



Summary of Consolidated Financial Results for the Third Quarter Ended December 31, 2023 (Japanese GAAP)

February 9, 2024

Name of Listed Company: Tokyo Electron Limited
 Security Code: 8035
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Stock Exchange Listing: Tokyo

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, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (Cumulative)

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

	Nine months ended			
	December 31, 2022		December 31, 2023	
		%		%
Net sales (Millions of yen)	1,650,729	14.7	1,283,234	(22.3)
Operating income (Millions of yen)	464,936	8.0	311,038	(33.1)
Ordinary income (Millions of yen)	470,229	8.5	315,964	(32.8)
Net income attributable to owners of parent (Millions of yen)	352,920	13.8	239,024	(32.3)
Net income per share of common stock (Yen):				
Basic	754.44		514.17	
Diluted	751.34		512.46	
Comprehensive income:				
Nine months ended December 31, 2023:	295,722 million yen,	(12.1)%		
Nine months ended December 31, 2022:	336,308 million yen,	(5.6)%		

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	December 31, 2023
Total assets (Millions of yen)	2,311,594	2,217,413
Total net assets (Millions of yen)	1,599,524	1,577,619
Equity ratio (%)	68.7	70.5
Equity:		
1,563,952 million yen (as of December 31, 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	219.00 (Forecast)
Annual dividends per share (Yen)	1,711.00	367.00 (Forecast)

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

- 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, the numbers after the stock split are presented. For reference, annual dividends for the fiscal year ending March 31, 2024 without considering the stock split are 1,101 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)	1,830,000	(17.2)
Operating income (Millions of yen)	445,000	(28.0)
Ordinary income (Millions of yen)	450,000	(28.0)
Net income attributable to owners of parent (Millions of yen)	340,000	(27.9)
Net income per share (Yen)	732.16	

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 10 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, 2023: 471,632,733 shares

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

2. Number of shares of treasury stock

As of December 31, 2023: 8,728,221 shares

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

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

Nine months ended December 31, 2023: 464,873,921 shares

Nine months ended December 31, 2022: 467,794,288 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". (1,386,586 shares as of December 31, 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 5.

The Company plans to hold an online conference for investors and analysts on February 9, 2024.

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 during the first three quarters of the current fiscal year, surges in raw material and energy prices have moderated, while various goods prices have continued to rise when compared to the previous fiscal year. In addition, while policy interest rate hikes, mainly in Europe and the United States, have slowed the yen depreciation levels continued.

In the electronics industry, where the Tokyo Electron (TEL) Group operates, the imbalance between semiconductor supply and demand has improved during the first three quarters of the current fiscal year, driven by semiconductor manufacturers adjusting their inventories by curtailing production from the second half of the previous fiscal year due to the decline in the demand for final products such as PCs and smartphones.

Consequently, capital investment in semiconductor production equipment, which was entering an adjustment phase, showed signs of bottoming out during the first three quarters of the current fiscal year. Although capital investment in semiconductors meant for memory and cutting-edge logic/foundry has generally been on the decline, inquiries about advanced package equipment for generative AI applications are increasing. In addition, capital investment in China, which aims to improve their semiconductor self-sufficiency rate, for the mature generations of semiconductors used for IoT, automotive, and industrial applications, continued their strong growth trend from the previous fiscal year. 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.

As a result, the consolidated financial results (cumulative) for the third quarter of the current fiscal year were net sales of 1,283,234 million yen (year-on-year decrease of 22.3%), operating income of 311,038 million yen (year-on-year decrease of 33.1%), ordinary income of 315,964 million yen (year-on-year decrease of 32.8%), and net income attributable to owners of parent of 239,024 million yen (year-on-year decrease of 32.3%).

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 10 for further information.

(2) Description of Financial Conditions

Current assets at the end of the third quarter of the current fiscal year were 1,537,522 million yen, a decrease of 203,437 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 130,858 million yen in cash and deposits, and a decrease of 129,830 million yen in notes and accounts receivable - trade, and contract assets.

