

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 000-29472

AMKOR TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

23-1722724

(I.R.S. Employer Identification Number)

2045 East Innovation Circle

Tempe, AZ 85284

(Address of principal executive offices and zip code)

(480) 821-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	AMKR	The NASDAQ Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company       Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of outstanding shares of the registrant's Common Stock as of July 23, 2021 was 244,343,710.

**QUARTERLY REPORT ON FORM 10-Q**  
**For the Quarter Ended June 30, 2021**

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This Quarterly Report on Form 10-Q (this "Form 10-Q") contains forward-looking statements within the meaning of the federal securities laws, including, but not limited to, statements regarding (1) the amount, timing and focus of our expected capital investments in 2021 including expenditures in support of advanced packaging and test equipment, (2) our ability to fund our operating activities and financial requirements for the next twelve months, (3) the effect of changes in revenue levels and capacity utilization on our gross margin, (4) the impact of the Covid-19 pandemic on our operations and financial results, (5) the focus of our research and development activities, (6) the anticipated impact of tax law changes in the jurisdictions in which we operate, (7) the grant and expiration of tax holidays in jurisdictions in which we operate and expectations regarding our effective tax rate and the availability of tax incentives, (8) the creation or release of valuation allowances related to taxes in the future, (9) our repurchase or repayment of outstanding debt, (10) payment of dividends, (11) compliance with our covenants, (12) expected contributions to foreign pension plans and potential future conversion of our unfunded severance plan in Korea to a defined contribution plan, (13) liability for unrecognized tax benefits and the potential impact of our unrecognized tax benefits on our effective tax rate, (14) the effect of foreign currency exchange rate exposure on our financial results, (15) the volatility of the trading price of our common stock, (16) changes to our internal controls related to integration of acquired operations and implementation of an enterprise resource planning system, (17) our efforts to enlarge our customer base in certain geographic areas and markets, (18) demand for advanced packages in mobile and automotive devices and our technology leadership and potential growth in this market, (19) projects to install or integrate new information technology systems or upgrade our existing systems and (20) other statements that are not historical facts. You are cautioned not to place undue reliance on forward-looking statements, which are often characterized by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," "intend," by the negative of these terms or other comparable terminology or by discussions of strategy, plans or intentions. All forward-looking statements in this Form 10-Q are made based on our current expectations, forecasts, estimates and assumptions. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of various factors, including those set forth in Part II, Item 1A and other sections of this

**QUARTERLY REPORT ON FORM 10-Q**  
**For the Quarter Ended June 30, 2021**

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Form 10-Q, in our Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 Form 10-K”) and from time to time in our other reports filed with or furnished to the Securities and Exchange Commission (“SEC”). You should carefully consider the trends, risks and uncertainties described in this Form 10-Q, the 2020 Form 10-K, and other reports filed with or furnished to the SEC before making any investment decision with respect to our securities. If any of the following trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline, and you could lose part or all of your investment. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement. We assume no obligation to update such information, except as may be required by law.

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

**AMKOR TECHNOLOGY, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands, except per share data)			
Net sales	\$ 1,406,535	\$ 1,172,909	\$ 2,732,685	\$ 2,325,525
Cost of sales	1,133,715	980,589	2,194,331	1,944,297
Gross profit	272,820	192,320	538,354	381,228
Selling, general and administrative	74,189	74,260	150,957	146,842
Research and development	43,516	31,536	87,834	63,789
Total operating expenses	117,705	105,796	238,791	210,631
Operating income	155,115	86,524	299,563	170,597
Interest expense	12,764	16,012	25,437	33,057
Other (income) expense, net	(96)	1,467	(7)	(848)
Total other expense, net	12,668	17,479	25,430	32,209
Income before taxes	142,447	69,045	274,133	138,388
Income tax expense	15,989	12,905	27,656	17,751
Net income	126,458	56,140	246,477	120,637
Net income attributable to non-controlling interests	(652)	(716)	(862)	(1,324)
Net income attributable to Amkor	\$ 125,806	\$ 55,424	\$ 245,615	\$ 119,313
Net income attributable to Amkor per common share:				
Basic	\$ 0.52	\$ 0.23	\$ 1.01	\$ 0.50
Diluted	\$ 0.51	\$ 0.23	\$ 1.00	\$ 0.49
Shares used in computing per common share amounts:				
Basic	243,863	241,098	243,566	241,009
Diluted	245,551	241,410	245,372	241,345

The accompanying notes are an integral part of these statements.

**AMKOR TECHNOLOGY, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(In thousands)			
Net income	\$ 126,458	\$ 56,140	\$ 246,477	\$ 120,637
Other comprehensive income (loss), net of tax:				
Adjustments to net unrealized gains (losses) on available-for-sale debt investments	(14)	251	(46)	358
Adjustments to unrealized components of defined benefit pension plans	26	11	51	23
Foreign currency translation	278	(699)	(11,162)	(224)
Total other comprehensive income (loss)	290	(437)	(11,157)	157
Comprehensive income	126,748	55,703	235,320	120,794
Comprehensive income attributable to non-controlling interests	(652)	(716)	(862)	(1,324)
Comprehensive income attributable to Amkor	<u>\$ 126,096</u>	<u>\$ 54,987</u>	<u>\$ 234,458</u>	<u>\$ 119,470</u>

The accompanying notes are an integral part of these statements.

**AMKOR TECHNOLOGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	June 30, 2021	December 31, 2020
	(In thousands, except per share data)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 724,785	\$ 698,002
Restricted cash	937	1,007
Short-term investments (amortized cost of \$160,972 and \$133,744 in 2021 and 2020, respectively)	160,941	133,769
Accounts receivable, net of allowances	1,064,586	962,643
Inventories	374,109	297,293
Other current assets	45,684	40,218
Total current assets	2,371,042	2,132,932
Property, plant and equipment, net	2,873,570	2,566,002
Operating lease right of use assets	144,529	147,236
Goodwill	25,392	27,325
Restricted cash	3,498	3,188
Other assets	149,748	145,628
Total assets	\$ 5,567,779	\$ 5,022,311
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 134,912	\$ 149,007
Trade accounts payable	710,326	636,434
Capital expenditures payable	460,413	181,339
Accrued expenses	374,002	349,207
Total current liabilities	1,679,653	1,315,987
Long-term debt	916,407	1,005,339
Pension and severance obligations	146,737	159,610
Long-term operating lease liabilities	78,492	84,420
Other non-current liabilities	163,420	102,996
Total liabilities	2,984,709	2,668,352
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized, designated Series A, none issued	—	—
Common stock, \$0.001 par value, 500,000 shares authorized; 290,115 and 288,923 shares issued; and 243,964 and 242,829 shares outstanding in 2021 and 2020, respectively	290	289
Additional paid-in capital	1,968,339	1,953,378
Retained earnings	788,567	562,502
Accumulated other comprehensive income (loss)	16,113	27,270
Treasury stock, at cost, 46,151 and 46,094 shares in 2021 and 2020, respectively	(219,061)	(217,740)
Total Amkor stockholders' equity	2,554,248	2,325,699
Non-controlling interests in subsidiaries	28,822	28,260
Total equity	2,583,070	2,353,959
Total liabilities and equity	\$ 5,567,779	\$ 5,022,311

The accompanying notes are an integral part of these statements.

**AMKOR TECHNOLOGY, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Unaudited)**

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Amkor Stockholders' Equity	Noncontrolling Interest in Subsidiaries	Total Equity
	Shares	Par Value				Shares	Cost			
(In thousands)										
<b>Balance at March 31, 2021</b>	289,865	\$ 290	\$ 1,964,331	\$ 672,534	\$ 15,823	(46,151)	\$ (219,061)	\$ 2,433,917	\$ 28,320	\$ 2,462,237
Net income	—	—	—	125,806	—	—	—	125,806	652	126,458
Other comprehensive income (loss)	—	—	—	—	290	—	—	290	—	290
Issuance of stock through share-based compensation plans	250	—	1,462	—	—	—	—	1,462	—	1,462
Share-based compensation	—	—	2,546	—	—	—	—	2,546	—	2,546
Cash dividends declared (\$0.04 per common share)	—	—	—	(9,773)	—	—	—	(9,773)	—	(9,773)
Subsidiary dividends to non-controlling interests	—	—	—	—	—	—	—	—	(150)	(150)
<b>Balance at June 30, 2021</b>	<u>290,115</u>	<u>\$ 290</u>	<u>\$ 1,968,339</u>	<u>\$ 788,567</u>	<u>\$ 16,113</u>	<u>(46,151)</u>	<u>\$ (219,061)</u>	<u>\$ 2,554,248</u>	<u>\$ 28,822</u>	<u>\$ 2,583,070</u>
<b>Balance at December 31, 2020</b>	288,923	\$ 289	\$ 1,953,378	\$ 562,502	\$ 27,270	(46,094)	\$ (217,740)	\$ 2,325,699	\$ 28,260	\$ 2,353,959
Net income	—	—	—	245,615	—	—	—	245,615	862	246,477
Other comprehensive income (loss)	—	—	—	—	(11,157)	—	—	(11,157)	—	(11,157)
Treasury stock acquired through surrender of shares for tax withholding	—	—	—	—	—	(57)	(1,321)	(1,321)	—	(1,321)
Issuance of stock through share-based compensation plans	1,192	1	10,023	—	—	—	—	10,024	—	10,024
Share-based compensation	—	—	4,938	—	—	—	—	4,938	—	4,938
Cash dividends declared (\$0.08 per common share)	—	—	—	(19,550)	—	—	—	(19,550)	—	(19,550)
Subsidiary dividends to non-controlling interests	—	—	—	—	—	—	—	—	(300)	(300)
<b>Balance at June 30, 2021</b>	<u>290,115</u>	<u>\$ 290</u>	<u>\$ 1,968,339</u>	<u>\$ 788,567</u>	<u>\$ 16,113</u>	<u>(46,151)</u>	<u>\$ (219,061)</u>	<u>\$ 2,554,248</u>	<u>\$ 28,822</u>	<u>\$ 2,583,070</u>

**AMKOR TECHNOLOGY, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Unaudited)**

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Amkor Stockholders' Equity	Noncontrolling Interest in Subsidiaries	Total Equity
	Shares	Par Value				Shares	Cost			
(In thousands)										
<b>Balance at March 31, 2020</b>	287,093	\$ 287	\$ 1,931,088	\$ 297,966	\$ 19,709	(46,077)	\$ (217,533)	\$ 2,031,517	\$ 27,108	\$ 2,058,625
Net income	—	—	—	55,424	—	—	—	55,424	716	56,140
Other comprehensive income (loss)	—	—	—	—	(437)	—	—	(437)	—	(437)
Treasury stock acquired through surrender of shares for tax withholding	—	—	—	—	—	(6)	(59)	(59)	—	(59)
Issuance of stock through share-based compensation plans	226	—	1,222	—	—	—	—	1,222	—	1,222
Share-based compensation	—	—	1,737	—	—	—	—	1,737	—	1,737
Subsidiary dividends to non-controlling interests	—	—	—	—	—	—	—	—	(300)	(300)
<b>Balance at June 30, 2020</b>	<u>287,319</u>	<u>\$ 287</u>	<u>\$ 1,934,047</u>	<u>\$ 353,390</u>	<u>\$ 19,272</u>	<u>(46,083)</u>	<u>\$ (217,592)</u>	<u>\$ 2,089,404</u>	<u>\$ 27,524</u>	<u>\$ 2,116,928</u>
<b>Balance at December 31, 2019</b>	286,877	\$ 287	\$ 1,927,739	\$ 234,077	\$ 19,115	(46,072)	\$ (217,479)	\$ 1,963,739	\$ 26,500	\$ 1,990,239
Net income	—	—	—	119,313	—	—	—	119,313	1,324	120,637
Other comprehensive income (loss)	—	—	—	—	157	—	—	157	—	157
Treasury stock acquired through surrender of shares for tax withholding	—	—	—	—	—	(11)	(113)	(113)	—	(113)
Issuance of stock through share-based compensation plans	442	—	2,741	—	—	—	—	2,741	—	2,741
Share-based compensation	—	—	3,567	—	—	—	—	3,567	—	3,567
Subsidiary dividends to non-controlling interests	—	—	—	—	—	—	—	—	(300)	(300)
<b>Balance at June 30, 2020</b>	<u>287,319</u>	<u>\$ 287</u>	<u>\$ 1,934,047</u>	<u>\$ 353,390</u>	<u>\$ 19,272</u>	<u>(46,083)</u>	<u>\$ (217,592)</u>	<u>\$ 2,089,404</u>	<u>\$ 27,524</u>	<u>\$ 2,116,928</u>

The accompanying notes are an integral part of these statements.



**AMKOR TECHNOLOGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b>For the Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>(In thousands)</b>		
<b>Cash flows from operating activities:</b>		
Net income	\$ 246,477	\$ 120,637
Depreciation and amortization	274,991	248,036
Other operating activities and non-cash items	305	10,151
Changes in assets and liabilities	(65,442)	(136,422)
Net cash provided by operating activities	<u>456,331</u>	<u>242,402</u>
<b>Cash flows from investing activities:</b>		
Payments for property, plant and equipment	(273,617)	(134,340)
Proceeds from sale of property, plant and equipment	2,249	2,389
Proceeds from foreign exchange forward contracts	10,553	11,557
Payments for foreign exchange forward contracts	(37,972)	(10,595)
Payments for short-term investments	(173,307)	(325,632)
Proceeds from sale of short-term investments	45,396	8,593
Proceeds from maturities of short-term investments	103,116	13,072
Other investing activities	2,087	(157)
Net cash used in investing activities	<u>(321,495)</u>	<u>(435,113)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving credit facilities	—	282,000
Payments of revolving credit facilities	—	(216,000)
Proceeds from short-term debt	3,679	62,495
Payments of short-term debt	(10,431)	(66,609)
Proceeds from issuance of long-term debt	120,992	225,985
Payments of long-term debt	(184,212)	(201,425)
Payments of finance lease obligations	(6,633)	(4,876)
Payments of dividends	(29,221)	—
Other financing activities	8,287	972
Net cash (used in) provided by financing activities	<u>(97,539)</u>	<u>82,542</u>
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	(10,274)	(1,177)
Net increase (decrease) in cash, cash equivalents and restricted cash	27,023	(111,346)
Cash, cash equivalents and restricted cash, beginning of period	702,197	898,532
Cash, cash equivalents and restricted cash, end of period	<u>\$ 729,220</u>	<u>\$ 787,186</u>
<b>Non-cash investing and financing activities:</b>		
Property, plant and equipment included in capital expenditures payable	\$ 460,451	\$ 259,520
Right of use assets acquired through finance lease liabilities	40,734	1,853
Right of use assets acquired through operating lease liabilities	24,194	17,293

The accompanying notes are an integral part of these statements.

**AMKOR TECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

## 1. Interim Financial Statements

*Basis of Presentation.* The Consolidated Financial Statements and related disclosures as of June 30, 2021, and for the three and six months ended June 30, 2021 and 2020, contained in this Form 10-Q (the “Consolidated Financial Statements”) are unaudited, pursuant to the rules and regulations of the SEC. The December 31, 2020 Consolidated Balance Sheet data contained in this Form 10-Q was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (“U.S.”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations. In our opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for the fair statement of the results for the interim periods and should be read in conjunction with the financial statements included in the 2020 Form 10-K. The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the full year ending December 31, 2021. Unless the context otherwise requires, all references to “Amkor,” “we,” “us” or “our” are to Amkor Technology, Inc. and its subsidiaries. Certain prior year amounts have been reclassified to conform to current year presentation.

*Use of Estimates.* The Consolidated Financial Statements have been prepared in conformity with U.S. GAAP, using management’s best estimates and judgments where appropriate. These estimates and judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and judgments will also affect the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ materially from these estimates and judgments, as a result of, for example, the impact of the Covid-19 pandemic and any worsening of the global business and economic environment.

