



1Q25

Quarterly Management Report  
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## Operating Results Review:

## CONTACT

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## Topics in This Report:

- Revenue Analysis
- Profit & Expense Analysis
- Financial Condition Review
- Cash Flow
- CapEx
- Recap of Recent Important Events & Announcements

**Summary:**

(Amounts are on consolidated basis and are in NT\$ billions unless otherwise noted)

	<u>1Q25</u>	<u>4Q24</u>	<u>1Q24</u>	<u>QoQ</u>	<u>YoY</u>
EPS (NT\$ per common share)	13.94	14.45	8.70	-3.5%	60.4%
(US\$ per ADR unit)	2.12	2.24	1.38		
Net Revenue (US\$ billions)	25.53	26.88	18.87	-5.1%	35.3%
Net Revenue	839.25	868.46	592.64	-3.4%	41.6%
Gross Profit	493.40	512.38	314.51	-3.7%	56.9%
<i>Gross Margin</i>	<i>58.8%</i>	<i>59.0%</i>	<i>53.1%</i>		
Operating Expenses	(85.19)	(86.34)	(65.36)	-1.3%	30.3%
Other Operating Income and Expenses	(1.13)	(0.33)	(0.13)		
Operating Income	407.08	425.71	249.02	-4.4%	63.5%
<i>Operating Margin</i>	<i>48.5%</i>	<i>49.0%</i>	<i>42.0%</i>		
Non-Operating Items	23.82	23.09	17.52		
Net Income Attributable to Shareholders of the Parent Company	361.56	374.68	225.49	-3.5%	60.3%
<i>Net Profit Margin</i>	<i>43.1%</i>	<i>43.1%</i>	<i>38.0%</i>		
Wafer Shipment (kpcs 12 inch-equiv.)	3,259	3,418	3,030	-4.7%	7.6%
Average Exchange Rate--USD/NTD	32.88	32.30	31.40	1.8%	4.7%

Note: Diluted weighted average outstanding shares were 25,929mn units in 1Q25

**Financial Highlights:****First Quarter 2025**

- Net revenue was NT\$839.25 billion, representing a 3.4% decrease from NT\$868.46 billion in 4Q24 and a 41.6% increase from NT\$592.64 billion in 1Q24.
- Gross margin was 58.8%, 0.2 percentage point lower than 4Q24 and 5.7 percentage points higher than 1Q24.
- Operating margin was 48.5%, down 0.5 percentage point from 4Q24 and up 6.5 percentage points from 1Q24.
- Non-operating items were a gain of NT\$23.82 billion, compared to a gain of NT\$23.09 billion in 4Q24 and a gain of NT\$17.52 billion in 1Q24.
- Net income attributable to shareholders of the parent company was NT\$361.56 billion, down 3.5% from 4Q24 and up 60.3% from 1Q24. Net profit margin was 43.1% and diluted EPS was NT\$13.94.

## I. Revenue Analysis

Wafer Revenue by Technology	1Q25	4Q24	1Q24
3nm	22%	26%	9%
5nm	36%	34%	37%
7nm	15%	14%	19%
16/20nm	7%	7%	9%
28nm	7%	6%	8%
40/45nm	3%	3%	5%
65nm	4%	4%	4%
90nm	1%	1%	1%
0.11/0.13um	2%	2%	3%
0.15/0.18um	3%	3%	4%
0.25um and above	0%	0%	1%

Net Revenue by Platform	1Q25	4Q24	1Q24
High Performance Computing	59%	53%	46%
Smartphone	28%	35%	38%
Internet of Things	5%	5%	6%
Automotive	5%	4%	6%
Digital Consumer Electronics	1%	1%	2%
Others	2%	2%	2%

Net Revenue by Geography	1Q25	4Q24	1Q24
North America	77%	75%	69%
China	7%	9%	9%
Asia Pacific	9%	9%	12%
Japan	4%	4%	6%
EMEA	3%	3%	4%

### Revenue Analysis:

In the first quarter, revenue decreased 3.4% quarter-over-quarter, as our business was impacted by smartphone seasonality, partially offset by continued growth in AI-related demand.

