



Financial Briefing for the Fiscal Year Ended March 31, 2023

TOKYO ELECTRON DEVICE

April 28, 2023

Agenda



Financial Report

Corporate Director / Senior Executive Vice President
Yukio Saeki

Medium-Term Management Plan VISION2025 Forecast of Financial Results for the Fiscal Year Ending March 31, 2024

President & Representative Director
Atsushi Tokushige



Financial Report

Corporate Director / Senior Executive Vice President
Yukio Saeki

Summary of Financial Results for the Fiscal Year Ended March 31, 2023



Year-on-Year Comparison: Higher sales and income

Net sales: 33.6% increase

Ordinary income: 70.5% increase

Net income attributable to owners of parent: 72.6% increase

Comparison with full year forecast: Higher sales and income

Summary of Financial Results: Comparison with Prior Year

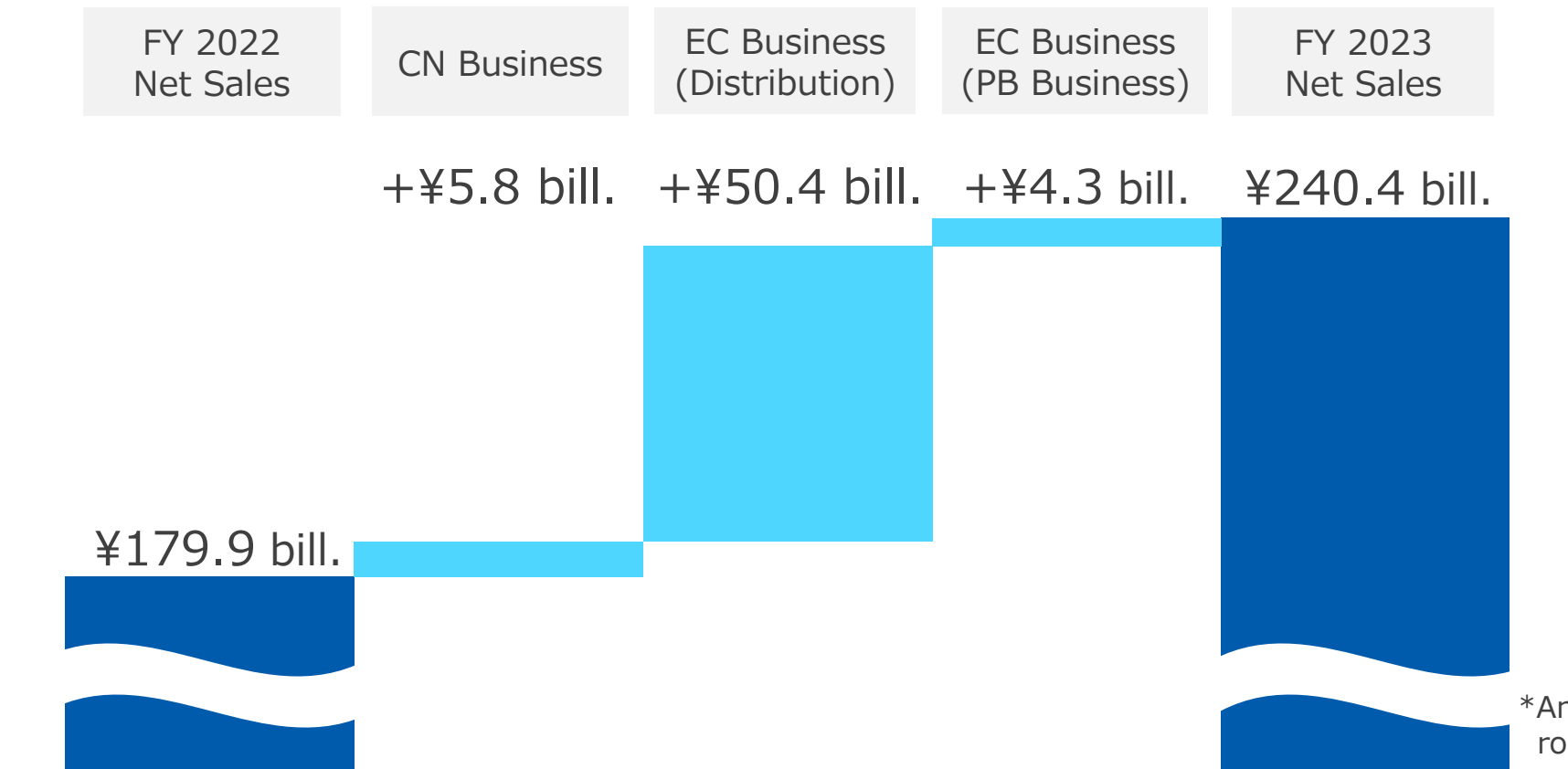


(Million yen)

	FY2022	FY2023	Change	FY 2023 Forecast
Net sales	179,907	240,350	60,442	230,000
Cost of sales	154,268	206,106	51,837	
Gross profit	25,638	34,243	8,605	
Selling, general & administrative expenses	17,506	20,016	2,509	
Operating income	8,131	14,227	6,095	
Non-operating income	189	268	78	
Non-operating expenses	1,002	2,016	1,013	
Ordinary income	7,318	12,478	5,160	11,000
Net income	5,085	8,778	3,693	7,600
Number of employees	1,279	1,318	39	

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

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: Despite longer delivery times for IT equipment, net sales increased for both product sales and services
Profits declined due to effects from the weak yen and higher SG&A expenses in conjunction with an increase in employees
- EC Business: There was a trend to improvement in the tight supply of semiconductors and there were effects from the weak yen; net sales and income were up

(Million yen)

	FY 2022		FY 2023			
	Net Sales	Segment Income	Net Sales	Change	Segment Income	Change
Computer Networks (CN) business	23,460	2,234	29,255	5,795	2,019	▲214
Electronic Components (EC) business	156,446	5,083	211,094	54,647	10,459	5,375
Total	179,907	7,318	240,350	60,442	12,478	5,160

