

Summary of Consolidated Financial Results For The First Quarter Ended June 30, 2023 [Japanese GAAP]

August 1, 2023

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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, 2023 (April 1, 2023 to June 30, 2023)

(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, 2023 | 59,012 | 16.4 | 3,628 | 22.7 | 3,143 | 45.5 | 2,186 | 47.8 |
| The First Quarter ended June 30, 2022 | 50,677 | 23.6 | 2,957 | 102.6 | 2,160 | 80.7 | 1,479 | (20.1) |

(Note) Comprehensive income: The First Quarter ended June 30, 2023 2,739 million yen [41.1%]
 The First Quarter ended June 30, 2022 1,940 million yen [(18.2)%]

| | Basic net income per share | Diluted net income per share |
|---------------------------------------|----------------------------|------------------------------|
| | Yen | Yen |
| The First Quarter ended June 30, 2023 | 219.67 | — |
| The First Quarter ended June 30, 2022 | 149.44 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|----------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of June 30, 2023 | 141,337 | 39,542 | 27.2 |
| As of March 31, 2023 | 143,452 | 38,997 | 26.4 |

(Reference) Equity: As of June 30, 2023 38,405 million yen As of March 31, 2023 37,848 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, 2023 | — | 145.00 | — | 210.00 | 355.00 |
| Fiscal year ending March 31, 2024 | — | | | | |
| Fiscal year ending March 31, 2024 (Forecast) | | 140.00 | — | 70.00 | — |

(Note) Revision of dividends forecast: None

(Note) The Company plans to conduct a share split at a ratio of three shares for every one share of the Company's common stock with October 1, 2023 as the effective date. The year-end dividend per share for the fiscal year ending March 31, 2024 (forecast) is based on the number of shares after the share split, and the annual dividend is stated as “—”. If the share split is not taken into consideration, the year-end dividend per share for the fiscal year ending March 31, 2024 (forecast) would be ¥210.00, and the annual dividend would be ¥350.00.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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 | % | |
| Six months ending September 30, 2023 (cumulative) | 107,800 | (3.6) | 5,000 | (4.0) | 3,550 | (1.0) | Yen 356.84 |
| Fiscal year ending March 31, 2024 | 230,000 | (4.3) | 12,000 | (3.8) | 8,450 | (3.7) | 283.12 |

(Note) Revision of financial forecasts: None

(Note) The Company plans to conduct a share split at a ratio of three shares for every one share of the Company's common stock with October 1, 2023 as the effective date. Basic net income per share for fiscal year ending March 31, 2024 (forecast) is taking into consideration the impact of the share split. Not taking into consideration the share split, net income per share for fiscal year ending March 31, 2024 (forecast) would be ¥849.37.

*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 shares):

| | |
|----------------|-------------------|
| June 30, 2023 | 10,445,500 shares |
| March 31, 2023 | 10,445,500 shares |
 - 2) Number of shares of treasury stock at the end of the period:

| | |
|----------------|----------------|
| June 30, 2023 | 483,160 shares |
| March 31, 2023 | 496,966 shares |

3) Average number of shares outstanding during the period:

| | |
|---------------------------------------|------------------|
| The First Quarter ended June 30, 2023 | 9,954,959 shares |
| The First Quarter ended June 30, 2022 | 9,903,372 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 shares.

*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 2023 (As of Mar. 31, 2023) | FY 2024 (As of Jun. 30, 2023) |
|--|----------------------------------|----------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,538 | 5,974 |
| Notes and accounts receivable - trade, and contract assets | 57,737 | 52,816 |
| Electronically recorded monetary claims - operating | 4,801 | 4,881 |
| Merchandise and finished goods | 40,402 | 44,817 |
| Raw materials | 2,680 | 3,012 |
| Prepaid expenses | 17,332 | 17,739 |
| Other | 4,821 | 2,257 |
| Allowance for doubtful accounts | (4) | (78) |
| Total current assets | 134,309 | 131,420 |
| Non-current assets | | |
| Property, plant and equipment | 3,481 | 3,431 |
| Intangible assets | 226 | 624 |
| Investments and other assets | | |
| Retirement benefit asset | 352 | 363 |
| Other | 5,126 | 5,817 |
| Allowance for doubtful accounts | (43) | (319) |
| Total investments and other assets | 5,435 | 5,861 |
| Total non-current assets | 9,143 | 9,917 |
| Total assets | 143,452 | 141,337 |

