

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 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 \$2,835,998 thousand and \$3,298,465 thousand, constituting 15.51% and 17.95% of the consolidated total assets; and the total liabilities amounting to \$501,018 thousand and \$624,459 thousand, constituting 6.60% and 8.11% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively; as well as total comprehensive income (loss) amounting to \$47,975 thousand, \$36,378 thousand, \$85,307 thousand and \$88,444 thousand, constituting 23.32%, 6.29%, 9.09% and 7.14% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 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 \$8,588,990 thousand and \$7,910,056 thousand, constituting 46.97% and 43.06% of the consolidated total assets as of September 30, 2024 and 2023, respectively; and the total revenues amounting to \$2,228,028 thousand, \$1,978,880 thousand, \$6,172,463 thousand and \$6,036,087 thousand, constituting 58.05%, 52.78%, 58.30% and 54.21% of the consolidated total revenues for the three months and nine months ended September 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)

November 8, 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

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2024		December 31, 2023 (restated)		September 30, 2023 (restated)		Liabilities and Equity		September 30, 2024		December 31, 2023 (restated)		September 30, 2023 (restated)	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 2,552,966	14	3,383,447	19	3,601,098	20	2100	Short-term borrowings (note 6(j))	\$ 2,061,675	11	1,621,395	9	2,123,823	12
1110	Current financial assets at fair value through profit or loss (note 6(b))	102,118	1	25,603	-	2,943	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	56,672	-	19,674	-	18,782	-
1150	Notes receivable, net (notes 6(c) and (r))	62	-	307	-	63	-	2170	Accounts payable	1,428,530	8	1,356,789	8	1,457,460	8
1170	Accounts receivable, net (notes 6(c) and (r))	3,016,670	16	2,575,669	15	2,951,216	16	2200	Other payables (note 6(l))	923,007	5	935,187	5	909,274	5
1200	Other receivables	90,815	-	72,341	-	89,241	1	2230	Current tax liabilities	210,642	1	220,156	1	220,699	1
1220	Current tax assets	22,525	-	22,532	-	5,099	-	2322	Long-term borrowings, current portion (note 6(k))	165,140	1	307,457	2	314,797	2
130X	Inventories (note 6(d))	3,616,645	20	3,351,290	19	3,536,225	19	2280	Lease liabilities, current (note 6(m))	107,981	1	105,383	1	111,416	-
1410	Prepayments	186,802	1	144,345	1	172,269	1	2399	Other current liabilities	<u>251,529</u>	<u>2</u>	<u>261,457</u>	<u>2</u>	<u>304,593</u>	<u>2</u>
1476	Other current financial assets (note 6(b))	<u>604,176</u>	<u>4</u>	<u>86,540</u>	<u>1</u>	<u>88,300</u>	<u>-</u>			<u>5,205,176</u>	<u>29</u>	<u>4,827,498</u>	<u>28</u>	<u>5,460,844</u>	<u>30</u>
		<u>10,192,779</u>	<u>56</u>	<u>9,662,074</u>	<u>55</u>	<u>10,446,454</u>	<u>57</u>	<b>Non-Current liabilities:</b>							
<b>Non-current assets:</b>								2500	Non-current financial liabilities at fair value through profit or loss (note 6(b))	21,293	-	54,521	-	50,892	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	39,616	-	22,383	-	4,497	-	2540	Long-term borrowings (note 6(k))	902,874	5	839,963	5	1,033,540	6
1600	Property, plant and equipment (note 6(f))	4,350,857	23	4,407,897	25	4,452,943	24	2580	Lease liabilities, non-current (note 6(m))	449,778	2	64,880	-	92,177	1
1755	Right-of-use assets (note 6(g))	564,824	3	189,295	1	222,024	1	2640	Net defined benefit liabilities, non-current	23,869	-	39,335	-	35,045	-
1822	Intangible assets (note 6(h))	479,962	3	521,227	3	528,422	3	2570	Deferred tax liabilities	930,271	5	971,583	6	949,728	5
1805	Goodwill (note 6(i))	1,383,251	8	1,339,762	8	1,384,144	8	2670	Other non-current liabilities	<u>52,892</u>	<u>1</u>	<u>45,994</u>	<u>-</u>	<u>77,406</u>	<u>-</u>
1840	Deferred tax assets	549,686	3	544,142	3	507,778	3			<u>2,380,977</u>	<u>13</u>	<u>2,016,276</u>	<u>11</u>	<u>2,238,788</u>	<u>12</u>
1980	Other non-current financial assets (note 6(b))	279,342	2	416,549	2	421,219	2	<b>Total liabilities</b>		<u>7,586,153</u>	<u>42</u>	<u>6,843,774</u>	<u>39</u>	<u>7,699,632</u>	<u>42</u>
1990	Other non-current assets	<u>444,010</u>	<u>2</u>	<u>439,913</u>	<u>3</u>	<u>403,607</u>	<u>2</u>	<b>Stockholder' equity attributable to parent:</b>							
		<u>8,091,548</u>	<u>44</u>	<u>7,881,168</u>	<u>45</u>	<u>7,924,634</u>	<u>43</u>	(note 6(p))							
								3110	Common stock	2,634,854	14	2,634,854	15	2,634,854	14
								3200	Capital surplus	2,252,248	12	2,209,251	12	2,208,242	12
								3300	Retained earnings	3,599,994	20	3,816,863	22	3,719,872	20
								3400	Other stockholders' equity	(204,548)	(1)	(419,530)	(2)	(289,434)	(1)
								3500	Treasury shares	<u>(599,878)</u>	<u>(3)</u>	<u>(506,043)</u>	<u>(3)</u>	<u>(506,043)</u>	<u>(3)</u>
								<b>Total equity attributable to owners of parent</b>		<u>7,682,670</u>	<u>42</u>	<u>7,735,395</u>	<u>44</u>	<u>7,767,491</u>	<u>42</u>
								36XX	Non-controlling interests (note 6(e))	<u>3,015,504</u>	<u>16</u>	<u>2,964,073</u>	<u>17</u>	<u>2,903,965</u>	<u>16</u>
								<b>Total equity</b>		<u>10,698,174</u>	<u>58</u>	<u>10,699,468</u>	<u>61</u>	<u>10,671,456</u>	<u>58</u>
<b>Total assets</b>		<u>\$ 18,284,327</u>	<u>100</u>	<u>17,543,242</u>	<u>100</u>	<u>18,371,088</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 18,284,327</u>	<u>100</u>	<u>17,543,242</u>	<u>100</u>	<u>18,371,088</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 nine months ended September 30, 2024 and 2023

