



Unleash Innovation

2022 Fourth Quarter Earnings Conference

January 12, 2023

Agenda

- **Welcome**
- **4Q22 Financial Results and 1Q23 Outlook**
- **Key Messages**

- **Q&A**

Jeff Su, IR Director

Wendell Huang, CFO

Wendell Huang, CFO

C.C. Wei, CEO



Safe Harbor Notice

- TSMC's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Information as to those factors that could cause actual results to vary can be found in TSMC's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission (the "SEC") on April 14, 2022 and such other documents as TSMC may file with, or submit to, the SEC from time to time.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Statements of Comprehensive Income

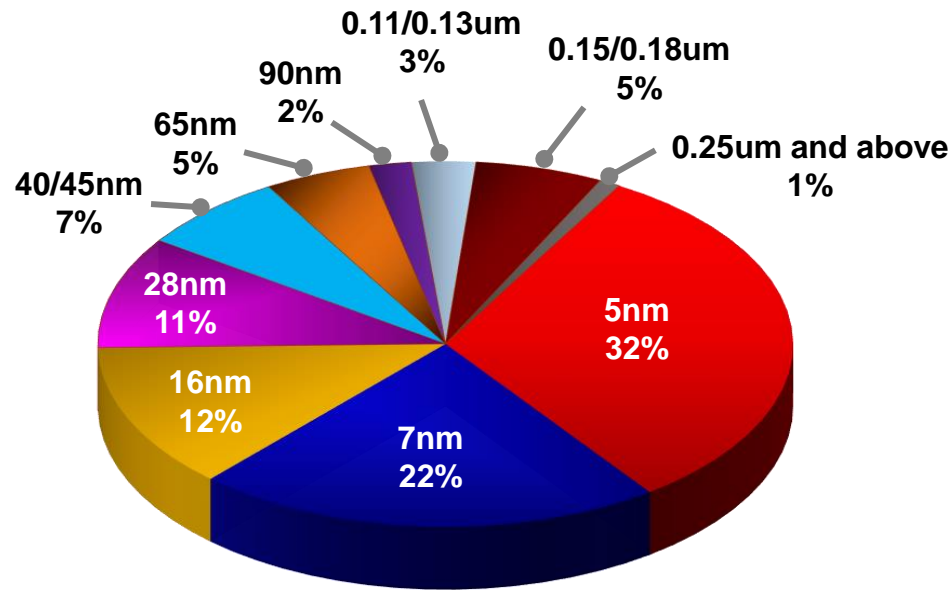
Selected Items from Statements of Comprehensive Income

<i>(In NT\$ billions unless otherwise noted)</i>	4Q22	4Q22 Guidance	3Q22	4Q21	4Q22 Over 3Q22	4Q22 Over 4Q21
Net Revenue (US\$ billions)	19.93	19.9-20.7	20.23	15.74	-1.5%	+26.7%
Net Revenue	625.53		613.14	438.19	+2.0%	+42.8%
Gross Margin	62.2%	59.5%-61.5%	60.4%	52.7%	+1.8 pts	+9.5 pts
Operating Expenses	(64.54)		(60.19)	(47.88)	+7.2%	+34.8%
Operating Margin	52.0%	49.0%-51.0%	50.6%	41.7%	+1.4 pts	+10.3 pts
Non-Operating Items	9.63		6.37	2.05	+51.2%	+370.4%
Net Income to Shareholders of the Parent Company	295.90		280.87	166.23	+5.4%	+78.0%
Net Profit Margin	47.3%		45.8%	37.9%	+1.5 pts	+9.4 pts
EPS (NT Dollar)	11.41		10.83	6.41	+5.4%	+78.0%
ROE	41.7%		42.9%	31.3%	-1.2 pts	+10.4 pts
Shipment (Kpcs, 12"-equiv. Wafer)	3,702		3,974	3,725	-6.8%	-0.6%
Average Exchange Rate--USD/NTD	31.39	31.50	30.32	27.85	+3.5%	+12.7%

