



Interim Financial Briefing for the Fiscal Year Ending March 31, 2024

TOKYO ELECTRON DEVICE

November 1, 2023

Financial Report

Corporate Director / Senior Executive Vice President :Yukio Saeki

Forecast for the Fiscal Year Ending March 31, 2024 Medium-Term Management Plan VISION2025

President & Representative Director :Atsushi Tokushige
Corporate Director / Executive Vice President :Kazuki Shinoda



Financial Report

Corporate Director /
Senior Executive Vice President Yukio Saeki

Summary of Interim Financial Results for the Fiscal Year Ending March 31, 2024



Year-on-Year Comparison: Higher sales and income

Net sales:	7.1% increase
Ordinary income:	20.1% increase
Net income attributable to owners of parent:	27.0% increase

CN Business: IT investments were steady, and both product sales and services were strong

EC Business: Improved semiconductor supply, transfer of newly acquired customer commercial rights, and effects of a weak yen resulted in strong performance

PB Business: Difficulties in obtaining parts and materials was on an easing trend, and design & manufacturing services were steady

Summary of Financial Results: Comparison with Prior Year

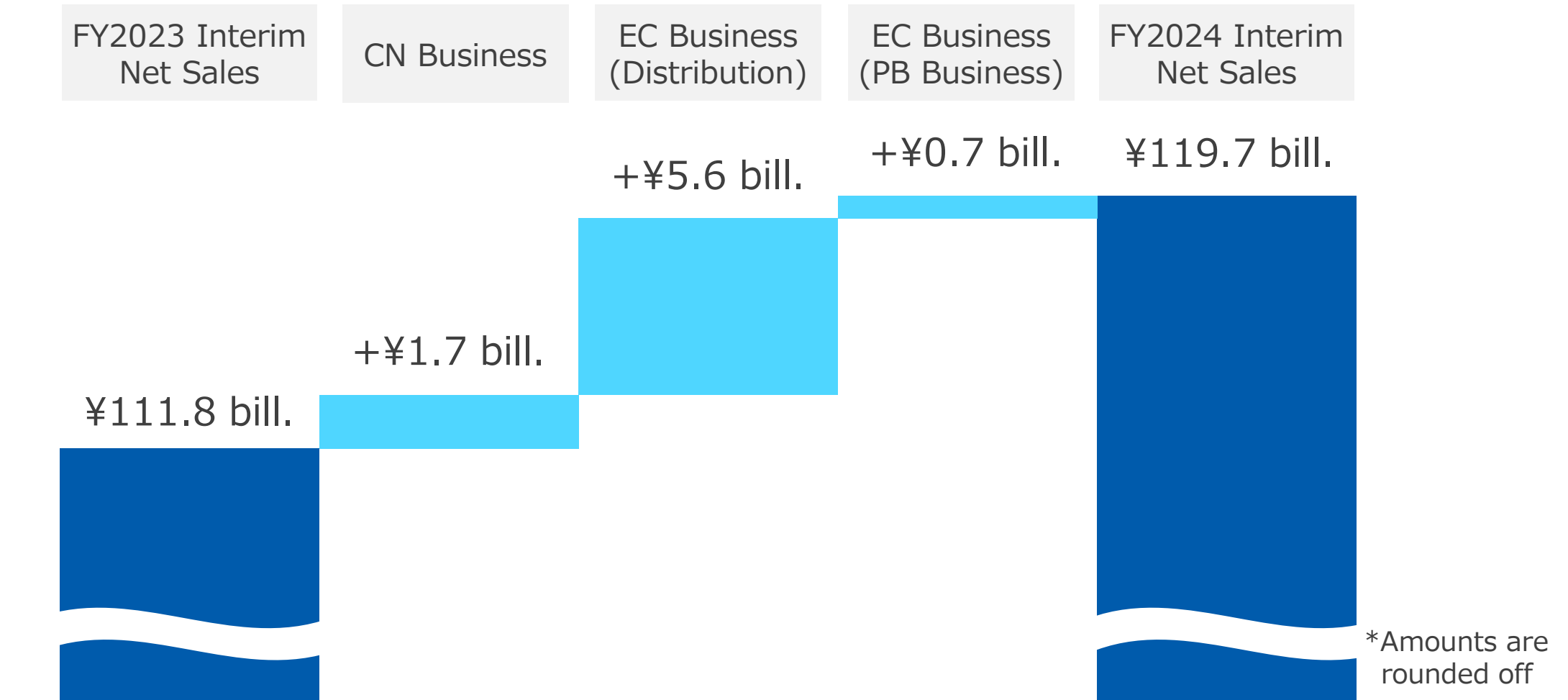


(million yen)

	FY2023 Interim	FY2024 Interim	Change	FY2024 Forecast Revised Oct. 13
Net sales	111,769	119,698	7,928	119,680
Cost of sales	95,706	101,686	5,979	
Gross profit	16,062	18,011	1,949	
Selling, general & administrative expenses	9,489	10,858	1,369	
Operating income	6,573	7,153	580	
Non-operating income	160	185	25	
Non-operating expenses	1,524	1,085	-439	
Ordinary income	5,208	6,253	1,045	6,250
Interim net income	3,584	4,551	966	4,550
Number of employees	1,313	1,352	39	

* Interim net income is quarterly net income attributable to owners of the parent.

Summary of Financial Results :Change in Net Sales



In the segment categories, the PB Business is included in the EC Business.
PB is an abbreviation of "Private Brand;" the title was changed from In-House Brand Business, which was used in the past.
The PB Business includes Tokyo Electron Device Nagasaki Limited and FAST CORPORATION.

Sales and Income by Segment

- CN Business: Both product sales and services were strong and income ratio improved due to handling of foreign exchange rates, resulting in higher sales and income
- EC Business: Improved semiconductor supply, expanded commercial rights, and effects of a weak yen resulted in higher sales and income

(million yen)

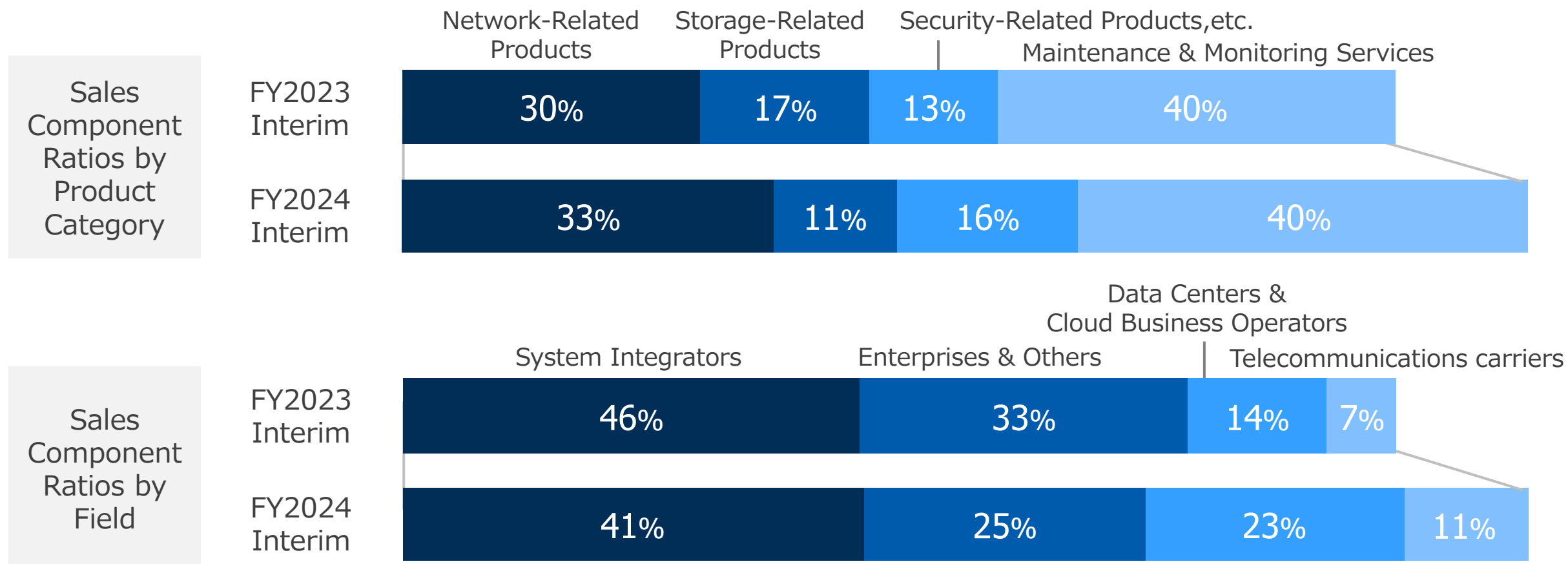
	FY2023 Interim		FY2024 Interim			
	Net Sales	Segment Income	Net Sales	Change	Segment Income	Change
Computer Networks (CN) business	12,670	903	14,353	1,682	1,263	360
Electronic Components (EC) business	99,098	4,305	105,344	6,246	4,990	685
Total	111,769	5,208	119,698	7,928	6,253	1,045

