



Interim Financial Briefing for the Fiscal Year Ending March 31, 2022

TOKYO ELECTRON DEVICE

October 29, 2021

Agenda



Financial Report

Corporate Director Yukio Saeki

Forecast for the Fiscal Year Ending March 31, 2022

President & Representative Director Atsushi Tokushige



Financial Report

Corporate Director Yukio Saeki

Topics Concerning Interim Financial Results for the Fiscal Year Ending March 31, 2022



Year-on-Year Comparison: Higher sales and income

Net sales: 33.7% increase

Ordinary income: 96.7% increase

Net income attributable to owners of parent: 221.4% increase

TED adopted a resolution to submit an application for selection to be listed on the Prime Market, a new market segment of the Tokyo Stock Exchange

Summary of Financial Results: Comparison with Prior Year

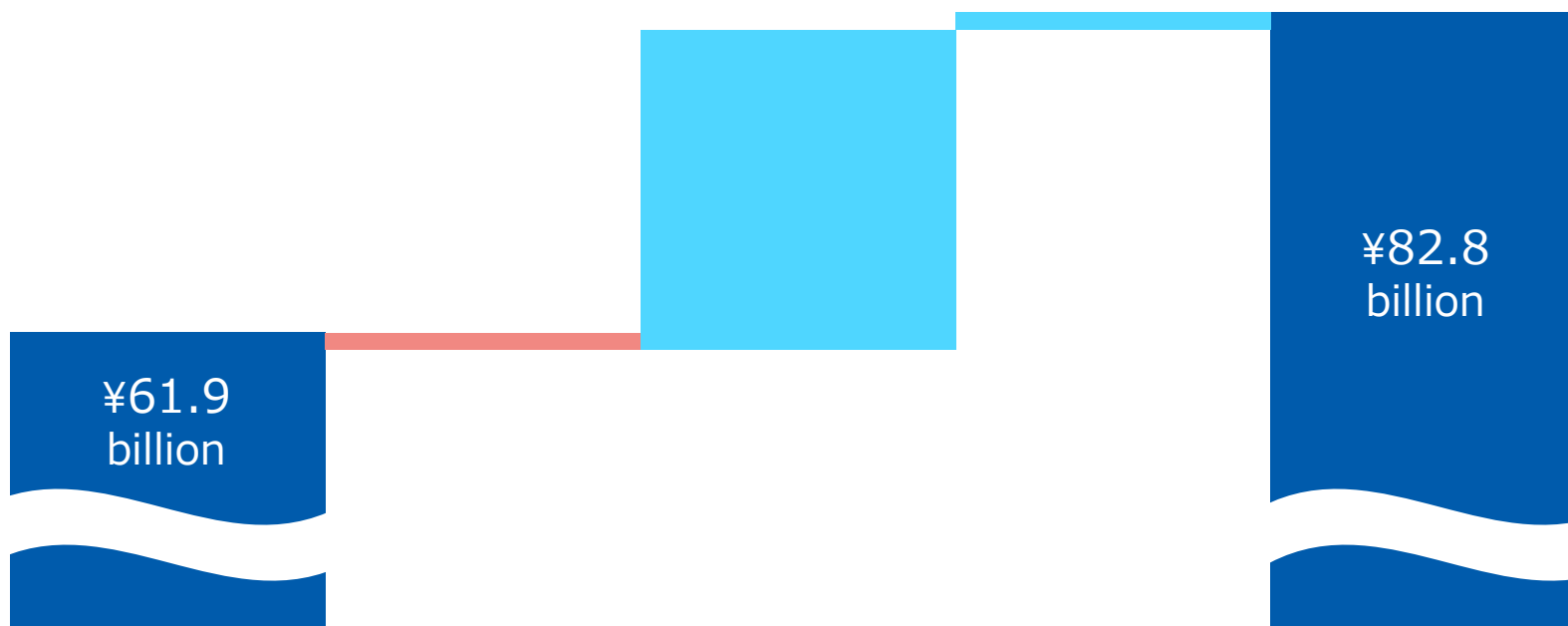

(Million yen)

	FY2021 Interim	FY2022 Interim	Change	FY2022 Revised 1st Half Forecast
Net sales	61,901	82,780	20,878	81,000
Cost of sales	53,126	71,517	18,391	
Gross profit	8,775	11,262	2,486	
Selling, general & administrative expenses	7,653	8,505	851	
Operating income	1,122	2,757	1,634	
Non-operating income	187	137	▲50	
Non-operating expenses	48	412	364	
Ordinary income	1,261	2,481	1,220	2,000
Interim net income	823	2,646	1,822	2,400
No. of employees	1,250	1,280	30	

Summary of Financial Results: Change in Net Sales



FY2021 Interim net sales	CN Business	EC Business (Distribution)	EC Business (PB Business)	FY2022 Interim net sales
	▲¥ 0.4 bill.	¥20.9 bill.	¥ 0.4 bill.	



* 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



- CN Business: Net sales were down due to the cancellation of agency agreements and adoption of new accounting standards; SG&A expenses were up due to an increase in employees, resulting in lower segment income
- EC Business: Despite semiconductor supply problems, expanded trade rights and increased inventories of parts and materials resulted in higher sales and income

(Million yen)

	FY2021 Interim		FY2022 Interim			
	Net Sales	Segment Income	Net Sales	Change	Segment Income	Change
Computer Networks (CN) Business	10,426	1,040	10,002	▲423	918	▲122
Electronic Components (EC) Business	51,475	221	72,777	21,302	1,563	1,342
Total	61,901	1,261	82,780	20,878	2,481	1,220

* Segment income is ordinary income.

