



Financial Briefing for the Fiscal Year Ended March 31, 2021

TOKYO ELECTRON DEVICE

April 28, 2021

Agenda



Financial Report

Corporate Director Yukio Saeki

Medium-Term Management Plan VISION 2025 and Forecast of Financial Results for the Fiscal Year Ending March 31, 2022

President & Representative Director
Atsushi Tokushige



Financial Report

Corporate Director Yukio Saeki

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



Year-on-Year Comparison: Higher sales and income

Net sales 5.8% increase

Ordinary income 29.4% increase

Net income attributable to owners of parent 37.7% increase

Comparison with the forecast for the fiscal year:
Higher sales and income

Summary of Financial Results: Comparison with Prior Year



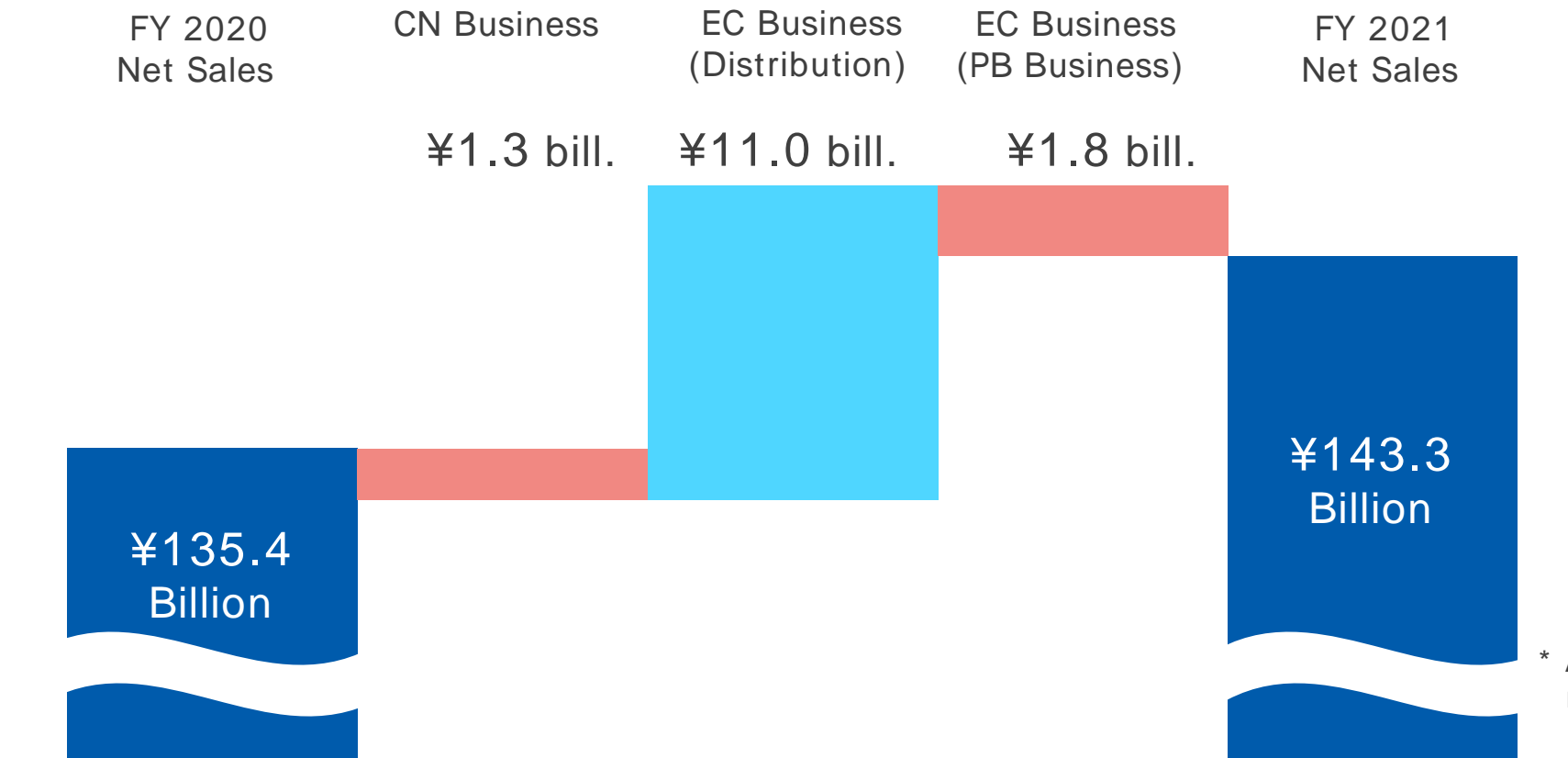
(Million yen)

	FY 2020	FY 2021	Change	FY 2021 Forecast
Net sales	135,394	143,268	7,873	138,000
Cost of sales	115,491	122,666	7,174	
Gross profit	19,902	20,601	699	
Selling, general & administrative expenses	16,091	15,981	110	
Operating income	3,810	4,620	810	
Non-operating income	164	181	16	
Non-operating expenses	401	176	225	
Ordinary income	3,573	4,625	1,051	4,100
Net income	2,288	3,143	854	2,700
Number of employees	1,216	1,247	31	

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

TOKYO ELECTRON DEVICE

Summary of Financial Results: Change in Net Sales



* Amounts are rounded off

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: Sales were down in conjunction with the cancellation of agency agreements but income was up as a result of growth of maintenance and monitoring services
- EC Business: The expansion of trade rights starting in the second half covered the large-scale cancellation of agency agreements
Sales hit bottom in 1Q, and the semiconductor market started to recover in 2Q; sales were active in 3Q and 4Q

(Million yen)

	FY 2020		FY 2021			
	Net Sales	Segment Income	Net Sales	Change	Segment Income	Change
Computer Networks (CN) business	25,255	2,701	23,933	1,322	2,834	132
Electronic Components (EC) business	110,138	871	119,334	9,196	1,790	919
Total	135,394	3,573	143,268	7,873	4,625	1,051

* Segment income is ordinary income

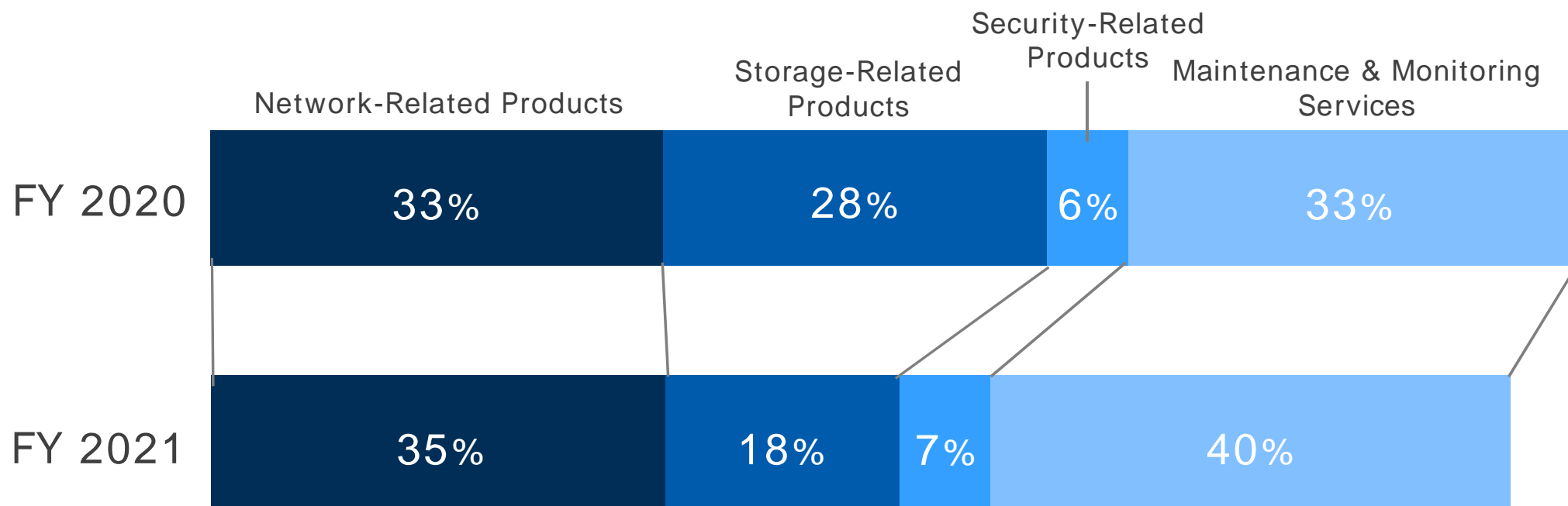
* In the segment categories, the PB business is included in the EC business

