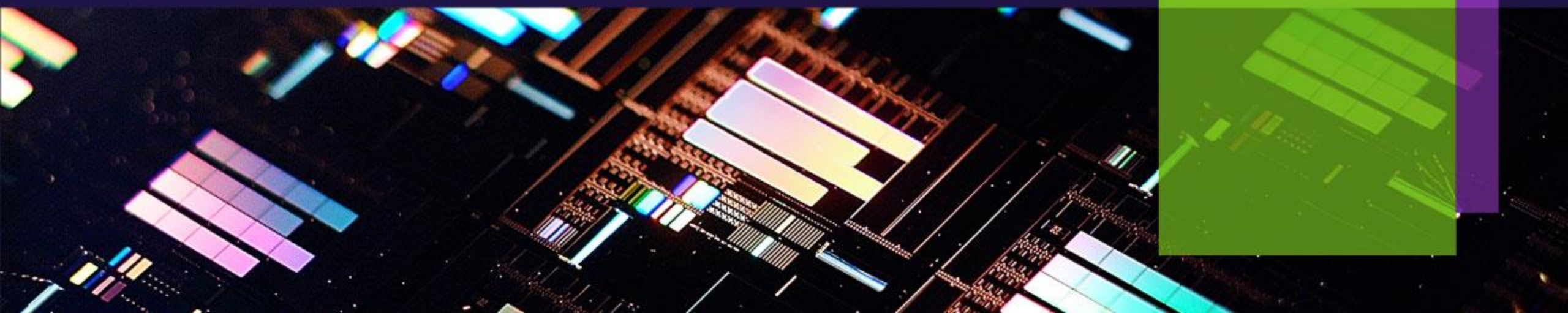


# FY2023 (April 2022 – March 2023) Financial Announcement

## Agenda:

- FY2023 Consolidated Financial Summary  
Hiroshi Kawamoto, 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/FPD\* 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 mainstay semiconductor and FPD production equipment are 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.

\* FPD: Flat panel display

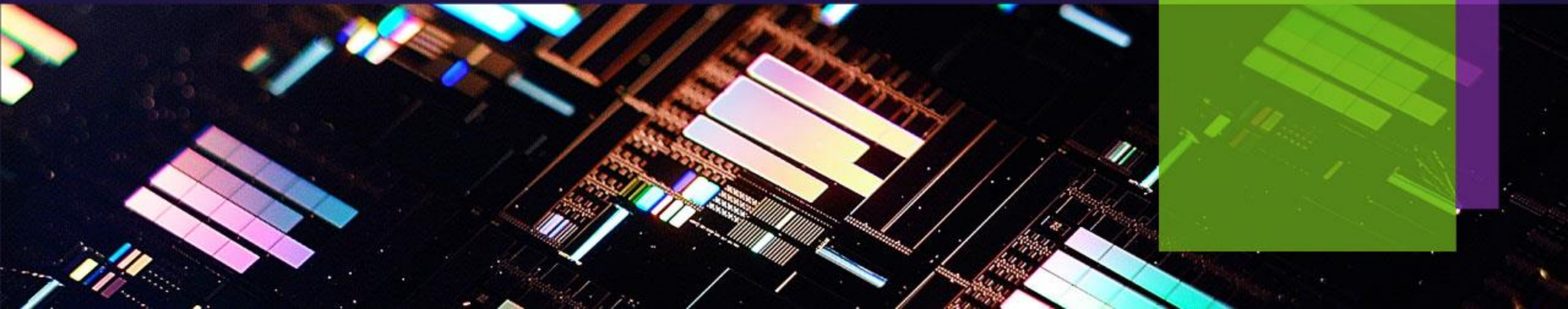


# FY2023 Consolidated Financial Summary

May 11, 2023

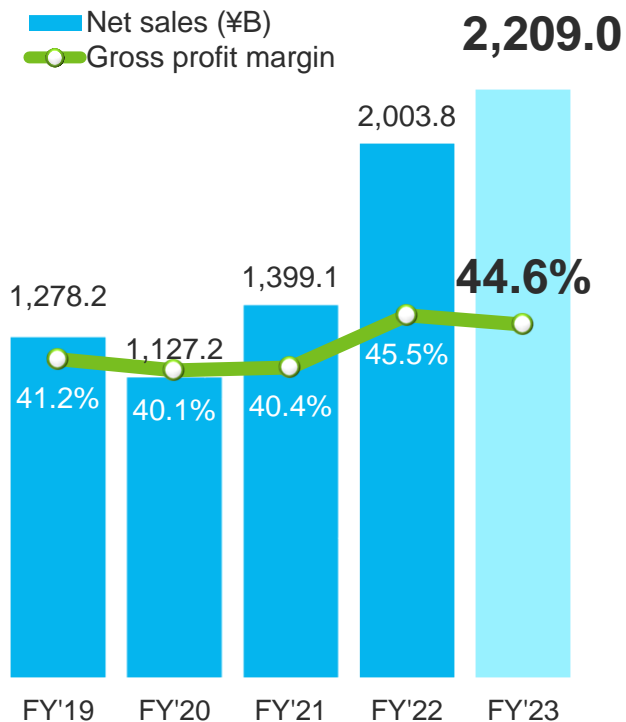
Hiroshi Kawamoto

Vice President & General Manager, Finance Unit

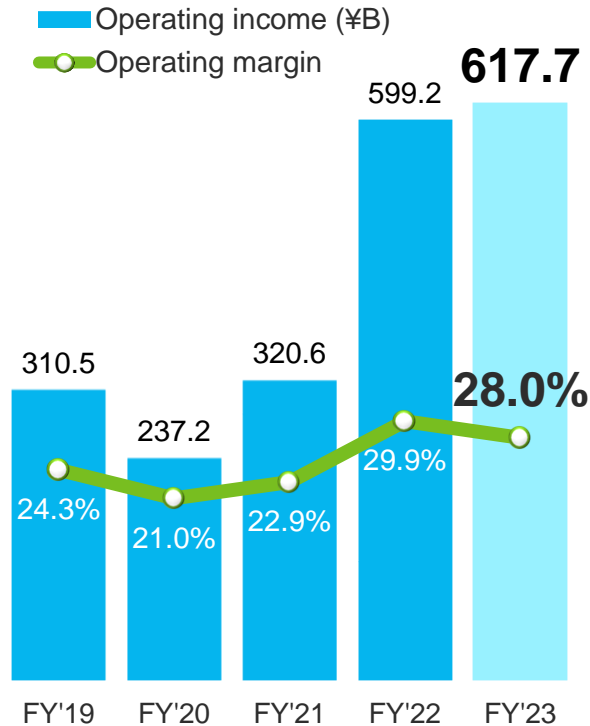


# FY2023 (April 2022 – March 2023) Financial Highlights

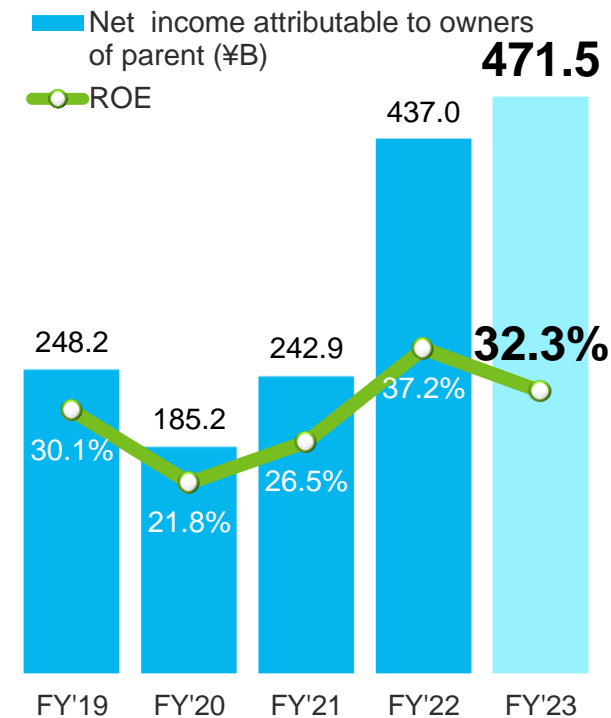
## Net Sales and Gross Profit Margin



## 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.

- Steadily met the expansion of SPE\* demand. Sales increased by 10% YoY
- Gross profit and operating income reached record high

# Financial Summary

(Billion Yen)

	FY2022	FY2023	YoY Change	(Reference) FY2023 estimates announced on Feb. 9, 2023
Net sales	2,003.8	2,209.0	+10.2%	2,170.0
SPE	1,943.8	2,155.2	+10.9%	2,118.0
FPD	59.8	53.6	-10.3%	52.0
Gross profit	911.8	984.4	+8.0%	946.0
Gross profit margin	45.5%	44.6%	-0.9pts	43.6%
SG&A expenses	312.5	366.6	+17.3%	366.0
Operating income	599.2	617.7	+3.1%	580.0
Operating margin	29.9%	28.0%	-1.9pts	26.7%
Income before income taxes	596.6	624.8	+4.7%	584.0
Net income attributable to owners of parent	437.0	471.5	+7.9%	433.0
EPS (Yen)	935.95	1,007.82	+7.7%	925.38
R&D expenses	158.2	191.1	+20.8%	
Capital expenditures	57.2	74.4	+29.9%	
Depreciation and amortization	36.7	42.9	+16.9%	

1. In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD production equipment are 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.
3. EPS is calculated based on the number of outstanding shares excluding treasury stock after the stock split.