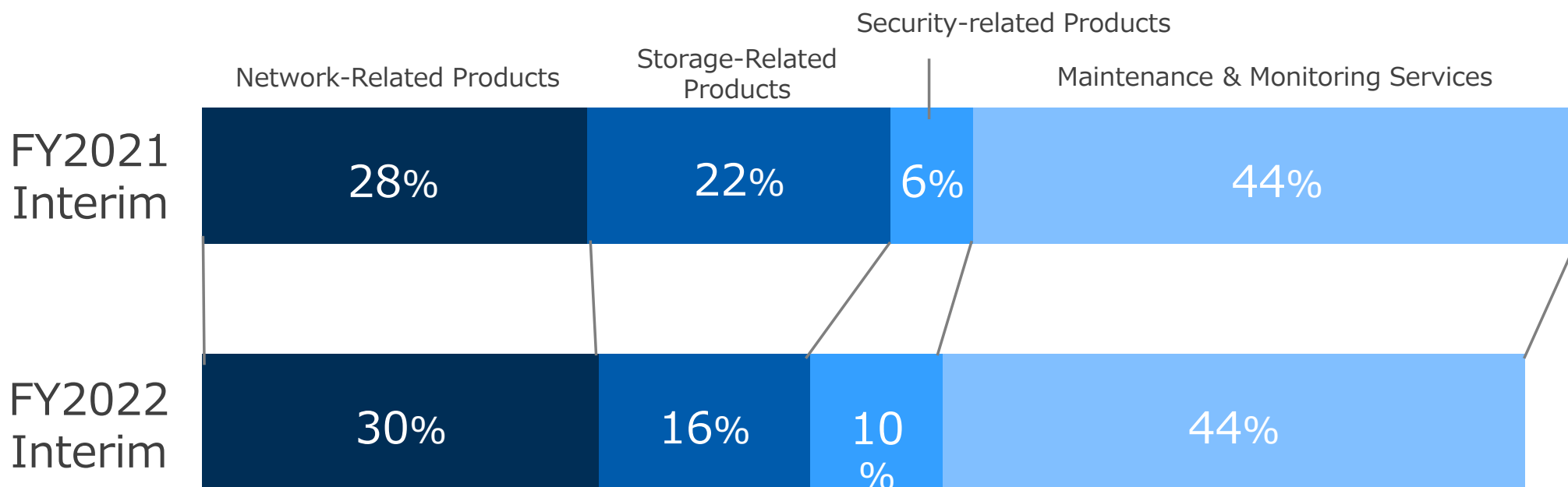
* In the segment categories, the PB Business is included in the EC Business

Segment Information: CN Business (1/2)



Sales Component Ratios by Product Category

- Network-related products: Firm sales to data centers and cloud business operators
- Storage-related products: Lower sales due to cancelation of agency agreements
- Maintenance and monitoring services: Firm sales



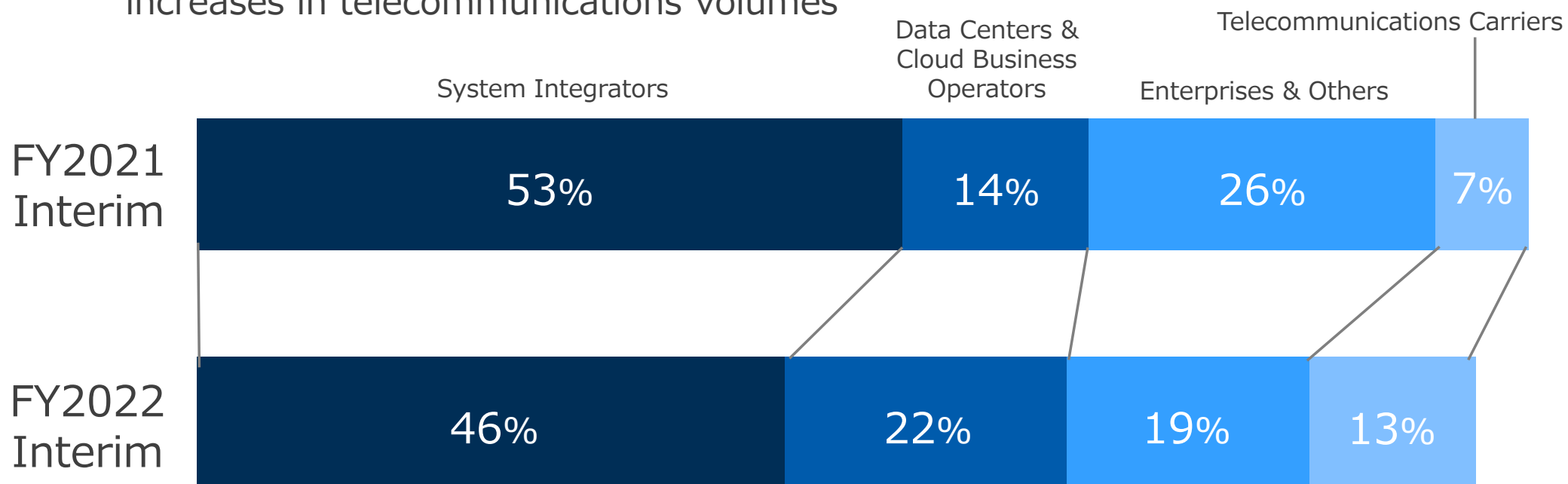
* In the CN business, product categories for sales component ratios have been modified

Segment Information: CN Business (2/2)



Sales Component Ratios By Field

- Lower sales to system integrators due to cancellation of agency agreements
- Higher sales to data centers and cloud business operators in conjunction with increases in telecommunications volumes