Property, plant and equipment increased by 58,640 million yen from the end of the previous fiscal year, to 317,729 million yen.

Intangible assets increased by 1,487 million yen from the end of the previous fiscal year, to 30,046 million yen.

Investments and other assets increased by 49,129 million yen from the end of the previous fiscal year, to 332,115 million yen.

As a result, total assets decreased by 94,180 million yen from the end of the previous fiscal year, to 2,217,413 million yen.

Current liabilities decreased by 72,886 million yen from the end of the previous fiscal year, to 557,006 million yen. This was largely due to a decrease of 32,028 million yen in trade notes and accounts payable, and a decrease of 30,720 million yen in income taxes payable.

Long-term liabilities increased by 611 million yen from the end of the previous fiscal year, to 82,787 million yen.

Net assets decreased by 21,905 million yen from the end of the previous fiscal year, to 1,577,619 million yen. This was largely due to a decrease resulting from the payment of 202,457 million yen in year-end dividends for the previous fiscal year, and interim dividends for the current fiscal year, a decrease resulting from the purchase of treasury stock

of 120,028 million yen, an increase of 239,024 million yen resulting from recording net income attributable to owners of parent, an increase of 40,332 million yen in net unrealized gains on investment securities, and an increase of 16,495 million yen in foreign currency translation adjustments. As a result, the equity ratio was 70.5%.

(3) Description of Cash Flows

Cash and cash equivalents at the end of the third quarter of the current fiscal year decreased by 130,985 million yen compared to the end of the previous fiscal year, to 341,486 million yen. The combined balance including 10,917 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 352,403 million yen, a decrease of 120,697 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the third quarter of the current fiscal year was as described below.

Cash flows from operating activities were positive 295,669 million yen, a decrease of 20,954 million yen compared to the same period of the previous fiscal year. The major positive factors were 315,579 million yen in income before income taxes, a 137,069 million yen decrease in notes and accounts receivable - trade, and contract assets, and a 91,176 million yen decrease in prepaid consumption tax. The major negative factors were 118,456 million yen increase in inventories, and a 115,468 million yen in payment of income taxes.

Cash flows from investing activities were negative 104,804 million yen compared to negative 33,709 million yen in the same period of the previous fiscal year. This was largely due to the payment of 87,276 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities were negative 324,358 million yen compared to negative 255,963 million yen in the same period of the previous fiscal year. This was largely due to the payment of 202,457 million yen in dividends, and the payment of 120,028 million yen for the purchase of treasury stock.

Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities	316,624	295,669
Income before income taxes	469,218	315,579
Depreciation and amortization	30,881	36,990
Net decrease (increase) in notes and accounts receivable - trade, and contract assets	(16,259)	137,069
Decrease (increase) in inventories	(154,382)	(118,456)
Increase (decrease) in trade notes and accounts payable	(14,045)	(35,694)
Other, net	1,211	(39,819)
Cash flows from investing activities	(33,709)	(104,804)
Decrease (increase) in time deposits and short-term investments	19,936	(10,088)
Other (Purchase of long-term assets, and others)	(53,645)	(94,715)
Cash flows from financing activities	(255,963)	(324,358)
Purchase of treasury stock	(1,717)	(120,028)
Other (Dividends paid, and others)	(254,245)	(204,330)
Effect of exchange rate changes on cash and cash equivalents	9,154	2,508
Net increase (decrease) in cash and cash equivalents	36,106	(130,985)
Cash and cash equivalents at beginning of period	335,648	472,471
Cash and cash equivalents at end of period	371,754	341,486
Cash and cash equivalents, time deposits and short-term investments with maturities of more than three months	387,457	352,403

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

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 November 10, 2023, as follows.

