

FY2024 (April 2023 – March 2024) Financial Announcement

May 10, 2024

Agenda:

- Consolidated Financial Summary
Hiroshi Kawamoto, Senior Vice President & General Manager, Finance Unit
- Business Environment and Financial Estimates
Toshiki Kawai, Representative Director, President & CEO



Forward Looking Statements

- Disclaimer regarding forward-looking statements

Forward-looking statements with respect to TEL's business plan, prospects and other such information are based on information available at the time of publication. Actual performance and results may differ significantly from the business plan described here due to changes in various external and internal factors, including the economic situation, geopolitical risk, semiconductor market conditions, intensification of sales competition, safety and product quality management, intellectual property-related risks and impacts from COVID-19.

- Processing of numbers

For the amount listed, because fractions are rounded down, there may be the cases where the total for certain account titles does not correspond to the sum of the respective figures for account titles. Percentages are calculated using full amounts, before rounding.

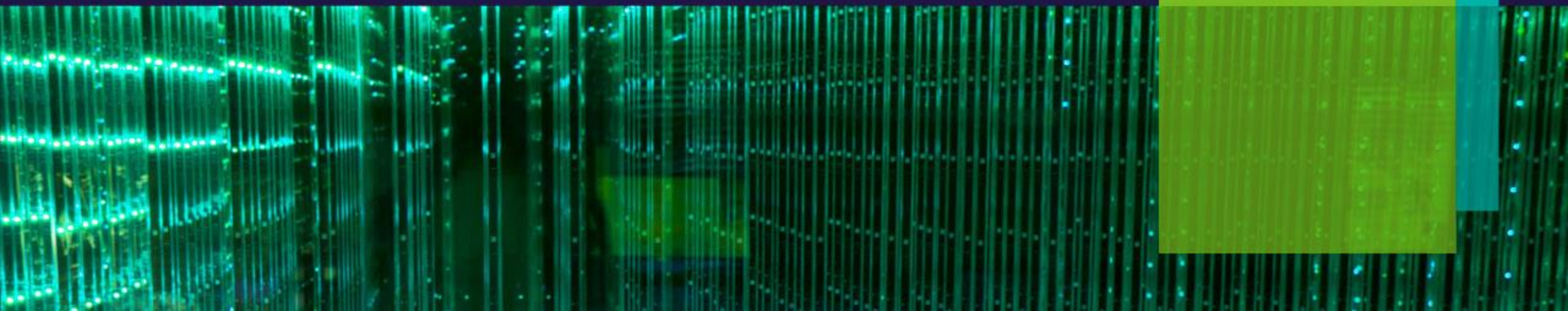
- Foreign exchange risk

In principle, export sales of Tokyo Electron's products is denominated in yen. Although some sales and expenses are denominated in foreign currencies, the impact of exchange rate fluctuations on profits is negligible, unless extreme fluctuations occur.

FY2024 Consolidated Financial Summary

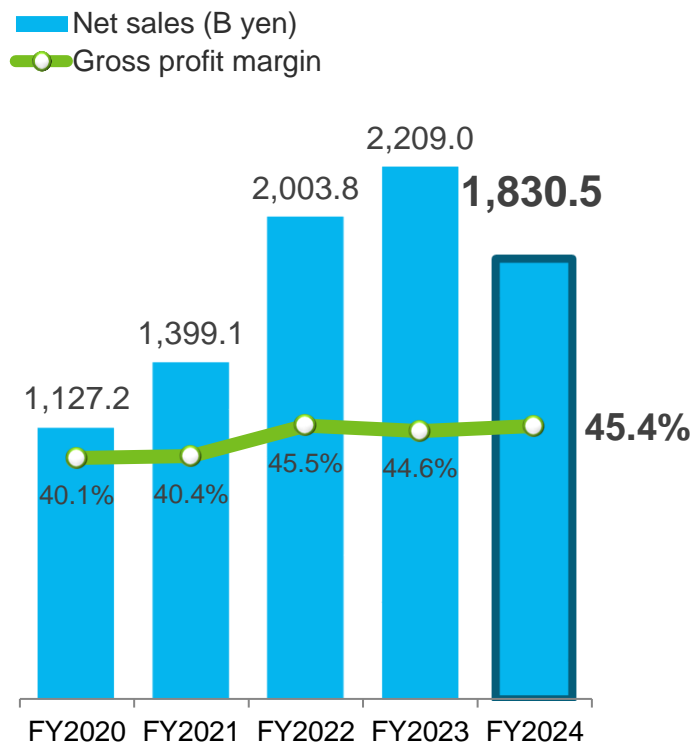
May 10, 2024

Hiroshi Kawamoto
Senior Vice President & General Manager, Finance Unit

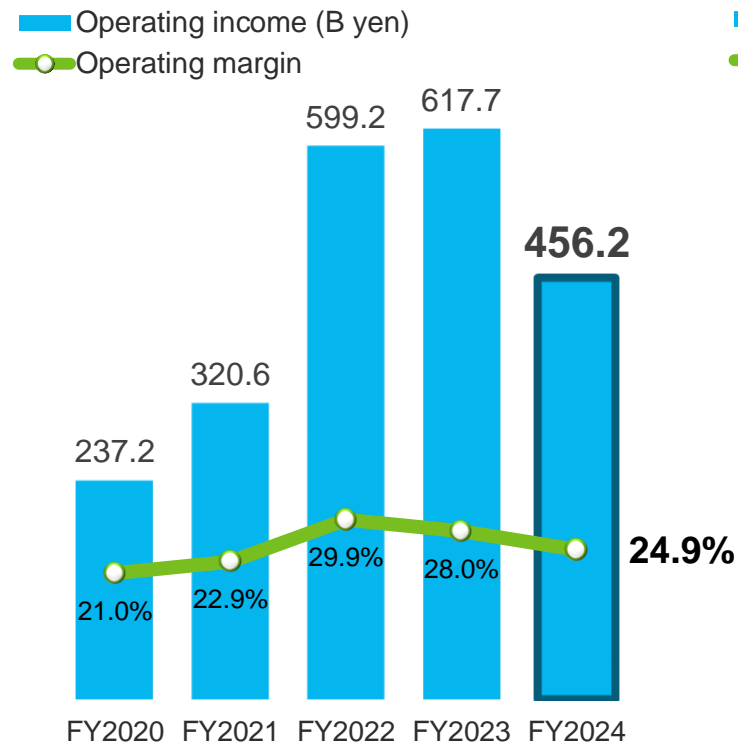


FY2024 (April 2023 – March 2024) Financial Highlights

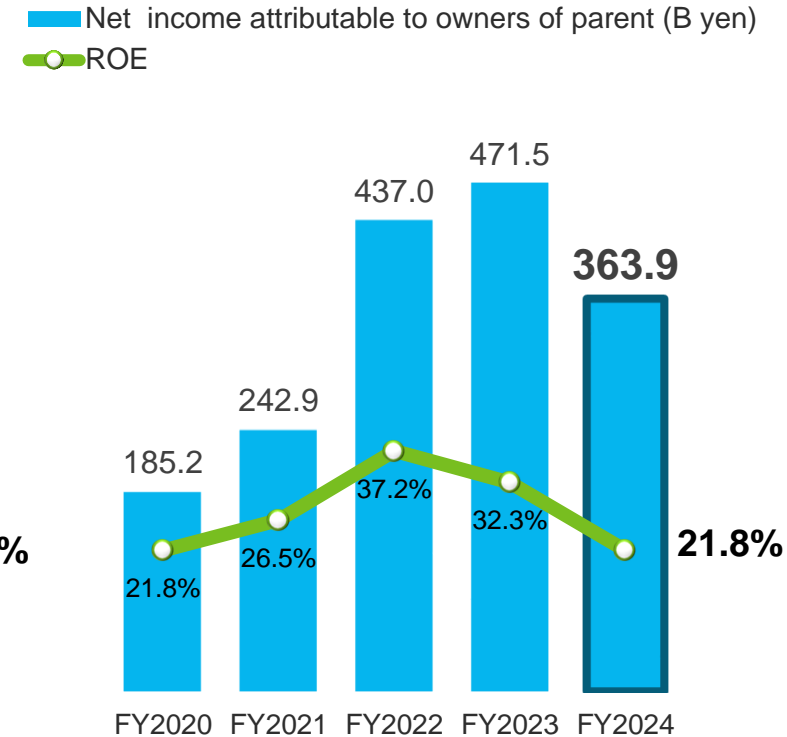
Net Sales and Gross Profit Margin



Operating Income and Operating Margin



Net Income Attributable to Owners of Parent and ROE



From the beginning of FY2022, the Company applies “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). Percentages of changes are based on consolidated financial results without the effects of the new standards of the same period of the previous fiscal year.

Although net sales fell 17% YoY, gross profit margin hit a record level through increased sales of high margin products

Financial Summary

(Billion yen)

	FY2023	FY2024	对前期 増減	(Reference) FY2024 estimates announced on February 9, 2024
Net sales	2,209.0	1,830.5	-17.1%	1,830.0
Gross profit	984.4	830.2	-15.7%	817.0
Gross profit margin	44.6%	45.4%	+0.8pts	44.6%
SG&A expenses	366.6	374.0	+2.0%	372.0
Operating income	617.7	456.2	-26.1%	445.0
Operating margin	28.0%	24.9%	-3.1pts	24.3%
Income before income taxes	624.8	473.4	-24.2%	450.0
Net income attributable to owners of parent	471.5	363.9	-22.8%	340.0
EPS (Yen)	1,007.82	783.75	-22.2%	732.16
R&D expenses	191.1	202.8	+6.1%	205.0
Capital expenditures	74.4	121.8	+63.7%	124.0
Depreciation and amortization	42.9	52.3	+21.9%	57.0

1. In principle, export sales of Tokyo Electron's products is denominated in yen. Although some sales and expenses are denominated in foreign currencies, the impact of exchange rate fluctuations on profits is negligible, unless extreme fluctuations occur.

