



Financial Briefing for the Fiscal Year Ended March 31, 2022

TOKYO ELECTRON DEVICE

April 27, 2022

Agenda



Financial Report

Corporate Director Yukio Saeki

Forecast of Financial Results for the Fiscal Year Ending March 31, 2023

President & Representative Director
Atsushi Tokushige



Financial Report

Corporate Director Yukio Saeki

Summary of Financial Results for the Fiscal Year Ended March 31, 2022



Year-on-Year Comparison: Higher sales and income

Net sales: 25.6% increase

Ordinary income: 58.2% increase

Net income attributable to owners of parent: 61.8% increase

Higher sales and income due to strong demand for semiconductors in a broad range of fields

Expansion of trade rights also contributed to enhanced business performance

Gains from Tokyo Electron Device Nagasaki's exchange of land and buildings

Posted impairment losses on goodwill and intangible assets related to FAST CORPORATION

Summary of Financial Results: Comparison with Prior Year

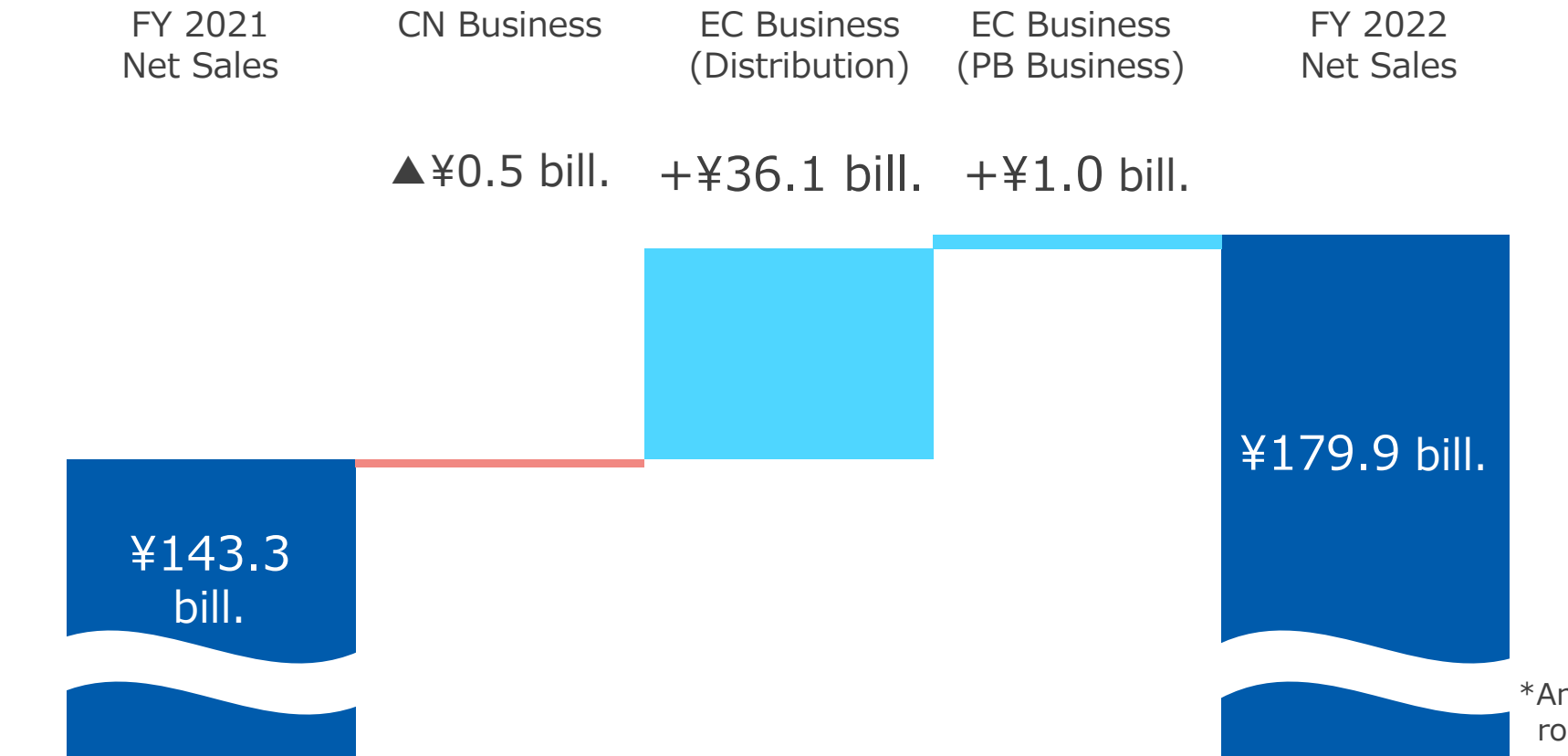


(Million yen)

| | FY2021 | FY2022 | Change | FY 2022 Forecast |
|--|---------|---------|--------|------------------|
| Net sales | 143,268 | 179,907 | 36,639 | 172,000 |
| Cost of sales | 122,666 | 154,268 | 31,602 | |
| Gross profit | 20,601 | 25,638 | 5,036 | |
| Selling, general & administrative expenses | 15,981 | 17,506 | 1,525 | |
| Operating income | 4,620 | 8,131 | 3,510 | |
| Non-operating income | 181 | 189 | 8 | |
| Non-operating expenses | 176 | 1,002 | 826 | |
| Ordinary income | 4,625 | 7,318 | 2,692 | 6,200 |
| Net income | 3,143 | 5,085 | 1,941 | 5,200 |
| Number of employees | 1,247 | 1,279 | 32 | |

*Net income is net income attributable to owners of the parent. *The forecast of FY 2022 business performance is that released on Oct. 28, 2021, and the forecast was revised on Apr. 15, 2022.

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: Net sales were down due to the cancellation of agency agreements, application of new accounting standards, and delivery delays; 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 market demand resulted in higher sales and income

(Million yen)

| | FY 2021 | | FY 2022 | | | |
|-------------------------------------|-----------|----------------|-----------|--------|----------------|--------|
| | Net Sales | Segment Income | Net Sales | Change | Segment Income | Change |
| Computer Networks (CN) business | 23,933 | 2,834 | 23,460 | ▲473 | 2,234 | ▲600 |
| Electronic Components (EC) business | 119,334 | 1,790 | 156,446 | 37,112 | 5,083 | 3,293 |
| Total | 143,268 | 4,625 | 179,907 | 36,639 | 7,318 | 2,692 |

