

Taiwan Semiconductor Co., Ltd.
Minutes of the 2025 Annual General Meeting

Time : Thursday, 19 June 2025 at 09 : 00 am

Place : Taiwan Semiconductor Co., Ltd. I-Lan factory (No.96,Meijou 2nd Rd. ,I-Lan City, I-Lan County 260, Taiwan R.O.C.)

Shareholders Present : The number of shares presented in person or by proxy is 166,011,379 shares (including 95,566,319 shares from electronic voting rights), representing 63% of total outstanding shares.

Directors Present: Director Mr. Wang shiu Ting, TSC Auto ID Technology Co., Ltd.
Legal Representative Director Mr. Wang Hsing Lei, Director Mr. Yan Guo Yin, Independent Director Mr. Jhan Cian Long, Independent Director Mr. Ma Shu Zhuang, Independent Director Mrs. Chen Shu Ling, Independent Director Mrs. Wang Nian Qiu.

Lawyer : Tien Jen Jieh (Lee and Li, Attorneys-at-Law)

Accountants : Kuo Yang Lun (KPMG Certified Public Accountants)

Chairman : Mr. Wang shiu Ting (Chairman of the Board of Directors)

Record : Ms. Luo Yue Guei

The agenda for the meeting is as follows:

1. The Chairman called the meeting to order.
2. Chairman's Address : (omitted)
3. Report Items :
 - (1) 2024 Business Report and 2025 Annual Business Plan Report
 - (2) Audit Committee's 2024 Review Report
 - (3) Status report on the Endorsement and Guarantee, Loaning of Company Funds, Regulations Governing the Acquisition and Disposal of Assets, the Trading of Financial Derivatives of the Company and its subsidiaries in 2024
 - (4) Report on 2024 employees' profit sharing bonus and directors' compensation
 - (5) Report on the Content and Amount of Performance Evaluation and Remuneration of Directors and Managers, and the Relationship between the Evaluation Results and the Reasonableness Report.
4. Approval Items :
 - (1) Proposal 1 : To accept 2024 Business Report and Financial Statements
(Proposed by the Board)

Explanation: 1. The Company' s 2024 business report, standalone financial statement, and

consolidated financial statements have been approved by the Board and examined by the audit committee.

2. The business report, standalone financial statement, and consolidated financial statements are attached in the Meeting Agenda.

Voting Results: Shares represented at the time of voting: 166,011,379 votes

Voting Results(Including electronic votes)	% of the total represented share present
Approval votes: 151,762,359 votes	91.41%
Disapproval votes: 101,317 votes	0.06%
Invalid votes: 0 votes	0.00%
Abstention votes/no votes: 14,147,703 votes	8.52%

RESOLVED, that The Company' s 2024 Business Report and Financial Statements be and hereby were accepted as submitted.

- (2) Proposal 2 : To approve the Company's 2024 Earnings Distribution.
(Proposed by the Board)

Explanation: 1. In order to improve the capital structure and avoid dilution of earnings, the Company proposes full cash dividend distribution.

2. In the fiscal year 2024, the company's net profit after tax was NT\$ 463,851,126 after deducting the remeasurement amount of the defined benefit plan of NT\$ 2,670,952 and allocating NT\$ 46,118,017 to legal reserve. Additionally, considering the special reserve of NT\$ 228,975,072 reversed from the net amount of other deductions from equity and the retained earnings from the previous period of NT\$ 1,557,503,102, the distributable earnings for the current period are NT\$2,201,540,331. The proposed shareholder dividend is NT\$ 526,970,972 to be distributed entirely in cash. This proposal awaits approval at the ordinary shareholder meeting, after which the dates for the cash dividend record and payment will be set. According to the record of shareholders on the cash dividend record date, each share will receive a dividend of NT\$ 2.0, rounded down to the nearest cent, with any remaining fractions accumulated into the company's other income.

In case there are fluctuations in the company's outstanding shares resulting in changes to the shareholder's dividend rate, the Board of Directors will seek authorization from the shareholders to handle it accordingly.

3. Please refer to Earnings Distribution Table on page 39 of this Meeting Agenda.

Voting Results: Shares represented at the time of voting: 166,011,379 votes

Voting Results(Including electronic votes)	% of the total represented share present
Approval votes: 151,818,137 votes	91.45%
Disapproval votes: 166,043 votes	0.10%
Invalid votes: 0 votes	0.00%
Abstention votes/no votes: 14,027,199 votes	8.44%

RESOLVED, that the above proposal be and hereby was approved as proposed.

5. Discussion items :

(1) Proposal 1 : Amendment to the "Articles of Incorporation" of Taiwan Semiconductor Co., Ltd. (Proposed by the Board)

Explanation: 1. The amendments to the relevant articles of the Company's "Articles of Incorporation" are made in accordance with the stipulations promulgated in Paragraph 6 of Article 14 of the Securities and Exchange Act as well as the Financial Supervisory Commission's letter No. 1130385442, the comparison table of the amendments before and after, along with their explanations, are provided on page 41 of this Meeting Agenda.. And it is requested to be approved at the 2025 Annual Shareholders' Meeting.

2. Please proceed to discuss.

Voting Results: Shares represented at the time of voting: 166,011,379 votes

Voting Results(Including electronic votes)	% of the total represented share present
Approval votes: 151,873,556 votes	91.48%
Disapproval votes: 112,386 votes	0.06%
Invalid votes: 0 votes	0.00%
Abstention votes/no votes: 14,025,437 votes	8.44%

RESOLVED, that the above proposal be and hereby was approved as proposed.