2. Profit ratios are calculated using full amounts, before rounding.

3. The Company implemented a 3-for-1 common stock split on April 1, 2023. Net incomes per share are calculated on the assumption that stock split was implemented at the beginning of FY2023.

Financial Summary (Quarterly)

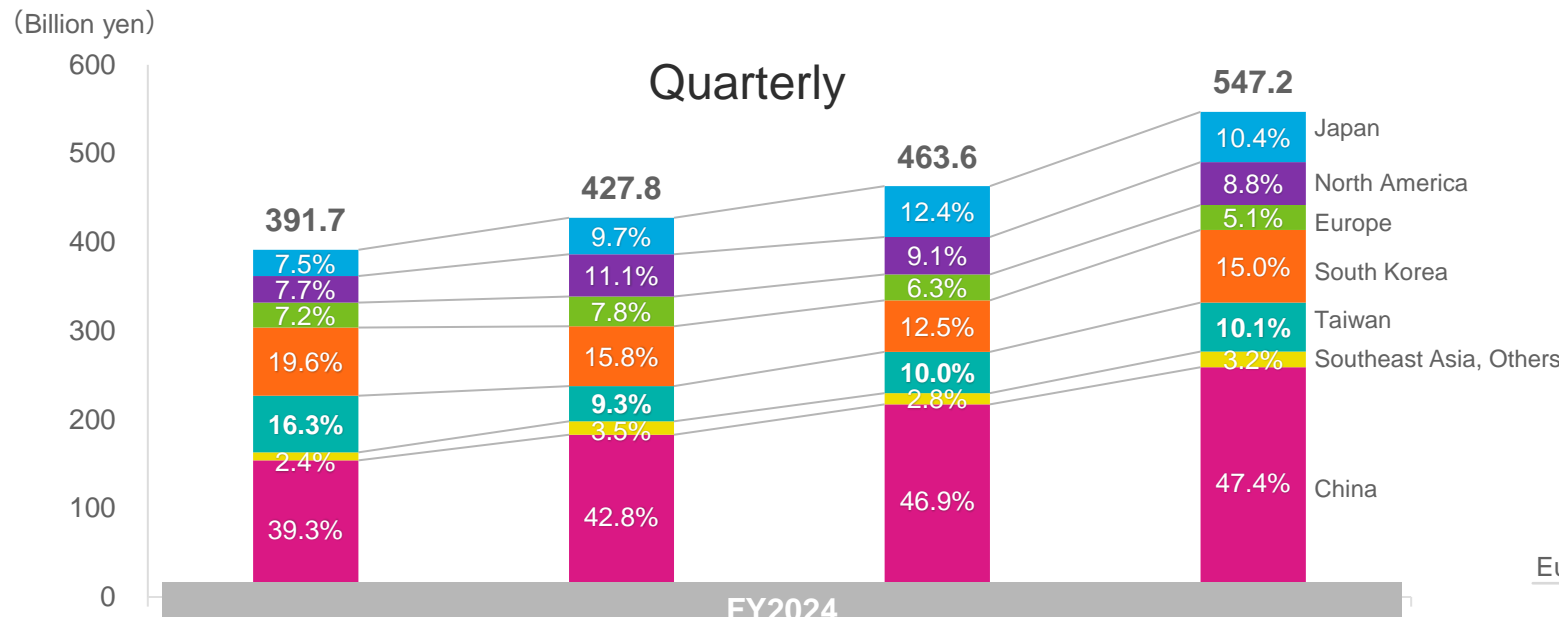
(Billion yen)

	FY2023	FY2024				QoQ	YoY
	Q4	Q1	Q2	Q3	Q4	vs. Q3 FY2024	vs. Q4 FY2023
Net sales	558.2	391.7	427.8	463.6	547.2	+18.0%	-2.0%
Gross profit	251.6	162.3	189.7	222.1	256.1	+15.3%	+1.8%
Gross profit margin	45.1%	41.4%	44.3%	47.9%	46.8%	-1.1pts	+1.7pts
SG&A expenses	98.9	79.8	93.5	89.6	110.8	+23.7%	+12.1%
Operating income	152.7	82.4	96.1	132.4	145.2	+9.6%	-4.9%
Operating margin	27.4%	21.0%	22.5%	28.6%	26.5%	-2.1pts	-0.9pts
Income before income taxes	155.6	83.0	98.1	134.4	157.8	+17.4%	+1.4%
Net income attributable to owners of parent	118.6	64.3	73.1	101.5	124.9	+23.1%	+5.3%
R&D expenses	53.7	43.6	51.0	49.7	58.4	+17.3%	+8.6%
Capital expenditures	26.3	39.3	17.6	31.8	32.9	+3.5%	+24.9%
Depreciation and amortization	12.0	10.6	12.5	13.8	15.3	+11.2%	+27.4%

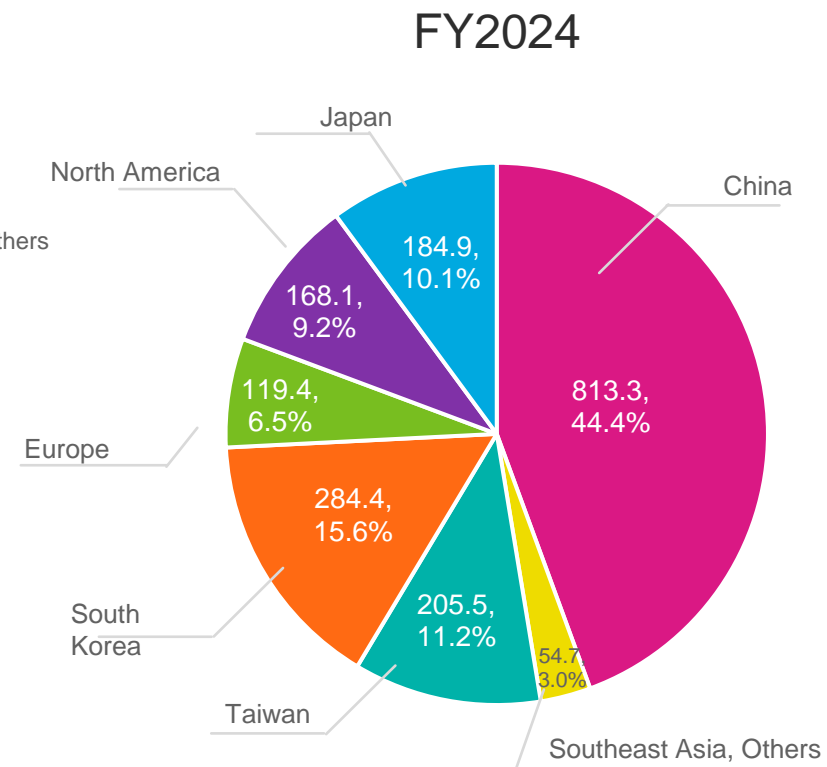
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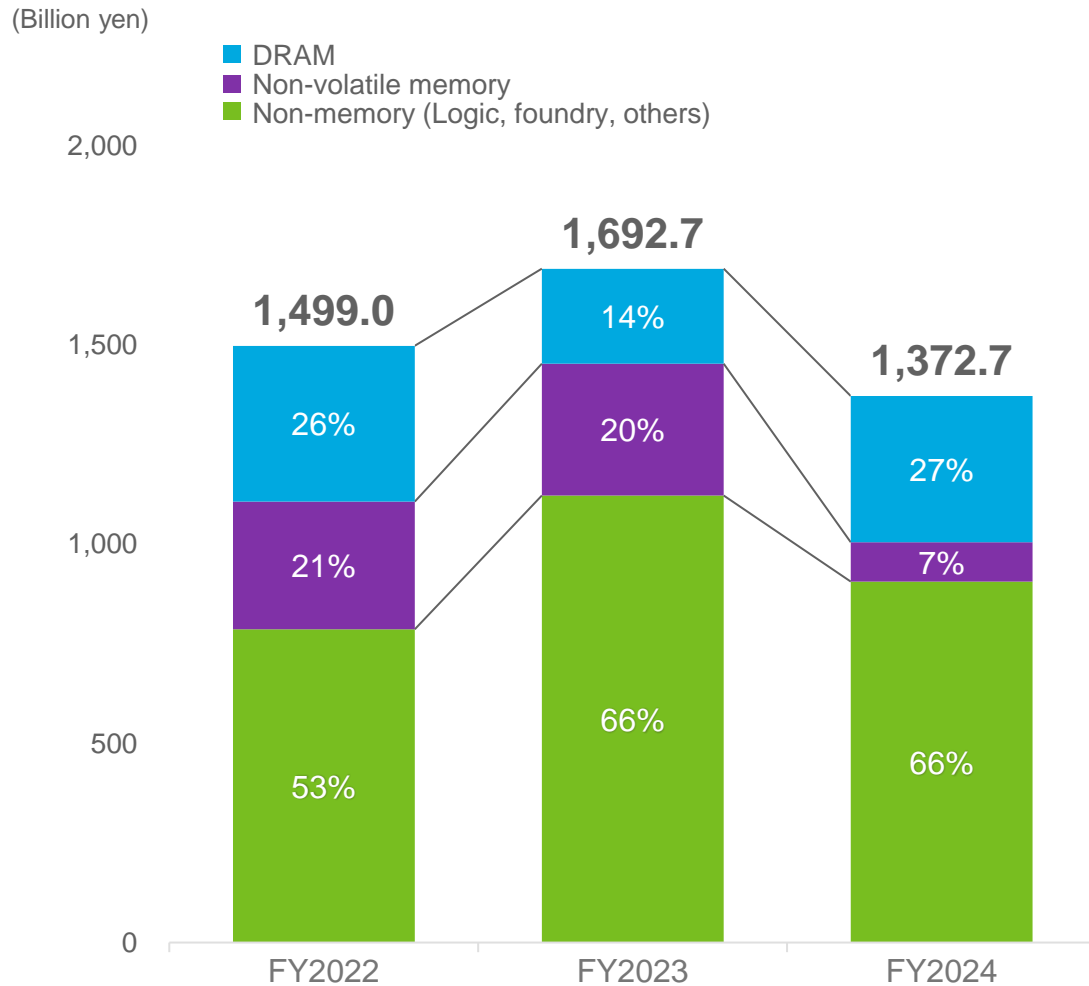
Composition of Net Sales by Region (FY2024 Q1-Q4)



