



Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2022 (Japanese GAAP)

August 8, 2022

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo
 Security Code: 8035
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 Scheduled start date of dividends payment: -
 Preparation of supplementary materials for the quarterly financial results: Yes
 Quarterly earnings release conference: Yes (for investors and analysts)

Note: Amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results (Cumulative)

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Three months ended			
	June 30, 2021		June 30, 2022	
		%		%
Net sales (Millions of yen)	452,049	43.6	473,654	4.8
Operating income (Millions of yen)	141,791	92.0	117,519	(17.1)
Ordinary income (Millions of yen)	142,630	89.9	117,692	(17.5)
Net income attributable to owners of parent (Millions of yen)	100,363	77.8	88,095	(12.2)
Net income per share of common stock (Yen):				
Basic	645.20		565.59	
Diluted	641.70		562.98	
Comprehensive income:	Three months ended June 30, 2022: 83,582 million yen, (24.5)%			
	Three months ended June 30, 2021: 110,712 million yen, 60.1%			

(2) Consolidated Financial Position

	As of	
	March 31, 2022	June 30, 2022
Total assets (Millions of yen)	1,894,457	1,846,911
Total net assets (Millions of yen)	1,347,048	1,314,847
Equity ratio (%)	70.5	70.4
Equity:	1,300,108 million yen (as of June 30, 2022)	
	1,335,152 million yen (as of March 31, 2022)	

2. Dividends

	Year ended	Year ending
	March 31, 2022	March 31, 2023 (Forecast)
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	643.00	751.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	760.00	927.00
Annual dividends per share (Yen)	1,403.00	1,678.00

Note: Revision to the dividends forecast most recently announced: None

3. Financial Forecasts for the Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

Note: Percentages for year ending March 31, 2023 indicate changes from the previous fiscal year, and those for six months ending September 30, 2022 indicate changes from the same period of the previous fiscal year.

	Six months ending		Year ending	
	September 30, 2022 (Cumulative)		March 31, 2023	
		%		%
Net sales (Millions of yen)	1,100,000	18.0	2,350,000	17.3
Operating income (Millions of yen)	319,000	16.1	716,000	19.5
Ordinary income (Millions of yen)	319,000	14.8	716,000	19.0
Net income attributable to owners of parent (Millions of yen)	234,000	16.9	523,000	19.7
Net income per share (Yen)	1,502.29		3,357.63	

Note: Revision to the financial forecasts most recently announced: None

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries associated with changes in scope of consolidation): None

(2) Adoption of special accounting methods for preparation of quarterly financial statements: Yes

Please refer to "Notes" on page 11 for further information.

(3) Changes in accounting policies, changes in accounting estimates and restatements

1. Changes in accounting policies along with changes in accounting standards: None

2. Other changes of accounting policies besides the number 1 above: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)

As of June 30, 2022: 157,210,911 shares

As of March 31, 2022: 157,210,911 shares

2. Number of shares of treasury stock

As of June 30, 2022: 1,443,724 shares

As of March 31, 2022: 1,461,581 shares

3. Average number of shares outstanding (Cumulative quarterly period)

Three months ended June 30, 2022: 155,756,620 shares

Three months ended June 30, 2021: 155,555,388 shares

Note: The number of shares of treasury stock includes the Company's shares held by "Executive compensation Board Incentive Plan (BIP) trust" and "share-delivering Employee Stock Ownership Plan (ESOP) trust". (610,472 shares as of June 30, 2022, 610,529 shares as of March 31, 2022)
In addition, these Company's shares are included in the treasury stock which is deducted in calculating the average number of shares.

* Status of implementation of quarterly review procedures

This Summary of Consolidated Financial Results is outside the scope of external auditor's quarterly review procedures under the Financial Instruments and Exchange Act.

* Explanation of the appropriate use of financial forecast:

The financial forecasts and estimates in this Summary of Consolidated Financial Results are based on information available to the Company at the time of report issuance and certain assumptions judged to be reasonable by the Company, and therefore are not guarantees of future performance. Consequently, actual results may differ substantially from those described in this Summary of Consolidated Financial Results. Please refer to "1. Qualitative Information on Financial Results for the Current Quarter (4) Description of Financial Estimates Information such as Consolidated Financial Forecasts" on page 6.

The Company plans to hold an online conference for investors and analysts on August 8, 2022.

Supplementary materials to be used at the conference will be posted on the Company's website.

