

Q2 FY2022 (July 1, 2021 – September 30, 2021) Financial Announcement

November 12, 2021

Agenda:

- Q2 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.

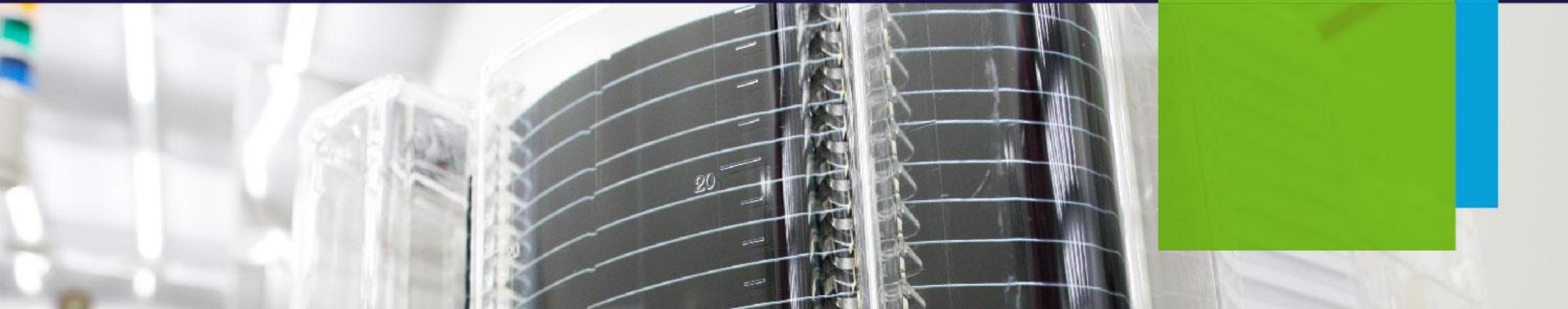
FPD: Flat panel display

Q2 FY2022 Consolidated Financial Summary

November 12, 2021

Yoshikazu Nunokawa

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



Financial Summary (H1)

New revenue recognition

(Billion Yen)

	FY2021		FY2022	(Reference) FY2022 H1 estimates announced on Aug. 16
	H1	H2	H1	
Net sales	668.1	730.9	932.5	900.0
SPE	635.4	679.7	905.7	874.0
FPD	32.6	51.1	26.6	26.0
Gross profit	264.8	300.1	422.8	400.0
Gross profit margin	39.6%	41.1%	45.3%	44.4%
SG&A expenses	117.3	126.8	148.2	155.0
Operating income	147.4	173.2	274.6	245.0
Operating margin	22.1%	23.7%	29.5%	27.2%
Income before income taxes	147.7	169.3	273.0	240.0
Net income attributable to owners of parent	112.0	130.9	200.2	175.0
R&D expenses	66.3	70.2	75.5	
Capital expenditures	28.2	25.6	25.1	
Depreciation and amortization	15.2	18.5	16.7	

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 Summary (Quarterly)

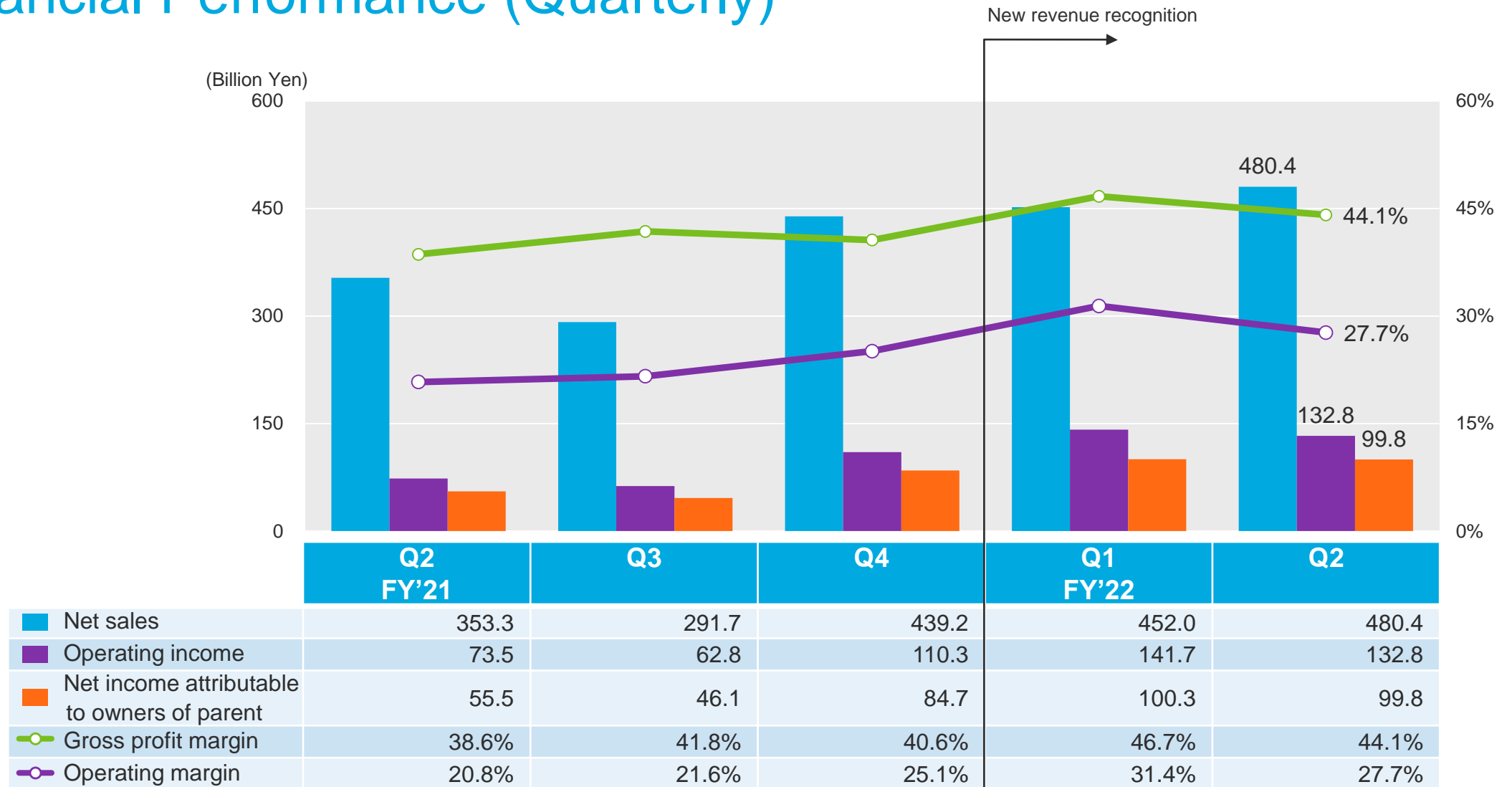
New revenue recognition

(Billion Yen)

