Stock Code: ２３３７

MACRONIX INTERNATIONAL CO., LTD.

Year 2023 Annual Report

Printed on February 29, 2024

This Annual Report is available at the following Websites:

Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw

Corporate Website: http://www.macronix.com

------*Disclaimer*------
THIS IS A TRANSLATION OF YEAR 2023 ANNUAL REPORT OF MACRONIX INTERNATIONAL CO., LTD. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

I. Company Spokesperson and Deputy

Spokesperson: Miin Wu	Title: Chairman and CEO
Tel: 03-5786688	E-mail: ir@mxic.com.tw
Deputy Spokesperson: Paul Yeh	Title: Vice President
Tel: 03-5786688	E-mail: ir@mxic.com.tw

II. Headquarters and Factories

Headquarters and FAB 2: No. 16, Li-Hsin Road, Science Park, Hsin-chu, Taiwan, R.O.C.
Tel: 03-5786688
FAB 5: No. 19, Li-Hsin Road, Science Park, Hsin-chu, Taiwan, R.O.C.
Tel: 03-6668999
Test Building: No. 8, Creation Road IV, Science Park, Hsin-chu, Taiwan, R.O.C.
Tel: 03-5783333
Taipei Office: 19F, No. 4, Min-Chuan E. Road, Sec. 3, Taipei, Taiwan, R.O.C.
Tel: 02-25093300

III. Stock Transfer Agency

Investor Relations Office
Address: 2F, No. 162-1, Songjiang Road, Zhongshan Dist., Taipei, Taiwan, R.O.C.
Website: http://www.macronix.com
Tel: 02-25638128

IV. Auditors

Accounting Firm: Deloitte & Touche
Accountant: Tung-Hui Yeh, Kuo-Tyan Hong
Address: 6F, No. 2, Zhanye 1st Rd., Science Park, Hsin-chu, Taiwan, R.O.C.
Website: http://www.deloitte.com.tw
Tel: 03-5780899

V. Overseas Securities Exchanges: None

VI. Company Website: http://www.macronix.com

Macronix’s Philosophy

“Honesty”

Macronix’s Values

“Innovation, Quality, Efficiency, Service, Team Work”

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Chapter I. Letter to Shareholders

Last (2023) year, the world embarked on the post-epidemic era. Nevertheless, the economy remained erratic and uncertain, and economic recovery still faced challenges. In particular, amid the U.S.-China friction, geopolitical turmoil, inflation and high interest rates, the overall economy was sluggish. In response, Macronix adopted a conservative strategy, including persistently maintaining high-quality products and services to the best of our ability, and proactively adjusted inventory and postponed certain capital expenditures. However, due to the persisting downturn of the memory market, the destocking process was also extended, causing Macronix's consolidated revenue to decrease by 36% in 2023 compared with that of 2022, while the gross profit margin also dropped by 19.7 percentage points in comparison with 2023. As such, the results did not meet expectation.

The operating performance of 2023 is as follows: the consolidated net operating revenue for the year was NT$27.624 billion; annual consolidated gross profit was NT$6.761 billion; the annual averaged gross margin was 24.5%; the net loss after tax was NT$1.699 billion; loss per share was NT$0.92; and EBITDA was NT$2.6 billion. Cash expenditures from operating activities was NT$0.526 billion, whereas, cash expenditures from investment activities was NT$7.592 billion, with NT$11.906 billion in cash equivalents at the end of the period. The inventory was NT$13.369 billion; the debt ratio was 37.9%, and the book value per share was NT$26.07. All of the above indicate Macronix's financial remains stable.

As always, Macronix believes that R&D is the core of the company's competitiveness. About 10%-15% of its annual revenue has been invested in the R&D, and.despite the sluggish economy, the forward-looking R&D in memory has never stopped. We obtained 309 patents in various countries in 2023; and 9,203 patents were obtained in total worldwide as of the end of 2023. In the past year (2023), we have also deepened our cooperation with major international manufacturers and launched a development plan for enterprise SSD storage technology and products, aiming to meet the marketdemand for efficient, reliable and high-quality storage in advanced application fields such as AI.

With regard to the processes and products, ROM accounted for 34% of the annual revenue in 2023. Total memory density shipment remained stable. NOR Flash accounted for 51% of the annual revenue, while automotive products accounted for 24% of NOR Flash's annual revenue. Various demands in the electric vehicle market are expected to continue to increase, and new computer and servers markets will drive demand for higher density NOR Flash. Moreover, last year (2023), Macronix has delivered samples of 45 nm NOR Flash products and completed the 4Gb 3D NOR Flash testing. In terms of NAND Flash, the annual revenue accounted for 9%. The 192-layer 3D NAND Flash has currently entered the final adjustment stage in the production process. The stacking technology is able to move towards increasing the number of layers, thereby strengthening and improving Macronix's long-term competitiveness.

Furthermore, given the development wave of the artificial intelligence and new technologies, Macronix will continue to promote applications in automotive, medical, servers, smart products and other fields. Our products are currently widely used in automobile intelligence, autonomous driving and other fields, and Macronix has become an important partner for international top-tier automotive electronics manufacturers. For example, Macronix's high-performance OctaFlash™ not only passed the highest vehicle safety standard ISO 26262 ASIL D certification, but also won the best memory product of the EE Awards 2023 (Asia Award), showing that Macronix has become a trustworthy solution provider for customers. In addition, the COVID-19 epidemic and the global carbon reduction trend have also accelerated the advent of the digital era and the digitalization transformation of the medical industry. Macronix will uphold its competitive advantages by supplying high-quality and low energy consumption products. Meanwhile, we will deepen the related research, and a blue ocean strategy to accelerate the creation of the global smart medical market.

In recent years, climate change issues have further accelerated the promotion of environment, society and governance (ESG) sustainable development in various countries, with declarations and actions proposed for "2050 Net-Zero Emissions." As Macronix is a major international memory supplier and plays an important role in the international memory market, it has already formulated short, medium and long-term carbon reduction strategies and pathways, and promoted specific actions required, including using green materials and LED lighting system in newly built clean rooms, instal new greenhouse exhaust gas treatment equipment in the manufacturing machinery, having AI-controlled and energy-saving installation adopted in the refrigerating machinery system of the fab, and having rooftop solar photovoltaic equipmentinstalled. Our outstanding performance has been recognized by the authorities and won the 19th "National Sustainable Development Award," the "2023 Occupational Safety Award" conferred by SGS, and the "Green Procurement Outstanding Unit" awarded by the Hsinchu City Government. The Macronix Education Foundation has been established for more than 20 years, also deeply involved in R&D related champions as well as encouraging cultural creative works. For example, Macronix has invited local Taiwanese artists for design competitions, and won the Ministry of Culture's "Arts and Business Awards" for two consecutive terms. As for the corporate governanceand risk management, Macronix follows the global corporate governance and legal norms, adheres to and strengthens professionalism, honest management and responsibilities. In addition, in response to the hacking and information security threats, Macronix has integrated information security into the corporate strategic systems and passed the ISO 27001, the international information security management system certification. In the future, we will implement the ISO management doctrine with a more rigorous attitude and continue to improve information security. All these efforts fully demonstrate Macronix's commitment and ability to achieve our sustainable development goals.

Looking forward to the future, the global economic recovery remains uncertain, and the environment is full of challenges. The situation can better display the resilience and adaptability of enterprises. Our management team will adopt a prudent attitude to undertake destocking, and continue to expand the high-quality application market. In addition, we will accelerate research and development, and work hard to create applications that are memory-centered and involve solid-state disks. Macronix will also create ultra-high-speed and ultra-high-density 3D memory solutions, and incorporate AI computing to meet the demand for in-memory computing solutions. This will help us secure new opportunities for our operations.

We are grateful for the long-term support extended by our shareholders. Macronix is determined to uphold the business philosophy of honesty. By adhering to our five major values, namely innovation, quality, efficiency, service, and teamwork, we have established and implemented corporate governance and risk management mechanisms to create a business environment that is conducive for sustainable development. We trust that our perseverance will be rewarded with light at the end of the economic downturn tunnel. We will be most delighted to share our operational results with employees, shareholders and customers!

Chairman: Miin Wu

President: C. Y. Lu

Chapter II. Company Overview

I. Date of Establishment

Macronix International Co., Ltd. was founded on December 9, 1989.

II. Company History

(I) Overview

Macronix was founded in Hsinchu Science Park, Taiwan, in 1989, and was the first company to be listed as a Category C technology stock in Taiwan in 1995. Macronix is a leading integrated device manufacturer of non-volatile memory (NVM) in the global market that provides a full range of NOR flash, NAND flash, and ROM products.

With its world-class R&D and manufacturing capabilities, Macronix continues to provide customers with the highest-quality, innovative, and high-performance products to apply in consumption, communication, computing, automotive electronics, networking, and other fields. Also, Macronix provides high-end application clients with superior -quality products.

Macronix currently owns one 12-inch wafer fab (FAB 5) and one 8-inch wafer fab (FAB 2). FAB 5 and FAB 2 are for Macronix's own-brand non-volatile memory products. Macronix will carry on developing more technologies and accelerating the implementation of the competitive advantage of its own-brand products. Moreover, it will continue to develop new products and strengthen its technologies, quality and service. Macronix strives for its sustainable management and the global competitiveness of Taiwan. Please refer to Milestone of Macronix website (URL: http://www.macronix.com).

(II) Mergers and Acquisitions, Reinvestment in Affiliated Companies, and Reorganization of the Company

1. Implementation of Major Mergers and Acquisitions: None.
2. Reinvestment in Affiliated Companies: Please refer to page 150 to 154 of this annual report for "Summary of Affiliated Companies".
3. Reorganization: None.

(III) Mass Transfer of Equity Which Made or Changed by Directors, Supervisors, or Major Shareholders Who are Holding More than 10% of Outstanding Shares:

None.

(IV) Major Changes of Ownership, Business Management or Operation: None.

(V) Other Major Matters Could Affect Shareholders' Equity and its Impact on the Company: None.

(VI) Milestones

Month/Year	Milestones
Dec. 1989	• Establishment of Macronix International Co., Ltd.
Dec. 1990	• Joint development of Mask ROM with NKK Corporation, Japan
Jan. 1991 Dec.	• Successfully developed the 256Kb and 512Kb EPROM • Revenue exceeded NT$100 million for the first time
May. 1992 Jun. Oct.	• Macronix's Flat Cell patent was granted by USPTO • Successful mass production of FAB 1: monthly production exceeded 5,000 wafers • Launched the first 4Mb Flash Memory in the world
Jun. 1993 Oct.	• Process technology migrated to 0.6um • Signed manufacturing cooperation agreement with TSMC
Jan. 1994 Feb.	• Announced the new product of R3000 RISC CPU • Grand opening of the Creation Building
Mar. 1995 Dec.	• First listed High-Tech company under Category C in Taiwan Stock Exchange ("TSE) • Grand opening of the Testing Plant and Recreation Hall
Mar. 1996 May. Dec.	• Completion of the world first 10/100M bps Ethernet and high-speed Ethernet BRIDGE CONTROLLER development • First Taiwanese company listed in Nasdaq, USA • Yearly revenue exceeded NT$10 billion
Feb. 1997 Mar. May. Sep. Oct.	• Issued the first ECB for approximately US$210 million • Mass production of FAB 2 • Company shares listed at TSE changed from Category C to Category A • Establishment of Investor Relations Office • Signed cooperation memorandum with Matsushita Electric Co., Ltd., Japan
Aug. 1998 Dec.	• Signed joint development agreement of 16Mb XA microcontroller with Philips Semiconductors • Completion of new organization structure for Y2000 challenges
Mar. 1999	• Grand opening of the new Headquarters Building
Feb. 2000 Aug. Dec.	• Jointly developing the world's first single chip solution for 32Mbyte Mask ROM with Infineon • Cooperated with Mitsubishi in mobile memory IC manufacturing • Strategic alliance with Tower Semiconductor Ltd., Israel
Aug. 2001 Dec.	• Establishment of Macronix Education Foundation • NT$300 million donation to National Tsing Hua University for its construction of "Learning Resource Center Building"
Jul. 2002 Oct.	• Grand opening of FAB 3. • Grand opening of Employee Dormitory with Recreation Facilities
May 2003	• Ruling in favor of Macronix against Atmel's US 4419747 patent
Apr. 2004 Jul.	• US$170 million GDR offering listed at Luxembourg • Joint development of the Phase Change Memory Technology with IBM
Mar. 2005 Jun. Nov.	• Mr. Miin Wu was elected as the Chairman of Macronix • Mass production of 150nm 3V Serial Flash products • Capital reduction resolved by the provisional shareholders meeting
Jan. 2006 May. Dec.	• FAB 3 Disposal documents signed • New shares listed at TSE after capital reduction • Five technical papers selected by 2006 International Electron Devices Meeting (IEDM), among which the paper with IBM and Qimonda AG regarding Phase Change Memory was highlighted by IEDM and ISSCC • Mass production of 100nm XtraROM®

Month/Year	Milestones
Jan. 2007	• Spun off four subsidiaries
Jul.	• Dr. C. Y. Lu was appointed as the President of Macronix
Aug.	• Mass production of 75nm XtraROM®
	• Mass production of 130nm 3V Serial Flash products
Oct.	• Macronix's ADR delisted from Nasdaq
	• Frost & Sullivan awarded Macronix with its 2007 Excellence in Research of the Year Award in the Asia Pacific Phase Change Memory Technologies Market
Oct. 2008	• Foundation-Laying Ceremony of Macronix's affiliated company in SuZhou Industrial Park, China was held
	• Mass production of 65nm XtraROM®
May. 2009	• Mass production of 110nm 3V Serial Flash products
Dec.	• Macronix was awarded of National Industrial Safety& Health Awards
Apr. 2010	• Acquisition of FAB 5
Jun.	• Two technical papers were selected by the Symposium on VLSI Technology, and among those the paper regarding 3D VG NAND Flash was selected as one of the 8 highlighted papers
Nov.	• Mass production of 75nm 3V Parallel Flash products
Dec.	• The unveiling ceremony of FAB 5
Feb. 2011	• Mass production of 110nm 1.8V Parallel Flash products
Mar.	• Mr. Miin Wu, Chairman & CEO of Macronix, was awarded with Honorary Doctorate by National Tsing Hua University
July.	• Mr. C. Y. Lu, President of Macronix, was awarded with the 2012 IEEE Frederik Philips Award
Sep.	• Macronix honored with the 2011 National Invention and Creation Award
Nov.	• Macronix was 1st in the ranking of patent strength in Taiwan's semiconductor industry and 18th in the world
Dec.	• Mass production of 75nm 1.8V Serial Flash products
	• Mass production of 75nm 3V NAND Flash products
Jan. 2012	• Mr. C. Y. Lu, President of Macronix was awarded with Special Distinguished Award of Physical Society of Republic of China
	• Mass production of 45 nm XtraROM®
Feb.	• Mass production of 75 nm 1.8V Parallel Flash products
Sep.	• Mass production of 75 nm 3V Serial Flash products
Oct.	• Macronix Received the 13th National Standardization Forward-looking Contribution Award
Apr. 2013	• Opening ceremony of the Macronix Building at National Tsing Hua University
	• Mr. C. Y. Lu, President of Macronix was awarded with Honorary Doctorate by National Chiao Tung University
Jul.	• Mr. C. Y. Lu, President of Macronix was awarded with ITRI Laureate
Dec.	• Mr. C. Y. Lu, President of Macronix was awarded with Presidential Science Prize
	• Macronix Education Foundation was awarded by the Ministry of Education with Outstanding Educational Foundation Award
Feb. 2014	• Mass production of 55 nm 3V Parallel Flash products
May.	• Mass production of 55 nm 3V Serial Flash products
	• Mass production of 36 nm 1.8V/3V NAND Flash products
Jun.	• Mass production of 32 nm XtraROM® products

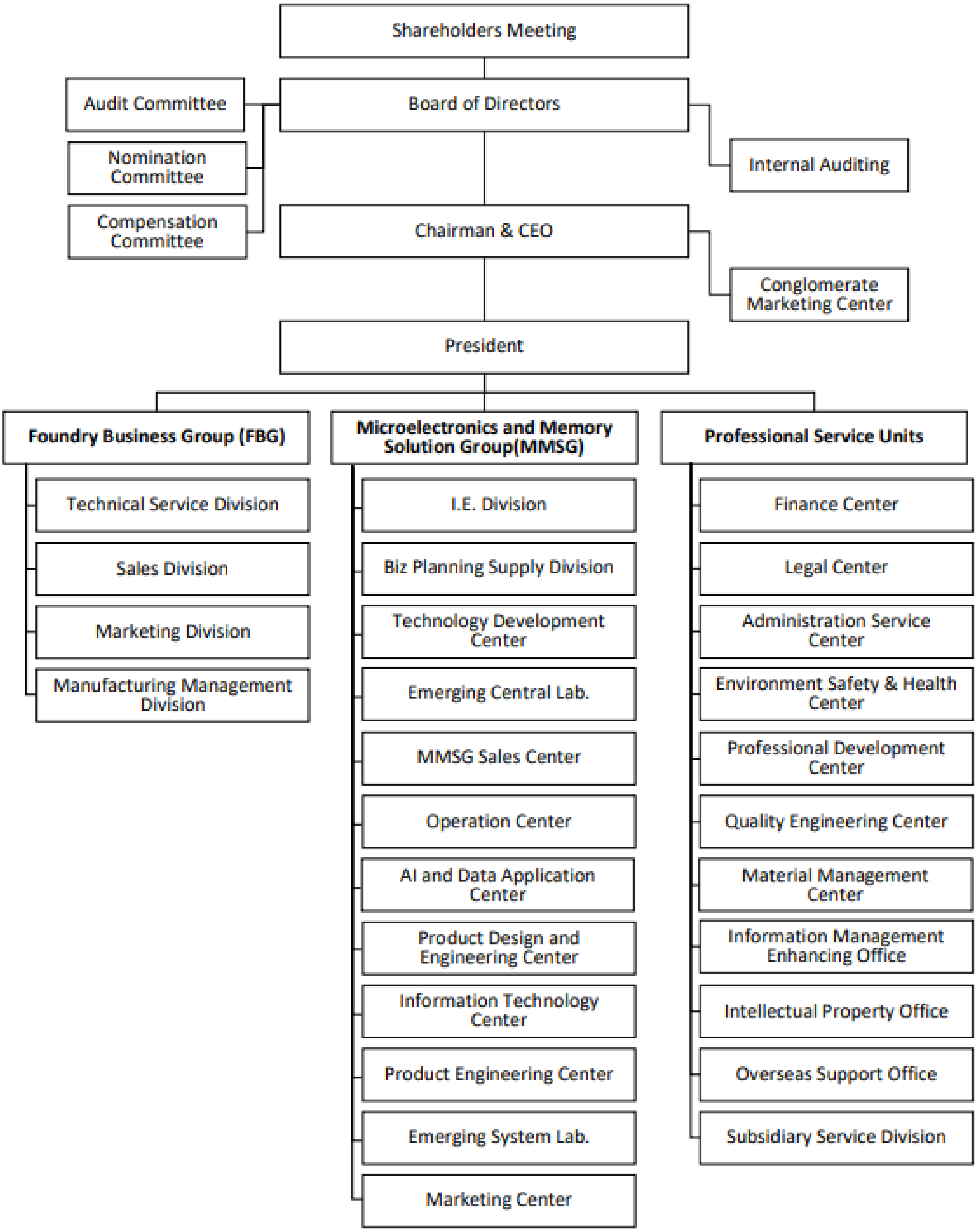
Month/Year	Milestones
Jun. 2015 Sep. Nov.	• Macronix ranked among the top 5% excellent companies in the first corporate governance evaluation of Listed Companies • Samples delivery of 55 nm 1.8V Serial Flash products • Mr. C. Y. Lu, President of Macronix was awarded with The World Academy of Sciences (TWAS) Prize in Engineering Sciences
Feb. 2016 Dec.	• Mass production of 55 nm 1.8V Serial Flash products • Mr. Miin Wu, Chairman & CEO of Macronix was awarded with Honorary Doctorate by National Cheng Kung University
May. 2017 Dec.	• Capital reduction plan resolved by the annual shareholders meeting • Mr. C. Y. Lu, President of Macronix, was awarded with the 19th "Outstanding Performance Award in the Field of Management of Technology" of Chinese Society for Management of Technology • Mr. Miin Wu, Chairman & CEO of Macronix, was awarded of Social Education Contribution Awards of the Ministry of Education
Apr. 2018 Jul. Nov.	• Mr. C. Y. Lu, President of Macronix was elected as Fellow of the US National Academy of Inventors • Mr. C. Y. Lu, President of Macronix was elected as Academician of Academia Sinica • Mr. C. Y. Lu, President of Macronix was awarded with Materials Technology Contribution Award of Materials Research Society Taiwan • Mr. Miin Wu, Chairman & CEO of Macronix was awarded with "Country Winner" and "Business Paradigm Entrepreneur" of EY Entrepreneur Of The Year
Feb. 2019 Mar. Dec.	• Mass production of 19 nm 3V NAND Flash products • Donation of NT$420 million to National Cheng Kung University for its construction of "Cheng Kung Innovation Center-MACRONIX Hall" • Mr. C. Y. Lu, President of Macronix was elected as Fellow of The World Academy of Sciences (TWAS) of 2020
May. 2020 Jun. Aug. Nov.	• Mr. Miin Wu, Chairman & CEO of Macronix was awarded with Honorary Doctorate by National Chiao Tung University • Donation of NT$100 million to National Cheng Kung University per year for the next ten years to establish the "School of Computing" • Sample delivery of 75 nm 1.2V Serial Flash products • Sample delivery of 19 nm 1.8V NAND Flash products
May. 2021 June. Aug. Sep. Nov.	• Mass production of 75nm 1.2V Serial Flash products • Mass production of 19nm 1.8V NAND Flash products • FAB 1 Asset Transaction Agreement signed • Mass production of 48-Layer 3D NAND Flash products • Mr. Miin Wu, Chairman & CEO of Macronix, was awarded of the 10th Industrial Technology Research Institute (ITRI) Laureate • Macronix was awarded of 2021 National Occupational Safety and Health Enterprise Benchmarking Award from the Occupational Safety and Health Administration of the Ministry of Labor
April. 2022 Dec.	• Mr. Miin Wu, Chairman & CEO of Macronix was awarded of 5th "Presidential Innovation Award". • Mr. Miin Wu, Chairman & CEO of Macronix was awarded of "Executive of the Year" of 2022 EE Awards Asia. • Samples delivery of 68 nm 1.2V Serial Flash products. • Mass production of 96-Layer 3D NAND Flash products.
Jan. 2023 Aug. Nov.	• Mass production of 45nm 3V Serial Flash products. • Sample delivery of 45 nm 1.8V Serial Flash products • Awarded the 19th National Sustainable Development Award by the National Council For Sustainable Development

(VII) ESG Milestones and Other Awards: Please refer to page 78 of this annual report.

Chapter III. Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Responsibilities and Functions of Major Departments

Unit	Functions
Internal Auditing	Audit in accordance with the annual audit plan and responsible for integrating internal control assessments and recommendations.
Conglomerate Marketing Center	Responsible for developing and planning marketing strategies for Macronix and its affiliated companies.
Microelectronics and Memory Solution Group (MMSG)	Responsible for the market analysis and planning for memory and microelectronics in line with the Macronix's development strategy, as well as the planning and leading related products' operation. It's also responsible for developing and/or controling critical advanced technologies for the manufacture of high-quality products to be provided to Macronix's customers.
Foundry Business Group (FBG)	The business unit with marketing, manufacturing, and sales capacity to provide professional wafer foundry services to Macronix or third party.
Professional Service Units	Responsible for finance, legal, administration, environmental safety & health, human resource, quality engineering and/or procurement as well as related services.

II. Profile of Directors, Supervisors, the President, Vice Presidents, Assistant Managers, and Department Directors

(I) Directors and Supervisors

1. Profile of Directors and Supervisors

February 29, 2024

Title	Nationality or Place of registration	Name	Gender/Age	Date Elected	Term (yrs)	Date First Elected	Shareholding When Elected		Shares currently held		Shares held by spouse and underage children		Education/ work experience	Other positions at the Company or elsewhere
							Shares	%	Shares	%	Shares	%		
Chairman	R.O.C	Miin Wu (Note 1)	Male 75	2022.05.27	3	1989.11.25	13,200,809	0.71%	13,440,809	0.72%	None	None	M.S. degree in Material Science and Engineering from Stanford University	Chairman & CEO of Macronix International Co., Ltd. Director of Macronix America, Inc. Director of Macronix (BVI) Co., Ltd. Representative (Director) of Hui Ying Investment Ltd. Representative (Director) of Run Hong Investment Ltd. Chairman of Mxtran Inc. Director of Phoenix 3 Venture Capital Co., Ltd. Director of Phoenix 4 Venture Capital Co., Ltd. Director of Macronix Europe N.V. Director of Macronix (Hong Kong) Co., Ltd. Executive Director of Macronix Microelectronics (Suzhou) Co., Ltd. Director of Macronix (Asia) Limited Managing Director of Eastern Electronics Co., Ltd.
Director	R.O.C	Shun Yin Investment Ltd.	-	2022.05.27	3	2004.06.18	22,587,265	1.22%	22,587,265	1.22%	None	None	None	None
	Japan	Representative: Ikuo Yamaguchi	Male 56	2022.05.27	3	2021.06.30	None	None	None	None	None	None	BS in electronics engineering from Kogakuin University	Officer / General Manager, Sensor Development Department, MegaChips Corporation
Director	R.O.C	C. Y. Lu	Male 73	2022.05.27	3	2003.04.18	2,815,766	0.15%	2,941,766	0.16%	None	None	PhD degree in Physics from Columbia University	President of Macronix International Co., Ltd. Chairman of Macronix America, Inc. Director of Macronix Europe N.V. Director of Macronix (Hong Kong) Co., Ltd. Chairman & CEO of Ardentec Corporation Director of Ardentec Korea Co., Ltd. Director of Ardentec Korea Co., Ltd. Director of Ardentec Singapore Pte. Ltd. Representative (Chairman) of Sheng Tang Investment Co., Ltd. Representative (Chairman) of Ardentec Semiconductor Co. Ltd. Representative (Chairman) of Giga Solution Tech. Co., Ltd. Independent Director of Hong Tai Electric Industrial Co. Ltd. Director of Feng Chia University
Director	R.O.C	Achi Capital Limited (Note2)	-	2022.05.27	3	2010.06.09	902,456	0.05%	902,456	0.05%	None	None	None	Director of Mxtran Inc.
	R.O.C	Representative: Stacey Lee	Female 64	Omitted	Omitted	2007.06.29	Omitted	Omitted	19,446	0.00%	None	None	PhD degree in Law, University of the Pacific	Representative (Director) of Mxtran Inc. Adjunct Professor of National Chiao Tung University Adjunct Associate Professor of Soochow University
Director	R.O.C	Chien Hsu Investment Corporation (Note3)	-	2022.05.27	3	2016.06.16	811,421	0.04%	811,421	0.04%	None	None	None	Director of ZOWIE Technology Corporation Director / supervisor of Homey Consulting Corp.
	R.O.C	Representative: Ching-Yun Li	Female 81	Omitted	Omitted	2019.07.26	Omitted	Omitted	1,441,799	0.08%	None	None	Public relations from Shih Hsin School of Journalism	Chairman of Chien Hsu Investment Corporation Representative (Chairman) of Homey Consulting Corp.

Title	Nationality or Place of registration	Name	Gender/Age	Date Elected	Term (yrs)	Date First Elected	Shareholding When Elected		Shares currently held		Shares held by spouse and underage children		Education/ work experience	Other positions at the Company or elsewhere
							Shares	%	Shares	%	Shares	%		
Director	R.O.C	Che-Ho Wei	Male 77	2022.05.27	3	2016.06.16	None	None	None	None	None	None	Ph. D. degree in electronic engineering from the University of Washington, Seattle, USA.	Independent Director of Sunplus Technology Co., Ltd.
Director	R.O.C	Yan-Kuin Su	Male 75	2022.05.27	3	2007.06.29	None	None	None	None	None	None	PhD degree in electrical engineering from National Cheng Kung University	Independent Director of Himax Technologies, Inc Independent Director of Epileds Technologies.Inc Honorary Professor of National Cheng Kung University Professor of Kun Shan University Chief Director of Kun Shan University Green Energy Technology Research Center Dean of Academy of Innovative Semiconductor and Sustainable Manufacturing of National Cheng Kung University
Director	R.O.C	Sung-Jen Fang	Male 56	2022.05.27	3	2022.05.27	370,159	0.02%	375,159	0.02%	60,000	0.00%	PhD degree in Material Science and Engineering from Stanford University	Director of TECO Image Systems Co., Ltd. Director of TECO Electric & Machinery Co., Ltd. Independent Director of Scientech Corporation
Director	R.O.C	Tom Yiu	Male 71	2022.05.27	3	1995.06.05	6,657,322	0.36%	6,681,322	0.36%	1,272,084	0.07%	M.S. degree in Electronic Engineering from University of California, Berkeley	Senior V.P. & Chief Marketing Officer of Macronix International Co., Ltd. Director of Macronix America, Inc. Representative (Director) of Mxtran Inc. Director of SiTime Corporation Independent Director of Chipbond Technology Corporation
Director	R.O.C	F. L. Ni	Male 65	2022.05.27	3	2007.06.29	1,983,933	0.11%	2,067,933	0.11%	340,333	0.02%	M.S. degree in Electronic Engineering from University of Michigan	Vice President of Macronix International Co., Ltd. Chairman of Macronix Europe N.V. Director of Macronix Pte Ltd. Director of Macronix (Hong Kong) Co., Ltd. Director of Wolley Inc.
Director	R.O.C	Hui Ying Investment Ltd. (Note4)	-	2022.05.27	3	2001.04.19	1,956,619	0.11%	1,956,619	0.11%	None	None	None	None
	R.O.C	Representative: Paul Yeh	Male 67	Omitted	Omitted	2007.07.18	Omitted	Omitted	2,730,174	0.15%	4,985	0.00%	MBA, degree in Business Administration of National Chengchi University	Vice President of Macronix International Co., Ltd. Director of New Trend Technology Inc. Director of Macronix Europe N.V. Director of Macronix (Hong Kong) Co., Ltd. Representative (supervisor) of Mxtran Inc.
Independent Director	R.O.C	Tyzz-Jiun Duh	Male 64	2022.05.27	3	2019.06.18	None	None	None	No/ne	None	None	Ph.D., Institute of Forestry, National Taiwan University	Independent Director of USI Corporation Independent Director of China Development Financial Holding Corp. Independent Director of CDIB Capital Group Independent Director of Walsin Lihwa Corporation
Independent Director	R.O.C	Chiang Kao	Male 71	2022.05.27	3	2007.06.29	None	None	None	None	None	None	Ph.D. degree in Forest Management from Oregon State University	Honorary Professor of Department of Industrial and Information Management of National Cheng Kung University

Title	Nationality or Place of registration	Name	Gender/Age	Date Elected	Term (yrs)	Date First Elected	Shareholding When Elected		Shares currently held		Shares held by spouse and underage children		Education/ work experience	Other positions at the Company or elsewhere
							Shares	%	Shares	%	Shares	%		
Independent Director	R.O.C	Cheng-Wen Wu	Male 65	2022.05.27	3	2022.05.27	None	None	None	None	4,000	0.00%	PhD degree in Electrical and Computer Engineering from University of California, Santa Barbara	President of Southern Taiwan University of Science and Technology Independent Director of Global Unichip Corp. Independent Director of M31 Technology Corporation
Independent Director	R.O.C	Chien-Kuo Yang	Male 65	2022.05.27	3	2022.05.27	None	None	None	None	None	None	B.S. degree in International Trade from Tamkang University	CPA of Diwan & Company Accounting Firm. Chairman of Diwan International Management Consulting Inc. Independent Director of Leadtrend Technology Corporation Independent Director of Andes Technology Corporation Chairman of Tien Da Investment Co., Ltd.

Note 1: Where the chairman and president or equivalent position (the highest-level of the managerial officer) is the same person, the reasonableness, necessity, and response measures must be disclosed:

Mr. Miin Wu founded Macronix in 1989 and served as its President, who has been elected as the Chairman since 2005 and successfully had Macronix become the global leader in non-volatile memory (NVM) with his breadth of vision and innovative business strategy. In 2022, he was elected as the chairman and CEO of the 12th term of the Board of Directors. Considering that Macronix has four independent directors, and more than half of its directors are non-employees nor managers of Macronix, the independence of the Board of Directors can be ensured. Also, to continue the forward-looking and innovative business philosophy, and to maintain Macronix's worldwide reputation, image, and competitiveness, it is reasonable and necessary to have Chairman Miin Wu continue to serve concurrently as Macronix's highest level manager (CEO) to improve the operational efficiency and decision-making, and further enhance its value.

Note 2: Ms. Stacey Lee was appointed to attend the 12th Term of the Board of Directors and represent the company exercising any and all Director's rights thereof.

Note 3: Ms. Ching-Yun Li was appointed to attend the 12th Term of the Board of Directors and represent the company exercising any and all Director's rights thereof.

Note 4: Mr. Paul Yeh was appointed to attend the 12th Term of the Board of Directors and represent the company exercising any and all Director's rights thereof.

Note 5: Directors held shares by nominee arrangement: Mr. Sung-Jen Fang in the name of other persons held a total of 60,000 of the Company's shares, constituting 0.00% of shareholding; other directors: none.

Note 6: Managers or Directors who are spouses or within second-degree relative of consanguinity to the directors: None.

Major Shareholders of Institutional Shareholders

Name of institutional shareholder	Major shareholders of institutional shareholders
Shun Yin Investment Ltd.	MegaChips Corporation (Japan) (100%)
Achi Capital Limited	Top Harvest Investment Ltd. (Samoa) (100%)
Chien Hsu Investment Corporation	Ching-Yun Li (47.74%) Pao-Yueh Chang (16.00%) Jui-Wen Hu (13.34%) Ting-Chen Hu (13.34%) Chih-To Lee (4.04%) Chih-Te Yeh (1.83%) Guang-Hui Chu (1.75%) Mei-Chih Chen (1.36%) Hsiu-Chu Lin (0.60%)
Hui Ying Investment Ltd.	Macronix International Co., Ltd. (100%)

Major Shareholders Who are Institutional Investors and Their Major Shareholders

Name of institutional shareholder	Major shareholders of institutional shareholders
MegaChips Corporation (Japan)	The Master Trust Bank of Japan, Ltd. (Trust Account) (10.60%) Shindo Co., Ltd. (6.74%) Shindo and Associates (6.74%) Custody Bank of Japan, Ltd. (Trust Account) (3.65%) Masahiro Shindo (3.01%) GOVERNMENT OF NORWAY (City Bank, N.A. Tokyo Branch, Permanent Agent) (2.97%) Ritsuko Shindo (2.92%) The Bank of New York 133652 (Standing proxy Mizuho Bank, Ltd. Settlement Sales Department) (2.83%) Noriko Matsui (2.76%) Mika Aoki (2.69%)
Top Harvest Investment Ltd. (Samoa)	Hannah Chen (100%)
Macronix International Co., Ltd.	Syue-Rong Shen (2.93%) Yuanta/P-shares Taiwan Dividend Plus ETF (2.68%) Cathay Life Insurance (2.40%) New Labor Pension Fund (2.17%) Robeco Capital Growth Funds (1.35%) Mercuries Life Insurance Co., Ltd. (1.29%) Shun Yin Investment Ltd. (1.22%) JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds (1.17%) Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.03%) Morgan Stanley & Co. International Plc (0.94%)

2. Disclosure of the Professional Qualifications of Directors and Supervisors and the Independence of Independent Directors

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
Miin Wu	Chairman Miin Wu is the founder of Macronix, Before that, Mr. Wu served in several semiconductor companies, such as VLSI Technology Inc., Intel Corp., Rockwell International, and Siliconix Inc. He is currently the chairman and CEO of Macronix and the chairman of Mxtran Inc., the subsidiary of Macronix. He has over 30-year experience in the field of semiconductors and the background in industry technology and marketing. Mr. Miin Wu graduated with an MS in Material Science and Engineering from Stanford University, and has earned many recognitions including the Premier Award on Contemporary Business Leader (Taiwan Business Weekly), Top Executive(Electronic Business Asia), The 25 Industry executives who made a difference (Electronic Buyers News), Cover People of Forbes, Outstanding Contribution Award (The Electronics Devices and Materials Association), and The Stars of Asia (Business Week). He was also awarded an "Honorary Doctorate" by National Chiao Tung University, National Cheng Kung University, and National Tsing Hua University, "Outstanding Achievement Award" by National Cheng Kung University and "Outstanding Alumni Award" by National Taichung First Senior High School, "Outstanding Entrepreneur" by the General Chamber of Commerce of the R.O.C., a Fellow and "Outstanding Performance Award in the Field of Management of Technology" of Chinese Society for Management of Technology, "Professor Shen Wenzen Memorial Award" for his outstanding contribution to the integrated circuits and system design fields. In addition, he received the Social Education Contribution Awards from Ministry of Education, "Country Winner" and "Business Paradigm Entrepreneur" from EY Entrepreneur Of The Year, "Digital Transforming Leader Award" from Harvard Business Review, Industrial Technology Research Institute (ITRI) Laureate, "Lifetime Achievement Award" from Global Views Leaders Forum, "Presidential Innovation Award" and the "Executive of the Year" from EE Awards Asia.	1. Concurrently serves as the CEO of Macronix and a director with managerial status. 2. Concurrently serves as directors of the subsidiaries of Macronix. 3. Serves as directors of companies that have specific relationships with Macronix, according to Article 3, Paragraph 1, Subparagraphs 5 and 7 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 4. Except for 1, 2, and 3, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
Shun Yin Investment Ltd. (Note 2) Representative: Ikuo Yamaguchi	Director Ikuo Yamaguchi graduated with a BS in Electronics Engineering from Kogakuin University and has a background in industry technology. Mr. Yamaguchi is currently the appointed representative of Shun Yin Investment Ltd., the elected director of Macronix and MegaChips Corporation's investment company. Previously, he held positions as a director of MegaChips Corporation and the head of the 1st Business Division of ASIC. Currently, Mr. Yamaguchi is an Officer / General Manager, Sensor Development Department, MegaChips Corporation	1. A corporate shareholder who holds more than 1% of Macronix's outstanding shares, and is one of the top ten major shareholders. 2. Serves as the representative appointed by the corporate director of Macronix. 3. Serves as director of companies that have specific relationships with Macronix, according to Article 3, Paragraph 1, Subparagraph 5 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 4. Except for 1, 2, and 3, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
C. Y. Lu	Director C. Y. Lu has a PhD degree in Physics from Columbia University, and was previously the president of Vanguard International Semiconductor Corporation. He has a background in industry technology, education, and marketing. Mr. Lu has worked as a professor at National Chiao Tung University and participated in the research of the Bell Labs. He has also served as the deputy director of the Electronics Research & Service Organization (ERSO), Industrial Technology Research Institute (ITRI) and was responsible for the Submicron Project of the Ministry of Economic Affairs, in which he successfully developed the first 8-inch high-density DRAM/SRAM manufacturing technology in Taiwan. He has been the president of Macronix and is currently the chairman and CEO of Ardentec Technology Inc. Mr. Lu has been fellow of the Institute of Electrical and Electronics Engineers (IEEE), the American Physical Society (APS), and the Chinese Society for Management of Technology. Mr. Lu has received many honors, such as the 2012 IEEE Frederik Philips Award, the IEEE Millennium Medal, the National Science and Technology Medal from the Executive Yuan, the Outstanding Research Award from Pan Wen Yuan Foundation, the Special Contribution Award from the Physical Society of Taiwan, the Golden Merchants Award from the General Chamber of Commerce of R.O.C., the Outstanding Alumni Award from National Taiwan University, an Honorary Doctorate from National Chiao Tung University, the ITRI Laureate, the Presidential Science Prize from the Ministry of Science and Technology, the Engineering Sciences Award from the World Academy of Sciences (TWAS), the Technology Management Award from the Chinese Society for Management of Technology, Fellow of the National Academy of Inventors, the Academician of Academia Sinica, the Materials Technology Contribution Award from the Materials Research Society-Taiwan (MRS-T), and the Fellow of the World Academy of Sciences (TWAS).	1.Serves as the president of Macronix and a director with the status of a managerial officer. 2.Concurrently serves as directors of the subsidiaries of Macronix. 3.Serves as directors of companies that have specific relationships with Macronix, according to Article 3, Paragraph 1, Subparagraph 7 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 4.Except for 1, 2, and 3, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
Achi Capital Limited (Note 2) Representative: Stacey Lee	Director Stacey Lee graduated with a JD from University of the Pacific and has received attorney licenses by passing Bar Examinations in Taiwan and California respectively; she has over 40-year experience in the practice of law and qualifications of a patent attorney and an arbitrator. Mrs. Lee also served as the consultant of Straits Exchange Foundation, a commissioner of the Trade Commission of the Chinese National Federation of Industries, a consultant to the Domain Name Review Committee of the Institute for Information Industry, Lecturer of the Judicial Officer Training Workshop, legal consultant to the Institute for Information Industry, and consultant to many institutions, including the Taiwan Invention Association, the VDU Office of the Ministry of Economic Affairs. She also served as the chairperson of the North Area Fellowship and the director of the Council for Industrial and Commercial Development, chairperson of the Cross-Strait Affair Committee and a committed member of the Board of Council of the Taiwan Patent Attorneys Association. Furthermore, Mrs. Lee served as an associate professor at Tamkang University and Central Police University, and was an international senior partner of Baker McKenzie. Furthermore, Mrs. Lee served as the Legislator of the 8th and 10th Legislative Yuan of Republic of China (Taiwan) and has more than 30-year teaching experience as a professor or adjunct professor at National Chiao Tung University and an adjunct professor at Soochow University, and specialized in cross border transactions, intellectual property, venture capital, incorporation, corporate financing, securities, mergers and acquisitions, licensing and negotiation, international dispute, as well as financing. Mrs. Lee has often been invited to participate in various domestic and/or foreign financial, technological, legal, international political and economic forums, interviews as well as related media events. She has also been a commentator on TV shows. In short, Mrs. Lee has a solid background in the industry technology, law, education, and public relations.	1. Serves as appointed representatives of the entity directors of Macronix. 2. Serves as a representative of the companies that have specific relationships with Macronix, according to Article 3, Paragraph 1, Subparagraph 7 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 3. Except for 1 and 2, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"	0

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
Chien Hsu Investment Corporation (Note 3) Representative: Ching-Yun Li	Director Ching-Yun Li graduated from the Department of Public Relations, Shih Hsin University. She is currently the chairman and the appointed representative of Chien Hsu Investment Corporation. She also serves as the appointed representative of Homey Consulting Corp., who specializes in public relations.	1. Serves as appointed representative of the legal entity elected as the juridical persons that are director of Macronix. 2. Serves as director of companies that have a specific relationship with Macronix, according to Article 3, Paragraph 1, Subparagraph 5 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 3. Except for 1 and 2, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0
Che-Ho Wei	Director Che-Ho Wei graduated with a PhD in Electronic Engineering from the University of Washington and has a background in industry technology and education. He has been the vice president of National Chiao Tung University and the director of Arcadyan Technology Corporation. Currently serves as an Independent Director of Sunplus Technology Co., Ltd.	1. Serves as directors of a companies that have specific relationships with Macronix, according to Article 3, Paragraph 1, Subparagraph 7 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 2. Except for 1, the rest all meet the independence requirements set in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
Yan-Kuin Su	Director Yan-Kuin Su graduated with a PhD in electrical engineering from National Cheng Kung University, and has passed the Civil Service Senior Examination of the Construction Personnel, Electrical Engineering Division, Electric Power Section; Mr. Su has a background in industry technology and education. He has been a professor of the Department of Electrical Engineering at National Cheng Kung University and the president of Kun Shan University. Also, he has been an academician of the IEEE. Mr. Su is currently the dean of Academy of Innovative Semiconductor and Sustainable Manufacturing at National Cheng Kung University, emeritus chair professor at National Cheng Kung University and a chair professor at Kun Shan University.	1. Serves as directors of companies that have specific relationships with Macronix, according to Article 3, Paragraph 1, Subparagraph 7 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 2. Except for 1, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Sung-Jen Fang	Director Sung-Jen Fang has a PhD in Material Science and Engineering from Stanford University, and formerly worked in the R&D department of Texas Instruments. He formerly held the position of vice president at United Microelectronics Corporation and adjunct assistant professor at Yuan Ze University. He is currently the chairman of Darwin Venture Management, and has a background in industrial technology, financial accounting, education, and marketing.	1. A relative within the second degree of kinship was a director of the Company within the two years before the appointment. 2. The rest all complies with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
Tom Yiu	Director Tom Yiu graduated with an MS in Electrical Engineering from the University of California, Berkeley, and was previously the Company's COO. He is currently the Company's senior vice president and chief marketing officer, and is the representative of the Company's legal entity director and subsidiary Mxtran Inc. Before joining Macronix, Mr. Yiu has worked in many IC design companies in the United States, such as VLSI Technology Inc, and founded Dynasty Technology Inc. As a result, he has acquired vast experience in memory R&D, design, and marketing, with nearly 100 patents in the United States, Europe, Japan, and Taiwan, etc., and has a background in industrial technology and marketing.	1. Serves as the senior vice president and the chief marketing officer of Macronix and a director with the status of a managerial officer. 2. Concurrently serves as directors of the subsidiaries of Macronix. 3. Serves as a director of a company that has a specific relationship with Macronix, according to Article 3, Paragraph 1, Subparagraph 7 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 4. Except for 1, 2, and 3, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
F. L. Ni	Director F. L. Ni graduated with an MS in Electrical Engineering from the University of Michigan and has a background in industry technology. Mr. Ni is currently the vice president of the Microelectronics and Memory Solution Group of Macronix and the director of its subsidiary Macronix (Hong Kong) Co., Ltd.	1. Serves as the vice president of Macronix and a director with the status of a managerial officer. 2. Concurrently serves as directors of the subsidiaries of Macronix. 3. Serves as directors of companies that have specific relationships with Macronix, according to Article 3, Paragraph 1, Subparagraph 7 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 4. Except for 1, 2, and 3, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
Hui Ying Investment Ltd. (Note 4) Representative: Paul Yeh	Director Paul Yeh graduated with an MBA from National Chengchi University and has a background in industry technology and financial accounting. Mr. Yeh is the vice president of the Financial Center of Macronix and the appointed representative of Hui Ying Investment Ltd., a juridical person that is a director of Macronix. He has over 30-year vast experience in financial management. He was awarded the 13th edition of the Outstanding Financial Manager from the Chinese Professional Management Association in 1995.	1. Serves as the appointed representative director of Macronix. 2. Serves as the vice president of Macronix and a director with the status of a managerial officer. 3. Concurrently serves as directors of the subsidiaries of Macronix. 4. Serves as supervisors of companies that have specific relationships with Macronix, according to Article 3, Paragraph 1, Subparagraph 7 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 5. Except for 1, 2, 3, and 4, the rest all meet the independence requirements in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Tyzz-Jiun Duh	Independent Director Tyzz-Jiun Duh graduated with a PhD in forestry from National Taiwan University and has a background in industry technology and education. He has been the Vice Premier of R.O.C., the Minister of the National Development Council, and an adjunct professor at Soochow University. He is currently a consultant of the Taiwan Electrical and Electronic Manufacturers' Association, and possesses a background in industrial technology and education.	Independent directors have signed the independent director statement (during their service term) for the Company, and were verified to be in compliance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", which was reported to the board of directors in 2024 Q1.	3

Criteria / Name	Professional Qualifications and Work Experiences (Note 1)	Independence Criteria	Number of Other Public Companies in which Serves Concurrently as an Independent Directors
Chiang Kao	Independent Director Chiang Kao graduated with a PhD in forest management from Oregon State University and has a background in industry technology, financial accounting, and education. He has been the president of National Cheng Kung University and a professor at the Department of Computer Science of Texas State University and is currently a chair professor of the Honorary Professor of Department of Industrial and Information Management at National Cheng Kung University, and possesses a background in industrial technology, financial accounting, and education.	Independent directors have signed the independent director statement (during their service term) for the Company, and were verified to be in compliance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", which was reported to the board of directors in 2024 Q1.	0
Cheng-Wen Wu	Independent Director Cheng-Wen Wu has a PhD in Electrical Engineering and Computer Engineering from the University of California, Santa Barbara. He was formerly the dean of the College of Electrical Engineering and Computer Science and vice president of National Tsing Hua University, and vice president of National Cheng Kung University. He is currently the president of Southern Taiwan University of Science and Technology and serves as an Independent Director for Global Unichip Corp. and M31 Technology Corporation. He has a background in industrial technology and education.	Independent directors have signed the independent director statement (during their service term) for the Company, and were verified to be in compliance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", which was reported to the board of directors in 2024 Q1.	2
Chien-Kuo Yang	Independent Director Chien-Kuo Yan has a bachelor degree in international trade from Tamkang University, has passed the national entrance examination for accountants, was previously an accountant at Ernst & Young, Taiwan, and is currently an accountant at Diwan & Company, the chairperson of Diwan International Management Consulting Inc., and the chairperson of Tien Da Investment Co., Ltd. He has a background in industrial technology and financial accounting.	Independent directors have signed the independent director statement (during their service term) for the Company, and were verified to be in compliance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", which was reported to the board of directors in 2024 Q1.	2

Note 1: None of the directors and the appointed representatives appoint by the directors of the legal person has been in or is under any circumstances stated in Article 30 of the Company Act.

Note2: Mrs. Stacey Lee was appointed to attend the 12th term of the Board of Directors and represent the company exercising any and all of a director's rights thereof.

Note 3: Mrs. Ching-Yun Li was appointed to attend the 12th term of the Board of Directors and represent the company exercising any and all of a director's rights thereof.

Note 4: Mr. Paul Yeh was appointed to attend the 12th-term Board of Directors, and represent the company exercising any and all director's rights thereof.

3. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors:

Board diversity goals and implementation are as follows:

- The Board of Directors is required to have members with professional knowledge, technology, or experience in, at a minimum, industrial technology, law, and accounting, in which more than half of all directors must have a background or experience in industrial technology, at least 1 director must be a legal expert, and at least 1 director must be an accounting expert.
- The Board of Directors is required to have members of different gender.

The abilities possessed by the Board of Directors as a whole meets the Company's needs for future development and comply with the Board diversity policy. Implementation of the Board diversity objectives in 2023 is as follows:

- Over 90% of directors have a background or experience in industrial technology, in addition to that, 1 has a background in law, 4 have a background in accounting, 8 have a background in education, 4 have a background in marketing, and 2 has a background in public relations.
- 2 of the 15 directors are female.

Name	Gender	Professional Background					
		Industrial Technology	Law	Financial Accounting	Education	Marketing	Public Relations
Miin Wu	Male	✓				✓	
Shun Yin Investment Ltd. Representative: Ikuo Yamaguchi	Male	✓					
C. Y. Lu	Male	✓			✓	✓	
Achi Capital Limited Representative: Stacey Lee	Female	✓	✓		✓		✓
Chien Hsu Investment Corporation Representative: Ching-Yun Li	Female						✓
Che-Ho Wei	Male	✓			✓		
Yan-Kuin Su	Male	✓			✓		
Sung-Jen Fang	Male	✓		✓	✓	✓	
Tom Yiu	Male	✓				✓	
F. L. Ni	Male	✓					
Hui Ying Investment Ltd. Representative: Paul Yeh	Male	✓		✓			
Tyzz-Jiun Duh	Male	✓			✓		
Chiang Kao	Male	✓		✓	✓		
Cheng-Wen Wu	Male	✓			✓		
Chien-Kuo Yang	Male	✓		✓			

(2) Independence of the Board of Directors

There are 4 independent directors among all the 15 directors, which is 26.67% of the Board of Directors. None of the directors (including independent directors) is a spouse or a relative within two generations of other directors. Please refer to page 14 of this annual report for the independence of the Board of Directors.

4. Succession Plan for Board Members and Management

(1) Succession Plan for Board Members

The Company's Articles of Incorporation clearly state that the candidate nomination system is used for director election. Board composition is planned in accordance with the Corporate Governance Principles, Regulations for Director/Supervisor Election, and Nomination Committee Charter, and professionals in industrial technology, law, and accounting are recruited in coordination with the Company's development blueprint and Board diversity policy. Besides irregularly providing directors with continuing education information, the Company regularly schedules directors to take continuing education courses, which include corporate governance, internal control system, and financial reporting responsibility. Completion of such courses will continue to improve directors' professional knowledge and skills, and provide for director succession planning and candidates arrangements.

(2) Succession Plan for Management

Courses for supervisors are offered every year to train managers at all levels and cultivate sufficient managerial talent. Senior executives periodically participate in important cross-departmental business and strategy planning meetings with the president. Discussions during the meetings serve as the basis for establishing the succession team. We also established a talent pool system to examine high-potential talent at any time, and accurately select a succession team.

(II) President, Vice Presidents, Assistant Managers, and Department Directors

February 29, 2024

Title	Nationality	Name	Gender	Date appointed	Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is a spouse or a relative within second degree		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	R.O.C	Miin Wu (Note 1)	Male	2007.07.30	13,440,809	0.72%	None	None	None	None	M.S. degree in Material Science and Engineering from Stanford University	Director of Macronix America, Inc. Director of Macronix (BVI) Co., Ltd. Representative (Director) of Hui Ying Investment Ltd. Representative (Director) of Run Hong Investment Ltd. Director of Phoenix 3 Venture Capital Co., Ltd. Director of Phoenix 4 Venture Capital Co., Ltd. Chairman of Mxtran Inc. Director of Macronix Europe N.V. Director of Macronix (Hong Kong) Co., Ltd. Executive Director of Macronix Microelectronics (Suzhou) Co., Ltd. Director of Macronix (Asia) Limited Managing Director of Eastern Electronics Co., Ltd.	None	None	None
President	R.O.C	C. Y. Lu	Male	2007.07.30	2,941,766	0.16%	None	None	None	None	PhD degree in Physics from Columbia University	Chairman of Macronix America, Inc. Director of Macronix Europe N.V. Director of Macronix (Hong Kong) Co., Ltd. Chairman & CEO of Ardentec Corporation Director of Ardentec Korea Co., Ltd. Director of Ardentec Singapore Pte. Ltd. Representative (Chairman) of Sheng Tang Investment Co., Ltd. Representative (Chairman) of Ardentec Semiconductor Co. Ltd. Representative (Chairman) of Giga Solution Tech. Co., Ltd. Independent Director of Hong Tai Electric Industrial Co., Ltd. Director of Feng Chia University	None	None	None
Senior Vice President & Chief Marketing Officer	R.O.C	Tom Yiu	Male	2007.01.01	6,681,322	0.36%	1,272,084	0.07%	None	None	M.S. degree in Electronic Engineering from University of California, Berkeley	Director of Macronix America, Inc. Representative (Director) of Mxtran Inc. Director of SiTime Corporation Independent Director of Chipbond Technology Corporation	None	None	None
Vice President	R.O.C	F. L. Ni	Male	2006.06.27	2,067,933	0.11%	340,333	0.02%	None	None	M.S. degree in Electronic Engineering from University of Michigan	Chairman of Macronix Europe N.V. Director of Macronix Pte Ltd. Director of Macronix (Hong Kong) Co., Ltd. Director of Wolley Inc.	None	None	None
Vice President	R.O.C	Paul Yeh	Male	2007.10.30	2,730,174	0.15%	4,985	0.00%	None	None	MBA degree in Business Administration, of National Chengchi University	Director of New Trend Technology Inc. Director of Macronix Europe N.V. Director of Macronix (Hong Kong) Co., Ltd. Representative (supervisor) of Mxtran Inc.	None	None	None

Title	Nationality	Name	Gender	Date appointed	Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is a spouse or a relative within second degree		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice President	R.O.C	Yen-Hie Chao	Male	2013.05.02	1,616,541	0.09%	35,108	0.00%	None	None	B.S. degree in Materials Science and Engineering of National Tsing Hua University	Representative (Director) of Ardentec Corporation	None	None	None
Vice President	R.O.C	Chun-Hsiung Hung	Male	2015.10.28	598,593	0.03%	2,833	0.00%	None	None	M.S. degree in Electronics Engineering of National Chiao Tung University	None	None	None	None
Vice President	R.O.C	Jui-Kun Chen	Male	2016.12.20	548,040	0.03%	None	None	None	None	M.S. degree in Accounting of National Taiwan University	None	None	None	None
Vice President	R.O.C	Jon-Ten Chung	Male	2018.02.01	751,774	0.04%	158,059	0.01%	None	None	M.S. degree in Economics of University of Arizona	Director of Macronix Pte Ltd. Director of Macronix Europe N.V. Director of Macronix (Hong Kong) Co., Ltd.	None	None	None
Vice President	R.O.C	Kuang-Chao Chen	Male	2022.02.25	921,448	0.05%	1,511	0.00%	None	None	M.S. degree in Chemistry of National Sun Yat-sen University	None	None	None	None
Head of Emerging R&D	R.O.C	Ke-Zhong Wang	Male	2022.02.25	155,534	0.01%	None	None	None	None	PhD in Physics of California Institute of Technology	None	None	None	None
Senior Associate V.P.	R.O.C	Wen-Pin Lu	Male	2022.02.25	440,037	0.02%	None	None	None	None	M.S. degree in Electronic Engineering of National Taiwan University	None	None	None	None
Executive Director	R.O.C	Hsin-Cheng Liu	Male	2020.04.28	76,442	0.00%	None	None	None	None	M.S. degree in Chemical Engineering of National Tsing Hua University	None	None	None	None
Executive Director	R.O.C	Kai-Wen Tu	Male	2020.04.28	92,577	0.00%	None	None	None	None	PhD degree in statistics of National Chiao Tung University	None	None	None	None
Executive Director	R.O.C	Ting-Chang Lin	Male	2020.04.28	109,378	0.01%	None	None	None	None	M.S. degree in Astronomy of National Central University	None	None	None	None

Title	Nationality	Name	Gender	Date appointed	Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is a spouse or a relative within second degree		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Executive Director	R.O.C	Kun-Lung Chang	Male	2020.04.28	102,253	0.01%	None	None	None	None	M.S. degree in Electronics Engineering of National Chiao Tung University	None	None	None	None
Executive Director	R.O.C	Ta-Hone Yang	Male	2022.07.26	253,312	0.01%	None	None	None	None	M.S. degree in Chemistry of National Tsing Hua University	None	None	None	None
Project Executive Director	R.O.C	Hui-Chi Li (Note 2)	Male	Omitted	Omitted	Omitted	Omitted	Omitted	Omitted	Omitted	Omitted	Omitted	Omitted	Omitted	Omitted

Note 1: Where the chairman and president or equivalent position (the highest level manager) is the same person, the reasonableness, necessity, and response measures must be disclosed:

Mr. Miin Wu founded Macronix in 1989 and served as its President, who has been elected as the Chairman since 2005 and successfully had Macronix become the global leader in non-volatile memory (NVM) with his breadth of vision and innovative business strategy. In 2022, he was elected as the chairman and CEO of the 12th term of the Board of Directors. Considering that Macronix has four independent directors, and more than half of its directors are non-employees nor managers of Macronix, the independence of the Board of Directors can be ensured. Also, to continue the forward-looking and innovative business philosophy, and Macronix's international reputation, image, and competitiveness, it is reasonable and necessary to have Chairman Miin Wu concurrently serve as Macronix's highest level manager (CEO) to improve the operational efficiency and decision-making and further enhance its value for Macronix.

Note 2: Mr. Hui-Chi Li retired on May 31, 2023.

III Remuneration of Directors, Supervisors, President, and Vice Presidents in the Most Recent Fiscal Year

(I) Remuneration of Directors and Independent Directors

December 31, 2023
Unit: NT$ thousands

Title	Name	Remuneration: Base Compensation (A)		Severance Pay (B) (Note 1)		Directors Compensation(C) (Note 2)		Allowances (D)		The Total of Remuneration (A+B+C+D) and the Ratio Between it and Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees: Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 1)		Employee Compensation (G) (Note 2)				The Total of Compensation (A+B+C+D+E+F+G) and the Ratio Between it and Net Income (%)		Remuneration received from invested companies other than subsidiaries or the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Miin Wu	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	26,624	26,624	1,059	1,059	0	0	0	0	27,803 (1.64%)	27,803 (1.64%)	0
Director	Shun Yin Investment Ltd. Representative: Ikuo Yamaguchi	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	0	0	0	0	0	0	0	0	120 (0.01%)	120 (0.01%)	0
Director	C. Y. Lu	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	20,016	20,016	1,059	1,059	0	0	0	0	21,195 (1.25%)	21,195 (1.25%)	82,479
Director	Achi Capital Limited	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	0	0	0	0	0	0	0	0	120 (0.01%)	120 (0.01%)	0
Director	Chien Hsu Investment Corporation	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	0	0	0	0	0	0	0	0	120 (0.01%)	120 (0.01%)	0
Director	Che-Ho Wei	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	0	0	0	0	0	0	0	0	120 (0.01%)	120 (0.01%)	0
Director	Yan-Kuin Su	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	0	0	0	0	0	0	0	0	120 (0.01%)	120 (0.01%)	0
Director	Sung-Jen Fang	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	0	0	0	0	0	0	0	0	120 (0.01%)	120 (0.01%)	0
Director	Tom Yiu	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	10,865	10,865	1,059	1,059	0	0	0	0	12,044 (0.71%)	12,044 (0.71%)	1,000
Director	F. L. Ni	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	14,054	14,054	1,059	1,059	0	0	0	0	15,233 (0.90%)	15,233 (0.90%)	0
Director	Hui Ying Investment Ltd.	0	0	0	0	0	0	120	120	120 (0.01%)	120 (0.01%)	0	0	0	0	0	0	0	0	120 (0.01%)	120 (0.01%)	0
Independent Director	Tyzz-Jiun Duh	3,600	3,600	0	0	0	0	120	120	3,720 (0.22%)	3,720 (0.22%)	0	0	0	0	0	0	0	0	3,720 (0.22%)	3,720 (0.22%)	0
Independent Director	Chiang Kao	3,600	3,600	0	0	0	0	120	120	3,720 (0.22%)	3,720 (0.22%)	0	0	0	0	0	0	0	0	3,720 (0.22%)	3,720 (0.22%)	0
Independent Director	Cheng-Wen Wu	3,600	3,600	0	0	0	0	120	120	3,720 (0.22%)	3,720 (0.22%)	0	0	0	0	0	0	0	0	3,720 (0.22%)	3,720 (0.22%)	0
Independent Director	Chien-Kuo Yang	3,600	3,600	0	0	0	0	120	120	3,720 (0.22%)	3,720 (0.22%)	0	0	0	0	0	0	0	0	3,720 (0.22%)	3,720 (0.22%)	0

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
   The Board of Directors is authorized to determine the remuneration of independent directors based on participation in the Company's operations, value of contributions, and domestic and overseas industry standards in accordance with the Articles of Incorporation. The independent director's remuneration is a fixed monthly remuneration and does not participate in the Company's earnings distribution
2. Other than as disclosed in the above table, the remuneration earned by Directors providing services to the Company and all consolidated entities in the latest fiscal year: None.

Note 1: Estimated amount

Note 2: Explanation of the correlation and rationality of after-tax changes in the profit and remuneration.

(1)In 2022, the after-tax net profit of our company amounted to NT$8,969,775 thousand, and in 2023, an after-tax net loss of NT$1,699,593 thousand occurred. Consequently, director remuneration and employee compensation were not distributed, leading to a decrease in director remuneration and additional part-time employee compensation in 2023 compared to 2022.

(2) Considering the professionalism and contributions of "independent directors," they receive a fixed monthly compensation and transportation expenses regardless of the company's profit or loss. However, they do not participate in profit distribution, which is deemed reasonable. As for "non-independent directors," in the absence of company profits, not receiving director remuneration (only transportation expenses) is also considered reasonable.

(II) Remuneration of the President and Vice Presidents

December 31, 2023
Unit: NT$ thousands

Title	Name (Note 1)	Salary (A)		Severance Pay (B) (Note)		Bonuses and Allowances (C)		Employee Compensation (D)				The Total of Remuneration (A+B+C+D) and the Ratio Between it and Net Income (%)		Remuneration received from invested companies other than subsidiaries or the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Miin Wu	82,009	82,009	10,592	10,592	57,772	57,772	0	0	0	0	150,373 (8.85%)	150,373 (8.85%)	83,479
President	C. Y. Lu													
Senior Vice President & Chief Marketing Officer	Tom Yiu													
Vice President	F. L. Ni													
Vice President	Paul Yeh													
Vice President	Yen-Hie Chao													
Vice President	Chun-Hsiung Hung													
Vice President	Jui-Kun Chen													
Vice President	Jon-Ten Chung													
Vice President	Kuang-Chao Chen (Note 1)													

Note : Estimated amount

Range of Remuneration for Presidents and Vice Presidents

Range of Remuneration Paid to Each President and Vice President	Name of President and Vice Presidents	
	The Company	Companies in the consolidated financial statements (Note)
Under NT$1,000,000		
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)		
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	Paul Yeh	Paul Yeh
NT$10,000,000 (inclusive) – NT$ 15,000,000 (exclusive)	Tom Yiu / Chun-Hsiung Hung/ Yen-Hie Chao/ Jon-Ten Chung / Jui-Kun Chen	Tom Yiu / Chun-Hsiung Hung/ Yen-Hie Chao/ Jon-Ten Chung / Jui-Kun Chen
NT$15,000,000 (inclusive) – NT$ 30,000,000 (exclusive)	Miin Wu/ C. Y. Lu/ F. L. Ni / Kuang-Chao Chen	Miin Wu/ F. L. Ni / Kuang-Chao Chen
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) – NT$ 100,000,000 (exclusive)		
Over NT$100,000,000		C. Y. Lu
Total	10	10

Note: The total amount of A+B+C+D and remuneration received from subsidiaries or the parent company other than invested companies.

(III) The compensation of the top five highest-paid executives.

December 31, 2023
Unit: NT$ thousands

Title	Name (Note 1)	Salary (A)		Severance Pay (B) (Note)		Bonuses and Allowances (C)		Employee Compensation (D)				The Total of Remuneration (A+B+C+D) and the Ratio Between It and Net Income (%)		Remuneration received from invested companies other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Miin Wu	13,987	13,987	1,059	1,059	12,637	12,637	0	0	0	0	27,683 (1.63%)	27,683 (1.63%)	0
President	C. Y. Lu	11,755	11,755	1,059	1,059	8,261	8,261	0	0	0	0	21,075 (1.24%)	21,075 (1.24%)	82,479
Vice President	F. L. Ni	8,101	8,101	1,059	1,059	5,953	5,953	0	0	0	0	15,113 (0.89%)	15,113 (0.89%)	0
Vice President	Kuang-Chao Chen	8,467	8,467	1,059	1,059	5,485	5,485	0	0	0	0	15,011 (0.88%)	15,011 (0.88%)	0
Vice President	Chun-Hsiung Hung	7,771	7,771	1,059	1,059	5,693	5,693	0	0	0	0	14,523 (0.85%)	14,523 (0.85%)	0

Note : Estimated amount

(IV). Employees Compensation Distributed to Management Team

December 31, 2023
Unit: NT$ thousands

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stock (Fair Market Value)</th><th>Cash</th><th>Total</th><th>Ratio of Total Amount to Net Income (%)</th></tr>
<tr><td rowspan="17">Managers</td><td>CEO</td><td>Miin Wu</td><td rowspan="17">0</td><td rowspan="17">0</td><td rowspan="17">0</td><td rowspan="17">0%</td></tr>
<tr><td>President</td><td>C. Y. Lu</td></tr>
<tr><td>Senior Vice President & Chief Marketing Officer</td><td>Tom Yiu</td></tr>
<tr><td>Vice President</td><td>F. L. Ni</td></tr>
<tr><td>Vice President</td><td>Paul Yeh</td></tr>
<tr><td>Vice President</td><td>Yen-Hie Chao</td></tr>
<tr><td>Vice President</td><td>Chun-Hsiung Hung</td></tr>
<tr><td>Vice President</td><td>Jui-Kun Chen</td></tr>
<tr><td>Vice President</td><td>Jon-Ten Chung</td></tr>
<tr><td>Vice President</td><td>Guang-Chao Chen</td></tr>
<tr><td>Head of Emerging R&D</td><td>Ke-Zhong Wang</td></tr>
<tr><td>Senior Associate V.P.</td><td>Wen-Bin Lu</td></tr>
<tr><td>Executive Director</td><td>Hsin-Cheng Liu</td></tr>
<tr><td>Executive Director</td><td>Kai-Wen Tu</td></tr>
<tr><td>Executive Director</td><td>Ting-Chang Lin</td></tr>
<tr><td>Executive Director</td><td>Kun-Lung Chang</td></tr>
<tr><td>Executive Director</td><td>Ta-Hone Yang</td></tr>
</table>

(V) The Ratio of Total Remuneration Paid by the Company and by All Companies Included in the Consolidated Financial Statements for the Two Most Recent Fiscal Years to Directors, Supervisors, President and Vice Presidents of the Company, to the Net Income as Well as the Policies, Standards, and Portfolios for the Payment of Remuneration, the Procedures for Determining Remuneration, and the Correlation with Risks and Business Performance

1. The ratio of the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

	2022		2023	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	2.94%	2.94%	(0.95%)	(0.95%)
Presidents and Vice Presidents	5.33%	5.33%	(8.85%)	(8.85%)

2. The policy, standards and packages of remunerations, the procedures for such decisions and relation to business performance and future risks.
   (1) Remuneration to the Company's directors and managers are distributed in accordance with the Articles of Incorporation and the law, after referring to industry standards in Taiwan and overseas, the length of the tenure of related members, actual participation, and contributions. Remunerations are summarized below:
   - Independent Director: Receives NT$300,000 and travel allowance on a monthly basis regardless of the Company's profit or loss, but does not participate in earning distribution.
   - Non-Independent Director: Calculated and distributed based on the director's (including representatives) performance evaluation items (e.g. attendance in Board meetings and shareholders' meetings and continuing education), length of tenure, actual participation, and contributions in accordance with the Company's Articles of Incorporation and the law, after referring to industry standards in Taiwan and overseas, provided that it does not exceed 2% of profits after deducting accumulated losses.

   (2) Transportation allowance for directors: NT$10,000 per month.
   (3) Compensation for managers: Reviewed and approved by the Compensation Committee after referencing manager performance evaluation items, which include financial indicators (e.g., revenue and EPS) and non-financial indicators (e.g., decision-making ability and performance improvement), and submitted to the Board of Directors for resolution.
   (4) Others: With consideration to future changes in the economic environment, remuneration paid to our management team will be carefully established in accordance with the law, based on business performance and future risks, as well as industry standards in Taiwan and overseas.

IV. Implementation of Corporate Governance

(I) Board of Directors

A total of 7 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)(B/A)	Remarks
Chairman	Miin Wu	7	0	100%	
Director	Shun Yin Investment Ltd. Representative: Ikuo Yamaguchi	7	0	100%	
Director	C. Y. Lu	7	0	100%	
Director	Achi Capital Limited Representative: Stacey Lee	7	0	100%	Ms. Stacey Lee was appointed to attend the 12th Term of the Board of Directors and represent the company exercising any and all of a director's rights thereof.
Director	Chien Hsu Investment Corporation Representative: Ching-Yun Li	6	1	86%	Ms. Ching-Yun Li was appointed to attend the 12th Term of the Board of Directors and represent the company exercising any and all of a director's rights thereof.
Director	Che-Ho Wei	7	0	100%	
Director	Yan-Kuin Su	7	0	100%	
Director	Sung-Jen Fang	7	0	100%	
Director	Tom Yiu	6	1	86%	
Director	F. L. Ni	7	0	100%	
Director	Hui Ying Investment Ltd. Representative: Paul Yeh	7	0	100%	Mr. Paul Yeh was the appointed representative to attend the 12th Term of the Board of Directors and represent the company exercising any and all of a director's rights thereof.
Independent Director	Tyzz-Jiun Duh	7	0	100%	
Independent Director	Chiang Kao	7	0	100%	
Independent Director	Cheng-Wen Wu	7	0	100%	
Independent Director	Chien-Kuo Yang	7	0	100%	

Other items that shall be recorded:

I. If any of the following circumstances occur to the operation of the Board of Directors, the date of the meeting, session, content of the motion, all independent directors’ opinions, and the Company’s response to independent directors' opinions should be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Board of Directors Date/ Term	Motion	Independent Directors’ Opinions	The Company’s Response to Independent Directors’ Opinions
2023.02.14 The 4th meeting of the 12th Term of the Board of Directors	Submitted for approval of the 2023 salary adjustment of the Company Managers	Approved	Not applicable
	For tax saving and in response to the enforcement of the new tax regulations regarding Controlled Foreign Corporation, it is hereby proposed to have the Company acquire certain subsidiaries’ shares from the Company’s wholly owned subsidiary, i.e. Macronix (BVI) Co., Ltd..	Approved	Not applicable
2023.03.03 The 5th meeting of the 12th Term of the Board of Directors	Submitted for approval of the 2022 employee bonus to be distributed to the managers.	Approved	Not applicable
	Submitted for approval of fund raising by issuance of new shares, overseas depositary receipts through cash capital increase, and/or the private placement of common shares and/or domestic or overseas convertible bonds.	Approved	Not applicable
2023.04.25 The 6th meeting of the 12th Term of the Board of Directors	Pursuant to the applicable amended regulations, it is hereby proposed to amend the Company’s Internal Control System for Shareholders Services Process.	Approved	Not applicable

Board of Directors Date/ Term	Motion	Independent Directors' Opinions	The Company's Response to Independent Directors' Opinions
2023.12.19 The 9th meeting of the 12th Term of the Board of Directors	Submitted for approval of the Company's financial and tax accountants for the year 2024 and resolved by the Audit Committee.	Approved	Not applicable
	Submitted for approval of the fees and expenses of CPAs in 2024 and resolved by the Audit Committee.	Approved	Not applicable
	Submitted for approval of 2024 annual incentive bonus of the Company Managers.	Approved	Not applicable
	Submitted for approval of the transactions (sales & purchases) with related party, MegaChips Corporation, in 2024 and resolved by the Audit Committee.	Approved	Not applicable

(II) In addition to the aforementioned matters, other motions resolved by the Board of Directors that are objected to by Independent Directors or expressed reservations and recorded or declared in writing: None.

II. If there is Directors' avoidance of motions in conflicts of interest, the Directors' names, content of the motion, causes of avoiding conflicts of interest, and the voting participation should be specified:

Name of Directors who avoid conflict of interest	**Motion**	**Causes of Avoiding Conflicts of Interest**	**Voting Participation**
Miin Wu, C. Y. Lu, Tom Yiu, F. L. Ni, the representative of Hui Ying Investment, Ltd.: Paul Yeh	Submitted for approval of the 2023 salary adjustment of the Company Managers.	Related persons	Recusal and no participation in the resolution by proxy
Miin Wu, C. Y. Lu, Tom Yiu, F. L. Ni, the representative of Hui Ying Investment, Ltd.: Paul Yeh	Submitted for approval of the 2022 employee bonus to be distributed to the managers.	Related persons	Recusal and no participation in the resolution by proxy

Name of Directors who avoid conflict of interest	Motion	Causes of Avoiding Conflicts of Interest	Voting Participation
Shun Yin Investment Ltd. Representative: Ikuo Yamaguchi	Submitted for approval of the transactions (sales & purchases) with related party, MegaChips Corporation, in 2024 and resolved by the Audit Committee.	Related persons	Recusal and no participation in the resolution by proxy
Miin Wu, C. Y. Lu, Tom Yiu, F. L. Ni, the representative of Hui Ying Investment, Ltd., Paul Yeh	Submitted for approval of 2024 annual incentive bonus of the Company Managers.	Related persons	Recusal and no participation in the resolution by proxy

III. Evaluation of the board of directors:

Internal performance evaluations of the entire board of directors, individual board members, and functional committees (including the Audit Committee, Remuneration Committee, and Nomination Committee) for the year 2023 were conducted in January 2024. In addition, in October 2023, EY Advisory Services Inc. was commissioned to conduct the external performance evaluation of the board of directors for the year 2023.Evaluation results are shown in the table below and were reported to the Nomination Committee and Board of Directors meeting on February 27, 2024.

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content	Evaluation result
Performed once per year	January 1, 2023 to December 31, 2023	Entire Board of Directors	Self-assessment of the board of directors	1. Participation in the Company's Operations 2. Raising the Quality of the Board of Directors' Decisions 3. Composition and Structure of the Board of Directors 4. Election and Continuing Education of Directors 5. Internal controls	Overall average 4.97 (out of 5)
Performed once per year	January 1, 2023 to December 31, 2023	each member of the board of directors	Self-assessment of each member of the board of directors	1. Understanding of the Company's Objectives and Tasks 2. Directors' Responsibilities 3. Participation in the Company's Operations 4. Management and Communication of Internal Relations 5. Directors' Expertise and Continuing Education 6. Internal controls	Overall average 4.98 (out of 5)

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content	Evaluation result
Performed once per year	January 1, 2023 to December 31, 2023	the Audit Committee	Self-assessment of the Audit Committee	1. Participation in the Company's Operations 2. Audit Committee's Responsibilities 3. Raising the Quality of the Audit Committee's Decisions 4. Composition and Membership of the Audit Committee 5. Internal controls	Overall average 4.99 (out of 5)
Performed once per year	January 1, 2023 to December 31, 2023	the Compensation Committee	Self-assessment of the Compensation Committee	1. Participation in the Company's Operations 2. Compensation Committee's Responsibilities 3. Raising the Quality of the Compensation Committee's Decisions 4. Composition and Membership of the Compensation Committee	Overall average 5.00 (out of 5)
Performed once per year	January 1, 2023 to December 31, 2023	the Nomination Committee	Self-assessment of the Nomination Committee	1. Participation in the Company's Operations 2. Nomination Committee's Responsibilities 3. Raising the Quality of the Nomination Committee's Decisions 4. Composition and Membership of the Nomination Committee	Overall average 5.00 (out of 5)
Performed once every three years	January 1, 2023 to December 31, 2023	Entire Board of Directors	Evaluation by an external professional institution	1. Board structure • Board structure and processes • Composition of the Board of Directors 2. Task force members • Legal persons and organizational structure • Roles and responsibilities • Conduct and culture 3. Process and information • Director training and development • Risk control supervision • Reporting/disclosure and performance monitoring	The comprehensive performance level of the three aspects listed on the left is "Advanced." (Note)

(Note) Levels of the assessment conclusion:

- Basic: Comply with the basic requirements of the competent authorities and relevant regulations.
- Advanced: Comply with the basic requirements of the competent authorities and relevant regulations, and have a set of established and effective practices, or the ability to improve performance in each aspect.
- Exemplary: The practice exceeds the basic requirements of the competent authorities and relevant laws and regulations. It is exemplary.

IV. Measures taken to strengthen the functions of the Board (for example, establishing an Audit Committee and enhancing information transparency) for the current year and the most recent year and the implementation:

The Company has functional committees, including the Audit Committee, Compensation Committee and Nomination Committee, to review and resolve proposals within its authority and to submit to the Board of Directors for decision to enhance supervision and strengthen management. Board members continue to participate in continuing education to enhance their professional knowledge as well as communication to improve the Board's performance. In order to encourage the Directors to continue studies, the Company regularly arranges corporate governance courses and provides the course information from external institutions for the Directors' reference. Please refer to page 88 of this annual report for the Company's Director training in the most recent year.

(II) Audit Committee

The Company’s Audit Committee is comprised of four independent directors to carry out supervision under applicable laws and regulations, including fair presentation of the Company's financial reports, hiring or dismissal, independence, and performance of CPAs, effective implementation of internal control system, compliance with applicable laws and regulations, and management of the Company’s existing and/or potential risks. In the most recent year, the Audit Committee has duly reviewed and resolved the following matters:

1. Assessment of the internal control system and efficiency.
2. The offering, issuance, or private placement of equity securities.
3. Engagement and/or dismissal of auditing CPA and the compensation.
4. Annual and first quarter to third quarter financial reports.
5. Business report and earnings distribution
6. A material asset transaction.
7. A matter involving personal interest of a director.

A total of 6 (A) Audit Committee meetings were held in the most recent year. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)(B/A) (Note1)	Remarks
Convener	Tyzz-Jiun Duh	6	0	100%	
Member	Chiang Kao	6	0	100%	
Member	Cheng-Wen Wu	6	0	100%	
Member	Chien-Kuo Yang	6	0	100%	

Other items that shall be recorded:

I. When one of the following situations has occurred to the operations of the Audit Committee, the convening date, term, and agenda of the Audit Committee, the objections, reservations, and major comments of independent directors, resolution of the Audit Committee, and the Company's response to the comments of the Audit Committee shall be stated:

(I) Items specified in Article 14-5 of the Securities and Exchange Act

Audit Committee Date / Term	Motion	The objections, reservations, and major comments of independent directors	Resolution of the Audit Committee	The Company’s response to the comments of the Audit Committee
2023.02.14 The 4th meeting of the 12th Term of the Audit Committee	Year 2022 Financial Statements	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
	For tax saving and in response to the enforcement of the new tax regulations regarding Controlled Foreign Corporation, it is hereby proposed to have the Company acquire certain subsidiaries’ shares from the Company’s wholly owned subsidiary, i.e. Macronix (BVI) Co., Ltd..	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable

Audit Committee Date / Term	Motion	The objections, reservations, and major comments of independent directors	Resolution of the Audit Committee	The Company's response to the comments of the Audit Committee
	Submitted for approval of the Company's 2022 "Internal Control System Statement"	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
2023.03.03 The 5th meeting of the 12th Term of the Audit Committee	Submitted for approval of fund raising by issuance of new shares, overseas depositary receipts through cash capital increase, and/or the private placement of common shares and/or domestic or overseas convertible bonds.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
2023.04.25 The 6th meeting of the 12th Term of the Audit Committee	The company 2023 Q1 Consolidated Financial Statements.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
	Pursuant to the applicable amended regulations, it is hereby proposed to amend the Company's Internal Control System for Shareholders Services Process.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
2023.07.25 The 7th meeting of the 12th Term of the Audit Committee	The company 2023 Q2 Consolidated Financial Statements.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
2023.10.24 The 8th meeting of the 12th Term of the Board of Directors	The company 2023 Q3 Consolidated Financial Statements.	None	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable

Audit Committee Date / Term	Motion	The objections, reservations, and major comments of independent directors	Resolution of the Audit Committee	The Company's response to the comments of the Audit Committee
2023.12.19 The 9th meeting of the 12th Term of the Audit Committee	Submitted for approval of the Company's financial and tax accountants for the year 2024 resolved by the Audit Committee.	None	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
	Submitted for approval of the fees and expenses of CPAs in 2024 resolved by the Audit Committee.	None	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
	Submitted for approval of the transactions (sales & purchases) with related party, MegaChips Corporation, in 2024.	None	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable

(II) Except the items in the preceding issues, other resolutions approved by two-thirds of all Directors but yet to be approved by the Audit Committee: None.

II. Names, content of the motion, cause of the conflict of interest, and participation in the voting of Independent Directors who have abstained from voting for proposals that are considered to present conflicts of interest: None.

III. Communication between Directors and the head of internal audit and CPAs (including important issues, audit methods, and results related to the Company's finance and business):

1. The Company's head of internal audit, in addition to regularly sending various audit reports to independent directors, also attends and reports to the Audit Committee quarterly. The head of internal audit also responds at all times to any questions that the independent directors may have, and the interactions between them were good.
2. CPAs appointed by the Company attended the Audit Committee quarterly, where they explained financial/accounting matters to the independent directors, and the interactions between them were good.
3. The head internal audit and CPAs shall contact the independent directors alone at least once per year as well as directly contact independent directors at any times and according to need, and the communication channel between them is unimpeded.

4. Summary of communications between independent directors, internal audit supervisors and accountants in the most recent fiscal year are as follows:

Date/Meeting	Attendees	Key points of communication	Results of communication
2023.02.14 Audit Committee	Independent Director: Tyzz-Jiun Duh, Chiang Kao, Cheng-Wen Wu, Chien-Kuo Yang Head of internal audit: Hong-Chi Wang CPAs: Tung Hui Yeh	· Audit report · 2022 Statement on Internal Control · Review results and key review items for the 2022 stand-alone and consolidated financial statements	Full attendance No objections from Independent Directors
2023.03.03 Audit Committee	Independent Director: Tyzz-Jiun Duh, Chiang Kao, Cheng-Wen Wu, Chien-Kuo Yang Head of internal audit: Hong-Chi Wang CPAs: Tung Hui Yeh, Kuo Tyan Hong	· Audit report	
2023.04.25 Audit Committee	Independent Director: Tyzz-Jiun Duh, Chiang Kao, Cheng-Wen Wu, Chien-Kuo Yang Head of internal audit: Hong-Chi Wang CPAs: Tung Hui Yeh, Kuo Tyan Hong	· Results of review of the consolidated financial statements for Q1 2023	
2023.07.25 Audit Committee	Independent Director: Tyzz-Jiun Duh, Chiang Kao, Cheng-Wen Wu, Chien-Kuo Yang Head of internal audit: Hong-Chi Wang CPAs: Tung Hui Yeh	· Results of review of the consolidated financial statements for Q2 2023	
2023.10.24 Audit Committee	Independent Director: Tyzz-Jiun Duh, Chiang Kao, Cheng-Wen Wu, Chien-Kuo Yang Head of internal audit: Hong-Chi Wang CPAs: Tung Hui Yeh, Kuo Tyan Hong	· Results of review of the consolidated financial statements for Q3 2023	
2023.12.19 Audit Committee	Independent Director: Tyzz-Jiun Duh, Chiang Kao, Cheng-Wen Wu, Chien-Kuo Yang Head of internal audit: Hong-Chi Wang CPAs: Tung Hui Yeh, Kuo Tyan Hong	· The 2024 Audit Plan	

(III)Corporate Governance Implementation Status and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companiesand Reasons

The Company attaches great importance to corporate governance. Not only has it introduced the corporate governance systems in advance by taking overseas norms into consideration, but has also adopted the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" as its guideline. In 2003, the Company added two independent directors to the Board of Directors in accordance with the US Securities Laws and Regulations. The following year, three Independent Directors were elected. The Company also established an Audit Committee, which was later renamed the Auditing Committee. The Compensation Committee was set up in 2005, with internal auditing being directly subordinate to the Board.

In 2007, the Company adopted the candidate nomination system for the first time for the election of the Board and Supervisors (including three Independent Directors). In June 2009, the Company set up the Audit Committee to replace Supervisors in accordance with Article 14-4 of the Securities and Exchange Act. In January 2019, the "Compensation Committee" was set up in accordance with Article 14-6 of the Securities and Exchange Act. In January 2019, the Company voluntarily set up the "Nomination Committee" to assist the operation of Board.

In 2007 and 2011, the company passed the Taiwan Corporate Governance Association CG6002 and CG6006 evaluations in the corporate governance system respectively and was ranked in the top 5% of the listed companies in the first corporate governance evaluation in 2014.
The Company was ranked in the top 10% of electronics companies with a market cap of NT$10 billion and above in the 8th (2021) evaluation, reaffirms Macronix's implementation and active promotion of corporate governance.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish and disclose the "Corporate Governance Best-Practice Principles" based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has established the "Corporate Governance Principles" based on"Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"and disclosed them on the company website.	None
II. Shareholding structure & shareholders' rights (I) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedure?	✓		(I) The Company has established an Investor Relations Office and a legal center. Dedicated personnel are assigned to address issues such as shareholder suggestions, inquiries, and disputes. The legal actions taken by the shareholders are also properly addressed through internal operating procedures, and records are kept for future reference.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(II) The Company possesses the list of its directors, managers, and shareholders with more than 10% of the shares as well as their major shareholders. Relevant information is routinely disclosed.	None
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(III) The Company has established the "Relevant Financial and Business Operations Rules between Relation Parties" and "Regulations of the Supervision and Management of Subsidiaries" to clearly distinguish the assets, finance, and operations between the Company and its affiliated companies, as well as execute the risk management and firewall system.	None
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(IV) The Company has established the "Code of Business Conduct and Ethics" and "Preventing Insider Trading" to clearly regulate matters regarding the staff purchasing the Company's securities.	None
III. Composition and Responsibilities of the Board of Directors (I) Does the board of directors formulate and implement the diversity policies and the specific administration objectives?	✓		(I) The Company's corporate governance principles stipulate that the composition of the Board of directors shall take diversity into consideration. The authorized Nomination Committee shall also formulate criteria regarding the diversity and independence of the directors' professional knowledge, expertise, experience, and gender. These criteria will be adopted in the search, review, and nomination of director candidates. Please refer to page 23 of this Annual Report for Board diversity policy, objectives and the implementation status.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	✓		(II) The Company voluntarily set up the Nomination Committee on January 22, 2019, please refer to page 53 of this Annual Report for the members and operations.	None
(III) Does the Company establish standards and methods for evaluating board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination renewal of individual directors?	✓		(III) The Company has established the “Rules for Board of Directors Performance Assessments” to clearly regulate the evaluation cycle, period, scope, execution unit, and procedures. The results were submitted to the Company's Nomination Committee and Board of Directors. Please refer to page 37 of this Annual Report for implementation status in 2023.	None
(IV) Does the company regularly evaluate the independence of CPAs?	✓		(IV) The Company evaluates the independence and competence of the accountants based on the following matters each year. The review is carried out by the Audit Committee, which submits evaluation results and appointment (extension) of the accountants to the Board of Directors for discussion and approval: 1. Not appointing the same accountant to perform audits for more than seven consecutive years, 2. Obtaining a statement of independence, including but not limited to whether the accountant , audit team, or family members have direct or indirect significant financial interests in the Company; whether there is kinship or business relations that might have an impact on the independence with the Company's directors, supervisors and managers; whether they concurrently serve as the Company's directors and supervisors during the audit period or hold positions that have direct and significant influence on the audit. 3.Information on the accounting firm's AQI: AQI	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			information consists of 13 items in five aspects. The Company verified that the accountants' audit experience and the accounting firm's quality support ability and training hours were higher than the industry average. Additionally, according to this firm, it has implemented cloud-based audit platform and tools, utilized digital technologies, and expanded the audit support center to enhance audit quality and efficiency.	
IV. Does the TWSE listed company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓		The Board of Directors has designated the Board Secretariat Department to handle administrative matters for the Board. On March 12th, 2019, the Corporate Governance Officer position was established. Mr. Paul Yeh, Vice President, who has over three years of experience in financial management in publicly traded companies, was appointed to oversee and manage director requests and supervise matters related to corporate governance. The terms of reference are set out below: (1) Responsibilities: 1.Matters related to the meetings of the Board of Directors and shareholders' meetings in accordance with the law; 2.Prepare the minutes of the Board and Shareholders' Meeting; 3.Assist the directors and supervisors in continuous education; 4.Provide information necessary for the Directors and Supervisors; 5.Assist Directors and Supervisors to comply with the laws and regulations;	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			6. Report to the Board of Directors results of whether independent directors had the qualifications required by law during their nomination, election, and term. 7. Handle matters related to the change of directors. 8. Other matters stipulated in the Articles of Incorporation or the contract. (2) Please refer to page 90 of this annual report for education of corporate governance supervisor in 2023.	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company understands and responds to the stakeholders' reasonable expectations for the Company, needs, and topics of concern through a number of communication channels. Please refer to page 92 of this annual report and the Company's ESG Report. Communications with stakeholders are reported to the Board of Directors every year. The Company has set up a special area, "Contact Us" (https://www.macronix.com/zh-tw/about/contacts/Pages/default.aspx), on the company website, for the related parties to contact, communicate with, ask questions or express opinions to the Company.	None
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?		✓	The Company has set up an Investor Relations office since 1997 dedicated to handling matters related to the Company's shareholders. All shareholders' equity operations are carried out in accordance with the "Standards for the Internal Control System of the Stock Department", and the same applies to shareholders' meetings.	Please refer to Implementation Status
VII. Information Disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(I) The Company has established a corporate website to disclose information on financial operations and corporate governance.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(II) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(II) The Company has established an English website to disclose relevant information and set up dedicated departments for collecting and disclosing company information. Furthermore, to implement the spokesperson system, the Company has designated a spokesperson and a deputy spokesperson to disclose material inside information on behalf of the Company, unless otherwise stipulated by the law or regulations. The briefing and procedures of investor conferences are available in the "Investor Relations/Financial Information/Quarterly Results" section of the company website.	None
(III)Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(III)The Company announces and reports quarterly financial statements and monthly operation results within the prescribed time limit, and Year 2023 financial statements were announced and reported within two months after the end of the fiscal year.	None
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		1. Status of employee rights and employee wellness: Please refer to the Company's ESG Report. 2. Status of risk management policies and risk evaluation: Please refer to (IX) on Page 88 of this annual report for important information that can enhance the 3.Directors' training: The Company arranges training courses for directors annually. Each director also participates in relevant courses organized by external institutions when necessary. All directors received 6 hours of training in 2023. Please refer to page 88 of this annual report for Directors' training records.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			4. Directors’ Liability Insurance: The Company has taken out liability insurance for Directors and Supervisors since October 15th, 1999. For the status of maintaining the insurance and submission to the Board of Directors, please refer to the Market Observation Post System (MOPS).	

IX. Please describe the improvements your company has made based on the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year, and list priorities and measures for matters that still require improvement.

The Corporate Governance Center announced results of the 2022 (9th) Corporate Governance Evaluation in April 2023. Macronix ranked top 6-20% of public companies and top 11-20% of electronic companies with a market cap of NT$10 billion or above. Regarding the previously disclosed evaluation results, key improvements are as follows: (1) Refer to provisions of audit quality indicators (AQIs) to evaluate the independence and suitability of CPAs, (2) Report the English version of the annual report and changes in insider shareholdings before the regulatory deadline, (3) Invest in energy-saving machinery and equipment and disclose its investment status and specific benefits, (4) The Board of Directors adopts risk management policies and procedures, and the Audit Committee supervises risk management, and (5) Passed ISO 27001 international information security management system certification. We will continue to improve our corporate governance pursuant to “Corporate Governance 3.0 – Sustainable Development Roadmap” and “Sustainable Development Guidemap for TWSE- and TPEx-Listed Companies.”

(IV) Composition, Functional Authority, and Operations of the Compensation Committee

1. Information on Committee Members

December 31, 2023

Title	Criteria / Name	Professional Qualifications and Experience	Independence	Number of Other Public Companies In Which The Member Concurrently As A Member of Their Compensation Committee
Independent Director / Convener	Chiang Kao	(Note)	(Note)	0
Independent Director	Tyzz-Jiun Duh			3
Independent Director	Cheng-Wen Wu			2

Note: Please refer to page 14 of this annual report for information on directors and supervisors.

2. Responsibilities

(1) Establishes and periodically reviews the performance evaluation and policies, system, standards, and structure of the compensations for Directors, supervisors, and managers.

(2) Periodically evaluates and establishes compensations and benefits for Directors, supervisors, and managers.

3. Implementation Status

(1) This term's Compensation Committee is composed of 3 members, and the service term of the current members is from May 27, 2022 to May 26, 2025.

(2) The Compensation Committee convened 3 times (A) in the last fiscal year. The qualifications of the members and attendance are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)(B/A)	Remarks
Convener	Chiang Kao	3	0	100%	
Committee Member	Tyzz-Jiun Duh	3	0	100%	
Committee Member	Cheng-Wen Wu	3	0	100%	
Other items that shall be recorded: I. The main items that discussed in the meetings of the Compensation Committee in the most recent year are as follows					

Compensation Committee Date/ Term	Motion	Resolution results of the Compensation Committee	The Company's response to the comments of the Compensation Committee
2023.02.14 The 3rd meeting of the 12th Term of the Compensation Committee	Submitted for approval of the patents award to C.H. Hung, K.C. Chen, K.L. Chang and Ta-Hone Yang (“Managers’).	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
	Submitted for approval of the R&D incentive bonus to C.H. Hung, K.C. Chen, W.P. Lu and K.L. Chang(“Managers’).		
	Submitted for approval of the 2023 salary adjustment of the Company Managers (“Adjustments”).		
	Submitted for approval of 2022 compensation for employees and directors.		
2023.03.03 The 4th meeting of the 12th Term of the Compensation Committee	Submitted for approval of the directors’ compensation in 2022.	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
	Submitted for approval of the 2022 employee bonus to be distributed to the managers (“Company Managers”).		
2023.12.19 The 5th meeting of the 12th Term of the Compensation Committee	Submitted for approval of 2024 annual incentive bonus of the Company Managers.	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable

II. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Compensation Committee, the date of the meeting, term, agenda, resolution results, and the Company’s response to the comments provided by the Salary and Compensation Committee shall be described (if the compensation passed by the Board of Directors is higher that recommended by the Compensation Committee, the difference and reason shall be described): None.

III. For the decisions made by the Compensation Committee, if there are documented records of members who veto or withhold from expressing their opinions, the date, term, agenda, all members’ comments, and the measures for handling these comments shall be elaborated: None.

(V) Information on the Members and the Operation of the Nomination Committee

1. Qualifications and Duties

The Nomination Committee is comprised of 3 to 5 directors, in which more than half shall be the independent directors. With authorization from the board of directors, the Nomination Committee will faithfully perform the following duties with a duty of care and then submit them to the Board of Directors for discussion:

(1) Establish the standards for directors and senior executives, such as expertise, skills, experience, and gender. As well as searching, reviewing, and nominating directors and senior executive candidates based on such standards.

(2) Establish and develop organizational structure of the Board of Directors and each committee. Evaluate the performance of the Board of Directors, each committee, directors, senior executives, and the independence of independent directors.

(3) Establish and regularly review the programs for continuing education of directors and succession plan of senior executives.

(4) Other matters entrusted to the committee by resolution of the Board of Directors.

2. Professional Qualifications, Experience and the Operation

(1) This term's Nomination Committee is comprised of 3 members, including the chairman: Miin Wu and two independent directors: Chiang Kao and Cheng-Wen Wu. An independent director is a chair in meetings of the Nomination Committee, and the term of the incumbent member is from May 27, 2022 to May 26, 2025.

(2) The Nomination Committee convened 4 meetings (A) in the most recent year. The professional qualifications and experience of the members, and the attendances and motions that discussed in the meetings are as follows:

Title	Name	Professional Qualifications and Experience	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Miin Wu	Note	4	0	100%	
Committee Member	Chiang Kao		4	0	100%	
Committee Member	Cheng-Wen Wu		4	0	100%	
Other items that shall be recorded: The main items that discussed in the meetings of Compensation Committee in the most recent year are as follows						

Nomination Committee Date/ Term	Motion	Nomination Committee's Opinions or Objections	Resolution results of the Nomination Committee	Nomination Committee Date/ Term
2023.03.03 The 4th meeting of the 12th Term of the Nomination Committee	The 2022 Performance Assessments Report of the Board of Directors.	None	All attending members are in agreement and no other comments and will be submitted to the Board of Directors meeting for approval.	Not applicable
	The Examination Report of the Qualification and Independence of Independent Directors.	None	All attending members are in agreement and no other comments and will be submitted to the Board of Directors meeting for approval.	Not applicable
2023.07.25 The 5th meeting of the 12th Term of the Nomination Committee	It is hereby proposed to determine the assessed units and assessment method of the Company's 2023 "Board of Directors Performance Assessments".	None	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
	It is hereby proposed to determine the external professional institution of the Company's 2023 external evaluation of the Board of Directors.	None	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable
2023.10.24 The 6th meeting of the 12th Term of the Nomination Committee	2023 "Board of Directors Performance Evaluation" self-evaluation questionnaire.	None	Unanimously approved by all members attending the meeting.	Not applicable
2023.12.19 The 7th meeting of the 12th Term of the Nomination Committee	Submitted for the approval of 2023 Performance Assessments Report of the Managers.	None	All attending members are in agreement and no other comments.	Not applicable
	Propose the 2024 advanced study plan of the directors.	None	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable

Note : Please refer to page 14 of this annual report for information on directors and supervisors.