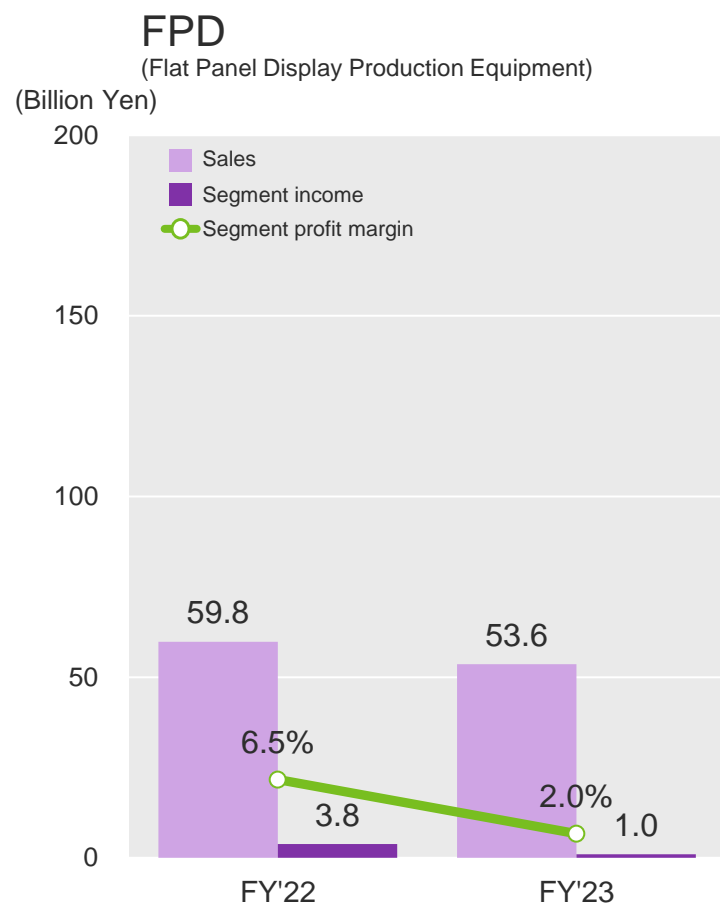
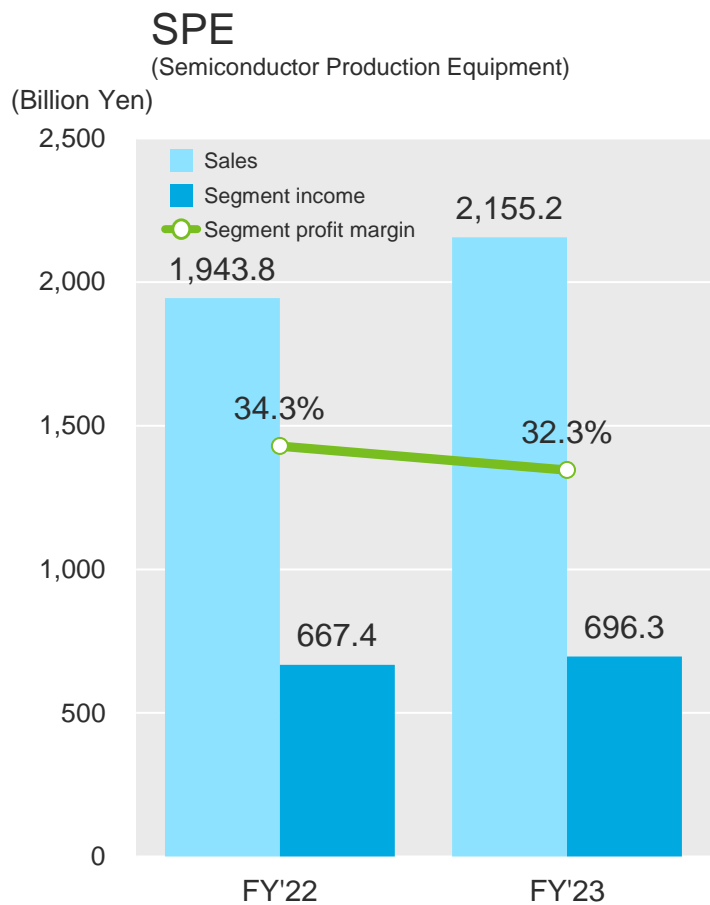
# Financial Summary (Quarterly)

(Billion Yen)

	FY2022	FY2023				vs. FY2023Q3
	Q4	Q1	Q2	Q3	Q4	
Net sales	564.8	473.6	709.2	467.8	558.2	+19.3%
SPE	549.2	464.0	689.0	458.8	543.3	+18.4%
FPD	15.5	9.6	20.1	8.9	14.9	+66.5%
Gross profit	255.9	200.5	328.2	203.9	251.6	+23.4%
Gross profit margin	45.3%	42.3%	46.3%	43.6%	45.1%	+1.5pts
SG&A expenses	87.3	83.0	95.6	89.1	98.9	+11.0%
Operating income	168.5	117.5	232.6	114.7	152.7	+33.1%
Operating margin	29.8%	24.8%	32.8%	24.5%	27.4%	+2.9pts
Income before income taxes	168.1	117.6	235.2	116.3	155.6	+33.8%
Net income attributable to owners of parent	126.8	88.0	179.2	85.5	118.6	+38.7%
R&D expenses	44.1	42.1	49.1	46.1	53.7	+16.6%
Capital expenditures	14.7	18.0	17.3	12.5	26.3	+109.8%
Depreciation and amortization	10.2	9.7	9.8	11.2	12.0	+7.0%

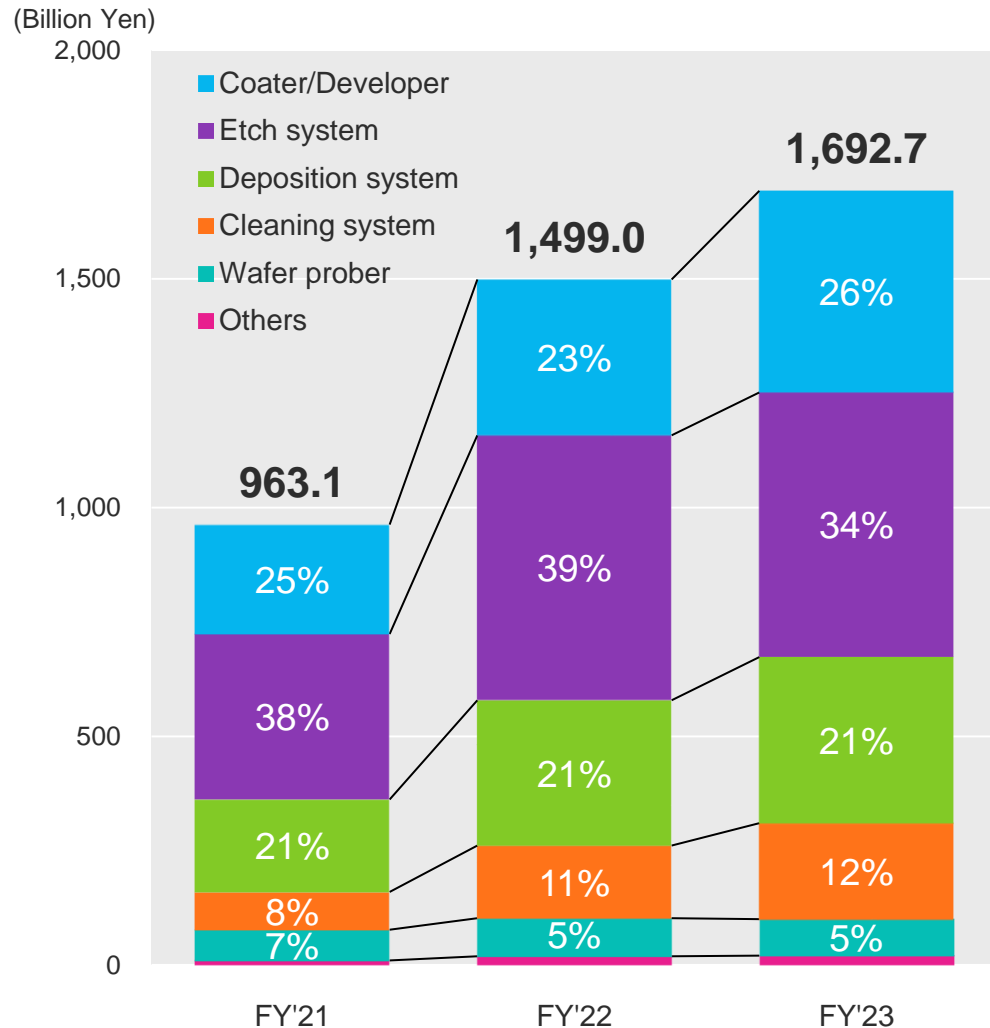
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2. Profit ratios are calculated using full amounts, before rounding.

# Segment Information



1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research, etc. and other general and administrative expenses are not included in the above reportable segments.
3. Composition of net sales figures is based on the sales to customers.

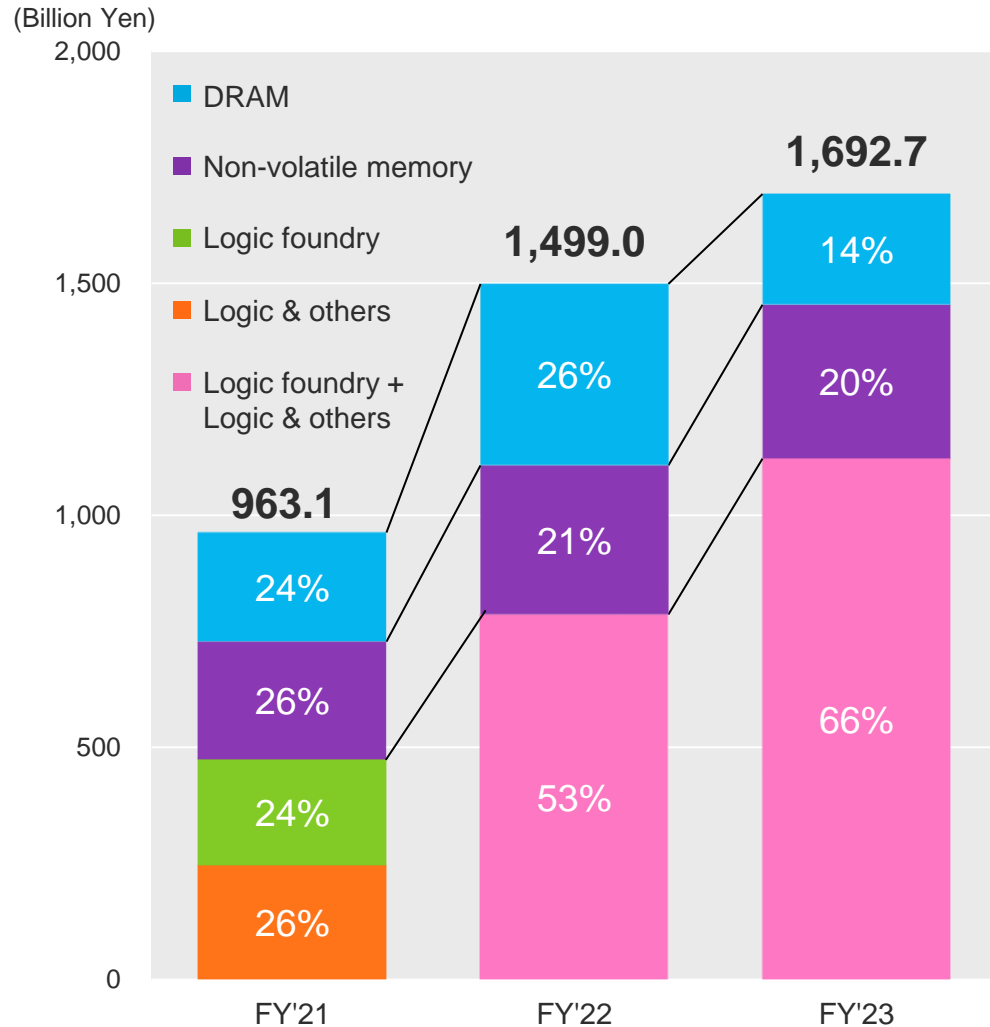
# SPE Division: New Equipment Sales by Product



- FY2023 new equipment sales increased by 12.9% YoY to ¥1,692.7B
- Although there was a change in the composition ratio of equipment due to changes in the customers' investment mix, overall new equipment sales increased YoY



