Vanguard International Semiconductor Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2026 and 2025 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Vanguard International Semiconductor Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Vanguard International Semiconductor Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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

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.

Conclusion

Based on our reviews, 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 March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 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 Te-Chen Cheng and Chih-Yuan Wen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 4, 2026

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

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

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2026 Amount	%	December 31, 2025 Amount	%	March 31, 2025 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 34)	$ 39,913,377	18	$ 39,076,140	20	$ 57,037,194	37
Financial assets at fair value through profit or loss (Notes 7 and 34)	11,188	-	6,136	-	1,655	-
Financial assets at amortized cost (Notes 9, 10 and 34)	2,173,155	1	2,075,368	1	5,121,907	3
Hedging financial assets (Notes 6, 11 and 34)	4,439,249	2	558,833	-	2,750,124	2
Notes and accounts receivable, net (Notes 12, 26 and 34)	6,830,599	3	6,368,898	3	6,603,707	4
Receivables from related parties (Notes 26, 34 and 35)	372,029	-	379,272	-	362,054	-
Other receivables (Note 34)	6,526,399	3	4,275,440	2	1,578,285	1
Other receivables from related parties (Notes 34 and 35)	1,937,374	1	4,421,341	2	1,264,596	1
Inventories (Note 13)	7,504,662	3	6,936,952	4	6,135,257	4
Prepayments	1,254,557	1	2,590,676	1	892,053	1
Other current assets (Notes 19, 34 and 36)	211,159	-	208,150	-	179,589	-
Total current assets	71,173,748	32	66,897,206	33	81,926,421	53
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Notes 8 and 34)	1,486,423	1	1,793,134	1	1,866,769	1
Financial assets at amortized cost (Notes 9, 10 and 34)	4,912,760	2	5,192,124	3	3,060,843	2
Investments accounted for using equity method (Note 15)	2,427,691	1	2,435,178	1	2,542,240	2
Property, plant and equipment (Notes 16 and 31)	128,157,254	58	113,869,375	57	53,989,427	35
Right-of-use assets (Note 17)	3,578,695	2	3,711,303	2	4,025,085	3
Intangible assets (Note 18)	3,859,549	2	3,073,006	1	3,253,517	2
Deferred income tax assets (Notes 4 and 28)	2,282,359	1	2,171,645	1	2,258,246	1
Refundable deposits (Note 34)	9,713	-	13,752	-	7,203	-
Other non-current assets (Notes 19, 34 and 36)	1,317,745	1	1,312,055	1	1,498,999	1
Total non-current assets	148,032,189	68	133,571,572	67	72,502,329	47
TOTAL ASSETS	$ 219,205,937	100	$ 200,468,778	100	$ 154,428,750	100

LIABILITIES AND EQUITY	March 31, 2026 Amount	%	December 31, 2025 Amount	%	March 31, 2025 Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Notes 22, 32 and 34)	$ 2,210,525	1	$ 5,520,805	3	$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 7 and 34)	185,258	-	56,335	-	$ 42,926	-
Contract liabilities (Notes 26 and 35)	5,536,306	3	5,972,628	3	7,712,091	5
Notes and accounts payable (Note 34)	1,846,021	1	1,697,312	1	1,318,074	1
Payables to related parties (Notes 34 and 35)	19,291	-	26,892	-	-	-
Accrued compensation of employees and remuneration of directors (Notes 27 and 34)	2,585,600	1	2,037,429	1	2,222,932	1
Payables to contractors and equipment suppliers (Notes 34 and 35)	10,873,261	5	19,298,240	10	1,736,339	1
Other payables (Notes 20 and 34)	4,934,209	2	5,462,677	3	4,049,449	3
Other payables to related parties (Notes 34, 35 and 37)	2,082,250	1	1,749,342	1	1,150,006	1
Current income tax liabilities (Notes 4 and 28)	1,668,273	1	1,116,863	-	1,563,057	1
Lease liabilities (Notes 17, 32 and 34)	237,593	-	236,508	-	239,371	-
Current portion of bonds payable (Notes 23, 32 and 34)	11,997,532	5	4,998,905	2	-	-
Other current liabilities (Notes 21, 32 and 34)	3,714,064	2	3,430,309	2	3,938,526	2
Total current liabilities	47,890,183	22	51,604,245	26	23,972,771	15
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 34)	136,617	-	-	-	-	-
Contract liabilities (Notes 26 and 35)	44,068,783	20	40,178,843	20	27,512,791	18
Bonds payable (Notes 4, 23, 32 and 34)	19,010,576	9	15,989,944	8	20,985,163	14
Long-term bank borrowings (Notes 22, 32 and 34)	5,376,800	2	1,870,200	1	100,000	-
Deferred income tax liabilities (Notes 4 and 28)	1,597,873	1	1,634,966	1	1,526,376	1
Lease liabilities (Notes 17, 32 and 34)	3,218,811	1	3,322,195	2	3,452,151	2
Long-term payables to related parties (Notes 34, 35 and 37)	1,202,400	1	707,490	-	2,237,490	1
Net defined benefit liabilities (Notes 4 and 24)	201,141	-	202,430	-	189,913	-
Guarantee deposits (Notes 34 and 35)	1,561,141	1	1,173,180	-	2,261,024	2
Other non-current liabilities (Notes 21 and 34)	227,187	-	195,758	-	116,629	-
Total non-current liabilities	76,601,329	35	65,275,006	32	58,381,537	38
Total liabilities	124,491,512	57	116,879,251	58	82,354,308	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 11, 23, 25 and 30)						
Share capital	18,670,782	9	18,670,782	9	18,665,401	12
Capital surplus	19,829,457	9	19,015,223	9	18,884,925	12
Retained earnings						
Legal reserve	10,488,343	5	10,488,343	5	9,782,965	6
Unappropriated earnings	18,993,295	8	16,615,252	9	20,240,410	13
Total retained earnings	29,481,638	13	27,103,595	14	30,023,375	19
Other equity	434,345	-	(912,834)	-	(811,336)	-
Total equity attributable to owners of the Company	68,416,222	31	63,876,766	32	66,762,365	43
NON-CONTROLLING INTERESTS (Notes 25 and 32)	26,298,203	12	19,712,761	10	5,312,077	4
Total equity	94,714,425	43	83,589,527	42	72,074,442	47
TOTAL LIABILITIES AND EQUITY	$ 219,205,937	100	$ 200,468,778	100	$ 154,428,750	100

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

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
NET REVENUE (Notes 26 and 35)	$ 12,531,629	100	$ 11,949,331	100
COST OF REVENUE (Notes 13, 27, 31 and 35)	8,860,629	71	8,352,408	70
GROSS PROFIT	3,671,000	29	3,596,923	30
OPERATING EXPENSES (Notes 27, 31 and 35)				
Marketing	159,347	1	129,421	1
General and administrative	814,943	6	708,808	6
Research and development	610,156	5	520,574	4
Total operating expenses	1,584,446	12	1,358,803	11
OPERATING INCOME	2,086,554	17	2,238,120	19
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 27)	411,470	3	558,632	5
Other income (Note 31)	5,619	-	3,207	-
Gain on disposal of property, plant and equipment	2,040	-	-	-
Net foreign exchange gain	374,129	3	45,964	-
Interest expense (Note 27)	(86,294)	(1)	(85,196)	(1)
Loss on financial assets and liabilities at fair value through profit or loss (Note 27)	(331,234)	(3)	(46,941)	(1)
Share of loss of associates and joint ventures accounted for using equity method (Note 15)	(25,716)	-	(39,013)	-
Total non-operating income and expenses	350,014	2	436,653	3
INCOME BEFORE INCOME TAX	2,436,568	19	2,674,773	22
INCOME TAX EXPENSE (Notes 4 and 28)	(272,904)	(2)	(268,720)	(2)
NET INCOME	2,163,664	17	2,406,053	20

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VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Note 25)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$ 239,719	2	$ (303,190)	(3)
Gain on hedging instruments (Note 11)	74,976	1	81,278	1
Share of other comprehensive loss of associates and joint ventures accounted for using equity method	(277)	-	(215)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	1,491,478	12	342,352	3
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	3	-	(114)	-
Total other comprehensive income	1,805,899	15	120,111	1
TOTAL COMPREHENSIVE INCOME	$ 3,969,563	32	$ 2,526,164	21
NET INCOME ATTRIBUTABLE TO				
Owner of the Corporation	$ 2,246,077	18	$ 2,413,826	20
Non-controlling interests	(82,413)	(1)	(7,773)	-
	$ 2,163,664	17	$ 2,406,053	20
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Owner of the Corporation	$ 3,527,168	28	$ 2,446,758	20
Non-controlling interests	442,395	4	79,406	1
	$ 3,969,563	32	$ 2,526,164	21
EARNINGS PER SHARE (Note 29)				
Basic	$ 1.22		$ 1.31	
Diluted	$ 1.18		$ 1.30	

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

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company									
			Retained Earnings		Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Unearned Employee Compensation	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2025	$ 18,666,467	$ 18,865,089	$ 9,782,965	$ 17,826,712	$ 1,212,688	$ (11,827)	$ 5,655	$ (2,243,323)	$ 4,562,599	$ 68,667,025
Changes in capital surplus from investments in associates and joint ventures accounted for using equity method	-	18,770	-	-	-	-	-	-	-	18,770
Employee restricted shares awaiting retirement	(1,066)	1,066	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	188,293	-	188,293
Increase in non-controlling interests	-	-	-	-	-	-	-	-	656,000	656,000
Net income for the three months ended March 31, 2025	-	-	-	2,413,826	-	-	-	-	(7,773)	2,406,053
Other comprehensive income for the three months ended March 31, 2025	-	-	-	(128)	282,131	(303,277)	54,206	-	87,179	120,111
Total comprehensive income for the three months ended March 31, 2025	-	-	-	2,413,698	282,131	(303,277)	54,206	-	79,406	2,526,164
Gain on hedging instruments transferred to initial cost of hedged items	-	-	-	-	-	-	4,118	-	14,072	18,190
BALANCE AT MARCH 31, 2025	$ 18,665,401	$ 18,884,925	$ 9,782,965	$ 20,240,410	$ 1,494,819	$ (315,104)	$ 63,979	$ (2,055,030)	$ 5,312,077	$ 72,074,442
BALANCE AT JANUARY 1, 2026	$ 18,670,782	$ 19,015,223	$ 10,488,343	$ 16,615,252	$ 1,123,466	$ (464,474)	$ 2,649	$ (1,574,475)	$ 19,712,761	$ 83,589,527
Equity component of convertible bonds issued	-	805,494	-	-	-	-	-	-	-	805,494
Changes in capital surplus from investments in associates and joint ventures accounted for using equity method	-	16,848	-	-	-	-	-	-	-	16,848
Share-based payment	-	(8,108)	-	-	-	-	-	205,059	-	196,951
Increase in non-controlling interests	-	-	-	-	-	-	-	-	6,142,824	6,142,824
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	131,966	-	(131,966)	-	-	-	-
Net income for the three months ended March 31, 2026	-	-	-	2,246,077	-	-	-	-	(82,413)	2,163,664
Other comprehensive income for the three months ended March 31, 2026	-	-	-	-	960,166	239,442	81,483	-	524,808	1,805,899
Total comprehensive income for the three months ended March 31, 2026	-	-	-	2,246,077	960,166	239,442	81,483	-	442,395	3,969,563
Loss on hedging instruments transferred to initial cost of hedged items	-	-	-	-	-	-	(7,005)	-	223	(6,782)
BALANCE AT MARCH 31, 2026	$ 18,670,782	$ 19,829,457	$ 10,488,343	$ 18,993,295	$ 2,083,632	$ (356,998)	$ 77,127	$ (1,369,416)	$ 26,298,203	$ 94,714,425

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

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,436,568	$ 2,674,773
Adjustments for:		
Depreciation	2,177,263	2,021,126
Amortization	14,656	24,669
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	3,279	(11)
Interest expense	86,294	85,196
Interest income	(411,470)	(558,632)
Share-based payment	196,951	188,293
Share of loss of associates and joint ventures	25,716	39,013
Gain on disposal of property, plant and equipment	(2,040)	-
Net loss (gain) on foreign exchange	5,023	(30,550)
Others	-	(44)
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	(5,052)	(1,655)
Notes and accounts receivable	(831,373)	(1,329,196)
Receivables from related parties	7,244	52,390
Other receivables	814,986	73,158
Other receivables from related parties	(50,087)	394,640
Inventories	(567,710)	85,311
Prepayments	1,336,119	(62,119)
Other current assets	203	(2,520)
Financial liabilities held for trading	128,923	41,828
Contract liabilities	5,162,115	3,501,077
Notes and accounts payable	148,709	(98,061)
Payable to related parties	(7,601)	(119)
Other payables	(475,674)	(186,541)
Other payables to related parties	144,687	149,128
Other current liabilities	140,966	280,378
Net defined benefit liabilities	(1,289)	(65,950)
Accrued compensation of employees and remuneration of directors	548,171	396,649
Cash generated from operations	11,025,577	7,672,231
Interest received	419,357	420,420
Interest paid	(146,197)	(135,306)
Income tax refunded (paid)	133,389	(46,234)
Net cash generated from operating activities	11,432,126	7,911,111