(VI) The Implementation Status of the Company's Promotion of Sustainable Development, and differences between it and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
I. Has the company established the governance framework for sustainable development and established a fully (or partially) dedicated sustainable development unit? Does the Board of Directors authorize the senior management to handle such matters under its supervision?	✓		The Company's president led the establishment of the Sustainable Development Committee on February 22, 2022. The committee conducts risks assessments of sustainable development issues and promotes the Company's environment, social, and governance (ESG) affairs. The committee reported the sustainable development policy, organization, and strategies to the Board of Directors in July the same year. The Sustainable Development Committee includes the Company's centers, in which the Environment Health and Safety (EHS) Center serves as the executive secretary and tracks the implementation progress of strategies during quarterly work meetings. Related issues and management performance are reported to the Board of Directors at the beginning of each year. The Board of Directors supervises the progress of the Company's sustainable development strategy and related review measures, and provides the guidance and suggestions. Macronix already implemented a total of six plans in 2023. The progress towards achieving net zero carbon emissions by 2050 includes completing the installation of solar panels on the rooftops of its activity center, dormitories and Building P of Fab	None

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			5, and successfully obtaining the Hsinchu City equipment registration approval. In addition, in response to the obligations that major electricity users must prioritize in 2023 in accordance with the Renewable Energy Development Act, we will continue to increase renewable energy consumption. Other plans are under the supervision of the president. Six plans were successfully completed, and implementation results were reported to the Board of Directors in the early 2024.	
II. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		The Company plans its ESG strategy and assesses risks based on requirements of GRI (Global Reporting Initiative) Standards, which include all sites of the Company in Taiwan. The materiality assessment is determined by how much attention the stakeholders pay and how serious the influence will be on the Company’s operations, and those issues will be managed and responded after being sorted by the materiality. The ESG risks are identified every year, and the high-risk items will be managed. Please refer to page 70 of this annual report for other important information that will help understand the ESG operations. We formed the TCFD (Task Force on Climate-related Financial Disclosures) Group in response to the impact of climate change on the operation of the company, and the group has already proposed effective strategies for the risk of climate change. Regarding the risk management, the Company already established the "Risk Management Principles" which were approved by the	None

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			board of directors as the highest guiding principles for Macronix's risk management.	
III. Environmental issues (I) Has the Company established a suitable environmental management system based on the characteristics of the industry?	✓		(I) The Company established an environmental management system in 1997 and obtains ISO 14001 certification every year to ensure that the system complies with PDCA (Plan-Do-Check-Act) of ISO management systems, thereby achieving continuous improvement goals. All sites of Macronix have obtained the environmental management system certification (ISO 14001:2015). In additional to the environmental management of the factory area, in 2007, the IECQ QC 080000 Hazardous Substance Process Management System was established and passed to promote environmental management of both the operational and product aspects.	None
(II) Is the Company committed to improving the efficiency of various resources and utilizing renewable materials to reduce the environmental impact?	✓		(II) The Company continues to carry out energy conservation and carbon reduction work each year, and continues to be recognized by Hsinchu City Government for purchasing electricity-saving and water-saving products or products with the eco-friendly label for numerous consecutive years. We will continue to actively implement energy conservation and carbon reduction policies. Besides installing solar power generation facilities, we have also taken the following measures: 1. Replacing the original equipment with variable-	None

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			frequency equipment or more energy efficient equipment to improve equipment efficiency. 2. Improving and upgrading components of existing equipment to reduce equipment power consumption. 3. Optimize equipment operation procedures. 4. Recycling waste heat, generated during operations, for reuse in other equipment. The measures above are estimated to reduce electricity consumption by 5,049,357 kWh and carbon emissions by 2,499 metric tons. This shows that the Company has spared no effort in improving resource efficiency and implementing green production to reduce the environmental impact of its operations and enhance its competitiveness.	
(III) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		(III) Macronix referenced the TCFD recommendations when evaluating the impact of climate change on Macronix, and gathered specialists of each center to form a TCFD work team, applying the TCFD framework to identify climate risks and opportunities, come up with ways to manage impacts, and quantify the financial impact of material risks and opportunities through scenario analysis, in order to take response measures that will lower the impact on Macronix's operations. Macronix defines short-term as within 1 year, mid-term as 1-8 years, and long-term as 8 years and above. The TCFD analyzed and identified main climate risks and opportunities at the company-level based on job characteristics. Sources	None

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			include the transition risk of carbon tax and low carbon technologies in the mid-term, and physical risks from changes in average temperature. Long-term risks include transition risk of total emission control/emissions trading and physical risks of sea level rise. In terms of opportunities, production processes are short-term, low carbon products/services and adaptation/mitigation plans are mid-term, and changes in customer behavior and searching for new business opportunities are Macronix's long-term development opportunities. Macronix will face transformation risk that will directly impact operating costs in the short-, mid-, and long-term. Hence, we actively track international trends and regulatory developments, and ensure that our climate management is in full compliance with government laws. For green energy management, we are maintaining the efficiency of the solar power generation system at 80% or above and formulating a green energy purchasing policy. For technology transformation, we are actively purchasing new process machinery, lowering the carbon emission of products, and producing low-carbon products that meet the expectations of our customers to enhance our competitiveness for sustainability. Long-term risks: Establish a weather forecast and refrigerating machine optimization mechanism, replace	

<table>
<tr><th rowspan="2">Items of the Promotion</th><th colspan="3">Implementation Status</th><th rowspan="2">Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summarized Explanation</th></tr>
<tr><td>(IV) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?</td><td>✓</td><td></td><td>machinery with more efficient machinery, and require two or more sources for suppliers that are assessed to be high risk, in order to respond to the potential impact of risks and opportunities.
(IV) Macronix cooperates with the Ministry of Environment's annual inspection of Greenhouse Gas (“GHG”) emissions and files reports accordingly. The Company set the policy of energy conservation and carbon reduction in its ISO 14001 Environmental Management System, and promotes water conservation, waste reduction, and waste recycling and reuse based on the Macronix EHS policy and CSR management approach.
We compiled a GHG inventory for all plants, excluding the subsidiaries, according to ISO 14064-1 and domestic environmental protection laws and regulations, and the GHG inventory was verified by a third party. A total of 7 types of GHG was verified, including carbon dioxide, methane, nitrous oxide, HFCs, PFCs, sulfur hexafluoride, and nitrogen trifluoride.
Statistics of GHG emissions in 2022 and 2023 are as follows:
<table>
<tr><th>Item</th><th>Unit</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1</td><td rowspan="2">tonCO2e</td><td>135,818.8572</td><td>120,502.2254</td></tr>
<tr><td>Scope 2</td><td>254,129.1632</td><td>254,499.0547</td></tr>
</table></td><td>None</td></tr>
</table>

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			(see nested table and text below)	

Scope 3		264,671.7807	245,775.899 3
Intensity	tonCO2e/Per NT$1 million in revenue	9.0	13.6

Remark:

1. An external inspection of 2023 data was conducted from February to March in 2024
2. With consideration to the direct association with operations, intensity is not included in Scope 3 “Other Indirect Omissions”.
3. On February 5, 2024 Ministry of Environment announced the Greenhouse Gas Emission Factors, and Macronix immediately conducted the inventory and calculation of the GHG emissions for 2023. GWP refers to IPCC Fifth Assessment Report (IPCC AR5) and GWP for omission calculations before 2022 refers to IPCC AR4.

The Company’s GHG reduction policy is listed in the EHS policy and takes the perspective of hazard prevention as the starting point to implement hazard identification, risk assessment, environmental impact analysis, hazardous sources control, implementation of energy conservation, carbon reduction, greenhouse gas reduction, water conservation, and waste reduction. Since Ministry of Environment announced that newly

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			announced GHG emission coefficients will apply starting from 2024, based on ISO 14064-1:2018, article 6.4.2 Review of base-year GHG inventory, rule (b)　we adjusted the inspection baseline year for the GHG inventory as 2023, and emission was determined to be 375,001.280 tonCO2e after third party verification, after deduction of the FAB 1 emissions it equals 392,366.59 tonCO2e. The reduction goal is ≧1% per year. Senior management gave instructions in 2022 to support the government's pathway and plans for net zero emissions. Macronix set the goal to achieve net zero emissions by 2050, and will be adjusted according to government laws and regulations, customer needs, and international trends. Carbon reduction measures implemented in response to climate change include but are not limited to: 1. Compiling a greenhouse gas inventory every year to understand changes in emissions from plants. 2. Managing PFCs emissions, which has high GHG potential, every month and reviewing emissions quarterly. 3. Evaluating the feasibility of carbon reduction measures and continuing to encourage energy conservation and carbon reduction plans, managing the quarterly progress of projects using the EHS goal planning system, and summarizing the results of energy conservation plans each year. 4. Active participation in projects of the Ministry of Environment and making an effort to obtain carbon reduction quota. The	

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			Company has currently passed the Environmental Protection Administration, and the machinery in the project are periodically monitored to ensure carbon reduction effectiveness. The project's carbon reduction potential is approximately 11,821 tonCO2e every year. After the third party verification, total reduction during the monitoring period of December 31, 2020 to December 31, 2021 was 8,836 tonCO2e. Macronix applied for an offset quota from the Climate Change Administration, Ministry of Environment in 2023. 5. Continue to evaluate the feasibility of purchasing and installing renewable energy devices; solar PV devices with the capacity of approximately 430 kW were installed on the rooftop of some facilities at the end of 2023, and generated more than 340 thousand kWh of green electricity in 2023. We have also started to purchase 6.15 million kWh of green electricity each year starting from 2023, reducing carbon emissions by 3214 tonCO2e per year. 6. Compared with the target review year of 2025, the GHG omissions in 2023 are still 17000 metric tons of CO2e. It is expected that the reduction measures in 2024 and 2025 include the installation of fluorine gas reduction equipment, increasing the utilization rate of green electricity and energy saving to achieve the target.	

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			The process water recycling rates for the years 2023 and 2024 are targeted to be ≥84% and ≥85% respectively. Macronix sets annual goals for water consumption and waste generation, and conducts quarterly reviews to verify that operations are on track to achieving the goals: The water consumption data and water balance chart submitted to the Science Park Bureau each month are used to regularly track and manage the usage data of water resources, and conduct risk assessment and management. Our water consumption was 2,684 million liters in 2023, and 87.03% of process water was recycled. Our internal units also monitor the process water recycling rate on a daily basis through wastewater recycling technology and the SCADA system. We set up a rainwater harvesting tank at our head office and store rainwater in the water tower. The water is then used to water plants and flush toilets. We are continuing to actively develop a water resource recycling strategy to achieve the water conservation and increase the efficiency of water use. As for waste reduction, we compile statistics of waste storage, generation, and clearance on a monthly basis to determine the generation of waste in our plants. We reduce waste by cutting down the consumption of materials through the joint efforts of engineering departments based on a feasible reduction plan.	

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			As for improving waste recycling and reuse, prior to waste disposal, we verify if the way contractors process the waste is appropriate, giving priority to reuse. We generated nearly 10,106 metric tons of waste in 2023. General waste and hazardous waste are mainly recycled and reused with a recycling/reuse rate reaching 95.4% (general waste) and 99.6% (hazardous waste), and overall recycling/reuse rate reaching 97.7%; our goal is recycling/reuse rate ≧95% in 2024. We established a cross-departmental waste management platform, and periodically convene meetings for review and improvement. It is expected to reduce the environmental load caused by the production through the vendor selection, partner vendor audits, and self-management inspections, achieving the ultimate goal of green production and waste reduction.	
IV. Social issues (I) Has the Company formulated management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	✓		(I) The Company supports the Universal Declaration of Human Rights, ILO international labor standards, and RBA CoC, and formulated the Macronix Human Rights Policy according to requirements of the international standards on human rights protection. We strive to “build an excellent human resources management system and labor system through comprehensive planning and execution. ” Macronix’s goal is to fully comply with local labor regulations and it has already committed to corporate social responsibility norms to ensure the protection	None

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			of human rights. Macronix conducts thorough due diligence according to the RBA CoC to ensure that its conduct reaches or exceeds the standards, and uses the Self-Assessment Questionnaire (SAQ) designed by the Responsible Business Alliance for self-assessment of labor, health and safety, ethics, and environment. Macronix identifies social and environmental risks on this basis and continues to monitor implementation results of improvement plans. Please refer to the company website (https://www.macronix.com/zh-tw/about/CSR/Pages/human-right-policy.aspx) for information on the Company's human rights policy.	
(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(II) The Company has established and implemented reasonable employee benefit measures; please refer to V. Labor Relations on page 119 of this Annual Report. The Company's performance is reflected by the employees' and directors' salaries; please refer to (VIII) Remuneration of employees, Directors and Supervisors on page 107 of this Annual Report.	None
(III) Has the Company provided employees with a safe and healthy working environment, and routinely implemented safety and health education for employees?	✓		(III) Based on the ideal of providing a warm and pleasant environment for employee's growth, the Company has established a safe and healthy work environment that is better than at another companies. The Company provides comprehensive training for the employees, which has received recognition from the competent authorities, including the National Occupational Safety and Health Enterprise	None

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			Benchmarking Award from the Ministry of Labor, Contribution to Work Opportunity Creation from the Ministry of Economic Affairs, and the Excellent Employee Assistance Program Award from the Ministry of Labor. The Company's core philosophy is "people orientation". We fully understand the effect of employees' safety and health on our competitiveness, and constantly promote occupational safety and health concepts through training and promotion measures. We work together with employees and vendors to jointly create a healthy, safe, and comfortable working environment. There were no major occupational or fire accidents in 2023. There were 4 accidents that resulted in minor injuries, and the injury rate (IR) was 0.1. Following the occupational safety and health management system, we immediately carry out root cause analysis and corrective measures for occupational injuries, made improvements to management and construction tools, and verified its effectiveness.	
(IV) Has the Company established an effective career developmental plan for its employees?	✓		(IV) The individual development plan of Macronix employees is closed connected to the performance management system. The Company conducts a performance review once every year to examine individual and organizational performance. In order to gradually develop various professional knowledge and skills, employees can have face-to-face discussions with their supervisor to develop their	None

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			personalized development plan based on their performance and the career development needs.	
(V) Does the company comply with relevant regulations and international standards and establish rights protection policies for consumers and clients and complaint procedures in issues like customer health and safety, customer privacy, marketing, and labeling?	✓		(V) The Company's products have green product. The products meet the requirements of the European Union's RoHS directive SVHC (Substances of Very High Concern) and ELV (End-of-Life Vehicle). We comply with NDAs with customers and the Personal Data Protection Act to maintain customer privacy, and we also established a personal data protection policy, which employees are required to comply with when performing work that may not be disclosed. Labeling on our products comply with the Commodity Labeling Act, this involves clearly labeling all necessary information, such as product datasheets, outer box and all necessary labels with product specifications and manufacturing information. The Company established a dedicated unit for customer complaint handling procedures, and management process to properly handle customer complaints.	None
(VI) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	✓		(VI) We proposed due diligence for suppliers in our CSR policy for supplier management. We make suppliers aware of the importance of CSR during annual supplier meetings, and require suppliers to jointly achieve RBA Code of Conducts requirements together with us. We also transformed our expectations for suppliers into actual management	None

Items of the Promotion	Implementation Status			Differences Between the Implementation Status and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summarized Explanation	
			requirements on the Code of Conducts Compliance Certificate, which suppliers must sign and submit to us. Responsible units conduct on-site audits or documentary audits of suppliers each year based on their risk, so as to verify whether or not suppliers met our requirements. We also transformed our expectations for suppliers into actual management requirements on the Code of Conducts Compliance Certificate (CoC) that shall be signed by suppliers then submitted to us. The CoC requires suppliers to obtain ISO14001 (environmental protection) and ISO45001 (Occupational safety and Health) certifications. Responsible units conduct on-site audits or documentary audits of suppliers each year based on their risk to verify whether suppliers met our requirements. Standards are set in the Company's normative documents.	
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as ESG reports? Have the reports above obtained assurance from a third-party verification unit?	✓		Macronix began structuring its CSR Report in accordance with the GRI Standards in 2014, and obtained a third-party assurance report that there are no deviations in the CSR Report. Over the years, we have obtained assurance according to AA1000AP(2018) through third party certification companies, such as SGS and BV.	None
VI. If the Company has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” , please describe any discrepancy between the principles and their implementation: There was no substantial difference.				

VII. Other important information that will help understand the ESG operations:
1. Please refer to the ESG Report of the Company and websites of the Company and the Macronix Education Foundation relevant information. (http://www.macronix.com).
2. The risk items, management policies, or strategies related to significant issues in environmental, social, and corporate governance are as follows:

Material Issues	Risk Assessment Item	Risk Management Policy, or Strategy
Environment	Environmental protection management and pollution prevention	Introduced and passed the ISO 14001 Environmental Management System Certification. We ensure that our environmental management systems fully comply with the Plan-Do-Check-Act (PDCA) operations of the ISO system to maintain a healthy and safe environment, and continuously make improvements to reach our goal.
Environment	Energy and climate Change management	1. Macronix is dedicated to reducing energy use and consumption every year. We follow the instructions provided by the Bureau of Energy, Ministry of Economic Affairs each year to report our energy conservation audit system for energy users. 2. In response to the trend of greenhouse gas control and reduction in the supply chain due to global warming, we planned for greenhouse gas checks, control, and reduction, and described the process of compiling ISO14064-1 GHG inventory in the report.
Society	The spread of COVID-19 Influenced employee attendance and operations	1. Convened the epidemic prevention meetings to formulate anti-epidemic policies and various management measures, and to establish a standard operating procedure, a reporting mechanism, and countermeasures. 2. Assigned dedicated staff to track and pay attention to the epidemic prevention and management measures. Daily pop-ups on computers remind employees about health and safety anti-epidemic measures, and rolling reviews are conducted for the results inspection.
Society	Health and safety	1. Physical, 2. Chemical, 3. Human factors engineering/Ergonomics, 4. Traffic collision, 5. Violent destruction, 6. Force majeure, 7. Stress at work
Corporate Governance	Material supply	1. Establish emergency procurement procedures 2. Prepare a safety stock 3. Audit suppliers' capability to plan regarding business continuity 4. Continue to develop alternative suppliers 5. Sign supply contracts with major suppliers

Material Issues	Risk Assessment Item	Risk Management Policy, or Strategy
Corporate Governance	Cyber attacks	1. Block malicious attacks with a firewall 2. Use a mail and website filtering system to intercept malware 3. Regularly update computer software and deploy end point protection software 4. Regularly back up important data 5. Cyber-attack simulation drills
Corporate Governance	Contractor’s supply chain cut off	1. Check the coordination and distribution of delivered materials 2. Estimate contractor’s production capacity recovery time, and work-in-progress control 3. Ability to support outsourcing factories and audit capability to plan regarding business continuity
Corporate Governance	Information System interruption	1. Install Uninterruptible Power Supply (UPS) 2. Remote backup 3. Backup data 4. Information system interruption simulation drill
Corporate Governance	Water outage	1. Sign a service agreement with water wagon suppliers 2. Water conservation and drought preparation continuity plan for fabs 3. Water storage and mutual support between fabs 4. Water restrictions emergency response drill
Corporate Governance	Power outage	1. The Park offers dual-circuit power supply design 2. Emergency power generators and support machinery; clean room temperature and humidity; delivery resources 3. Diesel fuel resource distribution and procurement priority 4. Abnormal power supply emergency response drill
Corporate Governance	Earthquake	1. Seismic resistant design of buildings and machines 2. Seismic resistance improvements: Stocker seismic reinforcement; purchase of new machines with active seismic resistance and fastening devices; steel cylinder seismic reinforcement; clean room automated handling system seismic improvement 3. Sign human resource service agreements with major suppliers 4. Earthquake emergency response drill

Material Issues	Risk Assessment Item	Risk Management Policy, or Strategy
Corporate Governance	Fire	1. Machine CO2 fire extinguisher system; environmental sprinkler system 2. Very early warning smoke detectors 3. FM certified fireproof lockers 4. Fire prevention improvements: replace plastic flammable pipelines each year; fireproof the supply end of flammable gases; replace CO2 fire extinguisher systems that are about to expire; upgrade explosion prevention equipment; improve environment fireproofing; gas cabinet automated fire extinguishing system 5. Fire accident emergency response drill
Corporate Governance	Green product management	1. Deliver products to ISO 17025 certified, credible domestic and foreign laboratories for testing 2. Green product instruments self-inspection 3. Suppliers provide documentary proof of non-use of environment-related substances 4. Identify new law amendments and periodically check regulatory compliance 5. Supplier communication and audit management 6. Qualified materials and supplier management system 7. Training courses relating to green products are organized each year
Corporate Governance	Conflict minerals	1. Non-use of Conflict Minerals Policy 2. Suppliers provide documentary proof of non-use of conflict minerals 3. Identify and amend management rules relating to conflict minerals and periodically check compliance 4. Supplier non-use of conflict minerals training and audit management 5. Supplier management system for non-use of conflict minerals
Corporate Governance	Information security	Established a dedicated information management unit and related management procedures to protect the safety of computer systems, prevent the risk of data leakage, and provide the basis for compliance by employees and responsible units.
Corporate Governance	Laws and Code of Ethics, etc.	All new employees receive training and evaluation during their orientation.
Corporate Governance	Anticorruption	1. Regularly conduct ethical and social responsibility risk assessments for each department 2. Regularly organize courses on trade secrets, domestic and international data privacy regulations, information security management, and prevention of insider trading

Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. Board of Directors: In the first quarter of each year, the Environment, Safety and Health (EHS) Center summarizes Macronix's sustainability performance, progress, and implementation results in the past year, including carbon inventory management, and reports it to the Board of Directors. Such include: Material issues such as performance in sustainability, results of communication with stakeholders, management of energy and climate change. Managers: The TCFD（Task Force on Climate-related Financial Disclosures）task force is composed of members appointed by the directors of each center, which jointly reviews internal and external risks, and formulates risk response strategies for material risk issues.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2. In the climate risks and opportunities analysis model, Macronix defines short-term as within 1 year, mid-term as 1-8 years, and long-term as 8 years and above. The TCFD analyzed and identified main climate risks and opportunities that require attention at the company level based on job characteristics. Main climate risk sources include the transition risk of carbon tax and low carbon technologies in the mid-term, and physical risks from changes in average temperature. Long-term risks include transition risk of total emission control/emissions trading and physical risks of sea level rise. In terms of opportunities, production processes are short-term, low carbon products/services and adaptation/mitigation plans are mid-term, and changes in customer behavior and searching for new business opportunities are Macronix's long-term development opportunities. Macronix will face transformation risk that will directly impact operating costs. Hence, Macronix continually tracks international trends and regulatory developments, and ensures that we are 100% in compliance with government laws for climate management. In terms of green energy management, we cooperate with national policy by evaluating the installation of solar panels and formulation of a green energy purchasing policy. For technology transformation, we are actively purchasing low-carbon (new process) machinery, lowering the carbon emission of products, and producing low-carbon products that meet the expectations of our customers to enhance the sustainability competitiveness. For long-term risks, we established a weather forecast and refrigerating machine optimization mechanism and replaced machinery with more efficient models.

Item	Implementation status
3. Describe the financial impact of extreme weather events and transformative actions.	3. Extreme weather events, such as the change in average temperature has been listed as a major risk in the risk identification results. The impact of average temperature rise will lead to an increase in air conditioning load, power consumption, and electricity bills, resulting in an increase in the Company's direct operating costs. Transition actions, such as the use of new technologies and machinery to meet market expectations for energy conservation and carbon reduction goals of manufacturing, may lead to adjustments in process-related technologies and increases in production cost, which will cause the Company's R&D cost increase.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. Macronix divides the TCFD task force into following five working groups based on the correlation between climate opportunities and risks with various businesses: product customers, finance, fab environmental protection, supply chain, and logistics support. The members of each working group include middle and senior management. Each working group, based on executive business and professional judgment, reaches a consensus on risks and opportunities that the Company may face, and formulates a list of such risks and opportunities. The current situation is reviewed based on TCFD identification results, and project management is implemented by the Sustainable Development Committee based on the risk and opportunity review results. Each working group will formulate a material risk management approach based on the feasibility, and assess the financial impact and effect on the Company's operations.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. Positing regulatory pressures in transition risks as the main object for scenario analysis, and forecasting emissions growth based on historical data and future operational growth. Macronix assumes three scenarios of external pressures from rising temperatures: 1.5°C, 2°C, and NDC. Future carbon costs and expenses are projected for these three scenarios, and the financial impact of carbon fees, carbon tax, and renewable energy are analyzed. Analysis results show that the main financial impact will come from the purchase of renewable energy and carbon taxes (fees) up to 2040. Using renewable energy as a means of reducing carbon emissions can reduce overall emissions by over 60%, while carbon fees or excess emission fees will need to be paid based on the current control system for emissions that cannot be reduced.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and	6. In response to the risk identification results, Macronix set the long-term carbon reduction target to achieve net-zero emissions by 2050 in the face of physical and transformation risks, and set a target review year every five years (the first review point is 2025). Reduction measures are

Item	Implementation status
transition risks.	flexibly introduced or established according to production capacity planning during the period. The indicator is set as annual greenhouse gas emissions with the target of net zero emissions by 2050.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. Macronix has not established an internal carbon pricing mechanism yet.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. Macronix set the long-term carbon reduction target of net-zero emissions by 2050, and set a target review year every five years (the first review point is 2025). Reduction measures are flexibly introduced or established according to production capacity planning during the period. The scope covers all locations in Taiwan (Fab 2, Fab 5, Head Office and Testing Plant), and covers Scope 1 and Scope 2 emissions. The short-term annual target is to reduce the annual emissions by ≧1% on average compared with the baseline year. The medium-term target is to reduce emissions in 2025 by 20% compared with estimated emissions, and the long-term target is for Macronix's Taiwan locations to achieve net-zero emissions by 2050, in line with the national goal. In addition to focusing on process improvement, energy efficiency improvement, increasing the proportion of renewable energy use, and planning to obtain carbon rights, Macronix is also actively evaluating participation in government guidance projects. Compared with the target review year of 2025, greenhouse gas emissions in 2023 are still 17000 metric tons of CO2e. It is expected that the reduction measures in 2024 and 2025 include the installation of fluorine gas reduction equipment, increasing the utilization rate of green electricity and energy-saving to achieve the target..
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	9. Please see the descriptions in 1-1 and 1-2 below.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

Scope	2022				2023			
	Carbon emissions (metric tons CO2e/year)	Percentage		Intensity (metric tons CO2e /NT$1,000,000)	Carbon emissions (metric tons CO2e/year)	Percentage		Intensity (metric tons CO2e /NT$1,000,000)
		Scope 1 + 2	Scope 1 + 2 + 3			Scope 1 + 2	Scope 1 + 2 + 3	
Scope 1 – Direct emissions	135,818.8572	34.8	20.7	3.1	120,502.2254	32.1	19.4	4.4
Scope 2- Energy indirect emissions	254,129.1632	65.2	38.8	5.8	254,499.0547	67.9	41.0	9.2
Total	389,948.020	100	-	9.0	375,001.280	100	-	13.6
Scope 3- Other indirect emissions	264,671.7807	-	40.4	6.1	245,775.8993	-	39.6	8.9
Total of Scope 1, 2, and 3	654,619.801	-	100	15.1	620,777.179	-	100	22.5

Note: On February 5, 2024 Ministry of Environment announced the Greenhouse Gas Emission Factors, and Macronix immediately conducted the inventory and calculation of the GHG emissions for 2023. GWP refers to IPCC Fifth Assessment Report (IPCC AR5) and GWP for omission calculations before 2022 refers to IPCC AR4.

1-1-2 Greenhouse Gas Assurance Information

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
The total greenhouse gas emissions disclosed by the Company in the past two years have been verified by the third-party institution BV. The scope of such assurance includes Scopes 1, 2 and 3, in which 375,001.280 metric tons of CO_2e (accounting for 100% of total emissions) were verified by the certification body according to ISO 14064-3. Scope 1 and 2 are verified to a reasonable level of assurance, Scope 3 for 2022 is verified to a reasonable level of assurance and Scope 3 for 2023 is verified to a limited level of assurance..

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
• Baseline year for reduction: 2011 is maintained as the baseline year for reduction before review of the boundaries of consolidated financial statements is completed. • Baseline year emissions (Scope 1 and 2): 392,366.585 metric tons of CO_2e (at the time Ministry of Environment stipulated that IPCC AR4 GWP shall be used for calculations) • Reduction target: Achieve net zero emissions by 2050 • Strategy: Focus on process improvement, energy efficiency improvement, increasing the proportion of renewable energy use, and making plans to obtain carbon rights. • Specific action plans: 2025 is the first target review point, the key reduction strategy is to reduce fluorine-containing gases. The Company plans to add 32 local scrubbers, and achieve a 20% reduction of emissions compared with estimates using of solar power self-generated for self-use and purchased renewable energy. • Achievement of reduction targets: The status of achieving 2025 goals will be reviewed in 2026, and progress will be tracked through review and inspection results each year. Compared with the target review year of 2025, greenhouse gas emissions in 2023 (IPCC AR4 GWP is used for calculations) are still 17000 metric tons of CO2e. It is expected that the reduction measures in 2024 and 2025 include the installation of fluorine gas reduction equipment, increasing the utilization rate of green electricity and energy saving to achieve the level target.

ESG Milestones for Macronix

Year	Milestones
2000	• Founded the first “Golden Silicon Award – Semiconductor Design and Application Contest”
2001	• Established the Macronix Education Foundation
2002	• Held The first “Macronix Science Award”
2004	• Established the “Macronix Science Award Winners' Club” • Awarded as an Excellent Energy Conservation Enterprise by the Bureau of Energy, Ministry of Economic Affairs • Became the first company in the science park to complete the greenhouse inventory and verification •
2005	• Passed the BSI ISO 14001: 2004 Environmental Management System Certification • Won the 14th Enterprise Environmental Protection Award for four consecutive years
2006	• Achieved RoHS compliance and awarded green product certificates from internationally-renowned companies such as SONY, CANON, and LG
2007	• Development Bureau, Ministry of Economic Affairs • Certified by the British Standards Institute (BSI)and obtained the "ISO 14064 Greenhouse Gas Inventory and Reduction Certificate” • Obtained verification from the IECQ QC080000 Hazardous Substance Process Management System • Awarded as the “Excellent Enterprise for Voluntary Greenhouse Gas Reduction” by the Industrial • Obtained the CG6002 Corporate Governance System Assessment Certification from the Corporate Governance Association of the Republic of China
2008	• Awarded the Green Procurement Award by the Environmental Protection Administration • The Group donated RMB5 million for the Sichuan Earthquake. • Promoted the “Code of Conduct for Electronic Industry” for the upstream and downstream supply chain partners • Passed the new SGS OHSAS 18001: 2007 certification • Passed the TOSHMS (Taiwan Occupational Safety and Health Management System) certification • Became the first semiconductor company in the science park certified by the “SA 8000 Enterprise Social Responsibility Management System” • Donated NT$300 million to Tsinghua University for the new learning resource center, Macronix Hall •
2009	• Won the "Role Model Award" from 5th Global Views Monthly's CSR Awards • Donated NT$100 million to relieve the damage caused by Typhoon Morakot to Taiwan • Won the 3rd National Work Safety Award • Became a semiconductor company that obtained a quality enterprise certificate •
2010	• Won the first prize "Five-Star Award" at the 6th Global Views Monthly's CSR Awards • Won the "Corporate Citizen Award" from the Common Wealth Magazine in 2010 • Awarded the “Contribution to Work Opportunity Creation Award” by the Executive Yuan • Increased the donation to the Macronix Hall, Tsinghua University by NT$ 100 million
2011	• Donated NT$30 million for the aftermath of the 2011 Tohoku earthquake and tsunami • Received the "Top 100 Brand in Taiwan" award from the Ministry of Economic Affairs • Won the Corporate Citizen Award from the Common Wealth Magazine again • Won the 2011 National Invention Award • Awarded the Corporate Governance System Assessment Certificate by CG 6006 • Awarded the “Contribution to Work Opportunity Creation Award” by the Executive Yuan • Awarded as the enterprise for offering an excellent "Employee Assistance Program" by the Council of Labor and Welfare, Executive Yuan
2012	• Won the 8th "Corporate Social Responsibility Award" from Global Views Monthly • Won the Corporate Citizen Award from the Common Wealth Magazine again
2013	• Macronix Hall, the new learning resource center of Tsinghua University, was officially put to use

Year	Milestones
	• The Macronix Education Foundation was given the Award of Excellence by the Ministry of Education among education foundations
2014	• Hong-chi Wang, the Deputy Head, was chosen as an "Excellent Internal Auditor" by the Internal Audit Committee of the Republic of China • Won the "Balanced Lifestyle" and "Healthy Happy Life" awards from the first work-life balance competition held by the Ministry of Labor
2015	• Ranked in the top 5% in the first corporate governance evaluation of Taiwan Stock Exchange • Received the "Excellent Healthy Workplace" from the Health Promotion Administration, Ministry of Health and Welfare
2016	• The Water Conservation Plant V was awarded the 2016 Water Conservation Excellence Award by the National Water Conservation Agency, the Ministry of Economic Affairs
2017	• Mr. Miin Wu, Chairman & CEO of Macronix was awarded of social Education Contribution Award from the Ministry of Education
2018	• Mr. Miin Wu, Chairman & CEO of Macronix was awarded of "Country Winner" and "Business Paradigm Entrepreneur" of EY's Entrepreneur of the Year
2019	• Donation of NT$420 million to National Cheng Kung University for its construction of "Cheng Kung Innovation Center-MACRONIX Hall" • Company receives the CSR 1st Annual Sustainable Elite Award
2020	• Annual donation of NT$100 million to National Cheng Kung University for the next ten years to establish Miin Wu School of Computing • Company receives the 2nd CSR Annual Sustainable Elite Award
2021	• National Occupational Safety and Health Award-the Enterprise Benchmarking Award • Received the 2021 Air Quality Purification Areas Special Award from the Environmental Protection Administration of the Executive Yuan • Macronix Education Foundation was awarded of Social Education Contribution Awards of the Ministry of Education
2022	• Macronix was awarded of "Featured Vehicle Electronics Solution Supplier" of 2022 EE Awards Asia • Macronix Ultra-Low-Power 1.2V Serial NOR Flash Memory was awarded of the "Best Memory of the Year" of 2022 EE Awards Asia • Won the 2022 National Outstanding Healthy Workplace "Health Model Award"
2023	• LexisNexis recognized with "Innovation Momentum 2023: The Global Top 100" • Won the 2022 "Air Quality Purification Areas Excellence Award" of Environmental Protection Administration • Awarded first place among outstanding R&D alternative service employers (private industry group) in 2023 • The American Physical Society (APS) announced President Chih-Yuan Lu as the winner of the George E. Pake Prize in 2024, a major award in applied physics. • Won the SGS "2023 Occupational Safety and Health Performance Management Plus Award" • Macronix Education Foundation was recognized with the 16th Arts and Business Awards from the Ministry of Culture • Received the 19th National Sustainable Development Award from the Executive Yuan • Macronix「OctaFlash LM/UM Series NOR Flash Memory」was awarded of the "Best Memory of the Year" of 2023 EE Awards Asia • Fab 5 won the Badge of Accredited Healthy Workplace in 2023 • Awarded Excellence in Green Procurement for private enterprises and organizations in Hsinchu City in 2022 •

(VII) Ethical Corporate Management, and Departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Establishment of ethical corporate policies and programs				
(I) Does the Company establish a board-approved ethical corporate management policy and state in its regulations or external correspondence the policies and practices of the ethical corporate management policy? Are the board of directors and the managerial officers committed to fulfilling this commitment?	✓		(I) The" Ethical Corporate Management Principles" and the " Code of Business Conduct and Ethics" of the Company are approved by the board of directors and published on the Company website and internal electronic bulletin board, and they require our employees and the employees of subsidiaries included in our consolidated financial statements to exhibit honest and ethical conduct when performing their duties.	None
(II) Does the Company establish mechanisms to assess the risks of unethical conduct and perform regular analysis and assessment of operating activities with higher risks of unethical conduct? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least precautionary measures described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(II) Macronix developed ethical and social responsibility risk assessments for each department, which are carried out on a regular basis and cover all departments of the Company. The Company has established the " Ethical Corporate Management Principles" and "Code of Business Conduct and Ethics" which prohibit giving and taking bribes, receiving unreasonable gifts, benefits, and other improper benefits (avoiding conflicts of interest); intellectual property rights, confidential information, and personal data infringement; and unfair competition and discrimination. The above regulations apply to all Macronix staff. The promotion is further strengthened for departments with a higher risk of integrity violation. The effectiveness is regularly evaluated. Suppliers must sign the "Code of	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(III) Does the Company establish procedures, guidelines of conduct, punishment for violation, and reporting system clearly stated in the mechanisms to prevent unethical conduct? Does the Company enforce the programs effectively and perform regular reviews of the preceding?	✓		Conducts Compliance Certificate" which stipulates that supplier shall not conduct any inappropriate commercial behavior such as bribery. Should any incidents occur, the Company can terminate the contract or transactions with the supplier as well as request compensation for any damages. (III) The Company has established the "Ethical Corporate Management Principles" and "Code of Business Conduct and Ethics". In addition to promoting these principles to the Directors and managers, the Company has also included relevant educational training and testing for employees as well as taking the employees' implementation status into consideration in the annual performance evaluation. The task force, established under the Company's Committee for the Promotion of Ethical Corporate Management Best Practice Principles, hosts regular meetings to establish and enhance relevant measures as well as follow-up procedures of the Ethical Corporate Management based on related laws and regulations, Macronix's Ethical Corporate Management Best Practice Principles, resolutions of the board of directors and functional committees, and procedures of the Committee for the Promotion of Ethical Corporate Management Best Practice Principles.	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
II、Fulfill operations integrity policy (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(I) Before engaging in business, the Company conducts a credit investigation on the potential partner's records to avoid doing business with those who have records of illegal or unethical behavior. The Company has drafted the "Code of Conducts Compliance Certificate" to regulate supplier behavior. Should a supplier engage in improper business conduct such as bribery, the Company may terminate the contract or transaction at any time as well as request damages.	None
(II) Does the Company have a unit under the board of directors to promote ethical corporate management on a full-time basis, report ethical corporate management, and regularly report on the programs for the prevention of unethical conduct (at least once a year) to the board of directors, and oversee the operations thereof?	✓		(II) In addition to establishing functional committees under the board of directors, the Company also established the Committee for the Promotion of Ethical Corporate Management, which should be convened at least one time per year, under the management executives that consists of the president as the chairperson and level-1 managers of all departments as committee members. The committee aims to establish an ethical corporate management policy that will be submitted for discussion during the meeting of the board of directors and report the implementation status of the policy to the board at least once a year in accordance with the law. Macronix's Committee for the Promotion of Ethical Corporate Management shall hold a meeting at least once a year. The task forces established under the committee should host regular meetings to establish and enhance relevant measures as well as follow-up procedure of the	None

Evaluation Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Ethical Corporate Management based on related laws and regulations, Macronix’s Ethical Corporate Management Best Practice Principles, resolutions of the board of directors and functional committees, and procedures of the Committee for the Promotion of Ethical Corporate Management Best Practice Principles.	
(III)Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(III) The Company has established the "Ethical Corporate Management Principles" and "Code of Business Conduct and Ethics" to prevent conflicts of interests. The Audit Committee has been set up to assist the Board in overseeing the Company's implementation status. Directors shall be excused from voting or discussions during the Board meeting when their interests as individuals or representatives of institutions are in potential conflicts.	None
(IV) Does the Company have an effective accounting system and internal control system set up to facilitate ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance to the prevention of unethical conduct? Or are the audits commissioned to a CPA?	✓		(IV) The Company's accounting and internal control systems are approved by the Audit Committee and the Board. The internal auditing unit is responsible for auditing the actual operations as well as preparing the draft and report of the audit results for the Audit Committee. The goal is to effectively prevent malpractices and oversee the implementation of the Company's policies and ensure the effectiveness of the internal control system.	None
(V) Does the company provide educational training on corporate social responsibility on a regular basis?	✓		(V) The Company has established the “Ethical Corporate Management Principles” and “Code of	None

Evaluation Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Business Conduct and Ethics” which are published on the Company's website and the internal e-bulletin system. The employees' implementation status is taken into consideration in the annual performance evaluation. To implement ethical corporate management and ethical behavior, the Company arranges courses for directors and online courses for employees every year and organizes educational courses on business secrets, domestic and international data privacy regulations, information security management, and the prevention of insider trading for the purpose of raising the awareness of corporate ethics and compliance. In 2023, there were a total of 18,206 participants, and the number of training hours amounted to 8,434. Suppliers were also invited to the courses to ensure that they understand the regulations of Macronix’s ethical corporate management. Macronix organizes training and promotion events every year to prevent insider trading, and gave a report on the prevention of insider trading to the Board of Directors on December 19, 2023. We offered and announced online courses for employees in the second half of the year. The content of the courses includes insider trading regulations, structure elements, legal liabilities, prohibited conduct, prevention items etc. In 2023, there were a total of 3,741 participants, and the number of training hours amounted to 312. In 2023, there were a total of 188 supplier	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			participations, and the number of training hours received amounted to 86 .	
III、Operation of the integrity channel (I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for a follow-up?	✓		(I) The Company has set up a "No Topic is Off Limits" suggestion box and a hotline. The staff can report any fraud they discover to prevent damages to the Company's image caused by dishonest behavior. The Company also enhanced internal and external reporting channels, and set up an audit office hotline (03-5786688 ext. 78119). In addition, the Company established a process for reporting breaches of ethical corporate management. Once a case is reported and accepted for processing, a task force is established based on the nature and type of the case the case is sent to the relevant units for investigation. The board of directors will also be informed.	None
(II) Does the Company establish standard operating procedures for investigating reported cases, the follow-up measures after investigations, and relevant confidentiality mechanisms?	✓		(II) All cases reported through the "No Topic is Off Limits" suggestion box, the reporting hotline, and the audit office hotline will be given file numbers, documented, investigated, handled, and stored as required by the law. Once a case is reported and accepted for processing, a task force is established based on the nature and type of the case, the case is sent to relevant units for investigation. The board of directors will also be informed.	None

Evaluation Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(III) Does the company provide proper whistleblower protection?	✓		Macronix takes measures to maintain the confidentiality of previous cases to guarantee the legal rights of members. (III) The management regulations of the “No Topic is Off Limits” suggestion box and the reporting hotline specify that the Company will strictly fulfill its responsibility to maintain the confidentiality of whistleblowers and prohibit retaliation against reports made with good intentions. The Company will impose an appropriate penalty for any violations thereof. Macronix takes measures to maintain the confidentiality of cases reported through the audit office hotline to guarantee the legal rights of members.	None
IV. Strengthening information disclosure (I) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		The Company has disclosed the content and relevant effectiveness of the Company's “Code of Business Conduct and Ethics” on the Company's website and MOPS. The content of the "Ethical Corporate Management Principles" is disclosed on the Company’s website. Implementation results of the ethical corporate management were reported to the Board of Directors on February 14, 2023. The annual meeting of the Committee for the Promotion of Ethical Corporate Management was convened on February 6, 2023. Completed the Ethical Corporate Management Best Practice Principles related training in 2023.	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			There was no violation of the Ethical Corporate Management Best Practice Principles in 2023.	

V、If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: There was no substantial difference.

VI、Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies)

The Company believes that a corporate culture of integrity is a key factor for the sustainable and sound development of the Company. Therefore, the Company has actively complied with the Responsible Business Alliance (RBA) code of conduct.

A supplier conference is held annually to announce and promote important policies and messages of the Company. The Company also conducts regular training courses for its suppliers to ensure their quality. In the future, the Company will continue to pay attention to the development of domestic regulations related to integrity and review relevant Company regulations accordingly in order to enhance the effectiveness of the Company's corporate governance.

(VIII) The Method for Inquiry if the Company has Established Corporate Governance Principles and Relevant Regulations

The Company has set up the "Corporate Governance" section for investors to inquire about the Company's corporate governance information or regulations.

(IX) Other Important Information for Better Understanding of Implementation of Corporate Governance

1. Implementation of risk management policies and risk assessment standards:
   The Company gradually implemented risk management mechanisms according to the Corporate Governance 3.0 – Sustainable Development Roadmap of the Financial Supervisory Commission. The Board of Directors established the risk management policy in 2022 as the highest guiding principles of the Company's risk management. Furthermore, the Company established a Risk Management Task Force to plan, implement, review, and improve the risk management system. The president serves as the chair of the Risk Management Committee, and regularly identifies risk factors and manages risks with business units. Every year the committee reports risk assessment and risk management of the previous year to the Board of Directors. Please refer to the company website (https://www.macronix.com/zh-tw/about/CSR/Pages/risk-management.aspx) for information on the Company's risk management.
2. Handling of Company's Internal Material Information
   The Company established the Procedures for Disclosing Material Insider Information to provide effective mechanisms to handle and disclose material insider information, prevent information leakage, and ensure the consistency and correctness of information announced by the Company. The procedures cover confidentiality and evaluation of material information, preservation of approval records, and violations handling.

   The handling and disclosure of material insider information is in accordance with related laws, orders, and the Company's Procedures for Disclosing Material Insider Information. The Company has three principles for public disclosure: (1) accurate, complete and timely; (2) information disclosure shall have a solid base; and (3) fair disclosure to ensure that the interests of the Company and all stakeholders are protected.

   Furthermore, the Company has established the "Code of Business Conduct and Ethics" and "Preventing Insider Trading." Besides periodic promotion, the content is provided on the company website for all directors, managers, and employees to avoid violation.
3. Directors' training records
   The Directors' training records for the most recent year are set out in the table below. For further information, please refer to the Market Observation Post System (MOPS).

Title	Name	Date	Organizer	Course Name	Hours
Chairman	Miin Wu	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Director Representative of the Corporation	Ikuo Yamaguchi	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Director	C.Y. Lu	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.04.27	Taiwan Corporate Governance Association	Corporate M&A Practice and Case Analysis	3
		2023.10.26	Taiwan	How companies can strengthen	3

Title	Name	Date	Organizer	Course Name	Hours
			Corporate Governance Association	the execution of strategies	
Director Representative of the Corporation	Stacey Lee	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Director Representative of the Corporation	Ching-Yun Li	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Director	Che-Ho Wei	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Director	Yan-Kuin Su	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Director	Sung-Jen Fang	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.06.02	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Electricity Summit	3
Director	Tom Yiu	2023.06.05	Chinese National Association of Industry and Commerce	Corporate Information Security Governance Issues in Board Meetings - Performance and Risk Agenda	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Director	F. L. Ni	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Director Representative of the Corporation	Paul Yeh	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.06.15~ 2023.06.16	Accounting Research and Development Foundation	Continuing Education Course for Chief Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
		2024.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Independent Director	Tyzz-Jiun Duh	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.13	Accounting Research and Development Foundation	How Directors Supervise Companies in Implementing Effective Corporate Risk Management and Crisis Handling	3

Title	Name	Date	Organizer	Course Name	Hours
		2023.10.17	Taipei Foundation Of Finance	Corporate Governance - Fair Customer Treatment Principles in the Financial Services Industry	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Independent Director	Chiang Kao	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Independent Director	Cheng-Wen Wu	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.07.18	Taiwan Corporate Governance Association	Corporate Governance 3.0: Practical Analysis of "Sustainability Reporting"	3
		2023.08.11	Taiwan Corporate Governance Association	The Role and Responsibilities of Boards/Top Management in ESG Governance	3
Independent Director	Chien-Kuo Yang	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.03.16	Taiwan Corporate Governance Association	How Boards Supervise ESG Risks to Build Corporate Sustainability Competitiveness	3
		2023.05.02	Taiwan Corporate Governance Association	Trends and Practical Analysis of ESG	3
		2023.05.02	Taiwan Corporate Governance Association	Tax Legislation Updates and Practical Analysis	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
		2023.11.09	Taiwan Corporate Governance Association	Corporate Governance in the Context of ESG	3

4. Education of corporate governance supervisor within the most recent year is shown in the table below:

Date	Organizer	Course Name	Hours
2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
Total Hours of Education within the most recent year of Appointment			12

5. Manager Training Records

Miin Wu, C. Y. Lu, Tom Yiu, F. L. Ni, and Paul Yeh are also managers of the Company. Please refer to the table above for the training records. Corporate governance training records for other managers and the audit supervisors of the Company in the most recent year are as follows:

Title	Name	Date	Organizer	Course Name	Hours
Vice President	Yen-Hai Chao	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.04.27	Taiwan Corporate Governance Association	Corporate M&A Practice and Case Analysis	3
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
		2023.10.26	Taiwan Corporate Governance Association	How companies can strengthen the execution of strategies	3
Deputy Director of the Auditing Office	Hong-Chi Wang	2023.03.03	Taiwan Institute of Directors	Challenges and opportunities of circular economy	3
		2023.06.01	The Institute of Internal Auditors-Chinese Taiwan	Digital transformation of internal audit and application of emerging technologies	6
		2023.10.24	Taiwan Corporate Governance Association	Information Security Governance and Strategies and Geopolitical and Information Security Risks	3
		2023.11.08	The Institute of Internal Auditors-Chinese Taiwan	How to adjust the internal control system to adapt to new ESG standards	6

VI. Topics of Concern and communication channels of various stakeholder categories：

Stakeholders	Topics of Concern		Communication channels
Investors	• Shareholder equity • Intellectual Property Rights • Corporate Governance • Dividends distribution • Overview of Investments	• Corporate operations • Innovative R&D • Product price • Industry development • Product use	• Company's Website and Sustainability Report (annually) • Corporate website, financial statements (annually) • Shareholders' meeting (annually) • Self-organized investor seminars (quarterly) • Participate in forums/visits by investors/visits to investors (irregularly) • Investor service mailbox/phone calls (irregularly)
Customers	• Product lead time/ price/technology/quality • Green Products • Future direction of products	• Corporate Social Responsibility • Customer application services • Business Continuity Management	• Customer satisfaction survey (annual) • Suppliers' conference (at the request of customers) • Customer communication platform (available 24-7) • Visits in person (irregularly) • Supplier audits (at the request of customers)
Employees	• Employee Communication • Labor Relations • Compensation & Benefits • Human rights policy • Training System • Performance evaluation results	• Occupational safety and health • Key points of the amendment to the Labor Standards Act • Calculation/qualifications of retirement pension • COVID-19 prevention and management	• Various open-discussion meetings (held periodically and ad hoc) • "No Topic is Off Limits" suggestion box (available 24-7) • Reporting hotline (available 24-7) • Printed copies and electronic bulletin boards (to irregularly communicate information) • Employee Relationship Management Portal (available 24-7) • Learning map platform (available 24-7) • Performance evaluation procedure (annual) • Health consultation/promotion (held periodically and ad hoc) • Employees seek advice in person or by phone (irregularly)
Suppliers	• Occupational safety and health • Supplier evaluation • Green product requirements • Corporate Social responsibility	• Compliance with Business Ethics • Quality improvement procedure • Supply and demand of important materials • Supply chain information security	• Suppliers' conference (annual) • Supplier audits (performed annually based on risk levels) • Supplier evaluation (quarterly and annually) • Quality improvement meeting (irregularly) • Material supply/demand tracking (periodically and ad hoc) • Contractor training courses(as necessary) • Contractor coordination organization meetings (as necessary)
Government	• Compliance with regulations • Corporate Governance • Labor Relations • Occupational safety and health • Greenhouse gas emissions reduction • Water resource management • Waste Management • Effect of the new version of IFRS (accounting principles) on the company • Charity event participation	• Employee benefits and average salary • Key points of the amendment to the Labor Standards Act • Impact of the U.S.-China Trade War • Employee overload management • COVID-19 prevention and management • Odor • Corporate sponsorship/funding • Information Security Management	• Official document delivery (as necessary) • Participation in presentations/ promotions/seminars/forums (irregularly) • Competent authority audits (as necessary) • Phone call or e-mail (as necessary) • Communication through the Allied Association for Science Park Industries and Chinese National Federation of Industries (as necessary) • Visited competent authorities (as necessary) • PUBCSR communication mailbox • Charity organizations
Media	• Operational performance • Innovative research and development • Industrial development	• General information about the Company • Compensation & Benefits • Executive management dynamics	• Press releases (periodically and ad hoc) • Media press conference • Media communication group / Media visits / Incoming calls for consultation (irregular) • Company website • Investor seminars
School	• Macronix Golden Silicon Awards • Macronix Science Prize Competition	• The process and results of Macronix Science Prize Competition • Recruitment and appointment	• Registration website • Campus promotion • Social media marketing • Macronix Science Awards Association annual meeting

(X) Implementation of Internal Control System

1. Internal Control System Statement

Macronix International Co., Ltd.
Internal Control System Statement

Date: January 30, 2024

The Company states the following with regard to its internal control system during the period from January 1, 2022 to December 31, 2022, based on the findings of a self-assessment:

(1) The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable laws, regulation and bylaws.

