ChipMOS TECHNOLOGIES INC. 2Q 2026 Earnings Conference Call
August 11, 2026, 3:00 PM Taiwan

Company Participants
S.J. Cheng – Chairman and President
Silvia Su – Vice President-Finance and Accounting Management Center
Jesse Huang – Spokesperson and Senior Vice President-Strategy and Investor Relations
G.S. Shen – Technical Deputy Director-Strategy and Investor Relations

Operator
Greetings, and welcome to the ChipMOS 2026 Results Semiannual Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. I would now like to turn the conference over to Dr. GS Shen, of ChipMOS TECHNOLOGIES Strategy and Investor Relations team to introduce the management team of the Company in Conference. Dr. Shen, you may begin.

GS Shen, Technical Deputy Director-Strategy and Investor Relations
Thank you, operator. Welcome everyone to ChipMOS' 2026 results semiannual conference call. Joining us today from the company are Mr. S.J. Cheng, Chairman and President; and Ms. Silvia Su, Vice President of Finance and Accounting Management Center. We are also joined on the call today by Mr. Jesse Huang, Spokesperson and Senior Vice President of Strategy and Investor Relations. S.J. will chair the meeting and review business highlights from the second quarter 2026 and provide more color on the operating environment. After Silvia's review of the Company's key financial results, SJ will provide our current business outlook. All Company executives will then participate in an open Q&A session.

Please note, we have posted a presentation on the MOPS and also on the ChipMOS' website www.chipmos.com to accompany today's conference call. Before we begin the prepared comments, we remind you to review our forward-looking statements disclaimer, which is noted as the "Safe Harbor Notice" on the second page of today's presentation and in the results press release we issued. As a reminder, today's conference call is being recorded and a replay will be made available later today on the Company's website.

At this time, I'd like to now turn the call over to our company's Chairman and President, Mr. S.J. Cheng. Please go ahead, sir.

S.J. Cheng, Chairman and President

Thank you, GS. We appreciate everyone joining our call today. We delivered a strong start to 2026 with a real earnings inflection. Q2 revenue reached its highest level since 2014, as demand continues to exceed capacity. Better pricing, product mix and utilization are now translating demand strength into meaningful operating leverage.

This also reflects our continued execution and sustained momentum across our business. Looking ahead, our customer visibility remains strong. Our investments positioned us with the right capacity and in the right markets. Importantly, AI-driven demand continues to outpace available supply. We are well positioned to build on this performance through the balance of the year and focused on building value for shareholders.

In terms of highlights….

- We achieved a record quarterly high revenue since 2014, with Q2 revenue up over 6.5% compared to Q1, and up 28.7% on a year-over-year basis.
- Q2 Gross Margin increased 420 basis points quarter over quarter to 18%. This strength was driven by favorable product mix, pricing and utilization.
- Q2 Net Earnings were NT$ 1.28, which is a new record since Q3 2022, and accumulated Net Earnings for first half of 2026 were NT$ 2.0.
- 2Q26 Net Earnings of US$ 0.80 per Basic ADS Compared to 2Q25 Net Loss of US$0.47 per Basic ADS

In terms of the details, our overall utilization rate was 72% in Q2. The Assembly UT was up to 78% and the average Test utilization was 74% in Q2. Regarding DDIC was 69% and Bumping was 65%.

Regarding our manufacturing business, assembly represented just over 31.8% of Q2 revenue. Mixed-signal and memory Testing represented about 25.4% and wafer bumping represented about 23.7% of Q2 revenue. On a product basis, DDIC represented just 18.1% of total revenue in Q2, with gold bumping representing about 21% of Q2 revenue. Revenue from DRAM and SRAM together represented over 21.5% of Q2 revenue. Our Mixed-signal products represented just under 9.8% of Q2 revenue.

