

Q1 FY2025 (April – June 2024) Financial Announcement

August 8, 2024

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

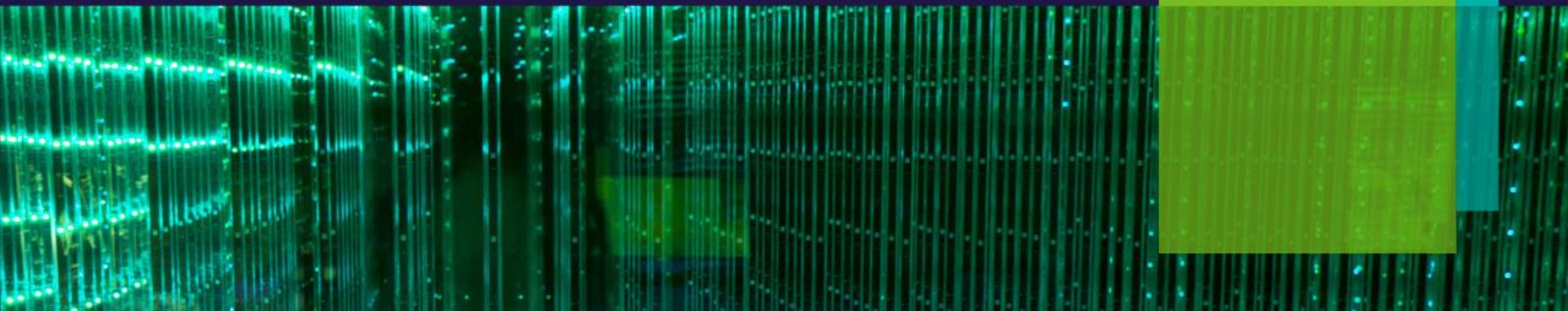
In principle, export sales of Tokyo Electron's products is denominated in yen. Although some sales and expenses are denominated in foreign currencies, the impact of exchange rate fluctuations on profits is negligible, unless extreme fluctuations occur.



Q1 FY2025 Consolidated Financial Summary

August 8, 2024

Hiroshi Kawamoto
SVP & GM, Division Officer of Finance Division



Financial Summary (Quarterly)

(Billion yen)

| | FY2024 | | | | FY2025 | vs. Q4 FY2024 | vs. Q1 FY2024 |
|--|--------|-------|-------|-------|--------|------------------|------------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | | |
| Net sales | 391.7 | 427.8 | 463.6 | 547.2 | 555.0 | +1.4% | +41.7% |
| Gross profit | 162.3 | 189.7 | 222.1 | 256.1 | 264.0 | +3.1% | +62.7% |
| Gross profit margin | 41.4% | 44.3% | 47.9% | 46.8% | 47.6% | +0.8pts | +6.2pts |
| SG&A expenses | 79.8 | 93.5 | 89.6 | 110.8 | 98.2 | -11.4% | +23.0% |
| Operating income | 82.4 | 96.1 | 132.4 | 145.2 | 165.7 | +14.1% | +101.1% |
| Operating margin | 21.0% | 22.5% | 28.6% | 26.5% | 29.9% | +3.4pts | +8.9pts |
| Income before income taxes | 83.0 | 98.1 | 134.4 | 157.8 | 167.2 | +5.9% | +101.5% |
| Net income attributable to owners of parent | 64.3 | 73.1 | 101.5 | 124.9 | 126.1 | +1.0% | +96.2% |
| R&D expenses | 43.6 | 51.0 | 49.7 | 58.4 | 53.4 | -8.5% | +22.4% |
| Capital expenditures | 39.3 | 17.6 | 31.8 | 32.9 | 23.9 | -27.2% | -39.1% |
| Depreciation and amortization | 10.6 | 12.5 | 13.8 | 15.3 | 13.2 | -14.0% | +24.5% |

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.

Financial Performance (Quarterly)

(Billion Yen)

