

Tokyo Seimitsu Co., Ltd. FY2022/3 Earnings and Mid-Term Business Plan for FY2023/3 – FY2025/3

May 10th, 2022

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◆ 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, and “**MTP**” denotes “Mid-term Business Plan.”
- ◆ 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

I. FY2022/3 Earnings, FY2023/3 Forecast

~Q&A~

II. Mid-Term Business Plan for FY2023/3 – FY2025/3

~Q&A~

FY2022/3 Business Results



Full Year Results (BJPY)	FY2021/3		FY2022/3		
	Full Year		Full Year	Vs.fcst	YoY
Orders	117.1		191.1		+63%
Sales	97.1		133.3	+5.3	+37%
Operating profit (Margin)	15.6 (16%)		28.6 (21%)	+2.1	+84%
Recurring profit	15.9		29.4	+2.9	+85%
Net profit	12.2		21.4	+2.1	+76%
Dividend per share	104Yen		185Yen	+17Yen	+81Yen

Quarter(BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	18.7	21.0	35.1	42.3	41.7	46.8	56.7	45.9	-19%	+8%
Sales	21.1	24.0	21.6	30.4	28.9	32.5	32.0	39.8	+25%	+31%
Operating profit (Margin)	3.2 (15%)	3.1 (13%)	3.0 (14%)	6.2 (20%)	6.0 (21%)	6.9 (21%)	6.3 (20%)	9.3 (23%)	+47%	+49%
Recurring profit	3.3	3.1	2.9	6.5	6.0	7.0	6.6	9.8	+49%	+51%
Net profit	2.5	2.2	2.3	5.2	4.4	5.3	4.8	7.1	+48%	+35%

- Sales and profits increased YoY (achieved the mid-term target), Solid sales of SPE contributed to sales growth

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- ◆ Hello everyone, I am Kimura. Thank you very much for your continued support. I have just been appointed President and COO.
- ◆ I will now begin to explain our business performance in FY2022/3. It was a very strong year for SPE Segment. As you can see in the table, we exceeded our published forecasts and achieved our mid-term targets from FY2019/3.
- ◆ Based on these results, we have set our full-year dividend forecast at 185 yen per share.
- ◆ In light of the achievement of the mid-term targets, we have paid special bonuses to reward our employees for their hard work.

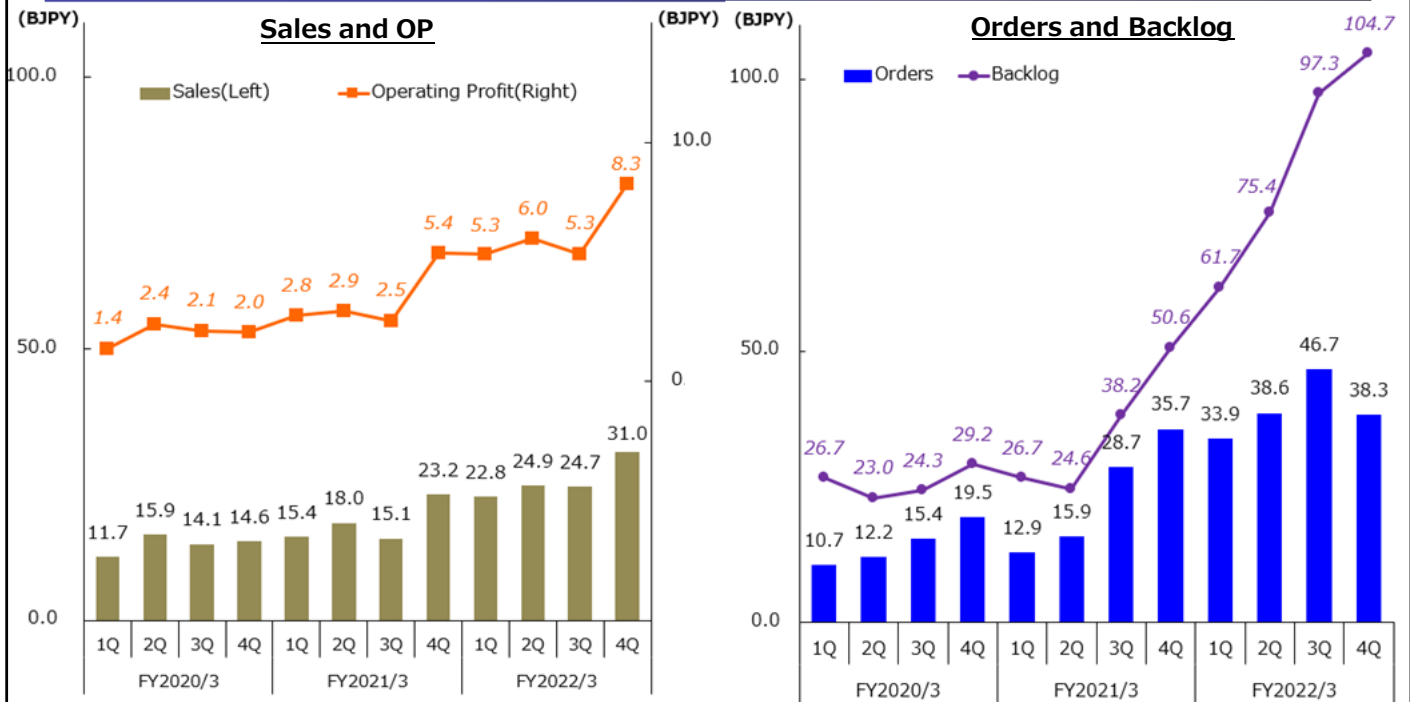
Segment Results (FY : BJPY)	FY2021/3		FY2022/3		
	Full Year		Full Year	Vs. fcst	YoY
Orders	93.2		157.4		+69%
Sales	71.7		103.4	+3.4	+44%
Operating profit (Margin)	13.6 (19%)		24.9 (24%)		+84%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	12.9	15.9	28.7	35.7	33.9	38.6	46.7	38.3	-18%	+7%
Sales	15.4	18.0	15.1	23.2	22.8	24.9	24.7	31.0	+25%	+33%
Operating profit (Margin)	2.8 (18%)	2.9 (16%)	2.5 (17%)	5.4 (23%)	5.3 (23%)	6.0 (24%)	5.3 (22%)	8.3 (27%)	+55%	+54%

- FY sales exceeded the announced forecast, and orders/sales/OP reached their previous peaks
- OP Margin remained above 20% throughout the fiscal year
- 4Q Sales/OP/OP Margin reached record highs

- ◆ The SPE equipment segment's FY and quarterly results are as shown in this page. Orders, sales, and OP all reached new peaks for the full year.
- ◆ Operating profit margin in the 4Q rose to 27%. Although there was an increase of several hundred million yen due to foreign exchange effects, even excluding this, we estimate the profit margin to be in the mid-20% range.

SPE – Quarterly Trend



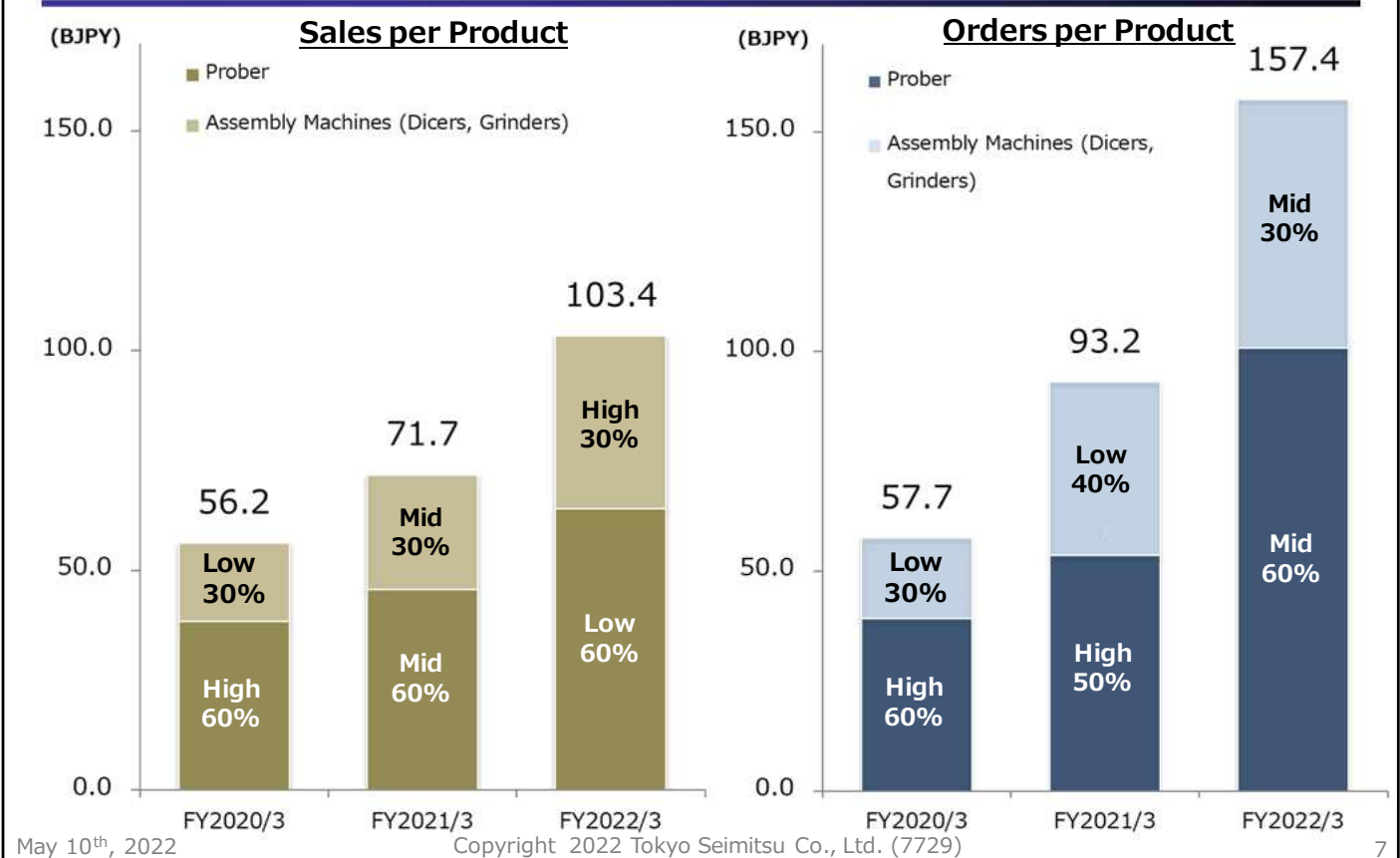
- Manufacturing volume increased despite material shortage and logistic stagnation
- 4Q Orders decreased QoQ, but remained at a high level mainly in logic and electronic components

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- ◆ Here are the quarterly trends in SPE sales, operating profit and orders.
- ◆ The left graph shows trends in sales and profit. The sales level has been rising step by step in response to the rush of orders over the past year or two, which indicates that production is expanding amid materials shortage and logistic stagnation.
- ◆ Of note, 4Q sales fell about 2.0BJPY below the internal plan due to the lockdown in China and logistic stagnation, so we believe that actual shipments were a little higher than sales amount.
- ◆ On the right side, 4Q orders decreased QoQ, but overall demand for logic and image sensors remained strong.

SPE – per Product



- ◆ This chart shows sales and orders for SPE by product.
- ◆ The ratio of sales by product in FY2022/3 was as follows: Testing equipment, namely Probers, accounted Low-60% of total, and Assembly Machines, such as Dicers and Grinders, accounted High-30% of total.
- ◆ The ratio of orders by product during the same period was Mid 60% for Probers, and Mid-30% for Assembly Machines.

