

**TAIWAN SEMICONDUCTOR CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023**

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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of TAIWAN SEMICONDUCTOR CO., LTD. (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six for the months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$2,912,205 thousand and \$2,793,802 thousand, constituting 16.35% and 15.00% of the consolidated total assets; and the total liabilities amounting to \$451,014 thousand and \$461,707 thousand, constituting 6.14% and 5.39% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively; as well as total comprehensive income (loss) amounting to \$57,342 thousand, \$5,224 thousand, \$37,332 thousand and \$52,066 thousand, constituting 16.87%, 1.72%, 5.10% and 7.89% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of other auditors (please refer to Other Matter paragraph), nothing has come to our attention that causes 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2024 and 2023 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.

Emphasis of Matter

TSC Auto ID acquired 100% equity in 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 notes 6 (i) and (v).

Other Matter

We did not review the financial statements of TSC Auto ID Technology Co., Ltd., (TSC Auto ID) a subsidiary of the Group. Those financial statements were reviewed by other auditors, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the review report of the other auditors. The financial statements of TSC Auto ID reflect total assets amounting to \$8,090,583 thousand and \$9,485,918 thousand, constituting 45.43% and 50.93% of the consolidated total assets as of June 30, 2024 and 2023, respectively; and the total revenues amounting to \$2,068,983 thousand, \$2,194,641 thousand, \$3,944,435 thousand and \$4,102,690 thousand, constituting 55.82%, 56.46%, 56.23% and 53.45% of the consolidated total revenues for the three months and six months ended June 30, 2024 and 2023, respectively.

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

KPMG

Taipei, Taiwan (Republic of China)
August 9, 2024

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

The independent auditors’ review 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’ review 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 Balance Sheets

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2024		December 31, 2023 (restated)		June 30, 2023 (restated)		Liabilities and Equity		June 30, 2024		December 31, 2023 (restated)		June 30, 2023 (restated)	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 3,167,793	18	3,383,447	19	3,404,331	18	2100	Short-term borrowings (note 6(j))	\$ 1,034,417	6	1,621,395	9	1,296,610	7
1110	Current financial assets at fair value through profit or loss (note 6(b))	125,527	1	25,603	-	520,849	3	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	55,009	-	19,674	-	24,695	-
1150	Notes receivable, net (notes 6(c) and (r))	18	-	307	-	233	-	2170	Accounts payable	1,458,081	8	1,356,789	8	1,371,057	7
1170	Accounts receivable, net (notes 6(c) and (r))	2,668,569	15	2,575,669	15	2,914,185	16	2200	Other payables (note 6(l))	1,740,646	9	935,187	5	2,378,179	13
1200	Other receivables	53,070	-	72,341	-	68,060	-	2230	Current tax liabilities	276,575	2	220,156	1	358,155	2
1220	Current tax assets	45,548	-	22,532	-	4,760	-	2322	Long-term borrowings, current portion (note 6(k))	215,125	-	307,457	2	350,469	2
130X	Inventories (note 6(d))	3,623,373	21	3,351,290	19	3,472,393	19	2280	Lease liabilities, current (note 6(m))	101,404	1	105,383	1	127,497	1
1410	Prepayments	173,000	1	144,345	1	204,517	1	2399	Other current liabilities	<u>216,352</u>	<u>1</u>	<u>261,457</u>	<u>2</u>	<u>324,153</u>	<u>2</u>
1476	Other current financial assets (note 6(b))	<u>46,175</u>	<u>-</u>	<u>86,540</u>	<u>1</u>	<u>85,640</u>	<u>1</u>			<u>5,097,609</u>	<u>27</u>	<u>4,827,498</u>	<u>28</u>	<u>6,230,815</u>	<u>34</u>
		<u>9,903,073</u>	<u>56</u>	<u>9,662,074</u>	<u>55</u>	<u>10,674,968</u>	<u>58</u>	Non-Current liabilities:							
Non-current assets:								2500	Non-current financial liabilities at fair value through profit or loss (note 6(b))	20,718	-	54,521	-	52,709	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	33,676	-	22,383	-	3,499	-	2540	Long-term borrowings (note 6(k))	952,037	5	839,963	5	1,137,966	6
1600	Property, plant and equipment (note 6(f))	4,392,762	24	4,407,897	25	4,454,640	24	2580	Lease liabilities, non-current (note 6(m))	209,549	1	64,880	-	114,909	1
1755	Right-of-use assets (note 6(g))	335,808	2	189,295	1	242,038	1	2640	Net defined benefit liabilities, non-current	23,935	-	39,335	-	34,871	-
1822	Intangible assets (note 6(h))	499,410	3	521,227	3	519,954	3	2570	Deferred tax liabilities	983,539	7	971,583	6	911,815	5
1805	Goodwill (note 6(i))	1,407,140	8	1,339,762	8	1,349,103	7	2670	Other non-current liabilities	<u>59,065</u>	<u>-</u>	<u>45,994</u>	<u>-</u>	<u>85,174</u>	<u>-</u>
1840	Deferred tax assets	527,799	3	544,142	3	503,930	3			<u>2,248,843</u>	<u>13</u>	<u>2,016,276</u>	<u>11</u>	<u>2,337,444</u>	<u>12</u>
1980	Other non-current financial assets (note 6(b))	363,817	2	416,549	2	429,560	2	Total liabilities		<u>7,346,452</u>	<u>40</u>	<u>6,843,774</u>	<u>39</u>	<u>8,568,259</u>	<u>46</u>
1990	Other non-current assets	<u>344,317</u>	<u>2</u>	<u>439,913</u>	<u>3</u>	<u>446,536</u>	<u>2</u>	Stockholder' equity attributable to parent:							
		<u>7,904,729</u>	<u>44</u>	<u>7,881,168</u>	<u>45</u>	<u>7,949,260</u>	<u>42</u>	(note 6(p))							
								3110	Common stock	2,634,854	15	2,634,854	15	2,634,854	14
								3200	Capital surplus	2,246,169	13	2,209,251	12	2,199,956	12
								3300	Retained earnings	3,518,279	20	3,816,863	22	3,487,249	19
								3400	Other stockholders' equity	(253,737)	(1)	(419,530)	(2)	(442,042)	(2)
								3500	Treasury shares	<u>(599,878)</u>	<u>(3)</u>	<u>(506,043)</u>	<u>(3)</u>	<u>(506,043)</u>	<u>(3)</u>
								Total equity attributable to owners of parent		<u>7,545,687</u>	<u>44</u>	<u>7,735,395</u>	<u>44</u>	<u>7,373,974</u>	<u>40</u>
								36XX	Non-controlling interests (note 6(e))	<u>2,915,663</u>	<u>16</u>	<u>2,964,073</u>	<u>17</u>	<u>2,681,995</u>	<u>14</u>
								Total equity		<u>10,461,350</u>	<u>60</u>	<u>10,699,468</u>	<u>61</u>	<u>10,055,969</u>	<u>54</u>
Total assets		<u>\$ 17,807,802</u>	<u>100</u>	<u>17,543,242</u>	<u>100</u>	<u>18,624,228</u>	<u>100</u>	Total liabilities and equity		<u>\$ 17,807,802</u>	<u>100</u>	<u>17,543,242</u>	<u>100</u>	<u>18,624,228</u>	<u>100</u>

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 Comprehensive Income

For the six months ended June 30, 2024 and 2023

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

	For the three months ended June 30				For the six months ended June 30				
	2024		2023(restated)		2024		2023(restated)		
	Amount	%	Amount	%	Amount	%	Amount	%	
4110	Total sales revenue (note 6(r))	\$ 3,706,192	104	3,887,069	103	7,014,694	104	7,675,616	104
4190	Less: Sales discounts and allowances	127,844	4	125,967	3	265,486	4	289,151	4
	Net operating revenues	<u>3,578,348</u>	<u>100</u>	<u>3,761,102</u>	<u>100</u>	<u>6,749,208</u>	<u>100</u>	<u>7,386,465</u>	<u>100</u>
5000	Cost of goods sold (note 6(d))	2,478,351	69	2,588,932	69	4,747,743	70	5,088,983	69
	Gross profit	<u>1,099,997</u>	<u>31</u>	<u>1,172,170</u>	<u>31</u>	<u>2,001,465</u>	<u>30</u>	<u>2,297,482</u>	<u>31</u>
6000	Operating expenses (notes 6(b), (n) and (t)):								
6100	Selling expenses	399,981	11	333,491	9	765,982	11	672,213	9
6200	Administrative expenses	214,848	6	233,391	6	416,103	6	431,219	6
6300	Research and development expenses	110,393	3	108,335	3	208,107	3	199,527	3
6450	Expected credit losses (gains on reserval)	(937)	-	8,688	-	(487)	-	16,781	-
		<u>724,285</u>	<u>20</u>	<u>683,905</u>	<u>18</u>	<u>1,389,705</u>	<u>20</u>	<u>1,319,740</u>	<u>18</u>
	Operating income	<u>375,712</u>	<u>11</u>	<u>488,265</u>	<u>13</u>	<u>611,760</u>	<u>10</u>	<u>977,742</u>	<u>13</u>
	Non-operating income and expenses (note 6(s)):								
7100	Interest income	13,818	-	12,248	-	20,424	-	20,294	-
7010	Other income	7,890	1	7,480	-	19,591	-	27,280	1
7020	Other gains and losses	21,163	1	50,381	1	82,556	1	44,608	1
7050	Finance costs	(21,803)	(1)	(19,670)	(1)	(42,468)	(1)	(36,986)	(1)
		<u>21,068</u>	<u>1</u>	<u>50,439</u>	<u>-</u>	<u>80,103</u>	<u>-</u>	<u>55,196</u>	<u>1</u>
	Profit before income tax	<u>396,780</u>	<u>12</u>	<u>538,704</u>	<u>13</u>	<u>691,863</u>	<u>10</u>	<u>1,032,938</u>	<u>14</u>
7950	Less: Income tax expenses (note 6(o))	126,823	4	174,513	5	215,185	3	308,354	4
	Profit	<u>269,957</u>	<u>8</u>	<u>364,191</u>	<u>8</u>	<u>476,678</u>	<u>7</u>	<u>724,584</u>	<u>10</u>
8300	Other comprehensive income:								
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	79,617	2	(51,047)	(1)	290,825	4	(57,174)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	(9,586)	-	(10,128)	-	(35,141)	-	(7,132)	-
		<u>70,031</u>	<u>2</u>	<u>(61,175)</u>	<u>(1)</u>	<u>255,684</u>	<u>4</u>	<u>(64,306)</u>	<u>(1)</u>
8300	Other comprehensive income (after tax)	<u>70,031</u>	<u>2</u>	<u>(61,175)</u>	<u>(1)</u>	<u>255,684</u>	<u>4</u>	<u>(64,306)</u>	<u>(1)</u>
	Comprehensive income	<u>\$ 339,988</u>	<u>10</u>	<u>303,016</u>	<u>7</u>	<u>732,362</u>	<u>11</u>	<u>660,278</u>	<u>9</u>
	Net income attributable to:								
	Owners of the parent	\$ 123,844	4	155,283	2	228,387	3	385,600	5
	Non-controlling interests (note 6(e))	146,113	4	208,908	6	248,291	4	338,984	5
		<u>\$ 269,957</u>	<u>8</u>	<u>364,191</u>	<u>8</u>	<u>476,678</u>	<u>7</u>	<u>724,584</u>	<u>10</u>
	Comprehensive income attributable to:								
	Owners of the parent	\$ 169,354	5	68,298	1	394,180	6	303,116	4
	Non-controlling interests (note 6(e))	170,634	5	234,718	6	338,182	5	357,162	5
		<u>\$ 339,988</u>	<u>10</u>	<u>303,016</u>	<u>7</u>	<u>732,362</u>	<u>11</u>	<u>660,278</u>	<u>9</u>
	Basic earnings per common share (NT dollars) (note 6(u))	<u>\$ 0.50</u>		<u>0.62</u>		<u>0.92</u>		<u>1.55</u>	
	Diluted earnings per common share (NT dollars) (note 6(u))	<u>\$ 0.50</u>		<u>0.62</u>		<u>0.92</u>		<u>1.54</u>	

