

# Q3 FY2025 (October - December 2024) Financial Announcement

February 6, 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 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.

## Q3 FY2025 Consolidated Financial Summary

February 6, 2025

Hiroshi Kawamoto  
SVP & GM, Division Officer of Finance Division



Good afternoon. I am Kawamoto of Finance Division. I would like to present the consolidated financial summary of the third quarter of the fiscal year ending March 2025.

# Financial Summary (Quarterly)

(Billion yen)

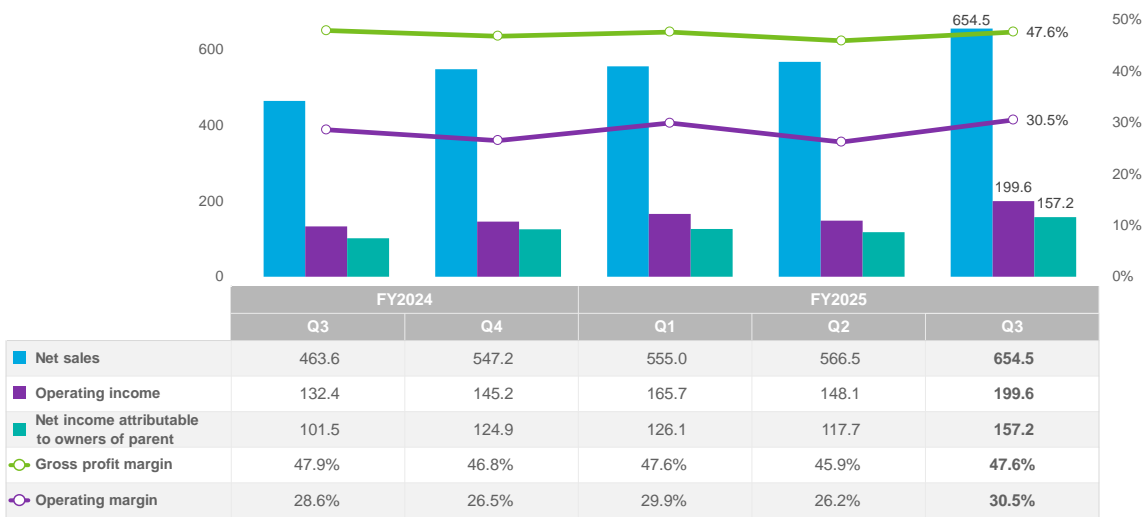
	FY2024		FY2025			vs. Q2 FY2025	vs. Q3 FY2024
	Q3	Q4	Q1	Q2	Q3		
Net sales	463.6	547.2	555.0	566.5	654.5	+15.5%	+41.2%
Gross profit	222.1	256.1	264.0	259.9	311.7	+19.9%	+40.4%
Gross profit margin	47.9%	46.8%	47.6%	45.9%	47.6%	+1.7pts	-0.3pts
SG&A expenses	89.6	110.8	98.2	111.7	112.1	+0.3%	+25.1%
Operating income	132.4	145.2	165.7	148.1	199.6	+34.7%	+50.7%
Operating margin	28.6%	26.5%	29.9%	26.2%	30.5%	+4.3pts	+1.9pts
Income before income taxes	134.4	157.8	167.2	153.6	200.1	+30.3%	+48.8%
Net income attributable to owners of parent	101.5	124.9	126.1	117.7	157.2	+33.6%	+54.9%
R&D expenses	49.7	58.4	53.4	62.0	61.8	-0.4%	+24.1%
Capital expenditures	31.8	32.9	23.9	53.3	50.2	-5.7%	+57.8%
Depreciation and amortization	13.8	15.3	13.2	14.5	16.0	+10.8%	+16.4%

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.  
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 third quarter, we generated net sales of 654.5 billion yen, 15.5% increase from the previous quarter. This was the second-highest quarterly net sales. Gross profit was 311.7 billion yen, 19.9% increase from the previous quarter. Gross profit margin was 47.6%, 1.7 percentage points increase, due to the rise of net sales. Operating income was 199.6 billion yen, 34.7% increase from the previous quarter. Operating profit margin was 30.5%, raised by 4.3 percentage points from the previous quarter, due to the increase of gross profit margin that I mentioned before. Income before income taxes increased by 30.3% to 200.1 billion yen. Net income attributable to owners of parent was 157.2 billion yen, 33.6% increase from the previous quarter. Capital expenditures in the third quarter were 50.2 billion yen. Mainly focusing on evaluation tools for development, we keep investing for future growth.

