

# Tokyo Seimitsu Co., Ltd. Earnings Conference for FY2023/3

May 12<sup>th</sup>, 2023

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\* This transcript is an English translation and summary of information provided verbally in Japanese.

### ◆ 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.
- ◆ Effective from FY2023/3, income and expenses of foreign subsidiaries are converted to Japanese Yen using the average rate during the period, instead of the previous end-of-period rate. Accordingly, the figures for FY2022/3 are retroactively applied to the average rate for the period.

### ◆ Audit procedure

- ◆ This presentation is not subject to audit procedures.

## Agenda

- ◆ **Business results for FY2023/3**
- ◆ FY2023/3 – FY2025/3 MTP Summary – First FY
- ◆ Forecast for FY2024/3
- ◆ Q&A

# FY2023/3 Business Results



Full Year Results (BJPY)	FY2022/3		FY2023/3			
	Full Year		Full Year		Vs.fcst	YoY
Orders	186.1		136.3			-27%
Sales	130.7		146.8		+1.8	+12%
Operating profit (Margin)	28.3 (22%)		34.5 (24%)		+4.5	+22%
Recurring profit	29.2		35.3		+4.2	+21%
Net profit	21.3		23.6		+1.6	+11%
Dividend per share	185Yen		235Yen		+17Yen	+50Yen

Quarter(BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	41.4	46.4	55.6	42.7	46.2	34.0	30.1	26.0	-14%	-39%
Sales	28.8	32.4	31.4	38.1	27.9	43.2	32.0	43.7	+36%	+15%
Operating profit (Margin)	6.0 (21%)	6.9 (21%)	6.3 (20%)	9.1 (24%)	5.7 (20%)	10.0 (23%)	7.4 (23%)	11.4 (26%)	+53%	+24%
Recurring profit	6.0	7.0	6.5	9.7	6.5	10.1	7.1	11.6	+64%	+20%
Net profit	4.4	5.3	4.8	7.0	4.8	7.1	3.3	8.4	+151%	+20%

➤ Achieved historical peaks in sales and profit for the 2nd consecutive FY

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- ◆ Hello everyone, I am Kimura, President and COO of Tokyo Seimitsu. Thank you very much for your continued support.
- ◆ I will now begin to explain our business performance for FY2023/3. Both sales and profit increased YoY and QoQ, marking the 3<sup>rd</sup> consecutive year of YoY growth and the 2<sup>nd</sup> consecutive year of record peaks.
- ◆ Based on these results, the Company has set its full-year dividend forecast at 235 yen per share. For details, please refer to today's disclosure.
- ◆ Fourth quarter results are shown in the bottom row, with revenues at their historical quarterly peak.
- ◆ In addition, year-end bonuses were paid to employees to reward them for their hard work in achieving good performance. The total amount is approximately mid of ¥1.0B.

Segment Results (FY : BJPY)	FY2022/3				FY2023/3					
	Full Year				Full Year				Vs. fcst	YoY
Orders	152.9				99.4					-35%
Sales	101.1				112.4				+1.4	+11%
Operating profit (Margin)	24.7 (24%)				29.9 (27%)					+21%

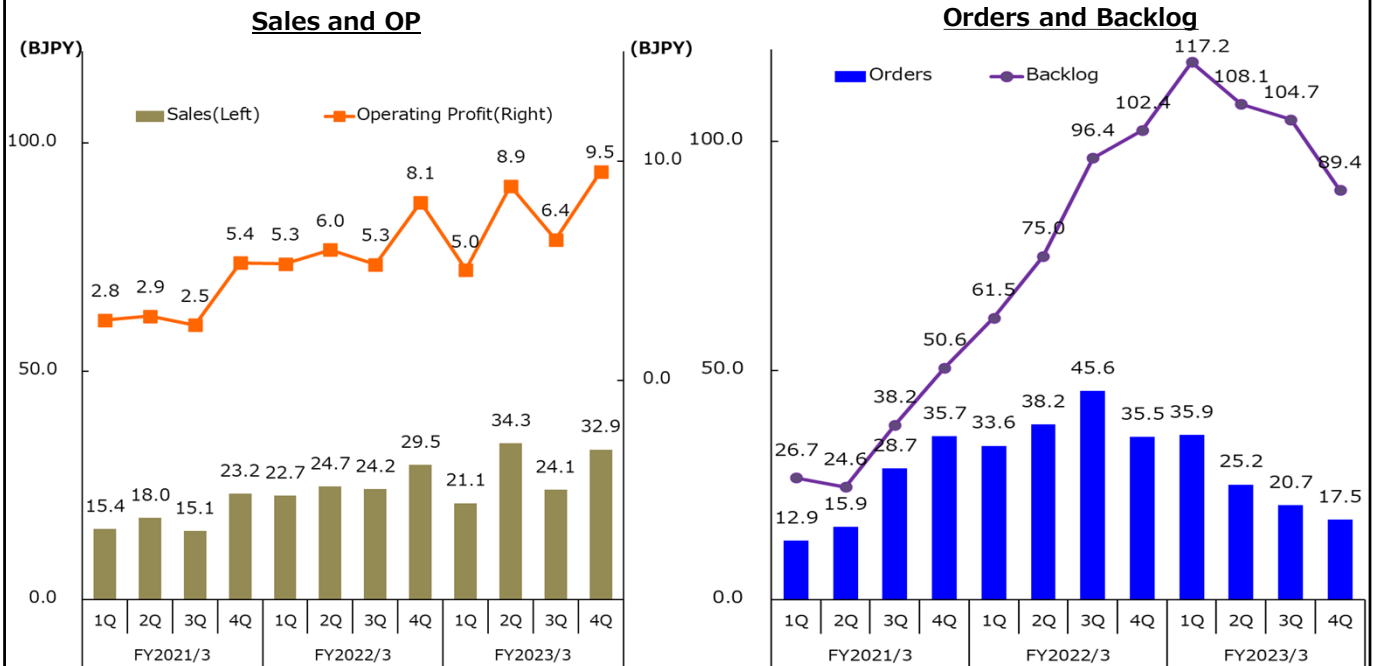
  

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	33.6	38.2	45.6	35.5	35.9	25.2	20.7	17.5	-15%	-51%
Sales	22.7	24.7	24.2	29.5	21.1	34.3	24.1	32.9	+37%	+12%
Operating profit (Margin)	5.3 (23%)	6.0 (24%)	5.3 (22%)	8.1 (28%)	5.0 (24%)	8.9 (26%)	6.4 (27%)	9.5 (29%)	+48%	+17%

- Sales and profits reached historical peaks, while orders continued to decline
- 4Q orders in line with plan; orders declined in line with expectations

- ◆ Next, I would like to discuss the results of the SPE segment.
- ◆ FY Orders declined from YoY, but a high level of production and shipments continued, and sales and operating profit reached the previous peaks. The OP margin was 27%.
- ◆ Lower row, 4Q results were as follows.

# SPE – Quarterly Trend



- Sales: Delivery date extension requested, but supplemented by slot adjustment for projects brought forward
- Orders · Backlog: Continued slowdown in consumer demands, and partial adjustment of backlog (about ¥2.0B)

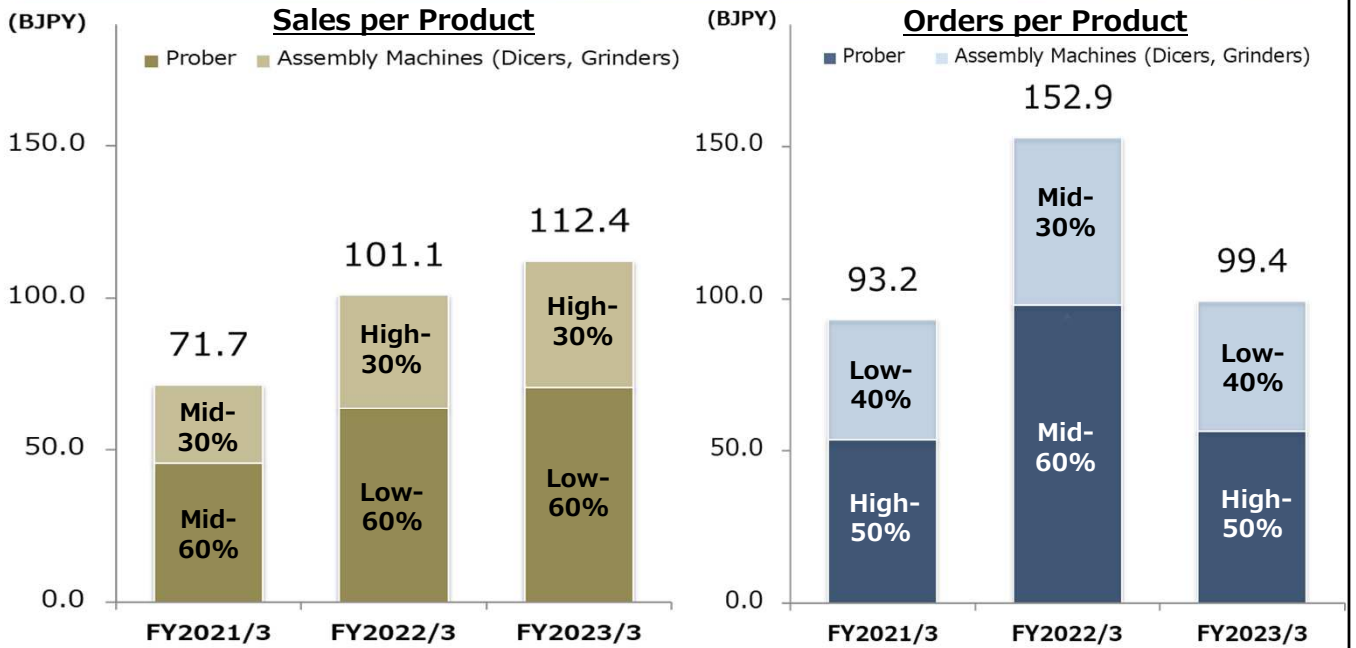
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- ◆ Here are the quarterly graph of SPE.
- ◆ The left-hand graph shows that 4Q sales were at a high level as adjustments to production slots were made without delay, and operating profit also increased due to an improvement in product margins.
- ◆ The right side (Orders and Backlog), 4Q continued to show a slowdown for consumer products, while Demand for power, SiC, analog, and image sensors remained strong.
- ◆ In addition, outstanding backlog were carefully examined and those for which the feasibility of sales was judged to be low were liquidated. As a result, 4Q orders and backlogs decreased by approximately ¥2.0B.

