

Taiwan Semiconductor Co., Ltd.  
Minutes of the 2024 Annual General Meeting

Time : Wednesday, 19 June 2024 at 09 : 00 am

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

Shareholders Present : The number of shares presented in person or by proxy is 176,935,609 shares (including 113,619,159 shares from electronic voting rights ), representing 67.15% of total outstanding shares.

Directors Present: Director Mr. Wang shiu Ting, TSC Auto ID Technology Co., Ltd.  
Legal Representative Director Mr. Wang Hsing Lei, UMC Capital  
Legal Representative Director Mr. Liu Chang Yu, Independent  
Director Mr. Jhan Cian Long, Independent Director Mr. Fan Hong Shu, Independent Director Mr. Lin Bo Sheng

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

Accountants : Kuo, Yang Lun (KPMG Certified Public Accountants)

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

Record : Ms. Luo Yue Guei

The agenda for the meeting is as follows:

1. The Chairman called the meeting to order.
2. Chairman's Address : (omitted)
3. Report Items :
  - (1) 2023 Business Report and 2024 Annual Business Plan Report.
  - (2) Audit Committee's 2023 Review Report.
  - (3) Status report on the Endorsement and Guarantee, Loaning of Company Funds, Regulations Governing the Acquisition and Disposal of Assets, the Trading of Financial Derivatives of the Company and its subsidiaries in 2023.
  - (4) Report on 2023 employees' profit sharing bonus and directors' compensation.
  - (5) Report on the revision of the "Board Meeting Procedures" of the company.
  - (6) Report on The performance evaluation and compensation report of directors and managers
4. Approval Items :
  - (1) Proposal 1 : The Company's 2023 Business Report and Financial Statements  
(Proposed by the Board)

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

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

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

Voting Results: Shares represented at the time of voting: 176,935,609 votes

Voting Results(Including electronic votes)	% of the total represented share present
Approval votes: 173,834,769 votes	98.24%
Disapproval votes: 69,809 votes	0.03%
Invalid votes: 0 votes	0.00%
Abstention votes/no votes: 3,031,031 votes	1.71%

RESOLVED, that The Company's 2023 Business Report and Financial Statements be and hereby were accepted as submitted.

(2) Proposal 2 : The Company's 2023 earnings Distribution.  
(Proposed by the Board )

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

- In the fiscal year 2023, the company's net profit after tax was NT\$ 718,640,048 after deducting the remeasurement amount of the defined benefit plan of NT\$ 3,425,395 and allocating NT\$ 71,521,465 to legal reserve. Additionally, considering the retained earnings from the previous period of NT\$ 1,440,780,886 the distributable earnings for the current period are NT\$ 2,084,474,074. The proposed shareholder dividend is NT\$ 526,970,972 to be distributed entirely in cash. This proposal awaits approval at the ordinary shareholder meeting, after which the dates for the cash dividend record and payment will be set. According to the record of shareholders on the cash dividend record date, each share will receive a dividend of NT\$ 2.0, rounded down to the nearest cent, with any remaining fractions accumulated into the company's other income.

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

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

Voting Results: Shares represented at the time of voting: 176,935,609 votes

Voting Results(Including electronic votes)	% of the total represented share present
Approval votes: 173,911,157 votes	98.29%
Disapproval votes: 99,920 votes	0.05%
Invalid votes: 0 votes	0.00%
Abstention votes/no votes: 2,924,532votes	1.65%

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

5. Discussion items\_A :

(1)Proposal 1 : Amendment to the "Shareholders' Meeting Rules" of Taiwan Semiconductor Co., Ltd. ( Proposed by the Board ) \_

Explanation:1. This proposal is made in accordance with the Financial Supervisory Commission's letter No. 1120334642 dated March 14, 2023 and the Securities and Futures Institute's letter No. 11200552441 dated March 23, 2023.

2. It is proposed to amend the "Shareholders' Meeting Rules" of the company. The comparison table of the amendments before and after, along with their explanations, Please refer to page 41 of this Meeting Agenda, and it is requested to be approved at the 2024 Annual Shareholders' Meeting.

3. Please proceed to discuss.

Voting Results: Shares represented at the time of voting: 176,935,609 votes

Voting Results(Including electronic votes)	% of the total represented share present
Approval votes: 173,925,496 votes	98.29%
Disapproval votes: 73,622 votes	0.04%
Invalid votes: 0 votes	0.00%
Abstention votes/no votes: 2,936,491 votes	1.65%

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

6. Election Matters :

(1)Proposal 1 : Comprehensive Re-election of Directors Proposal.

Explanation:

1. The term of office for the current (15th) board of directors of the company, including independent directors, will expire on July 25, 2024. The term of office for the company's audit committee and the board of directors is also due to expire. It is proposed to conduct a comprehensive election at the 2024 shareholders' meeting.
2. According to Article 14 of the company's articles of incorporation, the 16th board of directors, consisting of seven members (including four independent directors), will be elected. After the shareholders' meeting, the newly appointed independent directors will form the 5th audit committee.
3. The election of directors follows a nomination system, with directors selected from the list of nominated candidates. Elections are conducted separately for independent directors and non-independent directors, with separate quotas for each.
4. To align with the shareholders' meeting election date, the outgoing directors will

be relieved of their duties on the day of the election, while the newly elected directors will assume office on the same day. Their term will be for three years, from June 19, 2024 to June 18, 2027.

5. The list of director and independent director candidates, along with relevant information, Please refer to page 46 of this Meeting Agenda,
6. For the election procedure for directors, please refer to page 61.
7. Proposal for election.

Election Results:

List of Directors Elected :		
Shareholder account number/ID	Name	Votes
No.1	Wang, Shiu-Ting	165,133,227 Votes
No.108742	TSC Auto ID Technology Co., Ltd. Representative: Wang, Xing-Lei	154,344,697 Votes
No.407	Yan, Guo-Yin	147,403,368 Votes
List of Independent Directors Elected :		
H121XXXXXX	Jhan, Cian-Long	147,098,775 Votes
A170XXXXXX	Ma, Shu-Zhuang	146,053,525 Votes
A221XXXXXX	Chen, Shu-Ling	145,129,904 Votes
A220XXXXXX	Wang, Nian-Qiu	144,693,577 Votes

7. Discussion items\_B :

- (2)Proposal 2 : Proposal to Lift Restriction on Directors' Non-competition Agreements, for Discussion. ( Proposed by the Board )

Explanation:

1. According to Article 209 of the Company Act, "Directors shall explain important aspects of their actions that belong to or are related to the company's business scope to the shareholders' meeting and obtain its approval."
2. For the needs of the company's business development, it is proposed to seek the shareholders' meeting's resolution to lift the non-competition restrictions on the newly appointed or re-elected directors of the 16th term and their representatives, in accordance with Article 209 of the Company Act, from the date they assume office as directors of such competing companies.
3. Proposal for discussion.

