

Taiwan Semiconductor Manufacturing Company Limited

2023 Annual Shareholders' Meeting

Meeting Agenda
(Translation)

June 6, 2023

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Note:

- 2022 Form 20-F is available at <https://investor.tsmc.com/english/sec-filings>
- Minutes of 2023 Annual Shareholders’ Meeting will be available on TSMC’s website (<https://investor.tsmc.com/english/shareholders-meeting>) within 20 days after the Meeting.

1. Call Meeting to Order

2. Meeting Agenda

Taiwan Semiconductor Manufacturing Company Limited
2023 Annual Shareholders' Meeting
Meeting Agenda
(Translation)

Type of Meeting : Physical Meeting

Time : 9:00 a.m., June 6, 2023

Place : Ambassador Hotel Hsinchu

(10F, No. 188, Section 2, Zhonghua Road, Hsinchu, Taiwan)

Attendants : All shareholders or their proxy holders

Chairman : Dr. Mark Liu, Chairman of the Board of Directors

1. Chairman's Address

2. Report Items:

- (1) To report the business of 2022
- (2) Audit Committee's review report
- (3) To report 2022 earnings distribution
- (4) To report 2022 employees' profit sharing and directors' compensation
- (5) To report the issuance of unsecured corporate bonds

3. Proposed Resolutions

- (1) To accept 2022 Business Report and Financial Statements
- (2) To approve the issuance of employee restricted stock awards for year 2023
- (3) To revise the Procedures for Endorsement and Guarantee
- (4) In order to reflect the Audit Committee name change to the Audit and Risk Committee, to revise the name of Audit Committee in the following TSMC policies:
 - i. Procedures for Acquisition or Disposal of Assets
 - ii. Procedures for Financial Derivatives Transactions
 - iii. Procedures for Lending Funds to Other Parties
 - iv. Procedures for Endorsement and Guarantee

Voting by Poll

4. Other Business and Special Motion

5. Meeting Adjourned

Report Items

1. To report the business of 2022

Explanatory Notes : Please refer to Attachment I.

2. Audit Committee's review report

Explanatory Notes : Please refer to Attachment II.

3. To report 2022 earnings distribution

Explanatory Notes :

TSMC's Articles of Incorporation authorize the Board of Directors to approve quarterly cash dividends. The amounts and payment dates of 2022 quarterly cash dividends are demonstrated in the table below:

2022	Approval Date (month/day/year)	Payment Date (month/day/year)	Cash Dividends Per Share (NT\$)	Total Amount (NT\$)
First Quarter	05/10/2022	10/13/2022	2.75	71,308,546,260
Second Quarter	08/09/2022	01/12/2023	2.75	71,308,546,260
Third Quarter	11/08/2022	04/13/2023	2.74982072 ^(Note 1)	71,308,546,260
Fourth Quarter	02/14/2023	07/13/2023	2.75 ^(Note 2)	71,308,546,260

Note 1: The cash dividend per share was adjusted, as authorized by the Board of Directors, based on the number of actual common shares outstanding on the record date for dividend payment.

Note 2: The actual cash dividend per share shall be subject to adjustment based on the number of actual common shares outstanding on the record date for dividend payment.

4. To report 2022 employees' profit sharing and directors' compensation

Explanatory Notes :

- (1) The Board of Directors approved the 2022 employees' profit sharing and directors' compensation on February 14, 2023. The employees' profit sharing and directors' compensation are to be distributed in cash.
- (2) The total amount of the 2022 employees' business performance bonus and profit sharing is NT\$121,404,093,088, of which NT\$60,702,046,544 has been distributed following each quarter as business performance bonus, and NT\$60,702,046,544 will be distributed in July 2023 as profit sharing.
- (3) 2022 directors' compensation is NT\$690,128,668.
- (4) For the directors' remuneration, including the remuneration policy, the details and amount of the remuneration received by individual directors, please refer to Attachment III.

5. To report the issuance of unsecured corporate bonds

Explanatory Notes :

As approved by TSMC's Board of Directors, in 2022, the Company completed six issuances of NT dollar-denominated corporate bonds in Taiwan for a total amount of NT\$65.4 billion to finance capacity expansion and/or pollution prevention related expenditures. The amount and major terms for these issuances are demonstrated in the table below:

(Amount in NT\$ billion)

Issuance	Issue Date (month/day/year)	Tranche	Amount	Tenor (year)	Coupon (%)	Maturity Date (month/day/year)
111-1 (Green Bond)	01/12/2022	A	2.1	5	0.63	01/12/2027
		B	3.3	7	0.72	01/12/2029
111-2	03/29/2022	A	3.0	4.5	0.84	09/29/2026
		B	9.6	5	0.85	03/29/2027
		C	1.6	7	0.90	03/29/2029

(Amount in NT\$ billion)

Issuance	Issue Date (month/day/year)	Tranche	Amount	Tenor (year)	Coupon (%)	Maturity Date (month/day/year)
111-3 (Green Bond)	05/20/2022	-	6.1	5	1.50	05/20/2027
111-4 (Green Bond)	07/27/2022	A	1.2	4	1.60	07/27/2026
		B	10.1	5	1.70	07/27/2027
		C	1.2	7	1.75	07/27/2029
		D	1.4	10	1.95	07/27/2032
111-5	08/25/2022	A	2.0	4 years and 10 months	1.65	06/25/2027
		B	8.9	5	1.65	08/25/2027
		C	2.2	7	1.65	08/25/2029
		D	2.5	10	1.82	08/25/2032
111-6 (Green Bond)	10/20/2022	A	5.7	5	1.75	10/20/2027
		B	1.0	7	1.80	10/20/2029
		C	3.5	10	2.00	10/20/2032
Interest Payment		Payable annually				
Principal Repayment		Bullet at maturity				

Proposed Resolutions

1. To accept 2022 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes :

- (1) TSMC's 2022 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Ms. Mei Yen Chiang and Mr. Shang Chih Lin, of Deloitte & Touche.
- (2) 2022 Business Report, Independent Auditors' Report, the aforementioned Financial Statements, and Earnings Distribution Table are attached hereto as Attachments I, IV, V and VI.

2. To approve the issuance of employee restricted stock awards for year 2023 (Proposed by the Board of Directors)

Explanatory Notes :

To attract and retain corporate executives and critical talents and to link their compensation with shareholders' interests and Environmental, Social and Governance (ESG) achievements, it is proposed to approve the issuance of the Employee Restricted Stock Awards ("RSAs") for year 2023 (this "Issuance") in accordance with the relevant regulations. Major details of this proposed Issuance are as follows:

- (1) Expected total shares to be issued: The number of shares to be issued under this Issuance will not exceed 6,249,000 common shares, which is based on a budget capped at 0.3% of the prior year's Net Income. After this Issuance is approved both at the shareholders' meeting and by the competent government authority, the actual number of shares to be issued will be submitted to the Board of Directors for approval.
- (2) Eligibility and the number of shares employees may be granted:
 - i. Only executive officers of the Company or selected critical talents of the

Company or the Company's subsidiaries who are employed full time as of the date of the granting of the RSAs and who meet certain performance requirements are eligible for this incentive plan. Eligible employees must also be those who (a) have a significant influence on the Company's or the Company's subsidiaries' operational decisions or (b) are the Company's or the Company's subsidiaries' selected critical talents for its future core technologies and strategy development.

- ii. The number of shares granted to eligible employees will be determined by Chairman and CEO and approved by the Board of Directors by reference to the Company's business performance and the employee's job grade, performance, and other factors as deemed appropriate. Before submitting to the Board for approval, the grants to executive officers and to non-executive officers shall be subject to the approval by the Compensation and People Development Committee and by the Audit and Risk Committee respectively.

(3) Major terms and conditions of the RSAs:

- i. Expected issue price: Grants will be made free of charge.
- ii. Vesting conditions:
 - The RSAs granted to an employee can only be vested if (i) the employee remains employed by the Company or the Company's subsidiaries on the last date of each vesting period; (ii) during the vesting period, the employee may not breach any agreement with the Company or the Company's subsidiaries or violate the Company's or the Company's subsidiaries' work rules; and (iii) certain employee performance metrics and the Company's business performance metrics are met, as detailed in the Employee Restricted Stock Awards Rules.
 - 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 the Company's business performance metrics, as detailed in the following points.
 - For eligible executive officers of the Company: 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 the

Company's relative TSR^{Note} achievement (see table below) 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 the Company's ESG achievements. The number of shares so calculated should be rounded down to the nearest integral.

The Company'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%

Note: TSR: Total Shareholder Return (including capital gains and dividends)

- For eligible employees who are not executive officers of the Company and the Company's subsidiaries: The number of RSAs to be vested in each year will be calculated in accordance with the below table based on the Company's audited consolidated financial statements for the year prior to the vesting year. The number of shares so calculated should be rounded down to the nearest integral.

	Threshold	Target	Weighting	Ratio of shares to be vested
Revenue Growth	10%	15%	One-third	<ul style="list-style-type: none"> • < Threshold: 0% • = Threshold: 50% • ≥ Target: 100% • Between Threshold and Target: as calculated by interpolation method
Gross Margin	50%	53%	One-third	
Return on Equity (ROE)	20%	25%	One-third	

- iii. Measure to be taken where employees fail to meet the vesting conditions or in the event of inheritance: Where an employee fails to meet the vesting conditions, the Company will reclaim the granted RSAs and cancel the same at no extra cost to the Company; for exceptional events, including but not limited to inheritance, the Company will take measures as set forth in the Employee Restricted Stock Awards Rules.

- (4) Estimated expenses, dilution of the Company's EPS and other matters that may affect the shareholders' interests: Based on the measurement specified

in Section (3) ii above, the total expenses are preliminarily estimated at approximately NT\$2,266 million. Assuming that the RSAs will be issued at the beginning of March 2024, the total expenses from 2024 to 2027 are projected to be approximately NT\$1,346 million, NT\$655 million, NT\$235 million and NT\$31 million respectively.

Based on the Company's outstanding shares, the potential impact from above mentioned expenses to the Company's EPS is preliminarily estimated at approximately NT\$0.0388, NT\$0.0189, NT\$0.0068, and NT\$0.0009 from 2024 to 2027 respectively. The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.

- (5) Granted RSAs will be deposited in a stock trust custody account.
- (6) If any revision or adjustment has to be made due to any instruction of the competent authority or amendment to the laws and regulations, it is proposed that the shareholders, at the Annual Shareholders' Meeting, authorize the Board of Directors or the person authorized by the Board of Directors to handle all relevant matters regarding the granting of the RSAs.
- (7) The Employee Restricted Stock Awards Rules for Year 2023 is attached hereto as Attachment VII.

3. To revise the Procedures for Endorsement and Guarantee (Proposed by the Board of Directors)

Explanatory Notes :

- (1) TSMC is expanding its global manufacturing footprint. This overseas expansion will be funded through capital injections, funding from local banks/capital markets guaranteed by TSMC, and government grants.

In consideration of TSMC's overseas subsidiaries' funding needs for capacity expansion and working capital in the coming years, it is proposed to amend TSMC's "Procedures for Endorsement and Guarantee" to increase the limit of the total amount of endorsement/guarantee provided by TSMC or by TSMC and its subsidiaries from 25% of TSMC's net worth to 40% of TSMC's net worth.

(2) The Comparison Table for the Procedures for Endorsement and Guarantee Before and After Revision is attached hereto as Attachment VIII.

4. In order to reflect the Audit Committee name change to the Audit and Risk Committee, to revise the name of Audit Committee in the following TSMC policies:

(1) Procedures for Acquisition or Disposal of Assets

(2) Procedures for Financial Derivatives Transactions

(3) Procedures for Lending Funds to Other Parties

(4) Procedures for Endorsement and Guarantee

(Proposed by the Board of Directors)

Explanatory Notes :

(1) In order to reflect the Audit Committee name change to the Audit and Risk Committee, the name of Audit Committee in the following TSMC policies should be revised accordingly:

- i. Procedures for Acquisition or Disposal of Assets
- ii. Procedures for Financial Derivatives Transactions
- iii. Procedures for Lending Funds to Other Parties
- iv. Procedures for Endorsement and Guarantee

(2) The Comparison Tables for the aforementioned TSMC Policies Before and After Revision are attached hereto as Attachments IX ~ XII.

Voting by Poll :

Other Business and Special Motion

Meeting Adjourned

3. Attachment

Business Report

The year 2022 was a landmark year for TSMC. Supported by our strong technology leadership and differentiation, we delivered a thirteenth-consecutive year of record revenue, with strong profitable growth. Our 2022 annual revenue increased 33.5% year-over-year in U.S. dollar terms, while our EPS rose to NT\$39.20, nearly tripling over the past three years.

These achievements were earned in the face of considerable economic, human and geopolitical challenges across the world. The year started with continued COVID-19 lockdowns, conflict in Ukraine, and geopolitical tensions and trade restrictions that severely disrupted global supply chains. Retreat of globalization and free trade fueled inflationary pressure around the world, increased macroeconomic uncertainty, and impacted consumer confidence. In the second half of the year, pandemic-related demand, such as remote working and remote learning, receded as many parts of the world began to re-open, and the semiconductor industry entered an inventory correction mode.

The world also began to focus more intently on the importance of the semiconductor industry, as it suddenly recognized the critical role semiconductors play in a modern economy. The rising tensions in geopolitics also accentuated the attention on a resilient semiconductor supply chain, and the key role it plays in their economic and national infrastructure security.

For TSMC, we continued to focus on the fundamentals of our business. We enriched our R&D intensity and worked diligently on our technology development, especially 2-nanometer, to deliver full node strides in performance and power benefits to our customers, while offering the industry's most advanced transistor scaling. We also increased our productivity and fab operations quality, while successfully bringing our industry-leading 3-nanometer to high volume manufacturing in 4Q'22. We deepened our service and expanded our capacity to support our customers' growth, further earning their trust, as evidenced by higher scores in our annual customer survey. We enhanced our cybersecurity systems and measures continuously, to rigorously protect customers' IP and our proprietary information. As we entered our third year of digital transformation, we accelerated the pace to keep our employees connected and productive in a flexible work environment, while protecting them from COVID infection with stringent anti-pandemic measures.

