Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2026 and 2025 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Semiconductor Manufacturing Company Limited and its subsidiaries (collectively, the "Company") as of September 30, 2026 and 2025, the related consolidated statements of comprehensive income for the three months ended September 30, 2026 and 2025 and for the nine months ended September 30, 2026 and 2025, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2026 and 2025, its consolidated financial performance for the three months ended September 30, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shih Tsung Wu and Yen Chun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2026		December 31, 2025		September 30, 2025	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 3,621,893,991	36	$ 2,767,856,402	35	$ 2,470,759,384	34
Financial assets at fair value through profit or loss (Note 7)	236,536	-	100,200	-	20,955	-
Financial assets at fair value through other comprehensive income (Note 8)	187,366,007	2	175,692,690	2	171,753,602	2
Financial assets at amortized cost (Note 9)	207,462,769	2	124,945,519	2	108,521,394	2
Hedging financial assets (Note 10)	19,384	-	-	-	1,333	-
Notes and accounts receivable, net (Note 11)	475,311,759	5	279,051,553	3	305,477,496	4
Receivables from related parties (Note 31)	8,245,215	-	2,739,500	-	2,336,343	-
Other receivables from related parties (Note 31)	226	-	268,115	-	57,595	-
Inventories (Note 12)	427,753,380	4	288,109,485	4	288,689,063	4
Other financial assets (Notes 28, 29 and 32)	78,085,955	1	59,702,922	1	54,019,724	1
Other current assets (Notes 28 and 29)	78,550,273	1	118,664,431	1	34,378,423	-
Total current assets	5,084,925,495	51	3,817,130,817	48	3,436,015,312	47
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	15,913,128	-	15,032,128	-	14,502,121	-
Financial assets at fair value through other comprehensive income (Notes 8 and 13)	77,822,579	1	8,797,170	-	8,365,833	-
Financial assets at amortized cost (Note 9)	112,293,182	1	110,507,804	1	90,093,165	1
Investments accounted for using equity method (Note 13)	18,604,328	-	38,033,271	1	36,016,415	-
Property, plant and equipment (Notes 14 and 28)	4,526,488,375	45	3,691,840,916	47	3,499,340,761	48
Right-of-use assets (Note 15)	56,119,934	-	43,918,910	1	43,268,856	1
Intangible assets (Note 16)	28,179,660	-	24,952,615	-	25,558,048	-
Deferred income tax assets (Note 4)	63,453,139	1	62,940,253	1	62,098,853	1
Refundable deposits (Notes 29)	4,998,259	-	4,242,553	-	5,092,503	-
Other noncurrent assets (Notes 28 and 29)	64,089,435	1	115,627,441	1	133,755,209	2
Total noncurrent assets	4,967,962,019	49	4,115,893,061	52	3,918,091,764	53
TOTAL	$ 10,052,887,514	100	$ 7,933,023,878	100	$ 7,354,107,076	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss (Note 7)	$ 1,608,588	-	$ 3,083,883	-	$ 1,184,622	-
Hedging financial liabilities (Note 10)	-	-	817	-	2,868	-
Accounts payable	120,614,011	1	82,551,595	1	84,425,148	1
Payables to related parties (Note 31)	2,015,852	-	1,778,730	-	1,961,260	-
Salary and bonus payable	77,632,019	1	63,872,882	1	54,129,620	1
Accrued profit sharing bonus to employees and compensation to directors (Note 27)	114,501,127	1	103,355,278	1	74,537,336	1
Payables to contractors and equipment suppliers (Note 29)	298,825,459	3	177,730,306	2	175,430,503	2
Cash dividends payable (Note 19)	363,053,182	4	285,258,060	4	259,325,990	4
Income tax payable (Note 4)	232,940,082	2	202,337,872	2	116,731,894	2
Long-term liabilities - current portion (Notes 17, 18 and 29)	213,198,411	2	136,925,710	2	76,225,613	1
Accrued expenses and other current liabilities (Notes 15, 20 and 29)	543,356,312	6	401,124,156	5	431,951,770	6
Total current liabilities	1,967,745,043	20	1,458,019,289	18	1,275,906,624	18
NONCURRENT LIABILITIES						
Bonds payable (Notes 17 and 29)	770,315,125	8	856,227,503	11	880,432,755	12
Long-term bank loans (Note 18)	48,065,708	-	39,834,496	1	37,795,501	1
Deferred income tax liabilities (Note 4)	3,903,918	-	3,888,795	-	3,961,495	-
Lease liabilities (Note 15)	34,409,118	-	31,594,992	-	30,978,996	-
Net defined benefit liability (Note 4)	5,867,956	-	6,012,286	-	5,306,777	-
Guarantee deposits	770,758	-	764,178	-	746,634	-
Others (Note 20)	178,582,458	2	75,887,056	1	83,400,492	1
Total noncurrent liabilities	1,041,915,041	10	1,014,209,306	13	1,042,622,650	14
Total liabilities	3,009,660,084	30	2,472,228,595	31	2,318,529,274	32
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Capital stock (Note 19)	259,323,650	3	259,325,245	3	259,325,245	3
Capital surplus (Notes 19 and 26)	72,318,974	1	73,445,601	1	73,361,113	1
Retained earnings (Note 19)						
Appropriated as legal capital reserve	311,146,899	3	311,146,899	4	311,146,899	4
Appropriated as special capital reserve	-	-	87,284,496	1	181,554,848	3
Unappropriated earnings	6,321,997,681	63	4,705,070,165	59	4,260,828,797	58
	6,633,144,580	66	5,103,501,560	64	4,753,530,544	65
Others (Notes 19 and 26)	33,114,220	-	(16,676,412)	-	(87,909,930)	(1)
Equity attributable to shareholders of the parent	6,997,901,424	70	5,419,595,994	68	4,998,306,972	68
NON - CONTROLLING INTERESTS	45,326,006	-	41,199,289	1	37,270,830	-
Total equity	7,043,227,430	70	5,460,795,283	69	5,035,577,802	68
TOTAL	$ 10,052,887,514	100	$ 7,933,023,878	100	$ 7,354,107,076	100

The accompanying notes are an integral part of the consolidated financial statements.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 20, 31 and 37)	$ 1,494,243,284	100	$ 989,918,318	100	$ 3,898,726,974	100	$ 2,762,963,851	100
COST OF REVENUE (Notes 12, 27, 31 and 34)	501,864,634	34	401,375,489	41	1,294,742,208	33	1,133,656,708	41
GROSS PROFIT	992,378,650	66	588,542,829	59	2,603,984,766	67	1,629,307,143	59
OPERATING EXPENSES (Notes 27 and 31)								
Research and development	88,979,578	6	63,742,245	6	229,882,401	6	181,569,457	7
General and administrative	22,963,631	1	20,048,234	2	66,164,273	2	63,887,355	2
Marketing	4,493,228	-	3,973,966	-	13,377,503	-	12,002,028	-
Total operating expenses	116,436,437	7	87,764,445	8	309,424,177	8	257,458,840	9
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 14, 27 and 34)	502,951	-	(93,566)	-	7,453,368	-	(659,039)	-
INCOME FROM OPERATIONS (Note 37)	876,445,164	59	500,684,818	51	2,302,013,957	59	1,371,189,264	50
NON-OPERATING INCOME AND EXPENSES								
Share of profits of associates	1,509,635	-	1,424,738	-	4,633,010	-	4,013,993	-
Interest income (Note 21)	34,819,262	2	26,180,345	2	93,726,246	2	76,231,655	3
Other income	69,135	-	80,218	-	2,040,185	-	543,770	-
Foreign exchange gain, net (Note 35)	1,643,433	-	6,761,013	1	8,242,323	-	5,516,800	-
Finance costs (Note 22)	(3,159,915)	-	(2,958,568)	-	(8,961,826)	-	(9,326,937)	(1)
Other gains and losses, net (Notes 13 and 23)	(287,944)	-	(6,803,541)	(1)	59,574,648	2	1,131,094	-
Total non-operating income and expenses	34,593,606	2	24,684,205	2	159,254,586	4	78,110,375	2
INCOME BEFORE INCOME TAX	911,038,770	61	525,369,023	53	2,461,268,543	63	1,449,299,639	52
INCOME TAX EXPENSE (Notes 4 and 24)	147,697,943	10	73,613,661	7	418,345,489	11	239,318,192	8
NET INCOME	763,340,827	51	451,755,362	46	2,042,923,054	52	1,209,981,447	44
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(10,817,304)	(1)	(535,592)	-	17,608,357	1	1,073,236	-
Loss on hedging instruments	-	-	-	-	-	-	(31,030)	-
Share of other comprehensive income (loss) of associates	-	-	(3,768)	-	75,934	-	(99,671)	-
	(10,817,304)	(1)	(539,360)	-	17,684,291	1	942,535	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	(96,925)	-	94,284,256	9	44,996,491	1	(131,987,925)	(5)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(4,908,659)	-	1,177,459	-	(6,880,389)	-	4,042,911	-
Loss on hedging instruments	(21,793)	-	(19,563)	-	(64,198)	-	(60,736)	-
Share of other comprehensive income (loss) of associates	(2,324)	-	299,144	-	(300,951)	-	(339,802)	-
	(5,029,701)	-	95,741,296	9	37,750,953	1	(128,345,552)	(5)
Other comprehensive income (loss), net of income tax	(15,847,005)	(1)	95,201,936	9	55,435,244	2	(127,403,017)	(5)
TOTAL COMPREHENSIVE INCOME	$ 747,493,822	50	$ 546,957,298	55	$ 2,098,358,298	54	$ 1,082,578,430	39

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:								
Shareholders of the parent	$ 763,064,422	51	$ 452,301,407	46	$ 2,042,106,112	52	$ 1,212,138,637	44
Non-controlling interests	276,405	-	(546,045)	-	816,942	-	(2,157,190)	-
	$ 763,340,827	51	$ 451,755,362	46	$ 2,042,923,054	52	$ 1,209,981,447	44
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Shareholders of the parent	$ 746,832,408	50	$ 546,571,990	55	$ 2,097,783,382	54	$ 1,084,587,960	39
Non-controlling interests	661,414	-	385,308	-	574,916	-	(2,009,530)	-
	$ 747,493,822	50	$ 546,957,298	55	$ 2,098,358,298	54	$ 1,082,578,430	39
EARNINGS PER SHARE (NT$, Note 25)								
Basic earnings per share	$ 29.43		$ 17.44		$ 78.75		$ 46.75	
Diluted earnings per share	$ 29.43		$ 17.44		$ 78.75		$ 46.75	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent															
								Others								
	Capital Stock - Common Stock			Retained Earnings												
	Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Unearned Stock-Based Employee Compensation	Total	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2025	25,932,733	$ 259,327,332	$ 73,260,765	$ 311,146,899	$ -	$ 3,606,105,124	$ 3,917,252,023	$ 40,262,995	$ (1,160,176)	$ 1,310,307	$ (1,708,079)	$ 38,705,047	$ 4,288,545,167	$ 35,030,698	$ 4,323,575,865
Appropriations of earnings															
Special capital reserve	-	-	-	-	181,554,848	(181,554,848)	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(376,023,291)	(376,023,291)	-	-	-	-	-	(376,023,291)	-	(376,023,291)
Total	-	-	-	-	181,554,848	(557,578,139)	(376,023,291)	-	-	-	-	-	(376,023,291)	-	(376,023,291)
Net income	-	-	-	-	-	1,212,138,637	1,212,138,637	-	-	-	-	-	1,212,138,637	(2,157,190)	1,209,981,447
Other comprehensive income (loss), net of income tax	-	-	-	-	-	(35)	(35)	(132,475,092)	4,996,842	(72,392)	-	(127,550,642)	(127,550,677)	147,660	(127,403,017)
Total comprehensive income (loss)	-	-	-	-	-	1,212,138,602	1,212,138,602	(132,475,092)	4,996,842	(72,392)	-	(127,550,642)	1,084,587,960	(2,009,530)	1,082,578,430
Employee restricted shares retired	(209)	(2,087)	2,087	-	-	4,007	4,007	-	-	-	-	-	4,007	-	4,007
Share-based payment arrangements	-	-	(21,859)	-	-	-	-	-	-	-	1,082,645	1,082,645	1,060,786	-	1,060,786
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	159,203	159,203	-	(159,203)	-	-	(159,203)	-	-	-
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	12,223	-	12,223	12,223	-	12,223
Adjustments to share of changes in equities of associates	-	-	135,229	-	-	-	-	-	-	-	-	-	135,229	-	135,229
From share of changes in equities of subsidiaries	-	-	(15,109)	-	-	-	-	-	-	-	-	-	(15,109)	8,146	(6,963)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	4,241,516	4,241,516
BALANCE, SEPTEMBER 30, 2025	25,932,524	$ 259,325,245	$ 73,361,113	$ 311,146,899	$ 181,554,848	$ 4,260,828,797	$ 4,753,530,544	$ (92,212,097)	$ 3,677,463	$ 1,250,138	$ (625,434)	$ (87,909,930)	$ 4,998,306,972	$ 37,270,830	$ 5,035,577,802
BALANCE, JANUARY 1, 2026	25,932,524	$ 259,325,245	$ 73,445,601	$ 311,146,899	$ 87,284,496	$ 4,705,070,165	$ 5,103,501,560	$ (21,019,144)	$ 3,591,483	$ 1,228,250	$ (477,001)	$ (16,676,412)	$ 5,419,595,994	$ 41,199,289	$ 5,460,795,283
Appropriations of earnings															
Special capital reserve	-	-	-	-	(87,284,496)	87,284,496	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(518,648,329)	(518,648,329)	-	-	-	-	-	(518,648,329)	-	(518,648,329)
Total	-	-	-	-	(87,284,496)	(431,363,833)	(518,648,329)	-	-	-	-	-	(518,648,329)	-	(518,648,329)
Net income	-	-	-	-	-	2,042,106,112	2,042,106,112	-	-	-	-	-	2,042,106,112	816,942	2,042,923,054
Other comprehensive income (loss), net of income tax	-	-	-	-	-	-	-	44,942,015	10,788,606	(53,351)	-	55,677,270	55,677,270	(242,026)	55,435,244
Total comprehensive income (loss)	-	-	-	-	-	2,042,106,112	2,042,106,112	44,942,015	10,788,606	(53,351)	-	55,677,270	2,097,783,382	574,916	2,098,358,298
Disposal of investments accounted for using equity method	-	-	(1,393,789)	-	-	(87,379)	(87,379)	-	98,746	(11,367)	-	87,379	(1,393,789)	-	(1,393,789)
Employee restricted shares retired	(159)	(1,595)	1,595	-	-	5,534	5,534	-	-	-	-	-	5,534	-	5,534
Share-based payment arrangements	-	-	(62,128)	-	-	-	-	-	-	-	328,198	328,198	266,070	-	266,070
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	6,267,082	6,267,082	-	(6,301,755)	-	-	(6,301,755)	(34,673)	34,673	-
Basis adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	(460)	-	(460)	(460)	-	(460)
Adjustments to share of changes in equities of associates	-	-	299,611	-	-	-	-	-	-	-	-	-	299,611	-	299,611
From share of changes in equities of subsidiaries	-	-	28,084	-	-	-	-	-	-	-	-	-	28,084	(27,965)	119
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	3,545,093	3,545,093
BALANCE, SEPTEMBER 30, 2026	25,932,365	$ 259,323,650	$ 72,318,974	$ 311,146,899	$ -	$ 6,321,997,681	$ 6,633,144,580	$ 23,922,871	$ 8,177,080	$ 1,163,072	$ (148,803)	$ 33,114,220	$ 6,997,901,424	$ 45,326,006	$ 7,043,227,430