Segment Information: CN Business (1/2)



Sales Component Ratios by Product Category

- Sales of network-related products to data centers and cloud business operators were strong
- Sales of storage-related products declined due to cancellation of agency agreements
- Sales of maintenance and monitoring services were strong



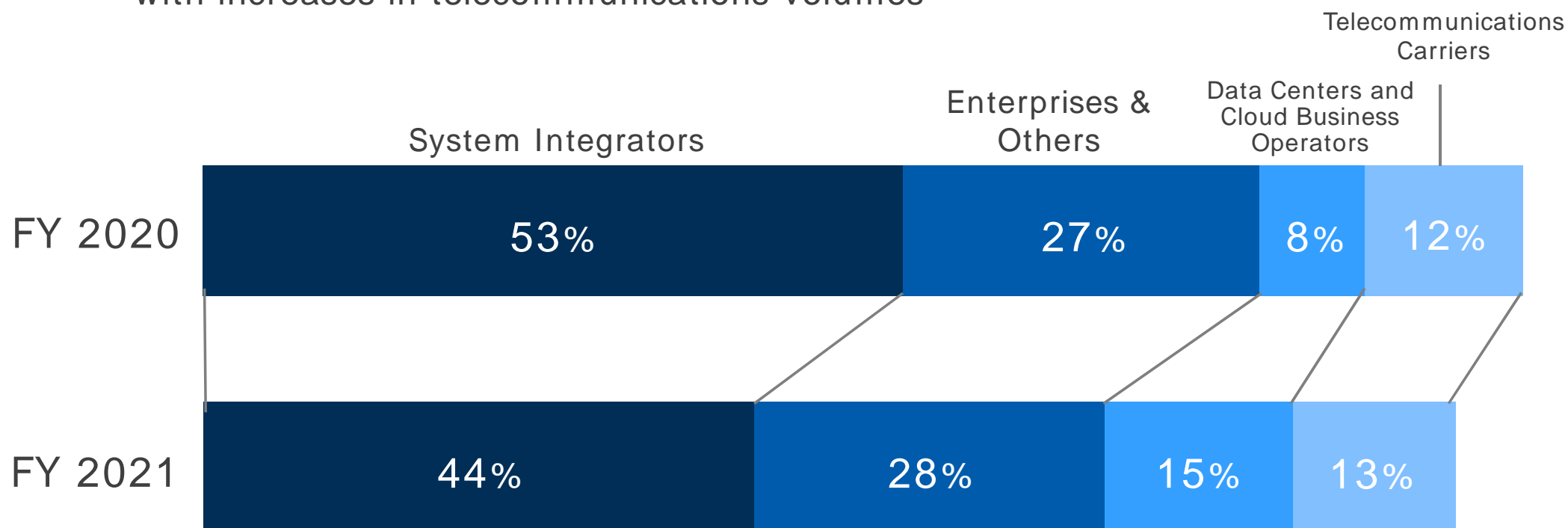
* In the CN business, the sales component ratios by product category have been reclassified.
Refer to the supplemental information for a correspondence table indicating the former classification.

Segment Information: CN Business (2/2)



Sales Component Ratios by Field

- Sales to system integrators decreased due to cancellation of agency agreements
- Sales to data centers and cloud business operators increased in conjunction with increases in telecommunications volumes

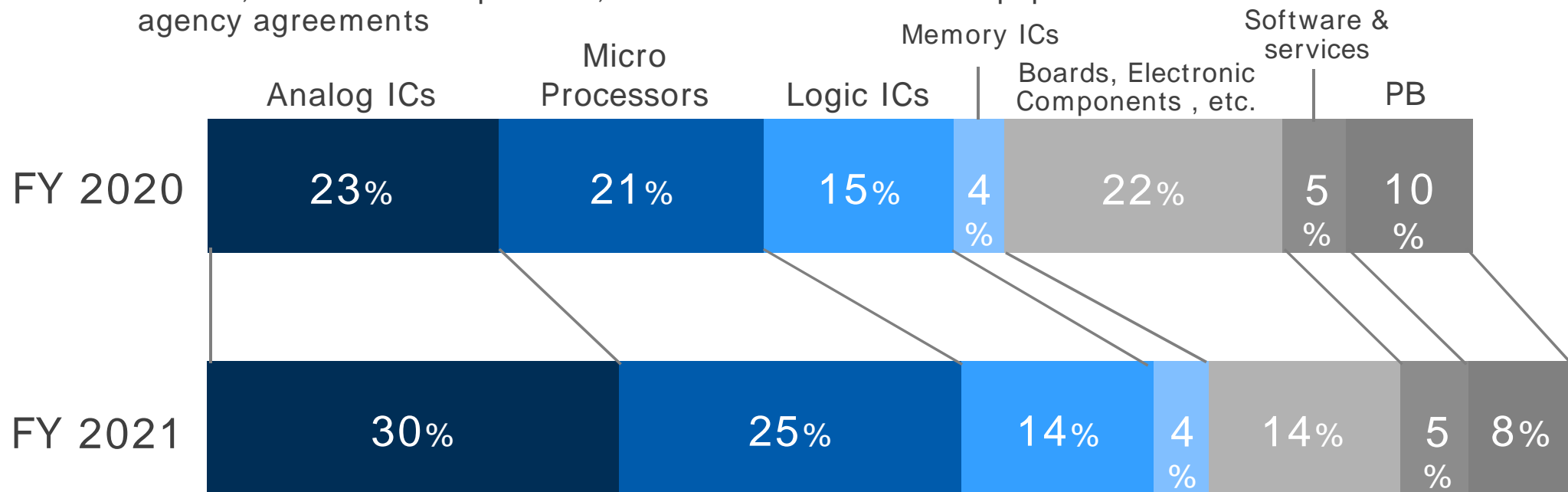


Segment Information: EC Business (1/2)



Sales Component Ratios by Product Category

- Analog ICs: Sales of industrial equipment were up substantially, sales of consumer appliances and electronics were up, sales of automotive equipment were down
- Micro processors: Sales of computers, industrial equipment, and communications base stations increased
- Boards, electronic components, etc.: Sales of industrial equipment fell due to cancellation of agency agreements



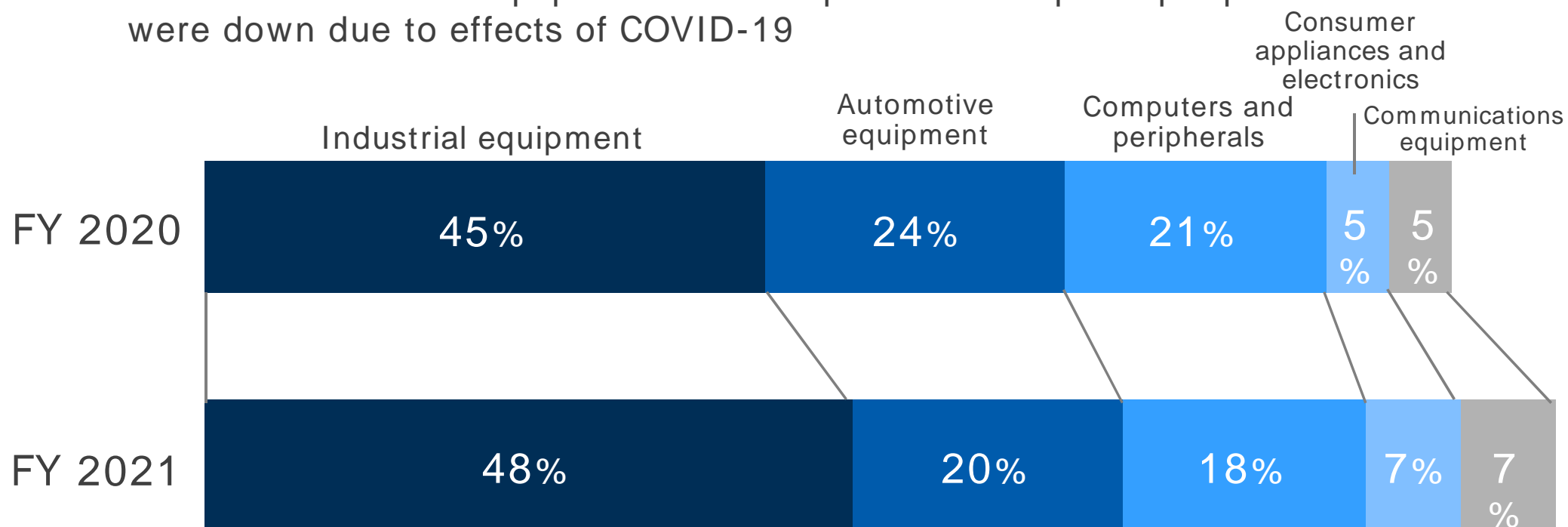
* In the EC business, the sales component ratios by product category have been reclassified. Refer to the supplemental information for a correspondence table indicating the former classification.