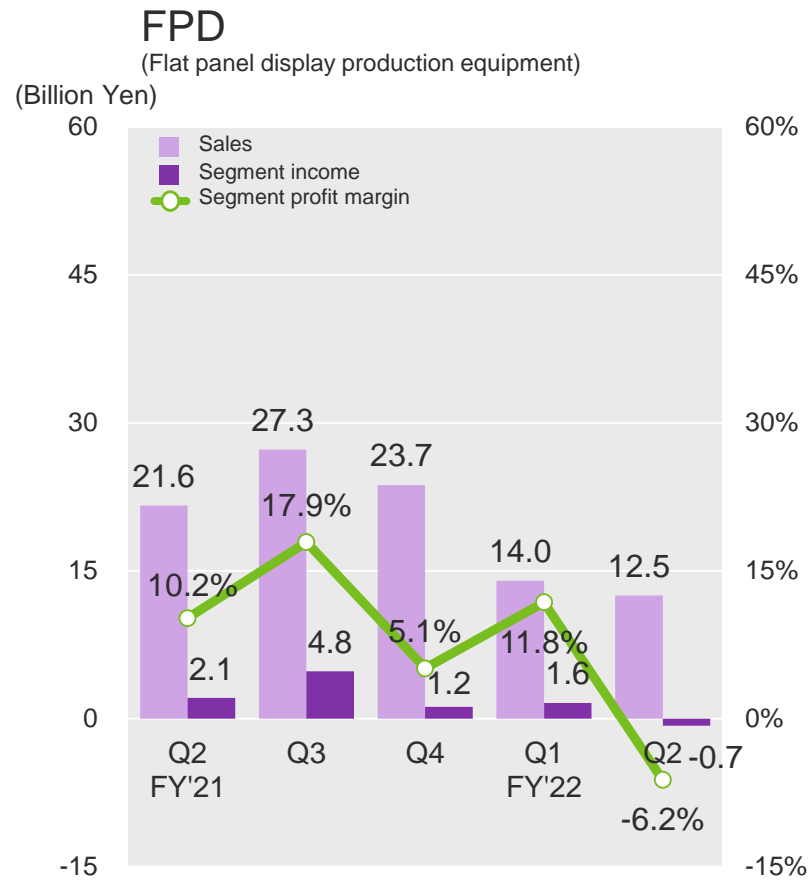
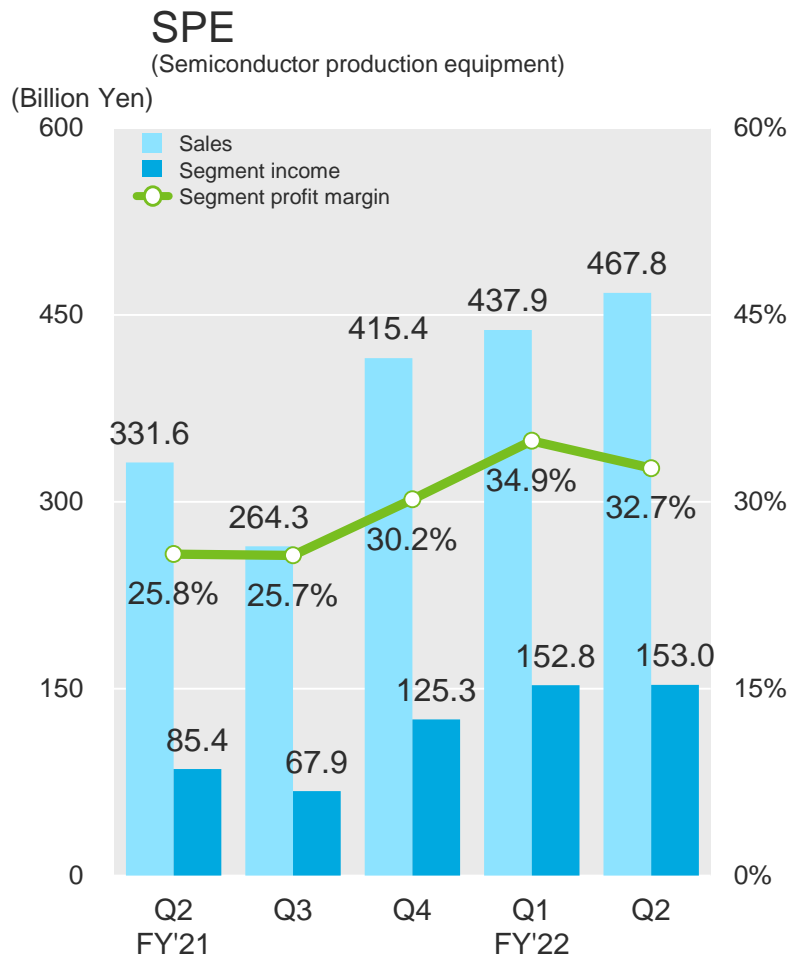
	FY2021			FY2022		vs. Q1 FY2022
	Q2	Q3	Q4	Q1	Q2	
Net sales	353.3	291.7	439.2	452.0	480.4	+6.3%
SPE	331.6	264.3	415.4	437.9	467.8	+6.8%
FPD	21.6	27.3	23.7	14.0	12.5	-10.6%
Gross profit	136.3	121.9	178.2	210.9	211.9	+0.5%
Gross profit margin	38.6%	41.8%	40.6%	46.7%	44.1%	-2.6pts
SG&A expenses	62.7	59.0	67.8	69.1	79.0	+14.4%
Operating income	73.5	62.8	110.3	141.7	132.8	-6.3%
Operating margin	20.8%	21.6%	25.1%	31.4%	27.7%	-3.7pts
Income before income taxes	73.0	62.3	106.9	138.0	135.0	-2.2%
Net income attributable to owners of parent	55.5	46.1	84.7	100.3	99.8	-0.5%
R&D expenses	36.2	33.0	37.1	34.3	41.1	+19.9%
Capital expenditures	14.9	8.8	16.8	10.6	14.5	+37.3%
Depreciation and amortization	8.1	8.8	9.7	7.9	8.8	+11.6%

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Financial Performance (Quarterly)



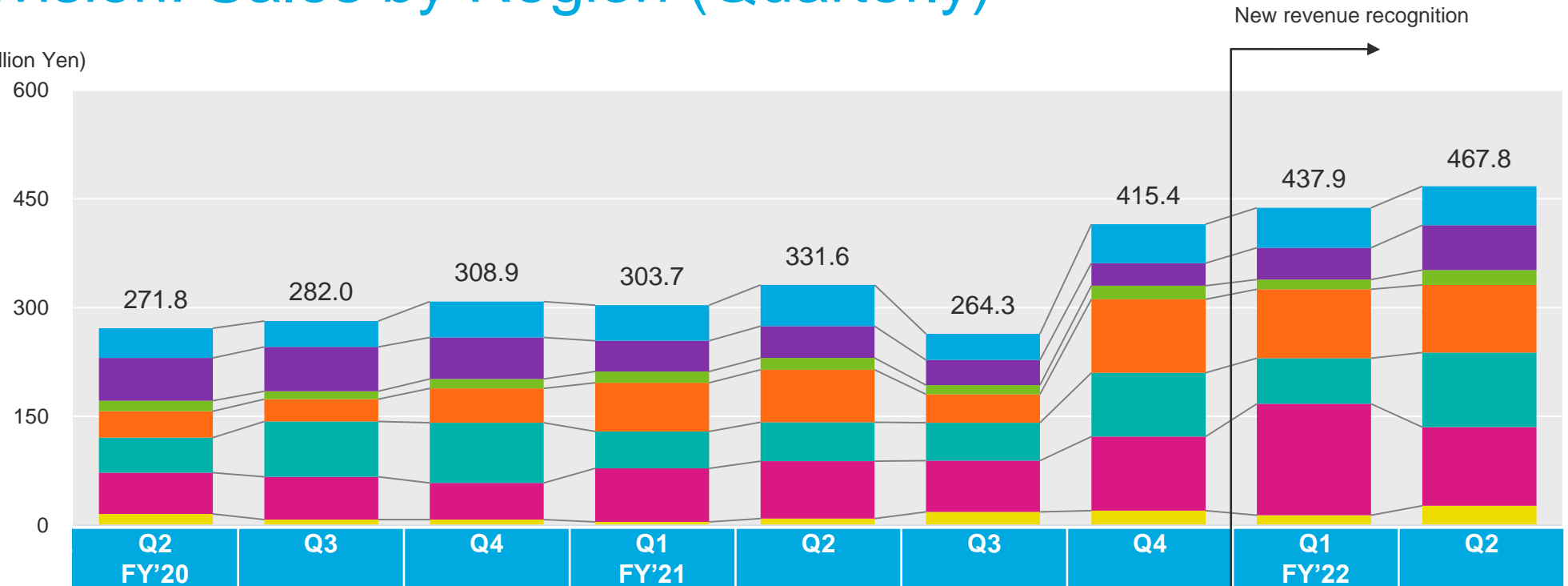
Segment Information (Quarterly)



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.

