



## Summary of Consolidated Financial Results for the Second Quarter Ended September 30, 2020 (Japanese GAAP)

October 29, 2020

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo  
 Security Code: 8035  
 URL: <https://www.tel.com>  
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 Scheduled start date of dividends payment: November 27, 2020  
 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, 2020 (April 1, 2020 to September 30, 2020)

#### (1) Consolidated Operating Results (Cumulative)

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

	Six months ended			
	September 30, 2019		September 30, 2020	
		%		%
Net sales (Millions of yen)	508,442	(26.4)	668,160	31.4
Operating income (Millions of yen)	102,454	(41.6)	147,429	43.9
Ordinary income (Millions of yen)	106,692	(41.1)	148,228	38.9
Net income attributable to owners of parent (Millions of yen)	78,722	(41.8)	112,012	42.3
Net income per share of common stock (Yen):				
Basic	490.18		720.29	
Diluted	487.48		716.05	
Comprehensive income:	Six months ended September 30, 2020: 123,750 million yen, 62.3%			
	Six months ended September 30, 2019: 76,235 million yen, (44.1)%			

#### (2) Consolidated Financial Position

	As of	
	March 31, 2020	September 30, 2020
Total assets (Millions of yen)	1,278,495	1,276,796
Total net assets (Millions of yen)	829,692	898,662
Equity ratio (%)	64.1	69.4
Equity:	886,360 million yen (as of September 30, 2020)	
	819,301 million yen (as of March 31, 2020)	

### 2. Dividends

	Year ended	Year ending
	March 31, 2020	March 31, 2021
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	246.00	360.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	342.00	315.00 (Forecast)
Annual dividends per share (Yen)	588.00	675.00 (Forecast)

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

**3. Financial Forecasts for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)**

Note: Percentages for year ending March 31, 2021 indicate changes from the previous fiscal year.

	Year ending March 31, 2021	
		%
Net sales (Millions of yen)	1,300,000	15.3
Operating income (Millions of yen)	281,000	18.4
Ordinary income (Millions of yen)	281,000	14.7
Net income attributable to owners of parent (Millions of yen)	210,000	13.4
Net income per share (Yen)	1,350.57	

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 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: 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, 2020: 157,210,911 shares

As of March 31, 2020: 157,210,911 shares

2. Number of shares of treasury stock

As of September 30, 2020: 1,741,601 shares

As of March 31, 2020: 1,685,556 shares

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

Six months ended September 30, 2020: 155,511,326 shares

Six months ended September 30, 2019: 160,600,610 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". (617,717 shares as of September 30, 2020, 472,030 shares as of March 31, 2020)

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 (3) 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 October 29, 2020.

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 in the first half of the current fiscal year continues to be adversely impacted by the novel coronavirus (COVID-19) pandemic but the electronics industry where the Tokyo Electron (TEL) Group operates is experiencing an increase in demand for semiconductors driven by the adoption of information and communication technologies such as IoT, AI, and 5G. As a result, the semiconductor production equipment market expanded in the first half of the current year.

Under these circumstances, the consolidated financial results (cumulative) for the first half of the current fiscal year were net sales of 668,160 million yen (year-on-year growth of 31.4%), operating income of 147,429 million yen (year-on-year growth of 43.9%), ordinary income of 148,228 million yen (year-on-year growth of 38.9%) and net income attributable to owners of parent of 112,012 million yen (year-on-year growth of 42.3%).

The overview of each business segment is as described below.

#### (i) Semiconductor Production Equipment

In tandem with the increase in semiconductor demand described above, equipment installations have proceeded ahead of schedule for multiple applications, and, as a result, net sales have exceeded our plans. In addition to NAND Flash memory, which is seeing an improved balance between supply and demand, facilities investment in semiconductors for DRAM and logic and foundries has also been growing steadily, and the semiconductor production equipment market has recovered to its highest level on a quarterly basis. Consequently, net sales to external customers in this segment for the first half of the current fiscal year were 635,457 million yen (year-on-year growth of 35.2%).

#### (ii) Flat Panel Display (FPD) Production Equipment

Capital investments for large-sized LCD panels for televisions have continued, and capital investments for small to medium-sized OLED panels for mobile devices are recovering. In China, which has the largest market, the situation has improved including the resumption of equipment startup which had been temporarily suspended due to COVID-19, and net sales have steadily been increasing in the second quarter. Under these circumstances, net sales to external customers in this segment for the first half of the current fiscal year were 32,636 million yen (year-on-year decrease of 14.9%).