Title	Name	Concurrent holds positions in other companies (Lift Restriction on Directors' Non-competition Agreements → It is within the scope of the company's business )
Director	Wang, Shiu-Ting	CEO and Director of TSC Auto ID Technology Co., Ltd. Chairman of Tianjin TSC Auto ID Technology Co., Ltd. ( Legal Representative) Chairman of Printronix Auto ID Technology Co., Ltd. ( Legal Representative)
Director	TSC Auto ID Technology Co., Ltd.	TSC Auto ID Technology EMEA GmbH(TSCAE) TSC Auto ID (HK) Ltd. Tianjin TSC Auto ID Technology Co., Ltd. TSC Auto ID Technology America, Inc. TSC Auto ID Technology ME Ltd. FZE (TSCAD) TSC Auto ID Technology Spain, S.L.(TSCAS) Printronix Auto ID Technology Co., Ltd. Diversified Labeling Solutions Inc. Precision Press & Label, Inc. TSC Auto ID Technology India Private Limited. Mosfortico Investments sp.z o.o. MGN sp.z o.o.
Representative:: Wang, Xing-Lei		Chairman of TSC Auto ID Technology America, Inc. ( Legal Representative) Chairman of TSC Auto ID (HK) Ltd. ( Legal Representative) Directors of Tianjin TSC Auto ID Technology Co., Ltd. ( Legal Representative) Chairman of TSC Auto ID Technology Co., Ltd. Chairman of Printronix Auto ID Technology Co., Ltd. ( Legal Representative) Directors of TSC Auto ID Technology EMEA GmbH(TSCAE)( Legal Representative) Chairman of Diversified Labeling Solutions Inc.( Legal Representative) Chairman of Precision Press & Label,Inc.( Legal Representative) Chairman of TSC Auto ID Technology India Private Limited.( Legal Representative)
Director	Yan, Guo-Yin	NA
Independent Director	Jhan, Cian-Long	NA
Independent Director	Ma, Shu-Zhuang	NA
Independent Director	Chen, Shu-Ling	NA
Independent Director	Wang, Nian-Qiu	NA

Voting Results: Shares represented at the time of voting: 176,935,609 votes

Voting Results(Including electronic votes)	% of the total represented share present
Approval votes: 154,642,084 votes	87.40%
Disapproval votes: 14,548,720 votes	8.22%
Invalid votes: 0 votes	0.00%
Abstention votes/no votes: 7,744,805 votes	4.37%

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

8. Extraordinary Motions : none

9. Adjournment: 9:19 am ( No question was raised by Shareholder.)

**Mr. Wang shiu Ting**  
**Chairman**

**Ms. Luo Yue Guei**  
**Recorder**

## Appendix

### 1. 2023 Business Report

#### (1) Implementation of Business Plan

The Company's and its subsidiaries major businesses included the production and sale of rectifiers and barcode printers. In 2023, the earnings per share after tax was NT\$2.89. The 2023 consolidated operating revenue, gross profit, operating income, net income before tax, net income, comprehensive income, and after-tax earnings per share compared to 2022 is presented below:

Unit: NT\$ thousand

Item	Implementation of Business Plan		
	2023	2022	Increase (decrease)
Operating revenue	14,616,014	15,687,134	(6.83%)
Gross Profit	4,492,662	5,349,166	(16.01%)
Operating Income	1,768,528	2,790,521	(36.62%)
Net income before tax	1,837,797	3,013,930	(39.02%)
Net income	1,309,993	2,176,915	(39.82%)
Comprehensive income	1,257,184	2,478,073	(49.27%)
Net income attributable to the Parent Company	718,640	1,562,877	(54.02%)
Comprehensive income attributable to the Parent Company	655,242	1,738,755	(62.32%)
After-tax earnings per share (NT\$)	2.89	6.28	(53.98%)

(2) Budget Implementation: The Company did not disclose its financial forecasts of the year of 2023, so it is not necessary to publicly disclose the implementation of the budget.

#### (3) Financial Status and Profitability

Unit: NT\$ thousand

Item	Annual revenue and expenditure		
	2023	2022	Increase(decrease)
Interest Revenue	42,817	19,892	115.25%
Interest Expense	80,472	38,330	109.95%

Item		2023	2022
Financial Structure	Total debt to assets (%)	39.02	41.12
	Long-term asset to real estate, plant and equipment ratio (%)	286.24	286.97

Liquidity Analysis	Current ratio (%)	197.91	206.86
	Quick ratio (%)	126.26	136.76
Profitability	Return on assets (%)	7.65	12.91
	Return on equity (%)	12.23	21.82
	Profit ratio (%)	8.96	13.88
	After-tax earnings per share (NT\$)	2.89	6.28

#### (4) Research and Development

##### (A) Rectifier

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

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

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

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

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

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

##### (B) Barcode printer

With the increase in applications for automatic identification in the global market, the Company spent NT\$240,833 thousand on research and development in 2023, accounting for 3% of the revenue and will continue invest in development of remote printer management value-added software tools (TSC Console or SOTI Connect) accessible via the Internet or intranet, to help clients manage devices and expand service scopes. In addition to developing new generation products and applications in new fields, the Company will focus on linerless environmental label applications, capable of reducing raw material consumption by 15% and carbon emissions and waste by 50%. The company will also spend the funds on the capital expenditures on labeling paper equipment to strengthen

competitiveness and ensure sustainable potential for revenue and profit growth.

