



Summary of Consolidated Financial Results for the Second Quarter Ended September 30, 2024 (Japanese GAAP)

November 12, 2024

Name of Listed Company: Tokyo Electron Limited
 Security Code: 8035
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 Telephone: +81-3-5561-7000
 Stock Exchange Listing: Tokyo
 Scheduled start date of dividends payment: December 6, 2024
 Preparation of supplementary materials for the financial results: Yes
 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, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Cumulative)

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

	Six months ended			
	September 30, 2023		September 30, 2024	
		%		%
Net sales (Millions of yen)	819,572	(30.7)	1,121,626	36.9
Operating income (Millions of yen)	178,578	(49.0)	313,904	75.8
Ordinary income (Millions of yen)	181,282	(48.7)	321,181	77.2
Net income attributable to owners of parent (Millions of yen)	137,491	(48.6)	243,903	77.4
Net income per share of common stock (Yen):				
Basic	295.13		528.67	
Diluted	294.12		527.10	
Comprehensive income:				
Six months ended September 30, 2024:	226,764 million yen,	26.2%		
Six months ended September 30, 2023:	179,672 million yen,	(30.9)%		

(2) Consolidated Financial Position

	As of	
	March 31, 2024	September 30, 2024
Total assets (Millions of yen)	2,456,462	2,517,855
Total net assets (Millions of yen)	1,760,180	1,798,378
Equity ratio (%)	71.1	70.8
Equity:		
1,782,077 million yen (as of September 30, 2024)		
1,746,835 million yen (as of March 31, 2024)		

2. Dividends

	Year ended	Year ending
	March 31, 2024	March 31, 2025
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	148.00	265.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	245.00	306.00 (Forecast)
Annual dividends per share (Yen)	393.00	571.00 (Forecast)

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

Please refer to "1. Business Results (4) Description of Financial Estimates Information such as Consolidated Financial Forecasts" on page 5 for further information.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

Note: Percentages for the year ending March 31, 2025 indicate changes from the previous fiscal year.

	Year ending March 31, 2025	
		%
Net sales (Millions of yen)	2,400,000	31.1
Operating income (Millions of yen)	680,000	49.0
Ordinary income (Millions of yen)	692,000	49.4
Net income attributable to owners of parent (Millions of yen)	526,000	44.5
Net income per share (Yen)	1,140.67	

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

Please refer to "1. Business Results (4) Description of Financial Estimates Information such as Consolidated Financial Forecasts" on page 4 for further information.

Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of special accounting methods for preparation of quarterly financial statements: Yes
Please refer to "Notes" on page 12 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: Yes
2. Other changes of accounting policies besides the number 1 above: None
3. Changes in accounting estimates: None
4. Restatements: None

Please refer to "Notes" on page 12 for further information.

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

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

As of September 30, 2024:	471,632,733 shares
As of March 31, 2024:	471,632,733 shares
2. Number of shares of treasury stock

As of September 30, 2024:	10,719,739 shares
As of March 31, 2024:	8,663,247 shares
3. Average number of shares outstanding (Cumulative)

Six months ended September 30, 2024:	461,352,616 shares
Six months ended September 30, 2023:	465,875,522 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". (1,385,001 shares as of September 30, 2024, 1,386,407 shares as of March 31, 2024)

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 review procedures**

This Summary of Consolidated Financial Results is outside the scope of external auditor's 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. Business Results (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 12, 2024.

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

1. Business Results

(1) Overview of Operating Results

With respect to the global economy in the first half of the current fiscal year, while concerns about geopolitical risks persist, the economies of Europe and the United States showed sign of stability with the inflation rate at around 2%. In the electronics industry, where the Tokyo Electron (TEL) Group operates, new electronic devices incorporating generative AI have been introduced and new markets are beginning to emerge. In addition, there are signs of recovery in PCs and smartphones, which has improved the supply and demand balance for semiconductor devices and led to an increase in production line utilization rates.

Under these circumstances, in the semiconductor production equipment market during the first half of the current fiscal year, capital investment in memory and advanced packages for generative AI applications grew significantly, while capital investment in mature generation of semiconductors in China continued. In addition, capital investment in cutting-edge logic/foundry semiconductors also exceeded that of the same period last year.