(2) An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.

(3) The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.

(4) The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.

(5) Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2023 its internal control system (including its supervision of subsidiaries), encompassing internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable laws, regulation and bylaws, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.

(6) This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

(7) This statement has been passed by the Board of Directors Meeting of the Company held on January 30, 2024, with zero of the 15 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Macronix International Co., Ltd.

Chairman: Miin Wu

President: C.Y. Lu

2. If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

(XI) Penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report:

1.2023 Major Resolutions of Shareholders' Meeting

Major Resolutions	Review of Implementation
1. Ratification of the 2022 Business Report and Financial Statements	Resolution announced in accordance with Article 230 of the Company Act
2. Ratification of the Company's 2022 Distribution	June 30, 2023 was set as the Ex-dividend Record Date and cash dividends were paid on July 28, 2023. The cash dividends per share was distributed at NT$1.8, determined by the Shareholders' Meeting.
3. Approval of fund raising by issuance of new shares, overseas depositary receipts through cash capital increase, and/or the private placement of common shares and/or domestic or overseas convertible bonds	The capital increase proposal was approved but was not carried out in 2023. The capital increase proposal was approved by the Board of Directors again on February 27, 2024 and submitted to the 2023 Annual Shareholders' Meeting.
4. Approval of releasing competition restrictions of the directors	Resolution and announcement according to law.

2. Major Resolutions Adopted by the Board of Directors in the Most Recent Year up to the Publication Date

Board of Directors	Date	Major Resolutions
The 4th meeting of the 12th Term of the Board of Directors	2023.02.14	1. Approval of the Company's 2022 Financial Statements. 2. Approval of the record date of the capital reduction for the redeemed shares of Employee Restricted Stock Awards 3. Macronix's Board of Directors resolved to acquire certain subsidiaries' shares from the Company's wholly owned subsidiary Macronix (BVI) Co., Ltd.
The 5th meeting of the 12th Term of the Board of Directors	2023.03.03	1. Approval of the Company's 2022 Distribution Plan 2. Approval of fund raising by issuance of new shares, overseas depositary receipts through cash capital increase, and/or the private placement of common shares and/or domestic or overseas convertible bonds 3. Board of Directors resolved to convene the 2023 Annual Shareholders Meeting.
The 6th meeting of the 12th Term of the Board of Directors	2023.04.25	1. Approval of the Company's First Quarter 2023 Financial Statements. 2. Approval of the record date of the capital reduction for the redeemed shares of Employee Restricted Stock Awards.

Board of Directors	Date	Major Resolutions
The 7th meeting of the 12th Term of the Board of Directors	2023.07.25	Approval of the Company's Second Quarter 2023 Financial Statements.
The 8th meeting of the 12th Term of the Board of Directors	2023.10.24	Approval of the Company's Third Quarter 2023 Financial Statements.
The 9th meeting of the 12th Term of the Board of Directors	2023.12.19	1. Board of Directors approved the capital expenditure budget 2. Board of Directors approved the donation to Macronix Education Foundation
The 2nd Provisional meeting of the 12th Term of the Board of Directors	2023.12.26	The Board of Directors approved the joint development project with IBM regarding Enterprise SSD Storage.
The 11th meeting of the 12th Term of the Board of Directors	2024.02.27	1. Approval of the Company's 2023 Financial Statements. 2. Approval of the Company's 2023 Distribution Plan 3. Approval of fund raising by issuance of new shares, overseas depositary receipts through cash capital increase, and/or the private placement of common shares and/or domestic or overseas convertible bonds 4. Board of Directors resolved to convene the 2024 Annual Shareholders Meeting.

(XIII) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

(XIV) In the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report, A Summary of the Resignation and Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.

V. Information on the Professional Fees of the Attesting CPAs

Unit: NT$ thousands

Accounting Firm	Name of CPAs	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte & Touche	Tung-Hui Yeh Kuo-Tyan Hong	2023.01.01 ~2023.12.31	5,995	6,395	12,390	Non-audit fees mainly included ISO27001 implementation NT$2,760,000, sustainable counseling project NT$1,435,000, tax certification fee NT$960,000, temporary tax amount declaration audit NT$500,000, transfer pricing report service fee NT$300,000, bonded inventory NT$230,000, and other services.

(I) Where The Accounting Firm Changed the Audit Partners and the Audit Fee Paid for the Year is Less than that of the Previous Year, the Sum, Proportion, and Cause of the Reduction Shall be Disclosed: Not applicable.

(II) Where the Audit Fee Paid for the Year is Reduced by more than 10% Compared to that of the Previous Year, the Sum, Proportion, and Cause of the Reduction Shall be Disclosed: Not applicable.

VI. CPA Replacement Information: No change in the last two years.

VII. If Chairman, President, or Chief Financial Officer Holding Positions at the Independent Audit Firm or its Affiliated Company within the Most Recent Fiscal Year: None.

VIII. Equity Transfer and Pledge by Directors, Supervisors, Managers and/or Shareholders, Who Hold More Than 10% of Outstanding Shares, in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report

Title	Name	2023		up to February 29, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman / CEO	Miin Wu	0	0	0	0
Director	Shun Yin Investment Ltd.	0	0	0	0
	Representative: Ikuo Yamaguchi	0	0	0	0
Director / President	C.Y. Lu	0	0	0	0
Director	Achi Capital Limited	0	0	0	0
	Representative: Stacey Lee (Note 1)	0	0	0	0
Director	Chien Hsu Investment Corporation (Note 2)	0	0	0	0
	Representative: Ching-Yun Li	0	0	0	0
Director	Che-Ho Wei	0	0	0	0
Director	Yan-Kuin Su	0	0	0	0
Director	Sung-Jen Fang	0	0	0	0
Director / Senior Vice President & Chief Marketing Officer	Tom Yiu	0	0	0	0
Director / Vice President	F. L. Ni	0	0	0	0
Director / Vice President	Hui Ying Investment Ltd.	0	0	0	0
	Representative: Paul Yeh (Note 3)	0	0	0	0

Title	Name	2023		up to February 29, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Independent Director	Tyzz-Jiun Duh	0	0	0	0
Independent Director	Chiang Kao	0	0	0	0
Independent Director	Cheng-Wen Wu	0	0	0	0
Independent Director	Chien-Kuo Yang	0	0	0	0
Vice President	Yen-Hie Chao	0	0	0	0
Vice President	Chun-Hsiung Hung	0	0	0	0
Vice President	Jui-Kun Chen	0	0	0	0
Vice President	Jon-Ten Chung	0	0	0	0
Vice President	Kuang-Chao Chen	0	0	0	0
Head of Emerging R&D	Ko-Chung Wang	0	0	0	0
Senior Associate V.P.	Wen-Pin Lu	0	0	0	0
Executive Director	Hsin-Cheng Liu	0	0	0	0
Executive Director	Kai-Wen Tu	0	0	0	0
Executive Director	Ting-Chang Lin	0	0	0	0
Executive Director	Kun-Lung Chang	0	0	0	0
Executive Director	Ta-Hone Yang	0	0	0	0
Project Executive Director	Hui-Chi Li (Note 4)	Omitted	Omitted	Omitted	Omitted

Note 1: Ms. Stacey Lee was appointed to attend the 12th Term of the Board of Directors and represent the company exercising any and all of a director’s rights thereof.
Note 2: Ms. Ching-Yun Li was appointed to attend the 12th Term of the Board of Directors and represent the company exercising any and all of a director’s rights thereof.
Note 3: Mr. Paul Yeh was appointed to attend the 11th Term of the Board of Directors and represent the company exercising any and all of a director’s rights thereof.
Note 4: Mr. Hui-Chi Li retired on May 31, 2023.
Note 5: The counterparts of equity transfer or equity pledge in the table above are not related parties.

IX. Relationship Among the Top Ten Shareholders

June 30, 2023
Unit: shares / %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Syue-Rong Shen	54,383,000	2.93%	None	None	None	None	None	None	
Yuanta/P-shares Taiwan Dividend Plus ETF	49,810,114	2.68%	None	None	None	None	None	None	
Cathay Life Insurance Representative: Ming-Ho Hsiung	44,542,000	2.40%	None	None	None	None	None	None	
New Labor Pension Fund	40,335,764	2.17%	None	None	None	None	None	None	
Robeco Capital Growth Funds	25,138,000	1.35%	None	None	None	None	None	None	
Mercuries Life Insurance Co., Ltd. Representative: Jhao-Si Wong	24,000,000	1.29%	None	None	None	None	None	None	
Shun Yin Investment Ltd.	22,587,265	1.22%	None	None	None	None	None	None	
Representative: Ikuo Yamaguchi	None	None	None	None	None	None	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	21,793,546	1.17%	None	None	None	None	None	None	
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	19,170,737	1.03%	None	None	None	None	None	None	
Morgan Stanley & Co. International Plc	17,436,421	0.94%	None	None	None	None	None	None	

Note 1: Base date of shareholding, which was the record date for the distribution of 2023 cash dividend.
Note 2: There was no information on the person responsible for the investment account.

X. The Total and Combined Shareholding in a Single Enterprise by the Company, its Directors, Supervisors, Managers, and the Directly or Indirectly Controlled Entities

December 31, 2023
Unit: shares / %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Macronix America, Inc.	100,000	100.00%	0	0%	100,000	100.00%
Macronix (BVI) Co., Ltd.	182,589,357	100.00%	0	0%	182,589,357	100.00%
Macronix (Hong Kong) Co., Limited.	89,700,000	100.00%	0	0%	89,700,000	100.00%
Macronix Pte Ltd	174,000	100.00%	0	0%	174,000	100.00%
Hui Ying Investment Ltd.	None	100.00%	None	0%	None	100.00%
Run Hong Investment Ltd.	None	100.00%	None	0%	None	100.00%
Mxtran Inc.	69,627,323	90.43%	3,914,600	5.08%	73,541,923	95.51%

Note: Invested by the Company using the equity method.

Chapter IV. Capital Overview

I. Capital and Shares

(I) Source of capital

Year/ month	Issue price	Authorized capital		Paid-up capital		Comments		
		Shares (1,000 shares)	Amount (NT$1,000)	Shares (shares)	Amount (NTD)	Source of capital	Subscriptions paid with property other than cash	Other
1989.12	-	150,000	1,500,000	81,583,000	815,830,000	Established with a capital of NT$815,830,000	5,200,000 technology shares	-
1990.12	10	300,000	3,000,000	209,717,000	2,097,170,000	Cash capital increase in the amount of NT$1,281,340,000	-	Note 1
1992.06	10	300,000	3,000,000	239,717,000	2,397,170,000	Cash capital increase in the amount of NT$300,000,000	-	Note 2
1993.05	10	300,000	3,000,000	300,000,000	3,000,000,000	Cash capital increase in the amount of NT$602,830,000	-	Note 3
1995.02	28.5	500,000	5,000,000	350,000,000	3,500,000,000	Cash capital increase in the amount of NT$500,000,000	-	Note 4
1995.08	-	500,000	5,000,000	433,218,172	4,332,181,720	Capital increase out of earnings in the amount of NT$832,181,720	-	-
1995.12	40	500,000	5,000,000	500,000,000	5,000,000,000	Cash capital increase in the amount of NT$667,818,280	-	Note 5
1996.05	48	850,000	8,500,000	600,000,000	6,000,000,000	Issuance of GDRs in the amount of NT$1,000,000,000 for cash capital increase	-	Note 6
1996.08	-	1,160,000	11,600,000	941,676,940	9,416,769,400	Earnings and capital surplus in the amount of NT$3,416,769,400 transferred to capital	-	-
1997.04	-	1,160,000	11,600,000	945,824,135	9,458,241,350	Corporate bonds conversion in the amount of NT$41,471,950	-	-
1997.07	-	2,500,000	25,000,000	1,274,939,621	12,749,396,210	Earnings and capital surplus in the amount of NT$3,291,154,860 transferred to capital	-	-
1997.08	-	2,500,000	25,000,000	1,415,586,910	14,155,869,100	Corporate bonds conversion in the amount of NT$1,406,472,890	-	-
1997.12	-	2,500,000	25,000,000	1,441,815,433	14,418,154,330	Corporate bonds conversion in the amount of NT$262,285,230	-	-
1998.03	-	2,500,000	25,000,000	1,442,334,998	14,423,349,980	Corporate bonds conversion in the amount of NT$5,195,650	-	-
1998.08	-	2,500,000	25,000,000	1,785,823,693	17,858,236,930	Earnings and capital surplus in the amount of NT$3,434,886,950 transferred to capital	-	-
1999.09	-	2,500,000	25,000,000	1,964,406,063	19,644,060,630	Capital surplus in the amount of NT$1,785,823,700 transferred to capital	-	-
2000.03	30	2,500,000	25,000,000	2,099,996,063	20,999,960,630	Cash capital increase in the amount of NT$1,355,900,000	-	Note 7
2000.03	-	2,500,000	25,000,000	2,126,074,584	21,260,745,840	Convertible bonds conversion in the amount of NT$260,785,210	-	-
2000.03	-	2,500,000	25,000,000	2,127,526,851	21,275,268,510	Convertible bonds conversion in the amount of NT$14,522,670	-	-
2000.07	-	3,500,000	35,000,000	2,404,105,343	24,041,053,430	Earnings and capital surplus in the amount of NT$2,765,784,920 transferred to capital	-	-
2000.07	-	3,500,000	35,000,000	2,472,586,493	24,725,864,930	Corporate bonds conversion in the amount of NT$684,811,500	-	-
2000.12	-	3,500,000	35,000,000	2,474,409,144	24,744,091,440	Corporate bonds conversion in the amount of NT$18,226,510	-	-
2001.06	-	4,500,000	45,000,000	3,359,342,613	33,593,426,130	Earnings and capital surplus in the amount of NT$8,849,334,690 transferred to capital	-	-

Year/ month	Issue price	Authorized capital		Paid-up capital		Comments		
		Shares (1,000 shares)	Amount (NT$1,000)	Shares (shares)	Amount (NTD)	Source of capital	Subscriptions paid with property other than cash	Other
2002.08	-	5,350,000	53,500,000	3,691,276,875	36,912,768,750	Capital surplus in the amount of NT$3,319,342,620 transferred to capital	-	-
2003.04	-	5,350,000	53,500,000	3,733,149,529	37,331,495,290	Corporate bonds conversion in the amount of NT$418,726,540	-	-
2003.07	-	5,350,000	53,500,000	3,779,349,500	37,793,495,000	Corporate bonds conversion in the amount of NT$461,999,710	-	-
2003.11	-	5,350,000	53,500,000	3,927,758,305	39,277,583,050	Corporate bonds conversion in the amount of NT$1,484,088,050	-	-
2003.12	**8.11**	**6,550,000**	**65,500,000**	**4,402,758,305**	**44,027,583,050**	**Cash capital increase in the amount of NT$4,750,000,000**	**-**	**Note 8**
2004.03	-	6,550,000	65,500,000	4,430,251,943	44,302,519,430	Corporate bonds conversion in the amount of NT$274,936,380	-	-
2004.04	10.9	6,550,000	65,500,000	4,955,251,943	49,552,519,430	Issuance of GDRs in the amount of NT$5,250,000,000 for cash capital increase	-	Note 9
2004.05	-	6,550,000	65,500,000	5,003,704,439	50,037,044,390	Corporate bonds conversion in the amount of NT$484,524,960	-	
2004.09	-	6,550,000	65,500,000	5,034,928,514	50,349,285,140	Corporate bonds conversion in the amount of NT$312,240,750	-	-
2004.11	-	6,550,000	65,500,000	5,035,296,328	50,352,963,280	Corporate bonds conversion in the amount of NT$3,678,140	-	-
2005.09	-	6,550,000	65,500,000	4,995,296,328	49,952,963,280	Decrease in treasury stock in the amount of NT$400,000,000	-	-
2006.03	-	6,550,000	65,500,000	2,915,821,786	29,158,217,860	Capital reduction in the amount of NT$20,794,745,420	-	Note 10
2006.03	**8.07**	**6,550,000**	**65,500,000**	**2,915,921,786**	**29,159,217,860**	**Private placement in the amount of NT$1,000,000**	**-**	**-**
2007.02	-	6,550,000	65,500,000	2,916,157,808	29,161,578,080	Exercise of employee stock options in the amount of NT$2,360,220	-	-
2007.04	-	6,550,000	65,500,000	2,916,415,946	29,164,159,460	Exercise of employee stock options in the amount of NT$2,581,380	-	-
2007.09	-	6,550,000	65,500,000	2,917,058,354	29,170,583,540	Exercise of employee stock options in the amount of NT$6,424,080	-	-
2007.10	-	6,550,000	65,500,000	2,978,817,751	29,788,177,510	Capital increase out of earnings in the amount of NT$617,593,970	-	-
2007.11	-	6,550,000	65,500,000	3,050,653,298	30,506,532,980	Exercise of employee stock options in the amount of NT$718,355,470	-	-
2008.02	-	6,550,000	65,500,000	3,060,226,622	30,602,266,220	Exercise of employee stock options in the amount of NT$95,733,240	-	-
2008.05	-	6,550,000	65,500,000	3,062,751,980	30,627,519,800	Exercise of employee stock options in the amount of NT$25,253,580	-	-
2008.08	-	6,550,000	65,500,000	3,063,677,465	30,636,774,650	Exercise of employee stock options in the amount of NT$9,254,850	-	-
2008.09	-	6,550,000	65,500,000	3,124,019,472	31,240,194,720	Capital increase out of earnings in the amount of NT$603,420,070	-	-
2008.11	-	6,550,000	65,500,000	3,126,296,368	31,262,963,680	Exercise of employee stock options in the amount of NT$22,768,960	-	-
2009.02	-	6,550,000	65,500,000	3,126,775,749	31,267,757,490	Exercise of employee stock options in the amount of NT$4,793,810	-	-
2009.02	-	6,550,000	65,500,000	3,123,962,749	31,239,627,490	Decrease in treasury stock in the amount of NT$28,130,000	-	-

Year/ month	Issue price	Authorized capital		Paid-up capital		Comments		
		Shares (1,000 shares)	Amount (NT$1,000)	Shares (shares)	Amount (NTD)	Source of capital	Subscriptions paid with property other than cash	Other
2009.05	-	6,550,000	65,500,000	3,135,134,847	31,351,348,470	Exercise of employee stock options in the amount of NT$111,720,980	-	-
2009.08	-	6,550,000	65,500,000	3,147,538,945	31,475,389,450	Exercise of employee stock options in the amount of NT$124,040,980	-	-
2009.09	-	6,550,000	65,500,000	3,272,552,230	32,725,522,300	Capital increase out of earnings in the amount of NT$1,250,132,850	-	-
2009.11	-	6,550,000	65,500,000	3,289,772,530	32,897,725,300	Exercise of employee stock options in the amount of NT$172,203,000	-	-
2010.02	-	6,550,000	65,500,000	3,303,027,880	33,030,278,800	Exercise of employee stock options in the amount of NT$132,553,500	-	-
2010.05	-	6,550,000	65,500,000	3,330,319,836	33,303,198,360	Exercise of employee stock options in the amount of NT$272,919,560	-	-
2010.08	-	6,550,000	65,500,000	3,350,388,992	33,503,889,920	Exercise of employee stock options in the amount of NT$200,691,560	-	-
2010.11	-	6,550,000	65,500,000	3,355,417,899	33,554,178,990	Exercise of employee stock options in the amount of NT$50,289,070	-	-
2011.02	-	6,550,000	65,500,000	3,362,301,642	33,623,016,420	Exercise of employee stock options in the amount of NT$68,837,430	-	-
2011.05	-	6,550,000	65,500,000	3,378,174,280	33,781,742,800	Exercise of employee stock options in the amount of NT$158,726,380	-	-
2011.08	-	6,550,000	65,500,000	3,381,545,259	33,815,452,590	Exercise of employee stock options in the amount of NT$33,709,790	-	-
2011.11	-	6,550,000	65,500,000	3,382,456,382	33,824,563,820	Exercise of employee stock options in the amount of NT$9,111,230	-	-
2012.02	-	6,550,000	65,500,000	3,384,748,566	33,847,485,660	Exercise of employee stock options in the amount of NT$22,921,840	-	-
2012.05	-	6,550,000	65,500,000	3,392,196,696	33,921,966,960	Exercise of employee stock options in the amount of NT$74,481,300	-	-
2012.08	-	6,550,000	65,500,000	3,392,302,064	33,923,020,640	Exercise of employee stock options in the amount of NT$1,053,680	-	-
2012.08	-	6,550,000	65,500,000	3,521,142,831	35,211,428,310	Capital increase out of earnings in the amount of NT$1,288,407,670	-	-
2012.11	-	6,550,000	65,500,000	3,521,369,314	35,213,693,140	Exercise of employee stock options in the amount of NT$2,264,830	-	-
2013.02	-	6,550,000	65,500,000	3,521,462,303	35,214,623,030	Exercise of employee stock options in the amount of NT$929,890	-	-
2014.02	-	6,550,000	65,500,000	3,521,473,020	35,214,730,200	Exercise of employee stock options in the amount of NT$107,170	-	-
2015.01	-	6,550,000	65,500,000	3,558,773,970	35,587,739,700	New restricted employee shares in the amount of NT$373,009,500	-	-
2015.08	-	6,550,000	65,500,000	3,620,052,730	36,200,527,300	New restricted employee shares in the amount of NT$612,787,600	-	-
2015.08	-	6,550,000	65,500,000	3,618,598,730	36,185,987,300	Reduction of new restricted employee shares in the amount of NT$14,540,000	-	-

Year/ month	Issue price	Authorized capital		Paid-up capital		Comments		
		Shares (1,000 shares)	Amount (NT$1,000)	Shares (shares)	Amount (NTD)	Source of capital	Subscriptions paid with property other than cash	Other
2015.11	-	6,550,000	65,500,000	3,617,848,930	36,178,489,300	Reduction of new restricted employee shares in the amount of NT$7,498,000	-	-
2016.02	-	6,550,000	65,500,000	3,617,159,130	36,171,591,300	Reduction of new restricted employee shares in the amount of NT$6,898,000	-	-
2016.05	-	6,550,000	65,500,000	3,616,471,930	36,164,719,300	Reduction of new restricted employee shares in the amount of NT$6,872,000	-	-
2016.08	-	6,550,000	65,500,000	3,615,716,830	36,157,168,300	Reduction of new restricted employee shares in the amount of NT$7,551,000	-	-
2016.11	-	6,550,000	65,500,000	3,615,353,570	36,153,535,700	Reduction of new restricted employee shares in the amount of NT$3,632,600	-	-
2017.01	-	6,550,000	65,500,000	3,672,829,150	36,728,291,500	New restricted employee shares in the amount of NT$574,755,800	-	-
2017.02	-	6,550,000	65,500,000	3,672,063,730	36,720,637,300	Reduction of capital for new restricted employee shares in the amount of NT$7,654,200	-	-
2017.05	-	6,550,000	65,500,000	3,671,002,330	36,710,023,300	Reduction of capital for new restricted employee shares in the amount of NT$10,614,000	-	-
2017.07	-	6,550,000	65,500,000	1,805,895,303	18,058,953,030	Capital reduction in the amount of NT$18,651,070,270	-	Note 11
2017.09	-	6,550,000	65,500,000	1,805,028,142	18,050,281,420	Reduction of capital for new restricted employee shares in the amount of NT$8,671,610	-	-
2017.11	-	6,550,000	65,500,000	1,804,938,491	18,049,384,910	Reduction of capital for new restricted employee shares in the amount of NT$896,510	-	-
2018.02	-	6,550,000	65,500,000	1,804,775,803	18,047,758,030	Reduction of capital for new restricted employee shares in the amount of NT$1,626,880	-	-
2018.05	-	6,550,000	65,500,000	1,804,478,493	18,044,784,930	Reduction of capital for new restricted employee shares in the amount of NT$2,973,100	-	-
2018.09	-	6,550,000	65,500,000	1,840,574,009	18,405,740,090	Capital increase out of earnings in the amount of NT$360,955,160	-	-
2018.11	-	6,550,000	65,500,000	1,840,291,935	18,402,919,350	Reduction of capital for new restricted employee shares in the amount of NT$2,820,740	-	-
2019.02	-	6,550,000	65,500,000	1,840,166,993	18,401,669,930	Reduction of capital for new restricted employee shares in the amount of NT$1,249,420	-	-
2019.05	-	6,550,000	65,500,000	1,840,144,856	18,401,448,560	Reduction of capital for new restricted employee shares in the amount of NT$221,370	-	-
2019.08	-	6,550,000	65,500,000	1,840,013,422	18,400,134,220	Reduction of capital for new restricted employee shares in the amount of NT$1,314,340	-	-
2019.11	-	6,550,000	65,500,000	1,839,927,014	18,399,270,140	Reduction of capital for new restricted employee shares in the amount of NT$864,080	-	-
2020.03	-	6,550,000	65,500,000	1,839,908,862	18,399,088,620	Reduction of capital for new restricted employee shares in the amount of NT$181,520	-	-
2020.07	-	6,550,000	65,500,000	1,856,309,082	18,563,090,820	New restricted employee shares in the amount of NT$164,002,200	-	-
2020.08	-	6,550,000	65,500,000	1,856,301,702	18,563,017,020	Reduction of capital for new restricted employee shares in the amount of NT$73,800	-	-

Year/ month	Issue price	Authorized capital		Paid-up capital		Comments		
		Shares (1,000 shares)	Amount (NT$1,000)	Shares (shares)	Amount (NTD)	Source of capital	Subscriptions paid with property other than cash	Other
2021.02	-	6,550,000	65,500,000	1,856,186,402	18,561,864,020	Reduction of capital for new restricted employee shares in the amount of NT$1,153,000	-	-
2021.05	-	6,550,000	65,500,000	1,856,127,002	18,561,270,020	Reduction of capital for new restricted employee shares in the amount of NT$594,000	-	-
2021.08	-	6,550,000	65,500,000	1,856,046,002	18,560,460,020	Reduction of capital for new restricted employee shares in the amount of NT$810,000	-	-
2021.11	-	6,550,000	65,500,000	1,856,017,802	18,560,178,020	Reduction of capital for new restricted employee shares in the amount of NT$282,000	-	-
2022.02	-	6,550,000	65,500,000	1,855,976,783	18,559,767,830	Reduction of capital for new restricted employee shares in the amount of NT$410,190	-	-
2022.05	-	6,550,000	65,500,000	1,855,925,783	18,559,257,830	Reduction of capital for new restricted employee shares in the amount of NT$510,000	-	-
2022.08	-	6,550,000	65,500,000	1,855,884,320	18,558,843,200	Reduction of capital for new restricted employee shares in the amount of NT$414,630	-	-
2022.11	-	6,550,000	65,500,000	1,855,854,341	18,558,543,410	Reduction of capital for new restricted employee shares in the amount of NT$299,790	-	-
2023.03	-	6,550,000	65,500,000	1,855,827,941	18,558,279,410	Reduction of capital for new restricted employee shares in the amount of NT$264,000	-	-
2023.05	-	6,550,000	65,500,000	1,855,826,441	18,558,264,410	Reduction of capital for new restricted employee shares in the amount of NT$15,000	-	-

Note 1: Letter Tai-Cai-Zheng (1)-Zi No. 03305 dated December 7, 1990
Note 2: Letter Tai-Cai-Zheng (1)-Zi No. 03489 dated December 24, 1991
Note 3: Letter Tai-Cai-Zheng (1)-Zi No. 00335 dated February 15, 1993
Note 4: Letter Tai-Cai-Zheng (1)-Zi No. 43729 dated November 5, 1994
Note 5: Letter Tai-Cai-Zheng (1)-Zi No. 49345 dated September 25, 1995
Note 6: Letter Tai-Cai-Zheng (1)-Zi No. 18164 dated March 26, 1996
Note 7: Letter Tai-Cai-Zheng (1)-Zi No. 95699 dated November, 1999
Note 8: Letter Tai-Cai-Zheng-1-Zi No. 0920139445 dated October 15, 2003
Note 9: Letter Tai-Cai-Zheng-1-Zi No. 0920161647 dated January 30, 2004
Note 10: Letter Jin-Guan-Zheng-1-Zi No. 0940156791 dated February 3, 2006
Note 11: Letter Jin-Guan-Zheng-Fa-Zi No. 1060022715 dated June 26, 2017

February 29, 2024
Unit: shares

Type of stock	Authorized capital			Remarks
	Shares issued and outstanding (Note 1)	Un-issued shares	Total	
Common stocks	1,855,826,441	4,694,173,559	6,550,000,000	Note 2

Note 1: 1,855,770,790 shares are public shares; 55,651 shares are private placement shares.
Note 2: Retained 650,000,000 shares of authorized capital for employee stock option certificates, and authorized the Board of Directors to issue the certificates in batches as needed. Retained 864,703,672 for conversion to corporate bonds, which may be adjusted by resolution of the Board of Directors in view of the market situation and business needs.

(II) Composition of Shareholders

June 30, 2023

Type of Shareholders	Government Agencies	Financial Institutions	Other Legal Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	14	59	436	299,673	734	300,916
Shareholding	51,401,603	110,682,172	132,225,791	1,217,754,385	343,762,490	1,855,826,441
Shareholding Percentage (%)	2.77%	5.96%	7.13%	65. 62%	18.52%	100.00%

Note: Base date of shareholding, which was the record date for the distribution of 2023 cash dividend.

(III) The Dispersal of Shareholdings

June 30, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding	Shareholding Percentage (%)
1 ~ 999	136,463	29,297,729	1.58%
1,000 ~ 5,000	126,087	263,947,467	14.22%
5,001 ~ 10,000	20,851	158,185,656	8.52%
10,001 ~ 15,000	6,235	76,842,056	4.14%
15,001 ~ 20,000	3,467	63,326,010	3.41%
20,001 ~ 30,000	2,950	74,085,061	3.99%
30,001 ~ 40,000	1,330	46,846,291	2.53%
40,001 ~ 50,000	877	40,461,583	2.18%
50,001 ~ 100,000	1,443	102,395,943	5.52%
100,001 ~ 200,000	616	86,067,728	4.64%
200,001 ~ 400,000	302	84,287,252	4.54%
400,001 ~ 600,000	96	46,909,858	2.53%
600,001 ~ 800,000	35	23,591,599	1.27%
800,001 ~ 1,000,000	29	25,841,722	1.39%
1,000,001 and above	135	733,740,486	39.54%
Total	300,916	1,855,826,441	100.00%

Note: Base date of shareholding, which was the record date for the distribution of 2023 cash dividend.

(IV) Major Shareholders

June 30, 2023

Name of Shareholders	Shareholding	Shareholding Percentage (%)
Syue-Rong Shen	54,383,000	2.93%
Yuanta/P-shares Taiwan Dividend Plus ETF	49,810,114	2.68%
Cathay Life Insurance	44,542,000	2.40%
New Labor Pension Fund	40,335,764	2.17%
Robeco Capital Growth Funds	25,138,000	1.35%
Mercuries Life Insurance Co., Ltd.	24,000,000	1.29%
Shun Yin Investment Ltd.	22,587,265	1.22%
JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	21,793,546	1.17%
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	19,170,737	1.03%
Morgan Stanley & Co. International Plc	17,436,421	0.94%

Note: Base date of shareholding, which was the record date for the distribution of 2023 cash dividend.

(V) Market Price, Net Worth, Earnings, and Dividends Per Share

Unit: NT$

Item		Year	2022	2023	By the End of February 29,2024
Market Price per Share (Note 1)	Highest Market Price		45.15	37.45	31.85
	Lowest Market Price		28.2	26.6	28
	Average Market Price		37.23	32.69	29.65
Net Worth per Share	Before Distribution		28.38	26.07	Not applicable
	After Distribution		26.58	(Note 5)	
Earnings per Share	Weighted Average Shares (thousand shares)		1,850,115	1,853,868	
	Earnings per Share		4.85	(0.92)	
Dividends per Share	Cash Dividends		1.8	0.5	
	Stock Dividends	Dividends from Retained Earnings	-	-	
		Dividends from Capital Surplus	-	-	
	Accumulated Undistributed Dividends		-	-	
Return on Investment	Price / Earnings Ratio (Note 2)		7.44	-	
	Price / Dividend Ratio (Note 3)		20.05	64.8	
	Cash Dividend Yield Rate (Note 4)		4.99%	1.54%	

Note 1: Source of data: Taiwan Stock Exchange.
Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
Note 5: The distribution of earnings for 2023 will be resolved at the 2024 Shareholders' Meeting.

(VI) Dividend Policy and Implementation

1. Dividend policy in the articles of incorporation

   If there is a surplus in the Company's annual final accounts, it will first be used to pay taxes and make up for accumulated losses before the next 10% is taken for legal capital reserve (except when the legal capital reserve has reached the amount of the total capital). A special capital reserve is listed or reversed in accordance with relevant regulations. The remaining balance and the undistributed surplus of the previous year are the shareholder dividends.

   The Company belongs to a capital-intensive industry. In line with the long-term financial planning, all or part of the shareholder dividends in the preceding paragraph may be reserved as undistributed earnings depending on the resolution by the shareholders' meeting. The dividends will then be distributed in the following year, together or separately.

   The Company prioritizes cash dividends for surplus distribution. However, the Company shall still be able to distribute the surplus as shares depending on the financial, business, or operational status. The ratio follows the principle of not exceeding 50% of the total distributable surplus for the year.
2. Distribution of dividend proposed at the shareholders' meeting: NT$927,913,221 (NT$0.5 per share).
3. Expected material changes to the dividend policy: None.

(VII) Effect to Business Performance and EPS of the Proposed Stock Dividends Distribution: Not applicable.

(VIII) Compensation for Employees, Directors, and Supervisors

1. Percentage or scope of compensation for employees, directors and supervisors provided in the Company's Articles of Incorporation

   According to the Articles of Incorporation, if there is profit for the year, 15% and 2% (or below) of the remaining balance should be allocated as employee and director compensation after accumulated losses have been deducted from the profit. Employee compensation should also be distributed to employees of subordinate companies that meet certain conditions.
2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

   The company incurred a loss for the fiscal year 2023. In accordance with the company bylaws, no provision has been made for employee and director remuneration.
3. Distribution of compensation approved in the board of directors meeting: None.
4. Information of distribution of compensation of employees, directors, and supervisors for the previous year, and, if there are any discrepancies between the actual distribution and the recognized employee, director, or supervisor compensation, and the discrepancy, cause, and its treatment: None.

(IX) Redemption of Common Stock: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. Employee Restricted Stock Awards: None.

VII. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of other Companies: None.

VIII. Financing Plans and Implementation :

As of one quarter before the printing date of this annual report, the Company has not experienced any previous issuance or private placement of marketable securities that have not been completed, or that have been completed but any benefits are yet to be recorded within the past three fiscal years.

Chapter V. Operation Summary

I. Business Activities

(I) Scope of Business:

1. Main Business:

The Company's main business concentrates on the design, manufacture, sales, and foundry services of integrated circuits and memory chips, as well as the commissioned design, development, and consultancy of relevant products. The Company concurrently engages in the import and export of relevant affairs. For the main businesses of the consolidated company, please refer to the main section regarding the Consolidated Financial Report on page 183 of this annual report.

2. Business Proportion

Unit: NT$ thousands

Products	2022		2023	
	Net Revenue	%	Net Revenue	%
Flash	29,001,475	66.69%	16,959,567	61.40%
ROM	10,670,968	24.54%	9,036,841	32.71%
Foundry	3,796,517	8.73%	1,619,489	5.86%
Others	18,494	0.04%	7,711	0.03%
Total	43,487,454	100.00%	27,623,608	100.00%

3. Current Products of the Company

Product Category	Main Products
Non-Volatile Memory IC	Flash Memory (NOR Flash, NAND Flash)
	Read-Only Memory (ROM)
Wafer Foundry Services	Sub-micron logic process / high voltage CMOS and BCD process
	BCD and logic processes of embedded non-volatile memory (NVM)

Currently, most of Macronix’s flash memory products are NOR Flash. With excellent technology and quality, the product range covers various storage capacities, including 3V, 1.8V or 1.2V operating voltage, Serial or Parallel interfaces, and mainstream or niche specifications. Macronix has a complete range of products, which are widely adopted by customers around the world.

In addition to NOR Flash, the independently-developed NAND Flash product line has stable quality and mass production, making Macronix one of the few suppliers of both NOR Flash and NAND Flash in the world.

Macronix has also passed the IATF 16949 certification of the quality management system in the fast-growing automotive electronics industry. The Company has equally managed to win the reliability standard AEC-Q100 certification for the two main product categories, namely NOR Flash and NAND Flash. Passing the two most important standards in the electronic IC supply chain makes Macronix an important partner of the first-class automotive electronics manufacturers.

Macronix’s read-only memory products adopt world-class technologies with a complete lineup of storage capacity and a high level of security. With rich manufacturing experience and a comprehensive management system, Macronix has reached the highest level in the world in terms of delivery speed and shipment volume.

4. Plans for New Product Development

※ 3D NAND Flash: Projects for the third and fourth generations.

※ eMMC control chip project for 3D NAND Flash.

※ NOR Flash: 45-nanometer product series plan.

※ NOR Flash: High-speed enhancement plan for protective and encrypted storage chips.

※ 3D NOR Flash: Plan for the industry's highest single-chip NOR Flash storage capacity.

(II) State of the Industry

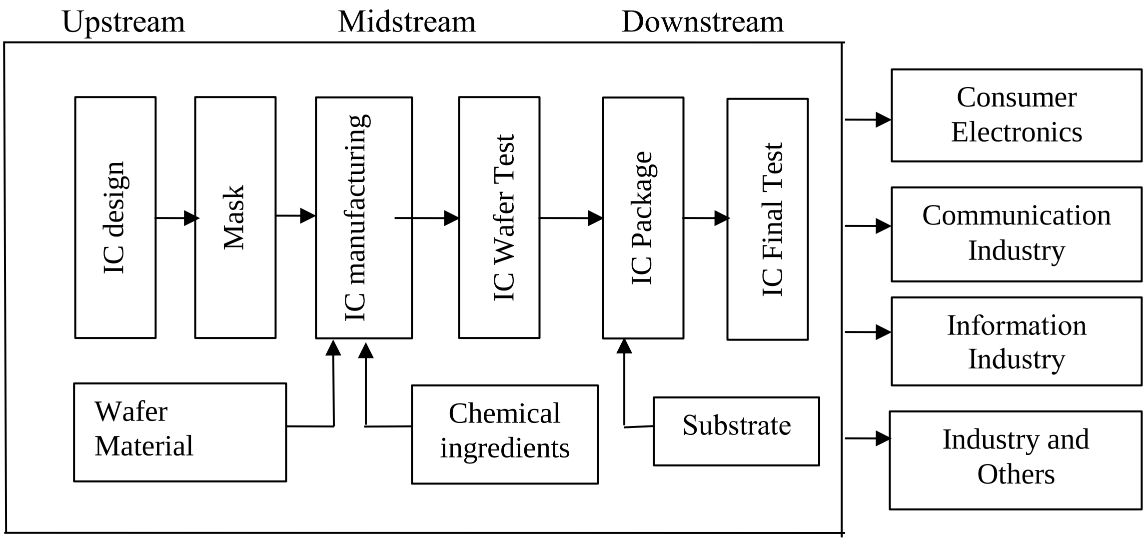
1. Industry Development and Competition

Memory IC can be divided into two types according to their functions. Volatile memory refers to the memory that loses data when the power has been switched off, such as DRAM and SRAM. On the other hand, non-volatile memory retains the memory even when the power is switched off. The Company specializes in non-volatile memory, especially Flash Memory and ROM (read-only memory).

Flash Memory can be read and written repeatedly, and is widely used in consumer electronics, communications, information, mobile phones, automotive, and industrial fields. Macronix is the world's leading supplier of NOR Flash and SLC NAND Flash. It has the advantages of sound finance, stable supply, a 12-inch wafer lab, and production capacity. It will grow with the development of emerging applications in the future.

The special feature of ROM is that the data cannot be modified after storage. The main advantage is large storage capacity with low cost. Its application focuses on electronic gaming cards, electronic toys, and game consoles. The industry has become application-oriented. Macronix has long been ranked as the largest ROM supplier in the world, with more than half of the market share.

2. Correlation with Upstream, Midstream, and Downstream Sections of the Industry



Source: ITRI Industrial Economics and Knowledge Center

The Company provides customers with a complete range of flexible solutions from R&D, manufacturing to backend package testing and is one of the few professional suppliers in the world that specialize in non-volatile memory.

(III) Overview of Technology and Research & Development

1. R&D Expenses

Unit: NT$ thousands

Item \ Year	2022	2023
R&D expenses	5,912,844	5,785,863
Operating Revenue	43,487,454	27,623,608
% of R&D expenses to Operating Revenue	13.60%	20.95%

2. Successfully Developed Technologies or Products

In recent years, Macronix has successfully implemented product and technology innovations to extend its superior product competitiveness.

(1) Technology Innovation

※ Adopt big data and artificial intelligence (AI) to establish an exclusive system platform for improving the performance and quality control of semiconductor mass production. Become the world's first semiconductor company to elevate the product defect rate measurement indicator from PPM (parts per million) to PPB (parts per billion) level.

※ Use various AI technologies to establish an exclusive production process R&D platform to improve resource efficiency and shorten development time.

※ Build proprietary design and mass production process technology of 3D NAND flash.

※ Macronix's mature proprietary 0.11 µm embedded non-volatile memory technology and 0.18 µm BCD (Bipolar-CMOS-DMOS) technology are integrated into foundry services to meet demands of the MCU and analog IC-related markets.

(2) Product Innovation

※ For automotive electronics and Internet of Things applications, Macronix has proposed an innovative protection and encryption ArmorFlash product series, and won the "Best Memory Product of the Year" at the "EE Awards 2021 (Asia Award)."

※ In response to the design and development trend of lower power consumption and energy-saving efficiency, Macronix launched the 1.2V SPI NOR flash product series, which saves more than 50% power than the 1.8V product series, and won the "Best Memory Product of the Year" at the "EE Awards 2022 (Asia Award)."

※ To meet the demand for high performance, Macronix proposed the OctaFlash product series, which doubled the maximum speed of SPI NOR flash in the industry and won the "Best Memory Product of the Year" at the "EE Awards 2023 (Asia Award)."

※ In addition to NOR flash, Macronix developed and mass-produced proprietary NAND flash, making us one of the few suppliers in the industry to possess high-quality products of both NOR flash and NAND flash in the world.

(3) Intellectual Rights Achievements

Macronix is persistent in its pursuit of innovation and invention. It is proactive in its application for patents and in the deployment of its international patent strategy network. The Company regularly reports on various issues related to intellectual property in each quarterly meeting of the board of directors.

<u>Intellectual Property Strategy:</u> In today's international industrial environment, intellectual property rights are gradually becoming the weapon used in the competition for strategic technologies. For Macronix, a company that strives to become a mainstream leader and a global provider of comprehensive solutions, the key strategy to sustainable operations is in the planning, deployment, production, and accumulation of equal amounts of quality and quantity in its patent rights strategy

network, which entails the creation of high-quality innovative technology and intellectual property that can protect high-value-added products.

Intellectual Property Management: To encourage employees to pro-actively submit their inventions, Macronix has established the Patent Management and Incentive Guidelines, and has also introduced the Intellectual Property Rights and Patent Service Network, which incorporates patent engineers, developers, and the patent office and offers real-time control of each step in the intellectual property process.

Intellectual Property Risk and Countermeasures: The Company values R&D and innovation, and actively applies for patents as a form of intellectual property rights. By the end of 2023, the Company has obtained 3,402 patents in the U.S., 3,290 patents in Taiwan, 2,170 patents in China, and 341 patents in other countries. More than 1,400 patents are pending in the patent offices of different countries. The Company will continue to seek the protection of patent and intellectual property rights for the innovative technologies it has developed.

The Company will continue to seek the protection of patent and intellectual property rights for the innovative technologies it has developed.

(IV) Short/Long-Term Business Development Plans

1. Short-term

※ Develop XtraROM® and NAND Flash customized product solutions for video games and entertainment to enhance the business growth of niche-based applications.

※ Promote the compact nature of NOR Flash in order to increase adoption in consumer electronics, information applications, and IoT.

※ Make good use of the high quality of the Company's products and the excellent production management to develop high value-added business in automotive electronics and medical electronics.

※ Macronix’s mature proprietary embedded non-volatile memory logical platform and BCD (Bipolar-CMOS-DMOS) technology are integrated to provide foundry services in MCU, IoT, and analog and smart power management IC related markets and make international leaders in related markets our long-term clients.

2. Long-term

※ Develop high-capacity NOR Flash and 3D NAND Flash technologies and products to provide solutions for high-value storage.

II. Market and Sales Overview

(I) Market Analysis

1. Net Revenue by Geography

Unit: NT$ thousands

Geography \ Year		2022 Net revenue	2022 %	2023 Net revenue	2023 %
Domestic		8,361,409	19.23	5,475,358	19.82
Export	Japan	14,195,816	32.64	10,324,765	37.38
	USA	3,116,958	7.17	1,684,168	6.10
	Europe	4,658,146	10.71	3,605,977	13.05
	Asia	13,155,125	30.25	6,533,340	23.65
	Subtotal	35,126,045	80.77	22,148,250	80.18
Total		43,487,454	100.00	27,623,608	100.00

2. Market Share

(1) ROM

The Company's ROM products account for more than 50% of the global market and has been firmly established as the market leader.

(2) NOR Flash

We remain a global leader in non-volatile memory devices with the market share of our NOR flash product line reaching approximately 17% in 2023.

3. Competitive Niches

The Company has been developing ROM and Flash technology and products for more than 30 years. The continuous innovation enhances competitiveness while maintaining stable product quality and supply. Recently, IoT and automotive electronics applications are in the ascendant. One of the trends is the need to integrate NOR Flash into compact wafer products. Macronix’s emphasis on quality and supply is its competitive advantage.

4. Favorable and Unfavorable Factors Affecting the Company's Development Prospects and Corresponding Countermeasures

The Company's operations and finance are currently sound and stable. The independent technologies and production of Flash Memory and ROM, and stable supply has won customers' trust as Macronix’s competitive advantage.

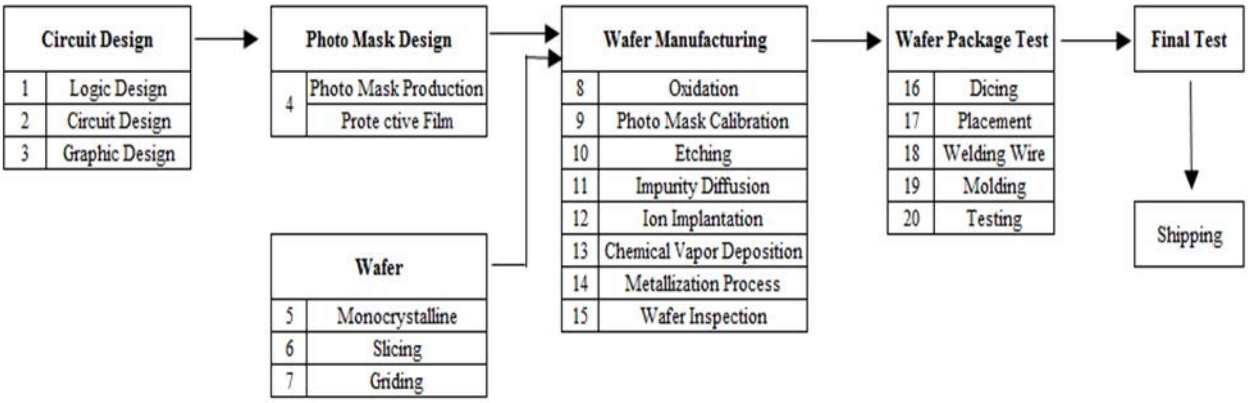
In order to achieve sustainable development, the Company will continue to develop advanced non-volatile memory technology and update the 12-inch fab equipment to create an advanced R&D environment and production base. Our goal is to provide customers with superior products and services in order to gain a stable foothold in the industry.