## 2. 2024 Business Plan

### (1) Business Policy

#### (A) Rectifier

- (1) Continue to create global marketing channels to increase global market share
- (2) Strengthen the professional marketing team both domestically and internationally. Providing technical and comprehensive services to customers and improve our brand image
- (3) Continue to expand our R&D team to create and maintain leading technology and rapidly develop next-generation products
- (4) Continue to develop and implement the most advanced production equipment to increase profitability by increasing productivity and reducing costs
- (5) Actively develop new packaging technologies and higher current density surface mount power device packages to meet market demand
- (6) Seek cooperation with world known companies
- (7) Continue to develop small signal products for automotive applications and offer a comprehensive product line for automotive electronics
- (8) Actively promote automotive analog ICs, SOI MOSFET, LED driver ICs, and high power density products.
- (9) Continue the development and production of upstream wafer products to integrate upstream and downstream supply, and ensure stable supply of key raw materials and absolute cost advantage
- (10) Develop new products with big international companies to create high profitability with oligopoly supply chain

#### (B) Barcode printer

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

### (2) Important Production and Marketing Policies

#### (A) Rectifier

The Company's industry is a semi-conductor industry. The Company's current production and sales policy is a combination of build to stock and make-to-order production. In this regard, the annual production and sales policy is formulated based on overall industrial market development, market supply and demand, the Company's established capacity and inventory level. Depending on the actual order status, it can be adjusted at any time to maintain the optimal inventory level.

#### (B) Bar Code printer

Future production and marketing policies will focus on the following:

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



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

(3) Operation Goals

(A) Rectifier

The Company's main products are rectifier diodes and analog ICs. Taking into account the competition and market conditions, the sales projection for 2024 is as follows:

Products	2024 sales projection	2023 actual sales
Rectifier Diode	3,824,679(kpcs)	3,409,046(kpcs)
Small signal products	1,304,953(kpcs)	1,191,026(kpcs)
MOSFET	303,303 (kpcs)	215,281(kpcs)
Analog IC	77,077(kpcs)	76,320(kpcs)

Technical Marketing comprehensive promotion with a total solution for different industries. Because of the increasing popularity of hybrid electric vehicles and electric vehicles in the automotive electronics market, the market demand for power devices has increased dramatically. The high power AC-DC converter, low loss MOSFET (FET), low loss voltage regulator, surge absorber (TVS), electrostatic protection, fast recovery diode, and transistor continue selling to European, American, and Japanese companies, in the meantime, the Company developed the rapidly growing Chinese and Indian automotive electronics companies. Due to the regulation amendment in vehicle lighting, it is necessary to install daytime lighting. Also, due to energy-saving and new lighting product trends, LED lighting is rapidly emerging in automotive applications, and the capacity is growing to multiply many times. The company also provides overall solutions actively in the vehicle lighting market, and introduces them to European, American, and Japanese automotive electronics manufacturers.

In addition to the existing products of high power Bridge Rectifier and high power rectifier for automobile and locomotive charging systems, the new product high power MOS is adopted as an automotive electronics certificated manufacturer, which shortens the certification time.

In the LED lighting industry, the new products LED module and LED driver, which contains simplified constant current rectifying function design, with a full range of solutions including surface mount Bridge rectifier, Schottky, MOSFET, Small-signal products, promote the high demanded Ball steep light and striplight to the American and European lighting companies. In addition to small lighting products, the new products also develop the AC-DC LED applications and are imported into American and Japanese manufacturers.

The industrial application market is dominated by foreign competitors, especially the renewable energy industry (solar systems and power converters) has the characteristics of low substitution and high gross margin, which is difficult for the local and Chinese manufacturers to introduce. The Company has a long-term experience of high quality control and performance in the automobile electronics industry and the fast globalized local design service. In addition to the existing products, new products like fast recovery rectifier, low loss high junction temperature Trench Schottky, and low loss high power MOSFET are being promoted all-inclusively.

In recent years, the considerable business opportunities in automobile electronics, detecting instruments, industrial control, and major appliances markets attract more and more foreign manufacturers to enter. The Company will develop the different specifications of Hall effect IC and flux collector, which are used in automobiles, industry, major appliances, and the consumer market. In these markets, these ICs are

used in different kinds of measurement of position and angle. Take automobile electronics electrol power steering system as an example, linearity and angle Hall effect IC collector can measure the angle, running torque, and an engine speed of the steering wheel.

To consolidate the existing product lines and promote the consumer electronics industry, like TV, PC/Tablet, STB, Home appliance, Gaming, GPS, the Company continues to increase the amount of shipment like Bridge rectifier, MOS, Schottky, Zener diode, switching diode, different types of the voltage regulator, high recovery rectifier etc.

The TVs combine with internet and video function, high frequency, and multiple connecting ports. To protect ICs, the electrostatic protection component and wave filtering component are more needed. The development of new series of electrostatic protection products includes multiple output Array and combine with EMI Filter. Under the need of Eco-Friendly, all end products are pursuing high efficiency and low loss. The new products develop low-impedance MOS, low loss voltage regulator, low loss bridge rectifier, Ultra-low capacitance electrostatic protection component, etc.

Machine to Machine, because of the need for revolutionary applications due to the rise of the Internet of Things and the 5G communication smart city, the Ultra-low loss SOI MOSFET and low power trench Schottky, high power low voltage small patch TVS are being promoted.

(B) Bar Code Printer

The Company’s major income source is the sales, service, and sales of label paper of the automatic identification printers. The estimated sale in 2024 as follow.

Unit: Thousand		
Products	2024 sales projection	2023 actual sales
Automatic Identification Printers	750	700

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

(1) Future Development Strategies

(A) Rectifier: Continuing to innovate technology, accelerate research and development, increase product value, complete upstream and downstream deployment and investment opportunities in China to strengthen integration benefits.

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

(2) Influence from External Competition

(A) Rectifier

The subsidy policy of local governments gives China’s semiconductor manufacturers the advantage of competing at a low price, which has a certain impact on the low-end application market. The company is still focusing on the development of higher specification products, from wider penetration of consumer electronics,

automotive electronics, industrial control to medical and communication equipment. We expect to achieve a balanced development of low, medium and high application markets and to occupy more areas with higher entry barriers to maintain a larger gap with competitors and improve profitability. Currently, the Company's new technology development and existing high-end products are comparable to or even surpassing the world's first-class manufacturers, and we expect to develop more innovative and revolutionary products to surpass our world-class competitors and make outstanding contributions to environmental protection, energy savings and carbon reduction.

