

台灣半導體股份有限公司  
TAIWAN SEMICONDUCTOR CO., LTD.

2023 Annual General Meeting  
(On-site meeting)

Meeting Agenda  
(Translation)

June 19, 2023

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TAIWAN SEMICONDUCTOR CO., LTD.  
Agenda of the 2023 Annual General Meeting

Time: 9:00 a.m. on June 19 (Monday), 2023

Place: No.96, Meizhou 2nd Rd., Yilan City, Yilan County 260023, Taiwan (R.O.C.)  
(TAIWAN SEMICONDUCTOR CO., LTD. Yilan factory)

Attendants: (All Shareholders and their proxy holder)

Meeting Agenda:

1. Commencement
  
2. Chairman's Address
  
3. Report Items (Please refer to Page 2 - 16)
  - (1) 2022 Business Report and 2023 Annual Business Plan Report
  - (2) Audit Committee's 2022 Review Report
  - (3) Status report on the Endorsement and Guarantee, Loaning of Company Funds, Regulations Governing the Acquisition and Disposal of Assets, the Trading of Financial Derivatives of the Company and its subsidiaries in 2022
  - (4) Report on 2022 employees' profit sharing bonus and directors' compensation
  - (5) Report on the relevancy and reasonableness among results of performance evaluation
  
4. Approval Items (Please refer to Page 17 - 37)
  - (1) To accept 2022 Business Report and Financial Statements
  - (2) To approve the company's 2022 earnings distribution
  
5. Discussion Items (Please refer to Page 38 - 42)
  - (1) To Amend the rules for the corporation by-laws
  - (2) To discuss and amend the Company's "Regulations Governing the Acquisition and Disposal of Assets".
  
6. Extraordinary Motions
  
7. Adjournment

## Report Items

## Report Items

### 1. 2022 Business Report and 2023 Annual Business Plan Report

Explanatory Notes: Please refer to Page 4~10 of the Meeting Agenda for the Business Report

## 1. 2022 Business Report

### (1) Implementation of Business Plan

The Company's and its subsidiaries major businesses included the production and sale of rectifiers and barcode printers. In 2022, the earnings per share after tax was NT\$6.28. The 2022 consolidated operating revenue, gross profit, operating income, net income before tax, net income, comprehensive income, and after-tax earnings per share compared to 2021 is presented below:

Unit: NT\$ thousand

Item	Implementation of Business Plan		
	2022	2021	Increase (decrease)
Operating revenue	15,687,134	13,177,417	19.05%
Gross Profit	5,349,166	4,127,721	29.59%
Operating Income	2,790,521	1,908,907	46.18%
Net income before tax	3,013,930	1,947,632	54.75%
Net income	2,176,915	1,381,895	57.53%
Comprehensive income	2,478,073	1,269,814	95.15%
Net income attributable to the Parent Company	1,562,877	882,805	77.04%
Comprehensive income attributable to the Parent Company	1,738,755	809,542	114.78%
After-tax earnings per share (NT\$)	6.28	3.55	76.90%

(2) Budget Implementation: The Company did not disclose its financial forecasts of the year of 2022, so it is not necessary to publicly disclose the implementation of the budget.

### (3) Financial Status and Profitability

Unit: NT\$ thousand

Item	Annual revenue and expenditure		
	2022	2021	Increase(decrease)
Interest Revenue	19,892	14,541	36.80%
Interest Expense	38,330	30,911	24.00%

Item		2022	2021
Financial Structure	Total debt to assets (%)	41.12	42.28
	Long-term asset to real estate, plant and equipment ratio (%)	286.97	259.53
Liquidity Analysis	Current ratio (%)	206.86	206.04
	Quick ratio (%)	136.76	145.12
Profitability	Return on assets (%)	12.89	9.19
	Return on equity (%)	21.82	16.19
	Profit ratio (%)	13.88	10.49
	After-tax earnings per share (NT\$)	6.28	3.55

#### (4) Research and Development

##### (A) Rectifier

To increase our overall competitiveness and gross margin, the Company invests a great deal of manpower and budget every year in collecting market information, analyzing market demand, and setting the direction and strategy for new product development. As most of the mainstream products in the market today are becoming thin and light, our products are also actively developing toward small, energy-saving, and comprehensive in order to develop new markets. We have developed and increased market penetration in personal handheld products, automotive electronics, industrial control industry and white goods market.

In recent years, with self-developed chip technology and the advantage of automated packaging, we have continued to develop Schottky rectifier, MOSFET, ESD protection, automotive LED driver, automotive low dropout voltage regulator and other products.

The development of the new generation of trench Schottky rectifier, Super Junction MOSFET, and Split Gate Technology MOSFET that can effectively reduce conduction loss and switching loss to meet market trends and needs for environmental protection, energy-saving, and low power consumption. These new technologies will be developed in a full range to facilitate the promotion of active and passive safety applications for automotive electronics, industrial, communications, and energy industries.

Fully automated die bonding technology and fully automated high-speed packaging, testing and printing technology have been fully introduced, which is conducive to enhancing product reliability and significantly increasing output and reducing costs to expand market share and enhance profitability. Packaging technology has developed higher current density surface mount power device components, which surpasses the European, American and Japanese top tier manufacturers.

The development of ESD protection has been focused on multi-channel, ultra-low junction capacitance and miniature packaging. Corresponding to the application of various high-frequency transmission ports in the market, such as ESD protections on USB3.1, USB3.0, USB2.0, HDMI2.0 ports.

The Company has put a full range of LED lighting product lines into mass production, which can be applied to various solutions including isolation, non-isolation and dimming features. The dimming series covers existing dimming methods such as linear dimming, PWM dimming, etc., as well as various integrated high-voltage MOSFET solutions, which have reached maturity and have been adopted by international manufacturers, and which has continued to grow steadily. Facing a low-price, competitive market in China, the company actively seeks products with higher quality and gross profit. The Company also cooperates with customers to develop customized products, particularly focusing on automotive products as it has been the main R&D project in recent years, including the automotive LED Driver ICs, which can cover all kinds of voltage and applications of automotive lighting, such as headlamps, tail lamps, fog lamps, daytime running lamps and so on. Various low power consumption and high output current automotive low-dropout and low power consumption regulator ICs are also being developed, which can be used to supply 3.3V and 5V voltage regulators to automotive MCUs, and some of them have been developed independently. The Company has invested more manpower and equipment costs in the verification of vehicle regulations and is now gradually passing the qualification of AEC-Q100 standard. We hope to gain the recognition of automotive customers with high quality and service.

##### (B) Barcode printer

With the increase in applications for automatic identification in the global market, the Company spent NT\$229,823 thousand on research and development in 2022, accounting for 3% of the revenue and will continue invest in network applications, network security,

and cloud software and hardware application and development to expand the Company's market coverage. In addition to developing new generation products and applications in new fields, the Company will focus on automated data collection, product mobility, RFID applications, online barcode detection and linerless environmental label applications. The Group will also spend the funds on the capital expenditures on labeling paper equipment to strengthen competitiveness and ensure sustainable growth.

## 2. 2023 Business Plan

### (1) Business Policy

#### (A) Rectifier

- (1) Continue to create global marketing channels to increase global market share
- (2) Strengthen the professional marketing team both domestically and internationally. Providing technical and comprehensive services to customers and improve our brand image
- (3) Continue to expand our R&D team to create and maintain leading technology and rapidly develop next-generation products
- (4) Continue to develop and implement the most advanced production equipment to increase profitability by increasing productivity and reducing costs
- (5) Actively develop new packaging technologies and higher current density surface mount power device packages to meet market demand
- (6) Seek cooperation with world known companies
- (7) Continue to develop small signal products for automotive applications and offer a comprehensive product line for automotive electronics
- (8) Actively promote automotive analog ICs, SOI MOSFET, LED driver ICs, and high power density products to enhance product value and profitability with integrated solution sales and win customers' trust and reliance.
- (9) Continue the development and production of upstream wafer products to integrate upstream and downstream supply, and ensure stable supply of key raw materials and absolute cost advantage
- (10) Develop new products with big international companies to create high profitability with oligopoly supply chain

#### (B) Barcode printer

The Company continues to develop the manufacturing and service of automatic identification system, actively expand the marketing channels of the low, middle and high-end product lines, and continue to plan upstream and downstream strategic investments, deepen the operation of the Company's own brand in all regions of the world, and expand the manufacturing and service of hardware and software. The Company also intends to increase customer usage of intelligent services for automatic identification system, so as to provide customers with a more complete service network and develop new growth momentum.

### (2) Important Production and Marketing Policies

#### (A) Rectifier

The Company's industry is a semi-conductor industry. The Company's current production and sales policy is a combination of build to stock and make-to-order production. In this regard, the annual production and sales policy is formulated based on overall industrial market development, market supply and demand, the Company's established capacity and inventory level. Depending on the actual order status, it can be adjusted at any time to maintain the optimal inventory level.

#### (B) Bar Code printer

Future production and marketing policies will focus on the following:



1. Ensure stability and quality of supplies from important suppliers and maintain appropriate inventory levels and turnover rates
2. Strengthen the education and training of regional distributors to enhance sales
3. Continue to develop emerging markets and mature markets.

### (3) Operation Goals

#### (A) Rectifier

The Company's main products are rectifier diodes and analog ICs. Taking into account the competition and market conditions, the sales projection for 2023 is as follows:

Products	2023 sales projection	2022 actual sales
Rectifier Diode	5,596,986(kpcs)	4,443,018(kpcs)
Small signal products	1,797,234(kpcs)	1,867,206(kpcs)
MOSFET	305,924 (kpcs)	287,774(kpcs)
Analog IC	136,912(kpcs)	130,243(kpcs)

Technical Marketing comprehensive promotion with a total solution for different industries. Because of the increasing popularity of hybrid electric vehicles and electric vehicles in the automotive electronics market, the market demand for power devices has increased dramatically. The high power AC-DC converter, low loss MOSFET (FET), low loss voltage regulator, surge absorber (TVS), electrostatic protection, fast recovery diode, and transistor continue selling to European, American, and Japanese companies, in the meantime, the Company developed the rapidly growing Chinese and Indian automotive electronics companies. Due to the regulation amendment in vehicle lighting, it is necessary to install daytime lighting. Also, due to energy-saving and new lighting product trends, LED lighting is rapidly emerging in automotive applications, and the capacity is growing to multiply many times. The company also provides overall solutions actively in the vehicle lighting market, and introduces them to European, American, and Japanese automotive electronics manufacturers.

In addition to the existing products of high power Bridge Rectifier and high power rectifier for automobile and locomotive charging systems, the new product high power MOS is adopted as an automotive electronics certificated manufacturer, which shortens the certification time.

In the LED lighting industry, the new products LED module and LED driver, which contains simplified constant current rectifying function design, with a full range of solutions including surface mount Bridge rectifier, Schottky, MOSFET, Small-signal products, promote the high demanded Ball steep light and striplight to the American and European lighting companies. In addition to small lighting products, the new products also develop the AC-DC LED applications and are imported into American and Japanese manufacturers.

The industrial application market is dominated by foreign competitors, especially the renewable energy industry (solar systems and power converters) has the characteristics of low substitution and high gross margin, which is difficult for the local and Chinese manufacturers to introduce. The Company has a long-term experience of high quality control and performance in the automobile electronics industry and the fast globalized local design service. In addition to the existing products, new products like fast recovery rectifier, low loss high junction temperature Trench Schottky, and low loss high power MOSFET are being promoted all-inclusively.

In recent years, the considerable business opportunities in automobile electronics, detecting instruments, industrial control, and major appliances markets attract more and more foreign manufacturers to enter. The Company will develop the different specifications of Hall effect IC and flux collector, which are used in automobiles, industry, major appliances, and the consumer market. In these markets, these ICs are used in different kinds of measurement of position and angle. Take automobile electronics electoral power steering system as an example, linearity and angle Hall effect IC collector can measure the angle, running torque, and an engine speed of the steering wheel.

