

Taiwan Semiconductor Manufacturing Company Limited

2024 Annual Shareholders' Meeting

Meeting Agenda
(Translation)

June 4, 2024

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Note:

- 2023 Form 20-F is available at <https://investor.tsmc.com/english/sec-filings>
- Minutes of 2024 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
2024 Annual Shareholders' Meeting
Meeting Agenda
(Translation)

Type of Meeting: Physical Meeting

Time: 9:00 a.m., June 4, 2024

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 2023
- (2) Audit and Risk Committee's review report
- (3) To report 2023 earnings distribution
- (4) To report 2023 directors' compensation
- (5) To report 2023 employees' profit sharing
- (6) To report the issuance of unsecured corporate bonds

3. Proposed Resolutions

- (1) To accept 2023 Business Report and Financial Statements
- (2) To revise the Articles of Incorporation
- (3) To approve the issuance of employee restricted stock awards for year 2024

4. Directors Election

To elect ten Directors (including seven Independent Directors)

Voting by Poll

5. Other Business and Special Motion

6. Meeting Adjourned

Report Items

1. To report the business of 2023

Explanatory Notes: Please refer to Attachment I.

2. Audit and Risk Committee's review report

Explanatory Notes: Please refer to Attachment II.

3. To report 2023 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 2023 quarterly cash dividends are demonstrated in the table below:

| 2023 | Approval Date (month/day/year) | Payment Date (month/day/year) | Cash Dividend Per Share (NT\$) | Total Amount (NT\$) |
|-----------------------|--|---|--|-------------------------------|
| First Quarter | 05/09/2023 | 10/12/2023 | 3.00 | 77,796,212,976 |
| Second Quarter | 08/08/2023 | 01/11/2024 | 3.00 | 77,796,212,976 |
| Third Quarter | 11/14/2023 | 04/11/2024 | 3.49978969 ^(Note 1) | 90,762,248,472 |
| Fourth Quarter | 02/06/2024 | 07/11/2024 | 3.50 ^(Note 2) | 90,762,248,472 |

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

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

4. To report 2023 directors' compensation

Explanatory Notes:

- (1) The Board of Directors approved the 2023 directors' compensation of NT\$551,953,616 on February 6, 2024. The directors' compensation is to be distributed in cash.
- (2) 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 2023 employees' profit sharing

Explanatory Notes:

- (1) The Board of Directors approved the 2023 employees' profit sharing on February 6, 2024. The employees' profit sharing is to be distributed in cash.
- (2) The total amount of the 2023 employees' business performance bonus and profit sharing is NT\$100,181,067,112, of which NT\$50,090,533,556 has been distributed following each quarter as business performance bonus, and NT\$50,090,533,556 will be distributed in July 2024 as profit sharing.

6. To report the issuance of unsecured corporate bonds

Explanatory Notes:

As approved by TSMC's Board of Directors, in 2023, the Company completed five issuances of NT dollar-denominated corporate bonds in Taiwan for a total amount of NT\$85.7 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) |
|-----------------------------------|--|--------------------|---------------|-------------------------|-----------------------|---|
| 112-1 (Green Bond) | 03/28/2023 | A | 12.2 | 5 | 1.54 | 03/28/2028 |
| | | B | 2.3 | 7 | 1.60 | 03/28/2030 |
| | | C | 4.8 | 10 | 1.78 | 03/28/2033 |
| 112-2 (Green Bond) | 05/03/2023 | A | 13.1 | 5 | 1.60 | 05/03/2028 |
| | | B | 2.3 | 7 | 1.65 | 05/03/2030 |
| | | C | 5.3 | 10 | 1.82 | 05/03/2033 |
| 112-3 | 06/01/2023 | A | 11.4 | 5 | 1.60 | 06/01/2028 |
| | | B | 2.6 | 7 | 1.65 | 06/01/2030 |
| | | C | 6.0 | 10 | 1.80 | 06/01/2033 |
| 112-4 | 08/16/2023 | A | 7.3 | 5 | 1.60 | 08/16/2028 |
| | | B | 0.7 | 7 | 1.65 | 08/16/2030 |
| | | C | 7.9 | 10 | 1.76 | 08/16/2033 |
| 112-5 | 10/16/2023 | A | 4.3 | 5 | 1.62 | 10/16/2028 |
| | | B | 5.5 | 10 | 1.76 | 10/16/2033 |
| Interest Payment | | Payable annually | | | | |
| Principal Repayment | | Bullet at maturity | | | | |

Proposed Resolutions

1. To accept 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

- (1) TSMC's 2023 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Mr. Shih Tsung Wu and Mr. Shang Chih Lin, of Deloitte & Touche.
- (2) 2023 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 revise the Articles of Incorporation (Proposed by the Board of Directors)

Explanatory Notes:

- (1) Taiwan Stock Exchange Corporation ("TWSE") amended its "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers". The relevant provisions of TSMC's Articles of Incorporation shall be amended accordingly by adding the minimum ratio of independent directors on the Board and tenure limits of independent directors.

In addition, to ensure investors are timely informed of companies' financial results, the Financial Supervisory Commission has moved forward the deadline for publishing year-end financial statements from ninety (90) days to seventy-five (75) days after the end of each year, and indicated the future possibility to further shorten such deadline. It is proposed to amend the relevant provision of the Articles of Incorporation, to provide maximum flexibility for conforming to future regulatory changes.

- (2) The Comparison Table for the Articles of Incorporation Before and After

Revision is attached hereto as Attachment VII.

**3. To approve the issuance of employee restricted stock awards for year 2024
(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 2024 (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 4,185,000 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 allocation principles determined based on 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% • \geq 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\$1,728 million. Assuming that the RSAs will be issued at the beginning of September 2024, the total expenses from 2024 to 2027 are projected to be approximately NT\$409 million, NT\$935 million, NT\$288 million and NT\$96 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\$0.0118, NT\$0.0270, NT\$0.0083, and NT\$0.0028 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 requirement 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.

The Employee Restricted Stock Awards Rules for Year 2024 is attached hereto as Attachment VIII.

Directors Election

To elect ten Directors (including seven Independent Directors) (Proposed by the Board of Directors)

Explanatory Notes:

- (1) TSMC's Articles of Incorporation provide that the Company's Board of Directors shall have seven to ten directors; the Board of Directors is authorized to determine the number of directors.

Upon the expiry of the Directors' terms of office, the Board of Directors resolved that ten Directors (including seven Independent Directors) will be elected at this Annual Shareholders' Meeting. The terms of office of the Directors to be elected shall be three years, commencing on June 4, 2024 and expiring on June 3, 2027.

- (2) TSMC's directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the R.O.C. Company Law. Shareholders shall elect the directors from the List of Director (including Independent Director) Candidates, whose education and professional qualifications, experience and relevant information, as well as the rationale for nomination of independent directors who have served for three or more consecutive terms, are attached hereto as Attachment IX.

Voting by Poll:

Other Business and Special Motion

Meeting Adjourned

3. Attachment

Business Report

2023 was a challenging year for the global semiconductor industry, but we also witnessed the rising emergence of generative AI-related applications, with TSMC as a key enabler. As the world re-emerged from more than two years of pandemic-induced slowdown, weakening global macroeconomic conditions and higher inflation and interest rates prolonged the semiconductor inventory adjustment cycle. Despite the near-term challenges, our technology leadership enabled TSMC to outperform the foundry industry in 2023. We are well-positioned to capture the future AI and high-performance computing (HPC)-related growth opportunities.

In 2023, Generative AI took the world by storm, with ChatGPT gaining over 100m active users in just two months, becoming the world's fastest growing consumer application. Generative AI requires high computing power and interconnect bandwidth, which drives semiconductor content increase. TSMC is a key enabler of AI applications. Today, the AI application is only in its nascent stage, and no matter which AI approach is taken, AI chips require the use of leading edge technologies and advanced packaging solutions, a strong foundry design ecosystem, and high yield to support larger die sizes. All of these are to TSMC's strengths, and thus all roads lead to working with TSMC.

The surge in AI-related demand in 2023 supports our already-strong conviction on energy-efficient computing. Thus, the value of our technology position is increasing.

To address the insatiable demand for energy-efficient computing power in a highly competitive market, customers rely on TSMC to provide a dependable and predictable cadence of technology offering and high quality manufacturing service.

For TSMC, today around ~70% of our total revenue is 16nm and more advanced nodes. With rising contribution from 3nm and 2nm technologies in the next several years, this number will only increase. Thus, our mature node exposure is around ~20% of our total revenue.

Our focus on mature nodes is to build high yield capacity for specialized technologies, rather than just nominal capacity. In 2023, we worked closely with our customers to introduce specialty technologies such as N6RF+ for smartphones, CMOS Image Sensors for cameras, and 22nm MRAM for automotive and industrial applications. Our mature node strategies will continue to focus on working closely with strategic customers to develop specialty technology solutions to meet their requirement, and create differentiated and long-lasting value to customers.

In 2023, we inaugurated our new R&D center in Taiwan, and further enhanced our R&D intensity and technology development. Our industry-leading 3-nanometer technology entered high volume production with a strong ramp in the second half of 2023. We are also providing continuous enhancements of our N3 technology, including N3E, N3P and N3X, and expect an even greater contribution in 2024 and the years beyond, supported by robust demand from multiple customers.

Our 2-nanometer is on track for volume production in 2025. It will be the most advanced technology in the semiconductor industry in both density and energy efficiency, when it is introduced. N2 will adopt nanosheet transistor structure, and deliver full-node performance and power benefits, to address the increasing need for energy-efficient computing. As part of N2 technology platform, we also developed N2 with backside power rail solution, which is better-suited for specific HPC applications, to be available in the second half of 2025 to customers, with production in 2026.

We are observing a strong level of customer interest and engagement at our N2, higher than N3 at a similar stage, from both HPC and smartphone applications. With our strategy of continuous enhancements, N2 and its derivatives will further extend our technology leadership well into the future.

The insatiable demand for energy-efficient computing power not only requires leading edge process technologies, but also advanced packaging technologies to enable large-scale interconnectivity for lower power consumption, at affordable costs. TSMC's industry-leading 3DFabric[®] backend technologies include the CoWoS[®] and InFO family of advanced packaging technologies, with CoWoS[®] technology seeing robust demand from multiple customers' AI chips in 2023. Our frontend 3DIC technologies, TSMC-SoIC[®] (System on Integrated Chips), also entered mass production in 2023 to enable customers' next generation flagship AI products.

We are working 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.

Part of this strategy is to expand our global manufacturing footprint to increase customer trust, expand our future growth potential, and reach for more global talents. Our overseas decisions are based on our customers' needs, and a necessary level of government support. This is to maximize the value for our shareholders.

In the U.S., we are making good progress on our first fab in Arizona in terms of the fab infrastructure, utilities and equipment installation. We are on track for volume production of N4 technology in the first half of 2025, with the same level of manufacturing quality and reliability in Arizona as from our fabs in Taiwan.

