

Tokyo Seimitsu Co., Ltd. Earnings Conference for FY2021/3

May 10th, 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 FY2021/3**
- ◆ **Summary of progress of mid-term business plan in FY2021/3, and update for the last year**
- ◆ **Forecast for FY2022/3**
- ◆ **Q&A**

FY2021/3 Business Results



Full Year Results (BJPY)	FY2020/3		FY2021/3		
	Full Year		Full Year	Vs.fcst	YoY
Orders	87.6		117.1		+34%
Sales	87.9		97.1	+5.1	+10%
Operating profit (Margin)	12.3 (14%)		15.6 (16%)	+2.4	+27%
Recurring profit	12.4		15.9	+2.6	+28%
Net profit	7.2		12.2	+2.2	+70%
Dividend per share	76Yen		104Yen	+20Yen	+28Yen

Quarter(BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	18.7	19.6	22.5	26.8	18.7	21.0	35.1	42.3	+21%	+58%
Sales	18.0	24.0	22.2	23.7	21.1	24.0	21.6	30.4	+41%	+28%
Operating profit (Margin)	1.8 (10%)	3.8 (16%)	3.4 (15%)	3.3 (14%)	3.2 (15%)	3.1 (13%)	3.0 (14%)	6.2 (20%)	+106%	+88%
Recurring profit	1.9	3.8	3.4	3.2	3.3	3.1	2.9	6.5	+121%	+104%
Net profit	1.4	2.9	2.3	0.6	2.5	2.2	2.3	5.2	+132%	+755%

➤ Both sales and profits increased YoY supported by SPE sales

SPE Business Segment Results



Segment Results (FY : BJPY)	FY2020/3		FY2021/3			
	Full Year		Full Year		Vs. fcst	YoY
Orders	57.7		93.2			+62%
Sales	56.2		71.7		+3.3	+28%
Operating profit (Margin)	7.9 (14%)		13.6 (19%)			+71%

Quarterly (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	10.7	12.2	15.4	19.5	12.9	15.9	28.7	35.7	+24%	+83%
Sales	11.7	15.9	14.1	14.6	15.4	18.0	15.1	23.2	+54%	+59%
Operating profit (Margin)	1.4 (12%)	2.4 (15%)	2.1 (15%)	2.0 (14%)	2.8 (18%)	2.9 (16%)	2.5 (17%)	5.4 (23%)	+112%	+162%