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VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2026	**2025**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at amortized cost	$ (746,930)	$ (1,414,529)
Proceeds from redemption of financial assets at amortized cost	1,073,921	1,992,272
Proceeds from disposal of financial assets at fair value through profit or loss	-	140,000
Acquisition of investments accounted for using equity method	-	(454)
Acquisitions of property, plant and equipment	(25,180,284)	(10,231,188)
Proceeds from disposal of property, plant and equipment	2,040	-
Decrease (increase) in refundable deposits	4,039	(1,679)
Acquisitions of intangible assets	(100,133)	(6,592)
Increase in other non-current assets	(70)	(69)
Proceeds from government grant - property, plant and equipment	-	6,943
Net cash used in investing activities	(24,947,417)	(9,515,296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(3,308,111)	-
Proceeds from issuance of bonds	10,963,750	-
Increase in long-term borrowings	3,500,000	100,000
Increase (decrease) in guarantee deposits	916,621	(91,174)
Repayment of the principal portion of lease liabilities	(76,108)	(65,889)
Changes in non-controlling interests	6,142,824	656,000
Payment for cost of financing	(34,391)	(132,000)
Net cash generated from financing activities	18,104,585	466,937
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	128,359	229,354
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,717,653	(907,894)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	39,634,973	60,695,212
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 44,352,626	$ 59,787,318

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VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

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

RECONCILIATION BETWEEN BALANCE SHEETS AND STATEMENTS OF CASH FLOWS

	March 31	
	2026	2025
Cash and cash equivalents in the consolidated balance sheets	$ 39,913,377	$ 57,037,194
Cash and cash equivalents included in hedging financial assets	4,439,249	2,750,124
Cash and cash equivalents in the consolidated statements of cash flows	$ 44,352,626	$ 59,787,318

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

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Vanguard International Semiconductor Corporation (the "Corporation") was incorporated in Hsinchu Science Park in December 1994 and commenced business in January 1995. The Corporation engages mainly in the manufacturing, selling, packaging, testing and computer-aided design of integrated circuits and other semiconductor devices and manufacturing of masks, and the import and export of the related foregoing products.

The Corporation's shares have been traded over the counter on the Taipei Exchange since March 25, 1998.

The functional currency of the Corporation is the New Taiwan dollar. The consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Corporation's board of directors on May 4, 2026.

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

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

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

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

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

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

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

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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 which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

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

Assets and liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

d. Basis of consolidation

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

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 Corporation 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 Corporation.

See Note 14, Table 6 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements were consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2025.

1) Financial instruments

<u>Financial liabilities</u>

- Convertible bonds

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

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

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

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

2) 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.

3) Taxation

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

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

When developing material accounting estimates, the Group considers the possible impact of inflation and interest fluctuations and volatility in foreign currency on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. For other material accounting judgments and key sources of estimation uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2025.

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Bank deposits	$ 22,884,040	$ 28,205,829	$ 40,909,158
Cash equivalents			
Commercial paper	5,577,916	5,210,391	12,888,630
Bonds acquired under repurchase agreements	11,451,421	5,659,920	3,239,406
	$ 39,913,377	$ 39,076,140	$ 57,037,194

The market rate intervals of cash and cash equivalents at the end of the reporting period were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Bank deposits	0%-4.30%	0%-4.30%	0%-4.83%
Commercial paper	1.66%-4.05%	1.60%-4.10%	1.69%-4.80%
Bonds acquired under repurchase agreements	1.69%-4.09%	3.95%-4.11%	1.58%-4.65%

As of March 31, 2026, December 31, 2025 and March 31, 2025, the amounts of foreign currency bank deposits of $4,439,249 thousand, $558,833 thousand and $2,750,124 thousand are designated as hedging instruments to avoid foreign currency risk and are classified as hedging financial assets, refer to Note 11.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets mandatorily classified as at FVTPL			
Derivative instruments (not designated for hedging)			
Forward exchange contracts (a)	$ 11,188	$ 6,136	$ 1,655
Financial liabilities held for trading - current			
Derivative instruments (not designated for hedging)			
Forward exchange contracts (a)	$ 185,258	$ 56,335	$ 42,926
Financial liabilities held for trading - non-current			
Convertible bond redeems and options (Note 23)	$ 136,617	$ -	$ -

a. At the end of the reporting period, outstanding forward exchange contracts that did not meet the criteria of hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
March 31, 2026			
Sell forward exchange contracts	USD to NTD	2026.04.02-2026.07.02	US$ 370,000
Sell forward exchange contracts	USD to SGD	2026.04.06-2026.06.24	US$ 28,500
Buy forward exchange contracts	USD to RMB	2026.06.16	US$ 18,100
Buy forward exchange contracts	SGD to USD	2026.04.09-2026.04.10	SGD 38,315
Buy forward exchange contracts	JPY to USD	2026.04.09	JPY 2,391,750
Buy forward exchange contracts	EUR to USD	2026.04.09	EUR 2,000
December 31, 2025			
Sell forward exchange contracts	USD to NTD	2026.01.02-2026.04.07	US$ 170,000
Sell forward exchange contracts	USD to SGD	2026.02.26-2026.04.06	US$ 10,500
Buy forward exchange contracts	USD to SGD	2026.01.12-2026.03.18	US$ 7,500
Buy forward exchange contracts	JPY to USD	2026.01.20	JPY 5,457,200
March 31, 2025			
Sell forward exchange contracts	USD to SGD	2025.04.14	US$ 3,000
Sell forward exchange contracts	USD to NTD	2025.05.12-2025.06.25	US$ 93,000
Buy forward exchange contracts	SGD to USD	2025.06.27	SGD 26,663

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instruments	March 31, 2026	December 31, 2025	March 31, 2025
Domestic investments			
Listed shares	$ -	$ -	$ -
Emerging market shares	706,484	558,093	688,748
Unlisted shares	454,430	337,238	245,423
Foreign investments			
Unlisted shares	325,509	897,803	932,598
Financial assets at FVTOCI - non current	$ 1,486,423	$ 1,793,134	$ 1,866,769

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 Corporation's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2026	December 31, 2025	March 31, 2025
Current			
Foreign investments			
Corporate bonds	$ 2,173,155	$ 2,075,368	$ 5,121,907
Non-current			
Foreign investments			
Corporate bonds	$ 4,912,760	$ 5,192,124	$ 3,060,843

At the end of the date, corporate bonds bought by the Corporation were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Purchase amount (in thousands)	US$ 221,300	US$ 231,300	US$ 248,800
Coupon rate	1.30%-5.80%	1.25%-5.80%	0.75%-5.90%
Effective interest rate	4.00%-5.70%	4.00%-6.38%	4.40%-6.50%

Please refer to Note 10 for information relating to their credit risk management and assessment of impairment.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follow:

	March 31, 2026	December 31, 2025	March 31, 2025
Gross carrying amount	$ 7,085,915	$ 7,267,492	$ 8,182,750
Less: Allowance for impairment loss	-	-	-
Amortized cost	$ 7,085,915	$ 7,267,492	$ 8,182,750

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group continued to review the changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the initial recognition to the reporting date.

In determining the 12-months expected credit losses (ECLs) for debt instrument investments, the Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries.

The Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing ECLs
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Category	Performing	Performing	Performing
Expected loss rate	0%	0%	0%
Gross carrying amount			
At amortized cost	$ 7,085,915	$ 7,267,492	$ 8,182,750

11. HEDGING FINANCIAL ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Current hedging financial assets			
Cash flow hedge			
Hedging of foreign currency deposits	$ 4,439,249	$ 558,833	$ 2,750,124

In order to manage the cash flow risk resulting from exchange rate fluctuations of commitment to equipment purchasing as well as expected transactions for the procurement of raw materials, the Group designated the foreign currency deposits as hedging instruments. When forecast purchases actually take place, basis adjustments are made to the initial carrying amounts of procurement and raw materials hedged items.

As the hedge for commitment of equipment purchasing and expected procurement of raw materials, the carry amount of the foreign currency deposits is based on the terms of relative hedged items. The Group qualitatively assessed the effectiveness and considered that the value of foreign currency deposits have a negative correlation with the value of the corresponding hedged items in response to the movements of the underlying exchange rates.

The source of hedge ineffectiveness in these hedging relationships is driven by the effect the counterparty's credit risk on the fair value of hedging instruments. This credit risk will not affect the fair value changes hedged transaction due to exchange rate changes and the changes in the timing of the hedged transaction. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables summarize the information relating to the hedges of foreign currency risk:

March 31, 2026

Hedging Instrument/ Hedged Item	Amount (In Thousands)	Line Item in Balance Sheet	Carrying Amount	
			Asset	Liability
Cash flow hedge				
Hedging of foreign currency deposits/committed	JPY 1,730,150	Current hedging financial assets	$ 347,591	$ -
equipment purchase and expected procurement of raw	US$ 118,429	Current hedging financial assets	3,797,311	-
materials	EUR 8,000	Current hedging financial assets	294,347	-

Hedging Instrument/ Hedged Item	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity	
			Continuing Hedges	Discounting Hedges
Cash flow hedge				
Hedging of foreign currency deposits/committed equipment purchase and expected procurement of raw materials	$ 74,976	$ (74,976)	$ 52,144	$ 10,853

For the three months ended March 31, 2026

Comprehensive Income	Hedging Gain (Loss) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit and Loss	Line Item of Ineffectiveness	Amount from Equity Reclassified to Profit and Loss: Due to Hedged Item Affecting Profit and Loss	Amount from Equity Reclassified to Profit and Loss: Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Committed equipment purchase and expected procurement of raw materials	$ 74,976	$ -	-	$ -	$ -

December 31, 2025

Hedging Instrument/ Hedged Item	Amount (In Thousands)		Line Item in Balance Sheet	Carrying Amount: Asset	Carrying Amount: Liability
Cash flow hedge					
Hedging of foreign currency deposits/committed equipment purchase	JPY	1,730,150	Current hedging financial assets	$ 347,667	$ -
	US$	3,637	Current hedging financial assets	114,361	-
	EUR	2,623	Current hedging financial assets	96,805	-

Hedging Instrument/ Hedged Item	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity: Continuing Hedges	Balance in Other Equity: Discounting Hedges
Cash flow hedge				
Hedging of foreign currency deposits/committed equipment purchase	$ 114,544	$ (114,544)	$ (16,050)	$ 18,053

For the year ended December 31, 2025

Comprehensive Income	Hedging Gain (Loss) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit and Loss	Line Item of Ineffectiveness	Amount from Equity Reclassified to Profit and Loss: Due to Hedged Item Affecting Profit and Loss	Amount from Equity Reclassified to Profit and Loss: Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Committed equipment purchase	$ 114,544	$ -	-	$ -	$ -

March 31, 2025

Hedging Instrument/ Hedged Item	Amount (In Thousands)		Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Cash flow hedge					
Hedging of foreign currency deposits/committed equipment purchase	JPY	9,051,566	Current hedging financial assets	$ 1,989,292	$ -
	US$	21,663	Current hedging financial assets	718,076	-
	EUR	1,195	Current hedging financial assets	42,756	-

Hedging Instrument/ Hedged Item	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity	
			Continuing Hedges	Discounting Hedges
Cash flow hedge				
Hedging of foreign currency deposits/committed equipment purchase	$ 81,278	$ (81,278)	$ 72,535	$ -

For the three months ended March 31, 2025

Comprehensive Income	Hedging Gain (Loss) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit and Loss	Line Item of Ineffectiveness	Amount from Equity Reclassified to Profit and Loss	
				Due to Hedged Item Affecting Profit and Loss	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Committed equipment purchase	$ 81,278	$ -	-	$ -	$ -

12. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Notes and accounts receivable			
At amortized cost			
Gross carrying amount	$ 6,831,330	$ 6,369,629	$ 6,604,438
Less: Allowance for impairment loss	(731)	(731)	(731)
	$ 6,830,599	$ 6,368,898	$ 6,603,707

At amortized cost

The average credit period on sales of goods is 30 to 60 days after month closing. No interest was charged on notes and accounts receivable. Because the discounted effect of accounts receivable was not significant, it was measured by the original invoice amount. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group applies the simplified approach prescribed by IFRS 9 which permits the use of lifetime ECL as the provision loss of trade receivables. The lifetime ECLs are estimated using a provision matrix approach considering the debtors’ past default experience, the debtors’ current financial position, economic condition of the industry as well as the forecasted GDP and industry outlook. As the Group’s historical experience shows no significant difference on individual customer, the Group’s provision matrix does not distinguish different customer base. The expected credit loss rates are estimated based on past due days of the trade receivables.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group’s provision matrix.