*Segment income is ordinary income

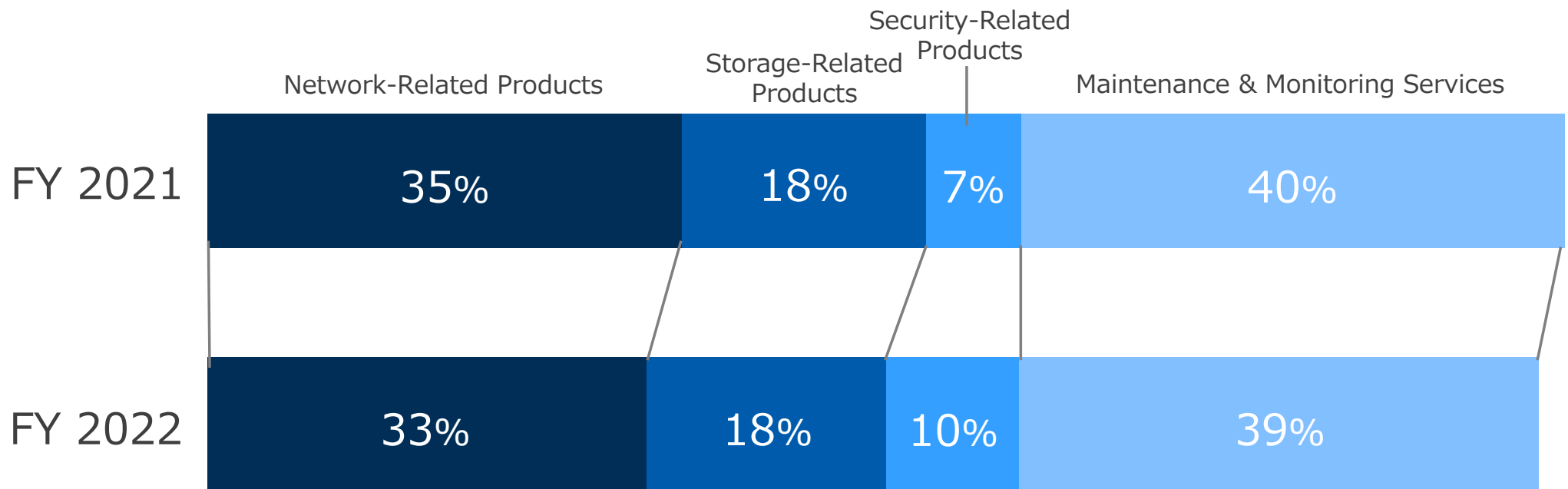
*In the segment categories, the PB Business is included in the EC Business

Segment Information: CN Business (1/2)



Sales Component Ratios by Product Category

- Sales of network-related products to system integrators and telecommunications carriers were weak
- Due to existing product growth, sales of storage-related products only declined slightly despite the cancellation of agency agreements
- Increased sales of security-related products such as remote access and cloud security

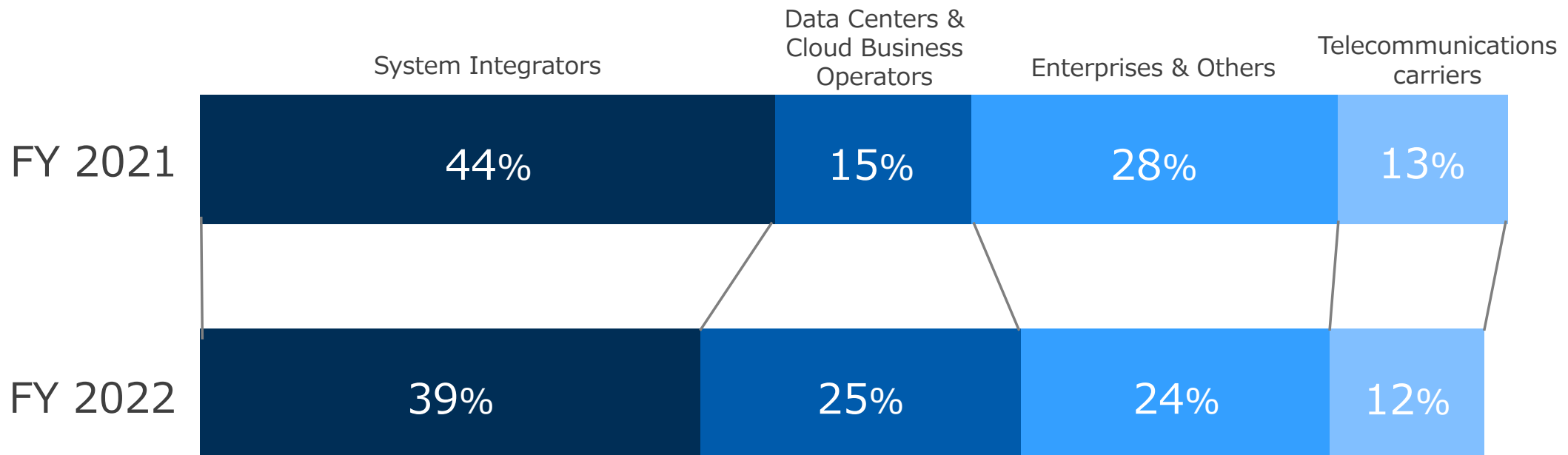


Segment Information: CN Business (2/2)



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
- Sales to enterprises and others decreased due to fewer large sales and delivery delays

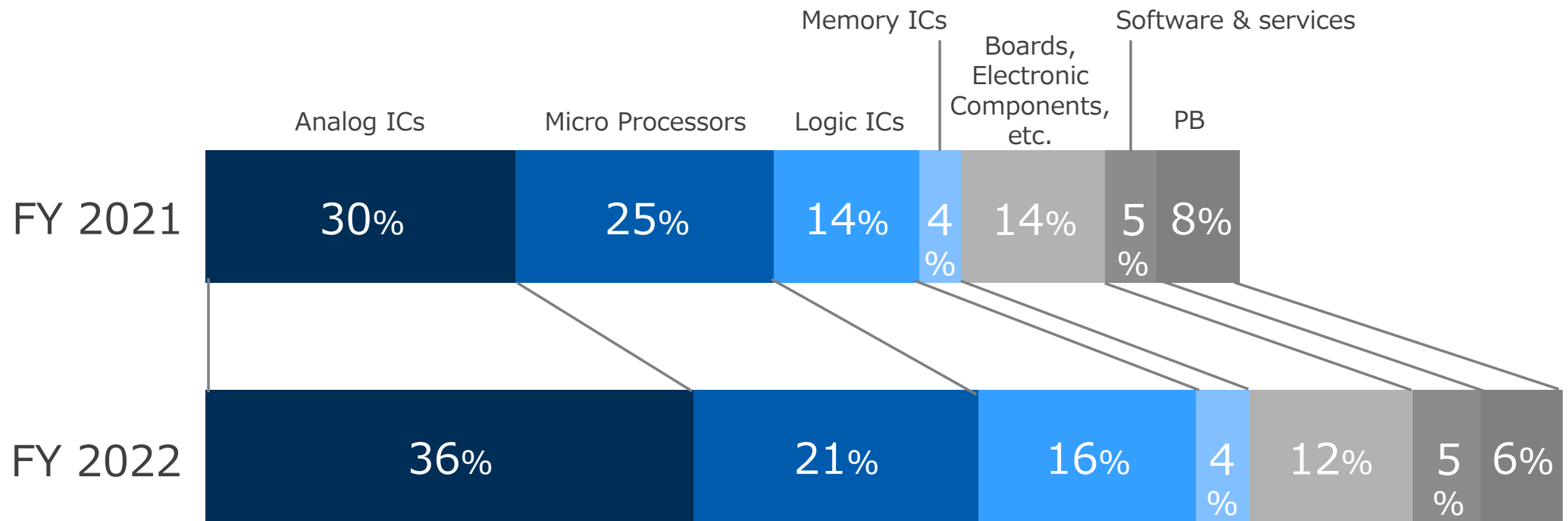


Segment Information: EC Business (1/2)