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 Changes in Equity

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Legal reserve			Special reserve	Unappropriated 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	-	-	-	-	385,600	385,600	-	-	385,600	338,984	724,584
Other comprehensive income	-	-	-	-	-	-	(82,484)	-	(82,484)	18,178	(64,306)
Total comprehensive income	-	-	-	-	385,600	385,600	(82,484)	-	303,116	357,162	660,278
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	-	3,668	-	-	-	-	-	-	3,668	-	3,668
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(338,718)	(338,718)
Balance at June 30, 2023	<u>\$ 2,634,854</u>	<u>2,199,956</u>	<u>1,129,743</u>	<u>531,125</u>	<u>1,826,381</u>	<u>3,487,249</u>	<u>(442,042)</u>	<u>(506,043)</u>	<u>7,373,974</u>	<u>2,681,995</u>	<u>10,055,969</u>
Balance at January 1, 2024	\$ 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	-	-	-	-	228,387	228,387	-	-	228,387	248,291	476,678
Other comprehensive income	-	-	-	-	-	-	165,793	-	165,793	89,891	255,684
Total comprehensive income	-	-	-	-	228,387	228,387	165,793	-	394,180	338,182	732,362
Subsidiaries purchase of treasury share	-	-	-	-	-	-	-	(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	-	4,998	-	-	-	-	-	-	4,998	-	4,998
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(386,592)	(386,592)
Balance at June 30, 2024	<u>\$ 2,634,854</u>	<u>2,246,169</u>	<u>1,201,264</u>	<u>531,125</u>	<u>1,785,890</u>	<u>3,518,279</u>	<u>(253,737)</u>	<u>(599,878)</u>	<u>7,545,687</u>	<u>2,915,663</u>	<u>10,461,350</u>

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 six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 691,863	1,032,938
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	440,001	416,043
Amortization expense	54,613	66,756
Expected credit losses (gains on reversal)	(487)	16,781
Net loss on financial assets or liabilities at fair value through profit or loss	7,022	7,832
Interest expense	41,790	36,028
Interest income	(20,424)	(20,294)
(Gains) losses on disposal of property, plant and equipment	5,399	(705)
Reversal of impairment gain on non-financial assets	(2,034)	(44)
Others	4,998	3,668
Total adjustments to reconcile profit (loss)	<u>530,878</u>	<u>526,065</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(105,113)	(522,942)
Decrease in notes receivable	289	355
(Increase) decrease in accounts receivable	(92,413)	167,593
Decrease in other receivables	19,284	37,660
(Increase) decrease in inventories	(272,083)	86,626
Increase in prepayments	(35,832)	(41,403)
Decrease in other financial assets	40,365	513,848
Increase (decrease) in accounts payable	101,292	(356,715)
Decrease in other payable	(81,721)	(95,317)
Decrease in other current liabilities	(45,011)	(13,261)
Decrease in net defined benefit liabilities	(15,400)	(129)
Increase (decrease) in other non-current liabilities	11,262	(5,524)
Total adjustments	<u>55,797</u>	<u>296,856</u>
Cash inflow generated from operations	747,660	1,329,794
Interest received	20,411	20,363
Interest paid	(34,237)	(31,913)
Income taxes paid	(153,483)	(328,672)
Net cash flows from operating activities	<u>580,351</u>	<u>989,572</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(11,594)	-
Acquisition of subsidiaries (net of cash acquired)	-	(358,490)
Acquisition of property, plant and equipment	(98,662)	(133,222)
Proceeds from disposal of property, plant and equipment	1,105	1,417
(Increase) decrease in other financial assets	52,732	(342,743)
Acquisition of intangible assets	(8,643)	(21,217)
Decrease in other non-current assets	68,768	39,641
Increase in prepayments for equipment	(174,997)	(110,171)
Net cash flows used in investing activities	<u>(171,291)</u>	<u>(924,785)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(586,978)	(178,694)
Proceeds from long-term borrowings	339,590	300,000
Repayments of long-term borrowings	(319,908)	(245,248)
Repayments of lease principals	(75,512)	(49,313)
Increase (decrease) in guarantee deposits received	72	(251)
Repurchase of treasury shares	(93,835)	-
Change in non-controlling interests	5,324	13,600
Net cash flows used in financing activities	<u>(731,247)</u>	<u>(159,906)</u>
Effect of exchange rate changes on cash and cash equivalents	106,533	(96,231)
Net decrease in cash and cash equivalents	(215,654)	(191,350)
Cash and cash equivalents at the beginning of period	<u>3,383,447</u>	<u>3,595,681</u>
Cash and cash equivalents at the end of period	<u>\$ 3,167,793</u>	<u>3,404,331</u>

See accompanying notes to financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TAIWAN SEMICONDUCTOR CO., LTD. (“the Company”) was incorporated in January 1979 under the Company Act of the Republic of China. Its major business activities are the manufacture and sale of rectifiers and bar code printers. The Company’s common stock has been officially listed and traded on the GreTai Securities Market starting from February 2000.

In order to improve operating efficiency and industry competitiveness from specialization, the Company restructured its business and organization. The Company separated its bar code printer business unit from itself and transferred it to establish TSC Auto ID Technology Co., Ltd. (TSC Auto ID). The Board of Directors’ meeting approved August 1, 2007, as the date of record of the split.

The Company and its subsidiaries are referred to as the Group, who engages in the manufacture and sale of rectifiers and auto identification systems, as well as product manufacturing and services.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on August 9, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding			Instruction
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Ever Energetic Int'l Ltd. (Ever Energetic)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	-
The Company	Ever Winner Int'l Co., Ltd. (Ever Winner)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	-
The Company	Skyrise Int'l Ltd. (Skyrise)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor Europe GmbH (TSCE)	General import and export business	100.00 %	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor Japan Ltd. (TSCJ)	Trading of rectifiers	100.00 %	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor (H.K.) Co., Ltd. (TSCH)	Holding company and trading of rectifiers	25.22 %	25.22 %	25.22 %	-
The Company	TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Manufacture and sale of bar code printers	36.04 %	36.05 %	36.27 %	-
Ever Energetic	TSCH	Holding company and trading of rectifiers	36.96 %	36.96 %	36.96 %	-
Ever Energetic	TSC America, Inc.(TSCA)	Trading of rectifiers	75.00 %	75.00 %	75.00 %	-

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding			Instruction
			June 30, 2024	December 31, 2023	June 30, 2023	
Ever Winner	TSCH	Holding company and trading of rectifiers	37.82 %	37.82 %	37.82 %	-
Ever Winner	TSCA	Trading of rectifiers	25.00 %	25.00 %	25.00 %	-
Ever Winner	Shanghai Great Technology Trading Co., Ltd. (TSCC)	Trading of rectifiers	100.00 %	100.00 %	100.00 %	-
TSCH	Yangxin Everwell Electronic Co., Ltd. (Yangxin Everwell)	Manufacture and sale of rectifiers	100.00 %	100.00 %	100.00 %	-
TSCH	Tianjin Everwell Technology Co., Ltd. (Tianjin Everwell)	Manufacture and sale of wafers	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID Technology EMEA GmbH (TSCAE)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID (H.K.) Ltd. (TSC HK)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto Technology America Inc. (TSCAA)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	Printronix Auto ID Technology Co., Ltd. (Printronix AD)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	Diversified Labeling Solutions, Inc. (DLS)	Customization of design, integration and marketing of label papers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID Technology India Private limited (TSCIN)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	Mosfortico Investments sp. z o.o. (TSCPL)	General investment	100.00 %	100.00 %	100.00 %	-
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (TTSC)	Manufacture and sale of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC HK	Shenzhen Printronix Auto ID Technology Co., Ltd. (SPTNX)	Sale of bar code printers and other parts	-	-	100.00 %	Note 1
DLS	Precision Press & Label, Inc. (PPL)	Sale of bar code printers, label papers, other parts	100.00 %	100.00 %	100.00 %	-
TSCPL	MGN sp. z o.o. (MGN)(note 6(v))	Customization of design, integration and marketing of label papers and other parts	100.00 %	100.00 %	100.00 %	-

Note 1: It was liquidated and dissolved on August 31, 2023.

(ii) Unlisted subsidiaries in the consolidated financial statements: None.

(c) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B 12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2023.

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following, disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash and pretty cash	\$ 790	790	863
Checking and demand deposits	2,311,390	2,763,120	2,690,750
Repurchase agreement	200,000	-	100,000
Time deposits	966,763	1,008,967	998,098
Less: Time deposits with an original maturity date of more than three months (note 6(b))	<u>(311,150)</u>	<u>(389,430)</u>	<u>(385,380)</u>
	<u>\$ 3,167,793</u>	<u>3,383,447</u>	<u>3,404,331</u>

Please refer to note 6(w) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) The financial instruments held by the Group were as follows:

	June 30, 2024	December 31, 2023(restated)	June 30, 2023(restated)
Current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificates	\$ 125,443	20,032	520,849
Forward exchange contracts	<u>84</u>	<u>5,571</u>	<u>-</u>
	<u>\$ 125,527</u>	<u>25,603</u>	<u>520,849</u>
Other financial assets:			
Time deposits with an original maturity date of more than three months to one year	\$ -	86,540	85,640
Other (note 6(v))	<u>46,175</u>	<u>-</u>	<u>-</u>
	<u>\$ 46,175</u>	<u>86,540</u>	<u>85,640</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>June 30, 2024</u>	<u>December 31, 2023(restated)</u>	<u>June 30, 2023(restated)</u>
Current (financial liabilities):			
Mandatorily measured at fair value through profit or loss:			
Contingent consideration (note 6(v))	\$ 54,497	19,674	19,020
Forward exchange contracts	<u>512</u>	<u>-</u>	<u>5,675</u>
	<u>\$ 55,009</u>	<u>19,674</u>	<u>24,695</u>
Non-current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Fund in foreign markets	<u>\$ 33,676</u>	<u>22,383</u>	<u>3,499</u>
Other financial assets:			
Time deposits with an original maturity date of more than one year	311,150	302,890	299,740
Refundable deposits	52,667	68,999	85,416
Other (note 6(v))	<u>-</u>	<u>44,660</u>	<u>44,404</u>
	<u>\$ 363,817</u>	<u>416,549</u>	<u>429,560</u>
Non-current (financial liabilities):			
Mandatorily measured at fair value through profit or loss:			
Contingent consideration (note 6(v))	<u>\$ 20,718</u>	<u>54,521</u>	<u>52,709</u>

Please refer to note 6(w) for the disclosures of credit risk exposures, currency risk exposures, and interest rate risk exposures.