#### (iii) Other

Net sales to external customers in this segment for the first half of the current fiscal year were 66 million yen (year-on-year decrease of 38.3%).

(For reference)

**Consolidated Operating Results**

(Millions of yen)

	FY2020 1H	FY2020 2H	FY2021		
			1H	1Q	2Q
Net Sales	508,442	618,843	668,160	314,823	353,337
Semiconductor Production Equipment	470,004	590,992	635,457	303,772	331,684
Japan	73,559	85,582	106,002	49,150	56,852
North America	87,444	118,327	86,352	42,343	44,009
Europe	34,709	24,190	32,086	15,774	16,311
South Korea	73,321	78,255	139,213	67,013	72,199
Taiwan	97,046	159,355	104,840	50,926	53,914
China	83,925	109,741	153,081	73,957	79,123
Southeast Asia, and Others	19,997	15,539	13,880	4,605	9,274
FPD Production Equipment	38,330	27,761	32,636	11,013	21,623
Others	108	88	66	37	29
Operating Income	102,454	134,838	147,429	73,849	73,579
Ordinary Income	106,692	138,287	148,228	75,089	73,138
Net Income Attributable to Owners of Parent	78,722	106,484	112,012	56,452	55,559

Note: Intersegment sales or transfers are eliminated.

**(2) Description of Financial Conditions****(i) Financial Conditions**

Current assets at the end of the second quarter of the current fiscal year were 935,082 million yen, a decrease of 27,401 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 33,500 million yen in short-term investments included in securities, a decrease of 31,191 million yen in prepaid consumption tax, a decrease of 16,430 million yen in trade notes and accounts receivable, and an increase of 54,018 million yen in cash and deposits.

Tangible fixed assets increased by 12,403 million yen from the end of the previous fiscal year, to 187,983 million yen. Intangible fixed assets increased by 2,642 million yen from the end of the previous fiscal year, to 13,563 million yen. Investments and other assets increased by 10,657 million yen from the end of the previous fiscal year, to 140,167 million yen.

As a result, total assets decreased by 1,698 million yen from the end of the previous fiscal year, to 1,276,796 million yen.

Current liabilities decreased by 72,207 million yen compared to the end of the previous fiscal year, to 310,371 million yen. This was largely due to a decrease in customer advances of 46,061 million yen, and a decrease in income taxes payable of 18,158 million yen.

Long-term liabilities increased by 1,538 million yen compared to the end of the previous fiscal year, to 67,762 million yen.

Net assets increased by 68,970 million yen compared to the end of the previous fiscal year, to 898,662 million yen. This was largely due to an increase of 112,012 million yen in net income attributable to owners of parent, a decrease resulting from the payment of 53,351 million yen in year-end dividends for the previous fiscal year, and an increase of 10,483 million yen in net unrealized gains on investment securities. As a result, the equity ratio was 69.4%.

**(ii) Cash Flows**

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased by 55,897 million yen compared to the end of the previous fiscal year, to 303,856 million yen. The combined balance including 55,068 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 358,924 million yen, an increase of 20,518 million yen compared to the end of the previous fiscal year. The overall situation regarding cash flows during the first half of the current fiscal year was as described below.

Cash flows from operating activities were positive 105,926 million yen, a decrease of 35,275 million yen compared to the same period of the previous fiscal year. The major positive factors were 147,709 million yen in income before income taxes, a 31,223 million yen decrease in prepaid consumption tax, and a 16,626 million yen decrease in trade notes and accounts receivable. The major negative factors were 53,389 million yen in payment of income taxes, and a 46,526 million yen decrease in customer advances.

Cash flows from investing activities were positive 7,391 million yen compared to positive 50,577 million yen in the same period of the previous fiscal year. This was largely due to a positive 35,000 million yen for a decrease in short-term investments and the payment of 24,345 million yen for the purchase of fixed assets.

Cash flows from financing activities were negative 57,989 million yen compared to negative 165,432 million yen in the same period of the previous fiscal year. This was largely due to the payment of 53,351 million yen in dividends, and the payment of 4,328 million yen for the repurchase of treasury stock.

**(3) Description of Financial Estimates Information such as Consolidated Financial Forecasts**

Net sales for the first half of the current fiscal year of our main-product semiconductor production equipment have exceeded initial projections due to earlier than anticipated recovery in customer demand, and, in terms of profit, operating income, ordinary income, and net income attributable to owners of parent each ultimately exceeded initial projections.