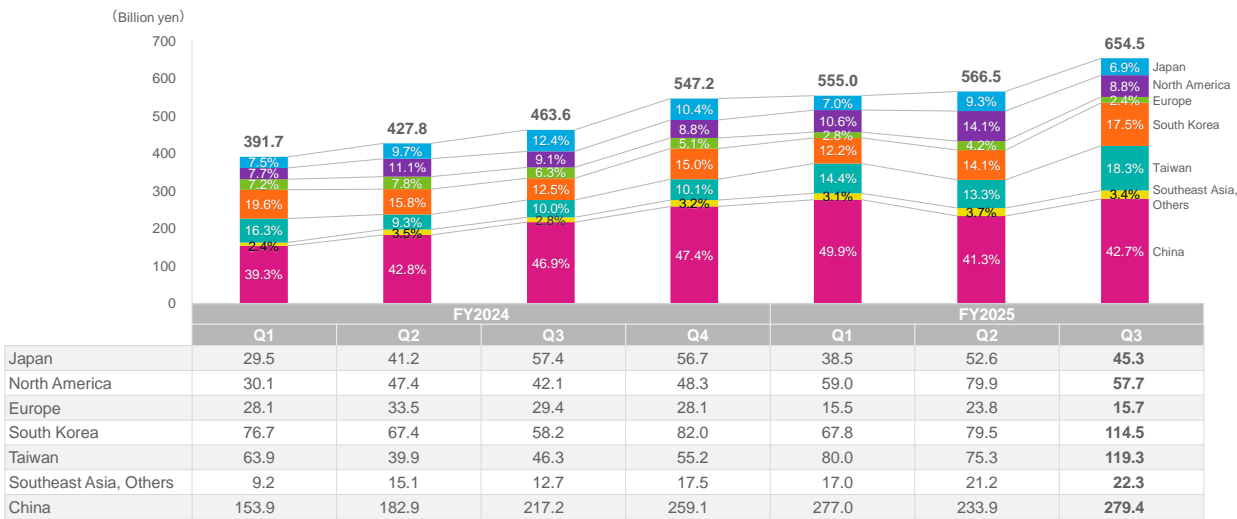
# Financial Performance (Quarterly)

(Billion Yen) 800



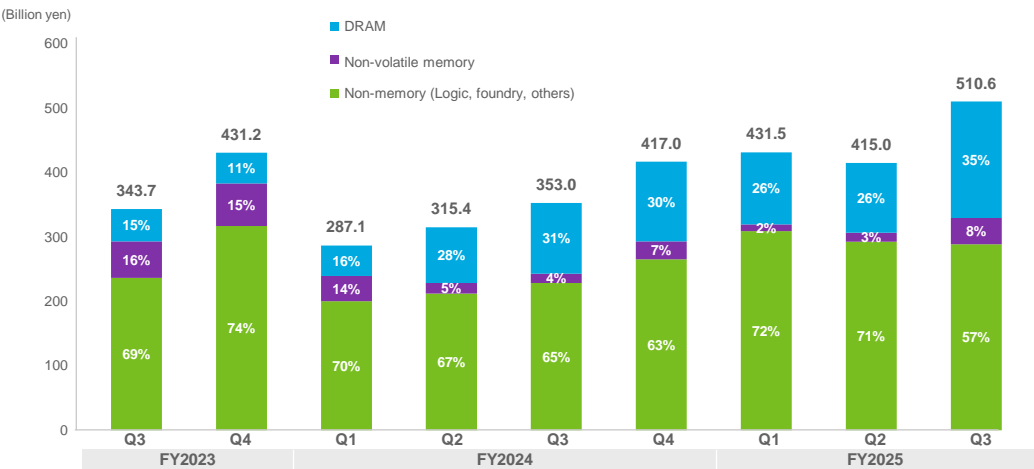
This is a graphic representation of the financial summary shown on the previous page on the chronological basis for your reference.