We are also building a 12-inch specialty technology fab in Kumamoto, Japan, which is on track for volume production in the fourth quarter of 2024. We also announced plans to build an automotive and industrial specialty fab in Dresden, Germany, with construction starting in the fourth quarter of 2024.

While the initial costs of overseas fabs are higher than TSMC's fabs in Taiwan, we are confident to manage and minimize the cost gap, so that we can continue to maximize the value for our shareholders.

We are also placing a strong focus on our digital excellence initiatives, which includes leveraging big data and AI to increase our fab productivity and operational efficiency and quality. By driving digital excellence at TSMC, our fabs are transforming to become engineer-centric rather than operator-centric. As we expand globally, we will continuously enhance the intelligence of our fabs, so that we can control and manage fab operations from anywhere in the world, and deepen our service to support our customers.

Highlights of TSMC's accomplishments in 2023:

- Total wafer shipments were 12.0 million 12-inch equivalent wafers as compared to 15.3 million 12-inch equivalent wafers in 2022.
- Advanced technologies (7-nanometer and beyond) accounted for 58 percent of total wafer revenue, up from 53 percent in 2022.
- We deployed 288 distinct process technologies, and manufactured 11,895 products for 528 customers.
- TSMC produced 28 percent of the world semiconductor excluding memory output value in 2023, as compared to 30 percent in the previous year, mainly due to the semiconductor industry inventory correction.

2023 Financial Performance

Consolidated revenue reached NT\$2,161.74 billion, a decrease of 4.5 percent over NT\$2,263.89 billion in 2022. Net income was NT\$838.50 billion and diluted earnings per share were NT\$32.34. Both decreased 17.5 percent from the 2022 level of NT\$1,016.53 billion net income and NT\$39.20 diluted EPS.

TSMC generated net income of US\$26.88 billion on consolidated revenue of US\$69.30 billion, which decreased 21.1 percent and 8.7 percent respectively from the 2022 level of US\$34.07 billion net income and US\$75.88 billion consolidated revenue.

Gross profit margin was 54.4 percent as compared with 59.6 percent in 2022, while operating profit margin was 42.6 percent compared with 49.5 percent a year earlier. Net profit margin was 38.8 percent, a decrease of 6.1 percentage points from 2022's 44.9 percent.

In 2023, the Company further raised its total cash dividend payments to NT\$11.25 per share, up from NT\$11.0 a year ago.

Environmental, Social and Governance

In addition to driving profitable growth in our core business, TSMC continues to cultivate green manufacturing, build a responsible supply chain, create an inclusive workplace, attract and develop talent, and care for the underprivileged, fulfilling the Company's responsibilities as a corporate citizen.

Maintaining the highest standard of corporate governance is an essential part of our core values. In February 2023, TSMC's Board of Directors approved the establishment of the "Nominating, Corporate Governance and Sustainability Committee." The Committee is actively involved in developing TSMC's sustainability strategies, to lay the foundation for our future sustainable development. In addition, the Committee focuses on reviewing and improving TSMC's corporate governance structure, including recommending independent director candidates to the Board.

In 2023, we also announced an acceleration of our RE100 sustainability timetable, pulling forward our target for 100% renewable energy consumption for all global operations from 2050 to 2040. We also raised our 2030 target for company-wide renewable energy consumption from 40% to 60%, demonstrating our determination to achieve our environmental sustainability goals at a faster pace.

Corporate Developments

In August 2023, TSMC announced its plan to invest in European Semiconductor Manufacturing Company (ESMC) GmbH, in Dresden, Germany, along with Robert Bosch GmbH, Infineon Technologies AG, and NXP Semiconductors N.V., to build a specialty technology fab focusing on automotive and industrial applications. ESCMC is expected to have a monthly capacity of 40,000 wafers on TSMC's 28/22 nanometer planar CMOS and 16/12 nanometer FinFET process technology.

In December 2023, TSMC announced that Dr. Mark Liu plans to retire from TSMC in June 2024, and will not seek re-election to the board of directors. During his tenure, Dr. Liu has reaffirmed the Company's commitment to its mission and focused on enhancing corporate governance and competitiveness particularly in technology leadership, digital excellence, and global footprint. TSMC's Nominating, Corporate Governance and Sustainability Committee recommends Dr. C.C. Wei, while remaining as CEO, to succeed as TSMC's next Chairman, subject to the election of the incoming board in June 2024.

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*, *CommonWealth Magazine*, Taiwan Stock Exchange, and Taiwan Institute for Sustainable Energy. For innovation, TSMC was recognized as 3rd in IFI Claims Patent Services' "2023 Top 50 U.S. Patent Assignees." TSMC was also recognized by *Fortune Magazine* as "2023 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 23 consecutive years. We also received MSCI ESG Research's AAA Rating, CDP's "2022 CDP Supplier Engagement Leader," Morningstar's "The Best Sustainable Companies to Own in 2024," S&P Global's Corporate Sustainability Assessment – Top 10% S&P Global ESG Score, ISS-oekom Corporate Rating's "Prime" status, *Financial Times* and Statista's "Asia-Pacific Climate Leaders 2023," and *Forbes*' "World's Best Employers 2023." 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 2024, macroeconomic weakness and geopolitical uncertainties persist, potentially further weighing on consumer sentiment and end market demand. Against that backdrop, our business is expected to be supported by the continued strong ramp of our industry-leading 3nm technologies and robust AI-related demand, and we expect 2024 to be a healthy growth year for TSMC.

Recent developments, such as growing national security concerns, the reshaping of global supply chains, and the intensifying competition in the quest for AI supremacy, have deepened geopolitical uncertainties.

At the same time, as AI technology evolves to use more complex AI models, the amount of computation required for training and inference continues to increase. As a result, AI models need to be supported by more powerful semiconductor hardware, which use the most advanced semiconductor process technologies.

TSMC's success is predicated on providing the industry's most leading edge process technologies at scale, in the most efficient and cost-effective manner, to enable innovators to successfully offer the best products to the world.

As we become a technology leader in the semiconductor industry, we are shouldering a greater responsibility of R&D and investment in the industry. With our strong technology leadership in leading edge process technologies and advanced packaging solutions, we are able to capture a greater portion of the

industry's growth opportunities.

We focus on the fundamentals of our business, and will execute our global manufacturing footprint strategy purposefully, to support our customers' growth and increase their trust. We will continue to drive digital excellence across all our fabs globally and work towards fully intelligent and automated manufacturing. We are determined to be the most efficient and cost-effective manufacturer, no matter where we operate.

As the world grows more complex, semiconductor technology is the foundational technology for the modern digital economy. The semiconductor value in the global supply chain continues to increase, providing greater value for our customers, and greater value opportunities for TSMC.

We do not take our role and responsibility in the global semiconductor industry lightly. We will not deviate from our pure-play foundry business model, which has demonstrated time and again to be a win-win model for TSMC and our customers. We will continue to uphold our Trinity of Strengths of Technology Leadership, Manufacturing Excellence, and Customer Trust, to enable our customers to unleash their innovations in their end markets.

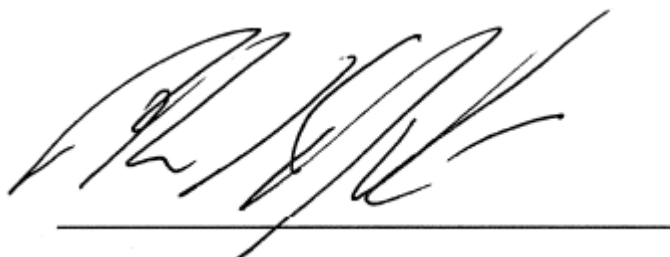
We will hold ourselves to the highest standards of corporate governance, and will adhere to our core values of Integrity, Commitment, Innovation and Customer Trust, no matter where we operate, while pursuing a sustainable future. We deeply value your trust in TSMC through the challenges of 2023. We are very excited about our future, and will work hard to run our business well, deliver good results and continue to maximize the value for our shareholders in the years to come.

Audit and Risk Committee's Review Report

The Board of Directors has prepared the Company's 2023 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 and Risk 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 and Risk Committee:

A handwritten signature in black ink, appearing to be 'P. L. Bonfield', is written over a solid horizontal line.

Sir Peter L. Bonfield

February 6, 2024

2023 Directors' Remuneration

Remuneration of Directors and Independent Directors (Note 1)

Unit: NTS

| Title/Name | Director's Remuneration | | | | | | | | | | Compensation to a Director Who is an Employee of TSMC or of TSMC's Consolidated Entities | | | | Amount and Ratio of Total A, B, C, D, E, F, and G to Net Income (Note 5) | | Compensation to Directors from Non-consolidated Affiliates or Parent Company |
|---|-------------------------|--------------------------------|---|--------------------------------|--|--------------------------------|-------------------------|--------------------------------|--|--------------------------------|--|--------------------------------|---|---------------------------|--|--------------------------------|--|
| | Base Compensation (A) | | Severance Pay and Pensions (B) (Note 2) | | Compensation to Directors (C) (Note 3) | | Allowances (D) (Note 4) | | Amount and Ratio of Total A, B, C, and D to Net Income | | Base Compensation, Bonuses, and Allowances (E) (Note 4) | | 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 | Cash | Stock (Fair Market Value) | From TSMC | From All Consolidated Entities | |
| Chairman Mark Liu | 80,605,415 | 80,605,415 | 278,299 | 278,299 | 438,652,560 | 438,652,560 | 1,417,464 | 1,417,464 | 520,953,738 | 0.0621% | - | - | - | - | 520,953,738 | 0.0621% | - |
| Vice Chairman C.C. Wei | - | - | - | - | - | - | - | - | - | - | 328,137,656 | 328,137,656 | 278,299 | 278,299 | 547,742,235 | 0.0653% | - |
| Director F.C. Tseng | - | - | - | - | 10,560,000 | 10,560,000 | 1,221,743 | 1,221,743 | 11,781,743 | 0.0014% | - | - | - | - | 11,781,743 | 0.0014% | 19,450,666 |
| Director National Development Fund, Executive Yuan Representative: Ming-Hsin Kung | - | - | - | - | 10,560,000 | 10,560,000 | - | - | 10,560,000 | 0.0013% | - | - | - | - | 10,560,000 | 0.0013% | - |
| Independent Director Sir Peter L. Bonfield | - | - | - | - | 16,445,264 | 16,445,264 | - | - | 16,445,264 | 0.0020% | - | - | - | - | 16,445,264 | 0.0020% | - |
| Independent Director Kok-Choo Chen | - | - | - | - | 13,200,000 | 13,200,000 | - | - | 13,200,000 | 0.0016% | - | - | - | - | 13,200,000 | 0.0016% | - |
| Independent Director Michael R. Splinter | - | - | - | - | 16,445,264 | 16,445,264 | - | - | 16,445,264 | 0.0020% | - | - | - | - | 16,445,264 | 0.0020% | - |
| Independent Director Moshe N. Gavrielov | - | - | - | - | 16,445,264 | 16,445,264 | - | - | 16,445,264 | 0.0020% | - | - | - | - | 16,445,264 | 0.0020% | - |
| Independent Director Yancey Hui | - | - | - | - | 13,200,000 | 13,200,000 | - | - | 13,200,000 | 0.0016% | - | - | - | - | 13,200,000 | 0.0016% | - |
| Independent Director L. Rafael Reif | - | - | - | - | 16,445,264 | 16,445,264 | - | - | 16,445,264 | 0.0020% | - | - | - | - | 16,445,264 | 0.0020% | - |
| Total | 80,605,415 | 80,605,415 | 278,299 | 278,299 | 551,953,616 | 551,953,616 | 2,639,207 | 2,639,207 | 635,476,537 | 0.0758% | 328,137,656 | 328,137,656 | 278,299 | 278,299 | 1,183,218,772 | 0.1411% | 19,450,666 |

* 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 2023 financial statements: Dr. F.C. Tseng for NTS\$17,783,760.

