Taiwan Semiconductor Co., Ltd.
Minutes of the 2026 Annual General Meeting

Time : Wednesday, 17 June 2026 at 09：00 am
Place : Taiwan Semiconductor Co., Ltd. I-Lan factory (No.96,Meijou 2nd Rd. ,I-Lan City, I-Lan County 260, Taiwan R.O.C.)

Shareholders Present：The number of shares presented in person or by proxy is 166,868,091 shares (including 96,695,598 shares from electronic voting rights), representing 64.01% of total outstanding shares.
Directors Present: Director Mr. Wang shiu Ting, TSC Auto ID Technology Co., Ltd. Legal Representative Director Mr. Wang Hsing Lei, Director Mr. Yan Guo Yin, Independent Director Mr. Jhan Cian Long, Independent Director Mrs. Chen Shu Ling, Independent Director Mrs. Wang Nian Qiu.
Lawyer : Tien Jen Jieh (Lee and Li, Attorneys-at-Law)
Accountants : Kuo Yang Lun (KPMG Certified Public Accountants)
Chairman：Mr. Wang shiu Ting (Chairman of the Board of Directors)
Record：Ms. Luo Yue Guei

The agenda for the meeting is as follows:

1. The Chairman called the meeting to order.
2. Chairman’s Address：(omitted)
3. Report Items：
   (1) 2025 Business Report and 2026 Annual Business Plan Report
   (2) Audit Committee’s 2025 Review Report
   (3) Status report on the Endorsement and Guarantee, Loaning of Company Funds, Regulations Governing the Acquisition and Disposal of Assets, the Trading of Financial Derivatives of the Company and its subsidiaries in 2025
   (4) Report on 2025 employees’ profit sharing bonus and directors’ compensation
   (5) Report on the Content and Amount of Performance Evaluation and Remuneration of Directors and Managers, and the Relationship between the Evaluation Results and the Reasonableness Report.
   (6) Report on the implementation status of repurchasing Company’s shares.
4. Approval Items：
   (1) Proposal 1 : To accept 2025 Business Report and Financial Statements
   (Proposed by the Board）

Explanation: 1. The Company’s 2025 business report, standalone financial statement, and consolidated financial statements have been approved by the Board and examined by the audit committee.

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

Voting Results: Shares represented at the time of voting: 166,868,091 votes

Voting Results(Including electronic votes)		% of the total represented share present
Approval votes:	156,955,255 votes	94.05%
Disapproval votes:	29,384 votes	0.01%
Invalid votes:	0 votes	0.00%
Abstention votes/no votes:	9,883,452 votes	5.92%

RESOLVED, that The Company’s 2025 Business Report and Financial Statements be and hereby were accepted as submitted.

(2) Proposal 2 : To approve the Company’s 2025 Earnings Distribution. (Proposed by the Board）

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

2. In the fiscal year 2025, the company's net profit after tax was NT$ 509,576,774 after adding the remeasurement amount of the defined benefit plan of NT$ 1,106,866 and allocating NT$ 51,068,364 to legal reserve. Additionally, considering the retained earnings from the previous period of NT$ 1,674,569,359, the distributable earnings for the current period are NT$ 2,134,184,635. The proposed shareholder dividend is NT$ 526,970,972 to be distributed entirely in cash. This proposal awaits approval at the ordinary shareholder meeting, after which the dates for the cash dividend record and payment will be set. According to the record of shareholders on the cash dividend record date, each share will receive a dividend of NT$ 2.0, rounded down to the nearest cent, with any remaining fractions accumulated into the company's other income.

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

3. Please refer to Earnings Distribution Table on page 42 of this Meeting Agenda.

Voting Results: Shares represented at the time of voting: 166,868,091 votes

Voting Results(Including electronic votes)	% of the total represented share present
Approval votes: 157,112,019 votes	94.15%
Disapproval votes: 32,083 votes	0.01%
Invalid votes: 0 votes	0.00%
Abstention votes/no votes: 9,723,989 votes	5.82%

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

5. Discussion items：None

6. Extraordinary Motions : None

7. Adjournment: 9:10 am (No question was raised by Shareholder.)

Mr. Wang shiu Ting
Chairman

Ms. Luo Yue Guei
Recorder

Appendix

1. 2025 Business Report

(1) Implementation of Business Plan

The Company's and its subsidiaries major businesses included the production and sale of rectifiers and barcode printers. In 2025, the earnings per share after tax was NT$2.07. The 2025 consolidated operating revenue, gross profit, operating income, net income before tax, net income, comprehensive income, and after-tax earnings per share compared to 2024 is presented below:

Unit: NT$ thousand

Item	Implementation of Business Plan		
	2025	2024	Increase (decrease)
Operating revenue	17,954,259	14,828,792	21.08%
Gross Profit	5,290,106	4,234,590	24.93%
Operating Income	1,468,136	1,257,215	16.78%
Net income before tax	1,433,139	1,328,359	7.89%
Net income	1,112,562	894,913	24.32%

Item	Implementation of Business Plan		
	2025	2024	Increase (decrease)
Comprehensive income	1,025,353	1,100,383	(6.82%)
Net income attributable to the Parent Company	509,576	463,851	9.86%
Comprehensive income attributable to the Parent Company	479,727	636,032	(24.58%)
After-tax earnings per share (NT$)	2.07	1.87	10.70%

(2) Budget Implementation: The Company did not disclose its financial forecasts of the year of 2025, so it is not necessary to publicly disclose the implementation of the budget..