Against the backdrop of the transition to a data society accompanied by the expansion of information and communication technology and efforts toward realizing a decarbonized society, the role of semiconductors in supporting electronic devices and their technological innovation are becoming increasingly important, and the semiconductor production equipment market is expected to grow further in the medium- to long-terms.

As a result, the consolidated financial results (cumulative) for the first half of the current fiscal year were net sales of 1,121,626 million yen (year-on-year growth of 36.9%), operating income of 313,904 million yen (year-on-year growth of 75.8%), ordinary income of 321,181 million yen (year-on-year growth of 77.2%), and net income attributable to owners of parent of 243,903 million yen (year-on-year growth of 77.4%).

The TEL Group has a single segment of "Semiconductor Production Equipment" and therefore information by segment has been omitted.

(2) Overview of Financial Conditions

Current assets at the end of the second quarter of the current fiscal year were 1,710,211 million yen, an increase of 9,759 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 45,001 million yen in securities, a decrease of 20,683 million yen in inventories, and a decrease of 19,712 million yen in notes and accounts receivable - trade, and contract assets.

Property, plant and equipment increased by 51,854 million yen from the end of the previous fiscal year, to 389,220 million yen.

Intangible assets decreased by 521 million yen from the end of the previous fiscal year, to 31,862 million yen.

Investments and other assets increased by 300 million yen from the end of the previous fiscal year, to 386,560 million yen.

As a result, total assets increased by 61,392 million yen from the end of the previous fiscal year, to 2,517,855 million yen.

Current liabilities increased by 21,235 million yen from the end of the previous fiscal year, to 633,135 million yen. This was largely due to an increase of 13,444 million yen in consumption tax payable, and an increase of 7,935 million yen in customer advances.

Long-term liabilities increased by 1,958 million yen from the end of the previous fiscal year, to 86,341 million yen.

Net assets increased by 38,198 million yen from the end of the previous fiscal year, to 1,798,378 million yen. This was largely due to an increase of 243,903 million yen resulting from recording net income attributable to owners of parent, a decrease resulting from the payment of 113,767 million yen in year-end dividends for the previous fiscal year, a decrease resulting from the purchase of treasury stock of 80,002 million yen, and a decrease of 12,755 million yen in foreign currency translation adjustments. As a result, the equity ratio was 70.8%.

(3) Overview of Cash Flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased by 43,060 million yen compared to the end of the previous fiscal year, to 504,669 million yen. The combined balance including 20,909 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 525,578 million yen, an increase of 53,030 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 332,433 million yen, an increase of 131,811 million yen compared to the same period of the previous fiscal year. The major positive factors were 320,855 million yen in income before income taxes, 27,709 million yen in depreciation and amortization, and a 15,788 million yen decrease in notes and accounts receivable - trade, and contract assets, and the major negative factor was 80,074 million yen in payment of income taxes.

Cash flows from investing activities were negative 91,799 million yen compared to negative 70,354 million yen in the same period of the previous fiscal year. This was largely due to the payment of 77,961 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities were negative 195,092 million yen compared to negative 254,999 million yen in the same period of the previous fiscal year. This was largely due to the payment of 113,767 million yen in dividends, and the payment of 80,002 million yen for the purchase of treasury stock.

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

(i) Consolidated Financial Forecast Revision

Based on the most recent trends in capital 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 ending March 31, 2025 announced on August 8, 2024, as follows.

Consolidated Financial Forecasts

for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income Attributable to Owners of Parent (Millions of Yen)	Net Income per Share (Yen)
Previous Forecast (A)	2,300,000	627,000	630,000	478,000	1,036.94
Revised Forecast (B)	2,400,000	680,000	692,000	526,000	1,140.67
Change (B-A)	100,000	53,000	62,000	48,000	—
Change Ratio (%)	4.3	8.5	9.8	10.0	—
Results for the Year Ended March 31, 2024	1,830,527	456,263	463,185	363,963	783.75

(For reference)

