



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	September 30, 2020 (Unaudited)			June 30, 2020 (Unaudited)		September 30, 2019 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Current Assets											
Cash and Cash Equivalents	\$ 20,863	\$ 604,195	22.9	\$ 467,614	19.1	\$ 452,430	21.2	\$ 136,581	29.2	\$ 151,765	33.5
Investments in Marketable Financial Instruments	4,773	138,225	5.2	137,402	5.6	132,492	6.2	823	0.6	5,733	4.3
Accounts Receivable	5,614	162,578	6.2	149,600	6.1	145,422	6.8	12,978	8.7	17,156	11.8
Inventories	3,781	109,510	4.2	85,788	3.5	96,686	4.5	23,722	27.7	12,824	13.3
Other Current Assets	524	15,166	0.6	19,628	0.8	22,397	1.1	(4,462)	(22.7)	(7,231)	(32.3)
Total Current Assets	35,555	1,029,674	39.1	860,032	35.1	849,427	39.8	169,642	19.7	180,247	21.2
Non-current Assets											
Long-term Investments	915	26,515	1.0	22,917	0.9	30,135	1.4	3,598	15.7	(3,620)	(12.0)
Property, Plant and Equipment	51,949	1,504,438	57.1	1,493,561	61.0	1,197,955	56.1	10,877	0.7	306,483	25.6
Right-of-use, Intangible and Other Non-current Assets	2,588	74,945	2.8	72,155	3.0	56,717	2.7	2,790	3.9	18,228	32.1
Total Non-current Assets	55,452	1,605,898	60.9	1,588,633	64.9	1,284,807	60.2	17,265	1.1	321,091	25.0
Total Assets	\$ 91,007	\$ 2,635,572	100.0	\$ 2,448,665	100.0	\$ 2,134,234	100.0	\$ 186,907	7.6	\$ 501,338	23.5
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 5,365	\$ 155,378	5.9	\$ 169,547	6.9	\$ 85,573	4.0	\$ (14,169)	(8.4)	\$ 69,805	81.6
Accounts Payable	1,412	40,892	1.6	39,534	1.6	36,958	1.7	1,358	3.4	3,934	10.6
Payables to Contractors and Equipment Suppliers	3,475	100,637	3.8	97,739	4.0	93,442	4.4	2,898	3.0	7,195	7.7
Cash Dividends Payable	4,477	129,652	4.9	129,652	5.3	116,687	5.5	-	-	12,965	11.1
Accrued Expenses and Other Current Liabilities	5,493	159,083	6.0	165,524	6.8	130,321	6.1	(6,441)	(3.9)	28,762	22.1
Current Portion of Bonds Payable	90	2,600	0.1	12,800	0.5	31,800	1.5	(10,200)	(79.7)	(29,200)	(91.8)
Total Current Liabilities	20,312	588,242	22.3	614,796	25.1	494,781	23.2	(26,554)	(4.3)	93,461	18.9
Non-current Liabilities											
Bonds Payable	7,840	227,045	8.6	82,439	3.4	25,100	1.2	144,606	175.4	201,945	804.6
Other Non-current Liabilities	1,106	32,019	1.2	30,216	1.2	26,856	1.2	1,803	6.0	5,163	19.2
Total Non-current Liabilities	8,946	259,064	9.8	112,655	4.6	51,956	2.4	146,409	130.0	207,108	398.6
Total Liabilities	29,258	847,306	32.1	727,451	29.7	546,737	25.6	119,855	16.5	300,569	55.0
Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,954	259,304	9.8	259,304	10.6	259,304	12.1	-	-	-	-
Capital Surplus	1,945	56,340	2.1	56,340	2.3	56,321	2.6	-	-	19	-
Legal Capital Reserve	10,744	311,147	11.8	311,147	12.7	311,147	14.6	-	-	-	-
Special Capital Reserve	1,269	36,758	1.4	24,874	1.0	7,386	0.4	11,884	47.8	29,372	397.7
Unappropriated Earnings	40,265	1,166,071	44.3	1,105,471	45.2	963,373	45.2	60,600	5.5	202,698	21.0
Others	(1,459)	(42,259)	(1.6)	(36,758)	(1.5)	(10,675)	(0.5)	(5,501)	(15.0)	(31,584)	(295.9)
Equity Attributable to Shareholders of the Parent	61,718	1,787,361	67.8	1,720,378	70.3	1,586,856	74.4	66,983	3.9	200,505	12.6
Noncontrolling Interests	31	905	0.1	836	-	641	-	69	8.3	264	41.2
Total Shareholders' Equity	61,749	1,788,266	67.9	1,721,214	70.3	1,587,497	74.4	67,052	3.9	200,769	12.6
Total Liabilities & Shareholders' Equity	\$ 91,007	\$ 2,635,572	100.0	\$ 2,448,665	100.0	\$ 2,134,234	100.0	\$ 186,907	7.6	\$ 501,338	23.5

