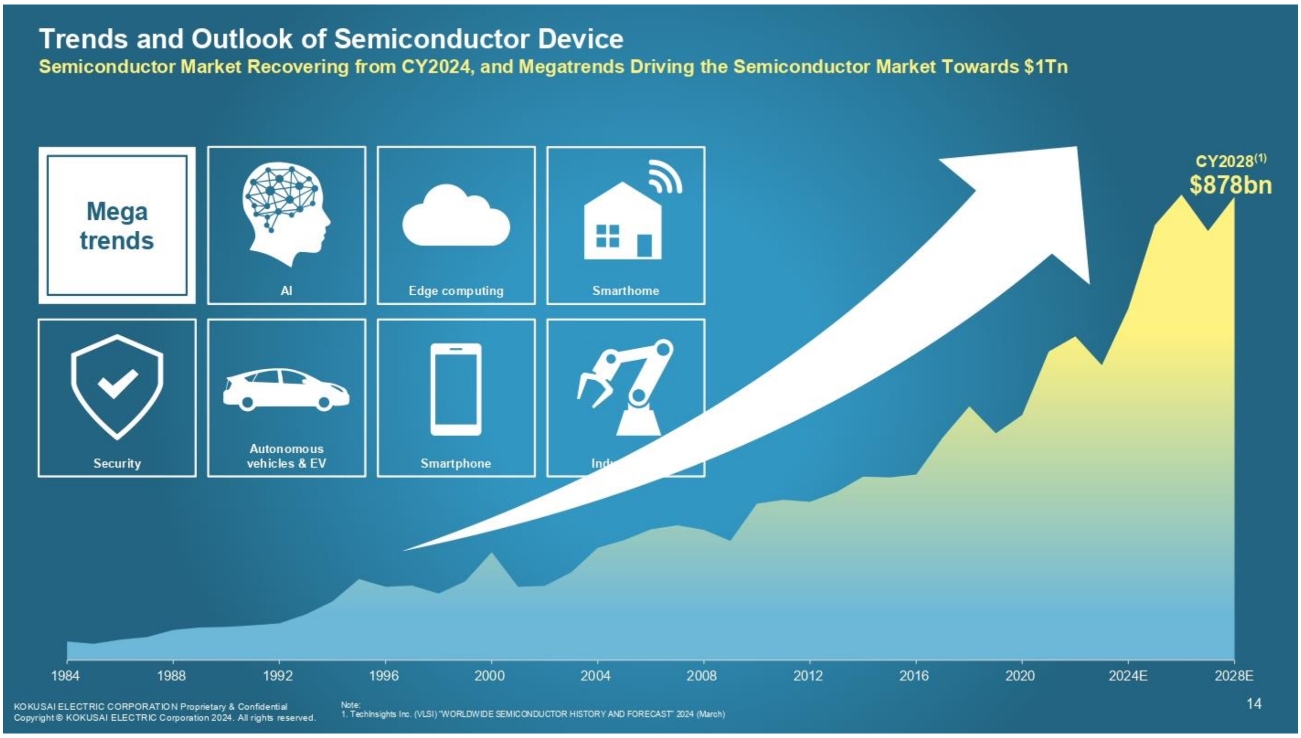
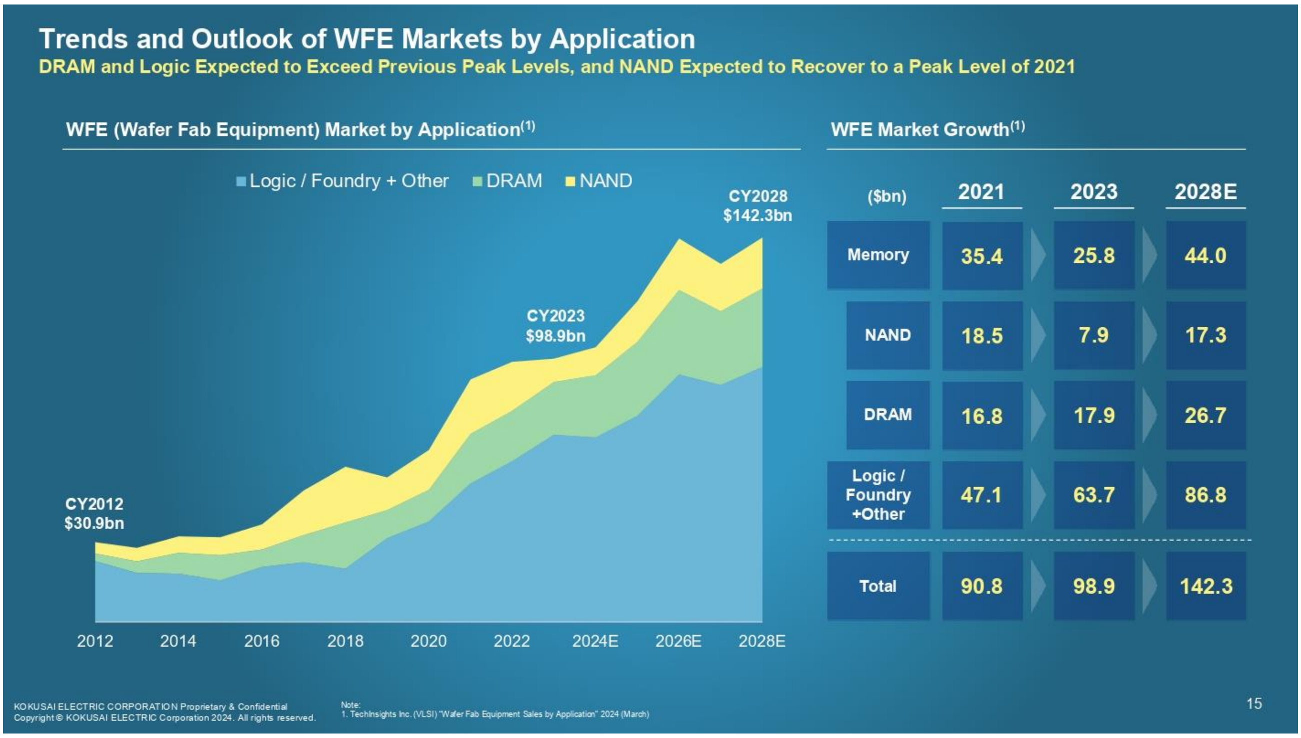
I am Tsukada, Executive Vice President and CSO. I will begin with the second part of the presentation with an overview of the market outlook and our growth strategy.



The semiconductor device market is to more than double in size from around USD300 billion in 2010 to approximately USD610 billion in 2022, and is projected to grow at the CAGR of 9.5% from 2023 to 2028. As Mr. Terry has mentioned in his presentation, it is expected to reach USD1 trillion in 2030.

Behind the expansion of the semiconductor device market is due to a number of factors, including increasing demand for electronic devices such as smartphones and PCs, the expansion of data centers due to the spread of AI, IoT, and DX, investments in reducing environmental impact, growing industrial demand such as GX, and industrial support measures by major countries.

In the current global economy, demand for electronic devices has been sluggish due to the uncertain economic environment and semiconductor device makers, especially NAND device smart makers have continued to curve investment. However, inventory adjustment of semiconductor devices is progressing and the unit price of memory devices have begun to rise, leading us to believe that market conditions have bottomed out in H1 of 2023. We expect a full-fledged recovery in demand for semiconductor devices from H2 of 2024 to 2025 and the return to growth trend towards 2028 due to continued and accelerated technological innovation.

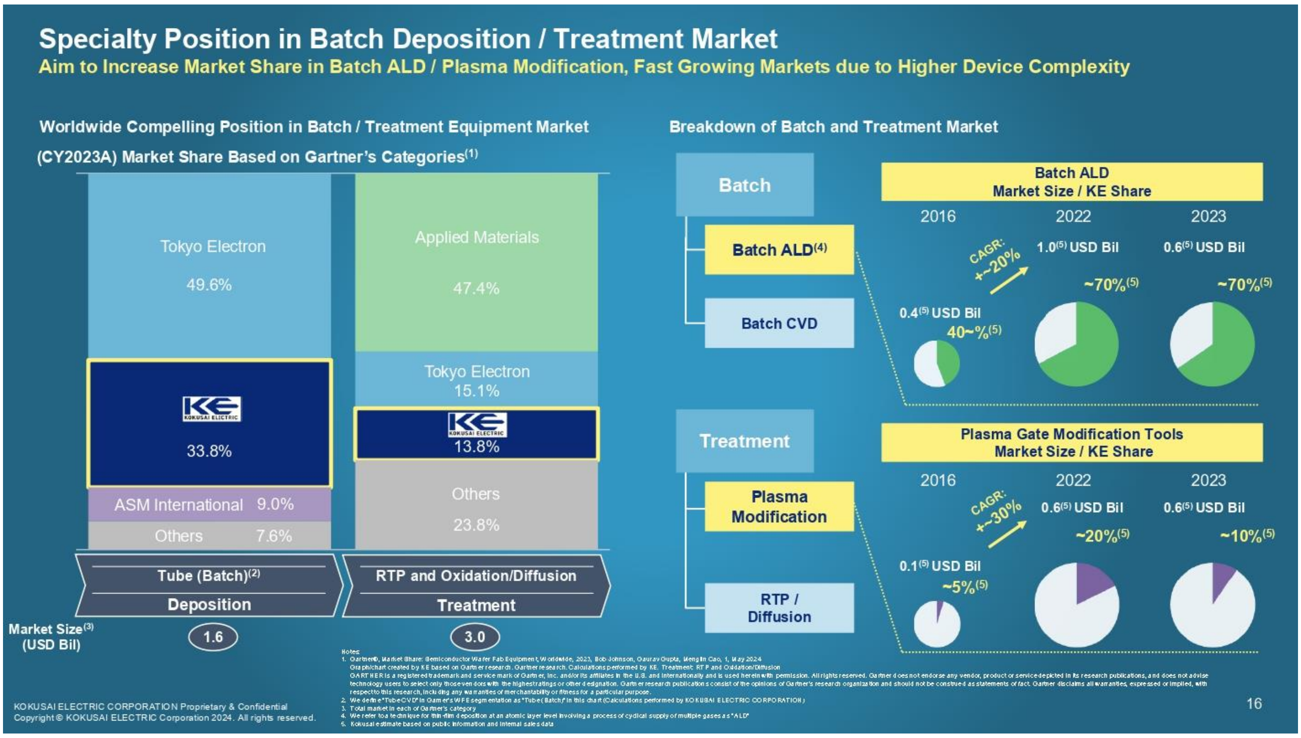


The semiconductor equipment market has more than tripled in 12 years from about USD30 billion in 2010 to around USD98 billion in 2022 and is projected to grow at the CAGR of 7.5% from 2023 to 2028. Although semiconductor device manufacturers, especially NAND manufacturers, continue to restrain investment at present, we expect the demand for semiconductor production equipment to recover as demand for semiconductor devices recovers.

In the medium to long term, as semiconductor devices become more complex and three dimensional, we believe that the need for semiconductor production equipment capable of both difficult film deposition and high productivity will increase.

The NAND market is expected to recover to a level close to that of 2021 by 2026. Although the size of the market in 2023 is significantly smaller than 2021, and the average annual growth rate from 2023 to 2028 is expected to be 17.0%.

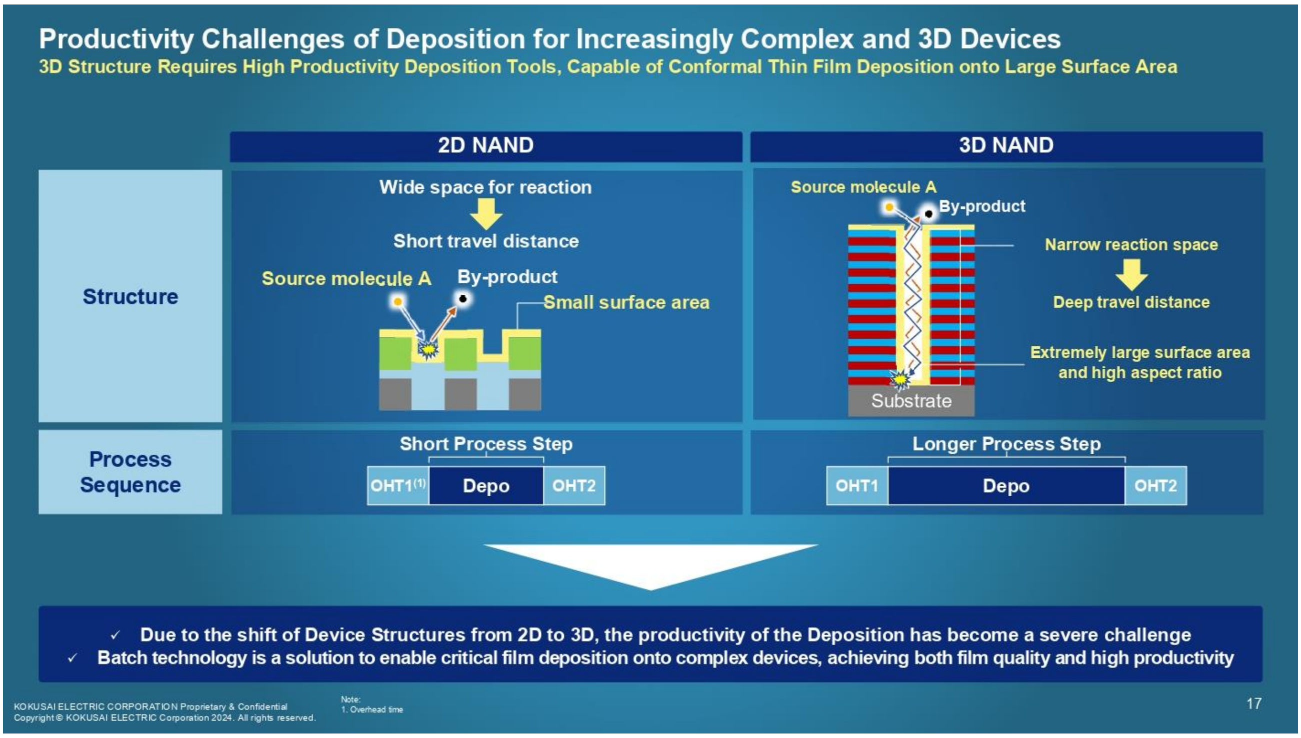
The DRAM, and logic and foundry makers markets, including those for mature nodes, are expected to continue their growth trend towards 2028 with a CAGR of 8.3% for DRAM and 6.3% for logic and foundry from 2023 to 2028.



