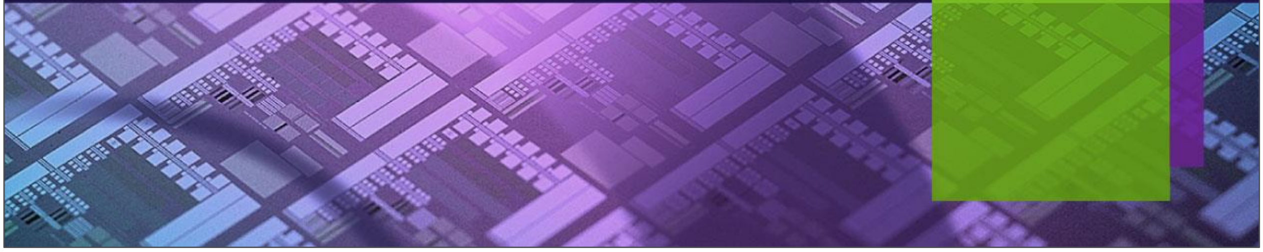
TOKYO ELECTRON

Q1 FY2026 (April - June 2025) Financial Announcement

July 31, 2025

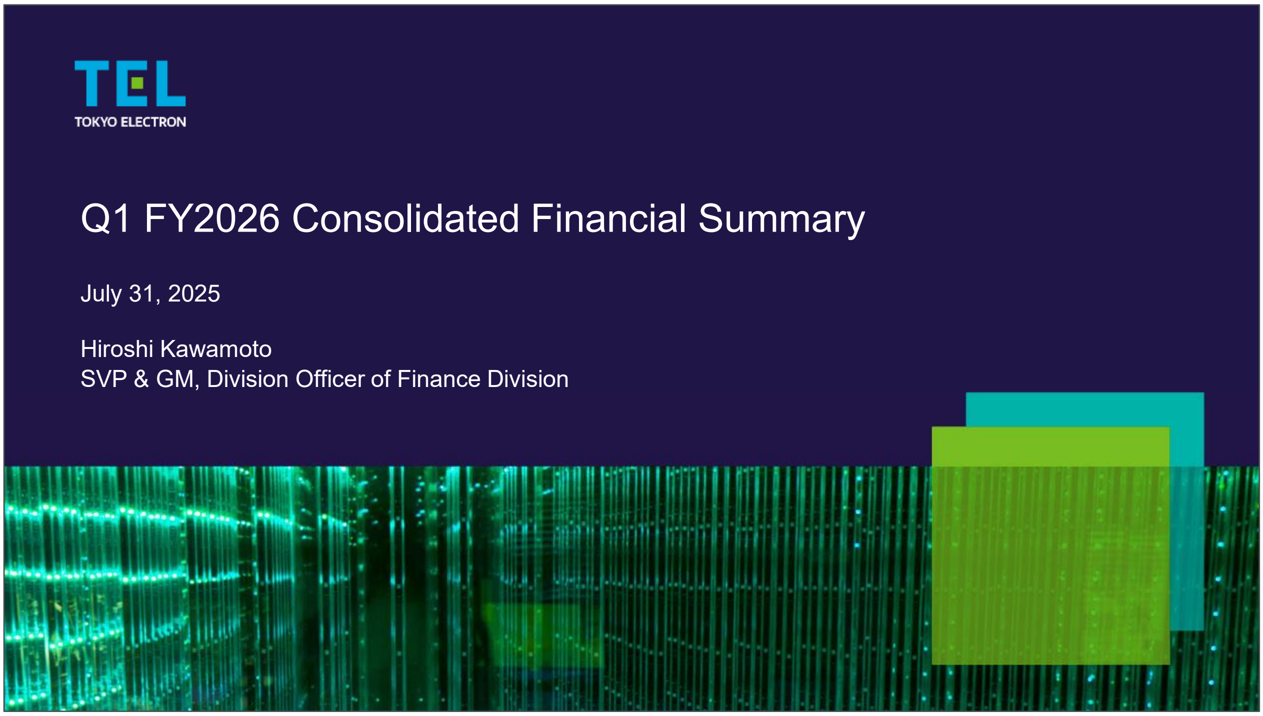
Agenda:

- Consolidated Financial Summary
  Hiroshi Kawamoto, SVP & GM, Division Officer of Finance Division
- 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 political and economic situation, semiconductor market conditions, intensification of sales competition, safety and product quality management, intellectual property-related matters and impacts from infectious diseases.
- 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 foreign exchange rate fluctuations on profits is negligible, unless extreme fluctuations occur.