(3) Financial Status and Profitability

Unit: NT$ thousand

Item	Annual revenue and expenditure		
	2025	2024	Increase(decrease)
Interest Revenue	45,800	41,582	10.14%
Interest Expense	133,361	86,579	54.03%

Item		2025	2024
Financial Structure	Total debt to assets (%)	48.19	49.19
	Long-term asset to real estate, plant and equipment ratio (%)	374.31	357.73
Liquidity Analysis	Current ratio (%)	225.30	204.11
	Quick ratio (%)	145.39	130.80
Profitability	Return on assets (%)	5.69	4.98
	Return on equity (%)	10.15	8.27
	Profit ratio (%)	6.20	6.03
	After-tax earnings per share (NT$)	2.07	1.87

(4) Research and Development

(A) Rectifier

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

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

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

Since 2024, we have successfully developed and pioneered the introduction of the SuperClamp series within our Transient Voltage Suppressor (TVS) product line. With ultra-low clamping voltages that outperform the competition, these products will help customers further enhance system performance while achieving energy savings and reducing system costs.

At the same time, regarding emerging third-generation semiconductor technologies, we are actively investing resources in the research and development of related technologies and products. New models of Silicon Carbide Schottky Diodes (SiC Schottky Diode) have been launched successively, and research and development of Silicon Carbide Metal-Oxide-Semiconductor Field-Effect Transistors (SiC MOSFETs) is currently underway.

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

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

(B) Barcode printer

With the increase in applications for automatic identification in the global market, the Company spent NT$604,239 thousand on research and development in 2025, accounting for 5.2% of the revenue and will continue to promote innovation and product upgrades in corporate mobile computers, label printers, and RFID readers. Through comprehensive technological advancements, we are actively investing in the research and development of hardware and system technologies related to AI, IoT, and automatic identification. Additionally, we are developing cloud solutions, integrated hardware and software solutions, and system integration. We collaborate with partners to integrate the cloud platform ecosystem and are committed to meeting the multiple needs of enterprises in AIDC industry applications. We also ensure that our products offer excellent scalability and configuration flexibility to adapt to future developments. At the same time, we will continue our commitment to environmental sustainability by investing in eco-friendly materials, low-carbon printing solutions, and energy-efficient products, to create energy-saving, recyclable, and low-carbon products. By positioning ESG as one of our core competitiveness, we aim to attract more international end customers to purchase.

2. 2026 Business Plan

Guided by our core principles of sound management and sustainable development, the Company continues to deepen technology research and development, optimize the product portfolio, expand the global market presence, and strengthen supply chain resilience and operational efficiency. In response to global macroeconomic shifts and industrial restructuring, the Company takes the principles of “Leading Technology, Quality-First, Customer-Oriented, and Global Expansion” to drive the advancement and market penetration of power semiconductor and power management products, and focuses on high-value fields such as automobiles, industrial control, and power management to enhance our competitiveness and create long-term shareholder value.

(1) Business Policy

(A) Rectifier

(1) Global marketing and brand establishment

Continue to optimize our global marketing channels and local technical service centers, while strengthening collaborative development and application introduction with strategic customers. At the same time, we will also expand our brand visibility in key markets such as automobiles, industrial control, and power management, focusing on design requirements for high reliability, long lifespan, and high efficiency to build a differentiated value proposition.

(2) Innovative research/development and leading technology

Continue to expand and strengthen our R&D team to accelerate the R&D of new generation products and integration solutions; and ensure that our core technology, such as Rectifier, Metal-Oxide-Semiconductor Field Effect Transistor (MOSFET), and Trench Schottkys, remain prominent.

(3) Production upgrade and cost optimization

Introduce advanced production equipment, automation systems, and smart manufacturing technologies to improve capacity utilization and process yield, thereby enhancing production efficiency and ensuring consistent quality. Optimize production workflows, reduce the risk of anomalies, and improve overall operational efficiency through data-driven management and real-time process monitoring.

Actively promote advanced packaging technologies (including ultra-thin bonding and higher current density solutions) and process optimization to reduce unit manufacturing costs while improving product performance and reliability. In product development, introduce modular design and shared platform management mechanisms to shorten the transition cycle from design to mass production, increase delivery flexibility and market responsiveness, and further strengthen cost competitiveness and profitability.

(4) Vertical integration and strategic alliance

Establish a comprehensive supply chain from the upstream of wafer products to the downstream of system applications; engage in close collaboration with internationally-prestigious companies and multi-national designing service partners for enhancing supply stability and operational resilience under geopolitical risks, and jointly research and develop revolutionary products to integrate solutions tailoring the diverse market demands.

(B) Barcode printer

The Group will leverage our “One Brand” strategy and global marketing platform as the core, integrating product lines and regional market resources to build a unified marketing ecosystem; and adopt data-driven marketing to enhance the promotion accuracy and accelerate synergies across product lines and markets. In addition, the Company will continue to strengthen the global distribution ecosystem by enhancing market penetration capabilities through standardized partnership programs, long-term capacity-building initiatives, and solution tools. In response to trends such as IoT, AI, and smart logistics, TSC will expand its strategic role in key application scenarios to drive technology adoption and enhance brand influence. Through global brand building, integrated marketing ecosystem, and robust distribution network, TSC will continue to expand its market share, strengthen the long-term growth momentum of corporate value, and steadily advance toward the goal of becoming a leading international brand. In response to the growing emphasis on ESG sustainability among global companies, the Company will continue our commitment to environmental sustainability by investing in eco-friendly materials, low-carbon printing solutions, and energy-efficient products to create energy-saving, recyclable, and low-carbon products.

(2) Important Production and Marketing Policies

(A) Rectifier

The Company adopts the combination mode of build-to-stock and make-to-order production. In this regard, production arrangements are flexibly adjusted based on market demands, inventory status, and production capacity planning. Process optimization is continuously implementation to reduce costs, increase productivity, and enhance product competitiveness through lean management and automated production. It also ensures optimal inventory level and supply flexibility, providing most ideal deployment of resources and maximum efficiency of operations.

(B) Bar Code printer

The Company’s primary sources of revenue include the sale and servicing of complete automatic identification label printers, the sale of consumables and labels, and corporate mobile computers. Sales volumes are reasonably prepared based on factors such as the Company’s annual sales objectives, market demand and trends, customer operational conditions, and the Company’s current order intake, while taking into account the Company’s operational scale. It is anticipated that the Company’s performance will follow a stable growth trajectory, which will have a positive impact on financial and operational status.

