



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

November 10, 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: December 7, 2022
 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 Six Months Ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (Cumulative)

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

	Six months ended			
	September 30, 2021		September 30, 2022	
		%		%
Net sales (Millions of yen)	932,514	39.6	1,182,897	26.9
Operating income (Millions of yen)	274,647	86.3	350,165	27.5
Ordinary income (Millions of yen)	277,762	87.4	353,319	27.2
Net income attributable to owners of parent (Millions of yen)	200,219	78.7	267,346	33.5
Net income per share of common stock (Yen):				
Basic	1,286.74		1,715.27	
Diluted	1,279.96		1,707.84	
Comprehensive income:	Six months ended September 30, 2022: 259,972 million yen, 15.8%			
	Six months ended September 30, 2021: 224,552 million yen, 81.5%			

(2) Consolidated Financial Position

	As of	
	March 31, 2022	September 30, 2022
Total assets (Millions of yen)	1,894,457	2,138,073
Total net assets (Millions of yen)	1,347,048	1,492,192
Equity ratio (%)	70.5	69.2
Equity:	1,479,333 million yen (as of September 30, 2022)	
	1,335,152 million yen (as of March 31, 2022)	

2. Dividends

	Year ended	Year ending
	March 31, 2022	March 31, 2023
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	643.00	857.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	760.00	625.00 (Forecast)
Annual dividends per share (Yen)	1,403.00	1,482.00 (Forecast)

Note: Revision to the dividends forecast most recently announced: Yes

Year-end dividends for year ending March 31, 2023 are made up of ordinary dividends of 425 yen and 60th anniversary commemorative dividends of 200 yen.

3. Consolidated 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.

	Year ending March 31, 2023	
		%
Net sales (Millions of yen)	2,100,000	4.8
Operating income (Millions of yen)	546,000	(8.9)
Ordinary income (Millions of yen)	549,000	(8.8)
Net income attributable to owners of parent (Millions of yen)	400,000	(8.5)
Net income per share (Yen)	2,564.93	

Note: Revision to the financial forecasts most recently announced: Yes

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 September 30, 2022:	157,210,911 shares
As of March 31, 2022:	157,210,911 shares
 2. Number of shares of treasury stock

As of September 30, 2022:	1,173,271 shares
As of March 31, 2022:	1,461,581 shares
 3. Average number of shares outstanding (Cumulative quarterly period)

Six months ended September 30, 2022:	155,862,311 shares
Six months ended September 30, 2021:	155,602,587 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". (503,034 shares as of September 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 5.

The Company plans to hold an online conference for investors and analysts on November 10, 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

The global economy during the first half slowed as persistent inflation driven by raw material and energy cost increased due to heightened geopolitical risks, policy interest rate hikes and rapid exchange rate fluctuations, mainly in Europe and the United States, and the impact of the novel coronavirus infection on supply chains in some regions. The company continues to closely monitor and assess the impact of these global economic and geopolitical headwinds.

Meanwhile, in the electronics industry, where the Tokyo Electron (TEL) Group operates, the semiconductor production equipment market is expected to grow in the medium to long-term as the importance of semiconductors is increasing against the backdrop of the transition to a data society accompanying the expansion of information and communication technology and efforts toward realizing a decarbonized society.

Under these circumstances, the consolidated financial results (cumulative) for the first half of the current fiscal year were net sales of 1,182,897 million yen (year-on-year growth of 26.9%), operating income of 350,165 million yen (year-on-year growth of 27.5%), ordinary income of 353,319 million yen (year-on-year growth of 27.2%), and net income attributable to owners of parent of 267,346 million yen (year-on-year growth of 33.5%).

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. Capital investment in DRAM has been revised in conjunction with inventory adjustments, but capital investment in NAND flash memory has remained at a high level due to increased multi-layering.

Consequently, net sales to external customers in this segment for the first half of the current fiscal year were 1,153,065 million yen (year-on-year growth of 27.3%).

(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 half of the current fiscal year were 29,759 million yen (year-on-year growth of 11.5%).

(iii) Other

Net sales to external customers in this segment for the first half of the current fiscal year were 73 million yen (year-on-year growth of 7.3%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	FY2022 1H	FY2022 2H	FY2023		
			1H	1Q	2Q
Net Sales	932,514	1,071,291	1,182,897	473,654	709,243
Semiconductor Production Equipment	905,763	1,038,080	1,153,065	464,003	689,061
Japan	108,827	120,075	132,569	42,022	90,546
North America	105,808	162,257	175,630	67,325	108,305
Europe	33,721	74,232	107,516	56,526	50,990
South Korea	188,812	188,955	169,461	85,172	84,289
Taiwan	165,401	193,824	230,645	96,816	133,829
China	262,509	251,020	262,685	94,086	168,598
Southeast Asia, and Others	40,683	47,714	74,557	22,055	52,502
FPD Production Equipment	26,682	33,147	29,759	9,614	20,144
Other	68	63	73	36	36
Operating Income	274,647	324,623	350,165	117,519	232,646
Ordinary Income	277,762	323,962	353,319	117,692	235,627
Net Income Attributable to Owners of Parent	200,219	236,856	267,346	88,095	179,251

Note: Intersegment sales or transfers are eliminated.