1. Qualitative Information on Financial Results for the Current Quarter

(1) Description of Operating Results

With regard to the global economy in the first quarter of the current fiscal year, we have seen supply chains impacted by lockdowns in some regions due to the spread of COVID-19 pandemic, surging prices of natural resources due to heightened geopolitical risks, rises in the policy interest rates, mainly in the United States and Europe, and the impact of fluctuations in exchange rates. In the electronics industry, where the Tokyo Electron (TEL) Group operates, semiconductor production equipment market is expected to grow in medium- to long-term due to the growing importance of semiconductors, driven by the transition to a data society due to the expansion of communications technologies and efforts toward realizing a decarbonized society.

Under these circumstances, the consolidated financial results (cumulative) for the first quarter of the current fiscal year were net sales of 473,654 million yen (year-on-year growth of 4.8%), operating income of 117,519 million yen (year-on-year decrease of 17.1%), ordinary income of 117,692 million yen (year-on-year decrease of 17.5%), and net income attributable to owners of parent of 88,095 million yen (year-on-year decrease of 12.2%).

The overview of each business segment is as described below.

(i) Semiconductor Production Equipment

Capital investment in semiconductors for logic/foundry has been made in a wide range of areas, from cutting-edge to mature generations of semiconductors, driven by the digitalization of society. Additionally, capital investments in both DRAM and NAND flash memory remained steady. Consequently, net sales to external customers in this segment for the first quarter of the current fiscal year were 464,003 million yen (year-on-year growth of 6.0%).

(ii) Flat Panel Display (FPD) Production Equipment

As capital investment for large-sized LCD panels for televisions has run its course, the overall manufacturing equipment market for FPD TFT arrays has slowed. Meanwhile, capital investments in small and medium-sized OLED panels continue in conjunction with displays installed in end products being converted from LCD panels to OLED panels. Consequently, net sales to external customers in this segment for the first quarter of the current fiscal year were 9,614 million yen (year-on-year decrease of 31.8%).

(iii) Other

Net sales to external customers in this segment for the first quarter of the current fiscal year were 36 million yen (year-on-year growth of 2.4%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	FY 2022					FY 2023
	Full Year	1Q	2Q	3Q	4Q	1Q
Net Sales	2,003,805	452,049	480,464	506,474	564,817	473,654
Semiconductor Production Equipment	1,943,843	437,924	467,838	488,802	549,278	464,003
Japan	228,902	54,861	53,965	63,147	56,927	42,022
North America	268,065	43,911	61,897	76,893	85,363	67,325
Europe	107,954	13,411	20,309	17,062	57,170	56,526
South Korea	377,767	95,304	93,507	93,040	95,914	85,172
Taiwan	359,225	62,853	102,548	87,494	106,330	96,816
China	513,529	153,684	108,825	132,217	118,803	94,086
Southeast Asia, and Others	88,398	13,897	26,785	18,946	28,768	22,055
FPD Production Equipment	59,830	14,090	12,592	17,640	15,507	9,614
Other	131	35	32	32	31	36
Operating Income	599,271	141,791	132,855	156,044	168,579	117,519
Ordinary Income	601,724	142,630	135,131	155,618	168,344	117,692
Net Income Attributable to Owners of Parent	437,076	100,363	99,856	110,026	126,830	88,095

Note: Intersegment sales or transfers are eliminated.

(2) Description of Financial Conditions

Current assets at the end of the first quarter of the current fiscal year were 1,359,969 million yen, a decrease of 48,734 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 79,273 million yen in prepaid consumption tax, a decrease of 51,999 million yen in short-term investments included in securities, and an increase of 83,361 million yen in inventories.

Tangible fixed assets increased by 15,264 million yen from the end of the previous fiscal year, to 238,342 million yen. Intangible fixed assets increased by 2,062 million yen from the end of the previous fiscal year, to 24,603 million yen. Investments and other assets decreased by 16,139 million yen from the end of the previous fiscal year, to 223,996 million yen.

As a result, total assets decreased by 47,546 million yen from the end of the previous fiscal year, to 1,846,911 million yen.

Current liabilities decreased by 18,663 million yen from the end of the previous fiscal year, to 449,915 million yen. This was largely due to a decrease of 70,284 million yen in income taxes payable, and an increase of 52,674 million yen in customer advances.

Long-term liabilities increased by 3,318 million yen from the end of the previous fiscal year, to 82,147 million yen.

