

Q3 FY2022 (October – December 2021) Financial Announcement

February 10, 2022

Agenda:

- Q3 FY2022 Consolidated Financial Summary
Yoshikazu Nunokawa, Corporate Director, Executive Vice President & General Manager
- 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, 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.

- 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.

FPD: Flat panel display

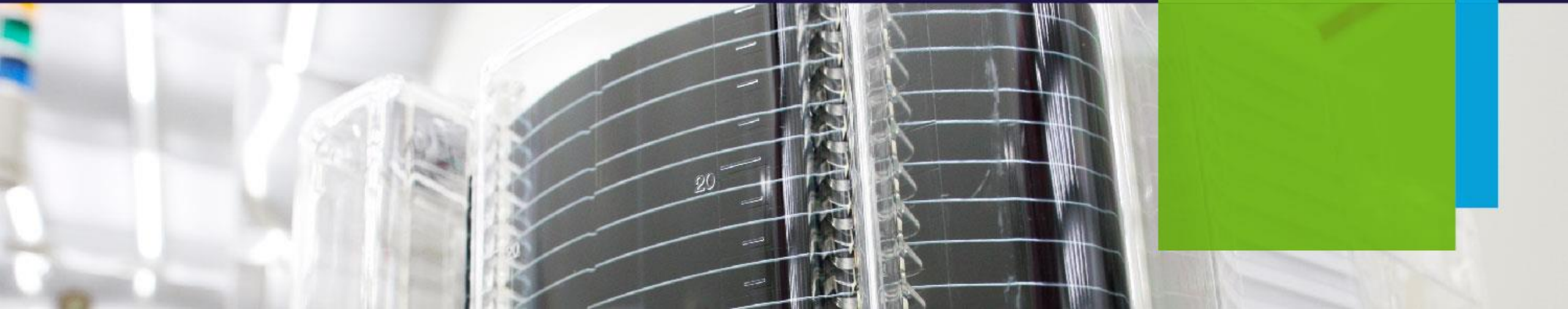


Q3 FY2022 Consolidated Financial Summary

February 10, 2022

Yoshikazu Nunokawa

Corporate Director, Executive Vice President & General Manager,
Global Business Platform Division



Financial Summary

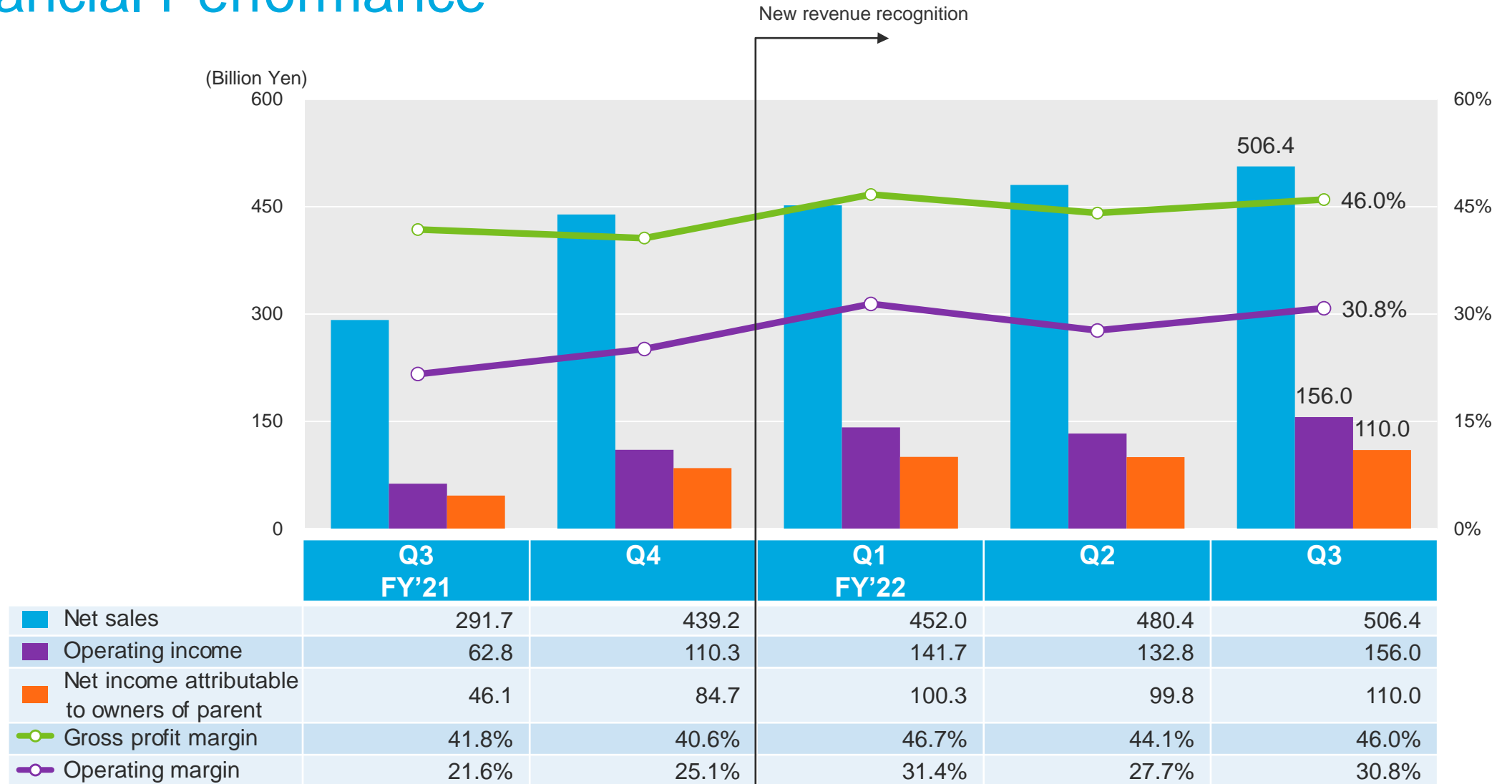
New revenue recognition →

(Billion Yen)

