

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.

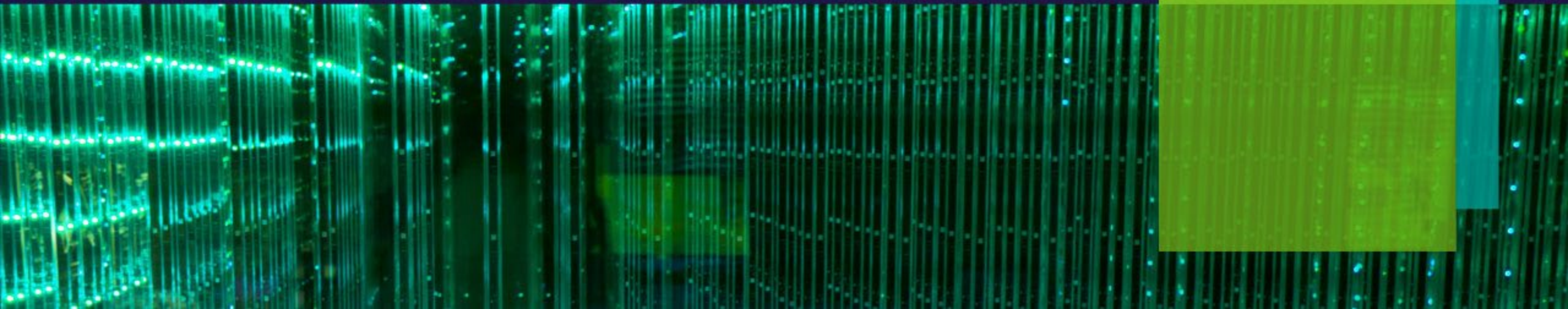
- Foreign exchange risk

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



Financial Summary (Quarterly)

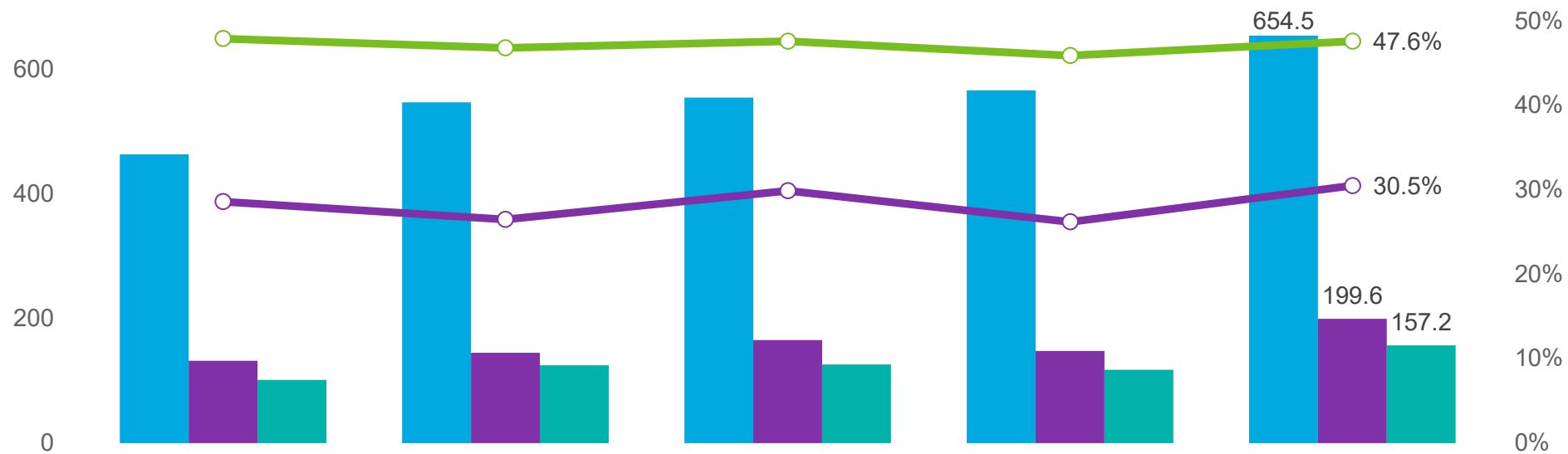
(Billion yen)

	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.