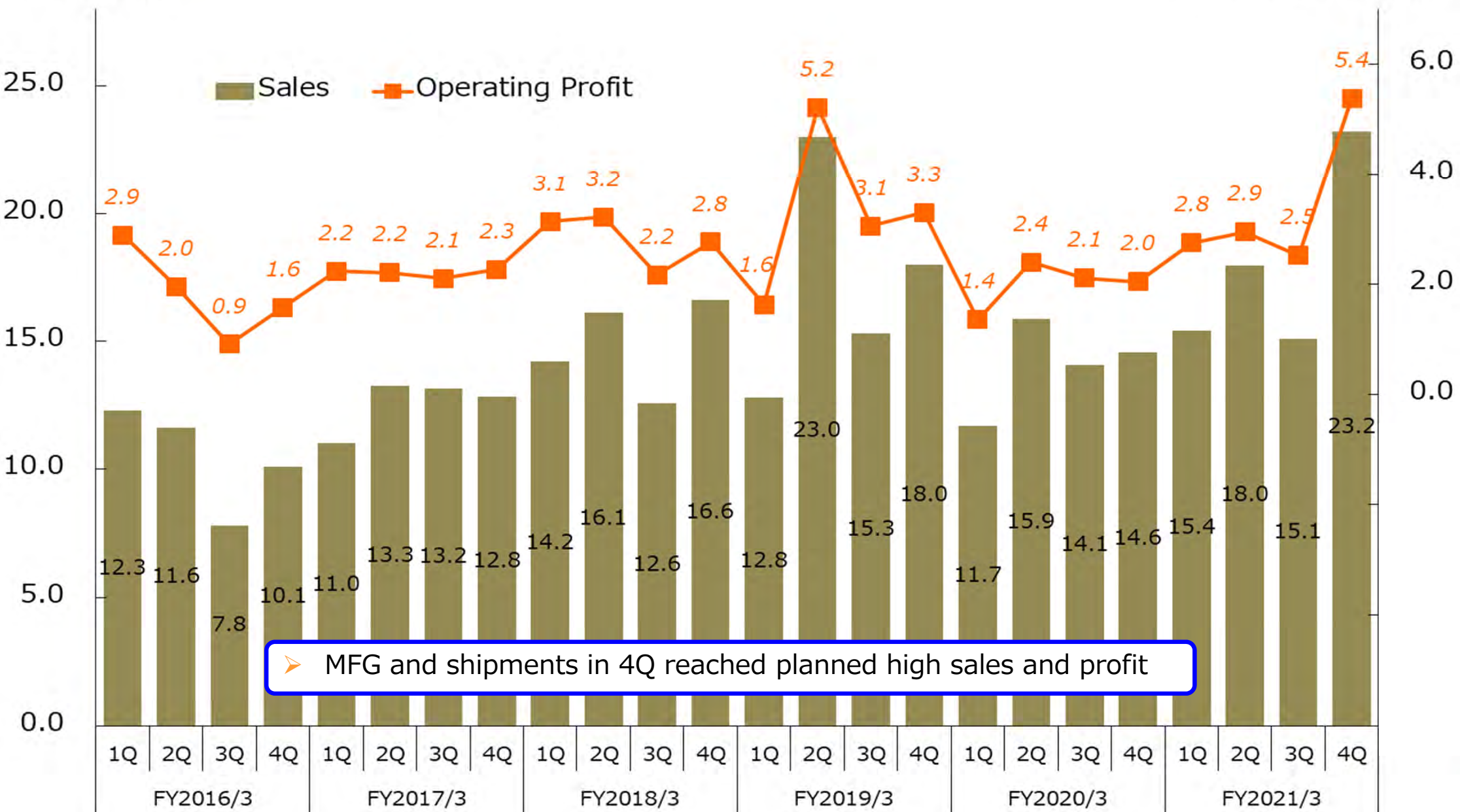
- Sales amount exceeded forecasts
- Operating profit and margin improved driven by sales increase
