Macronix International Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2025 and 2024 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Macronix International Co., Ltd.

By

Miin Wu
Chairman

March 5, 2026

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Macronix International Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Macronix International Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2025 are stated as follows:

Valuation of inventory

The Group manufactures and sells ROM products, including NOR Flash, and NAND Flash, which are widely used in consumer electronic devices. As of December 31, 2025, inventory was amounted to NT$9,813,388 thousand, accounting for 13% of the total assets in the consolidated balance sheet. With the rapid changes in technology development and the improvements in manufacturing processes and skills, market demand for memory chips could change significantly and result in inventory obsolescence. Since inventory valuation and estimates of the net realizable value of inventory are subject to management's judgment, they are considered accounting estimates with relatively high uncertainty. Therefore, the valuation of inventory has been identified as a key audit matter. Refer to Notes 4 (f), 5, and 11 to the consolidated financial statements for the details of accounting policy, accounting judgment, key sources of estimation uncertainty and related information about the valuation of inventory.

Our audit procedures performed in respect of the above-mentioned area included the following:

1. We acknowledged and assessed the adequacy of the policy and procedures for the inventory valuation adopted by the management.

2. We obtained data on the assessment of inventory at the lower of cost or net realizable value by sampling to test the reasonableness of net realizable value by comparing inventory carrying amounts to recent selling prices; we tested the accuracy of allowance for inventory loss by comparing net realizable value with carrying amounts. We obtained the inventory aging report, and we tested the accuracy and completeness of the report by agreeing on the age interval, quantity, and amount of the supporting documents of inbound inventory. We assessed the reasonableness of the allowance for inventory loss by recalculating the amount in accordance with the stated valuation policy for the inventory.

3. We performed a retrospective review of the inventory movements to evaluate the reasonableness of inventory obsolescence reserve policy and the policy on scrapping inventories.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tung Hui Yeh and Kuo Tyan Hong.

Tung-hui Yeh

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2026

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025		2024	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	$ 14,912,667	19	$ 11,623,489	15
Financial assets at fair value through profit or loss - current (Notes 7 and 32)	7,488	-	-	-
Financial assets at amortized cost - current (Notes 4, 9 and 32)	-	-	44,780	-
Trade receivables, net (Notes 4, 10 and 32)	4,096,254	5	2,896,982	4
Receivables from related parties, net (Notes 4, 32 and 33)	218,860	-	441,810	1
Other receivables (Notes 4, 10, 28 and 32)	189,317	-	278,079	-
Inventories (Notes 4, 5 and 11)	9,813,388	13	13,405,910	17
Other current assets (Note 17)	187,053	-	562,946	1
Total current assets	29,425,027	37	29,253,996	38
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	219,152	-	255,814	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4, 8 and 32)	6,617,558	9	3,334,785	4
Property, plant and equipment (Notes 4, 13, 18, 30 and 35)	38,549,039	49	41,873,910	54
Right-of-use assets (Notes 4 and 14)	717,534	1	664,516	1
Intangible assets (Notes 4 and 15)	41,745	-	71,539	-
Deferred tax assets (Notes 4 and 28)	2,158,282	3	1,658,381	2
Other financial assets - non-current (Notes 4, 16, 32 and 34)	772,048	1	763,413	1
Total non-current assets	49,075,358	63	48,622,358	62
TOTAL	$ 78,500,385	100	$ 77,876,354	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 32)	$ 500,000	1	$ 500,000	1
Contract liabilities (Note 26)	154,850	-	27,882	-
Trade payables (Notes 20 and 32)	2,460,092	3	2,176,932	3
Payables to related parties (Notes 32 and 33)	660,361	1	685,900	1
Accrued compensation of employees and remuneration of directors (Notes 27, 32 and 33)	26,596	-	157,988	-
Payables for purchases of equipment (Note 32)	317,386	1	544,694	1
Other payables (Notes 21 and 32)	1,532,703	2	1,637,625	2
Other payables to related parties (Notes 32 and 33)	10	-	30	-
Current tax liabilities (Notes 4 and 28)	18,645	-	8,779	-
Provisions - current (Notes 4 and 23)	51,398	-	29,771	-
Lease liabilities - current (Notes 4 and 14)	92,567	-	89,604	-
Current portion of long-term borrowings (Notes 4, 18, 30, 32 and 34)	6,344,010	8	4,206,328	5
Other current liabilities (Note 22)	245,228	-	254,862	-
Total current liabilities	12,403,846	16	10,320,395	13
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 19 and 32)	1,218,175	2	-	-
Long-term borrowings (Notes 4, 18, 30, 32 and 34)	16,167,702	21	20,792,962	27
Deferred tax liabilities (Notes 4 and 28)	1,115,530	1	972,907	1
Lease liabilities - non-current (Notes 4 and 14)	644,454	1	587,779	1
Net defined benefit liabilities (Notes 4 and 24)	965,972	1	1,030,482	2
Other non-current liabilities (Notes 4, 22 and 30)	177,105	-	192,106	-
Total non-current liabilities	20,288,938	26	23,576,236	31
Total liabilities	32,692,784	42	33,896,631	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25)				
Share capital				
Ordinary shares	18,573,482	23	18,558,264	24
Capital collected in advance	737,346	1	-	-
Total share capital	19,310,828	24	18,558,264	24
Capital surplus	1,471,888	2	407,176	-
Retained earnings				
Legal reserve	4,331,651	6	4,331,651	6
Special reserve	120,320	-	97,721	-
Unappropriated earnings	15,677,683	20	19,049,095	24
Total retained earnings	20,129,654	26	23,478,467	30
Other equity	5,049,176	6	1,692,467	2
Treasury shares	(159,061)	-	(159,061)	-
Total equity attributable to owners of the Company	45,802,485	58	43,977,313	56
NON-CONTROLLING INTERESTS (Note 25)	5,116	-	2,410	-
Total equity	45,807,601	58	43,979,723	56
TOTAL	$ 78,500,385	100	$ 77,876,354	100

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

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2025		2024	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 26, 33 and 38)	$ 28,879,986	100	$ 25,883,475	100
OPERATING COSTS (Notes 4, 11, 24, 27 and 33)	23,748,974	82	19,784,273	76
GROSS PROFIT	5,131,012	18	6,099,202	24
OPERATING EXPENSES (Notes 4, 24, 27 and 33)				
Selling and marketing expenses	1,520,496	5	1,598,296	6
General and administrative expenses	1,594,251	6	1,694,371	7
Research and development expenses	5,713,852	20	6,730,413	26
Expected credit loss	-	-	-	-
Total operating expenses	8,828,599	31	10,023,080	39
LOSS FROM OPERATIONS	(3,697,587)	(13)	(3,923,878)	(15)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 27)	241,057	1	213,785	1
Other income (Notes 4, 8, 14, 27 and 30)	448,881	2	415,243	2
Other gains and losses (Note 27)	(167,622)	-	100,116	-
Finance costs (Notes 4, 27 and 30)	(458,128)	(2)	(351,495)	(1)
Total non-operating income and expenses	64,188	1	377,649	2
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(3,633,399)	(12)	(3,546,229)	(13)
INCOME TAX BENEFIT (Notes 4 and 28)	328,428	1	333,945	1
NET LOSS FOR THE YEAR	(3,304,971)	(11)	(3,212,284)	(12)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	12,931	-	71,504	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI (Notes 25 and 32)	3,445,941	12	(542,597)	(2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 25)	(143,299)	(1)	264,080	1
Other comprehensive income (loss) for the year, net of income tax	3,315,573	11	(207,013)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 10,602	-	$ (3,419,297)	(13)

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
NET (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ (3,307,677)	(11)	$ (3,213,560)	(12)
Non-controlling interests	2,706	-	1,276	-
	$ (3,304,971)	(11)	$ (3,212,284)	(12)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 7,896	-	$ (3,420,573)	(13)
Non-controlling interests	2,706	-	1,276	-
	$ 10,602	-	$ (3,419,297)	(13)
LOSS PER SHARE (Note 29)				
Basic	$ (1.77)		$ (1.73)	
Diluted	$ (1.77)		$ (1.73)	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company												
	Share Capital				Retained Earnings			Other Equity					
	Shares (In Thousands)	Ordinary Shares	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at FVTOCI	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE ON JANUARY 1, 2024	1,855,826	$ 18,558,264	$ -	$ 406,198	$ 4,331,651	$ 93,025	$ 23,214,865	$ (159,889)	$ 2,039,768	$ (159,061)	$ 48,324,821	$ 1,134	$ 48,325,955
Special reserve	-	-	-	-	-	4,696	(4,696)	-	-	-	-	-	-
Cash dividends distributed by the Company - $0.50 per share	-	-	-	-	-	-	(927,913)	-	-	-	(927,913)	-	(927,913)
Net (loss) income for the year ended December 31, 2024	-	-	-	-	-	-	(3,213,560)	-	-	-	(3,213,560)	1,276	(3,212,284)
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	71,504	264,080	(542,597)	-	(207,013)	-	(207,013)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	(3,142,056)	264,080	(542,597)	-	(3,420,573)	1,276	(3,419,297)
Disposal of investments in equity instruments designated as at fair value through other comprehensive loss	-	-	-	-	-	-	(91,105)	-	91,105	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	978	-	-	-	-	-	-	978	-	978
BALANCE ON DECEMBER 31, 2024	1,855,826	18,558,264	-	407,176	4,331,651	97,721	19,049,095	104,191	1,588,276	(159,061)	43,977,313	2,410	43,979,723
Special reserve	-	-	-	-	-	22,599	(22,599)	-	-	-	-	-	-
Equity component of convertible bonds issued by the Company	-	-	-	168,147	-	-	-	-	-	-	168,147	-	168,147
Net (loss) income for the year ended December 31, 2025	-	-	-	-	-	-	(3,307,677)	-	-	-	(3,307,677)	2,706	(3,304,971)
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	-	-	12,931	(143,299)	3,445,941	-	3,315,573	-	3,315,573
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	-	(3,294,746)	(143,299)	3,445,941	-	7,896	2,706	10,602
Convertible bonds converted to common stock	1,522	15,218	737,346	896,565	-	-	-	-	-	-	1,649,129	-	1,649,129
Disposal of investments in equity instruments designated as at fair value through other comprehensive loss	-	-	-	-	-	-	(54,067)	-	54,067	-	-	-	-
BALANCE ON DECEMBER 31, 2025	1,857,348	$ 18,573,482	$ 737,346	$ 1,471,888	$ 4,331,651	$ 120,320	$ 15,677,683	$ (39,108)	$ 5,088,284	$ (159,061)	$ 45,802,485	$ 5,116	$ 45,807,601