(II) Important Applications and Production Processes of the Primary Products

1. Major Uses of the Primary Products

Product Category	Primary Products	Use and Function
Non-Volatile Memory IC	Flash Memory	Used in mobile phones, set-top boxes, IoT, personal computers, artificial intelligence, automotive electronics, medical technology, industrial applications, storage equipment, network devices, tablets, wireless communications (Bluetooth, WLAN, 5G), and large entertainment equipment.
	ROM	Mainly used in TV game cards, electronic entertainment equipment, electronic toys and so on.
Wafer Foundry Services	Sub-micron logic process / high voltage CMOS and BCD process	Providing high-voltage CMOS manufacturing technology in order to serve analog IC design customers.
	BCD and logic processes of embedded non-volatile memory (NVM)	Provides integrated technology of BCD and logic processes of embedded NVM to serve microcontroller and smart power management IC design customers.

2. Production Process



(III) Supply of Primary Raw Materials

The ICs manufactured by our fabs are mainly made of silicon wafers, photoresist chemicals, and special gases. The suppliers are well-known large factories at home and abroad, with stable supply and excellent quality.

(IV) Suppliers/Customers Accounted for at Least 10% of Purchase/Sales and Respective Amount and Percentage

1. Information on Major Suppliers in the Last Two Fiscal Years

Unit: NT$ thousands

	2022				2023			
Item	Name	Amount	Percentage of Annual Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Purchase (%)	Relationship with the Issuer
1	Supplier A	3,234,286	31.68	Related party	Supplier A	1,282,576	17.34	Related party
	Others	6,974,126	68.32		Others	6,112,311	82.66	
	Net Purchase	10,208,412	100.00		Net Purchase	7,394,887	100.00	

Note1: Names of suppliers taking up more than 10% of the total purchase for the last two years and the amount as well as percentage are listed. However, because the contract stipulates that the name of the supplier should not be disclosed, or the counterparty is an individual but not a related party, it can be represented by a code instead.

Note 2: The increase/decrease is caused by changes in market trends and customer demands.

2. Information on Major Customers in the Last Two Fiscal Years

Unit: NT$ thousands

	2022				2023			
Item	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer
1	Customer A	10,739,770	24.70	Related party	Customer A	9,123,959	33.03	Related party
	Others	32,747,684	75.30		Others	18,499,649	66.97	
	Net Sales	43,487,454	100.00		Net Sales	27,623,608	100.00	

Note 1: Names of customers taking up more than 10% of the total sales for the last two years and the amount as well as percentage are listed. However, because the contract stipulates that the name of the customer should not be disclosed, or the counterparty is an individual but not a related party, it can be represented by a code instead.

Note 2: The increase/decrease is caused by fluctuating customer needs.

(V) Table of Production Volume and Value in the Most Recent Two Years

Capacity/Output Unit: Kea or PC
Revenue Unit: NT$ thousands

Year / Produce Amount / Main Products	2022			2023		
	Capacity	Output	Amount	Capacity	Output	Amount
Flash		1,554,396	12,258,181		1,364,499	9,147,026
ROM		105,782	7,616,073		90,186	6,259,185
Subtotal (Kea)		1,660,178	19,874,254		1,454,685	15,406,211
Foundry (PC)		216,260	1,432,067		115,655	807,867
Capacity (PC)	1,154,250			1,160,700		

Note 1: Capacity refers to the quantity that can be produced under normal operations using existing production equipment after the company has taken factors such as necessary downtime, holidays, etc. into consideration.
Note 2: If the product is substitutable, capacity can be jointly calculated and explained in the note.
Note 3: Capacity and Foundry output are estimated in 8-inch equivalent wafers.
Note 4: Amount refers to the manufacturing cost of the finish goods that are available for sale in the year.

(VI) Sales & Shipments in the Most Recent Two Years

Unit: Shipments (Kea or PC)
Revenue Unit: NT$ thousands

Year / Sales & Shipments / Products	2022				2023			
	Domestic		Export		Domestic		Export	
	Shipments	Net revenue	Shipments	Net revenue	Shipments	Net revenue	Shipments	Net revenue
Flash	384,961	5,436,999	1,077,072	23,564,476	342,044	4,205,634	775,174	12,703,845
ROM	-	-	107,089	10,670,968	-	-	88,263	9,036,840
Foundry (PC)	164,809	2,922,818	47,982	873,699	90,566	1,242,350	27,136	375,790
Others	-	1,592	-	16,902	-	27,373	-	31,775
Total (Kea)	384,961	8,361,409	1,184,161	35,126,045	342,044	5,475,358	863,437	22,148,250

Note: The total amount of sales does not include Foundry (PC); unit of Foundry shipments is 8-inch equivalent wafers.

III. Employees Information

(I) Company Employees Information

Year		2022	2023	By the End of February 29, 2024
Number of employees	Management Personnel	719	706	697
	R&D and Technical Personnel	1,750	1,713	1,708
	Operators	1,453	1,386	1,356
	Total	3,922	3,805	3,761
Average age		38.7 years old	39.2 years old	39.4 years old
Average Length of Service		11 years and 7 months	12 years and 1 months	12 years and 5 months
Education Level (%)	PhD	2	2	2
	Master's Degree	32.2	32.9	33.1
	Bachelor's	49.5	46.8	46.7
	High School	16.1	18.1	18.0
	Below High School	0.2	0.2	0.2

(II) Subsidiary Employees information

Year		2022	2023	By the End of February 29,2024
Number of employees	Management Personnel	111	112	111
	R&D and Technical Personnel	152	153	153
	Operators	0	0	0
	Total	263	265	264
Average age		40.4 years old	41.0 years old	41.2 years old
Average Length of Service		9 years and 5 months	9 years and 11 months	10 years and 1 months
Educational Level (%)	PhD	0.8	0.8	0.8
	Master's Degree	36.9	37.7	37.5
	Bachelor's	60.0	59.2	59.4
	High School	2.3	2.3	2.3
	Below High School	0.0	0.0	0.0

IV. Environmental Protection Expenditures

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

The Company has not been penalized for polluting the environment in the most recent fiscal year and up to the printing date of this annual report. The Company will continue to keep up with equipment maintenance and the implementation of an environmental management system in the future.

(II) Countermeasures and Expenditures

1.The Company's investment and improvement fees in environmental protection engineering, equipment operation maintenance fee, depreciation expenses for environmental protection equipment, clearance and disposal fees, and detection, project research, and training expenses amounted to NT$209,969,000 in 2023.

2. Impact on competitive position and capital expenditures:

(1) The Company promotes energy-saving, water-saving, and waste reduction by investing in and maintaining various pollution prevention equipment. The Company continues to work toward the goal of establishing a green wafer plant that is high in efficiency and low in pollution.

(2) The Company has established the "ISO 14001 Environmental Management System", "ISO 14064-1 Guidelines for quantification and reporting of greenhouse gas emissions and removals at the organization level", "IECQ QC 080000 Hazardous Substance Process Management System", etc., and continues to invest manpower in the promotion and maintenance of strengthening its competitive edge on the international stage.

(3) The Company has received the Green Partner certificate from customers in meeting their requirements for “Green Products”.

(4) The Company has been recognized and praised by competent authorities numerous times over the years, including being awarded the 19th National Sustainable Development Award by the National Council For Sustainable Development, receiving recognition from non-government organizations in Hsinchu City in 2022 and Certificate of Appreciation for Adopting Bicycle Paths by the Hsinchu City Government.

(5) Purchase domestic and overseas products and services with eco-friendly, energy conservation, and water conservation marks and carbon reduction labels and renewable energy to fulfill our corporate social responsibility.

(6) Based on respect and care toward social responsibility, the Company will continue to engage and invest in environmental protection in order to achieve the goal of sustainable development.

(III) The Company's Measures in Response to Restriction of Hazardous Substances (RoHS)

With the trend of green consumption awareness and the increasingly strict international environmental protection regulations, the Company strives to manage chemical substances in product components in addition to efforts of reducing environmental pollution caused by the production process. Our efforts in the green products area include:

1. Green Products
   (1) The products comply with the requirements of the European Union's Restriction of Hazardous Substances (RoHS).
   (2) The products meet the requirements of the European Union's Substance of Very High Concern (SVHC) and ELV (End-of-Life Vehicle).
   (3) No "conflict minerals" are used in the products (conflict minerals refer to minerals such as gold, tin, tungsten, tantalum and those related to labor exploitation in the Democratic Republic of the Congo and its adjoining countries).
   (4) The products have obtained green product certificates from internationally renowned customers such as Sony.
2. Management System
   (1) In September 2007, the Company passed the certification of the IECQ QC 080000 Hazardous Substance Process Management System. It obtained the certification once again in 2023, which ensured the effectiveness of green products management.
   (2) The Company Implements Risk Assessment of Suppliers (RAS) to ensure that the EU RoHS Directive and the requirements of SVHC are implemented both for the upstream and downstream of the supply chain, in compliance with international regulations and customer specifications.

V. Labor Relations

(I) Employee Benefits

1. Labor insurance and national health insurance: Employees' insurance and national health insurance coverage is handled according to laws and regulations. The employees enjoy the protection of both labor insurance and national health insurance from the first day of work.

2. Group insurance: Employees are covered by the Company's group insurance policies since the first day of work. The premiums are paid by the Company according to their positions. Group insurance is also open to the employees' family members provided that the employees pay the premiums, which provides extra protection and care for their families.

3. Cancer insurance: The employees receive cancer insurance coverage from the first day of work with the premiums borne by the Company. The employees can opt to pay for the same coverage for their spouses and children.

4. Travel insurance for business trips abroad: Employees' travel insurance is provided by the Company during business trips, covering incidents such as accidental death, injuries, and medical care.

5. Restaurants, accommodation, transportation, free parking space, and healthcare services.

6. Bonuses and employee benefits

7. Employee recreation and fitness center: The center is equipped with a 50-meter heated swimming pool, a hydrotherapy SPA, a children's swimming pool, an aerobics classroom, a fitness room, a massage room, karaoke, courses for billiard, table tennis, badminton, and squash, a family reading room, a children's play room, a video game room, and a common room.

8. Employee Welfare Committee: In order to promote employee welfare, the Company has set up the Employee Welfare Committee in accordance with the provisions of the Employee Welfare Fund

Act. The Company sets aside employee welfare fund to organize various welfare measures, activities, and the operation and management of employee clubs.

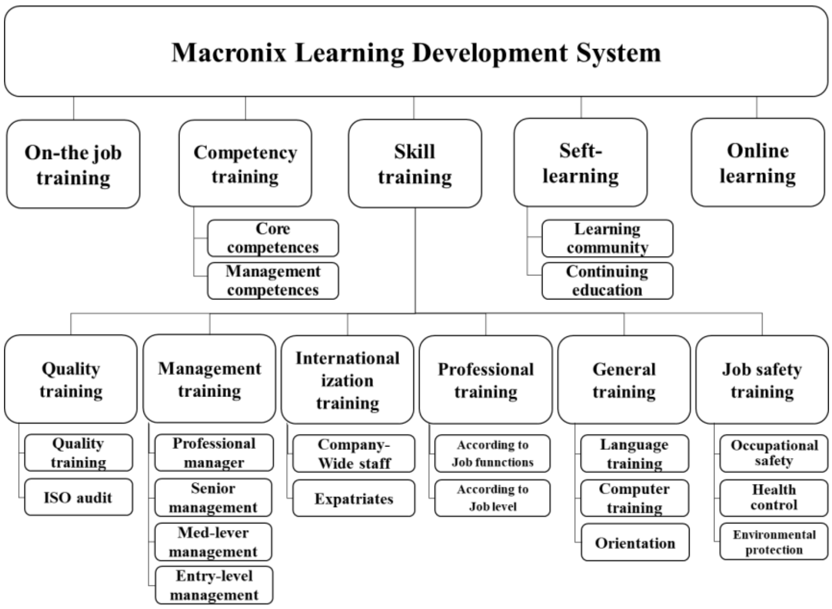
(II) Staff Training and Development

The Company held a total of 3,256 internal and external training courses in 2023. The average training hours of employees were 71.7 hours. The total number of trainees was 85,334 and the total number of their training hours was 272,982 hours. The total training cost was NT$18,284,577.

Macronix's performance management system is closely integrated with individual development plans. Performance interviews are conducted twice a year to examine the setting of individual performance goals and the achievement of individual performance goals and organizational goals. Employees can communicate and discuss with supervisors face-to-face based on the individual job performance and career development needs. A personal development plan is customized to develop various professional knowledge and skills in a step-by-step manner.

※ Comprehensive Learning Development System

The learning development system of the Company is planned according to its strategies, job requirements, and individual development.



The Company's training is designed based on the principles of advancement, function, planning, and continuity. Through a clear and strategically oriented system structure, the Company provides clear and detailed learning maps for the employees to understand their learning path.

1. The Company's learning roadmap system consists of four categories:

   (1) A newcomer roadmap is designed for new recruits to shorten the adjustment period and quickly integrate into corporate culture.

   (2) A competency roadmap is developed in accordance with the Company's values, in the hope that employees can demonstrate behavior in line with the Company's expectations.

   (3) The management roadmap is developed for different management levels in order to strengthen their management capacity step-by-step.

   (4) Professional roadmaps are developed according to professional competences required in different fields of work; internal and external lecturers are employed to carry out professional training courses to strengthen employees' professional capacity.

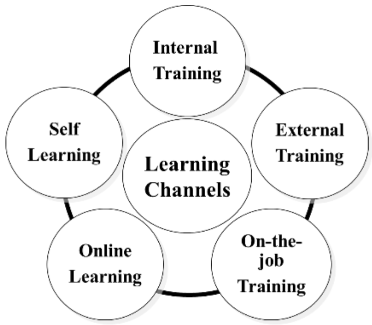
2. Other training courses:

(1) Providing language learning in line with individual needs to strengthen employees' language skills and competitiveness; organizing computer application software courses to improve work efficiency.

(2) Offering opportunities for employees to participate in foreign academic seminars to understand the latest development trends of technology and industry abroad; providing opportunities of working overseas which can increase international vision and personal competitiveness

※ Diverse Learning Channels

The Company offers different learning channels to meet different employee learning needs.



1. Internal training:
The Company hires internal and external lecturers to hold various training courses in the Company.

2. External training:
The employees can participate in external training courses and seminars that are closely related to work.

3. On-the-job training:
Through professional learning in the workplace, the employees can "learn by doing" and acquire the knowledge and skills necessary for work.

4. Online learning:
The employees can use the Internet to learn without the limits of time and space and learn according to their individual learning speed.

5. Self-learning:
The employees can engage in cross-disciplinary learning of knowledge, skills, etc. according to their personal career plan. They can also advance individual learning through reading or participating in on-the-job training courses.

※Comprehensive Training Facilities

Macronix Academy's comprehensive facilities and professional equipment enable each employee to study in a good environment.

1. Audio-visual study room: With multimedia computers, books, CDs, video tapes, and audio tapes, the rich learning channel allows employees to learn without boundaries.
2. Training classroom: Several lecture halls and group discussion rooms provide appropriate learning environment according to the curriculum design.
3. Computer classroom: One person is equipped with one computer to maximize learning efficiency.
4. International lecture hall: The hall can accommodate 250 people, and it is the ideal venue for large-scale training, seminars, and lectures.
5. Library: There are a large number of books, periodicals, and audio-visual materials to meet diverse reading needs.

(III) Retirement system

The Company's retirement policy is set according to the relevant provisions of the Labor Standards Act, and the “Retirement Reserve Supervision Committee” has been set up to supervise and manage the retirement reserve. In addition, pension is withheld according to the relevant provisions of the Labor Pension Act.

(IV) Employee Working Environment and Personal Safety Protection Measures

In order to achieve sustainable management, the Company implements Environmental Safety and Health Policy and lays emphasis on corporate social responsibility. It has obtained outstanding achievements in protecting the environment as well as the safety and health of employees. It has won many awards from the government and recognition from customers. The specific management measures include:

1. Management System

(1) Passed verification from ISO 14001 Environmental Management System, ISO 45001 Occupational Safety and Health Management System, and TOSHMS Taiwan Occupational Safety and Health Management System. The management system operates excellently and was honored with the ISO 45001 Plus Awards Occupational Health and Safety Performance Management Exemplary Award by SGS in the year 2023.

(2) Verified by the IECQ QC080000 Hazardous Substance Process Management System. The products meet the requirements of EU RoHS and have obtained the Green Product (GP) certificates from international customers.

(3) Passed the verification "IOS 14064-1 Guidelines for quantification and reporting of greenhouse gas emissions and removals at the organization level".

2. Environmental Protection and Safety Management

(1) Implementing strict and comprehensive monitoring of the work environment and monitoring air quality on site 24 hours a day to ensure the health and safety of employees.

(2) Complying with laws and regulations as well as customer requirements to regularly identify and review environmental safety management measures.

(3) Setting up various environmental pollution prevention measures (water, air, waste, toxic waste, and noise) and strictly monitoring the quality of the environment.

(4) Implementing "Green Procurement" to purchase equipment or product with the domestic and foreign Environmental Protection Label, such as "Environmental Protection Label" from the Environmental Protection Administration or the "Energy Conservation Label" and "Water Conservation Label" from the Ministry of Economic Affairs, which include energy-saving lamps, water dispensers, personal computers and their peripheral equipment, etc. to realize corporate social responsibility; recognized as an Excellent Green Procurement Unit in the private sector by the Hsinchu Municipal Government in 2023.

(5) Fully providing employees with personal protective equipment (PPE) and comprehensive safety, health, and environmental protection training.

(6) Establishing an Emergency Response Team (ERT) with dedicated staff on call 24 hours a day and establishing a Business Continuity Plan (BCP), implementing training, to ensure the safety of all employees and the Company's factory buildings.

(7) Regularly inspecting the fire safety equipment and complying with the buildings' public safety; regularly holding evacuation drills to improve staff resilience.

(8) Regularly improving and reviewing human factors in the work environment to provide employees with a comfortable work environment.

(9) Assisting the Hsinchu Science Park Administration Bureau to organize the work safety and environmental protection promotion month.

(10) Adopting the Hsinchu Environmental Bikeway and implementing environmental protection public welfare events; receiving the Air Quality Purification Areas Excellence Award from the Environmental Protection Administration from Executive Yuan.

3. Health Management

(1) Regularly holding employee health promotion activities and providing quality health management services. Macronix won the "National Excellent Healthy Workplace – Health Model Award" from the Ministry of Health and Welfare in 2022.

(2) Regularly bringing doctors on site to provide employee health consultation and health promotion activities, as well as conducting health risk assessment and graded health management.

(3) The responsible unit collects the latest epidemic prevention information to strengthen the epidemic prevention management, provides vaccination services and gives "anti-epidemic packages" for employees on business trips abroad to protect their health.

(4) In response to the COVID-19 outbreak the "Epidemic Prevention Office" continued to carry out overall planning of the matters related to epidemic prevention, and to conduct rolling review and adjustment of emergency response plans based on the situation in Taiwan and overseas, thereby preventing the pandemic from affecting our operations, while protecting the health of our employees and visitors.

(5) Improving the employee assistance program and providing the best psychological counseling services.

(6) Implementing maternal health protection measures to take care of pregnant employees and implementing the principle of three noes (no night shifts, no carrying heavy loads, and no engaging in free radiation operations) to build a friendly workplace.

(7) Regularly monitoring the work environment to ensure a good working environment and protect employee health.

(8) Conducting spot checks of food ingredients such as meat, oil, and flour products in the Company's kitchen; entrusting government-accredited institution to inspect and ensure the safety of employees' food.

(9) Setting up a "breastfeeding room" for employees, which has gained employee satisfaction with its lovely environment and comprehensive equipment and received the triennial "Excellence Award" from the Hsinchu City Public Health Bureau.

(V) Measures for Safeguarding Labor Agreements and Employees' Rights and Interests

1. The Company regularly organizes various meetings as channels of communication, including orientation, departmental meetings, cadre meetings, and labor-management meetings, etc. The goal is to facilitate communication and ensure all opinions are heard.

2. The Company has set up the "No Topic is Off Limits" suggestion box for the employees to communicate and express their opinions. Employees can make inquiries, suggestions, and complaints through the suggestion box.

3. The Company has set up a paper and digital bulletin board to facilitate timely delivery of information that is relevant to the employees' rights and interests.

4. "Regulations Governing Sexual Harassment" has been developed to prevent sexual harassment and maintain gender equality at work, detailing the prevention, complaint filing, and punishment of sexual harassment.

5. The Company has set up the "Our Family Employee Relationship Portal Website" as a channel of communication with features including an interface for communicating employee needs directly with the management team, information sharing, lifestyle tips sharing, passing on culture, and employee assistance. Positive behavior is encouraged to enhance motivation and maintain a harmonious labor-management relationship.

(VI) List any Losses Suffered by the Company in the Most Recent Fiscal Years and Up to the Annual Report Publication Date Due to Labor Disputes, Including any Violations of the Labor Standards Act found in Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions, and Disclosing an Estimate of Possible Expenses that Could be Incurred Currently and in the Future and Measures Being or to Be Taken. If a Reasonable Estimate Cannot Be made, an Explanation of the Facts of Why It Cannot Be Made Shall Be Provided.

Since its establishment in 1989, the Company has maintained harmonious labor-management relations. There have not been and will not be losses due to labor disputes. The Company has received recognition of the highest level from the competent authority. The awards regarding labor-management relations received in the past five years are as follows:

Year	Awards	Issued by
2019	CSR Annual Sustainable Elite	SGS Taiwan Ltd. (SGS)
2019	National Outstanding Healthy Workplace "Health Model Award"	Health Promotion Administration, Ministry of Health and Welfare
2019	【Award for Workplace Innovation】 from the Creativity Gold Award for Healthy Workplace	Health Promotion Administration, Ministry of Health and Welfare
2019	Healthy Workplace Certification	Health Promotion Administration, Ministry of Health and Welfare
2020	Sports Enterprise Certification	Sports Administration, Ministry of Education
2020	【Award of Excellence】 for Workplace Equality Promotion	Hsinchu Science Park Bureau
2020	Platinum Level	Responsible Business Alliance
2020	CSR Annual Sustainable Elite	SGS Taiwan Ltd. (SGS)
2020	Award of Excellence for Breastfeeding Room Certification	Public Health Bureau, Hsinchu City
2021	National Occupational Safety and Health Award-the Enterprise Benchmarking Award	Occupational Safety and Health Administration, Ministry of Labor
2021	Sports Enterprise Certification	Sports Administration, Ministry of Education
2021	Award of Excellence for Workplace Equality Promotion	Hsinchu Science Park Bureau
2021	Award of Excellence for Breastfeeding Room Certification	Public Health Bureau, Hsinchu City
2022	National Outstanding Healthy Workplace "Health Model Award"	Health Promotion Administration, Ministry of Health and Welfare
2022	Sports Enterprise Certification	Sports Administration, Ministry of Education
2022	Award of Excellent Enterprise for Corporate Sustainability Report -Occupational Safety and Health Targets	Occupational Safety and Health Administration, Ministry of Labor
2023	Awarded by Health Promotion Administration, Ministry of Health and Welfare: Health Promotion Badge	Health Promotion Administration, Ministry of Health and Welfare

Year	Awards	Issued by
2023	SGS ISO Plus Awards - ISO 45001 Occupational Health and Safety Performance Excellence Award	SGS Taiwan Ltd. (SGS)
2023	19th National Sustainable Development Awards	National Council For Sustainable Development

VI. Information Security Management

(I) Information Security Management Strategy, Framework, and Efficacy

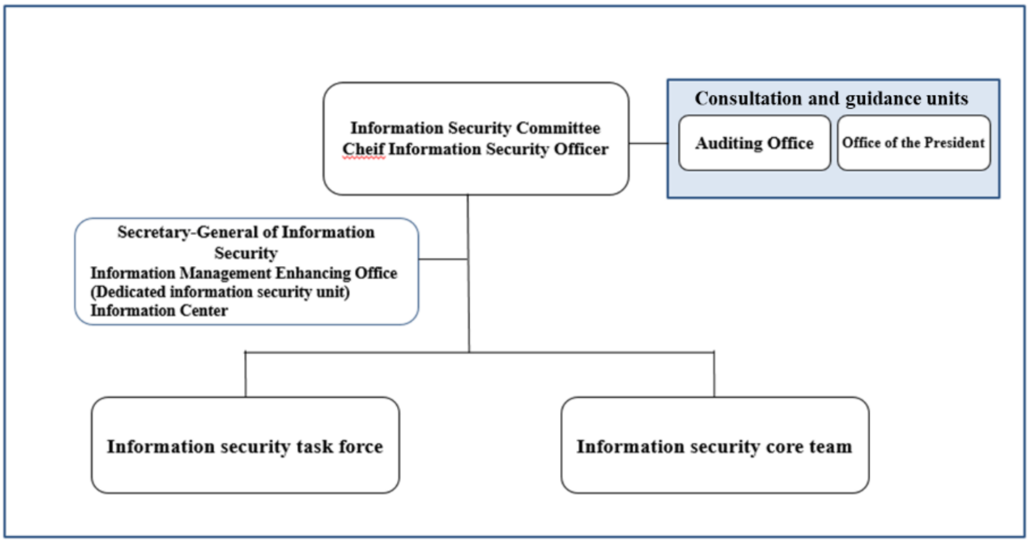
1.Information Security Policy

Information security is an important issue for the Company's operation. The Company has formulated the information security policy and established related management systems, which are announced on the company website, to protect the Company's information assets from internal, external, intentional, or accidental threats and damages, lower the incidence of information security incidents and mitigate risks arising from the incidents to an acceptable level.
With proactive action to protect the confidentiality, integrity, and availability, the Company could comply with requirements of the competent authorities and related regulations and ensure the normal operation of the Company's business.

2.Information Security Management Organization and Its Responsibilities

The Company appointed a chief information security officer in accordance with the Regulations Governing the Establishment of Internal Control Systems by Public Companies to strengthen the information security administration and information protection. Furthermore, to implement our information security policies and ensure the purposes of information security management could be achieved, we established the Information Security Committee led by the Chief Information Security Officer and the highest-level management from all divisions and business units serving as representatives. In addition, we formed the Information Security Core Team and the Information Security Task Force to implement related affairs.

The Information Security Committee convenes a meeting on a regular basis every year. The covered topics include review of information security policies and management methods, information security work report, and annual budget and work plans. Whereas, important results related to continuous improvement of information security protection and trade secret protection are reported to the Board of Directors by the President every quarter.



Organization	Responsibilities
Information Security Committee	1.Formulate the Company's information security policy 2.Review information security management systems 3.Formulate/review major work plans for information security
Information Security Core Team	1.Establish the objectives and implementation scope of the information security management system 2.Establish the information security management system and related regulations 3. Review the information security audit plan and follow up on improvement measures 4. Review the implementation progress of information security management operations 5. Supervise the implementation of business continuity drills 6. Review the information security management regulations of each unit 7. Review the implementation status of information security awareness training 8. Execute the various resolutions of the Information Security Committee 9. Promote and implement information security maintenance and management measures 10. Coordinate with the information security task force in performing information security operations
Information Security Task Force	1. Perform information security maintenance and management operations 2. Act as the information security contact of all units, assist in the promotion of security maintenance and management measures 3. Promote and communicate information security-related matters 4. Execute resolutions of the Information Security Core Team. 5. Propose suggestions for improvements on information security maintenance and management measures

Information Security Organizations and Its Responsibilities

3. Information Security Management Framework

Macronix has formulated relevant management procedures for confidential information protection in terms of policy and standards, classified and labeled information assets of the Company. We utilize a variety of information security mechanisms and system framework designs, such as a DLP (Data Loss Prevention) system, data encryption, file management, network security control, endpoint protection, to provide mechanisms to control and protect confidential information and thereby ensure the best interests of the Company, shareholders, employees, customers, and suppliers.

Macronix raises the information security awareness of all employees through training and awareness events, which include trade secrets and confidential data protection, anti-virus, anti-hacking, and anti-fraud. We provide professional knowledge, related cases, and explanations and sharing of practices through the training, information security e-newsletter, information security website, social engineering drills, etc., which strengthen employees' concepts of information security. "Encouraging everyone to be responsible for information security" is not just a slogan for information security management, but the internal action guideline for Macronix employees to protect the Company's intellectual property and customers' confidential information.

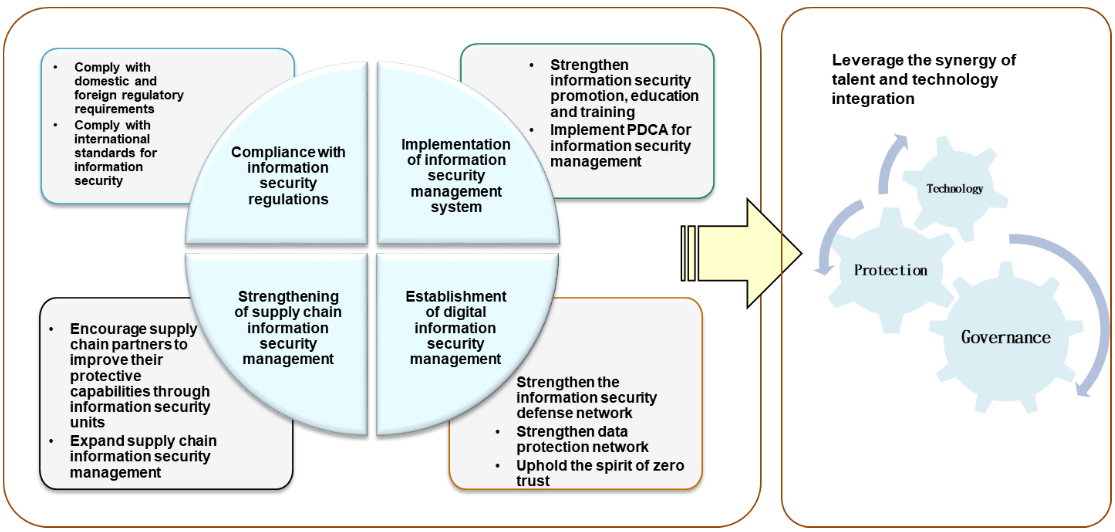
In addition to requiring employees to be aware of information security, we also include contractors/suppliers into the scope of information security protection. Vendors are required to be familiar with Macronix's supplier instructions on information security before working with us and agree to comply with and implement the information-security protection related provisions of the Code of Conduct (CoC). Before entering Macronix's premises, external personnel must complete our information security course and test to ensure the information security.

4. Specific Objectives for Information Security Management

To stop various information security threats, Macronix continues to strengthen its information security defense and data protection network. The preventative measures include establishing information security control mechanisms for the use of computers, controlled information devices, and network resources. Macronix uses data loss prevention (DLP) systems, data encryption, file management and other tools to protect sensitive data and prevent leakage.

To prevent and reduce the damage caused by hackers' attacks, Macronix has established relevant protection mechanisms and systems. It is strictly required for factory equipment to be scanned for viruses before installation to prevent malicious software from entering the company network. Network partition control is implemented to prevent computer viruses from spreading across regions. Furthermore, endpoint anti-virus and anti-hacking measures are implemented, and an integrated network security operations center (SOC) is established. Each year, cross-departmental information security incident response and disaster recovery drills are held, and business units are invited to participate.

In addition, to supervise the protection strength of the information security system, Macronix adopts a third-party information security assessment tool, Security Scorecard, to monitor weaknesses. Furthermore, external experts are engaged on a regular basis to perform information security assessments. To ensure the effectiveness of the information security management measures, the Information Security Core Team reviews the implementation results of relevant operations every week.



5. Achievements of the Promotion of Information Security

Macronix's information security strategy takes into account both efficiency and information security protection through unified digital information security management. As of the end of 2023, the following has been implemented: the intelligent information security notification system ; automatic detection of, follow-up with and processing of anomalies through the digital information security instruments, and anomalies reporting to replace manual work, thereby ensuring the effective management and anomalies monitoring.

Based on the scoring results of the third-party security assessment tool, Security Scorecard, Macronix's annual performance averaged over 90 points, which is higher than the global manufacturing average of approximately 80 points. In addition, the security consultant evaluated Macronix's information security maturity based on 108 standards of the National Institute of Standards and Technology Cyber Security Framework (NIST CSF). In the identification (ID), protection (PR), and detection (DE) areas, Macronix has shown significant improvement compared with last year.

A summary of major implementation results is shown in the figure below.

Compliance with information security regulations	• **Awarded ISO27001 Information Security Management System Certification in 2023/02** • **Awarded ISO21434 Road Vehicle-Cyber Security Engineering Certification in 2023/06**
Implementation of information security management systems	• **Conducted 3 information security courses, completed social engineering drills for 6,749 people, and issued 13 e-newsletters in Chinese and English** • **Perform monthly internal self-inspection, and annual ISO 27001 audit** • **External consultant uses NIST CSF to assess company security maturity**
Establishment of the digital information security management system	• **Strengthen the information security defense network** ✓ **The intelligent information security reporting system is digitized, and 8 information security KPIs are included in the information security dashboard monitoring** ✓ **Independent network segment partitions reduce the risk of virus spreading, while taking into account efficiency** ✓ **Unified management of more than 1,000 accounts and passwords with special permissions for information operations** • **Strengthen data protection network** ✓ **Digitize user rights management and complete digital inventory of more than 300 smart application systems** ✓ **Optimize DLP protection rules to meet information security and efficiency requirements**
Strengthening of supply chain information security management	• **Supplier agreement requires vendors to comply with information security instructions** • **Monitor the security protection capabilities of important suppliers through third-party security risk assessment tools** • **Conduct review on on-site information security management effectiveness**

6. Investment of Resources in Information Security Management

Macronix invested resources into the establishment and maintenance of defense measures and hedging mechanisms for its information security management needs. Such include more than 100 people of information security personnel and allocation of over 10% of the information-related budget for the information security. Key items are as follows:

Category	Content
Defense Measures	✓ Continue to strengthen the information security defense and data protection network ✓ Establish an intelligent information security reporting system and initiate the digital transformation of information security ✓ Cooperated with information security information units, professional manufacturers, and consultants to ensure agility with respect to information security incidents

Category	Content
Hedging Mechanisms	✓ Sign written agreements and documents with external customers and suppliers, and require suppliers to comply with the information security protection provisions of the Code of Conduct (CoC) ✓ Invested in information security insurance to reduce the damages and impact caused by information security incidents and ensure that the Company can make up for part of the losses in the event of an information security incident

(II) In the Most Recent Year and Up to the Publication Date of this Annual Report, If the Losses, Possible Impacts, and Response Measures Caused by Major Information Security Incidents Cannot Be Reasonably Estimated, an Explanation of the Facts of Why They Cannot be Estimated Shall be Provided.

Macronix has established information security incident reporting and handling procedures to enhance information security risk management, so that information security incidents can be immediately reported and handled when they occur. There were no material information security incidents in the past three years and up to the date of report.

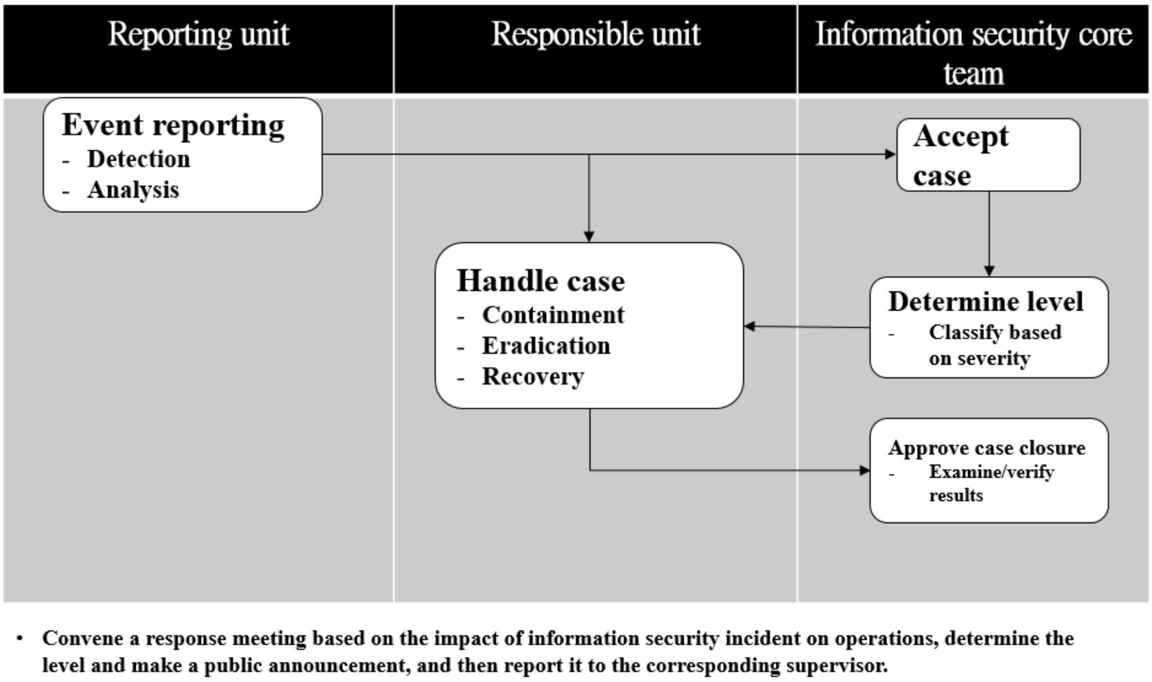


Figure: Information Security Incident Notification and Handling Process

VII. Important Contracts

Number	Contract	Party	Dates	Main Content	Restriction terms
1	Technology Transfer	Industrial Technology Research Institute	From February 1997	Technology transfer of MEPG-2 Audio Decoder	Intellectual property rights, use, confidentiality and other restrictions
2	License Agreement	Cybernetics, USA	From April 2000	Low Rate Coder technology license	Use, confidentiality and other restrictions
3	License Agreement	Saifun Semiconductors, Israel	From May 2000 until the end of Saifun NROM patent validity period	"NROM" technology license	Intellectual property rights, use, confidentiality and other restrictions
4	License Agreement	Zoran, USA	From June 2000	Technology license of TV decoder/TV signal decoder+3Dimentional color signal enhancement function	Intellectual property rights, use, confidentiality and other restrictions
5	License Agreement	ARM, England	From August 2002	Obtained ARM technology license	Intellectual property rights, use, confidentiality and other restrictions
6	License Agreement	Saifun Semiconductors, Israel	From April 2004	MLC Flash technology license	Intellectual property rights, use, confidentiality and other restrictions
7	License Agreement	Mentor Graphics, Ireland	From July 2005	Work system technology license	Intellectual property rights, use, confidentiality and other restrictions
8	Strategic Alliance	Tower Semiconductor, Israel	From December 2000	Strategic alliance investment in Tower Semiconductor	Confidentiality and other obligations
9	License Agreement	Qimonda	From March 2011	Obtained a specific flash memory design related license	Use, confidentiality and other restrictions
10	Joint Development	IBM, USA	January 22, 2019-January 21, 2025	Joint research for phase-change non-volatile memory	Intellectual property rights, use, confidentiality and other restrictions
11	License Agreement	Creative Integrated Systems, Inc., USA	From April 2014	U.S. Patent 5,241,497 and 5,812,461 and related licensing	License, warranties, exemption, confidentiality and other terms
12	Settlement Agreement	Spansion, USA	From January 2015	Reached a settlement for both parties' litigation and disputes over global patents, and was granted cross-licensing of disputed patents.	Special patent license, settlement fee, confidentiality and other terms
13	License Agreement	RPX Corporation, USA	December 15, 2019-December 14, 2025	RPX and Round Rock technology license	License, use, confidentiality and other terms

Number	Contract	Party	Dates	Main Content	Restriction terms
14	Distribution Agreement	Avnet, Inc.	From September 2017	Expanded product sales on the international market	Confidentiality, license, liability and other terms
15	Settlement and License Agreement	Toshiba Corporation/ Toshiba Memory Corporation	From October 9, 2018	Settlement of patent litigation in the United States, Japan and Taiwan and cross-licensing patents	Special patent license, settlement fee, confidentiality and other terms
16	Assets Transaction	Hon Hai Precision Industry Co., Ltd.	From August 05, 2021	Transaction of the 6-inch wafer fab	Use, intellectual property rights, confidentiality, liability for damages and other terms
17	License Agreement	IBM, USA	From November 23, 2021	Obtained a AI technology license	License, disclaimer, confidentiality and other terms
18	License Agreement	Synopsys	From February 25, 2022	Technologies related to SSD Controller	License, use, confidentiality and other terms
19	Joint Research	National Cheng Kung University	April 1, 2023-March 31, 2025	Computing in memory circuit setup	Intellectual property rights, confidentiality and other terms
20	Joint Developme nt	IBM, USA	December 31, 2023-December 30, 2026	Joint development of Enterprise SSD Storage	Intellectual property rights, confidentiality and other restrictions

Chapter VI. Financial Summary

I. Condensed Balance Sheet and Comprehensive Income Statement in the Most Recent Five Fiscal Years

(I) Condensed Balance Sheets

1. Condensed Consolidated Balance Sheets

Unit: NT$ thousands

Item \ Year		Financial Information for the Most Recent Five Fiscal Years				
		2019	2020	2021	2022	2023
Current Assets		26,886,695	30,161,824	38,932,255	39,710,023	28,692,369
Property, Plant, and Equipment		29,365,507	31,462,800	32,218,383	37,982,047	41,498,097
Intangible Assets		47,022	57,280	96,873	125,929	115,219
Other Assets		4,357,554	4,210,314	5,460,637	6,074,708	7,505,788
Total Assets		60,656,778	65,892,218	76,708,148	83,892,707	77,811,473
Current Liabilities	Before Distribution	15,794,226	16,568,758	17,860,670	16,653,230	9,254,124
	After Distribution	18,002,117	18,796,182	21,201,428	19,993,718	Note
Non-current Liabilities		12,369,884	13,129,068	12,122,001	14,629,118	20,231,394
Total Liabilities	Before Distribution	28,164,110	29,697,826	29,982,671	31,282,348	29,485,518
	After Distribution	30,372,001	31,925,250	33,323,429	34,622,836	Note
Equity Attributable to Shareholders of the Parent		32,491,392	36,193,592	46,724,791	52,609,699	48,324,821
Share Capital		18,399,089	18,561,864	18,559,768	18,558,279	18,558,264
Capital Surplus		543,920	384,772	399,210	402,710	406,198
Retained Earnings	Before Distribution	14,685,430	17,771,636	27,095,127	32,807,299	27,639,541
	After Distribution	12,477,539	15,544,212	23,754,369	29,466,811	Note
Other Equity		(977,986)	(365,619)	829,747	1,000,472	1,879,879
Treasury Shares		(159,061)	(159,061)	(159,061)	(159,061)	(159,061)
Non-controlling Interests		1,276	800	686	660	1,134
Total Equity	Before Distribution	32,492,668	36,194,392	46,725,477	52,610,359	48,325,955
	After Distribution	30,284,777	33,966,968	43,384,719	49,269,871	Note

Note: Pending approval from the shareholders' meeting.

2. Parent Company Only Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Information for the Last Five Fiscal Years				
		2019	2020	2021	2022	2023
Current Assets		25,503,411	28,628,546	37,301,782	37,565,588	26,532,596
Property, Plant, and Equipment		28,904,312	31,016,511	31,792,537	37,529,981	41,062,530
Intangible Assets		43,559	54,629	95,108	124,699	113,981
Other Assets		6,075,266	6,059,348	7,362,814	8,440,978	9,668,634
Total Assets		60,526,548	65,759,034	76,552,241	83,661,246	77,710,888
Current Liabilities	Before Distribution	15,733,930	16,504,303	17,754,438	16,461,056	9,170,175
	After Distribution	17,941,821	18,731,727	21,095,196	19,804,544	Note
Non-current Liabilities		12,301,226	13,061,139	12,073,012	14,590,491	20,215,892
Total Liabilities	Before Distribution	28,035,156	29,565,442	29,827,450	31,051,547	29,386,067
	After Distribution	30,243,047	31,792,866	33,168,208	34,392,035	Note
Equity Attributable to Owners of the Company		32,491,392	36,193,592	46,724,791	52,609,699	48,324,821
Share Capital		18,399,089	18,561,864	18,559,768	18,558,279	18,558,264
Capital Surplus		543,920	384,772	399,210	402,710	406,198
Retained Earnings	Before Distribution	14,685,430	17,771,636	27,095,127	32,807,299	27,639,541
	After Distribution	12,477,539	15,544,212	23,754,369	29,466,811	Note
Other Equity		(977,986)	(365,619)	829,747	1,000,472	1,879,879
Treasury Shares		(159,061)	(159,061)	(159,061)	(159,061)	(159,061)
Non-controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	32,491,392	36,193,592	46,724,791	52,609,699	48,324,821
	After Distribution	30,283,501	33,966,168	43,384,033	49,269,211	Note

Note: Pending approval from the shareholders' meeting.

(II) Statement of Comprehensive Income

1. Consolidated Statements of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Information for the Last Five Fiscal Years				
	2019	2020	2021	2022	2023
Net Operating Revenue	34,995,411	39,800,947	50,572,991	43,487,454	27,623,608
Gross Profit	9,615,494	13,409,355	21,049,979	19,237,819	6,760,660
Income (loss) from Operations	3,098,877	5,866,477	11,064,105	9,369,161	(2,407,099)
Non-operating Income and Expenses	(72,551)	(25,431)	2,263,584	923,233	522,863
Income (loss) before Income Tax	3,026,326	5,841,046	13,327,689	10,292,394	(1,884,236)
Net Income from Continuing Operations	3,012,901	5,325,612	11,962,839	8,969,775	(1,699,147)
Income from Discontinued Operations	-	-	-	-	-
Net Income (loss)	3,012,901	5,325,612	11,962,839	8,969,775	(1,699,147)
Other Comprehensive Income, net of income tax	240,854	288,014	678,177	208,450	751,758
Total Comprehensive Income	3,253,755	5,613,626	12,641,016	9,178,225	(947,389)
Net Income (loss) Attributable to Shareholders of the parent	3,011,960	5,326,083	11,962,952	8,969,775	(1,699,593)
Net Income (loss) Attributable to Non-controlling interest	941	(471)	(113)	-	446
Comprehensive Income Attributable to Shareholders of the parent	3,252,814	5,614,102	12,641,130	9,178,251	(947,863)
Comprehensive Income Attributable to Non-controlling interest	941	(476)	(114)	(26)	474
Earnings (loss) Per Share	1.64	2.90	6.48	4.85	(0.92)

2. Parent Company Only Statements of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Information for the Last Five Fiscal Years				
	2019	2020	2021	2022	2023
Net Operating Revenue	34,235,969	38,995,968	49,598,199	42,509,017	26,953,133
Gross Profit	8,872,210	12,631,084	20,068,015	18,277,667	6,103,140
Income (loss) from Operations	2,966,762	5,691,103	10,701,751	9,141,971	(2,402,641)
Non-operating Income and Expenses	45,198	119,895	2,559,748	1,121,430	501,793
Income (loss) before income tax	3,011,960	5,810,998	13,261,499	10,263,401	(1,900,848)
Net Income from Continuing Operations	3,011,960	5,326,083	11,962,952	8,969,775	(1,699,593)
Income from Discontinued Operations	-	-	-	-	-
Net Income (loss)	3,011,960	5,326,083	11,962,952	8,969,775	(1,699,593)
Other Comprehensive Income, net of income tax	240,854	288,019	678,178	208,476	751,730
Total Comprehensive Income	3,252,814	5,614,102	12,641,130	9,178,251	(947,863)
Net Income (loss) Attributable to Shareholders of the parent	3,011,960	5,326,083	11,962,952	8,969,775	(1,699,593)
Net Income Attributable to Non-controlling interest	-	-	-	-	-
Comprehensive Income Attributable to Shareholders of the parent	3,252,814	5,614,102	12,641,130	9,178,251	(947,863)
Comprehensive Income Attributable to Non-controlling interest	-	-	-	-	-
Earnings (loss) Per Share	1.64	2.90	6.48	4.85	(0.92)

(III) Independent Auditors' Opinions in the Most Recent Five Fiscal Years

Year	Name of CPA	Audit opinions
2023	Tung Hui Yeh, Kuo Tyan Hong	An Unmodified Opinion
2022	Tung Hui Yeh, Kuo Tyan Hong	An Unmodified Opinion
2021	Tung Hui Yeh, Kuo Tyan Hong	An Unmodified Opinion
2020	Tung Hui Yeh, Kuo Tyan Hong	An Unmodified Opinion
2019	Ming Hui Chen, Ching Pin Shih	An Unmodified Opinion

II. Financial Analysis for the Most Recent Five Fiscal Years

1. Consolidated Financial Analysis-IFRS

Items analyzed (Note 1)	Year	Financial analysis for the Most Recent Five fiscal years				
		2019	2020	2021	2022	2023
Financial Structure Analysis (%)	Debt ratio	46.43	45.07	39.09	37.29	37.89
	Long-term capital to property, plant and equipment ratio	152.77	156.77	182.65	177.03	165.21
Liquidity Analysis (%)	Current ratio	170.23	182.04	217.98	238.45	310.05
	Quick ratio	87.52	103.20	143.24	149.02	163.64
	Interest coverage multiples	16.37	24.65	57.34	50.16	(6.23)
Operating performance Analysis	Accounts receivable turnover (times)	7.44	7.94	8.60	7.63	7.08
	Days Sales Outstanding	49.05	45.96	42.44	47.83	51.55
	Inventory turnover (times)	1.65	2.04	2.26	1.74	1.48
	Average payable turnover (times)	2.76	3.78	3.93	3.66	5.00
	Average Inventory turnover days	221.21	178.92	161.50	209.77	246.62
	Property, plant and equipment turnover (times)	1.44	1.31	1.59	1.24	0.70
	Total assets turnover (times)	0.58	0.63	0.71	0.54	0.34
Profitability Analysis	Return on total assets (%)	5.30	8.73	17.04	11.38	(1.84)
	Return on equity (%)	9.44	15.51	28.85	18.06	(3.37)
	Pre-tax income to paid-in capital ratio (%)	16.45	31.47	71.81	55.46	(10.15)
	Net income ratio (%)	8.61	13.38	23.65	20.63	(6.15)
	Basic Earnings per share (NT$)	1.64	2.90	6.48	4.85	(0.92)
Cash flow	Cash flow ratio (%)	28.76	59.48	90.23	69.99	(5.68)
	Cash flow adequacy ratio (%)	77.63	83.96	94.85	87.17	74.16
	Cash reinvestment ratio (%)	1.58	4.91	9.00	4.98	(2.24)
Leverage	Operating leverage	1.88	1.64	1.39	1.48	(0.75)
	Financial leverage	1.07	1.04	1.02	1.02	0.90

Analysis of deviation over 20% for the most recent two years:

- Increase in Current Ratio: Mainly due to the decrease in current liabilities in 2023 compared to 2022.
- Decrease in Interest coverage multiples: Mainly caused by the reduction in pre-tax net income in 2023 compared to 2022.
- Increase in Accounts Payable Turnover: Mainly attributed to the decrease in the average total accounts payable in 2023 compared to 2022.
- Decrease in Property, Plant, and Equipment Turnover: Mainly due to the decrease in net sales in 2023 compared to 2022.
- Decrease in Total Asset Turnover: Mainly attributed to the decrease in net sales in 2023 compared to 2022.
- Decrease in Return on total assets: Mainly caused by the reduction in after-tax net income in 2023 compared to 2022.
- Decrease in Return on Equity: Mainly attributed to the decrease in after-tax net income in 2023 compared to 2022.
- Decrease in Pre-tax Net Income to Paid-up Capital Ratio: Mainly caused by the reduction in pre-tax net income in 2023 compared to 2022.
- Decrease in Net income ratio: Mainly due to the decrease in after-tax net income in 2023 compared to 2022.
- Decrease in Basic Earnings per share: Mainly caused by the reduction in after-tax net income in 2023 compared to 2022.
- Decrease in Cash Flow Ratio: Mainly attributed to the decrease in net cash flow from operating activities in 2023 compared to 2022.
- Decrease in Cash Reinvestment Ratio: Mainly due to the decrease in net cash flow from operating activities in 2023 compared to 2022.
- Decrease in Operating Leverage: Mainly attributed to the decrease in net sales in 2023 compared to 2022.