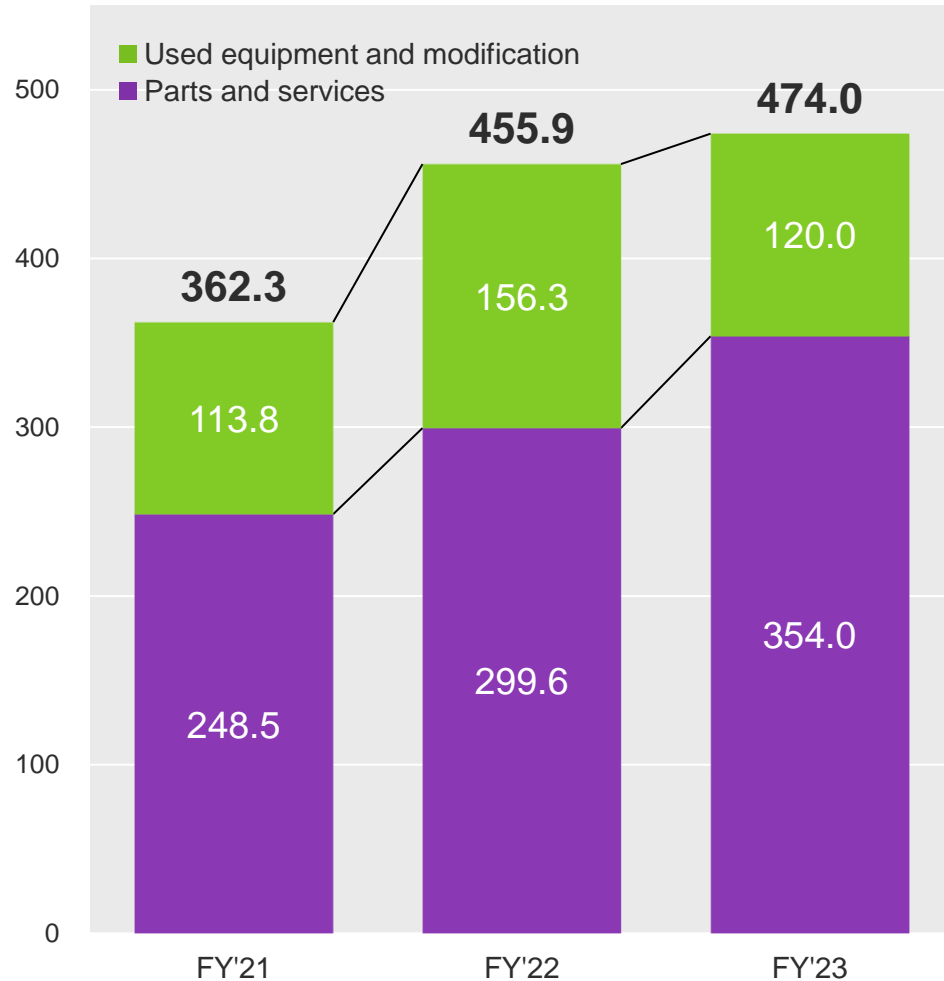
# SPE Division: New Equipment Sales by Application



- In logic/foundry, sales increased significantly on the back of solid investment
- Due to inventory adjustments by customers, sales composition for memory decreased

# Field Solutions Sales

(Billion Yen)

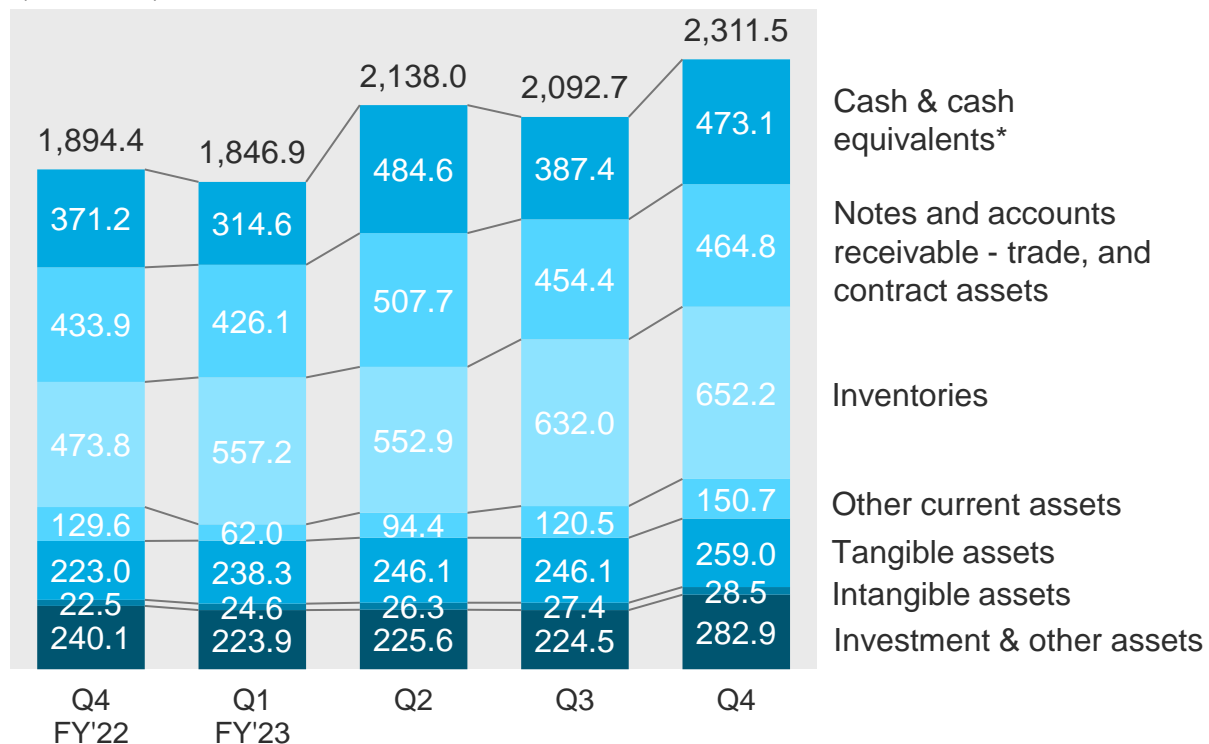


- FY2023 Field Solutions sales increased by 4.0% YoY to ¥474.0B
- Parts and services sales continued to be solid

# Balance Sheet (Quarterly)

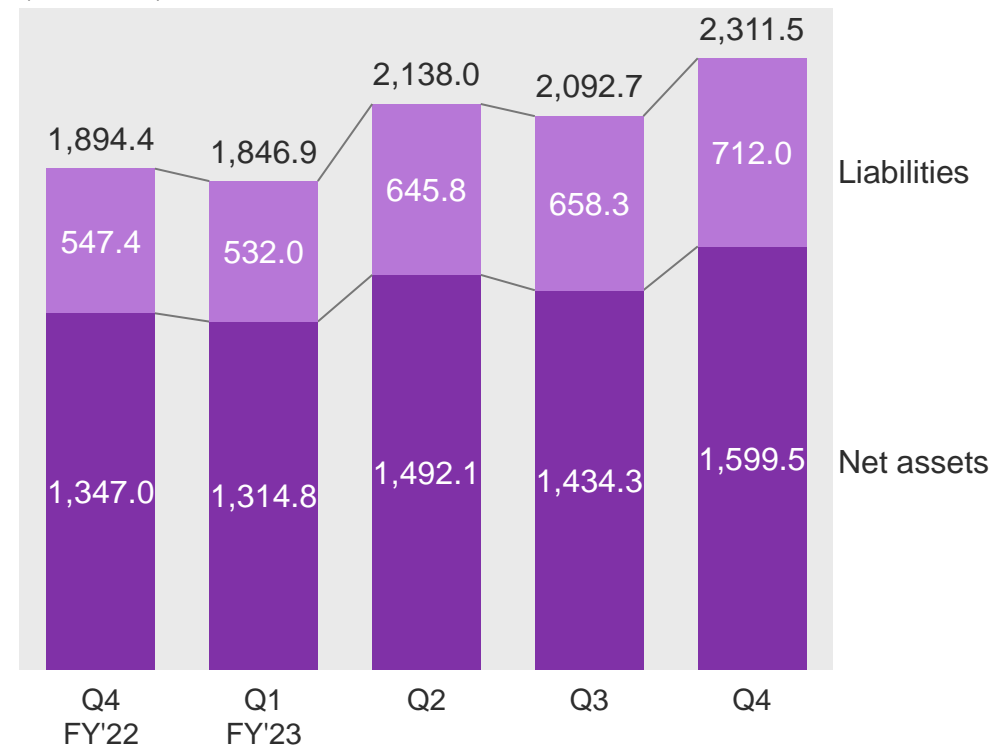
## Assets

(Billion Yen)



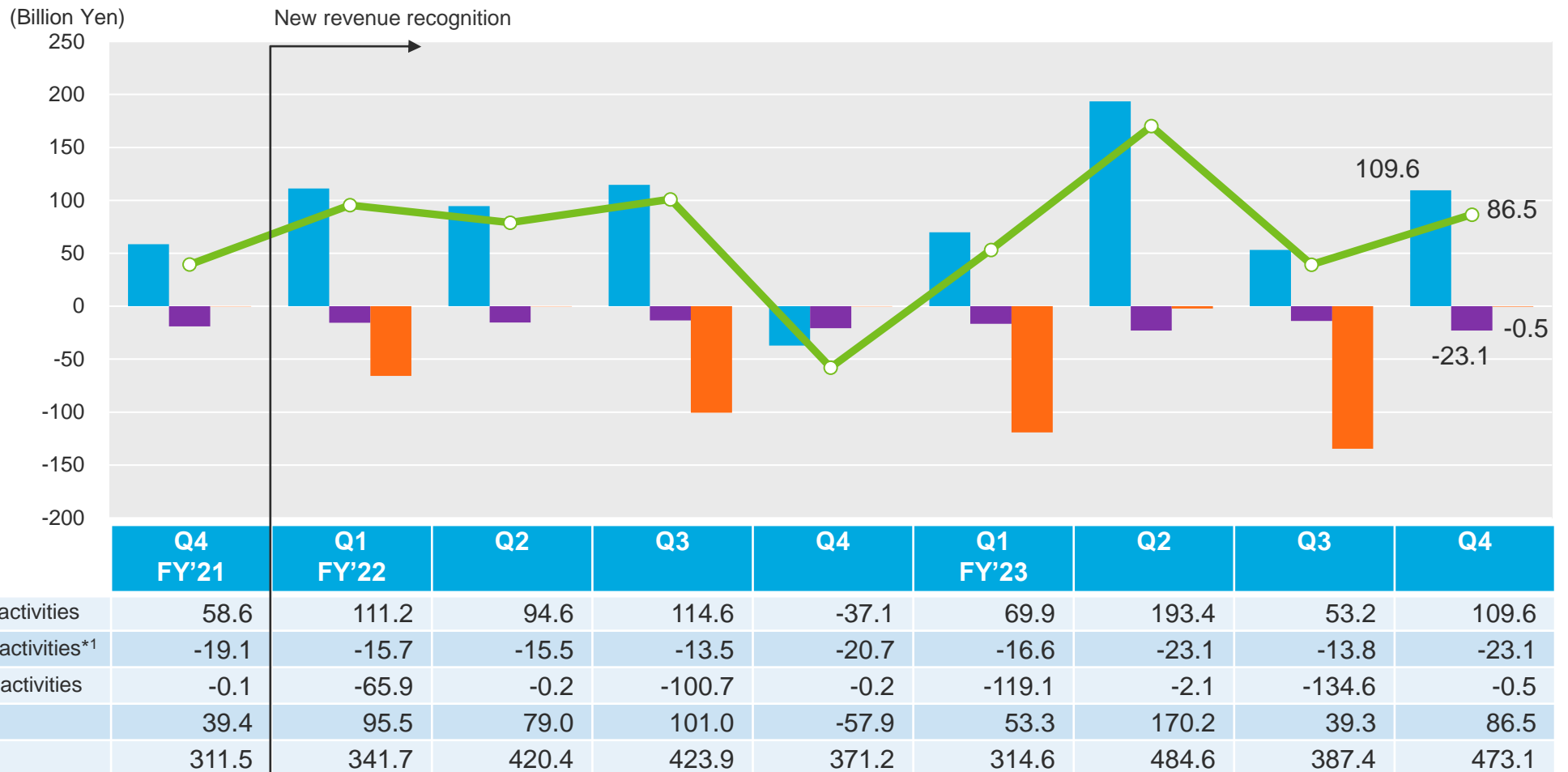
## Liabilities & Net Assets

(Billion Yen)