- Bookings exceeded historical high in 3Q and again in 4Q.

SPE – Sales and OP



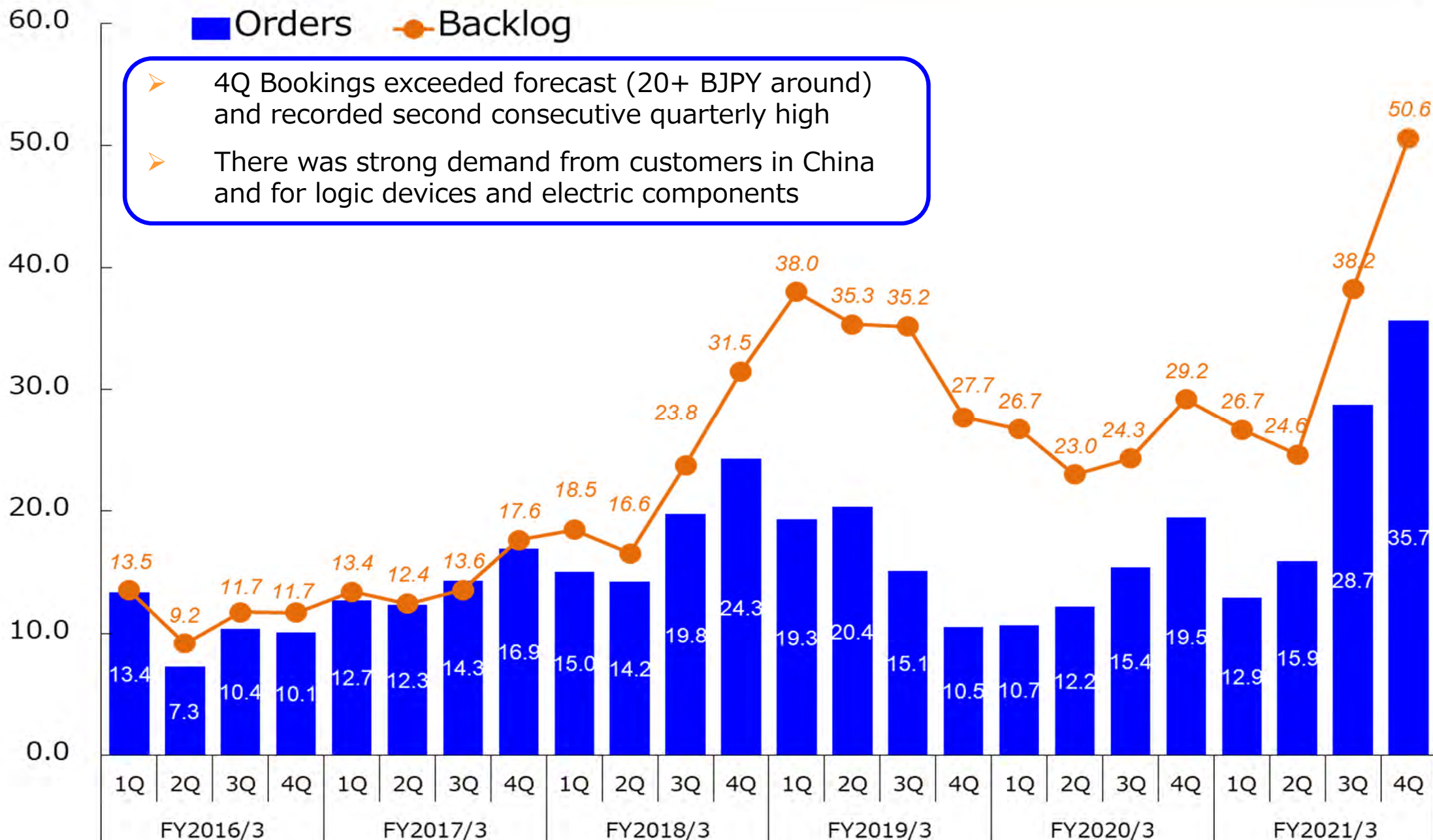
Sales (BJPY)