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

	For the three months ended				For the nine months ended				
	September 30		September 30		September 30		September 30		
	2024	2023(restated)	2024	2023(restated)	2024	2023(restated)	2024	2023(restated)	
	Amount	%	Amount	%	Amount	%	Amount	%	
4110	Total sales revenue (note 6(r))	\$ 3,963,707	103	3,874,222	103	10,978,401	104	11,549,838	104
4190	Less: Sales discounts and allowances	125,502	3	125,163	3	390,988	4	414,314	4
	<b>Net operating revenues</b>	<b>3,838,205</b>	<b>100</b>	<b>3,749,059</b>	<b>100</b>	<b>10,587,413</b>	<b>100</b>	<b>11,135,524</b>	<b>100</b>
5000	Cost of goods sold (note 6(d))	2,770,475	72	2,557,649	68	7,518,218	71	7,646,632	69
	<b>Gross profit</b>	<b>1,067,730</b>	<b>28</b>	<b>1,191,410</b>	<b>32</b>	<b>3,069,195</b>	<b>29</b>	<b>3,488,892</b>	<b>31</b>
6000	<b>Operating expenses</b> (notes 6(b), (n) and (t)):								
6100	Selling expenses	433,508	11	376,075	10	1,199,490	11	1,048,288	9
6200	Administrative expenses	228,560	6	247,603	7	644,663	6	678,822	6
6300	Research and development expenses	113,981	3	117,537	3	322,088	3	317,064	3
6450	Expected credit losses (gain on reversal)	10,682	-	(1,254)	-	10,195	-	15,527	-
		786,731	20	739,961	20	2,176,436	20	2,059,701	18
	<b>Operating income</b>	<b>280,999</b>	<b>8</b>	<b>451,449</b>	<b>12</b>	<b>892,759</b>	<b>9</b>	<b>1,429,191</b>	<b>13</b>
	<b>Non-operating income and expenses</b> (note 6(s)):								
7100	Interest income	10,257	-	7,784	-	30,681	-	28,078	-
7010	Other income	20,918	1	14,311	1	40,509	-	41,591	1
7020	Other gains and losses	(21,783)	(1)	71,214	2	60,773	1	115,822	1
7050	Finance costs	(31,091)	(1)	(23,580)	(1)	(73,559)	(1)	(60,566)	(1)
		(21,699)	(1)	69,729	2	58,404	-	124,925	1
	<b>Profit before income tax</b>	<b>259,300</b>	<b>7</b>	<b>521,178</b>	<b>14</b>	<b>951,163</b>	<b>9</b>	<b>1,554,116</b>	<b>14</b>
7950	Less: Income tax expenses (note 6(o))	84,407	2	144,980	4	299,592	3	453,334	4
	<b>Profit</b>	<b>174,893</b>	<b>5</b>	<b>376,198</b>	<b>10</b>	<b>651,571</b>	<b>6</b>	<b>1,100,782</b>	<b>10</b>
8300	<b>Other comprehensive income:</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	23,573	1	221,852	6	314,398	3	164,678	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	7,250	-	(19,552)	(1)	(27,891)	-	(26,684)	-
		30,823	1	202,300	5	286,507	3	137,994	1
8300	<b>Other comprehensive income (after tax)</b>	<b>30,823</b>	<b>1</b>	<b>202,300</b>	<b>5</b>	<b>286,507</b>	<b>3</b>	<b>137,994</b>	<b>1</b>
	<b>Comprehensive income</b>	<b>\$ 205,716</b>	<b>6</b>	<b>578,498</b>	<b>15</b>	<b>938,078</b>	<b>9</b>	<b>1,238,776</b>	<b>11</b>
	<b>Net income attributable to:</b>								
	Owners of the parent	\$ 81,715	3	232,623	6	310,102	3	618,223	6
	Non-controlling interests (note 6(e))	93,178	2	143,575	4	341,469	3	482,559	4
		<b>\$ 174,893</b>	<b>5</b>	<b>376,198</b>	<b>10</b>	<b>651,571</b>	<b>6</b>	<b>1,100,782</b>	<b>10</b>
	<b>Comprehensive income attributable to:</b>								
	Owners of the parent	\$ 130,904	4	385,231	10	525,084	5	688,347	6
	Non-controlling interests (note 6(e))	74,812	2	193,267	5	412,994	4	550,429	5
		<b>\$ 205,716</b>	<b>6</b>	<b>578,498</b>	<b>15</b>	<b>938,078</b>	<b>9</b>	<b>1,238,776</b>	<b>11</b>
	<b>Basic earnings per common share (NT dollars)</b> (note 6(u))	<b>\$ 0.33</b>		<b>0.94</b>		<b>1.25</b>		<b>2.49</b>	
	<b>Diluted earnings per common share (NT dollars)</b> (note 6(u))	<b>\$ 0.33</b>		<b>0.93</b>		<b>1.25</b>		<b>2.48</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 nine months ended September 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	Ordinary shares	Capital surplus	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	Total retained earnings						
<b>Balance at January 1, 2023</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 (restated)	-	-	-	-	618,223	618,223	-	-	618,223	482,559	1,100,782
Other comprehensive income (restated)	-	-	-	-	-	-	70,124	-	70,124	67,870	137,994
Total comprehensive income	-	-	-	-	618,223	618,223	70,124	-	688,347	550,429	1,238,776
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	-	11,954	-	-	-	-	-	-	11,954	-	11,954
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(310,015)	(310,015)
<b>Balance at September 30, 2023 (restated)</b>	<b>\$ 2,634,854</b>	<b>2,208,242</b>	<b>1,129,743</b>	<b>531,125</b>	<b>2,059,004</b>	<b>3,719,872</b>	<b>(289,434)</b>	<b>(506,043)</b>	<b>7,767,491</b>	<b>2,903,965</b>	<b>10,671,456</b>
<b>Balance at January 1, 2024</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
Net income	-	-	-	-	310,102	310,102	-	-	310,102	341,469	651,571
Other comprehensive income	-	-	-	-	-	-	214,982	-	214,982	71,525	286,507
Total comprehensive income	-	-	-	-	310,102	310,102	214,982	-	525,084	412,994	938,078
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	-	11,077	-	-	-	-	-	-	11,077	-	11,077
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(361,563)	(361,563)
<b>Balance at September 30, 2024</b>	<b>\$ 2,634,854</b>	<b>2,252,248</b>	<b>1,201,264</b>	<b>531,125</b>	<b>1,867,605</b>	<b>3,599,994</b>	<b>(204,548)</b>	<b>(599,878)</b>	<b>7,682,670</b>	<b>3,015,504</b>	<b>10,698,174</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 Cash Flows

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2024	2023 (restated)
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 951,163	1,554,116
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	669,140	632,205
Amortization expense	83,408	103,340
Expected credit losses	10,195	15,527
Net loss on financial assets or liabilities at fair value through profit or loss	7,702	10,123
Interest expense	72,448	59,148
Interest income	(30,681)	(28,078)
(Gains) losses on disposal of property, plant and equipment	6,068	(556)
Reversal of impairment gain on non-financial assets	(2,050)	(66)
Others	11,077	11,954
<b>Total adjustments to reconcile profit (loss)</b>	<u>827,307</u>	<u>803,597</u>
<b>Changes in operating assets and liabilities:</b>		
Increase in financial assets at fair value through profit or loss	(77,413)	(14,538)
Decrease in notes receivable	245	525
(Increase) decrease in accounts receivable	(451,196)	129,032
(Increase) decrease in other receivables	(18,473)	18,725
(Increase) decrease in inventories	(265,355)	22,507
(Increase) decrease in prepayments	(58,065)	31,773
Decrease in other financial assets	76,740	511,188
Increase (decrease) in accounts payable	71,741	(285,421)
Decrease in other payable	(12,609)	(184,698)
Decrease in other current liabilities	(9,921)	(34,755)
Increase (decrease) in net defined benefit liabilities	(15,466)	45
Increase (decrease) in other non-current liabilities	5,927	(4,853)
<b>Total adjustments</b>	<u>73,462</u>	<u>993,127</u>
Cash inflow generated from operations	1,024,625	2,547,243
Interest received	30,680	28,546
Interest paid	(53,482)	(54,320)
Income taxes paid	(355,955)	(628,995)
<b>Net cash flows from operating activities</b>	<u>645,868</u>	<u>1,892,474</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(20,267)	-
Acquisition of subsidiaries (net of cash acquired)	-	(358,490)
Acquisition of property, plant and equipment	(149,897)	(206,088)
Proceeds from disposal of property, plant and equipment	1,620	1,490
Acquisition of intangible assets	(13,309)	(26,036)
Increase in other financial assets	(457,169)	(367,121)
Decrease in other non-current assets	65,706	58,000
Increase in prepayments for equipment	(347,805)	(212,530)
<b>Net cash flows used in investing activities</b>	<u>(921,121)</u>	<u>(1,110,775)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	440,280	648,519
Proceeds from long-term borrowings	413,950	300,000
Repayments of long-term borrowings	(493,719)	(384,460)
Repayments of lease principals	(96,646)	(98,269)
Increase (decrease) in guarantee deposits received	81	(187)
Cash dividends paid	(495,051)	(994,742)
Repurchase of treasury shares	(93,835)	-
Change in non-controlling interests	(361,563)	(310,015)
<b>Net cash flows used in financing activities</b>	<u>(686,503)</u>	<u>(839,154)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	131,275	62,872
<b>Net increase (decrease) in cash and cash equivalents</b>	(830,481)	5,417
<b>Cash and cash equivalents at the beginning of period</b>	<u>3,383,447</u>	<u>3,595,681</u>
<b>Cash and cash equivalents at the end of period</b>	<u>\$ 2,552,966</u>	<u>3,601,098</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**

**September 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 November 8, 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.**  
**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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> </ul>	January 1, 2027

(Continued)

**TAIWAN SEMICONDUCTOR CO., LTD.**  
**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
			September 30, 2024	December 31, 2023	September 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	35.89 %	36.05 %	36.08 %	-
Ever Energetic	TSCH	Holding company and trading of rectifiers	36.96 %	36.96 %	36.96 %	-

(Continued)

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

Name of Investor	Name of subsidiary	Principal activity	Shareholding			Instruction
			September 30, 2024	December 31, 2023	September 30, 2023	
Ever Energetic	TSC America, Inc.(TSCA)	Trading of rectifiers	75.00 %	75.00 %	75.00 %	-
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 %	-
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 %	-

(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;
- (ii) It holds the liability primarily for the purpose of trading;

(Continued)

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

- (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.**  
**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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash and pretty cash	\$ 725	790	861
Checking and demand deposits	2,064,645	2,763,120	2,960,382
Repurchase agreement	100,000	-	200,000
Time deposits	885,126	1,008,967	837,205
Less: Time deposits with an original maturity date of more than three months (note 6(b))	<u>(497,530)</u>	<u>(389,430)</u>	<u>(397,350)</u>
	<u><b>\$ 2,552,966</b></u>	<u><b>3,383,447</b></u>	<u><b>3,601,098</b></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:

