

Tokyo Seimitsu Co., Ltd. Earnings Conference for FY2022/3 2nd Quarter

November 2nd, 2021

◆ Cautionary Statement with respect to Forward-Looking Statements

- ◆ This presentation data and information verbally provided contain “forward-looking statements” that are based on current best available information and policies.
- ◆ There are various factors such as world economic conditions and semiconductor/automobile market conditions which will directly and indirectly impact the Company’s results in the future.
- ◆ As a result, future outcomes may differ from those projected in this presentation.

◆ Wordings and Data in presentation

- ◆ Unless otherwise noted, “**SPE**” denotes our Semiconductor Production Equipment Business Segment, “**Metrology (or Metr.)**” denotes our Metrology Business Segment, “**Net profit**” denotes Net profit attributable to owner of the parent
- ◆ Information listed in this presentation is summarized in Billions of Yen (**BJPY or B**) or percentage except as otherwise noted. As a result, there may be a case where the total of individual amount and total amounts in each matter may differ.

◆ Audit procedure

- ◆ This presentation is not subject to audit procedures.

Agenda

- ◆ **Business results for FY2022/3 2Q**
- ◆ **Forecast for FY2022/3**
- ◆ **Mid-term business plan**
- ◆ **Q&A**

FY2022/3 2Q and 1H Business Results



Half Year Results (BJPY)	FY2021/3		FY2022/3			
	1H	2H	1H	Vs. Fcst	HoH	YoY
Orders	39.6	77.4	88.5		+14%	+123%
Sales	45.1	52.0	61.5	+2.5	+18%	+36%
Operating Profit (OP Margin)	6.3 (14%)	9.3 (18%)	12.9 (21%)	+2.1	+39%	+106%
Recurring Profit	6.4	9.5	13.0	+2.2	+37%	+103%
Net Profit	4.7	7.5	9.6	+2.1	+28%	+105%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Orders	18.7	21.0	35.1	42.3	41.7	46.8	+12%	+123%
Sales	21.1	24.0	21.6	30.4	28.9	32.5	+12%	+35%
Operating Profit (OP Margin)	3.2 (15%)	3.1 (13%)	3.0 (14%)	6.2 (20%)	6.0 (21%)	6.9 (21%)	+16%	+123%
Recurring Profit	3.3	3.1	2.9	6.5	6.0	7.0	+16%	+127%
Net Profit	2.5	2.2	2.3	5.2	4.4	5.3	+21%	+139%

➤ Both sales and profits increased YoY supported by SPE sales

SPE Business Segment Results

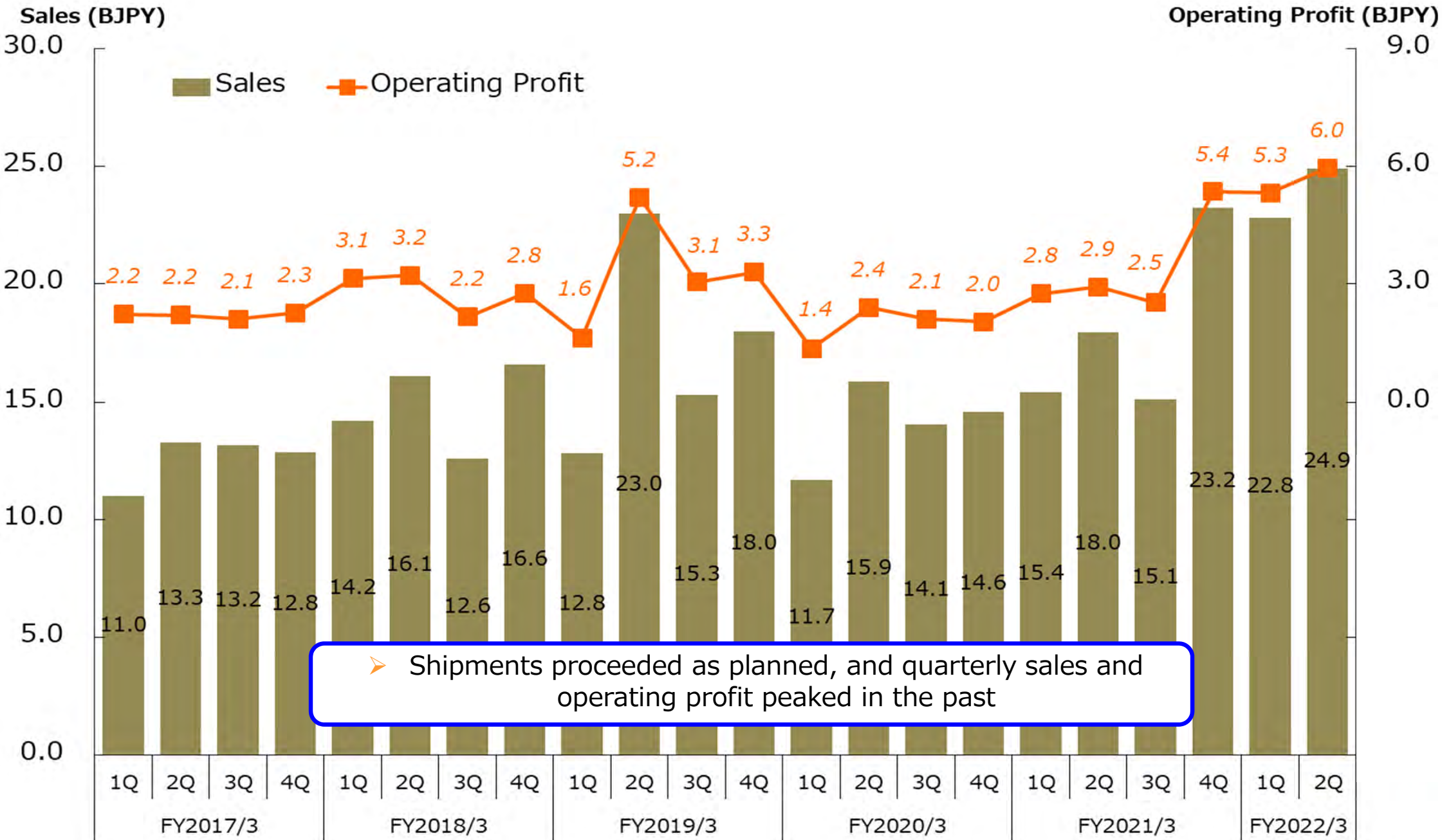


Segment Results (Half Year, BJPY)	FY2021/3		FY2022/3			
	1H	2H	1H	Vs. Fcst	HoH	YoY
Orders	28.8	64.3	72.5		+13%	+151%
Sales	33.4	38.3	47.7	+0.7	+24%	+43%
Operating Profit (OP Margin)	5.7 (17%)	7.9 (21%)	11.3 (24%)		+43%	+99%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Orders	12.9	15.9	28.7	35.7	33.9	38.6	+14%	+142%
Sales	15.4	18.0	15.1	23.2	22.8	24.9	+9%	+39%
Operating Profit (OP Margin)	2.8 (18%)	2.9 (16%)	2.5 (17%)	5.4 (23%)	5.3 (23%)	6.0 (24%)	+12%	+109%

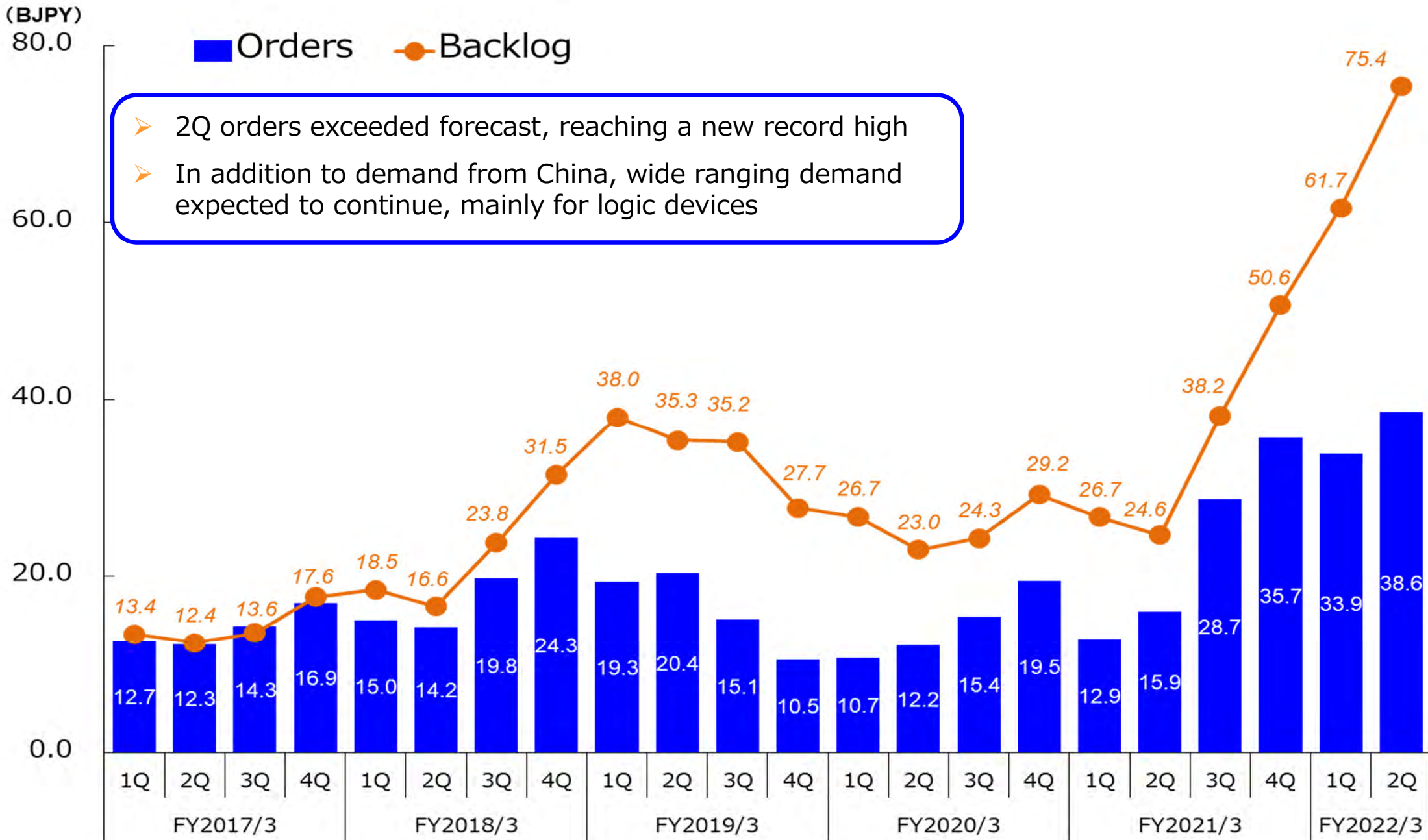
- 1H Orders, sales, and profits reached new half-year peaks
- Continued strong order from FY2021/3 2H

