

President & Representative Director

A. Tohura

Career Summary

April 1986	Joined Tokyo Electron Limited
April 2005	Vice President of TED
June 2007	Corporate Director of the Company
June 2011	Managing Director, TOKYO ELECTRON DEVICE HONG KONG LTD. (now TOKYO ELECTRON DEVICE ASIA PACIFIC LTD.)
September 2013	CEO, inrevium AMERICA, INC. (now TOKYO ELECTRON DEVICE AMERICA, INC.)
January 2015	President & Representative Director of the Company (present)

Aiming for Further Growth and Greater Social Contribution— Our New Medium-Term Management Plan, VISION 2025

Fiscal 2022, the year ending March 31, 2022, is the first year of our new medium-term management plan, VISION 2025. This new four-year management plan continues the momentum of VISION 2020 and is aimed at further increasing enterprise value and contributing to society through our businesses.

Building on the achievements of the six-year VISION 2020, we are working toward the new targets of VISION 2025. We look forward to your continued support as we move forward.

Review of
VISION 2020

Results of VISION 2020

Our medium-term management plan VISION 2020 began in fiscal 2016 and concluded in fiscal 2021. I would like to describe the initiatives undertaken during this six-year period and review the results.

VISION 2020 was based on the principles of growth, stability and value creation and targeted ¥200 billion in net sales, an ordinary income ratio of 3.5% or higher, and ROE of 15% or more in fiscal 2021, its final year. The plan aimed for stable earnings growth in the Computer Networks and Electronics Components businesses, which it positioned as core businesses. At the same time, in the Private Brand Business, the plan sought to establish a business structure to reinforce the development, manufacture and sale of competitive, unique products that leverage the Group's expertise.

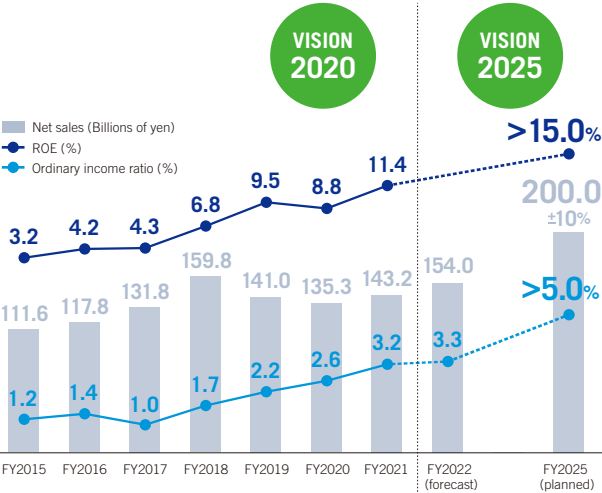
In the Computer Networks Business, we worked to build a stock business model incorporating mainly service businesses, while in the Electronic Components Business, we sought to expand trading rights based on the reinforcement of technical support capabilities. In the Private Brand Business, we made AVAL NAGASAKI CORPORATION (now TED Nagasaki) and FAST CORPORATION consolidated subsidiaries, expanding our business domains and working to reinforce our business infrastructure with the aim of generating synergies with existing businesses to power growth.

As a result of these efforts, in fiscal 2021, net sales totaled ¥143.2 billion, the ordinary income ratio stood at 3.2%, and ROE came to 11.4%. These results fell short of our targets, reflecting an

overly optimistic view of changes in the business environment and planning and forecasting. However, ordinary income, net income attributable to owners of parent, year-end market capitalization and annual dividends reached their highest levels since Tokyo Electron Device was listed. As such, I believe we achieved a certain amount of success in terms of several of our main management indicators.

We will make full use of the experience and lessons learned from these six years as we push forward even harder toward the achievement of the new four-year plan, VISION 2025.

Medium-Term Management Plans:
Results and Plans



VISION 2025

New Medium-Term Management Plan

VISION 2025 is a new medium-term management plan that continues the momentum of VISION 2020. In terms of the business environment, the plan anticipates the arrival of Society 5.0 beginning in 2025. Given this, we have defined our mission under VISION 2025 as “Driving digital transformation” and our vision as “To become a manufacturer with technology trading company functions.”