Furthermore, based on the most recent trends in facilities investments by our customers and the most recent trends in results, we would like to amend the consolidated results projections for the full year announced on June 18, 2020 as follows.

**Consolidated Operating Results (Cumulative) for the First Half of the Year Ending March 31, 2021**

(Billions of yen)

	Results for FY2021 1H		Previous forecast (June 18, 2020)
Net Sales	668.1	31.4%	620.0
Semiconductor Production Equipment	635.4	35.2%	585.0
FPD Production Equipment	32.6	(14.9)%	35.0
Operating Income	147.4	43.9%	127.0
Ordinary Income	148.2	38.9%	127.0
Net Income Attributable to Owners of Parent	112.0	42.3%	95.0

Notes:

\*1. Percentages indicate changes from the same period of the previous fiscal year.

\*2. Intersegment sales or transfers are eliminated.

**Consolidated Forecast for the Year Ending March 31, 2021**

(Billions of yen)

	Revised forecast		Previous forecast (June 18, 2020)
Net Sales	1,300.0	15.3%	1,280.0
Semiconductor Production Equipment	1,220.0	15.0%	1,200.0
FPD Production Equipment	80.0	21.0%	80.0
Operating Income	281.0	18.4%	275.0
Ordinary Income	281.0	14.7%	275.0
Net Income Attributable to Owners of Parent	210.0	13.4%	205.0

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, 2020	As of September 30, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	149,906	203,924
Trade notes and accounts receivable	150,134	133,704
Securities	188,500	155,000
Merchandise and finished goods	267,625	254,303
Work in process	69,514	72,071
Raw materials and supplies	54,924	64,418
Others	81,983	51,743
Allowance for doubtful accounts	(105)	(84)
Total current assets	962,484	935,082
<b>Long-term assets</b>		
Tangible fixed assets	175,580	187,983
Intangible fixed assets		
Others	10,921	13,563
Total intangible fixed assets	10,921	13,563
Investments and other assets		
Others	130,922	141,554
Allowance for doubtful accounts	(1,413)	(1,387)
Total investments and other assets	129,509	140,167
Total long-term assets	316,011	341,714
<b>Total assets</b>	1,278,495	1,276,796

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	95,938	87,537
Income taxes payable	52,654	34,496
Customer advances	135,326	89,264
Accrued employees' bonuses	29,139	28,319
Accrued warranty expenses	14,534	13,865
Other allowances	2,492	1,592
Others	52,493	55,296
Total current liabilities	382,578	310,371
<b>Long-term liabilities</b>		
Other allowances	110	152
Net defined benefit liabilities	60,635	61,274
Others	5,478	6,335
Total long-term liabilities	66,224	67,762
<b>Total liabilities</b>	448,802	378,134
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	702,990	761,122
Treasury stock, at cost	(29,310)	(32,120)
Total shareholders' equity	806,652	861,973
<b>Accumulated other comprehensive income</b>		
Net unrealized gains (losses) on investment securities	20,126	30,610
Net deferred gains (losses) on hedging instruments	(52)	5
Foreign currency translation adjustments	(4,111)	(3,238)
Accumulated remeasurements of defined benefit plans	(3,313)	(2,990)
Total accumulated other comprehensive income (loss)	12,648	24,386
<b>Share subscription rights</b>	10,391	12,302
<b>Total net assets</b>	829,692	898,662
<b>Total liabilities and net assets</b>	1,278,495	1,276,796



## Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Net sales</b>	508,442	668,160
Cost of sales	303,922	403,331
<b>Gross profit</b>	204,520	264,829
Selling, general & administrative expenses		
Research and development expenses	56,896	66,377
Others	45,170	51,022
Total selling, general and administrative expenses	102,066	117,399
<b>Operating income</b>	102,454	147,429
Non-operating income		
Dividend income	437	737
Foreign exchange gain	2,363	-
Others	1,878	1,749
Total non-operating income	4,680	2,486
Non-operating expenses		
Foreign exchange loss	-	1,177
Additional payment of customs duty	173	-
Commission for purchase of treasury stock	114	-
Others	153	510
Total non-operating expenses	442	1,687
<b>Ordinary income</b>	106,692	148,228
Unusual or infrequent profit		
Gain on sales of fixed assets	2	13
Total unusual or infrequent profit	2	13
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	65	532
Total unusual or infrequent loss	65	532
<b>Income before income taxes</b>	106,629	147,709
Income taxes	27,906	35,697
<b>Net income</b>	78,722	112,012
<b>Net income attributable to owners of parent</b>	78,722	112,012

