>	<u>19,705</u>	<u>-</u>	<u>129,444</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss		<u>123,996</u>	<u>2</u>	<u>44,307</u>	<u>1</u>	<u>19,705</u>	<u>-</u>	<u>129,444</u>	<u>-</u>
8300 <b>Other comprehensive income (loss), net of income tax</b>		<u>\$ 67,778</u>	<u>1</u>	<u>\$ 70,262</u>	<u>1</u>	<u>(\$ 75,835)</u>	<u>( 1)</u>	<u>\$ 41,524</u>	<u>-</u>
8500 <b>Total comprehensive income for the period</b>		<u>\$ 648,343</u>	<u>11</u>	<u>\$ 742,074</u>	<u>14</u>	<u>\$ 1,335,608</u>	<u>8</u>	<u>\$ 3,258,623</u>	<u>17</u>
9750 Earnings per share — basic	6(27)	\$ 0.80		\$ 0.92		\$ 1.94		\$ 4.42	
9850 Earnings per share — diluted	6(27)	\$ 0.80		\$ 0.92		\$ 1.92		\$ 4.32	

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)

	Notes	Equity attributable to equity holders of the Company						Total equity
		Capital stock— common stock	Capital surplus	Retained earnings		Other equity interest		
				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	
<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		-	-	-	3,217,099	-	-	3,217,099
Other comprehensive (loss) income	6(17)	-	-	-	( 151)	129,444	( 87,769)	41,524
Total comprehensive income (loss) for the period		-	-	-	3,216,948	129,444	( 87,769)	3,258,623
Appropriation of prior year's earnings:	6(16)							
Legal reserve		-	-	505,482	( 505,482)	-	-	-
Cash dividends		-	-	-	( 3,127,133)	-	-	( 3,127,133)
Changes in associates accounted for using equity method	6(15)	-	152	-	-	-	-	152
Balance at September 30, 2022		<u>\$ 7,272,401</u>	<u>\$ 6,064,637</u>	<u>\$ 2,575,987</u>	<u>\$ 8,324,784</u>	<u>\$ 43,419</u>	<u>\$ 236,300</u>	<u>\$ 24,517,528</u>
<u>Year 2023</u>								
Balance at January 1, 2023		<u>\$ 7,272,401</u>	<u>\$ 6,064,637</u>	<u>\$ 2,575,987</u>	<u>\$ 8,657,696</u>	<u>(\$ 17,369)</u>	<u>\$ 258,581</u>	<u>\$ 24,811,933</u>
Profit for the period		-	-	-	1,411,443	-	-	1,411,443
Other comprehensive income (loss)	6(17)	-	-	-	429	19,705	( 95,969)	( 75,835)
Total comprehensive income (loss) for the period		-	-	-	1,411,872	19,705	( 95,969)	1,335,608
Appropriation of prior year's earnings:	6(16)							
Legal reserve		-	-	354,986	( 354,986)	-	-	-
Cash dividends		-	-	-	( 1,672,652)	-	-	( 1,672,652)
Balance at September 30, 2023		<u>\$ 7,272,401</u>	<u>\$ 6,064,637</u>	<u>\$ 2,930,973</u>	<u>\$ 8,041,930</u>	<u>\$ 2,336</u>	<u>\$ 162,612</u>	<u>\$ 24,474,889</u>

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)

	Notes	Nine months ended September 30,	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before income tax		\$ 1,690,688	\$ 3,847,530
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(8)(9)(24)	3,621,734	3,585,639
Expected credit losses (gains)		542	( 594 )
Interest expense	6(23)	195,997	93,923
Interest income	6(20)	( 150,541 )	( 19,279 )
Dividend income	6(21)	( 6,592 )	( 8,628 )
Share of profit of associates and joint ventures accounted for using equity method		( 163,319 )	( 397,765 )
(Gain) loss on valuation of financial assets at fair value through profit or loss	6(2)(22)	( 32,213 )	82,633
Gain on disposal of property, plant and equipment	6(19)	( 13,751 )	( 28,200 )
Deferred income		( 15,530 )	( 13,008 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		120,342	160,144
Current contract assets		47,668	25,674
Notes receivable		-	1,035
Accounts receivable		( 1,105,291 )	1,786,278
Other receivables		13,036	24,995
Inventories		506,848	( 91,651 )
Prepayments		14,570	50,233
Changes in operating liabilities			
Notes payable		( 68 )	199
Accounts payable		198,205	( 123,490 )
Other payables		( 318,074 )	( 396,695 )
Current provisions		( 3,359 )	20,570
Current refund liabilities		( 8,274 )	5,797
Other current liabilities		1,409	9,826
Net defined benefit liability, non-current		( 13,574 )	( 14,749 )
Cash generated from operations		4,580,453	8,600,417
Interest received		153,239	15,978
Dividend received		6,592	25,228
Interest paid		( 166,328 )	( 69,811 )
Income tax paid		( 181,740 )	( 1,351,349 )
Net cash generated from operating activities		<u>4,392,216</u>	<u>7,220,463</u>

(Continued)