Digital transformation: The application of digital technologies to create innovative new frameworks, services and businesses.

BUSINESS ENVIRONMENT

The Arrival of Society 5.0

We predict that in 2025, the transition of the world around us will be underway, from Society 4.0, in which sharing information became easier, to Society 5.0, a highly efficient smart society that achieves high levels of optimization through systems. In Society 5.0, cutting-edge technologies, such as IoT and robotics, will be capable of replacing certain human resources, improving efficiency and saving labor. Furthermore, data collection and analysis based on AI and big data technologies will enable the efficient provision of the right goods and services to those who need them, when they need them. In this highly efficient smart society, a wide range of highly optimized systems will become available.



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

We will provide the products and services needed to realize the digital transformation indispensable to the systems that will become available in Society 5.0. By doing so, we aim to contribute to the sustainable development of a highly efficient smart society while achieving corporate growth.



OUR VISION

To become a manufacturer with technology trading company functions

To more directly drive the digital transformation of society, Tokyo Electron Device is evolving from a technology trading company with design and manufacturing functions into a manufacturer with technology trading company functions. We aim to develop our businesses from the two perspectives of trading company functions and manufacturer functions. For the former, in terms of evolving technology trading company functions, we will expand our businesses from the provision of products to the provision of services, aiming for greater profit growth. For the latter, looking at the kind of manufacturer we want to be, we aim to become a manufacturer of monozukuri-systems, creating new value with manufacturing and system technology able to replace human functions and are focusing efforts in this area.

Evolving technology trading company functions

- Business model that will generate profit from data, service and stock businesses
- Maintain and expand a customer base that contributes to the 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 issues
- Highly efficient smart factories



Financial Model

We will maintain the basic policy of VISION 2020 of pursuing growth through higher revenue and profit, with the rate of profit growth exceeding the rate of revenue growth. Through ongoing growth focused on profitability, we will work toward the achievement of the financial model of VISION 2025, which we have designated as our target.

Fiscal 2025

Net sales	Ordinary income ratio	ROE
¥200.0 billion ±10%	>5%	>15%

	Percentage of total sales	Ordinary income ratio
Computer Networks Business	20%	>13%
Electronic Components Business	70%	> 2%
Private Brand Business	10%	>10%

Highlights

Business Highlights

Fiscal 2022 is the first year of the new medium-term management plan. We are launching a number of measures to reinforce our business frameworks in order to achieve VISION 2025. Going forward, we will accelerate our initiatives to achieve the plan's targets.

01

Business model that will generate profit from data, service and stock businesses

Launch of TED AI Lab

02

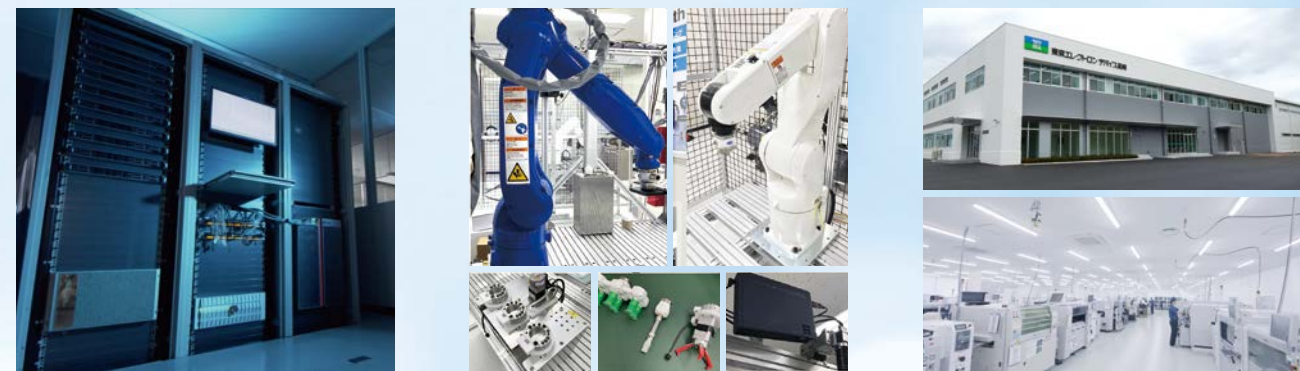
Manufacturing system manufacturer

TED ROBOT CENTER Opened

03

Highly efficient smart factories

Relocation of TED Nagasaki's Head Office and Plant



We have begun operations of TED AI Lab, which provides an environment for AI business demonstration testing. TED AI Lab offers two AI platforms, each with distinct characteristics, to provide demonstration testing services suited to a wide range of customers and applications. Positioning AI as a promising growth field, we are promoting marketing and technological development. In addition, technologies, insights and expertise gleaned from the activities of TED AI Lab will be applied to Tokyo Electron Device's AI businesses.