# SPE – per Product



- Sales : No change in composition
- Orders : Prober ratio decreased, but Assembly Machines remained strong

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- ◆ This chart shows sales and orders for SPE by product.
- ◆ On the right, orders for Prober were noticeably affected by the decline in consumer demand, but orders for assembly machines declined only slightly due to strong demand for wafers, SiC, and other grinders.

# Metrology Segment



Segment Results (FY : BJPY)	FY2022/3				FY2023/3				
	Full Year				Full Year			Vs. fcst	YoY
Orders	33.2				37.0				+11%
Sales	29.6				34.4			+0.4	+17%
Operating profit (Margin)	3.6 (12%)				4.6 (13%)				+28%

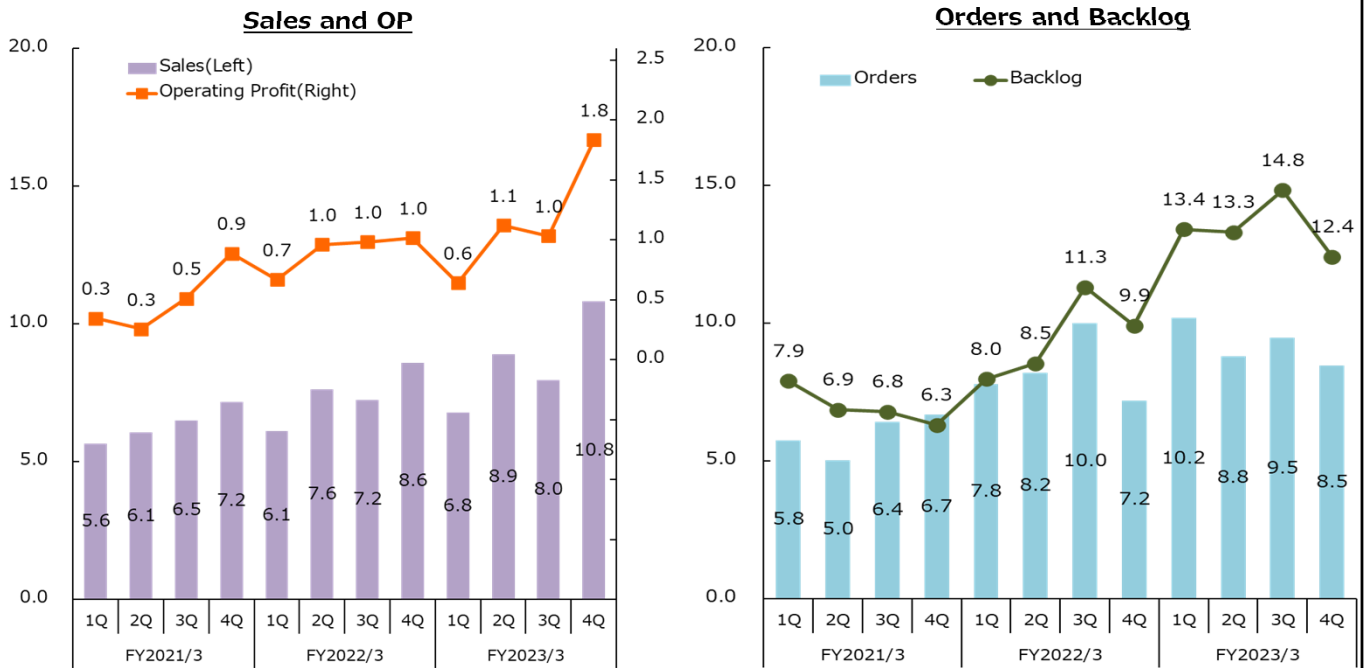
Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	7.8	8.2	10.0	7.2	10.2	8.8	9.5	8.5	-11%	+18%
Sales	6.1	7.6	7.2	8.6	6.8	8.9	8.0	10.8	+36%	+26%
Operating profit (Margin)	0.7 (11%)	1.0 (13%)	1.0 (14%)	1.0 (12%)	0.6 (10%)	1.1 (13%)	1.0 (13%)	1.8 (17%)	+78%	+81%

- Orders and sales for the full year recorded a full year peaks
- Sales and OP both increased in 4Q

- ◆ Next, I will explain the business performance of the Metrology Segment.
- ◆ Both orders and sales reached its previous peaks as a result of continued gradual recovery in domestic demand for manufacturing and the acquisition of demand in non-automotive fields, such as semiconductors, medical instruments, and robotics.
- ◆ Lower row, 4Q results were as follows.



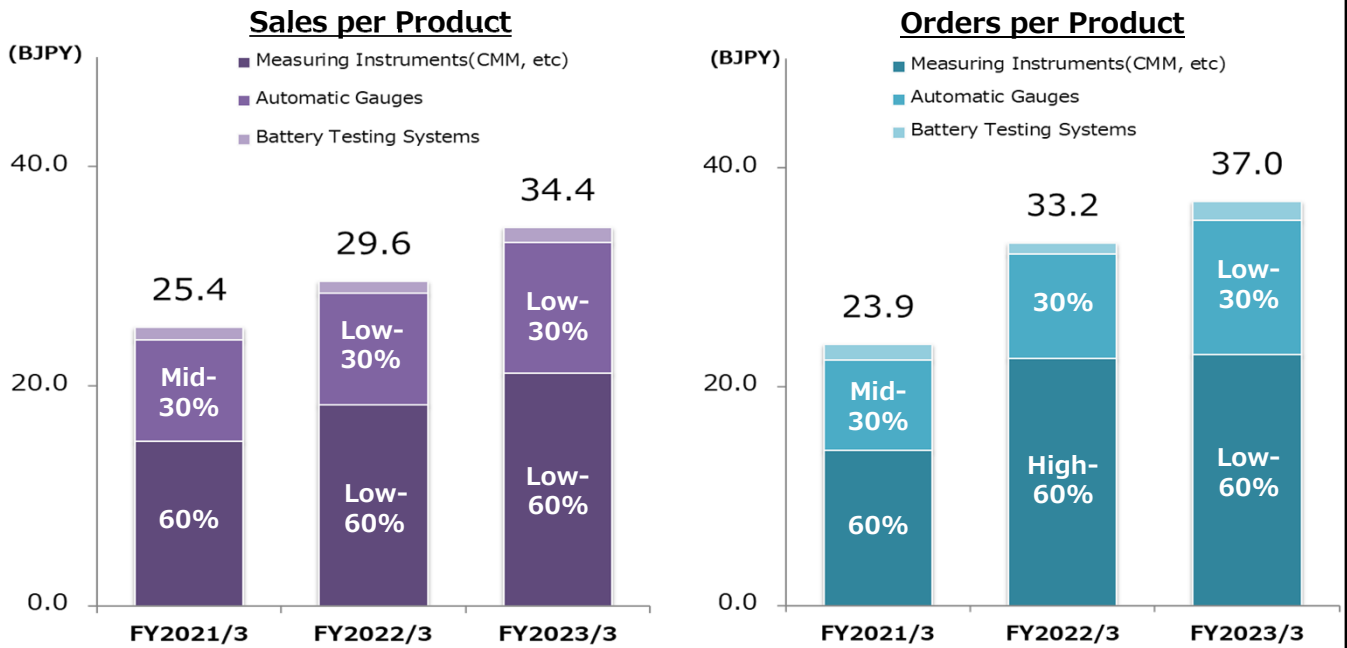
# Metrology – Quarterly Trend



- Sales · OP : Shipment and acceptance progressed as planned, and OP increased
- Orders: Domestic demand and manufacturing demand were captured, but semiconductor-related demand, which had been the driving force, weakened

- ◆ Here are the quarterly graph of Metrology.
- ◆ On the left, net sales and operating profit increased in 4Q as shipments and acceptances, including those with long delivery times, proceeded as expected.
- ◆ On right side, 4Q orders were slightly below forecast due to stagnant semiconductor-related demand, which had been the driving force behind the recovery.

# Metrology – per Product



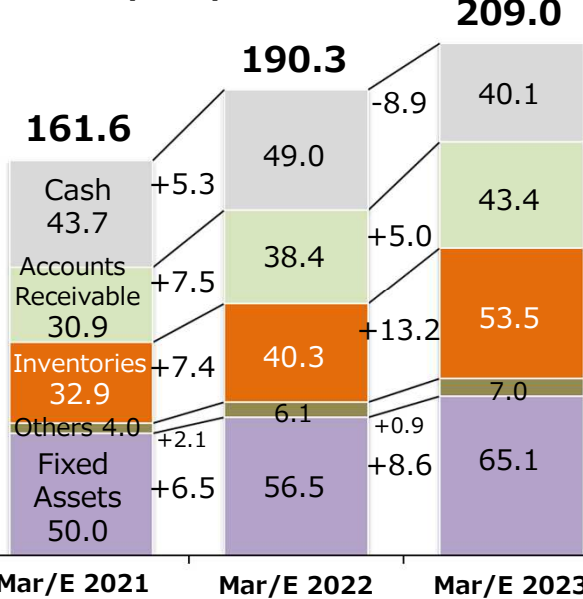
- Sales : No change in composition
- Orders : Overall recovery trend, driven also by charge/discharge test systems

- ◆ This chart shows sales and orders for Metrology by product.
- ◆ Starting with this explanation, charge/discharge test systems, which were previously combined with automatic measurement products, such as sensors and gauges, are now separately shown.
- ◆ With regard to charge-discharge test systems, the evaluation contract business has remained strong.