Segment Information: EC Business (2/2)



Sales Component Ratios by Application

- Industrial equipment: Despite an impact from cancellation of agency agreements, sales increased due to expansion of trade rights
- Sales of automotive equipment and computers & computer peripheral devices were down due to effects of COVID-19



Consolidated Overseas Subsidiaries: Net Sales—EC Business



- Automotive equipment, computers, and peripherals: recovered
- Consumer appliances and electronics: Increased due largely to expanded trade rights

	FY 2020	FY 2021	Change	Rate of Change
Consolidated overseas subsidiaries net sales (million yen)	28,083	31,324	3,241	11.5%
Consolidated overseas subsidiaries sales ratio	25.5%	26.2%		
Consolidated overseas subsidiaries net sales (\$1M)	258	295	36	14.3%
Exchange rate (yen)	108.70	106.10		

PB Business: Net Sales—EC Business



- inrevium: Sales for contracted design and mass production services for medical equipment were sluggish
- TED Nagasaki: Sales for semiconductor manufacturing equipment remained firm
- FAST: Sales of inspection systems recovered, while sales of other products were sluggish due to effects from COVID-19

(Million yen)

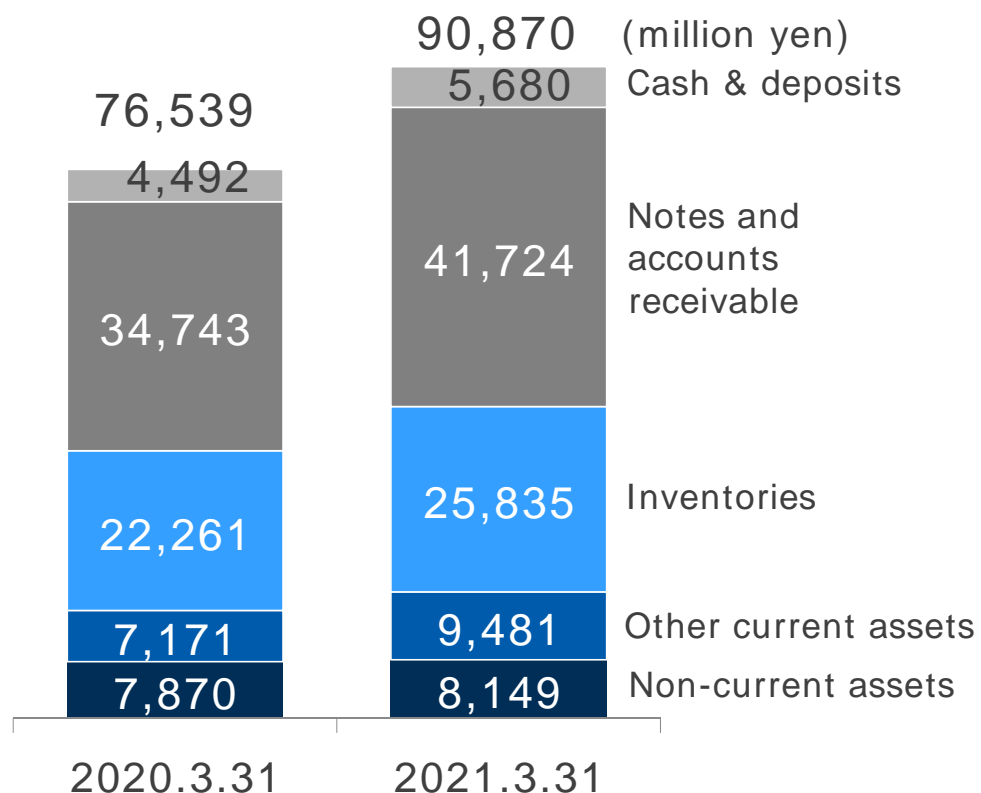
	FY 2020	FY 2021	Change	Rate of Change
PB business net sales	10,972	9,205	1,767	16.1%
Net sales ratio	10.0%	7.7%		

Balance Sheet



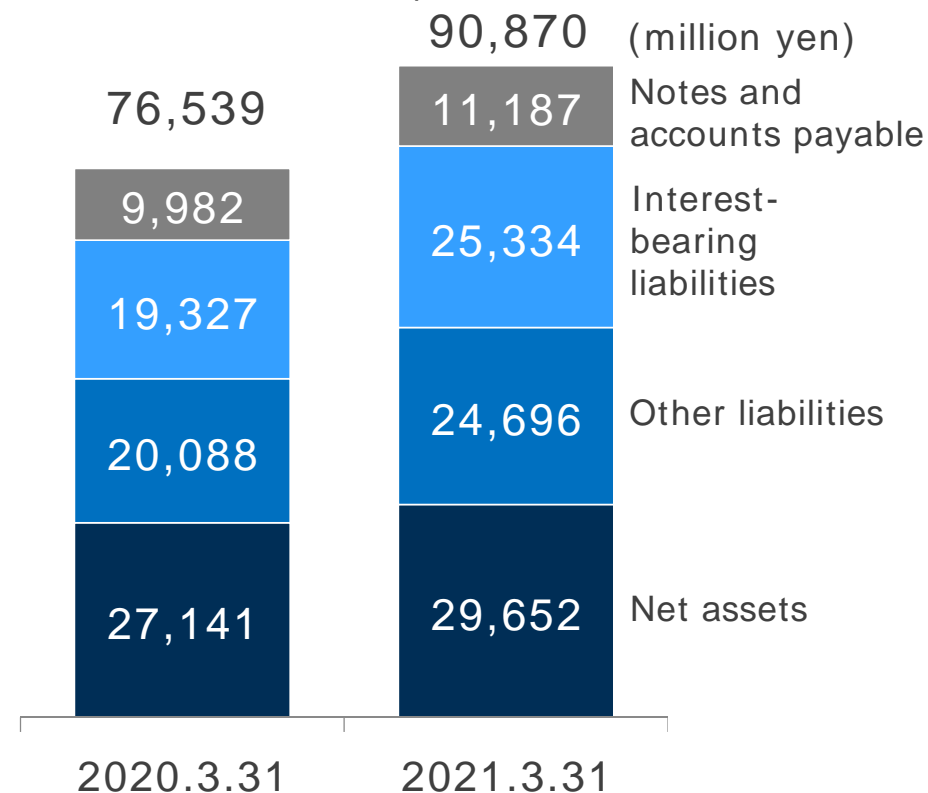
Assets

- Notes and accounts receivable and inventories increased in conjunction with higher sales
- Prepaid Expenses increased due to growth of maintenance