Operating Profit (BJPY)

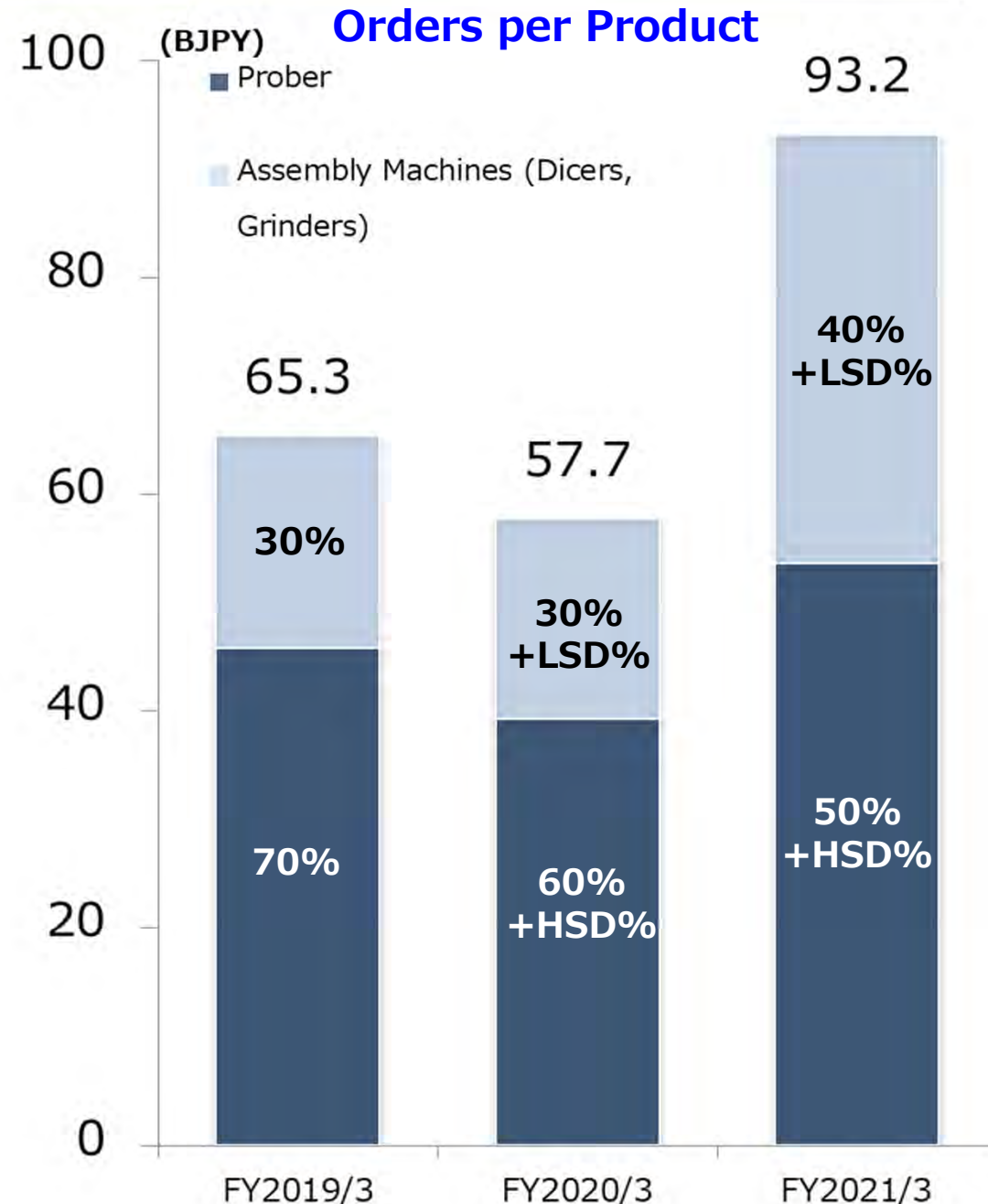
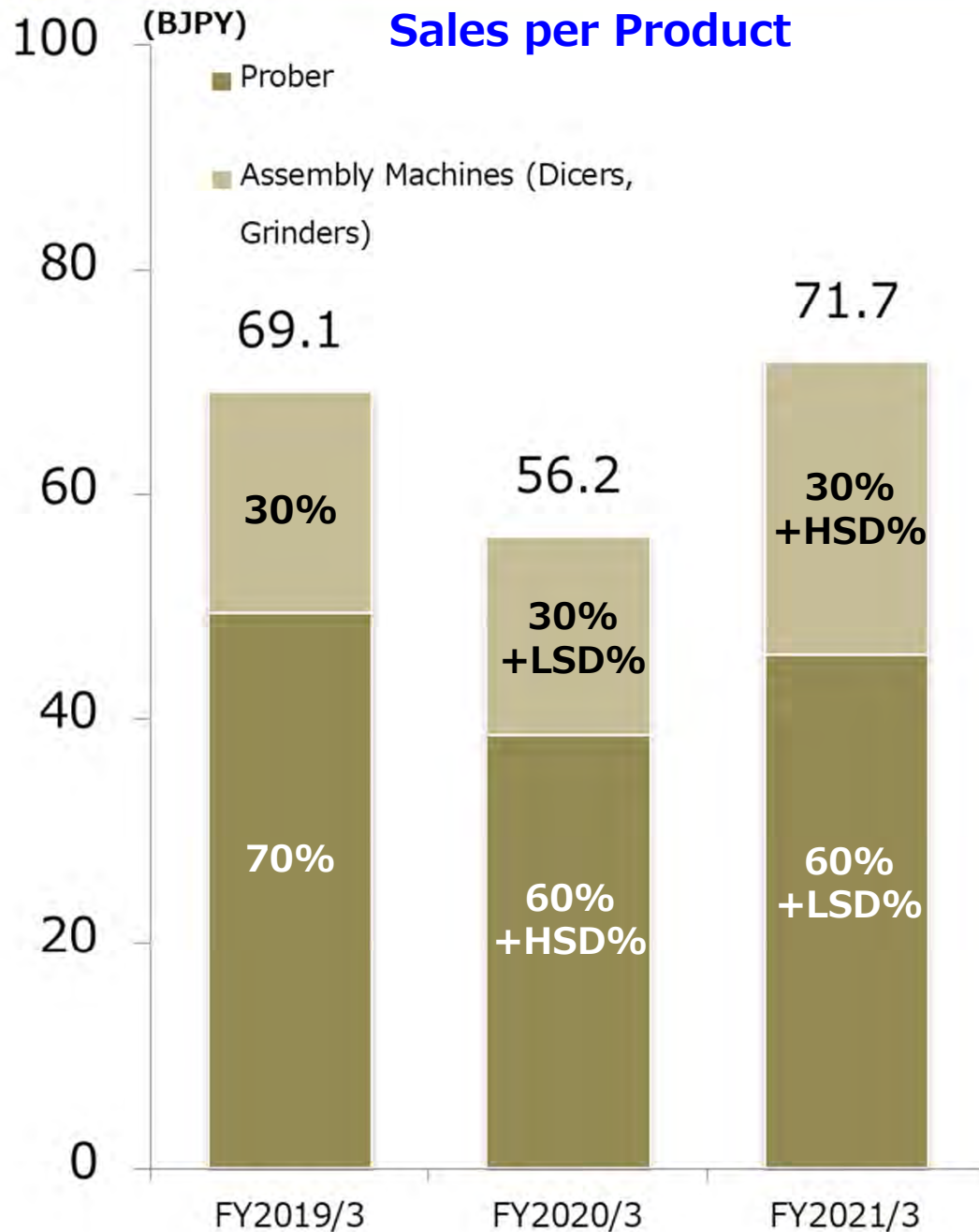