	FY2024			
	Q1	Q2	Q3	Q4
Japan	29.5	41.2	57.4	56.7
North America	30.1	47.4	42.1	48.3
Europe	28.1	33.5	29.4	28.1
South Korea	76.7	67.4	58.2	82.0
Taiwan	63.9	39.9	46.3	55.2
Southeast Asia, Others	9.2	15.1	12.7	17.5
China	153.9	182.9	217.2	259.1



SPE*1 New Equipment Sales by Application



*1 SPE: Semiconductor production equipment

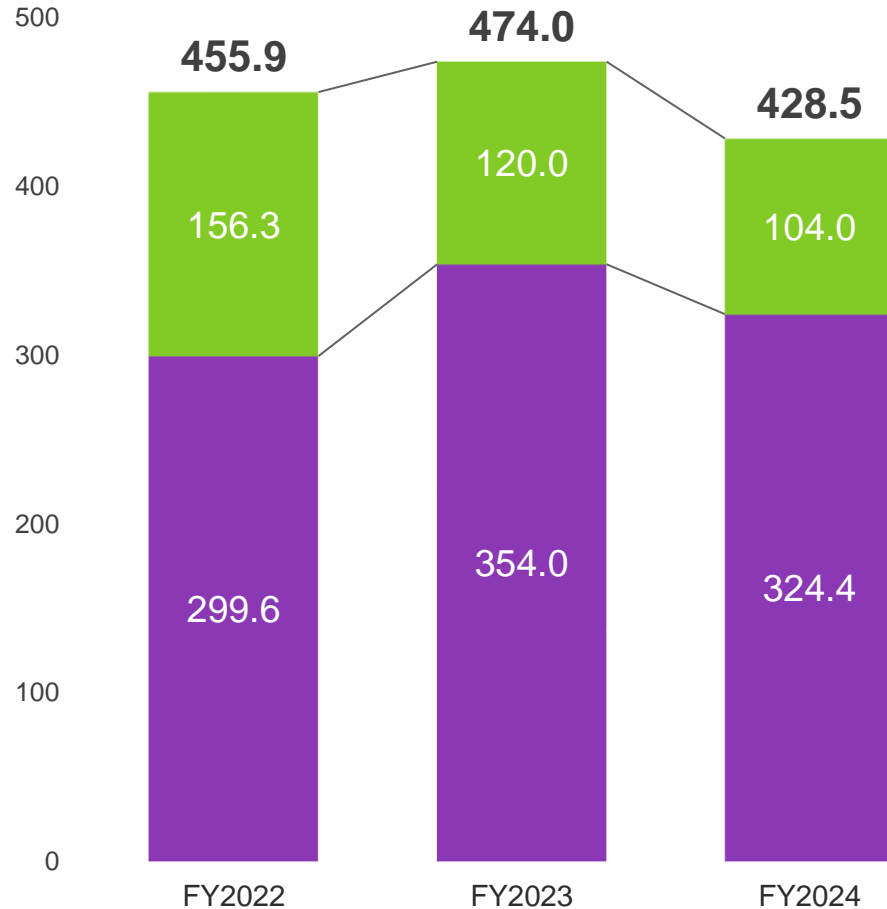
*2 Percentages on the graph show the composition ratio of new equipment sales. Field Solutions sales are not included.

- DRAM: Significant investment by Chinese customers increased both sales and their proportion
- Non-volatile memory: Both sales and proportion fell as capex continued to be restrained due to inventory adjustments by customers
- Non-memory: Although capex for leading-edge was restrained, it was firm for mature generations

Field Solutions Sales

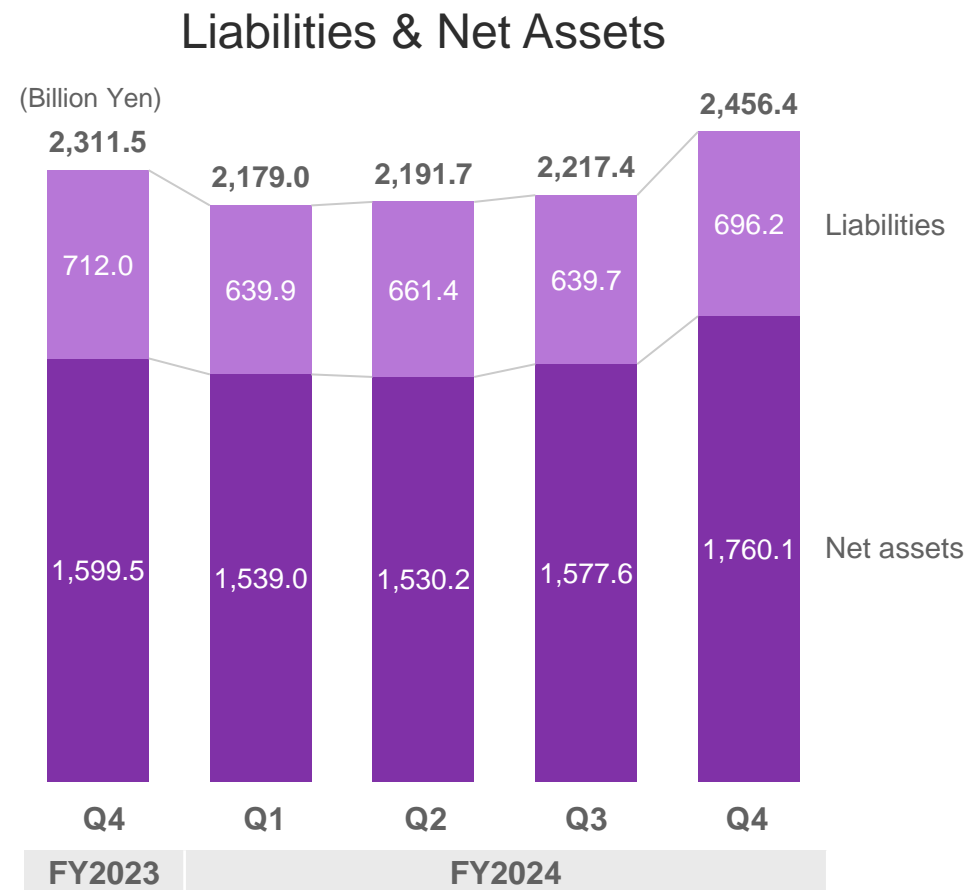
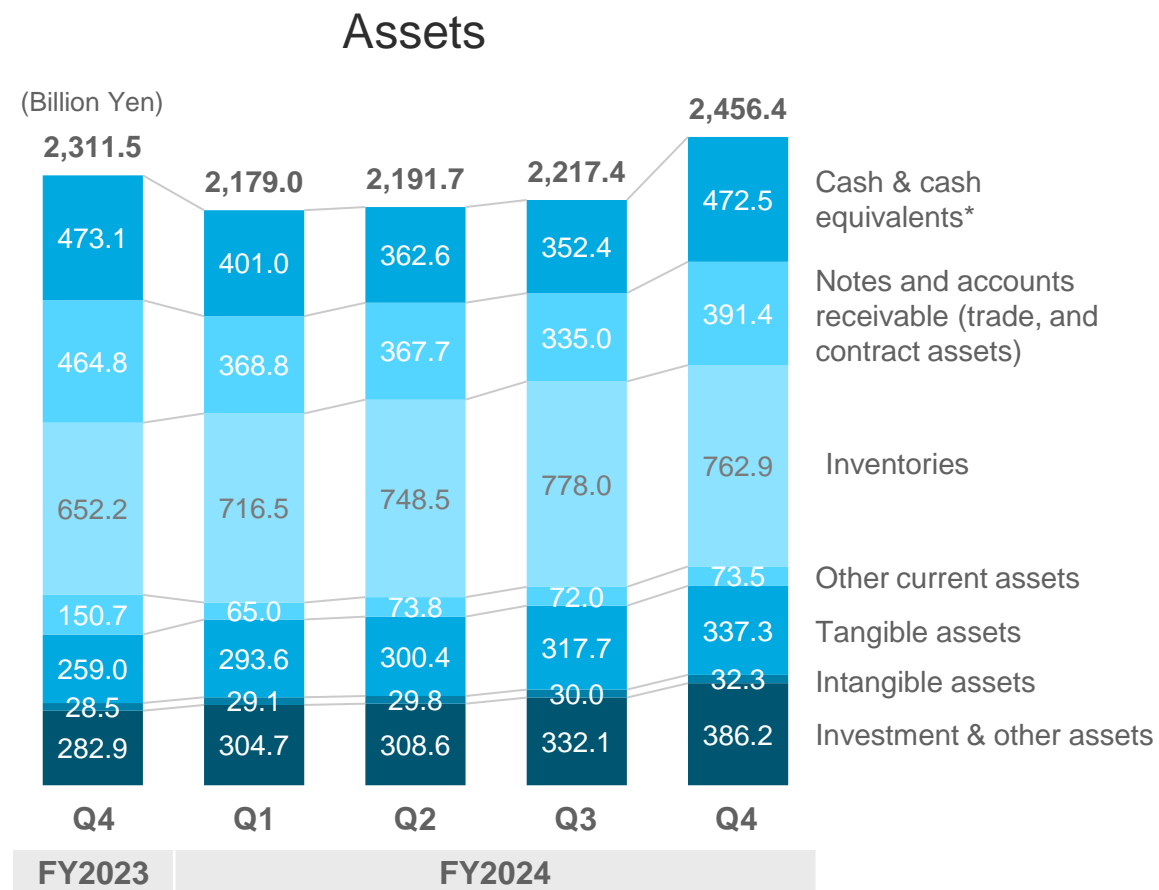
(Billion yen)