(2) Description of Financial Conditions

Current assets at the end of the second quarter of the current fiscal year were 1,639,871 million yen, an increase of 231,168 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 180,415 million yen in cash and deposits, an increase of 79,138 million yen in inventories, an increase of 73,803 million yen in notes and accounts receivable - trade, and contract assets, a decrease of 66,999 million yen in short-term investments included in securities, and a decrease of 44,795 million yen in prepaid consumption tax.

Tangible fixed assets increased by 23,103 million yen from the end of the previous fiscal year, to 246,181 million yen. Intangible fixed assets increased by 3,817 million yen from the end of the previous fiscal year, to 26,357 million yen. Investments and other assets decreased by 14,473 million yen from the end of the previous fiscal year, to 225,662 million yen.

As a result, total assets increased by 243,616 million yen from the end of the previous fiscal year, to 2,138,073 million yen.

Current liabilities increased by 94,224 million yen from the end of the previous fiscal year, to 562,803 million yen. This was largely due to an increase of 85,795 million yen in customer advances, and a decrease of 15,263 million yen in income taxes payable.

Long-term liabilities increased by 4,248 million yen from the end of the previous fiscal year, to 83,077 million yen.

Net assets increased by 145,144 million yen from the end of the previous fiscal year, to 1,492,192 million yen. This was largely due to an increase of 267,346 million yen resulting from recording net income attributable to owners of parent and a decrease resulting from the payment of 118,833 million yen in year-end dividends for the previous fiscal year. As a result, the equity ratio was 69.2%.

(3) Description of Cash Flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased by 118,955 million yen compared to the end of the previous fiscal year, to 454,603 million yen. The combined balance including 30,087 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 484,690 million yen, an increase of 113,416 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the first half of the current fiscal year was as described below.

Cash flows from operating activities were positive 263,391 million yen, an increase of 57,476 million yen compared to the same period of the previous fiscal year. The major positive factors were 352,916 million yen in income before income taxes, and a 84,840 million yen increase in customer advances. The major negative factors were 109,303 million yen in payment of income taxes and a 69,215 million yen increase in inventories.

Cash flows from investing activities were negative 34,210 million yen compared to negative 25,785 million yen in the same period of the previous fiscal year. This was largely due to the payment of 32,792 million yen for the purchase of tangible fixed assets.

Cash flows from financing activities were negative 121,269 million yen compared to negative 66,190 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.

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

Net sales for the first half of the current fiscal year have exceeded previous forecasts, with operating income, ordinary income, and net income attributable to owners of parent, each of which ultimately reach their all-time highs.

With respect to the future business environment, we see a trend among semiconductor manufacturers to postpone or restrain capital investments due to growing concerns about a macro-economic slowdown and geopolitical risks.

Under such circumstances, net sales are now expected to be lower than the previous forecasts, and we would like to amend the consolidated results forecasts for the full year announced on May 12, 2022, as follows.

Consolidated Operating Results (Cumulative) for the First Half of the Year Ending March 31, 2023

(Billions of yen)

	Results for FY2023 1H		Previous forecast (May 12, 2022)
Net Sales	1,182.8	26.9%	1,100.0
Semiconductor Production Equipment	1,153.0	27.3%	1,070.0
FPD Production Equipment	29.7	11.5%	30.0
Operating Income	350.1	27.5%	319.0
Ordinary Income	353.3	27.2%	319.0
Net Income Attributable to Owners of Parent	267.3	33.5%	234.0

Notes:

- *1. Percentages indicate changes from the same period of the previous fiscal year.
- *2. Intersegment sales or transfers are eliminated.

Consolidated Financial Forecast for the Year Ending March 31, 2023

(Billions of yen)

	Revised forecast		Previous forecast (May 12, 2022)
Net Sales	2,100.0	4.8%	2,350.0
Semiconductor Production Equipment	2,046.0	5.3%	2,295.0
FPD Production Equipment	54.0	(9.7)%	55.0
Operating Income	546.0	(8.9)%	716.0
Ordinary Income	549.0	(8.8)%	716.0
Net Income Attributable to Owners of Parent	400.0	(8.5)%	523.0

Notes:

- *1. Percentages indicate changes from the same period of the previous fiscal year.
- *2. Intersegment sales or transfers are eliminated.