Note 1: Please refer to page 138 to 139 of this annual report for the calculation formula.

2. Parent Company Only Statements of Financial Analysis-IFRS

Items analyzed (Note 2) / Year		Financial analysis for the Most Recent Five fiscal years				
		2019	2020	2021	2022	2023
Financial Structure Analysis (%)	Debt ratio	46.32	44.96	38.96	37.12	37.81
	Long-term capital to property, plant and equipment ratio	154.97	158.80	184.94	179.06	166.92
Liquidity Analysis (%)	Current ratio	162.09	173.46	210.10	228.21	289.34
	Quick ratio	79.50	94.62	135.10	138.01	142.02
	Interest coverage multiples	16.46	24.94	58.01	50.79	(6.36)
Operating Performance Analysis	Accounts receivable turnover (times)	7.56	7.83	7.85	7.05	6.97
	Days Sales Outstanding	48.28	46.61	46.49	51.77	52.36
	Inventory turnover (times)	1.65	2.05	2.26	1.74	1.48
	Average payable turnover (times)	2.76	3.78	3.93	3.66	5.00
	Average inventory turnover days	221.21	178.04	161.50	209.77	246.62
	Property, plant and equipment turnover (times)	1.43	1.30	1.58	1.23	0.69
	Total assets turnover (times)	0.57	0.62	0.70	0.53	0.33
Profitability Analysis	Return on total assets (%)	5.30	8.74	17.07	11.40	(1.85)
	Return on equity (%)	9.43	15.51	28.85	18.06	(3.37)
	Pre-tax income to paid-in capital ratio (%)	16.37	31.30	71.45	55.30	(10.24)
	Net income ratio (%)	8.80	13.66	24.12	21.10	(6.31)
	Basic Earnings per share (NT$)	1.64	2.90	6.48	4.85	(0.92)
Cash Flow	Cash flow ratio (%)	27.54	56.68	85.20	74.53	(8.18)
	Cash flow adequacy ratio (%)	78.34	82.83	91.64	85.81	71.80
	Cash reinvestment ratio (%)	1.44	4.60	8.39	5.37	(2.39)
Leverage	Operating leverage	1.90	1.65	1.40	1.49	(0.73)
	Financial leverage	1.07	1.04	1.02	1.02	0.90

Analysis of deviation over 20% for the most recent two years:

- Increase in Current Ratio: Mainly due to the decrease in current liabilities in 2023 compared to 2022.
- Decrease in Interest coverage multiples: Mainly caused by the reduction in pre-tax net income in 2023 compared to 2022.
- Increase in Accounts Payable Turnover: Mainly attributed to the decrease in the average total accounts payable in 2023 compared to 2022.
- Decrease in Property, Plant, and Equipment Turnover: Mainly due to the decrease in net sales in 2023 compared to 2022.
- Decrease in Total Asset Turnover: Mainly attributed to the decrease in net sales in 2023 compared to 2022.
- Decrease in Return on total assets: Mainly caused by the reduction in after-tax net income in 2023 compared to 2022.
- Decrease in Return on Equity: Mainly attributed to the decrease in after-tax net income in 2023 compared to 2022.
- Decrease in Pre-tax Net Income to Paid-up Capital Ratio: Mainly caused by the reduction in pre-tax net income in 2023 compared to 2022.
- Decrease in Net income ratio: Mainly due to the decrease in after-tax net income in 2023 compared to 2022.
- Decrease in Basic Earnings per share: Mainly caused by the reduction in after-tax net income in 2023 compared to 2022.
- Decrease in Cash Flow Ratio: Mainly attributed to the decrease in net cash flow from operating activities in 2023 compared to 2022.
- Decrease in Cash Reinvestment Ratio: Mainly due to the decrease in net cash flow from operating

activities in 2023 compared to 2022.

- Decrease in Operating Leverage: Mainly attributed to the decrease in net sales in 2023 compared to 2022.

Note1: The formula for calculation of the preceding table are as follows:

1. Financial structure
   (1) Debt-asset Ratio = Total Liabilities / Total Assets.
   (2) Long-term Capital to Property, Plant, and Equipment ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant, and Equipment.
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
   (3) Interest coverage multiples = Net income before Tax and Interest / Interest Expenses.
3. Operating Performance
   (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
   (2) Days Sales Outstanding = 365 / Receivables Turnover Rate.
   (3) Inventory Turnover Rate = Cost of Sales / Average Inventory.
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average Inventory Turnover Days = 365 / Inventory Turnover Rate.
   (6) Property, Plant, and Equipment Turnover Rate = Net Sales / Average Net Property, Plant, and Equipment.
   (7) Total Asset Turnover Rate = Net Sales / Average Total Assets.
4. Profitability
   (1) Return on assets (ROA) = [Net income + Interest expenses x (1 - interest rates)] / Average total asset.
   (2) Return on Equity = Net Income / Average Total Equity.
   (3) Net Income ratio = Net Income / Net Sales.
   (4) Basic Earnings per Share = (Income Attributable to Owners of Parent Company – Dividends on Preferred Stock) / Weighted Average Number of Shares Issued. (Note 2)
5. Cash flow
   (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
   (3) Cash Reinvestment Ratio = (Net cash flow from operating activities － cash dividend) ／(gross property, plant, and equipment + long-term investment + other non-current assets + working capital). (Note 3)
6. Leverage
   (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 4).
   (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses).

Note 2: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. The calculation should be based on the weighted average shares of common stock, rather than the number of issued shares at the end of the year.
2. For any cash capital increase or transaction of treasury stock, the circulation period should be taken into consideration when calculating the weighted average number of shares.
3. For capital increase by retained earnings or capital surplus, the Company shall retrospectively adjust the earnings per share for the past fiscal year and the semi-annual earnings according to the ratio of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred share is a non-convertible cumulative preferred share, the dividend of the year (whether it is issued or not) shall be deducted from net income after tax (NIAT), or net loss after tax. If the preferred stock is non-cumulative, the dividend of the preferred stock should be deducted from the net profit after tax if the Company has net profit after tax. If the Company has a deficit, no adjustment is necessary.

Note 3: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is calculated only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end

of the year, it is counted as zero.

4. Cash dividends include cash dividends from ordinary shares and preferred stocks.
5. The gross property, plant, and equipment refer to the total value of PP&E prior to accumulated depreciation.

Note 4: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment, the classification shall remain reasonable and consistent.

Note 5: If the Company's shares have no par value or a par value other than NT$10, this value shall be replaced in any calculations that involve the paid-in capital ratio with the equity ratio attributable to owners of parent Company as shown in the balance sheet.

III. Audit Committee's Report for the Most Recent Fiscal Year

Audit Committee's Report of 2023

To: 2024 Annual Shareholders' Meeting of Macronix International Co., Ltd.

The 2023 Financial Statements of the Company (including the parent company only financial statements), the 2023 Business Report, and the proposed 2023 Distribution Plan have been duly reviewed and concluded by the undersigned as accurate. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, it is hereby reported as above.

Independent director: Tyzz-Jiun Duh

Independent director: Chiang Kao

Independent director: Cheng-Wen Wu

Independent director: Chien-Kuo Yang

Dated: February 27, 2024

IV. Financial Statements for the Most Recent Fiscal Year:
Please refer to pages 155 to 223 of this annual report.

V. Stand-Alone Financial Statements for the Most Recent Fiscal Year Certified by the Accountant:
Please refer to pages 224 to 288 of this annual report.

VI. Financial Difficulties Encountered by the Company and its Affiliated Companies in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report:
None.

Chapter VII. Review, Analysis, and Risks of Financial Position and Performance

I. Analysis of Financial Status

Unit: NT$ thousands

Item	2023	2022	Difference	Increase/Decrease (%)
Current Assets	28,692,369	39,710,023	(11,017,654)	(27.75%)
Non-current Assets	49,119,104	44,182,684	4,936,420	11.17%
Total Assets	77,811,473	83,892,707	(6,081,234)	(7.25%)
Current Liabilities	9,254,124	16,653,230	(7,399,106)	(44.43%)
Non-current Liabilities	20,231,394	14,629,118	5,602,276	38.30%
Total Liabilities	29,485,518	31,282,348	(1,796,830)	(5.74%)
Equity Attributed to Shareholders of the Parent	48,324,821	52,609,699	(4,284,878)	(8.14%)
Non-controlling Interest	1,134	660	474	71.82%
Total Equity	48,325,955	52,610,359	(4,284,404)	(8.14%)

If the difference in comparison with the previous period exceeds 20%, and the main reason and the impact are analyzed as follows:

- Current Assets: Decreased compared to 2022, primarily due to a reduction in cash and cash equivalents in 2023.
- Current Liabilities: Decreased compared to 2022, mainly due to a decrease in accounts payable in 2023.
- Non-Current Liabilities: The increase compared to 2022 was mainly due to long-term borrowings in 2023.
- Non-controlling Interests: Increased compared to 2022, primarily due to an increase in equity of subsidiaries with less than 100% ownership in 2023.

II. Analysis of Financial Performance

Unit: NT$ thousands

Item	2023	2022	Difference	%
Net Operating Revenue	$27,623,608	$43,487,454	($15,863,846)	(36.48%)
Operating Costs	20,862,948	24,249,635	3,386,687	(13.97%)
Gross Profit	6,760,660	19,237,819	(12,477,159)	(64.86%)
Realized (Unrealized) Gains from the Affiliated Companies	-	-	-	-
Realized Gross Profit	6,760,660	19,237,819	(12,477,159)	(64.86%)
Operating Expenses	9,167,759	9,868,658	(700,899)	(7.10%)
Income (Loss) from Operations	(2,407,099)	9,369,161	(11,776,260)	(125.69%)
Non-operating Income and Expenses	522,863	923,233	(400,370)	(43.37%)
Net Income (Loss) before Tax	(1,884,236)	10,292,394	(12,176,630)	(118.31%)
Income Tax (Benefit) Expenses	(185,089)	1,322,619	(1,507,708)	(113.99%)
Net Income (Loss) for the Year	(1,699,147)	8,969,775	($10,668,922)	(118.94%)
Other Comprehensive Income (Loss)	751,758	208,450	543,308	260.64%
Total Comprehensive Income for the Year	($947,389)	$9,178,225	($10,125,614)	(110.32%)

Analysis of any increase/decrease in ratio exceeding 20%:

- Net Operating Revenue: Decreased compared to 2022, mainly due to slowing market demand.
- Gross Profit: Decreased compared to 2022, mainly due to the reduction in operating revenue in the year 2023.
- Realized Gross Profit: Decreased compared to 2022, mainly due to the reduction in operating revenue in 2023.
- Income (Loss) from Operations: Decreased compared to 2022, mainly due to the reduction in operating revenue in 2023.
- Non-operating Income and Expenses: Non-operating Income decreased compared to 2022, mainly due to the reduction in foreign exchange gains in 2023.
- Net Income (Loss) before Tax: Decreased compared to 2022, mainly due to the reduction in both operating revenue and non-operating income in 2023.
- Income Tax (Benefit) Expenses: Decreased compared to 2022, mainly due to the decrease in profit before tax in 2023.
- Net Income (Loss) for the Year: Decreased compared to 2022, mainly due to the reduction in operating revenue in 2023.
- Other Comprehensive Income (Loss): Increased compared to 2022, mainly due to the increase in unrealized valuation gains in 2023.
- Total Comprehensive Income for the Year: Decreased compared to 2022, primarily due to the reduction in operating revenue in 2023.

III. Analysis of Cash Flow

(I) Cash Flow Analysis and Remedy for Liquidity Shortfall

Unit: NT$ thousands

Cash Balance 12/31/2020①	Net Cash Provided by Operating Activities in 2021②	Net Cash used in Investing and Financing Activities in 2021③	Cash Balance 12/31/2021 ①+②+③	Remedy for Liquidity Shortfall	
				Investing Plan	Financing Plan
19,764,278	(525,712)	(7,332,654)	11,905,912	None	None

Note 1: Analysis of net cash change in 2022:

(1) NT$525.712 million net cash used in operating activities; mainly from operating cash outflows exceeding cash inflows.

(2) NT$7,591.963 million net cash used in investing activities; mainly due to the expansion of plant operations, expenditures for purchasing machinery.

(3) NT$426.908 million net cash generated by financing activities; primarily for long-term debt proceeds and cash dividend payment.

(4) NT$167.599 million net decrease was effect of exchange rate changes

Note 2: Remedial Actions for Liquidity shortfall: Not applicable.

(II) Cash Flow Projection for Next Year:

The Company plan to pay capital expenditures and cash dividends by bank financing and cash on hand.

IV. Major Capital Expenditures and Impact on Financial and Business in the Most Recent Fiscal Year

(I) Capital Expenditure and Source of Funds

Unit: NT$ thousands

Project	Actual or Planned Source of Capital	Actual use of Capital			Total Amount
		2021	2022	2023	
Facility engineering, production equipment and advanced process equipment	Self-owned funds, bank borrowings	4,706,096	9,869,012	7,609,696	22,184,804

(II) Expected Benefits

The capital expenditure mentioned above is for expanding capacity of high-end production and accelerating the development of advanced processes (including 3D NAND); its aim is lowering unit costs and enhancing product competitiveness.

V. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year

The Company's reinvestment policy is in line with its operating policies and long-term strategic purposes. Most of the investee companies are consolidated financial statements entities. The value of non-consolidated entities accounts for 5% of the total assets. The dividend income for fiscal year 2023 was NT$178,235 thousand on a consolidated basis.

VI. Analysis of Risk Management in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate

The international labor market and inflation both showed signs of slowing down at the end of 2023. Central banks in America and Europe kept policy interest rates unchanged. The market expects that interest rate hike cycle is ending and interest rate cuts will start, and the yields of long-term government bonds of major countries fall, etc. Based on the domestic and foreign economic situation, the global economy is expected to cool down in 2024 and inflation will continue to fall. However, there are still many uncertainties. The decision of Taiwan's Central Bank at the joint meeting of directors and supervisors on December 14, 2023 to keep the policy interest rate unchanged will benefit steady overall economic and financial development.

The Company regularly assesses the changes in bank loan rates. It negotiates with banks to reduce interest rates, and allocate project loans to obtain financing credits with more favorable interest rates, the aim of which is to reduce the impact of interest rate fluctuations on the Company’s overall operations.

2. Foreign exchange rate

As more than 90% of the Company's revenue is denominated in US dollars and Japanese Yen, and about 30% of operating expenses as well as 60% of capital expenditure are paid in US dollars and Japanese Yen, exchange rate fluctuations in New Taiwan Dollar against the US Dollar (and Japanese Yen) will have a certain impact on the Company's financial position. The Company takes hedging actions such as disposing US dollars (Japanese Yen) and pre-selling forward foreign exchange based on the account exchange rate, and will continue to implement these measures in the future in the hope of reducing the impact of exchange rate fluctuations on the Company's profit and loss. In 2023, the US dollar appreciated against New Taiwan Dollar from 30.71 at the beginning of the year to 32.425 in October, and then began to depreciate after November to 30.705. The Japanese yen depreciated against the New Taiwan Dollar from 0.2324 at the beginning of the year to 0.2172. The Company's net profit on foreign exchange in 2023 was NT$109,855 thousand.

3. Inflation

The effects of monetary tightening policies of major economies continued to emerge in the second half of 2023. The global manufacturing industry remained sluggish and business of the service industry slowed down. Looking towards 2024, global trade in goods will return to growth, and business opportunities for emerging technology applications continue to expand, which is expected to build momentum for Taiwan's exports and private investments. The Central Bank estimates Taiwan's economic growth rate will be 3.12% this year (2024). Bulk commodity prices, such as crude oil, will slightly rise compared with 2023, and domestic commodity prices will rise moderately. In the future, domestic inflation will still be affected by the price trends of international bulk commodities and domestic services, as well as weather factors. Inflation is expected to continue to drop to 1.89% this (2024) year, which is still moderate, compared with major economies and will have limited impact on the Company's profits and losses.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Loans of funds to Others or Endorsement Guarantees, and Derivatives Transactions

1. As of the beginning of 2023 to the printing date of this Annual Report, the Company has not engaged in high-risk and leveraged financial investments. Neither did the Company loan any funds or provide any endorsements/guarantees to other parties.
2. The Company's derivative trading transactions are mainly hedged. The choice of the option for commodity trading is aimed at avoiding risks arising from the Company's business operations and hedging for the expected foreign exchange net position. In addition, the transaction and settlement difference contributed to the profit and loss of the transaction.
3. The Company has established the Procedures for Loaning of Funds to Others, the Operating Procedures for Endorsements and Guarantees, the Procedures for Handling Derivatives Transactions, and the Procedures for Acquisition and Disposal of Assets. All processes adhere strictly to these procedures in order to keep operation and financial risks under control.

(III) Future R&D Projects and the Expected Expenditure

※ Four Domains of the R&D Plan:

1. Advanced technology
   (1) The core technology and patents of the new-generation memory PCM (Phase Change Memory).
   (2) The core technology and patents of the new-generation memory ReRAM.
   (3) The core technology and patents of the 3D NAND Flash
2. Manufacturing process
   (1) The manufacturing process of the 3D NAND Flash and subsequent derivative developments.
   (2) The manufacturing process of the 45 nm NOR Flash and subsequent derivative developments.
3. Product
   (1) High-capacity 3D NAND Flash.
   (2) Encryption protected NOR Flash.
   (3) Ultra-low power consumption NOR Flash.
4. Quality and Testing
   (1) Development of quality certification and management processes for automobiles.

※ Expected Expenditure for R&D:

The estimated R&D expenditure for 2024 is approximately NT$6.9 billion. (The expenditure includes personnel costs, equipment royalty, patent rights, trademark application fee, etc.)

(IV) Changes in Domestic and Overseas Policies and Laws That Have an Impact on the Company’s Financial and Business and the Countermeasures:

The Company has always complied with policies and laws and keeps a close eye on significant changes in policies and laws that may affect the Company’s financial position and business performance, and makes adjustments accordingly. There were no changes to policies and laws that had a material impact on the Company's financial position and business performance in 2023 and up to the date of report.

(V) Impact of Changes in Technology and Industry to the Company's Finance and Business and the Countermeasures

Different sectors have begun to value and emphasize ESG (Environmental, Social, and Governance) and sustainable development issues in recent years, and this has accelerated the industry's participation in carbon reduction projects and eco-friendly measures. Macronix has fabs and focuses on GHG reduction items. Preliminary plans and implementation results include: (1) Increasing the percentage of green electricity (2) Smart energy conservation and monitoring (3) Replacing old equipment with new ones and a year-by-year budget allocation.

Information security and intellectual property protection are important items of operational risk, and the information security concept of the new generation is: "the right people have the right access rights on the right devices for limited and secure access, which is continuously monitored and analyzed." Macronix uses digital automated management technologies to replace the manual management method, and has established a strict modernized information security management system to ensure that business operations are not interrupted and to protect intellectual property rights, effectively lowering operational risk.

In recent years, the ever-innovating technology applications, such as mobile devices and the Internet, has greatly improved convenience and efficiency for individuals and corporations but also created potential threats of information security for corporations. Once a major information security incident occurs, the Company's information assets will be under internal, external, intentional, or accidental threats and damage, which could harm the confidentiality, usability, and integrity of the Company's confidential information. In addition, it will damage the Company's competitiveness, sales and operations, and even further affect the Company's financial results, image, and reputation.

In order to lower the probability of information security incidents, manage risks caused by incidents to an acceptable level, and thus ensure the normal operations of the Company, Macronix established internal control system standards in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, and, in compliance with the request of the competent authority, appointed a chief information security officer to strengthen its information security and information protection. Macronix also has an Information Security Committee, Information Security Core Team, and Information Security Task Force to implement its information security policy.

Moreover, Macronix employs a variety of information security mechanisms and system architecture designs to block the ever-changing information security threats. The related measures include establishing appropriate safety control mechanisms for the use of computers, regulatory information devices, and network resources, and classification, labeling, and external delivery control of confidential information. Also, in order to prevent malicious software attacks and reduce the accompanied damage, the Company has established enhancement mechanisms and systems, such as : mandating that equipment sent to the factory should previously undergo virus scanning to prevent malicious software from entering the Company network, strengthening firewalls and network controls to prevent computer viruses from spreading into other regions, establishing endpoint anti-virus and anti-hacking measures, introducing advanced solutions to detect and process malware, establishing integrated network security monitoring center, and having regular information security assessments from outside experts .

Even though Macronix has established the comprehensive network and computer protection measures to ensure information security, it is still under the potential risks of being affected by information security threats and cyberattacks. As a result, Macronix has established the information security incidents reporting and handling procedures to respond with immediate action. In addition, the Company has bought information security insurance to reduce resulting damage and impact. Macronix has launched annual educational training, and information security e-newsletters to strengthen the information security awareness and training, and to enable employees to jointly protect Company's information security.

(VI) Impact of Corporate Image Change on Risk Management and Response Measures:

Macronix is determined to uphold the business philosophy of honesty. By adhering to such major values, as innovation, quality, efficiency, service, and teamwork, we have established and implemented corporate governance and risk management mechanisms to create the business environment for sustainable development. To effectively prevent and control risks and meet expectations of competent authorities, customers, investors and related parties, the Company is committed to implementing the risk management in such areas as operational, financial, legal compliance, information security and climate change. This way Macronix fulfills its social responsibilities and ensures the Company's international competitiveness and sustainable operation.

Macronix understands that it is vital to communicate with competent authorities, customers, investors and related parties. Therefore, Macronix has established the diverse communication channels to gain understanding of and respond to reasonable expectations, requirements and issues of concern towards the Company. All related parties can contact the Company and express their opinions through the Company website (http://www.macronix.com).

(VII) Expected Benefits and Potential Risks of Merger and Acquisition: Not applicable.

(VIII) Expected Benefits, Potential Risks, and Countermeasures of Factory Expansion

Last (2023) year the world was impacted by the poor overall economy, inflation, and Russo-Ukranian war. The time for customers to remove the inventory in the memory market was delayed, and inventory consumption was lower than expected, weakening sales of technology products. To respond to the market requirements and to reduce export control and other risks arising from China-US competition, the Company upholds the principles of pursuing innovation and high quality as it focuses its efforts on the R&D of high density 3D NOR Flash, 192-layer and 312-layer 3D NAND Flash products and technologies. Besides enhancing the Company's international competitiveness, we will carry out capacity adjustment, domestic and overseas inventory management, and monitoring of developments in customers' products and needs. Through the production and sales management mechanisms, we can timely respond to possible changes and operating conditions, in hopes of lowering our operational risks.

(IX) Risks Relating to the Concentration of Purchasing or Sales and the Countermeasures

The Company's primary raw materials are silicon wafers, raw chemicals, and gases used for processing. In order to ensure the stable supply and gain recognition and trust of our customers, the relationship with suppliers is established based on a long-term, smooth and stable supply. Company's procurement policy has always aimed at establishing long-term and excellent collaborative relationships and decentralized sources for purchasing. Furthermore, in order to reduce the impact of raw materials and price fluctuation risks, we continue to improve our inventory monitoring system and increase the accuracy of demand forecasting. Therefore, Macronix ensures that the supply chain maintains appropriate inventory levels and reduces unpredictable risks.

Our largest customer accounted for 25% and 33% of our revenue in 2022 and 2023, respectively, while no other customer accounted for 10% and above of our revenue. We have maintained a good long-term relationship with the major customers, and are properly managing related operational risks. Our main customers are world-renowned manufacturers. After years of joint hard work, these customers have become Macronix's long-term partners. At the same time we continue to engage in product R&D and innovation, and are actively expanding customers that are stably growing in various fields of application, especially automotive, healthcare, industry, and data centers, to lower the risk of over-concentration in sales and changes in demand.

(X) The Impact of Mass Transfer or Change of Equity by Directors, Supervisors, or Shareholders Holding More than 10% of Shares on the Company, Associated Risks and Response Measures: Not applicable.

(XI) The Impact of Change of Operating Rights on the Company, Associated Risk and Response Measures: Not applicable.

(XII) Litigious or Non-litigious Events: Company's main litigation cases of 2023 are the foreign trademark opposition

(XIII) Other Important Risks and Countermeasures:

Tax risks

Tax Policy: Macronix seeks to manage its tax risks in the best way, and devotes itself to information transparency and compliance. The Company also supports government tax policy to drive economic development and sustainability. Macronix's 6 guidelines for tax management are as follows:

(1) All operations comply with tax laws and regulations of Taiwan.

(2) Transactions between affiliated enterprises comply with the internationally recognized pricing principles announced by the OECD, and BEPS related regulations, so that the pricing policy of related parties complies with the arm's length principle.

(3) In response to the global trend of anti-tax evasion, avoid using countries with low tax rates in tax planning with the purpose of tax evasion.

(4) Make information in tax reports transparent; submit the Country-by-Country Report, Master File, and Local File to the tax authority, so that tax disclosure complies with laws, regulations, and guidelines.

(5) The Company's tax planning and decisions all take into consideration the effect of tax risks.

(6) Establish a good interaction with the tax authority based on the principles of mutual trust and information transparency.

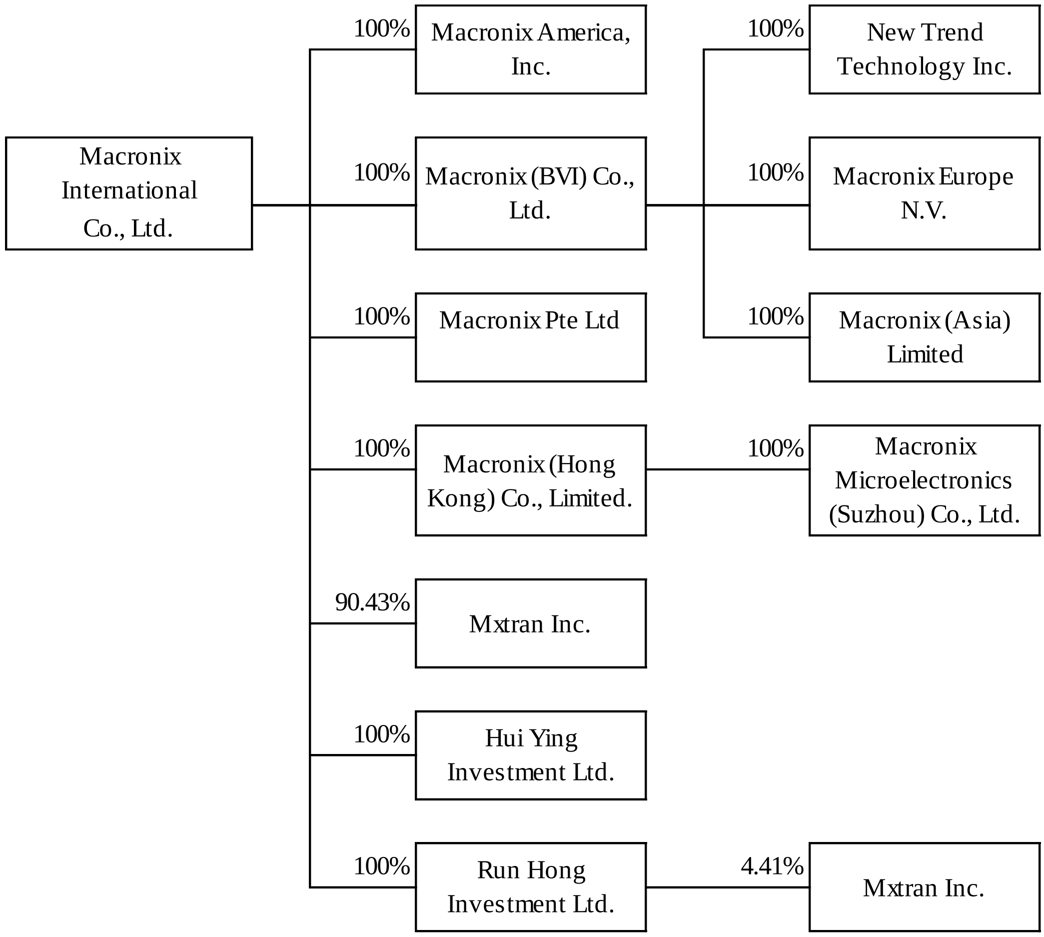
VII. Other Significant Events: None.

Chapter VIII. Special Disclosure

I. Summary of Affiliated Companies (Ended on December 31, 2023)

(I) Consolidated Business Report

1. Corporate Affiliation Chart



2. Basic Information of Affiliated Companies

Unit: NT$ thousands

Company Name	Establishment Date	Address	Paid-in Capital	Primary Business or Production
Macronix America, Inc.	March,1994	680 N. McCarthy Blvd Suite 200, Milpitas, CA 95035	2,640	Sales and marketing
Macronix (BVI) Co., Ltd.	February,1997	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110,British Virgin Islands	6,071,708	Investment holding company
Hui Ying Investment Ltd.	May,1998	20F, 4, Min-Chuan E. Road, Sec.3, Taipei, Taiwan, R.O.C	150,000	Investment
Run Hong Investment Ltd.	October,2001	19F, 4, Min-Chuan E. Road, Sec. 3, Taipei, Taiwan, R.O.C	150,000	Investment
Mxtran Inc.	August.2006	9F, 16, Li-Hsin Road, Science Park, Hsinchu, Taiwan, R.O.C	770,000	IC design
New Trend Technology Inc.	January,1999	680 N. McCarthy Blvd Suite 200, Milpitas, CA95035	936,053	IC design
Macronix Europe N.V.	July,1999	Koningin Astridlaan 49 Bus 6 1780 Wemmel, Belgium	2,106	After-sales services
Macronix Pte Ltd	August,2000	133 Cecil Street #05-02 Keck Seng Tower Singapore (069535)	3,291	After-sales services
Macronix (Hong Kong) Co., Limited.	March,2003	702-703, 7/F, Building 9, Hong Kong Science Park, 5 Science Park West Avenue, Sha Tin, N.T.	378,427	Sales and marketing
Macronix Microelectronics (Suzhou) Co., Ltd.	September,2005	No.55, Su Hong Xi Street, Suzhou Industrial Park, SuZhou City, Jiangsu, China	296,160	development of integrated circuit system and software
Macronix (Asia) Limited	October,2004	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	19,744	After-sales services

3.Presumed to be in Effective Control of the Same Shareholder Information with the Affiliate: None.

4.Overall Business Scope of Affiliated Companies

The business scope of the Company and its affiliated companies include the research and development, design, manufacture, testing, sales, consultancy of integrated circuits, various semiconductor components, and their system applications, and general investment.

5. Directors, Supervisors, and President in all Affiliated Companies:

Company Name	Directors, Supervisors, and President		Shares Held	
	Title	Name or Representative	Number of Shares	Percentage of Shares
Macronix America, Inc.	Chairman of the Board	C. Y. Lu	0	0%
	Director	Miin Wu	0	0%
	Director	Tom Yiu	0	0%
	President	Ya-Sheng Yang	0	0%
Macronix (BVI) Co., Ltd.	Director	Miin Wu	0	0%
Hui Ying Investment Ltd.	Director	Macronix International Co., Ltd. Representative: Miin Wu	-	100%
Run Hong Investment Ltd.	Director	Macronix International Co., Ltd. Representative: Miin Wu	-	100%
Mxtran Inc.	Chairman of the Board	Miin Wu	420,000	0.55%
	Director	Macronix International Co., Ltd. Representative: Tom Yiu	69,627,323	90.43%
	Director/President	Macronix International Co., Ltd. Representative: Showen Huang	69,627,323	90.43%
	Director	Achi Capital Limited	90,000	0.12%
	Supervisor	Run Hong Investment Ltd. Representative: Paul Yeh	3,393,200	4.41%
New Trend Technology Inc.	Director	Paul Yeh	0	0%
Macronix Europe N.V.	Chairman of the Board	F. L. Ni	0	0%
	Director	Miin Wu	0	0%
	Director	C. Y. Lu	0	0%
	Director	Paul Yeh	0	0%
	Director	Jon-Ten Chung	0	0%
	President	Timothy Pusey	0	0%
Macronix Pte Ltd	Director	Jon-Ten Chung	0	0%
	Director	F. L. Ni	0	0%
	Director/President	Tan Siah Cheae	0	0%
Macronix (Hong Kong) Co., Limited.	Director	Miin Wu	0	0%
	Director	C. Y. Lu	0	0%
	Director	F. L. Ni	0	0%
	Director	Paul Yeh	0	0%
	Director	Jon-Ten Chung	0	0%
	President	Hao-Wei Hsieh	0	0%
Macronix Microelectronics (Suzhou) Co., Ltd.	Executive Director	Miin Wu	-	0%
	President	Hsieng-Hung Chang	-	0%
	Supervisor	Hsiu-Mei Lin	-	0%
Macronix (Asia) Limited	Director	Miin Wu	0	0%

6. Operational Highlights of Affiliated Companies

Unit: NT$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Net Profit (Loss) (after tax)	Earnings per Share (NT$) (after tax)
Macronix America, Inc.	2,640	726,012	339,995	386,017	1,896,244	(1,505)	6,039	60.39
Macronix (BVI) Co., Ltd.	6,071,708	2,369,865	233	2,369,632	-	(526)	266,582	1.46
Hui Ying Investment Ltd.	150,000	229,569	200	229,369	-	(150)	15,658	NA
Run Hong Investment Ltd.	150,000	72,165	200	71,965	-	(150)	320	NA
Mxtran Inc.	770,000	57,894	35,928	21,966	64,542	9,148	8,634	0.11
New Trend Technology Inc.	936,053	304,524	-	304,524	-	(11,732)	(11,757)	(0.41)
Macronix Europe N.V.	2,106	171,991	14,853	157,138	183,851	13,529	9,694	9.69
Macronix Pte Ltd	3,291	8,476	1,756	6,720	30,464	1,451	1,245	7.16
Macronix (Hong Kong) Co., Limited.	378,427	1,027,008	460,691	566,317	2,886,038	(46,079)	(21,290)	(0.24)
Macronix Microelectronics (Suzhou) Co., Ltd.	296,160	555,130	95,127	460,003	388,784	10,875	22,922	NA
Macronix (Asia) Limited	19,744	87,935	13,378	74,557	138,567	8,656	6,148	10.25

(II) Consolidated Financial Statements: please refer to page 156 of this annual report.

(III) Affiliation Report: None.

II. Private Placement Securities of the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report: None.

III. Subsidiaries' Holding or Disposing the Company's Shares in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report

Unit: NT$ thousands; Shares; %

<table>
<tr><th>Name of Subsidiary</th><th>Stock Capital Collected</th><th>Fund Source</th><th>Shareholding Ratio of the Company</th><th>Date of Acquisition or Disposition</th><th>Shares and Amount Acquired</th><th>Shares and Amount Disposed of</th><th>Investment Gain (Loss)</th><th>Shareholdings and Amount Up to the Printing Date of this Annual Report</th><th>Mortgage</th><th>Endorsement Amount Made for the Subsidiary</th><th>Amount Loaned to the Subsidiary</th></tr>
<tr><td rowspan="2">Hui Ying Investment Ltd.</td><td rowspan="2">NT$150,000</td><td rowspan="2">Parent company</td><td rowspan="2">100%</td><td>2023</td><td>None</td><td>None</td><td>None</td><td rowspan="2">1,956,619 shares
NT$55,666 (Note)</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>This fiscal year up to the date of publication of the annual report</td><td>None</td><td>None</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
</table>

Note: The amount is calculated based on the closing price of the common shares at NT$ 28.45 per share on February 29, 2024.

IV. Other Necessary Supplements: None.

V. The Events Resulting in Significant Impact to Shareholders' Equity or Stock Prices Under Article 36(3)(ii) of Securities and Exchange Act in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report: None.

Macronix International Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Macronix International Co., Ltd. as of and for the year ended December 31, 2023 under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are all the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, all the relevant information required to be disclosed in the consolidated financial statements have been disclosed. Hence, we do not prepare a separate set of consolidated financial statements.

Very truly yours,

Macronix International Co., Ltd.

By

____

Miin Wu
Chairman

February 27, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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, 2023 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, 2023, inventory was NT$13,368,867 thousand, accounting for 17% 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 (a), 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 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, 2023 and 2022 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, 2023 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.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

<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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	$ 11,905,912	16	$ 19,764,278	24
Trade receivables, net (Notes 4, 10 and 32)	2,561,602	3	3,984,197	5
Receivables from related parties, net (Notes 4, 32 and 33)	489,154	1	764,715	1
Other receivables (Notes 4, 10, 27 and 32)	186,967	-	260,128	-
Inventories (Notes 4, 5 and 11)	13,368,867	17	14,679,705	17
Financial assets at amortized cost -current (Notes 4, 9 and 32)	-	-	44,080	-
Other current assets (Note 17)	179,867	-	212,920	-
Total current assets	28,692,369	37	39,710,023	47
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	261,911	-	173,076	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4, 8 and 32)	4,016,384	5	3,150,991	4
Financial assets at amortized cost - non-current (Notes 4, 9 and 32)	43,270	-	-	-
Property, plant and equipment (Notes 4, 13, 18, 30, 34 and 35)	41,498,097	53	37,982,047	45
Right-of-use assets (Notes 4 and 14)	693,553	1	790,618	1
Intangible assets (Notes 4 and 15)	115,219	-	125,929	-
Deferred tax assets (Notes 4 and 27)	1,155,327	2	856,877	1
Prepayments for equipment	235,195	-	-	-
Other financial assets - non-current (Notes 4, 16, 32 and 34)	767,001	1	769,999	1
Other non-current assets (Note 17)	333,147	1	333,147	1
Total non-current assets	49,119,104	63	44,182,684	53
TOTAL	$ 77,811,473	100	$ 83,892,707	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 25)	$ 41,027	-	$ 30,886	-
Trade payables (Notes 19 and 32)	2,039,130	3	2,585,539	3
Payables to related parties (Notes 32 and 33)	986,617	1	2,742,156	3
Accrued compensation of employees and remuneration of directors (Notes 26, 32 and 33)	965,965	1	3,121,948	4
Payables for purchases of equipment (Note 32)	1,147,179	2	999,899	1
Other payables (Notes 20 and 32)	1,499,934	2	1,589,836	2
Other payables to related parties (Notes 32 and 33)	10	-	10	-
Current tax liabilities (Notes 4 and 27)	3,237	-	1,390,986	2
Provisions - current (Notes 4 and 22)	24,805	-	26,283	-
Lease liabilities - current (Notes 4 and 14)	83,522	-	97,154	-
Current portion of long-term borrowings (Notes 4, 18, 30, 32 and 34)	2,117,062	3	3,683,542	4
Other current liabilities (Note 21)	345,636	-	384,991	1
Total current liabilities	9,254,124	12	16,653,230	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 18, 30, 32 and 34)	17,346,721	22	11,970,314	14
Deferred tax liabilities (Notes 4 and 27)	840,797	1	755,946	1
Lease liabilities - non-current (Notes 4 and 14)	622,770	1	704,168	1
Net defined benefit liabilities (Notes 4 and 23)	1,243,360	2	1,075,577	1
Other non-current liabilities (Notes 4, 21 and 30)	177,746	-	123,113	-
Total non-current liabilities	20,231,394	26	14,629,118	17
Total liabilities	29,485,518	38	31,282,348	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 24 and 29)				
Share capital				
Ordinary shares	18,558,264	24	18,558,543	22
Share capital to be cancelled	-	-	(264)	-
Total share capital	18,558,264	24	18,558,279	22
Capital surplus	406,198	1	402,710	1
Retained earnings				
Legal reserve	4,331,651	5	3,426,358	4
Special reserve	93,025	-	76,492	-
Unappropriated earnings	23,214,865	30	29,304,449	35
Total retained earnings	27,639,541	35	32,807,299	39
Other equity	1,879,879	2	1,000,472	1
Treasury shares	(159,061)	-	(159,061)	-
Total equity attributable to owners of the Company	48,324,821	62	52,609,699	63
NON-CONTROLLING INTERESTS (Note 24)	1,134	-	660	-
Total equity	48,325,955	62	52,610,359	63
TOTAL	$ 77,811,473	100	$ 83,892,707	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, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 25, 33 and 38)	$ 27,623,608	100	$ 43,487,454	100
OPERATING COSTS (Notes 4, 11, 23, 26 and 33)	20,862,948	76	24,249,635	56
GROSS PROFIT	6,760,660	24	19,237,819	44
OPERATING EXPENSES (Notes 4, 10, 23, 26 and 33)				
Selling and marketing expenses	1,644,637	6	1,794,296	4
General and administrative expenses	1,731,793	6	2,161,518	5
Research and development expenses	5,785,863	21	5,912,844	13
Expected credit loss	5,466	-	-	-
Total operating expenses	9,167,759	33	9,868,658	22
(LOSS) INCOME FROM OPERATIONS	(2,407,099)	(9)	9,369,161	22
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 26)	247,294	1	128,952	-
Other income (Notes 4, 8, 14, 26 and 30)	347,494	1	328,072	1
Other gains and losses (Note 26)	188,769	1	675,572	2
Finance costs (Notes 4, 26 and 30)	(260,694)	(1)	(209,363)	(1)
Total non-operating income and expenses	522,863	2	923,233	2
(LOSS) INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(1,884,236)	(7)	10,292,394	24
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 27)	185,089	1	(1,322,619)	(3)
NET (LOSS) INCOME FOR THE YEAR	(1,699,147)	(6)	8,969,775	21
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(180,920)	(1)	83,155	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI (Notes 24 and 32)	949,573	4	(230,765)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 24)	(16,895)	-	356,060	1
Other comprehensive income (loss) for the year, net of income tax	751,758	3	208,450	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (947,389)	(3)	$ 9,178,225	21

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ (1,699,593)	(6)	$ 8,969,775	21
Non-controlling interests	446	-	-	-
	$ (1,699,147)	(6)	$ 8,969,775	21
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ (947,863)	(3)	$ 9,178,251	21
Non-controlling interests	474	-	(26)	-
	$ (947,389)	(3)	$ 9,178,225	21
(LOSS) EARNINGS PER SHARE (Note 28)				
Basic	$ (0.92)		$ 4.85	
Diluted	$ (0.92)		$ 4.68	

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company													
	Share Capital				Retained Earnings			Other Equity						
	Shares (Thousands)	Ordinary Shares	Share Capital to be Cancelled	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	Unearned Compensation of Employees	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	1,856,018	$ 18,560,178	$ (410)	$ 399,210	$ 2,271,266	$ 291,361	$ 24,532,500	$ (499,052)	$ 1,374,203	$ (45,404)	$ (159,061)	$ 46,724,791	$ 686	$ 46,725,477
Legal reserve	-	-	-	-	1,155,092	-	(1,155,092)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(214,869)	214,869	-	-	-	-	-	-	-
Cash dividends distributed by the Company - $1.80 per share	-	-	-	-	-	-	(3,340,758)	-	-	-	-	(3,340,758)	-	(3,340,758)
Net income for the year ended December 31, 2022	-	-	-	-	-	-	8,969,775	-	-	-	-	8,969,775	-	8,969,775
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	83,155	356,086	(230,765)	-	-	208,476	(26)	208,450
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	9,052,930	356,086	(230,765)	-	-	9,178,251	(26)	9,178,225
Compensation cost of restricted shares for employees	-	-	-	(1,511)	-	-	-	-	-	45,404	-	43,893	-	43,893
Retirement of restricted shares for employees	(164)	(1,635)	146	1,489	-	-	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	3,522	-	-	-	-	-	-	-	3,522	-	3,522
BALANCE AT DECEMBER 31, 2022	1,855,854	18,558,543	(264)	402,710	3,426,358	76,492	29,304,449	(142,966)	1,143,438	-	(159,061)	52,609,699	660	52,610,359
Legal reserve	-	-	-	-	905,293	-	(905,293)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	16,533	(16,533)	-	-	-	-	-	-	-
Cash dividends distributed by the Company - $1.80 per share	-	-	-	-	-	-	(3,340,488)	-	-	-	-	(3,340,488)	-	(3,340,488)
Net (loss) income for the year ended December 31, 2023	-	-	-	-	-	-	(1,699,593)	-	-	-	-	(1,699,593)	446	(1,699,147)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(180,920)	(16,923)	949,573	-	-	751,730	28	751,758
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(1,880,513)	(16,923)	949,573	-	-	(947,863)	474	(947,389)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	53,243	-	(53,243)	-	-	-	-	-
Compensation cost of restricted shares for employees	-	-	-	(49)	-	-	-	-	-	-	-	(49)	-	(49)
Retirement of restricted shares for employees	(28)	(279)	264	15	-	-	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	3,522	-	-	-	-	-	-	-	3,522	-	3,522
BALANCE AT DECEMBER 31, 2023	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

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	$ (1,884,236)	$ 10,292,394
Adjustments for:		
Depreciation expense	4,140,272	4,472,955
Amortization expense	83,241	65,939
Expected credit loss recognized on trade receivables	5,466	-
Net gain on fair value changes of financial assets at fair value through profit or loss	(91,009)	(2,392)
Finance costs	260,694	209,363
Interest income	(247,294)	(128,952)
Dividend income	(178,235)	(159,668)
Compensation cost of employee restricted shares	(49)	43,893
(Gain) loss on disposal of property, plant and equipment	(80)	5,283
Loss on disposal of subsidiary	544	-
Net loss on foreign currency exchange	120,098	541,104
Gain from lease modifications	-	(358)
Amortization of government grants deferred revenue	(9,646)	(12,420)
Changes in operating assets and liabilities		
Trade receivables	1,406,886	1,654,694
Receivables from related parties	237,044	236,080
Other receivables	76,778	(4,292)
Inventories	1,310,838	(1,523,318)
Other current assets	25,564	(9,528)
Contract liabilities	10,141	(5,377)
Trade payables	(534,036)	(811,011)
Payables to related parties	(1,727,325)	(2,078,954)
Payables for compensation of employees and remuneration of directors	(2,155,983)	(12,542)
Other payables	10,107	(143,720)
Other payables to related parties	5,106	(5,211)
Provisions	(1,478)	2,993
Other current liabilities	(33,604)	26,189
Net defined benefit liabilities	(13,137)	(248,741)
Cash generated from operations	816,667	12,404,403
Interest received	241,044	91,941
Dividends received	178,235	159,668
Interest paid	(356,035)	(247,322)
Income tax paid	(1,405,623)	(752,575)
Net cash (used in) generated from operating activities	(525,712)	11,656,115
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	85,462	-
Purchase of financial assets at amortized cost	(42,820)	-
Proceeds from the return of principal of financial assets at amortized cost	44,450	-
Payments for property, plant and equipment	(7,609,696)	(9,869,012)
Proceeds from disposal of property, plant and equipment	366	173,780
Increase in refundable deposits	(11,273)	(549,617)

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in refundable deposits	$ 43	$ 10
Payments for intangible assets	(72,545)	(94,970)
Decrease in other financial assets	14,050	1,045
Net cash used in investing activities	(7,591,963)	(10,338,764)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	10,500,000	6,357,000
Repayments of long-term borrowings	(6,625,741)	(2,988,903)
Proceeds from guarantee deposits received	1,769	26,778
Refund of guarantee deposits received	(200)	(17,926)
Repayment of leased liabilities	(111,954)	(107,686)
Distribution of cash dividends	(3,336,966)	(3,337,236)
Net cash generated from (used in) financing activities	426,908	(67,973)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(167,599)	(50,321)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,858,366)	1,199,057
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	19,764,278	18,565,221
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 11,905,912	$ 19,764,278

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

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and were authorized for issue on February 27, 2024.