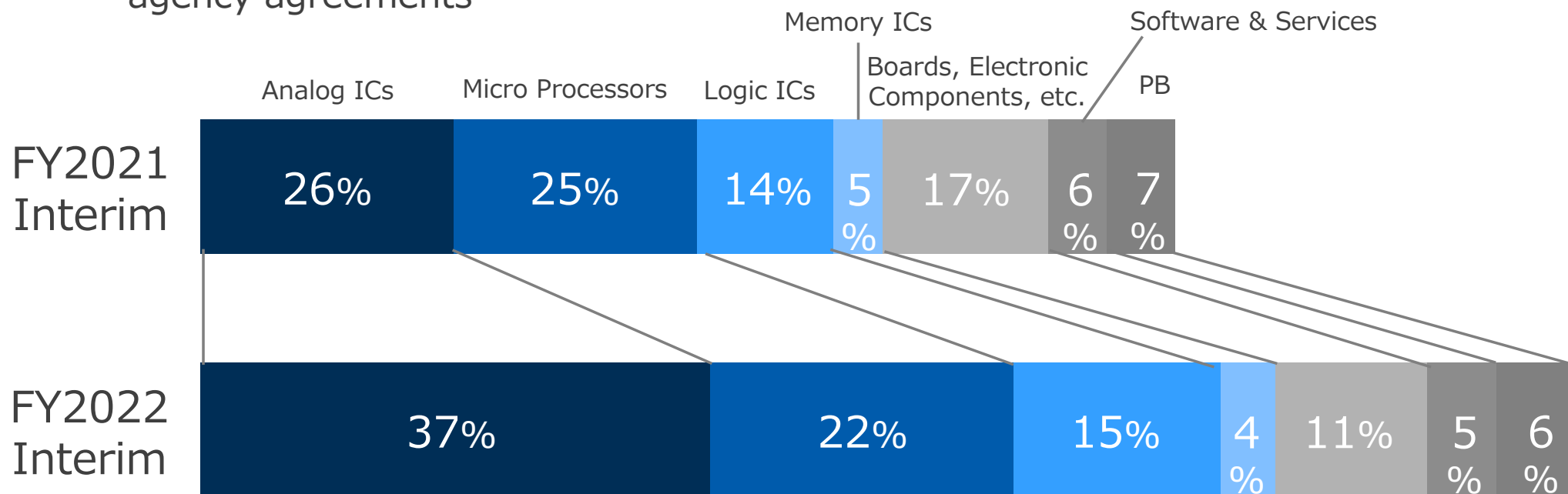


Segment Information: EC Business (1/2)



Sales Component Ratios by Product Category

- Analog ICs: Substantial increase in sales of industrial equipment
- Boards, electronic components, etc.: Lower sales due to cancellation of agency agreements



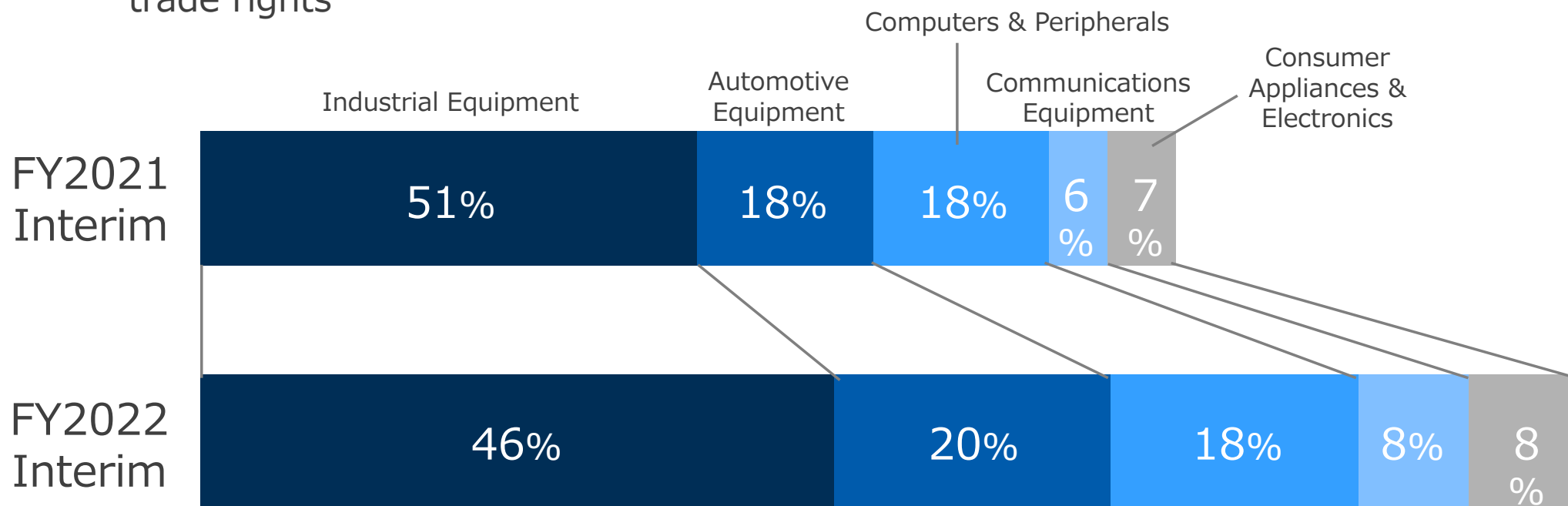
* In the EC business, product categories for sales component ratios have been modified

Segment Information: EC Business (2/2)



Sales Component Ratios by Application

- Higher sales in all areas
- Substantial increase in sales of industrial equipment, in part due to expanded trade rights



Consolidated Overseas Subsidiaries: Net Sales —EC Business



- Automotive equipment and computers & peripherals: Higher sales

	FY2021 Interim	FY2022 Interim	Change	Rate of Change
Consolidated overseas subsidiaries net sales (million yen)	13,123	20,931	7,808	59.5%
Consolidated overseas subsidiaries net sales ratio	25.5%	28.8%		
Consolidated overseas subsidiaries net sales (\$1M)	122	190	67	55.3%
Exchange rate (yen)	106.93	109.81		

* The net sales ratio is the ratio of EC business net sales

PB Business: Net Sales—EC Business



- Design & Manufacturing Services: Recovery in sales for medical equipment, broadcasting equipment, and semiconductor manufacturing equipment
- TED Nagasaki: Firm sales for semiconductor manufacturing equipment
- FAST: Firm sales for panel inspection devices

(Million yen)

	FY2021 Interim	FY2022 Interim	Change	Rate of Change
PB business net sales	3,904	4,261	356	9.1%
Net sales ratio	7.6%	5.9%		