	<u>September 30, 2024</u>	<u>December 31, 2023(restated)</u>	<u>September 30, 2023(restated)</u>
Current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificates	\$ 100,074	20,032	-
Forward exchange contracts	<u>2,044</u>	<u>5,571</u>	<u>2,943</u>
	<u><b>\$ 102,118</b></u>	<u><b>25,603</b></u>	<u><b>2,943</b></u>
Other financial assets:			
Time deposits with an original maturity date of more than three months to one year	\$ 271,380	86,540	88,300
Other (Note & note 6(v))	<u>332,796</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 604,176</b></u>	<u><b>86,540</b></u>	<u><b>88,300</b></u>

(Continued)

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

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023(restated)</u>	<u>September 30,</u> <u>2023(restated)</u>
Current (financial liabilities):			
Mandatorily measured at fair value through profit or loss:			
Contingent consideration (note 6(v))	\$ 56,008	19,674	18,364
Forward exchange contracts	664	-	418
	<u>\$ 56,672</u>	<u>19,674</u>	<u>18,782</u>
Non-current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Fund in foreign markets	<u>\$ 39,616</u>	<u>22,383</u>	<u>4,497</u>
Other financial assets:			
Time deposits with an original maturity date of more than one year	226,150	302,890	309,050
Refundable deposits	53,192	68,999	69,296
Other (note 6(v))	-	44,660	42,873
	<u>\$ 279,342</u>	<u>416,549</u>	<u>421,219</u>
Non-current (financial liabilities):			
Mandatorily measured at fair value through profit or loss:			
Contingent consideration (note 6(v))	<u>\$ 21,293</u>	<u>54,521</u>	<u>50,892</u>

Note: TSC Auto ID merged with, and acquired the entire equity interest of, MGN on June 12, 2023, where it made its final payment of EUR1,292 thousand, which was converted into NTD47,428 thousand based on the exchange rate at the end of the reporting period, to a custodian account managed by a third party. To ensure that both parties have fulfilled their obligations under the acquisition agreement, the custodian account is expected to be settled on December 12, 2024.

In addition, in order to acquire the South Korean company, Bluebird Inc. (“Bluebird”), TSC Auto ID deposited 10% of the total acquisition price of KRW118,703,431 thousand, which was converted into NTD285,368 thousand based on the exchange rate at the end of the reporting period, to a custodian account managed by a third party. Please refer to note 9.

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

(Continued)

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

- (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):

<b>September 30, 2024</b>					
		<b>Contract amount</b>	<b>Currency</b>		<b>Contract period</b>
Selling/buying forward	USD	6,000 / NTD	191,756	USD to NTD	2024.10
Selling/buying forward	EUR	6,000 / NTD	211,342	EUR to NTD	2024.10~2024.11
<b>December 31, 2023</b>					
		<b>Contract amount</b>	<b>Currency</b>		<b>Contract period</b>
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
<b>September 30, 2023</b>					
		<b>Contract amount</b>	<b>Currency</b>		<b>Contract period</b>
Selling/buying forward	EUR	500 / USD	564	EUR to USD	2023.10.20
Selling/buying forward	EUR	3,000 / NTD	103,293	EUR to NTD	2023.10.25
Selling/buying forward	USD	1,000 / NTD	31,788	USD to NTD	2023.10.18

- (c) Notes and accounts receivable

	<b>September 30, 2024</b>	<b>December 31, 2023(restated)</b>	<b>September 30, 2023(restated)</b>
Notes receivable	\$ 62	307	63
Accounts receivable	3,061,449	2,622,118	3,007,138
Less: Allowance for impairment	(44,779)	(46,449)	(55,922)
	<b>\$ 3,016,732</b>	<b>2,575,976</b>	<b>2,951,279</b>

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:

<b>September 30, 2024</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,438,046	0.36%	5,210
1 to 90 days past due	81,890	1.06%	868
91 to 180 days past due	738	26.23%	193
181 to 270 days past due	4	50.00%	2
	<b>\$ 1,520,678</b>		<b>6,273</b>

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

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
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
	<b>\$ 1,288,258</b>		<b>18,627</b>
	<b>September 30, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,419,614	0.95%	13,533
1 to 90 days past due	92,179	1.30%	1,198
91 to 180 days past due	390	49.85%	194
181 to 270 days past due	4,231	86.12%	3,644
271~365 days past due	10,808	100.00%	10,808
	<b>\$ 1,527,222</b>		<b>29,377</b>

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

	<b>September 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,131,390	1.01%	11,386
1 to 90 days past due	341,382	1.00%	3,414
91 to 180 days past due	21,294	3.00%	639
181 to 270 days past due	19,249	5.00%	962
271 to 365 days past due	6,014	10.00%	601
More than 365 days past due	21,504	100.00%	21,504
	<b>\$ 1,540,833</b>		<b>38,506</b>

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

	<b>December 31, 2023(restated)</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
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	12,099	100.00%	12,099
	<b>\$ 1,334,167</b>		<b>27,822</b>
	<b>September 30, 2023(restated)</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,128,752	0.47%	5,365
1 to 90 days past due	294,285	1.00%	2,943
91 to 180 days past due	24,977	6.04%	1,509
181 to 270 days past due	12,072	5.00%	604
271 to 365 days past due	4,188	10.00%	419
More than 365 days past due	15,705	100.00%	15,705
	<b>\$ 1,479,979</b>		<b>26,545</b>

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

	<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1, 2024 and 2023	\$ 46,449	37,506
Impairment losses recognized	10,195	15,527
Acquisition through business combinations	-	1,917
Recovery of written-off bad debts	241	-
Amounts written off	(13,604)	-
Foreign exchange gains	1,498	972
Balance on September 30, 2024 and 2023	<b>\$ 44,779</b>	<b>55,922</b>

As of September 30, 2024, December 31 and September 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.**  
**Notes to the Consolidated Financial Statements**

## (d) Inventories

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023(restated)</b>
Finished goods	\$ 1,736,175	1,728,891	1,757,573
Work in process	589,759	504,950	578,436
Raw material and supplies	1,048,312	994,316	1,073,073
Inventories in transit	242,399	123,133	127,143
	<b><u>\$ 3,616,645</u></b>	<b><u>3,351,290</u></b>	<b><u>3,536,225</u></b>

Raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sales amounted to \$2,670,699 thousand, \$2,537,003 thousand, \$7,305,394 thousand and \$7,478,671 thousand for the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023, respectively.

During the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023, the write-down of inventories to net realizable value amounting to \$99,776 thousand, \$18,646 thousand, \$212,824 thousand and \$167,961 thousand, respectively.

As of September 30, 2024, December 31 and September 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:

<b>Name of subsidiary</b>	<b>Country</b>	<b>Percentage of non-controlling interests on ownership interests and voting rights</b>		
		<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Taiwan	64.11 %	63.95 %	63.92 %

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.

The summary of financial information:

	<b>September 30, 2024</b>	<b>December 31, 2023(restated)</b>	<b>September 30, 2023(restated)</b>
Current assets	\$ 4,539,454	3,961,887	4,596,785
Non-current assets	5,077,186	4,993,216	4,886,530
Current liabilities	(3,094,903)	(2,193,588)	(2,746,904)
Non-current liabilities	(1,411,521)	(1,300,244)	(1,454,049)
Net assets	<b><u>\$ 5,110,216</u></b>	<b><u>5,461,271</u></b>	<b><u>5,282,362</u></b>
Non-controlling interests	<b><u>\$ 3,015,504</u></b>	<b><u>2,964,073</u></b>	<b><u>2,903,965</u></b>

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	For the three months ended September 30		For the nine months ended September 30	
	2024	2023(restated)	2024	2023(restated)
Sales revenue	\$ <u>2,228,046</u>	<u>2,107,692</u>	<u>6,172,515</u>	<u>6,210,382</u>
Net income	\$ 145,509	224,615	533,766	756,746
Other comprehensive income	<u>(215,730)</u>	<u>(94,025)</u>	<u>(313,432)</u>	<u>273,419</u>
Comprehensive income	\$ <u>(70,221)</u>	<u>130,590</u>	<u>220,334</u>	<u>1,030,165</u>
Net income attributable to non-controlling interests	\$ <u>93,178</u>	<u>143,575</u>	<u>341,469</u>	<u>482,559</u>
Comprehensive income attributable to non-controlling interests	\$ <u>74,812</u>	<u>193,267</u>	<u>412,994</u>	<u>550,429</u>
			For the nine months ended September 30	
			2024	2023(restated)
Cash flows from operating activities			\$ 475,703	890,421
Cash flows used in investing activities			(505,717)	(473,676)
Cash flows used in financing activities			(126,429)	(271,771)
Effect of exchange rate changes on cash and cash equivalents			16,336	20,947
Net increase (decrease) in cash and cash equivalents			\$ <u>(140,107)</u>	<u>165,921</u>

(f) Property, plant and equipment

	Land	Building and construction	Machinery and equipment	Total
Carrying amount:				
Balance at January 1, 2024 (restated)	\$ <u>866,547</u>	<u>917,155</u>	<u>2,624,195</u>	<u>4,407,897</u>
Balance at September 30, 2024	\$ <u>866,761</u>	<u>899,222</u>	<u>2,584,874</u>	<u>4,350,857</u>
Balance at January 1, 2023	\$ <u>861,426</u>	<u>905,203</u>	<u>2,716,404</u>	<u>4,483,033</u>
Balance at September 30, 2023 (restated)	\$ <u>866,206</u>	<u>932,066</u>	<u>2,654,671</u>	<u>4,452,943</u>

- (i) TSC Auto ID acquired the subsidiary through a business combination in June 2023, please refer to note 6 (v).
- (ii) As of September 30, 2024, December 31 and September 30, 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 nine months ended September 30, 2024, December 31 and September 30, 2023 were \$343 thousand, \$451 thousand, \$1,218 thousand and \$810 thousand, respectively, both at a rate of 1.50%.