Metrology Segment



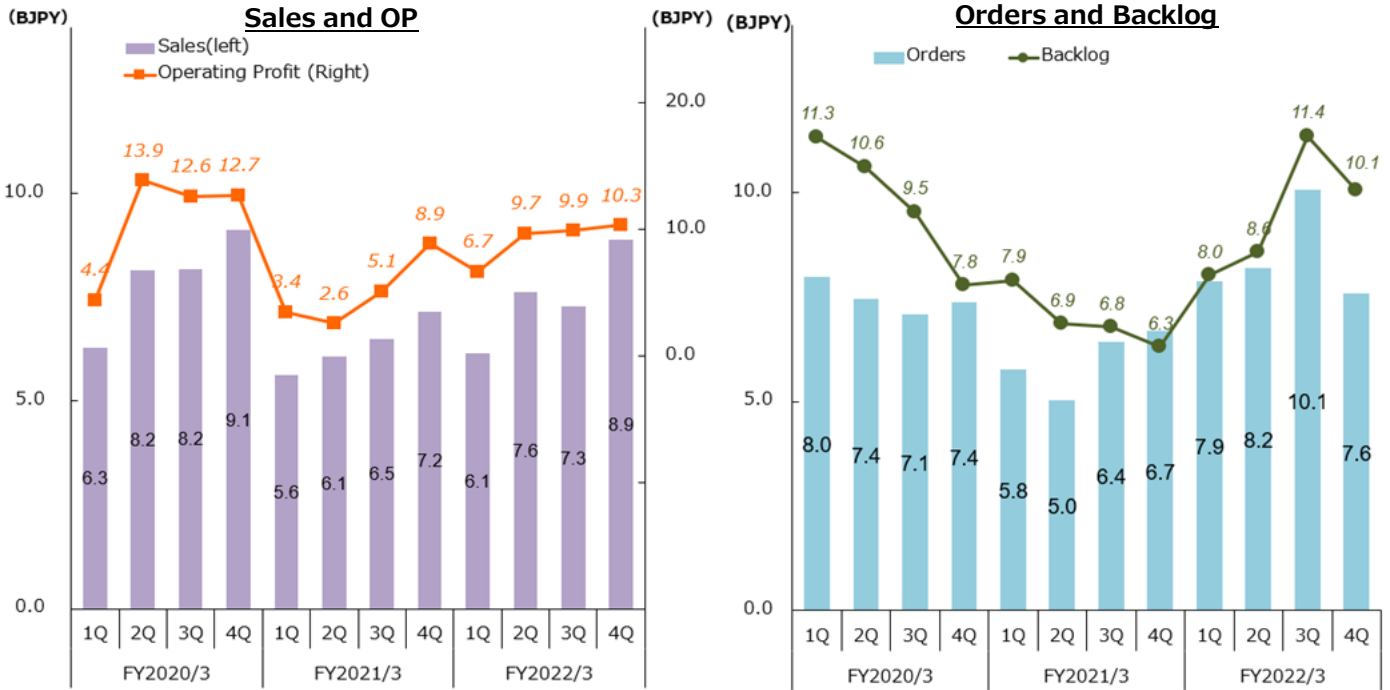
Segment Results (FY : BJPY)	FY2021/3	FY2022/3		
	Full Year	Full Year	Vs. fcst	YoY
Orders	23.9	33.7		+41%
Sales	25.4	29.9	+1.9	+18%
Operating profit (Margin)	2.0 (8%)	37 (12%)		+85%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	5.8	5.0	6.4	6.7	7.9	8.2	10.1	7.6	-25%	+13%
Sales	5.6	6.1	6.5	7.2	6.1	7.6	7.3	8.9	+22%	+24%
Operating profit (Margin)	0.3 (6%)	0.3 (4%)	0.5 (8%)	0.9 (12%)	0.7 (11%)	1.0 (13%)	1.0 (14%)	1.0 (12%)	+4%	+17%

- FY sales exceeded the forecast, and both sales and income increased YoY
- Quarterly orders continued to recover after bottoming out in FY2021/3 2Q
- While recovery in demand for autos was moderate, we captured new machinery demand such as in the semiconductor sector

- ◆ Next, I will explain the performance of the Metrology segment.
- ◆ The FY and quarterly results are as shown in here. Business conditions returned to normal compared to FY2021/3 (Generally stagnant due to COVID-19 pandemic) , and both sales and income increased YoY and exceeded forecasts.
- ◆ The recovery in business performance was due to the ability to capture demand for a variety of machinery, including SPE players, as well as an increase in subsidy-related projects.

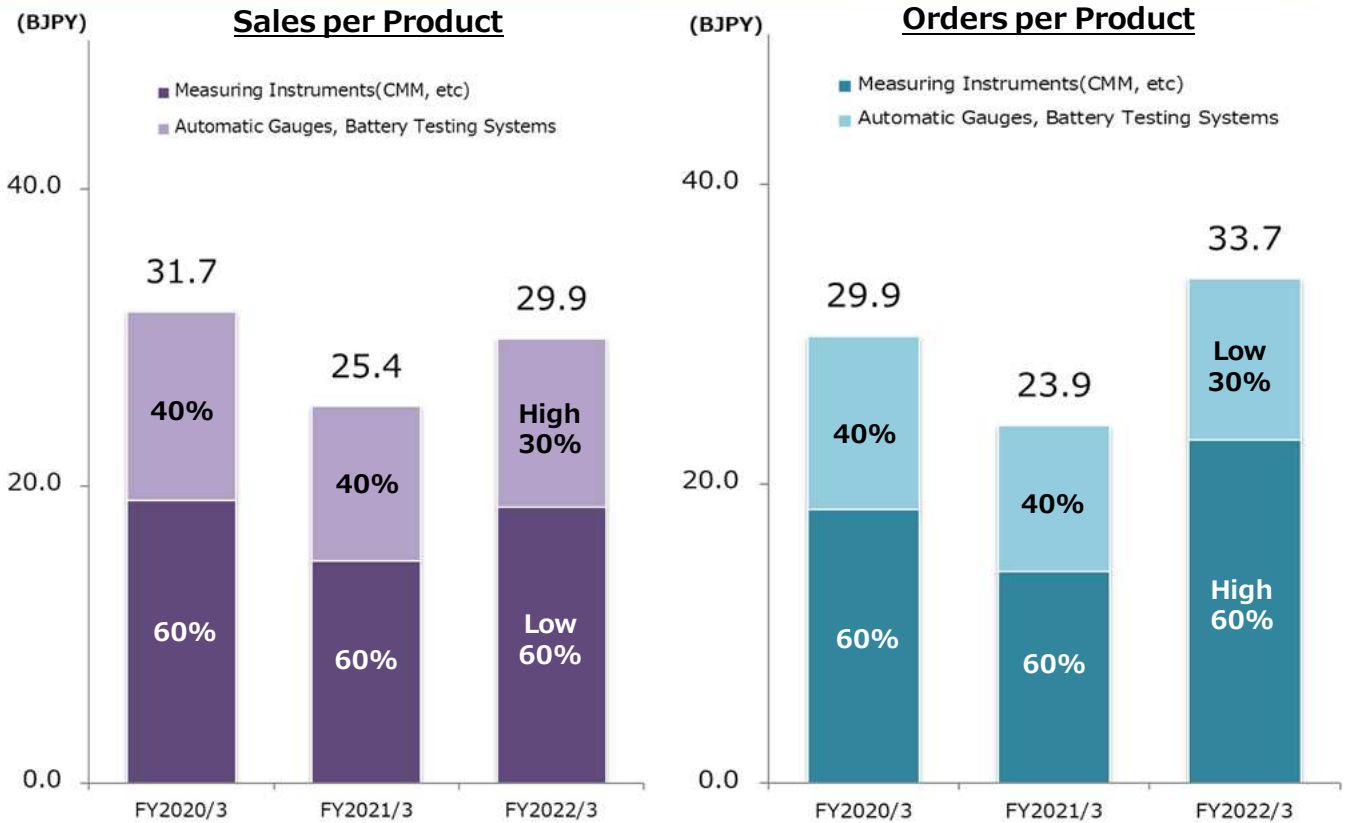
Metrology – Quarterly Trend



- Sales are on a recovery trend
- 4Q orders decreased due to a rebound from 3Q, Overall orders are in a recovery

- ◆ Here are the quarterly trends in sales, operating income, and orders received for Metrology.
- ◆ On the left, 4Q sales was on a gradual recovery trend.
- ◆ The reason of 4Q flattish OP compared to 3Q is due to the special bonus I mentioned earlier.
- ◆ On the right side, 4Q orders decreased QoQ although there is an overall recovery trend. We analyze this as a rebound from 3Q because of the timing of product price changes since the beginning of this year and the timing of subsidy related business.

Metrology – per Product



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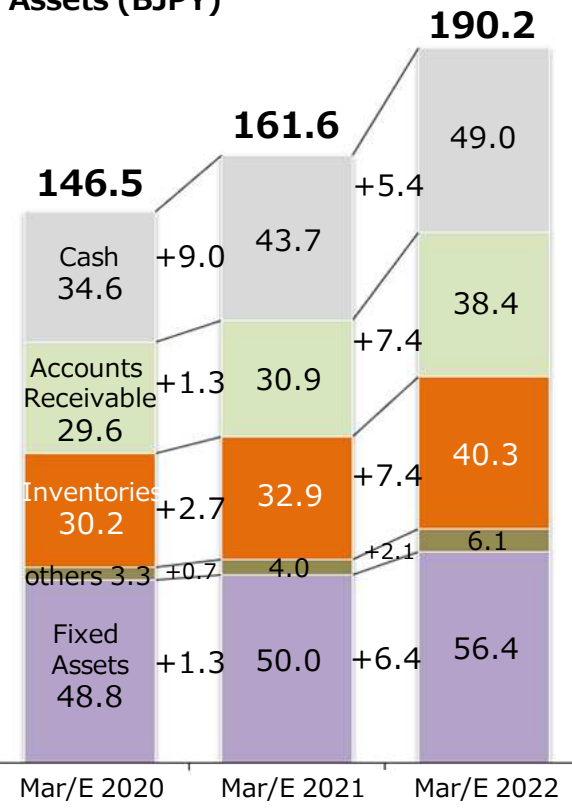
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- ◆ Next is a breakdown of sales and orders by product in Metrology segment.
- ◆ In FY2022/3 Measuring instruments, such as CMMs, accounted for low-60% while automatic measurement products, such as sensors and gauges, and charge-discharge test systems accounted for high-30%.
- ◆ In terms of orders, Measuring instruments was High-60% and Others such as sensors and gauges was Low 30%.