Despite the recent macroeconomic uncertainties around the world, the fundamental structural growth trajectory in the long-term semiconductor demand remains strong, underpinned by the industry's multi-year megatrends of 5G and High Performance

Computing (HPC)-related applications. Therefore, we continuously work closely with our customers in a disciplined manner to plan our capacity, based on the long-term market demand profile, and investing in leading edge and specialty technologies, to support their structural growth.

As geopolitical tensions have arisen in different parts of the world, our customers also start to value more geographic manufacturing flexibility, in addition to technology leadership, manufacturing excellence, low cost and trust of service quality.

Under this environment, based on customers' request, we are expanding our global manufacturing footprint, to increase customer trust, to expand our future growth opportunities, and to reach for global talents.

In Taiwan, our N3 has just entered volume production in Tainan Science Park. We are also preparing for N2 volume production starting in 2025, which will be located in Hsinchu and Taichung Science Parks.

In the U.S., we are in the process of building two advanced semiconductor fabs in Arizona, with N4 and N3 process technology, respectively. We are also building a 12-inch specialty technology fab in Kumamoto, Japan.

These investment decisions are based on our customers' needs in each region, and a necessary level of government support. We believe this is a necessary step to maximize value for our shareholders.

Our pricing will remain strategic to reflect our value, which also includes the value of geographic manufacturing flexibility. At the same time, we will continue to leverage our competitive advantages of large volume, economies of scale and manufacturing technology leadership, to continuously drive costs lower. We will also continue to work closely with all the regional governments, to secure their support.

Combining such actions, TSMC will have the ability to absorb the higher costs of overseas fabs, while remaining the most efficient and cost-effective manufacturer, no matter where we operate. Thus, even as we increase our capacity outside of Taiwan, we can continue to earn a sustainable and healthy return, while delivering long-term profitable growth for our shareholders.

To address the insatiable demand for energy-efficient computing power, customers rely on TSMC not only for reliable capacity, but also a predictable cadence of technology development.

We continued to extend our technology leadership, as our 3-nanometer technology

entered volume production in 2022, and is the most advanced semiconductor technology in both PPA and transistor technology.

We are building a strong foundation for the next generation technology to follow. N2 technology development is on track, with risk production scheduled in 2024 and volume production in 2025. Our 2-nanometer technology will be the most advanced semiconductor technology in the industry in both density and energy efficiency when it is introduced.

Highlights of TSMC's accomplishments in 2022:

- Total wafer shipments were 15.3 million 12-inch equivalent wafers as compared to 14.2 million 12-inch equivalent wafers in 2021.
- Advanced technologies (7-nanometer and beyond) accounted for 53 percent of total wafer revenue, up from 50 percent in 2021.
- We deployed 288 distinct process technologies, and manufactured 12,698 products for 532 customers.
- TSMC produced 30 percent of the world semiconductor excluding memory output value in 2022, as compared to 26 percent in the previous year.

2022 Financial Performance

Consolidated revenue reached NT\$2,263.89 billion, an increase of 42.6 percent over NT\$1,587.42 billion in 2021. Net income was NT\$1,016.53 billion and diluted earnings per share were NT\$39.20. Both increased 70.4 percent from the 2021 level of NT\$596.54 billion net income and NT\$23.01 diluted EPS.

TSMC generated net income of US\$34.07 billion on consolidated revenue of US\$75.88 billion, which increased 59.6 percent and 33.5 percent respectively from the 2021 level of US\$21.35 billion net income and US\$56.82 billion consolidated revenue.

Gross profit margin was 59.6 percent as compared with 51.6 percent in 2021, while operating profit margin was 49.5 percent compared with 40.9 percent a year earlier. Net profit margin was 44.9 percent, an increase of 7.3 percentage points from 2021's 37.6 percent.

In 2022, the Company further raised its total cash dividend payments to NT\$11.0 per share, up from NT\$10.25 a year ago.

Technological Developments

In 2022, we continued to increase our investment in R&D to US\$5.47 billion to extend our technology leadership and differentiation. We also work closely with our customers to enable the global pool of innovators, to unleash their innovations and create greater value for the semiconductor industry.

In its third year of ramp, our 5-nanometer family of technologies contributed 26% of TSMC's revenue. We continued to enhance our N5 family's performance, power and density, and N4 started volume production in 2022. We also introduced N4P and N4X technologies, targeting next wave 5nm products. N4P technology development is well on track, and volume production is scheduled in 2023. N4X is TSMC's first HPC-focused, workload-intensive technology, with customers' product tape-outs in 2023.

After N3 technology entered volume production in 2022, N3E will further extend our N3 family, with enhanced performance, power, and yield. Volume production of N3E is scheduled for 2H'23. We are working on a high level of customer engagement at both N3 and N3E, with the number of tape-outs more than 2x that of N5 in its first and second year. We expect our N3 family to be another large and long-lasting node for TSMC.

Our 2-nanometer technology will adopt nanosheet transistor structure, and deliver full-node performance and power efficiency gains, with 10-15% speed improvement at the same power or 25-30% power improvement at the same speed as compared to N3E, to address the increasing need for energy-efficient computing. N2 will provide our customers with the best performance, cost and technology maturity, and extend our technology leadership position well into the future.

As TSMC pushes the envelope of transistor scaling, we also continue to expand our TSMC 3DFabric™ design solutions, as another dimension to improve system-level performance. TSMC 3DFabric™ consists of both wafer-level 3D and advanced packaging technologies. For our 3D technologies, TSMC-SoIC® Chip-on-Wafer (CoW) technology successfully entered volume production in 2022, demonstrating significant performance improvement by stacking SRAM chips on logic wafers. TSMC-SoIC® Wafer-on-Wafer (WoW) technology demonstrated superb system performance enhancement for HPC products in 2022 by stacking 7nm logic wafer on deep trench capacitor wafer. For our advanced packaging technologies, the CoWoS®-S technology that integrates multiple system-on-chip (SoC) chips, high bandwidth memory stacks, and a 3-reticle size silicon interposer successfully entered volume production for customer HPC products in 2022. For InFO advanced packaging technology, TSMC successfully entered volume production of Integrated Fan-Out on Substrate (InFO_oS) that integrates multiple SoC chips in a 2-reticle size fan-out package.

To help customers unleash their product innovations with fast time-to-market, TSMC provides customers with comprehensive infrastructure needed to optimize design productivity and cycle times. TSMC continues to expand our Open Innovation Platform® (OIP), providing over 55,000 items of libraries and silicon IP portfolio, more than 43,000 technology files, and over 2,900 process design kits, from 0.5-micron to 3-nanometer in 2022.

Environmental, Social and Governance

As a responsible global corporate citizen, TSMC is focused on driving changes in Green Manufacturing, establishing a Responsible Supply Chain, Talent Development, Inclusive Workplace, and Caring for the Underprivileged. In 2022, we published our first UN SDGs (United Nations Sustainable Development Goals) Action Report and Materiality Analysis Report to enhance the transparency of our sustainability progress.

Green Manufacturing is the cornerstone of our sustainability management. TSMC strives to be a global standard of an eco-friendly corporation, and we integrate green management into all aspects of our daily operations, both in Taiwan and overseas. In 2022, TSMC's Reclaimed Water Plant commenced operations in the Southern Taiwan Science Park and began water supply of 10,000 metric tons of water per day, with the goal of reaching 36,000 metric tons per day by 2026. At TSMC Arizona, we plan to build an Industrial Water Reclamation Plant, which would allow us to reach "Near Zero Liquid Discharge."

In our supply chain, TSMC is actively working with our suppliers to drive low-carbon emissions management, a key component of our roadmap to Net Zero Emissions by 2050. We continue to expand carbon capture opportunities in our supply chain management, and encourage our suppliers to set up carbon capture facilities to reduce carbon emissions.

Talent is critical to the global semiconductor industry's success. We believe TSMC's global footprint expansion not only enables us to better support our customers, but also gives us more opportunities to reach global talent. To attract more talent and create a sustainable recruitment pipeline for the semiconductor industry, TSMC continues to invest in semiconductor related research through close collaboration with top universities including National Taiwan University, National Tsing Hua University, National Yang Ming Chiao Tung University, National Cheng Kung University, MIT, Stanford University, UC Berkeley, Arizona State University, Tokyo University, and other prestigious institutions around the world.

In order to deepen employee awareness and practice of Diversity and Inclusion, TSMC focuses on enhancing employees' awareness of respecting individual differences and its unique values in the workplace. TSMC has designed a course on unconscious bias to help employees identify and respond to biases in the right way. Employees can also use intercultural assessment tools to evaluate themselves and learn how to work with colleagues from diverse backgrounds in their teams.

The TSMC Education and Culture Foundation and the TSMC Charity Foundation have long been invested in driving positive changes towards a better society, by focusing on caring for the disadvantaged and helping youth education. In 2022, the

TSMC Charity Foundation assisted 6,358 students at 134 rural care institutes and collaborated with TSMC volunteers to produce tutorial videos for scientific experiments and science education. TSMC also partnered with SEMI to hold a session at 2022 SEMICON Taiwan, promoting a matching platform that offered 600 jobs opportunities from 30 different companies to rural vocational students.

Corporate Developments

In December 2022, TSMC announced that, in addition to TSMC Arizona's first fab, which is scheduled to begin production of N4 process technology in 2024, the Company has also started the construction of a second fab in Arizona to begin production of 3nm process technology in 2026. The overall investment for these two facilities will be approximately US\$40 billion. When completed, TSMC Arizona's two fabs will manufacture over 600,000 wafers per year.

In February 2022, TSMC, Sony Semiconductor Solutions Corporation (SSS) and Denso Corporation jointly announced a joint venture of Japan Advanced Semiconductor Manufacturing (JASM). In addition to the previously announced 22/28 nanometer process, TSMC will also enhance JASM's capabilities with 12/16 nanometer FinFET process technology, and increase monthly production capacity to 55,000 12-inch wafers. With the additional capacity, the total capital expenditure for JASM's Kumamoto fab is estimated to be approximately US\$8.6 billion with strong support from the Japanese government.

Honors and Awards

TSMC received recognition for achievements in innovation, corporate governance, sustainability, investor relations and overall excellence in management from organizations including *Forbes*, *Fortune Magazine*, *Asiamoney*, *The Asset*, *CommonWealth Magazine*, Taiwan Stock Exchange, and Taiwan Institute for Sustainable Energy. For innovation, TSMC was recognized as 3rd in IFI Claims Patent Services' "2022 Top 50 US Patent Assignees." TSMC was also recognized by *Fortune Magazine* as "2022 World's Most Admired Companies." In sustainability, we were chosen once again as a component of the Dow Jones Sustainability Indices, becoming the only semiconductor company to be selected for 22 consecutive years. We also received MSCI ESG Research's AAA Rating, CDP's "2022 CDP Supplier Engagement Leader," Sustainalytics' "Company ESG Risk Ratings-Low ESG Risk" rating, ISS ESG's "Prime" status in the ESG Corporate Rating, and *Corporate Knight's* "2022 Global 100 Most Sustainable Corporations." Meanwhile, we remained a major component in various MSCI ESG and FTSE4Good indices. In investor relations, TSMC continued to receive multiple awards from *Institutional Investor Magazine*.

Outlook

Entering 2023, macroeconomic and geopolitical uncertainties persist. As global COVID-19 pandemic subsides, we have entered a more intelligent and connected

world. As semiconductors become increasingly essential and ubiquitous to every part of our daily lives, semiconductor technology is becoming a foundational technology for the modern digital economy. The semiconductor value in the global supply chain continues to increase, creating greater value opportunities for our customers, and greater value opportunities for TSMC.

It is more important than ever for TSMC to fulfill our mission to be the trusted technology and capacity provider for the global logic IC industry for years to come. We will uphold our Trinity of Strengths of Technology Leadership, Manufacturing Excellence, and Customer Trust, to address and capture the strong growth opportunities.

We are increasing our investments in R&D, to continue to extend our overall competitiveness and technology leadership. With our leadership in both leading edge process technologies and 3DIC solutions, TSMC's technology cadence remains constant, to deliver the value of our technology platform, and to help our customers to enhance their product competitiveness and to grow their markets well into the future.

We continue to focus on optimizing our manufacturing operations to drive greater efficiency and productivity, including "digitalization" of our fabs, to support high volume ramp of N3 in 2023 and beyond.

We are increasing our capacity beyond Taiwan to expand our future growth potential, to reach for global talent, and to further increase our customer trust. As we expand our global footprint, and recruit people from around the world, our priority is to identify, attract and hire talent whose core values and principles are aligned with TSMC's, so that we can establish TSMC culture in all our employees, no matter where we operate.

