Macronix International Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2023 and 2022 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Macronix International Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT$4,266,179 thousand and NT$5,195,951 thousand, respectively, representing 5.35% and 6.11%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT$388,396 thousand and NT$582,186 thousand, respectively, representing 1.26% and 1.75%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2023 and 2022, the amounts of combined comprehensive income and loss of these subsidiaries were NT$(94,857) thousand and NT$233,831 thousand, respectively, representing 19.21% and 8.29%, respectively, of the consolidated total comprehensive income and loss, and for the nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income and loss of these subsidiaries were NT$(60,469) thousand and NT$543,640 thousand, respectively, representing 22.07% and 6.56%, respectively, of the consolidated total comprehensive income and loss. These amounts as well as the related financial information of the investees as disclosed in Note 37 to the consolidated financial statements were based on the aforementioned subsidiaries' unreviewed financial statements for the same reporting periods as those of the Company.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, and its consolidated financial performance for the three months ended September 30, 2023 and 2022, its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Tung hui yeh

Deloitte & Touche
Taipei, Taiwan
Republic of China

October 24, 2023

<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 review such consolidated financial statements are those generally applied in the Republic of China.

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

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2023		December 31, 2022		September 30, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 32)	$ 13,432,417	17	$ 19,764,278	24	$ 19,493,405	23
Notes receivable and trade receivables, net (Notes 10 and 32)	2,889,717	4	3,984,197	5	5,155,294	6
Receivables from related parties, net (Notes 32 and 33)	1,197,252	2	764,715	1	2,012,848	2
Other receivables (Notes 10 and 32)	242,636	-	260,128	-	225,656	-
Inventories (Note 11)	13,408,863	17	14,679,705	17	15,385,654	18
Financial assets measured at amortized cost - current (Notes 9 and 32)	-	-	44,080	-	44,730	-
Other current assets (Note 17)	372,773	-	212,920	-	422,752	1
Total current assets	31,543,658	40	39,710,023	47	42,740,339	50
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 32)	181,869	-	173,076	-	176,460	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 32)	3,474,184	4	3,150,991	4	2,883,538	3
Financial assets measured at amortized cost - non-current (Notes 9 and 32)	44,150	-	-	-	-	-
Property, plant and equipment (Notes 13, 18, 30, 34 and 35)	41,199,883	52	37,982,047	45	36,426,329	43
Right-of-use assets (Note 14)	722,300	1	790,618	1	809,069	1
Intangible assets (Note 15)	121,463	-	125,929	-	122,230	-
Deferred tax assets (Note 27)	1,141,264	1	856,877	1	813,478	1
Other financial assets - non-current (Notes 16, 32 and 34)	766,926	1	769,999	1	769,645	1
Prepayments for equipment	235,195	-	-	-	-	-
Other non-current assets (Note 17)	333,147	1	333,147	1	333,147	1
Total non-current assets	48,220,381	60	44,182,684	53	42,333,896	50
TOTAL	$ 79,764,039	100	$ 83,892,707	100	$ 85,074,235	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Note 25)	$ 58,513	-	$ 30,886	-	$ 48,832	-
Notes payable and trade payables (Notes 19 and 32)	2,181,925	3	2,585,539	3	2,857,376	3
Payables to related parties (Notes 32 and 33)	1,251,505	2	2,742,156	3	4,622,304	6
Accrued employees' compensation and remuneration of directors (Notes 26, 32 and 33)	1,130,646	1	3,121,948	4	3,201,374	4
Payables for purchase of equipment (Note 32)	1,367,916	2	999,899	1	1,076,878	1
Other payables (Notes 20 and 32)	1,370,416	2	1,589,836	2	1,548,054	2
Other payables to related parties (Notes 32 and 33)	6,068	-	10	-	5,440	-
Current tax liabilities (Notes 4 and 27)	131,445	-	1,390,986	2	1,225,489	1
Provisions - current (Note 22)	27,880	-	26,283	-	30,563	-
Lease liabilities - current (Note 14)	92,516	-	97,154	-	94,000	-
Current portion of long-term borrowings (Notes 18, 30, 32 and 34)	2,257,144	3	3,683,542	4	3,257,040	4
Other current liabilities (Note 21)	305,442	-	384,991	1	471,290	1
Total current liabilities	10,181,416	13	16,653,230	20	18,438,640	22
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 18, 30, 32 and 34)	17,858,486	22	11,970,314	14	12,009,307	14
Deferred tax liabilities (Note 27)	836,062	1	755,946	1	886,950	1
Lease liabilities - non-current (Note 14)	642,650	1	704,168	1	724,463	1
Net defined benefit liabilities (Notes 4 and 23)	1,065,381	1	1,075,577	1	1,163,293	1
Other non-current liabilities (Notes 21 and 30)	180,744	-	123,113	-	138,937	-
Total non-current liabilities	20,583,323	25	14,629,118	17	14,922,950	17
Total liabilities	30,764,739	38	31,282,348	37	33,361,590	39
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 24 and 29)						
Share capital						
Ordinary shares	18,558,264	23	18,558,543	22	18,558,843	22
Share capital to be cancelled	-	-	(264)	-	(300)	-
Total share capital	18,558,264	23	18,558,279	22	18,558,543	22
Capital surplus	406,198	1	402,710	1	402,749	-
Retained earnings						
Legal reserve	4,331,651	5	3,426,358	4	3,426,358	4
Special reserve	93,025	-	76,492	-	76,492	-
Unappropriated earnings	24,349,914	31	29,304,449	35	28,616,150	34
Total retained earnings	28,774,590	36	32,807,299	39	32,119,000	38
Other equity	1,418,569	2	1,000,472	1	790,880	1
Treasury shares	(159,061)	-	(159,061)	-	(159,061)	-
Equity attributable to shareholders of the Company	48,998,560	62	52,609,699	63	51,712,111	61
NON-CONTROLLING INTERESTS (Note 24)	740	-	660	-	534	-
Total equity	48,999,300	62	52,610,359	63	51,712,645	61
TOTAL	$ 79,764,039	100	$ 83,892,707	100	$ 85,074,235	100

