Stock Code:5425

TAIWAN SEMICONDUCTOR CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

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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, 2024 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 14, 2025

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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, 2024 and 2023, 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, 2024 and 2023, 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.

Emphasis of Matter

TSC Auto ID acquired the entire shares of MGN sp. z o.o. on June 12, 2023. Since the evaluation of the identifiable net assets obtained from the business combination was completed during the year, the original accounting treatment and provisional amount from the acquisition date were adjusted according to the purchase price allocation report, and the information for the comparative period was retrospectively restated. Our opinion is not modified in respect of this matter. Please refer to note 6 (i) and (v).

Other Matter

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) of the Group. Those statements were audited by the other Certified Public Accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the report of the other Certified Public Accountants. The financial statements of TSC Auto ID reflect the total assets constituting 55.02% and 43.30% of the consolidated total assets at December 31, 2024 and 2023, respectively, and the total operating revenues constituting 59.33% and 57.14% of the consolidated total operating revenues for the years then ended respectively.

The company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unqualified opinion with other matters paragraph.

Key Audit Matters

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

1. Revenue recognition

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

   Description of the key audit matter

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

   How the matter was addressed in our audit:

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

2. The assessment of impairment loss of goodwill

   Please refer to note 4(l) "Impairment of 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.

   Description of key audit matter

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

   How the matter was addressed in our audit:

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

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

3. Identification and evaluation of tangible and intangible assets acquired through business combinations

Please refer to note 4(r) "Business combinations" for accounting policy of business combinations; and note 6(v) "Business combinations" for details on the related explanation.

Description of the key audit matter

The Group's Bar Code Printers department acquired the entire shares of MGN sp. z o.o. on June 12, 2023, and completed the measurement of the fair value of net assets and goodwill based on the purchase price allocation report in 2024; hence, the intangible assets generated by the acquisition are significant to the consolidated financial statements.

Due to the aforementioned business combination transaction, the consideration for the acquisition of equity, the reasonableness of the purchase price allocation, and the determination of the fair value of net assets acquired on the acquisition date, as well as intangible assets and goodwill, were based on the purchase price allocation report issued by external expert commissioned by the management. The valuation methods and assumptions adopted involve significant estimates and judgments by the management.

How the matter was addressed in our audit:

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

The audit procedure executed by other Certified Public Accountants included: (i) obtaining the purchase price allocation report issued by external expert commissioned by the management of TSC Auto ID and evaluating the competence and independence of external independent valuators. (ii) reviewing the expected financial information used by the management of TSC Auto ID to prepare the purchase price allocation report and comparing it with TSC Auto ID's historical financial information and market industry future expectations to assess the reasonableness of key assumptions (including sales growth rate, gross profit margin, and operating profit margin). (iii) evaluating the valuation models and key assumptions used in the purchase price allocation report, including the useful life of intangible assets, weighted average cost of capital (including risk-free rate, volatility, and equity market risk premium), and considering TSC Auto ID's operational status, industry conditions, and future outlook to comprehensively assess the reasonableness of the purchase price allocation report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 14, 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 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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023 (restated)	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,524,621	16	3,383,447	19
1110	Current financial assets at fair value through profit or loss (note 6(b))	20,132	-	25,603	-
1150	Notes receivable, net (notes 6(c) and (r))	12	-	307	-
1170	Accounts receivable, net (notes 6(c) and (r))	3,365,399	16	2,575,669	15
1200	Other receivables	92,526	-	72,341	-
1220	Current tax assets	92,323	-	22,532	-
130X	Inventories (note 6(d))	3,878,007	18	3,351,290	19
1410	Prepayments	336,591	2	144,345	1
1470	Other current assets	21,671	-	-	1
1476	Other current financial assets (note 6(b))	401,899	2	86,540	-
		11,733,181	54	9,662,074	55
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	66,152	-	22,383	-
1600	Property, plant and equipment (note 6(f))	4,414,437	21	4,407,897	25
1755	Right-of-use assets (note 6(g))	701,081	4	189,295	1
1822	Intangible assets (note 6(h))	1,148,483	5	521,227	3
1805	Goodwill (note 6(i))	2,029,444	10	1,339,762	8
1840	Deferred tax assets (note 6(o))	729,049	3	544,142	3
1980	Other non-current financial assets (note 6(b))	281,206	1	416,549	2
1990	Other non-current assets (note 6(n))	437,009	2	439,913	3
		9,806,861	46	7,881,168	45
	Total assets	**$ 21,540,042**	**100**	**17,543,242**	**100**

		December 31, 2024		December 31, 2023 (restated)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 2,286,701	11	1,621,395	9
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	70,121	-	19,674	-
2170	Accounts payable	1,374,344	6	1,356,789	8
2200	Other payables (note 6(l))	939,090	4	935,187	5
2230	Current tax liabilities	262,800	1	220,156	1
2322	Long-term borrowings, current portion (note 6(k))	314,125	1	307,457	2
2280	Lease liabilities, current (note 6(m))	134,573	1	105,383	1
2399	Other current liabilities	366,583	2	261,457	2
		5,748,337	26	4,827,498	28
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (note 6(b))	26,784	-	54,521	-
2540	Long-term borrowings (note 6(k))	2,980,445	14	839,963	5
2580	Lease liabilities, non-current (note 6(m))	568,029	3	64,880	-
2640	Net defined benefit liabilities, non-current (note 6(n))	21,033	-	39,335	-
2570	Deferred tax liabilities (note 6(o))	1,188,571	6	971,583	6
2670	Other non-current liabilities	62,216	-	45,994	-
		4,847,078	23	2,016,276	11
	Total liabilities	10,595,415	49	6,843,774	39
	Stockholder' equity attributable to parent: (note 6(p))				
3110	Common stock	2,634,854	12	2,634,854	15
3200	Capital surplus	2,252,984	11	2,209,251	12
3300	Retained earnings	3,751,072	17	3,816,863	22
3400	Other stockholders' equity	(244,678)	(1)	(419,530)	(2)
3500	Treasury shares	(599,878)	(3)	(506,043)	(3)
	Total equity attributable to owners of parent	7,794,354	36	7,735,395	44
36XX	**Non-controlling interests (note 6(e))**	3,150,273	15	2,964,073	17
	Total equity	10,944,627	51	10,699,468	61
	Total liabilities and equity	**$ 21,540,042**	**100**	**17,543,242**	**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, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4110	Total sales revenue (note 6(r))	$15,353,489	104	15,214,856	104
4190	Less: Sales discounts and allowances	524,697	4	598,842	4
	Net operating revenues	14,828,792	100	14,616,014	100
5000	Cost of goods sold (note 6(d))	10,594,202	71	10,123,352	69
	Gross profit	4,234,590	29	4,492,662	31
6000	**Operating expenses** (notes 6(n) and (t)):				
6100	Selling expenses	1,605,261	11	1,382,342	9
6200	Administrative expenses	884,260	6	890,966	6
6300	Research and development expenses	496,684	3	443,113	3
6450	Expected credit losses (gains on reversal) (note 6(c))	(8,830)	-	7,713	-
		2,977,375	20	2,724,134	18
	Operating income	1,257,215	9	1,768,528	13
	Non-operating income and expenses (note 6(s)):				
7100	Interest income	41,582	-	42,817	-
7010	Other income	47,322	-	52,142	-
7020	Other gains and losses	100,760	1	56,619	-
7050	Finance costs	(118,520)	(1)	(82,309)	(1)
		71,144	-	69,269	(1)
	Profit before income tax	1,328,359	9	1,837,797	12
7950	**Less: Income tax expenses** (note 6(o))	433,446	3	527,804	4
	Profit	894,913	6	1,309,993	8
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans (note 6(n))	(10,275)	-	(4,578)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(10,275)	-	(4,578)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	232,964	2	(43,641)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	(17,219)	-	(4,590)	-
		215,745	2	(48,231)	-
8300	**Other comprehensive income (after tax)**	205,470	2	(52,809)	-
	Total comprehensive income	**$ 1,100,383**	**8**	**1,257,184**	**8**
	Net income attributable to:				
	Owners of the parent	$ 463,851	3	718,640	4
	Non-controlling interests (note 6(e))	431,062	3	591,353	4
		$ 894,913	**6**	**1,309,993**	**8**
	Total comprehensive income attributable to:				
	Owners of the parent	$ 636,032	5	655,242	4
	Non-controlling interests (note 6(e))	464,351	3	601,942	4
		$ 1,100,383	**8**	**1,257,184**	**8**
	Basic earnings per common share (NT dollars) (note 6(u))	**$**	**1.87**		**2.89**
	Diluted earnings per common share (NT dollars) (note 6(u))	**$**	**1.87**		**2.88**

See accompanying notes to financial statements.

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

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(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, 2023	$ 2,634,854	2,137,088	973,024	531,125	2,651,442	4,155,591	(359,558)	(506,043)	8,061,932	2,663,551	10,725,483
Net income	-	-	-	-	718,640	718,640	-	-	718,640	591,353	1,309,993
Other comprehensive income	-	-	-	-	(3,426)	(3,426)	(59,972)	-	(63,398)	10,589	(52,809)
Total comprehensive income	-	-	-	-	715,214	715,214	(59,972)	-	655,242	601,942	1,257,184
Appropriation and distribution of retained earnings:											
Provision of legal reserve	-	-	156,719	-	(156,719)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,053,942)	(1,053,942)	-	-	(1,053,942)	-	(1,053,942)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	59,200	-	-	-	-	-	-	59,200	-	59,200
Changes in equity of affiliate accounted for using equity method	-	12,963	-	-	-	-	-	-	12,963	-	12,963
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(301,420)	(301,420)
Balance at December 31, 2023	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**

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		2024	2023 (restated)
Cash flows from (used in) operating activities:			
Profit before tax	$	1,328,359	1,837,797
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		901,862	848,095
Amortization expense		125,077	139,801
Expected credit losses (gains on reversal)		(8,830)	7,713
Net loss on financial assets or liabilities at fair value through profit or loss		18,315	5,965
Interest expense		116,975	80,472
Interest income		(41,582)	(42,817)
(Gains) losses on disposal of property, plant and equipment		6,444	(274)
Losses on disposal of intangible assets		20	-
Reversal of impairment gain on non-financial assets		(1,648)	(88)
Others		11,813	12,963
Total adjustments to reconcile profit (loss)		1,128,446	1,051,830
Changes in operating assets and liabilities:			
Increases and decreases in financial assets/liabilities at fair value through profit or loss		242	43,414
Decrease in notes receivable		295	281
(Increase) decrease in accounts receivable		(336,107)	512,390
Decrease in other receivables		11,045	35,388
Decrease in inventories		216,415	207,442
(Increase) decrease in prepayments		(144,537)	53,877
Decrease in other current assets		10,654	-
Decrease in other financial assets		78,990	210,058
Decrease in accounts payable		(107,916)	(386,090)
Decrease in other payable		(56,445)	(162,871)
Decrease in other current liabilities		(27,372)	(77,867)
Increase (decrease) in net defined benefit liabilities		(22,756)	4,335
Increase (decrease) in other non-current liabilities		8,898	(29,954)
Total adjustments		759,852	1,462,233
Cash inflow generated from operations		2,088,211	3,300,030
Interest received		41,584	43,274
Interest paid		(87,332)	(74,284)
Income taxes paid		(417,197)	(737,970)
Net cash flows from operating activities		1,625,266	2,531,050
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through profit or loss		(34,145)	(19,607)
Acquisition of subsidiaries (net of cash acquired)		(2,370,265)	(358,490)
Acquisition of property, plant and equipment		(220,085)	(262,647)
Proceeds from disposal of property, plant and equipment		3,030	1,599
Acquisition of right-of-use assets		-	(2,035)
Acquisition of intangible assets		(33,425)	(42,622)
Increase in other financial assets		(234,210)	(133,237)
(Increase) decrease in other non-current assets		(21,606)	8,325
Increase in prepayments for equipment		(235,217)	(303,471)
Net cash flows used in investing activities		(3,145,923)	(1,112,185)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		665,306	146,091
Proceeds from long-term borrowings		2,754,753	300,000
Repayments of long-term borrowings		(607,482)	(586,822)
Repayments of lease principals		(96,646)	(130,872)
Increase (decrease) in guarantee deposits received		(1)	(246)
Cash dividends paid		(495,051)	(994,742)
Repurchase of treasury shares		(93,835)	-
Change in non-controlling interests		(278,151)	(301,420)
Net cash flows used in financing activities		1,848,893	(1,568,011)
Effect of exchange rate changes on cash and cash equivalents		(187,062)	(63,088)
Net increase (decrease) in cash and cash equivalents		141,174	(212,234)
Cash and cash equivalents at the beginning of period		3,383,447	3,595,681
Cash and cash equivalents at the end of period	$	3,524,621	3,383,447

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

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TAIWAN SEMICONDUCTOR CO., LTD. ("the Company") was incorporated in January 1979 under the Company Act of the Republic of China. Its major business activities are the manufacture and sale of rectifiers and bar code printers. The Company's common stock has been officially listed and traded on the GreTai Securities Market starting from February 2000.