- Used equipment and modification
- Parts and services



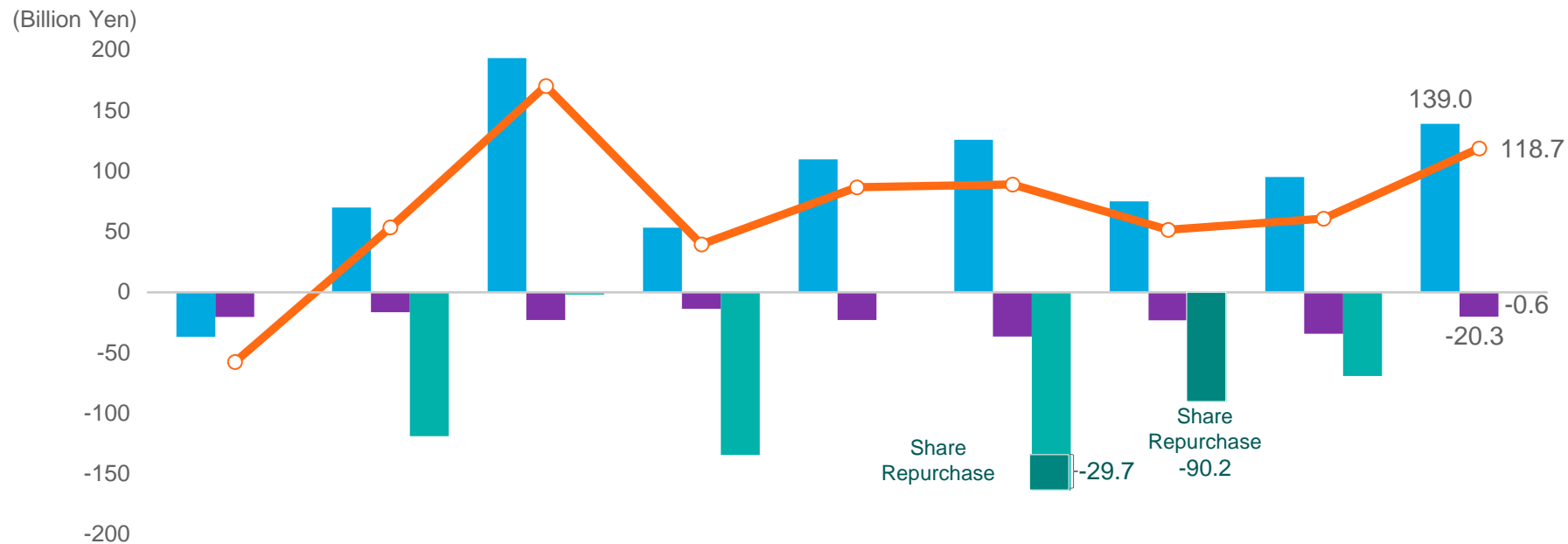
- Field Solutions sales in FY2024 were ¥428.5B, down 9.6% YoY
- Both parts and services and used equipment and modification sales declined due to lower customer utilization rate

Balance Sheet (Quarterly)



*Cash and cash equivalents: Cash and deposits + Short-term investments, etc. (Securities in B/S).

Cash Flow (Quarterly)



	FY2022	FY2023				FY2024			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
■ Cash flow from operating activities	-37.1	69.9	193.4	53.2	109.6	125.7	74.8	95.0	139.0
■ Cash flow from investing activities*1	-20.7	-16.6	-23.1	-13.8	-23.1	-36.8	-23.4	-34.4	-20.3
■ Cash flow from financing activities	-0.2	-119.1	-2.1	-134.6	-0.5	-164.1	-90.8	-69.3	-0.6
○ Free cash flow*2	-57.9	53.3	170.2	39.3	86.5	88.8	51.4	60.6	118.7
Cash on hand*3	371.2	314.6	484.6	387.4	473.1	401.0	362.6	352.4	472.5

*1 Cash flow from investing activities excludes changes in time deposits and short-term investments.

*2 Free cash flow = cash flow from operating activities + cash flow from investing activities (excluding changes in time deposits and short-term investments).

*3 Cash on hand includes cash and cash equivalents + time deposits and short-term investments with original maturities of more than three months.

Business Environment and Financial Estimates

May 10, 2024

Toshiki Kawai
Representative Director, President & CEO



FY2024 Highlights

- Exceeded initial plan in net sales and profit
 - Nets sales of ¥1,830.5B, operating income of ¥456.2B, net income of ¥363.9B
- R&D investment reached record high of ¥202.8B. New Yamanashi development building established in July 2023
- Made good progress in acquiring PORs*¹ through strategic products. Released new technologies/products contributing to innovation in semiconductor technology
 - Acquired many PORs for mass production and development in wide range of processes, such as cryogenic etching, conductor etching, super critical drying and bonding for HBM*², etc.
- Also made progress in non-financial areas such as sustainability
 - All TEL group companies in Japan achieved a rate of 100% renewable energy usage, received SBT *³ certification, etc.
 - Advanced net zero target achievement year by 10 years to CY2040
 - Selected for the SX Brand 2024 (April 2024)
- Completed approximately ¥120.0B share buyback

*1 POR (Process of record)

*2 HBM (High bandwidth memory)

*3 SBT (Science Based Targets)

: Certification of the adoption of equipment in customers' semiconductor production processes

: A type of DRAM

: SBT initiative to certify greenhouse gas emissions reduction targets, conducts assessments of companies' targets. Targets set by companies for the next 5 to 15 years, consistent with the levels mandated by the Paris Agreement.

Business Environment (WFE Market Outlook as of May 2024)

No change in market outlook of a recovery towards CY2025

■ **CY2024: Forecasted to be around \$100B**

- Expect leading-edge DRAM investment to recover from H2 on higher demand for DDR5, HBM, etc.

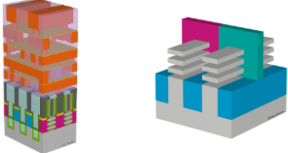
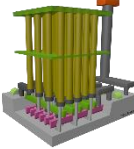
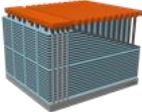
■ **CY2025: Double-digit growth expected**

- Continuing growth of AI servers (CAGR 2023-2027: +31%*)
- Recovery in PC/smartphone demand
 - New functions, such as on-device AI, for new applications
 - Replacement of products purchased during COVID-19
 - Corporate IT investment

→ These will drive recoveries forecasted for capex in NAND and advanced logic/foundry following DRAM

*Source : Omdia

Business Opportunities and Focus Areas

	Logic	DRAM	NAND
Image of device			
Requirements	Low-power / high-speed CPU	High-speed / multi-layer working memory	High-capacity storage
Technological changes	<ul style="list-style-type: none"> GAA Nanosheet Backside PDN*1 	<ul style="list-style-type: none"> EUV HKMG*2 in CMOS peripheral circuits HBM packaging 	<ul style="list-style-type: none"> Multi-layer/ tier stacking Peripheral bonding Introduction of new materials for memory cells
Business opportunities	<ul style="list-style-type: none"> Selective etch Deposition with new materials Supercritical drying Bonder/ laser edge trimming 	<ul style="list-style-type: none"> Coater/developer for EUV Deposition with new materials Supercritical drying Bonder/debonder 	<ul style="list-style-type: none"> HARC etch Wet etch, novel drying technology New low-resistance metal Bonding Wafer warpage suppression technology

Growth opportunities are ever-expanding

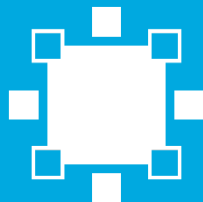
R&D Investment for Future Growth

- Develop products and technology for the next generation and beyond towards achieving the Mid-term Management Plan
 - Cryogenic etching
 - Conductor etching
 - Single wafer ALD
 - New platform of coater/developer
 - Surface preparation technology for leading-edge lithography
 - Advanced packaging technology
- Enlarge domestic/overseas R&D sites and expand resources
- Strengthen development base
 - Software
 - DX
- Decrease environmental burden, improve safety features, etc.

Investment for Future Growth (FY2025 to FY2029)

R&D Investment

1.5
trillion yen



Capex

700
billion yen



Recruitment

10,000
people
2,000 people/year



FY2025 Financial Estimates

FY2025 Financial Estimates

(Billion yen)