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

# Cash Flow (Quarterly)



\*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).

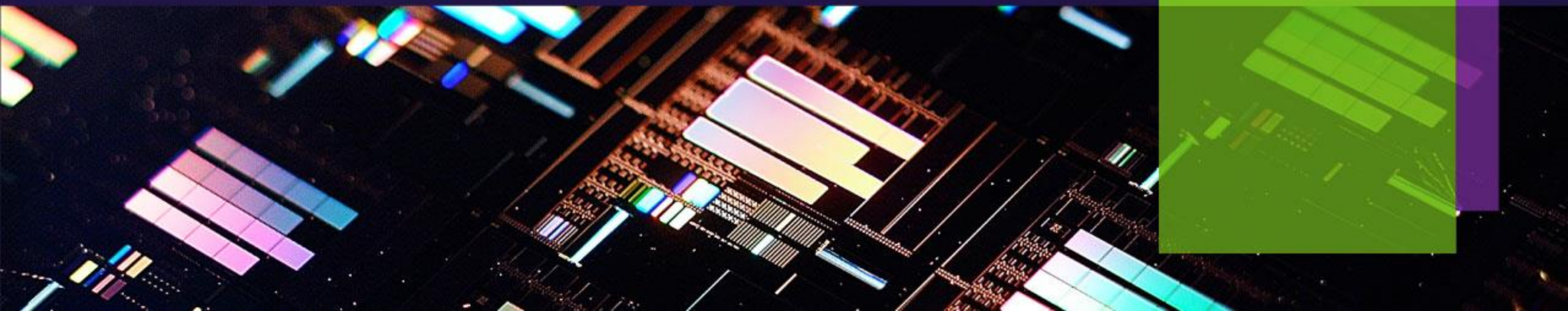
\*3 Cash on hand includes cash and cash equivalents + time deposits and short-term investments with original maturities of more than three months.



# Business Environment and Financial Estimates

May 11, 2023

Toshiki Kawai  
Representative Director, President & CEO



# FY2023 Highlights

- Achieved record highs in net sales and profit
  - Nets sales of ¥2.209T, operating income of ¥617.7B, net income of ¥471.5B
- Largest R&D investment of ¥191.1B
- Steady progress in acquiring new POR<sup>\*1</sup>s in strategic products and selection of development PORs for future growth
- Established DSS<sup>\*2</sup> BU starting from FY2024, to strengthen activities targeting MAGIC market



Metaverse   Autonomous mobility   Green energy   IoT & information   Communications

# Highlights of FY2023: Establishment of New Vision and the Medium-term Management Plan

## A company filled with dreams and vitality that contributes to technological innovation in semiconductors

Tokyo Electron pursues technological innovation in semiconductors that supports the sustainable development of the world.

We aim for medium- to long-term profit expansion and continuous corporate value enhancement by utilizing our expertise to continuously create high value-added leading-edge equipment and technical services.

Our corporate growth is enabled by people, and our employees both create and fulfill company values. We work to realize this vision through engagement with our stakeholders.

Financial Targets (by FY'27)	
Net sales	≥ 3 trillion yen
OP margin	≥ 35%
ROE	≥ 30%



# Net Zero

Scope 1 & 2 To be achieved by 2040

Scope 3 To be achieved by 2050

# Business Environment (Outlook as of May 2023)

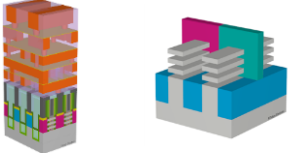
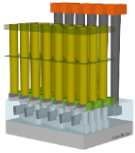
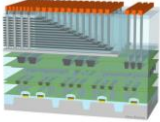
- Semiconductor market in CY2023 will decrease by approx. 10% YoY, while CY2024 is expected to exceed CY2022.
- Although WFE\*<sup>1</sup> market is now in an adjustment phase, it is expected to gradually recover, beginning with logic/foundry, in CY2023 H2 and to be approx. \$70-75B for the full year
- From CY2024, semiconductor and WFE markets are expected to recover towards further growth
  - Recovery in demand for consumer electronic devices and in corporate IT investment accompanying macroeconomic recovery
  - Expansion of data center investment accompanying the transition towards a data-driven society
    - Accelerated server replacement with new CPUs (higher performance, lower power consumption)
    - Expansion of new applications including utilization of generative AI and the metaverse
  - Recovery in smartphone demand due to macroeconomic recovery
  - Increased demand for replacement of PCs purchased during COVID-19 accompanying OS migration
  - Continued increase in the number of semiconductors in automobiles due to the spread of EVs/autonomous-driving
  - Increased investment in new technology nodes;
    - DRAM: 1b nm/1c nm, NAND: 200+ levels (Partial introduction of CBA\*<sup>2</sup>), Logic: 3 nm/2 nm nodes (Nanosheet)

\*1 WFE (Wafer fab equipment) : The semiconductor production process is divided into front-end production, in which circuits are formed on wafers and inspected, and back-end production, in which wafers are cut into chips, assembled and inspected again. Wafer fab equipment refers to the production equipment used in front-end production and in wafer-level packaging production.

\*2 CBA : CMOS bonded array



# Business Opportunities and Focus Areas by FY2025

	Logic	DRAM	NAND
Image of device			
Requirements	Low-power / high-speed CPU	High-speed Working Mem. (DDR5)	High-capacity storage
Technological changes	<ul style="list-style-type: none"> <li>GAA Nanosheet</li> <li>Backside PDN*<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>EUV</li> <li>HKMG*<sup>2</sup> CMOS peripheral circuits</li> </ul>	<ul style="list-style-type: none"> <li>Multi-layer / tier stacking</li> <li>Peripheral bonding</li> <li>Introduction of new materials for memory cells</li> </ul>
Business opportunities	<ul style="list-style-type: none"> <li><b>Selective etch</b></li> <li><b>Deposition with new materials</b></li> <li><b>Supercritical drying</b></li> <li><b>Bonding / laser edge trimming</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Coater/Developer for EUV</b></li> <li><b>Deposition with new materials</b></li> <li><b>Supercritical drying</b></li> </ul>	<ul style="list-style-type: none"> <li><b>HARC etch</b></li> <li><b>Wet etch, new drying technology</b></li> <li><b>New low-resistance metal</b></li> <li><b>Bonding</b></li> <li><b>Wafer warpage suppression technology</b></li> </ul>

Growth opportunities are ever-expanding

\*1 Backside PDN (Power delivery network): Design to provide power supply and reference voltage effectively to active devices

\*2 HKMG (High-k metal gate): Transistors which have metal gates with high dielectric constant materials

# FY2024 Financial Estimates

# FY2024 Financial Estimates

(Billion yen)

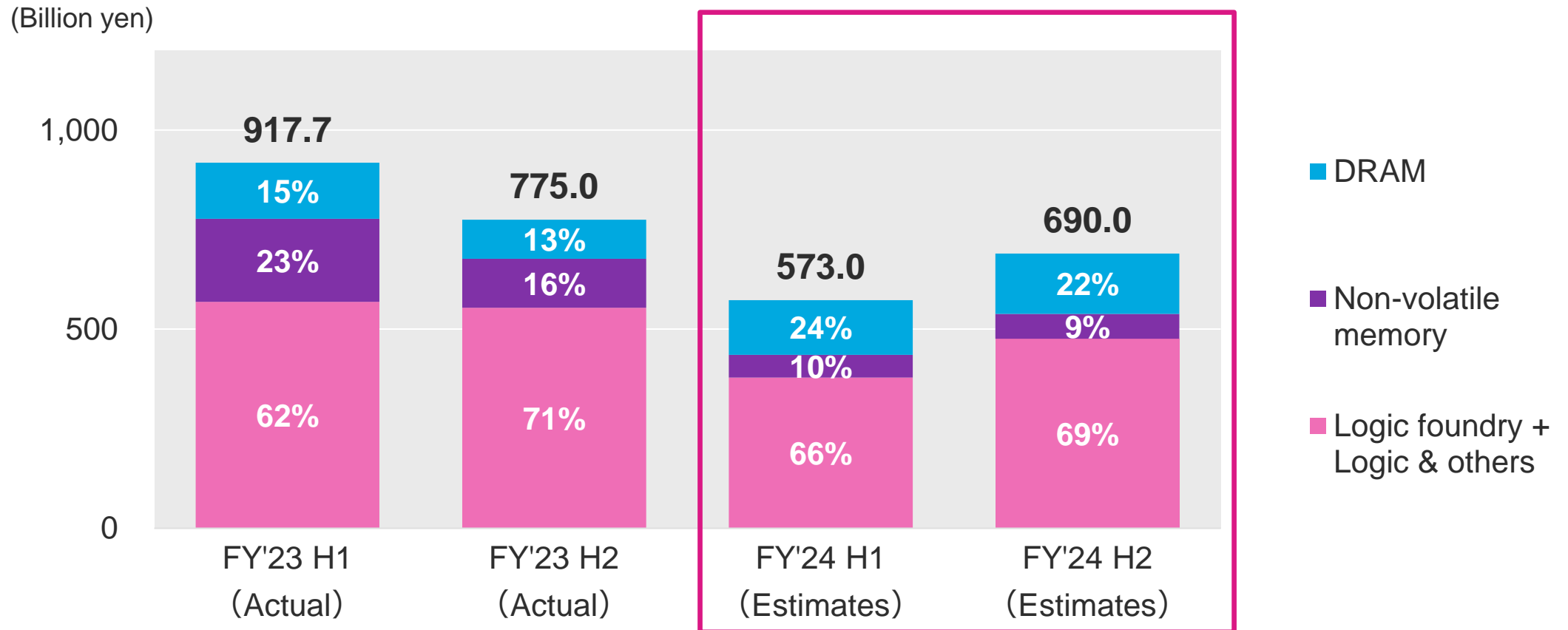
	FY2023 (Actual)	FY2024 (Estimate)			
		H1	H2	Full Year	Full Year YoY Change
Net sales	2,209.0	790.0	910.0	1,700.0	-23.0%
Gross profit	984.4	333.0	408.0	741.0	-24.7%
Gross profit margin	44.6%	42.2%	44.8%	43.6%	-1.0pts
SG&A expenses	366.6	172.0	176.0	348.0	-5.1%
R&D	191.1	95.0	105.0	200.0	+4.7%
Other than R&D	175.4	77.0	71.0	148.0	-15.7%
Operating income	617.7	161.0	232.0	393.0	-36.4%
Operating margin	28.0%	20.4%	25.5%	23.1%	-4.9pts
Income before income taxes	624.8	162.0	233.0	395.0	-36.8%
Net income attributable to owners of parent	471.5	120.0	180.0	300.0	-36.4%
Net income per share (Yen)	1,007.82	256.21	-	640.53	-367.29

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.

