

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2025 and 2024**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of TAIWAN SEMICONDUCTOR CO., LTD. (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, as well as the changes in equity and cash flows for the six months ended June 30, 2025 and 2024, 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 \$5,310,591 thousand and \$2,912,205 thousand, constituting 26.00% and 16.35% of the consolidated total assets; and the total liabilities amounting to \$951,440 thousand and \$451,014 thousand, constituting 8.82% and 6.14% of the consolidated total liabilities as of June 30, 2025 and 2024, respectively; as well as total comprehensive income (loss) amounting to \$164,276 thousand, \$57,342 thousand, \$230,469 thousand and \$37,332 thousand, constituting (22.35)%, 16.87%, (76.97)% and 5.10% of the consolidated total comprehensive income (loss) for the six months ended June 30, 2025 and 2024, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of other auditors (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2025 and 2024 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 \$2,334,779 thousand, constituting 11.43% of the consolidated total assets as of June 30, 2025, respectively; and the total revenues amounting to \$933,600 thousand and \$1,871,126 thousand, constituting 19.82% and 20.30% of the consolidated total revenues for the three months and six months ended June 30, 2025, respectively.

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 \$8,090,583 thousand, constituting 45.43% of the consolidated total assets as of June 30, 2024, respectively; and the total revenues amounting to \$2,068,983 thousand and \$3,944,435 thousand, constituting 55.82% and 56.23% of the consolidated total revenues for the three months and six months ended June 30, 2024, respectively.

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

KPMG

Taipei, Taiwan (Republic of China)
August 8, 2025

Notes to Readers

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

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

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2025, December 31, 2024, and June 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2025		December 31, 2024		June 30, 2024				June 30, 2025		December 31, 2024		June 30, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 3,435,082	17	3,524,621	16	3,167,793	18	2100	Short-term borrowings (note 6(j))	\$ 1,993,995	10	2,286,701	11	1,034,417	6
1110	Current financial assets at fair value through profit or loss (note 6(b))	80,225	-	20,132	-	125,527	1	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	35,667	-	70,121	-	55,009	-
1150	Notes receivable, net (note 6(c) and (r))	2,508	-	12	-	18	-	2170	Accounts payable	1,545,996	8	1,374,344	6	1,458,081	8
1170	Accounts receivable, net (note 6(c) and (r))	3,330,414	16	3,365,399	16	2,668,569	15	2200	Other payables (note 6(l))	1,653,917	8	939,090	4	1,740,646	9
1200	Other receivables	49,741	-	92,526	-	53,070	-	2230	Current tax liabilities	286,649	1	262,800	1	276,575	2
1220	Current tax assets	104,517	1	92,323	-	45,548	-	2280	Lease liabilities, current (note 6(m))	119,863	1	134,573	1	101,404	-
130X	Inventories (note 6(d))	3,627,456	18	3,878,007	18	3,623,373	21	2322	Long-term borrowings, current portion (note 6(k))	321,907	2	314,125	1	215,125	1
1410	Prepayments	336,076	2	336,591	2	173,000	1	2399	Other current liabilities	358,374	2	366,583	2	216,352	1
1470	Other current assets	7,032	-	21,671	-	-	-			6,316,368	32	5,748,337	26	5,097,609	27
1476	Other current financial assets (note 6(b))	490,920	2	401,899	2	46,175	-	Non-Current liabilities:							
		11,463,971	56	11,733,181	54	9,903,073	56	2500	Non-current financial liabilities at fair value through profit or loss (note 6(b))	27,176	-	26,784	-	20,718	-
Non-current assets:								2540	Long-term borrowings (note 6(k))	2,757,449	13	2,980,445	14	952,037	5
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	89,471	-	66,152	-	33,676	-	2570	Deferred tax liabilities	1,128,146	6	1,188,571	6	983,539	6
1600	Property, plant and equipment (note 6(f))	4,083,948	20	4,414,437	21	4,392,762	24	2580	Lease liabilities, non-current (note 6(m))	459,875	2	568,029	3	209,549	1
1755	Right-of-use assets (note 6(g))	567,455	3	701,081	4	335,808	2	2640	Net defined benefit liabilities, non-current	28,868	-	21,033	-	23,935	1
1805	Goodwill (note 6(i))	1,889,600	9	2,029,444	9	1,407,140	8	2670	Other non-current liabilities	67,617	-	62,216	-	59,065	-
1822	Intangible assets (note 6(h))	1,035,460	5	1,148,483	6	499,410	3			4,469,131	21	4,847,078	23	2,248,843	13
1840	Deferred tax assets	766,938	4	729,049	3	527,799	3	Total liabilities		10,785,499	53	10,595,415	49	7,346,452	40
1980	Other non-current financial assets (note 6(b))	122,410	1	281,206	1	363,817	2	Stockholder' equity attributable to parent:							
1990	Other non-current assets	407,607	2	437,009	2	344,317	2	(note 6(p))							
		8,962,889	44	9,806,861	46	7,904,729	44	3110	Common stock	2,634,854	13	2,634,854	12	2,634,854	15
								3200	Capital surplus	2,282,621	11	2,252,984	11	2,246,169	13
								3300	Retained earnings	3,381,756	17	3,751,072	17	3,518,279	20
								3400	Other stockholders' equity	(741,693)	(4)	(244,678)	(1)	(253,737)	(1)
								3500	Treasury shares	(741,295)	(4)	(599,878)	(3)	(599,878)	(3)
								Total equity attributable to owners of parent		6,816,243	33	7,794,354	36	7,545,687	44
								36XX	Non-controlling interests (note 6(e))	2,825,118	14	3,150,273	15	2,915,663	16
								Total equity		9,641,361	47	10,944,627	51	10,461,350	60
Total assets		\$ 20,426,860	100	21,540,042	100	17,807,802	100	Total liabilities and equity		\$ 20,426,860	100	21,540,042	100	17,807,802	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 six months ended June 30, 2025 and 2024

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

		For the three months ended June 30				For the six months ended June 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Total sales revenue (note 6(r))	\$ 4,829,403	103	3,706,192	104	9,466,197	103	7,014,694	104
4190	Less: Sales discounts and allowances	<u>120,979</u>	<u>3</u>	<u>127,844</u>	<u>4</u>	<u>249,915</u>	<u>3</u>	<u>265,486</u>	<u>4</u>
	Net operating revenues	4,708,424	100	3,578,348	100	9,216,282	100	6,749,208	100
5000	Cost of goods sold (note 6(d))	<u>3,319,411</u>	<u>70</u>	<u>2,478,332</u>	<u>69</u>	<u>6,604,033</u>	<u>72</u>	<u>4,747,743</u>	<u>70</u>
	Gross profit	1,389,013	30	1,100,016	31	2,612,249	28	2,001,465	30
6000	Operating expenses (notes 6(n) and (t)):								
6100	Selling expenses	521,707	11	400,073	11	1,014,770	11	765,982	11
6200	Administrative expenses	231,878	5	214,848	6	459,633	5	416,103	6
6300	Research and development expenses	192,464	4	110,393	3	389,067	4	208,107	3
6450	Expected credit (gains) losses (note 6(c))	<u>858</u>	<u>-</u>	<u>(937)</u>	<u>-</u>	<u>2,951</u>	<u>-</u>	<u>(487)</u>	<u>-</u>
		<u>946,907</u>	<u>20</u>	<u>724,377</u>	<u>20</u>	<u>1,866,421</u>	<u>20</u>	<u>1,389,705</u>	<u>20</u>
	Operating income	442,106	10	375,639	11	745,828	8	611,760	10
	Non-operating income and expenses (note 6(s)):								
7100	Interest income	17,697	-	13,818	-	23,956	-	20,424	-
7010	Other income	24,090	1	7,890	1	33,716	-	19,591	-
7020	Other gains and losses	(177,605)	(3)	21,163	1	(124,926)	(1)	82,556	1
7050	Finance costs	<u>(41,676)</u>	<u>(1)</u>	<u>(21,803)</u>	<u>(1)</u>	<u>(91,413)</u>	<u>(1)</u>	<u>(42,468)</u>	<u>(1)</u>
		<u>(177,494)</u>	<u>(3)</u>	<u>21,068</u>	<u>1</u>	<u>(158,667)</u>	<u>(2)</u>	<u>80,103</u>	<u>-</u>
	Profit before income tax	264,612	7	396,707	12	587,161	6	691,863	10
7950	Less: Income tax expenses (note 6(o))	<u>76,177</u>	<u>2</u>	<u>126,809</u>	<u>4</u>	<u>162,677</u>	<u>2</u>	<u>215,185</u>	<u>3</u>
	Profit	188,435	5	269,898	8	424,484	4	476,678	7
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	(1,026,206)	(22)	79,603	2	(800,150)	(9)	290,825	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	<u>102,869</u>	<u>2</u>	<u>(9,586)</u>	<u>-</u>	<u>76,254</u>	<u>1</u>	<u>(35,141)</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>(923,337)</u>	<u>(20)</u>	<u>70,017</u>	<u>2</u>	<u>(723,896)</u>	<u>(8)</u>	<u>255,684</u>	<u>4</u>
	Total comprehensive income	\$ (734,902)	(15)	339,915	10	(299,412)	(4)	732,362	11
	Net income attributable to:								
	Owners of the parent	\$ 41,180	2	123,824	4	157,655	1	228,387	3
	Non-controlling interests (note 6(e))	<u>147,255</u>	<u>3</u>	<u>146,074</u>	<u>4</u>	<u>266,829</u>	<u>3</u>	<u>248,291</u>	<u>4</u>
		<u>\$ 188,435</u>	<u>5</u>	<u>269,898</u>	<u>8</u>	<u>424,484</u>	<u>4</u>	<u>476,678</u>	<u>7</u>
	Total comprehensive income attributable to:								
	Owners of the parent	\$ (585,577)	(12)	169,329	5	(339,360)	(4)	394,180	6
	Non-controlling interests (note 6(e))	<u>(149,325)</u>	<u>(3)</u>	<u>170,586</u>	<u>5</u>	<u>39,948</u>	<u>-</u>	<u>338,182</u>	<u>5</u>
		<u>\$ (734,902)</u>	<u>(15)</u>	<u>339,915</u>	<u>10</u>	<u>(299,412)</u>	<u>(4)</u>	<u>732,362</u>	<u>11</u>
	Basic earnings per common share (NT dollars) (note 6(u))	\$ 0.17		0.50		0.64		0.92	
	Diluted earnings per common share (NT dollars) (note 6(u))	\$ 0.17		0.50		0.64		0.92	