Liabilities & Net Assets

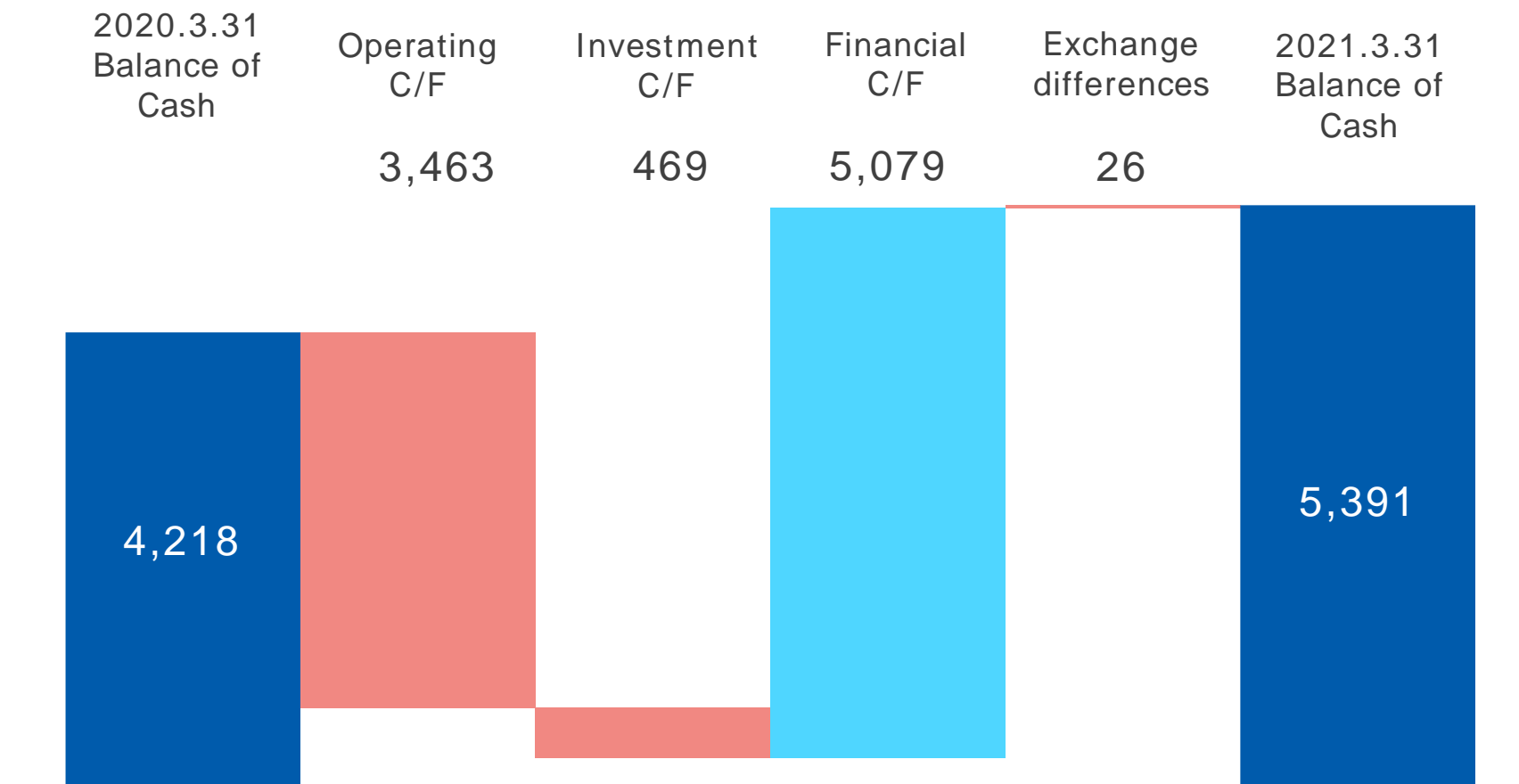
- Notes and accounts payable and interest-bearing liabilities increased in conjunction with higher sales
- Advances received increased due to growth of maintenance and subscriptions



Statement of Cash Flows



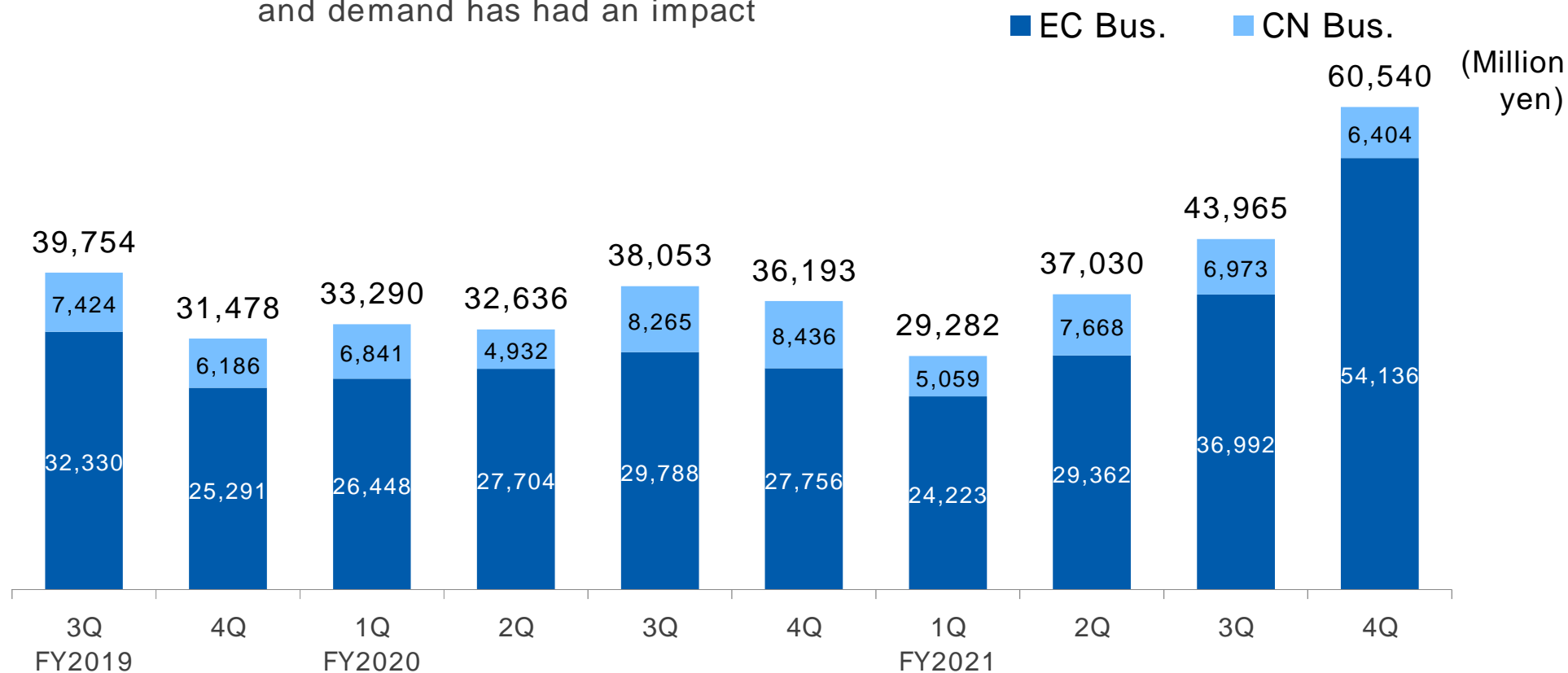
(Million yen)



Changes in Orders Received



- CN Business: Large orders received from research institutions in 2Q; orders remained firm in 3Q and later
- EC Business: Orders have improved after hitting bottom in 1Q of FY 2021, and since 2Q, expanded trade rights have contributed; since 3Q, tight semiconductor supply and demand has had an impact





Medium-Term Management Plan VISION 2025 and Forecast of Financial Results for the Fiscal Year Ending March 31, 2022

President & Representative Director
Atsushi Tokushige

Medium-Term Management Plan VISION 2025

VISION 2020: Report on Results



Numerical targets for FY 2021:

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

	FY 2015 Results (Base Year)	FY 2021 Results (Final Year)	Growth Rate Compared to Base Year
Net sales	111.6 bill. yen	143.2 bill. yen	+ 28.3%
(Ordinary income)	1.35 bill. yen	4.62 bill. yen	3.4 times
Ordinary income ratio	1.2%	3.2%	+ 2.0 points
ROE (shareholders' equity)	3.2%	11.4%	+ 8.2 points
Net income	0.71 bill. yen	3.14 bill. yen	4.4 times
Total capitalization (high value)	17.5 bill. yen	42.6 bill. yen	2.4 times
Dividends	60 yen	125 yen	2.1 times

* Monetary values are rounded down

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

Ordinary income, net income, and market capitalization for the fiscal year ended March 31, 2021 are record highs since the company was listed

Medium-Term Management Plan VISION 2025



BUSINESS ENVIRONMENT

Society 5.0 to Arrive

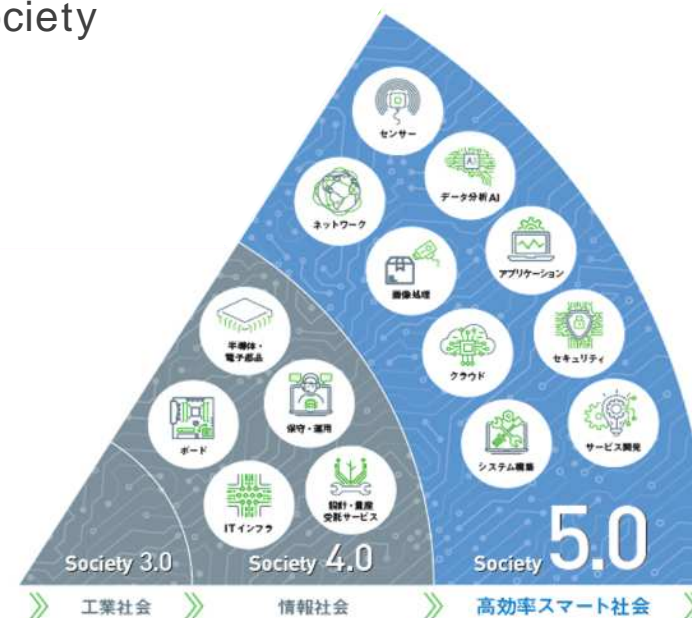
Highly efficient smart society amid
Slow Economic Growth



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



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
- 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 Model