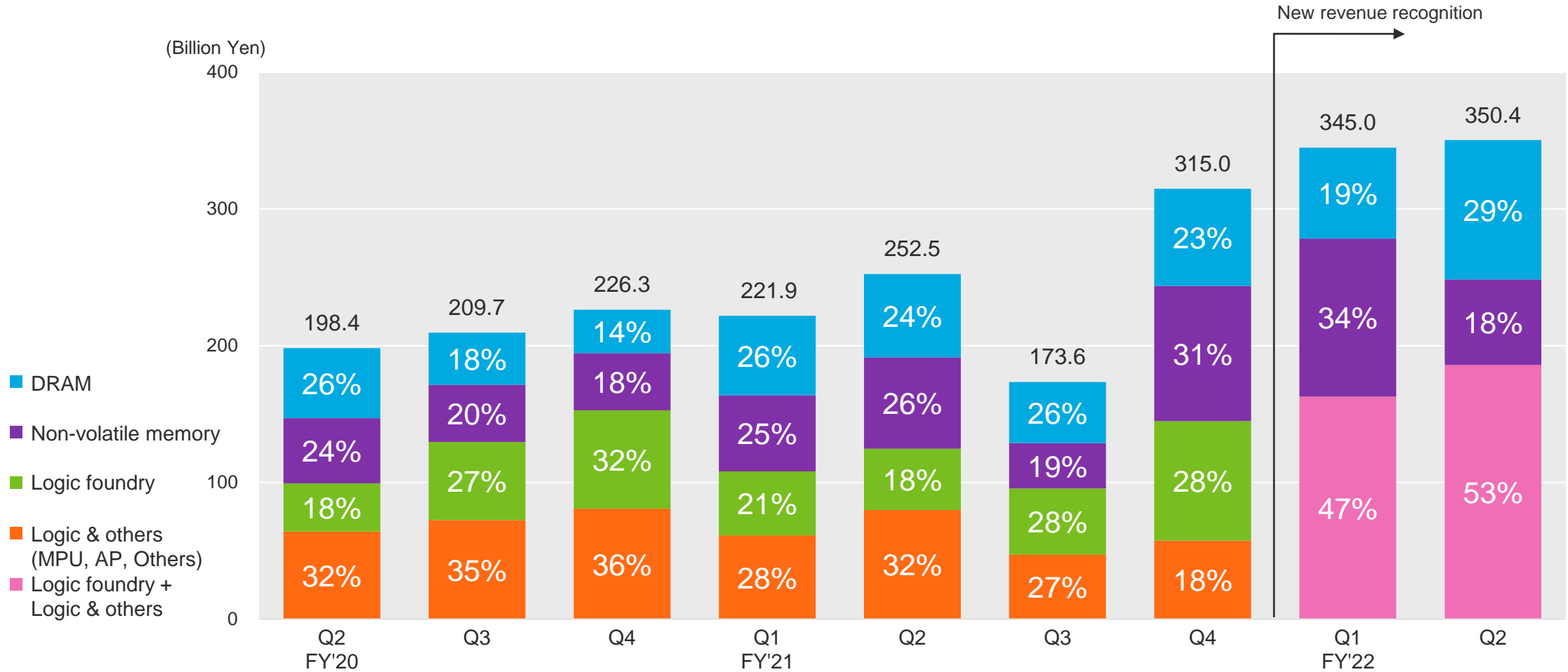
SPE Division: Sales by Region (Quarterly)

(Billion Yen)
600

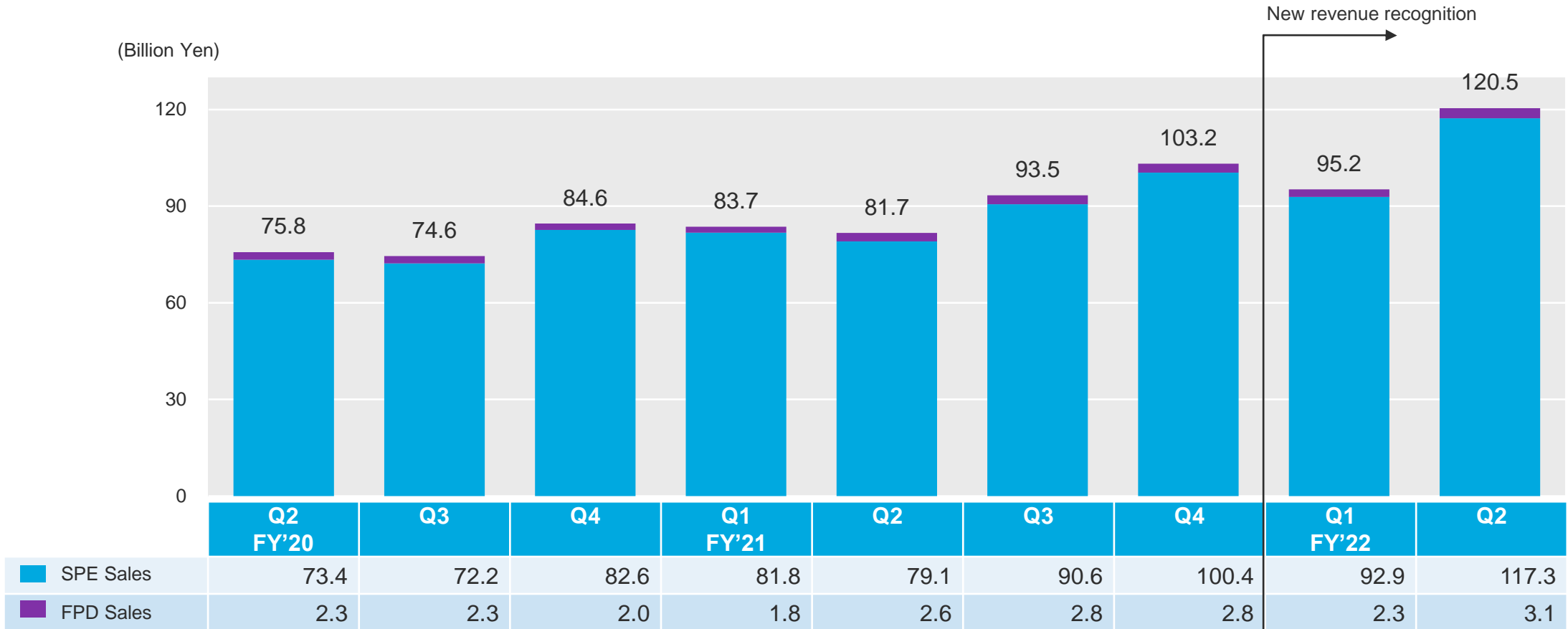


	Q2 FY'20	Q3	Q4	Q1 FY'21	Q2	Q3	Q4	Q1 FY'22	Q2
Japan	41.0	35.9	49.6	49.1	56.8	36.1	53.6	54.8	53.9
North America	58.8	61.0	57.2	42.3	44.0	34.5	31.2	43.9	61.8
Europe	14.4	10.8	13.3	15.7	16.3	12.7	18.6	13.4	20.3
South Korea	36.4	31.0	47.1	67.0	72.1	39.3	101.4	95.3	93.5
Taiwan	48.7	76.2	83.1	50.9	53.9	52.5	88.2	62.8	102.5
China	56.8	59.1	50.6	73.9	79.1	70.5	102.2	153.6	108.8
S. E. Asia, Others	15.5	7.7	7.7	4.6	9.2	18.4	20.0	13.8	26.7