Sales Component Ratios by Product Category

- Sales increased across all product categories
- Analog ICs: Sales of industrial equipment were up substantially due to expansion of trade rights
- Logic ICs: Sales increased for automotive equipment and communication base stations

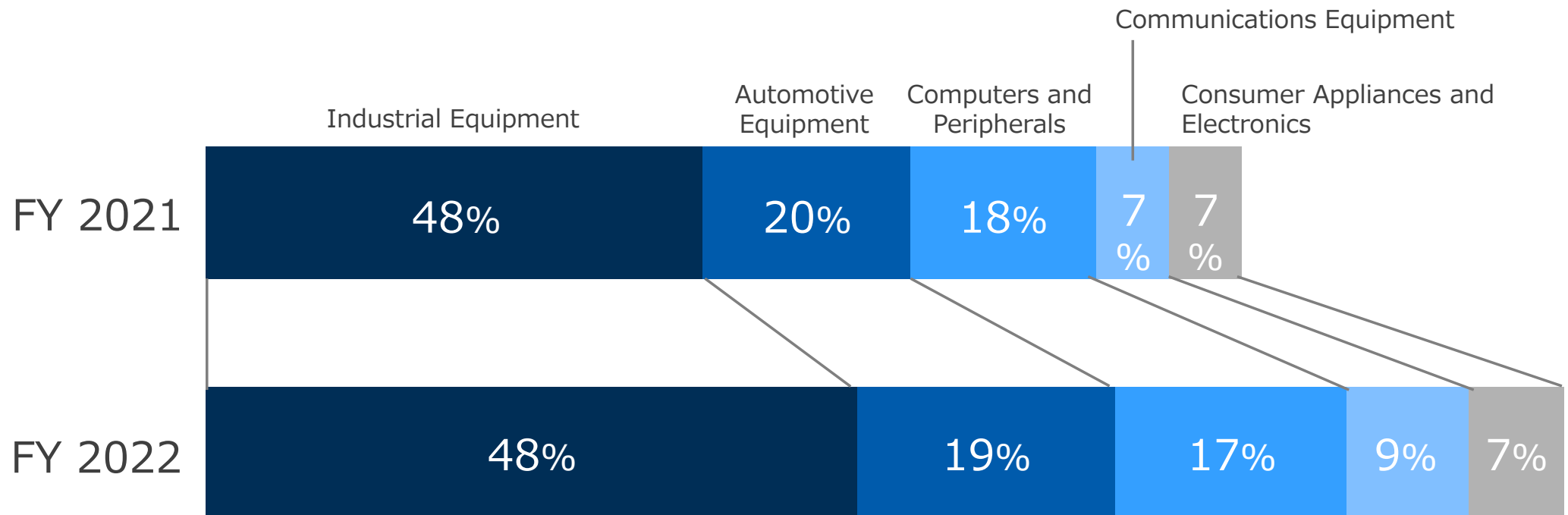


Segment Information: EC Business (2/2)



Sales Component Ratios by Application

- Sales increased across all product categories
- Sales of industrial equipment increased substantially, which expansion of trade rights also contributed to



Consolidated Overseas Subsidiaries: Net Sales—EC Business



- Sales of computers and peripherals and automotive equipment increased substantially

| | FY 2021 | FY 2022 | Change | Rate of Change |
|--|---------|---------|--------|----------------|
| Consolidated overseas subsidiaries net sales (million yen) | 31,324 | 43,834 | 12,509 | 39.9% |
| Consolidated overseas subsidiaries net sales ratio | 26.2% | 28.0% | | |
| Consolidated overseas subsidiaries net sales (\$1M) | 295 | 390 | 94 | 32.1% |
| Exchange rate (yen) | 106.10 | 112.39 | | |

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

PB Business: Net Sales—EC Business



- Design & Manufacturing Services: Recovery in sales for medical equipment and broadcasting equipment, impacted by shortages of parts and materials
- TED Nagasaki: Strong sales of substrate production for semiconductor manufacturing equipment and smart power supply systems
- FAST: Delivery delays due to shortages of parts and materials despite recovery in orders

(Million yen)

| | FY 2021 | FY 2022 | Change | Rate of Change |
|-----------------------|---------|---------|--------|----------------|
| PB business net sales | 9,205 | 10,217 | 1,011 | 11.0% |
| Net sales ratio | 7.7% | 6.5% | | |

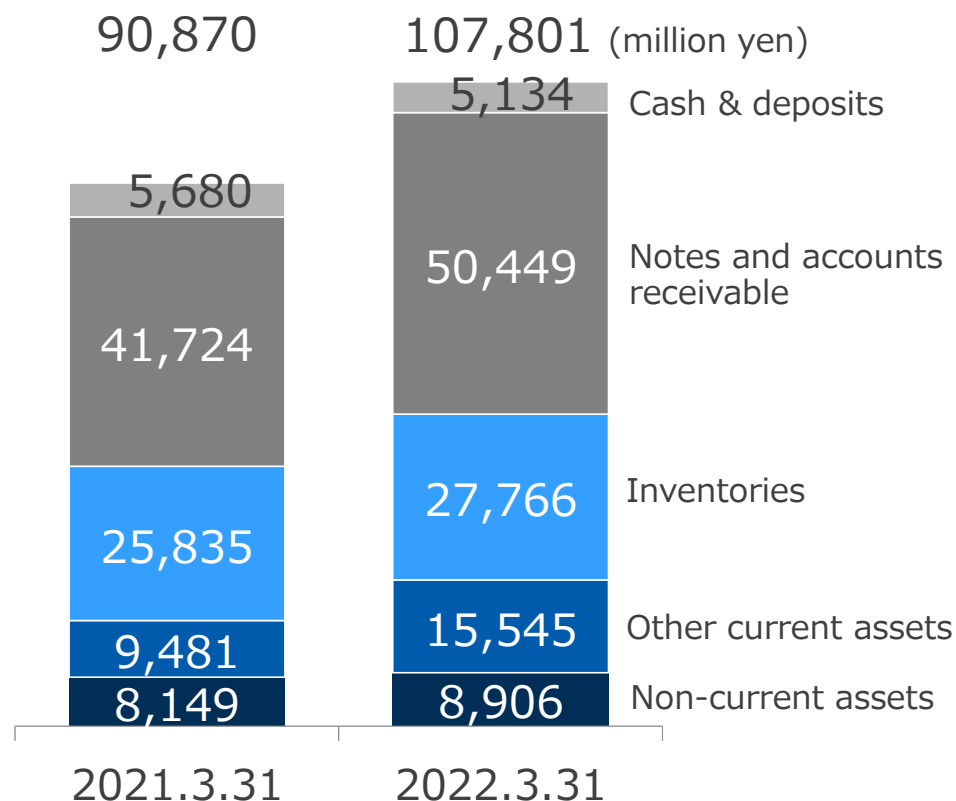
*The net sales ratio is the ratio to EC Business net sales.