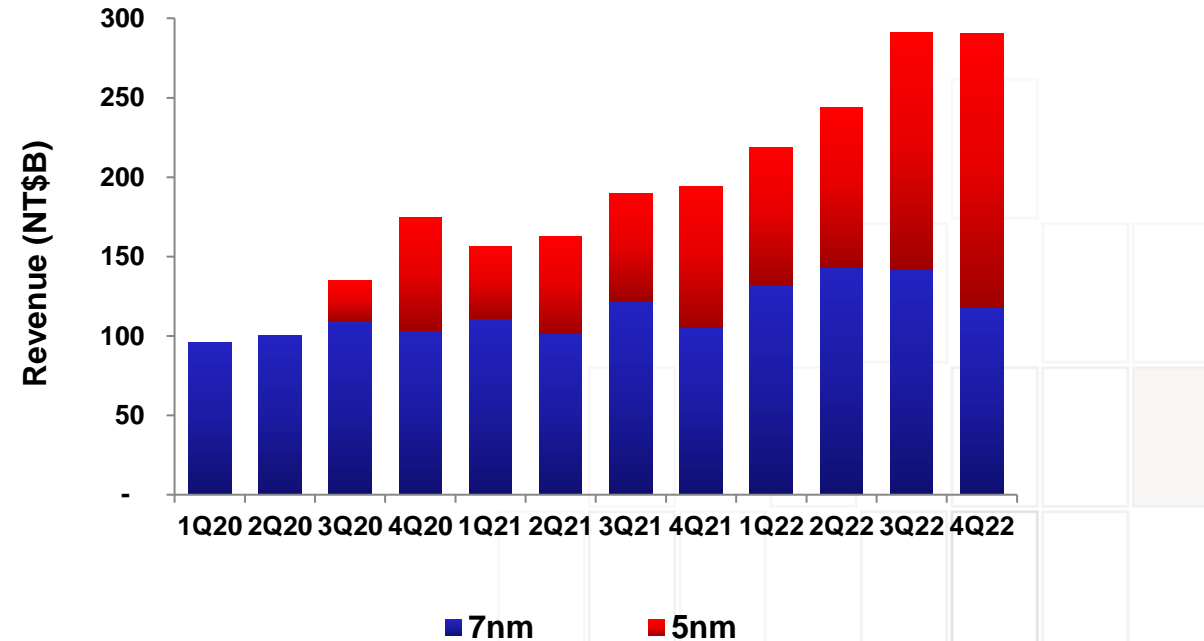
* Diluted weighted average outstanding shares were 25,929mn units in 4Q22.