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

	Notes	Nine months ended September 30,	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortized cost		(\$ 37,411 )	(\$ 43,243 )
Proceeds from repayments of financial assets at amortized cost		130,470	68,473
Acquisition of financial assets at fair value through other comprehensive income	6(6)	( 12,500 )	-
Acquisition of property, plant and equipment	6(28)	( 2,338,786 )	( 3,690,654 )
Proceeds from disposal of property, plant and equipment		68,344	50,202
Increase in refundable deposits		-	( 530 )
Increase in other non-current assets		( 101,487 )	( 395,369 )
Increase in long-term deferred revenue		7,527	13,884
Net cash used in investing activities		( 2,283,843 )	( 3,997,237 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
	6(29)		
Proceeds from short-term bank loans		512,704	308,006
Payments on short-term bank loans		( 325,605 )	( 1,039,757 )
Payments on lease liabilities		( 213,621 )	( 176,932 )
Proceeds from long-term bank loans		2,042,391	2,398,116
Payments on long-term bank loans		( 1,047,798 )	( 54,000 )
(Decrease) increase in guarantee deposits		( 1 )	1
Cash dividend paid	6(16)	( 1,672,652 )	( 3,127,133 )
Net cash used in financing activities		( 704,582 )	( 1,691,699 )
Effect of foreign exchange rate changes		11,636	30,566
Net increase in cash and cash equivalents		1,415,427	1,562,093
Cash and cash equivalents at beginning of period		9,896,604	5,906,176
Cash and cash equivalents at end of period		\$ 11,312,031	\$ 7,468,269

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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**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 Depository 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 November 2, 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
Amendments to IAS 12, “International Tax Reform – Pillar Two Model Rules”	May 23, 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

A. New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by IASB</u>
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements”	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.

(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
IFRS 17, “Insurance Contracts”	January 1, 2023
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 21, “Lack of Exchangeability”	January 1, 2025

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 MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, 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” that came into effect 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 (%)		
			September 30, 2023	December 31, 2022	September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	\$ 450	\$ 450	\$ 450
Checking accounts and demand deposits	1,328,138	2,248,954	2,449,768
Time deposits	9,983,443	7,647,200	5,018,051
	<u>\$ 11,312,031</u>	<u>\$ 9,896,604</u>	<u>\$ 7,468,269</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

	September 30, 2023	December 31, 2022	September 30, 2022
Current:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 53,747	\$ 171,988	\$ 171,988
Valuation adjustment	( 13,652)	( 43,764)	( 54,805)
	<u>\$ 40,095</u>	<u>\$ 128,224</u>	<u>\$ 117,183</u>

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

	<u>Three months ended September 30,</u>	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	(\$ 1,378)	(\$ 35,288)
Beneficiary certificates	4,915	1,830
	<u>\$ 3,537</u>	<u>(\$ 33,458)</u>
	<u>Nine months ended September 30,</u>	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 19,361	(\$ 86,252)
Beneficiary certificates	12,852	3,619
	<u>\$ 32,213</u>	<u>(\$ 82,633)</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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current:			
Time deposits	\$ <u>6,599</u>	\$ <u>98,731</u>	\$ <u>6,376</u>
Non-current:			
Restricted bank deposits	\$ <u>37,411</u>	\$ <u>37,362</u>	\$ <u>37,362</u>

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

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income	\$ <u>146</u>	\$ <u>66</u>	\$ <u>1,607</u>	\$ <u>176</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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable	\$ 5,489,523	\$ 4,384,232	\$ 4,559,878
Less: Loss allowance	( 3,247)	( 2,669)	( 1,328)
	<u>\$ 5,486,276</u>	<u>\$ 4,381,563</u>	<u>\$ 4,558,550</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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current	\$ 5,468,195	\$ 4,357,073	\$ 4,540,233
Within 1 month	21,312	27,159	18,921
1-2 months	16	-	552
2-3 months	-	-	172
	<u>\$ 5,489,523</u>	<u>\$ 4,384,232</u>	<u>\$ 4,559,878</u>

C. As of September 30, 2023, December 31, 2022 and September 30, 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

	<u>September 30, 2023</u>		
	<u>Cost</u>	<u>Allowance for impairment losses</u>	<u>Carrying amount</u>
Raw materials	<u>\$ 2,877,721</u>	<u>(\$ 174,160)</u>	<u>\$ 2,703,561</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for impairment losses</u>	<u>Carrying amount</u>
Raw materials	<u>\$ 3,316,039</u>	<u>(\$ 105,630)</u>	<u>\$ 3,210,409</u>
	<u>September 30, 2022</u>		
	<u>Cost</u>	<u>Allowance for impairment losses</u>	<u>Carrying amount</u>
Raw materials	<u>\$ 3,401,199</u>	<u>(\$ 102,371)</u>	<u>\$ 3,298,828</u>

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

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Cost of revenue	\$ 4,667,700	\$ 4,518,043
Loss on abandonment	-	9,448
Allowance for (reversal of) inventory valuation and obsolescence loss	<u>24,775</u>	<u>( 85,808)</u>
	<u>\$ 4,692,475</u>	<u>\$ 4,441,683</u>
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Cost of revenue	\$ 13,162,841	\$ 14,608,493
Loss on abandonment	-	9,448
Allowance for (reversal of) inventory valuation and obsolescence loss	<u>68,530</u>	<u>( 19,215)</u>
	<u>\$ 13,231,371</u>	<u>\$ 14,598,726</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

	September 30, 2023	December 31, 2022	September 30, 2022
Designation of equity instruments			
Foreign unlisted stocks	\$ 38,534	\$ 38,534	\$ 38,534
Valuation adjustment	171,944	299,568	271,384
	<u>\$ 210,478</u>	<u>\$ 338,102</u>	<u>\$ 309,918</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 September 30, 2023, December 31, 2022 and September 30, 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:

	<u>Three months ended September 30,</u>	
	2023	2022
Financial assets at fair value through other comprehensive income		
Foreign unlisted stocks	(\$ 44,254)	\$ 39,352
	<u>Nine months ended September 30,</u>	
	2023	2022
Financial assets at fair value through other comprehensive income		
Foreign unlisted stocks	(\$ 127,624)	(\$ 74,603)

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

D. In April 2023, the Company acquired 1,000 thousand ordinary shares of Daypower Energy Co., Ltd. (Daypower Energy) in the amount of \$12,500, representing 10% of shareholding and was recorded as financial assets at fair value through other comprehensive income. Subsequently, in August 2023, the Company participated in the re-election of the directors of Daypower Energy and obtained significant influence by holding one seat in Daypower Energy's Board of Directors. As a result, the Company reclassified the investment as investment accounted for using equity method from financial assets at fair value through other comprehensive income. Information related to Daypower Energy investment is provided in Note 6(7).

