



Interim Financial Briefing for the Fiscal Year Ending March 31, 2021

TOKYO ELECTRON DEVICE

October 27, 2020

Agenda



Financial Report

Vice President Jun Ninomiya

Forecast for the Fiscal Year Ending March 31, 2021 and Medium-Term Management Plan VISION 2025

President & Representative Director Atsushi Tokushige



Financial Report

Vice President Jun Ninomiya

Summary of Interim Financial Results for the Fiscal Year Ending March 31, 2021



Sales were down and income was up compared to forecasts for the first half of the fiscal year

Net sales	4.8% decrease
Ordinary income	14.7% increase
Net income attributable to owners of parent (2Q)	17.6% increase

Summary of Financial Results: Comparison with Prior Year

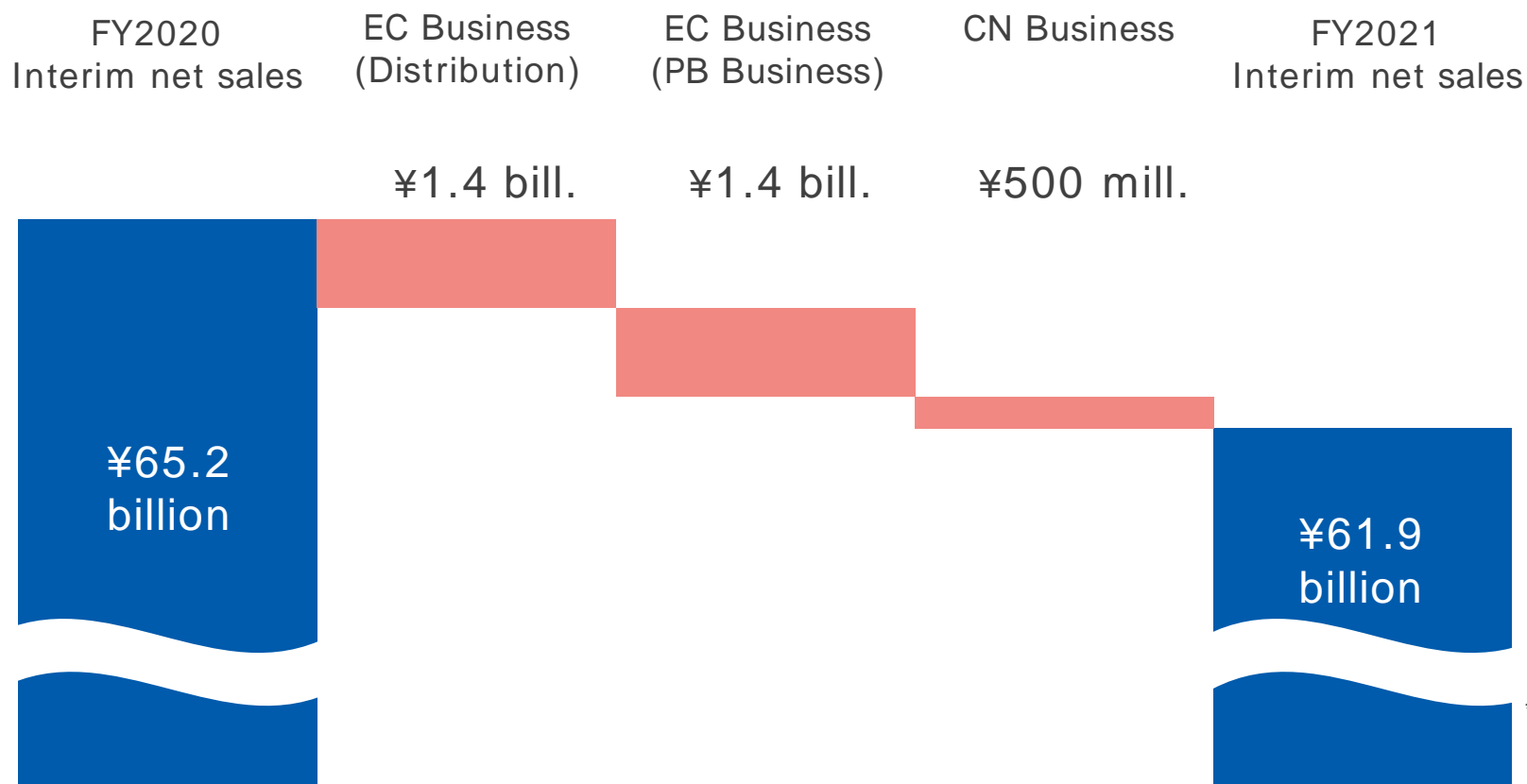


(Million yen)

	FY2020 Interim	FY2021 Interim	Change	FY2021 1st Half Forecast
Net sales	65,213	61,901	3,311	65,000
Cost of sales	55,824	53,126	2,698	
Gross profit	9,389	8,775	613	
Selling, general & administrative expenses	8,021	7,653	368	
Operating income	1,367	1,122	244	
Non-operating income	90	187	96	
Non-operating expenses	117	48	69	
Ordinary income	1,340	1,261	78	1,100
Interim net income	864	823	41	700
No. of employees	1,229	1,250	21	

* Interim net income is net income attributable to owners of parent for 2Q

Summary of Financial Results: Change in Net Sales



* Amounts of change are rounded off

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

Sales and Income by Segment



- EC Business: Sales and income were down due to impact from COVID-19 even though cancellation of agency agreement is covered by expansion in new customer trade rights
- CN Business: Sales were down due to cancellation of agency agreement but income was up due to growth of other businesses

(Million yen)

	FY2020 Interim		FY2021 Interim			
	Net Sales	Segment Income	Net Sales	Change	Segment Income	Change
Electronic Components (EC) Business	54,282	444	51,475	2,806	221	223
Computer Networks (CN) Business	10,930	895	10,426	504	1,040	145
Total	65,213	1,340	61,901	3,311	1,261	78

* Segment income is ordinary income.

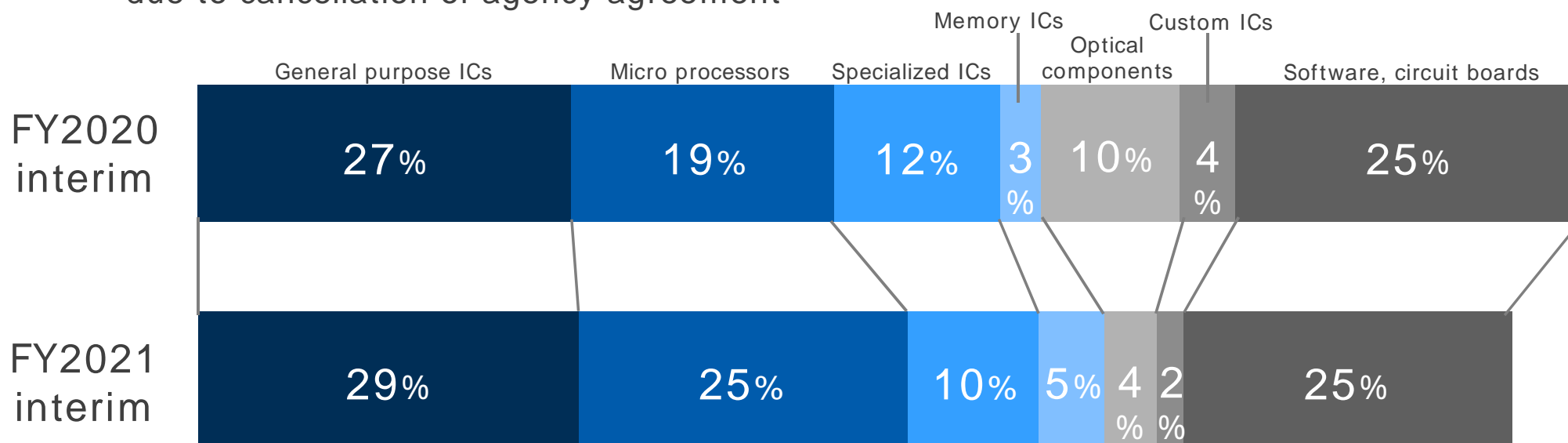
* In the segment categories, the PB Business is included in the EC Business.