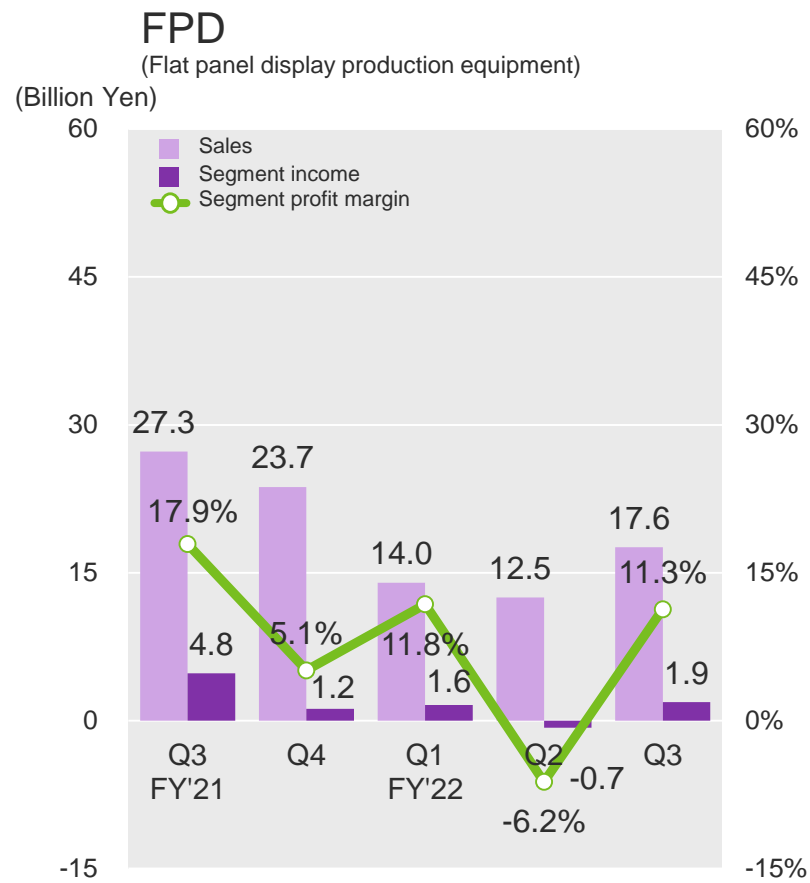
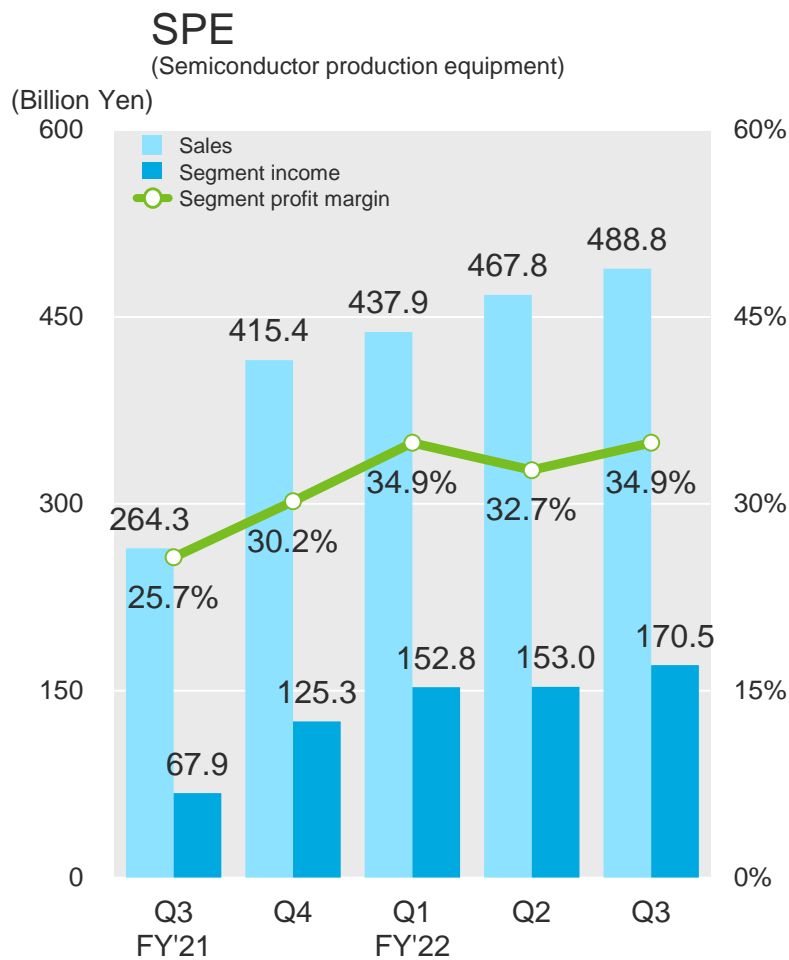
| | FY2021 | | FY2022 | | | vs. Q2 FY2022 |
|---|--------|-------|--------|-------|-------|------------------|
| | Q3 | Q4 | Q1 | Q2 | Q3 | |
| Net sales | 291.7 | 439.2 | 452.0 | 480.4 | 506.4 | +5.4% |
| SPE | 264.3 | 415.4 | 437.9 | 467.8 | 488.8 | +4.5% |
| FPD | 27.3 | 23.7 | 14.0 | 12.5 | 17.6 | +40.1% |
| Gross profit | 121.9 | 178.2 | 210.9 | 211.9 | 233.0 | +9.9% |
| Gross profit margin | 41.8% | 40.6% | 46.7% | 44.1% | 46.0% | +1.9pts |
| SG&A expenses | 59.0 | 67.8 | 69.1 | 79.0 | 76.9 | -2.7% |
| Operating income | 62.8 | 110.3 | 141.7 | 132.8 | 156.0 | +17.5% |
| Operating margin | 21.6% | 25.1% | 31.4% | 27.7% | 30.8% | +3.1pts |
| Income before income taxes | 62.3 | 106.9 | 138.0 | 135.0 | 155.5 | +15.2% |
| Net income attributable to owners of parent | 46.1 | 84.7 | 100.3 | 99.8 | 110.0 | +10.2% |
| R&D expenses | 33.0 | 37.1 | 34.3 | 41.1 | 38.5 | -6.4% |
| Capital expenditures | 8.8 | 16.8 | 10.6 | 14.5 | 17.4 | +19.5% |
| Depreciation and amortization | 8.8 | 9.7 | 7.9 | 8.8 | 9.6 | +9.1% |

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.