On the basis of above forecast, future production and marketing policies will focus on the following:

1. Ensure stability and quality of supplies from important suppliers and maintain appropriate inventory levels and turnover rates.
2. Continuously expand the global operational scale and strengthen the core competitive strength of the company’s operational fundamentals.
3. Provide all-around high-quality service to build sustainable business capabilities.

(3) Operation Goals

(A) Rectifier

The Company's main products cover rectifier diodes, power MOSFETs, protection components, and analog/power management ICs. Based on the comprehensive assessment of annual sales objectives, overall market demand, and order intake, the expected performance will maintain a steady growth trajectory. Growth momentum will come from increased introduction in the automotive and industrial control, as well as greater penetration in applications such as efficiency upgrades for telecommunications and data center power supplies, while the Company continues to optimize revenue structure and profitability.

(B) Bar Code Printer

The Company’s major source of income is the sales and service of automatic identification label printers, the sales of label paper consumables, and the sales of corporate mobile computers. The sales volume is based on the Company’s annual sales objectives, market demand, development trend, customers’ operating overview, the Company’s current order intake, etc., and is reasonably prepared considering the Company’s operational scale. It is expected that the Company’s performance will show a stable development trend, which will have a positive impact on the Company’s financial and business conditions.

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

(1) Future Development Strategies

(A) Rectifier: Continuing to innovate technology, improve research and development, increase product value, fortify technological barriers, complete upstream and downstream deployment to strengthen integration benefits. Develop comprehensive product solutions and enhance efficiency, pressure resistance, and power density through advanced manufacturing processes and structural optimization, thereby increasing the products’ value. In terms of market strategy, deepening our presence in the automotive, industrial control, and power management sectors, actively penetrating emerging application markets, accelerating design introduction, and raising market entry barriers while enhancing customer loyalty.

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

(2) Influence from External Competition

(A) Rectifier

Facing the intensifying price competition in the mid-to-low-end market, the Company has consistently adhered to a core differentiation strategy of high-standard design, high-reliability quality, and system performance optimization. We continue to enhance the technological sophistication and application value of our products, while optimizing our overall product portfolio and profit structure to ensure operational quality and long-term competitive advantage.

The Company focuses on application markets with high technical barriers and stringent quality requirements, such as automotive, industrial control, and power management, and continues to introduce high-efficiency, low-loss, and high-temperature-rated products, while strengthening the capabilities in providing comprehensive solutions and design introduction abilities to improve project success rates and order visibility. Through product structural optimization and continuous technological upgrades, we will steadily strengthen our brand positioning and competition advantages in the market, while balancing energy conservation, carbon reduction, and sustainability goals to create long-term and stable corporate value.

(B) Bar Code printer

The main competition and development trends are as follows:

1. Vertical integration and increased competition from cross-product suites

Major brands continue to expand the scope of their products and services through mergers and acquisitions or platform-based strategies. For example, Zebra has gradually evolved from a hardware supplier into a comprehensive solutions provider, strengthening its upstream integration in the retail and logistics fields by acquisitions to enhance its capabilities in self-service devices, touchscreen systems, software, cloud management, and payment solutions.

2. Rapid growing in demand of RFID and IoT

As RFID penetration rate has grown, the market has seen an increase in demand for new types of readers, such as high-density, multi-antenna, and fixed-mount models for bookcases/door frames/vehicles. The focus of competition is gradually shifting from “hardware performance” to the integration capabilities of “hardware + middleware + IoT platforms,” requiring manufacturers to possess more comprehensive data integration and device management capabilities.

3. Software and service platforms as key differentiation factors

Competition across product lines is no longer just about hardware specifications, but about who can provide a more comprehensive solution:

- Remote Device Management (MDM / FMS)
- Fleet/Asset Management
- Predictive maintenance
- Consumables and label management
- Cloud application integration capabilities

These software and services have gradually become important factors for companies to choose brands.

4. Sustainability trends and cost pressures drive innovation

Linerless labels, carbon reduction, and consumables optimization have become key drivers for label printers. At the same time, changes in global supply chain costs, raw material prices, and shipping expenses have put manufacturers under pressure regarding pricing and profitability, prompting brands to focus on product designs with higher efficiency and lower TCO (Total Cost of Ownership).

In summary, market competition is shifting from “hardware vs. hardware” to “comprehensive solutions, ecosystems, and digital services”. Manufacturers must leverage technological innovation, hardware-software integration, and collaboration within the industry ecosystem to meet the operational needs in accelerate digitalization from various industries.

(3) Influence from Regulations

(A) Rectifier

As the global environmental protection, energy-saving, and product safety requirements become increasingly stringent, the semiconductor industry is faced by higher standards for regulatory compliance and quality management. The market demand for power components in regard to environmentally-friendly materials, low energy consumption, high efficiency, and miniaturization continues to increase. The Company has actively responded to these regulatory and industry standards changes in terms of our product design, process control, and R&D innovations to ensure that our products not only comply with national standards, but also maintain technological leadership and high reliability.

1. Non-halogen environmental design – adapting to the EU RoHS norms
   All series of our products are made of non-halogen materials to comply with the EU RoHS norms. Through the selection of environmentally-friendly materials and the management of the supply chain, we are able to reduce the use of hazardous substances while ensuring product reliability and performance stability.
2. Enhancing efficiency - in response to energy efficiency standards such as EISA
   For the design of rectifiers and power components, we focus on reducing the wastage of electrical property and packaging optimization to improve conversion efficiency and power density. For the home appliance and power supply application markets, Schottkys components are designed for high voltage tolerance, quick recovery, and low consumption to meet the requirements of stand-by energy consumption and power conversion efficiency.
3. Enhancing efficiency - in response to energy efficiency standards such as EISA
   Our Schottkys products, which are low-consuming with high junction temperature, are suitable for solar modules and power converters. We assist customers in achieving high-performing energy conversion while pursuing environmental protection and energy conservation.
4. Technological innovation and support for electric vehicles
   The charging architectures of electric vehicles have been changed toward high-voltage AC-to-DC, and the power system has been upgraded from 12V/24V to 48V. In response to this trend, we have launched high-voltage fast-recovery diodes, ultra-low power rectifiers, and trench Schottky components. These products are developed and designed in accordance with automotive quality management systems and relevant certification standards to enhance their suitability and competitiveness in electric vehicle powertrain and charging systems.