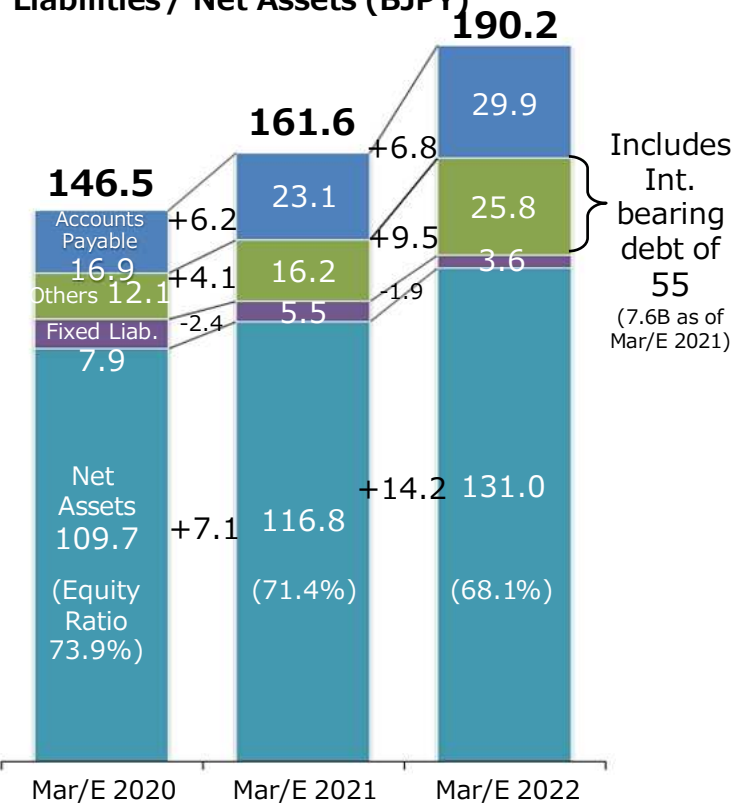
Balance Sheet



Assets (BJPY)



Liabilities / Net Assets (BJPY)



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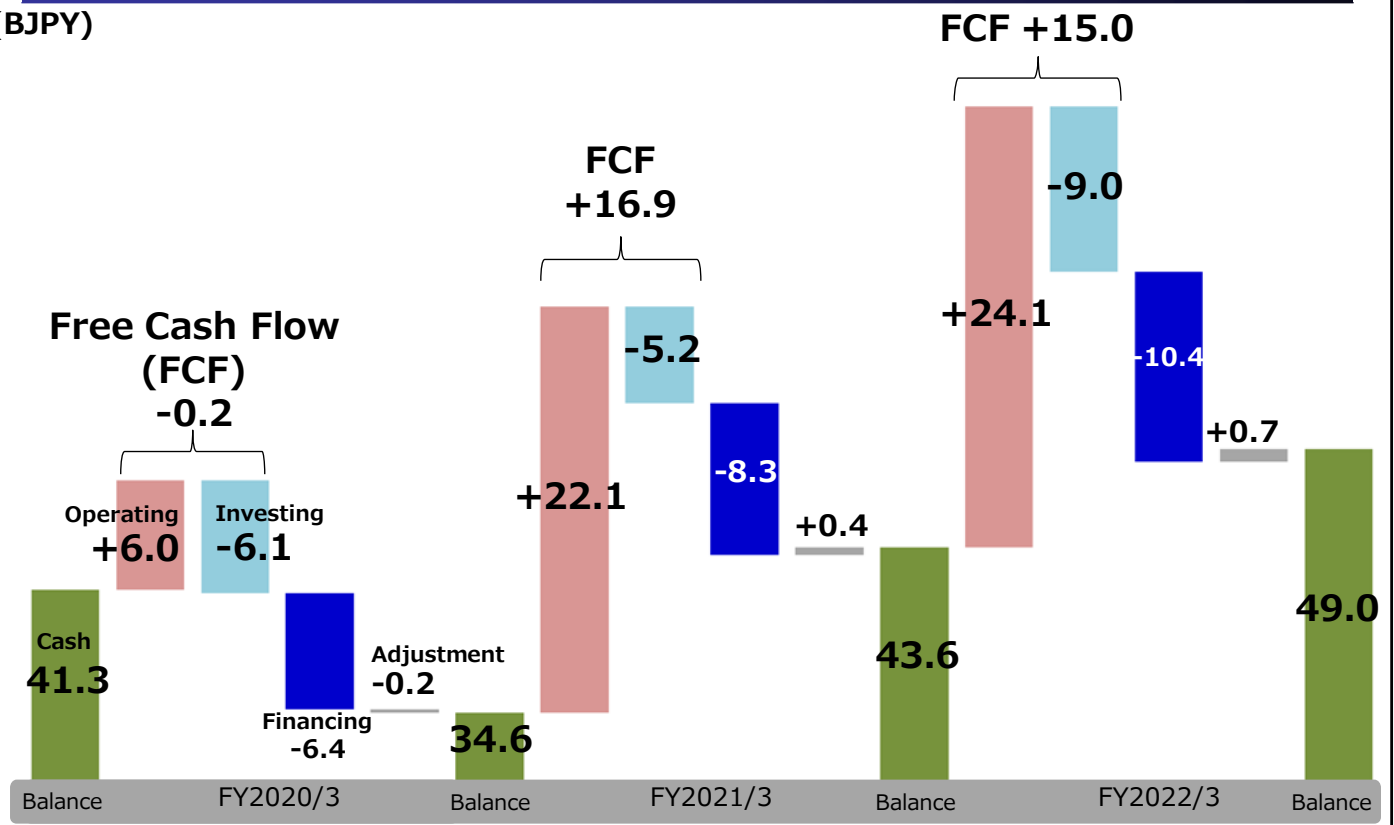
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- ◆ Here is an explanation of the balance sheet.
- ◆ Total assets as of March 31, 2022 were 190.2BJPY. In the assets section on the left, in addition to an increase in notes and accounts receivable and cash due to sales increase, inventories also increased in anticipation of future shipments.
- ◆ Fixed assets increased due to purchase of land for the *Hanno* Plant.
- ◆ On the right side, liabilities also increased, mainly due to increases in accounts payable for parts procurement and advances received.
- ◆ The equity ratio at the end of March came to 68.1%.

Cash Flows(CF)



(BJPY)



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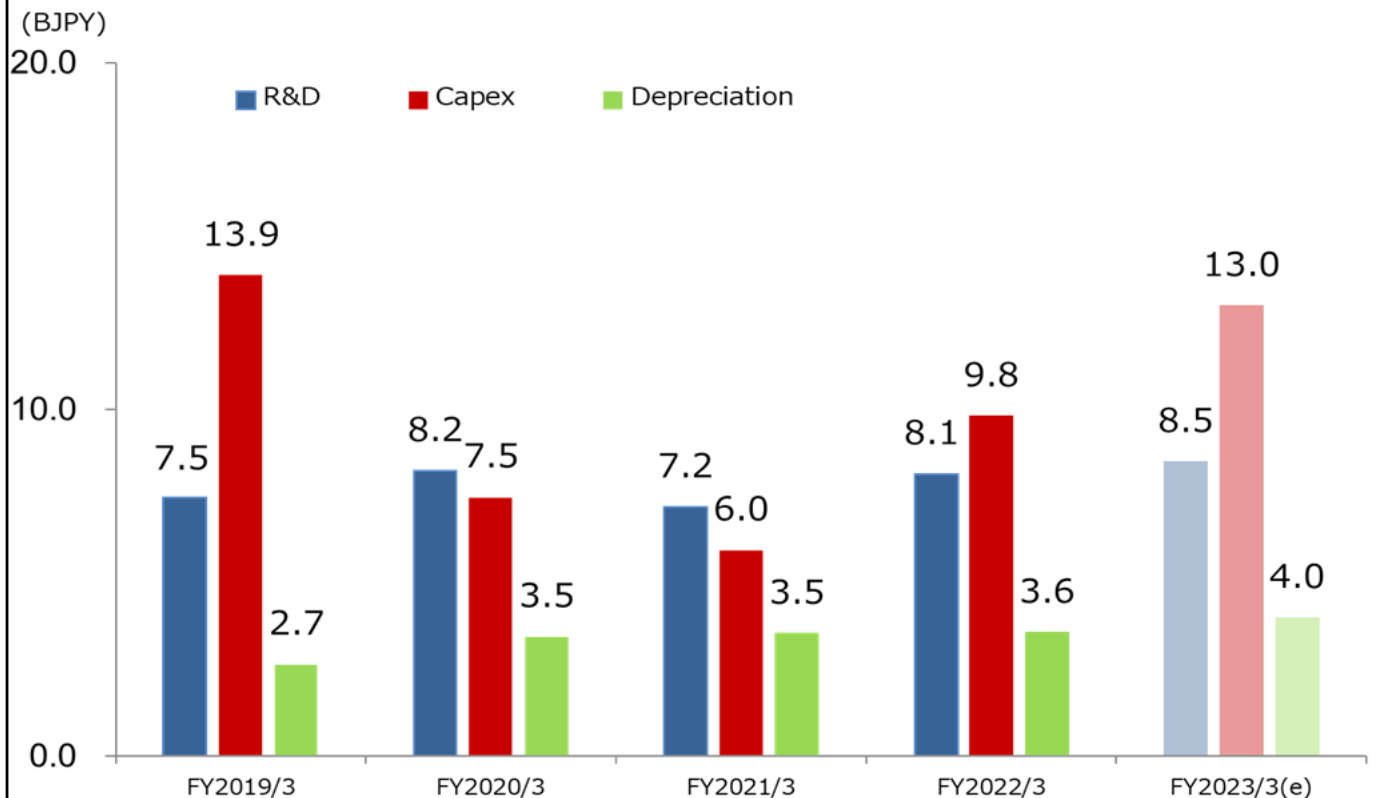
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◆ Next, I will explain cash flow.

◆ On the right, in FY2022/3, cash earned from operating activities was 24.1BJPY, cash used by investing activities was 9.0BJPY, and free cash flow resulted to 15.0BJPY.

◆ Cash used by financing activities was 10.5BJPY, and consequently, Cash and cash equivalents at the end of FY2022/3 came to 49.0BJPY.

R&D, Capex and Depreciation (results/plan)



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- ◆ Here are the actual results for R&D, Capex, and Depreciation for FY2022/3 and Plans for FY2023/3.
- ◆ As for FY2022/3, R&D expenses was 8.1BJPY, Capex was 9.8BJPY, and depreciation was 3.6BJPY, which were generally in line with plans.
- ◆ The plan for FY2023/3 is 8.5BJPY for R&D, 13.0BJPY for Capex, and 4.0BJPY for depreciation.

Overall

- **Maintain high level production throughout the FY**
- **Watch for material shortages, logistics stagnation, geopolitical risks, and COVID-19 pandemic**

SPE

- **Maintain assumption that orders to adjust short-term**
- **In addition to production expansion and R&D, work on activities to strengthen the application center**

Metrology

- **Recovery in the auto sector will continue to be moderate**
- **Promote sales expansion in semiconductor, NEV, and automation fields**

- ◆ Premises of FY2022/3 Forecasts can be summarized as here.
- ◆ Overall production will continue at a high level. However, the shortages of parts and materials, logistics stagnation, Russia/Ukraine crisis, and China lockdown may affect out business in the future. We will closely monitor these possibilities and take flexible measures.
- ◆ In SPE, we anticipate that an adjustment in orders is likely.
- ◆ In Metrology, manufacturing industry is expected to continue recovering.