Good afternoon. I am Kawamoto of Finance Division. I would like to present the consolidated financial summary of the first quarter of the fiscal year ending March 2026.

Financial Summary (Quarterly)

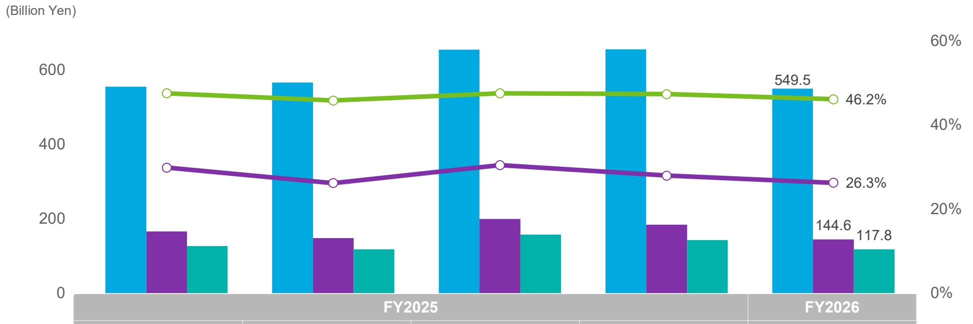
(Billion yen)

	FY2025				FY2026	vs. Q4 FY2025	vs. Q1 FY2025
	Q1	Q2	Q3	Q4	Q1		
Net sales	555.0	566.5	654.5	655.4	**549.5**	-16.1%	-1.0%
Gross profit	264.0	259.9	311.7	310.5	**253.9**	-18.2%	-3.8%
Gross profit margin	47.6%	45.9%	47.6%	47.4%	**46.2%**	-1.2pts	-1.4pts
SG&A expenses	98.2	111.7	112.1	126.7	**109.2**	-13.8%	+11.2%
Operating income	165.7	148.1	199.6	183.7	**144.6**	-21.3%	-12.7%
Operating margin	29.9%	26.2%	30.5%	28.0%	**26.3%**	-1.7pts	-3.6pts
Income before income taxes	167.2	153.6	200.1	185.1	**151.9**	-17.9%	-9.1%
Net income attributable to owners of parent	126.1	117.7	157.2	142.9	**117.8**	-17.6%	-6.6%
R&D expenses	53.4	62.0	61.8	72.7	**62.1**	-14.5%	+16.3%
Capital expenditures	23.9	53.3	50.2	34.6	**52.8**	+52.7%	+120.2%
Depreciation and amortization	13.2	14.5	16.0	18.3	**17.1**	-6.6%	+30.0%

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 foreign exchange rate fluctuations on profits is negligible, unless extreme fluctuations occur.
2. Profit ratios are calculated using full amounts, before rounding.

This slide shows the quarterly financial summary. I will mainly refer to the figures in the blue box. In the first quarter, we generated net sales of 549.5 billion yen, 16.1% decrease from the previous quarter, partly because of temporary pause of customers' capital investments. Gross profit was 253.9 billion yen, 18.2% decline from the previous quarter. Gross profit margin was 46.2%, 1.2 percentage points drop QoQ, due to the increased ratio of fixed costs along with the decrease of net sales. Operating income was 144.6 billion yen, 21.3% drop from the previous quarter. Operating profit margin was 26.3%, declined by 1.7 percentage points QoQ, mainly due to the decrease of gross profit margin mentioned before. Income before income taxes decreased by 17.9% to 151.9 billion yen. Net income attributable to owners of parent was 117.8 billion yen, 17.6% decline from the previous quarter. Capital expenditures in the first quarter were 52.8 billion yen, consisting mainly of the new development building of Tokyo Electron Miyagi whose construction was completed in April.