SPE – Sales and OP

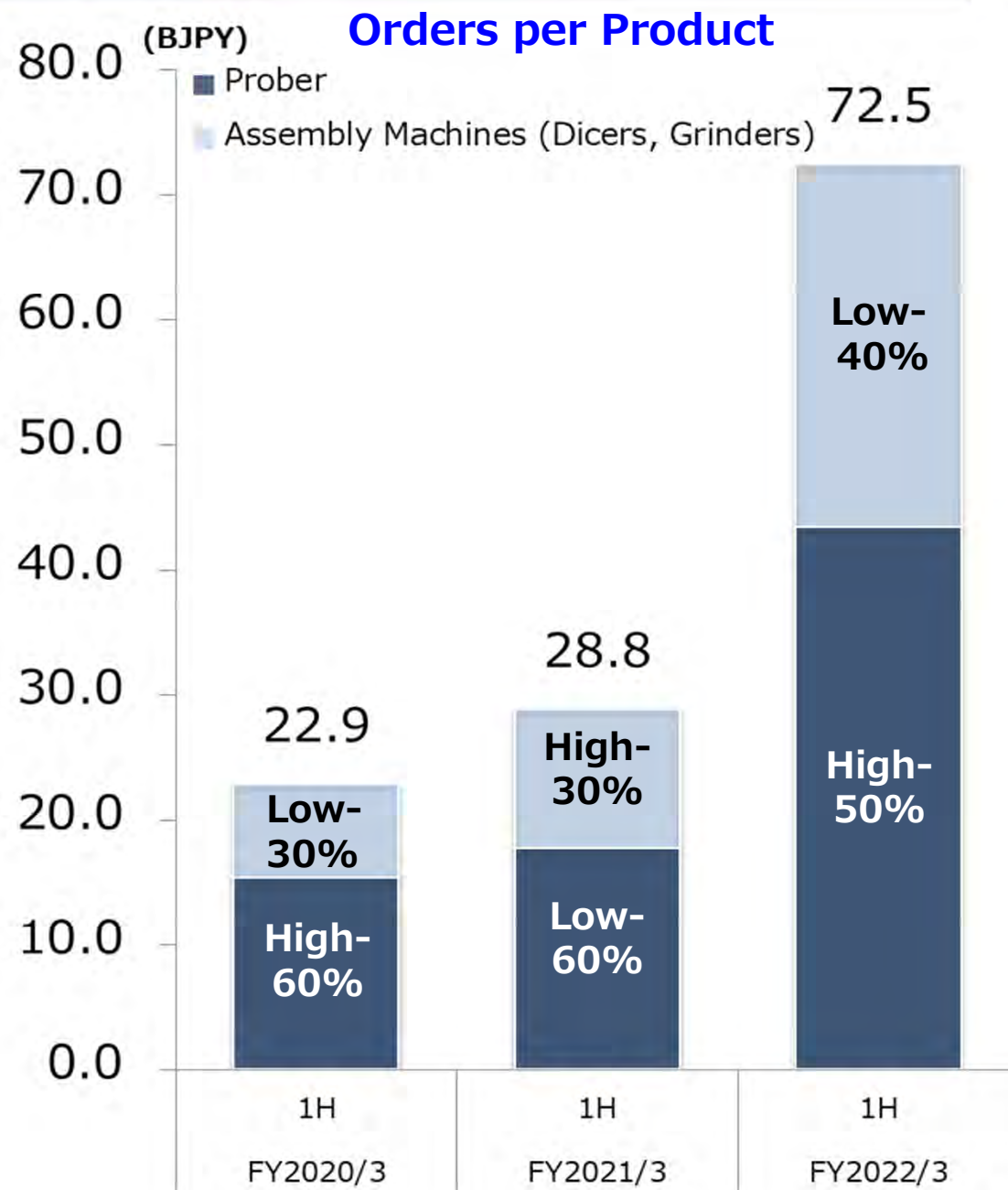
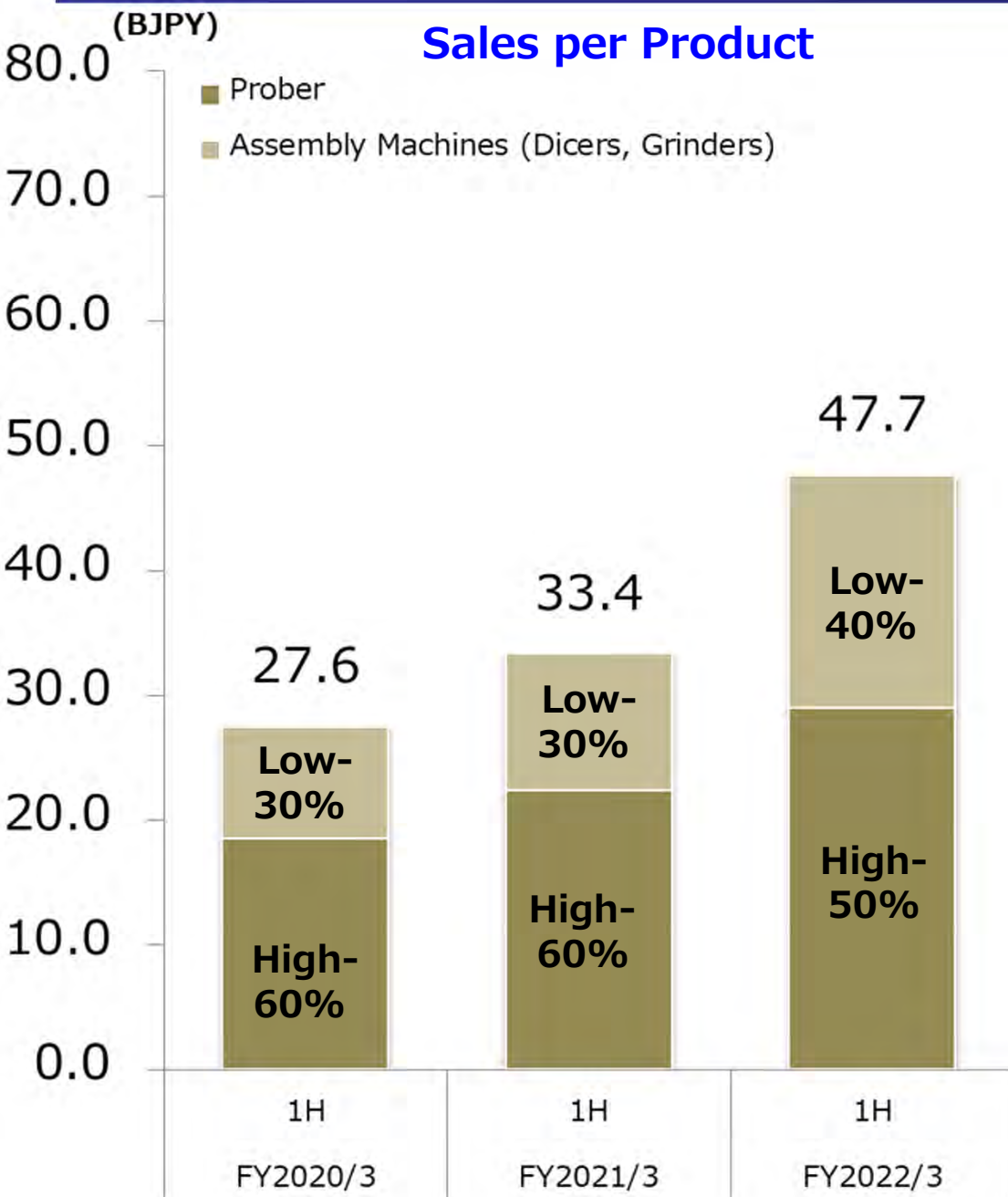


➤ Shipments proceeded as planned, and quarterly sales and operating profit peaked in the past

SPE – Orders and Backlog



SPE – per Product



Metrology Instruments Segment



Segment Results (Half Year, BJPY)	FY2021/3		FY2022/3			
	1H	2H	1H	Vs. Fcst	HoH	YoY
Orders	10.8	13.1	16.0		+22%	+49%
Sales	11.7	13.7	13.8	+18	+1%	+18%
Operating Profit (OP Margin)	0.6 (5%)	1.4 (10%)	1.6 (12%)		+14%	+172%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Orders	5.8	5.0	6.4	6.7	7.9	8.2	+4%	+63%
Sales	5.6	6.1	6.5	7.2	6.1	7.6	+24%	+26%
Operating Profit (OP Margin)	0.3 (6%)	0.3 (4%)	0.5 (8%)	0.9 (12%)	0.7 (11%)	1.0 (13%)	+45%	+278%