*Goodwill.* The balance of goodwill in the Consolidated Balance Sheets contained in this Form 10-Q reflects adjustments for foreign currency translation.

*Unbilled Receivables.* Total unbilled receivables as of June 30, 2021 and December 31, 2020 were \$224.9 million and \$146.8 million, respectively.

*Contract Liability.* Contract liabilities were \$113.8 million and \$51.6 million as of June 30, 2021 and December 31, 2020, respectively. As of June 30, 2021 and December 31, 2020, the short-term portion of the liability was \$56.0 million and \$30.3 million, respectively. Revenue recognized during the six months ended June 30, 2021 and 2020 that was included in the contract liability balance at the beginning of the period was \$15.8 million and \$9.2 million, respectively.

## 2. Net Sales by Product Group and End Market

The following table presents our net sales by product group. Beginning in 2021, we are reporting memory net sales in advanced products. Previously, memory net sales were reported in mainstream products. Prior year amounts were reclassified to conform to current year presentation.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)		(In thousands)	
Advanced products (1)	\$ 979,668	\$ 834,474	\$ 1,900,323	\$ 1,629,252
Mainstream products (2)	426,867	338,435	832,362	696,273
<b>Total net sales</b>	<b>\$ 1,406,535</b>	<b>\$ 1,172,909</b>	<b>\$ 2,732,685</b>	<b>\$ 2,325,525</b>

(1) Advanced products include flip chip, memory and wafer-level processing and related test services.

(2) Mainstream products include all other wirebond packaging and related test services.

**AMKOR TECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

Net sales by end market consist of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Communications (handheld devices, smartphones, tablets)	40 %	38 %	40 %	38 %
Consumer (connected home, set-top boxes, televisions, visual imaging, wearables)	22 %	27 %	21 %	25 %
Automotive, industrial and other (driver assist, infotainment, performance, safety)	22 %	19 %	22 %	21 %
Computing (data center, infrastructure, PC/laptop, storage)	16 %	16 %	17 %	16 %
<b>Total net sales</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

### 3. Other Income and Expense

Other income and expense consist of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Interest income	\$ (230)	\$ (1,701)	\$ (509)	\$ (3,959)
Foreign currency (gain) loss, net	681	3,461	1,300	3,232
Loss on debt retirement	—	—	—	428
Other	(547)	(293)	(798)	(549)
<b>Other (income) expense, net</b>	<b>\$ (96)</b>	<b>\$ 1,467</b>	<b>\$ (7)</b>	<b>\$ (848)</b>

### 4. Income Taxes

Income tax expense of \$27.7 million for the six months ended June 30, 2021 reflects income taxes, foreign withholding taxes and minimum taxes.

We monitor on an ongoing basis our ability to utilize our deferred tax assets and whether there is a need for a related valuation allowance. In evaluating our ability to recover our deferred tax assets in the jurisdictions from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of recent operations.

We maintain a valuation allowance on certain U.S. and foreign deferred tax assets. Such valuation allowances are released as the related tax benefits are realized or when sufficient evidence exists to conclude that it is more likely than not that the deferred tax assets will be realized.

Unrecognized tax benefits represent reserves for potential tax deficiencies or reductions in tax benefits that could result from federal, state or foreign tax audits. Gross unrecognized tax benefits decreased from \$32.6 million at December 31, 2020 to \$30.6 million as of June 30, 2021, primarily due to the lapse of statutes of limitations and settlement of examinations offset by increases related to income attribution. All of our unrecognized tax benefits would reduce our effective tax rate if recognized. Our unrecognized tax benefits are subject to change for effective settlement of examinations, changes in the recognition threshold of tax positions, the expiration of statutes of limitations and other factors.

We have tax returns that are open to examination in various jurisdictions for tax years 2011-2020. The open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations related to the

**AMKOR TECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
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amount and/or timing of income, deductions and tax credits. There can be no assurance that the outcome of the examinations will be favorable. In certain circumstances where we elect to appeal the results of an examination, we may be required to make tax assessment payments to proceed with the administrative appeal process.

### 5. Earnings Per Share

Basic earnings per share (“EPS”) is computed by dividing net income attributable to Amkor common stockholders by the weighted-average number of common shares outstanding during the period. The weighted-average number of common shares outstanding is reduced for treasury stock.

Diluted EPS is computed based on the weighted-average number of common shares outstanding plus the effect of dilutive potential common shares outstanding during the period. Dilutive potential common shares include outstanding stock options, performance-vested restricted stock units, time-vested restricted stock units and unvested restricted shares.

The following table summarizes the computation of basic and diluted EPS:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands, except per share data)			
Net income attributable to Amkor common stockholders	\$ 125,806	\$ 55,424	\$ 245,615	\$ 119,313
Weighted-average number of common shares outstanding - basic	243,863	241,098	243,566	241,009
Effect of dilutive securities:				
Share-based awards	1,688	312	1,806	336
Weighted-average number of common shares outstanding - diluted	245,551	241,410	245,372	241,345
Net income attributable to Amkor per common share:				
Basic	\$ 0.52	\$ 0.23	\$ 1.01	\$ 0.50
Diluted	0.51	0.23	1.00	0.49

The following table summarizes the potential shares of common stock that were excluded from diluted EPS because the effect of including these potential shares was anti-dilutive:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Share-based awards	87	4,260	97	4,260

**AMKOR TECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**6. Accumulated Other Comprehensive Income (Loss)**

Changes in accumulated other comprehensive income (loss), net of tax, consist of the following:

	Unrealized Gains (Losses) on Available- for-Sale Debt Investments (1)	Defined Benefit Pension (2)	Foreign Currency Translation	Total
(In thousands)				
Accumulated other comprehensive income (loss) at December 31, 2020	\$ 21	\$ (4,218)	\$ 31,467	\$ 27,270
Other comprehensive income (loss) before reclassifications	(98)	—	(11,162)	(11,260)
Amounts reclassified from accumulated other comprehensive income (loss)	52	51	—	103
Other comprehensive income (loss)	(46)	51	(11,162)	(11,157)
Accumulated other comprehensive income (loss) at June 30, 2021	<u>\$ (25)</u>	<u>\$ (4,167)</u>	<u>\$ 20,305</u>	<u>\$ 16,113</u>

	Unrealized Gains (Losses) on Available- for-Sale Debt Investments (1)	Defined Benefit Pension (2)	Foreign Currency Translation	Total
(In thousands)				
Accumulated other comprehensive income (loss) at December 31, 2019	\$ —	\$ (4,820)	\$ 23,935	\$ 19,115
Other comprehensive income (loss) before reclassifications	369	—	(224)	\$ 145
Amounts reclassified from accumulated other comprehensive income (loss)	(11)	23	—	\$ 12
Other comprehensive income (loss)	358	23	(224)	157
Accumulated other comprehensive income (loss) at June 30, 2020	<u>\$ 358</u>	<u>\$ (4,797)</u>	<u>\$ 23,711</u>	<u>\$ 19,272</u>

(1) Amounts reclassified out of accumulated other comprehensive income (loss) are included as other (income) expense, net (Note 3).

(2) Amounts reclassified out of accumulated other comprehensive income (loss) are included as a component of net periodic pension cost (Note 12) or other (income) expense, net (Note 3).

**AMKOR TECHNOLOGY, INC.**  
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**7. Investments**

All of our available-for-sale debt investments as of June 30, 2021 are available to fund current operations and are recorded at fair value (Note 14).

The following table summarizes our cash equivalents and available-for-sale debt investments:

	June 30, 2021					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (1)	Total Fair Value	Fair Value Level	
					Level 1	Level 2
(In thousands)						
<b>Cash equivalents</b>						
Asset-backed securities	\$ 247	\$ —	\$ —	\$ 247	\$ —	\$ 247
Certificate of deposits	1,804	—	—	1,804	1,804	—
Commercial paper	13,648	—	—	13,648	—	13,648
Corporate bonds	9,238	—	(2)	9,236	—	9,236
Money market funds	152,244	—	—	152,244	152,244	—
Municipal bonds	3,275	—	—	3,275	—	3,275
Total cash equivalents	180,456	—	(2)	180,454	154,048	26,406
<b>Short-term investments</b>						
Asset-backed securities	21,757	5	(4)	21,758	—	21,758
Certificate of deposits	15,797	—	—	15,797	15,797	—
Commercial paper	19,004	—	—	19,004	—	19,004
Corporate bonds	57,131	1	(40)	57,092	—	57,092
Municipal bonds	26,589	10	(3)	26,596	—	26,596
U.S. government bonds	15,067	1	(1)	15,067	15,067	—
Variable rate demand notes	750	—	—	750	—	750
Total short-term investments	156,095	17	(48)	156,064	30,864	125,200
Total	\$ 336,551	\$ 17	\$ (50)	\$ 336,518	\$ 184,912	\$ 151,606

**AMKOR TECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
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	December 31, 2020					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (1)	Total Fair Value	Fair Value Level	
					Level 1	Level 2
(In thousands)						
<b>Cash equivalents</b>						
Certificate of deposits	\$ 976	\$ —	\$ —	\$ 976	\$ 976	\$ —
Commercial paper	5,293	—	—	5,293	—	5,293
Corporate bonds	1,744	—	—	1,744	—	1,744
Money market funds	138,290	—	—	138,290	138,290	—
Municipal bonds	400	—	—	400	—	400
<b>Total cash equivalents</b>	<b>146,703</b>	<b>—</b>	<b>—</b>	<b>146,703</b>	<b>139,266</b>	<b>7,437</b>
<b>Short-term investments</b>						
Asset-backed securities	19,111	18	(9)	19,120	—	19,120
Certificate of deposits	5,046	—	—	5,046	5,046	—
Commercial paper	15,148	—	—	15,148	—	15,148
Corporate bonds	50,771	16	(12)	50,775	—	50,775
Municipal bonds	12,702	8	(2)	12,708	—	12,708
U.S. government agency bonds	8,415	3	—	8,418	—	8,418
U.S. government bonds	17,605	3	—	17,608	17,608	—
Variable rate demand notes	300	—	—	300	—	300
<b>Total short-term investments</b>	<b>129,098</b>	<b>48</b>	<b>(23)</b>	<b>129,123</b>	<b>22,654</b>	<b>106,469</b>
<b>Total</b>	<b>\$ 275,801</b>	<b>\$ 48</b>	<b>\$ (23)</b>	<b>\$ 275,826</b>	<b>\$ 161,920</b>	<b>\$ 113,906</b>

(1) All unrealized losses have been in a continuous loss position for less than 12 months. We do not intend to sell the investments in an unrealized loss position, and it is not more likely than not that we will be required to sell these investments before recovery of their amortized cost bases.

The following table summarizes the contractual maturities of our cash equivalents and available-for-sale debt investments as of June 30, 2021:

	Amortized Cost	Fair Value
	(In thousands)	
Within 1 year	\$ 300,667	\$ 300,653
After 1 year through 5 years	33,584	33,565
After 5 years through 10 years	798	798
After 10 years	1,502	1,502
<b>Total</b>	<b>\$ 336,551</b>	<b>\$ 336,518</b>

Actual maturities can differ from contractual maturities due to various factors including the issuers may have the right to call or prepay obligations without call or prepayment penalties. We view our available-for-sale debt investments as available for current operations.

As of June 30, 2021, the amortized cost and the fair market value of our held-to-maturity government bond (Level 1) maturing within a year was \$4.9 million. As of December 31, 2020, the amortized cost and the fair market value of our held-to-maturity government bond (Level 1) maturing within a year was \$4.7 million.

**AMKOR TECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
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### 8. Factoring of Accounts Receivable

For certain accounts receivable, we use non-recourse factoring arrangements with third-party financial institutions to manage our working capital and cash flows. Under these arrangements, we sell receivables to a financial institution for cash at a discount to the face amount. As part of the factoring arrangements, we perform certain collection and administrative functions for the receivables sold. For the three and six months ended June 30, 2021, we sold receivables totaling \$105.6 million and \$211.9 million, net of discounts and fees of \$0.3 million and \$0.6 million, respectively. For the three and six months ended June 30, 2020, we sold receivables totaling \$94.0 million and \$264.5 million, net of discounts and fees of \$0.6 million and \$1.6 million, respectively.

### 9. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	June 30, 2021	December 31, 2020
	(In thousands)	
Land	\$ 219,127	\$ 221,304
Buildings and improvements	1,639,368	1,625,355
Machinery and equipment	6,109,777	5,736,797
Finance lease assets	81,582	40,856
Software and computer equipment	230,312	231,171
Furniture, fixtures and other equipment	20,829	20,774
Construction in progress	125,194	48,602
Total property, plant and equipment	8,426,189	7,924,859
Accumulated depreciation and amortization	(5,552,619)	(5,358,857)
Total property, plant and equipment, net	\$ 2,873,570	\$ 2,566,002

The following table summarizes our depreciation expense:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Depreciation expense	\$ 139,445	\$ 124,224	\$ 274,677	\$ 247,725

### 10. Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2021	December 31, 2020
	(In thousands)	
Payroll and benefits	\$ 122,533	\$ 143,383
Deferred revenue and customer advances	55,992	30,269
Short-term operating lease liabilities	52,772	49,748
Income taxes payable	38,656	26,602
Short-term finance lease liabilities	22,065	12,634
Accrued severance plan obligations	11,198	10,837
Accrued interest	10,755	10,767
Other accrued expenses	60,031	64,967
Total accrued expenses	\$ 374,002	\$ 349,207



**AMKOR TECHNOLOGY, INC.**  
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**11. Debt**

Following is a summary of short-term borrowings and long-term debt:

	June 30, 2021	December 31, 2020
	(In thousands)	
<b>Debt of Amkor Technology, Inc.:</b>		
Senior notes:		
6.625% Senior notes, due September 2027	\$ 525,000	\$ 525,000
Other	—	2,039
<b>Debt of subsidiaries:</b>		
Amkor Technology Korea, Inc.:		
\$30 million revolving credit facility, applicable bank rate plus 1.11% (1)	—	—
Term loan, applicable bank rate plus 1.77%, due April 2023	49,721	51,541
Term loan, fixed rate at 1.85%, due April 2024 (2)	—	—
Term loan, applicable bank rate plus 1.98%, due December 2028	50,000	50,000
Amkor Technology Japan, Inc.:		
Short-term term loans, variable rate (3)	1,818	6,663
Term loan, fixed rate at 0.86%, due June 2022	9,000	14,528
Term loan, fixed rate at 0.60%, due July 2022	2,250	3,390
Term loan, fixed rate at 1.30%, due July 2023	105,301	138,499
Term loan, fixed rate at 1.35%, due December 2024	179,552	220,823
Term loan, fixed rate at 1.20%, due December 2025	88,291	105,569
Amkor Assembly & Test (Shanghai) Co., Ltd.:		
Term loan, LIBOR plus 1.60%, due March 2022	—	28,000
Term loan, LIBOR plus 1.40%, due March 2022	—	18,250
Term loans, LIBOR plus 1.10%, due March 2024 (4)	49,000	—
Other:		
\$250.0 million senior secured revolving credit facility, LIBOR plus 1.25% - 1.75%, due July 2023 (Singapore) (5)	—	—
Credit facility, TAIEX plus the applicable bank rate, due December 2024 (Taiwan) (6)	—	—
	1,059,933	1,164,302
Less: Unamortized discount and deferred debt costs, net	(8,614)	(9,956)
Less: Short-term borrowings and current portion of long-term debt	(134,912)	(149,007)
Long-term debt	<u>\$ 916,407</u>	<u>\$ 1,005,339</u>

(1) In October 2020, we renewed our revolving credit facility agreement for a one-year term with availability of \$30.0 million. Principal is payable at maturity or six months after draw of funds, whichever is sooner, and interest is payable monthly in arrears. As of June 30, 2021, \$30.0 million was available to be drawn.