(B) Bar Code printer

As the demand for automatic identification becomes more life-oriented and common, the demand for or automatic identification printing is becoming more and more active; moreover, there is an increasing need for products to meet ESG requirements. In the face of the external competitive environment, the Company continues to develop innovative technologies, strengthen core capabilities for resource integration and interdisciplinary development, expand market cooperation and links, a greater focus on developing products made from recyclable materials, and actively face external challenges with the goal of profitability and stable growth.

(3) Influence from Regulations

(A) Rectifier

For adapting EU RoHS regulation, the Company provides all series of non-halogen products, which are popular among the consumer companies from Europe, America, Japan, and Korea. EISA2007 (Energy VI Efficiency) that demands higher standby power consumption and power conversion efficiency of the electric products, has been executed since 2016. For power devices, the wastage of electric property of rectifier and MOSFET should be lower and a smaller packaging should be used. Major appliances are affected the most. To cope with the legal requirement, they must be switched to variable frequency voltage source due to the large consumption of motor and compressor. The starter motor requires a higher voltage and soft switching ability for the power components. The power components in major appliances with DC frequency conversion have to concur with EMI factors, therefore it is difficult for other low-cost appeal companies to compare the excellent research and development ability of TAIWAN SEMICONDUCTOR Co., LTD. Additionally, due to the promoted policy of renewable energy, the need for solar energy and renewable energy source is highly requested by not only developed countries like North America, Japan, and Europe but also other emerging markets. Our new products with low consumption of high junction temperature Schottky can combine with solar module and power converter when used.

With the improvement of the battery technic in electric vehicles, the charging specification has changed from AC to DC 600V direct charging. The power system of vehicles will also change from a 12V 24V system to a 48V system. For this changing power system, the design pool of the original suppliers needs to be replaced with a new specification. It is a good design point for our new products high-voltage fast recovery diode, ultra-low power consumption rectifier, and trench Schottky.

(B) Bar Code Printer

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

(4) Influence from Macro-operating Environment

(A) Rectifier

Global Service-Customer management system and regional industrial development expand the global division of labor without borders. The Company uses customer management to respond to the rapidly changing electronics industry. Products from big

companies around the world are locally original designed, then be delivered and produced in various places. Through “Account management”, OEM and IPO can achieve a perfect order service.

Regional industrial development helps to balance and to strengthen the product structure. North American market focuses on automobiles, industry, telecommunication, and illumination. Japanese market focus on automobiles and industry. The European market focuses on automotive electronics, industry, renewable energy sources, and illumination. Chinese market focuses on consumer electronics, automobiles, and industry. The domestic demand market of emerging markets like India, South Asia, Russia, and South America expands due to the rapid growth of the middle class. Basic telecommunication, cable lighting construction, Home appliance, and Telecom, etc. are the industries that have been introduced into.

In the rapidly changing economy, the global configuration strategy of the Company has shown its efficiency and vision regarding OEM without frontiers and spreading the risk of the differences between strong and weak regional economics.

(B) Bar Code Printer

The Company follows all changes of regulation.

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

Chairman: Wang, Shiu-Ting

President: Wang, Shiu-Ting

CFO: Cheng, I-Cheng

## **Independent Auditors' Report**

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

### **Opinion**

We have audited the financial statements of TAIWAN SEMICONDUCTOR CO., LTD.( “the Company” ), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Other Matter**

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) of which represented investment accounted for using the equity method of the Company. Those statements were audited by the other Certified Public Accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the report of the other Certified Public Accountants. The investment in TSC Auto ID amounted for using the equity method constituting 10.67% and 8.68% of the total assets at December 31, 2023 and 2022, respectively, and the related share of profit of subsidiaries accounted for using the equity method constituting 31.95% and 17.16% of the total income before tax for the years then ended respectively.

### **Key Audit Matters**

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

## 1. Revenue recognition

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

### Description of the key audit matter:

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

How the matter was addressed in our audit:

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

## 2. Impairment on investment accounted for using the equity method

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

### Description of the key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

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

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

### **Auditor' s Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 15, 2024

#### **Notes to Readers**

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

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



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

TAIWAN SEMICONDUCTOR CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 795,597	8	1,139,543	10	2100	Short-term borrowings (note 6(i))	\$ 950,000	9	590,000	5
1110	Current financial assets at fair value through profit or loss - current (note 6(b))	21,060	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	408	-
1150	Notes receivable, net (note 6(c))	282	-	52	-	2170	Accounts payable	263,239	2	482,502	4
1170	Accounts receivable, net (note 6(c))	435,637	4	618,016	5	2181	Accounts payable to related parties (note 7)	303,235	3	338,627	3
1180	Accounts receivable due from related parties, net (note 7)	442,830	4	670,796	6	2220	Other payables to related parties (note 7)	35,604	-	38,555	-
1200	Other receivables (note 7)	32,318	-	38,005	-	2230	Current tax liabilities	98,768	1	221,499	2
130X	Inventories (note 6(d))	1,224,393	11	1,193,998	10	2320	Long-term borrowings, current portion (note 6(j))	298,583	3	259,349	2
1479	Other current assets	32,587	-	109,435	1	2280	Lease liabilities, current (note 6(k))	940	-	-	-
		<u>2,984,704</u>	<u>27</u>	<u>3,769,845</u>	<u>32</u>	2399	Other current liabilities	325,091	3	418,550	4
								<u>2,275,460</u>	<u>21</u>	<u>2,349,490</u>	<u>20</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	22,383	-	-	-	2541	Long-term borrowings (note 6(j))	228,808	2	527,391	5
1517	Non-current financial assets at fair value through other comprehensive income (note (b))	-	-	4,157	-	2570	Deferred tax liabilities (note 6(m))	449,473	4	441,616	4
1551	Investments accounted for using equity method (note (e))	5,212,425	49	5,113,463	45	2580	Lease liabilities non-current (note (k))	1,360	-	-	-
1600	Property, plant and equipment (note (f))	2,089,063	20	2,168,878	19	2640	Net defined benefit liability, non-current (note 6(l))	22,493	-	20,046	-
1755	Right-of-use assets (note (g))	4,024	-	-	-			<u>702,134</u>	<u>6</u>	<u>989,053</u>	<u>9</u>
1822	Intangible assets (note (h))	71,765	1	64,459	1		<b>Total liabilities</b>	<u>2,977,594</u>	<u>27</u>	<u>3,338,543</u>	<u>29</u>
1840	Deferred tax assets (note (m))	110,445	1	70,596	1	<b>Stockholder' equity attributable to parent:(note 6(n))</b>					
1980	Other non-current financial assets (note (b))	51,867	-	67,718	1	3110	Common stock	2,634,854	25	2,634,854	23
1990	Other non-current assets	166,313	2	141,359	1	3200	Capital surplus	2,209,251	21	2,137,088	19
		<u>7,728,285</u>	<u>73</u>	<u>7,630,630</u>	<u>68</u>	3300	Retained earnings	3,816,863	36	4,155,591	36
						3400	Other stockholders' equity	(419,530)	(4)	(359,558)	(3)
						3500	Treasury shares	(506,043)	(5)	(506,043)	(4)
							<b>Total equity</b>	<u>7,735,395</u>	<u>73</u>	<u>8,061,932</u>	<u>71</u>
<b>Total assets</b>		<u>\$ 10,712,989</u>	<u>100</u>	<u>11,400,475</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 10,712,989</u>	<u>100</u>	<u>11,400,475</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