We recognize the increasingly important role of TSMC in the global semiconductor industry, our impact to many of the world's economies, and the responsibilities that come with our position. We remain steadfast to our dedicated foundry business model, and will continue to work as One Team to support all the IC innovators and enable their success. We will hold ourselves to rigorous standards of corporate governance, and adhere to our core values of Integrity, Commitment, Innovation and Customer Trust, while pursuing a sustainable future. We are honored to earn your trust in TSMC through the challenges of 2022. We are more excited about our future, and are even more firmly committed to earning good returns for our shareholders in the years to come.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of quarterly earnings. The CPA firm of Deloitte & Touche was retained to audit TSMC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and quarterly earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Semiconductor Manufacturing Company Limited. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Taiwan Semiconductor Manufacturing Company Limited

Chairman of the Audit Committee:



Sir Peter L. Bonfield

February 14, 2023

2022 Directors' Remuneration

Remuneration Paid to Directors and Independent Directors (Note 1)

Unit: NTS

Title/Name	Director's Remuneration								(A+B+C+D) as a % of Net Income		Compensation Earned by a Director Who is an Employee of TSMC or of TSMC's Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income (Note 4)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company		
	Base Compensation (A)		Severance Pay and Pensions (B) (Note 2)		Compensation to Directors (C)		Allowances (D) (Note 3)				Base Compensation, Bonuses, and Allowances (E) (Note 3)		Severance Pay and Pensions (F) (Note 2)		Profit Sharing (G)								
	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC		From All Consolidated Entities		From TSMC	From All Consolidated Entities			
															Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)					
Chairman Mark Liu	50,905,192	50,905,192	214,206	214,206	579,536,780	579,536,780	1,418,210	1,418,210	0.0622%	0.0622%	-	-	-	-	-	-	-	-	0.0622%	0.0622%	-		
Vice Chairman C.C. Wei	-	-	-	-	-	-	-	-	-	-	-	353,404,118	353,404,118	214,206	214,206	289,768,390	-	289,768,390	-	-	0.0633%	0.0633%	-
Director F.C. Tseng	-	-	-	-	10,560,000	10,560,000	1,324,440	1,324,440	0.0012%	0.0012%	-	-	-	-	-	-	-	-	-	0.0012%	0.0012%	16,904,548	
Director National Development Fund, Executive Yuan Representative: Ming-Hsin Kung	-	-	-	-	10,560,000	10,560,000	-	-	0.0010%	0.0010%	-	-	-	-	-	-	-	-	-	0.0010%	0.0010%	-	
Independent Director Sir Peter L. Bonfield	-	-	-	-	15,767,972	15,767,972	-	-	0.0016%	0.0016%	-	-	-	-	-	-	-	-	-	0.0016%	0.0016%	-	
Independent Director Kok-Choo Chen	-	-	-	-	13,200,000	13,200,000	-	-	0.0013%	0.0013%	-	-	-	-	-	-	-	-	-	0.0013%	0.0013%	-	
Independent Director Michael R. Splinter	-	-	-	-	15,767,972	15,767,972	-	-	0.0016%	0.0016%	-	-	-	-	-	-	-	-	-	0.0016%	0.0016%	-	
Independent Director Moshe N. Gavrielov	-	-	-	-	15,767,972	15,767,972	-	-	0.0016%	0.0016%	-	-	-	-	-	-	-	-	-	0.0016%	0.0016%	-	
Independent Director Yancey Hai	-	-	-	-	13,200,000	13,200,000	-	-	0.0013%	0.0013%	-	-	-	-	-	-	-	-	-	0.0013%	0.0013%	-	
Independent Director L. Rafael Reif	-	-	-	-	15,767,972	15,767,972	-	-	0.0016%	0.0016%	-	-	-	-	-	-	-	-	-	0.0016%	0.0016%	-	
Total	50,905,192	50,905,192	214,206	214,206	690,128,668	690,128,668	2,742,650	2,742,650	0.0732%	0.0732%	353,404,118	353,404,118	214,206	214,206	289,768,390	-	289,768,390	-	-	0.1365%	0.1365%	16,904,548	

*Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee of parent company/ all consolidated entities/ non-consolidated affiliates) to TSMC and all consolidated entities in the 2022 financial statements: Dr. F.C. Tseng for NTS17,750,609.

Note 1: Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:

1. According to TSMC's Articles of Incorporation, the Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.
2. The Articles of Incorporation also provide that the compensation to directors shall be no more than 0.3% of annual profits and directors who also serve as executive officers of TSMC are not entitled to receive compensation to directors. According to TSMC's Compensation Committee Charter, the distribution of compensation to directors shall be made in accordance with TSMC's "Rules for Distribution of Compensation to Directors" based on the following principles: (1) directors who also serve as executive officers of the Company are not entitled to receive compensation; (2) the compensation for independent directors may be higher than the other directors, as all independent directors also serve as members of the Audit Committee and the Compensation Committee and thus participate in the discussions as well as resolutions of related committee meetings in accordance with the charter of each committee; and (3) the compensation for overseas independent directors may be higher than domestic independent directors, as they require additional time to attend quarterly meetings in Taiwan.

Note 2: Pensions funded according to applicable law.

Note 3: The above-mentioned figures include expenses for Company cars and related reimbursements, but do not include compensation paid to Company drivers (totaled NTS5,205,050).

Note 4: Total remuneration paid to the directors from TSMC and from all consolidated entities in 2021, including their employee compensation, both accounted for 0.1521% of 2021 net income.

**Independent Auditors' Report
(Consolidated Financial Statements)**

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Semiconductor Manufacturing Company Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended

December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Property, plant and equipment (PP&E) – commencement of depreciation related to PP&E classified as equipment under installation and construction in progress (EUI/CIP)

Refer to Notes 4, 5 and 14 to the consolidated financial statements.

The Company's evaluation of when to commence depreciation of EUI/CIP involves determining when the assets are available for their intended use. The criteria the Company uses to determine whether EUI/CIP are available for their intended use involves subjective judgments and assumptions about the conditions necessary for the assets to be capable of operating in the intended manner. Changes in these assumptions could have a significant impact on when depreciation is recognized.

Given the subjectivity in determining the date to commence depreciation of EUI/CIP, performing audit procedures to evaluate the reasonableness of the Company's judgments and assumptions required a high degree of auditor judgment. Consequently, the validity of commencement of depreciation related to PP&E classified as EUI/CIP is identified as a key audit matter.

Our audit procedures related to the evaluation of when to commence depreciation of EUI/CIP included the following, among others:

1. We read the Company's policy and understood the criteria used to determine when to commence depreciation.
2. We tested the effectiveness of the controls over the evaluation of when to commence depreciation of EUI/CIP.
3. We sampled the year-end balance of EUI/CIP and performed the following for each selection:
 - a. Evaluated whether the selection did not meet the criteria specified by the Company for commencement of depreciation.
 - b. Observed the assets and evaluated their status.
4. We sampled and evaluated whether the selection of EUI/CIP met the criteria

specified by the Company for commencement of depreciation during the year.

5. We sampled and evaluated whether the selection of EUI/CIP met the criteria specified by the Company for commencement of depreciation subsequent to year end.

Other Matter

We have also audited the parent company only financial statements of Taiwan Semiconductor Manufacturing Company Limited as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei Yen Chiang and Shang Chih Lin.



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 14, 2023

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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,342,814,083	27	\$ 1,064,990,192	29
Financial assets at fair value through profit or loss (Note 7)	1,070,398	-	159,048	-
Financial assets at fair value through other comprehensive income (Note 8)	122,998,543	2	119,519,251	3
Financial assets at amortized cost (Note 9)	94,600,219	2	3,773,571	-
Hedging financial assets (Note 10)	2,329	-	13,468	-
Notes and accounts receivable, net (Note 11)	229,755,887	5	197,586,109	5
Receivables from related parties (Note 34)	1,583,958	-	715,324	-
Other receivables from related parties (Note 34)	68,975	-	61,531	-
Inventories (Notes 5 and 12)	221,149,148	4	193,102,321	5
Other financial assets (Note 35)	25,964,428	1	16,630,611	1
Other current assets	12,888,776	-	10,521,481	-
Total current assets	2,052,896,744	41	1,607,072,907	43
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	6,159,200	-	5,887,892	-
Financial assets at amortized cost (Note 9)	35,127,215	1	1,533,391	-
Investments accounted for using equity method (Note 13)	27,641,505	1	21,963,418	1
Property, plant and equipment (Notes 5 and 14)	2,693,836,970	54	1,975,118,704	53
Right-of-use assets (Notes 5 and 15)	41,914,136	1	32,734,537	1
Intangible assets (Notes 5 and 16)	25,999,155	1	26,821,697	1
Deferred income tax assets (Notes 5 and 26)	69,185,842	1	49,153,886	1
Refundable deposits	4,467,022	-	2,624,854	-
Other noncurrent assets	7,551,089	-	2,592,169	-
Total noncurrent assets	2,911,882,134	59	2,118,430,548	57
TOTAL	\$ 4,964,778,878	100	\$ 3,725,503,455	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 17 and 31)	\$ -	-	\$ 114,921,333	3
Financial liabilities at fair value through profit or loss (Note 7)	116,215	-	681,914	-
Hedging financial liabilities (Note 10)	813	-	9,642	-
Accounts payable	54,879,708	1	47,285,603	1
Payables to related parties (Note 34)	1,642,637	-	1,437,186	-
Salary and bonus payable	36,435,509	1	23,802,100	1
Accrued profit sharing bonus to employees and compensation to directors (Note 29)	61,748,574	1	36,524,741	1
Payables to contractors and equipment suppliers	213,499,613	4	145,742,148	4
Cash dividends payable (Note 21)	142,617,093	3	142,617,093	4
Income tax payable (Notes 5 and 26)	120,801,814	3	59,647,152	2
Long-term liabilities - current portion (Notes 18, 19 and 31)	19,313,889	-	4,566,667	-
Accrued expenses and other current liabilities (Notes 5, 15, 22, 31 and 34)	293,170,952	6	162,267,779	4
Total current liabilities	944,226,817	19	739,503,358	20
NONCURRENT LIABILITIES				
Bonds payable (Notes 18 and 31)	834,336,439	17	610,070,652	16
Long-term bank loans (Notes 19 and 31)	4,760,047	-	3,309,131	-
Deferred income tax liabilities (Notes 5 and 26)	1,031,383	-	1,873,877	-
Lease liabilities (Notes 5, 15 and 31)	29,764,097	-	20,764,214	1
Net defined benefit liability (Note 20)	9,321,091	-	11,036,879	-
Guarantee deposits	892,021	-	686,762	-
Others (Note 22)	179,958,116	4	167,525,377	5
Total noncurrent liabilities	1,060,063,194	21	815,266,892	22
Total liabilities	2,004,290,011	40	1,554,770,250	42
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Notes 4 and 21)	259,303,805	5	259,303,805	7
Capital surplus (Notes 4, 21 and 28)	69,330,328	1	64,761,602	2
Retained earnings (Notes 4 and 21)				
Appropriated as legal capital reserve	311,146,899	6	311,146,899	8
Appropriated as special capital reserve	3,154,310	-	59,304,212	2
Unappropriated earnings	2,323,223,479	47	1,536,378,550	41
	2,637,524,688	53	1,906,829,661	51
Others (Notes 4, 21 and 28)	(20,505,626)	-	(62,608,515)	(2)
Equity attributable to shareholders of the parent	2,945,653,195	59	2,168,286,553	58
NON - CONTROLLING INTERESTS	14,835,672	1	2,446,652	-
Total equity	2,960,488,867	60	2,170,733,205	58
TOTAL	\$ 4,964,778,878	100	\$ 3,725,503,455	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)

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 5, 22, 34 and 39)	\$ 2,263,891,292	100	\$ 1,587,415,037	100
COST OF REVENUE (Notes 5, 12, 29 and 34)	<u>915,536,486</u>	<u>40</u>	<u>767,877,771</u>	<u>48</u>
GROSS PROFIT	<u>1,348,354,806</u>	<u>60</u>	<u>819,537,266</u>	<u>52</u>
OPERATING EXPENSES (Notes 5, 29 and 34)				
Research and development	163,262,208	7	124,734,755	8
General and administrative	53,524,898	2	36,929,588	2
Marketing	<u>9,920,446</u>	<u>1</u>	<u>7,558,591</u>	<u>1</u>
Total operating expenses	<u>226,707,552</u>	<u>10</u>	<u>169,222,934</u>	<u>11</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 14 and 29)	<u>(368,403)</u>	<u>-</u>	<u>(333,435)</u>	<u>-</u>
INCOME FROM OPERATIONS (Note 39)	<u>1,121,278,851</u>	<u>50</u>	<u>649,980,897</u>	<u>41</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profits of associates	7,798,359	-	5,603,084	-
Interest income (Note 23)	22,422,209	1	5,708,765	-
Other income	947,697	-	973,141	-
Foreign exchange gain, net (Note 37)	4,505,784	-	13,662,655	1
Finance costs (Note 24)	(11,749,984)	-	(5,414,218)	-
Other gains and losses, net (Note 25)	<u>(1,012,198)</u>	<u>-</u>	<u>(7,388,010)</u>	<u>-</u>
Total non-operating income and expenses	<u>22,911,867</u>	<u>1</u>	<u>13,145,417</u>	<u>1</u>
INCOME BEFORE INCOME TAX	1,144,190,718	51	663,126,314	42
INCOME TAX EXPENSE (Notes 5 and 26)	<u>127,290,203</u>	<u>6</u>	<u>66,053,180</u>	<u>4</u>
NET INCOME	<u>1,016,900,515</u>	<u>45</u>	<u>597,073,134</u>	<u>38</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 5, 20, 21 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	(823,060)	-	242,079	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(263,749)	-	1,900,797	-
Loss on hedging instruments	-	-	(41,416)	-
Share of other comprehensive income (loss) of associates	154,457	-	(30,194)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	<u>733,956</u>	<u>-</u>	<u>(85,269)</u>	<u>-</u>
	<u>(198,396)</u>	<u>-</u>	<u>1,985,997</u>	<u>-</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

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

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	\$ 50,845,614	2	\$ (6,181,830)	(1)
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(10,102,658)	-	(3,431,791)	-
Gain on hedging instruments	1,329,231	-	131,535	-
Share of other comprehensive income (loss) of associates	550,338	-	(119,997)	-
Income tax benefit (expense) related to items that may be reclassified subsequently	<u>6,036</u>	<u>-</u>	<u>(3,370)</u>	<u>-</u>
	<u>42,628,561</u>	<u>2</u>	<u>(9,605,453)</u>	<u>(1)</u>
Other comprehensive income (loss), net of income tax	<u>42,430,165</u>	<u>2</u>	<u>(7,619,456)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,059,330,680</u>	<u>47</u>	<u>\$ 589,453,678</u>	<u>37</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 1,016,530,249	45	\$ 596,540,013	38
Non-controlling interests	<u>370,266</u>	<u>-</u>	<u>533,121</u>	<u>-</u>
	<u>\$ 1,016,900,515</u>	<u>45</u>	<u>\$ 597,073,134</u>	<u>38</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 1,059,124,890	47	\$ 588,918,059	37
Non-controlling interests	<u>205,790</u>	<u>-</u>	<u>535,619</u>	<u>-</u>
	<u>\$ 1,059,330,680</u>	<u>47</u>	<u>\$ 589,453,678</u>	<u>37</u>
EARNINGS PER SHARE (NT\$, Note 27)				
Basic earnings per share	<u>\$ 39.20</u>		<u>\$ 23.01</u>	
Diluted earnings per share	<u>\$ 39.20</u>		<u>\$ 23.01</u>	