FY2023/3 Forecast



Consolidated Results and forecasts (BJPY)	FY2022/3			FY2023/3			
	1H	2H	FY	1H(f)	2H(f)	FY(f)	YoY
Sales	61.5	71.8	133.3	74.5	75.5	150.0	+13%
Operating Profit (OP Margin)	12.9 (21%)	15.6 (22%)	28.6 (21%)	15.3 (21%)	15.8 (21%)	31.1 (21%)	+9%
Recurring Profit	13.0	16.4	29.4	15.3	15.8	31.1	+6%
Net Profit	9.6	11.8	21.4	10.8	11.2	22.0	+3%
Dividend per Share	185Yen			218Yen +33Yen			

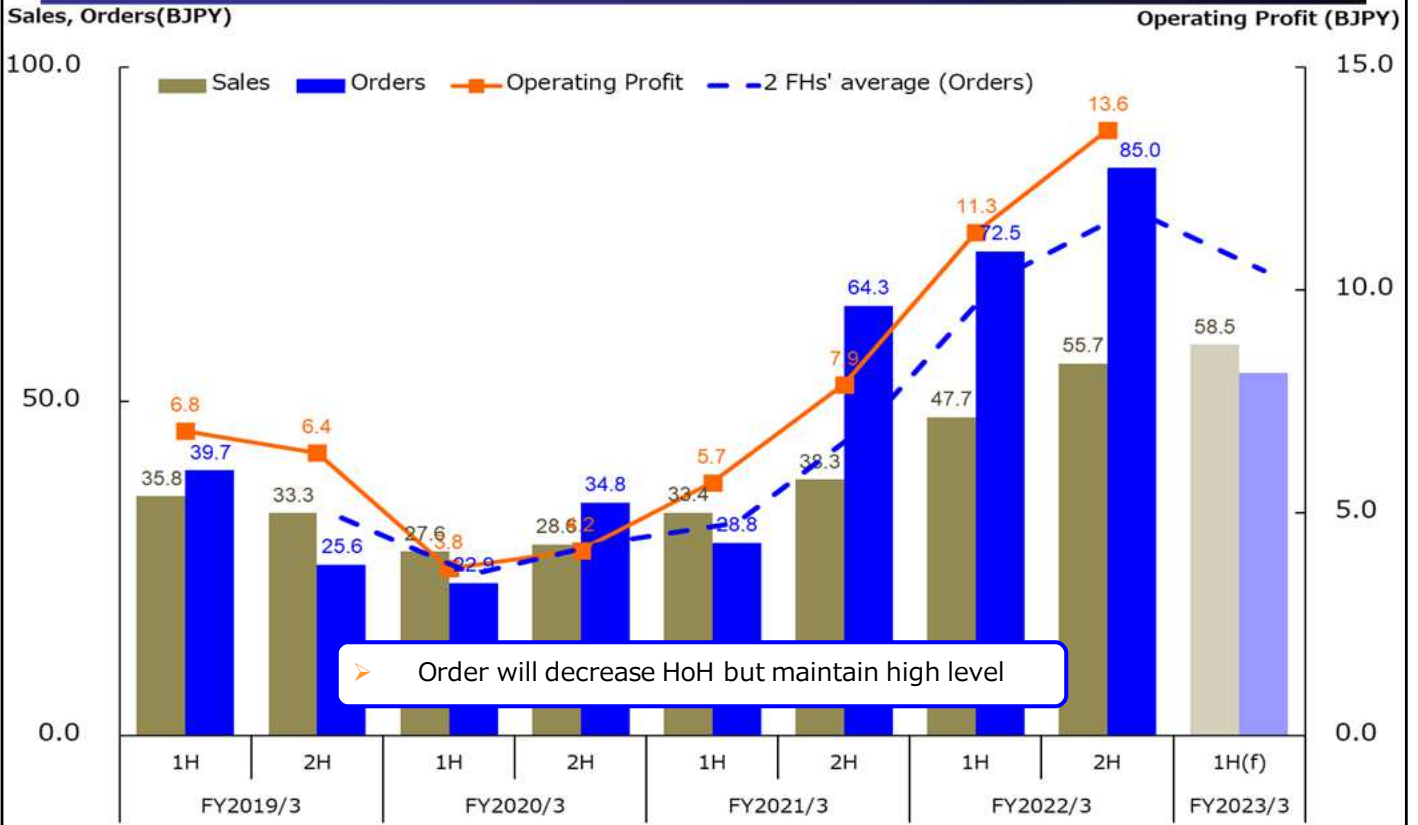
Per Segment

(SPE)	Orders	72.5	85.0	157.4				
	Sales	47.7	55.7	103.4	58.5	58.5	117.0	+13%
(Metr.)	Orders	16.0	17.7	33.7				
	Sales	13.8	16.1	29.9	16.0	17.0	33.0	+10%

- Both SPE and Metrology sales and profits, dividends to increase YoY
- Forecasts reflect soaring material prices, impact of China lockdown etc.

- ◆ Based on the premises, the forecast for FY2023/3 is as shown.
- ◆ OP margin is expected to remain at the same level as the previous year. This was due to a profit impact of over 2.0BJPY from higher materials prices, and assumed exchange rate of 115 yen to the 1 US dollar is expected to have a negative impact of several hundred million yen.
- ◆ The dividend is expected to be 218 yen per share, an increase of 33 yen per share. Our profit distribution policy will be explained later.

SPE – Sales/Orders incl. Forecasts



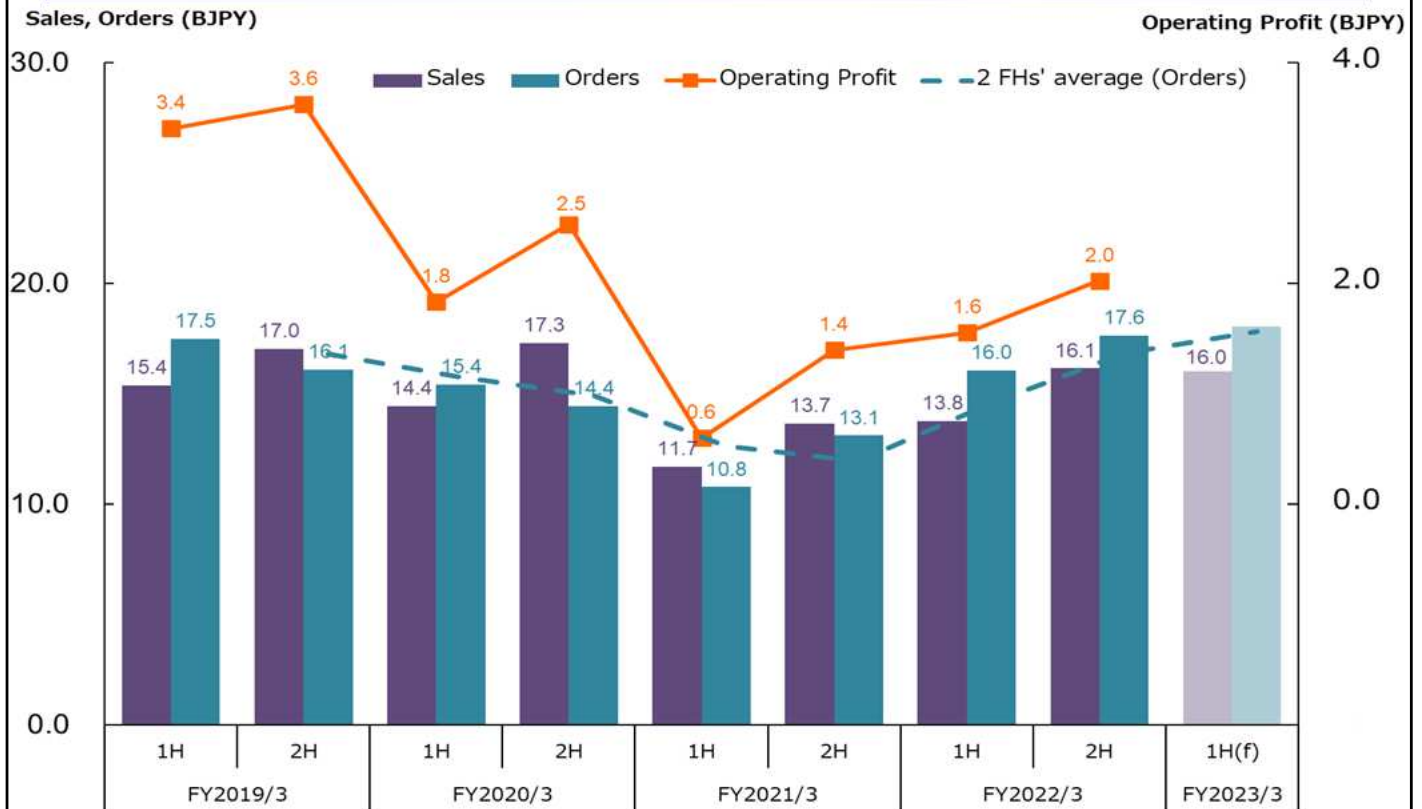
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- ◆ This page shows forecasts of SPE’s sales and orders per Fiscal Half.
- ◆ While a slight adjustment in Orders is likely, we anticipate FY2023/3 1H Order will maintain a high level.
- ◆ Outlook of product composition ratio both in Sales and Orders for FY2023/3 1H is 60% for Probers, and 40% for Assembly machines.

Metrology – Sales/Orders incl. Forecasts



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- ◆ This page shows forecasts of Metrology’s sales and orders per Fiscal Half.
- ◆ Orders in the FY2023/3 1H are anticipated to show a gradual recovery.
- ◆ Outlook of product composition ratio for FY2023/3 1H is; (1) In Sales, High-60% for Measuring Instruments, and low-30% for SUM of Automatic Gauges and Battery Testing systems. (2) In Orders, 70% for Measuring Instruments, and 30% for SUM of Automatic Gauges and Battery Testing systems.
- ◆ So far, I have explained the FY2022/3 business results and FY2023/3 forecast. Thank you for your attention.

Agenda

I . FY2022/3 Earnings, FY2023/3 Forecast

~Q&A~

II . Mid-Term Business Plan for FY2023/3 –
FY2025/3

~Q&A~

Agenda

I . FY2022/3 Earnings, FY2023/3 Forecast

~Q&A~

II . **Mid-Term Business Plan for FY2023/3 –
FY2025/3**

~Q&A~

Long-term target : ROE of 10% or more

Mid-term target : Achieve OP of ¥22.0B
(by FY2022/3)



Achieve in both cycles



Expand sales
(Aim for sales of
¥110 billion)

Improve profit ratio
(Aim for OP margin of
20% or more)



FY2022/3 ROE 17.5%
Sales ¥133.3B OP ¥28.6B (Margin 21.4%)

- ◆ Before I start explaining the medium-term management plan,
We would like to begin by summarizing the previous medium-term target.
- ◆ The Company announced these quantitative targets in May, 2018.
Once it was targeted by FY2021/3, however, the Company extended it one
year due to COVID-19, and the plan was to continue until FY2022/3.
- ◆ As a result, all quantitative targets were achieved with the results listed in the
lower row.

SPE : New Growth Stage

- Network-related : Memory, Electric components, Sensors
- Automotive : Sensors, Powers, SiC substrates
- China demand : Full-scale investment, plant construction rush (~2019)



- **Network-related: Rapid growth with 5G as a core technology**
- **Automotive: Stable growth through automation, electrification, and EVs**
- **China: Expanded more than expected partly due to government policy**
- **Stay-home and/or Work-from-home boosted demand for devices**

Metr. : Sustainable Growth

- Automotive: Platform innovation, ICE development to continue
- Machine Tool: Demand towards gauges in line with demand increase for IoT
- Aircraft: Demand for mid-size jets, especially in emerging countries



- **Auto: largely in line, but transition to NEVs is proceeding rapidly**
- **COVID-19 pandemic changed biz environment after FY2021/3**
Especially, demand for Machine tools and Aircraft declined
- **Related business for manufacturing automation grew more than expected**

- ◆ Here are the growth factors for each of our businesses that we considered when setting up our mid-term targets. The factors in frames are the ones originally anticipated, and those indicated by the arrows below are the review.
- ◆ In the upper section, the SPE Market expanded rapidly with 5G as the core technology, as expected. Furthermore, the China market and the demand for stay-at-home made the market size larger than expected.
- ◆ In the lower section, Metrology, we obtained a certain amount business opportunity for Auto's platform innovation, but the transition to NEVs was more rapid than we had expected, and the spread of COVID-19 was a significant factor in changing the market, especially after FY2021/3.