- (ii) The Group uses derivative financial instruments to hedge certain foreign exchange exposures arising from its operating activities. The Group held the following derivative financial instruments presented as held-for-trading financial assets (liabilities):

	<u>June 30, 2024</u>			
	<u>Contract amount</u>		<u>Currency</u>	<u>Contract period</u>
Selling/buying forward USD	5,000 / NTD	161,745	USD to NTD	2024.07

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2023					
		Contract amount	Currency		Contract period
Selling/buying forward	USD	6,000 / NTD	187,271	USD to NTD	2024.01~2024.02
Selling/buying forward	EUR	3,000 / NTD	104,167	EUR to NTD	2024.01.18

June 30, 2023					
		Contract amount	Currency		Contract period
Selling/buying forward	USD	3,000 / NTD	91,275	USD to NTD	2023.07~2023.08
Selling/buying forward	EUR	6,000 / NTD	198,331	EUR to NTD	2023.07~2023.09

(c) Notes and accounts receivable

	June 30, 2024	December 31, 2023(restated)	June 30, 2023(restated)
Notes receivable	\$ 18	307	233
Accounts receivable	2,716,100	2,622,118	2,969,147
Less: Allowance for impairment	(47,531)	(46,449)	(54,962)
	\$ 2,668,587	2,575,976	2,914,418

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance in Rectifiers was determined as follows:

	June 30, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,267,406	0.42%	5,364
1 to 90 days past due	85,109	0.93%	790
91 to 180 days past due	846	37.64%	319
More than 365 days past due	13,941	100.00%	13,941
	\$ 1,367,302		20,414

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,191,029	0.38%	4,565
1 to 90 days past due	83,880	0.94%	792
91 to 180 days past due	96	50.00%	48
181 to 270 days past due	62	50.00%	31
271 to 365 days past due	2,908	100.00%	2,908
More than 365 days past due	10,283	100.00%	10,283
	\$ 1,288,258		18,627
	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,312,258	2.17%	28,432
1 to 90 days past due	120,618	2.08%	2,509
91 to 180 days past due	6,495	3.00%	195
181 to 270 days past due	10,429	5.00%	522
271~365 days past due	25	10.00%	2
	\$ 1,449,825		31,660

The loss allowance in Bar Code Printers was determined as follows:

	June 30, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,101,436	0.57%	6,329
1 to 90 days past due	196,237	1.00%	1,962
91 to 180 days past due	20,058	3.00%	602
181 to 270 days past due	5,420	5.00%	271
271 to 365 days past due	8,569	10.00%	857
More than 365 days past due	17,096	100.00%	17,096
	\$ 1,348,816		27,117

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023(restated)		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,033,666	1.13%	11,663
1 to 90 days past due	261,279	1.00%	2,613
91 to 180 days past due	11,481	7.08%	344
181 to 270 days past due	9,218	5.00%	461
271 to 365 days past due	6,424	10.00%	642
More than 365 days past due	<u>12,099</u>	100.00%	<u>12,099</u>
	<u>\$ 1,334,167</u>		<u>27,822</u>
	June 30, 2023(restated)		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,152,758	0.45%	5,202
1 to 90 days past due	325,207	1.00%	3,252
91 to 180 days past due	19,463	3.00%	584
181 to 270 days past due	4,992	5.00%	250
271 to 365 days past due	3,468	10.00%	347
More than 365 days past due	<u>13,667</u>	100.00%	<u>13,667</u>
	<u>\$ 1,519,555</u>		<u>23,302</u>

The movement in the allowance for notes and trade receivable was as follows:

	For the six months ended June 30	
	2024	2023
Balance on January 1, 2024 and 2023	\$ 46,449	37,506
Impairment losses (reversed) recognized	(487)	16,781
Recovery of written-off bad debts	61	-
Amounts written off	(6)	-
Foreign exchange gains	<u>1,514</u>	<u>675</u>
Balance on June 30, 2024 and 2023	<u>\$ 47,531</u>	<u>54,962</u>

As of June 30, 2024, December 31 and June 30, 2023, the Group does not regard as any collateral or discount for notes and trade receivable.

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023(restated)
Finished goods	\$ 1,744,726	1,728,891	1,682,332
Work in process	580,792	504,950	568,865
Raw material and supplies	1,104,971	994,316	1,101,717
Inventories in transit	<u>192,884</u>	<u>123,133</u>	<u>119,479</u>
	<u>\$ 3,623,373</u>	<u>3,351,290</u>	<u>3,472,393</u>

Raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sales amounted to \$2,430,189 thousand, \$2,511,821 thousand, \$4,634,695 thousand and \$4,939,668 thousand for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, respectively.

During the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, the write-down of inventories to net realizable value amounting to \$48,162 thousand, \$77,111 thousand, \$113,048 thousand and \$149,315 thousand, respectively.

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any inventories as collateral for its loans.

(e) The significant non-controlling interests of subsidiaries

The subsidiaries' non-controlling interests that have significant effect on the Group were as follows:

<u>Name of subsidiary</u>	<u>Country</u>	<u>Percentage of non-controlling interests on ownership interests and voting rights</u>		
		<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Taiwan	63.96 %	63.95 %	63.73 %

The financial statement of TSC Auto ID has been prepared in accordance with the IFRSs endorsed by the FSC. The summary of financial information for TSC Auto ID was as follows. This financial information is disclosed in the amounts before the elimination on transactions between the Group.

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The summary of financial information:

	June 30, 2024	December 31, 2023(restated)	June 30, 2023(restated)
Current assets	\$ 4,296,605	3,961,887	4,436,613
Non-current assets	5,040,310	4,993,216	5,049,305
Current liabilities	(2,893,700)	(2,193,588)	(2,886,851)
Non-current liabilities	(1,293,920)	(1,300,244)	(1,484,284)
Net assets	<u>\$ 5,149,295</u>	<u>5,461,271</u>	<u>5,114,783</u>
Non-controlling interests	<u>\$ 2,915,663</u>	<u>2,964,073</u>	<u>2,681,995</u>
	For the three months ended June 30	For the six months ended June 30	
	2024	2023(restated)	2024
	2023(restated)	2024	2023(restated)
Sales revenue	<u>\$ 2,068,983</u>	<u>2,194,641</u>	<u>3,944,469</u>
Net income	\$ 228,477	327,802	388,257
Other comprehensive income	65,476	(61,607)	(97,702)
Comprehensive income	<u>\$ 293,953</u>	<u>266,195</u>	<u>290,555</u>
Net income attributable to non-controlling interests	<u>\$ 146,113</u>	<u>208,908</u>	<u>248,291</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 170,634</u>	<u>234,718</u>	<u>338,182</u>
	For the six months ended June 30		
			2024
			2023(restated)
Cash flows from operating activities			\$ 522,221
Cash flows used in investing activities			(196,697)
Cash flows used in financing activities			(242,028)
Effect of exchange rate changes on cash and cash equivalents			20,025
Net increase (decrease) in cash and cash equivalents			<u>\$ 103,521</u>

(f) Property, plant and equipment

	Land	Building and construction	Machinery and equipment	Total
Carrying amount:				
Balance at January 1, 2024 (restated)	\$ 866,547	917,155	2,624,195	4,407,897
Balance at June 30, 2024	<u>\$ 866,618</u>	<u>903,479</u>	<u>2,622,665</u>	<u>4,392,762</u>
Balance at January 1, 2023	\$ 861,426	905,203	2,716,404	4,483,033
Balance at June 30, 2023 (restated)	<u>\$ 866,377</u>	<u>933,194</u>	<u>2,655,069</u>	<u>4,454,640</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) TSC Auto ID acquired the subsidiary through a business combination in June 2023, please refer to note 6 (v).
- (ii) As of June 30, 2024 and December 31, 2023, the property, plant and equipment of the Group had been pledged as collateral for its long-term borrowings; please refer to note 8.
- (iii) The Company's interest capitalized for purchasing property, plant, and equipment for the three months and six months ended June 30, 2024, December 31 and June 30, 2023 were \$413 thousand, \$306 thousand, \$875 thousand and \$359 thousand, respectively, both at a rate of 1.50%.

(g) Right-of-use assets

	Land	Building and construction	Machinery and equipment	Transportation equipment	Total
Carrying amount:					
Balance at January 1, 2024	\$ 8,071	150,755	17,493	12,976	189,295
Balance at June 30, 2024	\$ 8,110	298,197	17,506	11,995	335,808
Balance at January 1, 2023	\$ 8,583	216,465	4,191	-	229,239
Balance at June 30, 2023(restated)	\$ 8,163	229,459	4,416	-	242,038

TSC Auto ID acquired the subsidiary through a business combination in June 2023, please refer to note 6 (v).

(h) Intangible assets

	Acquired special technology	Customer relationship	Patent	Software	Total
Carrying amount:					
Balance at January 1, 2024(restated)	\$ 29,425	355,889	-	135,913	521,227
Balance at June 30, 2024	\$ 23,635	352,041	-	123,734	499,410
Balance at January 1, 2023	\$ 43,557	160,327	6,326	98,203	308,413
Balance at June 30, 2023(restated)	\$ 37,005	370,835	3,163	108,951	519,954

TSC Auto ID acquired the subsidiary through a business combination in June 2023, please refer to note 6 (v).