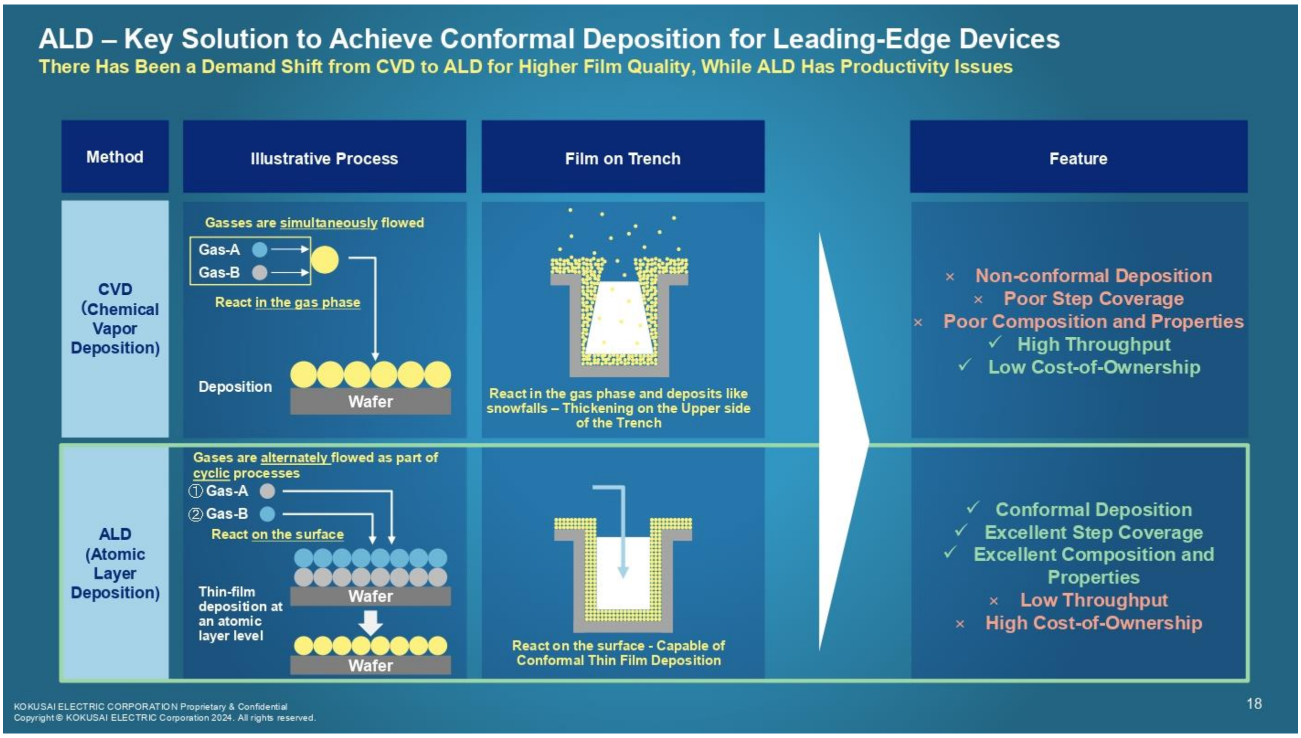
We would like to explain our market share. On the left, our market share data from Gartner Research. The deposition field is mainly divided into tube and non-tube categories, and we classify batch deposition into the tube category. In addition, treatments are counted in the categories of RTP and Oxidation/Diffusion. The batch deposition market is an oligopoly between Tokyo Electron and KOKUSAI ELECTRIC.

Compared to 2022, our share of the batch deposition market has decreased by about 10 points. This is due to the fact that the batch LP-CVD market in the batch deposition market is strong, while the batch ALD market on which we focus is shrinking due to the impact of the restrained investment in NAND. As the pie chart on the right shows, our share in the batch ALD market remains at 70%. Since POR is rather expanding for us, we expect our share in the batch deposition market to recover and increase as the NAND market recovers.

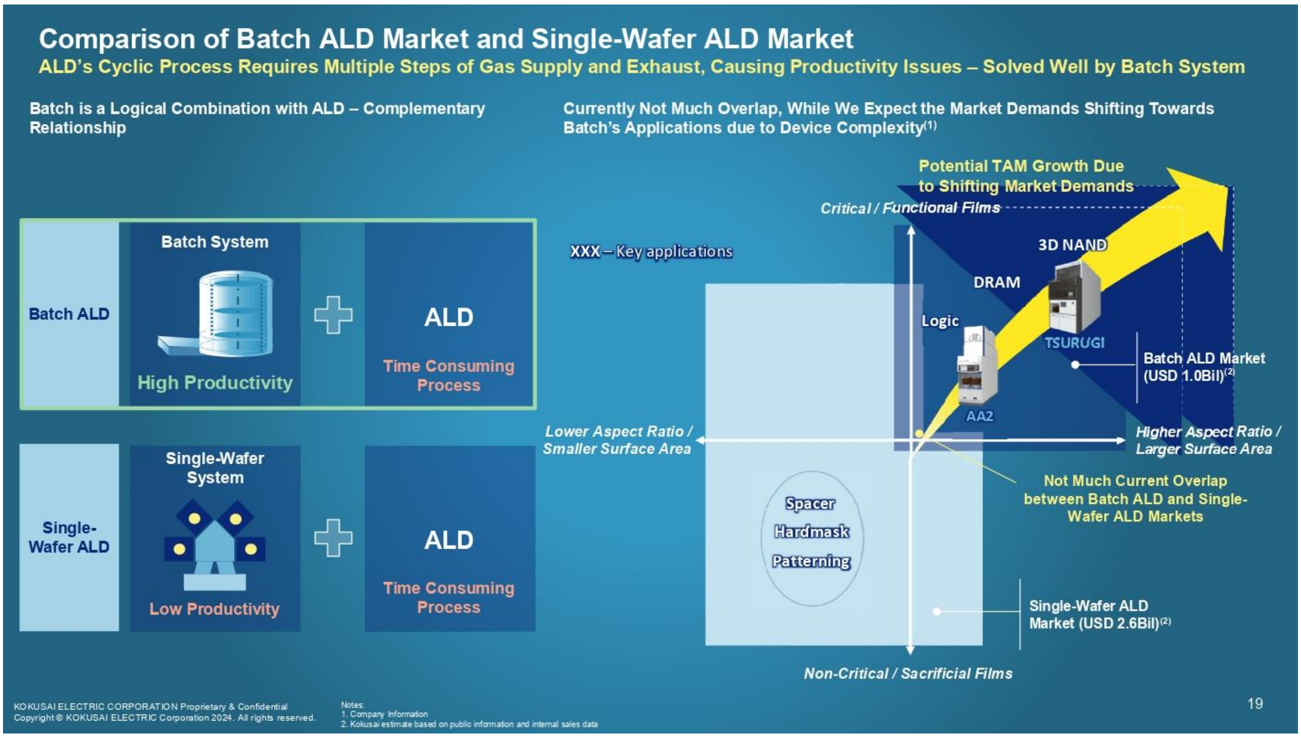
The three main players in the treatment market are KOKUSAI ELECTRIC , Applied Materials, and Tokyo Electron. As shown in the pie chart on the right, our share in plasma modification in the treatment is down about 10 points from 2022. But for the same reason, as batch ALD and as the NAND market recovers, we expect the plasma modification share will recover.



Before going into the details of the technology, let me explain the most important challenge facing semiconductor manufacturers today. That is the decrease in productivity of the deposition process due to the increased complexity of the device. As the figure on the right shows, 3D makes structures deeper and more complex. This increase is the surface area required for deposition, which in turn increases the gas travel distance with longer deposition time and thus, the productivity issue becomes more apparent. This is a physical structure issue. For batch equipment, this phenomenon is a tailwind. Batch systems are highly productive, capable of depositing 50 to 100 wafers at a time, and provide a solution to productivity issues in complex deposition structures.



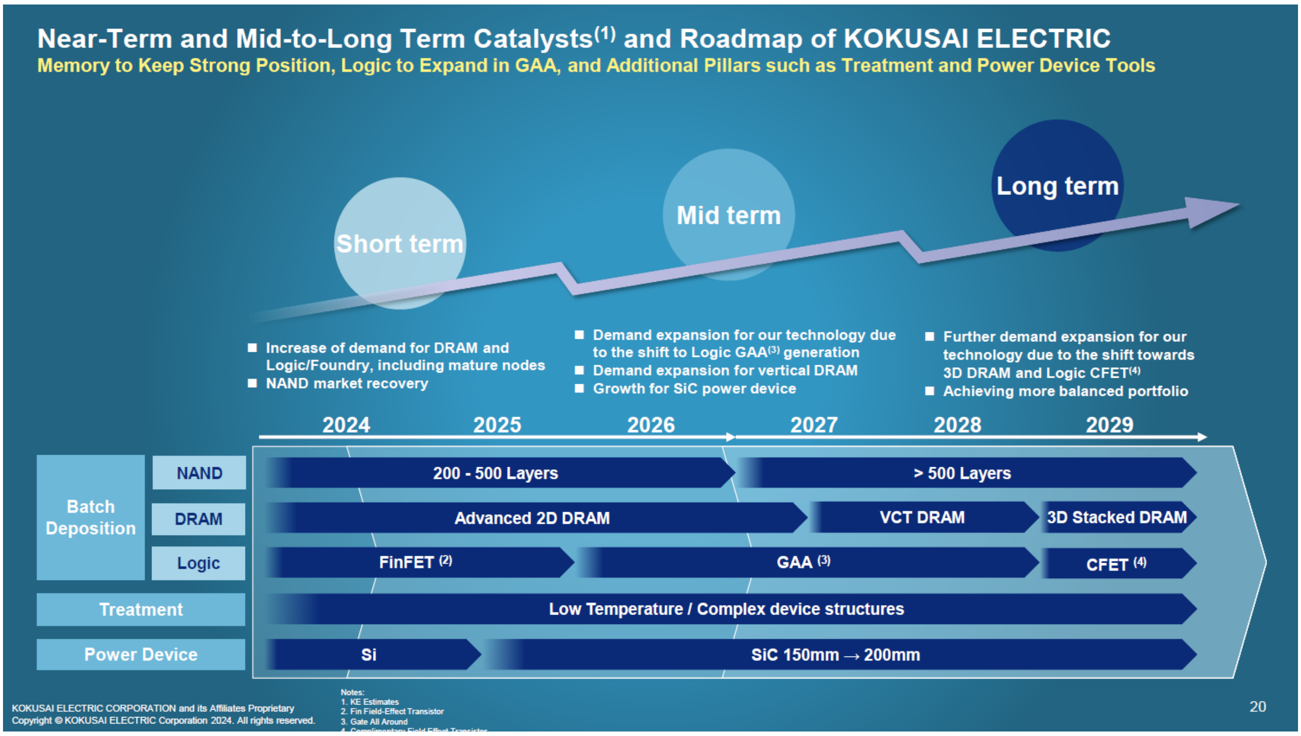
Here, we compare two deposition technologies, CVD and ALD. The difference between the two is where the gas reaction occurs. ALD is a cyclic process in which the gases flow alternatively, and the reaction occurs on the surface of the wafer, enabling uniform deposition with a good film thickness uniformity or a step coverage. While advanced devices require excellent step coverage, making ALD an indispensable technology. The challenges of batch ALD are low throughput due to the cyclical process and increased wafer cost.



Therefore, the high productivity of batch equipment is a good match for ALD, and we believe this combination is optimal. Furthermore, as 3D and complexity increase, the need to deposit films on large surface areas with high aspect ratios further increases the time required and productivity deteriorates. Batch ALD is gaining attention as a logical solution to ALD productivity programs.

In the matrix on the right side, the vertical axis shows the nature of the film and the horizontal axis shows the aspect ratio. The upper right quadrant shows more important functional films and films with higher aspect ratios. Comparing batch and single-wafer, batch ALD is used in the upper right quadrant, while single-wafer is often used in areas with low aspect ratio or in so-called sacrificial films with low functionality.

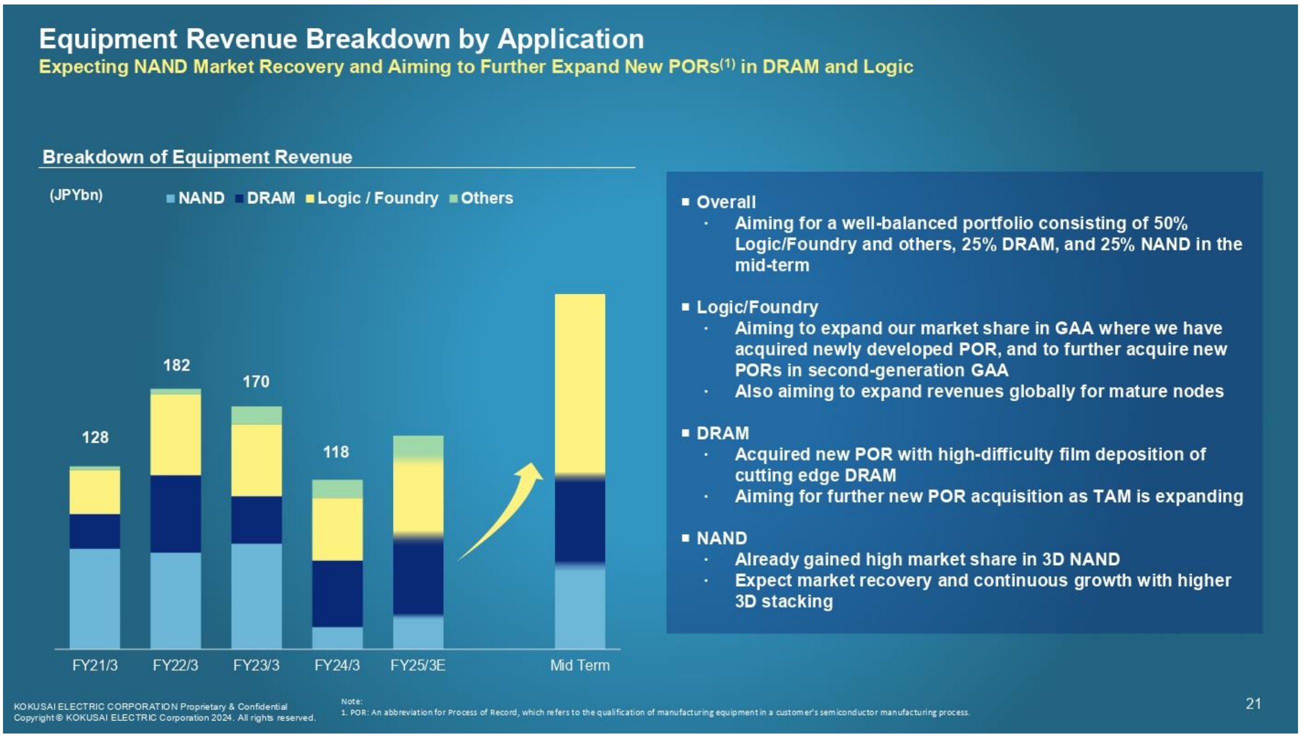
Therefore, batch and single-wafer are not necessarily in direct competition with each other, but are separated according to film type in the aspect ratio. On the other hand, as device structures become more 3D and complex, we believe that the market in the upper right quadrant will grow, which will be a tailwind for batch ALD.