See accompanying notes to financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2025 and 2024****(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, 2024	\$ 2,634,854	2,209,251	1,129,743	531,125	2,155,995	3,816,863	(419,530)	(506,043)	7,735,395	2,964,073	10,699,468
Net income	-	-	-	-	228,387	228,387	-	-	228,387	248,291	476,678
Other comprehensive income	-	-	-	-	-	-	165,793	-	165,793	89,891	255,684
Total comprehensive income	-	-	-	-	228,387	228,387	165,793	-	394,180	338,182	732,362
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	(93,835)	(93,835)	-	(93,835)
Appropriation and distribution of retained earnings:											
Provision of legal reserve	-	-	71,521	-	(71,521)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(526,971)	(526,971)	-	-	(526,971)	-	(526,971)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	31,920	-	-	-	-	-	-	31,920	-	31,920
Changes in equity of affiliate accounted for using equity method	-	4,998	-	-	-	-	-	-	4,998	-	4,998
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(386,592)	(386,592)
Balance at June 30, 2024	<u>\$ 2,634,854</u>	<u>2,246,169</u>	<u>1,201,264</u>	<u>531,125</u>	<u>1,785,890</u>	<u>3,518,279</u>	<u>(253,737)</u>	<u>(599,878)</u>	<u>7,545,687</u>	<u>2,915,663</u>	<u>10,461,350</u>
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	-	-	-	-	157,655	157,655	-	-	157,655	266,829	424,484
Other comprehensive income	-	-	-	-	-	-	(497,015)	-	(497,015)	(226,881)	(723,896)
Total comprehensive income	-	-	-	-	157,655	157,655	(497,015)	-	(339,360)	39,948	(299,412)
Purchase of treasury shares	-	-	-	-	-	-	-	(141,417)	(141,417)	-	(141,417)
Provision of legal reserve	-	-	46,118	-	(46,118)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(228,976)	228,976	-	-	-	-	-	-
Cash dividends	-	-	-	-	(526,971)	(526,971)	-	-	(526,971)	-	(526,971)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	31,920	-	-	-	-	-	-	31,920	-	31,920
Changes in equity of affiliate accounted for using equity method	-	(2,283)	-	-	-	-	-	-	(2,283)	-	(2,283)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(365,103)	(365,103)
Balance at June 30, 2025	<u>\$ 2,634,854</u>	<u>2,282,621</u>	<u>1,247,382</u>	<u>302,149</u>	<u>1,832,225</u>	<u>3,381,756</u>	<u>(741,693)</u>	<u>(741,295)</u>	<u>6,816,243</u>	<u>2,825,118</u>	<u>9,641,361</u>

See accompanying notes to financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 587,161	691,863
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	458,579	440,001
Amortization expense	122,167	54,613
Expected credit (gains) losses	2,951	(487)
Net loss on financial assets or liabilities at fair value through profit or loss	10,335	7,022
Interest expense	90,526	41,790
Interest income	(23,956)	(20,424)
Losses on disposal of property, plant and equipment	22,420	5,399
Reversal of impairment gain on non-financial assets	(1,744)	(2,034)
Others	(2,283)	4,998
Total adjustments to reconcile profit (loss)	678,995	530,878
Changes in operating assets and liabilities:		
Increases and decreases in financial assets/liabilities at fair value through profit or loss	(96,290)	(105,113)
(Increase) decrease in notes receivable	(2,496)	289
(Increase) decrease in accounts receivable	32,034	(92,413)
Decrease in other receivables	42,767	19,284
(Increase) decrease in inventories	250,551	(272,083)
(Increase) decrease in prepayments	515	(35,832)
Decrease in other current assets	14,639	-
Decrease in other financial assets	142,080	40,365
Increase in accounts payable	171,652	101,292
Decrease in other payable	(84,877)	(81,721)
Decrease in other current liabilities	(12,535)	(45,011)
Increase (decrease) in net defined benefit liabilities	7,835	(15,400)
Increase in other non-current liabilities	9,637	11,262
Total adjustments	1,154,507	55,797
Cash inflow generated from operations	1,741,668	747,660
Interest received	23,974	20,411
Interest paid	(78,019)	(34,237)
Income taxes paid	(249,336)	(153,483)
Net cash flows from operating activities	1,438,287	580,351
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(31,518)	(11,594)
Acquisition of property, plant and equipment	(123,534)	(98,662)
Proceeds from disposal of property, plant and equipment	2,668	1,105
Acquisition of intangible assets	(23,686)	(8,643)
(Increase) decrease in other financial assets	(72,305)	52,732
Decrease in other non-current assets	7,809	68,768
Increase in prepayments for equipment	(51,473)	(174,997)
Net cash flows from (used in) investing activities	(292,039)	(171,291)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(292,706)	(586,978)
Proceeds from long-term borrowings	952,235	339,590
Repayments of long-term borrowings	(1,167,520)	(319,908)
Repayments of lease principals	(27,340)	(75,512)
Increase (decrease) in guarantee deposits received	(758)	72
Repurchase of treasury shares	(141,417)	(93,835)
Change in non-controlling interests	(34,189)	5,324
Net cash flows used in financing activities	(711,695)	(731,247)
Effect of exchange rate changes on cash and cash equivalents	(524,092)	106,533
Net decrease in cash and cash equivalents	(89,539)	(215,654)
Cash and cash equivalents at the beginning of period	3,524,621	3,383,447
Cash and cash equivalents at the end of period	\$ 3,435,082	3,167,793

See accompanying notes to financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

(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 issuance by the Board of Directors on August 8, 2025.

(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, 2025:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

(Continued)

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

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

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

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

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
	<ul style="list-style-type: none"> 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. 	

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”

(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, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding			Instruction
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Ever Energetic Int'l Ltd. (Ever Energetic)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	Note 3
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 3
The Company	Skyrise Int'l Ltd. (Skyrise)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	Note 3

(Continued)

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

Name of Investor	Name of subsidiary	Principal activity	Shareholding			Instruction
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Taiwan Semiconductor Europe GmbH (TSCE)	General import and export business	100.00 %	100.00 %	100.00 %	Note 3
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 3
The Company	TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Manufacture and sale of bar code printers	35.75 %	35.87 %	36.04 %	-
Ever Energetic	TSCH	Holding company and trading of rectifiers	36.96 %	36.96 %	36.96 %	Note 3
Ever Energetic	TSC America, Inc.(TSCA)	Trading of rectifiers	75.00 %	75.00 %	75.00 %	Note 3
Ever Winner	TSCH	Holding company and trading of rectifiers	37.82 %	37.82 %	37.82 %	Note 3
Ever Winner	TSCA	Trading of rectifiers	25.00 %	25.00 %	25.00 %	Note 3
Ever Winner	Shanghai Great Technology Trading Co., Ltd. (TSCC)	Trading of rectifiers	100.00 %	100.00 %	100.00 %	Note 3
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 3
TSC Auto ID	TSC Auto ID Technology EMEA GmbH (TSCAE)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID (H.K.) Ltd. (TSC HK)	Holding company and general import and export business	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto Technology America Inc. (TSCAA)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	Printronix Auto ID Technology Co., Ltd. (Printronix AD)	Trading of bar code printers and other parts	-	-	100.00 %	Note 1
TSC Auto ID	Diversified Labeling Solutions, Inc. (DLS)	Customization of design, integration and marketing of label papers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID Technology India Private limited (TSCIN)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	Mosfortico Investments sp. z o.o. (TSCPL)	General investment	100.00 %	100.00 %	100.00 %	-
TSC Auto ID	Bluebird Inc. (BB)	Production and sales of mobile computers and their parts for enterprise	99.85 %	96.54 %	-	Note 3
TSC Auto ID and BB	Bluebird Latin America S. de R.L. de CV (BBMX)	Production and sales of mobile computers and their parts for enterprise	100.00 %	100.00 %	-	Note 2、3
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSCAE	TSC Auto ID Technology Spain, S.L. (TSCAS)	Trading of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (TTSC)	Manufacture and sale of bar code printers and other parts	100.00 %	100.00 %	100.00 %	-
DLS	Precision Press & Label, Inc. (PPL)	Sale of bar code printers, label papers, other parts	100.00 %	100.00 %	100.00 %	-
TSCPL	MGN sp. z o.o. (MGN)	Customization of design, integration and marketing of label papers and other parts	100.00 %	100.00 %	100.00 %	-
BB	Bluebird USA Inc. (BBUS)	Production and sales of mobile computers and their parts for enterprise	100.00 %	100.00 %	-	Note 3
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 %	-	Note 3
BB	Bluebird Germany GmbH (BBDE)	Production and sales of mobile computers and their parts for enterprise	100.00 %	100.00 %	-	Note 3
BB	Bluebird Europe SL (BBES)	Production and sales of mobile computers and their parts for enterprise	100.00 %	100.00 %	-	Note 3
BB	Bluebird Japan Co., Ltd. (BBJP)	Production and sales of mobile computers and their parts for enterprise	100.00 %	- %	- %	Note 3

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

Note 1 : In May 2024, Printronix AD's board of directors resolved to dissolve and liquidate one of its subsidiaries, which has been reported to the court thereafter.