(2) In April 2021, we entered into a ₩80 billion term loan agreement with the option to borrow and re-borrow the funds up to six times per year through April 2024. Principal is payable at maturity, and interest is payable monthly, at a fixed rate of 1.85%. During the six months ended June 30, 2021, we borrowed \$71.0 million, which we immediately repaid. As of June 30, 2021, ₩80.0 billion, or approximately \$71 million, was available to be drawn.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
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- (3) We entered into various short-term term loans which mature semiannually. Principal and interest are payable in monthly installments. Interest as of June 30, 2021 is at an annual base rate equal to the Tokyo Interbank Offered Rate plus 0.30% (weighted average of 0.38% as of June 30, 2021). As of June 30, 2021, \$9.0 million was available to be drawn.
- (4) In March 2021, we entered into a borrowing arrangement which includes a \$20.0 million term loan and a \$30.0 million term loan. For each term loan, principal is payable in semiannual installments of \$0.5 million, with the remaining balance due at maturity. We immediately borrowed \$50.0 million to repay the term loans due March 2022. Interest is payable quarterly at an annual base rate equal to the London Interbank Offered Rate, as administered by the International Exchange Benchmark Administration (“LIBOR”), plus 1.10% (weighted average of 1.24% as of June 30, 2021).
- (5) In July 2018, our subsidiary, Amkor Technology Singapore Holding Pte, Ltd., entered into a \$250.0 million senior secured revolving credit facility, which is guaranteed by Amkor Technology, Inc. (the “Singapore Revolver”). The availability for our future borrowings under the Singapore Revolver is based on the amount of eligible accounts receivable. Principal is payable at maturity. Interest is payable monthly at LIBOR plus 1.25% to 1.75%. As of June 30, 2021, \$250.0 million was available for future borrowings under the Singapore Revolver.
- (6) In December 2019, our subsidiary, Amkor Technology Taiwan, Ltd., entered into a \$56.0 million borrowing arrangement. This arrangement included a \$20.0 million term loan and a \$36.0 million revolving credit facility. As of June 30, 2021, \$36.0 million was available for future borrowings under such credit facility.

Certain of our foreign debt is collateralized by the land, buildings, equipment and accounts receivable in the respective locations. The carrying value of all collateral exceeds the carrying amount of the collateralized debt.

The debt of Amkor Technology, Inc. is structurally subordinated in right of payment to all existing and future debt and other liabilities of our subsidiaries. From time to time, Amkor Technology, Inc. and Amkor Technology Singapore Holding Pte, Ltd. guarantee certain debt of our subsidiaries.

The agreements governing our indebtedness contain affirmative and negative covenants which restrict our ability to pay dividends and could restrict our operations. These restrictions are determined in part by calculations based upon cumulative net income or, in the case of our Singapore Revolver, borrowing availability, and do not currently have a material impact on our ability to make dividend payments or stock repurchases.

We were in compliance with all debt covenants at June 30, 2021.

**AMKOR TECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
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## 12. Pension Plans

### Foreign Defined Benefit Pension Plans

Our subsidiaries in Japan, Korea, Malaysia, the Philippines and Taiwan sponsor defined benefit pension plans. Charges to expense are based upon actuarial analyses. The components of net periodic pension cost for these defined benefit pension plans are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Service cost	\$ 6,748	\$ 7,545	\$ 13,535	\$ 15,081
Interest cost	1,241	1,246	2,483	2,493
Expected return on plan assets	(1,434)	(1,381)	(2,863)	(2,755)
Recognized actuarial loss	33	14	64	28
Net periodic pension cost	\$ 6,588	\$ 7,424	\$ 13,219	\$ 14,847

The components of net periodic pension cost other than the service cost component are included in other (income) expense, net in our Consolidated Statements of Income.

### Defined Contribution Pension Plans

We sponsor defined contribution pension plans in Korea, Malaysia, Taiwan and the U.S. The following table summarizes our defined contribution expense:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Defined contribution expense	\$ 5,239	\$ 3,725	\$ 11,996	\$ 8,541

## 13. Derivatives

We use foreign currency forward contracts to mitigate foreign currency risk of certain assets and monetary liabilities denominated in foreign currencies. We do not enter into such contracts for trading or speculative purposes. These derivative instruments are not designated as hedging instruments.

As of June 30, 2021 and December 31, 2020, our foreign exchange forward contracts consisted of the following:

	June 30, 2021			December 31, 2020		
	Notional Value	Fair Value (Level 2)	Balance Sheet Location	Notional Value	Fair Value (Level 2)	Balance Sheet Location
	(In thousands)					
Japanese Yen	\$ 341,722	\$ (1,355)	Accrued expenses	\$ 465,192	\$ 1,279	Other current assets
Korean Won	209,436	599	Other current assets	161,612	190	Other current assets
Philippine Peso	10,495	(50)	Accrued expenses	10,974	(7)	Accrued expenses
Total forward contracts	\$ 561,653	\$ (806)		\$ 637,778	\$ 1,462	

For the three and six months ended June 30, 2021, the derivatives resulted in a net loss of \$0.9 million and \$35.8 million, respectively. For the three and six months ended June 30, 2020, the derivatives resulted in a net loss of \$0.1 million and

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\$1.3 million, respectively. The loss for the six months ended June 30, 2021 was fully offset by the foreign currency gains associated with the underlying net liabilities.

#### 14. Fair Value Measurements

The accounting framework for determining fair value includes a hierarchy for ranking the quality and reliability of the information used to measure fair value, which enables the reader of the financial statements to assess the inputs used to develop those measurements. The fair value hierarchy consists of three tiers as follows: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data. For our Level 2 short-term investments, we consider factors such as actual trade data, benchmark yields, broker/dealer quotes, and other similar data obtained from quoted market prices and independent pricing vendors to determine the fair value of these assets and liabilities.

The fair values of cash, accounts receivable, trade accounts payable, capital expenditures payable and certain other current assets and accrued expenses, approximate carrying values because of their short-term nature. The carrying value of certain other non-current assets and liabilities approximates fair value. Our assets and liabilities recorded at fair value on a recurring basis include restricted cash money market funds and short-term investments, including investments classified as cash equivalents. Cash equivalent money market funds and restricted cash money market funds are invested in U.S. money market funds and various U.S. and foreign bank operating and time deposit accounts, which are due on demand or carry a maturity date of less than three months when purchased. No restrictions have been imposed on us regarding withdrawal of balances with respect to our cash equivalents as a result of liquidity or other credit market issues affecting the money market funds we invest in or the counterparty financial institutions holding our deposits.

Our derivative financial instruments are valued using quoted market prices for similar assets. Counterparties to these derivative contracts are highly rated financial institutions.

We also measure certain assets and liabilities, including property, plant and equipment and goodwill, at fair value on a nonrecurring basis. We also review goodwill for impairment annually during the fourth quarter of each year.

We measure the fair value of our debt for disclosure purposes. The following table presents the fair value of financial instruments that are not recorded at fair value on a recurring basis:

	June 30, 2021		December 31, 2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(In thousands)			
Senior notes (Level 1)	\$ 566,633	\$ 520,114	\$ 570,339	\$ 519,803
Revolving credit facilities and term loans (Level 2)	540,510	531,205	647,557	634,543
<b>Total debt</b>	<b>\$ 1,107,143</b>	<b>\$ 1,051,319</b>	<b>\$ 1,217,896</b>	<b>\$ 1,154,346</b>

The estimated fair value of our senior notes is based primarily on quoted market prices reported on or near the respective balance sheet dates. The estimated fair value of our revolving credit facilities and term loans is calculated using a discounted cash flow analysis, which utilizes market-based assumptions including forward interest rates adjusted for credit risk.

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## **15. Commitments and Contingencies**

We generally warrant that our services will be performed in a professional and workmanlike manner and in compliance with our customers' specifications. We accrue costs for known warranty issues. Historically, our warranty costs have been immaterial.

### ***Legal Proceedings***

We are involved in claims and legal proceedings and may become involved in other legal matters arising in the ordinary course of our business. We evaluate these claims and legal matters on a case-by-case basis to make a determination as to the impact, if any, on our business, liquidity, results of operations, financial condition or cash flows. Although the outcome of these matters is uncertain, we believe that the ultimate outcome of these claims and proceedings, individually and in the aggregate, will not have a material adverse impact to us. Our evaluation of the potential impact of these claims and legal proceedings on our business, liquidity, results of operations, financial condition or cash flows could change in the future.

In accordance with the accounting guidance for loss contingencies, including legal proceedings, lawsuits, pending claims and other legal matters, we accrue for a loss contingency when we conclude that the likelihood of a loss is probable and the amount of the loss can be reasonably estimated. We adjust our accruals from time to time as we receive additional information, but the loss we incur may be significantly greater than or less than the amount we have accrued. We disclose loss contingencies if we believe they are material and there is at least a reasonable possibility that a loss has been incurred. Attorney fees related to legal matters are expensed as incurred.

### ***Lease Commitments***

As of June 30, 2021, we have entered into additional lease agreements that have not yet commenced of approximately \$45 million.

## **16. Restructuring and Other Exit Activities**

As part of our ongoing efforts to improve our manufacturing operations and manage costs, we regularly evaluate our staffing levels and facility requirements compared to business needs. The table below summarizes our exit activities associated with these efforts. "Charges" represents the initial charge related to the exit activity. "Cash Payments" consists of the utilization of "Charges." "Non-cash Amounts" consists of asset impairment and translation adjustments.

### ***Japan Consolidation Activities***

During the three and six months ended June 30, 2021, we recorded restructuring charges of \$1.0 million and \$2.9 million, respectively, associated with our Japan factory consolidation efforts. During the three and six months ended June 30, 2020, we recorded restructuring charges of \$1.9 million and \$3.8 million, respectively, for the same consolidation efforts. We recorded these charges to selling, general and administrative expenses within the Consolidated Statements of Income. We completed these restructuring actions in the second quarter of 2021. All remaining amounts accrued at June 30, 2021 are classified as current liabilities.

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	Facility Costs (1)	Employee Separation Costs	Other Exit Costs (2)	Total
(In thousands)				
Accrual at December 31, 2020	\$ 4,365	\$ 1,759	\$ 219	\$ 6,343
Charges	2,077	496	360	2,933
Cash Payments	(5,627)	(2,217)	(577)	(8,421)
Non-cash Amounts	(709)	(2)	(1)	(712)
Accrual at June 30, 2021	<u>\$ 106</u>	<u>\$ 36</u>	<u>\$ 1</u>	<u>\$ 143</u>
Total cumulative charges incurred to date	\$ 16,255	\$ 8,754	\$ 3,884	\$ 28,893
Estimated additional charges to be incurred	—	—	—	—

	Facility Costs (1)	Employee Separation Costs	Other Exit Costs (2)	Total
(In thousands)				
Accrual at December 31, 2019	\$ 2,196	\$ 271	\$ 174	\$ 2,641
Charges	2,524	280	971	3,775
Cash Payments	(3,262)	(485)	(1,111)	(4,858)
Non-cash Amounts	(11)	—	(3)	(14)
Accrual at June 30, 2020	<u>\$ 1,447</u>	<u>\$ 66</u>	<u>\$ 31</u>	<u>\$ 1,544</u>

(1) Facility costs primarily consist of equipment relocation costs directly resulting from restructuring activities.

(2) Other exit costs primarily consist of employee relocation and training costs directly resulting from restructuring activities.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Overview**

Amkor is one of the world's leading providers of outsourced semiconductor packaging and test services. Our financial goals are sales growth and improved profitability. To achieve these goals, we are focused on generating increased value from our investments in advanced technologies, improving utilization of existing assets, executing our balanced growth strategy and selectively growing our scale and scope through strategic investments.

We are an industry leader in developing and commercializing advanced packaging and test technologies. We believe these advanced technology solutions provide substantial value to our customers, particularly in the mobile communications market, where growth generally outpaces the overall semiconductor industry. Advanced packages are now the preferred choice in both the high-end and the mid-range segments of the smartphone market, which together account for a high portion of mobile phone semiconductor value. The demand for advanced packages is also being driven by second-wave mobile device customers, who are transitioning out of wirebond into wafer-level and flip-chip packages. Interest in advanced packages for automotive applications is growing as well, largely due to new, data-intensive applications, which require increased pin count and performance. We believe that our technology leadership and this technology transition create significant growth opportunities for us.

We typically look for opportunities in the advanced packaging and test area where we can generate reasonably quick returns on investments made for customers seeking leading edge technologies. We also focus on developing a second wave of customers to fill the capacity that becomes available when leading edge customers transition to newer packaging and test equipment and platforms. In addition, we are seeking to add new customers and to deepen our engagement with existing customers. This includes an expanded emphasis on the automotive and industrial end market where semiconductor content continues to grow and in the analog area for our mainstream wirebond technologies.

From time to time, we identify attractive opportunities to grow our customer base and expand the markets we serve through joint ventures, acquisitions and other strategic investments. We believe that taking advantage of these opportunities helps to diversify our revenue streams, improve our profits, broaden our portfolio of services and maintain our technological leadership.

As a supplier in the semiconductor industry, our business is cyclical and impacted by broad economic factors. Historical trends indicate there has been a strong correlation between worldwide gross domestic product levels, consumer spending and semiconductor industry cycles. The semiconductor industry has experienced significant and sometimes prolonged cyclical upturns and downturns in the past. We cannot predict the timing, strength or duration of any correction, economic slowdown or subsequent economic recovery.

The full potential effect of the ongoing Covid-19 pandemic is unknown, and there remains uncertainty related to the ultimate impact that the Covid-19 pandemic will have on the global economy and our business, results of operations and financial condition. For additional information regarding the potential impact of macroeconomic factors, the Covid-19 pandemic and other risks on our business, results of operations and financial condition, please refer to the "Risk Factors" section in Part II, Item 1A.

We operate in a capital-intensive industry. Servicing our current and future customers requires that we incur significant operating expenses and continue to make significant capital expenditures, which are generally made in advance of the related revenues and without firm customer commitments. We fund our operations, including capital expenditures and debt service requirements, with cash flows from operations, existing cash and cash equivalents, short-term investments, borrowings under available credit facilities and proceeds from any additional financing. Maintaining an appropriate level of liquidity is important to our business and depends on, among other considerations, the performance of our business, our capital expenditure levels, our ability to repay debt out of our operating cash flows or proceeds from debt or equity financings and our investment strategy. As of June 30, 2021, we had cash and cash equivalents and short-term investments of \$724.8 million and \$160.9 million, respectively.

Our net sales, gross profit, operating income, cash flows, liquidity and capital resources have historically fluctuated significantly from quarter to quarter as a result of many factors, including the seasonality of our business, the cyclical nature of the semiconductor industry and other factors discussed in the "Risk Factors" section in Part II, Item 1A of this Form 10-Q.

### Financial Summary

Our net sales increased \$233.6 million, or 19.9%, to \$1,406.5 million for the three months ended June 30, 2021, compared to \$1,172.9 million for the three months ended June 30, 2020. The increase was generally attributable to higher sales in the communications, computing and automotive and industrial end markets, partially offset by decreased sales in the consumer end market.

Gross margin for the three months ended June 30, 2021 increased to 19.4%, compared to 16.4% for the three months ended June 30, 2020. The increase in gross margin was primarily due to the increase in net sales and improved factory utilization, partially offset by unfavorable changes in foreign currency exchange rates.

Our capital expenditures totaled \$273.6 million for the six months ended June 30, 2021, compared to \$134.3 million for the six months ended June 30, 2020. Our spending was primarily focused on investments in advanced packaging and test equipment.

Net cash provided by operating activities was \$456.3 million for the six months ended June 30, 2021, compared to \$242.4 million for the six months ended June 30, 2020. This increase was primarily due to higher net sales, higher operating profit, increase in contract liabilities due to customer advanced payments and changes in working capital.