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

(With Deloitte & Touche review report dated October 24, 2023)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 25 and 33)	$ 7,283,103	100	$ 11,471,525	100	$ 21,815,833	100	$ 34,409,528	100
OPERATING COSTS (Notes 11, 23, 26 and 33)	5,521,849	76	6,399,618	56	16,166,198	74	18,268,794	53
GROSS PROFIT	1,761,254	24	5,071,907	44	5,649,635	26	16,140,734	47
OPERATING EXPENSES (Notes 10, 23, 26 and 33)								
Selling and marketing expenses	433,663	6	500,787	4	1,256,639	6	1,374,905	4
General and administrative expenses	507,935	7	631,630	6	1,308,277	6	1,736,143	5
Research and development expenses	1,466,595	20	1,522,410	13	4,337,201	20	4,414,775	13
Expected credit loss	5,466	-	-	-	5,466	-	-	-
Total operating expenses	2,413,659	33	2,654,827	23	6,907,583	32	7,525,823	22
(LOSS) INCOME FROM OPERATIONS	(652,405)	(9)	2,417,080	21	(1,257,948)	(6)	8,614,911	25
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 26)	55,334	1	33,582	-	189,456	1	65,573	-
Other income (Notes 14, 26 and 30)	130,467	2	107,973	1	337,259	2	310,088	1
Other gains and losses (Note 26)	81,538	1	334,186	3	173,947	1	794,734	2
Finance costs (Notes 26 and 30)	(65,252)	(1)	(52,835)	-	(198,155)	(1)	(150,132)	-
Total non-operating income and expenses	202,087	3	422,906	4	502,507	3	1,020,263	3
(LOSS) INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(450,318)	(6)	2,839,986	25	(755,441)	(3)	9,635,174	28
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 27)	42,521	-	(339,880)	(3)	63,272	-	(1,270,670)	(4)
NET (LOSS) INCOME FOR THE PERIOD	(407,797)	(6)	2,500,106	22	(692,169)	(3)	8,364,504	24
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at FVTOCI (Note 24)	(226,336)	(3)	81,743	1	241,764	1	(552,503)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations (Note 24)	140,215	2	237,107	2	176,361	1	470,898	1
Other comprehensive income (loss) for the period, net of income tax	(86,121)	(1)	318,850	3	418,125	2	(81,605)	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	$ (493,918)	(7)	$ 2,818,956	25	$ (274,044)	(1)	$ 8,282,899	24
NET (LOSS) INCOME ATTRIBUTABLE TO:								
Shareholders of the parent	$ (407,919)	(6)	$ 2,500,178	22	$ (692,221)	(3)	$ 8,364,631	24
Non-controlling interests	122	-	(72)	-	52	-	(127)	-
	$ (407,797)	(6)	$ 2,500,106	22	$ (692,169)	(3)	$ 8,364,504	24

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MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the parent	$ (494,040)	(7)	$ 2,819,057	25	$ (274,124)	(1)	$ 8,283,051	24
Non-controlling interests	122	-	(101)	-	80	-	(152)	-
	$ (493,918)	(7)	$ 2,818,956	25	$ (274,044)	(1)	$ 8,282,899	24
(LOSS) EARNINGS PER SHARE (Note 28)								
Basic	$ (0.22)		$ 1.35		$ (0.37)		$ 4.52	
Diluted	$ (0.22)		$ 1.31		$ (0.37)		$ 4.35	

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

(With Deloitte & Touche review report dated October 24, 2023) (Concluded)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company													
	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 Gain (Loss) on Financial Assets at FVTOCI	Employee Unearned Compensation	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 - $1.8 per share	-	-	-	-	-	-	(3,340,758)	-	-	-	-	(3,340,758)	-	(3,340,758)
Net profit (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	8,364,631	-	-	-	-	8,364,631	(127)	8,364,504
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	470,923	(552,503)	-	-	(81,580)	(25)	(81,605)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	8,364,631	470,923	(552,503)	-	-	8,283,051	(152)	8,282,899
Compensation cost of restricted shares for employees	-	-	-	(1,208)	-	-	-	-	-	42,713	-	41,505	-	41,505
Retirement of restricted shares for employees	(134)	(1,335)	110	1,225	-	-	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	3,522	-	-	-	-	-	-	-	3,522	-	3,522
BALANCE AT SEPTEMBER 30, 2022	1,855,884	$ 18,558,843	$ (300)	$ 402,749	$ 3,426,358	$ 76,492	$ 28,616,150	$ (28,129)	$ 821,700	$ (2,691)	$ (159,061)	$ 51,712,111	$ 534	$ 51,712,645
BALANCE AT JANUARY 1, 2023	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 - $1.8 per share	-	-	-	-	-	-	(3,340,488)	-	-	-	-	(3,340,488)	-	(3,340,488)
Net (loss) profit for the nine months ended September 30, 2023	-	-	-	-	-	-	(692,221)	-	-	-	-	(692,221)	52	(692,169)
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	176,333	241,764	-	-	418,097	28	418,125
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	(692,221)	176,333	241,764	-	-	(274,124)	80	(274,044)
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 SEPTEMBER 30, 2023	1,855,826	$ 18,558,264	$ -	$ 406,198	$ 4,331,651	$ 93,025	$ 24,349,914	$ 33,367	$ 1,385,202	$ -	$ (159,061)	$ 48,998,560	$ 740	$ 48,999,300

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

(With Deloitte & Touche review report dated October 24, 2023)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	$ (755,441)	$ 9,635,174
Adjustments for:		
Depreciation expense	3,101,491	3,369,508
Amortization expense	62,453	48,330
Expected credit loss recognized on trade receivables	5,466	-
Finance costs	198,155	150,132
Interest income	(189,456)	(65,573)
Dividend income	(178,235)	(159,668)
Compensation cost of employee restricted shares	(49)	41,505
(Gain) loss on disposal of property, plant and equipment	(154)	5,011
Net gain on foreign currency exchange	(25,584)	(133,055)
Gain from lease modifications	-	(358)
Amortization of government grants deferred revenue	(7,634)	(10,775)
Changes in operating assets and liabilities		
Trade receivables	1,214,368	767,982
Receivables from related parties	(451,966)	(981,380)
Other receivables	17,847	(21,274)
Inventories	1,270,842	(2,229,267)
Other current assets	(155,915)	(231,175)
Contract liabilities	27,627	12,569
Notes payable and trade payables	(425,883)	(588,487)
Payables to related parties	(1,443,830)	195,363
Payables for employees' compensation and directors' remuneration	(1,991,302)	66,884
Other payables	(171,935)	(215,411)
Other payables to related parties	8,346	5,865
Provisions	1,597	7,273
Other current liabilities	(85,752)	92,586
Net defined benefit liabilities	(10,196)	(244,180)
Cash generated from operations	14,860	9,517,579
Interest received	188,967	53,667
Dividends received	178,235	159,668
Interest paid	(257,744)	(176,392)
Income tax paid	(1,403,832)	(653,216)
Net cash (used in) generated from operating activities	(1,279,514)	8,901,306
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(42,820)	-
Financial assets at amortized cost after maturity	44,450	-
Payments for property, plant and equipment	(6,099,852)	(7,176,768)
Proceeds from disposal of property, plant and equipment	310	173,660
Increase in refundable deposits	(11,058)	(549,616)