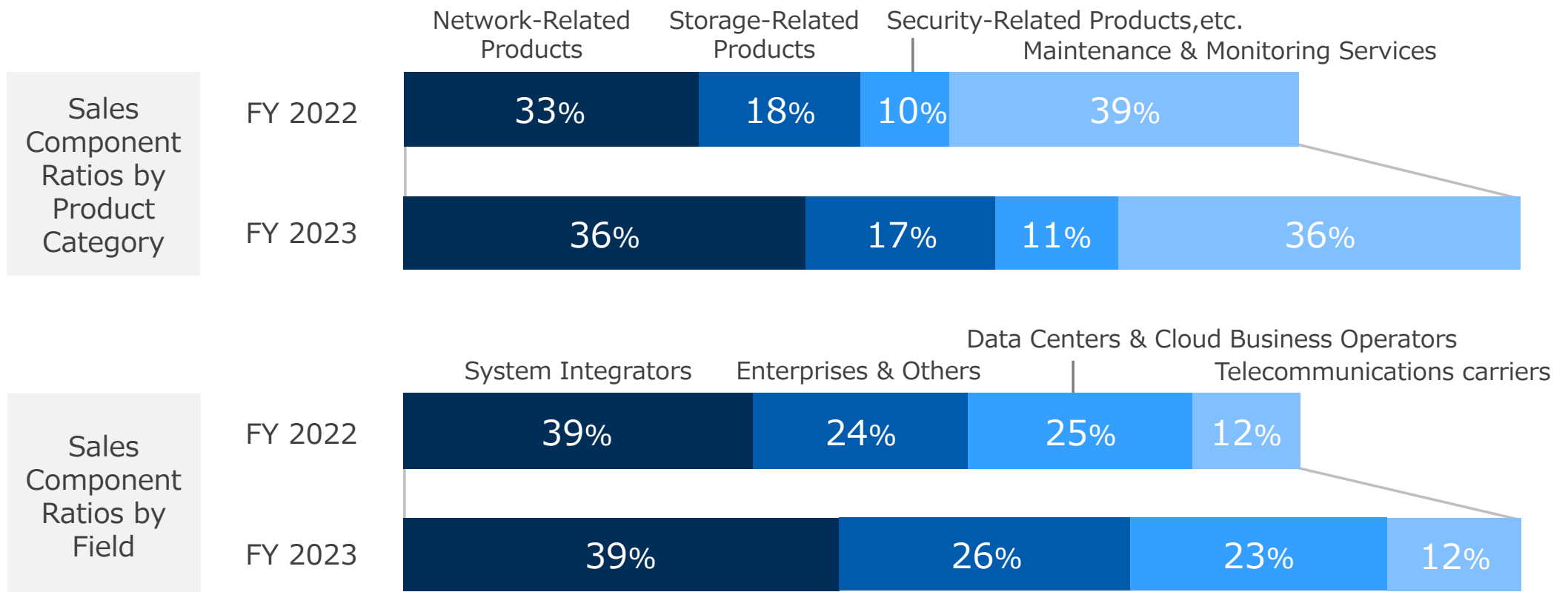
*Segment income is ordinary income

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

Segment Information: CN Business



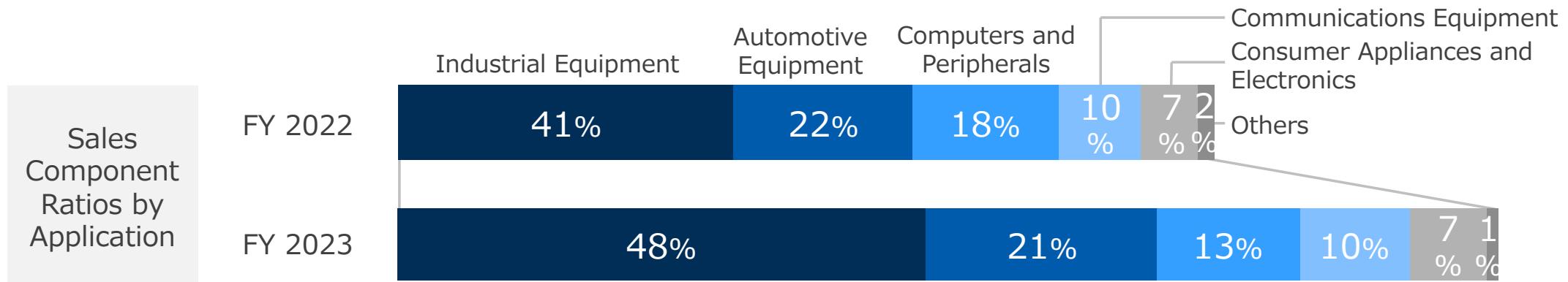
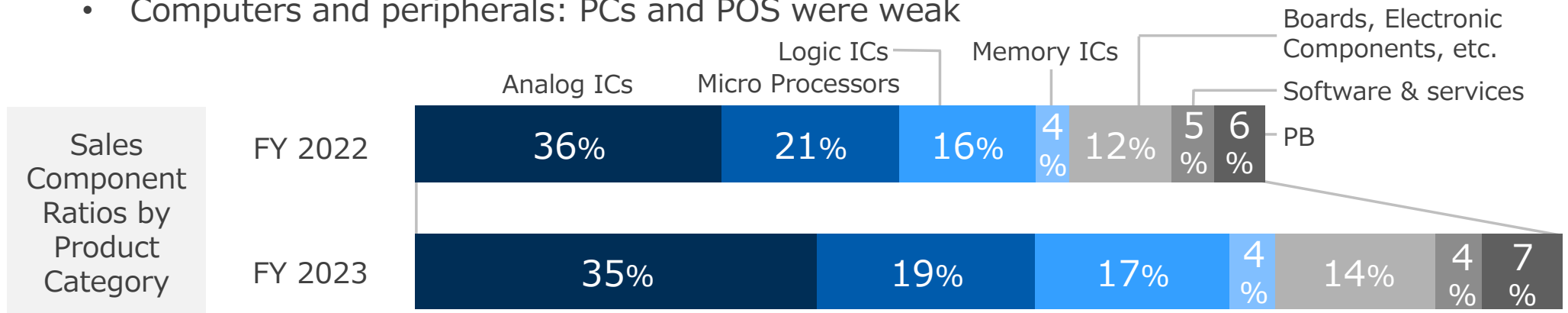
- Network-related products: Sales to system integrators and data centers & cloud business operators were strong
- Security-related products, etc.: Sales to system integrators and enterprises expanded
- Maintenance & monitoring services: Sales were steady



Segment Information: EC Business



- Industrial equipment: Analog ICs, processors and design and manufacturing increased
- Automotive equipment: Analog ICs and processors increased with increased customer demand, and logic ICs increased due to transfer of commercial rights
- Computers and peripherals: PCs and POS were weak



※ The categorization for Sales Component Ratios by Application for the EC Business has been change

Consolidated Overseas Subsidiaries: Net Sales—EC Business



- Industrial equipment: Sales were steady
- Computers and peripherals: Sales were weak
- There were effects from the weak yen

	FY 2022	FY 2023	Change	Rate of Change
Consolidated overseas subsidiaries net sales (million yen)	43,834	52,358	8,524	19.4%
Consolidated overseas subsidiaries net sales ratio	28.0%	24.8%		
Consolidated overseas subsidiaries net sales (\$1M)	390	386	▲3	▲0.9%
Exchange rate (yen)	112.39	135.50		

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

PB Business: Net Sales—EC Business



- Design & manufacturing services: Sales for medical equipment and semiconductor manufacturing equipment were strong
- TED Nagasaki: Strong sales for semiconductor manufacturing equipment
- FAST: On a recovery trend due to increase in capital expenditure by customers

(Million yen)

	FY 2022	FY 2023	Change	Rate of Change
PB business net sales	10,217	14,498	4,281	41.9%
Net sales ratio	6.5%	6.9%		

