

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2026 and 2025**

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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 March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, 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 \$2,758,617 thousand and \$5,249,981 thousand, constituting 12.85% and 24.37% of the consolidated total assets; and the total liabilities amounting to \$398,182 thousand and \$943,168 thousand, constituting 3.94% and 9.30% of the consolidated total liabilities as of March 31, 2026 and 2025, respectively; as well as total comprehensive income (loss) amounting to \$(20,053) thousand and \$66,193 thousand, constituting (5.29)% and 15.20% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2026 and 2025, 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 March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of certain subsidiaries 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 certain subsidiaries of TSC Auto ID reflect total assets amounting to \$2,656,448 thousand, constituting 12.37% of the consolidated total assets as of March 31, 2026; and the total revenues amounting to \$1,014,442 thousand, constituting 23.11% of the consolidated total revenues for the three months ended March 31, 2026.

We did not review the financial statements of 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 \$9,467,471 thousand, constituting 43.95% of the consolidated total assets as of March 31, 2025, respectively; and the total revenues amounting to \$2,084,037 thousand, constituting 46.23% of the consolidated total revenues for the three months ended March 31, 2025.

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)
May 8, 2026

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

March 31, 2026, December 31, 2025, and March 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2026		December 31, 2025		March 31, 2025				March 31, 2026		December 31, 2025		March 31, 2025	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 3,938,409	18	3,535,194	16	3,652,300	17	2100	Short-term borrowings (note 6(j))	\$ 1,766,991	8	1,540,103	7	2,079,130	10
1110	Current financial assets at fair value through profit or loss (note 6(b))	90,513	-	60,444	-	90,325	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	59,409	-	67,595	-	66,736	-
1150	Notes receivable, net (note 6(c) and (r))	-	-	69	-	292	-	2170	Accounts payable	1,659,493	8	1,656,680	8	1,550,308	7
1170	Accounts receivable, net (note 6(c) and (r))	3,220,253	15	3,314,903	16	3,578,008	17	2200	Other payables (note 6(l))	732,859	3	892,386	4	721,660	3
1200	Other receivables	109,617	1	113,308	1	119,019	1	2230	Current tax liabilities	190,180	1	159,000	1	283,215	1
1220	Current tax assets	4,991	-	4,903	-	93,276	-	2280	Lease liabilities, current (note 6(m))	155,473	1	148,063	1	142,064	1
130X	Inventories (note 6(d))	4,113,458	19	3,815,967	18	3,896,880	18	2322	Long-term borrowings, current portion (note 6(k))	309,029	1	396,973	2	274,218	1
1410	Prepayments	436,528	2	348,898	1	315,096	1	2399	Other current liabilities	353,157	2	351,281	1	350,763	2
1470	Other current assets	30,485	-	9,708	-	13,616	-			5,226,591	24	5,212,081	24	5,468,094	25
1476	Other current financial assets (note 6(b))	92,580	-	539,520	3	-	-	Non-Current liabilities:							
		12,036,834	55	11,742,914	55	11,758,812	54	2500	Non-current financial liabilities at fair value through profit or loss (note 6(b))	-	-	-	-	28,848	-
Non-current assets:								2540	Long-term borrowings (note 6(k))	3,010,998	14	3,123,138	15	2,828,890	13
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	135,494	1	125,237	1	90,955	-	2570	Deferred tax liabilities	1,241,807	6	1,224,622	6	1,192,474	6
1600	Property, plant and equipment (note 6(f))	4,203,917	20	4,270,061	20	4,399,668	21	2580	Lease liabilities, non-current (note 6(m))	566,900	3	562,059	2	549,955	3
1755	Right-of-use assets (note 6(g))	684,755	3	686,313	3	665,740	3	2640	Net defined benefit liabilities, non-current	22,878	-	20,916	-	22,419	-
1805	Goodwill (note 6(i))	1,993,373	9	1,988,321	9	2,069,299	10	2670	Other non-current liabilities	42,429	-	70,135	-	55,541	-
1822	Intangible assets (note 6(h))	967,476	5	1,017,928	5	1,131,887	6			4,885,012	23	5,000,870	23	4,678,127	22
1840	Deferred tax assets	851,254	4	822,051	4	722,531	3	Total liabilities		10,111,603	47	10,212,951	47	10,146,221	47
1980	Other non-current financial assets (note 6(b))	137,944	1	133,764	1	270,561	1	Stockholder' equity attributable to parent:							
1990	Other non-current assets (note 6(n))	463,904	2	408,686	2	433,937	2	(note 6(p))							
		9,438,117	45	9,452,361	45	9,784,578	46	3110	Common stock	2,634,854	12	2,634,854	12	2,634,854	12
								3200	Capital surplus	2,290,130	11	2,290,130	11	2,255,885	11
								3300	Retained earnings	3,905,387	18	3,734,784	18	3,867,547	18
								3400	Other stockholders' equity	(175,515)	(1)	(275,634)	(1)	(114,936)	(1)
								3500	Treasury shares	(741,295)	(3)	(741,295)	(3)	(599,878)	(3)
										7,913,561	37	7,642,839	37	8,043,472	37
								Total equity attributable to owners of parent		3,449,787	16	3,339,485	16	3,353,697	16
								36XX	Non-controlling interests (note 6(e))	11,363,348	53	10,982,324	53	11,397,169	53
										21,474,951	100	21,195,275	100	21,543,390	100
Total assets		\$ 21,474,951	100	21,195,275	100	21,543,390	100	Total liabilities and equity		\$ 21,474,951	100	21,195,275	100	21,543,390	100

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 three months ended March 31, 2026 and 2025

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

		For the three months ended March 31			
		2026		2025	
		Amount	%	Amount	%
4110	Total sales revenue (note 6(r))	\$ 4,560,563	104	4,636,794	103
4190	Less: Sales discounts and allowances	170,143	4	128,936	3
	Net operating revenues	4,390,420	100	4,507,858	100
5000	Cost of goods sold (note 6(d))	3,016,714	69	3,284,622	73
	Gross profit	1,373,706	31	1,223,236	27
6000	Operating expenses (notes 6(n) and (t)):				
6100	Selling expenses	526,011	12	493,064	11
6200	Administrative expenses	267,865	5	227,755	5
6300	Research and development expenses	198,327	5	196,603	4
6450	Expected credit losses (note 6(c))	1,617	-	2,093	-
		993,820	22	919,515	20
	Operating income	379,886	9	303,721	7
	Non-operating income and expenses (note 6(s)):				
7100	Interest income	4,193	-	6,259	-
7010	Other income	9,637	-	9,626	-
7020	Other gains and losses	39,750	1	52,680	1
7050	Finance costs	(39,597)	(1)	(49,737)	(1)
		13,983	-	18,828	-
	Profit before income tax	393,869	9	322,549	7
7950	Less: Income tax expenses (note 6(o))	83,713	2	86,500	2
	Profit	310,156	7	236,049	5
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	54,531	1	226,056	5
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	14,745	-	(26,615)	(1)
8300	Other comprehensive income (after tax)	69,276	1	199,441	4
	Total comprehensive income	\$ 379,432	8	435,490	9
	Net income attributable to:				
	Owners of the parent	\$ 170,603	4	116,475	2
	Non-controlling interests (note 6(e))	139,553	3	119,574	3
		\$ 310,156	7	236,049	5
	Total comprehensive income attributable to:				
	Owners of the parent	\$ 270,722	6	246,217	5
	Non-controlling interests (note 6(e))	108,710	2	189,273	4
		\$ 379,432	8	435,490	9
	Basic earnings per common share (NT dollars) (note 6(u))	\$ 0.70		0.47	
	Diluted earnings per common share (NT dollars) (note 6(u))	\$ 0.70		0.47	

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 three months ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings					Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings					
Balance at January 1, 2025	\$ 2,634,854	2,252,984	1,201,264	531,125	2,018,683	3,751,072	(244,678)	(599,878)	7,794,354	3,150,273	10,944,627
Net income	-	-	-	-	116,475	116,475	-	-	116,475	119,574	236,049
Other comprehensive income	-	-	-	-	-	-	129,742	-	129,742	69,699	199,441
Total comprehensive income	-	-	-	-	116,475	116,475	129,742	-	246,217	189,273	435,490
Changes in equity of affiliate accounted for using equity method	-	2,901	-	-	-	-	-	-	2,901	-	2,901
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	14,151	14,151
Balance at March 31, 2025	\$ 2,634,854	2,255,885	1,201,264	531,125	2,135,158	3,867,547	(114,936)	(599,878)	8,043,472	3,353,697	11,397,169
Balance at January 1, 2026	\$ 2,634,854	2,290,130	1,247,382	302,149	2,185,253	3,734,784	(275,634)	(741,295)	7,642,839	3,339,485	10,982,324
Net income	-	-	-	-	170,603	170,603	-	-	170,603	139,553	310,156
Other comprehensive income	-	-	-	-	-	-	100,119	-	100,119	(30,843)	69,276
Total comprehensive income	-	-	-	-	170,603	170,603	100,119	-	270,722	108,710	379,432
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,592	1,592
Balance at March 31, 2026	\$ 2,634,854	2,290,130	1,247,382	302,149	2,355,856	3,905,387	(175,515)	(741,295)	7,913,561	3,449,787	11,363,348