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																
	Capital Stock - Common Stock							Others							Treasury Stock	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Retained Earnings - Special Capital Reserve	Retained Earnings - 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					
BALANCE, JANUARY 1, 2021	25,930,380	\$ 259,303,805	\$ 56,347,243	\$ 311,146,899	\$ 42,259,146	\$ 1,235,280,036	\$ 1,588,686,081	\$ (57,001,627)	\$ 2,321,754	\$ -	\$ -	\$ (54,679,873)	\$ -	\$ 1,849,657,256	\$ 964,743	\$ 1,850,621,999	
Appropriations of earnings	-	-	-	-	17,045,066	(17,045,066)	-	-	-	-	-	-	-	-	-	-	
Special capital reserve	-	-	-	-	-	(278,751,590)	(278,751,590)	-	-	-	-	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	-	-	(295,796,656)	(295,796,656)	-	-	-	-	-	-	-	-	-	
Total	-	-	-	-	17,045,066	(278,751,590)	(278,751,590)	-	-	-	-	-	-	-	-	(278,751,590)	
Net income	-	-	-	-	-	596,540,013	596,540,013	-	-	-	-	-	-	596,540,013	533,121	597,073,134	
Other comprehensive income (loss), net of income tax	-	-	-	-	-	167,503	167,503	(6,301,734)	(1,559,790)	72,067	-	(7,789,457)	-	(7,621,954)	2,498	(7,619,456)	
Total comprehensive income (loss)	-	-	-	-	-	596,707,516	596,707,516	(6,301,734)	(1,559,790)	72,067	-	(7,789,457)	-	588,918,059	535,619	589,453,678	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	187,654	187,654	-	(187,654)	-	-	(187,654)	-	-	-	-	
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	48,469	-	48,469	-	48,469	-	48,469	
Adjustments to share of changes in equities of associates	-	-	4,796	-	-	-	-	-	-	-	-	-	-	4,796	-	4,796	
From difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	8,406,282	-	-	-	-	-	-	-	-	-	-	8,406,282	1,045,516	9,451,798	
From share of changes in equities of subsidiaries	-	-	(7,891)	-	-	-	-	-	-	-	-	-	-	(7,891)	7,891	-	
Donation from shareholders	-	-	11,172	-	-	-	-	-	-	-	-	-	-	11,172	110	11,282	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(107,382)	(107,382)	
Effect of acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155	155	
BALANCE, DECEMBER 31, 2021	25,930,380	259,303,805	64,761,602	311,146,899	59,304,212	1,536,378,550	1,906,829,661	(63,303,361)	574,310	120,536	-	(62,608,515)	-	2,168,286,553	2,446,652	2,170,733,205	
Appropriations of earnings	-	-	-	-	(56,149,902)	56,149,902	-	-	-	-	-	-	-	-	-	-	
Special capital reserve	-	-	-	-	-	(285,234,185)	(285,234,185)	-	-	-	-	-	-	(285,234,185)	-	(285,234,185)	
Cash dividends to shareholders	-	-	-	-	-	(229,084,283)	(229,084,283)	-	-	-	-	-	-	(229,084,283)	-	(229,084,283)	
Total	-	-	-	-	(56,149,902)	(229,084,283)	(229,084,283)	-	-	-	-	-	-	(229,084,283)	-	(229,084,283)	
Net income	-	-	-	-	-	1,016,530,249	1,016,530,249	-	-	-	-	-	-	1,016,530,249	370,266	1,016,900,515	
Other comprehensive income (loss), net of income tax	-	-	-	-	-	(49,572)	(49,572)	51,560,060	(10,327,421)	1,411,574	-	42,644,213	-	42,594,641	(164,476)	42,430,165	
Total comprehensive income (loss)	-	-	-	-	-	1,016,480,677	1,016,480,677	51,560,060	(10,327,421)	1,411,574	-	42,644,213	-	1,059,124,890	205,790	1,059,330,680	
Share-based payment arrangements	1,387	13,870	438,029	-	-	-	-	-	-	-	(185,153)	(185,153)	-	266,746	-	266,746	
Treasury stock acquired	-	-	-	-	-	-	-	-	-	-	-	-	(871,566)	(871,566)	-	(871,566)	
Treasury stock retired	(1,387)	(13,870)	(2,989)	-	-	(854,707)	(854,707)	-	-	-	-	-	871,566	-	-		
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	303,242	303,242	-	(303,242)	-	-	(303,242)	-	-	-	-	
Basis adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	(52,929)	-	(52,929)	-	(52,929)	-	(52,929)	
Adjustments to share of changes in equities of associates	-	-	4,541	-	-	-	-	-	-	-	-	-	-	4,541	-	4,541	
From share of changes in equities of subsidiaries	-	-	4,115,940	-	-	-	-	-	-	-	-	-	-	4,115,940	12,350,219	16,466,159	
Donation from shareholders	-	-	13,205	-	-	-	-	-	-	-	-	-	-	13,205	20	13,225	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(167,009)	(167,009)	
BALANCE, DECEMBER 31, 2022	25,930,380	259,303,805	69,330,328	311,146,899	3,154,310	2,323,223,479	2,637,524,688	(11,743,301)	(10,056,353)	1,479,181	(185,153)	(20,505,626)	-	2,945,653,195	14,835,672	2,960,488,867	

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)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,144,190,718	\$ 663,126,314
Adjustments for:		
Depreciation expense	428,498,179	414,187,700
Amortization expense	8,756,094	8,207,169
Expected credit losses recognized (reversal) on investments in debt instruments	52,351	(2,735)
Finance costs	11,749,984	5,414,218
Share of profits of associates	(7,798,359)	(5,603,084)
Interest income	(22,422,209)	(5,708,765)
Share-based compensation	302,348	7,788
Loss (gain) on disposal or retirement of property, plant and equipment, net	(98,856)	273,627
Loss on disposal or retirement of intangible assets, net	6,004	1,228
Impairment loss on property, plant and equipment	790,740	274,388
Loss (gain) on disposal of investments in debt instruments at fair value through other comprehensive income, net	410,076	(93,229)
Loss (gain) on foreign exchange, net	10,342,706	(16,115,936)
Dividend income	(266,767)	(362,310)
Others	138,827	(414,219)
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	(1,354,359)	2,649,244
Notes and accounts receivable, net	(32,169,853)	(52,105,823)
Receivables from related parties	(868,634)	(157,193)
Other receivables from related parties	(7,444)	(10,886)
Inventories	(28,046,827)	(55,748,914)
Other financial assets	(1,680,611)	(8,236,897)
Other current assets	(4,450,883)	(3,899,043)
Accounts payable	7,594,105	8,298,319
Payables to related parties	205,451	(670,532)
Salary and bonus payable	12,633,409	3,730,859
Accrued profit sharing bonus to employees and compensation to directors	25,223,833	843,695
Accrued expenses and other current liabilities	46,578,784	84,322,721
Other noncurrent liabilities	101,390,476	154,085,985
Net defined benefit liability	(2,538,848)	(635,116)
Cash generated from operations	1,697,160,435	1,195,658,573
Income taxes paid	(86,561,247)	(83,497,851)
Net cash generated by operating activities	<u>1,610,599,188</u>	<u>1,112,160,722</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial instruments at fair value through profit or loss	(125,540)	-
Financial assets at fair value through other comprehensive income	(54,566,725)	(255,888,679)
Financial assets at amortized cost	(183,125,920)	(3,799,737)
Property, plant and equipment	(1,082,672,130)	(839,195,708)
Intangible assets	(6,954,326)	(9,040,751)
Proceeds from disposal or redemption of:		
Financial assets at fair value through other comprehensive income	44,963,367	254,604,537
Financial assets at amortized cost	62,329,674	9,368,275
Property, plant and equipment	983,358	390,364
Intangible assets	12,636	-

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

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

	2022	2021
Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income	\$ 2,938	\$ 115,627
Derecognition of hedging financial instruments	1,684,430	276,261
Interest received	18,083,755	5,990,948
Proceeds from government grants - property, plant and equipment	7,046,136	821,312
Proceeds from government grants - others	5,296	6,605
Other dividends received	266,767	362,310
Dividends received from investments accounted for using equity method	2,749,667	2,136,426
Increase in prepayments for leases	-	(1,200,000)
Refundable deposits paid	(2,117,041)	(1,997,337)
Refundable deposits refunded	<u>505,423</u>	<u>683,684</u>
Net cash used in investing activities	<u>(1,190,928,235)</u>	<u>(836,365,863)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	(111,959,992)	35,668,397
Proceeds from issuance of bonds	198,293,561	364,592,792
Repayment of bonds	(4,400,000)	(2,600,000)
Proceeds from long-term bank loans	2,670,000	1,510,000
Repayment of long-term bank loans	(166,667)	-
Payments for transaction costs attributable to the issuance of bonds	(414,307)	(737,724)
Treasury stock acquired	(871,566)	-
Repayment of the principal portion of lease liabilities	(2,428,277)	(1,985,338)
Interest paid	(12,218,659)	(3,833,633)
Guarantee deposits received	271,387	469,041
Guarantee deposits refunded	(62,100)	(36,763)
Cash dividends	(285,234,185)	(265,786,399)
Disposal of ownership interests in subsidiaries (without losing control)	-	9,451,798
Donation from shareholders	13,225	11,282
Increase (decrease) in non-controlling interests	<u>16,263,548</u>	<u>(115,015)</u>
Net cash generated by (used in) financing activities	<u>(200,244,032)</u>	<u>136,608,438</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>58,396,970</u>	<u>(7,583,752)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	277,823,891	404,819,545
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,064,990,192</u>	<u>660,170,647</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,342,814,083</u>	<u>\$ 1,064,990,192</u>

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

(Concluded)

**Independent Auditors' Report
(Parent Company Only Financial Statements)**

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Taiwan Semiconductor Manufacturing Company Limited (the “Company”), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

Property, plant and equipment (PP&E) – commencement of depreciation related to PP&E classified as equipment under installation and construction in progress (EUI/CIP)

Refer to Notes 4, 5 and 13 to the parent company only financial statements.

The Company's evaluation of when to commence depreciation of EUI/CIP involves determining when the assets are available for their intended use. The criteria the Company uses to determine whether EUI/CIP are available for their intended use involves subjective judgments and assumptions about the conditions necessary for the assets to be capable of operating in the intended manner. Changes in these assumptions could have a significant impact on when depreciation is recognized.

Given the subjectivity in determining the date to commence depreciation of EUI/CIP, performing audit procedures to evaluate the reasonableness of the Company's judgments and assumptions required a high degree of auditor judgment. Consequently, the validity of commencement of depreciation related to PP&E classified as EUI/CIP is identified as a key audit matter.

Our audit procedures related to the evaluation of when to commence depreciation of EUI/CIP included the following, among others:

1. We read the Company's policy and understood the criteria used to determine when to commence depreciation.
2. We tested the effectiveness of the controls over the evaluation of when to commence depreciation of EUI/CIP.
3. We sampled the year-end balance of EUI/CIP and performed the following for each selection:
 - a. Evaluated whether the selection did not meet the criteria specified by the Company for commencement of depreciation.
 - b. Observed the assets and evaluated their status.
4. We sampled and evaluated whether the selection of EUI/CIP met the criteria specified by the Company for commencement of depreciation during the year.
5. We sampled and evaluated whether the selection of EUI/CIP met the criteria specified by the Company for commencement of depreciation subsequent to year end.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei Yen Chiang and Shang Chih Lin.



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 14, 2023

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 628,875,897	14	\$ 396,294,241	12
Financial assets at fair value through profit or loss (Note 7)	552,255	-	145,280	-
Financial assets at amortized cost (Note 8)	48,732,476	1	-	-
Notes and accounts receivable, net (Note 10)	41,311,836	1	45,900,297	2
Receivables from related parties (Note 31)	173,044,812	4	138,352,374	4
Other receivables from related parties (Note 31)	6,357,925	-	5,227,425	-
Inventories (Notes 5 and 11)	208,282,895	5	185,159,848	5
Other financial assets	2,801,253	-	3,861,859	-
Other current assets	8,591,040	-	8,264,613	-
Total current assets	<u>1,118,550,389</u>	<u>25</u>	<u>783,205,937</u>	<u>23</u>
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income	1,014,741	-	998,400	-
Investments accounted for using equity method (Note 12)	727,947,169	16	602,642,544	18
Property, plant and equipment (Notes 5 and 13)	2,432,675,050	55	1,889,970,529	56
Right-of-use assets (Notes 5 and 14)	39,051,427	1	30,123,052	1
Intangible assets (Notes 5 and 15)	21,456,104	1	22,910,400	1
Deferred income tax assets (Notes 5 and 24)	67,708,061	2	47,780,990	1
Refundable deposits	2,095,656	-	862,893	-
Other noncurrent assets (Note 31)	11,920,467	-	400	-
Total noncurrent assets	<u>3,303,868,675</u>	<u>75</u>	<u>2,595,289,208</u>	<u>77</u>
TOTAL	<u>\$ 4,422,419,064</u>	<u>100</u>	<u>\$ 3,378,495,145</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 16 and 28)	\$ -	-	\$ 114,921,333	3
Financial liabilities at fair value through profit or loss (Note 7)	17,468	-	636,472	-
Accounts payable	48,732,542	1	41,204,422	1
Payables to related parties (Note 31)	10,051,044	-	7,687,673	-
Salary and bonus payable	31,308,620	1	20,814,434	1
Accrued profit sharing bonus to employees and compensation to directors (Note 27)	61,392,175	1	36,088,986	1
Payables to contractors and equipment suppliers	200,046,018	5	136,212,285	4
Cash dividends payable (Note 19)	142,617,093	3	142,617,093	4
Income tax payable (Notes 5 and 24)	120,077,567	3	58,755,245	2
Long-term liabilities - current portion (Notes 17 and 28)	18,100,000	-	4,400,000	-
Accrued expenses and other current liabilities (Notes 5, 14, 20, 28 and 31)	266,903,073	6	141,495,427	4
Total current liabilities	<u>899,245,600</u>	<u>20</u>	<u>704,833,370</u>	<u>20</u>
NONCURRENT LIABILITIES				
Bonds payable (Notes 17 and 28)	361,130,474	8	307,783,409	9
Deferred income tax liabilities (Notes 5 and 24)	908,273	-	1,848,966	-
Lease liabilities (Notes 5, 14 and 28)	27,593,900	1	18,742,323	1
Net defined benefit liability (Note 18)	9,321,091	-	11,036,879	-
Guarantee deposits	885,273	-	680,137	-
Others (Notes 20 and 31)	177,681,258	4	165,283,508	5
Total noncurrent liabilities	<u>577,520,269</u>	<u>13</u>	<u>505,375,222</u>	<u>15</u>
Total liabilities	<u>1,476,765,869</u>	<u>33</u>	<u>1,210,208,592</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Note 19)	259,303,805	6	259,303,805	8
Capital surplus (Note 19)	69,330,328	2	64,761,602	2
Retained earnings (Note 19)				
Appropriated as legal capital reserve	311,146,899	7	311,146,899	9
Appropriated as special capital reserve	3,154,310	-	59,304,212	2
Unappropriated earnings	2,323,223,479	53	1,536,378,550	46
	<u>2,637,524,688</u>	<u>60</u>	<u>1,906,829,661</u>	<u>57</u>
Others (Note 19)	(20,505,626)	(1)	(62,608,515)	(2)
Total equity	<u>2,945,653,195</u>	<u>67</u>	<u>2,168,286,553</u>	<u>65</u>
TOTAL	<u>\$ 4,422,419,064</u>	<u>100</u>	<u>\$ 3,378,495,145</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Taiwan Semiconductor Manufacturing Company Limited

