



Summary of Consolidated Financial Results for the Third Quarter Ended December 31, 2022 (Japanese GAAP)

February 9, 2023

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 Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(1) Consolidated Operating Results (Cumulative)

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

	Nine months ended			
	December 31, 2021		December 31, 2022	
		%		%
Net sales (Millions of yen)	1,438,988	49.9	1,650,729	14.7
Operating income (Millions of yen)	430,691	104.8	464,936	8.0
Ordinary income (Millions of yen)	433,380	105.7	470,229	8.5
Net income attributable to owners of parent (Millions of yen)	310,246	96.1	352,920	13.8
Net income per share of common stock (Yen):				
Basic	1,993.38		2,263.31	
Diluted	1,983.22		2,254.03	
Comprehensive income:	Nine months ended December 31, 2022:		336,308 million yen, (5.6)%	
	Nine months ended December 31, 2021:		356,316 million yen, 89.5%	

(2) Consolidated Financial Position

	As of	
	March 31, 2022	December 31, 2022
Total assets (Millions of yen)	1,894,457	2,092,760
Total net assets (Millions of yen)	1,347,048	1,434,398
Equity ratio (%)	70.5	68.0
Equity:	1,422,134 million yen (as of December 31, 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	731.00 (Forecast)
Annual dividends per share (Yen)	1,403.00	1,588.00 (Forecast)

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

Year-end dividends of 731 yen for the year ending March 31, 2023 include 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 the year ending March 31, 2023 indicate changes from the previous fiscal year.

	Year ending March 31, 2023	
		%
Net sales (Millions of yen)	2,170,000	8.3
Operating income (Millions of yen)	580,000	(3.2)
Ordinary income (Millions of yen)	584,000	(2.9)
Net income attributable to owners of parent (Millions of yen)	433,000	(0.9)
Net income per share (Yen)	2,776.15	

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

As of December 31, 2022:	1,120,645 shares
As of March 31, 2022:	1,461,581 shares
 3. Average number of shares outstanding (Cumulative quarterly period)

Nine months ended December 31, 2022:	155,931,429 shares
Nine months ended December 31, 2021:	155,638,190 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". (501,673 shares as of December 31, 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 February 9, 2023.

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 three quarters slowed due to persistent inflation of raw material, energy, and various goods in conjunction with heightened geopolitical risks, interest rate hikes, 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 three quarters of the current fiscal year were net sales of 1,650,729 million yen (year-on-year growth of 14.7%), operating income of 464,936 million yen (year-on-year growth of 8.0%), ordinary income of 470,229 million yen (year-on-year growth of 8.5%), and net income attributable to owners of parent of 352,920 million yen (year-on-year growth of 13.8%).

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. While capital investment in NAND flash memory has remained at a high level due to increased multi-layering, in the latter half of the current fiscal year, investment has been delayed in conjunction with inventory adjustments, as was the case with capital investment in DRAM.

Consequently, net sales to external customers in this segment for the first three quarters of the current fiscal year were 1,611,886 million yen (year-on-year growth of 15.6%).

(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 three quarters of the current fiscal year were 38,734 million yen (year-on-year decrease of 12.6%).

(iii) Other

Net sales to external customers in this segment for the first three quarters of the current fiscal year were 108 million yen (year-on-year growth of 8.3%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	FY2023			
	1Q	2Q	3Q	Total
Net Sales	473,654	709,243	467,831	1,650,729
Semiconductor Production Equipment	464,003	689,061	458,820	1,611,886
Japan	42,022	90,546	48,216	180,786
North America	67,325	108,305	58,469	234,100
Europe	56,526	50,990	42,604	150,120
South Korea	85,172	84,289	75,406	244,868
Taiwan	96,816	133,829	110,149	340,795
China	94,086	168,598	102,792	365,477
Southeast Asia, and Others	22,055	52,502	21,179	95,737
FPD Production Equipment	9,614	20,144	8,975	38,734
Others	36	36	35	108
Operating Income	117,519	232,646	114,771	464,936
Ordinary Income	117,692	235,627	116,909	470,229
Net Income Attributable to Owners of Parent	88,095	179,251	85,574	352,920

Note: Intersegment sales or transfers are eliminated.

(2) Description of Financial Conditions

Current assets at the end of the third quarter of the current fiscal year were 1,594,509 million yen, an increase of 185,806 million yen compared to the end of the previous fiscal year. This was largely due to an increase of 158,217 million yen in inventories, an increase of 98,181 million yen in cash and deposits, and a decrease of 81,999 million yen in short-term investments included in securities.

Tangible fixed assets increased by 23,116 million yen from the end of the previous fiscal year, to 246,194 million yen. Intangible fixed assets increased by 4,947 million yen from the end of the previous fiscal year, to 27,487 million yen. Investments and other assets decreased by 15,567 million yen from the end of the previous fiscal year, to 224,567 million yen.

As a result, total assets increased by 198,302 million yen from the end of the previous fiscal year, to 2,092,760 million yen.

Current liabilities increased by 108,406 million yen from the end of the previous fiscal year, to 576,985 million yen. This was largely due to an increase of 171,542 million yen in customer advances, and a decrease of 53,234 million yen in income taxes payable.