On this page, we summarize the drivers for our future growth along with the road map for each of our devices. In the short term, sales are driven by increased demand for DRAM and logic, including mature nodes followed by our investment recovery for NAND. The bottoming out of NAND has finally been confirmed, and the recovery in investments starting in 2025 is highly expected.

In the medium term, growth will come from sales expansion for logic GAA generation, increased demand for advanced DRAM, and new products for SiC power devices.

In the long term, there are major inflection points such as the shift to Logic CFET and the 3D DRAM, and we aim to achieve a balanced portfolio and medium-to long-term growth by providing products and services that meet the needs in each of these areas.



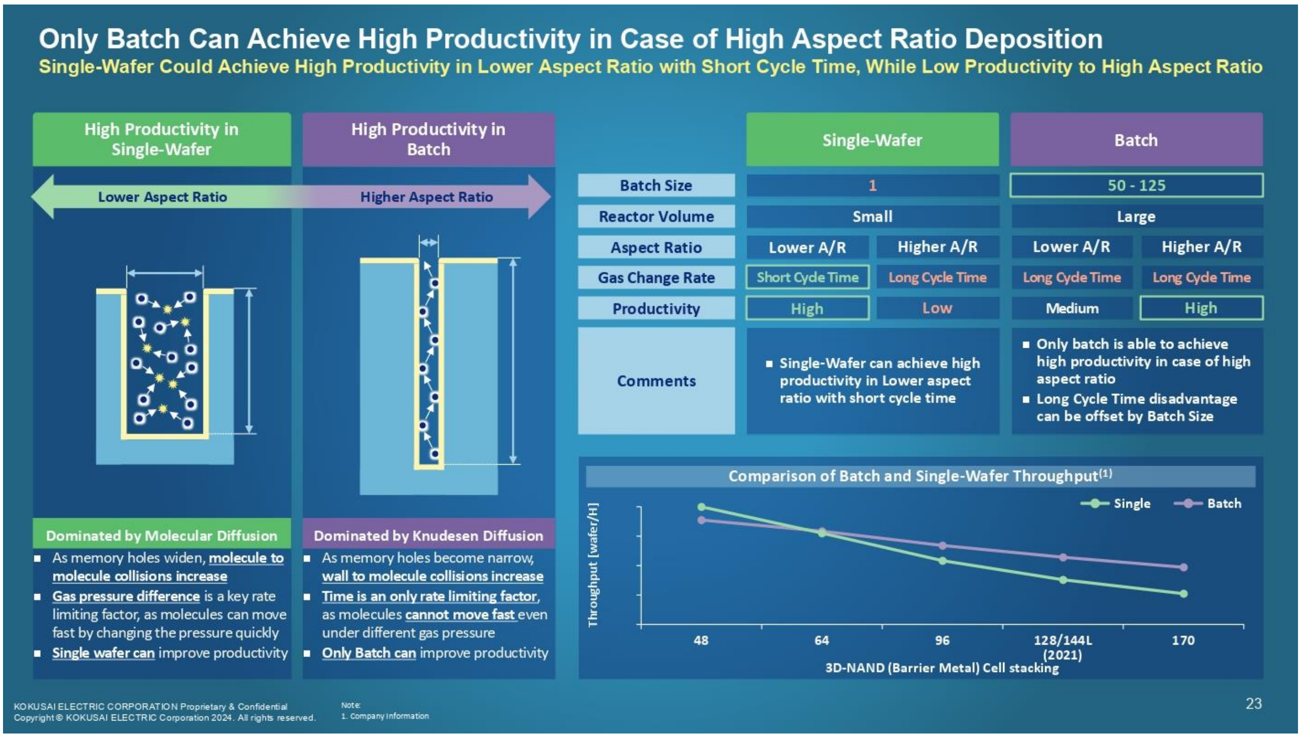
The following table shows the breakdown of sales revenue for 300-millimeter equipment. For NAND, we have gained an overwhelming share of the 3D NAND deposition process. We expect the demand for our products to recover and expand as the market recovers and the devices become more multilayered.

For DRAM, we are acquiring new POR in the highly difficult deposition process for advanced DRAM. In addition to the increase in demand for advanced devices for both HBM and existing applications, we aim to steadily expand the sales by acquiring new POR in TAM, which will further expand as devices evolve.

For logic and foundry, we will work to expand sales in the GAA generation where we have one POR and to further win new PORs in the GAA second generation. In addition, we will expand the batch equipment sales to mature nodes globally to broaden the scope of our business.

Through these efforts, we aim to achieve a portfolio of 50% in logic and foundry and others, 25% in DRAM, and 25% in NAND in the medium term.

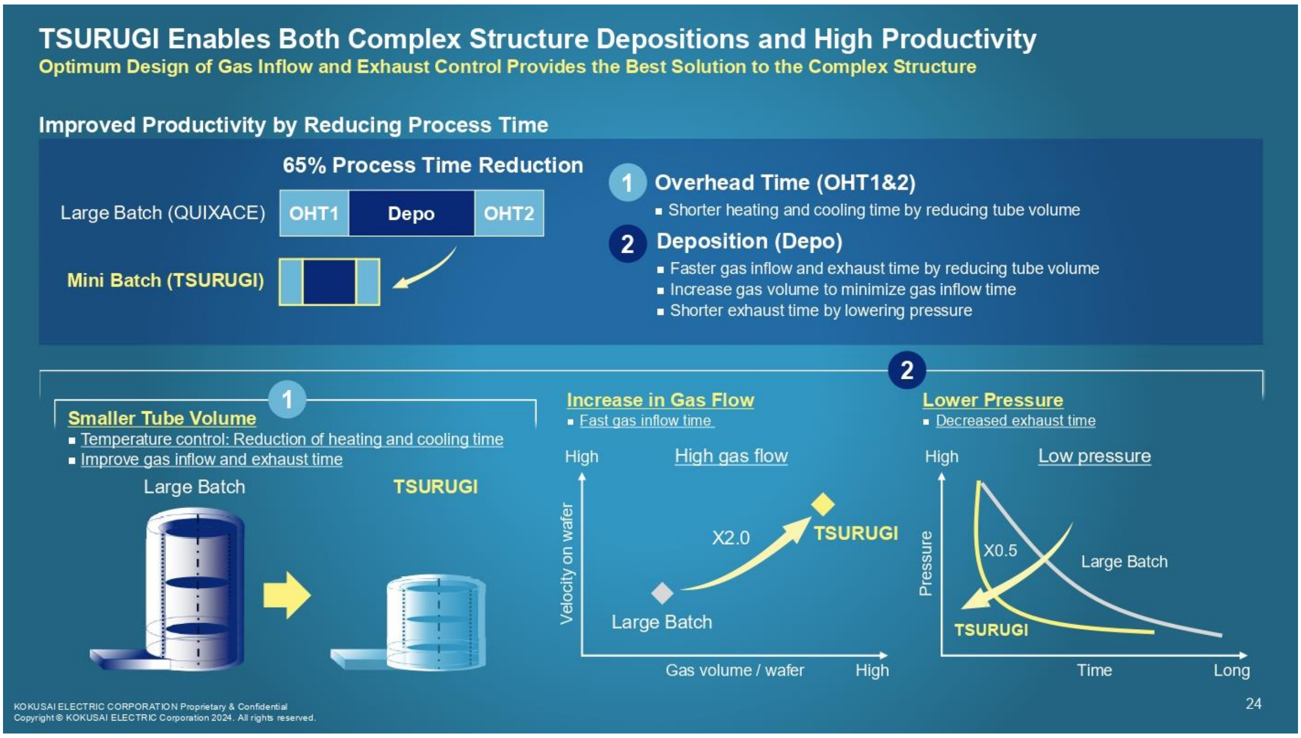
We will now begin to explain the detailed strategies for each device.



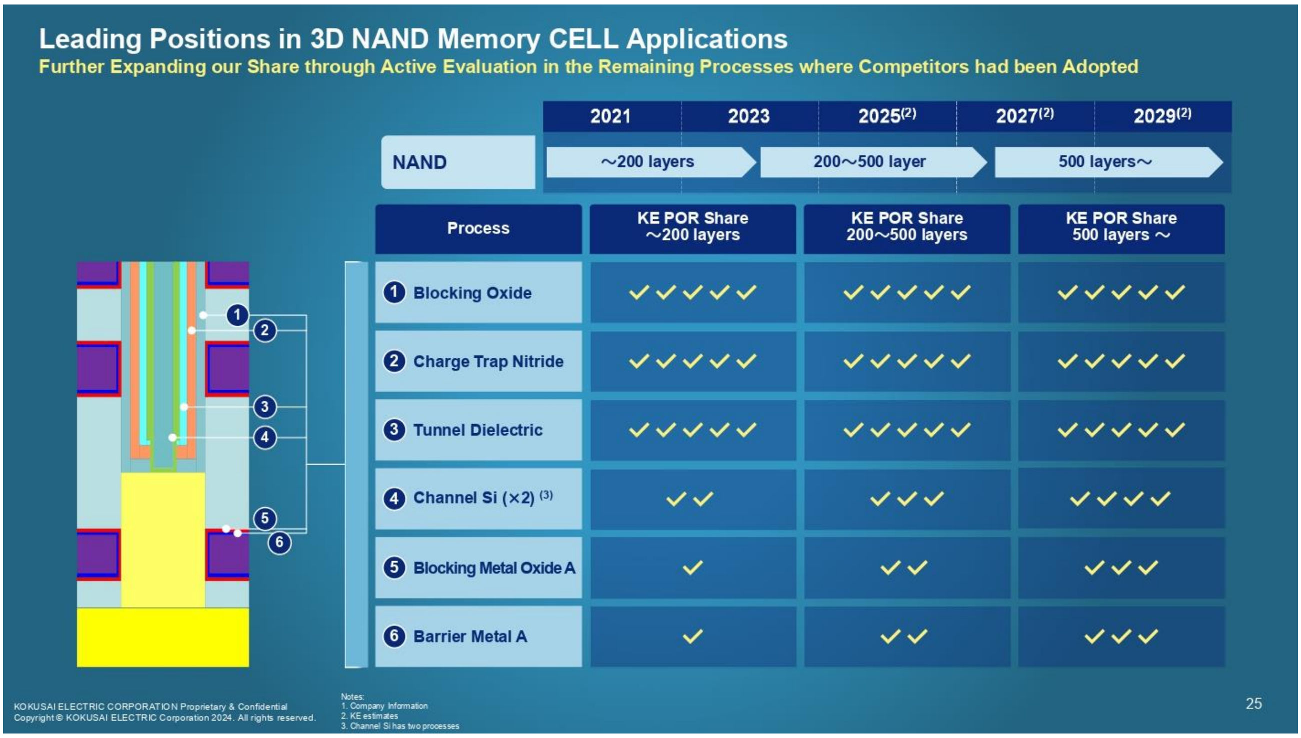
I'm the Corporate VP overseeing the system development side. My name is Odake.

First, allow me to explain our NAND development strategy.

In structures such as 3D NAND, the superiority of batch ALD is proven by the law of physics. The left side shows the movement of molecules and deposition in a low aspect ratio trench and then a deep trench. Since gas diffusion takes longer in a high aspect ratio, meaning narrower and deeper trenches, time is the rate limiting factor for molecular movement. Then, since the cycle time must be longer for single-wafer, efficiency is lost, and only batch processing can solve its disadvantages. In the graph below right, we can see that after 64 layers in the 3D-NAND process, batch throughput exceeds single-wafer and the inversion of single-wafer and batch occurs.



The advantages of mini batch, TSURUGI, an evolution of batch ALD, are further explained here. The most important factor in the deposition process is optimal control of gas inflow as well as outflow. The mini batch system facilitates temperature and pressure control by reducing the tube volume, thereby optimizing the gas inflow and outflow. This reduces deposition time and overhead time, enabling faster deposition iterations. This is a very important point in ALD, which requires a cyclical process.



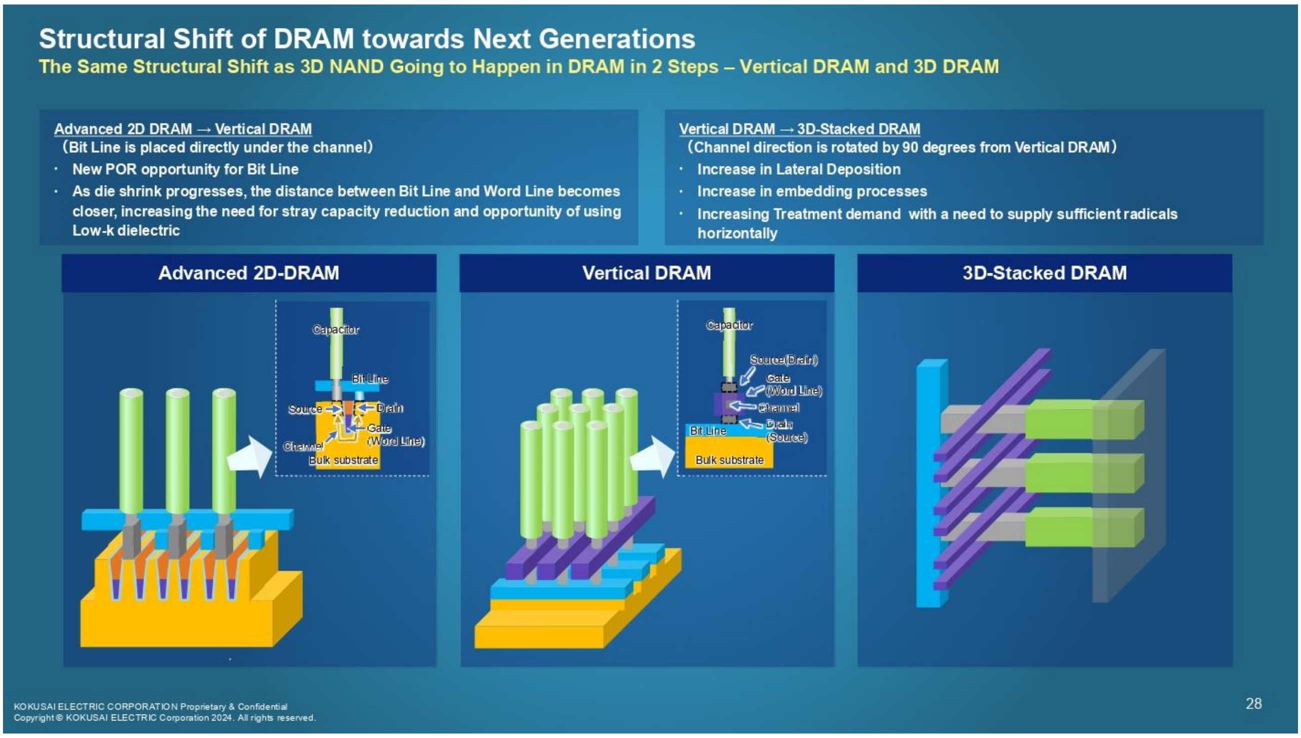
As a result, we have a very high market share in 3D NAND, which requires the most complex and high aspect ratio depositions. The schematic diagram on the left shows six major 3D-NAND processes. We expect to increase our market share in the remaining three processes as the number of layers increase beyond 200 and even beyond 500. In other words, as NAND investment recovers in the future, we will benefit greatly from our already high market share. We believe that we can achieve even higher market share and greater growth as development progresses further to more than 200 layers.