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MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	**2022**
Decrease in refundable deposits	$ -	$ 10
Payments for intangible assets	(57,977)	(73,646)
Decrease in other financial assets	14,050	1,044
Net cash used in investing activities	(6,152,897)	(7,625,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	10,500,000	5,800,000
Repayments of long-term borrowings	(5,973,894)	(2,824,913)
Proceeds from guarantee deposits received	150	26,753
Refund of guarantee deposits received	(200)	-
Repayment of leased liabilities	(83,633)	(79,928)
Distribution of cash dividends	(3,336,966)	(3,337,236)
Net cash generated from (used in) financing activities	1,105,457	(415,324)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(4,907)	67,518
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,331,861)	928,184
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	19,764,278	18,565,221
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 13,432,417	$ 19,493,405

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

(With Deloitte & Touche review report dated October 24, 2023) (Concluded)

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

1. GENERAL INFORMATION

Macronix International Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) on December 9, 1989 and commenced business in December 1989. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips. The Company also is engaged in the 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 and authorized for issued by the Company's board of directors on October 24, 2023.

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 "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRSs 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 IFRSs 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 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.

c. The IFRSs 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 IFRSs 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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.

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. 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 had the Group directly disposed of the related assets or liabilities.

See Note 12, Tables 5 and 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. For the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	$ 12	$ 11	$ 11
Checking accounts and demand deposits	4,624,503	6,867,933	6,595,265
Cash equivalents			
Time deposits	8,807,902	12,896,334	12,898,129
	$ 13,432,417	$ 19,764,278	$ 19,493,405

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at FVTPL - non-current			
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Foreign convertible preference shares	$ 181,869	$ 173,076	$ 176,460

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current			
Investments in equity instruments			
Domestic investments			
Listed shares	$ 2,321,215	$ 1,845,683	$ 1,557,748
Unlisted shares	712,332	647,468	634,646
	3,033,547	2,493,151	2,192,394
Foreign investments			
Listed shares	440,637	657,840	691,144
	$ 3,474,184	$ 3,150,991	$ 2,883,538

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.

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of dividend income were as follows:

	For the Three Months Ended September 30		**For the Nine Months Ended September 30**	
	2023	**2022**	**2023**	**2022**
Dividend income	$ 1,499	$ 8,116	$ 178,235	$ 159,668

As of September 30, 2023 and 2022, the Group's related investments still held amounted to NT$2,984,005 thousand and NT$2,134,451 thousand, respectively.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	September 30, 2023	**December 31, 2022**	**September 30, 2022**
Current			
Time deposits with original maturities exceeding 1 year	$ -	$ 44,080	$ 44,730
Non-Current			
Time deposits with original maturities exceeding 1 year	$ 44,150	$ -	$ -

The interest rate for time deposits with original maturities exceeding 1 year was 2.40%, 3.15% and 3.15% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2023	**December 31, 2022**	**September 30, 2022**
Trade receivables			
Total amounts of trade receivables measured at amortized cost	$ 2,912,138	$ 4,001,152	$ 5,172,249
Less: Allowance for impairment loss	(22,421)	(16,955)	(16,955)
	$ 2,889,717	$ 3,984,197	$ 5,155,294

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables			
Tax receivables	$ 188,606	$ 192,785	$ 202,628
Others	54,030	67,343	23,028
	$ 242,636	$ 260,128	$ 225,656

(Concluded)

a. Trade receivables

The average credit period for sales of goods is 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 approach considering the 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 was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Neither past due nor impaired	$ 2,843,263	$ 3,856,169	$ 5,076,905
Past due but not impaired			
Within 60 days	46,454	123,681	73,894
61-120 days	-	-	4,495
Over 120 days	-	4,347	-
	$ 2,889,717	$ 3,984,197	$ 5,155,294

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

As of September 30, 2023 and 2022, the Group did not hold collateral for most of its receivables.

The movements of the allowance for doubtful trade receivables are as follows:

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	$ 16,955	$ 16,955
Add: Net remeasurement of loss allowance	5,466	-
Balance at September 30	$ 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

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods and merchandise	$ 993,059	$ 1,437,342	$ 1,652,708
Work in progress	11,177,948	11,866,328	12,451,703
Raw materials	1,237,856	1,376,035	1,281,243
	$ 13,408,863	$ 14,679,705	$ 15,385,654

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, 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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Loss on inventory write-downs	$ 427,636	$ 245,202	$ 2,262,007	$ 566,218

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

As of September 30, 2023, December 31, 2022 and September 30, 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 (Mxtran HK), 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).

Investor	Investee	Nature of Activities	% of Ownership September 30, 2023	December 31, 2022	September 30, 2022
The Company	Run Hong	Investment company	100.00	100.00	100.00
The Company	Hui Ying	Investment company	100.00	100.00	100.00
The Company and Run Hong	Mxtran	IC design	94.84	94.84	94.84
The Company	MXA	Sales and marketing	100.00	100.00	100.00
The Company	MXHK	Sales and marketing	100.00	-	-
The Company	MPL	After-sales services	100.00	-	-
The Company	MXBVI	Investment holding company	100.00	100.00	100.00
Mxtran	Mxtran Samoa	Investment holding company	Note 1	100.00	100.00
Mxtran Samoa	Mxtran HK	Investment holding company	Note 2	100.00	100.00
MXBVI	NTTI	IC design	100.00	100.00	100.00
MXBVI	MX Asia	After-sales services	100.00	100.00	100.00
MXBVI	MPL	After-sales services	-	100.00	100.00
MXBVI	MXE	After-sales services	100.00	100.00	100.00
MXBVI	MXHK	Sales and marketing	-	100.00	100.00
MXHK	MXm	Development of integrated circuit system and software	100.00	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.