Note 2 : In November 2024, TSC Auto ID, through a business combination, acquired its South Korean subsidiary, BB, who holds a 99.97% equity interest in BBMX, with the remaining 0.03% being purchased by TSC Auto ID, resulting in both companies to jointly hold the entire shares of BBMX.

Note 3 : Since it is a non-significant subsidiary, its financial statements for the three months ended March 31, 2025 have not been reviewed by the certified public accountant.

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

(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.

(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, 2024. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2024.

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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, 2024. Please refer to the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash and pretty cash	\$ 499	826	790
Checking and demand deposits	2,864,650	2,978,256	2,311,390
Repurchase agreement	-	-	200,000
Time deposits	1,142,673	1,127,679	966,763
Less: Time deposits with an original maturity date of more than three months (note 6(b))	(572,740)	(582,140)	(311,150)
	<u><u>\$ 3,435,082</u></u>	<u><u>3,524,621</u></u>	<u><u>3,167,793</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificates	\$ 80,225	20,089	125,443
Currency forward contracts	-	43	84
	<u><u>\$ 80,225</u></u>	<u><u>20,132</u></u>	<u><u>125,527</u></u>
Other financial assets:			
Time deposits with an original maturity date of more than three months to one year	\$ 490,920	358,240	-
Other (note)	-	43,659	46,175
	<u><u>\$ 490,920</u></u>	<u><u>401,899</u></u>	<u><u>46,175</u></u>

(Continued)

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Mandatorily measured at fair value through profit or loss:			
Contingent consideration	\$ 35,014	68,931	54,497
Currency forward contracts	<u>653</u>	<u>1,190</u>	<u>512</u>
	<u>\$ 35,667</u>	<u>70,121</u>	<u>55,009</u>
Non-current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Fund in foreign markets	<u>\$ 89,471</u>	<u>66,152</u>	<u>33,676</u>
Other financial assets:			
Time deposits with an original maturity date of more than one year	\$ 81,820	223,900	311,150
Refundable deposits	<u>40,590</u>	<u>57,306</u>	<u>52,667</u>
	<u>\$ 122,410</u>	<u>281,206</u>	<u>363,817</u>
Mandatorily measured at fair value through profit or loss:			
Contingent consideration	<u>\$ 27,176</u>	<u>26,784</u>	<u>20,718</u>

Note: TSC Auto ID merged with, and acquired the entire equity interest of, MGN on June 12, 2023, where it made its final payment of EUR1,292 thousand, to a custodian account managed by a third party. To ensure that both parties have fulfilled their obligations under the acquisition agreement, the custodian account were settled on January 7, 2025.

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):

<u>June 30, 2025</u>				
	<u>Contract amount</u>		<u>Currency</u>	<u>Contract period</u>
Selling/buying forward USD	1,000 / NTD	29,247	USD to NTD	2025.07
<u>December 31, 2024</u>				
	<u>Contract amount</u>		<u>Currency</u>	<u>Contract period</u>
Selling/buying forward USD	6,000 / NTD	195,407	USD to NTD	2025.01
Selling/buying forward EUR	1,000 / NTD	34,154	EUR to NTD	2025.01

(Continued)

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

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

(c) Notes and accounts receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 2,508	12	18
Accounts receivable	3,394,870	3,429,545	2,716,100
Less: Allowance for impairment	(64,456)	(64,146)	(47,531)
	<u>\$ 3,332,922</u>	<u>3,365,411</u>	<u>2,668,587</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:

June 30, 2025			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,347,209	0.36%	5,223
1 to 90 days past due	93,230	1.42%	1,327
91 to 180 days past due	332	66.92%	222
181 to 270 days past due	17	5.00%	1
271 to 365 days past due	35	50.00%	18
	<u>\$ 1,440,823</u>		<u>6,791</u>

December 31, 2024			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,478,634	0.29%	4,281
1 to 90 days past due	102,982	1.01%	1,038
91 to 180 days past due	387	50.00%	194
	<u>\$ 1,582,003</u>		<u>5,513</u>

(Continued)

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

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

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

	June 30, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,598,341	0.60%	9,583
1 to 90 days past due	227,057	1.00%	2,271
91 to 180 days past due	16,811	3.00%	504
181 to 270 days past due	68,260	5.00%	3,413
271 to 365 days past due	4,658	10.00%	466
More than 365 days past due	41,428	100.00%	41,428
	\$ 1,956,555		57,665

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,369,204	0.88%	11,999
1 to 90 days past due	399,486	1.00%	3,995
91 to 180 days past due	22,192	3.00%	666
181 to 270 days past due	12,949	5.00%	647
271 to 365 days past due	2,663	10.00%	266
More than 365 days past due	41,060	100.00%	41,060
	\$ 1,847,554		58,633

(Continued)

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

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

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

	For the six months ended June 30	
	2025	2024
Balance on January 1, 2025 and 2024	\$ 64,146	46,449
Impairment losses recognized	2,951	(487)
Recovery of written-off bad debts	-	61
Amounts written off	-	(6)
Foreign exchange gains	<u>(2,641)</u>	<u>1,514</u>
Balance on June 30, 2025 and 2024	<u>\$ 64,456</u>	<u>47,531</u>

As of June 30, 2025, December 31 and June 30, 2024, the Group does not regard as any collateral or discount for notes and trade receivable.

(d) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Finished goods	\$ 1,358,131	1,710,762	1,744,726
Semi-finished goods and work in process	832,778	664,694	580,792
Raw material and supplies	1,254,408	1,212,681	1,104,971
Inventories in transit	<u>182,139</u>	<u>289,870</u>	<u>192,884</u>
	<u>\$ 3,627,456</u>	<u>3,878,007</u>	<u>3,623,373</u>

Raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sales amounted to \$3,205,568 thousand, \$2,430,170 thousand, \$6,452,343 thousand and \$4,634,695 thousand for the three months ended June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024, respectively.

(Continued)

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

During the three months ended June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024, the write-down of inventories to net realizable value amounting to \$113,843 thousand, \$48,162 thousand, \$151,690 thousand and \$113,048 thousand, respectively.

As of June 30, 2025, December 31 and June 30, 2024, the Group did not provide any inventories as collateral for its loans.

(e) The significant non-controlling interests of subsidiaries

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

Name of subsidiary	Country	Percentage of non-controlling interests on ownership interests and voting rights		
		June 30, 2025	December 31, 2024	June 30, 2024
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Taiwan	64.25 %	64.13 %	63.96 %

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:

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 5,796,223	5,948,499	4,296,605
Non-current assets	6,262,753	6,757,364	5,040,310
Current liabilities	(4,262,612)	(3,834,188)	(2,893,700)
Non-current liabilities	(3,254,053)	(3,770,396)	(1,293,920)
Net assets	\$ 4,542,311	5,101,279	5,149,295
Non-controlling interests	\$ 2,825,118	3,150,273	2,915,663

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Sales revenue	\$ 3,081,540	2,068,983	5,937,633	3,944,469
Net income	\$ 228,287	228,477	413,625	388,257
Other comprehensive income	(440,911)	65,476	(435,255)	(97,702)
Comprehensive income	\$ (212,624)	293,953	(21,630)	290,555
Net income attributable to non-controlling interests	\$ 147,255	146,113	266,829	248,291
Comprehensive income attributable to non-controlling interests	\$ (149,325)	170,634	39,948	338,182

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

	For the six months ended June 30	
	2025	2024
Cash flows from operating activities	\$ 819,962	522,221
Cash flows used in investing activities	(184,800)	(196,697)
Cash flows used in financing activities	(610,384)	(242,028)
Effect of exchange rate changes on cash and cash equivalents	(254,435)	20,025
Net increase (decrease) in cash and cash equivalents	<u><u>\$ (229,657)</u></u>	<u><u>103,521</u></u>