**Forecasting a record high ¥200B in R&D expenses despite a 5% YoY decrease in SG&A expenses overall**

# FY2024 SPE New Equipment Sales Forecast

Sales by Application



Sales expected to bottom out in H1, then move towards a recovery

# FY2024 R&D Expenses and Capex Plan

New development building  
(Deposition system, etch system, corporate R&D)



Nirasaki-city, Yamanashi Prefecture  
(Completion scheduled for summer 2023)

Tohoku Production and Logistics Center  
(Deposition system)



Oshu-city, Iwate Prefecture  
(Completion scheduled for autumn 2025)

New development building  
(Coater/Developer, Surface preparation systems)

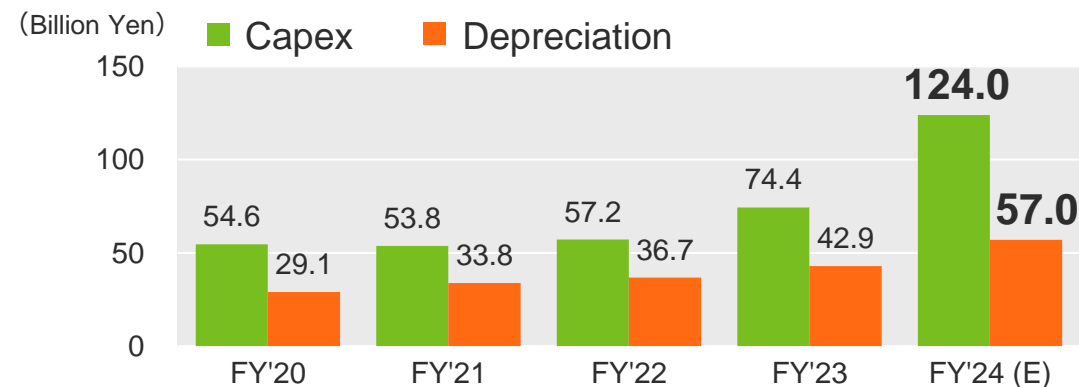
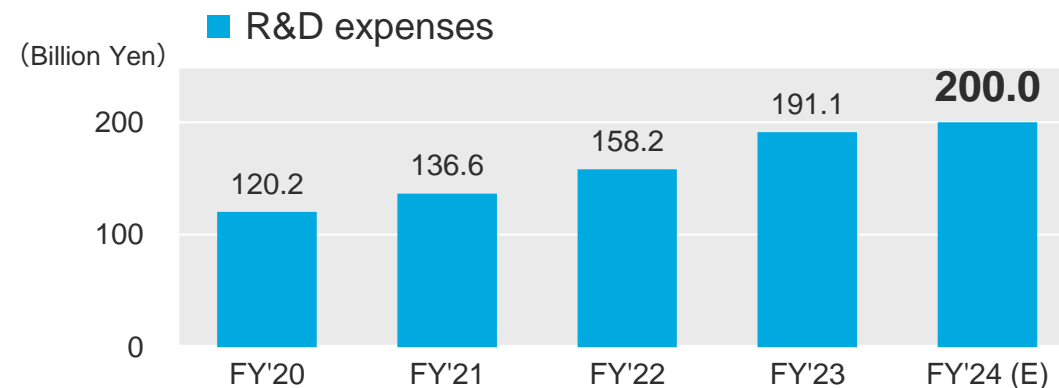


Koshi-city, Kumamoto Prefecture  
(Completion scheduled for summer 2025)

New development building  
(Etch systems)

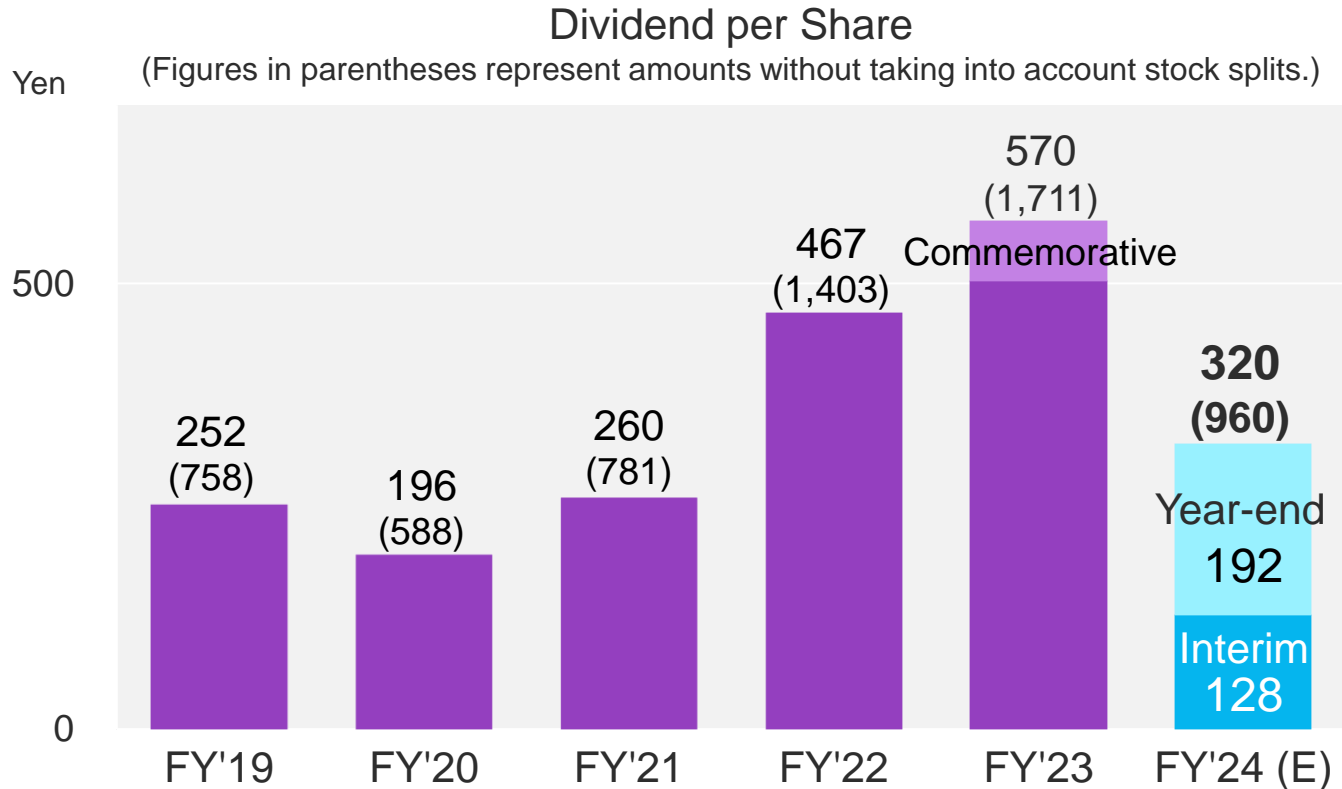


Kurokawa-gun, Miyagi Prefecture  
(Completion scheduled for spring 2025)



Continue aggressive R&D and capital investment for sustainable growth

# FY2024 Dividend Forecast



Dividends per share from FY'19 to FY'23 are calculated on the assumption that the stock split was conducted at the beginning of FY'19. FY'23 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 this year.  
Full-year dividends are expected to be ¥320 per share.**

# Acquisition of Treasury Stock

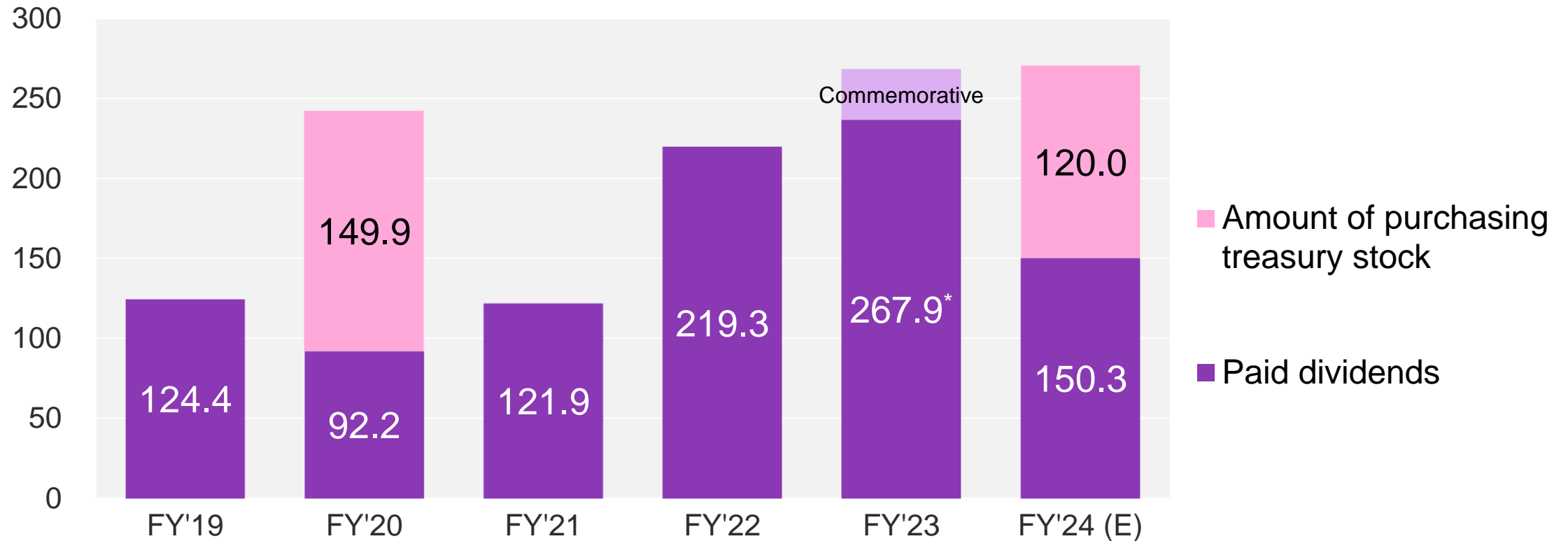
## Plan to implement share repurchase of up to 120B yen