(Millions of yen)

| | FY 2023 (As of Mar. 31, 2023) | FY 2024 (As of Jun. 30, 2023) |
|---|----------------------------------|----------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 20,214 | 17,151 |
| Short-term borrowings | 20,949 | 20,026 |
| Current portion of long-term borrowings | 3 | 4,000 |
| Advances received | 21,082 | 23,615 |
| Provision for bonuses | 2,706 | 965 |
| Other | 5,638 | 6,185 |
| Total current liabilities | 70,595 | 71,944 |
| Non-current liabilities | | |
| Long-term borrowings | 24,700 | 20,700 |
| Retirement benefit liability | 7,626 | 7,433 |
| Other | 1,533 | 1,716 |
| Total non-current liabilities | 33,859 | 29,850 |
| Total liabilities | 104,455 | 101,794 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,495 | 2,495 |
| Capital surplus | 5,652 | 5,652 |
| Retained earnings | 30,482 | 30,475 |
| Treasury shares | (1,813) | (1,777) |
| Total shareholders' equity | 36,816 | 36,845 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 82 | 92 |
| Deferred gains or losses on hedges | (136) | (52) |
| Foreign currency translation adjustment | 973 | 1,413 |
| Remeasurements of defined benefit plans | 111 | 106 |
| Total accumulated other comprehensive income | 1,031 | 1,560 |
| Non-controlling interests | 1,148 | 1,137 |
| Total net assets | 38,997 | 39,542 |
| Total liabilities and net assets | 143,452 | 141,337 |

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

| | FY 2023 (from Apr. 1, 2022 to Jun. 30, 2022) | FY 2024 (from Apr. 1, 2023 to Jun. 30, 2023) |
|---|--|--|
| Net sales | 50,677 | 59,012 |
| Cost of sales | 43,247 | 50,091 |
| Gross profit | 7,430 | 8,921 |
| Selling, general and administrative expenses | | |
| Salaries and allowances | 1,783 | 1,835 |
| Provision for bonuses | 699 | 903 |
| Retirement benefit expenses | 162 | 178 |
| Provision for share based compensation expenses for employees | 31 | 64 |
| Provision of allowance for doubtful accounts | (3) | 350 |
| Other | 1,800 | 1,960 |
| Total selling, general and administrative expenses | 4,472 | 5,292 |
| Operating income | 2,957 | 3,628 |
| Non-operating income | | |
| Share of profit of entities accounted for using equity method | 25 | 49 |
| Other | 14 | 19 |
| Total non-operating income | 39 | 69 |
| Non-operating expenses | | |
| Foreign exchange losses | 797 | 467 |
| Other | 38 | 86 |
| Total non-operating expenses | 836 | 554 |
| Ordinary income | 2,160 | 3,143 |
| Extraordinary income | | |
| Gain on sale of investment securities | - | 4 |
| Total extraordinary income | - | 4 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 0 |
| Total extraordinary losses | 0 | 0 |
| Net income before income taxes | 2,160 | 3,147 |
| Income taxes | 659 | 936 |
| Net income | 1,501 | 2,210 |
| Net income attributable to non-controlling interests | 21 | 24 |
| Net income attributable to owners of parent | 1,479 | 2,186 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | FY 2023 (from Apr. 1, 2022 to Jun. 30, 2022) | FY 2024 (from Apr. 1, 2023 to Jun. 30, 2023) |
|--|--|--|
| Net income | 1,501 | 2,210 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (8) | 10 |
| Deferred gains or losses on hedges | (47) | 83 |
| Foreign currency translation adjustment | 491 | 437 |
| Remeasurements of defined benefit plans, net of tax | (11) | (5) |
| Share of other comprehensive income of entities accounted for using equity method | 15 | 1 |
| Total other comprehensive income | 439 | 528 |
| Comprehensive income | 1,940 | 2,739 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,919 | 2,715 |
| Comprehensive income attributable to non-controlling interests | 21 | 24 |