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 three months ended March 31, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2026	2025
Cash flows from (used in) operating activities:		
Profit before tax	\$ 393,869	322,549
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	232,467	232,187
Amortization expense	51,493	54,088
Expected credit losses	1,617	2,093
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(3,641)	476
Interest expense	28,506	49,302
Interest income	(4,193)	(6,259)
Losses on disposal of property, plant and equipment	5,150	2,064
Reversal of impairment gain on non-financial assets	(7)	(204)
Others	-	2,901
Total adjustments to reconcile profit (loss)	311,392	336,648
Changes in operating assets and liabilities:		
Increases and decreases in financial assets/liabilities at fair value through profit or loss	(37,038)	(73,075)
(Increase) decrease in notes receivable	69	(280)
(Increase) decrease in accounts receivable	93,033	(214,702)
(Increase) decrease in other receivables	3,677	(24,968)
Increase in inventories	(297,491)	(18,873)
Increase (decrease) in prepayments	(87,630)	18,886
Increase (decrease) in other current assets	(20,777)	8,055
Increase in other financial assets	(2,660)	(4,750)
Increase in accounts payable	2,813	175,964
Decrease in other payable	(159,245)	(217,512)
Increase (decrease) in other current liabilities	3,247	(19,142)
Increase in net defined benefit liabilities	1,961	1,386
Increase (decrease) in other non-current liabilities	27,737	(7,063)
Total adjustments	(160,912)	(39,426)
Cash inflow generated from operations	232,957	283,123
Interest received	4,207	4,734
Interest paid	(18,573)	(36,375)
Income taxes paid	(64,639)	(56,617)
Net cash flows from operating activities	153,952	194,865
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(7,833)	(23,718)
Acquisition of property, plant and equipment	(79,154)	(41,273)
Proceeds from disposal of property, plant and equipment	275	2,749
Acquisition of intangible assets	(25,878)	(8,876)
Decrease in other financial assets	445,420	417,294
Increase in other non-current assets	(58,140)	(9,508)
Increase in prepayments for equipment	(20,083)	(70,230)
Net cash flows from investing activities	254,607	266,438
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	226,888	(207,571)
Proceeds from long-term borrowings	-	951,796
Repayments of long-term borrowings	(178,775)	(1,143,756)
Repayments of lease principals	(45,029)	(22,145)
Increase (decrease) in guarantee deposits received	(49)	36
Change in non-controlling interests	1,592	14,151
Net cash flows from (used in) financing activities	4,627	(407,489)
Effect of exchange rate changes on cash and cash equivalents	(9,971)	73,865
Net Increase in cash and cash equivalents	403,215	127,679
Cash and cash equivalents at the beginning of period	3,535,194	3,524,621
Cash and cash equivalents at the end of period	\$ 3,938,409	3,652,300

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

March 31, 2026 and 2025

(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 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 issue by the Board of Directors on May 8, 2026.

(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, 2026:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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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:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	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. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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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 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(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, 2025. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding			Instruction
			March 31, 2026	December 31, 2025	March 31, 2025	
The Company	Ever Energetic Int'l Ltd. (Ever Energetic)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	Note 4
The Company	Ever Winner Int'l Co., Ltd. (Ever Winner)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	Note 4
The Company	Skyrise Int'l Ltd. (Skyrise)	Holding company and general import and export business	- %	100.00 %	100.00 %	Note 1
The Company	Taiwan Semiconductor Europe GmbH (TSCE)	General import and export business	100.00 %	100.00 %	100.00 %	Note 4
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 %	Note 4
The Company	TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Manufacture and sale of label printers	35.74 %	35.74 %	35.79 %	Note 2
Ever Energetic	TSCH	Holding company and trading of rectifiers	36.96 %	36.96 %	36.96 %	Note 4
Ever Energetic	TSC America, Inc.(TSCA)	Trading of rectifiers	75.00 %	75.00 %	75.00 %	Note 4
Ever Winner	TSCH	Holding company and trading of rectifiers	37.82 %	37.82 %	37.82 %	Note 4

(Continued)

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

Name of Investor	Name of subsidiary	Principal activity	Shareholding			Instruction
			March 31, 2026	December 31, 2025	March 31, 2025	
Ever Winner	TSCA	Trading of rectifiers	25.00 %	25.00 %	25.00 %	Note 4
Ever Winner	Shanghai Great Technology Trading Co., Ltd. (TSCC)	Trading of rectifiers	100.00 %	100.00 %	100.00 %	Note 4
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 %	Note 4
TSC Auto ID	TSC Auto ID Technology EMEA GmbH (TSCAE)	Trading of label printer 、enterprise mobile computers and their parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID (H.K.) Ltd. (TSC HK)	Holding company and general import	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto Technology America Inc. (TSCAA)	Trading of label printer 、enterprise mobile computers and their 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)	Leasing of assets	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	Mosfortico Investments sp. z o.o. (TSCPL)	General investment	- %	100.00 %	100.00 %	Note 3
TSC Auto ID	MGN sp. z o.o. (MGN)	Customization of design, integration and marketing of label papers and other parts	100.00 %	- %	- %	Note 3
TSC Auto ID	Bluebird Inc. (BB)	Trading of enterprise mobile computers and their parts	99.85 %	99.85 %	96.54 %	Note 5
TSC Auto ID and BB	Bluebird Latin America S. de R.L. de CV (BBMX)	Trading of enterprise mobile computers and their parts	100.00 %	100.00 %	100.00 %	Note 5
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Trading of label printers and other parts	100.00 %	100.00 %	100.00 %	-
TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Leasing of assets	100.00 %	100.00 %	100.00 %	-
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (TTSC)	Manufacture and sale of label printers and other parts	100.00 %	100.00 %	100.00 %	-
DLS	Precision Press & Label, Inc. (PPL)	Trading of label papers and consumables for printers	100.00 %	100.00 %	100.00 %	-
TSCPL	MGN	Customization of design, integration and marketing of label papers and other parts	- %	100.00 %	100.00 %	Note 3
BB	Bluebird USA Inc. (BBUS)	Collection of payments	100.00 %	100.00 %	100.00 %	Note 5
BB	Bluebird India R&D Center Private Ltd. (BBIN)	Research and development, and design of mobile computers for enterprise use, and technical services	99.00 %	99.00 %	99.00 %	Note 5
BB	Bluebird Germany GmbH (BBDE)	Marketing support services	100.00 %	100.00 %	100.00 %	Note 5
BB	Bluebird Europe SL (BBES)	Established in response to tender requirements	100.00 %	100.00 %	100.00 %	Note 5
BB	Bluebird Japan Co., Ltd. (BBJP)	Trading of enterprise mobile computers and their parts	100.00 %	100.00	-	-

Note 1 : It was liquidated and dissolved on February 25, 2026.

Note 2 : The Company has control over TSC Auto ID and therefore regards it as a subsidiary °

Note 3 : MGN acquired 100% of the shares of TSCPL through a reverse acquisition for a consideration of 8,754 thousand. Upon completion of the transaction, TSC Auto ID Ltd. held a 100% equity interest in MGN. The transaction was duly registered with the Polish court on February 27, 2026, and became legally effective on the same date.

Note 4 : As of March 31, 2026 and 2025, the subsidiaries were not significant subsidiaries, and their financial statements were not reviewed by independent auditors.

Note 5 : As of March 31, 2025, the subsidiaries were not significant subsidiaries, and their financial statements were not reviewed by independent auditors.

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

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

(c) 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.

(d) 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.

(e) Organizational Restructuring

In accordance with the IFRS Q&A titled "Accounting Treatment for Business Combinations under Common Control" issued by the Accounting Research and Development Foundation, Republic of China (Taiwan) on October 26, 2018, since IFRS 3 "Business Combinations" does not provide explicit guidance on business combinations under common control, the accounting treatment for intragroup organizational restructuring is governed by the relevant interpretative rulings issued in Taiwan, and the book value method is adopted.

(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 IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, 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, 2025. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2025.