6. Extraordinary Motions : none

7. Adjournment: 9:11 am (No question was raised by Shareholder.)

Mr. Wang shiu Ting
Chairman

Ms. Luo Yue Guei
Recorder

Appendix

1. 2024 Business Report

(1) Implementation of Business Plan

The Company's and its subsidiaries major businesses included the production and sale of rectifiers and barcode printers. In 2024, the earnings per share after tax was NT\$1.87. The 2024 consolidated operating revenue, gross profit, operating income, net income before tax, net income, comprehensive income, and after-tax earnings per share compared to 2023 is presented below:

Unit: NT\$ thousand

Item	Implementation of Business Plan		
	2024	2023	Increase (decrease)
Operating revenue	14,828,792	14,616,014	1.46%
Gross Profit	4,234,590	4,492,662	(5.74%)
Operating Income	1,257,215	1,768,528	(28.91%)
Net income before tax	1,328,359	1,837,797	(27.72%)
Net income	894,913	1,309,993	(31.69%)
Comprehensive income	1,100,383	1,257,184	(12.47%)
Net income attributable to the Parent Company	463,851	718,640	(35.45%)
Comprehensive income attributable to the Parent Company	636,032	655,242	(2.93%)
After-tax earnings per share (NT\$)	1.87	2.89	(35.29%)

(2) Budget Implementation: The Company did not disclose its financial forecasts of the year of 2024, so it is not necessary to publicly disclose the implementation of the budget.

(3) Financial Status and Profitability

Unit: NT\$ thousand

Item	Annual revenue and expenditure		
	2024	2023	Increase(decrease)
Interest Revenue	41,582	42,817	(2.88%)
Interest Expense	116,975	80,472	45.36%

Item		2024	2023
Financial Structure	Total debt to assets (%)	49.19	39.01
	Long-term asset to real estate, plant and equipment ratio (%)	357.73	288.48
Liquidity Analysis	Current ratio (%)	204.11	200.15
	Quick ratio (%)	130.80	127.74
Profitability	Return on assets (%)	4.98	7.65
	Return on equity (%)	8.27	12.23

Item		2024	2023
	Profit ratio (%)	6.03	8.96
	After-tax earnings per share (NT\$)	1.87	2.89

(4) Research and Development

(A) Rectifier

To increase our overall competitiveness and gross margin, the Company invests a great deal of manpower and budget every year in collecting market information, analyzing market demand, and setting the direction and strategy for new product development. As most of the mainstream products in the market today are becoming thin and light, our products are also actively developing toward small, energy-saving, and comprehensive in order to develop new markets. We have developed and increased market penetration in personal handheld products, automotive electronics, industrial control industry and white goods market.

In recent years, with self-developed chip technology and the advantage of automated packaging, we have continued to develop Schottky rectifier, R&D efforts in Fast Recovery Diodes (FRED), Transient Voltage Suppressor (TVS), MOSFET, ESD protection, and automotive low-dropout/low-power voltage regulator ICs, among other products.

The development of the new generation of trench Schottky rectifier, Fast Recovery Diodes (FRED), Super Junction MOSFET, and Shielded Gate Technology MOSFET that can effectively reduce conduction loss and switching loss to meet market trends and needs for environmental protection, energy-saving, and low power consumption. These new technologies will be developed in a full range to facilitate the promotion of active and passive safety applications for automotive electronics, industrial, communications, and energy industries.

The company is also actively investing resources in the development of technologies and products for emerging third-generation semiconductors. Silicon Carbide (SiC) Schottky Diodes have been launched progressively, and the development of Silicon Carbide Metal-Oxide-Semiconductor Field-Effect Transistors (SiC MOSFETs) is ongoing.

The development of ESD protection has been focused on products for static protection that meet various in-car communication standards and Ethernet requirements.

Additionally, a range of low power, high output current automotive low-dropout/low-power voltage regulator ICs are being developed to cover stable voltage supplies for automotive MCUs at 3.3V and 5V. Some of these have been independently developed and are currently undergoing more rigorous human and equipment investment for validation under automotive regulations, progressively meeting the AEC-Q100 automotive standards, with the hope of gaining recognition from automotive clients for high quality and service.

(B) Barcode printer

With the increase in applications for automatic identification in the global market, the Company spent NT\$304,582 thousand on research and development in 2024, accounting for 3.5% of the revenue and will continue invest in development of remote printer management value-added software tools (TSC Console Web) accessible via the Internet or intranet, to help clients manage devices and expand service scopes. On the other hand, fortifying the safety of product IoT is also the Company's strategic objective in alignment with the requirements of the laws and corporate users. In addition to developing new generation products and applications in new fields, the Company will focus on the reduction of energy consumption and the usage of recycled plastic, green packaging materials, and recyclable components during the course of production. The Company will also spend the funds on the capital expenditures on labeling paper equipment to strengthen competitiveness and ensure sustainable potential for revenue and profit growth.

2. 2025 Business Plan

(1) Business Policy

(A) Rectifier

(1) Global marketing and brand establishment

Continue to set up and optimize global marketing channels; strengthen the professional marketing and technical service teams both domestically and internationally; and improve our brand image and customer stickiness through comprehensive customer support.

(2) Innovative research/development and leading technology

Continue to expand and strengthen our R&D team to accelerate the R&D of new generation products and integration solutions; and ensure that our core technology, such as Rectifier, Metal-Oxide-Semiconductor Field Effect Transistor (MOSFET), and Trench Schottkys, remain prominent.

(3) Production upgrade and cost optimization

Proactively implement advanced production equipment and automation technology to improve production efficiency and capacity; and use new packaging technologies and higher current density surface mount power device solutions to reduce manufacturing cost and to further increase profitability.

(4) Vertical integration and strategic alliance

Establish a comprehensive supply chain from the upstream of wafer products to the downstream of system applications; engage in close collaboration with internationally-prestigious companies and multi-national designing service partners and jointly research and develop revolutionary products to integrate solutions tailoring the diverse market demands.

(B) Barcode printer

In response to the global corporate emphasis on ESG sustainability and the comprehensive demands on the entire supply chain, our company is actively launching new products made from recyclable materials to expand our business domain. Additionally, we will continue to develop complete software and hardware solutions required by our customers, expand the marketing channels for our full range of products from low to high-end, deepen the operation of our own brands globally, increase customer utilization of automatic identification systems, and provide a more comprehensive network of application services to create diverse value for our customers.