	Strategy	Major Actions
Technology	<ul style="list-style-type: none"> Strengthen product competitiveness Expansion of target markets 	<ul style="list-style-type: none"> New products for the next generation Biz Alliance in Metrology Products New or expanded Application centers
Production	<ul style="list-style-type: none"> Expansion of production capacity Efficiency improvement (automation, labor saving) 	<ul style="list-style-type: none"> Capacity expansion Metr: New building (MI building) opened SPE: New plant (Hanno Plant) Utilization of Metrology Factories for SPE Production
Profit ratio improvement	<ul style="list-style-type: none"> Promoting Information Sharing Expansion of Service and Consumables sales 	<ul style="list-style-type: none"> Improving work-efficiency through ERP
ESG	<ul style="list-style-type: none"> Promote ESG activities and enhance corporate value 	<ul style="list-style-type: none"> Sustainability Committee established. Reduction of CO2 emissions

- ◆ Here are the strategies that the entire company aims to work on to achieve the mid-term targets and the following is a summary of the results.
- ◆ The Company has taken the initiatives you see regarding technology, production, profitability improvement, and ESG.

Capacity expansion (SPE)

- *Miyama* Plant: Full operation
- *Hanno* Plant: under construction
- *Tsuchiura* MI Plant: also used for SPE



**Capacity expansion
 (Metrology: *Tsuchiura* MI plant)**

- Opened in May 2020
- Also used in SPE production



MI: *Monozukuri* Innovation

Effectiveness Improvement

- Effectiveness improvement using ERP is in progress

**Apps. Center
 (New in Taiwan)**

- Opened in March 2021



**Metrology Center
 (Renewal in Osaka)**

- Opened in Jan 2020

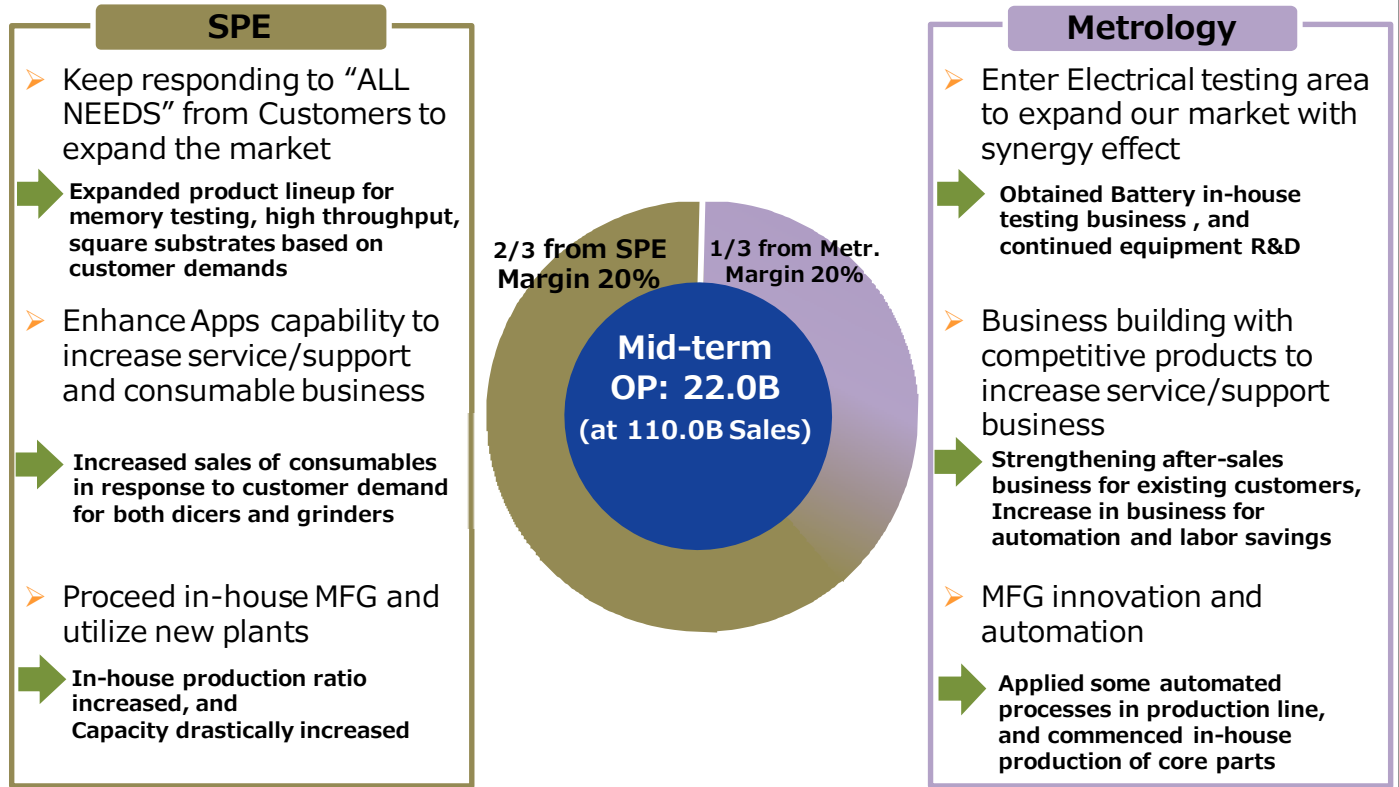


Capex was made as planned; *Hanno* Plant will be continued under the FY2023/3-FY2025/3 MTP

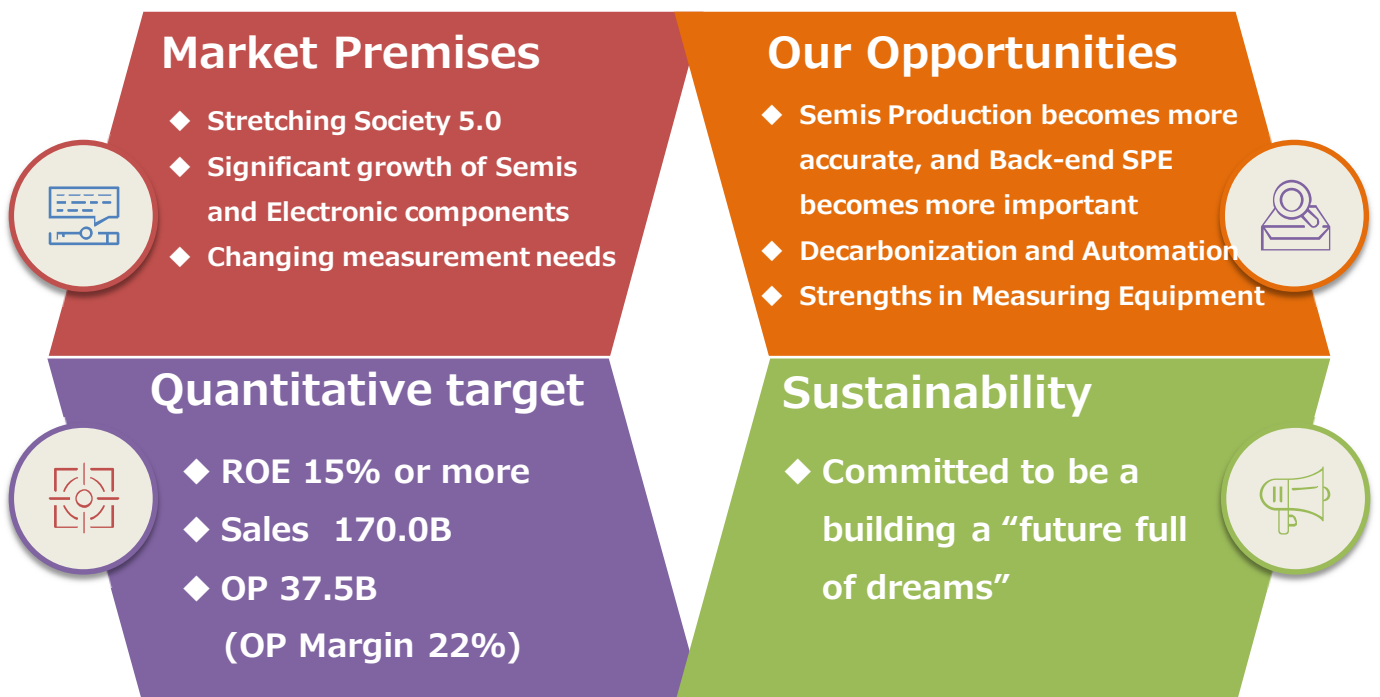
◆ This page is a summary of Capex.

◆ We originally planned these five initiatives and executed them. The largest investment was in the *Hanno* Plant (Saitama, Japan). We had originally planned to build a plant in *Hino* City (Tokyo, Japan), but due to environmental assessments, we decided to give priority to the *Hanno* Plant, which is currently under construction.

◆ We also opened *Tsuchiura* MI Plant in 2020. Now it is also utilized for the production of SPE.



- ◆ Strategies per segment and results are shown above.
- ◆ In SPE, we expanded Prober's lineup, provided Dicers/Grinders and consumable parts which met customer's requirements. Also, we strengthened in-house production, and realized a dramatic expansion of our manufacturing capacity.
- ◆ In Metrology, we obtained a Battery in-house testing business, and simultaneously, developed new battery testing equipment. In addition, we worked to strengthen after-sales business with existing customers, developed business opportunities for automation and other products. In terms of production, we promoted automated production and in-house production.
- ◆ That is a summary of mid-term target we just executed.
- ◆ Next, I would like to explain about new mid-term business plan.



- ◆ I summarize our next mid-term business plan on this page.
- ◆ Key points are; (1) The market premises are based on substantial growth of the semiconductor market and changing metrology needs, (2) diversification of business opportunities associated with this growth, (3) We have set some quantitative targets, and all over (4) Sustainability will be a key theme.

**世界中の優れた技術・知恵・情報を融合して世界No.1の
商品を創り出し、皆様と共に大きく成長していく**

Growing together with partners and customers by collaborating technology,
knowledge and information to create the world's No.1 products.

Motto that expresses our philosophy:

→ **「WIN-WINの仕事で世界No.1の商品を創ろう」**
WIN-WIN relationships create the World's No. 1 Products

Corporate brand



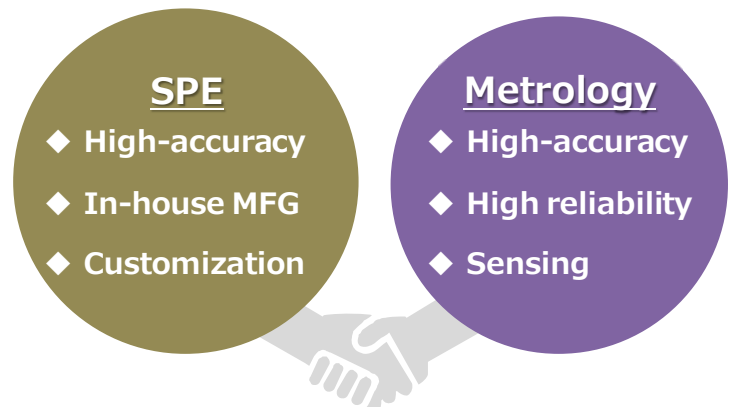
→ Combined the words "Accrete" and "Technology"

- ◆ The corporate philosophy that forms the basis of the company's operations remains unchanged.
- ◆ The management policy is "Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No.1 products."
- ◆ A motto that simply expresses this philosophy is ; "WIN-WIN relationships create the World's No. 1 Products. " and this is reflected in our corporate brand "ACCRETECH". We will strive to disseminate this philosophy both internally and externally.

Conceptual Framework



Business Portfolio



Strengths having 2 different businesses

- Profitability stability with different business areas
- Synergy between businesses

(SPE company with the only "Measuring technology")

- ◆ The conceptual framework and business portfolio to realize our corporate philosophy is also remaining unchanged.
- ◆ The framework is, from bottom to top, sustainability, governance with compliance initiatives, strong financial and capital position, our employees' spirits for manufacturing, Investments or growth are to increase corporate value, and on top, to realize a sustainable company and society.
- ◆ We have two distinct business segments: the SPE and the Metrology segment.
- ◆ We will realize stable earnings by having different business areas and enhance synergy as the only SPE company with measuring technology.