The accompanying notes are an integral part of the consolidated financial statements.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,461,268,543	$ 1,449,299,639
Adjustments for:		
Depreciation expense	577,300,259	519,704,707
Amortization expense	6,891,921	6,279,555
Expected credit losses recognized (reversal) on investments in debt instruments	65,096	(25,482)
Finance costs	8,961,826	9,326,937
Share of profits of associates	(4,633,010)	(4,013,993)
Interest income	(93,726,246)	(76,231,655)
Share-based compensation	340,324	1,073,063
Loss on disposal or retirement of property, plant and equipment, net	98,124	1,486,709
Loss (gain) on disposal or retirement of intangible assets, net	(224,972)	2,071
Impairment loss on property, plant and equipment	18,792	1,671,981
Gain on financial instruments at fair value through profit or loss, net	(572,601)	(356,143)
Loss on disposal of investments in debt instruments at fair value through other comprehensive income, net	96,589	99,615
Gain on disposal of investments accounted for using equity method, net	(63,202,285)	-
Loss from disposal of subsidiaries	-	167,986
Gain on foreign exchange, net	(2,156,687)	(9,352,900)
Dividend income	(2,040,185)	(543,770)
Others	1,289,594	925,282
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	4,293,676	912,510
Notes and accounts receivable, net	(196,260,206)	(34,794,261)
Receivables from related parties	(5,505,715)	(931,870)
Other receivables from related parties	267,889	(57,344)
Inventories	(139,643,895)	(820,253)
Other financial assets	(9,824,188)	(12,624,018)
Other current assets	(42,114,114)	9,036,020
Other noncurrent assets	(9,898,625)	(3,243,804)
Accounts payable	38,062,416	11,624,590
Payables to related parties	237,122	535,262
Salary and bonus payable	13,759,137	6,678,111
Accrued profit sharing bonus to employees and compensation to directors	11,145,849	3,666,186
Accrued expenses and other current liabilities	5,798,050	(57,909,169)
Other noncurrent liabilities	229,432,781	(3,695,024)
Net defined benefit liability	(144,330)	(2,273,880)
Cash generated from operations	2,789,380,929	1,815,616,658
Income taxes paid	(387,264,204)	(266,149,820)
Net cash generated by operating activities	2,402,116,725	1,549,466,838

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2026	2025
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial instruments at fair value through profit or loss	$ (968,029)	$ (162,015)
Financial assets at fair value through other comprehensive income	(76,994,399)	(53,615,896)
Financial assets at amortized cost	(213,562,133)	(129,397,259)
Hedging financial instruments	-	(631,620)
Property, plant and equipment	(1,289,970,777)	(915,504,525)
Right-of-use assets	(9,441,034)	-
Intangible assets	(9,133,746)	(5,594,917)
Proceeds from disposal or redemption of:		
Financial instruments at fair value through profit or loss	15,239	-
Financial assets at fair value through other comprehensive income	66,398,173	65,603,469
Financial assets at amortized cost	135,509,295	111,261,850
Investments accounted for using equity method	24,301,349	-
Property, plant and equipment	2,372,672	314,781
Intangible assets	235,421	-
Derecognition of derivative financial instruments	(5,679,536)	-
Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income	187,129	96,363
Derecognition of hedging financial instruments	28,904	570,358
Interest received	88,095,028	72,794,719
Proceeds from government grants - property, plant and equipment	167,586,589	71,897,986
Other dividends received	2,040,185	587,139
Dividends received from investments accounted for using equity method	3,071,265	3,304,492
Increase in prepayments for leases	(27,949)	(30,060)
Refundable deposits paid	(887,971)	(347,234)
Refundable deposits refunded	374,415	419,019
Net cash used in investing activities	(1,116,449,910)	(778,433,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in hedging financial liabilities - bank loans	(222,339)	430,085
Proceeds from issuance of bonds	54,100,000	63,400,000
Repayment of bonds	(74,211,100)	(52,560,000)
Proceeds from long-term bank loans	11,950,000	7,626,900
Repayment of long-term bank loans	(913,056)	(2,157,500)
Payments for transaction costs attributable to the issuance of bonds	(57,433)	(83,646)
Repayment of the principal portion of lease liabilities	(3,435,744)	(2,612,337)
Interest paid	(14,703,820)	(13,778,562)
Guarantee deposits received	9,746	3,000
Guarantee deposits refunded	(13,602)	(44,383)
Cash dividends	(440,853,207)	(337,116,122)
Increase in non-controlling interests	3,476,489	4,233,246
Net cash used in financing activities	(464,874,066)	(332,659,319)

(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2026	2025
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$ 33,244,840	$ (95,241,828)
NET INCREASE IN CASH AND CASH EQUIVALENTS	854,037,589	343,132,341
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,767,856,402	2,127,627,043
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3,621,893,991	$ 2,470,759,384

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

1. GENERAL

Taiwan Semiconductor Manufacturing Company Limited (TSMC), a Republic of China (R.O.C.) corporation, was incorporated on February 21, 1987. TSMC is a dedicated foundry in the semiconductor industry which engages mainly in the manufacturing, sales, packaging, testing and computer-aided design of integrated circuits and other semiconductor devices and the manufacturing of masks.

On September 5, 1994, TSMC's shares were listed on the Taiwan Stock Exchange (TWSE). On October 8, 1997, TSMC listed some of its shares of stock on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs).

The address of its registered office and principal place of business is No. 8, Li-Hsin Rd. 6, Hsinchu Science Park, Taiwan. The principal operating activities of TSMC's subsidiaries are described in Note 4.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 10, 2026.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of TSMC and its subsidiaries (collectively as the "Company").

b. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2027

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)

Note : Domestic entities are required to apply IFRS 18 starting January 1, 2028, with the option for early adoption.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

IFRS 18 will supersede IAS 1"Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

In addition, a consequential amendment has been made to IAS 7 "Statement of Cash Flows", requiring the Company to use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

Except for the above impact, as of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating other impacts of the above amended standards and on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

c. The IFRS Accounting Standards issued by IASB, but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2025.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements

prepared under the IFRS Accounting Standards endorsed and issued into effect by the FSC (collectively, the "Taiwan-IFRS Accounting Standards").

Basis of Consolidation

The basis of preparation and the basis for the consolidated financial statements

The basis of preparation and the basis for the consolidated financial statements applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2025.

The subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location	Percentage of Ownership			Note
				September 30, 2026	December 31, 2025	September 30, 2025	
TSMC	TSMC North America	Sales and marketing of integrated circuits and other semiconductor devices	San Jose, California, U.S.A.	100%	100%	100%	-
	TSMC Europe B.V. (TSMC Europe)	Customer service and supporting activities	Amsterdam, the Netherlands	100%	100%	100%	a)
	TSMC Japan Limited (TSMC Japan)	Customer service and supporting activities	Yokohama, Japan	100%	100%	100%	a)
	TSMC Design Technology Japan, Inc. (TSMC JDC)	Engineering support activities	Yokohama, Japan	100%	100%	100%	a)
	TSMC Japan 3DIC R&D Center, Inc. (TSMC 3DIC)	Engineering support activities	Yokohama, Japan	100%	100%	100%	a)
	TSMC Korea Limited (TSMC Korea)	Customer service and supporting activities	Seoul, Korea	100%	100%	100%	a)
	TSMC Partners, Ltd. (TSMC Partners)	Investing in companies involved in the semiconductor design and manufacturing, and other investment activities	Tortola, British Virgin Islands	100%	100%	100%	-
	TSMC Global Ltd. (TSMC Global)	Investment activities	Tortola, British Virgin Islands	100%	100%	100%	-
	TSMC China Company Limited (TSMC China)	Manufacturing, sales, testing and computer-aided design of integrated circuits and other semiconductor devices	Shanghai, China	100%	100%	100%	-
	TSMC Nanjing Company Limited (TSMC Nanjing)	Manufacturing, sales, testing and computer-aided design of integrated circuits and other semiconductor devices	Nanjing, China	100%	100%	100%	-
	VisEra Technologies Company Ltd. (VisEra Tech)	Research, design, development, manufacturing, sales, packaging and test of color filter	Hsinchu, Taiwan	67%	67%	67%	-
	TSMC Arizona Corporation (TSMC Arizona)	Manufacturing, sales and testing of integrated circuits and other semiconductor devices	Phoenix, Arizona, U.S.A.	100%	100%	100%	-
	Japan Advanced Semiconductor Manufacturing, Inc. (JASM)	Manufacturing, sales and testing of integrated circuits and other semiconductor devices	Kumamoto, Japan	73%	73%	73%	-
	European Semiconductor Manufacturing Company (ESMC) GmbH (ESMC)	Manufacturing, sales and testing of integrated circuits and other semiconductor devices	Dresden, Germany	70%	70%	70%	-
	Emerging Fund, L.P. (Emerging Fund)	Investing in technology start-up companies	Cayman Islands	99.9%	99.9%	99.9%	b)
TSMC Partners	TSMC Development, Inc. (TSMC Development)	Investing in companies involved in semiconductor manufacturing	Delaware, U.S.A.	100%	100%	100%	-
	TSMC Technology, Inc. (TSMC Technology)	Engineering support activities	Delaware, U.S.A.	100%	100%	100%	a)
	TSMC Design Technology Canada Inc. (TSMC Canada)	Engineering support activities	Ontario, Canada	100%	100%	100%	a)
TSMC Development	TSMC Washington, LLC (TSMC Washington)	Manufacturing, sales and testing of integrated circuits and other semiconductor devices	Washington, U.S.A.	100%	100%	100%	-

Note a: This is an immaterial subsidiary for which the consolidated financial statements are neither reviewed nor audited by the Company's independent auditors.

Note b: This is an immaterial subsidiary for which the consolidated financial statements for the year ended, are audited by the Company's independent auditors.

Retirement Benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The same material accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2025.

6. CASH AND CASH EQUIVALENTS

	September 30, 2026	December 31, 2025	September 30, 2025
Cash and deposits in banks	$ 3,606,085,472	$ 2,761,829,868	$ 2,465,848,661
Money market funds	11,551,221	2,056,733	1,829,838
Government bonds/Agency bonds	2,230,024	2,627,142	1,905,441
Commercial paper	1,794,550	-	-
Repurchase agreements	232,724	1,342,659	1,175,444
	$ 3,621,893,991	$ 2,767,856,402	$ 2,470,759,384

Deposits in banks consisted of highly liquid time deposits that were readily convertible to known amounts of cash and were subject to an insignificant risk of changes in value.

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2026	December 31, 2025	September 30, 2025
Financial assets			
Convertible preferred stocks	$ 13,797,518	$ 13,608,819	$ 13,213,676
Mutual funds	2,115,610	1,297,533	1,166,321
Convertible bonds	226,125	-	-
Forward exchange contracts	10,411	100,200	20,955
Simple agreement for future equity	-	125,776	122,124
	$ 16,149,664	$ 15,132,328	$ 14,523,076
Current	$ 236,536	$ 100,200	$ 20,955
Noncurrent	15,913,128	15,032,128	14,502,121
	$ 16,149,664	$ 15,132,328	$ 14,523,076
Financial liabilities			
Forward exchange contracts	$ 1,608,588	$ 3,083,883	$ 1,184,622

The Company entered into forward exchange contracts to manage exposures due to fluctuations of foreign exchange rates. These forward exchange contracts did not meet the criteria for hedge accounting. Therefore, the Company did not apply hedge accounting treatment for these forward exchange contracts.

Outstanding forward exchange contracts consisted of the following:

	Maturity Date		Contract Amount (In Thousands)
September 30, 2026			
Sell US$	October 2026 to December 2026	US$	7,796,500
Sell NT$	October 2026	NT$	6,297,786
December 31, 2025			
Sell US$	January 2026 to March 2026	US$	9,234,000
Sell JPY	January 2026	JPY	6,095,977
September 30, 2025			
Sell US$	October 2025 to December 2025	US$	7,355,500
Sell JPY	October 2025	JPY	19,774,990

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2026	December 31, 2025	September 30, 2025
Investments in debt instruments at FVTOCI			
Corporate bonds	$ 100,429,121	$ 88,636,098	$ 85,961,547
Agency mortgage-backed securities	49,736,667	49,150,771	47,912,969
Government bonds/Agency bonds	27,687,965	25,437,560	23,585,011
Asset-backed securities	7,507,533	8,512,188	9,345,202
	185,361,286	171,736,617	166,804,729
Investments in equity instruments at FVTOCI			
Publicly traded stocks	66,207,109	3,956,073	4,948,873
Non-publicly traded equity investments	13,620,191	8,797,170	8,365,833
	79,827,300	12,753,243	13,314,706
	$ 265,188,586	$ 184,489,860	$ 180,119,435
Current	$ 187,366,007	$ 175,692,690	$ 171,753,602
Noncurrent	77,822,579	8,797,170	8,365,833
	$ 265,188,586	$ 184,489,860	$ 180,119,435

These investments in equity instruments are held for medium to long-term purposes and therefore are accounted for as financial assets at FVTOCI. For dividends recognized from these investments, please refer to consolidated statements of cash flows. All of the dividends are mainly from investments held at the end of the reporting period.

For the nine months ended September 30, 2026 and 2025, as the Company adjusted its investment portfolio, equity investments designated at FVTOCI were divested for NT$8,627,053 thousand and NT$291,852 thousand, respectively. The related other equity-unrealized gain/loss on financial assets at FVTOCI of NT$6,267,082 thousand and NT$159,203 thousand were transferred to increase retained earnings, respectively.

As of September 30, 2026 and 2025, the cumulative loss allowance for expected credit loss of NT$48,671 thousand and NT$43,420 thousand was recognized under investments in debt instruments at FVTOCI, respectively. Refer to Note 30 for information relating to the credit risk management and expected credit loss.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2026	December 31, 2025	September 30, 2025
Corporate bonds	$ 300,122,220	$ 231,374,019	$ 190,907,285
Commercial paper	15,550,484	-	3,727,099
Government bonds/Agency bonds	4,280,505	4,213,491	4,088,441
Less: Allowance for impairment loss	(197,258)	(134,187)	(108,266)
	$ 319,755,951	$ 235,453,323	$ 198,614,559
Current	$ 207,462,769	$ 124,945,519	$ 108,521,394
Noncurrent	112,293,182	110,507,804	90,093,165
	$ 319,755,951	$ 235,453,323	$ 198,614,559

Refer to Note 30 for information relating to credit risk management and expected credit loss for financial assets at amortized cost.

10. HEDGING FINANCIAL INSTRUMENTS

	September 30, 2026	December 31, 2025	September 30, 2025
Financial assets - current			
Fair value hedges			
Interest rate futures contracts	$ 19,384	$ -	$ 1,333
Financial liabilities - current			
Fair value hedges			
Interest rate futures contracts	$ -	$ 817	$ 2,868

Fair value hedge

The Company entered into interest rate futures contracts, which are used to partially hedge against the fair value changes caused by interest rate fluctuation in the Company's fixed income investments. The hedge ratio is adjusted in response to the changes in the financial market and capped at 100%.

On the basis of economic relationships, the value of the interest rate futures contracts and the value of the hedged financial assets change in opposite directions in response to movements in interest rates.