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

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (3,633,399)	$ (3,546,229)
Adjustments for:		
Depreciation expense	5,042,867	4,785,272
Amortization expense	50,674	71,891
Net loss on fair value changes of financial assets at fair value through profit or loss	8,056	23,614
Finance costs	458,128	351,495
Interest income	(241,057)	(213,785)
Dividend income	(194,193)	(168,779)
Gain on disposal of property, plant and equipment	(1,878)	-
Loss on disposal of intangible assets	34	-
Gain on lease modification	(25)	-
Net loss on foreign currency exchange	159,074	44,157
Amortization of government grants deferred revenue	(14,332)	(13,176)
Changes in operating assets and liabilities		
Trade receivables	(1,192,948)	(213,895)
Receivables from related parties	229,171	60,524
Other receivables	108,593	(66,740)
Inventories	3,592,522	(37,043)
Prepayments	-	333,147
Other current assets	386,550	(383,376)
Contract liabilities	126,968	(13,145)
Trade payables	286,372	105,157
Payables to related parties	(24,297)	(351,668)
Payables for compensation of employees and remuneration of directors	(131,392)	(807,977)
Other payables	(20,133)	239,039
Other payables to related parties	(2,866)	2,070
Provisions	21,627	4,966
Other current liabilities	(5,706)	(101,772)
Net defined benefit liabilities	(51,579)	(141,374)
Cash generated from (used in) operations	4,956,831	(37,627)
Interest received	224,093	202,105
Dividends received	194,193	168,779
Interest paid	(505,008)	(468,500)
Income tax paid	(32,566)	(40,061)
Net cash generated from (used in) operating activities	4,837,543	(175,304)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	98,964	243,533
Proceeds from the return of principal of financial assets measured at amortized cost	44,780	-

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
Payments for property, plant and equipment	$ (1,840,798)	$ (5,392,109)
Proceeds from disposal of property, plant and equipment	2,134	84
Increase in refundable deposits	(8,849)	(773)
Decrease in refundable deposits	2,810	62
Payments for intangible assets	(20,687)	(28,157)
(Increase) decrease in other financial assets	(2,831)	4,249
Net cash used in investing activities	(1,724,477)	(5,173,111)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	500,000
Proceeds from issuance of convertible bonds	3,006,000	-
Proceeds from long-term borrowings	2,900,000	7,729,434
Repayments of long-term borrowings	(5,387,578)	(2,167,687)
Proceeds from guarantee deposits received	185	10
Refund of guarantee deposits received	-	(25)
Repayment of principal portions of leased liabilities	(122,634)	(126,602)
Distribution of cash dividends	-	(926,935)
Net cash generated from financing activities	395,973	5,008,195
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(219,861)	57,797
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,289,178	(282,423)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	11,623,489	11,905,912
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 14,912,667	$ 11,623,489

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Macronix International Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) on December 9, 1989 and commenced business in December 1989. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips. The Company also performs design, research and development, consultation and trade of relevant products.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since March 15, 1995.

Amendments to IAS 21 "Lack of Exchangeability"

The initial application of the Amendments to IAS 21 "Lack of Exchangeability" did not have a material impact on the Group's accounting policies.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issued by the Company's board of directors on March 5, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 "Insurance Contracts" (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

1) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

   a) The amendments to the application guidance of classification of financial assets

      The amendments mainly amend the requirements for the classification of financial assets, including:

      i. If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

         - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and

         - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

      ii. To clarify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

      iii. To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

   b) The amendments to the application guidance of derecognition of financial liabilities

      The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

      - The Group having no practical ability to withdraw, stop or cancel the payment instruction;

      - The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

      - The settlement risk associated with the electronic payment system being insignificant.

   An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

2) Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

   Contracts referencing nature-dependent electricity are contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions. Contracts referencing nature-dependent electricity include both contracts to buy or sell nature-dependent electricity and financial instruments that reference such electricity. When the Group enters into contracts to buy nature-dependent electricity, which exposes the Group to the risk that it would be required to buy electricity during a delivery interval in which the Group cannot use the electricity, and the design and operation of the electricity market require any amounts of unused electricity to be sold within a specified time, the amendments stipulate that such sales are not necessarily inconsistent with the contract being held in accordance with the Group's expected usage requirements. The inconsistency will result in the contract being accounted for as financial instruments otherwise. The Group entered into and continues to hold such a contract in accordance with its expected electricity usage requirements, if the Group has bought, and expects to buy, sufficient electricity to offset the sales of any unused electricity in the same market in which it sold the electricity over a reasonable amount of time.

The amendments also stipulate that, if contracts referencing nature-dependent electricity are designated as hedging instruments in hedges of forecast transactions, for such a hedging relationship the Group is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument.

For the amendments related to whether contracts referencing nature-dependent electricity are entered into in accordance with expected electricity usage requirements, the Group shall apply retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. For the amendments related to hedge accounting, the Group shall apply prospectively.

On the date of initial application of the above amendments, the Group anticipates reassessing the renewable energy power purchase agreements previously accounted for under IFRS 9 and will account for these contracts as executory contracts. The Group will not restate comparative period information to reflect the application of these amendments.

Except for the above-mentioned impacts, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Listed entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above-mentioned impacts, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 12 and Table 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group (including subsidiaries and associates that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

In a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Inventories are recorded at standard cost and adjusted to approximate weighted - average cost on the balance sheet date.

g. Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

The depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis or settlement date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets is classified as at FVTPL when such financial assets is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31 to the consolidated financial statements.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and

ii) Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on the disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on such a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

k. Levies

Levies imposed by a government are accrued as other liabilities when the transactions or activities that trigger the payment of such levies occur. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Provision for carbon fees

The provision for carbon fees is recognized in accordance with the Carbon Fee Collection Regulations and other relevant laws and regulations of Taiwan, and is measured at the best estimate of the expenditure required to settle the present obligation for the year.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the goods or services promised in the contracts are a single performance obligation.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of Memory products and wafer fabrication. Sales of Memory products and wafer fabrication are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, and has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. For Memory products and wafer fabrication, revenue is recognized when the goods are delivered to the customer's specific location, and the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

As the Group provides rendering services, the related revenue is recognized when services are rendered. Payment for installation services is not due from the customer until the installation services are complete, and therefore, contract assets are recognized over the period in which the installation services are performed. The contract assets are reclassified to trade receivables when the installation is complete.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases right-of-use assets, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to such grants and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis during the period when the related costs in which the government intends to compensate are recognized by the Group as expenses. Specifically, the primary condition of government grants is that the Group should purchase, construct or otherwise acquire non-current assets that are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan received below the market interest rate is treated as a government grant, which is measured as the difference between the proceeds received and the fair value of the loan based on the prevailing market interest rate.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability are recognized as employee benefit expenses in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retain earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

r. Treasury shares

The parent company's shares held by subsidiaries is reclassified to treasury shares from investment accounted for using equity method and recognized with the original investment cost. Cash dividends earned by subsidiaries are write-off with investment income and adjust capital surplus-treasury share transaction.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

<u>Key Sources of Estimation Uncertainty</u>

a. Write-down of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	$ 12	$ 12
Checking accounts and demand deposits	3,552,421	4,100,088
Cash equivalents		
Time deposits	11,360,234	7,523,389
	$ 14,912,667	$ 11,623,489

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Convertible options	$ 7,488	$ -
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Foreign convertible preference shares	$ 219,152	$ 255,814

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. At the end of the year, there were no outstanding foreign exchange forward contracts.

For the year ended December 31, 2025, the Group settled derivative financial instruments at fair value and recognized a disposal gain of NT$2,594 thousand under other gains and losses in the statement of comprehensive income.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2025	2024
Non-current		
Investments in equity instruments		
Domestic investments		
Listed shares	$ 4,534,668	$ 1,979,132
Unlisted shares	798,223	690,283
	5,332,891	2,669,415
Foreign investments		
Listed shares	1,284,667	665,370
	$ 6,617,558	$ 3,334,785

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group sold its ordinary shares at a fair value of $98,964 thousand and $243,533 thousand for the years ended December 31, 2025 and 2024, respectively. The related unrealized loss of financial assets at FVTOCI of $54,067 thousand and $91,105 thousand under other equity was transferred to retained earnings, respectively.