Next, I would like to move on to the strategy for DRAM.

On the left is a schematic diagram showing the major DRAM applications. On the right is time, and we are in a position to benefit greatly from this growth. High performance is even more important for HBM, which is currently the biggest trend in DRAM and DDR5 modules used in D1b.

In the D1b generation, we gained market share in three applications and also in the treatment process, especially in the embedded word line, where adoption by our major customers is advancing. Further POR gains are expected as we move into D1c next year.

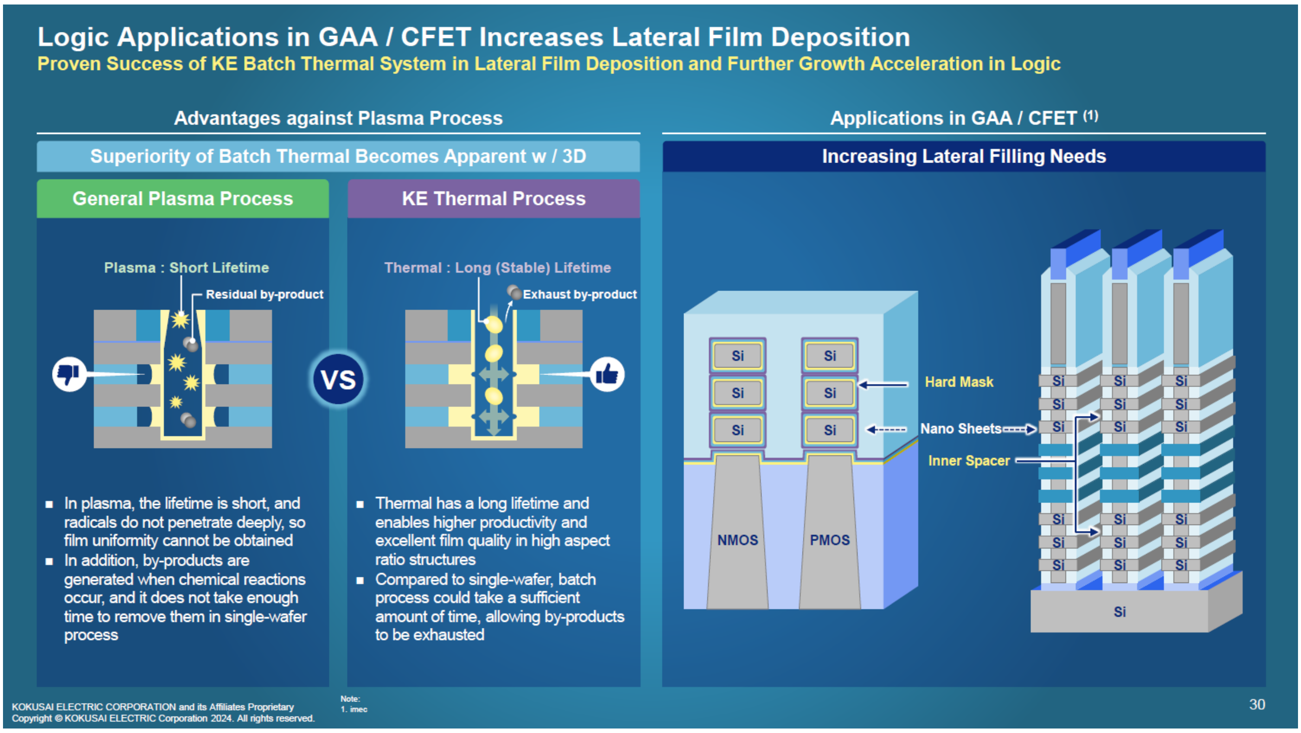
As we continue to gain market share in D1b and D1c, the increase in advanced DRAMs such as HBM is more than just WFE growth. It is expected that our market share in D1c and beyond will increase in every process, including treatment, providing an even stronger tailwind.



Finally, I will explain the structural changes in DRAM. Currently, the DRAM structure is shifting to vertical DRAM between 2D DRAM and 3D DRAM. While the structure around the capacitors does not change much in vertical DRAM, the main change is around the gate, where the bit lines are located below the channel. This structural change requires bigger and more complex deposition, increasing the need for our equipment.

In addition, the reality of 3D DRAM is further increasing and processes such as lateral deposition and embedding which have never existed before are emerging. So, we expect significant growth on a scale similar to what we have experienced with 3D NAND.

In the DRAM market, the strong tailwind of HBM from the need for higher performance and the growing need for devices in which we have a large market share after D1b and D1c are supporting the strong growth of our equipment. We believe that structural changes to vertical DRAM and 3D DRAM will further expand the market for our equipment.



I am Kanayama, Senior Vice President, overseeing the technology area.

Allow me now to explain our logic strategy.

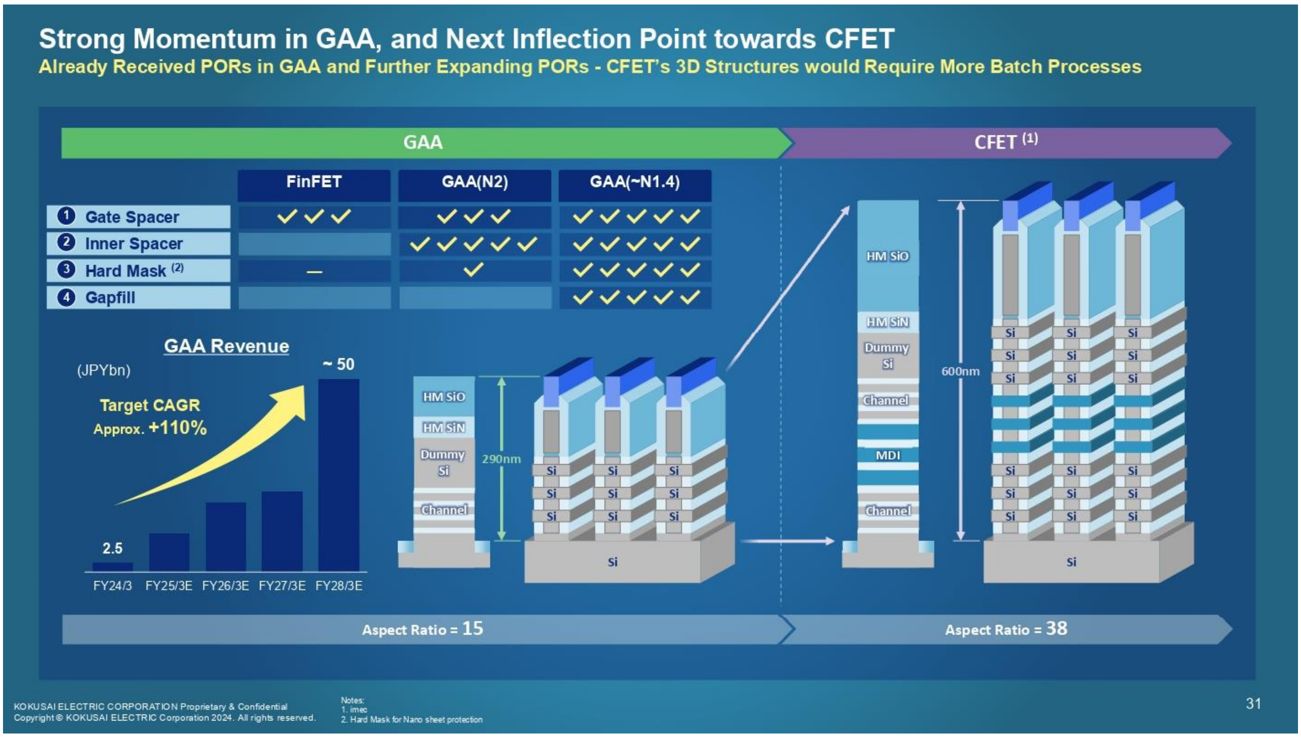
Many people may have the impression that our batch ALD is strong in memory, especially for NAND, and that many single-wafer products are used for logic. But in logic, as in memory, the shift in device structure from FinFET to GAA and CFET is providing a tailwind for batch ALD. In logic, as in memory, the structure of devices is shifting from FinFET to GAA and CFET.

On the left is a comparison of single-wafer processes using plasma and our batch process using thermal. Plasma has a shorter lifetime, which makes it difficult for radicals to reach deep into the film and maintain film uniformity. Also, when byproducts are generated during the chemical reaction process, it is difficult to remove them in sufficient time with single-wafer.

On the other hand, thermal has a longer lifetime. So, it is possible to maintain film uniformity over a longer period of time, even for structures with high aspect ratios, and batch can take longer than single-wafer to eliminate byproducts. In other words, as device structures become more complex and the need for time-consuming deposition at greater depth increase, the physical advantages of thermal base batch over single-wafer with plasma increase.

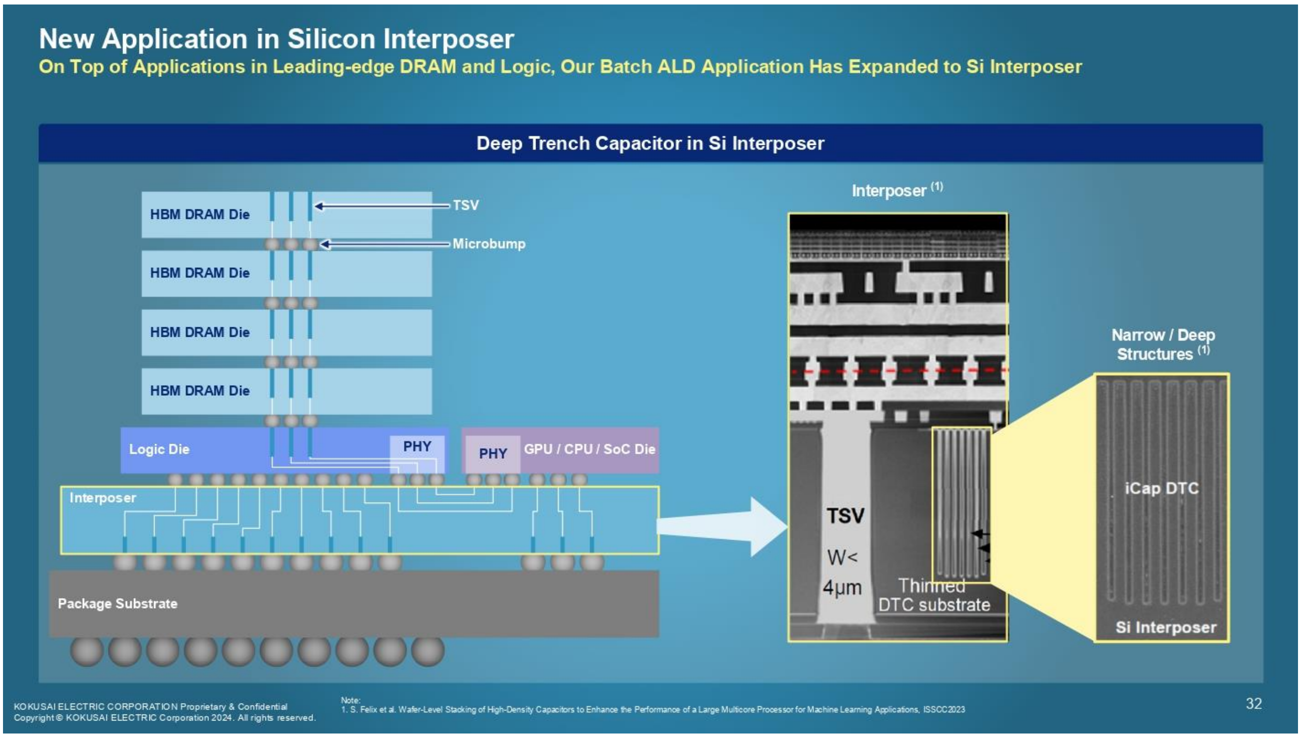
The schematic diagram of logic is shown on the right. Increasing device complexity has increased the need for lateral deposition, giving rise to new processes such as hard masks and inner spacers.

TRANSLATION - FOR REFERENCE ONLY -



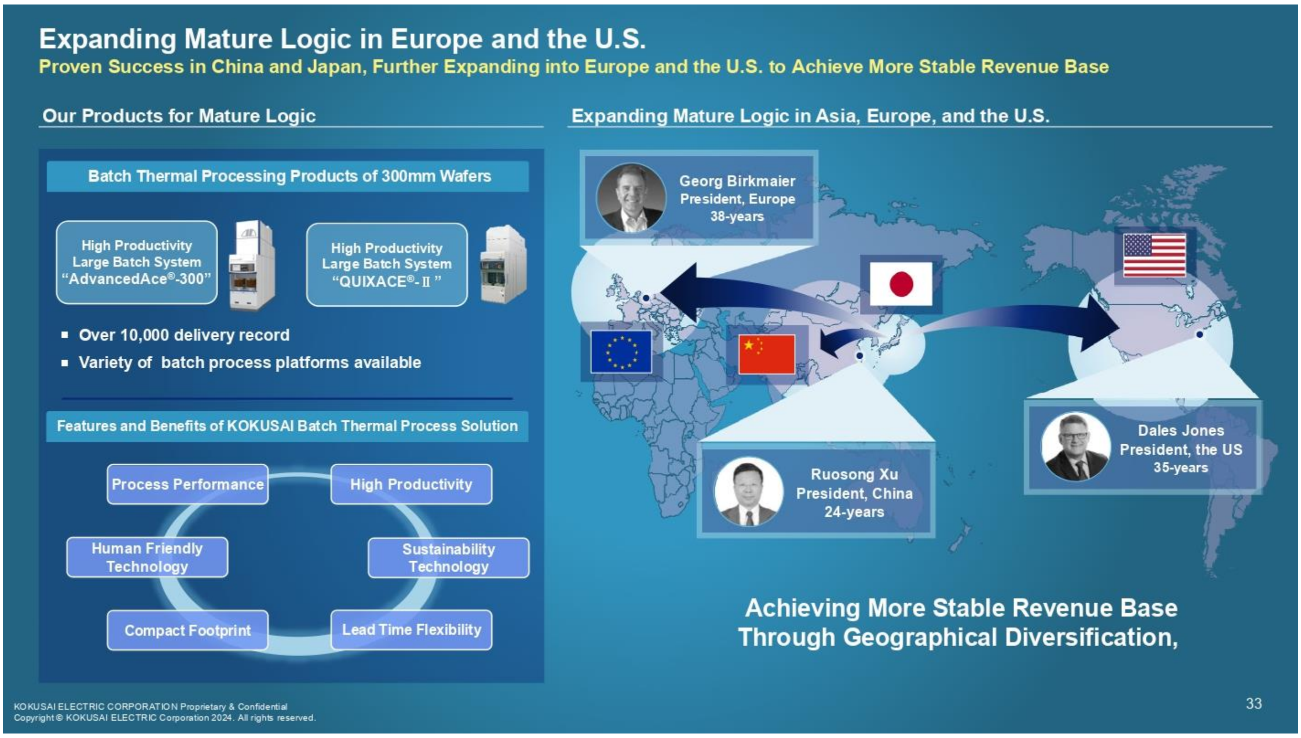
Within the context of this trend, our batch ALD has been steadily gaining market share in GAA related processes. In the first generation of GAA, we won POR for inner spacers from all major customers. In hard mask, we won new POR from one of our major customers. In the second generation of GAA, we expect to further increase our market share in gate spacers and hard masks as well. We also expect to win POR in the new gapfill process. As a result, we expect GAA-related sales to grow at a CAGR of 100 more than % over the next four to five years.