The reasons that may cause hedge ineffectiveness in these hedging relationships are mainly from the credit risk of the hedged financial assets, which are not reflected in the fair value of the interest rate futures contracts. No other sources of ineffectiveness have emerged from these hedging relationships during the hedging period. Amount of hedge ineffectiveness recognized in profit or loss is classified under other gains and losses, net.

The following tables summarize the information relating to the hedges of interest rate risks.

September 30, 2026

Hedging Instruments	Contract Amount (US$ in Thousands)	Maturity
Interest rate futures contracts - US Treasury futures	US$ 24,700	December 2026

Hedged Items	Asset Carrying Amount	Accumulated Amount of Fair Value Hedge Adjustments
Financial assets at FVTOCI	$ 1,522,618	$ (19,384)

December 31, 2025

Hedging Instruments	Contract Amount (US$ in Thousands)	Maturity
Interest rate futures contracts - US Treasury futures	US$ 23,700	March 2026

Hedged Items	Asset Carrying Amount	Accumulated Amount of Fair Value Hedge Adjustments
Financial assets at FVTOCI	$ 711,878	$ 817

September 30, 2025

Hedging Instruments	Contract Amount (US$ in Thousands)	Maturity
Interest rate futures contracts - US Treasury futures	US$ 21,100	December 2025

Hedged Items	Asset Carrying Amount	Accumulated Amount of Fair Value Hedge Adjustments
Financial assets at FVTOCI	$ 1,349,734	$ 1,535

The effect for the nine months ended September 30, 2026 and 2025 is detailed below:

Hedging Instruments/Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness Nine Months Ended September 30 2026	 2025
Hedging Instruments		
Interest rate futures contracts - US Treasury futures	$ 49,198	$ (43,015)
Hedged Items		
Financial assets at FVTOCI	(49,198)	43,015
	$ -	$ -

Cash flow hedge

The Company has designated the bank deposits denominated in foreign currency to partially hedge foreign exchange rate risks associated with certain highly probable forecast transactions (capital expenditures). The hedge ratio is adjusted in response to the changes in the financial market and capped at 100%. The foreign currency deposits have maturities of 12 months or less.

On the basis of economic relationships, the Company expects that the value of the foreign currency deposits will move in opposite directions to the value of hedged transactions in response to foreign exchange rates movements.

The reasons that may cause hedge ineffectiveness in these hedging relationships are mainly driven by the effect of the counterparty's own credit risk on the fair value of foreign currency deposits. No other sources of ineffectiveness have emerged from these hedging relationships during the hedging period. Refer to Note 19 (d) for gain or loss arising from changes in the fair value of hedging instruments and hedged item affects profit or loss, and the amount transferred to initial carrying amount of hedged items.

The effect for the nine months ended September 30, 2025 is detailed below:

Hedging Instruments/Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness Nine Months Ended September 30 2025
Hedging Instruments	
Foreign currency deposits	$ (31,030)
Hedged Items	
Forecast transaction (capital expenditures)	$ 31,030

Hedges of net investments in foreign operations

TSMC has designated the bank loans denominated in foreign currency as a hedge of net investments in foreign operations to manage its foreign currency risk arising from investment in overseas subsidiaries.

The reasons that may cause hedge ineffectiveness in these hedging relationships are mainly driven by the material difference between the notional amount of bank loans denominated in foreign currency and the net investment in foreign operations. No other sources of ineffectiveness have emerged from these hedging relationships during the hedging period. Refer to Note 19 (d) for gain or loss arising from changes in the fair value of hedging instruments.

The effect for the nine months ended September 30, 2026 and 2025 is detailed below:

	Change in Value Used for Calculating Hedge Ineffectiveness	
	Nine Months Ended September 30	
Hedging Instruments/Hedged Items	**2026**	**2025**
Hedging Instruments		
Bank loans	$ (222,339)	$ 430,085
Hedged Items		
Net investments in foreign operations	$ 222,339	$ (430,085)

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2026	December 31, 2025	September 30, 2025
At amortized cost			
Notes and accounts receivable	$ 467,902,668	$ 271,835,077	$ 298,433,599
Less: Loss allowance	(815,202)	(478,617)	(522,987)
	467,087,466	271,356,460	297,910,612
At FVTOCI	8,224,293	7,695,093	7,566,884
	$ 475,311,759	$ 279,051,553	$ 305,477,496

The Company signed a contract with the bank to sell certain accounts receivable without recourse and transaction cost required. These accounts receivable are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

In principle, the payment term granted to customers is due 30 days from the invoice date or 15 days from the end of the month when the invoice is issued. Aside from recognizing impairment loss for credit-impaired accounts receivable, the Company recognizes loss allowance based on the expected credit loss ratio of customers by different risk levels with consideration of factors of historical loss ratios and customers' financial conditions, competitiveness and business outlook. For accounts receivable past due over 90 days without collaterals or guarantees, the Company recognizes loss allowance at full amount.

Aging analysis of notes and accounts receivable

	September 30, 2026	December 31, 2025	September 30, 2025
Not past due	$ 462,964,446	$ 263,766,991	$ 293,721,132
Past due			
Past due within 30 days	13,162,512	15,762,377	12,278,981
Past due over 31 days	3	802	370
Less: Loss allowance	(815,202)	(478,617)	(522,987)
	$ 475,311,759	$ 279,051,553	$ 305,477,496

All of the Company's accounts receivable classified as at FVTOCI were not past due.

Movements of the loss allowance for accounts receivable

	Nine Months Ended September 30	
	2026	2025
Balance, beginning of period	$ 478,617	$ 453,009
Provision	336,569	70,017
Effect of exchange rate changes	16	(39)
Balance, end of period	$ 815,202	$ 522,987

For the nine months ended September 30, 2026 and 2025, the changes in loss allowance were mainly due to the variations in the balance of accounts receivable across different risk levels.

12. INVENTORIES

	September 30, 2026	December 31, 2025	September 30, 2025
Finished goods	$ 39,850,344	$ 29,412,948	$ 32,716,509
Work in process	322,043,619	188,014,421	183,297,640
Raw materials	38,999,820	45,863,351	46,789,075
Supplies and spare parts	26,859,597	24,818,765	25,885,839
	$ 427,753,380	$ 288,109,485	$ 288,689,063

Write-down of inventories to net realizable value (excluding earthquake losses) and reversal of write-down of inventories resulting from the increase in net realizable value were included in the cost of revenue, which were as follows. Please refer to related earthquake losses in Note 34.

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Net inventory losses	$ 561,768	$ 707,417	$ 2,157,769	$ 3,337,782

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Associates consisted of the following:

Name of Associate	Principal Activities	Place of Incorporation and Operation	Carrying Amount			% of Ownership and Voting Rights Held by the Company		
			September 30, 2026	December 31, 2025	September 30, 2025	September 30, 2026	December 31, 2025	September 30, 2025
Systems on Silicon Manufacturing Company Pte Ltd. (SSMC)	Manufacturing and sales of integrated circuits and other semiconductor devices	Singapore	$ 12,016,805	$ 12,419,167	$ 11,682,245	39 %	39 %	39 %
Xintec Inc. (Xintec)	Wafer level chip size packaging and wafer level post passivation interconnection service	Taoyuan, Taiwan	4,781,220	4,495,255	4,287,621	41 %	41 %	41 %
Global Unichip Corporation (GUC)	Researching, developing, manufacturing, testing and marketing of integrated circuits	Hsinchu, Taiwan	1,806,303	2,952,582	2,660,385	35 %	35 %	35 %
Vanguard International Semiconductor Corporation (VIS)	Manufacturing, sales, packaging, testing and computer-aided design of integrated circuits and other semiconductor devices and the manufacturing and design service of masks	Hsinchu, Taiwan	-	18,166,267	17,386,164	-	28 %	28 %
			$ 18,604,328	$ 38,033,271	$ 36,016,415			

In May 2026, the Company disposed of 152,000 thousand common shares of VIS, resulting in a decrease in the Company's shareholding to 19% and the loss of significant influence over VIS. Accordingly, the investment has been reclassified as financial assets at FVTOCI since the date of disposal. The Company recognized a gain on disposal of NT$63,202,285 thousand in the second quarter of 2026. This included the remeasurement of its remaining interest in VIS to a fair value of NT$56,398,783 thousand on the disposal date, compared with its carrying amount, resulting in a non-cash remeasurement gain.

The market prices of the associates' ownership held by the Company in publicly traded stocks calculated base on the closing price are summarized as follows. The closing price represents the quoted price in active markets, the level 1 fair value measurement.

Name of Associate	September 30, 2026	December 31, 2025	September 30, 2025
GUC	$ 375,370,386	$ 99,211,700	$ 62,561,731
Xintec	$ 50,577,634	$ 15,468,187	$ 15,968,956
VIS	$ -	$ 46,667,928	$ 51,684,351

14. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2026	December 31, 2025	September 30, 2025
Assets used by the Company	$4,525,341,471	$3,690,642,070	$3,498,121,683
Assets subject to operating leases	1,146,904	1,198,846	1,219,078
	$4,526,488,375	$3,691,840,916	$3,499,340,761

Assets used by the Company

	Land and Land Improvements	Buildings	Machinery and Equipment	Office Equipment	Equipment under Installation and Construction in Progress	Total
Cost						
Balance at January 1, 2026	$ 13,445,772	$ 1,191,861,820	$ 6,236,677,716	$ 124,264,120	$ 1,518,996,210	$ 9,085,245,638
Additions (deductions)	154,616	352,222,152	1,374,647,461	31,689,077	(357,238,794)	1,401,474,512
Disposals or retirements	-	(415,772)	(101,582,972)	(3,387,423)	-	(105,386,167)
Reclassification	-	(18,647)	-	-	-	(18,647)
Effect of exchange rate changes	(14,134)	5,794,019	15,974,297	477,549	1,770,905	24,002,636
Balance at September 30, 2026	$ 13,586,254	$ 1,549,443,572	$ 7,525,716,502	$ 153,043,323	$ 1,163,528,321	$ 10,405,317,972
Accumulated depreciation and impairment						
Balance at January 1, 2026	$ 603,856	$ 511,294,326	$ 4,799,921,522	$ 82,783,864	$ -	$ 5,394,603,568
Additions	15,035	67,500,824	493,821,366	11,943,356	-	573,280,581
Disposals or retirements	-	(385,080)	(98,613,401)	(3,386,573)	-	(102,385,054)
Impairment losses	-	-	18,792	-	-	18,792
Effect of exchange rate changes	8,447	2,039,119	12,140,448	270,600	-	14,458,614
Balance at September 30, 2026	$ 627,338	$ 580,449,189	$ 5,207,288,727	$ 91,611,247	$ -	$ 5,879,976,501
Carrying amounts at January 1, 2026	$ 12,841,916	$ 680,567,494	$ 1,436,756,194	$ 41,480,256	$ 1,518,996,210	$ 3,690,642,070
Carrying amounts at September 30, 2026	$ 12,958,916	$ 968,994,383	$ 2,318,427,775	$ 61,432,076	$ 1,163,528,321	$ 4,525,341,471
Cost						
Balance at January 1, 2025	$ 13,054,161	$ 959,133,864	$ 5,852,202,689	$ 105,434,750	$ 1,080,284,237	$ 8,010,109,701
Additions	140,379	243,974,901	378,504,685	16,727,174	185,398,611	824,745,750
Disposals or retirements	-	(106,771)	(34,071,281)	(1,295,584)	-	(35,473,636)
Reclassification	-	(1,181,470)	-	-	-	(1,181,470)
Effect of exchange rate changes	(125,157)	(19,743,628)	(26,104,559)	(942,459)	(6,584,796)	(53,500,599)
Balance at September 30, 2025	$ 13,069,383	$ 1,182,076,896	$ 6,170,531,534	$ 119,923,881	$ 1,259,098,052	$ 8,744,699,746
Accumulated depreciation and impairment						
Balance at January 1, 2025	$ 608,531	$ 440,369,241	$ 4,262,882,850	$ 70,679,950	$ 790,740	$ 4,775,331,312
Additions	14,845	52,758,706	453,415,862	10,370,450	-	516,559,863
Disposals or retirements	-	(80,177)	(32,188,216)	(1,289,887)	-	(33,558,280)
Reclassification	-	(127,932)	-	-	-	(127,932)
Impairment losses	-	1,459	1,670,522	-	-	1,671,981
Effect of exchange rate changes	(41,876)	(1,829,773)	(11,124,107)	(303,125)	-	(13,298,881)
Balance at September 30, 2025	$ 581,500	$ 491,091,524	$ 4,674,656,911	$ 79,457,388	$ 790,740	$ 5,246,578,063
Carrying amounts at January 1, 2025	$ 12,445,630	$ 518,764,623	$ 1,589,319,839	$ 34,754,800	$ 1,079,493,497	$ 3,234,778,389
Carrying amounts at September 30, 2025	$ 12,487,883	$ 690,985,372	$ 1,495,874,623	$ 40,466,493	$ 1,258,307,312	$ 3,498,121,683

The significant part of the Company's buildings includes main plants, mechanical and electrical power equipment and clean rooms, and the related depreciation is calculated using the estimated useful lives of 20 years, 10 years and 10 years, respectively.

The Company assesses impairment and recognizes impairment losses or reversals based on the assets' usage status and expected usage plan. These are recorded under other operating income and expenses. For details regarding the impairment losses recognized in the first quarter of 2025 due to earthquake damage that rendered certain assets unusable, please refer to Note 34.

Information about capitalized interest is set out in Note 22.