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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, 2025. Please refer to the 2025 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash and pretty cash	\$ 1,368	544	751
Checking and demand deposits	3,115,317	3,064,247	2,967,753
Time deposits	1,006,884	1,099,843	912,446
Less: Time deposits with an original maturity date of more than three months (note 6(b))	(185,160)	(629,440)	(228,650)
	<u><u>\$ 3,938,409</u></u>	<u><u>3,535,194</u></u>	<u><u>3,652,300</u></u>

Please refer to note 6(v) 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:

	March 31, 2026	December 31, 2025	March 31, 2025
Current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificates	\$ 90,364	60,053	90,325
Currency forward contracts	149	391	-
	<u><u>\$ 90,513</u></u>	<u><u>60,444</u></u>	<u><u>90,325</u></u>
Other financial assets:			
Time deposits with an original maturity date of more than three months to one year	<u><u>\$ 92,580</u></u>	<u><u>539,520</u></u>	<u><u>-</u></u>
Mandatorily measured at fair value through profit or loss:			
Contingent consideration	\$ 59,143	67,420	64,350
Currency forward contracts	266	175	2,386
	<u><u>\$ 59,409</u></u>	<u><u>67,595</u></u>	<u><u>66,736</u></u>

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

	March 31, 2026	December 31, 2025	March 31, 2025
Non-current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Fund in foreign markets	\$ <u>135,494</u>	<u>125,237</u>	<u>90,955</u>
Other financial assets:			
Time deposits with an original maturity date of more than one year	\$ 92,580	89,920	228,650
Refundable deposits	<u>45,364</u>	<u>43,844</u>	<u>41,911</u>
	<u>\$ 137,944</u>	<u>133,764</u>	<u>270,561</u>
Mandatorily measured at fair value through profit or loss:			
Contingent consideration	\$ <u>-</u>	<u>-</u>	<u>28,848</u>

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

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

March 31, 2026				
	Contract amount		Currency	Contract period
Selling/buying forward USD	3,000 / NTD	95,809	USD to NTD	2026.04
December 31, 2025				
	Contract amount		Currency	Contract period
Selling/buying forward USD	2,000 / NTD	62,734	USD to NTD	2026.01
Selling/buying forward EUR	3,000 / NTD	110,950	EUR to USD	2026.03
March 31, 2025				
	Contract amount		Currency	Contract period
Selling/buying forward USD	4,000 / NTD	131,917	USD to NTD	2025.04
Selling/buying forward EUR	1,000 / NTD	34,331	EUR to NTD	2025.04

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Notes to the Consolidated Financial Statements

(c) Notes and accounts receivable

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	\$ -	69	292
Accounts receivable	3,302,773	3,397,201	3,646,505
Less: Allowance for impairment	(82,520)	(82,298)	(68,497)
	<u>\$ 3,220,253</u>	<u>3,314,972</u>	<u>3,578,300</u>

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:

March 31, 2026			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,451,863	0.46%	6,657
1 to 90 days past due	66,736	0.98%	654
91 to 180 days past due	12,081	3.92%	474
181 to 270 days past due	1,866	12.73%	238
	<u>\$ 1,532,546</u>		<u>8,023</u>
December 31, 2025			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,444,662	0.39%	5,669
1 to 90 days past due	82,275	1.63%	1,345
91 to 180 days past due	3,919	44.03%	1,725
181 to 270 days past due	582	12.68%	74
271 to 365 days past due	32	58.82%	19
	<u>\$ 1,531,470</u>		<u>8,832</u>

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

	March 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,561,562	0.32%	5,357
1 to 90 days past due	84,482	0.68%	573
91 to 180 days past due	71	0.98%	1
181 to 270 days past due	296	56.07%	166
	<u>\$ 1,646,411</u>		<u>6,097</u>

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

	March 31, 2026		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,334,235	1.28%	17,115
1 to 90 days past due	353,041	1.00%	3,530
91 to 180 days past due	10,930	3.00%	328
181 to 270 days past due	13,336	5.00%	667
271 to 365 days past due	6,476	10.00%	648
More than 365 days past due	52,209	100.00%	52,209
	<u>\$ 1,770,227</u>		<u>74,497</u>

	December 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,455,375	1.08%	15,731
1 to 90 days past due	285,678	1.00%	2,857
91 to 180 days past due	55,736	3.00%	1,672
181 to 270 days past due	15,427	5.00%	771
271 to 365 days past due	1,277	10.00%	128
More than 365 days past due	52,307	100.00%	52,307
	<u>\$ 1,865,800</u>		<u>73,466</u>

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

	March 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,543,771	1.01%	15,566
1 to 90 days past due	277,125	1.00%	2,771
91 to 180 days past due	115,608	3.00%	3,468
181 to 270 days past due	12,865	5.00%	643
271 to 365 days past due	12,294	10.00%	1,229
More than 365 days past due	38,723	100.00%	38,723
	<u>\$ 2,000,386</u>		<u>62,400</u>

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

	For the three months ended March 31	
	2026	2025
Balance on January 1, 2026 and 2025	\$ 82,298	64,146
Impairment losses recognized	1,617	2,093
Foreign exchange gains	(1,395)	2,258
Balance on March 31, 2026 and 2025	<u>\$ 82,520</u>	<u>68,497</u>

As of March 31, 2026, December 31 and March 31, 2025, the Group does not regard as any collateral or discount for notes and trade receivable.

(d) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Finished goods	\$ 1,573,100	1,427,256	1,502,908
Semi-finished goods and work in process	1,036,934	977,161	829,684
Raw material and supplies	1,354,606	1,215,317	1,317,489
Inventories in transit	148,818	196,233	246,799
	<u>\$ 4,113,458</u>	<u>3,815,967</u>	<u>3,896,880</u>

Raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sales amounted to \$3,010,633 thousand and \$3,246,775 thousand for the three months ended March 31, 2026 and 2025, respectively.

During the three months ended March 31, 2026 and 2025, the write-downs of inventory from cost to net realizable value amounted to \$6,081 thousand and \$37,847 thousand, respectively.

As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any inventories as collateral for its loans.

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

(e) The significant non-controlling interests of subsidiaries

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

Name of subsidiary	Country	Percentage of non-controlling interests on ownership interests and voting rights		
		March 31, 2026	December 31, 2025	March 31, 2025
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Taiwan	64.26 %	64.26 %	64.21 %

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:

	March 31, 2026	December 31, 2025	March 31, 2025
Current assets	\$ 6,067,504	5,900,035	5,892,626
Non-current assets	6,786,968	6,749,836	6,693,747
Current liabilities	(3,502,924)	(3,404,381)	(3,845,782)
Non-current liabilities	(3,776,416)	(3,850,743)	(3,431,265)
Net assets	<u>\$ 5,575,132</u>	<u>5,394,747</u>	<u>5,309,326</u>
Non-controlling interests	<u>\$ 3,449,787</u>	<u>3,339,485</u>	<u>3,353,697</u>

	For the three months ended March 31	
	2026	2025
Sales revenue	<u>\$ 2,765,539</u>	<u>2,856,093</u>
Net income	\$ 217,110	185,338
Other comprehensive income	(38,316)	5,656
Comprehensive income	<u>\$ 178,794</u>	<u>190,994</u>
Net income attributable to non-controlling interests	<u>\$ 139,553</u>	<u>119,574</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 108,710</u>	<u>189,273</u>

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TAIWAN SEMICONDUCTOR CO., LTD.
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	For the three months ended March 31	
	2026	2025
Cash flows from operating activities	\$ 30,467	225,082
Cash flows used in investing activities	(114,250)	(54,850)
Cash flows used in financing activities	(9,597)	(502,847)
Effect of exchange rate changes on cash and cash equivalents	(16,260)	31,338
Net decrease in cash and cash equivalents	<u><u>\$ (109,640)</u></u>	<u><u>(301,277)</u></u>

(f) Property, plant and equipment

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Total</u>
Carrying amount:				
Balance at January 1, 2026	\$ <u>867,161</u>	<u>907,938</u>	<u>2,494,962</u>	<u>4,270,061</u>
Balance at March 31, 2026	\$ <u>867,025</u>	<u>902,772</u>	<u>2,434,120</u>	<u>4,203,917</u>
Balance at January 1, 2025	\$ <u>866,666</u>	<u>886,799</u>	<u>2,660,972</u>	<u>4,414,437</u>
Balance at March 31, 2025	\$ <u>867,064</u>	<u>887,572</u>	<u>2,645,032</u>	<u>4,399,668</u>

- (i) As of March 31, 2026, December 31 and March 31, 2025, the property, plant and equipment of the Group had been pledged as collateral for its long-term borrowings, please refer to note 8.
- (ii) The Company's interest capitalized for purchasing property, plant, and equipment for the three months ended March 31, 2026, and 2025 were \$141 thousand and \$244 thousand, respectively, both at a rate of 2.12% and 1.74%.