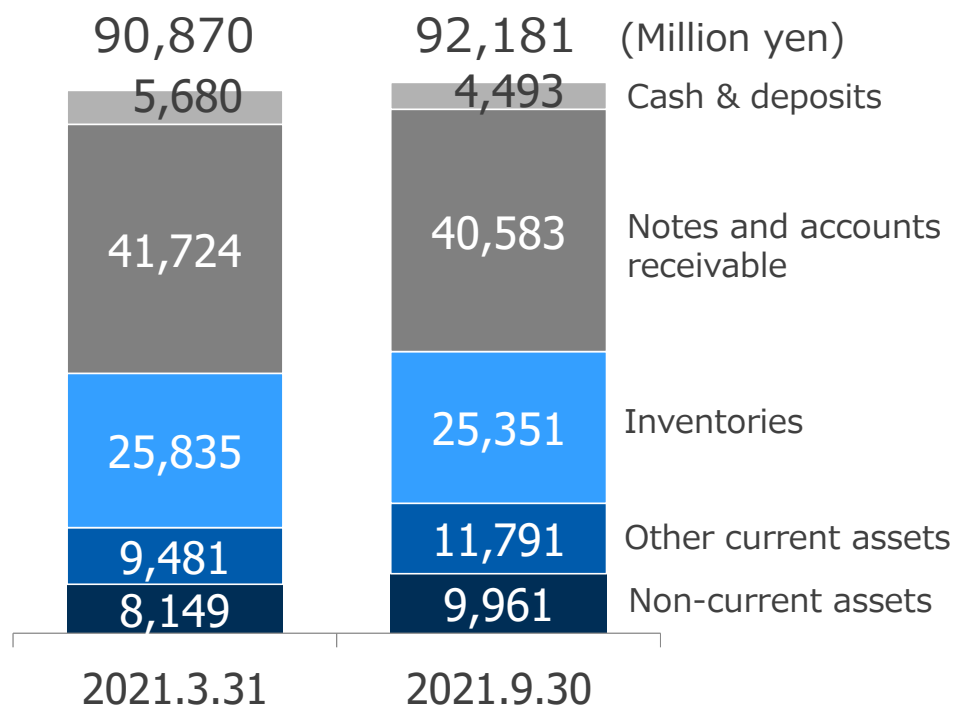
* The net sales ratio is the ratio of EC business net sales

Balance Sheet



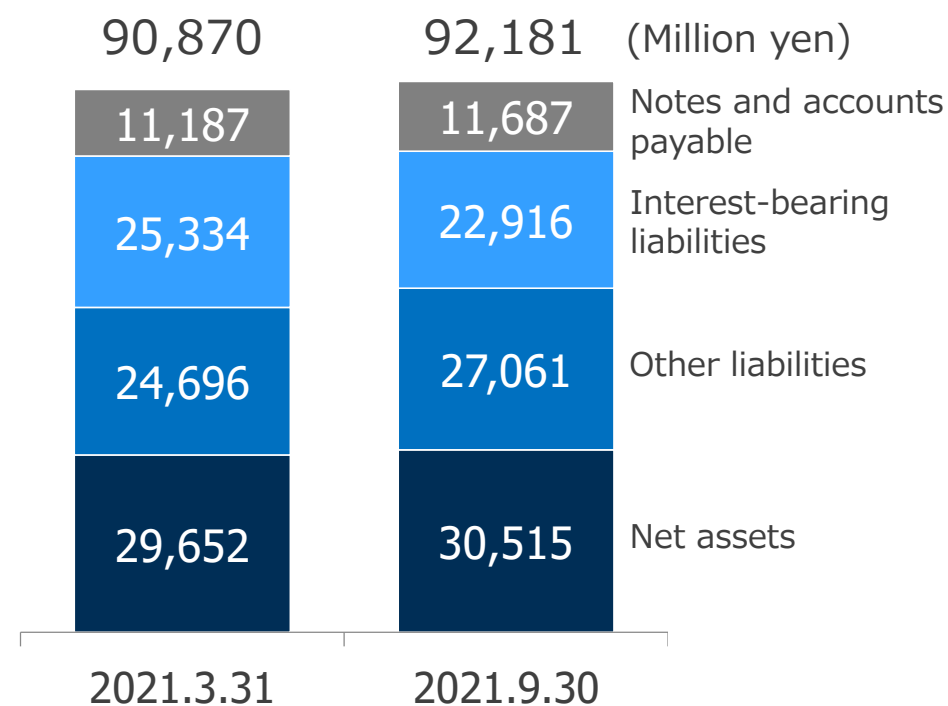
Assets

- Accounts receivable decreased as a result of collection of sales receivables
- Tangible non-current assets increased as a result of a land and building exchange by TED Nagasaki