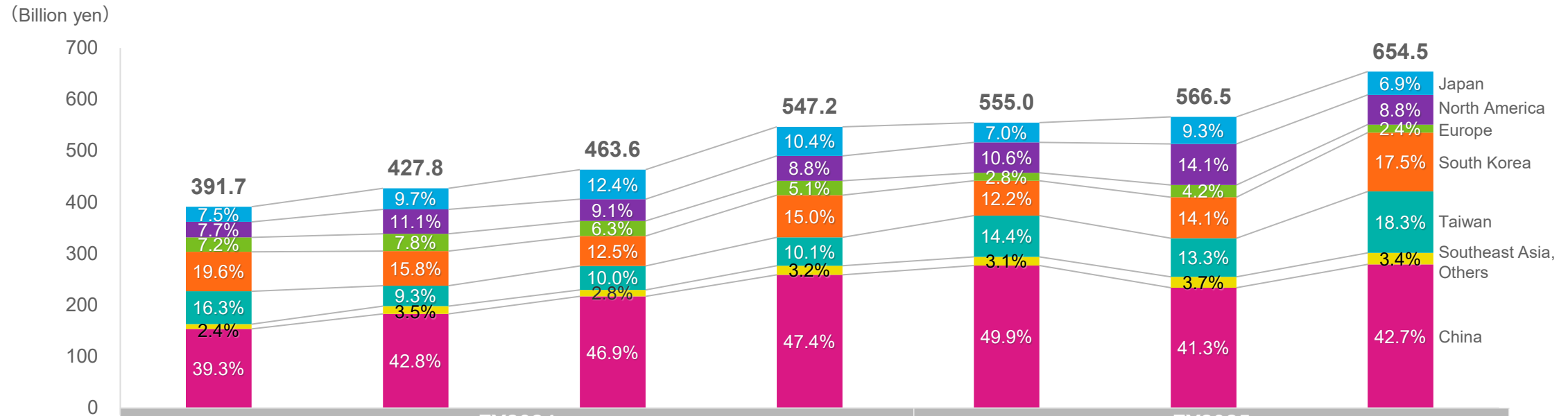
Financial Performance (Quarterly)

(Billion Yen) 800



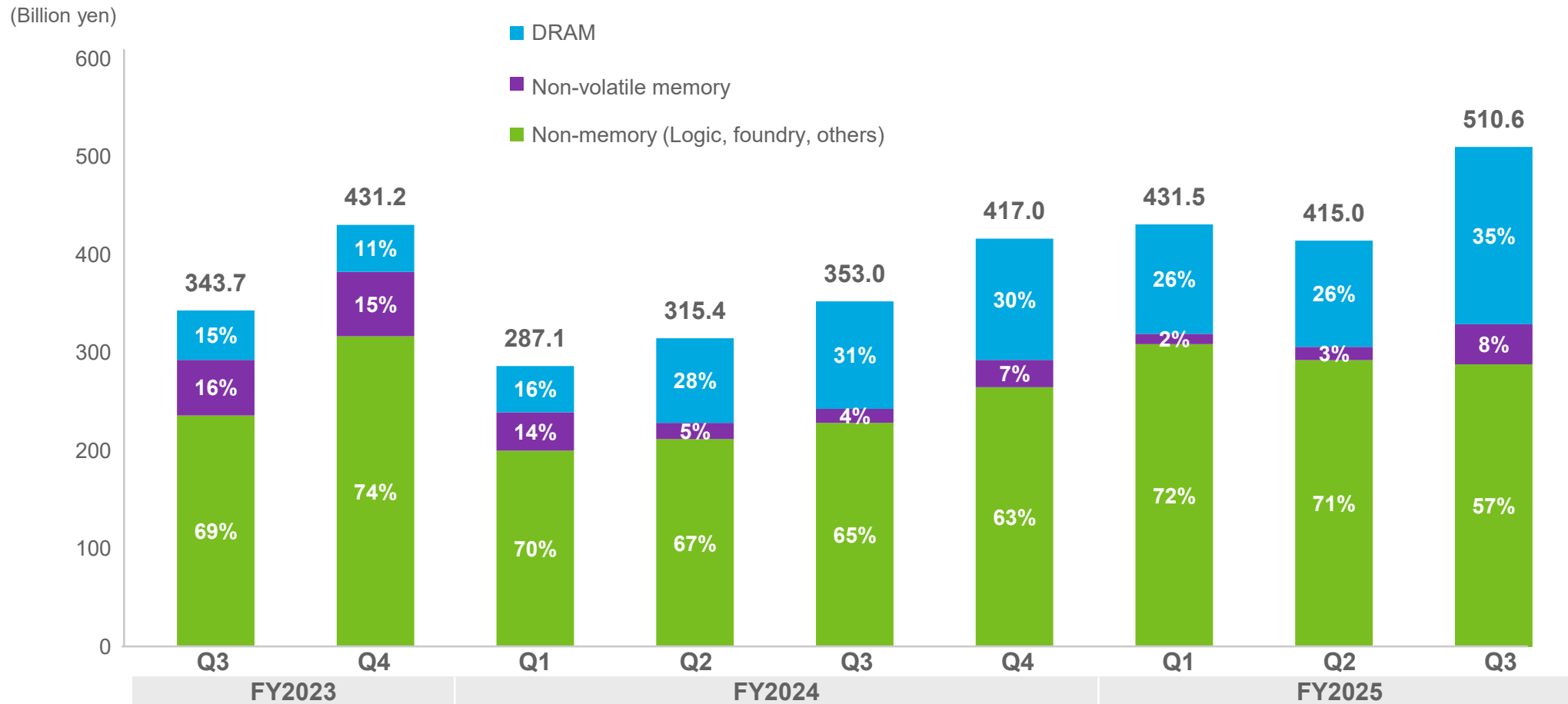
	FY2024		FY2025		
	Q3	Q4	Q1	Q2	Q3
■ Net sales	463.6	547.2	555.0	566.5	654.5
■ Operating income	132.4	145.2	165.7	148.1	199.6
■ Net income attributable to owners of parent	101.5	124.9	126.1	117.7	157.2
○ Gross profit margin	47.9%	46.8%	47.6%	45.9%	47.6%
○ Operating margin	28.6%	26.5%	29.9%	26.2%	30.5%