(i) Goodwill

	June 30, 2024	December 31, 2023(restated)	June 30, 2023(restated)
Cost			
Beginning balance	\$ 1,339,762	1,136,565	1,136,565
Acquisition through business combinations (note 6(v))	-	192,465	192,465
Effect of movement in exchange rates	67,378	10,732	20,073
Ending balance	\$ 1,407,140	1,339,762	1,349,103

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Goodwill had been allocated to two individual cash-generating units—one in Rectifiers department (CGU Rectifiers) and the other in Bar Code Printers department (CGU Bar Code Printers). The carrying amounts of goodwill which had been allocated to each CGU were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
CGU Rectifiers	\$ 82,942	78,482	79,594
CGU Bar Code Printers	<u>1,324,198</u>	<u>1,261,280</u>	<u>1,269,509</u>
	<u>\$ 1,407,140</u>	<u>1,339,762</u>	<u>1,349,103</u>

TSC Auto ID merged with, and acquired the entire shares of, MGN on June 12, 2023, through TSCPL, and generated goodwill amounting to PLN 25,577 thousand (approximately NTD 192,465 thousand), with the expectation of an increase in market demand and competitive advantage from the acquisition, which will promote the benefit of the revenue growth and expand the business scale of the Group.

TSC Auto ID obtained the evaluation report in the second quarter of 2024 and has adjusted the original accounting treatment and provisional amount from the acquisition date based on the purchase price allocation report and restated the comparative information.

The overall carrying amount of goodwill is allocated to the following cash generating units:

	<u>June 30, 2024</u>	<u>December 31, 2023(restated)</u>	<u>June 30, 2023(restated)</u>
Printer business-Printronix	\$ 909,282	860,385	872,574
Label business-DLS	208,738	197,513	200,312
Label business-MGN	<u>206,178</u>	<u>203,382</u>	<u>196,623</u>
Total	<u>\$ 1,324,198</u>	<u>1,261,280</u>	<u>1,269,509</u>

The impact of retrospective adjustments to items related to the consolidated balance sheet is as follows:

	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>Acquisition date</u>
<u>Assets</u>			
Accounts receivable	\$ 3	(2,845)	(2,784)
Other receivables	261	2,675	2,619
Inventories	-	(293)	(287)
Prepayments	(3,814)	(780)	(764)
Property, plant and equipment	(15,627)	52,620	51,200
Right-of-use assets	-	25,488	25,344
Intangible assets	(56,818)	221,995	217,250
Goodwill	70,203	(101,530)	(99,383)
Deferred tax assets	-	1,599	1,565
Other non-current assets	3,552	14,873	14,558

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023	June 30, 2023	Acquisition date
<u>Liabilities</u>			
Accounts payable	3	15,436	(15,109)
Other payables	(1,736)	137,933	(135,015)
Current tax liabilities	-	431	(422)
Lease liabilities, current	-	6,166	(6,036)
Other current liabilities	(26)	1,919	(1,877)
Deferred tax liabilities	(481)	53,896	(52,756)
Lease liabilities, non-current	-	12,512	(12,248)
Other non-current liabilities	-	(14,451)	14,145
<u>Equity</u>			
Retained earnings	-	(37)	-
Other stockholders' equity	-	(3)	-

The impact of retrospective adjustments to items related to the consolidated income statement is as follows:

	For the three months ended June 30, 2023	For the six months ended June 30, 2023
Operating expenses	\$ 84	84
Amortization expenses	(47)	(47)
Exchange differences on translation of foreign financial statements	(3)	(3)

Comprehensive income attributable to :

Owners of the parent	\$ (14)	(14)
Non-controlling interests	(26)	(26)

(j) Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Credit loans	\$ 839,717	1,621,395	1,195,235
Import and export loans	194,700	-	93,420
Bank overdrafts	-	-	7,955
	\$ 1,034,417	1,621,395	1,296,610
Unused short-term credit lines	\$ 5,271,842	3,973,950	3,985,669
Range of interest rate (%)	1.68%~7.54%	1.57%~8.80%	1.56%~8.56%

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(w) for the disclosures of interest rate risk exposures, currency risk exposures, and liquidity risk exposures.

Please refer to note 9 for disclosures of mortgaged and pledged assets.

(k) Long-term borrowings

June 30, 2024			
	Rate range	Maturity year	Amount
Unsecured bank loans	1.675%	2030.02.01	\$ 11,300
	1.525%	2029.03.18	239,800
	1.525%	2029.02.01	32,800
	1.320%	2028.12.31	55,690
	1.805%	2027.07.16	197,333
	1.805%	2026.12.04	54,816
	1.325%	2025.03.28	60,000
	1.325%	2024.12.25	60,000
	1.77%~4.18%	2026.03.13	440,000
Secured bank loans	4.17%~7.54%	2027.12.15	<u>15,423</u>
			1,167,162
Less: Current portion			<u>(215,125)</u>
Total			<u>\$ 952,037</u>
Unused long-term credit lines			<u>\$ 3,297,530</u>
December 31, 2023			
	Rate range	Maturity year	Amount
Unsecured bank loans	1.20%	2027.07.16	\$ 229,334
	1.20%	2026.12.04	66,157
	1.20%	2025.03.28	100,000
	1.20%	2024.12.25	120,000
	1.75%	2024.03.08	11,900
	1.65%~2.00%	2026.03.13	600,000
Secured bank loans	5.43%~8.80%	2027.12.15	<u>20,029</u>
			1,147,420
Less: Current portion			<u>(307,457)</u>
Total			<u>\$ 839,963</u>
Unused long-term credit lines			<u>\$ 1,588,370</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2023		
	Rate range	Maturity year	Amount
Unsecured bank loans	1.20%	2027.07.16	\$ 256,000
	1.20%	2026.12.04	77,498
	1.20%	2025.03.28	140,000
	1.20%	2024.12.25	180,000
	1.75%	2024.03.08	31,900
	1.52%~2.00%	2026.03.13	777,000
	4.39%~9.86%	2027.12.15	<u>26,037</u>
			\$ 1,488,435
Less: Current portion			<u>(350,469)</u>
Total			\$ 1,137,966
Unused long-term credit lines			\$ 1,314,601

To enhance mid-term working capital, The Group has signed loan agreements with different banks and paid interest incurred periodically. Before the expiry of contracts, short-term loans can be made within the revolving credit lines. There are no revolving credit lines for mid-term or long-term loans. The maturity dates above are based on the end dates of the loan periods.

For the collateral for long-term borrowings, please refer to note 8.

(l) Other payable

	June 30, 2024	December 31, 2023(restated)	June 30, 2023(restated)
Salaries and bonus payable	\$ 461,813	472,887	589,571
Cash dividends payable (including TSC Auto ID)	886,967	-	1,347,060
Payables on equipment	44,752	71,298	76,393
Others	<u>347,114</u>	<u>391,002</u>	<u>365,155</u>
	\$ 1,740,646	935,187	2,378,179

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023(restated)
Current	\$ 101,404	105,383	127,497
Non-current	<u>209,549</u>	<u>64,880</u>	<u>114,909</u>
	\$ 310,953	170,263	242,406

For the maturity analysis, please refer to note 6(w).

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>4,812</u>	<u>1,891</u>	<u>8,418</u>	<u>3,904</u>
Expenses relating to short-term leases	\$ <u>1,721</u>	<u>2,125</u>	<u>4,505</u>	<u>4,136</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>120</u>	<u>6,805</u>	<u>1,207</u>	<u>9,803</u>

The Group leased buildings, vehicles and machinery equipment for its offices, plants, official cars and daily operations, with lease periods ranging from 1 to 6 years. The lease of offices and warehouses located in the United States is subject to an annual lease payment increase at rates ranging from 2.5% to 3%, and the lease payment of offices located in India is subject to an annual lease payment adjustment at a rate of 5%.

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the six months ended June 30	
	2024	2023
Total cash outflow for leases	\$ <u>89,642</u>	<u>67,156</u>

(n) Employee benefits

(i) Defined benefit plans

Management believes that there were no material market volatility, no material reimbursement and settlement or other material one-time events. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

The pension expenses recognized in profit or loss for the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Operating cost	\$ 71	72	138	145
Selling expenses	19	19	37	37
Administrative expenses	109	107	217	213
Research and development expenses	24	27	48	53
	\$ <u>223</u>	<u>225</u>	<u>440</u>	<u>448</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

For the three months and six months ended June 30, 2024 and 2023, the Group's pension costs under the defined contribution method were \$17,866 thousand, \$17,210 thousand, \$35,453 thousand and \$33,634 thousand, respectively. Payment was made to the Bureau of Labor Insurance.

(iii) The pension cost of foreign subsidiaries recognized in accordance with the local defined contribution method amounted to \$13,096 thousand, \$14,299 thousand, \$25,901 thousand and \$29,874 thousand for the three months and six months ended June 30, 2024 and 2023, respectively.

(o) Income tax

(i) The components of income tax in the years 2024 and 2023 were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax expenses				
Current period	\$ 95,865	131,107	197,966	289,591
Additional tax on undistributed earnings	16,821	40,278	16,821	40,278
Adjustment for prior periods	(124)	(6,019)	(1,641)	(5,306)
	<u>112,562</u>	<u>165,366</u>	<u>213,146</u>	<u>324,563</u>
Deferred tax expenses (gains)				
Origination of temporary differences	14,261	9,147	2,039	(16,209)
Total income tax expenses	<u>\$ 126,823</u>	<u>174,513</u>	<u>215,185</u>	<u>308,354</u>

(ii) The amount of income tax recognized in other comprehensive income for the years 2024 and 2023 were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Items that maybe reclassified subsequently to profit or loss:				
Foreign currency translation differences of foreign operations	<u>\$ 9,586</u>	<u>10,128</u>	<u>35,141</u>	<u>7,132</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) There was no income tax recognized directly in equity for the six months ended June 30, 2024 and 2023, respectively.
 - (iv) As of June 30, 2024, the income tax returns of the Company and TSC Auto ID through the year 2022, have been approved by the Tax Authority.
 - (v) Since funds are needed for expanding the overseas operations, the earnings of the Company's overseas subsidiaries will not be transferred back in the short run. In accordance with paragraph 39 of IAS 12 "Income Taxes", the earnings' book-tax difference should be considered permanent.
- (p) Stockholders' equity
- (i) Common stock

A resolution was passed during the general meeting of shareholders held on June 14, 2019 for the issuance of ordinary shares for cash within a year under private placement, with the number of shares issued not exceeding 10,000 thousand. Subsequently, a resolution was passed during the board meeting held on October 30, 2019 for the issuance of 6,741 thousand ordinary shares under private placement, with par value of \$10 per share, amounting to \$299,975 thousand, with November 18, 2019 as the date of capital increase. The relevant statutory registration procedures have since been completed.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities (December 18, 2019), and after applying for a public offering with the Financial Supervisory Commission. The Company has reissued its public offering, and declared it effective on May 18, 2023.

The Company increased its capital to \$9,000,000 thousand based on a resolution approved during the shareholders' meeting held on June 19, 2023. All relevant registration procedures had been completed on June 30, 2023. As of June 30, 2024, December 31 and June 30, 2023, the authorized capital amounted to \$9,000,000 thousand (including the amount of \$100,000 authorized for the issuance of the employee stock options); the Company's outstanding capital amounted to \$2,634,854 thousand, respectively, with a par value of \$10 (dollars) per share.