Balance Sheet



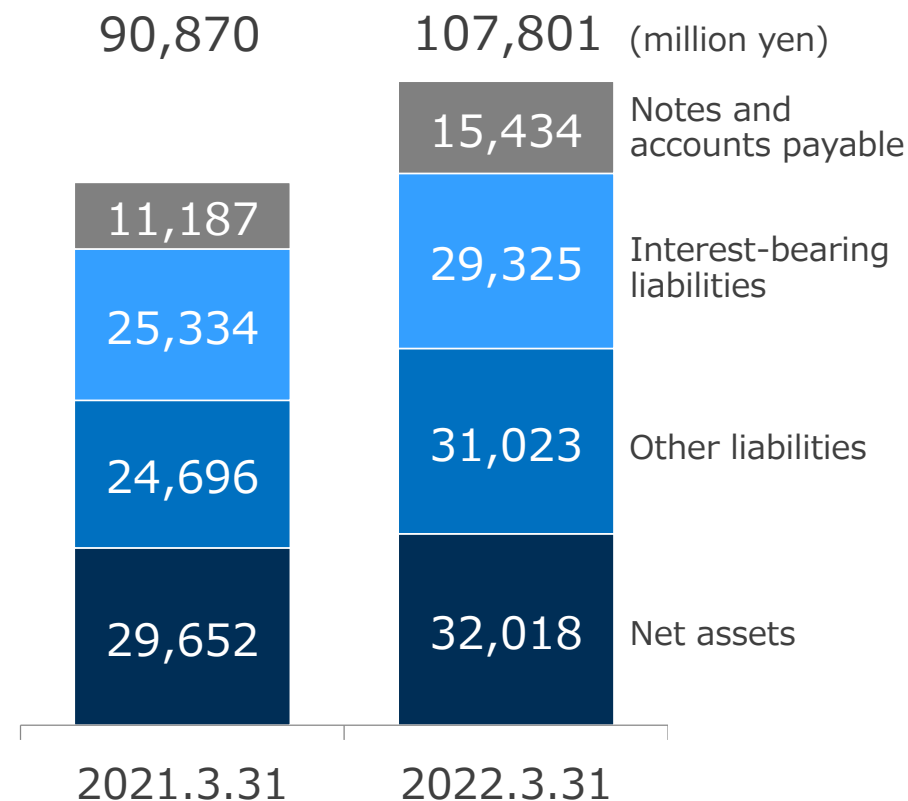
Assets

- Notes and accounts receivable increased in conjunction with higher sales
- Prepaid expenses increased due to the application of new accounting standards

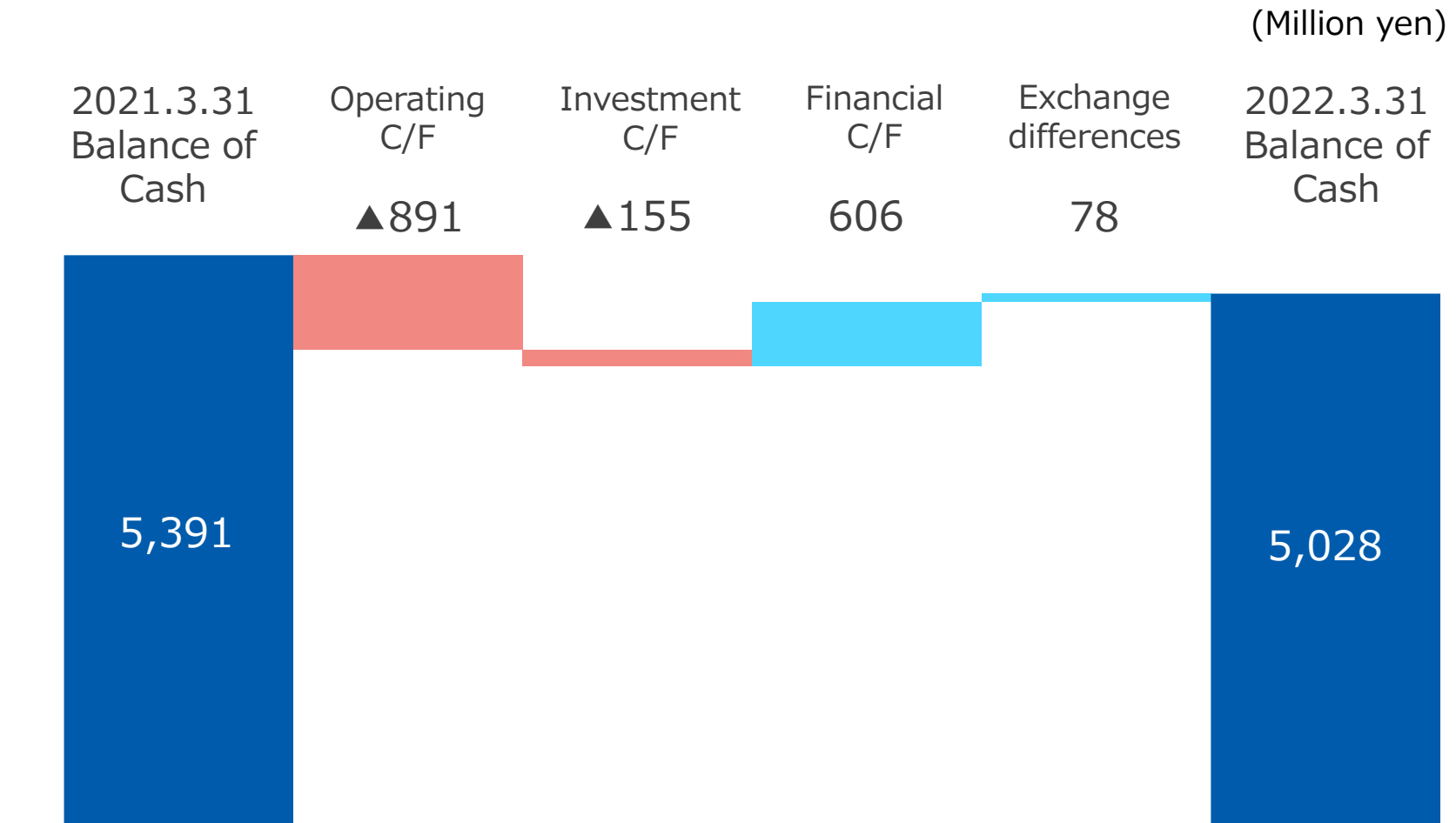


Liabilities & Net Assets

- Notes and accounts payable and interest-bearing liabilities increased in conjunction with higher sales
- Advances received increased due to the application of new accounting standards