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

(7) Investments accounted for using equity method

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Associates</u>			
JMC ELECTRONICS CO., LTD. ("JMC")	\$ 273,994	\$ 267,070	\$ 272,553
Unimos Microelectronics (Shanghai) Co., Ltd. ("Unimos Shanghai")	4,252,560	4,086,378	4,077,094
Daypower Energy	12,256	-	-
	<u>\$ 4,538,810</u>	<u>\$ 4,353,448</u>	<u>\$ 4,349,647</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>September 30, 2023</u>	<u>Nature of relationship</u>	<u>Method of measurement</u>
Unimos Shanghai	Shanghai, People's Republic of China ("P.R.C.")	45.02%	Strategic Investee	Equity method

(b) Summarized financial information

Balance sheets

	<u>Unimos Shanghai</u> <u>September 30,</u> <u>2023</u>
Current assets	\$ 5,042,806
Non-current assets	4,501,264
Current liabilities	( 779,129)
Non-current liabilities	( 240,980)
Total net assets	<u>\$ 8,523,961</u>
Share in associate's net assets	\$ 3,837,845
Depreciable assets	392,597
Goodwill	22,118
Carrying amount of the associate	<u>\$ 4,252,560</u>

Statements of comprehensive income

	<u>Unimos Shanghai</u> <u>Three months</u> <u>ended</u> <u>September 30,</u> <u>2023</u>
Revenue	\$ 1,415,002
Profit for the period from continuing operations	\$ 164,566
Other comprehensive income, net of income tax	-
Total comprehensive income	<u>\$ 164,566</u>
Dividend received from the associate	<u>\$ -</u>

	<u>Unimos Shanghai</u>
	Nine months ended September 30, 2023
Revenue	\$ 3,689,221
Profit for the period from continuing operations	\$ 438,902
Other comprehensive income, net of income tax	-
Total comprehensive income	<u>\$ 438,902</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 September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$286,250, \$4,353,448 and \$4,349,647, respectively.

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Profit for the period from continuing operations	\$ 1,967	\$ 142,496
Other comprehensive loss, net of income tax	( 20,815)	( 5,527)
Total comprehensive (loss) income	<u>(\$ 18,848)</u>	<u>\$ 136,969</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Profit for the period from continuing operations	\$ 3,856	\$ 397,765
Other comprehensive income (loss), net of income tax	6,559	( 28,238)
Total comprehensive income	<u>\$ 10,415</u>	<u>\$ 369,527</u>

C. JMC has quoted market prices. As of September 30, 2023, December 31, 2022 and September 30, 2022, the fair value was \$307,515, \$249,000 and \$272,240, respectively.

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

(8) Property, plant and equipment

	2023						
	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Tools</u>	<u>Others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<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	-	846	3,204	291	1,376	1,723,584	1,729,301
Disposals	-	-	( 16,574)	( 2,702)	-	-	( 19,276)
Reclassifications	2,000	279,125	806,738	431,071	127,486	( 1,646,420)	-
Depreciation expenses	-	( 415,905)	( 2,321,635)	( 478,733)	( 201,018)	-	( 3,417,291)
Exchange adjustment	-	-	15	-	15	-	30
September 30	<u>\$ 454,738</u>	<u>\$ 5,249,574</u>	<u>\$ 11,230,116</u>	<u>\$ 746,624</u>	<u>\$ 476,553</u>	<u>\$ 581,364</u>	<u>\$ 18,738,969</u>
<u>September 30</u>							
Cost	\$ 454,738	\$ 13,659,824	\$ 59,779,975	\$ 5,910,924	\$ 2,683,567	\$ 581,364	\$ 83,070,392
Accumulated depreciation and impairment	-	( 8,410,250)	( 48,549,859)	( 5,164,300)	( 2,207,014)	-	( 64,331,423)
	<u>\$ 454,738</u>	<u>\$ 5,249,574</u>	<u>\$ 11,230,116</u>	<u>\$ 746,624</u>	<u>\$ 476,553</u>	<u>\$ 581,364</u>	<u>\$ 18,738,969</u>
	2022						
	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Tools</u>	<u>Others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<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	-	427	3,862	635	-	3,082,756	3,087,680
Disposals	-	-	( 27,930)	( 1,851)	-	-	( 29,781)
Reclassifications	-	254,839	1,414,775	566,438	168,951	( 2,403,991)	1,012
Depreciation expenses	-	( 345,623)	( 2,330,354)	( 546,439)	( 193,023)	-	( 3,415,439)
Exchange adjustment	-	-	63	-	31	-	94
September 30	<u>\$ 452,738</u>	<u>\$ 4,253,199</u>	<u>\$ 12,342,601</u>	<u>\$ 856,773</u>	<u>\$ 487,682</u>	<u>\$ 1,361,694</u>	<u>\$ 19,754,687</u>
<u>September 30</u>							
Cost	\$ 452,738	\$ 12,130,382	\$ 58,155,367	\$ 5,640,508	\$ 2,500,237	\$ 1,361,694	\$ 80,240,926
Accumulated depreciation and impairment	-	( 7,877,183)	( 45,812,766)	( 4,783,735)	( 2,012,555)	-	( 60,486,239)
	<u>\$ 452,738</u>	<u>\$ 4,253,199</u>	<u>\$ 12,342,601</u>	<u>\$ 856,773</u>	<u>\$ 487,682</u>	<u>\$ 1,361,694</u>	<u>\$ 19,754,687</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:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Amount of interest capitalized	\$ 2,177	\$ 3,373
Range of the interest rates for capitalization	1.4270%	0.9205%