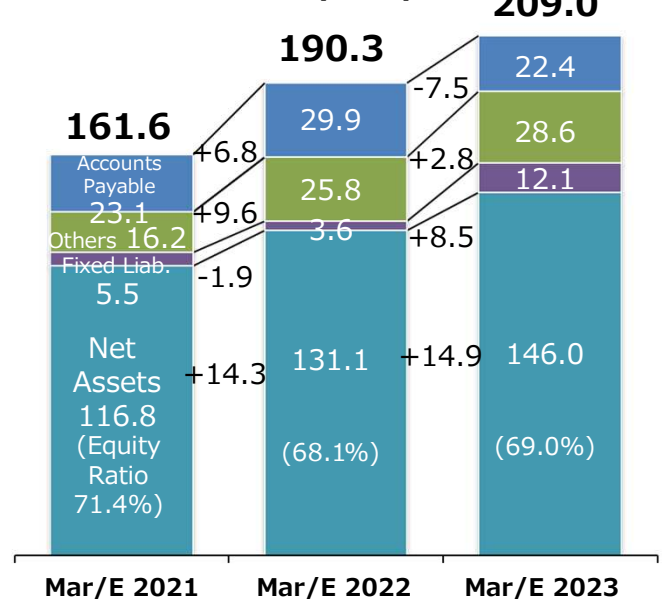
# Balance Sheet



## Assets (BJPY)



## Liabilities / Net Assets (BJPY)



- Assets: Inventory increase (safety stock increase, shipping support)
- Liabilities and Net Assets: Decrease in accounts payable (site shortening), increase in long-term debt

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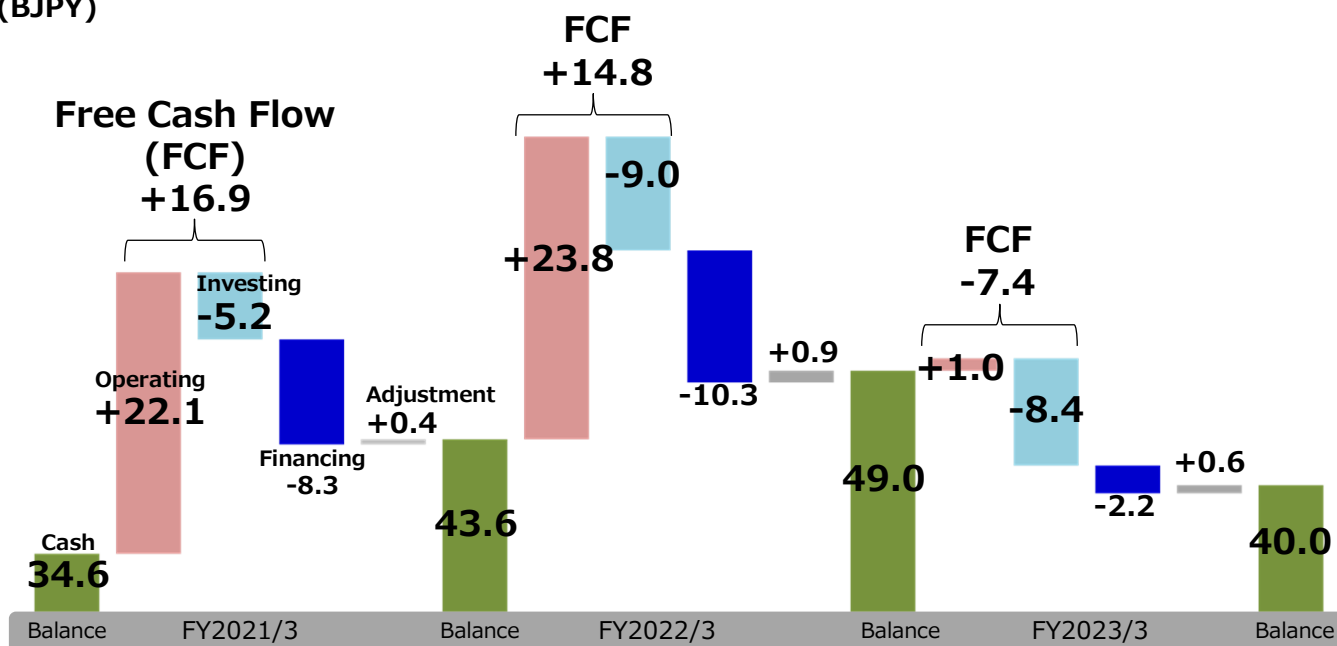
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- ◆ Here is an explanation of the balance sheet.
- ◆ Total assets at the end of March 2023 were ¥209.0B.
- ◆ On the assets section on the left, cash and deposits decreased due to the shortening of the accounts payable site.
- ◆ In addition, accounts receivable increased due to higher sales, and safety stock and inventories for future production increased.
- ◆ On the right side, as for liabilities, while accounts payable decreased, borrowings were executed and fixed liabilities increased.
- ◆ As a result, the equity ratio at the end of March was 69.0%.

# Cash Flows(CF)



(BJPY)



- Operating CF decreased due to decrease in accounts payable and increases in accounts receivable and inventories

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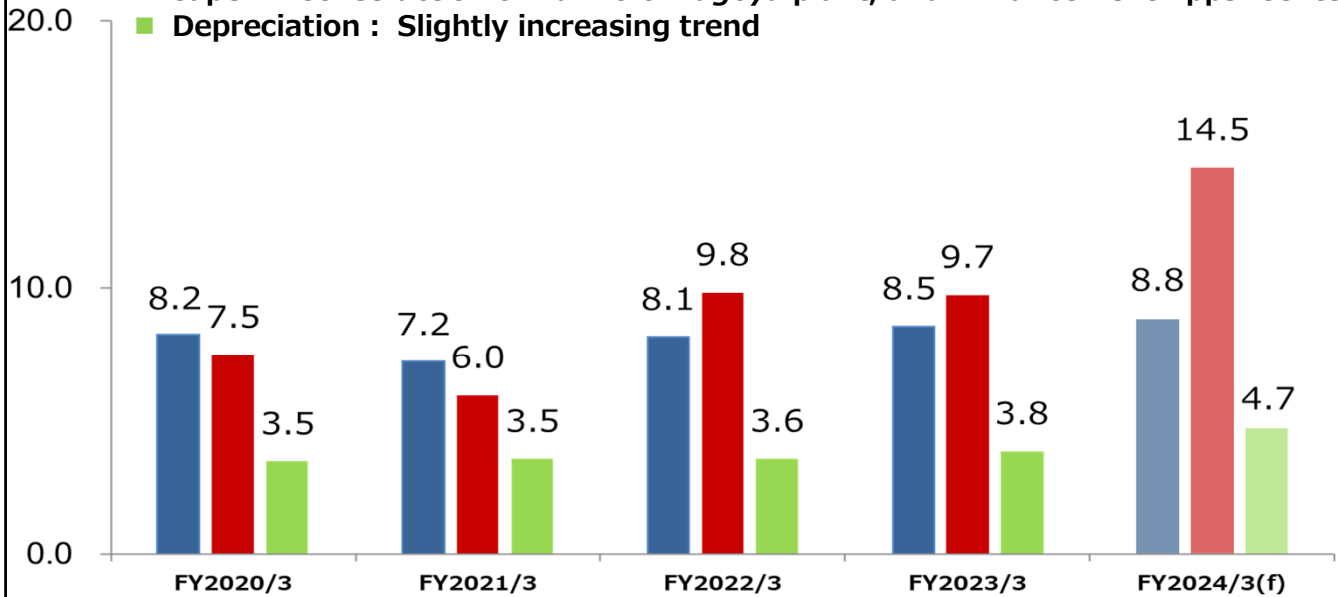
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- ◆ Next is a summary of cash flows. On the right side is FY2022.
- ◆ Cash flow provided by operating activities was only ¥1.0B due to the decrease in accounts payable and the increase in accounts receivable and inventories as explained on the previous page.
- ◆ Cash flow used in investing activities was -¥8.4B, resulting in -¥7.4B in free cash flow.
- ◆ Cash flow used in financing activities was -¥2.2B as a result of the repurchase of treasury stock, while at the same time borrowings were executed.
- ◆ As a result, cash and deposits at the end of the period decreased ¥9.0B to ¥40.0B.

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



- R&D : Reinforce development of leading edge technologies and customer needs
- Capex : Construction of *Hanno & Nagoya* plant, and Enhancement Apps. Center
- Depreciation : Slightly increasing trend



➤ Continued to expand production capacity by investing in Hanno Plant and a new plant in Nagoya

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- ◆ Here are the results of R&D and capital investment, and the full-year plan for FY2024/3.
- ◆ The results for FY2022 are as shown in the table below. Although capex fell short of the planned ¥11.0B, this was mainly due to a delay in the timing of acceptance inspection, and planned investments will be implemented.
- ◆ As you can see, the plan for FY2024/3 includes ¥8.8B for R&D, ¥14.5B for capex, and ¥4.7B for depreciation.
- ◆ Here is a description of the FY2023/3 results so far.