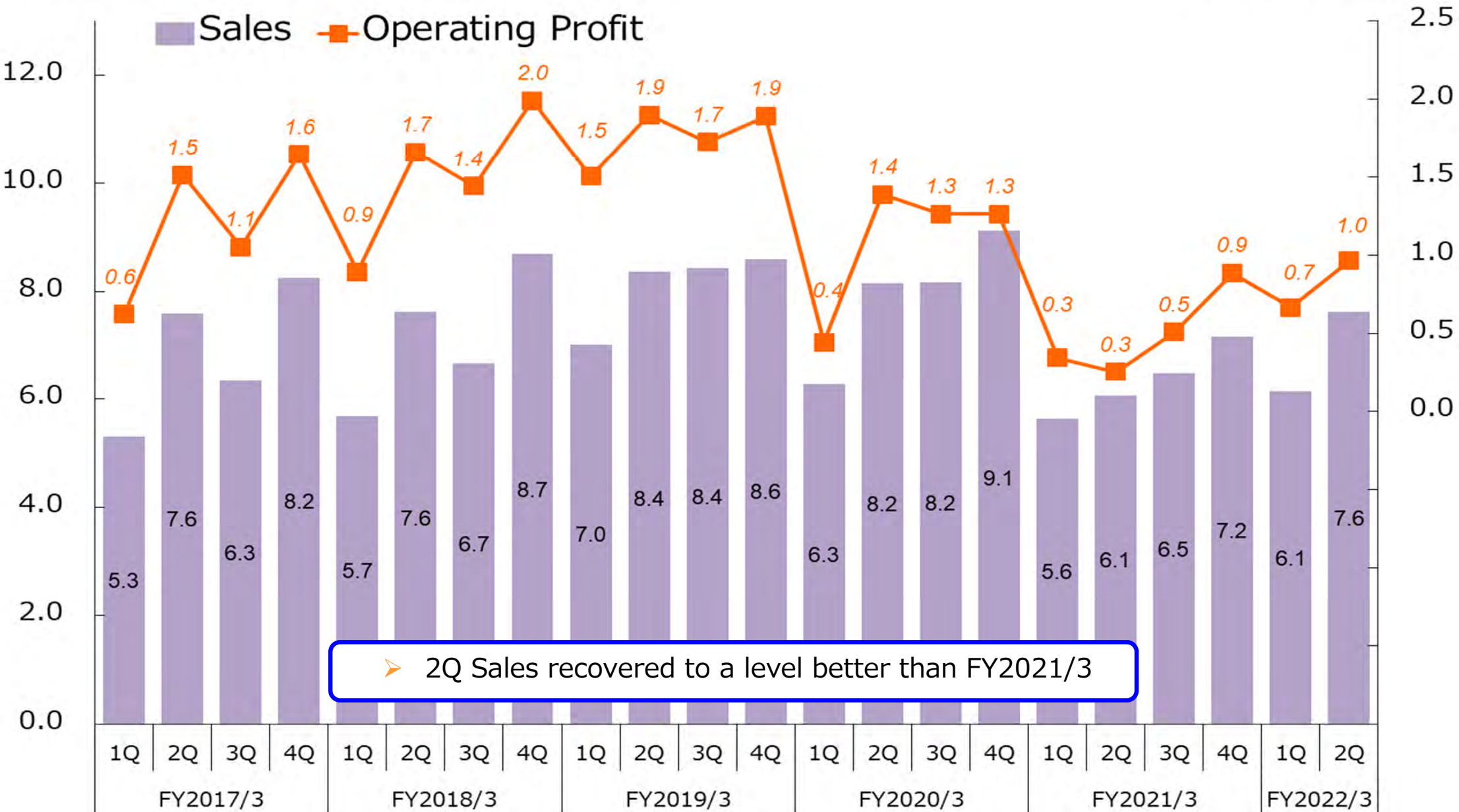
- Demand for manufacturing in general is slowly recovering, and orders are also on a recovery trend

Metrology – Sales and OP



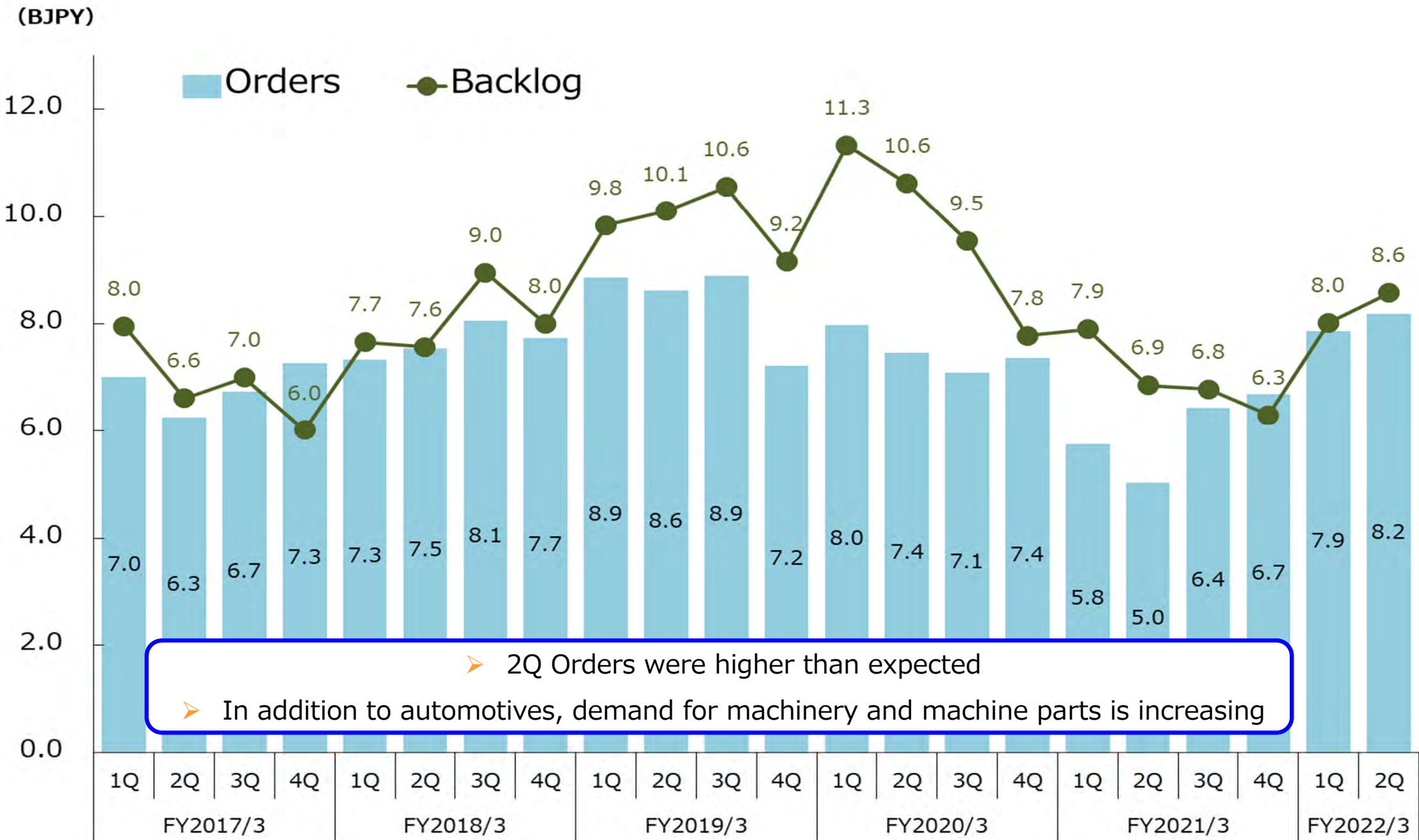
Sales (BJPY)

Operating profit(BJPY)