# Composition of Net Sales by Region (Q1 FY2024 - Q3 FY2025)



This slide shows net sales by region. As for the net sales composition in the third quarter, proportion of Taiwan and South Korea rose by 5.0 and 3.4 percentage points, respectively, quarter-over-quarter. Proportion of China fluctuated in low 40% level, as in the second quarter.

# SPE New Equipment Sales by Application (Quarterly)

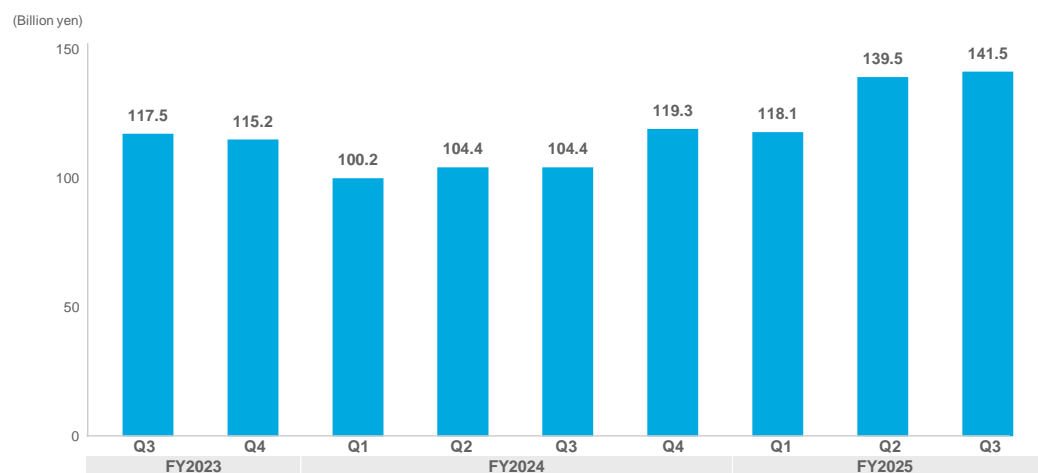


\*1 SPE: Semiconductor production equipment

\*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 third quarter, from the bottom of this chart, sales to non-memory customers accounted for 57%, non-volatile memory accounted for 8%, and DRAM accounted for 35%. Sales to DRAM customers increased and its proportion rose by 9 percentage points from the previous quarter.

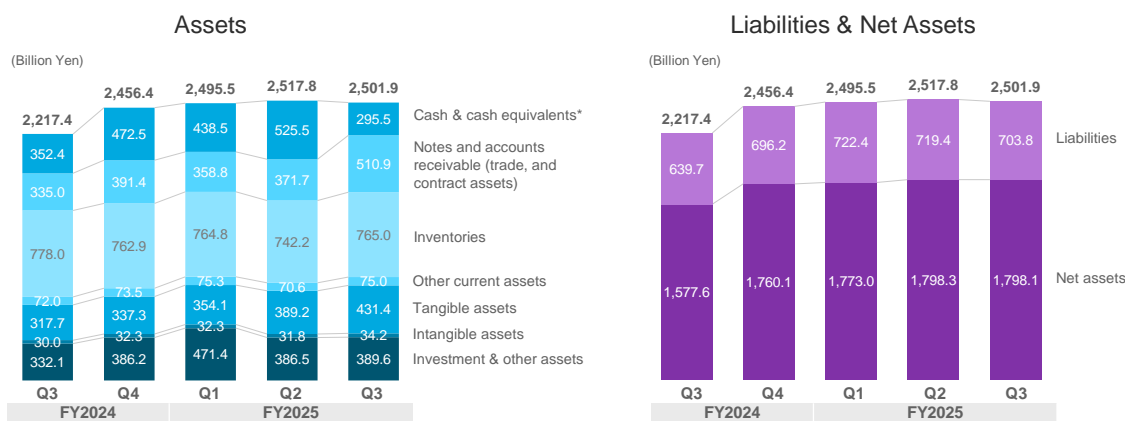
# Field Solutions Sales (Quarterly)



This slide shows the Field Solutions sales. In the third quarter, Field Solution sales were 141.5 billion yen, growing by 1.9 billion yen. Sales of parts and services rose along with improvement of utilization rate in the customers' fabs. Modification sales were also strong.