To consolidate the existing product lines and promote the consumer electronics industry, like TV, PC/Tablet, STB, Home appliance, Gaming, GPS, the Company continues to increase the amount of shipment like Bridge rectifier, MOS, Schottky, Zener diode, switching diode, different types of the voltage regulator, high recovery rectifier etc.

The TVs combine with internet and video function, high frequency, and multiple connecting ports. To protect ICs, the electrostatic protection component and wave filtering component are more needed. The development of new series of electrostatic protection products includes multiple output Array and combine with EMI Filter. Under the need of Eco-Friendly, all end products are pursuing high efficiency and low loss. The new products develop low-impedance MOS, low loss voltage regulator, low loss bridge rectifier, Ultra-low capacitance electrostatic protection component, etc.

Machine to Machine, because of the need for revolutionary applications due to the rise of the Internet of Things and the 5G communication smart city, the Ultra-low loss SOI MOSFET and low power trench Schottky, high power low voltage small patch TVS are being promoted.

(B) Bar Code Printer

The Company's major income source is the sales, service, and sales of label paper of the automatic recognition printer. The estimated sale in 2023 as follow.

Unit: Thousand		
Products	2023 sales projection	2022 actual sales
Automatic identification printer	800	700

On the basis of the estimation, the key points for future production and marketing policies are as follows:

1. Ensure stability and quality of supplies from important suppliers and maintain appropriate inventory levels and turnover rates
2. Continue to expand the scale of global operations and strengthen the core competitiveness of the Company's operating fundamentals.
3. Provide a comprehensive high-quality service and establish business capacity.

3. Future Development Strategies and Influence from External Competition, Regulations and Macro-operating Environment

(1) Future Development Strategies

(A) Rectifier: Continuing to innovate technology, accelerate research and development, increase product value, complete upstream and downstream deployment and investment opportunities in China to strengthen integration benefits.

(B) Bar Code printer: The Company continues to expand market share and enhance competitive advantage by marketing our own brand, optimizing after-sales services and improving the quality of customer services,

and continuing to provide a comprehensive one-stop services to create opportunities for multi-win growth.

(2) Influence from External Competition

(A) Rectifier

The subsidy policy of local governments gives China's semiconductor manufacturers the advantage of competing at a low price, which has a certain impact on the low-end application market. The company is still focusing on the development of higher specification products, from wider penetration of consumer electronics, automotive electronics, industrial control to medical and communication equipment. We expect to achieve a balanced development of low, medium and high application markets and to occupy more areas with higher entry barriers to maintain a larger gap with competitors and improve profitability. Currently, the Company's new technology development and existing high-end products are comparable to or even surpassing the world's first-class manufacturers, and we expect to develop more innovative and revolutionary products to surpass our world-class competitors and make outstanding contributions to environmental protection, energy savings and carbon reduction.

(B) Bar Code printer

As the demand for automatic identification becomes more life-oriented and common, the demand for auto-recognition printing is becoming more and more active. In the face of the external competitive environment, the Company continues to develop innovative technologies, strengthen core capabilities for resource integration and interdisciplinary development, expand market cooperation and links, and actively face external challenges with the goal of profitability and stable growth.

(3) Influence from Regulations

(A) Rectifier

For adapting EU RoHS regulation, the Company provides all series of non-halogen products, which are popular among the consumer companies from Europe, America, Japan, and Korea. EISA2007 (Energy VI Efficiency) that demands higher standby power consumption and power conversion efficiency of the electric products, has been executed since 2016. For power devices, the wastage of electric property of rectifier and MOSFET should be lower and a smaller packaging should be used. Major appliances are affected the most. To cope with the legal requirement, they must be switched to variable frequency voltage source due to the large consumption of motor and compressor. The starter motor requires a higher voltage and soft switching ability for the power components. The power components in major appliances with DC frequency conversion have to concur with EMI factors, therefore it is difficult for other low-cost appeal companies to compare the excellent research and development ability of TAIWAN SEMICONDUCTOR Co., LTD. Additionally, due to the promoted policy of renewable energy, the need for solar energy and renewable energy source is highly requested by not only developed countries like North America, Japan, and Europe but also other emerging markets. Our new products with low consumption of high junction temperature Schottky can combine with solar module and power converter when used.

With the improvement of the battery technic in electric vehicles, the charging specification has changed from AC to DC 600V direct charging. The power system of vehicles will also change from a 12V 24V system to a 48V system. For this changing power system, the design pool of the original suppliers needs to be replaced with a new specification. It is a good design point for our new products high-voltage fast recovery diode, ultra-low power consumption rectifier, and trench Schottky.

(B) Bar Code Printer

There haven't been significant influences for the Company that attributes to the important policy and law changes domestic and foreign in recent years.

#### (4)Influence from Macro-operating Environment

##### (A) Rectifier

Global Service-Customer management system and regional industrial development expand the global division of labor without borders. The Company uses customer management to respond to the rapidly changing electronics industry. Products from big companies around the world are locally original designed, then be delivered and produced in various places. Through “Account management”, OEM and IPO can achieve a perfect order service.

Regional industrial development helps to balance and to strengthen the product structure. North American market focuses on automobiles, industry, telecommunication, and illumination. Japanese market focus on automobiles and industry. The European market focuses on automotive electronics, industry, renewable energy sources, and illumination. Chinese market focuses on consumer electronics, automobiles, and industry. The domestic demand market of emerging markets like India, South Asia, Russia, and South America expands due to the rapid growth of the middle class. Basic telecommunication, cable lighting construction, Home appliance, and Telecom, etc. are the industries that have been introduced into.

In the rapidly changing economy, the global configuration strategy of the Company has shown its efficiency and vision regarding OEM without frontiers and spreading the risk of the differences between strong and weak regional economics.

##### (B) Bar Code Printer

The Company follows all changes of regulation.

In the future, with the growing stability and the expansion of the applied field of rectifier and bar code printer markets, the Company and each subsidiary company will uphold our innovative, professional, and dedicated corporate philosophy. Also, keep strengthening the research and development and salability, improve our performance, and company profits, in order share the profits with the stockholders, clients, and employees.

Chairman: Wang shiu Ting



President: Wang shiu Ting



CFO: Cheng I-Cheng



No.2:

Audit Committee's 2022 Review Report

Explanation:

The 2022 Audit Committee's Review Report is attached as P.12.

TAIWAN SEMICONDUCTOR Co., LTD.

Audit Committee's Review Report

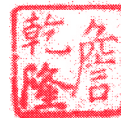
The Board of Directors has prepared the business report, individual financial report, consolidated financial report, and surplus earnings distribution proposal of 2022 of the company. Among them, the individual financial report and consolidated financial report were appointed by the board of directors to accountants Mei, Yuan-Zhen and Xu, Yu-Feng of KPMG to complete the audit and issue an audit report. The business report, individual financial report, consolidated financial report, and surplus earnings distribution proposal are reviewed by the Committee and found true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to:

2023 Annual General Meeting of TAIWAN SEMICONDUCTOR Co., LTD.

TAIWAN SEMICONDUCTOR Co., LTD.

Convener of Audit Committee: Jhan Cian Long



Audit Committeeman: Lin Bo Sheng



Audit Committeeman: Fan Hong Shu



Audit Committeeman: Ma Shu Chuang



March 15, 2023

3. Status report on the Endorsement and Guarantee, Loaning of Company Funds, Regulations Governing the Acquisition and Disposal of Assets, the Trading of Financial Derivatives of the Company and its subsidiaries in 2022.

Explanation:

(1) The Endorsement and Guarantee of the Company and its subsidiaries:

1. Until December 31, 2022, there is no Endorsement and Guarantee by the Company.
2. Until December 31, 2022, there are USD 8 million of the aggregate balance of endorsements guarantees by its subsidiaries.

(2) Loaning of Company Funds of the Company and its subsidiaries

1. Until December 31, 2022, there is no loaning of the Company.
2. Until December 31, 2022, the balance of loaning of each subsidiary is USD 20 million.

(3) Acquisition and Disposal of Assets

None (It hasn't reached the level that shall announce and report. Buy-in and buy-out amount of the same security is under 300 million.)

(4) Trading of Financial Derivatives

1. The Company's realized loss of benefits of Trading of Financial Derivatives in 2022 is NTD 7,562 thousand and be listed under non-operating expenditures. Until December 31, 2022, the trading transaction of unexpired financial derivatives is EUR 500,000. The estimated unrealized loss is NTD 408 thousand.
2. The subsidiary's realized loss of benefits of Trading of Financial Derivatives in 2022 is NTD 46,646 thousand and be listed under non-operating expenditures. Until December 31, 2022, the trading transaction of unexpired financial derivatives is USD 9.2 million. The estimated unrealized loss is NTD 186 thousand.

#### 4. Report on 2022 employees' profit sharing bonus and directors' compensation

##### Explanation:

According to Article 20 of the Article of Incorporation, in 2022, the Company contributes 1% as the remuneration of the directors (NTD 19,886,508) and 7% as the employees' consideration (NTD 139,205,558). All will be paid by cash.



## 5. Report on the performance evaluation and compensation report of directors and managers

### Explanation:

According to Article 7 of the Compensation committee manual of the Company, the Compensation Committee shall evaluate the achievement of the performance goals of the directors and managers regularly, and determine the content and amount of compensation based on the results from the performance evaluation standards, then submit them to the shareholders meeting. Relevance and Reasonableness of the relevant evaluation results as follow.

Evaluation mechanism of the board of directors, each functional committee, etc.	2022 performance self-evaluation results of the board of directors, each functional committee, etc.	Content and account of Compensation of directors and managers and relevance and reasonableness of the performance evaluation results
<p>To implement corporate governance, the company conducts an annual board performance evaluation in December each year, following the “TAIWAN SEMICONDUCTOR Co., LTD. Compensation committee organization book” and “Evaluation rules of the performance of the board of directors”, which were approved by the board of directors.</p> <p>It includes the overall operating situation of the board of directors, each functional committee, etc., also the performance of the individual board of directors’ members. The evaluation result and the improvement plan will be submitted to the board of directors.</p> <p>The items of the performance report of the internal board of directors and each functional committee of the Company are based on Article 37 of the</p>	<ol style="list-style-type: none"> <li>1. Time of evaluation: January 1, 2022 to December 31, 2022</li> <li>2. Result of overall performance self-evaluation report of internal Board of directors.               <ol style="list-style-type: none"> <li>(1) Participation in the company’s operation: Average is good.</li> <li>(2) Improvement of the decision quality of the board of directors: Excellent</li> <li>(3) Component and structure of the board of directors: Average is good.</li> <li>(4) Selection and continuing education of the directors: Average is good.</li> <li>(5) The internal control: Excellent</li> </ol> </li> <li>3. Self-evaluation of internal board of directors’ members: Good to Excellent.</li> <li>4. The evaluation of the Company based on the annual operating plan and the comparison of peer companies’ business performances as standard: Good</li> <li>5. Results of the overall self-evaluation report of each functional committee.               <ol style="list-style-type: none"> <li>(1) Participation in the operating of</li> </ol> </li> </ol>	<p>The remuneration of the directors, according to the Articles 20 of Incorporation of the Company, may be the remuneration of the directors of the current year within the limit of 1% of the profit of the year. Also, the reasonable Payoffs will be given, consider the operating result of the company and individuals’ contribution to the company’s performance.</p> <p>The policies and procedures for managers’ remuneration are based on “Payroll and personnel cycle regulation” of the Company and average salaries level of the same position in the same industry, the responsibility of the individual in the company, and the contribution of the company’s operating goal.</p> <p>The procedure for determining remuneration is based on the “Annual merit</p>