In order to improve operating efficiency and industry competitiveness from specialization, the Company restructured its business and organization. The Company separated its bar code printer business unit from itself and transferred it to establish TSC Auto ID Technology Co., Ltd. (TSC Auto ID). The Board of Directors 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 issurance by the Board of Directors on March 14, 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, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(b) The impact of IFRS issued 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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

(Continued)

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

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “ IFRS Accounting Standards” endorsed by the “FSC”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income (Available-for-sale financial assets)are measured at fair value;

3) The defined benefit liabilities are measured at present value of the defined benefit obligation less the fair value of the plan assets.

(Continued)

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

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Group's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding December 31, 2024	Shareholding December 31, 2023	Instruction
The Company	Ever Energetic Int'l Ltd. (Ever Energetic)	Holding company and general import and export business	100.00 %	100.00 %	-
The Company	Ever Winner Int'l Co., Ltd. (Ever Winner)	Holding company and general import and export business	100.00 %	100.00 %	-
The Company	Skyrise Int'l Ltd. (Skyrise)	Holding company and general import and export business	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor Europe GmbH (TSCE)	General import and export business	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor Japan Ltd. (TSCJ)	Trading of rectifiers	100.00 %	100.00 %	-
The Company	Taiwan Semiconductor (H.K.) Co., Ltd. (TSCH)	Holding company and trading of rectifiers	25.22 %	25.22 %	-
The Company	TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Manufacture and sale of bar code printers	35.87 %	36.05 %	-
Ever Energetic	TSCH	Holding company and trading of rectifiers	36.96 %	36.96 %	-
Ever Energetic	TSC America, Inc.(TSCA)	Trading of rectifiers	75.00 %	75.00 %	-
Ever Winner	TSCH	Holding company and trading of rectifiers	37.82 %	37.82 %	-
Ever Winner	TSCA	Trading of rectifiers	25.00 %	25.00 %	-
Ever Winner	Shanghai Great Technology Trading Co., Ltd. (TSCC)	Trading of rectifiers	100.00 %	100.00 %	-
TSCH	Yangxin Everwell Electronic Co., Ltd. (Yangxin Everwell)	Manufacture and sale of rectifiers	100.00 %	100.00 %	-
TSCH	Tianjin Everwell Technology Co., Ltd. (Tianjin Everwell)	Manufacture and sale of wafers	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID Technology EMEA GmbH (TSCAE)	Trading of bar code printers and other parts	100.00 %	100.00 %	-
TSC Auto ID	TSC Auto ID (H.K.) Ltd. (TSC HK)	Holding company and general import and export business	100.00 %	100.00 %	-

(Continued)

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

Name of Investor	Name of subsidiary	Principal activity	Shareholding December 31, 2024	Shareholding December 31, 2023	Instruction
TSC Auto ID	TSC Auto Technology America Inc. (TSCAA)	Trading of bar code printers and other parts	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 %	-
TSC Auto ID	TSC Auto ID Technology India Private limited (TSCIN)	Trading of bar code printers and other parts	100.00 %	100.00 %	-
TSC Auto ID	Mosfortico Investments sp. z o.o. (TSCPL)	General investment	100.00 %	100.00 %	-
TSC Auto ID	Bluebird Inc.（BB）	Production and sales of handheld computers and their parts for enterprise	96.54 %	-	Note 2
TSC Auto ID and BB	Bluebird Latin America S. de R.L. de CV（BBMX）	Production and sales of handheld computers and their parts for enterprise	100.00 %	-	Note 2
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Trading of bar code printers and other parts	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 %	-
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (TTSC)	Manufacture and sale of bar code printers and other parts	100.00 %	100.00 %	-
DLS	Precision Press & Label, Inc. (PPL)	Sale of bar code printers, label papers, other parts	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 %	-
BB	Bluebird USA Inc.（BBUS）	Production and sales of handheld computers and their parts for enterprise	100.00 %	-	-
BB	Bluebird India R&D Center Private Ltd.（BBIN）	Research and development, and design of handheld computers for enterprise use, and technical services	99.00 %	-	-
BB	Bluebird Germany GmbH（BBDE）	Production and sales of handheld computers and their parts for enterprise	100.00 %	-	-
BB	Bluebird Europe SL（BBES）	Production and sales of handheld computers and their parts for enterprise	100.00 %	-	-

Note1：Printronix AD's board of directors resolved to dissolve and liquidate one of its subsidiaries in May 2024, which was reported to the court thereafter.

Note2：TSC Auto ID acquired the South Korean subsidiary, BB, through a business combination in November 2024. BBMX is a subsidiary of BB in which BB holds a 99.97% of its shares. After TSC Auto ID purchased the remaining 0.03% of BBMX's shares in November 2024, both TSC Auto ID and BB jointly hold the entire shares of BBMX. For information related to the acquisition of BB, please refer to note 6(v).

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

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group’s entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting preiod, monetary items denominated in foreign currencies are retranslated into the functional currency at the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

(Continued)

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

· an investment in equity securities designated as at fair value through other comprehensive income;

· a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

· qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

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

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

(i) It expects to settle the liability in its normal operating cycle;

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

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(Continued)

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

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or Fair Value through Other Comprehensive Income (FVOCI) described as above are measured at FVTPL, including derivative financial assets and beneficiary certificates. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 365 days past due；

(Continued)

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

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

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

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and improvements: 4~56 years.

2) Machinery and equipment: 3~20 years.

3) Transportation equipment: 4~7 years.

4) Office equipment and others: 1~20 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

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

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities or short-term leases of transport and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(k) Intangible assets

(i) Goodwill

Goodwill acquired through acquisition of business and control is included in intangible assets. Please refer to note 6(i) for subsequent to initial recognition, it is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortization is caculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimeated useful lives 2~10 years of intangible assets, from the date that they are available for use.

Except for goodwill, the Group shall inspect the residual values, useful lives and amortization methods of the intangible assets at least once at each annual reporing date. If there are any changes to intangible assets, they will be regarded as changes in accounting estimate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

(m) Product warranty obligations

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

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1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

The related refund obligation of the Group based on the estimated sales award is separately recognized in the balance sheet.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

· the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

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- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off currenttax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Business combinations

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity will not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

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(s) Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the resting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(t) Earnings per share

The Group discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses(including revenues and expenses relating to transactions with other components of Group). The segment’s operating results are reviewed regularly by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group’s risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Assessment of impairment of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6 (c) for relevant assumptions, input values and impairment recognition.

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(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(d) for inventory valuation.

(c) Assessment of impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Please refer to note 6(i) for impairment of goodwill.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2024	**December 31, 2023**
Cash and pretty cash	$	826	790
Checking and demand deposits		2,978,256	2,763,120
Time deposits		1,127,679	1,008,967
Less: Time deposits with an original maturity date of more than three months (note 6(b))		(582,140)	(389,430)
	$	**3,524,621**	**3,383,447**

Please refer to note 6(w) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) The financial instruments held by the Group were as follows:

		December 31, 2024	**December 31, 2023**
Current (financial assets):			
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificates	$	20,089	20,032
Currency forward contracts		43	5,571
	$	**20,132**	**25,603**

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	December 31, 2024	December 31, 2023
Other financial assets:		
Time deposits with an original maturity date of more than three months to one year	$ 358,240	86,540
Other (Note & note 6(v))	43,659	-
	$ 401,899	**86,540**
Current (financial liabilities):		
Mandatorily measured at fair value through profit or loss:		
Contingent consideration (note 6(v))	$ 68,931	19,674
Forward exchange contracts	1,190	-
	$ 70,121	**19,674**
Non-current (financial assets):		
Mandatorily measured at fair value through profit or loss:		
Fund in foreign markets	**$ 66,152**	**22,383**
Other financial assets:		
Time deposits with an original maturity date of more than one year	$ 223,900	302,890
Refundable deposits	57,306	68,999
Other (note 6(v))	-	44,660
	$ 281,206	**416,549**
Non-current (financial liabilities):		
Mandatorily measured at fair value through profit or loss:		
Contingent consideration (note 6(v))	**$ 26,784**	**54,521**

Note: TSC Auto ID merged with, and acquired the entire equity interest of, MGN on June 12, 2023, where it made its final payment of EUR1,292 thousand, which was converted into NTD47,428 thousand based on the exchange rate at the end of the reporting period, to a custodian account managed by a third party. To ensure that both parties have fulfilled their obligations under the acquisition agreement, the custodian account were settled on January 7, 2025.

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

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(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):

	December 31, 2024			
	Contract amount		**Currency**	**Contract period**
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

	December 31, 2023			
	Contract amount		**Currency**	**Contract period**
Selling/buying forward	USD 6,000 / NTD	187,271	USD to NTD	2024.01~2024.02
Selling/buying forward	EUR 3,000 / NTD	104,167	EUR to NTD	2024.01

(c) Notes and accounts receivable

	December 31, 2024	December 31, 2023(restated)
Notes receivable	$ 12	307
Accounts receivable	3,429,545	2,622,118
Less: Allowance for impairment	(64,146)	(46,449)
	$ 3,365,411	2,575,976

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:

	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
	$ 1,582,003		5,513

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	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,191,029	0.38%	4,565
1 to 90 days past due	83,880	0.94%	792
91 to 180 days past due	96	50.00%	48
181 to 270 days past due	62	50.00%	31
271~365 days past due	2,908	100.00%	2,908
More than 365 days past due	10,283	100.00%	10,283
	$ 1,288,258		18,627

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

	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

	December 31, 2023(restated)		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,033,666	1.13%	11,663
1 to 90 days past due	261,279	1.00%	2,613
91 to 180 days past due	11,481	7.08%	344
181 to 270 days past due	9,218	5.00%	461
271 to 365 days past due	6,424	10.00%	642
More than 365 days past due	12,099	100.00%	12,099
	$ 1,334,167		27,822

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

		2024	2023
Balance on January 1, 2024 and 2023	$	46,449	37,506
Impairment losses recognized (gains on reversal)		(8,830)	7,721
Acquisition through busisness combinations		43,849	2,845
Amounts written off		(17,169)	(6)
Foreign exchange gains		(153)	(1,617)
Balance on December 31, 2024 and 2023	$	**64,146**	**46,449**

As of December 31, 2024, and 2023, the Group does not regard as any collateral or discount for notes and trade receivable.

(d) Inventories

		December 31, 2024	December 31, 2023
Finished goods	$	1,710,762	1,728,891
Semi-finished goods and work in process		664,694	504,950
Raw material and supplies		1,212,681	994,316
Inventories in transit		289,870	123,133
	$	**3,878,007**	**3,351,290**

Raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sales amounted to $10,761,931 thousand and $9,895,716 thousand for the years ended December 31, 2024 and 2023, respectively.

During the years ended December 31, 2024 and 2023, the write-down of inventories to net realizable value or write off of inventory to reduce operating costs amounted to $(167,729) thousand and $227,636 thousand, respectively.