Segment Information: EC Business



Sales Component Ratios by Product Category

- General purpose ICs: Sales were up in industrial equipment and down in automotive equipment
- Micro processors: Sales were up in industrial equipment and communications base stations
- Optical components: Sales were down in industrial equipment and automotive equipment due to cancellation of agency agreement

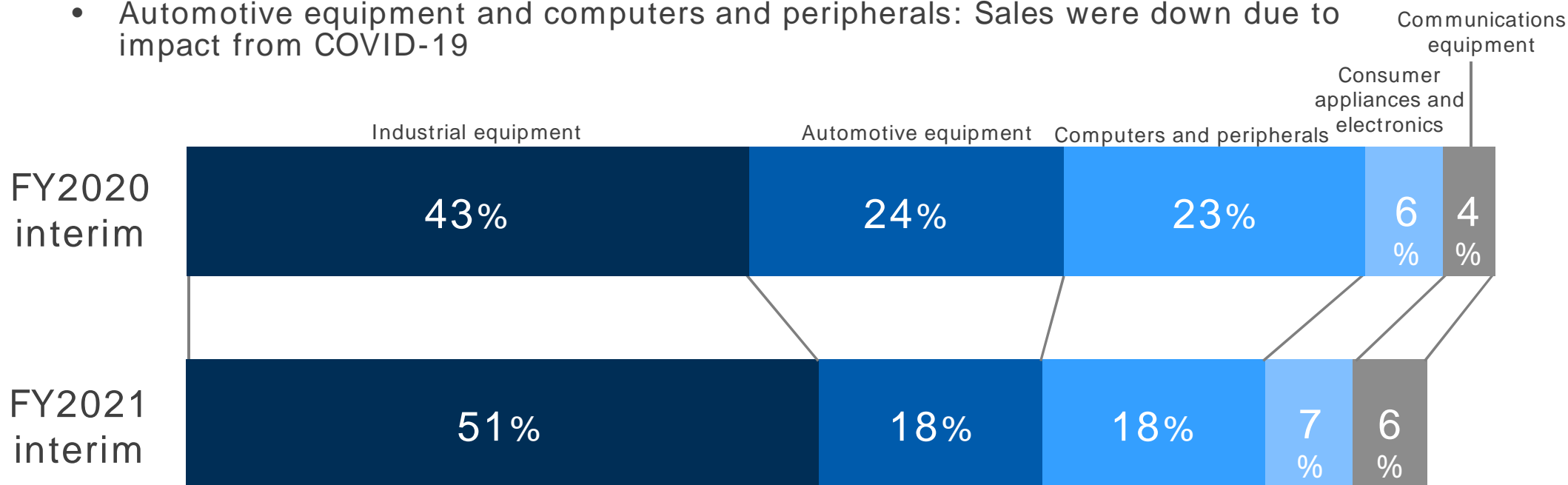


Segment Information: EC Business



Sales Component Ratios by Application

- Industrial equipment: Sales were up due to expansion of trade rights even though there was impact from cancellation of agency agreement
- Automotive equipment and computers and peripherals: Sales were down due to impact from COVID-19



Consolidated Overseas Subsidiaries: Net Sales— EC Business



- Automotive equipment and computers and peripherals: Sales were sluggish

	FY2020 Interim	FY2021 Interim	Change	Rate of Change
Consolidated overseas subsidiaries net sales (million yen)	14,406	13,123	1,283	8.9%
Consolidated overseas subsidiaries sales ratio	26.5%	25.5%		
Consolidated overseas subsidiaries (\$1M)	132	122	9	7.5%
Exchange rate (yen)	108.60	106.93		

PB Business: Net Sales—EC Business



- inrevium: Sales were sluggish in contracted design and mass production services due to impact from COVID-19
- TED Nagasaki: Sales for semiconductor manufacturing equipment remained firm
- FAST: Sales were sluggish due to impact from COVID-19

(Million yen)

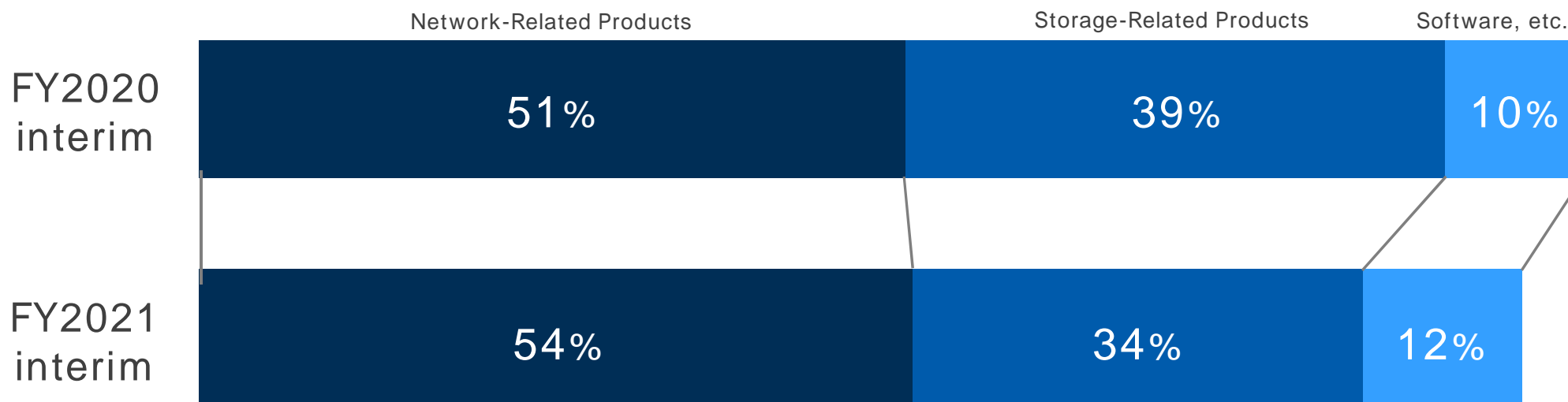
	FY2020 Interim	FY2021 Interim	Change	Rate of Change
PB business net sales	5,346	3,904	1,441	27.0%
Net sales ratio	9.9%	7.6%		

Segment Information: CN Business



Sales Component Ratios by Product Category

- Network-related products: Sales for communications carriers and data centers were firm
- Storage-related products: Sales were down due to cancellation of agency agreement