<p>“Corporate governance code” of the Company, which including 5 sides:</p> <ol style="list-style-type: none"> <li>1. Participation in the company’s operating.</li> <li>2. Improvement of the decision quality of the board of directors.</li> <li>3. The component and structure of the board of directors.</li> <li>4. Selection and continuing education of the directors.</li> <li>5. Internal control.</li> </ol> <p>Self-evaluation items of the board of directors including six sides:</p> <ol style="list-style-type: none"> <li>1. Mastery of the company’s goal and mission.</li> <li>2. Awareness of the board of directors’ duty.</li> <li>3. Participation in the company’s operating.</li> <li>4. Internal relationship and communication.</li> <li>5. The profession of the board of directors and continuing education.</li> <li>6. Internal control.</li> </ol>	<p>the company: Excellent.</p> <p>(2)Responsibility awareness of the functional committees: Excellent.</p> <p>(3)Improvement of the decision quality of the functional committees: Excellent.</p> <p>(4) Component and structure of the functional committees and election of the members: Excellent.</p> <p>(5)Internal control: Excellent.</p> <p>6. Self-evaluation of the functional committees’ members: Excellent.</p> <p>7. The results of self-evaluation of the performance of the board of directors, functional committees, etc., are submitted to the report of the board of directors on March 15, 2023.</p>	<p>rating evaluation regulation” of the Company. In addition to the overall operating performance of the company, the business risk and development trends, will also refer to the performance fill rate of individuals, and contribution to the company’s performance. Then, a reasonable remuneration will be given. The relevant performance assessment and the reasonableness of the remuneration will be reviewed by the Compensation Committee and the board of directors and the remuneration system will be reviewed any time according to the actual operating conditions and relevant laws and regulations, to maintain the balance of the Company's sustainable operation and risk control.</p>
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# Approval Items

## Approval Items

Proposal 1

Proposed by the Board

Proposal: The Company's 2022 Business Report and Financial Statements

Explanation:

- (1) The Company's 2022 business report, standalone financial statement, and consolidated financial statements have been approved by the Board and examined by the audit committee.
- (2) The business report, standalone financial statement, and consolidated financial statements are attached in the Meeting Agenda, P. 4-10, 19-35.

Resolution:



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## Independent Auditors' Report

To the Board of Directors of TAIWAN SEMICONDUCTOR CO., LTD.:

### Opinion

We have audited the financial statements of TAIWAN SEMICONDUCTOR CO., LTD. ( "the Company" ), which comprise the statement of balance sheet as of December 31, 2022 and 2021, and the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China "the code", and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) of which represented investment accounted for using the equity method of the Company. Those statements were audited by the other Certified Public Accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the report of the other Certified Public Accountants. The investment in TSC Auto ID amounted for using the equity method constituting 8.68% and 8.26% of the total assets at December 31, 2022 and 2021, respectively, and the related share of profit of subsidiaries accounted for using the equity method constituting 17.16% and 26.34% of the total income before tax for the years then ended respectively.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## 1. Valuation of accounts receivable

Please refer to Note 4(f) “Financial instruments” of the financial statements for details on the accounting policy about valuation on accounts receivable; Note 5 “Assessment of impairment of trade receivable” for details on the significant accounting assumptions and judgments, and major sources of the estimation uncertainty on accounts receivable; and Note 6(c) “Notes and accounts receivable” for details on the related explanation.

### Description of key audit matter:

The Company has transactions with a large number of customers and the accounts receivable collection days differ in length. As a result, the expected credit loss determined for accounts receivable lies in the management’s subjective judgment based on experience. Therefore, the accounts receivable of the Company is one of our key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included (i) analyzing the reasonableness of the accounts receivable at the year-end and considering the collection subsequent to the year-end. (ii) verifying the adequacy of the Company’s expected credit loss provisions against trade receivables by assessing the relevant assumptions. (iii) taking account of our own knowledge on recent collections experience in this industry and also historical data from the Company’s previous collections experience in order to assess the reasonableness of the expected credit loss for accounts receivable. Besides, we assessed that the valuation of accounts receivable was disclosed the notes to the parent Company only financial statements properly.

## 2. Impairment on investment accounted for using the equity method

Please refer to Note 4(h) “Investment in subsidiaries” of the financial statements for the details on the accounting policy about investments accounted for using equity method; Note 6(e) “Investments accounted for using equity method” for details on the related explanation.

### Description of key audit matter:

When the Company obtained the business combinations and its control, and recognized a goodwill in the consolidated financial report, the amount is regarded as material. Besides, evaluating whether goodwill is impaired depends on the estimation of the future cash flow of the cash-generating unit to determine the recoverable amount. The estimation of the future cash flow involves industrial environment and the forecast of the future operating results. Once the indicators of the forecast change, the recoverable amount will change as well and may cause an impairment loss. Due to the investments are the important investees and the amount is regarded as material. Therefore, the impairment on investment accounted for using the equity method is our of key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included: (i) obtaining the assessment on impairment loss of goodwill report provided by the evaluator appointed by the management of TSC, as well as inquiring and assessing the professional ability and independence. (ii) appointing the internal expert to execute the related procedures to assess the reasonableness of the assumption used in the evaluation model and weighted average cost of capital. (iii) evaluating the previous operating conditions, the conditions of industrial environment and future outlook, etc. in order to comprehensively determine the reasonableness of the assessment on impairment loss of goodwill.

The adoption of the independent auditor’s reports of TSC Auto ID issued by other Certified Public Accountants included (i) communication of the related issue with other Certified Public Accountants, which included sending audit instruction to other Certified Public Accountants and obtaining the independent auditor’s report of TSC Auto ID issued by other Certified Public Accountants.



The audit procedure executed by other Certified Public Accountants included (i) obtaining the report of the assessment of impairment loss of goodwill provided by the evaluation expert appointed by the management of TSC Auto ID. (ii) understanding and assessing the reasonableness of the recoverable amount based on the evaluation model. (iii) comprehensively assessing the reasonableness of the assessment of impairment loss of goodwill based on the assumption used in the evaluation model, including sales growth rate, profit margin, weighted average cost of capital (WACC, which includes risk-free return rate, volatility and risk premium), etc. and assessing the previous operating conditions, the conditions of industrial environment and future outlook.

Our audit procedure also compare the difference of the investment amounted and the net assets of TSC Auto ID (according to our ownership share) and observe TSC Auto ID 's stock price. In addition, (ii) we assessed the related information was disclosed in the notes to the parent Company only financial statements properly.

### **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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Audit Committee) are responsible for overseeing the Company' s financial reporting process.

### **Auditor' s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 audit resulting in this independent auditors' report are Mei, Yuan-Chen and Hsu, Yu-Feng.

KPMG

Taipei, Taiwan (Republic of China)  
March 15, 2023

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
TAIWAN SEMICONDUCTOR CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%		
<b>Assets</b>											
<b>Current assets:</b>											
1100	Cash and cash equivalents (note 6(a))	\$ 1,139,543	10	567,039	6	2100	Short-term borrowings (note 6(i))	\$ 590,000	5	370,720	4
1110	Current financial assets at fair value through profit or loss - current (note 6(b))	-	-	152,006	1	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	408	-	120	-
1150	Notes receivable, net (note 6(c))	52	-	531	-	2150	Notes payable	-	-	1,607	-
1170	Accounts receivable, net (note 6(c))	618,016	5	718,390	7	2170	Accounts payable	482,502	4	314,254	3
1180	Accounts receivable due from related parties, net (note 7)	670,796	6	558,975	6	2181	Accounts payable to related parties (note 7)	338,627	3	664,236	7
1200	Other receivables (note 7)	38,005	-	24,318	-	2220	Other payables to related parties (note 7)	38,555	-	55,327	1
130X	Inventories (note 6(d))	1,193,998	10	760,114	8	2230	Current tax liabilities	221,499	2	123,065	1
1479	Other current assets	109,435	1	69,339	1	2320	Long-term borrowings, current portion (note 6(j))	259,349	2	-	-
		<u>3,769,845</u>	<u>32</u>	<u>2,850,712</u>	<u>29</u>	2399	Other current liabilities	418,550	4	294,810	2
								<u>2,349,490</u>	<u>20</u>	<u>1,824,139</u>	<u>18</u>
<b>Non-current assets:</b>											
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	4,157	-	-	-	2541	Long-term borrowings (note 6(j))	527,391	5	649,310	7
1551	Investments accounted for using equity method (note 6(e))	5,113,463	45	4,414,662	44	2570	Deferred tax liabilities (note 6(l))	441,616	4	382,147	4
1600	Property, plant and equipment (note 6(f))	2,168,878	19	2,379,502	24	2640	Net defined benefit liability, non-current (note 6(k))	20,046	-	23,057	-
1822	Intangible assets (note 6(g))	64,459	1	91,453	1			<u>989,053</u>	<u>9</u>	<u>1,054,514</u>	<u>11</u>
1840	Deferred tax assets (note 6(l))	70,596	1	39,221	-			<u>3,338,543</u>	<u>29</u>	<u>2,878,653</u>	<u>29</u>
1980	Other non-current financial assets (note 6(b))	67,718	1	55,415	1						
1990	Other non-current assets (note 6(h))	141,359	1	74,343	1						
		<u>7,630,630</u>	<u>68</u>	<u>7,054,596</u>	<u>71</u>						
<b>Total assets</b>		<b><u>\$ 11,400,475</u></b>	<b><u>100</u></b>	<b><u>9,905,308</u></b>	<b><u>100</u></b>						
<b>Liabilities and Equity</b>											
<b>Current liabilities:</b>											
<b>Non-Current liabilities:</b>											
<b>Total liabilities</b>											
<b>Stockholder' equity attributable to parent:(note 6(m))</b>											
<b>Total equity</b>											
<b>Total liabilities and equity</b>											

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
TAIWAN SEMICONDUCTOR CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4110	Total sales revenue (notes 6(n) and 7)	\$ 5,755,056	101	4,851,282	101
4190	Less: Sales discounts and allowances	55,901	1	47,805	1
	<b>Net operating revenues</b>	<u>5,699,155</u>	<u>100</u>	<u>4,803,477</u>	<u>100</u>
5000	Cost of goods sold (notes 6(d) and 7)	4,058,148	71	3,896,023	81
	<b>Gross profit</b>	<u>1,641,007</u>	<u>29</u>	<u>907,454</u>	<u>19</u>
5910	Less: Unrealized profit (loss) from sales	53,444	1	3,081	-
		<u>1,587,563</u>	<u>28</u>	<u>904,373</u>	<u>19</u>
6000	<b>Operating expenses (note 7):</b>				
6100	Selling expenses	438,244	8	388,376	8
6200	Administrative expenses	297,659	5	202,130	4
6300	Research and development expenses	81,604	1	56,976	1
		<u>817,507</u>	<u>14</u>	<u>647,482</u>	<u>13</u>
	<b>Operating income</b>	<u>770,056</u>	<u>14</u>	<u>256,891</u>	<u>6</u>
	<b>Non-operating income and expenses (notes 6(o) and 7):</b>				
7100	Interest income	3,635	-	1,421	-
7010	Other income	28,629	1	7,485	-
7020	Other gains and losses	164,096	3	12,203	-
7050	Finance costs	(11,349)	-	(6,775)	-
7070	Share of profit of subsidiaries accounted for using equity method (note 6(e))	874,492	15	734,675	15
		<u>1,059,503</u>	<u>19</u>	<u>749,009</u>	<u>15</u>
	<b>Profit before tax</b>	<u>1,829,559</u>	<u>33</u>	<u>1,005,900</u>	<u>21</u>
7950	<b>Less: Income tax expenses (note 6(l))</b>	<u>266,672</u>	<u>5</u>	<u>123,095</u>	<u>3</u>
	<b>Profit</b>	<u>1,562,887</u>	<u>28</u>	<u>882,805</u>	<u>18</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(k))	2,549	-	(1,247)	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,752	-	(191)	-
		<u>4,301</u>	<u>-</u>	<u>(1,438)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	171,567	3	(71,825)	(1)
8300	<b>Other comprehensive income (after tax)</b>	<u>175,868</u>	<u>3</u>	<u>(73,263)</u>	<u>(1)</u>
	<b>Comprehensive income</b>	<u>\$ 1,738,755</u>	<u>31</u>	<u>809,542</u>	<u>17</u>
	<b>Basic earnings per common share (NT dollars) (note 6(q))</b>	<u>\$ 6.28</u>		<u>3.55</u>	
	<b>Diluted earnings per common share (NT dollars) (note 6(q))</b>	<u>\$ 6.23</u>		<u>3.52</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
TAIWAN SEMICONDUCTOR CO., LTD.

