



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

ASSETS	June 30, 2020 (Unaudited)			March 31, 2020 (Unaudited)		June 30, 2019 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Current Assets											
Cash and Cash Equivalents	\$ 15,890	\$ 467,614	19.1	\$ 430,777	18.4	\$ 649,697	29.0	\$ 36,837	8.6	\$ (182,083)	(28.0)
Investments in Marketable Financial Instruments	4,669	137,402	5.6	130,776	5.6	114,918	5.1	6,626	5.1	22,484	19.6
Accounts Receivable	5,083	149,600	6.1	146,421	6.2	116,131	5.2	3,179	2.2	33,469	28.8
Inventories	2,915	85,788	3.5	78,278	3.3	108,232	4.8	7,510	9.6	(22,444)	(20.7)
Other Current Assets	667	19,628	0.8	16,218	0.7	21,202	1.0	3,410	21.0	(1,574)	(7.4)
Total Current Assets	29,224	860,032	35.1	802,470	34.2	1,010,180	45.1	57,562	7.2	(150,148)	(14.9)
Non-current Assets											
Long-term Investments	779	22,917	0.9	31,033	1.3	29,315	1.3	(8,116)	(26.2)	(6,398)	(21.8)
Property, Plant and Equipment	50,751	1,493,561	61.0	1,438,216	61.4	1,142,871	51.0	55,345	3.8	350,690	30.7
Right-of-use, Intangible and Other Non-current Assets	2,452	72,155	3.0	71,577	3.1	56,978	2.6	578	0.8	15,177	26.6
Total Non-current Assets	53,982	1,588,633	64.9	1,540,826	65.8	1,229,164	54.9	47,807	3.1	359,469	29.2
Total Assets	\$ 83,206	\$ 2,448,665	100.0	\$ 2,343,296	100.0	\$ 2,239,344	100.0	\$ 105,369	4.5	\$ 209,321	9.3
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 5,761	\$ 169,547	6.9	\$ 139,310	5.9	\$ 78,261	3.5	\$ 30,237	21.7	\$ 91,286	116.6
Accounts Payable	1,343	39,534	1.6	39,774	1.7	32,570	1.5	(240)	(0.6)	6,964	21.4
Payables to Contractors and Equipment Suppliers	3,321	97,739	4.0	101,466	4.3	71,029	3.2	(3,727)	(3.7)	26,710	37.6
Cash Dividends Payable	4,406	129,652	5.3	129,652	5.5	259,380	11.6	-	-	(129,728)	(50.0)
Accrued Expenses and Other Current Liabilities	5,625	165,524	6.8	166,466	7.1	132,916	5.9	(942)	(0.6)	32,608	24.5
Current Portion of Bonds Payable	435	12,800	0.5	12,800	0.6	48,100	2.1	-	-	(35,300)	(73.4)
Total Current Liabilities	20,891	614,796	25.1	589,468	25.1	622,256	27.8	25,328	4.3	(7,460)	(1.2)
Non-current Liabilities											
Bonds Payable	2,801	82,439	3.4	46,475	2.0	35,300	1.6	35,964	77.4	47,139	133.5
Other Non-current Liabilities	1,027	30,216	1.2	30,324	1.3	27,366	1.2	(108)	(0.4)	2,850	10.4
Total Non-current Liabilities	3,828	112,655	4.6	76,799	3.3	62,666	2.8	35,856	46.7	49,989	79.8
Total Liabilities	24,719	727,451	29.7	666,267	28.4	684,922	30.6	61,184	9.2	42,529	6.2
Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,811	259,304	10.6	259,304	11.1	259,304	11.6	-	-	-	-
Capital Surplus	1,915	56,340	2.3	56,340	2.4	56,321	2.5	-	-	19	-
Legal Capital Reserve	10,573	311,147	12.7	311,147	13.3	311,147	13.9	-	-	-	-
Special Capital Reserve	845	24,874	1.0	27,568	1.2	10,724	0.5	(2,694)	(9.8)	14,150	131.9
Unappropriated Earnings	37,564	1,105,471	45.2	1,046,781	44.7	923,705	41.2	58,690	5.6	181,766	19.7
Others	(1,249)	(36,758)	(1.5)	(24,874)	(1.1)	(7,386)	(0.3)	(11,884)	(47.8)	(29,372)	(397.7)
Equity Attributable to Shareholders of the Parent	58,459	1,720,378	70.3	1,676,266	71.6	1,553,815	69.4	44,112	2.6	166,563	10.7
Noncontrolling Interests	28	836	-	763	-	607	-	73	9.6	229	37.7
Total Shareholders' Equity	58,487	1,721,214	70.3	1,677,029	71.6	1,554,422	69.4	44,185	2.6	166,792	10.7
Total Liabilities & Shareholders' Equity	\$ 83,206	\$ 2,448,665	100.0	\$ 2,343,296	100.0	\$ 2,239,344	100.0	\$ 105,369	4.5	\$ 209,321	9.3