(g) Right-of-use assets

	<u>Land use rights</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2026	\$ <u>7,653</u>	<u>652,241</u>	<u>14,582</u>	<u>11,837</u>	<u>686,313</u>
Balance at March 31, 2026	\$ <u>7,785</u>	<u>642,993</u>	<u>19,108</u>	<u>14,869</u>	<u>684,755</u>
Balance at January 1, 2025	\$ <u>7,987</u>	<u>666,408</u>	<u>16,038</u>	<u>10,648</u>	<u>701,081</u>
Balance at March 31, 2025	\$ <u>8,063</u>	<u>630,941</u>	<u>16,501</u>	<u>10,235</u>	<u>665,740</u>

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

(h) Intangible assets

	Customer relationship	Software	Trademarks rights	Acquired special technology	Patent	Other	Total
Carrying amount:							
Balance at January 1, 2026	\$ 669,088	146,109	79,619	52,929	5	70,178	1,017,928
Balance at March 31, 2026	\$ 631,309	152,976	71,533	46,464	-	65,194	967,476
Balance at January 1, 2025	\$ 742,592	152,650	102,168	81,934	80	69,059	1,148,483
Balance at March 31, 2025	\$ 745,447	143,847	98,289	75,935	61	68,308	1,131,887

(i) Goodwill

	March 31, 2026	December 31, 2025	March 31, 2025
Cost			
Beginning balance	\$ 1,988,321	2,029,444	2,029,444
Effect of movement in exchange rates	(4,948)	(41,123)	39,855
Ending balance	\$ 1,993,373	1,988,321	2,069,299

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:

	March 31, 2026	December 31, 2025	March 31, 2025
CGU Rectifiers	\$ 81,779	80,335	84,872
CGU Bar Code Printers	1,911,594	1,907,986	1,984,427
	\$ 1,993,373	1,988,321	2,069,299

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

	March 31, 2026	December 31, 2025	March 31, 2025
Printer business group	\$ 896,532	880,700	930,438
Label business-DLS	205,811	202,177	213,595
Label business-MGN	218,747	223,997	219,986
Mobile device business-Bluebird	590,504	601,112	620,408
Total	\$ 1,911,594	1,907,986	1,984,427

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

(j) Short-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured credit loans	\$ 1,345,332	1,118,941	1,740,946
Import and export loans	415,935	408,590	332,050
Secured loans	5,724	12,572	6,134
	<u>\$ 1,766,991</u>	<u>1,540,103</u>	<u>2,079,130</u>
Unused short-term credit lines	<u>\$ 4,951,995</u>	<u>4,960,518</u>	<u>5,041,062</u>
Range of interest rate (%)	<u>1.79%~4.36%</u>	<u>1.79%~4.70%</u>	<u>1.77%~7.55%</u>

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

Please refer to note 8 & 9 for disclosures of mortgaged and pledged assets.

(k) Long-term borrowings

	March 31, 2026	
	Rate range	Maturity year
Unsecured bank loans	1.525%	2029.03.15
	1.525%	2029.02.01
	1.320%	2028.12.31
	1.325%	2027.07.16
	1.825%	2026.12.04
	1.325%	2026.12.04
	1.840%~1.870%	2028.06.19
Secured bank loans (Note)	2.378%~3.826%	2029.11.14
		\$ 427,300
		160,800
		108,890
		85,334
		6,917
		8,205
		1,425,000
		1,103,361
		3,325,807
Less: Unamortized balance		(5,780)
Less: Current portion		(309,029)
Total		<u>\$ 3,010,998</u>
Unused long-term credit lines		<u>\$ 2,723,170</u>

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December 31, 2025			
	Rate range	Maturity year	Amount
Unsecured bank loans	1.525%	2029.03.15	\$ 427,300
	1.525%	2029.02.01	160,800
	1.320%	2028.12.31	112,190
	1.325%	2027.07.16	101,333
	1.825%	2026.12.04	20,793
	1.79%~1.85%	2028.06.19	1,600,000
Secured bank loans (Note)	2.38%~3.87%	2029.11.14	<u>1,103,869</u>
			3,526,285
Less: Unamortized balance			(6,174)
Less: Current portion			<u>(396,973)</u>
Total			\$ <u>3,123,138</u>
Unused long-term credit lines			\$ <u>2,723,170</u>

March 31, 2025			
	Rate range	Maturity year	Amount
Unsecured bank loans	1.675%	2030.01.15	\$ 13,660
	1.525%	2029.03.15	427,300
	1.525%	2029.02.01	160,800
	1.320%	2028.12.31	112,190
	1.325%	2027.07.16	149,333
	1.825%	2026.12.04	17,292
	1.325%	2026.12.04	20,513
	1.83%~1.93%	2028.03.14	1,100,000
Secured bank loans (Note)	2.38%~4.42%	2029.11.14	<u>1,109,421</u>
			\$ 3,110,509
Less: Unamortized balance			(7,401)
Less: Current portion			<u>(274,218)</u>
Total			\$ <u>2,828,890</u>
Unused long-term credit lines			\$ <u>2,723,170</u>

Note: TSC Auto ID pledged the equity acquired from BB Company as collateral. The loan amount was used to cover the cash consideration and related expenses required for the acquisition of BB.

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

(Continued)

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

(l) Other payables

	March 31, 2026	December 31, 2025	March 31, 2025
Salaries and bonus payable	\$ 364,958	477,464	334,724
Payables on equipment	31,952	36,753	36,630
Others	335,949	378,169	350,306
	<u><u>\$ 732,859</u></u>	<u><u>892,386</u></u>	<u><u>721,660</u></u>

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Current	\$ 155,473	148,063	142,064
Non-current	566,900	562,059	549,955
	<u><u>\$ 722,373</u></u>	<u><u>710,122</u></u>	<u><u>692,019</u></u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2026	2025
Interest on lease liabilities	\$ <u><u>10,356</u></u>	<u><u>13,089</u></u>
Income from sub-leasing right-of-use assets	\$ <u><u>616</u></u>	<u><u>2,733</u></u>
Expenses relating to short-term leases	\$ <u><u>2,383</u></u>	<u><u>3,359</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u><u>3,601</u></u>	<u><u>5,162</u></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 11 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 10.8%, and the lease payment of offices located in India is subject to an annual lease payment adjustment at a rates ranging from 4% to 5%.

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

	For the three months ended March 31	
	2026	2025
Total cash outflow for leases	\$ <u><u>61,369</u></u>	<u><u>43,755</u></u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD.
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(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, 2025 and 2024.

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

	For the three months ended March 31	
	2026	2025
Operating cost	\$ 46	48
Selling expenses	9	9
Administrative expenses	103	109
Research and development expenses	22	25
	\$ 180	191

(ii) Defined contribution plans

For the three months ended March 31, 2026 and 2025, the Group's pension costs under the defined contribution method were \$8,595 thousand and \$8,657 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 \$37,538 thousand and \$32,995 thousand for three months ended March 31, 2026 and 2025, respectively.
- (iv) The employee pension of BB, the South Korean subsidiary, is classified as a defined benefit obligations. As of March 31, 2026, December 31, 2025, and March 31, 2024, the net defined benefit assets amounted of \$5,781 thousand, \$12,710 thousand, and \$5,753 thousand was recorded under other non-current assets.

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(o) Income tax

(i) The components of income tax in the years 2026 and 2025 were as follows:

	For the three months ended March 31	
	2026	2025
Current tax expenses		
Current period	\$ 81,736	103,989
Adjustment for prior periods	-	(426)
	<u>81,736</u>	<u>103,563</u>
Deferred tax expenses (gains)		
Origination of temporary differences	1,977	(9,291)
Adjustment in tax rate	-	(7,772)
Total income tax expenses	<u>\$ 83,713</u>	<u>86,500</u>

(ii) The amount of income tax recognized in other comprehensive income for the years 2026 and 2025 were as follows:

	For the three months ended March 31	
	2026	2025
Items that maybe reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	\$ <u>(14,745)</u>	<u>26,615</u>

(iii) There was no income tax recognized directly in equity for the three months ended March 31, 2026 and 2025, respectively.

(iv) As of March 31, 2026, the income tax returns of the Company and TSC Auto ID through the year 2023 and 2024, 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

As of March 31, 2026, December 31 and March 31, 2025, the authorized capital amounted to \$9,000,000 thousand (including the amount of \$100,000 authorized for the issuance of the employee stock options); the Company's outstanding capital amounted to \$2,634,854 thousand, respectively, with a par value of \$10 (dollars) per share.

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(ii) Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
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	271,508	271,508	232,065
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	104,726	104,726	109,924
	\$ 2,290,130	2,290,130	2,255,885

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

(iii) Legal reserve

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

(iv) Special reserve

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

The increase in retained earnings occurring before the adoption date due to the first-time adoption of IFRSs amounted to \$302,149. In accordance with IFRS 1 issued by the Financial Supervisory Commission, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution. When the relevant assets are used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to \$302,149 on March 31, 2026 and 2025.

