

EXPOSURE BRIEF · TSMC · EXECUTIVE READ · ARCHIVE EDITION

TSMC's geopolitical exposure sits on one island, not in its China sales

Mainly a Taiwan continuity exposure, not a China-demand one: Taiwan-only nodes earned **33** per cent of second-quarter **2026** wafer revenue, China-based customers **6** per cent, until leading-edge volume starts elsewhere.

77%

7nm and below, 2Q26

33%

Taiwan-only
3nm and 2nm

6%

China-based
customers

36%

Two largest
customers

Signed for and on behalf of the corporation: **Milad Naeimi · Principal** · Strature Geopolitical Prospects & Strategy Inc., Toronto · Edition 1.0 (archive) · 30 September 2026 · Evidence to 30 September 2026 · Facts refreshed 30 September 2026 · Free preview for general circulation; the full brief is sold under Strature's terms.

Archive edition. Researched 23 July 2026; harmonised to the current house standard 30 September 2026.

77%

of 2Q26 wafer revenue came from 7nm and below (TSMC, 16 Jul 2026)

33%

came from 3nm and 2nm, made only in Taiwan fabs (20-F fab table, 28 Feb 2026)

6%

of 2Q26 net revenue came from China-based customers, 9% in 2025

36%

of 2025 net revenue came from TSMC's two largest customers, unnamed

THE ANSWER

TSMC's geopolitical exposure is mainly a question of continuity in Taiwan, not of demand from China. On TSMC's own fab table (28 Feb 2026) every fab producing 3nm or 2nm in volume is in Taiwan; those nodes earned 33% of 2Q26 wafer revenue. China-based customers were 6% of net revenue.

The overseas sites add US market access and mature-node capacity before the newest nodes. No probability is printed: the source's pathway odds were never registered.

FINDINGS

The newest nodes are made in Taiwan.

TSMC's 20-F lists 3nm volume production in Fab 18 and 2nm in Fabs 20 and 22, all in Taiwan; the most advanced node abroad is 5nm-class, in Arizona.

China demand is a small, falling slice.

China-based customers took 12% of revenue in 2023 and 6% in 2Q26. TSMC reports its Nanjing fab now relies on an annual US export licence.

Two customers carry over a third of revenue.

TSMC's two largest customers, which it does not name, took 19% and 17% of 2025 net revenue; the ten largest took 78% (Form 20-F, 16 Apr 2026).

The overseas build-out has a stated margin cost.

TSMC guides overseas-fab margin dilution of 2 to 3 points early, 3 to 4 later; its 2026 capital budget is US\$60 to 64bn (16 Jul 2026).

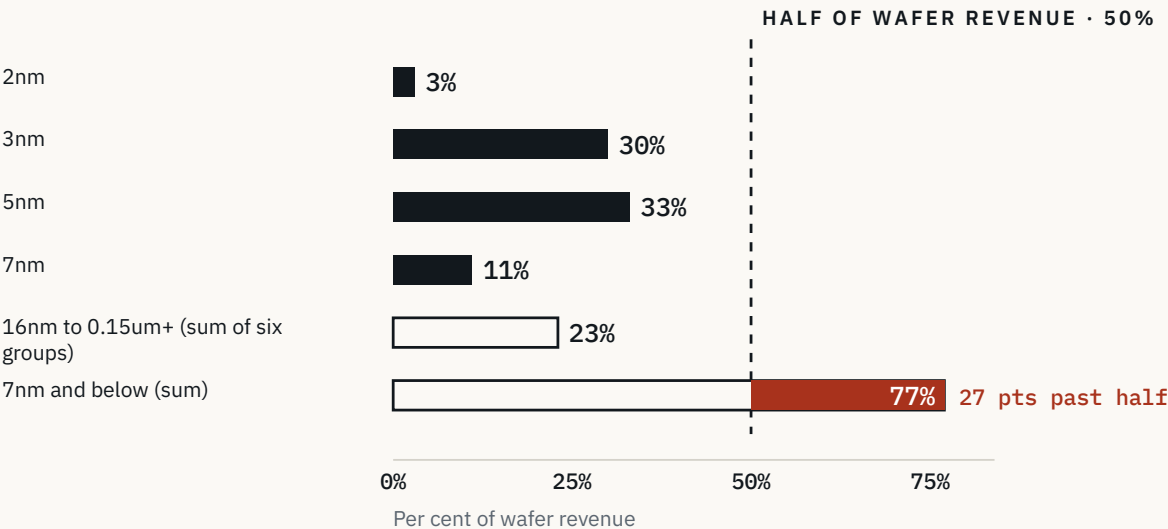
Where the revenue is made: TSMC's wafer revenue by node, 2Q26

Nodes of 7nm and below earned 77% of TSMC's wafer revenue in the quarter to 30 June 2026. On TSMC's own fab table of 28 February 2026, the two newest of them, 3nm and 2nm, were produced in volume only in Taiwan fabs; together they earned 33%.