➤ MFG and shipments in 4Q reached planned high sales and profit

SPE – Orders and Backlog



SPE – per Product



Metrology Instruments Segment



Segment Results (FY : BJPY)	FY2020/3		FY2021/3		
	Full Year		Full Year	Vs. fcst	YoY
Orders	29.9		23.9		-20%
Sales	31.7		25.4	+1.8	-20%
Operating profit (Margin)	4.4 (14%)		2.0 (8%)		-54%

Quarterly (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Orders	8.0	7.4	7.1	7.4	5.8	5.0	6.4	6.7	+4%	-9%
Sales	6.3	8.2	8.2	9.1	5.6	6.1	6.5	7.2	+10%	-21%
Operating profit (Margin)	0.4 (7%)	1.4 (17%)	1.3 (16%)	1.3 (14%)	0.3 (6%)	0.3 (4%)	0.5 (8%)	0.9 (12%)	+74%	-30%

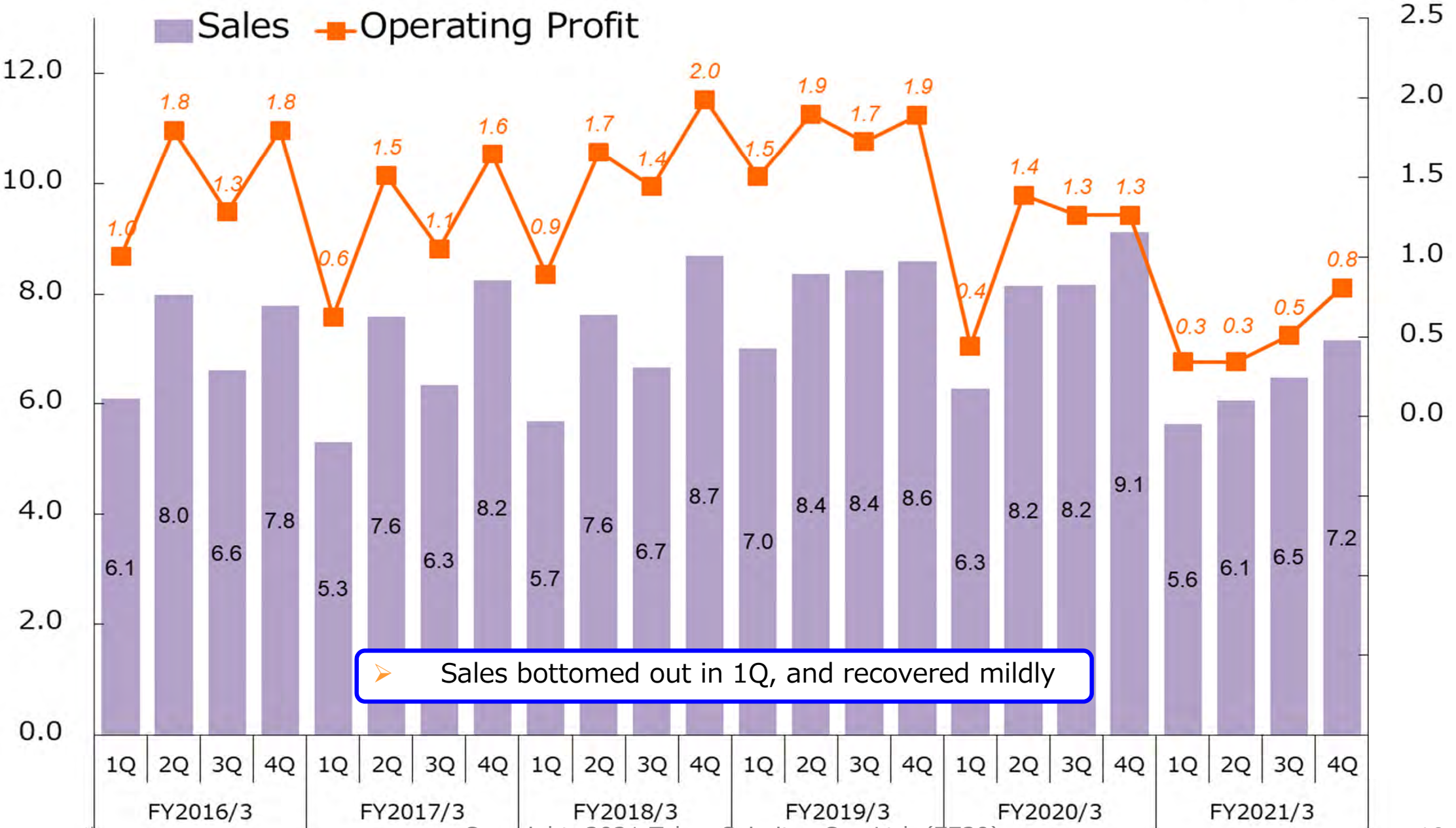
- While FY Sales exceeded forecast, it was down YoY
- COVID-19 pandemic negatively impacted this segment for the entire year
- Bookings bottomed out in 2Q and increased gradually