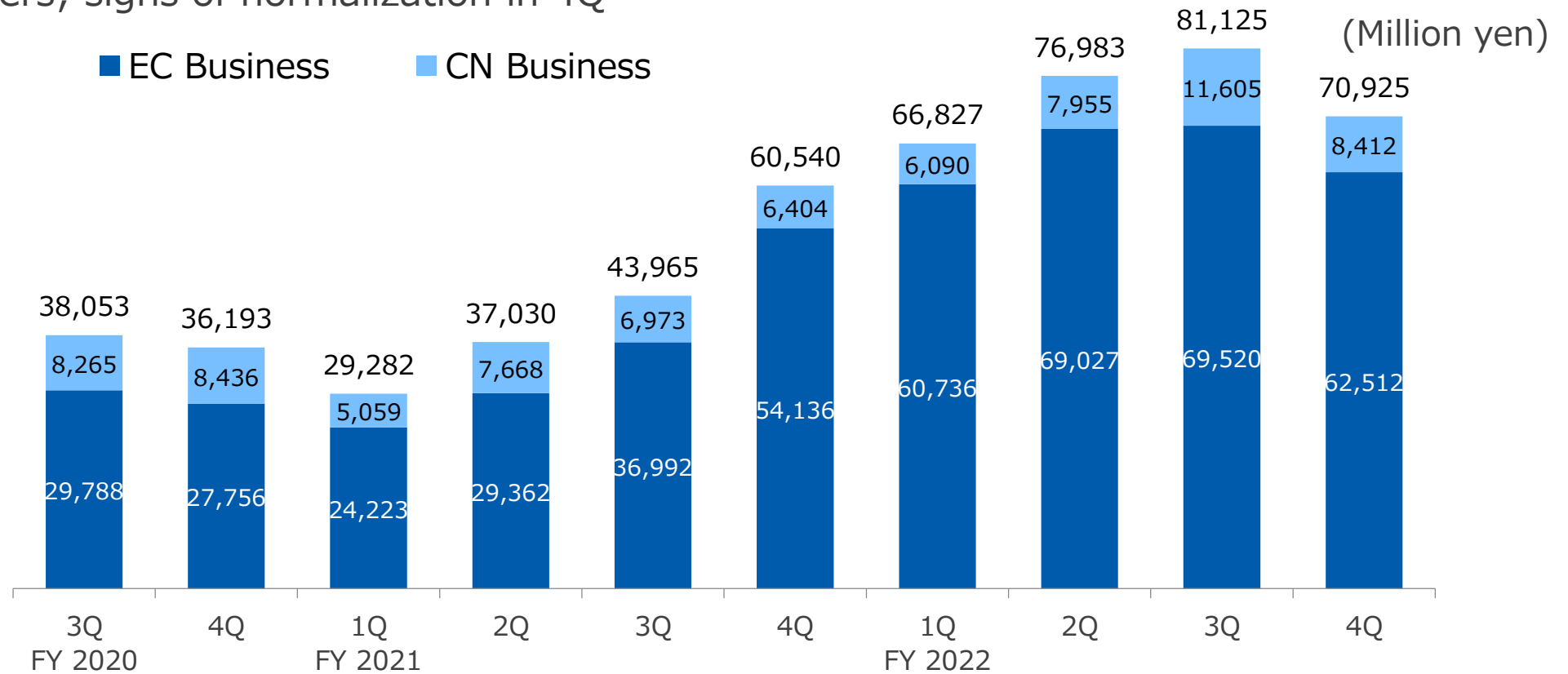
Statement of Cash Flows



Changes in Orders Received



- CN Business: In 3Q and 4Q, there were large orders to data centers as well as an increase in advance orders
- EC Business: Continued tight supply in FY 2022 led to an increase in long-term delivery orders; signs of normalization in 4Q





Forecast of Financial Results for the Fiscal Year Ending March 31, 2023

President & Representative Director
Atsushi Tokushige

Assumptions of Business Plan for Fiscal Year Ending March 31, 2023 (1/2)



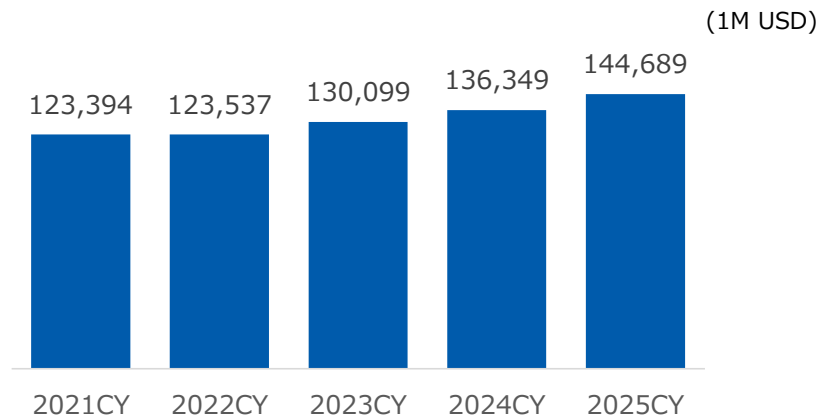
- Exchange rate trend: The yen will remain weak (compared to previous FY)
- Semiconductor supply and demand trend: Tight supplies will continue in the first half, but turn hopeful in the second half
- Russia–Ukraine issue: It is difficult to predict the impact on our business
 - Not incorporated into business plan
- COVID-19 trend: Reduced impact on economic activity
 - Minimal impact on business performance

Assumptions of Business Plan for Fiscal Year Ending March 31, 2023 (2/2)

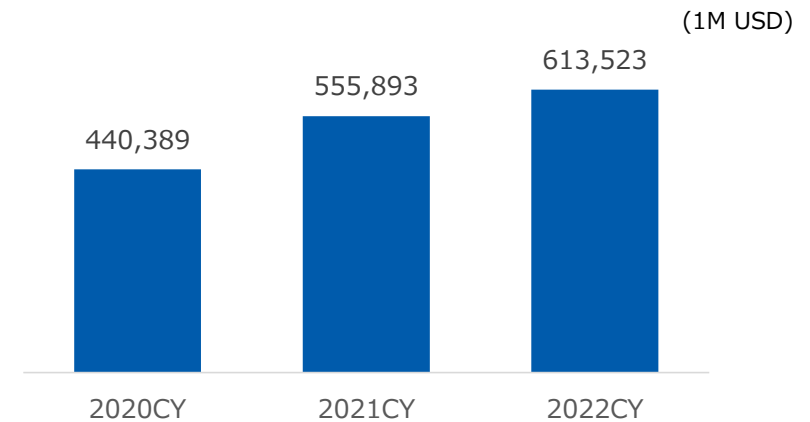


- Achieve business growth that exceeds market growth

Domestic IT service market forecast: 4.1%
(CAGR :2021→2025)



WW semiconductor market forecast: 10.4%
(2021→2022)



Source: Graph created by Tokyo Electron Device based on Gartner research. Gartner®, Forecast: IT Services, Worldwide, 2020-2026, 1Q22 Update, Colleen Graham et al., 30 March 2022, End-User Spending by Geography. GARTNER is a registered trademark and service mark of Gartner Inc. and affiliated companies in the US and other countries, and is used with permission from Gartner. All rights reserved.