March 31, 2026

Item	Not Past Due	Past Due Less than 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Gross carrying amount	$ 6,795,999	$ 15,796	$ 2,743	$ 16,792	$ 6,831,330
Loss allowance (Lifetime ECL)	-	-	-	(731)	(731)
Amortized cost	$ 6,795,999	$ 15,796	$ 2,743	$ 16,061	$ 6,830,599

December 31, 2025

Item	Not Past Due	Past Due Less than 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Gross carrying amount	$ 6,291,570	$ 71,835	$ 3,201	$ 3,023	$ 6,369,629
Loss allowance (Lifetime ECL)	-	-	-	(731)	(731)
Amortized cost	$ 6,291,570	$ 71,835	$ 3,201	$ 2,292	$ 6,368,898

March 31, 2025

Item	Not Past Due	Past Due Less than 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Gross carrying amount	$ 6,533,585	$ 67,505	$ 232	$ 3,116	$ 6,604,438
Loss allowance (Lifetime ECL)	-	-	-	(731)	(731)
Amortized cost	$ 6,533,585	$ 67,505	$ 232	$ 2,385	$ 6,603,707

The movement of the loss allowance of accounts receivables were as follows:

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning and at the end of the period	$ 731	$ 731

13. INVENTORIES

	March 31, 2026	December 31, 2025	March 31, 2025
Finished goods	$ 427,628	$ 637,558	$ 387,686
Work in process	3,535,505	2,971,088	2,780,413
Raw materials	1,306,869	1,353,609	1,284,382
Supplies and spare parts	2,234,660	1,974,697	1,682,776
	$ 7,504,662	$ 6,936,952	$ 6,135,257

Cost of revenue write-downs of inventory and unallocated manufacturing overhead included in the cost of revenue were as follows:

	For the Three Months Ended March 31	
	2026	2025
Cost of revenue	$ 8,860,629	$ 8,352,408
Write-down of provision of inventory valuation and obsolescence loss	$ 18,062	$ 5,956
Unallocated manufacturing overhead	$ 97,659	$ 162,601

14. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership		
Investor	Investee	Nature of Activities	March 31, 2026	December 31, 2025	March 31, 2025
Vanguard International Semiconductor Corporation	VIS Associates Inc.	Investments	100%	100%	100%
Vanguard International Semiconductor Corporation	VIS Shanghai Company Limited	Marketing services	100%	100%	100%
Vanguard International Semiconductor Corporation	Vanguard International Semiconductor Singapore Pte. Ltd.	Manufacturing, selling and packaging	100%	100%	100%
Vanguard International Semiconductor Corporation	VisionPower Semiconductor Manufacturing Company Pte. Ltd.	Manufacturing selling and packaging	60%	60%	60%
VIS Associates Inc.	VIS Investment Holding, Inc.	Investments	100%	100%	100%
VIS Investment Holding, Inc.	VIS Micro, Inc.	Marketing services	100%	100%	100%

On February 11, 2026, the board of directors of Vanguard International Semiconductor Singapore Pte. Ltd. resolved to conduct a cash capital increase of 57,011 thousand shares for a total consideration of SGD 57,011 thousand. As of March 31, 2026, the Corporation held an aggregate of 457,011 thousand ordinary shares of Vanguard International Semiconductor Singapore Pte. Ltd., representing a continuing ownership interest of 100%.

As of March 31, 2026, the Corporation's accumulative investment in VisionPower Semiconductor Manufacturing Company Pte. Ltd. (hereinafter referred to as "VSMC") amounted to US$1,280,800 thousand, of which US$40,000 thousand has not yet been registered for change. VSMC total paid-in capital amounted to US$2,068,000 thousand, and the Corporation holds 60% equity interest.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	March 31, 2026	December 31, 2025	March 31, 2025
Material associate			
Episil Technologies Inc.	$ 2,363,337	$ 2,366,713	$ 2,424,917
Associates individually immaterial			
Qromis, Inc.	63,900	68,011	116,869
Episil-Precision Inc.	454	454	454
	$ 2,427,691	$ 2,435,178	$ 2,542,240

Material Associate

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights: March 31, 2026	December 31, 2025	March 31, 2025
Episil Technologies Inc.	Epitaxy wafer and wafer foundry service of power IC and analog IC	Taiwan	12%	13%	13%

The market prices of the associates' ownership held by the Corporation in publicly traded stocks calculated by the closing price are summarized as follows:

The closing price represents the quoted price in active markets, the Level 1 fair value measurement.

Name of Associate	March 31, 2026	December 31, 2025	March 31, 2025
Episil Technologies Inc.	$ 2,442,500	$ 2,590,000	$ 2,087,500
Episil-Precision Inc.	$ 518	$ 511	$ 354

On February 19, 2025, the Group additionally acquired investments 10 thousand shares of Episil-precision Inc., Ltd. (hereinafter referred to as "Episil-precision") for $454 thousand, with a shareholding ratio of approximately 0.0035%. Since Episil-precision is a subsidiary of Episil Technologies Inc. (hereinafter referred to as "Episil") and the Group holds a board seat, the Group is considered to have significant influence over Episil-precision, therefore, accounts for the investment using the equity method.

Please refer to Table 6 "Information on Investees" for the nature of business, principal place of business and country of incorporation of the associates.

The investments in associates accounted for using equity method, the share of net profit or loss and the share of other comprehensive income (loss) from investments were calculated based on the unreviewed financial statements. The Group's management considered the use of unreviewed financial statements of the investees did not have material impact on its consolidated financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Other Equipment	Advance Payments and Construction in Progress	Total
Cost					
Balance at January 1, 2026	$ 25,082,932	$ 106,632,643	$ 968,306	$ 89,601,129	$ 222,285,010
Additions	31,565	159,613	1,449	14,219,237	14,411,864
Capitalization of expenses	-	-	-	83,439	83,439
Disposal	(26,894)	(216,922)	-	-	(243,816)
Reclassification	39,613	1,277,168	1,314	(1,318,095)	-
Translation adjustments	12,709	145,017	631	1,880,238	2,038,595
Balance at March 31, 2026	$ 25,139,925	$ 107,997,519	$ 971,700	$ 104,465,948	$ 238,575,092
Accumulated depreciation					
Balance at January 1, 2026	$ 18,312,402	$ 89,172,382	$ 747,330	$ -	$ 108,232,114
Depreciation	259,607	1,820,672	22,369	-	2,102,648
Disposal	(26,894)	(216,922)	-	-	(243,816)
Translation adjustments	5,751	137,219	401	-	143,371
Balance at March 31, 2026	$ 18,550,866	$ 90,913,351	$ 770,100	$ -	$ 110,234,317
Accumulated impairment					
Balance at January 1, 2026 and March 31, 2026	$ -	$ 183,521	$ -	$ -	$ 183,521
Carrying amount at March 31, 2026	$ 6,589,059	$ 16,900,647	$ 201,600	$ 104,465,948	$ 128,157,254
Carrying amount at December 31, 2025 and January 1, 2026	$ 6,770,530	$ 17,276,740	$ 220,976	$ 89,601,129	$ 113,869,375
Cost					
Balance at January 1, 2025	$ 24,392,766	$ 101,363,160	$ 891,487	$ 17,668,077	$ 144,315,490
Additions	3,607	212,961	353	11,277,506	11,494,427
Capitalization of expenses	-	-	-	26,566	26,566
Disposal	-	-	(43)	-	(43)
Reclassification	110,561	812,648	2,091	(906,383)	18,917
Translation adjustments	17,292	258,246	737	216,199	492,474
Balance at March 31, 2025	$ 24,524,226	$ 102,647,015	$ 894,625	$ 28,281,965	$ 156,347,831
Accumulated depreciation					
Balance at January 1, 2025	$ 17,280,395	$ 82,050,591	$ 659,607	$ -	$ 99,990,593
Depreciation	257,487	1,669,968	20,691	-	1,948,146
Disposal	-	-	(43)	-	(43)
Translation adjustments	8,086	227,525	576	-	236,187
Balance at March 31, 2025	$ 17,545,968	$ 83,948,084	$ 680,831	$ -	$ 102,174,883
Accumulated impairment					
Balance at January 1, 2025 and March 31, 2025	$ -	$ 183,521	$ -	$ -	$ 183,521
Carrying amount at March 31, 2025	$ 6,978,258	$ 18,515,410	$ 213,794	$ 28,281,965	$ 53,989,427

The Group did not recognize or reverse impairment loss for the three months ended March 31, 2026 and 2025.

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

Buildings	
Main plants	20 years
Mechanical and electrical power equipment	10 years
Clean rooms	10 years
Machinery and equipment	5 years
Other equipment	5 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	Land	Buildings	Machinery and Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2026	$ 3,448,620	$ 1,824,138	$ 5,236	$ 15,760	$ 5,293,754
Lease expired	-	(1,608)	-	(1,968)	(3,576)
Lease revised	(101,984)	1,347	-	-	(100,637)
Translation adjustments	35,196	15,499	-	31	50,726
Balance at March 31, 2026	$ 3,381,832	$ 1,839,376	$ 5,236	$ 13,823	$ 5,240,267
Accumulated depreciation					
Balance at January 1, 2026	$ 1,028,792	$ 540,449	$ 3,844	$ 9,366	$ 1,582,451
Depreciation	45,665	27,665	580	705	74,615
Lease expired	-	(1,608)	-	(1,968)	(3,576)
Translation adjustments	3,683	4,368	-	31	8,082
Balance at March 31, 2026	$ 1,078,140	$ 570,874	$ 4,424	$ 8,134	$ 1,661,572
Carrying amount at March 31, 2026	$ 2,303,692	$ 1,268,502	$ 812	$ 5,689	$ 3,578,695
Carrying amount at December 31, 2025 and January 1, 2026	$ 2,419,828	$ 1,283,689	$ 1,392	$ 6,394	$ 3,711,303
Cost					
Balance at January 1, 2025	$ 3,512,420	$ 1,837,156	$ 4,289	$ 23,102	$ 5,376,967
Additions	606	-	947	-	1,553
Lease expired	-	-	-	(2,400)	(2,400)
Lease revised	300	4,374	-	-	4,674
Reclassification	(18,917)	-	-	-	(18,917)
Translation adjustments	34,728	27,344	-	75	62,147
Balance at March 31, 2025	$ 3,529,137	$ 1,868,874	$ 5,236	$ 20,777	$ 5,424,024

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Total
Accumulated depreciation					
Balance at January 1, 2025	$ 842,502	$ 454,647	$ 1,550	$ 12,654	$ 1,311,353
Depreciation	40,349	30,603	554	1,474	72,980
Capitalization of expenses	5,851	-	-	-	5,851
Lease expired	-	-	-	(2,400)	(2,400)
Translation adjustments	4,665	6,424	-	66	11,155
Balance at March 31, 2025	$ 893,367	$ 491,674	$ 2,104	$ 11,794	$ 1,398,939
Carrying amount at March 31, 2025	$ 2,635,770	$ 1,377,200	$ 3,132	$ 8,983	$ 4,025,085

(Concluded)

The Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2026 and 2025.

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount			
Current	$ 237,593	$ 236,508	$ 239,371
Non-current	$ 3,218,811	$ 3,322,195	$ 3,452,151

Range of discount rates for lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	1.3%-5.8%	1.3%-5.8%	1.3%-5.8%
Buildings	1.7%-6.6%	1.3%-6.6%	1.3%-6.6%
Machinery and equipment	2.8%-2.9%	2.8%-2.9%	2.8%-2.9%
Other equipment	2.2%-6.8%	1.3%-6.8%	1.3%-6.8%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants, offices and parking lots with the lease period is 1 to 60 years. During the period of land lease, the rental may be adjusted according to the contract. Upon termination of the lease period, the Group has no right to purchase the leased land and buildings.

d. Other lease information

	For the Three Months Ended March 31	
	2026	2025
Expenses relating to short-term leases	$ 54,669	$ 1,761
Expenses relating to low-value asset leases	$ -	$ -
Total cash outflow for leases	$ 150,057	$ 88,554

The Group leases certain buildings, machinery and equipment qualify as short-term leases, and certain other equipment qualify 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.