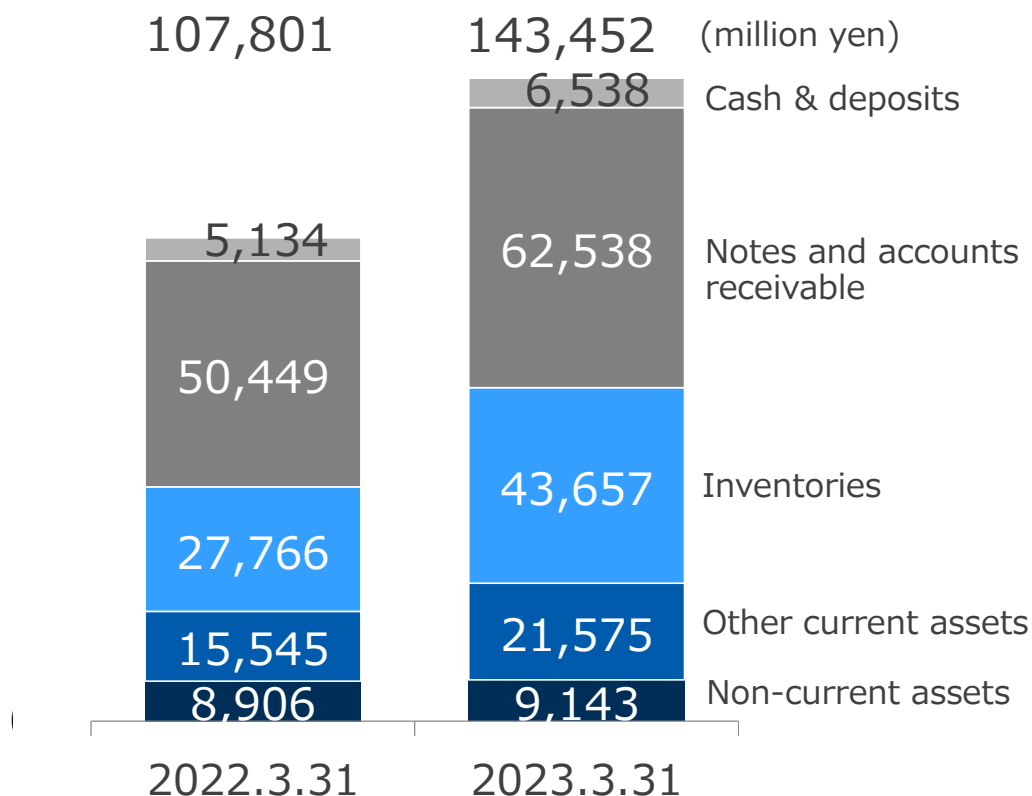
*The net sales ratio is the ratio to EC Business net sales.

Balance Sheet



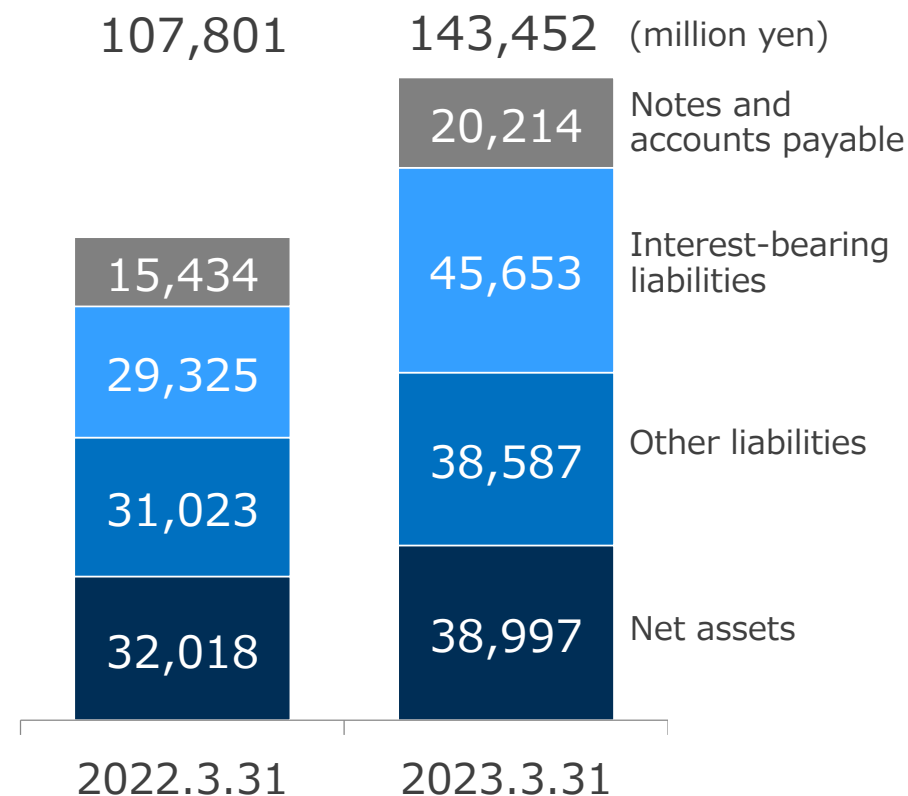
Assets

- Notes and accounts receivable and inventories increased due to strong sales

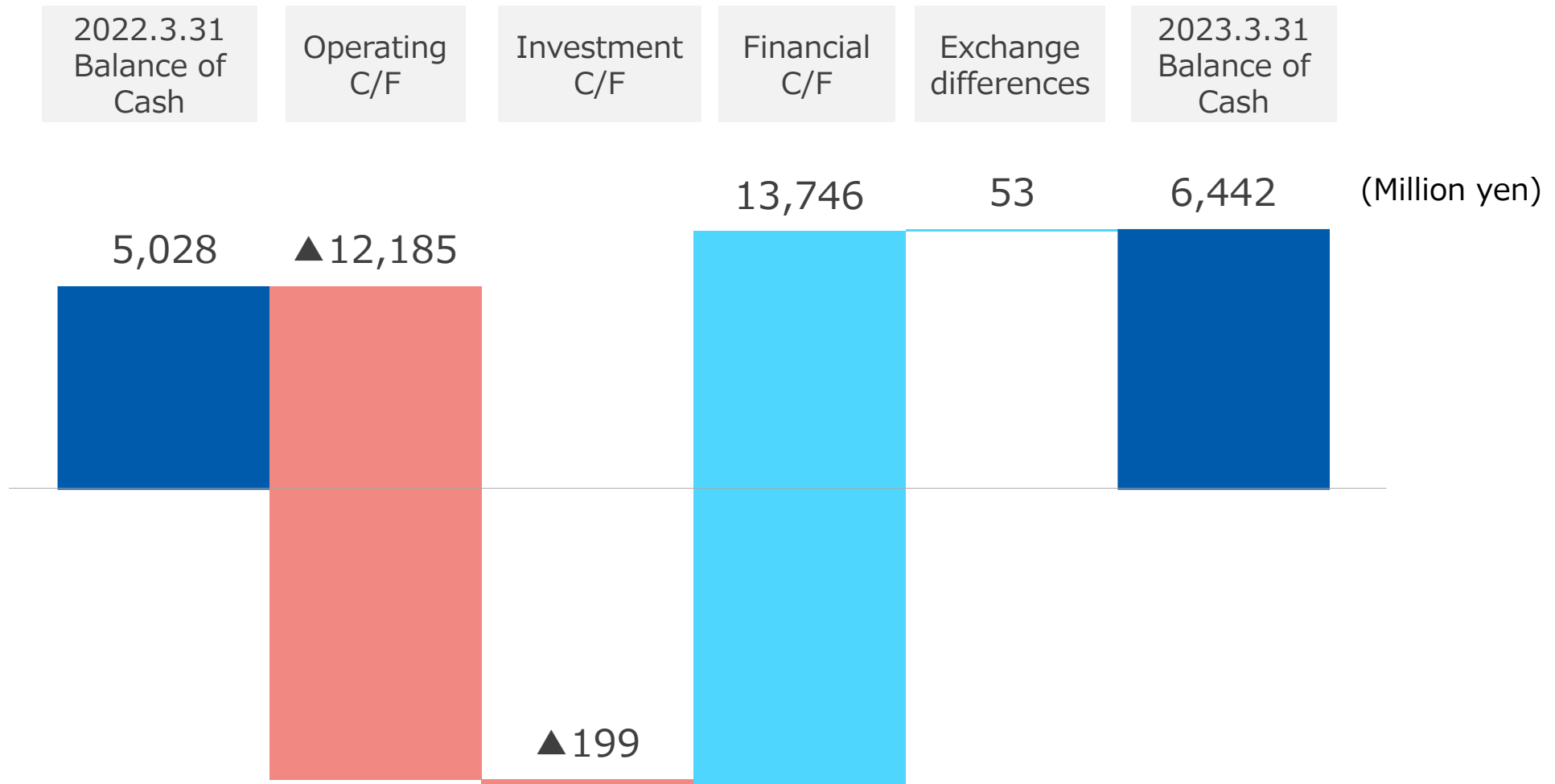


Liabilities & Net Assets

- Interest-bearing liabilities increased due to increased demand for working capital