(f) Property, plant and equipment

	Land	Building and construction	Machinery and equipment	Total
Cost or deemed cost:				
Balance at 1 January, 2025	\$ 866,666	1,546,272	9,098,439	11,511,377
Additions	-	273	123,261	123,534
Disposals	-	-	(71,056)	(71,056)
Write-off	-	-	(277,444)	(277,444)
Others (including capitalized interest)	-	-	73,802	73,802
Effect of movement in exchange rates	73	(38,651)	(401,634)	(440,212)
Balance at June 30, 2025	<u><u>\$ 866,739</u></u>	<u><u>1,507,894</u></u>	<u><u>8,545,368</u></u>	<u><u>10,920,001</u></u>
Balance at 1 January, 2024(restated)	\$ 866,547	1,523,635	8,108,746	10,498,928
Additions	-	2,669	95,993	98,662
Disposals	-	-	(15,038)	(15,038)
Write-off	-	-	(72,310)	(72,310)
Others (including capitalized interest)	-	(1,380)	201,141	199,761
Effect of movement in exchange rates	71	12,926	141,358	154,355
Balance at June 30, 2024	<u><u>\$ 866,618</u></u>	<u><u>1,537,850</u></u>	<u><u>8,459,890</u></u>	<u><u>10,864,358</u></u>
Accumulated depreciation and impairment loss:				
Balance at 1 January, 2025	\$ -	659,473	6,437,467	7,096,940
Depreciation for the year	-	21,551	345,185	366,736
Impairment gains	-	-	(1,744)	(1,744)
Disposals	-	-	(68,619)	(68,619)
Write-off	-	-	(254,793)	(254,793)
Effect of movement in exchange rates	-	(15,321)	(287,146)	(302,467)
Balance at June 30, 2025	<u><u>\$ -</u></u>	<u><u>665,703</u></u>	<u><u>6,170,350</u></u>	<u><u>6,836,053</u></u>
Balance at 1 January, 2024(restated)	\$ -	606,480	5,484,551	6,091,031
Depreciation for the year	-	23,385	346,649	370,034
Impairment gains	-	-	(2,034)	(2,034)
Disposals	-	-	(12,959)	(12,959)
Write-off	-	-	(67,885)	(67,885)
Effect of movement in exchange rates	-	4,506	88,903	93,409
Balance at June 30, 2024	<u><u>\$ -</u></u>	<u><u>634,371</u></u>	<u><u>5,837,225</u></u>	<u><u>6,471,596</u></u>

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

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Total</u>
Carrying amount:				
Balance at January 1, 2025	\$ 866,666	886,799	2,660,972	4,414,437
Balance at June 30, 2025	\$ 866,739	842,191	2,375,018	4,083,948
Balance at January 1, 2024 (restated)	\$ 866,547	917,155	2,624,195	4,407,897
Balance at June 30, 2024	\$ 866,618	903,479	2,622,665	4,392,762

- (i) As of June 30, 2025, December 31 and June 30, 2024, 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 six months ended June 30, 2025, and 2024 were \$492 thousand, \$413 thousand, \$736 thousand and \$875 thousand, respectively, both at a rate of 1.74% and 1.50%.

(g) Right-of-use assets

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2025	\$ 7,987	666,408	16,038	10,648	701,081
Balance at June 30, 2025	\$ 7,130	533,904	14,825	11,596	567,455
Balance at January 1, 2024	\$ 8,071	150,755	17,493	12,976	189,295
Balance at June 30, 2024	\$ 8,110	298,197	17,506	11,995	335,808

(h) Intangible assets

	<u>Acquired special technology</u>	<u>Customer relationship</u>	<u>Patent</u>	<u>Software</u>	<u>Trademarks rights</u>	<u>Other</u>	<u>Total</u>
Carrying amount:							
Balance at January 1, 2025	\$ 742,592	152,650	102,168	81,934	80	69,059	1,148,483
Balance at June 30, 2025	\$ 683,384	128,375	88,930	65,845	40	68,886	1,035,460
Balance at January 1, 2024(restated)	\$ 412,348	136,272	-	29,425	-	-	578,045
Balance at June 30, 2024	\$ 352,041	123,734	-	23,635	-	-	499,410

(i) Goodwill

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Cost			
Beginning balance	\$ 2,029,444	1,339,762	1,339,762
Acquisition through business combinations	-	638,578	-
Effect of movement in exchange rates	(139,844)	51,104	67,378
Ending balance	\$ 1,889,600	2,029,444	1,407,140

(Continued)

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
CGU Rectifiers	\$ 74,891	83,799	82,942
CGU Bar Code Printers	1,814,709	1,945,645	1,324,198
	\$ 1,889,600	2,029,444	1,407,140

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

	June 30, 2025	December 31, 2024	June 30, 2024
Printer business group	\$ 821,015	918,669	909,282
Label business-DLS	188,476	210,893	208,738
Label business-MGN	207,240	204,252	206,178
Mobile device business-Bluebird	597,978	611,831	-
Total	\$ 1,814,709	1,945,645	1,324,198

To provide customers with a comprehensive automatic identification system solution and enhance the Group's overall market share and brand competitiveness, TSC Auto ID acquired 96.54% equity interest of BB for KRW 118,740,223 thousand (approximately NTD 2,783,490 thousand) in November 2024, with the valuation report having been obtained in the first quarter of 2025.

(j) Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured credit loans	\$ 1,642,395	1,985,419	839,717
Import and export loans	351,600	295,065	194,700
Secured loans	-	6,217	-
	\$ 1,993,995	2,286,701	1,034,417
Unused short-term credit lines	\$ 4,969,505	4,477,457	5,271,842
Range of interest rate (%)	1.79%~5.16%	1.77%~7.52%	1.68%~7.54%

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.

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Notes to the Consolidated Financial Statements

(k) Long-term borrowings

June 30, 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	133,333
	1.825%	2026.12.04	14,698
	1.325%	2026.12.04	17,436
	2.38%	2029.11.14	1,093,038
Secured bank loans (Note)	1.38%~4.00%	2028.03.14	<u>1,113,863</u>
			3,086,318
Less: Unamortized balance			(6,962)
Less: Current portion			<u>(321,907)</u>
Total			\$ <u>2,757,449</u>
Unused long-term credit lines			\$ <u>3,223,170</u>

December 31, 2024			
	Rate range	Maturity year	Amount
Unsecured bank loans	1.675%	2030.01.15	\$ 13,660
	1.525%	2029.03.15	304,000
	1.525%	2029.02.01	92,700
	1.320%	2028.12.31	112,190
	1.325%	2027.07.16	165,333
	1.325%	2026.12.04	43,475
	1.325%	2025.03.28	20,000
	1.77%~1.88%	2027.12.02	540,000
Secured bank loans (Note)	2.37%~4.91%	2029.11.14	<u>2,011,009</u>
			3,302,367
Less: Unamortized balance			(7,797)
Less: Current portion			<u>(314,125)</u>
Total			\$ <u>2,980,445</u>
Unused long-term credit lines			\$ <u>3,174,570</u>

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Notes to the Consolidated Financial Statements

	June 30, 2024		
	Rate range	Maturity year	Amount
Unsecured bank loans	1.675%	2030.01.15	\$ 11,300
	1.525%	2029.03.18	239,800
	1.525%	2029.02.01	32,800
	1.320%	2028.12.31	55,690
	1.805%	2027.07.16	197,333
	1.805%	2026.12.04	54,816
	1.325%	2025.03.28	60,000
	1.325%	2024.12.25	60,000
	1.77%~4.18%	2026.03.13	440,000
Secured bank loans	4.17%~7.54%	2027.12.15	15,423
			\$ 1,167,162
Less: Current portion			(215,125)
Total			<u>\$ 952,037</u>
Unused long-term credit lines			<u>\$ 3,297,530</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.

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

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

(l) Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Salaries and bonus payable	\$ 421,903	428,091	461,813
Cash dividends payable (including TSC Auto ID)	799,581	-	886,967
Payables on equipment	33,489	49,494	44,752
Others	398,944	461,505	347,114
	<u>\$ 1,653,917</u>	<u>939,090</u>	<u>1,740,646</u>

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Notes to the Consolidated Financial Statements

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Current	\$ 119,863	134,573	101,404
Non-current	459,875	568,029	209,549
	<u>\$ 579,738</u>	<u>702,602</u>	<u>310,953</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 June 30		For the six months ended June 30	
	2025	2024	2025	2024
Interest on lease liabilities	\$ <u>30</u>	<u>4,812</u>	<u>13,119</u>	<u>8,418</u>
Expenses relating to short-term leases	\$ <u>6,750</u>	<u>1,721</u>	<u>10,109</u>	<u>4,505</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,451</u>	<u>120</u>	<u>6,613</u>	<u>1,207</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 six months ended June 30	
	2025	2024
Total cash outflow for leases	\$ <u>57,181</u>	<u>89,642</u>

(n) Employee benefits

(i) Defined benefit plans

Management believes that there were no material market volatility, no material reimbursement and settlement or other material one-time events. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

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Notes to the Consolidated Financial Statements

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

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Operating cost	\$ 46	71	94	138
Selling expenses	10	19	19	37
Administrative expenses	110	109	219	217
Research and development expenses	24	24	48	48
	<u>\$ 190</u>	<u>223</u>	<u>380</u>	<u>440</u>

(ii) Defined contribution plans

For the six months ended June 30, 2025 and 2024, the Group's pension costs under the defined contribution method were \$5,995 thousand, \$17,866 thousand, \$12,046 thousand and \$35,453 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 \$42,629 thousand, \$13,096 thousand, \$70,252 thousand and \$25,901 thousand for the six months ended June 30, 2025 and 2024, respectively.