18. INTANGIBLE ASSETS

	Computer Software	Technological Assets	Total
Cost			
Balance at January 1, 2026	$ 1,214,885	$ 3,315,343	$ 4,530,228
Additions	-	731,273	731,273
Disposal	(220)	-	(220)
Translation adjustments	1,537	74,012	75,549
Balance at March 31, 2026	$ 1,216,202	$ 4,120,628	$ 5,336,830
Accumulated amortization			
Balance at January 1, 2026	$ 1,156,879	$ 300,343	$ 1,457,222
Amortization	14,656	-	14,656
Disposal	(220)	-	(220)
Translation adjustments	1,295	4,328	5,623
Balance at March 31, 2026	$ 1,172,610	$ 304,671	$ 1,477,281
Carrying amount at March 31, 2026	$ 43,592	$ 3,815,957	$ 3,859,549
Carrying amount at December 31, 2025 and January 1, 2026	$ 58,006	$ 3,015,000	$ 3,073,006
Cost			
Balance at January 1, 2025	$ 1,202,173	$ 3,389,041	$ 4,591,214
Additions	6,584	8	6,592
Translation adjustments	2,695	43,463	46,158
Balance at March 31, 2025	$ 1,211,452	$ 3,432,512	$ 4,643,964
Accumulated amortization			
Balance at January 1, 2025	$ 1,060,934	$ 295,660	$ 1,356,594
Amortization	24,669	-	24,669
Translation adjustments	1,594	7,590	9,184
Balance at March 31, 2025	$ 1,087,197	$ 303,250	$ 1,390,447
Carrying amount at March 31, 2025	$ 124,255	$ 3,129,262	$ 3,253,517

Technological assets were the Group's purchase of patents and technology licenses from other companies.

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

Computer software	3 years
Technological assets	5 years

19. OTHER ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Pledged time deposit	$ 954,528	$ 945,626	$ 1,141,397
Prepayments	529,309	529,309	529,309
Others	45,067	45,270	7,882
	$ 1,528,904	$ 1,520,205	$ 1,678,588
Current	$ 211,159	$ 208,150	$ 179,589
Non-current	1,317,745	1,312,055	1,498,999
	$ 1,528,904	$ 1,520,205	$ 1,678,588

In order to maintain a stable supply of raw materials required for production, the Group has signed short-term and long-term supply contracts with suppliers.

20. OTHER PAYABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Bonus	$ 1,374,655	$ 1,618,239	$ 1,127,929
Maintenance	985,701	844,842	921,468
Utilities	541,496	460,129	516,187
Others	2,032,357	2,539,467	1,483,865
	$ 4,934,209	$ 5,462,677	$ 4,049,449

Starting from 2025, the Group recognizes a carbon fee provision in accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, As of March 31, 2026, The Group has recognized an amount of $74,210 thousand, which has been recorded under "Other Payables Others."

21. OTHER LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Current			
Guarantee deposits	$ 1,953,002	$ 1,781,156	$ 2,237,645
Refund liabilities (provision of sales returns and allowances)	1,734,940	1,616,497	1,655,075
Others	26,122	32,656	45,806
	$ 3,714,064	$ 3,430,309	$ 3,938,526
Non-current			
Decommissioning liabilities	$ 89,680	$ 87,307	$ 84,908
Deferred revenue	137,507	108,451	31,721
	$ 227,187	$ 195,758	$ 116,629

The provision of sales returns and allowances was estimated based on historical experience, management's judgments and any other known factors that may affect the returns and allowances. The provision was recognized as a reduction of revenue in the period the related products were sold.

22. BORROWINGS

a. Short-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured borrowings			
Bank borrowings	$ 2,210,525	$ 5,520,805	$ -

The range of interest rates on bank short-term bank borrowings were 0% and 0%-5% per annum on March 31, 2026 and December 31, 2025, respectively.

b. Long-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Line of credit borrowings (1)	$ 1,000,000	$ 1,000,000	$ 100,000
Syndicated loans (2)	4,500,000	1,000,000	-
Less: Syndicated loan arrangement fee	(123,200)	(129,800)	-
	$ 5,376,800	$ 1,870,200	$ 100,000
Loan details			
Interest rate per annum	2.03%-2.19%	2.03%-2.19%	2.03%
Maturity date	Maturing before December 2032	Maturing before December 2032	Maturing before December 2029

1) To strengthen its working capital, the Corporation entered into an unsecured medium- to long-term credit facility agreement with KGI Commercial Bank in January 2025, with a credit line of $1,000,000 thousand.

2) To support business expansion, the Corporation entered into a syndicated loan agreement with 19 financial institutions on March 11, 2025. The purpose of the loan is to continue capital injection into VSMC for the construction of a 12-inch wafer fabrication plant in Singapore, repay existing bank borrowings, and strengthen mid-term working capital. According to the agreement, the total credit line is NT$66 billion, with a term of 5 years commencing from the first drawdown date. The term may be extended for an additional 2 years upon written application submitted no later than six months prior to the maturity date.

   In accordance with the loan agreement, the Corporation is required to maintain certain financial ratios, (namely the current ratio, net financial debt ratio), an a minimum tangible net worth based on the audited annual consolidated financial statements. The Corporation was in compliance with all such covenants, and there were no events of default during the period.

   The Corporation paid syndicated loan arrangement fees totaling $132,000 thousand, will be reclassified as a reduction of long-term borrowings upon actual drawdown and amortized as interest expense over the loan period. The amortization recognized for the three months ended March 31 2026, was $6,600 thousand.

23. BONDS PAYABLE

	March 31, 2026	December 31, 2025	March 31, 2025
Domestic unsecured corporate bonds	$ 20,990,062	$ 20,988,849	$ 20,985,163
Overseas convertible bonds	10,018,046	-	-
Less: Current portion	(11,997,532)	(4,998,905)	-
	$ 19,010,576	$ 15,989,944	$ 20,985,163

The major terms of domestic unsecured bonds are as follows:

Issuance	Tranche	Issue Period	Total Amount	Coupon Rate	Repayment and Interest Payment
2021 Issue 1	A	2021.10-2026.10	$ 4,300,000	0.57%	Repay the principal at maturity and pay interest annually
2021 Issue 1	B	2021.10-2026.10	700,000	0.52%	The same as above
2022 Issue 1	A	2022.03-2027.03	6,000,000	0.90%	The same as above
2022 Issue 1	B	2022.03-2027.03	1,000,000	0.85%	The same as above
2023 Issue 1	A	2023.09-2028.09	2,000,000	1.68%	The same as above
2023 Issue 1	B	2023.09-2030.09	4,000,000	1.75%	The same as above
2024 Issue 1	A	2024.03-2031.03	3,000,000	1.82%	The same as above

On December 2025, the Board of Directors of the Corporation approved the issuance of its first overseas unsecured convertible bonds. On February 4, 2026, the Corporation publicly issued zero-coupon five-year unsecured convertible bonds on the Singapore Exchange (“SGX”), with an aggregate principal amount of US$350,000 thousand and a par value of US$200 thousand per bond. The principal terms and conditions of the issuance are as follows:

a. At any time during the period from the day immediately following the expiry of three months after the Issue Date up to 30 days prior to the Maturity Date, or the fifth business day prior to the date on which the bondholders exercise their put option or the date of early redemption by the Corporation (excluding the Maturity Date), the bondholders may request the Corporation to convert the bonds into newly issued shares of common stock of the Corporation in accordance with the provisions of the relevant laws and the Trust Deed. The conversion price was NT$189 per share at issuance. The conversion price is subject to adjustment after issuance in accordance with the anti-dilution provisions set forth in the terms and conditions governing the issuance and conversion of the Corporation’s first overseas unsecured convertible bonds. Bondholders can request the conversion by dividing the fixed exchange rate of US$1=NT$31.325 by the conversion price per share on the conversion date.

b. From the day immediately following the expiry of three years after the Issue Date to the day prior to the Maturity Date, if the closing price of the Corporation’s ordinary shares listed on the Taipei Exchange exceeds 130% of the conversion price (after adjustment) for a period of twenty consecutive trading days, the Company may redeem all or part of the outstanding bonds by exercising its call option.

c. Bondholders exercising their put option and the Corporation’s acceptance of such requests shall be conducted in accordance with the put procedures stipulated in the Trust Deed. The Corporation shall redeem the bonds in cash on the date of payment as defined in the Trust Deed. The early put price will be converted into New Taiwan dollars (NT$) using a fixed exchange rate and then converted back to a U.S. dollars using the applicable prevailing rate at the time of redemption. The fixed exchange rate is set at US$1=NT$31.325.

d. The Corporation ‘s exercise of the right to early redemption shall be conducted in accordance with the redemption procedures stipulated in the Trust Deed, and the Corporation shall redeem the bonds in cash on the redemption date as stipulated in the Trust Deed. The early redemption amount shall be the principal amount of the bonds, which will be converted into New Taiwan dollars (NT$) using a fixed exchange rate and then converted back to a U.S. dollars using the applicable prevailing rate at the time of redemption. The fixed exchange rate is set at US$1=NT$31.325.

e. The effective interest rate of the convertible bonds liability component was 1.84% per annum on initial recognition.

Proceeds from the issuance (less transaction costs of $34,391 thousand)	$ 10,929,359
Equity component (less transaction costs of $2,534 thousand)	(805,494)
Derivative instruments relating to the redemption option and the put option (recognized as financial liabilities at fair value through profit or loss) (less transaction costs of $420 thousand)	(133,338)
Interest charged at an effective interest rate of 1.84%	27,519
Liability component as of March 31, 2026	$ 10,018,046

24. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2026 and 2025, the pension cost of defined benefit plans amounted to $2,811 thousand and $3,389 thousand, respectively, which was calculated using the actuarially determined pension cost discount rates as of December 31, 2025 and 2024.

25. EQUITY

a. Share capital

Ordinary shares

	March 31, 2026	December 31, 2025	March 31, 2025
Shares authorized (in thousands of shares)	3,300,000	3,300,000	3,300,000
Capital authorized	$ 33,000,000	$ 33,000,000	$ 33,000,000
Shares issued and fully paid (in thousands of shares)	1,867,392	1,867,392	1,866,647
Shares pending cancellation (in thousands of shares)	(314)	(314)	(107)
Share capital (in thousands of shares)	1,867,078	1,867,078	1,866,540
Capital issued	$ 18,673,924	$ 18,673,924	$ 18,666,467
Capital pending cancellation	(3,142)	(3,142)	(1,066)
Share capital	$ 18,670,782	$ 18,670,782	$ 18,665,401

The authorized shares include 300,000 thousand shares reserved for the exercise of employee share options.

On June 14, 2024, the shareholders’ meeting of the Corporation resolved to issue employee restricted stocks awards for its employees in a total of 41,000 thousand shares with a par value of $10. The total amount that can be issued is NT$410,000 thousand. On October 30, 2024, the above transaction was approved by the FSC and was determined by the board of directors on November 4, 2024, to be issued at several times. On April 1, 2025 and November 27, 2024, a total of 998 thousand and 27,664 thousand employee restricted stocks awards were issued, with an issue price of $0 per share, issued free of charge. The aforementioned issuance of new shares has been approved by the competent authority and the registration for the change has been duly completed.

For the year ended December 31, 2025, the Corporation reclaimed 566 thousand restricted employee shares due to the resignation of certain employees prior to the vesting date. Of these shares, 314 thousand had not yet completed the cancellation registration process as of March 31, 2026, and were recorded as capital stock pending cancellation.

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
May be used to offset a deficit, distributed by cash or transferred to capital			
Issuance of ordinary shares	$ 16,509,092	$ 16,509,092	$ 16,509,092
May be used to offset a deficit only			
Employee share options (transferred and inactive)	285,845	285,845	285,845
Share of changes in equities of subsidiaries, associates and joint ventures	162,675	145,827	120,768
Unclaimed dividends	1,535	1,535	1,535
May not be used for any purpose			
Employee restricted shares	2,064,816	2,072,924	1,967,685
Equity component of convertible bonds issued	805,494	-	-
	$ 19,829,457	$ 19,015,223	$ 18,884,925

The capital surplus from shares issued in excess of par may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed in cash or transferred to capital, which is limited to a certain percentage of the Group's paid-in capital.

c. Retained earnings and dividends policy

Earnings distribution and dividends policy

Under the dividend policy as set forth in the Corporation's Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing 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 Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The policies of the distribution of compensation of employees and remuneration of directors set forth in the Articles, please refer to compensation of employees and remuneration of directors in Note 27-c.

The Corporation's Articles also stipulate that all profits may be distributed after taking into consideration the financial, business and operational factors. Dividends are in cash and/or in the form of shares. Since the Corporation's operation is at the steady growth stage, the cash dividend paid (in any given year) should be at least 60% of the dividends of the current year's appropriation. If there is no profit for distribution, or the profit is far less than the profit actually distributed by the Corporation in the previous year or other reasons so require, all or part of the capital surplus may be distributed in accordance with relevant laws or regulations of the authorities in charge.