Metrology – Sales and OP



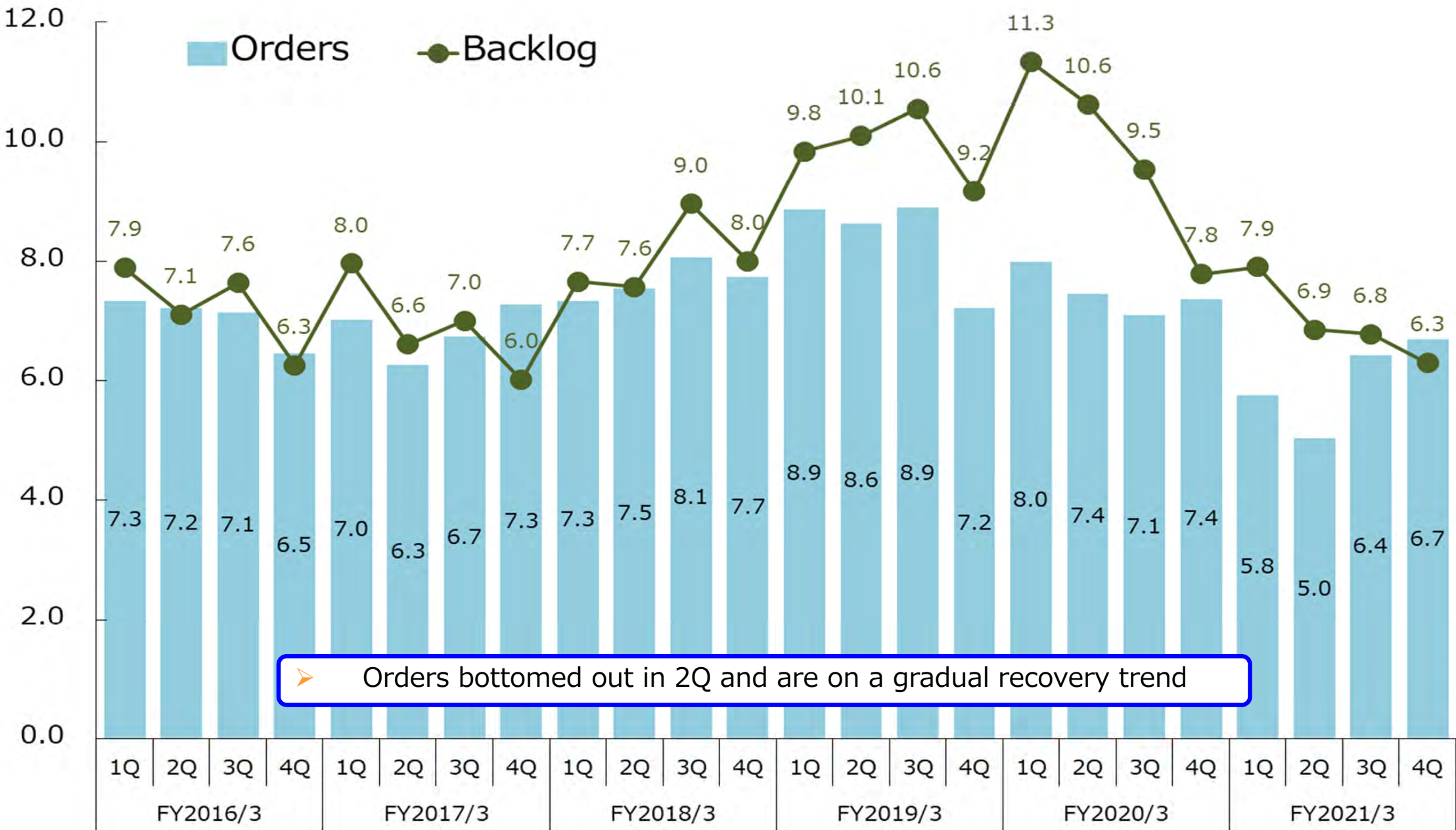
Sales (BJPY)