800

600

400

200

0

60%

50%

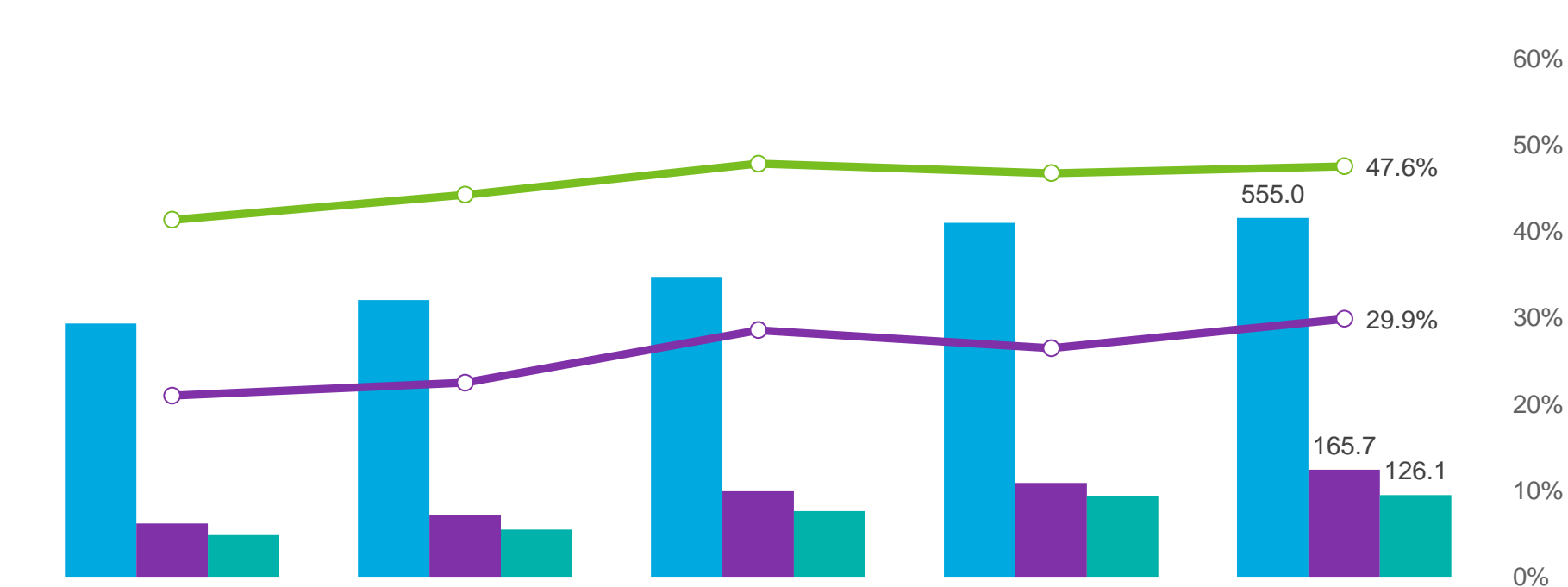
40%

30%

20%

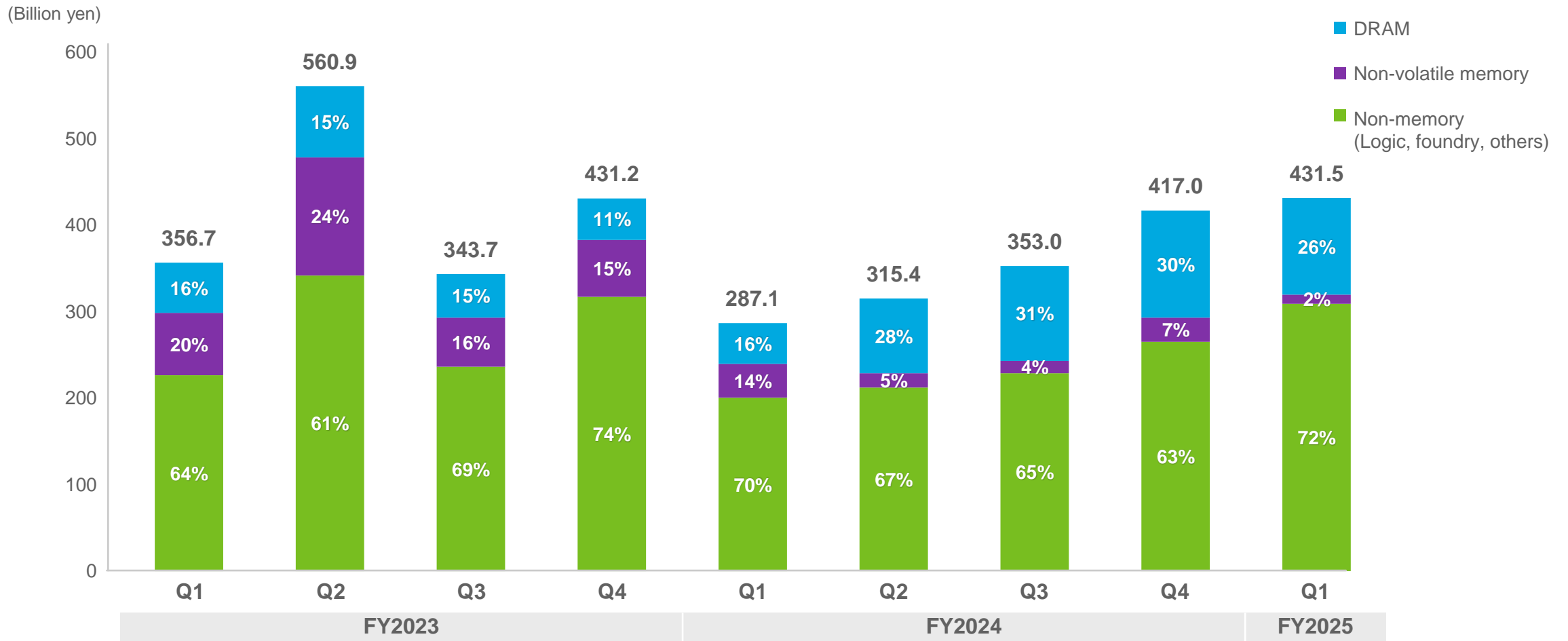
10%

0%



| | FY2024 | | | | FY2025 |
|---|--------|-------|-------|-------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| ■ Net sales | 391.7 | 427.8 | 463.6 | 547.2 | 555.0 |
| ■ Operating income | 82.4 | 96.1 | 132.4 | 145.2 | 165.7 |
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| ○ Gross profit margin | 41.4% | 44.3% | 47.9% | 46.8% | 47.6% |
| ○ Operating margin | 21.0% | 22.5% | 28.6% | 26.5% | 29.9% |