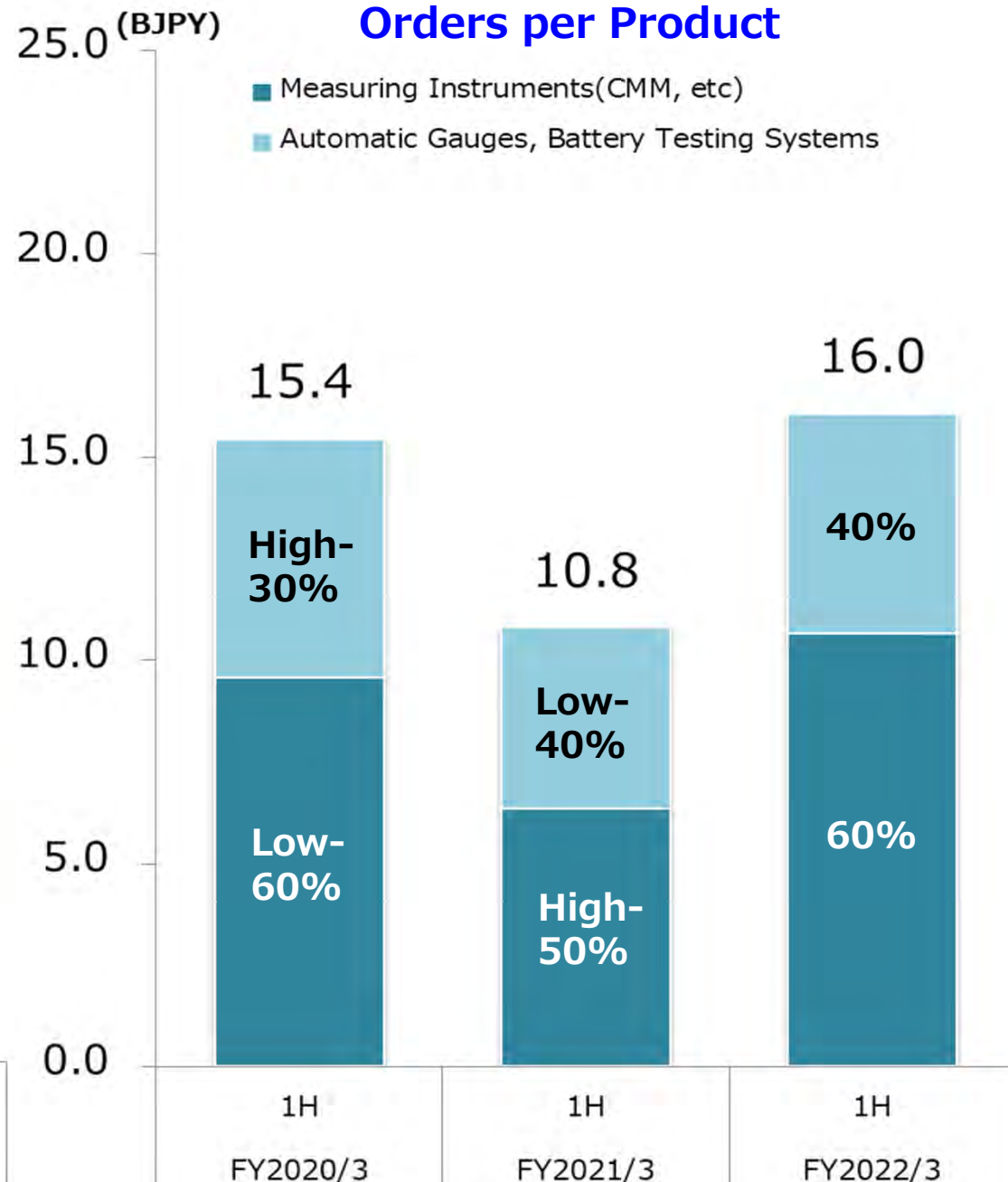
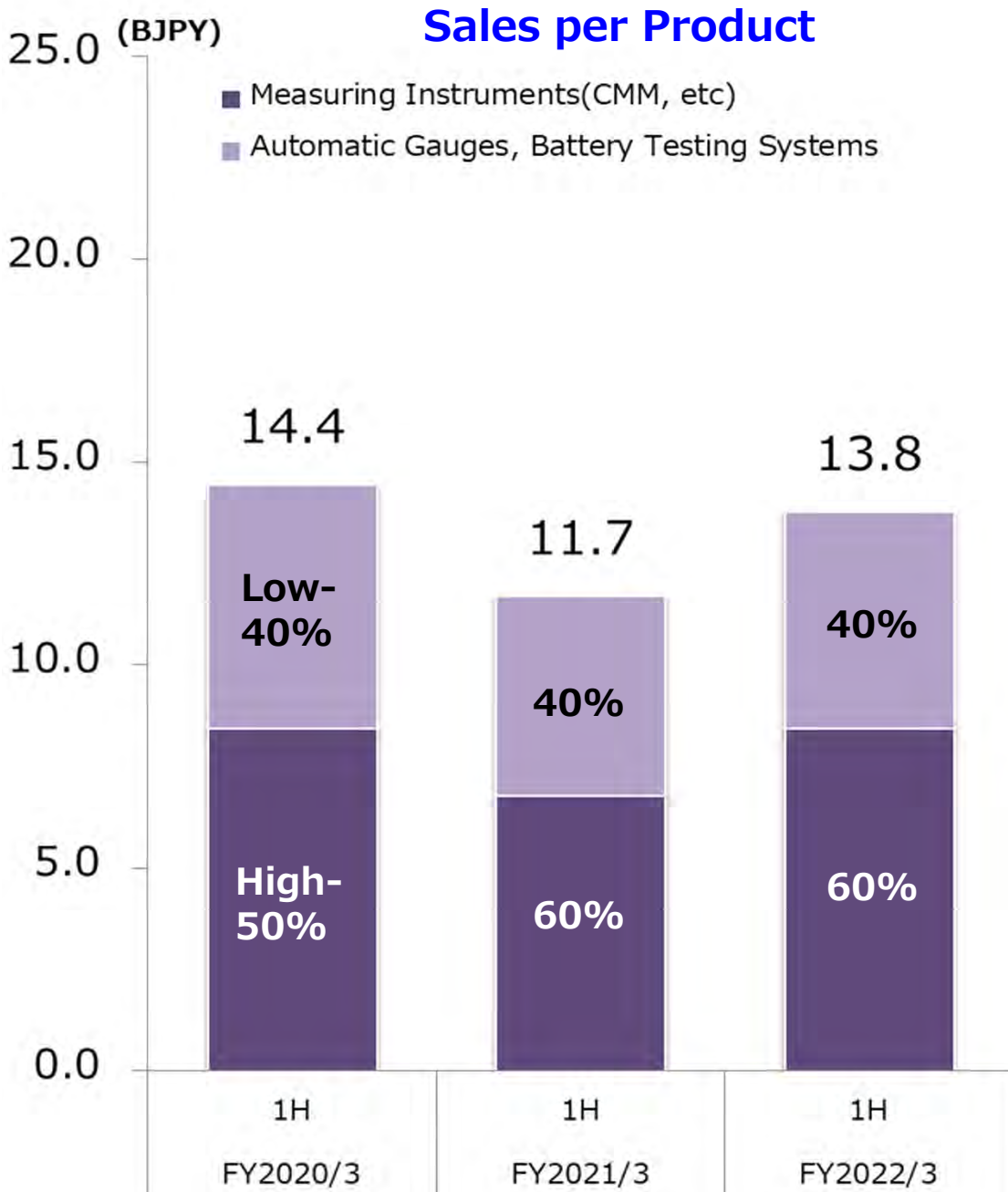