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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 2025 and 2024 earning distributions have been approved and resolved during the board and shareholders's meeting held on March 13, 2026 and June 19, 2025 respectively, as follows:

	2025		2024	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to common shareholders:				
Cash	\$ 2.00	<u><u>526,971</u></u>	2.02	<u><u>526,971</u></u>

(vi) Treasury shares

For the year ended March 31, 2026, the Company purchased 3,000 thousand treasury shares for \$141,417 thousand in order to transfer them to its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act.

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TAIWAN SEMICONDUCTOR CO., LTD.
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In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

As of March 31, 2026 and 2025, a subsidiary of the Company, TSC Auto ID, held 15,960 thousand shares of the Company. The buyback cost of these shares were \$599,878 thousand, respectively, which were recognized under treasury shares.

As of year-end 2025 and 2024, the Company had recognized dividend income received from TSC Auto ID in the amount of \$32,888 thousand and \$31,920 thousand, respectively, and the total amount were transferred to capital surplus – treasury shares under the equity method.

(vii) Other equity

	Foreign exchange differences arising from foreign operation
Balance at January 1, 2026	\$ (275,634)
Foreign exchange differences	<u>100,119</u>
Balance at March 31, 2026	<u><u>\$ (175,515)</u></u>
Balance at January 1, 2025	\$ (244,678)
Foreign exchange differences	<u>129,742</u>
Balance at March 31, 2025	<u><u>\$ (114,936)</u></u>

(q) Share-based payment

There were no significant changes with share-based payment for the three months ended March 31, 2026 and 2025. Please refer to the 2025 annual consolidated financial statements.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2026		
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 946,585	733,837	1,680,422
America	156,120	1,094,778	1,250,898
Europe	507,533	934,552	1,442,085
Others	<u>14,666</u>	<u>2,349</u>	<u>17,015</u>
	<u><u>\$ 1,624,904</u></u>	<u><u>2,765,516</u></u>	<u><u>4,390,420</u></u>

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TAIWAN SEMICONDUCTOR CO., LTD.
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For the three months ended March 31, 2026			
	Rectifiers	Bar code Printers	Total
Major products lines			
Rectifiers	\$ 1,624,904	-	1,624,904
Bar code Printers	-	2,765,516	2,765,516
	<u>\$ 1,624,904</u>	<u>2,765,516</u>	<u>4,390,420</u>
For the three months ended March 31, 2025			
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 1,080,509	973,919	2,054,428
America	152,383	1,081,482	1,233,865
Europe	403,201	800,254	1,203,455
Others	15,689	421	16,110
	<u>\$ 1,651,782</u>	<u>2,856,076</u>	<u>4,507,858</u>
Major products lines			
Rectifiers	\$ 1,651,782	-	1,651,782
Bar code Printers	-	2,856,076	2,856,076
	<u>\$ 1,651,782</u>	<u>2,856,076</u>	<u>4,507,858</u>
(ii) Contract balances			
	March 31, 2026	December 31, 2025	March 31, 2025
Notes and trade receivable	\$ 3,302,773	3,397,270	3,646,797
Less: Allowance for impairment	(82,520)	(82,298)	(68,497)
Total	<u>\$ 3,220,253</u>	<u>3,314,972</u>	<u>3,578,300</u>

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

(s) Non-operating income and expenses

(i) Interest income

The Group's interest income detail was as follows:

For the three months ended March 31		
	2026	2025
Interest income from bank deposits	<u>\$ 4,193</u>	<u>6,259</u>

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Notes to the Consolidated Financial Statements

(ii) Other income

		For the three months ended March 31	
		2026	2025
Rent income	\$	30	2,160
Others		<u>9,607</u>	<u>7,466</u>
	\$	<u>9,637</u>	<u>9,626</u>

(iii) Other Gains and losses

		For the three months ended March 31	
		2026	2025
Losses on disposal of property, plant and equipment	\$	(5,150)	(2,064)
Foreign exchange gains		45,112	58,110
Gains (losses) on financial assets at fair value through profit or loss		3,641	(476)
Gains on reversal of impairment of property, plant and equipment		7	204
Others		<u>(3,860)</u>	<u>(3,094)</u>
	\$	<u>39,750</u>	<u>52,680</u>

(iv) Finance costs

		For the three months ended March 31	
		2026	2025
Interest expense	\$	(28,647)	(36,511)
Less: interest capitalization		141	244
Other financial costs		<u>(11,091)</u>	<u>(13,470)</u>
	\$	<u>(39,597)</u>	<u>(49,737)</u>

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD.
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(t) Remunerations to employees and directors

On June 19, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 4% to 10% shall be allocated as employee remuneration (including a minimum of 1% to those base-level employees) and a maximum of 1% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, may include employees of the subsidiaries who meet certain specific requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 4% to 10% should be allocated as employee remuneration and no more than 1% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, could include employees of the subsidiaries who met certain specific requirements.

The Company estimated its remuneration to employees amounting to \$11,678 thousand and \$8,391 thousand for the three months ended March 31, 2026 and 2025, respectively, and estimated its remuneration to directors amounting \$1,946 thousand and \$1,357 thousand for the three months ended March 31, 2026 and 2025, 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.

For the years 2025 and 2024, the employee remunerations were \$33,705 thousand and \$34,336 thousand; as well as the remunerations to both directors and supervisors were \$5,618 thousand and \$5,723 thousand, respectively. Relevant information can be found on the Market Observation Post System (MOPS). There were no differences between the estimated amounts reflected in the 2025 and 2024 financial reports, and the actual amounts approved by the Board of Directors.

(u) Earnings per share

(i) Basic earnings per share

	For the three months ended March 31	
	2026	2025
Net income	\$ <u>170,603</u>	<u>116,475</u>
Weighted-average number of outstanding shares (thousands)	<u>244,525</u>	<u>247,525</u>
Basic earnings per share (\$)	\$ <u>0.70</u>	<u>0.47</u>

(Continued)

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

	For the three months ended March 31	
	2026	2025
Diluted net income per share	\$ 170,603	116,475
Weighted-average number of outstanding shares (thousands)	244,525	247,525
Employees' remuneration	645	726
Diluted weighted-average number of common shares outstanding (thousands)	245,170	248,251
Diluted earnings per share (\$)	\$ 0.70	0.47

(v) 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.

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	Carrying amount	Contractual cash flow	1 year	1-2 years	2-5 years	More than 5 years
March 31, 2026						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,766,991	1,772,997	1,772,997	-	-	-
Contingent consideration in business combination	59,143	59,143	59,143	-	-	-
Accounts payable	1,659,493	1,659,493	1,659,493	-	-	-
Other payables	732,859	732,859	732,859	-	-	-
Lease liabilities	722,373	823,042	204,769	221,604	396,669	-
Long-term borrowings (including expires within one year)	3,320,027	3,485,222	371,583	1,247,392	1,856,055	10,192
Derivative financial liabilities						
Currency forward contracts	266	266	266	-	-	-
	<u>\$ 8,261,152</u>	<u>8,533,022</u>	<u>4,801,110</u>	<u>1,468,996</u>	<u>2,252,724</u>	<u>10,192</u>
December 31, 2025						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,540,103	1,546,747	1,546,747	-	-	-
Contingent consideration in business combination	67,420	67,420	67,420	-	-	-
Accounts payable	1,656,680	1,656,680	1,656,680	-	-	-
Other payables	892,386	892,386	892,386	-	-	-
Lease liabilities	710,122	730,578	172,089	200,090	348,876	9,523
Long-term borrowings (including expires within one year)	3,520,111	3,714,870	473,658	931,308	1,188,329	1,121,575
Derivative financial liabilities						
Currency forward contracts	\$ 175	175	175	-	-	-
	<u>\$ 8,386,997</u>	<u>8,608,856</u>	<u>4,809,155</u>	<u>1,131,398</u>	<u>1,537,205</u>	<u>1,131,098</u>
March 31, 2025						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,079,130	2,089,740	2,089,740	-	-	-
Contingent consideration in business combination	93,198	93,198	64,350	28,848	-	-
Accounts payable	1,550,308	1,550,308	1,550,308	-	-	-
Other payables	721,660	721,660	721,660	-	-	-
Lease liabilities	692,019	803,030	188,235	149,149	459,441	6,205
Long-term borrowings (including expires within one year)	3,103,108	3,311,286	333,714	362,375	2,615,197	-
Derivative financial liabilities						
Currency forward contracts	2,386	2,386	2,386	-	-	-
	<u>\$ 8,241,809</u>	<u>8,571,608</u>	<u>4,950,393</u>	<u>540,372</u>	<u>3,074,638</u>	<u>6,205</u>