In October 2026, the Company entered into an agreement with AUO Corporation for the acquisition of the plant and related facilities for NT$38.8 billion.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2026	December 31, 2025	September 30, 2025
Carrying amounts			
Land	$ 52,119,531	$ 39,873,344	$ 39,249,022
Buildings	3,967,763	4,005,321	3,977,997
Office equipment	32,640	40,245	41,837
	$ 56,119,934	$ 43,918,910	$ 43,268,856

	Nine Months Ended September 30	
	2026	2025
Additions to right-of-use assets	$ 16,640,543	$ 7,306,149

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Depreciation of right-of-use assets				
Land	$ 1,008,155	$ 780,747	$ 2,731,458	$ 2,199,872
Buildings	403,099	326,573	1,200,058	891,618
Office equipment	6,363	5,805	17,742	17,211
	$ 1,417,617	$ 1,113,125	$ 3,949,258	$ 3,108,701

b. Lease liabilities

	September 30, 2026	December 31, 2025	September 30, 2025
Carrying amounts			
Current portion (classified under accrued expenses and other current liabilities)	$ 3,753,455	$ 3,833,015	$ 3,651,294
Noncurrent portion	34,409,118	31,594,992	30,978,996
	$ 38,162,573	$ 35,428,007	$ 34,630,290

Ranges of discount rates for lease liabilities are as follows:

	September 30, 2026	December 31, 2025	September 30, 2025
Land	0.39%~3.50%	0.39%~3.50%	0.39%~3.30%
Buildings	0.40%~6.44%	0.40%~6.52%	0.40%~6.52%
Office equipment	0.54%~7.13%	0.28%~6.46%	0.28%~6.46%

c. Material terms of right-of-use assets

The Company leases land and buildings mainly for the use of plants and offices with lease terms of 1 to 50 years. The lease contracts for land located in the R.O.C. specify that lease payments will be adjusted every 2 years on the basis of changes in announced land value prices. The Company does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	Nine Months Ended September 30	
	2026	2025
Total cash outflow for leases	$ 13,245,504	$ 3,150,723

16. INTANGIBLE ASSETS

	Goodwill	Technology License Fees	Software and System Design Costs	Patent and Others	Total
Cost					
Balance at January 1, 2026	$ 5,891,082	$ 29,702,421	$ 58,451,384	$ 13,337,085	$ 107,381,972
Additions	-	6,074,877	3,582,477	464,146	10,121,500
Disposals or retirements	-	-	(853,784)	(61,778)	(915,562)
Effect of exchange rate changes	59,203	(1,164)	47,537	5,624	111,200
Balance at September 30, 2026	$ 5,950,285	$ 35,776,134	$ 61,227,614	$ 13,745,077	$ 116,699,110
Accumulated amortization and impairment					
Balance at January 1, 2026	$ -	$ 24,513,166	$ 45,879,452	$ 12,036,739	$ 82,429,357
Additions	-	1,223,844	5,336,478	331,599	6,891,921
Disposals or retirements	-	-	(843,335)	-	(843,335)
Effect of exchange rate changes	-	(1,165)	38,814	3,858	41,507
Balance at September 30, 2026	$ -	$ 25,735,845	$ 50,411,409	$ 12,372,196	$ 88,519,450
Carrying amounts at January 1, 2026	$ 5,891,082	$ 5,189,255	$ 12,571,932	$ 1,300,346	$ 24,952,615
Carrying amounts at September 30, 2026	$ 5,950,285	$ 10,040,289	$ 10,816,205	$ 1,372,881	$ 28,179,660

(Continued)

	Goodwill	Technology License Fees	Software and System Design Costs	Patent and Others	Total
Cost					
Balance at January 1, 2025	$ 6,070,864	$ 28,566,518	$ 53,279,044	$ 13,133,519	$ 101,049,945
Additions	-	840,059	4,837,781	300,521	5,978,361
Disposals or retirements	-	(82,470)	(633,847)	(74,922)	(791,239)
Effect of exchange rate changes	(303,756)	(2,119)	(67,726)	(8,572)	(382,173)
Balance at September 30, 2025	$ 5,767,108	$ 29,321,988	$ 57,415,252	$ 13,350,546	$ 105,854,894
Accumulated amortization and impairment					
Balance at January 1, 2025	$ -	$ 23,186,748	$ 40,100,685	$ 11,479,992	$ 74,767,425
Additions	-	1,055,555	4,771,901	452,099	6,279,555
Disposals or retirements	-	(82,470)	(631,776)	-	(714,246)
Effect of exchange rate changes	-	(2,119)	(30,994)	(2,775)	(35,888)
Balance at September 30, 2025	$ -	$ 24,157,714	$ 44,209,816	$ 11,929,316	$ 80,296,846
Carrying amounts at January 1, 2025	$ 6,070,864	$ 5,379,770	$ 13,178,359	$ 1,653,527	$ 26,282,520
Carrying amounts at September 30, 2025	$ 5,767,108	$ 5,164,274	$ 13,205,436	$ 1,421,230	$ 25,558,048

(Concluded)

The Company's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value in use. The value in use was calculated based on the cash flow forecast from the financial budgets covering the future five-year period, and the Company used annual discount rate of 9.5% in its test of impairment as of December 31, 2025 to reflect the relevant specific risk in the cash-generating unit.

17. BONDS PAYABLE

	September 30, 2026	December 31, 2025	September 30, 2025
Domestic unsecured bonds	$ 553,910,000	$ 538,388,000	$ 514,812,000
Overseas unsecured bonds	427,192,000	455,938,000	442,699,500
Less: Discounts on bonds payable	(2,101,034)	(2,292,509)	(2,318,688)
Less: Current portion	(208,685,841)	(135,805,988)	(74,760,057)
	$ 770,315,125	$ 856,227,503	$ 880,432,755

The Company issued domestic unsecured bonds for the nine months ended September 30, 2026. The major terms are as follows:

Issuance	Tranche	Issuance Period	Total Issue Amount	Coupon Rate	Repayment and Interest Payment
NT$ unsecured bonds					
115-1	A	March 2026 to March 2031	$ 12,600,000	1.72%	Bullet repayment; interest payable annually
	B	March 2026 to March 2036	4,600,000	1.78%	The same as above
115-2 (Green bond)	A	May 2026 to May 2031	13,700,000	1.80%	The same as above
	B	May 2026 to May 2036	4,700,000	1.85%	The same as above
115-3 (Green bond)	A	July 2026 to July 2031	14,000,000	2.03%	The same as above
	B	July 2026 to July 2036	4,500,000	2.10%	The same as above

The major terms of overseas unsecured bonds are as follows:

Issuance Period	Total Issue Amount (US$ in Thousands)	Coupon Rate	Repayment and Interest Payment
September 2020 to September 2025	US$ 1,000,000	0.75%	Bullet repayment (callable at any time, in whole or in part, at the relevant redemption price according to relevant agreements); interest payable semi-annually
September 2020 to September 2027	750,000	1.00%	The same as above
September 2020 to September 2030	1,250,000	1.375%	The same as above
April 2021 to April 2026	1,100,000	1.25%	The same as above
April 2021 to April 2028	900,000	1.75%	The same as above
April 2021 to April 2031	1,500,000	2.25%	The same as above
October 2021 to October 2026	1,250,000	1.75%	The same as above
October 2021 to October 2031	1,250,000	2.50%	The same as above
October 2021 to October 2041	1,000,000	3.125%	The same as above

(Continued)

Issuance Period	Total Issue Amount (US$ in Thousands)	Coupon Rate	Repayment and Interest Payment
October 2021 to October 2051	1,000,000	3.25%	Bullet repayment (callable at any time, in whole or in part, at the relevant redemption price according to relevant agreements); interest payable semi-annually
April 2022 to April 2027	1,000,000	3.875%	The same as above
April 2022 to April 2029	500,000	4.125%	The same as above
April 2022 to April 2032	1,000,000	4.25%	The same as above
April 2022 to April 2052	1,000,000	4.50%	The same as above
July 2022 to July 2027	400,000	4.375%	The same as above
July 2022 to July 2032	600,000	4.625%	The same as above

(Concluded)

18. LONG-TERM BANK LOANS

	September 30, 2026	December 31, 2025	September 30, 2025
NT$ unsecured loans	$ 787,778	$ 1,700,833	$ 2,253,334
JPY unsecured loans	51,790,500	39,253,500	37,008,000
Less: Discounts on government grants	-	(115)	(277)
Less: Current portion	(4,512,570)	(1,119,722)	(1,465,556)
	$ 48,065,708	$ 39,834,496	$ 37,795,501
Loan content			
Annual interest rate	1.28%~1.90%	0.79%~1.78%	0.78%~1.78%
Maturity date	Due by December 2030	Due by December 2030	Due by December 2030

The long-term bank loans of the Company are used for plants setup, procurement of machinery and equipment, and operating capital. The partial long-term bank loans are with preferential interest rates subsidized by the government, and the loans are used to fund capital expenditure qualifying for the subsidy.

The Company is required to maintain certain financial covenants during the borrowing period, including the annual equity of the subsidiary receiving the loan not to fall below a specific amount; its debt-to-equity ratio must not exceed a certain ratio; and the ratio of the Company's annual debt to earnings before interest, taxes, depreciation, and amortization (EBITDA) not to exceed a certain multiple.

19. EQUITY

a. Capital stock

	September 30, 2026	December 31, 2025	September 30, 2025
Authorized shares (in thousands)	28,050,000	28,050,000	28,050,000
Authorized capital	$ 280,500,000	$ 280,500,000	$ 280,500,000
Issued and paid shares (in thousands)	25,932,370	25,932,524	25,932,615
Shares awaiting retirement (in thousands)	(5)	-	(91)
Capital stock (in thousands)	25,932,365	25,932,524	25,932,524
Issued capital	$ 259,323,701	$ 259,325,245	$ 259,326,155
Share capital awaiting retirement	(51)	-	(910)
Capital stock	$ 259,323,650	$ 259,325,245	$ 259,325,245

The par value of issued common shares is NT$10 per share. A holder of common shares has one vote for each common share and is entitled to receive dividends.

The authorized shares include 500,000 thousand shares allocated for the exercise of employee stock options.

During the third quarter of 2026, TSMC reclaimed 5 thousand employee restricted shares which were unvested (classified under share capital awaiting retirement). On November 10, 2026, TSMC's Board of Directors resolved to cancel the aforementioned shares.

During the first quarter of 2026, the third quarter of 2025 and the first quarter of 2025, TSMC reclaimed 154 thousand, 91 thousand and 118 thousand employee restricted shares, respectively, that were unvested. On May 12, 2026, November 11, 2025 and May 13, 2025, TSMC's Board of Directors resolved to cancel the aforementioned shares. Subsequently, TSMC completed the registration for share cancellation. Refer to Note 26 for information on RSAs.

As of September 30, 2026, TSMC's total issued and outstanding ADSs were 1,062,645 thousand units, representing 5,313,225 thousand common shares.

b. Capital surplus

The categories of uses and the sources of capital surplus based on regulations were as follows:

	September 30, 2026	December 31, 2025	September 30, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Additional paid-in capital	$ 27,091,581	$ 26,343,550	$ 26,343,550
From merger	22,800,434	22,800,434	22,800,434
From convertible bonds	8,891,257	8,891,257	8,891,257
From difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	8,411,566	8,411,566	8,411,566
Donations - donated by shareholders	11,280	11,280	11,275

(Continued)

	September 30, 2026	December 31, 2025	September 30, 2025
May only be used to offset a deficit			
From share of changes in equities of subsidiaries	$ 4,122,083	$ 4,093,999	$ 4,093,849
From share of changes in equities of associates	271,072	1,365,250	1,307,625
Donations - unclaimed dividend	105,684	105,684	78,976
May not be used for any purpose			
Employee restricted shares	614,017	1,422,581	1,422,581
	$ 72,318,974	$ 73,445,601	$ 73,361,113

(Concluded)

If such capital surplus is distributed as transferred to share capital, it is limited to a certain percentage of the Company's paid-in capital each year.

c. Retained earnings and dividend policy

TSMC's Articles of Incorporation provide that, earnings distribution may be made on a quarterly basis after the close of each quarter. Distribution of earnings by way of cash dividends should be approved by TSMC's Board of Directors and reported to TSMC's shareholders in its meeting. When allocating earnings, TSMC shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings (until the accumulated legal capital reserve equals TSMC's paid-in capital), then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Any balance left over shall be allocated according to relevant laws and TSMC's Articles of Incorporation.

TSMC's Articles of Incorporation also provide that profits of TSMC may be distributed by way of cash dividend and/or stock dividend. However, distribution of earnings shall be made preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend, provided that the ratio for stock dividend shall not exceed 50% of the total distribution.

The legal capital reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside an additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity, such as the accumulated balance of the foreign currency translation reserve, the effectiveness of hedges of net investments in foreign operations, unrealized valuation gain or loss from fair value through other comprehensive income financial assets, gain or loss from changes in fair value of hedging instruments in cash flow hedges, etc. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of 2026, 2025 and 2024 quarterly earnings have been approved by TSMC's Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

Resolution Date of TSMC's Board of Directors in its meeting	Third Quarter of 2026 November 10, 2026	Second Quarter of 2026 August 11, 2026	First Quarter of 2026 May 12, 2026
Special capital reserve	$ -	$ -	$ (16,199,411)
Cash dividends to shareholders	$ 233,391,284	$ 181,526,591	$ 181,526,591
Cash dividends per share (NT$)	$ 9.00	$ 7.00	$ 7.00

Resolution Date of TSMC's Board of Directors in its meeting	Fourth Quarter of 2025 February 10, 2026	Third Quarter of 2025 November 11, 2025	Second Quarter of 2025 August 12, 2025	First Quarter of 2025 May 13, 2025
Special capital reserve	$ (71,085,085)	$ (94,270,352)	$ 181,554,848	$ -
Cash dividends to shareholders	$ 155,595,147	$ 155,595,147	$ 129,662,913	$ 129,663,078
Cash dividends per share (NT$)	$ 6.00	$ 6.00	$ 5.00	$ 5.00

Resolution Date of TSMC's Board of Directors in its meeting	Fourth Quarter of 2024 February 12, 2025	Third Quarter of 2024 November 12, 2024	Second Quarter of 2024 August 13, 2024	First Quarter of 2024 May 10, 2024
Special capital reserve	$ -	$ -	$ -	$ (28,020,822)
Cash dividends to shareholders	$ 116,697,300	$ 116,697,300	$ 103,721,521	$ 103,734,517
Cash dividends per share (NT$)	$ 4.50	$ 4.50	$ 4.00	$ 4.00

The quarterly cash dividends per share is affected by the subsequent number of outstanding ordinary shares, the information of the actual payout is available at the Market Observation Post System website.

d. Others

Changes in others were as follows:

	Nine Months Ended September 30, 2026				
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Unearned Stock-Based Employee Compensation	Total
Balance, beginning of period	$ (21,019,144)	$ 3,591,483	$ 1,228,250	$ (477,001)	$ (16,676,412)
Exchange differences arising on translation of foreign operations	45,465,305	-	-	-	45,465,305
Gain (loss) on hedging instruments designated as hedges of net investments in foreign operations	(222,339)	-	-	-	(222,339)
Unrealized gain (loss) on financial assets at FVTOCI					
Equity instruments	-	17,603,908	-	-	17,603,908
Debt instruments	-	(6,981,168)	-	-	(6,981,168)
Disposal of investments in equity instruments at FVTOCI	-	(6,301,755)	-	-	(6,301,755)

(Continued)

	Nine Months Ended September 30, 2026				
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Unearned Stock-Based Employee Compensation	Total
Cumulative unrealized gain (loss) of debt instruments at FVTOCI transferred to profit or loss due to disposal	$ -	$ 96,589	$ -	$ -	$ 96,589
Loss allowance adjustments from debt instruments at FVTOCI	-	4,190	-	-	4,190
Gain (loss) arising on changes in the fair value of hedging instruments and hedged item affects profit or loss	-	-	(64,198)	-	(64,198)
Transferred to initial carrying amount of hedged items	-	-	(460)	-	(460)
Share-based payment expenses recognized	-	-	-	328,198	328,198
Share of other comprehensive income (loss) of associates	93,300	65,087	10,847	-	169,234
Other comprehensive income transferred to profit or loss due to disposal of investments accounted for using equity method	(394,251)	-	-		(394,251)
Disposal of investments accounted for using equity method	-	98,746	(11,367)	-	87,379
Balance, end of period	$ 23,922,871	$ 8,177,080	$ 1,163,072	$ (148,803)	$ 33,114,220

(Concluded)

	Nine Months Ended September 30, 2025				
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Unearned Stock-Based Employee Compensation	Total
Balance, beginning of period	$ 40,262,995	$ (1,160,176)	$ 1,310,307	$ (1,708,079)	$ 38,705,047
Exchange differences arising on translation of foreign operations	(132,565,375)	-	-	-	(132,565,375)
Gain (loss) on hedging instruments designated as hedges of net investments in foreign operations	430,085	-	-	-	430,085
Unrealized gain (loss) on financial assets at FVTOCI					
Equity instruments	-	1,072,941	-	-	1,072,941
Debt instruments	-	3,959,541	-	-	3,959,541
Disposal of investments in equity instruments at FVTOCI	-	(159,203)	-	-	(159,203)
Cumulative unrealized gain (loss) of debt instruments at FVTOCI transferred to profit or loss due to disposal	-	99,615	-	-	99,615
Loss allowance adjustments from debt instruments at FVTOCI	-	(16,245)	-	-	(16,245)
Gain (loss) arising on changes in the fair value of hedging instruments and hedged item affects profit or loss	-	-	(91,766)	-	(91,766)
Transferred to initial carrying amount of hedged items	-	-	12,223	-	12,223
Share-based payment expenses recognized	-	-	-	1,082,645	1,082,645
Share of other comprehensive income (loss) of associates	(339,802)	(119,010)	19,374	-	(439,438)
Balance, end of period	$ (92,212,097)	$ 3,677,463	$ 1,250,138	$ (625,434)	$ (87,909,930)

The aforementioned other equity includes the changes in other equities of TSMC and TSMC's share of its subsidiaries and associates.