The Group recognized dividend income of NT$194,193 thousand and NT$168,779 thousand for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the Group's related investments still held amounted to NT$5,332,891 thousand and NT$2,669,415 thousand, respectively.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31	
	2025	**2024**
Current		
Time deposits with original maturities exceeding 1 year	$ -	$ 44,780

The interest rate for time deposits with original maturities exceeding 1 year was consistently 2.40% per annum as of December 31, 2025 and 2024.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2025	**2024**
Trade receivables		
Total amount of trade receivables measured at amortized cost	$ 4,118,675	$ 2,919,403
Less: Allowance for impairment loss	(22,421)	(22,421)
	$ 4,096,254	$ 2,896,982
Other receivables		
Tax receivable	$ 165,753	$ 173,514
Insurance payment receivables (Note 36)	-	79,557
Others	23,564	25,008
	$ 189,317	$ 278,079

a. Trade receivables

The average credit period for sales of goods was 60 days.

In determining the recoverability of a trade receivable, the Group evaluates each customer's credibility and financial position and considers any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of conditions at the reporting date. The Group estimates expected credit losses based on the number of days for which receivables are past due. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for losses based on past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The aging of trade receivables is as follows:

	December 31	
	2025	**2024**
Neither past due nor impaired	$ 4,004,168	$ 2,835,538
Past due but not impaired		
Within 60 days	92,086	61,444
61-120 days	-	-
Over 120 days	-	-
	$ 4,096,254	$ 2,896,982

The above aging schedule was based on the past due days from the end of the credit term.

As of December 31, 2025 and 2024, the Group did not hold collateral for most of its receivables.

The movements of the loss allowance for trade receivables were as follows:

	For the Year Ended December 31	
	2025	**2024**
Balance on January 1 and December 31	$ 22,421	$ 22,421

b. Other receivables

No allowance for impairment loss of other receivables was recognized since the other receivables of the Group were not past due and the Group assessed that there was no uncertainty of recoverability.

11. INVENTORIES

	December 31	
	2025	**2024**
Finished goods and merchandise	$ 882,698	$ 1,245,660
Work in progress	8,164,027	10,868,952
Raw materials	766,663	1,291,298
	$ 9,813,388	$ 13,405,910

The costs of inventories recognized as cost of goods sold included inventory loss that resulted from the write-downs of inventory to net realizable value. The amounts were as follows:

	For the Year Ended December 31	
	2025	**2024**
Loss on inventory write-downs	$ 472,222	$ 1,645,646

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

As of December 31, 2025 and 2024, the Company has direct and indirect majority ownership in the following subsidiaries: Run Hong Investment Ltd. (Run Hong), Hui Ying Investment Ltd. (Hui Ying), Mxtran Inc. (Mxtran), Macronix America, Inc. (MXA), Macronix (BVI) Co., Ltd. (MXBVI), New Trend Technology Inc. (NTTI), Macronix (Asia) Limited (MX Asia), Macronix Pte Ltd (MPL), Macronix Europe N.V. (MXE), Macronix (Hong Kong) Co., Limited (MXHK) and Macronix Microelectronics (Suzhou) Co., Ltd. (MXm).

			% of Ownership	
			December 31	
Investor	Investee	Nature of Activities	2025	2024
The Company	Run Hong	Investment company	100.00	100.00
The Company	Hui Ying	Investment company	100.00	100.00
The Company and Run Hong	Mxtran	IC design	94.84	94.84
The Company	MXA	Sales and marketing	100.00	100.00
The Company	MXHK	Sales and marketing	100.00	100.00
The Company	MPL	After-sales services	100.00	100.00
The Company	MXBVI	Investment holding company	100.00	100.00
MXBVI	NTTI	IC design	100.00	100.00
MXBVI	MX Asia	After-sales services	100.00	100.00
MXBVI	MXE	After-sales services	100.00	100.00
MXHK	MXm	Development of integrated circuit system and software	100.00	100.00

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2025	2024
Assets used by the Group	$ 38,549,039	$ 41,873,910

	Years Ended December 31, 2025					
	Balance, Beginning of Year	Additions	Disposals	Net Exchange Differences	Reclassification	Balance, End of Year
Cost						
Freehold land	$ 1,319,472	$ -	$ -	$ (29,815)	$ -	$ 1,289,657
Buildings	23,998,131	-	1,208	890	2,140,494	26,138,307
Machinery equipment	104,729,659	-	643,552	-	4,467,588	108,553,695
Research and development equipment	8,222,660	-	19,658	185	(437,515)	7,765,672
Transportation equipment	29,476	-	-	7	-	29,483
Leasehold improvements	12,948	909	1,491	(240)	8,000	20,126
Miscellaneous equipment	1,383,552	4,767	21,832	289	29,734	1,396,510
Advance payments and construction in progress	10,263,446	1,597,216	-	(2)	(6,208,803)	5,651,857
	149,959,344	$ 1,602,892	$ 687,741	$ (28,686)	$ (502)	150,845,307
Accumulated depreciation and impairment						
Freehold land	407,352	$ -	$ -	$ (16,835)	$ -	390,517
Buildings	18,624,515	661,674	1,208	640	-	19,285,621
Machinery equipment	84,342,984	3,592,906	643,553	-	712,693	88,005,030
Research and development equipment	3,480,556	558,587	19,658	236	(712,693)	3,307,028
Transportation equipment	20,845	3,370	-	8	-	24,223
Leasehold improvements	12,860	1,133	1,491	(278)	-	12,224
Miscellaneous equipment	1,196,322	97,009	21,575	332	(463)	1,271,625
	108,085,434	$ 4,914,679	$ 687,485	$ (15,897)	$ (463)	112,296,268
Carrying amount on December 31, 2025	$ 41,873,910					$ 38,549,039

	Years Ended December 31, 2024					
	Balance, Beginning of Year	**Additions**	**Disposals**	**Net Exchange Differences**	**Reclassification**	**Balance, End of Year**
Cost						
Freehold land	$ 1,273,704	$ -	$ -	$ 45,768	$ -	$ 1,319,472
Buildings	23,525,604	-	1,390	7,475	466,442	23,998,131
Machinery equipment	95,821,160	-	111,788	-	9,020,287	104,729,659
Research and development equipment	7,536,336	-	-	1,494	684,830	8,222,660
Transportation equipment	27,916	-	3,295	65	4,790	29,476
Leasehold improvements	14,625	-	1,926	249	-	12,948
Miscellaneous equipment	1,345,563	6,349	63,578	3,833	91,385	1,383,552
Advance payments and construction in progress	15,527,033	5,007,855	-	2	(10,271,444)	10,263,446
	145,071,941	$ 5,014,204	$ 181,977	$ 58,886	$ (3,710)	149,959,344
Accumulated depreciation and impairment						
Freehold land	381,509	$ -	$ -	$ 25,843	$ -	407,352
Buildings	18,041,155	581,589	1,390	3,161	-	18,624,515
Machinery equipment	81,099,924	3,354,059	111,788	-	789	84,342,984
Research and development equipment	2,867,383	612,721	-	1,269	(817)	3,480,556
Transportation equipment	20,548	3,527	3,295	65	-	20,845
Leasehold improvements	14,401	144	1,926	241	-	12,860
Miscellaneous equipment	1,148,924	107,527	63,494	3,337	28	1,196,322
	103,573,844	$ 4,659,567	$ 181,893	$ 33,916	$ -	108,085,434
Carrying amount on December 31, 2024	$ 41,498,097					$ 41,873,910

For the years ended December 31, 2025 and 2024, the Group evaluated that no indication of an impairment loss was present; therefore, no impairment assessment was performed.

The carrying amount of the freehold land in the United States which was unutilized by the Group as of December 31, 2025 and 2024 was US$9,579 thousand, respectively.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	31-40 years
Electronic equipment	11-20 years
Facility equipment	15 years
Landscape engineering	20 years
Machinery equipment	11 years
Research and development equipment	5-11 years
Transportation equipment	5 years
Leasehold improvements	6-16 years
Miscellaneous equipment	2-16 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	**2024**
Carrying amounts		
Freehold land	$ 519,010	$ 596,647
Buildings	174,254	64,864

(Continued)

	December 31	
	2025	2024
Machinery equipment	$ 23,705	$ -
Transportation equipment	565	2,499
Miscellaneous equipment	-	506
	$ 717,534	$ 664,516

(Concluded)

	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	$ 220,998	$ 95,107
Depreciation charge for right-of-use assets		
Freehold land	$ 54,807	$ 56,983
Buildings	46,131	43,546
Machinery equipment	24,499	21,028
Transportation equipment	1,693	2,133
Miscellaneous equipment	1,058	2,015
	$ 128,188	$ 125,705
Income from the subleasing of right-of-use assets (included in other income)	$ (3,544)	$ (3,793)

Except for the additions and the recognized depreciation, the Group did not have impairment of right-of-use assets for the years ended December 31, 2025 and 2024.

b. Lease liabilities

	December 31	
	2025	2024
Carrying amounts		
Current	$ 92,567	$ 89,604
Non-current	$ 644,454	$ 587,779