Long-term liabilities increased by 2,546 million yen from the end of the previous fiscal year, to 81,376 million yen.

Net assets increased by 87,349 million yen from the end of the previous fiscal year, to 1,434,398 million yen. This was largely due to an increase of 352,920 million yen resulting from recording net income attributable to owners of parent, a decrease resulting from the payment of 252,988 million yen in year-end dividends for the previous fiscal year and interim dividends for the current fiscal year, and a decrease of 27,328 million yen in net unrealized gains on investment securities. As a result, the equity ratio was 68.0%.

(3) Description of Cash Flows

Cash and cash equivalents at the end of the third quarter of the current fiscal year increased by 36,106 million yen compared to the end of the previous fiscal year, to 371,754 million yen. The combined balance including 15,702 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 387,457 million yen, an increase of 16,182 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the first three quarters of the current fiscal year was as described below.

Cash flows from operating activities were positive 316,624 million yen, a decrease of 3,914 million yen compared to the same period of the previous fiscal year. The major positive factors were 469,218 million yen in income before income taxes, and a 170,960 million yen increase in customer advances. The major negative factors were 175,338 million yen in payment of income taxes, and a 154,382 million yen increase in inventories.

Cash flows from investing activities were negative 33,709 million yen compared to negative 39,925 million yen in the same period of the previous fiscal year. This was largely due to the payment of 44,527 million yen for the purchase of tangible fixed assets.

Cash flows from financing activities were negative 255,963 million yen compared to negative 166,974 million yen in the same period of the previous fiscal year. This was largely due to the payment of 252,988 million yen in dividends.

Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities	320,539	316,624
Income before income taxes	428,568	469,218
Depreciation and amortization	26,453	30,881
Net decrease (increase) in notes and accounts receivable - trade, and contract assets	(48,605)	(16,259)
Decrease (increase) in inventories	(71,485)	(154,382)
Increase (decrease) in trade notes and accounts payable	16,872	(14,045)
Other, net	(31,264)	1,211
Cash flows from investing activities	(39,925)	(33,709)
Decrease (increase) in time deposits and short-term investments	4,913	19,936
Other (Acquisition of fixed assets, and others)	(44,839)	(53,645)
Cash flows from financing activities	(166,974)	(255,963)
Effect of exchange rate changes on cash and cash equivalents	3,645	9,154
Net increase (decrease) in cash and cash equivalents	117,283	36,106
Cash and cash equivalents at beginning of period	265,993	335,648
Cash and cash equivalents at end of period	383,277	371,754
Cash and cash equivalents, time deposits and short-term investments with maturities of more than three months	423,947	387,457

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

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, although net sales are expected to exceed the previous forecasts due to factors such as the timing of equipment delivery and acceleration of investment schedules of some customers. Under such circumstances, we would like to amend the consolidated financial forecasts for the full year announced on November 10, 2022 as follows.

Consolidated Financial Forecasts for the Year Ending March 31, 2023

(Billions of yen)

	Revised forecast		Previous forecast (November 10, 2022)
Net Sales	2,170.0	8.3%	2,100.0
Semiconductor Production Equipment	2,118.0	9.0%	2,046.0
FPD Production Equipment	52.0	(13.1)%	54.0
Operating Income	580.0	(3.2)%	546.0
Ordinary Income	584.0	(2.9)%	549.0
Net Income Attributable to Owners of Parent	433.0	(0.9)%	400.0

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 December 31, 2022
ASSETS		
Current assets		
Cash and deposits	274,274	372,456
Notes and accounts receivable - trade, and contract assets	433,948	454,471
Securities	97,000	15,001
Merchandise and finished goods	183,512	237,907
Work in process	144,330	168,686
Raw materials and supplies	146,002	225,469
Others	129,796	120,657
Allowance for doubtful accounts	(160)	(139)
Total current assets	1,408,703	1,594,509
Long-term assets		
Tangible fixed assets	223,078	246,194
Intangible fixed assets		
Others	22,540	27,487
Total intangible fixed assets	22,540	27,487
Investments and other assets		
Others	241,434	225,903
Allowance for doubtful accounts	(1,298)	(1,335)
Total investments and other assets	240,135	224,567
Total long-term assets	485,754	498,250
Total assets	1,894,457	2,092,760

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	120,908	112,493
Income taxes payable	107,193	53,958
Customer advances	102,555	274,097
Accrued warranty expenses	26,568	32,764
Accrued employees' bonuses	44,871	23,145
Other allowances	5,353	2,826
Others	61,129	77,698
Total current liabilities	468,578	576,985
Long-term liabilities		
Other allowances	6,402	3,194
Net defined benefit liabilities	62,533	62,012
Others	9,894	16,169
Total long-term liabilities	78,829	81,376
Total liabilities	547,408	658,361
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,104,983	1,203,698
Treasury stock, at cost	(27,418)	(22,539)
Total shareholders' equity	1,210,537	1,314,131
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	93,492	66,163
Net deferred gains (losses) on hedging instruments	(52)	27
Foreign currency translation adjustments	30,640	41,581
Accumulated remeasurements of defined benefit plans	535	231
Total accumulated other comprehensive income (loss)	124,615	108,003
Share subscription rights	11,895	12,264
Total net assets	1,347,048	1,434,398
Total liabilities and net assets	1,894,457	2,092,760

Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	1,438,988	1,650,729
Cost of sales	783,108	918,010
Gross profit	655,880	732,718
Selling, general & administrative expenses		
Research and development expenses	114,096	137,427
Others	111,092	130,353
Total selling, general and administrative expenses	225,188	267,781
Operating income	430,691	464,936
Non-operating income		
Share of profit of associates accounted for using the equity method	1,304	1,995
Others	3,649	5,049
Total non-operating income	4,954	7,045
Non-operating expenses		
Foreign exchange loss	1,581	759
Others	684	993
Total non-operating expenses	2,265	1,753
Ordinary income	433,380	470,229
Unusual or infrequent profit		
Gain on sales of fixed assets	5	4
Total unusual or infrequent profit	5	4
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	240	576
Loss on impairment of fixed assets, goodwill and other assets	-	438
Additional payment of value-added tax	4,577	-
Total unusual or infrequent loss	4,817	1,015
Income before income taxes	428,568	469,218
Income taxes	118,322	116,297
Net income	310,246	352,920
Net income attributable to owners of parent	310,246	352,920

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income	310,246	352,920
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	38,109	(27,335)
Foreign currency translation adjustments	7,331	10,803
Remeasurements of defined benefit plans	542	(292)
Share of other comprehensive income of associates accounted for using the equity method	86	212
Total other comprehensive income (loss)	46,069	(16,612)
Comprehensive income	356,316	336,308
(Breakdown)		
Comprehensive income attributable to owners of parent	356,316	336,308

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

1. 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.

2. Net sales and profit or loss in reportable segments

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable Segments		Others (Note 1)	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	1,611,886	38,734	25,811	1,676,432
Segment profit (loss)	521,712	1,056	872	523,641

	Adjustments (Note 2)	Consolidated (Note 3)
Net sales	(25,702)	1,650,729
Segment profit (loss)	(54,423)	469,218

Notes:

- "Others" includes all other operating segments which are not included in the reportable segments, including group-wide logistic services, facility maintenance and insurance.
- "Adjustments" for segment profit (loss) totaling (54,423) million yen mainly consists of research and development costs of (22,034) 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.
- Segment profit (loss) is adjusted against income before income taxes in Consolidated Statements of Income.

3. 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

Significant subsequent events

Stock split and corresponding partial amendment to the Articles of Incorporation

The Company announced that on February 9, 2023, its Board of Directors has resolved to implement a stock split, corresponding partial amendment to the Articles of Incorporation, as below.

1. Purpose of stock split

By implementing the stock split to lower the minimum investment, the Company intends to make shares more affordable for investors, with a view to expanding the investor base.

The Company recognizes that transitioning to a share price per unit within the ideal range recommended by the Tokyo Stock Exchange (between 50,000 yen and 500,000 yen) would be useful in terms of encouraging market participation by individual investors. Going forward, the Company will continue to comprehensively consider future stock market trends, the price and liquidity of the Company shares, and changes to the shareholder structure.

2. Overview of stock split

(1) Split Method

The Company will split the shares of common stock owned by shareholders recorded in the final register of shareholders as of March 31, 2023, in the proportion of 1 share into 3 shares.

(2) Number of shares increased through stock split

Total number of issued shares before stock split:	157,210,911 shares
Number of shares increased through stock split:	314,421,822 shares
Total number of issued shares after stock split:	471,632,733 shares
Total number of authorized shares after stock split:	900,000,000 shares

(3) Schedule of stock split

Date of public notice of record date:	March 16, 2023
Record date:	March 31, 2023
Effective date:	April 1, 2023

(4) Effect on per share information

Per share information assuming that the stock split was implemented at the beginning of the previous fiscal year is as follows.

(yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income per share of common stock - Basic	664.46	754.44
Net income per share of common stock - Diluted	661.07	751.34

3. Partial amendment to the Articles of Incorporation

(1) Reason for amendment

In accordance with the provisions of the Article 184, Paragraph 2 of the Companies Act, the Company will change the total number of authorized shares stipulated in Article 6 of the Articles of Incorporation as of April 1, 2023, in response to the implementation of the stock split.

(2) Details of amendment

The details of amendment are as follows.

(Amended parts are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
Article 6 Total Number of Authorized Shares The total number of shares the Company is authorized to issue shall be <u>three hundred million (300,000,000)</u> shares.	Article 6 Total Number of Authorized Shares The total number of shares the Company is authorized to issue shall be <u>nine hundred million (900,000,000)</u> shares.

(3) Schedule of amendment

Effective date of amendment of the Articles of Incorporation: April 1, 2023

4. Other

Dividends

As the effective date of the stock split is April 1, 2023, year-end dividends for the fiscal year ending March 2023, to all shareholders with a record date of March 31, 2023, will be implemented based on the number of shares issued prior to the stock split.