20. NET REVENUE

a. Disaggregation of revenue from contracts with customers

Product	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Wafer	$ 1,219,768,395	$ 860,962,390	$ 3,261,588,050	$ 2,370,425,365
Others	274,474,889	128,955,928	637,138,924	392,538,486
	$ 1,494,243,284	$ 989,918,318	$ 3,898,726,974	$ 2,762,963,851

Geography	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Taiwan	$ 126,213,751	$ 75,824,352	$ 290,925,968	$ 215,874,263
United States	1,178,522,015	745,326,314	2,997,154,502	2,071,977,068
China	81,461,536	77,406,656	244,033,886	226,957,819
Japan	44,153,343	40,579,110	131,300,657	111,762,957
Europe, the Middle East and Africa	50,914,064	32,339,528	148,212,766	86,572,534
Others	12,978,575	18,442,358	87,099,195	49,819,210
	$ 1,494,243,284	$ 989,918,318	$ 3,898,726,974	$ 2,762,963,851

The Company categorized the net revenue mainly based on the countries where the customers are headquartered.

Platform	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
High Performance Computing	$ 1,013,950,280	$ 558,592,346	$ 2,539,063,228	$ 1,612,970,845
Smartphone	312,387,506	296,745,654	889,788,317	780,316,588
Internet of Things	66,943,645	53,250,285	192,588,353	136,271,873
Automotive	66,045,693	50,586,157	166,296,118	136,643,620
Digital Consumer Electronics	11,101,390	12,023,942	35,799,861	38,573,991
Others	23,814,770	18,719,934	75,191,097	58,186,934
	$ 1,494,243,284	$ 989,918,318	$ 3,898,726,974	$ 2,762,963,851

Resolution	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
2-nanometer	$ 103,129,543	$ -	$ 135,063,791	$ -
3-nanometer	396,618,245	198,608,328	963,126,946	546,040,622
5-nanometer	337,110,388	323,170,791	1,038,419,690	867,248,267
7-nanometer	123,141,757	117,257,604	373,848,973	334,505,513
16-nanometer	69,309,975	57,307,151	201,881,252	160,961,379
20-nanometer	774,630	1,293,465	2,963,855	3,109,111
28-nanometer	67,944,075	59,227,140	204,677,769	166,553,917
40/45-nanometer	25,974,402	26,220,755	76,766,281	71,751,921
65-nanometer	46,532,974	32,568,409	123,613,023	86,947,200
90-nanometer-0.13 micron	17,507,458	17,799,941	52,145,186	53,085,900
0.15 micron and above	31,724,948	27,508,806	89,081,284	80,221,535
Wafer revenue	$ 1,219,768,395	$ 860,962,390	$ 3,261,588,050	$ 2,370,425,365

b. Contract balances

	September 30, 2026	December 31, 2025	September 30, 2025	January 1, 2025
Contract liabilities (classified under accrued expenses and other current liabilities)	$ 54,143,428	$ 49,954,384	$ 45,916,467	$ 89,435,361

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

The Company recognized revenue from the beginning balance of contract liability, which amounted to NT$846,947 thousand and NT$3,693,898 thousand for the three months ended September 30, 2026 and 2025, respectively; and NT$17,018,818 thousand and NT$56,877,009 thousand for the nine months ended September 30, 2026 and 2025, respectively.

c. Temporary receipts from customers

	September 30, 2026	December 31, 2025	September 30, 2025
Current portion (classified under accrued expenses and other current liabilities)	$ 231,946,015	$ 146,559,275	$ 165,676,003
Noncurrent portion (classified under other noncurrent liabilities)	127,534,664	43,298,936	57,623,053
	$ 359,480,679	$ 189,858,211	$ 223,299,056

The Company's temporary receipts from customer are payments made by customers to the Company to retain the Company's capacity. When the terms and conditions set forth in the agreements are subsequently satisfied, the treatment of temporary receipts, either by refund or by accounts receivable offsetting, will be determined by mutual consent.

21. INTEREST INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Interest income				
Cash and cash equivalents	$ 28,909,630	$ 22,078,267	$ 76,178,517	$ 63,307,303
Financial assets at amortized cost	3,210,407	2,362,945	8,992,894	7,472,367
Financial assets at FVTOCI	2,133,633	1,739,133	6,164,956	5,451,985
Government grants receivable and others	565,592	-	2,389,879	-
	$ 34,819,262	$ 26,180,345	$ 93,726,246	$ 76,231,655

22. FINANCE COSTS

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Interest expense				
Corporate bonds	$ 5,211,812	$ 4,802,807	$ 15,517,351	$ 14,585,091
Others	361,900	205,664	954,316	616,565
Less: Capitalized interest under property, plant and equipment	(2,413,797)	(2,049,903)	(7,509,841)	(5,874,719)
	$ 3,159,915	$ 2,958,568	$ 8,961,826	$ 9,326,937

Information about capitalized interest is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Capitalization rate	1.44%-3.34%	1.32%-3.34%	1.44%-3.34%	1.32%-3.34%

23. OTHER GAINS AND LOSSES, NET

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Loss on disposal of financial assets, net				
Investments in debt instruments at FVTOCI	$ (46,823)	$ (16,770)	$ (96,589)	$ (99,615)
Gain on disposal of investments accounted for using equity method, net	-	-	63,202,285	-
Loss on disposal of subsidiaries	-	-	-	(167,986)

(Continued)

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Gain (loss) on financial instruments at FVTPL, net	$ (212,346)	$ (7,059,168)	$ (3,721,075)	$ 993,558
Reversal of (provision for) expected credit loss of financial assets				
Investments in debt instruments at FVTOCI	1,638	436	(4,190)	16,245
Financial assets at amortized cost	(14,991)	(174)	(60,906)	9,237
Other gains (losses), net	(15,422)	272,135	255,123	379,655
	$ (287,944)	$ (6,803,541)	$ 59,574,648	$ 1,131,094

(Concluded)

24. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Current income tax expense				
Current tax expense recognized in the current period	$ 147,958,789	$ 70,584,542	$ 429,013,601	$ 249,610,543
Income tax adjustments on prior years	12,482	(66,165)	(10,594,264)	(13,944,735)
Other income tax adjustments	102,192	(41,717)	293,301	145,992
	148,073,463	70,476,660	418,712,638	235,811,800
Deferred income tax expense (benefit)				
The origination and reversal of temporary differences	(1,093,573)	4,046,127	(1,526,656)	7,174,333
Operating loss carryforward	718,053	(909,126)	1,159,507	(3,667,941)
	(375,520)	3,137,001	(367,149)	3,506,392
Income tax expense recognized in profit or loss	$ 147,697,943	$ 73,613,661	$ 418,345,489	$ 239,318,192

b. Income tax examination

The tax authorities have examined income tax returns of TSMC through 2024. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

25. EARNINGS PER SHARE

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Basic EPS	$ 29.43	$ 17.44	$ 78.75	$ 46.75
Diluted EPS	$ 29.43	$ 17.44	$ 78.75	$ 46.75

EPS is computed as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Basic EPS				
Net income available to common shareholders of the parent	$ 763,064,422	$ 452,301,407	$2,042,106,112	$1,212,138,637
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands)	25,930,729	25,928,614	25,930,352	25,927,893
Basic EPS (in dollars)	$ 29.43	$ 17.44	$ 78.75	$ 46.75
Diluted EPS				
Net income available to common shareholders of the parent	$ 763,064,422	$ 452,301,407	$2,042,106,112	$1,212,138,637
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands)	25,930,729	25,928,614	25,930,352	25,927,893
Effects of all dilutive potential common shares (in thousands)	1,223	1,429	1,341	1,966
Weighted average number of common shares used in the computation of diluted EPS (in thousands)	25,931,952	25,930,043	25,931,693	25,929,859
Diluted EPS (in dollars)	$ 29.43	$ 17.44	$ 78.75	$ 46.75

26. SHARE-BASED PAYMENT ARRANGEMENTS

a. Equity-settled share-based payment- RSAs

The RSAs in each year are as follows:

	2024 RSAs	2023 RSAs	2022 RSAs
Resolution Date of TSMC's shareholders in its meeting	June 4, 2024	June 6, 2023	June 8, 2022
Resolution Date of TSMC's Board of Directors in its meeting	August 13, 2024	February 6, 2024	February 14, 2023
Issuance of stocks (in thousands)	2,353	2,960	2,110
Eligible employees	Executive officers	Executive officers	Executive officers
Grant date/Issuance date	September 1, 2024	March 1, 2024	March 1, 2023

Vesting conditions of the aforementioned arrangement are as follow:

1) The RSAs granted to eligible employees can only be vested if

   - the employee remains employed by the Company on the last date of each vesting period;
   - during the vesting period, the employee may not breach any agreement with the Company or violate the Company's work rules; and
   - certain employee performance metrics and TSMC's business performance metrics are met.

2) The maximum percentage of granted RSAs that may be vested each year shall be as follows: one-year anniversary of the grant: 50%; two-year anniversary of the grant: 25%; and three-year anniversary of the grant: 25%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of TSMC's business performance metrics.

3) For eligible executive officers of TSMC: The maximum number of RSAs that may be vested in each year will be set as 110%, among which 100% will be subject to a calculation based on TSMC's relative Total Shareholder Return ("TSR", including capital gains and dividends) achievement to determine the number of RSAs to be vested; this number will be further subject to a modifier to increase or decrease up to 10% based on the Compensation and People Development Committee's evaluation of TSMC's Environmental, Social, and Governance ("ESG") achievements. The number of shares so calculated should be rounded down to the nearest integral.

TSMC's TSR relative to the TSR of S&P 500 IT Index	**Ratio of Shares to be Vested**
Above the Index by X percentage points	50% + X * 2.5%, with the maximum of 100%
Equal to the Index	50%
Below the Index by X percentage points	50% - X * 2.5%, with the minimum of 0%

4) Restrictions imposed on the employees' rights in the RSAs before the vesting conditions are fulfilled:

   - During each vesting period, no employee granted RSAs, except for inheritance, may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs.
   - Before the vesting conditions are fulfilled, the attendance, proposal rights, speech rights, voting rights and etc. shall be exercised by the engaged trustee/custodian on the employee's behalf. Any other shareholder rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of TSMC.

5) Details of granted RSAs in each year are as follows:

	2024 RSAs	2023 RSAs	2022 RSAs
	Number of Shares (In Thousands)	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance, beginning of period	1,160	1,480	527
Vested shares	(554)	(696)	(495)
Canceled shares	(41)	(81)	(32)
Shares awaiting retirement	(5)	-	-
Balance, end of period	560	703	-
Weighted-average fair value of RSAs (in dollars)	$ 662.42	$ 364.43	$ 277.71

The RSAs in each year are measured at fair value at grant date by using the binomial tree approach. Relevant information is as follows:

	2024 RSAs	2023 RSAs	2022 RSAs
	September 1, 2024	March 1, 2024	March 1, 2023
Stock price at measurement date (in dollars)	$ 944	$ 689	$ 511
Expected price volatility	25.51%-29.87%	24.77%-26.12%	29.34%-32.11%
Expected life	1-3 years	1-3 years	1-3 years
Risk-free interest rate	1.40%	1.16%	1.06%

Refer to Note 27 for the compensation costs of the RSAs recognized by TSMC.

b. Cash-settled share-based payment arrangements

The cash-settled share-based payment arrangements in each year are as follows:

	2023 Plan	2022 Plan
Resolution Date of TSMC's Board of Directors in its meeting	February 6, 2024	February 14, 2023
Issuance of units (in thousands) (Note)	550	400
Grant date	March 1, 2024	March 1, 2023

Note: One unit of the right represents a right to the market value of one TSMC's common share when vested.

The vesting conditions and the ratio of units to be vested for key management personnel of the plan are the same as the aforementioned RSAs.

The fair value of compensation costs for the cash-settled share-based payment was measured by using binomial tree approach and will be measured at each reporting period until settlement. Relevant information is as follows:

	Nine Months Ended September 30		
	2026	2025	
	2023 Plan	2023 Plan	2022 Plan
Stock price at measurement date (in dollars)	$ 2,475	$ 1,300	$ 1,300
Expected price volatility	24.75%-34.67%	25.07%-32.21%	25.07%-32.21%
Residual life	1 year	1-2 years	1 year
Risk-free interest rate	1.39%	1.26 %	1.31 %

Refer to Note 27 for the compensation costs of the cash-settled share-based payment recognized by TSMC. As of September 30, 2026, December 31, 2025 and September 30, 2025, the liabilities under cash-settled share-based payment arrangement amounted to NT$260,176 thousand, NT$330,836 thousand and NT$189,904 thousand, respectively.

27. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
a. Depreciation of property, plant and equipment and right-of-use assets				
Recognized in cost of revenue	$ 203,742,221	$ 150,797,509	$ 538,961,464	$ 488,251,812
Recognized in operating expenses	13,993,370	9,874,777	38,268,375	31,416,752
Recognized in other operating income and expenses	23,210	20,227	70,420	36,143
	$ 217,758,801	$ 160,692,513	$ 577,300,259	$ 519,704,707
b. Amortization of intangible assets				
Recognized in cost of revenue	$ 1,429,383	$ 1,316,056	$ 4,023,037	$ 4,048,032
Recognized in operating expenses	1,015,391	778,702	2,868,884	2,231,523
	$ 2,444,774	$ 2,094,758	$ 6,891,921	$ 6,279,555
c. Employee benefits expenses				
Post-employment benefits				
Defined contribution plans	$ 1,979,941	$ 1,691,989	$ 5,618,212	$ 4,967,879
Defined benefit plans	58,320	64,218	174,966	190,504
	2,038,261	1,756,207	5,793,178	5,158,383
Share-based payments				
Equity-settled	103,298	273,416	340,324	1,073,063
Cash-settled	37,413	73,744	397,662	161,333
	140,711	347,160	737,986	1,234,396
Other employee benefits	139,074,288	100,787,874	382,960,618	280,255,018
	$ 141,253,260	$ 102,891,241	$ 389,491,782	$ 286,647,797

(Continued)

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Employee benefits expense summarized by function				
Recognized in cost of revenue	$ 84,637,924	$ 62,742,208	$ 233,643,982	$ 168,646,144
Recognized in operating expenses	56,615,336	40,149,033	155,847,800	118,001,653
	$ 141,253,260	$ 102,891,241	$ 389,491,782	$ 286,647,797

(Concluded)

According to TSMC's Articles of Incorporation, TSMC shall allocate compensation to directors and profit sharing bonus to employees of TSMC not more than 0.3% and not less than 1% of annual profits during the period, respectively (among which not less than 30% as profit sharing bonuses to entry-level employees).