# Balance Sheet (Quarterly)

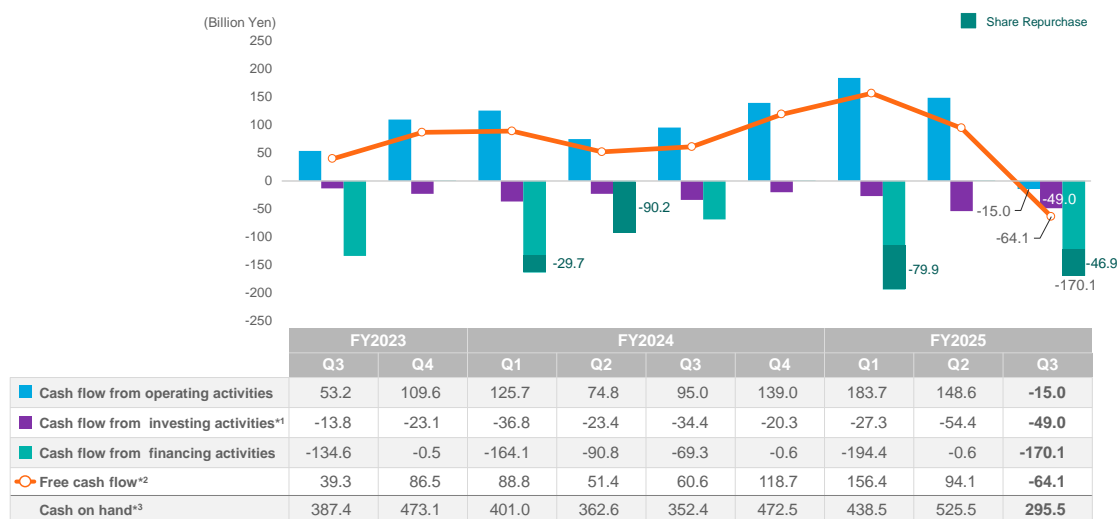


\*Cash and cash equivalents: "Cash and deposits" + "Short-term investments", etc. ("Securities" in Balance Sheet).

This slide shows the balance sheet. Total assets were 2 trillion 501.9 billion yen. Cash and cash equivalents were 295.5 billion yen, declining by 230.0 billion yen from the previous quarter, due to dividend payment to shareholders, share repurchase, tax payment, and so on. Notes and accounts receivable were 510.9 billion yen, increasing by 139.2 billion yen quarter over quarter, partly because sales were concentrated in November and December due to recovery of investment among our major customers. Inventories were 765.0 billion yen, increasing by 22.7 billion yen quarter over quarter. Investment and other assets were 389.6 billion yen, increasing by 3.1 billion yen from the previous quarter.

For the liabilities and net assets shown on the right-hand side, liabilities were 703.8 billion yen, decreasing by 15.6 billion yen from the previous quarter. Net assets were 1 trillion 798.1 billion yen, declining by 0.2 billion yen quarter over quarter. The equity ratio was 71.2%.

# Cash Flow (Quarterly)



<sup>\*1</sup> Cash flow from investing activities excludes changes in time deposits and short-term investments.

<sup>\*2</sup> Free cash flow = "Cash flow from operating activities" + "Cash flow from investing activities" (excluding changes in "Time deposits" and "Short-term investments").

<sup>\*3</sup> 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 outflow from operating activities in the third quarter was 15.0 billion yen, because of such factor as transient increase of notes and accounts receivable and interim tax payment that I said before. The cash outflow from investing activities was 49.0 billion yen, due to acquisition of fixed assets mainly including evaluation tools for development. The cash outflow from financing activities was 170.1 billion yen, primarily because of dividend payment and share repurchase, as I described in the balance sheet. As a result, free cash outflow was 64.1 billion yen. Free cash flow is expected to improve to post significant positive figures in the fourth quarter.

## Status of Share Repurchase

### ■ As of December 31, 2024

- Total number of shares acquired 2,024,200 shares
- Total cost of acquisition 46,951,329,991 yen

### Reference

### ■ As of January 31, 2025 (Completed)

- Total number of shares acquired 2,901,300 shares
- Total cost of acquisition 69,999,869,491 yen

(Resolutions of the Board of Directors' meeting held on November 12, 2024)

- 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 70 billion yen
- Period of acquisition From November 13, 2024 to January 31, 2025

Finally, I will present the status of share repurchase. As of December 31, 2024, we acquired 2,024,200 shares, spending 46.9 billion yen in total. As presented in the timely disclosure on February 3, this share repurchase program was completed in January 2025. This concludes my presentation of the consolidated financial summary of the third quarter of the fiscal year ending March 2025.