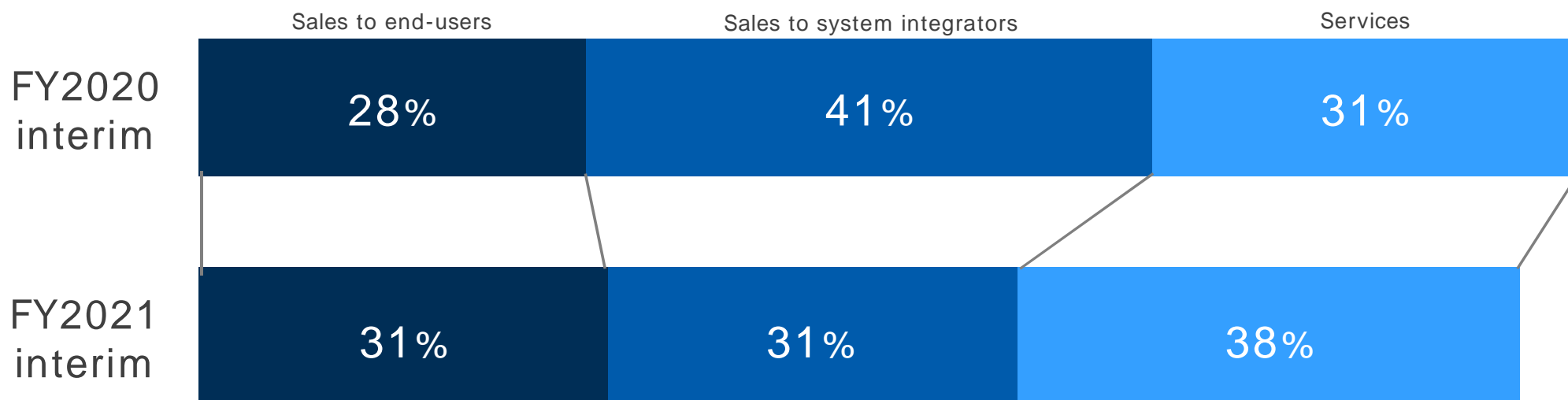


Segment Information: CN Business



Sales Component Ratios by Sales Format

- Sales to system integrators were down due to cancellation of agency agreement
- Maintenance services were strong

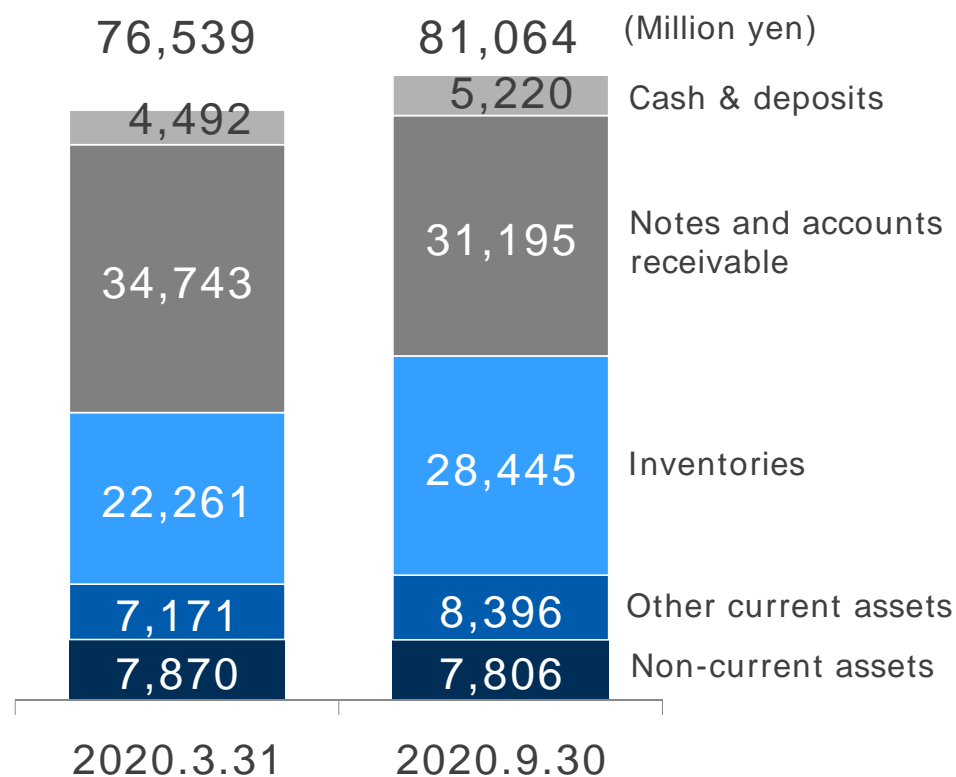


Balance Sheet



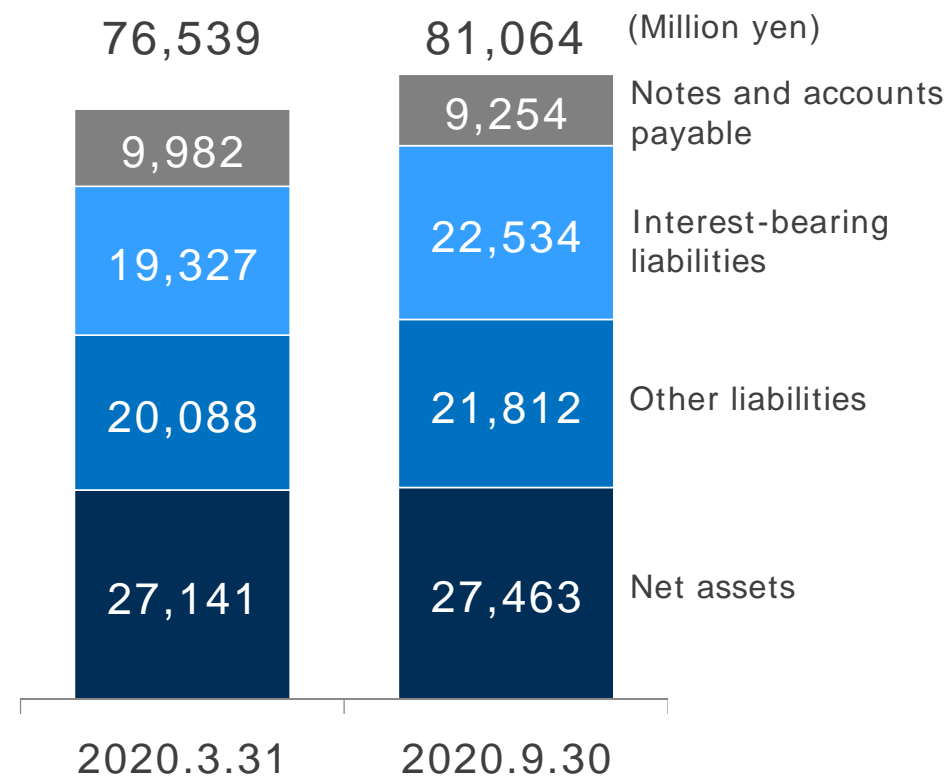
Assets

- Notes and accounts receivable decreased as a result of lower net sales
- Inventories increased due to expansion of trade rights