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
Premium on shares issued above par value	\$ 639,859	639,859	639,859
Conversion premium of convertible corporate bonds	1,229,442	1,229,442	1,229,442
Treasury share transactions	232,065	200,145	200,145
Employee share options premium	24,378	24,378	24,378
Interest compensation payable on convertible corporate bonds	18,674	18,674	18,674
Employee share options	1,543	1,543	1,543
Change in affiliates recognized under equity method	<u>100,208</u>	<u>95,210</u>	<u>85,915</u>
	<u>\$ 2,246,169</u>	<u>2,209,251</u>	<u>2,199,956</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

(iv) Special reserve

According to ROC SFB regulations, an ROC publicly listed company should retain its special reserve equal to any deductions from stockholders' equity before distribution of earnings. If the aforementioned deduction from stockholders' equity is reversed, the same amount could be removed from special reserve and transferred to unappropriated earnings. The remaining earnings may be distributed as stockholders' dividends.

The increase in retained earnings occurring before the adoption date due to the first-time adoption of IFRSs amounted to \$302,149. In accordance with IFRS 1 issued by the Financial Supervisory Commission, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution. When the relevant assets are used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to \$302,149 on June 30, 2024 and 2023.

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(v) Distribution of earnings and dividend policy

In accordance with the Company's articles of incorporation, if there are appropriate earnings at year-end, the after-tax earnings shall first be offset against any deficit, and 10% should be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special capital reserve may be appropriated in accordance with relevant laws. The remaining balance of the earnings can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the Stockholders' meeting.

According to the stock dividend policy of the Company, in consideration of future capital needs, operational development, capital needs, international and domestic competitiveness, and stockholders' benefits, etc., cash dividends cannot be lower than 10% of total stock dividends. However, stock dividends instead of cash dividends are distributed if the cash dividends per share are less than 0.2 (dollars).

The annual shareholders' meeting on June 19, 2024 and 2023, resolved to distribute earnings as dividends and as employee bonuses and directors' remuneration for 2023 and 2022 as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Amount per share (dollars)</u>	<u>Total amount</u>	<u>Amount per share (dollars)</u>	<u>Total amount</u>
Dividends distributed to common shareholders:				
Cash	\$ 2.00	<u>526,971</u>	4.00	<u>1,053,942</u>

(vi) Treasury stocks

In accordance with Securities and Exchange Act requirements, treasury shares held by the Company should not be pledged, and do not hold shareholder rights before their transfer.

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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As of June 30, 2024 and 2023, a subsidiary of the Company, TSC Auto ID, held 15,960 thousand and 14,800 thousand shares of the Company, respectively, with a buyback cost of \$599,878 thousand and \$506,043 thousand, respectively, which was recognized under treasury shares.

As of year-end 2024 and 2023, the Company had recognized dividend income received from its TSC Auto ID subsidiary in the amount of \$31,920 thousand and \$59,200 thousand, respectively, and the total amount were transferred to capital surplus – treasury shares under the equity method.

(vii) Other equity

	Foreign exchange differences arising from foreign operation
Balance at January 1, 2024	\$ (419,530)
Foreign exchange differences	165,793
Balance at June 30, 2024	\$ (253,737)
	Foreign exchange differences arising from foreign operation
Balance at January 1, 2023	\$ (359,558)
Foreign exchange differences	(82,484)
Balance at June 30, 2023(restated)	\$ (442,042)

(q) Share-based payment

There were no significant changes with share-based payment for the six months ended June 30, 2024 and 2023. Please refer to the 2023 annual consolidated financial statements.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2024		
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 1,016,432	569,069	1,585,501
America	158,285	933,548	1,091,833
Europe	320,255	566,349	886,604
Others	14,410	-	14,410
	\$ 1,509,382	2,068,966	3,578,348

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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For the three months ended June 30, 2024			
	Rectifiers	Bar code Printers	Total
Major products lines			
Rectifiers	\$ 1,509,382	-	1,509,382
Bar code Printers	-	2,068,966	2,068,966
	\$ 1,509,382	2,068,966	3,578,348
For the three months ended June 30, 2023			
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 932,232	720,880	1,653,112
America	134,968	1,046,397	1,181,365
Europe	485,699	427,345	913,044
Others	13,581	-	13,581
	\$ 1,566,480	2,194,622	3,761,102
Major products lines			
Rectifiers	\$ 1,566,480	-	1,566,480
Bar code Printers	-	2,194,622	2,194,622
	\$ 1,566,480	2,194,622	3,761,102
For the six months ended June 30, 2024			
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 1,825,685	1,058,838	2,884,523
America	273,504	1,831,159	2,104,663
Europe	676,746	1,054,438	1,731,184
Others	28,838	-	28,838
	\$ 2,804,773	3,944,435	6,749,208
Major products lines			
Rectifiers	\$ 2,804,773	-	2,804,773
Bar code Printers	-	3,944,435	3,944,435
	\$ 2,804,773	3,944,435	6,749,208

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2023		
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 1,907,637	1,229,067	3,136,704
America	371,774	2,074,947	2,446,721
Europe	968,168	798,653	1,766,821
Others	36,219	-	36,219
	\$ 3,283,798	4,102,667	7,386,465
Major products lines			
Rectifiers	\$ 3,283,798	-	3,283,798
Bar code Printers	-	4,102,667	4,102,667
	\$ 3,283,798	4,102,667	7,386,465

(ii) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Notes and trade receivable	\$ 2,716,118	2,622,425	2,969,380
Less: Allowance for impairment	(47,531)	(46,449)	(54,962)
Total	\$ 2,668,587	2,575,976	2,914,418

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

(s) Non-operating income and expenses

(i) Interest income

The Group's interest income detail was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 13,818	12,248	20,424	20,294

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Rent income	\$ 2,082	1,935	4,105	3,861
Others	5,808	5,545	15,486	23,419
	\$ 7,890	7,480	19,591	27,280

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Gains (losses) on disposal of property, plant and equipment	\$ (4,520)	835	(5,399)	705
Foreign exchange gains	29,720	51,915	98,851	48,489
Losses on financial asset at fair value through profit or loss	(794)	(3,434)	(7,022)	(7,832)
Reversal of impairment gains on property, plant and equipment	1,046	44	2,034	44
Others	(4,289)	1,021	(5,908)	3,202
	<u>\$ 21,163</u>	<u>50,381</u>	<u>82,556</u>	<u>44,608</u>

(iv) Finance costs

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest expense	\$ (21,935)	(19,504)	(42,868)	(36,387)
Less: interest capitalization	415	306	1,078	359
Other financial costs	(283)	(472)	(678)	(958)
	<u>\$ (21,803)</u>	<u>(19,670)</u>	<u>(42,468)</u>	<u>(36,986)</u>

(t) Remunerations to employees and directors

In accordance with the Company's articles of incorporation, require that earnings shall first be offset against any deficit, then, a range from 4% to 10% will be distributed as employee remuneration and a maximum of 1% will be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

The abovementioned directors' remuneration, which should be distributed in cash, and the amount of remuneration to employees, had been approved by the Board of Directors and will be reported during the shareholders' meeting.

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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The Company estimated its remuneration to employees amounting to \$9,638 thousand, \$15,215 thousand, \$18,029 thousand and \$35,555 thousand for the three months and six months ended June 30, 2024 and 2023, respectively, and estimated its remuneration to directors amounting \$1,607 thousand, \$2,252 thousand, \$3,005 thousand and \$5,092 thousand for the three months and six months ended June 30, 2024 and 2023, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentages of the remuneration to employees and directors, as specified in the Company's article. The estimations are recorded under operation expenses. The differences between the estimated amounts in financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized as profit or loss in following year.

The Company estimated its remuneration to employees amounting to \$55,799 thousand and \$139,206 thousand for the years ended December 31, 2023 and 2022, respectively, and estimated its remuneration to directors amounting \$9,300 thousand and \$19,886 thousand for the years ended December 31, 2023 and 2022, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentages of the remuneration to employees and directors, as specified in the Company's article. The estimations are recorded under operation expenses. There were no differences between the estimated amounts reflected in the 2023 and 2022 financial reports, and the actual amounts approved by the Board of Directors. The related information can be accessed from the market observation post system website.

(u) Earnings per share

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2024	2023(restated)	2024	2023(restated)
Net income	<u>\$ 123,844</u>	<u>155,283</u>	<u>228,387</u>	<u>385,600</u>
Weighted-average number of outstanding shares (thousands)	<u>247,525</u>	<u>248,685</u>	<u>247,525</u>	<u>248,685</u>
Basic earnings per share (\$)	<u>\$ 0.50</u>	<u>0.62</u>	<u>0.92</u>	<u>1.55</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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(ii) Diluted earnings per share

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Diluted net income per share	\$ <u>123,844</u>	<u>155,283</u>	<u>228,387</u>	<u>385,600</u>
Weighted-average number of outstanding shares (thousands)	247,525	248,685	247,525	248,685
Employees' remuneration	<u>127</u>	<u>157</u>	<u>539</u>	<u>911</u>
Diluted weighted-average number of common shares outstanding (thousands)	<u>247,652</u>	<u>248,842</u>	<u>248,064</u>	<u>249,596</u>
Diluted earnings per share (\$)	\$ <u>0.50</u>	<u>0.62</u>	<u>0.92</u>	<u>1.54</u>

(v) Business combinations

To enhance brand competitiveness and expand its European labels market, TSC Auto ID merged with, and acquired the entire equity interest of, MGN on June 12, 2023 through TSCPL, with the initial consideration of PLN 63,331 thousand (approximately NTD 476,560 thousand). However, the total transaction price may increase or decrease in accordance with contingent consideration and other contractual conditions relating to MGN's profit conditions for the preceding three years after delivery.

(i) Subsidiary business acquired

	<u>Principal activity</u>	<u>Acquisition date</u>	<u>Shareholding</u>	<u>Consideration transferred</u>
MGN	Customization of design, integration and marketing of label papers and other parts	June 12, 2023	100%	\$ <u>476,560</u>

(ii) Consideration transferred

	<u>MGN</u>
Cash	\$ 362,703
Final payment of purchase price payable (Note 1)	43,645
Contingent consideration agreement (Note 2 & note 6(b))	<u>70,212</u>
	<u>\$ 476,560</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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Note 1: On the merger date of TSC Auto ID and MGN, TSC Auto ID deposited the amount of EUR 1,292 thousand (NTD 43,645 thousand) to a third party custodian account as the final payment for 18 months to ensure the security of the merger. If both parties have fulfilled their obligations under the acquisition agreement, and no other contingent liability or tax risk of MGN, which would result in the Group's additional losses, have been identified within 18 months, the deposits in such special account will be entirely returned to TSC Auto ID upon maturity, please refer to note 6(v).