# Business Environment and Financial Estimates

February 6, 2025

Toshiki Kawai  
Representative Director, President & CEO



This is Kawai. I will present “Business Environment and Financial Estimates”.

## Business Environment (WFE Market Outlook as of February 2025)

- **CY2024: Reached around \$110B, exceeding initial forecast by \$10B**

- In addition to accelerated deliveries to Chinese customers, AI server investment was brisk

- **CY2025: Forecasting around \$110B, flat YoY**

- Lull in automotive and power semiconductor investment, and investment by emerging Chinese manufacturers
- Leading-edge logic and HBM<sup>\*1</sup> driving investment on demand for AI servers

- **CY2026: Double-digit growth expected**

Expanding business opportunities for TEL amid progress in technological innovations along both scaling and heterogeneous integration axes (GAA<sup>\*2</sup>, Backside PDN<sup>\*3</sup>, HBM, testing) for high capacity, ultra-high speed, high reliability and low power consumption

<sup>\*1</sup> HBM (High Bandwidth Memory)

<sup>\*2</sup> GAA (Gate All Around)

<sup>\*3</sup> Backside PDN (Power Delivery Network) : Structures that arrange power delivery networks on the backside of wafer

: A transistor structure where the channel is surrounded by the gate

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Let me start with the business environment. We believe WFE market landed last year, CY2024, at \$110B in size, exceeding the original expectation by about \$10B, because leading-edge technology investment to AI servers was very active and delivery to Chinese customers were pulled forward. CY2025 WFE market size is expected to be comparable with last year around \$110B, due to the pulled-forward delivery and a lull in investment to automotive semiconductors and power semiconductors, as well as in mature-node investment by emerging Chinese IC vendors. Though the current forecast is slightly lower than that of three months ago, very strong demand for AI semiconductors keeps growing, and along with the technology evolution, driven by advanced logic and HBM, the WFE market size will continuously achieve record-high level. Also in CY2026, growth of AI-related investment will drive WFE market. GPU and ASIC for AI server will shift to the 3 nm node from the current 4 nm node. HBM to be used will evolve from the current 8-layer stacking to 12- and 16-layer stacking while proceeding with device scaling.

In addition, full-swing introduction of AI to edge side, such as smartphone and PC, will start, which will trigger demand growth for 2 nm-node logic and DDR5. Due to these drivers, the WFE market is expected to show a double-digit growth. For AI applications, cutting-edge semiconductor technologies are essential.

Toward the realization of semiconductor devices featuring large capacity, ultrahigh speed, high reliability, and low power consumption, technology innovation is moving forward, supported by two primary drivers: the one is device scaling which is well-known intrinsic nature of performance enhancement of semiconductor and the other is a new driver, heterogeneous integration. Along with the evolution of such technologies as GAA, backside PDN, high-stacking memories, and test processes, our business opportunities will expand more and more.

## Q3 FY2025 Business Progress

- Net sales, profit, etc., achieved all plan targets
  - Q3: Net sales 654.5 B yen, Operating profit 199.6 B yen, Operating profit margin 30.5%
  - Growth rate of +26% on a CY basis, significantly outperforming market growth
- Made good progress in evaluation and acquisition of PORs\*<sup>1</sup> with strategic products
  - Cryogenic etch: Acquired HVM\*<sup>2</sup> POR in channel hole etching for NAND
  - Episode™ 1 Single wafer deposition: Acquired HVM PORs for logic backside PDN
- Two new products released to expand SAM
  - LEXIA™ -EX PVD system
    - 20% higher throughput, 40% smaller footprint, 14% lower CO<sub>2</sub> emissions
  - Ulucus™ LX Extreme laser lift off system
    - 90%+ reduction in deionized water consumption, increased number of viable chips per wafer, now developing technology to reuse excess silicon wafers it removes

\*1 POR (Process of Record): Certification of the adoption of equipment in customers' semiconductor production processes