Liabilities & Net Assets

- Borrowings were repaid in conjunction with a decrease in operating capital

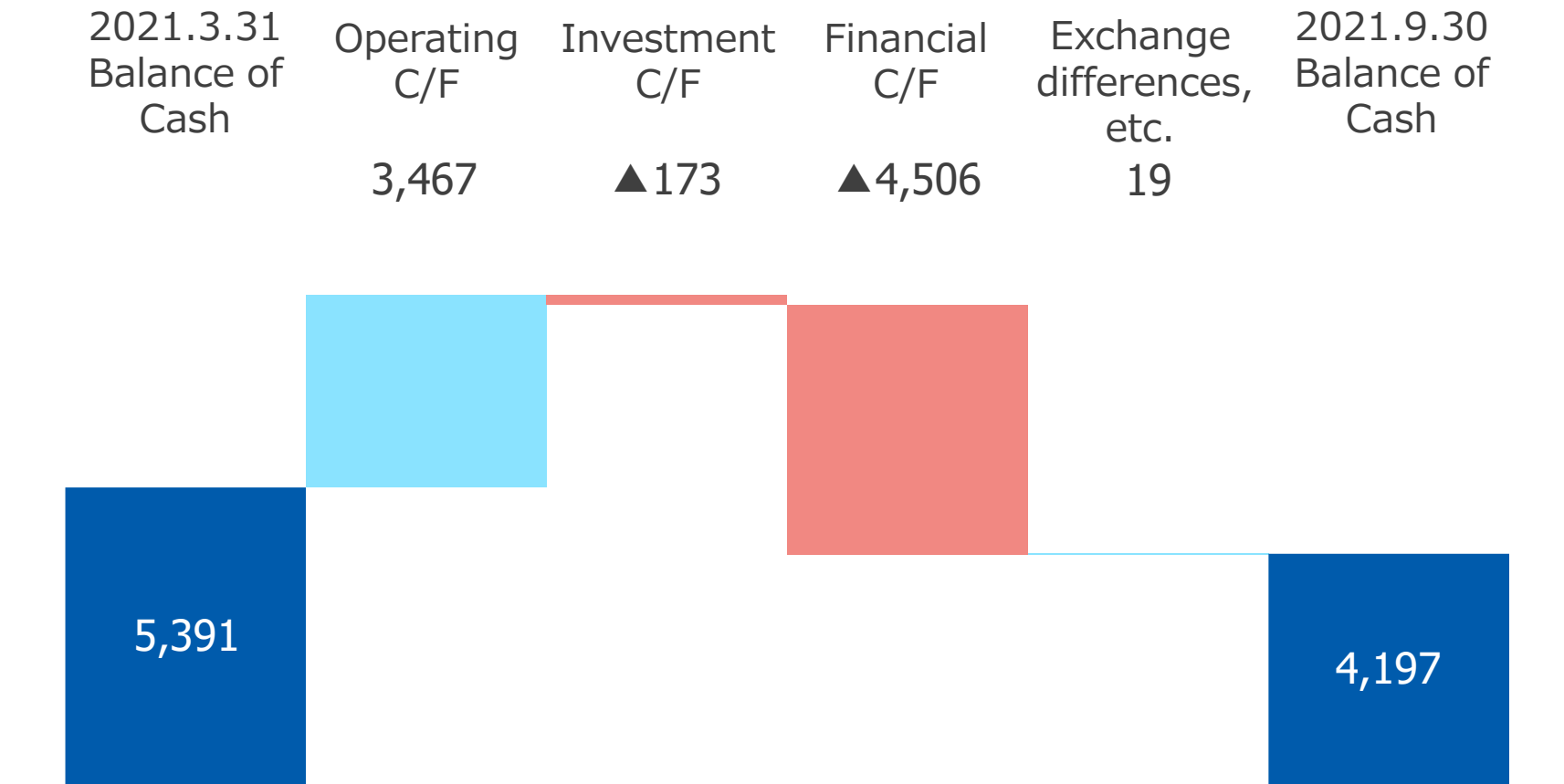


* Effects of application of new accounting standards
 Assets: Inventories decreased and prepaid expenses increased
 Liabilities & net assets: Advances received increased

Statement of Cash Flows



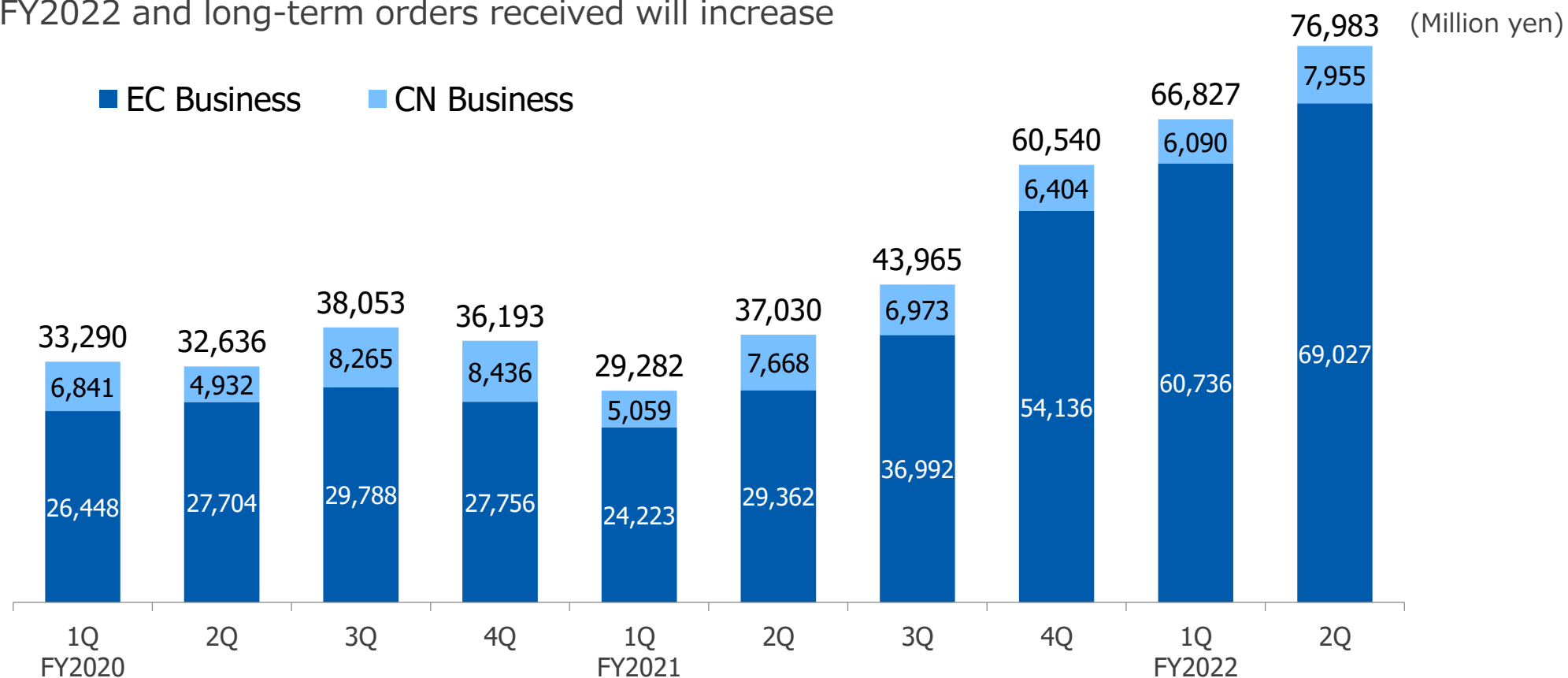
(Million yen)