As of December 31, 2024, and 2023, the Group did not provide any inventories as collateral for its loans.

(e) The significant non-controlling interests of subsidiaries

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

		Percentage of non-controlling interests on ownership interests and voting rights	
Name of subsidiary	**Country**	**December 31, 2024**	**December 31, 2023**
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	Taiwan	64.13 %	63.95 %

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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:

	December 31, 2024	December 31, 2023(restated)
Current assets	$ 5,948,499	3,961,887
Non-current assets	6,757,364	4,993,216
Current liabilities	(3,834,188)	(2,193,588)
Non-current liabilities	(3,770,396)	(1,300,244)
Net assets	**$ 5,101,279**	**5,461,271**
Non-controlling interests	**$ 3,150,273**	**2,964,073**

	2024	2023
Sales revenue	**$ 8,798,132**	**8,351,762**
Net income	$ 672,216	926,873
Other comprehensive income	(544,968)	272,597
Comprehensive income	**$ 127,248**	**1,199,470**
Net income attributable to non-controlling interests	**$ 431,062**	**591,353**
Comprehensive income attributable to non-controlling interests	**$ 464,351**	**601,942**

	2024	2023(restated)
Cash flows from operating activities	$ 1,132,392	1,401,866
Cash flows used in investing activities	(2,691,663)	(587,493)
Cash flows from (used in) financing activities	2,316,355	(897,239)
Effect of exchange rate changes on cash and cash equivalents	245	6,370
Net increase (decrease) in cash and cash equivalents	**$ 757,329**	**(76,496)**

(f) Property, plant and equipment

	Land	Building and construction	Machinery and equipment	Total
Cost or deemed cost:				
Balance at 1 January, 2024(restated)	$ 866,547	1,523,635	8,108,259	10,498,441
Additions	-	3,800	216,285	220,085
Acquisition through business combinations(note 6(v))	101	1,890	447,772	449,763
Disposals	-	-	(116,655)	(116,655)
Write-off	-	-	(95,151)	(95,151)
Others (including capitalized interest)	-	1,339	380,954	382,293
Effect of movement in exchange rates	18	15,608	156,975	172,601
Balance at December 31, 2024	**$ 866,666**	**1,546,272**	**9,098,439**	**11,511,377**

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		Land	Building and construction	Machinery and equipment	Total
Balance at 1 January, 2023	$	861,426	1,463,699	7,577,656	9,902,781
Additions		-	2,522	260,125	262,647
Acquisition through business combinations(note 6(v))		4,846	62,381	85,798	153,025
Disposals		-	-	(11,937)	(11,937)
Write-off		-	(341)	(21,889)	(22,230)
Others (including capitalized interest)		-	130	278,880	279,010
Effect of movement in exchange rates		275	(4,756)	(60,374)	(64,855)
Balance at December 31, 2023(restated)	$	**866,547**	**1,523,635**	**8,108,259**	**10,498,441**
Accumulated depreciation and impairment loss:					
Balance at 1 January, 2024(restated)	$	-	606,480	5,484,064	6,090,544
Depreciation for the year		-	46,914	702,632	749,546
Acquisition through business combinations(note 6(v))		-	456	356,343	356,799
Impairment gains		-	-	(1,648)	(1,648)
Disposals		-	-	(112,782)	(112,782)
Write-off		-	-	(89,550)	(89,550)
Effect of movement in exchange rates		-	5,623	98,408	104,031
Balance at December 31, 2024	$	**-**	**659,473**	**6,437,467**	**7,096,940**
Balance at 1 January, 2023	$	-	558,496	4,861,252	5,419,748
Depreciation for the year		-	45,341	682,334	727,675
Acquisition through business combinations(note 6(v))		-	5,533	22,324	27,857
Impairment gains		-	-	(88)	(88)
Disposals		-	-	(11,679)	(11,679)
Write-off		-	(323)	(20,840)	(21,163)
Others		-	-	(998)	(998)
Effect of movement in exchange rates		-	(2,567)	(48,241)	(50,808)
Balance at December 31, 2023 (restated)	$	**-**	**606,480**	**5,484,064**	**6,090,544**
Carrying amount:					
Balance at December 31, 2024 (restated)	$	**866,666**	**886,799**	**2,660,972**	**4,414,437**
Balance at January 1, 2023	$	**861,426**	**905,203**	**2,716,404**	**4,483,033**
Balance at December 31, 2023 (restated)	$	**866,547**	**917,155**	**2,624,195**	**4,407,897**

(i) TSC Auto ID acquired the property, plant and equipment through the business combination in November 2024 and June 2023, please refer to note 6 (v).

(ii) As of December 31, 2024, and 2023, the property, plant and equipment of the Group had been pledged as collateral for its long-term borrowings, please refer to note 8.

(iii) The Company's interest capitalized for purchasing property, plant, and equipment for the years ended December 31, 2024, and 2023 were $1,558 thousand and $1,206 thousand, respectively, both at a rate of 1.50%.

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(g) Right-of-use assets

		Land	Building and construction	Machinery and equipment	Transportation equipment	Total
Cost:						
Balance at January 1, 2024	$	17,675	623,869	18,801	33,878	694,223
Additions		-	643,640	1,152	3,157	647,949
Acquisition through business combinations (note 6(v))		-	1,109	-	6,239	7,348
Disposal / write-off		-	(1,062)	-	(70,413)	(71,475)
Others		-	(847)	(125)	125	(847)
Effect of movement in exchange rates		617	16,975	115	(70)	17,637
Balance at December 31, 2024	$	**18,292**	**1,283,684**	**19,943**	**(27,084)**	**1,294,835**
Balance at January 1, 2023	$	18,006	578,140	-	19,885	616,031
Additions		-	47,207	-	5,954	53,161
Acquisition through business combinations (note 6(v))		-	-	17,862	7,482	25,344
Disposal / write-off		-	(2,415)	-	-	(2,415)
Effect of movement in exchange rates		(331)	937	939	557	2,102
Balance at December 31, 2023	$	**17,675**	**623,869**	**18,801**	**33,878**	**694,223**
Accumulated depreciation :						
Balane at January 1, 2024	$	9,604	473,114	1,308	20,902	504,928
Depreciation for the year		364	142,735	2,597	6,620	152,316
Disposal / write-off		-	(730)	-	(65,254)	(65,984)
Others		-	(847)	-	-	(847)
Effect of movement in exchange rates		337	3,004	-	-	3,341
Balance at December 31, 2024	$	**10,305**	**617,276**	**3,905**	**(37,732)**	**593,754**
Balance at January 1, 2023	$	9,423	361,675	-	15,694	386,792
Depreciation for the year		359	113,545	1,308	5,208	120,420
Disposal / write-off		-	(1,845)	-	-	(1,845)
Effect of movement in exchange rates		(178)	(261)	-	-	(439)
Balance at December 31, 2023	$	**9,604**	**473,114**	**1,308**	**20,902**	**504,928**
Carrying amount:						
Balance at December 31, 2024	$	**7,987**	**666,408**	**16,038**	**10,648**	**701,081**
Balance at January 1, 2023	$	**8,583**	**216,465**	**-**	**4,191**	**229,239**
Balance at December 31, 2023	$	**8,071**	**150,755**	**17,493**	**12,976**	**189,295**

TSC Auto ID acquired right-of-use assets through the business combination in November 2024 and June 2023, please refer to note 6 (v).

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(h) Intangible assets

		Acquired special technology	Customer relationship	Patent	Software	Trademarks rights	Other	Total
Cost:								
Balance at January 1, 2024(restated)	$	153,644	683,229	50,607	471,546	13,676	-	1,372,702
Additions		-	-	-	30,073	67	3,285	33,425
Acquisition through business combinations (note 6(v))		69,624	431,330	13,899	541	118,968	199,874	834,236
Disposals		-	-	(54,204)	(210)	(3,650)	(83)	(58,147)
Others (including capitalized interest)		-	-	-	51,089	-	-	51,089
Effect of movement in exchange rates		6,679	13,725	(499)	3,146	(3,947)	(8,444)	10,660
Balance at December 31, 2024	$	**229,947**	**1,128,284**	**9,803**	**556,185**	**125,114**	**194,632**	**2,243,965**
Balance at January 1, 2023	$	153,667	453,496	50,607	345,131	13,678	-	1,016,579
Additions		-	-	-	42,622	-	-	42,622
Acquisition through business combinations(note 6(v))		-	217,471	-	3,905	-	-	221,376
Others (including capitalized interest)		-	-	-	80,244	-	-	80,244
Effect of movement in exchange rates		(23)	12,262	-	(356)	(2)	-	11,881
Balance at December 31, 2023(restated)	$	**153,644**	**683,229**	**50,607**	**471,546**	**13,676**	**-**	**1,372,702**
Accumulated amortization:								
Balance at January 1, 2024	$	124,219	327,340	50,607	335,633	13,676	-	851,475
Amortization for the year		15,859	36,278	13	66,838	1,817	4,272	125,077
Acquisition through business combinations (note 6(v))		-	-	13,802	-	10,530	126,787	151,119
Disposals		-	-	(54,204)	(210)	(3,630)	(83)	(58,127)
Effect of movement in exchange rates		7,935	22,074	(495)	1,274	553	(5,403)	25,938
Balance at December 31, 2024	$	**148,013**	**385,692**	**9,723**	**403,535**	**22,946**	**125,573**	**1,095,482**
Balance at January 1, 2023	$	110,110	293,169	44,281	246,928	13,678	-	708,166
Amortization for the year		14,301	34,051	6,326	85,123	-	-	139,801
Acquisition through business combinations(note 6(v))		-	-	-	2,540	-	-	2,540
Others		-	-	-	998	-	-	998
Effect of movement in exchange rates		(193)	120	-	45	(2)	-	(30)
Balance at December 31, 2023	$	**124,218**	**327,340**	**50,607**	**335,634**	**13,676**	**-**	**851,475**
Carrying amount:								
Balance at December 31, 2024	$	**81,934**	**742,592**	**80**	**152,650**	**102,168**	**69,059**	**1,148,483**
Balance at January 1, 2023	$	**43,557**	**160,327**	**6,326**	**98,203**	**-**	**-**	**308,413**
Balance at December 31, 2023(restated)	$	**29,426**	**355,889**	**-**	**135,912**	**-**	**-**	**521,227**

TSC Auto ID acquired the entire shares of BB and MGN in November 2024 and June 2023, respectively, wherein the amounts of KRW 18,400,000 thousand (approximately NTD 431,330 thousand) and PLN 28,900 thousand (approximately NTD 217,471 thousand), respectively, recognized customer relationships. Please refer to note 6(v).

(i) Goodwill

		December 31, 2024	December 31, 2023(restated)
Cost			
Beginning balance	$	1,339,762	1,136,565
Acquisition through business combinations (note 6(v))		638,578	192,465
Effect of movement in exchange rates		51,104	10,732
Ending balance	$	**2,029,444**	**1,339,762**

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:

		December 31, 2024	December 31, 2023(restated)
CGU Rectifiers	$	83,799	78,482
CGU Bar Code Printers		1,945,645	1,261,280
	$	**2,029,444**	**1,339,762**

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

		December 31, 2024	December 31, 2023(restated)
Printer business group	$	918,669	860,385
Label business-DLS		210,893	197,513
Label business-MGN		204,252	203,382
Mobile device business-Bluebird		611,831	-
Total	$	**1,945,645**	**1,261,280**

The recoverable amount of the CGU was based on its value in use, the value in use of Bar Code Printers' different businesses is assessed on their recoverable amounts based on the following key assumptions:

(i) Printer business group

The value-in-use is estimated based on the cash flow that the management of the TSC Auto ID has budgeted for the next 5 years, using the annual discount rates (before tax) of 15.6% and 12.4% in 2024 and 2023.

The cash flow of the Printer business group brand during the financial budget period includes other key assumptions as follows:

1) Expected operating revenues and revenue growth: the management takes into account historical sales data, past experience producing barcode printers, forecast of the autoidentification systems industry, as well as future operating strategies and goals to estimate sales for the budget period.