** ROE figures are annualized based on average equity attributable to shareholders of the parent company.

4Q22 Revenue by Technology

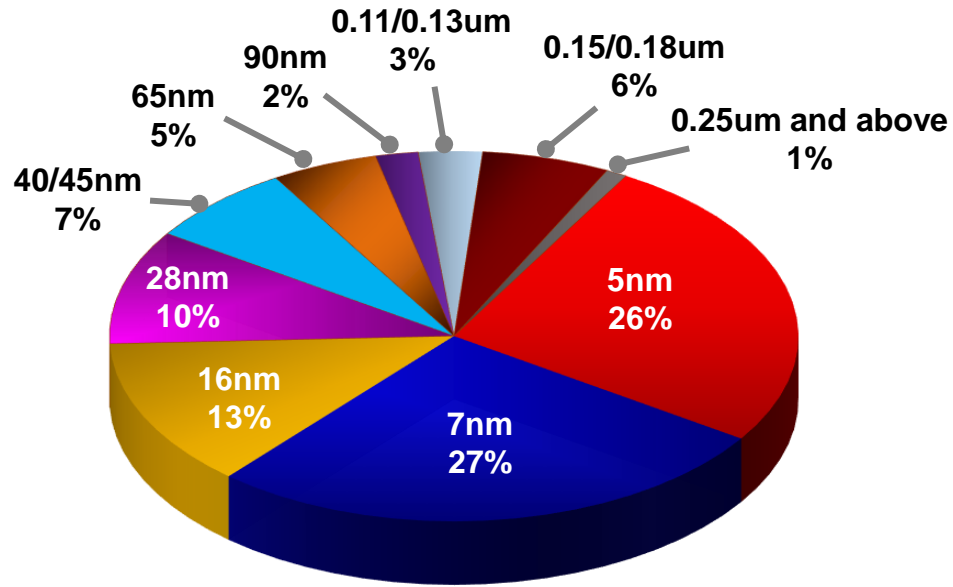


7nm and Below Revenue

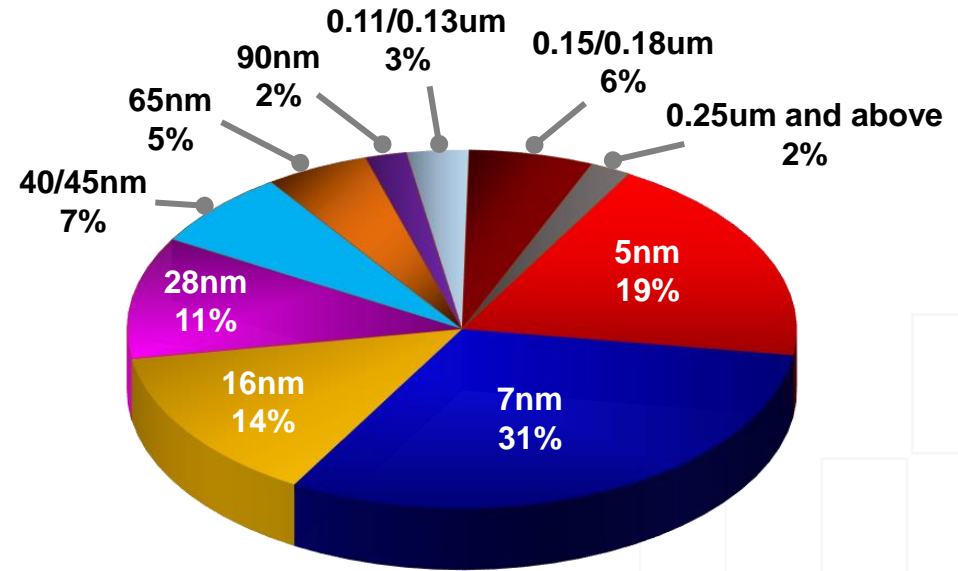