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Amount of interest capitalized	\$ 5,337	\$ 7,020
Range of the interest rates for capitalization	1.4270%	0.9205%

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:

	<u>Carrying amount</u>		
	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Land	\$ 614,882	\$ 630,969	\$ 636,445
Buildings	11,182	8,214	8,367
Machinery and equipment	479,101	257,196	303,572
Others	3,094	2,613	3,119
	<u>\$ 1,108,259</u>	<u>\$ 898,992</u>	<u>\$ 951,503</u>

	<u>Depreciation expenses</u>	
	<u>Three months ended</u> <u>September 30, 2023</u>	<u>Three months ended</u> <u>September 30, 2022</u>
Land	\$ 5,362	\$ 5,476
Buildings	2,956	2,647
Machinery and equipment	66,124	51,560
Others	693	507
	<u>\$ 75,135</u>	<u>\$ 60,190</u>

	Depreciation expenses	
	<u>Nine months ended</u> <u>September 30, 2023</u>	<u>Nine months ended</u> <u>September 30, 2022</u>
Land	\$ 16,087	\$ 16,428
Buildings	8,587	7,584
Machinery and equipment	178,012	144,697
Others	1,757	1,491
	<u>\$ 204,443</u>	<u>\$ 170,200</u>

C. For the nine months ended September 30, 2023 and 2022, additions to right-of-use assets were \$413,408 and \$286,434, respectively.

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

	<u>Three months ended September 30,</u> <u>2023</u> <u>2022</u>	
	<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 4,775	\$ 3,601
Expense on short-term lease contracts	14,302	24,574

	<u>Nine months ended September 30,</u> <u>2023</u> <u>2022</u>	
	<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 13,995	\$ 10,889
Expense on short-term lease contracts	35,800	75,540

E. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$252,325 and \$249,679, respectively.

(10) Short-term bank loans

<u>Type of loans</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Bank loans			
Unsecured bank loans	\$ 187,099	\$ -	\$ -
Interest rate range	<u>5.85%~6.18%</u>	<u>-</u>	<u>-</u>
Unused credit lines of short-term bank loans			
NT\$	\$ 4,113,660	\$ 4,364,400	\$ 4,364,400
US\$ (in thousands)	\$ 64,744	\$ 90,000	\$ 85,663

(11) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Salaries and bonuses payable	\$ 831,220	\$ 1,002,577	\$ 750,501
Payable to equipment suppliers	563,811	1,405,931	694,544
Employees' compensation payable	186,233	447,303	434,035
Pension payable	16,813	16,541	16,737
Directors' remuneration payable	4,656	11,182	10,715
Interest payable	9,609	7,768	5,335
Other expense payable	1,011,791	905,179	938,978
	<u>\$ 2,624,133</u>	<u>\$ 3,796,481</u>	<u>\$ 2,850,845</u>

(12) Long-term bank loans

Type of loans	Period and payment term	September 30, 2023	December 31, 2022	September 30, 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	\$ 15,058,251	\$ 14,056,131	\$ 11,875,131
Less: Unamortized interest on government granted bank loans		( 68,029)	( 88,330)	( 85,570)
Less: Current portion (fee included)		( 2,076,227)	( 1,522,917)	( 932,006)
		<u>\$ 12,913,995</u>	<u>\$ 12,444,884</u>	<u>\$ 10,857,555</u>
Interest rate range		<u>1.2%~1.75%</u>	<u>1.075%~1.625%</u>	<u>0.95%~1.35%</u>
Unused credit lines of long-term bank loans				
NT\$		<u>\$ 7,621,950</u>	<u>\$ 9,671,868</u>	<u>\$ 11,852,868</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.

### (13) 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 \$961, \$921, \$2,882 and \$2,764 for the three months and nine months ended September 30, 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 and nine months ended September 30, 2023 and 2022 were \$49,410, \$51,060, \$140,369 and \$151,686, 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 nine months ended September 30, 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 and nine months ended September 30, 2023 and 2022 were \$158, \$108, \$413 and \$227, respectively.

(14) Capital stock

- A. As of September 30, 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 September 30, 2023, the outstanding ADSs were approximately 4,333,102 units representing 86,662 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 September 30 of 2023 and 2022 were all 727,240 thousand shares, respectively.

(15) 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.

	<u>2023</u>		
	<u>Share premium</u>	<u>Long-term investment</u>	<u>Total</u>
January 1	<u>\$ 6,043,483</u>	<u>\$ 21,154</u>	<u>\$ 6,064,637</u>
September 30	<u>\$ 6,043,483</u>	<u>\$ 21,154</u>	<u>\$ 6,064,637</u>

	2022		
	Share premium	Long-term investment	Total
January 1	\$ 6,043,483	\$ 21,002	\$ 6,064,485
Changes in associates accounted for using equity method	-	152	152
September 30	<u>\$ 6,043,483</u>	<u>\$ 21,154</u>	<u>\$ 6,064,637</u>

(16) 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 resolved in the shareholders' meeting held on May 30, 2023 and 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

(17) 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	19,705	-	19,705
Evaluation adjustment			
- The Company	-	( 127,624)	( 127,624)
- Associates	-	6,130	6,130
Evaluation adjustment related tax			
- The Company	-	25,525	25,525
September 30	<u>\$ 2,336</u>	<u>\$ 162,612</u>	<u>\$ 164,948</u>