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

- 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.
- 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 and People Development 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 and Risk Committee and the Compensation and People Development 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 compensation of directors was expensed based on the estimated payment amounts. If the actual amounts subsequently paid differ from the above estimated amounts, the differences will be recorded in the year fully paid as a change in accounting estimate.

Note 4: The above-mentioned figures include expenses for Company cars and related reimbursements, but do not include compensation of Company drivers (total NT\$5,034,409).

Note 5: Total remuneration of the directors from TSMC and from all consolidated entities in 2022, including their employee compensation, both accounted for 0.1365% of 2022 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, 2023 and 2022, 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 material accounting policy information.

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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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, 2023 and 2022 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 and Risk 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.

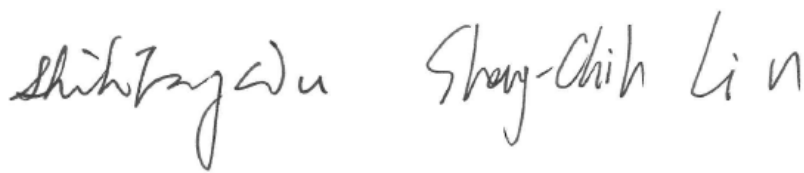
We communicate with those charged with governance regarding, among other

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, 2023 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 Shih Tsung Wu and Shang Chih Lin.



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 6, 2024

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)

| | December 31, 2023 | | December 31, 2022 | |
|---|-------------------------|------------|-------------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Note 6) | \$ 1,465,427,753 | 26 | \$ 1,342,814,083 | 27 |
| Financial assets at fair value through profit or loss (Note 7) | 924,636 | - | 1,070,398 | - |
| Financial assets at fair value through other comprehensive income (Note 8) | 154,530,830 | 3 | 122,998,543 | 2 |
| Financial assets at amortized cost (Note 9) | 66,761,221 | 1 | 94,600,219 | 2 |
| Hedging financial assets (Note 10) | - | - | 2,329 | - |
| Notes and accounts receivable, net (Note 11) | 201,313,914 | 4 | 229,755,887 | 5 |
| Receivables from related parties (Note 33) | 624,451 | - | 1,583,958 | - |
| Other receivables from related parties (Note 33) | 71,871 | - | 68,975 | - |
| Inventories (Notes 5 and 12) | 250,997,088 | 5 | 221,149,148 | 4 |
| Other financial assets (Note 34) | 27,158,766 | 1 | 25,964,428 | 1 |
| Other current assets | 26,222,380 | - | 12,888,776 | - |
| Total current assets | 2,194,032,910 | 40 | 2,052,896,744 | 41 |
| NONCURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss (Note 7) | 13,417,457 | - | - | - |
| Financial assets at fair value through other comprehensive income (Note 8) | 7,208,655 | - | 6,159,200 | - |
| Financial assets at amortized cost (Note 9) | 79,199,367 | 2 | 35,127,215 | 1 |
| Investments accounted for using equity method (Note 13) | 29,616,638 | 1 | 27,641,505 | 1 |
| Property, plant and equipment (Notes 5 and 14) | 3,064,474,984 | 55 | 2,693,836,970 | 54 |
| Right-of-use assets (Notes 5 and 15) | 40,424,830 | 1 | 41,914,136 | 1 |
| Intangible assets (Notes 5 and 16) | 22,766,744 | - | 25,999,155 | 1 |
| Deferred income tax assets (Notes 5 and 25) | 64,175,787 | 1 | 69,185,842 | 1 |
| Refundable deposits | 7,044,420 | - | 4,467,022 | - |
| Other noncurrent assets | 10,009,423 | - | 7,551,089 | - |
| Total noncurrent assets | 3,338,338,305 | 60 | 2,911,882,134 | 59 |
| TOTAL | \$ 5,532,371,215 | 100 | \$ 4,964,778,878 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss (Note 7) | \$ 121,412 | - | \$ 116,215 | - |
| Hedging financial liabilities (Notes 10 and 30) | 27,334,164 | - | 813 | - |
| Accounts payable | 55,726,757 | 1 | 54,879,708 | 1 |
| Payables to related parties (Note 33) | 1,566,300 | - | 1,642,637 | - |
| Salary and bonus payable | 33,200,563 | 1 | 36,435,509 | 1 |
| Accrued profit sharing bonus to employees and compensation to directors (Note 28) | 50,716,944 | 1 | 61,748,574 | 1 |
| Payables to contractors and equipment suppliers | 171,484,616 | 3 | 213,499,613 | 4 |
| Cash dividends payable (Note 20) | 168,558,461 | 3 | 142,617,093 | 3 |
| Income tax payable (Notes 5 and 25) | 98,912,902 | 2 | 120,801,814 | 3 |
| Long-term liabilities - current portion (Notes 17, 18 and 30) | 9,293,266 | - | 19,313,889 | - |
| Accrued expenses and other current liabilities (Notes 5, 15, 21, 30 and 33) | 296,667,931 | 5 | 293,170,952 | 6 |
| Total current liabilities | 913,583,316 | 16 | 944,226,817 | 19 |
| NONCURRENT LIABILITIES | | | | |
| Bonds payable (Notes 17 and 30) | 913,899,843 | 17 | 834,336,439 | 17 |
| Long-term bank loans (Notes 18 and 30) | 4,382,965 | - | 4,760,047 | - |
| Deferred income tax liabilities (Notes 5 and 25) | 53,856 | - | 1,031,383 | - |
| Lease liabilities (Notes 5, 15 and 30) | 28,681,835 | 1 | 29,764,097 | - |
| Net defined benefit liability (Note 19) | 9,257,224 | - | 9,321,091 | - |
| Guarantee deposits | 923,164 | - | 892,021 | - |
| Others (Note 21) | 178,326,165 | 3 | 179,958,116 | 4 |
| Total noncurrent liabilities | 1,135,525,052 | 21 | 1,060,063,194 | 21 |
| Total liabilities | 2,049,108,368 | 37 | 2,004,290,011 | 40 |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | | | | |
| Capital stock (Note 20) | 259,320,710 | 5 | 259,303,805 | 5 |
| Capital surplus (Notes 20 and 27) | 69,876,381 | 1 | 69,330,328 | 1 |
| Retained earnings (Note 20) | | | | |
| Appropriated as legal capital reserve | 311,146,899 | 6 | 311,146,899 | 6 |
| Appropriated as special capital reserve | - | - | 3,154,310 | - |
| Unappropriated earnings | 2,846,883,893 | 51 | 2,323,223,479 | 47 |
| | 3,158,030,792 | 57 | 2,637,524,688 | 53 |
| Others (Notes 20 and 27) | (28,314,256) | - | (20,505,626) | - |
| Equity attributable to shareholders of the parent | 3,458,913,627 | 63 | 2,945,653,195 | 59 |
| NON - CONTROLLING INTERESTS | 24,349,220 | - | 14,835,672 | 1 |
| Total equity | 3,483,262,847 | 63 | 2,960,488,867 | 60 |
| TOTAL | \$ 5,532,371,215 | 100 | \$ 4,964,778,878 | 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)

| | 2023 | | 2022 | |
|--|----------------------|-----------|----------------------|-----------|
| | Amount | % | Amount | % |
| NET REVENUE (Notes 5, 21, 33 and 38) | \$ 2,161,735,841 | 100 | \$ 2,263,891,292 | 100 |
| COST OF REVENUE (Notes 5, 12, 28 and 33) | <u>986,625,213</u> | <u>46</u> | <u>915,536,486</u> | <u>40</u> |
| GROSS PROFIT | <u>1,175,110,628</u> | <u>54</u> | <u>1,348,354,806</u> | <u>60</u> |
| OPERATING EXPENSES (Notes 5, 28 and 33) | | | | |
| Research and development | 182,370,170 | 8 | 163,262,208 | 7 |
| General and administrative | 60,872,841 | 3 | 53,524,898 | 2 |
| Marketing | <u>10,590,705</u> | <u>-</u> | <u>9,920,446</u> | <u>1</u> |
| Total operating expenses | <u>253,833,716</u> | <u>11</u> | <u>226,707,552</u> | <u>10</u> |
| OTHER OPERATING INCOME AND EXPENSES, NET (Notes 14 and 28) | <u>188,694</u> | <u>-</u> | <u>(368,403)</u> | <u>-</u> |
| INCOME FROM OPERATIONS (Note 38) | <u>921,465,606</u> | <u>43</u> | <u>1,121,278,851</u> | <u>50</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Share of profits of associates | 4,655,098 | - | 7,798,359 | - |
| Interest income (Note 22) | 60,293,901 | 3 | 22,422,209 | 1 |
| Other income | 479,984 | - | 947,697 | - |
| Foreign exchange gain (loss), net (Note 36) | (2,685,484) | - | 4,505,784 | - |
| Finance costs (Note 23) | (11,999,360) | (1) | (11,749,984) | - |
| Other gains and losses, net (Note 24) | <u>6,961,579</u> | <u>-</u> | <u>(1,012,198)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>57,705,718</u> | <u>2</u> | <u>22,911,867</u> | <u>1</u> |
| INCOME BEFORE INCOME TAX | 979,171,324 | 45 | 1,144,190,718 | 51 |
| INCOME TAX EXPENSE (Notes 5 and 25) | <u>141,403,807</u> | <u>6</u> | <u>127,290,203</u> | <u>6</u> |
| NET INCOME | <u>837,767,517</u> | <u>39</u> | <u>1,016,900,515</u> | <u>45</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 5, 19, 20 and 25) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit obligation | (623,356) | - | (823,060) | - |
| Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income | 1,954,563 | - | (263,749) | - |
| Gain on hedging instruments | 39,898 | - | - | - |
| Share of other comprehensive income of associates | 42,554 | - | 154,457 | - |
| Income tax benefit related to items that will not be reclassified subsequently | <u>124,646</u> | <u>-</u> | <u>733,956</u> | <u>-</u> |
| | <u>1,538,305</u> | <u>-</u> | <u>(198,396)</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)