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

The Corporation appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards. Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriations of earnings for 2025 and 2024, which have been proposed by Corporation's board of directors on February 2, 2026 and approved in the shareholders' meetings on May 27, 2025, respectively, were as follows:

	2025	2024
Legal reserve	$ 789,383	$ 705,378
Cash dividends	$ 8,403,266	$ 8,399,910
Cash dividends per share (NT$)	$ 4.50	$ 4.50

The appropriation of earnings for 2025 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 28, 2026.

d. Other equity

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

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning of the period	$ 1,123,466	$ 1,212,688
Recognized during the period		
Exchange differences on translation of foreign operations	960,163	282,245
Share of other comprehensive income (loss) of associates accounted for using equity method	3	(114)
Recognized in other comprehensive income	960,166	282,131
Balance at the end of the period	$ 2,083,632	$ 1,494,819

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

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning of the period	$ (464,474)	$ (11,827)
Recognized during the period		
Unrealized loss - equity instruments	239,719	(303,190)
Share of other comprehensive income of associates accounted for using equity method	(277)	(87)
Recognized in other comprehensive loss	239,442	(303,277)
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(131,966)	-
Balance at the end of the period	$ (356,998)	$ (315,104)

3) Gain (loss) on hedging instrument - cash flow hedges

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning of the period	$ 2,649	$ 5,655
Recognized during the period		
Gain on changes in the fair value of hedging instruments		
Foreign currency risk - foreign currency deposits	81,483	54,206
Transferred to initial cost of hedged items		
Foreign currency risk - foreign currency deposits	(7,005)	4,118
Balance at the end of the period	$ 77,127	$ 63,979

4) Unearned stock-based employee compensation

Please refer to Note 30 to issue new stocks with employee restricted stock awards (RSAs) for employees.

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning of the period	$ (1,574,475)	$ (2,243,323)
Recognition of share-based payment expense	196,951	188,293
Adjustment for Employee Turnover Rate	8,108	-
Balance at the end of the period	$ (1,369,416)	$ (2,055,030)

e. Non-controlling interests

	For the Three Months Ended March 31	
	2026	2025
Balance at the beginning of the period	$ 19,712,761	$ 4,562,599
Increase in the period	6,142,824	656,000
Share in loss for the period	(82,413)	(7,773)
Other comprehensive income of the current year		
Exchange differences on translating of financial statement of foreign entities	531,315	60,107
(Loss) gain on hedging instruments	(6,507)	27,072
Gain on hedging instruments transferred to initial cost of hedged items	223	14,072
Balance at the end of the period	$ 26,298,203	$ 5,312,077

26. REVENUE

	For the Three Months Ended March 31	
	2026	2025
Revenue from contracts with customers		
Wafer revenue	$ 12,165,324	$ 11,447,763
Others	366,305	501,568
	$ 12,531,629	$ 11,949,331

a. Disaggregation of revenue

1) Disaggregation of revenue by region

	For the Three Months Ended March 31	
	2026	2025
Regions		
Asia	$ 9,823,939	$ 9,473,323
America	2,225,960	2,214,202
Europe	480,939	261,806
Africa	791	-
	$ 12,531,629	$ 11,949,331

2) Disaggregation of revenue by platform

	For the Three Months Ended March 31	
	2026	2025
Platforms		
Power management	$ 9,250,917	$ 7,858,894
Large panel driver IC	1,660,255	2,303,330
Small panel driver IC	826,909	959,277
Other platforms	427,243	326,262
Wafer revenue	12,165,324	11,447,763
Other revenue	366,305	501,568
	$ 12,531,629	$ 11,949,331

3) Disaggregation of revenue by process

	For the Three Months Ended March 31	
	2026	2025
Processes		
0.18 micron (and) below	$ 7,305,025	$ 7,179,849
0.25 micron	1,779,490	1,459,684
0.35 micron	1,602,130	1,395,968
0.5 micron (and) above	1,478,679	1,412,262
Wafer revenue	12,165,324	11,447,763
Other revenue	366,305	501,568
	$ 12,531,629	$ 11,949,331

b. Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Notes and accounts receivable, net (Note 12)	$ 6,830,599	$ 6,368,898	$ 6,603,707	$ 5,820,406
Receivables from related parties (Note 35)	372,028	379,272	362,054	414,444
Accounts receivables	$ 7,202,627	$ 6,748,170	$ 6,965,761	$ 6,234,850
Contract liabilities - advanced receipts				
Current	$ 5,536,306	$ 5,972,628	$ 7,712,091	$ 7,224,787
Non-current	44,068,783	40,178,843	27,512,791	27,256,837
	$ 49,605,089	$ 46,151,471	$ 35,224,882	$ 34,481,624

The change of the contract liabilities primarily results from the timing difference between the satisfaction of performance obligation and the customer’s payment. Some customers have entered into long-term capacity guarantee agreements with the Group to ensure stable production capacity, making advance payments and depositing security funds to ensure the fulfillment of the contracts.

Revenue from the beginning balance of the contract liability and satisfaction for the three months ended March 31, 2026 and 2025 were as follows:

	For the Three Months Ended March 31	
	2026	2025
Revenue from the beginning balance of contract liabilities		
Sales of goods	$ 1,424,336	$ 1,458,312

27. OTHER ITEMS IN THE STATEMENTS OF COMPREHENSIVE INCOME

a. Depreciation and amortization

	For the Three Months Ended March 31	
	2026	2025
Classification of depreciation by function		
Cost of revenue	$ 2,141,786	$ 1,987,151
Operating expenses	35,477	39,826
	2,177,263	2,026,977
Less: Capitalization of right-of-use asset depreciation	-	(5,851)
	$ 2,177,263	$ 2,021,126
Classification of amortization by function		
Cost of revenue	$ 10,847	$ 18,951
Operating expenses	3,809	5,718
	$ 14,656	$ 24,669

b. Employee benefits expense

	For the Three Months Ended March 31	
	2026	2025
Post-employment benefits (Note 24)		
Defined contribution plans	$ 130,183	$ 118,922
Defined benefit plans	2,811	3,389
	132,994	122,311
Share-based payment		
Equity-settled	196,951	188,293
Other employee benefits	3,340,030	2,892,228
Total employee benefits expense	$ 3,669,975	$ 3,202,832
An analysis of employee benefits expense by function		
Cost of revenue	$ 2,657,465	$ 2,327,062
Operating expenses	1,012,510	875,770
	$ 3,669,975	$ 3,202,832

c. Compensation of employees and remuneration of directors

The Corporation should distribute no less than 10% of the current year’s profit as compensation of employees. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Corporation obtained shareholder approval on May 27, 2025 to amend its Articles of Incorporation, stipulating that no less than 10% of the current year’s profit shall be distributed as compensation of employees, of which no less than 35% shall be allocated to rank-and-file employees. The employees include those of subsidiaries meeting some conditions agreed by the Board of Directors. The Corporation should also distribute no higher than 1% of the current year’s profit as remuneration of directors. When the Corporation has accumulated deficits, the amounts required to offset such deficits shall be reserved in advance before allocating compensation of employees and remuneration of directors in accordance with the aforementioned percentages. For the three months ended March 31, 2026 and 2025, the compensation of employees was $528,190 thousand and $378,097 thousand, respectively. For the three months ended March 31, 2026 and 2025, the remuneration of directors was $19,980 thousand and $18,552 thousand, respectively. The above calculation was at a certain percentage of the base income.

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

The appropriations of compensation of employees and remuneration of directors for 2025 and 2024, which were resolved by the board of directors on February 2, 2026 and February 24, 2025, respectively, were as follows:

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Compensation of employees	$ 1,960,029	$ 1,761,606
Remuneration of directors	77,400	64,677

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2025 and 2024.

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

d. Net gain and loss of financial instruments

	For the Three Months Ended March 31	
	2026	2025
Interest income		
Cash and cash equivalents	$ 333,224	$ 453,936
Financial assets at amortized cost	78,246	104,222
Financial assets at FVTPL	-	474
	$ 411,470	$ 558,632
Loss on financial assets and liabilities at FVTPL		
Financial assets and liabilities mandatorily classified as at FVTPL		
Forward exchange and currency-swap contracts	$ (327,955)	$ (46,952)
Conversion option of convertible bonds	(3,279)	-
Credit linked notes	-	11
	$ (331,234)	$ (46,941)

e. Interest expense

	For the Three Months Ended March 31	
	2026	2025
Corporate bonds	$ 90,092	$ 62,201
Lease liabilities	39,887	40,718
Bank borrowings	38,643	1,952
Provision for decommissioning cost	1,111	1,040
Less: Interest capitalized under property, plant and equipment	(83,439)	(20,715)
	$ 86,294	$ 85,196

The information related to interest capitalization is as follows:

	For the Three Months Ended March 31	
	2026	2025
Interest capitalization rate	2.0%-5.8%	2.0%

28. INCOME TAX

a. Major components of tax expenses recognized in profit or loss:

	For the Three Months Ended March 31	
	2026	2025
Current tax		
In respect of the current period	$ 631,658	$ 592,133
Adjustments for prior years' tax	(231,928)	(271,460)
Others	20,981	28,701
	420,711	349,374
Deferred income tax		
In respect of the current period	(147,807)	(80,654)
Income tax expenses recognized in profit or loss	$ 272,904	$ 268,720

b. Income tax recognized directly in equity

	For the Three Months Ended March 31	
	2026	2025
Current tax		
Disposal of investments in equity instruments designated as at FVTOCI	$ 32,991	$ -
Total income tax recognized directly in equity	$ 32,991	$ -

c. Income tax assessments

Income tax returns through 2024 have been examined and cleared by the tax authorities.

29. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended March 31	
	2026	**2025**
Basic earnings per share	$ 1.22	$ 1.31
Diluted earnings per share	$ 1.18	$ 1.30

The earnings and weighted average number of ordinary shares used in the computation of earnings per share were as follows:

Earnings

	For the Three Months Ended March 31	
	2026	**2025**
Earnings used in computation of basic earnings per share	$ 2,246,077	$ 2,413,826
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (after tax)	22,015	-
Earnings used in the computation of diluted earnings per share	$ 2,268,092	$ 2,413,826

Shares

Unit: In Thousands of Shares

	For the Three Months Ended March 31	
	2026	**2025**
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,838,982	1,838,982
Effect of dilutive potential ordinary shares:		
Convertible bonds	58,009	-
Compensation of employees	9,410	14,652
Employee restricted shares	15,319	3,277
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,921,720	1,856,911

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

30. SHARE-BASED PAYMENT ARRANGEMENTS

Equity-settled Share-based Payment - RSAs

On June 14, 2024, the shareholders' meeting of the Corporation resolved to issue employee restricted stocks awards for its employees in a total of $410,000 thousand and total issue 41,000 thousand with an issue price $0 per share. Granting and Vesting conditions of the above arrangement are as follows:

	2025 RSAs	2024 RSAs
Resolution date of board of directors in its meeting	February 24, 2025	November 4, 2024
Issuance of stocks (in thousands)	998	27,664
Eligible employees	Employees	Employees
Grant date/issuance date	April 1, 2025	November 27, 2024

a. Vesting conditions of the aforementioned arrangement are as follows:

1) The employee remains employed by the Corporation on the last date of each vesting period;

2) During the vesting period, the employee may not breach any agreement with the Corporation or violate the Corporation's work rules; and

3) Certain employee performance metrics are met.

b. The maximum percentage of granted RSAs that may vest each year is as follows: 25% at the second anniversary of the grant, 25% at the third anniversary, and 50% at the fourth anniversary.

c. Restrictions imposed on the employees' rights in the RSAs before the vesting conditions are fulfilled

1) The RSAs should be delivered to the trust custodians upon grant date. The employees cannot request for return in any manner before vesting conditions are met.

2) During the vesting period, the employees shall not sell, pledge, transfer, donate, encumber, or otherwise dispose of these restricted employee shares.

3) Apart from the aforementioned restrictions, before the vesting conditions are fulfilled, any other shareholder rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of the Corporation.

4) During the vesting period, the Corporation conducts a cash reduction of capital or a capital reduction to offset losses (not due to a statutory reduction of capital), the RSAs shall be cancelled according to the reduction ratio. If it is a cash reduction, the cash returned must be placed in trust, and it can only be delivered to the employee once the vesting conditions are met. If the vesting conditions are not met, the Corporation shall reclaim the cash.

5) Before the vesting conditions are fulfilled, the attendance, proposal rights, speech rights, voting rights and etc. shall be exercised by the engaged trustee/custodian on the employee's behalf.

