

Summary of Consolidated Financial Results For The First Quarter Ended June 30, 2022 [Japanese GAAP]

July 27, 2022

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 Stock exchange listing: Tokyo Stock Exchange Prime Market (Code 2760)
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(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Highlights for the First Quarter Ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results (cumulative)

(% indicates changes from the same period of previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The First Quarter ended June 30, 2022	50,677	23.6	2,957	102.6	2,160	80.7	1,479	(20.1)
The First Quarter ended June 30, 2021	41,009	44.1	1,459	140.3	1,195	78.6	1,851	326.8

(Note) Comprehensive income: The First Quarter ended June 30, 2022 1,940 million yen [(18.2%)]
 The First Quarter ended June 30, 2021 2,372 million yen [536.9%]

	Basic net income per share	Diluted net income per share
	Yen	Yen
The First Quarter ended June 30, 2022	149.44	—
The First Quarter ended June 30, 2021	183.45	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	116,584	32,924	27.3
As of March 31, 2022	107,801	32,018	28.7

(Reference) Equity: As of June 30, 2022 31,855 million yen As of March 31, 2022 30,953 million yen

2. Dividends

	Annual dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	105.00	—	100.00	205.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		105.00	—	135.00	240.00

(Note) Revision of dividends forecast: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the same period of previous fiscal year.)

	Net sales		Ordinary income		Net income attributable to owners of parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022 (cumulative)	94,500	14.2	3,650	47.1	2,540	(4.0)	256.61
Fiscal year ending March 31, 2023	200,000	11.2	8,500	16.2	5,900	16.0	596.07

(Note) Revision of financial forecasts: None

*Notes

- (1) Changes of significant subsidiaries during the period : None
- (2) Changes in accounting policies, accounting estimates, and restatements
 - 1) Changes due to revision of accounting standards : None
 - 2) Changes in accounting standards other than 1) : None
 - 3) Changes in accounting estimates : None
 - 4) Restatements : None

- (3) Number of shares outstanding (common stock)

- 1) Number of shares outstanding at the end of the period (including treasury stock):

June 30, 2022	10,445,500 shares
March 31, 2022	10,445,500 shares

- 2) Number of shares of treasury stock at the end of the period:

June 30, 2022	536,966 shares
March 31, 2022	547,375 shares

- 3) Average number of shares outstanding during the period:

The First Quarter ended June 30, 2022	9,903,372 shares
The First Quarter ended June 30, 2021	10,092,779 shares

(Note) The Company has adopted the Directors' Compensation BIP (Board Incentive Plan) Trust and the ESOP (Employee Stock Ownership Plan) Trust, and the "Trust-Type Employee Shareholding Incentive Plan (E-Ship)", and has included the number of the Company's shares held by both Trusts accordingly in the number of shares of treasury stock.

*This quarterly financial report is outside the scope of an audit procedure by the Certified Public Accountant or the Audit firm.

*Explanation of the appropriate use of finance forecasts and other special notes

The financial forecasts and other estimates herein are based on currently available information and certain assumptions deemed reasonable at time of report issuance. The Company does not guarantee the achievement of these forecasts. Actual operating results may differ significantly from these forecasts due to various factors.

Consolidated Financial Statements and Segment Information

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2022 (As of Mar. 31, 2022)	FY 2023 (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	5,134	4,397
Notes and accounts receivable - trade, and contract assets	47,217	47,244
Electronically recorded monetary claims - operating	3,231	3,482
Merchandise and finished goods	25,937	33,402
Raw materials	1,570	1,913
Prepaid expenses	11,732	13,935
Other	4,077	3,391
Allowance for doubtful accounts	(7)	(3)
Total current assets	98,895	107,763
Non-current assets		
Property, plant and equipment	3,662	3,591
Intangible fixed assets	157	147
Investments and other assets		
Retirement benefit asset	297	313
Other	4,836	4,815
Allowance for doubtful accounts	(47)	(47)
Total investments and other assets	5,086	5,081
Total non-current assets	8,906	8,820
Total assets	107,801	116,584

(Millions of yen)

	FY 2022 (As of Mar. 31, 2022)	FY 2023 (As of Jun. 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	15,434	18,456
Short-term borrowings	14,521	18,299
Current portion of long-term borrowings	4,840	4,833
Advances received	14,477	16,966
Provision for bonuses	1,786	777
Other	5,562	5,371
Total current liabilities	56,622	64,705
Non-current liabilities		
Long-term borrowings	9,963	9,885
Retirement benefit liability	8,166	7,941
Other	1,030	1,127
Total non-current liabilities	19,160	18,954
Total liabilities	75,783	83,659
Net assets		
Shareholders' equity		
Share capital	2,495	2,495
Capital surplus	5,652	5,652
Retained earnings	24,262	24,698
Treasury stock	(1,947)	(1,920)
Total shareholders' equity	30,463	30,926
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	45
Deferred gains or losses on hedges	(155)	(202)
Foreign currency translation adjustment	586	1,093
Remeasurements of defined benefit plans	4	(7)
Total accumulated other comprehensive income	489	929
Non-controlling interests	1,065	1,069
Total net assets	32,018	32,924
Total liabilities and net assets	107,801	116,584