Source: WSTS, News Release, 18 March 2022

Forecast of Financial Results for the Fiscal Year Ending March 31, 2023

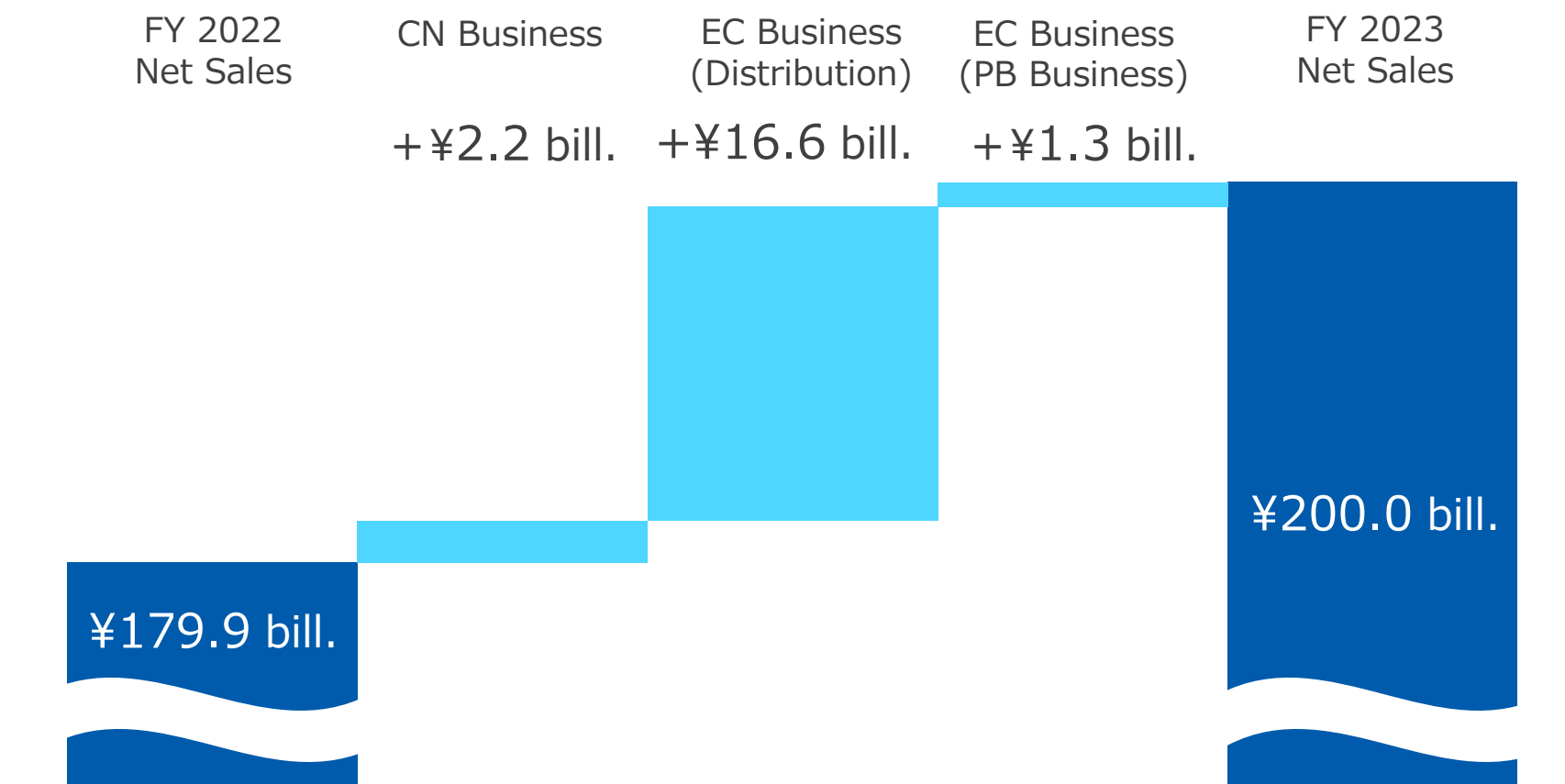


(Million yen)

| | FY 2022 | FY 2023 | | | YoY Change | |
|--------------------------------|-----------------|-------------------------------|-------------------------------|--------------------|------------|----------------|
| | Full Year | 1 st Half Forecast | 2 nd Half Forecast | Full Year Forecast | Change | Rate of Change |
| Net sales | 179,907 | 94,500 | 105,500 | 200,000 | 20,092 | 11.2% |
| CN Business | 23,460 | 11,350 | 14,300 | 25,650 | 2,189 | 9.3% |
| EC Business (Consolidated) | 156,446 | 83,150 | 91,200 | 174,350 | 17,903 | 11.4% |
| EC Business | 146,229 | 78,050 | 84,800 | 162,850 | 16,620 | 11.4% |
| PB Business | 10,217 | 5,100 | 6,400 | 11,500 | 1,282 | 12.6% |
| Ordinary income (income ratio) | 7,318 (4.1%) | 3,650 (3.9%) | 4,850 (4.6%) | 8,500 (4.3%) | 1,181 | 16.2% |
| Net income (income ratio) | 5,085 (2.8%) | 2,540 (2.7%) | 3,360 (3.2%) | 5,900 (3.0%) | 814 | 16.0% |

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

Forecast of Financial Results for the Fiscal Year Ending March 31, 2023: Changes in Net Sales



*Amounts are rounded off

Key Businesses for Achieving VISION 2025



Profit growth – Promoting the next promising businesses

- CN Business**
 - Security-related products and services
 - AI-related services (AI evaluation and demonstration)
- EC Business**
 - Design & Manufacturing Services
 - Cloud services (Azure)
- PB Business**
 - Medical / specimen inspection equipment, ODM business
 - Enhanced performance of robot vision
 - Expanded sales of manufacturing systems overseas

*ODM (Original Design Manufacturing): The business of providing independently developed and manufactured products under another company's brand