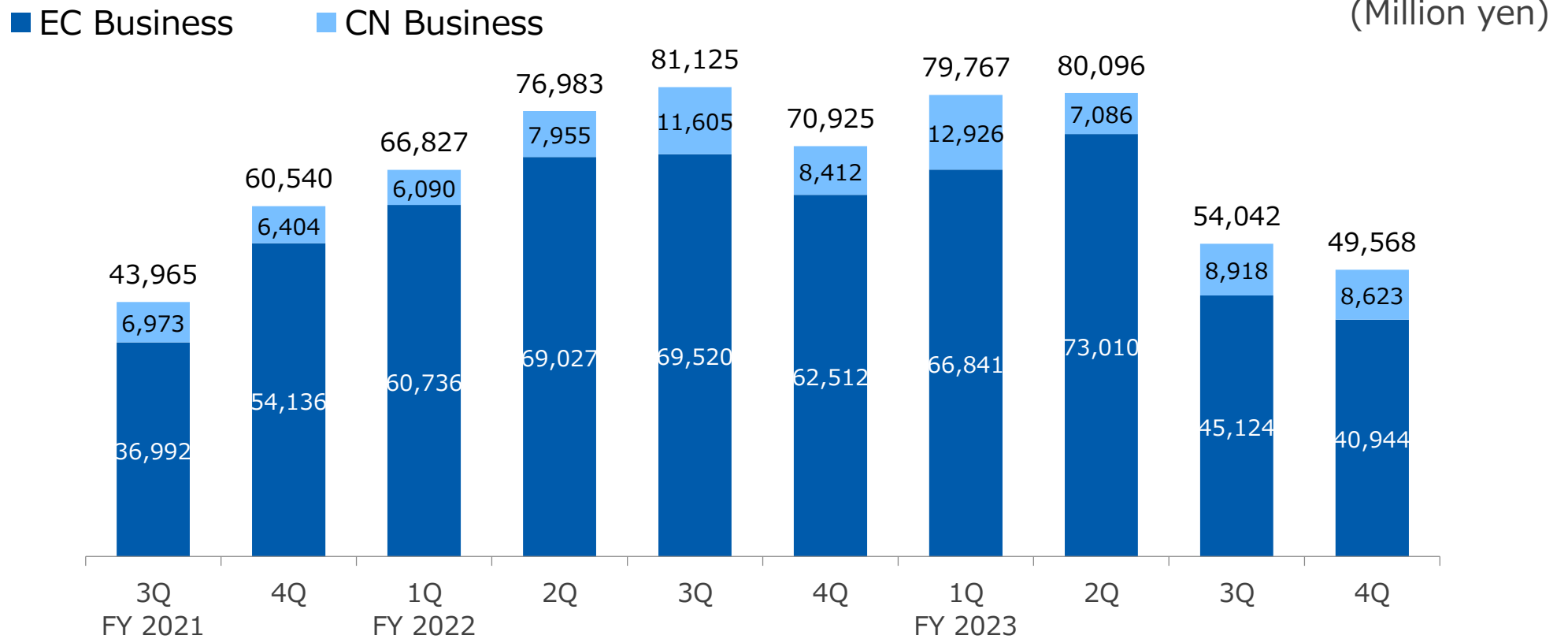
Statement of Cash Flows



Changes in Orders Received



- CN Business: In FY 2023, orders were strong, and there were large orders in 1Q
- EC Business: There was a trend to improvement in supply from 3Q of FY 2023, and the tendency of customers to place orders early moved toward normalization





Medium-Term Management Plan VISION2025
Forecast of Financial Results for the Fiscal Year
Ending March 31, 2024

President & Representative Director
Atsushi Tokushige

VISION 2025 Financial Targets and Latest Forecast



In FY 2023, achieved financial targets set in VISION 2025

	VISION 2025 Targets (initial)	FY 2023	VISION 2025 Latest forecast
Net sales	¥200 billion ±10%	¥240 billion	≥ ¥250 billion
Ordinary income ratio	> 5.0 %	5.2 %	≥ 5.5 %
ROE (shareholders' equity)	> 15.0 %	26.1 %	≥ 20.0 %

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

Next Medium-Term Management Plan to be announced in FY 2024

Assumptions of Business Plan

FY 2023

Rapid expansion period

- Strong semiconductor market
- Tight supply of semiconductors continues
- Steady IT investment
- Weak yen exchange rate

Net sales: 2,403 (¥ 100 mill)
Ordinary income ratio: 5.2%
ROE: 26.1%

FY 2024

Adjustment period

- Year-on year decrease in semiconductor market
- Gradual normalization of semiconductor supply
- Steady IT investment
- Exchange rate same level as previous year
- Expansion of semiconductor trade rights