| | 2023 | | 2022 | |
|--|-----------------------|------------|-------------------------|-----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences arising on translation of foreign operations | \$ (14,464,353) | (1) | \$ 50,845,614 | 2 |
| Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income | 4,123,201 | - | (10,102,658) | - |
| Gain (loss) on hedging instruments | (74,735) | - | 1,329,231 | - |
| Share of other comprehensive income of associates | 63,938 | - | 550,338 | - |
| Income tax benefit related to items that may be reclassified subsequently | - | - | 6,036 | - |
| | <u>(10,351,949)</u> | <u>(1)</u> | <u>42,628,561</u> | <u>2</u> |
| Other comprehensive income (loss), net of income tax | <u>(8,813,644)</u> | <u>(1)</u> | <u>42,430,165</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME | <u>\$ 828,953,873</u> | <u>38</u> | <u>\$ 1,059,330,680</u> | <u>47</u> |
| NET INCOME ATTRIBUTABLE TO: | | | | |
| Shareholders of the parent | \$ 838,497,664 | 39 | \$ 1,016,530,249 | 45 |
| Non-controlling interests | <u>(730,147)</u> | <u>-</u> | <u>370,266</u> | <u>-</u> |
| | <u>\$ 837,767,517</u> | <u>39</u> | <u>\$ 1,016,900,515</u> | <u>45</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Shareholders of the parent | \$ 830,509,542 | 38 | \$ 1,059,124,890 | 47 |
| Non-controlling interests | <u>(1,555,669)</u> | <u>-</u> | <u>205,790</u> | <u>-</u> |
| | <u>\$ 828,953,873</u> | <u>38</u> | <u>\$ 1,059,330,680</u> | <u>47</u> |
| EARNINGS PER SHARE (NT\$, Note 26) | | | | |
| Basic earnings per share | <u>\$ 32.34</u> | | <u>\$ 39.20</u> | |
| Diluted earnings per share | <u>\$ 32.34</u> | | <u>\$ 39.20</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 | | | | | | | | | | Total Equity | | | | | | |
|--|---|----------------|-----------------|-----------------------|-------------------|-------------------------|-------------------------|------------------|--------------------------------------|---|--------------|------------------------------------|--|-----------------|------------------|---------------------------|------------------|
| | Capital Stock - Common Stock | | | | Retained Earnings | | | Others | | | | | | | | | |
| | Shares (In Thousands) | Amount | Capital Surplus | Legal Capital Reserve | Special Reserve | Special Capital Reserve | Unappropriated Earnings | Total | Foreign Currency Translation Reserve | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | | Gain (Loss) on Hedging Instruments | Unearned Stock-based Employee Compensation | Treasury Stock | Total | Non-controlling Interests | |
| BALANCE, JANUARY 1, 2022 | 25,930,380 | \$ 259,303,805 | \$ 64,761,602 | \$ 311,146,899 | \$ 59,304,212 | \$ 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) | 56,149,902 | - | - | - | - | - | - | - | - | - | - |
| Special capital reserve | - | - | - | - | (285,234,185) | (285,234,185) | (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) | - | - | - | - | - | - | (229,084,283) | - | (229,084,283) |
| Total | - | - | - | - | (56,149,902) | (56,149,902) | 56,149,902 | (285,234,185) | - | - | - | - | - | - | (285,234,185) | - | (285,234,185) |
| 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) | (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 | 42,594,641 | (164,476) | 42,430,165 |
| Share-based payment arrangements | 1,387 | 13,870 | 438,029 | - | - | - | - | - | - | (10,327,421) | 1,411,574 | - | - | 42,644,213 | 205,790 | 1,059,330,680 | |
| Treasury stock acquired | - | - | - | - | - | - | - | - | - | - | - | (871,566) | - | 266,746 | - | 266,746 | |
| Treasury stock retired | (1,387) | (13,870) | (2,989) | - | - | - | (854,707) | (854,707) | - | - | - | 871,566 | - | (871,566) | - | (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 | - | - | - | - | - | - | - | - | - | (303,242) | - | - | - | (303,242) | - | - | |
| Adjustments to share of changes in equities of associates | - | - | - | - | - | - | - | - | - | (62,929) | - | - | - | (62,929) | - | - | |
| Adjustments to share of changes in equities of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| From share of changes in equities of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Donation from shareholders | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Decrease in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| BALANCE, DECEMBER 31, 2022 | 25,930,380 | \$ 259,303,805 | \$ 69,530,328 | \$ 311,146,899 | \$ 3,154,310 | \$ 3,154,310 | \$ 2,323,223,479 | \$ 2,637,524,638 | \$ (11,743,301) | \$ (10,956,353) | \$ 1,479,181 | \$ (185,153) | \$ - | \$ (20,505,626) | \$ 2,945,653,195 | \$ 14,835,672 | \$ 2,960,488,867 |
| Appropriations of earnings | - | - | - | - | (3,154,310) | (3,154,310) | 3,154,310 | - | - | - | - | - | - | - | - | - | - |
| Special capital reserve | - | - | - | - | (317,663,220) | (317,663,220) | (317,663,220) | (317,663,220) | - | - | - | - | - | - | (317,663,220) | - | (317,663,220) |
| Cash dividends to shareholders | - | - | - | - | (314,608,910) | (314,608,910) | (314,608,910) | (314,608,910) | - | - | - | - | - | - | (314,608,910) | - | (314,608,910) |
| Total | - | - | - | - | (3,154,310) | (3,154,310) | (3,154,310) | (3,154,310) | - | - | - | - | - | - | (3,154,310) | - | (3,154,310) |
| Net income | - | - | - | - | - | - | 838,497,664 | 838,497,664 | - | - | - | - | - | - | 838,497,664 | (730,147) | 837,767,517 |
| Other comprehensive income (loss), net of income tax | - | - | - | - | (484,898) | (484,898) | (484,898) | (484,898) | (13,573,468) | 6,108,369 | (38,125) | - | - | (7,503,224) | (7,988,122) | (825,522) | (8,813,644) |
| Total comprehensive income (loss) | - | - | - | - | - | - | 838,012,766 | 838,012,766 | (13,573,468) | 6,108,369 | (38,125) | - | - | (7,503,224) | 830,509,542 | (1,555,669) | 828,953,873 |
| Disposal of investments accounted for using equity method | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Employee restricted shares retired | (419) | (4,195) | 4,195 | - | - | - | 4,614 | 4,614 | - | - | - | - | - | - | (8,112) | (370) | (18,482) |
| Share-based payment arrangements | 2,110 | 21,100 | 564,868 | - | - | - | - | - | - | - | - | (108,281) | - | (108,281) | 477,687 | - | 477,687 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | - | (151,944) | - | - | - | (151,944) | - | - | - |
| Basis adjustment for loss on hedging instruments | - | - | - | - | - | - | - | - | - | (45,181) | - | - | - | (45,181) | - | - | (45,181) |
| Adjustments to share of changes in equities of associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments to share of changes in equities of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| From share of changes in equities of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Donation from shareholders | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Decrease in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| BALANCE, DECEMBER 31, 2023 | 25,932,071 | \$ 259,320,710 | \$ 69,976,381 | \$ 311,146,899 | \$ - | \$ - | \$ 2,846,883,892 | \$ 3,158,030,792 | \$ (25,316,762) | \$ (4,099,928) | \$ 1,395,875 | \$ (293,434) | \$ - | \$ (28,314,256) | \$ 3,458,913,627 | \$ 24,349,220 | \$ 3,483,262,847 |

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)

| | 2023 | 2022 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 979,171,324 | \$ 1,144,190,718 |
| Adjustments for: | | |
| Depreciation expense | 522,932,671 | 428,498,179 |
| Amortization expense | 9,258,250 | 8,756,094 |
| Expected credit losses recognized on investments in debt instruments | 35,745 | 52,351 |
| Finance costs | 11,999,360 | 11,749,984 |
| Share of profits of associates | (4,655,098) | (7,798,359) |
| Interest income | (60,293,901) | (22,422,209) |
| Share-based compensation | 483,050 | 302,348 |
| Loss (gain) on disposal or retirement of property, plant and equipment, net | 369,140 | (98,856) |
| Loss (gain) on disposal or retirement of intangible assets, net | (3,045) | 6,004 |
| Impairment loss on property, plant and equipment | - | 790,740 |
| Gain on financial instruments at fair value through profit or loss, net | (12,355) | - |
| Loss on disposal of investments in debt instruments at fair value through other comprehensive income, net | 473,897 | 410,076 |
| Gain on disposal of investments accounted for using equity method, net | (15,758) | - |
| Loss (gain) on foreign exchange, net | (246,695) | 10,342,706 |
| Dividend income | (464,094) | (266,767) |
| Others | (337,935) | 138,827 |
| Changes in operating assets and liabilities: | | |
| Financial instruments at fair value through profit or loss | 289,570 | (1,354,359) |
| Notes and accounts receivable, net | 28,441,987 | (32,169,853) |
| Receivables from related parties | 959,507 | (868,634) |
| Other receivables from related parties | (2,896) | (7,444) |
| Inventories | (29,847,940) | (28,046,827) |
| Other financial assets | 1,878,712 | (1,680,611) |
| Other current assets | (12,530,880) | (4,450,883) |
| Other noncurrent assets | (720,278) | - |
| Accounts payable | 847,049 | 7,594,105 |
| Payables to related parties | (76,337) | 205,451 |
| Salary and bonus payable | (3,234,946) | 12,633,409 |
| Accrued profit sharing bonus to employees and compensation to directors | (11,031,630) | 25,223,833 |
| Accrued expenses and other current liabilities | (44,466,734) | 46,578,784 |
| Other noncurrent liabilities | 13,329,895 | 101,390,476 |
| Net defined benefit liability | (687,223) | (2,538,848) |
| Cash generated from operations | 1,401,842,412 | 1,697,160,435 |
| Income taxes paid | (159,875,065) | (86,561,247) |
| Net cash generated by operating activities | <u>1,241,967,347</u> | <u>1,610,599,188</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of: | | |
| Financial instruments at fair value through profit or loss | (14,142,072) | (125,540) |
| Financial assets at fair value through other comprehensive income | (62,752,002) | (54,566,725) |
| Financial assets at amortized cost | (149,387,898) | (183,125,920) |
| Property, plant and equipment | (949,816,825) | (1,082,672,130) |
| Intangible assets | (5,518,414) | (6,954,326) |