(B) Bar Code Printer

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

(4)Influence from Macro-operating Environment

(A) Rectifier

In the era where the global economy is integrated deeply, and the electronic industry is rapidly evolving, the Company persists in introducing cutting-edge technology and comprehensive solutions through our well-established network of global channels as well as locations for technical service to provide efficient, reliable, and forward-looking products and services. Because this globalized deployment effectively connects the Company with resources such as customers and supply chains from all over the world, enabling the Company to adapt to market fluctuations and industry changes, the Company can accomplish steady growth in the fierce market competition and continuously enhance the brand value.

In the background of global supply chain rebalancing and heightened geopolitical risks, the Company has strengthened supply chain resilience and risk diversification capabilities by strategically deploying global sales and technical service locations, combined with multi-location manufacturing and diversified purchasing strategies. At the same time, the Company continues to introduce efficient and reliable power and protection components to support our customers' upgrade and transformation needs in the automobiles, industrial control, communications, and renewable energy sectors, thereby deepening our long-term partnerships and strengthening our competitive edge in the market.

Facing the multiple impacts of the overall business environment, the Company has adopted the strategies to deepen our presence in specific regions and diversify our operations to drive market expansion and industry development.

- North America
  Concentrating on mature application sectors such as automobiles, industry, telecommunication, and illumination; and continuously optimizing our product structure and increase the proportion of high-value-added products to improve profitability.
- Japan and Korea
  Focusing on the automobiles, industrial, and power management application markets; and enhancing customer loyalty and brand trust through refined technical service and high-quality products.
- Europe
  Highlighting the automotive electronics, industrial automation, and renewable energy; and responding to the European market's demand for green, energy-saving, and high-efficiency technologies to increase the market penetration of our high-quality products.
- China and emerging markets
  Covering consumer electronics, automobiles, and industry while expanding our reach to emerging markets such as India, South Asia, and South America. Driven by the growth of the domestic demand market and infrastructure development, demand for power components is increasing, creating momentum for the company's medium- to long-term growth.

Overall, through the optimization of our global footprint, the strengthening of our supply chain, and a strategy focused on high-value products, the Company has responded steadily to changes in the overall business environment, continuously enhancing operational flexibility and market competitiveness, and laying a solid foundation for sustainable development of the Company.

(B) Bar Code Printer

The Company follows all changes of regulation.

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

Chairman: Wang, Shiu-Ting President: Wang, Shiu-Ting CFO: Cheng, I-Cheng

Independent Auditors’ Report

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

Opinion

We have audited the financial statements of TAIWAN SEMICONDUCTOR CO., LTD.(“the Company”), which comprise the balance sheet as of December 31, 2025 and 2024, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain subsidiaries of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) included in the Company’s investments accounted for using the equity method as of December 31, 2025. Those financial statements were audited by other auditors. Therefore, the amounts recognized in the financial statements of those subsidiaries of TSC Auto ID included in the opinion expressed by us on the aforementioned individual financial statements were based on the audit reports of other auditors. As of December 31, 2025, the amount of investments in TSC Auto ID’s subsidiaries accounted for 5.78% of total assets. For the year ended December 31, 2025,the share of profits from subsidiaries accounted for using the equity method represented 4.06% of net income before taxes.

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) as of December 31, 2024, which were included in our client’s investments accounted for using the equity method. Those financial statements were audited by other auditors. Therefore, in our opinion on the aforementioned entity’s financial statements, the amounts recognized in TSC Auto ID’s financial statements were based on the audit report of other auditors. As of December 31, 2024, the amount of the investment in TSC Auto ID accounted for 10.49% of total assets. For the year ended December 31, 2024, the share of profit from the subsidiary recognized using the equity method accounted for 39.31% of net income before taxes.

Key Audit Matters

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

1. Revenue recognition

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

   Description of the key audit matter:

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

   How the matter was addressed in our audit:

   Our key audit procedures included: (i) testing the relevant control over the sales and collection cycle to determine the reliability of revenue records. (ii) checking and adjusting the data of sales system and general ledger entries, and evaluating whether the conditions of sale are consistent with the recognition of accounting policies. (iii) Performing trend analysis on the top ten sales customers to assess whether there are any material abnormality. (iv) Examining selected shipments for a period before and after the balance sheet date of the Company, and check relevant vouchers and forms to determine whether the sales revenue is included in the appropriate period of the financial statements.

2. Impairment on investment accounted for using the equity method

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

   Description of the key audit matter:

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

   How the matter was addressed in our audit:

   Our key audit procedures included (i) obtaining the report of the assessment of impairment loss of goodwill provided by the evaluation expert commissioned by the management of TSC Auto ID, and the goodwill impairment test assessment performed by the management.(ii) understanding and assessing the reasonableness of the recoverable amount based on the evaluation model. (iii) comprehensively assessing the reasonableness of the assessment of impairment loss of goodwill based on the assumption used in the evaluation model, including the sales growth rate, profit margin, weighted average cost of capital (WACC, which includes the risk-free rate and the risk premium), and considering TSC Auto ID's operational status, industry conditions, and future outlook to comprehensively assess the reasonableness of the report of the assessment of impairment loss of goodwill.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2026

Notes to Readers

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

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

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

TAIWAN SEMICONDUCTOR CO., LTD.