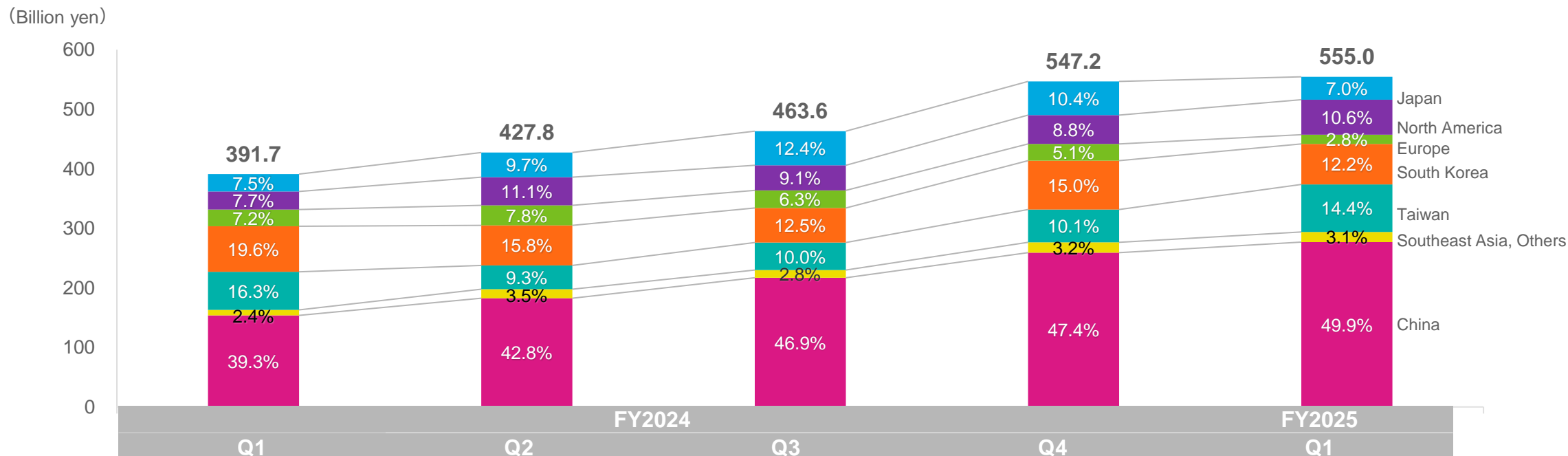
SPE New Equipment Sales by Application (Quarterly)



*1 SPE: Semiconductor production equipment

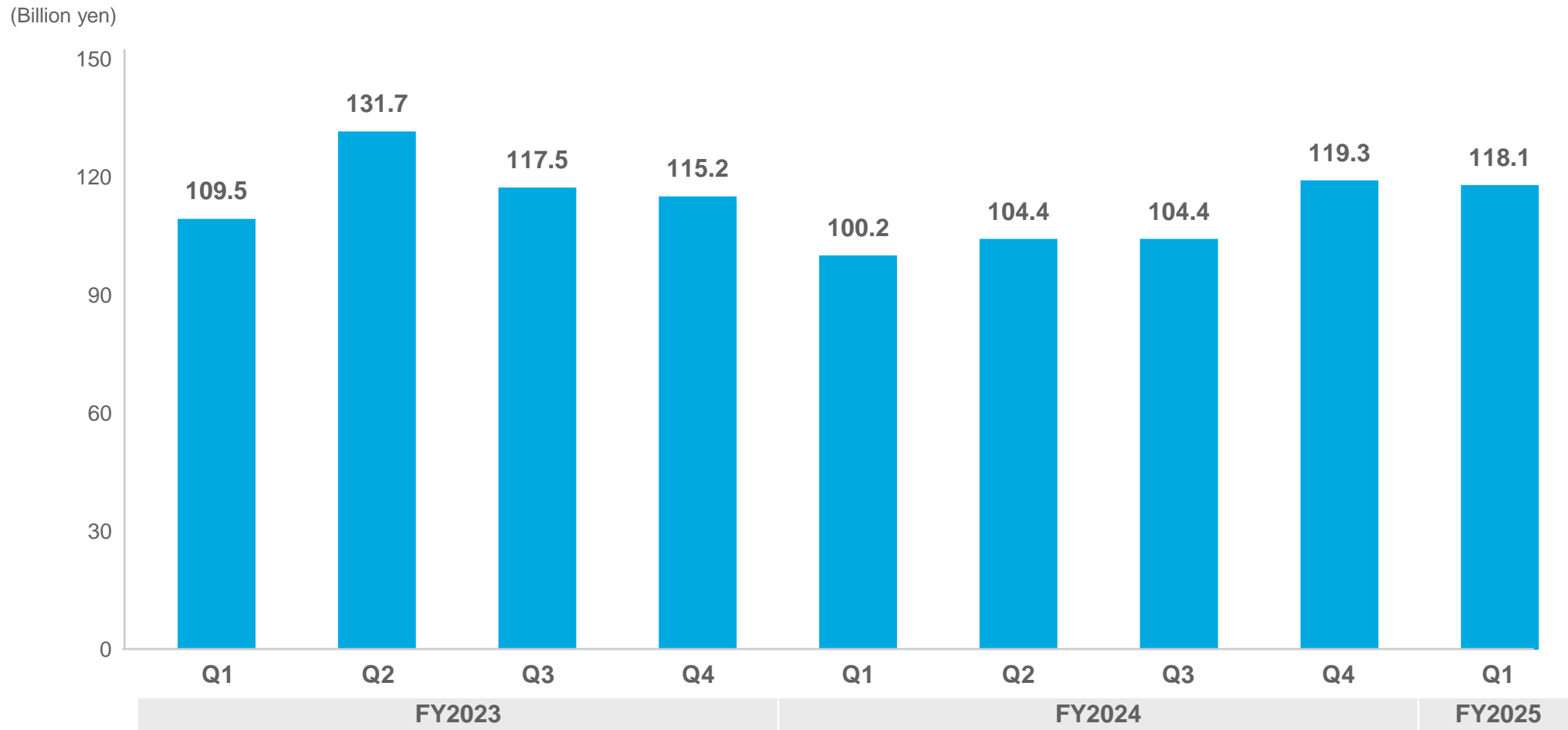
*2 Percentages on the graph show the composition ratio of new equipment sales. Field Solutions sales are not included.