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## (g) Right-of-use assets

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Transportatio n equipment</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2024(restated)	\$ <u>8,071</u>	<u>150,755</u>	<u>17,493</u>	<u>12,976</u>	<u>189,295</u>
Balance at September 30, 2024	\$ <u>8,160</u>	<u>528,750</u>	<u>17,252</u>	<u>10,662</u>	<u>564,824</u>
Balance at January 1, 2023	\$ <u>8,583</u>	<u>216,465</u>	<u>4,191</u>	<u>-</u>	<u>229,239</u>
Balance at September 30, 2023(restated)	\$ <u>8,355</u>	<u>184,549</u>	<u>17,923</u>	<u>11,197</u>	<u>222,024</u>

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

## (h) Intangible assets

	<u>Acquired special technology</u>	<u>Customer relationship</u>	<u>Patent</u>	<u>Software</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2024(restated)	\$ <u>29,425</u>	<u>355,889</u>	<u>-</u>	<u>135,913</u>	<u>521,227</u>
Balance at September 30, 2024	\$ <u>19,412</u>	<u>346,048</u>	<u>-</u>	<u>114,502</u>	<u>479,962</u>
Balance at January 1, 2023	\$ <u>43,557</u>	<u>160,327</u>	<u>6,326</u>	<u>98,203</u>	<u>308,413</u>
Balance at September 30, 2023(restated)	\$ <u>34,637</u>	<u>358,965</u>	<u>1,581</u>	<u>133,239</u>	<u>528,422</u>

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

## (i) Goodwill

	<u>September 30, 2024</u>	<u>December 31, 2023(restated)</u>	<u>September 30, 2023(restated)</u>
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	<u>43,489</u>	<u>10,732</u>	<u>55,114</u>
Ending balance	<u>\$ 1,383,251</u>	<u>1,339,762</u>	<u>1,384,144</u>

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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
CGU Rectifiers	\$ 80,898	78,482	82,482
CGU Bar Code Printers	<u>1,302,353</u>	<u>1,261,280</u>	<u>1,301,662</u>
	<u>\$ 1,383,251</u>	<u>1,339,762</u>	<u>1,384,144</u>

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**TAIWAN SEMICONDUCTOR CO., LTD.**  
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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 Bar Code Printers goodwill is allocated to the following cash generating units:

	<b>September 30, 2024</b>	<b>December 31, 2023(restated)</b>	<b>September 30, 2023(restated)</b>
Printer business-Printronix	\$ 886,865	860,385	904,238
Label business-DLS	203,592	197,513	207,581
Label business-MGN	211,896	203,382	189,843
Total	<b>\$ 1,302,353</b>	<b>1,261,280</b>	<b>1,301,662</b>

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

	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>Acquisition date</b>
<b><u>Assets</u></b>			
Accounts receivable	\$ 3	(855)	(867)
Other receivables	261	2,609	2,645
Inventories	-	17	17
Prepayments	(3,814)	91	93
Other current assets	-	(2,288)	(2,319)
Property, plant and equipment	(15,627)	48,460	51,200
Right-of-use assets	-	(690)	(699)
Intangible assets	(56,818)	210,822	217,250
Goodwill	70,203	(144,221)	(146,212)
Deferred tax assets	-	188	191
Other non-current assets	3,552	(32,258)	(32,703)
<b><u>Liabilities</u></b>			
Accounts payable	3	(31,903)	(32,343)
Other payables	(1,736)	69,498	70,458
Lease liabilities, current	-	(177)	(179)
Other current liabilities	(26)	1,853	1,879
Deferred tax liabilities	(481)	50,309	51,004
Lease liabilities, non-current	-	(451)	(457)
Other non-current liabilities	-	(1,742)	(1,766)

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	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>Acquisition date</u>
<b><u>Equity</u></b>			
Retained earnings	\$ -	(1,788)	-
Other stockholders' equity	-	(201)	-
Non-controlling interests	-	(3,523)	-

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

	<u>For the three months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2023</u>
Operating expenses	\$ 1,950	2,034
Amortization expenses	3,506	3,459
Deferred income tax expense	(538)	(538)
Exchange differences on translation of foreign financial statements	554	557
Decrease in comprehensive income	<u>\$ 5,472</u>	<u>5,512</u>

Comprehensive income attributable to:

	<u>For the three months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2023</u>
Owners of the parent	\$ (1,975)	(1,989)
Non-controlling interests	(3,497)	(3,523)
Total	<u>\$ (5,472)</u>	<u>(5,512)</u>

(j) Short-term borrowings

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Credit loans	\$ 1,776,825	1,621,395	2,123,823
Import and export loans	284,850	-	-
	<u>\$ 2,061,675</u>	<u>1,621,395</u>	<u>2,123,823</u>
Unused short-term credit lines	<u>\$ 4,521,134</u>	<u>3,973,950</u>	<u>3,246,043</u>
Range of interest rate (%)	<u>1.72%~7.52%</u>	<u>1.57%~7.51%</u>	<u>1.51%~6.35%</u>

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.

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**Notes to the Consolidated Financial Statements**

## (k) Long-term borrowings

<b>September 30, 2024</b>			
	<b>Rate range</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	1.675%	2030.02.01	\$ 12,160
	1.525%	2029.03.18	279,800
	1.525%	2029.02.01	56,500
	1.320%	2028.12.31	65,490
	1.805%	2027.07.16	181,333
	1.805%	2026.12.04	49,145
	1.325%	2025.03.28	40,000
	1.325%	2024.12.25	30,000
	1.77%~1.81%	2026.03.13	340,000
Secured bank loans	4.89%~5.42%	2027.12.15	13,586
			1,068,014
Less: Current portion			(165,140)
Total			\$ <b>902,874</b>
Unused long-term credit lines			\$ <b>3,223,170</b>
<b>December 31, 2023</b>			
	<b>Rate range</b>	<b>Maturity year</b>	<b>Amount</b>
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	20,029
			1,147,420
Less: Current portion			(307,457)
Total			\$ <b>839,963</b>
Unused long-term credit lines			\$ <b>1,588,370</b>

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	<b>September 30, 2023</b>		
	<b>Rate range</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	1.20%	2027.07.16	\$ 245,333
	1.20%	2026.12.04	71,828
	1.20%	2025.03.28	120,000
	1.20%	2024.12.25	150,000
	1.75%	2024.03.08	21,900
	1.65%~2.00%	2026.03.13	717,000
Secured bank loans	9.34%	2027.12.15	<u>22,276</u>
			\$ 1,348,337
Less: Current portion			<u>(314,797)</u>
Total			<b><u>\$ 1,033,540</u></b>
Unused long-term credit lines			<b><u>\$ 1,450,939</u></b>

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 payables

	<b>September 30, 2024</b>	<b>December 31, 2023(restated)</b>	<b>September 30, 2023(restated)</b>
Salaries and bonus payable	\$ 382,292	472,887	452,510
Payables on equipment	87,046	71,298	72,483
Others	<u>453,669</u>	<u>391,002</u>	<u>384,281</u>
	<b><u>\$ 923,007</u></b>	<b><u>935,187</u></b>	<b><u>909,274</u></b>

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023(restated)</b>
Current	\$ 107,981	105,383	111,416
Non-current	<u>449,778</u>	<u>64,880</u>	<u>92,177</u>
	<b><u>\$ 557,759</u></b>	<b><u>170,263</u></b>	<b><u>203,593</u></b>

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

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The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>11,547</u>	<u>1,904</u>	<u>19,965</u>	<u>5,808</u>
Expenses relating to short-term leases	\$ <u>11,256</u>	<u>2,228</u>	<u>15,761</u>	<u>6,364</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,963</u>	<u>(220)</u>	<u>3,170</u>	<u>9,583</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 nine months ended September 30	
	2024	2023
Total cash outflow for leases	\$ <u>135,542</u>	<u>120,024</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 September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating cost	\$ 72	71	210	216
Selling expenses	18	19	55	56
Administrative expenses	110	107	327	320
Research and development expenses	<u>25</u>	<u>28</u>	<u>73</u>	<u>81</u>
	\$ <u>225</u>	<u>225</u>	<u>665</u>	<u>673</u>

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(ii) Defined contribution plans

For the three months and nine months ended September 30, 2024 and 2023, the Group's pension costs under the defined contribution method were \$18,161 thousand, \$16,517 thousand, \$53,614 thousand and \$50,151 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 \$13,217 thousand, \$14,315 thousand, \$39,118 thousand and \$44,189 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

(o) Income tax

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

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2024	2023(restated)	2024	2023(restated)
Current tax expenses				
Current period	\$ 158,136	132,021	356,102	421,612
Additional tax on undistributed earnings	-	-	16,821	40,278
Adjustment for prior periods	-	(9,684)	(1,641)	(14,990)
	<u>158,136</u>	<u>122,337</u>	<u>371,282</u>	<u>446,900</u>
Deferred tax expenses (gains)				
Origination of temporary differences	(73,729)	22,643	(71,690)	6,434
Total income tax expenses	<u>\$ 84,407</u>	<u>144,980</u>	<u>299,592</u>	<u>453,334</u>

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

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Items that maybe reclassified subsequently to profit or loss: Foreign currency translation differences of foreign operations \$	<u>(7,250)</u>	<u>19,522</u>	<u>27,891</u>

- (iii) There was no income tax recognized directly in equity for the nine months ended September 30, 2024 and 2023, respectively.
- (iv) As of September 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.