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

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 5, 20 and 31)	\$ 2,252,320,561	100	\$ 1,574,745,881	100
COST OF REVENUE (Notes 5, 11, 27 and 31)	<u>951,927,673</u>	<u>42</u>	<u>786,116,844</u>	<u>50</u>
GROSS PROFIT	<u>1,300,392,888</u>	<u>58</u>	<u>788,629,037</u>	<u>50</u>
OPERATING EXPENSES (Notes 5, 27 and 31)				
Research and development	160,813,633	7	123,417,275	8
General and administrative	42,764,642	2	30,967,600	2
Marketing	<u>6,059,649</u>	<u>-</u>	<u>4,282,882</u>	<u>-</u>
Total operating expenses	<u>209,637,924</u>	<u>9</u>	<u>158,667,757</u>	<u>10</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 13 and 27)	<u>(8,275)</u>	<u>(1)</u>	<u>(328,444)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>1,090,746,689</u>	<u>48</u>	<u>629,632,836</u>	<u>40</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profits of subsidiaries and associates (Note 12)	42,415,408	2	26,837,174	2
Interest income (Note 21)	5,957,864	1	927,754	-
Other income	887,958	-	789,810	-
Foreign exchange gain, net (Note 33)	853,022	-	14,682,696	1
Finance costs (Note 22)	(3,240,406)	-	(2,534,721)	-
Other gains and losses, net (Note 23)	<u>3,053,281</u>	<u>-</u>	<u>(9,833,358)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>49,927,127</u>	<u>3</u>	<u>30,869,355</u>	<u>2</u>
INCOME BEFORE INCOME TAX	1,140,673,816	51	660,502,191	42
INCOME TAX EXPENSE (Notes 5 and 24)	<u>124,143,567</u>	<u>6</u>	<u>63,962,178</u>	<u>4</u>
NET INCOME	<u>1,016,530,249</u>	<u>45</u>	<u>596,540,013</u>	<u>38</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 5, 12, 18, 19 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	(823,060)	-	242,079	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	18,979	-	170,127	-
Loss on hedging instruments	-	-	(41,416)	-
Share of other comprehensive gain/(loss) of subsidiaries and associates	(127,903)	-	1,697,885	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	<u>733,956</u>	<u>-</u>	<u>(85,269)</u>	<u>-</u>
	<u>(198,028)</u>	<u>-</u>	<u>1,983,406</u>	<u>-</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

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

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	\$ 51,030,928	2	\$ (6,182,507)	-
Share of other comprehensive loss of subsidiaries and associates	(8,244,295)	-	(3,419,483)	-
Income tax benefit (expense) related to items that may be reclassified subsequently	<u>6,036</u>	<u>-</u>	<u>(3,370)</u>	<u>-</u>
	<u>42,792,669</u>	<u>2</u>	<u>(9,605,360)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>42,594,641</u>	<u>2</u>	<u>(7,621,954)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,059,124,890</u>	<u>47</u>	<u>\$ 588,918,059</u>	<u>38</u>
EARNINGS PER SHARE (NT\$, Note 25)				
Basic earnings per share	<u>\$ 39.20</u>		<u>\$ 23.01</u>	
Diluted earnings per share	<u>\$ 39.20</u>		<u>\$ 23.01</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock			Retained Earnings				Others						
								Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total
BALANCE, JANUARY 1, 2021	25,930,380	\$ 259,303,805	\$ 56,347,243	\$ 311,146,899	\$ 42,259,146	\$ 1,235,280,036	\$ 1,588,686,081	\$ (57,001,627)	\$ 2,321,754	\$ -	\$ -	\$ (54,679,873)	\$ -	\$ 1,849,657,256
Appropriations of earnings														
Special capital reserve	-	-	-	-	17,045,066	(17,045,066)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(278,751,590)	(278,751,590)	-	-	-	-	-	-	(278,751,590)
Total	-	-	-	-	17,045,066	(295,796,656)	(278,751,590)	-	-	-	-	-	-	(278,751,590)
Net income	-	-	-	-	-	596,540,013	596,540,013	-	-	-	-	-	-	596,540,013
Other comprehensive income (loss), net of income tax	-	-	-	-	-	167,503	167,503	(6,301,734)	(1,559,790)	72,067	-	(7,789,457)	-	(7,621,954)
Total comprehensive income (loss)	-	-	-	-	-	596,707,516	596,707,516	(6,301,734)	(1,559,790)	72,067	-	(7,789,457)	-	588,918,059
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	187,654	187,654	-	(187,654)	-	-	(187,654)	-	-
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	48,469	-	48,469	-	48,469
Adjustments to share of changes in equities of associates	-	-	4,796	-	-	-	-	-	-	-	-	-	-	4,796
From difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	8,406,282	-	-	-	-	-	-	-	-	-	-	8,406,282
From share of changes in equities of subsidiaries	-	-	(7,891)	-	-	-	-	-	-	-	-	-	-	(7,891)
Donation from shareholders	-	-	11,172	-	-	-	-	-	-	-	-	-	-	11,172
BALANCE, DECEMBER 31, 2021	25,930,380	259,303,805	64,761,602	311,146,899	59,304,212	1,536,378,550	1,906,829,661	(63,303,361)	574,310	120,536	-	(62,608,515)	-	2,168,286,553
Appropriations of earnings														
Special capital reserve	-	-	-	-	(56,149,902)	56,149,902	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(285,234,185)	(285,234,185)	-	-	-	-	-	-	(285,234,185)
Total	-	-	-	-	(56,149,902)	(229,084,283)	(285,234,185)	-	-	-	-	-	-	(285,234,185)
Net income	-	-	-	-	-	1,016,530,249	1,016,530,249	-	-	-	-	-	-	1,016,530,249
Other comprehensive income (loss), net of income tax	-	-	-	-	-	(49,572)	(49,572)	51,560,060	(10,327,421)	1,411,574	-	42,644,213	-	42,594,641
Total comprehensive income (loss)	-	-	-	-	-	1,016,480,677	1,016,480,677	51,560,060	(10,327,421)	1,411,574	-	42,644,213	-	1,059,124,890
Share-based payment arrangements	1,387	13,870	438,029	-	-	-	-	-	-	-	(185,153)	(185,153)	-	266,746
Treasury stock acquired	-	-	-	-	-	-	-	-	-	-	-	-	(871,566)	(871,566)
Treasury stock retired	(1,387)	(13,870)	(2,989)	-	-	(854,707)	(854,707)	-	-	-	-	-	871,566	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	303,242	303,242	-	(303,242)	-	-	(303,242)	-	-
Basis adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	(52,929)	-	(52,929)	-	(52,929)
Adjustments to share of changes in equities of associates	-	-	4,541	-	-	-	-	-	-	-	-	-	-	4,541
From share of changes in equities of subsidiaries	-	-	4,115,940	-	-	-	-	-	-	-	-	-	-	4,115,940
Donation from shareholders	-	-	13,205	-	-	-	-	-	-	-	-	-	-	13,205
BALANCE, DECEMBER 31, 2022	25,930,380	\$ 259,303,805	\$ 69,330,328	\$ 311,146,899	\$ 3,154,310	\$ 2,323,223,479	\$ 2,637,524,688	\$ (11,743,301)	\$ (10,056,353)	\$ 1,479,181	\$ (185,153)	\$ (20,505,626)	\$ -	\$ 2,945,653,195

The accompanying notes are an integral part of the parent company only financial statements.

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,140,673,816	\$ 660,502,191
Adjustments for:		
Depreciation expense	413,595,082	402,931,257
Amortization expense	8,706,961	8,100,730
Expected credit losses recognized on investments in debt instruments	10,341	-
Finance costs	3,240,406	2,534,721
Share of profits of subsidiaries and associates	(42,415,408)	(26,837,174)
Interest income	(5,957,864)	(927,754)
Share-based compensation	266,746	-
Loss (gain) on disposal or retirement of property, plant and equipment, net	(436,567)	222,387
Loss (gain) on disposal or retirement of intangible assets, net	3,720	(7,332)
Impairment loss on property, plant and equipment	790,740	274,388
Loss (gain) on foreign exchange, net	9,965,603	(16,975,706)
Dividend income	(207,028)	(178,979)
Others	131,637	(370,086)
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	(1,025,979)	2,482,448
Notes and accounts receivable, net	4,588,461	(11,289,182)
Receivables from related parties	(34,692,438)	(36,571,200)
Other receivables from related parties	(1,074,087)	(3,503,728)
Inventories	(23,123,047)	(54,861,812)
Other financial assets	1,894,328	(2,371,699)
Other current assets	(712,233)	(2,445,945)
Other noncurrent assets	(8,532,751)	-
Accounts payable	7,528,120	4,965,785
Payables to related parties	2,362,846	(746,871)
Salary and bonus payable	10,494,186	3,336,396
Accrued profit sharing bonus to employees and compensation to directors	25,303,189	826,049
Accrued expenses and other current liabilities	47,110,082	82,992,551
Other noncurrent liabilities	86,831,552	154,036,474
Net defined benefit liability	(2,538,848)	(635,116)
Cash generated from operations	1,642,781,566	1,165,482,793
Income taxes paid	(83,364,086)	(81,550,608)
Net cash generated by operating activities	<u>1,559,417,480</u>	<u>1,083,932,185</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at amortized cost	(97,748,105)	-
Equity interest in subsidiary	-	(157,243)
Property, plant and equipment	(897,574,802)	(793,327,208)
Intangible assets	(6,679,871)	(8,998,084)
Proceeds from disposal or redemption of:		
Financial assets at amortized cost	49,190,000	-
Property, plant and equipment	1,665,212	462,138
Intangible assets	3,750	-
Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income	2,938	6,257

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2022	2021
Interest received	\$ 4,889,786	\$ 902,872
Other dividends received	207,028	178,979
Dividends received from investments accounted for using equity method	3,248,044	2,560,790
Increase in prepayments for leases	-	(1,200,000)
Refundable deposits paid	(1,611,716)	(225,347)
Refundable deposits refunded	<u>406,185</u>	<u>605,714</u>
Net cash used in investing activities	<u>(944,001,551)</u>	<u>(799,191,132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(111,959,992)	(50,538,933)
Proceeds from issuance of bonds	65,400,000	142,318,000
Repayment of bonds	(4,400,000)	(2,600,000)
Payments for transaction costs attributable to the issuance of bonds	(69,528)	(146,157)
Treasury stock acquired	(871,566)	-
Repayment of the principal portion of lease liabilities	(1,848,257)	(1,466,130)
Interest paid	(3,757,985)	(1,997,383)
Guarantee deposits received	216,589	467,964
Guarantee deposits refunded	(45,643)	(7,234)
Cash dividends	(285,234,185)	(265,786,399)
Disposal of ownership interests in subsidiaries (without losing control)	-	9,451,798
Payment of partial acquisition of interests in subsidiaries	(40,421,374)	(21,318,931)
Proceeds from partial disposal of interests in subsidiaries	144,505	-
Donation from shareholders	<u>13,163</u>	<u>10,876</u>
Net cash used in financing activities	<u>(382,834,273)</u>	<u>(191,612,529)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	232,581,656	93,128,524
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>396,294,241</u>	<u>303,165,717</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 628,875,897</u>	<u>\$ 396,294,241</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited

2022 Earnings Distribution Table

Unit: NT\$

Net Income of 2022	1,016,530,248,910
Plus:	
- Reversal of Special Reserve	42,288,042,308
Earnings in 2022 Available for Distribution	1,058,818,291,218
Plus:	
- Unappropriated Retained Earnings of Previous Years	1,461,765,699,795
- Disposal of Investments in Equity Instruments at Fair Value through Other Comprehensive Income	303,241,900
Less:	
- Remeasurement of Defined Benefit Obligation	-49,572,826
- Cancellation of Treasury Stocks	-854,707,051
Retained Earnings Available for Distribution as of December 31, 2022	2,519,982,953,036
Distribution Item ^{Note 1:}	
- 1Q22 Cash Dividends to Common Share Holders (NT\$2.75 per share)	-71,308,546,260
- 2Q22 Cash Dividends to Common Share Holders (NT\$2.75 per share)	-71,308,546,260
- 3Q22 Cash Dividends to Common Share Holders (NT\$2.74982072 per share) ^{Note 2)}	-71,308,546,260
- 4Q22 Cash Dividends to Common Share Holders (NT\$2.75 per share) ^{Note 3)}	-71,308,546,260
Unappropriated Retained Earnings	2,234,748,767,996

Note 1: Cash dividends were approved by the Board of Directors and to be reported at the Annual Shareholders' Meeting.

Note 2: The cash dividend per share was adjusted, as authorized by the Board of Directors, based on the number of actual common shares outstanding on the record date for dividend payment.

Note 3: The actual cash dividend per share shall be subject to adjustment based on the number of actual common shares outstanding on the record date for dividend payment.

Taiwan Semiconductor Manufacturing Company, Ltd.
Employee Restricted Stock Awards Rules for Year 2023

I Purpose

To attract and retain corporate executives and critical talents and to link their compensation with shareholders' interests and Environmental, Social, Governance (ESG) achievements, the Company hereby establishes these Employee Restricted Stock Awards Rules (these "Rules") in accordance with Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers promulgated by the Financial Supervisory Commission.

II. Issuance Period

The Restricted Stock Awards (RSAs) will be granted one or more times over a period of one year from the date of receipt of the notice of effective registration of the competent authority. The Board of Directors may determine, or may authorize Chairman to determine, the actual issuance date and relevant matters.