Except for MXHK, the subsidiaries included in the consolidated financial statements are immaterial, and their financial statements have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2023	December 31, 2022	September 30, 2022
Assets used by the Group	$ 41,199,883	$ 37,982,047	$ 36,426,329

	For the Nine Months Ended September 30, 2023 Balance at Beginning of Period	Additions	Disposals	Effects of Foreign Currency Exchange Differences	Reclassification	Balance at End of Period
Cost						
Freehold land	$ 1,273,814	$ -	$ -	$ 34,326	$ -	$ 1,308,140
Buildings	22,392,682	-	1,150	346	573,391	22,965,269
Machinery equipment	93,948,076	-	91,978	-	1,773,842	95,629,940
Research and development equipment	8,053,449	-	2,501	58	(556,020)	7,494,986
Transportation equipment	26,894	-	1,200	4	3,456	29,154
Leasehold improvements	14,828	-	-	120	-	14,948
Miscellaneous equipment	1,227,653	745	6,979	1,698	61,157	1,284,274
Advance payments and construction in progress	10,724,565	6,219,040	-	-	(1,856,473)	15,087,132
	137,661,961	$ 6,219,785	$ 103,808	$ 36,552	$ (647)	143,813,843
Accumulated depreciation and impairment						
Freehold land	381,571	$ -	$ -	$ 19,383	$ -	400,954
Buildings	17,521,831	387,984	1,145	157	-	17,908,827
Machinery equipment	77,989,290	2,109,443	91,979	-	410,674	80,417,428
Research and development equipment	2,690,825	442,584	2,365	54	(410,674)	2,720,424
Transportation equipment	18,943	3,123	1,199	3	-	20,870
Leasehold improvements	14,398	166	-	115	-	14,679
Miscellaneous equipment	1,063,056	73,137	6,964	1,549	-	1,130,778
	99,679,914	$ 3,016,437	$ 103,652	$ 21,261	$ -	102,613,960
Carrying amount at September 30, 2023	$ 37,982,047					$ 41,199,883

	For the Nine Months Ended September 30, 2022					
	Balance at Beginning of Period	Additions	Disposals	Effects of Foreign Currency Exchange Differences	Reclassification	Balance at End of Period
Cost						
Freehold land	$ 1,207,143	$ -	$ -	$ 89,555	$ -	$ 1,296,698
Buildings	21,431,372	-	75,518	6,385	974,035	22,336,274
Machinery equipment	91,339,673	-	129,616	-	2,338,360	93,548,417
Research and development equipment	6,816,075	-	39,476	1,156	788,681	7,566,436
Transportation equipment	26,159	-	191	55	900	26,923
Leasehold improvements	14,193	-	-	545	-	14,738
Miscellaneous equipment	1,149,736	237	18,004	5,026	73,547	1,210,542
Advance payments and construction in progress	5,786,769	7,454,267	-	-	(4,175,758)	9,065,278
	127,771,120	$ 7,454,504	$ 262,805	$ 102,722	$ (235)	135,065,306
Accumulated depreciation and impairment						
Freehold land	343,923	$ -	$ -	$ 50,570	$ -	394,493
Buildings	17,112,379	365,412	70,558	2,334	-	17,409,567
Machinery equipment	74,709,272	2,440,397	129,528	-	205,801	77,225,942
Research and development equipment	2,375,222	402,115	39,421	945	(205,801)	2,533,060
Transportation equipment	14,666	3,316	191	42	-	17,833
Leasehold improvements	13,573	165	-	512	-	14,250
Miscellaneous equipment	983,702	73,814	18,001	4,317	-	1,043,832
	95,552,737	$ 3,285,219	$ 257,699	$ 58,720	$ -	98,638,977
Carrying amount at September 30, 2022	$ 32,218,383					$ 36,426,329

For the three months ended September 30, 2023 and 2022 and nine months ended September 30, 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 U.S.A. which was unutilized by the Group as of September 30, 2023, December 31, 2022 and September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount			
Freehold land	$ 667,642	$ 710,350	$ 724,846
Buildings	46,767	68,433	75,168
Machinery equipment	2,318	4,638	2,385
Transportation equipment	4,578	6,697	5,670
Miscellaneous equipment	995	500	1,000
	$ 722,300	$ 790,618	$ 809,069

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets			$ 18,897	$ 35,557
Depreciation charge for right-of-use assets				
Freehold land	$ 14,243	$ 14,245	$ 42,733	$ 43,030
Buildings	10,189	9,894	30,214	28,513
Machinery equipment	2,317	2,006	8,505	9,046
Transportation equipment	689	716	2,107	2,201
Miscellaneous equipment	498	499	1,495	1,499
	$ 27,936	$ 27,360	$ 85,054	$ 84,289
Income from the subleasing of right-of-use assets (included in other income)	$ (935)	$ (935)	$ (2,804)	$ (3,100)

Except for the recognized depreciation, the Group did not have impairment of right-of-use assets for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount			
Current	$ 92,516	$ 97,154	$ 94,000
Non-current	$ 642,650	$ 704,168	$ 724,463

Range of discount rates for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Freehold land	1.22%-1.73%	1.22%-1.73%	1.22%-1.73%
Buildings	1.03%-6.00%	1.03%-6.00%	1.03%-6.00%
Machinery equipment	1.56%-1.96%	1.17%-1.56%	1.17%
Transportation equipment	1.22%-1.56%	1.03%-1.56%	1.03%-1.45%
Miscellaneous equipment	2.08%	1.22%	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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 161	$ 170	$ 989	$ 710
Expenses relating to low-value asset leases	$ 52	$ 58	$ 162	$ 141
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 2,215	$ 4,162	$ 7,300	$ 13,041
Total cash outflow for leases	$ (33,599)	$ (35,103)	$ (102,795)	$ (105,674)

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

	For the Nine Months Ended September 30, 2023				
	Balance at Beginning of Period	Additions	Disposals	Net Exchange Differences	Balance at End of Period
Cost					
Software	$ 242,202	$ 57,977	$ 36,933	$ 58	$ 263,304
Accumulated amortization					
Software	116,273	$ 62,453	$ 36,933	$ 48	141,841
Carrying amount at September 30, 2023	$ 125,929				$ 121,463

	For the Nine Months Ended September 30, 2022				
	Balance at Beginning of Period	Additions	Disposals	Net Exchange Differences	Balance at End of Period
Cost					
Software	$ 179,067	$ 73,646	$ 31,724	$ 539	$ 221,528
Accumulated amortization					
Software	82,194	$ 48,330	$ 31,724	$ 498	99,298
Carrying amount at September 30, 2022	$ 96,873				$ 122,230

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

Software	3 years

16. OTHER FINANCIAL ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current			
Refundable deposits	$ 573,753	$ 562,776	$ 562,421
Restricted time deposits (Note 34)	193,173	207,223	207,224
	$ 766,926	$ 769,999	$ 769,645

17. OTHER ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
Current			
Prepayments	$ 372,773	$ 212,249	$ 422,752
Others	-	671	-
	$ 372,773	$ 212,920	$ 422,752
Non-current			
Prepayments	$ 333,147	$ 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.