Statements of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Share capital			Retained earnings				Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements		
<b>Balance at January 1, 2021</b>	\$ 2,494,539	22,196	1,516,265	830,920	445,618	1,484,440	2,760,978	(459,300)	(506,990)	5,827,688
Net income	-	-	-	-	-	882,805	882,805	-	-	882,805
Other comprehensive income	-	-	-	-	-	(1,438)	(1,438)	(71,825)	-	(73,263)
Total comprehensive income	-	-	-	-	-	881,367	881,367	(71,825)	-	809,542
Conversion of convertible bonds	156,315	(22,196)	604,864	-	-	-	-	-	-	738,983
Appropriation and distribution of retained earnings:										
Provision of legal reserve	-	-	-	53,967	-	(53,967)	-	-	-	-
Provision of special reserve	-	-	-	-	13,682	(13,682)	-	-	-	-
Cash dividends	-	-	-	-	-	(395,228)	(395,228)	-	-	(395,228)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	20,400	-	-	-	-	-	-	20,400
Changes in equity of affiliate accounted for using equity method	-	-	25,270	-	-	-	-	-	-	25,270
<b>Balance at December 31, 2021</b>	2,650,854	-	2,166,799	884,887	459,300	1,902,930	3,247,117	(531,125)	(506,990)	7,026,655
Net income	-	-	-	-	-	1,562,887	1,562,887	-	-	1,562,887
Other comprehensive income	-	-	-	-	-	4,301	4,301	171,567	-	175,868
Total comprehensive income	-	-	-	-	-	1,567,188	1,567,188	171,567	-	1,738,755
Retirement of treasury shares	(16,000)	-	(69,482)	-	-	-	-	-	85,482	-
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	-	(84,535)	(84,535)
Appropriation and distribution of retained earnings:										
Provision of legal reserve	-	-	-	88,137	-	(88,137)	-	-	-	-
Provision of special reserve	-	-	-	-	71,825	(71,825)	-	-	-	-
Cash dividends	-	-	-	-	-	(658,714)	(658,714)	-	-	(658,714)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	37,000	-	-	-	-	-	-	37,000
Changes in equity of affiliate accounted using equity method	-	-	2,771	-	-	-	-	-	-	2,771
<b>Balance at December 31, 2022</b>	\$ 2,634,854	-	2,137,088	973,024	531,125	2,651,442	4,155,591	(359,558)	(506,043)	8,061,932

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
TAIWAN SEMICONDUCTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,829,559	1,005,900
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	319,548	319,368
Amortization expense	48,443	37,443
Net loss on financial assets or liabilities at fair value through profit or loss	1,701	1,966
Interest expense	9,810	5,341
Interest income	(3,635)	(1,421)
Share of profit of subsidiaries accounted for using equity method	(874,492)	(734,675)
Gain on disposal of property, plant and equipment	(2,792)	(819)
Others	53,444	3,081
<b>Total adjustments to reconcile profit (loss)</b>	<u>(447,973)</u>	<u>(369,716)</u>
<b>Changes in operating assets and liabilities:</b>		
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	150,593	(149,691)
(Increase) decrease in notes receivable	479	(498)
(Increase) decrease in accounts receivable	100,374	(251,660)
Increase in accounts receivable due from related parties	(111,821)	(169,242)
Increase in other receivable	(13,231)	(13,695)
Increase in inventories	(433,884)	(151,930)
(Increase) decrease in other current assets	(40,096)	7,708
Decrease in notes payable	(1,607)	(45)
Increase in accounts payable	168,248	109,498
Increase (decrease) in accounts payable to related parties	(325,609)	131,409
Increase in other payable	637	296
Increase (decrease) in other payable to related parties	(16,772)	27,224
Increase in other current liabilities	123,740	99,561
Decrease in net defined benefit liability	(462)	(577)
<b>Total adjustments</b>	<u>(847,384)</u>	<u>(731,358)</u>
Cash inflow generated from operations	982,175	274,542
Interest received	3,179	1,439
Dividends received	250,906	356,977
Interest paid	(10,913)	(5,761)
Income taxes paid	(140,144)	(74,360)
<b>Net cash flows from operating activities</b>	<u>1,085,203</u>	<u>552,837</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(4,157)	-
Acquisition of property, plant and equipment	(52,494)	(46,996)
Proceeds from disposal of property, plant and equipment	3,475	713
Acquisition of intangible assets	(21,449)	(27,475)
(Increase) decrease in other non-current assets	(2,617)	13,199
Increase in prepayments for equipment	(133,453)	(53,363)
<b>Net cash flows used in investing activities</b>	<u>(210,695)</u>	<u>(113,922)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	219,280	(236,240)
Repayments of convertible bonds	-	(41,900)
Proceeds from long-term borrowings	139,320	379,760
Repayments of long-term borrowings	(1,890)	-
Cash dividends paid	(658,714)	(395,228)
<b>Net cash flows used in financing activities</b>	<u>(302,004)</u>	<u>(293,608)</u>
<b>Net increase in cash and cash equivalents</b>	572,504	145,307
<b>Cash and cash equivalents at the beginning of period</b>	567,039	421,732
<b>Cash and cash equivalents at the end of period</b>	<u>\$ 1,139,543</u>	<u>567,039</u>

## **Representation Letter**

The entities that are required to be included in the combined financial statements of TAIWAN SEMICONDUCTOR CO., LTD. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TAIWAN SEMICONDUCTOR CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TAIWAN SEMICONDUCTOR CO., LTD.

Chairman: Wang Shiu-Ting

Date: March 15, 2023



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

To the Board of Directors of TAIWAN SEMICONDUCTOR CO., LTD.:

### Opinion

We have audited the consolidated financial statements of TAIWAN SEMICONDUCTOR CO., LTD. ( “the Company” ) and its subsidiaries ( “the Group” ), which comprise the consolidated balance sheet as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, consolidated changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( “IFRSs” ), International Accounting Standards ( “IASs” ), Interpretations, developed by the International Financial Reporting Interpretations Committee ( “IFRIC” ) or the former Standing Interpretations Committee ( “SIC” ) endorsed and issued into effect. By the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and 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 TAIWAN SEMICONDUCTOR CO., LTD. and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. Base on our audits and the report of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

We did not audit the financial statements of TSC Auto ID Technology Co., Ltd. (TSC Auto ID) of the Group. Those statements were audited by the other Certified Public Accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TSC Auto ID, is based solely on the report of the other Certified Public Accountants. The financial statements of TSC Auto ID reflect the total assets constituting 39.48% and 41.27% of the consolidated total assets at December 31, 2022 and 2021, respectively, and the total operating revenues constituting 50.79% and 51.97% of the consolidated total operating revenues for the years then ended respectively.

The company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion with other matters paragraph.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the consolidated financial statements of the current period. 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.

### 1. Valuation of accounts receivable

Please refer to Note 4(g) “Financial instruments” of the consolidated financial statements for details on the accounting policy about valuation on accounts receivable; Note 5 “Assessment of impairment of trade receivable” for details on the significant accounting assumptions and judgments, and major sources of the estimation uncertainty on accounts receivable; and Note 6(c) “Notes and accounts receivable” for details on the related explanation .

#### Description of key audit matter

The Group has transactions with a large number of customers and the accounts receivable collection days differ in length. As a result, the expected credit loss determined for accounts receivable lies in the management’ s subjective judgment based on experience. Therefore, the accounts receivable of the Group is one of our key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included (i) analyzing the reasonableness of the accounts receivable at the year-end and considering the collection subsequent to the year-end. (ii) verifying the adequacy of the Group’ s expected credit loss provisions against trade receivables by assessing the relevant assumptions. (iii) taking account of our own knowledge on recent collections experience in this industry and also historical data from the Group’ s previous collections experience in order to assess the reasonableness of the expected credit loss for accounts receivable. Besides, we assessed that the valuation of accounts receivable was disclosed the notes to the consolidated financial statements properly.

### 2. The assessment of impairment loss of goodwill

Please refer to Note 4(l) “Impairment of nonfinancial assets” of the consolidated financial statements for details on the accounting policy related to impairment loss of goodwill; and Note 6(i) “Goodwill” for details on the related explanation.

#### Description of key audit matter

When the Group obtained the business combinations and its control, and recognized a goodwill in the consolidated financial report, the amount is regarded as material. Besides, evaluating whether goodwill is impaired depends on the estimation of the future cash flow of the cashgenerating unit to determine the recoverable amount. The estimation of the future cash flow involves industrial environment and the forecast of the future operating results. Once the indicators of the forecast change, the recoverable amount will change as well and may cause an impairment loss.

How the matter was addressed in our audit:

Our key audit procedures included: (i) obtaining the assessment on impairment loss of goodwill report provided by the evaluator appointed by the management of TSC, as well as inquiring and assessing the professional ability and independence. (ii) appointing the internal expert to execute the related procedures to assess the reasonableness of the assumption used in the evaluation model and weighted average cost of capital. (iii) evaluating the previous operating conditions, the conditions of industrial environment and future outlook, etc. in order to comprehensively determine the reasonableness of the assessment on impairment loss of goodwill.



The adoption of the independent auditor' s reports of TSC Auto ID issued by other Certified Public Accountants included (i) communication of the related issue with other Certified Public Accountants, which included sending audit instruction to other Certified Public Accountants and obtaining the independent auditor' s report of TSC Auto ID issued by other Certified Public Accountants. The audit procedure executed by other Certified Public Accountants included (1) obtaining the report of the assessment of impairment loss of goodwill provided by the evaluation expert appointed by the management of TSC Auto ID. (2) understanding and assessing the reasonableness of the recoverable amount based on the evaluation model. (3) comprehensively assessing the reasonableness of the assessment of impairment loss of goodwill based on the assumption used in the evaluation model, including sales growth rate, profit margin, weighted average cost of capital (WACC, which includes risk-free return rate, volatility and risk premium), etc. and assessing the previous operating conditions, the conditions of industrial environment and future outlook. In addition, (ii) we assessed the audit procedure designed by other Certified Public Accountants according to related auditing standards and that the related information was disclosed in the notes to the consolidated financial statements properly.

### **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 IFRSs, IASs, interpretations as well as related guidance endorsed 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 Group' 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance including the Audit committee are responsible for overseeing the Group' s financial reporting process.

### **Auditor' s 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 auditor' s 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Group' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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.

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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 audit resulting in this independent auditors' report are Mei, Yuan-Chen and Hsu, Yu-Feng.