III. Eligibility and the number of shares employees may be granted

1. Only executive officers of the Company or selected critical talents of the Company or the Company's subsidiaries who are employed full time as of the date of the granting of the RSAs and who meet certain performance requirements are eligible for this incentive plan. Eligible employees must also be those who (a) have a significant influence on the Company's or the Company's subsidiaries' operational decisions or (b) are the Company's or the Company's subsidiaries' selected critical talents for its future core technologies and strategy development.
2. The number of shares granted to eligible employees will be determined by Chairman and CEO and approved by the Board of Directors by reference to the Company's business performance and the employee's job grade, performance, and other factors as deemed appropriate. Before submitting to the Board for approval, the grants to executive officers and to non-executive officers shall be subject to the approval by the Compensation and People Development Committee and by the Audit and Risk Committee respectively.

IV. Expected total shares to be issued

Based on a budget capped at 0.3% of prior year's Net Income, the total number of shares to be issued under these Rules will not exceed 6,249,000 common shares, with a par value of NT\$10 per share. The actual number of shares to be issued will

be resolved by the Board of Directors after the issuance of RSAs is approved both at the shareholders' meeting and by the competent authority.

V. Terms and conditions of the RSAs and restrictions imposed on the rights vested in such RSAs

1. Expected issue price: Grants will be made free of charge.
2. Class of the shares to be issued: The Company's common shares.
3. Vesting conditions:
 - The RSAs granted to an employee can only be vested if (a) the employee remains employed by the Company or the Company's subsidiaries on the last date of each vesting period; (b) during the vesting period, the employee may not breach any agreement with the Company or the Company's subsidiaries or violate the Company's or the Company's subsidiaries' work rules; and (c) certain employee performance metrics (a year-end performance rating of at least "S"^{Note} or above for the year immediately preceding the expiration of each vesting period) and the Company's business performance metrics are met. (Note: "S" stands for "Successful")
 - 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 the Company's business performance metrics, as detailed in the following points.
 - For eligible executive officers of the Company: 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 the Company's relative TSR^{Note} achievement (see table below) 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 the Company's ESG achievements. The number of shares so calculated should be rounded down to the nearest integral.

The Company'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%

Note: TSR: Total Shareholder Return (including capital gains and dividends)

- For eligible employees who are not executive officers of the Company and the Company's subsidiaries: The number of RSAs to be vested in each year will be calculated in accordance with the below table based on the Company's audited consolidated financial statements for the year prior to the vesting year. The number of shares so calculated should be rounded down to the nearest integral.

	Threshold	Target	Weighting	Ratio of shares to be vested
Revenue Growth	10%	15%	One-third	<ul style="list-style-type: none"> • < Threshold: 0% • = Threshold: 50% • ≥ Target: 100% • Between Threshold and Target: as calculated by interpolation method
Gross Margin	50%	53%	One-third	
Return on Equity (ROE)	20%	25%	One-third	

4. Measures to be taken where employees fail to meet the vesting conditions or in the event of inheritance:

- (1) The Company will reclaim the granted RSAs and cancel the same at no extra cost to the Company, where an employee fails to meet the vesting conditions set forth in Paragraph 3 of this Article V of these Rules.
- (2) Voluntary Separation, separation with a severance, or involuntary discharge: Any unvested RSAs will be forfeited on the effective date of separation due to a voluntary separation, separation with a severance, or involuntary discharge of such employees. The Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.
- (3) Leave Without Pay:

All the rights and obligations in connection with the unvested RSAs will not be affected as a result of employees taking extended leave without pay. However, the actual number of shares that may be vested will not only be calculated according to the vesting conditions set forth in Paragraph 3 of this Article V of these Rules but also be prorated based on the number of months of their service during the year prior to the applicable vesting day. If such employees are on leave without pay on any vesting day, it shall be deemed that they fail to meet the vesting conditions, and the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.

(4) Retirement:

All the rights and obligations in connection with the unvested RSAs will not be affected as a result of an employee's retirement, provided that the employee complies with both of the following conditions after his/her retirement. If any of the following conditions is not met, any unvested RSAs will be forfeited. Exemption could be made case by case by Chairman and CEO.

- A. Not to get any full-time job; and
- B. Not to engage in competition with the Company or the Company's subsidiaries, including without limitation: to join a competitor, to provide any competitive services, to establish any company or business that would involve a competitive foundry process or service, or to employ, induce, or attempt to induce any TSMC employee to undertake competitive services.

For retired employees, the actual number of shares that may be vested shall be calculated according to the vesting condition specified in Paragraph 3 of this Article V of these Rules, and the performance rating granted to them shall be deemed "S".

(5) Employment Termination Due to Death or Physical Disability Caused by Occupational Accidents:

The unvested RSAs shall be deemed immediately vested in the case of death or physical disability due to an occupational accident. For eligible executive officers of the Company, the RSAs vested shall be based on the assumption that the Company's TSR equals to the TSR of S&P 500 IT Index and there is no further adjustment for the Company's ESG achievements. For eligible employees who are not executive officers of the Company and the Company's subsidiaries, the RSAs vested shall be based on the assumption that the Company's Revenue growth, Gross Margin, and ROE are all equal to Threshold. In the case of death, the respective heir(s) may apply for entitlement to those inheritable shares after completing all necessary legal procedures and providing relevant supporting documents. In the case of physical disability caused by occupational injury, the vested RSAs will be received by such employees.

(6) Position Transfer:

- A. Where any employees apply for transferring to any of the Company's subsidiaries, affiliates, or other companies, the measures to be taken with respect to their unvested RSAs will be the same as those specified in Subparagraph (2) "Voluntary Separation" of this Paragraph 4 of Article V of these Rules.
- B. Where any employees are assigned by the Company or the Company's subsidiaries to a position in any of the Company's subsidiaries, affiliates, or other companies, all the rights and obligations in

connection with the unvested RSAs will not be affected as a result. However, subject to the vesting conditions specified in Paragraph 3 of this Article V of these Rules, such employees shall continue working in the assigned subsidiaries, affiliates, or other companies on the vesting dates. Otherwise, they will be considered to fail to meet the vesting conditions, and the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company. With respect to the evaluation of the achievement of individual performance goals, Chairman and Chief Executive Officer will determine whether the vesting conditions are met by reviewing the evaluation of the employees' performance provided by the assigned subsidiaries, affiliates, or other companies.

- (7) Where any employees declare to voluntarily relinquish the granted RSAs with a written statement, the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.
 - (8) Where any employees, after being granted the RSAs, breach any agreement with the Company or the Company's subsidiaries or violate the Company's or the Company's subsidiaries' work rules, the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.
 - (9) Where any employees terminate or revoke their authorization given to the Company regarding the employees' RSA trust/custody account (see Subparagraph (1) of Paragraph 5 and Paragraph 7 of this Article V below for such trust/custody account), the Company will reclaim their unvested RSAs and cancel the same at no extra cost to the Company.
5. Restrictions imposed on the employees' rights in the RSAs before the vesting conditions are fulfilled:
- (1) Upon the grant of the RSAs, the RSAs shall be deposited in a trust/custody account. Before the vesting conditions are fulfilled, the employees cannot request the trustee/custodian to return to them the RSAs for any reasons or by any means.
 - (2) During each vesting period, no employees granted RSAs may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs.
 - (3) Subject to the restrictions mentioned above, the rights of the employees with regard to the unvested RSAs granted under these Rules before the fulfillment of the vesting conditions, 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 the Company. The relevant matters shall be handled in accordance with the RSA trust/custody agreement.

- (4) Before the vesting conditions are fulfilled, the attendance, proposal rights, speech rights, voting rights and any other shareholder rights shall be exercised by the engaged trustee/custodian on the employees' behalf.
- (5) During each vesting period, if the Company conducts a capital reduction for cash return, capital reduction for loss offset, or other non-statutory capital reduction, the unvested RSAs shall be cancelled proportionally by the ratio of such capital reduction. If the Company conducts a capital reduction for cash return, the returned cash shall be deposited in a trust/custody account and shall not be delivered to the employees until the vesting conditions are fulfilled; otherwise, the cash will be returned to the Company.
6. Mergers and Acquisitions: All the rights and obligations in connection with any unvested RSAs will not be affected as a result or may be modified based on the relevant agreements or plans for the mergers and acquisitions.
7. Other terms and conditions: During the period when the granted RSAs are deposited in a trust/custody account, each executive must enter into an agreement authorizing the Company to, among others, negotiate, execute, modify, extend, rescind, and terminate the trust/custody agreement with the trustee/custodian, and give instructions to deliver, use, and dispose of any of the properties under the trust/custody, on their behalf, with full power and authority.

VI. Signing of Contracts and Confidentiality

1. Those employees who have been granted the RSAs shall sign the "Agreement of Restricted Stock Awards" and complete all the trust/custody management process upon receipt of the notification from the Company. Any employees who do not complete such signing of relevant documents will be considered to forfeit the RSAs.
2. Those employees who receive the RSAs and the related rights through these Rules shall comply with these Rules and the "Agreement of Restricted Stock Awards". In the event of any breach thereof, they will be deemed to fail to fulfill the vesting conditions. They shall comply with the confidentiality clauses as well. Except as required by laws and regulations or by any competent authority, they are not allowed to inquire any other about or disclose to any other any information about the number of the RSAs granted to them and any relevant matters, nor may they inform any other of any relevant content of these Rules or any of their rights or interest under these Rules. In the event of any breach thereof, the Company is entitled to reclaim their unvested RSAs and cancel the same at no extra cost to the Company.

VII. Tax

Any tax matters incurred in connection with the RSAs under these Rules shall be handled under the then-current laws and regulations of the R.O.C. and the countries

where the employees reside.

VIII. Miscellaneous

1. Before these Rules may be implemented, it shall be approved by the Compensation and People Development Committee and by the majority votes in a meeting of the Board of Directors in which two-thirds or more directors are present and shall become effective after effective registration with the competent authority. If any amendment hereto is necessary due to any change of any laws or regulations or any requirement of the competent authority, Chairman is authorized to make any necessary amendment hereto and submit the revised Rules to the Compensation and People Development Committee and the Board of Directors for acknowledgement, before the RSAs may be granted.
2. Any other matters not set forth in these Rules shall be dealt with in accordance with the applicable laws and regulations.

**Comparison Table for the
Procedures for Endorsement and Guarantee
Before and After Revision**

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 4</p> <p>The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries is subject to the following limits:</p> <ol style="list-style-type: none"> 1. The total amount of endorsement/guarantee shall not exceed twenty-five percent (25%) of the Company’s net worth. 2. The total amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed ten percent (10%) of the Company’s net worth, or the net worth of such entity, whichever is lower. Subject to the approval of the Board of Directors, the aforementioned 10% limit and the limit of net worth for any individual entity may be lifted for endorsement/guarantee provided by the Company for the benefit of the subsidiaries whose voting shares are one hundred percent (100%) directly or indirectly owned by the Company. <p>The total endorsement/guarantee amount for the Company and its subsidiaries and the amount for any single entity should follow the paragraph set forth herein.</p>	<p>Article 4</p> <p>The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries is subject to the following limits:</p> <ol style="list-style-type: none"> 1. The total amount of endorsement/guarantee shall not exceed twenty-five percent (25%) <u>forty percent (40%)</u> of the Company’s net worth. 2. The total amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed ten percent (10%) of the Company’s net worth, or the net worth of such entity, whichever is lower. Subject to the approval of the Board of Directors, the aforementioned 10% limit and the limit of net worth for any individual entity may be lifted for endorsement/guarantee provided by the Company for the benefit of the subsidiaries whose voting shares are one hundred percent (100%) directly or indirectly owned by the Company. <p>The total endorsement/guarantee amount for the Company and its subsidiaries and the amount for any single entity should follow the paragraph set forth herein.</p>

BEFORE THE REVISION	AFTER THE REVISION
<p>In case the above limits have to be exceeded to accommodate business needs, the approval from the Audit Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p> <p>The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).</p>	<p>In case the above limits have to be exceeded to accommodate business needs, the approval from the Audit Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p> <p>The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).</p>

**Comparison Table for the
Procedures for Acquisition or Disposal of Assets
Before and After Revision**

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 3</p> <p>The procedures for acquiring or disposing assets by the Company and the amount limitations are specified as follows:</p> <ol style="list-style-type: none"> 1. The acquisition or disposal of security investments classified as non-current assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board of Directors (the “Board”), while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis. 2. The acquisition or disposal of security investments classified as current assets shall be reviewed and evaluated by the department responsible therefor and implemented within the limits of amount set forth in Item 6 of this Article. 3. The acquisition or disposal of real estate or related right-of-use assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis. 4. The acquisition of equipment or 	<p>Article 3</p> <p>The procedures for acquiring or disposing assets by the Company and the amount limitations are specified as follows:</p> <ol style="list-style-type: none"> 1. The acquisition or disposal of security investments classified as non-current assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board of Directors (the “Board”), while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis. 2. The acquisition or disposal of security investments classified as current assets shall be reviewed and evaluated by the department responsible therefor and implemented within the limits of amount set forth in Item 6 of this Article. 3. The acquisition or disposal of real estate or related right-of-use assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis. 4. The acquisition of equipment or

BEFORE THE REVISION	AFTER THE REVISION
<p>related right-of-use assets shall be handled by the department responsible therefor in accordance with relevant internal rules of the Company after approval by the Board. The disposal of equipment shall be directly handled by the department responsible therefor in accordance with relevant internal rules of the Company.</p>	<p>related right-of-use assets shall be handled by the department responsible therefor in accordance with relevant internal rules of the Company after approval by the Board. The disposal of equipment shall be directly handled by the department responsible therefor in accordance with relevant internal rules of the Company.</p>
<p>5. Responsible Departments</p> <ul style="list-style-type: none"> • For acquisition or disposal of security investments, the departments responsible therefor shall be the Finance Division or other related department. • For acquisition or disposal of real estate, equipment or related right-of-use assets, the departments responsible therefor shall be the Material Management Division, Accounting Division or other related department. 	<p>5. Responsible Departments</p> <ul style="list-style-type: none"> • For acquisition or disposal of security investments, the departments responsible therefor shall be the Finance Division or other related department. • For acquisition or disposal of real estate, equipment or related right-of-use assets, the departments responsible therefor shall be the Material Management Division, Accounting Division or other related department.
<p>6. Limits of Amounts</p> <ul style="list-style-type: none"> • The acquisition of real estate and related right-of-use assets by the Company for non-business use shall not exceed 15% of the Company's net worth. The acquisition of real estate and related right-of-use assets for non-business use by each of its Subsidiaries shall not exceed 5% of the Company's net worth. • The total amount of all security investments of the Company shall not exceed 70% of the Company's net worth. The total amount of all security investments of each of its Subsidiaries shall not exceed 60% of the Company's net worth. • The amount of investment of the 	<p>6. Limits of Amounts</p> <ul style="list-style-type: none"> • The acquisition of real estate and related right-of-use assets by the Company for non-business use shall not exceed 15% of the Company's net worth. The acquisition of real estate and related right-of-use assets for non-business use by each of its Subsidiaries shall not exceed 5% of the Company's net worth. • The total amount of all security investments of the Company shall not exceed 70% of the Company's net worth. The total amount of all security investments of each of its Subsidiaries shall not exceed 60% of the Company's net worth. • The amount of investment of the