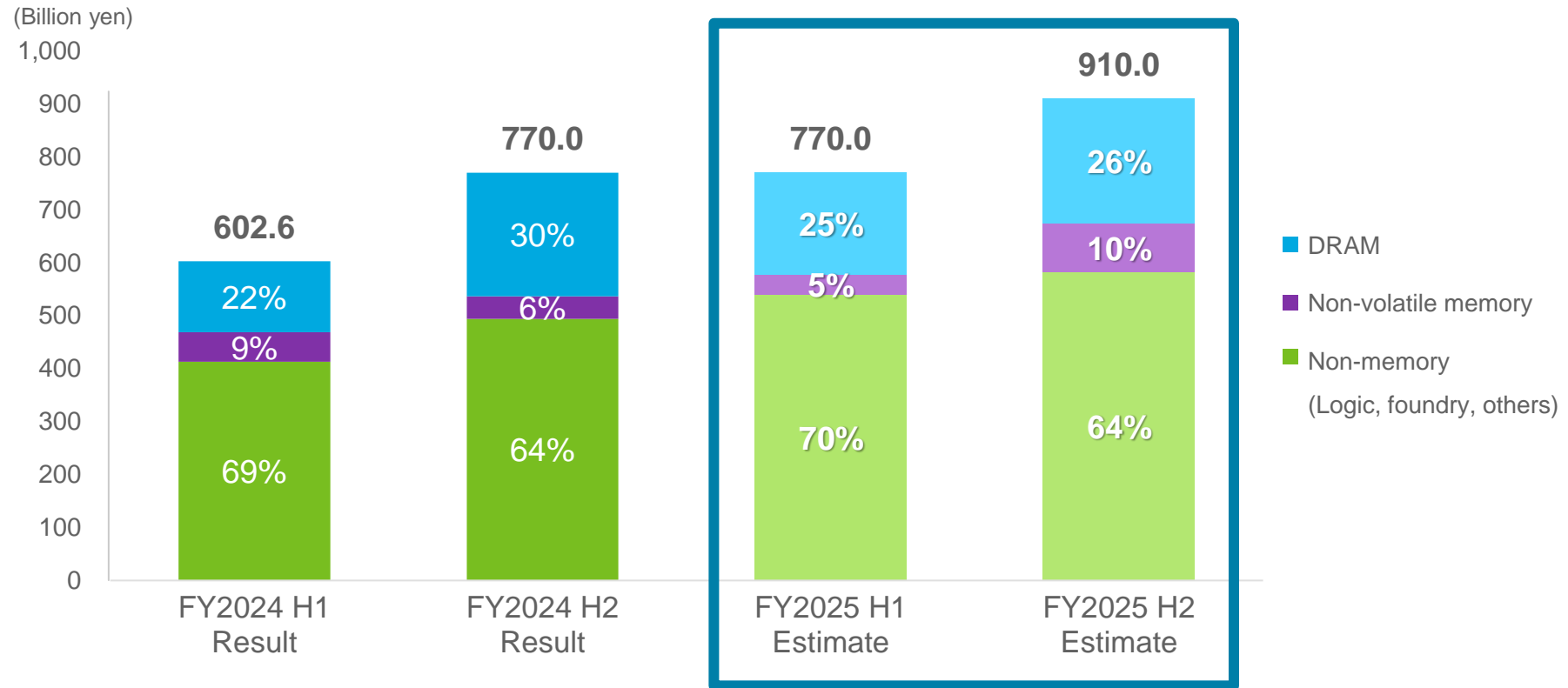
	FY2024 (Actual)	FY2025 (Estimates)			
		H1	H2	Full Year	Full Year YoY
Net sales	1,830.5	1,000.0	1,200.0	2,200.0	+20.2%
Gross profit	830.2	454.0	568.0	1,022.0	+23.2%
Gross profit margin	45.4%	45.4%	47.3%	46.5%	+1.1pts
SG&A expenses	374.0	211.0	229.0	440.0	+17.6%
R&D	202.8	118.0	132.0	250.0	+23.3%
Other than R&D	171.1	93.0	97.0	190.0	+11.0%
Operating income	456.2	243.0	339.0	582.0	+27.6%
Operating margin	24.9%	24.3%	28.3%	26.5%	+1.6pts
Income before income taxes	473.4	244.0	340.0	584.0	+23.4%
Net income attributable to owners of parent	363.9	185.0	260.0	445.0	+22.3%
Net income per share (yen)	783.75	399.59	-	961.19	+177.44

Expecting record-high gross profit and gross profit margin in FY2025.

Planning to invest ¥250.0B in R&D to exploit future growth opportunities to the fullest

FY2025 SPE New Equipment Sales Forecast

Sales by Application



Percentages on the graph show the composition ratio of new equipment sales. Field solutions sales are not included.

Having bottomed out in FY2024 H1, sales are in transition to an upward trend.
The proportion of leading-edge investment will/is expected to grow

FY2025 R&D Expenses and Capex Plan

New Development Building

Deposition system, etch system, corporate R&D



Nirasaki-city, Yamanashi Prefecture
Established in July 2023

Tohoku Production and Logistics Center

Deposition system



Oshu-city, Iwate Prefecture
Completion scheduled for autumn 2025

New Development Building

Coater/developer, cleaning system



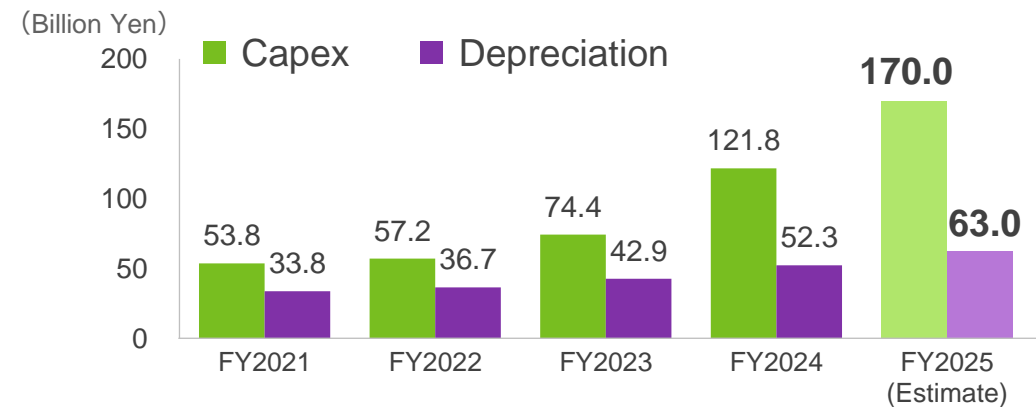
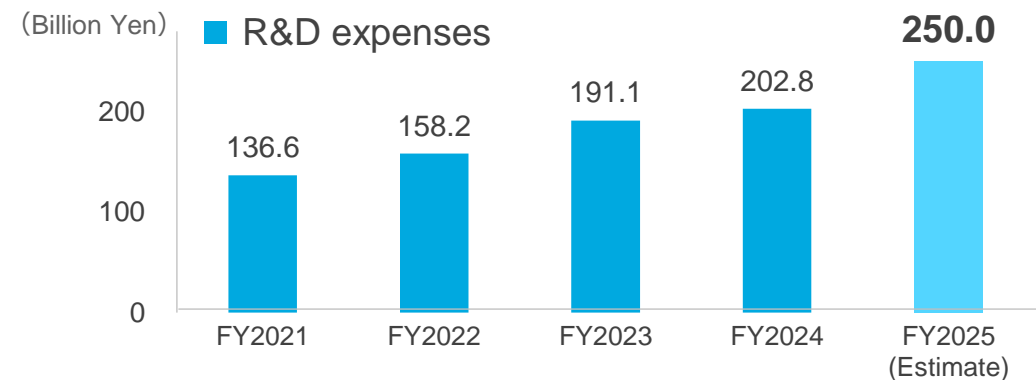
Koshi-city, Kumamoto Prefecture
Completion scheduled for summer 2025

New Development Building

Etch system



Kurokawa-gun, Miyagi Prefecture
Completion scheduled for spring 2025



Continue aggressive R&D and capital investments for future growth

Acquisition of Treasury Stock

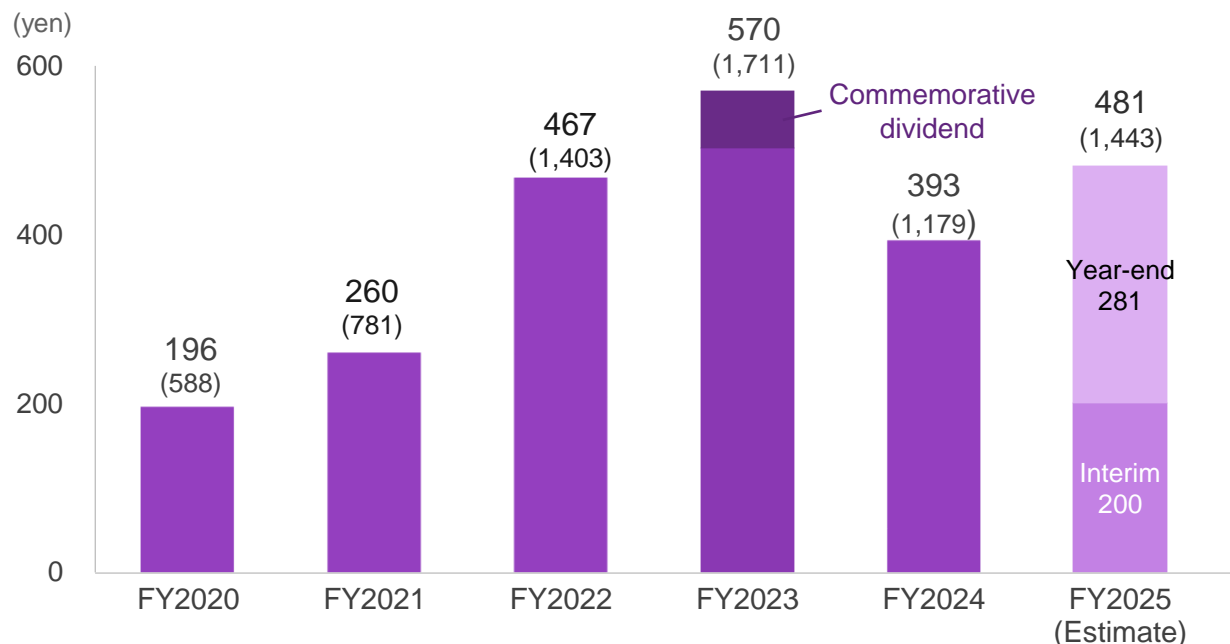
Plan to implement share repurchase of up to 80.0B yen

- Type of shares to be acquired : Shares of common stock
- Total number of shares to be acquired : Up to 3.5 million shares
(Equivalent to 0.8% of outstanding shares excluding treasury stock)
- Total cost of acquisition : Up to 80.0 billion yen
- Period of acquisition : From May 13, 2024 to July 31, 2024

We will continue to manage our balance sheet flexibly, while considering our ability to generate cash, necessary cash on hand and growth investment capital

FY2025 Dividend Forecast

Dividend per Share



- Dividends per share from FY2020 to FY2023 are calculated on the assumption that the stock split was conducted at the beginning of FY2020.
- FY2023 includes the 60th anniversary commemorative dividends.
- Amounts before the stock split are shown in parentheses.