➤ 2Q Sales recovered to a level better than FY2021/3

Metrology – Orders and Backlog



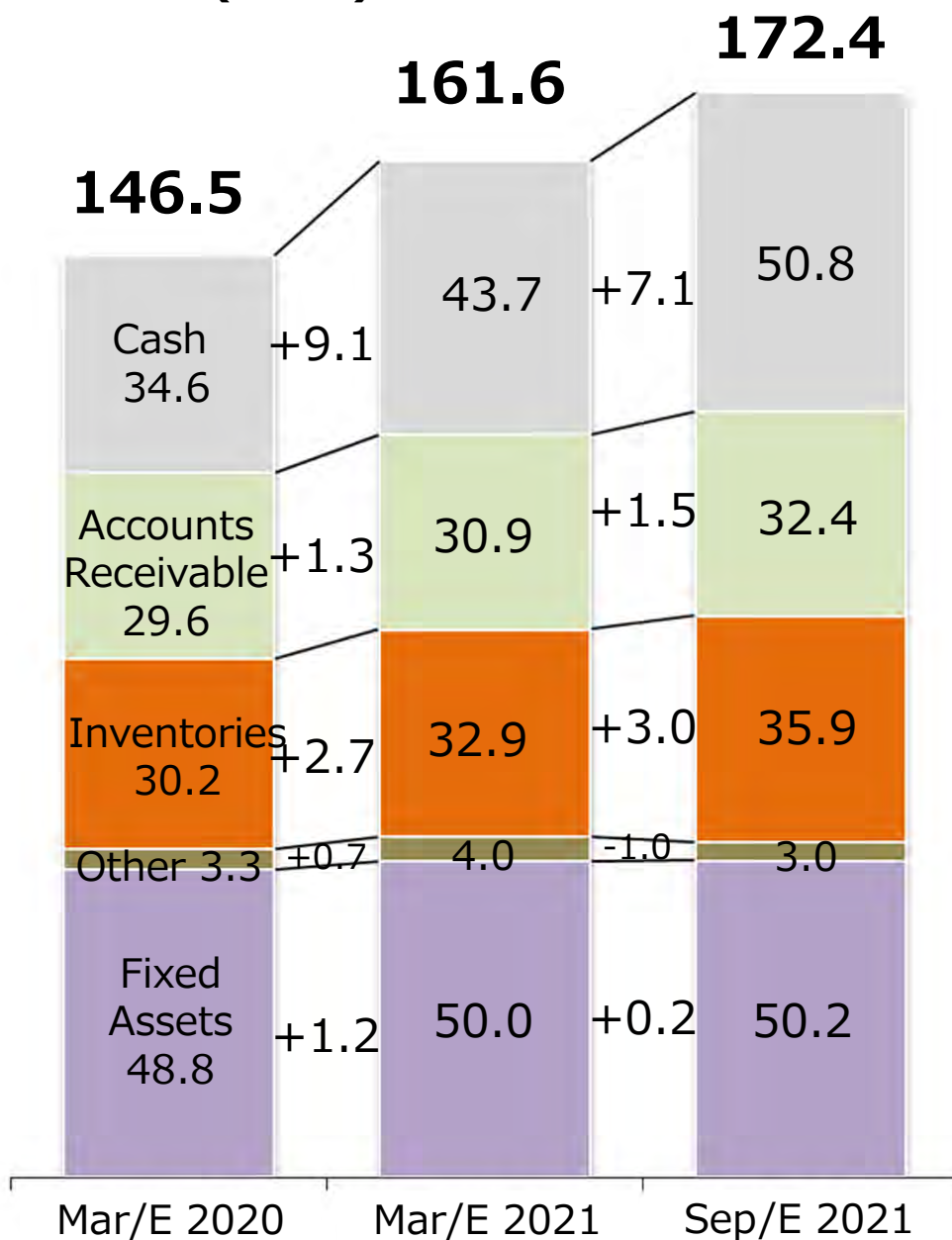
Metrology – per Product



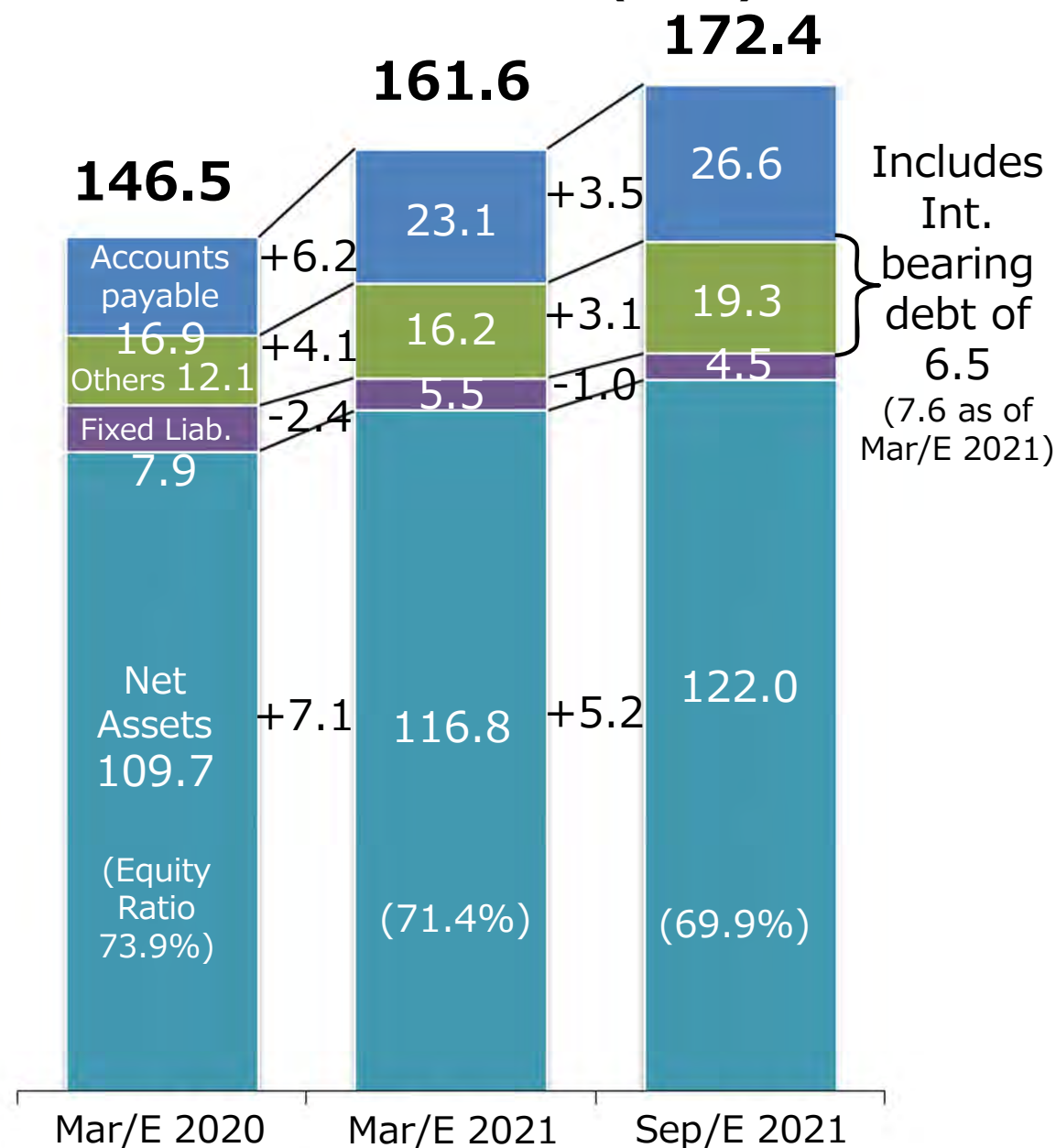
Balance Sheet



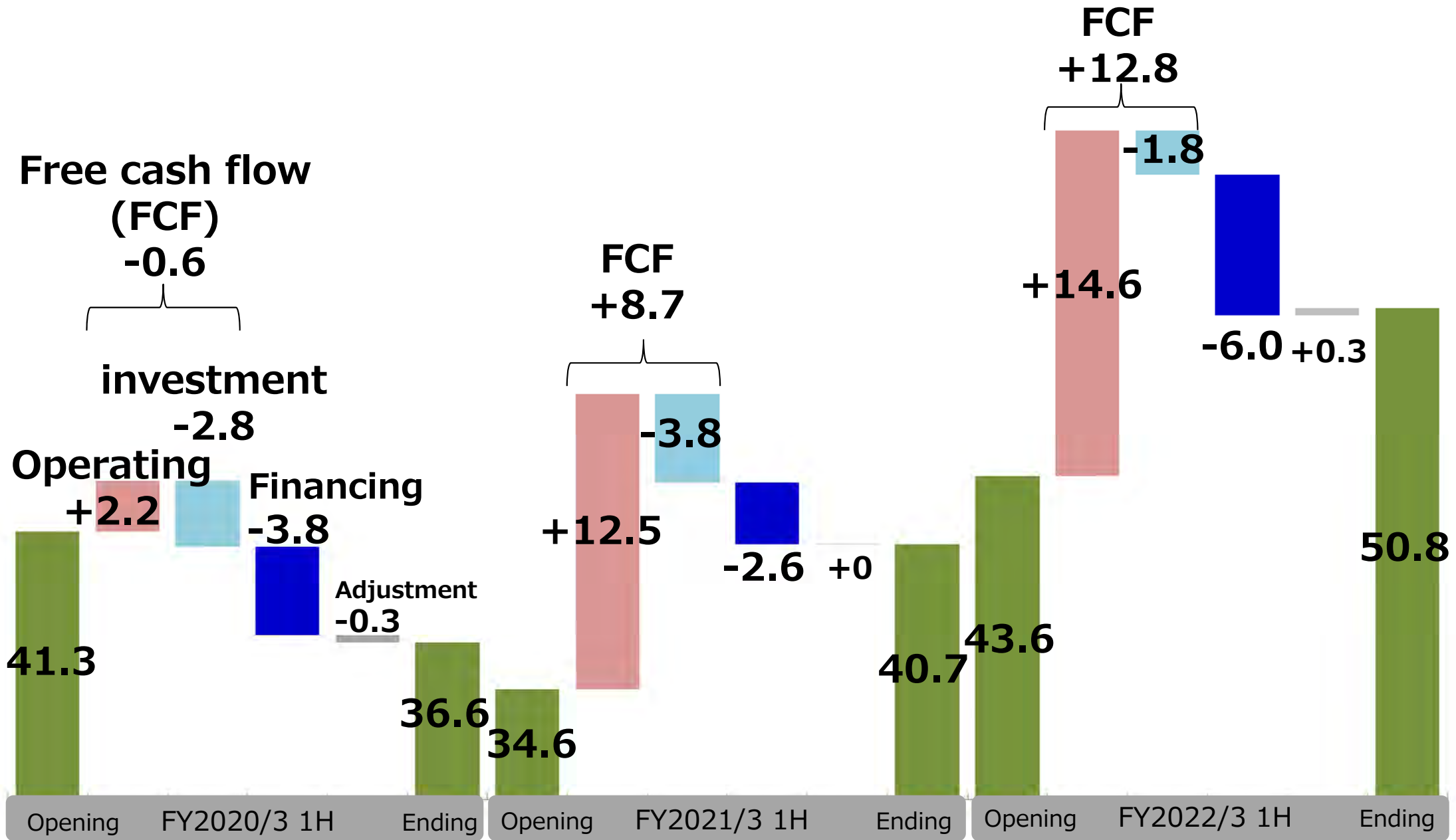
Assets (BJPY)



Liabilities and Net Assets (BJPY)



Cash Flows(CF)



Capacity Expansion (SPE)

- Miyama Plant: in Full operation
- Hanno Plant: Construction begins
- Tsuchiura MI plant: Used for SPE



Capacity Expansion (Metrology: Tsuchiura MI plant)

- Opened in May, 2020
- Utilization for the SPE



MI: Monozukuri Innovation

Effectiveness Improvement

- ERP is in stable operation
- Will apply effectiveness improvement

Apps. Center (New in Taiwan)

- Opened in March, 2021



Metrology Center (Renewal in Osaka)

- Opened in Jan, 2020



Misconduct at Subsidiary Company : Implementation of Prevention Strategy



- ◆ All measures taken to prevent recurrence in response to the investigation and recommendations from special committee ; effectiveness-check is on-going

	Area	Measures (Summary, TSE = Tosei Engineering Corp)	On-going	Done
T S E	Governance	Review structures of Boards and Auditor's audits		◎
	Internal Control	Maintain processes related to purchase, unusual transactions and regulations in overseas subsidiaries		◎
	Compliance	Assign Officers (done), Understand importance of compliance thoroughly		◎
		Provide Education program (Japan: commenced, others: in preparation)		◎
	Monitoring System	Establish new organization for related inspections and monitoring, and increase workforce as necessary		◎
	Communication	Make Company environment more "open" for employees		◎
T h e C o m p a n y	Governance	Solve Mng/biz issues timely, through enhanced communication		◎
		Improve company environment to be easy to escalate issues		◎
		Dispatch of directors to TSE(done) to closely communicate with TSE		◎
	Compliance	Send message of "Compliance first" to all employees.		◎
		Assign Officers (done), Understand importance of compliance thoroughly		◎
		Provide Education program (Japan: commenced, others: in preparation)		◎
	Monitoring System	Support an establishment of governance, compliance and monitoring system at subsidiaries		◎
		Support TSE internal/auditors' audits/audit and share information		◎
	Communication	Send Boards' message "Let's Make two-way management system"		◎

Both business segments release of new products

Probing Machine
AP3000/AP3000e



Achieves high throughput

Fully Automatic High Rigidity Grinding Machine HRG3000RMX



Quick and damage-free processing.