- Type of shares to be acquired : Shares of common stock
- Total number of shares to be acquired : Up to 10 million shares  
(Equivalent to 2.1% of outstanding shares  
excluding treasury stock)
- Total cost of acquisition : Up to 120 billion yen
- Period of acquisition : From June 1, 2023 to December 31, 2023

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

# Total Return Amount

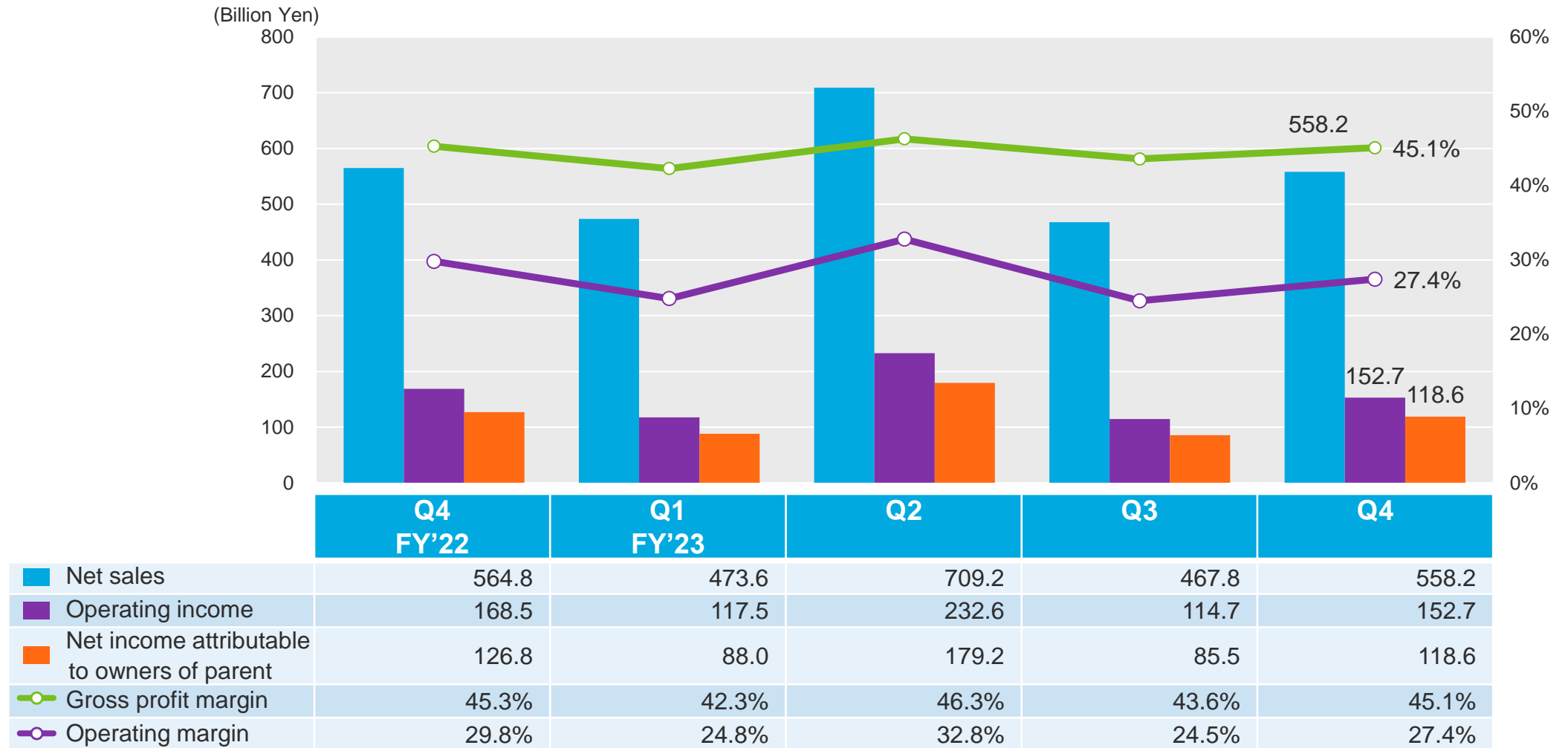
(Billion yen)





# Appendix

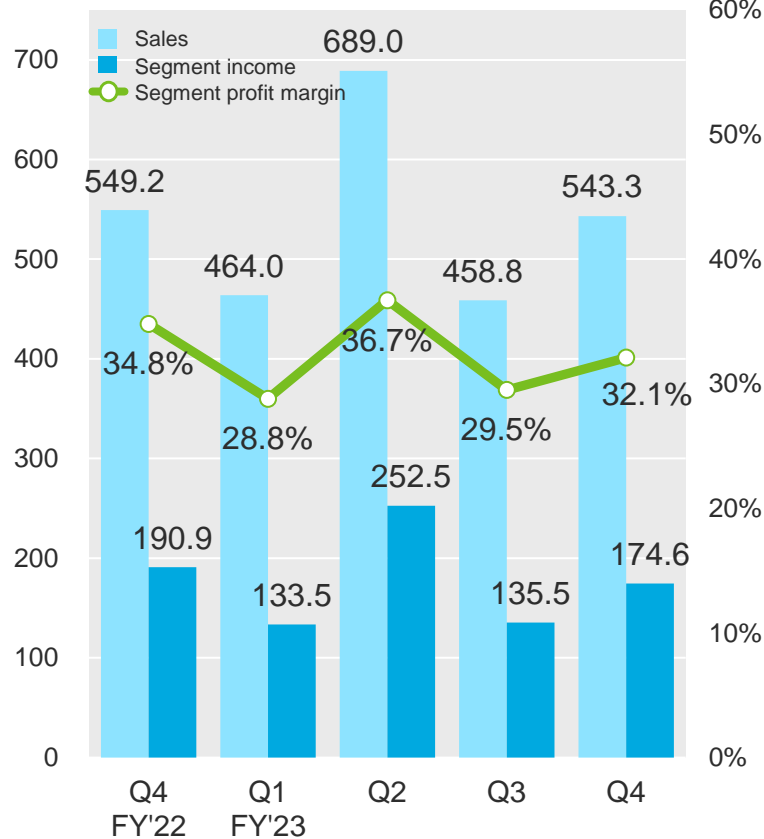
# Financial Performance (Quarterly)



# Segment Information (Quarterly)

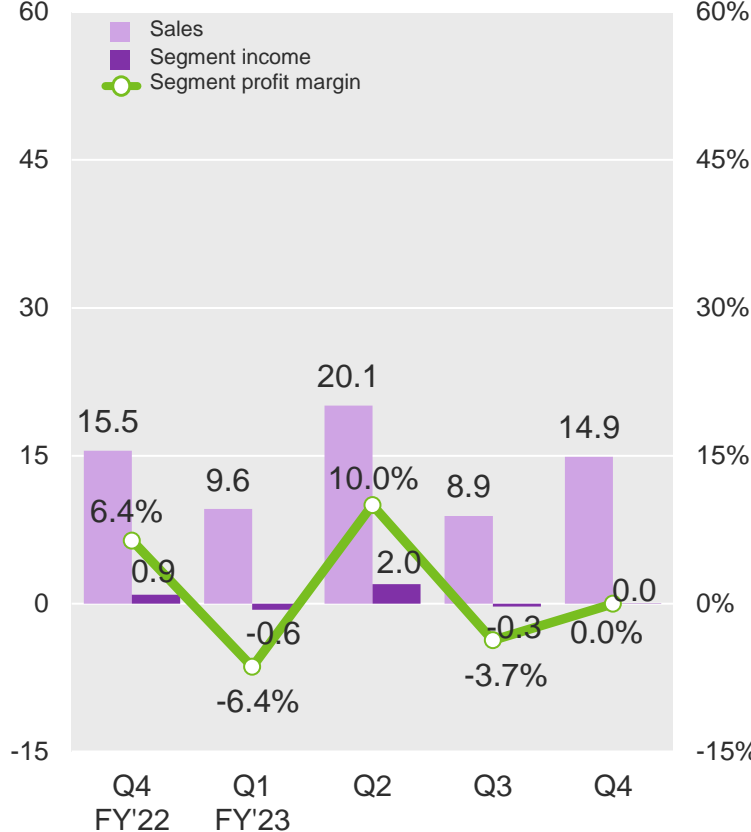
## SPE (Semiconductor production equipment)

(Billion Yen)

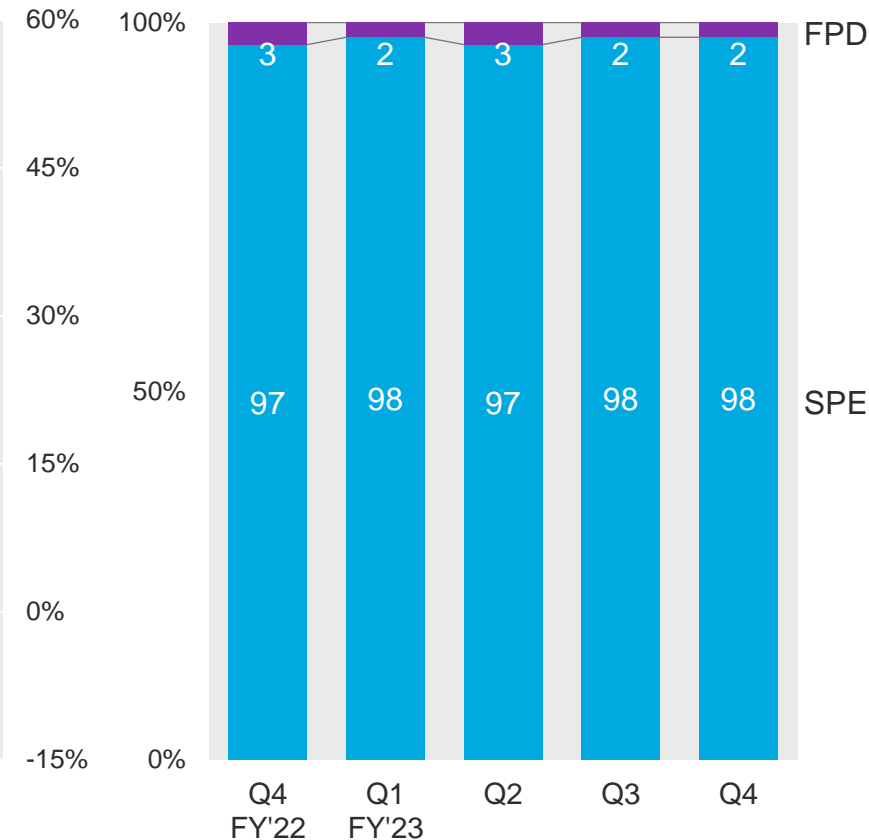


## FPD (Flat panel display production equipment)

(Billion Yen)