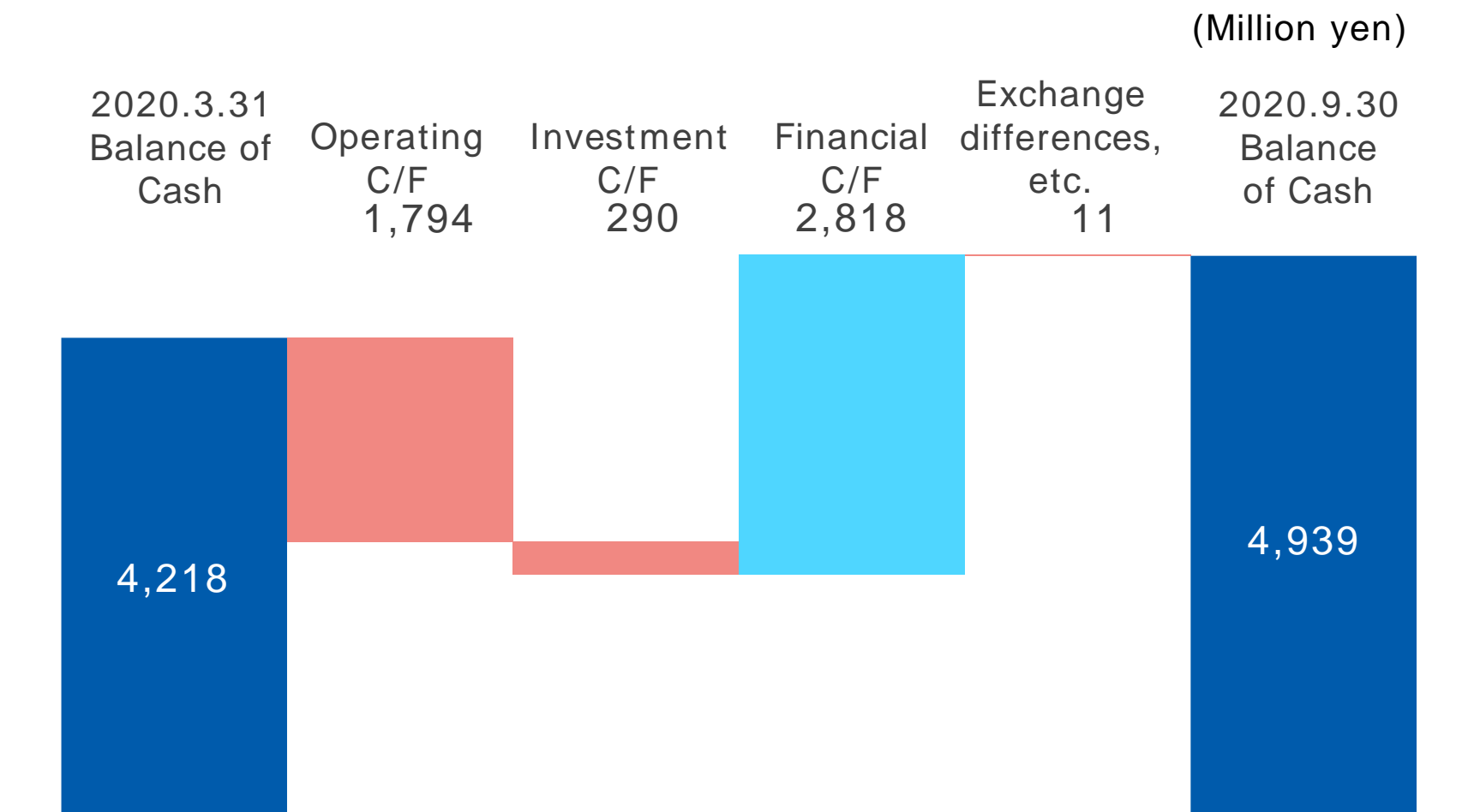


Liabilities & Net Assets

- Interest-bearing liabilities increased as a result of the increase in inventories



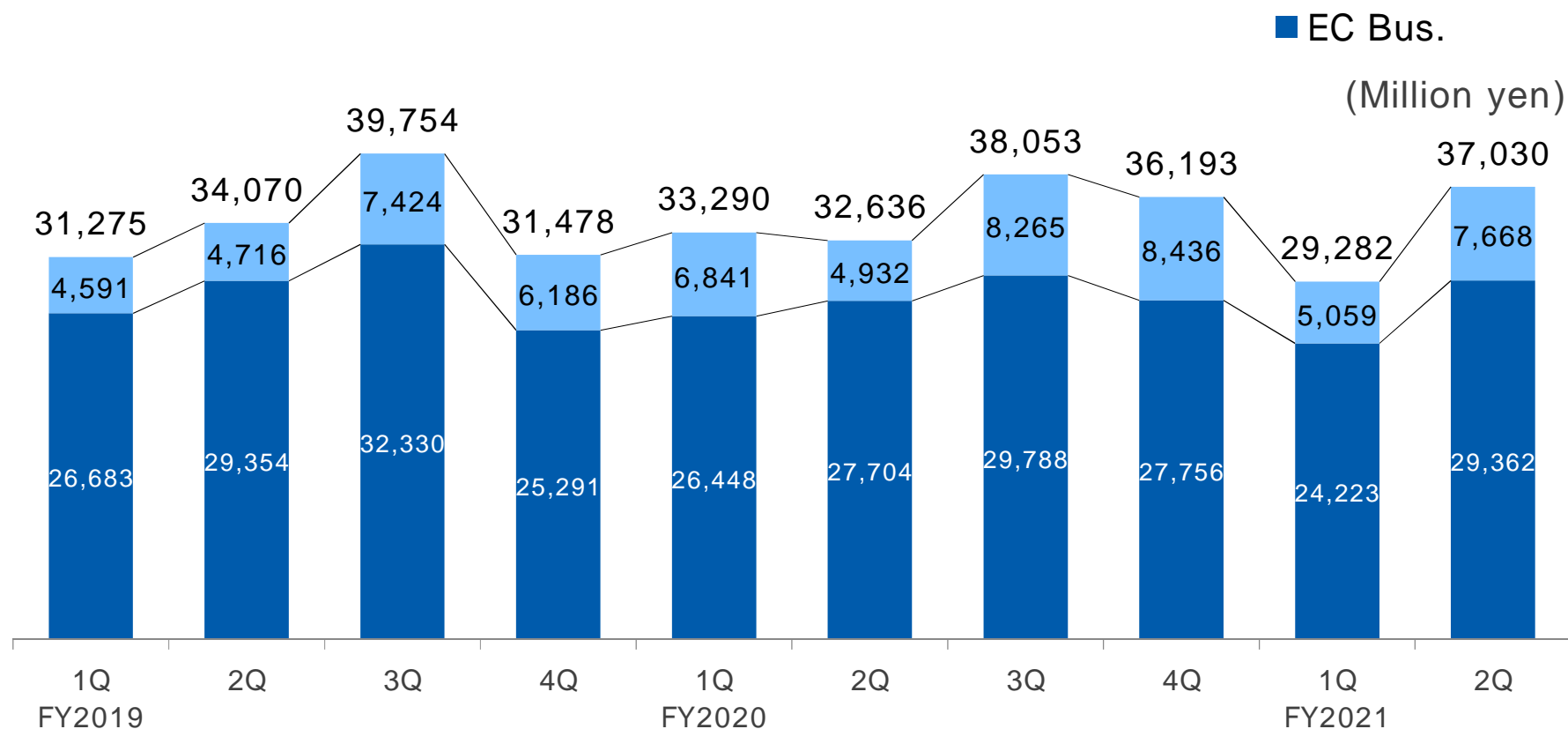
Statement of Cash Flows



Changes in Orders Received



- EC Business: Expect improvement after bottoming in 1Q FY2021 with contributions from expansion of trade rights from 2Q
- CN Business: Trend of firm orders with large orders for research agencies in 2Q



FAST is included in orders received starting with the 2nd quarter of FY2019



Forecast for the Fiscal Year Ending March 31, 2021 and Medium-Term Management Plan VISION 2025

President & Representative Director
Atsushi Tokushige

Forecast for the Fiscal Year Ending March 31, 2021

Assumptions of Business Forecast for 2nd Half of the Fiscal Year Ending March 31, 2021



Companywide

- Although the spread of COVID-19 infections has yet to peak, economic activities are gradually going back to normal
- It is necessary to continue paying attention to the relationship between the United States and China

EC Business

- Automotive and industrial equipment markets will be on a recovery track
- Sales will be sluggish for computers and peripherals
- There will be growth in cloud business
- Completed capturing new customer trade rights which will contribute to sales in second half

Assumptions of Business Forecast for 2nd Half of the Fiscal Year Ending March 31, 2021



PB Business

- Contracted design and mass production services for medical equipment will be sluggish
- Sales for semiconductor manufacturing equipment will be firm
- Sales related to image processing will be sluggish while flat panel display inspection business will recover

CN Business

- Increase in data communications volumes will result in trend of expansion in IT investments
- Security products will grow due to expansion of teleworking
- Business with public educational institutions will enter a transitional period and sales for research agencies will grow
- Operational and maintenance services will expand