Net sales: 2,300 (¥ 100 mill)
Ordinary income ratio: 5.2%
ROE: 21.5%

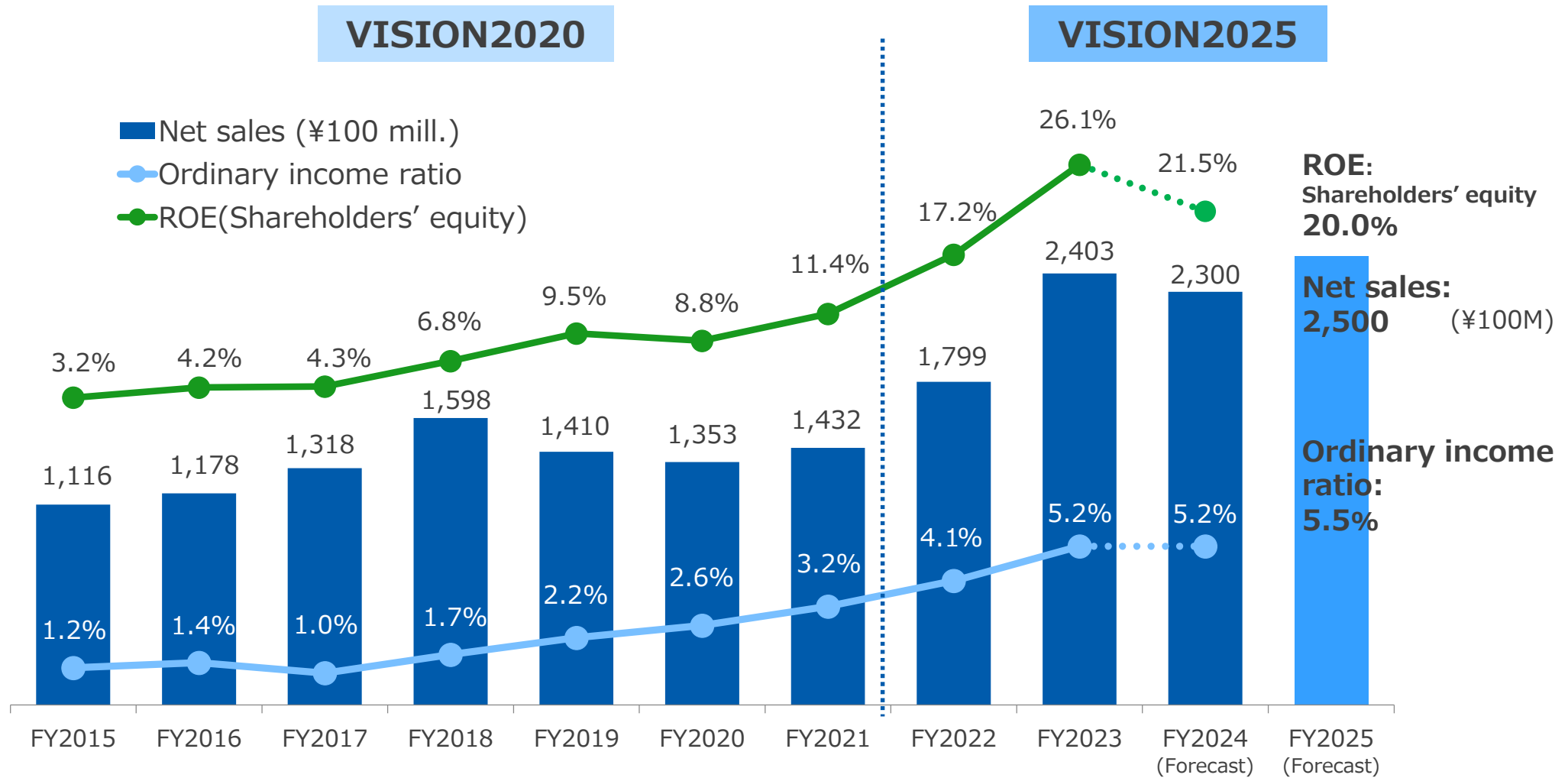
FY 2025

Growth period

- Recovery in wide range of areas in semiconductor market
- Tight supply of semiconductors has eased
- Steady IT investment

Net sales \geq 2,500 (¥ 100 mill)
Ordinary income ratio \geq 5.5%
ROE \geq 20.0%

Medium-Term Management Plan: Results and Plan



Promotion of Promising Businesses for Profitable Growth



Strengthening service business

- Security products and services
- AI services (AI evaluation and verification)
- Cloud services

Strengthening manufacturer functions

- ODM (medical-related equipment)
- Overseas development of manufacturing systems
- Improved functionality of robot vision
- Design and Manufacturing services

Forecast of Financial Results for the Fiscal Year Ending March 31, 2024

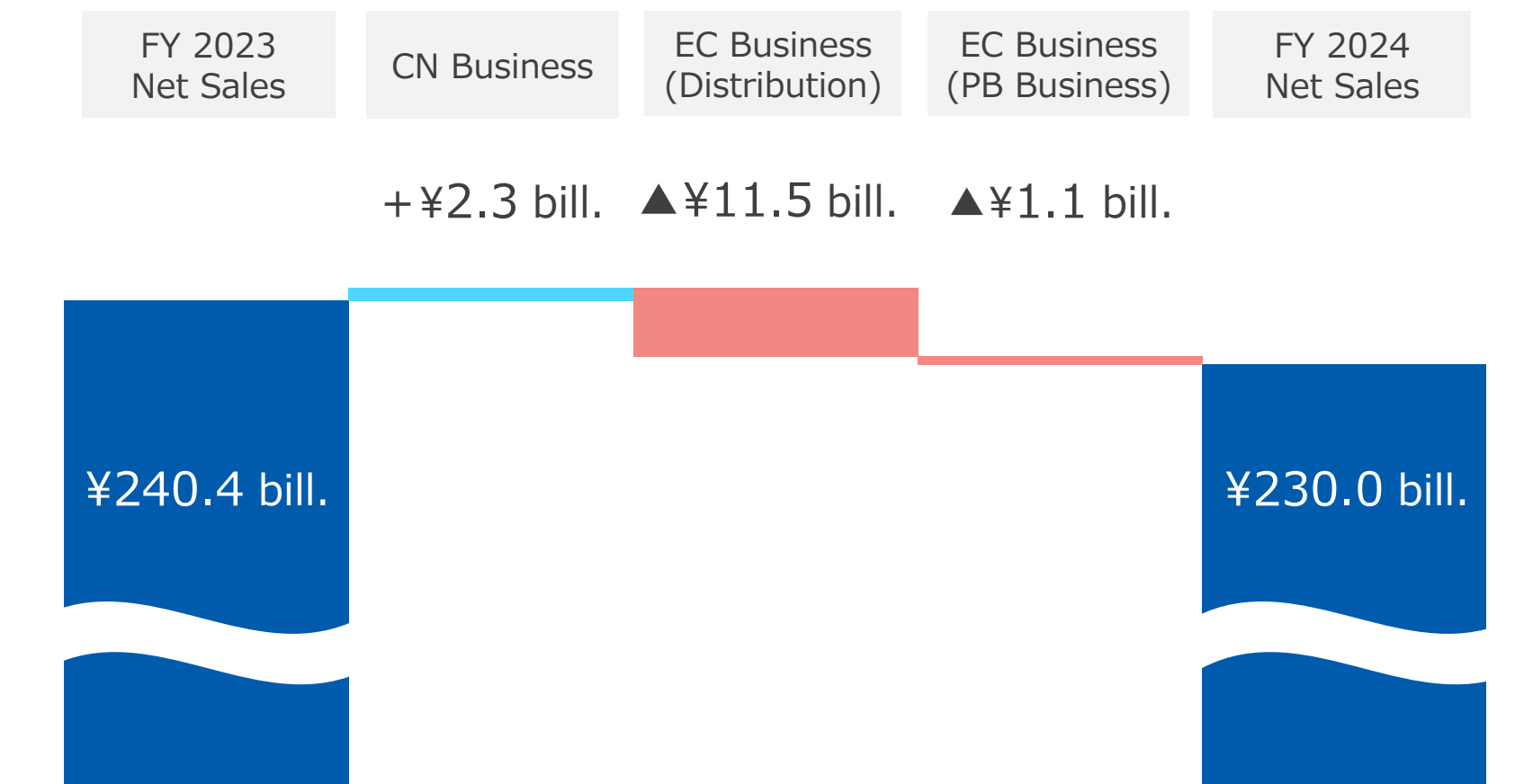


(Million yen)

	FY 2023	FY 2024			YoY Change	
	Full Year	1 st Half Forecast	2 nd Half Forecast	Full Year Forecast	Change	Rate of Change
Net sales	240,350	107,800	122,200	230,000	▲ 10,350	▲ 4.3%
CN Business	29,255	14,100	17,500	31,600	2,344	8.0%
EC Business (Consolidated)	211,094	93,700	104,700	198,400	▲ 12,694	▲ 6.0%
EC Business	196,595	87,700	97,350	185,050	▲ 11,545	▲ 5.9%
PB Business	14,498	6,000	7,350	13,350	▲ 1,148	▲ 7.9%
Ordinary income (income ratio)	12,478 (5.2%)	5,000 (4.6%)	7,000 (5.7%)	12,000 (5.2%)	▲ 478	▲ 3.8%
Net income (income ratio)	8,778 (3.7%)	3,550 (3.3%)	4,900 (4.0%)	8,450 (3.7%)	▲ 328	▲ 3.7%