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

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

| | 2023 | 2022 |
|---|-------------------------|-------------------------|
| Proceeds from disposal or redemption of: | | |
| Financial assets at fair value through other comprehensive income | \$ 35,698,575 | \$ 44,963,367 |
| Financial assets at amortized cost | 134,605,822 | 62,329,674 |
| Property, plant and equipment | 703,904 | 983,358 |
| Intangible assets | 3,078 | 12,636 |
| Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income | 127,963 | 2,938 |
| Derecognition of hedging financial instruments | 68,237 | 1,684,430 |
| Interest received | 55,887,164 | 18,083,755 |
| Proceeds from government grants - property, plant and equipment | 47,544,746 | 7,046,136 |
| Proceeds from government grants - others | 1,152 | 5,296 |
| Other dividends received | 445,129 | 266,767 |
| Dividends received from investments accounted for using equity method | 3,076,482 | 2,749,667 |
| Increase in prepayments for leases | (63,153) | - |
| Refundable deposits paid | (4,056,496) | (2,117,041) |
| Refundable deposits refunded | <u>1,454,012</u> | <u>505,423</u> |
| Net cash used in investing activities | <u>(906,120,596)</u> | <u>(1,190,928,235)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease in short-term loans | - | (111,959,992) |
| Increase in hedging financial liabilities - bank loans | 27,908,580 | - |
| Proceeds from issuance of bonds | 85,700,000 | 198,293,561 |
| Repayment of bonds | (18,100,000) | (4,400,000) |
| Proceeds from long-term bank loans | 2,450,000 | 2,670,000 |
| Repayment of long-term bank loans | (1,756,944) | (166,667) |
| Payments for transaction costs attributable to the issuance of bonds | (88,681) | (414,307) |
| Treasury stock acquired | - | (871,566) |
| Repayment of the principal portion of lease liabilities | (2,854,344) | (2,428,277) |
| Interest paid | (17,358,981) | (12,218,659) |
| Guarantee deposits received | 230,116 | 271,387 |
| Guarantee deposits refunded | (367,375) | (62,100) |
| Cash dividends | (291,721,852) | (285,234,185) |
| Donation from shareholders | 16,448 | 13,225 |
| Increase in non-controlling interests | <u>11,048,781</u> | <u>16,263,548</u> |
| Net cash used in financing activities | <u>(204,894,252)</u> | <u>(200,244,032)</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | <u>(8,338,829)</u> | <u>58,396,970</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 122,613,670 | 277,823,891 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>1,342,814,083</u> | <u>1,064,990,192</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,465,427,753</u> | <u>\$ 1,342,814,083</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, 2023 and 2022, 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 material accounting policy information.

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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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 and Risk 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, 2023 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 Shih Tsung Wu and Shang Chih Lin.

Handwritten signatures of Shih Tsung Wu and Shang Chih Lin in black ink.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 6, 2024

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, 2023 | | December 31, 2022 | |
|---|-------------------------|------------|-------------------------|------------|
| | Amount | % | Amount | % |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Note 6) | \$ 718,703,712 | 15 | \$ 628,875,897 | 14 |
| Financial assets at fair value through profit or loss (Note 7) | 624,685 | - | 552,255 | - |
| Financial assets at amortized cost (Note 8) | 18,371,705 | - | 48,732,476 | 1 |
| Notes and accounts receivable, net (Note 10) | 33,557,279 | 1 | 41,311,836 | 1 |
| Receivables from related parties (Note 30) | 155,261,877 | 3 | 173,044,812 | 4 |
| Other receivables from related parties (Note 30) | 4,360,322 | - | 6,357,925 | - |
| Inventories (Notes 5 and 11) | 238,259,195 | 5 | 208,282,895 | 5 |
| Other financial assets | 4,321,083 | - | 2,801,253 | - |
| Other current assets | 12,328,706 | - | 8,591,040 | - |
| Total current assets | <u>1,185,788,564</u> | <u>24</u> | <u>1,118,550,389</u> | <u>25</u> |
| NONCURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income | 960,950 | - | 1,014,741 | - |
| Investments accounted for using equity method (Note 12) | 1,094,695,092 | 23 | 727,947,169 | 16 |
| Property, plant and equipment (Notes 5 and 13) | 2,453,465,322 | 50 | 2,432,675,050 | 55 |
| Right-of-use assets (Notes 5 and 14) | 37,872,705 | 1 | 39,051,427 | 1 |
| Intangible assets (Notes 5 and 15) | 17,684,064 | - | 21,456,104 | 1 |
| Deferred income tax assets (Notes 5 and 23) | 62,356,061 | 1 | 67,708,061 | 2 |
| Refundable deposits | 3,433,404 | - | 2,095,656 | - |
| Other noncurrent assets (Note 30) | 17,823,122 | 1 | 11,920,467 | - |
| Total noncurrent assets | <u>3,688,290,720</u> | <u>76</u> | <u>3,303,868,675</u> | <u>75</u> |
| TOTAL | <u>\$ 4,874,079,284</u> | <u>100</u> | <u>\$ 4,422,419,064</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss (Note 7) | \$ 25,673 | - | \$ 17,468 | - |
| Hedging financial liabilities (Notes 9 and 27) | 27,290,400 | 1 | - | - |
| Accounts payable | 47,643,493 | 1 | 48,732,542 | 1 |
| Payables to related parties (Note 30) | 10,119,695 | - | 10,051,044 | - |
| Salary and bonus payable | 27,754,742 | 1 | 31,308,620 | 1 |
| Accrued profit sharing bonus to employees and compensation to directors (Note 26) | 50,642,488 | 1 | 61,392,175 | 1 |
| Payables to contractors and equipment suppliers | 84,146,173 | 2 | 200,046,018 | 5 |
| Cash dividends payable (Note 18) | 168,558,461 | 3 | 142,617,093 | 3 |
| Income tax payable (Notes 5 and 23) | 98,564,981 | 2 | 120,077,567 | 3 |
| Long-term liabilities - current portion (Notes 16 and 27) | 6,997,710 | - | 18,100,000 | - |
| Accrued expenses and other current liabilities (Notes 5, 14, 19, 27 and 30) | 241,858,508 | 5 | 266,903,073 | 6 |
| Total current liabilities | <u>763,602,324</u> | <u>16</u> | <u>899,245,600</u> | <u>20</u> |
| NONCURRENT LIABILITIES | | | | |
| Bonds payable (Notes 16 and 27) | 439,869,855 | 9 | 361,130,474 | 8 |
| Deferred income tax liabilities (Notes 5 and 23) | - | - | 908,273 | - |
| Lease liabilities (Notes 5, 14 and 27) | 26,959,435 | - | 27,593,900 | 1 |
| Net defined benefit liability (Note 17) | 9,257,224 | - | 9,321,091 | - |
| Guarantee deposits | 915,344 | - | 885,273 | - |
| Others (Notes 19 and 30) | 174,561,475 | 4 | 177,681,258 | 4 |
| Total noncurrent liabilities | <u>651,563,333</u> | <u>13</u> | <u>577,520,269</u> | <u>13</u> |
| Total liabilities | <u>1,415,165,657</u> | <u>29</u> | <u>1,476,765,869</u> | <u>33</u> |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | | | | |
| Capital stock (Note 18) | 259,320,710 | 5 | 259,303,805 | 6 |
| Capital surplus (Note 18) | 69,876,381 | 2 | 69,330,328 | 2 |
| Retained earnings (Note 18) | | | | |
| Appropriated as legal capital reserve | 311,146,899 | 6 | 311,146,899 | 7 |
| Appropriated as special capital reserve | - | - | 3,154,310 | - |
| Unappropriated earnings | 2,846,883,893 | 59 | 2,323,223,479 | 53 |
| | <u>3,158,030,792</u> | <u>65</u> | <u>2,637,524,688</u> | <u>60</u> |
| Others (Note 18) | (28,314,256) | (1) | (20,505,626) | (1) |
| Total equity | <u>3,458,913,627</u> | <u>71</u> | <u>2,945,653,195</u> | <u>67</u> |
| TOTAL | <u>\$ 4,874,079,284</u> | <u>100</u> | <u>\$ 4,422,419,064</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)

| | 2023 | | 2022 | |
|--|----------------------|-----------|----------------------|------------|
| | Amount | % | Amount | % |
| NET REVENUE (Notes 5, 19 and 30) | \$ 2,153,285,095 | 100 | \$ 2,252,320,561 | 100 |
| COST OF REVENUE (Notes 5, 11, 26 and 30) | <u>1,022,660,164</u> | <u>47</u> | <u>951,927,673</u> | <u>42</u> |
| GROSS PROFIT | <u>1,130,624,931</u> | <u>53</u> | <u>1,300,392,888</u> | <u>58</u> |
| OPERATING EXPENSES (Notes 5, 26 and 30) | | | | |
| Research and development | 178,725,098 | 9 | 160,813,633 | 7 |
| General and administrative | 39,890,037 | 2 | 42,764,642 | 2 |
| Marketing | <u>5,118,396</u> | <u>-</u> | <u>6,059,649</u> | <u>-</u> |
| Total operating expenses | <u>223,733,531</u> | <u>11</u> | <u>209,637,924</u> | <u>9</u> |
| OTHER OPERATING INCOME AND EXPENSES, NET (Notes 13 and 26) | <u>481,455</u> | <u>-</u> | <u>(8,275)</u> | <u>(1)</u> |
| INCOME FROM OPERATIONS | <u>907,372,855</u> | <u>42</u> | <u>1,090,746,689</u> | <u>48</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Share of profits of subsidiaries and associates (Note 12) | 52,587,403 | 2 | 42,415,408 | 2 |
| Interest income (Note 20) | 17,825,551 | 1 | 5,957,864 | 1 |
| Other income | 230,801 | - | 887,958 | - |
| Foreign exchange gain (loss), net (Note 32) | (3,238,713) | - | 853,022 | - |
| Finance costs (Note 21) | (4,600,793) | - | (3,240,406) | - |
| Other gains and losses, net (Note 22) | <u>7,594,132</u> | <u>-</u> | <u>3,053,281</u> | <u>-</u> |
| Total non-operating income and expenses | <u>70,398,381</u> | <u>3</u> | <u>49,927,127</u> | <u>3</u> |
| INCOME BEFORE INCOME TAX | 977,771,236 | 45 | 1,140,673,816 | 51 |
| INCOME TAX EXPENSE (Notes 5 and 23) | <u>139,273,572</u> | <u>6</u> | <u>124,143,567</u> | <u>6</u> |
| NET INCOME | <u>838,497,664</u> | <u>39</u> | <u>1,016,530,249</u> | <u>45</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 5, 12, 17, 18 and 23) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit obligation | (623,356) | - | (823,060) | - |
| Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income | (53,665) | - | 18,979 | - |
| Gain on hedging instruments | 39,898 | - | - | - |
| Share of other comprehensive gain/(loss) of subsidiaries and associates | 2,049,357 | - | (127,903) | - |
| Income tax benefit related to items that will not be reclassified subsequently | <u>124,646</u> | <u>-</u> | <u>733,956</u> | <u>-</u> |
| | <u>1,536,880</u> | <u>-</u> | <u>(198,028)</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)