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

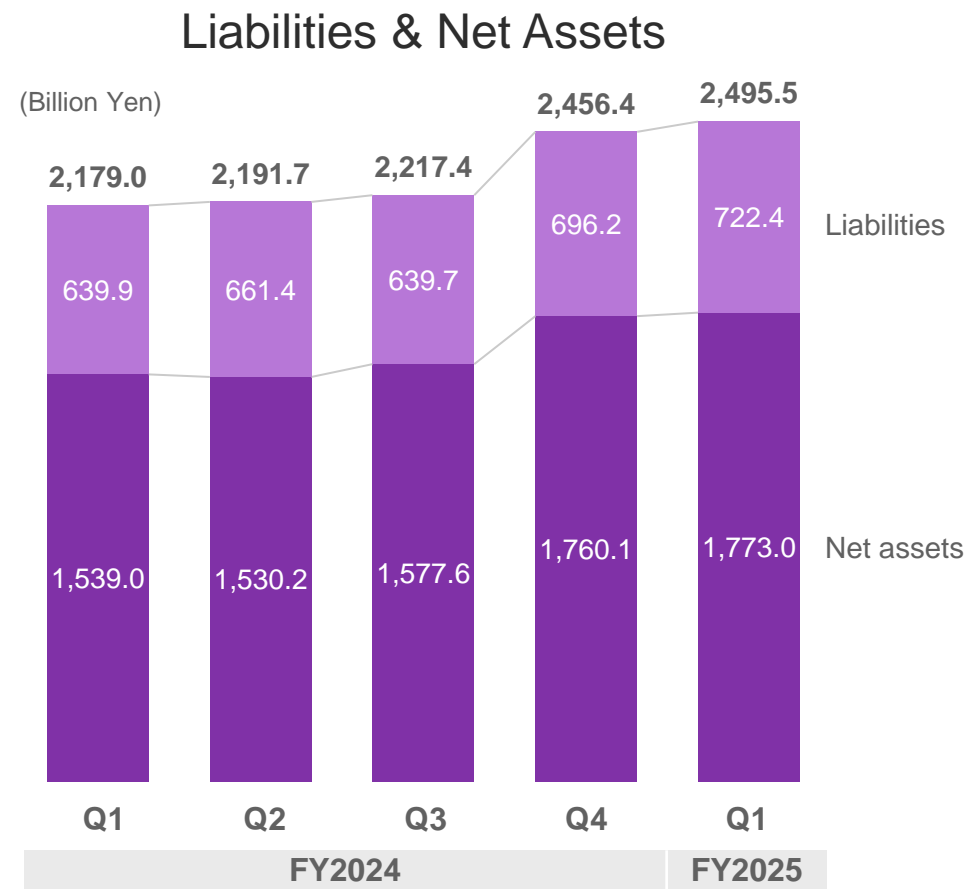
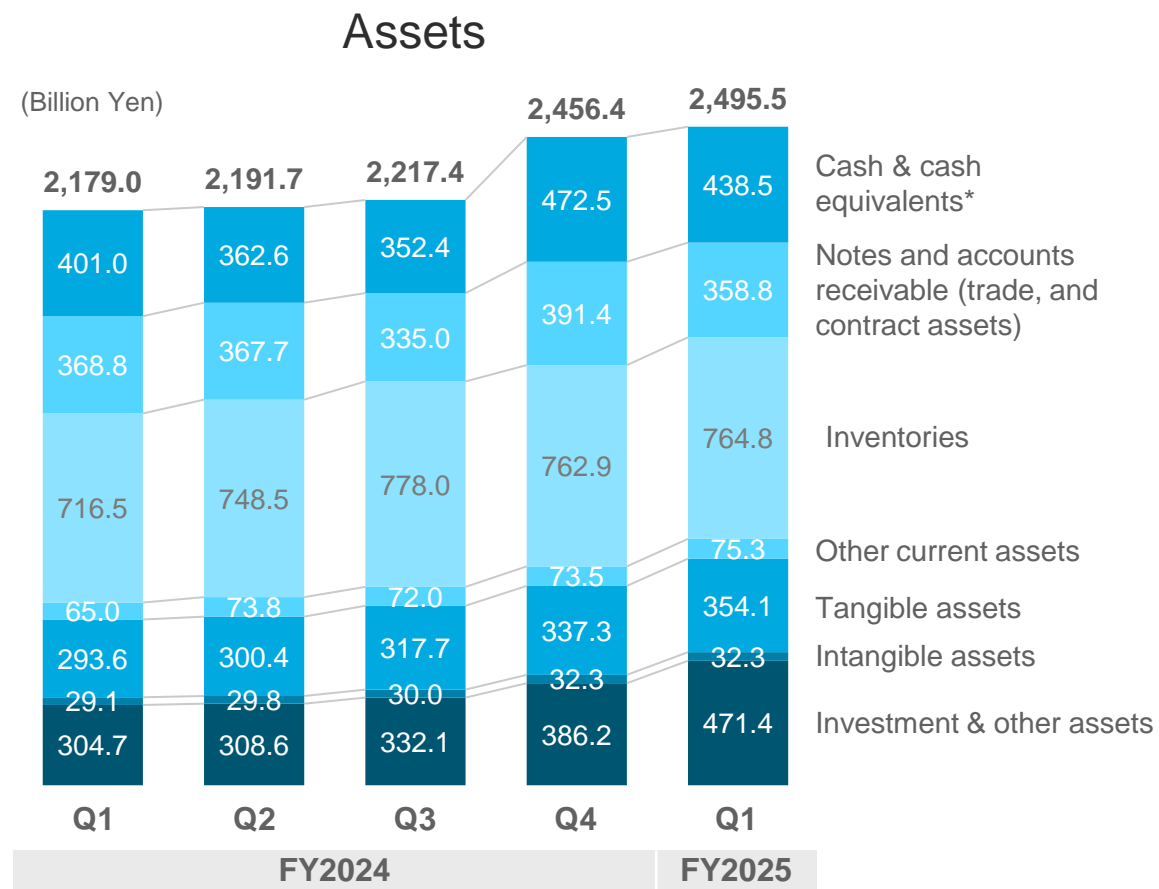