2) Expected gross profit margin and operating profit margin: based on the past operating performance of the brands, while taking into consideration cost and expense improvements in the future.

(ii) Label business - DLS

The value-in-use is estimated based on the cash flow that the management of the TSC Auto ID has budgeted for the next 5 years, using the annual discount rates (before tax) of 13.7% and 11.9% in 2024 and 2023.

The cash flow of the DLS brand during the financial budget period includes other key assumptions as follows:

1) Expected operating revenues and revenue growth: the management takes into account historical sales data, demand for labels in the U.S. market, forecast of the future development of the label industry, as well as future operating goals to estimate sales for the budget period.

2) Expected gross profit margin and operating profit margin: based on the past operating performance of the DLS brand, while taking into account the resource integration and operating efficiency improvements in the future.

(iii) Label Business - MGN

The value-in-use is estimated based on the cash flow that the management of the TSC Auto ID has budgeted for the next 5 years, using the annual discount rates (before tax) of 14.0% and 14.1% in 2024 and 2023.

The cash flow of the MGN brand during the financial budget period includes other key assumptions as follows:

1) Expected operating revenues and revenue growth: the management takes into account historical sales data, demand for labels in the Poland market, forecast of the future development of the label industry, as well as future operating goals to estimate sales for the budget period.

2) Expected gross profit margin and operating profit margin: based on the past operating performance of the MGN brand, while taking into account the resource integration and operating efficiency improvements in the future.

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TSC Auto ID merged with, and acquired the entire shares of, MGN on June 12, 2023, through TSCPL, and generated the goodwill amounting to PLN 25,577 thousand (approximately NTD 192,465 thousand), with the expectation of an increase in market demand and competitive advantage from the acquisition, which will promote the benefit of the revenue growth and expand the business scale of the Group. TSC Auto ID obtained the evaluation report in the second quarter of 2024 and has adjusted the original accounting treatment and provisional amount from the acquisition date based on the purchase price allocation report, wherein it restated the comparative information.

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

	December 31, 2023	Acquisition date
Assets		
Accounts receivable	$ 3	(867)
Other receivables	261	2,645
Inventories	-	17
Prepayments	(3,814)	93
Other current assets	-	(2,319)
Property, plant and equipment	(15,627)	51,200
Right-of-use assets	-	(699)
Intangible assets	(56,818)	217,250
Goodwill	70,203	(146,212)
Deferred tax assets	-	191
Other non-current assets	3,552	(32,703)
Liabilities		
Accounts payable	3	(32,343)
Other payables	(1,736)	70,458
Lease liabilities, current	-	(179)
Other current liabilities	(26)	1,879
Deferred tax liabilities	(481)	51,004
Lease liabilities, non-current	-	(457)
Other non-current liabilities	-	(1,766)
Equity		

(iv) Mobile device business-Bluebird

The value-in-use is estimated based on the cash flow that the management of the TSC Auto ID has budgeted for the next 5 years, using the annual discount rates (before tax) of 20.5% in 2024.

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The cash flow of the Bluebird brand during the financial budget period includes other key assumptions as follows:

1) Expected operating revenues and revenue growth: the management takes into account historical sales data, demand for labels in the South Korean market, forecast of the future development of the label industry, as well as future operating goals to estimate sales for the budget period.

2) Expected gross profit margin and operating profit margin were based on the past operating performance of the Bluebird brand, while taking into account the future resource integration and operating efficiency improvements.

(j) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured credit loans	$ 1,985,419	1,621,395
Import and export loans	295,065	-
Secured loans	6,217	-
	$ 2,286,701	1,621,395
Unused short-term credit lines	$ 4,477,457	3,973,950
Range of interest rate (%)	1.77%~7.52%	1.57%~7.51%

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

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

(k) Long-term borrowings

	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	2,011,009
			3,302,367
Less: Unamortized balance			(7,797)
Less: Current portion			(314,125)
Total			$ 2,980,445
Unused long-term credit lines			$ 3,174,570

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	December 31, 2023		
	Rate range	**Maturity year**	**Amount**
Unsecured bank loans	1.20%	2027.07.16	$ 229,334
	1.20%	2026.12.04	66,157
	1.20%	2025.03.28	100,000
	1.20%	2024.12.25	120,000
	1.75%	2024.03.08	11,900
	1.65%~2.00%	2026.03.13	600,000
Secured bank loans	5.43%~8.80%	2027.12.15	20,029
			$ 1,147,420
Less: Current portion			(307,457)
Total			**$ 839,963**
Unused long-term credit lines			**$ 1,588,370**

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

	December 31, 2024	**December 31, 2023**
Salaries and bonus payable	$ 428,091	472,887
Payables on equipment	49,494	71,298
Others	461,505	391,002
	$ 939,090	**935,187**

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2024	**December 31, 2023**
Current	$ 134,573	105,383
Non-current	568,029	64,880
	$ 702,602	**170,263**

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

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The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2024	**2023**
Interest on lease liabilities	$ **30,831**	**7,426**
Expenses relating to short-term leases	$ **20,418**	**8,240**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ **12,798**	**12,511**

The Group leased buildings, vehicles and machinery equipment for its offices, plants, official cars and daily operations, with lease periods ranging from 1 to 6 years. The lease of offices and warehouses located in the United States is subject to an annual lease payment increase at rates ranging from 2.5% to 3%, and the lease payment of offices located in India is subject to an annual lease payment adjustment at a rate of 5%.

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

	For the years ended December 31	
	2024	**2023**
Total cash outflow for leases	$ **160,693**	**159,049**

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan assets at fair value are as follows:

	December 31, 2024		
	The Company	**TSC Auto ID**	**Total**
Present value of the defined benefit obligations	$ (49,982)	(19,729)	(69,711)
Fair value of plan assets	44,380	4,298	48,678
Net defined benefit liabilities	$ **(5,602)**	**(15,431)**	**(21,033)**

	December 31, 2023		
	The Company	**TSC Auto ID**	**Total**
Present value of the defined benefit obligations	$ (62,438)	(20,574)	(83,012)
Fair value of plan assets	39,945	3,732	43,677
Net defined benefit liabilities	$ **(22,493)**	**(16,842)**	**(39,335)**

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1) Composition of plan assets

The Company and TSC Auto ID contribute pension funds to the Bank of Taiwan labor pension reserve account. Under the Labor Standards Act, each employee's retirement payment is calculated based on the number of years of service and the average salary for the six months before retirement. The Group allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2024, the pension fund account balance at Bank of Taiwan amounted to $48,678 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Company and TSC Auto ID in 2024 and 2023 were as follows:

		2024		
		The Company	**TSC Auto ID**	**Total**
Defined benefit obligation on January 1	$	(62,438)	(20,574)	(83,012)
Current service cost and interest cost		(661)	(333)	(994)
Remeasurement in net defined benefit liability				
－Actuarial gains and losses arising from financial assumption		878	747	1,625
－Actuarial gains and losses arising from experience adjustment		(3,039)	431	(2,608)
Pension paid		15,278	-	15,278
Defined benefit obligation on December 31	**$**	**(49,982)**	**(19,729)**	**(69,711)**

		2023		
		The Company	**TSC Auto ID**	**Total**
Defined benefit obligation on January 1	$	(60,476)	(18,399)	(78,875)
Current service cost and interest cost		(677)	(367)	(1,044)
Remeasurement in net defined benefit liability				
－Actuarial gains and losses arising from financial assumption		(242)	(1,046)	(1,288)
－Actuarial gains and losses arising from experience adjustment		(2,706)	(762)	(3,468)
Pension paid		1,663	-	1,663
Defined benefit obligation on December 31	**$**	**(62,438)**	**(20,574)**	**(83,012)**

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3) Movement in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company and TSC Auto ID in 2024 and 2023 were as follows:

	2024		
	The Company	**TSC Auto ID**	**Total**
Fair value of plan assets on January 1	$ 39,945	3,732	43,677
Interest revenue	650	62	712
Remeasurement in net defined benefit liability			
－Return on plan assets (exclude current interest)	3,489	309	3,798
Contributions paid by the employer	296	195	491
Fair value of plan assets on December 31	**$ 44,380**	**4,298**	**48,678**

	2023		
	The Company	**TSC Auto ID**	**Total**
Fair value of plan assets on January 1	$ 40,430	3,445	43,875
Interest revenue	710	69	779
Remeasurement in net defined benefit liability			
－Return on plan assets (exclude current interest)	173	5	178
Contributions paid by the employer	295	213	508
Pension paid	(1,663)	-	(1,663)
Fair value of plan assets on December 31	**$ 39,945**	**3,732**	**43,677**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Company and TSC Auto ID in 2024 and 2023 were as follows:

	2024		
	The Company	**TSC Auto ID**	**Total**
Net interest on net defined benefit liability	**$ 11**	**271**	**282**

	2023		
	The Company	**TSC Auto ID**	**Total**
Net interest on net defined benefit liability	**$ (33)**	**298**	**265**

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	2024		
	The Company	**TSC Auto ID**	**Total**
Cost of goods sold	$ 3	101	104
Selling expense	1	17	18
Administration expense	6	78	84
Research and development expense	1	75	76
	$ 11	**271**	**282**

	2023		
	The Company	**TSC Auto ID**	**Total**
Cost of goods sold	$ (9)	117	108
Selling expense	(3)	19	16
Administration expense	(20)	75	55
Research and development expense	(1)	87	86
	$ (33)	**298**	**265**

5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Company and TSC Auto ID' s re-measurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

	2024			
	The Company	**TSC Auto ID**	**Other subsidiaries**	**Total**
Accumulative amount at January 1	$ (3,592)	(2,324)	-	(5,916)
Recognized during the period	1,328	1,487	(13,090)	(10,275)
Accumulative amount at December 31	**$ (2,264)**	**(837)**	**(13,090)**	**(16,191)**

	2023			
	The Company	**TSC Auto ID**	**Other subsidiaries**	**Total**
Accumulative amount at January 1	$ (817)	(521)	-	(1,338)
Recognized during the period	(2,775)	(1,803)	-	(4,578)
Accumulative amount at December 31	**$ (3,592)**	**(2,324)**	**-**	**(5,916)**

6) Actuarial assumptions

The following are the Company and TSC Auto ID's principal actuarial assumptions:

	2024.12.31		2023.12.31	
	The Company	**TSC Auto ID**	**The Company**	**TSC Auto ID**
Discount rate	1.625%~2.00%	2.00 %	1.25%~1.625%	1.625 %
Future salary increase rate	2.50 %	2.50 %	2.50 %	2.50 %

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The expected allocation payment made by the Company and TSC Auto ID to the defined benefit plans for the one year period after the reporting date were $307 thousand and $193 thousand, respectively.

The defined benefited obligation weight-average duration of the Company is between 5.00 years to 19.00 years. The defined benefited obligation weight-average duration of TSC Auto ID is from 2.00 years to 20.00 years.

7) Sensitivity analysis

When computing the present value of the defined benefit obligations, the Company and TSC Auto ID use judgments and estimations to determine the actuarial assumptions, including discount rate, employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	The impact on the present value of the defined benefit obligation	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2024		
Discount rate	$ (1,188)	1,229
Future salary increasing rate	1,202	(1,168)
December 31, 2023		
Discount rate	(1,342)	1,392
Future salary increasing rate	1,358	(1,316)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

8) The employee pension of BB, the South Korean subsidiary, is classified as a defined benefit obligations. As of December 31, 2024, the net defined benefit asset of 5,753 thousand was recorded under other non-current assets.

(ii) Defined contribution plans

The Company and TSC Auto ID allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

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For the years 2024 and 2023, the Group's pension costs under the defined contribution method were $74,364 thousand and $66,646 thousand, respectively. Payment was made to the Bureau of Labor Insurance.

The pension cost of foreign subsidiaries recognized in accordance with the local defined contribution method amounted to $52,074 thousand and $58,180 thousand for the years 2024 and 2023, respectively.