Financial Performance



Segment Information

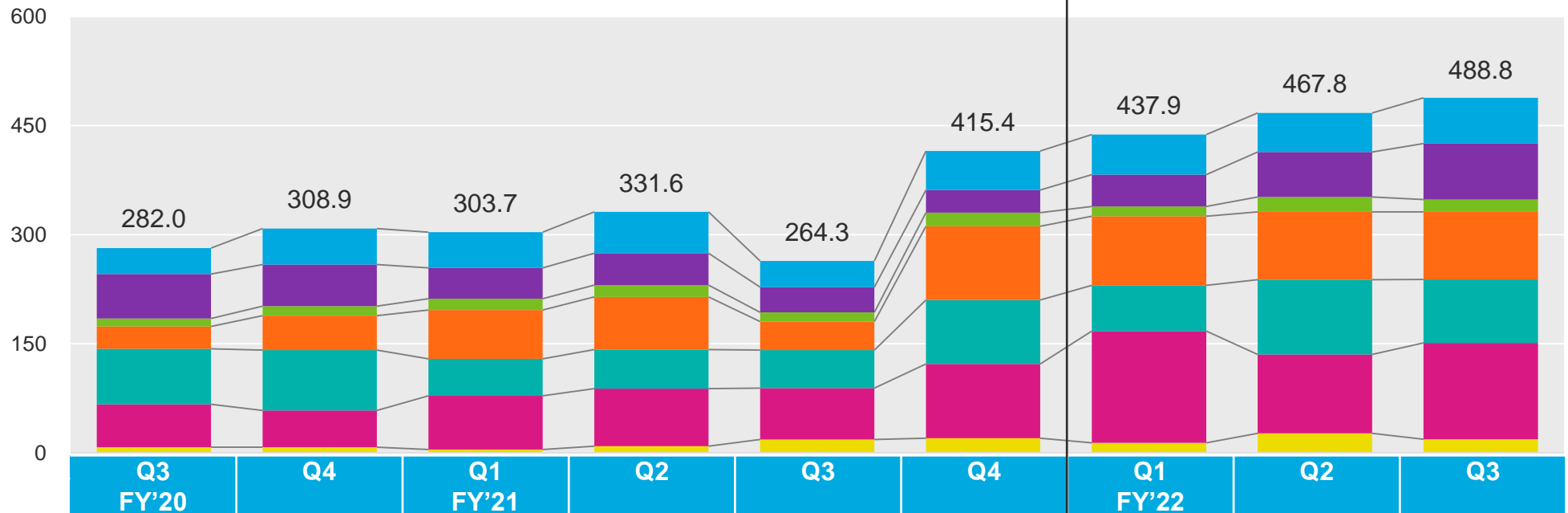


1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research, etc. and other general and administrative expenses are not included in the above reportable segments.
3. Composition of net sales figures is based on the sales to customers.

SPE Division: Sales by Region

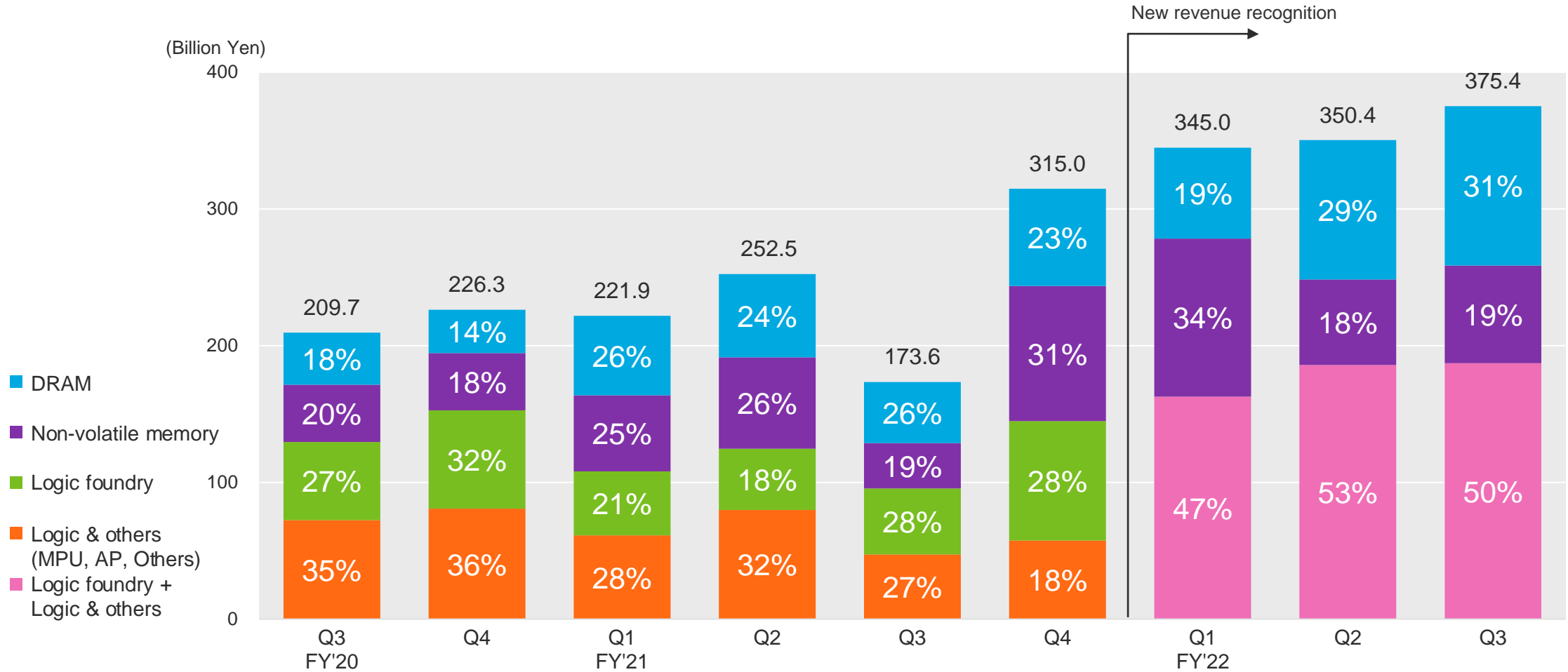
New revenue recognition

(Billion Yen)