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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 September 30, 2024, December 31 and September 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.

(ii) Capital surplus

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
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	106,287	95,210	94,201
	<u>\$ 2,252,248</u>	<u>2,209,251</u>	<u>2,208,242</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.

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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 September 30, 2024 and 2023.

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><u>526,971</u></u>	4.00	<u><u>1,053,942</u></u>

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

(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.

As of September 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

	<b>Foreign exchange differences arising from foreign operation</b>
Balance at January 1, 2024	\$ (419,530)
Foreign exchange differences	<u>214,982</u>
Balance at September 30, 2024	<u><u>\$ (204,548)</u></u>
	<b>Foreign exchange differences arising from foreign operation</b>
Balance at January 1, 2023	\$ (359,558)
Foreign exchange differences	<u>70,124</u>
Balance at September 30, 2023(restated)	<u><u>\$ (289,434)</u></u>

(q) Share-based payment

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

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

## (r) Revenue from contracts with customers

## (i) Disaggregation of revenue

<b>For the three months ended September 30, 2024</b>			
	<b>Rectifiers</b>	<b>Bar code Printers</b>	<b>Total</b>
Primary geographical markets			
Asia	\$ 1,099,468	581,337	1,680,805
America	138,780	1,010,860	1,149,640
Europe	349,897	635,831	985,728
Others	22,032	-	22,032
	<b>\$ 1,610,177</b>	<b>2,228,028</b>	<b>3,838,205</b>
Major products lines			
Rectifiers	\$ 1,610,177	-	1,610,177
Bar code Printers	-	2,228,028	2,228,028
	<b>\$ 1,610,177</b>	<b>2,228,028</b>	<b>3,838,205</b>
<b>For the three months ended September 30, 2023</b>			
	<b>Rectifiers</b>	<b>Bar code Printers</b>	<b>Total</b>
Primary geographical markets			
Asia	\$ 1,022,919	573,545	1,596,464
America	180,284	1,014,319	1,194,603
Europe	415,483	519,794	935,277
Others	22,715	-	22,715
	<b>\$ 1,641,401</b>	<b>2,107,658</b>	<b>3,749,059</b>
Major products lines			
Rectifiers	\$ 1,641,401	-	1,641,401
Bar code Printers	-	2,107,658	2,107,658
	<b>\$ 1,641,401</b>	<b>2,107,658</b>	<b>3,749,059</b>

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**TAIWAN SEMICONDUCTOR CO., LTD.**  
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	<b>For the nine months ended September 30, 2024</b>		
	<b>Rectifiers</b>	<b>Bar code Printers</b>	<b>Total</b>
Primary geographical markets			
Asia	\$ 2,925,153	1,640,175	4,565,328
America	412,284	2,842,019	3,254,303
Europe	1,026,643	1,690,269	2,716,912
Others	50,870	-	50,870
	<b>\$ 4,414,950</b>	<b>6,172,463</b>	<b>10,587,413</b>
Major products lines			
Rectifiers	\$ 4,414,950	-	4,414,950
Bar code Printers	-	6,172,463	6,172,463
	<b>\$ 4,414,950</b>	<b>6,172,463</b>	<b>10,587,413</b>
	<b>For the nine months ended September 30, 2023</b>		
	<b>Rectifiers</b>	<b>Bar code Printers</b>	<b>Total</b>
Primary geographical markets			
Asia	\$ 2,930,556	1,802,612	4,733,168
America	552,058	3,089,266	3,641,324
Europe	1,383,651	1,318,447	2,702,098
Others	58,934	-	58,934
	<b>\$ 4,925,199</b>	<b>6,210,325</b>	<b>11,135,524</b>
Major products lines			
Rectifiers	\$ 4,925,199	-	4,925,199
Bar code Printers	-	6,210,325	6,210,325
	<b>\$ 4,925,199</b>	<b>6,210,325</b>	<b>11,135,524</b>
(ii) Contract balances			
	<b>September 30, 2024</b>	<b>December 31, 2023(restated)</b>	<b>September 30, 2023(restated)</b>
Notes and trade receivable	\$ 3,061,511	2,622,425	3,007,201
Less: Allowance for impairment	(44,779)	(46,449)	(55,922)
Total	<b>\$ 3,016,732</b>	<b>2,575,976</b>	<b>2,951,279</b>

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

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

(s) Non-operating income and expenses

(i) Interest income

The Group's interest income detail was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 10,257	7,784	30,681	28,078

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Rent income	\$ 2,119	2,018	6,224	5,879
Others	18,799	12,293	34,285	35,712
	<u>\$ 20,918</u>	<u>14,311</u>	<u>40,509</u>	<u>41,591</u>

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$ (669)	(149)	(6,068)	556
Foreign exchange gains (losses)	(18,079)	76,063	80,772	124,552
Losses on financial asset at fair value through profit or loss	(680)	(2,291)	(7,702)	(10,123)
Reversal of impairment gains on property, plant and equipment	16	22	2,050	66
Others	(2,371)	(2,431)	(8,279)	771
	<u>\$ (21,783)</u>	<u>71,214</u>	<u>60,773</u>	<u>115,822</u>

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

(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest expense	\$ (31,008)	(23,571)	(73,876)	(59,958)
Less: interest capitalization	350	451	1,428	810
Other financial costs	(433)	(460)	(1,111)	(1,418)
	<u>\$ (31,091)</u>	<u>(23,580)</u>	<u>(73,559)</u>	<u>(60,566)</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.

The Company estimated its remuneration to employees amounting to \$4,915 thousand, \$20,967 thousand, \$22,944 thousand and \$56,522 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively, and estimated its remuneration to directors amounting \$819 thousand, \$2,985 thousand, \$3,824 thousand and \$8,077 thousand for the three months and nine months ended September 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 \$19,866 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.

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

## (u) Earnings per share

## (i) Basic earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023(restated)	2024	2023(restated)
Net income	\$ <u>81,715</u>	<u>232,623</u>	<u>310,102</u>	<u>618,223</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>0.33</u>	<u>0.94</u>	<u>1.25</u>	<u>2.49</u>

## (ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023(restated)	2024	2023(restated)
Diluted net income per share	\$ <u>81,715</u>	<u>232,623</u>	<u>310,102</u>	<u>618,223</u>
Weighted-average number of outstanding shares (thousands)	247,525	248,685	247,525	248,685
Employees' remuneration	<u>77</u>	<u>245</u>	<u>558</u>	<u>1,022</u>
Diluted weighted-average number of common shares outstanding (thousands)	<u>247,602</u>	<u>248,930</u>	<u>248,083</u>	<u>249,707</u>
Diluted earnings per share (\$)	\$ <u>0.33</u>	<u>0.93</u>	<u>1.25</u>	<u>2.48</u>

## (v) Business combinations

## (i) Subsidiary business acquired

To enhance its brand competitiveness and expand its European label 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 PLN63,331 thousand (approximately NTD476,560 thousand). However, the total transaction price may change in accordance with the contingent consideration and other contractual conditions relating to MGN's profit for the preceding three years after delivery.

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**TAIWAN SEMICONDUCTOR CO., LTD.**  
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	<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 & note 6(b))	43,645
Contingent consideration agreement (Note 2 & note 6(b))	<u>70,212</u>
	<u>\$ 476,560</u>

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.

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

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

	<b>MGN</b>
Non-current assets	
Property, plant and equipment	\$ 125,168
Right-of-use assets	25,344
Intangible assets	218,836
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)
	<b>\$ 284,095</b>

(iv) Goodwill arising on acquisition

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

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.

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

(v) Net cash flows used in acquisition of subsidiary

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

(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.