Healthcare



Surgery Robot, Telehealth

Livelihood



Smart appliances, Online studies

Workplace



Smart Factory

Automotive

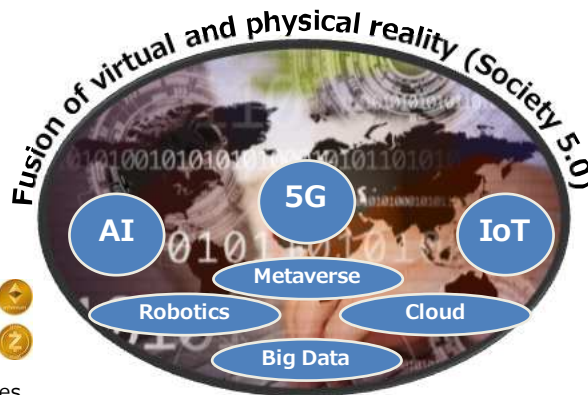


EV, Autonomous driving

Finance



Online transaction, Cryptocurrencies



Infrastructure



E-government, empowered intranet

Logistics



Automated warehouse, Drone delivery

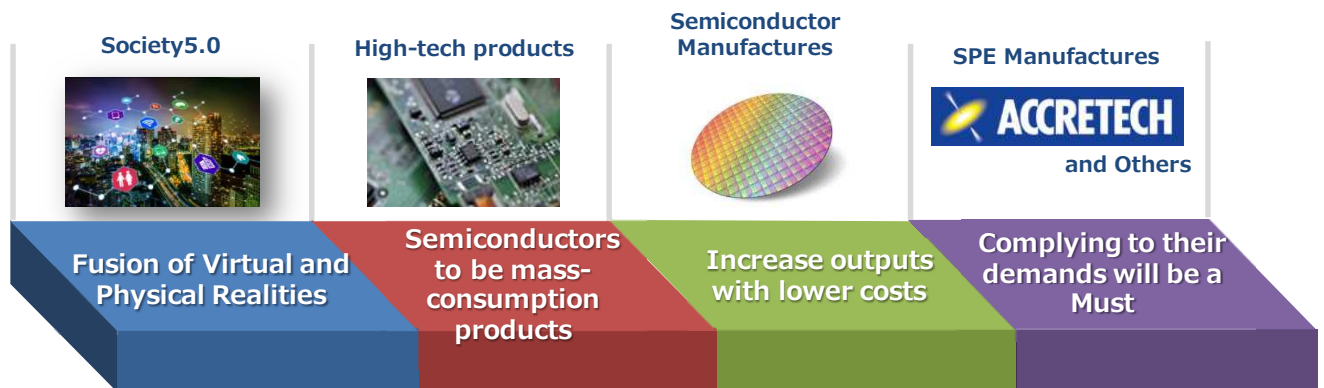
Energy Generation



Optimized and eco-friendly power generation


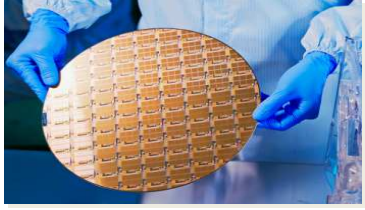



- ◆ This page shows premises of the Company's mid term plan starting from FY2023/3.
- ◆ As we have indicated before, "Society 5.0 (integration of virtual and physical reality)", is the key and it will be expanded. We believe that a "Metaverse", a recent topic, is just a part of this Society 5.0.
- ◆ All new technologies shown in this page are correspondent with Semiconductors.

- Society 5.0 (A fusion of virtual and physical realities driven by 5G) will see Semiconductors and Electrical components overwhelming mass production and consumption
- Back-end SPE being more important in the entire manufacturing flow



- ◆ Therefore, there is no doubt that the semiconductor market will grow substantially in both value and volume terms in the future. The era of mass production and mass consumption of semiconductors and electronic components is upon us.
- ◆ In addition, the importance of back-end processes in the entire semiconductor manufacturing process is expected to increase further.

- Markets will change dramatically with Carbon neutrality and digitization
- While demand for ICE is declining, measurement needs to change including NEVs, automation, semiconductors, medical, etc.

	Automobile	Non-automobile
Stable Industry		
Growing industry		 

- ◆ In the area of measurement, amid demand for ICE (Internal Combustive Engine) declining, demand for carbon neutral, NEVs for digitization, and automation is increasing rapidly.
- ◆ In addition to semiconductor-related measurement demand, we assume that demand for measurement will expand in new fields such as medical care, etc.

Premises	Our Opportunities
<ul style="list-style-type: none"> ➤ Increase in device functionality and complexity ➤ Increase in more reliable devices 	<ul style="list-style-type: none"> ➤ Increase test importance ➤ Testing-time expansion ➤ Testing conditions widening
	<ul style="list-style-type: none"> ➤ Evolution of 3D Packages
<ul style="list-style-type: none"> ➤ Stable Semis unit growth (mass production and consumption) 	<ul style="list-style-type: none"> ➤ Increase in Assembly SPE demand
<ul style="list-style-type: none"> ➤ Evolution of SiC/GaN Power devices for Carbon neutrality 	<ul style="list-style-type: none"> ➤ Market Expansion ➤ New assembly processing ➤ Reliability-first testing
<ul style="list-style-type: none"> ➤ Increasing demand for device testing and processing accuracy 	<ul style="list-style-type: none"> ➤ Synergy with our Metrology Products

 **We anticipate growth outpacing market growth due to expanding business opportunities**

- ◆ In light of these factors, here is a summary of business opportunities for our SPE Segment.
- ◆ We expect increasing demand for Testing equipment to meet the growing functionality & complexity of Semis and reliability requirements, and the evolution of stacking technology.
- ◆ We also expect the growth of the number of semiconductors themselves which will lead to an increase in assembly machine demand.
- ◆ Also, the demand for power semiconductors and equipment related to it will grow as the industry moves towards carbon neutrality.
- ◆ Of note, the increasing demand for semiconductor processing accuracy will enhance synergies with our Metrology equipment business.
- ◆ Therefore, we believe that in addition to market growth, we will be able to grow even faster than the market expansion due to the expansion of business opportunities.

Premises	Our Opportunities
<ul style="list-style-type: none"> ➤ Expansion of NEV and renewable energy market toward carbon neutrality 	<ul style="list-style-type: none"> ➤ Change in materials or components toward NEVs ➤ Increase in demand for high precision measurement ➤ Battery testing for NEVs
<ul style="list-style-type: none"> ➤ Manufacturing automation trend due to decrease in workforce ➤ Change in measurement technology (from Sampling at testing room to Full testing at production lines) 	<ul style="list-style-type: none"> ➤ Combination of robot + measuring instruments ➤ High precision parts measuring ➤ Change in needs for measuring machines themselves
<ul style="list-style-type: none"> ➤ Expansion of non-automotive market (Semis, Aircraft, Medical, etc.) 	<ul style="list-style-type: none"> ➤ Semis (non-contact) ➤ Aero engine parts (high precision) ➤ Artificial joints/bones/medical devices (non-contact)

 **Demand for Metrology to change due to changes in industry**
Market volume likely to exceed previous peak (FY2019/3)

- ◆ The first business opportunity for the Metrology segment is Carbon Neutrality.
- ◆ In this trend, the expansion of the NEV and renewable energy related markets will generate demand for battery testing and dimensional measurement of parts dedicated to NEVs.
- ◆ Automation trend due to the decrease in the working population and DX (Digital transformation) will replace current “sample-testing” to “full testing”. It will lead to related changes also in measuring.
- ◆ We also believe that new business opportunities will be created by the expansion of the non-automotive manufacturing market.
- ◆ Consequently, we believe that by capturing these opportunities, the business environment could exceed the existing peak in FY2019/3.

➤ Quantitative target for FY2025/3

ROE	15% or more
Sales	¥170.0B (SPE ¥132.0B/Metrology ¥38.0B)
OP	¥37.5B (OP Margin : 22%)

➤ Company-wide actions

R&D

Reinforce development of leading-edge technologies and customer needs

Expand MFG capacity

Hanno Plant (FY2024/3) will realize ¥140B+ annual SPE capacity
 Additional plant to be considered

Environment

Decrease CO2 emissions by 50% at CY2030 from FY2019/3
 Investment also to be considered

KPIs for investment

Consider adopting ROIC for assessment to investment opportunities

Application enhancement

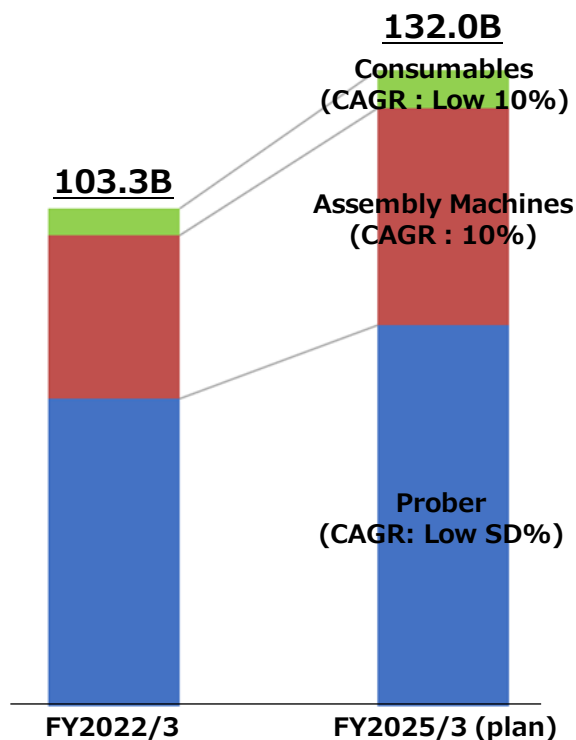
Strengthen demonstration capacity world-wide

Sustainability

Strengthen initiatives (refer to related pages)

- ◆ Based on the above market assumptions and business opportunities, we have established quantitative targets and company-wide initiatives as shown on this page.
- ◆ Specifically, we aim to maintain ROE of 15% or higher, net sales of 170BJPY and operating profit of 37.5BJPY.
- ◆ The company-wide initiatives are summarized in the lower part of this page. The key point is the expansion of Manufacturing capacity. The completion and operation of the *Hanno* Plant will be our priority at this point, and we expect that this will bring our annual SPE manufacturing capacity to 140B or more, which is a prerequisite for achieving this plan.
- ◆ In addition, we will also consider investments in a plant that will be the next step after the *Hanno* Plant.