Note :
(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$29.429 as of June 30, 2020.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Three Months Ended June 30, 2020, March 31, 2020, June 30, 2019

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

	2Q 2020			1Q 2020		2Q 2019		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 10,385	\$ 310,699	100.0	\$ 310,597	100.0	\$ 240,999	100.0	\$ 102	0.0	\$ 69,700	28.9
Cost of Revenue	(4,883)	(146,076)	(47.0)	(149,820)	(48.2)	(137,269)	(57.0)	3,744	(2.5)	(8,807)	6.4
Gross Profit	5,502	164,623	53.0	160,777	51.8	103,730	43.0	3,846	2.4	60,893	58.7
Operating Expenses											
Research and Development Expenses	(832)	(24,893)	(8.0)	(24,969)	(8.0)	(21,394)	(8.8)	76	(0.3)	(3,499)	16.4
Sales, General and Administrative Expenses	(288)	(8,628)	(2.8)	(7,354)	(2.4)	(5,771)	(2.4)	(1,274)	17.3	(2,857)	49.5
Total Operating Expenses	(1,120)	(33,521)	(10.8)	(32,323)	(10.4)	(27,165)	(11.2)	(1,198)	3.7	(6,356)	23.4
Other Operating Income and Expenses	-	(8)	-	68	-	(261)	(0.1)	(76)	(111.8)	253	96.9
Income from Operations	4,382	131,094	42.2	128,522	41.4	76,304	31.7	2,572	2.0	54,790	71.8
Non-operating Income and Expenses											
Share of Profits of Associates	23	679	0.2	726	0.2	628	0.2	(47)	(6.5)	51	8.1
Net Interest Income (Expenses)	69	2,070	0.7	2,458	0.8	3,682	1.5	(388)	(15.8)	(1,612)	(43.8)
Other Gains and Losses	85	2,556	0.8	441	0.1	(69)	-	2,115	479.6	2,625	NM
Total Non-operating Income and Expenses	177	5,305	1.7	3,625	1.1	4,241	1.7	1,680	46.3	1,064	25.1
Income Before Income Tax	4,559	136,399	43.9	132,147	42.5	80,545	33.4	4,252	3.2	55,854	69.3
Income Tax Expenses	(518)	(15,507)	(5.0)	(15,084)	(4.8)	(13,769)	(5.7)	(423)	2.8	(1,738)	12.6
Net Income	4,041	120,892	38.9	117,063	37.7	66,776	27.7	3,829	3.3	54,116	81.0
Other Comprehensive Income (Losses)	(397)	(11,883)	(3.8)	2,648	0.8	3,526	1.5	(14,531)	(548.8)	(15,409)	(437.0)
Comprehensive Income	\$ 3,644	\$ 109,009	35.1	\$ 119,711	38.5	\$ 70,302	29.2	\$ (10,702)	(8.9)	\$ 38,707	55.1
Net Income Attributable to:											
Shareholders of the Parent	\$ 4,038	\$ 120,822	38.9	\$ 116,987	37.7	\$ 66,765	27.7	\$ 3,835	3.3	\$ 54,057	81.0
Noncontrolling Interests	3	70	-	76	-	11	-	(6)	(7.9)	59	536.4
	\$ 4,041	\$ 120,892	38.9	\$ 117,063	37.7	\$ 66,776	27.7	\$ 3,829	3.3	\$ 54,116	81.0
Earnings per Share - Diluted	\$ 0.16	\$ 4.66		\$ 4.51		\$ 2.57		\$ 0.15	3.3	\$ 2.09	81.0
Earnings per ADR - Diluted (2)	\$ 0.78	\$ 23.30		\$ 22.56		\$ 12.87		\$ 0.74	3.3	\$ 10.43	81.0
Weighted Average Outstanding Shares - Diluted ('M)		25,930		25,930		25,930					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$29.918 for the second quarter of 2020.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