Range of discount rate for lease liabilities was as follows:

	December 31	
	2025	2024
Freehold land	1.22%-1.73%	1.22%-1.73%
Buildings	1.03%-6.00%	1.03%-6.00%
Machinery equipment	2.30%	2.14%
Transportation equipment	1.45%-2.15%	1.45%-2.15%
Miscellaneous equipment	2.32%	2.14%

c. Material lease-in activities and terms

The Group also leased certain land and buildings for the use as plant and office in a period of one to twenty years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	$ 1,267	$ 1,454
Expenses relating to low-value asset leases	$ 140	$ 120
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 11,241	$ 11,109
Total cash outflow for leases	$ (149,128)	$ (152,589)

The Group leases certain office buildings which qualify as short-term leases and certain office equipment which qualifies as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Years Ended December 31, 2025					
	Balance, Beginning of Year	Additions	Disposals	Net Exchange Differences	Reclassification	Balance, End of Year
Cost						
Software	$ 213,868	$ 20,687	$ 107,755	$ 401	$ 505	$ 127,706
Accumulated amortization						
Software	142,329	$ 50,674	$ 107,721	$ 221	$ 458	85,961
Carrying amount on December 31, 2025	$ 71,539					$ 41,745

	Years Ended December 31, 2024				
	Balance, Beginning of Year	Additions	Disposals	Net Exchange Differences	Balance, End of Year
Cost					
Software	$ 265,677	$ 28,157	$ 80,678	$ 712	$ 213,868
Accumulated amortization					
Software	150,458	$ 71,891	$ 80,678	$ 658	142,329
Carrying amount on December 31, 2024	$ 115,219				$ 71,539

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software	3 years

	For the Year Ended December 31	
	2025	2024
An analysis of depreciation by function		
Operating costs	$ 35,077	$ 45,167
Selling and marketing expenses	127	124
General and administrative expenses	14,894	25,836
Research and development expenses	576	764
	$ 50,674	$ 71,891

16. OTHER FINANCIAL ASSETS

	December 31	
	2025	2024
Non-current		
Refundable deposits	$ 580,293	$ 574,489
Restricted time deposits (Note 34)	191,755	188,924
	$ 772,048	$ 763,413

17. OTHER ASSETS

	December 31	
	2025	2024
Current		
Prepayments	$ 186,498	$ 562,743
Others	555	203
	$ 187,053	$ 562,946

The non-current prepayments were made according to the production capacity cooperation agreement signed between the Company and its suppliers; the prepayments were paid in accordance with the contract.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
Unsecured borrowings		
Line of credit borrowings	$ 500,000	$ 500,000
Interest rate	1.92%-1.93%	2.09%-2.13%

b. Long-term borrowings

	December 31	
	2025	2024
Unsecured borrowings from financial institutions	$ 22,572,142	$ 25,103,184
Less: Current portion	6,344,010	4,206,328
Less: Government loan discount	60,430	103,894
Long-term borrowings	$ 16,167,702	$ 20,792,962
Interest rate	1.38%-2.45%	1.38%-2.45%

		December 31	
Borrowing Type	Repayment Terms	2025	2024
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	$ 571,428	$ 816,326
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	1,341,667	1,916,667
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	350,000	500,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	641,667	916,667
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2031	889,143	1,055,857
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	877,551	1,000,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	1,791,667	2,000,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	1,755,102	2,000,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	358,333	400,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	286,667	366,667
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	1,244,250	1,323,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	1,354,286	1,440,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	252,048	268,000
Unsecured bank borrowings denominated in NT$	From August 2022 to August 2029	458,333	500,000
Unsecured bank borrowings denominated in NT$	From June 2023 to June 2030	800,000	800,000
Unsecured bank borrowings denominated in NT$	From August 2023 to August 2030	2,000,000	2,000,000
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2026	1,200,000	1,500,000
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2026	450,000	600,000
Unsecured bank borrowings denominated in NT$	From March 2024 to March 2027	600,000	600,000

(Continued)

Borrowing Type	Repayment Terms	December 31 2025	December 31 2024
Unsecured bank borrowings denominated in NT$	From June 2024 to June 2031	$ 1,200,000	$ 1,200,000
Unsecured bank borrowings denominated in NT$	From July 2024 to July 2027	175,000	200,000
Unsecured bank borrowings denominated in NT$	From November 2024 to November 2027	800,000	800,000
Unsecured bank borrowings denominated in NT$	From November 2024 to November 2027	300,000	300,000
Unsecured bank borrowings denominated in NT$	From June 2025 to June 2027	75,000	-
Unsecured bank borrowings denominated in NT$	From June 2025 to June 2027	400,000	-
Unsecured bank borrowings denominated in NT$	From June 2025 to June 2028	100,000	-
Unsecured bank borrowings denominated in NT$	From June 2025 to June 2028	500,000	-
Unsecured bank borrowings denominated in NT$	From June 2025 to June 2028	500,000	-
Unsecured bank borrowings denominated in NT$	From November 2025 to November 2028	1,000,000	-
Unsecured bank borrowings denominated in NT$	From November 2025 to November 2030	300,000	-
Unsecured bank borrowings denominated in NT$	Pay off in March 2025	-	300,000
Unsecured bank borrowings denominated in NT$	Pay off in June 2025	-	1,000,000
Unsecured bank borrowings denominated in NT$	Pay off in August 2025	-	112,500
Unsecured bank borrowings denominated in NT$	Pay off in September 2025	-	187,500
Unsecured bank borrowings denominated in NT$	Pay off in November 2025	-	1,000,000
Less: Current portion		6,344,010	4,206,328
Less: Government loan discount		60,430	103,894
Total long-term borrowings		$ 16,167,702	$ 20,792,962

(Concluded)

The Ministry of Economic Affairs implemented the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” on January 1, 2019, which provided enterprises to make compliant investments with financial institutions at preferential interest rates. The Group has obtained the approval of the Ministry of Economic Affairs to qualify for the project loan and signed a loan contract with a financial institution to obtain a financing line of NT$21 billion, with a credit period of 7 to 10 years. The funds obtained are used for factory expansion, purchased machinery and equipment, buildings and operating turnover, etc. The details of government grants are set out in Note 30 to the consolidated financial statements.

In addition, the Group’s floating borrowing rate on the above borrowing is reset every one to three months.

The loan agreement requires the maintenance of a current ratio, debt ratio, and interest coverage ratio based on the Group's semi-annual and annual consolidated financial statements. For the year ended December 31, 2025 and 2024, the Group had met the financial ratio covenants.

19. BONDS PAYABLE

	December 31	
	2025	2024
Unsecured domestic convertible bonds	$ 1,269,100	$ -
Less: Discounts on bonds payable	50,925	-
Less: Current portions	-	-
	$ 1,218,175	$ -

a. Unsecured domestic convertible bonds

1) Issuance and OTC Trading: The conditions for the issuance of the Company's second domestic unsecured convertible corporate bonds are as follows:

a) The Company issued the second domestic unsecured convertible corporate bonds on March 24, 2025, with a total issuance amount of NT$3,000,000, issued at 100.5% of the par value, with a coupon rate of 0%. The issuance period is 3 years, and the circulation period is from March 24, 2025 to March 24, 2028. Upon maturity, the bonds will be repaid in cash in one lump sum according to the par value of the bonds.

b) From the day following three months after the issuance date of this bond (i.e. June 25, 2025) to the maturity date, except for the period during which the transfer of common shares is suspended in accordance with the law or the period prescribed by the issuance and conversion rules, the bondholders may request conversion into the Company's common shares. The rights and obligations of the converted common shares are the same as those of the originally issued common shares.

c) The conversion price is determined in accordance with the pricing model of the issuance and conversion method and shall be adjusted subsequently in accordance with the anti-dilution provisions. As of December 31, 2025, the conversion price of this convertible corporate bond is NT$23 per share.

d) From the day following the third month after the issuance of this Convertible Corporate Bond to the forty days before the expiration of the issuance period, if the closing price of the Company's common stock exceeds the then current conversion price by 30% (inclusive) for thirty consecutive business days, the Company may redeem the outstanding Convertible Corporate Bonds in cash at the par value of the bonds within the next thirty business days; or if the outstanding balance of this Convertible Corporate Bonds is less than 10% of the original total par value, the Company may redeem the outstanding Convertible Corporate Bonds in cash at the par value of the bonds at any time thereafter.

e) All Convertible Corporate Bonds that have been redeemed (including repurchased by securities dealers), repaid or converted by the Company will be cancelled and may no longer be sold or issued, and the conversion rights attached thereto will be extinguished.

2) As of December 31, 2025, the convertible bonds with a denomination of NT$1,730,900 thousand were converted into 75,256 thousand ordinary shares.

The convertible bonds contain asset, liability and equity components. The asset component was presented in current asset under the heading of financial assets at fair value through profit or loss - current. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.8393% per annum on initial recognition.

Proceeds from issuance	$ 3,006,000
Asset component	1,215
Equity component	(168,147)
Liability component at the date of issue	2,839,068
Interest calculated at the effective interest rate of 1.8393%.	37,338
Convertible bonds converted into common stock	(1,658,231)
Liability component on December 31, 2025	$ 1,218,175

20. TRADE PAYABLES

	December 31	
	2025	2024
Trade payables	$ 2,460,092	$ 2,176,932

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed upon credit terms.