Revenue by Technology

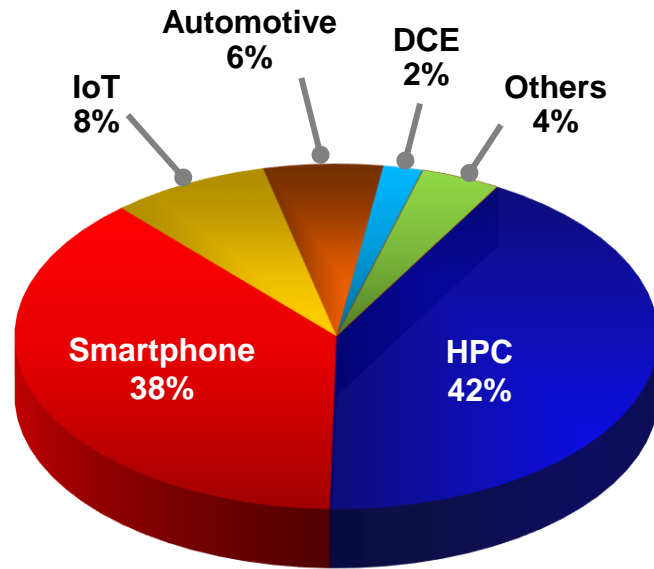
2022



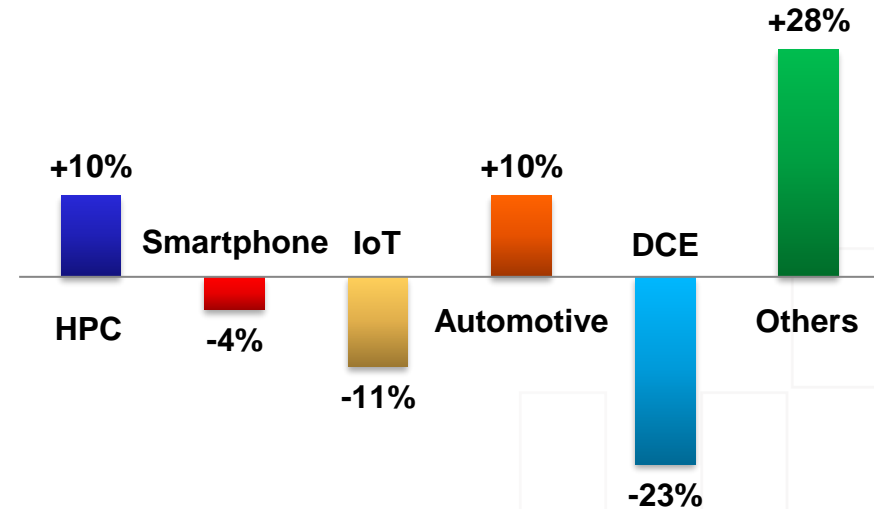
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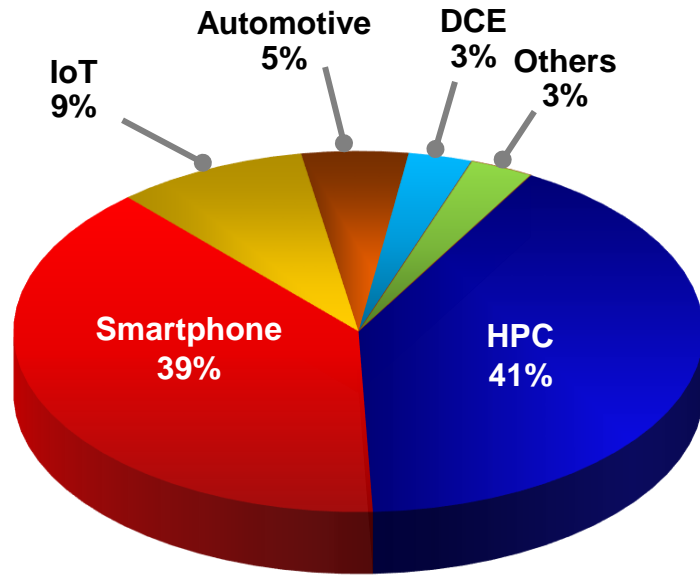
4Q22 Revenue by Platform