SPE Division: New Equipment Sales by Application (Quarterly)

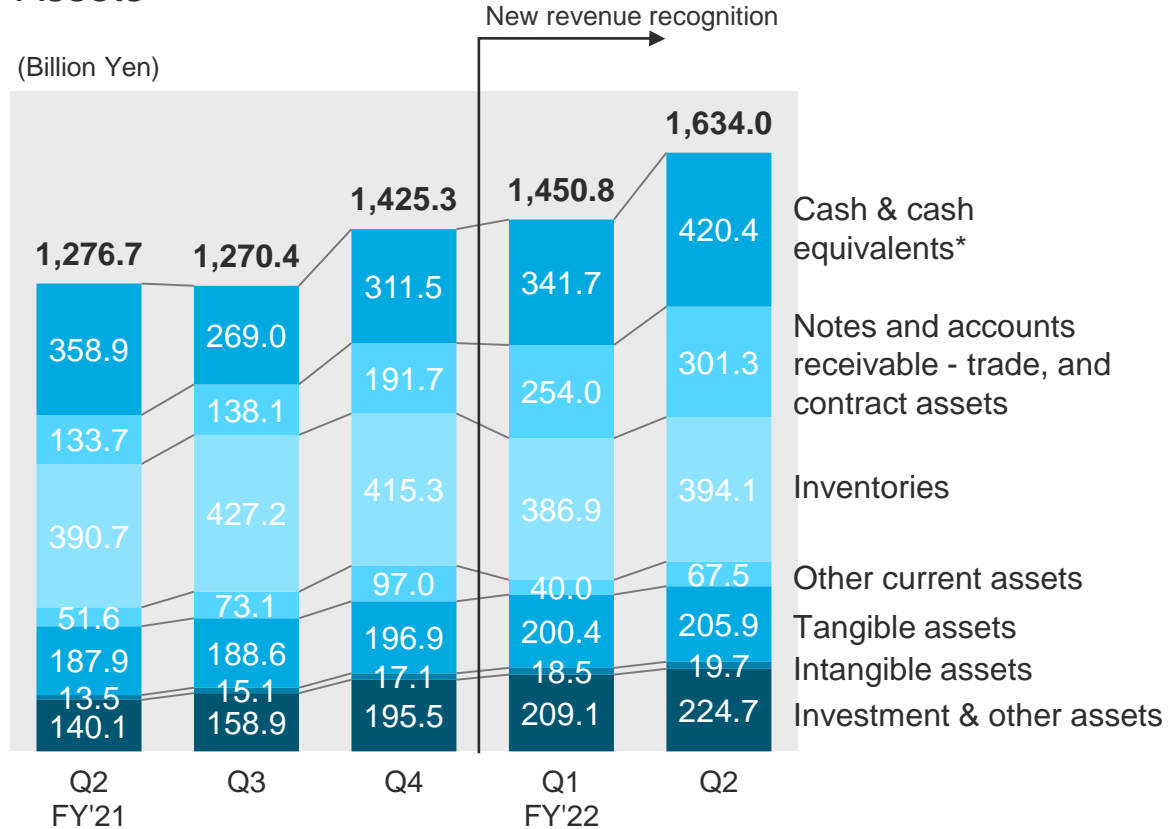


Field Solutions Sales (Quarterly)

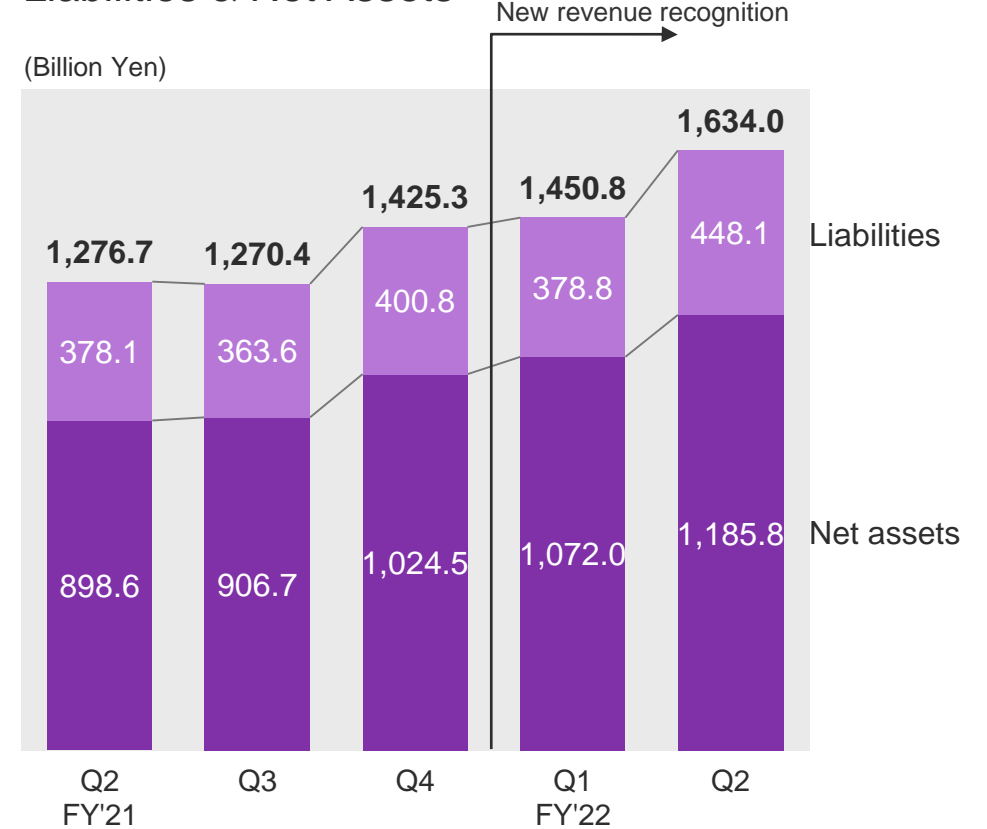


Balance Sheet (Quarterly)