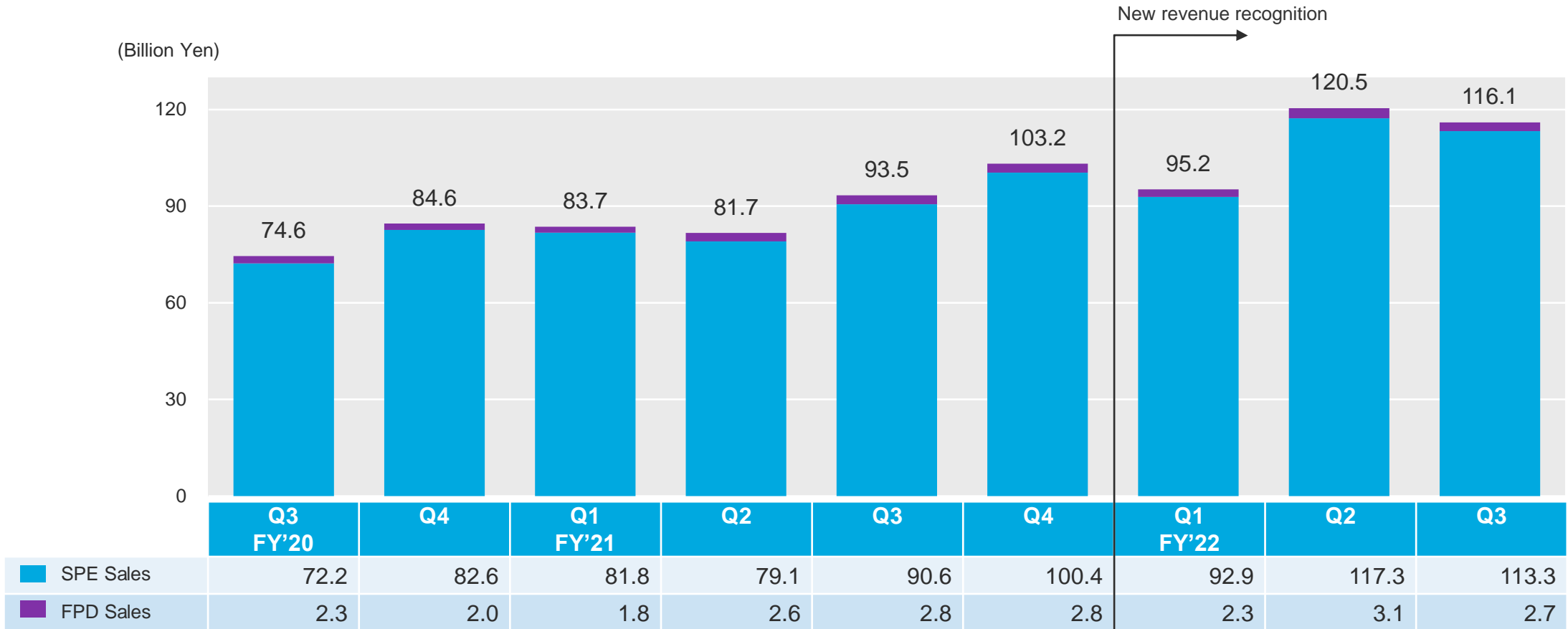


| | Q3 FY'20 | Q4 | Q1 FY'21 | Q2 | Q3 | Q4 | Q1 FY'22 | Q2 | Q3 |
|--------------------|-------------|------|-------------|------|------|-------|-------------|-------|-------|
| Japan | 35.9 | 49.6 | 49.1 | 56.8 | 36.1 | 53.6 | 54.8 | 53.9 | 63.1 |
| North America | 61.0 | 57.2 | 42.3 | 44.0 | 34.5 | 31.2 | 43.9 | 61.8 | 76.8 |
| Europe | 10.8 | 13.3 | 15.7 | 16.3 | 12.7 | 18.6 | 13.4 | 20.3 | 17.0 |
| South Korea | 31.0 | 47.1 | 67.0 | 72.1 | 39.3 | 101.4 | 95.3 | 93.5 | 93.0 |
| Taiwan | 76.2 | 83.1 | 50.9 | 53.9 | 52.5 | 88.2 | 62.8 | 102.5 | 87.4 |
| China | 59.1 | 50.6 | 73.9 | 79.1 | 70.5 | 102.2 | 153.6 | 108.8 | 132.2 |
| S. E. Asia, Others | 7.7 | 7.7 | 4.6 | 9.2 | 18.4 | 20.0 | 13.8 | 26.7 | 18.9 |