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 September 30, 2022
ASSETS		
Current assets		
Cash and deposits	274,274	454,689
Notes and accounts receivable - trade, and contract assets	433,948	507,751
Securities	97,000	30,001
Merchandise and finished goods	183,512	204,451
Work in process	144,330	159,207
Raw materials and supplies	146,002	189,324
Others	129,796	94,623
Allowance for doubtful accounts	(160)	(177)
Total current assets	1,408,703	1,639,871
Long-term assets		
Tangible fixed assets	223,078	246,181
Intangible fixed assets		
Others	22,540	26,357
Total intangible fixed assets	22,540	26,357
Investments and other assets		
Others	241,434	227,036
Allowance for doubtful accounts	(1,298)	(1,373)
Total investments and other assets	240,135	225,662
Total long-term assets	485,754	498,202
Total assets	1,894,457	2,138,073

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	120,908	125,888
Income taxes payable	107,193	91,929
Customer advances	102,555	188,351
Accrued employees' bonuses	44,871	41,643
Accrued warranty expenses	26,568	35,644
Other allowances	5,353	2,458
Others	61,129	76,887
Total current liabilities	468,578	562,803
Long-term liabilities		
Other allowances	6,402	3,172
Net defined benefit liabilities	62,533	62,935
Others	9,894	16,969
Total long-term liabilities	78,829	83,077
Total liabilities	547,408	645,881
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,104,983	1,252,548
Treasury stock, at cost	(27,418)	(23,428)
Total shareholders' equity	1,210,537	1,362,091
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	93,492	65,178
Net deferred gains (losses) on hedging instruments	(52)	(10)
Foreign currency translation adjustments	30,640	51,735
Accumulated remeasurements of defined benefit plans	535	339
Total accumulated other comprehensive income (loss)	124,615	117,242
Share subscription rights	11,895	12,859
Total net assets	1,347,048	1,492,192
Total liabilities and net assets	1,894,457	2,138,073

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	932,514	1,182,897
Cost of sales	509,639	654,081
Gross profit	422,874	528,816
Selling, general & administrative expenses		
Research and development expenses	75,547	91,313
Others	72,679	87,337
Total selling, general and administrative expenses	148,226	178,651
Operating income	274,647	350,165
Non-operating income		
Dividend income	918	1,152
Share of profit of associates accounted for using the equity method	867	1,212
Revenue from grants	240	1,060
Others	1,595	1,769
Total non-operating income	3,621	5,195
Non-operating expenses		
Foreign exchange loss	153	1,293
Others	353	748
Total non-operating expenses	506	2,041
Ordinary income	277,762	353,319
Unusual or infrequent profit		
Gain on sales of fixed assets	3	2
Total unusual or infrequent profit	3	2
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	137	405
Additional payment of value-added tax	4,577	-
Total unusual or infrequent loss	4,714	405
Income before income taxes	273,050	352,916
Income taxes	72,830	85,570
Net income	200,219	267,346
Net income attributable to owners of parent	200,219	267,346

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	200,219	267,346
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	22,650	(28,307)
Foreign currency translation adjustments	1,205	20,804
Remeasurements of defined benefit plans	414	(187)
Share of other comprehensive income of associates accounted for using the equity method	62	316
Total other comprehensive income (loss)	24,332	(7,373)
Comprehensive income	224,552	259,972
(Breakdown)		
Comprehensive income attributable to owners of parent	224,552	259,972

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Income before income taxes	273,050	352,916
Depreciation and amortization	16,792	19,622
Amortization of goodwill	103	107
Increase (decrease) in accrued employees' bonuses	1,785	(4,374)
Increase (decrease) in accrued warranty expenses	3,358	8,864
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(71,745)	(64,681)
Decrease (increase) in inventories	(27,585)	(69,215)
Increase (decrease) in trade notes and accounts payable	1,381	(3,610)
Decrease (increase) in prepaid consumption tax	31,247	44,856
Increase (decrease) in customer advances	22,871	84,840
Others	2,871	1,514
Subtotal	254,130	370,840
Receipts from interest and dividends	1,522	1,854
Income taxes paid or refund (paid)	(49,738)	(109,303)
Net cash provided by operating activities	205,914	263,391
Cash flows from investing activities		
Decrease (increase) in time deposits	481	581
Decrease (increase) in short-term investments	5,014	5,000
Payment for purchase of fixed assets	(25,645)	(32,792)
Payment for acquisition of intangible assets	(4,977)	(5,175)
Others	(658)	(1,823)
Net cash used in investing activities	(25,785)	(34,210)
Cash flows from financing activities		
Payment for purchase of treasury stock	(8)	(1,708)
Dividends paid	(65,746)	(118,833)
Others	(436)	(727)
Net cash used in financing activities	(66,190)	(121,269)
Effect of exchange rate changes on cash and cash equivalents	432	11,043
Net increase (decrease) in cash and cash equivalents	114,370	118,955
Cash and cash equivalents at beginning of period	265,993	335,648
Cash and cash equivalents at end of period	380,364	454,603

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

Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	1,153,065	29,759	17,169	1,199,994
Segment profit (loss)	386,160	1,390	504	388,055

	Adjustments *2	Consolidated *3
Net sales	(17,096)	1,182,897
Segment profit (loss)	(35,139)	352,916

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 (35,139) million yen mainly consists of research and development costs of (14,435) 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