### Results of Operations

The following table sets forth certain operating data as a percentage of net sales for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Materials	44.7 %	45.2 %	44.0 %	45.3 %
Labor	13.1 %	13.9 %	13.4 %	14.0 %
Other manufacturing costs	22.8 %	24.5 %	22.9 %	24.3 %
Gross margin	19.4 %	16.4 %	19.7 %	16.4 %
Operating income	11.0 %	7.4 %	11.0 %	7.3 %
Net income attributable to Amkor	8.9 %	4.7 %	9.0 %	5.1 %

### Net Sales

	For the Three Months Ended June 30,			For the Six Months Ended June 30,				
	2021	2020	Change	2021	2020	Change		
	(In thousands, except percentages)							
Net sales	\$ 1,406,535	\$ 1,172,909	\$ 233,626	19.9 %	\$ 2,732,685	\$ 2,325,525	\$ 407,160	17.5 %

The increase in net sales for the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020 was due to higher sales in the communications, computing and automotive and industrial end markets, partially offset by decreased sales in the consumer end market. The increase in sales in the communications end market was driven primarily by the further adoption of 5G smartphones. The automotive and industrial end market recovered in the current year from weakened demand relating to the Covid-19 pandemic in the prior year.



### Gross Margin

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
	(In thousands, except percentages)					
Gross profit	\$ 272,820	\$ 192,320	\$ 80,500	\$ 538,354	\$ 381,228	\$ 157,126
Gross margin	19.4 %	16.4 %	3.0 %	19.7 %	16.4 %	3.3 %

Our cost of sales consists principally of materials, labor, depreciation and manufacturing overhead. Since a substantial portion of the costs at our factories is fixed, there tends to be a strong relationship between our revenue levels and gross margin. Accordingly, relatively modest increases or decreases in revenue can have a significant effect on margin and on labor and other manufacturing costs as a percentage of revenue, depending upon product mix, utilization and seasonality.

Gross margin increased for the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020, primarily due to the increase in net sales and improved factory utilization, partially offset by unfavorable changes in foreign currency exchange rates.

### Selling, General and Administrative

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
	(In thousands, except percentages)					
Selling, general and administrative	\$ 74,189	\$ 74,260	\$ (71)	\$ 150,957	\$ 146,842	\$ 4,115
			(0.1)%			2.8 %

Selling, general and administrative expenses for the six months ended June 30, 2021 increased compared to the six months ended June 30, 2020, primarily due to increased employee compensation costs and professional fees.

### Research and Development

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
	(In thousands, except percentages)					
Research and development	\$ 43,516	\$ 31,536	\$ 11,980	\$ 87,834	\$ 63,789	\$ 24,045
			38.0 %			37.7 %

Research and development activities are focused on developing new packaging and test services and improving the efficiency and capabilities of our existing production processes. The costs related to our technology and product development projects are included in research and development expense until the project moves into production. Once production begins, the costs related to production become part of the cost of sales, including ongoing depreciation for the equipment previously held for research and development activities. Research and development expenses for the three and six months ended June 30, 2021 increased compared to the three and six months ended June 30, 2020 due to new development projects in advanced technologies, primarily advanced System-in-Package (“SiP”) modules.

### Other Income and Expense

	For the Three Months Ended June 30,			For the Six Months Ended June 30,				
	2021	2020	Change	2021	2020	Change		
	(In thousands, except percentages)							
Interest expense	\$ 12,764	\$ 16,012	\$ (3,248)	(20.3)%	\$ 25,437	\$ 33,057	\$ (7,620)	(23.1)%
Interest income	(230)	(1,701)	1,471	(86.5)%	(509)	(3,959)	3,450	(87.1)%
Foreign currency (gain) loss, net	681	3,461	(2,780)	(80.3)%	1,300	3,232	(1,932)	(59.8)%
Loss on debt retirement	—	—	—	—%	—	428	(428)	(100.0)%
Other (income) expense, net	(547)	(293)	(254)	86.7%	(798)	(549)	(249)	45.4%
Total other expense, net	\$ 12,668	\$ 17,479	\$ (4,811)	(27.5)%	\$ 25,430	\$ 32,209	\$ (6,779)	(21.0)%

Interest expense decreased for the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020, primarily due to the overall decrease in our outstanding debt.

Interest income decreased for the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020, primarily due to lower interest rates in the overall market.

The changes in foreign currency (gain) loss, net for the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020 were due to foreign currency exchange rate movements, mainly the Korean Won, and the associated impact on our net monetary exposure at our foreign subsidiaries.

### Income Tax Expense

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
	(In thousands)					
Income tax expense	\$ 15,989	\$ 12,905	\$ 3,084	\$ 27,656	\$ 17,751	\$ 9,905

Income tax expense, which includes foreign withholding taxes and minimum taxes, reflects the applicable tax rates in effect in the various countries where our income is earned and is subject to volatility depending on the relative mix of earnings in each location. Income tax expense increased for the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020, primarily due to the increase in income before tax.

During the six months ended June 30, 2021 and 2020, our subsidiaries in Korea, the Philippines and Singapore operated under various tax holidays. As these tax holidays expire, income earned in these jurisdictions will be subject to higher statutory income tax rates, which may cause our effective tax rate to increase.

### Liquidity

We assess our liquidity based on our current expectations regarding sales and operating expenses, capital spending, dividend payments, stock repurchases, debt service requirements and other funding needs. Based on this assessment, we believe that our cash flow from operating activities, together with existing cash and cash equivalents, short-term investments and availability under our credit facilities, will be sufficient to fund our working capital, capital expenditures, dividend payments, debt service and other financial requirements for at least the next twelve months.

Our liquidity is affected by, among other factors, volatility in the global economy and credit markets, the performance of our business, our capital expenditure levels, other uses of our cash including any dividends and purchases of stock under any stock repurchase program, any acquisitions, joint ventures or other investments and our ability to either repay debt out of operating cash flow or refinance it at or prior to maturity with the proceeds from debt or equity offerings. There can be no assurance that we will generate the necessary net income or operating cash flows, or be able to borrow sufficient funds, to meet the funding needs of our business beyond the next twelve months due to a variety of factors, including the cyclical nature of the semiconductor industry and other factors discussed in the "Risk Factors" section in Part II, Item 1A of this Form 10-Q.

Our primary source of cash and the source of funds for our operations are cash flows from operations, current cash and cash equivalents, short-term investments, borrowings under available credit facilities and proceeds from any additional debt or equity financings. Please refer to Note 7 and Note 11 to our Consolidated Financial Statements in Part 1, Item 1 of this Form 10-Q for additional information on our investments and borrowings, respectively.

As of June 30, 2021, we had cash and cash equivalents and short-term investments of \$885.7 million. Included in our cash and short-term investments balances as of June 30, 2021, is \$713.1 million held offshore by our foreign subsidiaries. We have the ability to access cash held offshore by our foreign subsidiaries primarily through the repayment of intercompany debt obligations. Due to the changes in the U.S. tax law under the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), distributions of cash to the U.S. as dividends generally will not be subject to U.S. federal income tax. If we were to distribute this offshore cash to the U.S. as dividends from our foreign subsidiaries, we may be subject to foreign withholding and state income taxes.

For certain accounts receivable, we use non-recourse factoring arrangements with third-party financial institutions to manage our working capital and cash flows. Under these arrangements, we sell receivables to a financial institution for cash at a discount to the face amount. Available capacity under these arrangements is dependent on the level of our trade accounts receivable eligible to be sold, the financial institutions' willingness to purchase such receivables and the limits provided by the financial institutions. These factoring arrangements can be reduced or eliminated at any time due to market conditions and changes in the credit worthiness of customers. For the six months ended June 30, 2021 and 2020, we sold accounts receivable totaling \$211.9 million and \$264.5 million, net of discounts and fees of \$0.6 million and \$1.6 million, respectively.

We operate in a capital-intensive industry. Servicing our current and future customers may require that we incur significant operating expenses and make significant investments in equipment and facilities, which are generally made in advance of the related revenues and without firm customer commitments.

The borrowing base under the Singapore Revolver is limited to the amount of eligible accounts receivable. As of June 30, 2021, we had availability of \$250.0 million and no outstanding standby letters of credit. As of June 30, 2021, our foreign subsidiaries had \$316.0 million available for future borrowings under revolving credit facilities, including the Singapore Revolver, and \$80.0 million available to be borrowed under term loan credit facilities for working capital purposes and capital expenditures.

As of June 30, 2021, we had \$1.1 billion of debt. Our scheduled principal repayments on debt include \$67.1 million due over the remainder of 2021, \$130.7 million due in 2022, \$162.9 million due in 2023, \$120.1 million due in 2024, \$25.9 million due in 2025 and \$553.3 million due thereafter. We were in compliance with all debt covenants at June 30, 2021, and we expect to remain in compliance with these covenants for at least the next twelve months.

Certain of our debt agreements have restrictions on dividend payments and the repurchase of stock and subordinated securities. These restrictions are determined in part by our covenant compliance and on calculations based upon cumulative net income or, in the case of our Singapore Revolver, borrowing availability and do not currently have a material impact on our ability to make dividend payments or stock repurchases.

The debt of Amkor Technology, Inc. is structurally subordinated in right of payment to all existing and future debt and other liabilities of our subsidiaries. From time to time, Amkor Technology, Inc. and Amkor Technology Singapore Holding Pte, Ltd. also guarantee certain debt of our subsidiaries.

In order to reduce our debt and future cash interest payments, we may from time to time repurchase or redeem our outstanding notes for cash or exchange shares of our common stock for our outstanding notes. Any such transaction may be made in the open market, through privately negotiated transactions or otherwise and would be subject to the terms of our indentures and other debt agreements, market conditions and other factors.

Our subsidiary in Korea maintains an unfunded severance plan that covers certain employees that were employed prior to August 1, 2015. As of June 30, 2021, the severance liability was \$94.7 million. Accrued severance benefits are estimated assuming all eligible employees were to terminate their employment at the balance sheet date. For service periods subsequent to August 1, 2015, employees participate in either a defined benefit pension plan or a defined contribution pension plan. From time to time, we may offer employees the option to convert from the severance plan to the defined contribution plan, which would require the company to fund the converted portion of the liability.

In October 2020, the board of directors of Amkor Technology, Inc. (our “Board of Directors”) approved the initiation of a regular quarterly cash dividend of \$0.04 per share on our common stock. During the six months ended June 30, 2021, we paid total quarterly cash dividends of \$29.2 million. We currently anticipate that we will continue to pay quarterly cash dividends in the future. However, the payment, amount and timing of future dividends remain within the discretion of our Board of Directors and will depend upon our results of operations, financial condition, cash requirements, debt restrictions and other factors.

Our Board of Directors previously adopted a stock repurchase program (the “Stock Repurchase Program”) authorizing the repurchase of up to \$300.0 million of our common stock, exclusive of any fees, commissions or other expenses. Under the Stock Repurchase Program, the purchase of stock may be made in the open market or through privately negotiated transactions. The timing, manner, price and amount of any repurchases will be determined by us at our discretion and will depend upon a variety of factors including economic and market conditions, the cash needs and investment opportunities for the business, the current market price of our stock, applicable legal requirements and other factors. We have not purchased any stock under the Stock Repurchase Program since 2012. At June 30, 2021, approximately \$91.6 million was available to repurchase common stock pursuant to the Stock Repurchase Program.

### Capital Resources

We make significant capital expenditures in order to service the demand of our customers, which are primarily focused on investments in advanced packaging and test equipment. We expect 2021 capital expenditures to be approximately \$775 million. During the six months ended June 30, 2021, our capital expenditures totaled \$273.6 million. Ultimately, the amount of our 2021 capital expenditures will depend on several factors including, among others, the timing and implementation of any capital projects under review, the performance of our business, economic and market conditions, the cash needs and investment opportunities for the business, the need for additional capacity to service anticipated customer demand, equipment lead times and the availability of cash flows from operations or financing.

In addition, we are subject to risks associated with our capital expenditures, including those discussed in the “Risk Factors” section in Part II, Item 1A of this Form 10-Q under the caption “Capital Expenditures - We Make Substantial Investments in Equipment and Facilities to Support the Demand of Our Customers, Which May Adversely Affect Our Business if the Demand of Our Customers Does Not Develop as We Expect or Is Adversely Affected.”

### Cash Flows

Net cash provided by (used in) operating, investing and financing activities for the six months ended June 30, 2021 and 2020, was as follows:

	For the Six Months Ended June 30,	
	2021	2020
	(In thousands)	
Operating activities	\$ 456,331	\$ 242,402
Investing activities	(321,495)	(435,113)
Financing activities	(97,539)	82,542

*Operating activities:* Our cash flow provided by operating activities for the six months ended June 30, 2021 increased by \$213.9 million compared to the six months ended June 30, 2020, primarily due to higher net sales, higher operating profit, increase in contract liabilities due to customer advanced payments and changes in working capital.

*Investing activities:* Our cash flow used in investing activities for the six months ended June 30, 2021 decreased by \$113.6 million compared to the six months ended June 30, 2020, primarily due to net changes in short-term investment activities, partially offset by an increase in purchases of property, plant, and equipment. Payments for property, plant and equipment can fluctuate based on timing of purchase, receipt and acceptance of equipment.

*Financing activities:* The net cash used in financing activities for the six months ended June 30, 2021 was primarily due to net debt repayments in Japan and the payment of our quarterly dividends. The net cash provided by financing activities for the six months ended June 30, 2020 was primarily due to the net borrowing in Korea and Taiwan, partially offset by net repayments of debt in Japan.

We provide the following supplemental data to assist our investors and analysts in understanding our liquidity and capital resources. We define free cash flow as net cash provided by operating activities less payments for property, plant and equipment, plus proceeds from the sale of and insurance recovery for property, plant and equipment, if applicable. Free cash flow is not defined by U.S. GAAP. We believe free cash flow to be relevant and useful information to our investors because it provides them with additional information in assessing our liquidity, capital resources and financial operating results. Our management uses free cash flow in evaluating our liquidity, our ability to service debt, our ability to fund capital expenditures and our ability to pay dividends and the amount of dividends to be paid. However, free cash flow has certain limitations, including that it does not represent the residual cash flow available for discretionary expenditures since other, non-discretionary expenditures, such as mandatory debt service, are not deducted from the measure. The amount of mandatory versus discretionary expenditures can vary significantly between periods. This measure should be considered in addition to, and not as a substitute for, or superior to, other measures of liquidity or financial performance prepared in accordance with U.S. GAAP, such as net cash provided by operating activities. Furthermore, our definition of free cash flow may not be comparable to similarly titled measures reported by other companies.

	For the Six Months Ended June 30,	
	2021	2020
	(In thousands)	
Net cash provided by operating activities	\$ 456,331	\$ 242,402
Payments for property, plant and equipment	(273,617)	(134,340)
Proceeds from sale of property, plant and equipment	2,249	2,389
Free cash flow	<u>\$ 184,963</u>	<u>\$ 110,451</u>

### Contractual Obligations

The following table summarizes our contractual obligations at June 30, 2021 and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Total	Payments Due for Year Ending December 31,					
		2021 - Remaining	2022	2023	2024	2025	Thereafter
	(In thousands)						
Total debt	\$ 1,059,933	\$ 67,079	\$ 130,716	\$ 162,884	\$ 120,063	\$ 25,906	\$ 553,285
Scheduled interest payment obligations (1)	247,975	21,649	42,022	39,395	37,205	36,220	71,484
Purchase obligations (2)	281,282	236,394	19,038	14,679	6,146	1,931	3,094
Operating lease obligations (3)	142,513	30,287	48,691	25,988	12,689	7,861	16,997
Finance lease obligations (3)	63,455	12,988	20,677	17,798	9,026	965	2,001
Severance obligations (4)	94,740	5,600	9,514	8,457	7,518	6,695	56,956
Total contractual obligations	<u>\$ 1,889,898</u>	<u>\$ 373,997</u>	<u>\$ 270,658</u>	<u>\$ 269,201</u>	<u>\$ 192,647</u>	<u>\$ 79,578</u>	<u>\$ 703,817</u>

- (1) Represents interest payment obligations calculated using stated coupon rates for fixed rate debt and interest rates applicable at June 30, 2021, for variable rate debt.
- (2) Represents off-balance sheet purchase obligations for capital expenditures, long-term supply contracts and other contractual commitments outstanding at June 30, 2021.
- (3) Represents future minimum lease payments including interest payments.
- (4) Represents estimated benefit payments for our Korean subsidiary severance plan.