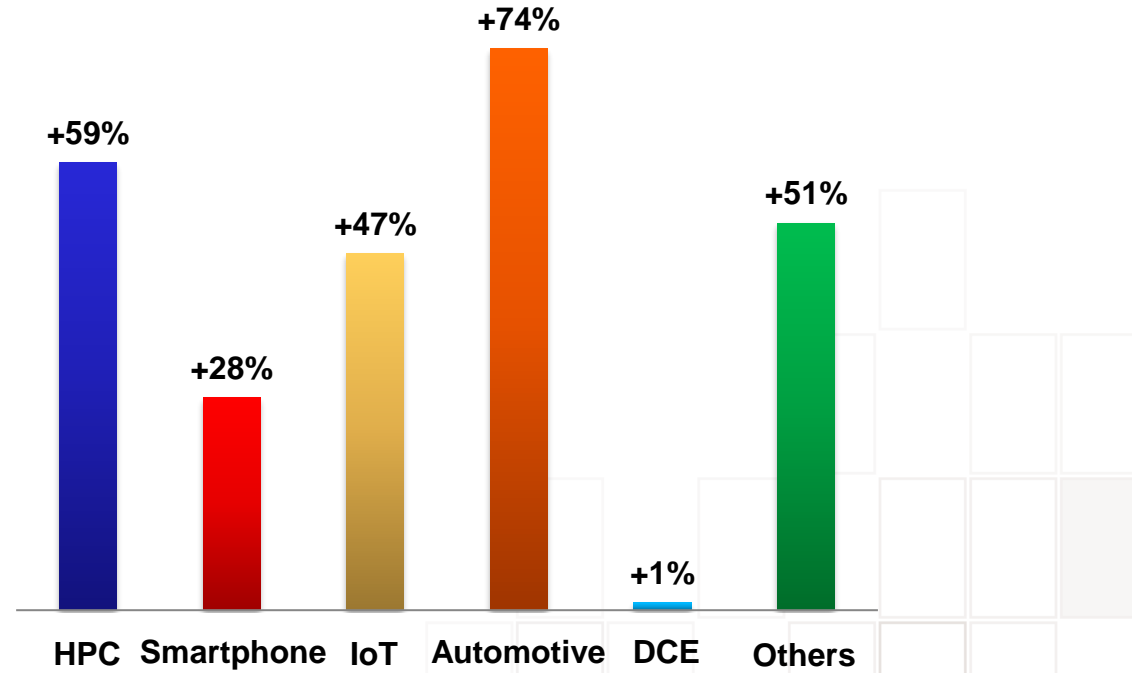
Growth Rate by Platform (QoQ)



2022 Revenue by Platform



Growth rate by Platform (YoY)



Balance Sheets & Key Indices

Selected Items from Balance Sheets <i>(In NT\$ billions)</i>	4Q22		3Q22		4Q21	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	1,561.49	31.4%	1,498.87	32.3%	1,188.46	31.9%
Accounts Receivable	231.34	4.7%	261.54	5.6%	198.30	5.3%
Inventories	221.15	4.4%	218.34	4.7%	193.10	5.2%
Long-term Investments	68.93	1.4%	75.80	1.6%	29.38	0.8%
Net PP&E	2,693.84	54.3%	2,411.49	51.9%	1,975.12	53.0%
Total Assets	4,964.78	100.0%	4,643.30	100.0%	3,725.50	100.0%
Current Liabilities	944.23	19.0%	807.43	17.4%	739.50	19.8%
Long-term Interest-bearing Debts	839.10	16.9%	845.44	18.2%	613.38	16.5%
Total Liabilities	2,004.29	40.4%	1,890.99	40.7%	1,554.77	41.7%
Total Shareholders' Equity	2,960.49	59.6%	2,752.31	59.3%	2,170.73	58.3%
Key Indices						
A/R Turnover Days	36		36		40	
Inventory Turnover Days	93		90		88	
Current Ratio (x)	2.2		2.5		2.2	
Asset Productivity (x)	1.0		1.1		0.9	