By technology, 3nm process technology contributed 22% of total wafer revenue in 1Q25 while 5nm and 7nm accounted for 36% and 15% respectively. Advanced technologies (7nm and below) accounted for 73% of total wafer revenue.

By platform, HPC and Smartphone represented 59% and 28% of net revenue respectively, while IoT, Automotive, DCE, and Others each represented 5%, 5%, 1%, and 2%.

Sequentially, revenue from HPC, Automotive, DCE, and Others increased 7%, 14%, 8%, and 20% respectively, while Smartphone and IoT decreased 22% and 9% respectively.

From a geographic perspective, revenue from customers based in North America accounted for 77% of total net revenue in 1Q25 while revenue from China, Asia Pacific, Japan, and EMEA (Europe, Middle East, and Africa) accounted for 7%, 9%, 4%, and 3% of total net revenue respectively.

## II. Profit & Expense Analysis

II - 1. Gross Profit Analysis			
(In NT\$ billions)	1Q25	4Q24	1Q24
<b>Net Revenue</b>	<b>839.25</b>	<b>868.46</b>	<b>592.64</b>
Cost of Revenue	(345.85)	(356.08)	(278.13)
<b>Gross Profit</b>	<b>493.40</b>	<b>512.38</b>	<b>314.51</b>
<b>Gross Margin</b>	<b>58.8%</b>	<b>59.0%</b>	<b>53.1%</b>

### Gross Profit Analysis:

Gross margin was 58.8% in 1Q25, 0.2 percentage point lower than 4Q24, primarily due to the impact from the January 21 earthquake, as well as the start of dilution from our overseas fab, partially offset by cost improvement efforts.

## II - 2. Operating Income Analysis

(In NT\$ billions)	<u>1Q25</u>	<u>4Q24</u>	<u>1Q24</u>
<b>Total Operating Expenses</b>	<b>(85.19)</b>	<b>(86.34)</b>	<b>(65.36)</b>
Research & Development	(56.55)	(57.23)	(46.11)
SG&A	(28.64)	(29.11)	(19.25)
<b>Other Operating Income and Expenses</b>	<b>(1.13)</b>	<b>(0.33)</b>	<b>(0.13)</b>
<b>Operating Income</b>	<b>407.08</b>	<b>425.71</b>	<b>249.02</b>
<b>Operating Margin</b>	<b>48.5%</b>	<b>49.0%</b>	<b>42.0%</b>
<b>Total Operating Expenses as % of Net Revenue</b>	<b>10.2%</b>	<b>10.0%</b>	<b>11.1%</b>

### **Operating Income Analysis:**

Total operating expenses decreased by NT\$1.15 billion to NT\$85.19 billion in 1Q25, representing 10.2% of net revenue in 1Q25.

## II - 3. Non-Operating Items

(In NT\$ billions)	<u>1Q25</u>	<u>4Q24</u>	<u>1Q24</u>
<b>L-T Investments</b>	<b>1.37</b>	<b>1.29</b>	<b>0.87</b>
<b>Net Interest Income (Expenses)</b>	<b>22.18</b>	<b>21.75</b>	<b>16.66</b>
<b>Other Gains and Losses</b>	<b>0.27</b>	<b>0.05</b>	<b>(0.01)</b>
<b>Total Non-Operating Items</b>	<b>23.82</b>	<b>23.09</b>	<b>17.52</b>

### **Non-Operating Items:**

Total non-operating items were a gain of NT\$23.82 billion in 1Q25, compared to a gain of NT\$23.09 billion in 4Q24.