	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	129,444	-	129,444
Evaluation adjustment			
- The Company	-	( 74,603)	( 74,603)
- Associates	-	( 28,087)	( 28,087)
Evaluation adjustment related tax			
- The Company	-	14,921	14,921
September 30	<u>\$ 43,419</u>	<u>\$ 236,300</u>	<u>\$ 279,719</u>

(18) Revenue

	Three months ended September 30,	
	2023	2022
Revenue from contracts with customers	<u>\$ 5,581,557</u>	<u>\$ 5,253,906</u>

	Nine months ended September 30,	
	2023	2022
Revenue from contracts with customers	<u>\$ 15,630,815</u>	<u>\$ 18,830,865</u>

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:

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract assets	\$ 333,720	\$ 381,358	\$ 374,591	\$ 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.

## (19) Other income (expenses), net

	<u>Three months ended September 30,</u>	
	2023	2022
Gain on disposal of scrapped materials	\$ 21,555	\$ 9,304
Gain on disposal of property, plant and equipment	3,193	24,897
Gain on disposal of items purchased on behalf of others	5,355	3,790
Others	7,277	3,248
	<u>\$ 37,380</u>	<u>\$ 41,239</u>

	<u>Nine months ended September 30,</u>	
	2023	2022
Gain on disposal of scrapped materials	\$ 37,876	\$ 29,201
Gain on disposal of property, plant and equipment	13,751	28,200
Gain on disposal of items purchased on behalf of others	9,165	14,839
Others	15,654	10,356
	<u>\$ 76,446</u>	<u>\$ 82,596</u>

## (20) Interest income

	<u>Three months ended September 30,</u>	
	2023	2022
Bank deposits	\$ 41,323	\$ 10,544
Financial assets at amortized cost	146	66
	<u>\$ 41,469</u>	<u>\$ 10,610</u>

	<u>Nine months ended September 30,</u>	
	2023	2022
Bank deposits	\$ 148,934	\$ 19,103
Financial assets at amortized cost	1,607	176
	<u>\$ 150,541</u>	<u>\$ 19,279</u>

(21) Other income

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income	\$ 12,481	\$ 9,578
Grant income	6,607	4,798
Dividend income	1,742	8,628
	<u>\$ 20,830</u>	<u>\$ 23,004</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income	\$ 44,624	\$ 19,925
Grant income	17,177	13,650
Dividend income	6,592	8,628
	<u>\$ 68,393</u>	<u>\$ 42,203</u>

(22) Other gains and losses

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Foreign exchange gains, net	\$ 166,755	\$ 297,992
Gain (loss) on valuation of financial assets at fair value through profit or loss	3,537	( 33,458)
Others	4,380	1,721
	<u>\$ 174,672</u>	<u>\$ 266,255</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Foreign exchange gains, net	\$ 272,717	\$ 664,913
Gain (loss) on valuation of financial assets at fair value through profit or loss	32,213	( 82,633)
Others	5,973	4,443
	<u>\$ 310,903</u>	<u>\$ 586,723</u>

(23) Finance costs

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense		
Bank loans	\$ 66,388	\$ 37,979
Lease liabilities	4,775	3,601
Others	-	8
Less: Amounts capitalized in qualifying assets	( 2,177)	( 3,373)
	68,986	38,215
Finance expense	433	814
	<u>\$ 69,419</u>	<u>\$ 39,029</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense		
Bank loans	\$ 187,339	\$ 90,046
Lease liabilities	13,995	10,889
Others	-	8
Less: Amounts capitalized in qualifying assets	( 5,337)	( 7,020)
	<u>195,997</u>	<u>93,923</u>
Finance expense	433	10,840
	<u>\$ 196,430</u>	<u>\$ 104,763</u>

(24) Expenses by nature

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Raw materials and supplies used	\$ 1,058,810	\$ 1,036,561
Employee benefit expenses	1,502,510	1,552,480
Depreciation expenses	1,214,073	1,200,180
Others	1,356,395	1,108,749
	<u>\$ 5,131,788</u>	<u>\$ 4,897,970</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Raw materials and supplies used	\$ 2,923,918	\$ 3,684,394
Employee benefit expenses	4,352,101	5,096,439
Depreciation expenses	3,621,734	3,585,639
Others	3,615,546	3,640,666
	<u>\$ 14,513,299</u>	<u>\$ 16,007,138</u>

(25) Employee benefit expenses

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries	\$ 1,217,099	\$ 1,262,254
Directors' remuneration	6,199	6,559
Labor and health insurance	115,760	119,225
Pension	50,529	52,089
Other personnel expenses	112,923	112,353
	<u>\$ 1,502,510</u>	<u>\$ 1,552,480</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries	\$ 3,540,172	\$ 4,204,548
Directors' remuneration	17,796	23,820
Labor and health insurance	322,908	344,054
Pension	143,664	154,677
Other personnel expenses	<u>327,561</u>	<u>369,340</u>
	<u>\$ 4,352,101</u>	<u>\$ 5,096,439</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 and nine months ended September 30, 2023 and 2022, the employees' compensation were accrued at \$77,941, \$89,148, \$186,233 and \$428,604, respectively; the directors' remuneration were accrued at \$1,949, \$2,229, \$4,656 and \$10,715, 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").