| Region | FY2024 | | | | FY2025 |
|------------------------|--------|-------|-------|-------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Japan | 29.5 | 41.2 | 57.4 | 56.7 | 38.5 |
| North America | 30.1 | 47.4 | 42.1 | 48.3 | 59.0 |
| Europe | 28.1 | 33.5 | 29.4 | 28.1 | 15.5 |
| South Korea | 76.7 | 67.4 | 58.2 | 82.0 | 67.8 |
| Taiwan | 63.9 | 39.9 | 46.3 | 55.2 | 80.0 |
| Southeast Asia, Others | 9.2 | 15.1 | 12.7 | 17.5 | 17.0 |
| China | 153.9 | 182.9 | 217.2 | 259.1 | 277.0 |

Field Solutions Sales (Quarterly)

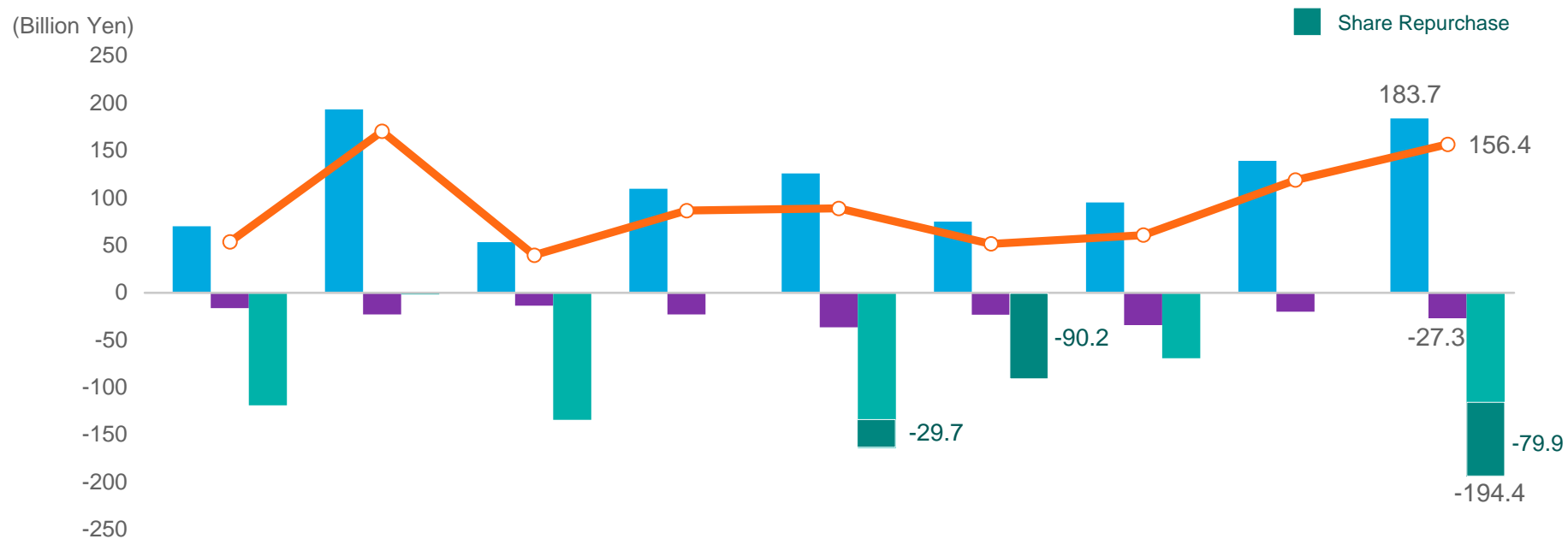


Balance Sheet (Quarterly)



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

Cash Flow (Quarterly)



| | FY2023 | | | | FY2024 | | | | FY2025 |
|---|--------|-------|--------|-------|--------|-------|-------|-------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| ■ Cash flow from operating activities | 69.9 | 193.4 | 53.2 | 109.6 | 125.7 | 74.8 | 95.0 | 139.0 | 183.7 |
| ■ Cash flow from investing activities*1 | -16.6 | -23.1 | -13.8 | -23.1 | -36.8 | -23.4 | -34.4 | -20.3 | -27.3 |
| ■ Cash flow from financing activities | -119.1 | -2.1 | -134.6 | -0.5 | -164.1 | -90.8 | -69.3 | -0.6 | -194.4 |
| ○ Free cash flow*2 | 53.3 | 170.2 | 39.3 | 86.5 | 88.8 | 51.4 | 60.6 | 118.7 | 156.4 |
| Cash on hand*3 | 314.6 | 484.6 | 387.4 | 473.1 | 401.0 | 362.6 | 352.4 | 472.5 | 438.5 |

*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

- Completed Share Repurchase by June 30, 2024

- Total number of shares acquired 2,317,000 shares
- Total cost of acquisition 79,998,958,000 yen

- Reference (Resolutions of the Board of Directors' meeting held on May 10, 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 80 billion yen
- Period of acquisition From May 13, 2024 to July 31, 2024

Business Environment and Financial Estimates

August 8, 2024

Toshiki Kawai
Representative Director, President & CEO



Business Environment (WFE Market Outlook as of August 2024)

■ **CY2024: Estimating just over \$100B**

- Expecting to strong investment in AI servers and steady recovery in the fab utilization rate for PC/smartphone chips
 - DRAM investment to recover on higher demand for DDR5, HBM*¹, etc.
 - Growing needs in advanced logic/foundry, including front-end equipment, packaging, testing, etc.