*Segment income is ordinary income

*In the segment categories, the PB Business is included in the EC Business

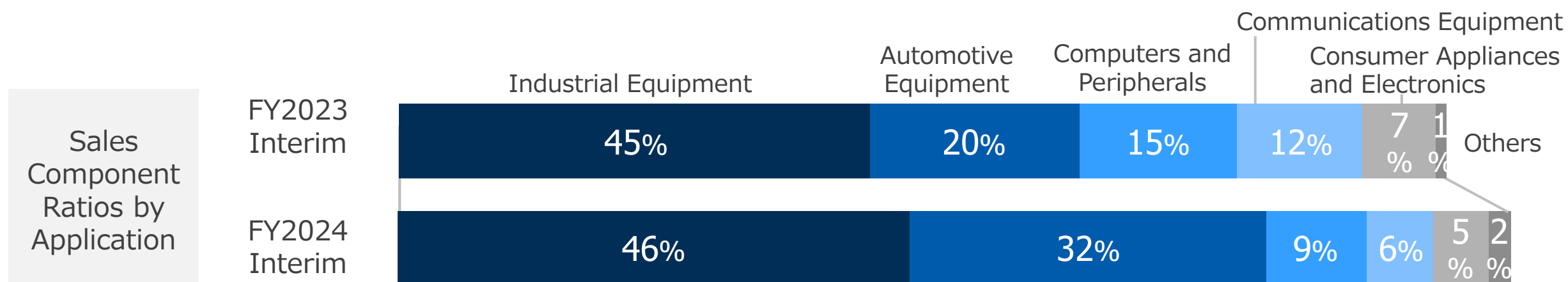
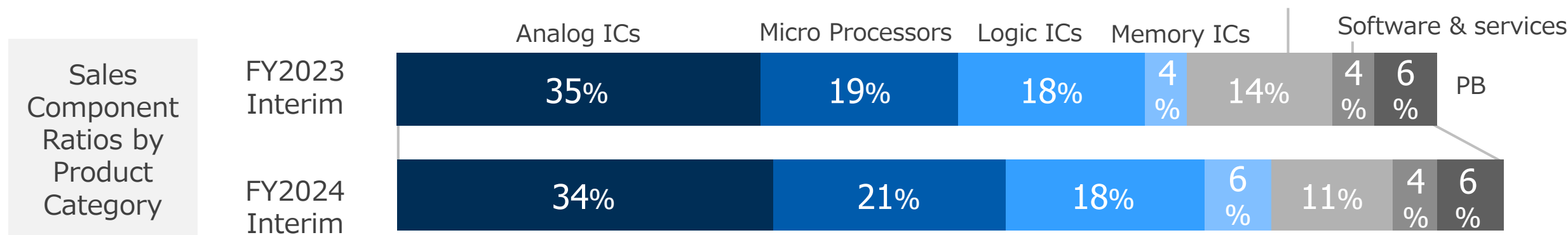
Segment Information: CN Business

- Network-related products: Sales to system integrators and data centers & cloud business operators were strong
- Security-related products, etc.: Sales to system integrators and enterprises were strong
- Maintenance & monitoring services: Sales were steady



Segment Information: EC Business

- Industrial equipment: Processors increased due to transfer of commercial rights, and design and manufacturing was also steady
- Automotive equipment: Processors, logic ICs, and memory ICs increased due to transfer of commercial rights, and demand for analog ICs were steady
- Computers and peripherals / Communications equipment: was weak



※ The categorization for Sales Component Ratios by Application for the EC Business has been change

Consolidated Overseas Subsidiaries: Net Sales— EC Business

- Industrial equipment: Sales were steady
- Computers and peripherals: Sales were weak

	FY2023 Interim	FY2024 Interim	Change	Rate of Change
Consolidated overseas subsidiaries net sales (million yen)	25,985	25,876	▲108	▲0.4%
Consolidated overseas subsidiaries net sales ratio	26.2%	24.6%		
Consolidated overseas subsidiaries net sales (\$1M)	193	183	▲10	▲5.4%
Exchange rate (yen)	134.03	141.06		

*The net sales ratio is the ratio to EC Business net sales.

PB Business: Net Sales (EC Business)

- Design & manufacturing services: Steady sales for medical equipment and semiconductor manufacturing equipment
- TED Nagasaki: Sales for semiconductor manufacturing equipment and of private brand products were both steady
- FAST: Sales of image-related products were on a recovery trend

(million yen)

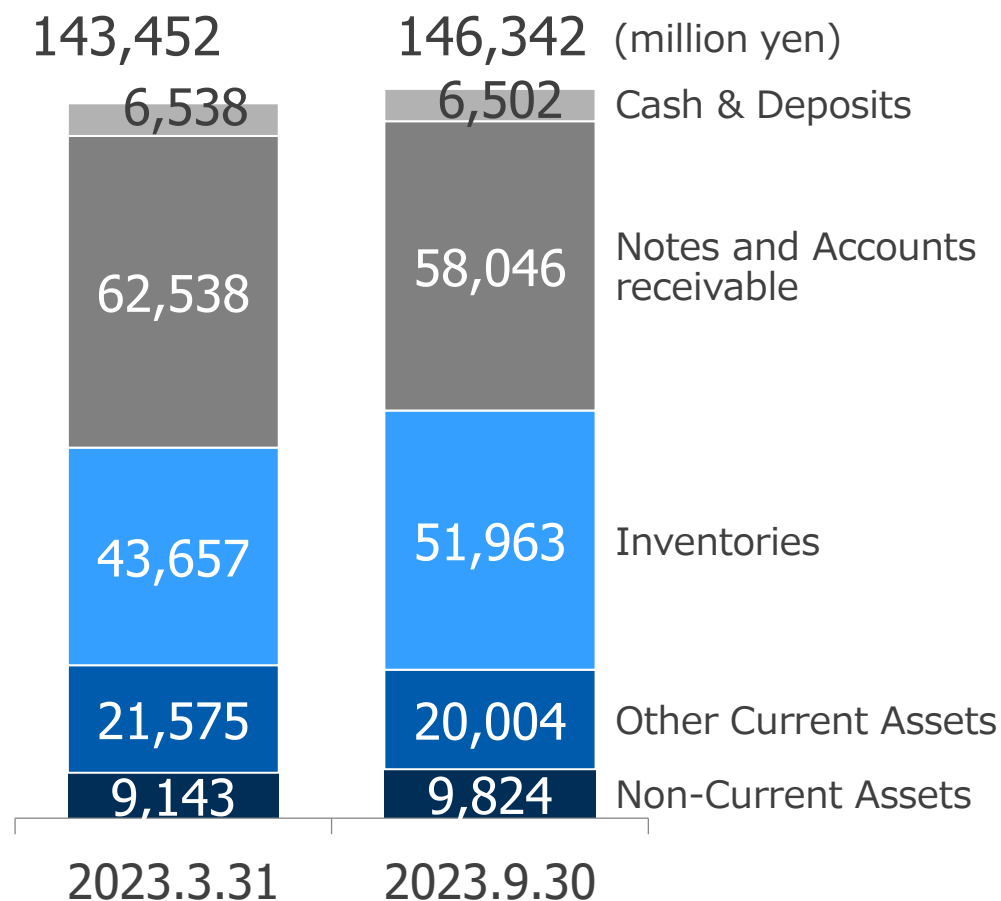
	FY2023 Interim	FY2024 Interim	Change	Rate of Change
PB business net sales	6,088	6,776	688	11.3%
Net sales ratio	6.1%	6.4%		

*The net sales ratio is the ratio to EC Business net sales.

Balance Sheet

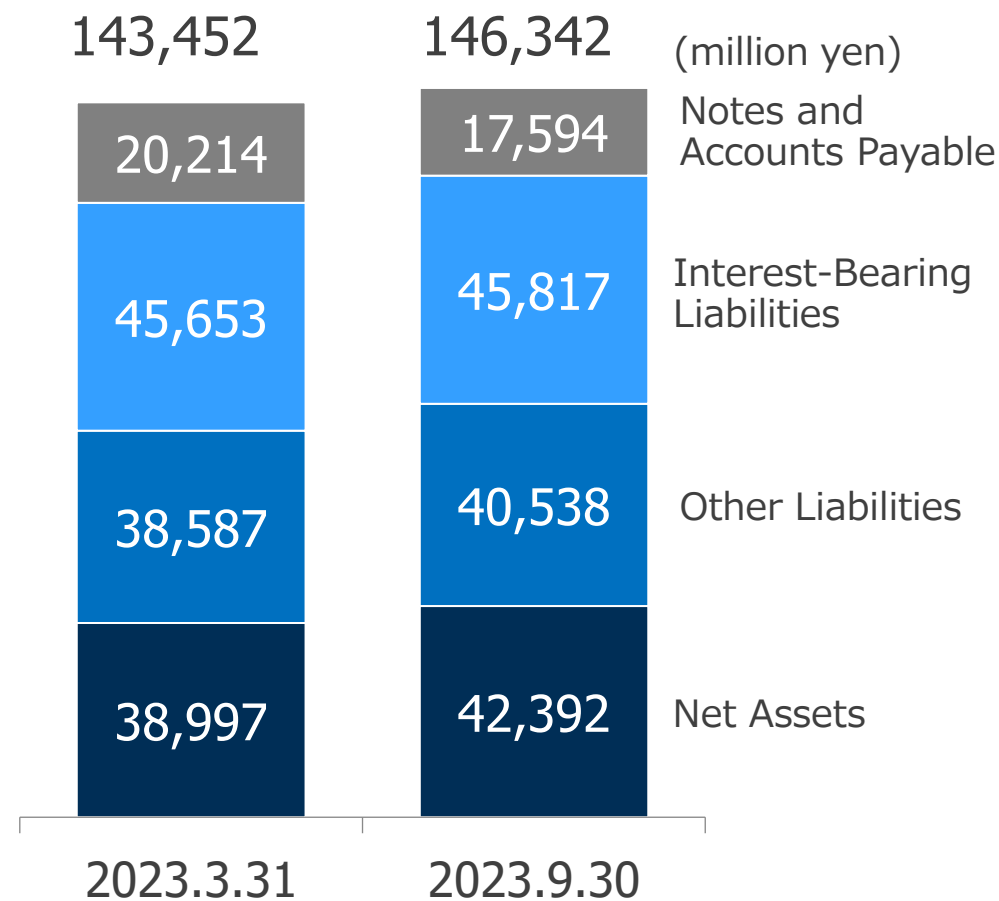
Assets

- Notes and accounts receivable decreased due to progress of collection for sales recorded in previous fiscal end
- Inventories increased due to the expansion of commercial rights