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

**TAIWAN SEMICONDUCTOR CO., LTD.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Total sales revenue (notes 6(o) and 7)	\$ 4,708,842	102	5,755,056	101
4190	Less: Sales discounts and allowances	98,369	2	55,901	1
	<b>Net operating revenues</b>	<b>4,610,473</b>	<b>100</b>	<b>5,699,155</b>	<b>100</b>
5000	Cost of goods sold (notes 6(d) and 7)	3,506,778	76	4,058,148	71
	<b>Gross profit</b>	<b>1,103,695</b>	<b>24</b>	<b>1,641,007</b>	<b>29</b>
5910	Less: Unrealized profit (loss) from sales	(15,662)	-	53,444	1
		<b>1,119,357</b>	<b>24</b>	<b>1,587,563</b>	<b>28</b>
6000	<b>Operating expenses (note 7):</b>				
6100	Selling expenses	354,097	7	438,244	8
6200	Administrative expenses	215,950	5	297,659	5
6300	Research and development expenses	141,341	3	81,604	1
6450	Impairment gain	(7,803)	-	-	-
		<b>703,585</b>	<b>15</b>	<b>817,507</b>	<b>14</b>
	<b>Operating income</b>	<b>415,772</b>	<b>9</b>	<b>770,056</b>	<b>14</b>
	<b>Non-operating income and expenses (notes 6(p) and 7):</b>				
7100	Interest income	11,614	-	3,635	-
7010	Other income	19,311	-	28,629	1
7020	Other gains and losses	36,031	1	164,096	3
7050	Finance costs	(22,675)	-	(11,349)	-
7070	Share of profit of subsidiaries accounted for using equity method (note 6(e))	404,836	9	874,492	15
		<b>449,117</b>	<b>10</b>	<b>1,059,503</b>	<b>19</b>
	<b>Profit before income tax</b>	<b>864,889</b>	<b>19</b>	<b>1,829,559</b>	<b>33</b>
7950	Less: Income tax expenses (note 6(m))	146,249	3	266,672	5
	<b>Profit</b>	<b>718,640</b>	<b>16</b>	<b>1,562,887</b>	<b>28</b>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(l))	(2,775)	-	2,549	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(651)	-	1,752	-
		<b>(3,426)</b>	<b>-</b>	<b>4,301</b>	<b>-</b>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(59,972)	(1)	171,567	3
8300	<b>Other comprehensive income (after tax)</b>	<b>(63,398)</b>	<b>(1)</b>	<b>175,868</b>	<b>3</b>
	<b>Comprehensive income</b>	<b>\$ 655,242</b>	<b>15</b>	<b>1,738,755</b>	<b>31</b>
	<b>Basic earnings per common share (NT dollars) (note 6(r))</b>	<b>\$ 2.89</b>		<b>6.28</b>	
	<b>Diluted earnings per common share (NT dollars) (note 6(r))</b>	<b>\$ 2.88</b>		<b>6.23</b>	

See accompanying notes to parent company only financial statements.

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

**TAIWAN SEMICONDUCTOR CO., LTD.**

**Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Total retained earnings	Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements		
<b>Balance at January 1, 2022</b>	\$ 2,650,854	2,166,799	884,887	459,300	1,902,930	3,247,117	(531,125)	(506,990)	7,026,655
Net income	-	-	-	-	1,562,887	1,562,887	-	-	1,562,887
Other comprehensive income	-	-	-	-	4,301	4,301	171,567	-	175,868
Total comprehensive income	-	-	-	-	1,567,188	1,567,188	171,567	-	1,738,755
Retirement of treasury shares	(16,000)	(69,482)	-	-	-	-	-	85,482	-
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	(84,535)	(84,535)
Appropriation and distribution of retained earnings:									
Provision of legal reserve	-	-	88,137	-	(88,137)	-	-	-	-
Provision of special reserve	-	-	-	71,825	(71,825)	-	-	-	-
Cash dividends	-	-	-	-	(658,714)	(658,714)	-	-	(658,714)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	37,000	-	-	-	-	-	-	37,000
Changes in equity of affiliate accounted for using equity method	-	2,771	-	-	-	-	-	-	2,771
<b>Balance at December 31, 2022</b>	2,634,854	2,137,088	973,024	531,125	2,651,442	4,155,591	(359,558)	(506,043)	8,061,932
Net income	-	-	-	-	718,640	718,640	-	-	718,640
Other comprehensive income	-	-	-	-	(3,426)	(3,426)	(59,972)	-	(63,398)
Total comprehensive income	-	-	-	-	715,214	715,214	(59,972)	-	655,242
Appropriation and distribution of retained earnings:									
Provision of legal reserve	-	-	156,719	-	(156,719)	-	-	-	-
Cash dividends	-	-	-	-	(1,053,942)	(1,053,942)	-	-	(1,053,942)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	59,200	-	-	-	-	-	-	59,200
Changes in equity of affiliate accounted using equity method	-	12,963	-	-	-	-	-	-	12,963
<b>Balance at December 31, 2023</b>	\$ 2,634,854	2,209,251	1,129,743	531,125	2,155,995	3,816,863	(419,530)	(506,043)	7,735,395