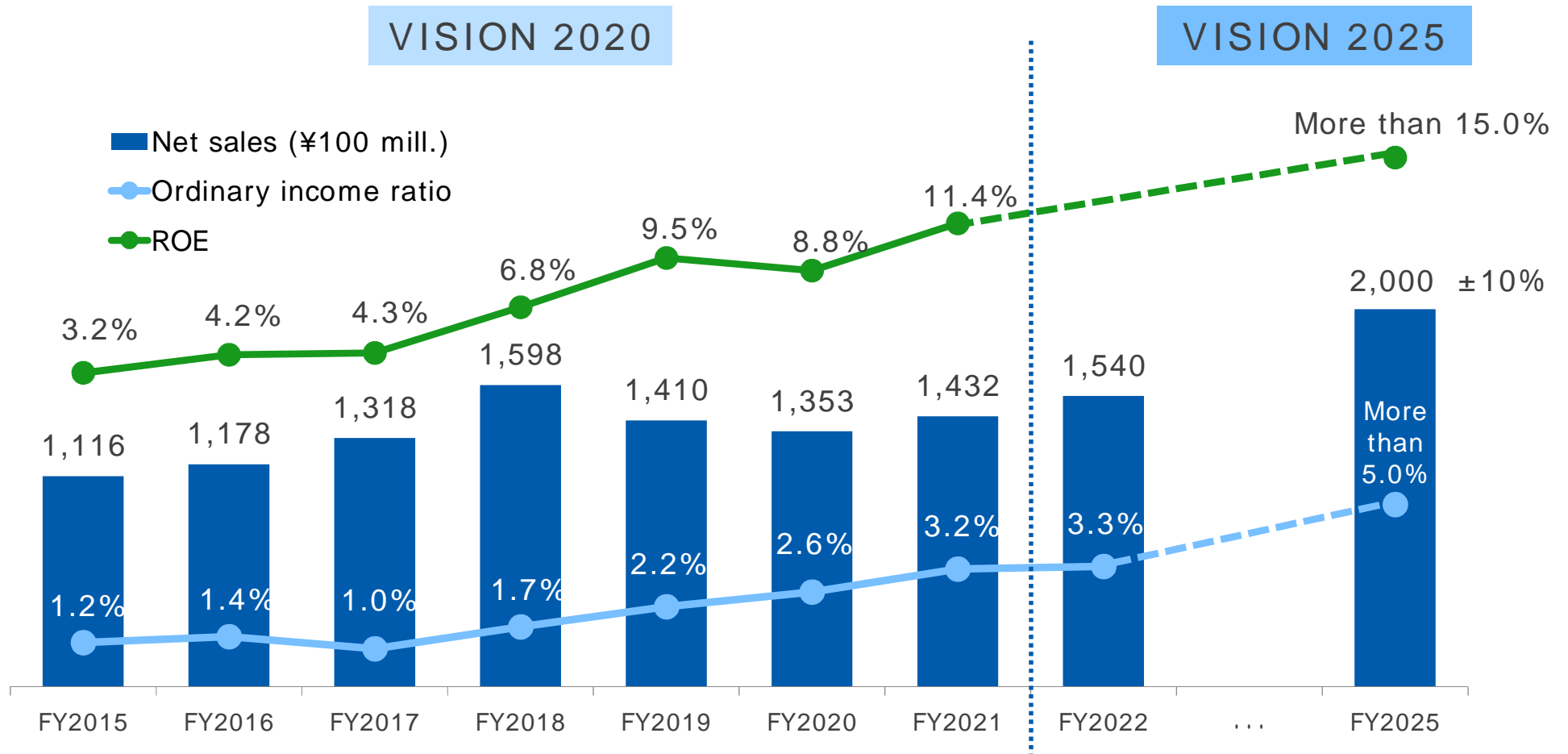
Pursuing Sustainable Growth with Profit and Revenue Growth (Profit Growth Outpacing Revenue Growth)

Fiscal 2025

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

	Percentage of total sales	Ordinary income ratio
CN Business	20 %	> 13 %
EC Business	70 %	> 2 %
PB Business	10 %	> 10 %

Medium-Term Management Plan: Results and Plan



Forecast of Financial Results for the Fiscal Year Ending March 31, 2022

Forecast of Financial Results for the Fiscal Year Ending March 31, 2022: Considerations



Effects from application of new accounting standards

- Sales will decrease in accordance with changes in accounting rules

TED Nagasaki: Extraordinary income will occur in conjunction with plant relocation

- Real estate exchange agreement execution date: April 28, 2021
- Gain on exchange: 1,888 million yen

Forecast of Financial Results for the Fiscal Year Ending March 31, 2022



(Million yen)

	FY 2021	FY 2022			YoY Change	
	Full Year	1st Half Forecast	2nd Half Forecast	Full Year Forecast	Change	Rate of Change
Net sales	143,268	72,000	82,000	154,000	10,731	7.5%
CN Business	23,933	10,000	14,000	24,000	66	0.3%
EC Business	119,334	62,000	68,000	130,000	10,665	8.9%
Ordinary income (income ratio)	4,625 (3.2%)	1,500 (2.1%)	3,600 (4.4%)	5,100 (3.3%)	474	10.3%
Net income (income ratio)	3,143 (2.2%)	2,000 (2.8%)	2,400 (2.9%)	4,400 (2.9%)	1,256	40.0%

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

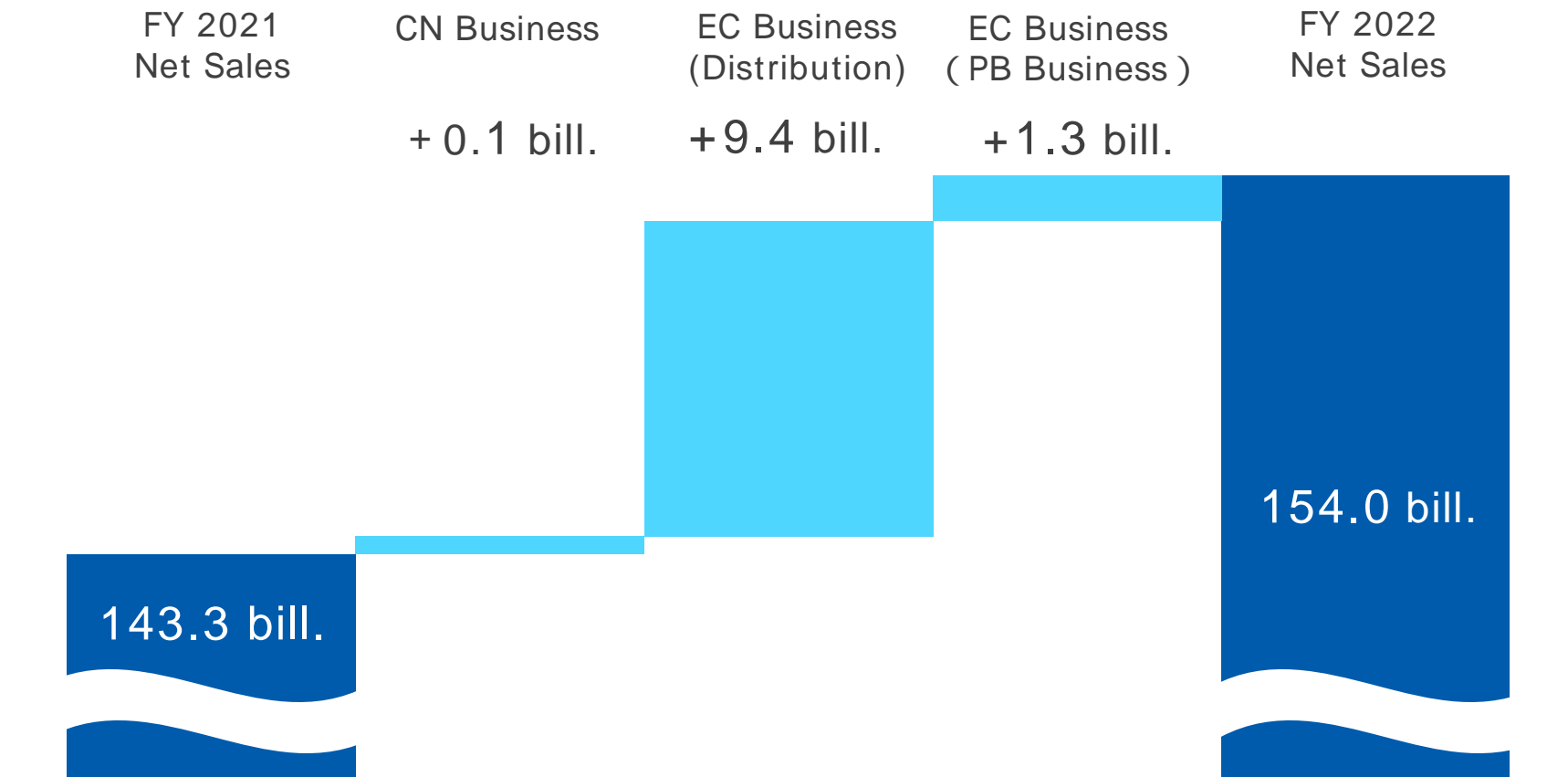
* In conjunction with application of the Accounting Standard on Revenue Recognition and other standards as of the start of the fiscal year ending March 31, 2022, the above forecasts of consolidated results are amounts after application of those standards.