6) The vesting conditions are not fulfilled, the Corporation will recall or purchase and cancel the employee's restricted shares.

For the three months ended March 31, 2026 and 2025, the Corporation recognized remuneration expenses of $196,951 thousand and $188,293 thousand, respectively.

31. GOVERNMENT GRANT

The Group obtained subsidies from the government for the three months ended March 31, 2026 and 2025, which were recorded in the deduction expenses of $559 thousand and $6,495 thousand, respectively, and deduction of the purchasing costs of property, plant and equipment were $0 thousand and $6,493 thousand, respectively.

32. CASH FLOWS INFORMATION FOR FINANCING ACTIVITIES

For the three months ended March 31, 2026

	January 1, 2026	Cash Flows	Non-cash Changes (Note)	March 31, 2026
Bonds payable (including current portion of bonds payable)	$ 20,988,849	$ 10,929,359	$ (910,100)	$ 31,008,108
Long-term bank borrowings	1,870,200	3,500,000	6,600	5,376,800
Short-term bank borrowings	5,520,805	(3,308,111)	(2,169)	2,210,525
Guarantee deposits	2,954,336	916,621	(356,814)	3,514,143
Changes in non-controlling interests	19,712,761	6,142,824	442,618	26,298,203
Lease liabilities	3,558,703	(76,108)	(26,191)	3,456,404
Unclaimed dividends	1,535	-	-	1,535
	$ 54,607,189	$ 18,104,585	$ (846,056)	$ 71,865,718

For the three months ended March 31, 2025

	January 1, 2025	Cash Flows	Non-cash Changes (Note)	March 31, 2025
Bonds payable	$ 20,984,172	$ -	$ 991	$ 20,985,163
Long-term bank borrowings	-	100,000	-	100,000
Guarantee deposits	5,167,137	(91,174)	(577,294)	4,498,669
Lease liabilities	3,671,610	(65,889)	85,801	3,691,522
Changes in non-controlling interests	4,562,599	656,000	93,478	5,312,077
Unclaimed dividends	1,535	-	-	1,535
Prepayments (Syndication arrangement fees)	-	(132,000)	-	(132,000)
	$ 34,387,053	$ 466,937	$ (397,024)	$ 34,456,966

Note: Non-cash changes comprise changes in leases, changes in exchange rates, guarantee deposits deduction of accounts receivable, changes in non-controlling interests, amortization of bonds payable and syndicated loan arrangement fees.

33. CAPITAL MANAGEMENT

The objectives, policies and process of capital risk management and the capital structures of the Group in these consolidated financial statements were applied as the same as in the preparation of the consolidated financial statements for the year ended December 31, 2025. Please refer to Note 34 to the consolidated financial statements for the year ended December 31, 2025 for details.

34. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

March 31, 2026

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost					
Foreign corporate bonds	$ 7,085,915	$ -	$ 7,078,445	$ -	$ 7,078,445
Financial liabilities					
Financial liabilities at amortized cost					
Bonds payable	31,008,108	-	20,912,890	10,337,939	31,250,829

December 31, 2025

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost					
Foreign corporate bonds	$ 7,267,492	$ -	$ 7,308,283	$ -	$ 7,308,283
Financial liabilities					
Financial liabilities at amortized cost					
Bonds payable	20,988,849	-	20,888,032	-	20,888,032

March 31, 2025

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost					
Foreign corporate bonds	$ 8,182,750	$ -	$ 8,198,340	$ -	$ 8,198,340
Financial liabilities					
Financial liabilities at amortized cost					
Bonds payable	20,985,163	-	20,690,600	-	20,690,600

2) Valuation techniques and assumptions applied to Level 2 and 3 of fair value measurement

The bond investments at amortized cost and fair value of bonds payable are determined based on quoted market prices provided by third-party pricing services.

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

1) Fair value hierarchy

March 31, 2026

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 11,188	$ -	$ 11,188
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	$ -	$ -	$ -	$ -
Domestic emerging market shares	706,484	-	-	706,484
Domestic unlisted shares	-	-	454,430	454,430
Foreign unlisted shares	-	-	325,509	325,509
	$ 706,484	$ -	$ 779,939	$ 1,486,423
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 185,258	$ 136,617	$ 321,875

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 6,136	$ -	$ 6,136
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	$ -	$ -	$ -	$ -
Domestic emerging market shares	558,093	-	-	558,093
Domestic unlisted shares	-	-	337,238	337,238
Foreign unlisted shares	-	-	897,803	897,803
	$ 558,093	$ -	$ 1,235,041	$ 1,793,134
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 56,335	$ -	$ 56,335

March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 1,655	$ -	$ 1,655
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	$ -	$ -	$ -	$ -
Domestic emerging market shares	688,748	-	-	688,748
Domestic unlisted shares	-	-	245,423	245,423
Foreign unlisted shares	-	-	932,598	932,598
	$ 688,748	$ -	$ 1,178,021	$ 1,866,769
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 42,926	$ -	$ 42,926

There were no transfers between Level 1 and 2 of the fair value hierarchy for the three months ended March 31, 2026 and 2025, respectively.

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

Financial Assets	Financial Assets at FVTOCI For the Three Months Ended March 31 2026	2025
Balance at January 1	$ 1,235,041	$ 1,170,831
Disposal	(414,465)	-
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(131,966)	-
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	91,329	7,190
Balance at March 31	$ 779,939	$ 1,178,021

The financial liabilities of the Group measured at Level 3 fair value refer to the put options and redemption options of overseas convertible bonds, which are classified as fair value through profit or loss. Reconciliations for the three months ended March 31, 2026 was as follows:

	For the Three Months Ended March 31, 2026
Balance at January 1	$ -
Additions	133,338
Recognized in profit or loss	3,279
Balance at March 31	$ 136,617

3) Valuation techniques and assumptions applied to Level 2 of fair value hierarchy

For those derivative instruments with no quoted market prices, their fair value is determined by using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants in their estimates of fair values.

The fair values of forward exchange contracts and currency-swap contracts is determined by using valuation techniques based on forward rates for each contract. The Reuter’s quotation system is mainly used as reference for the forward rates.

4) Valuation techniques and assumptions applied to level 3 of fair value hierarchy

The fair value of financial assets and financial liabilities is determined as follows:

a) For the private placement shares issued by listed companies with no quoted market prices, the fair value is determined by using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants in their estimates of fair values.

   The Group used “Black-Scholes model” to determine the fair value.

b) The fair values of the unlisted shares is estimated by reference to comparable targets and compares investee’ assets, liabilities, profit and loss with the observable share prices and give them implicit value multiplier. The “Black-Scholes model” is adopted according to the individual terms of each equity instrument, and it takes the observable share price, share price volatility, risk-free interest rate and exit probability as the parameters, and comprehensively considers the discount of non-controlling rights and liquidity risks.

c) The put options and redemption options of the overseas convertible bonds issued by the Corporation are derivative instruments for which there is no market price available for reference. The Corporation’s assesses the fair value using a binomial tree convertible bond valuation model. The significant unobservable input used is the stock price volatility. As the stock price volatility increases, the fair value of these derivative instruments will change. As of March 31, 2026, the stock price volatility applied was 47.48%.

c. Categories of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
FVTPL			
Mandatorily at FVTPL	$ 11,188	$ 6,136	$ 1,655
Financial assets at amortized cost (Note 1)	68,085,111	63,381,578	78,927,316
Financial assets at FVTOCI			
Equity instruments	1,486,423	1,793,134	1,866,769
Financial liabilities			
FVTPL			
Held for trading	321,875	56,335	42,926
Financial liabilities at amortized cost (Note 2)	65,652,608	62,313,572	38,298,122

Note 1: The balances of financial assets measured at amortized cost comprise cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, refundable deposits and investment in debt instruments.

Note 2: The balances of financial liabilities measured at amortized cost comprise accounts payable, other payables, bonds payable, bank borrowings, long-term payables and guarantee deposits.

d. Objective and policies of financial risk management

The Group's major financial instruments include equity and bond investments, accounts receivable, borrowings, accounts payable, bonds payable and lease liabilities. The Group's corporate finance department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and the control of exposure limits are reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate finance function reports quarterly to the Group's Board of Directors and Audit Committee, both of which serve as independent bodies monitoring risks and the implementation of policies to mitigate risk exposures.

1) Market risk

The Group's activities are exposed to the financial risks primarily arising from the changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below). The Group enters into a variety of derivative financial instruments including forward exchange and currency-swap contracts to manage its exposure to foreign currency risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and apply natural hedging. The purpose of the Group's management of the foreign currency risk is to hedge the risk instead of making a profit.

The strategy of foreign currency risk management is to regularly review the net positions of assets and liabilities exposed to foreign currency risk and manage the risk of the net position. The Group selects the instruments to hedge currency exposure by considering the hedge cost and hedge period. The Group currently utilizes primarily foreign exchange spot, buy/sell forward exchange contracts, purchase foreign currency deposit to hedge its currency exposure.

According to the Group's policy, the terms of the hedge derivatives and foreign currency deposits are negotiated to match the terms of the hedged item for maximizing the hedge effectiveness.

Investing in foreign operations is for strategic purposes and is not hedged by the Group.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuation of USD, JPY, EUR and SGD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items (including cash and cash equivalents, financial assets, accounts receivable, other receivables, refundable deposits, accounts payable, other payables, long-term bank borrowings, long-term payables and guarantee deposits) and hedging instruments, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. The positive/negative number in the following table indicates the amount of profit and loss will increase/decrease the New Taiwan dollars strengthen 5% against the relevant currency.

	Impact on USD Items	
	For the Three Months Ended March 31	
	2026	**2025**
Loss	$ (3,758)	$ (55,769)

	Impact on JPY Items	
	For the Three Months Ended March 31	
	2026	**2025**
Loss	$ (294)	$ (2,382)

	Impact on EUR Items	
	For the Three Months Ended March 31	
	2026	**2025**
Loss	$ (11,926)	$ (3,347)

	Impact on SGD Items	
	For the Three Months Ended March 31	
	2026	**2025**
Loss	$ (1,358)	$ (54,215)

b) Interest rate risk

The Group's financial assets are exposed to interest rate risk both at fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Fair value interest rate risk			
Financial assets	$ 37,602,480	$ 39,892,278	$ 57,837,950
Financial liabilities	24,446,466	25,365,468	24,776,685
Cash flow interest rate risk			
Financial assets	14,802,373	7,967,597	11,273,520
Financial liabilities	5,376,800	1,870,200	-

Sensitivity analysis

The sensitivity analyses below are determined based on the Group's exposure to interest rates for the derivative and non-derivative instruments at the end of the reporting period. For the floating rate assets, the analysis is prepared assuming the amount of the asset at the end of the reporting date is outstanding during the reporting period.

If the market interest rate increases/decreases by 0.1% and all other variables remain constant, the pre-tax profit of the Group for the three months ended on March 31, 2026 and 2025 will have increase/decrease by $2,356 thousand and $2,818 thousand, respectively, resulting from the exposure of the net assets with floating rate.

c) Other price risk

The Group is exposed to price risk arising from its investments in shares. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to security price risks at the end of the reporting period.

If financial assets at FVTOCI share prices had been 5% higher/lower, the other comprehensive income for the three months ended March 31, 2026 and 2025 would have increased/decreased of $74,321 thousand and $93,338 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group may cause a financial loss due to the default on obligation from a counterparty, and the maximum exposure to credit risk is the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to mitigate credit risk, the Group has made the policy of credit management to ensure that appropriate action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each receivable debt at the end of the reporting period to ensure that adequate allowance for impairment losses are made for irrecoverable amounts. In this regard, the Group considers the credit risk is significantly reduced.

The credit risk on operating funds and derivatives is limited as the counterparties are creditworthy banks.

The Group's accounts receivable outstanding arose from trading with its customers spreading across diverse industries and geographical areas. The balances are monitored on an ongoing basis by evaluating the customer's financial condition.