18. BORROWINGS

Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Secured borrowings from financial institutions	$ -	$ 4,812,500	$ 4,812,500
Unsecured borrowings from financial institutions	20,249,500	10,940,125	10,555,000
	20,249,500	15,752,625	15,367,500
Less: Current portion	2,257,144	3,683,542	3,257,041
Less: Arrangement fee	-	5,200	6,400
Less: Government loan discount	133,870	93,569	94,752
Long-term borrowings	$ 17,858,486	$ 11,970,314	$ 12,009,307
Interest rate	1.25%-2.26%	1.13%-2.19%	1.00%-1.82%

	Repayment Term	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank borrowings denominated in NT$	From December 2020 to December 2023	$ 500,000	$ 500,000	$ 500,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	1,000,000	1,000,000	1,000,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	2,300,000	2,300,000	2,080,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	600,000	600,000	556,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2028	1,100,000	1,100,000	807,000
Unsecured bank borrowings denominated in NT$	From April 2021 to April 2031	787,000	787,000	787,000
Unsecured bank borrowings denominated in NT$	From December 2021 to December 2024	312,500	500,000	500,000
Unsecured bank borrowings denominated in NT$	From March 2022 to September 2024	450,000	600,000	600,000
Unsecured bank borrowings denominated in NT$	From March 2022 to March 2025	400,000	500,000	500,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	1,000,000	263,000	263,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	2,000,000	116,000	116,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	109,000	109,000	109,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	400,000	100,000	100,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2029	400,000	54,000	54,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	1,228,000	557,000	557,000

(Continued)

	Repayment Term	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	$ 1,005,000	$ 243,000	$ 243,000
Unsecured bank borrowings denominated in NT$	From July 2022 to July 2032	58,000	58,000	58,000
Unsecured bank borrowings denominated in NT$	From August 2022 to August 2025	300,000	300,000	300,000
Unsecured bank borrowings denominated in NT$	From August 2022 to August 2029	500,000	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	500,000	-	-
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 February 2023	-	300,000	300,000
Unsecured bank borrowings denominated in NT$	Pay off in June 2023	-	125,000	187,500
Unsecured bank borrowings denominated in NT$	Pay off in August 2023	-	187,500	250,000
Unsecured bank borrowings denominated in NT$	Pay off in August 2023	-	140,625	187,500
Secured syndicated loan denominated in NT$	Pay off in August 2023	-	4,812,500	4,812,500
Less: Current portion		2,257,144	3,683,542	3,257,041
Less: Arrangement fee		-	5,200	6,400
Less: Government loan discount		133,870	93,569	94,752
Total long-term borrowings		$ 17,858,486	$ 11,970,314	$ 12,009,307

(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 six months ended June 30, 2023 and 2022 and the year ended December 31, 2022, the Group met the financial ratio covenants.

The details of assets pledged as collaterals for long-term loans are set in Note 34 to the consolidated financial statements.

19. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Trade payables	$ 2,181,925	$ 2,585,539	$ 2,857,376

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

20. OTHER PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for maintenance and repairs	$ 243,359	$ 254,008	$ 223,546
Payables for bonuses	206,615	362,941	152,731
Payables for insurance	123,386	87,997	138,705
Payables for patents	94,682	98,518	98,518
Payables for spare parts	90,887	112,400	84,106
Payable for pension	77,150	74,798	74,072
Others	534,337	599,174	776,376
	$ 1,370,416	$ 1,589,836	$ 1,548,054

21. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Current			
Refund liabilities	$ 245,912	$ 339,760	$ 386,413
Receipts under custody	52,342	36,545	76,146
Temporary credits	7,188	8,686	8,731
	$ 305,442	$ 384,991	$ 471,290

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current			
Government grants deferred revenue (Note 30)	$ 158,819	$ 102,121	$ 98,265
Guarantee deposits	21,925	20,992	40,672
	$ 180,744	$ 123,113	$ 138,937

(Concluded)

22. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Current			
Employee benefits (a)	$ 27,880	$ 26,283	$ 30,563

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

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and Mxtran of the Group 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

Employee benefit expenses in respect of the Group's defined benefit retirement plans were NT$2,024 thousand and NT$1,753 thousand for the three months ended September 30, 2023 and 2022, respectively, and NT$6,072 thousand and NT$5,258 thousand for the nine months ended September 30, 2023 and 2022, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

The Group maintains a separate executive pension plan, and the net periodic pension costs were NT$2,648 thousand and NT$1,418 thousand for the three months ended September 30, 2023 and 2022 and NT$7,944 thousand and NT$4,253 thousand for the nine months ended September 30, 2023 and 2022, respectively.

24. EQUITY

a. Share capital

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Numbers of shares authorized (in thousands)	6,550,000	6,550,000	6,550,000
Share authorized	$ 65,500,000	$ 65,500,000	$ 65,500,000
Numbers of shares issued and fully paid (in thousands)	1,855,826	1,855,854	1,855,884
Shares issued	$ 18,558,264	$ 18,558,543	$ 18,558,843

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

	September 30, 2023	December 31, 2022	September 30, 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	$ 253,739
Donations	37	37	37
Treasury share transactions	42,488	38,966	38,966
	$ 401,589	$ 397,769	$ 292,742
May be used to offset a deficit only			
Changes in percentage of ownership interests in subsidiaries (2)	$ 4,609	$ 4,609	$ 4,609
May not be used for any purpose			
Employee restricted shares	$ -	$ 332	$ 105,398

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 dividends 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 compensation of employees and remuneration of directors after the amendment, refer to "Compensation of employees and remuneration of directors" in Note 26 (g) to the consolidated financial statements.

The Company is classified under the capital intensive industry. In accordance with the long-term financial program of the Company, the above shareholders' dividends can be retained as undistributed earnings, and then be distributed in 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 conditions. 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 appropriations of earnings for 2022 and 2021, which were resolved by the shareholders in the Company's general meetings of shareholders on May 24, 2023 and May 27, 2022, respectively, were as follows:

	Appropriation of Earnings 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 (NT$)	$ 1.8	$ 1.8

d. Special reserve

	For the Nine Months Ended September 30	
	2023	**2022**
Beginning at January 1	$ 76,492	$ 291,361
Appropriations in respect of		
Treasury shares	16,533	196
Reversal:		
Reversal of the debits to other equity items	-	(215,065)
Balance at September 30	$ 93,025	$ 76,492

The carrying amount and the special reserve is calculated based on the difference between the market value of the Company's shares held by the subsidiaries. The special reserve may be partially reversed if the market value increased.