## Agenda

- ◆ Business results for FY2023/3
- ◆ **FY2023/3 – FY2025/3 MTP Summary – First FY**
- ◆ Forecast for FY2024/3
- ◆ Q&A

- ◆ Next, I will explain a summary of the first year of our medium-term business plan, which concludes in FY2025/3.

➤ Quantitative target for FY2025/3

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

➤ 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 ESG initiatives

- ◆ First of all, I would like to explain once again the quantitative targets that we disclosed in May of last year.
- ◆ We have set ROE of 15% or more, sales of ¥170.0B, and operating profit of ¥37.5B. The initiatives of the entire company are summarized in the lower part of this report.

**FY2023/3 : ROE 17.3%, Sales ¥ 146.8B OP ¥34.5B**

<b>SPE</b>	<ul style="list-style-type: none"> <li>➤ Maintain high level of production and shipments</li> <li>➤ Expand production capacity for the mid- to long-term                             <ul style="list-style-type: none"> <li>↳ Hanno Plant: Scheduled to start operation in July 2023</li> <li>↳ New plant (Nagoya): Start considering</li> </ul> </li> <li>➤ Secured the operating profit margin of 25% or more amid soaring material prices</li> </ul>
<b>Metrology</b>	<ul style="list-style-type: none"> <li>➤ Expand sales to post-COVID-19 demand, domestic demand, and non-automotive applications, and achieve existing peak orders and sales</li> <li>➤ Charging and Discharge Testing Business Steady growth in contracted measurement</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>➤ Publication of the Integrated Report (formulation and publication of “the Purpose”)                             <ul style="list-style-type: none"> <li>↳ Reconfirmation of our value only manufacturer of SPE with "measurement technologies"</li> </ul> </li> <li>➤ Formulate and implement climate change response strategies in line with the TCFD framework</li> <li>➤ Ratio of female employees: 8.5%(YoY+1.3pt) Ratio of female employees: 18.3(YoY+1.1pt)</li> <li>➤ Conducted employee engagement survey</li> <li>➤ Established and disclosed a human rights policy and started human rights due diligence (DD) initiatives</li> <li>➤ Established and disclosed a multi-stakeholder policy</li> </ul>

- ◆ Here is a summary of the first year. The quantitative aspects are as noted in the top row.
- ◆ In SPE, we maintained a high level of shipments and worked to expand production capacity with an eye to the future. In addition to the Hanno Plant, we have begun to consider the Nagoya Plant. Also, the operating profit margin increased by enhancing the added value of products.
- ◆ In Metrology, we promoted sales expansion for domestic demand and non-automotive applications, and the contract measurement business for charge-discharge test systems was able to get back on track.
- ◆ In sustainability, we issued our first integrated report and expressed our corporate value as the only manufacturer of semiconductor production equipment with measurement technologies.
- ◆ In addition, we formulated ROIC and WACC for each business as investment evaluation indicators, which we plan to utilize in our internal activities, and implemented initiatives regarding the environment, human resources, and multi-stakeholders.



- **First year results mostly as expected**
- **Assume a slowdown in FY2024/3, especially in semiconductors, but market recovery is expected to be strong in FY2025/3 in our business areas.**
- **Continue actions (R&D investment, capital investment, etc.) to jump-up.**



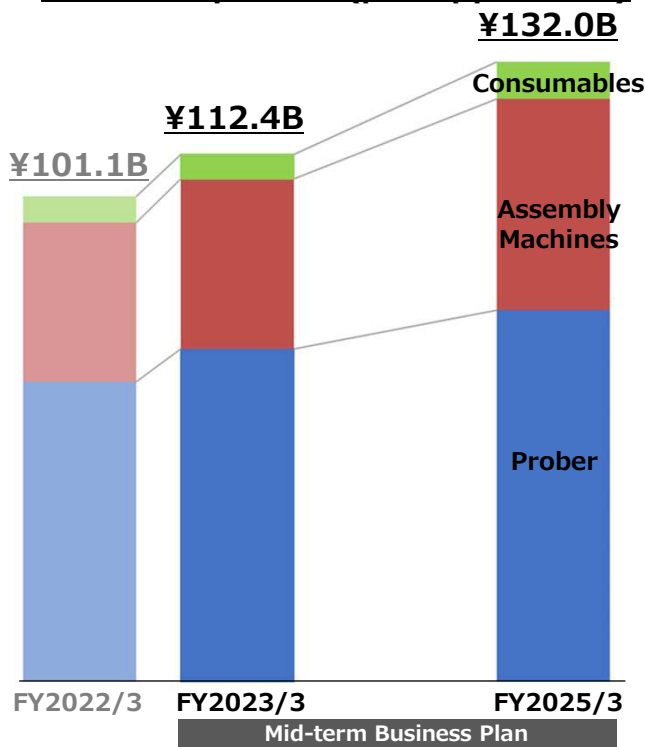
- ◆ Although the first year's results were in line with our expectations, a slowdown is inevitable in the current fiscal year, FY2024/3, especially in the semiconductor market.
- ◆ On the other hand, we believe that there is a high possibility of recovery in the target markets in FY2025/3 due to the business opportunities I will explain later in this report. We believe that we will be able to make a solid jump up to FY2024/3.
- ◆ Therefore, we will continue to make necessary preparations such as R&D investment and capital investment in order to ensure a solid jump up.
- ◆ Next, I will explain by segment.

# FY2023/3-FY2025/3 MTP First Year Summary Segment Strategy (SPE)



## Sales Composition(per Application)

- ◆ First Year Summary
- ◆ Future Strategies



### Consumables

- ◆ Overall softness, but maintained flat due to increased demand for grinding consumables
- ◆ Capture and strengthen demand for grinding wheels for SiC with high consumption volume

### Assembly Machines (Dicer, Grinder)

- ◆ High level of demand for SiC/wafer
- ◆ Started sales of ablation dicer
- ◆ Strengthen grinders for SiC/GaN and advanced packages and wafers
- ◆ Ablation dicer sales promotion

### Prober

- ◆ Focus on high value-added fields and promote "Respond to ALL needs" (HPC, packages, memory, power devices, etc.)
- ◆ Providing high value-added in the high-end sector

### SPExMetrology Synergies based on long-term strategy

- ◆ Started sales of built-in measurement model
- ◆ Strengthening semiconductor metrology synergies

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- ◆ This is the summary of our progress and future strategy for SPE. On the right side, the blue diamond shows the summary for FY2023/3, and the red one shows the future strategy.
- ◆ Consumables sales remained flat, thanks to firm Grinder consumables demand amid downturn. In the future, demand for grinding wheels for SiC, which has a high consumption volume, is also expected.
- ◆ In Assembly machines, demand for grinders for SiC and wafer fabrication remained strong. In addition, sales of ablation laser dicers were launched.
- ◆ In Probers, We expand its applications by promoting our "Respond to ALL needs" policy (HPC, package measurement, memory high-precision temperature control, power devices). We will provide further added value for high-end logic devices that require high-precision temperature control.
- ◆ In addition, there are synergies from the fusion of the SPE and Metrology business. In the first year, we launched sales of SPE built-in measurement instruments.

- Current business opportunities are expected to be key business opportunities beyond the current mid-term business plan

**Technology trend**

**Business Opportunities**

**Power semiconductor (SiC/GaN) innovation for carbon neutral**

- **Increasing demand for machining of Hard-to-cut materials(SiC)**
  - Highly efficient output and High Accuracy
    - └ HRG
    - └ Edge Grinder
    - └ CMP

**Rise of High Functional Devices and volume growth of semiconductor and electronic components toward realization of Society 5.0**

- **Extended measurement time and higher testing difficulty**
  - Increase test importance(temperature support, improved throughput)
    - └ Prober
- **Increased demand of high accuracy**
  - Highly efficient output and High Accuracy
    - └ PG
    - └ Ablation laser Dicer
    - └ SPE "Built-in measuring instruments"

**Expansion of 3D packaging (advanced package) caused by the limits of pattern shrinkage**

- **Increased demand of high accuracy**
  - Highly efficient output and High Accuracy
    - └ PG
    - └ Edge Grinder (Trimming)
- **Highly accurate bonding spec**
  - Increase in testing demands
    - └ Prober

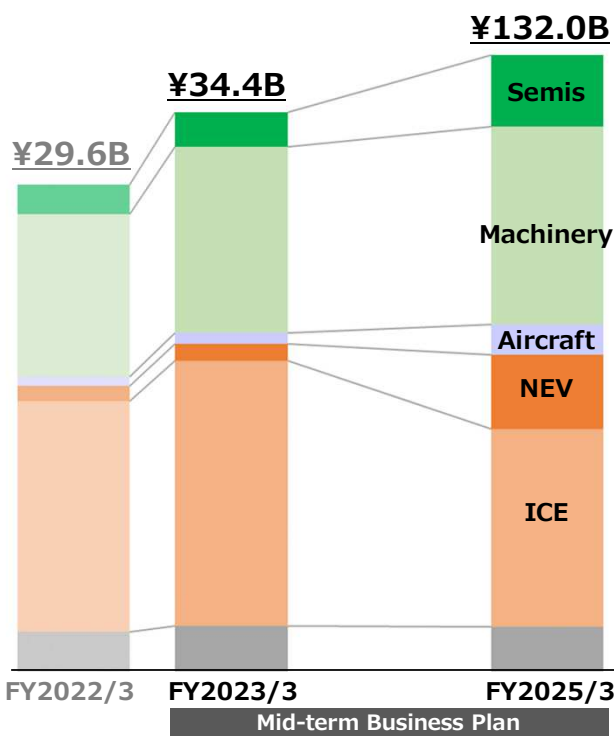
- ◆ In addition, I would like to explain the relationship between the technological trends in the SPE world and our opportunities.
- ◆ First of all, we expect demand for processing of hard-to-cut materials such as SiC to increase due to innovations in power semiconductors for carbon neutral. We have a variety of grinding equipment suitable for the SiC process, and we expect to grow in the future.
- ◆ Next, we anticipate the rise of high-function devices and an increase in the volume of semiconductors and electronic components toward the realization of Society 5.0. The increasing sophistication of devices is expected to increase testing difficulty and extend testing time, we believe that our strength in customization will be utilized.
- ◆ We also believe that high precision processing will be required and will benefit our processing equipment as well. We expect to see growth in our newly entered ablation laser dicers and our SPE built-in measurement instruments, which can also perform measurement during processing.
- ◆ Finally, there is the expansion of 3D stacking due to the limits of pattern shrinkage. This one requires highly accurate wafer bonding, and demand for assembly machines and Prober demand is expected to increase.