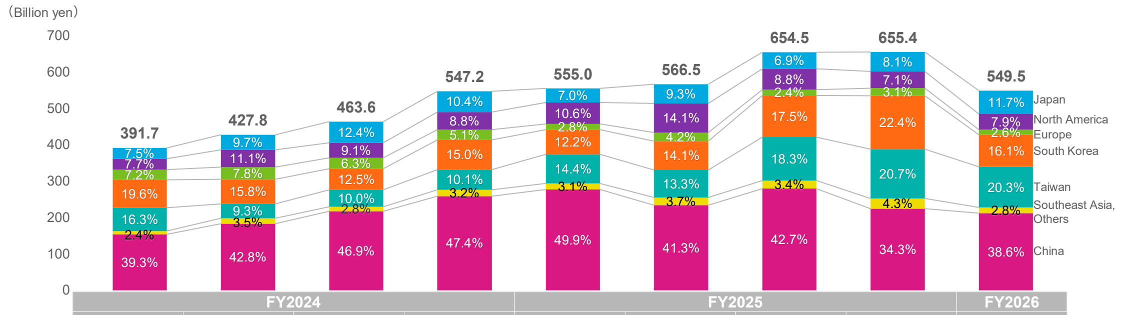
Financial Performance (Quarterly)



	FY2025				FY2026
	Q1	Q2	Q3	Q4	Q1
Net sales	555.0	566.5	654.5	655.4	**549.5**
Operating income	165.7	148.1	199.6	183.7	**144.6**
Net income attributable to owners of parent	126.1	117.7	157.2	142.9	**117.8**
Gross profit margin	47.6%	45.9%	47.6%	47.4%	**46.2%**
Operating margin	29.9%	26.2%	30.5%	28.0%	**26.3%**

This is a graphic representation of the financial summary shown on the previous page on the chronological basis, for your reference.

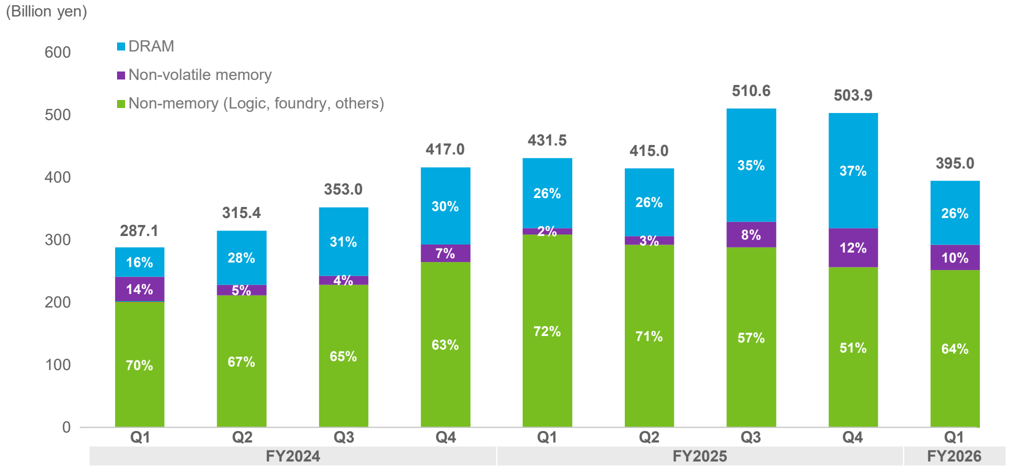
Composition of Net Sales by Region (Quarterly)



	FY2024				FY2025				FY2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Japan	29.5	41.2	57.4	56.7	38.5	52.6	45.3	53.4	**64.3**
North America	30.1	47.4	42.1	48.3	59.0	79.9	57.7	46.2	**43.4**
Europe	28.1	33.5	29.4	28.1	15.5	23.8	15.7	20.3	**14.0**
South Korea	76.7	67.4	58.2	82.0	67.8	79.5	114.5	147.0	**88.3**
Taiwan	63.9	39.9	46.3	55.2	80.0	75.3	119.3	135.8	**111.5**
Southeast Asia, Others	9.2	15.1	12.7	17.5	17.0	21.2	22.3	27.8	**15.6**
China	153.9	182.9	217.2	259.1	277.0	233.9	279.4	224.6	**212.1**

This slide shows net sales by region. As for the composition in the first quarter, proportion of Japan rose by 3.6 percentage points to 11.7% QoQ, while proportion of Korea dropped by 6.3 percentage points to 16.1% from the previous quarter. Proportion of sales in China in the first quarter was 38.6%, remaining below 40% following the previous quarter.