(o) Income tax

(i) The components of income tax in the years 2025 and 2024 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024(restated)	2025	2024(restated)
Current tax expenses				
Current period	\$ 77,838	95,865	181,827	197,966
Additional tax on undistributed earnings	11,775	16,821	11,775	16,821
Adjustment for prior periods	(31,559)	(124)	(31,985)	(1,641)
	<u>58,054</u>	<u>112,562</u>	<u>161,617</u>	<u>213,146</u>
Deferred tax expenses				
Origination of temporary differences	18,123	14,261	1,060	2,039
Total income tax expenses	<u>\$ 76,177</u>	<u>126,823</u>	<u>162,677</u>	<u>215,185</u>

(Continued)

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

- (ii) The amount of income tax recognized in other comprehensive income for the years 2025 and 2024 were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Items that maybe reclassified subsequently to profit or loss:				
Foreign currency translation differences of foreign operations	\$ <u>(102,869)</u>	<u>9,586</u>	<u>(76,254)</u>	<u>35,141</u>

- (iii) There was no income tax recognized directly in equity for the six months ended June 30, 2025 and 2024, respectively.
- (iv) As of June 30, 2025, the income tax returns of the Company and TSC Auto ID through the year 2022 and 2023, 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 June 30, 2025, December 31 and June 30, 2024, 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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Notes to the Consolidated Financial Statements

(ii) Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
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	263,985	232,065	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	104,740	107,023	100,208
	<u>\$ 2,282,621</u>	<u>2,252,984</u>	<u>2,246,169</u>

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

(iii) Legal reserve

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

(iv) Special reserve

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

The increase in retained earnings occurring before the adoption date due to the first-time adoption of IFRSs amounted to \$302,149. In accordance with IFRS 1 issued by the Financial Supervisory Commission, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution. When the relevant assets are used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to \$302,149 on June 30, 2025 and 2024.

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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 annual shareholders' meeting on June 19, 2025 and 2024, resolved to distribute earnings as dividends and as employee bonuses and directors' remuneration for 2024 and 2023 as follows:

	2024		2023	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to common shareholders:				
Cash	\$ 2.02	<u><u>526,971</u></u>	2.00	<u><u>526,971</u></u>

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(vi) Treasury shares

For the six months ended June 30, 2025, 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.

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 June 30, 2025 and 2024, a subsidiary of the Company, TSC Auto ID, held 15,960 thousand shares of the Company, respectively. 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 its TSC Auto ID subsidiary in the amount of \$31,920 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, 2025	\$ (244,678)
Foreign exchange differences	(497,015)
Balance at June 30, 2025	<u><u>\$ (741,693)</u></u>
Balance at January 1, 2024	\$ (419,530)
Foreign exchange differences	165,793
Balance at June 30, 2024	<u><u>\$ (253,737)</u></u>

(q) Share-based payment

There were no significant changes with share-based payment for the six months ended June 30, 2025 and 2024. Please refer to the 2024 annual consolidated financial statements.

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(r) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended June 30, 2025			
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 997,635	1,723,702	2,721,337
America	155,020	912,851	1,067,871
Europe	455,981	444,970	900,951
Others	18,265	-	18,265
	\$ 1,626,901	3,081,523	4,708,424
Major products lines			
Rectifiers	\$ 1,626,901	-	1,626,901
Bar code Printers	-	3,081,523	3,081,523
	\$ 1,626,901	3,081,523	4,708,424
For the three months ended June 30, 2024			
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 1,016,432	569,069	1,585,501
America	158,285	933,548	1,091,833
Europe	320,255	566,349	886,604
Others	14,410	-	14,410
	\$ 1,509,382	2,068,966	3,578,348
Major products lines			
Rectifiers	\$ 1,509,382	-	1,509,382
Bar code Printers	-	2,068,966	2,068,966
	\$ 1,509,382	2,068,966	3,578,348

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For the six months ended June 30, 2025			
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 2,078,144	2,698,042	4,776,186
America	307,403	1,994,333	2,301,736
Europe	859,182	1,245,224	2,104,406
Others	33,954	-	33,954
	\$ 3,278,683	5,937,599	9,216,282
Major products lines			
Rectifiers	\$ 3,278,683	-	3,278,683
Bar code Printers	-	5,937,599	5,937,599
	\$ 3,278,683	5,937,599	9,216,282
For the six months ended June 30, 2024			
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	\$ 1,825,685	1,058,838	2,884,523
America	273,504	1,831,159	2,104,663
Europe	676,746	1,054,438	1,731,184
Others	28,838	-	28,838
	\$ 2,804,773	3,944,435	6,749,208
Major products lines			
Rectifiers	\$ 2,804,773	-	2,804,773
Bar code Printers	-	3,944,435	3,944,435
	\$ 2,804,773	3,944,435	6,749,208
(ii) Contract balances			
	June 30, 2025	December 31, 2024	June 30, 2024
Notes and trade receivable	\$ 3,397,378	3,429,557	2,716,118
Less: Allowance for impairment	(64,456)	(64,146)	(47,531)
Total	\$ 3,332,922	3,365,411	2,668,587

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

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(s) Non-operating income and expenses

(i) Interest income

The Group's interest income detail was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Interest income from bank deposits	\$ <u>17,697</u>	<u>13,818</u>	<u>23,956</u>	<u>20,424</u>

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Rent income	\$ -	2,082	2,138	4,105
Others	24,090	5,808	31,578	15,486
	<u>\$ 24,090</u>	<u>7,890</u>	<u>33,716</u>	<u>19,591</u>

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Losses on disposal of property, plant and equipment	\$ (20,356)	(4,520)	(22,420)	(5,399)
Foreign exchange gains (losses)	(148,829)	29,720	(90,720)	98,851
Losses on financial asset at fair value through profit or loss	(9,859)	(794)	(10,335)	(7,022)
Reversal of impairment gains on property, plant and equipment	1,540	1,046	1,744	2,034
Others	(101)	(4,289)	(3,195)	(5,908)
	<u>\$ (177,605)</u>	<u>21,163</u>	<u>(124,926)</u>	<u>82,556</u>

(Continued)

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

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Interest expense	\$ (41,663)	(21,935)	(91,209)	(42,868)
Less: interest capitalization	439	415	683	1,078
Other financial costs	(452)	(283)	(887)	(678)
	\$ (41,676)	(21,803)	(91,413)	(42,468)

(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.

For the three months and six months ended June 30, 2025 and 2024, the employee remunerations were \$2,161 thousand, \$9,638 thousand, \$10,300 thousand and \$18,029 thousand; as well as the remunerations to both directors and supervisors were \$360 thousand, \$1,607 thousand, \$1,717 thousand and \$3,005 thousand, respectively. These amounts were calculated using the Company's pre-tax income for each period before deducting the remunerations of employees, directors and supervisors, multiplied by the proposed percentages of remunerations of employees, directors, and supervisors as stated in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years 2024 and 2023, the employee remunerations were \$34,336 thousand and \$55,799 thousand; as well as the remunerations to both directors and supervisors were \$5,723 thousand and \$9,300 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 2024 and 2023 financial reports, and the actual amounts approved by the Board of Directors.

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

(u) Earnings per share

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Net income	\$ <u>41,180</u>	<u>123,824</u>	<u>157,655</u>	<u>228,387</u>
Weighted-average number of outstanding shares (thousands)	<u>245,988</u>	<u>247,525</u>	<u>246,757</u>	<u>247,525</u>
Basic earnings per share (\$)	\$ <u>0.17</u>	<u>0.50</u>	<u>0.64</u>	<u>0.92</u>

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Diluted net income per share	\$ <u>41,180</u>	<u>123,824</u>	<u>157,655</u>	<u>228,387</u>
Weighted-average number of outstanding shares (thousands)	245,988	247,525	246,757	247,525
Employees' remuneration	<u>45</u>	<u>127</u>	<u>489</u>	<u>539</u>
Diluted weighted-average number of common shares outstanding (thousands)	<u>246,033</u>	<u>247,652</u>	<u>247,246</u>	<u>248,064</u>
Diluted earnings per share (\$)	\$ <u>0.17</u>	<u>0.50</u>	<u>0.64</u>	<u>0.92</u>

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

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

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.

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
June 30, 2025						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,993,995	2,000,836	2,000,836	-	-	-
Contingent consideration in business combination	62,191	62,191	35,014	27,177	-	-
Accounts payable	1,545,996	1,545,996	1,545,996	-	-	-
Other payables	1,653,917	1,653,917	1,653,917	-	-	-
Lease liabilities	579,738	795,140	180,618	148,916	459,401	6,205
Long-term borrowings (including expires within one year)	3,079,356	3,271,915	380,063	599,326	2,292,526	-
Derivative financial liabilities						
Currency forward contracts	653	653	653	-	-	-
	<u>\$ 8,915,846</u>	<u>9,330,648</u>	<u>5,797,097</u>	<u>775,419</u>	<u>2,751,927</u>	<u>6,205</u>
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,286,701	2,297,312	2,297,312	-	-	-
Contingent consideration in business combination	95,715	95,715	68,931	26,784	-	-
Accounts payable	1,374,344	1,374,344	1,374,344	-	-	-
Other payables	939,090	939,090	939,090	-	-	-
Lease liabilities	702,602	846,280	178,837	171,731	471,206	24,506
Long-term borrowings (including expires within one year)	3,294,570	3,524,278	374,508	515,253	2,634,137	380
Derivative financial liabilities						
Currency forward contracts	\$ 1,190	1,190	1,190	-	-	-
	<u>\$ 8,694,212</u>	<u>9,078,209</u>	<u>5,234,212</u>	<u>713,768</u>	<u>3,105,343</u>	<u>24,886</u>