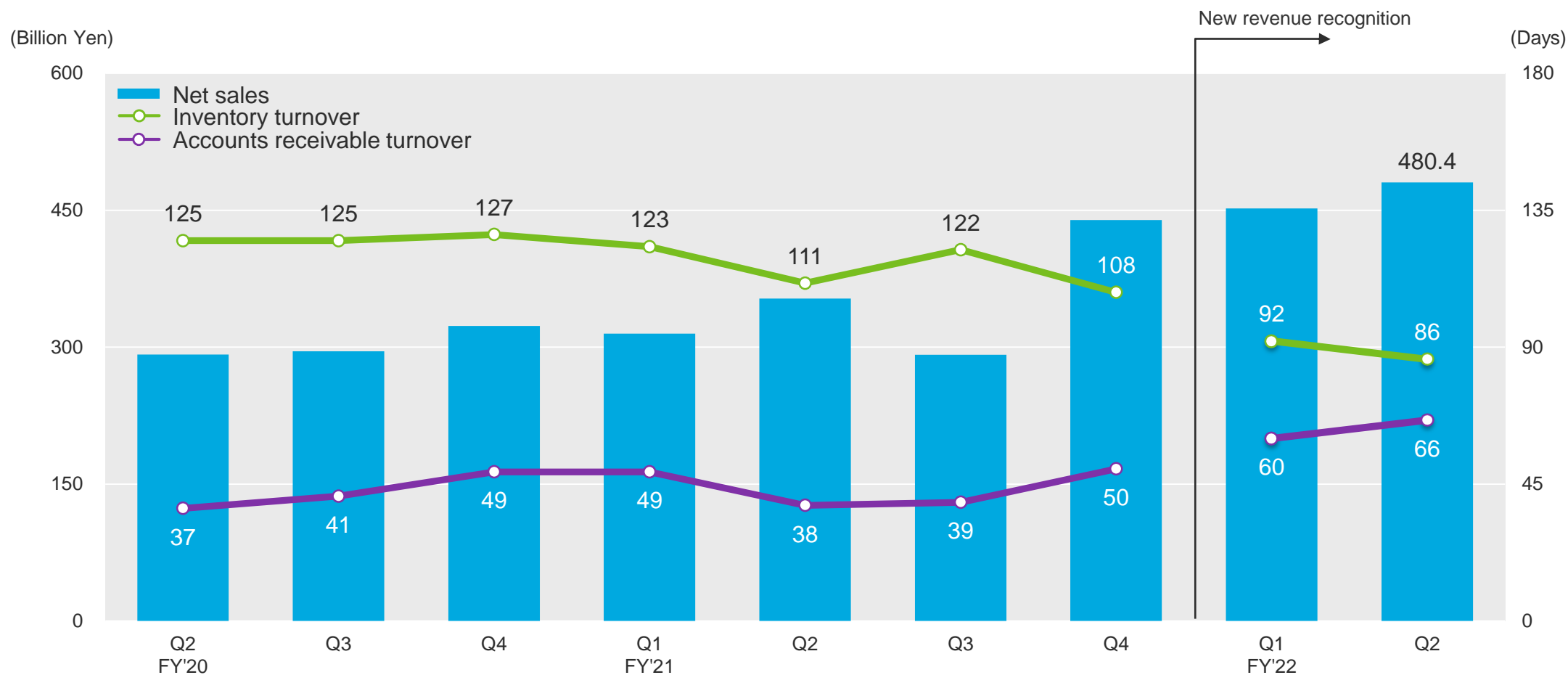
Assets



Liabilities & Net Assets



Inventory Turnover and Accounts Receivable Turnover (Quarterly)

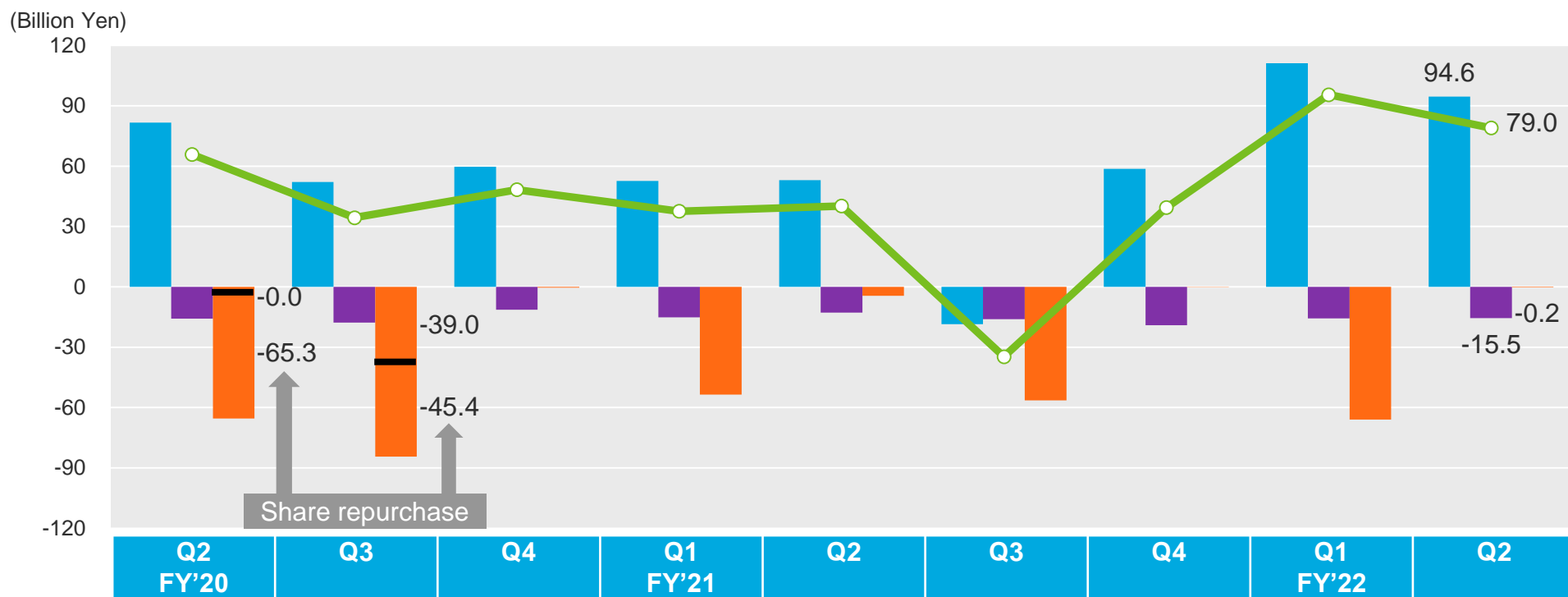


Turnover days = inventory or accounts receivable at the end of each quarter / last 12 months sales x 365

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 (Quarterly)



	Q2 FY'20	Q3	Q4	Q1 FY'21	Q2	Q3	Q4	Q1 FY'22	Q2
Cash flow from operating activities	81.7	52.1	59.7	52.7	53.1	-18.6	58.6	111.2	94.6
Cash flow from investing activities*1	-15.8	-17.7	-11.4	-15.1	-12.8	-16.0	-19.1	-15.7	-15.5
Cash flow from financing activities	-65.4	-84.4	-0.4	-53.5	-4.4	-56.4	-0.1	-65.9	-0.2
Free cash flow*2	65.8	34.4	48.3	37.6	40.2	-34.7	39.4	95.5	79.0
Cash on hand*3	339.9	292.2	338.4	322.6	358.9	269.0	311.5	341.7	420.4

*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).

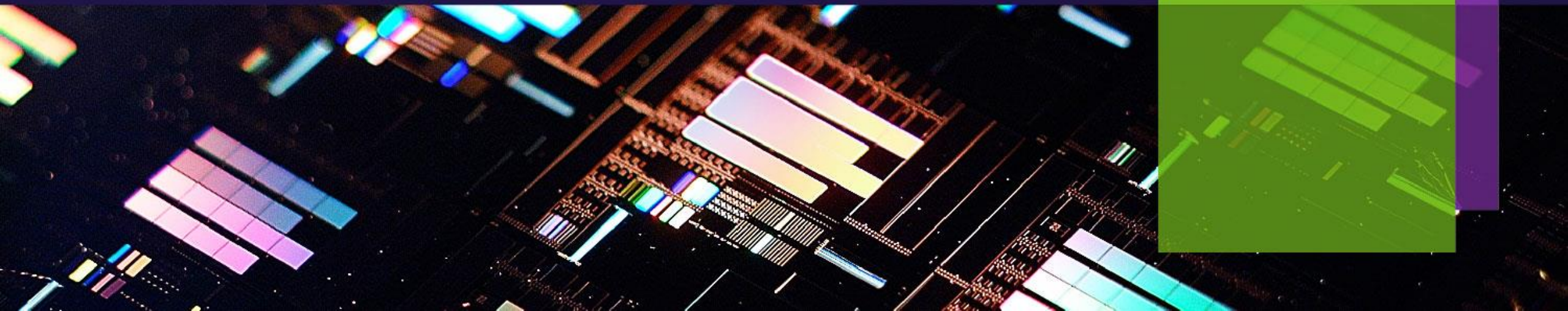
*3 Cash on hand includes cash and cash equivalents + time deposits and short-term investments with original maturities of more than three months.



Business Environment and Financial Estimates

November 12, 2021

Toshiki Kawai
Representative Director, President & CEO



Business Environment (Outlook as of November 2021)

▶ WFE*¹ capex

Significant expansion in the WFE market is expected on the sharp 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.

