

4Q25

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)

	4Q25	3Q25	4Q24	QoQ	YoY	2025	2024
EPS (NT\$ per common share) (US\$ per ADR unit)	19.50 3.14	17.44 2.92	14.45 2.24	11.8%	35.0%	66.25 10.65	45.25 7.04
Net Revenue (US\$ billions)	33.73	33.10	26.88	1.9%	25.5%	122.42	90.08
Net Revenue	1,046.09	989.92	868.46	5.7%	20.5%	3,809.05	2,894.31
Gross Profit	651.99	588.54	512.38	10.8%	27.2%	2,281.29	1,624.35
Gross Margin	62.3%	59.5%	59.0%			59.9%	56.1%
Operating Expenses	(88.19)	(87.76)	(86.34)	0.5%	2.1%	(345.65)	(301.07)
Other Operating Income and Expenses	1.10	(0.09)	(0.33)			0.45	(1.23)
Operating Income	564.90	500.69	425.71	12.8%	32.7%	1,936.09	1,322.05
Operating Margin	54.0%	50.6%	49.0%			50.8%	45.7%
Non-Operating Items	27.46	24.68	23.09			105.57	83.79
Net Income Attributable to Shareholders of the Parent Company	505.74	452.30	374.68	11.8%	35.0%	1,717.88	1,173.27
Net Profit Margin	48.3%	45.7%	43.1%			45.1%	40.5%
Wafer Shipment (kpcs 12 inch-equiv.)	3,961	4,085	3,418	-3.0%	15.9%	15,022	12,910
Average Exchange Rate--USD/NTD	31.01	29.91	32.30	3.7%	-4.0%	31.11	32.13

Note: Diluted weighted average outstanding shares were 25,931mn units in 4Q25

**Financial Highlights:****Fourth Quarter 2025**

- Net revenue was NT\$1,046.09 billion, representing a 5.7% increase from NT\$989.92 billion in 3Q25 and a 20.5% increase from NT\$868.46 billion in 4Q24.
- Gross margin was 62.3%, 2.8 percentage points higher than 3Q25 and 3.3 percentage points higher than 4Q24.
- Operating margin was 54.0%, up 3.4 percentage points from 3Q25 and up 5.0 percentage points from 4Q24.
- Non-operating items were a gain of NT\$27.46 billion, compared to a gain of NT\$24.68 billion in 3Q25 and a gain of NT\$23.09 billion in 4Q24.
- Net income attributable to shareholders of the parent company was NT\$505.74 billion, up 11.8% from 3Q25 and up 35.0% from 4Q24. Net profit margin was 48.3% and diluted EPS was NT\$19.50.

**Full Year 2025**

- Net revenue was NT\$3,809.05 billion, representing a 31.6% increase from 2024. In US dollar terms, net revenue increased 35.9% to US\$122.42 billion in 2025.
- Gross margin was 59.9%, up 3.8 percentage points from 56.1% in 2024. Operating margin was 50.8%, up 5.1 percentage points from 45.7% in 2024.
- Diluted EPS was NT\$66.25, up 46.4% from NT\$45.25 in 2024. Net profit margin was 45.1%, up 4.6 percentage points from 40.5% in 2024.

## I. Revenue Analysis

Wafer Revenue by Technology	4Q25	3Q25	4Q24
3nm	28%	23%	26%
5nm	35%	37%	34%
7nm	14%	14%	14%
16/20nm	6%	7%	7%
28nm	6%	7%	6%
40/45nm	3%	3%	3%
65nm	4%	4%	4%
90nm	1%	1%	1%
0.11/0.13um	1%	1%	2%
0.15/0.18um	2%	3%	3%
0.25um and above	0%	0%	0%

Net Revenue by Platform	4Q25	3Q25	4Q24
High Performance Computing	55%	57%	53%
Smartphone	32%	30%	35%
Internet of Things	5%	5%	5%
Automotive	5%	5%	4%
Digital Consumer Electronics	1%	1%	1%
Others	2%	2%	2%