Net assets decreased by 32,201 million yen from the end of the previous fiscal year, to 1,314,847 million yen. This was largely due to a decrease resulting from the payment of 118,833 million yen in year-end dividends for the previous fiscal year, and an increase of 88,095 million yen resulting from recording net income attributable to owners of parent.

As a result, the equity ratio was 70.4%.

(3) Description of Cash Flows

Cash and cash equivalents at the end of the first quarter of the current fiscal year decreased by 56,788 million yen compared to the end of the previous fiscal year, to 278,859 million yen. The combined balance including 35,742 million yen in time deposits and short-term investments with maturities of more than three months that are not included in cash and cash equivalents was 314,601 million yen, a decrease of 56,672 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the first quarter of the current fiscal year was as described below.

Cash flows from operating activities were positive 69,987 million yen, a decrease of 41,301 million yen compared to the same period of the previous fiscal year. The major positive factors were 117,642 million yen in income before income taxes, a 79,408 million yen decrease in prepaid consumption tax, and a 51,500 million yen increase in customer advances. The major negative factors were 100,865 million yen in payment of income taxes, and a 75,364 million yen increase in inventories.

Cash flows from investing activities were negative 16,667 million yen compared to negative 10,762 million yen in the same period of the previous fiscal year. This was largely due to the payment of 13,405 million yen for the purchase of tangible fixed assets.

Cash flows from financing activities were negative 119,150 million yen compared to negative 65,981 million yen in the same period of the previous fiscal year. This was largely due to the payment of 118,833 million yen in dividends.

Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities	111,289	69,987
Income before income taxes	138,033	117,642
Depreciation and amortization	7,934	9,724
Net decrease (increase) in notes and accounts receivable - trade, and contract assets	(24,600)	16,837
Decrease (increase) in inventories	(20,578)	(75,364)
Increase (decrease) in trade notes and accounts payable	(784)	(10,656)
Other, net	11,285	11,804
Cash flows from investing activities	(10,762)	(16,667)
Decrease (increase) in time deposits and short-term investments	4,955	(66)
Other (Acquisition of fixed assets, and others)	(15,718)	(16,601)
Cash flows from financing activities	(65,981)	(119,150)
Effect of exchange rate changes on cash and cash equivalents	587	9,042
Net increase (decrease) in cash and cash equivalents	35,133	(56,788)
Cash and cash equivalents at beginning of period	265,993	335,648
Cash and cash equivalents at end of period	301,126	278,859
Cash and cash equivalents, time deposits and short-term investments with maturities of more than three months	341,742	314,601

(4) Description of Financial Estimates Information such as Consolidated Financial Forecasts

There are no changes in the consolidated financial forecast for the fiscal year ending March 31, 2023 from the forecasts released at the time of the previous announcement on May 12, 2022.

Note: The financial forecasts and estimates stated in this Summary of Consolidated Financial Results are based on certain assumptions judged to be reasonable by the Company in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in foreign exchange rates, and other factors that may have an impact on performance. The company does not promise that the forecasts or estimates will be accurate.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products (and their success or failure), and global conditions in the semiconductor related industry. Consequently, actual sales and profits may differ substantially from the projections described in this Summary of Consolidated Financial Results.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
ASSETS		
Current assets		
Cash and deposits	274,274	269,601
Notes and accounts receivable - trade, and contract assets	433,948	426,137
Securities	97,000	45,000
Merchandise and finished goods	183,512	218,746
Work in process	144,330	164,942
Raw materials and supplies	146,002	173,517
Others	129,796	62,223
Allowance for doubtful accounts	(160)	(199)
Total current assets	1,408,703	1,359,969
Long-term assets		
Tangible fixed assets	223,078	238,342
Intangible fixed assets		
Others	22,540	24,603
Total intangible fixed assets	22,540	24,603
Investments and other assets		
Others	241,434	225,344
Allowance for doubtful accounts	(1,298)	(1,348)
Total investments and other assets	240,135	223,996
Total long-term assets	485,754	486,941
Total assets	1,894,457	1,846,911