Furthermore, when it comes to CFET, the aspect ratio will further increase and the need for batch ALD will increase. We are currently working with imec to develop a lead in CFET, and we are sensing a growing interest in batch ALD from the industry.



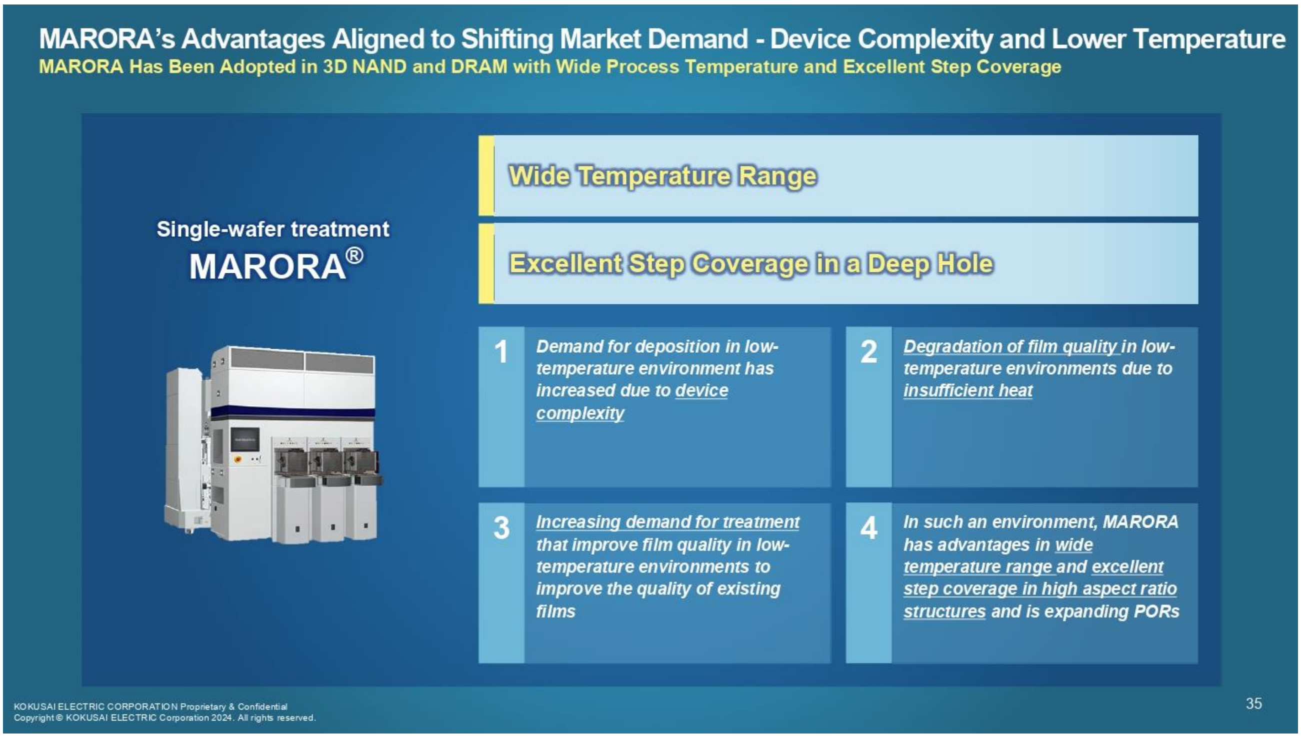
In addition, as I explained earlier in the DRAM section about the benefits of HBM expansion to our equipment, our equipment is also benefiting from AI GPU and advanced packaging through chipletization.

This page shows a schematic of the so-called chiplet packaging for HBM and AI GPUs in which our deposition equipment is also used around capacitors and deep trenches within silicon interposers. At present, deposition equipment is still being used in limited applications within interposers, but we expect sales of related equipment to continue to grow in this area, which is expected to receive a tailwind from advanced packaging.



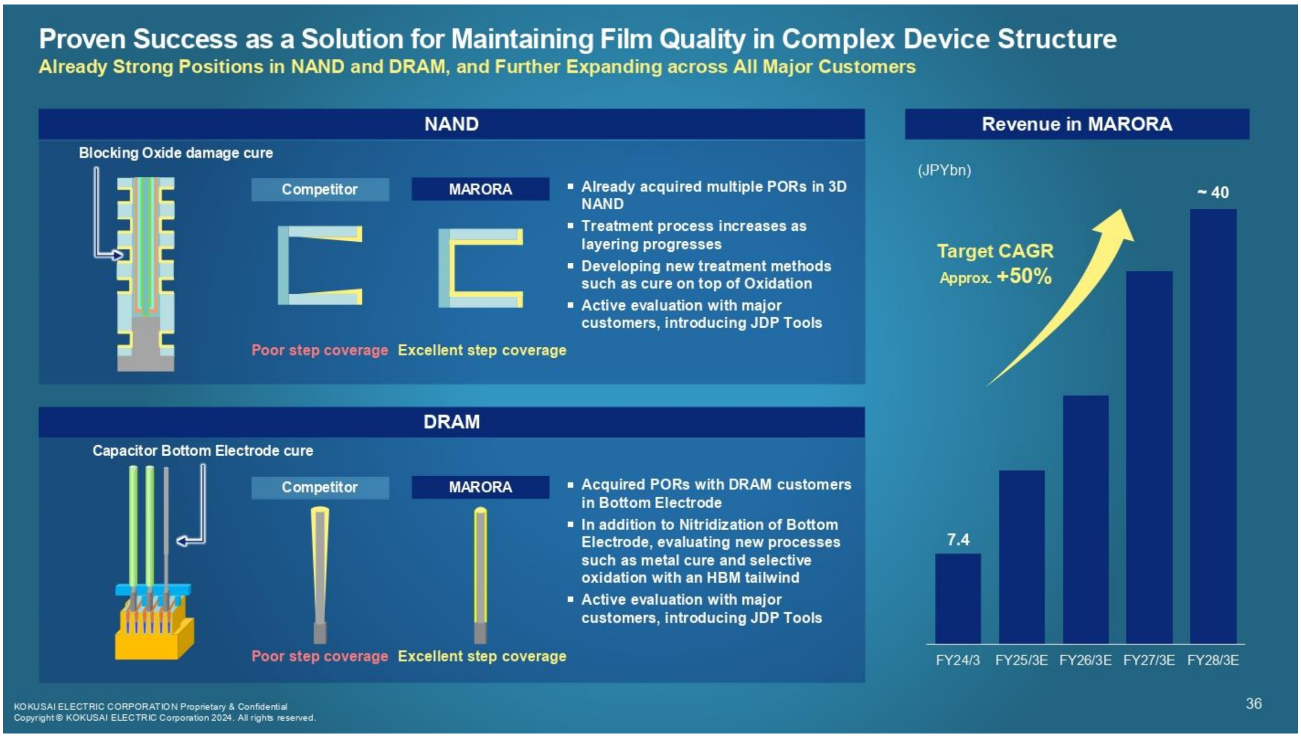
We are aiming to expand sales not only in leading edge logic, but also in mature node logic. Until now, we have had a high market share in advanced processes, but we have lagged behind our competitors in mature nodes. However, we are now trying to turn things around by expanding sales of stable mature nodes, which will lead to broadening the base of our installed base.

As many mature nodes are conventional processes, we are trying to differentiate ourselves from our competitors by utilizing the know-how we have cultivated in advanced nodes such as productivity and energy-saving technologies. While we have sold equipment from mature nodes in Japan and Asia in the past, we have now formed a strong local team in Europe and the US, and continue to sell to major mature node customers in Europe, US and China. Fortunately, inquiries have been strong, and we have already completed the startup of the evaluation equipment and expect to see the results in the next fiscal year.



Finally, let me explain about treatments.

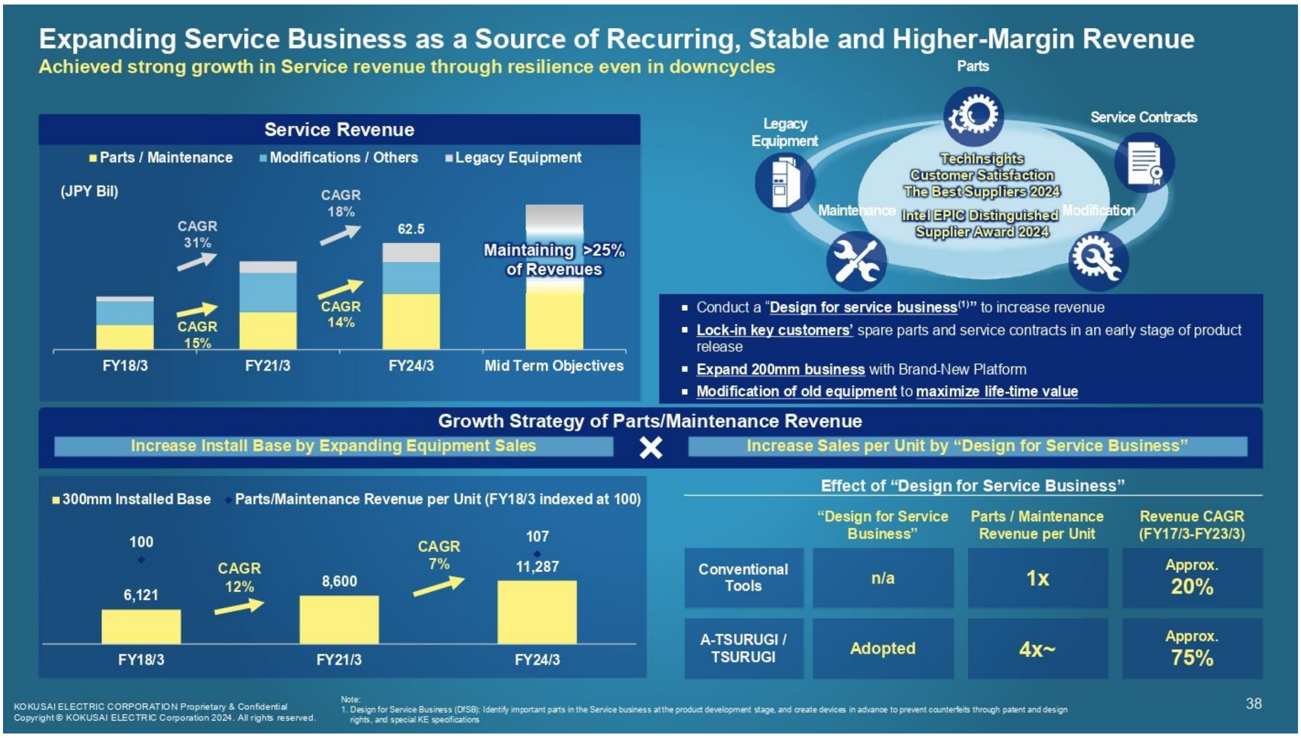
Treatment system, the second pillar of our business after batch ALD, continues to grow driven by the need for film deposition in low temperature environments and the increasing complexity of devices. Complex processes require deposition at low temperatures, while low temperature deposition can result in insufficient found performance. Our treatment system, MARORA, can be used over a wide temperature range to improve film quality and further increased step coverage.



To date, the treatment has been mainly used in 3D NAND and has been adopted by several customers, with a high sales contribution, especially when NAND investment is active. We are now seeing more DRAM applications. As explained earlier on the DRAM page, our major customers have already adopted our batch ALD and treatment combination for their HBM related DRAMs.

We are also expecting POR from other DRAM customers in the near future, which is also expected to be realized for HBM related applications. As a result, as shown on the right, we expect our treatment systems to grow at a CAGR of over 50% as the NAND market recovers and adoption in DRAM continues.

We expect it will take more time for logic to be adopted, but several major customers are evaluating, and we believe there is a great opportunity here as well. Now that we have explained the equipment, let's move on to services.

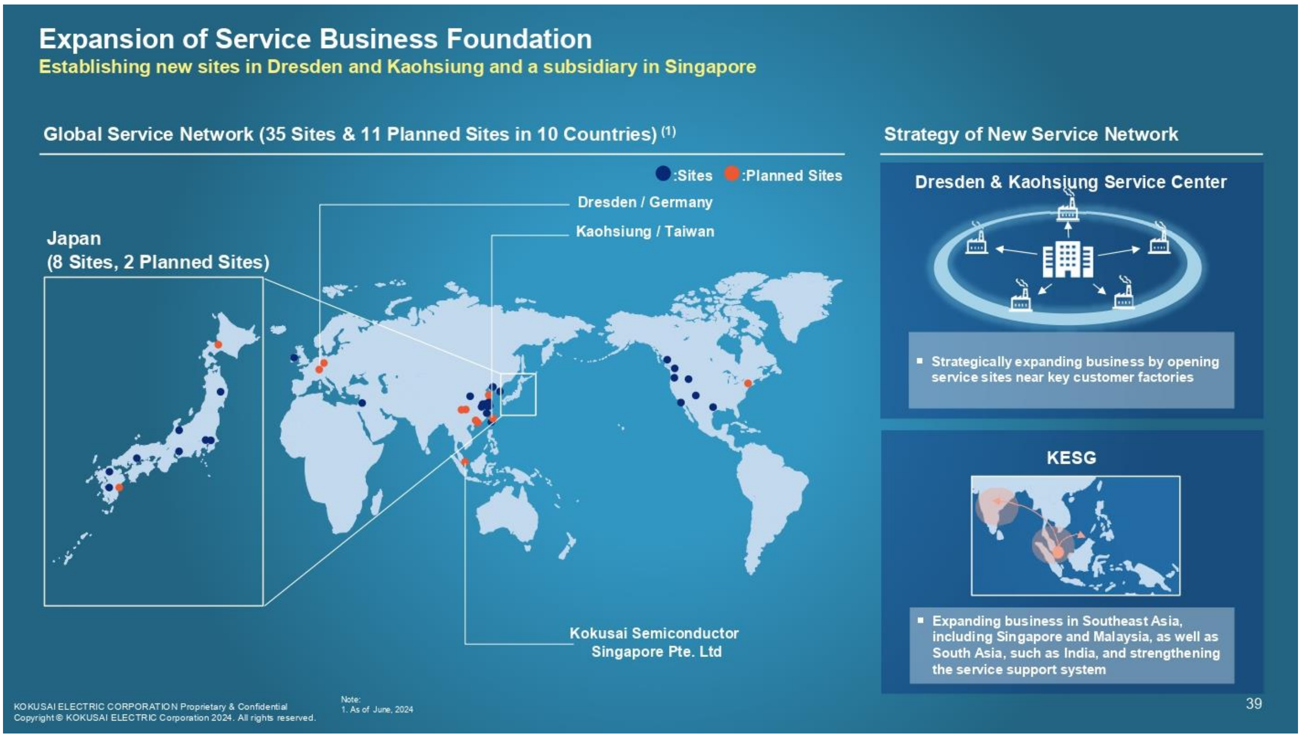


I am Yamamine responsible for services, field engineering and group governance,.