(2) Important Production and Marketing Policies

(A) Rectifier

The Company adopts the combination mode of build-to-stock and make-to-order production. In this regard, production arrangements are flexibly adjusted based on market demands, inventory status, and production capacity planning. Process optimization is continuously implementation to reduce costs, increase productivity, and enhance product competitiveness through lean management and automated production. It also ensures optimal inventory level and supply flexibility, providing most ideal deployment of resources and maximum efficiency of operations.

(B) Bar Code printer

Future production and marketing policies will focus on the following:

1. Ensure stability and quality of supplies from important suppliers and maintain appropriate inventory levels and turnover rates.
2. Continuously expand the global operational scale and strengthen the core competitive strength of the company's operational fundamentals.

3. Provide all-around high-quality service to build sustainable business capabilities.

(3) Operation Goals

(A) Rectifier

The Company's main products are rectifier diodes and analog ICs. The sales volume is based on the Company's annual sales objectives, market demand, development trend, customers' operating overview, the Company's current order intake, etc., and is reasonably prepared considering the Company's operational scale. It is expected that the Company's performance will show a stable development trend, which will have a positive impact on the Company's financial and business conditions.

(B) Bar Code Printer

The Company's major source of income is the sales and service of automatic identification printers, the sales of label paper consumables, and the sales of corporate portable computers. The sales volume is based on the Company's annual sales objectives, market demand, development trend, customers' operating overview, the Company's current order intake, etc., and is reasonably prepared considering the Company's operational scale. It is expected that the Company's performance will show a stable development trend, which will have a positive impact on the Company's financial and business conditions.

3. Future Development Strategies and Influence from External Competition, Regulations and Macro-operating Environment

(1) Future Development Strategies

(A) Rectifier:

Continuing to innovate technology, accelerate research and development, increase product value, fortify technological barriers, establish complete upstream and downstream deployment, and strengthen integration benefits.

(B) Bar Code printer:

Continuously adhering to the customer-centered principle, we persist in integrating brand, product, marketing, and customer service to offer a unified service and experience, thereby strengthening the market image and enhancing competitive advantage. By understanding the various application changes of different industry customers worldwide and collaborating more closely with upstream and downstream partners, we explore new customers, new solutions, innovative service models, and develop new products with a new business mindset, creating multiple win-win growth opportunities.

(2) Influence from External Competition

(A) Rectifier

Despite the challenge of global price competition in the mid- and low-end markets, the Company has always adhered to the course of high-specification and high-quality development and has continued to span our technology and application fields. From consumer electronics to automotive, industrial control, medical, and communication equipment, the Company has achieved a balanced deployment in each market levels. In the meantime, we proactively enter new areas with higher technological barriers to ensure that our technological R&D and profitability are always steps ahead of the coming competitors. At present, we are on par with the world-prestigious manufacturers in terms of our new technology and high-end products. We have even transcended in various fields. Looking into the future, the Company will continue to launch revolutionary and innovative products, and, in the meanwhile, vigorously promote environmental protection, energy-saving, and carbon-reducing measures to contribute our part to the sustainable development of the

industry.

(B) Bar Code printer

As the demand for automatic identification becomes more life-oriented and common, the demand for or automatic identification solution is becoming more and more active; moreover, there is an increasing need for products to meet ESG requirements. In the face of the external competitive environment, the Company continues to develop innovative technologies, strengthen core capabilities for resource integration and interdisciplinary development, expand market cooperation and links, focus on the development of the application solutions in the vertical market combining label printers, consumables, and hand-held input devices, provide green products with deeper environmentally-friendly concept, and actively face external challenges with the goal of profitability and stable growth.

(3) Influence from Regulations

(A) Rectifier

As the global environmental protection and energy-saving requirements become increasingly stringent, the semiconductor industry is faced by various regulatory challenges. The market demand for power components in regard to environmentally-friendly materials, low energy consumption, high efficiency, and miniaturization continues to increase. The Company have actively responded to these regulatory changes in terms of our product design, manufacturing process, and R&D innovations to ensure that our products not only comply with national standards, but also lead the market in the areas of technology and performance.

1. Non-halogen environmental design – adapting the EU RoHS norms

All series of our products are made of non-halogen materials to comply with the EU RoHS norms. Through the selection of environmentally-friendly materials and the management of the supply chain, we are able to reduce the use of hazardous substances while ensuring product reliability and performance stability.

2. Enhancing efficiency to comply with the EISA2007 Standards

For rectifiers and power components, we focus on reducing the wastage of electrical property and minimize the packaging size. In terms of white goods, Schottkys components are designed for high voltage tolerance, quick and soft switching, and low consumption to meet the strict requirements of stand-by energy consumption and power conversion efficiency.

3. Facilitating the applications of renewable energy

Our Schottkys products, which are low-consuming with high junction temperature, are suitable for solar modules and power converters. We assist customers in achieving high-performing energy conversion while pursuing environmental protection and energy conservation.

4. Technological innovation and support for electric vehicles

The charging specification of electric vehicles has been changed from AC to DC 600V direct charging; and power system from 12V/24V to 48V. In response to this trend, we have launched high-voltage fast-recovery diodes, ultra-low power rectifiers, and trench Schottky components. By providing competitive technical solutions in alignment with the new specifications, we have targeted an important entry point for the design of electric vehicle system.

(B) Bar Code Printer

There haven't been significant influences for the Company that attributes to the important policy and law changes domestic and foreign in recent years.

(4)Influence from Macro-operating Environment

(A) Rectifier

In the era where global economy is integrated and electronic industry is rapidly evolving, the Company persists in introducing cutting-edge technology and comprehensive solutions through our network of global channels as well as locations for technical service to construct an efficient, stable, and forward-looking products and services. This globalized deployment not only effectively connects the Company with customers and supply chains from all over the world, but also allows us to face with confidence the various challenges brought by external business environment. Additionally, we are able to accomplish a steady growth in the fierce market competition and continuously enhance the brand value.