Assumptions of Business Plan for Fiscal Year Ending March 31, 2022



- Companywide
- Effects from COVID-19 infections
 - Although vaccination is proceeding, it will take time for the pandemic to subside
 - However, many manufacturing industries are recovering even before the pandemic subsides
 - Chinese-United States conflict (escalation and prolongation)
 - Competition concerning semiconductor and IT device supply chains will intensify
 - Semiconductor supply and demand conditions
 - Tight supplies will continue in the first half but will improve in the second half
 - Increase in data communications volumes
 - The trend of increasing communications volumes will continue as a result of advances in DX and other factors

Forecast of Financial Results: Changes in Net Sales



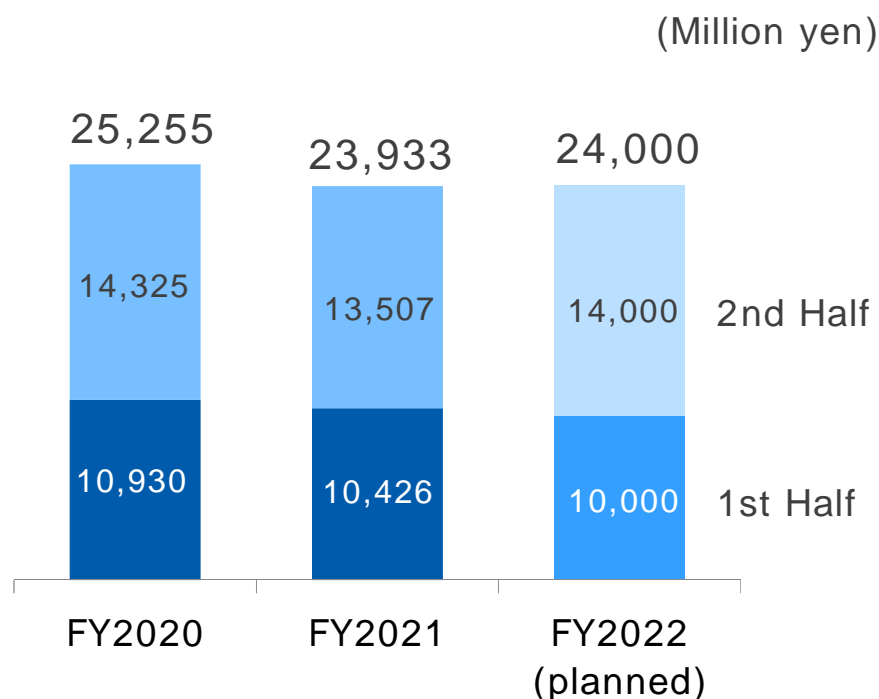
* Amounts are rounded off

CN Business Plan for the Fiscal Year Ending March 31, 2022 (1/3)



Net Sales

Priority Items



- Promote sales of storage and network products
- Expand the service business (maintenance and monitoring)
- Promote sales of security products
- Reinforce marketing of AI products

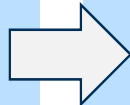
CN Business Plan for the Fiscal Year Ending March 31, 2022 (2/3)



Promote sales of storage and network products

Increasing data communications volumes

- Spread of telecommuting
- Expansion of cloud services
- Expansion of EC and mail order markets
- Full-scale launch of 5G services



Expanding IT Infrastructure

- Storage
- Networks
- Servers

Sales Promotion Products

All-Flash Storage



Network-Related Products



CN Business Plan for the Fiscal Year Ending March 31, 2022 (3/3)



Reinforce marketing of AI products

Start operation of AI lab

- Reinforce technology development and order receiving systems



Inspection and predictive maintenance
in manufacturing processes

AI platforms

NVIDIA: 'NVIDIA DGX System'

Construction of large-scale AI systems

Ultra-high-speed deep learning
systems

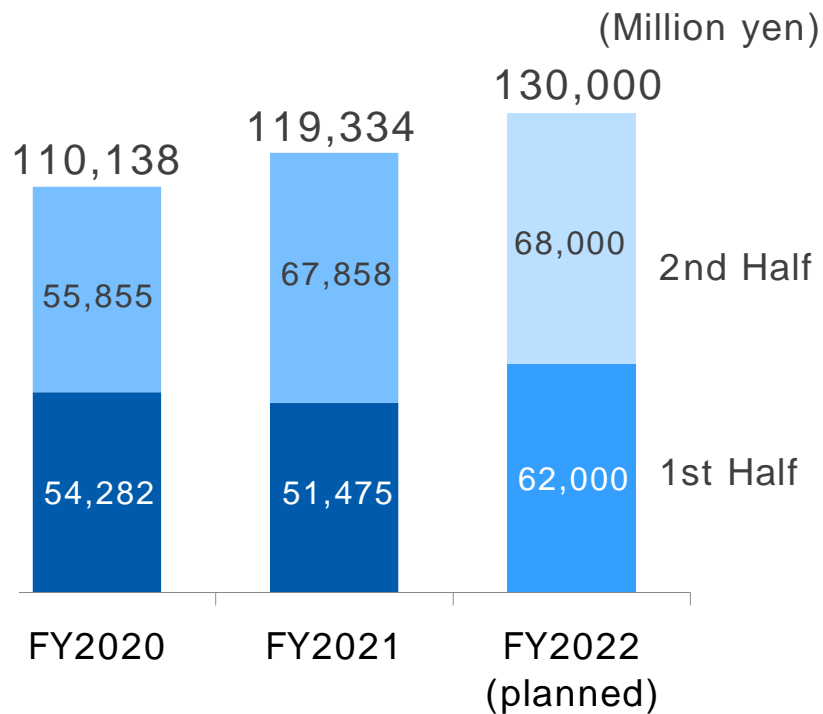
Cerebras Systems: 'CS-1'

EC Business Plan for the Fiscal Year Ending March 31, 2022 (1/2)



Net Sales

Priority Items



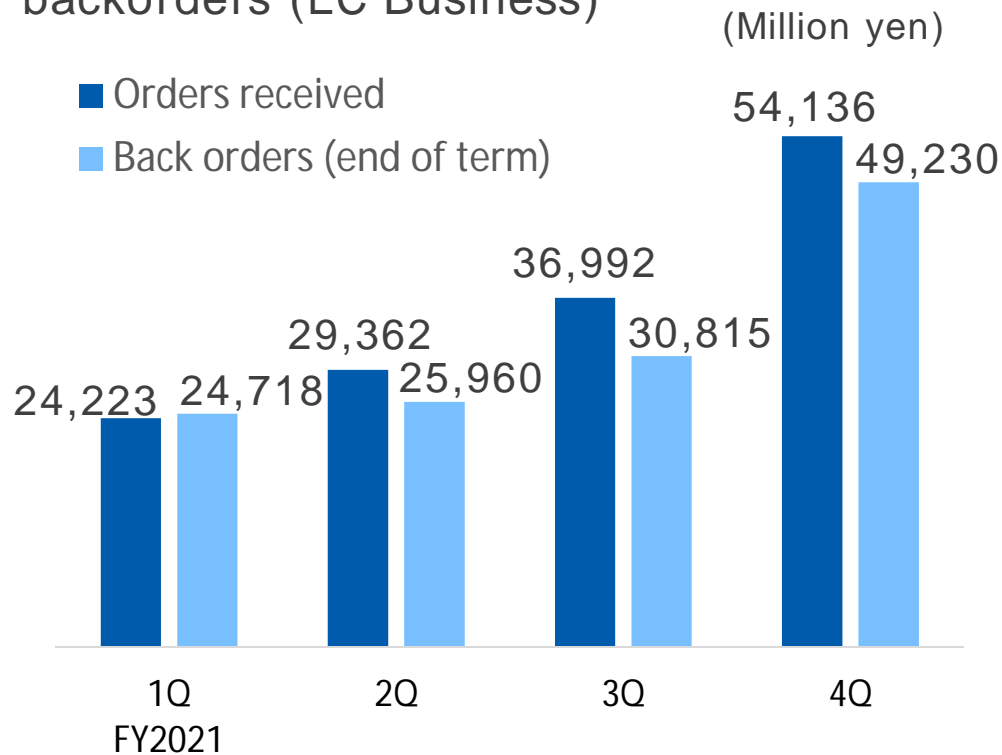
- Promote sales of industrial and automotive equipment
- Delivery time responses to supply problems
- Advancement of cloud-based (fee-based) business