The Group's credit concentration risk was related to the 5 largest customers. Besides the 5 largest customers, credit concentration risks related to other customers do not exceed 10% of total gross accounts receivable at any time during the three months ended March 31, 2026 and 2025. The 5 largest customers are creditworthy counterparts; therefore, the Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining adequate reserves of cash and cash equivalents to fund the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

March 31, 2026

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	More than 15 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 2,210,525	$ -	$ -	$ -	$ -	$ 2,210,525
Non-interest bearing liabilities	22,340,632	1,202,400	-	-	-	23,543,032
Lease liabilities	308,527	1,101,794	1,315,394	1,066,558	4,403,829	8,196,102
Bonds payable	12,234,685	20,472,533	-	-	-	32,707,218
Long-term bank borrowings	107,536	5,731,163	-	-	-	5,838,699
Guarantee deposits	1,953,002	1,561,141	-	-	-	3,514,143
	$ 39,154,907	$ 30,069,031	$ 1,315,394	$ 1,066,558	$ 4,403,829	$ 76,009,719

December 31, 2025

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	More than 15 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 5,520,805	$ -	$ -	$ -	$ -	$ 5,520,805
Non-interest bearing liabilities	30,271,892	707,490	-	-	-	30,979,382
Lease liabilities	306,298	1,216,732	1,300,830	1,079,228	4,343,878	8,246,966
Bonds payable	5,297,484	13,561,764	3,009,723	-	-	21,868,971
Long-term bank borrowings	37,404	2,006,637	-	-	-	2,044,041
Guarantee deposits	1,781,156	1,173,180	-	-	-	2,954,336
	$ 43,215,039	$ 18,665,803	$ 4,310,553	$ 1,079,228	$ 4,343,878	$ 71,614,501

March 31, 2025

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	More than 15 Years	Total
Non-derivative financial liabilities						
Non-interest bearing liabilities	$ 10,476,800	$ 2,237,490	$ -	$ -	$ -	$ 12,714,290
Lease liabilities	314,924	1,240,626	1,338,342	1,163,550	4,548,630	8,606,072
Bonds payable	248,850	14,658,471	7,084,997	-	-	21,992,318
Long-term bank borrowings	2,000	107,576	-	-	-	109,576
Guarantee deposits	2,237,645	2,261,024	-	-	-	4,498,669
	$ 13,280,219	$ 20,505,187	$ 8,423,339	$ 1,163,550	$ 4,548,630	$ 47,920,925

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables were based on the undiscounted net inflows and outflows arising from those derivatives with gross settlement.

March 31, 2026

	Less than 1 Year	More than 1 Year
Gross settled		
Forward exchange contracts		
Inflows	$ 14,694,096	$ -
Outflows	(14,868,166)	-
	$ (174,070)	$ -

December 31, 2025

	Less than 1 Year	More than 1 Year
Gross settled		
Forward exchange contracts		
Inflows	$ 6,962,700	$ -
Outflows	(7,013,258)	-
	$ (50,558)	$ -

March 31, 2025

	Less than 1 Year	More than 1 Year
Gross settled		
Forward exchange contracts		
Inflows	$ 3,803,899	$ -
Outflows	(3,845,170)	-
	$ (41,271)	$ -

c) Financial facilities

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured bank credit facilities (reviewed annually)			
Amount used	$ 8,101,000	$ 7,884,000	$ 279,000
Amount unused	90,576,000	87,164,000	79,326,000
	$ 98,677,000	$ 95,048,000	$ 79,605,000
Secured bank credit facilities (reviewed annually)			
Amount used	$ 532,000	$ 535,000	$ 684,000
Amount unused	470,000	451,000	294,000
	$ 1,002,000	$ 986,000	$ 978,000

35. TRANSACTIONS WITH RELATED PARTIES

Intercompany balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below.

a. Name and relationship of related parties

Name	Relationship with the Group
Taiwan Semiconductor Manufacturing Company Ltd.	Investor with significant influence over the Group
NXP SEMICONDUCTORS SINGAPORE PTE. LTD. (hereinafter referred to as “NXP SG”)	Investor with significant influence over the Group
Global Unichip Corp.	Substantial related party
Shenzhen Winsemi Microelectronics Co., Ltd.	Substantial related party
Wuxi Winsemi Microelectronics Co., Ltd.	Substantial related party
Wuxi Proisemi Technology Company Limited	Substantial related party
Xi An Winsemi Semiconductor Technology Co., Ltd.	Substantial related party
NXP Semiconductors Taiwan Ltd.	Substantial related party
CMSC, Inc.	Substantial related party
Episil-Precision Inc.	Associate
Episil Technologies Inc.	Associate
Qromis, Inc.	Associate

b. Operating transactions

	Revenue from Sales of Goods	
	For the Three Months Ended March 31	
	2026	2025
Substantial related parties	$ 440,653	$ 463,439
Investors with significant influence over the Group	222,350	176,403
Associates	2,740	3,451
	$ 665,743	$ 643,293

	Purchases of Goods	
	For the Three Months Ended March 31	
	2026	2025
Investors with significant influence over the Group	$ 70,727	$ -
Associates	833	245
	$ 71,560	$ 245

	Manufacturing Expenses	
	For the Three Months Ended March 31	
	2026	2025
Associates	$ 201,354	$ 174,614
Investors with significant influence over the Group	25,762	26,994
	$ 227,116	$ 201,608

	General and Administrative	
	For the Three Months Ended March 31	
	2026	2025
Investors with significant influence over the Group	$ 75,873	$ 80,677

	Research and Development Expenses	
	For the Three Months Ended March 31	
	2026	2025
Investors with significant influence over the Group	$ 133,579	$ 52,398
Substantial related parties	32	-
	$ 133,611	$ 52,398

The following balances were outstanding at the end of the reporting period:

	Receivables from Related Parties		
	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Substantial related parties	$ 284,224	$ 275,543	$ 301,103
Investors with significant influence over the Group	81,799	91,947	57,510
Associates	6,006	11,782	3,441
	$ 372,029	$ 379,272	$ 362,054

	Other Receivables from Related Parties		
	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Investors with significant influence over the Group			
NXP SG	$ 1,887,287	$ 4,421,341	$ 1,264,596
Associates	50,087	-	-
	$ 1,937,374	$ 4,421,341	$ 1,264,596

	Contract Liabilities		
	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Investors with significant influence over the Group			
NXP SG	$ 35,206,272	$ 30,940,896	$ 14,419,380
Substantial related parties	1,146,372	1,226,404	1,616,052
Associates	2	2	2
	$ 36,352,646	$ 32,167,302	$ 16,035,434
Current	$ 416,918	$ 408,862	$ 1,616,054
Non-current	35,935,728	31,758,440	14,419,380
	$ 36,352,646	$ 32,167,302	$ 16,035,434

	Payables to Related Parties		
	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Investors with significant influence over the Group	$ 19,291	$ 25,078	$ -
Associates	-	1,814	-
	$ 19,291	$ 26,892	$ -

	Payables to Contractors and Equipment Suppliers		
	March 31, 2026	December 31, 2025	March 31, 2025
Investors with significant influence over the Group	$ 55,301	$ 267,809	$ -

	Other Payables to Related Parties		
	March 31, 2026	December 31, 2025	March 31, 2025
Investors with significant influence over the Group			
Taiwan Semiconductor Manufacturing Company Ltd.	$ 3,123,561	$ 2,328,510	$ 3,264,001
NXP SG	49,043	-	-
Associates	112,046	128,322	123,495
	$ 3,284,650	$ 2,456,832	$ 3,387,496
Current	$ 2,082,250	$ 1,749,342	$ 1,150,006
Non-current	1,202,400	707,490	2,237,490
	$ 3,284,650	$ 2,456,832	$ 3,387,496

	Guarantee Deposits		
	March 31, 2026	December 31, 2025	March 31, 2025
Substantial related parties	$ 35,912	$ 35,217	$ 37,126

	Acquisition of Property, Plant and Equipment	
	For the Three Months Ended March 31	
	2026	2025
Investors with significant influence over the Group	$ 2,238,348	$ -

The property, plant and equipment are machinery acquired by the Group from related parties.

	Intangible Assets	
	For the Three Months Ended March 31	
	2026	2025
Investors with significant influence over the Group		
Taiwan Semiconductor Manufacturing Company Ltd.	$ 628,000	$ -

Please refer to Note 37, intangible assets were the Group purchased technology licenses.

The terms of sales transactions with related parties were not significantly different from those transactions of third parties. However, for other related-party transactions, including licensing fees, outsourcing, research and development expenses, acquisitions of property, plant and equipment, acquisitions of intangible assets and guarantee deposits, there were no similar transactions in the market; thus, transaction terms were determined in accordance with related contracts.

For the three months ended March 31, 2026 and 2025, no impairment loss was recognized for trade receivable from related parties.

c. Compensation of key management personnel

	For the Three Months Ended March 31	
	2026	**2025**
Short-term employee benefits	$ 134,191	$ 99,466
Post-employment benefits	2,347	2,722
	$ 136,538	$ 102,188

The compensation of directors and other key management personnel was determined by the Compensation Committee in accordance with the individual performance and the market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

Please refer to Note 19, the following assets have been pledged as guarantee for customs duty, bank fulfillment, government grant project and land lease of the manufacturing plant from the Hsinchu Science Park Bureau:

	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Pledged time deposits	$ 954,528	$ 945,626	$ 1,141,397

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The significant commitments of the Corporation as of March 31, 2026 were as follows:

a. The Corporation entered into a “Manufacturing, License, and Technology Transfer Agreement” with Taiwan Semiconductor Manufacturing Company Ltd. beginning January 1, 2004; under the agreement, the Corporation pays fees according to the net sales of certain products and reserved portion of its production capacity. In addition, the Company signed a technology licensing agreement with Taiwan Semiconductor Manufacturing Company Ltd. on July 16, 2024, with a total value of US$150,000 thousand to obtain licensing rights for process technologies. As of March 31, 2026, US$110,000 thousand has been recognized as an intangible asset according to the payment contract terms, and the corresponding payables are classified based on liquidity as follows: Other payables - related parties and long-term payables - related parties.

b. The Corporation entered into a “Shares Subscription Agreement” with NXP SEMICONDUCTORS SINGAPORE PTE. LTD. (hereinafter referred to as “NXP Semiconductors”) to establish VSMC to build a 300mm semiconductor wafer manufacturing facility. The agreement begins on June 5, 2024, and is terminated upon the completion of the agreement. In addition, the Corporation signed an irrevocable capacity reservation agreement with NXP Semiconductors on September 4, 2024. As of March 31, 2026, contract liabilities amounted to US$1,098,000 thousand.

38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. On April 17, 2026, the Board of Directors of the Corporation resolved to approve the issuance of restricted shares to employees. The total issuance amount is NT$200,000 thousand, with a par value of NT$10 per share, representing an expected issuance of 20,000 thousand common shares. The actual number of shares to be issued and the related issuance terms and conditions will be subject to further resolution by the Board of Directors after the restricted share issuance plan has been approved by the competent authority.

b. On April 17, 2026, the Board of Directors of the Corporation resolved to approve an adjustment to the approved budget for the process technology licensing to be obtained from Taiwan Semiconductor Manufacturing Company Limited. The authorized licensing amount was increased from the originally approved amount of US$150,000 thousand to US$160,000 thousand.

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	March 31			
	2026		2025	
	Foreign Currency (In Thousands)	Exchange Rate	Foreign Currency (In Thousands)	Exchange Rate
Financial assets				
Monetary items				
USD	$ 1,084,305	32.064	$ 944,432	33.148
EUR	14,829	36.793	4,965	35.773
JPY	2,485,238	0.201	9,588,353	0.2198
SGD	122,536	24.850	81,183	24.734
RMB	125,536	4.635	1,146	4.559
Non-monetary items				
USD	10,397	32.064	11,297	33.148
RMB	16,816	4.635	145,407	4.559
Derivative instruments				
USD	18,100	32.064	-	-
JPY	2,391,750	0.201	-	-
EUR	2,000	36.793	-	-
SGD	38,315	24.850	26,663	24.734
Financial liabilities				
Monetary items				
USD	583,132	32.064	793,121	33.148
EUR	2,346	36.793	1,899	35.773
JPY	3,117,528	0.201	320,010	0.2198
SGD	159,758	24.850	64,008	24.734
Derivative instruments				
USD	398,500	32.064	96,000	33.148
RMB	123,862	4.635	-	-

	December 31, 2025	
	Foreign Currency (In Thousands)	Exchange Rate
Financial assets		
Monetary items		
USD	$ 743,153	31.444
EUR	7,380	36.912
JPY	5,822,174	0.2009
SGD	220,197	24.497
RMB	1,041	4.486
Derivative instruments		
USD	7,500	31.444
JPY	5,457,200	0.2009
Non-monetary items		
USD	10,579	31.444
RMB	145,854	4.486
Financial liabilities		
Monetary items		
USD	616,445	31.444
EUR	1,089	36.912
JPY	8,806,552	0.2009
SGD	182,306	24.497
Derivative instruments		
USD	180,500	31.444

Please refer to the consolidated statements of comprehensive income for the total of realized and unrealized foreign exchange gain and loss for the three months ended March 31, 2026 and 2025, respectively. Since there were varieties of foreign currency transactions and functional currencies within the subsidiaries of the Group, the Group was unable to disclose foreign exchange gain (loss) toward each foreign currency with significant impact.

40. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

1) Financing provided to others: Table 1 (attached)

2) Endorsements/guarantees provided: None.

3) Significant marketable securities held (excluding investment in subsidiaries, associates and jointly ventures): Table 2 (attached)

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

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4 (attached).

6) Intercompany relationships and significant intercompany transactions: Table 5 (attached)

7) Name, locations and related information of investees over which the company exercises significant influence (excluding the information on investment in mainland China): Table 6 (attached)

b. 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, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (attached)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

   e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

   f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services

41. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group’s chief operating decision maker reviews operating results and financial information on a per plant basis. It focuses on the operating result of each of the plants. Accordingly, each plant constitutes an operating segment of the Group. As each plant shares similar economic characteristics, produces similar products by using similar production process and all of products produced are distributed and sold to the same level of customers through a central sales function, the Group’s segments are aggregated into a single reportable segment.

The revenue, operating results and financial information on a plant by plant basis presented to the chief operating decision maker are consistent with the information in the consolidated financial statement. The segment revenue and operating results for the three months ended March 31, 2026 and 2025 can be referred to the consolidated statements of comprehensive income for the three months ended March 31, 2026 and 2025. The segment assets as of March 31, 2026, December 31, 2025 and March 31, 2025 can be referred to the consolidated balance sheets as of March 31, 2026, December 31, 2025 and March 31, 2025.

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Gain	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Total Available Amount for Leading (Note 2)
													Item	Value		
0	Vanguard International Semiconductor Corporation	Vanguard International Semiconductor Singapore Pte. Ltd.	Other receivables from related parties	Yes	$ 1,603,200 (US$ 50,000)	$ -	$ -	-	For short-term financing	$ -	Short-term financing needed	$ -	-	$ -	$ 20,524,866	$ 27,366,488

Note 1: The description of the number column is as follows:

a. Issuer fills in 0.

b. The invested company is numbered sequentially according to the company from Arabic number 1.

Note 2: The amount of loan to each borrowing company and the total available amount for all borrowings shall not exceed 30% and 40% of the Corporation’s net equity, respectively.

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Security Type and Name (Note 1)	Relationship with the Securities Issuer	Financial Statement Account	March 31, 2026				Note
				Shares/Units (Thousands)	Carrying Value	% of Ownership	Market Value or Net Asset Value	
Vanguard International Semiconductor Corporation	Shares							
	Advanced Microelectronic Products Inc.	Investee	Financial assets at FVTOCI - non-current	7,500	$ -	6	$ -	-
	United Industrial Gases Co., Ltd.	Investee	Financial assets at FVTOCI - non-current	4,246	379,430	2	379,430	-
	AnDAPT Holdings Ltd.	Investee	Financial assets at FVTOCI - non-current	1,000	-	3	-	-
	Voltafield Technology Corporation (Cayman)	Investee	Financial assets at FVTOCI - non-current	600	-	1	-	-
	Shenzhen Winsemi Microelectronics Co., Ltd.	Investee	Financial assets at FVTOCI - non-current	-	77,940	7	77,940	-
	Efficient Power Conversion Corporation	Investee	Financial assets at FVTOCI - non-current	82	247,569	5	247,569	-
	CMSC, INC.	Investee	Financial assets at FVTOCI - non-current	5,912	706,484	13	706,484	-
	Taiwan Smart Electricity & Energy Co., Ltd.	Investee	Financial assets at FVTOCI - non-current	7,500	75,000	5	75,000	-
VIS Associates Inc.	Corporation bonds							
	Bank of America Corporation	-	Financial assets at amortized cost - current	-	158,183	-	157,902	-
	Goldman Sachs Bank USA	-	Financial assets at amortized cost - current	-	128,392	-	128,434	-
	HSBC Holdings Plc	-	Financial assets at amortized cost - current	-	63,801	-	63,826	-
	IBM Corp	-	Financial assets at amortized cost - current	-	32,027	-	32,041	-
	Sumitomo Mitsui Financial Group, Inc.	-	Financial assets at amortized cost - current	-	157,993	-	158,311	-
	UBS Group AG	-	Financial assets at amortized cost - current	-	63,422	-	63,415	-
	JPMORGAN CHASE & CO	-	Financial assets at amortized cost - current	-	64,356	-	64,455	-
	JPMorgan Chase Bank NA	-	Financial assets at amortized cost - current	-	288,576	-	289,485	-
	Kia Corp	-	Financial assets at amortized cost - current	-	63,173	-	63,185	-
	MORGAN STANLEY	-	Financial assets at amortized cost - current	-	283,712	-	284,132	-
	Morgan Stanley Bank NA	-	Financial assets at amortized cost - current	-	288,169	-	288,764	-
	QNB Finance Ltd.	-	Financial assets at amortized cost - current	-	283,583	-	283,273	-
	TSMC Global Ltd	-	Financial assets at amortized cost - current	-	297,768	-	297,653	-
	ANZ Bank New York	-	Financial assets at amortized cost - non-current	-	63,549	-	63,993	-
	Bank of America Corporation	-	Financial assets at amortized cost - non-current	-	127,665	-	127,302	-
	BANK OF MONTREAL	-	Financial assets at amortized cost - non-current	-	65,842	-	66,054	-
	Bank of New Zealand	-	Financial assets at amortized cost - non-current	-	128,271	-	129,604	-
	BANK OF NOVA SCOTIA	-	Financial assets at amortized cost - non-current	-	191,969	-	192,331	-
	BMW US CAPITAL LLC	-	Financial assets at amortized cost - non-current	-	291,874	-	289,341	-
	BNP Paribas	-	Financial assets at amortized cost - non-current	-	287,486	-	287,122	-
	BPCE S.A.	-	Financial assets at amortized cost - non-current	-	161,685	-	162,185	-
	CITIBANK NA	-	Financial assets at amortized cost - non-current	-	33,341	-	33,250	-
	Credit Agricole S.A.	-	Financial assets at amortized cost - non-current	-	288,030	-	288,828	-
	Emirates NBD Bank PJSC	-	Financial assets at amortized cost - non-current	-	194,705	-	195,038	-
	First Abu Dhabi Bank PJS	-	Financial assets at amortized cost - non-current	-	263,471	-	256,883	-
	Goldman Sachs Group Inc.	-	Financial assets at amortized cost - non-current	-	288,576	-	288,576	-

(Continued)

Holding Company Name	Marketable Security Type and Name (Note 1)	Relationship with the Securities Issuer	Financial Statement Account	March 31, 2026				Note
				Shares/Units (Thousands)	Carrying Value	% of Ownership	Market Value or Net Asset Value	
	HSBC Holdings Plc	-	Financial assets at amortized cost - non-current	-	$ 286,445	-	$ 287,398	-
	JP MORGAN CHASE & CO	-	Financial assets at amortized cost - non-current	-	224,180	-	224,718	-
	Kia Corp	-	Financial assets at amortized cost - non-current	-	94,751	-	94,768	-
	Mitsubishi UFJ FIN Group, Inc.	-	Financial assets at amortized cost - non-current	-	534,158	-	533,206	-
	Natwest Markets Plc	-	Financial assets at amortized cost - non-current	-	290,943	-	292,287	-
	Royal Bank of Canada	-	Financial assets at amortized cost - non-current	-	288,576	-	290,123	-
	Sumitomo Mitsui Financial Group, Inc.	-	Financial assets at amortized cost - non-current	-	284,931	-	281,376	-
	Westpac New Zealand	-	Financial assets at amortized cost - non-current	-	297,864	-	294,738	-
	Goldman Sachs Finance Intl Ltd	-	Financial assets at amortized cost - non-current	-	224,448	-	224,448	-

Note 1: Marketable securities mentioned in the table include shares, bonds, beneficiary certificate and the derivative securities from aforementioned items that fall within the scope of “Financial Instruments in IFRS 9”.

Note 2: As of March 31, 2026, none of the above securities were pledged, used as collateral, or otherwise subject to restrictions.

Note 3: With respect to the information of subsidiaries, associates and joint ventures, please see Table 6 and Table 7.

(Concluded)

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
Vanguard International Semiconductor Corporation	Taiwan Semiconductor Manufacturing Company Ltd.	Major shareholder	Sales	$ 222,350	2	30 days after closing	$ -	-	$ 81,799	1	-
	NXP Semiconductors Taiwan Ltd.	Substantial related party	Sales	374,885	3	60 days from the invoice date	-	-	223,580	3	-

TABLE 4

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Vanguard International Semiconductor Corporation	NXP Semiconductors Taiwan Ltd.	Substantial related party	$ 223,580	7.23	$ -	-	$ 68,021	$ -

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Company Name	Company Name	Nature of Relationship	Intercompany Transactions			
				Financial Statement Item	Amount	Terms (Note)	Percentage of Consolidated Net Revenue or Total Assets
0	Vanguard International Semiconductor Corporation	Vanguard International Semiconductor Singapore Pte. Ltd.	Directly held subsidiary	Sales revenue	$ 85,504	-	1

Note: The trade term of the intercompany transactions was based on the related agreements.

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING THE INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2026			Net Gain (Loss) of the Investee (Foreign Currencies in Thousands)	Investment Gain (Loss) Recognized (Foreign Currencies in Thousands)	Note
				March 31, 2026 (Foreign Currencies in Thousands)	December 31, 2025 (Foreign Currencies in Thousands)	Shares (In Thousands)	Percentage of Ownership	Carrying Value (Foreign Currencies in Thousands)			
Vanguard International Semiconductor Corporation	VIS Associates Inc.	British Virgin Islands	Investments	$ 5,675,691	$ 5,675,691	184	100	$ 7,483,489	$ 83,083	$ 83,083	Subsidiary
	Vanguard International Semiconductor Singapore Pte. Ltd.	Singapore	Semiconductor manufacturing, selling and packaging	10,514,967	9,105,342	457,011	100	4,378,304	(234,599)	(234,599)	Subsidiary
	VisionPower Semiconductor Manufacturing Company Pte. Ltd.	Singapore	Semiconductor manufacturing, selling and packaging	39,981,987 (Note)	30,210,249	1,240,800	60	40,727,145 (Note)	(206,034)	(123,620)	Subsidiary
	Qromis, Inc.	Delaware, USA	Semiconductor research and development related businesses	347,490	347,490	10,705	27	63,900	(23,610)	(6,268)	Investment accounted for using equity method
	Episil Technologies Inc.	Taiwan	Epitaxy wafer and wafer foundry service of power IC and analog IC	2,480,000	2,480,000	50,000	12	2,363,337	(137,632)	(19,448)	Investment accounted for using equity method
	Episil-Precision Inc.	Taiwan	Semiconductor manufacturing, selling and packaging	454	454	10	-	454	100,656	-	Investment accounted for using equity method
VIS Associates Inc.	VIS Investment Holding, Inc.	Delaware, USA	Investments	200,400 (US$ 6,250)	196,525 (US$ 6,250)	63	100	126,995 (US$ 3,961)	2,434 (US$ 77)	2,434 (US$ 77)	Subsidiary
VIS Investment Holding, Inc.	VIS Micro, Inc.	California, USA	Marketing services	6,413 (US$ 200)	6,289 (US$ 200)	200	100	110,641 (US$ 3,451)	2,573 (US$ 82)	2,573 (US$ 82)	Subsidiary

Note: Including prepaid investment of US$40,000 thousand (approximately NT$1,279,840 thousand).

VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(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, 2026	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2026	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2026	Accumulated Repatriation of Investment Income as of March 31, 2026	Note
					Outflow	Inflow							
VIS Shanghai Company Limited	Marketing services	$ 4,556 (RMB 1,000 thousand)	Note 1	$ 4,556 (RMB 1,000 thousand)	$ -	$ -	$ 4,556 (RMB 1,000 thousand)	$ (165) (RMB (36) thousand)	100	$ (165) (RMB (36) thousand)	$ 4,841 (RMB 1,044 thousand)	$ -	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2026	Investment Amount Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$4,556 (RMB1,000 thousand)	$4,556 (RMB1,000 thousand)	$56,828,655

Note 1: Directly invested.

Note 2: The amount was recognized based on the subsidiary's financial statements which were reviewed by the certified public account of parent company.

Note 3: The investment amount in mainland China authorized by Investment Commission, MOEA totaled $523,570 thousand (RMB23,340 thousand and US$15,000 thousand), of which $519,014 thousand (RMB22,340 thousand and US$15,000 thousand) is accounted for financial assets at FVTOCI, please refer to Table 2.

Note 4: Under the "Principles for Reviewing Investment or Technical Cooperation Conducted in Mainland China," the upper limit on the amount of investment stipulated is calculated based on either 60% of the equity attributable to owners of the Corporation or 60% of the consolidated net worth, including non-controlling interests, whichever is higher.