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 669,109	6	562,610	5
1110	Current financial assets at fair value through profit or loss - current (note 6(b))	60,068	1	20,089	-
1150	Notes receivable, net (note 6(c))	-	-	12	-
1170	Accounts receivable, net (note 6(c))	564,049	5	490,650	5
1180	Accounts receivable due from related parties, net (note 7)	524,507	5	526,973	5
1200	Other receivables (note 7)	53,463	-	31,252	-
1220	Current tax assets	-	-	89,684	1
130X	Inventories(note6(d))	909,308	9	1,083,837	10
1479	Other current assets	82,370	1	74,286	1
		2,862,874	27	2,879,393	27
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	125,237	1	66,152	-
1551	Investments accounted for using equity method (note (e))	5,550,786	52	5,192,648	50
1600	Property, plant and equipment (note (f))	1,893,461	18	2,086,694	20
1755	Right-of-use assets (note (g))	694	-	2,359	-
1822	Intangible assets (note (h))	41,744	-	55,786	1
1840	Deferred tax assets (note (m))	67,601	1	60,299	1
1980	Other non-current financial assets (note (b))	1,435	-	18,143	-
1990	Other non-current assets	89,842	1	124,673	1
		7,770,800	73	7,606,754	73
	Total assets	**$ 10,633,674**	**100**	**10,486,147**	**100**

	Liabilities and Equity	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 408,590	4	445,065	5
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	175	-	859	-
2170	Accounts payable	283,150	3	250,992	2
2181	Accounts payable to related parties (note 7)	713,957	7	323,092	3
2220	Other payables to related parties (note 7)	20,300	-	43,971	-
2230	Current tax liabilities	2,879	-	113,137	1
2320	Long-term borrowings, current portion (note 6(j))	120,052	1	106,683	1
2280	Lease liabilities, current (note 6(k))	404	-	957	-
2399	Other current liabilities	302,380	3	330,636	3
		1,851,887	18	1,615,392	15
	Non-Current liabilities:				
2541	Long-term borrowings (note 6(j))	702,364	6	644,675	6
2570	Deferred tax liabilities (note 6(m))	433,280	4	425,721	4
2580	Lease liabilities non-current (note (k))	-	-	403	-
2640	Net defined benefit liability, non-current (note 6(l))	3,304	-	5,602	-
		1,138,948	10	1,076,401	10
	Total liabilities	2,990,835	28	2,691,793	25
	Stockholder' equity attributable to parent:(note 6(n))				
3110	Common stock	2,634,854	25	2,634,854	25
3200	Capital surplus	2,290,130	22	2,252,984	22
3300	Retained earnings	3,734,784	35	3,751,072	36
3400	Other stockholders' equity	(275,634)	(3)	(244,678)	(2)
3500	Treasury shares	(741,295)	(7)	(599,878)	(6)
	Total equity	7,642,839	72	7,794,354	75
	Total liabilities and equity	**$ 10,633,674**	**100**	**10,486,147**	**100**

See accompanying notes to parent company only financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

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

		2025		2024	
		Amount	%	Amount	%
4110	Total sales revenue (note 6(p) and 7)	$ 4,714,632	104	4,295,553	102
4190	Less: Sales discounts and allowances	165,069	4	98,547	2
	Net operating revenues	4,549,563	100	4,197,006	100
5000	Cost of goods sold (note 6(d) and 7)	3,962,077	87	3,489,795	83
	Gross profit	587,486	13	707,211	17
5910	Realized (unrealized) gains from sales	23,008	1	(354)	-
		610,494	14	706,857	17
6000	**Operating expenses (note 6(l), (r) and 7):**				
6100	Selling expenses	392,517	9	351,858	8
6200	Administrative expenses	180,939	4	198,054	5
6300	Research and development expenses	141,019	3	126,066	3
6450	Expected credit losses(note 6(c))	771	-	151	-
		715,246	16	676,129	16
	Operating income (loss)	(104,752)	(2)	30,728	1
	Non-operating income and expenses (note 6(q) and 7):				
7100	Interest income	5,154	-	5,476	-
7010	Other income	8,502	-	15,649	-
7020	Other gains and losses	40,484	1	84,863	2
7050	Finance costs	(29,394)	(1)	(24,400)	-
7070	Share of profit of subsidiaries accounted for using equity method (note 6(e))	602,436	13	419,887	10
		627,182	13	501,475	12
	Profit before income tax	522,430	11	532,203	13
7950	**Less: Income tax expenses (note 6(m))**	12,854	-	68,352	2
	Profit	509,576	11	463,851	11
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(l))	2,015	-	1,328	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(908)	-	(3,999)	-
		1,107	-	(2,671)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(30,956)	(1)	174,852	4
		(30,956)	(1)	174,852	4
8300	**Other comprehensive income (after tax)**	(29,849)	(1)	172,181	4
	Comprehensive income	**$ 479,727**	**10**	**636,032**	**15**
	Basic earnings per common share (NT dollars) (note 6(s))	**$ 2.07**		**1.87**	
	Diluted earnings per common share (NT dollars) (note 6(s))	**$ 2.07**		**1.87**	

See accompanying notes to parent company only financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
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
Net income	-	-	-	-	463,851	463,851	-	-	463,851
Other comprehensive income	-	-	-	-	(2,671)	(2,671)	174,852	-	172,181
Total comprehensive income	-	-	-	-	461,180	461,180	174,852	-	636,032
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	(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)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	31,920	-	-	-	-	-	-	31,920
Changes in equity of affiliate accounted for using equity method	-	11,813	-	-	-	-	-	-	11,813
Balance at December 31, 2024	2,634,854	2,252,984	1,201,264	531,125	2,018,683	3,751,072	(244,678)	(599,878)	7,794,354
Net income	-	-	-	-	509,576	509,576	-	-	509,576
Other comprehensive income	-	-	-	-	1,107	1,107	(30,956)	-	(29,849)
Total comprehensive income	-	-	-	-	510,683	510,683	(30,956)	-	479,727
Purchase of treasury shares	-	-	-	-	-	-	-	(141,417)	(141,417)
Appropriation and distribution of retained earnings:									
Provision of legal reserve	-	-	46,118	-	(46,118)	-	-	-	-
Reversal of special reserve	-	-	-	(228,976)	228,976	-	-	-	-
Cash dividends	-	-	-	-	(526,971)	(526,971)	-	-	(526,971)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	32,288	-	-	-	-	-	-	32,288
Share-based payment awards	-	7,155	-	-	-	-	-	-	7,155
Changes in equity of affiliate accounted for using equity method	-	(2,297)	-	-	-	-	-	-	(2,297)
Balance at December 31, 2025	$ 2,634,854	2,290,130	1,247,382	302,149	2,185,253	3,734,784	(275,634)	(741,295)	7,642,839