Consolidated Financial Results

for the Six Months Ended September 30, 2024 (April 1, 2024 – September 30, 2024)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income Attributable to Owners of Parent (Millions of Yen)	Net Income per Share (Yen)
Previous Forecast (A)	1,100,000	288,000	290,000	218,000	472.61
Results (B)	1,121,626	313,904	321,181	243,903	528.67
Change (B-A)	21,626	25,904	31,181	25,903	—
Change Ratio (%)	2.0	9.0	10.8	11.9	—
Results for the Six Months Ended September 30, 2023	819,572	178,578	181,282	137,491	295.13

(ii) Dividends Forecast Revision

Our dividend policy is to link dividend payments to business performance on an ongoing basis. Our basic policy for returning profits to shareholders is to maintain a payout ratio of around 50% based on consolidated net income attributable to owners of parent. In conjunction with the revision of our consolidated financial forecasts described above, we would like to amend the annual dividends forecast from 519 yen per share as announced on August 8, 2024, to 571 yen per share (Interim dividends : 265 yen, Year-end dividends : 306 yen).

(Yen)	Dividends per Share		
	Interim (2Q-End)	Year-End	Total
Previous Forecast	237.00	282.00	519.00
Revised Forecast	—	306.00	571.00
Results for the Year Ending March 31, 2025	265.00	—	—
Results for the Year Ended March 31, 2024	148.00	245.00	393.00

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, 2024	As of September 30, 2024
ASSETS		
Current assets		
Cash and deposits	462,383	470,412
Notes and accounts receivable - trade, and contract assets	391,423	371,710
Securities	10,165	55,166
Merchandise and finished goods	284,451	289,891
Work in process	173,929	179,223
Raw materials and supplies	304,576	273,159
Others	73,876	70,845
Allowance for doubtful accounts	(353)	(197)
Total current assets	1,700,451	1,710,211
Long-term assets		
Property, plant and equipment	337,366	389,220
Intangible assets		
Others	32,383	31,862
Total intangible assets	32,383	31,862
Investments and other assets		
Investment securities	277,706	273,792
Others	109,963	114,149
Allowance for doubtful accounts	(1,409)	(1,381)
Total investments and other assets	386,260	386,560
Total long-term assets	756,011	807,643
Total assets	2,456,462	2,517,855

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	92,359	99,233
Income taxes payable	80,009	75,448
Customer advances	289,905	297,840
Accrued employees' bonuses	43,727	36,764
Accrued warranty expenses	33,524	35,949
Other allowances	2,070	1,157
Others	70,301	86,740
Total current liabilities	611,899	633,135
Long-term liabilities		
Other allowances	3,044	3,073
Net defined benefit liabilities	56,139	57,827
Others	25,199	25,440
Total long-term liabilities	84,383	86,341
Total liabilities	696,282	719,477
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,480,306	1,607,239
Treasury stock, at cost	(135,215)	(209,767)
Total shareholders' equity	1,478,063	1,530,444
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	184,934	182,343
Net deferred gains (losses) on hedging instruments	42	39
Foreign currency translation adjustments	72,275	59,519
Accumulated remeasurements of defined benefit plans	11,519	9,730
Total accumulated other comprehensive income (loss)	268,771	251,633
Share subscription rights	13,345	16,301
Total net assets	1,760,180	1,798,378
Total liabilities and net assets	2,456,462	2,517,855

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	819,572	1,121,626
Cost of sales	467,531	597,664
Gross profit	352,040	523,962
Selling, general and administrative expenses		
Research and development expenses	94,678	115,492
Others	78,784	94,564
Total selling, general and administrative expenses	173,462	210,057
Operating income	178,578	313,904
Non-operating income		
Others	5,889	7,969
Total non-operating income	5,889	7,969
Non-operating expenses		
Interest expenses	93	156
Foreign exchange loss	2,494	-
Arrangement fee	-	200
Others	597	335
Total non-operating expenses	3,185	692
Ordinary income	181,282	321,181
Unusual or infrequent profit		
Gain on sales of long-term assets	10	18
Total unusual or infrequent profit	10	18
Unusual or infrequent loss		
Loss on disposal and sales of long-term assets	155	344
Total unusual or infrequent loss	155	344
Income before income taxes	181,136	320,855
Income taxes	43,644	76,952
Net income	137,491	243,903
Net income attributable to owners of parent	137,491	243,903