Facing the multiple impacts of the overall business environment, the Company has adopted the following strategies to promote regional industrial development and market expansion:

- North America
Concentrating on automobiles, industry, telecommunication, and illumination sectors; and continuously optimizing our product structure by taking advantage of the demands in mature markets.
- Japan and Korea
Focusing on the automobiles and industry; and strengthening our brand influence and meet the demand for high quality through refined technical service.
- Europe
Highlighting the automotive electronics, industry, renewable energy, and illumination sectors; and actively responding to the European market's demand for green, environmentally-friendly, and innovative technology.
- China and emerging markets
Covering a wide range of consumer electronics, automobiles, and industry while expanding our reach to emerging markets such as India, South Asia, and South America. With the rapid expansion of the middle class and the unleashing potential of the domestic demand market, coupled with the continued introduction of infrastructure, home appliances, and telecommunication industry, these markets offer the Company ample room for growth.

(B) Bar Code Printer

The Company follows all changes of regulation.

In the future, with the growing stability and the expansion of the applied field of rectifier and bar code printer markets, the Company and each subsidiary company will uphold our innovative, professional, and dedicated corporate philosophy. Also, keep strengthening the research and development and salability, improve our performance, and company profits, in order share the profits with the stockholders, clients, and employees.

Chairman: Wang, Shiu-Ting

President: Wang, Shiu-Ting

CFO: Cheng, I-Cheng

Independent Auditors' Report

To the Board of Directors of TAIWAN SEMICONDUCTOR CO., LTD.:

Opinion

We have audited the financial statements of TAIWAN SEMICONDUCTOR CO., LTD.(“the Company”), which comprise the balance sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) of which represented investment accounted for using the equity method of the Company. Those statements were audited by the other Certified Public Accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the report of the other Certified Public Accountants. The investment in TSC Auto ID amounted for using the equity method constituting 10.49% and 10.67% of the total assets at December 31, 2024 and 2023, respectively, and the related share of profit of subsidiaries accounted for using the equity method constituting 39.31% and 31.95% of the total income before tax for the years then ended respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to note 4(m) to financial statements for accounting policy of revenue recognition; and note 6(o) “Revenue from contracts with customers” for details on the related explanation.

Description of the key audit matter:

The main business items of the Company are the manufacture and sale of rectifiers. Revenue recognition is one of the key assessment matters in our audit. Revenue is the key indicator to evaluate the performance by investors and management. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included: (i) testing the relevant control over the sales and collection cycle to determine the reliability of revenue records. (ii) checking and adjusting the data of sales system and general ledger entries, and evaluating whether the conditions of sale are consistent with the recognition of accounting policies. (iii) Performing trend analysis on the top ten sales customers to assess whether there are any material abnormality. (iv) using system tools to sample sales transactions before and after the year end to evaluate the accuracy of the period and amount of revenue recognition.

2. Impairment on investment accounted for using the equity method

Please refer to note 4(h) “Investment in subsidiaries” and (l) “Impairment of non-financial assets” of the financial statements for the details on the accounting policy about investments accounted for using equity method; note 5(c) “Investments impairment assessment for using equity method “for details on the significant accounts assumptions and judgments; note 6(e)” investments accounted for using equity method” for details on the related explanation.

Description of the key audit matter:

When TSC Auto ID Technology (TSC Auto ID) obtained the business combinations and its control, and recognized a goodwill in the consolidated financial report, the amount is regarded as material. Besides, evaluating whether goodwill is impaired depends on the estimation of the future cash flow of the cash-generating unit to determine the recoverable amount. The estimation of the future cash flow involves industrial environment and the forecast of the future operating results. Once the indicators of the forecast change, the recoverable amount will change as well and may cause an impairment loss. Due to the investments are the important investees and the amount is regarded as material. Therefore, the impairment on investment amounted for using the equity method is one of our key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included: communication of the related issue with other Certified Public Accountants, which included sending audit instruction to other Certified Public Accountants and obtaining the independent auditor’ s report of TSC Auto ID issued by other Certified Public Accountants.

The audit procedure executed by other Certified Public Accountants included (i) obtaining the report of the assessment of impairment loss of goodwill provided by the evaluation expert appointed by the management of TSC Auto ID. (ii) understanding and assessing the reasonableness of the recoverable amount based on the evaluation model. (iii) comprehensively assessing the reasonableness of the assessment of impairment loss of goodwill based on the assumption used in the evaluation model, including sales growth rate, profit margin, weighted average cost of capital (WACC, which includes risk-free return rate and risk premium), etc. and assessing the previous operating conditions, the conditions of industrial environment and future outlook.

Our audit procedure also compare the difference of the investment amounted and the net assets of TSC Auto ID (according to our ownership share) and observe TSC Auto ID ’s stock price.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Yang-Lun and Hsiao, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2025