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

Forecast of Financial Results for the Fiscal Year Ending March 31, 2024: Changes in Net Sales



*Amounts are rounded off

Shareholder Return: Share Split



- Purpose of share split

To create an environment that makes shares more affordable for investors, and to expand the investor base

- Outline of share split

Proportion of split	Split shares at a ratio of three shares for one share
Record date	September 30, 2023
Effective date	October 1, 2023

	Currently	After stock split
Total number of issued shares	10,445,500 shares	31,336,500 shares
Total number of authorized shares	25,600,000 shares	76,800,000 shares

Shareholder Return: Dividend



Dividends per share

(Yen)

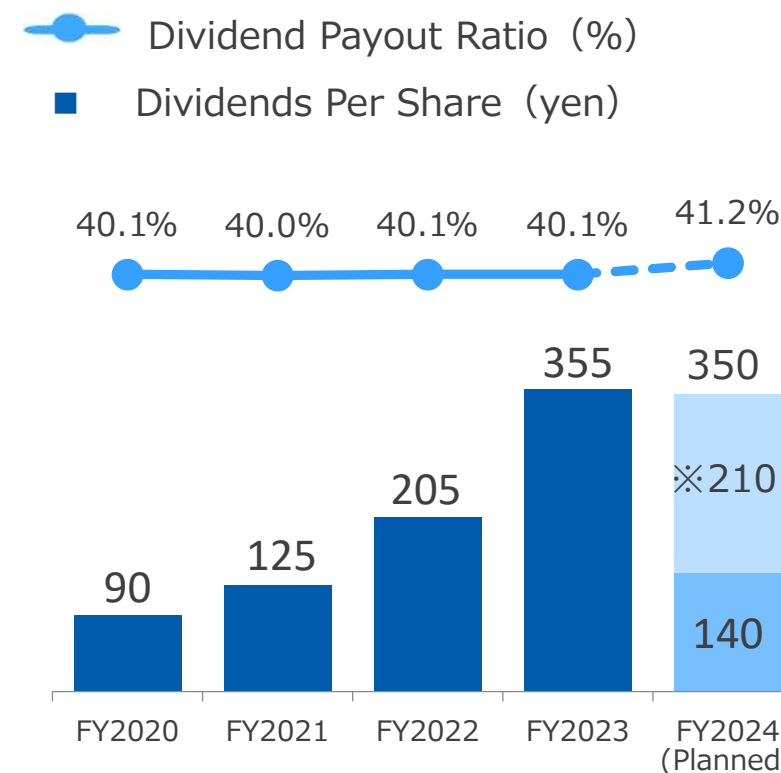
	FY 2023		FY 2024	
	Year-End Dividend Previous Forecast	Year-End Dividend Revised Forecast	Forecast	Forecast Without Taking Split into Consideration
Interim	145	145	140	140
Year-End	165	210	※70	210
Full-year	310	355	—	350

* A stock split at the ratio of three shares for one share is planned to be implemented with 1 October 2023 as the effective date.

Dividend policy

- Dividend payout ratio: 40%
- Stable, continuous dividends

Dividends / Dividend Payout Ratio



* Dividend amount without taking stock split into consideration



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



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Medium-Term Management Plan VISION 2025



BUSINESS ENVIRONMENT

Society 5.0 to Arrive

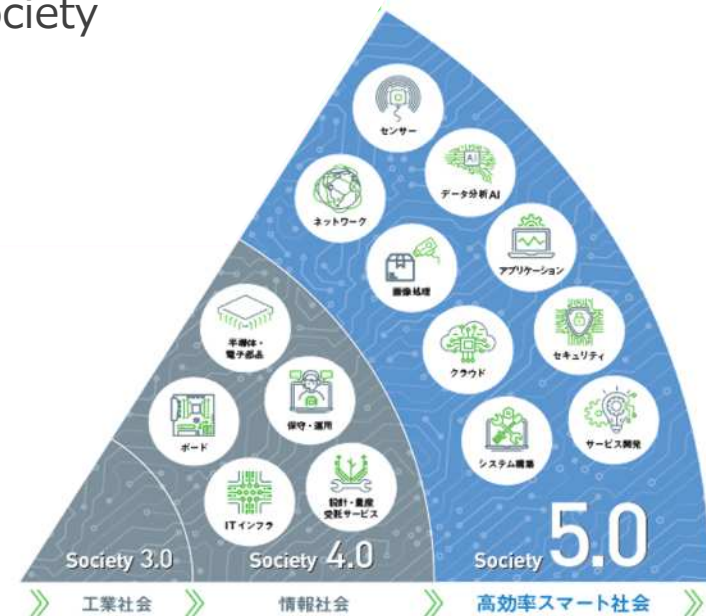
Highly efficient smart society amid Slow Economic Growth



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

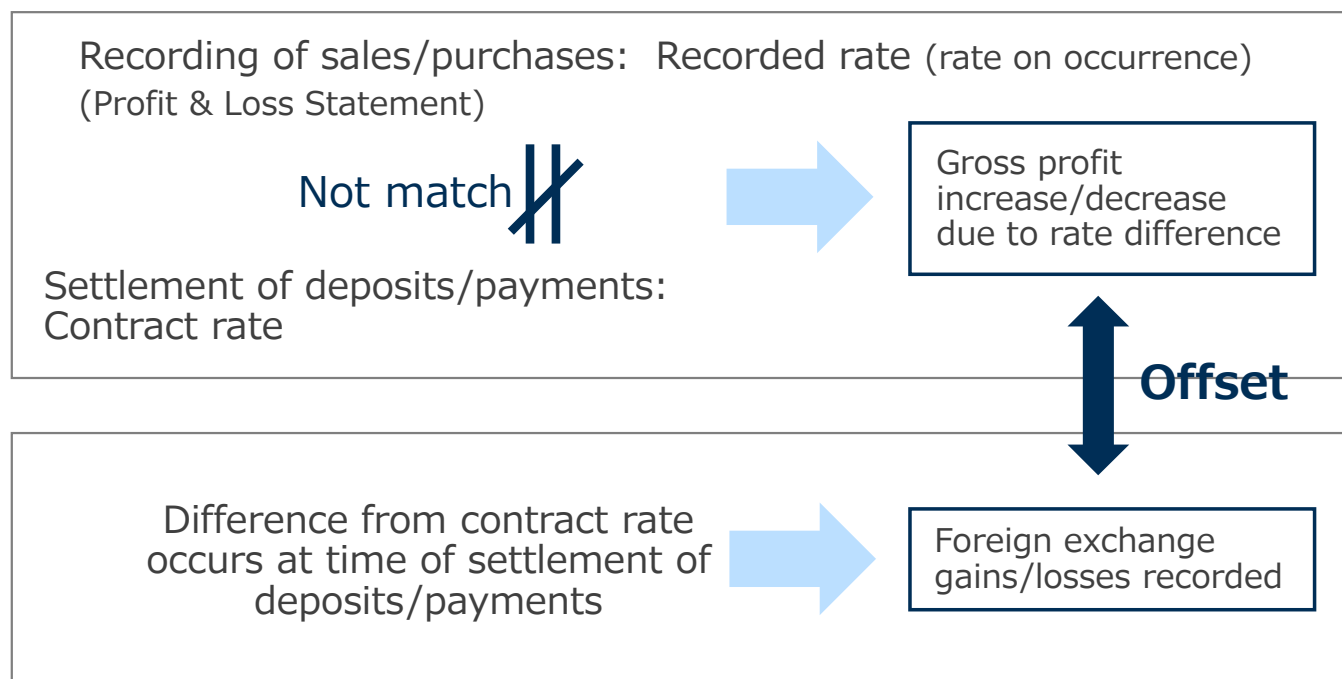
- Business model that will generate profits from data, service, and stock businesses
- Maintain and expand customer base that contributes toward growth of business as a manufacturer
- Build a base for stable income