Net Revenue by Geography	4Q25	3Q25	4Q24
North America	74%	76%	75%
Asia Pacific	9%	9%	9%
China	9%	8%	9%
Japan	4%	4%	4%
EMEA	4%	3%	3%

Wafer Revenue by Technology	2025	2024
3nm	24%	18%
5nm	36%	34%
7nm	14%	17%
16/20nm	7%	8%
28nm	7%	7%
40/45nm	3%	4%
65nm	4%	4%
90nm	1%	1%
0.11/0.13um	1%	2%
0.15/0.18um	3%	4%
0.25um and above	0%	1%

Net Revenue by Platform	2025	2024
High Performance Computing	58%	51%
Smartphone	29%	35%
Internet of Things	5%	6%
Automotive	5%	5%
Digital Consumer Electronics	1%	1%
Others	2%	2%

Net Revenue by Geography	2025	2024
North America	75%	70%
Asia Pacific	9%	10%
China	9%	11%
Japan	4%	5%
EMEA	3%	4%

### Revenue Analysis:

In the fourth quarter, revenue increased 5.7% quarter-over-quarter, as our business was supported by strong demand for our leading-edge process technologies.

By technology, 3nm process technology contributed 28% of total wafer revenue in 4Q25 while 5nm and 7nm accounted for 35% and 14% respectively. Advanced technologies (7nm and below) accounted for 77% of total wafer revenue.

By platform, HPC and Smartphone represented 55% and 32% of net revenue respectively, while IoT, Automotive, DCE, and Others each represented 5%, 5%, 1%, and 2%.

Sequentially, revenue from HPC, Smartphone, IoT, and Others increased 4%, 11%, 3%, and 14% respectively. Automotive and DCE decreased 1% and 22% respectively from 3Q25.

From a geographic perspective, revenue from customers based in North America accounted for 74% of total net revenue in 4Q25, while revenue from Asia Pacific, China, Japan, and EMEA (Europe, Middle East, and Africa) accounted for 9%, 9%, 4%, and 4% of total net revenue respectively.

On a full year basis, 3nm contribution reached 24% of total wafer revenue in 2025 while 5nm and 7nm process technology contributed 36% and 14% respectively. Advanced technologies (7nm and below) accounted for 74% of total wafer revenue, up from 69% in 2024.

By platform, revenue from HPC, Smartphone, IoT, Automotive, and Others increased 48%, 11%, 15%, 34%, and 34% respectively from 2024. Revenue from DCE remained flat from 2024.

In 2025, revenue from customers based in North America accounted for 75% of total net revenue, while revenue from Asia Pacific, China, Japan, and EMEA (Europe, Middle East, and Africa) accounted for 9%, 9%, 4%, and 3% of total net revenue respectively.

## II. Profit & Expense Analysis

II - 1. Gross Profit Analysis					
(In NT\$ billions)	4Q25	3Q25	4Q24	2025	2024
Net Revenue	1,046.09	989.92	868.46	3,809.05	2,894.31
Cost of Revenue	(394.10)	(401.38)	(356.08)	(1,527.76)	(1,269.96)
Gross Profit	651.99	588.54	512.38	2,281.29	1,624.35
Gross Margin	62.3%	59.5%	59.0%	59.9%	56.1%

### Gross Profit Analysis:

Gross margin was 62.3% in 4Q25, 2.8 percentage points higher than 3Q25, primarily due to cost improvement efforts, favorable foreign exchange rate, and a higher capacity utilization rate.

On a full year basis, gross margin was 59.9% in 2025, up 3.8 percentage points from 2024, mainly reflecting a higher capacity utilization rate and cost improvement efforts, partially offset by an unfavorable foreign exchange rate and margin dilution from overseas fabs.