Notes to Readers

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

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 562,610	5	795,597	2100	Short-term borrowings (note 6(i))	\$ 445,065	5	950,000	9	
1110	Current financial assets at fair value through profit or loss - current (note 6(b))	20,089	-	21,060	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	859	-	-	-	
1150	Notes receivable, net (note 6(c))	12	-	282	2170	Accounts payable	250,992	2	263,239	2	
1170	Accounts receivable, net (note 6(c))	490,650	5	435,637	2181	Accounts payable to related parties (note 7)	323,092	3	303,235	3	
1180	Accounts receivable due from related parties, net (note 7)	526,973	5	442,830	2220	Other payables to related parties (note 7)	43,971	-	35,604	-	
1200	Other receivables (note 7)	31,252	-	32,318	2230	Current tax liabilities	113,137	1	98,768	1	
1220	Current tax assets	89,684	1	-	2320	Long-term borrowings, current portion (note 6(j))	106,683	1	298,583	3	
130X	Inventories(note6(d))	1,083,837	10	1,224,393	2280	Lease liabilities, current (note 6(k))	957	-	940	-	
1479	Other current assets	74,286	1	32,587	2399	Other current liabilities	330,636	3	325,091	3	
		<u>2,879,393</u>	<u>27</u>	<u>2,984,704</u>			<u>1,615,392</u>	<u>15</u>	<u>2,275,460</u>	<u>21</u>	
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	66,152	-	22,383	2541	Long-term borrowings (note 6(j))	644,675	6	228,808	2	
1551	Investments accounted for using equity method (note (e))	5,192,648	50	5,212,425	2570	Deferred tax liabilities (note 6(m))	425,721	4	449,473	4	
1600	Property, plant and equipment (note (f))	2,086,694	20	2,089,063	2580	Lease liabilities non-current (note (k))	403	-	1,360	-	
1755	Right-of-use assets (note (g))	2,359	-	4,024	2640	Net defined benefit liability, non-current (note 6(l))	5,602	-	22,493	-	
1822	Intangible assets (note (h))	55,786	1	71,765			<u>1,076,401</u>	<u>10</u>	<u>702,134</u>	<u>6</u>	
1840	Deferred tax assets (note (m))	60,299	1	110,445		Total liabilities	<u>2,691,793</u>	<u>25</u>	<u>2,977,594</u>	<u>27</u>	
1980	Other non-current financial assets (note (b))	18,143	-	51,867		Stockholder' equity attributable to parent:(note 6(n))					
1990	Other non-current assets	124,673	1	166,313	3110	Common stock	2,634,854	25	2,634,854	25	
		<u>7,606,754</u>	<u>73</u>	<u>7,728,285</u>	3200	Capital surplus	2,252,984	22	2,209,251	21	
		<u>\$ 10,486,147</u>	<u>100</u>	<u>10,712,989</u>	3300	Retained earnings	3,751,072	36	3,816,863	36	
					3400	Other stockholders' equity	(244,678)	(2)	(419,530)	(4)	
					3500	Treasury shares	(599,878)	(6)	(506,043)	(5)	
						Total equity	<u>7,794,354</u>	<u>75</u>	<u>7,735,395</u>	<u>73</u>	
						Total liabilities and equity	<u>\$ 10,486,147</u>	<u>100</u>	<u>10,712,989</u>	<u>100</u>	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2024		2023	
	Amount	%	Amount	%
4110 Total sales revenue (note 6(o) and 7)	\$ 4,295,553	102	4,708,842	102
4190 Less: Sales discounts and allowances	98,547	2	98,369	2
Net operating revenues	4,197,006	100	4,610,473	100
5000 Cost of goods sold (note 6(d) and 7)	3,489,795	83	3,506,778	76
Gross profit	707,211	17	1,103,695	24
5910 Less: Unrealized profit (loss) from sales	354	-	(15,662)	-
	<u>706,857</u>	<u>17</u>	<u>1,119,357</u>	<u>24</u>
6000 Operating expenses (note 6(l), (q) and 7):				
6100 Selling expenses	351,858	8	354,097	7
6200 Administrative expenses	198,054	5	215,950	5
6300 Research and development expenses	126,066	3	141,341	3
6450 Expected credit losses (gains on reversal)(note 6(c))	151	-	(7,803)	-
	<u>676,129</u>	<u>16</u>	<u>703,585</u>	<u>15</u>
Operating income	30,728	1	415,772	9
Non-operating income and expenses (note 6(p) and 7):				
7100 Interest income	5,476	-	11,614	-
7010 Other income	15,649	-	19,311	-
7020 Other gains and losses	84,863	2	36,031	1
7050 Finance costs	(24,400)	-	(22,675)	-
7070 Share of profit of subsidiaries accounted for using equity method (note 6(e))				
	<u>419,887</u>	<u>10</u>	<u>404,836</u>	<u>9</u>
	<u>501,475</u>	<u>12</u>	<u>449,117</u>	<u>10</u>
Profit before income tax	532,203	13	864,889	19
7950 Less: Income tax expenses (note 6(m))	68,352	2	146,249	3
Profit	463,851	11	718,640	16
8300 Other comprehensive income:				
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans (note 6(l))	1,328	-	(2,775)	-
8330 Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(3,999)	-	(651)	-
	<u>(2,671)</u>	<u>-</u>	<u>(3,426)</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	174,852	4	(59,972)	(1)
	<u>174,852</u>	<u>4</u>	<u>(59,972)</u>	<u>(1)</u>
8300 Other comprehensive income (after tax)	172,181	4	(63,398)	(1)
Comprehensive income	\$ 636,032	15	655,242	15
Basic earnings per common share (NT dollars) (note 6(r))	\$ 1.87		2.89	
Diluted earnings per common share (NT dollars) (note 6(r))	\$ 1.87		2.88	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange		
							differences on translation of foreign financial statements		
Balance at January 1, 2023	\$ 2,634,854	2,137,088	973,024	531,125	2,651,442	4,155,591	(359,558)	(506,043)	8,061,932
Net income	-	-	-	-	718,640	718,640	-	-	718,640
Other comprehensive income	-	-	-	-	(3,426)	(3,426)	(59,972)	-	(63,398)
Total comprehensive income	-	-	-	-	715,214	715,214	(59,972)	-	655,242
Appropriation and distribution of retained earnings:									
Provision of legal reserve	-	-	156,719	-	(156,719)	-	-	-	-
Cash dividends	-	-	-	-	(1,053,942)	(1,053,942)	-	-	(1,053,942)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	59,200	-	-	-	-	-	-	59,200
Changes in equity of affiliate accounted for using equity method	-	12,963	-	-	-	-	-	-	12,963
Balance at December 31, 2023	2,634,854	2,209,251	1,129,743	531,125	2,155,995	3,816,863	(419,530)	(506,043)	7,735,395
Net income	-	-	-	-	463,851	463,851	-	-	463,851
Other comprehensive income	-	-	-	-	(2,671)	(2,671)	174,852	-	172,181
Total comprehensive income	-	-	-	-	461,180	461,180	174,852	-	636,032
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	(93,835)	(93,835)
Appropriation and distribution of retained earnings:									
Provision of legal reserve	-	-	71,521	-	(71,521)	-	-	-	-
Cash dividends	-	-	-	-	(526,971)	(526,971)	-	-	(526,971)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	31,920	-	-	-	-	-	-	31,920
Changes in equity of affiliate accounted for using equity method	-	11,813	-	-	-	-	-	-	11,813
Balance at December 31, 2024	\$ 2,634,854	2,252,984	1,201,264	531,125	2,018,683	3,751,072	(244,678)	(599,878)	7,794,354