See accompanying notes to parent company only financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

		2025	2024
Cash flows from (used in) operating activities:			
Profit before tax	$	522,430	532,203
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		399,318	371,455
Amortization expense		15,297	35,853
Expected credit losses		771	151
Gain on financial assets or liabilities at fair value through profit or loss		(38,198)	(9,430)
Interest expense		27,991	23,247
Interest income		(5,154)	(5,476)
Share of profit of subsidiaries accounted for using equity method		(602,436)	(419,887)
Gain on disposal of property, plan and equipment		(3,524)	(746)
Others		(15,853)	354
Total adjustments to reconcile profit (loss)		(221,788)	(4,479)
Changes in operating assets and liabilities:			
(Increase) decrease in financial assets at fair value through profit or loss		(40,691)	1,636
Decrease in notes receivable		12	270
Increase in accounts receivable		(74,170)	(55,164)
(Increase) decrease in accounts receivable due from related parties		2,466	(84,143)
(Increase) decrease in other receivable		(4,984)	1,064
Decrease in inventories		174,529	140,556
Increase in other current assets		(8,084)	(41,699)
Increase (decrease) in accounts payable		32,158	(12,247)
Increase in accounts payable to related parties		390,865	19,857
Increase in other payable		180	605
Increase (decrease) in other payable to related parties		(23,671)	8,367
Increase (decrease) in other current liabilities		(28,256)	5,545
Decrease in net defined benefit liability		(283)	(15,563)
Total adjustments		198,283	(35,395)
Cash inflow generated from operations		720,713	496,808
Interest received		5,172	5,478
Dividends received		267,277	560,165
Income taxes paid		(33,171)	(117,273)
Net cash flows from operating activities		930,718	919,564
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through profit or loss		(38,104)	(34,145)
Acquisition of property, plant and equipment		(83,429)	(115,047)
Proceeds from disposal of property, plant and equipment		1,680	1,101
Acquisition of intangible assets		(789)	(9,092)
Decrease in other non-current assets		26,121	66,361
Increase in prepayments for equipment		(94,922)	(252,819)
Net cash flows used in investing activities		(189,443)	(343,641)
Cash flows from (used in) financing activities:			
Decrease in short-term loans		(36,475)	(504,935)
Proceeds from long-term borrowings		191,400	522,550
Repayments of long-term borrowings		(120,342)	(298,583)
Payment of lease liabilities		(971)	(971)
Cash dividends paid		(526,971)	(526,971)
Repurchase of treasury shares		(141,417)	-
Net cash flows used in financing activities		(634,776)	(808,910)
Net Increase in cash and cash equivalents		106,499	(232,987)
Cash and cash equivalents at the beginning of period		562,610	795,597
Cash and cash equivalents at the end of period	$	669,109	562,610

Representation Letter

The entities that are required to be included in the consolidated financial statements of TAIWAN SEMICONDUCTOR CO., LTD. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, TAIWAN SEMICONDUCTOR CO., LTD. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: TAIWAN SEMICONDUCTOR CO., LTD.
Chairman: Wang Shiu-Ting
Date: March 13, 2026.

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of TAIWAN SEMICONDUCTOR CO., LTD. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2025 and 2024, the consolidated statement of comprehensive income, consolidated changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain subsidiaries of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) included in the Group's consolidated financial statements as of December 31, 2025. Those financial statements were audited by other auditors. Accordingly, the amounts reported in the financial statements of those TSC Auto ID subsidiaries included in the aforementioned consolidated financial statements were based on the audit reports of other auditors. As of December 31, 2025, the total assets of these subsidiaries accounted for 10.70% of the Group's total assets, and their net operating revenue for the year ended December 31, 2025, accounted for 20.81% of the Group's total net operating revenue.

We did not audit the financial statements of TSC Auto ID as of December 31, 2024, among the subsidiaries included in the Group's consolidated financial statements; those statements were audited by other auditors. Therefore, in our opinion on the aforementioned consolidated financial statements, the amounts reported in TSC

Auto ID's financial statements are based on the audit report of other auditors. As of December 31, 2024, TSC Auto ID's total assets accounted for 55.02% of the Group's total assets, and its net operating revenue for the year ended December 31, 2024, accounted for 59.33% of the Group's total net operating revenue.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unqualified opinion with Other Matters paragraph.

Key Audit Matters

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

1. Revenue recognition

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

   <u>Description of the key audit matter</u>

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

   How the matter was addressed in our audit:

   Our key audit procedures included: (i) testing the relevant control over the sales and collection cycle to determine the reliability of revenue records. (ii) checking and adjusting the data of sales system and general ledger entries, evaluating whether the conditions of sale are consistent with the recognition of accounting policies. (iii) conducting trend analysis on the top ten sales customers to assess whether there are any major anomalies. (iv) Examining selected shipments for a period before and after the balance sheet date of the Group, and check relevant vouchers and forms to determine whether the sales revenue is included in the appropriate period of the financial statements.

2. The assessment of impairment loss of goodwill

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

   <u>Description of key audit matter</u>

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

How the matter was addressed in our audit:

Our key audit procedures included (i) obtaining the report of the assessment of impairment loss of goodwill provided by the evaluation expert commissioned by the management of TSC Auto ID, and the goodwill impairment test assessment performed by the management.(ii) understanding and assessing the reasonableness of the recoverable amount based on the evaluation model. (iii) comprehensively assessing the reasonableness of the assessment of impairment loss of goodwill based on the assumption used in the evaluation model, including the sales growth rate, profit margin, weighted average cost of capital (WACC, which includes the risk-free rate and the risk premium), and considering TSC Auto ID's operational status, industry conditions, and future outlook to comprehensively assess the reasonableness of the report of the assessment of impairment loss of goodwill.