Changes in Orders Received



- CN Business: Firm orders from data centers and cloud business operators
- EC Business: Contribution from expanded trade rights since the second quarter of FY2021, effects from tight semiconductor supplies since the third quarter; tight supplies will continue in FY2022 and long-term orders received will increase





Forecast for the Fiscal Year Ending March 31, 2022

President & Representative
Director Atsushi Tokushige

Assumptions of the Business Forecast for the Second Half of the Fiscal Year Ending March 31, 2022 (1/2)



- Effects from the COVID-19 Pandemic
 - Vaccinations are proceeding, but time will be required for the pandemic to settle
 - On the other hand, many manufacturing business are recovering before the pandemic settles
- Conflict between the U.S. and China
 - Due to the protraction of the conflict, an improvement in economic activity resulting from reconciliation cannot be expected
- Increases in data communications volumes
 - The trend of rising communications volumes is expected to continue due to advances in DX and other developments

➡ **Results were generally as expected in the first half, and this will continue in the second half**

Assumptions of the Business Forecast for the Second Half of the Fiscal Year Ending March 31, 2022 (2/2)



- Status of semiconductor supply and demand
 - The sense of tight supply and demand continued through the first half, but there will be improvement in the second half

⇒ **The sense of tight supply and demand will continue in the second half**

Tight procurement of products and materials will continue, but TED will strive to supply them at the same levels as in the first half

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



(Million yen)

	FY2021	FY2022			YoY Change	
	Full year	1st Half Actual	2nd Half Forecast	Full Year Forecast	Change	Rate of Change
Net sales	143,268	82,780	89,219	172,000	28,731	20.1%
CN Business	23,933	10,002	13,797	23,800	▲133	▲0.6%
EC Business (consolidated)	119,334	72,777	75,422	148,200	28,865	24.2%
EC Business	110,129	68,516	69,583	138,100	27,970	25.4%
PB Business	9,205	4,261	5,838	10,100	894	9.7%
Ordinary income (income ratio)	4,625 (3.2%)	2,481 (3.0%)	3,718 (4.2%)	6,200 (3.6%)	1,574	34.0%
Net income (income ratio)	3,143 (2.2%)	2,646 (3.2%)	2,553 (2.9%)	5,200 (3.0%)	2,056	65.4%

* Pursuant to application of the Accounting Standard for Revenue Recognition and other standards starting at the beginning of FY2022, the amounts in the above forecast of consolidated financial results are after application of those standards.

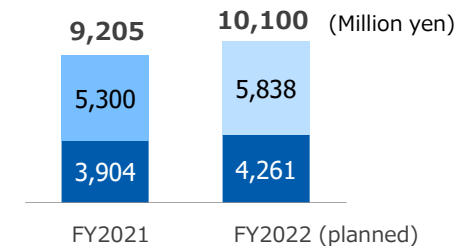
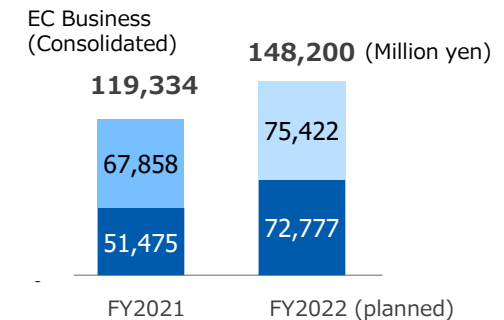
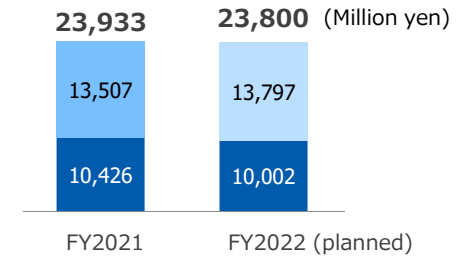
Priority Issues for the Second Half of the Fiscal Year Ending March 31, 2022



- CN Business**
- **Promote sales of security products**
 - Promote sales of storage and network products
 - Expand the service business (maintenance & monitoring)

- EC Business**
- **Delivery responses to supply problems**
 - Promote sales of industrial and automotive equipment
 - Promote the cloud business

- PB Business**
- **Reinforce development and sales of private brand products**
 - Capture semiconductor manufacturing equipment and industrial equipment related demand



Measures for the Second Half of the Fiscal Year Ending March 31, 2022 (1/2)



Promote Sales of Security Products

Zero Trust Security Products



* Zero Trust Security

An approach to security whereby the safety of all accesses, whether internal or external, is confirmed



Network security
Cloud security



Security monitoring
& operation



Cloud security



Endpoint security

Measures for the Second Half of the Fiscal Year Ending March 31, 2022 (2/2)