Consolidated Financial Forecasts for the Year Ending March 31, 2024

(Billions of yen)

	Revised forecast		Previous forecast (November 10, 2023)
Net Sales	1,830.0	(17.2)%	1,730.0
Operating Income	445.0	(28.0)%	401.0
Ordinary Income	450.0	(28.0)%	404.0
Net Income Attributable to Owners of Parent	340.0	(27.9)%	307.0

Note: 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 December 31, 2023
ASSETS		
Current assets		
Cash and deposits	473,099	342,241
Notes and accounts receivable - trade, and contract assets	464,889	335,059
Securities	0	10,162
Merchandise and finished goods	236,795	293,346
Work in process	161,938	170,085
Raw materials and supplies	253,474	314,608
Others	150,946	72,175
Allowance for doubtful accounts	(184)	(156)
Total current assets	1,740,959	1,537,522
Long-term assets		
Property, plant and equipment	259,088	317,729
Intangible assets		
Others	28,559	30,046
Total intangible assets	28,559	30,046
Investments and other assets		
Investment securities	165,507	224,021
Others	118,819	109,469
Allowance for doubtful accounts	(1,340)	(1,376)
Total investments and other assets	282,986	332,115
Total long-term assets	570,634	679,891
Total assets	2,311,594	2,217,413

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	116,317	84,288
Income taxes payable	71,177	40,456
Customer advances	289,169	312,633
Accrued warranty expenses	34,382	33,101
Other allowances	46,942	20,101
Others	71,904	66,425
Total current liabilities	629,893	557,006
Long-term liabilities		
Other allowances	3,189	3,050
Net defined benefit liabilities	60,366	58,957
Others	18,618	20,778
Total long-term liabilities	82,175	82,787
Total liabilities	712,069	639,793
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,322,203	1,356,151
Treasury stock, at cost	(22,033)	(136,322)
Total shareholders' equity	1,433,141	1,352,800
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	107,452	147,785
Net deferred gains (losses) on hedging instruments	(46)	88
Foreign currency translation adjustments	43,091	59,587
Accumulated remeasurements of defined benefit plans	3,954	3,690
Total accumulated other comprehensive income (loss)	154,453	211,151
Share subscription rights	11,929	13,667
Total net assets	1,599,524	1,577,619
Total liabilities and net assets	2,311,594	2,217,413

Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	1,650,729	1,283,234
Cost of sales	918,010	709,080
Gross profit	732,718	574,153
Selling, general & administrative expenses		
Research and development expenses	137,427	144,468
Others	130,353	118,646
Total selling, general and administrative expenses	267,781	263,115
Operating income	464,936	311,038
Non-operating income		
Share of profit of associates accounted for using the equity method	1,995	2,401
Others	5,049	6,246
Total non-operating income	7,045	8,648
Non-operating expenses		
Foreign exchange loss	759	2,811
Others	993	910
Total non-operating expenses	1,753	3,722
Ordinary income	470,229	315,964
Unusual or infrequent profit		
Gain on sales of long-term assets	4	10
Total unusual or infrequent profit	4	10
Unusual or infrequent loss		
Loss on disposal and sales of long-term assets	576	395
Loss on impairment of property, plant and equipment, goodwill and other assets	438	-
Total unusual or infrequent loss	1,015	395
Income before income taxes	469,218	315,579
Income taxes	116,297	76,555
Net income	352,920	239,024
Net income attributable to owners of parent	352,920	239,024

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	352,920	239,024
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	(27,335)	40,312
Foreign currency translation adjustments	10,803	16,353
Remeasurements of defined benefit plans	(292)	(258)
Share of other comprehensive income of associates accounted for using the equity method	212	291
Total other comprehensive income (loss)	(16,612)	56,698
Comprehensive income	336,308	295,722
(Breakdown)		
Comprehensive income attributable to owners of parent	336,308	295,722

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 114,288 million yen for the nine months ended December 31, 2023, and resulted in 136,322 million yen as of December 31, 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

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 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 nine months ended December 31, 2023 has been omitted.