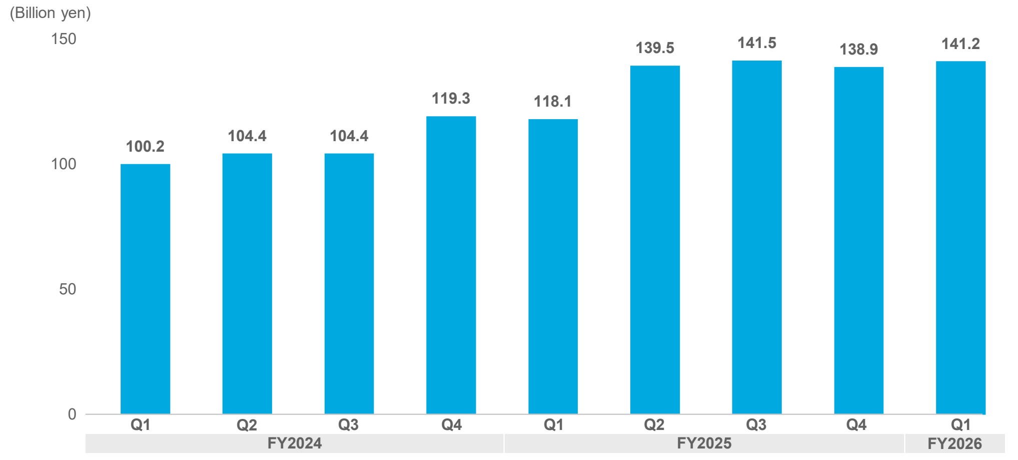
SPE New Equipment Sales by Application (Quarterly)



1. SPE: Semiconductor Production Equipment
2. Percentages on the graph show the composition ratio of new equipment sales. Field Solutions sales are not included.

This shows SPE new equipment sales by application. In the first quarter, from the bottom of this chart, sales to non-memory customers accounted for 64%, non-volatile memory accounted for 10%, and DRAM accounted for 26%. Sales to non-memory customers were flat from the previous quarter, while proportion of sales to DRAM customers declined by 11 percentage points QoQ, partly because of their intensive spendings in the previous quarter.

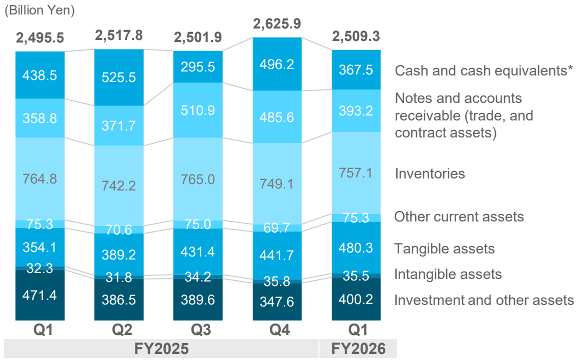
Field Solutions Sales (Quarterly)



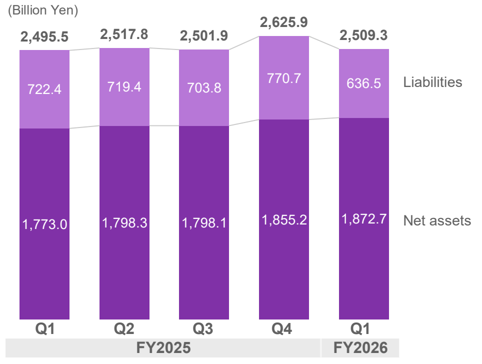
This slide shows the Field Solutions sales. In the first quarter, field solution sales were 141.2 billion yen, growing by 2.2 billion yen QoQ. Thanks to high utilization rate, mainly for the advanced nodes, of the customers fabs, sales of parts, services, and modifications were all strong.

Balance Sheet (Quarterly)

Assets



Liabilities and Net Assets



*Cash and cash equivalents: “Cash and deposits” + “Short-term investments”, etc. (“Securities” in Balance Sheet).