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	120,908	119,115
Income taxes payable	107,193	36,909
Customer advances	102,555	155,229
Accrued warranty expenses	26,568	29,694
Accrued employees' bonuses	44,871	24,717
Other allowances	5,353	3,908
Others	61,129	80,340
Total current liabilities	468,578	449,915
Long-term liabilities		
Other allowances	6,402	4,107
Net defined benefit liabilities	62,533	62,174
Others	9,894	15,865
Total long-term liabilities	78,829	82,147
Total liabilities	547,408	532,063
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,104,983	1,074,152
Treasury stock, at cost	(27,418)	(27,118)
Total shareholders' equity	1,210,537	1,180,006
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	93,492	70,849
Net deferred gains (losses) on hedging instruments	(52)	(68)
Foreign currency translation adjustments	30,640	48,958
Accumulated remeasurements of defined benefit plans	535	364
Total accumulated other comprehensive income (loss)	124,615	120,102
Share subscription rights	11,895	14,738
Total net assets	1,347,048	1,314,847
Total liabilities and net assets	1,894,457	1,846,911

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	452,049	473,654
Cost of sales	241,118	273,126
Gross profit	210,931	200,528
Selling, general & administrative expenses		
Research and development expenses	34,356	42,122
Others	34,783	40,886
Total selling, general and administrative expenses	69,140	83,009
Operating income	141,791	117,519
Non-operating income		
Dividend income	841	1,069
Share of profit of associates accounted for using the equity method	588	500
Others	351	752
Total non-operating income	1,781	2,322
Non-operating expenses		
Foreign exchange loss	683	1,772
Others	258	377
Total non-operating expenses	942	2,149
Ordinary income	142,630	117,692
Unusual or infrequent profit		
Gain on sales of fixed assets	0	0
Total unusual or infrequent profit	0	0
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	20	49
Additional payment of value-added tax	4,577	-
Total unusual or infrequent loss	4,597	49
Income before income taxes	138,033	117,642
Income taxes	37,669	29,547
Net income	100,363	88,095
Net income attributable to owners of parent	100,363	88,095

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net income	100,363	88,095
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	8,437	(22,639)
Foreign currency translation adjustments	1,663	18,145
Remeasurements of defined benefit plans	178	(167)
Share of other comprehensive income of associates accounted for using the equity method	68	148
Total other comprehensive income (loss)	10,348	(4,513)
Comprehensive income	110,712	83,582
(Breakdown)		
Comprehensive income attributable to owners of parent	110,712	83,582

Notes

Going concern: None

Significant changes in Shareholders' Equity: None

Changes in significant subsidiaries during the period: None

Adoption of special accounting methods for preparation of quarterly financial statements: Yes

The company and part of its consolidated subsidiaries calculate tax expenses by reasonably estimating the annual effective tax rate on income before income taxes after the application of tax effect accounting for the fiscal year, and applying this rate to income before income taxes for the current quarter under review.

Changes in accounting policies, changes in accounting estimates and restatements: None

Segment information

(i) General information about reportable segments

A reportable segment is a component or an aggregated component of TEL Group. For each of the components, discrete financial information is available and the operating result is regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

The operation of TEL Group consists of segments by products and services based on business units (BUs), and TEL Group identifies as a reportable segment, "semiconductor production equipment (SPE)" and "flat panel display (FPD) production equipment". Products of the SPE segment consist of coater/developers, etch systems, deposition systems, cleaning systems used in wafer processing, wafer probers used in the wafer testing process and other semiconductor production equipment, such as wafer bonders/debonders. The SPE segment principally develops, manufactures, and sells such products, and provides services related to them. Products of the FPD production equipment segment consist of coater/developers, etch/ash systems used in the manufacture of flat panel displays and inkjet printing systems used in the manufacture of OLED displays. The FPD production equipment segment principally develops, manufactures, and sells such products, and provides services related to them.

(ii) Net sales and profit or loss in reportable segments

Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	464,003	9,614	7,953	481,571
Segment profit (loss)	133,596	(615)	170	133,151

	Adjustments *2	Consolidated *3
Net sales	(7,917)	473,654
Segment profit (loss)	(15,508)	117,642

Notes:

*1. "Others" includes all other operating segments which are not included in the reportable segments, including group-wide logistic services, facility maintenance and insurance.

*2. "Adjustments" for segment profit (loss) totaling (15,508) million yen mainly consists of research and development costs of (6,667) million yen pertaining to the fundamental research and element research of TEL and other general and administrative costs that do not belong to reportable segments.

*3. Segment profit (loss) is adjusted against income before income taxes in Consolidated Statements of Income.

(iii) Impairment losses on fixed assets and goodwill, etc. in reportable segments

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant gains on negative goodwill: None