Note :
(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$28.960 as of September 30, 2020.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Three Months Ended September 30, 2020, June 30, 2020, September 30, 2019

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

Except for Per Share Amounts and Shares Outstanding)

	3Q 2020			2Q 2020		3Q 2019		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 12,138	\$ 356,426	100.0	\$ 310,699	100.0	\$ 293,045	100.0	\$ 45,727	14.7	\$ 63,381	21.6
Cost of Revenue	(6,651)	(165,932)	(46.6)	(146,076)	(47.0)	(153,633)	(52.4)	(19,856)	13.6	(12,299)	8.0
Gross Profit	6,487	190,494	53.4	164,623	53.0	139,412	47.6	25,871	15.7	51,082	36.6
Operating Expenses											
Research and Development Expenses	(1,011)	(29,684)	(8.3)	(24,893)	(8.0)	(23,972)	(8.2)	(4,791)	19.2	(5,712)	23.8
Sales, General and Administrative Expenses	(381)	(11,207)	(3.1)	(8,628)	(2.8)	(7,407)	(2.5)	(2,579)	29.9	(3,800)	51.3
Total Operating Expenses	(1,392)	(40,891)	(11.4)	(33,521)	(10.8)	(31,379)	(10.7)	(7,370)	22.0	(9,512)	30.3
Other Operating Income and Expenses	15	445	0.1	(8)	-	(146)	(0.1)	453	NM	591	NM
Income from Operations	5,110	150,048	42.1	131,094	42.2	107,887	36.8	18,954	14.5	42,161	39.1
Non-operating Income and Expenses											
Share of Profits of Associates	28	833	0.2	679	0.2	916	0.3	154	22.7	(83)	(9.1)
Net Interest Income (Expenses)	52	1,524	0.4	2,070	0.7	3,072	1.0	(546)	(26.4)	(1,548)	(50.4)
Other Gains and Losses	93	2,719	0.8	2,556	0.8	461	0.2	163	6.4	2,258	489.8
Total Non-operating Income and Expenses	173	5,076	1.4	5,305	1.7	4,449	1.5	(229)	(4.3)	627	14.1
Income Before Income Tax	5,283	155,124	43.5	136,399	43.9	112,336	38.3	18,725	13.7	42,788	38.1
Income Tax Expenses	(605)	(17,745)	(5.0)	(15,507)	(5.0)	(11,233)	(3.8)	(2,238)	14.4	(6,512)	58.0
Net Income	4,678	137,379	38.5	120,892	38.9	101,103	34.5	16,487	13.6	36,276	35.9
Other Comprehensive Losses	(185)	(5,436)	(1.5)	(11,883)	(3.8)	(3,225)	(1.1)	6,447	54.3	(2,211)	(68.6)
Comprehensive Income	\$ 4,493	\$ 131,943	37.0	\$ 109,009	35.1	\$ 97,878	33.4	\$ 22,934	21.0	\$ 34,065	34.8
Net Income Attributable to:											
Shareholders of the Parent	\$ 4,676	\$ 137,310	38.5	\$ 120,822	38.9	\$ 101,070	34.5	\$ 16,488	13.6	\$ 36,240	35.9
Noncontrolling Interests	2	69	-	70	-	33	-	(1)	(1.4)	36	109.1
	\$ 4,678	\$ 137,379	38.5	\$ 120,892	38.9	\$ 101,103	34.5	\$ 16,487	13.6	\$ 36,276	35.9
Earnings per Share - Diluted	\$ 0.18	\$ 5.30		\$ 4.66		\$ 3.90		\$ 0.64	13.6	\$ 1.40	35.9
Earnings per ADR - Diluted (2)	\$ 0.90	\$ 26.48		\$ 23.30		\$ 19.49		\$ 3.18	13.6	\$ 6.99	35.9
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\$29.364 for the third 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 Nine Months Ended September 30						
	2020			2019		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 32,829	\$ 977,722	100.0	\$ 752,748	100.0	\$ 224,974	29.9
Cost of Revenue	(15,507)	(461,828)	(47.2)	(419,248)	(55.7)	(42,580)	10.2
Gross Profit	17,322	515,894	52.8	333,500	44.3	182,394	54.7
Operating Expenses							
Research and Development Expenses	(2,671)	(79,546)	(8.1)	(65,783)	(8.7)	(13,763)	20.9
Sales, General and Administrative Expenses	(913)	(27,189)	(2.8)	(18,779)	(2.5)	(8,410)	44.8
Total Operating Expenses	(3,584)	(106,735)	(10.9)	(84,562)	(11.2)	(22,173)	26.2
Other Operating Income and Expenses	17	505	-	(481)	(0.1)	986	NM
Income from Operations	13,755	409,664	41.9	248,457	33.0	161,207	64.9
Non-operating Income and Expenses							
Share of Profits of Associates	75	2,238	0.2	1,978	0.3	260	13.1
Net Interest Income (Expenses)	204	6,052	0.6	10,264	1.4	(4,212)	(41.0)
Other Gains and Losses	192	5,716	0.6	364	-	5,352	1470.3
Total Non-operating Income and Expenses	471	14,006	1.4	12,606	1.7	1,400	11.1
Income before Income Tax	14,226	423,670	43.3	261,063	34.7	162,607	62.3
Income Tax Expenses	(1,623)	(48,336)	(4.9)	(31,797)	(4.2)	(16,539)	52.0
Net Income	12,603	375,334	38.4	229,266	30.5	146,068	63.7
Other Comprehensive Income (Losses)	(493)	(14,671)	(1.5)	4,917	0.6	(19,588)	(398.4)
Comprehensive Income	\$ 12,110	\$ 360,663	36.9	\$ 234,183	31.1	\$ 126,480	54.0
Net Income Attributable to:							
Shareholders of the Parent	\$ 12,595	\$ 375,119	38.4	\$ 229,229	30.5	\$ 145,890	63.6
Noncontrolling interests	8	215	-	37	-	178	481.1
	\$ 12,603	\$ 375,334	38.4	\$ 229,266	30.5	\$ 146,068	63.7
Earnings per Share - Diluted	\$ 0.49	\$ 14.47		\$ 8.84		\$ 5.63	63.6
Earnings per ADR - Diluted (2)	\$ 2.43	\$ 72.33		\$ 44.20		\$ 28.13	63.6
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\$29.782 for the nine months ended September 30, 2020.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements

For the Nine Months Ended September 30, 2020 and for the Three Months Ended September 30, 2020, June 30, 2020 and September 30, 2019

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

	Nine Months 2020 (Unaudited)		3Q 2020 (Unaudited)	2Q 2020 (Unaudited)	3Q 2019 (Unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 14,226	\$ 423,670	\$ 155,124	\$ 136,399	\$ 112,336
Depreciation & Amortization	7,862	234,163	94,733	70,876	66,756
Share of Profits of Associates	(75)	(2,238)	(833)	(679)	(916)
Income Taxes Paid	(1,709)	(50,898)	(18,355)	(31,164)	(142)
Changes in Working Capital & Others	(1,382)	(41,161)	(40,497)	(5,097)	(36,281)
Net Cash Generated by Operating Activities	18,922	563,536	190,172	170,335	141,753
Cash Flows from Investing Activities:					
Interest Received	\$ 267	\$ 7,966	\$ 2,007	\$ 2,921	\$ 3,858
Cash Dividend Received	111	3,296	2,656	529	1,513
Acquisitions of:					
Property, Plant and Equipment	(14,054)	(418,564)	(99,306)	(126,698)	(98,118)
Marketable Financial Instruments	(6,378)	(189,930)	(65,201)	(68,201)	(102,147)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	14	406	224	116	63
Marketable Financial Instruments	6,439	191,761	65,533	69,042	88,135
Others	(328)	(9,758)	(1,993)	(7,459)	(1,594)
Net Cash Used In Investing Activities	(13,929)	(414,823)	(96,080)	(129,750)	(108,290)
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ 1,201	\$ 35,775	\$ (16,804)	\$ 32,231	\$ 7,326
Proceeds from Issuance of Bonds	6,925	206,226	146,226	36,000	-
Repayment of Bonds	(1,068)	(31,800)	(10,200)	-	(26,500)
Interest Paid	(55)	(1,625)	(429)	(219)	(1,433)
Cash Dividends Paid for Common Stock	(6,530)	(194,478)	(64,826)	(64,826)	(207,443)
Others	(50)	(1,509)	(6,533)	2,726	(1,062)
Net Cash Generated by (Used in) Financing Activities	423	12,589	47,434	5,912	(229,112)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ (420)	\$ (12,506)	\$ (4,945)	\$ (9,660)	\$ (1,618)
Net Increase (Decrease) in Cash and Cash Equivalents	4,996	148,796	136,581	36,837	(197,267)
Cash and Cash Equivalents at Beginning of Period	15,291	455,399	467,614	430,777	649,697
Cash and Cash Equivalents at End of Period	\$ 20,287	\$ 604,195	\$ 604,195	\$ 467,614	\$ 452,430

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$29.782 for the nine months ended September 30, 2020.