CY2021 growth expected to approach 50% YoY

▶ FPD production equipment capex for TFT array process*²

YoY rise in OLED investment for mobile applications, but LCD investment in large panels is expected to weaken. Although market growth driven by OLED investment can be anticipated, a YoY decrease of around 20% is expected in CY2021 amid the transition from LCD to OLED in investment in large panels

*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

CY2021 WFE Market and Business Opportunities by Application

- Logic/Foundry: Approx. 60% increase YoY
 - Market environment: Drive WFE market with further proactive investment on expanded applications accompanying advances in ICT*
 - Opportunities: Business expansion in more complex patterning processes
- DRAM: Approx. 60% increase YoY
 - Market environment: Supply tight due to higher 5G mobile, PC and data center demand. Expect high level of investment
 - Opportunities: Response to new technologies and materials for scaling
- Non-volatile memory: Approx. 20% increase YoY
 - Market environment: Steady investment continues for bit demand growth over the medium- to long-term
 - Opportunities: Differentiation through high value-added etch and clean

FY2022 H1 Business Progress

- Sales and profits both exceeded estimates
- Steady progress toward achieving Medium-term Management Plan
 - Sales of core products expanded in-line with plan
 - Field solutions sales exceeded ¥200 billion in H1
 - Advanced capture of PORs*¹ for further growth
 - Released Prexa™, a wafer prober with high productivity and advanced function
- Completed the construction of Miyagi Technology Innovation Center, driving creation of innovative technology and enhancement of productivity
- Entered MOU*² for the introduction of equipment to imec-ASML joint high-NA EUV research laboratory
- Launched E-COMPASS, a supply chain initiative for the environment

FY2022 Financial Estimates

FY2022 Financial Estimates

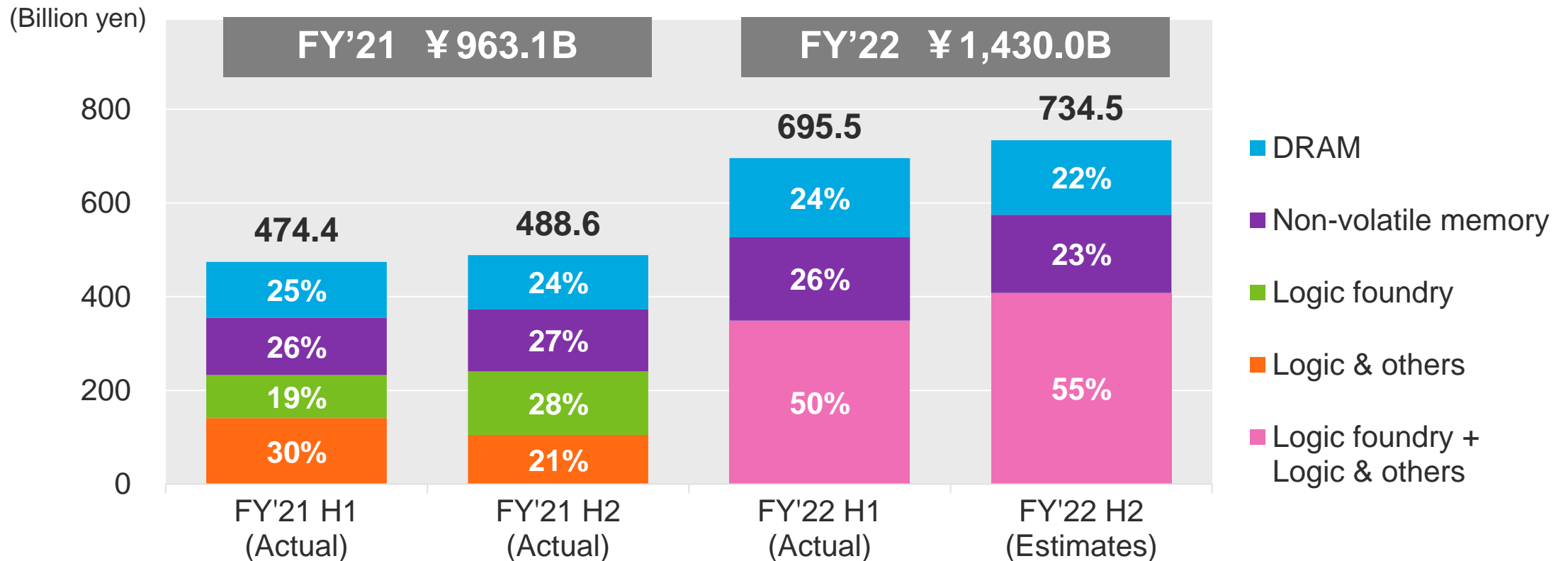
* Adjustments: changes from the figures announced on August 16, 2021. (Billion yen)

	FY2021	FY2022			
	Actual	Actual	New estimates		Adjustments*
	Full Year	H1	H2	Full Year	Full Year
Net sales	1,399.1	932.5	967.5	1,900.0	+50
SPE	1,315.2	905.7	934.2	1,840.0	+47
FPD	83.7	26.6	33.3	60.0	+3
Gross profit	564.9	422.8	438.2	861.0	+37
Gross profit margin	40.4%	45.3%	45.3%	45.3%	+0.8pts
SG&A expenses	244.2	148.2	161.8	310.0	-6
Operating income	320.6	274.6	276.4	551.0	+43
Operating margin	22.9%	29.5%	28.6%	29.0%	+1.5pts
Income before income taxes	317.0	273.0	273.0	546.0	+43
Net income attributable to owners of parent	242.9	200.2	199.8	400.0	+30
Net income per share (Yen)	1,562.20	1,286.74	-	2,569.88	+191.35

Upwardly revised full year financial estimates by capturing additional business opportunities

FY2022 SPE Division New Equipment Sales Forecast

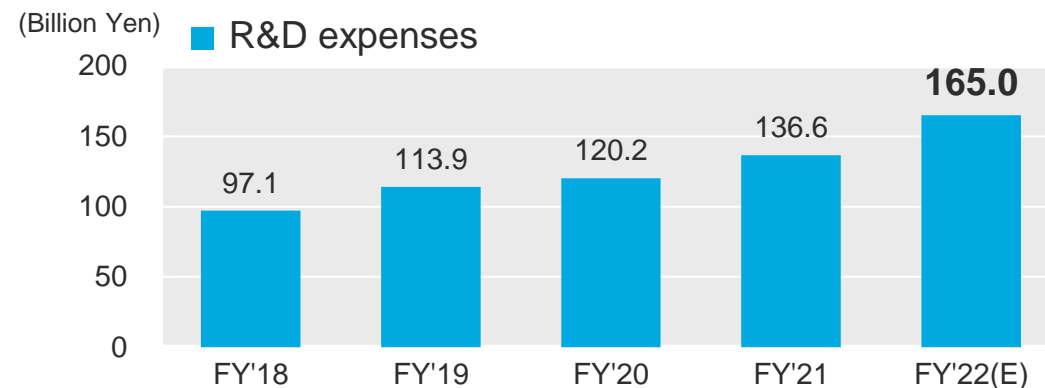
Sales by application



Expect to significantly surpass FY2021's record high

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)