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Net income</b>	78,722	112,012
<b>Other comprehensive income (loss)</b>		
Net unrealized gains (losses) on investment securities	5,905	10,471
Net deferred gains (losses) on hedging instruments	63	62
Foreign currency translation adjustments	(9,819)	896
Remeasurements of defined benefit plans	1,389	330
Share of other comprehensive income of associates accounted for using the equity method	(26)	(23)
Total other comprehensive income (loss)	(2,487)	11,737
<b>Comprehensive income</b>	76,235	123,750
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	76,235	123,750

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Cash flows from operating activities</b>		
Income before income taxes	106,629	147,709
Depreciation and amortization	12,835	15,255
Amortization of goodwill	98	98
Decrease (increase) in trade notes and accounts receivable	32,425	16,626
Decrease (increase) in inventories	(27,484)	34
Increase (decrease) in trade notes and accounts payable	7,073	(8,787)
Decrease (increase) in prepaid consumption tax	21,351	31,223
Increase (decrease) in accrued consumption tax	(337)	(7,704)
Increase (decrease) in customer advances	37,777	(46,526)
Others	(20,975)	10,208
Subtotal	169,395	158,140
Receipts from interest and dividends	1,185	1,175
Income taxes paid or refund (paid)	(29,377)	(53,389)
Net cash provided by operating activities	141,202	105,926
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	-	381
Decrease (increase) in short-term investments	75,000	35,000
Payment for purchase of fixed assets	(22,860)	(24,345)
Payment for acquisition of intangible assets	(1,107)	(2,914)
Others	(454)	(729)
Net cash provided by (used in) investing activities	50,577	7,391
<b>Cash flows from financing activities</b>		
Payment for purchase of treasury stock	(108,607)	(4,328)
Dividends paid	(56,651)	(53,351)
Others	(173)	(309)
Net cash used in financing activities	(165,432)	(57,989)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(4,081)	567
<b>Net increase (decrease) in cash and cash equivalents</b>	22,266	55,897
<b>Cash and cash equivalents at beginning of period</b>	232,634	247,959
<b>Cash and cash equivalents at end of period</b>	254,901	303,856

## Notes

**Going concern: None**

**Significant changes in Shareholders' Equity: None**

**Changes in significant subsidiaries during the period: None**

**Adoption of special accounting methods for preparation of quarterly financial statements: Yes**

The company and part of its consolidated subsidiaries calculate tax expenses by reasonably estimating the annual effective tax rate on income before income taxes after the application of tax effect accounting for the fiscal year, and applying this rate to income before income taxes for the current quarter under review.

**Changes in accounting policies, changes in accounting estimates and restatements: None**

## Segment information

### (i) General information about reportable segments

A reportable segment is a component or an aggregated component of TEL Group. For each of the components, discrete financial information is available and the operating result is regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

The operation of TEL Group consists of segments by products and services based on business units (BUs), and TEL Group identifies as a reportable segment, "semiconductor production equipment (SPE)" and "flat panel display (FPD) production equipment". Products of the SPE segment consist of coater/developers, etch systems, deposition systems, cleaning systems, wafer probers used in the wafer testing process and other semiconductor production equipment. The SPE segment principally develops, manufactures, sells such products and provide services on 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 panels. The FPD production equipment segment principally develops, manufactures, sells such products and provide services on them.

### (ii) Net sales and profit or loss in reportable segments

Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	635,457	32,636	10,543	678,637
Segment profit (loss)	169,272	2,719	352	172,343

	Adjustments *2	Consolidated *3
Net sales	(10,476)	668,160
Segment profit (loss)	(24,633)	147,709

Notes:

\*1. "Others" includes all other operating segments which are not included in the reportable segments, including group-wide logistic services, facility maintenance and insurance.

\*2. "Adjustments" for segment profit (loss) totaling (24,633) million yen mainly consists of research and development costs of (10,702) million yen pertaining to the fundamental research and element research of TEL and other general and administrative costs that do not belong to reportable segments.

\*3. Segment profit (loss) is adjusted against income before income taxes in Consolidated Statements of Income.

### (iii) Impairment losses on fixed assets and goodwill, etc. in reportable segments

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant gains on negative goodwill: None