(o) Income tax

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

		2024	2023
Current tax expenses			
Current period	$	384,679	501,795
Additional tax on undistributed earnings		16,821	40,277
Adjustment for prior periods		(3,367)	(16,122)
		398,133	525,950
Deferred tax expenses			
Origination of temporary differences		35,313	1,854
Total income tax expenses	**$**	**433,446**	**527,804**

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

		2024	2023
Items that maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences of foreign operations	**$**	**17,219**	**4,590**

The Group's reconciliation of income tax and profit before tax for 2024 and 2023 is as follows:

		2024	2023
Profit excluding income tax	**$**	**1,328,359**	**1,837,797**
Income tax	$	273,053	402,258
Additional tax on undistributed earnings		16,821	40,277
Income tax expense of subsidiaries		172,410	108,019
Change in unrecognized temporary difference and others		(28,838)	(22,750)
Total	**$**	**433,446**	**527,804**

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(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

As of December 31, 2024 and 2023, the Group's deferred tax assets have not been recognized in respect of the following temporary difference:

	December 31, 2024	December 31, 2023
Deductible temporary differences	$ 54,586	58,402
Investment tax credit	$ 346,998	61,840

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

Deferred tax assets:

	Inventory obsolescence	Allowance for impairment	Unrealized gross profit	Investment tax credit	Net operating loss carryforward	Others	Total
Balance at January 1, 2024	$ 99,603	247	91,837	231,853	7,067	113,535	544,142
Recognized in profit or loss	(45,167)	(247)	(14,612)	20,891	(1,520)	33,365	(7,290)
Recognized in other comprehensive income	-	-	-	-	-	(17,219)	(17,219)
Acquisition from business combination (note 6(v))	24,487	-	-	105,921	-	68,424	198,832
Effect of movement in exchange rate	(747)	-	-	9,914	442	975	10,584
Balance at December 31, 2024	$ 78,176		77,225	368,579	5,989	199,080	729,049
Balance at January 1, 2023	$ 54,807	937	70,423	249,672	7,360	74,966	458,165
Recognized in profit or loss	44,516	(690)	21,414	(18,000)	(295)	42,031	88,976
Recognized in other comprehensive income	-	-	-	-	-	(4,590)	(4,590)
Acquisition from business combination (note 6(v))	267	-	-	-	-	1,298	1,565
Effect of movement in exchange rate	13	-	-	181	2	(170)	26
Balance at December 31, 2023	$ 99,603	247	91,837	231,853	7,067	113,535	544,142

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Deferred tax liabilities:

	Recognized income under equity method	Book-tax difference of intangible assets	Maturity year difference arising from plant and equipment	Others	Total
Balance at January 1, 2024(restated)	$ (769,136)	(47,539)	(114,858)	(40,050)	(971,583)
Recognized in profit or loss	(4,547)	11,103	(1,497)	(33,082)	(28,023)
Acquisition from business combination (note 6(v))	(303)	(148,033)	-	(39,777)	(188,113)
Effect of movement in exchange rate	13	5,595	(7,147)	687	(852)
Balance at December 31, 2024	**$ (773,973)**	**(178,874)**	**(123,502)**	**(112,222)**	**(1,188,571)**
Balance at January 1, 2023	$ (697,299)	(9,919)	(97,328)	(20,560)	(825,106)
Recognized in profit or loss	(71,837)	6,001	(7,391)	(17,603)	(90,830)
Acquisition from business combination (note 6(v))	-	(41,320)	(9,696)	(1,740)	(52,756)
Effect of movement in exchange rate	-	(2,301)	(443)	(147)	(2,891)
Balance at December 31, 2023(restated)	**$ (769,136)**	**(47,539)**	**(114,858)**	**(40,050)**	**(971,583)**

(iv) As of December 31, 2024, TSCAA based on the investment tax credits recognized in the U.S. local tax laws is as follows:

Offset items	**Not yet deducted balance**	**Final deduction year**
Research and development expenditure		
Federal tax	$ 31,759	2036
State tax	262,782	Unlimited
	$ 294,541	

(v) As of December 31, 2024, Bluebird based on the investment tax credits recognized in the South Korea local tax laws is as follows:

Offset items	**Not yet deducted balance**	**Final deduction year**
Research and development expenditure	$ 407,987	2034
Others	13,049	2033~2034
	$ 421,036	

(vi) As of December 31, 2024, net operating loss carryforward of DLS is as follows:

Offset items	**Not yet deducted balance**	**Final deduction year**
Illinois	**$ 63,036**	2031

(vii) As of December 31, 2024, the income tax returns of the Company and TSC Auto ID through the year 2022 were assessed by the Tax Authority.

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(viii) 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 A39 of IAS 12 "Income Taxes", the earnings' book-tax difference should be considered permanent.

(p) Stockholders' equity

(i) Common stock

A resolution was passed during the general meeting of shareholders held on June 14, 2019 for the issuance of ordinary shares for cash within a year under private placement, with the number of shares issued not exceeding 10,000 thousand. Subsequently, a resolution was passed during the board meeting held on October 30, 2019 for the issuance of 6,741 thousand ordinary shares under private placement, with par value of $10 per share, amounting to $299,975 thousand, with November 18, 2019 as the date of capital increase. The relevant statutory registration procedures have since been completed.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities (December 18, 2019), and after applying for a public offering with the Financial Supervisory Commission. The Company has reissued its public offering, and declared it effective on May 18, 2023.

The Company increased its capital to $9,000,000 thousand based on a resolution approved during the shareholders' meeting held on June 19, 2023. All relevant registration procedures had been completed on June 30, 2023. As of December 31, 2024, and 2023, the authorized capital amounted to $9,000,000 thousand (including the amount of $100,000 authorized for the issuance of the employee stock options); the Company's outstanding capital amounted to $2,634,854 thousand, respectively, with a par value of $10 (dollars) per share.

(ii) Capital surplus

	December 31, 2024	December 31, 2023
Premium on shares issued above par value	$ 639,859	639,859
Conversion premium of convertible corporate bonds	1,229,442	1,229,442
Treasury share transactions	232,065	200,145
Employee share options premium	24,378	24,378
Interest compensation payable on convertible corporate bonds	18,674	18,674
Employee share options	1,543	1,543
Change in affiliates recognized under equity method	107,023	95,210
	$ 2,252,984	**2,209,251**

(Continued)

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 December 31, 2024 and 2023.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

(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 reverse equals the total authorized capital. Special capital reserve may be appropriated in accordance with relevant laws. The remaining balance of the earnings can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the Stockholders' meeting.

According to the stock dividend policy of the Company, in consideration of future capital needs, operational development, capital needs, international and domestic competitiveness, and stockholders' benefits, etc., cash dividends cannot be lower than 10% of total stock dividends. However, stock dividends instead of cash dividends are distributed if the cash dividends per share are less than 0.2 (dollars).

The annual shareholders' meeting on June 19, 2024 and 2023, resolved to distribute earning as dividends and as employee bonuses and directors' remuneration for 2023 and 2022 as follows:

	2023		2022	
	Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Dividends distributed to common shareholders:				
Cash	$ 2.00	**526,971**	4.00	**1,053,942**

(vi) Treasury stocks

In accordance with Securities and Exchange Act requirements, treasury shares held by the Company should not be pledged, and do not hold shareholder rights before their transfer.

As of December 31, 2024 and 2023, a subsidiary of the Company, TSC Auto ID, held 15,960 thousand and 14,800 thousand shares of the Company, respectively. The buyback cost of these shares were $599,878 thousand and $506,043 thousand, respectively, which were recognized under treasury shares.

As of year-end 2024 and 2023, the Company had recognized dividend income received from its TSC Auto ID subsidiary in the amount of $31,920 thousand and $59,200 thousand, respectively, and the total amount were transferred to capital surplus – treasury shares under the equity method.

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(vii) Other equity

		Foreign exchange differences arising from foreign operation
Balance at January 1, 2024	$	(419,530)
Foreign exchange differences		174,852
Balance at December 31, 2024	**$**	**(244,678)**
Balance at January 1, 2023	$	(359,558)
Foreign exchange differences		(59,972)
Balance at December 31, 2023	**$**	**(419,530)**

(q) Share-based payment

As of December 31, 2024 , the Group's share-based payment arrangements were as follows:

	TSC Auto ID		
Type	**TSC Auto ID's first exercise of employee stock options in the year 2023**	**TSC Auto ID's first exercise of employee stock options in the year 2020**	**TSC Auto ID's second exercise of employee stock options in the year 2020**
Grant date	2023.8.11	2020.7.1	2021.4.6
Number of shares granted	855 units	943 units	57 units
Contract term	5 years	5 years	5 years
Recipients	Employees	Employees	Employees
Vesting period	Provide future service of 2 years	Provide future service of 2 years	Provide future service of 2 years

(i) Determining the fair value of equity instruments granted

TSC Auto ID used the Black Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	TSC Auto ID		
	Year 2023 First employee stock options	**Year 2020 First employee stock options**	**Year 2020 Second employee stock options**
Exercise price ($)	241.00	188.50	217.50
Term of the stock option (years)	3.5~4.5	3.5~4.5	3.5~4.5
Expected volatility (%)	23.20%~ 23.82%	31.40%~ 32.52%	29.98%~ 31.14%
Risk-free interest rate (%)	1.05%~ 1.08%	0.33%~ 0.36%	0.26%~ 0.30%

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(ii) The details of TSC Auto ID's employee stock options were as follows:

TSC Auto ID stock options	2024 Number of stock options	2024 Weighted-average exercise price ($)	2023 Number of stock options	2023 Weighted-average exercise price ($)
Outstanding at January 1	1,366.0	$137.9~241.0	895.5	170.8
Granted during the year	-	-	855	241.0
Forfeited during the year	(238.5)	130.8	(369.5)	138.4
Expired during the year	(45)	239.5	(15)	159.9
Outstanding at December 31	**1,082.5**	201.6	**1,366.0**	202.9
Exercisable at December 31	**265.75**		**273.63**	
Weighted average of remaining contractual period (year)	**0.50~3.62**		**1.50~4.62**	

In the years 2024 and 2023, TSC Auto ID's share-based payments due to equity settlement amounted to $17,466 thousand and $10,680 thousand, respectively, and were recognized under operating cost and operating expense.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31, 2024		
	Rectifiers	**Bar code Printers**	**Total**
Primary geographical markets			
Asia	$ 4,013,562	2,758,566	6,772,128
America	547,229	3,831,245	4,378,474
Europe	1,406,160	2,208,249	3,614,409
Others	63,781	-	63,781
	$ 6,030,732	**8,798,060**	**14,828,792**
Major products lines			
Rectifiers	$ 6,030,732	-	6,030,732
Bar code Printers	-	8,798,060	8,798,060
	$ 6,030,732	**8,798,060**	**14,828,792**

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	For the years ended December 31, 2023		
	Rectifiers	Bar code Printers	Total
Primary geographical markets			
Asia	$ 3,804,181	2,458,904	6,263,085
America	649,281	4,040,321	4,689,602
Europe	1,730,443	1,852,472	3,582,915
Others	80,412	-	80,412
	$ 6,264,317	8,351,697	14,616,014
Major products lines			
Rectifiers	$ 6,264,317	-	6,264,317
Bar code Printers	-	8,351,697	8,351,697
	$ 6,264,317	8,351,697	14,616,014

(ii) Contract balances

	December 31, 2024	December 31, 2023(restated)	December 31, 2023
Notes and trade receivable	$ 3,429,557	2,622,425	3,053,974
Less: Allowance for impairment	(64,146)	(46,449)	(37,506)
Total	$ 3,365,411	2,575,976	3,016,468

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

(s) Non-operating income and expenses

(i) Interest income

The Group's interest income detail was as follows:

	2024	2023
Interest income from bank deposits	$ 41,582	42,817

(ii) Other income

	2024	2023
Rent income	$ 8,383	7,942
Others	38,939	44,200
	$ 47,322	52,142

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(iii) Other gains and losses

	2024	2023
Gains (losses) on disposal of property, plant and equipment	$ (6,444)	274
Losses on disposal of intangible assets	(20)	-
Foreign exchange gains	131,309	61,374
Losses on financial asset at fair value through profit or loss	(18,315)	(5,965)
Reversal of impairment gains on property, plant and equipment	1,648	88
Others	(7,418)	848
	$ 100,760	**56,619**

(iv) Finance costs

	2024	2023
Interest expense	$ (118,768)	(81,889)
Less: interest capitalization	1,793	1,417
Other financial costs	(1,545)	(1,837)
	$ (118,520)	**(82,309)**

(t) Remunerations to employees and directors

In accordance with the Company's articles of incorporation, require that earnings shall first be offset against any deficit, then, a range from 4% to 10% will be distributed as employee remuneration and a maximum of 1% will be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

The abovementioned directors' remuneration, which should be distributed in cash, and the amount of remuneration to employees, had been approved by the Board of Directors and will be reported during the shareholders' meeting.