II - 2. Operating Income Analysis					
(In NT\$ billions)	4Q25	3Q25	4Q24	2025	2024
Total Operating Expenses	(88.19)	(87.76)	(86.34)	(345.65)	(301.07)
Research & Development	(64.86)	(63.74)	(57.23)	(246.43)	(204.18)
SG&A	(23.33)	(24.02)	(29.11)	(99.22)	(96.89)
Other Operating Income and Expenses	1.10	(0.09)	(0.33)	0.45	(1.23)
Operating Income	564.90	500.69	425.71	1,936.09	1,322.05
Operating Margin	54.0%	50.6%	49.0%	50.8%	45.7%
Total Operating Expenses as % of Net Revenue	8.4%	8.9%	10.0%	9.1%	10.4%

### Operating Income Analysis:

Total operating expenses increased by NT\$0.43 billion to NT\$88.19 billion in 4Q25, representing 8.4% of net revenue in 4Q25, as compared to 8.9% in 3Q25, mainly due to operating leverage. Operating margin improved 3.4 percentage points sequentially to 54.0% in 4Q25.

For full year 2025, total operating expenses represented 9.1% of net revenue as compared to 10.4% in 2024, mainly due to operating leverage.

II - 3. Non-Operating Items					
(In NT\$ billions)	4Q25	3Q25	4Q24	2025	2024
L-T Investments	1.48	1.42	1.29	5.50	4.88
Net Interest Income (Expenses)	26.46	23.22	21.75	93.37	76.72
Other Gains and Losses	(0.48)	0.04	0.05	6.70	2.19
Total Non-Operating Items	27.46	24.68	23.09	105.57	83.79

### Non-Operating Items:

Total non-operating items were a gain of NT\$27.46 billion in 4Q25, compared to a gain of NT\$24.68 billion in 3Q25. The increase was mainly due to higher interest income.

On a full year basis, total non-operating items increased by NT\$21.78 billion to a gain of NT\$105.57 billion in 2025, also mainly reflecting a higher interest income.

II - 4. Net Profit and EPS					
(In NT\$ billions)	4Q25	3Q25	4Q24	2025	2024
Income before Tax	592.36	525.37	448.80	2,041.66	1,405.84
Income Tax Expenses	(86.94)	(73.61)	(74.33)	(326.26)	(233.41)
Effective Tax Rate	14.7%	14.0%	16.6%	16.0%	16.7%
Net Income Attributable to the Parent Company	505.74	452.30	374.68	1,717.88	1,173.27
Net Profit Margin	48.3%	45.7%	43.1%	45.1%	40.5%
EPS (NT\$ per common share)	19.50	17.44	14.45	66.25	45.25

### Net Profit and EPS:

Net income attributable to shareholders of the parent company was NT\$505.74 billion in 4Q25, up 11.8% from 3Q25, and up 35.0% from 4Q24.

On a full year basis, both net income and EPS increased by 46.4% from 2024.

### III. Financial Condition Review

<b>III - 1. Liquidity Analysis (Balance Sheet Items)</b>			
(In NT\$ billions)	<b>4Q25</b>	<b>3Q25</b>	<b>4Q24</b>
Cash & Marketable Securities	3,068.59	2,751.06	2,422.02
Accounts Receivable	281.79	307.81	272.09
Inventories	288.11	288.69	287.86
Other Current Assets	178.64	88.46	106.38
<b>Total Current Assets</b>	<b>3,817.13</b>	<b>3,436.02</b>	<b>3,088.35</b>
Accounts Payable	262.06	261.82	266.86
Current Portion of Bonds Payable and Bank Loans	136.93	76.22	59.86
Dividends Payable	285.26	259.33	220.42
Accrued Liabilities and Others	773.77	678.54	717.39
<b>Total Current Liabilities</b>	<b>1,458.02</b>	<b>1,275.91</b>	<b>1,264.53</b>
Current Ratio (x)	2.6	2.7	2.4
<b>Net Working Capital</b>	<b>2,359.11</b>	<b>2,160.11</b>	<b>1,823.82</b>

#### **Liquidity Analysis:**

On a sequential basis, total current assets increased by NT\$381.11 billion, mainly due to the increase of NT\$317.53 billion in cash and marketable securities.