SPE Division: New Equipment Sales by Application

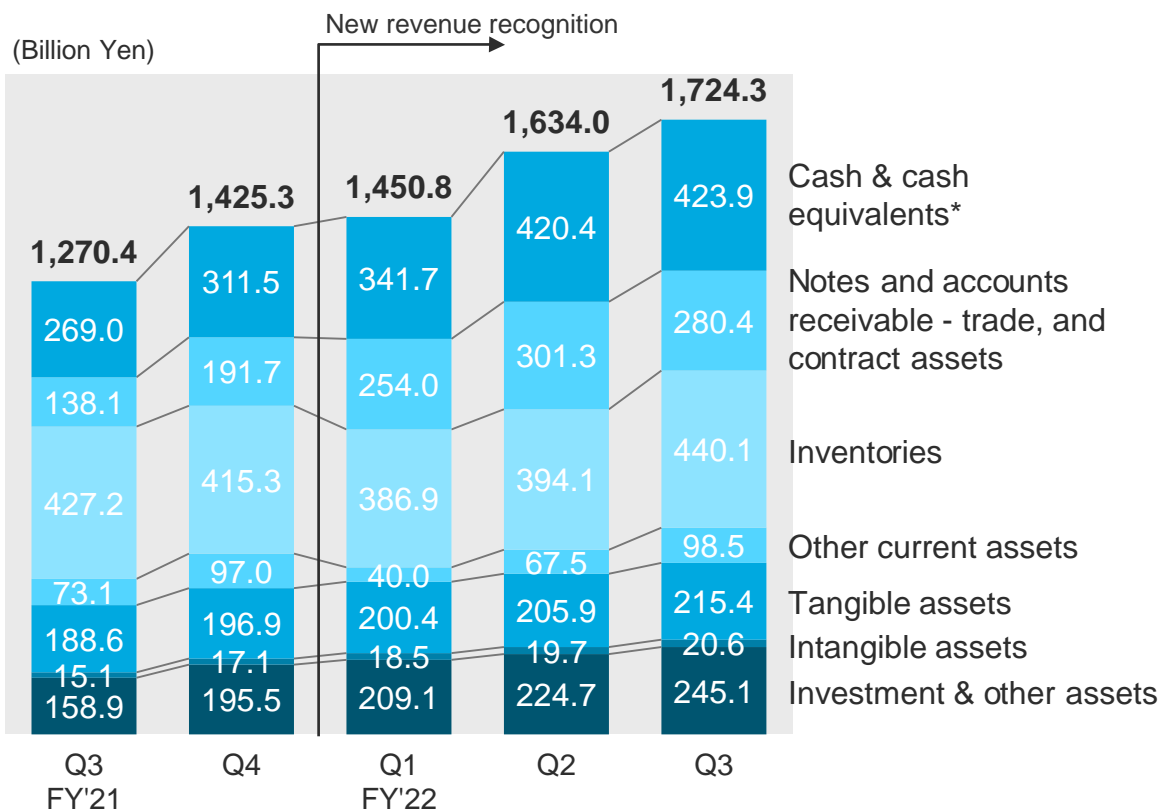


Field Solutions Sales

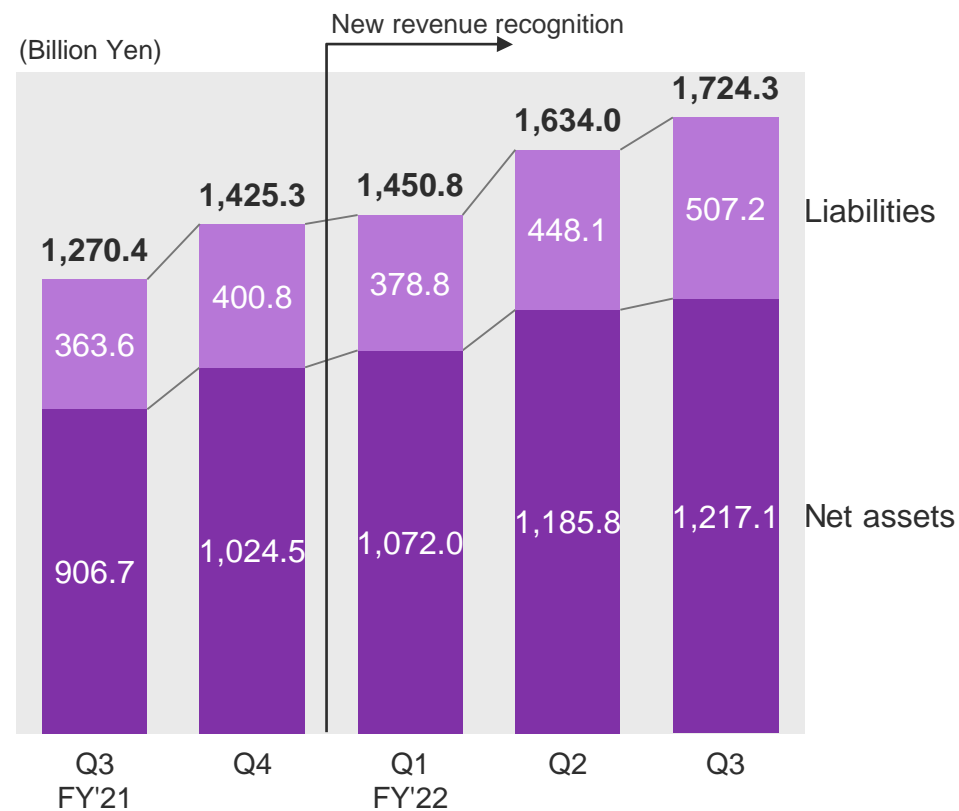


Balance Sheet

Assets

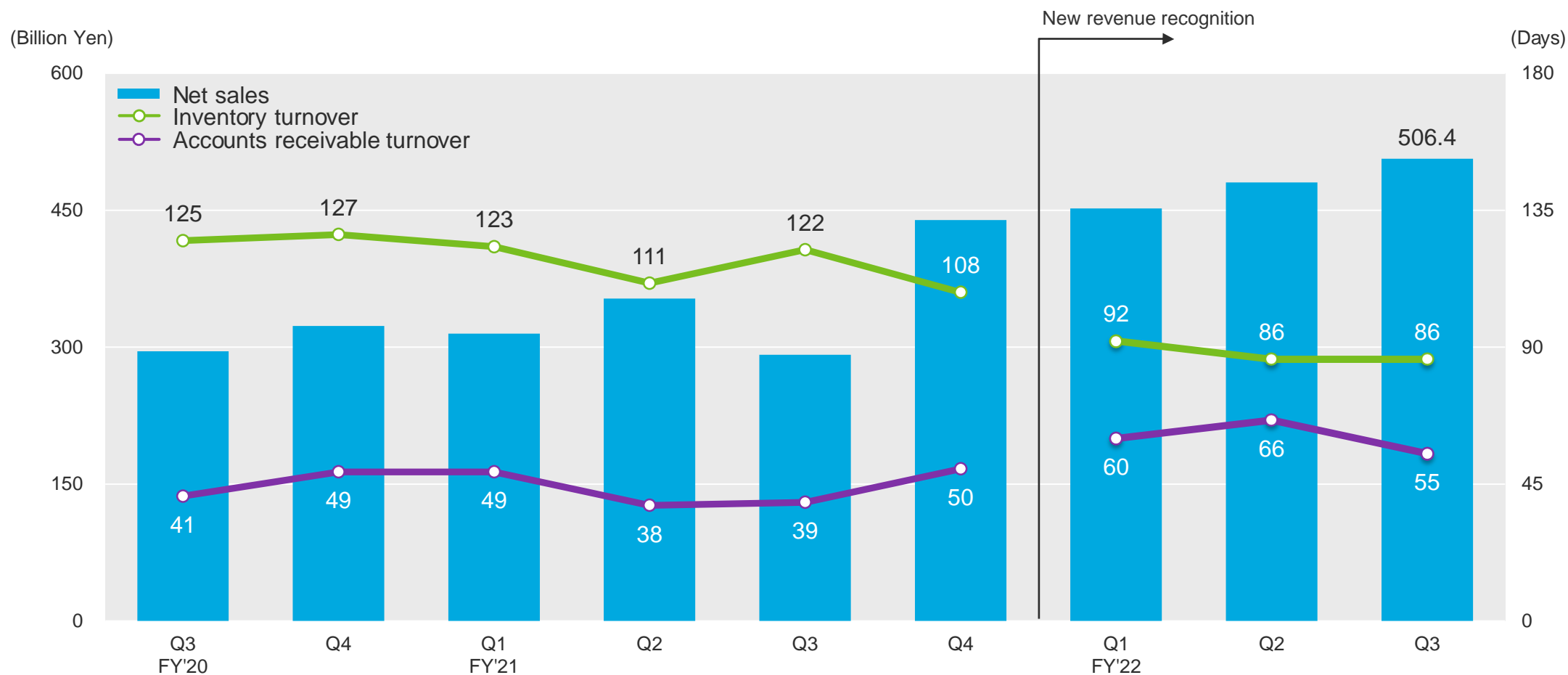


Liabilities & Net Assets



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

Inventory Turnover and Accounts Receivable Turnover

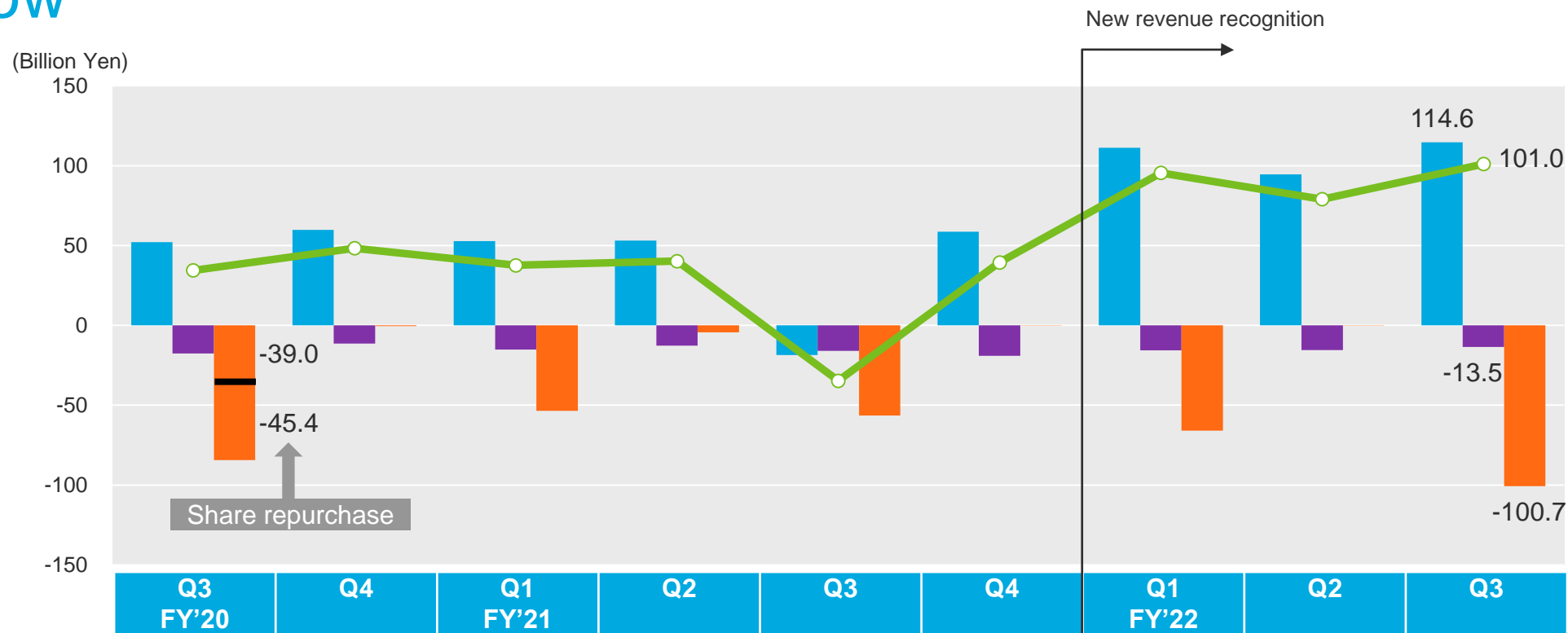


Turnover days = inventory or accounts receivable at the end of each quarter / last 12 months sales x 365

Note: Accounts receivable includes contract assets.

The turnovers in FY'22 are calculated based on the sales of the past four quarters including the relevant quarter, respectively, although the revenue recognition standards are different.

Cash Flow



| | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Cash flow from operating activities | 52.1 | 59.7 | 52.7 | 53.1 | -18.6 | 58.6 | 111.2 | 94.6 | 114.6 |
| Cash flow from investing activities*1 | -17.7 | -11.4 | -15.1 | -12.8 | -16.0 | -19.1 | -15.7 | -15.5 | -13.5 |
| Cash flow from financing activities | -84.4 | -0.4 | -53.5 | -4.4 | -56.4 | -0.1 | -65.9 | -0.2 | -100.7 |
| Free cash flow*2 | 34.4 | 48.3 | 37.6 | 40.2 | -34.7 | 39.4 | 95.5 | 79.0 | 101.0 |
| Cash on hand*3 | 292.2 | 338.4 | 322.6 | 358.9 | 269.0 | 311.5 | 341.7 | 420.4 | 423.9 |

*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)

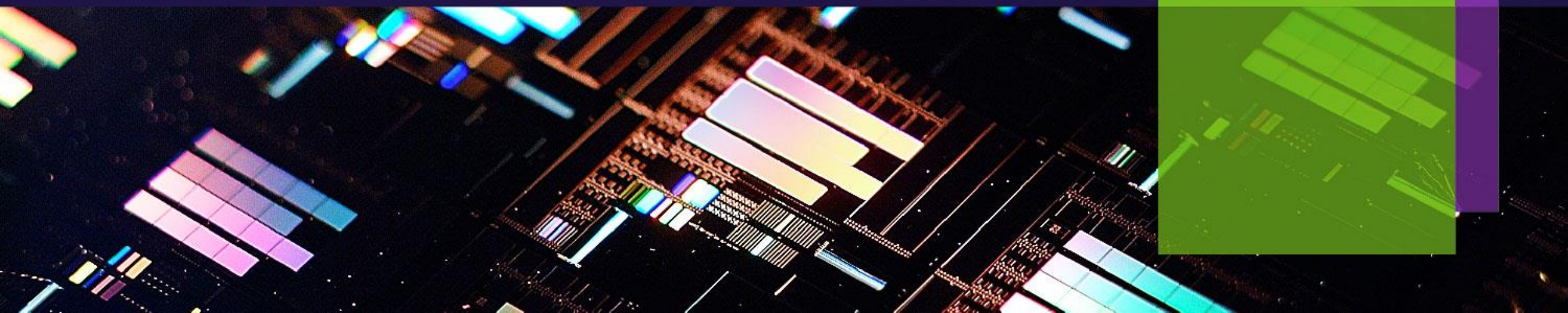
*3 Cash on hand includes cash and cash equivalents + time deposits and short-term investments with original maturities of more than three months.