Surface Texture and Contour Measuring Instruments
SURFCOM NEX (DX2/SD2)



Precision measuring instruments that combine high efficiency, high versatility, and high reliability

Roundness and Cylindrical Profile Measuring Instruments
RONDCOM NEX (DX2/SD2)



Basic agreement on sales and service cooperation for shaft measuring machines manufactured by JENOPTIK of Germany

Newly established the Sustainability Committee, which aims to work toward the realization of a sustainable society

TCFD※ project started as a high-priority task

※TCFD: Task Force on Climate-Related Financial Disclosures

Optical shaft measuring system
Shaftcom C-Series



High speed,
High accuracy
measurement

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- ◆ **Forecast for FY2022/3**
- ◆ Mid-term business plan
- ◆ Q&A

Overall

- **SPE market bullish, Metrology market in gradual recovery**
- **Cooperation across segments to increase production**

SPE

- **Anticipate short-term adjustment by longer lead time although demand will continue to be high**
- **Continue on capacity expansion and R&D**

Metrology

- **Continued recovery in manufacturing demand**
- **Demand for ICE will continue, but the risk of contraction, promote sales expansion in NEVs and non-automotive**

FY2022/3 Forecast



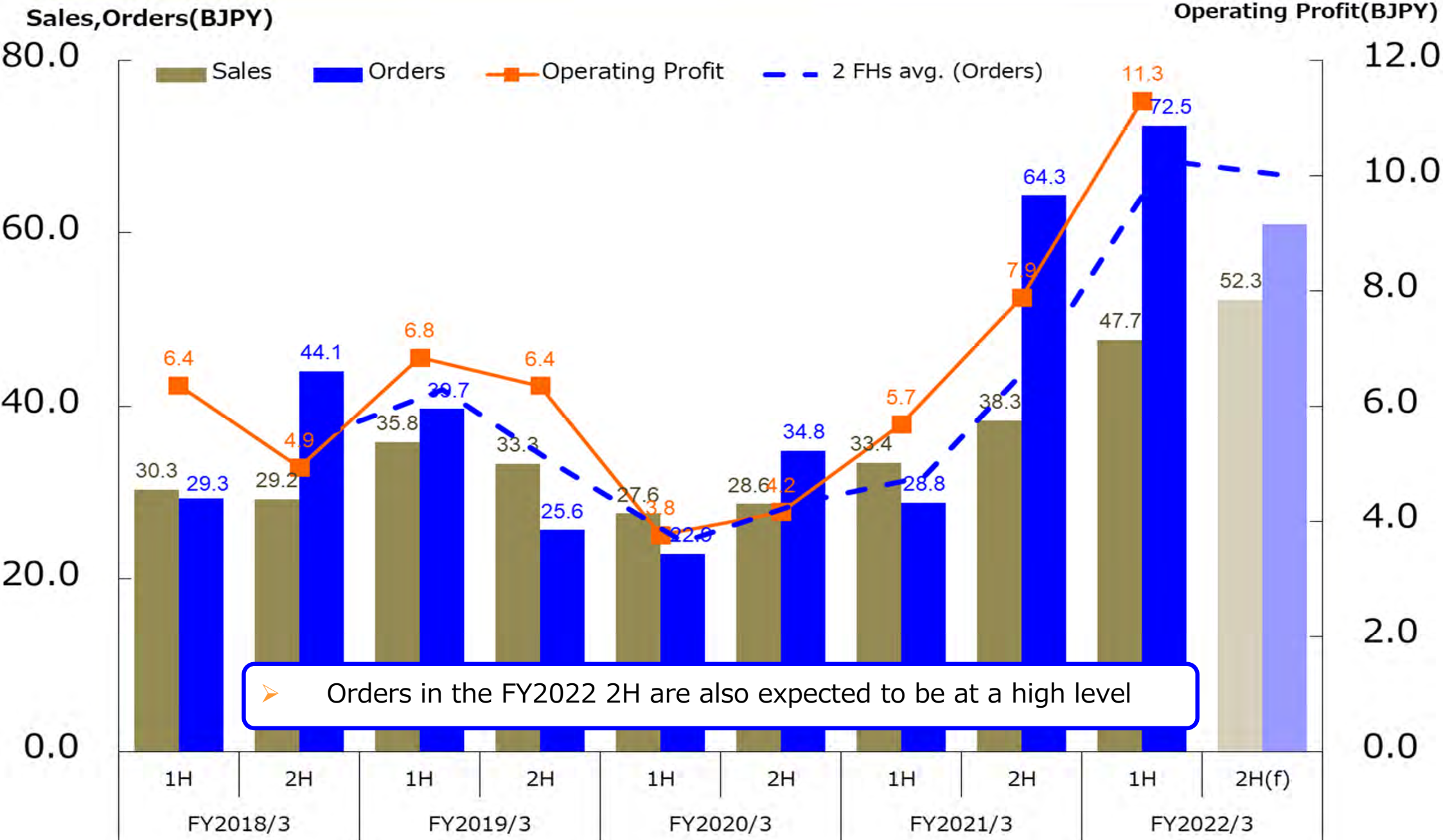
Half Year Results and Forecasts (BJPY)	FY2021/3			FY2022/3			
	1H	2H	FY	1H	2H(f)	FY(f)	YoY
Sales	45.1	52.0	97.1	61.5	66.5	128.0	+32%
Operating Profit (OP Margin)	6.3 (14%)	9.3 (18%)	15.6 (16%)	12.9 (21%)	13.6 (20%)	26.5 (21%)	+70%
Recurring Profit	6.4	9.5	15.9	13.0	13.5	26.5	+67%
Net Profit	4.7	7.5	12.2	9.6	9.7	19.3	+59%
Dividend per Share	104 Yen			168 Yen			+64Yen

Per Segment

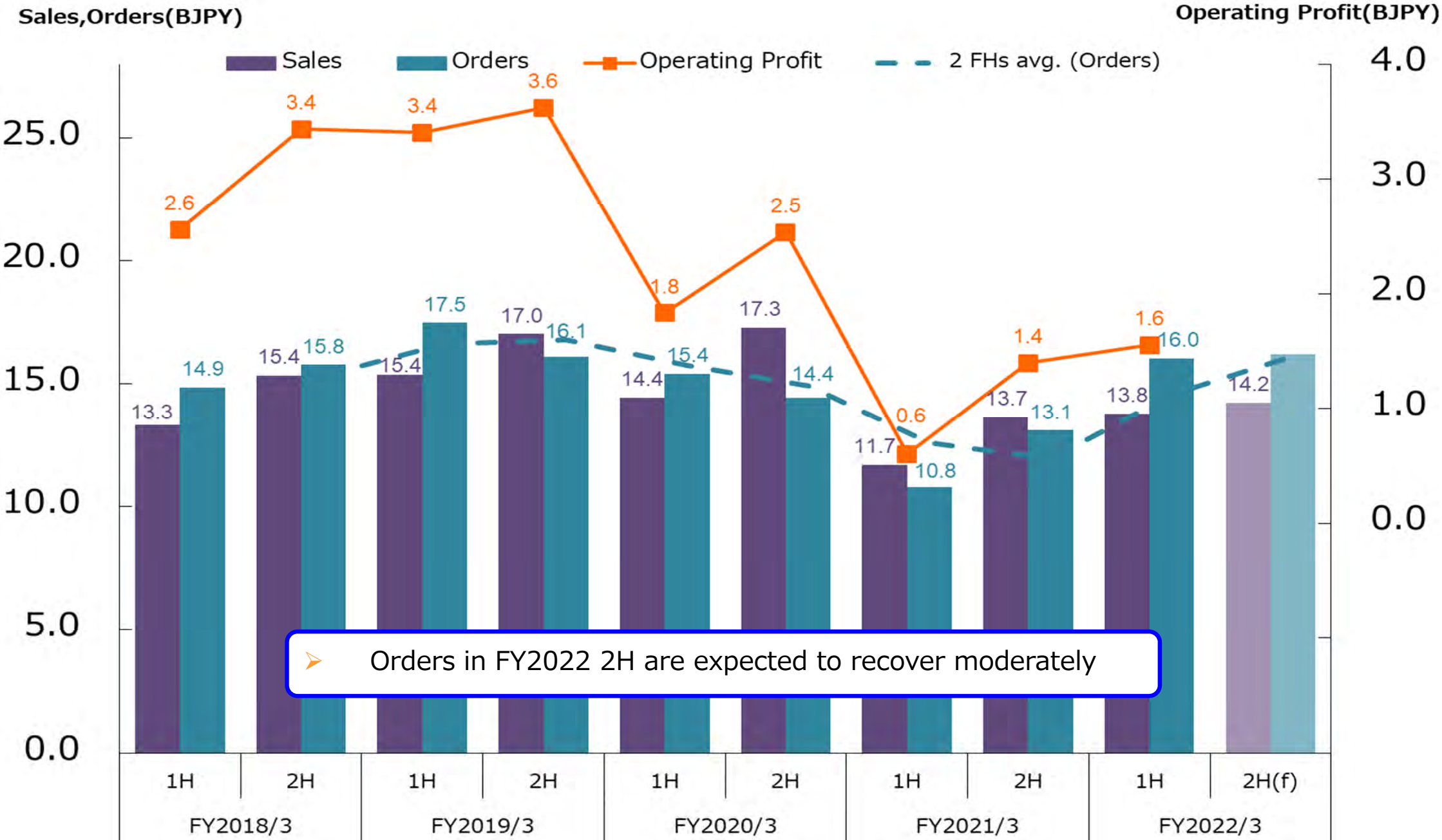
(SPE)	Orders	28.8	64.3	93.2	72.5			
	Sales	33.4	38.3	71.7	47.7	52.3	100.0	+39%
(Metr.)	Orders	10.8	13.1	23.9	16.0			
	Sales	11.7	13.7	25.4	13.8	14.2	28.0	+10%

- Revision of full-year earnings and dividend forecasts announced on August 3rd, 2021
- Both SPE and Metrology sales are expected to increase from the previous forecast