As additional color, our memory products represented 51% of Q2 revenue. Memory product revenue increased approximately 6.7% compared to Q1, and increased more than 46% on a year-over-year basis. DRAM represented about 20.7% of Q2 revenue, and increased about 1.3% compared to Q1. This was up more than 70% on a year-over-year basis. Niche DRAM increased 21.8% compared to Q1. Flash revenue represented about 29.5% of Q2 revenue, which was up about 9.9% compared to Q1. Flash revenue was up more than 32% on a year-over-year basis. NAND Flash represented about 34.6% of our Q2 Flash revenue. This is up 6.3% compared to Q1 and up 15.9% on a year-over-year basis. NOR Flash increased 15.8% compared to Q1 and increased over 43% on a year-over-year basis. To reflect the material cost increase in Q2, we selectively raised the memory OSAT price. Our conversations with customers have been positive. We are a long-term partner and build long-term strategic relationships. We are not interested in trying to take advantage of customers when they need our support even more.

Moving onto Driver IC and gold bump revenue, we benefitted from some rush orders and a favorable product mix for Auto panel and OLED, which offset some industry-wide pockets of soft end market demand. This segment represented about 39.2% of Q2 revenue, which was up about 7.1% compared to Q1 and up about 14.1% on a year-over-year basis. Gold bump revenue was up about 4.9% compared to Q1 and was up over 29% on a year-over-year basis. Our DDIC revenue was up 9.7% compared to Q1. Demand related to Auto panels contributed more than 39% of our Q2 DDIC revenue, which increased over 8.2% compared to Q1 and was up about 23% on a year-over-year basis. For OLED, we saw positive growth led by customers' inventory replenishments. OLED represented just under 21.9% of our Q2 DDIC revenue and it was up 12.7% compared to Q1. For operation cost relief of DDIC product, the OSAT price hike in Q2.

On an end-market basis, total revenue from Automotive and Industrial represented just under 28.9% of Q2 revenue. This was about 14.1% higher than Q1, was up over 45% on a year-over-year basis. Smartphone revenue represented about 29.9% of Q2 revenue, and was up about 2.8% compared to Q1. TV panel demand represented just over 12.6% of Q2 revenue, which was up 7.6% compared to Q1. Consumer represented just over 22.2% of Q2 revenue, which was up about 12.2% compared to Q1. Computing represented 6.4% of Q2 revenue, which represents a decrease of 23.7% compared to Q1.

Now let me turn the call to Ms. Silvia Su, to review the second quarter 2026 financial results. Silvia, please go ahead.

Silvia Su, Vice President-Finance and Accounting Management Center

Thank you S.J. All dollar amounts cited in our presentation are in NT dollars. The following numbers are based on the exchange rates of NT$ 31.85 against US$1 as of June 30, 2026.
All the figures were prepared in accordance with Taiwan-International Financial Reporting Standards.

Referencing presentation Page 12 Consolidated Operating Results Summary
For the second quarter of 2026, total revenue was NT$ 7,383 million.
Net profit attributable to the Company was NT$ 892 million in Q2.
Net earnings for the second quarter of 2026 were NT$ 1.28 per basic common share or US$ 0.80 per basic ADS.
Return on equity in Q2 was 14.4%.

Referencing presentation Page 13 Consolidated Statements of Comprehensive Income
Compared to Q1 2026:
Total Q2 2026 revenue increased 6.5% compared to Q1 2026.

Q2 2026 Gross profit was NT$ 1,326 million, with gross margin at 18.0% compared to 13.8% in Q1 2026. This represents an increase of 4.2ppts.

Our operating expenses in Q2 2026 were NT$ 487 million, or 6.6% of total revenue, which increased 7.7% compared to Q1 2026.

Operating profit for Q2 2026 was NT$ 948 million, with operating profit margin at 12.8%, which is about a 5.3ppts increased compared to Q1 2026.

Net non-operating income in Q2 2026 was NT$ 79 million, which increased 0.5% compared to Q1 2026.

Profit attributable to the Company in Q2 2026 increased 76.6% compared to Q1 2026. The difference is mainly due to an increase of operating profit of NT$ 428 million and partially offset by the increase of income tax expense of NT$ 42 million.

Basic weighted average outstanding shares were 700 million shares.

Compared to Q2 2025:
Total revenue for Q2 2026 increased 28.7% compared to Q2 2025.

Gross margin at 18.0% increased 11.4ppts compared to Q2 2025.
Operating expenses increased 14.7% compared to Q2 2025.
Operating profit margin at 12.8% increased 12.4ppts compared to Q2 2025.