TEL shareholder return policy

Dividend payout ratio: 50%

Annual DPS of not less than 50 yen*

We will review our dividend policy if the company does not generate net income for two consecutive fiscal years

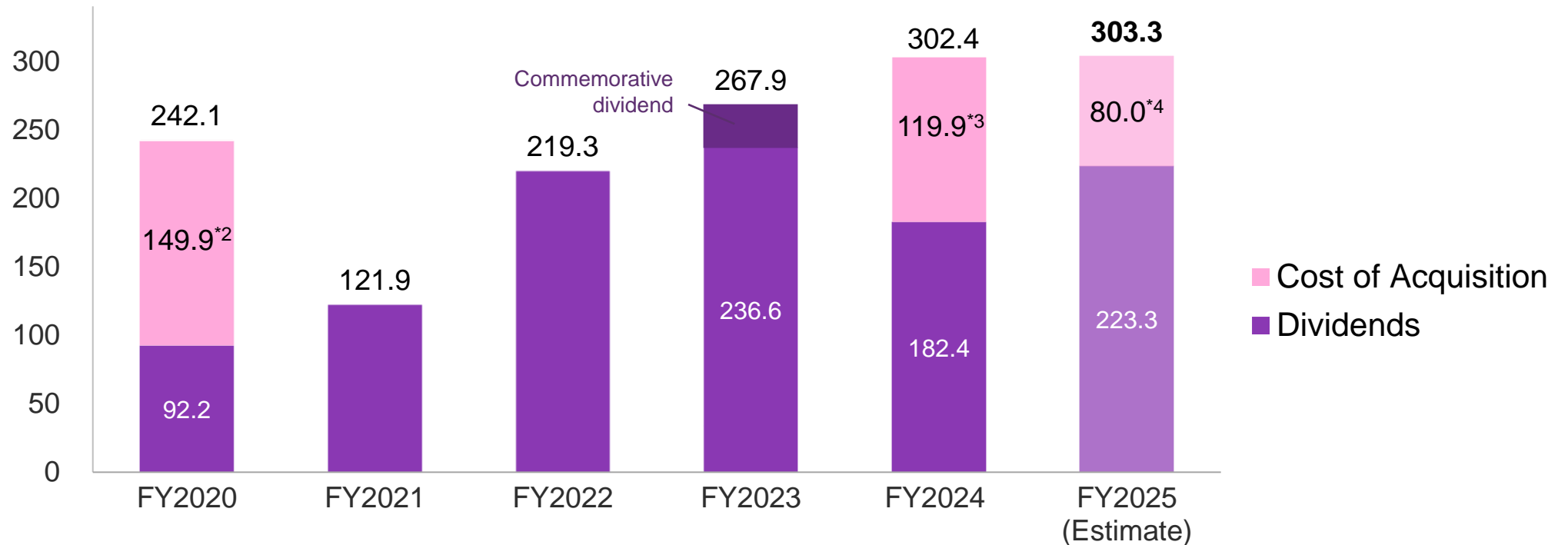
We will flexibly consider share buybacks

*Due to the stock split on April 1, 2023, the amount has been changed from 150 yen to 50 yen.

Implemented a 3-for-1 common stock split on April 1, 2023.
Full-year dividends are expected to be 481 yen per share

Total Return Amount

(Billion yen)



*1 FY2023 dividend payment of 267.9 billion yen includes commemorative dividend (31.3 billion yen)

*2 https://www.tel.com/news/ir/2020/20200106_001.html

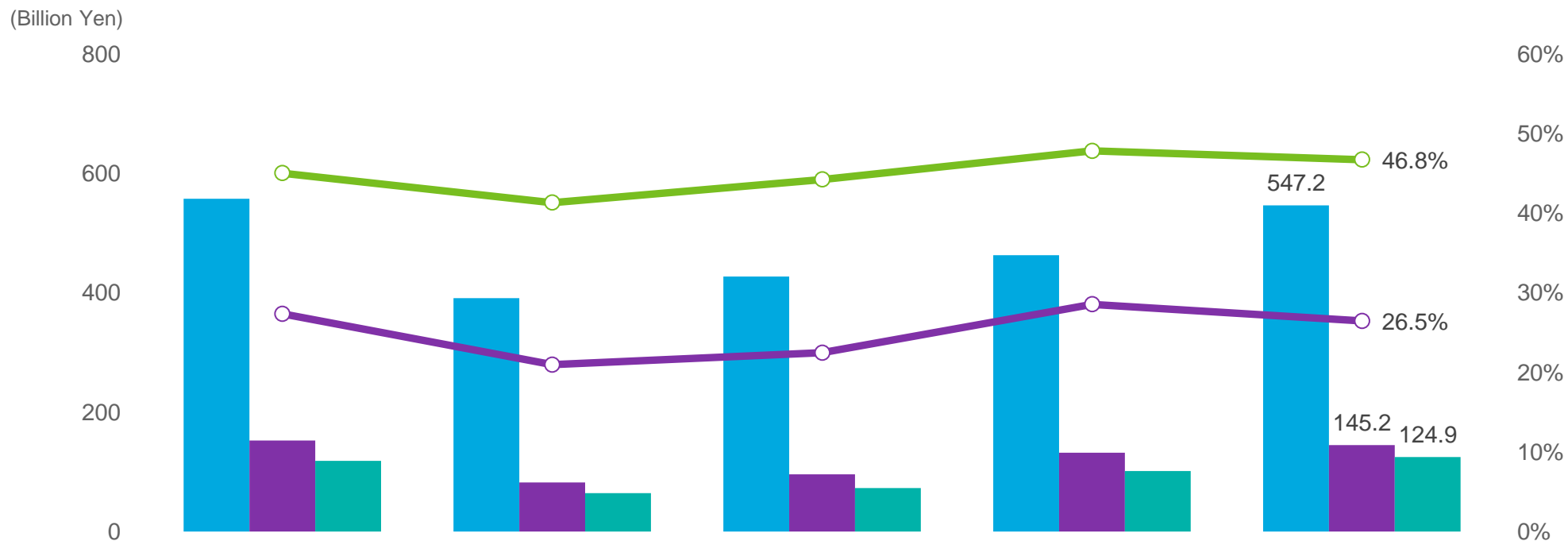
*3 https://www.tel.com/news/ir/2023/de4nhu0000000045-att/20231002_001_e.pdf

*4 https://www.tel.com/news/ir/2024/bbq72q00000000hu-att/20240510_003_e.pdf

Combined with share buyback, total return amount is expected to be record high

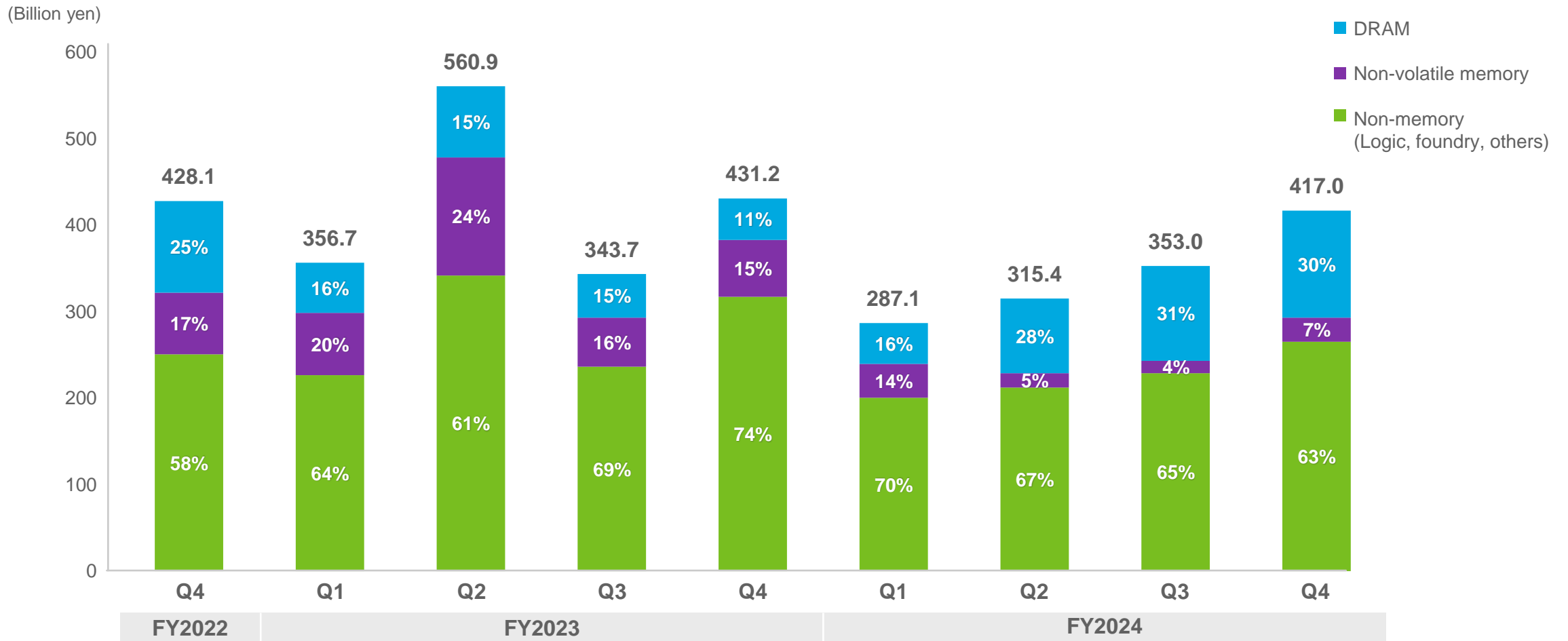
Appendix

Financial Performance (Quarterly)



	FY2023		FY2024		
	Q4	Q1	Q2	Q3	Q4
■ Net sales	558.2	391.7	427.8	463.6	547.2
■ Operating income	152.7	82.4	96.1	132.4	145.2
■ Net income attributable to owners of parent	118.6	64.3	73.1	101.5	124.9
○ Gross profit margin	45.1%	41.4%	44.3%	47.9%	46.8%
○ Operating margin	27.4%	21.0%	22.5%	28.6%	26.5%