The Company estimated its remuneration to employees amounting to $34,336 thousand and $55,799 thousand for the years ended December 31, 2024 and 2023, respectively, and estimated its remuneration to directors amounting $5,723 thousand and $9,300 thousand for the years ended December 31, 2024 and 2023, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentages of the remuneration to employees and directors, as specified in the Company's article. The estimations are recorded under operation expenses. The differences between the estimated amounts in financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized as profit or loss in following year. The related information can be accessed from the market observation post system website. 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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(u) Earnings per share

(i) Basic earnings per share

	2024	2023
Net income	$ **463,851**	**718,640**
Weighted-average number of outstanding shares (thousands)	**247,525**	**248,685**
Basic earnings per share ($)	$ **1.87**	**2.89**

(ii) Diluted earnings per share

	2024	2023
Diluted net income per share	$ **463,851**	**718,640**
Weighted-average number of outstanding shares (thousands)	247,525	248,685
Employees' remuneration	795	880
Diluted weighted-average number of common shares outstanding (thousands)	**248,320**	**249,565**
Diluted earnings per share ($)	$ **1.87**	**2.88**

(v) Business combinations

(i) Subsidiary business acquired

To enhance its brand competitiveness and expand its European label market, TSC Auto ID merged with, and acquired the entire equity interest of, MGN on June 12, 2023 through TSCPL, with the initial acquisition of PLN 63,331 thousand (approximately NTD 476,560 thousand). However, the total transaction price may change in accordance with the contingent consideration and other contractual conditions relating to MGN's profit for the preceding three years after delivery.

	Principal activity	Acquisition date	Shareholding	Consideration transferred
MGN (note 1)	Customization of design, integration and marketing of label papers and other parts	2023.6.12	100 %	$ **476,560**
BB (note 2)	Production and sales of handheld computers and their parts for enterprise	2024.11.20	96.54 %	$ **2,783,490**

Note 1: To enhance its brand competitiveness and expand its European label market, TSC Auto ID merged with, and acquired the entire equity interest of, MGN on June 12, 2023 through TSCPL, with the initial acquisition of PLN 63,331 thousand (approximately NTD 476,560 thousand). However, the total transaction price may change in accordance with the contingent consideration and other contractual conditions relating to MGN's profit for the preceding three years after delivery.

(Continued)

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Note 2: 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% of BB's shares for KRW 118,740,223 thousand (approximately NTD 2,783,490 thousand) in November 2024.

(ii) Consideration transferred

	BB	MGN
Cash	$ 2,771,997	362,703
Final payment of purchase price payable (Note 1 & 2)	11,493	43,645
Contingent consideration agreement (Note 3 & note 6(b))	-	70,212
	$ 2,783,490	476,560

Note 1: On the merger date of TSC Auto ID and MGN, TSC Auto ID deposited the amount of EUR 1,292 thousand (NTD 43,645 thousand) to a third party custodian account as the final payment for 18 months to ensure the security of the merger. If both parties have fulfilled their obligations under the acquisition agreement, and no other contingent liability or tax risk of MGN, which would result in the Group's additional losses, have been identified within 18 months, the deposits in such special account will be entirely returned to TSC Auto ID upon maturity.

Note 2: As of December 31, 2024, the outstanding balance of KRW 520,000 thousand had been fully paid by TSC Auto ID on January 7, 2025.

Note 3: Pursuant to the contingent consideration agreement included in the acquisition contract, TSC Auto ID will be required to pay the seller a maximum of PLN 14,000 thousand. Additionally, if MGN's operating income and gross profit margin meet the performance targets for a period of three years from the acquisition date. TSC Auto ID's management considers this payment obligation to be highly probable, and the fair value of the obligation at acquisition date is estimated to be PLN 9,331 thousand (approximately NTD 70,212 thousand).

(iii) Assets acquired on the acquisition date and liabilities undertaken through fair value

	BB	MGN
Current assets		
Cash and cash equivalents	$ 401,732	4,213
Net accounts receivable	444,793	79,895
Other receivables	42,725	2,645
Inventories	743,132	58,699
Prepayment	68,452	2,649
Current tax assets	596	-
Other current assets	32,325	-

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		BB	MGN
Non-current assets			
Property, plant and equipment(Including construction in progress amounting to NTD 3,712 thousand)	$	96,676	125,168
Right-of-use assets		7,348	25,344
Intangible assets		251,787	1,365
Customer relationship		431,330	217,471
Deferred tax assets		198,832	1,565
Other financial assets		24,796	-
Other non-current assets		-	14,723
Current liabilities			
Accounts payable		(125,471)	(94,324)
Short-term borrowings		-	(8,789)
Other payables		(59,743)	(28,876)
Current tax liabilities		-	(422)
Lease liabilities		(7,977)	(6,036)
Long-term borrowings, current portion		-	(7,335)
Other current liabilities		(135,937)	(13,422)
Non-current liabilities			
Long-term borrowings		-	(19,094)
Deferred income tax liabilities		(188,113)	(52,756)
Lease liabilities		(390)	(12,248)
Accrued pension liabilities		(567)	-
Other non-current liabilities		(4,454)	(6,340)
	$	**2,221,872**	**284,095**

Due to the incomplete measurement of identifiable assets acquired and liabilities assumed from the business merger, the fair value was recognized based on the provisional amounts as of the reporting date.

(iv) Goodwill arising on acquisition

		BB	MGN
Consideration transferred	$	2,783,490	476,560
Plus: Non-controlling interest of 3.46% ownership interest in BB		76,874	-
Plus: Non-controlling interest of 1% ownership interest in BBIN		86	-
Less: The assumed identifiable assets and liabilities		(2,221,872)	(284,095)
Goodwill arising on acquisition (note 6(i))	**$**	**638,578**	**192,465**

(Continued)

Goodwill from the acquisition of MGN and BB mainly represents control premium. Furthermore, the amount of consideration paid for the acquisition includes TSC Auto ID's expectations with respect to synergy, revenue growth and future market development, and the employee value of MGN and BB company.

For goodwill arising from the merger, it is expected that it cannot be used a tax deductible item.

(v) Net cash flows used in acquisition of subsidiaries

	BB	MGN
Consideration paid in cash	$ 2,771,997	362,703
Less: cash balance acquired	(401,732)	(4,213)
	$ 2,370,265	**358,490**

(vi) The impact on business performance due to business combination

The business performance of acquired companies since the acquisition date (November 20, 2024 and June 12, 2023) is stated as below:

	BB	MGN
Operating revenue	**$ 526,603**	**303,570**
Profit before income tax	**$ 88,361**	**520**

If the acquisition of BB in November 2024 had occurred on January 1, 2024, TSC Auto ID's pro forma operating revenue from January 1, 2024, to December 31, 2024 would have been NTD 10,719,684 thousand, and the pro forma pre-tax net profit would have been NTD 1,320,169 thousand.

If the acquisition of MGN in June 2023 had occurred on January 1, 2023, TSC Auto ID's pro forma operating revenue from January 1, 2023, to December 31, 2023 would have been NTD 8,564,766 thousand, and the pro forma pre-tax net profit would have been NTD 1,267,015 thousand.

These amounts do not reflect the actual amount of revenues and operating results that TSC Auto ID could have generated if the business combination had been completed at the beginning of the acquisition year, and should not be considered a forecast of future operating outcome.

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The Group has a wide range of customers and has no significant transactions that only focus on a single customer. There is no sales revenue to a specified customer accounted for 10% of operating revenue.

3) Receivable and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(c).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	1 year	1-2 years	2-5 years	More than 5 years
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	-	-	-
	$ 8,694,212	**9,078,209**	**5,234,212**	**713,768**	**3,105,343**	**24,886**
December 31, 2023(restated)						
Non-derivative financial liabilities						
Short-term borrowings	$ 1,621,395	1,628,176	1,628,176	-	-	-
Contingent consideration in business combination	74,195	74,195	19,674	54,521	-	-
Accounts payable	1,356,789	1,356,789	1,356,789	-	-	-
Other payables	935,187	935,187	935,187	-	-	-
Lease liabilities	170,263	178,188	113,515	54,701	9,972	-
Long-term borrowings(including expires within one year)	1,147,420	1,175,359	322,957	425,050	427,352	-
	$ 5,305,249	**5,347,894**	**4,376,298**	**534,272**	**437,324**	**-**

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

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(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2024		December 31, 2023	
	Exchange rate	Amount (NTD)	Exchange rate	Amount (NTD)
Financial assets				
Monetary Items				
USD	$ 32.785	1,957,399	30.705	1,864,116
EUR	34.14	1,421,682	33.98	899,804
JPY	0.2099	218,854	0.2172	171,334
HKD	4.2220	428,308	3.9290	466,665
CNY	4.4780	2,286,287	4.3270	2,018,397
KRW	0.0223	2,128	0.0238	702
GBP	41.19	9,844	39.15	-
		$ 6,324,502		**5,421,018**
Derivative financial instruments				
USD	$ 32.785	-	30.705	3,316
EUR	34.14	43	33.98	2,255
		$ 43		**5,571**
Financial liabilities				
Monetary items				
USD	$ 32.785	1,176,195	30.705	597,638
EUR	34.14	833,666	33.98	365,939
JPY	0.2099	66,091	0.2172	47,000
HKD	4.2220	1,527	3.9290	1,337
CNY	4.4780	721,133	4.3270	565,398
KRW	0.0223	1,908	0.0238	875
		$ 2,800,520		**1,578,187**
Derivative financial instruments				
USD	$ 32.785	**1,190**	30.705	**-**

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 December 31, 2024 and 2023, would have increased or decreased the net profit before tax by 105,685 thousand and $115,452 thousand for the years ended December 31, 2024 and 2023, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2023 (prior year).

(Continued)

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 years ended December 31, 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to $131,309 thousand and $61,374 thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased / decreased by 1 basis point, the Group’s net profit before tax would have decreased by $55,813 thousand and $27,688 thousand for the years ended December 31, 2024 and 2023, with all other variable factors remaining constant. This is mainly due to the Group’s borrowing at variable rates and investment in variable-rate bills.

(v) Other price risk

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

	For the years ended December 31			
	2024		2023	
Security price on the reporting date	**Other consolidated profit or loss after tax**	**Net income**	**Other consolidated profit or loss after tax**	**Net income**
Increasing 1%	$ -	730	-	379
Decreasing 1%	$ -	(730)	-	(379)

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(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2024				
		Fair value			
	Carrying amount	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	**$ 7,751,947**	**20,089**	**43**	**66,152**	**86,284**
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
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	**$ 8,694,212**	**-**	**1,190**	**95,715**	**96,905**

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	December 31, 2023(restated)				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 20,032	20,032	-	-	20,032
Currency forward contracts	5,571	-	5,571	-	5,571
Fund in foreign markets	22,383	-	-	22,383	22,383
Subtotal	47,986	20,032	5,571	22,383	47,986
Financial assets measured at amortized cost					
Cash and cash equivalents	3,383,447	-	-	-	-
Notes and accounts receivable	2,575,976	-	-	-	-
Other receivables	72,341	-	-	-	-
Other financial assets (including current and non-current)	503,089	-	-	-	-
Subtotal	6,534,853	-	-	-	-
Total	**$ 6,582,839**	**20,032**	**5,571**	**22,383**	**47,986**
Financial liabilities at fair value through profit or loss					
Contingent consideration	$ 74,195	-	-	74,195	74,195
Subtotal	74,195	-	-	74,195	74,195
Financial liabilities measured at amortized cost					
Accounts payable	1,356,789	-	-	-	-
Other payables	935,187	-	-	-	-
Lease liabilities	170,263	-	-	-	-
Borrowings	2,768,815	-	-	-	-
Subtotal	5,231,054	-	-	-	-
Total	**$ 5,305,249**	**-**	**-**	**74,195**	**74,195**

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.