Total current liabilities increased by NT\$182.11 billion, mainly due to the increase of NT\$95.23 billion in accrued liabilities and others, and the increase of NT\$61.24 billion from the reclassification of bonds payable to current portion.

Net working capital was NT\$2,359.11 billion and current ratio was 2.6x in 4Q25.

<b>III - 2. Receivable/Inventory Days</b>			
(In Number of Days)	<b>4Q25</b>	<b>3Q25</b>	<b>4Q24</b>
Days of Receivable	26	25	27
Days of Inventory	74	74	80

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

Days of receivable increased 1 day to 26 days in 4Q25.

Days of inventory was flat at 74 days in 4Q25.

<b>III - 3. Debt Service</b>			
(In NT\$ billions)	<b>4Q25</b>	<b>3Q25</b>	<b>4Q24</b>
Cash & Marketable Securities	3,068.59	2,751.06	2,422.02
Interest-Bearing Debts	(1,032.99)	(994.45)	(1,018.29)
<b>Net Cash Reserves</b>	<b>2,035.60</b>	<b>1,756.61</b>	<b>1,403.73</b>

#### **Debt Service:**

Net cash reserves increased by NT\$278.99 billion to NT\$2,035.60 billion in 4Q25, mainly due to the increase of NT\$317.53 billion in cash and marketable securities in 4Q25.

## IV. Cash Flow

<b>IV - 1. Quarterly Cash Flow Analysis</b>			
(In NT\$ billions)	<b>4Q25</b>	<b>3Q25</b>	<b>4Q24</b>
Income before Tax	592.36	525.37	448.80
Depreciation & Amortization	162.11	162.79	170.38
Other Operating Sources/(Uses)	(28.96)	(261.33)	1.03
<b>Net Operating Sources/(Uses)</b>	<b>725.51</b>	<b>426.83</b>	<b>620.21</b>
Capital Expenditures	(356.91)	(287.45)	(361.95)
Marketable Financial Instruments	(30.80)	(1.25)	(20.47)
Other Investing Sources/(Uses)	21.75	28.95	70.49
<b>Net Investing Sources/(Uses)</b>	<b>(365.96)</b>	<b>(259.75)</b>	<b>(311.93)</b>
Cash Dividends	(129.66)	(116.70)	(103.73)
Bonds Payable	21.75	(9.06)	(1.75)
Other Financing Sources/(Uses)	0.22	(2.53)	4.75
<b>Net Financing Sources/(Uses)</b>	<b>(107.69)</b>	<b>(128.29)</b>	<b>(100.73)</b>
<b>Exchange Rate Changes</b>	<b>45.24</b>	<b>67.45</b>	<b>33.30</b>
<b>Cash Position Net Changes</b>	<b>297.10</b>	<b>106.24</b>	<b>240.85</b>
<b>Ending Cash Balance</b>	<b>2,767.86</b>	<b>2,470.76</b>	<b>2,127.63</b>

### **Summary of Cash Flow:**

During the fourth quarter, net cash generated from operating activities totaled NT\$725.51 billion, including (1) NT\$592.36 billion from income before tax, (2) NT\$162.11 billion from depreciation & amortization expenses, and (3) NT\$28.96 billion for other operating uses. The other operating uses were mainly attributable to the changes in working capital of NT\$26.08 billion.

Net cash used in investing activities was NT\$365.96 billion in 4Q25, primarily attributable to capital expenditures of NT\$356.91 billion.

Net cash used in financing activities was NT\$107.69 billion, mainly reflecting the payment of 1Q25 cash dividends of NT\$129.66 billion.

As a result, cash position increased by NT\$297.10 billion to NT\$2,767.86 billion at the end of 4Q25.