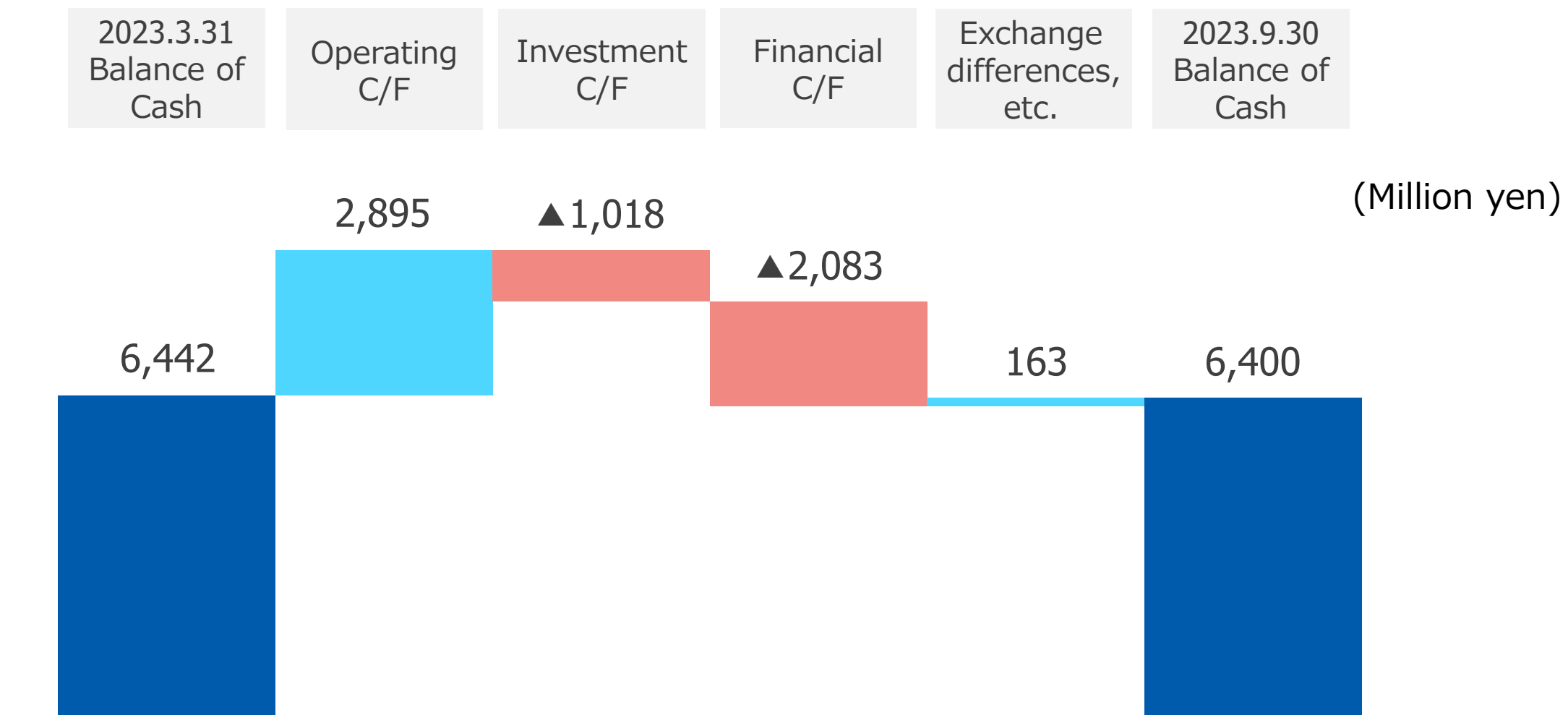


Liabilities & Net Assets

- Notes and accounts payable decreased due to a decrease in purchases
- Interest-bearing liabilities slightly increased due to increased inventories despite decreased notes and accounts receivable



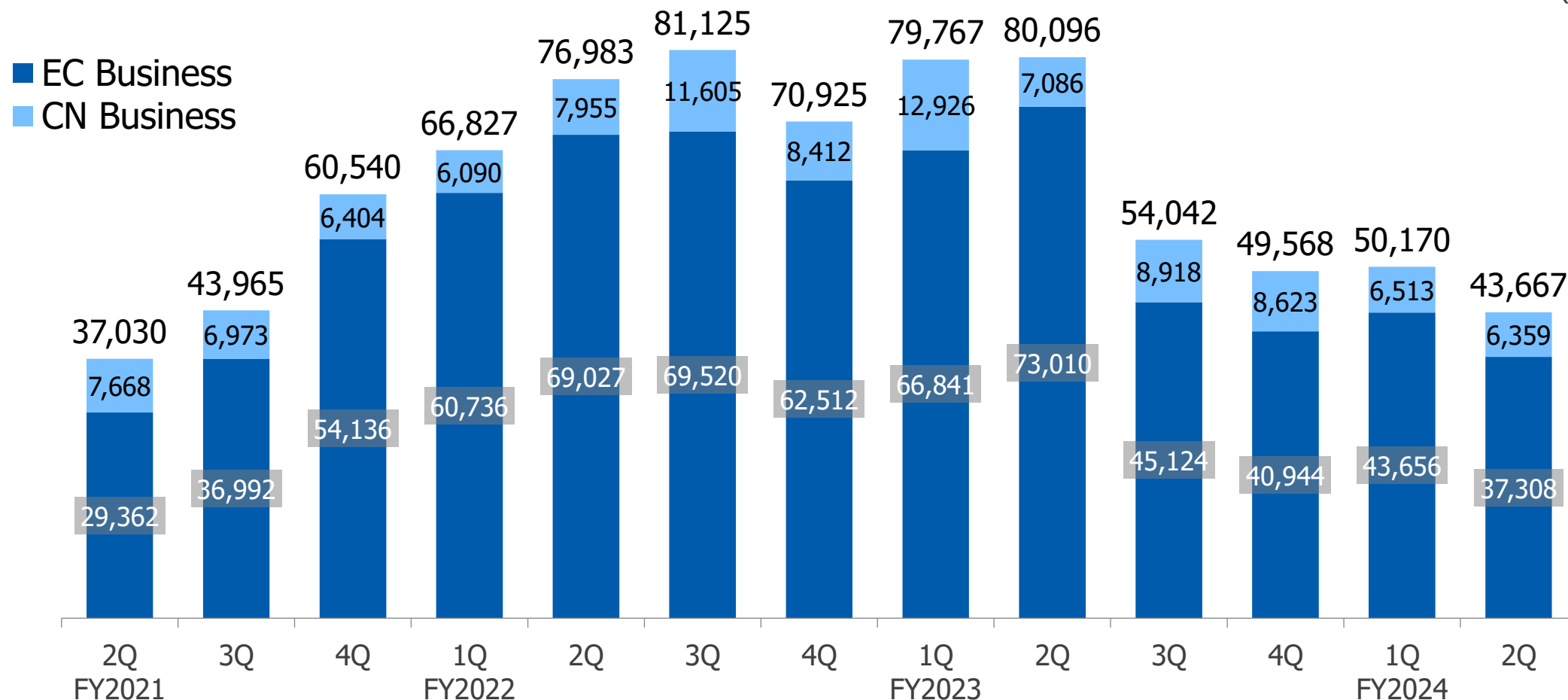
Statement of Cash Flows



Changes in Orders Received

- CN Business: There was a trend toward **an year-on-year** decrease in large orders despite steady IT investments from 1Q of FY 2024
- EC Business: Orders remained at a level sufficient to meet the sales forecast for the current year despite decreasing long-term orders

(million yen)





Forecast for the Fiscal Year Ending March 31, 2024 Medium-Term Management Plan VISION2025

President & Representative Director :Atsushi Tokushige
Corporate Director / Executive Vice President :Kazuki Shinoda

Assumptions of Business Plan (Change from beginning of year)

FY 2023

Rapid expansion period

- Strong semiconductor market
- Tight supply of semiconductors continues
- Steady IT investment
- Weak yen exchange rate

Net sales: 2,403 (¥ 100 mill)
Ordinary income ratio: 5.2%
ROE: 26.1%

FY 2024

Adjustment period

- Year-on-year decrease in semiconductor market
→ **Impact to become apparent from 2nd half**
- Gradual normalization of semiconductor supply
- Steady IT investment
- Exchange rate same level as previous year
→ **Weaker-yen level**
- Expansion of semiconductor commercial rights
→ **Progressing smoothly**

Net sales: 2,500 (¥ 100 mill)
Ordinary income ratio: 5.4%
ROE: 24.6%

FY 2025

Growth period

- Recovery in wide range of areas in semiconductor market
→ **Slow recovery (stagnant Chinese market)**
- Tight supply of semiconductors has eased
- Steady IT investment

Net sales \geq 2,500 (¥ 100 mill)
Ordinary income ratio \geq 5.5%
ROE \geq 20.0%

Forecast of Financial Results for the Fiscal Year Ending March 31, 2024



(Million yen)