In June 2021, we opened the TED ROBOT CENTER (TRC), a facility for the development and demonstration of the TriMath 3D vision robot system. In addition to demonstrations of robots equipped with TriMath and explanations of the technology, the facility provides a comprehensive environment encompassing everything from proposing solutions to front-line issues to post-implementation support and system installation trials. Through TRC, we will cultivate latent demand while further enhancing the capabilities of our vision robot systems.

In May 2021, TED Nagasaki opened its new head office and plant. The new plant has approximately 60% more floor area than the previous plant and is designed to accommodate increases in production capacity going forward. Aiming to increase production capacity, we plan to reinforce traceability management and the transparency of production processes. In addition to bolstering production capacity, we seek to enhance quality assurance systems to make the new facility a high-efficiency smart plant.



Plan for Fiscal 2022

In fiscal 2022, the COVID-19 pandemic and increasingly unfriendly U.S.-China relations are expected to continue to affect the business environment. Reflecting growing data transmission volumes, IT investment and semiconductor demand are expected to expand. Based on these assumptions, in fiscal 2022, we plan for net sales to increase 7.5% year on year to ¥154.0 billion, with ordinary

income increasing 10.3% to ¥5.1 billion and net income attributable to owners of parent increasing 40.0% to ¥4.4 billion. It should be noted, however, that the application of new accounting standards is expected to negatively affect net sales, and we expect to record extraordinary income arising from the relocation of the TED Nagasaki head office and plant.

Fiscal 2022 Results Forecast

	Fiscal 2021	Fiscal 2022 (Forecast)			Year-on-year change	
	Full year	First half	Second half	Full year	Amount	%
Net sales	143,268	72,000	82,000	154,000	10,731	7.5%
Ordinary income (ordinary income ratio)	4,625 (3.2%)	1,500 (2.1%)	3,600 (4.4%)	5,100 (3.3%)	474	10.3%
Net income (net income ratio)	3,143 (2.2%)	2,000 (2.8%)	2,400 (2.9%)	4,400 (2.9%)	1,256	40.0%

* Net income refers to net income attributable to owners of parent.

Computer Networks Business

Net sales

25,255	23,933	24,000
14,325	13,507	14,000
10,930	10,426	10,000
FY2020	FY2021	FY2022 (forecast)

Second half
First half

Reflecting rising demand for data transmission, the business environment for IT and cloud services is expected to remain favorable, and we will promote sales of mainstay storage and network products. We will also continue to focus on business in highly profitable maintenance and monitoring service businesses. Despite the negative effect of the application of new accounting standards, we plan for net sales on par with the previous fiscal year.

Electronic Components Business

Net sales

110,138	119,334	130,000
55,855	67,858	68,000
54,282	51,475	62,000
FY2020	FY2021	FY2022 (forecast)

Second half
First half

We expect major recovery from the semiconductor supply crunch beginning in the latter half of the fiscal year. We will promote sales primarily of products for the industrial equipment market, which is expected to be particularly solid. In the cloud market, which is seeing rapid growth, we will focus efforts on providing subscription services as new profit drivers.

Private Brand Business

Net sales

10,972	9,205	10,500
5,626	5,300	6,200
5,346	3,904	4,300
FY2020	FY2021	FY2022 (forecast)

Second half
First half

We will work to capture demand primarily in the semiconductor production equipment market, which is firm. TED Nagasaki will establish a new business framework in line with its move to a new head office and plant. Fast will reinforce activities to secure orders in the panel inspection business. At the same time, we will focus on technological development aimed at reinforcing our manufacturing functions.