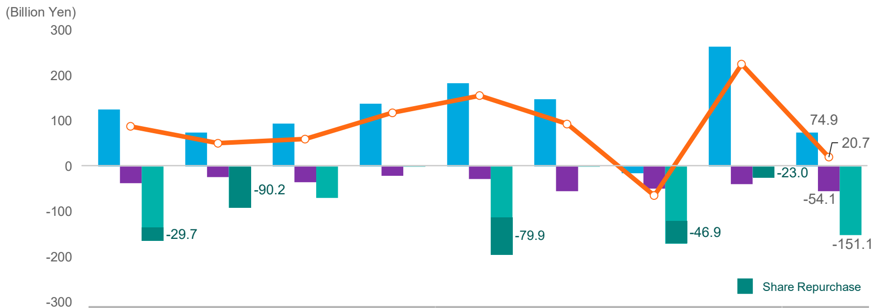
This slide shows the balance sheet.

Total assets were 2 trillion 509.3 billion yen. Cash and cash equivalents were 367.5 billion yen, declining by 128.7 billion yen from the previous quarter, primarily due to dividend payment to shareholders and payment of income taxes. Notes and accounts receivable were 393.2 billion yen, decreasing by 92.3 billion yen quarter over quarter. Inventories were 757.1 billion yen, increasing by 7.9 billion yen from the previous quarter. Investment and other assets were 400.2 billion yen, increasing by 52.5 billion yen from the previous quarter, mainly because of the increased share price.

For the liabilities and net assets shown on the right-hand side, liabilities were 636.5 billion yen, decreasing by 134.1 billion yen from the previous quarter. This is mainly because of decrease of income taxes payable along with the payment of income taxes as I mentioned earlier. Net assets were 1 trillion 872.7 billion yen, rising by 17.5 billion yen quarter over quarter.

The equity ratio was 74.0%.

Cash Flow (Quarterly)



	FY2024				FY2025				FY2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Cash flow from operating activities	125.7	74.8	95.0	139.0	183.7	148.6	-15.0	264.8	**74.9**
Cash flow from investing activities*1	-36.8	-23.4	-34.4	-20.3	-27.3	-54.4	-49.0	-38.9	**-54.1**
Cash flow from financing activities	-164.1	-90.8	-69.3	-0.6	-194.4	-0.6	-170.1	-23.5	**-151.1**
Free cash flow*2	88.8	51.4	60.6	118.7	156.4	94.1	-64.1	225.8	**20.7**
Cash on hand*3	401.0	362.6	352.4	472.5	438.5	525.5	295.5	496.2	**367.5**

*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.

This slide shows the cash flow. The cash inflow from operating activities in the first quarter was 74.9 billion yen, the cash outflow from investing activities was 54.1 billion yen, mainly due to acquisition of fixed assets. The cash outflow from financing activities was 151.1 billion yen, primarily because of dividend payment. Free cash flow was positive 20.7 billion yen.

This concludes my presentation. Thank you very much.

This is Kawai. Thank you very much for joining us today. I will present “Business environment and financial estimates”.

Market Environment and Business Progress

- **Q1 FY2026: Business progressed as planned**
  - Both net sales and profit proceeded as planned
    - Net sales 549.5 B yen, Operating profit 144.6 B yen, Operating profit margin 26.3%
  - POR* acquisition and development of strategic products for future growth on track
    - New low-resistance metal deposition tool: evaluation in progress with multiple NAND customers
    - 3D integration tools including extreme laser lift off: negotiation underway
  - Construction of new development building in Tokyo Electron Miyagi completed
- **H1 FY2026 business outlook: no change**
  - Net sales 1.15 T yen, Operating profit 288.0 B yen, Operating profit margin 25.0%
- **CY2025 WFE: In line with expectations**
  - Reflecting currency fluctuations, etc., WFE forecast has been revised from $110B in April, to $115B

* POR (Process of Record): Certification of the adoption of equipment in customers' semiconductor production processes

As some changes were observed in the business environment, we have revised the WFE market outlook and our financial estimates. So, let me start with the revisions made, and the business progress.

In the first quarter of FY2026, both net sales and profits were almost in line with the guidance. Progress of the strategic products sales and the development and evaluation activities toward POR acquisition proceeded smoothly. For film deposition tool handling a new low-resistance metal, many NAND customers are working on evaluation with our batch furnaces. For a series of 3D integration tools including the extreme laser lift off tool released in December 2024, we are currently having business discussions with logic customers and NAND customers. In April, construction of the new development building in Miyagi was completed, in which we will enhance development of etchers, one of our main products.