(26) Income tax expense

A. Income tax expense

(a) Components of income tax expense:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax:		
Current income tax on profits for the period	\$ 138,115	\$ 101,028
Prior year income tax understatement	-	937
Total current income tax	<u>138,115</u>	<u>101,965</u>
Deferred income tax:		
Relating to origination and reversal of temporary differences	( 634)	26,734
Income tax expense	<u>\$ 137,481</u>	<u>\$ 128,699</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax:		
Current income tax on profits for the period	\$ 284,779	\$ 677,348
Prior year income tax overestimation	( 23,034)	( 28,468)
Total current income tax	<u>261,745</u>	<u>648,880</u>
Deferred income tax:		
Relating to origination and reversal of temporary differences	<u>17,500</u>	<u>( 18,449)</u>
Income tax expense	<u>\$ 279,245</u>	<u>\$ 630,431</u>

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

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Unrealized (loss) gain on valuation of financial assets at fair value through other comprehensive income	(\$ <u>8,851</u> )	<u>\$ 7,870</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Unrealized loss on valuation of financial assets at fair value through other comprehensive income	(\$ <u>25,525</u> )	<u>( \$ 14,921)</u>

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

(27) Earnings per share

	<u>Three months ended September 30, 2023</u>		
	<u>Amount after income tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	<u>\$ 580,565</u>	<u>727,240</u>	<u>\$ 0.80</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		<u>2,084</u>	
Profit attributable to equity holders of the Company	<u>\$ 580,565</u>	<u>729,324</u>	<u>\$ 0.80</u>



<u>Three months ended September 30, 2022</u>		
<u>Amount after income tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>		
Profit attributable to equity holders of the Company	727,240	\$ 0.92
<u>Diluted earnings per share</u>		
Assumed conversion of all dilutive potential ordinary shares:		
Employees' compensation	2,972	
Profit attributable to equity holders of the Company	730,212	\$ 0.92

<u>Nine months ended September 30, 2023</u>		
<u>Amount after income tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>		
Profit attributable to equity holders of the Company	727,240	\$ 1.94
<u>Diluted earnings per share</u>		
Assumed conversion of all dilutive potential ordinary shares:		
Employees' compensation	7,355	
Profit attributable to equity holders of the Company	734,595	\$ 1.92

<u>Nine months ended September 30, 2022</u>		
<u>Amount after income tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>		
Profit attributable to equity holders of the Company	727,240	\$ 4.42
<u>Diluted earnings per share</u>		
Assumed conversion of all dilutive potential ordinary shares:		
Employees' compensation	17,033	
Profit attributable to equity holders of the Company	744,273	\$ 4.32

(28) Supplemental cash flow information

Partial cash paid for investing activities

Property, plant and equipment

	Nine months ended September 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 1,729,301	\$ 3,087,680
Add: Beginning balance of payable on equipment	1,405,931	1,816,555
Less: Ending balance of payable on equipment	( 563,811)	( 694,544)
Less: Transfer from other non-current assets	( 232,635)	( 519,037)
Cash paid during the period	<u>\$ 2,338,786</u>	<u>\$ 3,690,654</u>

(29) Changes in liabilities from financing activities

	2023				
	Short-term bank loans	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	187,099	994,593	( 1)	( 213,621)	968,070
Adjustment of right-of-use assets	-	-	-	413,408	413,408
Amortization of interest expense	-	27,828	-	13,995	41,823
September 30	<u>\$ 187,099</u>	<u>\$ 14,990,222</u>	<u>\$ 21,599</u>	<u>\$ 1,134,184</u>	<u>\$ 16,333,104</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)	2,344,116	1	( 176,932)	1,435,434
Adjustment of right-of-use assets	-	-	-	286,434	286,434
Amortization of loan fees	-	10,026	-	-	10,026
Amortization of interest expense	-	22,054	-	10,889	32,943
September 30	<u>\$ -</u>	<u>\$ 11,789,561</u>	<u>\$ 21,626</u>	<u>\$ 971,642</u>	<u>\$ 12,782,829</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

Name	Relationship
Unimos Shanghai	Associate
JMC	Associate
Daypower Energy	Associate
Siliconware Precision Industries Co., Ltd. (SPIL)	Entity that has significant influence over the Company

### (3) Significant related party transactions

Acquisition of property, plant and equipment

	Three months ended September 30,	
	2023	2022
SPIL	\$ -	\$ -

	Nine months ended September 30,	
	2023	2022
SPIL	\$ 35,261	\$ -

### (4) Key management personnel compensation

	Three months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 31,360	\$ 35,744
Post-employment compensation	481	549
	\$ 31,841	\$ 36,293

	Nine months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 145,315	\$ 188,425
Post-employment compensation	1,536	1,647
	\$ 146,851	\$ 190,072

## 8. PLEDGED ASSETS

<u>Assets</u>	<u>Purpose</u>	<u>Carrying amount</u>		
		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current financial assets at amortized cost	Lease	\$ 37,411	\$ 37,362	\$ 37,362
Property, plant and equipment				
- Land	Bank loan	454,738	452,738	452,738
- Buildings	Bank loan	5,249,574	5,385,508	4,253,199
- Machinery and equipment	Bank loan	<u>8,122,303</u>	<u>8,204,983</u>	<u>7,606,039</u>
		<u>\$ 13,864,026</u>	<u>\$ 14,080,591</u>	<u>\$ 12,349,338</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 September 30, 2023, December 31, 2022 and September 30, 2022, the amounts guaranteed by the financial institutions were \$207,500, \$135,600 and \$273,300, respectively.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Property, plant and equipment	<u>\$ 2,014,599</u>	<u>\$ 1,703,841</u>	<u>\$ 2,780,015</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

	September 30, 2023	December 31, 2022	September 30, 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	\$ 40,095	\$ 128,224	\$ 117,183
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	210,478	338,102	309,918
Financial assets at amortized cost			
Cash and cash equivalents	11,312,031	9,896,604	7,468,269
Financial assets at amortized cost	44,010	136,093	43,738
Accounts receivable	5,486,276	4,381,563	4,558,550
Other receivables	80,817	131,863	72,909
Other receivables — related parties	3,735	-	-
Refundable deposits	21,814	21,771	21,808
	<u>\$ 17,199,256</u>	<u>\$ 15,034,220</u>	<u>\$ 12,592,375</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term bank loans	\$ 187,099	\$ -	\$ -
Notes payable	64	132	222
Accounts payable	759,007	560,802	888,901
Other payables	2,624,133	3,796,481	2,850,845
Long-term bank loans (including current portion)	14,990,222	13,967,801	11,789,561
Lease liabilities (including current portion)	1,134,184	920,402	971,642
Guarantee deposits	21,599	21,600	21,626
	<u>\$ 19,716,308</u>	<u>\$ 19,267,218</u>	<u>\$ 16,522,797</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.