In addition to the obligations identified in the table above, other non-current liabilities recorded in our Consolidated Balance Sheet at June 30, 2021 include:

- \$62.9 million of foreign pension plan obligations, for which the timing and actual amount of impact on our future cash flow is uncertain.

- \$35.0 million net liability associated with unrecognized tax benefits. Due to the uncertainty regarding the amount and the timing of any future cash outflows associated with our unrecognized tax benefits, we are unable to reasonably estimate the amount and period of ultimate settlement, if any, with the various taxing authorities.

### **Off-Balance Sheet Arrangements**

As of June 30, 2021, we had no off-balance sheet guarantees or other off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

### **Contingencies, Indemnifications and Guarantees**

Please refer to Note 15 to our Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for a discussion of our contingencies related to litigation and other legal matters.

### **Critical Accounting Policies**

Our critical accounting policies are disclosed in the 2020 Form 10-K. During the six months ended June 30, 2021, there were no significant changes in our critical accounting policies as reported in the 2020 Form 10-K.

## **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

### **Market Risk Sensitivity**

We are exposed to market risks, primarily related to foreign currency and interest rate fluctuations. In the normal course of business, we employ established policies and procedures to manage the exposure to fluctuations in foreign currency values and changes in interest rates.

#### ***Foreign Currency Risk***

The U.S. dollar is our reporting and functional currency for our subsidiaries, except for our Japan operations, where the Japanese Yen is the functional currency. In order to reduce our exposure to foreign currency gains and losses, we generally use natural hedging techniques to reduce foreign currency rate risk. We also use forward contracts to mitigate foreign currency risk of certain monetary liabilities denominated in foreign currencies.

We have foreign currency exchange rate risk associated with the remeasurement of monetary assets and liabilities on our Consolidated Balance Sheets that are denominated in currencies other than the functional currency. We performed a sensitivity analysis of our foreign currency exposure as of June 30, 2021 to assess the potential impact of fluctuations in exchange rates for all foreign denominated assets and liabilities. Assuming that all foreign currencies appreciated 10% against the U.S. dollar, taking into account our foreign currency forward contracts, our income before taxes for the six months ended June 30, 2021 would have been approximately \$13 million lower, due to the remeasurement of monetary assets and liabilities.

In addition, we have foreign currency exchange rate exposure on our results of operations. For the six months ended June 30, 2021, approximately 80% of our net sales were denominated in U.S. dollars. Our remaining net sales were principally denominated in Japanese Yen. For the six months ended June 30, 2021, approximately 45% of our cost of sales and operating expenses were denominated in U.S. dollars and were largely for raw materials and costs associated with property, plant and equipment. The remaining portion of our cost of sales and operating expenses was principally denominated in the Asian currencies where our production facilities are located and largely consisted of labor. To the extent that the U.S. dollar weakens against these Asian-based currencies, similar foreign currency denominated income and expenses in the future will result in higher sales, higher cost of sales and operating expenses, with cost of sales and operating expenses having the greater impact on our financial results. Similarly, our sales, cost of sales and operating expenses will decrease if the U.S. dollar strengthens against these foreign currencies. We performed a sensitivity analysis of our foreign currency exposure as of June 30, 2021 to assess the potential impact of fluctuations in exchange rates for all foreign denominated sales and operating expenses. Assuming that all foreign currencies appreciated 10% against the U.S. dollar, our operating income for the six months ended June 30, 2021 would have been approximately \$58 million lower.

There are inherent limitations in the sensitivity analysis presented, primarily the assumption that foreign exchange rate movements across multiple jurisdictions would change instantaneously in an equal fashion. As a result, the analysis is unable to reflect the potential effects of more complex market or other changes that could arise which may positively or negatively affect our results of operations.

Our Consolidated Financial Statements are impacted by changes in exchange rates at the entity where the local currency is the functional currency. The effect of foreign exchange rate translation for these entities was a loss of \$11.2 million and \$0.2 million for the six months ended June 30, 2021 and 2020, respectively, and was recognized as an adjustment to equity through other comprehensive income (loss).

### **Interest Rate Risk**

We have interest rate risk with respect to our available-for-sale debt investments. Our investment portfolio consists of various security types and maturities, with a significant portion of our portfolio having maturity of one year or less. Our primary objective with our investment portfolio is to invest available cash while preserving capital and meeting liquidity needs. These securities are subject to interest rate risk and will decrease in value if market interest rates increase. Due to the relatively short-term nature of our investment portfolio, we believe that an immediate increase in interest rates will not have a material impact on the fair value of our available-for-sale debt investments. For information regarding our available-for-sale debt investments, see Note 7 to our Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

In addition, we have interest rate risk with respect to our debt. Our fixed and variable rate debt includes foreign borrowings, revolving credit facilities and senior notes. Changes in interest rates have different impacts on the fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the fair value of the debt instrument but has no impact on interest expense or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows but does not generally impact the fair value of the instrument.

The table below presents the interest rates, maturities and fair value of our fixed and variable rate debt as of June 30, 2021:

	2021 - Remaining	2022	2023	2024	2025	Thereafter	Total	Fair Value
(\$ in thousands)								
Fixed rate debt	\$ 64,261	\$ 128,716	\$ 111,163	\$ 76,063	\$ 25,906	\$ 553,285	\$ 959,394	\$ 1,005,184
Average interest rate	1.3 %	1.4 %	1.4 %	1.5 %	1.8 %	6.5 %	4.3 %	
Variable rate debt	\$ 2,818	\$ 2,000	\$ 51,721	\$ 44,000	\$ —	\$ —	\$ 100,539	\$ 101,959
Average interest rate	0.7 %	1.2 %	2.5 %	1.2 %	— %	— %	1.8 %	
<b>Total debt maturities</b>	<b>\$ 67,079</b>	<b>\$ 130,716</b>	<b>\$ 162,884</b>	<b>\$ 120,063</b>	<b>\$ 25,906</b>	<b>\$ 553,285</b>	<b>\$ 1,059,933</b>	<b>\$ 1,107,143</b>

For information regarding the fair value of our long-term debt, see Note 14 to our Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports to the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, based on the definition of “disclosure controls and procedures” in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In designing and evaluating the disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2021 and concluded those disclosure controls and procedures were effective as of that date.

**Changes in Internal Control Over Financial Reporting**

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended June 30, 2021. There have been no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## PART II. OTHER INFORMATION

### Item 1. *Legal Proceedings*

Information about legal proceedings is set forth in Note 15 to our Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q and in Note 17 to the 2020 Form 10-K.

### Item 1A. *Risk Factors*

The factors discussed below are cautionary statements that identify important factors and risks that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in this report. For more information regarding the forward-looking statements contained in this Form 10-Q, see the Table of Contents of this Form 10-Q. You should carefully consider the risks and uncertainties described below, together with all of the other information included in this Form 10-Q, in considering our business and prospects. Many of the following risks and uncertainties have been, and may continue to be, exacerbated by the Covid-19 pandemic and any worsening of the global business and economic environment as a result. The risks and uncertainties described below are not the only ones facing Amkor. Additional risks and uncertainties not presently known to us may also adversely affect our business operations. The occurrence of any of the risks and uncertainties described below could affect our business, liquidity, results of operations, financial condition or cash flows.

#### Summary of Risk Factors

An investment in our common stock involves various risks, and you are urged to carefully consider all of the matters discussed in Part II, Item 1A of this Form 10-Q under the caption “Risk Factors” (in addition to those discussed under this “Summary of Risk Factors” section) in considering our business and prospects. The following is a list of some of these risks:

#### Company-Specific Risk Factors

- dependence on the highly cyclical, volatile semiconductor industry and vulnerability to industry downturns and declines in global economic and financial conditions;
- fluctuations in operating results and cash flows;
- dependence on international factories and operations, and risks relating to our customers’ and vendors’ international operations;
- competition with established competitors in the packaging and test business, the internal capabilities of integrated device manufacturers (“IDMs”), and new competitors, including foundries;
- decisions by our IDM and foundry customers to curtail outsourcing;
- changes in cost, quality, availability and delivery times of raw materials, components and equipment;
- our substantial investments in equipment and facilities to support the demand of our customers;
- difficulty achieving the relatively high capacity utilization rates necessary to realize satisfactory gross margins given our high percentage of fixed costs;
- our absence of backlog and the short-term nature of our customers’ commitments;
- the historical downward pressure on the prices of our packaging and test services;
- fluctuations in our manufacturing yields;
- our ability to develop new proprietary technology, protect our proprietary technology, operate without infringing the proprietary rights of others, and implement new technologies;
- warranty claims, product return and liability risks, and the risk of negative publicity if our products fail, as well as the risk of litigation incident to our business;
- restrictive covenants in the indentures and agreements governing our current and future indebtedness;
- fluctuations in interest rates and changes in credit risk;

- the possibility that we may decrease or suspend our quarterly dividend;
- significant severance plan obligations associated with our manufacturing operations in Korea; and
- the ability of certain of our stockholders to effectively determine or substantially influence the outcome of matters requiring stockholder approval.

**General Risk Factors**

- health conditions or pandemics, such as the Covid-19 pandemic, impacting labor availability and operating capacity, capital availability, the supply chain and consumer demand for our customers' products and services;
- the development, transition and ramp to high volume manufacture of more advanced silicon nodes and evolving wafer, packaging and test technologies, may cause production delays, lower manufacturing yields and supply constraints for new wafers and other materials;
- our substantial indebtedness;
- difficulty funding our liquidity needs;
- dependence on key customers or concentration of customers in certain end markets, such as mobile communications and automotive;
- difficulty attracting, retaining or replacing qualified personnel;
- maintaining an effective system of internal controls;
- our continuing development and implementation of changes to, and maintenance and security of, our information technology systems;
- challenges with integrating diverse operations;
- any changes in tax laws, taxing authorities not agreeing with our interpretation of applicable tax laws, including whether we continue to qualify for tax holidays, or any requirements to establish or adjust valuation allowances on deferred tax assets;
- laws, rules, regulations and policies imposed by U.S. or other governments, such as tariffs, customs, duties and other restrictive trade barriers, national security, data privacy and cybersecurity, antitrust and competition, tax, currency and banking, labor, environmental, health and safety; and
- natural disasters and other calamities, health conditions or pandemics, political instability, hostilities or other disruptions.

**Company-Specific Risk Factors**

***Dependence on the Highly Cyclical Semiconductor Industry - Our Packaging and Test Services Are Used in Volatile Industries and Industry Downturns, and Declines in Global Economic and Financial Conditions Could Harm Our Performance.***

Our business is impacted by market conditions in the semiconductor industry, which is cyclical by nature and impacted by broad economic factors, such as worldwide gross domestic product and consumer spending. The semiconductor industry has experienced significant and sometimes sudden and prolonged downturns in the past. If the industry or markets in which we compete experience slower, or even negative growth, our business and results of operations may be adversely affected.

Since our business is, and will continue to be, dependent on the requirements of semiconductor companies for outsourced packaging and test services, any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as telecommunications, automotive, consumer electronics, or computing, could have a material adverse effect on our business and operating results. During downturns, we have experienced, among other things, reduced demand, excess capacity and reduced sales. For example, the Covid-19 pandemic disrupted demand in the automotive and industrial end market in 2020, and during 2019, there was weakness in the general market and an inventory correction in the smartphone market.

In addition, declines in global economic and financial conditions have harmed our business in the past, and future global downturns could adversely affect our business. The Covid-19 pandemic and the effects of governmental initiatives to control the pandemic have adversely affected, and may continue to adversely affect, the economies and financial markets of many countries, resulting in an economic downturn that may affect demand for our services and our operating results. Although the magnitude of any potential future impact of the Covid-19 pandemic on our business and operations remains uncertain, the continued spread, new variants or potential re-emergence of the Covid-19 pandemic or the occurrence of other epidemics or pandemics, and the imposition of related public health measures and travel and business restrictions may adversely impact our business, financial condition, operating results and cash flows. In addition, we have experienced, and will continue to experience, disruptions to our business operations resulting from quarantines, self-isolations or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to meet customer commitments. It is difficult to predict the timing, strength or duration of any economic slowdown caused by the Covid-19 pandemic, or which end markets will experience a slowdown, or subsequent economic recovery, which, in turn, makes it more challenging for us to forecast our operating results, make business decisions and identify risks that may affect our business, sources and uses of cash, financial condition and results of operations. Additionally, if industry conditions deteriorate, we could suffer significant losses, as we have in the past, that could materially impact our business, liquidity, results of operations, financial condition and cash flows.

***Fluctuations in Operating Results and Cash Flows - Our Operating Results and Cash Flows Have Varied and May Vary Significantly as a Result of Factors That We Cannot Control.***

Many factors could have a material adverse effect on our net sales, gross profit, operating results and cash flows or lead to significant variability of quarterly or annual operating results. Our profitability and ability to generate cash from operations is principally dependent upon demand for semiconductors, the utilization of our capacity, semiconductor package mix, the average selling price of our services, our ability to manage our capital expenditures and our ability to control our costs including labor, material, overhead and financing costs.

Our net sales, gross margin, gross profit, operating income, net income and cash flows have historically fluctuated significantly from quarter to quarter as a result of many of the following factors, over which we have little or no control and which we expect to continue to impact our business:

- fluctuations in demand for semiconductors and conditions in the semiconductor industry generally, as well as by specific customers, such as inventory reductions by our customers impacting demand in key markets;
- our ability to achieve our major growth objectives, including transitioning second-wave customers to advanced packages and increasing our share of the automotive and industrial end market;
- changes in our capacity and capacity utilization rates;
- changes in average selling prices, which can occur quickly due to the absence of long-term agreements on price;
- changes in the mix of the semiconductor packaging and test services that we sell;
- fluctuations in our manufacturing yields;
- the development, transition and ramp to high volume manufacture of more advanced silicon nodes and evolving wafer, packaging and test technologies may cause production delays, lower manufacturing yields and supply constraints for new wafers and other materials;
- absence of backlog, the short-term nature of our customers' commitments, double bookings by customers and deterioration in customer forecasts and the impact of these factors, including the possible delay, rescheduling and cancellation of large orders, or the timing and volume of orders relative to our production capacity;
- changes in cost, quality, availability and delivery times of raw materials, components, equipment and labor;
- wage inflation and fluctuations in commodity prices, including gold, copper and other precious metals;
- the timing of expenditures in anticipation of future orders;
- changes in effective tax rates;

- the availability and cost of financing;
- leverage and debt covenants;
- intellectual property transactions and disputes;
- warranty and product liability claims and the impact of quality excursions and customer disputes and returns;
- costs associated with legal claims, indemnification obligations, judgments and settlements;
- political instability and government shutdowns, civil disturbances or international events;
- environmental or natural disasters such as earthquakes, typhoons and volcanic eruptions;
- pandemics or other illnesses that may impact our labor force, operations, liquidity, supply chain and end-user demand for products which incorporate semiconductors, such as the Covid-19 pandemic;
- costs of acquisitions and divestitures and difficulties integrating acquisitions;
- our ability to attract and retain qualified personnel to support our global operations;
- fluctuations in interest rates and currency exchange rates, including the potential impact of the phase-out of LIBOR on our variable rate debt;
- our ability to penetrate new end markets or expand our business in existing end markets;
- dependence on key customers or concentration of customers in certain end markets, such as mobile communications and automotive; and
- restructuring charges, asset write-offs and impairments.