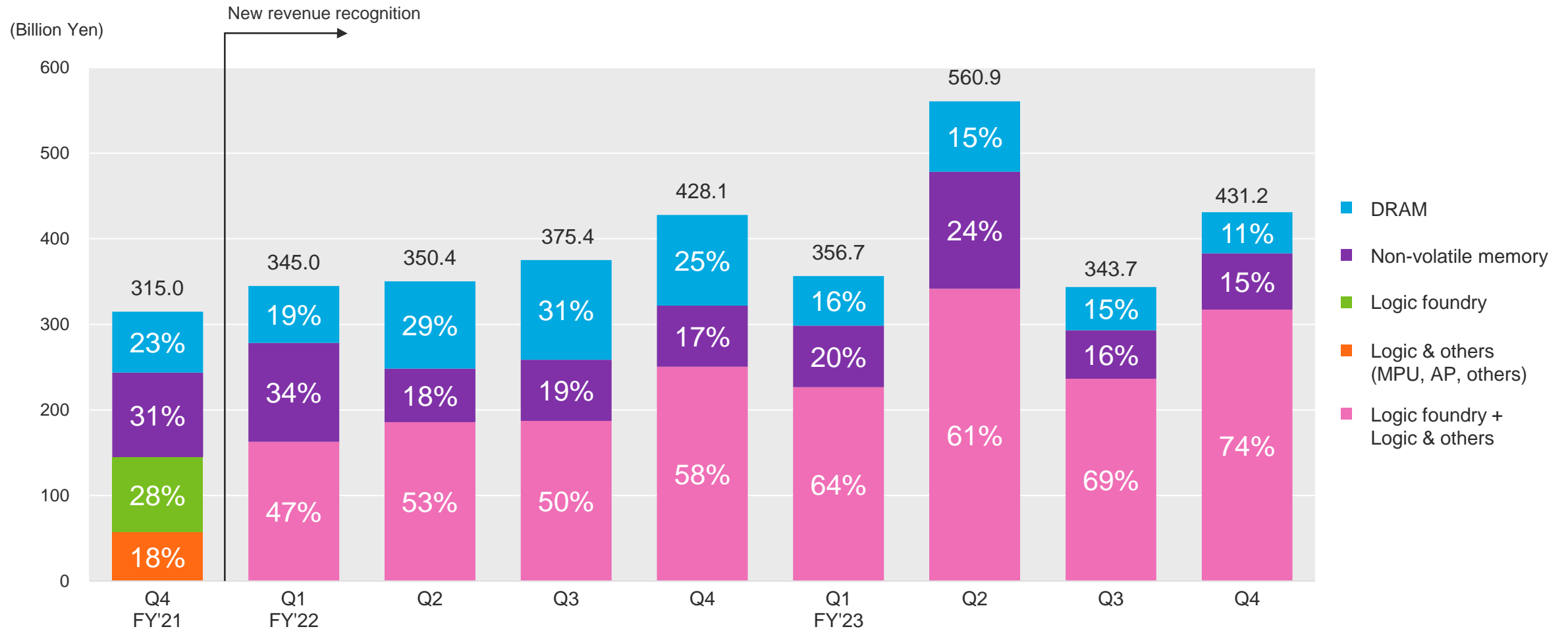


## Composition of Net Sales



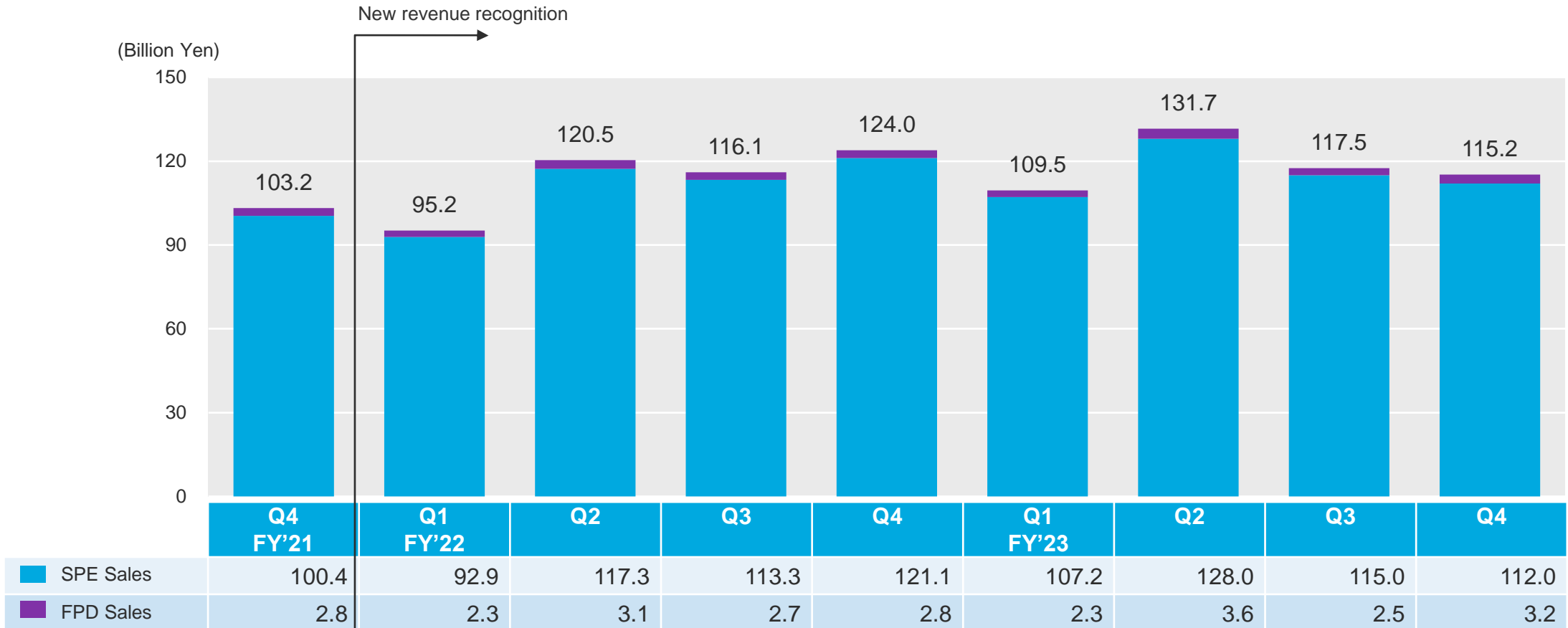
1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research, etc. and other general and administrative expenses are not included in the above reportable segments.
3. Composition of net sales figures is based on the sales to customers.

# SPE Division: New Equipment Sales by Application (Quarterly)

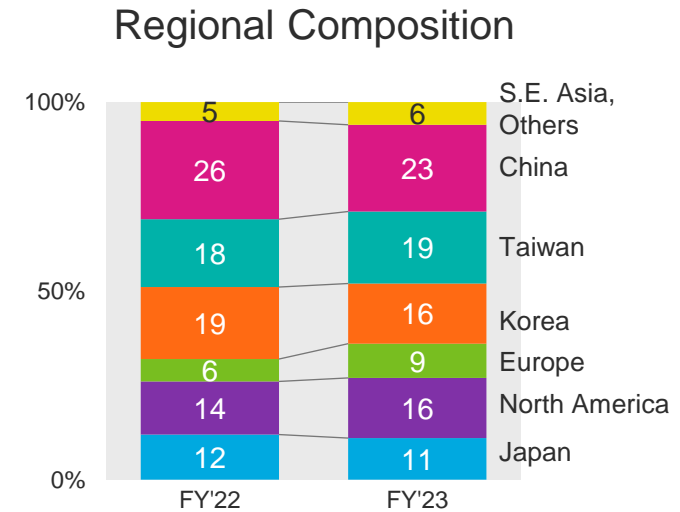
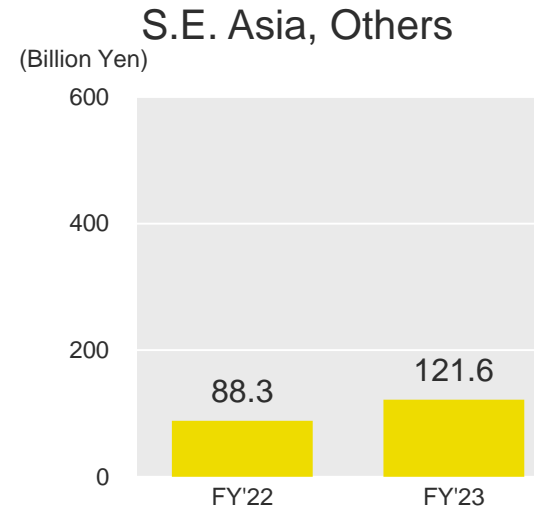
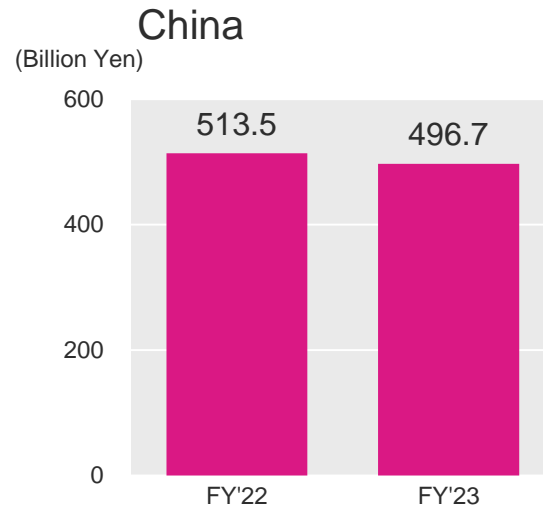
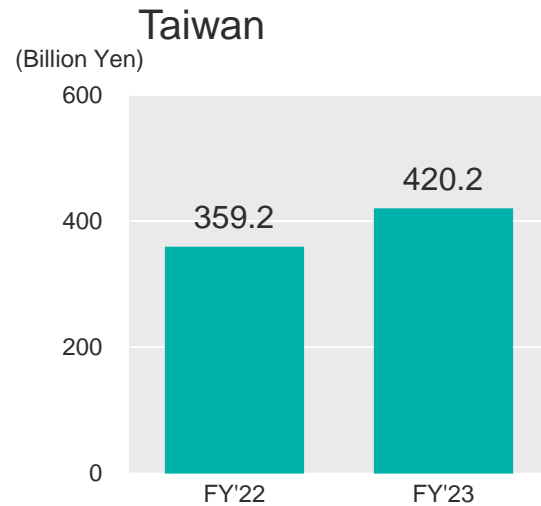
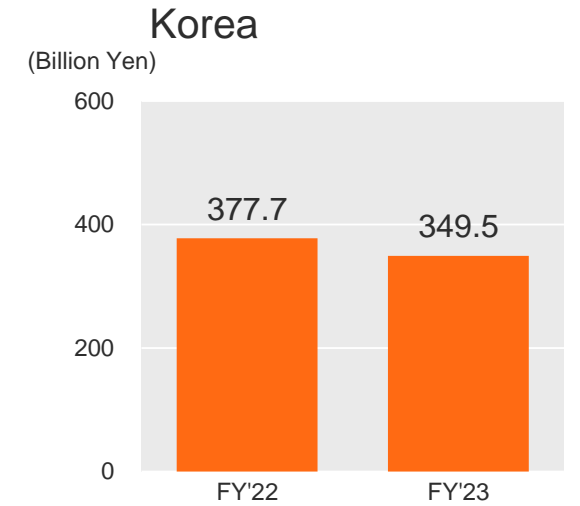
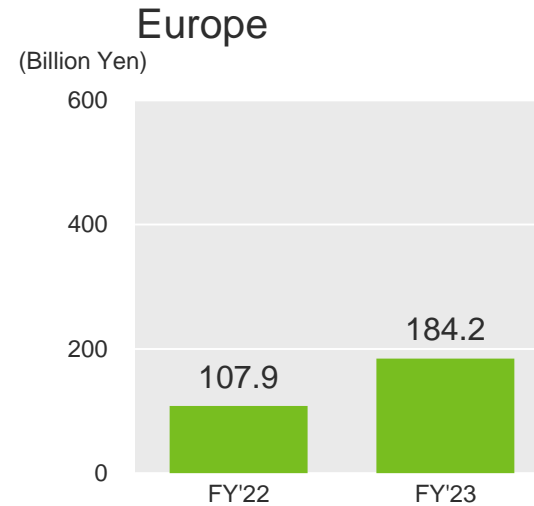
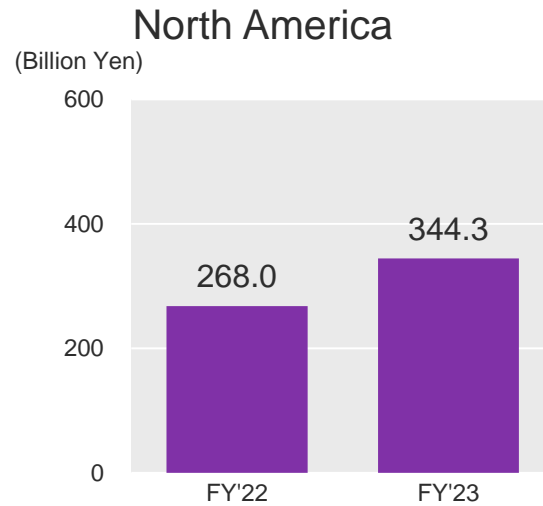
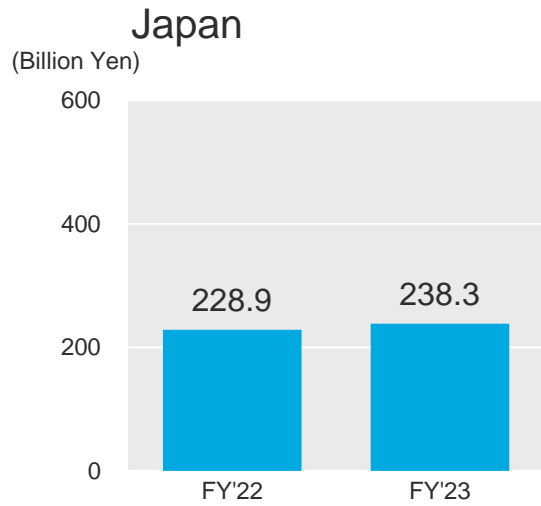