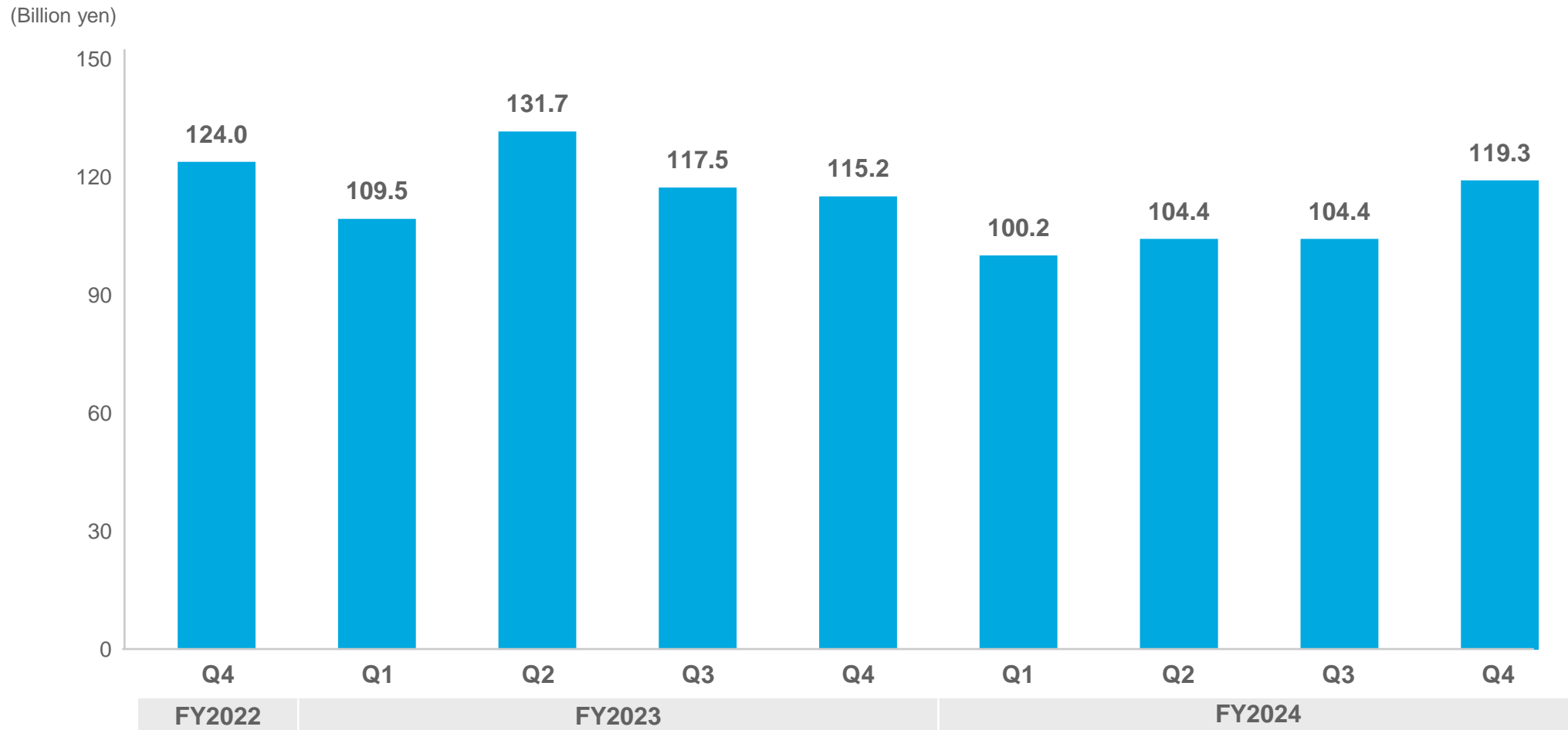
SPE New Equipment Sales by Application (Quarterly)



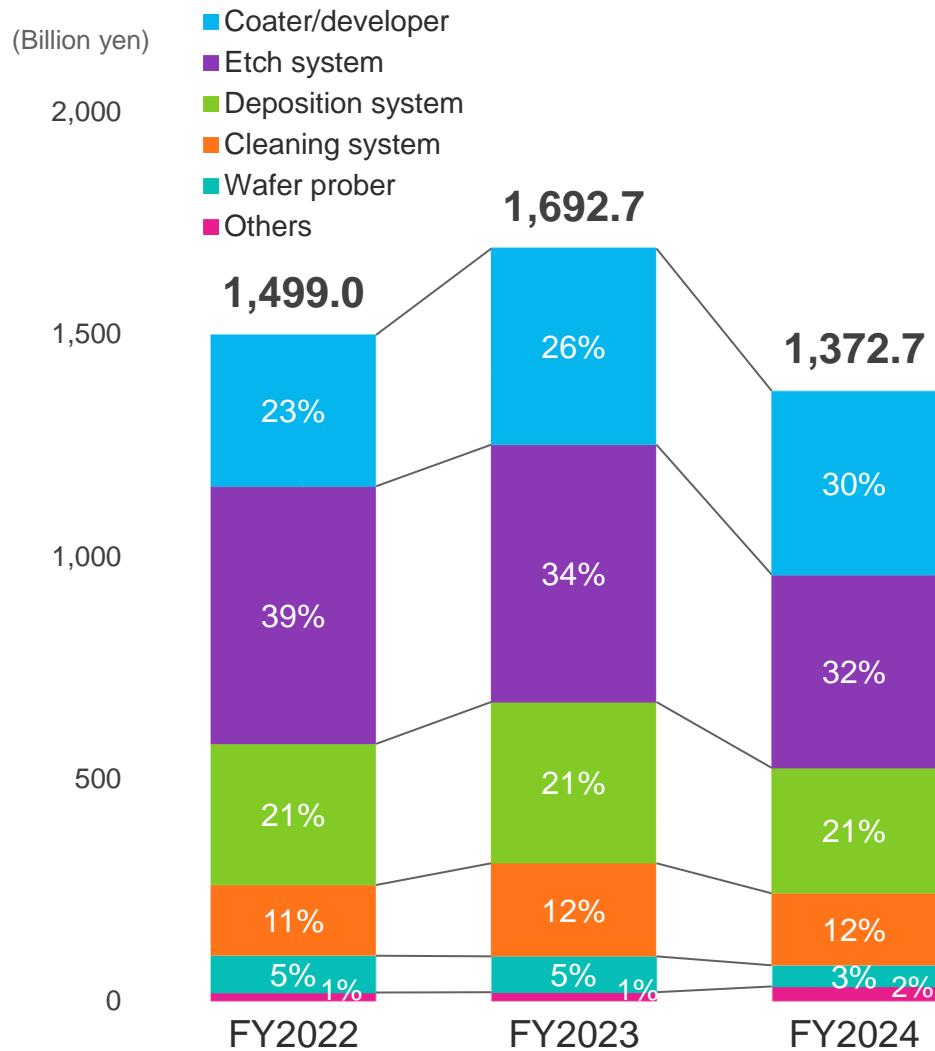
*1 SPE: Semiconductor production equipment

*2 Percentages on the graph show the composition ratio of new equipment sales. Field Solutions sales are not included.

Field Solutions Sales (Quarterly)