| | 2023 | | 2022 | |
|---|-----------------------|-----------|-------------------------|-----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences arising on translation of foreign operations | \$ (13,645,829) | - | \$ 51,030,928 | 2 |
| Share of other comprehensive gain/(loss) of subsidiaries and associates | 4,120,827 | - | (8,244,295) | - |
| Income tax benefit related to items that may be reclassified subsequently | <u>-</u> | <u>-</u> | <u>6,036</u> | <u>-</u> |
| | <u>(9,525,002)</u> | <u>-</u> | <u>42,792,669</u> | <u>2</u> |
| Other comprehensive income (loss), net of income tax | <u>(7,988,122)</u> | <u>-</u> | <u>42,594,641</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME | <u>\$ 830,509,542</u> | <u>39</u> | <u>\$ 1,059,124,890</u> | <u>47</u> |
| EARNINGS PER SHARE (NT\$, Note 24) | | | | |
| Basic earnings per share | <u>\$ 32.34</u> | | <u>\$ 39.20</u> | |
| Diluted earnings per share | <u>\$ 32.34</u> | | <u>\$ 39.20</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 | | Total | Treasury Stock | Total Equity | | | |
|--|------------------------------|----------------|-----------------------|-------------------------|-------------------------|--------------------------------------|-----------------|----------------|--------------|---|------------------------------------|--|
| | Shares (In Thousands) | Amount | Legal Capital Reserve | Special Capital Reserve | Unappropriated Earnings | 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 |
| BALANCE, JANUARY 1, 2022 | 25,930,380 | \$ 259,303,805 | \$ 311,146,899 | \$ 59,304,212 | \$ 1,536,378,550 | \$ (63,303,361) | \$ 574,310 | \$ 120,536 | \$ - | \$ (62,608,515) | \$ - | \$ 2,168,286,553 |
| Appropriations of earnings | - | - | - | (56,149,902) | 56,149,902 | - | - | - | - | - | - | - |
| Special capital reserve | - | - | - | (285,234,185) | (285,234,185) | - | - | - | - | - | - | (285,234,185) |
| Cash dividends to shareholders | - | - | - | (229,084,283) | (229,084,283) | - | - | - | - | - | - | (285,234,185) |
| Total | - | - | - | (56,149,902) | (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) | - | - | - | - | - | - | (49,572) |
| Total comprehensive income (loss) | - | - | - | 1,016,480,677 | 1,016,480,677 | - | - | - | - | - | - | 1,016,480,677 |
| Share-based payment arrangements | 1,387 | 13,870 | - | - | - | - | - | - | (185,153) | (185,153) | - | 266,746 |
| Treasury stock acquired | - | - | - | - | - | - | - | - | - | - | (871,566) | (871,566) |
| Treasury stock retired | (1,387) | (13,870) | - | - | (854,707) | - | - | - | - | - | 871,566 | - |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 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 | \$ 311,146,899 | \$ 3,154,310 | \$ 2,323,223,479 | \$ (11,743,301) | \$ (10,056,353) | \$ 1,479,181 | \$ (185,153) | \$ (20,505,626) | \$ - | \$ 2,945,653,195 |
| Appropriations of earnings | - | - | - | (3,154,310) | 3,154,310 | - | - | - | - | - | - | - |
| Special capital reserve | - | - | - | (317,663,220) | (317,663,220) | - | - | - | - | - | - | (317,663,220) |
| Cash dividends to shareholders | - | - | - | (314,508,910) | (314,508,910) | - | - | - | - | - | - | (317,663,220) |
| Total | - | - | - | (3,154,310) | (317,663,220) | - | - | - | - | - | - | (317,663,220) |
| Net income | - | - | - | 838,497,664 | 838,497,664 | - | - | - | - | - | - | 838,497,664 |
| Other comprehensive income (loss), net of income tax | - | - | - | (484,898) | (484,898) | - | 6,108,369 | (38,125) | - | (7,503,224) | - | (7,988,122) |
| Total comprehensive income (loss) | - | - | - | 838,012,766 | 838,012,766 | - | 6,108,369 | (38,125) | - | (7,503,224) | - | 830,509,542 |
| Employee restricted shares retired | (419) | (4,195) | - | - | 4,614 | - | - | - | - | - | - | 4,614 |
| Share-based payment arrangements | 2,110 | 21,100 | - | - | - | - | - | - | (108,281) | (108,281) | - | 477,687 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | - | - | (151,944) | - | - | (151,944) | - | - |
| Basis adjustment for loss on hedging instruments | - | - | - | - | 151,944 | - | - | - | - | (45,181) | - | (45,181) |
| Adjustments to share of changes in equities of associates | - | - | - | - | - | - | - | - | - | - | - | (18,155) |
| From share of changes in equities of subsidiaries | - | - | - | - | (21,268) | - | - | - | - | - | - | (21,268) |
| Donation from shareholders | - | - | - | - | 16,413 | - | - | - | - | - | - | 16,413 |
| BALANCE, DECEMBER 31, 2023 | 25,932,071 | \$ 259,320,710 | \$ 311,146,899 | \$ - | \$ 2,846,883,893 | \$ (25,316,769) | \$ (4,099,928) | \$ 1,395,875 | \$ (293,434) | \$ (28,314,250) | \$ - | \$ 3,448,913,627 |

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)

| | 2023 | 2022 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 977,771,236 | \$ 1,140,673,816 |
| Adjustments for: | | |
| Depreciation expense | 500,300,771 | 413,595,082 |
| Amortization expense | 9,197,976 | 8,706,961 |
| Expected credit losses recognized on investments in debt instruments | 5,789 | 10,341 |
| Finance costs | 4,600,793 | 3,240,406 |
| Share of profits of subsidiaries and associates | (52,587,403) | (42,415,408) |
| Interest income | (17,825,551) | (5,957,864) |
| Share-based compensation | 482,302 | 266,746 |
| Loss (gain) on disposal or retirement of property, plant and equipment, net | 76,638 | (436,567) |
| Loss (gain) on disposal or retirement of intangible assets, net | (3,045) | 3,720 |
| Impairment loss on property, plant and equipment | - | 790,740 |
| Loss (gain) on foreign exchange, net | 183,093 | 9,965,603 |
| Dividend income | (214,911) | (207,028) |
| Others | (317,394) | 131,637 |
| Changes in operating assets and liabilities: | | |
| Financial instruments at fair value through profit or loss | (24,326) | (1,025,979) |
| Notes and accounts receivable, net | 7,754,557 | 4,588,461 |
| Receivables from related parties | 17,782,935 | (34,692,438) |
| Other receivables from related parties | 2,115,413 | (1,074,087) |
| Inventories | (29,976,300) | (23,123,047) |
| Other financial assets | (1,019,979) | 1,894,328 |
| Other current assets | (7,799,552) | (712,233) |
| Other noncurrent assets | (720,278) | (8,532,751) |
| Accounts payable | (1,089,049) | 7,528,120 |
| Payables to related parties | 67,281 | 2,362,846 |
| Salary and bonus payable | (3,553,878) | 10,494,186 |
| Accrued profit sharing bonus to employees and compensation to directors | (10,749,687) | 25,303,189 |
| Accrued expenses and other current liabilities | (42,119,570) | 47,110,082 |
| Other noncurrent liabilities | 12,836,220 | 86,831,552 |
| Net defined benefit liability | (687,223) | (2,538,848) |
| Cash generated from operations | 1,364,486,858 | 1,642,781,566 |
| Income taxes paid | (157,403,955) | (83,364,086) |
| Net cash generated by operating activities | <u>1,207,082,903</u> | <u>1,559,417,480</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of: | | |
| Financial assets at amortized cost | (51,099,687) | (97,748,105) |
| Equity interest in subsidiary | (3,359) | - |
| Property, plant and equipment | (634,971,543) | (897,574,802) |
| Intangible assets | (4,898,499) | (6,679,871) |
| Proceeds from disposal or redemption of: | | |
| Financial assets at amortized cost | 81,900,000 | 49,190,000 |
| Property, plant and equipment | 1,369,856 | 1,665,212 |
| Intangible assets | 3,078 | 3,750 |
| Proceeds from return of capital of investments in equity instruments at fair value through other comprehensive income | 125 | 2,938 |

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

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

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Interest received | \$ 16,851,011 | \$ 4,889,786 |
| Other dividends received | 214,911 | 207,028 |
| Dividends received from investments accounted for using equity method | 3,849,295 | 3,248,044 |
| Refundable deposits paid | (1,703,523) | (1,611,716) |
| Refundable deposits refunded | <u>359,682</u> | <u>406,185</u> |
| Net cash used in investing activities | <u>(588,128,653)</u> | <u>(944,001,551)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease in short-term loans | - | (111,959,992) |
| Increase in hedging financial liabilities - bank loans | 27,908,580 | - |
| Proceeds from issuance of bonds | 85,700,000 | 65,400,000 |
| Repayment of bonds | (18,100,000) | (4,400,000) |
| Payments for transaction costs attributable to the issuance of bonds | (88,681) | (69,528) |
| Treasury stock acquired | - | (871,566) |
| Repayment of the principal portion of lease liabilities | (2,094,258) | (1,848,257) |
| Interest paid | (4,724,074) | (3,757,985) |
| Guarantee deposits received | 187,164 | 216,589 |
| Guarantee deposits refunded | (286,036) | (45,643) |
| Cash dividends | (291,721,852) | (285,234,185) |
| Payment of partial acquisition of interests in subsidiaries | (326,167,994) | (40,421,374) |
| Proceeds from partial disposal of interests in subsidiaries | 244,376 | 144,505 |
| Donation from shareholders | <u>16,340</u> | <u>13,163</u> |
| Net cash used in financing activities | <u>(529,126,435)</u> | <u>(382,834,273)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 89,827,815 | 232,581,656 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>628,875,897</u> | <u>396,294,241</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 718,703,712</u> | <u>\$ 628,875,897</u> |

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

Taiwan Semiconductor Manufacturing Company Limited

2023 Earnings Distribution Table

Unit: NT\$

| | |
|--|--------------------------|
| Net Income of 2023 | 838,497,663,934 |
| Less: | |
| - Special Reserve | -7,700,348,221 |
| Earnings in 2023 Available for Distribution | 830,797,315,713 |
| Plus: | |
| - Unappropriated Retained Earnings of Previous Years | 2,234,748,767,996 |
| - Disposal of Investments in Equity Instruments at Fair Value through Other Comprehensive Income | 151,944,152 |
| - Adjustment for Restricted Stock Awards | 4,614,126 |
| Less: | |
| - Remeasurement of Defined Benefit Obligation | -484,897,597 |
| Retained Earnings Available for Distribution as of December 31, 2023 | 3,065,217,744,390 |
| Distribution Item ^{Note 1:} | |
| - 1Q23 Cash Dividends to Common Share Holders (NT\$3.00 per share) | -77,796,212,976 |
| - 2Q23 Cash Dividends to Common Share Holders (NT\$3.00 per share) | -77,796,212,976 |
| - 3Q23 Cash Dividends to Common Share Holders (NT\$3.49978969 per share ^{Note 2)}) | -90,762,248,472 |
| - 4Q23 Cash Dividends to Common Share Holders (NT\$3.50 per share ^{Note 3)}) | -90,762,248,472 |
| Unappropriated Retained Earnings | 2,728,100,821,494 |

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 actual number of common shares outstanding as of the record date for such dividend payment.