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

	Carrying amount	Contractual cash flow	1 year	1-2 years	2-5 years	More than 5 years
June 30, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,034,417	1,041,834	1,041,834	-	-	-
Accounts payable	1,458,081	1,458,081	1,458,081	-	-	-
Other payables	1,740,646	1,740,646	1,740,646	-	-	-
Lease liabilities	310,953	360,594	121,510	77,594	144,369	17,121
Long-term borrowings (including expires within one year)	1,167,162	1,204,647	231,792	550,208	420,437	2,210
Contingent consideration in business combination	75,215	75,215	75,215	-	-	-
Derivative financial liabilities						
Currency forward contracts	512	512	512	-	-	-
	<u>\$ 5,786,986</u>	<u>5,881,529</u>	<u>4,669,590</u>	<u>627,802</u>	<u>564,806</u>	<u>19,331</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	June 30, 2025		December 31, 2024		June 30, 2024	
	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)
<u>Financial assets</u>						
<u>Monetary Items</u>						
USD	\$ 29.300	2,188,560	32.785	1,957,399	32.45	1,471,207
EUR	34.35	1,588,238	34.14	1,421,682	34.71	961,815
JPY	0.2034	209,695	0.2099	218,854	0.2017	188,654
HKD	3.7320	387,802	4.2220	428,308	4.1550	389,416
CNY	4.0910	1,644,672	4.4780	2,286,287	4.4450	2,146,440
KRW	0.0213	609	0.0223	2,128	0.0236	932
GBP	43.05	10,964	41.19	9,844	41.04	-
		<u>\$ 6,030,540</u>		<u>6,324,502</u>		<u>5,158,464</u>
<u>Derivative financial instruments</u>						
USD	\$ 29.300	-	32.785	-	32.45	84
EUR	34.35	-	34.14	43	34.71	-
		<u>\$ -</u>		<u>43</u>		<u>84</u>

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

	<u>June 30, 2025</u>		<u>December 31, 2024</u>		<u>June 30, 2024</u>	
	<u>Exchange rate</u>	<u>Amount (NTD)</u>	<u>Exchange rate</u>	<u>Amount (NTD)</u>	<u>Exchange rate</u>	<u>Amount (NTD)</u>
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 29.300	1,043,259	32.785	1,176,195	32.45	737,305
EUR	34.35	1,663,658	34.14	833,666	34.71	416,069
JPY	0.2034	69,983	0.2099	66,091	0.2017	66,926
HKD	3.7320	1,347	4.2220	1,527	4.1550	1,523
CNY	4.0910	673,069	4.4780	721,133	4.4450	629,310
KRW	0.0213	611	0.0223	1,908	0.0236	706
		<u>\$ 3,451,927</u>		<u>2,800,520</u>		<u>1,851,839</u>
<u>Derivative financial instruments</u>						
USD	\$ 29.300	<u>653</u>	32.785	<u>1,190</u>	32.45	<u>512</u>

2) Sensitivity analysis

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

A strengthening (weakening) of 3% of the NTD against the foreign currency as of June 30, 2025 and 2024, would have increased or decreased the net profit before tax by \$77,339 thousand and \$101,036 thousand for the six months ended June 30, 2025 and 2024, 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 2024 (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 June 30, 2025 and 2024, foreign exchange gain (including realized and unrealized portions) amounted to \$(148,829) thousand, \$29,720 thousand, \$(90,719) thousand and \$98,851 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.

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TAIWAN SEMICONDUCTOR CO., LTD.
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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 \$50,734 thousand and \$22,016 thousand for the six months ended June 30, 2025 and 2024, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(v) Other price risk

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

	For the six months ended June 30			
	2025		2024	
	Other consolidated profit or loss after tax	Net income	Other consolidated profit or loss after tax	Net income
Security price on the reporting date				
Increasing 1%	\$ -	1,518	-	1,524
Decreasing 1%	\$ -	(1,518)	-	(1,524)

(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:

	Carrying amount	June 30, 2025			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 80,225	80,225	-	-	80,225
Fund in foreign markets	89,471	-	-	89,471	89,471
Subtotal	169,696	80,225	-	89,471	169,696

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June 30, 2025					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	3,435,082	-	-	-	-
Notes and accounts receivable	3,332,922	-	-	-	-
Other receivables	49,741	-	-	-	-
Refundable deposits	40,590	-	-	-	-
Other financial assets (including current and non-current)	613,330	-	-	-	-
Subtotal	7,471,665	-	-	-	-
Total	<u>\$ 7,641,361</u>	<u>80,225</u>	<u>-</u>	<u>89,471</u>	<u>169,696</u>
Financial liabilities at fair value through profit or loss	\$				
Currency forward contracts	653	-	653	-	653
Contingent consideration	62,191	-	-	62,191	62,191
Subtotal	62,844	-	653	62,191	62,844
Financial liabilities measured at amortized cost					
Accounts payable	1,545,996	-	-	-	-
Other payables	1,653,917	-	-	-	-
Lease liabilities	579,738	-	-	-	-
Borrowings	5,073,351	-	-	-	-
Subtotal	8,853,002	-	-	-	-
Total	<u>\$ 8,915,846</u>	<u>-</u>	<u>653</u>	<u>62,191</u>	<u>62,844</u>
December 31, 2024					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 20,089	20,089	-	-	20,089
Currency forward contracts	43	-	43	-	43
Fund in foreign markets	66,152	-	-	66,152	66,152
Subtotal	86,284	20,089	43	66,152	86,284
Financial assets measured at amortized cost					
Cash and cash equivalents	3,524,621	-	-	-	-
Notes and accounts receivable	3,365,411	-	-	-	-
Other receivables	92,526	-	-	-	-
Other financial assets (including current and non-current)	683,105	-	-	-	-
Subtotal	7,665,663	-	-	-	-
Total	<u>\$ 7,751,947</u>	<u>20,089</u>	<u>43</u>	<u>66,152</u>	<u>86,284</u>
Financial liabilities at fair value through profit or loss					
Currency forward contracts	\$ 1,190	-	1,190	-	1,190
Contingent consideration	95,715	-	-	95,715	95,715
Subtotal	96,905	-	1,190	95,715	96,905

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

		December 31, 2024			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Accounts payable	1,374,344	-	-	-	-
Other payables	939,090	-	-	-	-
Lease liabilities	702,602	-	-	-	-
Borrowings	5,581,271	-	-	-	-
Subtotal	8,597,307	-	-	-	-
Total	<u>\$ 8,694,212</u>	<u>-</u>	<u>1,190</u>	<u>95,715</u>	<u>96,905</u>
		June 30, 2024			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 125,443	125,443	-	-	125,443
Derivative financial assets	84	-	84	-	84
Fund in foreign markets	33,676	-	-	33,676	33,676
Subtotal	159,203	125,443	84	33,676	159,203
Financial assets measured at amortized cost					
Cash and cash equivalents	3,167,793	-	-	-	-
Notes and accounts receivable	2,668,587	-	-	-	-
Other receivables	53,070	-	-	-	-
Other financial assets (including current and non-current)	409,992	-	-	-	-
Subtotal	6,299,442	-	-	-	-
Total	<u>\$ 6,458,645</u>	<u>125,443</u>	<u>84</u>	<u>33,676</u>	<u>159,203</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 512	-	512	-	512
Contingent consideration	75,215	-	-	75,215	75,215
Subtotal	75,727	-	512	75,215	75,727
Financial liabilities measured at amortized cost					
Accounts payable	1,458,081	-	-	-	-
Other payables	1,740,646	-	-	-	-
Lease liabilities	310,953	-	-	-	-
Borrowings	2,201,579	-	-	-	-
Subtotal	5,711,259	-	-	-	-
Total	<u>\$ 5,786,986</u>	<u>-</u>	<u>512</u>	<u>75,215</u>	<u>75,727</u>

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

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.

3) Fair value hierarchy transfer

There was no transfer from one level to another for the six months ended June 30, 2025 and 2024.

4) Reconciliation of Level 3 fair values

	Financial assets at fair value through profit or loss
Opening balance, January 1, 2025	\$ 66,152
Total gains or losses	
Recognized in profit or loss	(8,199)
Purchased	31,518
Ending balance, June 30, 2025	<u><u>\$ 89,471</u></u>

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Notes to the Consolidated Financial Statements

	Financial assets at fair value through profit or loss
Opening balance, January 1, 2024	\$ 22,383
Total gains or losses	
Recognized in profit or loss	(301)
Purchased	11,594
Ending balance, June 30, 2024	<u><u>\$ 33,676</u></u>

For the six months ended June 30, 2025 and 2024, the total gains and losses that were included in "other gains and losses" were as follows:

	For the three months ended June 30		For the six months ended June 30	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Total gains or losses				
Recognized in profit or loss (presented in "other gains and losses")	\$ (9,284)	328	(8,199)	(301)

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.

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	

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(w) Financial risk management

There were no significant changes with purpose and policy of financial risk management for the year ended December 31, 2024.

(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, 2024. Also, they believe that for the six months ended June 30, 2025, 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, 2024 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 six months ended June 30, 2025 and 2024.