Reinforce development and sales of private brand products

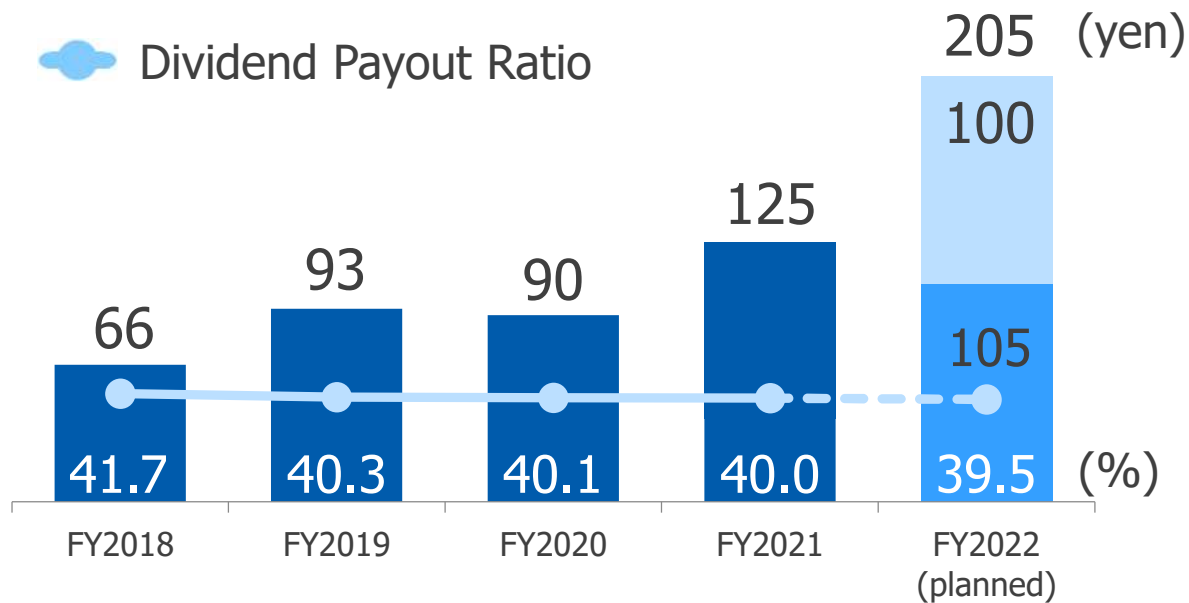
Enhance the functions of the TED Robot Center (TRC)

- Develop control systems
- Develop masterless picking
- Integrate FAST and TED engineering
 - Accelerate elemental development and deployment of applications
 - Share technologies, machinery and materials



Dividends Per Share

	FY2020	FY2021	FY2022	
			9/6 Revised	10/28 Revised
Interim	¥40	¥40	¥95	¥105
Year-End	¥50	¥85	¥95	¥100



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



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



- Medium-Term Management Plan VISION 2025 P28–P31
- CN Business: Sales Component Ratios by Product Category P32
- EC Business: Sales Component Ratios by Product Category P33
- EC Business: Sales Component Ratios by Application P34
- Product Categories P35
- Changes in Orders Received and Backorders (EC Business) P36

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

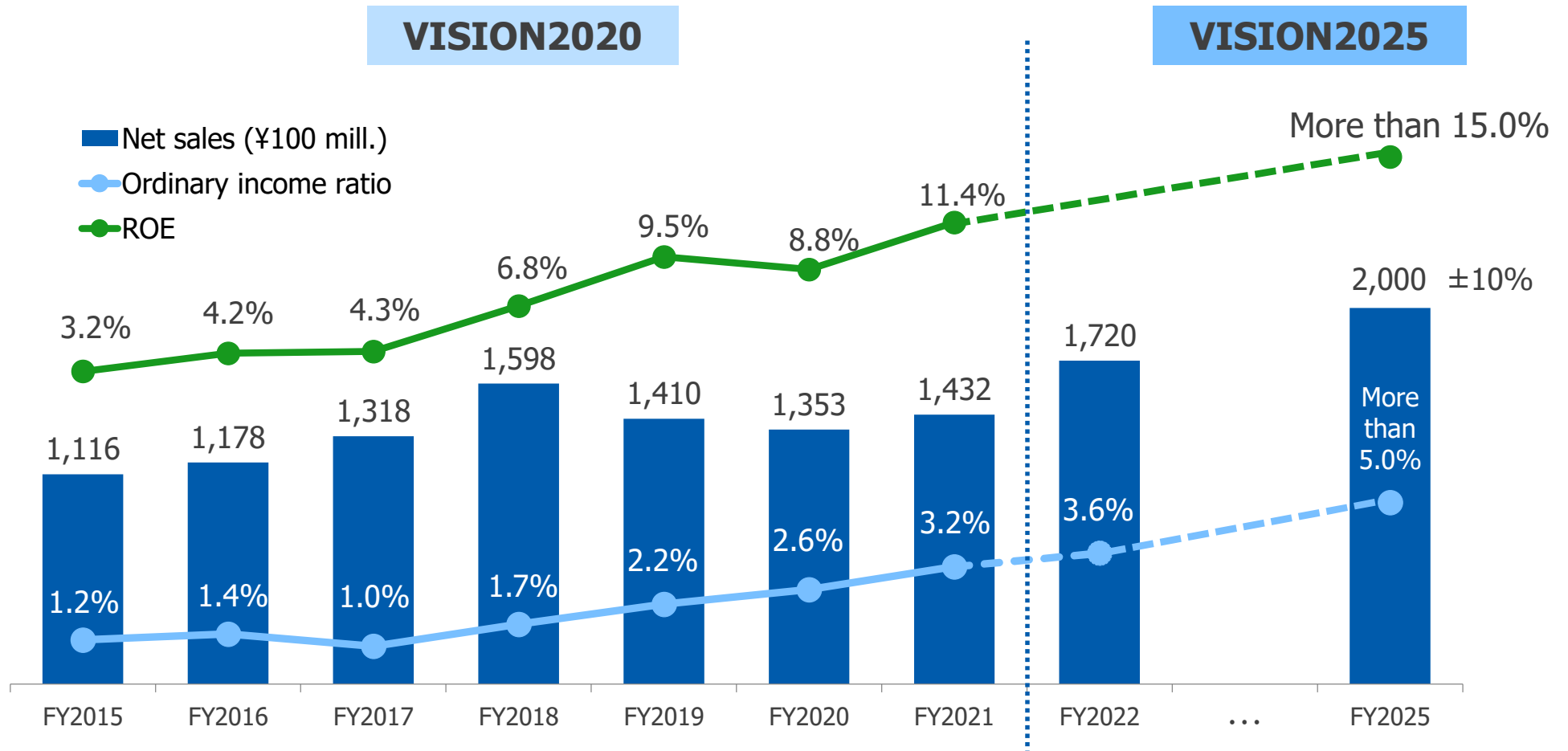
Evolving technology trading company functions