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

**Comparison Table for the Articles of Incorporation
Before and After Revision**

| BEFORE THE REVISION | AFTER THE REVISION |
|--|--|
| <p>Article 19</p> <p>The Corporation shall have seven to ten Directors. The Board of Directors is authorized to determine the number of Directors.</p> <p>The aforesaid Board of Directors must have at least three independent directors.</p> | <p>Article 19</p> <p>The Corporation shall have seven to ten Directors. The Board of Directors is authorized to determine the number of Directors.</p> <p>The aforesaid Board of Directors must have at least three independent directors, <u>and independent directors must make up at least one third of the Board.</u></p> |
| <p>Article 20</p> <p>The term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election.</p> | <p>Article 20</p> <p>The term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election, <u>subject to the limitations imposed by relevant laws, rules and regulations regarding the tenure limits of independent directors.</u></p> |
| <p>Article 29</p> <p>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.</p> | <p>Article 29</p> <p>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.</p> |

| BEFORE THE REVISION | AFTER THE REVISION |
|--|---|
| <p>Article 29 <i>(continued)</i></p> <p>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.</p> | <p>Article 29 <i>(continued)</i></p> <p>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 <u>within the deadline set forth in relevant laws, rules and regulations.</u> 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.</p> |

| BEFORE THE REVISION | AFTER THE REVISION |
|--|--|
| <p>Article 36</p> <p>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.</p> | <p>Article 36</p> <p>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 <u>twenty-sixth Amendment on June 8, 2022, and the twenty-seventh Amendment on June 4, 2024.</u></p> |

Taiwan Semiconductor Manufacturing Company Limited
Employee Restricted Stock Awards Rules for Year 2024

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 two years 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 allocation principles determined based on 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 4,185,000 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 the following conditions is not met, any unvested RSAs will be forfeited. Exemption could be made case by case by Chairman and CEO.

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 of the Company's or the Company's subsidiaries' 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 8 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. Clawback: Any granted RSAs, whether vested or unvested, may be subject to "clawback" by the Company under the TSMC Clawback Policy, which is available at https://investor.tsmc.com/sites/ir/major-internal-policies/TSMC%20Clawback%20Policy_0.pdf.
8. Other terms and conditions: During the period when the granted RSAs are deposited in a trust/custody account, each employee 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.

List of Director (including Independent Director) Candidates

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|---|---------------------------|--|--|
| <p>Director C.C. Wei (Male)</p> | <p>6,392,834</p> | <ul style="list-style-type: none"> ● Bachelor and Master Degrees in Electrical Engineering, National Chiao Tung University ● Ph.D. in Electrical Engineering, Yale University, U.S. ● Honorary Ph.D., National Yang Ming Chiao Tung University ● Laureate, Industrial Technology Research Institute (ITRI) | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Senior Vice President, Technology, Chartered Semiconductor Manufacturing Ltd., Singapore ● Senior Vice President, Mainstream Technology Business, TSMC ● Senior Vice President, Business Development, TSMC ● Executive Vice President and Co-Chief Operating Officer, TSMC ● President and Co-CEO, TSMC ● Chairman, Taiwan Semiconductor Industry Association (TSIA) <p>Current Positions:</p> <ul style="list-style-type: none"> ● CEO and Vice Chairman, TSMC |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|---|---------------------------|--|--|
| <p>Director F.C. Tseng (Male)</p> | <p>29,472,675</p> | <ul style="list-style-type: none"> ● Bachelor Degree in Electrical Engineering, National Cheng Kung University ● Master Degree in Electrical Engineering, National Chiao Tung University ● Ph.D. in Electrical Engineering, National Cheng Kung University ● Honorary Ph.D., National Chiao Tung University ● Honorary Ph.D., National Tsing Hua University | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● President, Vanguard International Semiconductor Corp. ● President, TSMC ● Deputy CEO, TSMC ● Vice Chairman, TSMC ● Independent Director, Chairman of Audit Committee & Compensation Committee Member, Acer Inc. ● Director, National Culture and Arts Foundation, R.O.C. <p>Current Positions:</p> <ul style="list-style-type: none"> ● Director, TSMC ● Chairman of: <ul style="list-style-type: none"> - TSMC China Company Ltd. (a non-public company) - Global UniChip Corp. ● Vice Chairman, Vanguard International Semiconductor Corp. ● Chairman, TSMC Education and Culture Foundation ● Director, Cloud Gate Culture and Arts Foundation ● Director, Chu-Ming Medical Foundation |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|---|--|--|---|
| <p>Director Ming-Hsin Kung (Male) (Representative of National Development Fund, Executive Yuan)</p> | <p>1,653,709,980 (National Development Fund, Executive Yuan)</p> | <ul style="list-style-type: none"> ● Bachelor Degree in Statistics, Fu Jen Catholic University ● Master Degree in Economics, National Taiwan University ● Ph.D. in Economics, National Chung Hsing University | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Adjunct Assistant Professor, Tamkang University ● Deputy Executive Secretary, Industrial Development Advisory Council, Ministry of Economic Affairs ● Research Fellow, Science and Technology Advisory Group, Executive Yuan ● Research Fellow, Taiwan Institute of Economic Research ● Vice President, Taiwan Institute of Economic Research ● Advisory Committee Member, Mainland Affairs Council, Executive Yuan ● Consultant, Ministry of Economic Affairs ● Member, National Stabilization Fund Management Committee, Executive Yuan ● Deputy Minister, National Development Council & concurrently Executive Secretary, National Development Fund, Executive Yuan ● Deputy Minister, Ministry of Economic Affairs <p>Current Positions:</p> <ul style="list-style-type: none"> ● Director, TSMC (Representative of National Development Fund, Executive Yuan) ● Director, Taiwan Capital Management Corp. (Representative of National Development Fund, Executive Yuan) (a non-public company) ● Minister without Portfolio, Executive Yuan & concurrently Minister, National Development Council, R.O.C. ● The Convener of National Development Fund, Executive Yuan |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|--|---------------------------|---|--|
| <p>Independent Director Sir Peter L. Bonfield (Male)</p> | <p>None</p> | <ul style="list-style-type: none"> ● Bachelor Degree in Engineering, Loughborough University ● Honorary Doctorate of Technology, Loughborough University ● Fellow of the Royal Academy of Engineering ● Knighted, 1996 ● Awarded Commander of the Order of the British Empire (CBE), 1989 ● Awarded the Order of the Lion of Finland ● Awarded the Gold Medal from the Institute of Management ● Awarded the Mountbatten Medal from the National Electronics Council ● Awarded the FT ODX Outstanding Director Award, 2019 ● 11 Honorary Doctorate Degrees in total | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Semiconductor Engineer, Texas Instruments Inc. (T.I.), U.S. ● Chairman and CEO, ICL Plc, UK ● CEO and Chairman of the Executive Committee, British Telecommunications Plc ● Vice President, the British Quality Foundation ● Director, Mentor Graphics Corp., U.S. ● Director, Sony Corp., Japan ● Director, L.M. Ericsson, Sweden ● Chairman, GlobalLogic Inc., U.S. ● Senior Advisor, Hampton Group, London ● Chair of Council and Senior Pro-Chancellor, Loughborough University, UK ● Board Member, EastWest Institute, New York ● Chairman, NXP Semiconductors N.V., the Netherlands ● Senior Advisor, Alix Partners LLP, London ● Advisory Board Member, The Longreach Group Ltd., HK ● Board Mentor, Chairman Mentors International (CMi) Ltd., London <p>Current Positions:</p> <ul style="list-style-type: none"> ● Independent Director, TSMC ● Non-Executive Director of: <ul style="list-style-type: none"> - Imagination Technologies Group Ltd., UK (a non-public company) - Darktrace Plc, UK |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|---|---------------------------|--|---|
| <p>Consecutive Terms: 8 (2002 ~ 2024)</p> <p>Rationale for nomination of independent director who has served for three or more consecutive terms:</p> <p>Sir Peter L. Bonfield has a wealth of global experience in the technology industry. The Company needs his insights to guide TSMC's future direction. The Board believes he continues to possess the requisite independence of judgment and action, and has not formed such associations with management (or others) as may compromise his ability to exercise impartial judgment or act without bias in the best interests of the Company.</p> | | | |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|--|---------------------------|---|---|
| <p>Independent Director Michael R. Splinter (Male)</p> | <p>None</p> | <ul style="list-style-type: none"> ● Bachelor and Master Degrees in Electrical Engineering, University of Wisconsin-Madison ● Honorary Ph.D. in Engineering, University of Wisconsin-Madison ● Awarded 2013 Robert N. Noyce Award by Semiconductor Industry Association ● Member of the National Academy of Engineering ● Recognized as NACD (National Association of Corporate Directors) Directorship Certified™, 2020 | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Executive Vice President of Technology and Manufacturing Group, Intel Corp. ● Executive Vice President of Sales and Marketing, Intel Corp. ● CEO, Applied Materials, Inc. ● Chairman, Applied Materials, Inc. ● Director, The NASDAQ OMX Group, Inc. ● Director, Silicon Valley Leadership Group ● Director, SEMI ● Director, Meyer Burger Technology Ltd., Switzerland ● Chairman of the Board, NASDAQ, Inc. ● Director, Pica8 Inc., U.S. ● Director, University of Wisconsin Foundation, U.S. ● Chairman of the Board, US-Taiwan Business Council <p>Current Positions:</p> <ul style="list-style-type: none"> ● Independent Director, TSMC ● Lead Independent Director, NASDAQ, Inc. ● Independent Director and Compensation Committee Chair, Gogoro Inc., Cayman Islands ● Independent Director, Compensation Committee Chair, and Nominating and Corporate Governance Committee Member, Tigo Energy, Inc., U.S. ● Independent Director, Kioxia Holdings Corp., Japan (a non-public company) |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|---|---------------------------|--|--|
| | | | <ul style="list-style-type: none"> ● General Partner of: <ul style="list-style-type: none"> - WISC Partners LP, U.S. - MRS Business and Technology Advisors, U.S. (a non-public company) ● Chair of Industrial Advisory Committee, National Institute of Standards and Technology, Department of Commerce, U.S. |
| <p>Consecutive Terms: 3 (2015 ~ 2024)</p> <p>Rationale for nomination of independent director who has served for three or more consecutive terms:</p> <p>Mr. Michael R. Splinter has a wealth of global experience in the technology industry. The Company needs his insights to guide TSMC’s future direction. The Board believes he continues to possess the requisite independence of judgment and action, and has not formed such associations with management (or others) as may compromise his ability to exercise impartial judgment or act without bias in the best interests of the Company.</p> | | | |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|--|---------------------------|--|---|
| <p>Independent Director Moshe N. Gavriellov (Male)</p> | <p>None</p> | <ul style="list-style-type: none"> ● Bachelor Degree in Electrical Engineering, Technion - Israel Institute of Technology ● Master Degree in Computer Science, Technion - Israel Institute of Technology | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● In a variety of engineering and engineering management positions, National Semiconductor Corp. and Digital Equipment Corp., U.S. ● In a variety of executive management positions, LSI Logic Corp. for nearly 10 years, U.S. ● CEO, Verisity, Ltd., U.S. ● Executive Vice President and General Manager of the Verification Division, Cadence Design Systems, Inc., U.S. ● President and CEO, Xilinx, Inc., U.S. ● Director, Xilinx, Inc., U.S. ● Executive Chairman, Wind River Systems, Inc., U.S. ● Director, San Jose Institute of Contemporary Art, U.S. <p>Current Positions:</p> <ul style="list-style-type: none"> ● Independent Director, TSMC ● Chairman of: <ul style="list-style-type: none"> - SiMa Technologies, Inc., U.S. (a non-public company) - Foretellix, Ltd., Israel (a non-public company) ● Independent Director, NXP Semiconductors N.V., the Netherlands |
| <p>Consecutive Terms: 2 (2019 ~ 2024)</p> | | | |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|---|---------------------------|---|---|
| <p>Independent Director L. Rafael Reif (Male)</p> | <p>None</p> | <ul style="list-style-type: none"> ● Ingeniero Eléctrico Degree, Universidad de Carabobo, Valencia, Venezuela ● Master Degree and Ph.D. in Electrical Engineering, Stanford University ● Honorary Doctor of Laws Degree, The Chinese University of Hong Kong (2015) ● Honorary Doctorates from Tsinghua University (2016), the Technion (2017), Arizona State University (2018) and University of Miami (2022) ● Member of Tau Beta Pi, the Engineering Honor Society ● Member of the Electrochemical Society ● Fellow of the Institute of Electrical and Electronics Engineers (IEEE) ● Member of the American Academy of Arts and Sciences, the National Academy of Engineering and the Chinese Academy of Engineering ● Fellow of the National Academy of Inventors | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Assistant Professor, Universidad Simón Bolívar, Caracas, Venezuela ● Visiting Assistant Professor of Electrical Engineering, Stanford University ● Faculty, Massachusetts Institute of Technology (MIT), since 1980 ● IBM Faculty Fellowship, MIT Center for Materials Science and Engineering ● Analog Devices Career Development Professorship, MIT Electrical Engineering. ● Fariborz Maseeh Professor of Emerging Technology, MIT (2004-2012) ● Director of Microsystems Technology Laboratories, MIT ● Associate Department Head of Electrical Engineering, MIT ● Head of the Department of Electrical Engineering and Computer Science (EECS), MIT ● Provost, MIT ● Board Director, Schlumberger Limited ● President, MIT (2012-2022) <p>Current Positions:</p> <ul style="list-style-type: none"> ● Independent Director, TSMC ● Co-Chair of Growth Technical Advisory Board, Applied Materials, Inc. ● President Emeritus, MIT, since 2023 |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|---|---------------------------|---|---|
| | | <ul style="list-style-type: none"> ● Awarded with United States Presidential Young Investigator Award (1984) ● Awarded with the Semiconductor Research Corporation's Aristotle Award (2000) ● Awarded the Tribeca Disruptive Innovation Award (2012) ● Awarded the Frank E. Taplin, Jr. Public Intellectual Award by the Woodrow Wilson National Fellowship Foundation (2015) ● Awarded with Engineer of the Year from Great Minds in STEM (2018) ● Awarded the Simon Ramo Founders Award by the U.S. National Academy of Engineering (2022) ● Inventor or co-inventor on 13 patents, editor or Co-editor of 5 books, and supervisor to 38 doctoral theses | <ul style="list-style-type: none"> ● Ray and Maria Stata Professor of Electrical Engineering and Computer Science, MIT, since 2023 ● Member of Board of Trustees, Carnegie Endowment for International Peace ● Director, Council on Foreign Relations, U.S. ● Director, Waverley Street Foundation, U.S. ● Member, Board of Trustees, Instituto Tecnológico de Monterrey, Mexico |
| Consecutive Terms: 1 (2021 ~ 2024) | | | |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|--|---------------------------|---|--|
| <p>Independent Director Ursula M. Burns (Female)</p> | <p>None</p> | <ul style="list-style-type: none"> ● Bachelor Degree in Mechanical Engineering, Polytechnic Institute of New York University ● Master Degree in Mechanical Engineering, Columbia University ● Member, National Academy of Engineering ● Member, American Academy of Arts and Sciences ● Member, Royal Academy of Engineering | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Chairwoman, CEO and President, Xerox Corp., U.S. ● Chairwoman and CEO, VEON Ltd., the Netherlands ● Director, Boston Scientific Corp., U.S. ● Director, American Express Company ● Director, Nestlé S.A., Switzerland ● Director, ExxonMobil Corp., U.S. ● Executive Chairwoman, Plum Acquisition Corp. I, U.S. ● Leader, White House National Program on Science, Technology, Engineering and Math (STEM) ● Chair, President’s Export Council <p>Current Positions:</p> <ul style="list-style-type: none"> ● Non-Executive Chairwoman, Teneo Holdings LLC, U.S. (a non-public company) ● Independent Non-Executive Director, IHS Holding Ltd., Cayman Islands ● Director, Uber Technologies Inc., U.S. ● Director, Endeavor Group Holdings, Inc., U.S. ● Founding Partner, Integrum Holdings LP, U.S. ● Vice Chair, Advisory Council on Supply Chain Competitiveness (ACSCC), U.S. Department of Commerce ● Trustee, Ford Foundation ● Trustee, Massachusetts Institute of Technology (MIT) Corp. ● Trustee, Metropolitan Museum of Art |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|--------------------------|---------------------------|--|---|
| | | | <ul style="list-style-type: none"> ● Trustee, Mayo Clinic ● Member, G7 Gender Equality Advisory Council |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|--|---------------------------|---|---|
| <p>Independent Director Lynn L. Elsenhans (Female)</p> | <p>None</p> | <ul style="list-style-type: none"> ● Bachelor Degree in Applied Mathematics, Rice University ● MBA, Harvard Business School | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Chairwoman, President and CEO, Sunoco Inc., U.S. ● Chairwoman and CEO, Sunoco Logistics Partners L.P., U.S. ● Executive Vice President of Global Manufacturing, Shell Downstream Inc., U.S. ● President and CEO, Shell Oil Products, U.S. ● President of Shell Oil Company and Country Chair for Shell, U.S. ● Director, International Paper Company, U.S. ● Director, Flowsolve Corp., U.S. ● Director, GlaxoSmithKline plc, UK <p>Current Positions:</p> <ul style="list-style-type: none"> ● Independent Director and Governance & Corporate Responsibility Committee Chair, Baker Hughes Company, U.S. ● Independent Non-Executive Director and Audit Committee Chair, Saudi Arabian Oil Co. ● Independent Director, Peter Kiewit and Sons Inc., U.S. (a non-public company) |