21. OTHER PAYABLES

	December 31	
	2025	2024
Payables for bonuses	$ 344,827	$ 363,869
Payables for maintenance and repairs	244,375	291,930
Payables for spare parts	143,530	145,012
Payables for patents	93,748	93,748
Payables for pension	75,902	79,127
Payables for insurance	70,211	74,415
Others	560,110	589,524
	$ 1,532,703	$ 1,637,625

22. OTHER LIABILITIES

	December 31	
	2025	2024
Current		
Refund liabilities	$ 168,513	$ 180,222
Receipts under custody	37,652	37,845
Temporary credits	39,063	36,795
	$ 245,228	$ 254,862

(Continued)

	December 31	
	2025	2024
Non-current		
Government grants deferred revenue (Note 30)	$ 155,539	$ 169,871
Guarantee deposits	21,566	22,235
	$ 177,105	$ 192,106

(Concluded)

23. PROVISIONS

	December 31	
	2025	2024
Current		
Employee benefits (a)	$ 29,995	$ 29,771
Carbon fee (b)	21,403	-
	$ 51,398	$ 29,771

a. The provision for employee benefits represents vested long service leave entitlements accrued.

b. In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, The Group recognizes the carbon fees provision based on the estimate of the chargeable emissions and charging rates of carbon fees from 2025. The Group assessment is very likely to secure central competent authority for approval of a self-determined reduction plan in accordance, and the implementation progress report of the self-determined reduction plan for the 2025 is expected to be submitted by April 30, 2026. Therefore, the carbon fee provisions is calculated based on the preferential rate.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and the subsidiary Mxtran adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under on the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Group's subsidiaries in Hong Kong, the USA, Europe, Japan, Korea, Singapore and China are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2025	**2024**
Present value of defined benefit obligation	$ 1,753,930	$ 1,869,592
Fair value of plan assets	(1,445,071)	(1,445,963)
Net defined benefit liability	$ 308,859	$ 423,629

Movements in net defined benefit liability were as follows:

	Present Value of Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance on January 1, 2024	$ 1,914,396	$ 1,250,659	$ 663,737
Service cost			
Current service cost	2,336	-	2,336
Net interest expense	23,930	-	23,930
Return on plan assets	-	16,762	(16,762)
Recognized in profit or loss	26,266	16,762	9,504
Remeasurement			
Return on plan assets	-	113,932	(113,932)
Actuarial loss - experience adjustments	30,781	-	30,781
Actuarial gain - actuarial assumptions adjustments	(6,574)	-	(6,574)
Recognized in other comprehensive loss (income)	24,207	113,932	(89,725)
Contributions from the employer	-	159,887	(159,887)
Benefits paid	(95,277)	(95,277)	-
Balance on December 31, 2024	1,869,592	1,445,963	423,629
Service cost			
Current service cost	630	-	630
Net interest expense	25,707	-	25,707
Return on plan assets	-	20,105	(20,105)
Recognized in profit or loss	26,337	20,105	6,232
Remeasurement			
Return on plan assets	-	86,558	(86,558)
Actuarial loss - experience adjustments	16,835	-	16,835
Actuarial loss - actuarial assumptions adjustments	15,607	-	15,607
Recognized in other comprehensive loss (income)	32,442	86,558	(54,116)
Contributions from the employer	-	66,886	(66,886)
Benefits paid	(174,441)	(174,441)	-
Balance on December 31, 2025	$ 1,753,930	$ 1,445,071	$ 308,859

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2025	**2024**
Operating costs	$ 2,743	$ 4,260
Selling and marketing expenses	437	668
General and administration expenses	1,398	2,182
Research and development expenses	1,654	2,394
	$ 6,232	$ 9,504

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	**2024**
Discount rate	1.250%	1.375%
Expected rate of salary increase	3.000%	3.000%
Expected return on plan assets increase	1.250%	1.375%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2025	**2024**
Discount rate		
0.50% increase	$ (45,687)	$ (48,945)
0.50% decrease	$ 47,993	$ 51,313
Expected rate of salary increase		
0.50% increase	$ 44,044	$ 47,090
0.50% decrease	$ (42,369)	$ (45,389)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
The expected contributions to the plan for the next year	$ 29,493	$ 32,437
The average duration of the defined benefit obligation	5.2 years	5.1 years

The Company maintains a separate executive pension plan which had been approved by the board of directors on December 20, 2011, and the net periodic pension costs were NT$8,284 thousand and NT$7,213 thousand for the years ended December 31, 2025 and 2024, respectively.

Movements in net defined benefit liability were as follows:

	Present Value of Defined Benefit Obligation
Balance on January 1, 2024	$ 577,059
Service cost	
Net interest expense	7,213
Recognized in profit or loss	7,213
Remeasurement	
Actuarial loss - experience adjustments	19,751
Actuarial gain - actuarial assumptions adjustments	(1,530)
Recognized in other comprehensive loss	18,221
Balance on December 31, 2024	602,493
Service cost	
Net interest expense	8,284
Recognized in profit or loss	8,284
Remeasurement	
Actuarial loss - experience adjustments	40,306
Actuarial gain - actuarial assumptions adjustments	879
Recognized in other comprehensive loss	41,185
Balance on December 31, 2025	$ 651,962

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2025	2024
General and administration expenses	$ 8,284	$ 7,213

The actuarial valuations of the present value of the defined benefit obligation of executive pension plan were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate	1.250%	1.375%
Expected return on plan assets increase	1.250%	1.375%

25. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands)	6,550,000	6,550,000
Shares authorized	$ 65,500,000	$ 65,500,000
Number of shares issued and fully paid (in thousands)	1,857,348	1,855,826
Shares issued	$ 18,573,482	$ 18,558,264
Capital collected in advance	$ 737,346	$ -

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

A total of 864,704 thousand shares and 650,000 thousand shares of the Company's authorized shares were reserved for the issuance of convertible bonds and employee share options.

The change in the Company's share capital is due to the conversion of convertible bonds into ordinary shares. As of December 31, 2025, 73,735 thousand shares had not yet completed the registration of the change and were therefore recorded as capital collected in advance.

b. Capital surplus

	December 31	
	2025	2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 1,352,644	$ 359,064
Bond issuance at a premium	71,132	-
Donations	37	37
Treasury share transactions	43,466	43,466
	$ 1,467,279	$ 402,567
May be used to offset a deficit only		
Changes in percentage of ownership interests in subsidiaries (2)	$ 4,609	$ 4,609

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

2) Such capital surplus arises from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

The Company's Articles of Incorporation, state that, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve 10% of the remaining profit (until the amount of the legal reserve equals to the amount of the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The Company state the policies on the distribution of employees' compensation and remuneration of directors state by the Company's Articles of Incorporation refer to "Employees' compensation and remuneration of directors" in Note 27 (g) to the consolidated financial statements.

The Company is classified under the capital intensive industry. In accordance with the long-term financial program of the Company, the above shareholders' dividends can be retained as undistributed earnings, and then be distributed in the future, as determined by the shareholders at the Annual General Meeting.

Distributions shall be prioritized to take the form of cash dividends. Nevertheless, it still depends on the Company's financial, sales or operating condition. The Company's Articles of Incorporation provide that no more than 50% of the current year's total amount of distributable earnings can be distributed in the form of share dividends.

The appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of profit and deficit and distribution of earnings for 2024 and 2023, which had been proposed by the Company's general meeting of shareholders on May 23, 2025 and May 30, 2024, respectively. The appropriation and dividends per share were as follows:

	For the Year Ended December 31	
	2024	**2023**
Special reserve	$ 22,599	$ 4,696
Cash dividends	$ -	$ 927,913
Cash dividends per share	$ -	$ 0.5

The appropriation of profit and deficit for 2025, which were proposed by the Company's board of directors on March 5, 2026, were as follows:

	For the Year Ended December 31, 2025
Special reserve	$ (38,448)

The appropriation of profit and deficit for 2025 will be resolved by the shareholders in their meeting to be held on May 27, 2026.

d. Special reserve

	For the Year Ended December 31	
	2025	2024
Balance on January 1	$ 97,721	$ 93,025
Appropriations in respect of Treasury shares	22,599	4,696
Balance on December 31	$ 120,320	$ 97,721

The Company appropriated earnings to a special reserve for the difference between the market price and carrying amount of the Company's shares held by subsidiaries proportional to its holding of those subsidiaries. The special reserve appropriated may be reversed to the extent that the market price reverses.

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2025	2024
Balance on January 1	$ 104,191	$ (159,889)
Exchange differences on the translation of the financial statements of foreign operations	(143,299)	264,080
Balance on December 31	$ (39,108)	$ 104,191

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance on January 1	$ 1,588,276	$ 2,039,768
Recognized for the year		
Unrealized gain (loss) equity instrument	3,445,941	(542,597)
Other comprehensive income recognized for the year	5,034,217	1,497,171
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	54,067	91,105
Balance on December 31	$ 5,088,284	$ 1,588,276

f. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance on January 1	$ 2,410	$ 1,134
Share of profit for the year	2,706	1,276
Balance on December 31	$ 5,116	$ 2,410

g. Treasury shares

The Company’s shares held by its subsidiaries at December 31, 2025 and 2024 were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
December 31, 2025			
Hui Ying	1,957	$ 159,061	$ 77,189
December 31, 2024			
Hui Ying	1,957	$ 159,061	$ 38,741

The Company’s shares held by subsidiaries are regarded as treasury shares; shareholder’s rights are retained, except for the rights to participate in any share issuances for cash and to vote.