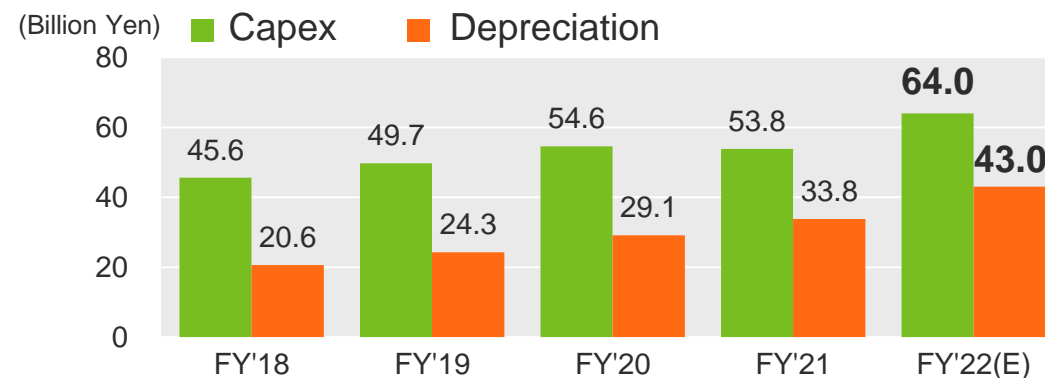


Kurokawa-gun, Miyagi Prefecture:
approx. ¥7.0B construction cost
(Completed in September 2021)

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

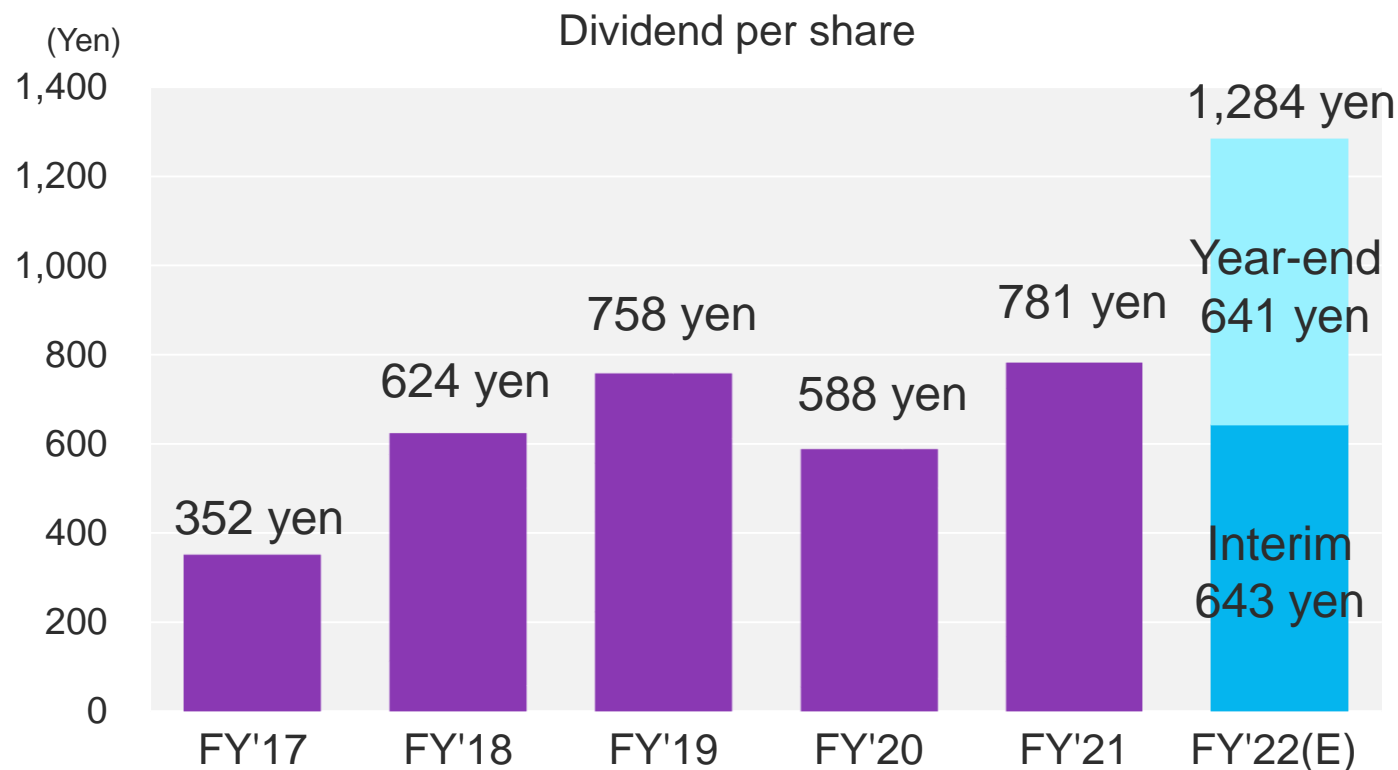


Nirasaki City, Yamanashi Prefecture:
approx. ¥11.0B construction cost
(Completion scheduled for
Spring 2023)



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

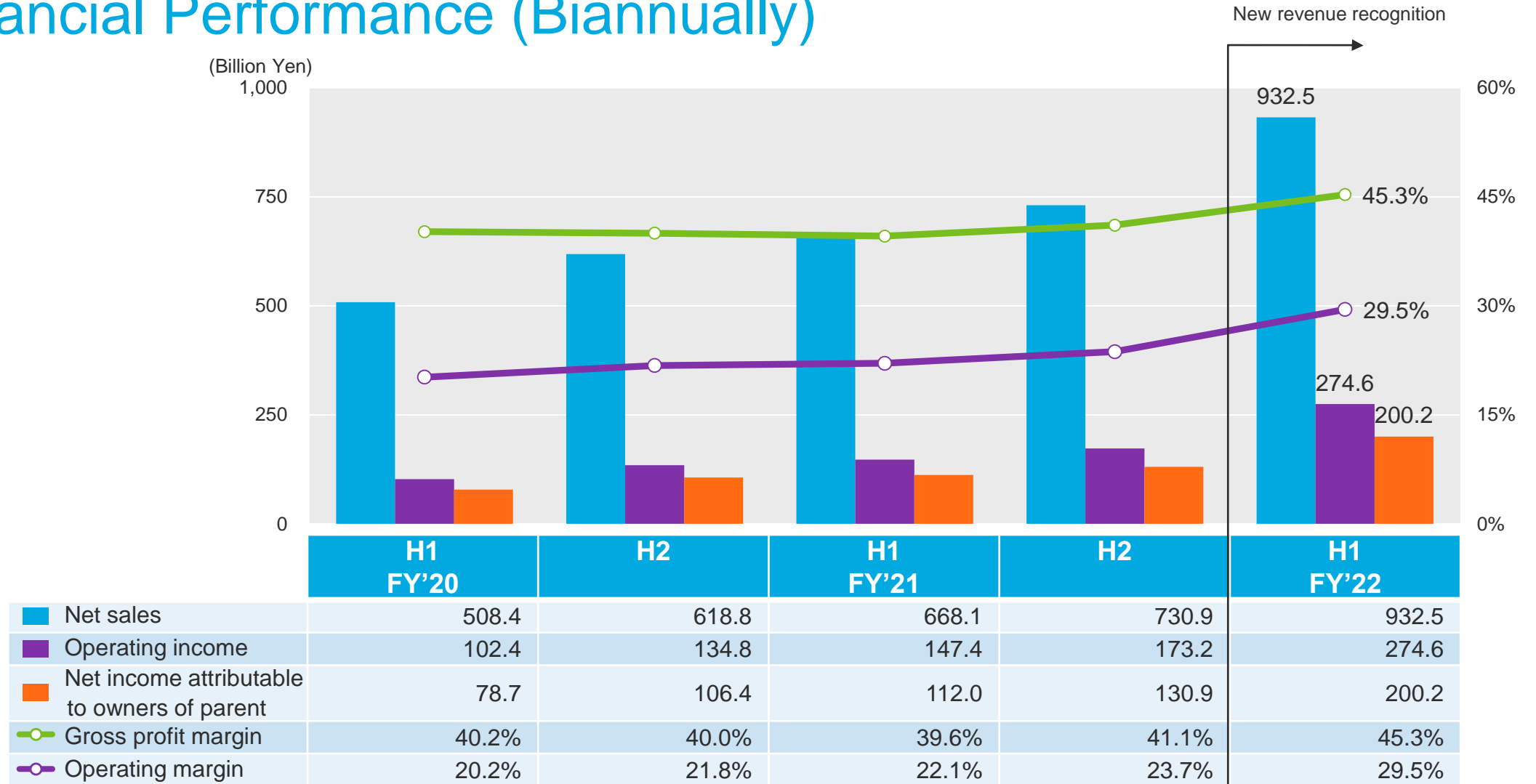
We will review our dividend policy if the company does not generate net income for two consecutive fiscal years