CN Business Topics

- Security-related products and services



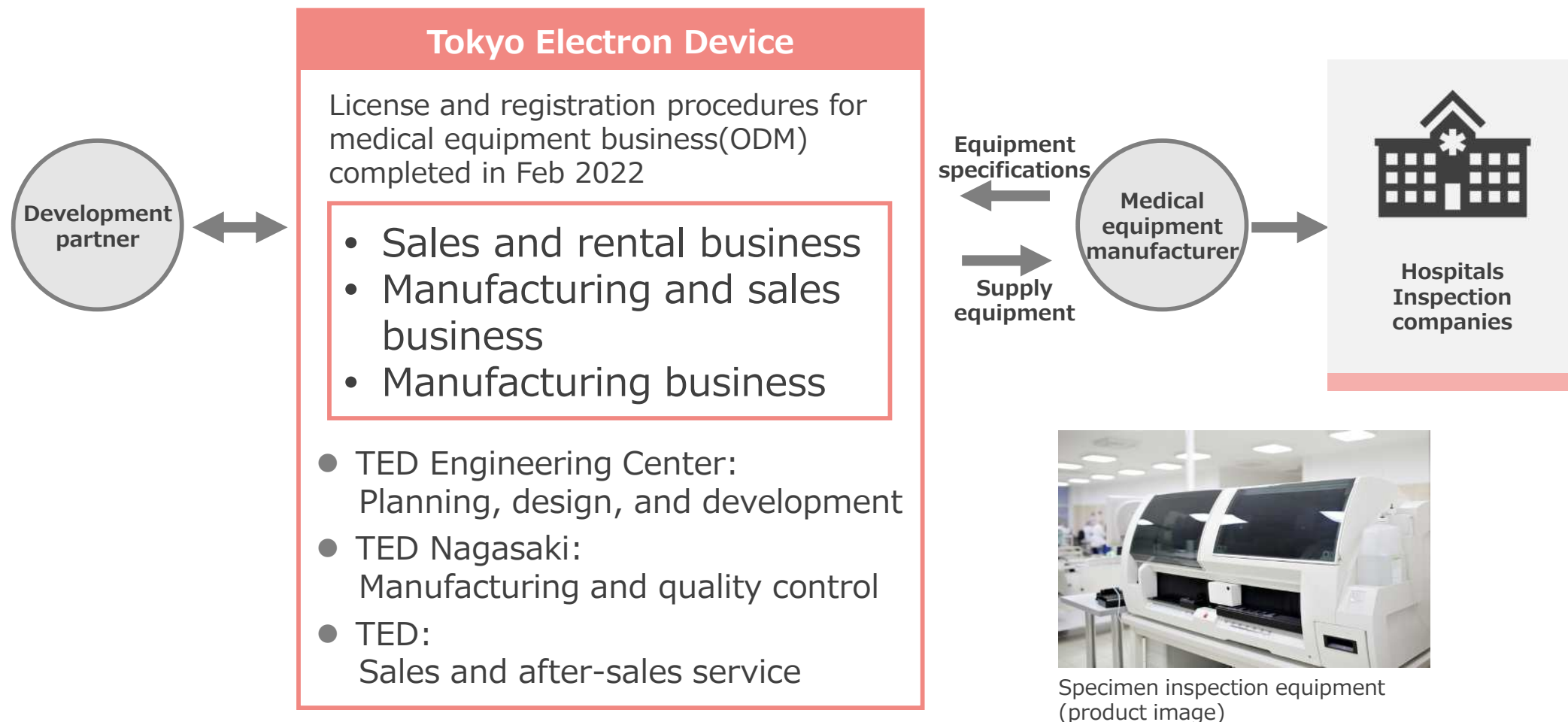
- AI-related services (AI evaluation and demonstration)



*TED-SOC (TED - Security Operation Center): A 24-hour, 365-day security operation support service provided by TED to protect against cyber attacks

PB Business Topics

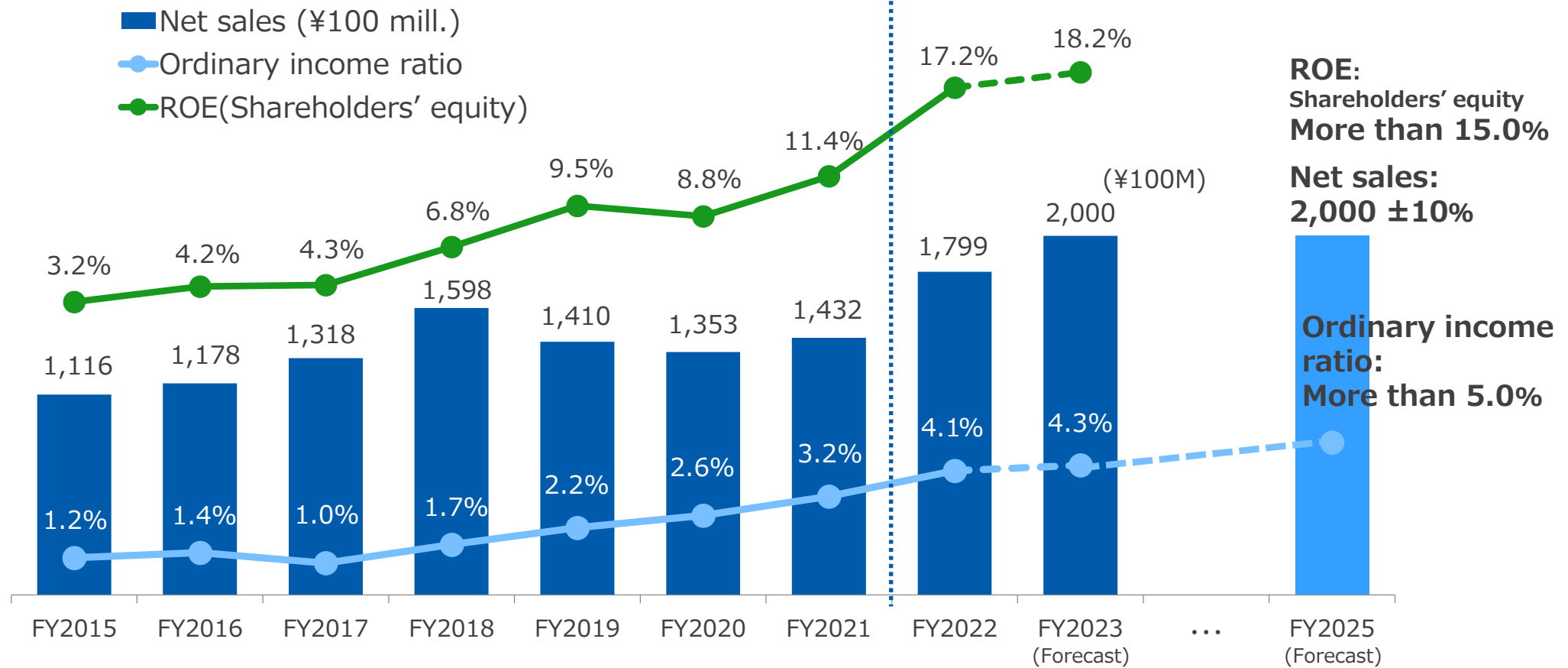
Medical / specimen inspection equipment, ODM business



Medium-Term Management Plan: Results and Plan

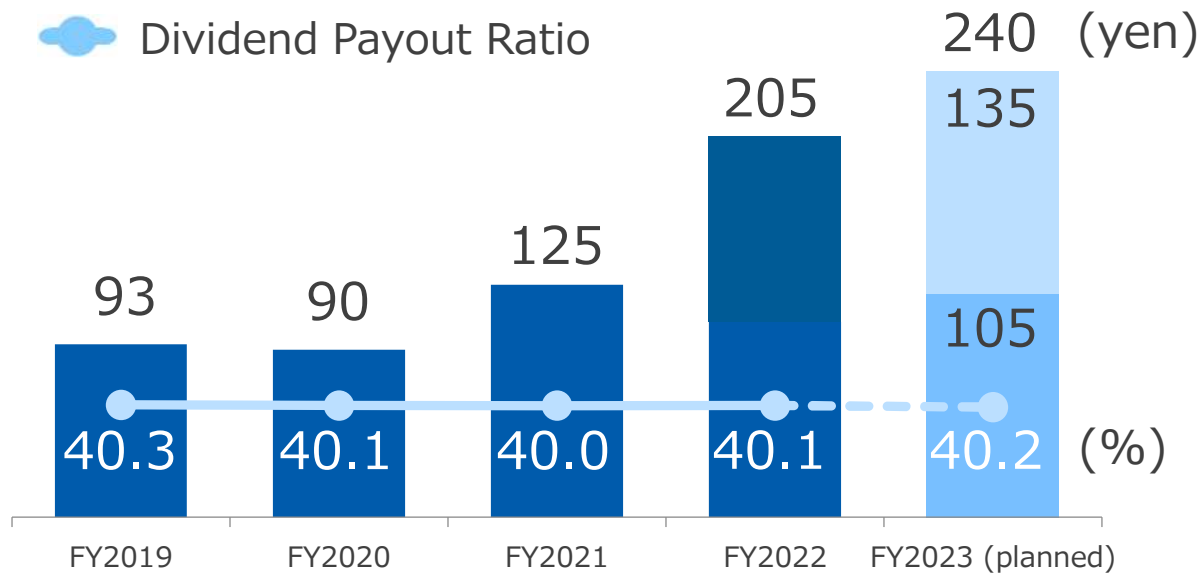
VISION2020

VISION2025



Dividends Per Share

| | FY 2021 | FY 2022 | FY 2023 |
|----------|---------|---------|----------------|
| Interim | ¥40 | ¥105 | (planned) ¥105 |
| Year-End | ¥85 | ¥100 | (planned) ¥135 |