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	(Millions of yen)	
	FY 2022 (from Apr. 1, 2021 to Jun. 30, 2021)	FY 2023 (from Apr. 1, 2022 to Jun. 30, 2022)
Net sales	41,009	50,677
Cost of sales	35,377	43,247
Gross profit	5,632	7,430
Selling, general and administrative expenses		
Salaries and allowances	1,720	1,783
Provision for bonuses	631	699
Retirement benefit expenses	157	162
Other	1,662	1,827
Total selling, general and administrative expenses	4,173	4,472
Operating income	1,459	2,957
Non-operating income		
Share of profit of entities accounted for using equity method	15	25
Other	41	14
Total non-operating income	57	39
Non-operating expenses		
Foreign exchange losses	289	797
Other	32	38
Total non-operating expenses	321	836
Ordinary income	1,195	2,160
Extraordinary income		
Gain on sales of non-current assets	1	-
Gain on receipt of donated non-current assets	1,888	-
Gain on sales of investments in capital of subsidiaries and affiliates	31	-
Total extraordinary income	1,921	-
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Net income before income taxes	3,117	2,160
Income taxes	940	659
Net income	2,176	1,501
Net income attributable to non-controlling interests	325	21
Net income attributable to owners of parent	1,851	1,479

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY 2022 (from Apr. 1, 2021 to Jun. 30, 2021)	FY 2023 (from Apr. 1, 2022 to Jun. 30, 2022)
Net income	2,176	1,501
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(8)
Deferred gains or losses on hedges	168	(47)
Foreign currency translation adjustment	27	491
Remeasurements of defined benefit plans, net of tax	(16)	(11)
Share of other comprehensive income of associates accounted for using equity method	15	15
Total other comprehensive income	196	439
Comprehensive income	2,372	1,940
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,047	1,919
Comprehensive income attributable to non-controlling interests	325	21

(3) Consolidated Statements of Cash Flow

(Millions of yen)

	FY 2022 (from Apr. 1, 2021 to Jun. 30, 2021)	FY 2023 (from Apr. 1, 2022 to Jun. 30, 2022)
Cash flows from operating activities		
Net income before income taxes	3,117	2,160
Depreciation and amortization	146	150
Increase (decrease) in provision for bonuses	(976)	(1,015)
Increase (decrease) in retirement benefit liability	(78)	(243)
Interest expenses	21	25
Foreign exchange losses (gains)	(344)	483
Gain on receipt of donated non-current assets	(1,888)	-
Decrease (increase) in notes and accounts receivable - trade and contract assets	2,487	829
Decrease (increase) in inventories	1,375	(7,569)
Increase (decrease) in trade payables	(1,794)	2,915
Increase (decrease) in accounts payable - other	27	143
Increase (decrease) in advances received	1,705	2,477
Decrease (increase) in consumption taxes refund receivable	1,454	1,256
Decrease (increase) in accounts receivable - other	166	(65)
Decrease (increase) in prepaid expenses	(819)	(2,201)
Decrease (increase) in advance payments to suppliers	(20)	(279)
Other, net	159	(231)
Subtotal	4,739	(1,166)
Interest and dividends received	52	27
Interest paid	(21)	(24)
Income taxes paid	(1,011)	(1,967)
Net cash provided by (used in) operating activities	3,760	(3,130)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(3)	20
Purchase of property, plant and equipment	(116)	(26)
Purchase of intangible assets	(9)	(2)
Proceeds from cancellation of insurance funds	-	47
Other, net	0	7
Net cash provided by (used in) investing activities	(128)	46

(Millions of yen)

	FY 2022 (from Apr. 1, 2021 to Jun. 30, 2021)	FY 2023 (from Apr. 1, 2022 to Jun. 30, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,330)	3,323
Repayments of long-term borrowings	(76)	(85)
Purchase of treasury shares	-	(0)
Proceeds from disposal of treasury shares	48	58
Dividends paid	(857)	(989)
Dividends paid to non-controlling interests	(26)	(17)
Repayments of lease liabilities	(12)	(15)
Net cash provided by (used in) financing activities	(4,255)	2,273
Effect of exchange rate change on cash and cash equivalents	9	94
Net increase (decrease) in cash and cash equivalents	(614)	(715)
Cash and cash equivalents at beginning of period	5,391	5,028
Cash and cash equivalents at end of period	4,777	4,313

(4) Segment Information

I. For the Period ended June 30, 2021 (From Apr. 1, 2021 to Jun. 30, 2021)

1. Information on the amount of net sales and income (loss) by segments, and breakdown of revenue

(Millions of yen)

	Segments			Adjustments	Consolidated statements of income (Note)
	Electronic Components Business	Computer Networks Business	Total		
Net sales:					
Semiconductor & Boards Products, etc.	36,554	–	36,554	–	36,554
Storage & Network Products, etc.	–	2,219	2,219	–	2,219
Maintenance & Monitoring Services	–	2,235	2,235	–	2,235
Revenue from contracts with customers	36,554	4,455	41,009	–	41,009
Outside customers	36,554	4,455	41,009	–	41,009
Inter-segment	–	–	–	–	–
Total	36,554	4,455	41,009	–	41,009
Segment income	809	386	1,195	–	1,195

(Note) Total amount of segment income coincides with the ordinary income in the consolidated statements of income.

II. For the Period ended June 30, 2022 (From Apr. 1, 2022 to Jun. 30, 2022)

1. Information on the amount of net sales and income (loss) by segments, and breakdown of revenue

(Millions of yen)

	Segments			Adjustments	Consolidated statements of income (Note)
	Electronic Components Business	Computer Networks Business	Total		
Net sales:					
Semiconductor & Boards Products, etc.	45,270	–	45,270	–	45,270
Storage & Network Products, etc.	–	2,915	2,915	–	2,915
Maintenance & Monitoring Services	–	2,491	2,491	–	2,491
Revenue from contracts with customers	45,270	5,407	50,677	–	50,677
Outside customers	45,270	5,407	50,677	–	50,677
Inter-segment	2	–	2	(2)	–
Total	45,272	5,407	50,679	(2)	50,677
Segment income	1,779	381	2,160	–	2,160

(Note) Total amount of segment income coincides with the ordinary income in the consolidated statements of income.