	FY2023	FY2024			YoY Change	
	Full year	1st Half Actual	2nd Half Forecast	Full Year Forecast	Change	Rate of Change
Net sales	240,350	119,698	130,301	250,000	9,649	4.0%
CN Business	29,255	14,353	17,826	32,180	2,924	10.0%
EC Business (consolidated)	211,094	105,344	112,475	217,820	6,725	3.2%
EC Business	196,595	98,568	104,521	203,090	6,494	3.3%
PB Business	14,498	6,776	7,953	14,730	231	1.6%
Ordinary income (income ratio)	12,478 (5.2%)	6,253 (5.2%)	7,246 (5.6%)	13,500 (5.4%)	1,021	8.2%
Net income (income ratio)	8,778 (3.7%)	4,551 (3.8%)	5,218 (4.0%)	9,770 (3.9%)	991	11.3%

*Net income is net income attributable to owners of the parent

Strengthening service business

- Security products and services
- AI services (AI evaluation and verification)
- Cloud services

DX vendor to offer their own services

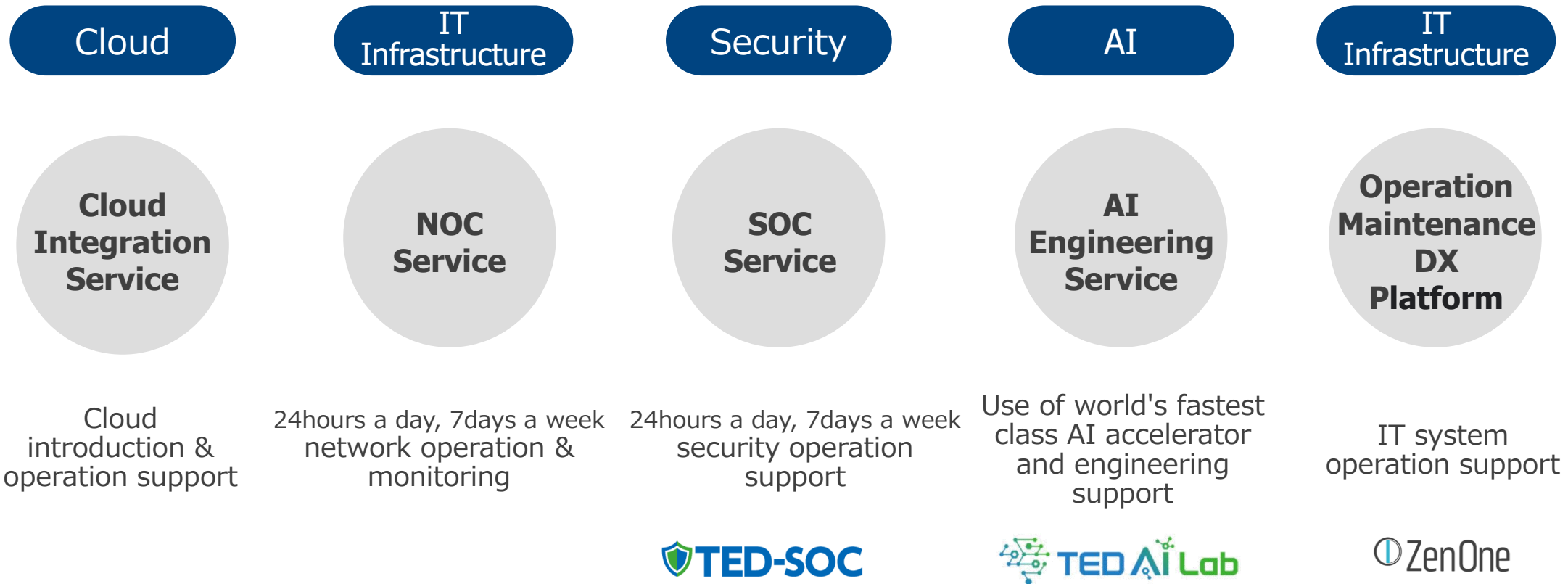
Strengthening manufacturer functions

- ODM (medical-related equipment)
- Overseas development of manufacturing systems
- Improved functionality of robot vision
- Design and Manufacturing services

Manufacturer to offer private label products

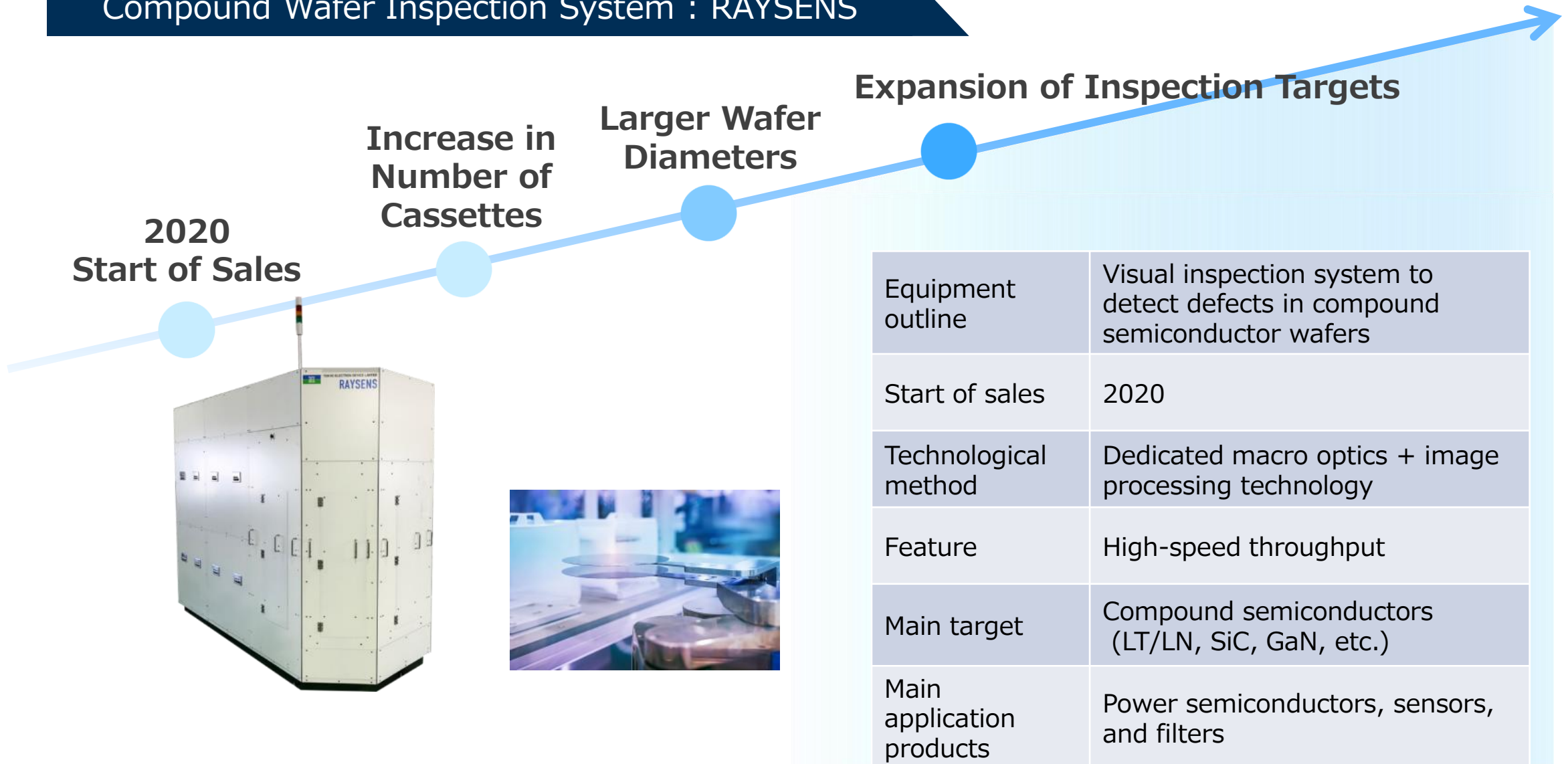
Strengthening service business

Expansion of own IT services to support customers' system construction and operation



※NOC: Network Operation Center ※SOC: Security Operation Center

Compound Wafer Inspection System : RAYSENS



Acquisition of NED wafer inspection system business

- **Details of acquired division**

- Wafer inspection system business (Manufacturing and sales of wafer inspection systems and incidental maintenance work)