Our financial estimates for the first half of FY2026 remain unchanged. Specifically, we expect net sales of 1 trillion 150 billion yen, operating income of 288 billion yen, and operating profit margin of 25.0%.

CY2025 WFE market proceeds almost as expected, although there are some shifts in investments. Factoring in impacts of exchange rate fluctuations, the WFE market is expected to slightly grow from the previous year to 115 billion dollars.

Market Environment and Business Progress

- Trends in H1 CY2026 (January – June) ：

WFE growth rate of -5% for FY2026 due to productivity improvements resulting from improved customer yields, optimization of the supply-demand balance with an eye on profits, and a shift from upfront investments to more steady investments

- Some leading-edge logic customers are revising their capex plan
- Emerging Chinese chip manufacturers are scaling back their legacy investments
- NAND investment plans are changing based on careful considerations of supply/demand balance
- Although demand for HBM* is strong, investment plans are also being revised due to production technology and customer yield improvements
- Delay in full transition investment from DRAM DDR4 to DDR5

* HBM (High Bandwidth Memory)

The outlook of semiconductor demand remains unchanged. The WFE market in the first half of CY2026, however, is expected to be affected by changes of customers’ investment trends. Specifically, customers seek for higher productivity through yield enhancement, optimization of supply-demand balance to raise profitability, and shift from proactive to solid investments. Accordingly, we have revised the outlook of WFE market growth in fiscal year ending March 2026 to negative 5% YoY.

The changes in each segment are shown in this slide.

FY2026 Financial Estimates

(Billion Yen)

	FY2025 (Actual)	FY2026 (New Forecast)					Reference: FY2026 (Forecast announced on 4/30)	
		H1	H2	Full Year	vs FY2025	Adjustments*	H2	Full Year
Net sales	2,431.5	1,150.0	1,200.0	2,350.0	-3.4%	-250.0	1,450.0	2,600.0
Gross profit	1,146.2	527.0	539.0	1,066.0	-7.0%	-162.0	701.0	1,228.0
Gross profit margin	47.1%	45.8%	44.9%	45.4%	-1.7pts	-1.8 pts	48.3%	47.2%
SG&A expenses	448.9	239.0	257.0	496.0	+10.5%	-5.0	262.0	501.0
R&D	250.0	140.0	155.0	295.0	+18.0%	-5.0	160.0	300.0
Other than R&D	198.9	99.0	102.0	201.0	+1.0%	0.0	102.0	201.0
Operating income	697.3	288.0	282.0	570.0	-18.3%	-157.0	439.0	727.0
Operating margin	28.7%	25.0%	23.5%	24.3%	-4.4pts	-3.7pts	30.3%	28.0%
Income before income taxes	706.1	293.0	286.0	579.0	-18.0%	-157.0	443.0	736.0
Net income attributable to owners of parent	544.1	224.0	220.0	444.0	-18.4%	-122.0	342.0	566.0
Net income per share (Yen)	1,182.40	488.93	-	969.12	-213.28	-266.39	-	1,235.51

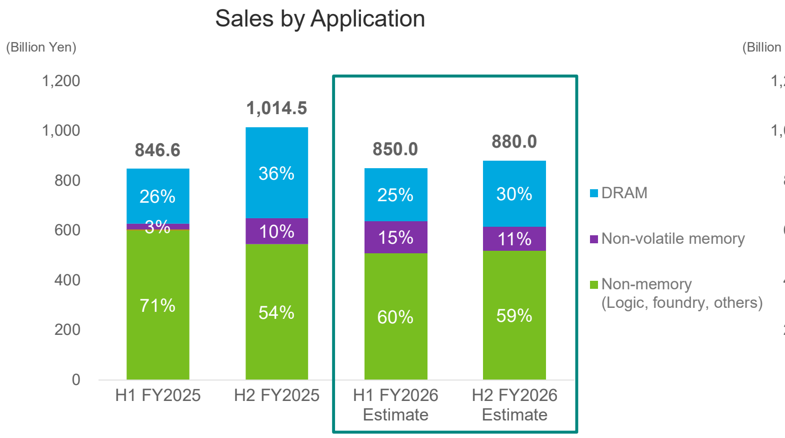
* Changes from the figures announced on April 30, 2025