| Title & Name (Gender) | Shareholdings (Shares) | Education & Professional Qualifications | Major Past Positions & Current Positions |
|--|---------------------------|--|---|
| <p>Independent Director Chuan Lin (Male)</p> | <p>126,826</p> | <ul style="list-style-type: none"> ● Bachelor Degree in Economics, Fu Jen Catholic University ● Master Degree in Public Finance, National Chengchi University ● Ph.D. in Economics, University of Illinois Urbana-Champaign, U.S. | <p>Major Past Positions:</p> <ul style="list-style-type: none"> ● Research Fellow, Chung-Hua Institution for Economic Research ● Professor and Department Chair, Public Finance, National Chengchi University ● Director General, Bureau of Finance, Taipei City Government ● Minister, Directorate General of Budget, Accounting and Statistics of Executive Yuan ● Minister of Finance ● Premier of Executive Yuan ● Chairman, Vanguard International Semiconductor Corporation ● Independent Director, Casetek Holdings Limited ● Independent Director, Inotera Memories, Inc. ● Director, PharmaEngine, Inc. ● Director, Chartis Taiwan Insurance Co., Ltd. ● Chief Executive Officer, New Frontier Foundation <p>Current Positions:</p> <ul style="list-style-type: none"> ● Chairman, TTY Biopharm Company Limited ● Chairman, TSH Biopharm Corporation Limited (Representative of TTY Biopharm Company Limited) ● Independent Director, Pegatron Corporation ● Senior Advisor to the President |

Note: The number of shares held by each director candidate as indicated in the above tables is based on the record as of April 6, 2024, which did not include any common shares held in the form of American Depositary Shares.

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 Electronics Components Manufacturing)
2. Researching, developing, designing, manufacturing and selling LED lighting devices and related applications products and systems.
(CC01080 Electronics Components Manufacturing)
(CC01040 Lighting Equipment 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 Electronics Components Manufacturing)
(IG03010 Energy Technical Services)
(CC01090 Manufacture of Batteries and Accumulators)
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 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.

Taiwan Semiconductor Manufacturing Company Limited

Rules for Election of Directors

Article 1

Unless otherwise provided in the Company Law or the Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.

Article 2

Election of directors of this Company shall be held at the shareholders' meeting. This Company shall prepare ballots and note the number of voting rights.

Article 3

In the election of directors of this Company, the names of voters may be represented by shareholders' numbers.

Article 4

This Company's directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Law.

Article 5

In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately.

Article 6

In the election of directors of this Company, candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

Article 7

At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the shareholders present.

Article 8

The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting.

Article 9

Voters shall, on each ballot, check the box associated with the one director candidate they wish to vote for among the candidates listed by the Company.

Article 10

Ballots shall be deemed void under the following conditions:

- (1) Ballots not placed in the ballot box;
- (2) Ballots not prepared by this Company;
- (3) Blank ballots not completed by the voter;
- (4) Writing is illegible or has been altered by the voter;
- (5) The total votes cast by the voter exceeding the total voting rights of such voter; or
- (6) The voter cast votes for two or more director candidates in the ballot.

Article 11

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 12

This Company shall issue notifications to the directors elected.

Article 13

These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

Appendix IV

Taiwan Semiconductor Manufacturing Company Limited

Shareholdings of All Directors

Record Date: April 6, 2024

| Title | Name | Shareholdings (Shares) |
|----------------------|---|---------------------------|
| Chairman | Mark Liu | 12,967,734 |
| Vice Chairman | C.C. Wei | 6,392,834 |
| Director | F.C. Tseng | 29,472,675 |
| Director | National Development Fund, Executive Yuan Representative: Ming-Hsin Kung | 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 | | 1,702,543,223 |

Note 1: Total shares issued as of 4/6/2024: 25,935,030,992 common shares.

Note 2: Shareholdings of 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.