Business Environment and Financial Estimates

February 10, 2022

Toshiki Kawai
Representative Director, President & CEO



Business Environment (Outlook as of February 2022)

▶ WFE*¹ capex

Continued expansion in the WFE market is expected on the rise in demand for a wide range of generations of logic, from leading-edge to mature, and memory driven by the ongoing digital shift of society, such as further acceleration in data center investment.

CY2022 growth potential of nearly 20% YoY expected

▶ FPD production equipment capex for TFT array process*²

Increased investment accompanying adoption of new applications in automotive, etc., and new technologies for mobile. The transition from LCD to OLED progressing from small panels, expected to expand to large panels.

CY2022 growth expected to increase slightly

*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.

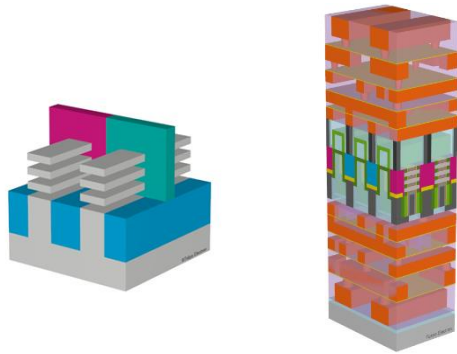
*2 TFT array process: The processes of manufacturing the substrates with the electric circuit functions that drive displays

CY2022 WFE Market by Application

- Logic/Foundry: 20%+ increase YoY
 - Drive WFE market with continued proactive investment on expanded applications accompanying advances in ICT*
- DRAM: Approx. 15% increase YoY
 - Expect high level of investment driven by spread of 5G mobile, higher data center demand and adoption of DDR5
- Non-volatile memory: Approx. 5% increase YoY
 - Continued firm investment driven by progressing adoption of SSDs and rising memory contents

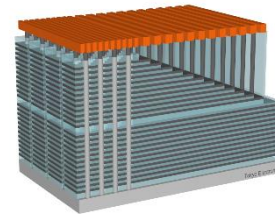
Business Opportunities and Focus Areas (CY2022-)