These factors may have a material and adverse effect on our business, liquidity, results of operations, financial condition and cash flows or lead to significant variability of quarterly or annual operating results. In addition, these factors may materially and adversely affect our credit ratings, which could make it more difficult and expensive for us to raise capital and could materially and adversely affect the price of our securities.

***Risks Associated with International Operations - We Depend on Our Factories and Operations in China, Japan, Korea, Malaysia, the Philippines, Portugal, Singapore and Taiwan. Many of Our Customers' and Vendors' Operations Are Also Located Outside of the U.S.***

We provide packaging and test services through our factories and other operations located in China, Japan, Korea, Malaysia, the Philippines, Portugal, Singapore and Taiwan. Substantially all of our property, plant and equipment is located outside of the United States. Moreover, many of our customers and the vendors in our supply chain are located outside the U.S. The following are some of the risks we face in doing business internationally:

- health and safety concerns, including widespread outbreak of infectious diseases, such as Covid-19;
- changes in consumer demand resulting from variations in local economies;
- laws, rules, regulations and policies imposed by U.S. or foreign governments in areas such as data privacy, cybersecurity, antitrust and competition, tax, currency and banking, labor, and environmental;
- restrictive trade barriers considered or adopted by U.S. and foreign governments applicable to the semiconductor supply chain, including laws, rules, regulations and policies in areas such as national security, licensing requirements for exports, tariffs, customs and duties;
- laws, rules, regulations and policies within China and other countries that may favor domestic companies over non-domestic companies, including customer- or government-supported efforts to promote the development and growth of local competitors;

- the payment of dividends and other payments by non-U.S. subsidiaries may be subject to prohibitions, limitations or taxes in local jurisdictions;
- fluctuations in currency exchange rates, particularly the dollar/yen exchange rate for our operations in Japan;
- political and social conditions, and the potential for civil unrest, terrorism or other hostilities;
- disruptions or delays in shipments caused by customs brokers or government agencies;
- difficulties in attracting and retaining qualified personnel and managing foreign operations, including foreign labor disruptions;
- difficulty in enforcing contractual rights and protecting our intellectual property rights;
- potentially adverse tax consequences resulting from tax laws in the U.S. and in other jurisdictions; and
- local business and cultural factors that differ from our normal standards and practices, including business practices that we are prohibited from engaging in by the U.S. Foreign Corrupt Practices Act and other anti-corruption laws and regulations.

We have significant facilities and other investments in South Korea, and there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and long-range missile programs as well as its military actions in the region. Furthermore, there has been a history of conflict and tension within and among other countries in the region.

In addition, the Covid-19 pandemic has impacted and may continue to impact our operations and the operations of our customers and suppliers as a result of illness, quarantines, facility closures and travel and logistics restrictions in connection with the outbreak. For example, quarantine orders and orders restricting movement have affected, and may in the future affect, our operations, in the Philippines and Malaysia. Other national, regional and local governments have implemented and may continue to implement similar restrictions to mitigate the spread of Covid-19, the emergence of new variants or the potential re-emergence of Covid-19 in jurisdictions in which we, our customers and our suppliers operate, and such restrictions may adversely impact our operations and the operations of our customers and suppliers. Such restrictions may also affect end-user demand in each geography where our customers sell their products and services, which may adversely affect demand for our services, our operating results and financial condition.

***Competition - We Compete Against Established Competitors in the Packaging and Test Business as Well as Internal Capabilities of IDMs and Face Competition from New Competitors, Including Foundries.***

The outsourced semiconductor packaging and test services market is very competitive. We face substantial competition from established and emerging packaging and test service providers primarily located in Asia, including companies with significantly greater processing capacity, financial resources, local presence, research and development operations, marketing, technology and other capabilities. We also may face increased competition from domestic companies located in China, where there are government-supported efforts to promote the development and growth of the local semiconductor industry. We may be at a disadvantage in attempting to compete with entities associated with such government-supported initiatives based on their lower cost of capital, access to government resources and incentives, preferential sourcing practices, stronger local relationships or otherwise. Our competitors may also have established relationships, or enter into new strategic relationships, with one or more of the large semiconductor companies that are our current or potential customers, or key suppliers to these customers. Consolidation among our competitors could also strengthen their competitive position.

We also face competition from contract foundries, such as Taiwan Semiconductor Manufacturing Company Limited and Samsung Electronics Co., Ltd., which offer full turnkey services from silicon wafer fabrication through packaging and final test. These foundries, which are substantially larger than us and have greater financial resources than we do, have expanded their operations to include packaging and test services and may continue to expand these capabilities in the future. If a key customer decides to purchase wafers from a semiconductor foundry that provides packaging and test services, our business could be reduced if the customer also engages that foundry for related packaging and test services.

We cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our customers will not rely on internal sources or foundries for packaging and test services, or that our business, liquidity, results of operations, financial condition and cash flows will not be adversely affected by such increased competition.

***Decisions by Our IDM and Foundry Customers to Curtail Outsourcing May Adversely Affect Our Business.***

Historically, we have been dependent on the trend in outsourcing of packaging and test services by IDM and foundry customers. Our IDM and foundry customers continually evaluate the need for outsourced services against their own in-house packaging and test services. As a result, at any time and for a variety of reasons, IDMs and foundries may decide to shift some or all of their outsourced packaging and test services to internally sourced capacity.

In addition, to the extent we limit capacity commitments for certain customers, these customers may increase their level of in-house packaging and test capabilities, which could make it more difficult for us to regain their business when we have available capacity.

If we experience a significant loss of IDM or foundry business, it could have a material adverse effect on our business, liquidity, results of operations, financial condition and cash flows, especially during a prolonged industry downturn.

***Dependence on Materials and Equipment Suppliers - Our Business May Suffer if the Cost, Quality or Supply of Materials or Equipment Changes Adversely.***

We obtain the materials and equipment required for the packaging and test services performed by our factories from various vendors. We source most of our materials, including critical materials such as leadframes, laminate substrates and gold wire, from a limited group of suppliers. A disruption to the operations of one or more of our suppliers could extend lead times for materials and have a negative impact on our business. To the extent the impact of the Covid-19 pandemic continues or worsens, we may have greater difficulty obtaining the equipment, supplies and other materials necessary for performance of our services. Furthermore, fire, severe weather, earthquakes, flooding and tsunamis in the past have significantly and adversely affected the electronics industry supply chain by impacting the supply of specialty chemicals, substrates, silicon wafers, equipment and other supplies to the electronics industry.

In addition, we purchase the majority of our materials on a purchase order basis. Our business may be harmed if we cannot obtain materials and other supplies from our vendors in a timely manner, in sufficient quantities, at acceptable quality or at competitive prices. Some of our customers are also dependent on a limited number of suppliers for certain materials and silicon wafers. Shortages or disruptions in our customers' supply channels could have a material adverse effect on our business, financial condition, results of operations and cash flows.

SEC rules and related industry initiatives require diligence and disclosure regarding the use of certain minerals originating from the conflict zones of the Democratic Republic of Congo and adjoining countries. Many of our customers' initiatives require us to certify that the covered materials we use in our packages do not come from the conflict areas. We incur costs associated with complying with these requirements and customer initiatives, and we may be required to increase our efforts in the future to cover additional materials and geographic areas. These requirements and customer initiatives could affect the pricing, sourcing and availability of materials used in the manufacture of semiconductor devices, and we cannot assure you that we will be able to obtain conflict-free materials or other materials covered by customer initiatives in sufficient quantities and at competitive prices or that we will be able to verify the origin of all of the materials we procure. If we are unable to meet these requirements and customer initiatives, it could adversely affect our business as some customers may move their business to other suppliers, and our reputation could also be adversely affected.

We purchase new packaging and test equipment to maintain and expand our operations. From time to time, increased demand for new equipment may cause lead times to extend beyond those normally required by equipment vendors. For example, in the past, increased demand for equipment caused some equipment suppliers to only partially satisfy our equipment orders in the normal time frame or to increase prices during market upturns for the semiconductor industry. The unavailability of equipment or failures to deliver equipment on a timely basis could delay or impair our ability to meet customer orders. If we are unable to meet customer orders, we could lose potential and existing customers. Generally, we acquire our equipment on a purchase order basis and do not enter into long-term equipment agreements.

As a result, we could experience adverse changes in pricing, currency risk and potential shortages in equipment in a strong market, any of which could have a material adverse effect on our results of operations.

We are a large buyer of gold and other commodity materials including substrates and copper. The prices of gold and other commodities used in our business fluctuate. Historically, we have been able to partially offset the effect of commodity price increases through price adjustments to some customers and changes in our product designs that reduce the material content and cost, such as the use of shorter, thinner gold wire and migration to copper wire. However, we typically do not have long-term contracts that permit us to impose price adjustments, and market conditions may limit our ability to do so. Significant price increases may adversely impact our gross margin in future periods to the extent we are unable to pass along past or future commodity price increases to our customers.

***Capital Expenditures - We Make Substantial Investments in Equipment and Facilities to Support the Demand of Our Customers, Which May Adversely Affect Our Business if the Demand of Our Customers Does Not Develop as We Expect or Is Adversely Affected.***

We make significant investments in equipment and facilities in order to service the demand of our customers. The amount of our capital expenditures depends on several factors, including the performance of our business, our assessment of future industry and customer demand, our capacity utilization levels and availability, advances in technology, our liquidity position and the availability of financing. Our ongoing capital expenditure requirements may strain our cash and short-term asset balances, and, in periods when we are expanding our capital base, we expect that depreciation expense and factory operating expenses associated with capital expenditures to increase production capacity will put downward pressure on our gross profit, at least in the near term. From time to time, we also make significant capital expenditures based on specific business opportunities with one or a few key customers, and the additional equipment purchased may not be readily usable to support other customers. If demand is insufficient to fill our capacity, or we are unable to efficiently redeploy such equipment, our capacity utilization and gross profit could be negatively impacted.

Furthermore, if we cannot generate or raise additional funds to pay for capital expenditures, particularly in some of the advanced packaging and bumping areas, as well as research and development activities, our growth and future profitability may be adversely affected. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including: our future financial condition, results of operations and cash flows; general market conditions for financing; volatility in fixed income, credit and equity markets; and economic, political and other global conditions.

***High Fixed Costs - Due to Our High Percentage of Fixed Costs, We Will Be Unable to Maintain Satisfactory Gross Margins if We Are Unable to Achieve Relatively High Capacity Utilization Rates.***

Our operations are characterized by high fixed costs and the absence of any material backlog. Our profitability depends in part not only on pricing levels for our packaging and test services but also on the efficient utilization of our human resources and packaging and test equipment. Increases or decreases in our capacity utilization can significantly affect gross margins. Transitions between different packaging technologies can also impact our capacity utilization if we do not efficiently redeploy our equipment for other packaging and test opportunities. We cannot assure you that we will be able to achieve consistently high capacity utilization, and if we fail to do so, our gross margins will be negatively impacted.

In addition, our fixed operating costs have increased as a result of capital expenditures for capacity expansion. The anticipated customer demand for which we have made capital investments may not materialize, and our sales may not adequately cover fixed costs, resulting in reduced profit levels or even significant losses, either of which may adversely impact our business, liquidity, results of operations, financial condition and cash flows.

***Absence of Backlog - The Lack of Contractually Committed Customer Demand May Adversely Affect Our Sales.***

Our packaging and test business does not typically operate with any material backlog. Our quarterly net sales from packaging and test services are substantially dependent upon our customers' demand in that quarter. Generally, none of our customers have committed to purchase any significant amount of packaging or test services or to provide us with binding forecasts of demand for packaging and test services for any future period, in any material amount. In addition, we sometimes experience double booking by customers, and our customers often reduce, cancel or delay their purchases of packaging and test services for a variety of reasons including industry-wide, customer-specific and Amkor-specific

reasons. This makes it difficult for us to forecast our capacity utilization and net sales in future periods. Since a large portion of our costs is fixed and our expense levels are based in part on our expectations of future sales, we may not be able to adjust costs in a timely manner to compensate for any sales shortfall. If we are unable to adjust costs in a timely manner, our margins, operating results, financial condition and cash flows would be adversely affected.

***Declining Average Selling Prices - Historically There Has Been Downward Pressure on the Prices of Our Packaging and Test Services.***

Prices for packaging and test services have generally declined over time, and sometimes prices can change significantly in relatively short periods of time. We expect downward pressure on average selling prices for our packaging and test services to continue in the future, and this pressure may intensify during downturns in business. If we experience declining average selling prices and are unable to offset such declines by developing and marketing new packages with higher prices, reducing our purchasing costs, recovering more of our material cost increases from our customers and reducing our manufacturing costs, our business, liquidity, results of operations, financial condition and cash flows could be materially adversely affected.

***Packaging and Test Processes Are Complex and Our Production Yields and Customer Relationships May Suffer from Defects in the Services We Provide or if We Do Not Successfully Implement New Technologies.***

Semiconductor packaging and test services are complex processes that require significant technological and process expertise, and in line with industry practice, customers usually require us to pass a lengthy and rigorous qualification process that may take several months. Once qualified and in production, defective packages primarily result from:

- contaminants in the manufacturing environment;
- human error;
- equipment malfunction;
- changing processes to address environmental requirements;
- defective raw materials; or
- defective plating services.

Test is also complex and involves sophisticated equipment and software. Similar to many software programs, these software programs are complex and may contain programming errors or “bugs.” The test equipment is also subject to malfunction, and the test process is subject to operator error.

These and other factors have, from time to time, contributed to lower production yields. They may also do so in the future, particularly as we adjust our capacity, change our processing steps or ramp new technologies. In addition, we must continue to develop and implement new packaging and test technologies and expand our offering of packages to be competitive. Our production yields on new packages, particularly those packages which are based on new technologies, typically are significantly lower than our production yields on our more established packages.

Our failure to qualify new processes, maintain quality standards or acceptable production yields, if significant and prolonged, could result in loss of customers, increased costs of production, delays, substantial amounts of returned goods and claims by customers relating thereto. Any of these problems could have a material adverse effect on our business, liquidity, results of operations, financial condition and cash flows.

***Intellectual Property - Our Business Will Suffer if We Are Not Able to Develop New Proprietary Technology, Protect Our Proprietary Technology and Operate Without Infringing the Proprietary Rights of Others.***

The complexity and scope of semiconductor packaging, SiP modules and test services are rapidly increasing. As a result, we expect to develop, acquire and implement new manufacturing processes and packaging technologies and tools in order to respond to competitive industry conditions and customer requirements. Technological advances may lead to rapid and significant price erosion and may make our existing packages less competitive or our existing inventories obsolete. If we cannot achieve advances in packaging design or obtain access to advanced packaging designs developed by others, our business could suffer.



The need to develop and maintain advanced packaging capabilities and equipment could require significant research and development, capital expenditures and acquisitions in future years. In addition, converting to new packaging designs or process methodologies could result in delays in producing new package types, which could adversely affect our ability to meet customer orders and adversely impact our business.

Although we seek patent protection for some of our technology under U.S. and foreign patent laws, the process of seeking patent protection takes a long time and is expensive. There can be no assurance that patents will issue from pending or future applications or that, if patents are issued, the rights granted under the patents will provide us with meaningful protection or any commercial advantage. Any patents we do obtain will eventually expire, may be challenged, invalidated or circumvented and may not provide us meaningful protection or other commercial advantage.

Some of our technologies are not covered by any patent or patent application. The confidentiality agreements on which we rely to protect these technologies may be breached and may not be adequate to protect our proprietary technologies. There can be no assurance that other countries in which we market our services will protect our intellectual property rights to the same extent as the U.S.