(3) Consolidated Statements of Cash Flow

(Millions of yen)

| | FY 2023 (from Apr. 1, 2022 to Jun. 30, 2022) | FY 2024 (from Apr. 1, 2023 to Jun. 30, 2023) |
|---|--|--|
| Cash flows from operating activities | | |
| Net income before income taxes | 2,160 | 3,147 |
| Depreciation and amortization | 150 | 127 |
| Increase (decrease) in allowance for doubtful accounts | (3) | 350 |
| Increase (decrease) in provision for bonuses | (1,015) | (1,746) |
| Increase (decrease) in retirement benefit liability | (243) | (198) |
| Interest expenses | 25 | 65 |
| Foreign exchange losses (gains) | 483 | 1,122 |
| Decrease (increase) in notes and accounts receivable - trade and contract assets | 829 | 5,543 |
| Decrease (increase) in inventories | (7,569) | (4,542) |
| Increase (decrease) in trade payables | 2,915 | (3,116) |
| Increase (decrease) in accounts payable - other | 143 | 317 |
| Increase (decrease) in advances received | 2,477 | 2,524 |
| Decrease (increase) in consumption taxes refund receivable | 1,256 | 2,586 |
| Decrease (increase) in accounts receivable - other | (65) | 111 |
| Decrease (increase) in prepaid expenses | (2,201) | (405) |
| Decrease (increase) in advance payments to suppliers | (279) | 113 |
| Other, net | (228) | (239) |
| Subtotal | (1,166) | 5,762 |
| Interest and dividends received | 27 | 35 |
| Interest paid | (24) | (67) |
| Income taxes paid | (1,967) | (2,592) |
| Net cash provided by (used in) operating activities | (3,130) | 3,137 |
| Cash flows from investing activities | | |
| Net decrease (increase) in time deposits | 20 | (3) |
| Purchase of property, plant and equipment | (26) | (112) |
| Purchase of intangible assets | (2) | (45) |
| Proceeds from sale of investment securities | - | 4 |
| Payments of leasehold and guarantee deposits | (3) | (428) |
| Proceeds from cancellation of insurance funds | 47 | - |
| Other, net | 11 | 0 |
| Net cash provided by (used in) investing activities | 46 | (584) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 3,323 | (1,167) |
| Repayments of long-term borrowings | (85) | (3) |
| Purchase of treasury shares | (0) | (0) |
| Proceeds from disposal of treasury shares | 58 | 91 |
| Dividends paid | (989) | (2,089) |
| Dividends paid to non-controlling interests | (17) | (35) |
| Repayments of lease liabilities | (15) | (18) |
| Net cash provided by (used in) financing activities | 2,273 | (3,223) |
| Effect of exchange rate change on cash and cash equivalents | 94 | 103 |
| Net increase (decrease) in cash and cash equivalents | (715) | (567) |
| Cash and cash equivalents at beginning of period | 5,028 | 6,442 |
| Cash and cash equivalents at end of period | 4,313 | 5,875 |

(4) Segment Information

I. 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.

II. For the Period ended June 30, 2023 (From Apr. 1, 2023 to Jun. 30, 2023)

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. | 51,912 | – | 51,912 | – | 51,912 |
| Storage & Network Products, etc. | – | 4,238 | 4,238 | – | 4,238 |
| Maintenance & Monitoring Services | – | 2,861 | 2,861 | – | 2,861 |
| Revenue from contracts with customers | 51,912 | 7,099 | 59,012 | – | 59,012 |
| Outside customers | 51,912 | 7,099 | 59,012 | – | 59,012 |
| Inter-segment | – | – | – | – | – |
| Total | 51,912 | 7,099 | 59,012 | – | 59,012 |
| Segment income | 2,563 | 579 | 3,143 | – | 3,143 |

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