● Dividend policy

- Dividend payout ratio: 40%
- Stable, 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

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



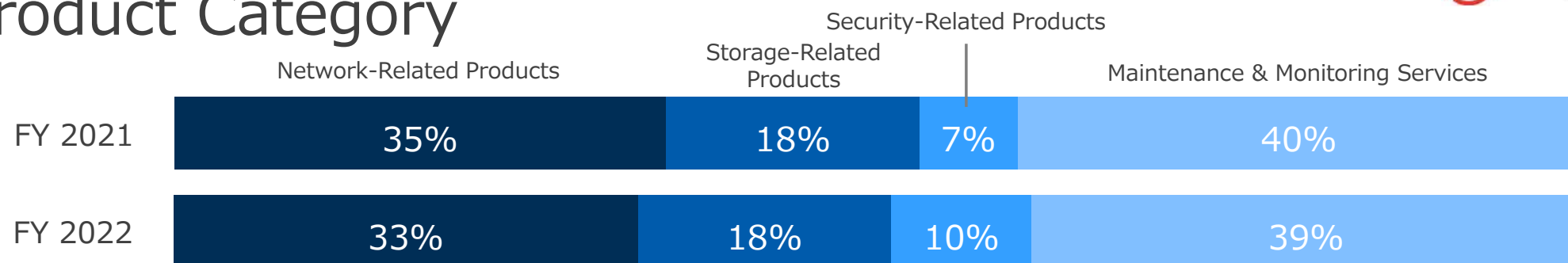
Pursuing Sustainable Growth with Profit and Revenue Growth (Profit Growth Outpacing Revenue Growth)

Fiscal 2025

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

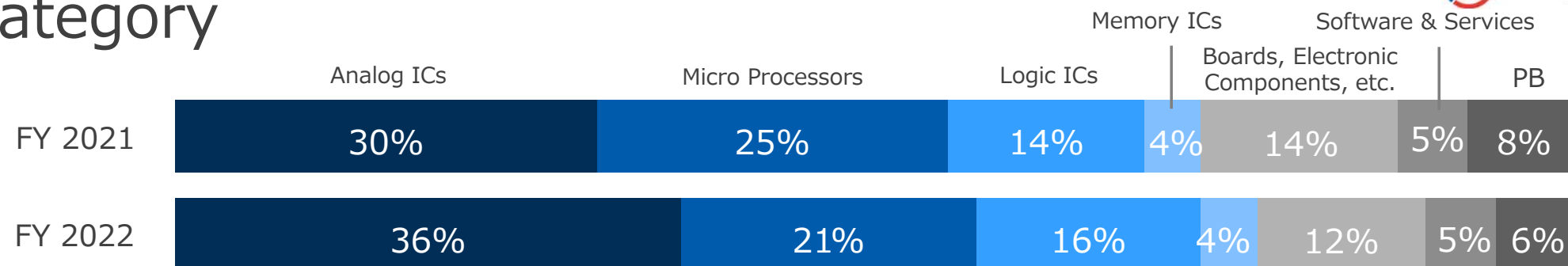
| | Percentage of total sales | Ordinary income ratio |
|-------------|---------------------------|-----------------------|
| CN Business | 20 % | > 13 % |
| EC Business | 70 % | > 2 % |
| PB Business | 10 % | > 10 % |

CN Business: Sales Component Ratios by Product Category



| Product | Rate of Change | Main Causes | Main Suppliers |
|-----------------------------------|----------------|---|--|
| Network-related products | ▲10.2% | Weak sales to system integrators and telecommunications carriers Strong switch sales to data centers, and increased sales to government agencies | Arista Networks F5 Networks Extreme Networks |
| Storage-related products | ▲4.7% | Decrease in SAN switches to system integrators due to cancellation of agency agreements Decrease in large sales to enterprises Increase in flash storage to data centers | Pure Storage Dell Technologies |
| Security-related products | 40.9% | Higher security demand for remote access and cloud services | Netskope Nutanix |
| Maintenance & monitoring services | ▲0.8% | Decrease in sales due to application of new accounting standards Increase in equipment maintenances provided to enterprises and telecommunications carriers Delayed start of service due to product delivery delays | TED |

EC Business: Sales Component Ratios by Product Category



| Product | Rate of Change | Main Causes | Main Suppliers |
|-------------------------------------|----------------|--|---|
| Analog ICs | 57.8% | Industrial equipment increased substantially due to expansion of trade rights | TI / NXP |
| Micro processors | 10.9% | Industrial equipment and computer peripherals increased | NXP / TI / Intel / Infineon |
| Logic ICs | 48.5% | Automotive and communication base stations increased | TI / NXP / Lattice / MaxLinear / Infineon/ Socionext /Excelitas |
| Memory ICs | 31.6% | Automotive and industrial equipment increased | Infineon |
| Boards, electronic components, etc. | 11.0% | Computer peripherals decreased due to the application of new accounting standards Industrial equipment decreased due to the cancellation of agency agreements Increase for communication base stations | NXP / Western Digital / Hagiwara Solutions / ams / Advantec |
| Software & services | 13.5% | Communications devices and cloud business increased | Microsoft / McAfee |
| PB | 11.0% | Design & Manufacturing Services and TED Nagasaki increased | TED / TED Nagasaki / FAST |

EC Business: Sales Component Ratios by Application



| Application | Rate of Change | Main Uses | TED Trends |
|---------------------------|----------------|--|--|
| Industrial equipment | 48.2% | Medical equipment, broadcasting equipment, surveillance cameras, FA equipment, measuring equipment, industrial robots, machine tools, semiconductor manufacturing equipment, inverters | Increases in analog ICs and logic ICs due to expansion of trade rights Increase in boards for semiconductor manufacturing equipment and broadcasting equipment Decrease in electronic components due to cancellation of agency agreements |
| Automotive equipment | 19.5% | Car navigation systems, car audio equipment, autobody-related products | Increase in logic ICs due to increased market demand Increases in analog ICs and processors due to expansion of trade rights |
| Computers and peripherals | 18.5% | 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 and MFPs due to expanded trade rights Decrease in electronic components due to application of new accounting standards |
| Communications Devices | 6.8% | Routers, transmission equipment, base stations | Increases in electronic components, analog ICs, and logic ICs for base stations |
| Consumer Devices | 7.0% | 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 |