	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>September 30, 2024</b>						
<b>Non-derivative financial liabilities</b>						
Short-term borrowings	\$ 2,061,675	2,071,244	2,071,244	-	-	-
Contingent consideration in business combination	77,301	77,301	77,301	-	-	-
Accounts payable	1,428,530	1,428,530	1,428,530	-	-	-
Other payables	923,007	923,007	923,007	-	-	-
Lease liabilities	557,759	675,964	149,162	134,800	352,192	39,810
Long-term borrowings(including expires within one year)	1,068,014	1,102,174	180,498	453,698	466,622	1,356
<b>Derivative financial liabilities</b>						
Exchange forward contract	664	664	664	-	-	-
	<b>\$ 6,116,950</b>	<b>6,278,884</b>	<b>4,830,406</b>	<b>588,498</b>	<b>818,814</b>	<b>41,166</b>

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**TAIWAN SEMICONDUCTOR CO., LTD.**  
**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>
<b>December 31, 2023(restated)</b>						
<b>Non-derivative financial liabilities</b>						
Short-term borrowings	\$ 1,621,395	1,628,176	1,628,176	-	-	-
Contingent consideration in business combination	74,195	74,195	74,195	-	-	-
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)	<u>1,147,420</u>	<u>1,175,359</u>	<u>322,957</u>	<u>425,050</u>	<u>427,352</u>	<u>-</u>
	<u><b>\$ 5,305,249</b></u>	<u><b>5,347,894</b></u>	<u><b>4,430,819</b></u>	<u><b>479,751</b></u>	<u><b>437,324</b></u>	<u><b>-</b></u>
<b>September 30, 2023(restated)</b>						
<b>Non-derivative financial liabilities</b>						
Short-term borrowings	\$ 2,123,823	2,127,065	2,127,065	-	-	-
Contingent consideration in business combination	69,256	69,256	69,256	-	-	-
Accounts payable	1,457,460	1,457,460	1,457,460	-	-	-
Other payables	909,274	909,274	909,274	-	-	-
Lease liabilities	203,593	206,588	119,986	72,272	14,330	-
Long-term borrowings(including expires within one year)	<u>1,348,337</u>	<u>1,359,355</u>	<u>320,894</u>	<u>240,240</u>	<u>798,221</u>	<u>-</u>
<b>Derivative financial liabilities</b>						
Exchange forward contract	<u>418</u>	<u>418</u>	<u>418</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 6,112,161</b></u>	<u><b>6,129,416</b></u>	<u><b>5,004,353</b></u>	<u><b>312,512</b></u>	<u><b>812,551</b></u>	<u><b>-</b></u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	<u>Exchange rate</u>	<u>Amount (NTD)</u>	<u>Exchange rate</u>	<u>Amount (NTD)</u>	<u>Exchange rate</u>	<u>Amount (NTD)</u>
<b>Financial assets</b>						
<u>Monetary Items</u>						
USD	\$ 31.65	1,683,770	30.705	1,864,116	32.27	1,931,606
EUR	35.38	1,140,920	33.98	899,804	33.91	979,068
JPY	0.2223	207,109	0.2172	171,334	0.2162	168,337
HKD	4.0750	434,947	3.9290	466,665	4.1230	519,719
CNY	4.5230	2,077,491	4.3270	2,018,397	4.4150	2,170,970
KRW	0.0241	<u>494</u>	0.0238	<u>702</u>	0.0239	<u>1,199</u>
		<u><b>\$ 5,544,731</b></u>		<u><b>5,421,018</b></u>		<u><b>5,770,899</b></u>

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	September 30, 2024		December 31, 2023		September 30, 2023	
	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)
<u>Derivative financial instruments</u>						
USD	\$ 31.65	2,044	30.705	3,316	32.27	1,232
EUR	35.38	-	33.98	2,255	33.91	1,711
		<u>\$ 2,044</u>		<u>5,571</u>		<u>2,943</u>
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 31.65	1,008,384	30.705	597,638	32.27	682,628
EUR	35.38	489,426	33.98	365,939	33.91	418,858
JPY	0.2223	77,399	0.2172	47,000	0.2162	49,997
HKD	4.0750	1,870	3.9290	1,337	4.1230	1,925
CNY	4.5230	677,564	4.3270	565,398	4.4150	597,525
KRW	0.0241	276	0.0238	875	0.0239	1,226
		<u>\$ 2,254,919</u>		<u>1,578,187</u>		<u>1,752,159</u>
<u>Derivative financial instruments</u>						
USD	\$ 31.65	-	30.705	-	32.27	418
EUR	35.38	664	33.98	-	33.91	-
		<u>\$ 664</u>		<u>-</u>		<u>418</u>

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.

A strengthening (weakening) of 3% of the NTD against the foreign currency as of September 30, 2024 and 2023, would have increased or decreased the net profit before tax by \$98,736 thousand and \$120,638 thousand for the nine months ended September 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 nine months ended September 30, 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to \$(18,079) thousand, \$76,063 thousand, \$80,772 thousand and \$124,552 thousand, respectively.

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**TAIWAN SEMICONDUCTOR CO., LTD.**  
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(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 \$31,297 thousand and \$34,722 thousand for the nine months ended September 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:

<u>Security price on the reporting date</u>	<b>For the nine months ended September 30</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Other consolidated profit or loss after tax</b>	<b>Net income</b>	<b>Other consolidated profit or loss after tax</b>	<b>Net income</b>
Increasing 1%	\$ -	<b>1,318</b>	-	<b>36</b>
Decreasing 1%	\$ -	<b>(1,318)</b>	-	<b>(36)</b>

(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:

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	September 30, 2023(restated)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 418	-	418	-	418
Contingent consideration in business combination (including current and non-current)	69,256	-	-	69,256	69,256
Subtotal	69,674	-	418	69,256	69,674
<b>Financial liabilities measured at amortized cost</b>					
Accounts payable	1,457,460	-	-	-	-
Other payables	909,274	-	-	-	-
Lease liabilities	203,593	-	-	-	-
Borrowings	3,472,160	-	-	-	-
Subtotal	6,042,487	-	-	-	-
Total	<u>\$ 6,112,161</u>	<u>-</u>	<u>418</u>	<u>69,256</u>	<u>69,674</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 nine months ended September 30, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	<b>Financial assets at fair value through profit or loss</b>
Opening balance, January 1, 2024	\$ 22,383
Total gains or losses	
Recognized in profit or loss	(3,034)
Purchased	20,267
Ending balance, September 30, 2024	<b>\$ 39,616</b>
Opening balance, January 1, 2023	\$ -
Total gains or losses	
Recognized in profit or loss	(1,425)
Purchased	1,765
Reclassified	4,157
Ending balance, September 30, 2023	<b>\$ 4,497</b>

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Total gains or losses				
Recognized in profit or loss (presented in "other gains and losses")	\$ (2,733)	(767)	(3,034)	(1,425)

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.

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**TAIWAN SEMICONDUCTOR CO., LTD.**  
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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.
Financial liabilities at fair value through profit and loss – 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 nine months ended September 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 nine months ended September 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>September 30, 2024</u>
			<u>Foreign exchange movement</u>	<u>Other</u>	<u>Changes in lease payments</u>	
Short-term borrowings	\$ 1,621,395	440,280	-	-	-	2,061,675
Long-term borrowings (including expires within one year)	1,147,420	(79,769)	363	-	-	1,068,014
Lease liabilities	170,263	(96,646)	(16,983)	19,965	481,160	557,759
Deposit received	1,971	81	-	-	-	2,052
Total liabilities from financing activities	<u>\$ 2,941,049</u>	<u>263,946</u>	<u>(16,620)</u>	<u>19,965</u>	<u>481,160</u>	<u>3,689,500</u>

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	January 1, 2023	Cash flows	Non-cash changes			September 30, 2023(restated)
			Foreign exchange movement	Other	Changes in lease payments	
Short-term borrowings	\$ 1,466,515	648,519	-	8,789	-	2,123,823
Long-term borrowings (including expires within one year)	1,406,740	(84,460)	(372)	26,429	-	1,348,337
Lease liabilities	229,226	(98,269)	(694)	24,092	49,238	203,593
Deposit received	2,217	(187)	-	-	-	2,030
Total liabilities from financing activities	<u>\$ 3,104,698</u>	<u>465,603</u>	<u>(1,066)</u>	<u>59,310</u>	<u>49,238</u>	<u>3,677,783</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 September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Short-term employment benefits	\$ 41,274	57,245	137,083	173,921
Post-employment benefits	572	726	1,770	1,914
Share-based payment	1,404	1,070	4,112	1,931
	<u>\$ 43,250</u>	<u>59,041</u>	<u>142,965</u>	<u>177,766</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	September 30, 2024	December 31, 2023(restated)	September 30, 2023(restated)
Property, plant and equipment	Borrowing	<u>\$ 85,621</u>	<u>58,640</u>	<u>84,352</u>

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**(9) Commitments and contingencies:**

- (a) The guarantee notes provided by the Group to the banks were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
NTD	\$ 2,370,000	2,081,900	2,091,900
USD	22,300	14,000	14,000

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

- (b) The material commitment of the Group on the balance sheet date are as follows:

TSC Auto ID signed an equity acquisition contract with the South Korean company, Bluebird, on August 2, 2024, and acquired 96.51% of the equity of major corporate and individual shareholders, at an acquisition price of KRW118,703,431, which was converted into NTD2,888,054 thousand based on the exchange rate at the end of the reporting period, and KRW17,520 per share, with the remaining interest of 3.49% subject to the decision of the minor shareholders willingness to sell.