## II - 4. Net Profit and EPS

(In NT\$ billions)	<u>1Q25</u>	<u>4Q24</u>	<u>1Q24</u>
<b>Income before Tax</b>	<b>430.90</b>	<b>448.80</b>	<b>266.54</b>
<b>Income Tax Expenses</b>	<b>(70.17)</b>	<b>(74.33)</b>	<b>(41.32)</b>
<b>Effective Tax Rate</b>	<b>16.3%</b>	<b>16.6%</b>	<b>15.6%</b>
<b>Net Income Attributable to the Parent Company</b>	<b>361.56</b>	<b>374.68</b>	<b>225.49</b>
<b>Net Profit Margin</b>	<b>43.1%</b>	<b>43.1%</b>	<b>38.0%</b>
<b>EPS (NT\$ per common share)</b>	<b>13.94</b>	<b>14.45</b>	<b>8.70</b>

### **Net Profit and EPS:**

Net income attributable to shareholders of the parent company was NT\$361.56 billion in 1Q25, down 3.5% from 4Q24 and up 60.3% from 1Q24.

### III. Financial Condition Review

<b>III - 1. Liquidity Analysis (Balance Sheet Items)</b>			
(In NT\$ billions)	<u>1Q25</u>	<u>4Q24</u>	<u>1Q24</u>
Cash & Marketable Securities	2,703.09	2,422.02	1,922.66
Accounts Receivable	243.95	272.09	201.98
Inventories	293.39	287.86	267.12
Other Current Assets	105.24	106.38	61.01
<b>Total Current Assets</b>	<b>3,345.67</b>	<b>3,088.35</b>	<b>2,452.77</b>
Accounts Payable	275.94	266.86	184.79
Current Portion of Bonds Payable and Bank Loans	61.77	59.86	12.50
Dividends Payable	233.39	220.42	181.52
Accrued Liabilities and Others	828.70	717.39	647.37
<b>Total Current Liabilities</b>	<b>1,399.80</b>	<b>1,264.53</b>	<b>1,026.18</b>
Current Ratio (x)	2.4	2.4	2.4
<b>Net Working Capital</b>	<b>1,945.87</b>	<b>1,823.82</b>	<b>1,426.59</b>

#### **Liquidity Analysis:**

On a sequential basis, total current assets increased by NT\$257.32 billion, mainly due to the increase of NT\$281.07 billion in cash and marketable securities, partially offset by the decrease of NT\$28.14 billion in accounts receivable.

Total current liabilities increased by NT\$135.27 billion, mainly due to the increase of NT\$111.31 billion in accrued liabilities and others.

Net working capital was NT\$1,945.87 billion and current ratio was 2.4x in 1Q25.

<b>III - 2. Receivable/Inventory Days</b>			
(In Number of Days)	<u>1Q25</u>	<u>4Q24</u>	<u>1Q24</u>
Days of Receivable	28	27	31
Days of Inventory	83	80	90

#### **Receivable and Inventory Days:**

Days of receivable increased 1 day to 28 days in 1Q25.

Days of inventory increased 3 days to 83 days in 1Q25, primarily due to the ramping of new overseas fabs.

<b>III - 3. Debt Service</b>			
(In NT\$ billions)	<u>1Q25</u>	<u>4Q24</u>	<u>1Q24</u>
Cash & Marketable Securities	2,703.09	2,422.02	1,922.66
Interest-Bearing Debts	(1,048.76)	(1,018.29)	(978.06)
<b>Net Cash Reserves</b>	<b>1,654.33</b>	<b>1,403.73</b>	<b>944.60</b>

#### **Debt Service:**

Net cash reserves increased by NT\$250.60 billion to NT\$1,654.33 billion in 1Q25, mainly due to the increase of NT\$281.07 billion in cash and marketable securities, offset by the increase of NT\$30.47 billion in interest-bearing debts in 1Q25.