# FY2023/3-FY2025/3 MTP First Year Summary Segment Strategy (Metrology)



## Sales Composition(per Application)

- ◆ First Year Summary
- ◆ Future Strategies



### Semis

- ◆ Developing non-contact and Multipurpose Measuring Instruments for semis
- ◆ Continue to cultivate demand and develop solutions for semis

### Machinery and Aircraft

- ◆ Release of specialized equipment for aircraft
- ◆ Development and enhancement of non-contact measuring instruments for medical applications
- ◆ Expand sales of non-contact shaft measuring machines
- ◆ Develop total solutions including equipment, SW, and services to meet the demand for automation

### NEV

- ◆ Physical measurement of EV gears, motors and other components, Development of demand for battery X-ray CT system
- ◆ Battery in-house testing maintains full operation
- ◆ Total solution development of measurement for EVs

### ICE

- ◆ Slow recovery but steady demand
- ◆ Capturing renewal demand
- ◆ Automated solutions, enhanced maintenance and inspection operations

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- ◆ Next, I would like to explain our progress in Metrology segment and future strategies.
- ◆ In the upper row, we have cultivated demand from semiconductors and SPE manufacturers. We will continue to cultivate demand.
- ◆ In the machinery and aircraft market, we developed the release of a 3D coordinate measuring machine for measuring aircraft parts and strengthened the development of non-contact measuring instruments for medical instruments.
- ◆ We will also capture the demand for automation of manufacturing, and promote the development of total solutions that include equipment, software, and services.
- ◆ For NEVs, in addition to physical measurement of the parts and electrical measurement of batteries, we have begun offering a solution to measure the inside of batteries using X-ray CT. In the future, we plan to expand our product lineup for EVs and develop total measurement solutions.
- ◆ Finally, for internal combustion engines (ICE), there is a stable demand for renewal, and we will steadily capture this demand.

- Current business opportunities are expected to be key business opportunities beyond the current mid-term business plan

**Technology trend**

**Business Opportunities**

**Expanding the market for EV and electrification technologies toward carbon neutrality**

**Increased demand for product quality (In-process quality and reduction of defective products)**

**New measurement technology needs in high-growth areas (semiconductors, aircraft, medical, etc.)**

- **Changing Measurement Demands**
  - High-precision length measurement, electrical measurement, internal defect/impurity evaluation
    - └ Various high-precision measuring instruments
    - └ Charge and discharge test system
    - └ X-ray CT system

- **Expanding demand for full inspection and on-site measurement**
  - Automation support, process control, network/operation monitoring
    - └ Inline 3D Coordinate Measuring Machines
    - └ Sensors for machine tools
    - └ Data management software

- **Growing demand for non-contact measurement technology**
  - Non-contact sensor technology that achieves high resolution and high speed
    - └ white light interference microscope
    - └ Non-Contact Distance Sensors
    - └ Non-contact laser/image sensors, etc.

- ◆ Here is the relationship between technology trends in the metrology business and our business opportunities.
- ◆ First, the market for EV and electrification technology toward carbon neutrality is expected to expand. In addition to conventional physical measurement, electrical measurement and evaluation of internal defects will be required. We expect growth from our various measuring are expected to grow.
- ◆ In addition to the growing demand for high-precision measuring itself, growth is also expected for in-line measurement due to the automation of manufacturing processes, and for sensors for machine tools and other processing machines.
- ◆ Finally, we anticipate growing needs for new measurement technologies in non-automotive sectors like semiconductor, aircraft, and medical applications. Here, growth is expected mainly for non-contact measurement products.

➤ **Expand capacity (plant investment) as planned**



Hanno Plant (Saitama Prefecture) Scheduled to start operation in July 2023  
Prober-centered production system



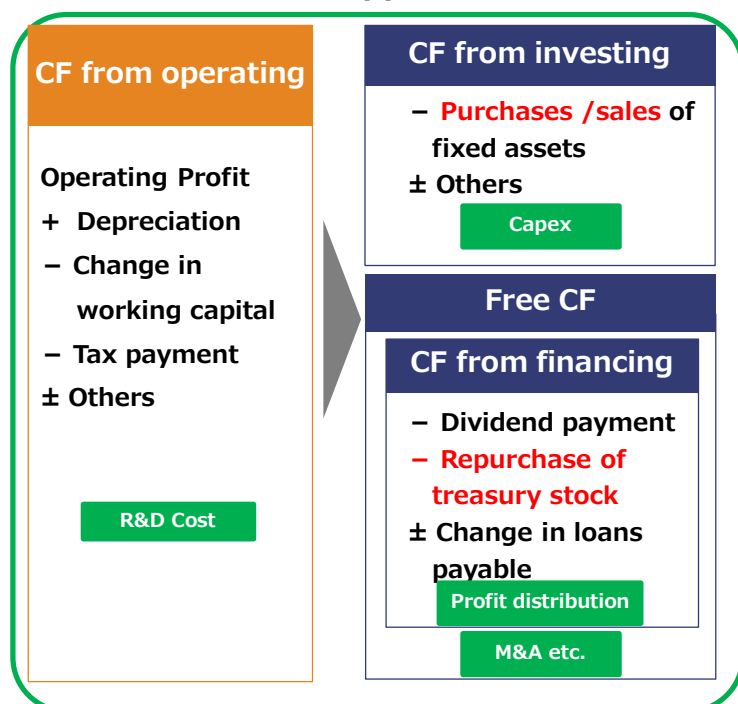
**Nagoya area  
New- Plant**

Construction to be completed in 2025  
Grinder-centered production system

➤ **Expansion of application centers around the world**

- ◆ We will also continue to invest in facilities from a medium- to long-term perspective.
- ◆ Given the future demand for semiconductors, we believe it is essential to expand our production capacity. The *Hanno* Plant is scheduled to start operation in July of this year. We plan to establish a production system centered on probers. This will increase capacity by approximately 50% compared to FY2022/3, and will meet the capacity required to achieve our mid-term business plan.
- ◆ In addition, as we mentioned at the February meeting, we are considering a plant in the Nagoya area that will focus on the production of grinders. We plan to have this plant up and running by FY2026/3.
- ◆ In addition, we will be expanding our worldwide application centers in parallel.

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

- ◆ Regarding capital efficiency, we will continue to follow the basic approach on the left, which we explained at last year's mid-term business plan explanation, and we will continue to agree on our mid-term cash allocation targets.
- ◆ We have set a target of about 10% of sales for R&D. We will continue to strengthen this expense as it will be a source of future growth.
- ◆ Capex are normally limited to 25% of EBITDA (operating profit + depreciation). However, in anticipation of market growth going forward, we plan to invest at a level set as the maximum, mainly to expand capacity.
- ◆ Profit distribution will be determined based on comprehensive consideration of investment trends and other factors.
- ◆ M&As, etc. will be considered in principle to the extent that free cash flow does not become negative.



# FY2023/3-FY2025/3 MTP First Year Summary Materiality and Targets



Materiality	FY2023/3 Main Initiatives	FY2024/3 Main Initiatives
<b>Products, services and biz activities that solve Environmental issues</b>	<ul style="list-style-type: none"> <li>➢ Environmentally friendly products</li> <li>➢ Prevention of global warming</li> <li>➢ Waste reduction, resource reuse</li> </ul>	<ul style="list-style-type: none"> <li>➢ CO2 emissions reduction (equipment/device efficiency improvement, introduction of solar power generation)</li> <li>➢ Reduction of electricity, water, and paper consumption</li> <li>➢ Developing Environmentally friendly products</li> <li>➢ Saving electricity and water at the <i>Hanno Plant</i></li> </ul>
<b>Building high-value-added products and supply chains that solve social issues</b>	<ul style="list-style-type: none"> <li>➢ Clean technology</li> <li>➢ Quality improvement</li> <li>➢ Remote support</li> <li>➢ Supplier cooperative relationship</li> <li>➢ BCP initiatives</li> </ul>	<ul style="list-style-type: none"> <li>➢ Advancement of quality control</li> <li>➢ Stricter management of chemical substances</li> <li>➢ Strengthening the Supply Chain</li> </ul>
<b>Creating a workplace where a diverse range of people can play an active role with healthy and rewarding manner</b>	<ul style="list-style-type: none"> <li>➢ Promotion of women's activities</li> <li>➢ Provide opportunities for proactive learning</li> <li>➢ Health and Productivity Management</li> </ul>	<ul style="list-style-type: none"> <li>➢ Improving Health and Safety</li> <li>➢ Diversity Promotion</li> <li>➢ Promotion of Human Resource Development</li> <li>➢ Improve engagement</li> </ul>
<b>Strengthen management infrastructure, compliance, and risk management to support corporate activities</b>	<ul style="list-style-type: none"> <li>➢ Strengthen compliance</li> <li>➢ Strengthen information security</li> <li>➢ Business continuity planning</li> </ul>	<ul style="list-style-type: none"> <li>➢ Maintain and improve internal control functions</li> <li>➢ Stricter corporate ethics and legal compliance</li> <li>➢ Timely and appropriate information disclosure</li> <li>➢ Maintain sound operation of the whistleblower system</li> <li>➢ Effective compliance training</li> <li>➢ BCP Advancement</li> </ul>
<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>➢ Raise awareness of respect for human rights</li> </ul>	<ul style="list-style-type: none"> <li>➢ Implementation of human rights education</li> <li>➢ Conduct human rights due diligence</li> <li>➢ Building a relief system</li> </ul>

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- ◆ We have also been strengthening our sustainability initiatives. This page here is a summary of what we have set as materiality in our mid-term management plan, our achievements in FY2023/3, and our priority initiatives for FY2024/3.
- ◆ Regarding the environment, as disclosed on our sustainability website, we will carry out activities with the goal of reducing CO2 emissions in 2030 by 50% compared to the FY 2019/3 level, among others.
- ◆ We will also continue our activities to strengthen our supply chain, create a rewarding workplace, enhance compliance and risk management, and respect human rights.
- ◆ This is the summary of the first year of the Mid-term business plan so far.