Note 2: Pursuant to the contingent consideration agreement included in the acquisition contract, TSC Auto ID will be required to pay the seller a maximum of PLN 14,000 thousand. Additionally, if MGN's operating income and gross profit margin meet the performance targets for a period of three years from the acquisition date. TSC Auto ID's management considers this payment obligation to be highly probable, and the fair value of the obligation at acquisition date is estimated to be PLN 9,331 thousand (approximately NTD 70,212 thousand).

(iii) Assets acquired on the acquisition date and liabilities undertaken through fair value

	<u>MGN</u>
Current assets	
Cash and cash equivalents	\$ 4,213
Net accounts receivable	79,895
Other receivables	2,645
Inventories	58,699
Prepayment	2,649
Non-current assets	
Property, plant and equipment	125,168
Right-of-use assets	25,344
Intangible assets	218,386
Deferred tax assets	1,565
Other non-current assets	14,723
Current liabilities	
Short-term borrowings	(8,789)
Accounts payable	(94,324)
Other payables	(28,876)
Current income tax liabilities	(422)
Lease liabilities	(6,036)
Long-term borrowings, current portion	(7,335)
Other current liabilities	(13,422)
Non-current liabilities	
Long-term borrowings	(19,094)
Deferred income tax liabilities	(52,756)
Lease liabilities	(12,248)
Other non-current liabilities	(6,340)
	<u>\$ 283,645</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Goodwill arising on acquisition

	MGN
Consideration transferred	\$ 476,560
Less: The assumed identifiable assets and liabilities	(284,095)
Goodwill arising on acquisition (note 6(i))	\$ 192,465

Goodwill due to purchase MGN results from control premium. The transferred consideration in business combination including the expected synergies from the combination, the growth of revenue, future market development and employee values of MGN.

Goodwill arising from the consolidation is not expected to be tax deductible.

(v) Net cash flows used in acquisition of subsidiary

	MGN
Valuable consideration	\$ 362,703
Less: Cash balance	(4,213)
	\$ 358,490

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group has a wide range of customers and has no significant transactions that only focus on a single customer. There is no sales revenue to a specified customer accounted for 10% of operating revenue.

3) Receivable and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(c).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
June 30, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,034,417	1,041,834	1,041,834	-	-	-
Accounts payable	1,458,081	1,458,081	1,458,081	-	-	-
Other payables	1,740,646	1,740,646	1,740,646	-	-	-
Lease liabilities	310,953	360,594	121,510	77,594	144,369	17,121
Long-term borrowings (including expires within one year)	1,167,162	1,204,647	231,792	550,208	420,437	2,210
Contingent consideration	75,215	75,215	75,215	-	-	-
Derivative financial liabilities						
Exchange forward contract	512	512	512	-	-	-
	<u>\$ 5,786,986</u>	<u>5,881,529</u>	<u>4,669,590</u>	<u>627,802</u>	<u>564,806</u>	<u>19,331</u>
December 31, 2023(restated)						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,621,395	1,628,176	1,628,176	-	-	-
Accounts payable	1,356,789	1,356,789	1,356,789	-	-	-
Other payables	935,187	935,187	935,187	-	-	-
Lease liabilities	170,263	178,188	113,515	54,701	9,972	-
Long-term borrowings(including expires within one year)	1,147,420	1,175,359	322,957	425,050	427,352	-
Contingent consideration	74,195	74,195	74,195	-	-	-
	<u>\$ 5,305,249</u>	<u>5,347,894</u>	<u>4,430,819</u>	<u>479,751</u>	<u>437,324</u>	<u>-</u>
June 30, 2023(restated)						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,296,610	1,299,679	1,299,679	-	-	-
Accounts payable	1,371,057	1,371,057	1,371,057	-	-	-
Other payables	2,378,179	2,378,179	2,378,179	-	-	-
Lease liabilities	242,406	249,340	139,865	86,483	22,992	-
Long-term borrowings (including expires within one year)	1,488,435	1,501,660	357,729	282,988	860,943	-
Contingent consideration	71,729	71,729	71,729	-	-	-
Derivative financial liabilities						
Exchange forward contract	5,675	5,675	5,675	-	-	-
	<u>\$ 6,854,091</u>	<u>6,877,319</u>	<u>5,623,913</u>	<u>369,471</u>	<u>883,935</u>	<u>-</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	June 30, 2024		December 31, 2023		June 30, 2023	
	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)
<u>Financial assets</u>						
<u>Monetary Items</u>						
USD	\$ 32.45	1,471,207	30.705	1,864,116	31.14	2,018,217
EUR	34.71	961,815	33.98	899,804	33.81	998,134
JPY	0.2017	188,654	0.2172	171,334	0.2150	156,141
HKD	4.1550	389,416	3.9290	466,665	3.9740	463,579
CNY	4.4450	2,146,440	4.3270	2,018,397	4.2820	1,966,072
KRW	0.0236	932	0.0238	702	0.0236	1,406
		\$ 5,158,464		5,421,018		5,603,549
<u>Derivative financial instruments</u>						
USD	\$ 32.45	84	30.705	3,316	31.14	-
EUR	34.71	-	33.98	2,255	33.81	-
		\$ 84		5,571		-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 32.45	737,305	30.705	597,638	31.14	671,876
EUR	34.71	416,069	33.98	365,939	33.81	285,026
JPY	0.2017	66,926	0.2172	47,000	0.2150	46,458
HKD	4.1550	1,523	3.9290	1,337	3.9740	1,478
CNY	4.4450	629,310	4.3270	565,398	4.2820	477,855
KRW	0.0236	706	0.0238	875	0.0236	1,438
		\$ 1,851,839		1,578,187		1,484,131
<u>Derivative financial instruments</u>						
USD	\$ 32.45	512	30.705	-	31.14	1,845
EUR	34.71	-	33.98	-	33.81	3,830
		\$ 512		-		5,675

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on financial assets and financial liabilities that are denominated in foreign currency.

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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A strengthening (weakening) of 3% of the NTD against the foreign currency as of June 30, 2024 and 2023, would have increased or decreased the net profit before tax by \$101,036 thousand and \$123,412 thousand for the six months ended June 30, 2024 and 2023, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2023 (prior year).

3) Foreign exchange gains and losses of monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and six months ended June 30, 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to \$29,720 thousand, \$51,915 thousand, \$98,851 thousand and \$48,489 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis point, the Group's net profit before tax would have decreased by \$22,016 thousand and \$27,850 thousand for the six months ended June 30, 2024 and 2023, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(v) Other price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follow, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the six months ended June 30			
	2024		2023	
Security price on the reporting date	Other consolidated profit or loss after tax	Net income	Other consolidated profit or loss after tax	Net income
Increasing 1%	\$ -	<u>1,524</u>	-	<u>5,236</u>
Decreasing 1%	\$ -	<u>(1,524)</u>	-	<u>(5,236)</u>

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	June 30, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 125,443	125,443	-	-	125,443
Derivative financial assets	84	-	84	-	84
Fund in foreign markets	33,676	-	-	33,676	33,676
Subtotal	<u>159,203</u>	<u>125,443</u>	<u>84</u>	<u>33,676</u>	<u>159,203</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	3,167,793	-	-	-	-
Notes and accounts receivable	2,668,587	-	-	-	-
Other receivables	53,070	-	-	-	-
Other financial assets (including current and non-current)	409,992	-	-	-	-
Subtotal	<u>6,299,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,458,645</u>	<u>125,443</u>	<u>84</u>	<u>33,676</u>	<u>159,203</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	512	-	512	-	512
Contingent consideration	75,215	-	-	75,215	75,215
Subtotal	<u>75,727</u>	<u>-</u>	<u>512</u>	<u>75,215</u>	<u>75,727</u>
Financial liabilities measured at amortized cost					
Accounts payable	\$ 1,458,081	-	-	-	-
Other payables	1,740,646	-	-	-	-
Lease liabilities	310,953	-	-	-	-
Borrowings	2,201,579	-	-	-	-
Subtotal	<u>5,711,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,786,986</u>	<u>-</u>	<u>512</u>	<u>75,215</u>	<u>75,727</u>

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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	December 31, 2023(restated)				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 20,032	20,032	-	-	20,032
Forward exchange contract	5,571	-	5,571	-	5,571
Fund in foreign markets	22,383	-	-	22,383	22,383
Subtotal	<u>47,986</u>	<u>20,032</u>	<u>5,571</u>	<u>22,383</u>	<u>47,986</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	3,383,447	-	-	-	-
Notes and accounts receivable	2,575,976	-	-	-	-
Other receivables	72,341	-	-	-	-
Other financial assets (including current and non-current)	503,089	-	-	-	-
Subtotal	<u>6,534,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,582,839</u>	<u>20,032</u>	<u>5,571</u>	<u>22,383</u>	<u>47,986</u>
Financial liabilities at fair value through profit or loss					
Contingent consideration	\$ 74,195	-	-	74,195	74,195
Subtotal	<u>74,195</u>	<u>-</u>	<u>-</u>	<u>74,195</u>	<u>74,195</u>
Financial liabilities measured at amortized cost					
Accounts payable	1,356,789	-	-	-	-
Other payables	935,187	-	-	-	-
Lease liabilities	170,263	-	-	-	-
Borrowings	2,768,815	-	-	-	-
Subtotal	<u>5,231,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,305,249</u>	<u>-</u>	<u>-</u>	<u>74,195</u>	<u>74,195</u>
	June 30, 2023(restated)				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary Certificates	\$ 520,849	520,849	-	-	520,849
Fund in foreign markets	3,499	-	-	3,499	3,499
Subtotal	<u>524,348</u>	<u>520,849</u>	<u>-</u>	<u>3,499</u>	<u>524,348</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	3,404,331	-	-	-	-
Notes and accounts receivable	2,914,418	-	-	-	-
Other receivables	68,060	-	-	-	-
Other financial assets (including current and non-current)	429,784	-	-	-	-
Subtotal	<u>6,816,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,340,941</u>	<u>520,849</u>	<u>-</u>	<u>3,499</u>	<u>524,348</u>

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TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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	June 30, 2023(restated)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 5,675	-	5,675	-	5,675
Contingent consideration	71,729	-	-	71,729	71,729
Subtotal	77,404	-	5,675	71,729	77,404
Financial liabilities measured at amortized cost					
Accounts payable	1,371,057	-	-	-	-
Other payables	2,378,179	-	-	-	-
Lease liabilities	242,406	-	-	-	-
Borrowings	2,785,045	-	-	-	-
Subtotal	6,776,687	-	-	-	-
Total	<u>\$ 6,854,091</u>	<u>-</u>	<u>5,675</u>	<u>71,729</u>	<u>77,404</u>

2) Valuation techniques of financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the consolidated balance sheet date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

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3) Fair value hierarchy transfer

There was no transfer from one level to another for the six months ended June 30, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	Financial assets at fair value through profit or loss
Opening balance, January 1, 2024	\$ 22,383
Total gains or losses	
Recognized in profit or loss	(301)
Purchased	11,594
Ending balance, June 30, 2024	\$ 33,676
Opening balance, January 1, 2023	\$ -
Total gains or losses	
Recognized in profit or loss	(658)
Reclassified	4,157
Ending balance, June 30, 2023	\$ 3,499

For the six months ended June 30, 2024 and 2023, the total gains and losses that were included in "other gains and losses" were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Total gains or losses				
Recognized in profit or loss (presented in "other gains and losses")	\$ 328	(623)	(301)	(658)

5) Quantified information on significant unobservable inputs Level 3 used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure the fair value include the financial assets at fair value through profit and loss – other financial assets and fund in foreign markets, please refer to note 6(b).