Percentages on the graph show the composition ratio of new equipment sales. Field Solutions sales are not included.

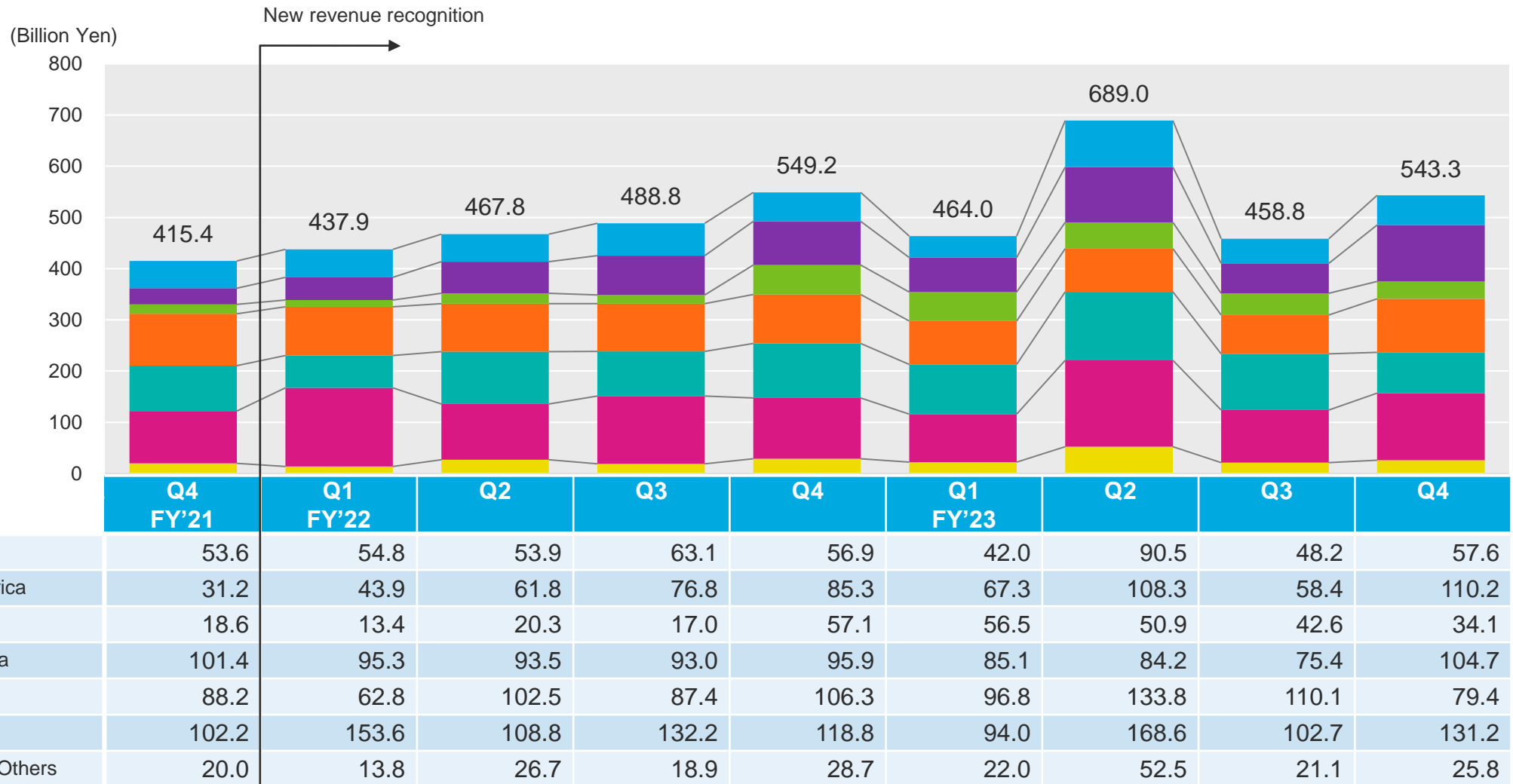
# Field Solutions Sales (Quarterly)



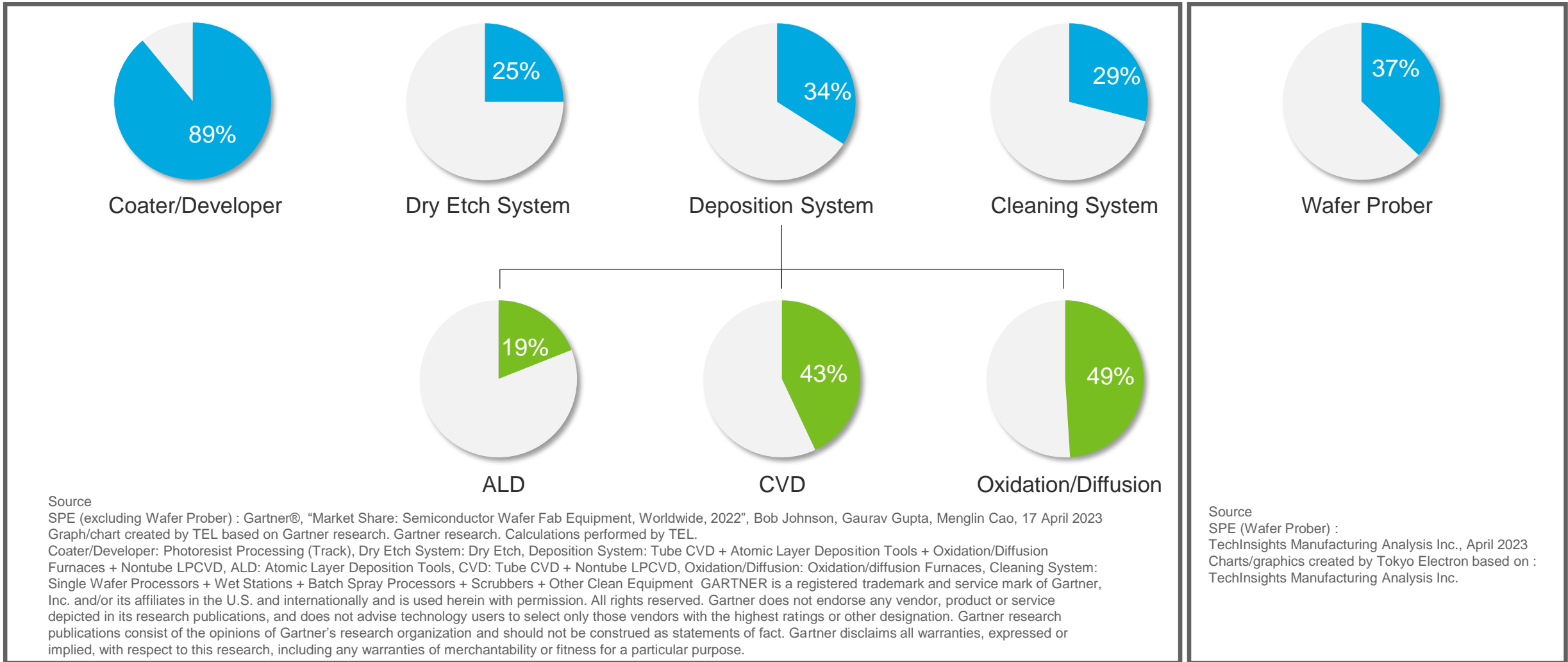
# SPE Division: Sales by Region



# SPE Division: Sales by Region (Quarterly)



# World Market Share of TEL's Main SPE\* Products (CY2022)





**TEL**™

**TOKYO ELECTRON**