KPMG

Taipei, Taiwan (R.O.C)  
March 15, 2023

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 3,595,681	20	2,701,648	17	2100	Short-term borrowings (note 6(k))	\$ 1,466,515	8	921,426	6
1110	Current financial assets at fair value through profit or loss (note 6(b))	1,798	-	155,067	1	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	2,392	-	563	-
1150	Notes receivable, net (note 6(c))	588	-	751	-	2150	Notes payable	-	-	1,607	-
1170	Accounts receivable, net (note 6(c))	3,015,880	17	2,950,815	19	2170	Accounts payable	1,648,557	9	1,673,549	10
1200	Other receivables	105,789	1	63,284	-	2200	Other payables (note 6(m))	1,065,266	6	883,040	6
1220	Current tax assets	409	-	929	-	2230	Current tax liabilities	415,066	2	412,838	3
130X	Inventories (note 6(d))	3,500,033	19	2,444,825	15	2322	Long-term borrowings, current portion (note 6(l))	322,349	2	65,000	-
1410	Prepayments	251,545	1	177,271	1	2280	Lease liabilities, current (note 6(n))	106,012	-	113,331	1
1476	Other current financial assets (note 6(b))	599,488	3	373,584	2	2399	Other current liabilities	325,900	2	232,681	1
		<u>11,071,211</u>	<u>61</u>	<u>8,868,174</u>	<u>55</u>			<u>5,352,057</u>	<u>29</u>	<u>4,304,035</u>	<u>27</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	4,157	-	-	-	2540	Long-term borrowings (note 6(l))	1,084,391	6	1,484,310	10
1600	Property, plant and equipment (note 6(f))	4,483,033	25	4,501,135	28	2580	Lease liabilities non-current (note 6(n))	123,214	1	190,820	1
1755	Right-of-use assets (note 6(g))	229,239	1	280,665	2	2640	Net defined benefit liabilities, non-current (note 6(o))	35,000	-	42,788	-
1822	Intangible assets (note 6(h))	308,413	2	388,016	3	2570	Deferred tax liabilities (note 6(p))	825,106	5	684,722	4
1805	Goodwill (note 6(i))	1,136,565	6	1,024,426	6	2670	Other non-current liabilities	71,568	-	51,787	-
1840	Deferred tax assets (note 6(p))	458,165	3	456,197	3			<u>2,139,279</u>	<u>12</u>	<u>2,454,427</u>	<u>15</u>
1980	Other non-current financial assets (note 6(b))	83,020	-	71,583	-			<u>7,491,336</u>	<u>41</u>	<u>6,758,462</u>	<u>42</u>
1990	Other non-current assets (note 6(j))	443,016	2	395,775	3						
		<u>7,145,608</u>	<u>39</u>	<u>7,117,797</u>	<u>45</u>						
						<b>Total liabilities</b>					
						<b>Stockholder' equity attributable to parent:</b>					
						(note 6(q))					
						3110	Common stock	2,634,854	14	2,650,854	17
						3200	Capital surplus	2,137,088	12	2,166,799	14
						3300	Retained earnings	4,155,591	23	3,247,117	20
						3400	Other stockholders' equity	(359,558)	(2)	(531,125)	(4)
						3500	Treasury shares	(506,043)	(3)	(506,990)	(3)
								<u>8,061,932</u>	<u>44</u>	<u>7,026,655</u>	<u>44</u>
						36XX	<b>Non-controlling interests</b> (note 6(e))	2,663,551	15	2,200,854	14
								<u>10,725,483</u>	<u>59</u>	<u>9,227,509</u>	<u>58</u>
							<b>Total equity</b>				
								<u>\$ 18,216,819</u>	<u>100</u>	<u>15,985,971</u>	<u>100</u>
							<b>Total liabilities and equity</b>				
								<u>\$ 18,216,819</u>	<u>100</u>	<u>15,985,971</u>	<u>100</u>

Total assets

\$ 18,216,819 100 15,985,971 100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Total sales revenue (note 6(s))	\$ 16,442,867	105	13,612,887	103
4190	Less: Sales discounts and allowances	755,733	5	435,470	3
	<b>Net operating revenues</b>	<u>15,687,134</u>	<u>100</u>	<u>13,177,417</u>	<u>100</u>
5000	Cost of goods sold (note 6(d))	<u>10,337,968</u>	<u>66</u>	<u>9,049,696</u>	<u>69</u>
	<b>Gross profit</b>	<u>5,349,166</u>	<u>34</u>	<u>4,127,721</u>	<u>31</u>
6000	<b>Operating expenses (notes 6(o) and (u)):</b>				
6100	Selling expenses	1,296,411	8	1,175,935	9
6200	Administrative expenses	906,846	6	726,018	5
6300	Research and development expenses	355,388	2	316,861	2
		<u>2,558,645</u>	<u>16</u>	<u>2,218,814</u>	<u>16</u>
	<b>Operating income</b>	<u>2,790,521</u>	<u>18</u>	<u>1,908,907</u>	<u>15</u>
	<b>Non-operating income and expenses (note 6(t)):</b>				
7100	Interest income	19,892	-	14,541	-
7010	Other income	46,025	-	46,312	-
7020	Other gains and losses	197,944	1	10,864	-
7050	Finance costs	(40,452)	-	(32,992)	-
		<u>223,409</u>	<u>1</u>	<u>38,725</u>	<u>-</u>
	<b>Profit before tax</b>	<u>3,013,930</u>	<u>19</u>	<u>1,947,632</u>	<u>15</u>
7950	Less: Income tax expenses (note 6(p))	<u>837,015</u>	<u>5</u>	<u>565,737</u>	<u>4</u>
	<b>Profit</b>	<u>2,176,915</u>	<u>14</u>	<u>1,381,895</u>	<u>11</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	7,368	-	(1,771)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>7,368</u>	<u>-</u>	<u>(1,771)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	341,796	2	(125,433)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(48,006)	-	15,123	-
		<u>293,790</u>	<u>2</u>	<u>(110,310)</u>	<u>(1)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>301,158</u>	<u>2</u>	<u>(112,081)</u>	<u>(1)</u>
	<b>Comprehensive income</b>	<u>\$ 2,478,073</u>	<u>16</u>	<u>1,269,814</u>	<u>10</u>
	<b>Net income attributable to:</b>				
	Owners of the parent	\$ 1,562,887	10	882,805	7
	Non-controlling interests (note 6(e))	614,028	4	499,090	4
		<u>\$ 2,176,915</u>	<u>14</u>	<u>1,381,895</u>	<u>11</u>
	<b>Comprehensive income attributable to:</b>				
	Owners of the parent	\$ 1,738,755	11	809,542	6
	Non-controlling interests (note 6(e))	739,318	5	460,272	4
		<u>\$ 2,478,073</u>	<u>16</u>	<u>1,269,814</u>	<u>10</u>
	<b>Basic earnings per common share (NT dollars) (note 6(v))</b>	<u>\$ 6.28</u>		<u>3.55</u>	
	<b>Diluted earnings per common share (NT dollars) (note 6(v))</b>	<u>\$ 6.23</u>		<u>3.52</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital		Retained earnings					Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements				
<b>Balance at January 1, 2021</b>	\$ 2,494,539	22,196	1,516,265	830,920	445,618	1,484,440	2,760,978	(459,300)	(506,990)	5,827,688	2,020,901	7,848,589
Net income	-	-	-	-	-	882,805	882,805	-	-	882,805	499,090	1,381,895
Other comprehensive income	-	-	-	-	-	(1,438)	(1,438)	(71,825)	-	(73,263)	(38,818)	(112,081)
Total comprehensive income	-	-	-	-	-	881,367	881,367	(71,825)	-	809,542	460,272	1,269,814
Conversion of convertible bonds	156,315	(22,196)	604,864	-	-	-	-	-	-	738,983	-	738,983
Appropriation and distribution of retained earnings:												
Provision of legal reserve	-	-	-	53,967	-	(53,967)	-	-	-	-	-	-
Provision of special reserve	-	-	-	-	13,682	(13,682)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(395,228)	(395,228)	-	-	(395,228)	-	(395,228)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	20,400	-	-	-	-	-	-	20,400	-	20,400
Changes in equity of affiliate accounted for using equity method	-	-	25,270	-	-	-	-	-	-	25,270	-	25,270
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(280,319)	(280,319)
<b>Balance at December 31, 2021</b>	2,650,854	-	2,166,799	884,887	459,300	1,902,930	3,247,117	(531,125)	(506,990)	7,026,655	2,200,854	9,227,509
Net income	-	-	-	-	-	1,562,887	1,562,887	-	-	1,562,887	614,028	2,176,915
Other comprehensive income	-	-	-	-	-	4,301	4,301	171,567	-	175,868	125,290	301,158
Total comprehensive income	-	-	-	-	-	1,567,188	1,567,188	171,567	-	1,738,755	739,318	2,478,073
Retirement of treasury shares	(16,000)	-	(69,482)	-	-	-	-	-	85,482	-	-	-
Subsidiaries purchase of treasury shares	-	-	-	-	-	-	-	-	(84,535)	(84,535)	-	(84,535)
Appropriation and distribution of retained earnings:												
Provision of legal reserve	-	-	-	88,137	-	(88,137)	-	-	-	-	-	-
Provision of special reserve	-	-	-	-	71,825	(71,825)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(658,714)	(658,714)	-	-	(658,714)	-	(658,714)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	37,000	-	-	-	-	-	-	37,000	-	37,000
Changes in equity of affiliate accounted for using equity method	-	-	2,771	-	-	-	-	-	-	2,771	-	2,771
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(276,621)	(276,621)
<b>Balance at December 31, 2022</b>	\$ 2,634,854	-	2,137,088	973,024	531,125	2,651,442	4,155,591	(359,558)	(506,043)	8,061,932	2,663,551	10,725,483

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 3,013,930	1,947,632
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	790,180	732,723
Amortization expense	140,791	123,565
Expected credit loss	1,380	9,563
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	51,151	(8,726)
Interest expense	38,330	30,911
Interest income	(19,892)	(14,541)
Loss on disposal of property, plant and equipment	4,840	3,601
Reversal of impairment (gain) or loss on non-financial assets	(595)	2,701
Others	2,771	25,270
<b>Total adjustments to reconcile profit (loss)</b>	<u>1,008,956</u>	<u>905,067</u>
<b>Changes in operating assets and liabilities:</b>		
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	103,947	(143,918)
(Increase) decrease in notes receivable	163	(565)
Increase in accounts receivable	(66,445)	(591,627)
Increase in other receivables	(42,049)	(15,396)
Increase in inventories	(1,055,208)	(644,378)
Increase in prepayments	(92,899)	(7,114)
(Increase) decrease in other financial assets	(225,904)	108,236
Decrease in notes payable	(1,607)	(45)
Increase (decrease) in accounts payable	(24,992)	502,115
Increase in other payable	181,589	248,737
Increase in other current liabilities	92,684	93,849
Decrease in net defined benefit liabilities	(7,788)	(2,459)
Increase in other non-current liabilities	17,577	5,253
<b>Total adjustments</b>	<u>(111,976)</u>	<u>457,755</u>
Cash inflow generated from operations	2,901,954	2,405,387
Interest received	19,436	14,559
Interest paid	(28,454)	(18,424)
Income taxes paid	(695,851)	(409,095)
<b>Net cash flows from operating activities</b>	<u>2,197,085</u>	<u>1,992,427</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(4,157)	-
Acquisition of property, plant and equipment	(526,957)	(525,777)
Proceeds from disposal of property, plant and equipment	5,531	2,421
Increase in other financial assets	(11,437)	(3,979)
Acquisition of intangible assets	(35,317)	(26,639)
Increase in other non-current assets	(27,074)	(45,846)
Increase in prepayments for equipment	(92,105)	(156,963)
<b>Net cash flows used in investing activities</b>	<u>(691,516)</u>	<u>(756,783)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	545,089	(480,528)
Repayments of convertible bonds	-	(41,900)
Proceeds from long-term borrowings	419,320	679,760
Repayments of long-term borrowings	(561,890)	(430,000)
Decrease in guarantee deposits received	(130)	(35)
Payment of lease liabilities	(127,258)	(86,168)
Cash dividends paid	(621,714)	(374,828)
Repurchase of treasury shares	(84,535)	-
Change in non-controlling interests	(276,621)	(280,319)
<b>Net cash flows used in financing activities</b>	<u>(707,739)</u>	<u>(1,014,018)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	96,203	(83,648)
<b>Net increase in cash and cash equivalents</b>	894,033	137,978
<b>Cash and cash equivalents at the beginning of period</b>	<u>2,701,648</u>	<u>2,563,670</u>
<b>Cash and cash equivalents at the end of period</b>	<u>\$ 3,595,681</u>	<u>2,701,648</u>

Proposal: The Company's 2022 earnings Distribution.