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

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

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

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

Auditor’s Responsibilities for the Audit of the December 31, 2025 and 2024 Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2026

Notes to Readers

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

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

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,535,194	16	3,524,621	16
1110	Current financial assets at fair value through profit or loss (note 6(b))	60,444	-	20,132	-
1150	Notes receivable, net (note 6(c) and (r))	69	-	12	-
1170	Accounts receivable, net (note 6(c) and (r))	3,314,903	16	3,365,399	16
1200	Other receivables	113,308	1	92,526	-
1220	Current tax assets	4,903	-	92,323	-
130X	Inventories (note 6(d))	3,815,967	18	3,878,007	18
1410	Prepayments	348,898	1	336,591	2
1470	Other current assets	9,708	-	21,671	-
1476	Other current financial assets (note 6(b))	539,520	3	401,899	2
		11,742,914	55	11,733,181	54
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	125,237	1	66,152	-
1600	Property, plant and equipment (note 6(f))	4,270,061	20	4,414,437	21
1755	Right-of-use assets (note 6(g))	686,313	3	701,081	4
1805	Goodwill (note 6(i))	1,988,321	9	2,029,444	10
1822	Intangible assets (note 6(h))	1,017,928	5	1,148,483	5
1840	Deferred tax assets (note 6(o))	822,051	4	729,049	3
1980	Other non-current financial assets (note 6(b))	133,764	1	281,206	1
1990	Other non-current assets (note 6(n))	408,686	2	437,009	2
		9,452,361	45	9,806,861	46
	Total assets	**$ 21,195,275**	**100**	**21,540,042**	**100**

	Liabilities and Equity	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 1,540,103	7	2,286,701	11
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	67,595	-	70,121	-
2170	Accounts payable	1,656,680	8	1,374,344	6
2200	Other payables (note 6(l))	892,386	4	939,090	4
2230	Current tax liabilities	159,000	1	262,800	1
2280	Lease liabilities, current (note 6(m))	148,063	1	134,573	1
2322	Long-term borrowings, current portion (note 6(k))	396,973	2	314,125	1
2399	Other current liabilities	351,281	1	366,583	2
		5,212,081	24	5,748,337	26
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (note 6(b))	-	-	26,784	-
2540	Long-term borrowings (note 6(k))	3,123,138	15	2,980,445	14
2570	Deferred tax liabilities (note 6(o))	1,224,622	6	1,188,571	6
2580	Lease liabilities, non-current (note 6(m))	562,059	2	568,029	3
2640	Net defined benefit liabilities, non-current (note 6(n))	20,917	-	21,033	-
2670	Other non-current liabilities	70,134	-	62,216	-
		5,000,870	23	4,847,078	23
	Total liabilities	10,212,951	47	10,595,415	49
	Stockholder' equity attributable to parent: (note 6(p))				
3110	Common stock	2,634,854	12	2,634,854	12
3200	Capital surplus	2,290,130	11	2,252,984	11
3300	Retained earnings	3,734,784	18	3,751,072	17
3400	Other stockholders' equity	(275,634)	(1)	(244,678)	(1)
3500	Treasury shares	(741,295)	(3)	(599,878)	(3)
	Total equity attributable to owners of parent	7,642,839	37	7,794,354	36
36XX	Non-controlling interests (note 6(e))	3,339,485	16	3,150,273	15
	Total equity	10,982,324	53	10,944,627	51
	Total liabilities and equity	**$ 21,195,275**	**100**	**21,540,042**	**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 years ended December 31, 2025 and 2024

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

		2025 Amount	2025 %	2024 Amount	2024 %
4110	Total sales revenue (note 6(r))	$ 18,585,489	104	15,353,489	104
4190	Less: Sales discounts and allowances	631,230	4	524,697	4
	Net operating revenues	17,954,259	100	14,828,792	100
5000	Cost of goods sold (note 6(d))	12,664,153	71	10,594,202	71
	Gross profit	5,290,106	29	4,234,590	29
6000	**Operating expenses** (notes 6(n) and (t)):				
6100	Selling expenses	2,029,921	11	1,605,261	11
6200	Administrative expenses	957,262	5	884,260	6
6300	Research and development expenses	815,020	4	496,684	3
6450	Expected credit losses (gains on reversal) (note 6(c))	19,767	-	(8,830)	-
		3,821,970	20	2,977,375	20
	Operating income	1,468,136	9	1,257,215	9
	Non-operating income and expenses (note 6(s)):				
7100	Interest income	45,800	-	41,582	-
7010	Other income	37,701	-	47,322	-
7020	Other gains and losses	57,204	-	100,760	1
7050	Finance costs	(175,702)	(1)	(118,520)	(1)
		(34,997)	(1)	71,144	-
	Profit before income tax	1,433,139	8	1,328,359	9
7950	**Less: Income tax expenses** (note 6(o))	320,577	2	433,446	3
	Profit	1,112,562	6	894,913	6
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans (note 6(n))	(528)	-	(10,275)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(528)	-	(10,275)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(106,099)	(1)	232,964	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	19,418	-	(17,219)	-
		(86,681)	(1)	215,745	2
8300	**Other comprehensive income (after tax)**	(87,209)	(1)	205,470	2
	Total comprehensive income	$ 1,025,353	5	1,100,383	8
	Net income attributable to:				
	Owners of the parent	$ 509,576	3	463,851	3
	Non-controlling interests (note 6(e))	602,986	3	431,062	3
		$ 1,112,562	6	894,913	6
	Total comprehensive income attributable to:				
	Owners of the parent	$ 479,727	2	636,032	5
	Non-controlling interests (note 6(e))	545,626	3	464,351	3
		$ 1,025,353	5	1,100,383	8
	Basic earnings per common share (NT dollars) (note 6(u))	$	2.07		1.87
	Diluted earnings per common share (NT dollars) (note 6(u))	$	2.07		1.87