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



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

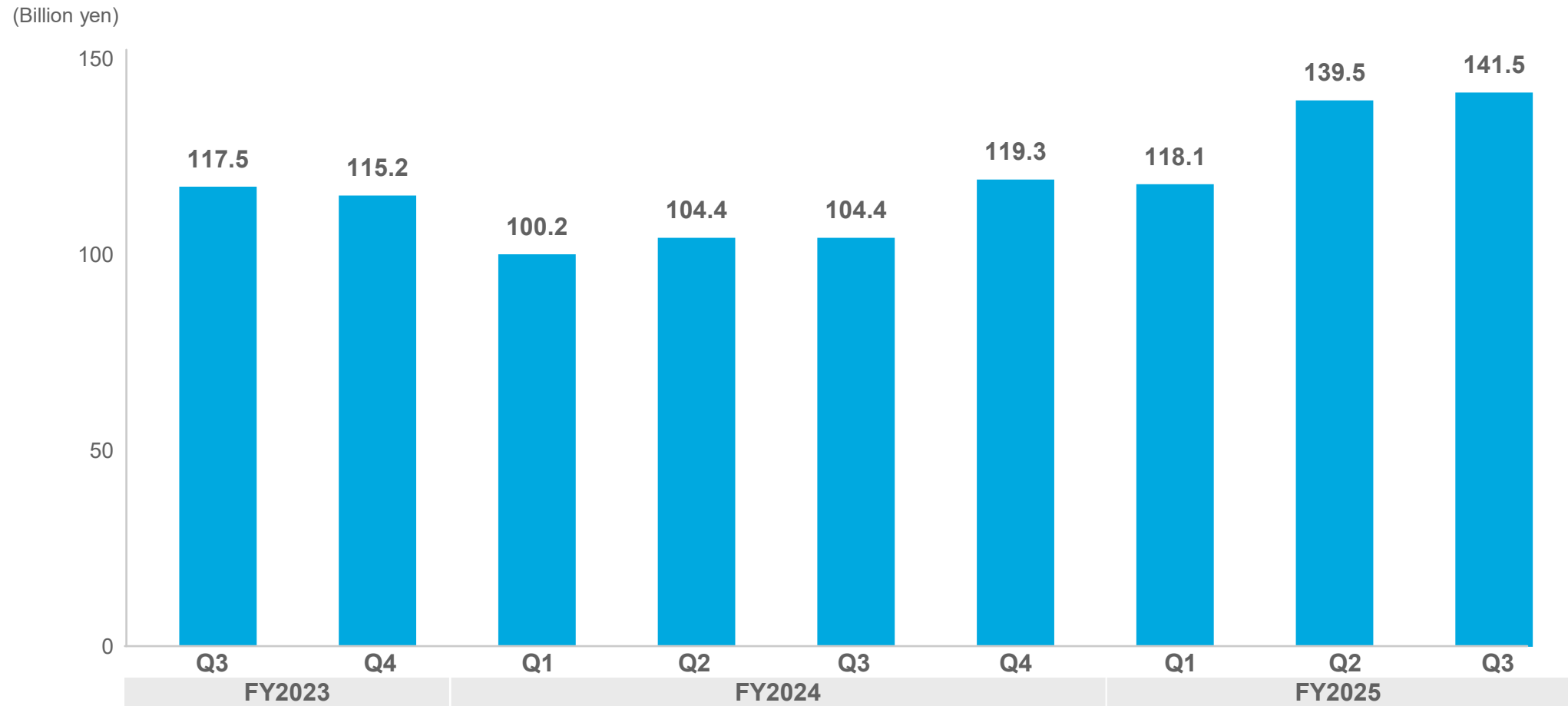
SPE New Equipment Sales by Application (Quarterly)