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAIWAN SEMICONDUCTOR CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 532,203	864,889
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	371,455	333,878
Amortization expense	35,853	51,927
Expected credit losses (gains on reversal)	151	(7,803)
Gain on financial assets or liabilities at fair value through profit or loss	(9,430)	(3,169)
Interest expense	23,247	21,285
Interest income	(5,476)	(11,614)
Share of profit of subsidiaries accounted for using equity method	(419,887)	(404,836)
Gain on disposal of property, plan and equipment	(746)	(99)
Others	354	(15,662)
Total adjustments to reconcile profit (loss)	(4,479)	(36,093)
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at fair value through profit or loss	1,636	(16,918)
(Increase) decrease in notes receivable	270	(230)
(Increase) decrease in accounts receivable	(55,164)	190,174
(Increase) decrease in accounts receivable due from related parties	(84,143)	227,966
Decrease in other receivable	1,064	5,230
(Increase) decrease in inventories	140,556	(30,395)
(Increase) decrease in other current assets	(41,699)	76,848
Decrease in accounts payable	(12,247)	(219,263)
Increase (decrease) in accounts payable to related parties	19,857	(35,392)
Increase (decrease) in other payable	605	(252)
Increase (decrease) in other payable to related parties	8,367	(2,951)
Increase (decrease) in other current liabilities	5,545	(93,459)
Decrease in net defined benefit liability	(15,563)	(328)
Total adjustments	(35,395)	64,937
Cash inflow generated from operations	496,808	929,826
Interest received	5,478	12,071
Dividends received	560,165	333,180
Interest paid	(25,614)	(22,432)
Income taxes paid	(117,273)	(300,972)
Net cash flows from operating activities	919,564	951,673
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(34,145)	(19,607)
Acquisition of property, plant and equipment	(115,047)	(105,072)
Proceeds from disposal of property, plant and equipment	1,101	-
Acquisition of right-of-use assets	-	(2,035)
Acquisition of intangible assets	(9,092)	(59,233)
Decrease in other non-current assets	66,361	70,878
Increase in prepayments for equipment	(252,819)	(226,692)
Net cash flows used in investing activities	(343,641)	(341,761)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(504,935)	360,000
Proceeds from long-term borrowings	522,550	-
Repayments of long-term borrowings	(298,583)	(259,349)
Payment of lease liabilities	(971)	(567)
Cash dividends paid	(526,971)	(1,053,942)
Net cash flows used in financing activities	(808,910)	(953,858)
Net decrease in cash and cash equivalents	(232,987)	(343,946)
Cash and cash equivalents at the beginning of period	795,597	1,139,543
Cash and cash equivalents at the end of period	\$ 562,610	795,597

Representation Letter

The entities that are required to be included in the consolidated financial statements of TAIWAN SEMICONDUCTOR CO., LTD. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “Consolidated Financial Statements” . In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, TAIWAN SEMICONDUCTOR CO., LTD. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: TAIWAN SEMICONDUCTOR CO., LTD.
Chairman: Wang Shiu-Ting
Date: March 14, 2025

Independent Auditors' Report

To the Board of Directors of TAIWAN SEMICONDUCTOR CO., LTD.:

Opinion

We have audited the consolidated financial statements of TAIWAN SEMICONDUCTOR CO., LTD. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, consolidated changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

TSC Auto ID acquired the entire shares of MGN sp. z o.o. on June 12, 2023. Since the evaluation of the identifiable net assets obtained from the business combination was completed during the year, the original accounting treatment and provisional amount from the acquisition date were adjusted according to the purchase price allocation report, and the information for the comparative period was retrospectively restated. Our opinion is not modified in respect of this matter. Please refer to note 6 (i) and (v).

Other Matter

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) of the Group. Those statements were audited by the other Certified Public Accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the report of the other Certified Public Accountants. The financial statements of TSC Auto ID reflect the total assets constituting 55.02% and 43.30% of the consolidated total assets at December 31, 2024 and 2023, respectively, and the total operating revenues constituting 59.33% and 57.14% of the consolidated total operating revenues for the years then ended respectively.

The company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unqualified opinion with other matters paragraph.

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(n) “Revenue recognition” to the consolidated financial statements for accounting policy of revenue recognition; and note 6(r) “Revenue from contracts with customers” for details on the related explanation .

Description of the key audit matter

The main business items of the Group are the manufacture and sale of rectifiers, and the manufacture and service of automatic identification system products. Revenue recognition is one of the key assessment matters in our audit. Revenue is the key indicator to evaluate the performance by investors and management. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included: (i) testing the relevant control over the sales and collection cycle to determine the reliability of revenue records. (ii) checking and adjusting the data of sales system and general ledger entries, and evaluating whether the conditions of sale are consistent with the recognition of accounting policies. (iii) conducting trend analysis on the top ten sales customers to assess whether there are any major anomalies. (iv) using system tools to sample sales transactions before and after the year end to evaluate the correctness of the period and amount of revenue recognition.

2. The assessment of impairment loss of goodwill

Please refer to note 4(l) “Impairment of non-financial assets” of the consolidated financial statements for details on the accounting policy related to impairment loss of goodwill; note 5(c) “The assessment of impairment loss of goodwill” of the accounting estimates and estimation uncertainty of the assessment of impairment loss of goodwill; and note 6(i) “Goodwill” for details on the related explanation.

Description of key audit matter

When the Groups Bar Code Printers department obtained the business combinations and its control, and recognized a goodwill in the consolidated financial report, the amount is regarded as material. Besides, evaluating whether goodwill is impaired depends on the estimation of the future cash flow of the cashgenerating unit to determine the recoverable amount. The estimation of the future cash flow involves industrial environment and the forecast of the future operating results. Once the indicators of the forecast change, the recoverable amount will change as well and may cause an impairment loss.