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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 years ended December 31, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	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	9,624
Purchased	34,145
Ending balance, December 31, 2024	**$ 66,152**
Opening balance, January 1, 2023	$ -
Total gains or losses	
Recognized in profit or loss	(1,381)
Purchased	19,607
Reclassified	4,157
Ending balance, December 31, 2023	**$ 22,383**

For the years ended December 31, 2024 and 2023, the total gains and losses that were included in "other gains and losses" were as follows:

	2024	**2023**
Total gains or losses		
Recognized in profit or loss (presented in "other gains and losses")	$ 9,624	(1,381)

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

The Company's financial instruments that use Level 3 inputs to measure the fair value include the financial assets at fair value through profit and loss – other financial assets and fund in foreign markets, please refer to note 6(b).

The funds held by the Company in foreign markets, which are categorized as level 3, have only one significant unobservable input.

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	

(x) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investments in debt securities.

1) Trade and other receivable

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. The Group’s review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group’s benchmark creditworthiness may transact with the Group only on a prepayment basis.

If the Group retains the rights to the products that have already been sold, the Group shall also have the right to require collateral if payment has not been received. The Group does not require any collateral for accounts receivable and other receivables.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group’s finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group’s policy is to provide financial guarantees only to wholly owned subsidiaries. At 31 December 2024, no other guarantees were outstanding (2023: none).

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(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2024 and 2023, the Group's unused credit line were amounted to $7,652,027 thousand and $5,562,320 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

Please refer to note 6(w)iii(1) for more details on currency risk exposure

2) Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios. The Group assigned a specific team to supervise and assess the equity price risk so as to avoid or minimize the risk from the hedging position.

(y) Capital management

The Group sets objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interests of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

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The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Group's capital management strategy is consistent with the prior year, and the gearing ratio is maintained within 60% so as to ensure financing at reasonable cost. The gearing ratios on the reporting date were as follows:

	December 31, 2024	December 31, 2023(restated)
Total liabilities	$ 10,595,415	6,843,774
Less: cash and cash equivalents	3,524,621	3,383,447
Net liabilities	**$ 7,070,794**	**3,460,327**
Total equity	**$ 10,944,627**	**10,699,468**
Total capital	**$ 18,015,421**	**14,129,795**
Debt-to-equity ratio	**39.25%**	**24.49%**

(z) Investing and financing activities not affecting current cash flow

The Group did not have investing and financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023.

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2024	**Cash flows**	**Foreign exchange movement**	**Other**	**Changes in lease payments**	**December 31, 2024**
Short-term borrowings	$ 1,621,395	665,306	-	-	-	2,286,701
Long-term borrowings (including expires within one year)	1,147,420	2,147,271	(121)	-	-	3,294,570
Lease liabilities	170,263	(96,646)	(80,280)	132,791	576,474	702,602
Deposit received	1,971	(1)	-	-	-	1,970
Total liabilities from financing activities	**$ 2,941,049**	**2,715,930**	**(80,401)**	**132,791**	**576,474**	**6,285,843**

			Non-cash changes			
	January 1, 2023	**Cash flows**	**Foreign exchange movement**	**Other**	**Changes in lease payments**	**December 31, 2023(restated)**
Short-term borrowings	$ 1,466,515	146,091	-	8,789	-	1,621,395
Long-term borrowings (including expires within one year)	1,406,740	(286,822)	1,073	26,429	-	1,147,420
Lease liabilities	229,226	(130,872)	(4,547)	25,710	50,746	170,263
Deposit received	2,217	(246)	-	-	-	1,971
Total liabilities from financing activities	**$ 3,104,698**	**(271,849)**	**(3,474)**	**60,928**	**50,746**	**2,941,049**

(Continued)

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(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:

	2024	2023
Short-term employment benefits	$ 176,258	217,685
Post-employment benefits	2,341	2,642
Share-based payment	5,281	3,499
	$ 183,880	223,826

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	December 31, 2024	December 31, 2023
Property, plant and equipment	Borrowings	$ 82,052	58,640

(9) Commitments and contingencies:

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

	December 31, 2024	December 31, 2023
NTD	$ 2,370,000	2,081,900
USD	22,300	14,000

As of December 31, 2024 and 2023, the Group has unused letters of credit issued by the Group.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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(12) Other:

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

By function / By item	December 31, 2024			December 31, 2023		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	1,122,728	1,389,932	2,512,660	1,015,742	1,312,434	2,328,176
Labor and health insurance	125,161	138,024	263,185	125,273	121,737	247,010
Pension	71,697	55,023	126,720	63,883	61,208	125,091
Remuneration of directors	-	29,898	29,898	-	41,604	41,604
Others	92,151	54,386	146,537	92,917	39,237	132,154
Depreciation	773,931	127,931	901,862	720,840	127,255	848,095
Amortization	15,169	109,908	125,077	14,384	125,417	139,801

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(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the years ended December 31, 2024:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (note1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (note 5)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 3)	Maximum limit of fund financing (note 4)
													Item	Value		
1	TSC Auto ID	TSCPL (Note 6)	Other receivables-related party	Yes	177,600	-	-	- %	2	-	Repayment of bank loans	-	None	-	1,005,159	2,010,317
1	TSC Auto ID	TSCAE	Other receivables-related party	Yes	35,520	34,140	10,242	5.00 %	2	-	Repayment of bank loans	-	None	-	1,005,159	2,010,317
1	TSC Auto ID	TSCAE	Other receivables-related party	Yes	177,600	170,700	102,420	5.00 %	2	-	Repayment of bank loans	-	None	-	1,005,159	2,010,317
1	TSC Auto ID	MGN	Other receivables-related party	Yes	177,600	170,700	123,416	5.00 %	2	-	Repayment of bank loans	-	None	-	1,005,159	2,010,317
1	TSC Auto ID	MGN	Other receivables-related party	Yes	213,120	204,840	-	5.00 %	2	-	Repayment of bank loans	-	None	-	1,005,159	2,010,317
2	BB	BBDE	Other receivables-related party	Yes	3,552	3,414	1,707	4.60 %	2	-	Repayment of bank loans	1,707	None	-	1,005,159	2,010,317
2	BB	BBDE	Other receivables-related party	Yes	3,552	3,414	3,414	4.60 %	2	-	Repayment of bank loans	3,414	None	-	1,005,159	2,010,317
2	BB	BBES	Other receivables-related party	Yes	213	205	205	4.60 %	2	-	Repayment of bank loans	205	None	-	1,005,159	2,010,317
3	DLS	TSC Auto ID	Other receivables-related party	Yes	98,505	98,355	65,570	6.00 %	2	-	Repayment of bank loans	-	None	-	1,005,159	2,010,317

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 32.835 to USD and NTD 35.52 to EUR on July 31, 2024.

Note 6: The capital loan amounts of TSC Auto ID to its subsidiary TSCPL expired on March 15, 2024.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 3)	Highest balance for guarantees and endorsements during the period (note 5)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 2)										
1	TSC Auto ID	TSCAA	2	2,010,317	197,010	196,710	-	-	3.92 %	3,015,476	Y	N	N
2	TSC Auto ID	TSCAE (note 6)	2	2,010,317	16,418	-	-	-	- %	3,015,476	Y	N	N

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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 exchange rate NTD 32.835 to USD on July 31, 2024.

Note 6: TSC Auto ID's endorsement and guarantee for its subsidiary, TSCAE, had been cancelled, with the approval of the board on June 18, 2024.

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss-current	1,863	20,089	-	20,089	-	
The Company	Applied WirelessIdentifications Group, Inc.	-	Financial assets at fair value through profit or loss-current	243	-	-	-	-	
The Company	Third Dimension (3D)Semiconductor, Inc.	-	Financial assets at fair value through profit or loss-current	922	-	-	-	-	
The Company	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	66,152	-	66,152	-	

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

(In Thousands of New Taiwan Dollars/Shares)

Company holding securities	Security type and name	Account	Counter-party	Relationship	Beginning		Purchase		Sale				Other (Note 1)	Ending	
					Shares (in thousands)	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Amount	Shares (in thousands)	Amount
TSC Auto ID	Bluebird Inc.	Note1	H-ALPHA PRIVATE EQUITY FUND、JANG WON LEE、CHOI CHAN SIK、UM TAE HOON and HAN SOO HEE	-	-	-	6,777	2,783,490	-	-	-	-	(69,049)	6,777	2,714,441

Note 1: It includes the exchange differences arising from the translation of financial statements of foreign operations, actuarial losses on defined benefit plans, and investment gains amounting to (118,918) thousand, NTD (12,637) thousand, and NTD 62,506 thousand, respectively.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms (note 1)	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	TSCJ	Subsidiary	Sale	(321,405)	(2) %		-		54,429	2%	
The Company	TSCH	Subsidiary	Sale	(549,647)	(4) %		-		209,623	6%	
The Company	TSCA	Sub-subsidiary	Sale	(373,336)	(3) %		-		147,556	4%	
The Company	TSCC	Sub-subsidiary	Sale	(330,800)	(2) %		-		115,357	3%	(Note 2)
The Company	TSCC	Sub-subsidiary	Purchase	193,906	2 %		-		-	-%	
The Company	Yangxin Everwell	Sub-subsidiary	Purchase	1,694,350	16 %		-		(309,826)	(23)%	(Note 2)
The Company	Tianjin Everwell	Sub-subsidiary	Purchase	229,460	2 %		-		(13,266)	(1)%	
TSC Auto ID	TSCAE	Subsidiary	Sale	(582,130)	(4) %		-		654,589	19%	

(Continued)

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

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)	
TSC Auto ID	TSCAA	Subsidiary	Sale	(472,554)	(3) %		-		372,920	11%	
TSC Auto ID	TTSC	Subsidiary	Sale	(478,351)	(3) %		-		23,021	1%	
TSC Auto ID	TTSC	Subsidiary	Purchase	720,363	7 %		-		(316,401)	(23)%	

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

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

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	TSCH	Subsidiary	209,623	2.82 %	-		132,201	-
The Company	TSCA	Sub-subsidiary	147,556	2.64 %	-		52,543	-
The Company	TSCC	Sub-subsidiary	115,357	2.81 %	-		70,045	-
TSC Auto ID	TSCAE	Subsidiary	654,589	0.93 %	357,358		141,210	-
TSC Auto ID	TSCAA	Subsidiary	372,920	1.18 %	206,859		95,267	-
TTSC	TSC Auto ID	Subsidiary	316,401	4.09 %	-		218,568	-

Note 1: As of report date.

(ix) Trading in derivative instruments: Please refer to notes 6(b).