\*2 HVM (High Volume Manufacturing)  
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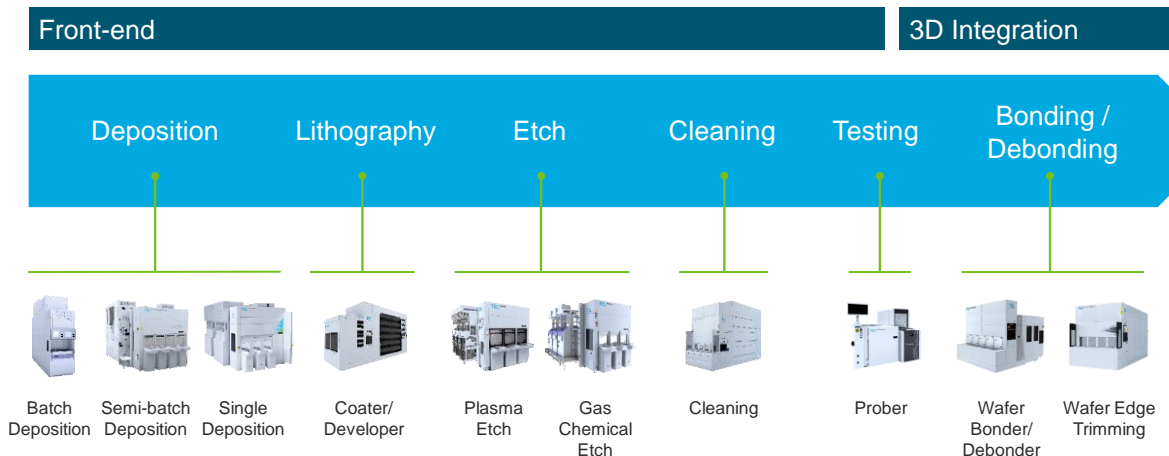
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This shows business progress in the third quarter of fiscal year ending March 2025. Regarding the financial performance, as Mr. Kawamoto presented earlier, net sales, profit, and all other indicators achieved our guidance. Our sales growth rate on the calendar year basis recorded 26%, significantly outperforming the market growth. In addition to expansion of the Chinese market, AI-related investments drive the market growth. Toward full implementation of investment for high-volume production of leading-edge semiconductors, we are receiving increasing number of inquiries for advanced logic, DRAM for HBM application, and advanced packaging, which pushes up the proportion of our new products sales. This trend is expected to raise our full-year net sales and profits to record high. In this ongoing quarter, we are steadily winning PORs with our high-value-added strategic products. For cryogenic etching which attracts attention in the market, one NAND customer has decided to adopt it for high-volume manufacturing line, while evaluation is steadily in progress at multiple customers.

For Episode™ 1, the single-wafer film deposition system we announced in July 2024, we have won PORs for logic backside PDN high-volume manufacturing from all major customers. Episode™ 1 was highly valued because of its lower contact resistance achieved by high interface controllability and its superior productivity.

In December 2024, we released the two new models shown in this slide. They feature enhanced productivity and environmental performance, and are expected to contribute to our SAM expansion.

## Expanding Opportunities: Wide Product Portfolio



Growth strategy for each product will be presented at IR Day scheduled on Feb 26

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We are on track toward the achievement of the mid-term management plan, winning PORs and introducing new products. As shown here, our company has a broad range of product portfolio to support device scaling which is well-known intrinsic nature of semiconductor revolution. In addition to products for the wafer process, we will actively provide solutions for advanced packaging which will become increasingly important in the future.

In the IR Day to be held on February 26, the head of each business unit will present our future growth strategy. We would really appreciate your participation. In the growing WFE market, we will pursue No.1 share in each product group to further enhance our corporate value.

## New Production Building Construction at Tokyo Electron Miyagi

- Total floor area: Approx. 88,600m<sup>2</sup> (planned; excluding the ancillary facility area)
- Structure: Steel frame structure with a base isolation system
- Number of floors: 5 above ground
- Construction cost: Approx. 104B yen
- Purpose: Manufacture of etch systems

**New Production Building**  
(Completion scheduled for summer 2027)



Realize the Smart Production concept  
by automating logistics functions and mechanizing manufacturing processes  
to provide high production capacity/quality/efficiency production lines

In the WFE market which will grow in the future, our dry etcher business is expected to grow drastically, as the number of etching processes will increase along with technology innovation and our share is growing. In order to capture such growth opportunity as much as possible, we have decided to construct a new production building in Tokyo Electron Miyagi. Based on the Smart Production Initiative to realize next-generation manufacturing concept, the new production building will adopt automation of logistic functions and manufacturing process. We will aim to increase labor productivity by four times, double space efficiency, and reduce production lead time by a factor of three compared with the current condition.