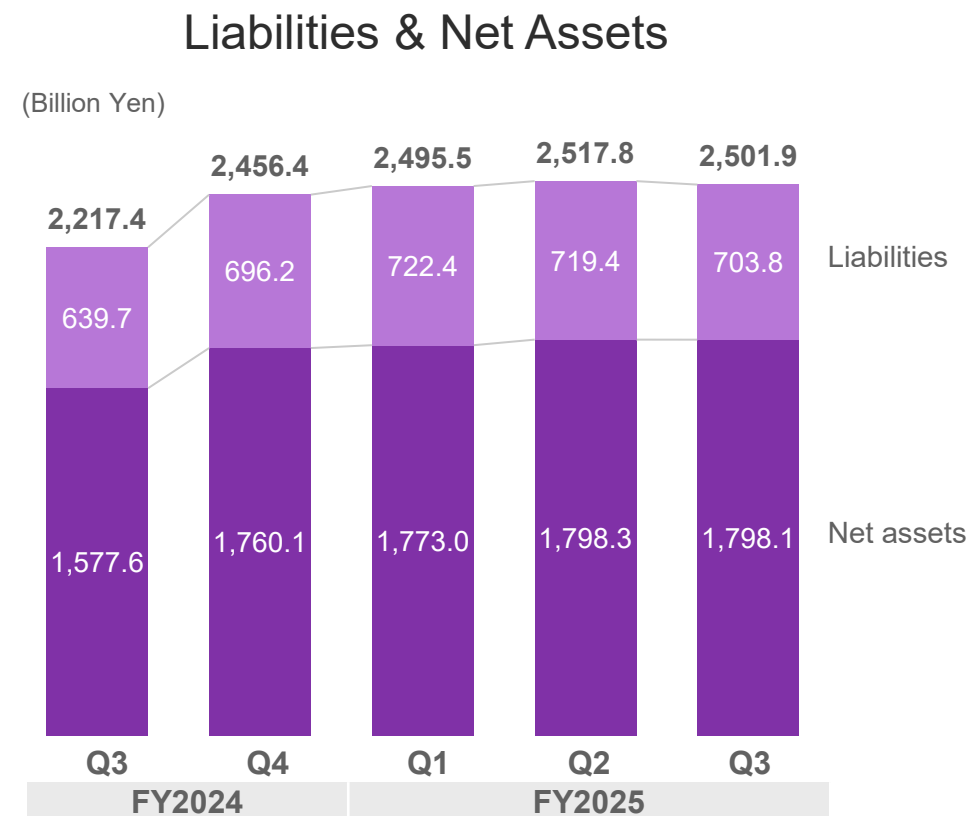
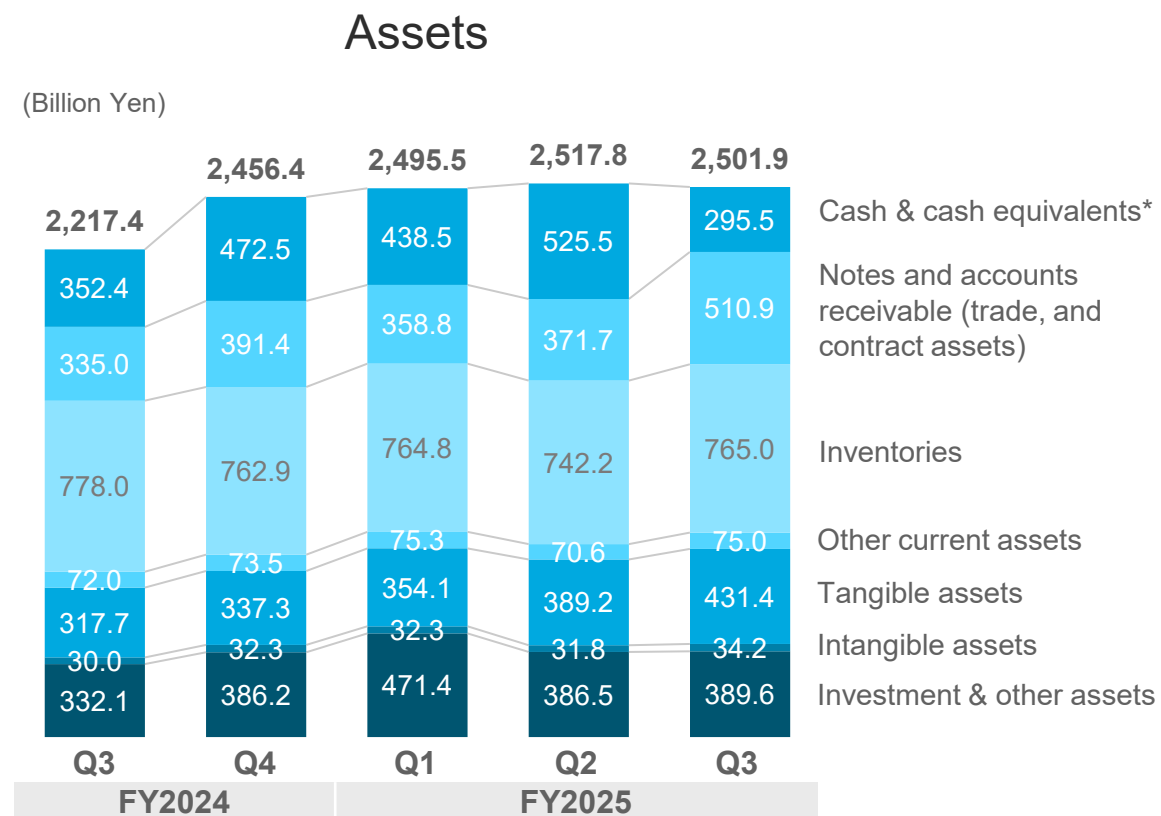
*1 SPE: Semiconductor production equipment