The funds held by the Company in foreign markets, which are categorized as level 3, have only one significant unobservable input.

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit and loss – fund in foreign markets	Net Asset Value Method	Net Asset Value	The higher the net asset value is, the higher the estimated fair value would be.
Contingent consideration agreement	Option evaluation model	Volatility, risk-free rate, risk discount rate and number of years remaining to maturity	

(x) Financial risk management

There were no significant changes with purpose and policy of financial risk management for the year ended December 31, 2023.

(y) Capital management

Management believes that there were no changes in the Group's approach to the targets, policies and procedures in capital management as disclosed in the consolidated financial statements for the year ended December 31, 2023. Also, they believe that for the six months ended June 30, 2024, there were also no changes in the Group's capital management information. Please refer to the consolidated financial statements for the year ended December 31, 2023 for other related information.

(z) Investing and financing activities not affecting current cash flow

The Group did not have investing and financing activities which did not affect the current cash flow in the six months ended June 30, 2024 and 2023.

Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>June 30, 2024</u>
			<u>Foreign exchange movement</u>	<u>Other</u>	<u>Changes in lease payments</u>	
Short-term borrowings	\$ 1,621,395	(586,978)	-	-	-	1,034,417
Long-term borrowings (including expires within one year)	1,147,420	19,682	60	-	-	1,167,162
Lease liabilities	170,263	(75,512)	451	8,418	207,333	310,953
Deposit received	1,971	72	-	-	-	2,043
Total liabilities from financing activities	<u>\$ 2,941,049</u>	<u>(642,736)</u>	<u>511</u>	<u>8,418</u>	<u>207,333</u>	<u>2,514,575</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2023	Cash flows	Non-cash changes			June 30, 2023
			Foreign exchange movement	Other	Changes in lease payments	
Short-term borrowings	\$ 1,466,515	(178,694)	-	8,789	-	1,296,610
Long-term borrowings (including expires within one year)	1,406,740	54,752	513	26,430	-	1,488,435
Lease liabilities	229,226	(49,313)	(1,968)	22,582	41,879	242,406
Deposit received	2,217	(251)	-	-	-	1,966
Total liabilities from financing activities	<u>\$ 3,104,698</u>	<u>(173,506)</u>	<u>(1,455)</u>	<u>57,801</u>	<u>41,879</u>	<u>3,029,417</u>

(7) Related-party transactions:

(a) Related-party transactions

The Company is the ultimate controlling party of the Consolidated Company.

(b) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Short-term employment benefits	\$ 45,386	62,050	95,809	116,676
Post-employment benefits	570	761	1,198	1,188
Share-based payment	(568)	433	2,708	861
	<u>\$ 45,388</u>	<u>63,244</u>	<u>99,715</u>	<u>118,725</u>

Please refer to note 6(q) for explanation related to share-based payment.

(8) Pledged assets:

The carrying amounts of assets provided by the Group pledged as security were as follows:

Assets pledged as security	Liabilities secured by pledge	June 30, 2024	December 31, 2023(restated)	June 30, 2023(restated)
Property, plant and equipment	Borrowing	\$ <u>84,338</u>	<u>58,640</u>	<u>30,961</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

The guarantee notes provided by the Group to the banks were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
NTD	\$ 2,070,000	2,081,900	2,551,900
USD	22,300	14,000	21,000

As of June 30, 2024 and 2023, the Company has unused letters of credit issued by the Group.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

In order to enhance the overall market share and brand competitiveness of the Group, the Board of Directors of TSC Auto ID decided to acquire Bluebird Inc. (hereinafter referred to as "Bluebird"), a South Korean company on August 1, 2024, to obtain control by acquiring 96.51% of the shares from the major corporate and individual shareholders of Bluebird, and the share acquisition consideration was KRW 118,703,431 thousand (equivalent to approximately NTD 2,822,886 thousand). The Board of Directors of TSC Auto ID also resolved to authorize the Company to acquire a further 3.49% of the remaining minority interest at a price not higher than KRW 17,520 per share, subject to the willingness of the remaining minority shareholders to sell.

The board of directors of TSC Auto ID has resolved to apply for a joint credit loan of NTD 2,000,000 thousand from a consortium of banks organized by Taishin International Bank, and TSC Auto ID intends to provide the acquired Bluebird shares as collateral for this credit facility.

The closing of the Acquisition is subject to the fulfillment of a number of conditions precedent, and therefore information relating to the Acquisition cannot be disclosed in accordance with IFRS3 in this moment.

(12) Other:

- (a) The information on employee benefits, depreciation, and amortization expenses, by function, is summarized as follows:

By item	By function	For the three months ended June 30, 2024			For the three months ended June 30, 2023		
		Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits							
Salary		287,640	366,594	654,234	183,394	443,347	626,741
Labor and health insurance		30,783	30,847	61,630	31,294	26,343	57,637
Pension		17,712	13,473	31,185	11,076	20,658	31,734
Remuneration of directors		-	9,552	9,552	-	13,378	13,378
Others		22,482	15,626	38,108	27,467	2,977	30,444
Depreciation		191,346	30,912	222,258	179,404	29,153	208,557
Amortization		3,665	25,442	29,107	3,789	28,889	32,678

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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By item	By function	For the six months ended June 30, 2024			For the six months ended June 30, 2023		
		Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits							
Salary		556,284	718,284	1,274,568	503,208	649,252	1,152,460
Labor and health insurance		62,064	64,435	126,499	60,103	55,966	116,069
Pension		35,588	26,206	61,794	32,543	31,413	63,956
Remuneration of directors		-	16,642	16,642	-	23,454	23,454
Others		46,885	27,324	74,209	45,133	17,126	62,259
Depreciation		378,577	61,424	440,001	357,812	58,231	416,043
Amortization		7,401	47,212	54,613	7,486	59,270	66,756

(b) Seasonality of operation

The Group's operations are not affected by seasonal or cyclical factors.

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD.
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2024:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
1	TSC Auto ID	TSCPL (Note 5)	Other receivables-related party	Yes	175,350	-	-	- %	2	-	Repayment of bank loans	-	None	-	1,029,859	2,059,718
2	TSC Auto ID	TSCAE	Other receivables-related party	Yes	35,070	34,710	-	5.00 %	2	-	Repayment of bank loans	-	None	-	1,029,859	2,059,718
3	TSC Auto ID	MGN	Other receivables-related party	Yes	175,350	173,550	90,767	5.00 %	2	-	Repayment of bank loans	-	None	-	1,029,859	2,059,718

Note 1: No.2 refers to those who have the need for short-term financing.

Note 2: Limitation on amount of loans to short-term financing company individually by TSC Auto ID is 20% of TSC Auto ID's net asset.

Note 3: Limitation on amount of loans to short-term financing company in total by TSC Auto ID is 40% of TSC Auto ID's net asset.

Note 4: Conversion at the exchange rate of NTD 34.71 for EUR on June 30, 2024.

Note 5: The capital loan amounts of TSC Auto ID to its subsidiary TSCPL expired on March 15, 2024.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
1	TSC Auto ID	TSCAA	2	2,059,718	195,270	194,700	-	-	3.78 %	3,089,577	N	N	N
2	TSC Auto ID	TSCAE	2	2,059,718	16,273	-	-	-	- %	-	N	N	N

Note 1: No.2 refers to companies that directly and indirectly hold more than 50% shares of voting rights.

Note 2: Limitation on amount of guarantees and endorsements for a specific enterprise is 40% of TSC Auto ID's net asset.

Note 3: Limitation on amount of guarantees and endorsement in total is 60% of TSC Auto ID's net asset.

Note 4: Conversion at exchange rate NTD 32.45 to USD on June 30, 2024.

(iii) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Capital Money Market Fund	-	Financial assets at fair value through profit or loss-current	6,010	100,336	-	100,336	
The Company	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss-current	1,585	25,107	-	25,107	
The Company	Applied Wireless Identifications Group, Inc.	-	Financial assets at fair value through profit or loss-current	243	-	-	-	
The Company	Third Dimension (3D) Semiconductor, Inc.	-	Financial assets at fair value through profit or loss-current	922	-	-	-	

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD.
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	
The Company	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	33,676	-	33,676

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms (Note 1)	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	TSCJ	Subsidiary	Sale	(155,570)	(2) %		-		53,203	2%	
The Company	TSCH	Subsidiary	Sale	(260,933)	(4) %		-		212,527	8%	
The Company	TSCA	Sub-subsidiary	Sale	(209,713)	(3) %		-		189,500	7%	
The Company	TSCC	Sub-subsidiary	Sale	(140,288)	(2) %		-		56,920	2%	(Note 2)
The Company	Yangxin Everwell	Sub-subsidiary	Purchase	828,215	17 %		-		(449,587)	(31)%	(Note 2)
The Company	Tianjin Everwell	Sub-subsidiary	Purchase	129,119	3 %		-		(13,407)	(1)%	
TSC Auto ID	TSCAE	Subsidiary	Sale	(334,853)	(5) %		-		595,579	22%	
TSC Auto ID	TSCAA	Subsidiary	Sale	(362,469)	(5) %		-		144,194	5%	
TSC Auto ID	TTSC	Subsidiary	Sale	422,374	9 %		-		(195,897)	(13)%	
TSC Auto ID	TTSC	Subsidiary	Purchase	(267,694)	(4) %		-		419,359	16%	

Note 1: Open Account 30~135 days. Adjustments depend on demand for funds when necessary.

Note 2: Accounts receivable (payable) presents at net amount.

Note 3: The related transaction has been written off. Please refer to Note 13(a)x.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note1)	Allowance for bad debts
					Amount	Action taken		
The Company	TSCH	Subsidiary	212,527	2.66 %	-		40,031	-
The Company	TSCA	Sub-subsidiary	189,500	2.58 %	-		28,771	-
TSC Auto ID	TSCAE	Subsidiary	595,579	1.13 %	-		75,193	-
TSC Auto ID	TSCAA	Subsidiary	419,359	1.26 %	-		51,001	-
TSC Auto ID	TTSC	Subsidiary	144,194	5.81 %	-		48,309	-
TTSC	TSC Auto ID	Subsidiary	195,897	4.62 %	-		49,876	-

Note 1: As of report date.

Note 2: The related transaction has been written off. Please refer to Note 13(a)x.

- (ix) Trading in derivative instruments: Please refer to notes 6(b).