Forecast of Financial Results for the Fiscal Year Ending March 31, 2021



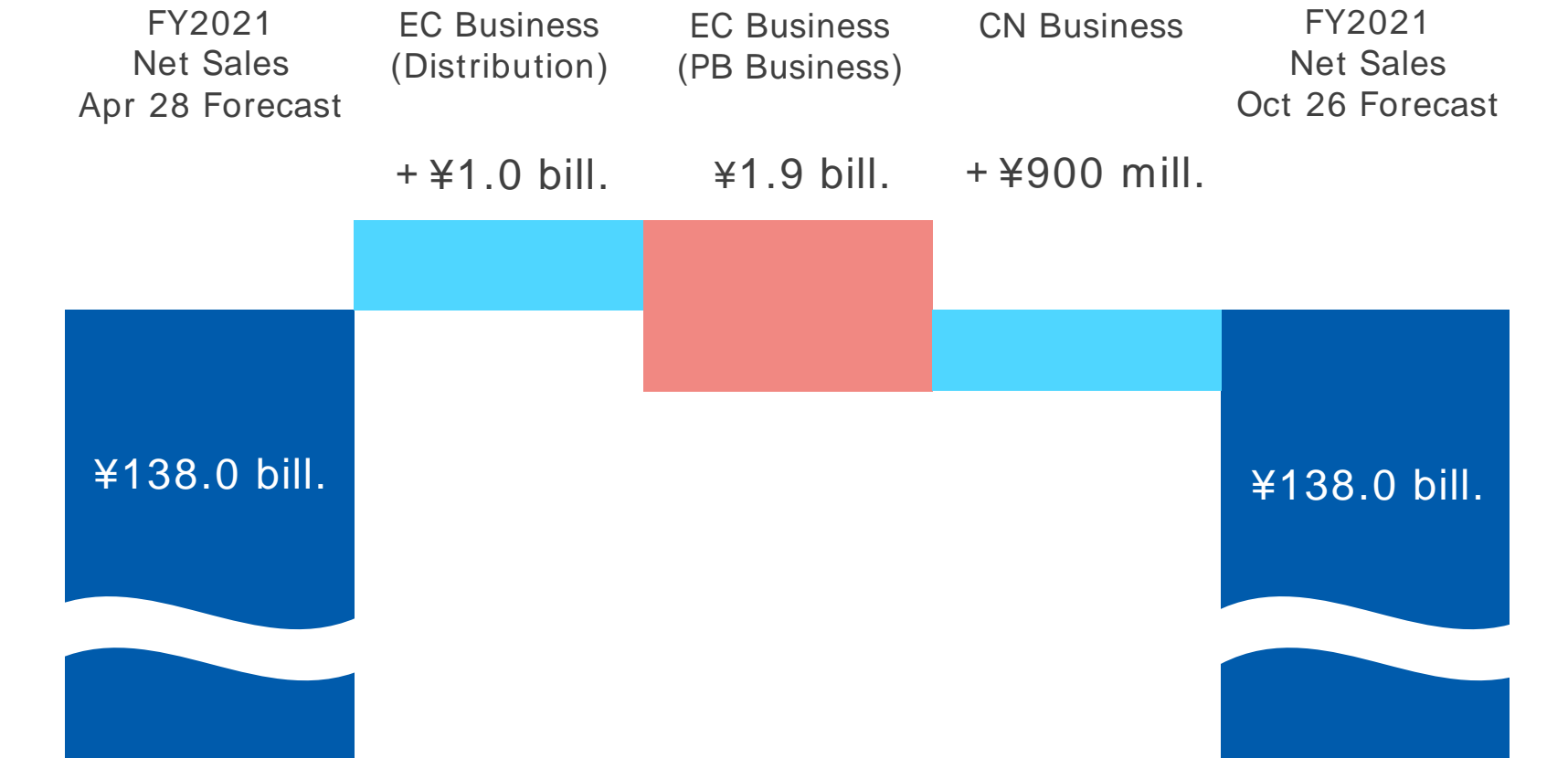
- Full year forecast has been kept unchanged

(Million yen)

	FY2020	FY2021			YoY Change	
	Full Year	1st Half Actual	2nd Half Forecast	Full Year Forecast	Change	Rate of Change
Net sales	135,394	61,901	76,098	138,000	2,605	1.9%
EC Business	110,138	51,475	63,224	114,700	4,561	4.1%
CN Business	25,255	10,426	12,873	23,300	1,955	7.7%
Ordinary income (income ratio)	3,573 (2.6%)	1,261	2,838	4,100 (3.0%)	526	14.7%
Net income (income ratio)	2,288 (1.7%)	823	1,876	2,700 (2.0%)	411	18.0%

* Net income is net income attributable to owners of parent

Forecast of Financial Results: Changes in Net Sales



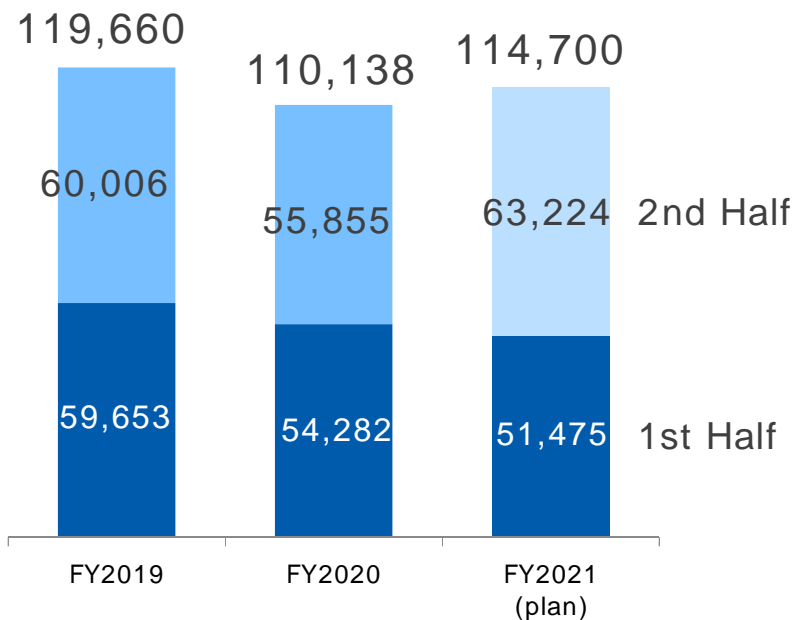
* Amounts of change are rounded off

Measures for the Fiscal Year Ending March 31, 2021: EC Business



Net Sales

(Million yen)



Measures for 2nd Half

- Promote design activities by new customers (automotive & industrial equipment)
- Pursue highly efficient operations
- Promote cloud (fee-based) business
- Develop own products using products being handled

Measures for the Fiscal Year Ending March 31, 2021: EC Business



Promotion of Cloud (Fee Based) Business

Microsoft Azure

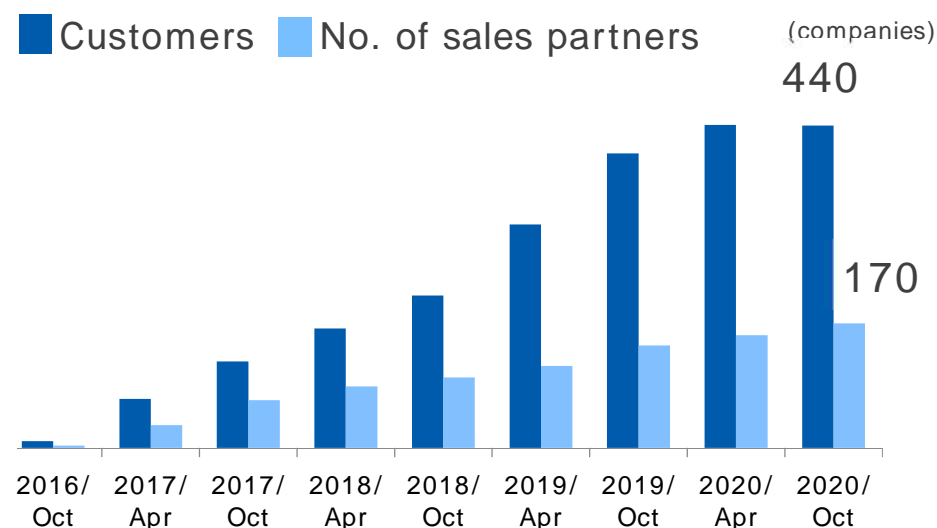
- Public cloud supporting acceleration of digitalization
- Stock-based business
- Cloud distributor of CSP program