EC Business Plan for the Fiscal Year Ending March 31, 2022 (2/2)



Semiconductor Supply and Demand Status and Outlook

Changes in orders received and backorders (EC Business)



Status of FY 2021

- Both orders received and backorders increase substantially in 4Q

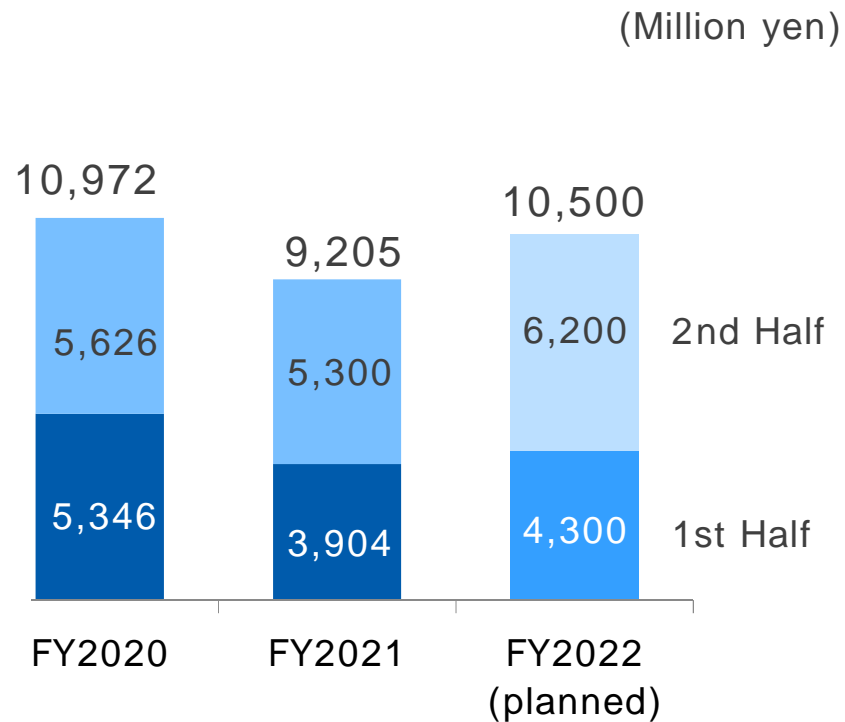
Outlook for FY 2022

- Conditions will remain tight in the first half
- Adjustments on the supply side will proceed, and conditions will gradually calm starting in the second half

PB Business Plan for the Fiscal Year Ending March 31, 2022 (1/3)



Net Sales



Priority Items

- Common
Capture semiconductor device and industrial equipment related demand
- inrevium (TED)
Reinforce development and sales of private brand products
- TED Nagasaki
Make a rapid transition to the new plant
- FAST
Capture panel inspection demand

PB Business Plan for the Fiscal Year Ending March 31, 2022 (2/3)



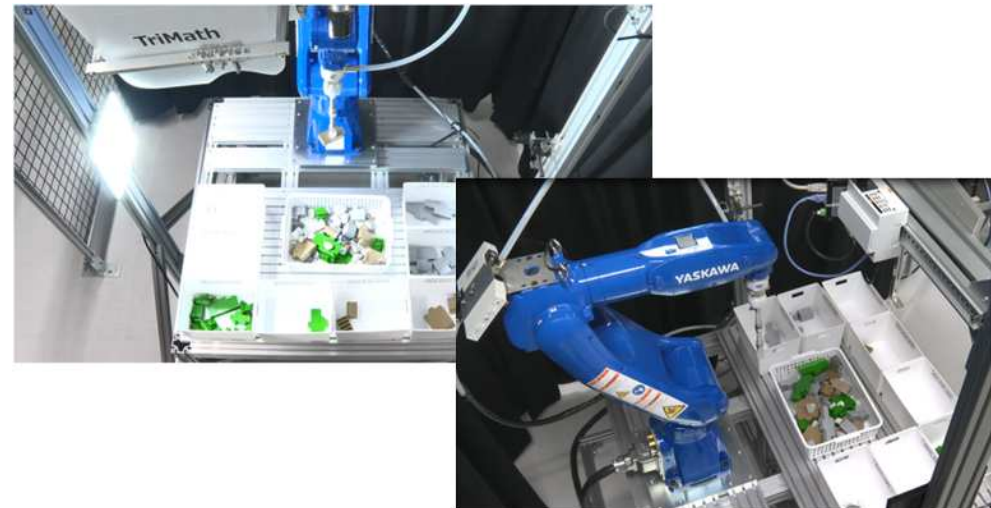
Reinforce development and sales of private brand products

Macro inspection system
RAYSENS



- Build up delivery record
- Larger wafers able to be inspected (8 inch)

3D vision robot system TriMath



- Advance intelligent robot vision

PB Business Plan for the Fiscal Year Ending March 31, 2022 (3/3)



TED Nagasaki New Plant

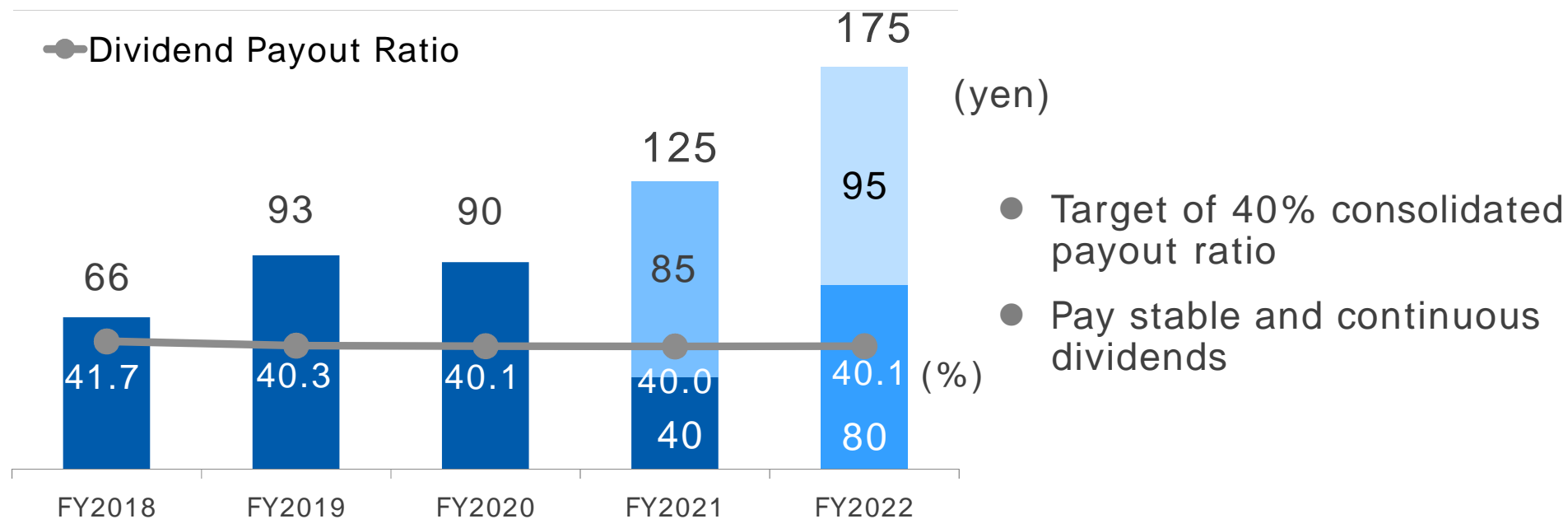
- Secure expanded space for future production lines
 - Site area: 8,886 13,088 m²
 - Floor area: 3,642 6,060 m²
- Increase productivity
 - Make production processes visible
 - Traceability management



Dividends Per Share



	FY 2020	FY 2021 (Initial plan)	FY 2021	FY 2022
Interim	¥40	¥40	¥40	(planned) ¥80
Year-End	¥50	¥68	¥85	(planned) ¥95





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.