## Agenda

- ◆ Business results for FY2023/3
- ◆ FY2023/3 – FY2025/3 MTP Summary – First FY
- ◆ **Forecast for FY2024/3**
- ◆ Q&A

- ◆ I will now explain our forecast for FY2024/3.

## Overall

- **Maintain high level production throughout the FY**
- **Material shortage to be eased for some exceptions**
- **Watch for semiconductor export-related regulations**

## SPE

- **1H orders were sluggish against the backdrop of demand for consumer products, but recovered moderately in the 2H**
- **Looking to the next up-term, work on capacity expansion, R&D, and application enhancements**

## Metrology

- **Domestic demand is generally stable**
- **Moderate recovery of ICE/rapid expansion of NEV for automotive**
- **Expand sales in non-automotive and strengthen solutions for automation**

- ◆ Premises of FY2024/3 Forecasts can be summarized as here.
- ◆ Overall, the high levels of production are expected to continue, and the parts shortage from last year is expected to ease, with some exceptions.
- ◆ On the other hand, we will closely monitor developments in export regulations for SPE, which may affect our business, although it is difficult to make a quantitative estimate at this time.
- ◆ We anticipate SPE orders to remain soft in the 1H. However, we expect a gradual recovery in the 2H, triggered by a pause in inventory adjustment and the next technological innovation, In the meantime, we will continue to make necessary investments for the next jump up.
- ◆ In Metrology, we expect overall domestic demand for manufacturing to remain stable, and we will continue to expand our business opportunities to non-automotive and other sectors.

# FY2024/3 Forecast



Full Year Results And Forecast(BJPY)	FY2023/3			FY2024/3			
	1H	2H	FY	1H(f)	2H(f)	FY(f)	YoY
Sales	71.1	75.5	146.8	61.0	68.0	129.0	-12%
Operating Profit (OP Margin)	15.7 (22%)	18.8 (25%)	34.5 (24%)	11.0 (18%)	13.0 (19%)	24.0 (19%)	-30%
Recurring Profit	16.6	18.7	35.3	11.0	13.0	24.0	-32%
Net Profit	11.9	11.7	23.6	8.0	9.0	17.0	-28%
Dividend per Share	235Yen			170Yen		-65Yen	

## Per Segment

(SPE)	Orders	61.2	38.2	99.4				
	Sales	55.4	57.0	112.4	44.0	50.0	94.0	-16%
(Metr.)	Orders	19.0	17.9	37.0				
	Sales	15.7	18.8	34.4	17.0	18.0	35.0	+2%

- Overall forecast assumes moderate recovery in the 2H
- Assumed exchange rate ¥130 per US dollar.  
Impact of yen appreciation of ¥1 per US dollar: ¥-120M

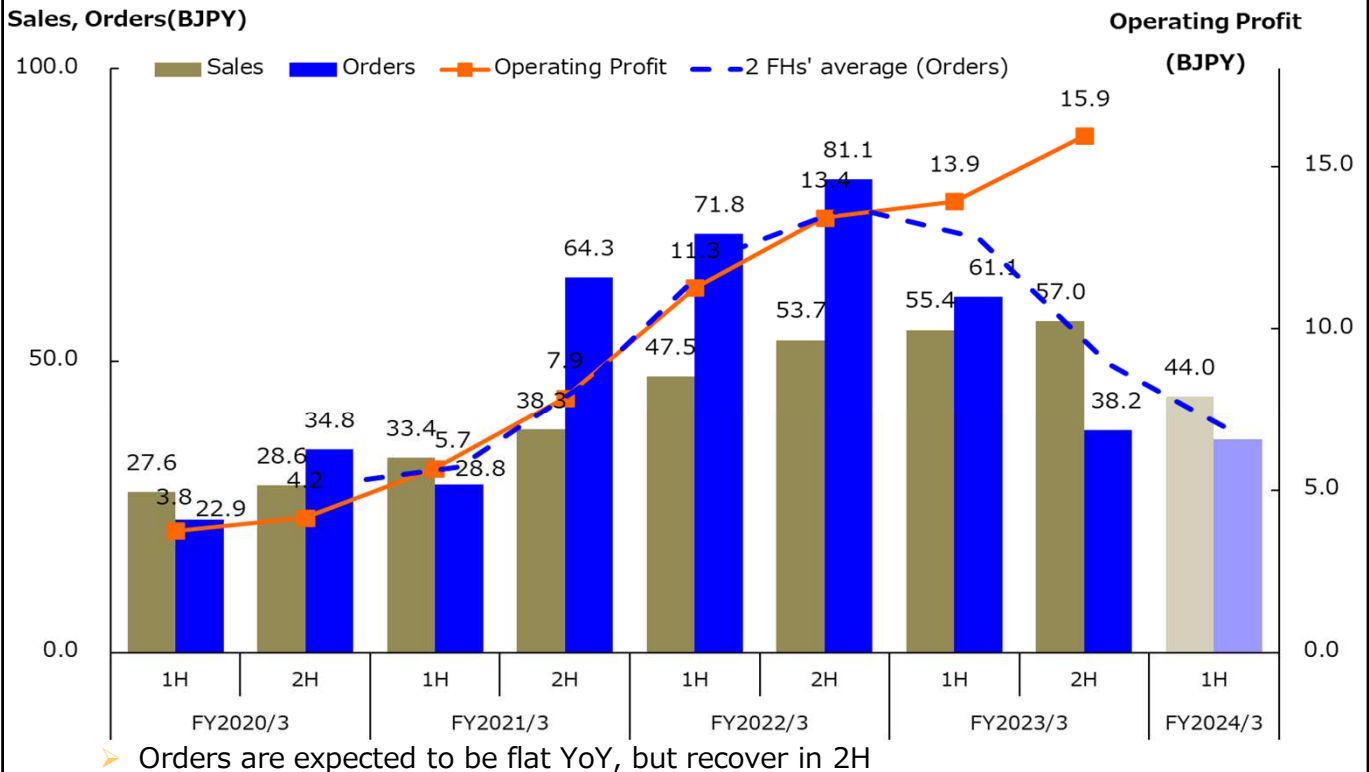
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- ◆ Based on the premises, the forecast for FY2024/3 is as shown.
- ◆ Sales are expected to be ¥129.0B, Operating Profit ¥24.0B, Recurring Profit ¥24.0B, and Net Profit ¥17.0B.
- ◆ As I mentioned earlier, in SPE business, we have an assumption of a slight recovery in the 1H and a gradual recovery toward the 2H.
- ◆ The assumed exchange rate is ¥130 per US dollar. Due to the increase in overseas shipments and other factors, the foreign exchange impact is slightly increasing. At present, we estimate that a ¥1 appreciation of the yen against the dollar will have a negative impact of about ¥120M per year on profit.
- ◆ In addition, the forecast assumes a decrease in profit due to lower sales and higher personnel expenses.
- ◆ The dividend is expected to be ¥170 per share.