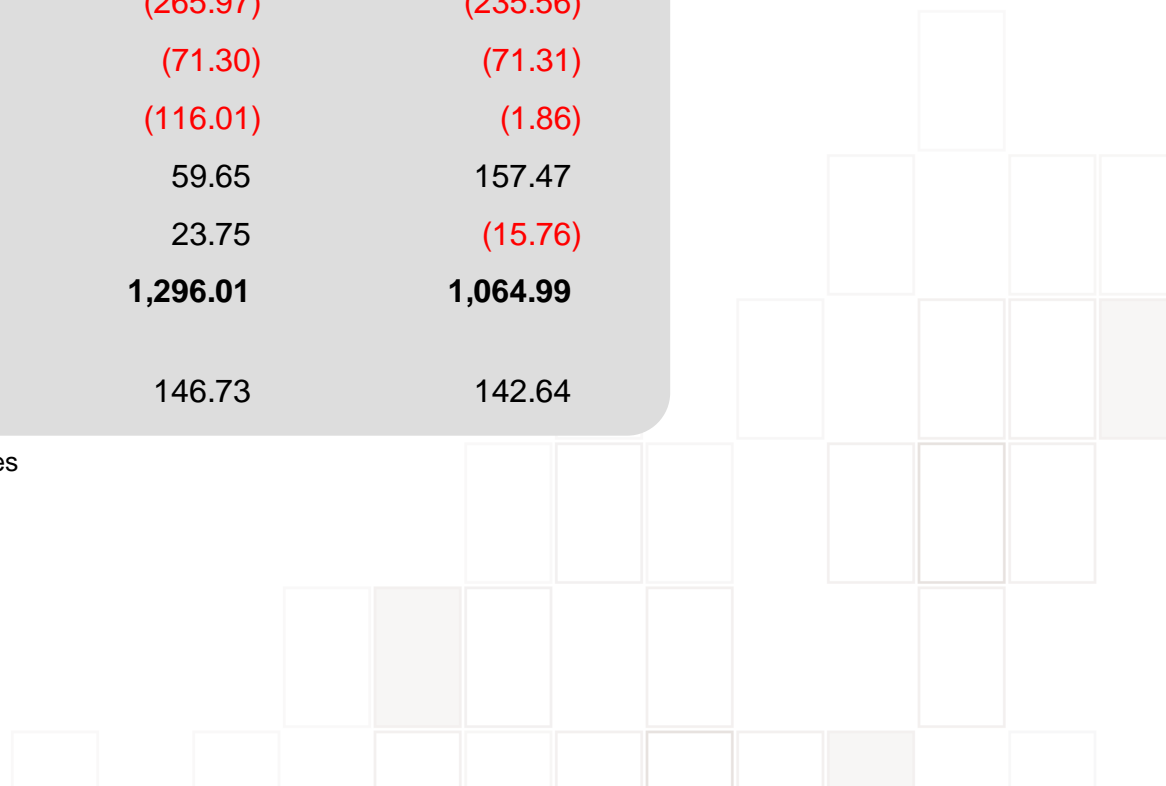
* Total outstanding shares were 25,930 mn units at 12/31/22

** Asset productivity = Annualized net revenue / Average net PP&E

Cash Flows

<i>(In NT\$ billions)</i>	4Q22	3Q22	4Q21
Beginning Balance	1,296.01	1,253.19	853.81
Cash from operating activities	486.88	412.70	378.20
Capital expenditures	(336.84)	(265.97)	(235.56)
Cash dividends	(71.30)	(71.30)	(71.31)
Short-term loans	0.00	(116.01)	(1.86)
Bonds payable	5.80	59.65	157.47
Investments and others	(37.74)	23.75	(15.76)
Ending Balance	1,342.81	1,296.01	1,064.99
Free Cash Flow *	150.04	146.73	142.64

* Free cash flow = Cash from operating activities – Capital expenditures



2022 Financial Highlights

(In NT\$ billions unless otherwise noted)

	2022	2021	YoY
Net Revenue (US\$ billions)	75.88	56.82	+33.5%
Net Revenue	2,263.89	1,587.42	+42.6%
Gross Margin	59.6%	51.6%	+8.0 pts
Operating Margin	49.5%	40.9%	+8.6 pts
Income before Tax	1,144.19	663.13	+72.5%
EPS - Diluted (NT\$)	39.20	23.01	+70.4%
Operating Cash Flow	1,610.60	1,112.16	+44.8%
Capital Expenditures	1,082.67	839.20	+29.0%
Free Cash Flow (FCF)	527.93	272.96	+93.4%
Cash Dividends	285.24	265.79	+7.3%
Cash & Marketable Securities	1,561.49	1,188.46	+31.4%
ROE	39.8%	29.7%	+10.1 pts

