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## Announcement Regarding Medium-Term Management Plan, VISION 2030

TOKYO ELECTRON DEVICE LIMITED (“the Company,” together with its subsidiaries, the “Group”), hereby announces that it has formulated a new medium-term management plan, VISION 2030, effective from the fiscal year ending March 31, 2026 through the fiscal year ending March 31, 2030, and that this plan was resolved at a meeting of the Board of Directors held today.

### 1. Progress of the current VISION 2025

In the VISION 2025 medium-term management plan, which was announced on May 15, 2020, with a mission of “Driving digital transformation,” the Company declared “To become a manufacturer with technology trading company functions” as its vision and continued its efforts to bolster profit growth in each of its business areas, the Electronic Components (EC) Business, Private Brand (PB) Business, and Computer Network (CN) Business.

As a result, continuing on from the previous fiscal year, the Company recorded year-on-year increases in sales and income in the fiscal year ended March 31, 2024, exceeding the VISION 2025 financial targets for the second consecutive year and achieving the plan’s quantitative performance goals.

	VISION 2025 financial targets	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024*
Net sales	200.0 billion yen ±10% [180.0 billion yen to 220.0 billion yen]	240.3 billion yen	242.8 billion yen
Ordinary income ratio	> 5%	5.2%	5.7%
ROE	> 15%	26.1%	25.1%

\* For details of the financial performance of the fiscal year ended March 31, 2024, please refer to the Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2024 [Japanese GAAP] dated April 30, 2024.

While the financial targets have been reached for two fiscal years in a row, we have not necessarily materialized or achieved our vision of “becoming a manufacturer with technology trading company functions” within the plan period. As such, we believe that we must continue in our efforts with even greater focus and commitment to becoming a manufacturer. To this end, we have hereby formulated a new medium-term management plan, envisioning the Group’s continued advancement toward our aim of further enhancement of corporate value.

## 2. Business environment and our business policies and strategies

In the new medium-term management plan, VISION 2030, we have declared that our mission is to address social issues through leading-edge technology, primarily semiconductors and IT, and to contribute to the sustainable development of society by offering solutions to those issues that have value beyond expectations. We have designated as our vision “a company that solves latent social issues with the capabilities of a manufacturer and a technology trading company.” Our company-wide policy to achieve VISION 2030 is to make efforts to solve customers’ issues that represent latent social issues with our capabilities as a manufacturer and a technology trading company, while promoting actions that will contribute to sustainable profit growth.

Regarding the business environment surrounding the Group, growth in the semiconductor market is predicted against the background of the spread of Digital Transformation and electric vehicles (EV) and the expanded application of AI. Under such circumstances, while we will diversify our products and services and develop new markets, we also believe that we must also continue to monitor geopolitical risks. In addition, technological innovation will proceed alongside the rising demand for AI and EV applications, and the markets for semiconductors and semiconductor manufacturing equipment are expanding and growing. As such, customers will place importance on cyber security as they make progress on Digital Transformation, and there will be a greater demand for the use of AI and automation technology. Given these circumstances, it will remain essential for the Group to develop flexible solutions and respond swiftly to customers’ needs.

The strategies of the individual businesses based on this business environment are as follows.

### (1) EC Business

#### 1) Operation policy

The operation policy for the EC Business will be to strengthen its focus on growth markets and further increase its presence in the areas of industrial equipment, automotive equipment, cloud services, and OT security<sup>1</sup>. In addition, we will leverage our expertise in semiconductors to develop the solutions business. Under this policy, we will expand the EC Business by responding swiftly to the growth in the semiconductor market, including the acceleration of Digital Transformation, rising rates of semiconductors installed in automobiles due to the spread of EVs, and the expansion of fields using generative AI.

#### 2) Business strategy

The strategy for the EC Business is to continue to enrich new products based on customers’ needs and expand the solutions business through the strengthening of interdivisional cooperation. We will also promote responses to automation of operations with the introduction of RPA<sup>2</sup> and establish more efficient operations.

### (2) PB Business

#### 1) Operation policy

The operation policy for the PB business is the global provision of products with a focus on wafer inspection equipment, centered on measurement and inspection technologies. In addition, we will strengthen medical device ODM<sup>3</sup> services leveraging the semiconductor-related technologies and high-quality development and manufacturing infrastructure that we have built up over the years, further deepen synergies with the EC Business, and expand our electronic substrate OEM<sup>4</sup> services. In doing so, we will respond swiftly and flexibly to the expansion of the semiconductor manufacturing market and changes in social needs, and maintain and bolster our competitiveness.

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<sup>1</sup> OT security refers to the security of operational technology used in settings such as factories and industrial facilities.

<sup>2</sup> RPA: Robotic process automation; refers to technology in which computers automate clerical tasks in place of humans.

<sup>3</sup> ODM: Original design manufacturing; refers to services that take on all processes from design through manufacturing.