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 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other 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 an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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.

The fair value of any investment retained in a former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through other comprehensive income or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

See Note 12 and Table 5 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, finished goods, merchandise and work-in-process 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 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 32: Financial Instruments.

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.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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.

k. 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.

l. 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.

m. 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.

n. 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.

o. 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.

p. 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.

q. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options or other equity - employees' unearned compensation. It is recognized as an expense in full at the grant date if vesting immediately.

When restricted shares for employees are issued, other equity - employees' unearned compensation are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options or capital surplus-restricted share option.

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.

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.

b. Recognition and measurement of defined benefit plans

The net defined liabilities (assets) and the resulting defined benefit costs under the defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, expected rates of salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of related expenses and the liabilities.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 12	$ 11
Checking accounts and demand deposits	5,219,685	6,867,933
Cash equivalents		
Time deposits	6,686,215	12,896,334
	$ 11,905,912	$ 19,764,278

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Foreign convertible preference shares	$ 261,911	$ 173,076

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Non-current		
Investments in equity instruments		
Domestic investments		
Listed shares	$ 2,739,124	$ 1,845,683
Unlisted shares	842,438	647,468
	3,581,562	2,493,151
Foreign investments		
Listed shares	434,822	657,840
	$ 4,016,384	$ 3,150,991

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 in Amphastar Pharmaceuticals, Inc. at a fair value of $85,462 thousand for the years ended December 31, 2023. The related unrealized gain of financial assets at FVTOCI of $53,243 thousand under other equity was transferred to retained earnings.

The Group recognized dividend income of NT$178,235 thousand and NT$159,668 thousand for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Group's related investments still held amounted to NT$3,430,782 thousand and NT$2,437,147 thousand, respectively.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturities exceeding 1 year	$ -	$ 44,080
Non-Current		
Time deposits with original maturities exceeding 1 year	$ 43,270	$ -

The interest rate for time deposits with original maturities exceeding 1 year was 2.40% and 3.15% per annum as of December 31, 2023 and 2022.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Trade receivables		
Total amount of trade receivables measured at amortized cost	$ 2,584,023	$ 4,001,152
Less: Allowance for impairment loss	(22,421)	(16,955)
	$ 2,561,602	$ 3,984,197
Other receivables		
Tax receivable	$ 146,956	$ 192,785
Others	40,011	67,343
	$ 186,967	$ 260,128

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	
	2023	**2022**
Neither past due nor impaired	$ 2,506,373	$ 3,856,169
Past due but not impaired		
Within 60 days	55,227	123,681
61-120 days	2	-
Over 120 days	-	4,347
	$ 2,561,602	$ 3,984,197

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

As of December 31, 2023 and 2022, 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	
	2023	**2022**
Balance at January 1	$ 16,955	$ 16,955
Add: Net remeasurement of loss allowance	5,466	-
Balance at December 31	$ 22,421	$ 16,955

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	
	2023	2022
Finished goods and merchandise	$ 902,661	$ 1,437,342
Work in progress	11,260,794	11,866,328
Raw materials	1,205,412	1,376,035
	$ 13,368,867	$ 14,679,705

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	
	2023	2022
Loss on inventory write-downs	$ 2,737,614	$ 1,292,372

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

As of December 31, 2023 and 2022, 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), Mxtran Holding (Samoa) Co., Ltd. (Mxtran Samoa), Mxtran (H.K.) Holding Co., Limited (MxtranHK), 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	2023	2022
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	-
The Company	MPL	After-sales service	100.00	-
The Company	MXBVI	Investment holding company	100.00	100.00
Mxtran	Mxtran Samoa	Investment holding company	Note 1	100.00
Mxtran Samoa	Mxtran HK	Investment holding company	Note 2	100.00
MXBVI	NTTI	IC design	100.00	100.00
MXBVI	MX Asia	After-sales service	100.00	100.00
MXBVI	MPL	After-sales service	-	100.00
MXBVI	MXE	After-sales service	100.00	100.00
MXBVI	MXHK	Sales and marketing	-	100.00
MXHK	MXm	Development of integrated circuit system and software	100.00	100.00

Note 1: Mxtran Samoa has been dissolved in May 2023.

Note 2: Mxtran HK has been dissolved in March 2023

In order to adjust the investment structure of the subsidiaries, the Company’s board of directors approved on February 14, 2023 to acquire the outstanding shares of MXHK and MPL, which were held by MXBVI at carrying amount of US$19,756,278 as of December 31, 2022, and MXBVI bought back 19,756,278 shares at US$1 per share and canceled them on March 1, 2023.

On March 3, 2023 and May 12, 2023, the Group was dissolved into Mxtran (H.K.) Holding Co., Limited and Mxtran Holding (Samoa) Co., Ltd., respectively.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Group	$ 41,498,097	$ 37,982,047

	Years Ended December 31, 2023					
	Balance, Beginning of Year	Additions	Disposals	Net Exchange Differences	Reclassification	Balance, End of Year
Cost						
Freehold land	$ 1,273,814	$ -	$ -	$ (110)	$ -	$ 1,273,704
Buildings	22,392,682	-	9,020	(4,010)	1,145,952	23,525,604
Machinery equipment	93,948,076	-	103,639	-	1,976,723	95,821,160
Research and development equipment	8,053,449	-	2,501	(806)	(513,806)	7,536,336
Transportation equipment	26,894	-	2,400	(34)	3,456	27,916
Leasehold improvements	14,828	-	-	(203)	-	14,625
Miscellaneous equipment	1,227,653	2,080	12,707	(829)	129,366	1,345,563
Advance payments and construction in progress	10,724,565	7,544,806	-	-	(2,742,338)	15,527,033
	137,661,961	$ 7,546,886	$ 130,267	$ (5,992)	$ (647)	145,071,941
Accumulated depreciation and impairment						
Freehold land	381,571	$ -	$ -	$ (62)	$ -	381,509
Buildings	17,521,831	529,868	8,885	(1,659)	-	18,041,155
Machinery equipment	77,989,290	2,803,599	103,639	-	410,674	81,099,924
Research and development equipment	2,690,825	590,271	2,365	(674)	(410,674)	2,867,383
Transportation equipment	18,943	4,040	2,400	(35)	-	20,548
Leasehold improvements	14,398	202	-	(199)	-	14,401
Miscellaneous equipment	1,063,056	99,307	12,692	(747)	-	1,148,924
	99,679,914	$ 4,027,287	$ 129,981	$ (3,376)	$ -	103,573,844
Carrying amount at December 31, 2023	$ 37,982,047					$ 41,498,097

	Years Ended December 31, 2022					
	Balance, Beginning of Year	Additions	Disposals	Net Exchange Differences	Reclassification	Balance, End of Year
Cost						
Freehold land	$ 1,207,143	$ -	$ -	$ 66,671	$ -	$ 1,273,814
Buildings	21,431,372	-	89,257	3,168	1,047,399	22,392,682
Machinery equipment	91,339,673	-	129,639	-	2,738,042	93,948,076
Research and development equipment	6,816,075	-	39,476	529	1,276,321	8,053,449
Transportation equipment	26,159	-	192	27	900	26,894
Leasehold improvements	14,193	-	-	635	-	14,828
Miscellaneous equipment	1,149,736	506	23,688	4,407	96,692	1,227,653
Advance payments and construction in progress	5,786,769	10,097,384	-	-	(5,159,588)	10,724,565
	127,771,120	$ 10,097,890	$ 282,252	$ 75,437	$ (234)	137,661,961
Accumulated depreciation and impairment						
Freehold land	343,923	$ -	$ -	$ 37,648	$ -	381,571
Buildings	17,112,379	492,245	83,905	1,112	-	17,521,831
Machinery equipment	74,709,272	3,203,767	129,551	-	205,802	77,989,290
Research and development equipment	2,375,222	560,377	39,420	448	(205,802)	2,690,825
Transportation equipment	14,666	4,451	192	18	-	18,943
Leasehold improvements	13,573	223	-	602	-	14,398
Miscellaneous equipment	983,702	99,219	23,686	3,821	-	1,063,056
	95,552,737	$ 4,360,282	$ 276,754	$ 43,649	$ -	99,679,914
Carrying amount at December 31, 2022	$ 32,218,383					$ 37,982,047

For the years ended December 31, 2023 and 2022, the Group assessed 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, 2023 and 2022 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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 34.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Freehold land	$ 653,069	$ 710,350
Buildings	35,308	68,433
Machinery equipment	-	4,638
Transportation equipment	4,678	6,697
Miscellaneous equipment	498	500
	$ 693,553	$ 790,618

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 19,505	$ 44,946
Depreciation charge for right-of-use assets		
Freehold land	$ 56,977	$ 57,274
Buildings	40,463	38,678
Machinery equipment	10,823	11,817
Transportation equipment	2,730	2,905
Miscellaneous equipment	1,992	1,999
	$ 112,985	$ 112,673

(Continued)

	For the Year Ended December 31	
	2023	2022
Income from the subleasing of right-of-use assets (included in other income)	$ (3,738)	$ (4,035)
		(Concluded)

Except for the recognized depreciation, the Group did not have impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 83,522	$ 97,154
Non-current	$ 622,770	$ 704,168

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Freehold land	1.22%-1.73%	1.22%-1.73%
Buildings	1.03%-6.00%	1.03%-6.00%
Machinery equipment	1.56%-1.96%	1.17%-1.56%
Transportation equipment	1.18%-2.15%	1.03%-1.56%
Miscellaneous equipment	2.08%	1.22%

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	
	2023	2022
Expenses relating to short-term leases	$ 1,253	$ 2,764
Expenses relating to low-value asset leases	$ 115	$ 156
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 9,739	$ 15,265
Total cash outflow for leases	$ (137,045)	$ (141,517)

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, 2023				
	Balance, Beginning of Year	Additions	Disposals	Net Exchange Differences	Balance, End of Year
Cost					
Software	$ 242,202	$ 72,545	$ 48,718	$ (352)	$ 265,677
Accumulated amortization					
Software	116,273	$ 83,241	$ 48,718	$ (338)	150,458
Carrying amount at December 31, 2023	$ 125,929				$ 115,219

	Years Ended December 31, 2022				
	Balance, Beginning of Year	Additions	Disposals	Net Exchange Differences	Balance, End of Year
Cost					
Software	$ 179,067	$ 94,970	$ 32,154	$ 319	$ 242,202
Accumulated amortization					
Software	82,194	$ 65,939	$ 32,154	$ 294	116,273
Carrying amount at December 31, 2022	$ 96,873				$ 125,929

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

Software	3 years

16. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Non-current		
Refundable deposits	$ 573,828	$ 562,776
Restricted time deposits (Note 34)	193,173	207,223
	$ 767,001	$ 769,999

17. OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments	$ 179,853	$ 212,249
Others	14	671
	$ 179,867	$ 212,920

(Continued)

	December 31	
	2023	2022
Non-current		
Prepayments	$ 333,147	$ 333,147

(Concluded)

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

Long-term borrowings

	December 31	
	2023	2022
Secured borrowings from financial institutions	$ -	$ 4,812,500
Unsecured borrowings from financial institutions	19,587,000	10,940,125
	19,587,000	15,752,625
Less: Current portion	2,117,062	3,683,542
Less: Arrangement fee	-	5,200
Less: Government loan discount	123,217	93,569
Long-term borrowings	$ 17,346,721	$ 11,970,314
Interest rate	1.25%-2.26%	1.13%-2.19%

		December 31	
Borrowing Type	Repayment Terms	2023	2022
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	$ 1,000,000	$ 1,000,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	2,300,000	2,300,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	600,000	600,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	1,100,000	1,100,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2031	787,000	787,000
Unsecured bank borrowings denominated in NT$	From December 2021 to December 2024	250,000	500,000
Unsecured bank borrowings denominated in NT$	From March 2022 to September 2024	450,000	600,000
Unsecured bank borrowings denominated in NT$	From March 2022 to March 2025	400,000	500,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	1,000,000	263,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	2,000,000	116,000

(Continued)

Borrowing Type	Repayment Terms	December 31 2023	December 31 2022
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	$ 109,000	$ 109,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	400,000	100,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	400,000	54,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	1,228,000	557,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	1,005,000	243,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	58,000	58,000
Unsecured bank borrowings denominated in NT$	From August 2022 to August 2025	262,500	300,000
Unsecured bank borrowings denominated in NT$	From August 2022 to August 2029	500,000	500,000
Unsecured bank borrowings denominated in NT$	From June 2023 to June 2030	800,000	-
Unsecured bank borrowings denominated in NT$	From August 2023 to August 2030	2,000,000	-
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2025	437,500	-
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2026	1,000,000	-
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2026	900,000	-
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2026	600,000	-
Unsecured bank borrowings denominated in NT$	Pay off in December 2023	-	500,000
Secured syndicated loan denominated in NT$	Pay off in August 2023	-	4,812,500
Unsecured bank borrowings denominated in NT$	Pay off in August 2023	-	187,500
Unsecured bank borrowings denominated in NT$	Pay off in August 2023	-	140,625
Unsecured bank borrowings denominated in NT$	Pay off in June 2023	-	125,000
Unsecured bank borrowings denominated in NT$	Pay off in February 2023	-	300,000
Less: Current portion		2,117,062	3,683,542
Less: Arrangement fee		-	5,200
Less: Government loan discount		123,217	93,569
Total long-term borrowings		$ 17,346,721	$ 11,970,314

(Concluded)

To purchase equipment or machinery, the Group has entered into a 5-year syndicated loan agreement with 9 financial institutions including the Taiwan Cooperative Bank in January 2019 with a total amount of NT$8 billion, which was repaid in advance in August 2023. The Group provided notes used as refundable guarantees for syndicated loan mentioned above that will be cancelled upon termination of the guarantee.

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.

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, 2023 and 2022, the Group had met the financial ratio covenants.

The details of assets pledged as collateral for long-term loans are set in Note 34.

19. TRADE PAYABLES

	December 31	
	2023	2022
Trade payables	$ 2,039,130	$ 2,585,539

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

20. OTHER PAYABLES

	December 31	
	2023	2022
Payables for bonuses	$ 362,498	$ 362,941
Payables for maintenance and repairs	253,903	254,008
Payables for spare parts	119,330	112,400
Payables for insurance	81,746	87,997
Payables for pension	76,294	74,798
Payables for patents	75,634	98,518
Others	530,529	599,174
	$ 1,499,934	$ 1,589,836

21. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Refund liabilities	$ 201,030	$ 339,760
Government grants deferred revenue	100,000	-
Receipts under custody	37,131	36,545
Temporary credits	7,475	8,686
	$ 345,636	$ 384,991

(Continued)

	December 31	
	2023	2022
Non-current		
Government grants deferred revenue (Note 30)	$ 156,807	$ 102,121
Guarantee deposits	20,939	20,992
	$ 177,746	$ 123,113

(Concluded)

22. PROVISIONS

	December 31	
	2023	2022
Current		
Employee benefits (a)	$ 24,805	$ 26,283

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

23. 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 2023	December 31 2022
Present value of defined benefit obligation	$ 1,914,396	$ 1,717,492
Fair value of plan assets	(1,250,659)	(1,274,760)
Net defined benefit liability	$ 663,737	$ 442,732

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 at January 1, 2022	$ 1,874,741	$ 1,021,636	$ 853,105
Service cost			
Current service cost	2,829	-	2,829
Net interest expense	9,155	-	9,155
Return on plan assets	-	4,974	(4,974)
Recognized in profit or loss	11,984	4,974	7,010
Remeasurement			
Return on plan assets	-	83,305	(83,305)
Actuarial loss - experience adjustments	17,895	-	17,895
Actuarial loss - actuarial assumptions adjustments	(89,939)	-	(89,939)
Recognized in other comprehensive income	(72,044)	83,305	(155,349)
Contributions from the employer	-	262,034	(262,034)
Benefits paid	(97,189)	(97,189)	-
Balance at December 31, 2022	1,717,492	1,274,760	442,732
Service cost			
Current service cost	2,762	-	2,762
Net interest expense	20,921	-	20,921
Return on plan assets	-	15,587	(15,587)
Recognized in profit or loss	23,683	15,587	8,096
Remeasurement			
Return on plan assets	-	5,997	(5,997)
Actuarial loss - experience adjustments	251,220	-	251,220
Recognized in other comprehensive income	251,220	5,997	245,223
Contributions from the employer	-	32,314	(32,314)
Benefits paid	(77,999)	(77,999)	-
Balance at December 31, 2023	$ 1,914,396	$ 1,250,659	$ 663,737

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 2023	For the Year Ended December 31 2022
Operating costs	$ 3,665	$ 3,482
Selling and marketing expenses	571	487
General and administration expenses	1,830	1,352
Research and development expenses	2,030	1,689
	$ 8,096	$ 7,010

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	
	2023	**2022**
Discount rate	1.25%	1.25%
Expected rate of salary increase	3.00%	3.00%
Expected return on plan assets increase	1.25%	1.25%

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	
	2023	**2022**
Discount rate		
0.50% increase	$ (54,357)	$ (57,111)
0.50% decrease	$ 57,174	$ 59,373
Expected rate of salary increase		
0.50% increase	$ 52,573	$ 98,086
0.50% decrease	$ (50,518)	$ (92,390)

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	
	2023	**2022**
The expected contributions to the plan for the next year	$ 180,547	$ 32,018
The average duration of the defined benefit obligation	5.7 years	6.9 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$10,592 thousand and NT$5,670 thousand for the years ended December 31, 2023 and 2022, respectively.

Movements in net defined benefit liability were as follows:

	Present Value of Defined Benefit Obligation
Balance at January 1, 2022	$ 552,906
Service cost	
Current service cost	2,949
Net interest expense	2,721
Recognized in profit or loss	5,670
Remeasurement	
Actuarial loss - experience adjustments	82,090
Actuarial loss - changes in assumptions	(9,896)
Recognized in other comprehensive income	72,194
Balance at December 31, 2022	630,770
Service cost	
Current service cost	2,807
Net interest expense	7,785
Recognized in profit or loss	10,592
Remeasurement	
Actuarial loss - experience adjustments	(64,303)
Recognized in other comprehensive income	(64,303)
Balance at December 31, 2023	$ 577,059

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	
	2023	**2022**
General and administration expenses	$ 10,592	$ 5,670

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	
	2023	**2022**
Discount rate	1.25%	1.25%
Expected rate of salary increase	-	-
Expected return on plan assets increase	1.25%	1.25%

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
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)	1,855,826	1,855,854
Shares issued	$ 18,558,264	$ 18,558,543

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 withdrawal and cancellation of new shares that limit the rights of employees which do not meet the vested conditions.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 359,064	$ 358,766
Donations	37	37
Treasury share transactions	42,488	38,966
	$ 401,589	$ 397,769
May be used to offset a deficit only		
Changes in percentage of ownership interests in subsidiaries (2)	$ 4,609	$ 4,609
May not be used for any purpose		
Employee restricted shares	$ -	$ 332

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 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 26 (g).

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 earnings for 2022 and 2021, which had been proposed by the Company's general meeting of shareholders on May 24, 2023 and May 27, 2022, respectively. The appropriation and dividends per share were as follows:

	For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 905,293	$ 1,155,092
Special reserve	$ 16,533	$ (214,869)
Cash dividends	$ 3,340,488	$ 3,340,758
Cash dividends per share	$ 1.8	$ 1.8

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on February 27, 2024.

	For the Year Ended December 31, 2023
Special reserve	$ (4,696)
Cash dividends	$ 927,913
Cash dividends per share	$ 0.50

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 30, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 76,492	$ 291,361
Appropriations in respect of		
Treasury shares	16,533	196
Reversals:		
Reversal of the debits to other equity items	-	(215,065)
Balance at December 31	$ 93,025	$ 76,492

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	
	2023	2022
Balance at January 1	$ (142,966)	$ (499,052)
Exchange differences on the translation of the financial statements of foreign operations	(16,923)	356,086
Balance at December 31	$ (159,889)	$ (142,966)

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,143,438	$ 1,374,203
Recognized for the year		
Unrealized gain (loss) equity instrument	949,573	(230,765)
Other comprehensive income recognized for the year	2,093,011	1,143,438
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(53,243)	-
Balance at December 31	$ 2,039,768	$ 1,143,438

3) Unearned employee benefits

In the meeting of shareholders on June 18, 2019, the shareholders approved a restricted share plan for employees. Refer to Note 29 for the information of restricted shares issued.

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ -	$ (45,404)
Share-based payment expenses recognized	-	43,893
Adjustments for change of turnover rate	-	1,511
Balance at December 31	$ -	$ -

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 660	$ 686
Share of profit for the year	446	-
Other comprehensive income (loss) during the year		
Exchange difference on translating the financial statements of foreign operations	28	(26)
Balance at December 31	$ 1,134	$ 660

g. Treasury shares

The Company's shares held by its subsidiaries at December 31, 2023 and 2022 were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
December 31, 2023			
Hui Ying	1,957	$ 159,061	$ 61,340
December 31, 2022			
Hui Ying	1,957	$ 159,061	$ 66,036

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.

25. REVENUE

a. Segmentation of revenue from contracts with customers

	For the Year Ended December 31	
	2023	2022
Product type		
Flash	$ 16,959,567	$ 29,001,475
ROM	9,036,841	10,670,968
Foundry	1,619,489	3,796,517
Others	7,711	18,494
	$ 27,623,608	$ 43,487,454

b. Contract balances

	December 31	
	2023	2022
Contract liabilities (classified as current liabilities)	$ 41,027	$ 30,886

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	
	2023	2022
From the beginning balance of contract liabilities		
Sale of goods	$ 30,885	$ 36,092

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 247,294	$ 128,952

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income	$ 178,235	$ 159,668
Others	169,259	168,404
	$ 347,494	$ 328,072

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	$ 109,855	$ 700,294
Loss on disposal of subsidiary	(544)	-
Other gains (losses)	79,458	(24,722)
	$ 188,769	$ 675,572

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on loans	$ 337,422	$ 220,762
Interest on lease liabilities	13,984	15,664
Less: Amounts included in the cost of qualifying assets	(90,712)	(27,063)
	$ 260,694	$ 209,363

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	$ 90,712	$ 27,063
Capitalization rate	1.54%	0.99%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 3,312,621	$ 3,688,632
Operating expenses	827,651	784,323
	$ 4,140,272	$ 4,472,955
An analysis of amortization by function		
Operating costs	$ 47,802	$ 30,503
Operating expenses	35,439	35,436
	$ 83,241	$ 65,939

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 23)		
Defined contribution plans	$ 265,568	$ 246,245
Defined benefit plans	18,688	12,680
	284,256	258,925
Share-based payments		
Equity-settled	(49)	43,893
Other employee benefits	6,808,556	8,769,547
Total employee benefits expense	$ 7,092,763	$ 9,072,365
An analysis of employee benefits expense by function		
Operating costs	$ 2,837,819	$ 3,826,168
Operating expenses	4,254,944	5,246,197
	$ 7,092,763	$ 9,072,365

g. Employees' compensation and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates of 15% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the years ended December 31, 2023 and 2022, the estimated employees' compensation and the remuneration of directors resolved by the board of directors on February 27, 2024 and February 14, 2023, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2023	**2022**
Employees' compensation	$ -	$ 1,854,831
Remuneration of directors	$ -	$ 247,311

In compliance with the Articles of Incorporation, the Company does not intend to contribute employees' compensation and remuneration of directors for the year 2023 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.

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 26,502	$ 1,417,867
Overseas income tax	2,640	2,169
Adjustments for prior year	(632)	(342)
Deferred tax		
In respect of the current year	(213,599)	(97,075)
Income tax (benefit) expense recognized in profit or loss	$ (185,089)	$ 1,322,619

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

	For the Year Ended December 31	
	2023	2022
(Loss) income before tax from continuing operations	$ (1,884,236)	$ 10,292,394
Income tax (benefit) expense calculated at the statutory rate	$ (353,668)	$ 2,082,928
Non-deductible expenses in determining taxable income	12,566	10,032
Non-taxable income	(38,416)	(32,536)
Deductible temporary differences	466,427	66,423
Overseas income tax	2,640	2,169
Unrecognized investment credits	-	(708,980)
Deferred tax in respect of the current year	(213,599)	(97,075)
Adjustments for prior year	(632)	(342)
Realized investment losses	(60,407)	-
Income tax (benefit) expense recognized in profit or loss	$ (185,089)	$ 1,322,619

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 19,252	$ 6,331
Current tax liabilities		
Income tax payable	$ 3,237	$ 1,390,986

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, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized inventory losses	$ 688,011	$ 218,648	$ 906,659
Unallocated production overheads	31,841	93,288	125,129
Net defined benefit liabilities	84,777	(6,375)	78,402
Unrealized refund liabilities	39,863	(16,343)	23,520
Others	12,385	9,232	21,617
	$ 856,877	$ 298,450	$ 1,155,327
Deferred tax liabilities			
Temporary differences			
Depreciation	$ (755,937)	$ (81,070)	$ (837,007)
Unrealized exchange gains	(9)	(3,781)	(3,790)
	$ (755,946)	$ (84,851)	$ (840,797)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized inventory losses	$ 483,271	$ 204,740	$ 688,011
Net defined benefit liabilities	83,127	1,650	84,777
Unrealized refund liabilities	35,569	4,294	39,863
Others	46,110	(1,884)	44,226
	$ 648,077	$ 208,800	$ 856,877
Deferred tax liabilities			
Temporary differences			
Depreciation	$ (603,554)	$ (152,383)	$ (755,937)
Unrealized exchange gains	(40,667)	40,658	(9)
	$ (644,221)	$ (111,725)	$ (755,946)

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	
	2023	2022
Loss carryforwards		
Expire in 2023	$ 89,510	$ 97,389
Expire in 2024	126,053	127,640
Expire in 2025	67,634	67,634
Expire in 2026	28,806	28,806
Expire in 2027	57,929	66,966
Expire in 2028	31,408	31,408
Expire in 2029	17	17
Expire in 2030	8,602	8,677
Expire in 2031	11,747	11,803
Expire in 2032	700	700
Expire in 2033	60	-
	$ 422,466	$ 441,040
Investment credits		
Research and development expenditures	$ 274,088	$ 327,891
Deductible temporary differences	$ 9,716,854	$ 5,517,785

The unrecognized investment credits will expire in 2024.

e. Information about unused investment credits, unused loss carry-forwards and tax-exemptions

As of December 31, 2023, investment credits comprised of:

Law and Statutes	Tax Credit Source	Remaining Creditable Amount	Expiry Year
Statute for Industrial Innovation	Research and development expenditures	$ 274,088	2024

Loss carryforwards as of December 31, 2023 comprised of:

Unused Tax Amount	Expiry Year
$ 25,211	2024
13,527	2025
5,761	2026
11,586	2027
6,282	2028
3	2029
1,720	2030
2,349	2031
140	2032
12	2033
$ 66,591	

f. Income tax assessments

The Company's, Mxtran Inc.'s, Run Hong Investment Ltd.'s and Hui Ying Investment Ltd.'s tax returns through 2021 have been assessed by the tax authorities.

28. (LOSS) EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic (loss) earnings per share	$ (0.92)	$ 4.85
Diluted (loss) earnings per share	$ (0.92)	$ 4.68

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

Net (loss) income for the Year

	For the Year Ended December 31	
	2023	2022
(Loss) income for the year attributable to owners of the Company	$ (1,699,593)	$ 8,969,775

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

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	1,853,868	1,850,115
Effect of potentially dilutive ordinary shares:		
Restricted shares to employees	Note	3,820
Employees' compensation or bonus issue to employees	Note	63,490
Weighted average number of ordinary shares in computation of diluted earnings per share	1,853,868	1,917,425

Note: The potential shares have an anti-dilution effect for the net loss for the year ended December 31, 2023. Such shares are not included in the calculation of loss per share.

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted share plan for employees

Information on share plan for employees were as follows:

Approved Date	Grant Shares (Thousand)	Board of Directors Approved Grant Shares (Thousand)	Grant Date	Issued Date	Issued Shares (Thousand)	Fair Value
2019/06/18	35,294	16,815	2019/10/21	2020/06/16	16,400	$ 32.55

To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period listed as follows:

a. If an employee remains employed by the Company for one year after the grant date; and has a current year's performance rating of A0 or A1, 40% of the restricted shares will be vested;

b. If an employee remains employed by the Company for two years after the grant date; and has a current year's performance rating of A0 or A1, 30% of the restricted shares will be vested;

c. If an employee remains employed by the Company for three years after grant date; and has a current year's performance rating of A0 or A1, 30% of the restricted shares will be vested.

In addition to the vesting conditions, the limitations are as follows:

a. Employees, except for inheritance, should not sell, transfer, pledge, donate or in any other way dispose of the shares.

b. The shares should be held in stock trust.

c. Except for the above two paragraphs, the other rights of the restricted share plan for employees, which include, but are not limited to, dividends, bonuses, the distribution rights of the legal reserve and capital surplus, share options of cash capital voting rights of shareholders, etc., are the same as the Group's issued ordinary shares.

d. The dividends of restricted share plan for employees are not restricted by existing conditions.

e. When a new share is returned in cash due to the Company's capital reduction, the refund of the vested capital loss shall be under custodian trust. In accordance with the issuance method, such capital and shares shall be granted if the vesting conditions for new restricted employee shares are met. The vested shares are granted to employees without interests; if the vested conditions are not met, such cash will be recovered by the Company.

When employees do not reach the vesting conditions of restricted share plan for employees during the year, the Company will recover and cancel the shares.

Information on restricted share plan for employees was as follows:

	Number of Shares (In Thousands)	
	For the Year Ended December 31	
	2023	2022
Balance at January 1	15	4,826
Vested	(13)	(4,662)
Forfeited (Note)	(2)	(149)
Balance at December 31	-	15

Note: For the year ended December 31, 2023, the forfeited shares include 2 thousand shares which were already cancelled; for the year ended December 31, 2022, the forfeited shares include 26 thousand shares, which will be cancelled, and 123 thousand shares, which were already cancelled.

For the years ended December 31, 2023 and 2022, the compensation cost recognized was NT$(49) thousand and NT$43,893 thousand, respectively.

30. GOVERNMENT GRANTS

As of December 31, 2023, the Company obtained a government preferential interest rate loan of $15,287,000 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 $180,230 thousand, which is regarded as a government low interest loan and recognized as deferred income. For the year ended December 31, 2023 and 2022, the Company recognized other income of $9,646 thousand and $12,420 thousand, respectively. For the year ended December 31, 2023 and 2022, the interest expense of the loan was $34,683 thousand and $18,797 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

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign convertible preference shares	$ -	$ -	$ 261,911	$ 261,911
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in the ROC	$ 2,739,124	$ -	$ -	$ 2,739,124
Securities listed in other countries	434,822	-	-	434,822
Securities unlisted	-	-	842,438	842,438
	$ 3,173,946	$ -	$ 842,438	$ 4,016,384

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign convertible preference shares	$ -	$ -	$ 173,076	$ 173,076
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in the ROC	$ 1,845,683	$ -	$ -	$ 1,845,683
Securities listed in other countries	657,840	-	-	657,840
Securities unlisted	-	-	647,468	647,468
	$ 2,503,523	$ -	$ 647,468	$ 3,150,991

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, 2023

Financial Assets	Financial Assets at FVTPL - Foreign Convertible Preference Shares	Financial Assets at FVTOCI - Equity Instruments	Total
Balance at January 1	$ 173,076	$ 647,468	$ 820,544
Recognized in profit or loss	91,009	-	91,009
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	-	194,970	194,970
Effects of foreign currency exchange differences	(2,174)	-	(2,174)
Balance at December 31	$ 261,911	$ 842,438	$ 1,104,349

For the Year Ended December 31, 2022

Financial Assets	Financial Assets at FVTPL - Foreign Convertible Preference Shares	Financial Assets at FVTOCI - Equity Instruments	Total
Balance at January 1	$ 153,840	$ 614,379	$ 768,219
Recognized in profit or loss	2,392	-	2,392
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	-	33,089	33,089
Effects of foreign currency exchange differences	16,844	-	16,844
Balance at December 31	$ 173,076	$ 647,468	$ 820,544

3) Valuation used in Level 3 fair value measurement

The fair values of equity securities listed in the ROC and other countries and foreign convertible preference shares was arrived at using either the asset-based approach or based on the multiplier evaluated in the active market by the market approach and adjustments of liquidity.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Measured at amortized costs (1)	$ 15,806,950	$ 25,350,532
Measured at FVTPL	261,911	173,076
Measured at FVTOCI	4,016,384	3,150,991
Financial liabilities		
Measured at amortized cost (2)	24,757,177	23,184,701

1) The balances included financial assets 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 at amortized cost, which comprise trade payables (including payables to related parties), other payables (including other payables to related parties), payable for purchases of equipment, guarantee deposits 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**	
	2023	**2022**	**2023**	**2022**
Pre-tax profit decrease (increase)	$ 49,162	$ 107,946	$ 109,509	$ (5,643)

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, 2023 and 2022 would decrease/increase by NT$97,319 thousand and NT$78,269 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, 2023 and 2022 would have increase/decrease by NT$401,638 thousand and NT$315,099 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.

As of December 31, 2023 and 2022, the Group's ten largest customers accounted for 40% and 37% 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, 2023

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 6,638,835	$ -	$ -	$ -	$ 6,638,835
Lease liabilities	96,271	142,660	128,699	405,063	772,693
Interest bearing	2,510,071	8,659,114	6,274,427	3,254,838	20,698,450
	$ 9,245,177	$ 8,801,774	$ 6,403,126	$ 3,659,901	$ 28,109,978

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	$ 96,271	$ 271,359	$ 308,164	$ 83,984	$ 12,915	$ -

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 11,039,388	$ -	$ -	$ -	$ 11,039,388
Lease liabilities	110,807	171,800	129,344	469,412	881,363
Interest bearing	3,975,985	6,965,862	3,635,747	1,838,682	16,416,276
	$ 15,126,180	$ 7,137,662	$ 3,765,091	$ 2,308,094	$ 28,337,027

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	$ 110,807	$ 301,144	$ 311,659	$ 139,055	$ 18,698	$ -

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	
		2023	2022
Sales	Key management personnel		
	MegaChips	$ 9,123,959	$ 10,739,770

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	
	2023	2022
Key management personnel		
MegaChips	$ 1,282,576	$ 3,234,286

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	
		2023	2022
Receivables from related parties, net	Key management personnel		
	MegaChips	$ 489,154	$ 764,715
Other Receivables	Key management personnel		
	MegaChips	$ 4	$ -

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Items	Related Parties Categories/Name	December 31 2023	December 31 2022
Payables to related parties	Key management personnel		
	MegaChips	$ 899,359	$ 2,628,765
	The Group is its major management authority	87,258	113,391
		$ 986,617	$ 2,742,156
Other payables to related parties	Others		
	Other	$ 10	$ 10

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 2023	For the Year Ended December 31 2022
Manufacturing expenses	The Group is its major management authority		
	Ardentec	$ 407,721	$ 412,104
Operating expenses	Others		
	Wolley	$ 25,435	$ 12,076
	MXIC Foundation	24,150	21,158
	Other	300	-
		$ 49,885	$ 33,234

The manufacturing expenses of related parties were comparable to those with other vendors. The payment term was 75 days after monthly closing.

g. Remuneration of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 211,131	$ 730,936
Post-employment benefits	10,592	5,670
Share-based payments	-	7,071
Other long-term employee benefits	(9)	(5)
	$ 221,714	$ 743,672

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 collateral for bank borrowings, the tariff of imported raw materials guarantees, natural gas agreements, and land lease agreements:

	December 31	
	2023	2022
Property, plant and equipment, net	$ -	$ 8,275,831
Pledge deposits (classified as other financial assets - non-current)	193,173	207,223
	$ 193,173	$ 8,483,054

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, 2023 and 2022 were as follows:

a. As of December 31, 2023 and 2022, unused letters of credit amounted to approximately NT$138,173 thousand and NT$1,045,461 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	$ 4,509,478	$ 8,623,775

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, 2023, the Company has made a donation of $400,000 thousand to National Cheng Kung University.

d. On October 26, 2021, the board of directors of the Company approved the continued participation in the joint development plan of IBM "Phase Change Memory" and obtain the authorization of specific analog artificial intelligence technology. The period is from January 2022 to January 2025. The two parties jointly bear the related technology development fees. As of December 31, 2023, the unrecognized contract amount is US$7,000 thousand.

e. 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.

f. The Company signed a long-term purchase contract with supplier A and supplier B. According to the contract, the Company shall prepay a certain amount of money as a guarantee, and these suppliers shall supply the Company according to the quantity and price agreed in the contract. As of December 31, 2023, the Company's prepayments and deposits for supplier A and supplier B were US$11,994 thousand and $549,580 thousand, respectively, and the unpaid contract amounts were US$12,744 thousand and US$71,940 thousand, respectively.

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, 2023

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
JPY	$ 10,429,679	0.2172	$ 2,265,326
USD	106,975	30.705	3,284,653
			$ 5,549,979
Financial liabilities			
Monetary items			
JPY	5,387,842	0.2172	$ 1,170,239
USD	53,605	30.705	1,645,948
			$ 2,816,187

December 31, 2022

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
JPY	$ 12,242,769	0.2324	$ 2,845,219
USD	199,077	30.71	6,113,660
			$ 8,958,879
Financial liabilities			
Monetary items			
JPY	12,485,583	0.2324	$ 2,901,650
USD	81,910	30.71	2,515,454
			$ 5,417,104

Realized and unrealized net foreign exchange gains were NT$109,855 thousand and NT$700,294 thousand for the years ended December 31, 2023 and 2022, 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) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 1 (attached)

   4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

   5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: None

   6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

   7) 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)

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

   9) Trading in derivative instruments: None

   10) 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)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

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 one 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	
	2023	2022	2023	2022
Taiwan	$ 23,057,965	$ 34,325,823	$ 42,388,803	$ 38,696,603
China	2,886,038	6,044,009	157,880	181,841
Others	1,679,605	3,117,622	328,528	353,297
	$ 27,623,608	$ 43,487,454	$ 42,875,211	$ 39,231,741

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	
	2023	2022
Customer A	$ 9,123,959	$ 10,739,770

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2023				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	$ 2,660,438	7.33	$ 2,660,438	None
	United Industrial Gases Co., Ltd.	None	”	6,671,877	659,515	3.06	659,515	None
	Zowie Technology Co., Ltd.	None	”	20,426	-	0.07	-	None
MXBVI	Shares							
	Chipbond Technology Corporation	None	Financial assets at FVTOCI - non current	1,088,319	78,686	0.15	78,686	None
	Tower Semiconductor Ltd.	None	”	464,000	434,822	0.42	434,822	None
	Foreign Convertible Preference Shares							
	Kneron Holding Corporation	None	Financial assets at FVTPL - non current	566,711	99,442	0.83	99,442	None
	Wolley Inc.	Associate (Note)	”	2,400,000	162,469	18.13	162,469	None
Hui Ying	Shares							
	Macronix International Co., Ltd.	The Company	Financial assets at FVTOCI - non current	1,956,619	61,340	0.11	61,340	None
	Raio Technology Co., Ltd.	None	”	1,247,288	32,143	10.03	32,143	None
	Genovior Biotech Corporation	None	”	6,270,000	87,780	3.98	87,780	None
Run Hong	Shares							
	Genovior Biotech Corporation	None	Financial assets at FVTOCI - non current	4,500,000	63,000	2.86	63,000	None

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

TABLE 2

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, 2023
(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 Terms	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	$ 9,123,959	34	30 days after monthly closing	Note 33	Note 33	$ 489,154	16	-
	MXHK	Subsidiary	Sales	2,442,134	9	45 days after monthly closing	Note 33	Note 33	320,225	10	-
	MXA	Subsidiary	Sales	1,457,032	5	Net 60 days	Note 33	Note 33	248,968	8	-
	MegaChips	Its subsidiary, Shun Ying Investment, is represented in MXIC's board of directors	Purchase	1,282,576	17	30 days after monthly closing and after acceptance of materials	Note 33	Note 33	899,359	30	-
MXHK	The Company	Subsidiary	Purchase	US$ 78,649	100	45 days after monthly closing	No material difference	No material difference	US$ 10,429	100	-
MXA	The Company	Subsidiary	Purchase	US$ 46,841	100	Net 60 days	No material difference	No material difference	US$ 8,108	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, 2023
(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	$ 489,154	14.55 times	$ -	-	$ 419,497 thousand	$ -
	MXHK	Subsidiary	320,225	8.40 times	-	-	320,225 thousand	-
	MXA	Subsidiary	248,968	6.28 times	-	-	248,968 thousand	-

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
			Financial Statement Accounts	Amount	Payment Terms	% to Total Revenues or Assets
The Company	MXHK	1	Sales	$ 2,442,134	Note 2	9
			Net receivable from related parties	320,225	-	-
	MXE	1	Operating expenses	184,990	-	1
			Other payables to related parties	56,475	-	-
	MXA	1	Sales	1,457,032	Note 2	5
			Net receivable from related parties	248,968	-	-
			Operating expenses	216,927	-	1
			Other payables to related parties	59,318	-	-
	Mxtran	1	Sales	54,844	Note 2	-
			Net receivable from related parties	25,381	-	-
			Operating expenses	5,700	-	-
			IT service revenue	191	-	-
			Rental revenue	435	Note 3	-
	MX Asia	1	Operating expenses	138,962	-	1
			Other payables to related parties	27,719	-	-
MXHK	MXm	3	Operating expenses	390,823	-	1

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, 2023
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
The Company	MXA	San Jose, California, USA.	Sales and marketing	$ 2,640	$ 2,640	100,000	100.00	$ 376,146	$ 6,039	$ 6,039	Subsidiary
	MXBVI	Tortola, British Virgin Islands	Investment holding company	6,744,008	7,348,057	182,598,357	100.00	2,369,766	266,582	97,534	Subsidiary
	MXHK	Hong Kong	Sales and marketing	598,700	-	89,700,000	100.00	560,246	(21,290)	32,219	Subsidiary
	MPL	Singapore	After-sales service	5,348	-	174,000	100.00	6,719	1,245	988	Subsidiary
	Hui Ying	Taipei, Taiwan	Investment	500,000	500,000	-	100.00	168,029	15,658	12,136	Subsidiary
	Run Hong	Taipei, Taiwan	Investment	1,014,432	1,014,432	-	100.00	71,964	320	320	Subsidiary
	Mxtran	Hsinchu, Taiwan	IC design	755,287	755,287	69,627,323	90.43	23,577	8,634	7,818	Subsidiary
MXBVI	NTTI	San Jose, California, USA.	IC design	936,053	923,403	28,650,000	100.00	304,524	(11,757)	Note	Subsidiary
	MXE	Belgium	After-sales service	2,106	2,106	1,000	100.00	157,137	9,694	Note	Subsidiary
	MX Asia	Cayman Island	After-sales service	19,744	19,744	600,000	100.00	74,556	6,148	Note	Subsidiary
	MXHK	Hong Kong	Sales and marketing	-	378,427	-	-	-	-	Note	Subsidiary
	MPL	Singapore	After-sales service	-	3,291	-	-	-	-	Note	Subsidiary
Run Hong	Mxtran	Hsinchu, Taiwan	IC design	40,318	40,318	3,393,200	4.41	969	8,634	Note	Subsidiary
Mxtran	Mxtran Samoa	Samoa	Investment holding company	-	35,979	-	-	-	-	Note	Subsidiary
Mxtran Samoa	Mxtran HK	Hong Kong	Investment holding company	-	23,880	-	-	-	-	Note	Subsidiary

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

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
MXm	Development of integrated circuit system and software	$ 296,160	MXHK (Note 2)	$ 296,160	$ -	$ -	$ 296,160	$ 22,922	100%	$ 22,922	$ 459,998	$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
$ 296,160	$ 296,160	$ 28,994,893

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.

Macronix International Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Macronix International Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

<u>Valuation of inventory</u>

The Company manufactures and sells ROM products, including NOR Flash and NAND Flash, which are widely used in consumer electronic devices. As of December 31, 2023, inventory was NT$13,346,833 thousand, accounting for 17% of the total assets. 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(e), 5(a) and 9 to the 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 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements for the year ended December 31, 2023 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.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

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

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 30)	$ 9,757,670	13	$ 17,869,009	21
Trade receivables, net (Notes 4, 8 and 30)	2,023,900	3	3,387,494	4
Receivables from related parties, net (Notes 4, 30 and 31)	1,083,728	1	1,240,699	2
Other receivables (Notes 4, 8, 25, 30 and 31)	158,639	-	220,557	-
Inventories (Notes 4, 5 and 9)	13,346,833	17	14,662,778	18
Other current assets (Note 15)	161,826	-	185,051	-
Total current assets	26,532,596	34	37,565,588	45
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4, 7 and 30)	3,319,953	4	2,341,449	3
Investments accounted for using equity method (Notes 4 and 10)	3,576,447	5	3,447,021	4
Property, plant and equipment (Notes 4, 11, 16, 28, 32 and 33)	41,062,530	53	37,529,981	45
Right-of use assets(Notes 4 and 12)	643,813	1	708,604	1
Intangible assets (Notes 4 and 13)	113,981	-	124,699	-
Deferred tax assets (Notes 4 and 25)	1,135,377	2	849,915	1
Prepayments for equipment	235,195	-	-	-
Other financial assets - non-current (Notes 4, 14, 30 and 32)	757,849	1	760,842	1
Other non-current assets (Note 15)	333,147	-	333,147	-
Total non-current assets	51,178,292	66	46,095,658	55
TOTAL	$ 77,710,888	100	$ 83,661,246	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 23)	$ 22,724	-	$ 17,883	-
Trade payables (Notes 17 and 30)	2,038,964	3	2,585,373	3
Payables to related parties (Notes 30 and 31)	986,617	1	2,742,156	3
Accrued compensation of employees and remuneration of directors (Notes 24, 30 and 31)	965,965	1	3,121,948	4
Payables for purchases of equipment (Note 30)	1,147,179	2	996,042	1
Other payables (Notes 18 and 30)	1,351,166	2	1,404,379	2
Other payables to related parties (Notes 30 and 31)	145,504	-	89,494	-
Current tax liabilities (Notes 4 and 25)	-	-	1,387,619	2
Provisions - current (Notes 4 and 20)	2,256	-	3,903	-
Lease liabilities - current (Notes 4 and 12)	59,098	-	63,094	-
Current portion of long-term borrowings (Notes 4, 16, 28, 30 and 32)	2,117,062	3	3,683,542	4
Other current liabilities (Note 19)	333,640	-	365,623	1
Total current liabilities	9,170,175	12	16,461,056	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 16, 28, 30 and 32)	17,346,721	22	11,970,314	14
Deferred tax liabilities (Notes 4 and 25)	840,788	1	755,937	1
Lease liabilities - non-current (Notes 4 and 12)	609,780	1	667,577	1
Net defined benefit liabilities (Notes 4 and 21)	1,240,857	2	1,073,550	1
Other non-current liabilities (Notes 4, 19 and 28)	177,746	-	123,113	-
Total non-current liabilities	20,215,892	26	14,590,491	17
Total liabilities	29,386,067	38	31,051,547	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)				
Share capital				
Ordinary shares	18,558,264	24	18,558,543	22
Share capital to be cancelled	-	-	(264)	-
Total share capital	18,558,264	24	18,558,279	22
Capital surplus	406,198	-	402,710	1
Retained earnings				
Legal reserve	4,331,651	6	3,426,358	4
Special reserve	93,025	-	76,492	-
Unappropriated earnings	23,214,865	30	29,304,449	35
Total retained earnings	27,639,541	36	32,807,299	39
Other equity	1,879,879	2	1,000,472	1
Treasury shares	(159,061)	-	(159,061)	-
Total equity	48,324,821	62	52,609,699	63
TOTAL	$ 77,710,888	100	$ 83,661,246	100

The accompanying notes are an integral part of the parent company only financial statements.

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 23 and 31)	$ 26,953,133	100	$ 42,509,017	100
OPERATING COSTS (Notes 4, 9, 21, 24 and 31)	20,864,697	77	24,236,828	57
GROSS PROFIT	6,088,436	23	18,272,189	43
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	14,704	-	5,478	-
REALIZED GROSS PROFIT	6,103,140	23	18,277,667	43
OPERATING EXPENSES (Notes 4, 8, 21, 24 and 31)				
Selling and marketing expenses	991,531	4	1,070,514	2
General and administrative expenses	1,715,130	6	2,145,883	5
Research and development expenses	5,793,654	22	5,919,299	14
Expected credit loss	5,466	-	-	-
Total operating expenses	8,505,781	32	9,135,696	21
(LOSS) INCOME FROM OPERATIONS	(2,402,641)	(9)	9,141,971	22
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	177,985	1	101,764	-
Other income (Notes 4, 7, 12, 24 and 28)	317,688	1	295,627	1
Other gains and losses (Note 24)	107,363	-	697,265	1
Finance costs (Notes 4, 24 and 28)	(258,297)	(1)	(206,143)	(1)
Share of profit of subsidiaries and associates (Notes 4 and 10)	157,054	1	232,917	1
Total non-operating income and expenses	501,793	2	1,121,430	2
(LOSS) INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(1,900,848)	(7)	10,263,401	24
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 25)	201,255	1	(1,293,626)	(3)
NET (LOSS) INCOME FOR THE YEAR	(1,699,593)	(6)	8,969,775	21

(Continued)

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (180,920)	(1)	$ 83,155	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI (Notes 22 and 30)	978,504	4	(151,935)	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	(28,931)	-	(78,830)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 22)	(16,923)	-	356,086	1
Other comprehensive income for the year, net of income tax	751,730	3	208,476	1
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (947,863)	(3)	$ 9,178,251	22
(LOSS) EARNINGS PER SHARE (Note 26)				
Basic	$ (0.92)		$ 4.85	
Diluted	$ (0.92)		$ 4.68	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital				Retained Earnings			Other Equity				
	Shares (In Thousands)	Ordinary Shares	Share Capital to be Cancelled	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	Unearned Compensation of Employees	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	1,856,018	$ 18,560,178	$ (410)	$ 399,210	$ 2,271,266	$ 291,361	$ 24,532,500	$ (499,052)	$ 1,374,203	$ (45,404)	$ (159,061)	$ 46,724,791
Legal reserve	-	-	-	-	1,155,092	-	(1,155,092)	-	-	-	-	-
Special reserve	-	-	-	-	-	(214,869)	214,869	-	-	-	-	-
Cash dividends distributed by the Company - $1.80 per share	-	-	-	-	-	-	(3,340,758)	-	-	-	-	(3,340,758)
Net income for the year ended December 31, 2022	-	-	-	-	-	-	8,969,775	-	-	-	-	8,969,775
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	83,155	356,086	(230,765)	-	-	208,476
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	9,052,930	356,086	(230,765)	-	-	9,178,251
Compensation cost of restricted shares for employees	-	-	-	(1,511)	-	-	-	-	-	45,404	-	43,893
Retirement of restricted shares for employees	(164)	(1,635)	146	1,489	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	3,522	-	-	-	-	-	-	-	3,522
BALANCE AT DECEMBER 31, 2022	1,855,854	18,558,543	(264)	402,710	3,426,358	76,492	29,304,449	(142,966)	1,143,438	-	(159,061)	52,609,699
Legal reserve	-	-	-	-	905,293	-	(905,293)	-	-	-	-	-
Special reserve	-	-	-	-	-	16,533	(16,533)	-	-	-	-	-
Cash dividends distributed by the Company - $1.80 per share	-	-	-	-	-	-	(3,340,488)	-	-	-	-	(3,340,488)
Net loss for the year ended December 31, 2023	-	-	-	-	-	-	(1,699,593)	-	-	-	-	(1,699,593)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(180,920)	(16,923)	949,573	-	-	751,730
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(1,880,513)	(16,923)	949,573	-	-	(947,863)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by a subsidiary	-	-	-	-	-	-	53,243	-	(53,243)	-	-	-
Compensation cost of restricted shares for employees	-	-	-	(49)	-	-	-	-	-	-	-	(49)
Retirement of restricted shares for employees	(28)	(279)	264	15	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	3,522	-	-	-	-	-	-	-	3,522
BALANCE AT DECEMBER 31, 2023	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

The accompanying notes are an integral part of the parent company only financial statements.