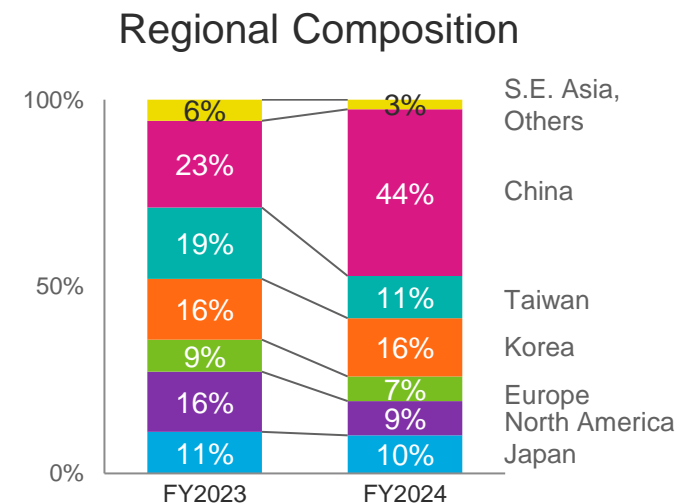
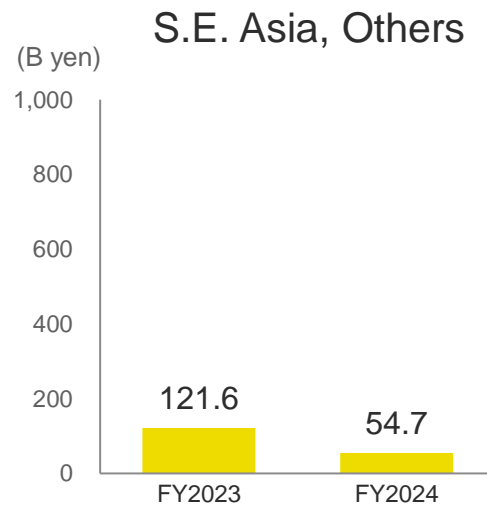
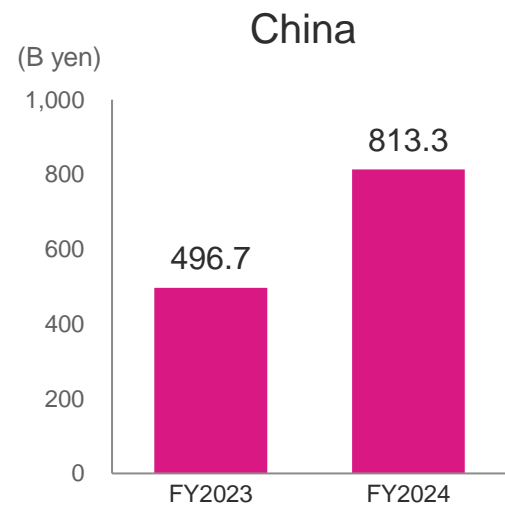
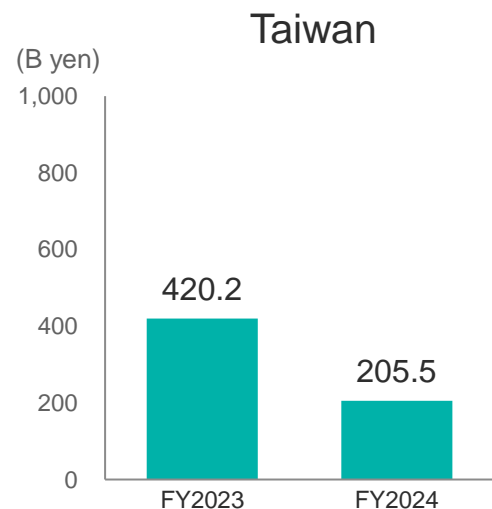
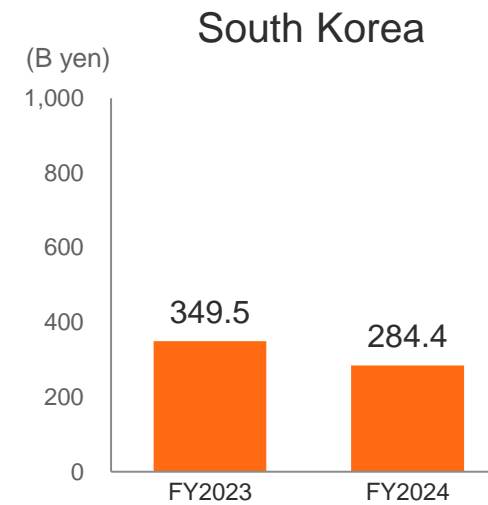
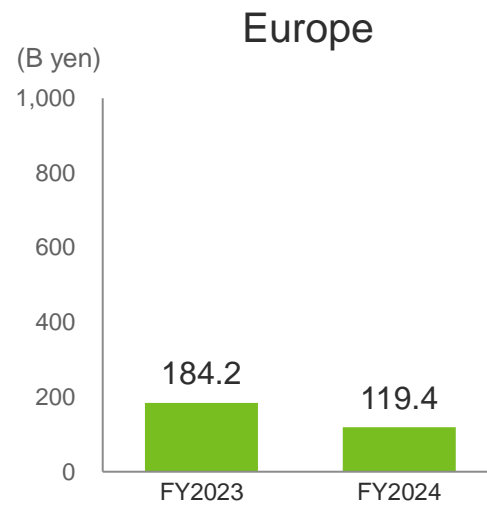
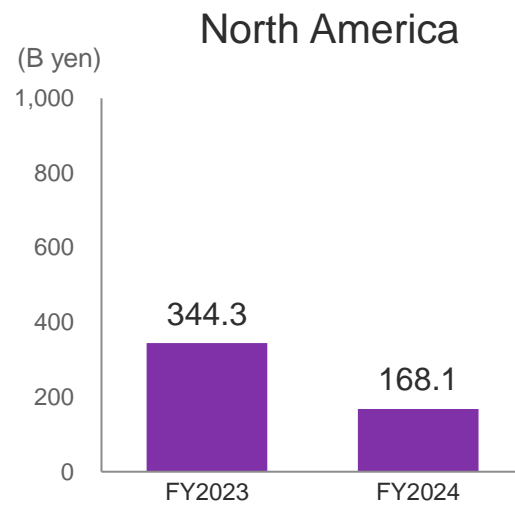
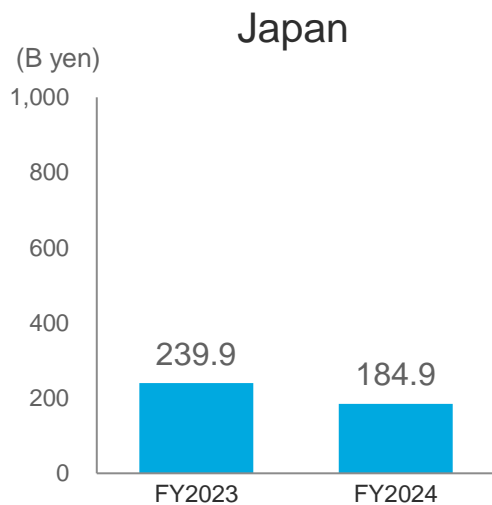
SPE New Equipment Sales by Product



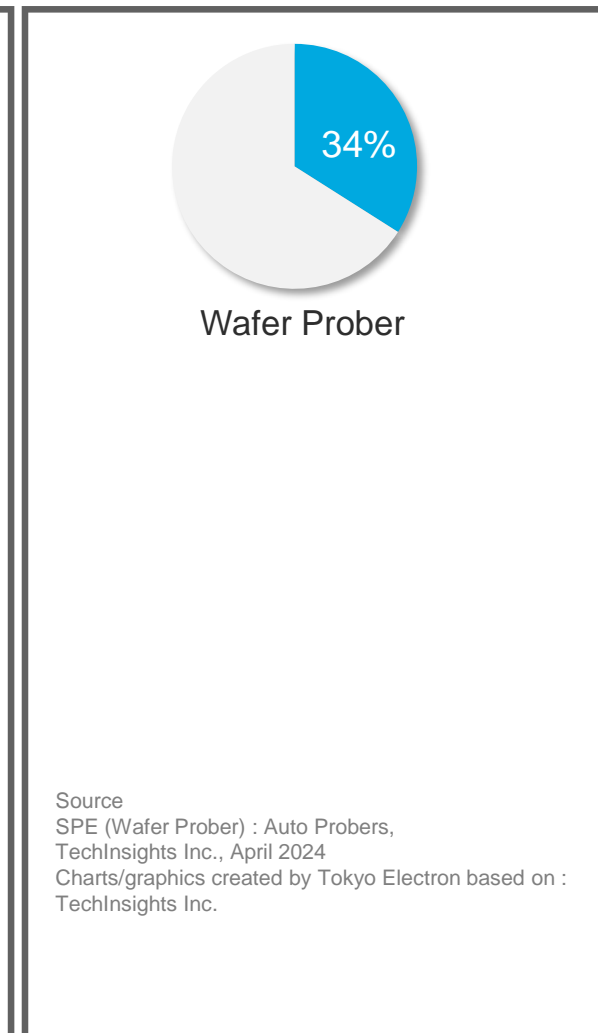
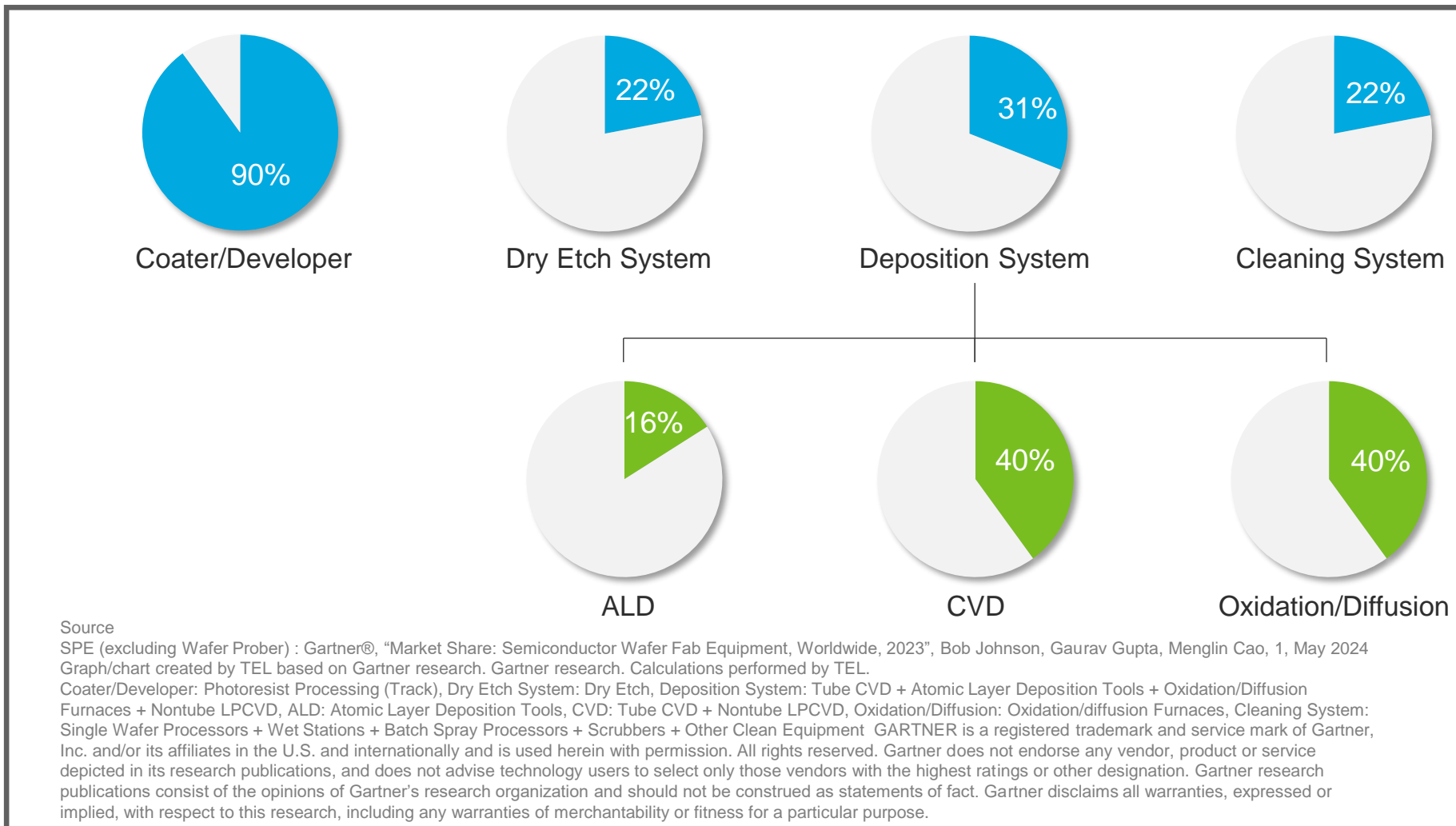
- New equipment sales in FY2024 were ¥1,372.7, down 18.9% YoY
- Overall sales fell due to capex adjustments. However, customers' capex for HBM rose, increasing the proportion of others

Percentages on the graph show the composition ratio of new equipment sales. Field Solutions sales are not included.

Sales by Region



World Market Share of Main Products (CY2023)



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