Expansion of sales partners

Sales expansion support for business of sales partners and customers



Secure high profitability and achieve continuous growth



Net sales increased 172% YoY

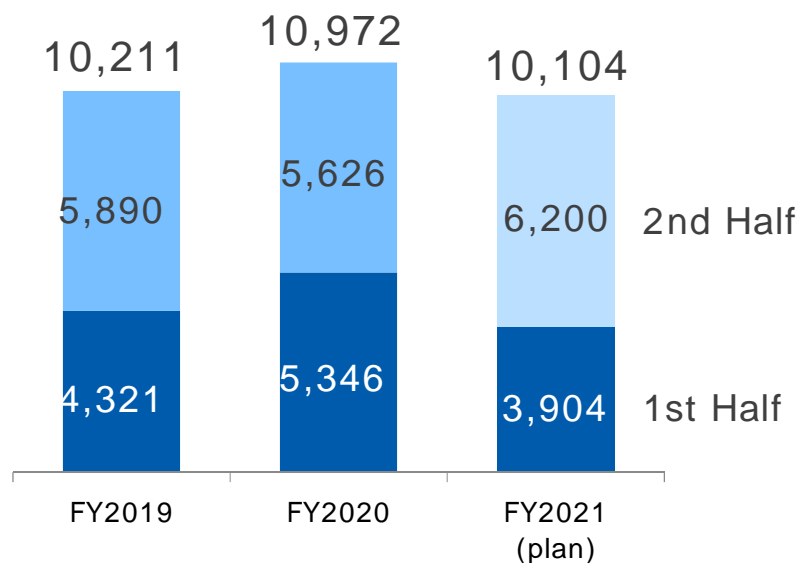
* Cloud Solution Provider (CSP) program
Microsoft's format for selling Azure through partners

Measures for the Fiscal Year Ending March 31, 2021: PB Business (EC Business)



Net Sales

(Million yen)



Measures for 2nd Half

- inrevium (TED)
 - Reinforce contracted design and mass production services for the healthcare and pharmaceutical fields
 - Promote sales of private brand products
- TED Nagasaki
 - Expand business for semiconductor manufacturing equipment
 - Promote sales of computer telephony products
- FAST
 - Expand business for flat panel display inspection systems
 - Promote development of vision robots

Measures for the Fiscal Year Ending March 31, 2021: PB Business (EC Business)



Focus Products of PB Business

TED Nagasaki: Computer telephony products



CTBX-724

- Equipment for building systems integrating telephone/fax with computers
- Respond to demand for system renewal including analog communications
- Implementation through personnel safety confirmation systems, systems for receiving orders through fax, etc.

FAST: Flat panel display inspection systems



FV-pixelence

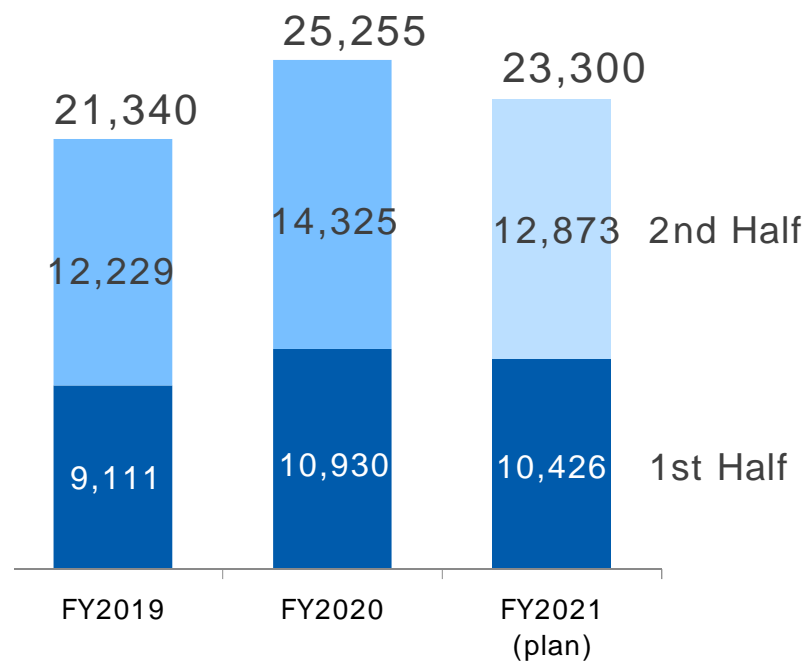
- Equipment for automatic lighting inspection of flat panel displays
- Improve categorization accuracy by combining image processing and AI technologies
- Contribute to reducing manhours for visual inspection by humans

Measures for the Fiscal Year Ending March 31, 2021: CN Business



Net Sales

(Million yen)



Measures for 2nd Half

- Reinforce sales for end-users
- Expand technical service business and maintenance business
- Promote sales of security products
- Reinforce marketing of AI products
- Expand business for research agencies

Measures for the Fiscal Year Ending March 31, 2021: CN Business



Reinforce Sales for End-Users

Increase in data communications volumes

- Spread of teleworking
- Increase in consumption by those staying at home
- Expansion of 5G services



Expansion of investments in data centers and communications infrastructure

Network products



ARISTA

All-flash storage



PURESTORAGE

Operational & maintenance services



Measures for the Fiscal Year Ending March 31, 2021: CN Business



Promote Sales of Security Products

Acceleration in implementation due to impact of COVID-19

- Corporate use of cloud services
- Intranet access through virtual environments
- Reinforcement of endpoint security



Urgent need for security countermeasures

Cloud security

SOC services



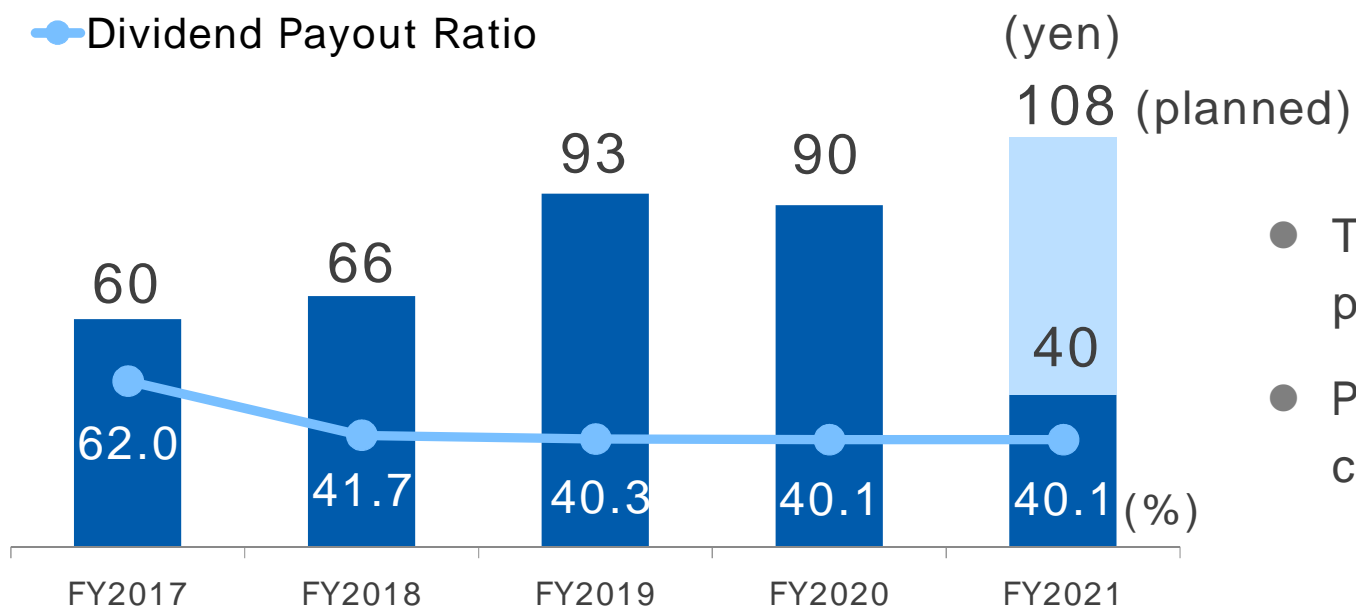
Endpoint security



Dividends Per Share



	FY2020	FY2021
Interim	¥40	¥40
Year-End	¥50	¥68 (planned)