Logic



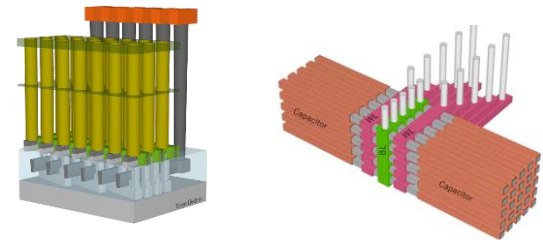
- High-NA EUV
- GAA / Nanosheet
- Backside PDN

NAND



- >300 Layers
- Cell + Peri. CMOS Bonding

DRAM



- 2D Shrink
- 3D DRAM

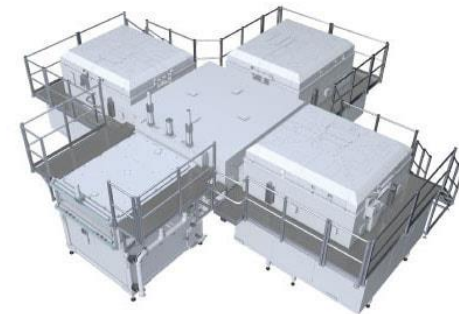
Diverse new technologies will enable semiconductor evolution

FY2022 Q3 Business Progress

- Sales and profits both exceeded estimates
- Execution of proactive procurement and production with a view of market growth have contributed to the achievement
- The Corporate Production Division established in September began full operations. Further promoted the enhancement of safety, quality, environment, supply chain, etc.
- Made good progress in capture of PORs by strategic products
- Released new products for etch. Pursued technological innovation



Etch System for 300mm Power Devices
Tactras™ - UDEMAE™



Plasma Etch System for 8th Generation FPD
Impressio™ 2400 PICP™ Pro

FY2022 Financial Estimates

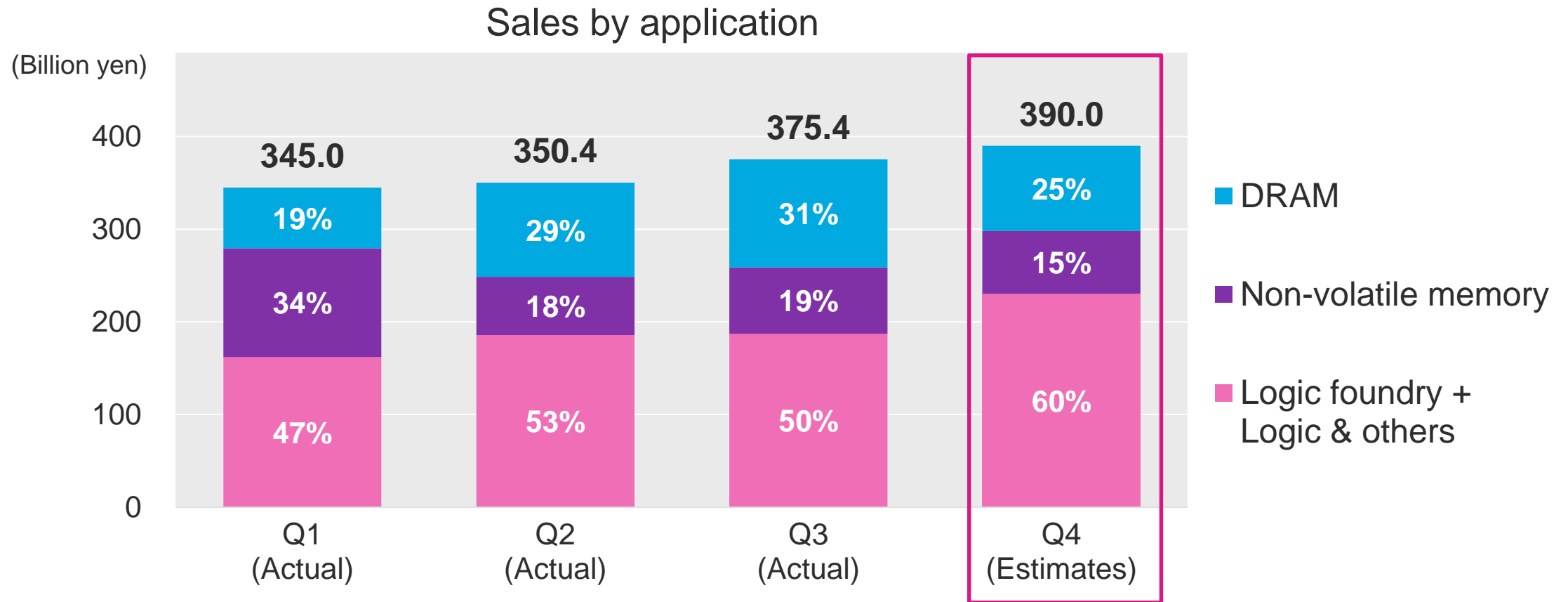
FY2022 Financial Estimates

* Adjustments: changes from the figures announced on November 12, 2021. (Billion yen)

| | FY2021 | FY2022 | | | |
|---|-----------|----------|---------------|-----------|--------------|
| | Actual | Actual | New estimates | | Adjustments* |
| | Full Year | H1 | H2 | Full Year | Full Year |
| Net sales | 1,399.1 | 932.5 | 1,017.4 | 1,950.0 | +50 |
| SPE | 1,315.2 | 905.7 | 984.1 | 1,890.0 | +50 |
| FPD | 83.7 | 26.6 | 33.3 | 60.0 | 0 |
| Gross profit | 564.9 | 422.8 | 461.1 | 884.0 | +23 |
| Gross profit margin | 40.4% | 45.3% | 45.3% | 45.3% | 0.0pts |
| SG&A expenses | 244.2 | 148.2 | 165.8 | 314.0 | +4 |
| Operating income | 320.6 | 274.6 | 295.3 | 570.0 | +19 |
| Operating margin | 22.9% | 29.5% | 29.0% | 29.2% | +0.2pts |
| Income before income taxes | 317.0 | 273.0 | 294.9 | 568.0 | +22 |
| Net income attributable to owners of parent | 242.9 | 200.2 | 215.7 | 416.0 | +16 |
| Net income per share (Yen) | 1,562.20 | 1,286.74 | - | 2,672.51 | +102.63 |

Upwardly revised full year financial estimates by capturing additional business opportunities

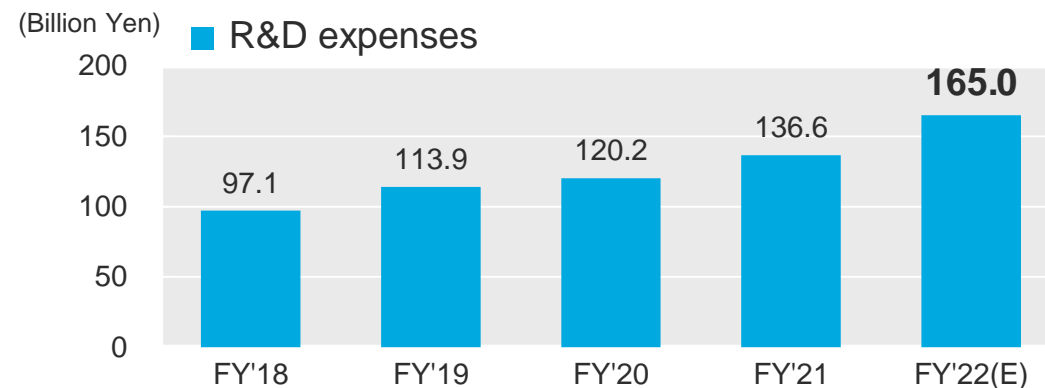
FY2022 Q4 SPE Division New Equipment Sales Forecast