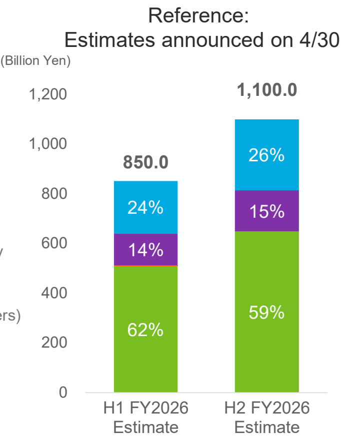
Revised forecast to reflect customer investment status

Along with the downward revision of the fiscal-year-based WFE market outlook, we have revised our FY2026 full-year financial estimates to net sales of 2 trillion 350 billion yen and operating profit margin of 24.3%. Despite the downward revision, our gross profit is expected to exceed 1 trillion yen for two years in a row.

Although we changed the WFE market outlook from January to June 2026, there is no change at all in the powerful growing trend of the semiconductor demand supported by technology driver of AI server applications. Therefore, we plan to invest 295 billion yen to R&D, similar to what as announced 3 months ago.

FY2026 SPE New Equipment Sales Forecast

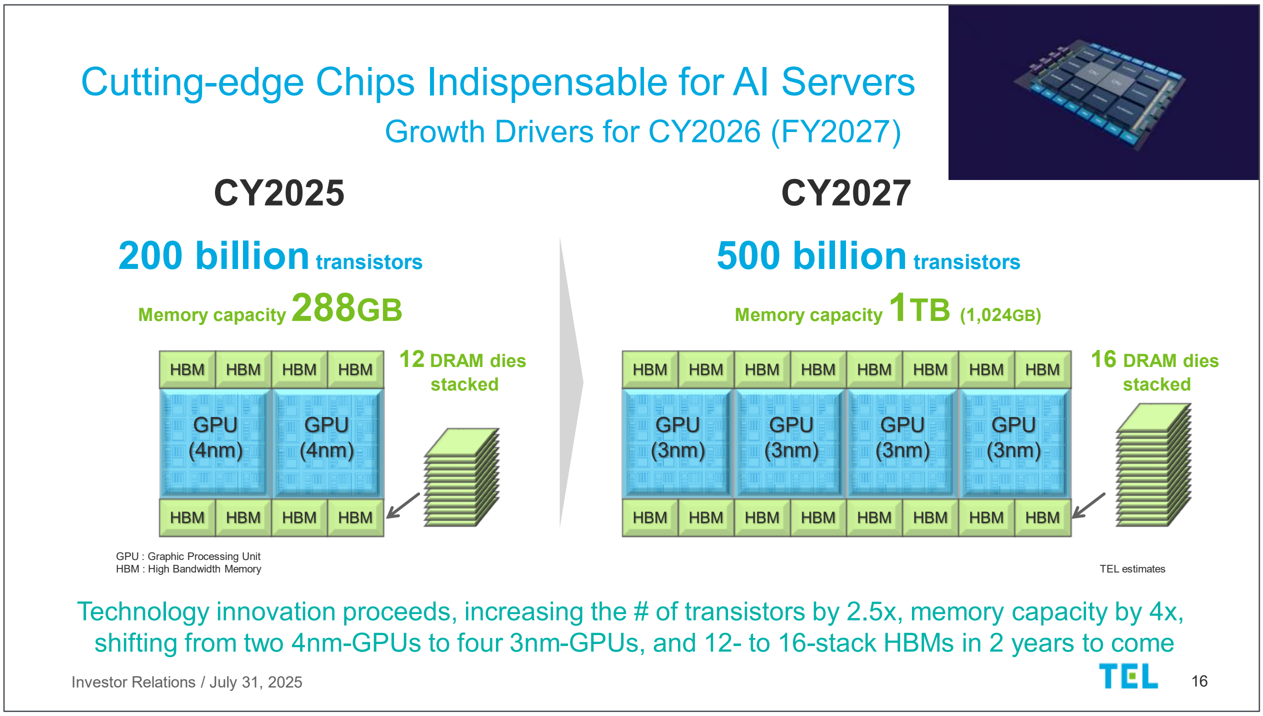




Percentages on the graph show the composition ratio of new equipment sales. Field solutions sales are not included.