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2023	**2022**
Balance at January 1	$ (142,966)	$ (499,052)
Exchange differences on translation of the financial statements of foreign operations	176,333	470,923
Balance at September 30	$ 33,367	$ (28,129)

2) Unrealized gain on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2023	**2022**
Balance at January 1	$ 1,143,438	$ 1,374,203
Recognized for the period		
Unrealized gain - equity instrument	241,764	(552,503)
Balance at September 30	$ 1,385,202	$ 821,700

3) Employee unearned benefit

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

	For the Nine Months Ended September 30	
	2023	**2022**
Balance at January 1	$ -	$ (45,404)
Share-based payment expenses recognized	-	41,505
Adjustments for change of turnover rate	-	1,208
Balance at September 30	$ -	$ (2,691)

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	**2022**
Balance at January 1	$ 660	$ 686
Share of profit (loss) for the period	52	(127)
Other comprehensive income (loss) for the period		
Exchange difference on translation of the financial statements of foreign operations	28	(25)
Balance at September 30	$ 740	$ 534

g. Treasury shares

The Company's shares held by its subsidiaries on September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
September 30, 2023			
Hui Ying	1,957	$ 159,061	$ 61,927
December 31, 2022			
Hui Ying	1,957	$ 159,061	$ 66,036
September 30, 2022			
Hui Ying	1,957	$ 159,061	$ 60,949

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

25. REVENUE

a. Disaggregation of revenue from contracts with customers

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Products				
Flash	$ 4,225,068	$ 6,785,793	$ 12,965,648	$ 23,400,924
ROM	2,701,703	3,577,746	7,639,601	7,981,169
Foundry	354,694	1,106,418	1,206,016	3,010,978
Other	1,638	1,568	4,568	16,457
	$ 7,283,103	$ 11,471,525	$ 21,815,833	$ 34,409,528

b. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Contract liabilities (classified as current liabilities)	$ 58,513	$ 30,886	$ 48,832

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

The Company recognized revenue from the beginning balance of contract liabilities as follow:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
From the beginning balance of contract liabilities				
Sale of goods	$ 5	$ 3,876	$ 30,653	$ 36,068

26. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	$ 55,334	$ 33,582	$ 189,456	$ 65,573

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Dividend income	$ 1,499	$ 8,116	$ 178,235	$ 159,668
Others	128,968	99,857	159,024	150,420
	$ 130,467	$ 107,973	$ 337,259	$ 310,088

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net foreign exchange gains	$ 86,328	$ 337,657	$ 182,872	$ 816,730
Others	(4,790)	(3,471)	(8,925)	(21,996)
	$ 81,538	$ 334,186	$ 173,947	$ 794,734

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on loans	$ 92,766	$ 58,824	$ 241,867	$ 153,642
Interest on lease liabilities	3,429	3,877	10,711	11,854
Less: Amounts included in the cost of qualifying assets	(30,943)	(9,866)	(54,423)	(15,364)
	$ 65,252	$ 52,835	$ 198,155	$ 150,132

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Capitalized interest	$ 30,943	$ 9,866	$ 54,423	$ 15,364
Capitalization rate	1.53%	1.10%	1.45%	0.90%

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	$ 814,872	$ 934,828	$ 2,483,757	$ 2,800,015
Operating expenses	208,145	202,672	617,734	569,493
	$ 1,023,017	$ 1,137,500	$ 3,101,491	$ 3,369,508
An analysis of amortization by function				
Operating costs	$ 12,203	$ 8,193	$ 35,387	$ 21,857
Operating expenses	8,649	8,794	27,066	26,473
	$ 20,852	$ 16,987	$ 62,453	$ 48,330

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Post-employment benefits (Note 23)				
Defined contribution plans	$ 66,635	$ 61,441	$ 198,662	$ 184,201
Defined benefit plans	4,672	3,170	14,016	9,510
	71,307	64,611	212,678	193,711
Share-based payments				
Equity-settled	-	13,355	(49)	41,506
Other employee benefits	1,728,524	2,311,112	5,169,368	6,968,109
Total employee benefits expense	$ 1,799,831	$ 2,389,078	$ 5,381,997	$ 7,203,326

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of employee benefits expense by function				
Operating costs	$ 702,289	$ 995,853	$ 2,146,551	$ 3,029,798
Operating expenses	1,097,542	1,393,225	3,235,446	4,173,528
	$ 1,799,831	$ 2,389,078	$ 5,381,997	$ 7,203,326

(Concluded)

g. Compensation of employees and remuneration of directors

In compliance with the Articles of Incorporation, the Company accrued compensation of employees and remuneration of directors at the rates of 15% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, the estimated compensation of employees and the remuneration of directors were as follows:

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Compensation of employees	$ -	$ 515,634	$ -	$ 1,735,331
Remuneration of directors	$ -	$ 68,752	$ -	$ 231,378

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.

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on February 14, 2023 and February 25, 2022, respectively, are as shown below:

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Employees' compensation	$ 1,854,831	$ 2,396,656
Remuneration of directors	$ 247,311	$ 319,554

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

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

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	$ (980)	$ 349,468	$ 139,708	$ 1,191,945
Adjustments for prior period	-	-	(632)	(39)
Overseas income tax	683	649	1,923	1,436
Deferred tax				
In respect of the current period	(42,224)	(10,237)	(204,271)	77,328
Income tax (benefit) expense recognized in loss	$ (42,521)	$ 339,880	$ (63,272)	$ 1,270,670

b. Income tax assessments

The Company’s tax returns through 2021 have been assessed by the tax authorities.

28. (LOSS) EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic (loss) earnings per share	$ (0.22)	$ 1.35	$ (0.37)	$ 4.52
Diluted (loss) earnings per share	$ (0.22)	$ 1.31	$ (0.37)	$ 4.35

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 period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
(Loss) income for the period attributable to owners of the Company	$ (407,919)	$ 2,500,178	$ (692,221)	$ 8,364,631

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	1,853,870	1,849,229	1,853,868	1,849,228
Effects of potentially dilutive ordinary shares:				
Restricted shares to employees	Note	4,590	Note	4,658
Compensation of employees or bonus issue to employees	Note	55,709	Note	67,115
Weighted average number of ordinary shares in computation of diluted earnings per share	1,853,870	1,909,528	1,853,868	1,921,001

Note: The potential shares have an anti-dilution effect for the net loss for the three and nine months ended September 30, 2023. Such shares are not included in the calculation of loss per share.