According to acquisition consideration arrangement, TSC Auto ID has deposited 10% of the acquisition price of KRW118,703,431 thousand, which was converted into NTD285,368 thousand based on the exchange rate at the end of the reporting period, to a custodian account managed by the third-party bank (KEB HANA Bank). The performance guarantee account shall not be used by the buyer or seller during the acquisition transaction, of which 7% will be paid on the acquisition date, with the remaining 3% within six months from the settlement date if (i) the seller has fulfilled its acquisition obligations under the agreement, and (ii) Bluebird did not have any other contingent liabilities or tax risks that would cause TSC Auto ID to bear additional losses; upon maturity, all funds and interest in the custodian account will be paid to the seller.

The above acquisition consideration will be supported through TSC Auto ID 's own fund and bank syndicated loan, which it has entered into agreement on October 24, 2024 with Taishin International Bank Co., Ltd. and Cathay United Bank ("The lead bank"), who will organize a syndicated loan group to provide medium-term loans with a total amount of NTD2 billion. It is also agreed that 12 months from the date of the first drawdown shall be deemed as an installment, preceded by another installment for every 6 months thereafter, wherein the principal will be amortized in 9 installments according to the agreed repayment ratio. According to the provisions of the credit contract, TSC Auto ID shall be required that the shares it obtained from its acquisition of Bluebird to be pledged as a collateral for its loan. Furthermore, TSC Auto ID is required to provide a consolidated financial report that have been reviewed or audited by CPAs every six months and maintain specific financial ratios during the loan period.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

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**(12) Other:**

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

By item	For the three months ended September 30, 2024			For the three months ended September 30, 2023(restated)		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	285,465	376,829	662,294	264,503	358,388	622,891
Labor and health insurance	31,905	33,104	65,009	33,505	33,110	66,615
Pension	17,871	13,732	31,603	15,795	15,262	31,057
Remuneration of directors	-	6,244	6,244	-	11,021	11,021
Others	22,240	11,689	33,929	23,445	12,064	35,509
Depreciation	196,713	32,426	229,139	179,698	36,464	216,162
Amortization	4,057	24,738	28,795	3,415	33,216	36,631

By item	For the nine months ended September 30, 2024			For the nine months ended September 30, 2023(restated)		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	841,749	1,095,113	1,936,862	767,711	1,007,640	1,775,351
Labor and health insurance	93,969	97,539	191,508	93,608	89,076	182,684
Pension	53,459	39,938	93,397	48,338	46,675	95,013
Remuneration of directors	-	22,886	22,886	-	34,475	34,475
Others	69,125	39,013	108,138	68,578	29,190	97,768
Depreciation	575,290	93,850	669,140	537,510	94,695	632,205
Amortization	11,458	71,950	83,408	10,901	92,439	103,340

- (b) Seasonality of operation

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

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**(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 nine months ended September 30, 2024:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 5)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 4)
													Item	Value		
1	TSC Auto ID	TSCPL (Note 6)	Other receivables- related party	Yes	177,600	-	-	- %	2	-	Repayment of bank loans	-	None	-	1,022,043	2,044,086
1	TSC Auto ID	TSCAE	Other receivables- related party	Yes	35,520	35,380	10,614	5.00 %	2	-	Repayment of bank loans	-	None	-	1,022,043	2,044,086
1	TSC Auto ID	MGN	Other receivables- related party	Yes	177,600	176,900	127,899	5.00 %	2	-	Repayment of bank loans	-	None	-	1,022,043	2,044,086
2	DLS	TSC Auto ID	Other receivables- related party	Yes	98,505	94,950	31,650	6.00 %	2	-	Repayment of bank loans	-	None	-	1,022,043	2,044,086

Note 1: A. 0 is for the Company.

B. Subsidiaries are numbered in order from 1.

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

Note 3: The maximum amount of loans to an individual short-term financing company or a foreign company where TSC Auto ID directly holds its entire voting rights, is 20% of TSC Auto ID's net worth.

Note 4: The total maximum amount of loans to a company or foreign company where TSC Auto ID directly holds its entire voting rights, is 40% of TSC Auto ID's net worth.

Note 5: Conversion at the exchange rate of NTD 32.835 to USD and NTD 35.52 to EUR on July 31, 2024.

Note 6: 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 3)	Highest balance for guarantees and endorsements during the period (Note 5)	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 4)	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 2)										
1	TSC Auto ID	TSCAA (Note 6)	2	2,044,086	197,010	-	-	-	- %	3,066,130	N	N	N
1	TSC Auto ID	TSCAE (Note 7)	2	2,044,086	16,418	-	-	-	- %	3,066,130	N	N	N

Note 1 : A. 0 is for the Company.

B. Subsidiaries are numbered in order from 1.

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

Note 3: Limitation on amount of guarantees and endorsements for a specific enterprise is 40% of TSC Auto ID's net asset.

Note 4: Limitation on amount of guarantees and endorsement in total is 60% of TSC Auto ID's net asset.

Note 5: Conversion at exchange rate NTD 32.835 to USD on July 31, 2024.

Note 6 : TSC Auto ID's endorsement and guarantee for its subsidiary, TSCAA, has matured on September 13, 2024.

Note 7 : TSC Auto ID's endorsement and guarantee for its subsidiary, TSCAE, had been cancelled, with the approval of the board on June 18, 2024.

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- (iii) Securities held as of September 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	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss-current	3,551	50,038	-	50,038	
The Company	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss-current	4,658	50,036	-	50,036	
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	-	-	-	
The Company	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	39,616	-	39,616	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars/Shares)

Company holding securities	Security type and name	Account	Counter-party	Relationship	Beginning		Purchase		Sale			Other	Ending	
					Shares (in thousands)	Amount	Shares	Amount	Shares	Price	Cost		Gain (loss) on disposal	Shares (in thousands)
TSC Auto ID	Bluebird Inc.	Note1	H-ALPHA PRIVATE EQUITY FUND and JANG WON LEE	-	-	-	Note1	Note1	-	-	-	-	-	-

Note 1: TSC Auto ID acquired 6,775 thousand shares of Bluebird, Korean company for KRW 118,703,431 thousand, which was converted into NTD 2,888,054 thousand based on the exchange rate at the end of the reporting period, based on a resolution approved during its board meeting held on August 1, 2024.

- (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	(239,824)	(2) %		-		55,527	2%	
The Company	TSCH	Subsidiary	Sale	(415,981)	(4) %		-		229,354	8%	
The Company	TSCA	Sub-sub-sidiary	Sale	(308,066)	(3) %		-		175,982	6%	
The Company	TSCC	Sub-sub-sidiary	Sale	(209,168)	(2) %		-		38,146	1%	(Note 2)
The Company	TSCC	Sub-sub-sidiary	Purchase	146,456	2 %		-		-	-%	(Note 2)
The Company	Yangxin Everwell	Sub-sub-sidiary	Purchase	1,269,342	17 %		-		(442,443)	(31)%	
The Company	Tianjin Everwell	Sub-sub-sidiary	Purchase	188,629	3 %		-		(12,442)	(1)%	
TSC Auto ID	TSCAE	Subsidiary	Sale	(588,371)	(6) %		-		778,249	26%	
TSC Auto ID	TSCAA	Subsidiary	Sale	(435,531)	(4) %		-		443,807	15%	
TSC Auto ID	TTSC	Subsidiary	Purchase	724,391	10 %		-		(270,620)	(19)%	
TSC Auto ID	TTSC	Subsidiary	Sale	(573,794)	(5) %		-		136,247	5%	

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.

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(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	229,354	2.71 %	-		48,275	-
The Company	TSCA	Sub-subsidiary	175,982	2.64 %	-		32,488	-
TSC Auto ID	TSCAE	Subsidiary	778,249	1.15 %	430,467		14,466	-
TSC Auto ID	TSCAA	Subsidiary	443,807	1.33 %	237,722		32,061	-
TSC Auto ID	TTSC	Subsidiary	136,247	6.33 %	-		62,508	-
TTSC	TSC Auto ID	Subsidiary	270,620	4.37 %	-		62,740	-

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).