TSMC accrued profit sharing bonus to employees based on a percentage of net income before income tax, profit sharing bonus to employees and compensation to directors during the period; compensation to directors was expensed based on estimated amount payable. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. Accrued profit sharing bonus to employees is illustrated below:

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Profit sharing bonus to employees	$ 41,968,550	$ 27,138,090	$ 112,315,840	$ 72,728,320

TSMC's accrued profit sharing bonus to employees and compensation to directors 2025 and 2024 are illustrated below:

	Years Ended December 31	
	2025	2024
Profit sharing bonus to employees	$ 103,072,958	$ 70,296,283
Compensation to directors	$ 156,305	$ 358,989

There is no significant difference between the aforementioned amounts and the amounts charged against earnings of 2025 and 2024, respectively.

The information about the appropriations of TSMC's profit sharing bonus to employees and compensation to directors is available at the Market Observation Post System website.

28. GOVERNMENT GRANTS

Subsidiaries such as TSMC Arizona, ESMC, JASM and TSMC Nanjing received subsidies from the governments of the United States, Germany, Japan and China, respectively, for local plant setup and operation, which were mainly used to subsidize the purchase costs of property, plant and equipment, as well as partial costs and expenses incurred from plant construction and production. For the nine months

ended September 30, 2026 and 2025, the Company received a total of NT$167,586,589 thousand and NT$71,897,986 thousand as government grants, respectively.

The aforementioned subsidiaries have signed grant agreements with the local governments. The agreements include the construction timelines and other conditions that must be complied with. TSMC Arizona is also eligible to apply for a 25% investment credit for its qualified investment. Effective January 1, 2026, the credit percentage has been increased to 35% of the qualified investment amount following amendments to relevant regulations.

29. CASH FLOW INFORMATION

a. Non-cash transactions

	Nine Months Ended September 30	
	2026	**2025**
Additions of property, plant and equipment	$1,400,679,945	$ 824,745,750
Changes in other receivables	15,916,057	72,891,160
Exchange of assets	(301,035)	(47,143)
Changes in payables to contractors and equipment suppliers	(124,350,714)	11,357,968
Changes in accrued expenses and other current liabilities	5,721,316	12,462,539
Changes in guarantee deposits	(184,951)	-
Transferred to initial carrying amount of hedged items	-	(31,030)
Capitalized interests	(7,509,841)	(5,874,719)
Payments for acquisition of property, plant and equipment	$1,289,970,777	$ 915,504,525

b. Reconciliation of liabilities arising from financing activities

			Non-cash Changes		
	Balance as of January 1, 2026	**Financing Cash Flow**	**Foreign Exchange Movement**	**Other Changes (Note)**	**Balance as of September 30, 2026**
Bonds payable	$ 992,033,491	$ (20,166,522)	$ 6,859,968	$ 274,029	$ 979,000,966

			Non-cash Changes		
	Balance as of January 1, 2025	**Financing Cash Flow**	**Foreign Exchange Movement**	**Other Changes (Note)**	**Balance as of September 30, 2025**
Bonds payable	$ 983,752,385	$ 10,756,354	$ (39,606,872)	$ 290,945	$ 955,192,812

Note: Other changes include amortization of bonds payable.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	September 30, 2026	December 31, 2025	September 30, 2025
Financial assets			
FVTPL	$ 16,149,664	$ 15,132,328	$ 14,523,076
FVTOCI (Note 1)	273,412,879	192,184,953	187,686,319
Hedging financial assets	19,384	-	1,333
Amortized cost (Note 2)	4,538,955,732	3,368,760,773	3,135,904,756
	$ 4,828,537,659	$ 3,576,078,054	$ 3,338,115,484
Financial liabilities			
FVTPL	$ 1,608,588	$ 3,083,883	$ 1,184,622
Hedging financial liabilities	-	817	2,868
Amortized cost (Note 3)	2,442,591,938	1,974,710,221	1,960,309,130
	$ 2,444,200,526	$ 1,977,794,921	$ 1,961,496,620

Note 1: Including notes and accounts receivable (net), equity and debt investments.

Note 2: Including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable (including related parties), other receivables from related parties, other financial assets, refundable deposits and temporary payments (including those classified under other noncurrent assets).

Note 3: Including accounts payable (including related parties), payables to contractors and equipment suppliers, cash dividends payable, accrued expenses and other current liabilities, bonds payable, long-term bank loans, guarantee deposits and other noncurrent liabilities.

b. Financial risk management objectives

The Company manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by the Audit and Risk Committee and/or Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Company must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

c. Market risk

The Company is exposed to the financial market risks, primarily changes in foreign currency exchange rates, interest rates and equity prices. A portion of these risks is hedged.

Foreign currency risk

Substantially all the Company's sales are denominated in U.S. dollars and over half of its capital expenditures are denominated in currencies other than NT dollars, primarily in U.S. dollars, Japanese

yen and Euros. As a result, any significant fluctuations to its disadvantage in the exchange rates of NT dollar against such currencies, in particular a weakening of U.S. dollar against NT dollar, would have an adverse impact on the revenue and operating profit as expressed in NT dollars. The Company uses foreign currency derivative contracts, such as currency forwards or currency swaps, and non-derivative financial instruments, such as foreign currency bank loans and bank deposits, to protect against currency exchange rate risks associated with non-NT dollar-denominated monetary assets and liabilities, net investments in foreign operations, and certain forecasted transactions. These hedges reduce, but do not entirely eliminate, the effect of foreign currency exchange rate movements on the assets and liabilities.

Based on a sensitivity analysis performed on the Company's total monetary assets and liabilities for the nine months ended September 30, 2026 and 2025, a hypothetical adverse foreign currency exchange rate change of 10% would have decreased its net income by NT$2,546,037 thousand and NT$3,309,236 thousand, respectively, after taking into account hedges and offsetting positions.

Interest rate risk

The Company is exposed to interest rate risks primarily in relation to its investment portfolio and outstanding debt. Changes in interest rates affect the interest earned on the Company's cash and cash equivalents and fixed income securities, the fair value of those securities, as well as the interest paid on its debt.

The majority of the Company's fixed income investments are fixed-rate securities, which are classified as financial assets at FVTOCI or at amortized cost. For those fixed income investments classified as financial assets at FVTOCI, changes in their fair value are recognized through other comprehensive income; for those classified as financial assets at amortized cost, changes in their fair value are not reflected in the carrying amount. Both classifications recognized in profit or loss if the assets are sold.

Based on a sensitivity analysis performed on the Company's fixed income investments at the end of the reporting period, interest rates increase of 100 basis points (1.00%) across all maturities would have decreased the Company's other comprehensive income by NT$4,501,535 thousand and NT$4,001,866 thousand for the nine months ended September 30, 2026 and 2025, respectively.

The majority of the Company's debt is fixed-rate and measured at amortized cost and as such, changes in interest rates would not affect future cash flows or the carrying amount.

The Company has entered and may in the future enter into interest rate derivatives to partially hedge the interest rate risk on its fixed income investments and anticipated debt issuance. However, these hedges can offset only a limited portion of the financial impact from movements in interest rates.

Other price risk

The Company is exposed to convertible preferred stocks, equity instrument investments, and other investments price risk arising from financial assets at FVTPL and FVTOCI.

Assuming a hypothetical decrease of 10% in prices of the investments mentioned above at the end of the reporting period, the net income would have decreased by NT$1,291,140 thousand and NT$1,160,170 thousand for the nine months ended September 30, 2026 and 2025, respectively, and the other comprehensive income would have decreased by NT$6,386,184 thousand and NT$1,065,176 thousand for the nine months ended September 30, 2026 and 2025, respectively.

d. Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from operating activities,

primarily accounts receivable, and from investing activities, primarily bank deposits, fixed-income investments and other financial instruments. Credit risk is managed separately for business related and financial related exposures. As of the end of the reporting period, the Company's maximum credit risk exposure is equal to the carrying amount of financial assets.

Business related credit risk

The Company's accounts receivable are from its customers worldwide. The majority of the Company's outstanding accounts receivable are not covered by collaterals or guarantees. While the Company has procedures to monitor and manage credit risk exposure on accounts receivable, there is no assurance such procedures will effectively eliminate losses resulting from its credit risk. This risk is heightened during periods when economic conditions worsen.

As of September 30, 2026, December 31, 2025 and September 30, 2025, the Company's ten largest customers accounted for 87%, 84% and 85% of accounts receivable, respectively. The Company considers the concentration of credit risk for the remaining accounts receivable not material.

Financial credit risk

The Company mitigates its financial credit risk by selecting counterparties with investment grade credit ratings and by limiting the exposure to any single counterparty. The Company regularly monitors and reviews the limit applied to counterparties and adjusts the limit according to market conditions and the credit standing of the counterparties.

The objective of the Company's investment policy is to achieve a return that will allow the Company to preserve principal and support liquidity requirements. The policy generally requires securities to be investment grade and limits the amount of credit exposure to any single issuer. The Company assesses whether there has been a significant increase in credit risk in the invested securities since initial recognition by reviewing changes in external credit ratings, financial market conditions and material information of the issuers.

The Company assesses the 12-month expected credit loss and lifetime expected credit loss based on the probability of default and loss given default provided by external credit rating agencies. The current credit risk assessment policies are as follows:

Category	Description	Basis for Recognizing Expected Credit Loss	Expected Credit Loss Ratio
Performing	Credit rating is investment grade on valuation date	12 months expected credit loss	0-0.1%
Doubtful	Credit rating is non-investment grade on valuation date	Lifetime expected credit loss-not credit impaired	-
In default	Credit rating is CC or below on valuation date	Lifetime expected credit loss-credit impaired	-
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off	-

For the nine months ended September 30, 2026 and 2025, the expected credit loss increased NT$67,926 thousand and decreased NT$36,764 thousand, respectively. The changes were mainly due to adjusted investment portfolio and fluctuations in exchange rates.

e. Liquidity risk management

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business operations over the next 12 months. The Company manages its liquidity risk by maintaining

adequate cash and cash equivalents, financial assets at FVTOCI-current, financial assets at amortized cost-current and sufficient cost-efficient funding.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.

	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
September 30, 2026					
Non-derivative financial liabilities					
Accounts payable (including related parties)	$ 122,629,863	$ -	$ -	$ -	$ 122,629,863
Payables to contractors and equipment suppliers	298,825,459	-	-	-	298,825,459
Accrued expenses and other current liabilities	485,457,234	-	-	-	485,457,234
Bonds payable	227,645,368	208,328,772	274,156,302	457,622,829	1,167,753,271
Long-term bank loans	5,384,756	41,323,722	18,076,087	-	64,784,565
Lease liabilities (including those classified under accrued expenses and other current liabilities) (Note)	4,363,108	7,223,154	6,136,652	24,537,430	42,260,344
Others	-	128,237,002	4,619,059	7,417,942	140,274,003
	1,144,305,788	385,112,650	302,988,100	489,578,201	2,321,984,739
Derivative financial instruments					
Forward exchange contracts					
Outflows	235,887,140	-	-	-	235,887,140
Inflows	(234,407,841)	-	-	-	(234,407,841)
	1,479,299	-	-	-	1,479,299
	$ 1,145,785,087	$ 385,112,650	$ 302,988,100	$ 489,578,201	$ 2,323,464,038

	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
December 31, 2025					
Non-derivative financial liabilities					
Accounts payable (including related parties)	$ 84,330,325	$ -	$ -	$ -	$ 84,330,325
Payables to contractors and equipment suppliers	177,730,306	-	-	-	177,730,306
Accrued expenses and other current liabilities	344,034,962	-	-	-	344,034,962
Bonds payable	155,291,157	310,496,642	209,405,344	512,306,851	1,187,499,994
Long-term bank loans	1,530,435	11,349,870	29,477,805	-	42,358,110
Lease liabilities (including those classified under accrued expenses and other current liabilities) (Note)	4,381,382	6,573,701	5,804,479	22,709,939	39,469,501
Others	-	35,208,665	6,060,461	8,333,478	49,602,604
	767,298,567	363,628,878	250,748,089	543,350,268	1,925,025,802
Derivative financial instruments					
Forward exchange contracts					
Outflows	279,876,485	-	-	-	279,876,485
Inflows	(276,880,302)	-	-	-	(276,880,302)
	2,996,183	-	-	-	2,996,183
	$ 770,294,750	$ 363,628,878	$ 250,748,089	$ 543,350,268	$ 1,928,021,985

	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
September 30, 2025					
Non-derivative financial liabilities					
Accounts payable (including related parties)	$ 86,386,408	$ -	$ -	$ -	$ 86,386,408
Payables to contractors and equipment suppliers	175,430,503	-	-	-	175,430,503
Accrued expenses and other current liabilities	379,082,313	-	-	-	379,082,313
Bonds payable	93,769,199	353,734,428	202,020,240	498,712,901	1,148,236,768
Long-term bank loans	1,821,124	5,922,129	22,545,917	10,303,971	40,593,141
Lease liabilities (including those classified under accrued expenses and other current liabilities) (Note)	4,175,286	6,280,461	5,522,295	22,290,768	38,268,810
Others	-	50,557,177	5,798,883	8,525,375	64,881,435
	740,664,833	416,494,195	235,887,335	539,833,015	1,932,879,378
Derivative financial instruments					
Forward exchange contracts					
Outflows	207,568,981	-	-	-	207,568,981
Inflows	(206,196,102)	-	-	-	(206,196,102)
	1,372,879	-	-	-	1,372,879
	$ 742,037,712	$ 416,494,195	$ 235,887,335	$ 539,833,015	$ 1,934,252,257

Note: Information about the maturity analysis for lease liabilities more than 5 years:

	5-10 Years	10-15 Years	15-20 Years	More Than 20 Years	Total
September 30, 2026					
Lease liabilities	$ 11,947,649	$ 8,166,423	$ 3,930,641	$ 492,717	$ 24,537,430
December 31, 2025					
Lease liabilities	$ 10,974,203	$ 7,513,615	$ 4,002,476	$ 219,645	$ 22,709,939
September 30, 2025					
Lease liabilities	$ 10,818,977	$ 7,322,038	$ 3,876,604	$ 273,149	$ 22,290,768

f. Fair value of financial instruments

1) Fair value measurements recognized in the consolidated balance sheets

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The timing of transfers between levels within the fair value hierarchy is at the end of reporting period.

2) Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis:

	September 30, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Convertible preferred stocks	$ -	$ -	$ 13,797,518	$ 13,797,518
Mutual funds	-	-	2,115,610	2,115,610
Convertible bonds	-	-	226,125	226,125
Forward exchange contracts	-	10,411	-	10,411
	$ -	$ 10,411	$ 16,139,253	$ 16,149,664
Financial assets at FVTOCI				
Investments in debt instruments				
Corporate bonds	$ -	$ 100,429,121	$ -	$ 100,429,121
Agency mortgage-backed securities	-	49,736,667	-	49,736,667
Government bonds/Agency bonds	27,587,683	100,282	-	27,687,965
Asset-backed securities	-	7,507,533	-	7,507,533
Investments in equity instruments				
Publicly traded stocks	66,207,109	-	-	66,207,109
Non-publicly traded equity investments	-	-	13,620,191	13,620,191
Notes and accounts receivable, net	-	8,224,293	-	8,224,293
	$ 93,794,792	$ 165,997,896	$ 13,620,191	$ 273,412,879
Hedging financial assets				
Fair value hedges				
Interest rate futures contracts	$ 19,384	$ -	$ -	$ 19,384
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 1,608,588	$ -	$ 1,608,588

	December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Convertible preferred stocks	$ -	$ -	$ 13,608,819	$ 13,608,819
Mutual funds	-	-	1,297,533	1,297,533
Simple agreement for future equity	-	-	125,776	125,776
Forward exchange contracts	-	100,200	-	100,200
	$ -	$ 100,200	$ 15,032,128	$ 15,132,328

(Continued)

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in debt instruments				
Corporate bonds	$ -	$ 88,636,098	$ -	$ 88,636,098
Agency mortgage-backed securities	-	49,150,771	-	49,150,771
Government bonds/Agency bonds	25,437,560	-	-	25,437,560
Asset-backed securities	-	8,512,188	-	8,512,188
Investments in equity instruments				
Non-publicly traded equity investments	-	-	8,797,170	8,797,170
Publicly traded stocks	3,956,073	-	-	3,956,073
Notes and accounts receivable, net	-	7,695,093	-	7,695,093
	$ 29,393,633	$ 153,994,150	$ 8,797,170	$ 192,184,953
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 3,083,883	$ -	$ 3,083,883
Hedging financial liabilities				
Fair value hedges				
Interest rate futures contracts	$ 817	$ -	$ -	$ 817

(Concluded)

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible preferred stocks	$ -	$ -	$ 13,213,676	$ 13,213,676
Mutual funds	-	-	1,166,321	1,166,321
Simple agreement for future equity	-	-	122,124	122,124
Forward exchange contracts	-	20,955	-	20,955
	$ -	$ 20,955	$ 14,502,121	$ 14,523,076
Financial assets at FVTOCI				
Investments in debt instruments				
Corporate bonds	$ -	$ 85,961,547	$ -	$ 85,961,547
Agency mortgage-backed securities	-	47,912,969	-	47,912,969
Government bonds/Agency bonds	23,585,011	-	-	23,585,011
Asset-backed securities	-	9,345,202	-	9,345,202
Investments in equity instruments				
Non-publicly traded equity investments	-	-	8,365,833	8,365,833
Publicly traded stocks	4,948,873	-	-	4,948,873
Notes and accounts receivable, net	-	7,566,884	-	7,566,884
	$ 28,533,884	$ 150,786,602	$ 8,365,833	$ 187,686,319

(Continued)

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
Hedging financial assets				
Fair value hedges				
Interest rate futures contracts	$ 1,333	$ -	$ -	$ 1,333
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 1,184,622	$ -	$ 1,184,622
Hedging financial liabilities				
Fair value hedges				
Interest rate futures contracts	$ 2,868	$ -	$ -	$ 2,868

(Concluded)

Reconciliation of Level 3 fair value measurements of financial assets

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the nine months ended September 30, 2026 and 2025 are as follows:

	Nine Months Ended September 30	
	2026	2025
Balance, beginning of period	$ 23,829,298	$ 23,022,726
Additions	1,923,811	749,595
Recognized in profit or loss	572,601	356,143
Recognized in other comprehensive income or loss	4,389,496	454,685
Disposals and proceeds from return of capital of investments	(1,132,922)	(96,363)
Transfers out of level 3 (Note)	(158,005)	(89,730)
Effect of exchange rate changes	335,165	(1,529,102)
Balance, end of period	$ 29,759,444	$ 22,867,954

Note: The transfer from level 3 to level 1 is because quoted prices (unadjusted) in active markets data became available for the equity investments.

Valuation techniques and assumptions used in Level 2 fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of debt investments designated at FVTOCI are determined by market prices provided by third party pricing services, or measured using inputs that are observable either directly or indirectly.

- The fair values of forward exchange contracts are measured using forward rates and discount rates derived from quoted market prices.

- The fair value of accounts receivable classified as at FVTOCI is determined by the present value of future cash flows based on the discount rate that reflects the credit risk of counterparties.

Valuation techniques and assumptions used in Level 3 fair value measurement

The fair values of financial assets at FVTPL and non-publicly traded equity investments are mainly determined by using the asset approach, income approach or market approach.

The asset approach takes into account the net asset value measured at the fair value. On September 30, 2026, December 31, 2025 and September 30, 2025, the Company uses unobservable inputs derived from discount for lack of marketability of 10%. When other inputs remain equal, the fair value will decrease by NT$87,711 thousand, NT$64,123 thousand and NT$57,703 thousand, respectively, if discounts for lack of marketability increase by 1%.

The income approach utilizes discounted cash flows to determine the present value of the expected future economic benefits that will be derived from the investment. On September 30, 2026, December 31, 2025 and September 30, 2025, the Company mainly uses unobservable inputs, which include expected returns, discount rate of 10.0%, 8.9% and 8.9%, respectively, and discount for lack of marketability of 20%. With other inputs remain equal, if discount rate increases by 1%, the fair value will decrease by NT$1,234,711 thousand, NT$1,812,408 thousand and NT$525,016 thousand, respectively; if discount for lack of marketability increases by 1%, the fair value will decrease by NT$107,799 thousand, NT$133,626 thousand and NT$145,700 thousand, respectively.

For the remaining few investments, the market approach is used to arrive at their fair values, for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered.

3) Fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments in the consolidated financial statements that are not measured at fair value approximate their fair values.

Fair value hierarchy

The table below sets out the fair value hierarchy for the Company's financial assets and liabilities which are not required to be measured at fair value:

	September 30, 2026			
	Carrying Amount	Fair Value		
		Level 1	Level 2	Total
Financial assets				
Financial assets at amortized costs				
Corporate bonds	$ 299,927,756	$ -	$ 298,441,861	$ 298,441,861
Commercial paper	15,547,690	-	15,548,767	15,548,767
Government bonds/Agency bonds	4,280,505	4,224,997	-	4,224,997
	$ 319,755,951	$ 4,224,997	$ 313,990,628	$ 318,215,625
Financial liabilities				
Financial liabilities at amortized costs				
Bonds payable	$ 979,000,966	$ -	$ 898,337,701	$ 898,337,701

	December 31, 2025			
	Carrying Amount	Fair Value		
		Level 1	Level 2	Total
Financial assets				
Financial assets at amortized costs				
Corporate bonds	$ 231,239,832	$ -	$ 232,259,166	$ 232,259,166
Government bonds/Agency bonds	4,213,491	4,284,607	-	4,284,607
	$ 235,453,323	$ 4,284,607	$ 232,259,166	$ 236,543,773
Financial liabilities				
Financial liabilities at amortized costs				
Bonds payable	$ 992,033,491	$ -	$ 939,475,287	$ 939,475,287

	September 30, 2025			
	Carrying Amount	Fair Value		
		Level 1	Level 2	Total
Financial assets				
Financial assets at amortized costs				
Corporate bonds	$ 190,802,463	$ -	$ 191,819,327	$ 191,819,327
Government bonds/Agency bonds	4,088,441	4,146,748	-	4,146,748
Commercial paper	3,723,655	-	3,727,343	3,727,343
	$ 198,614,559	$ 4,146,748	$ 195,546,670	$ 199,693,418
Financial liabilities				
Financial liabilities at amortized costs				
Bonds payable	$ 955,192,812	$ -	$ 901,900,677	$ 901,900,677

Valuation techniques and assumptions used in Level 2 fair value measurement

The fair values of financial assets and liabilities at amortized cost are determined by market prices provided by third party pricing services, or measured using inputs that are observable either directly or indirectly.

31. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between TSMC and its subsidiaries, which are related parties of TSMC, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Company and other related parties:

a. Related party name and categories

Related Party Name	Related Party Categories
GUC and its subsidiaries (GUC)	Associates
VIS and its subsidiaries (VIS)	Associates (Note)
SSMC	Associates
Xintec	Associates
TSMC Charity Foundation	Other related parties
TSMC Education and Culture Foundation	Other related parties

Note: VIS has ceased to be an associate since May 19, 2026. Please refer to Note 13 for the related assessment. The same basis also applies to the additional disclosures.

b. Net revenue

		Three Months Ended September 30		Nine Months Ended September 30	
		2026	2025	2026	2025
Item	Related Party Categories				
Sales revenue	Associates	$ 18,618,555	$ 9,019,573	$ 42,600,035	$ 23,247,041

c. Purchases

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Related Party Categories				
Associates	$ 1,516,021	$ 1,423,867	$ 4,509,236	$ 3,713,187

d. Receivables from related parties

		September 30, 2026	December 31, 2025	September 30, 2025
Item	Related Party Name			
Receivables from related parties	GUC	$ 7,910,866	$ 1,651,010	$ 1,568,419
	VIS	219,617	945,224	620,050
	Others	114,732	143,266	147,874
		$ 8,245,215	$ 2,739,500	$ 2,336,343
Other receivables from related parties	SSMC	$ 226	$ 307	$ 1,815
	VIS	-	267,808	55,780
		$ 226	$ 268,115	$ 57,595

e. Payables to related parties

Item	Related Party Name	September 30, 2026	December 31, 2025	September 30, 2025
Payables to related parties	Xintec	$ 1,382,958	$ 1,298,672	$ 1,350,754
	SSMC	550,894	374,088	463,532
	Others	82,000	105,970	146,974
		$ 2,015,852	$ 1,778,730	$ 1,961,260

f. Others

		Three Months Ended September 30		Nine Months Ended September 30	
Item	Related Party Categories	2026	2025	2026	2025
Manufacturing expenses	Associates	$ 1,976,563	$ 1,586,743	$ 5,072,062	$ 3,865,037

The sales prices and payment terms to related parties were not significantly different from those of sales to third parties. For other related party transactions, price and terms were determined in accordance with mutual agreements.

The Company leased factory and office from associates. The lease terms and prices were both determined in accordance with mutual agreements. The rental expenses were paid to associates monthly; the related expenses were both classified under manufacturing expenses.

g. Compensation of key management personnel

The compensation to directors and other key management personnel were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Short-term employee benefits	$ 3,129,447	$ 2,082,706	$ 8,210,650	$ 5,721,275
Post-employment benefits	889	664	2,470	2,624
Share-based payments	74,144	260,870	244,960	1,051,024
	$ 3,204,480	$ 2,344,240	$ 8,458,080	$ 6,774,923

The compensation to directors and other key management personnel were determined by the Compensation and People Development Committee of TSMC in accordance with the individual performance and market trends.

32. PLEDGED ASSETS

The Company provided negotiable certificates of deposit and time deposits recorded in other financial assets as collateral mainly for court deposit and building lease agreements. As of September 30, 2026, December 31, 2025 and September 30, 2025, the aforementioned other financial assets amounted to NT$382,083 thousand, NT$129,385 thousand and NT$125,817 thousand, respectively.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Company as of the end of the reporting period, excluding those disclosed in other notes, were as follows:

a. Under a technical cooperation agreement with Industrial Technology Research Institute, the R.O.C. Government or its designee approved by TSMC can use up to 35% of TSMC's capacity provided TSMC's outstanding commitments to its customers are not prejudiced. The term of this agreement is for five years beginning from January 1, 1987 and is automatically renewed for successive periods of five years unless otherwise terminated by either party with one year prior notice. As of the end of reporting period, the R.O.C. Government did not invoke such right.

b. Under a Shareholders Agreement entered into with Philips and EDB Investments Pte Ltd. on March 30, 1999, the parties formed a joint venture company, SSMC, which is an integrated circuit foundry in Singapore. TSMC's equity interest in SSMC was 32%. Nevertheless, in September 2006, Philips spun-off its semiconductor subsidiary which was renamed as NXP B.V. Further, TSMC and NXP B.V. purchased all the SSMC shares owned by EDB Investments Pte Ltd. pro rata according to the Shareholders Agreement on November 15, 2006. After the purchase, TSMC and NXP B.V. currently own approximately 39% and 61% of the SSMC shares, respectively. TSMC and NXP B.V. are required, in the aggregate, to purchase at least 70% of SSMC's capacity, but TSMC alone is not required to purchase more than 28% of the capacity. If any party defaults on the commitment and the capacity utilization of SSMC falls below a specific percentage of its capacity, the defaulting party is required to compensate SSMC for all related unavoidable costs. There was no default from the aforementioned commitment as of the end of reporting period.

c. In February 2025, Longitude Licensing Ltd. and Marlin Semiconductor Limited (collectively, "Marlin") filed complaints with the U.S. International Trade Commission ("ITC") and the U.S. District Court for the Eastern District of Texas alleging that TSMC and its customers infringe five U.S. patents. The ITC instituted an investigation on March 21, 2025 and the lawsuit in the Eastern District Court for Texas was statutorily stayed on April 23, 2025 pending the ITC investigation. Marlin dropped 3 of the 5 asserted patents in the ITC investigation before the evidentiary hearing in February 2026. The ITC investigation and the related litigation in the Eastern District of Texas were terminated in August 2026, following the parties' joint motions filed in July 2026.

d. TSMC entered into long-term purchase agreements of materials and supplies, manufacturing services and agreements of waste disposal with multiple suppliers. The relative minimum fulfillment quantity and price are specified in the agreements.

e. TSMC entered into long-term purchase agreement of equipment and maintenance service. The relative fulfillment period, quantity and price are specified in the agreement.

f. TSMC entered into long-term energy purchase agreements with multiple suppliers. The relative fulfillment period, quantity and price are specified in the agreements.

g. Amounts available under unused letters of credit as of September 30, 2026, December 31, 2025 and September 30, 2025 were NT$1,075,950 thousand, NT$438,643 thousand and NT$456,438 thousand, respectively.

h. The Company entrusted financial institutions to provide performance guarantees mainly for import and export of goods, lease agreement and apply for subsidy. As of September 30, 2026, December 31, 2025 and September 30, 2025, the aforementioned guarantee amounted to NT$41,112,541 thousand, NT$23,375,215 thousand, and NT$20,432,892 thousand, respectively.

34. SIGNIFICANT LOSS FROM DISASTER

In January 2025, several earthquakes struck Taiwan. The resulting damage was mostly to inventories, machinery and equipment. In the first quarter of 2025, the Company recognized related earthquake losses to be approximately NT$5.3 billion, net of insurance claim. Such losses were primarily included in the cost of revenue and other operating income and expenses in net amounts.

On April 3, 2024, an earthquake struck Taiwan. The resulting damage was mostly to inventories, plant facilities and machinery and equipment. In the second quarter of 2024, the Company recognized related earthquake losses to be approximately NT$3 billion, net of insurance claim. Such losses were primarily included in the cost of revenue and other operating income and expenses in net amounts. The relevant insurance claims were finalized in the second quarter of 2026. The cumulative net impact of the earthquake, representing total losses net of insurance claims, resulted in a gain of approximately NT$4.3 billion.

35. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate (Note)	Carrying Amount (In Thousands)
September 30, 2026			
Financial assets			
Monetary items			
USD	$ 25,754,527	31.880	$ 821,054,325
EUR	3,318,141	36.142	119,924,254
JPY	170,566,185	0.2031	34,641,992
Financial liabilities			
Monetary items			
USD	19,038,747	31.880	606,955,240
EUR	3,113,185	36.142	112,516,720
JPY	159,532,230	0.2031	32,400,996

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate (Note)	Carrying Amount (In Thousands)
December 31, 2025			
Financial assets			
Monetary items			
USD	$ 20,847,509	31.444	$ 655,529,057
EUR	1,110,573	37.003	41,094,543
JPY	132,541,455	0.2013	26,680,595
Financial liabilities			
Monetary items			
USD	12,688,419	31.444	398,974,654
EUR	1,016,157	37.003	37,600,861
JPY	131,018,646	0.2013	26,374,053
September 30, 2025			
Financial assets			
Monetary items			
USD	19,560,324	30.531	597,196,242
EUR	1,842,846	35.834	66,036,538
JPY	126,293,924	0.2056	25,966,031
Financial liabilities			
Monetary items			
USD	13,909,929	30.531	424,684,030
EUR	1,485,728	35.834	53,239,594
JPY	120,586,625	0.2056	24,792,610

(Concluded)

Note: Except as otherwise noted, exchange rate represents the number of NT dollar for which one foreign currency could be exchanged.