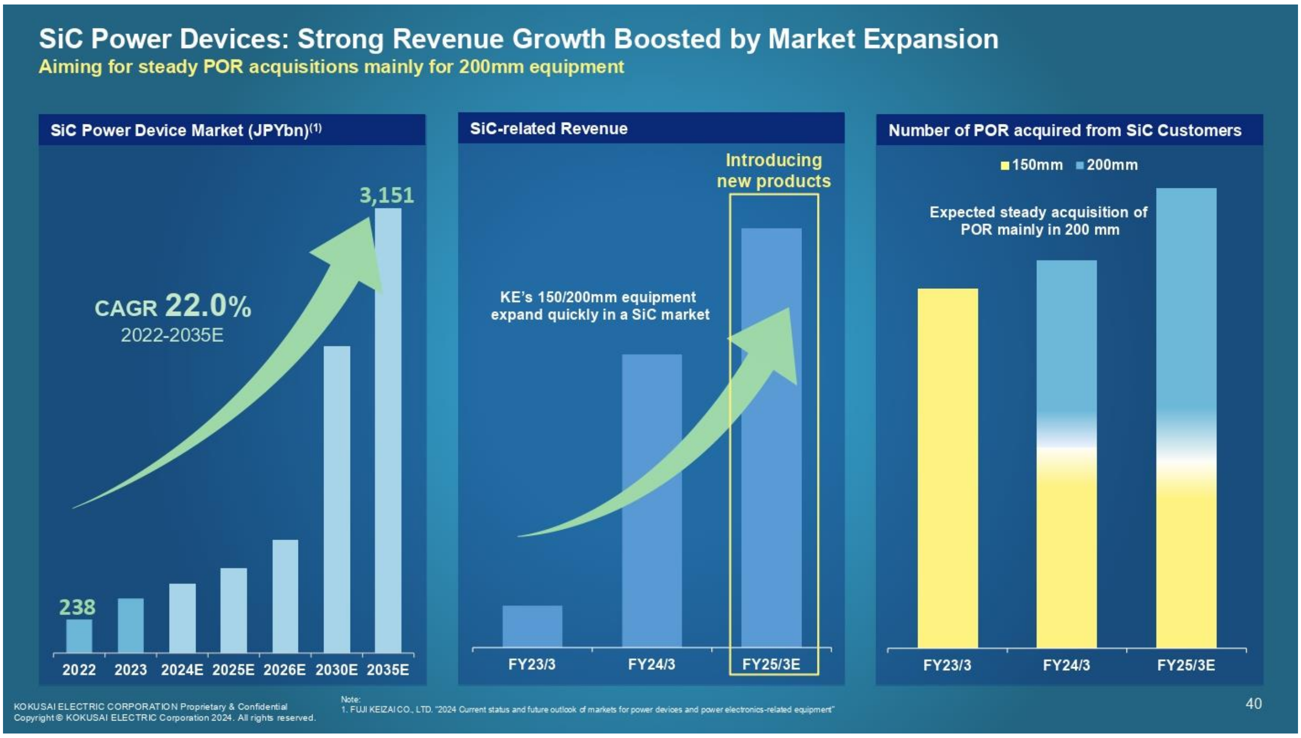
This section describes the service strategy. Our service business, an important growth driver, has been steadily expanding the sales regardless of changes in market conditions, providing a stable base for our business performance.

As shown in the upper left, parts and maintenance sales have achieved stable sales growth even in volatile market conditions. The services we provide are highly valued by our customers, and we are confident that stable service sales will continue in the future.

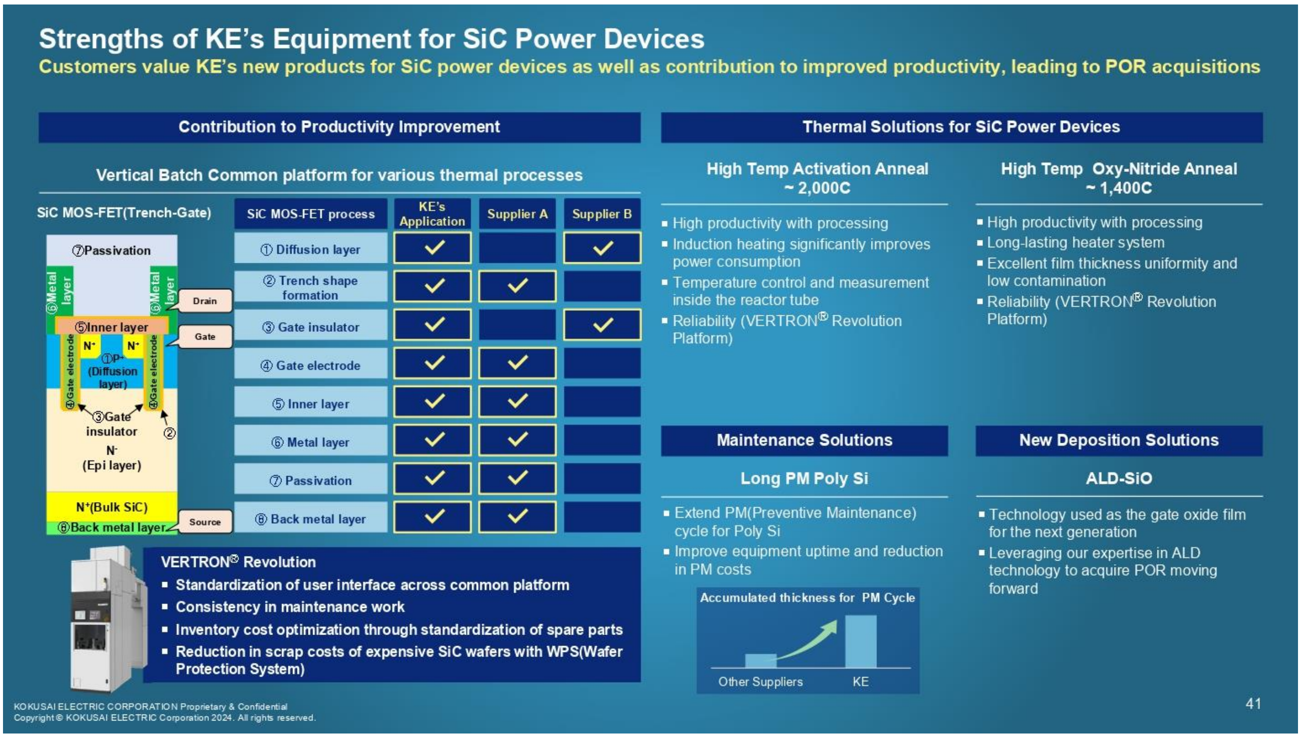
Our service business aims to grow along with the increase in installed base and an increase in service sales per unit. As shown in the lower left graph, the installed base is growing steadily and the parts and maintenance sales per unit are also increasing. As shown in the lower right graph, service sales per unit are about four times higher for leading-edge equipment. The more leading-edge equipment we sell, the higher service sales we can expect.



We have service locations all over the world, and we are actively expanding to new locations, especially as the semiconductor supply chain is becoming more localized amidst recent geopolitical developments. We are aiming to further expand our services business by establishing new bases in regions where fabs are being constructed such as Dresden, Germany, Kaohsiung, Taiwan, and Hokkaido, Japan. In addition, we have recently established a Singapore office as a subsidiary rather than a branch to prepare for further growth in Southeast Asia, India, and other regions.

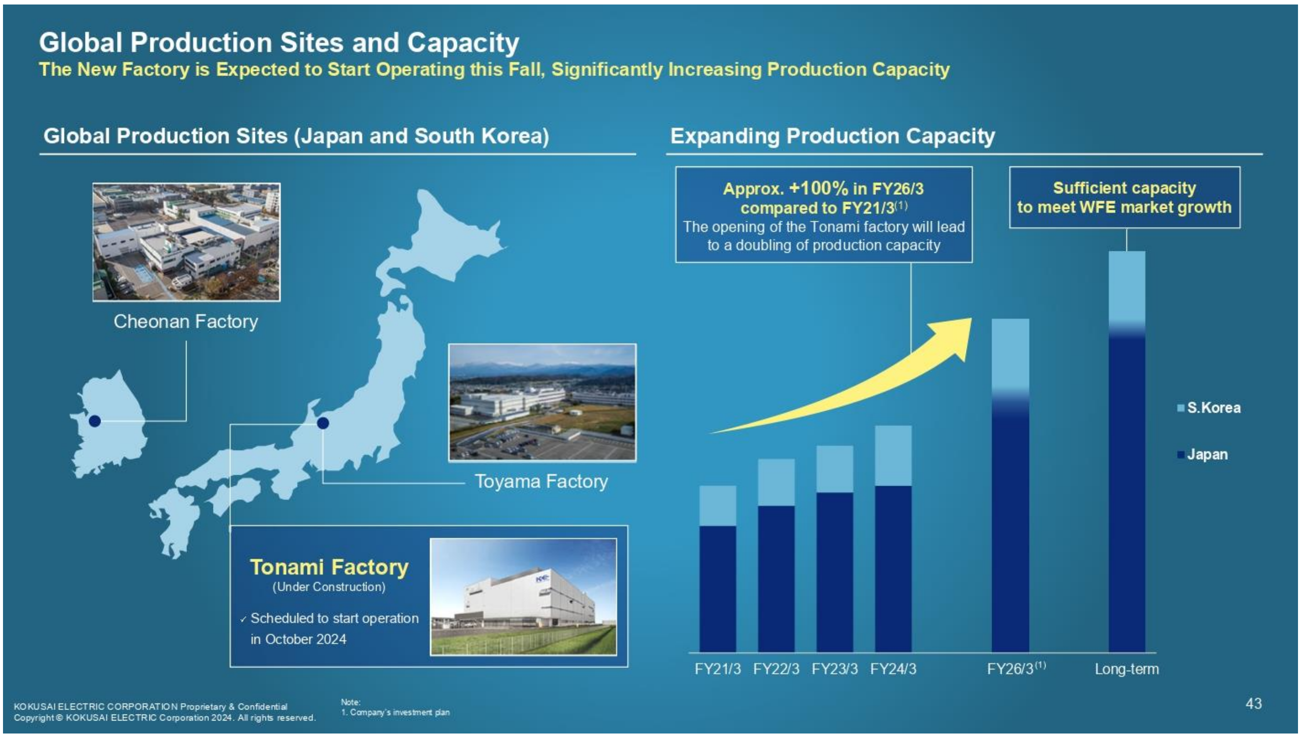


The service business includes sales of 150-millimeter and 200-millimeter equipment, of which equipment for SiC power devices have achieved high growth. Sales of conventional equipment are currently expanding, and sales for SiC power devices are expected to grow from JPY0.5 billion to JPY4 billion between last year and this fiscal year. In the next fiscal year, we plan to sell high temperature annealing systems for advanced processes, which is expected to further contribute to sales. As shown in the right chart, we are steadily building up PORs for SiC customers and have been able to acquire new PORs for 200 millimeters in addition to 150 millimeters.



The strengths of our equipment for SiC power devices are shown here. First of all, the strength of our equipment is that we can handle almost all processes using a common platform called the VERTRON Revolution, leveraging our inaudible in cutting-edge thermal technology. This allows our customers to save maintenance member hours, increase inventory efficiency, and improved productivity, which is why our equipment is chosen by customers.

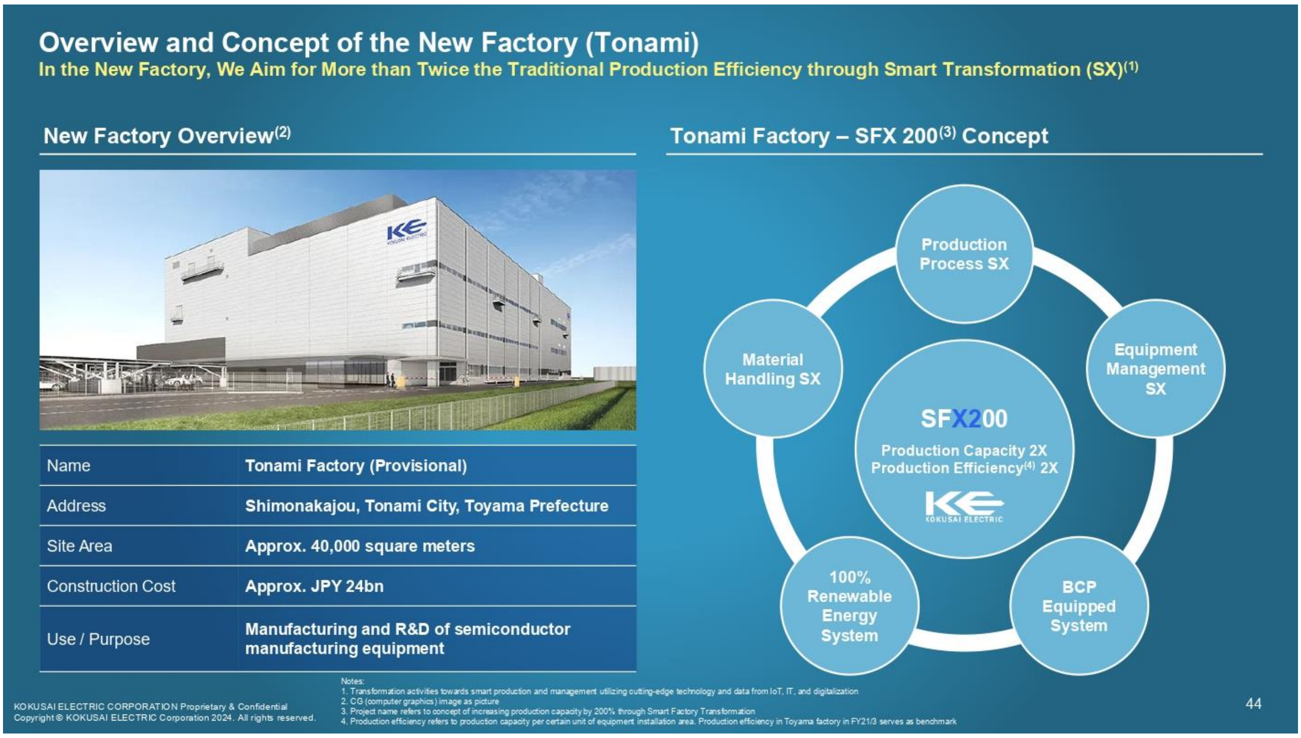
In addition, SiC substrates are much more expensive than silicon substrates and the system to protect the wafer provided by our agreement has been well received. For SiC power devices, we anticipate the mass production and the sales of annealing, equipment for high temperatures in the next fiscal year. We plan to achieve further growth by expanding sales of equipment for advanced processes using ALD technology.