	<u>September 30, 2022</u>		
	<u>Foreign currency</u>		<u>Carrying amount</u>
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 165,388	31.7500	\$ 5,251,069
JPY:NTD	58,170	0.2201	12,803
RMB:NTD	8,050	4.4730	36,008
<u>Non-monetary items</u>			
JPY:NTD	1,408,079	0.2201	309,918
RMB:NTD	911,490	4.4730	4,077,094
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 16,897	31.7500	\$ 536,480
JPY:NTD	906,689	0.2201	199,562

- ii. The total exchange gains, including realized and unrealized gains arising from significant foreign exchange variations on monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022, amounted to \$166,755, \$297,992, \$272,717, and \$664,913, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variations:

	<u>Nine months ended September 30, 2023</u>		
	<u>Sensitivity analysis</u>		
	<u>Change in</u>		<u>Effect on other</u>
	<u>exchange</u>	<u>Effect on</u>	<u>comprehensive</u>
	<u>rate</u>	<u>profit (loss)</u>	<u>income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 235,245	-
JPY:NTD	5%	1,991	-
RMB:NTD	5%	1,159	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 29,292	-
JPY:NTD	5%	5,932	-

	Nine months ended September 30, 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%	\$ 262,553	\$ -
JPY:NTD	5%	640	-
RMB:NTD	5%	1,800	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 26,824	\$ -
JPY:NTD	5%	9,978	-

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 nine months ended September 30, 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 \$401 and \$1,172, 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 nine months ended September 30, 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 \$114,340 and \$89,063, 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 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 September 30, 2023, December 31, 2022 and September 30, 2022, the loss rate methodologies are as follows:

	September 30, 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	\$ 333,919	\$ 5,489,523	\$ 84,591
Loss allowance	( \$ 199 )	( \$ 3,247 )	( \$ 39 )

	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 )

	September 30, 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	\$ 374,701	\$ 4,559,878	\$ 72,923
Loss allowance	( \$ 110 )	( \$ 1,328 )	( \$ 14 )

- 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 )
Provision for impairment loss	-	( 578 )	-
Reversal of impairment loss	30	-	6
September 30	<u>( \$ 199 )</u>	<u>( \$ 3,247 )</u>	<u>( \$ 39 )</u>

	2022		
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
January 1	( \$ 120 )	( \$ 1,910 )	( \$ 16 )
Reversal of impairment loss	10	582	2
September 30	( \$ 110 )	( \$ 1,328 )	( \$ 14 )

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) and (12) for details of the unused credit lines of the Group as of September 30, 2023, December 31, 2022 and September 30, 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.

<u>Non-derivative financial liabilities</u>	September 30, 2023				
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Short-term bank loans	\$ 187,780	\$ -	\$ -	\$ -	\$ 187,780
Long-term bank loans	2,283,324	7,095,570	4,690,726	1,628,627	15,698,247
Lease liabilities	281,611	307,414	57,056	683,107	1,329,188
Guarantee deposits	-	-	-	21,599	21,599
	<u>\$ 2,752,715</u>	<u>\$ 7,402,984</u>	<u>\$ 4,747,782</u>	<u>\$ 2,333,333</u>	<u>\$ 17,236,814</u>

<u>Non-derivative financial liabilities</u>	December 31, 2022				
	Within 1 year	1 to 3 years	3 to 5 years	Over 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>	September 30, 2022				
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Long-term bank loans	\$ 1,067,430	\$ 4,767,525	\$ 4,860,220	\$ 1,639,821	\$ 12,334,996
Lease liabilities	200,356	204,235	57,057	711,635	1,173,283
Guarantee deposits	-	-	-	21,626	21,626
	<u>\$ 1,267,786</u>	<u>\$ 4,971,760</u>	<u>\$ 4,917,277</u>	<u>\$ 2,373,082</u>	<u>\$ 13,529,905</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, accounts receivable, other receivables (including related parties), refundable deposits, short-term and 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:

	September 30, 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	\$ 40,095	\$ -	\$ -	\$ 40,095
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	-	-	210,478	210,478
	<u>\$ 40,095</u>	<u>\$ -</u>	<u>\$ 210,478</u>	<u>\$ 250,573</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>

	<u>September 30, 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	\$ 117,183	\$ -	\$ -	\$ 117,183
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>309,918</u>	<u>309,918</u>
	<u>\$ 117,183</u>	<u>\$ -</u>	<u>\$ 309,918</u>	<u>\$ 427,101</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 and P/B 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 nine months ended September 30, 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 on valuation of financial assets at fair value through other comprehensive income	( 127,624)	( 74,603)
Purchases	12,500	-
Reclassified as investments accounted for using equity method	( 12,500)	-
September 30	<u>\$ 210,478</u>	<u>\$ 309,918</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 September 30, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	\$ 210,478	Comparable companies	Enterprise value to EBITDA multiple	7.94	The higher the multiple, the higher the fair value
			Price to book ratio multiple	1.46	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 September 30, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	\$ 309,918	Comparable companies	Enterprise value to EBITDA multiple	5.57	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:

		September 30, 2023					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:							
Foreign unlisted stocks	Enterprise value to EBITDA multiple	± 1%	\$ -	\$ -	\$ 1,645	\$ 1,645	
	Price to book ratio multiple	± 1%	-	-	24	24	
	Discount for lack of marketability	± 1%	-	-	2,498	2,498	
			\$ -	\$ -	\$ 4,167	\$ 4,167	
		September 30, 2022					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:							
Foreign unlisted stocks	Enterprise value to EBITDA multiple	± 1%	\$ -	\$ -	\$ 2,736	\$ 2,690	
	Discount for lack of marketability	± 1%	-	-	3,711	3,665	
			\$ -	\$ -	\$ 6,447	\$ 6,355	

### 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):

<u>Held company name</u>	<u>Marketable securities type and name</u>	<u>Relationship with the company</u>	<u>General ledger account</u>	<u>As of September 30, 2023</u>				<u>Note</u>
				<u>Number of shares</u>	<u>Carrying amount</u>	<u>Ownership (%)</u>	<u>Fair value</u>	
The Company	Solar Applied Materials Technology Corporation	None	Financial assets at fair value through profit or loss	1,100,000	\$ 40,095	0.18	\$ 40,095	
The Company	RYOWA CO., LTD.	None	Financial assets at fair value through other comprehensive income	420	207,943	18.12	207,943	
The Company	CONNECTEC JAPAN Corporation	None	Financial assets at fair value through other comprehensive income	56,497	2,535	2.74	2,535	



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 September 30, 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	-	-	81,707	1,100,000	81,707	1,102,100	1,100,000	2,100	-	-
The Company	Taishin Ta-Chong Money Market Fund	Note	N/A	N/A	-	-	103,532	1,500,000	103,532	1,503,575	1,500,000	3,575	-	-
The Company	Shin Kong Chi-Shin Money-Market Fund	Note	N/A	N/A	-	-	50,739	800,000	50,739	801,435	800,000	1,435	-	-
The Company	UPAMC James Bond Money Market Fund	Note	N/A	N/A	-	-	35,244	600,000	35,244	601,355	600,000	1,355	-	-
The Company	PGIM Money Market Fund	Note	N/A	N/A	-	-	55,726	900,000	55,726	902,062	900,000	2,062	-	-
The Company	FSITC Taiwan Money Market Fund	Note	N/A	N/A	-	-	32,003	500,000	32,003	500,927	500,000	927	-	-

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	\$ 29,079	-	0.19%
0	The Company	ChipMOS Shanghai	Note	Service expense	13,432	-	0.09%

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 September 30, 2023			Net profit of the investee for the nine months ended September 30, 2023	Investment income recognized for the nine months ended September 30, 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	\$ 268,852	\$ 5,823	\$ 5,823	
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	273,994	41,000	4,100	Note
The Company	ChipMOS BVI	British Virgin Islands	Holding company	3,087,825	3,087,825	2,413,992,975	100	4,233,152	136,373	136,373	
The Company	Daypower Energy	New Taipei, Taiwan	Energy technology services	12,500	-	1,000,000	10	12,256 (	4,173 ) (	244 )	Note

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 nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to P.R.C. as of September 30, 2023	Net income of investee for the nine months ended September 30, 2023	Ownership (%) held by the Company (directly or indirectly)	Investment income recognized for the nine months ended September 30, 2023	Carrying amount of investments in P.R.C. as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan through September 30, 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	\$ 438,902	45.02	\$ 159,463	\$ 4,252,560	\$ -	Note 2
ChipMOS Shanghai	Marketing of semiconductors and electronic related products	15,113	Note 1	15,113	-	-	15,113	780	100.00	780	17,468	-	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 September 30, 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	\$ 14,684,933

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	86,662,054	11.91%	Notes 1, 2
SPIL	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:

	Nine months ended September 30, 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	\$ 3,257,126	\$ 3,299,225	\$ 5,729,914	\$ 3,344,550	\$ -	\$ -	\$ 15,630,815
Inter-segment	-	-	-	-	41,840	(41,840)	-
Total revenue	<u>\$ 3,257,126</u>	<u>\$ 3,299,225</u>	<u>\$ 5,729,914</u>	<u>\$ 3,344,550</u>	<u>\$ 41,840</u>	<u>(\$ 41,840)</u>	<u>\$ 15,630,815</u>
Operating profit (loss)	<u>\$ 357,705</u>	<u>(\$ 927,143)</u>	<u>\$ 1,386,481</u>	<u>\$ 381,906</u>	<u>(\$ 4,897)</u>	<u>(\$ 90)</u>	<u>\$ 1,193,962</u>

	Nine months ended September 30, 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	\$ 4,179,522	\$ 5,459,159	\$ 5,714,013	\$ 3,478,171	\$ -	\$ -	\$ 18,830,865
Inter-segment	-	-	-	-	37,804	(37,804)	-
Total revenue	<u>\$ 4,179,522</u>	<u>\$ 5,459,159</u>	<u>\$ 5,714,013</u>	<u>\$ 3,478,171</u>	<u>\$ 37,804</u>	<u>(\$ 37,804)</u>	<u>\$ 18,830,865</u>
Operating profit (loss)	<u>\$ 1,091,786</u>	<u>\$ 111,329</u>	<u>\$ 1,461,907</u>	<u>\$ 246,780</u>	<u>(\$ 5,199)</u>	<u>(\$ 280)</u>	<u>\$ 2,906,323</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.