



Summary of Consolidated Financial Results for the Second Quarter Ended September 30, 2023 (Japanese GAAP)

November 10, 2023

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo
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Scheduled start date of dividends payment: December 7, 2023

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, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (Cumulative)

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

	Six months ended			
	September 30, 2022		September 30, 2023	
		%		%
Net sales (Millions of yen)	1,182,897	26.9	819,572	(30.7)
Operating income (Millions of yen)	350,165	27.5	178,578	(49.0)
Ordinary income (Millions of yen)	353,319	27.2	181,282	(48.7)
Net income attributable to owners of parent (Millions of yen)	267,346	33.5	137,491	(48.6)
Net income per share of common stock (Yen):				
Basic	571.76		295.13	
Diluted	569.28		294.12	
Comprehensive income:	Six months ended September 30, 2023: 179,672 million yen, (30.9)%			
	Six months ended September 30, 2022: 259,972 million yen, 15.8%			

Note: The Company implemented a 3-for-1 common stock split on April 1, 2023. "Net income per share of common stock - Basic" and "Net income per share of common stock - Diluted" are calculated on the assumption that stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	As of	
	March 31, 2023	September 30, 2023
Total assets (Millions of yen)	2,311,594	2,191,741
Total net assets (Millions of yen)	1,599,524	1,530,272
Equity ratio (%)	68.7	69.2
Equity:	1,516,125 million yen (as of September 30, 2023)	
	1,587,595 million yen (as of March 31, 2023)	

2. Dividends

	Year ended	Year ending
	March 31, 2023	March 31, 2024
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	857.00	148.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	854.00	192.00 (Forecast)
Annual dividends per share (Yen)	1,711.00	340.00 (Forecast)

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

- The Company implemented a 3-for-1 common stock split on April 1, 2023. For the fiscal year ended March 31, 2023, the actual amount of dividends prior to the stock split are presented. For the fiscal year ending March 31, 2024 (forecast), the numbers after the stock split are presented. For reference, annual dividends for the fiscal year ending March 31, 2024 (forecast) without considering the stock split are 1,020 yen.
- Year-end dividends of 854 yen for the year ended March 31, 2023 include 60th anniversary commemorative dividends of 200 yen.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

Note: Percentages for the year ending March 31, 2024 indicate changes from the previous fiscal year.

	Year ending March 31, 2024	
		%
Net sales (Millions of yen)	1,730,000	(21.7)
Operating income (Millions of yen)	401,000	(35.1)
Ordinary income (Millions of yen)	404,000	(35.4)
Net income attributable to owners of parent (Millions of yen)	307,000	(34.9)
Net income per share (Yen)	661.14	

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, 2023: 471,632,733 shares

As of March 31, 2023: 471,632,733 shares

2. Number of shares of treasury stock

As of September 30, 2023: 8,808,694 shares

As of March 31, 2023: 3,272,016 shares

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

Six months ended September 30, 2023: 465,875,522 shares

Six months ended September 30, 2022: 467,586,934 shares

Notes: 1. The Company implemented a 3-for-1 common stock split on April 1, 2023. "Number of shares issued and outstanding", "Number of shares of treasury stock" and "Average number of shares outstanding" are calculated on the assumption that stock split was implemented at the beginning of the previous fiscal year.

2. 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". (1,386,684 shares as of September 30, 2023, 1,502,637 shares as of March 31, 2023)

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 4.

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

With respect to the global economy in the first half of the current fiscal year, surges in raw material and energy prices are beginning to ease, while various goods prices have continued to rise when compared to the previous fiscal year. The yen in response to policy interest rate hikes implemented in Europe and the United States continued to decline in value.

In the electronics industry, where the Tokyo Electron (TEL) Group operates, capital investment in semiconductor production equipment entered a temporary adjustment phase following consecutive years of growth. However, considering the transition to a data society and efforts toward realizing a decarbonized society stemming from the expansion of information and communication technology, the role of semiconductors in supporting electronic devices and the importance of their technological innovation is increasing. Therefore, further growth is expected in the semiconductor production equipment market in the medium- to long-term.

Consequently, throughout the first half of the current fiscal year, as demand for final products such as PCs and smartphones declined, and inventories of semiconductor memory adjusted, semiconductor memory manufacturers curtailed production and capital investments. Furthermore, although capital investment in semiconductors meant for cutting-edge logic/foundry faced similar adjustments to those faced by memory, in light of the digitalization of society, capital investments in mature generations of semiconductors centered on automotive and industrial applications, and IOT, etc. continued their strong growth trend from the previous fiscal year.

As a result, the consolidated financial results (cumulative) for the first half of the current fiscal year were net sales of 819,572 million yen (year-on-year decrease of 30.7%), operating income of 178,578 million yen (year-on-year decrease of 49.0%), ordinary income of 181,282 million yen (year-on-year decrease of 48.7%), and net income attributable to owners of parent of 137,491 million yen (year-on-year decrease of 48.6%).