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

- Recovery in demand amid strong growth of AI servers and rising number of PCs/smartphones with AI
 - In addition to further expansion of DRAM, NAND investment will resume as inventory adjustment progress
 - Advanced logic/foundry, offsetting a lull in investment for mature nodes

➔ Expanding business opportunities for TEL amid progress in technological innovations (GAA*², Backside PDN*³, HBM, wafer probers for testing in 3D-Integration) for high capacity, ultra-high speed, and low power consumption

*1 HBM (High Bandwidth Memory)

*2 GAA (Gate All Around)

*3 Backside PDN (Power Delivery Network)

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

: Structures that arrange power delivery networks on the backside of silicon wafer

FY2025 Q1 Business Progress

- Both net sales and profit exceeded initial plan
 - Net sales ¥555.0B, operating profit ¥165.7B, operating profit margin 29.9%
- Made good progress in acquiring PORs* through strategic products
 - Acquired development PORs including conductor etching for DRAM and cleaning equipment for advanced logic
 - Progressing in development and evaluation toward volume production for NAND cryogenic etch and bonders, etc.
- Increase in inquiries for advanced packaging and testing
 - Received a wide range of inquiries (coater/developer, etcher, batch deposition, bonder, prober, etc.)
- Released new products to contributing to innovation in semiconductor technology
 - Single-wafer deposition system “Episode™ Series”: Responds to the needs to advance device scaling, 3D structures and for a greater variety of deposition material
 - Gas cluster beam system “Acrevia™”: Features low-damage, ultra-fine line width processing and shape correction, which reduces the cost of EUV patterning processes
- Completed approx. ¥80B share buyback

FY2025 Financial Estimates

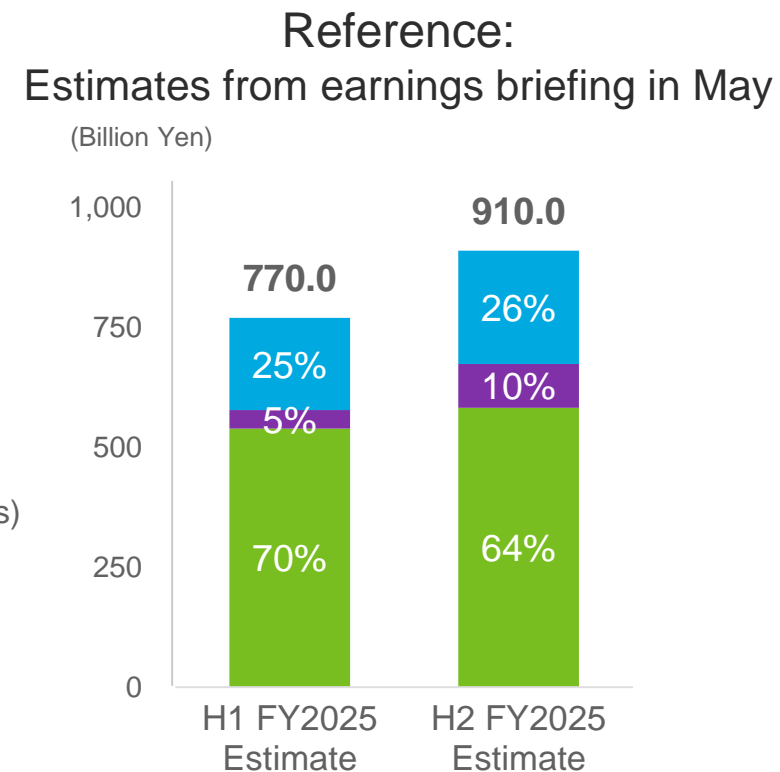
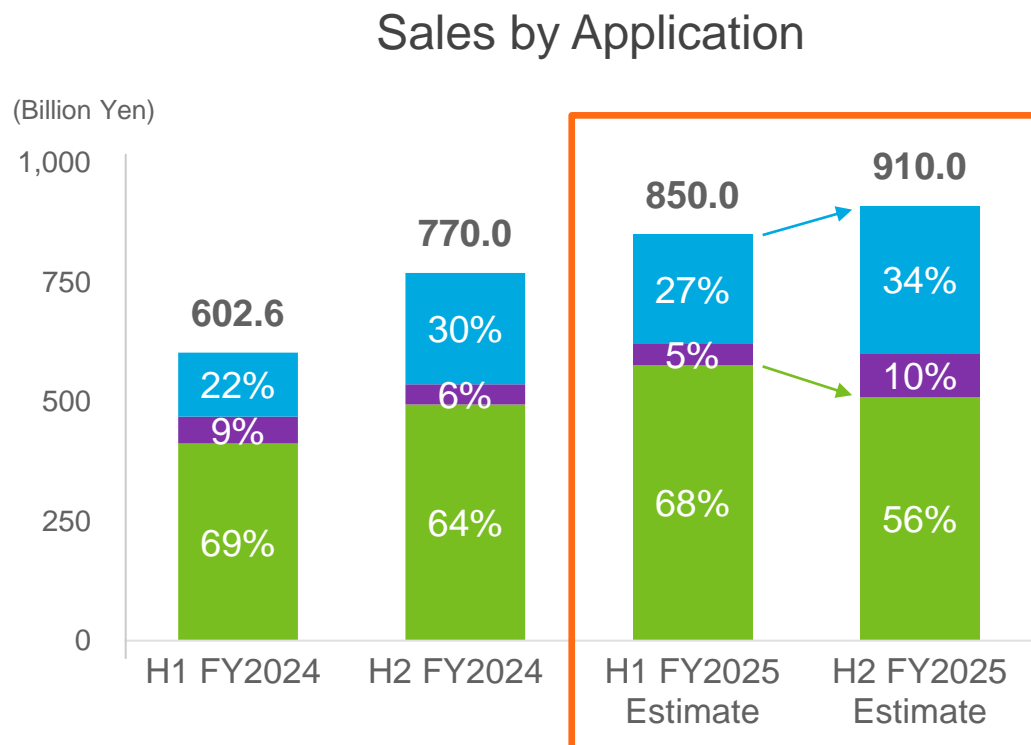
FY2025 Financial Estimates