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
			Retained earnings								
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
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	-	-	-	-	463,851	463,851	-	-	463,851	431,062	894,913
Other comprehensive income	-	-	-	-	(2,671)	(2,671)	174,852	-	172,181	33,289	205,470
Total comprehensive income	-	-	-	-	461,180	461,180	174,852	-	636,032	464,351	1,100,383
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	-	11,813	-	-	-	-	-	-	11,813	-	11,813
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(278,151)	(278,151)
Balance at December 31, 2024	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	-	-	-	-	509,576	509,576	-	-	509,576	602,986	1,112,562
Other comprehensive income	-	-	-	-	1,107	1,107	(30,956)	-	(29,849)	(57,360)	(87,209)
Total comprehensive income	-	-	-	-	510,683	510,683	(30,956)	-	479,727	545,626	1,025,353
Purchase of treasury shares	-	-	-	-	-	-	-	(141,417)	(141,417)	-	(141,417)
Appropriation and distribution of retained earnings:											
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	-	32,288	-	-	-	-	-	-	32,288	-	32,288
Share-based payment awards	-	7,155	-	-	-	-	-	-	7,155	-	7,155
Changes in equity of affiliate accounted for using equity method	-	(2,297)	-	-	-	-	-	-	(2,297)	-	(2,297)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(356,414)	(356,414)
Balance at December 31, 2025	**$ 2,634,854**	**2,290,130**	**1,247,382**	**302,149**	**2,185,253**	**3,734,784**	**(275,634)**	**(741,295)**	**7,642,839**	**3,339,485**	**10,982,324**

See accompanying notes to financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		2025	2024
Cash flows from (used in) operating activities:			
Profit before tax	$	1,433,139	1,328,359
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		901,568	901,862
Amortization expense		216,365	125,077
Expected credit losses (gains on reversal)		19,767	(8,830)
Net (gains) losses on financial assets or liabilities at fair value through profit or loss		(33,724)	18,315
Interest expense		133,361	116,975
Interest income		(45,800)	(41,582)
Losses on disposal of property, plant and equipment		22,162	6,444
Losses on disposal of intangible assets		-	20
Reversal of impairment gain on non-financial assets		(522)	(1,648)
Others		4,858	11,813
Total adjustments to reconcile profit (loss)		1,218,035	1,128,446
Changes in operating assets and liabilities:			
Increases and decreases in financial assets/liabilities at fair value through profit or loss		(66,160)	242
(Increase) decrease in notes receivable		(57)	295
(Increase) decrease in accounts receivable		30,729	(336,107)
(Increase) decrease in other receivables		(11,519)	11,045
Decrease in inventories		62,040	216,415
Increase in prepayments		(12,307)	(144,537)
Decrease in other current assets		11,963	10,654
Decrease in other financial assets		133,980	78,990
Increase (decrease) in accounts payable		282,336	(107,916)
Decrease in other payable		(46,884)	(56,445)
Decrease in other current liabilities		(20,299)	(27,372)
Decrease in net defined benefit liabilities		(116)	(22,756)
Increase in other non-current liabilities		9,637	8,898
Total adjustments		1,591,378	759,852
Cash inflow generated from operations		3,024,517	2,088,211
Interest received		45,818	41,584
Interest paid		(98,504)	(87,332)

	2025	2024
Income taxes paid	(393,908)	(417,197)
Net cash flows from operating activities	2,577,923	1,625,266
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(38,104)	(34,145)
Acquisition of subsidiaries (net of cash acquired)	-	(2,370,265)
Acquisition of property, plant and equipment	(290,404)	(220,085)
Proceeds from disposal of property, plant and equipment	9,343	3,030
Acquisition of intangible assets	(83,883)	(33,425)
Increase in other financial assets	(124,159)	(234,210)
(Increase) decrease in other non-current assets	15,676	(21,606)
Increase in prepayments for equipment	(291,731)	(235,217)
Net cash flows used in investing activities	(803,262)	(3,145,923)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(746,598)	665,306
Proceeds from long-term borrowings	1,453,023	2,754,753
Repayments of long-term borrowings	(1,228,448)	(607,482)
Repayments of lease principals	(150,557)	(96,646)
Decrease in guarantee deposits received	(638)	(1)
Cash dividends paid	(494,683)	(495,051)
Repurchase of treasury shares	(141,417)	(93,835)
Change in non-controlling interests	(356,414)	(278,151)
Net cash flows used in financing activities	(1,665,732)	1,848,893
Effect of exchange rate changes on cash and cash equivalents	(98,356)	(187,062)
Net Increase in cash and cash equivalents	10,573	141,174
Cash and cash equivalents at the beginning of period	3,524,621	3,383,447
Cash and cash equivalents at the end of period	**$ 3,535,194**	**3,524,621**

TAIWAN SEMICONDUCTOR CO., LTD.

Fiscal Year 2025

Earnings Distribution Table

Unit: NTD

Items	Subtotal	Total
Beginning retained earnings (Beginning Balance)	1,674,569,359	
Add: 2025 Net profit after tax	509,576,774	
Add: Remeasurements of defined benefit plan	1,106,866	
Less: 10% legal reserve	51,068,364	
Distributable earnings		**2,134,184,635**
Less：Distributable items		
(1) Dividend to shareholders (NTD 2.0 per share)		
(NTD 2.0 per share of cash dividend) ----(Note)	526,970,972	526,970,972
Unappropriated retained earnings (Ending Balance)		**1,607,213,663**

Note:

1) If there is an increase or decrease in the total number of outstanding shares of the Company, which results in a change in the shareholders' payout ratio, it is proposed to request the shareholders' meeting to authorize the Board of Directors to deal with the matter in its sole discretion.
2) Total Stock dividend of the director for the current period NTD 526,970,972
3) 2025 net profit after tax after distribution NTD 0 Hasn't been distributed.