Unleash Innovation

2023 Second Quarter Earnings Conference

July 20, 2023
Agenda

• Welcome
  Jeff Su, IR Director

• 2Q23 Financial Results and 3Q23 Outlook
  Wendell Huang, CFO

• Key Messages
  Wendell Huang, CFO
  C.C. Wei, CEO
  Mark Liu, Chairman

• Q&A
Safe Harbor Notice

• TSMC’s statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

• Information as to those factors that could cause actual results to vary can be found in TSMC’s 2022 Annual Report on Form 20-F filed with the United States Securities and Exchange Commission (the “SEC”) on April 20, 2023 and such other documents as TSMC may file with, or submit to, the SEC from time to time.

• Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.
### Statements of Comprehensive Income

#### Selected Items from Statements of Comprehensive Income

(In NT$ billions unless otherwise noted)

<table>
<thead>
<tr>
<th></th>
<th>2Q23 Guidance</th>
<th>1Q23</th>
<th>2Q22</th>
<th>2Q23 Over 1Q23</th>
<th>2Q23 Over 2Q22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue (US$ billions)</td>
<td>15.68</td>
<td>15.2-16.0</td>
<td>16.72</td>
<td>18.16</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>480.84</td>
<td>508.63</td>
<td>534.14</td>
<td>-5.5%</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>54.1%</td>
<td>52%-54%</td>
<td>56.3%</td>
<td>59.1%</td>
<td>-2.2 ppts</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(58.19)</td>
<td>(55.31)</td>
<td>(53.38)</td>
<td>+5.2%</td>
<td>+9.0%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>42.0%</td>
<td>39.5%-41.5%</td>
<td>45.5%</td>
<td>49.1%</td>
<td>-3.5 ppts</td>
</tr>
<tr>
<td>Non-Operating Items</td>
<td>12.72</td>
<td>13.04</td>
<td>3.88</td>
<td>-2.5%</td>
<td>+228.3%</td>
</tr>
<tr>
<td>Net Income to Shareholders of the Parent Company</td>
<td>181.80</td>
<td>206.99</td>
<td>237.03</td>
<td>-12.2%</td>
<td>-23.3%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>37.8%</td>
<td>40.7%</td>
<td>44.4%</td>
<td>-2.9 ppts</td>
<td>-6.6 ppts</td>
</tr>
<tr>
<td>EPS (NT Dollar)</td>
<td>7.01</td>
<td>7.98</td>
<td>9.14</td>
<td>-12.2%</td>
<td>-23.3%</td>
</tr>
<tr>
<td>ROE</td>
<td>23.2%</td>
<td>27.5%</td>
<td>39.4%</td>
<td>-4.3 ppts</td>
<td>-16.2 ppts</td>
</tr>
<tr>
<td>Shipment (Kpcs, 12&quot;-equiv. Wafer)</td>
<td>2,916</td>
<td>3,227</td>
<td>3,799</td>
<td>-9.6%</td>
<td>-23.2%</td>
</tr>
<tr>
<td>Average Exchange Rate--USD/NTD</td>
<td>30.67</td>
<td>30.40</td>
<td>30.42</td>
<td>+0.8%</td>
<td>+4.3%</td>
</tr>
</tbody>
</table>

* Diluted weighted average outstanding shares were 25,929mn units in 2Q23.

** ROE figures are annualized based on average equity attributable to shareholders of the parent company.
2Q23 Revenue by Technology

- **7nm and Below Revenue**

- **5nm**: 30%
- **7nm**: 23%
- **16nm**: 11%
- **20nm**: 1%
- **28nm**: 11%
- **40/45nm**: 7%
- **65nm**: 7%
- **90nm**: 2%
- **0.11/0.13um**: 2%
- **0.15/0.18um**: 5%
- **0.25um and above**: 1%

- **Revenue (NT$B)**
  - 1Q21: 100
  - 2Q21: 150
  - 3Q21: 200
  - 4Q21: 250
  - 1Q22: 300
  - 2Q22: 350
  - 3Q22: 400
  - 4Q22: 450
  - 1Q23: 500
  - 2Q23: 550

- **7nm**:
  - 7nm: 23%
  - 16nm: 11%
  - 20nm: 1%
  - 28nm: 11%
  - 40/45nm: 7%
  - 65nm: 7%
  - 90nm: 2%
  - 0.11/0.13um: 2%
  - 0.15/0.18um: 5%
  - 0.25um and above: 1%

- **5nm**:
  - 5nm: 30%
  - 7nm: 23%
  - 16nm: 11%
  - 20nm: 1%
  - 28nm: 11%
  - 40/45nm: 7%
  - 65nm: 7%
  - 90nm: 2%
  - 0.11/0.13um: 2%
  - 0.15/0.18um: 5%
  - 0.25um and above: 1%
2Q23 Revenue by Platform

Growth Rate by Platform (QoQ)