- **Purpose**

- Expansion of wafer inspection systems
- Enhancement of inspection technology

- **Progress**

- Contract date: September 15, 2023
- Acquisition date: October 2, 2023

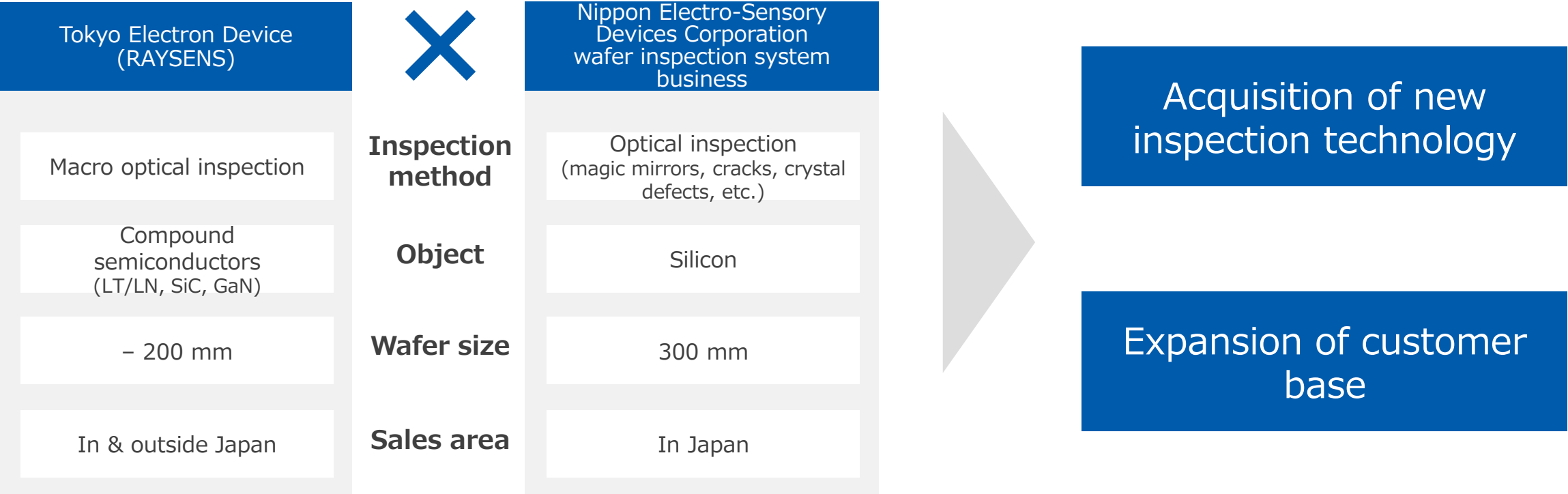
- **Overview of NED**

Company name	Nippon Electro-Sensory Devices Corporation (NED)
Representative	CEO: Soichiro Rikimi
Business description	Development, manufacture, and sales of industrial cameras and image-processing inspection systems
Capital	98 million yen
Establishment	November 10, 1975

Synergy effects from business acquisition

Complementary relation in areas of expertise and sales

Acquisition of a new inspection technology to shorten product development lead time and expand our customer base

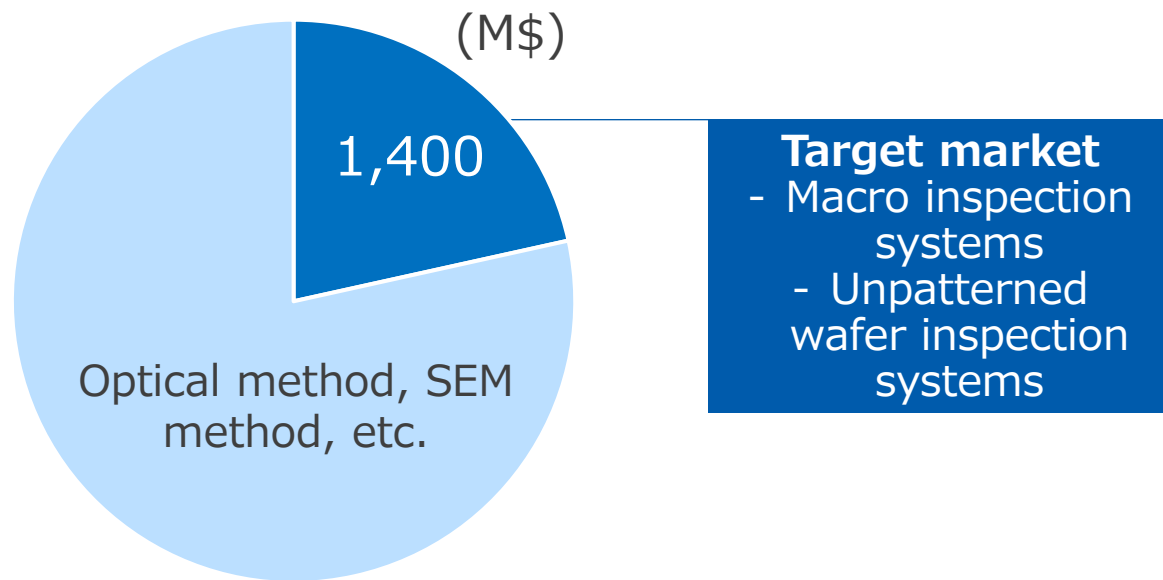


Market/business development

Target market expected to continue to grow

Acceleration of business base construction and global expansion

2026 wafer inspection system market forecast



Acceleration of business base construction

- Support for existing customers
- Technological development

Acceleration of global expansion

- Overseas expansion
- Development of semiconductor manufacturer market

Shareholder Return: Dividend

Dividends Per Share (yen)

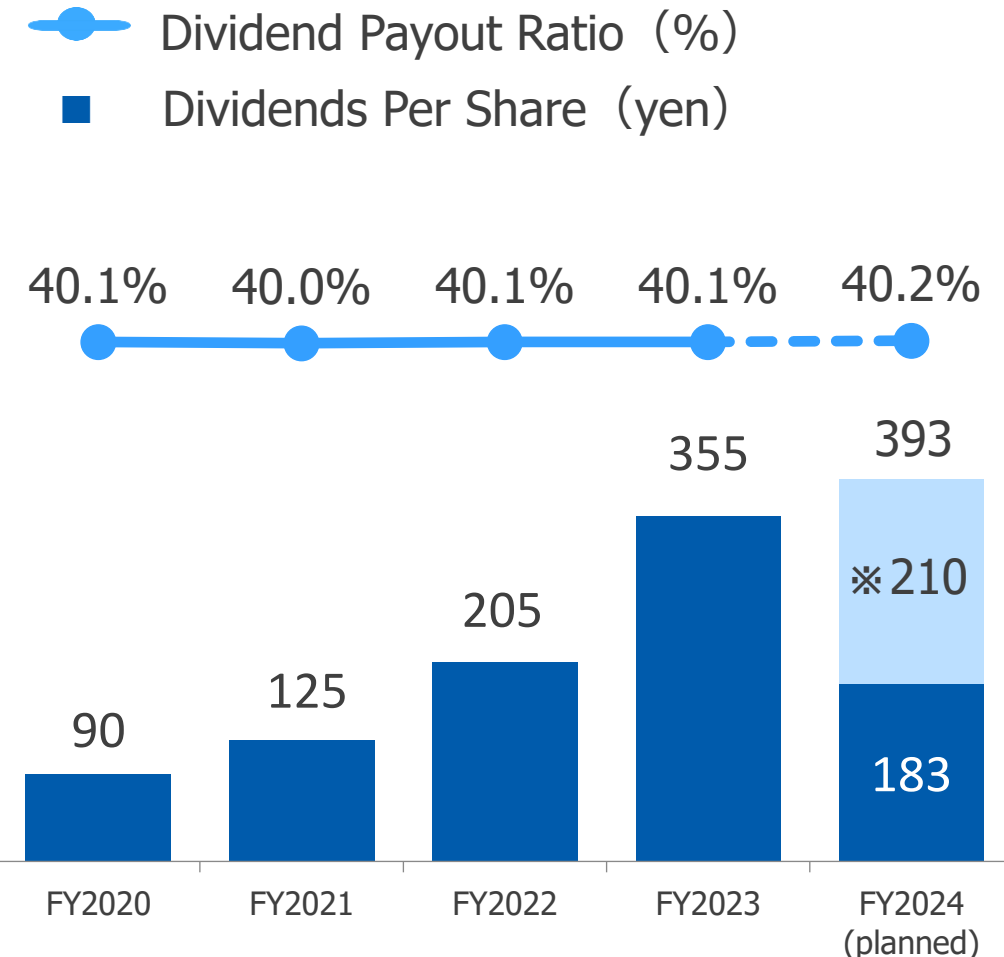
	FY2022	FY2023	FY2024 (No split consideration)	
			Beginning of term	10/31 Revised
Interim	105	145	140	183
Year-End	100	210	210 (※ 70)	210 (※ 70)
Full-year	205	355	350	393

* Implemented a share split at the ratio of three shares for every one share as of October 1, 2023

Dividend policy

- Dividend payout ratio: 40%
- Stable, continuous dividends

Dividends / Dividend Payout Ratio



* Dividend amount without taking stock split into consideration



Cautionary Notes Regarding this Document

The forward-looking projections in this document were developed based on information available at this time. Please note that the Company's actual future results may differ from those indicated in this document due to various factors that have direct and indirect impacts on the Company's results.

If any material changes are made, the Company will announce them at that time. The company names, product names, service names, and logos used in this document are the trademarks or registered trademarks of their respective holders.