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**TAIWAN SEMICONDUCTOR CO., LTD.**

**Statements of Cash Flows**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 864,889	1,829,559
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	333,878	319,548
Amortization expense	51,927	48,443
Reversal of expected credit loss	(7,803)	-
Gain on financial assets or liabilities at fair value through profit or loss	(3,169)	1,701
Interest expense	21,285	9,810
Interest income	(11,614)	(3,635)
Share of profit of subsidiaries accounted for using equity method	(404,836)	(874,492)
Gain on disposal of property, plan and equipment	(99)	(2,792)
Others	(15,662)	53,444
<b>Total adjustments to reconcile profit (loss)</b>	<b>(36,093)</b>	<b>(447,973)</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in financial assets at fair value through profit or loss	(16,918)	150,593
(Increase) decrease in notes receivable	(230)	479
Decrease in accounts receivable	190,174	100,374
(Increase) decrease in accounts receivable due from related parties	227,966	(111,821)
(Increase) decrease in other receivable	5,230	(13,231)
Increase in inventories	(30,395)	(433,884)
(Increase) decrease in other current assets	76,848	(40,096)
Decrease in notes payable	-	(1,607)
Increase(decrease) in accounts payable	(219,263)	168,248
Decrease in accounts payable to related parties	(35,392)	(325,609)
Increase (decrease) in other payable	(252)	637
Decrease in other payable to related parties	(2,951)	(16,772)
Increase (decrease) in other current liabilities	(93,459)	123,740
Decrease in net defined benefit liability	(328)	(462)
<b>Total adjustments</b>	<b>64,937</b>	<b>(847,384)</b>
Cash inflow generated from operations	929,826	982,175
Interest received	12,071	3,179
Dividends received	333,180	250,906
Interest paid	(22,432)	(10,913)
Income taxes paid	(300,972)	(140,144)
<b>Net cash flows from operating activities</b>	<b>951,673</b>	<b>1,085,203</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(19,607)	-
Acquisition of financial assets at fair value through other comprehensive income	-	(4,157)
Acquisition of property, plant and equipment	(105,072)	(52,494)
Proceeds from disposal of property, plant and equipment	-	3,475
Acquisition of right-of-use assets	(2,035)	-
Acquisition of intangible assets	(59,233)	(21,449)
(Increase) decrease in other non-current assets	70,878	(2,617)
Increase in prepayments for equipment	(226,692)	(133,453)
<b>Net cash flows used in investing activities</b>	<b>(341,761)</b>	<b>(210,695)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	360,000	219,280
Proceeds from long-term borrowings	-	139,320
Repayments of long-term borrowings	(259,349)	(1,890)
Payment of lease liabilities	(567)	-
Cash dividends paid	(1,053,942)	(658,714)
<b>Net cash flows used in financing activities</b>	<b>(953,858)</b>	<b>(302,004)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(343,946)</b>	<b>572,504</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>1,139,543</b>	<b>567,039</b>
<b>Cash and cash equivalents at the end of period</b>	<b>\$ 795,597</b>	<b>1,139,543</b>

Representation Letter

The entities that are required to be included in the combined financial statements of TAIWAN SEMICONDUCTOR CO., LTD. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TAIWAN SEMICONDUCTOR CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TAIWAN SEMICONDUCTOR CO., LTD.  
Chairman: Wang Shiu-Ting  
Date: March 15, 2024.

## **Independent Auditors' Report**

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

### **Opinion**

We have audited the consolidated financial statements of TAIWAN SEMICONDUCTOR CO., LTD. ("the Company") and its subsidiaries ( "the Group" ), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, consolidated changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), Interpretations developed by the International Financial Reporting Interpretations Committee ( "IFRIC" ) or the former Standing Interpretations Committee ( "SIC" ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Other Matter**

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) of the Group. Those statements were audited by the other Certified Public Accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the report of the other Certified Public Accountants. The financial statements of TSC Auto ID reflect the total assets constituting 41.55% and 39.48% of the consolidated total assets at December 31, 2023 and 2022, respectively, and the total operating revenues constituting 57.14% and 50.79% of the consolidated total operating revenues for the years then ended respectively.

The company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion with other matters paragraph.

## Key Audit Matters

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

### 1. Revenue recognition

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

#### Description of the key audit matter

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

How the matter was addressed in our audit:

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

### 2. The assessment of impairment loss of goodwill

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

#### Description of key audit matter

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

How the matter was addressed in our audit:

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

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

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

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

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

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

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

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

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

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



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 15, 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