We will flexibly consider share buybacks

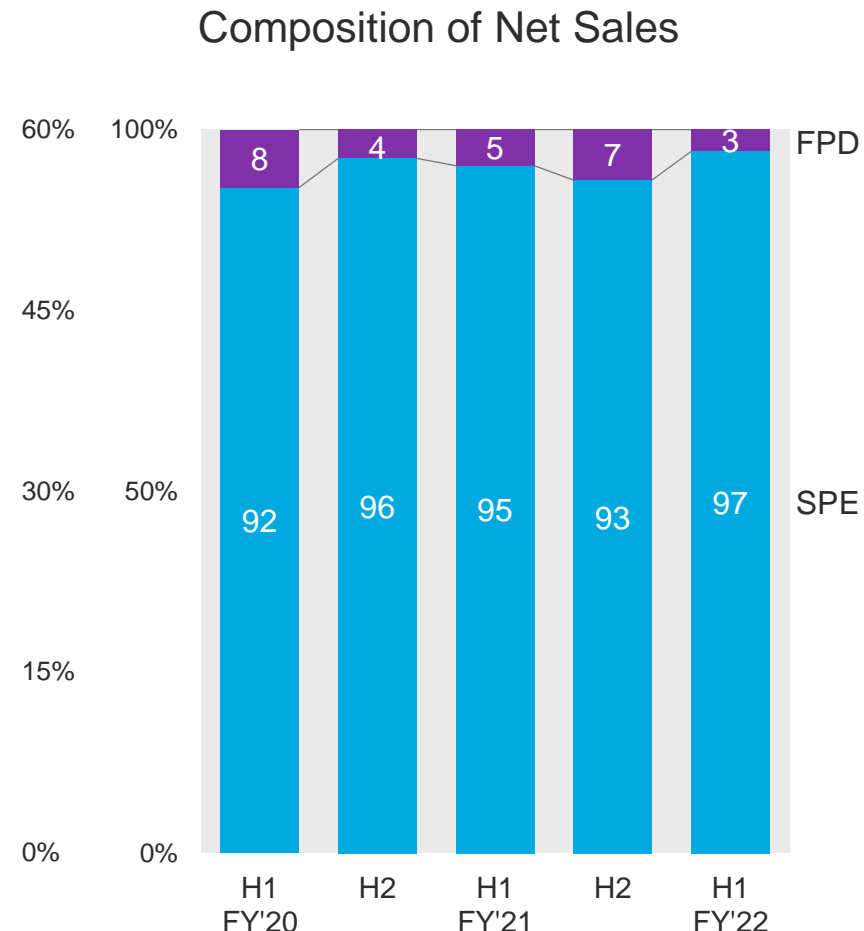
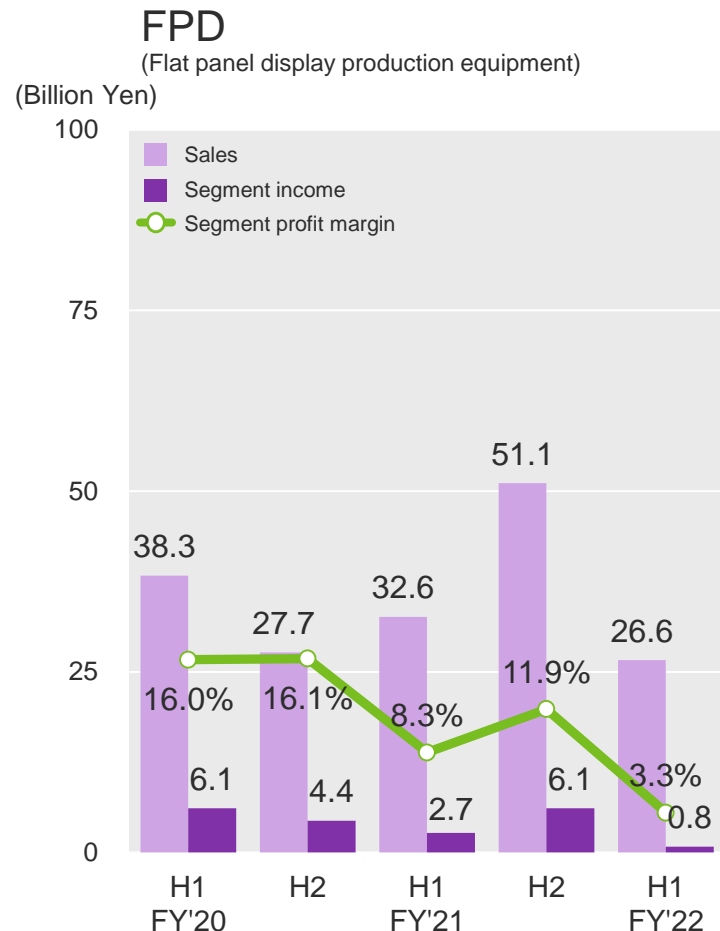
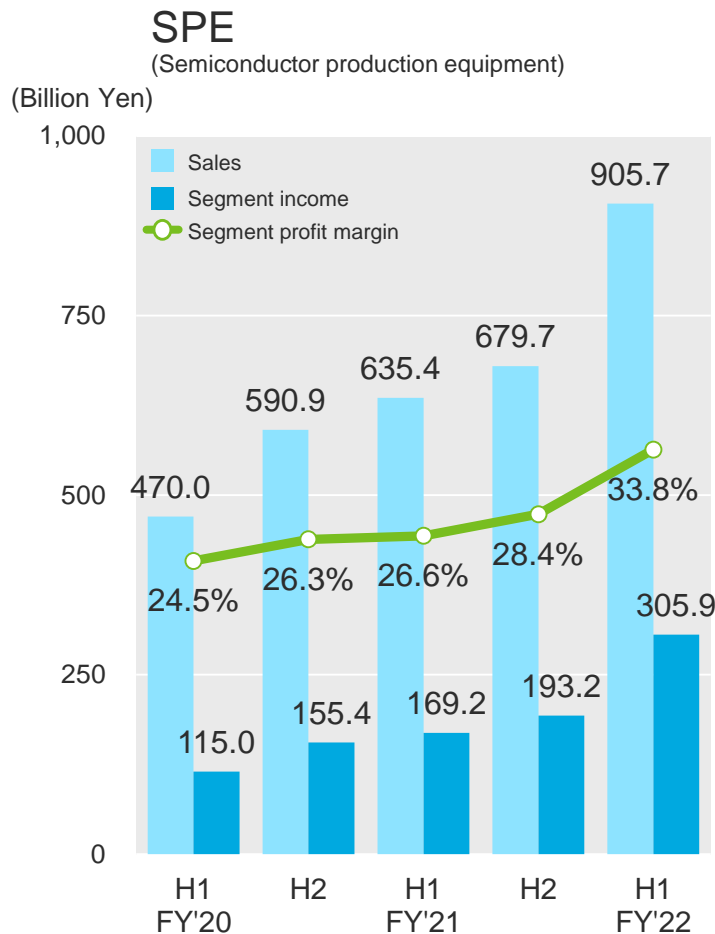
Expect to pay annual DPS of 1,284 yen
due to upward revision of financial estimates

Appendix

Financial Performance (Biannually)



Segment Information (Biannually)



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