(Billion Yen)

| | FY2024 (Actual) | FY2025 (Estimates) | | | | |
|--|--------------------|--------------------|---------|-----------|--------------------------|------------------|
| | | H1 | H2 | Full Year | Full Year Adjustments | Full Year YoY |
| Net sales | 1,830.5 | 1,100.0 | 1,200.0 | 2,300.0 | +100.0 | +25.6% |
| Gross profit | 830.2 | 504.0 | 568.0 | 1,072.0 | +50.0 | +29.1% |
| Gross profit margin | 45.4% | 45.8% | 47.3% | 46.6% | +0.1pts | +1.2pts |
| SG&A expenses | 374.0 | 216.0 | 229.0 | 445.0 | +5.0 | +19.0% |
| R&D | 202.8 | 121.0 | 132.0 | 253.0 | +3.0 | +24.8% |
| Other than R&D | 171.1 | 95.0 | 97.0 | 192.0 | +2.0 | +12.2% |
| Operating income | 456.2 | 288.0 | 339.0 | 627.0 | +45.0 | +37.4% |
| Operating margin | 24.9% | 26.2% | 28.3% | 27.3% | +0.8pts | +2.4pts |
| Income before income taxes | 473.4 | 290.0 | 340.0 | 630.0 | +46.0 | +33.1% |
| Net income attributable to owners of parent | 363.9 | 218.0 | 260.0 | 478.0 | +33.0 | +31.3% |
| Net income per share (Yen) | 783.75 | 472.61 | - | 1,036.94 | +75.75 | +253.19 |

Made upward revisions to estimates based on Q1 results and latest market trend.
Expect record-high net sales, GP, GPM, OP, NP, and EPS in FY2025

FY2025 SPE New Equipment Sales Forecast



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

Updated proportion of sales in logic and memory based on recent market trend

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



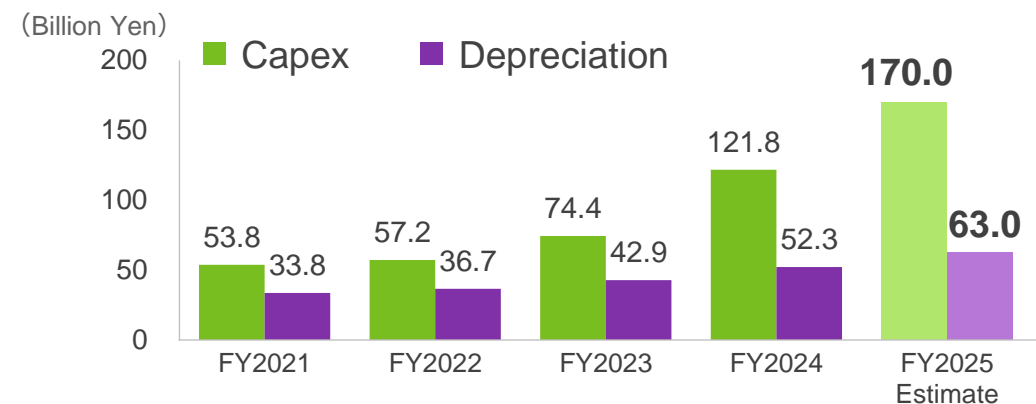
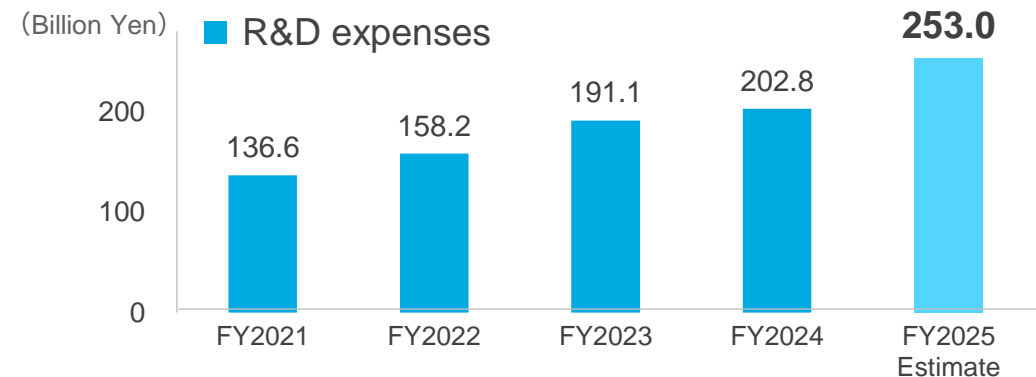
Oshu-city, Iwate Prefecture
Completion scheduled for autumn 2025