Our competitors may develop, patent or gain access to know-how and technology similar or superior to our own. In addition, many of our patents are subject to cross licenses, several of which are with our competitors. The semiconductor industry is characterized by frequent claims regarding the infringement of patent and other intellectual property rights. If any third party makes an enforceable infringement claim against us or our customers, we could be required to:

- discontinue the use of certain processes or cease to provide the services at issue, which could curtail our business;
- pay substantial damages;
- develop non-infringing technologies, which may not be feasible; or
- acquire licenses to such technology, which may not be available on commercially reasonable terms or at all.

We may need to enforce our patents or other intellectual property rights, including our rights under patent and intellectual property licenses with third parties, or defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial cost and diversion of our resources and may not be successful. Furthermore, if we fail to obtain necessary licenses, our business could suffer, and we could be exposed to claims for damages and injunctions from third parties, as well as claims from our customers for indemnification. Unfavorable outcomes in any legal proceedings involving intellectual property could result in significant liabilities or loss of commercial advantage and could have a material adverse effect on our business, liquidity, results of operations, financial condition and cash flows. The potential impact from the legal proceedings referred to in this Form 10-Q on our results of operations, financial condition and cash flows could change in the future.

***We Face Warranty Claims, Product Return and Liability Risks, the Risk of Economic Damage Claims and the Risk of Negative Publicity if Our Packages Fail.***

Our packages are incorporated into a number of end products, and our business is exposed to warranty claims, product return and liability risks, the risk of economic damage claims and the risk of negative publicity if our packages fail.

We receive warranty claims from our customers from time to time in the ordinary course of our business. If we were to experience an unusually high incidence of warranty claims, we could incur significant costs and our business could be adversely affected. In addition, we are exposed to the product and economic liability risks and the risk of negative publicity affecting our customers. Our sales may decline if any of our customers are sued on a product liability claim. We also may suffer a decline in sales from the negative publicity associated with such a lawsuit or with adverse public perceptions in general regarding our customers' products. Further, if our packages are delivered with defects, we could incur additional development, repair or replacement costs or suffer other economic losses, and our credibility and the market's acceptance of our packages could be harmed.

***Covenants in the Indentures and Agreements Governing Our Current and Future Indebtedness Could Restrict Our Operating Flexibility.***

The indentures and agreements governing our existing debt, and debt we may incur in the future, contain, or may contain, affirmative and negative covenants that materially limit our ability to take certain actions, including our ability to incur debt, pay dividends and repurchase stock, make certain investments and other payments, enter into certain mergers and consolidations, engage in sale leaseback transactions and encumber and dispose of assets. In addition, certain of our debt agreements contain, and our future debt agreements may contain, financial covenants and ratios.

The breach of any of these covenants by us, or the failure by us to meet any of the financial ratios or conditions, could result in a default under any or all of such indebtedness. If a default occurs under any such indebtedness, all of the outstanding obligations thereunder could become immediately due and payable, which could result in a default under our other outstanding debt and could lead to an acceleration of obligations related to other outstanding debt. The existence of such a default or event of default could also preclude us from borrowing funds under our revolving credit facilities. Our ability to comply with the provisions of the indentures, credit facilities and other agreements governing our outstanding debt and indebtedness we may incur in the future can be affected by events beyond our control, and a default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

***We may Decrease or Suspend our Quarterly Dividend, and Any Decrease in or Suspension of the Dividend Could Cause Our Stock Price to Decline.***

We currently anticipate the payment of a regular quarterly cash dividend of \$0.04 per share on our outstanding common stock. However, the payment, amount and timing of future cash dividends are subject to the final determination each quarter by our Board of Directors or a committee thereof that there are sufficient funds available to lawfully pay a dividend, that the dividend is compliant with the applicable restrictions in our debt agreements, and that the payment of the dividend remains in our best interests. The determination will be based on our results of operations, financial condition, cash requirements, debt restrictions and other factors. Given these considerations, we may increase or decrease the amount of the dividend at any time and may also decide to vary the timing of or suspend the payment of dividends in the future. Any decrease or suspension could cause our stock price to decline.

***We Have Significant Severance Plan Obligations Associated with Our Manufacturing Operations in Korea Which Could Reduce Our Cash Flow and Negatively Impact Our Financial Condition.***

Our subsidiary in Korea maintains an unfunded severance plan, under which we have an accrued liability of \$94.7 million as of June 30, 2021. The plan covers certain employees that were employed prior to August 1, 2015. In the event of a significant layoff or other reduction in our labor force in Korea, our subsidiary in Korea would be required to make lump-sum severance payments under the plan, which could have a material adverse effect on our liquidity, financial condition and cash flows. From time to time, we may offer some or all of the covered employees the option to convert from the severance plan to the defined contribution plan, which could impact the timing of future payments, reducing our cash flow and negatively affecting our financial condition. As recently as October 2020, some employees accepted our offer to convert their Korean severance plan participation to a defined contribution plan.

***Mr. James J. Kim and Members of His Family Can Effectively Determine or Substantially Influence the Outcome of All Matters Requiring Stockholder Approval.***

As of June 30, 2021, Mr. James J. Kim, the Executive Chairman of our Board of Directors, Ms. Susan Y. Kim, the Executive Vice Chairman of our Board of Directors, and members of the Kim family and affiliates owned approximately 141.9 million shares, or approximately 58%, of our outstanding common stock. The Kim family also has options to acquire approximately 0.6 million shares. If the options are exercised, the Kim family's total ownership would be an aggregate of approximately 142.5 million shares of our outstanding common stock or approximately 58% of our outstanding common stock.

In June 2013, the Kim family exchanged convertible notes issued by Amkor in 2009 for approximately 49.6 million shares of common stock (the "Convert Shares"). The Convert Shares are subject to a voting agreement. The voting agreement requires the Kim family to vote these shares in a "neutral manner" on all matters submitted to our stockholders for a vote, so that such Convert Shares are voted in the same proportion as all of the other outstanding securities (excluding the other shares owned by the Kim family) that are actually voted on a proposal submitted to

Amkor's stockholders for approval. The Kim family is not required to vote in a "neutral manner" any Convert Shares that, when aggregated with all other voting shares held by the Kim family, represent 41.6% or less of the total then-outstanding voting shares of our common stock. The voting agreement for the Convert Shares terminates upon the earliest of (i) such time as the Kim family no longer beneficially owns any of the Convert Shares, (ii) consummation of a change of control (as defined in the voting agreement) or (iii) the mutual agreement of the Kim family and Amkor.

Mr. James J. Kim and his family and affiliates, acting together, have the ability to effectively determine or substantially influence matters submitted for approval by our stockholders by voting their shares or otherwise acting by written consent, including the election of our Board of Directors. There is also the potential, through the election of members of our Board of Directors, that the Kim family could substantially influence matters decided upon by our Board of Directors. This concentration of ownership may also have the effect of impeding a merger, consolidation, takeover or other business consolidation involving us, or discouraging a potential acquirer from making a tender offer for our shares, and could also negatively affect our stock's market price or decrease any premium over market price that an acquirer might otherwise pay. Concentration of ownership also reduces the public float of our common stock. There may be less liquidity and higher price volatility for the stock of companies with a smaller public float compared to companies with broader public ownership. Also, the sale or the prospect of the sale of a substantial portion of the Kim family shares may adversely affect the market price of our stock.

### **General Risk Factors**

#### ***The Covid-19 Pandemic Has Impacted and May Continue to Impact the Supply Chain and Consumer Demand for Our Customers' Products and Services, Which May Adversely Affect Our Business, Results of Operations, and Financial Condition.***

Our business has been and may continue to be adversely impacted by the effects of the Covid-19 pandemic. The impacts have varied, and likely will continue to vary, by location, by industry and by end market. We, our suppliers and our customers have been and may continue to be disrupted by worker illness and absenteeism, quarantines and restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure and border closures or other travel or health-related restrictions. There is considerable uncertainty regarding such restrictions and potential future governmental restrictions. Restrictions on our workforce or access to our manufacturing facilities, or similar limitations for our suppliers, or restrictions or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls, could limit our capacity to meet customer demand and have a material adverse effect on our business, results of operations and financial condition. Such restrictions and efforts to contain the spread of Covid-19 have caused and may continue to cause disruptions to our supply chain in connection with the sourcing of equipment, supplies and other materials. The resumption of normal business operations after any such restrictions are lifted may be delayed or constrained by lingering effects of the Covid-19 pandemic on our suppliers or customers or both.

The spread of Covid-19 has caused us to modify our business practices (including corporate hygiene protocols at factories, restricting employee travel and employee work locations and cancelling physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine to be in the best interests of our employees, customers and suppliers. There is no certainty that such measures will be sufficient to mitigate the current or future impacts of the Covid-19 pandemic, and our ability to perform critical functions could be harmed. While certain governments have started to relax Covid-19-related restrictions and many countries are vaccinating their residents against Covid-19, vaccination rates remain low in many areas and there remains uncertainty around the impact of new variants or resurgences of Covid-19, when remaining restrictions will be lifted, if additional restrictions may be initiated, the timing of distribution and administration of the vaccines globally and when or if normal economic activity and business operations will resume.

At this time, we are unable to predict the future impacts that the Covid-19 pandemic will have on our business, financial condition or results of operations due to various uncertainties, including the duration of the outbreak and the actions that may be taken by governmental authorities and other businesses in response to the Covid-19 pandemic.

#### ***Our Substantial Indebtedness Could Adversely Affect Our Financial Condition and Prevent Us from Fulfilling Our Obligations.***

We have a substantial amount of debt, and the terms of the agreements governing our indebtedness allow us and our subsidiaries to incur more debt, subject to certain limitations. As of June 30, 2021, our total debt balance was \$1.1

billion, of which \$134.9 million was classified as a current liability and \$416.6 million was collateralized indebtedness at our subsidiaries. We may consider investments in joint ventures, increased capital expenditures, refinancings or acquisitions which may increase our indebtedness. If new debt is added to our consolidated debt level, the related risks that we face could intensify.

Our substantial indebtedness could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including our obligations under our indentures to purchase notes tendered as a result of a change in control of Amkor;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures, research and development and other business opportunities, including joint ventures and acquisitions;
- require us to dedicate a substantial portion of our cash flow from operations to service payments of interest and principal on our debt, thereby reducing the availability of our cash flow to fund future working capital, capital expenditures, research and development expenditures and other general corporate requirements;
- increase the volatility of the price of our common stock;
- limit our flexibility to react to changes in our business and the industry in which we operate;
- place us at a competitive disadvantage to any of our competitors that have less debt;
- limit, along with the financial and other covenants in our indebtedness, our ability to borrow additional funds;
- limit our ability to refinance our existing indebtedness, particularly during periods of adverse credit market conditions when refinancing indebtedness may not be available under interest rates and other terms acceptable to us or at all; and
- increase our cost of borrowing.

In addition, certain of our credit agreements use LIBOR or other reference rates to determine the rate of interest payable on our borrowings. As such, our financial position may be adversely affected by fluctuations in such reference rates based on economic and market factors beyond our control. Any significant increase in such reference rates would result in a significant increase in interest expense on our debt, which could negatively impact our results of operations and cash flows. The United Kingdom's Financial Conduct Authority intends to phase out LIBOR by July 2023. Plans for alternative reference rates have also been announced. At this time, we cannot predict how markets will respond to proposed alternative rates or the effect of any changes to, or discontinuation of, LIBOR. If reference rates under our credit agreements are no longer available or if our lenders have increased costs due to changes in reference rates, we may experience increases in interest rates on our variable rate debt, which could adversely impact our interest expense, results of operations and cash flows.

***We Are Exposed to Fluctuations in Interest Rates and Changes in Credit Risk Which Could Have a Material Adverse Impact on Our Earnings as it Relates to the Market Value of Our Investment Portfolio.***

We maintain an investment portfolio of various holdings, types, and maturities. Our portfolio includes available-for-sale debt investments, the values of which are subject to market price volatility resulting from interest rate movements, changes in credit risk and financial market conditions. If such investments suffer market price declines, we may recognize in earnings the decline in the fair value of our investments below their cost basis when the decline is judged to be an impairment, including an allowance for credit loss.

***We May Have Difficulty Funding Liquidity Needs.***

We assess our liquidity based on our current expectations regarding sales and operating expenses, capital spending, dividend payments, stock repurchases, debt service requirements and other funding needs. We fund our operations, including capital expenditures and other investments and servicing principal and interest obligations with respect to our debt, from cash flows from our operations, existing cash and cash equivalents, borrowings under available debt facilities,

or proceeds from any additional debt or equity financing. Our liquidity is affected by, among other factors, volatility in the global economy and credit markets, the performance of our business, our capital expenditure and other investment levels, other uses of our cash including any payments of dividends and purchases of stock under any stock repurchase program, any acquisitions or investments in joint ventures and our ability to either repay debt and other long-term obligations out of our operating cash flows or refinance debt at or prior to maturity with the proceeds of debt or equity financings.

Servicing our current and future customers requires that we incur significant operating expenses and continue to make significant capital expenditures and other investments, and the amount of our capital expenditures for 2021 and thereafter may vary materially and will depend on several factors. These factors include, among others, the amount, timing and implementation of our capital projects, the performance of our business, economic and market conditions, advances in technology, the cash needs and investment opportunities for the business, the need for additional capacity and facilities and the availability of cash flows from operations or financing.

The health of the worldwide banking system and capital markets also affects our liquidity. If financial institutions that have extended credit commitments to us are adversely affected by the conditions of the U.S., foreign or international banking system and capital markets, they may refuse or be unable to fund borrowings under their credit commitments to us. Volatility in the banking system and capital markets, as well as any increase in interest rates or adverse economic, political, public health or other global conditions, could also make it difficult or more expensive for us to maintain our existing credit facilities or refinance our debt.

The trading price of our common stock has been, and is likely to continue to be, highly volatile and could be subject to wide fluctuations. Such fluctuations could impact our decision or ability to utilize the equity markets as a potential source of our funding needs in the future.

In addition, there is a risk that we could fail to generate the necessary net income or operating cash flows to meet the funding needs of our business due to a variety of factors, including the other factors discussed in this “Risk Factors” section. If we fail to generate the necessary cash flows or we are unable to access the capital markets when needed, our liquidity would be adversely impacted.

***Customer Concentration and Loss of Customers - The Loss of Certain Customers or Reduced Orders or Pricing from Existing Customers May Have a Material Adverse Effect on Our Operations and Financial Results.***

We have derived and expect to continue to derive a large portion of our revenues from a small group of customers during any particular period due in part to the concentration of market share in the semiconductor industry. Our ten largest customers together accounted for 65% of our net sales for the year ended December 31, 2020. In addition, we have significant customer concentration within our end markets. The loss of a significant customer, a business combination among our customers, a reduction in orders or decrease in price from a significant customer or disruption in any of our significant commercial arrangements may result in a decline in our sales and profitability and could have a material adverse effect on our business, liquidity, results of operations, financial condition and cash flows.

The demand for our services from each customer is directly dependent upon that customer’s financial health, level of business activity and purchasing decisions, the quality and price of our services, our cycle time and delivery performance, the customer’s qualification of additional competitors on products we package or test and a number of other factors. Each of these factors could vary significantly from time to time resulting in the loss or reduction of customer orders, and we cannot be sure that our key customers or any other customers will continue to place orders with us in the future at the same levels as in past periods.

For example, as seen in the automotive end market, the Covid-19 pandemic and restrictions imposed by governmental authorities to mitigate the spread of Covid-19 in our customers’ end markets may decrease demand for our customers’ products and services, thereby adversely impacting their demand for our services.

In addition, from time to time we may acquire or build new facilities or migrate existing business among our facilities. In connection with these facility changes, our customers require us to qualify the new facilities even though we have already qualified to perform the services at our other facilities. We cannot assure that we will successfully qualify new facilities or that our customers will not qualify our competitors and move the business for such services.