Explanation:

- (1) In order to improve the capital structure and avoid dilution of earnings, the Company proposes full cash dividend distribution.
- (2) The net profit after tax in 2022 was NT\$1,562,886,413, the Company appropriates NT\$156,718,710 to legal reserve, and adds beginning retained earnings NT\$ 1,084,254,443 and adds remeasurements of defined benefit plans NT\$ 4,300,684. The distributable earnings amounted to NT\$ 2,494,722,830. The Company plans to distribute the dividends to shareholders with NT\$ 1,053,941,944 all in cash. After the approval of the general meeting of shareholders, an ex-dividend date and payment date for cash dividends will be set. Dividends are allocated based on the shareholding ratio of shareholders listed on Shareholders' Rosters on the ex-dividend record date; NT\$ 4.0 per share. The cash dividends shall be distributed to the NTD (decimals are rounded down). The total number of fractional amounts below NT\$1 shall be listed as the Company's other income.

If there is an increase or decrease in the total number of outstanding shares of the Company, which results in a change in the shareholders' payout ratio, it is proposed to request the shareholders' meeting to authorize the Board of Directors to deal with the matter in its sole discretion.

- (3) Please refer to Earnings Distribution Table on page 37 of this Meeting Agenda.

Resolution:

TAIWAN SEMICONDUCTOR CO., LTD.

Fiscal Year 2022

Earnings Distribution Table

Unit: NTD

Items	Subtotal	Total
Beginning retained earnings (Beginning Balance)	1,084,254,443	
Add: 2022 Net profit after tax	1,562,886,413	
Add : Remeasurements of defined benefit plan	4,300,684	
Less: 10% legal reserve	156,718,710	
<b>Distributable earnings</b>		<b><u>2,494,722,830</u></b>
Less : Distributable items		
(1) Dividend to shareholders (NTD 4.0 per share)		
(NTD 4.0 per share of cash dividend) ----(Note)	<u>1,053,941,944</u>	<u>1,053,941,944</u>
<b>Unappropriated retained earnings (Ending Balance)</b>		<b><u>1,440,780,886</u></b>

Note:

- 1) If there is an increase or decrease in the total number of outstanding shares of the Company, which results in a change in the shareholders' payout ratio, it is proposed to request the shareholders' meeting to authorize the Board of Directors to deal with the matter in its sole discretion.
- 2) Total Stock dividend of the director for the current period NTD 1,053,941,944
- 3) 2022 net profit after tax after distribution NTD 356,526,443 Hasn't been distributed.

## Discussion Items



Discussion Items

1. **Proposed by the Board**

**Proposal:**

To Amend the rules for the corporation by-laws

**Explanation:**

- (1) To meet the need of the Company's future development. We plan to amend the corporation by-laws of the company, and the comparison table of amendment is below. We propose for the approval of 2023 shareholders meeting.
- (2) Please proceed to discuss.

TAIWAN SEMICONDUCTOR Co., LTD.

Comparison Table of Amendment of “Corporation by-laws”

Article	Current Content	Amended Content	Remark
Article 5:	The total capital of the company is rated at <b>NT\$3.6 billion</b> , divided into <b>360 million</b> shares, and the amount per share is NT\$10, and the board of directors is authorized to issue shares on a separate basis. In the above total capital, NT\$100 million was reserved, and the shares were divided into 10 million shares at par value of NT\$10 per share, which is for the issuance of employees' share subscription warrants in order to exercise the subscription right. It shall be issued separately based on the resolution of the board of directors. The un-issued shares may be issued at several times by the Board of Directors.	The total capital of the company is rated at <b>NT\$9 billion</b> , divided into <b>900 million</b> shares, and the amount per share is NT\$10, and the board of directors is authorized to issue shares on a separate basis. In the above total capital, NT\$100 million was reserved, and the shares were divided into 10 million shares at par value of NT\$10 per share, which is for the issuance of employees' share subscription warrants in order to exercise the subscription right. It shall be issued separately based on the resolution of the board of directors. The un-issued shares may be issued at several times by the Board of Directors.	To meet the needs of the Company's future operating and development.
Article 22	..... ....	..... The 45 <sup>th</sup> amendment in June 19, 2023	Follows this amendment

**Resolution:**

Proposal : To amend the articles of Company’s “Regulations Governing the Acquisition and Disposal of Assets”.

Explanation :

- (1) Proposed amendments to the Company’s “Regulations Governing the Acquisition and Disposal of Assets” to meet the operating requirement for the Company. The comparison table of amendments is as follows which is submitted to the 2023 shareholders' meeting for the approval.
- (2) Please proceed to discuss.

TAIWAN SEMICONDUCTOR Co., LTD.

Comparison Table of Amendment of “Regulations Governing the Acquisition and Disposal of Assets”

Article	Current Content	Amended Content	Explanation
Article 2	<p>I. The term "assets" as used in these Regulations refer to:</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>3. Memberships.</li> <li>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>5. Right-of-use assets.</li> <li>6. Claims of financial institutions (including</li> </ol>	<p>I. The term "assets" as used in these Regulations refer to:</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>3. Memberships.</li> <li>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>5. Right-of-use assets.</li> <li>6. Claims of financial institutions (including</li> </ol>	Unchanged

	<p>receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>7. Derivatives.</p> <p>8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>9. Other major assets.</p>	<p>receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>7. Derivatives.</p> <p>8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>9. Other major assets.</p>	
	<p>II. Amount :</p> <p>1. The total amount for the Company to purchase the real property for non-operating purposes and its right-of-use assets and other fixed assets, and short-term securities shall be limited to 20% of the Company's shareholders' equity in the Company's latest financial report that has been audited and certified by a CPA.</p> <p>2. The Company's net investment in long-term and short-term securities is limited to <u>120%</u> of the Company's shareholder's equity in the Company's latest financial report that has been audited and certified by a CPA. However, the long-term investment amount (actual investment capital) of reinvesting in a single company is <u>limited to the paid-in capital of the Company.</u></p> <p>3. The investment scope and amount of the subsidiary are also the same as those above-mentioned paragraphs 1 and 2.</p>	<p>II. Amount :</p> <p>1. The total amount for the Company to purchase the real property for non-operating purposes and its right-of-use assets and other fixed assets, and short-term securities shall be limited to 20% of the Company's shareholders' equity in the Company's latest financial report that has been audited and certified by a CPA.</p> <p>2. The Company's net investment in long-term and short-term securities is limited to <u>200%</u> of the Company's shareholder's equity in the Company's latest financial report that has been audited and certified by a CPA. However, the long-term investment amount (actual investment capital) of reinvesting in a single company <u>shall not exceed 100% of the shareholder's equity in the Company's latest financial report that audited and certified by a CPA.</u></p> <p>3. The investment scope and amount of the subsidiary:</p>	<p>Revised: To meet the requirement of business management</p>

		<p><u>(1) Subsidiary companies that have followed the regulation for the acquisition or disposal of assets by public companies are not subject to the acquisition procedures of the parent company.</u></p> <p><u>(2) Actual operating subsidiaries held by the parent company or subsidiaries are not subject to restrictions on the amount of investment securities.</u></p> <p><u>(3) In addition to the above, also refer to the previous paragraph 1 and 2.</u></p>	
	<p>The regulations were formulated on October 8, 1994.  First amendment date: May 20, 1995.  .....  Sixteenth amendment date: June 21, 2022.</p>	<p>The regulations were formulated on October 8, 1994.  First amendment date: May 20, 1995.  .....  Sixteenth amendment date: June 21, 2022.  <u>Seventeenth amendment date: MM/DD, 2023.</u></p>	<p>Add the date of this amendment.</p>

**Extraordinary Motions**

**Adjournment**

# Appendix

(Appendix 1)

## TAIWAN SEMICONDUCTOR CO., LTD. Articles of Incorporation

### Section I - General Provisions

Article 1: The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall Taiwan Semiconductor CO., LTD.

Article 2: The scope of business of the Company shall be as follows:

- 1 、 CC01080 Electronic Parts and Components Manufacturing
- 2 、 CB01020 Affairs Machine Manufacturing
- 3 、 CC01110 Computer and Peripheral Equipment Manufacturing
- 4 、 F401010 International Trade
- 5 、 I103060 Management Consulting
- 6 、 F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 7 、 CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
- 8 、 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company may provide mutual guarantees with companies in the same industry for its business needs.

Article 2-2: The Company may, by resolution of the board of directors, invest in other entities, and is not subject to Article 13 of the Company Act that the total amount of investment shall not exceed 40% of the company's paid in capital.

Article 3: The Company set up its headquarters in New Taipei City. If necessary, it may set up branch offices domestically or abroad with a resolution by the board of directors.

Article 4: (Deleted).

### Section II - Shares

Article 5: The total capital of the company is rated at NT\$3.6 billion, divided into 360 million shares, and the amount per share is NT\$10, and the board of directors is authorized to issue shares on a separate basis. In the above total capital, NT\$100 million was reserved, and the shares were divided into 10 million shares at par value of NT\$10 per share, which is for the issuance of employees' share subscription warrants in order to exercise the subscription right. It shall be issued separately based on the resolution of the board of directors. The un-issued shares may be issued at several times by the Board of Directors.

Article 6: If the company issued new shares, it shall reserve 10 to 15 percent of the total number of shares issued for employee subscription, which could be subscribed by employees of the company (or its parents or subsidiaries) who qualified certain requirements. If the company repurchased treasury share, it could be transferred to the employees of the company (or its parents or subsidiaries) who qualified certain requirements. If the company issued share subscription warrant, it could be participated by employees of the company (or its parents or subsidiaries) who qualified certain requirements. If the company issued restricted stock, it could be participated by employees of the company (or its parents or subsidiaries) who are qualified certain requirements. The term "employees of parent or subsidiary company who are qualified certain requirements" as used in this article, the Board of Directors is authorized to make separate provisions in accordance with the Company Act.

Article 7: The share certificates of the Company shall all be registered share certificates, affixed with the signature or seal of representative directors and assigned with serial numbers, and may be issued only after having been duly certified or authenticated by the competent authority or by a registrar authorized by the competent authority. Share certificates issued by the Company are not required to be printed. The Company, however, shall register the issued shares with a centralized securities depository enterprise.

Article 8: Registration for transfer of shares shall be suspended sixty days immediately before the date of regular meeting of shareholders, and thirty days immediately before the date of any special meeting of shareholders, or within five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 9: The Company's stock matters shall be governed by the relevant regulations of the competent authority.

### Section III - Shareholders' Meeting

Article 10: Shareholders' meeting can be divided into regular meetings and special meetings. Regular meetings are convened once a year and usually within six months of the end of each fiscal year. Special meetings may be convened according to the law when necessary.

The meeting notice may be made by electronic means with the consent of the counterpart shareholder. Notwithstanding the foregoing, a public notice may be made in lieu of separate notice in the case of shareholders with less than 1,000 registered shares.

Article 10-1: The shareholders meeting may be held in virtual or other ways announced by the Ministry of Economic Affairs.

Article 11: If a shareholder cannot attend a Shareholders Meeting for any reason, it may designate another person to represent it by submitting a proxy that is printed by the Company, specifying the scope of authorization.

Article 12: A shareholder of the Company shall be entitled to one vote for each share held, except in the circumstances article 179 of the Company Act. Unless otherwise stated in the Company

Act, any resolution made by the Shareholders Meeting shall be made during a Shareholders Meeting attended by more than half of all shares and passed by the majority of voting rights in attendance.