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares will be 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 was as below:

Approved Date	Grant Shares (Thousand)	Shares Granted by the Board of Directors (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 shares 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 Nine Months Ended September 30	
	2023	**2022**
Balance at January 1	15	4,826
Vested	(13)	(5)
Forfeited (Note)	(2)	(122)
Balance at September 30	-	4,699

Note: The forfeited shares for the nine months ended September 30, 2023 were 2 thousand shares which were already cancelled, for the nine months ended September 30, 2022, the forfeited shares were 30 thousand shares, which will be cancelled, and 92 thousand shares, which were already cancelled.

For the three months ended September 30, 2023 and 2022, the compensation cost recognized was $0 thousand and $13,354 thousand, respectively. For the nine months ended September 30, 2023 and 2022, the compensation cost recognized was $(49) thousand and $41,505 thousand, respectively.

30. GOVERNMENT GRANTS

As of September 30, 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 nine months ended September 30, 2023 and 2022, the Company recognized other income of $7,634 thousand and $10,775 thousand, respectively. For the nine months ended September 30, 2023 and 2022, the interest expense of the loan was $24,030 thousand and $12,112 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 that are measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign convertible preference shares	$ -	$ -	$ 181,869	$ 181,869
Financial assets at FVTOCI				
Equity securities				
Securities listed in ROC	$ 2,321,215	$ -	$ -	$ 2,321,215
Securities listed in other countries	440,637	-	-	440,637
Securities unlisted	-	-	712,332	712,332
	$ 2,761,852	$ -	$ 712,332	$ 3,474,184

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				
Equity securities				
Securities listed in 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

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign convertible preference shares	$ -	$ -	$ 176,460	$ 176,460
Financial assets at FVTOCI				
Equity securities				
Securities listed in ROC	$ 1,557,748	$ -	$ -	$ 1,557,748
Securities listed in other countries	691,144	-	-	691,144
Securities unlisted	-	-	634,646	634,646
	$ 2,248,892	$ -	$ 634,646	$ 2,883,538

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

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

For the nine months ended September 30, 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
Total gain recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	64,864	64,864
Effects of foreign currency exchange differences	8,793	-	8,793
Balance at September 30	$ 181,869	$ 712,332	$ 894,201

For the nine months ended September 30, 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
Total gain recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	20,267	20,267
Effects of foreign currency exchange differences	22,620	-	22,620
Balance at September 30	$ 176,460	$ 634,646	$ 811,106

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets			
Measured at amortized costs (1)	$ 18,384,492	$ 25,350,532	$ 27,454,220
Measured at FVTPL	181,869	173,076	176,460
Measured at FVTOCI	3,474,184	3,150,991	2,883,538
Financial liabilities			
Measured at amortized cost (2)	26,081,477	23,184,701	25,214,528

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange 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 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 Nine Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Pretax profit decrease	$ 36,177	$ 85,092	$ 140,605	$ 7,501

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 income for the nine months ended September 30, 2023 and 2022 would have decreased/increased by $75,434 thousand and $57,249 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.

Sensitive analysis

A sensitivity analysis of equity price 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 nine months ended September 30, 2023 and 2022 would have increased/decreased by $347,418 thousand and $288,354 thousand, respectively, as a result of the changes in fair value of available-for-sale investments.

2) Credit risk

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

Business related credit risk

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

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

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

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group’s ten largest customers accounted for 52%, 37% and 46% of its total trade receivables (including receivables from related parties), respectively. The Group believed that the concentration of credit risk was 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, undiscounted payments, including principal and estimated interest of interest bearing.

September 30, 2023

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Noninterest bearing	$ 7,308,476	$ -	$ -	$ -	$ 7,308,476
Lease liabilities	105,938	149,321	128,699	421,150	805,108
Interest bearing	2,662,968	7,491,422	7,502,686	3,819,902	21,476,978
	$ 10,077,382	$ 7,640,743	$ 7,631,385	$ 4,241,052	$ 29,590,562

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	$ 105,938	$ 278,020	$ 309,038	$ 97,751	$ 14,361	$ -

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Noninterest 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	$ -

September 30, 2022

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Noninterest bearing	$ 13,311,427	$ -	$ -	$ -	$ 13,311,427
Lease liabilities	109,093	178,353	129,079	485,500	902,025
Interest bearing	3,525,699	6,928,552	3,361,113	2,202,043	16,017,407
	$ 16,946,219	$ 7,106,905	$ 3,490,192	$ 2,687,543	$ 30,230,859

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	$ 109,093	$ 307,432	$ 312,533	$ 152,824	$ 20,143	$ -

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 were to 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 Party	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)	Other
Wolley Inc. (Wolley)	Other

b. Operating revenue

Items	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Sales	Key management personnel MegaChips	$ 2,717,495	$ 3,591,193	$ 7,715,801	$ 8,029,407

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 the monthly closing.

c. Purchases

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Key management personnel				
MegaChips	$ 16,858	$ 735,013	$ 1,146,953	$ 3,221,542

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

d. Receivables from related parties

Item	Related Party Category/Names	September 30, 2023	December 31, 2022	September 30, 2022
Receivables from related parties net	Key management personnel MegaChips	$ 1,197,252	$ 764,715	$ 2,012,848

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Item	Related Party Category/ Names	September 30, 2023	December 31, 2022	September 30, 2022
Payables to related parties	Key management personnel			
	MegaChips	$ 1,134,368	$ 2,628,765	$ 4,508,712
	The Group is its major management authority	117,137	113,391	113,592
		$ 1,251,505	$ 2,742,156	$ 4,622,304
Other payables to related parties	Others			
	MXIC Education	$ 6,038	$ -	$ 5,290
	Other	30	10	150
		$ 6,068	$ 10	$ 5,440

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

f. Other transactions with related parties

Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Manufacturing expenses	The Group is its major management authority				
	Ardentec	$ 102,703	$ 103,969	$ 315,542	$ 304,666
Operating expenses	Others				
	MXIC Education	$ 6,038	$ 5,290	$ 18,113	$ 15,869
	Wolley	-	-	12,511	-
		$ 6,038	$ 5,290	$ 30,624	$ 15,869

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

g. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits	$ 44,464	$ 182,523	$ 153,042	$ 660,564
Post-employment benefits	2,648	1,417	7,944	4,252
Share-based payments	-	2,229	-	6,592
Other long-term employee benefits	4	(2)	(15)	4
	$ 47,116	$ 186,167	$ 160,971	$ 671,412

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 agreement, land and dormitory lease agreement:

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment, net	$ -	$ 8,275,831	$ 8,527,454
Pledge deposits (classified as other financial assets - non-current)	193,173	207,223	207,223
	$ 193,173	$ 8,483,054	$ 8,734,677