From the first quarter of the current fiscal year, information by segment has been omitted, due to the change of the reportable segments to a single segment of "Semiconductor Production Equipment". For details, please refer to "Notes" on page 11 for further information.

(2) Description of Financial Conditions

Current assets at the end of the second quarter of the current fiscal year were 1,552,743 million yen, a decrease of 188,216 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 120,455 million yen in cash and deposits, and a decrease of 97,172 million yen in notes and accounts receivable - trade, and contract assets.

Property, plant and equipment increased by 41,406 million yen from the end of the previous fiscal year, to 300,494 million yen.

Intangible assets increased by 1,328 million yen from the end of the previous fiscal year, to 29,888 million yen.

Investments and other assets increased by 25,629 million yen from the end of the previous fiscal year, to 308,615 million yen.

As a result, total assets decreased by 119,852 million yen from the end of the previous fiscal year, to 2,191,741 million yen.

Current liabilities decreased by 52,720 million yen from the end of the previous fiscal year, to 577,172 million yen. This was largely due to a decrease of 24,160 million yen in trade notes and accounts payable, and a decrease of 23,639 million yen in income taxes payable.

Long-term liabilities increased by 2,120 million yen from the end of the previous fiscal year, to 84,295 million yen.

Net assets decreased by 69,252 million yen from the end of the previous fiscal year, to 1,530,272 million yen. This was largely due to a decrease resulting from the payment of 133,754 million yen in year-end dividends for the previous fiscal year, a decrease resulting from the purchase of treasury stock of 120,027 million yen, an increase of 137,491 million yen resulting from recording net income attributable to owners of parent, an increase of 23,806 million yen in foreign currency translation adjustments, and an increase of 19,157 million yen in net unrealized gains on investment securities. 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 decreased by 120,578 million yen compared to the end of the previous fiscal year, to 351,893 million yen. The combined balance including 10,751 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 362,644 million yen, a decrease of 110,455 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the second quarter of the current fiscal year was as described below.

Cash flows from operating activities were positive 200,622 million yen, a decrease of 62,768 million yen compared to the same period of the previous fiscal year. The major positive factors were 181,136 million yen in income before income taxes, a 106,472 million yen decrease in notes and accounts receivable – trade, and contract assets, and a 91,166 million yen decrease in prepaid consumption tax. The major negative factors were 85,346 million yen increase in inventories, and a 71,971 million yen in payment of income taxes.

Cash flows from investing activities were negative 70,354 million yen compared to negative 34,210 million yen in the same period of the previous fiscal year. This was largely due to the payment of 54,953 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities were negative 254,999 million yen compared to negative 121,269 million yen in the same period of the previous fiscal year. This was largely due to the payment of 133,754 million yen in dividends, and the payment of 120,027 million yen for the purchase of treasury stock.

(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 projections and, in terms of profit, operating income, ordinary income, and net income attributable to owners of parent, each exceeded projections.

Furthermore, based on the most recent trends in facilities investments by our customers and the most recent trends in financial results, we would like to amend the consolidated financial forecasts for the full year announced on May 11, 2023, as follows.

Consolidated Operating Results (Cumulative) for the First Half of the Year Ending March 31, 2024

(Billions of yen)

	Results for FY2024 1H		Previous forecast (May 11, 2023)
Net Sales	819.5	(30.7)%	790.0
Operating Income	178.5	(49.0)%	161.0
Ordinary Income	181.2	(48.7)%	162.0
Net Income Attributable to Owners of Parent	137.4	(48.6)%	120.0

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

Consolidated Financial Forecast for the Year Ending March 31, 2024

(Billions of yen)

	Revised forecast		Previous forecast (May 11, 2023)
Net Sales	1,730.0	(21.7)%	1,700.0
Operating Income	401.0	(35.1)%	393.0
Ordinary Income	404.0	(35.4)%	395.0
Net Income Attributable to Owners of Parent	307.0	(34.9)%	300.0

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

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, 2023	As of September 30, 2023
ASSETS		
Current assets		
Cash and deposits	473,099	352,643
Notes and accounts receivable - trade, and contract assets	464,889	367,717
Securities	0	10,001
Merchandise and finished goods	236,795	282,847
Work in process	161,938	157,024
Raw materials and supplies	253,474	308,669
Others	150,946	73,992
Allowance for doubtful accounts	(184)	(152)
Total current assets	1,740,959	1,552,743
Long-term assets		
Property, plant and equipment	259,088	300,494
Intangible assets		
Others	28,559	29,888
Total intangible assets	28,559	29,888
Investments and other assets		
Others	284,326	310,016
Allowance for doubtful accounts	(1,340)	(1,401)
Total investments and other assets	282,986	308,615
Total long-term assets	570,634	638,998
Total assets	2,311,594	2,191,741