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

**Consolidated Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2023		December 31, 2022			Liabilities and Equity	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 3,383,447	19	3,595,681	20	2100	Short-term borrowings (note 6(j))	\$ 1,621,395	9	1,466,515	8
1110 Current financial assets at fair value through profit or loss (note 6(b))	25,603	-	1,798	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	2,392	-
1150 Notes receivable, net (notes 6(c) and (r))	307	-	588	-	2170	Accounts payable	1,356,786	8	1,648,557	9
1170 Accounts receivable, net (notes 6(c) and (r))	2,575,666	15	3,015,880	17	2200	Other payables (note 6(l))	1,011,117	6	1,065,266	6
1200 Other receivables	72,080	-	105,789	1	2230	Current tax liabilities	220,156	1	415,066	2
1220 Current tax assets	22,532	-	409	-	2322	Long-term borrowings, current portion (note 6(k))	307,457	2	322,349	2
130X Inventories (note 6(d))	3,351,290	19	3,500,033	19	2280	Lease liabilities, current (note 6(m))	105,383	1	106,012	-
1410 Prepayments	148,159	1	251,545	1	2399	Other current liabilities	261,483	1	325,900	2
1476 Other current financial assets (note 6(b))	86,540	1	599,488	3			4,883,777	28	5,352,057	29
	9,665,624	55	11,071,211	61						
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>				
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	22,383	-	-	-	2540	Long-term borrowings (note 6(k))	839,963	5	1,084,391	6
1517 Non-current financial assets at fair value through other comprehensive income (note 6(b))	-	-	4,157	-	2580	Lease liabilities, non-current (note 6(m))	64,880	-	123,214	1
1600 Property, plant and equipment (notes 6(f) and (w))	4,423,524	25	4,483,033	25	2640	Net defined benefit liabilities, non-current (note 6(n))	39,335	-	35,000	-
1755 Right-of-use assets (note 6(g))	189,295	1	229,239	1	2570	Deferred tax liabilities (note 6(o))	972,065	6	825,106	5
1822 Intangible assets (notes 6(h) and (w))	578,045	3	308,413	2	2670	Other non-current liabilities	45,994	-	71,568	-
1805 Goodwill (notes 6(i) and (w))	1,269,559	7	1,136,565	6			1,962,237	11	2,139,279	12
1840 Deferred tax assets (note (o))	544,142	3	458,165	3			6,846,014	39	7,491,336	41
1980 Other non-current financial assets (note 6(b))	416,549	3	83,020	-		<b>Total liabilities</b>				
1990 Other non-current assets	436,361	3	443,016	2		<b>Stockholder' equity attributable to parent:</b>				
	7,879,858	45	7,145,608	39		(note 6(p))				
					3110	Common stock	2,634,854	15	2,634,854	14
<b>Total assets</b>	<b>\$ 17,545,482</b>	<b>100</b>	<b>18,216,819</b>	<b>100</b>	3200	Capital surplus	2,209,251	12	2,137,088	12
					3300	Retained earnings	3,816,863	22	4,155,591	23
					3400	Other stockholders' equity	(419,530)	(2)	(359,558)	(2)
					3500	Treasury shares	(506,043)	(3)	(506,043)	(3)
							7,735,395	44	8,061,932	44
						<b>Total equity attributable to owners of parent</b>				
					36XX	<b>Non-controlling interests</b> (note 6(e))	2,964,073	17	2,663,551	15
						<b>Total equity</b>	10,699,468	61	10,725,483	59
						<b>Total liabilities and equity</b>	<b>\$ 17,545,482</b>	<b>100</b>	<b>18,216,819</b>	<b>100</b>

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 years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4110	Total sales revenue (note 6(r))	\$ 15,214,856	104	16,442,867	105
4190	Less: Sales discounts and allowances	598,842	4	755,733	5
	<b>Net operating revenues</b>	14,616,014	100	15,687,134	100
5000	Cost of goods sold (note 6(d))	10,123,352	69	10,337,968	66
	<b>Gross profit</b>	4,492,662	31	5,349,166	34
6000	<b>Operating expenses</b> (notes 6(n) and (t)):				
6100	Selling expenses	1,382,342	9	1,296,411	8
6200	Administrative expenses	890,966	6	906,575	6
6300	Research and development expenses	443,113	3	355,388	2
6450	Impairment loss	7,713	-	271	-
		2,724,134	18	2,558,645	16
	<b>Operating income</b>	1,768,528	13	2,790,521	18
	<b>Non-operating income and expenses</b> (note 6(s)):				
7100	Interest income	42,817	-	19,892	-
7010	Other income	52,142	-	46,025	-
7020	Other gains and losses	56,619	-	197,944	1
7050	Finance costs	(82,309)	(1)	(40,452)	-
		69,269	(1)	223,409	1
	<b>Profit before income tax</b>	1,837,797	12	3,013,930	19
7950	Less: <b>Income tax expenses</b> (note 6(o))	527,804	4	837,015	5
	<b>Profit</b>	1,309,993	8	2,176,915	14
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(n))	(4,578)	-	7,368	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(4,578)	-	7,368	-
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(43,641)	-	341,796	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	(4,590)	-	(48,006)	-
		(48,231)	-	293,790	2
8300	<b>Other comprehensive income (after tax)</b>	(52,809)	-	301,158	2
	<b>Comprehensive income</b>	<b>\$ 1,257,184</b>	<b>8</b>	<b>2,478,073</b>	<b>16</b>
	<b>Net income attributable to:</b>				
	Owners of the parent	\$ 718,640	4	1,562,887	10
	Non-controlling interests (note 6(e))	591,353	4	614,028	4
		<b>\$ 1,309,993</b>	<b>8</b>	<b>2,176,915</b>	<b>14</b>
	<b>Comprehensive income attributable to:</b>				
	Owners of the parent	\$ 655,242	4	1,738,755	11
	Non-controlling interests (note 6(e))	601,942	4	739,318	5
		<b>\$ 1,257,184</b>	<b>8</b>	<b>2,478,073</b>	<b>16</b>
	<b>Basic earnings per common share (NT dollars)</b> (note 6(u))	<b>\$ 2.89</b>		<b>6.28</b>	
	<b>Diluted earnings per common share (NT dollars)</b> (note 6(u))	<b>\$ 2.88</b>		<b>6.23</b>	

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 years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings					
<b>Balance at January 1, 2022</b>	\$ 2,650,854	2,166,799	884,887	459,300	1,902,930	3,247,117	(531,125)	(506,990)	7,026,655	2,200,854	9,227,509
Net income	-	-	-	-	1,562,887	1,562,887	-	-	1,562,887	614,028	2,176,915
Other comprehensive income	-	-	-	-	4,301	4,301	171,567	-	175,868	125,290	301,158
Total comprehensive income	-	-	-	-	1,567,188	1,567,188	171,567	-	1,738,755	739,318	2,478,073
Retirement of treasury shares	(16,000)	(69,482)	-	-	-	-	-	85,482	-	-	-
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	(84,535)	(84,535)	-	(84,535)
Appropriation and distribution of retained earnings:											
Provision of legal reserve	-	-	88,137	-	(88,137)	-	-	-	-	-	-
Provision of special reserve	-	-	-	71,825	(71,825)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(658,714)	(658,714)	-	-	(658,714)	-	(658,714)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	37,000	-	-	-	-	-	-	37,000	-	37,000
Changes in equity of affiliate accounted for using equity method	-	2,771	-	-	-	-	-	-	2,771	-	2,771
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(276,621)	(276,621)
<b>Balance at December 31, 2022</b>	2,634,854	2,137,088	973,024	531,125	2,651,442	4,155,591	(359,558)	(506,043)	8,061,932	2,663,551	10,725,483
Net income	-	-	-	-	718,640	718,640	-	-	718,640	591,353	1,309,993
Other comprehensive income	-	-	-	-	(3,426)	(3,426)	(59,972)	-	(63,398)	10,589	(52,809)
Total comprehensive income	-	-	-	-	715,214	715,214	(59,972)	-	655,242	601,942	1,257,184
Appropriation and distribution of retained earnings:											
Provision of legal reserve	-	-	156,719	-	(156,719)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,053,942)	(1,053,942)	-	-	(1,053,942)	-	(1,053,942)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	59,200	-	-	-	-	-	-	59,200	-	59,200
Changes in equity of affiliate accounted for using equity method	-	12,963	-	-	-	-	-	-	12,963	-	12,963
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(301,420)	(301,420)
<b>Balance at December 31, 2023</b>	\$ 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