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

Field Solutions Sales (Quarterly)

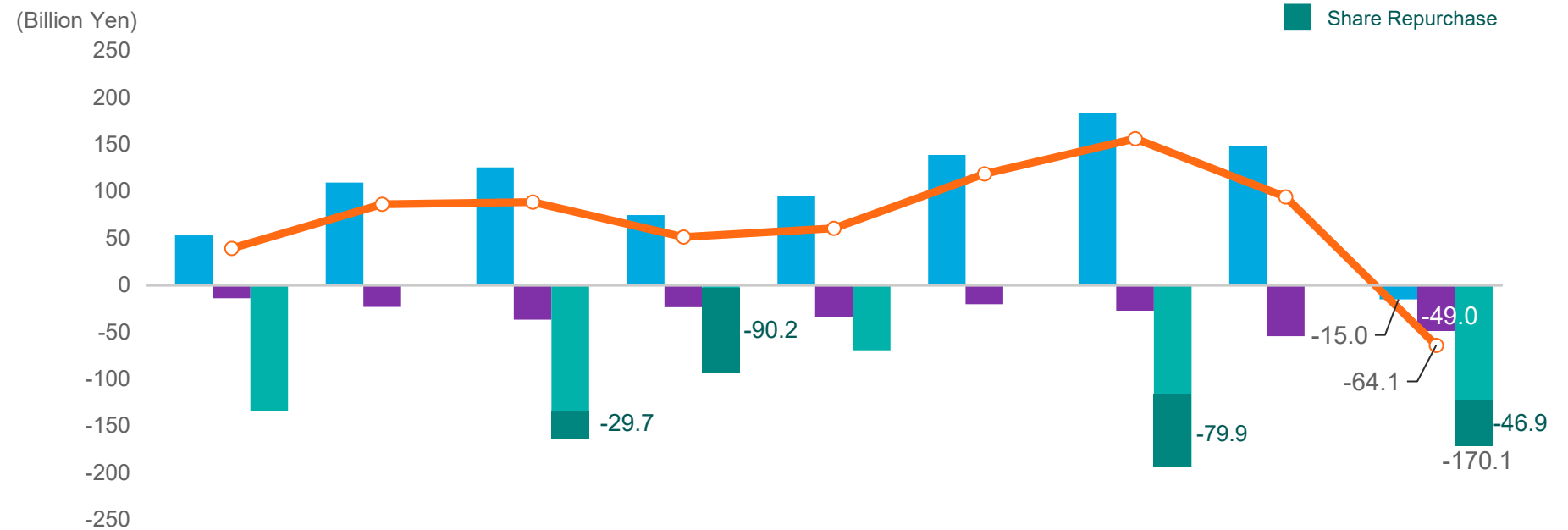


Balance Sheet (Quarterly)



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

Cash Flow (Quarterly)



	FY2023		FY2024				FY2025		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
■ Cash flow from operating activities	53.2	109.6	125.7	74.8	95.0	139.0	183.7	148.6	-15.0
■ Cash flow from investing activities*1	-13.8	-23.1	-36.8	-23.4	-34.4	-20.3	-27.3	-54.4	-49.0
■ Cash flow from financing activities	-134.6	-0.5	-164.1	-90.8	-69.3	-0.6	-194.4	-0.6	-170.1
○ Free cash flow*2	39.3	86.5	88.8	51.4	60.6	118.7	156.4	94.1	-64.1
Cash on hand*3	387.4	473.1	401.0	362.6	352.4	472.5	438.5	525.5	295.5

*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.

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

Business Environment and Financial Estimates

February 6, 2025

Toshiki Kawai
Representative Director, President & CEO



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^{*1} 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^{*2}, Backside PDN^{*3}, HBM, testing) for high capacity, ultra-high speed, high reliability and low power consumption

^{*1} HBM (High Bandwidth Memory)

^{*2} GAA (Gate All Around)

^{*3} 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

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^{*1} with strategic products
 - Cryogenic etch: Acquired HVM^{*2} POR in channel hole etching for NAND
 - EpisodeTM 1 Single wafer deposition: Acquired HVM PORs for logic backside PDN
- Two new products released to expand SAM
 - LEXIATM -EX PVD system
 - 20% higher throughput, 40% smaller footprint, 14% lower CO₂ emissions
 - UlucusTM 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