- Target of 40% consolidated payout ratio
- Payout of stable and continuous dividends

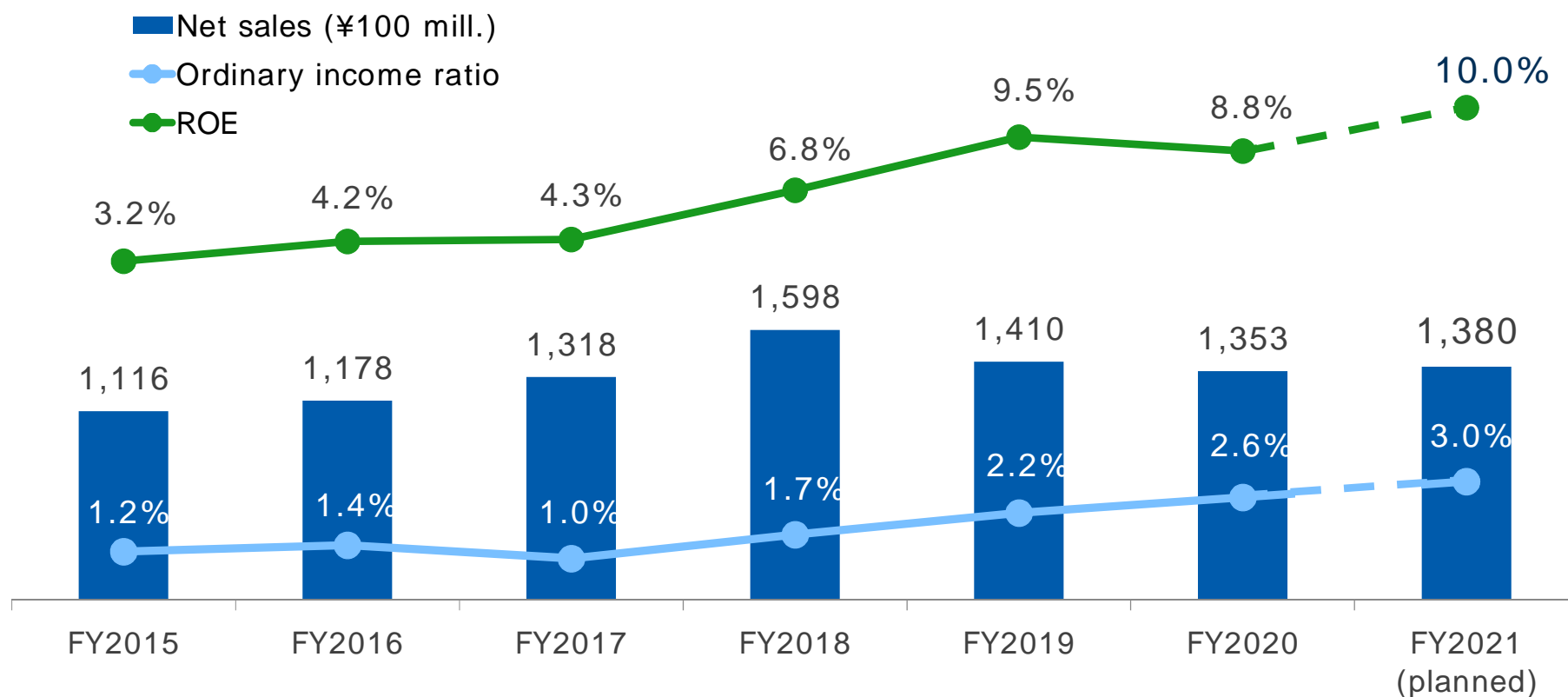
Medium-Term Management Plan VISION 2025

VISION2020 Medium-Term Management Plan



Numerical targets for the fiscal year ending March 31, 2021

Net sales: ¥200 bill.; Ordinary income ratio: At least 3.5%; ROE: 15%



* ROE for FY2021 is an estimated value based on forecast results

BUSINESS ENVIRONMENT

Society 5.0 to Arrive Amid Slow Economic Growth



Digital Transformation Technologies Needed by Highly Efficient Smart Society



AI



Acceleration in development of AI and services using AI

Storage networks



Efficient management and use of data

Self-driving systems



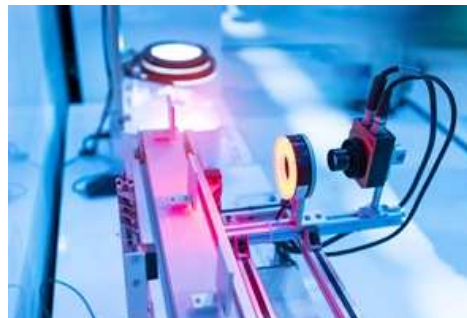
Improved safety and efficient traffic

Collaborative robot systems



Securing of labor and better productivity

Measurement systems



Automation and better quality

Next-generation manufacturing systems



Increase facility utilization and small-lot production of diverse products

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



OUR VISION



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
- Maintaining and expanding of customer base that contributes toward growth of business as a manufacturer

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

Our Vision

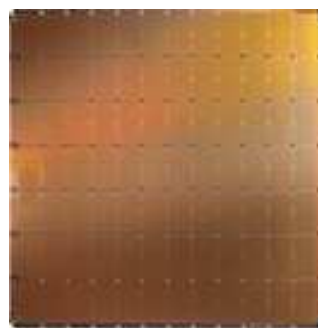
Evolving Technical Trading Firm Function

Shift to data business, service business, and stock business



Cerebras Systems 'CS-1'
Launched in December 2019

- Ultra-high-speed deep learning system
- Provision of consulting for building systems and maintenance services
- Plan to provide deep learning resources as fee-based service



WSE, a 21.5 cm square
large semiconductor



Our Vision

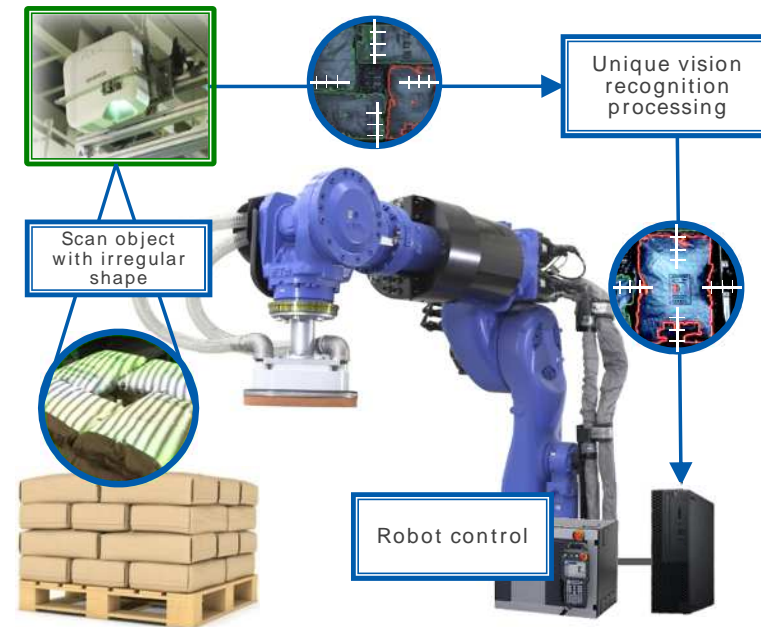
Vision as a Manufacturer

A manufacturing system manufacturer that fully utilizes data science, image processing and robotics in manufacturing goods