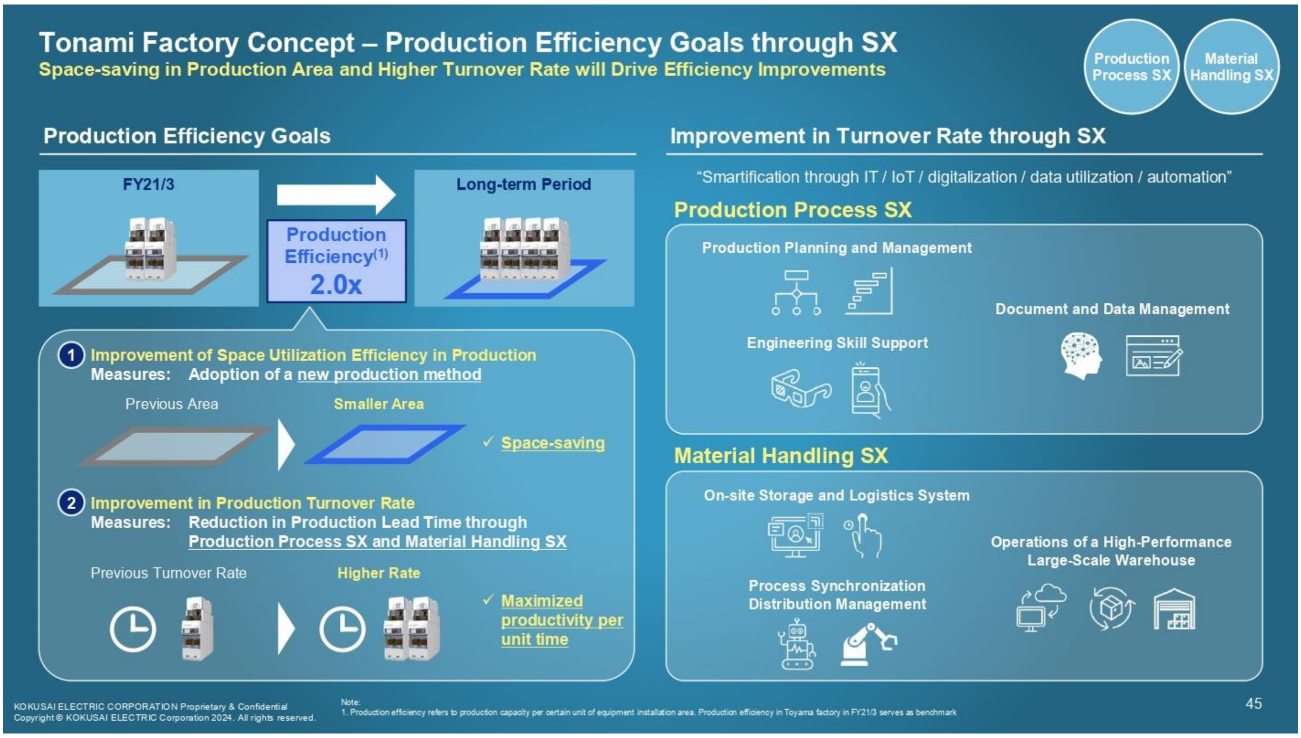
I am Yamada. I am in charge of production and procurement.

This section describes our global production system procurement and operations.

First, we are talking about the global production capacity expansion plan. We currently have two production bases, a main Toyama plant in Japan and the Cheonan plant in Korea. In order to expand production capacity in advance of the growth of WFE market, we are constructing a new plant as a new production base in Tonami City, Toyama prefecture. When the new plant is completed and in operation, as the graph shows, the global production capacity will almost double from the fiscal year ending March 2021 to the fiscal year ending March 2026. We believe that this production capacity will be sufficient to meet the long-term growth of the WFE market.

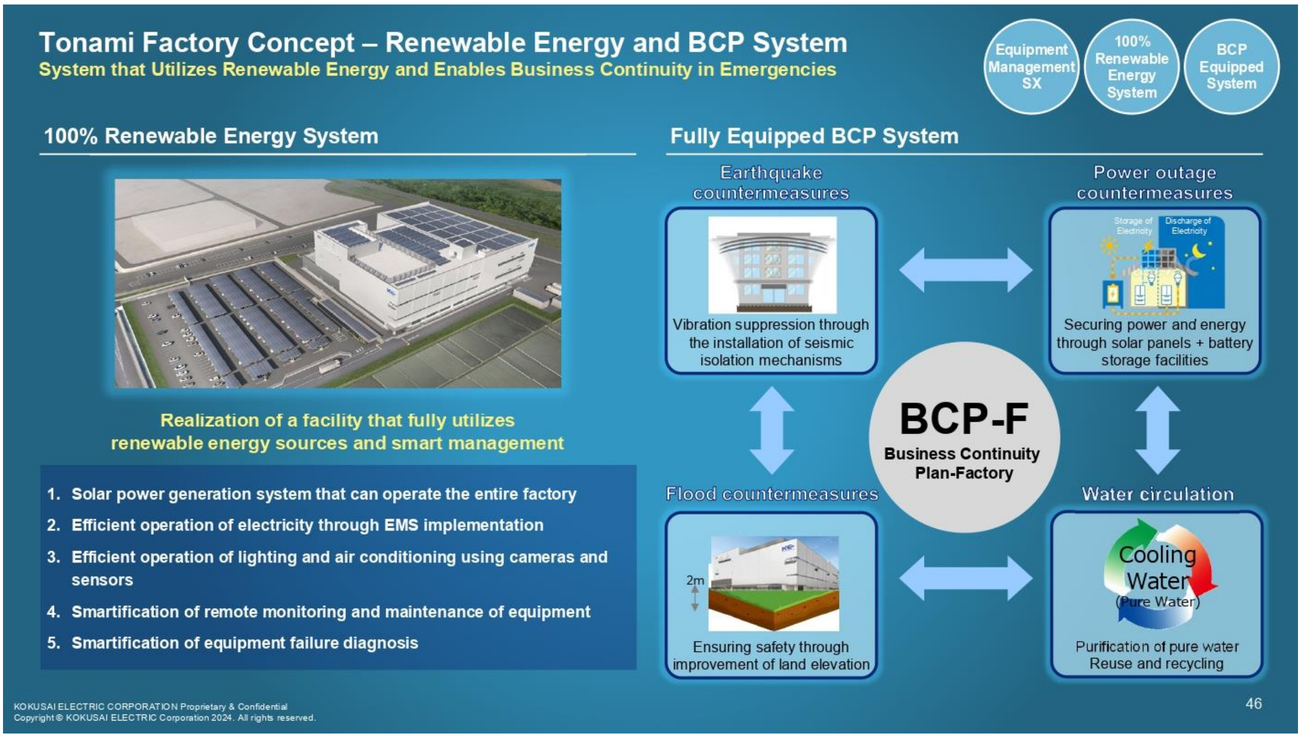


This slide shows the outline and project concept for the Tonami plant. As we have already disclosed, the Tonami plant is 40,000 square meters on site, three stories above ground, and is being constructed with an investment of around JPY24 billion. Currently, construction and operation plans are progressing smoothly with operations scheduled to begin around October. The new plant will be a smart factory and will promote activities based on the SFX200, the project concept, which aims to more than double production capacity as well as production efficiency. To achieve this goal, we will systematically promote smarter production processes, smarter material handling, and smarter facility management. The facility will also operate on 100% renewable energy in consideration of the environment and will be equipped with BCP function in preparation for natural disasters.



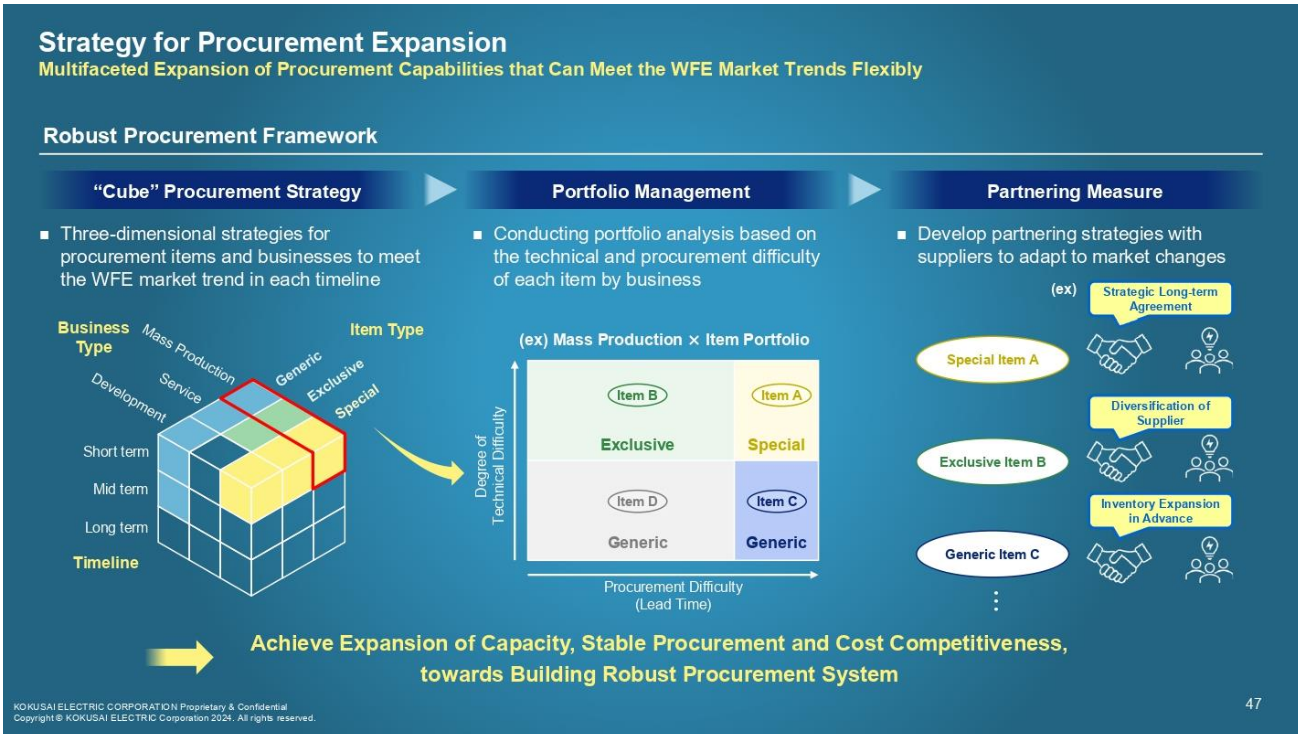
This slide shows a brief summary of our initiatives to improve production efficiency. In order to double production efficiency, the following two initiatives will be promoted. The first is to introduce a new production system with modularized production system for efficient operation using less space. Second, in order to increase the turnover rate in the production area, we are working on smarter production processes and smarter material handling systems that carry items synchronized with the process. This will shorten the lead time.

To make our operations smarter, we plan to systematically introduce cutting-edge technologies, including IT, IoT, digitalization, data utilization, automation, and even AI.

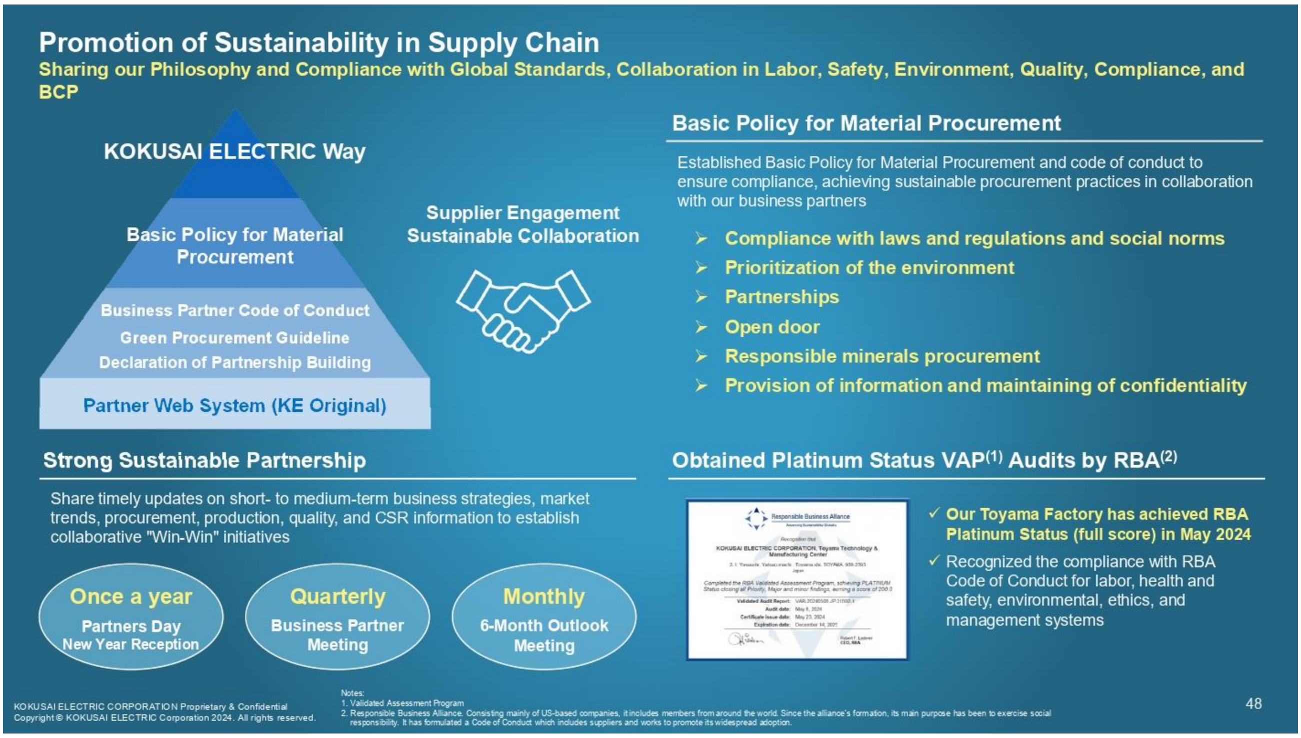


This slide is an explanatory page regarding the environmental considerations of the new office and the business continuity, the BCP, in the event of disasters. For electricity, to run the plant, will be generated from renewable energy sources. As shown in the figure, the roof top as well as the parking lot will feature a new solar power generation system.