Supplementary Materials

List of Supplementary Materials

- Revisions to Consolidated Financial Forecasts for FY 2024 P28
- Medium-Term Management Plan VISION2025 P29-32
- Foreign Exchange Losses P33
- Financial Highlight P34-35
- CN Business: Sales Component Ratios by Product Category P36
- EC Business: Sales Component Ratios by Product Category P37
- EC Business: Sales Component Ratios by Application P38
- Product Categories P39
- Change in Balance of Orders Received P40

Revision to the FY2024 Full Year Consolidated Results Forecast



(Oct. 31, 2023)

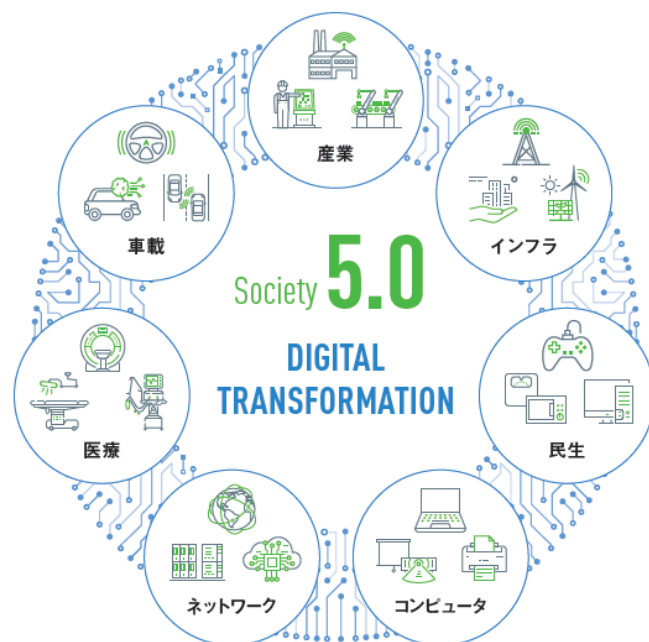
(million yen)

	FY2023	FY2024		
		A: Previously Announced Forecast (Apr. 27, 2023)	B: This Revised Forecast	Difference (B – A)
Net sales	240,350	230,000	250,000	20,000
Ordinary income	12,478	12,000	13,500	1,500
Net income	8,778	8,450	9,770	1,320

BUSINESS ENVIRONMENT

Society 5.0 to Arrive

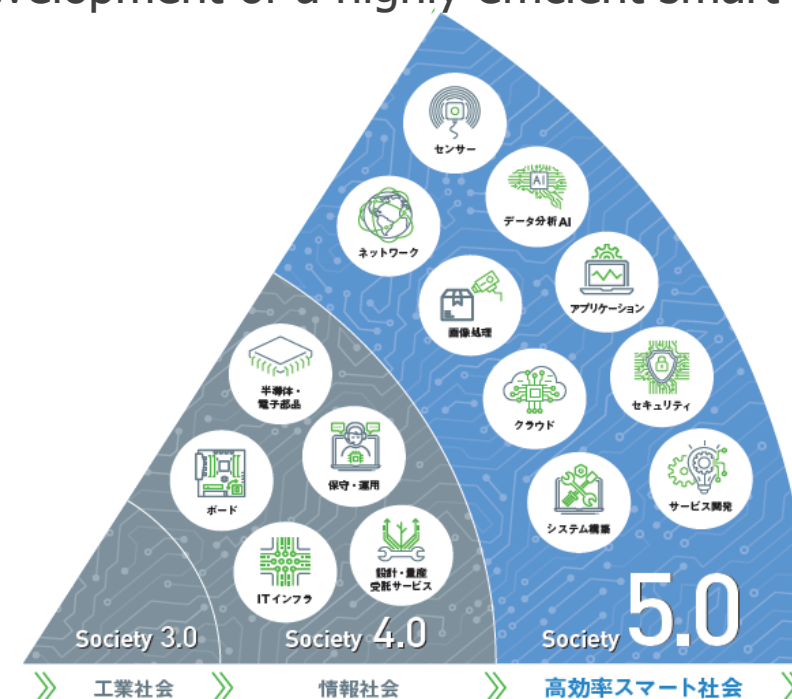
Highly efficient smart society amid
Slow Economic Growth



OUR MISSION

DRIVING DIGITAL TRANSFORMATION

Providing products and services that can
achieve digital transformation,
thus contributing to the sustainable
development of a highly efficient smart society



To become a manufacturer with technology trading company functions

Evolving technology trading company functions

- Business model that will generate profits from data, service, and stock businesses
- Maintain and expand customer base that contributes toward growth of business as a manufacturer
- Build a base for stable income

The kind of manufacturer we want to be

- Manufacturing system manufacturer
- Original design manufacturer (ODM)
- Design development division based on providing solutions to issue
- Highly efficient smart factories

VISION 2025 Financial Targets and Latest Forecast

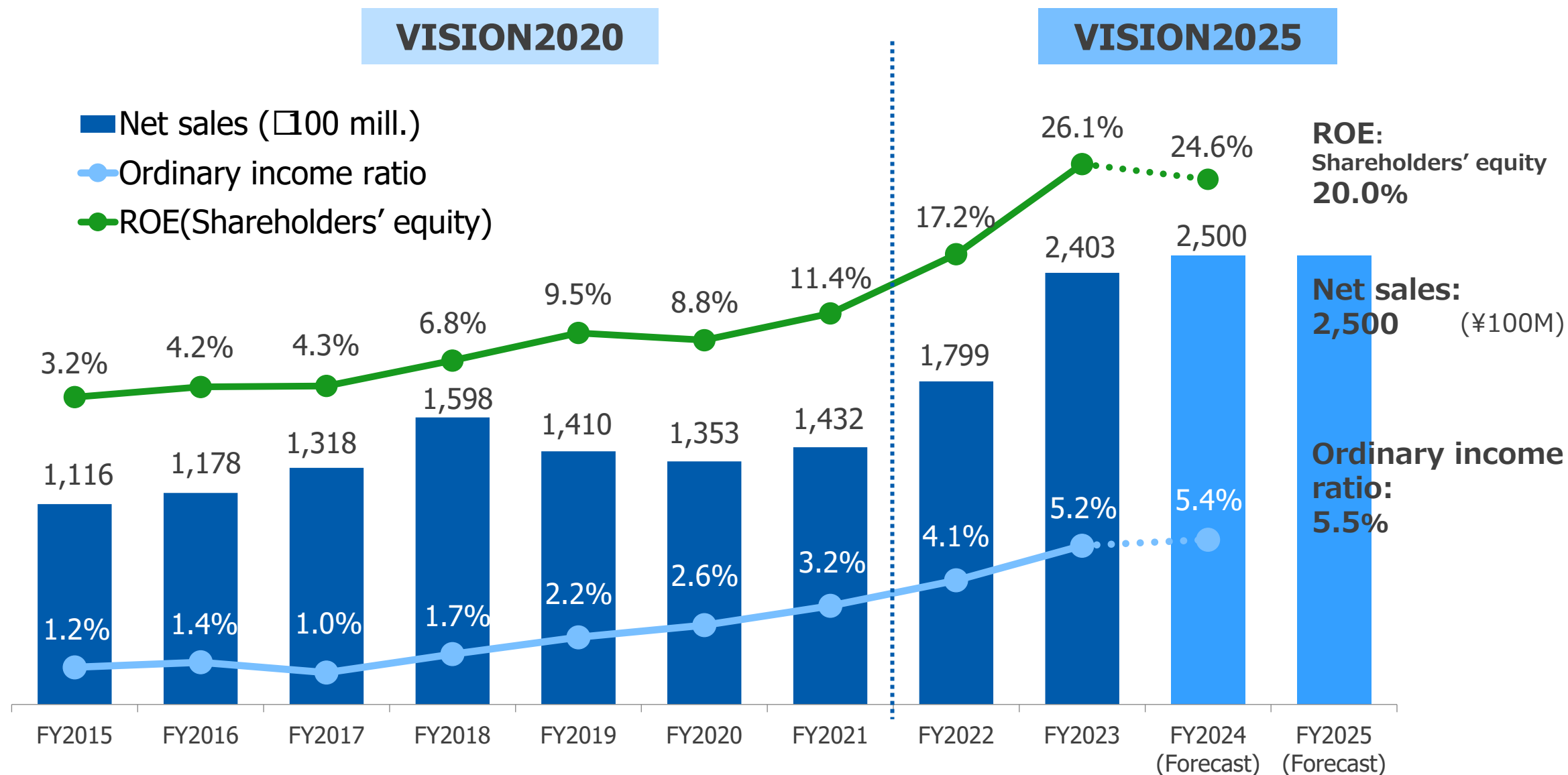
In FY 2023, achieved financial targets set in VISION 2025

	VISION 2025 Targets (initial)	FY 2023	VISION 2025 Latest forecast
Net sales	¥200 billion ±10%	¥240 billion	≥ ¥250 billion
Ordinary income ratio	> 5.0 %	5.2 %	≥ 5.5 %
ROE (shareholders' equity)	> 15.0 %	26.1 %	≥ 20.0 %

Pursuing Sustainable Growth with Profit and Revenue Growth (Profit Growth Outpacing Revenue Growth)