New Development Building

Etch system



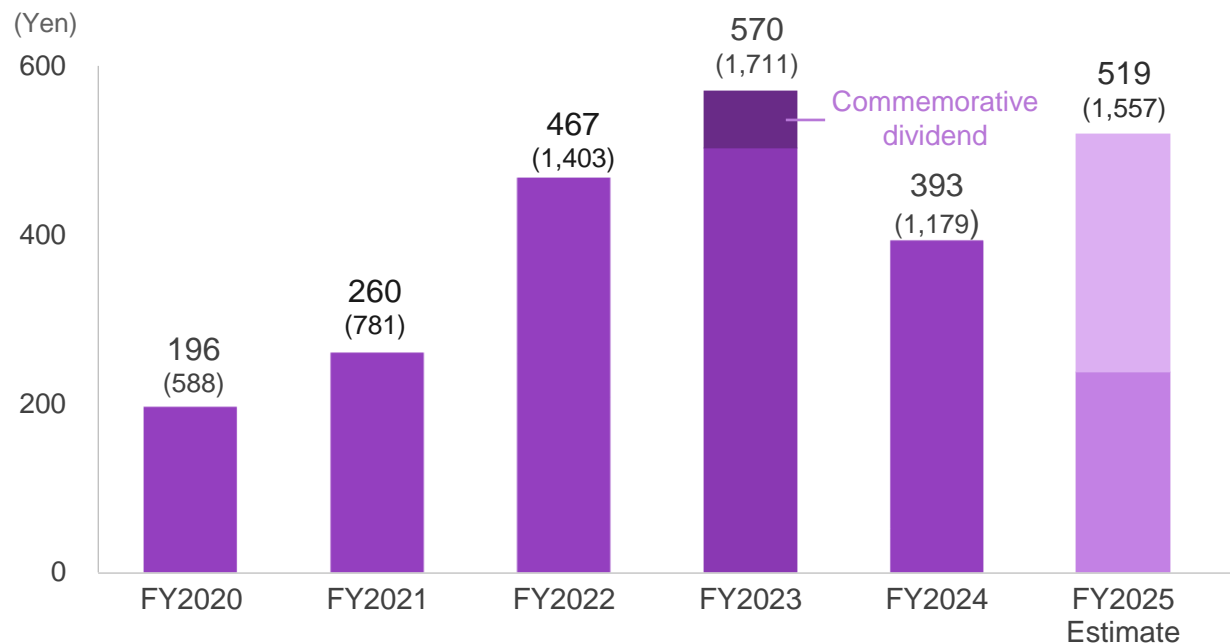
Kurokawa-gun, Miyagi Prefecture
Completion scheduled for spring 2025



Continue aggressive R&D and capital investments for future growth

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

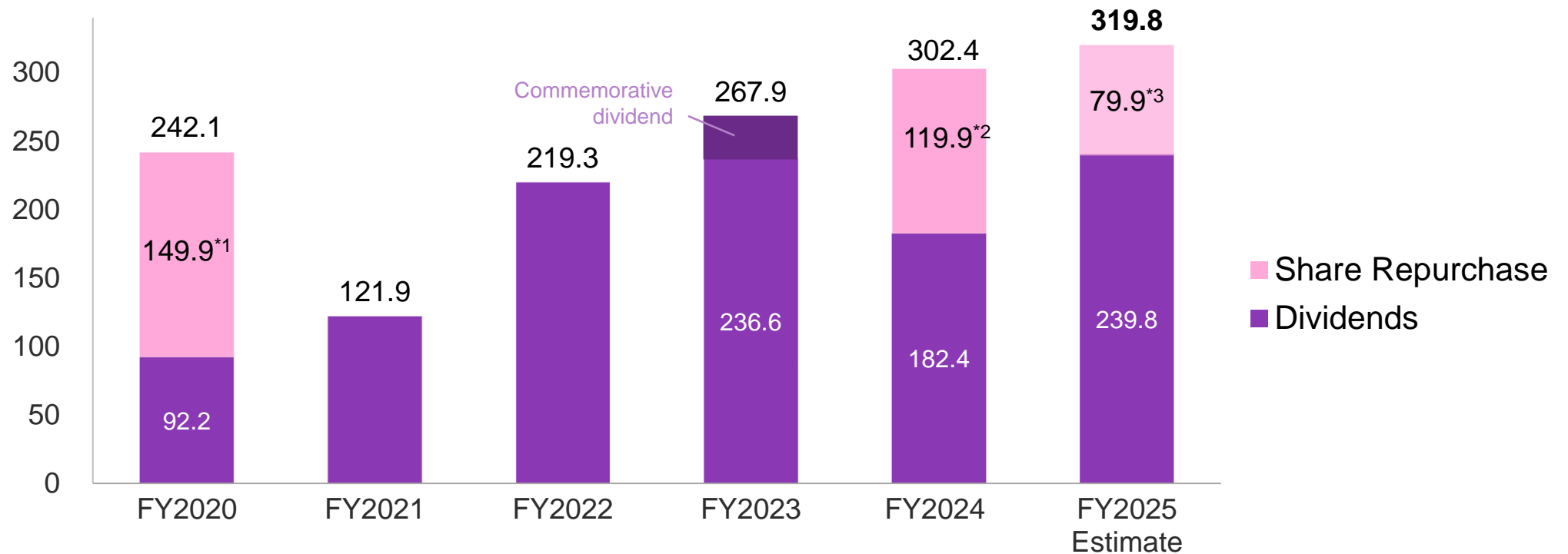
We will flexibly consider share buybacks

*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 519 yen per share

Total Return Amount

(Billion yen)



*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/tng6pk000000009m-att/20240701_001_e.pdf

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

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