The kind of manufacturer we want to be

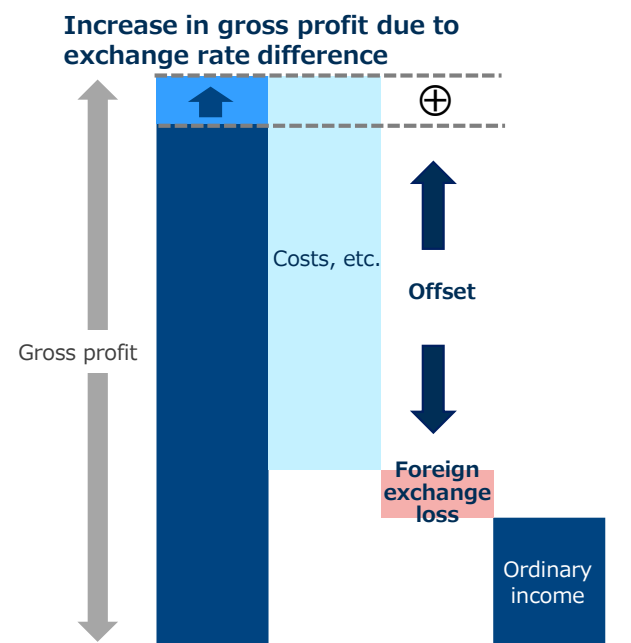
- Manufacturing system manufacturer
- Original design manufacturer (ODM)
- Design development division based on providing solutions to issue
- Highly efficient smart factories

Foreign Exchange Losses

Forward exchange contracts are used to hedge foreign exchange risks



When yen weakening (image)



Impact of exchange rate fluctuations on ordinary income is minimal

* However, forward exchange contract losses, i.e. interest rate discount costs due to the difference between Japanese and U.S. interest rates, are recorded as foreign exchange losses.

Financial Highlight (1/2)



(Million yen)

	FY 2021				FY 2022				FY 2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	28,458	33,443	37,204	44,161	41,009	41,770	45,112	52,014	50,677	61,091	64,127	64,453
CN Business	5,102	5,323	5,066	8,440	4,455	5,547	5,477	7,980	5,407	7,263	7,191	9,393
EC Business	23,356	28,119	32,138	35,720	36,554	36,223	39,634	44,034	45,270	53,828	56,935	55,059
Cost of sales	24,120	29,005	31,932	37,607	35,377	36,140	38,694	44,056	43,247	52,459	55,409	54,990
Gross profit	4,338	4,437	5,272	6,554	5,632	5,629	6,417	7,958	7,430	8,632	8,717	9,463
Profit rate	15.2%	13.3%	14.2%	14.8%	13.7%	13.5%	14.2%	15.3%	14.7%	14.1%	13.6%	14.7%
Selling, general and administrative expenses	3,731	3,921	3,903	4,424	4,173	4,332	4,441	4,560	4,472	5,016	4,881	5,645
Operating income	607	515	1,368	2,129	1,459	1,297	1,976	3,397	2,957	3,615	3,835	3,817
Profit rate	2.1%	1.5%	3.7%	4.8%	3.6%	3.1%	4.4%	6.5%	5.8%	5.9%	6.0%	5.9%
Non-operating income	84	103	9	-15	57	79	24	27	39	120	35	72
Non-operating expenses	21	26	27	101	321	91	222	368	836	688	585	-94
Ordinary income	669	592	1,350	2,013	1,195	1,285	1,778	3,057	2,160	3,048	3,285	3,984
Profit rate	2.4%	1.8%	3.6%	4.6%	2.9%	3.1%	3.9%	5.9%	4.3%	5.0%	5.1%	6.2%
CN Business	592	448	503	1,290	386	532	320	995	381	522	131	984
EC Business	77	143	847	722	809	753	1,458	2,062	1,779	2,525	3,153	3,000
Extraordinary income	0	1	0	0	1,921	0	0	140	0	0	0	0
Extraordinary losses	1	27	0	8	0	114	3	1,351	0	2	0	6
Net income before income taxes	668	565	1,350	2,004	3,117	1,171	1,775	1,846	2,160	3,045	3,284	3,978
Profit rate	2.3%	1.7%	3.6%	4.5%	7.6%	2.8%	3.9%	3.5%	4.3%	5.0%	5.1%	6.2%
Net income	442	411	989	1,374	2,176	805	1,257	1,249	1,501	2,147	2,325	2,904
Profit rate	1.6%	1.2%	2.7%	3.1%	5.3%	1.9%	2.8%	2.4%	3.0%	3.5%	3.6%	4.5%
Net income attributable to owners of parent	433	389	963	1,356	1,851	794	1,249	1,189	1,479	2,104	2,316	2,876
Profit rate	1.5%	1.2%	2.6%	3.1%	4.5%	1.9%	2.8%	2.3%	2.9%	3.4%	3.6%	4.5%

Financial Highlight (2/2)

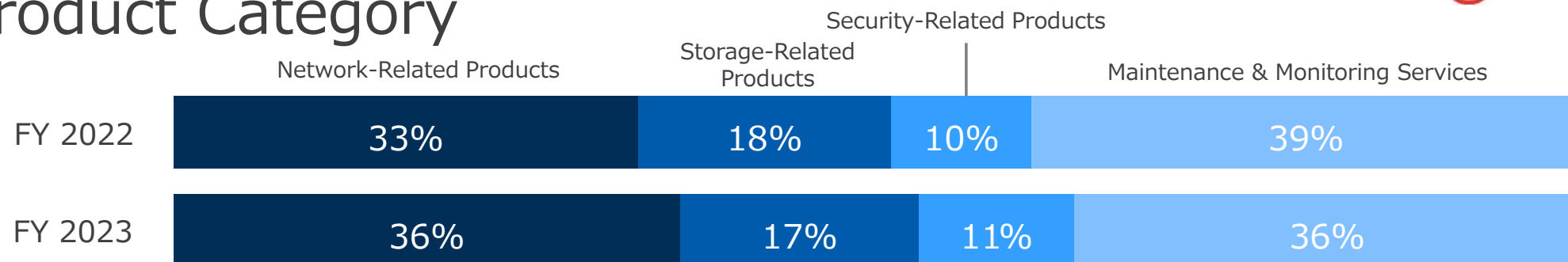


(Million yen)