Macro inspection system RAYSENS

Launched in June 2020



3D vision robot system TriMath

Launched in October 2019

Our Vision



Vision as a Manufacturer

A healthcare and pharmaceutical original design manufacturer (ODM) based on skills acquired through design and mass production service



Specimen testing equipment (product image)



TED Nagasaki

* ODM: Original Design Manufacturing
Designs and produces products under client's brand

Impact of COVID-19



Countermeasures needed by a with-COVID-19 and post-COVID-19 society

Automated

Remote

Non-
contact



Same as the requirements for Society 5.0



Cautionary Notes Regarding this Document

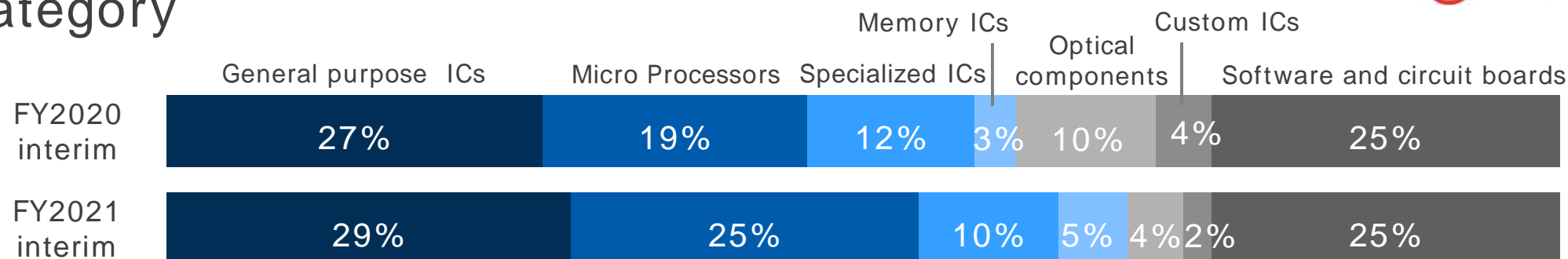
The forward-looking projections in this document were developed based on information available at this time. Please note that the Company's actual future results may differ from those indicated in this document due to various factors that have direct and indirect impacts on the Company's results.

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.



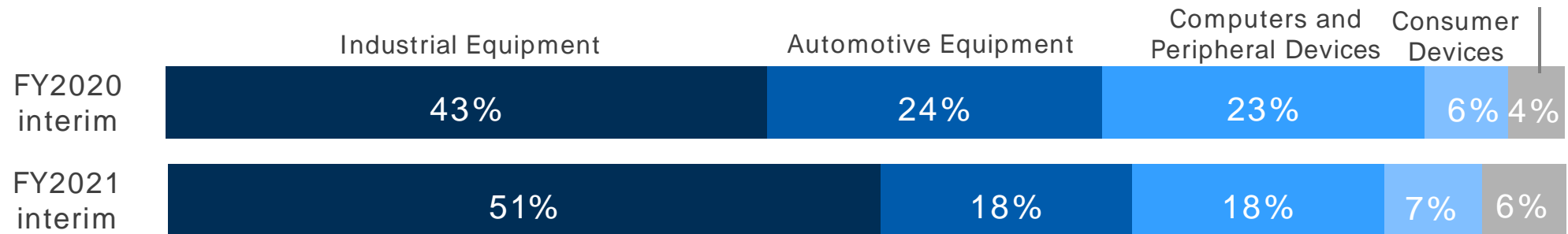
Supplementary Materials

EC Business: Sales Component Ratios by Product Category



Product	Rate of Change	Main Causes	Main Suppliers
General purpose ICs	2.2%	Industrial equipment increased; automotive decreased	TI, NXP
Micro processors	22.9%	Industrial equipment, base stations, and automotive increased	NXP, TI, Intel, Cypress (including Spansion)
Specialized ICs	25.7%	PC, projectors, MFP, and consumer appliances and electronics decreased	TI, NXP, Pixelworks, Excelitas, Cypress, inrevium
Memory ICs	29.0%	Automotive increased	Cypress (including Spansion)
Optical components	56.8%	Cancellation of agency agreement; industrial equipment and automotive decreased	Broadcom (Avago Technologies)
Custom ICs	32.2%	Industrial equipment decreased	Lattice, Socionext, inrevium
Software and circuit boards	5.4%	POS decreased; FAST decreased; cloud business increased	Microsoft, Western Digital, PFU, Intel, inrevium

EC Business: Sales Composition Ratios by Application



Application	Rate of Change	Main Uses	TED Trends
Industrial equipment	12.1%	Medical equipment, broadcasting equipment, surveillance cameras, FA equipment, measuring equipment, industrial robots, machine tools, semiconductor production equipment inverters	Increase in general purpose ICs and micro processors due to expansion of trade rights; decrease in optical components due to cancellation of agency agreement
Automotive equipment	27.9%	Car navigation systems, car audio equipment, auto body-related products	Decrease in specialized ICs, general purpose ICs, and optical components; increase in micro processors and memory ICs due to expansion of trade rights
Computers and peripherals	26.1%	Multifunctional printers, projectors, office equipment, storage, PCs and peripheral devices, POS terminals	Decrease in specialized ICs due to decrease in PCs and storage; decrease in software due to decrease in POS
Consumer Devices	11.6%	Digital cameras, digital video cameras, TVs/DVD/AV equipment, home gaming consoles, remote controls, major home appliances	Increase in general purpose ICs for gaming devices
Communications Devices	34.7%	Smart phones, routers, transmission equipment, base stations	Increase in micro processors for communications base stations

CN Business: Sales Composition Ratios by Product Type



Product	Rate of Change	Main Causes	Main Suppliers
Network-Related Products	1.8%	Network equipment for communications carriers and data centers were firm Maintenance services were strong	Arista Networks Extreme Networks F5 Networks
Storage-Related Products	17.8%	SAN switches for system integrators decreased due to cancellation of agency agreement Flash storage for data centers increased	Pure Storage Broadcom DELL EMC
Software, other	14.8%	Security products increased	Nutanix Netskope

Product Categories



	Category	Main Products	Functions
EC Business	General purpose ICs	Analog ICs, logic ICs	ICs used in common in various applications
	Micro processors	CPUs, DSPs	Brains of electronic devices, calculation and control functions
	Specialized ICs	Image processing ICs Communications and network ICs	Specialized ICs made for specific applications
	Memory ICs	SRAM, FRAM, MRAM Flash memory	Memory ICs for specific ICs. Readable/writable ICs and read-only ICs are available
	Optical components	LEDs, photo couplers	Electronic components used to convert electricity into light
	Custom ICs	ASIC, PLD	Made according to customer specs
	Software and circuit boards	Software, boards, Power supplies, connectors	Software embedded in industrial equipment for enterprises and products (circuit boards) equipped with ICs, power supplies, connectors and other components on printed-wiring assemblies
CN Business	Network-related products	Network load distribution devices Security related devices	Distribute Internet connection loads, bolster network security
	Storage-related products	SAN switches Flash storage	Connect to and store large volumes of data at high speed
	Software, etc.	Virtualization platforms	Database management, cloud environment management