BEFORE THE REVISION	AFTER THE REVISION
<p>Company in each individual security shall not exceed 40% of the Company's net worth. The amount of investment of each of its Subsidiaries in each individual security shall not exceed 40% of the Company's net worth.</p> <p>7. Material asset transactions must be approved by the Audit Committee in accordance with relevant regulations and be approved by the Board.</p>	<p>Company in each individual security shall not exceed 40% of the Company's net worth. The amount of investment of each of its Subsidiaries in each individual security shall not exceed 40% of the Company's net worth.</p> <p>7. Material asset transactions must be approved by the Audit <u>and Risk</u> Committee in accordance with relevant regulations and be approved by the Board.</p>
<p>Article 8</p> <p>The procedures for acquisition or disposal of assets by the Company from or to a related party are as follows:</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring the compliance with the provision of Article 6, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion from a certified public accountant in accordance with Article 6.</p> <p>2. If the Company intends to acquire or dispose of real estate or related right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate or related right-of-use assets from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the</p>	<p>Article 8</p> <p>The procedures for acquisition or disposal of assets by the Company from or to a related party are as follows:</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring the compliance with the provision of Article 6, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion from a certified public accountant in accordance with Article 6.</p> <p>2. If the Company intends to acquire or dispose of real estate or related right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate or related right-of-use assets from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the</p>

BEFORE THE REVISION	AFTER THE REVISION
<p>Company’s total assets, or NT\$300 million, (except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company may not enter into any transaction contract or make a payment until the following matters have been approved by the Audit Committee and then submitted to the Board for approval:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and anticipated benefit of the proposed acquisition or disposal of assets. (2) The reason for choosing the related party as a trading counterparty. (3) With respect to the acquisition of real estate or related right-of-use assets from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with applicable regulations. (4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and such trading counterparty’s relationship to the Company and such related party. (5) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6) An appraisal report from a 	<p>Company’s total assets, or NT\$300 million, (except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company may not enter into any transaction contract or make a payment until the following matters have been approved by the Audit <u>and Risk</u> Committee and then submitted to the Board for approval:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and anticipated benefit of the proposed acquisition or disposal of assets. (2) The reason for choosing the related party as a trading counterparty. (3) With respect to the acquisition of real estate or related right-of-use assets from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with applicable regulations. (4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and such trading counterparty’s relationship to the Company and such related party. (5) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6) An appraisal report from a

BEFORE THE REVISION	AFTER THE REVISION
<p>professional appraiser or an opinion by a certified public accountant obtained in compliance with the preceding subparagraph 1.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>3. With respect to the acquisition or disposal of equipment or related right-of-use assets for business use, or the right-of-use assets of real estate for business use between the Company and its Subsidiaries, or between Subsidiaries whose shares or capital are 100% owned, directly or indirectly, by the Company, the Board may delegate the Chairman to decide such matters when the transaction is within NT\$500 million and submit such transaction for ratification by the Board in its next meeting.</p> <p>4. When a matter is submitted for discussion by the Board pursuant to the preceding paragraph, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>When the Company or the Company's Subsidiary that is not a domestic public company engages in a transaction stipulated in paragraph 1, item 2, and the transaction amount reaches 10% of the Company's total assets, the Company is required to submit the transaction information stipulated in paragraph 1, item 2, to the Shareholders' Meeting for</p>	<p>professional appraiser or an opinion by a certified public accountant obtained in compliance with the preceding subparagraph 1.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>3. With respect to the acquisition or disposal of equipment or related right-of-use assets for business use, or the right-of-use assets of real estate for business use between the Company and its Subsidiaries, or between Subsidiaries whose shares or capital are 100% owned, directly or indirectly, by the Company, the Board may delegate the Chairman to decide such matters when the transaction is within NT\$500 million and submit such transaction for ratification by the Board in its next meeting.</p> <p>4. When a matter is submitted for discussion by the Board pursuant to the preceding paragraph, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>When the Company or the Company's Subsidiary that is not a domestic public company engages in a transaction stipulated in paragraph 1, item 2, and the transaction amount reaches 10% of the Company's total assets, the Company is required to submit the transaction information stipulated in paragraph 1, item 2, to the Shareholders' Meeting for</p>

BEFORE THE REVISION	AFTER THE REVISION
<p>approval before entering into agreements and making payments. However, this requirement is not applicable to transactions between the Company and its Subsidiary, or transactions between Subsidiaries.</p> <p>The calculation of the transaction amounts referred to in paragraph 1, item 2, and the preceding paragraph shall be made in accordance with Article 4, paragraph 2 herein, and “within one year” refers to one year preceding the Date of Event of the current transaction. Items that have been previously approved by the Shareholders’ Meeting or the Board need not be counted toward the transaction amount.</p>	<p>approval before entering into agreements and making payments. However, this requirement is not applicable to transactions between the Company and its Subsidiary, or transactions between Subsidiaries.</p> <p>The calculation of the transaction amounts referred to in paragraph 1, item 2, and the preceding paragraph shall be made in accordance with Article 4, paragraph 2 herein, and “within one year” refers to one year preceding the Date of Event of the current transaction. Items that have been previously approved by the Shareholders’ Meeting or the Board need not be counted toward the transaction amount.</p>
<p>Article 14</p> <p>These Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment hereof is subject to the same procedures.</p>	<p>Article 14</p> <p>These Procedures shall be approved by the Audit <u>and Risk</u> Committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment hereof is subject to the same procedures.</p>

**Comparison Table for the
Procedures for Financial Derivatives Transactions
Before and After Revision**

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 7-1</p> <p>Material Transactions of Financial Derivatives</p> <p>Material financial derivative transactions shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors (the “Board”) for approval.</p>	<p>Article 7-1</p> <p>Material Transactions of Financial Derivatives</p> <p>Material financial derivative transactions shall be approved by the Audit <u>and Risk</u> Committee in accordance with relevant regulations and submitted to the Board of Directors (the “Board”) for approval.</p>
<p>Article 13</p> <p>Internal audit personnel is required to evaluate the sufficiency of the internal control system in connection with financial derivative transactions on a periodic basis, to conduct auditing of the compliance by related departments of the Procedures, and to produce monthly reports. A written report of any violation must be submitted to notify the Audit Committee of same.</p>	<p>Article 13</p> <p>Internal audit personnel is required to evaluate the sufficiency of the internal control system in connection with financial derivative transactions on a periodic basis, to conduct auditing of the compliance by related departments of the Procedures, and to produce monthly reports. A written report of any violation must be submitted to notify the Audit <u>and Risk</u> Committee of same.</p>
<p>Article 17</p> <p>These Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment hereof is subject to the same procedures.</p>	<p>Article 17</p> <p>These Procedures shall be approved by the Audit <u>and Risk</u> Committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment hereof is subject to the same procedures.</p>

**Comparison Table for the
Procedures for Lending Funds to Other Parties
Before and After Revision**

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 9</p> <p>Any lending of the Company’s funds shall be evaluated and compliant with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the securities regulatory authority and the Procedures, and then submitted, together with the evaluation made as described in the second paragraph of Article 5, to the Board of Directors for its approval and no delegation of authority shall be made to any person in this regard. However, the material lending of funds shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for approval.</p> <p>Fund-lending between the Company and its subsidiaries, or among the subsidiaries, shall be approved by the Board of Directors of the lending company, which Board may authorize its chairman to lend funds to said borrowers, within a certain pre-approved amount and a period not exceeding one year, in one or several drawdowns or via a revolving credit line. However, the above authorized lending amount to be approved by the Board shall not exceed 10% of the net worth of the lending company’ based on its most recent audited financial statements.</p>	<p>Article 9</p> <p>Any lending of the Company’s funds shall be evaluated and compliant with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by the securities regulatory authority and the Procedures, and then submitted, together with the evaluation made as described in the second paragraph of Article 5, to the Board of Directors for its approval and no delegation of authority shall be made to any person in this regard. However, the material lending of funds shall be approved by the Audit <u>and Risk</u> Committee in accordance with relevant regulations and submitted to the Board of Directors for approval.</p> <p>Fund-lending between the Company and its subsidiaries, or among the subsidiaries, shall be approved by the Board of Directors of the lending company, which Board may authorize its chairman to lend funds to said borrowers, within a certain pre-approved amount and a period not exceeding one year, in one or several drawdowns or via a revolving credit line. However, the above authorized lending amount to be approved by the Board shall not exceed 10% of the net worth of the lending company’ based on its most recent audited financial statements.</p>

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 13</p> <p>Internal auditors shall perform auditing on the Company’s lending profile and produce written auditing reports on a quarterly basis. A written report of any material violation must be submitted to notify the Audit Committee.</p>	<p>Article 13</p> <p>Internal auditors shall perform auditing on the Company’s lending profile and produce written auditing reports on a quarterly basis. A written report of any material violation must be submitted to notify the Audit <u>and Risk</u> Committee.</p>
<p>Article 14</p> <p>Should a borrower no longer meet the criteria set forth in the relevant regulations and/or these Procedures or should there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan must be provided to the Audit Committee and the proposed correction actions shall be implemented within the period specified in such plan.</p>	<p>Article 14</p> <p>Should a borrower no longer meet the criteria set forth in the relevant regulations and/or these Procedures or should there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan must be provided to the Audit <u>and Risk</u> Committee and the proposed correction actions shall be implemented within the period specified in such plan.</p>
<p>Article 17</p> <p>The Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment hereof is subject to the same procedures.</p>	<p>Article 17</p> <p>The Procedures shall be approved by the Audit <u>and Risk</u> Committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment hereof is subject to the same procedures.</p>

**Comparison Table for the
Procedures for Endorsement and Guarantee
Before and After Revision**

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 4</p> <p>The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries is subject to the following limits:</p> <ol style="list-style-type: none"> 1. The total amount of endorsement/guarantee shall not exceed twenty-five percent (25%) of the Company's net worth. 2. The total amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed ten percent (10%) of the Company's net worth, or the net worth of such entity, whichever is lower. Subject to the approval of the Board of Directors, the aforementioned 10% limit and the limit of net worth for any individual entity may be lifted for endorsement/guarantee provided by the Company for the benefit of the subsidiaries whose voting shares are one hundred percent (100%) directly or indirectly owned by the Company. <p>The total endorsement/guarantee amount for the Company and its subsidiaries and the amount for any single entity should follow the paragraph set forth herein.</p> <p>In case the above limits have to be exceeded to accommodate business needs,</p>	<p>Article 4</p> <p>The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries is subject to the following limits:</p> <ol style="list-style-type: none"> 1. The total amount of endorsement/guarantee shall not exceed twenty-five percent (25%)<u>forty percent (40%)</u> of the Company's net worth. 2. The total amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed ten percent (10%) of the Company's net worth, or the net worth of such entity, whichever is lower. Subject to the approval of the Board of Directors, the aforementioned 10% limit and the limit of net worth for any individual entity may be lifted for endorsement/guarantee provided by the Company for the benefit of the subsidiaries whose voting shares are one hundred percent (100%) directly or indirectly owned by the Company. <p>The total endorsement/guarantee amount for the Company and its subsidiaries and the amount for any single entity should follow the paragraph set forth herein.</p> <p>In case the above limits have to be exceeded to accommodate business needs,</p>

BEFORE THE REVISION	AFTER THE REVISION
<p>the approval from the Audit Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p>	<p>the approval from the Audit <u>and Risk</u> Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p>
<p>The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).</p>	<p>The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).</p>
<p>Article 5</p> <p>If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in Article 2 herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, a corrective plan shall be provided to the Audit Committee and the proposed correction actions should be implemented within the period specified in the plan.</p>	<p>Article 5</p> <p>If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in Article 2 herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, a corrective plan shall be provided to the Audit <u>and Risk</u> Committee and the proposed correction actions should be implemented within the period specified in the plan.</p>

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 6</p> <p>The procedures and authority level for providing endorsement and/or guarantee are defined as follows: Any endorsement and/or guarantee to be provided by the Company shall be evaluated with the “Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies” announced by the securities regulatory authority, and the Procedures. Finance Department shall then evaluate the necessity and rationality of the endorsement/guarantee, the credibility and risk of involved parties, the impact towards the Company’s operating risk, financial position and shareholders’ equity, and the necessity to acquire collateral and appraisal of collateral. Such evaluation results, along with comments and opinions provided by other related departments, shall be submitted to the Board of Directors for approval. A pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors’ Meeting for ratification.</p> <p>Material endorsements and/or guarantees shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for a resolution.</p> <p>In case the Company or its subsidiary desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, Finance and related Departments shall evaluate the relevant risks, establish risk control measures and exercise</p>	<p>Article 6</p> <p>The procedures and authority level for providing endorsement and/or guarantee are defined as follows: Any endorsement and/or guarantee to be provided by the Company shall be evaluated with the “Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies” announced by the securities regulatory authority, and the Procedures. Finance Department shall then evaluate the necessity and rationality of the endorsement/guarantee, the credibility and risk of involved parties, the impact towards the Company’s operating risk, financial position and shareholders’ equity, and the necessity to acquire collateral and appraisal of collateral. Such evaluation results, along with comments and opinions provided by other related departments, shall be submitted to the Board of Directors for approval. A pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors’ Meeting for ratification.</p> <p>Material endorsements and/or guarantees shall be approved by the Audit <u>and Risk</u> Committee in accordance with relevant regulations and submitted to the Board of Directors for a resolution.</p> <p>In case the Company or its subsidiary desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, Finance and related Departments shall evaluate the relevant risks, establish risk control measures and exercise</p>

BEFORE THE REVISION	AFTER THE REVISION
<p>implementation review, as well as regularly report the same to the Audit Committee. For purposes of determining the paid-in capital of the above-mentioned subsidiary receiving any TSMC or TSMC subsidiaries endorsement/guarantee who has no par value or has a par value other than NT\$10, the sum of the share capital plus “capital surplus - additional paid-in capital” shall be deemed as its paid-in capital.</p> <p>The Company shall establish and maintain a reference book to record all endorsement/guarantee-related information in accordance with the relevant regulations. The Company shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.</p>	<p>implementation review, as well as regularly report the same to the Audit <u>and Risk</u> Committee. For purposes of determining the paid-in capital of the above-mentioned subsidiary receiving any TSMC or TSMC subsidiaries endorsement/guarantee who has no par value or has a par value other than NT\$10, the sum of the share capital plus “capital surplus - additional paid-in capital” shall be deemed as its paid-in capital.</p> <p>The Company shall establish and maintain a reference book to record all endorsement/guarantee-related information in accordance with the relevant regulations. The Company shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.</p>
<p>Article 11</p> <p>Internal auditors shall perform auditing on the Company’s endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.</p>	<p>Article 11</p> <p>Internal auditors shall perform auditing on the Company’s endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit <u>and Risk</u> Committee.</p>
<p>Article 13</p> <p>The Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment is subject to the same procedures.</p>	<p>Article 13</p> <p>The Procedures shall be approved by the Audit <u>and Risk</u> Committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment is subject to the same procedures.</p>

4. Appendix

Taiwan Semiconductor Manufacturing Company Limited

Rules and Procedures of Shareholders' Meeting

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.
2. Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in.