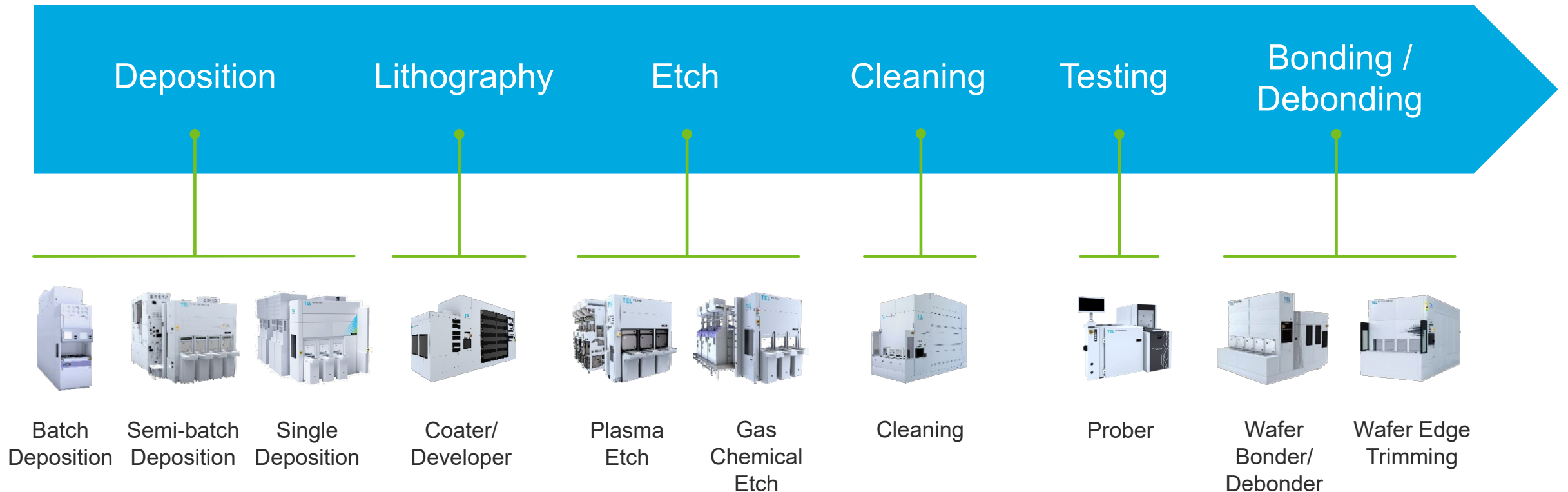
^{*1} POR (Process of Record): Certification of the adoption of equipment in customers' semiconductor production processes

^{*2} HVM (High Volume Manufacturing)

Expanding Opportunities: Wide Product Portfolio

Front-end

3D Integration



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

New Production Building Construction at Tokyo Electron Miyagi

- Total floor area: Approx. 88,600m² (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