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes			June 30, 2025
			Foreign exchange movement	Other	Changes in lease payments	
Short-term borrowings	\$ 2,286,701	(292,706)	-	-	-	1,993,995
Long-term borrowings (including expires within one year)	3,294,570	(215,285)	71	-	-	3,079,356
Lease liabilities	702,602	(27,340)	(120,964)	13,119	12,321	579,738
Deposit received	1,970	(758)	-	-	-	1,212
Total liabilities from financing activities	<u>\$ 6,285,843</u>	<u>(536,089)</u>	<u>(120,893)</u>	<u>13,119</u>	<u>12,321</u>	<u>5,654,301</u>
	January 1, 2024	Cash flows	Non-cash changes			June 30, 2024
			Foreign exchange movement	Other	Changes in lease payments	
Short-term borrowings	\$ 1,621,395	(586,978)	-	-	-	1,034,417
Long-term borrowings (including expires within one year)	1,147,420	19,682	60	-	-	1,167,162
Lease liabilities	170,263	(75,512)	451	8,418	207,333	310,953
Deposit received	1,971	72	-	-	-	2,043
Total liabilities from financing activities	<u>\$ 2,941,049</u>	<u>(642,736)</u>	<u>511</u>	<u>8,418</u>	<u>207,333</u>	<u>2,514,575</u>

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

(7) Related-party transactions:

(a) Related-party transactions

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

(b) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Short-term employment benefits	\$ 42,232	45,386	90,519	95,809
Post-employment benefits	611	570	1,249	1,198
Share-based payment	1,326	(568)	2,638	2,708
	<u>\$ 44,169</u>	<u>45,388</u>	<u>94,406</u>	<u>99,715</u>

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

(8) Pledged assets:

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

Assets pledged as security	Liabilities secured by pledge	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	Borrowing	<u>\$ 81,179</u>	<u>82,052</u>	<u>84,338</u>

(9) Commitments and contingencies:

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

	June 30, 2025	December 31, 2024	June 30, 2024
NTD	\$ 3,690,480	2,370,000	2,070,000
USD	32,300	22,300	22,300

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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TAIWAN SEMICONDUCTOR CO., LTD.
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(12) Other:

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

By function By item	For the three months ended June 30, 2025			For the three months ended June 30, 2024		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	298,047	461,316	759,363	287,640	366,594	654,234
Labor and health insurance	27,133	38,513	65,646	30,783	30,847	61,630
Pension	19,520	29,294	48,814	17,712	13,473	31,185
Remuneration of directors	-	8,671	8,671	-	9,552	9,552
Others	21,544	20,829	42,373	22,482	15,626	38,108
Depreciation	143,343	83,049	226,392	191,327	30,912	222,239
Amortization	1,845	66,234	68,079	3,665	25,534	29,199

By function By item	For the six months ended June 30, 2025			For the six months ended June 30, 2024		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	584,085	906,087	1,490,172	556,284	718,284	1,274,568
Labor and health insurance	62,181	73,315	135,496	62,064	64,435	126,499
Pension	37,807	44,871	82,678	35,588	26,206	61,794
Remuneration of directors	-	16,131	16,131	-	16,642	16,642
Others	45,957	42,592	88,549	46,885	27,324	74,209
Depreciation	340,435	118,144	458,579	378,577	61,424	440,001
Amortization	3,783	118,384	122,167	7,401	47,212	54,613

- (b) Seasonality of operation

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

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD.

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2025:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (note 5)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 3)	Maximum limit of fund financing (note 4)
													Item	Value		
1	TSC Auto ID	TSCAE	Other receivables-related party	Yes	36,400	-	-	5.00 %	2	-	Repayment of bank loans	-	None	-	907,380	1,814,759
1	TSC Auto ID	TSCAE	Other receivables-related party	Yes	182,000	171,750	123,660	5.00 %	2	-	Repayment of bank loans	-	None	-	907,380	1,814,759
1	TSC Auto ID	MGN	Other receivables-related party	Yes	218,400	206,100	172,265	5.00 %	2	-	Repayment of bank loans	-	None	-	907,380	1,814,759
1	TSC Auto ID	MGN	Other receivables-related party	Yes	218,400	206,100	-	5.00 %	2	-	Repayment of bank loans	-	None	-	907,380	1,814,759
1	TSC Auto ID	TSCPL	Other receivables-related party	Yes	69,160	65,265	30,915	5.00 %	2	-	Repayment of bank loans	-	None	-	907,380	1,814,759
2	BB	BBDE	Other receivables-related party	Yes	3,640	3,435	-	4.60 %	2	-	Repayment of bank loans	-	None	-	907,380	1,814,759
2	BB	BBDE	Other receivables-related party	Yes	3,640	3,435	1,718	4.60 %	2	-	Repayment of bank loans	1,718	None	-	907,380	1,814,759
2	BB	BBES	Other receivables-related party	Yes	218	206	206	4.60 %	2	-	Repayment of bank loans	206	None	-	907,380	1,814,759
2	BB	BBES	Other receivables-related party	Yes	331	313	313	4.60 %	2	-	Repayment of bank loans	313	None	-	907,380	1,814,759
3	DLS	TSC Auto ID	Other receivables-related party	Yes	99,615	87,900	87,900	6.00 %	2	-	Repayment of bank loans	-	None	-	907,380	1,814,759

Note1: A. 0 is for the Company.

B. Subsidiaries are numbered in order from 1.

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

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

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

Note 5: Conversion at the exchange rate of NTD 33.205 to USD on March 31, 2025 and NTD 36.40 to EUR on April 30, 2025.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (note1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 3)	Highest balance for guarantees and endorsements during the period (note 5)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 2)										
1	TSC Auto ID	TSCAA	2	1,814,759	199,230	175,800	-	-	4.39 %	2,722,139	Y	N	N

Note1 : A. 0 is for the Company.

B. Subsidiaries are numbered in order from 1.

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

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

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

Note 5: Conversion at the exchange rate of NTD 33.205 to USD on March 31, 2025.

(Continued)

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

(iii) Securities held as of June 30, 2025 (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	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss-current	1,876	30,182	-	30,182	
The Company	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss-current	4,606	50,043	-	50,043	
The Company	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	89,471	-	89,471	

(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	TSCJ	Subsidiary	Sale	(163,417)	(2) %		-		52,395	2%	
The Company	TSCH	Subsidiary	Sale	(134,572)	(1) %		-		172,491	5%	
The Company	TSCA	Sub-subsiary	Sale	(215,330)	(2) %		-		192,495	6%	
The Company	TSCC	Sub-subsiary	Sale	(172,228)	(2) %		-		48,078	1%	(Note 2)
The Company	TSCC	Sub-subsiary	Purchase	109,539	2 %		-		-	-%	
The Company	Yangxin Everwell	Sub-subsiary	Purchase	413,766	6 %		-		(540,905)	(35)%	(Note 2)
The Company	Tianjin Everwell	Sub-subsiary	Purchase	135,445	2 %		-		(14,702)	(1)%	
TSC Auto ID	TSCAE	Subsidiary	Sale	(429,056)	(5) %		-		636,397	19%	
TSC Auto ID	TSCAA	Subsidiary	Sale	(264,000)	(3) %		-		366,738	11%	
TSC Auto ID	TTSC	Subsidiary	Sale	(174,067)	(2) %		-		117,809	4%	
TSC Auto ID	TTSC	Subsidiary	Purchase	510,496	8 %		-		(287,646)	(19)%	

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

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

(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	172,491	1.41 %	-		37,486	-
The Company	TSCA	Sub-subsiary	192,495	2.53 %	-		33,833	-
Yangxin Everwell	The Company	Sub-subsiary	540,905	1.95 %	-		176,065	-
TSC Auto ID	TSCAE	Subsidiary	636,397	1.30 %	212,330		59,523	-
TSC Auto ID	TSCAA	Subsidiary	366,738	1.43 %	145,766		45,630	-
TSC Auto ID	TTSC	Subsidiary	117,809	5.17 %	-		44,784	-
TTSC	TSC Auto ID	Subsidiary	287,646	3.36 %	-		65,467	-

Note 1: As of report date.

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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	58,201	Monthly payment	0.61%
0	The Company	TSCE	1	Accrued expenses	35,846		0.18%
0	The Company	TSCJ	1	Sales revenue	163,417	Note 3	1.73%
0	The Company	TSCJ	1	Accounts receivable	52,395		0.26%
0	The Company	TSCH	1	Sales revenue	134,572	Monthly payment	1.42%
0	The Company	TSCH	1	Accounts receivable	172,491		0.84%
0	The Company	TSCH	1	Other receivables	559		-%
0	The Company	TSCH	1	Accrued expenses	71		-%
0	The Company	TSCA	1	Sales revenue	215,330	Note 3	2.27%
0	The Company	TSCA	1	Selling expenses-commission	2,277		0.02%
0	The Company	TSCA	1	Accounts receivable	192,495		0.94%
0	The Company	TSCA	1	Other receivables	8,721		0.04%
0	The Company	TSCA	1	Accrued expenses	1,376		0.01%
0	The Company	TSCC	1	Sales revenue	172,228	Monthly payment	1.82%
0	The Company	TSCC	1	Accounts receivable	107,675		0.53%
0	The Company	TSCC	1	Other receivables	87		-%
0	The Company	TSCC	1	Purchase	109,539		1.16%
0	The Company	TSCC	1	Accounts payable	59,597		0.29%
0	The Company	Yangxin Everwell	1	Purchase	917,660	Note 4	9.69%
0	The Company	Yangxin Everwell	1	Accounts payable	540,905	Note 5	2.65%
0	The Company	Tianjin Everwell	1	Purchase	135,445		1.43%
0	The Company	Tianjin Everwell	1	Accounts payable	14,702		0.07%
0	The Company	Tianjin Everwell	1	Other payable	49,572		0.24%
1	Yangxin Everwell	TSCC	3	Sales revenue	622,512	Note 3	6.58%
1	Yangxin Everwell	TSCC	3	Accounts receivable	311,889		1.53%
1	Tianjin Everwell	Yangxin Everwell	3	Sales revenue	129,245	Note 3	1.37%

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.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2025:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value (note 6)			
The Company	Ever Energetic	British Virgin Islands	Holding company and general import and export business	665,501	665,501	21,175	100.00 %	1,343,497	(17,964)	(17,964)	Subsidiary (Note 2)
The Company	Ever Winner	British Virgin Islands	Holding company and general import and export business	465,127	465,127	16,010	100.00 %	1,740,730	121,477	121,477	Subsidiary (Note 2)
The Company	Skyrise	British Virgin Islands	Holding company and general import and export business	2,845	2,845	50	100.00 %	1,703	(36)	(36)	Subsidiary (Note 2)
The Company	TSCE	Germany	General import and export business	10,972	10,972	-	100.00 %	56,496	(3,946)	(3,946)	Subsidiary (Note 2)
The Company	TSCJ	Japan	Trading of rectifiers	28,689	28,689	2	100.00 %	137,107	6,726	6,726	Subsidiary (Note 1)