***We Face Risks Trying to Attract, Retain or Replace Qualified Employees to Support Our Operations.***

Our success depends to a significant extent upon the continued service of our key senior management, sales and technical personnel, any of whom may be difficult to replace. Competition for qualified employees is intense, and our business could be adversely affected by the loss of the services of any of our existing key personnel, including senior management, as a result of competition or for any other reason. Other than the agreement with our Chief Executive Officer, we do not have employment agreements with our key employees, including senior management, or other contracts that would prevent our key employees from working for our competitors in the event they cease working for us. We cannot assure you that we will be successful in our efforts to retain or replace key employees or in hiring and properly training sufficient numbers of qualified personnel and in effectively managing our growth. Our inability to attract, retain, motivate and train qualified new personnel could have a material adverse effect on our business.

***If We Fail to Maintain an Effective System of Internal Controls, We May Not be Able to Accurately Report Financial Results or Prevent Fraud.***

Our internal controls over financial reporting may not prevent or detect misstatements because of their inherent limitations, including the possibility of human error, the circumvention or overriding of controls, fraud or corruption. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections concerning the effectiveness of internal controls in future periods are subject to the risk that our internal controls may become inadequate because of changes in conditions, or that the degree of compliance with our policies or procedures may deteriorate.

We assess our internal controls and systems on an ongoing basis, and from time-to-time, we update and make modifications to our global enterprise resource planning system. We have implemented several significant enterprise resource planning modules and expect to implement additional enterprise resource planning modules in the future. In addition, we have implemented new shop floor management systems in certain of our factories. There is a risk that deficiencies may occur that could constitute significant deficiencies or, in the aggregate, a material weakness.

If we fail to remedy any deficiencies or maintain the adequacy of our internal controls, we could be subject to regulatory scrutiny, civil or criminal penalties or shareholder litigation. In addition, failure to maintain adequate internal controls could result in financial statements that do not accurately reflect our operating results or financial condition.

***We Face Risks in Connection with the Continuing Development and Implementation of Changes to, and Maintenance and Security of, Our Information Technology Systems.***

We depend on our information technology systems for many aspects of our business. Our systems may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading, replacing or maintaining software, databases or components thereof, power outages, hardware failures, interruption or failures of third-party provider systems, computer viruses, attacks by computer hackers, ransomware attacks, telecommunication failures, user errors, malfeasance or catastrophic events. Such events have occurred in the past and may occur in the future. Cybersecurity breaches could result in unauthorized disclosure of confidential information or disruptions to our operations. While we have not experienced a material information security breach in the past, we cannot be sure that such a breach will not occur in the future. The IT systems in our factories are at varying levels of sophistication and maturity as the factories have different sets of products, processes and customer expectations. Some of our key software has been developed by our own programmers, and this software may not be easily integrated with other software and systems. From time to time, we make additions or changes to our information technology systems. For example, we are integrating our Japan operations' information technology systems into our existing systems and processes. In addition, we completed our acquisition of Nanium, S.A. in May 2017 and continue to integrate its information technology systems into our existing systems and processes. We face risks in connection with current and future projects to install or integrate new information technology systems or upgrade our existing systems. These risks include:

- delays in the design and implementation of the system;
- costs may exceed our plans and expectations; and
- disruptions resulting from the implementation, integration or cybersecurity breach of the systems may impact our ability to process transactions and delay shipments to customers, impact our results of operations or financial condition or harm our control environment.

Our business could be materially and adversely affected if our information technology systems are disrupted or if we are unable to successfully install new systems or improve, upgrade, integrate or expand upon our existing systems. We maintain insurance policies for various types of information security risks, including network security and privacy liability for third party claims, and business interruption and system failure reimbursement coverage, but we do not carry insurance for all the above referred risks. With regard to the insurance we do maintain, we cannot assure you that it would be sufficient to cover all of our potential losses. As a result, our business, financial condition, results of operations and cash flows could be adversely affected by a disruption, failure or breach of our information technology systems.

***Difficulties Consolidating and Integrating Our Operations - We Face Challenges as We Integrate Diverse Operations.***

We have experienced, and expect to continue to experience, change in the scope and complexity of our operations resulting primarily from existing and future facility and operational consolidations, facility and operational expansions, strategic acquisitions, joint ventures and other partnering arrangements. Some of the risks from these activities include those associated with the following:

- increasing the scope, geographic diversity and complexity of our operations;
- conforming an acquired company's standards, practices, systems and controls with our operations;
- increasing complexity from combining recent acquisitions of an acquired business;
- unexpected losses of key employees or customers of an acquired business;
- difficulties in the assimilation of acquired operations, technologies or products; and
- diversion of management and other resources from other parts of our operations and adverse effects on existing business relationships with customers.

In connection with these activities, we may:

- incur costs associated with personnel reductions and voluntary retirement programs;
- record restructuring charges to cover costs associated with facility consolidations and related cost reduction initiatives;
- use a significant portion of our available cash;
- incur substantial debt;
- issue equity securities, which may dilute the ownership of current stockholders;
- incur or assume known or unknown contingent liabilities; and
- incur large, immediate accounting write offs and face antitrust or other regulatory inquiries or actions.

For example, the businesses we have acquired had, at the time of acquisition, multiple systems for managing their own production, sales, inventory and other operations. Migrating these businesses to our systems typically is a slow, expensive process requiring us to divert significant resources from other parts of our operations. We may continue to face these challenges in the future. As a result of the risks discussed above, the anticipated benefits of these or other future acquisitions, consolidations and partnering arrangements may not be fully realized, if at all, and these activities could have a material adverse effect on our business, financial condition and results of operations.

***We Could Suffer Adverse Tax and Other Financial Consequences if There Are Changes in Tax Laws or Taxing Authorities Do Not Agree with Our Interpretation of Applicable Tax Laws, Including Whether We Continue to Qualify for Tax Holidays, or if We Are Required to Establish or Adjust Valuation Allowances on Deferred Tax Assets.***

We earn a substantial portion of our income in foreign countries and our operations are subject to tax in multiple jurisdictions with complicated and varied tax regimes. Tax laws and income tax rates in these jurisdictions are subject to change due to economic and political conditions. Changes in U.S. or foreign tax laws, including new or modified

guidance with respect to existing tax laws (particularly the Tax Act, which made significant changes to the U.S. tax code with respect to which there remains uncertainty), could have a material adverse impact on our liquidity, results of operations, financial condition and cash flows.

Our tax liabilities are based, in part, on our corporate structure, interpretations of various U.S. and foreign tax laws, including withholding tax, compliance with tax holiday requirements, application of changes in tax law to our operations and other relevant laws of applicable taxing jurisdictions. From time to time, taxing authorities may conduct examinations of our income tax returns and other regulatory filings. We cannot assure you that the taxing authorities will agree with our interpretations, including whether we continue to qualify for tax holidays. If they do not agree, we may seek to enter into settlements with the taxing authorities. We may also appeal a taxing authority's determination to the appropriate governmental authorities, but we cannot be sure we will prevail. If we do not prevail or if we enter into settlements with taxing authorities, we may have to make significant payments or otherwise record charges (or reduce tax assets) that adversely affect our results of operations, financial condition and cash flows. Additionally, certain of our subsidiaries operate under tax holidays, which will expire in whole or in part at various dates in the future. As those tax holidays expire, we expect that our tax expense will increase as income from those jurisdictions becomes subject to higher statutory income tax rates, thereby reducing our liquidity and cash flow.

We monitor on an ongoing basis our ability to utilize our deferred tax assets and whether there is a need for a related valuation allowance. In evaluating our ability to recover our deferred tax assets, in the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of recent operations. For most of our foreign deferred tax assets, we believe that we will have sufficient taxable income to allow us to realize these deferred tax assets. In the event taxable income falls short of current expectations, we may need to establish a valuation allowance against such deferred tax assets that, if required, could materially affect our results of operations.

***Environmental, Health & Safety Laws and Industry and Customer Initiatives - Future Environmental, Health & Safety Laws and Industry and Customer Sustainability Initiatives Could Place Additional Burdens on Our Manufacturing Operations.***

Environmental, health and safety laws and regulations in places we do business impose various controls on the use, storage, handling, discharge and disposal of chemicals used or generated in, or emitted by, our production processes, on the factories we occupy and on the materials contained in semiconductor products. For example, at our foreign facilities we produce liquid waste when semiconductor wafers are diced into chips with the aid of diamond saws, then cooled with running water. In addition, semiconductor packages have historically utilized metallic alloys containing lead (Pb) within the interconnect terminals typically referred to as leads, pins or balls, and the European Union's Restriction of Hazardous Substances in Electrical and Electronic Equipment directive and similar laws in other jurisdictions, including China, impose strict restrictions on the placement into the market of electrical and electronic equipment containing lead and certain other hazardous substances. We may become liable under these and other environmental, health and safety laws and regulations, including for the cost of compliance and cleanup of any disposal or release of hazardous materials arising out of our former or current operations, or otherwise as a result of the emission of greenhouse gasses or other chemicals, the existence of hazardous materials on our properties or the existence of hazardous substances in the products for which we perform our services. We could also be held liable for damages, including fines, penalties and the cost of investigations and remedial actions, we could be subject to revocation of permits negatively affecting our ability to maintain or expand our operations, and we could suffer reputational harm.

There has also been an increase in public attention and industry and customer focus on the materials contained in semiconductor products, the environmental impact of semiconductor operations and the risk of chemical releases from such operations, climate change, sustainability and related environmental concerns. This increased focus on sustainability and the environmental impact of semiconductor operations and products has caused industry groups and customers to impose additional requirements on us and our suppliers, sometimes exceeding regulatory standards. These industry and customer requirements include increased tracking and reporting of greenhouse gas emissions, reductions in waste and wastewater from operations, additional reporting on the materials and components used in the products for which we perform our services, and the use of renewable energy sources in our factory operations. To comply with these additional requirements, we may need to procure additional equipment or make factory or process changes and our operating costs may increase.



***Our Business and Financial Condition Could be Adversely Affected by Natural Disasters and Other Calamities, Health Conditions or Pandemics, Political Instability, Hostilities, or Other Disruptions.***

We have significant packaging and test and other operations in China, Japan, Korea, Malaysia, the Philippines, Portugal, Singapore and Taiwan which are or could be subject to: natural disasters, such as earthquakes, tsunamis, typhoons, floods, droughts, volcanoes and other severe weather and geological events, and other calamities, such as fire; the outbreak of infectious diseases (such as Covid-19 and other coronaviruses, Ebola or flu); industrial strikes; government-imposed travel restrictions or quarantines; breakdowns of equipment; difficulties or delays in obtaining materials, equipment, utilities and services; political events or instability; acts of war, armed conflict, terrorist incidents and other hostilities in regions where we have facilities; and industrial accidents and other events, that could disrupt or even shutdown our operations. While our global manufacturing footprint allows us to shift production to other factories without substantial cost or production delays, certain of our services are currently performed using equipment located in one or a subset of our factories. A major disruption or shutdown of any such factory could completely impair our ability to perform those services or require us to shift them to another location. As a result, our ability to fulfill customer orders may be impaired or delayed, and we could incur significant losses.

For example, in April 2016, our Kumamoto factory was damaged by earthquakes in Japan. As a result of these earthquakes, our sales were reduced due to the temporary disruption in operations, and we incurred earthquake-related costs for damaged inventory, buildings and equipment. Our suppliers and customers also have significant operations in such locations, and this could compound the effect of any such disruption. In the event of such a disruption or shutdown, we may be unable to reallocate production to other facilities in a timely or cost-effective manner (if at all), and we may not have sufficient capacity, or customer approval, to service customer demands in our other facilities. A natural disaster or other calamity, political instability, the occurrence of hostilities or other event that results in a prolonged disruption to our operations, or the operations of our customers or suppliers, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, some of the processes that we utilize in our operations place us at risk of fire and other damage. For example, highly flammable gases are used in the preparation of wafers holding semiconductor devices for flip chip packaging.

We maintain insurance policies for various types of property, casualty and other risks, but we do not carry insurance for all the above referred risks. With regard to the insurance we do maintain, we cannot assure you that it would be sufficient to cover all of our potential losses. As a result, our business, financial condition, results of operations and cash flows could be adversely affected by natural disasters and other calamities.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Issuer Repurchase of Equity Securities**

The following table provides information regarding repurchases of our common stock during the three months ended June 30, 2021.

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (\$) (b)
April 1 - April 30	—	\$ —	—	\$ 91,586,032
May 1 - May 31	—	—	—	91,586,032
June 1 - June 30	—	—	—	91,586,032
Total	—	—	—	—

(a) Represents shares of common stock surrendered to us to satisfy tax withholding obligations associated with the shares issued to employees in connection with share based compensation.

(b) On August 30, 2011, we announced that our Board of Directors had authorized the repurchase of up to \$150.0 million of our common stock, exclusive of any fees, commissions or other expenses, under the Stock Repurchase Program. On February 1, 2012, we announced that the Board of Directors had authorized an additional \$150.0 million for the repurchase of our common stock under the Stock Repurchase Program, resulting in a total repurchase authorization under the Stock Repurchase Program of \$300.0 million. Pursuant to the Stock Repurchase Program, we made no common stock purchases for the three months ended June 30, 2021, and at June 30, 2021, approximately \$91.6 million was available for repurchase. Repurchases of our common stock under the Stock Repurchase Program are funded with available cash, and the Stock Repurchase Program may be suspended or discontinued at any time.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

Exhibit Number	Exhibit Description	Incorporated by Reference				Included Herewith
		Form	Period Ending	Exhibit	Filing Date	
10.1	<a href="#">Amkor Technology, Inc. 2021 Equity Incentive Plan*</a>	8-K		10.1	5/20/21	
10.2	<a href="#">Form of Global Non-Employee Director Nonstatutory Stock Option Award Agreement*</a>	8-K		10.2	5/20/21	
10.3	<a href="#">Form of Global Non-Employee Director Restricted Stock Award Agreement*</a>	8-K		10.3	5/20/21	
10.4	<a href="#">Form of Global Stock Option Award Agreement*</a>	8-K		10.4	5/20/21	
10.5	<a href="#">Form of Global Restricted Stock Award Agreement*</a>	8-K		10.5	5/20/21	
10.6	<a href="#">Form of Global Performance-Vested Restricted Stock Unit Award Agreement*</a>	8-K		10.6	5/20/21	
10.7	<a href="#">Form of Global Time-Vested Restricted Stock Unit Award Agreement*</a>	8-K		10.7	5/20/21	
31.1	<a href="#">Certification of Guillaume Marie Jean Rutten, Chief Executive Officer of Amkor Technology, Inc., Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.</a>					X
31.2	<a href="#">Certification of Megan Faust, Chief Financial Officer of Amkor Technology, Inc., Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.</a>					X
32**	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

\*Indicates management compensatory plan, contract or arrangement.

\*\* Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMKOR TECHNOLOGY, INC.

By: /s/ Megan Faust  
Megan Faust  
Executive Vice President and  
Chief Financial Officer

Date: July 30, 2021

## SECTION 302 CERTIFICATION

I, Guillaume Marie Jean Rutten, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amkor Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Guillaume Marie Jean Rutten

Guillaume Marie Jean Rutten

President and Chief Executive Officer

July 30, 2021

## SECTION 302 CERTIFICATION

I, Megan Faust, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amkor Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Megan Faust

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Megan Faust  
Executive Vice President and  
Chief Financial Officer

July 30, 2021

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Guillaume Marie Jean Rutten, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Guillaume Marie Jean Rutten

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Guillaume Marie Jean Rutten

President and Chief Executive Officer

July 30, 2021

In connection with the Quarterly Report of Amkor Technology, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Megan Faust, Corporate Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Megan Faust

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Megan Faust

Executive Vice President and  
Chief Financial Officer

July 30, 2021