Expect to set quarterly sales record in Q4 on strong demand

FY2022 R&D Expenses, Capex Plan

- R&D Expenses ¥165.0B
 - Continue investing based on focus areas and sustainable growth
- Capex ¥64.0B
 - Actively invest in advanced technologies R&D and to meet increasing production
- Depreciation ¥43.0B



Miyagi Technology Innovation Center
(etch systems)

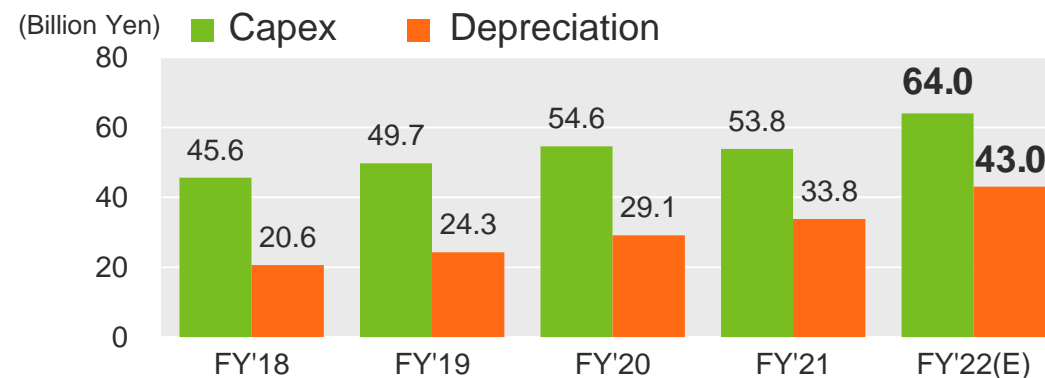


Kurokawa-gun, Miyagi Prefecture:
approx. ¥7.0B construction cost
(Completed in September 2021)

New development building
(deposition system, gas chemical etch system, corporate R&D)

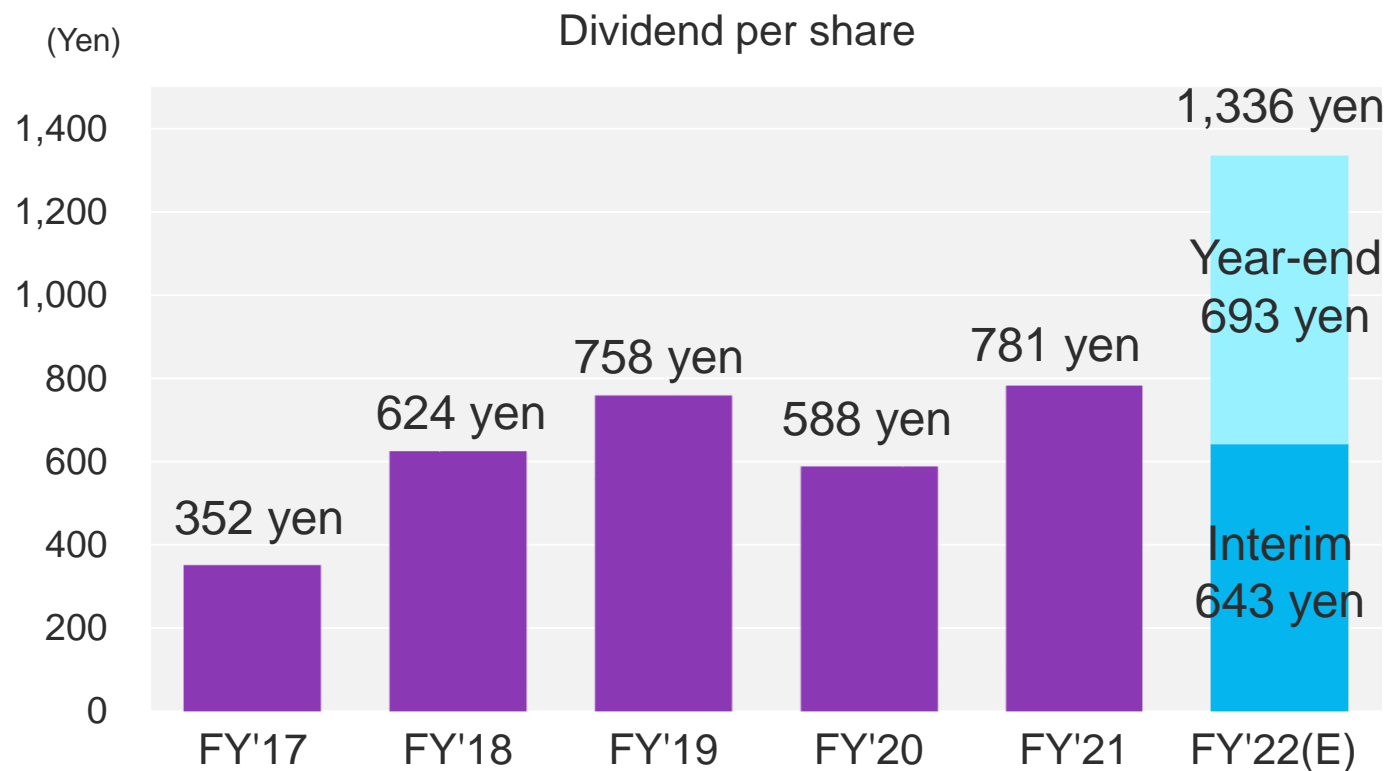


Nirasaki City, Yamanashi Prefecture:
approx. ¥11.0B construction cost
(Completion scheduled for
Spring 2023)



Accelerate investment in R&D and capex in view of growing market and diversification of new technology needs

FY2022 Dividend Forecast



TEL shareholder return policy

Dividend payout ratio: 50%

Annual DPS of not less than 150 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

Expect to pay annual DPS of 1,336 yen
due to upward revision of financial estimates

Tokyo Electron won **Grand Prize**
in Corporate Governance of the Year[®] 2021 program
sponsored by the Japan Association of Corporate Directors



Corporate Governance
of The Year



Pursue technological innovation in semiconductor with high value-added products and services, and strive to expand medium- to long-term profit and continuously enhance corporate value

TEL™

TOKYO ELECTRON