(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	73,244	Monthly payment	0.67%
0	The Company	TSCE	1	Accrued expenses	50,941		0.28%
0	The Company	TSCJ	1	Sales revenue	239,824	Note 3	2.18%
0	The Company	TSCJ	1	Accounts receivable	55,527		0.30%
0	The Company	TSCH	1	Sales revenue	415,981	Monthly payment	3.79%
0	The Company	TSCH	1	Accounts receivable	229,354		1.25%
0	The Company	TSCA	1	Sales revenue	308,066	Note 3	2.81%
0	The Company	TSCA	1	Selling expenses-commission	4,992		0.05%
0	The Company	TSCA	1	Accounts receivable	175,982		0.96%
0	The Company	TSCA	1	Other receivables	8,077		0.04%
0	The Company	TSCA	1	Accrued expenses	919		0.01%
0	The Company	TSCC	1	Sales revenue	209,168	Monthly payment	1.91%
0	The Company	TSCC	1	Accounts receivable	93,207		0.51%
0	The Company	TSCC	1	Purchase	146,456		1.33%
0	The Company	TSCC	1	Accounts payable	55,061		0.30%
0	The Company	Yangxin Everwell	1	Purchase	1,269,342	Note 4	11.56%
0	The Company	Yangxin Everwell	1	Accounts payable	442,443	Note 5	2.42%
0	The Company	Tianjin Everwell	1	Purchase	188,629		1.72%
0	The Company	Tianjin Everwell	1	Accounts payable	12,442		0.07%
0	The Company	Tianjin Everwell	1	Other payable	63,283		0.35%
1	Yangxin Everwell	TSCC	3	Sales revenue	965,303	Note 3	8.79%
1	Yangxin Everwell	TSCC	3	Accounts receivable	474,448		2.59%
2	Tianjin Everwell	Yangxin Everwell	3	Sales revenue	143,079	Note 3	1.30%

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 nine months ended September 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 September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 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 %	1,452,990	(36,420)	(36,420) (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 %	1,697,747	152,803	152,803 (Note 2)	Subsidiary
The Company	Skyrise	British Virgin Islands	Holding company and general import and export business	2,845	2,845	50	100.00 %	1,864	(24)	(24) (Note 2)	Subsidiary
The Company	TSCE	Germany	General import and export business	10,972	10,972	-	100.00 %	63,890	(10,393)	(10,393) (Note 2)	Subsidiary
The Company	TSCJ	Japan	Trading of rectifiers	28,689	28,689	2	100.00 %	136,736	12,084	12,084 (Note 1)	Subsidiary
The Company	TSCH	Hong Kong	Holding company and trading of rectifiers	282,312	282,312	672	25.22 %	645,172	53,430	(18,033) (Note 2)	Subsidiary
The Company	TSC Auto ID	Taiwan	Manufacture and sale of bar code printers	163,728	163,728	16,995	35.89 %	1,069,805	533,766	160,377 (Note 1)	Subsidiary
Ever Energetic	TSCA	United States	Trading of rectifiers	258,520	258,520	6,750	75.00 %	186,987	(74,760)	(56,070) (Note 2)	Subsidiary
Ever Energetic	TSCH	Hong Kong	Holding company and trading of rectifiers	571,628	571,628	985	36.96 %	1,226,175	53,430	19,748 (Note 2)	Subsidiary
Ever Winner	TSCA	United States	Trading of rectifiers	83,813	83,813	2,250	25.00 %	62,329	(74,760)	(18,690) (Note 2)	Subsidiary
Ever Winner	TSCC	China	Trading of rectifiers	4,461	4,461	-	100.00 %	320,723	151,353	151,353 (Note 2)	Subsidiary
Ever Winner	TSCH	Hong Kong	Holding company and trading of rectifiers	792,254	792,254	1,008	37.82 %	1,254,706	53,430	20,207 (Note 2)	Subsidiary
TSCH	Yangxin Everwell	China	Manufacture and sale of rectifiers	966,119	966,119	-	100.00 %	2,400,672	34,133	34,133 (Note 1)	Subsidiary
TSCH	Tianjin Everwell	China	Manufacture and sale of wafers	787,044	787,044	-	100.00 %	663,182	(4,084)	(4,084) (Note 2)	Subsidiary
TSC Auto ID	TSCAE	Germany	Trading of bar code printers and other parts	2,943	2,943	-	100.00 %	(148,587)	(103,215)	(103,215) (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 %	1,022,558	(26,385)	(26,385) (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 %	816,222	76,742	76,742 (Note 1)	Subsidiary
TSC Auto ID	Printronic AD	Taiwan	Trading of bar code printers and other parts	5,000	5,000	500	100.00 %	4,650	(145)	(145) (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 %	1,457,880	63,861	63,861 (Note 1)	Subsidiary
TSC Auto ID	TSCIN	India	Trading of bar code printers and other parts	2,791	2,791	710	100.00 %	2,226	1,022	1,022 (Note 1)	Subsidiary
TSC Auto ID	TSCPL	Poland	General investment	498,827	498,827	-	100.00 %	519,283	(7,256)	(7,256) (Note 1)	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Trading of bar code printers and other parts	8,234	8,234	-	100.00 %	(21,251)	(7,168)	(7,168) (Note 1)	Subsidiary
TSCAE	TSCAS	Spain	Trading of bar code printers and other parts	124	124	-	100.00 %	3,364	238	238 (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 %	46,498	6,679	6,679 (Note 1)	Subsidiary
TSCPL	MGN	Poland	Customization of design, integration and marketing of label papers and other parts	71,613 (thousands PLN)	71,613 (thousands PLN)	2	100.00 %	578,427	(2,970)	(7,477) (Note 1)	Subsidiary
TSC HK	TTSC	China	Manufacture and sale of bar code printers and other parts	47,475	47,475	-	100.00 %	851,244	86,472	86,472 (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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## (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 September 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	151,353	100.00%	151,353	320,723	611,860
Yangxin Everwell	Manufacture and sale of rectifiers	1,667,160	(2)	628,196	-	-	628,196	34,133	100.00%	34,133	2,400,672	250,864
Tianjin Everwell	Manufacture and sale of wafers	387,173	(2)	387,173	-	-	387,173	(4,084)	100.00%	(4,084)	663,182	452,102
TTSC	Manufacture and sale of bar code printers and other parts	47,492	(2)	47,475	-	-	47,475	86,472	35.89%	31,035	851,244	866,152

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 September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,046,886	2,059,686	4,609,602

Note : 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.

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

**(14) Segment information:**

	For the three months ended September 30			
	2024			
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
<b>Revenue:</b>				
Revenue from external customers	\$ 1,610,177	2,228,028	-	3,838,205
Intersegment revenues	1,363,088	18	(1,363,106)	-
Total revenue	<u>\$ 2,973,265</u>	<u>2,228,046</u>	<u>(1,363,106)</u>	<u>3,838,205</u>
<b>Reported segment profit and loss</b>	<u>\$ 59,964</u>	<u>199,336</u>	<u>-</u>	<u>259,300</u>

	For the three months ended September 30			
	2023(restated)			
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
<b>Revenue:</b>				
Revenue from external customers	\$ 1,641,401	2,107,658	-	3,749,059
Intersegment revenues	1,266,422	34	(1,266,456)	-
Total revenue	<u>\$ 2,907,823</u>	<u>2,107,692</u>	<u>(1,266,456)</u>	<u>3,749,059</u>
<b>Reported segment profit and loss</b>	<u>\$ 205,486</u>	<u>315,692</u>	<u>-</u>	<u>521,178</u>

	For the nine months ended September 30			
	2024			
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
<b>Revenue:</b>				
Revenue from external customers	\$ 4,414,950	6,172,463	-	10,587,413
Intersegment revenues	3,957,499	52	(3,957,551)	-
Total revenue	<u>\$ 8,372,449</u>	<u>6,172,515</u>	<u>(3,957,551)</u>	<u>10,587,413</u>
<b>Reported segment profit and loss</b>	<u>\$ 266,064</u>	<u>717,019</u>	<u>(31,920)</u>	<u>951,163</u>

	For the nine months ended September 30			
	2023(restated)			
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
<b>Revenue:</b>				
Revenue from external customers	\$ 4,925,199	6,210,325	-	11,135,524
Intersegment revenues	3,717,335	57	(3,717,392)	-
Total revenue	<u>\$ 8,642,534</u>	<u>6,210,382</u>	<u>(3,717,392)</u>	<u>11,135,524</u>
<b>Reported segment profit and loss</b>	<u>\$ 570,563</u>	<u>1,042,753</u>	<u>(59,200)</u>	<u>1,554,116</u>



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	<u>Rectifiers</u>	<u>Bar Code Printers</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reported segment assets				
September 30, 2024	\$ <u>22,718,726</u>	<u>9,616,640</u>	<u>(14,051,039)</u>	<u>18,284,327</u>
December 31, 2023(restated)	\$ <u>22,626,105</u>	<u>8,955,103</u>	<u>(14,037,966)</u>	<u>17,543,242</u>
September 30, 2023(restated)	\$ <u>23,170,480</u>	<u>9,483,315</u>	<u>(14,282,707)</u>	<u>18,371,088</u>