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

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(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2026		December 31, 2025		March 31, 2025	
	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)
<u>Financial assets</u>						
<u>Monetary Items</u>						
USD	31.995	\$ 3,027,326	31.430	2,486,713	33.205	2,193,940
EUR	36.71	1,612,584	36.90	1,503,277	35.97	1,539,984
CNY	4.629	511,410	4.496	2,462,679	4.573	2,285,804
JPY	0.2005	9,134	0.2008	239,165	0.2227	222,600
GBP	42.27	1,716	42.33	12,796	43.05	11,667
HKD	4.081	-	4.038	458,262	4.268	422,009
		\$ 5,162,170		7,162,892		6,676,004
<u>Derivative financial instruments</u>						
USD	31.995	\$ 149	31.430	15	33.205	-
EUR	36.71	-	36.90	376	35.97	-
		\$ 149		391		-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	31.995	\$ 1,410,728	31.430	1,121,866	33.205	959,707
EUR	36.71	877,273	36.90	693,283	35.97	1,407,513
CNY	4.629	1,027,179	4.496	439,324	4.268	622,979
JPY	0.2005	66,808	0.2008	56,941	0.2227	72,052
GBP	42.27	1,997	42.33	-	43.05	-
HKD	4.081	-	4.038	-	4.573	1,487
		\$ 3,383,985		2,311,414		3,063,738
<u>Derivative financial instruments</u>						
USD	31.995	\$ 266	31.430	175	33.205	825
EUR	36.71	-	36.90	-	35.97	1,561
		\$ 266		175		2,386

2) Sensitivity analysis

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

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A strengthening (weakening) of 3% of the NTD against the foreign currency as of March 31, 2026 and 2025, would have increased or decreased the net profit before tax by \$53,342 thousand and \$108,296 thousand for the three months ended March 31, 2026 and 2025, 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 2025 (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 ended March 31, 2026 and 2025, foreign exchange gain (including realized and unrealized portions) amounted to \$45,112 thousand and \$58,110 thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased / decreased by 1 basis point, the Group's net profit before tax would have decreased by \$50,870 thousand and \$51,822 thousand for the three months ended March 31, 2026 and 2025, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(v) Other price risk

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

	For the three months ended March 31			
	2026		2025	
	Other consolidated profit or loss after tax	Net income	Other consolidated profit or loss after tax	Net income
<u>Security price on the reporting date</u>				
Increasing 1%	\$ -	1,988	-	1,631
Decreasing 1%	\$ -	(1,988)	-	(1,631)

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(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:

	March 31, 2026				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 90,364	90,364	-	-	90,364
Currency forward contracts	149	-	149	-	149
Fund in foreign markets	135,494	-	-	135,494	135,494
Subtotal	226,007	90,364	149	135,494	226,007
Financial assets measured at amortized cost					
Cash and cash equivalents	3,938,409	-	-	-	-
Accounts receivable	3,220,253	-	-	-	-
Other receivables	109,617	-	-	-	-
Other financial assets (including current and non-current)	230,524	-	-	-	-
Subtotal	7,498,803	-	-	-	-
Total	\$ 7,724,810	90,364	149	135,494	226,007
Financial liabilities at fair value through profit or loss	\$				
Currency forward contracts	266	-	266	-	266
Contingent Consideration in a Business Combination	59,143	-	-	59,143	59,143
Subtotal	59,409	-	266	59,143	59,409
Financial liabilities measured at amortized cost					
Accounts payable	1,659,493	-	-	-	-
Other payables	732,859	-	-	-	-
Lease liabilities	722,373	-	-	-	-
Borrowings	5,087,018	-	-	-	-
Subtotal	8,201,743	-	-	-	-
Total	\$ 8,261,152	-	266	59,143	59,409

(Continued)

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

December 31, 2025					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 60,053	60,053	-	-	60,053
Currency forward contracts	391	-	391	-	391
Fund in foreign markets	125,237	-	-	125,237	125,237
Subtotal	185,681	60,053	391	125,237	185,681
Financial assets measured at amortized cost					
Cash and cash equivalents	3,535,194	-	-	-	-
Notes and accounts receivable	3,314,972	-	-	-	-
Other receivables	113,308	-	-	-	-
Other financial assets (including current and non-current)	673,284	-	-	-	-
Subtotal	7,636,758	-	-	-	-
Total	<u>\$ 7,822,439</u>	<u>60,053</u>	<u>391</u>	<u>125,237</u>	<u>185,681</u>
Financial liabilities at fair value through profit or loss					
Currency forward contracts	\$ 175	-	175	-	175
Contingent Consideration in a Business Combination	67,420	-	-	67,420	67,420
Subtotal	67,595	-	175	67,420	67,595
Financial liabilities measured at amortized cost					
Accounts payable	1,656,680	-	-	-	-
Other payables	892,386	-	-	-	-
Lease liabilities	710,122	-	-	-	-
Borrowings	5,060,214	-	-	-	-
Subtotal	8,319,402	-	-	-	-
Total	<u>\$ 8,386,997</u>	<u>-</u>	<u>175</u>	<u>67,420</u>	<u>67,595</u>
March 31, 2025					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 90,325	90,325	-	-	90,325
Fund in foreign markets	90,955	-	-	90,955	90,955
Subtotal	181,280	90,325	-	90,955	181,280
Financial assets measured at amortized cost					
Cash and cash equivalents	3,652,300	-	-	-	-
Notes and accounts receivable	3,578,300	-	-	-	-
Other receivables	119,019	-	-	-	-
Other financial assets (including current and non-current)	270,561	-	-	-	-
Subtotal	7,620,180	-	-	-	-
Total	<u>\$ 7,801,460</u>	<u>90,325</u>	<u>-</u>	<u>90,955</u>	<u>181,280</u>

(Continued)

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

	March 31, 2025				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contract	\$ 2,386	-	2,386	-	2,386
Contingent Consideration in a Business Combination	93,198	-	-	93,198	93,198
Subtotal	95,584	-	2,386	93,198	95,584
Financial liabilities measured at amortized cost					
Accounts payable	1,550,308	-	-	-	-
Other payables	721,660	-	-	-	-
Lease liabilities	692,019	-	-	-	-
Borrowings	5,182,238	-	-	-	-
Subtotal	8,146,225	-	-	-	-
Total	<u>\$ 8,241,809</u>	<u>-</u>	<u>2,386</u>	<u>93,198</u>	<u>95,584</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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TAIWAN SEMICONDUCTOR CO., LTD.
Notes to the Consolidated Financial Statements

3) Fair value hierarchy transfer

There was no transfer from one level to another for the three months ended March 31, 2026 and 2025.

4) Reconciliation of Level 3 fair values

	Financial assets at fair value through profit or loss
Opening balance, January 1, 2026	\$ 125,237
Total gains or losses	
Recognized in profit or loss	2,424
Purchased	<u>7,833</u>
Ending balance, March 31, 2026	<u>\$ 135,494</u>
Opening balance, January 1, 2025	\$ 66,152
Total gains or losses	
Recognized in profit or loss	1,085
Purchased	<u>23,718</u>
Ending balance, March 31, 2025	<u>\$ 90,955</u>

For the three months ended March 31, 2026 and 2025, the total gains and losses that were included in "other gains and losses" were as follows:

	For the three months ended March 31	
	<u>2026</u>	<u>2025</u>
Total gains or losses		
Recognized in profit or loss (presented in "other gains and losses")	2,424	1,085

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

The Group's financial instruments that use Level 3 inputs to measure the fair value include the financial assets at fair value through profit and loss.

The Group's financial instruments that use Level 3 inputs have only one significant unobservable input.

(Continued)

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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	The higher the net asset value is, the higher the estimated fair value would be.

(w) Financial risk management

There were no significant changes with purpose and policy of financial risk management for the year ended December 31, 2025.

(x) 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, 2025. Also, they believe that for the three months ended March 31, 2026, 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, 2025 for other related information.

(y) 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 three months ended March 31, 2026 and 2025.