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Notes to Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	TSCE	1	Selling expenses-commission	47,969	Monthly payment	0.68%
0	The Company	TSCE	1	Accrued expenses	32,169		0.18%
0	The Company	TSCJ	1	Sales revenue	155,570	Note 3	2.22%
0	The Company	TSCJ	1	Accounts receivable	53,203		0.30%
0	The Company	TSCH	1	Sales revenue	260,933	Monthly payment	3.72%
0	The Company	TSCH	1	Accounts receivable	212,527		1.19%
0	The Company	TSCA	1	Sales revenue	209,713	Note 3	2.99%
0	The Company	TSCA	1	Selling expenses-commission	3,273		0.05%
0	The Company	TSCA	1	Accounts receivable	189,500		1.06%
0	The Company	TSCA	1	Other receivables	8,436		0.05%
0	The Company	TSCA	1	Accrued expenses	1,532		0.01%
0	The Company	TSCC	1	Sales revenue	140,288	Monthly payment	2.00%
0	The Company	TSCC	1	Accounts receivable	109,344		0.61%
0	The Company	TSCC	1	Purchase	91,390		1.30%
0	The Company	TSCC	1	Accounts payable	52,424		0.29%
0	The Company	Yangxin Everwell	1	Purchase	828,215	Note 4	11.81%
0	The Company	Yangxin Everwell	1	Accounts payable	449,587	Note 5	2.52%
0	The Company	Tianjin Everwell	1	Purchase	129,437		1.85%
0	The Company	Tianjin Everwell	1	Accounts payable	13,407		0.08%
0	The Company	Tianjin Everwell	1	Other payable	74,033		0.42%
1	Yangxin Everwell	TSCC	3	Sales revenue	641,601	Note 3	9.15%
1	Yangxin Everwell	TSCC	3	Accounts receivable	431,964		2.43%

Note 1 : Representations of No. are as below:

- A. 0 is for the Company.
- B. Subsidiaries are numbered in order from 1.

Note 2: Categories of relationship with traders are as below:

- A. Parent company to subsidiary.
- B. Subsidiary to parent company.
- C. Subsidiary to subsidiary.

Note 3: Sales price is based on general market price. Collecting period is open account 90~180 days.

Note 4: Processing cost is based on cost-plus approach. Collecting period is open account 90~180 days.

Note 5: Payments due on open account 180 days after purchase.

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(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2024:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Ever Energetic	British Virgin Islands	Holding company and general import and export business	665,501	665,501	21,175	100.00 %	1,481,147	(29,145)	(29,145) (Note 2)	Subsidiary
The Company	Ever Winner	British Virgin Islands	Holding company and general import and export business	465,127	465,127	16,010	100.00 %	1,843,503	90,858	90,858 (Note 2)	Subsidiary
The Company	Skyrise	British Virgin Islands	Holding company and general import and export business	2,845	2,845	50	100.00 %	1,911	(24)	(24) (Note 2)	Subsidiary
The Company	TSCE	Germany	General import and export business	10,972	10,972	-	100.00 %	65,198	(7,807)	(7,807) (Note 2)	Subsidiary
The Company	TSCJ	Japan	Trading of rectifiers	28,689	28,689	2	100.00 %	119,265	6,963	6,963 (Note 1)	Subsidiary
The Company	TSCH	Hong Kong	Holding company and trading of rectifiers	282,312	282,312	672	25.22 %	572,423	29,942	(25,737) (Note 2)	Subsidiary
The Company	TSC Auto ID	Taiwan	Manufacture and sale of bar code printers	163,728	163,728	16,995	36.04 %	1,023,864	388,257	108,047 (Note 1)	Subsidiary
Ever Energetic	TSCA	United States	Trading of rectifiers	258,520	258,520	6,750	75.00 %	207,607	(53,636)	(40,227) (Note 2)	Subsidiary
Ever Energetic	TSCH	Hong Kong	Holding company and trading of rectifiers	571,628	571,628	985	36.96 %	1,199,828	29,942	11,066 (Note 2)	Subsidiary
Ever Winner	TSCA	United States	Trading of rectifiers	83,813	83,813	2,250	25.00 %	69,202	(53,636)	(13,409) (Note 2)	Subsidiary
Ever Winner	TSCC	China	Trading of rectifiers	4,461	4,461	-	100.00 %	471,910	93,009	93,009 (Note 2)	Subsidiary
Ever Winner	TSCH	Hong Kong	Holding company and trading of rectifiers	792,254	792,254	1,008	37.82 %	1,227,746	29,942	11,324 (Note 2)	Subsidiary
TSCH	Yangxin Everwell	China	Manufacture and sale of rectifiers	966,119	966,119	-	100.00 %	2,349,429	24,100	24,100 (Note 1)	Subsidiary
TSCH	Tianjin Everwell	China	Manufacture and sale of wafers	787,044	787,044	-	100.00 %	649,335	(6,444)	(6,444) (Note 2)	Subsidiary
TSC Auto ID	TSCAE	Germany	Trading of bar code printers and other parts	2,943	2,943	-	100.00 %	(64,452)	(43,280)	(43,280) (Note 1)	Subsidiary
TSC Auto ID	TSCAA	United States	Trading of bar code printers and other parts	1,096,621	1,096,621	16,000	100.00 %	1,082,822	(9,868)	(9,868) (Note 1)	Subsidiary
TSC Auto ID	TSC HK	Hong Kong	Holding company and general import and export business	47,468	47,468	12,711	100.00 %	767,574	46,319	46,319 (Note 1)	Subsidiary
TSC Auto ID	Printronic AD	Taiwan	Trading of bar code printers and other parts	5,000	5,000	500	100.00 %	4,698	(98)	(98) (Note 1)	Subsidiary
TSC Auto ID	DLS	United States	Customization of design, integration and marketing of label papers and other parts	801,558	801,558	1	100.00 %	1,467,082	36,431	36,431 (Note 1)	Subsidiary
TSC Auto ID	TSCIN	India	Trading of bar code printers and other parts	2,791	2,791	710	100.00 %	578	(662)	(662) (Note 1)	Subsidiary
TSC Auto ID	TSCPL	Poland	General investment	498,827	498,827	-	100.00 %	508,579	(3,903)	(3,903) (Note 2)	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Trading of bar code printers and other parts	8,234	8,234	-	100.00 %	(17,316)	(2,749)	(2,749) (Note 1)	Subsidiary
TSCAE	TSCAS	Spain	Trading of bar code printers and other parts	124	124	-	100.00 %	3,231	167	167 (Note 1)	Subsidiary
DLS	PPL	United States	Sale of bar code printer, label papers, other parts	115 (thousands USD)	115 (thousands USD)	850	100.00 %	45,392	4,408	4,408 (Note 1)	Subsidiary
TSCPL	MGN	Poland	Customization of design, integration and marketing of label papers and other parts	70,747 (thousands PLN)	48,200 (thousands PLN)	2	100.00 %	565,938	(2,233)	(4,309) (Note 2)	Subsidiary
TSC HK	TTSC	China	Manufacture and sale of bar code printers and other parts	48,675	48,675	-	100.00 %	806,231	55,982	55,982 (Note 1)	Subsidiary

Note 1: Calculated by equity according to investee's reviewed financial report.

Note 2: Calculated by equity according to investee's non-reviewed financial report.

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TAIWAN SEMICONDUCTOR CO., LTD.
Notes to Consolidated Financial Statements

(c) Information on overseas branches and representative offices:

(i) The names of investees in China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
TSCC	Trading of rectifiers	4,461	(2)	4,461	-	-	4,461	93,009	100.00%	93,009	471,910	397,444
Yangxin Everwell	Manufacture and sale of rectifiers	1,667,160	(2)	628,196	-	-	628,196	24,100	100.00%	24,100	2,349,429	250,864
Tianjin Everwell	Manufacture and sale of wafers	387,173	(2)	387,173	-	-	387,173	(6,444)	100.00%	(6,444)	649,335	452,102
TTSC	Manufacture and sale of bar code printers and other parts	46,673	(2)	48,675	-	-	48,675	55,982	36.04%	20,176	806,231	886,152

Note 1: No.2 refers to investing in China companies through reinvesting in existing companies in the third region.

(ii) Limitation on investment in China:

Accumulated Investment in China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,073,325	2,111,725	4,527,412

Note 1: Achi Capital Partners Fund LP, an investee of the Company, shifted to invest in China. Therefore, the Company increased USD 107 thousand of the investment amount authorized by the Investment Commission MOEA.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)		15,960,000	6.05 %

Note (i): The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note (ii): If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
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(14) Segment information:

	For the three months ended June 30			
	2024			
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 1,509,382	2,068,966	-	3,578,348
Intersegment revenues	1,453,529	17	(1,453,546)	-
Total revenue	<u>\$ 2,962,911</u>	<u>2,068,983</u>	<u>(1,453,546)</u>	<u>3,578,348</u>
Reported segment profit and loss	<u>\$ 96,251</u>	<u>300,529</u>	<u>-</u>	<u>396,780</u>
	For the three months ended June 30			
	2023			
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 1,566,480	2,194,622	-	3,761,102
Intersegment revenues	1,190,806	19	(1,190,825)	-
Total revenue	<u>\$ 2,757,286</u>	<u>2,194,641</u>	<u>(1,190,825)</u>	<u>3,761,102</u>
Reported segment profit and loss	<u>\$ 149,068</u>	<u>448,836</u>	<u>(59,200)</u>	<u>538,704</u>
	For the six months ended June 30			
	2024			
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 2,804,773	3,944,435	-	6,749,208
Intersegment revenues	2,594,411	34	(2,594,445)	-
Total revenue	<u>\$ 5,399,184</u>	<u>3,944,469</u>	<u>(2,594,445)</u>	<u>6,749,208</u>
Reported segment profit and loss	<u>\$ 174,180</u>	<u>517,683</u>	<u>-</u>	<u>691,863</u>
	For the six months ended June 30			
	2023			
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 3,283,798	4,102,667	-	7,386,465
Intersegment revenues	2,450,913	23	(2,450,936)	-
Total revenue	<u>\$ 5,734,711</u>	<u>4,102,690</u>	<u>(2,450,936)</u>	<u>7,386,465</u>
Reported segment profit and loss	<u>\$ 365,064</u>	<u>727,074</u>	<u>(59,200)</u>	<u>1,032,938</u>

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	<u>Rectifiers</u>	<u>Bar Code Printers</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reported segment assets				
June 30, 2024	\$ <u>23,057,406</u>	<u>9,336,915</u>	<u>(14,586,603)</u>	<u>17,807,718</u>
December 31, 2023	\$ <u>22,626,105</u>	<u>8,955,103</u>	<u>(14,037,966)</u>	<u>17,543,242</u>
June 30, 2023	\$ <u>23,200,818</u>	<u>9,485,918</u>	<u>(14,062,508)</u>	<u>18,624,228</u>