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	$ (1,900,848)	$ 10,263,401
Adjustments for:		
Depreciation expense	4,090,686	4,424,294
Amortization expense	82,400	64,896
Expected credit loss recognized on trade receivables	5,466	-
Finance costs	258,297	206,143
Interest income	(177,985)	(101,764)
Dividend income	(171,200)	(151,552)
Compensation cost of employee restricted shares	(49)	43,893
Share of profit of subsidiaries and associates	(157,054)	(232,917)
(Gain) loss on disposal of property, plant and equipment	(224)	5,281
Unrealized gain on transactions with subsidiaries and associates	(14,704)	(5,478)
Net loss on foreign currency exchange	115,625	571,513
Gain from lease modifications	-	(356)
Amortization of government grants deferred revenue	(9,646)	(12,420)
Changes in operating assets and liabilities		
Trade receivables	1,347,885	1,199,916
Receivables from related parties	118,454	1,586,487
Other receivables	73,024	(2,892)
Inventories	1,315,945	(1,527,934)
Other current assets	23,225	(4,862)
Contract liabilities	4,841	(17,080)
Trade payables	(534,036)	(811,011)
Payables to related parties	(1,727,326)	(2,078,954)
Payables for compensation of employees and remuneration of directors	(2,155,983)	(12,542)
Other payables	46,810	(181,744)
Other payables to related parties	60,631	(72,225)
Provisions	(1,647)	621
Other current liabilities	(26,231)	20,621
Net defined benefit liabilities	(13,613)	(249,291)
Cash generated from operations	652,743	12,924,044
Interest received	179,708	73,625
Dividends received	171,200	151,552
Interest paid	(353,638)	(237,697)
Income tax paid	(1,399,804)	(643,702)
Net cash (used in) generated from operating activities	(749,791)	12,267,822

(Continued)

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	$ (7,602,912)	$ (9,859,800)
Proceeds from disposal of property, plant and equipment	366	173,780
Increase in refundable deposits	(11,054)	(549,596)
Decrease in refundable deposits	-	10
Payments for intangible assets	(71,682)	(94,487)
Decrease in other financial assets	14,050	1,045
Net cash used in investing activities	(7,671,232)	(10,329,048)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	10,500,000	6,357,000
Repayments of long-term borrowings	(6,625,741)	(2,988,903)
Proceeds from guarantee deposits received	1,769	26,777
Refund of guarantee deposits received	(200)	(17,926)
Repayment of leased liabilities	(76,420)	(76,079)
Distribution of cash dividends	(3,340,488)	(3,340,758)
Net cash generated from (used in) financing activities	458,920	(39,889)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(149,236)	(229,693)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,111,339)	1,669,192
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	17,869,009	16,199,817
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 9,757,670	$ 17,869,009

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

MACRONIX INTERNATIONAL CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors and were authorized for issue on February 27, 2024.

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 Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company'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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The 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.

When preparing its parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries and related equity items, as appropriate, in the parent company only financial statements.

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 Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

In preparing the financial statements of the Company, 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 parent company only 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.

e. Inventories

Inventories consist of raw materials, supplies, finished goods, merchandise and work-in-process 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company’s share of the change in other equity of the subsidiary.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent's company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent's company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less recognized 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 method 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 estimate 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 Company 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 Company 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 Company 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 settlement date basis.

a) Measurement categories

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

i. 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.

ii Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and lease receivables. For all other financial instruments, the Company 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 Company 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 Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

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 Company has reasonable and corroborative information to support a more lagged default criterion.

The Company 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 Company 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 financial asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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 Company 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, issue 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.

k. 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.

l. Revenue recognition

The Company 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 Company 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 Company 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.

m. Lease

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

For a contract that contains a lease component and non-lease components, the Company 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 Company 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 Company 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 Company, 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 Company as lessee

The Company 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 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 Company 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 Company 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 Company 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 Company 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 balance sheets.

n. 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 year in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company 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 Company as expenses. Specifically, the primary condition of government grants is that the Company 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.

p. 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 Company'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 Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

q. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options or other equity - employees' unearned compensation. It is recognized as an expense in full at the grant date if vesting immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options or capital surplus-restricted share option.

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 Company 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 company 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 Company'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.

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.

b. Recognition and measurement of defined benefit plans

The net defined liabilities (assets) and the resulting defined benefit costs under the defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, expected rates of salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of related expense and the liabilities.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Checking accounts and demand deposits	$ 4,591,705	$ 6,281,929
Cash equivalents		
Time deposits	5,165,965	11,587,080
	$ 9,757,670	$ 17,869,009

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Non-current		
Investments in equity instruments		
Domestic investments		
Listed shares	$ 2,660,438	$ 1,783,213
Unlisted shares	659,515	558,236
	$ 3,319,953	$ 2,341,449

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 Company's strategy of holding these investments for long-term purposes.

The Company recognized dividends income of NT$171,200 thousand and NT$151,552 thousand for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Company's related investments still held amounted to NT$3,319,953 thousand and NT$2,341,449 thousand, respectively.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Trade receivables		
Total amount of trade receivable measured at amortized cost	$ 2,046,321	$ 3,404,449
Less: Allowance for impairment loss	(22,421)	(16,955)
	$ 2,023,900	$ 3,387,494
Other receivables		
Tax receivable	$ 146,045	$ 192,679
Others	12,594	27,878
	$ 158,639	$ 220,557

a. Trade receivables

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

In determining the recoverability of a trade receivable, the Company 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 Company 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 the conditions at the reporting date. The Company estimates expected credit losses based on the number of days for which receivables are past due. As the Company'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 the different segments of the Company's customer base.

The aging of trade receivables is as follows:

	December 31	
	2023	2022
Neither past due nor impaired	$ 1,974,748	$ 3,259,466
Past due but not impaired		
Within 60 days	49,150	123,681
61-120 days	2	-
Over 120 days	-	4,347
	$ 2,023,900	$ 3,387,494

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

As of December 31, 2023 and 2022, the Company 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	
	2023	2022
Balance at January 1	$ 16,955	$ 16,955
Add: Net remeasurement of loss allowance	5,466	-
Balance at December 31	$ 22,421	$ 16,955

b. Other receivables

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

9. INVENTORIES

	December 31	
	2023	2022
Finished goods and merchandise	$ 890,578	$ 1,430,099
Work in progress	11,252,381	11,858,183
Raw materials	1,203,874	1,374,496
	$ 13,346,833	$ 14,662,778

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	
	2023	2022
Loss on inventory write-downs	$ 2,737,544	$ 1,292,372

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investment in subsidiaries	$ 3,576,447	$ 3,447,021

Investments in subsidiaries

	December 31	
	2023	2022
Macronix (BVI) Co., Ltd. (MXBVI)	$ 2,369,765	$ 2,948,991
Macronix America, Inc. (MXA)	376,146	356,166
Macronix Hong Kong, Inc. (MXHK)	560,245	-
Macronix Pte Ltd (MPL)	6,720	-
Hui Ying Investment Ltd. (Hui Ying)	168,029	98,280
Run Hong Investment Ltd. (Run Hong)	71,965	32,020
Mxtran Inc. (Mxtran)	23,577	11,564
	$ 3,576,447	$ 3,447,021

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiaries	**2023**	**2022**
MXBVI	100.00%	100.00%
MXA	100.00%	100.00%
MXHK	100.00%	-
MPL	100.00%	-
Hui Ying	100.00%	100.00%
Run Hong	100.00%	100.00%
Mxtran	90.43%	90.43%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the subsidiaries' financial statements which have been audited for the same years.

In order to adjust the investment structure of the subsidiaries, the Company's board of directors approved on February 14, 2023 to acquire the outstanding shares of MXHK and MPL, which were held by MXBVI at carrying amount of US$19,756,278 as of December 31, 2022, and MXBVI bought back 19,756,278 shares at US$1 per share and canceled them on March 1, 2023.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Company	$ 41,062,530	$ 37,529,981

	Years Ended December 31, 2023				
	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
Cost					
Freehold land	$ 598,076	$ -	$ -	$ -	$ 598,076
Buildings	22,174,488	-	9,020	1,145,952	23,311,420
Machinery equipment	93,948,076	-	103,639	1,976,723	95,821,160
Research and development equipment	7,980,464	-	1,138	(513,974)	7,465,352
Transportation equipment	24,989	-	2,400	3,456	26,045
Leasehold improvements	3,230	-	-	-	3,230
Miscellaneous equipment	1,120,537	-	10,523	125,479	1,235,493
Advance payments and construction in progress	10,720,708	7,543,959	-	(2,737,636)	15,527,031
	136,570,568	$ 7,543,959	$ 126,720	$ -	143,987,807

(Continued)

	Years Ended December 31, 2023				
	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
Accumulated depreciation and impairment					
Buildings	$ 17,437,354	$ 523,300	$ 8,885	$ -	$ 17,951,769
Machinery equipment	77,989,290	2,803,599	103,639	410,674	81,099,924
Research and development equipment	2,627,930	587,000	1,138	(410,674)	2,803,118
Transportation equipment	17,229	3,848	2,400	-	18,677
Leasehold improvements	3,230	-	-	-	3,230
Miscellaneous equipment	965,554	93,521	10,516	-	1,048,559
	99,040,587	$ 4,011,268	$ 126,578	$ -	102,925,277
Carrying amount at December 31, 2023	$ 37,529,981				$ 41,062,530

(Concluded)

	Years Ended December 31, 2022				
	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
Cost					
Freehold land	$ 598,076	$ -	$ -	$ -	$ 598,076
Buildings	21,216,346	-	89,257	1,047,399	22,174,488
Machinery equipment	91,339,673	-	129,639	2,738,042	93,948,076
Research and development equipment	6,749,959	-	39,476	1,269,981	7,980,464
Transportation equipment	24,281	-	192	900	24,989
Leasehold improvements	3,230	-	-	-	3,230
Miscellaneous equipment	1,045,921	-	20,301	94,917	1,120,537
Advance payments and construction in progress	5,785,368	10,086,579	-	(5,151,239)	10,720,708
	126,762,854	$ 10,086,579	$ 278,865	$ -	136,570,568
Accumulated depreciation and impairment					
Buildings	17,035,617	$ 485,642	$ 83,905	$ -	17,437,354
Machinery equipment	74,709,272	3,203,767	129,551	205,802	77,989,290
Research and development equipment	2,315,908	557,244	39,420	(205,802)	2,627,930
Transportation equipment	13,351	4,070	192	-	17,229
Leasehold improvements	3,230	-	-	-	3,230
Miscellaneous equipment	892,939	92,916	20,301	-	965,554
	94,970,317	$ 4,343,639	$ 273,369	$ -	99,040,587
Carrying amount at December 31, 2022	$ 31,792,537				$ 37,529,981

For the years ended December 31, 2023 and 2022, the Company assessed that no indication of an impairment loss was present; therefore, no impairment assessment was performed.

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 years
Electronic equipment	11 years
Facility equipment	15 years
Machinery equipment	11 years
Research and development equipment	11 years
Transportation equipment	5 years
Leasehold improvements	6 years
Miscellaneous equipment	3-6 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Freehold land	$ 636,914	$ 693,393
Buildings	3,178	6,163
Machinery equipment	-	4,638
Transportation equipment	3,223	3,910
Miscellaneous equipment	498	500
	$ 643,813	$ 708,604

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 14,592	$ 24,082
Depreciation charge for right-of-use assets		
Freehold land	$ 56,479	$ 56,774
Buildings	8,709	8,523
Machinery equipment	10,823	11,817
Transportation equipment	1,415	1,542
Miscellaneous equipment	1,992	1,999
	$ 79,418	$ 80,655
Income from the subleasing of right-of-use assets (included in other income)	$ (3,738)	$ (4,035)

Except for the recognized depreciation, the Company did not have impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 59,098	$ 63,094
Non-current	$ 609,780	$ 667,577

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Freehold land	1.22%-1.73%	1.22%-1.73%
Buildings	1.22%-1.96%	1.03%-1.22%
Machinery equipment	1.56%-1.96%	1.17%-1.56%
Transportation equipment	1.45%-2.15%	1.45%-1.56%
Miscellaneous equipment	2.08%	1.22%

c. Material lease-in activities and terms

The Company also leased certain land and buildings for the use as plant and office in a period of one to twenty years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company 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	
	2023	**2022**
Expenses relating to short-term leases	$ 581	$ 2,337
Expenses relating to low-value asset leases	$ 5	$ 60
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 7,857	$ 13,775
Total cash outflow for leases	$ (96,450)	$ (104,695)

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

13. INTANGIBLE ASSETS

	Year Ended December 31, 2023			
Item	**Balance, Beginning of Year**	**Additions**	**Disposals**	**Balance, End of Period**
Cost				
Software	$ 220,973	$ 71,682	$ 48,718	$ 243,937
Accumulated amortization				
Software	96,274	$ 82,400	$ 48,718	129,956
Carrying amount at December 31, 2023	$ 124,699			$ 113,981

	Year Ended December 31, 2022			
Item	**Balance, Beginning of Year**	**Additions**	**Disposals**	**Balance, End of Period**
Cost				
Software	$ 158,640	$ 94,487	$ 32,154	$ 220,973
Accumulated amortization				
Software	63,532	$ 64,896	$ 32,154	96,274
Carrying amount at December 31, 2022	$ 95,108			$ 124,699

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

Software	3 years

14. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Non-current		
Refundable deposits	$ 564,676	$ 553,619
Restricted time deposits (Note 32)	193,173	207,223
	$ 757,849	$ 760,842

15. OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments	$ 161,826	$ 185,051
Non-current		
Prepayments	$ 333,147	$ 333,147

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.

16. BORROWINGS

Long-term borrowings

	December 31	
	2023	2022
Secured borrowings from financial institutions	$ -	$ 4,812,500
Unsecured borrowings from financial institutions	19,587,000	10,940,125
	19,587,000	15,752,625
Less: Current portion	2,117,062	3,683,542
Less: Arrangement fee	-	5,200
Less: Government loan discount	123,217	93,569
Long-term borrowings	$ 17,346,721	$ 11,970,314
Interest rate	1.25%-2.26%	1.13%-2.19%

Borrowing Type	Repayment Terms	December 31 2023	December 31 2022
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	$ 1,000,000	$ 1,000,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	2,300,000	2,300,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	600,000	600,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	1,100,000	1,100,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2031	787,000	787,000
Unsecured bank borrowings denominated in NT$	From December 2021 to December 2024	250,000	500,000
Unsecured bank borrowings denominated in NT$	From March 2022 to September 2024	450,000	600,000
Unsecured bank borrowings denominated in NT$	From March 2022 to March 2025	400,000	500,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	1,000,000	263,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	2,000,000	116,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	109,000	109,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	400,000	100,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	400,000	54,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	1,228,000	557,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	1,005,000	243,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	58,000	58,000
Unsecured bank borrowings denominated in NT$	From August 2022 to August 2025	262,500	300,000
Unsecured bank borrowings denominated in NT$	From August 2022 to August 2029	500,000	500,000
Unsecured bank borrowings denominated in NT$	From June 2023 to June 2030	800,000	-
Unsecured bank borrowings denominated in NT$	From August 2023 to August 2030	2,000,000	-
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2025	437,500	-
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2026	1,000,000	-
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2026	900,000	-
Unsecured bank borrowings denominated in NT$	From September 2023 to September 2026	600,000	-

(Continued)

Borrowing Type	Repayment Terms	December 31 2023	December 31 2022
Unsecured bank borrowings denominated in NT$	Pay off in December 2023	$ -	$ 500,000
Secured syndicated loan denominated in NT$	Pay off in August 2023	-	4,812,500
Unsecured bank borrowings denominated in NT$	Pay off in August 2023	-	187,500
Unsecured bank borrowings denominated in NT$	Pay off in August 2023	-	140,625
Unsecured bank borrowings denominated in NT$	Pay off in June 2023	-	125,000
Unsecured bank borrowings denominated in NT$	Pay off in February 2023	-	300,000
Less: Current portion		2,117,062	3,683,542
Less: Arrangement fee		-	5,200
Less: Government loan discount		123,217	93,569
Total long-term borrowings		$ 17,346,721	$ 11,970,314

(Concluded)

To purchase equipment or machinery, the Group has entered into a 5-year syndicated loan agreement with 9 financial institutions, including the Taiwan Cooperative Bank in January 2019 with a total amount of NT$8 billion, which was repaid in advance in August 2023. The Group provided notes used as refundable guarantees for syndicated loan mentioned above that will be cancelled upon termination of the guarantee.

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 Company 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 28.

In addition, the Company'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 Company's semi-annual and annual financial statements. For the year ended December 31, 2023 and 2022, the Company had met the financial ratio covenants.

The details of assets pledged as collateral for long-term loans are set in Note 32.

17. TRADE PAYABLES

	December 31 2023	December 31 2022
Trade payables	$ 2,038,964	$ 2,585,373

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

18. OTHER PAYABLES

	December 31	
	2023	2022
Payables for bonuses	$ 293,713	$ 281,899
Payables for maintenance and repairs	252,475	252,612
Payables for spare parts	119,330	112,400
Payables for insurance	79,552	85,633
Payables for pension	76,208	74,712
Payables for patents	75,634	98,518
Others	454,254	498,605
	$ 1,351,166	$ 1,404,379

19. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Refund liabilities	$ 190,438	$ 321,999
Government grants deferred revenue	100,000	-
Receipts under custody	35,727	34,938
Temporary credits	7,475	8,686
	$ 333,640	$ 365,623
Non-current		
Government grants deferred revenue (Note 28)	$ 156,807	$ 102,121
Guarantee deposits	20,939	20,992
	$ 177,746	$ 123,113

20. PROVISIONS

	December 31	
	2023	2022
Current		
Employee benefits (a)	$ 2,256	$ 3,903

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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 Company 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 Company 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 Company has no right to influence the investment policy and strategy.

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

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 1,914,396	$ 1,717,492
Fair value of plan assets	(1,250,659)	(1,274,760)
Net defined benefit liability	$ 663,737	$ 442,732

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 at January 1, 2022	$ 1,874,741	$ 1,021,636	$ 853,105
Service cost			
Current service cost	2,829	-	2,829
Net interest expense	9,155	-	9,155
Return on plan assets	-	4,974	(4,974)
Recognized in profit or loss	11,984	4,974	7,010
Remeasurement			
Return on plan assets	-	83,305	(83,305)
Actuarial loss - experience adjustments	17,895	-	17,895
Actuarial loss - actuarial assumptions adjustments	(89,939)	-	(89,939)
Recognized in other comprehensive income	(72,044)	83,305	(155,349)
Contributions from the employer	-	262,034	(262,034)
Benefits paid	(97,189)	(97,189)	-
Balance at December 31, 2022	1,717,492	1,274,760	442,732
Service cost			
Current service cost	2,762	-	2,762
Net interest expense	20,921	-	20,921
Return on plan assets	-	15,587	(15,587)
Recognized in profit or loss	23,683	15,587	8,096

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets	$ -	$ 5,997	$ (5,997)
Actuarial loss - experience adjustments	251,220	-	251,220
Recognized in other comprehensive income	251,220	5,997	245,223
Contributions from the employer	-	32,314	(32,314)
Benefits paid	(77,999)	(77,999)	-
Balance at December 31, 2023	$ 1,914,396	$ 1,250,659	$ 663,737

(Concluded)

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 2023	2022
Operating costs	$ 3,665	$ 3,482
Selling and marketing expenses	571	487
General and administration expenses	1,830	1,352
Research and development expenses	2,030	1,689
	$ 8,096	$ 7,010

Through the defined benefit plans under the Labor Standards Act, the Company 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 2023	2022
Discount rate	1.25%	1.25%
Expected rate of salary increase	3.00%	3.00%
Expected return on plan assets increase	1.25%	1.25%

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	
	2023	2022
Discount rate		
0.50% increase	$ (54,357)	$ (57,111)
0.50% decrease	$ 57,174	$ 59,373
Expected rate of salary increase		
0.50% increase	$ 52,573	$ 98,086
0.50% decrease	$ (50,518)	$ (92,390)

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	
	2023	2022
The expected contributions to the plan for the next year	$ 180,547	$ 32,018
The average duration of the defined benefit obligation	5.7 years	6.9 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$10,592 thousand and NT$5,670 thousand for the years ended December 31, 2023 and 2022, respectively.

Movements in net defined benefit liability were as follows:

	Present Value of Defined Benefit Obligation
Balance at January 1, 2022	$ 552,906
Service cost	
Current service cost	2,949
Net interest expense	2,721
Recognized in profit or loss	5,670
Remeasurement	
Actuarial loss - experience adjustments	82,090
Actuarial loss - changes in assumptions	(9,896)
Recognized in other comprehensive income	72,194
Balance at December 31, 2022	630,770
Service cost	
Current service cost	2,807
Net interest expense	7,785
Recognized in profit or loss	10,592
Remeasurement	
Actuarial loss - experience adjustments	(64,303)
Recognized in other comprehensive income	(64,303)
Balance at December 31, 2023	$ 577,059

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	
	2023	2022
General and administration expenses	$ 10,592	$ 5,670

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	
	2023	2022
Discount rate	1.25%	1.25%
Expected rate of salary increase	-	-
Expected return on plan assets increase	1.25%	1.25%

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
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)	1,855,826	1,855,854
Share issued	$ 18,558,264	$ 18,558,543

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 withdrawal and cancellation of new shares that limit the rights of employees which do not meet the vested conditions.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 359,064	$ 358,766
Donations	37	37
Treasury share transactions	42,488	38,966
	$ 401,589	$ 397,769

(Continued)

	December 31	
	2023	**2022**
May be used to offset a deficit only		
Changes in percentage of ownership interests in subsidiaries (2)	$ 4,609	$ 4,609
May not be used for any purpose		
Employee restricted shares	$ -	$ 332

(Concluded)

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 capital surplus 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 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. For the policies on the distribution of employees' compensation and remuneration of directors stated by the Company's Articles of Incorporation, refer to "Employees' compensation and remuneration of directors" in Note 24 (g).

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 earnings for 2022 and 2021, which had been proposed by the Company's general meeting of shareholders on May 24, 2023 and May 27, 2022, respectively. The appropriation and dividends per share were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	$ 905,293	$ 1,155,092
Special reserve	$ 16,533	$ (214,869)
Cash dividends	$ 3,340,488	$ 3,340,758
Cash dividends per share	$ 1.8	$ 1.8

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on February 27, 2024.

	For the Year Ended December 31, 2023
Special reserve	$ (4,696)
Cash dividends	$ 927,913
Cash dividends per share	$ 0.5

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 30, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 76,492	$ 291,361
Appropriations in respect of		
Treasury shares	16,533	196
Reversals:		
Reversal of the debits to other equity items	-	(215,065)
Balance at December 31	$ 93,025	$ 76,492

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	
	2023	2022
Balance at January 1	$ (142,966)	$ (499,052)
Exchange differences on the translation of the financial statements of foreign operations	(16,923)	356,086
Balance at December 31	$ (159,889)	$ (142,966)

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,143,438	$ 1,374,203
Recognized for the year		
Unrealized gain/(loss) - equity instrument	978,504	(151,935)
Share from subsidiaries accounted for using the equity method	(28,931)	(78,830)
Other comprehensive income recognized for the year	2,093,011	1,143,438
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(53,243)	-
Balance at December 31	$ 2,039,768	$ 1,143,438

3) Unearned employee benefits

In the meetings of shareholders on June 18, 2019, the shareholders approved a restricted share plan for employees. Refer to Note 27 for the information on restricted shares issued.

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ -	$ (45,404)
Share-based payment expenses recognized	-	43,893
Adjustments for change of turnover rate	-	1,511
Balance at December 31	$ -	$ -

f. Treasury shares

The Company's shares held by its subsidiaries at December 31, 2023 and 2022 were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
December 31, 2023			
Hui Ying	1,957	$ 159,061	$ 61,340
December 31, 2022			
Hui Ying	1,957	$ 159,061	$ 66,036

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

23. REVENUE

a. Segmentation of revenue from contracts with customers

	For the Year Ended December 31	
	2023	2022
Product type		
Flash	$ 16,297,846	$ 28,040,782
ROM	9,036,841	10,670,968
Foundry	1,618,140	3,796,517
Others	306	750
	$ 26,953,133	$ 42,509,017

b. Contract balances

	December 31	
	2023	2022
Contract liabilities (classified as current liabilities)	$ 22,724	$ 17,883

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

	For the Year Ended December 31	
	2023	2022
From the beginning balance of contract liabilities		
Sale of goods	$ 17,882	$ 34,792

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 177,985	$ 101,764

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income	$ 171,200	$ 151,552
Others	146,488	144,075
	$ 317,688	$ 295,627

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	$ 108,684	$ 698,078
Other losses	(1,321)	(813)
	$ 107,363	$ 697,265

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on loans	$ 337,422	$ 220,762
Interest on lease liabilities	11,587	12,444
Less: Amounts included in the cost of qualifying assets	(90,712)	(27,063)
	$ 258,297	$ 206,143

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	$ 90,712	$ 27,063
Capitalization rate	1.54%	0.99%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 3,312,620	$ 3,688,632
Operating expenses	778,066	735,662
	$ 4,090,686	$ 4,424,294
An analysis of amortization by function		
Operating costs	$ 47,802	$ 30,503
Operating expenses	34,598	34,393
	$ 82,400	$ 64,896

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 21)		
Defined contribution plans	$ 221,118	$ 213,554
Defined benefit plans	18,688	12,680
	239,806	226,234
Share-based payments		
Equity-settled	(49)	43,893
Other employee benefits	5,916,042	7,924,031
Total employee benefits expense	$ 6,155,799	$ 8,194,158

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of employee benefits expense by function		
Operating costs	$ 2,799,315	$ 3,799,775
Operating expenses	3,356,484	4,394,383
	$ 6,155,799	$ 8,194,158

(Concluded)

g. Employees' compensation and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates of 15% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the years ended December 31, 2023 and 2022, the estimated employees' compensation and the remuneration of directors resolved by the board of directors on February 27, 2024 and February 14, 2023, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2023	2022
Employees' compensation	$ -	$ 1,854,831
Remuneration of directors	$ -	$ 247,311

In compliance with the Articles of Incorporation, the Company does not intend to contribute employees' compensation and remuneration of directors for the year 2023 due to the Company's net loss before tax.

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

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ -	$ 1,387,619
Adjustments for prior year	(645)	(15)
Deferred tax		
In respect of the current year	(200,610)	(93,978)
Income tax (benefit) expense recognized in profit or loss	$ (201,255)	$ 1,293,626

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

	For the Year Ended December 31	
	2023	2022
(Loss) income before tax from continuing operations	$ (1,900,848)	$ 10,263,401
Income tax (benefit) expense calculated at the statutory rate	$ (380,170)	$ 2,052,680
Non-deductible expenses in determining taxable income	12,566	10,032
Non-taxable income	(38,416)	(32,536)
Deductible temporary differences	466,427	66,423
Unrecognized investment credits	-	(708,980)
Deferred tax in respect of the current year	(200,610)	(93,978)
Adjustments for prior year	(645)	(15)
Realized investment losses	(60,407)	-
Income tax (benefit) expense recognized in profit or loss	$ (201,255)	$ 1,293,626

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 19,054	$ 6,225
Current tax liabilities		
Income tax payable	$ -	$ 1,387,619

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, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized inventory losses	$ 688,011	$ 218,648	$ 906,659
Unallocated production overheads	31,841	93,288	125,129
Net defined benefit liabilities	84,777	(6,375)	78,402
Unrealized refund liabilities	39,863	(16,343)	23,520
Others	5,423	(3,756)	1,667
	$ 849,915	$ 285,462	$ 1,135,377
Deferred tax liabilities			
Temporary differences			
Depreciation	$ (755,937)	$ (81,070)	$ (837,007)
Unrealized exchange gains	-	(3,781)	(3,781)
	$ (755,937)	$ (84,851)	$ (840,788)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized inventory losses	$ 483,271	$ 204,740	$ 688,011
Net defined benefit liabilities	83,127	1,650	84,777
Unrealized refund liabilities	35,569	4,294	39,863
Others	42,246	(4,982)	37,264
	$ 644,213	$ 205,702	$ 849,915
Deferred tax liabilities			
Temporary differences			
Depreciation	$ (603,554)	$ (152,383)	$ (755,937)
Unrealized exchange gains	(40,659)	40,659	-
	$ (644,213)	$ (111,724)	$ (755,937)

d. Deductible temporary differences and unused investment credits for which no deferred assets have been recognized in the parent company only balance sheets

	December 31 2023	2022
Investment credits		
Research and development expenditures	$ 274,088	$ 327,891
Deductible temporary differences	$ 9,706,995	$ 5,507,894

The unrecognized investment credits will expire in 2024.

e. Information on unused investment credits and tax-exemptions

As of December 31, 2023, the investment tax credits comprised of:

Law and Statutes	Tax Credit Source	Remaining Creditable Amount	Expiry Year
Statute for Industrial Innovation	Research and development expenditures	$ 274,088	2024

f. Income tax assessments

The Company’s tax returns through 2021 have been assessed by the tax authorities.

26. (LOSS) EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic (loss) earnings per share	$ (0.92)	$ 4.85
Diluted (loss) earnings per share	$ (0.92)	$ 4.68

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

Net (loss) income for the Year

	For the Year Ended December 31	
	2023	**2022**
(Loss) income for the year attributable to owners of the Company	$ (1,699,593)	$ 8,969,775

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

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares in computation of basic earnings per share	1,853,868	1,850,115
Effect of potentially dilutive ordinary shares:		
Restricted shares to employees	Note	3,820
Employees' compensation or bonus issue to employees	Note	63,490
Weighted average number of ordinary shares in computation of diluted earnings per share	1,853,868	1,917,425

Note: The potential shares have an anti-dilution effect for the net loss for the year ended December 31, 2023. Such shares are not included in the calculation of loss per share.

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted share plan for employees

Information on share plan for employees were as follows:

Approved Date	Grant Shares (Thousand)	Board of Directors Approved Grant Shares (Thousand)	Grant Date	Issued Date	Issued Shares (Thousand)	Fair Value
2019/06/18	35,294	16,815	2019/10/21	2020/06/16	16,400	$ 32.55

To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period listed as follows:

a. If an employee remains employed by the Company for one year after the grant date; and has a current year's performance rating of A0 or A1, 40% of the restricted shares will be vested;

b. If an employee remains employed by the Company for two years after the grant date; and has a current year's performance rating of A0 or A1, 30% of the restricted shares will be vested;

c. If an employee remains employed by the Company for three years after grant date; and has a current year's performance rating of A0 or A1, 30% of the restricted shares will be vested.

In addition to the vesting conditions, the limitations are as follows:

a. Employees, except for inheritance, should not sell, transfer, pledge, donate or in any other way dispose of the shares.

b. The shares should be held in stock trust.

c. Except for the above two paragraphs, the other rights of the restricted share plan for employees, which include, but are not limited to, dividends, bonuses, the distribution rights of the legal reserve and capital surplus, share options of cash capital voting rights of shareholders, etc., are the same as the Group's issued ordinary shares.

d. The dividends of restricted share plan for employees are not restricted by existing conditions.

e. When a new share is returned in cash due to the Company's capital reduction, the refund of the vested capital loss shall be under custodian trust. In accordance with the issuance method, such capital and shares shall be granted if the vesting conditions for new restricted employee shares are met. The vested shares are granted to employees without interests; if the vested conditions are not met, such cash will be recovered by the Company.

When employees do not reach the vesting conditions of restricted share plan for employees during the year, the Company will recover and cancel the shares.

Information on restricted share plan for employees was as follows:

	Number of Shares (In Thousands)	
	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	15	4,826
Vested	(13)	(4,662)
Forfeited (Note)	(2)	(149)
Balance at December 31	-	15

Note: For the year ended December 31, 2023, the forfeited shares include 2 thousand shares which were already cancelled; for the year ended December 31, 2022, the forfeited shares include 26 thousand shares, which will be cancelled, and 123 thousand shares, which were already cancelled.

For the years ended December 31, 2023 and 2022, the compensation cost recognized was NT$(49) thousand and NT$43,893 thousand, respectively.

28. GOVERNMENT GRANTS

As of December 31, 2023, the Company obtained a government preferential interest rate loan of $15,287,000 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 $180,230 thousand, which is regarded as a government low interest loan and recognized as deferred income. For the year ended December 31, 2023 and 2022, the Company recognized other income of $9,646 thousand and $12,420 thousand, respectively. For the year ended December 31, 2023 and 2022, the interest expense of the loan was $34,683 thousand and $18,797 thousand, respectively.

29. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company 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 Company'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 Company 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 Company periodically examines the capital structure and contemplates on the potential costs and risks involved while exerting different financial tools. In general, the Company implements prudent strategy of risk management.

30. FINANCIAL INSTRUMENTS

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

   The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

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

   1) Fair value hierarchy

      December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in ROC	$ 2,660,438	$ -	$ -	$ 2,660,438
Securities unlisted in ROC	-	-	659,515	659,515
	$ 2,660,438	$ -	$ 659,515	$ 3,319,953

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in ROC	$ 1,783,213	$ -	$ -	$ 1,783,213
Securities unlisted in ROC	-	-	558,236	558,236
	$ 1,783,213	$ -	$ 558,236	$ 2,341,449

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

Financial Assets	Financial Assets at FVTOCI For the Year Ended December 31 2023	2022
Balance at January 1	$ 558,236	$ 498,055
Recognized in other comprehensive (unrealized gain on financial assets at FVTOCI)	101,279	60,181
Balance at December 31	$ 659,515	$ 558,236

3) Valuation used in Level 3 fair value measurement

The fair values of equity securities listed in the ROC and other countries was arrived at using either the asset-based approach or based on the multiplier evaluated in the active market by the market approach and adjustments of liquidity.

c. Categories of financial instruments

	December 31 2023	2022
Financial assets		
Measured at amortized cost (1)	$ 13,635,741	$ 23,285,923
Measured at FVTOCI	3,319,953	2,341,449
Financial liabilities		
Measured at amortized cost (2)	24,822,522	23,165,747

1) The balances included financial assets 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 at amortized cost, which comprise trade payables (including payables to related parties), other payables (including other payables to related parties), payable for purchases of equipment, guarantee deposits and long-term loans (including current portion).

d. Financial risk management objectives and policies

The Company 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 Company must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

1) Market risk

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

<u>Sensitivity analysis</u>

The Company 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 Company'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**	
	2023	**2022**	**2023**	**2022**
Pre-tax profit decrease (increase)	$ 63,816	$ 117,032	$ 108,143	$ (6,802)

b) Interest rate risk

The Company is exposed to interest rate risk from outstanding bank loans. Interest rates of the Company'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 Company's pre-tax profit for the years ended December 31, 2023 and 2022 would decreased/increased by NT$97,319 thousand and NT$78,269 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Company 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, 2023 and 2022 would have increased/decreased by NT$331,995 thousand and NT$234,145 thousand, 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 Company. The Company'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 Company 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 Company 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.

As of December 31, 2023 and 2022, the Company's ten largest customers accounted for 54% and 46% of its total trade receivables (including receivables from related parties), respectively. The Company believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Company 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 Company 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 Company's financial liabilities based on contractual and undiscounted payments, including principal and estimated interest.

December 31, 2023

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 6,635,395	$ -	$ -	$ -	$ 6,635,395
Lease liabilities	69,581	130,579	128,699	405,063	733,922
Interest bearing	2,510,071	8,659,114	6,274,427	3,254,838	20,698,450
	$ 9,215,047	$ 8,789,693	$ 6,403,126	$ 3,659,901	$ 28,067,767

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	$ 69,581	$ 259,278	$ 308,164	$ 83,984	$ 12,915	$ -

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 10,939,392	$ -	$ -	$ -	$ 10,939,392
Lease liabilities	74,543	134,123	129,066	469,412	807,144
Interest bearing	3,975,985	6,965,862	3,635,747	1,838,682	16,416,276
	$ 14,989,920	$ 7,099,985	$ 3,764,813	$ 2,308,094	$ 28,162,812

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	$ 74,543	$ 263,189	$ 311,659	$ 139,055	$ 18,698	$ -

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.

31. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below.

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

Related Parties	Relationship with the Company
Macronix America, Inc. (MXA)	Subsidiary
Mxtran Inc. (Mxtran)	Subsidiary
Macronix (Hong Kong) Co., Limited (MXHK)	Subsidiary
Macronix Pte Ltd (MPL)	Subsidiary
Macronix Europe N.V. (MXE)	Indirect subsidiary
Macronix (Asia) Limited (MX Asia)	Indirect subsidiary

(Continued)

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

(Concluded)

b. Operating revenues

Line Items	Related Parties Categories/Name	For the Year Ended December 31 2023	2022
Sales	Key management personnel		
	MegaChips	$ 9,123,959	$ 10,739,770
	Subsidiaries		
	MXHK	2,442,134	5,452,475
	Others	1,511,876	2,742,517
		$ 13,077,969	$ 18,934,762

Sale prices to foreign related parties were negotiated based on those charged to ultimate customers and were not comparable to those with external customers as foreign related parties were the primary regional distributors. Sales to domestic related parties were priced at a markup on the unit cost of the product, price that was not comparable to those with other customers.

Sales prices for the related parties were not comparable to those for external customers as the Company sells the specific purpose product. The sales terms to the related parties were between 30 to 60 days after monthly closing, similar to those with external customers.

c. Purchases

Related Parties Categories/Name	For the Year Ended December 31 2023	2022
Key management personnel		
MegaChips	$ 1,282,576	$ 3,234,286

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 2023	2022
Receivables from related parties, net	Subsidiaries		
	MXHK	$ 320,225	$ 260,898
	MXA	248,968	214,742
	Others	25,381	344
	Key management personnel		
	MegaChips	489,154	764,715
		$ 1,083,728	$ 1,240,699

(Continued)

Line Items	Related Parties Categories/Name	December 31 2023	December 31 2022
Other receivables	Subsidiaries		
	Mxtran	$ 69	$ 113
	MXHK	-	48
	Key management personnel	4	-
		$ 73	$ 161

(Concluded)

The outstanding trade receivables from related parties are unsecured. For the year ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Items	Related Parties Categories/Name	December 31 2023	December 31 2022
Payables to related parties	Key management personnel		
	MegaChips	$ 899,359	$ 2,628,765
	The Company is its major management authority	87,258	113,391
		$ 986,617	$ 2,742,156
Other payables to related parties	Subsidiaries		
	MXA	$ 59,318	$ 9,986
	MXE	56,475	54,327
	MX Asia	27,719	21,093
	Others	1,982	4,078
	Others	10	10
		$ 145,504	$ 89,494

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 2023	For the Year Ended December 31 2022
Manufacturing expense	The Company is its major management authority		
	Ardentec	$ 407,721	$ 412,104
	Subsidiaries	-	4,400
		$ 407,721	$ 416,504
Operating expense	Subsidiaries		
	MXA	$ 216,927	$ 189,869
	MXE	184,990	167,322
	MX Asia	138,962	112,602
	Others	36,322	29,481
	Others	49,885	33,234
		$ 627,086	$ 532,508

(Continued)

Line Items	Related Parties Categories/Name	For the Year Ended December 31 2023	2022
IT service revenue	Subsidiaries		
	Mxtran	$ 191	$ 349
Rental revenue	Subsidiaries		
	Mxtran	$ 435	$ 435

(Concluded)

The manufacturing expense and operating expense of related parties were comparable to those with other vendors. The payment term was between 30 to 90 days after monthly closing.

The Company leases offices to its subsidiaries (rentals are classified under other income). The amount of lease payment was based on the office space leased by each related party and was collected on a monthly basis.

Under certain contracts, the Company provided the IT service to the above related parties. The specifically negotiated terms were not comparable to those with external customers.

g. Remuneration of key management personnel

	For the Year Ended December 31 2023	2022
Short-term employee benefits	$ 159,959	$ 682,557
Post-employment benefits	10,592	5,670
Share-based payments	-	7,071
Other long-term employee benefits	(9)	(5)
	$ 170,542	$ 695,293

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees, natural gas agreements, and land lease agreements:

	December 31 2023	2022
Property, plant and equipment, net	$ -	$ 8,275,831
Pledge deposits (classified as other financial assets - non-current)	193,173	207,223
	$ 193,173	$ 8,483,054

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2023 and 2022 were as follows:

a. As of December 31, 2023 and 2022, unused letters of credit amounted to approximately NT$138,173 thousand and NT$1,045,461 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	$ 4,509,478	$ 8,623,775

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, 2023, the Company has made a donation of $400,000 thousand to National Cheng Kung University.

d. On October 26, 2021, the board of directors of the Company approved the continued participation in the joint development plan of IBM "Phase Change Memory" and obtain the authorization of specific analog artificial intelligence technology. The period is from January 2022 to January 2025. The two parties jointly bear the related technology development fees. As of December 31, 2023, the unrecognized contract amount is US$7,000 thousand.

e. On December 26, 2023, the board of directors of the Company approved the joint development project with IBM for "Enterprise-class SSD Storage" from December 2023 to December 2026.

f. The Company signed a long-term purchase contract with supplier A and supplier B. According to the contract, the Company shall prepay a certain amount of money as a guarantee, and these suppliers shall supply the Company according to the quantity and price agreed in the contract. As of December 31, 2023, the Company's prepayments and deposits for supplier A and supplier B were US$11,994 thousand and $549,580 thousand, respectively, and the unpaid contract amounts were US$12,744 thousand and US$71,940 thousand, respectively.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company' 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, 2023

	Foreign Currencies (In thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
JPY	$ 10,429,679	0.2172	$ 2,265,326
USD	126,090	30.705	3,871,605
			$ 6,136,931

(Continued)

	Foreign Currencies (In thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 107,894	30.705	$ 3,312,877
Financial liabilities			
Monetary items			
JPY	5,450,740	0.2172	$ 1,183,901
USD	56,811	30.705	1,744,366
			$ 2,928,267

(Concluded)

December 31, 2022

	Foreign Currencies (In thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
JPY	$ 12,242,769	0.2324	$ 2,845,219
USD	214,495	30.71	6,587,130
			$ 9,432,349
Non-monetary items			
Investments accounted for using the equity method			
USD	107,625	30.71	$ 3,305,156
Financial liabilities			
Monetary items			
JPY	12,535,435	0.2324	$ 2,913,235
USD	87,466	30.71	2,686,068
			$ 5,599,303

Realized and unrealized net foreign exchange gains were NT$108,684 thousand and NT$698,078 thousand for the years ended December 31, 2023 and 2022, 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.

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

   1) Financing provided to others: None

   2) Endorsements/guarantees provided: None

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

   4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

   5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

   6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

   7) 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)

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

   9) Trading in derivative instruments: None

b. Information on investees: Table 4 (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 gain or loss, carrying amount of the investment at the end of the period, repatriation of investment gains, and limit on the amount of investment in the mainland China area: Table 5 (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: None

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

TABLE 1

MACRONIX INTERNATIONAL CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2023				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	$ 2,660,438	7.33	$ 2,660,438	None
	United Industrial Gases Co., Ltd.	None	”	6,671,877	659,515	3.06	659,515	None
	Zowie Technology Co., Ltd.	None	”	20,426	-	0.07	-	None
MXBVI	Shares							
	Chipbond Technology Corporation	None	Financial assets at FVTOCI - non current	1,088,319	78,686	0.15	78,686	None
	Tower Semiconductor Ltd.	None	”	464,000	434,822	0.42	434,822	None
	Foreign Convertible Preference Shares							
	Kneron Holding Corporation	None	Financial assets at FVTPL - non current	566,711	99,442	0.83	99,442	None
	Wolley Inc.	Associate (Note)	”	2,400,000	162,469	18.13	162,469	None
Hui Ying	Shares							
	Macronix International Co., Ltd.	The Company	Financial assets at FVTOCI - non current	1,956,619	61,340	0.11	61,340	None
	Raio Technology Co., Ltd.	None	”	1,247,288	32,143	10.03	32,143	None
	Genovior Biotech Corporation	None	”	6,270,000	87,780	3.98	87,780	None
Run Hong	Shares							
	Genovior Biotech Corporation	None	Financial assets at FVTOCI - non current	4,500,000	63,000	2.86	63,000	None

Note: The Company 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.

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, 2023
(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 Terms	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	$ 9,123,959	34	30 days after monthly closing	Note 31	Note 31	$ 489,154	16	-
	MXHK	Subsidiary	Sales	2,442,134	9	45 days after monthly closing	Note 31	Note 31	320,225	10	-
	MXA	Subsidiary	Sales	1,457,032	5	Net 60 days	Note 31	Note 31	248,968	8	-
	MegaChips	Its subsidiary, Shun Ying Investment, is represented in MXIC's board of directors	Purchase	1,282,576	17	30 days after monthly closing and after acceptance of materials	Note 31	Note 31	899,359	30	-
MXHK	The Company	Subsidiary	Purchase	US$ 78,649	100	45 days after monthly closing	No material difference	No material difference	US$ 10,429	100	-
MXA	The Company	Subsidiary	Purchase	US$ 46,841	100	Net 60 days	No material difference	No material difference	US$ 8,108	100	-

TABLE 3

MACRONIX INTERNATIONAL CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(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	$ 489,154	14.55 times	$ -	-	$ 419,497 thousand	$ -
	MXHK	Subsidiary	320,225	8.40 times	-	-	320,225 thousand	-
	MXA	Subsidiary	248,968	6.28 times	-	-	248,968 thousand	-

MACRONIX INTERNATIONAL CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
The Company	MXA	San Jose, California, U.S.A.	Sales and marketing	$ 2,640	$ 2,640	100,000	100.00	$ 376,146	$ 6,039	$ 6,039	Subsidiary
	MXBVI	Tortola, British Virgin Islands	Investment holding company	6,744,008	7,348,057	182,598,357	100.00	2,369,765	266,582	97,534	Subsidiary
	MXHK	Hong Kong	Sales and marketing	598,700	-	89,700,000	100.00	560,245	(21,290)	32,219	Subsidiary
	MPL	Singapore	After-sales services	5,348	-	174,000	100.00	6,720	1,245	988	Subsidiary
	Hui Ying	Taipei, Taiwan	Investment	500,000	500,000	-	100.00	168,029	15,658	12,136	Subsidiary
	Run Hong	Taipei, Taiwan	Investment	1,014,432	1,014,432	-	100.00	71,965	321	321	Subsidiary
	Mxtran	Hsinchu, Taiwan	IC design	755,287	755,287	69,627,323	90.43	23,577	8,634	7,818	Subsidiary
MXBVI	NTTI	San Jose, California, U.S.A.	IC design	936,053	923,403	28,650,000	100.00	304,524	(11,757)	Note	Subsidiary
	MXE	Belgium	After-sales services	2,106	2,106	1,000	100.00	157,137	9,694	Note	Subsidiary
	MX Asia	Cayman Island	After-sales services	19,744	19,744	600,000	100.00	74,556	6,148	Note	Subsidiary
	MXHK	Hong Kong	Sales and marketing	-	378,427	-	-	-	-	Note	Subsidiary
	MPL	Singapore	After-sales services	-	3,291	-	-	-	-	Note	Subsidiary
Run Hong	Mxtran	Hsinchu, Taiwan	IC design	40,318	40,318	3,393,200	4.41	969	8,634	Note	Subsidiary
Mxtran	Mxtran Holding (Samoa) Co., Ltd. (Mxtran Samoa)	Samoa	Investment holding company	-	35,979	-	-	-	-	Note	Subsidiary
Mxtran Samoa	Mxtran (H.K.) Holding Co., Limited (MxtranHK)	Hong Kong	Investment holding company	-	23,880	-	-	-	-	Note	Subsidiary

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

MACRONIX INTERNATIONAL CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEARS ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Macronix Microelectronics (Suzhou) Co., Ltd.	Development of integrated circuit system and software	$ 296,160	MXHK (Note 2)	$ 296,160	$ -	$ -	$ 296,160	$ 22,922	100%	$ 22,922	$ 459,998	$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
$ 296,160	$ 296,160	$ 28,994,893

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

Macronix International Co., Ltd.

Chairman: Miin Wu