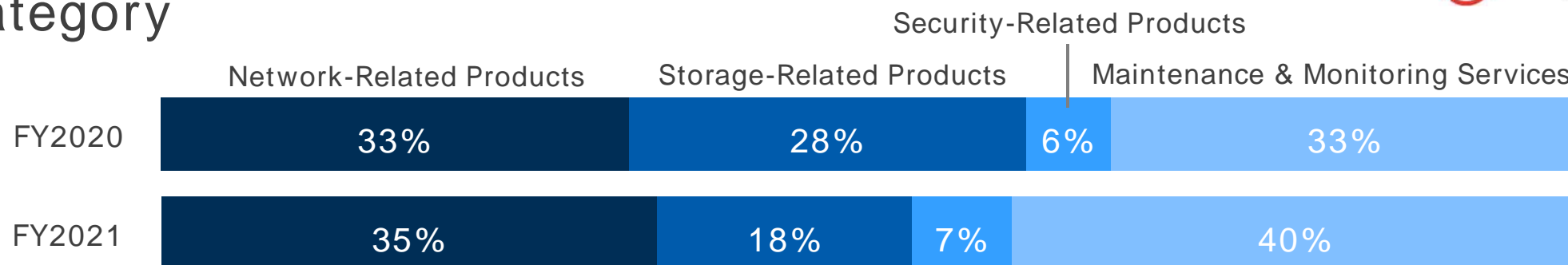
If any material changes are made, the Company will announce them at that time.

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Supplementary Materials

CN Business: Sales Component Ratios by Product Category



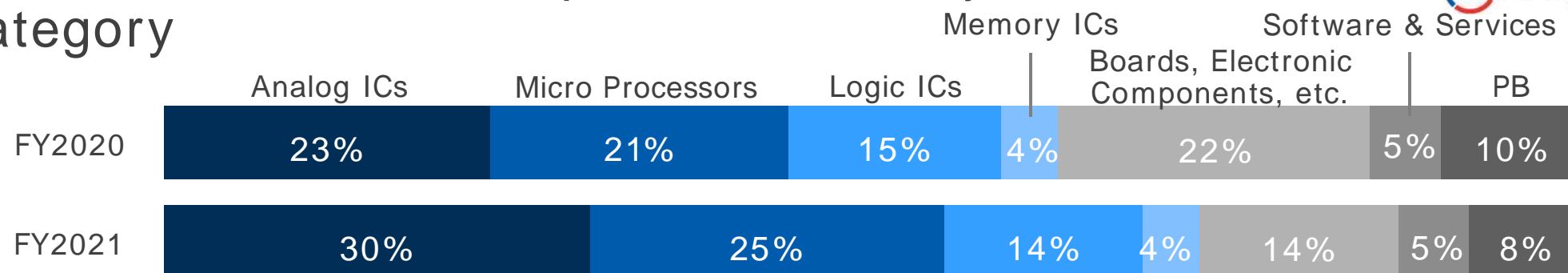
Product	Rate of Change	Main Causes	Main Suppliers
Network-related products	1.2%	Solid sales of equipment to data centers and cloud business operators	F5 Networks Arista Networks Extreme Networks
Storage-related products	38.0%	Decrease in SAN switches to system integrators due to cancellation of agency agreements Increase in flash storage to data centers	Pure Storage Dell Technologies Broadcom
Security-related products	12.3%	Higher security demand for remote access and cloud services	Nutanix Netskope
Maintenance & monitoring services	12.5%	Increase in equipment maintenance provided to enterprises and telecommunications carriers	TED

CN Business: Sales Component Ratios by Product Category (Prior Categories)



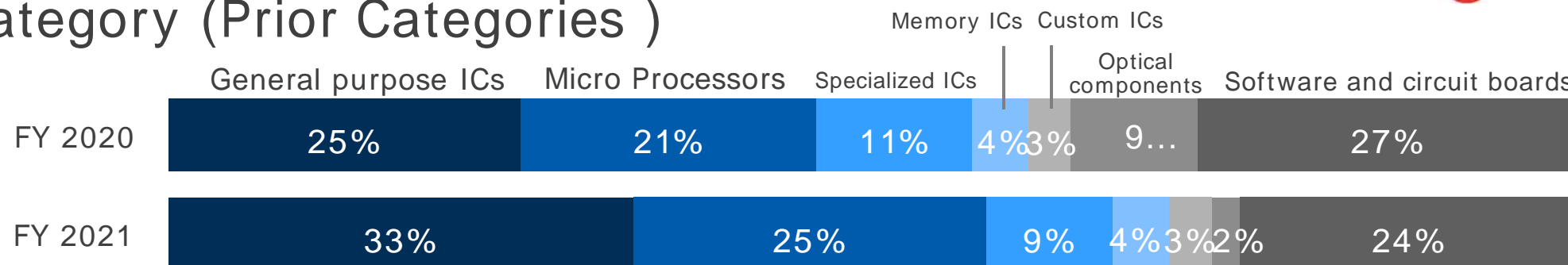
Product	Rate of Change	Main Causes	Main Suppliers
Network-related products	4.4%	Solid sales of equipment to data centers and cloud business operators Strong maintenance service sales	F5 Networks Arista Networks Infoblox
Storage-related products	25.9%	Decrease in SAN switches to system integrators due to cancellation of agency agreements Increase in flash storage to data centers	Pure Storage Dell Technologies Broadcom
Software, etc.	25.2%	Higher security demand for remote access and cloud services	Nutanix Netskope

EC Business: Sales Component Ratios by Product Category



Product	Rate of Change	Main Causes	Main Suppliers
Analog ICs	38.8%	Industrial equipment increased substantially, consumer appliances and electronics increased, automotive decreased	TI / NXP
Micro processors	29.9%	Industrial equipment, computer peripherals, and base stations increased	NXP/ TI / Intel / Cypress (including Spansion)
Logic ICs	3.9%	PC projectors and MFP decreased, industrial equipment increased	TI / NXP / Lattice / Cypress / Excelitas / Socionext / Pixelworks
Memory ICs	11.7%	Automotive and industrial equipment increased	Cypress (including Spansion)
Boards, electronic components, etc.	29.2%	Industrial and automotive equipment decreased, cancellation of agency agreements	Western Digital / Broadcom / NXP / Intel / Cosel / Hagiwara Solutions
Software & services	3.5%	POS decreased, cloud business increased	Microsoft / McAfee
PB	16.2%	Design and mass production contract services, TED Nagasaki, and FAST decreased	TED / TED Nagasaki / FAST

EC Business: Sales Component Ratios by Product Category (Prior Categories)



Product	Rate of Change	Main Causes	Main Suppliers
General purpose ICs	39.5%	Industrial equipment increased substantially, automotive decreased	TI, NXP, MaxLinear
Micro processors	30.0%	Industrial equipment, computer peripherals, and base stations increased	NXP, TI, Intel, Cypress (including Spansion)
Specialized ICs	5.8%	PC projectors, MFP, and consumer appliances and electronics decreased	TI, NXP, Excelitas, Pixelworks, Cypress, inrevium
Memory ICs	11.7%	Automotive and industrial equipment increased	Cypress (including Spansion)
Custom ICs	15.3%	Industrial equipment decreased	Lattice, Socionext, inrevium
Optical components	70.1%	Cancellation of agency agreements, automotive decreased	Broadcom
Software and circuit boards	4.3%	POS decreased; cloud business increased	Microsoft, Western Digital, PFU, Intel, inrevium

EC Business: Sales Component Ratios by Application



Application	Rate of Change	Main Uses	TED Trends
Industrial equipment	16.2%	Medical equipment, transport equipment, surveillance cameras, FA equipment, measuring equipment, industrial robots, machine tools, semiconductor production equipment, inverters	Increase in analog IC processors as a result of expanded trade rights, decrease in optical components due to cancellation of agency agreements
Automotive equipment	12.9%	Car navigation systems, car audio equipment, auto body-related products	Decrease in analog ICs, decrease in optical components, increase in micro processors and memory as a result of expanded trade rights
Computers and peripherals	6.1%	Multifunctional printers, projectors, office equipment, storage, servers, PCs and peripheral devices, POS terminals	Increase in micro processors for servers Decrease in software for POS terminals Decrease in logic ICs for projectors and MFP
Consumer Devices	60.6%	Digital cameras, digital video cameras, TVs/DVD/AV equipment, home gaming consoles, remote controls, major home appliances	Increase in analog ICs for game consoles
Communications Devices	55.8%	Routers, transmission equipment, base stations	Increase in micro processors and analog ICs for communications base stations

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

Product Categories (Prior 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	SAN switches, Flash storage	Connect to and store large volumes of data at high speed
	Software, etc.	Virtualization platforms, cloud security	Database management, cloud environment management
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. Readable/writable ICs and read-only ICs are available
	Custom ICs	ASIC, PLD	Specific ICs made according to customer specs
	Optical components	LEDs, photo couplers	Electronic components used to convert electricity into light
	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 Product Prior and New Category Correspondence Table



EC Business Product Prior and New Category Correspondence Table