FY2025 Financial Estimates

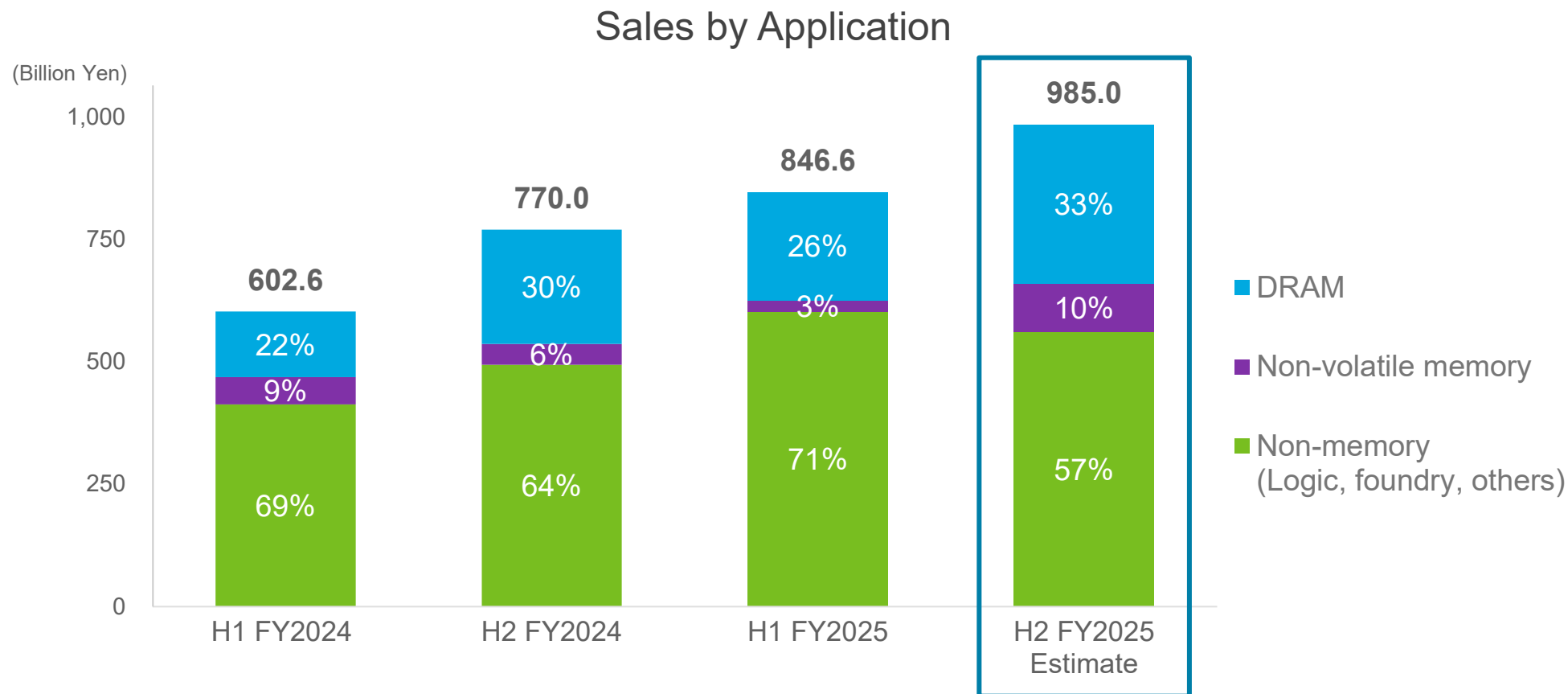
FY2025 Financial Estimates

(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

FY2025 SPE New Equipment Sales Forecast



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

Expect record-high half-year sales in H2 FY2025

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, bonder



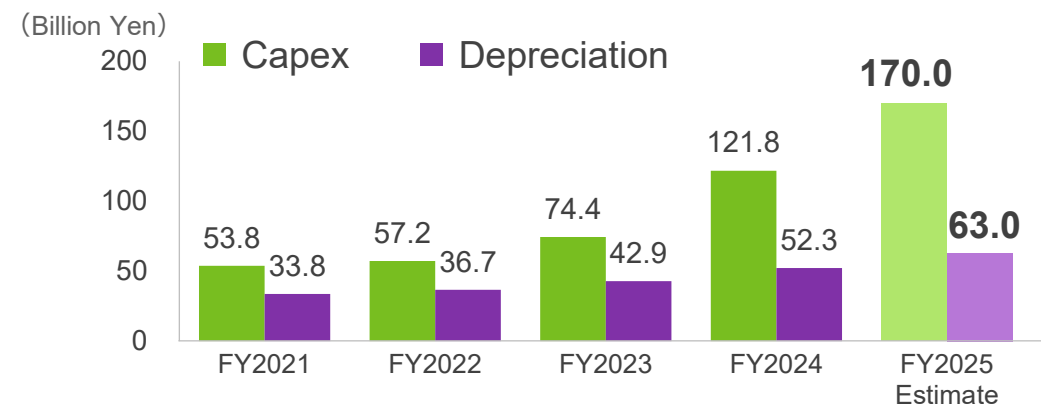
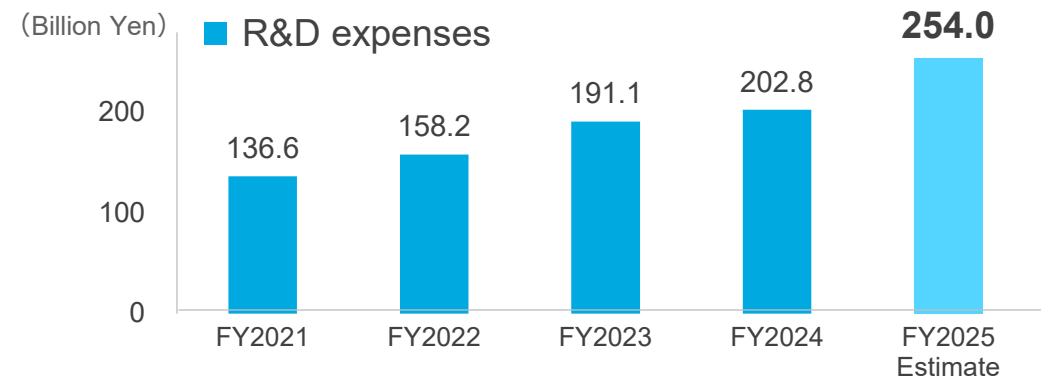
Koshi-city, Kumamoto Prefecture
Completion scheduled for summer 2025