(Continued)

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Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value (note 6)			
The Company	TSCH	Hong Kong	Holding company and trading of rectifiers	282,312	282,312	672	25.22 %	568,362	78,720	3,643 (Note 2)	Subsidiary
The Company	TSC Auto ID	Taiwan	Manufacture and sale of bar code printers	163,728	163,728	16,995	35.75 %	950,315	410,084	114,876 (Note 1)	Subsidiary
Ever Energetic	TSCA	United States	Trading of rectifiers	258,520	258,520	6,750	75.00 %	147,297	(62,576)	(46,932) (Note 2)	Subsidiary
Ever Energetic	TSCH	Hong Kong	Holding company and trading of rectifiers	571,628	571,628	985	35.75 %	1,142,994	78,720	29,095 (Note 2)	Subsidiary
Ever Winner	TSCA	United States	Trading of rectifiers	83,813	83,813	2,250	25.00 %	49,099	(62,576)	(15,644) (Note 2)	Subsidiary
Ever Winner	TSCC	China	Trading of rectifiers	4,461	4,461	-	100.00 %	451,428	107,443	107,443 (Note 2)	Subsidiary
Ever Winner	TSCH	Hong Kong	Holding company and trading of rectifiers	792,254	792,254	1,008	37.82 %	1,169,590	78,720	29,772 (Note 2)	Subsidiary
TSCH	Yangxin Everwell	China	Manufacture and sale of rectifiers	966,119	966,119	-	100.00 %	2,259,962	73,600	73,600 (Note 1)	Subsidiary
TSCH	Tianjin Everwell	China	Manufacture and sale of wafers	787,044	787,044	-	100.00 %	578,537	(11,461)	(11,461) (Note 2)	Subsidiary
TSC Auto ID	TSCAE	Germany	Trading of bar code printers and other parts	2,943	2,943	note 3	100.00 %	(60,462)	(17,366)	(17,366) (Note 1)	Subsidiary
TSC Auto ID	TSCAA	United States	Trading of bar code printers and other parts	1,096,621	1,096,621	16,000	100.00 %	1,064,461	(28,670)	(28,670) (Note 1)	Subsidiary
TSC Auto ID	TSC HK	Hong Kong	Holdind company and general import and export business	47,468	47,468	12,711	100.00 %	605,345	(22,205)	(22,205) (Note 1)	Subsidiary
TSC Auto ID	DLS	United States	Customization of design, integration and marketing of label papers and other parts	801,558	801,558	1	100.00 %	1,403,062	34,958	34,958 (Note 1)	Subsidiary
TSC Auto ID	TSCIN	India	Trading of bar code printers and other parts	2,791	2,791	710	100.00 %	896	(820)	(820) (Note 1)	Subsidiary
TSC Auto ID	TSCPL	Poland	General investment	498,827	498,827	note 4	100.00 %	468,226	(9,776)	(9,776) (Note 1)	Subsidiary
TSC Auto ID	BB	South Korea	Production and sales of mobile computers and their parts for enterprise	2,783,490	2,783,490	6,777	96.54 %	2,814,658	204,510	101,923 (Note 2)	Subsidiary
TSC Auto ID	BBMX	Mexico	Production and sales of mobile computers and their parts for enterprise	note 5	note 5	note 3	0.03 %	-	(3,874)	(1) (Note 2)	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Trading of bar code printers and other parts	8,234	8,234	note 3	100.00 %	(382)	(1,103)	(1,103) (Note 1)	Subsidiary
TSCAE	TSCAS	Spain	Trading of bar code printers and other parts	124	124	note 3	100.00 %	3,501	230	230 (Note 1)	Subsidiary
DLS	PPL	United States	Sale of bar code printer, label papers, other parts	115 (thousands USD)	115 (thousands USD)	850	100.00 %	48,866	3,671	3,671 (Note 1)	Subsidiary
TSCPL	MGN	Poland	Customization of design, integration and marketing of label papers and other parts	71,613 (thousands PLN)	71,613 (thousands PLN)	2	100.00 %	170,435	(4,635)	(4,635) (Note 1)	Subsidiary
TSC HK	TTSC	China	Manufacture and sale of bar code printers and other parts	49,808	49,808	-	100.00 %	698,037	(11,236)	(11,236) (Note 1)	Subsidiary
BB	BBMX	Mexico	Production and sales of mobile computers and their parts for enterprise	5	5	note 3	99.97 %	5	(3,874)	(3,873) (Note 2)	Subsidiary
BB	BBUS	United States	Production and sales of mobile computers and their parts for enterprise	2,920	2,920	note 4	100.00 %	-	(33)	(33) (Note 2)	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 %	5,142	(608)	(602) (Note 2)	Subsidiary
BB	BBDE	Germany	Production and sales of mobile computers and their parts for enterprise	756	756	note 3	100.00 %	-	2,001	2,001 (Note 2)	Subsidiary
BB	BBES	Spain	Production and sales of mobile computers and their parts for enterprise	1,265	1,265	note 3	100.00 %	1,092	(112)	(112) (Note 2)	Subsidiary
BB	BBJP	Japan	Production and sales of mobile computers and their parts for enterprise	2,086	-	note 3	100.00 %	2,086	-	- (Note 2)	Subsidiary

Note 1: The amount was calculated using the equity method according to investee’s reviewed financial report.

Note 2: The amount was calculated using the equity method according to investee’s non-reviewed financial report.

Note 3: The company’s business license only specifies the amount of capital invested, without indicating the number of shares.

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Note 4: The number of shares held is less than one thousand.
Note 5: The amount is less than \$1,000.
Note 6: The carrying value represents the net of unrealized intercompany profit.

- (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, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2025	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	107,444	100.00%	107,444	451,428	611,860
Yangxin Everwell	Manufacture and sale of rectifiers	1,667,160	(2)	628,196	-	-	628,196	73,600	100.00%	73,600	2,259,962	250,864
Tianjin Everwell	Manufacture and sale of wafers	387,173	(2)	387,173	-	-	387,173	(11,461)	100.00%	(11,461)	578,537	452,102
TTSC	Manufacture and sale of bar code printers and other parts	42,956	(2)	43,950	-	-	43,950	(11,236)	35.75%	(4,017)	698,037	998,407

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

- (ii) Limitation on investment in China:

Accumulated Investment in China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
996,472	1,948,203	4,089,746

Note : Achi Capital Partners Fund LP, an investee of the Company, shifted to invest in China. Therefore, the Company increased USD 282 thousand of the investment amount authorized by the Investment Commission MOEA. Another additional investment of NTD 8,900 thousand (USD 268 thousand) has been remitted and is currently under review by the Investment Commission MOEA.

- (iii) Significant transactions:

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

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Notes to the Consolidated Financial Statements

(14) Segment information:

For the three months ended June 30				
2025				
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 1,626,901	3,081,523	-	4,708,424
Intersegment revenues	1,439,132	17	(1,439,149)	-
Total revenue	<u>\$ 3,066,033</u>	<u>3,081,540</u>	<u>(1,439,149)</u>	<u>4,708,424</u>
Reported segment profit and loss	<u>\$ (45,754)</u>	<u>278,446</u>	<u>31,920</u>	<u>264,612</u>
For the three months ended June 30				
2024				
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 1,509,382	2,068,966	-	3,578,348
Intersegment revenues	1,453,529	17	(1,453,546)	-
Total revenue	<u>\$ 2,962,911</u>	<u>2,068,983</u>	<u>(1,453,546)</u>	<u>3,578,348</u>
Reported segment profit and loss	<u>\$ 64,331</u>	<u>300,456</u>	<u>31,920</u>	<u>396,707</u>
For the six months ended June 30				
2025				
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 3,278,683	5,937,599	-	9,216,282
Intersegment revenues	2,786,395	34	(2,786,429)	-
Total revenue	<u>\$ 6,065,078</u>	<u>5,937,633</u>	<u>(2,786,429)</u>	<u>9,216,282</u>
Reported segment profit and loss	<u>\$ 50,278</u>	<u>504,963</u>	<u>31,920</u>	<u>587,161</u>
For the six months ended June 30				
2024				
	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Revenue:				
Revenue from external customers	\$ 2,804,773	3,944,435	-	6,749,208
Intersegment revenues	2,594,411	34	(2,594,445)	-
Total revenue	<u>\$ 5,399,184</u>	<u>3,944,469</u>	<u>(2,594,445)</u>	<u>6,749,208</u>
Reported segment profit and loss	<u>\$ 142,260</u>	<u>517,683</u>	<u>31,920</u>	<u>691,863</u>

(Continued)

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

	<u>Rectifiers</u>	<u>Bar Code Printers</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reported segment assets				
June 30, 2025	\$ <u>22,640,657</u>	<u>12,058,976</u>	<u>(14,272,773)</u>	<u>20,426,860</u>
December 31, 2024	\$ <u>22,889,535</u>	<u>12,705,863</u>	<u>(14,055,356)</u>	<u>21,540,042</u>
June 30, 2024	\$ <u>23,057,406</u>	<u>9,336,915</u>	<u>(14,586,603)</u>	<u>17,807,718</u>