How the matter was addressed in our audit:

Our key audit procedures included: communication of the related issue with other Certified Public Accountants, which included sending audit instruction to other Certified Public Accountants and obtaining the independent auditor’ s report of TSC Auto ID issued by other Certified Public Accountants.

The audit procedure executed by other Certified Public Accountants included (i) obtaining the report of the assessment of impairment loss of goodwill provided by the evaluation expert commissioned by the management of TSC Auto ID. (ii) understanding and assessing the reasonableness of the recoverable amount based on the evaluation model. (iii) comprehensively assessing the reasonableness of the assessment of impairment loss of goodwill based on the assumption used in the evaluation model, including sales growth rate, profit margin, weighted average cost of capital (WACC, which includes risk-free rate and risk premium), and considering TSC Auto ID's operational status, industry conditions, and future outlook to comprehensively assess the reasonableness of the report of the assessment of impairment loss of goodwill.

3. Identification and evaluation of tangible and intangible assets acquired through business combinations

Please refer to note 4(r) "Business combinations" for accounting policy of business combinations; and note 6(v) "Business combinations" for details on the related explanation.

Description of the key audit matter

The Group's Bar Code Printers department acquired the entire shares of MGN sp. z o.o. on June 12, 2023, and completed the measurement of the fair value of net assets and goodwill based on the purchase price allocation report in 2024; hence, the intangible assets generated by the acquisition are significant to the consolidated financial statements.

Due to the aforementioned business combination transaction, the consideration for the acquisition of equity, the reasonableness of the purchase price allocation, and the determination of the fair value of net assets acquired on the acquisition date, as well as intangible assets and goodwill, were based on the purchase price allocation report issued by external expert commissioned by the management. The valuation methods and assumptions adopted involve significant estimates and judgments by the management.

How the matter was addressed in our audit:

Our key audit procedures included: communicating the related issue with other Certified Public Accountants, which included sending audit instruction to other Certified Public Accountants and obtaining the independent auditor's report of TSC Auto ID issued by other Certified Public Accountants.

The audit procedure executed by other Certified Public Accountants included: (i) obtaining the purchase price allocation report issued by external expert commissioned by the management of TSC Auto ID and evaluating the competence and independence of external independent valuers. (ii) reviewing the expected financial information used by the management of TSC Auto ID to prepare the purchase price allocation report and comparing it with TSC Auto ID's historical financial information and market industry future expectations to assess the reasonableness of key assumptions (including sales growth rate, gross profit margin, and operating profit margin). (iii) evaluating the valuation models and key assumptions used in the purchase price allocation report, including the useful life of intangible assets, weighted average cost of capital (including risk-free rate, volatility, and equity market risk premium), and considering TSC Auto ID's operational status, industry conditions, and future outlook to comprehensively assess the reasonableness of the purchase price allocation report.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Yang-Lun and Hsiao, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2025

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Total sales revenue (note 6(r))	\$ 15,353,489	104	15,214,856	104
4190	Less: Sales discounts and allowances	524,697	4	598,842	4
	Net operating revenues	14,828,792	100	14,616,014	100
5000	Cost of goods sold (note 6(d))	10,594,202	71	10,123,352	69
	Gross profit	4,234,590	29	4,492,662	31
6000	Operating expenses (notes 6(n) and (t)):				
6100	Selling expenses	1,605,261	11	1,382,342	9
6200	Administrative expenses	884,260	6	890,966	6
6300	Research and development expenses	496,684	3	443,113	3
6450	Expected credit losses (gains on reversal) (note 6(c))	(8,830)	-	7,713	-
		<u>2,977,375</u>	<u>20</u>	<u>2,724,134</u>	<u>18</u>
	Operating income	1,257,215	9	1,768,528	13
	Non-operating income and expenses (note 6(s)):				
7100	Interest income	41,582	-	42,817	-
7010	Other income	47,322	-	52,142	-
7020	Other gains and losses	100,760	1	56,619	-
7050	Finance costs	(118,520)	(1)	(82,309)	(1)
		<u>71,144</u>	<u>-</u>	<u>69,269</u>	<u>(1)</u>
	Profit before income tax	1,328,359	9	1,837,797	12
7950	Less: Income tax expenses (note 6(o))	433,446	3	527,804	4
	Profit	894,913	6	1,309,993	8
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (note 6(n))	(10,275)	-	(4,578)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>(10,275)</u>	<u>-</u>	<u>(4,578)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	232,964	2	(43,641)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	(17,219)	-	(4,590)	-
		<u>215,745</u>	<u>2</u>	<u>(48,231)</u>	<u>-</u>
8300	Other comprehensive income (after tax)	205,470	2	(52,809)	-
	Total comprehensive income	\$ 1,100,383	8	1,257,184	8
	Net income attributable to:				
	Owners of the parent	\$ 463,851	3	718,640	4
	Non-controlling interests (note 6(e))	431,062	3	591,353	4
		<u>\$ 894,913</u>	<u>6</u>	<u>1,309,993</u>	<u>8</u>
	Total comprehensive income attributable to:				
	Owners of the parent	\$ 636,032	5	655,242	4
	Non-controlling interests (note 6(e))	464,351	3	601,942	4
		<u>\$ 1,100,383</u>	<u>8</u>	<u>1,257,184</u>	<u>8</u>
	Basic earnings per common share (NT dollars) (note 6(u))	\$ 1.87		2.89	
	Diluted earnings per common share (NT dollars) (note 6(u))	\$ 1.87		2.88	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings						Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings					
Balance at January 1, 2023	\$ 2,634,854	2,137,088	973,024	531,125	2,651,442	4,155,591	(359,558)	(506,043)	8,061,932	2,663,551	10,725,483
Net income	-	-	-	-	718,640	718,640	-	-	718,640	591,353	1,309,993
Other comprehensive income	-	-	-	-	(3,426)	(3,426)	(59,972)	-	(63,398)	10,589	(52,809)
Total comprehensive income	-	-	-	-	715,214	715,214	(59,972)	-	655,242	601,942	1,257,184
Appropriation and distribution of retained earnings:											
Provision of legal reserve	-	-	156,719	-	(156,719)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,053,942)	(1,053,942)	-	-	(1,053,942)	-	(1,053,942)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	59,200	-	-	-	-	-	-	59,200	-	59,200
Changes in equity of affiliate accounted for using equity method	-	12,963	-	-	-	-	-	-	12,963	-	12,963
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(301,420)	(301,420)
Balance at December 31, 2023	2,634,854	2,209,251	1,129,743	531,125	2,155,995	3,816,863	(419,530)	(506,043)	7,735,395	2,964,073	10,699,468
Net income	-	-	-	-	463,851	463,851	-	-	463,851	431,062	894,913
Other comprehensive income	-	-	-	-	(2,671)	(2,671)	174,852	-	172,181	33,289	205,470
Total comprehensive income	-	-	-	-	461,180	461,180	174,852	-	636,032	464,351	1,100,383
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	(93,835)	(93,835)	-	(93,835)
Appropriation and distribution of retained earnings:											
Provision of legal reserve	-	-	71,521	-	(71,521)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(526,971)	(526,971)	-	-	(526,971)	-	(526,971)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	31,920	-	-	-	-	-	-	31,920	-	31,920
Changes in equity of affiliate accounted for using equity method	-	11,813	-	-	-	-	-	-	11,813	-	11,813
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(278,151)	(278,151)
Balance at December 31, 2024	\$ 2,634,854	2,252,984	1,201,264	531,125	2,018,683	3,751,072	(244,678)	(599,878)	7,794,354	3,150,273	10,944,627