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net income	137,491	243,903
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	19,155	(2,567)
Foreign currency translation adjustments	23,566	(12,665)
Remeasurements of defined benefit plans	(863)	(1,776)
Share of other comprehensive income of associates accounted for using the equity method	322	(129)
Total other comprehensive income (loss)	42,180	(17,138)
Comprehensive income	179,672	226,764
(Breakdown)		
Comprehensive income attributable to owners of parent	179,672	226,764

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Income before income taxes	181,136	320,855
Depreciation and amortization	23,185	27,709
Amortization of goodwill	36	54
Increase (decrease) in accrued employees' bonuses	(19,156)	(6,653)
Increase (decrease) in accrued warranty expenses	(1,761)	2,493
Decrease (increase) in notes and accounts receivable - trade, and contract assets	106,472	15,788
Decrease (increase) in inventories	(85,346)	15,265
Increase (decrease) in trade notes and accounts payable	(28,588)	8,878
Decrease (increase) in prepaid consumption tax	91,166	7,005
Increase (decrease) in accrued consumption tax	(3,830)	13,447
Increase (decrease) in customer advances	18,898	8,761
Others	(12,397)	(4,457)
Subtotal	269,814	409,148
Receipts from interest and dividends	2,779	3,359
Income taxes paid or refund (paid)	(71,971)	(80,074)
Net cash provided by operating activities	200,622	332,433
Cash flows from investing activities		
Decrease (increase) in time deposits	(83)	(4)
Decrease (increase) in short-term investments	(10,000)	(10,000)
Payment for purchase of property, plant and equipment	(54,953)	(77,961)
Payment for acquisition of intangible assets	(3,833)	(3,435)
Others	(1,483)	(397)
Net cash used in investing activities	(70,354)	(91,799)
Cash flows from financing activities		
Payment for purchase of treasury stock	(120,027)	(80,002)
Dividends paid	(133,754)	(113,767)
Others	(1,217)	(1,322)
Net cash used in financing activities	(254,999)	(195,092)
Effect of exchange rate changes on cash and cash equivalents	4,153	(2,481)
Net increase (decrease) in cash and cash equivalents	(120,578)	43,060
Cash and cash equivalents at beginning of period	472,471	461,608
Cash and cash equivalents at end of period	351,893	504,669

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 10, 2024. Mainly due to this purchase, the amount of treasury stock increased by 74,551 million yen for the six months ended September 30, 2024, and resulted in 209,767 million yen as of September 30, 2024.

Significant changes in the scope of consolidation 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: Yes

Changes in accounting policies

Accounting Standard for Current Income Taxes

The Company applies "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc from the beginning of the first quarter of the current fiscal year.

The amendment of classification of income taxes (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of "Accounting Standard for Current Income Taxes" and the proviso of paragraph 65-2 (2) of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). There is no effect by this change on the quarterly consolidated financial statements.

Regarding the amendment related to the revision of the treatment on the consolidated financial statements for profits and losses on the sale of shares of subsidiaries and affiliates between consolidated companies that are deferred for tax purposes, the Company applies "Guidance on Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter of the current fiscal year. This change has been applied retrospectively and the quarterly consolidated financial statements and the consolidated financial statements for the previous fiscal year are after the retrospective application. There is no effect by this change on the quarterly consolidated financial statements and the consolidated financial statements for the previous fiscal year.

Segment information

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

Significant subsequent event**Share repurchase**

At the Board of Directors meeting held on November 12, 2024, the Company resolved to acquire its own shares under the provisions of its Articles of Incorporation pursuant to paragraph 1, Article 459 of the Companies Act, as follows.

1. Reason for acquisition of own shares

The Company intends to acquire its own shares in accordance with its capital policy while taking into account its current cash position and growth investment capital for medium- to long-term revenue growth.

2. Details of acquisition

- | | |
|--|---|
| (1) Type of shares to be acquired: | Shares of common stock |
| (2) Total number of shares to be acquired: | Up to 3.5 million shares
(Equivalent to 0.8% of outstanding shares excluding treasury stock) |
| (3) Total cost of acquisition: | Up to 70 billion yen |
| (4) Period of acquisition: | From November 13, 2024 to January 31, 2025 |
| (5) Method of acquisition: | Acquisition through market transactions on the Tokyo Stock Exchange |