Sales Composition(per product)



Consumables

- Develop and expand sales matching customer needs
- Strengthen sales of grinder consumables

Assembly Machines

- Ablation Dicer Market Entry
- Reinforced High Rigidity Grinder for SiC/GaN
- Reinforcement of grinders for wafers



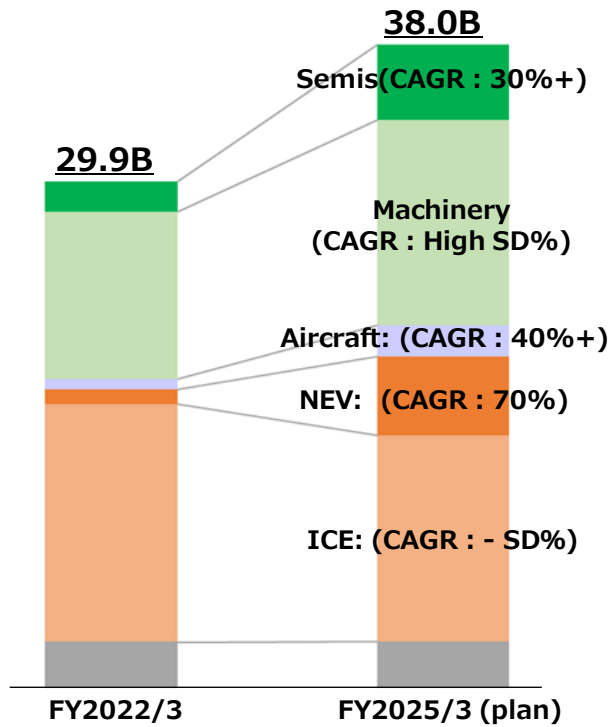
Prober

- Expand applications by promoting more of "Respond to ALL needs" policy (HPC, packages, memory, power devices, etc)



- ◆ Here is a breakdown of our SPE sales composition plans and a summary of our strategy.
- ◆ In the Prober area, we will continue to promote our "Respond to ALL needs" policy. In addition to logic applications such as HPC, we will continue to develop products that meet customer requirements in package measurement, memory stack probers, power devices, and other areas.
- ◆ In Assembly machines, we will expand our business by entering the ablation dicer business, which we have not entered before, and continue to strengthen our grinder product line.
- ◆ In Consumables, we will continue to develop and sell dicing blade products that match customer needs and expand sales of consumables for grinders.

Sales Composition(per Application)



Semis

- Expand sales of high-precision, non-contact measuring machines
- Strengthen synergy w/ SPE Segment

Machinery and Aircraft

- Medical: Strengthening of non-contact measuring machines
- Aircraft: Specialized Measuring Machines for Engine Parts
- Automation Solutions

NEV

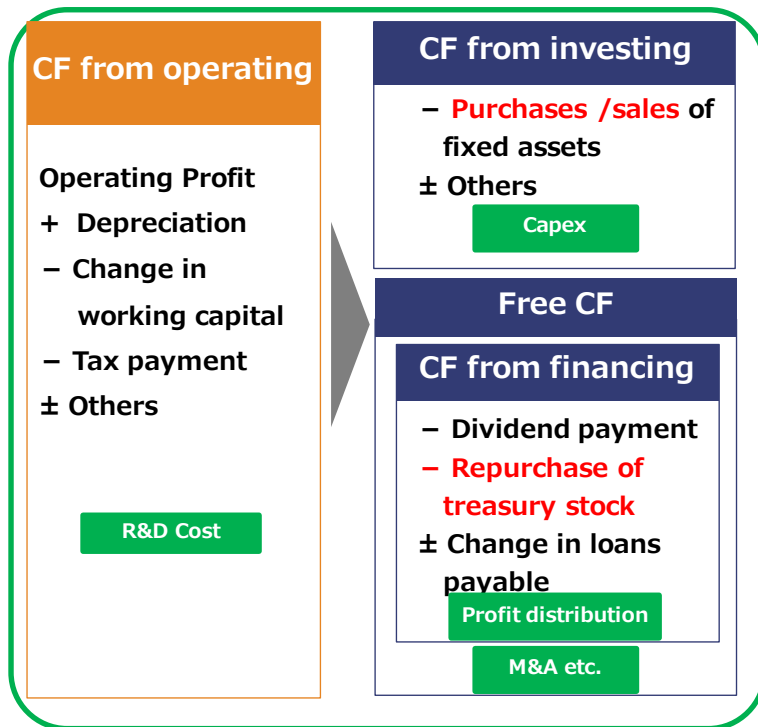
- Strengthen Battery in-house testing
- New measurement demand for EV gears, motors, etc.
- Automation Solutions

ICE

- Obtain business opportunities related to industrial engines and hybrids
- Strengthen periodic maintenance biz
- Automation solutions

- ◆ Here is a breakdown of our Metrology sales composition plans and a summary of our strategy.
- ◆ We anticipate internal combustion engines (ICE) related market likely to decline by several percent on average per year. However, since the customer base is large, we will continue to capture demand for industrial engines and hybrid engines, and aim to obtain business related to automation.
- ◆ We will continue to acquire high precision measurement and automation-related demand for new products such as EV motors and gears, in addition to our battery in-house testing business.

Basic approach



Mid-term Cash allocation plan

R&D expenditure

- Target R&D to Sales ratio : 10%

Capex

- Usual : 25% or less of EBITDA
- Max : 50% of EBITDA
 (EBITDA = Operating profit + Depreciation)

Profit distribution

- Target dividend payout ratio 40%
- Share buybacks in consideration of investment trends, etc.

M&A etc.










- FCF Consideration not to be negative

- ◆ Here is a summary of our approach to finance and shareholder returns.
- ◆ In accordance with the basic approach on the left, we have set a medium-term cash allocation plan.
- ◆ The target for R&D expenses is 10% of net sales.
- ◆ Capital expenditures are estimated to be within 25% of the EBITDA (sum of operating profit and depreciation) but may be as high as 50% depending on the purpose and timing of the investment.
- ◆ Shareholder returns are targeted at a dividend payout ratio of 40%. Share repurchases will be determined based on comprehensive consideration of investment trends and other factors.
- ◆ M&A, etc. will be decided within the range where free cash flow does not become negative in principle.

FY2023/3-FY2025/3 Mid-term Business Plan

Sustainability (FY2022/3 CSR activity summary)



Materiality		FY2022/3 summary	Correspondent SDGs
Environment	Eco-friendly products	<ul style="list-style-type: none"> Product LCA initiative SCIP initiative (EU WFD) PFOA/TSCA/RoHS3 	 
	Eco-friendly factory	<ul style="list-style-type: none"> Increase using low-carbon power (reduced 2kt/year CO2) Reduce water consumption and increase reuse of water Waste recycling rate: 98.5% 	 
Social	Providing value thru products	<ul style="list-style-type: none"> Promoted safe, high-quality products 	   
	Enhance sustainable supply chain	<ul style="list-style-type: none"> Supplier CSR activities Communication w/supplier via Web system 	
	Creating workplace among diversified employees	<ul style="list-style-type: none"> Expand employment of women based on the Women's Activity Promotion Plan Career Support Activities 	
	Creating rewarding workplaces	<ul style="list-style-type: none"> Creating a Mental Care Mechanism for Employees Promoting the use of paid leave (100% of employees taking 5 days) 	
Governance	Strengthen the management base (Enhance compliance system)	<ul style="list-style-type: none"> Strengthening Compliance Strengthen information security 	

SCIP: Substances of Concern In articles as such or in complex objects (Products) by EU
WFD : Waste Framework Directive

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- ◆ Lastly, I would like to address sustainability.
- ◆ Our group has long been engaged in activities related to ESG, and here are the results of our activities for FY2022/3.
- ◆ Last year, we established the Sustainability Committee from the viewpoint of promoting a series of sustainability-related initiatives more strongly than ever before.
- ◆ The committee is chaired by Mr. Yoshida, Chairman and CEO, and the four members on the screen today are all members of the committee.
- ◆ The committee is committed to playing an active role in realizing a sustainable society and enhancing our corporate value.

Our Sustainability motto

The Tokyo Seimitsu Group is always committed to building a “future full of dreams”

Respect for Human Rights

Participation in and contribution to Local Communities

Efforts to address Environmental Issues

Human Resource Development

Earning the Trust of Society

Building and running Fair, transparent, and efficient Corporate Governance System

- ◆ Our sustainability motto is “The Tokyo Seimitsu Group is always committed to building a “future full of dreams””.
- ◆ We are committed to playing an active role in the realization of a sustainable society through a variety of initiatives on key issues such as those shown here.

FY2023/3-FY2025/3 Mid-term Business Plan

Materiality and Targets



FY2023/3 Materiality	Main Initiatives	Targets	Correspondent SDGs
Products, services and biz activities that solve Environmental issues	<ul style="list-style-type: none"> ➢ Environmentally friendly products ➢ Prevention of global warming ➢ Waste reduction, resource reuse 	<ul style="list-style-type: none"> ➢ Compliance with EU/US laws ➢ 50% less of CO2 emission in CY2030 by FY2019/3 ➢ 2% reduction per year 	
Building high-value-added products and supply chains that solve social issues	<ul style="list-style-type: none"> ➢ Clean technology ➢ Quality improvement ➢ Remote support ➢ Supplier cooperative relationship ➢ BCP initiatives 	<ul style="list-style-type: none"> ➢ Release of web tool for suppliers, CSR guidelines ➢ Assessment and Improvement Activities 	
Creating a workplace where a diverse range of people can play an active role with healthy and rewarding manner	<ul style="list-style-type: none"> ➢ Promotion of women's activities ➢ Provide opportunities for proactive learning ➢ Health and Productivity Management 	<ul style="list-style-type: none"> ➢ Employees Ratio of female hires: 20%, Ratio of female employees: 10% (full-time employee basis) 	
Strengthen management infrastructure, compliance, and risk management to support corporate activities	<ul style="list-style-type: none"> ➢ Strengthen compliance ➢ Strengthen information security ➢ Business continuity planning 	<ul style="list-style-type: none"> ➢ Management system for group companies ➢ Improvement of information asset value ➢ Improvement of business continuity probability 	
Respect for human rights	<ul style="list-style-type: none"> ➢ Raise awareness of respect for human rights 	<ul style="list-style-type: none"> ➢ Establishment of human rights policy ➢ Consideration of human rights due diligence 	

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- ◆ This page summarizes what we have set as materially substantial in our mid-term management plan, its initiatives, and targets to achieve these important goals.
- ◆ With regard to the environment at the top of the page, as disclosed on our sustainability website, we will carry out activities with the goal of reducing CO2 emissions by 50% by CY2030 compared to FY2019/3, among others.
- ◆ In addition, we will continue our activities such as supply chain-related initiatives, efforts to create a rewarding workplace, strengthening of compliance and risk management, and respect for human rights.
- ◆ This concludes my presentation. Thank you very much for your attention.

Agenda

I . FY2022/3 Earnings, FY2023/3 Forecast

~Q&A~

II . Mid-Term Business Plan for FY2023/3 –
FY2025/3

~Q&A~



Sustainability Information:



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

Investor Information:



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

Supplementary Data

Statements of Income



Million Yen	Fiscal Year				Quarter							
	FY 2019/3	FY 2020/3	FY 2021/3	FY 2022/3	FY2021/3				FY2022/3			
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	101,520	87,927	97,105	133,277	21,070	24,041	21,597	30,395	28,937	32,526	31,981	39,831
Cost of goods sold	60,430	53,452	60,190	79,772	12,863	15,433	13,504	18,389	17,484	19,273	19,828	23,186
Gross Profit on Sales	41,090	34,474	36,914	53,504	8,207	8,608	8,093	12,005	11,453	13,253	12,153	16,645
Selling, general and administrative expenses	20,869	22,192	21,351	24,954	5,030	5,502	5,057	5,760	5,457	6,320	5,828	7,347
Operating profit	20,221	12,282	15,562	28,550	3,176	3,105	3,035	6,245	5,995	6,932	6,324	9,298
Non-operating income	688	255	540	994	194	118	106	214	135	66	270	616
Non-operating expenses	104	177	235	154	25	153	205	-55	110	27	17	93
Recurring Profit	20,805	12,360	15,867	29,390	3,345	3,070	2,936	6,515	6,019	6,971	6,577	9,821
Extraordinary gains	58	57	1,354	390	6	-	149	1,198	13	-	-	377
Extraordinary losses	419	1,712	1,074	34	-	293	108	672	-	-	-	34
Profit before income taxes and minority interests	20,443	10,705	16,147	29,746	3,351	2,776	2,977	7,041	6,033	6,971	6,577	10,164
Total Income tax and others	5,719	3,598	3,978	8,247	886	573	712	1,806	1,664	1,702	1,780	3,099
Net Profit attributable to Owners of the Parent	14,665	7,156	12,175	21,441	2,470	2,207	2,264	5,232	4,352	5,255	4,776	7,057
Net Profit per Share (Yen)	352.92	171.89	293.83	525.34	59.30	52.98	54.73	127.55	105.98	128.42	117.57	173.65
Net Profit per Share (diluted) (Yen)	350.23	170.72	291.43	520.30	-	-	-	-	-	-	-	-