Net non-operating income in Q2 2026 was NT$ 79 million compared to net non-operating expense in Q2 2025 was NT$ 682 million. The difference is mainly due to the decrease of foreign exchange loss of NT$ 685 million and the positive impact on valuation of financial assets at fair value through profit or loss of NT$ 80 million from the loss on valuation of financial assets at fair value through profit or loss of NT$ 2 million in Q2 2025 to gain on valuation of financial assets at fair value through profit or loss of NT$ 78 million in Q2 2026.

Profit attributable to the Company in Q2 2026 was NT$ 892 million compared to loss attributable to the Company in Q2 2025 was NT$ 533 million. The difference is mainly due to an increase of operating profit of NT$ 927 million, net non-operating income of NT$ 761 million, which was partially offset by the income tax change of NT$ 263 million from the income tax benefit of NT$ 128 million in Q2 2025 to income tax expense of NT$ 135 million in Q2 2026.

Referencing presentation Page 14 Consolidated Statements of Financial Position & Key Indices
Total assets at the end of Q2 2026 were NT$ 46,964 million.
Total liabilities at the end of Q2 2026 were NT$ 22,114 million.
Total equity at the end of Q2 2026 was NT$ 24,850 million.
Accounts receivable turnover days in Q2 2026 were 85 days.
Inventory turnover days was 70 days in Q2 2026.

Referencing presentation Page 15 Consolidated Statements of Cash Flows
As of June 30, 2026, our balance of cash and cash equivalents was NT$ 12,552 million, which represents a decrease of NT$ 2,307 million compared to the beginning of the year.

Net free cash inflow for the first half of 2026 was NT$ 736 million compared to NT$ 1,667 million for the same period in 2025. The difference is mainly due to the NT$ 1,757 million increase of CapEx, and the change in income tax from a benefit of NT$106 million in the first half of 2025 to an expense of NT$ 229 million in the first half of 2026. This also reflects the NT$ 125 million decrease of depreciation expenses, which was partially offset by the increase of operating profit of NT$ 1,331 million.

Free cash flow was calculated by adding depreciation, amortization, interest income together with operating profit and then subtracting CapEx, interest expense, income tax expense and dividend from the sum.

Referencing presentation Page 16 Capital Expenditures and Depreciation
We invested NT$ 2,380 million in CapEx in Q2.
The breakdown of CapEx in Q2 was 12.1% for bumping, 14.3% for LCD Driver, 30.5% for assembly and 43.1% for testing.
Depreciation expenses were NT$ 1,218 million in Q2.

As of July 31, 2026 the Company's outstanding ADS number was approximately 3.7 million units, which represents around 10.4% of the Company's issued common shares.

That concludes the financial review. I will now turn the call back to our Chairman Mr. S.J. Cheng for our outlook. Please go ahead, sir.

SJ Cheng, Chairman and President

Thank you, Silvia.

Looking ahead, the industry remains in a period of record growth. Our performance in the second half of 2026 is expected to remain strong, led by increased customer visibility, stable pricing and a favorable mix, with DRAM leading and DDIC rush orders.

Adding to our confidence, solid memory products momentum growth driven by customers' re-stocking is expected to help improve related UT levels of assembly and test. The momentum for memory is expected to be better than DDIC products. DRAM products will see more significant growth in the third quarter, driven by strong demand for DDR4 and the ramp-up of DDR5 products. While Flash products are affected by some customers' inventory adjustments, their momentum remains steady for the seasonal stocking, though slightly trailing DRAM.

In our DDIC product business, the momentum is expected to further improve in the second half, thanks to seasonal demand for OLED products, automotive panels, and rush orders.

In logic and mixed-signal products, we plan to extend our product portfolio from TV SoC chips into mobile and AI ASIC-related fields to increase our future business growth momentum. Several mobile-related projects are ongoing, with new high-end testing equipment arriving at the end of this year for production. We will expand capacity based on further customer demand and aim to broaden our scope to AI ASIC products to enhance our long-term growth and profitability for the mixed-signal line.

To expand our business scope and enhance our growth momentum, we are also integrating and leveraging our wafer bumping (including Copper Pillar and Gold Bumping) capacity with assembly technologies. This gives us a strong position as we focus on opportunities in the Silicon Photonics supply chain as a new long-term business growth driver.