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	TSCE	1	Selling expenses-commission	98,658	Monthly payment	0.64%
0	The Company	TSCE	1	Accrued expenses	42,992		0.20%
0	The Company	TSCJ	1	Sales revenue	321,405	Note 3	2.09%
0	The Company	TSCJ	1	Accounts receivable	54,429		0.25%
0	The Company	TSCH	1	Sales revenue	549,647	Monthly payment	3.58%
0	The Company	TSCH	1	Accounts receivable	209,623		0.97%
0	The Company	TSCH	1	Other receivables	613		-%
0	The Company	TSCH	1	Accrued expenses	96		-%
0	The Company	TSCA	1	Sales revenue	373,336	Note 3	2.43%
0	The Company	TSCA	1	Selling expenses-commission	6,511		0.04%
0	The Company	TSCA	1	Accounts receivable	147,556		0.69%
0	The Company	TSCA	1	Other receivables	6,716		0.03%
0	The Company	TSCA	1	Accrued expenses	883		-%
0	The Company	TSCC	1	Sales revenue	330,800	Monthly payment	2.15%
0	The Company	TSCC	1	Accounts receivable	162,366		0.75%
0	The Company	TSCC	1	Other receivables	116		-%
0	The Company	TSCC	1	Purchase	193,906		1.26%
0	The Company	TSCC	1	Accounts payable	47,009		0.22%
0	The Company	Yangxin Everwell	1	Purchase	1,694,350	Note 4	11.04%
0	The Company	Yangxin Everwell	1	Accounts payable	309,826	Note 5	1.44%
0	The Company	Tianjin Everwell	1	Purchase	229,460		1.49%
0	The Company	Tianjin Everwell	1	Accounts payable	13,266		0.06%
0	The Company	Tianjin Everwell	1	Other payable	54,322		0.25%
1	Yangxin Everwell	TSCC	3	Sales revenue	1,342,508	Note 3	8.74%
1	Yangxin Everwell	TSCC	3	Accounts receivable	505,178		2.35%
2	Tianjin Everwell	Yangxin Everwell	3	Sales revenue	200,164	Note 3	1.30%

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

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 years ended December 31, 2024:

(In Thousands of New Taiwan Dollars)

				Original investment amount		Balance as of December 31, 2024			Highest	Net income	Share of	
Name of investor	Name of investee	Location	Main businesses and products	December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value	Percentage of ownership	(losses) of investee	profits/losses of investee (note 1)	Note
The Company	Ever Energetic	British Virgin Islands	Holding company and general import and export business	665,501	665,501	21,175	100.00 %	1,485,168	100.00 %	(11,051)	(11,051)	Subsidiary
The Company	Ever Winner	British Virgin Islands	Holding company and general import and export business	465,127	465,127	16,010	100.00 %	1,771,549	100.00 %	233,318	233,318	Subsidiary
The Company	Skyrise	British Virgin Islands	Holding company and general import and export business	2,845	2,845	50	100.00 %	1,943	100.00 %	(12)	(12)	Subsidiary
The Company	TSCE	Germany	General import and export business	10,972	10,972	-	100.00 %	60,021	100.00 %	(12,043)	(12,043)	Subsidiary
The Company	TSCJ	Japan	Trading of rectifiers	28,689	28,689	2	100.00 %	134,922	100.00 %	18,007	18,007	Subsidiary
The Company	TSCH	Hong Kong	Holding company and trading of rectifiers	282,312	282,312	672	25.22 %	638,955	25.22 %	71,223	(17,566)	Subsidiary
The Company	TSC Auto ID	Taiwan	Manufacture and sale of bar code printers	163,728	163,728	16,995	35.87 %	1,100,090	36.05 %	669,957	209,234	Subsidiary
Ever Energetic	TSCA	United States	Trading of rectifiers	258,520	258,520	6,750	75.00 %	212,988	75.00 %	(49,715)	(37,286)	Subsidiary
Ever Energetic	TSCH	Hong Kong	Holding company and trading of rectifiers	571,628	571,628	985	36.96 %	1,224,865	36.96 %	71,223	26,324	Subsidiary
Ever Winner	TSCA	United States	Trading of rectifiers	83,813	83,813	2,250	25.00 %	70,996	25.00 %	(49,715)	(12,429)	Subsidiary
Ever Winner	TSCC	China	Trading of rectifiers	4,461	4,461	-	100.00 %	384,945	100.00 %	218,871	218,871	Subsidiary
Ever Winner	TSCH	Hong Kong	Holding company and trading of rectifiers	792,254	792,254	1,008	37.82 %	1,253,366	37.82 %	71,223	26,937	Subsidiary
TSCH	Yangxin Everwell	China	Manufacture and sale of rectifiers	966,119	966,119	-	100.00 %	2,398,860	100.00 %	56,279	56,279	Subsidiary
TSCH	Tianjin Everwell	China	Manufacture and sale of wafers	787,044	787,044	-	100.00 %	644,890	100.00 %	(15,717)	(15,717)	Subsidiary
TSC Auto ID	TSCAE	Germany	Trading of bar code printers and other parts	2,943	2,943		100.00 %	(35,864)	100.00 %	151	151	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 %	1,130,227	100.00 %	15,317	15,317	Subsidiary
TSC Auto ID	TSC HK	Hong Kong	Holdind company and general import and export business	47,468	47,468	12,711	100.00 %	848,660	100.00 %	121,221	121,221	Subsidiary
TSC Auto ID	Printronix AD (Note 4)	Taiwan	Trading of bar code printers and other parts	-	5,000	-	-	-	100.00 %	(162)	(162)	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 %	1,534,114	100.00 %	87,349	87,349	Subsidiary
TSC Auto ID	TSCIN	India	Trading of bar code printers and other parts	2,791	2,791	710	100.00 %	1,850	100.00 %	615	615	Subsidiary
TSC Auto ID	TSCPL	Poland	General investment	498,827	498,827	note 2	100.00 %	471,032	100.00 %	(36,981)	(36,981)	Subsidiary
TSC Auto ID	BB	South Korea	Production and sales of handheld computers and their parts for enterprise	2,783,490	-	6,777	96.54 %	2,714,441	96.54 %	87,189	62,506	Subsidiary
TSC Auto ID	BBMX	Mexico	Production and sales of handheld computers and their parts for enterprise	note 3	-		0.03 %	1	0.03 %	2,682	1	Subsidiary
TSCAE	TSCAD	United Arab Emirates	Trading of bar code printers and other parts	8,234	8,234		100.00 %	(15,436)	100.00 %	(1,382)	(1,382)	Subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2024	Original investment amount December 31, 2023	Balance as of December 31, 2024 Shares (thousands)	Balance as of December 31, 2024 Percentage of ownership	Balance as of December 31, 2024 Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee (note 1)	Note
TSCAE	TSCAS	Spain	Trading of bar code printers and other parts	124	124		100.00 %	3,252	100.00 %	244	244	Subsidiary
DLS	PPL	United States	Sale of bar code printer, label papers, other parts	115 (thousands USD)	115 (thousands USD)	850	100.00 %	50,916	100.00 %	9,375	9,375	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 %	549,383	100.00 %	(8,801)	(15,703)	Subsidiary
TSC HK	TTSC	China	Manufacture and sale of bar code printers and other parts	49,178	49,178	-	100.00 %	887,521	100.00 %	130,982	130,982	Subsidiary
BB	BBMX	Mexico	Production and sales of handheld computers and their parts for enterprise	5	-		99.97 %	5	99.97 %	2,682	2,682	Subsidiary
BB	BBUS	United States	Production and sales of handheld computers and their parts for enterprise	2,920	-	note 2	100.00 %	-	100.00 %	(73)	(73)	Subsidiary
BB	BBIN	India	Research and development, and design of handheld computers for enterprise use, and technical services	4,078	-	990	99.00 %	5,279	99.00 %	1,846	1,827	Subsidiary
BB	BBDE	Germany	Production and sales of handheld computers and their parts for enterprise	756	-		100.00 %	-	100.00 %	(1,918)	(1,918)	Subsidiary
BB	BBES	Spain	Production and sales of handheld computers and their parts for enterprise	1,265	-		100.00 %	1,121	100.00 %	(27)	(27)	Subsidiary

Note 1: Calculated by equity according to investee’s audited financial report.

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

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

Note 4: Printronix AD's board of directors resolved to dissolve and liquidate one of its subsidiaries in May 2024, which was reported to the court thereafter.

(c) Information on overseas branches and representative offices:

(i) The names of investees in China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
TSCC	Trading of rectifiers	4,461	(2)	4,461	-	-	4,461	218,871	100.00%	100.00 %	218,871	384,945	611,860
Yangxin Everwell	Manufacture and sale of rectifiers	1,667,160	(2)	628,196	-	-	628,196	56,279	100.00%	100.00 %	56,279	2,398,860	250,864
Tianjin Everwell	Manufacture and sale of wafers	387,173	(2)	387,173	-	-	387,173	(15,717)	100.00%	100.00 %	(15,717)	644,890	452,102
TTSC	Manufacture and sale of bar code printers and other parts	47,019	(2)	49,178	-	-	49,178	130,982	35.87%	36.05 %	46,983	887,521	886,152

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

(ii) Limitation on investment in China:

Accumulated Investment in China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,098,947	2,174,242	4,676,612

Note : Achi Capital Partners Fund LP, an investee of the Company, shifted to invest in China. Therefore, the Company increased USD 107 thousand of the investment amount authorized by the Investment Commission MOEA. Another additional investment of NTD 14,518 thousand (USD 443 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”.

TAIWAN SEMICONDUCTOR CO., LTD.
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(d) Major shareholders:

Unit: share

Shareholding / Shareholder's Name	Shares	Percentage
TSC Auto ID Technology Co., Ltd. (TSC Auto ID)	15,960,000	6.05 %

Note (i):The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note (ii):If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider' s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

	2024			
	Rectifiers	**Bar Code Printers**	**Adjustments and eliminations**	**Total**
Revenue:				
Revenue from external customers	$ 6,030,732	8,798,060	-	14,828,792
Intersegment revenues	5,337,171	72	(5,337,243)	-
Interest income	24,599	16,983	-	41,582
Total revenue	**$ 11,392,502**	**8,815,115**	**(5,337,243)**	**14,870,374**
Interest expense	$ 23,256	93,719	-	116,975
Depreciation and amortization	680,143	346,796	-	1,026,939
Reported segment profit and loss	**$ 425,768**	**934,411**	**(31,920)**	**1,328,259**

	2023			
	Rectifiers	**Bar Code Printers**	**Adjustments and eliminations**	**Total**
Revenue:				
Revenue from external customers	$ 6,264,317	8,351,697	-	14,616,014
Intersegment revenues	4,850,250	65	(4,850,315)	-
Interest income	32,873	9,944	-	42,817
Total revenue	**$ 11,147,440**	**8,361,706**	**(4,850,315)**	**14,658,831**
Interest expense	$ 21,298	59,174	-	80,472
Depreciation and amortization	690,268	297,628	-	987,896
Reported segment profit and loss	**$ 640,212**	**1,256,785**	**(59,200)**	**1,837,797**

(Continued)

TAIWAN SEMICONDUCTOR CO., LTD.

Notes to the Consolidated Financial Statements

	Rectifiers	Bar Code Printers	Adjustments and eliminations	Total
Reported segment assets				
December 31, 2024	$ 22,889,535	12,705,863	(14,055,356)	21,540,042
December 31, 2023 (restated)	$ 22,626,105	8,955,103	(14,037,966)	17,543,242
Reported segment liabilities				
December 31, 2024	$ 4,721,294	7,604,584	(1,730,463)	10,595,415
December 31, 2023 (restated)	$ 4,753,574	3,493,832	(1,403,632)	6,843,774

(a) Information about the product

Revenue from external customers of the Group was as follows:

Products	2024	2023
Rectifiers	$ 6,030,732	6,264,317
Bar code printers	8,798,060	8,351,697
Total	$ **14,828,792**	**14,616,014**

(b) Geographical information

In presenting the information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographical information	2024	2023
Revenue from external customers:		
Asia	$ 6,772,128	6,263,085
America	4,378,474	4,689,602
Europe	3,614,409	3,582,915
Other countries	63,781	80,412
Total	$ **14,828,792**	**14,616,014**

Geographical information	December 31, 2024	December 31, 2023 (restated)
Non-current assets:		
Asia	$ 5,615,712	4,344,306
Europe	798,717	1,860,458
America	2,316,025	693,330
	$ **8,730,454**	**6,898,094**

Non-current assets are not including financial instruments and deferred tax assets.

(c) Information about major customers

Because the Group has a broad customer base, there is no significant transaction focus on a single customer, and there is no sales revenue from a single customer constituting over 10% of the total operating revenue.