	For the Six Months Ended June 30						
	2020			2019		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 20,691	\$ 621,296	100.0	\$ 459,703	100.0	\$ 161,593	35.2
Cost of Revenue	(9,854)	(295,896)	(47.6)	(265,615)	(57.8)	(30,281)	11.4
Gross Profit	10,837	325,400	52.4	194,088	42.2	131,312	67.7
Operating Expenses							
Research and Development Expenses	(1,661)	(49,862)	(8.0)	(41,811)	(9.1)	(8,051)	19.3
Sales, General and Administrative Expenses	(532)	(15,982)	(2.6)	(11,372)	(2.4)	(4,610)	40.5
Total Operating Expenses	(2,193)	(65,844)	(10.6)	(53,183)	(11.5)	(12,661)	23.8
Other Operating Income and Expenses	2	60	-	(335)	(0.1)	395	NM
Income from Operations	8,646	259,616	41.8	140,570	30.6	119,046	84.7
Non-operating Income and Expenses							
Share of Profits of Associates	46	1,405	0.2	1,062	0.2	343	32.3
Net Interest Income (Expenses)	151	4,528	0.7	7,192	1.6	(2,664)	(37.0)
Other Gains and Losses	100	2,997	0.5	(97)	-	3,094	NM
Total Non-operating Income and Expenses	297	8,930	1.4	8,157	1.8	773	9.5
Income before Income Tax	8,943	268,546	43.2	148,727	32.4	119,819	80.6
Income Tax Expenses	(1,018)	(30,591)	(4.9)	(20,564)	(4.5)	(10,027)	48.8
Net Income	7,925	237,955	38.3	128,163	27.9	109,792	85.7
Other Comprehensive Income (Losses)	(308)	(9,235)	(1.5)	8,142	1.8	(17,377)	(213.4)
Comprehensive Income	\$ 7,617	\$ 228,720	36.8	\$ 136,305	29.7	\$ 92,415	67.8
Net Income Attributable to:							
Shareholders of the Parent	\$ 7,920	\$ 237,809	38.3	\$ 128,159	27.9	\$ 109,650	85.6
Noncontrolling interests	5	146	-	4	-	142	3550.0
	\$ 7,925	\$ 237,955	38.3	\$ 128,163	27.9	\$ 109,792	85.7
Earnings per Share - Diluted	\$ 0.31	\$ 9.17		\$ 4.94		\$ 4.23	85.6
Earnings per ADR - Diluted (2)	\$ 1.53	\$ 45.86		\$ 24.71		\$ 21.15	85.6
Weighted Average Outstanding Shares - Diluted (M)		25,930		25,930			

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.027 for the six months ended June 30, 2020.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements

For the Six Months Ended June 30, 2020 and for the Three Months Ended June 30, 2020, March 31, 2020 and June 30, 2019

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	Six Months 2020 (Unaudited)		2Q 2020 (Unaudited)	1Q 2020 (Unaudited)	2Q 2019 (Unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 8,943	\$ 268,546	\$ 136,399	\$ 132,147	\$ 80,545
Depreciation & Amortization	4,644	139,430	70,876	68,554	75,048
Share of Profits of Associates	(47)	(1,405)	(679)	(726)	(628)
Income Taxes Paid	(1,084)	(32,543)	(31,164)	(1,379)	(37,590)
Changes in Working Capital & Others	(22)	(664)	(5,097)	4,433	386
Net Cash Generated by Operating Activities	12,434	373,364	170,335	203,029	117,761
Cash Flows from Investing Activities:					
Interest Received	\$ 199	\$ 5,959	\$ 2,921	\$ 3,038	\$ 4,822
Cash Dividend Received	21	640	529	111	452
Acquisitions of:					
Property, Plant and Equipment	(10,632)	(319,258)	(126,698)	(192,560)	(116,353)
Marketable Financial Instruments	(4,154)	(124,729)	(68,201)	(56,528)	(64,023)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	6	182	116	66	80
Marketable Financial Instruments	4,204	126,228	69,042	57,186	60,672
Others	(259)	(7,765)	(7,459)	(306)	(369)
Net Cash Used In Investing Activities	(10,615)	(318,743)	(129,750)	(188,993)	(114,719)
Cash Flows from Financing Activities:					
Increase in Short-term Loans	\$ 1,751	\$ 52,579	\$ 32,231	\$ 20,348	\$ 1,064
Proceeds from Issuance of Bonds	1,998	60,000	36,000	24,000	-
Repayment of Bonds	(719)	(21,600)	-	(21,600)	-
Interest Paid	(40)	(1,196)	(219)	(977)	(436)
Cash Dividends Paid for Common Stock	(4,318)	(129,652)	(64,826)	(64,826)	-
Others	168	5,024	2,726	2,298	(1,558)
Net Cash Generated by (Used in) Financing Activities	(1,160)	(34,845)	5,912	(40,757)	(930)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ (252)	\$ (7,561)	\$ (9,660)	\$ 2,099	\$ 1,914
Net Increase (Decrease) in Cash and Cash Equivalents	407	12,215	36,837	(24,622)	4,026
Cash and Cash Equivalents at Beginning of Period	15,166	455,399	430,777	455,399	645,671
Cash and Cash Equivalents at End of Period	\$ 15,573	\$ 467,614	\$ 467,614	\$ 430,777	\$ 649,697

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.027 for the six months ended June 30, 2020.