26. REVENUE

a. Segmentation of revenue from contracts with customers

	For the Year Ended December 31	
	2025	2024
Product type		
Flash	$ 22,395,882	$ 18,325,092
ROM	4,625,353	5,403,832
Foundry	1,858,460	2,143,461
Others	291	11,090
	$ 28,879,986	$ 25,883,475

b. Contract balances

	December 31	
	2025	2024
Contract liabilities (classified as current liabilities)	$ 154,850	$ 27,882

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of the performance obligations and the customer’s payment.

The Group recognized revenue from the beginning balance of contract liabilities as follows:

	For the Year Ended December 31	
	2025	2024
From the beginning balance of contract liabilities		
Sale of goods	$ 25,240	$ 40,842

27. NET LOSS FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	$ 241,057	$ 213,785

b. Other income

	For the Year Ended December 31	
	2025	2024
Dividend income	$ 194,193	$ 168,779
Others	254,688	246,464
	$ 448,881	$ 415,243

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net foreign exchange gains	$ (153,324)	$ 139,111
Loss on disposal of financial assets	(8,056)	(23,614)
Other (losses) gains	(6,242)	(15,381)
	$ (167,622)	$ 100,116

d. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on loans	$ 493,567	$ 449,054
Interest on bonds	37,338	-
Interest on lease liabilities	13,821	13,304
Less: Amounts included in the cost of qualifying assets	(86,598)	(110,863)
	$ 458,128	$ 351,495

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest amount	$ 86,598	$ 110,863
Capitalization rate	1.71%	1.65%

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
An analysis of depreciation by function		
Operating costs	$ 4,207,607	$ 3,910,899
Operating expenses	835,260	874,373
	$ 5,042,867	$ 4,785,272
An analysis of amortization by function		
Operating costs	$ 35,077	$ 45,167
Operating expenses	15,597	26,724
	$ 50,674	$ 71,891

Refer to Note 15 to the consolidated financial statements for information relating to the line items in which any amortization of intangible assets is included.

f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Post-employment benefits (Note 24)		
Defined contribution plans	$ 247,347	$ 273,491
Defined benefit plans	14,516	16,717
	261,863	290,208
Other employee benefits	6,266,490	6,716,868
Total employee benefits expense	$ 6,528,353	$ 7,007,076
An analysis of employee benefits expense by function		
Operating costs	$ 2,664,253	$ 2,841,363
Operating expenses	3,864,100	4,165,713
	$ 6,528,353	$ 7,007,076

g. Compensation of employees and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued compensation of employees and remuneration of directors at the rates of 15% and no higher than 2% that it is generally set at this 2% level, respectively, of net profit before income tax, compensation of employees, and remuneration of directors, which 20% must be distributed to non-executive employees. The Company does not intend to contribute compensation of employees and remuneration of directors for year ended December 31, 2025 and 2024 due to the Company’s net loss before tax.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the TWSE.

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax benefit recognized in profit or loss

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	$ 20,946	$ 34,210
Overseas income tax	2,913	2,984
Adjustments for prior year	4,991	(195)
Deferred tax		
In respect of the current year	(357,278)	(370,944)
Income tax benefit recognized in profit or loss	$ (328,428)	$ (333,945)

A reconciliation of accounting loss and income tax benefit is as follows:

	For the Year Ended December 31	
	2025	2024
Loss before tax from continuing operations	$ (3,633,399)	$ (3,546,229)
Income tax benefit calculated at the statutory rate	$ (704,685)	$ (680,622)
Non-deductible expenses in determining taxable income	10,986	11,479
Non-taxable income	(32,845)	(30,877)
Deductible temporary differences	(171,408)	140,119
Unrecognized loss carryforwards	928,166	599,484
Overseas income tax	2,913	2,984
Deferred tax in respect of the current year	(357,279)	(370,944)
Adjustments for prior year	4,991	(195)
Realized investment losses	(9,267)	(5,373)
Income tax benefit recognized in profit or loss	$ (328,408)	$ (333,945)

b. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	$ 38,363	$ 44,651
Current tax liabilities		
Income tax payable	$ 18,645	$ 8,779

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized inventory losses	$ 1,037,229	$ 24,650	$ 1,061,879
Unallocated production overheads	199,588	26,112	225,700
Net defined benefit liabilities	66,706	(4,069)	62,637
Unrealized refund liabilities	20,170	(511)	19,659
Unrealized exchange losses	5,766	(816)	4,950
Others	30,674	(15,280)	15,394
	1,360,133	30,086	1,390,219
Loss carryforwards	298,248	469,815	768,063
	$ 1,658,381	$ 499,901	$ 2,158,282
Deferred tax liabilities			
Temporary differences			
Depreciation	$ (962,240)	$ (140,835)	$ (1,103,075)
Unrealized exchange gains	(10,617)	(90)	(10,707)
Others	(50)	(1,698)	(1,748)
	$ (972,907)	$ (142,623)	$ (1,115,530)

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized inventory losses	$ 906,659	$ 130,570	$ 1,037,229
Unallocated production overheads	125,129	74,459	199,588
Net defined benefit liabilities	78,402	(11,696)	66,706
Unrealized refund liabilities	23,520	(3,350)	20,170
Unrealized exchange losses	-	5,766	5,766
Others	21,617	9,057	30,674
	1,155,327	204,806	1,360,133
Loss carryforwards	-	298,248	298,248
	$ 1,155,327	$ 503,054	$ 1,658,381
Deferred tax liabilities			
Temporary differences			
Depreciation	$ (837,007)	$ (125,233)	$ (962,240)
Unrealized exchange gains	(3,790)	(6,827)	(10,617)
Others	-	(50)	(50)
	$ (840,797)	$ (132,110)	$ (972,907)

d. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred assets have been recognized in the consolidated balance sheets

	December 31	
	2025	2024
Loss carryforwards		
Expiry in 2025	$ -	$ 67,634
Expiry in 2026	28,741	28,806
Expiry in 2027	53,917	56,519
Expiry in 2028	31,408	31,408
Expiry in 2029	17	17
Expiry in 2030	8,602	8,602
Expiry in 2031	11,747	11,747
Expiry in 2032	646	646
Expiry in 2033	25,074	25,074
Expiry in 2034	2,833,411	2,833,411
Expiry in 2035	4,507,256	-
	$ 7,500,819	$ 3,063,864
Investment credits		
Research and development expenditures	$ 452,369	$ 405,472
Purchase of machinery and equipment	30,000	30,000
	$ 482,369	$ 435,472
Deductible temporary differences	$ 17,941,215	$ 13,640,915

The unrecognized investment credits will expire in 2026.

e. Information about unused tax loss carryforward

Loss carryforwards as of December 31, 2025 comprised of:

Unused Tax Amount	Expiry Year
$ 5,748	2026
10,783	2027
6,282	2028
3	2029
1,720	2030
2,349	2031
129	2032
5,015	2033
566,682	2034
901,451	2035
$ 1,500,162	

f. Income tax assessments

The Company's, Mxtran Inc.'s, Run Hong Investment Ltd.'s and Hui Ying Investment Ltd.'s tax returns through 2023 have been assessed by the tax authorities.

29. LOSS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2025	**2024**
Basic loss per share	$ (1.77)	$ (1.73)
Diluted loss per share	$ (1.77)	$ (1.73)

The loss and weighted average number of ordinary shares outstanding in the computation of loss per share from continuing operations were as follows:

Net loss for the Year

	For the Year Ended December 31	
	2025	**2024**
Loss for the year attributable to owners of the Company	$ (3,307,677)	$ (3,213,560)

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2025	**2024**
Weighted average number of ordinary shares in computation of basic earnings per share	1,864,607	1,853,870
Effect of potentially dilutive ordinary shares:		
Convertible bonds	Note	Note
Weighted average number of ordinary shares in computation of diluted earnings per share	1,864,607	1,853,870

Note: The potential shares have an anti-dilution effect for the net loss for the year ended December 31, 2025 and 2024. Such shares are not included in the calculation of loss per share.

30. GOVERNMENT GRANTS

As of December 31, 2025, the Company obtained a government preferential interest rate loan of $19,498,000 thousand from the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan”. The loan will be repaid on an average monthly basis after the date of expiry. At the time of the borrowing, the fair value of the borrowing was estimated based on the market interest rate. The difference between the amount obtained and the fair value of the loan is $206,470 thousand, which is regarded as a government low interest loan and recognized as deferred income. For the year ended December 31, 2025 and 2024, the Company recognized other income of $14,332 thousand and $13,176 thousand, respectively. For the year ended December 31, 2025 and 2024, the interest expense of the loan was $43,464 thousand and $45,564 thousand, respectively.

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to operate under the premises of going concerns and growth while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group's strategy for managing the capital structure is to lay out the plan of product development and expand the market share considering the growth and the magnitude of industry and further developing an integral plan founded on the required capacity, capital outlay, and magnitude of assets in long-term development. Ultimately, considering the risk factors such as the fluctuation of the industry cycle and the life cycle of products, the Group determines the optimal capital structure by estimating the profitability of products, operating profit ratio, and cash flow based on the competitiveness of products.