New Development Building

Etch system



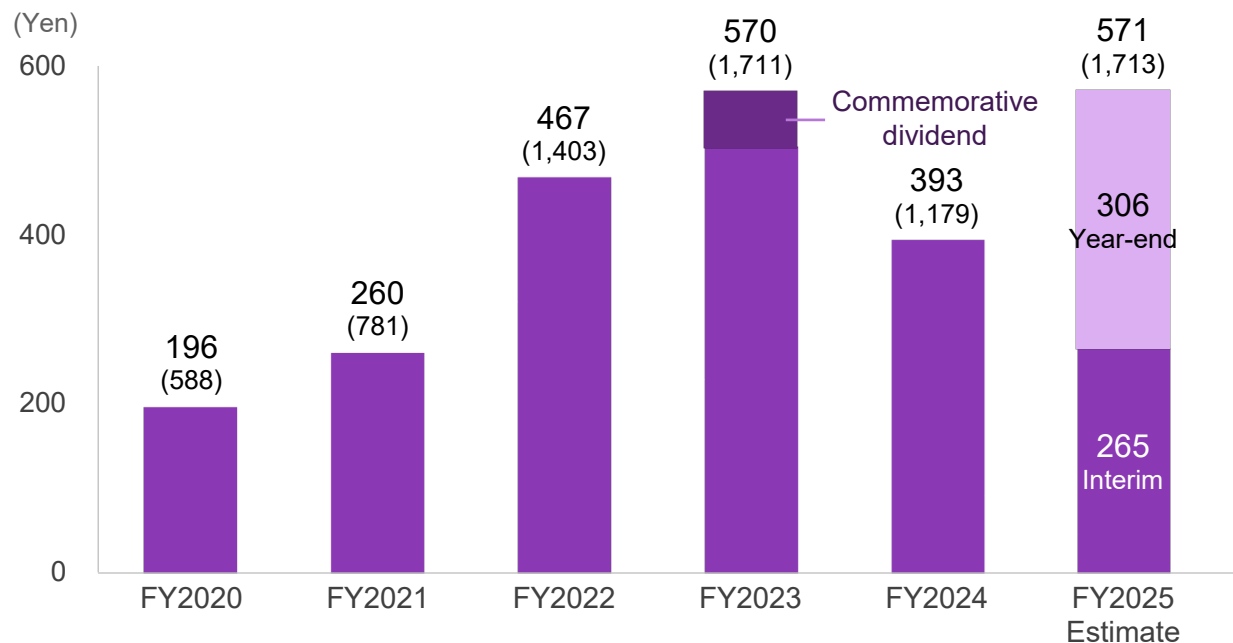
Kurokawa-gun, Miyagi Prefecture
Completion scheduled for spring 2025



Continue aggressive R&D and capital investments for future growth

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*

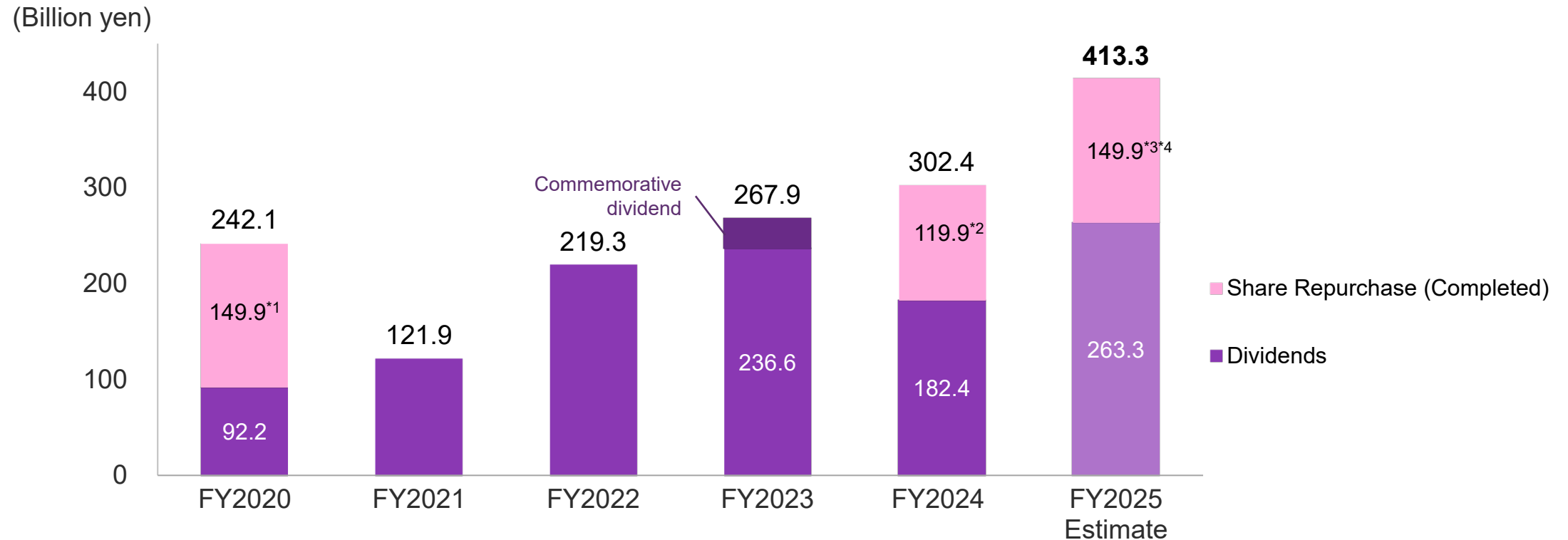
We will review our dividend policy if the company does not generate net income for two consecutive fiscal years

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 571 yen per share**

Total Return Amount



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

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

*3 https://www.tel.com/news/ir/2024/tnq6pk0000000009m-att/20240701_001_e.pdf

*4 https://www.tel.com/news/ir/2025/c211qi000000000ni-att/20250203_001_e.pdf

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



TOKYO ELECTRON