# SPE – Sales/Orders incl. Forecasts



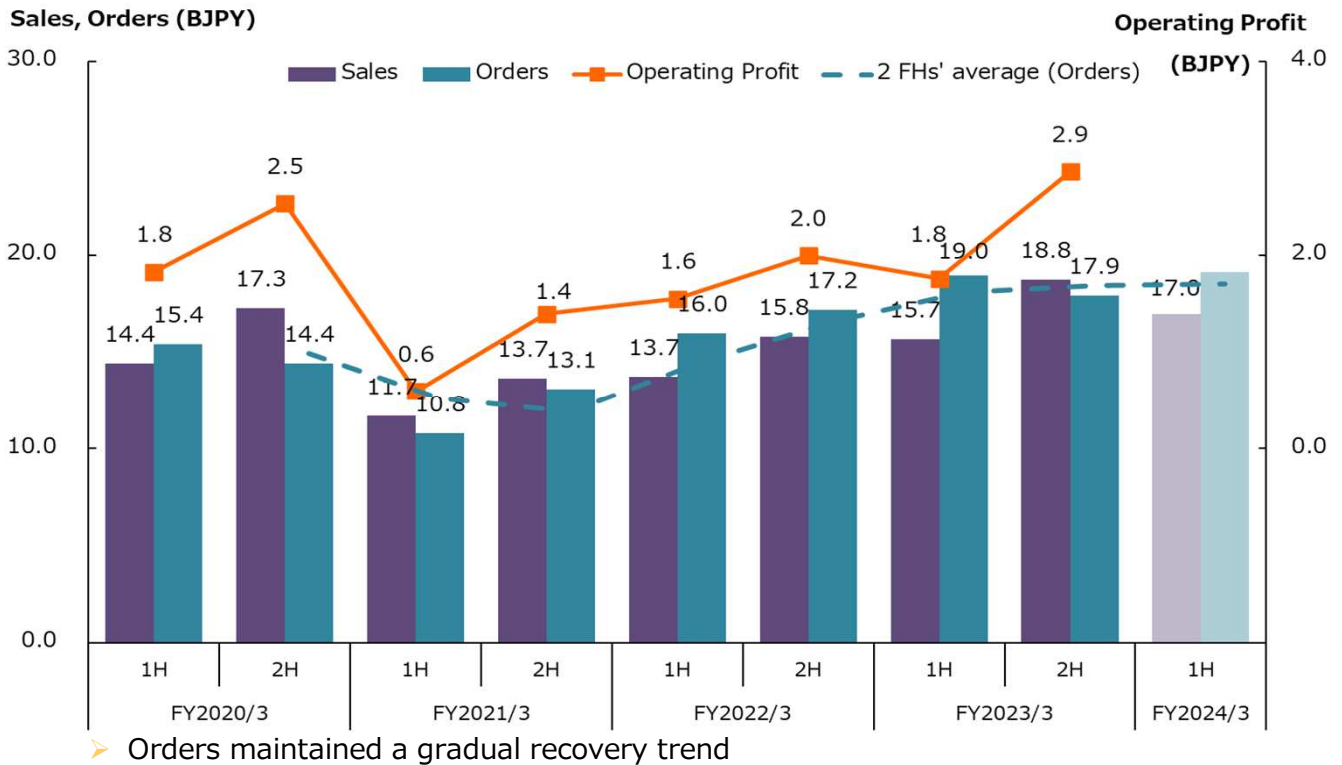
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- ◆ This page shows forecasts of SPE's sales and orders per Fiscal Half.
- ◆ 1H orders are expected to be slightly lower to flat HoH, supported by the orders for grinders.
- ◆ Outlook of product composition ratio for FY2024/3 1H is; (1) In Orders, 50% for Probers, and 50% for Assembly machines.(2) In Sales, 60% for Probers, and 40% for Assembly machines.

# Metrology – Sales/Orders incl. Forecasts



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- ◆ This page shows forecasts of Metrology sales and orders per Fiscal Half.
- ◆ 1H orders are expected to continue to recover moderately, as in the previous fiscal year.
- ◆ Outlook of product composition ratio for FY2024/3 1H is ; (1) in sales, Mid-60% for Measuring Instruments, 30% for Automatic Gauges, and the remainder for Battery Testing systems. (2) in orders, 70% for Measuring Instruments, and Low-20% for Automatic Gauges, and Low-10% for Battery Testing systems.

### ➤ Future growth opportunities

**Growth in grinder with Hybrid bonding**

**Prober's high-precision temperature control  
→ expansion of added value**

**SiC processing market to shift from substrate to device**

**Synergies from the fusion of SPE and Metrology  
→ Over ¥13.0B in 2025**

**Dramatic unit growth of NEV batteries**

- ◆ Finally, I would like to explain our future growth opportunities.
- ◆ In SPE business, growth in grinder is expected to grow with the spread of hybrid bonding, and related projects are expected to become active after this summer.
- ◆ In probers, we expect an increase in value added such as high-precision heat control.
- ◆ For SiC, the current main demand is for substrate processing, but as processed-wafer processing demand will become the main demand, we expect an increase in demand for processing equipment.
- ◆ Regarding synergy effects from the fusion of SPE and Metrology, we assume that they will amount to about ¥13.0B by 2025.
- ◆ Finally, NEVs will create significant business opportunities for charge/discharge testing systems due to the increase in batteries.
- ◆ We intend to use the current fiscal year as a period of preparation for these business opportunities.
- ◆ This concludes my presentation. Thank you very much for your attention.

## Agenda

- ◆ Business results for FY2023/3
- ◆ FY2023/3 – FY2025/3 MTP Summary – First FY
- ◆ Forecast for FY2024/3
- ◆ **Q&A**



### Investor Information:



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

### Integrated Report



[https://ir.accretech.jp/en/integrated\\_report.html](https://ir.accretech.jp/en/integrated_report.html)

### Sustainability Information:



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



# 補足資料

# Supplementary Data

# セグメント別業績推移 Segment Information



(百万円) Million Yen	会計期間 Fiscal Year				四半期 Quarter								
	2020年 3月期 FY2020/3	2021年 3月期 FY2021/3	2022年 3月期 FY2022/3	2023年 3月期 FY2023/3	2022年3月期 FY2022/3				2023年3月期 FY2023/3				
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
受注高 Orders	半導体 SPE	57,709	93,181	152,896	99,366	33,604	38,228	45,575	35,487	35,918	25,246	20,663	17,537
	計測 Metr.	29,866	23,878	33,159	36,960	7,780	8,192	9,995	7,191	10,246	8,788	9,472	8,452
	合計 Total	87,576	117,060	186,056	136,326	41,384	46,420	55,571	42,679	46,165	34,034	30,136	25,990
受注残高 Backlog	半導体 SPE	29,182	50,619	102,370	89,371	61,493	74,990	96,367	102,370	117,153	108,134	104,714	89,371
	計測 Metr.	7,782	6,301	9,904	12,428	7,970	8,535	11,298	9,904	13,367	13,263	14,782	12,428
	合計 Total	36,965	56,920	112,274	101,799	69,464	83,526	107,666	112,274	130,520	121,398	119,496	101,799
売上高 Sales	半導体 SPE	56,198	71,745	101,145	112,365	22,729	24,731	24,198	29,485	21,135	34,264	24,084	32,880
	計測 Metr.	31,728	25,359	29,556	34,436	6,111	7,627	7,232	8,585	6,783	8,892	7,954	10,806
	合計 Total	87,927	97,105	130,702	146,801	28,841	32,358	31,431	38,071	27,919	43,156	32,038	43,687
営業利益 Op	半導体 SPE	7,915	13,565	24,698	29,866	5,320	5,953	5,294	8,130	5,049	8,874	6,416	9,526
	計測 Metr.	4,366	1,996	3,628	4,628	667	961	984	1,015	641	1,120	1,031	1,834
	合計 Total	12,282	15,562	28,327	34,494	5,987	6,914	6,279	9,145	5,691	9,994	7,448	11,361
営業利益率 Op Margin	半導体 SPE	14.1%	18.9%	24.4%	26.6%	23.4%	24.1%	21.9%	27.6%	23.9%	25.9%	26.6%	29.0%
	計測 Metr.	13.8%	7.9%	12.3%	13.4%	10.9%	12.6%	13.6%	11.8%	9.5%	12.6%	13.0%	17.0%
	合計 Total	14.0%	16.0%	21.7%	23.5%	20.8%	21.4%	20.0%	24.0%	20.4%	23.2%	23.2%	26.0%

# 損益計算書 Statements of Income



(百万円) Million Yen	会計期間 Fiscal Year				四半期 Quarter							
	2020年 3月期 FY2020/3	2021年 3月期 FY2021/3	2022年 3月期 FY2022/3	2023年 3月期 FY2023/3	2022年3月期 FY2022/3				2023年3月期 FY2023/3			
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
売上高 Net Sales	87,927	97,105	130,702	146,801	28,841	32,358	31,431	38,071	27,919	43,156	32,038	43,687
売上原価 Cost of goods sold	53,452	60,190	77,694	84,967	17,413	19,130	19,360	21,789	15,940	25,783	18,220	25,022
売上総利益 Gross Profit on Sales	34,474	36,914	53,008	61,834	11,428	13,227	12,070	16,281	11,978	17,372	13,817	18,664
販売費および一般管理費 Selling, general and administrative expenses	22,192	21,351	24,681	27,339	5,440	6,313	5,790	7,136	6,287	7,378	6,369	7,303
営業利益 Operating profit	12,282	15,562	28,327	34,494	5,987	6,914	6,279	9,145	5,691	9,994	7,448	11,361
営業外収益 Non-operating income	255	540	987	965	134	66	175	611	824	96	-229	274
営業外費用 Non-operating expenses	177	235	153	162	110	27	-76	92	18	25	111	7
経常利益 Recurring Profit	12,360	15,867	29,160	35,297	6,011	6,953	6,531	9,664	6,496	10,065	7,107	11,628
特別利益 Extraordinary gains	57	1,354	390	103	13	-	-	377	5	58	12	25
特別損失 Extraordinary losses	1,712	1,074	34	2,099	-	-	-	34	-	-	1,751	347
税引前利益 Profit before income taxes and minority interests	10,705	16,147	29,516	33,301	6,024	6,953	6,531	10,007	6,502	10,124	5,368	11,306
法人税等合計 Total Income tax and others	3,598	3,978	8,132	9,607	1,651	1,688	1,753	3,038	1,660	3,019	2,011	2,916
親会社株主に帰属する当期純利益 Net Profit attributable to Owners of the Parent	7,156	12,175	21,326	23,630	4,356	5,250	4,755	6,963	4,812	7,096	3,338	8,383
1株当たり当期純利益(円) Net Profit per Share (Yen)	171.89	293.83	522.52	581.33	106.09	128.30	117.06	171.34	118.38	174.47	82.05	206.60
潜在株式調整後 1株当たり当期純利益(円) Net Profit per Share (diluted) (Yen)	170.72	291.43	517.51	575.62	-	-	-	-	-	-	-	-