The management of the Group periodically examines the capital structure and contemplates on the potential costs and risks involved while exerting different financial tools. In general, the Group implements prudent strategy of risk management.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Except for the items listed in the table below, the management of the Group considers that the carrying amounts of financial liabilities not measured at fair value approximate their fair values.

December 31, 2025

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities					
Financial liabilities at amortized cost					
Convertible Bonds	$ 1,218,175	$ -	$ 1,211,864	$ -	$ 1,211,864

The fair values of the financial liabilities included in the Level 2 category above have been determined in accordance with the binary tree pricing model for convertible bonds.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Convertible bonds	$ -	$ 7,488	$ -	$ 7,488
Foreign convertible preference shares	-	-	219,152	219,152
	$ -	$ 7,488	$ 219,152	$ 226,640
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in the ROC	$ 4,534,668	$ -	$ -	$ 4,534,668
Securities listed in other countries	1,284,667	-	-	1,284,667
Securities unlisted	-	-	798,223	798,223
	$ 5,819,335	$ -	$ 798,223	$ 6,617,558

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign convertible preference shares	$ -	$ -	$ 255,814	$ 255,814
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in the ROC	$ 1,979,132	$ -	$ -	$ 1,979,132
Securities listed in other countries	665,370	-	-	665,370
Securities unlisted	-	-	690,283	690,283
	$ 2,644,502	$ -	$ 690,283	$ 3,334,785

There were no transfers between Level 1 and Level 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the Year Ended December 31, 2025

Financial Assets	Financial Assets at FVTPL - Foreign Convertible Preference Shares	Financial Assets at FVTOCI - Equity Instruments	Total
Balance on January 1	$ 255,814	$ 690,283	$ 946,097
Sales	(26,026)	-	(26,026)
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	-	107,940	107,940
Effects of foreign currency exchange differences	(10,636)	-	(10,636)
Balance on December 31	$ 219,152	$ 798,223	$ 1,017,375

For the Year Ended December 31, 2024

Financial Assets	Financial Assets at FVTPL - Foreign Convertible Preference Shares	Financial Assets at FVTOCI - Equity Instruments	Total
Balance on January 1	$ 261,911	$ 842,438	$ 1,104,349
Sales	-	(150,780)	(150,780)
Recognized in profit or loss	(23,614)	-	(23,614)
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	-	(1,375)	(1,375)
Effects of foreign currency exchange differences	17,517	-	17,517
Balance on December 31	$ 255,814	$ 690,283	$ 946,097

3) Valuation used in Level 2 fair value measurement

The Group measures the fair value of its hybrid financial asset, namely convertible corporate bonds, using a binary tree convertible bond valuation model. The significant unobservable input applied in the valuation technique is the expected volatility of the underlying share price.

4) Valuation used in Level 3 fair value measurement

The fair values of equity securities unlisted in the ROC and foreign convertible preference shares were arrived at using either the asset-based approach or based on the multiplier evaluated in the active market under the market approach by appropriate liquidity adjustments. As of December 31, 2025 and 2024, the significant unobservable inputs used by the Group liquidity discounts of 3% to 30% and 2% to 30% liquidity discount, respectively. Holding all other inputs constant, a 1% increase in the liquidity discount would reduce the fair value by NT$13,565 thousand and NT$12,397 thousand, respectively.

c. Categories of financial instruments

	December 31	
	2025	**2024**
Financial assets		
Measured at amortized costs (1)	$ 20,023,392	$ 15,875,039
Measured at FVTPL	226,640	255,814
Measured at FVTOCI	6,617,558	3,334,785
Financial liabilities		
Measured at amortized cost (2)	28,808,525	30,157,139

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables (including receivables from related parties), other receivables and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise, short-term borrowings, trade payables (including payables to related parties), other payables (including other payables to related parties), payables for purchases of equipment, bonds payable, guarantee deposits received and long-term loans (including current portion).

d. Financial risk management objectives and policies

The Group manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and other price risk (see (c) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

Sensitivity analysis

The Group was mainly exposed to the USD and JPY.

The sensitivity analysis of foreign currency risk focuses mainly on exchange rates for transactions in currencies other than the entity's functional currency (i.e. foreign currencies) which are recognized at the rates of exchange prevailing at the end of each reporting period.

The following table details the Group's sensitivity to a 3% and 10% increase in the New Taiwan dollars (i.e. the functional currency) against the USD and JPY, respectively. The sensitivity rates used are 3% and 10% when reporting foreign currency risk internally to key management personnel.

	USD Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2025	2024	2025	2024
Pretax loss increase	$ 78,994	$ 50,655	$ 54,265	$ 85,101

b) Interest rate risk

The Group is exposed to interest rate risk from outstanding bank loans. Interest rates of the Group's long-term bank loans are floating, and changes in interest rates would affect the future cash flows but not the fair value.

The sensitivity analysis of interest is performed based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period.

If interest rates had been 50 basis points higher/lower, the Group's pre-tax loss for the years ended December 31, 2025 and 2024 would increase/decrease by NT$112,559 thousand and NT$124,996 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

A sensitivity analysis of equity prices is performed based on the fair values of equity investments at the end of each reporting period.

If equity prices had been 10% higher/lower, equity for the years ended December 31, 2025 and 2024 would have increase/decrease by NT$661,756 thousand and NT$333,479 thousand, respectively, as a result of the changes in fair value of available-for-sale investments.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors, such as financial condition, external and internal credit scoring, historical experience, and economic conditions, which may affect the customer's paying ability. The Group holds some of the credit enhancements such as prepayments and collateral to mitigate its credit risks.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

As of December 31, 2025 and 2024, the Group's ten largest customers accounted for 45% and 48% of its total trade receivables (including receivables from related parties), respectively. The Group believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Group only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

3) Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual and undiscounted payments, including principal and estimated interest.

December 31, 2025

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 4,997,148	$ -	$ -	$ -	$ 4,997,148
Lease liabilities	110,168	197,567	180,232	306,385	794,352
Interest bearing	7,275,015	11,694,644	4,068,927	900,792	23,939,378
	$ 12,382,331	$ 11,892,211	$ 4,249,159	$ 1,207,177	$ 29,730,878

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 110,168	$ 377,799	$ 294,476	$ 11,909	$ -	$ -

December 31, 2024

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 5,203,169	$ -	$ -	$ -	$ 5,203,169
Lease liabilities	101,905	160,245	143,003	342,136	747,289
Interest bearing	5,222,091	13,121,483	6,233,932	2,258,470	26,835,976
	$ 10,527,165	$ 13,281,728	$ 6,376,935	$ 2,600,606	$ 32,786,434

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 101,905	$ 303,248	$ 306,092	$ 28,911	$ 7,133	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships associated with the Company:

Related Parties	Relationship with the Company
MegaChips Corporation (MegaChips)	Key management personnel
Ardentec Corporation (Ardentec)	The Group is its major management authority
Macronix Education Foundation (MXIC Foundation)	Others
Wolley Inc. (Wolley)	Others

b. Operating revenues

Line Items	Related Parties Categories/Name	For the Year Ended December 31 2025	2024
Sales	Key management personnel		
	MegaChips	$ 4,667,102	$ 5,456,930
	Others	6,458	-
		$ 4,673,560	$ 5,456,930

Sales prices for the related parties were not comparable to those for external customers as the Group was the sole provider of these customers. The sales terms for the related parties was 30 days after monthly closing.

c. Purchases

Related Parties Categories/Name	For the Year Ended December 31 2025	2024
Key management personnel		
MegaChips	$ 674,522	$ 550,618

Materials purchased from related parties were for manufacturing process. The payment term was 30 days after monthly closing and after acceptance of materials.

d. Receivables from related parties

Line Items	Related Parties Categories/Name	December 31 2025	2024
Receivables from related parties, net	Key management personnel		
	MegaChips	$ 218,860	$ 441,810

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2025 and 2024, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Items	Related Parties Categories/Name	December 31 2025	2024
Payables to related parties	Key management personnel		
	MegaChips	$ 524,487	$ 547,990
	The Group is its major management authority		
	Ardentec	135,874	137,910
		$ 660,361	$ 685,900
Other payables to related parties	Others		
	Other	$ 10	$ 30

The outstanding trade payables from related parties are unsecured and will be settled in cash.

f. Other transactions with related parties

Line Items	Related Parties Categories/Name	For the Year Ended December 31 2025	2024
Manufacturing expenses	The Group is its major management authority		
	Ardentec	$ 516,680	$ 445,544

(Continued)

Line Items	Related Parties Categories/Name	For the Year Ended December 31 2025	2024
Operating expenses	Others		
	Wolley	$ 7,524	$ 25,869
	MXIC Foundation	21,623	20,123
	Other	300	300
	Key management personel		
	MegaChips	-	2,213
		$ 29,447	$ 48,505

(Concluded)

The manufacturing expenses of related parties were comparable to those with other vendors. The payment term were 60 days after monthly closing and 60 days after monthly closing.

g. Remuneration of key management personnel

	For the Year Ended December 31 2025	2024
Short-term employee benefits	$ 150,835	$ 159,425
Post-employment benefits	8,284	7,213
Other long-term employee benefits	(47)	3
	$ 159,072	$ 166,641