## IV. Cash Flow

IV - 1. Quarterly Cash Flow Analysis			
(In NT\$ billions)	<u>1Q25</u>	<u>4Q24</u>	<u>1Q24</u>
Income before Tax	430.90	448.80	266.54
Depreciation & Amortization	175.13	170.38	159.02
Other Operating Sources/(Uses)	19.54	1.03	10.75
<b>Net Operating Sources/(Uses)</b>	<b>625.57</b>	<b>620.21</b>	<b>436.31</b>
Capital Expenditures	(330.83)	(361.95)	(181.30)
Marketable Financial Instruments	(16.81)	(20.47)	4.42
Other Investing Sources/(Uses)	57.45	70.49	17.07
<b>Net Investing Sources/(Uses)</b>	<b>(290.19)</b>	<b>(311.93)</b>	<b>(159.81)</b>
Cash Dividends	(103.72)	(103.73)	(77.80)
Bonds Payable	16.20	(1.75)	22.80
Other Financing Sources/(Uses)	2.85	4.75	(16.68)
<b>Net Financing Sources/(Uses)</b>	<b>(84.67)</b>	<b>(100.73)</b>	<b>(71.68)</b>
<b>Exchange Rate Changes</b>	<b>16.46</b>	<b>33.30</b>	<b>27.95</b>
<b>Cash Position Net Changes</b>	<b>267.17</b>	<b>240.85</b>	<b>232.77</b>
<b>Ending Cash Balance</b>	<b>2,394.80</b>	<b>2,127.63</b>	<b>1,698.20</b>

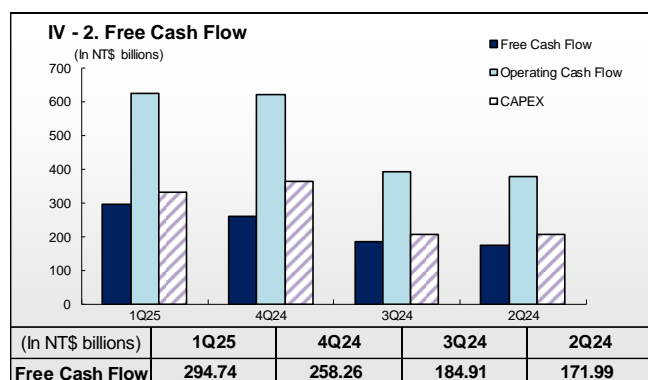
### Summary of Cash Flow:

During the first quarter, cash generated from operating activities totaled NT\$625.57 billion, including (1) NT\$430.90 billion from income before tax, (2) NT\$175.13 billion from depreciation & amortization expenses, and (3) NT\$19.54 billion from other operating sources.

Net cash used in investing activities was NT\$290.19 billion in 1Q25, primarily attributable to capital expenditures of NT\$330.83 billion.

Net cash used in financing activities was NT\$84.67 billion, mainly reflecting the payment of 2Q24 cash dividends of NT\$103.72 billion.

As a result, cash position increased by NT\$267.17 billion to NT\$2,394.80 billion at the end of 1Q25.



### Operating and Free Cash Flow:

Free cash flow increased by NT\$36.48 billion to NT\$294.74 billion in 1Q25, as a result of higher operating cash flow and lower capital expenditures during the quarter.

## V. CapEx

V. Capital Expenditures		
(in US\$ billions)	<u>1Q25</u>	<u>4Q24</u>
<b>Capital Expenditures</b>	<b>10.06</b>	<b>11.23</b>

### Capital Expenditures:

Capital expenditures for TSMC on a consolidated basis totaled US\$10.06 billion in 1Q25.

## VI. Recap of Recent Important Events & Announcements

- TSMC and MediaTek Demonstrate First Integrated PMU and PA for Wireless Connectivity Products on N6RF+ Process Technology (2025/03/12)
- TSMC Intends to Expand Its Investment in the United States to US\$165 Billion to Power the Future of AI (2025/03/04)
- TSMC Board of Directors Approved NT\$4.50 Cash Dividend for the Fourth Quarter of 2024 and Set June 12, 2025 as Ex-Dividend Date, June 18, 2025 as the Record Date, and July 10, 2025 as the Distribution Date (2025/02/12)
- TSMC Board of Directors Approved the Convening of the 2025 Annual Shareholders' Meeting on June 3, 2025 (2025/02/12)
- TSMC Details the Impact of Earthquake. The Company Estimated Related Earthquake Losses to Be Approximately NT\$5.3 billion, Net of Insurance Claim, and Will Recognize It in the First Quarter of 2025 (2025/02/10)