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# 貸借対照表 Balance Sheet



(百万円) (Million Yen)		2020年3月期 FY2020/3	2021年3月期 FY2021/3	2022年3月期 FY2022/3	2023年3月期 FY2023/3
流動資産 Current Assets	現金及び預金 Cash and cash equivalents	34,640	43,657	49,033	40,080
	売上債権※1 Accounts Receivable※1	29,633	30,946	38,367	43,403
	在庫 Inventories	30,152	32,886	40,325	53,482
	その他 Others	3,345	4,025	6,103	7,005
	合計 Total	97,771	111,516	133,829	143,972
	固定資産合計 Total Fixed Assets	48,777	50,039	56,457	65,060
	総資産 Total Assets	146,549	161,556	190,287	209,032
流動負債 Current Liabilities	買入債務※2 Accounts Payable※2	16,895	23,062	29,876	22,359
	その他 Others	12,121	16,233	25,765	28,588
	合計 Total	29,017	39,296	55,641	50,947
	固定負債合計 Total long-term liabilities	7,857	5,482	3,564	12,057
	負債合計 Total Liabilities	36,874	44,778	59,206	63,004
	純資産合計 Total Net Assets	109,674	116,777	131,081	146,028
	負債・純資産合計 Total Liabilities and Net Assets	146,549	161,556	190,287	209,032
	有利子負債合計 Total interest-bearing debt	9,641	7,581	5,497	14,191
	自己資本比率 Equity Ratio(%)	73.9%	71.4%	68.1%	69.0%
	自己資本利益率 ROE(%)	6.7%	10.9%	17.4%	17.3%

※1: 電子記録債権、契約資産を含む

Incl. Electronically recorded monetary claims

※2: 電子記録債務を含む

Incl. Electronically recorded obligations-operating

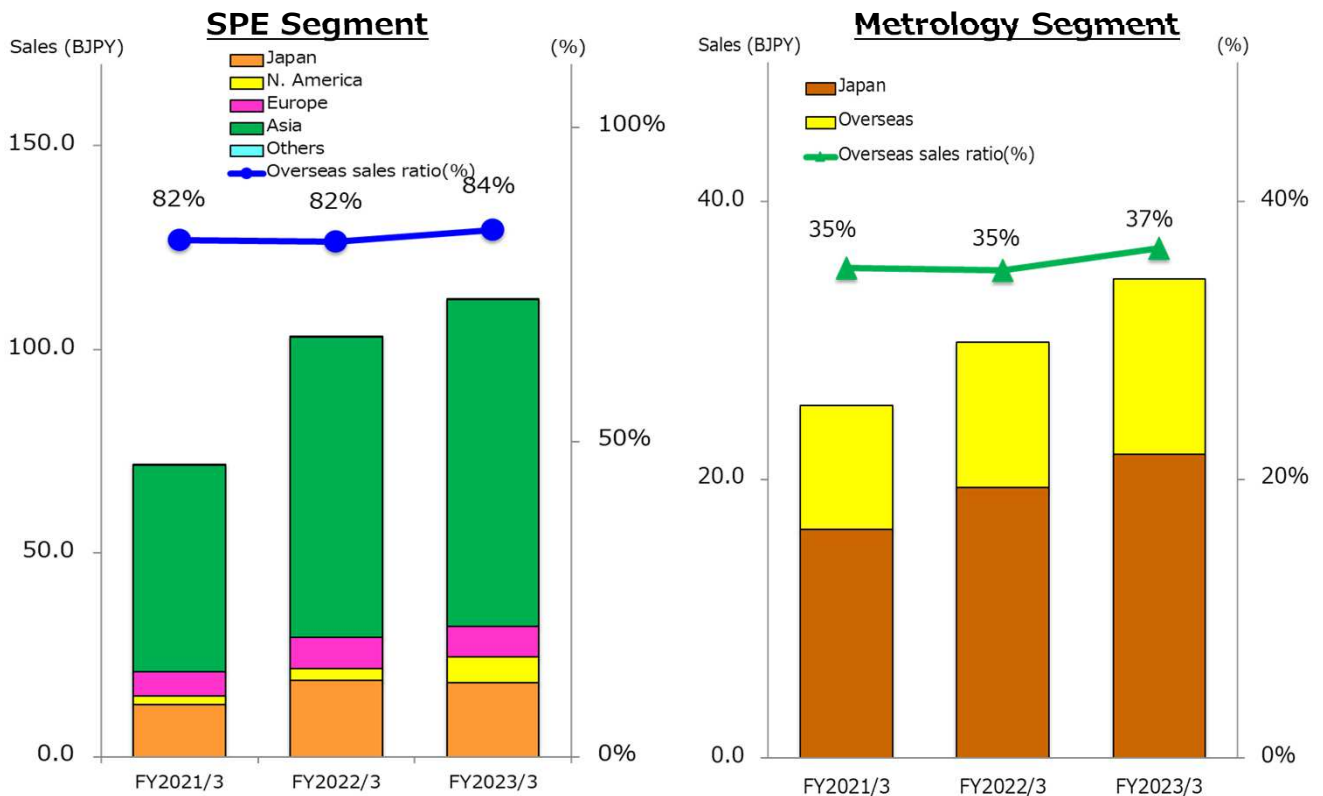
# 各種費用, キャッシュフロー Expenses and Cash Flows



(百万円) (Million Yen)	2020年3月期 FY2020/3	2021年3月期 FY2021/3	2022年3月期 FY2022/3	2023年3月期 FY2023/3
試験研究費 R&D expenses	8,234	7,193	8,146	8,542
設備投資 Capex	7,477	5,950	9,793	9,725
減価償却費 (のれん除く) Depreciation (excl. Amortization)	3,450	3,516	3,551	3,832

(百万円) (Million Yen)	2020年3月期 FY2020/3	2021年3月期 FY2021/3	2022年3月期 FY2022/3	2023年3月期 FY2023/3
営業活動によるキャッシュフロー Cash flows from operating activities	5,965	22,062	23,837	1,000
投資活動によるキャッシュフロー Cash flows from investing activities	-6,116	-5,191	-8,990	-8,421
フリーキャッシュフロー Free cash flows	-150	16,871	14,846	-7,421
財務活動によるキャッシュフロー Cash flows from financing activities	-6,375	-8,282	-10,346	-2,174
現金及び現金同等物に係る換算差額等 Adjustments	-159	429	882	625
現金及び現金同等物の期末残高 Cash and cash equivalents at the end of year	34,605	43,624	49,006	40,036

# Sales per Region

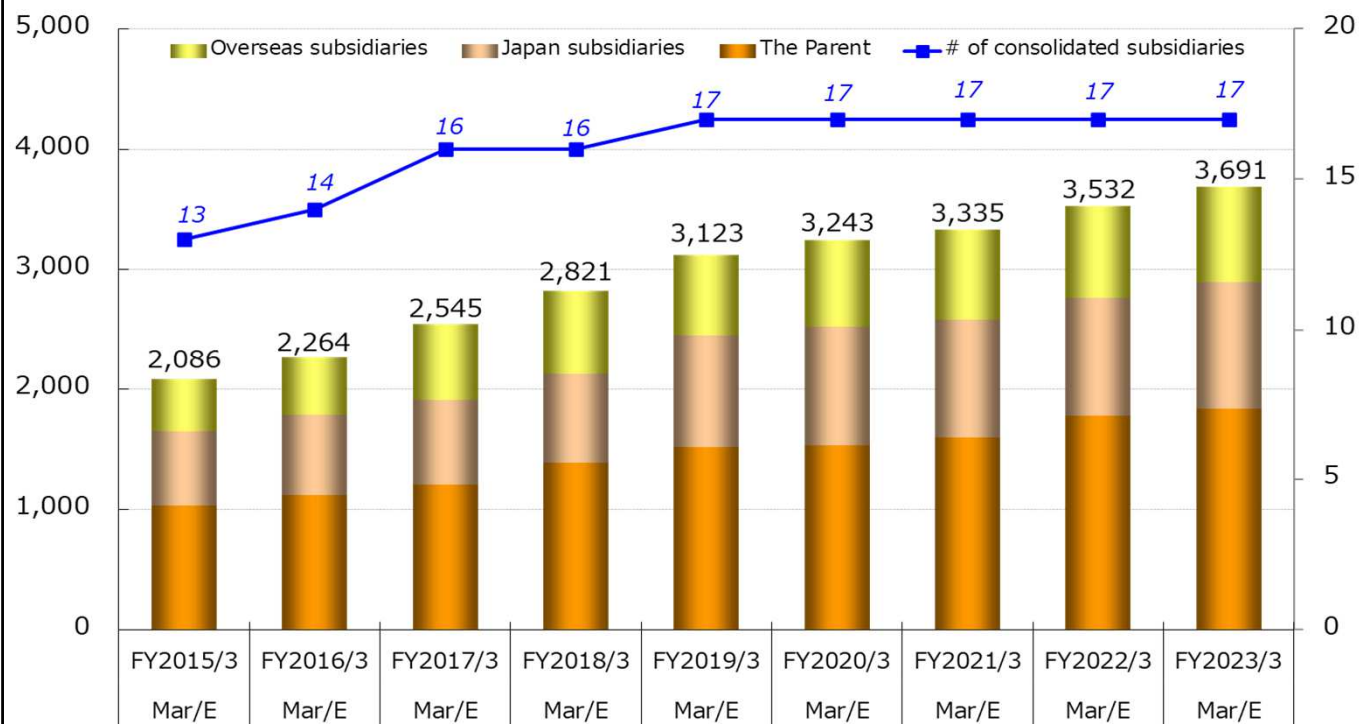


# Number of employees



Number of Employees (person)

# of Consolidated Subsidiaries



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