Article 13: Resolutions adopted at a shareholders' meeting shall be recorded in meeting minutes signed by or affixed with the seal of the chairman of the meeting, and the meeting minutes shall be distributed to each shareholders within twenty days after the meeting. The meeting minutes under the preceding paragraph shall be made and distributed in accordance with the Company Act.

#### Section IV - Directors and Supervisors

Article 14: The Company shall have five to seven directors. The term of directors shall be three years. Directors are elected from the list of candidates and may be eligible for re-election. In the aforementioned quota of directors of the Company, the number of independent directors shall be 3 (or more), which are elected from the list of candidates of independent directors in the shareholders' meeting under the candidate nomination system. In accordance with the relevant regulations of the competent authority, the professional qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other matters of the Company's Independent Directors, are processed under relevant legal regulations. The Elections for independent Directors and non-independent Directors shall be held concurrently but the respective voting rights shall be separately calculated to determine the elected independent Directors and non-independent Directors. The minimum total number of registered stock of shares held by all Directors shall be subject to the requirements of relevant regulations.

Article 15: The board of the directors is formed by the directors. The chairperson, who is to represent the Company externally, is elected by a majority voting of the directors present at a meeting of its board of directors attended by two-thirds or more of the directors of the Company.

Article 15-1: To convene a meeting of the Board of Directors, a notice of the meeting shall state the reasons of the meeting and shall be given to each Director by 7 days before the meeting, provided that a meeting may be convened at any time in case of emergency. The notice of a meeting under the preceding paragraph shall be clearly stated in the written notices, e-mail, or facsimile. The directors who participate in the video conference shall be deemed to have attended the meeting in person.

Article 16: In case the Chairperson of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208 of the Company Act.



Article 16-1: Unless otherwise provided by law or regulation, a resolution of the Board of Directors shall be made with the approval of a majority of the Directors present at a meeting at which a majority of the Directors is present. If a director is unable to attend a board meeting for causes, he may issue a proxy to appoint another director to represent him at the meeting. The proceedings of a meeting of the Board of Directors shall be recorded in the meeting minutes. A director may accept only one appointment per meeting.

Article 16-2: The authority of the Board of Directors shall be governed by the Company Act and the relevant regulations.

Article 16-3: The Company shall establish an Audit Committee, which shall consist of all independent directors. The number of members, terms of office, authority, rules of procedure, and the resources to be provided by the Company when exercising its duties shall be separately regulated by the organizational rules of the audit committee.

The Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Law, the Securities and Exchange Law and other relevant regulations, except for the matters of duties prescribed by Article 14-4, paragraph 4, of the Securities and Exchange Act.

The provisions of Article 14-4, paragraph 4, of the Securities and Exchange Act concerning provisions of the Company Act concerning acts done by supervisors, and the role of supervisors as representatives of the company, shall apply mutatis mutandis to the independent director members on the audit committee.

Article 17: Directors of the Company shall be entitled to remuneration for their duties based on the level of involvement and value of contribution of each Director and by reference to the usual level of such pay in the industry, no matter whether the Company is in a loss or not.

Article 17-1: In order to establish a directors' liability insurance system and to reduce the risks from the execution of duties by directors, the Company may purchase liability insurance for directors after each director is elected with respect to the liabilities resulting from exercising their duties during their term of office.

#### Section V - Manager

Article 18: The Company may have managers and their appointment, dismissal and remuneration shall be conducted in accordance with Article 29 of the Company Act.

#### Section VI - Accounting

Article 19: The fiscal year of the Company shall begin on January 1 of each year and end on December 31 of the same year. After the end of each fiscal year, the Board of Directors shall prepare the following documents and submit them to a regular shareholders' meeting for recognition:

1. A business report
2. Financial statements.
3. A proposal for the distribution of profits or offsetting of losses.

Article 20: In the case of a profitable fiscal year, the Company shall allocate not less than 4% but not more than 10% to employee compensation, and not more than 1 percent as profit-sharing compensation to Directors.

If the Company still has any accumulated loss in a profitable fiscal year, it shall first set aside the amount to offset the loss and then allocate compensation to employee and Directors proportionately. When employee compensation is paid in stock or cash, the recipients include employees of the parent or subsidiary company who are qualified certain requirements. The term "employees of parent or subsidiary company who are qualified certain requirements" as used in this article, authorize the board of Directors to make separate provisions in accordance with the company law.

The above Director compensation shall only be distributed as stock or cash. The distribution of employee and Director's compensation shall be submitted to the shareholders' meeting for resolution and report to the shareholders' meeting.

Article 20-1: In the case of a profitable fiscal year, the Company shall deduct the payment of all taxes required by law, the allocation of the 10 percent legal reserve (no such allocation is necessary if the legal reserve is maintained at the level of the paid-in capital of the Company), and the provision or reversal for the special reserve pursuant to law or regulation, and submit a proposal to a shareholders' meeting for resolution on the distribution of dividends to shareholders.

Article 20-2: When forming its dividend policy, the Corporation considers various factors such as its plans relating to current and future development, the overall investment environment, its financial needs, competition in the domestic and foreign markets, as well as the interest of shareholders. The earnings distribution proposal shall be prepared by the Board of Directors and be approved at a shareholders' meeting. If the Company plans to make distributions, the percentage of earnings to be distributed shall be no less than 10% of the distributable earnings for the year. Dividends shall be distributed in cash or stock, of which no less than 10% of the total dividends shall be distributed in cash, and no less than 10% of the total stock dividends shall be distributed in cash. However, if the cash dividend is less than \$0.2 per share, it will not be paid and will be paid as stock dividend instead.

## Section VII - Supplementary Provisions

Article 21: In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

Article 22: The Articles were enacted on December 15, 1978.

- The first amendment was made on January 18, 1979.
- The second amendment was made on August 1, 1979.
- The third amendment was made on July 5, 1980.
- The fourth amendment was made on August 14, 1980.
- The fifth amendment was made on June 23, 1982.
- The sixth amendment was made on August 19, 1982.
- The seventh amendment was made on June 17, 1983.
- The eighth amendment was made on August 1, 1984.
- The ninth amendment was made on June 23, 1986.
- The tenth amendment was made on April 24, 1987.
- The eleventh amendment was made on October 29, 1987.
- The twelfth amendment was made on June 30, 1988.
- The thirteenth amendment was made on August 10, 1989.
- The fourteenth amendment was made on October 2, 1989.
- The fifteenth amendment was made on March 4, 1990.
- The sixteenth amendment was made on April 15, 1990.
- The seventeenth amendment was made on June 30, 1990.
- The eighteenth amendment was made on April 27, 1991.
- The nineteenth amendment was made on August 20, 1991.
- The twentieth amendment was made on June 30, 1992.
- The twenty-first amendment was made on August 6, 1992.
- The twenty-second amendment was made on December 23, 1994.
- The twenty-third amendment was made on May 20, 1995.
- The twenty-fourth amendment was made on June 22, 1996.
- The twenty-fifth amendment was made on June 28, 1997.
- The twenty-sixth amendment was made on June 19, 1998.
- The twenty-seventh amendment was made on September 28, 1998.
- The twenty-eighth amendment was made on May 22, 2000.
- The twenty-ninth amendment was made on May 28, 2001.
- The thirtieth amendment was made on June 24, 2002.
- The thirty-first amendment was made on June 23, 2003.
- The thirty-second amendment was made on June 15, 2004.
- The thirty-third amendment was made on June 14, 2005.
- The thirty-fourth amendment was made on June 14, 2006.
- The thirty-fifth amendment was made on June 13, 2007.
- The thirty-sixth amendment was made on June 13, 2008.
- The thirty-seventh amendment was made on June 19, 2009.
- The thirty-eighth amendment was made on June 15, 2010.
- The thirty-ninth amendment was made on June 27, 2012.
- The fortieth amendment was made on June 19, 2013.

The forty-first amendment was made on June 13, 2016.  
The forty-second amendment was made on June 14, 2019.  
The forty-third amendment was made on June 16, 2020.  
The forty-fourth amendment was made on June 21, 2022.

(Appendix 2)

TAIWAN SEMICONDUCTOR CO., LTD.  
Convention Rules for Shareholders' Meetings

	<p>Implementation Date: 22 June, 1996 First amendment and implementation date : June 19, 1998 Second amendment and implementation date : June 24, 2002 Third amendment and implementation date : June 15, 2004 Fourth amendment and implementation date : June 13, 2008 Fifth amendment and implementation date : June 13, 2016 Sixth amendment and implementation date : June 16, 2020 Seventh amendment and implementation date : July 26, 2021 Eighth amendment and implementation date : June 21, 2022</p>
1	<p>The rules of procedures for the Company's Shareholders' Meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules. <u>Changes to how this Corporation convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, this Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.</u></p> <p><u>This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u></p> <p><u>1. For physical shareholders meetings, to be distributed on-site at the meeting.</u></p>

	<p><u>2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.</u></p> <p><u>3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.</u></p>
2	<p><u>This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.</u></p> <p><u>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></p> <p><u>Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</u></p> <p><u>A sign-in book shall be provided at the shareholders' meeting for the attending shareholders to sign in, or the attending shareholder shall surrender the attendance sign-in card in place of signing the sign-in book.</u></p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting</u></p> <p><u>materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>The number of shares in attendance and voting rights shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p>
2-1	<p><u>To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:</u></p> <p><u>1. How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p><u>A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is</u></p>

	<p>postponed or on which the meeting will resume.</p> <p><u>B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p><u>C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending the video shareholders meeting online shall be specified.</u></p>
3	<p>Attendance and voting at Shareholders' Meetings shall be calculated based on numbers of shares.</p> <p><u>With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.</u></p> <p><u>When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder</u></p> <p><u>The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</u></p> <p><u>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</u></p>
4	<p>Shareholders' meetings shall be held at the location of the Company or factory or otherwise at a place convenient for the shareholders to attend and suitable for the holding of shareholders' meetings, and shall start at a time not earlier than 9 a.m. and not later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p> <p><u>The restrictions on the place of the meeting shall not apply when this Corporation convenes a</u></p>

	<u>virtual-only shareholders meeting.</u>
5	<p>If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board of Directors. When the Chairperson by reason of leave or otherwise is unable to exercise the power of office, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.</p> <p>If a shareholders' meeting is convened by any person, other than the Board of Directors, entitled to convene such a meeting, the meeting shall be chaired by that person. If the meeting is convened by two or more such persons, they shall select one of their number to chair the meeting.</p>
6	<p>The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting.</p> <p>All staff members working at shareholders' meetings shall wear identification cards or arm badges.</p>
7	<p>The Company shall make an uninterrupted audio and video recording of the proceedings of the Shareholders' Meeting. The recorded audio and video materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the aforementioned materials shall be retained until the conclusion of the litigation.</p> <p>The holding of the shareholders meeting of the Company may involve trade secret reports, unless otherwise stipulated by laws and regulations, video and audio recordings are required. It is forbidden for anyone, including shareholders, to video, audio record, or take pictures of the shareholder meeting place and the contents of the meeting.</p> <p><u>Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>
8	<p>The chair shall call the meeting to order at the appointed meeting time and announce relevant information such as number of non-voting rights and of shares present at the same time.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. <u>If the quorum is not met after two postponements and the attending shareholders still represent less than one third of</u></p>