Please refer to the consolidated statements of comprehensive income for the total of realized and unrealized foreign exchange gain and loss for the three months and the nine months ended September 30, 2026 and 2025, respectively. Since there were varieties of foreign currency transactions and functional currencies within the subsidiaries of the Company, the Company was unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact.

36. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau for TSMC:

a. Financings provided: See Table 1 attached;

b. Endorsement/guarantee provided: See Table 2 attached;

c. Significant marketable securities held (excluding investments in subsidiaries and associates): See Table 3 attached;

d. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: See Table 4 attached;

e. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 5 attached;

f. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 6 attached;

g. Names, locations, and related information of investees over which TSMC exercises significant influence (excluding information on investment in mainland China): See Table 7 attached;

h. Information on investment in mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 8 attached.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: See Table 6 attached.

37. OPERATING SEGMENTS INFORMATION

TSMC's chief operating decision makers periodically review operating results, focusing on operating income generated by foundry segment. Operating results are used for resource allocation and/or performance assessment. As a result, the Company has only one operating segment, the foundry segment. The foundry segment engages mainly in the manufacturing, sales, packaging, testing and computer-aided design of integrated circuits and other semiconductor devices and the manufacturing of masks.

The basis for the measurement of income from operations is the same as that for the preparation of financial statements. Please refer to the consolidated statements of comprehensive income for the related segment revenue and operating results.

TABLE 1

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

FINANCINGS PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands) (Note 3)	Ending Balance (Foreign Currencies in Thousands) (Note 3)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 2)	Financing Company's Total Financing Amount Limits (Notes 1 and 2)
													Item	Value		
1	TSMC China	TSMC Nanjing	Other receivables from related parties	Yes	$ 16,167,680 (RMB 3,400,000)	$ - ( )	$ - ( )	-	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 139,021,757	$ 139,021,757
2	TSMC Development	TSMC Washington	Other receivables from related parties	Yes	3,825,600 (US$ 120,000)	3,825,600 (US$ 120,000)	3,825,600 (US$ 120,000)	-	The need for short-term financing	-	Operating capital	-	-	-	35,011,570	35,011,570

Note 1: The aggregate amount available for lending to TSMC Nanjing from TSMC China and the aggregate amount of lending from TSMC China shall not exceed the net worth of TSMC China.

Note 2: The aggregate amount available for lending to TSMC Washington from TSMC Development and the aggregate amount of lending from TSMC Development shall not exceed the net worth of TSMC Development.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Foreign Currencies in Thousands) (Note 2)	Ending Balance (Foreign Currencies in Thousands) (Note 2)	Amount Actually Drawn (US$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	TSMC	TSMC North America	Subsidiary	$ 2,799,160,570	$ 2,652,840 (US$ 83,213)	$ 2,652,840 (US$ 83,213)	$ 2,652,840 (US$ 83,213)	$ -	0.04%	$ 2,799,160,570	Yes	No	No
		TSMC Global	Subsidiary	2,799,160,570	207,220,000 (US$ 6,500,000)	172,152,000 (US$ 5,400,000)	172,152,000 (US$ 5,400,000)	-	2.46%	2,799,160,570	Yes	No	No
		TSMC Arizona	Subsidiary	2,799,160,570	487,475,040 (US$ 15,290,936)	487,475,040 (US$ 15,290,936)	359,431,474 (US$ 11,274,513)	-	6.97%	2,799,160,570	Yes	No	No

Note 1: TSMC's individual endorsement/guarantee limits for TSMC North America, TSMC Global, and TSMC Arizona, as well as the total external endorsement/guarantee limits for TSMC and its subsidiaries, shall not exceed forty percent (40%) of TSMC’s net worth.

Note 2: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

MARKETABLE SECURITIES HELD
September 30, 2026
(Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2026				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
TSMC	Publicly traded stocks VIS	-	Financial assets at fair value through other comprehensive income	354,709	$ 64,202,388	19	$ 64,202,388	

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount (Foreign Currencies in Thousands)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Foreign Currencies in Thousands)	% to Total	
TSMC	TSMC North America	Subsidiary	Sales	$ 3,064,534,120	79	Net 30 days from invoice date (Note)	-	-	$ 373,943,021	83	
	JASM	Subsidiary	Sales	1,863,967	-	Net 30 days from the end of the month of when invoice is issued	-	-	595,282	-	
	TSMC Arizona	Subsidiary	Sales	334,814	-	Net 30 days from the end of the month of when invoice is issued	-	-	69,748	-	
	GUC	Associate	Sales	7,071,103	-	Net 30 days from invoice date	-	-	521,015	-	
	VIS	Associate	Sales	966,094	-	Net 30 days from the end of the month of when invoice is issued	-	-	219,617	-	
	SSMC	Associate	Sales	234,811	-	Net 30 days from the end of the month of when invoice is issued	-	-	81,468	-	
	TSMC Arizona	Subsidiary	Purchases	133,950,105	45	Net 30 days from the end of the month of when invoice is issued	-	-	(15,230,234)	11	
	TSMC Nanjing	Subsidiary	Purchases	60,849,471	20	Net 30 days from the end of the month of when invoice is issued	-	-	(5,814,192)	4	
	TSMC China	Subsidiary	Purchases	21,557,704	7	Net 30 days from the end of the month of when invoice is issued	-	-	(2,534,131)	2	
	JASM	Subsidiary	Purchases	113,395	-	Net 30 days from the end of the month of when invoice is issued	-	-	(25,991)	-	
	TSMC Washington	Indirect subsidiary	Purchases	6,445,558	2	Net 30 days from the end of the month of when invoice is issued	-	-	(784,577)	1	
	SSMC	Associate	Purchases	4,186,839	1	Net 30 days from the end of the month of when invoice is issued	-	-	(550,894)	-	
	VIS	Associate	Purchases	322,397	-	Net 30 days from the end of the month of when invoice is issued	-	-	-	-	
TSMC North America	GUC	Associate of TSMC	Sales	34,168,197 (US$ 1,075,431)	1	Net 30 days from invoice date	-	-	7,389,851 (US$ 231,802)	2	
VisEra Tech	Xintec	Associate of TSMC	Sales	159,830	2	Net 60 days from the end of the month of when invoice is issued	-	-	33,264	3	

Note: The tenor is determined by the payment terms granted to its clients by TSMC North America.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
September 30, 2026
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance (Foreign Currencies in Thousands)	Turnover Days (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
TSMC	TSMC North America	Subsidiary	$ 379,639,839	26	$ -	-	$ -	$ -
	JASM	Subsidiary	603,677	Note 2	-	-	-	-
	TSMC Arizona	Subsidiary	337,298	Note 2	-	-	-	-
	GUC	Associate	521,015	18	-	-	-	-
	VIS	Associate	219,617	Note 2	-	-	-	-
TSMC North America	TSMC	Parent company	143,576	Note 2	-	-	-	-
			(US$ 4,504)					
	GUC	Associate of TSMC	7,389,851	35	-	-	-	-
			(US$ 231,802)					
TSMC China	TSMC	Parent company	2,534,131	30	-	-	-	-
			(RMB 532,923)					
TSMC Nanjing	TSMC	Parent company	5,814,192	20	-	-	-	-
			(RMB 1,222,713)					
TSMC Arizona	TSMC	Parent company	15,230,234	25	-	-	-	-
			(US$ 477,736)					
TSMC Technology	TSMC	The ultimate parent of the Company	815,694	Note 2	-	-	-	-
			(US$ 25,586)					
TSMC Development	TSMC Washington	Subsidiary	3,825,600	Note 2	-	-	-	-
			(US$ 120,000)					
TSMC Washington	TSMC	The ultimate parent of the Company	784,577	29	-	-	-	-
			(US$ 24,610)					

Note 1: The calculation of turnover days excludes other receivables from related parties.

Note 2: The ending balance is primarily consisted of royalty receivables and other receivables, which is not applicable for the calculation of turnover days.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms (Note 2)	Percentage of Consolidated Net Revenue or Total Assets
0	TSMC	TSMC North America	1	Sales revenue	$ 3,064,534,120	-	79%
				Receivables from related parties	373,943,021	-	4%
				Accrued expenses and other current liabilities	158,263,345	-	2%
				Other noncurrent liabilities	103,922,424	-	1%
		TSMC Nanjing	1	Purchases	60,849,471	-	2%
		TSMC Arizona	1	Purchases	133,950,105	-	3%

Note 1: No. 1 represents the transactions from parent company to subsidiary.

Note 2: The sales prices and payment terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2026			Net Income (Losses) of the Investee (Foreign Currencies in Thousands)	Share of Profits/Losses of Investee (Note 1) (Foreign Currencies in Thousands)	Note
				September 30, 2026 (Foreign Currencies in Thousands)	December 31, 2025 (Foreign Currencies in Thousands)	Shares (In Thousands)	Percentage of Ownership	Carrying Value (Foreign Currencies in Thousands)			
TSMC	TSMC Global	Tortola, British Virgin Islands	Investment activities	$ 1,736,567,559	$ 1,178,213,709	54	100	$ 1,973,977,528	$ 52,490,574	$ 52,490,574	Subsidiary
	TSMC Arizona	Phoenix, Arizona, U.S.A.	Manufacturing, sales and testing of integrated circuits and other semiconductor devices	759,561,260	672,616,510	24,000	100	789,367,309	53,986,224	48,558,787	Subsidiary
	TSMC Partners	Tortola, British Virgin Islands	Investing in companies involved in the semiconductor design and manufacturing, and other investment activities	31,456,130	31,456,130	988,268	100	83,995,457	2,416,297	2,416,297	Subsidiary
	JASM	Kumamoto, Japan	Manufacturing, sales and testing of integrated circuits and other semiconductor devices	68,384,148	68,384,148	3,011	73	50,397,793	2,396,305	1,740,915	Subsidiary
	ESMC	Dresden, Germany	Manufacturing, sales and testing of integrated circuits and other semiconductor devices	47,147,157	38,221,667	840	70	46,671,239	(1,079,052)	(755,336)	Subsidiary
	VisEra Tech	Hsinchu, Taiwan	Research, design, development, manufacturing, sales, packaging and test of color filter	4,224,082	4,224,082	213,619	67	12,229,423	1,530,112	990,992	Subsidiary
	SSMC	Singapore	Manufacturing and sales of integrated circuits and other semiconductor devices	5,120,028	5,120,028	314	39	12,016,805	3,311,642	1,273,032	Associate
	TSMC North America	San Jose, California, U.S.A.	Sales and marketing of integrated circuits and other semiconductor devices	333,718	333,718	11,000	100	9,672,587	777,909	777,909	Subsidiary
	Emerging Fund	Cayman Islands	Investing in technology start-up companies	3,953,417	3,014,372	-	99.9	8,900,686	376,024	375,648	Subsidiary
	Xintec	Taoyuan, Taiwan	Wafer level chip size packaging and wafer level post passivation interconnection service	1,988,317	1,988,317	111,282	41	4,781,220	1,389,980	570,019	Associate
	GUC	Hsinchu, Taiwan	Researching, developing, manufacturing, testing and marketing of integrated circuits	386,568	386,568	46,688	35	1,806,303	5,473,445	1,906,910	Associate
	TSMC 3DIC	Yokohama, Japan	Engineering support activities	1,144,356	1,144,356	49	100	1,624,319	107,256	107,256	Subsidiary
	TSMC Europe	Amsterdam, the Netherlands	Customer service and supporting activities	15,749	15,749	-	100	799,547	51,044	51,044	Subsidiary
	TSMC JDC	Yokohama, Japan	Engineering support activities	410,680	410,680	15	100	472,769	35,151	35,151	Subsidiary
	TSMC Japan	Yokohama, Japan	Customer service and supporting activities	83,760	83,760	6	100	137,406	7,020	7,020	Subsidiary
	TSMC Korea	Seoul, Korea	Customer service and supporting activities	13,656	13,656	80	100	49,181	1,165	1,165	Subsidiary
	VIS	Hsinchu, Taiwan	Manufacturing, sales, packaging, testing and computer-aided design of integrated circuits and other semiconductor devices and the manufacturing and design service of masks	-	13,919,430	354,709	19	-	3,211,180	883,049	-
TSMC Partners	TSMC Development	Delaware, U.S.A.	Investing in companies involved in semiconductor manufacturing	18,711,609 (US$ 586,939)	18,711,609 (US$ 586,939)	-	100	39,670,004 (US$ 1,244,354)	665,652 (US$ 20,911)	Note 2	Subsidiary
	TSMC Technology	Delaware, U.S.A.	Engineering support activities	455,311 (US$ 14,282)	455,311 (US$ 14,282)	-	100	2,251,308 (US$ 70,618)	311,386 (US$ 9,820)	Note 2	Subsidiary
	TSMC Canada	Ontario, Canada	Engineering support activities	73,324 (US$ 2,300)	73,324 (US$ 2,300)	2,300	100	504,198 (US$ 15,815)	43,097 (US$ 1,359)	Note 2	Subsidiary
TSMC Development	TSMC Washington	Washington, U.S.A.	Manufacturing, sales and testing of integrated circuits and other semiconductor devices	-	-	293,637	100	4,961,020 (US$ 155,615)	326,969 (US$ 10,236)	Note 2	Subsidiary

Note 1: The share of profits/losses of investee includes the effect of unrealized gross profit on intercompany transactions.

Note 2: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2026 (US$ in Thousands)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2026 (US$ in Thousands)	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of Balance as of September 30, 2026	Accumulated Inward Remittance of Earnings as of September 30, 2026
					Outflow (US$ in Thousands)	Inflow						
TSMC China	Manufacturing, sales, testing and computer-aided design of integrated circuits and other semiconductor devices	$ 18,939,667 (RMB 4,502,080)	(Note 1)	$ 18,939,667 (US$ 596,000)	$ -	$ -	$ 18,939,667 (US$ 596,000)	$ 9,075,030	100%	$ 9,112,884 (Note 2)	$ 138,839,011	$ -
TSMC Nanjing	Manufacturing, sales, testing and computer-aided design of integrated circuits and other semiconductor devices	30,521,412 (RMB 6,650,119)	(Note 1)	30,521,412 (US$ 1,000,000)	-	-	30,521,412 (US$ 1,000,000)	20,369,786	100%	20,315,531 (Note 2)	174,786,523	-

Accumulated Investment in Mainland China as of September 30, 2026 (US$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousands)	Upper Limit on Investment
$ 49,461,079 (US$ 1,596,000)	$ 119,412,667 (US$ 3,596,000)	$ 4,225,936,458 (Note 3)

Note 1: TSMC directly invested US$596,000 thousand in TSMC China and US$1,000,000 thousand in TSMC Nanjing.

Note 2: Amount was recognized based on the reviewed financial statements.

Note 3: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company's consolidated net worth.