- 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

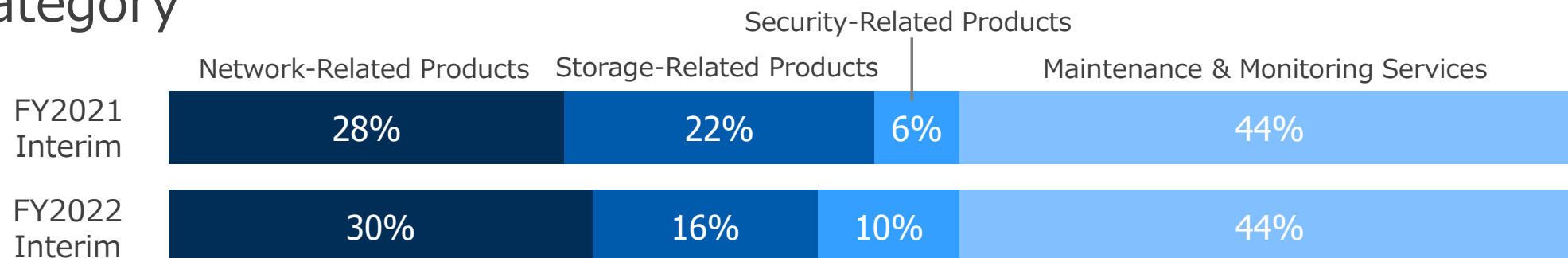
The kind of manufacturer we want to be

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

Medium-Term Management Plan: Results and Plan

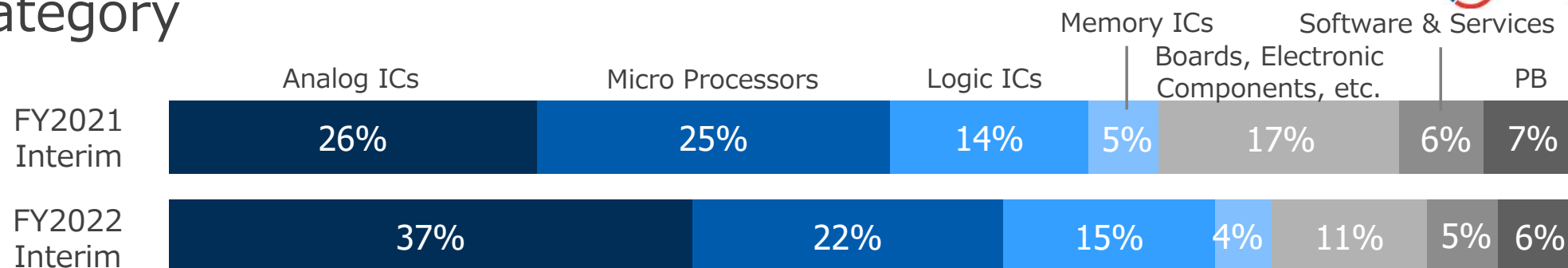


CN Business: Sales Component Ratios by Product Category



Product	Rate of Change	Main Causes	Main Suppliers
Network-Related Products	2.8%	Solid sales of equipment to data centers and cloud business operators	F5 Networks Arista Networks Extreme Networks
Storage-Related Products	▲31.5%	Decrease in sales of SAN switches to system integrators due to cancellation of agency agreements Increase in sales of flash storage to data centers	Pure Storage Dell Technologies
Security-Related Products	55.2%	Higher security demand for remote access and cloud services	Nutanix Netskope
Maintenance & Monitoring Services	▲3.6%	Lower sales due to application of new accounting standards Increase in equipment maintenances provided to enterprises and telecommunications carriers	TED

EC Business: Sales Component Ratios by Product Category



Product	Rate of Change	Main Causes	Main Suppliers
Analog ICs	103.8%	Contribution from expanded trade rights; industrial equipment, automotive equipment, and consumer appliances increased	TI / NXP
Micro Processors	26.3%	Computer peripherals and automotive equipment increased	TI / NXP/ Intel / Infineon
Logic ICs	52.2%	Industrial equipment, automotive equipment, and base stations increased	TI / NXP / Lattice / Infineon / MaxLinear / Excelitas / Socionext
Memory ICs	10.0%	Automotive and industrial equipment increased	Infineon
Boards, Electronic Components, etc.	▲11.5%	Computer peripherals decreased due to application of new accounting standards Industrial equipment decreased due to cancellation of agency agreements Telecommunications equipment increased	NXP / Western Digital / Hagiwara Solutions / ams / Cosel
Software & Services	23.5%	POS and cloud business increased	Microsoft / McAfee
PB	9.9%	Design & Manufacturing Services, TED Nagasaki, and FAST increased	TED / TED Nagasaki / FAST

EC Business: Sales Component Ratios by Application



Application	Rate of Change	Main Uses	TEL Trends
Industrial Equipment	28.6%	Medical equipment, broadcasting equipment, surveillance cameras, FA equipment, measuring equipment, industrial robots, machine tools, semiconductor manufacturing equipment, inverters	Increase in analog ICs and logic ICs due to expansion of sales rights Increase in boards for semiconductor manufacturing equipment and broadcasting equipment Decrease in electronic components due to cancellation of agency agreements
Automotive Equipment	51.7%	Car navigation systems, car audio equipment, autobody-related products	Increase in logic ICs due to increased inventories of parts and materials Increases in analog ICs and processors due to expansion of trade rights
Computers & Peripherals	49.2%	Multifunctional printers, projectors, office equipment, storage, servers, PCs and peripheral devices, POS terminals	Increase in processors for PC servers due to increased inventories of parts and materials Increase in logic ICs for projector MFPs due to expanded trade rights Decrease in electronic components due to application of new accounting standards
Communications Devices	77.3%	Routers, transmission equipment, base stations	Increases in electronic components, analog ICs, and logic ICs for base stations
Consumer Devices	53.8%	Digital cameras, digital video cameras, TVs/DVD/AV equipment, home gaming consoles, remote controls, major home appliances	Increase in analog ICs for game consoles and electronic musical instruments

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

Changes in orders received and backorders (EC Business)