The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

3. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
4. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.

Persons handling affairs of the Meeting shall wear identification cards or badges.

5. The process of the Meeting shall be taperecorded or videotaped and these tapes shall be preserved for at least one year.
6. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors or one of the Directors shall preside at the Meeting in accordance with Article 208 of the Company Law of the Republic of China.

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

7. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in

the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of the Company Law of the Republic of China.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

8. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

9. Shareholders attending the Meeting shall have the obligation to observe Meeting rules, obey resolutions and maintain order at Meeting place.
10. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.
11. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes).

In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

12. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.
13. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
14. Except otherwise specified in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.
15. During the Meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume or, by resolution of the shareholders present at the Meeting, the chairman may resume the Meeting within five days without further notice or public announcement.
16. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

17. The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked “Disciplinary Officers” for identification purpose.
18. These Rules and Procedures shall be effective from the date it is approved by the Shareholders’ Meeting. The same applies in case of revision.

**Articles of Incorporation
of
Taiwan Semiconductor Manufacturing Company Limited**

Section I - General Provisions

Article 1

The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 台灣積體電路製造股份有限公司 in the Chinese language, and Taiwan Semiconductor Manufacturing Company Limited in the English language.

Article 2

The scope of business of the Corporation shall be as follows:

1. Manufacturing and sales of integrated circuits and assembly of other semiconductor devices in wafer form at the order of and pursuant to product design specifications provided by customers.
Provision of packaging and testing services related to the above services.
Providing computer assisted design services and technology for integrated circuits.
Providing mask making and mask design services.
(CC01080 Electronic Parts and Components Manufacturing)
2. Researching, developing, designing, manufacturing and selling LED lighting devices and related applications products and systems.
(CC01080 Electronic Parts and Components Manufacturing)
(CC01040 Electric Wires and Cables Manufacturing)
3. Researching, developing, designing, manufacturing and selling renewable energy and efficiency related technologies and products, including solar cells, solar photovoltaic modules and their related systems and applications.
(CC01080 Electronic Parts and Components Manufacturing)
(IG03010 Energy Technical Services)
(CC01090 Batteries Manufacturing)
4. Selling recycled and processed chemical, metal, plastic and other industrial products, and fertilizer derived from the Corporation's operating activities.
(C801990 Other Chemical Materials Manufacturing)
(C802990 Other Chemical Products Manufacturing)
(CA02990 Other Fabricated Metal Products Manufacturing)
(C805990 Other Plastic Products Manufacturing)
(C801110 Fertilizer Manufacturing)
(CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified)

Article 3

The Corporation shall have its head office in Hsinchu Science Park, Taiwan, Republic

of China, and shall be free, upon approval of government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

Article 4

Public announcements of the Corporation shall be made in accordance with the Company Law and other relevant rules and regulations of the Republic of China.

Article 5

The Corporation may provide endorsement and guarantee and act as a guarantor.

Article 6

The total amount of the Corporation's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation's paid-up capital as provided in Article 13 of the Company Law. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

Section II - Capital Stock

Article 7

The total capital stock of the Corporation shall be in the amount of 280,500,000,000 New Taiwan Dollars, divided into 28,050,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments.

The Corporation may issue employee stock options from time to time. A total of 500,000,000 shares among the above total capital stock should be reserved for issuing employee stock options.

Where the Corporation issues employee restricted shares, qualified employees of its subsidiaries may be eligible for the granting of such shares.

Article 8

The Corporation may issue shares without printing share certificate(s). If the Corporation decides to print share certificates for shares issued, the Corporation shall comply with relevant provisions of the Company Law and relevant rules and regulations of the Republic of China.

Article 9

The share certificates of the Corporation shall all be name-bearing share certificates, and issued in accordance with the Company Law and relevant rules and regulations of the Republic of China.

Article 10

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the “Guidelines for Stock Operations for Public Companies” unless specified otherwise by law and securities regulations.

Article 11

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

Article 12

Shareholders’ meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.

Shareholders’ meetings of the Corporation may be held through remote video conferencing, or in other forms as and to the extent permitted by relevant government authorities in charge.

Article 13

All shareholders shall receive notice for the convening of shareholders’ meetings, at least thirty (30) days in advance, in case of regular meetings; and at least fifteen (15) days in advance, in case of special meetings. The purpose(s) for convening any such meeting shall be clearly stated in the notices given to the shareholders. Notices shall be in Chinese, and English when necessary.

Article 14

Except as provided in the Company Law of the Republic of China, shareholders’

meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 15

Each share of stock shall be entitled to one vote.

Article 16

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, all rights at the meeting, in accordance with Article 177 of the Company Law and other relevant laws, rules and regulations. Unless otherwise stipulated by applicable laws or regulations, a representative does not need to be a shareholder of the Corporation.

Article 17

The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Corporation. In his absence, either the Vice Chairman of the Board of Directors, or one of the Directors shall preside in accordance with Article 208 of the Company Law.

Article 18

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Corporation. The minutes shall be drafted in both the Chinese language and the English language.

Section III - Directors

Article 19

The Corporation shall have seven to ten Directors. The Board of Directors is authorized to determine the number of Directors.

The aforesaid Board of Directors must have at least three independent directors.

Article 19-1

For the election of Directors, each share has the same voting rights equal to the number of Directors to be elected, and a shareholder may cast all his/her voting rights to one candidate or among several candidates; those candidates receiving more voting rights shall be elected as Directors.

Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Law. The nomination of directors and related announcement shall comply with the relevant regulations of the Company Law and the Securities and Exchange Law. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.

Article 19-2

In compliance with Articles 14-4 of the Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Law, the Securities and Exchange Law and other relevant regulations.

Article 20

The term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election.

Article 21

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Article 22

The Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman shall not have a second or casting vote at any meeting of the Board of Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation.

Article 23

Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, upon written notice mailed to all the other Directors, at least fourteen days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and its agenda. The meeting of the Board of Directors shall be held at least once every quarter. Such prescribed notices may be waived in writing by any Director, either before or after the meeting. The meetings of the Board of Directors may be convened, at any time, without such prescribed notice in case of urgent circumstances. Notices shall be written in both the Chinese language and the English language. Personal attendance at a meeting will represent a waiver of the notice. Any Director attending the meeting via video conference shall be deemed attending the meeting in person.

Article 24

The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors. In addition, the Chairman shall have the right to execute documents in accordance with the resolutions of the Board of Directors in the name and on behalf of the Corporation as well as acting on behalf of the Board pursuant to Board resolutions and the Corporation's objectives when the Board is not in session. In his absence, the Vice Chairman of the Board of Directors, or any one of the Directors shall be acting for him according to Article 208 of the Company Law.

Article 25

A Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director.

Article 26

The Directors shall exercise their functions by resolutions adopted at meetings of Shareholders and the Board of Directors.

Article 27

In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, then the Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in accordance with relevant laws, rules and regulations. Except for the election of new Directors across

the board, the new Directors shall serve the remaining term of the predecessors.

Article 28

The Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.

Section IV - Management of the Corporation

Article 29

The Corporation may, by resolution of the Board of Directors, appoint one or more Chief Executive Officer, President(s), Vice President(s) or such other officers to meet the Corporation's operational or managerial needs.

The Chief Executive Officer shall cause to be prepared and furnished to the Board of Directors of the Corporation a balance sheet of the Corporation and related statements of income and loss, as of the end of each calendar month, quarter and year. Quarterly statements shall be furnished no more than forty-five (45) days after the end of each quarter, and year-end statements shall be furnished no more than ninety (90) days after the end of each year. Such financial statements shall be prepared in accordance with generally accepted accounting principles applied in the Republic of China on a consistent basis. Such statements shall be accompanied by a certification of the Corporation that such statements have been so prepared. Subject to the policies of the Corporation, the officers as stated in the previous paragraph shall be responsible for the overall control of allocated business and operation of the Corporation and shall make reports to the Board of Directors, and shall also supervise and control day-to-day business and operation of the Corporation in accordance with the policies of the Board of Directors headed by the Chairman. The Vice President-Finance shall have special responsibility for the financial affairs and accounting of the Corporation.

Article 30

The Chief Executive Officer reports to the Board of Directors. The President(s), Vice President(s) and other officers shall perform such duties as designated by the Chief Executive Officer or the Board of Directors.

Article 31

Subject to the provisions of the Company Law of the Republic of China and these Articles of Incorporation, all actions of the Corporation's employees shall be in

conformance with, and in furtherance of, the directions of the Board of Directors.

Section V - Financial Reports

Article 32

The fiscal year for the Corporation shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance:

1. Business Report;
2. Financial Statements;
3. Proposal Concerning the Distribution of Earnings or Covering of Losses.

Article 33

The distribution of earnings or the covering of losses may be made on a quarterly basis after the close of each quarter. When the earnings are to be distributed in cash, the distribution shall be approved by the Board of Directors in accordance with Article 228-1 and Paragraph V of Article 240 of the Company Law and reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for acceptance.

The Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings, the Corporation 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 provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Corporation, then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.

Before paying dividends or bonuses to shareholders, the Corporation shall set aside not more than 0.3% of its profits of the period for which the Corporation distributes the earnings as compensation to its directors and not less than 1% as profit sharing bonuses to its employees; provided, however, that the Corporation shall have reserved a sufficient amount to offset its accumulated losses. Directors' compensation is governed by the rules set by the Board of Directors; directors who also serve as executive officers of the Corporation are not entitled to receive compensation to directors. Employees' profit sharing bonuses are resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting. The Corporation may issue profit sharing bonuses to employees of an affiliated company meeting the conditions set by the Board of

Directors or, by the person duly authorized by the Board of Directors.

After the Corporation has set aside the capital reserves pursuant to the second Paragraph of this Article, the balance left over shall be allocated according to the applicable laws and regulations, the relevant rules set forth herein, and the following principles: Earnings may be distributed in total after taking into consideration financial, business and operational factors. Earnings of the Corporation may be distributed by way of cash dividend and/or stock dividend. Since the Corporation is in a capital-intensive industry at the steady growth stage of its business, 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 however, the ratio for stock dividend shall not exceed 50% of total distribution.

In case there are no earnings for distribution, or the earnings are far less than the earnings actually distributed by the Corporation previously, or considering the financial, business or operational factors of the Corporation, the Corporation may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge. When the reserves are to be distributed in cash, the distribution may be approved by the Board of Directors in accordance with Article 241 of the Company Law and reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for acceptance.

Section VI - Supplementary Provisions

Article 34

The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 35

In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

Article 36

These Articles of Incorporation are agreed to and signed on December 10, 1986 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on April 28, 1987, the second Amendment on November 27, 1989, the third Amendment on May 28, 1991, the fourth Amendment on May 18, 1993, the fifth Amendment on January 28, 1994, the sixth Amendment on May 12, 1995, the seventh Amendment on April 8, 1996, the eighth Amendment on May 13, 1997, the ninth Amendment on May 12, 1998, the tenth Amendment on May 11, 1999, the

eleventh Amendment on April 14, 2000, the twelfth Amendment on September 5, 2000, the thirteenth Amendment on May 15, 2001, the fourteenth Amendment on May 7, 2002, the fifteenth Amendment on June 3, 2003, the sixteenth Amendment on December 21, 2004, the seventeenth Amendment on May 10, 2005, the eighteenth Amendment on May 16, 2006, the nineteenth Amendment on May 7, 2007, the twentieth Amendment on June 15, 2010, the twenty-first Amendment on June 12, 2012, the twenty-second Amendment on June 7, 2016, the twenty-third Amendment on June 8, 2017, the twenty-fourth Amendment on June 5, 2018, the twenty-fifth Amendment on June 5, 2019, and the twenty-sixth Amendment on June 8, 2022.

Appendix III

Taiwan Semiconductor Manufacturing Company Limited

Shareholdings of All Directors

Record Date: April 8, 2023

Title	Name	Current Shareholding (Shares)
Chairman	Mark Liu	12,961,344
Vice Chairman	C.C. Wei	6,392,834
Director	F.C. Tseng	29,472,675
Director	Ming-Hsin Kung (Representative of the National Development Fund, Executive Yuan)	1,653,709,980
Independent Director	Sir Peter L. Bonfield	-
Independent Director	Kok-Choo Chen	-
Independent Director	Michael R. Splinter	-
Independent Director	Moshe N. Gavriellov	-
Independent Director	Yancey Hai	-
Independent Director	L. Rafael Reif	-
Total		1,702,536,833

Note 1: Total shares issued as of 4/8/2023: 25,932,490,458 common shares.

Note 2: Current shareholdings owned by the directors did not include any common shares held in the form of American Depositary Shares.

Note 3: As TSMC has a majority of independent directors, and has established the audit committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for directors and supervisors do not apply.