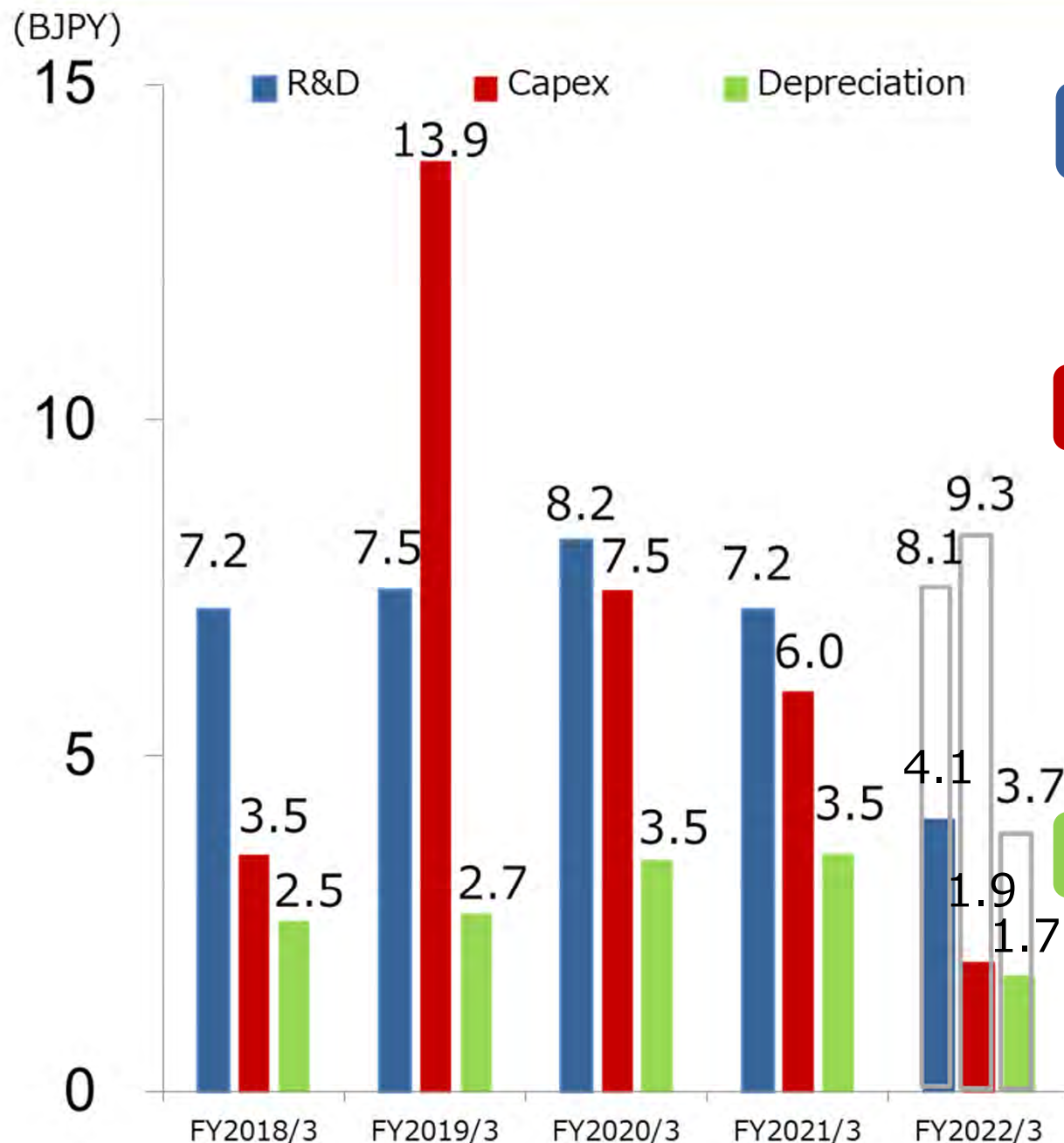
SPE – Sales/Orders incl. Forecasts



Metrology – Sales/Orders incl. Forecasts



R&D, Capex and Depreciation



R&D

- Strengthen to within 10% of sales.

Capex

- Capital investment in the 2nd half will mainly be related to the Hanno Plant.
- Assume current level (or +α) of capex in FY2023/3

Depreciation

- Assume slight upward trend will continue.

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- ◆ **Mid-term business plan**
- ◆ Q&A

Mid-term plan in final year



- The mid-term plans are assumed to achieve FY2022/3 as forecast
- Formulate the next mid-term plan (FY2023/3 - FY2025/3) and plan to announce them in May 2022
- Key points of the next mid-term plan
 - Strengthen technology synergies in both segments
 - SPE: Expansion of production capacity, expansion into new technologies and fields
 - Metrology: Developing new measurement market such as NEVs and non-automobiles
 - Strengthening ESG, sustainability management



Premises of "Next" mid-term plan



Healthcare



Surgery Robot, Telehealth

Livelihood



Smart appliances, Online studies

Workplace



Smart Factory

Automotive

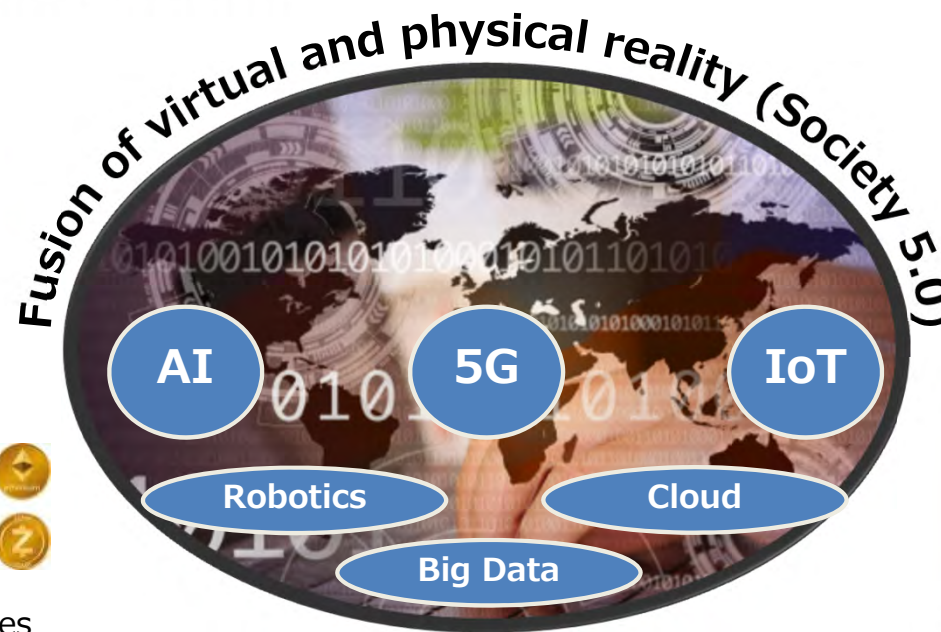


EV, Autonomous driving

Finance



Online transaction, Cryptocurrencies



Infrastructure



E-government, empowered intranet

Logistics



Automated warehouse, Drone delivery

Energy Generation

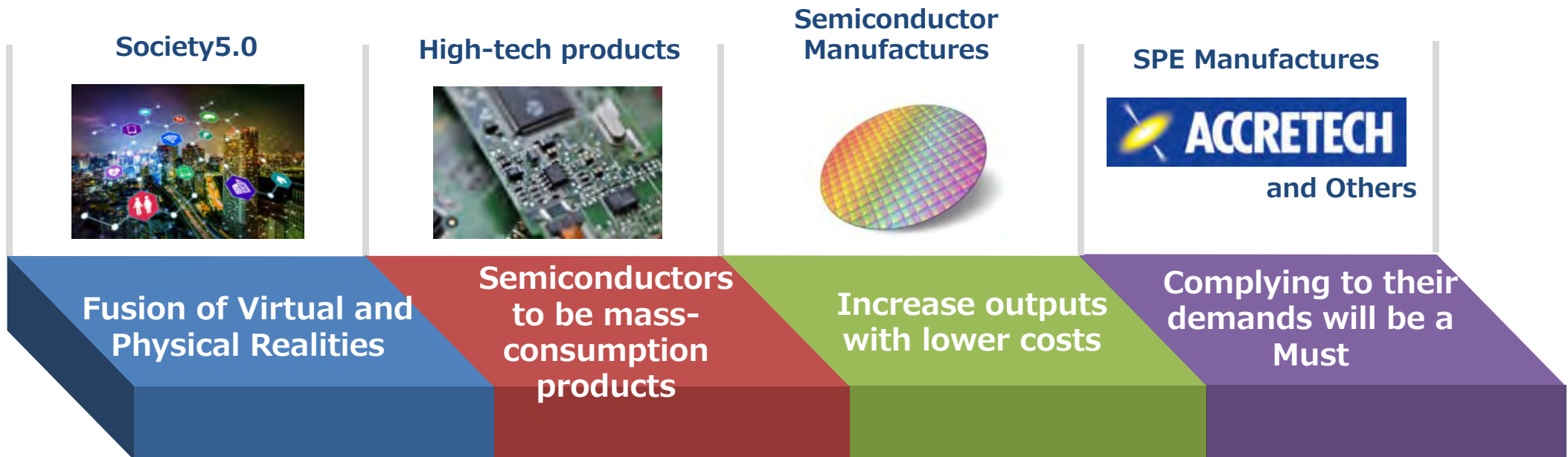


Optimized and eco-friendly power generation

Premises of SPE's "Next" plan



- Society 5.0 (A fusion of virtual and physical realities driven by 5G technologies) will see Semiconductors and Electrical components overwhelming mass production and consumption
- Limitation of pattern shrinkage and wafer size enlargement will lead to back-end SPE being more important
- Our core company strategy has no change, represented by strengthening R&D and expanding manufacturing capacity



Premises of Metrology's "Next" Plan



- ICE measuring demand will gradually decrease
- Instead, NEV Battery/Motor measuring demand, addition of IoT, will rapidly grow
- Our core strategy is expanding product lineup & industries entering and increasing overseas sales

Automobile

Non-automobile

Stable Industry

Growing industry

Existing Automobile market
Synergy effect by SBS Balancer

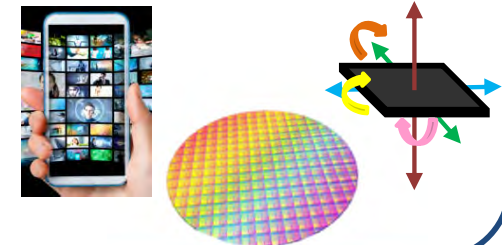


Overseas sales
Focus on EU and emerging country with expanding product portfolio

Automation demand
Strengthen SW development



Semiconductor
Commonly build-up new best measuring methods



NEV Battery testing
Measuring of NEV parts
Continue Battery testing systems' R&D for profit



Aircraft/Medical
Search for potential customers



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<https://www.accretech.jp/english/index.html>