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2026	Cash flows	Non-cash changes			March 31, 2026
			Foreign exchange movement	Other	Changes in lease payments	
Short-term borrowings	\$ 1,540,103	226,888	-	-	-	1,766,991
Long-term borrowings	3,520,111	(178,775)	(21,309)	-	-	3,320,027
Lease liabilities	710,122	(45,029)	6,293	10,356	40,631	722,373
Deposit received	1,332	(49)	-	-	-	1,283
Total liabilities from financing activities	<u>\$ 5,771,668</u>	<u>3,035</u>	<u>(15,016)</u>	<u>10,356</u>	<u>40,631</u>	<u>5,810,674</u>

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

	January 1, 2025	Cash flows	Non-cash changes			March 31, 2025
			Foreign exchange movement	Other	Changes in lease payments	
Short-term borrowings	\$ 2,286,701	(207,571)	-	-	-	2,079,130
Long-term borrowings	3,294,570	(191,960)	498	-	-	3,103,108
Lease liabilities	702,602	(22,145)	(2,187)	13,089	660	692,019
Deposit received	1,970	36	-	-	-	2,006
Total liabilities from financing activities	<u>\$ 6,285,843</u>	<u>(421,640)</u>	<u>(1,689)</u>	<u>13,089</u>	<u>660</u>	<u>5,876,263</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 March 31	
	2026	2025
Short-term employment benefits	\$ 78,729	48,287
Post-employment benefits	695	638
Share-based payment	1,385	1,312
	<u>\$ 80,809</u>	<u>50,237</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	March 31, 2026	December 31, 2025	March 31, 2025
Property, plant and equipment	Borrowing	<u>\$ 108,775</u>	<u>70,201</u>	<u>87,273</u>

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

(9) Commitments and contingencies:

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

	March 31, 2026	December 31, 2025	March 31, 2025
NTD	\$ 3,320,480	3,320,480	2,108,000
USD	32,300	32,300	32,300

(b) As of March 31, 2026, December 31, and March 31, 2025, bank guarantees issued for TSC Auto ID Technology Co., Ltd. in relation to customs duty guarantees and other transactions amounted to \$4,000 thousand.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(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 March 31, 2026			For the three months ended March 31, 2025		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	297,570	485,743	783,313	286,038	445,227	731,265
Labor and health insurance	31,737	37,828	69,565	35,048	34,802	69,850
Pension	22,741	23,572	46,313	19,703	22,140	41,843
Remuneration of directors	-	9,779	9,779	-	7,460	7,460
Others	25,750	25,053	50,803	24,413	21,763	46,176
Depreciation	191,468	40,999	232,467	197,092	35,095	232,187
Amortization	1,401	50,092	51,493	1,938	52,150	54,088

(b) Seasonality of operation

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

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TAIWAN SEMICONDUCTOR CO., LTD.

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2026:

(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	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	MGN	Other receivables-related party	Yes	225,480	-	-	3.00 %	2	-	Operating capital	-	None	-	1,113,878	2,227,756
1	TSC Auto ID	MGN	Other receivables-related party	Yes	225,480	220,260	108,295	3.00 %	2	-	Repayment of bank loans	-	None	-	1,113,878	2,227,756
1	TSC Auto ID	MGN	Other receivables-related party	Yes	225,480	220,260	-	3.00 %	2	-	Repayment of bank loans	-	None	-	1,113,878	2,227,756
1	TSC Auto ID	MGN (formerly TSCPL)	Other receivables-related party	Yes	71,402	69,749	33,039	5.00 %	2	-	Repayment of bank loans	-	None	-	1,113,878	2,227,756
2	BB	BBES	Other receivables-related party	Yes	601	587	587	4.60 %	2	-	Repayment of bank loans	587	None	-	427,450	854,899
3	DLS	TSC Auto ID	Other receivables-related party	Yes	191,970	191,970	191,970	5.00 %	2	-	Repayment of bank loans	-	None	-	314,192	628,384

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.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	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	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 endorsement s (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
1	TSC Auto ID	TSCAA	2	2,227,756	191,970	191,970	-	-	3.45 %	3,341,633	Y	N	N
1	TSC Auto ID	MGN	2	2,227,756	239,963	239,963	-	-	4.31 %	3,341,633	Y	N	N
1	TSC Auto ID	MGN	2	2,227,756	239,963	239,963	-	-	4.31 %	3,341,633	Y	N	N
1	TSC Auto ID	MGN	2	2,227,756	1,503	1,468	-	-	0.03 %	3,341,633	Y	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: The total amount of endorsements and guarantees and the maximum amount permitted for any single entity shall not exceed 60% and 40%, respectively, of the TSC Auto ID's net worth as stated in the financial statements for the current period that have been audited or reviewed by the certified public accountant.

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TAIWAN SEMICONDUCTOR CO., LTD.

Notes to Consolidated Financial Statements

- (iii) Material securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Capital Money Market Fund	-	Financial assets at fair value through profit or loss-current	1,759	30,134	-	30,134	
The Company	Franklin Templeton Sinoam Money Market Fund		Financial assets at fair value through profit or loss-current	5,480	60,230	-	60,230	
The Company	Achi Capital Partners Fund LP		Financial assets at fair value through profit or loss-non-current	-	135,494	-	135,494	

- (iv) 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	TSCH	Subsidiary	Sale	(137,455)	(3) %		-		208,848	6%	
The Company	TSCA	Sub-subsidiary	Sale	(138,223)	(3) %		-		256,878	8%	
The Company	Yangxin Everwell	Sub-subsidiary	Purchase	561,752	19 %		-		(500,119)	(30)%	(Note 2)
The Company	Tianjin Everwell	Sub-subsidiary	Purchase	100,002	3 %		-		(15,840)	(1)%	
TSC Auto ID	TSCAE	Subsidiary	Sale	(305,121)	(7) %		-		803,034	25%	
TSC Auto ID	TSCAA	Subsidiary	Sale	(117,636)	(3) %		-		393,505	12%	
TSC Auto ID	TTSC	Subsidiary	Purchase	282,497	9 %		-		(284,925)	(17)%	

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 aforementioned transactions have been eliminated in the preparation of the consolidated financial statements.

- (v) 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 (Note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	TSCH	Subsidiary	208,848	2.63 %	-		48,311	-
The Company	TSCA	Sub-subsidiary	256,878	2.73 %	-		38,740	-
Yangxin Everwell	The Company	Sub-subsidiary	500,119	5.55 %	-		116,128	-
TSC Auto ID	TSCAE	Subsidiary	803,034	1.63 %	292,014		104,066	-
TSC Auto ID	TSCAA	Subsidiary	393,505	1.23 %	212,382		20,581	-
TSC Auto ID	MGN	Subsidiary	143,119	- %	-		-	-
TTSC	TSC Auto ID	Subsidiary	284,925	3.09 %	-		76,301	-

Note 1: Amount Collected as of April 30, 2026.

Note 2: The aforementioned transactions have been eliminated in the preparation of the consolidated financial statements.

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Notes to Consolidated Financial Statements

(vi) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	TSCE	1	Selling expenses-commission	39,153	Monthly payment	0.86%
0	The Company	TSCE	1	Accrued expenses	20,873		0.10%
0	The Company	TSCJ	1	Sales revenue	82,469	Note 3	1.81%
0	The Company	TSCJ	1	Accounts receivable	50,763		0.24%
0	The Company	TSCH	1	Sales revenue	137,455	Monthly payment	3.01%
0	The Company	TSCH	1	Accounts receivable	208,848		0.97%
0	The Company	TSCH	1	Other receivables	603		-%
0	The Company	TSCH	1	Accrued expenses	142		-%
0	The Company	TSCA	1	Sales revenue	138,223	Note 3	3.03%
0	The Company	TSCA	1	Selling expenses-commission	1,465		0.03%
0	The Company	TSCA	1	Accounts receivable	256,878		1.20%
0	The Company	TSCA	1	Other receivables	11,547		0.05%
0	The Company	TSCA	1	Accrued expenses	1,739		0.01%
0	The Company	TSCC	1	Sales revenue	62,507	Monthly payment	1.37%
0	The Company	TSCC	1	Accounts receivable	33,124		0.15%
0	The Company	TSCC	1	Other receivables	85		-%
0	The Company	TSCC	1	Purchase	80,007		1.75%
0	The Company	Yangxin Everwell	1	Purchase	561,752	Note 4	12.32%
0	The Company	Yangxin Everwell	1	Accounts payable	500,119	Note 5	2.33%
0	The Company	Tianjin Everwell	1	Purchase	100,002		2.19%
0	The Company	Tianjin Everwell	1	Accounts payable	15,840		0.07%
0	The Company	Tianjin Everwell	1	Other payable	63,310		0.29%
1	Yangxin Everwell	TSCC	3	Sales revenue	235,097	Note 3	5.15%
1	Yangxin Everwell	TSCC	3	Accounts receivable	270,082		1.26%
2	Tianjin Everwell	Yangxin Everwell	3	Sales revenue	47,401	Note 3	1.04%

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.

Note 6: The aforementioned transactions have been eliminated in the preparation of the consolidated financial statements.