Revised H2 FY2026 forecast reflecting the latest investment trend

This slide shows the revised SPE new equipment sales forecast. The SPE new equipment sales in the second half of this fiscal year are expected to grow slightly from the first half to 880 billion yen. Here is the breakdown by application. Please note that this revision is attributed mainly to the customers' manufacturing technology enhancement and changes in customers' investment strategies, and therefore, it does not necessarily link with the semiconductor demand.



As I said before, due to the changes in customers' investment trends, we are currently scrutinizing the CY2026 WFE market. Having said that, however, there is no change in our outlook of the semiconductor market, which keeps expanding, driven by the growing demand for a cutting-edge semiconductor planned to be released in CY2027 for AI servers.

AI servers require high computing power to process massive data at high speed. Currently, two of 4 nm-node GPUs are used, but in CY2027, four of 3 nm-node GPUs will be used. And in CY2027, each GPU will have 500 billion transistors, about 2.5 times more than the current GPU. The number of HBMs will also increase. Memory capacity of HBM will increase by about four times, driven by device scaling of each DRAM and increase of the number of DRAMs to be stacked. We will shift from giga-bite to tera-bite era.

Investment to realize the next-generation AI computing platform is expected to start growing from the second half of CY2026. With device scaling and advanced packaging, our business opportunities will be expanding more and more.

FY2026 R&D Expenses and Capex Plan

New Development Building
Etch system

Kurokawa-gun, Miyagi Prefecture
Completed in April 2025

New Development Building
Coater/developer, cleaning system, bonder

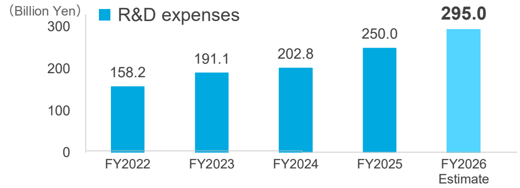
Koshi-city, Kumamoto Prefecture
Completion scheduled for autumn 2025

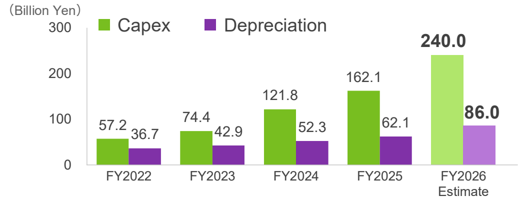
Tohoku Production and Logistics Center
Deposition system

Oshu-city, Iwate Prefecture
Completion scheduled for autumn 2025

New Production Building
Etch system

Kurokawa-gun, Miyagi Prefecture
Completion scheduled for summer 2027



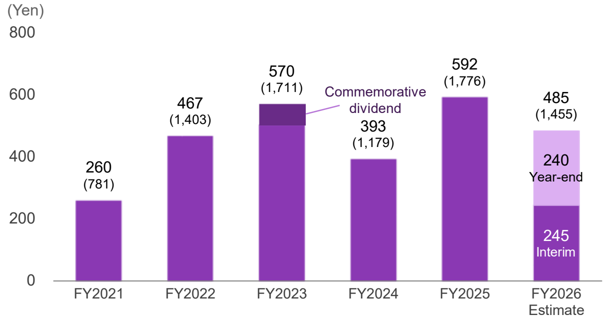


Semiconductors for AI servers drive technology innovation, fueling expanding demand.
R&D and capital investments to proceed as scheduled

This shows our plan for R&D expenses and capex. In this fiscal year, following the new development building in Miyagi whose construction was completed in April, construction of a new development building in Kumamoto and a production and logistics center in Iwate is planned to be completed in this coming fall. In Miyagi, we have also started construction of a new production building in June, which adopts next-generation smart manufacturing concept. R&D expenses in FY2026 are expected to be 295 billion yen, as I said before. The plan for capex and depreciation remains unchanged, expected to be 240 billion yen and 86 billion yen, respectively.

FY2026 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.

Full-year dividends are expected to be 485 yen per share

This is my last slide showing the dividend forecast. Reflecting the revised financial estimates for the second half of this fiscal year, the full-year dividend per share is expected to be 485 yen in this fiscal year. While taking account of status of cash on hand and capital efficiency during this fiscal year, we will flexibly consider the implementation of share repurchase.

This concludes my presentation. Thank you very much.

TEL

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