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	116,317	92,157
Income taxes payable	71,177	47,538
Customer advances	289,169	310,492
Accrued warranty expenses	34,382	32,944
Accrued employees' bonuses	43,337	24,960
Other allowances	3,605	734
Others	71,904	68,345
Total current liabilities	629,893	577,172
Long-term liabilities		
Other allowances	3,189	3,070
Net defined benefit liabilities	60,366	60,550
Others	18,618	20,674
Total long-term liabilities	82,175	84,295
Total liabilities	712,069	661,468
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,322,203	1,324,214
Treasury stock, at cost	(22,033)	(137,695)
Total shareholders' equity	1,433,141	1,319,490
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	107,452	126,610
Net deferred gains (losses) on hedging instruments	(46)	37
Foreign currency translation adjustments	43,091	66,898
Accumulated remeasurements of defined benefit plans	3,954	3,087
Total accumulated other comprehensive income (loss)	154,453	196,634
Share subscription rights	11,929	14,147
Total net assets	1,599,524	1,530,272
Total liabilities and net assets	2,311,594	2,191,741

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	1,182,897	819,572
Cost of sales	654,081	467,531
Gross profit	528,816	352,040
Selling, general & administrative expenses		
Research and development expenses	91,313	94,678
Others	87,337	78,784
Total selling, general and administrative expenses	178,651	173,462
Operating income	350,165	178,578
Non-operating income		
Share of profit of associates accounted for using the equity method	1,212	1,549
Others	3,983	4,339
Total non-operating income	5,195	5,889
Non-operating expenses		
Foreign exchange loss	1,293	2,494
Others	748	691
Total non-operating expenses	2,041	3,185
Ordinary income	353,319	181,282
Unusual or infrequent profit		
Gain on sales of long-term assets	2	10
Total unusual or infrequent profit	2	10
Unusual or infrequent loss		
Loss on disposal and sales of long-term assets	405	155
Total unusual or infrequent loss	405	155
Income before income taxes	352,916	181,136
Income taxes	85,570	43,644
Net income	267,346	137,491
Net income attributable to owners of parent	267,346	137,491

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net income	267,346	137,491
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	(28,307)	19,155
Foreign currency translation adjustments	20,804	23,566
Remeasurements of defined benefit plans	(187)	(863)
Share of other comprehensive income of associates accounted for using the equity method	316	322
Total other comprehensive income (loss)	(7,373)	42,180
Comprehensive income	259,972	179,672
(Breakdown)		
Comprehensive income attributable to owners of parent	259,972	179,672

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Income before income taxes	352,916	181,136
Depreciation and amortization	19,622	23,185
Amortization of goodwill	107	36
Increase (decrease) in accrued employees' bonuses	(4,374)	(19,156)
Increase (decrease) in accrued warranty expenses	8,864	(1,761)
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(64,681)	106,472
Decrease (increase) in inventories	(69,215)	(85,346)
Increase (decrease) in trade notes and accounts payable	(3,610)	(28,588)
Decrease (increase) in prepaid consumption tax	44,856	91,166
Increase (decrease) in customer advances	84,840	18,898
Others	1,514	(16,227)
Subtotal	370,840	269,814
Receipts from interest and dividends	1,854	2,779
Income taxes paid or refund (paid)	(109,303)	(71,971)
Net cash provided by operating activities	263,391	200,622
Cash flows from investing activities		
Decrease (increase) in time deposits	581	(83)
Decrease (increase) in short-term investments	5,000	(10,000)
Payment for purchase of property, plant and equipment	(32,792)	(54,953)
Payment for acquisition of intangible assets	(5,175)	(3,833)
Others	(1,823)	(1,483)
Net cash used in investing activities	(34,210)	(70,354)
Cash flows from financing activities		
Payment for purchase of treasury stock	(1,708)	(120,027)
Dividends paid	(118,833)	(133,754)
Others	(727)	(1,217)
Net cash used in financing activities	(121,269)	(254,999)
Effect of exchange rate changes on cash and cash equivalents	11,043	4,153
Net increase (decrease) in cash and cash equivalents	118,955	(120,578)
Cash and cash equivalents at beginning of period	335,648	472,471
Cash and cash equivalents at end of period	454,603	351,893

Notes

Going concern: None

Significant changes in Shareholders' Equity: Yes

The Company executed the purchase of treasury stock based on the resolution of its Board of Directors dated May 11, 2023. Mainly due to this purchase, the amount of treasury stock increased by 115,661 million yen for the six months ended September 30, 2023, and resulted in 137,695 million yen as of September 30, 2023.

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

Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

The description of this section has been omitted as TEL Group has a single segment of semiconductor production equipment (SPE).

Changes in reportable segments

While reportable segments of TEL Group were previously classified into SPE and flat panel display (FPD) production equipment, those segments have been changed into a single segment of SPE from the first quarter of the current fiscal year.

This change is due to the judgement that, based on facts that the impact from the FPD production equipment business has become insignificant while SPE market has made steady growth and is expected to grow higher in future and TEL Group implemented a corporate reorganization that combined the FPD production equipment business into the SPE business from April, 2023 for the purpose of efficient resource utilization, disclosing them as a single segment of SPE will more appropriately reflect the management condition of TEL Group from the viewpoint of the business development and the decision-making process for allocating management resources of TEL Group.

As a result of this change, the description of segment information for the six months ended September 30, 2023 has been omitted.