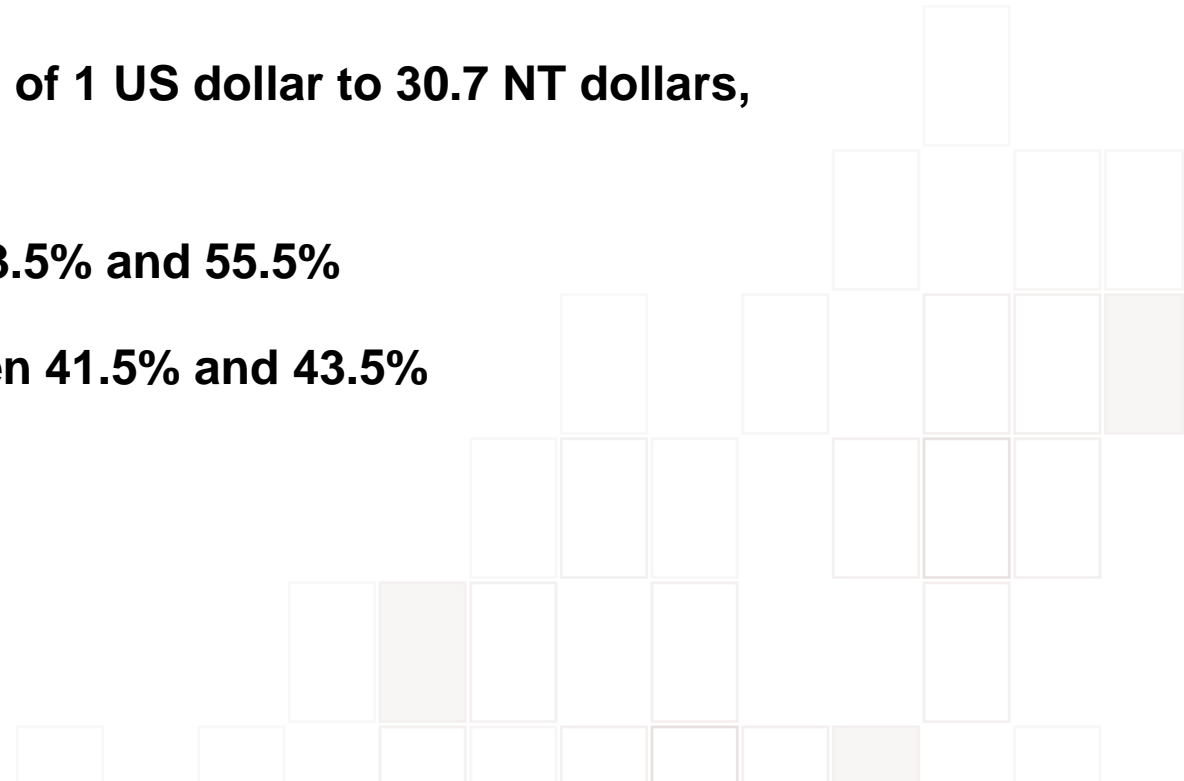
1Q23 Guidance

Based on our current business outlook, management expects:

- Revenue to be between US\$ 16.7 billion and US\$ 17.5 billion

And, based on the exchange rate assumption of 1 US dollar to 30.7 NT dollars, management expects:

- Gross profit margin to be between 53.5% and 55.5%
- Operating profit margin to be between 41.5% and 43.5%



Recap of Recent Major Events

- **TSMC Held a 3nm Volume Production And Capacity Expansion Ceremony at Its Fab 18 New Construction Site in The Southern Taiwan Science Park (2022/12/29)**
- **TSMC Announced That TSMC Arizona Has Started The Construction of a Second Fab Which Is Scheduled to Begin Production of 3nm Process Technology in 2026. The Overall Investment for Two Fabs Will Be Approximately US\$40 Billion (2022/12/06)**
- **TSMC Board of Directors Approved NT\$2.75 Cash Dividend for the Third Quarter of 2022 and Set March 16 as Ex-Dividend Date, March 22 as the Record Date and April 13, 2023 as the Distribution Date (2022/11/08)**

- Please visit TSMC's website (<https://www.tsmc.com>) and Market Observation Post System (<https://mops.twse.com.tw>) for details and other announcements



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