## FY2025 Financial Estimates

Next, I will present the financial estimates for FY2025.

# FY2025 Financial Estimates

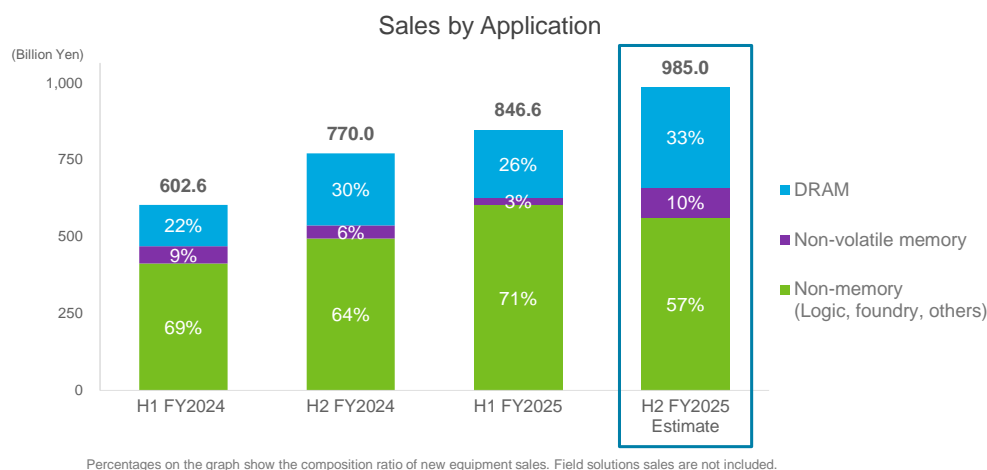
(Billion Yen)

	FY2024 (Actual)	FY2025			
		H1 (Actual)	H2 (Estimate)	Full Year (Estimate)	Full Year YoY
Net sales	1,830.5	1,121.6	1,278.3	2,400.0	+31.1%
Gross profit	830.2	523.9	605.0	1,129.0	+36.0%
Gross profit margin	45.4%	46.7%	47.3%	47.0%	+1.6pts
SG&A expenses	374.0	210.0	238.9	449.0	+20.1%
R&D	202.8	115.4	138.6	254.0	+25.2%
Other than R&D	171.1	94.5	100.3	195.0	+14.0%
Operating income	456.2	313.9	366.0	680.0	+49.0%
Operating margin	24.9%	28.0%	28.6%	28.3%	+3.4pts
Income before income taxes	473.4	320.8	370.1	691.0	+46.0%
Net income attributable to owners of parent	363.9	243.9	282.0	526.0	+44.5%
Net income per share (Yen)	783.75	528.67	-	1,142.47	+358.72

FY2025 annual sales to grow >30%, greatly outperforming the market

Three months ago, we revised the financial estimates upward by 100 billion yen. Our current estimates remain unchanged. FY2025 full-year net sales estimates are 2 trillion 400 billion yen, which represents 31% positive growth year-over year. We expect to significantly outperform market growth. The details are shown in this table. Net sales, gross profit, gross profit margin, operating income, net income, and EPS are planned to hit record high.

# FY2025 SPE New Equipment Sales Forecast



Expect record-high half-year sales in H2 FY2025

This slide shows the SPE new equipment sales forecast. Driven by the progress in the third quarter, net sales in the second half of this fiscal year are expected to achieve all-time high of 985.0 billion yen.