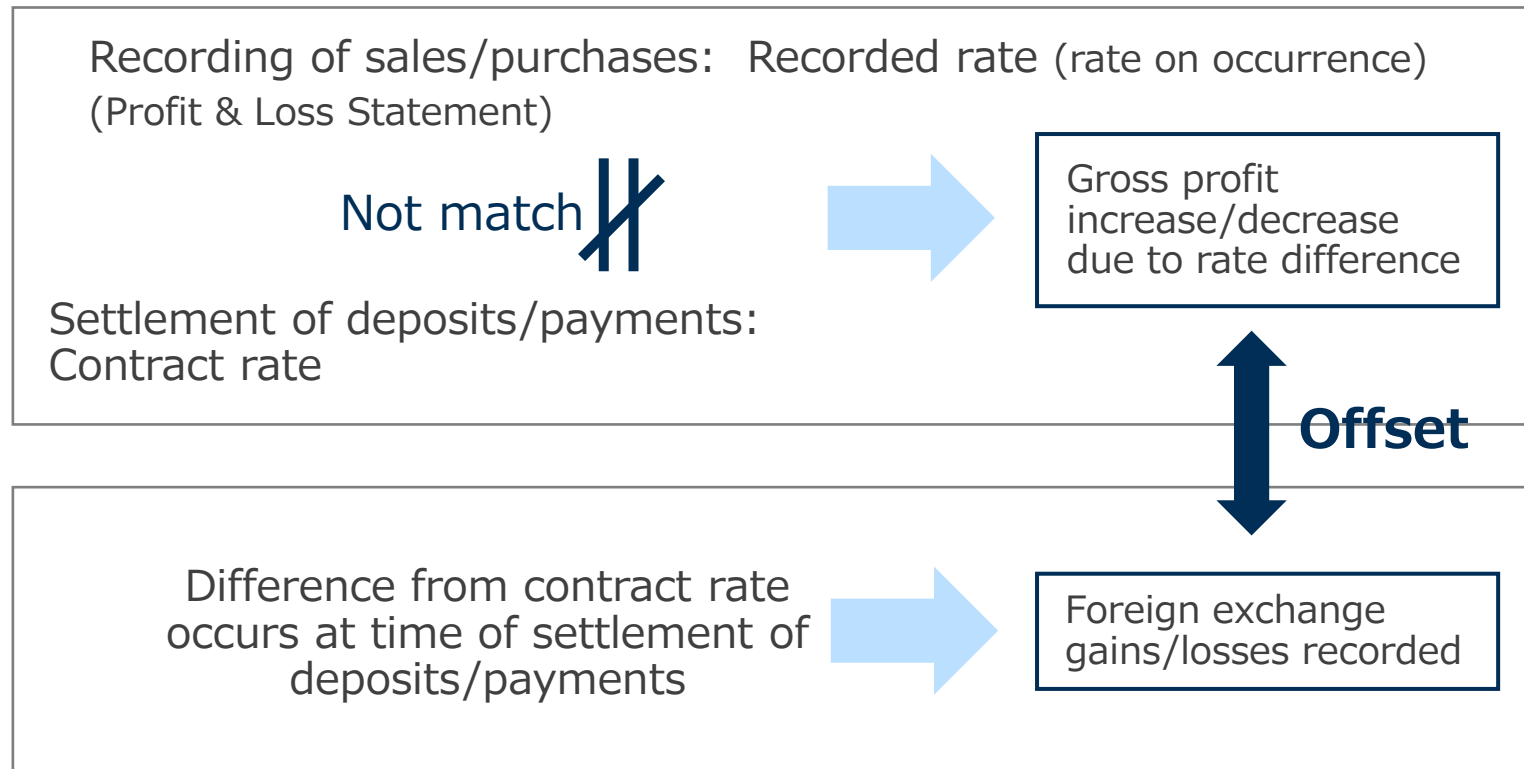
Next Medium-Term Management Plan to be announced in FY 2024

Medium-Term Management Plan: Results and Plan



Foreign Exchange Losses

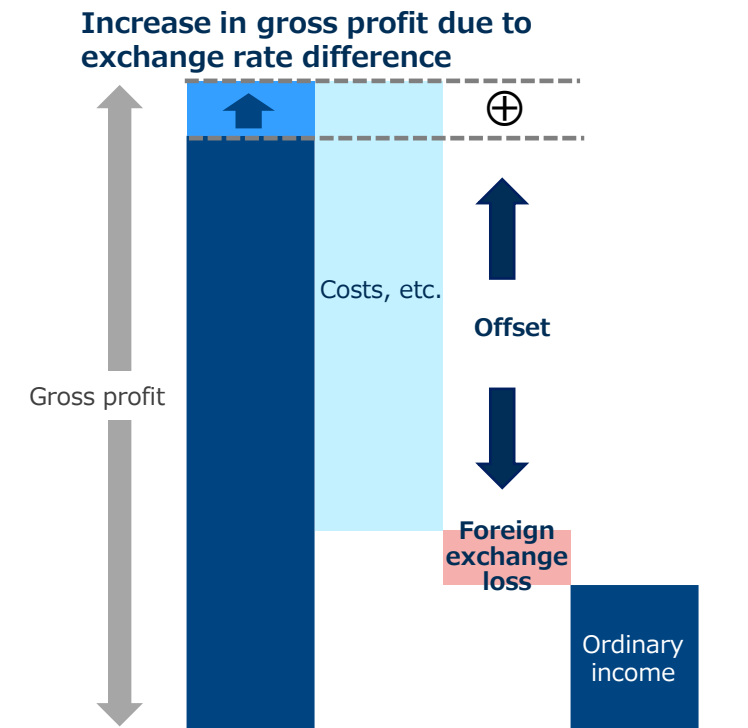
Forward exchange contracts are used to hedge foreign exchange risks



Impact of exchange rate fluctuations on ordinary income is minimal

* However, forward exchange contract losses, i.e. interest rate discount costs due to the difference between Japanese and U.S. interest rates, are recorded as foreign exchange losses.


When yen weakening (image)



Financial Highlight (1/2)

		FY2022				FY2023				FY2024	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales		41,009	41,770	45,112	52,014	50,677	61,091	64,127	64,453	59,012	60,685
	CN Business	4,455	5,547	5,477	7,980	5,407	7,263	7,191	9,393	7,099	7,253
	EC Business	36,554	36,223	39,634	44,034	45,270	53,828	56,935	55,059	51,912	53,431
Cost of sales		35,377	36,140	38,694	44,056	43,247	52,459	55,409	54,990	50,091	51,594
Gross profit		5,632	5,629	6,417	7,958	7,430	8,632	8,717	9,463	8,921	9,090
Profit rate		13.7%	13.5%	14.2%	15.3%	14.7%	14.1%	13.6%	14.7%	15.1%	15.0%
Selling, general and administrative expenses		4,173	4,332	4,441	4,560	4,472	5,016	4,881	5,645	5,292	5,565
Operating income		1,459	1,297	1,976	3,397	2,957	3,615	3,835	3,817	3,628	3,524
Profit rate		3.6%	3.1%	4.4%	6.5%	5.8%	5.9%	6.0%	5.9%	6.1%	5.8%
Non-operating income		57	79	24	27	39	120	35	72	69	116
Non-operating expenses		321	91	222	368	836	688	585	-94	554	530
Ordinary income		1,195	1,285	1,778	3,057	2,160	3,048	3,285	3,984	3,143	3,110
Profit rate		2.9%	3.1%	3.9%	5.9%	4.3%	5.0%	5.1%	6.2%	5.3%	5.1%
	CN Business	386	532	320	995	381	522	131	984	579	683
	EC Business	809	753	1,458	2,062	1,779	2,525	3,153	3,000	2,563	2,426
Extraordinary income		1,921	0	0	140	0	0	0	0	4	0
Extraordinary losses		0	114	3	1,351	0	2	0	6	0	1
Net income before income taxes		3,117	1,171	1,775	1,846	2,160	3,045	3,284	3,978	3,147	3,109
Profit rate		7.6%	2.8%	3.9%	3.5%	4.3%	5.0%	5.1%	6.2%	5.3%	5.1%
Net income		2,176	805	1,257	1,249	1,501	2,147	2,325	2,904	2,210	2,390
Profit rate		5.3%	1.9%	2.8%	2.4%	3.0%	3.5%	3.6%	4.5%	3.7%	3.9%
Net income attributable to owners of parent		1,851	794	1,249	1,189	1,479	2,104	2,316	2,876	2,186	2,364
Profit rate		4.5%	1.9%	2.8%	2.3%	2.9%	3.4%	3.6%	4.5%	3.7%	3.9%

Financial Highlight (2/2)

(Million yen)  Connect Beyond

		FY 2023													
		1Q		2Q		1 st Half		3Q		4Q		2 nd Half		Full Year	
			Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change
Net sales		50,677	23.6%	61,091	46.3%	111,769	35.0%	64,127	42.1%	64,453	23.9%	128,580	32.4%	240,350	33.6%
	CN Business	5,407	21.4%	7,263	30.9%	12,670	26.7%	7,191	31.3%	9,393	17.7%	16,584	23.2%	29,255	24.7%
	EC Business	45,270	23.8%	53,828	48.6%	99,098	36.2%	56,935	43.7%	55,059	25.0%	111,995	33.9%	211,094	34.9%
Cost of sales		43,247	22.2%	52,459	45.2%	95,706	33.8%	55,409	43.2%	54,990	24.8%	110,399	33.4%	206,106	33.6%
Gross profit		7,430	31.9%	8,632	53.3%	16,062	42.6%	8,717	35.8%	9,463	18.9%	18,181	26.5%	34,243	33.6%
Selling, general and administrative expenses		4,472	7.2%	5,016	15.8%	9,489	11.6%	4,881	9.9%	5,645	23.8%	10,527	16.9%	20,016	14.3%
Operating income		2,957	102.6%	3,615	178.6%	6,573	138.4%	3,835	94.1%	3,817	12.4%	7,653	42.4%	14,227	75.0%
Ordinary income		2,160	80.7%	3,048	137.0%	5,208	109.9%	3,285	84.7%	3,984	30.3%	7,270	50.3%	12,478	70.5%
	CN Business	381	-1.3%	522	-2.0%	903	-1.7%	131	-58.8%	984	-1.1%	1,116	-15.1%	2,019	-9.6%
	EC Business	1,779	119.7%	2,525	235.3%	4,305	175.4%	3,153	116.3%	3,000	45.5%	6,153	74.8%	10,459	105.7%
Net income before income taxes		2,160	-30.7%	3,045	159.9%	5,206	21.4%	3,284	85.1%	3,978	115.5%	7,263	100.6%	12,469	57.6%
Net income		1,501	-31.0%	2,147	166.4%	3,648	22.3%	2,325	85.0%	2,904	132.5%	5,230	108.6%	8,879	61.7%
Net income attributable to owners of parent		1,479	-20.1%	2,104	164.9%	3,584	35.5%	2,316	85.5%	2,876	141.8%	5,193	112.9%	8,778	72.6%
		FY 2024													
		1Q		2Q		1 st Half		3Q		4Q		2 nd Half		Full Year	
			Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change
Net sales		59,012	16.4%	60,685	-0.7%	119,698	7.1%								
	CN Business	7,099	31.3%	7,253	-0.1%	14,353	13.3%								
	EC Business	51,912	14.7%	53,431	-0.7%	105,344	6.3%								
Cost of sales		50,091	15.8%	51,594	-1.6%	101,686	6.2%								
Gross profit		8,921	20.1%	9,090	5.3%	18,011	12.1%								
Selling, general and administrative expenses		5,292	18.3%	5,565	11.0%	10,858	14.4%								
Operating income		3,628	22.7%	3,524	-2.5%	7,153	8.8%								
Ordinary income		3,143	45.5%	3,110	2.0%	6,253	20.1%								
	CN Business	579	52.1%	683	31.0%	1,263	39.9%								
	EC Business	2,563	44.1%	2,426	-3.9%	4,990	15.9%								
Net income before income taxes		3,147	45.7%	3,109	2.1%	6,256	20.2%								
Net income		2,210	47.3%	2,390	11.3%	4,601	26.1%								
Net income attributable to owners of parent		2,186	47.8%	2,364	12.3%	4,551	27.0%								