EXHIBIT X2 · FORM: BARS AGAINST A DATUM · EVIDENCE GRADE A

Nodes of 7nm and below earned 77% of TSMC's 2Q26 wafer revenue

Share of wafer revenue by technology, % · 2Q26 (quarter to 30 Jun 2026) · TSMC 2Q26 Management Report · denominator: total wafer revenue



THE READING

Four nodes, 2nm to 7nm, make up 77% of wafer revenue, 27 points past half; 3nm and 5nm alone carry 63%. The six older node groups together carry the remaining 23%.

DENOMINATOR

TSMC total wafer revenue in 2Q26. Shares are TSMC's rounded figures.

SOURCES

TSMC 2Q26 Quarterly Management Report and Earnings Release, 16 Jul 2026 (wafer revenue by technology). Retrieved 30 Sep 2026.

EVIDENCE GRADE

A · a named public series from its publisher

HOW TO READ THIS PLATE

Solid bars are disclosed shares; hollow bars are our sums of disclosed shares (TSMC also states the 77%). The dashed line is half of wafer revenue. THE ACCENT: the distance by which the 7nm-and-below total passes half of wafer revenue.

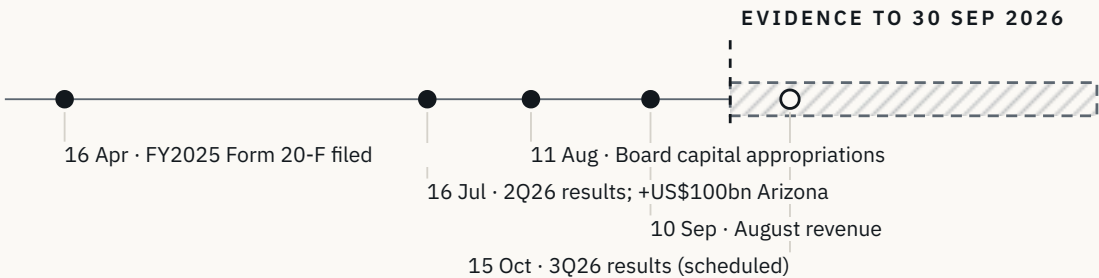
What would change it

Three observable changes would move the call: TSMC reporting 3nm or 2nm volume production outside Taiwan; China-based customers rising back above one tenth of revenue; and a first A14 start outside Taiwan (scheduled for 2028). Next update: third-quarter results, 15 October 2026.

EXHIBIT X3 · FORM: DATED TIMELINE · EVIDENCE GRADE B

TSMC's next scheduled results fall after this edition's evidence date

Dated TSMC disclosures, April to December 2026 · TSMC · retrieved 30 Sep 2026



Apr 2026Dec 2026

Solid: dated and passed by the evidence date. Hatched: not yet happened.

THE READING

Four disclosures from April to September 2026 were read; the third-quarter results, due 15 October 2026, fall after the evidence date.

DENOMINATOR

5 dated disclosures: 4 published by 30 Sep 2026 and 1 scheduled.

SOURCES

TSMC Form 20-F; 2Q26 Earnings Release; press releases of 11 Aug and 10 Sep 2026; 3Q26 results page. Retrieved 30 Sep 2026.

EVIDENCE GRADE

B · published work, or a primary text counted by us

HOW TO READ THIS PLATE

Solid dots have been published; the hollow dot is scheduled. The hatched band has not happened yet. THE ACCENT: NONE

STRATURE · GEOPOLITICAL PROSPECTS & STRATEGY · EXHIBIT X3 · TSMC

THE NEXT SIGNPOSTS



Options to consider

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'No-regret' and 'bet' are our analytical labels for how an option fares across the futures, not recommendations.

NO-REGRET OPTIONS: THEY HOLD IN EVERY FUTURE

- 1 Mapping which products depend on Taiwan-only nodes.** Companies that buy chips made on 3nm or 2nm could consider mapping which of their products depend on those nodes, since TSMC's own table of 28 Feb 2026 places their volume production only in Taiwan. Signpost: TSMC reports 3nm or 2nm volume production outside Taiwan.
- 2 Reading each quarter's node and geography tables.** Lenders, insurers and analysts with semiconductor exposure might weigh TSMC's quarterly tables of revenue by node and by customer location as a standing input; one route is to log each release against the prior quarter. Signpost: TSMC's third-quarter results on 15 Oct 2026.

One further option, labelled a bet, is set out in the full brief.

WHAT THIS BRIEF CANNOT ESTABLISH

How much revenue a quarantine or blockade of Taiwan would interrupt, or for how long. No such figure was found in TSMC's filings read to 30 Sep 2026, none can be derived from them, and this brief does not estimate it; nor was a combined share of capacity outside Taiwan found.

SIGNED FOR AND ON BEHALF OF THE CORPORATION

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Headline facts and every number on the one-page sheet and the executive read were re-checked against current public sources and re-cited on 30 September 2026. Deeper figures in the full brief keep their original research date, stamped where they appear.

Named parties and readers may send corrections to corrections@geopoliticalgps.com. We correct errors in the next edition and list them in its change log.

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