The Board approved our increased 2026 CapEx plan today. This includes additional capacity expansion for memory assembly and testing bottleneck stations, continued investments in automation and AI across our operations. This also includes strategic investment to expand testing capacity for developing promising longer-term opportunities in Silicon Photonics and AI-related ASICs. As always, we are prudent with our CapEx and prioritize investing in high return customer growth opportunities. Regarding the related capital for the expanded investment, we are monetizing the low-end and lower UT level DDIC assets and applying for the government's "Invest Taiwan project" for the investment budget subsidy to reduce the cost of capital and support upcoming new product projects.

To meet memory customers' capacity needs starting in 2027 and Mixed-signal customers' strategic capacity investment and expansion for new product projects, we also recently acquired a new facility in the Tainan Science Park area. We are not only building up memory testing capacity to establish turn-key assembly and testing capabilities in our recently acquired new facility at Tainan site, but also consolidating the clean room space and optimizing logistics efficiency to meet future business growth demand for the next 3 to 5 years.

Furthermore, we continue to optimize our product mix, control operating costs, and improve product quality to enhance profitability and maintain our competitive advantage and growth momentum.

Operator, that concludes our formal remarks, we can now take questions.

Operator
Thank you. At this time, we will be conducting a question and answer session.
Our first question comes from Jerry Su from UBS. You may begin.

Jerry, Analyst, UBS
Thank you for taking my questions. Chairman and President, congratulations on the strong profit performance this quarter.
I would first like to ask about the CapEx. You mentioned that the Board of Directors approved an upward adjustment today. How should we estimate the magnitude of this adjustment or the total annual amount?
Also, you mentioned introducing logic testing for mobile phones or AI ASIC; what percentage of this year's CapEx will be invested in this segment? Additionally, do you have any preliminary thoughts regarding next year's CapEx?

Silvia Su, Vice President-Finance and Accounting Management Center
Regarding this year's CapEx, as I mentioned, the Board adjusted it upward today. While we usually aim to control CapEx relative to annual revenue at about 20%, it will be higher this year, likely exceeding 25% of our revenue. As for the proportion for logic and mixed-signal products, it will account for approximately 7% to 10% of our total CapEx for the full year 2026.

Jerry, Analyst, UBS
I see. Do you have any preliminary thoughts on next year's Capex?

Silvia Su, Vice President-Finance and Accounting Management Center
Next year's CapEx should also remain relatively high because we are investing to support growth. Therefore, it will likely exceed 25% of revenue again. While we hope to control it below 20% in the long term, for both this year and next, it will likely be above 25%.

Jerry, Analyst, UBS
You mentioned that logic and mixed-signal account for about 7% to 10% of CapEx this year.
I wonder if that proportion will increase next year, as 7% to 10% feels like it only covers a few testing machines. If you are entering this market, the proportion for logic should see a more significant increase next year.

Silvia Su, Vice President-Finance and Accounting Management Center
The proportion for next year should indeed be higher than this year's, though we still need to organize the specific weighting for the memory segment. Overall, however, the proportion will be higher.

Jerry, Analyst, UBS
One more question for the Chairman.

You mentioned price adjustments for memory and driver IC packaging/testing in the second quarter. Is there room for further upward adjustments for these two product lines in the second half of the year?

SJ Cheng, Chairman and President
As everyone knows, material costs—including substrates, lead frames, and gold—are rising, especially for gold.
We will pass these price increases on to our customers.
Secondly, for high-end probe cards in the driver IC segment, the price increases have been quite substantial.
We have reached agreements with customers to pass these costs through to maintain our competitive advantage.

Operator
Thank you. And I am not showing any further questions in the queue. I would like to turn the call back over to GS Shen.

GS Shen, Technical Deputy Director of Strategy and Investor Relations
That concludes our question and answer session. Thank you for participating. I'll turn the floor back to Mr. S.J. Cheng for any closing comments.

S.J. Cheng, Chairman and President
Thank you everyone for joining our conference call. Please email our IR Team if you have any more questions. We appreciate your support. Goodbye.

Operator
Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

in the Company's most recent Annual Report on Form 20-F filed with the SEC and in its other filings with the SEC.

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