CN Business: Sales Component Ratios by Product Category

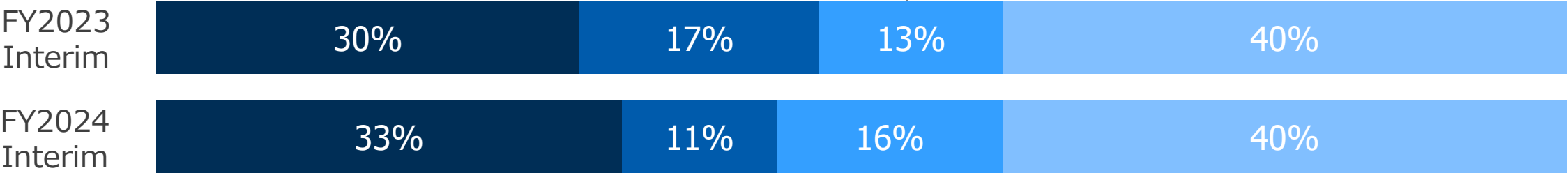


Security-Related Products

Network-Related Products

Storage-Related Products

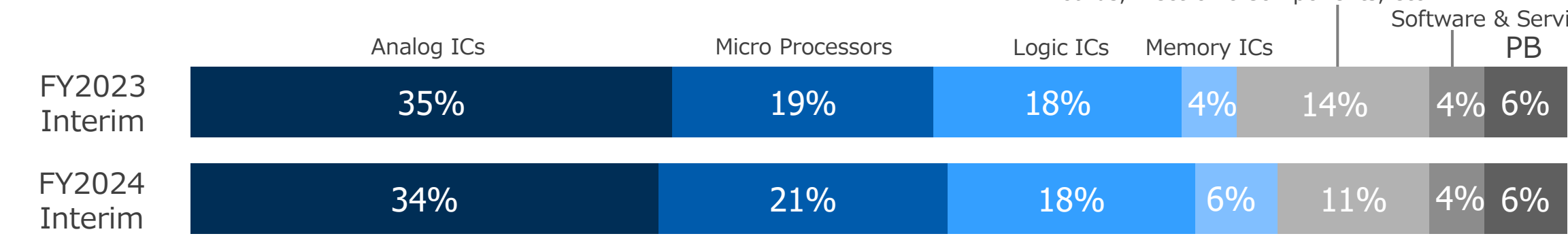
Maintenance & Monitoring Services



Product	Rate of Change	Main Causes	Main Suppliers
Network-related products	23.1%	Strong equipment sales to system integrators Contribution of large orders for data centers & cloud business operators received in the previous fiscal year	Arista Networks F5 Extreme Networks
Storage-related products	▲27.3%	Decrease for large orders for system integrators in the previous fiscal year despite steady demand	Pure Storage Dell Technologies
Security-related products	42.2%	Expansion of cloud security for system integrators and endpoint security for enterprises	Netskope Nutanix SentinelOne
Maintenance & monitoring services	14.4%	Increased maintenance services for storage-related products and network-related products	TED

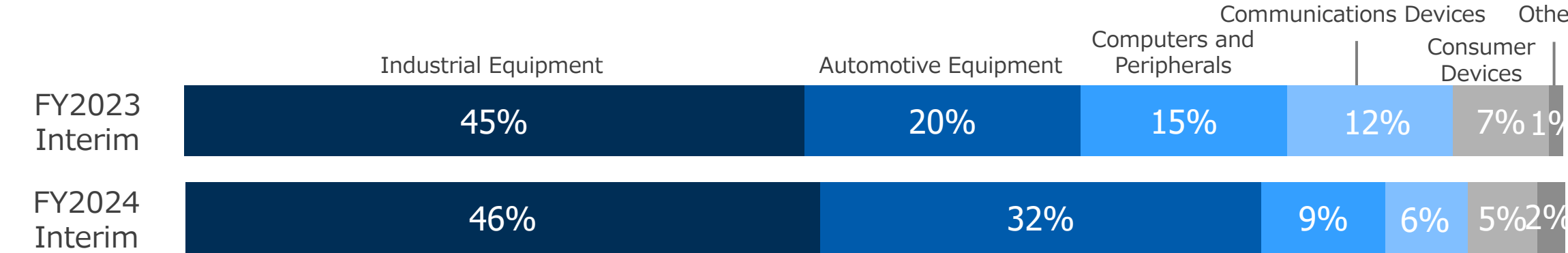
EC Business: Sales Component Ratios by Product Category





Product	Rate of Change	Main Causes	Main Suppliers
Analog ICs	4.3%	Increase due to demand for automotive equipment despite decrease due to shift to direct manufacturer-to-consumer sales	TI / NXP
Micro processors	19.3%	Large increase in automotive equipment due to transfer of commercial rights despite weak PC storage	NXP / Infineon / TI / Intel
Logic ICs	4.4%	Large increase in automotive equipment due to transfer of commercial rights despite decrease in storage	Infineon / TI / NXP / Lattice / MaxLinear
Memory ICs	62.2%	Large increase in automotive equipment due to transfer of commercial rights	Infineon / Everspin
Boards, electronic components, etc.	▲18.8%	Large decrease in communications base stations	NXP / PFU / Hagiwara Solutions / ams-OSRAM / Western Digital / Intel
Software & services	▲2.7%	Decrease in embedded OS	Microsoft / McAfee / DELL
PB	11.3%	Increase in industrial equipment, design & manufacturing services, and private brand products	TED / TED Nagasaki / FAST

EC Business: Sales Component Ratios by Application



Application	Rate of Change	Main Uses	TED Trends
Industrial equipment	7.3%	Medical and analyzing equipment, Semiconductor production equipment, FA equipment, Industrial robots, Fabricating equipment, Measuring equipment, Control systems, Electrical component mounting equipment, Inverters	Increase in processor and PB business despite decrease in analog ICs due to shift to direct sales
Automotive equipment	70.0%	Car navigation systems, Automobile instruments, Advanced Driving Assistant systems, Displays, Automobile electronic control units (ECUs), Lithium ion batteries, Automobile inverters	Increases in processors, memory ICs, and logic ICs due to transfer of commercial rights Increase in demand for analog ICs
Computers and peripherals	▲35.4%	Multifunctional printers, POS systems, Storage, Server, Projectors, PCs and peripheral devices	Large decreases in processors for storage and logic ICs Decrease in analog ICs for printers as well
Communications equipment	▲41.9%	5G base stations, Optical transmission equipment, Satellite communications equipment, Wireless IP network equipment	Large decrease in electronic components for communications base stations
Consumer appliances and electronics	▲25.9%	Electronic musical instruments, Home gaming consoles, Digital cameras, Air conditioners, TVs and HDD recorders, Residential fuel cells	Large decrease in analog ICs for gaming consoles

Product Categories

	Category	Main Products	Functions
CN Business	Network-related products	Network load distribution devices Ethernet switches	Distribute Internet connection loads Switching hubs
	Storage-related products	Flash storage	Connect to and store large volumes of data at high speed
	Security-related products	End points, networks, cloud	Protect computer systems, networks, data, etc. from attacks, damage, and unauthorized access
	Maintenance & monitoring services	Device maintenance services and security monitoring services	
EC Business	Analog ICs	Analog ICs	ICs used in common in various applications
	Micro processors	CPUs, DSPs	Brains of electronic devices, calculation and control functions
	Logic ICs	Image processing ICs Communications and network applications ICs ASIC, PLD	ICs with packaged logic circuits, special-purpose ICs made for particular applications, special ICs made according to customer specifications
	Memory ICs	SRAM, FRAM, MRAM Flash memory	Memory ICs, readable/writable memory products, read-only products
	Boards, electronic components, etc.	Boards, power supplies, optical components	ICs on printed circuit boards, power supplies, products with mounted connectors and other components (boards)
	Software & services	Software, cloud services	Software embedded in industrial equipment for enterprises Provision of subscription services
	PB	Design and mass production contract services, private brand products	Design, development and mass production of boards according to customer specifications Devices for manufacturing industries

Change in Balance of Orders Received

(million yen)