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2023 were as follows:

a. As of September 30, 2023, December 31, 2022 and September 30, 2022, unused letters of credit amounted to approximately $111,332 thousand, $1,045,461 and $368,088 thousand, respectively.

b. Unrecognized commitments are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property plant and equipment	$ 5,083,570	$ 8,623,775	$ 10,475,094

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 September 30, 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 to continue participating 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, and the unrecognized contract amount is US$7,000 thousand.

e. 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 September 30, 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$16,376 thousand and US$75,240 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 of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2023

	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
JPY	$ 12,860,818	0.2162	$ 2,780,509
USD	98,049	32.27	3,164,056
			$ 5,944,565
Financial liabilities			
Monetary items			
JPY	6,357,367	0.2162	$ 1,374,463
USD	60,680	32.27	1,958,138
			$ 3,332,601

December 31, 2022

	Foreign Currency (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

September 30, 2022

	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
JPY	$ 22,242,505	0.2201	$ 4,895,575
USD	156,547	31.75	4,970,376
			$ 9,865,951
Financial liabilities			
Monetary items			
JPY	21,901,712	0.2201	$ 4,820,567
USD	67,212	31.75	2,133,971
			$ 6,954,538

Realized and unrealized net foreign exchange gains were $86,328 thousand and $337,657 thousand for the three months ended September 30, 2023 and 2022, respectively; and $182,872 thousand and $816,730 thousand for the nine months ended September 30, 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.

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 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	September 30, 2023				Shares as Collateral
				Shares/Unit	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	$ 2,246,992	7.33	$ 2,246,992	None
	United Industrial Gases Co., Ltd.	None	〃	6,671,877	630,959	3.06	630,959	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	74,223	0.15	74,223	None
	Tower Semiconductor Ltd.	None	〃	464,000	367,744	0.42	367,744	None
	Amphastar Pharmaceuticals, Inc.	None	〃	49,116	72,893	0.10	72,893	None
	Foreign Convertible Preference Shares							
	Kneron Holding Corporation	None	Financial assets at FVTPL - non-current	566,711	92,827	0.83	92,827	None
	Wolley Inc.	Associate (Note)	〃	2,400,000	89,042	18.13	89,042	None
Hui Ying	Shares							
	Macronix International Co., Ltd.	The Company	Financial assets at FVTOCI - non-current	1,956,619	61,927	0.11	61,927	None
	Raio Technology Co., Ltd.	None	〃	1,247,288	31,831	10.03	31,831	None
	Genovior Biotech Corporation	None	〃	6,270,000	28,842	3.98	28,842	None
Run Hong	Shares							
	Genovior Biotech Corporation	None	Financial assets at FVTOCI - non-current	4,500,000	20,700	2.86	20,700	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. AND SUBSIDIARY

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 Term	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	MegaChips	Its subsidiary, Shun Ying Investment, is represented in MXIC's board of directors	Sales	$ 7,715,801	36	30 days after monthly closing	Note 33	Note 33	$ 1,197,252	29	-
	MXHK	Subsidiary	Sales	1,928,279	9	45 days after monthly closing	Note 33	Note 33	347,062	8	-
	MXA	Subsidiary	Sales	1,031,342	5	Net 60 days	Note 33	Note 33	137,765	3	-
	MegaChips	Its subsidiary, Shun Ying Investment, is represented in MXIC's board of directors	Purchase	1,146,953	20	30 days after monthly closing and after acceptance of materials	Note 33	Note 33	1,134,368	33	-
MXHK	The Company	Subsidiary	Purchase	US$ 62,558	100	45 days after monthly closing	No material difference	No material difference	US$ 10,755	100	-
MXA	The Company	Subsidiary	Purchase	US$ 33,490	100	Net 60 days	No material difference	No material difference	US$ 4,269	100	-

TABLE 3

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 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	$ 1,197,252	10.49 times	$ -	-	$ - thousand	$ -
	MXHK	Subsidiary	347,062	8.46 times	-	-	262,071 thousand	-
	MXA	Subsidiary	137,765	7.80 times	-	-	121,971 thousand	-

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
			Financial Statement Accounts	Amount	Payment Term	% to Total Revenue or Assets
The Company	MXHK	1	Sales	$ 1,928,279	Note 2	9
			Net receivable from related parties	347,062	-	-
	MXE	1	Operating expenses	141,565	-	1
			Other payables to related parties	62,868	-	-
	MXA	1	Sales	1,031,342	Note 2	5
			Operating expenses	170,900	-	1
			Net receivable from related parties	137,765	-	-
			Other payables to related parties	70,687	-	-
	Mxtran	1	Rental revenue	326	Note 3	-
	MX Asia	1	Operating expenses	110,186	-	1
			Other payables to related parties	36,362	-	-
MXHK	Mxm	3	Operating expenses	295,860	-	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 sale price referred to the product price to end customer.

Note 3: The Company leased office 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 of third parties.

TABLE 5

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 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	$ 396,989	$ (1,775)	$ (1,775)	Subsidiary
	MXBVI	Tortola, British Virgin Islands	Investment holding company	6,744,008	7,348,057	192,291,722	100.00	2,259,273	160,083	(8,965)	Subsidiary
	MXHK	Hong Kong	Sales and marketing	598,700	-	89,700,000	100.00	419,007	(181,792)	(128,224)	Subsidiary
	MPL	Singapore	After-sales services	5,348	-	174,000	100.00	6,627	1,082	825	Subsidiary
	Hui Ying	Taipei, Taiwan	Investment	500,000	500,000	-	100.00	108,653	15,532	12,010	Subsidiary
	Run Hong	Taipei, Taiwan	Investment	1,014,432	1,014,432	-	100.00	29,343	(2)	(2)	Subsidiary
	Mxtran	Hsinchu, Taiwan	IC design	755,287	755,287	69,627,323	90.43	12,367	1,012	915	Subsidiary
MXBVI	NTTI	San Jose, California, U.S.A.	IC design	923,403	923,403	28,250,000	100.00	310,050	(8,872)	Note	Subsidiary
	MXE	Belgium	After-sales services	2,106	2,106	1,000	100.00	154,381	7,233	Note	Subsidiary
	MX Asia	Cayman Island	After-sales services	19,744	19,744	600,000	100.00	73,435	4,917	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	633	1,012	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.

TABLE 6

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward	Inward						
MXm	Development of integrated circuit system and software	$ 296,160	MXHK (Note 2)	$ 296,160	$ -	$ -	$ 296,160	$ 15,668	100	$ 15,668	$ 462,078	$ -

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 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	$ 29,399,136

Note 1: The amount was recognized based on the unreviewed 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.