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TAIWAN SEMICONDUCTOR CO., LTD.
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(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2026:

(In Thousands of New Taiwan Dollars)											
Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2026			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2026	December 31, 2025	Shares (thousands)	Percentage of ownership	Carrying value (Note 4)			
The Company	Ever Energetic	British Virgin Islands	Holding company and general import and export business	665,501	665,501	21,175	100.00 %	1,538,527	(8,334)	(8,334) (Note 6)	Subsidiary
The Company	Ever Winner	British Virgin Islands	Holding company and general import and export business	465,127	465,127	16,010	100.00 %	1,983,789	24,997	24,997 (Note 6)	Subsidiary
The Company	Skyrise	British Virgin Islands	Holding company and general import and export business	-	2,845	-	- %	-	-	- (Note 6)	Subsidiary
The Company	TSCE	Germany	General import and export business	10,972	10,972	-	100.00 %	59,367	(613)	(613) (Note 6)	Subsidiary
The Company	TSCJ	Japan	Trading of rectifiers	28,689	28,689	2	100.00 %	146,412	3,102	3,102 (Note 5)	Subsidiary
The Company	TSCH	Hong Kong	Holding company and trading of rectifiers	282,312	282,312	672	25.22 %	715,729	67,160	10,268 (Note 6)	Subsidiary
The Company	TSC Auto ID	Taiwan	Manufacture and sale of label printers	163,728	163,728	16,995	35.74 %	1,292,234	217,001	77,556 (Note 5)	Subsidiary
Ever Energetic	TSCA	United States	Trading of rectifiers	258,520	258,520	6,750	75.00 %	120,024	(43,987)	(32,991) (Note 6)	Subsidiary
Ever Energetic	TSCH	Hong Kong	Holding company and trading of rectifiers	571,628	571,628	985	36.96 %	1,375,059	67,160	24,822 (Note 6)	Subsidiary
Ever Winner	TSCA	United States	Trading of rectifiers	83,813	83,813	2,250	25.00 %	40,008	(43,987)	(10,996) (Note 6)	Subsidiary
Ever Winner	TSCC	China	Trading of rectifiers	4,461	4,461	-	100.00 %	472,240	10,760	10,760 (Note 6)	Subsidiary
Ever Winner	TSCH	Hong Kong	Holding company and trading of rectifiers	792,254	792,254	1,008	37.82 %	1,407,055	67,160	25,400 (Note 6)	Subsidiary
TSCH	Yangxin Everwell	China	Manufacture and sale of rectifiers	966,119	966,119	-	100.00 %	2,727,753	53,174	53,174 (Note 5)	Subsidiary
TSCH	Tianjin Everwell	China	Manufacture and sale of wafers	787,044	787,044	-	100.00 %	681,961	5,567	5,567 (Note 6)	Subsidiary
TSC Auto ID	TSCAE	Germany	Trading of label printer 、enterprise mobile computers and their parts	2,943	2,943	(Note 1)	100.00 %	2,010	(2,387)	(2,387) (Note 5)	Subsidiary
TSC Auto ID	TSCAA	United States	Trading of label printer 、enterprise mobile computers and their parts	1,096,621	1,096,621	16,000	100.00 %	1,116,797	(18,748)	(18,748) (Note 5)	Subsidiary
TSC Auto ID	TSC HK	Hong Kong	Holdind company and general import	47,468	47,468	12,711	100.00 %	849,368	4,289	4,289 (Note 5)	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 %	1,570,959	8,951	8,951 (Note 5)	Subsidiary
TSC Auto ID	TSCIN	India	Leasing of assets	2,791	2,791	710	100.00 %	1,551	101	101 (Note 5)	Subsidiary
TSC Auto ID	MGN	Poland	Customization of design, integration and marketing of label papers and other parts	498,227 (Note 7)	-	2	100.00 %	483,803	(9,952)	(9,952) (Note 5)	Subsidiary
TSC Auto ID	TSCPL	Poland	General investment	(Note 7)	498,227	-	- %	-	(1,088)	(1,088) (Note 5)	Subsidiary
TSC Auto ID	BB	South Korea	Trading of enterprise mobile computers and their parts	2,856,995	2,856,995	7,010	99.85 %	3,080,254	89,298	74,719 (Note 5)	Subsidiary
TSC Auto ID	BBMX	Mexico	Trading of enterprise mobile computers and their parts	(Note 3)	(Note 3)	(Note 1)	0.03 %	3	(2,866)	(1) (Note 5)	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Trading of label printers and other parts	8,234	8,234	(Note 1)	100.00 %	(16,575)	140	140 (Note 5)	Subsidiary
TSCAE	TSCAS	Spain	Leasing of assets	124	124	(Note 1)	100.00 %	4,013	152	152 (Note 5)	Subsidiary
DLS	PPL	United States	Trading of label papers and consumables for printers	115 (thousands USD)	115 (thousands USD)	850	100.00 %	61,272	1,956	1,956 (Note 5)	Subsidiary
TSCPL	MGN	Poland	Customization of design, integration and marketing of label papers and other parts	- (thousands PLN) (Note 7)	71,613 (thousands PLN)	(Note 1)	- %	-	(5,678)	(5,678) (Note 5)	Subsidiary

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TAIWAN SEMICONDUCTOR CO., LTD.
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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2026			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2026	December 31, 2025	Shares (thousands)	Percentage of ownership	Carrying value (Note 4)			
TSC HK	TTSC	China	Manufacture and sale of label printers and other parts	47,993	47,993	(Note 1)	100.00 %	860,638	4,290	4,290	Subsidiary
BB	BBMX	Mexico	Trading of enterprise mobile computers and their parts	5	5	(Note 1)	99.97 %	5	(2,866)	(2,865)	Subsidiary
BB	BBUS	United States	Collection of payments	2,920	2,920	(Note 2)	100.00 %	-	(47)	(47)	Subsidiary
BB	BBIN	India	Research and development, and design of mobile computers for enterprise use, and technical services	4,078	4,078	990	99.00 %	4,964	(358)	(355)	Subsidiary
BB	BBDE	Germany	Marketing support services	756	756	(Note 1)	100.00 %	-	1,265	1,265	Subsidiary
BB	BBES	Spain	Established in response to tender requirements	1,265	1,265	(Note 1)	100.00 %	1,054	(46)	(46)	Subsidiary
BB	BBJP	Japan	Trading of enterprise mobile computers and their parts	2,086	2,086	1	100.00 %	2,014	(136)	(136)	Subsidiary

Note 1: The company’s business license only specifies the amount of capital invested, without indicating the number of shares.

Note 2: The number of shares held is less than one thousand.

Note 3: The amount is less than one thousand dollars.

Note 4: The carrying value represents the net of unrealized intercompany profit.

Note 5: The amount was calculated using the equity method according to investee’s audited financial report.

Note 6: The amount was calculated using the equity method according to investee's non-reviewed financial report.

Note 7: MGN acquired 100% of the shares of TSCPL through a reverse acquisition with a consideration of 8,754 thousand. Upon completion of the transaction, TSC Auto ID Ltd., held a 100% equity interest in MGN. The transaction was duly registered with the Polish court on February 27, 2026, and became legally effective on that date.

- (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 (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2026	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2026	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	10,760	100.00%	10,760	472,240	709,512
Yangxin Everwell	Manufacture and sale of rectifiers	1,667,160	(2)	628,196	-	-	628,196	53,174	100.00%	53,174	2,727,753	250,864
Tianjin Everwell	Manufacture and sale of wafers	387,173	(2)	387,173	-	-	387,173	5,567	100.00%	5,567	681,961	452,102
TTSC	Manufacture and sale of label printers and other parts	48,605	(2)	47,993	-	-	47,993	4,290	35.74%	1,533	860,638	998,407

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

Note 2: Excluding the capitalization of retained earnings in the amount of \$40,058 thousand.

- (ii) Limitation on investment in China:

Accumulated Investment in China as of March 31, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,088,133	2,143,109	4,748,137

Note : Achi Capital Partners Fund LP, an investee of the Company, shifted to invest in China. Therefore, the Company increased USD 773 thousand of the investment amount authorized by the Investment Commission MOEA. Another additional investment of NTD 8,576 thousand (USD 268 thousand) has been remitted and is currently under review by the Investment Commission MOEA.

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(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”.

(14) Segment information:

For the three months ended March 31				
2026				
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 1,624,904	2,765,516	-	4,390,420
Intersegment revenues	1,464	23	(1,487)	-
Total revenue	<u>\$ 1,626,368</u>	<u>2,765,539</u>	<u>(1,487)</u>	<u>4,390,420</u>
Reported segment profit and loss	<u>\$ 126,807</u>	<u>267,062</u>	<u>-</u>	<u>393,869</u>
For the three months ended March 31				
2025				
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 1,651,782	2,856,076	-	4,507,858
Intersegment revenues	1,347,263	17	(1,347,280)	-
Total revenue	<u>\$ 2,999,045</u>	<u>2,856,093</u>	<u>(1,347,280)</u>	<u>4,507,858</u>
Reported segment profit and loss	<u>\$ 96,032</u>	<u>226,517</u>	<u>-</u>	<u>322,549</u>
Reported segment assets				
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
March 31, 2026	<u>\$ 23,825,364</u>	<u>12,854,472</u>	<u>(15,204,885)</u>	<u>21,474,951</u>
December 31, 2025	<u>\$ 23,421,749</u>	<u>12,649,871</u>	<u>(14,876,345)</u>	<u>21,195,275</u>
March 31, 2025	<u>\$ 23,229,790</u>	<u>12,586,373</u>	<u>(14,272,773)</u>	<u>21,543,390</u>