# 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

## New Development Building

Coater/developer, cleaning system, bonder



Koshi-city, Kumamoto Prefecture  
Completion scheduled for summer 2025

## Tohoku Production and Logistics Center

Deposition system



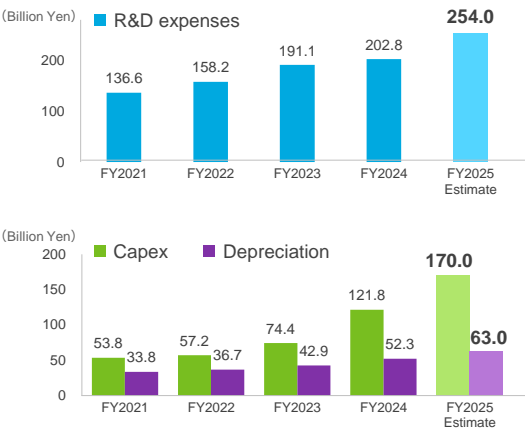
Oshu-city, Iwate Prefecture  
Completion scheduled for autumn 2025

## New Development Building

Etch system



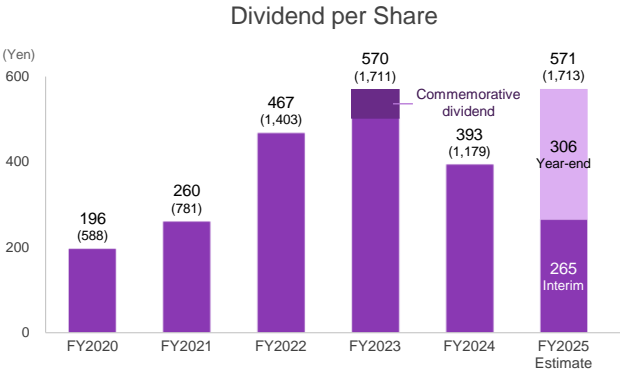
Kurokawa-gun, Miyagi Prefecture  
Completion scheduled for spring 2025



Continue aggressive R&D and capital investments for future growth

This shows our plan for R&D expenses and capex. In FY2025, we expect R&D expenses of 254 billion yen, capex of 170 billion yen, and depreciation of 63 billion yen.

# FY2025 Dividend Forecast



- 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 60<sup>th</sup> 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

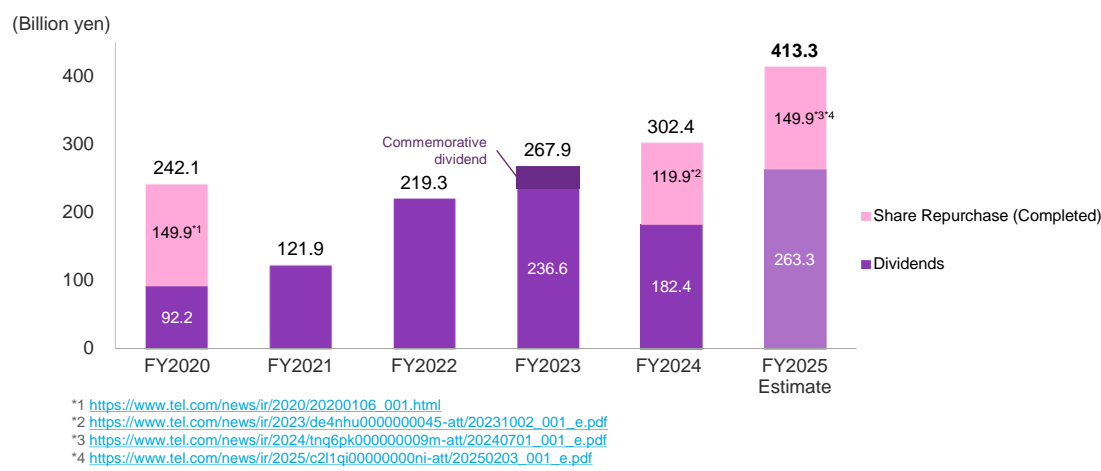
We will flexibly consider share buybacks

\*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 571 yen per share

This slide shows the dividend forecast. In FY2025, the full-year dividend per share is expected to be 571 yen, surpassing the record posted in the fiscal year ended March 2023.

# Total Return Amount



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

This is my last slide showing total return amount over the past few years. The total return amount in this fiscal year, totaling the dividend per share and additional share repurchase that I presented earlier, is expected to be 413.3 billion yen, establishing a new record, surpassing the record in the previous fiscal year ended March 2024 by more than 100 billion yen.

This concludes my presentation. Thank you very much.