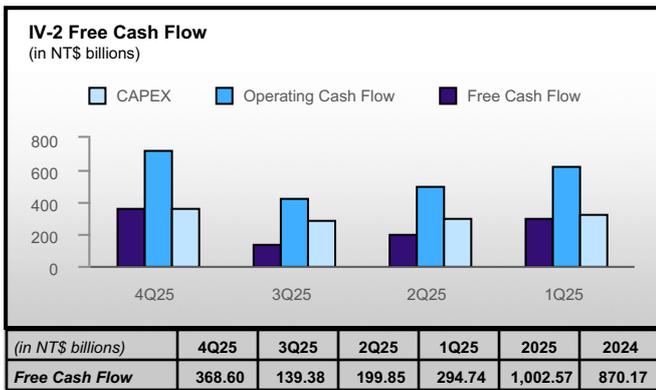
<b>IV - 1.2. Annual Cash Flow Analysis</b>			
(In NT\$ billions)	<b>2025</b>	<b>2024</b>	<b>Diff.</b>
Income before Tax	2,041.66	1,405.84	635.82
Depreciation & Amortization	688.10	662.80	25.30
Other Operating Sources/(Uses)	(454.78)	(242.46)	(212.32)
<b>Net Operating Sources/(Uses)</b>	<b>2,274.98</b>	<b>1,826.18</b>	<b>448.80</b>
Capital Expenditures	(1,272.41)	(956.01)	(316.40)
Marketable Financial Instruments	(37.11)	(54.59)	17.48
Other Investing Sources/(Uses)	165.13	145.75	19.38
<b>Net Investing Sources/(Uses)</b>	<b>(1,144.39)</b>	<b>(864.85)</b>	<b>(279.54)</b>
Cash Dividends	(466.78)	(363.05)	(103.73)
Bonds Payable	32.59	27.30	5.29
Other Financing Sources/(Uses)	(6.16)	(10.55)	4.39
<b>Net Financing Sources/(Uses)</b>	<b>(440.35)</b>	<b>(346.30)</b>	<b>(94.05)</b>
<b>Exchange Rate Changes</b>	<b>(50.01)</b>	<b>47.17</b>	<b>(97.18)</b>
<b>Cash Position Net Changes</b>	<b>640.23</b>	<b>662.20</b>	<b>(21.97)</b>
<b>Ending Cash Balance</b>	<b>2,767.86</b>	<b>2,127.63</b>	<b>640.23</b>

On a full year basis, cash generated from operating activities totaled NT\$2,274.98 billion, including (1) NT\$2,041.66 billion from income before tax, (2) NT\$688.10 billion from depreciation & amortization, and (3) NT\$454.78 billion for other operating uses, which mainly included income tax payment and net changes in working capital and others.

Net cash used in investing activities was NT\$1,144.39 billion, primarily including capital expenditures of NT\$1,272.41 billion.

Net cash used in financing activities totaled NT\$440.35 billion, mainly reflecting the payment of cash dividends of NT\$466.78 billion.

At the end of 2025, cash position was NT\$2,767.86 billion.



**Operating and Free Cash Flow:**

Free cash flow increased by NT\$229.22 billion to an inflow of NT\$368.60 billion in 4Q25, mainly as the increase in operating cash flow outpaced the increase in capital expenditures.

Total free cash flow generated in 2025 was NT\$1,002.57 billion, an increase from NT\$870.17 billion in 2024, mainly as the increase in operating cash flow outpaced the increase in capital expenditures in 2025.

**V. CapEx**

**V. Capital Expenditures**

(in US\$ billions)

	4Q25	3Q25	2Q25	1Q25	2025
<b>Capital Expenditures</b>	11.51	9.70	9.63	10.06	40.90

**Capital Expenditures:**

Capital expenditures for TSMC on a consolidated basis totaled US\$11.51 billion in 4Q25 and US\$40.90 billion for the year.

## VI. Recap of Recent Important Events & Announcements

- TSMC 2025 Supply Chain Management Forum Presents Awards to Outstanding Suppliers (2025/11/28)
- TSMC Board of Directors Approved NT\$6.00 Cash Dividend for the Third Quarter of 2025 and Set March 17, 2026 as Ex-Dividend Date, March 23, 2026 as the Record Date and April 9, 2026 as the Distribution Date (2025/11/11)