	<p><u>the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, the situation must be handled in accordance with Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 2.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolutions made previously for a vote by the Shareholders' Meeting in accordance with Article 174 of the Company Law.</p>
9	<p>If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors; <u>relevant agenda items (including extraordinary motions and amendments to original proposals) shall be voted on an item-by-item basis</u>. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda under the two preceding paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. In the event that the chair dissolves the meeting in violation of the rules of meeting procedure, a new chair may be selected to continue the meeting with the approval of a majority of the voting rights of the shareholders present.</p> <p>After the meeting is adjourned, the shareholders may not designate another person as chair and continue the meeting in the original location or at a different location.</p> <p><u>The chair shall allow sufficient opportunity for the explanation and discussion of an agenda item or any amendment or extraordinary motion submitted by a shareholder, and when the chair thinks that any such item has been discussed sufficiently to put it to a vote, the chair may declare the discussion closed, put forward the voting, and arrange an adequate time for voting.</u></p>
10	<p>When an attending shareholder wishes to speak regarding a proposal up for discussion, he or she must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p>
11	<p>Except with the consent of the chair, a shareholder may not speak more than twice on the same</p>

	<p>proposal, and a single speech may not exceed 5 minutes.</p> <p>If the speech of any shareholder violates the above Article or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Article 10 and paragraphs 1 to 2 of this Article do not apply.</u></p>
12	<p>When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.</p>
13	<p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>
14	<p>The chair shall announce the end of discussion on a proposed resolution and proceed with voting when he/she feels there has been sufficient discussion.</p>
15	<p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.</p> <p>The result of the vote shall be announced immediately at the voting place and shall be recorded.</p> <p><u>When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>
16	<p>When a meeting is in progress, the chair may announce a break at his or her discretion. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce</p>

	<p>a time when, in view of the circumstances, the meeting will be resumed.</p> <p>If the venue of a shareholder's meeting becomes unavailable for use before the conclusion of all agenda items (including extraordinary motions), the shareholders at the meeting may resolve to continue the meeting at another venue.</p> <p>A shareholders' meeting may, by a resolution made under Article 182 of the Company Act, be adjourned to or resumed on a date within the next five days.</p>
17	<p>Each shareholder is entitled to one vote for each share held, except for restricted shares or for non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When this Corporation holds a shareholder meeting, it shall <u>adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence.</u> When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; <u>it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.</u></p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p><u>If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p> <p>Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.</p> <p>In the resolution, after the Chairman or delegate thereof announces the total number of voting rights represented by shareholders in attendance for voting on each issue, shareholders will proceed with voting on a case-by-case basis. On the day after the shareholders' meeting, the</p>

	results of shareholders' approval, disapproval and abstention will be entered into the MOPS.
18	When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
19	The chair shall direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."
20	<u>When voting for the directors in the shareholders meeting, the process shall follow the relevant rules made by the company, and the chairman shall announce the voting result immediately, including the list of elected directors with the number of votes and the lost directors with the number of votes.</u> <u>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Taiwan Company Act, the ballots are retained until the litigation is concluded.</u>
21	Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and shall be distributed to each shareholder within twenty days after the meeting. The meeting minutes may be made and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the procedures by which resolutions were adopted, and a summary of the deliberations and their results (including the number of voting rights) for director and supervisors elections, the number of votes for each candidate should be disclosed, and shall be retained for the duration of the existence of the Company. <u>In the event of a virtual shareholders meeting, the meeting minutes shall be recorded in accordance with the provisions of the preceding paragraph and the meeting minutes shall also record the starting and ending time of the shareholders meeting, the method of holding the meeting, the name of the chair and the recorder, and the action and the situation to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events.</u> <u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.</u>
22	<u>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the</u>

	<p><u>number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p><u>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.</u></p>
23	<p><u>In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned</u></p>
24	<p><u>When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></p>
25	<p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second</u></p>

	<p><u>paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</u></p> <p><u>When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>
26	<p><u>When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending the video shareholders meeting online.</u></p>
27	<p>These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.</p>

## (Appendix 3)

## TSC Directors' shareholdings &amp; Minimum Shareholding Required

Roster of  
director

Date: April 21, 2023

Title	Identity Number	Name	Election Date	Number of shares held on election date			Number of shares held at present		
				Type	Shares	Percentage when public	Type	Shares	Percentage when public
Chairman	A00010	Wang, Hsiu-Ting	July 26, 2021	ordinary shares	11,608,340	4.38%	ordinary shares	12,383,340	4.70%
Director	D00060	TSC Auto ID Technology Co., Ltd.	July 26, 2021	ordinary shares	13,600,000	5.13%	ordinary shares	14,800,000	5.62%
Director	D00070	UMC Capital Corp.	July 26, 2021	ordinary shares	6,741,000	2.54%	ordinary shares	6,741,000	2.56%
Independent director	N00010	Chan, Chien-Lung	July 26, 2021	ordinary shares	0	0.00%	ordinary shares	0	0.00%
Independent Director	N00020	Fan, Hung-Shu	July 26, 2021	ordinary shares	0	0.00%	ordinary shares	1,000	0.00%
Independent Director	N00030	Lin, Po-Sheng	July 26, 2021	ordinary shares	0	0.00%	ordinary shares	0	0.00%
Independent Director	N00040	Ma, Shu-Chuang	July 26, 2021	ordinary shares	0	0.00%	ordinary shares	0	0.00%
Total				ordinary shares	31,949,340		ordinary shares	33,925,340	

Total shares issued on July 26, 2021: 265,085,486 shares

Total shares issued on April 21, 2023: 263,485,486 shares

Remark : All directors of the Company shall legally hold shares : 12,000,000 shares , hold as of April 21, 2023 : 33,924,340 shares

The Company has established an Audit Committee ; therefore, the Supervisors' shareholdings requirement is not applicable.

◎ Shares held by independent directors are not included in the number of shares held by directors

(Appendix 4)

(1) The Impact of Stock Dividend Issuance on Operating Results, EPS, and Shareholder Return Rate.

Unit: NTD Thousand ;EPS per share

		2023 (Estimated)	
Original Capital		2,634,854	
Dispatching dividend of this year	Cash dividend of each share (Note 1)	4.000	
	Stock dividends on Common Stock per share	0.00	
	Capital Surplus Transferred to Capital per share	0.00	
Changes in Business Performance	Operating profit	Not applicable(Note 2)	
	Increment(decline) rateof operating profit compared to the same period last year	Not applicable(Note 2)	
	Net profit after tax	Not applicable(Note 2)	
	Increment(decline) rate of Net profit after tax compared to the same period last year	Not applicable(Note 2)	
	Earnings per share	Not applicable(Note 2)	
	Increment(decline) rate of Earnings per share compared to the same period last year	Not applicable(Note 2)	
	Yearly average Return on investment(reciprocal of price earnings ratios)	Not applicable(Note 2)	
Pro forma Earning and Return on investment of each share	The cash dividends will be distributed when Stock dividends of Common Stock	Pro forma Earnings per share	Not applicable(Note 2)
		Pro forma Yearly average Return on investment	Not applicable(Note 2)
	If Capital Surplus doesn't transfer to Capital	Pro forma Earnings per share	Not applicable(Note 2)
		Pro forma Yearly average Return on investment	Not applicable(Note 2)
	If Capital Surplus doesn't transfer	Pro forma Earnings per share	Not applicable(Note 2)



	to Capital and cash dividends of Stock dividends of Common Stock be paid by cash	Pro forma Yearly average Return on investment	Not applicable(Note 2)
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Note 1: The proposal has not been approved by the board of directors.

Note2:According to “Guidelines for Disclosure of Financial Forecasts by Public Companies,” there is no need for the Company to public the information about the 2023 financial forecasts, and therefore, there is no report of the 2023 financial forecasts.

## (2)The Information Related to Employees’ and Directors’ Compensation

### 1. Amount and range of Employees’ and Directors’ Compensation

According to Article 20 of the Article of Incorporation, In the case of a profitable fiscal year, the Company shall allocate not less than 4% but not more than 10% to employee compensation, and not more than 1 percent as profit-sharing compensation to Directors.

If the Company still has any accumulated loss in a profitable fiscal year, it shall first set aside the amount to offset the loss and then allocate compensation to employee and Directors proportionately. When employee compensation is paid in stock or cash, the recipients include employees of the parent or subsidiary company who are qualified certain requirements. The term "employees of parent or subsidiary company who are qualified certain requirements" as used in this article, authorize the board of Directors to make separate provisions in accordance with the company law.

The above Director compensation shall only be distributed as stock or cash. The distribution of employee and Director’s compensation shall be submitted to the shareholders' meeting for resolution and report to the shareholders' meeting.

According to Article 20-1 of the Article of Incorporation, in the case of a profitable fiscal year, the Company shall deduct the payment of all taxes required by law, the allocation of the 10 percent legal reserve (no such allocation is necessary if the legal reserve is maintained at the level of the paid-in capital of the Company), and the provision or reversal for the special reserve pursuant to law or regulation, and submit a proposal to a shareholders' meeting for resolution on the distribution of dividends to shareholders.

According to Article 20-2 of the Article of Incorporation, when forming its dividend policy, the Corporation considers various factors such as its plans relating to current and future development, the overall investment environment, its financial needs, competition in the domestic and foreign markets, as well as the interest of shareholders. The earnings distribution proposal shall be prepared by the Board of Directors and be approved at a shareholders’ meeting. If then resolves to make distributions, the percentage of earnings to be distributed shall be no less than 10% of the distributable earnings for the year. Dividends shall be distributed in cash or stock, of which no less than 10% of the total dividends shall be distributed in cash, and no less than 10% of

the total stock dividends shall be distributed in cash. However, if the cash dividend is less than \$0.2 per share, it will not be paid and will be paid as stock dividend instead.

2. The board of directors approved proposal of the information about the 2022 employees' compensation.

(1) Distribution of cash dividends, stock dividends, and compensation of directors.

A. Cash dividend: NTD 4.0 per share, NTD 1,053,941,944 in total. Wait for shareholders' meeting's approval.

B. Stock dividend: NTD 0 per share, NTD 0 in total. Wait for shareholders' meeting's approval.

C. Compensation of directors: NTD 19,886,508.

(2) Proposal of share-based compensation of employees and their percentage of the stock dividends of Common Stock.

A. Cash compensation of employees: NTD 139,205,558.

B. Stock compensation of employees: NTD 0, made up 0% of the stock dividends of Common Stock.

(3) According to Article 20 of the Article of Incorporation, in 2020, 1% of the directors' compensation (NTD 19,886,508) and 7% of the employees' compensation (NTD 139,205,558) will be contributed and paid in cash.

1. The earnings that distribute to the employees' and directors' compensation in last year.

The Company submitted a resolution to the shareholders meeting on June 21, 2022, that 1% of the directors' compensation (NTD 10,816,125) and 6% of the employees' compensation (NTD 64,896,750) will be paid in cash. The distribution of employee compensation and directors' compensation is as follows.

Unit: NTD thousand

	2021			
	The actual number of distribution submitted by the board of directors (Note 1)	The original number of distribution submitted by the board of directors (Note 1)	Number of difference (Note 1)	Reason of the difference (Note 1)
<b>I. Distribution</b>				
1. Employees' compensation in cash	64,897	64,897	0	-
2. Employees' compensation in stocks	0	0		
(1) Shares	0	0	0	-
(2) Amount	0	0	0	-
(3) The percentage of the outstanding shares on the end of the year	0	0	0	-
3. Directors' compensation	10,816	10,816	0	-
<b>II. Earnings per share</b>				

(Unit: NTD)				
1.Original earnings per share(before the retroactive adjustment on 2021)	3.55	3.55	0	-
2.Estimated earnings per share(Note 2)	3.55	3.55	-	-

There is no difference between the distribution in 2021 and the estimated number in Financial statement in 2021.

Note 1: There is no difference between the actual number of distribution that submitted by the board of directors and the number that supposed to be distributed which submitted by the board of directors originally.

Note 2: Estimated EPS=net profit after tax/weighted average number of outstanding shares

Estimated 2021 EPS= net profit after tax (NTD 882,804,895)/ weighted average number of outstanding shares (248,585,039) =NTD 3.55