We will also introduce an energy management system, EMS, that efficiently manages energy generated to save energy. In addition, the entire building is equipped with seismatic isolation equipment as a BCP function in case of disaster. The construction land has been raised two meters in anticipation of river blooding and flooding. In addition, a storage battery system will be installed in case of a power outage. The water recycling and circulation system will be added in case of water outages to enable safe, secure, and stable production activities.



From here, I would like to introduce our procurement initiatives. This slide shows our procurement efforts to respond flexibly to changes in the WFE market. In order to build a robust procurement system, we organize strategies into a three-dimensional cube by procurement item and business, anticipating short-, medium-, and long-term changes in market demand. Based on this organization, we will work with each partner in the supply chain, utilizing portfolio management by items. We have established a partnering policy and are promoting its activities. Through these activities, we are expanding the scale of procurement, securing stable supplies, and addressing cost competitiveness.

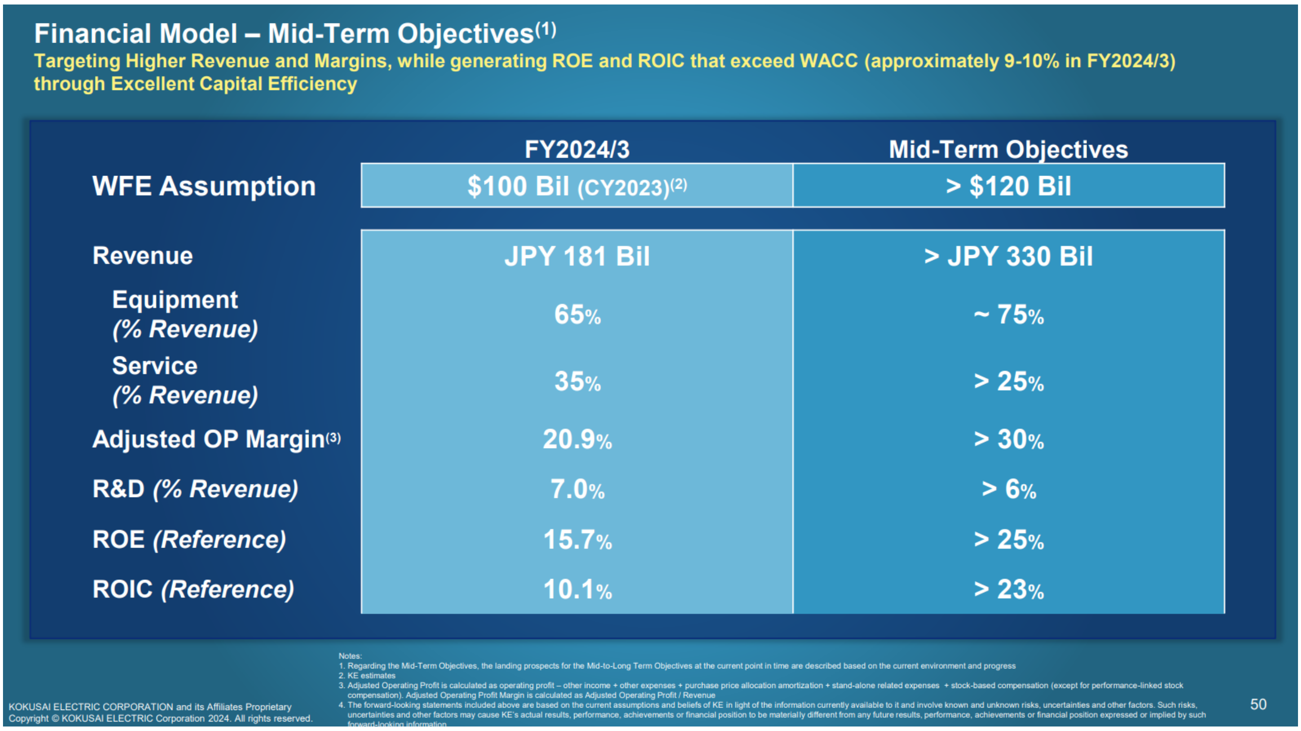


In this slide, we introduced activities toward a sustainable procurement supply chain. The purpose is to share the Group's philosophy and policies, comply with global norms, and collaboratively manage labor, safety, environment, quality and compliance, and BCP. Our systematized philosophy, policies, guidelines, et cetera, are publicly shared on our own supply website.

We also set up annual, quarterly, and monthly dialogue opportunities with our business partners to strengthen transparent and fair engagement.

In addition, in the activities of RBA, which is expected to have positive effects on CSR through the supply chain, we received the highest rating of platinum status in the RBA audit in May this year.

This is our presentation about our production and procurement activities.

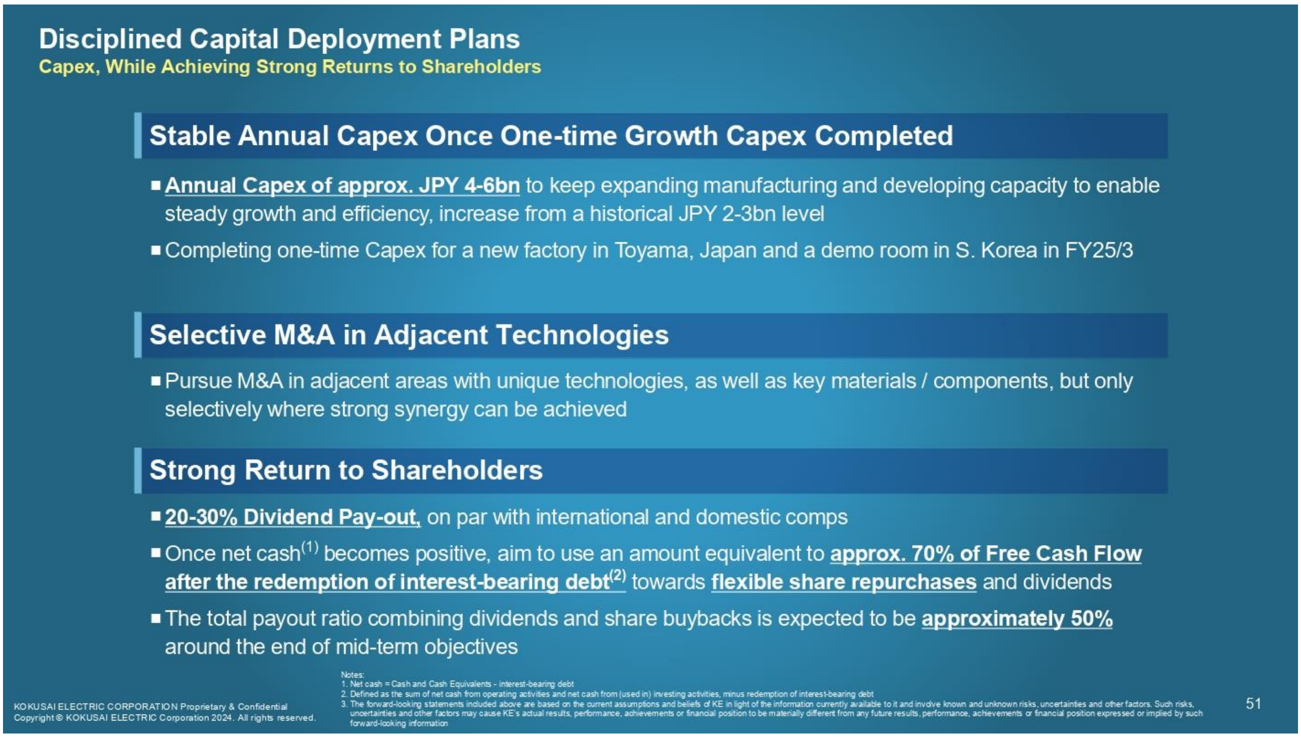


I'm Kawakami overseeing finance as well as accounting. I'm the Senior VP.

Allow me to discuss financial figures.

Page 50 summarizes the midterm goals. WFE is expected to exceed USD120 billion in the next three to four years. We are targeting sales revenue of at least JPY330 billion and an adjusted operating margin of at least 30%. The medium- to longer-term targets announced last September were based on the assumption that WFE will be USD110 billion to USD120 billion. We are aiming for sales revenue of JPY300 billion to JPY330 billion and an adjusted operating margin of 28% to 30%. Therefore, the new medium-term target is aimed to exceed the upper limit of the previous target while maintaining the same time frame.

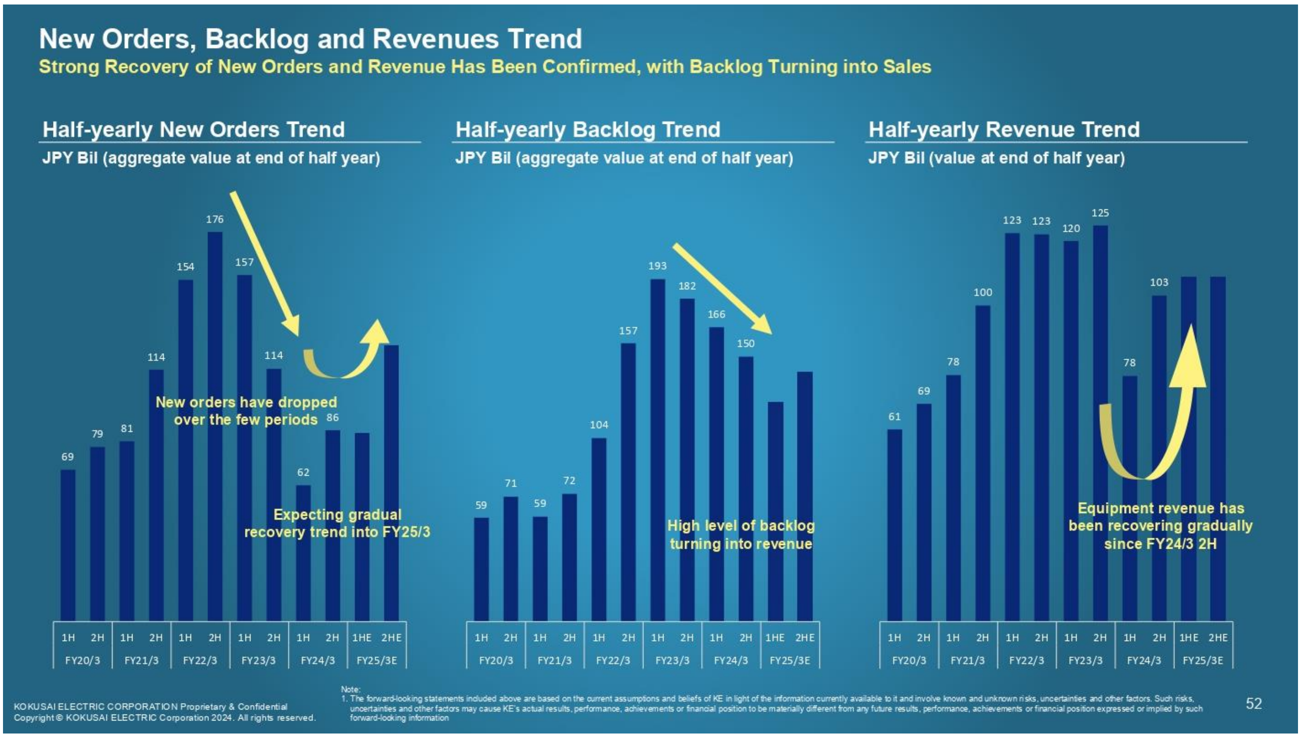
For your reference, we have set ROE and ROIC targets to improve return on capital from a medium- to longer-term perspective, while remaining conscious of the cost of capital. We recognize that the weighted average cost of capital, WACC, for the fiscal year ending March 2024 will be between 9% to 10%, and our medium-term targets are to achieve at least twice that level. ROE of 25% or more and ROIC of more than 23%.



Page 51 summarizes the capital allocation policy. As in the past, our top priority is investment for growth. Excluding large capital investments such as the construction of a new plant in Toyama Prefecture and the expansion of our demonstration room in Korea, we expect to make regular capital investments of JPY4 billion to JPY6 billion per year.

Strategic alliances, including M&A, will also be considered focusing on areas where significant synergies can be expected.

As for shareholder returns, we plan to maintain a dividend payout ratio of 20% to 30% based on adjusted net income as in the past. In addition, once net cash becomes positive, we plan to flexibly consider share buybacks in order to return approximately 70% of free cash flow after repayment of interest-bearing debt to shareholders. The total return ratio, including dividends and share buybacks, is expected to be approximately 50% when the medium-term target is achieved.



Page 52 shows the changes in orders received, order backlog, and revenue from sales. Since we have a mix of orders with long lead times that go across different fiscal years, orders for the short lead times that are booked to sales within the same quarter, and since the composition of these orders vary from quarter to quarter, they are not necessarily leading indicators of sales and earnings. For this reason, we refrain from disclosing information on a quarterly basis. However, we present here the semiannual changes in orders received and backlog in order to provide an understanding of major changes in trends.

Orders for long lead time projects, which have increased due to supply chain disruptions in the fiscal year ended March 2022, have settled down, and the decline in demand that began in H2 of fiscal year March end 2023 bottomed out in H1 of the fiscal year ending March 2024.

As for order backlogs long delivery, we expect the shift to recover in H2 fiscal year ending March 2024 and strong order intake recovering in H2 of fiscal year ending March 2025.

As for the order backlog, long delivery projects are being converted to sales, 90% of the approximately JPY150 billion order backlog at the end of fiscal year ending March 31, 2024, is expected to be converted to sales and normalized in the fiscal year ending March 2025.

As explained in the full-year results earnings, sales and earnings bottomed out in H1 of the fiscal year ending March 2024 and have been on a recovery trend since H2 of fiscal year ending March 2024. We expect that mass production of advanced devices will begin to recover globally in H2 of this fiscal year.

From page 53 and onwards, our main financial indicators, so we will not go into detail. Thank you for your attention.