

# English Summary for Week 6 (10 minutes)

Good afternoon everyone. To conclude today's session, let me summarize in English what we covered in **Week 6: TSMC's Q2 2025 Financial Performance, ESG Achievements, and Global Reporting Frameworks**.

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## 1. Quarterly Financial Overview

We began by reviewing **TSMC's second-quarter 2025 management report**.

Net revenue reached **NT\$ 933.8 billion**, an increase of **11.3 percent quarter-over-quarter** and **38.6 percent year-over-year**, supported by strong demand for **3-nanometer and 5-nanometer technologies**.

**Net income** rose to **NT\$ 398.3 billion**, up **60.7 percent from a year earlier**, with **earnings per share (EPS)** of **NT\$ 15.36**.

Gross margin stood at **58.6 percent**, slightly below 1Q25 due to exchange-rate effects but still much higher than in 2024.

**Operating margin** improved to **49.6 percent**, reflecting better capacity utilization and cost management.

By technology, **advanced processes (7 nm and below)** contributed **74 percent** of wafer revenue, with **3 nm accounting for 24 percent**.

By platform, **High-Performance Computing (HPC)** made up **60 percent**, and **Smartphones 27 percent**.

Regionally, **North America accounted for 75 percent** of total revenue, followed by **China and Asia Pacific at 9 percent each**.

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## 2. Operational and Strategic Insights

According to **CFO Wendell Huang** and **Chairman and CEO Dr. C. C. Wei**, the strong results were driven by rising AI and HPC-related demand.

TSMC continued to strengthen its leadership through disciplined cost control, efficient operations, and long-term capital investment across **Taiwan, Arizona, and Japan**.

Capital expenditure for the quarter was around **NT\$ 297 billion**, while **return on equity (ROE)** rose to **34.8 percent**, reflecting sound profitability and shareholder

value.

The core message was clear: **TSMC will continue to “Unleash Innovation” while pursuing sustainable growth.**

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### 3. ESG and Sustainability Performance

Next, we examined the **2024 TSMC Sustainability Report**, which defines five roles in its ESG strategy:

1. **Pioneer of Innovation** – advancing 2 nm and A14 research for next-generation AI chips.
2. **Responsible Purchaser** – partnering with suppliers to achieve **SBTi-based carbon reduction** and responsible mineral sourcing.
3. **Executor of Green Power** – achieving **96 percent reduction in F-gases** and developing **hydrogen-to-electricity recycling** with 52 percent efficiency.
4. **Company Employees Are Proud Of** – promoting diversity, occupational safety, and the **ESG Academy** for employee learning.
5. **Force for Social Change** – supporting education, health, arts, and community projects through its foundations.

The report shows that TSMC is aligning with **IFRS S1 and S2 Sustainability Standards** and **European ESRS double materiality principles**, laying the foundation for **digital ESG data reporting** through an **XBRL-based taxonomy**.

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### 4. International Disclosure under SEC Regulations

We also reviewed the key **U.S. SEC filing requirements** for foreign issuers like TSMC:

- **Form 20-F** – annual report equivalent to a U.S. 10-K.
  - **Form 6-K** – quarterly or event-based reports, similar to 10-Q and 8-K combined.
  - **Form SD** – conflict minerals disclosure for responsible sourcing.
  - **Schedule 13G** – ownership report for shareholders holding over 5 percent.
- These filings reinforce **corporate transparency, governance, and global investor confidence.**
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## Closing

In summary, this week we learned:

- TSMC delivered record results in Q2 2025 through advanced process technology and AI-driven growth.
- Its ESG strategy integrates innovation, green manufacturing, supply-chain responsibility, and employee empowerment.
- Global reporting frameworks such as **IFRS S1/S2**, **ESRS**, and **SEC filings** shape how firms communicate both financial and sustainability information.
- TSMC exemplifies how **digital reporting unites profitability and purpose**, setting a benchmark for transparent and sustainable corporate governance.

Together, these insights illustrate how financial excellence and ESG leadership are converging to define the next generation of accounting and sustainability reporting.

Thank you.