<https://ir.accretech.jp/en/index.html>



Supplementary materials

Segment Information



	(MJPY)	Fiscal Year				Quarter							
		FY2019/3	FY2020/3	FY2021/3	FY2022/3 1H	FY2021/3				FY2022/3			
						1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders	SPE	65,335	57,709	93,181	72,450	12,903	15,932	28,683	35,662	33,853	38,596		
	Metr.	33,573	29,866	23,878	16,042	5,754	5,022	6,420	6,681	7,858	8,184		
	Total	98,909	87,576	117,060	88,492	18,657	20,955	35,103	42,344	41,711	46,781		
Backlog	SPE	27,670	29,182	50,619	75,375	26,653	24,610	38,188	50,619	61,676	75,375		
	Metr.	9,165	7,782	6,301	8,573	7,898	6,855	6,783	6,301	8,018	8,573		
	Total	36,836	36,965	56,920	83,949	34,552	31,465	44,971	56,920	69,694	83,949		
Sales	SPE	69,117	56,198	71,745	47,693	15,432	17,975	15,106	23,231	22,796	24,897		
	Metr.	32,403	31,728	25,359	13,770	5,638	6,066	6,491	7,163	6,141	7,629		
	Total	101,520	87,927	97,105	61,464	21,070	24,041	21,597	30,395	28,937	32,526		
OP	SPE	13,195	7,915	13,565	11,296	2,832	2,850	2,525	5,358	5,328	5,967		
	Metr.	7,025	4,366	1,996	1,631	344	255	510	886	666	965		
	Total	20,221	12,282	15,562	12,927	3,176	3,105	3,035	6,245	5,995	6,932		
OP Margin	SPE	19.1%	14.1%	18.9%	23.7%	18.4%	15.9%	16.7%	23.1%	23.4%	24.0%		
	Metr.	21.7%	13.8%	7.9%	11.9%	6.1%	4.2%	7.9%	12.4%	10.9%	12.7%		
	Total	19.9%	14.0%	16.0%	21.0%	15.1%	12.9%	14.1%	20.5%	20.7%	21.3%		

Statements of Income



(MJPY)	Fiscal Year				Quarter							
	FY2019/3	FY2020/3	FY2021/3	FY2022/3 1H	FY2021/3				FY2022/3			
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	101,520	87,927	97,105	61,464	21,070	24,041	21,597	30,395	28,937	32,526		
Cost of goods sold	60,430	53,452	60,190	36,758	12,863	15,433	13,504	18,389	17,484	19,273		
Gross Profit on Sales	41,090	34,474	36,914	24,706	8,207	8,608	8,093	12,005	11,453	13,253		
Selling, general and administrative expenses	20,869	22,192	21,351	11,778	5,030	5,502	5,057	5,760	5,457	6,320		
Operating profit	20,221	12,282	15,562	12,927	3,176	3,105	3,035	6,245	5,995	6,932		
Non-operating income	688	255	540	202	194	118	106	214	135	66		
Non-operating expenses	104	177	235	138	25	153	205	-55	110	27		
Recurring Profit	20,805	12,360	15,867	12,991	3,345	3,070	2,936	6,515	6,019	6,971		
Extraordinary gains	58	57	1,354	13	6	-	149	1,198	13	0		
Extraordinary losses	419	1,712	1,074	0	-	293	108	672	-	0		
Profit before income taxes and minority interests	20,443	10,705	16,147	13,004	3,351	2,776	2,977	7,041	6,033	6,971		
Total Income tax and others	5,719	3,598	3,978	3,367	886	573	712	1,806	1,664	1,702		
Net Profit attributable to Owners of the Parent	14,665	7,156	12,175	9,607	2,470	2,207	2,264	5,232	4,352	5,255		
Net Profit per Share (Yen)	352.92	171.89	293.83	234.37	59.30	52.98	54.73	127.55	105.98	128.42		
Net Profit per Share (diluted) (Yen)	350.23	170.72	291.43	232.11	-	-	-	-	-	-		

Balance Sheet



(MJPY)		FY2019/3	FY2020/3	FY2021/3	FY2022/3 (2Q)
Current Assets	Cash and cash equivalents	41,518	34,640	43,657	50,788
	Accounts Receivable ※1	36,146	29,633	30,946	32,441
	Inventories	29,995	30,152	32,886	35,944
	Others	2,434	3,345	4,025	2,995
	Total	110,094	97,771	111,516	122,169
Total Fixed Assets		47,478	48,777	50,039	50,189
Total Assets		157,573	146,549	161,556	172,358
Current Liabilities	Accounts Payable※2	26,328	16,895	23,062	26,596
	Others	14,620	12,121	16,233	19,325
	Total	40,948	29,017	39,296	45,921
Total long-term liabilities		9,220	7,857	5,482	4,463
Total Liabilities		50,169	36,874	44,778	50,385
Total Net Assets		107,403	109,674	116,777	121,973
Total Liabilities and Net Assets		157,573	146,549	161,556	172,358
Total interest-bearing debt		11,415	9,641	7,581	6,535
Equity Ratio(%)		67.3%	73.9%	71.4%	69.9%
ROE(%)		14.4%	6.7%	10.9%	-

※1: Incl. Electronically recorded monetary claims and Contract assets

※2: Incl. Electronically recorded obligations-operating

Expenses and Cash Flows



(MJPY)	FY2019/3	FY2020/3	FY2021/3	FY2022/3 1H
R&D expenses	7,469	8,234	7,193	4,073
Capex	13,872	7,477	5,950	1,925
Depreciation (excl. Amortization)	2,655	3,450	3,516	1,712

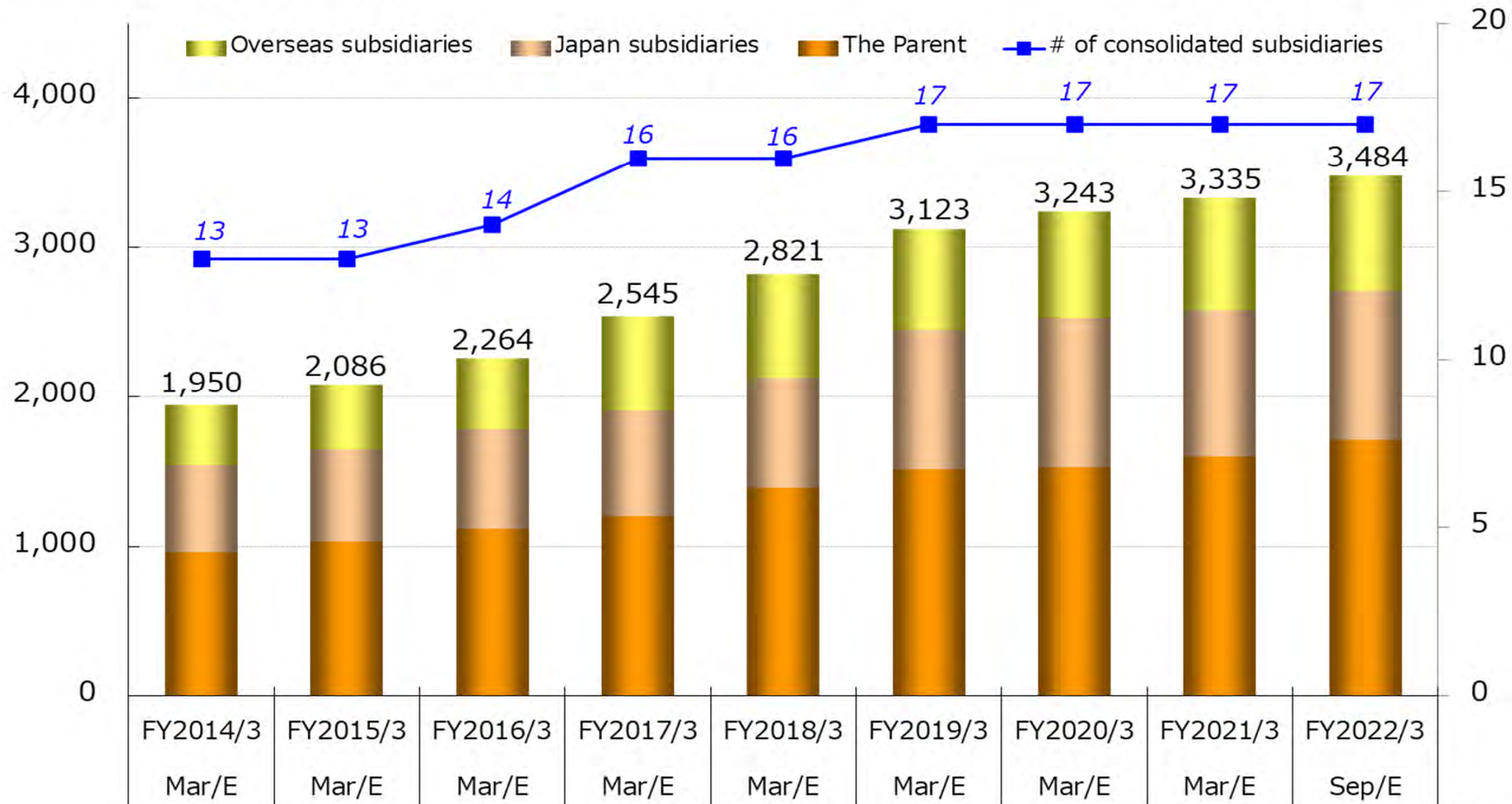
(MJPY)	FY2019/3	FY2020/3	FY2021/3	FY2022/3 1H
Cash flows from operating activities	12,932	5,965	22,062	14,627
Cash flows from investing activities	-13,952	-6,116	-5,191	-1,825
Free cash flows	-1,020	-150	16,871	12,802
Cash flows from financing activities	5,443	-6,375	-8,282	-5,979
Adjustments	-223	-159	429	308
Cash and cash equivalents at the end of year	41,290	34,605	43,624	50,755

Number of employees



Number of Employees (person)

of Consolidated Subsidiaries



Note) Above figures include part time employees as at the end of each term