	FY 2023													
	1Q		2Q		1 st Half		3Q		4Q		2 nd Half		Full Year	
		Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change		Rate of Change
Net sales	50,677	23.6%	61,091	46.3%	111,769	35.0%	64,127	42.1%	64,453	23.9%	128,580	32.4%	240,350	33.6%
CN Business	5,407	21.4%	7,263	30.9%	12,670	26.7%	7,191	31.3%	9,393	17.7%	16,584	23.2%	29,255	24.7%
EC Business	45,270	23.8%	53,828	48.6%	99,098	36.2%	56,935	43.7%	55,059	25.0%	111,995	33.9%	211,094	34.9%
Cost of sales	43,247	22.2%	52,459	45.2%	95,706	33.8%	55,409	43.2%	54,990	24.8%	110,399	33.4%	206,106	33.6%
Gross profit	7,430	31.9%	8,632	53.3%	16,062	42.6%	8,717	35.8%	9,463	18.9%	18,181	26.5%	34,243	33.6%
Selling, general and administrative expenses	4,472	7.2%	5,016	15.8%	9,489	11.6%	4,881	9.9%	5,645	23.8%	10,527	16.9%	20,016	14.3%
Operating income	2,957	102.6%	3,615	178.6%	6,573	138.4%	3,835	94.1%	3,817	12.4%	7,653	42.4%	14,227	75.0%
Ordinary income	2,160	80.7%	3,048	137.0%	5,208	109.9%	3,285	84.7%	3,984	30.3%	7,270	50.3%	12,478	70.5%
CN Business	381	-1.3%	522	-2.0%	903	-1.7%	131	-58.8%	984	-1.1%	1,116	-15.1%	2,019	-9.6%
EC Business	1,779	119.7%	2,525	235.3%	4,305	175.4%	3,153	116.3%	3,000	45.5%	6,153	74.8%	10,459	105.7%
Net income before income taxes	2,160	-30.7%	3,045	159.9%	5,206	21.4%	3,284	85.1%	3,978	115.5%	7,263	100.6%	12,469	57.6%
Net income	1,501	-31.0%	2,147	166.4%	3,648	22.3%	2,325	85.0%	2,904	132.5%	5,230	108.6%	8,879	61.7%
Net income attributable to owners of parent	1,479	-20.1%	2,104	164.9%	3,584	35.5%	2,316	85.5%	2,876	141.8%	5,193	112.9%	8,778	72.6%

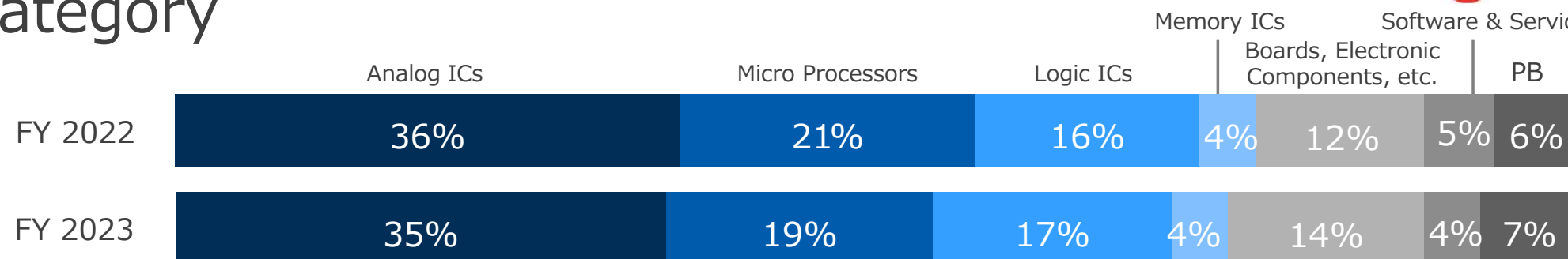
*Rate of Change : percentage change from the previous year

CN Business: Sales Component Ratios by Product Category



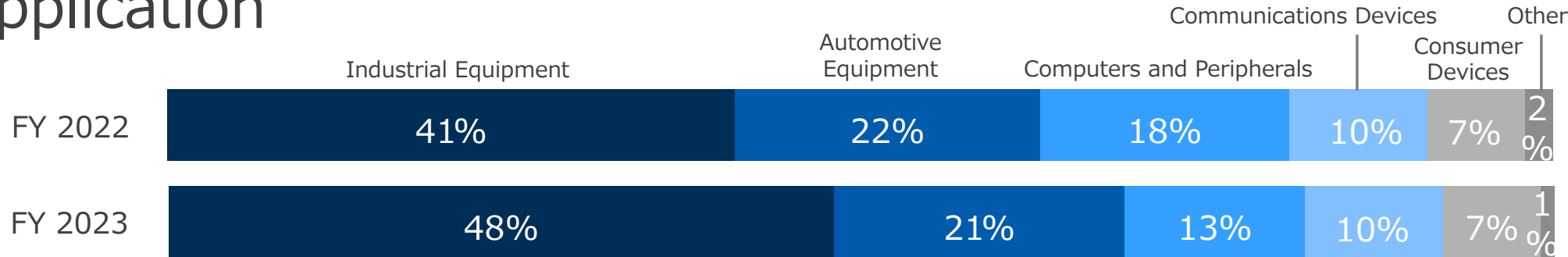
Product	Rate of Change	Main Causes	Main Suppliers
Network-related products	36.0%	Strong equipment sales to system integrators, data centers and cloud business operators	Arista Networks F5 Extreme Networks
Storage-related products	17.4%	Large flash storage orders for system integrators and telecommunications carriers	Pure Storage Dell Technologies
Security-related products	42.7%	Expansion of cloud security for system integrators and endpoint security for enterprises	Netskope SentinelOne Nutanix
Maintenance & monitoring services	14.1%	Increased strong storage products maintenance services	TED

EC Business: Sales Component Ratios by Product Category



Product	Rate of Change	Main Causes	Main Suppliers
Analog ICs	31.3%	Industrial equipment and automotive equipment increased due to increased market demand	TI / NXP
Micro processors	20.8%	Industrial equipment increased POS was weak	NXP / TI / Infineon / Intel
Logic ICs	46.9%	Industrial equipment increased Automotive equipment increased due to transfer of trade rights	TI / NXP / Lattice / MaxLinear / Infineon/ Realtek / Socionext
Memory ICs	35.3%	Industrial equipment increased	Infineon
Boards, electronic components, etc.	52.2%	Industrial equipment and communications base stations increased PC storage increased	NXP / PFU / Hagiwara Solutions / Western Digital / Intel
Software & services	29.5%	Cloud business increased	Microsoft / DELL / McAfee
PB	41.9%	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	TED Trends
Industrial equipment	58.6%	Medical equipment, broadcasting equipment, surveillance cameras, FA equipment, measuring equipment, industrial robots, machine tools, semiconductor manufacturing equipment, inverters	Increases in analog ICs and processors due to increased market demand Increase in boards for semiconductor manufacturing equipment and medical equipment
Automotive equipment	27.2%	Car navigation systems, car audio equipment, autobody-related products	Increases in analog ICs and processors due to increased market demand Increase in logic ICs due to acquisition of trade rights
Computers and peripherals	▲2.5%	Multifunctional printers, projectors, office equipment, storage, servers, PCs and peripheral devices, POS terminals	Weak sales of processors for POS and logic ICs for PCs
Communications Devices	39.0%	Routers, transmission equipment, base stations	Increases in electronic components and analog ICs for base stations
Consumer Devices	17.1%	Digital cameras, digital video cameras, TVs/DVD/AV equipment, home gaming consoles, remote controls, major home appliances	Increases in processors and logic ICs for AV equipment

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

Change in Balance of Orders Received



(million yen)