- Smartphone: +3%
- IoT: -11%
- Automotive: -9%
- HPC: +25%
- DCE: +5%
- Others: -5%
# Balance Sheets & Key Indices

## Selected Items from Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>Amount (NT$ billions)</th>
<th>%</th>
<th>Amount (NT$ billions)</th>
<th>%</th>
<th>Amount (NT$ billions)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash &amp; Marketable Securities</strong></td>
<td>1,489.96</td>
<td>28.9%</td>
<td>1,589.19</td>
<td>31.6%</td>
<td>1,425.57</td>
<td>32.8%</td>
</tr>
<tr>
<td><strong>Accounts Receivable</strong></td>
<td>191.03</td>
<td>3.7%</td>
<td>148.05</td>
<td>2.9%</td>
<td>222.07</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>234.33</td>
<td>4.6%</td>
<td>216.07</td>
<td>4.3%</td>
<td>217.44</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Long-term Investments</strong></td>
<td>94.61</td>
<td>1.8%</td>
<td>69.91</td>
<td>1.4%</td>
<td>64.44</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Net PP&amp;E</strong></td>
<td>2,947.23</td>
<td>57.2%</td>
<td>2,833.40</td>
<td>56.1%</td>
<td>2,248.32</td>
<td>51.7%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>5,149.47</td>
<td>100.0%</td>
<td>5,045.84</td>
<td>100.0%</td>
<td>4,345.94</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>810.83</td>
<td>15.8%</td>
<td>873.09</td>
<td>17.3%</td>
<td>845.24</td>
<td>19.4%</td>
</tr>
<tr>
<td><strong>Long-term Interest-bearing Debts</strong></td>
<td>907.32</td>
<td>17.6%</td>
<td>854.79</td>
<td>16.9%</td>
<td>757.21</td>
<td>17.4%</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,944.00</td>
<td>37.8%</td>
<td>1,952.95</td>
<td>38.7%</td>
<td>1,835.48</td>
<td>42.2%</td>
</tr>
<tr>
<td><strong>Total Shareholders' Equity</strong></td>
<td>3,205.47</td>
<td>62.2%</td>
<td>3,092.89</td>
<td>61.3%</td>
<td>2,510.46</td>
<td>57.8%</td>
</tr>
</tbody>
</table>

## Key Indices

- **A/R Turnover Days**: 32 (2Q23), 34 (1Q23), 37 (2Q22)
- **Inventory Turnover Days**: 99 (2Q23), 96 (1Q23), 95 (2Q22)
- **Current Ratio (x)**: 2.4 (2Q23), 2.3 (1Q23), 2.3 (2Q22)
- **Asset Productivity (x)**: 0.7 (2Q23), 0.7 (1Q23), 1.0 (2Q22)

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* Total outstanding shares were 25,932 mn units at 6/30/23
** Asset productivity = Annualized net revenue / Average net PP&E
### Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>2Q23</th>
<th>1Q23</th>
<th>2Q22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>1,385.23</td>
<td>1,342.81</td>
<td>1,151.59</td>
</tr>
<tr>
<td>Cash from operating activities</td>
<td>167.25</td>
<td>385.24</td>
<td>338.85</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(250.53)</td>
<td>(302.50)</td>
<td>(217.73)</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>(71.30)</td>
<td>(71.30)</td>
<td>(71.31)</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>0.00</td>
<td>0.00</td>
<td>(26.48)</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>40.70</td>
<td>7.30</td>
<td>108.84</td>
</tr>
<tr>
<td>Investments and others</td>
<td>5.37</td>
<td>23.68</td>
<td>(30.57)</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>1,276.72</td>
<td>1,385.23</td>
<td>1,253.19</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>(83.28)</td>
<td>82.74</td>
<td>121.12</td>
</tr>
</tbody>
</table>

*Free cash flow = Cash from operating activities – Capital expenditures
3Q23 Guidance

Based on our current business outlook, management expects:

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

And, based on the exchange rate assumption of 1 US dollar to 30.8 NT dollars, management expects:

- Gross profit margin to be between 51.5% and 53.5%
- Operating profit margin to be between 38% and 40%
Recap of Recent Major Events

- TSMC Announces the Opening of Advanced Backend Fab 6, Marking a Milestone in the Expansion of 3DFabric™ System Integration Technology (2023/06/08)

- TSMC Board of Directors Approved NT$3.00 Cash Dividend for the First Quarter of 2023 and Set September 14 as the Ex-Dividend Date, September 20 as the Record Date and October 12, 2023 as the Distribution Date (2023/05/09)

- TSMC Board of Directors Approved the Issuance of Unsecured Corporate Bonds in the Domestic Market for An Amount Not to Exceed NT$60 Billion (2023/05/09)


- TSMC Signs 20,000 GWh Renewable Energy Joint Procurement Contract with ARK Power (2023/04/21)

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