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023 (restated)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,328,359	1,837,797
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	901,862	848,095
Amortization expense	125,077	139,801
Expected credit losses (gains on reversal)	(8,830)	7,713
Net loss on financial assets or liabilities at fair value through profit or loss	18,315	5,965
Interest expense	116,975	80,472
Interest income	(41,582)	(42,817)
(Gains) losses on disposal of property, plant and equipment	6,444	(274)
Losses on disposal of intangible assets	20	-
Reversal of impairment gain on non-financial assets	(1,648)	(88)
Others	11,813	12,963
Total adjustments to reconcile profit (loss)	1,128,446	1,051,830
Changes in operating assets and liabilities:		
Increases and decreases in financial assets/liabilities at fair value through profit or loss	242	43,414
Decrease in notes receivable	295	281
(Increase) decrease in accounts receivable	(336,107)	512,390
Decrease in other receivables	11,045	35,388
Decrease in inventories	216,415	207,442
(Increase) decrease in prepayments	(144,537)	53,877
Decrease in other current assets	10,654	-
Decrease in other financial assets	78,990	210,058
Decrease in accounts payable	(107,916)	(386,090)
Decrease in other payable	(56,445)	(162,871)
Decrease in other current liabilities	(27,372)	(77,867)
Increase (decrease) in net defined benefit liabilities	(22,756)	4,335
Increase (decrease) in other non-current liabilities	8,898	(29,954)
Total adjustments	759,852	1,462,233
Cash inflow generated from operations	2,088,211	3,300,030
Interest received	41,584	43,274
Interest paid	(87,332)	(74,284)
Income taxes paid	(417,197)	(737,970)
Net cash flows from operating activities	1,625,266	2,531,050

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023 (restated)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(34,145)	(19,607)
Acquisition of subsidiaries (net of cash acquired)	(2,370,265)	(358,490)
Acquisition of property, plant and equipment	(220,085)	(262,647)
Proceeds from disposal of property, plant and equipment	3,030	1,599
Acquisition of right-of-use assets	-	(2,035)
Acquisition of intangible assets	(33,425)	(42,622)
Increase in other financial assets	(234,210)	(133,237)
(Increase) decrease in other non-current assets	(21,606)	8,325
Increase in prepayments for equipment	(235,217)	(303,471)
Net cash flows used in investing activities	(3,145,923)	(1,112,185)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	665,306	146,091
Proceeds from long-term borrowings	2,754,753	300,000
Repayments of long-term borrowings	(607,482)	(586,822)
Repayments of lease principals	(96,646)	(130,872)
Increase (decrease) in guarantee deposits received	(1)	(246)
Cash dividends paid	(495,051)	(994,742)
Repurchase of treasury shares	(93,835)	-
Change in non-controlling interests	(278,151)	(301,420)
Net cash flows used in financing activities	1,848,893	(1,568,011)
Effect of exchange rate changes on cash and cash equivalents	(187,062)	(63,088)
Net increase (decrease) in cash and cash equivalents	141,174	(212,234)
Cash and cash equivalents at the beginning of period	3,383,447	3,595,681
Cash and cash equivalents at the end of period	\$ 3,524,621	3,383,447

TAIWAN SEMICONDUCTOR CO., LTD.

Fiscal Year 2024

Earnings Distribution Table

Unit: NTD

Items	Subtotal	Total
Beginning retained earnings (Beginning Balance)	1,557,503,102	
Add: 2024 Net profit after tax	463,851,126	
Less: Remeasurements of defined benefit plan	2,670,952	
Less: 10% legal reserve	46,118,017	
Add: Special reserve reversed from the net amount of other deductions from equity	228,975,072	
Distributable earnings		<u>2,201,540,331</u>
Less : Distributable items		
(1) Dividend to shareholders (NTD 2.0 per share) (NTD 2.0 per share of cash dividend) ----(Note)	<u>526,970,972</u>	<u>526,970,972</u>
Unappropriated retained earnings (Ending Balance)		<u>1,674,569,359</u>

Note:

- 1) If there is an increase or decrease in the total number of outstanding shares of the Company, which results in a change in the shareholders' payout ratio, it is proposed to request the shareholders' meeting to authorize the Board of Directors to deal with the matter in its sole discretion.
- 2) Total Stock dividend of the director for the current period NTD 526,970,972
- 3) 2024 net profit after tax after distribution NTD 117,066,257 Hasn't been distributed.