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,837,797	3,013,930
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	848,095	790,180
Amortization expense	139,801	140,791
Expected credit loss	7,713	271
Net loss on financial assets or liabilities at fair value through profit or loss	5,965	51,151
Interest expense	80,472	38,330
Interest income	(42,817)	(19,892)
Gain (loss) on disposal of property, plant and equipment	(274)	4,840
Reversal of impairment gain on non-financial assets	(88)	(595)
Others	12,963	2,771
<b>Total adjustments to reconcile profit (loss)</b>	<u>1,051,830</u>	<u>1,007,847</u>
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in financial assets at fair value through profit or loss	(30,781)	103,947
Decrease in notes receivable	281	163
(Increase) decrease in accounts receivable	512,393	(65,336)
(Increase) decrease in other receivables	35,649	(42,049)
(Increase) decrease in inventories	207,442	(1,055,208)
(Increase) decrease in prepayments	50,063	(92,899)
(Increase) decrease in other financial assets	512,948	(225,904)
Decrease in notes payable	-	(1,607)
Decrease in accounts payable	(386,093)	(24,992)
Increase (decrease) in other payable	(86,941)	181,589
Increase (decrease) in other current liabilities	(77,841)	92,684
Increase (decrease) in net defined benefit liabilities	4,335	(7,788)
Increase (decrease) in other non-current liabilities	(29,954)	17,577
<b>Total adjustments</b>	<u>1,763,331</u>	<u>(111,976)</u>
Cash inflow generated from operations	3,601,128	2,901,954
Interest received	43,274	19,436
Interest paid	(74,503)	(28,454)
Income taxes paid	(737,488)	(695,851)
<b>Net cash flows from operating activities</b>	<u>2,832,411</u>	<u>2,197,085</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(19,607)	-
Acquisition of financial assets at fair value through other comprehensive income	-	(4,157)
Acquisition of subsidiaries (net of cash acquired)	(358,490)	-
Acquisition of property, plant and equipment	(262,647)	(526,957)
Proceeds from disposal of property, plant and equipment	1,599	5,531
Increase in other financial assets	(436,127)	(11,437)
Acquisition of right-of-use assets	(2,035)	-
Acquisition of intangible assets	(42,622)	(35,317)
(Increase) decrease in other non-current assets	11,877	(27,074)
Increase in prepayments for equipment	(304,688)	(92,105)
<b>Net cash flows used in investing activities</b>	<u>(1,412,740)</u>	<u>(691,516)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	146,091	545,089
Proceeds from long-term borrowings	300,000	419,320
Repayments of long-term borrowings	(586,822)	(561,890)
Payment of lease liabilities	(130,872)	(127,258)
Decrease in guarantee deposits received	(246)	(130)
Cash dividends paid	(994,742)	(621,714)
Repurchase of treasury shares	-	(84,535)
Change in non-controlling interests	(301,420)	(276,621)
<b>Net cash flows used in financing activities</b>	<u>(1,568,011)</u>	<u>(707,739)</u>
Effect of exchange rate changes on cash and cash equivalents	(63,894)	96,203
<b>Net increase (decrease) in cash and cash equivalents</b>	(212,234)	894,033
<b>Cash and cash equivalents at the beginning of period</b>	3,595,681	2,701,648
<b>Cash and cash equivalents at the end of period</b>	<u>\$ 3,383,447</u>	<u>3,595,681</u>

See accompanying notes to financial statements.

TAIWAN SEMICONDUCTOR Co., LTD.

Audit Committee's Review Report

The Board of Directors has prepared the business report, individual financial report, consolidated financial report, and surplus earnings distribution proposal of 2023 of the company. Among them, the individual financial report and consolidated financial report were appointed by the board of directors to accountants Guo, Yang-Lun and Xiao, Pei-Ru of KPMG to complete the audit and issue an audit report. The business report, individual financial report, consolidated financial report, and surplus earnings distribution proposal are reviewed by the Committee and found true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to:

2024 Annual General Meeting of TAIWAN SEMICONDUCTOR Co., LTD.

TAIWAN SEMICONDUCTOR Co., LTD.

Convener of Audit Committee: Jhan, Cian-Long

Audit Committeeman: Lin, Bo-Sheng

Audit Committeeman: Fan, Hong-Shu

Audit Committeeman: Ma, Shu-Zhuang

March 15, 2024

See accompanying notes to financial statements.

TAIWAN SEMICONDUCTOR CO., LTD.

Fiscal Year 2023

Earnings Distribution Table

Unit: NTD

Items	Subtotal	Total
Beginning retained earnings (Beginning Balance)	1,440,780,886	
Add: 2023 Net profit after tax	718,640,048	
減：Remeasurements of defined benefit plan	3,425,395	
Less: 10% legal reserve	71,521,465	
<b>Distributable earnings</b>		<b><u>2,084,474,074</u></b>
Less：Distributable items		
(1) Dividend to shareholders (NTD 2.0 per share)		
(NTD 2.0 per share of cash dividend) ----(Note)	<u>526,970,972</u>	<u>526,970,972</u>
<b>Unappropriated retained earnings (Ending Balance)</b>		<b><u>1,557,503,102</u></b>

Note:

- 1) If there is an increase or decrease in the total number of outstanding shares of the Company, which results in a change in the shareholders' payout ratio, it is proposed to request the shareholders' meeting to authorize the Board of Directors to deal with the matter in its sole discretion.
- 2) Total [Stock dividend](#) of the director for the current period NTD 526,970,972
- 3) 2023 [net profit](#) after tax after distribution NTD 116,722,216 Hasn't been distributed.