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Segment Information



Million Yen		Fiscal Year				Quarter							
		FY 2019/3	FY 2020/3	FY 2021/3	FY 2022/3	FY2021/3				FY2022/3			
						1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders	SPE	65,335	57,709	93,181	157,407	12,903	15,932	28,683	35,662	33,853	38,596	46,665	38,292
	Metr.	33,573	29,866	23,878	33,667	5,754	5,022	6,420	6,681	7,858	8,184	10,051	7,573
	Total	98,909	87,576	117,060	191,074	18,657	20,955	35,103	42,344	41,711	46,781	56,716	45,865
Backlog	SPE	27,670	29,182	50,619	104,666	26,653	24,610	38,188	50,619	61,676	75,375	97,334	104,666
	Metr.	9,165	7,782	6,301	10,051	7,898	6,855	6,783	6,301	8,018	8,573	11,350	10,051
	Total	36,836	36,965	56,920	114,717	34,552	31,465	44,971	56,920	69,694	83,949	108,684	114,717
Sales	SPE	69,117	56,198	71,745	103,360	15,432	17,975	15,106	23,231	22,796	24,897	24,707	30,959
	Metr.	32,403	31,728	25,359	29,917	5,638	6,066	6,491	7,163	6,141	7,629	7,274	8,872
	Total	101,520	87,927	97,105	133,277	21,070	24,041	21,597	30,395	28,937	32,526	31,981	39,831
OP	SPE	13,195	7,915	13,565	24,893	2,832	2,850	2,525	5,358	5,328	5,967	5,334	8,264
	Metr.	7,025	4,366	1,996	3,657	344	255	510	886	666	965	991	1,033
	Total	20,221	12,282	15,562	28,550	3,176	3,105	3,035	6,245	5,995	6,932	6,325	9,298
OP Margin	SPE	19.1%	14.1%	18.9%	24.1%	18.4%	15.9%	16.7%	23.1%	23.4%	24.0%	21.6%	26.7%
	Metr.	21.7%	13.8%	7.9%	12.2%	6.1%	4.2%	7.9%	12.4%	10.9%	12.7%	13.6%	11.7%
	Total	19.9%	14.0%	16.0%	21.4%	15.1%	12.9%	14.1%	20.5%	20.7%	21.3%	19.8%	23.3%

Balance Sheet



(Million Yen)		FY2019/3	FY2020/3	FY2021/3	FY2022/3
Current Assets	Cash and cash equivalents	41,518	34,640	43,657	49,033
	Accounts Receivable ※1	36,146	29,633	30,946	38,367
	Inventories	29,995	30,152	32,886	40,281
	Others	2,434	3,345	4,025	6,103
	Total	110,094	97,771	111,516	133,785
Total Fixed Assets		47,478	48,777	50,039	56,403
Total Assets		157,573	146,549	161,556	190,188
Current Liabilities	Accounts Payable※2	26,328	16,895	23,062	29,876
	Others	14,620	12,121	16,233	25,765
	Total	40,948	29,017	39,296	55,641
Total long-term liabilities		9,220	7,857	5,482	3,561
Total Liabilities		50,169	36,874	44,778	59,202
Total Net Assets		107,403	109,674	116,777	130,986
Total Liabilities and Net Assets		157,573	146,549	161,556	190,188
Total interest-bearing debt		11,415	9,641	7,581	5,494
Equity Ratio(%)		67.3%	73.9%	71.4%	68.1%
ROE(%)		14.4%	6.7%	10.9%	17.5%

※1: Incl. Electronically recorded monetary claims ※2: Incl. Electronically recorded obligations-operating

Expenses and Cash Flows



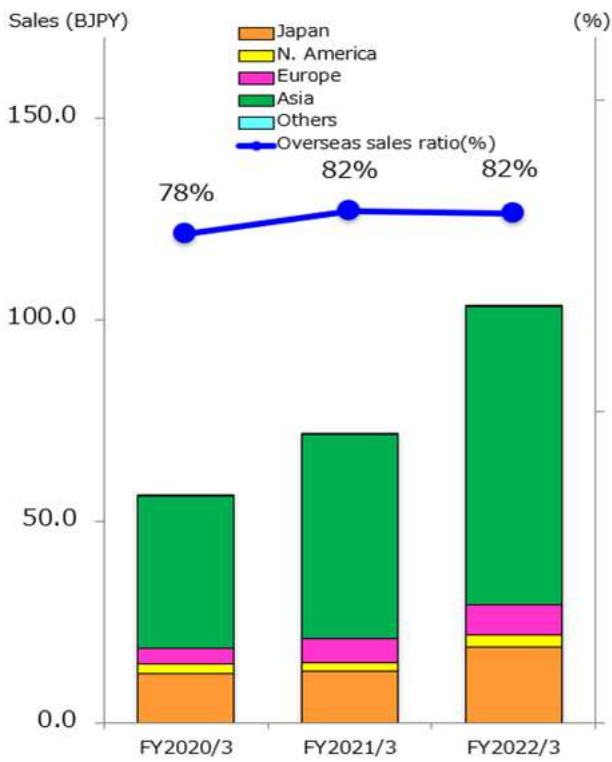
(Million Yen)	FY2019/3	FY2020/3	FY2021/3	FY2022/3
R&D expenses	7,469	8,234	7,193	8,146
Capex	13,872	7,477	5,950	9,816
Depreciation (excl. Amortization)	2,655	3,450	3,516	3,574

(Million Yen)	FY2019/3	FY2020/3	FY2021/3	FY2022/3
Cash flows from operating activities	12,932	5,965	22,062	24,062
Cash flows from investing activities	-13,952	-6,116	-5,191	-9,036
Free cash flows	-1,020	-150	16,871	15,026
Cash flows from financing activities	5,443	-6,375	-8,282	-10,350
Adjustments	-223	-159	429	706
Cash and cash equivalents at the end of year	41,290	34,605	43,624	49,006

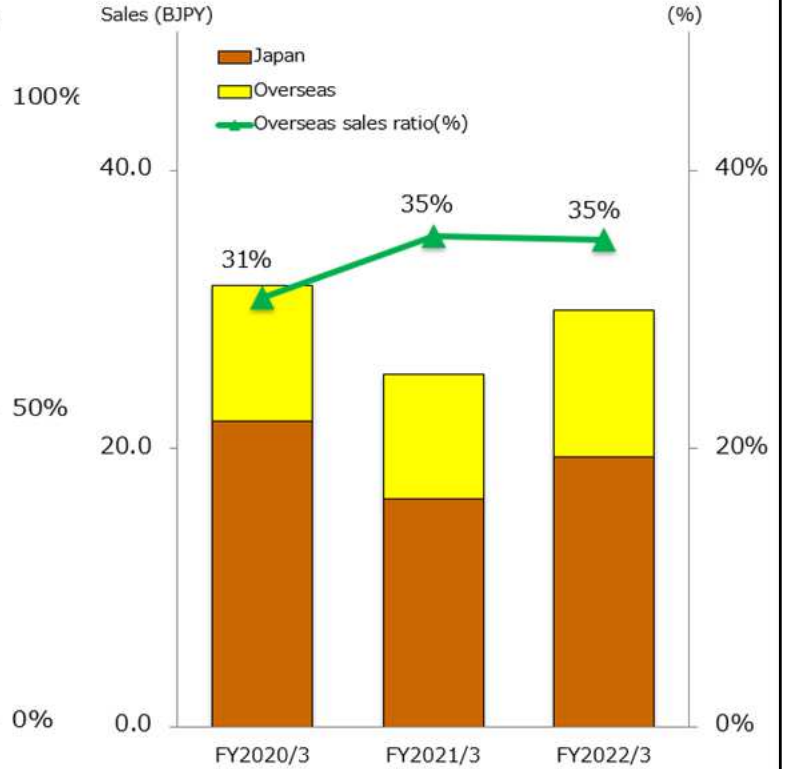
Sales per Region



SPE Segment



Metrology Segment

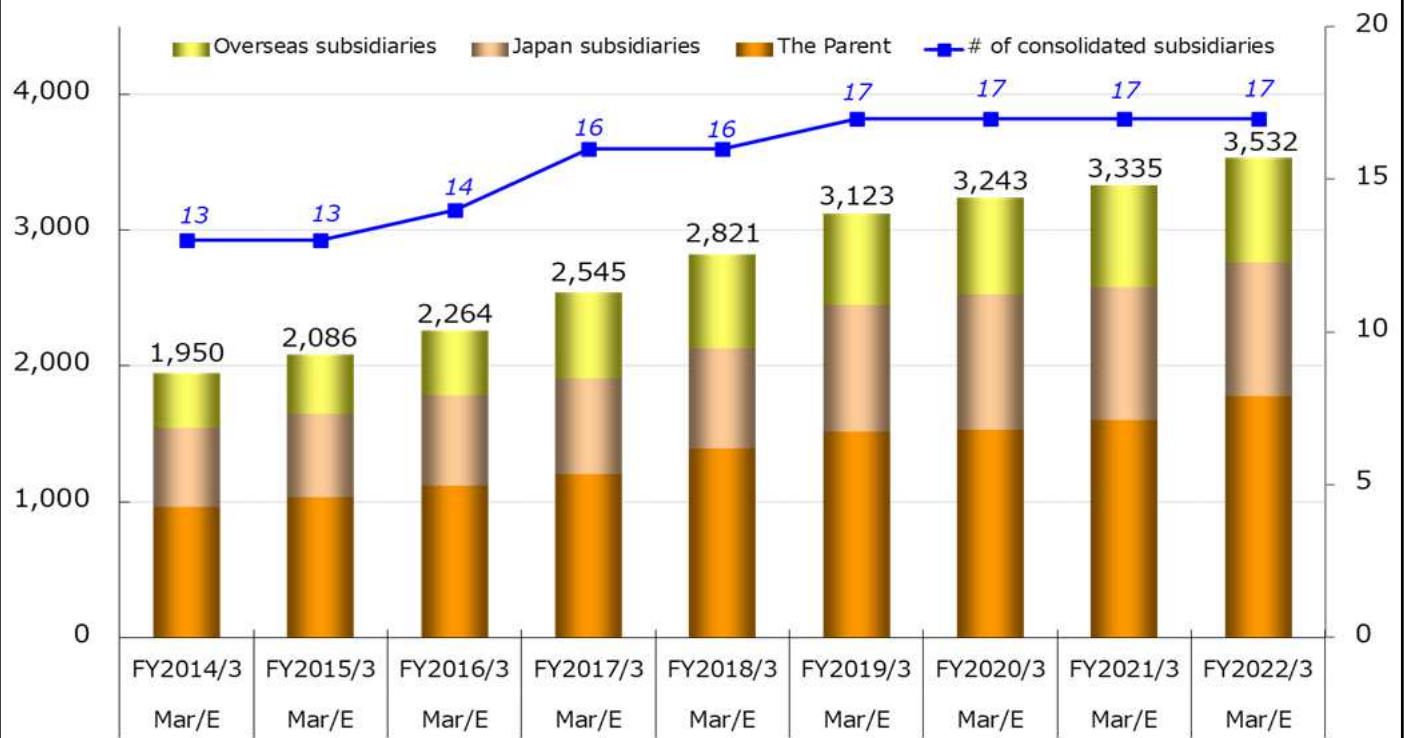


Number of employees



Number of Employees (person)

of Consolidated Subsidiaries



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