<sup>4</sup> OEM: Original equipment manufacturing; in contrast with ODM, refers to the subcontracting of production only.

## 2) Business strategy

The sustainable growth of the PB business will require us to develop products and services that meet customers' needs and be the first to deliver them to market. To achieve this, we will work to strengthen our product and technical capabilities and accelerate the business through the research and development of next-generation measurement and inspection technologies, the bolstering of manufacturing infrastructure, and growth investments through M&As.

## (3) CN Business

### 1) Operation policy

The operation policy for the CN business is to support customers' adoption of digital technologies and increase customer satisfaction by understanding customers' needs and delivering products, solutions, and services to support their Digital Transformation efforts. To realize this policy, in addition to constantly identifying technical evolutions and market trends and continuing to explore products and solutions, we will expand the fields that we cater to with the operation and monitoring services that we offer as our in-house service.

### 2) Business strategy

The challenges facing the CN Business are to respond instantly to rapid, wide-ranging changes in technology and to achieve both innovative solutions and higher quality services. To this end, we will provide steady support for customers' use of digital technologies by concentrating business resources on the modernization of IT and applications, including the cloud, cyber security measures, and the introduction and use of AI technologies. Further, by providing services that cover customers' entire cycle, from before to after introduction, we will strengthen our relationships with our customers.

## 3. Financial model for VISION 2030 and capital policy

The financial model (target management metrics) and business portfolio set as quantitative targets in VISION 2030 for the fiscal year ending March 31, 2030 are as follows.

	Financial targets		Percentage of total sales	Target ordinary income ratio
Net sales	300.0 billion yen – 350.0 billion yen	CN Business	15%	12%
Ordinary income	8% or more	EC Business	75%	7%
ROE	20% or more	PB Business	10%	10%

As the basic direction for our capital policy, we believe that the following will be important elements in our aim to further enhance corporate value through sustainable profit growth.

### (1) Growth investment: Invest in sustainable growth

- Proactively invest in technical development and business expansion (including M&As)
- Invest in internal and external Digital Transformation aimed at strengthening competitiveness
- Proactively invest in human resources development

### (2) Shareholder returns: Give high returns over the long term through profit growth

- Achieve sustainable profit growth and enhancement of corporate value
- Deliver shareholder returns commensurate with financial performance (dividend payout ratio: around 40%)

### (3) Financial soundness: Strengthen financial condition and use appropriate financial leveraging

- Equity ratio: 40% or more
- ROE: 20% or more
- Maintain proper inventory levels

In light of the above, we have set the following basic capital policies and will aim to achieve our target management metrics.

### **Basic capital policies**

The Group establishes the following basic capital policies, including its dividend policy, for sustainable growth and enhancement of corporate value over the medium- to long-term.

- i. The enhancement of corporate value is defined as realization of returns exceeding shareholders' expected rate of return (capital cost). The enhancement of ROE is positioned as one of the Group's targets.
- ii. The Group will deal with investment in growing business and demand for working capital with awareness at all times of the optimal capital structure and shareholders' equity ratio based on the size and characteristics of the business.
- iii. With respect to shareholder return, the Group will provide dividends commensurate with financial performance based on the consolidated dividend payout ratios as indicators. The Group will decide on the acquisition of treasury stock as part of the shareholder return policy, including dividends, taking into consideration cash flow conditions, market liquidity of shares, future capital funding needs, and other factors, while prioritizing growth investment.

### **Target values**

#### **ROE**

The Group aims to provide ROE, which indicates capital efficiency, of 20% or higher in the medium term.

#### **Dividend payout ratio**

The Group aims to provide a consolidated dividend payout ratio of 40% as the standard for the time being, taking into consideration future demand for capital investment and R&D as well as trends in working capital.

### **4. Sustainability initiatives in VISION 2030**

The Company will contribute to the sustainable development of a more prosperous society by providing a variety of solutions through our business activities. We will aim for the sustainable development of the Group and the enhancement of corporate value by engaging in solutions to material issues.

In particular, as our initiatives to improve human capital and diversity, in addition to developing people who are able to pursue customer satisfaction from a global viewpoint and create an environment in which employees can extend their individual abilities to support their desire for improvement, we will concentrate our efforts on the development of next-generation leaders. Also, in response to climate change, we have set a target for the fiscal year ending March 31, 2031 (50% reduction compared with the fiscal year ended March 31, 2022) in our aim to achieve carbon neutrality by 2050. As part of these efforts, in October 2023, we switched to substantively renewable energy-sourced power at our Engineering Center in Tsuzuki-ku, Yokohama City.

We also plan to explain the details of the new medium-term management plan, VISION 2030, at our financial briefing for analysts and institutional investors. A video and transcript of the briefing will be published on the Company's website\* at a later date.

\*Company website: <https://www.teldevice.co.jp/eng/ir/>