The remuneration of key executives was determined by the remuneration committee based on the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as tariff guarantee for imported raw materials, natural gas agreement, and land and dormitory lease agreement:

	December 31 2025	2024
Pledge deposits (classified as other financial assets - non-current)	$ 191,755	$ 188,924

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2025 and 2024 were as follows:

a. As of December 31, 2025 and 2024, unused letters of credit amounted to approximately NT$0 thousand and NT$199,405 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31	
	2025	2024
Acquisition of property, plant and equipment	$ 882,255	$ 2,053,795

c. As a contribution to society, the Company's board of directors passed a resolution to donate to National Cheng Kung University to establish the "School of Computing" in order to cultivate cross domain innovative talents with dual expertise "specific discipline" and "computing", and to fulfill the Company's social responsibilities with a donation amount of $100,000 thousand per year for the next ten years on June 2, 2020. As of December 31, 2025, the Company has made a donation of $600,000 thousand to National Cheng Kung University.

d. On December 26, 2023, the board of directors of the Company approved the joint development project with IBM regarding "Enterprise-class SSD Storage" from December 2023 to December 2026. As of December 31, 2025, the unrecognized contract amount is US$6,000 thousand.

e. The Company signed a long-term purchase contract with supplier A. According to the contract, the Company shall prepay deposits, and these suppliers shall supply the Company according to the quantity and price agreed in the contract. As of December 31, 2025, the Company's prepayments and deposits for supplier A was $549,580 thousand, and the unpaid contract amounts was US$47,768 thousand.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2025

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
JPY	$ 5,585,336	0.2008	$ 1,121,535
USD	118,766	31.43	3,732,804
			$ 4,854,339
Financial liabilities			
Monetary items			
JPY	2,882,889	0.2008	$ 578,884
USD	34,988	31.43	1,099,681
			$ 1,678,565

December 31, 2024

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
JPY	$ 8,240,401	0.2099	$ 1,729,660
USD	89,848	32.785	2,945,657
			$ 4,675,317
Financial liabilities			
Monetary items			
JPY	4,186,023	0.2099	$ 878,646
USD	38,346	32.785	1,257,159
			$ 2,135,805

Realized and unrealized net foreign exchange (losses) gains were NT$(153,324) thousand and NT$139,111 thousand for the years ended December 31, 2025 and 2024, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Significant marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 1 (attached)

4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached)

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

6) Intercompany relationships and significant intercompany transactions: Table 4 (attached)

b. Information on investees: Table 5 (attached)

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the period, repatriation of investment gains or losses, and limit on the amount of investment in the mainland China area: Table 6 (attached)

2) Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Table 4 (attached)

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and the assessment of segment performance emphasizes the types of goods or services delivered or provided. Considering the nature of the product and the process of manufacture, the management integrated those divisions of similar operation functions into this single operation segment. The resource allocation and performance of the Group's overall business focus on the memory products and wafer fabrication segment, so the Group only takes the memory products and wafer fabrication segment as the reportable segment.

There was no material difference between the accounting policies of the Group reportable segment and those described in Note 4. For the revenue and operating results of the segment, refer to the consolidated financial statements.

a. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's net operating revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	Year Ended December 31		December 31	
	2025	2024	2025	2024
Taiwan	$ 21,802,845	$ 20,397,405	$ 38,710,455	$ 42,097,756
China	5,168,158	3,577,087	157,952	172,614
Others	1,908,983	1,908,983	439,911	339,595
	$ 28,879,986	$ 25,883,475	$ 39,308,318	$ 42,609,965

Non-current assets exclude financial instruments and deferred tax assets.

b. Information on major customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2025	2024
Customer A	$ 4,667,102	$ 5,456,930

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Shares as Collateral
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Shares							
	Ardentec Corporation	The Company serves as member of its board of directors	Financial assets at FVTOCI - non current	35,951,871	$ 4,476,008	7.33	$ 4,476,008	None
	United Industrial Gases Co., Ltd.	None	”	6,671,877	764,397	3.06	764,397	None
MXBVI	Shares							
	Tower Semiconductor Ltd.	None	Financial assets at FVTOCI - non current	348,100	1,284,667	0.31	1,284,667	None
	Foreign Convertible Preference Shares							
	Kneron Holding Corporation	None	Financial assets at FVTPL - non-current	566,711	105,250	0.77	105,250	None
	Wolley Inc.	Associate (Note)	”	2,400,000	113,902	16.17	113,902	None

Note: The Group has the ability to participate in the decision-making of the company’s financial and operating policies and has significant influence on the company.

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	MegaChips	Its subsidiary, Shun Ying Investment, is represented in MXIC's board of directors	Sales	$ 4,667,102	17	30 days after monthly closing	Note 33	Note 33	$ 218,860	4	-
	MXHK	Subsidiary	Sales	4,660,601	17	45 days after monthly closing	Note 33	Note 33	1,012,454	21	-
	MXA	Subsidiary	Sales	1,644,419	6	Net 60 days	Note 33	Note 33	155,108	3	-
	Mxtran	Subsidiary	Sales	1,211,340	4	30 days after monthly closing	Note 33	Note 33	150,716	3	-
	MegaChips	Its subsidiary, Shun Ying Investment, is represented in MXIC's board of directors	Purchase	674,522	12	30 days after monthly closing and after acceptance of materials	Note 33	Note 33	524,486	17	-
MXHK	The Company	Subsidiary	Purchase	US$ 150,395	100	45 days after monthly closing	No material difference	No material difference	US$ 32,213	100	-
MXA	The Company	Subsidiary	Purchase	US$ 52,787	100	Net 60 days	No material difference	No material difference	US$ 4,935	100	-

TABLE 3

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	MegaChips	Its subsidiary, Shun Ying Investment, is represented in MXIC's board of directors	$ 218,860	14.13 times	$ -	-	$ 218,860 thousand	$ -
	MXHK	Subsidiary	1,012,454	7.09 times	-	-	1,012,454 thousand	-
	MXA	Subsidiary	155,108	11.08 times	-	-	155,108 thousand	-
	Mxtran	Subsidiary	150,716	14.77 times	-	-	148,108 thousand	-

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
			Financial Statement Accounts	Amount	Payment Term	% to Total Revenue or Assets
The Company	MXHK	1	Sales	$ 4,660,601	Note 2	16
			Net receivable from related parties	1,012,454	-	1
	MXA	1	Sales	1,644,419	Note 2	6
			Operating expenses	212,779	-	1
	Mxtran	1	Sales	1,211,340	Note 2	4
			Net receivable from related parties	150,716	-	-
	MPL	1	Operating expenses	175,429	-	1
MXHK	Mxm	3	Operating expenses	351,520	-	1
			Other payables to related parties	120,735	-	-

Note 1: The transactions from the parent company to the subsidiary are denoted as 1.

The transactions from the subsidiary to the parent company are denoted as 2.

The transactions between two subsidiaries are denoted as 3.

Note 2: The sales price refers to the agreed upon product price for the end customer.

Note 3: The Company leased office space to related parties and collected rental revenue according to the floor space per month.

Note 4: The transaction terms with related parties were 30 to 60 days after monthly closing and were similar to those with third parties.

TABLE 5

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Shares	%	Carrying Amount			
The Company	MXA	San Jose, California, U.S.A.	Sales and marketing	$ 2,640	$ 2,640	100,000	100.00	$ 512,793	$ 54,519	$ 54,519	Subsidiary
	MXBVI	Tortola, British Virgin Islands	Investment holding company	6,744,008	6,744,008	182,589,357	100.00	3,513,840	32,305	32,305	Subsidiary
	MXHK	Hong Kong	Sales and marketing	598,700	598,700	89,700,000	100.00	800,082	117,857	117,857	Subsidiary
	MPL	Singapore	After-sales services	5,348	5,348	174,000	100.00	9,328	1,054	1,054	Subsidiary
	Hui Ying	Taipei, Taiwan	Investment	500,000	500,000	-	100.00	172,388	(913)	(913)	Subsidiary
	Run Hong	Taipei, Taiwan	Investment	1,014,432	1,014,432	-	100.00	73,209	(190)	(190)	Subsidiary
	Mxtran	Hsinchu, Taiwan	IC design	755,287	755,287	69,627,323	90.43	89,680	52,456	47,439	Subsidiary
MXBVI	NTTI	San Jose, California, U.S.A.	IC design	952,473	942,554	29,150,000	100.00	303,101	(12,119)	Note	Subsidiary
	MXE	Belgium	After-sales services	2,106	2,106	1,000	100.00	191,450	9,663	Note	Subsidiary
	MX Asia	Cayman Island	After-sales services	19,744	19,744	600,000	100.00	79,071	3,756	Note	Subsidiary
Run Hong	Mxtran	Hsinchu, Taiwan	IC design	40,318	40,318	3,393,200	4.41	4,372	52,456	Note	Subsidiary

Note: Under relevant regulations, no disclosure of investment gain (loss) is needed.

TABLE 6

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
MXm	Development of integrated circuit system and software	$ 296,160	MXHK (Note 2)	$ 296,160	$ -	$ -	$ 296,160	$ 22,281	100	$ 22,281	$ 522,790	$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
$ 296,160	$ 296,160	$ 27,481,491

Note 1: The amount was recognized based on the audited financial statements of the investee company.

Note 2: The Company invested in a company located in mainland China indirectly through the existing company in a third country.