Operating profit(BJPY)

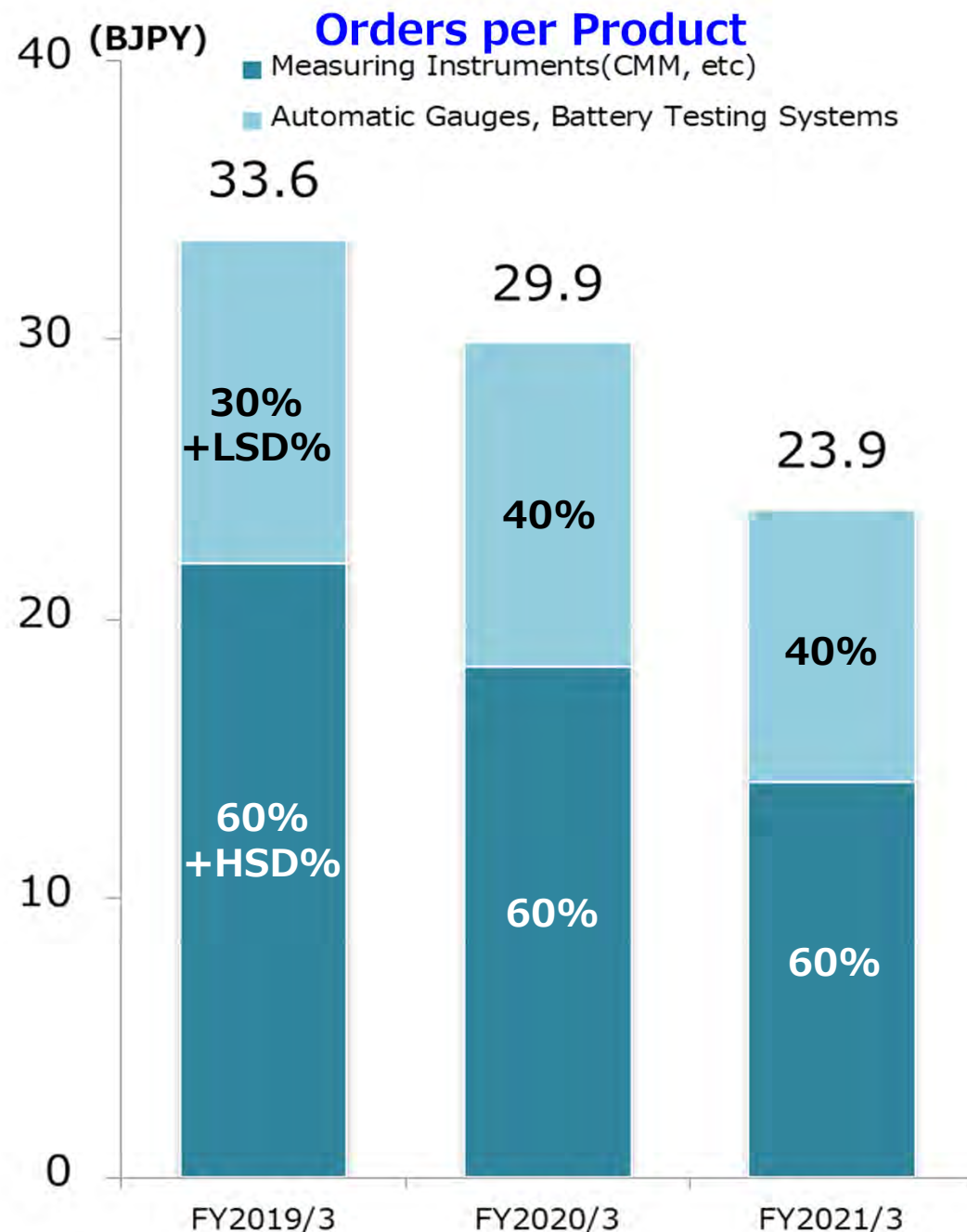
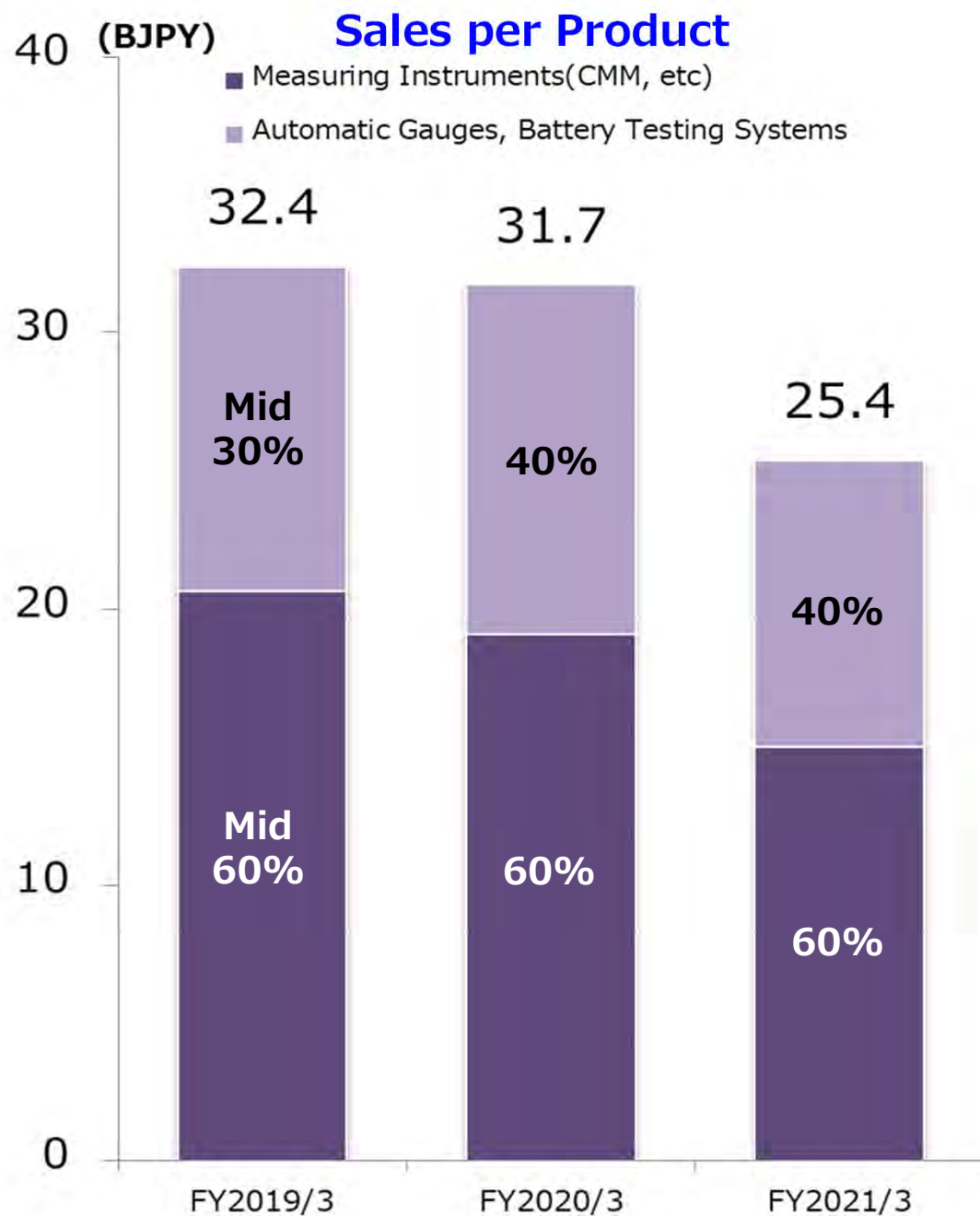


➤ Sales bottomed out in 1Q, and recovered mildly

Metrology – Orders and Backlog



Metrology – per Product

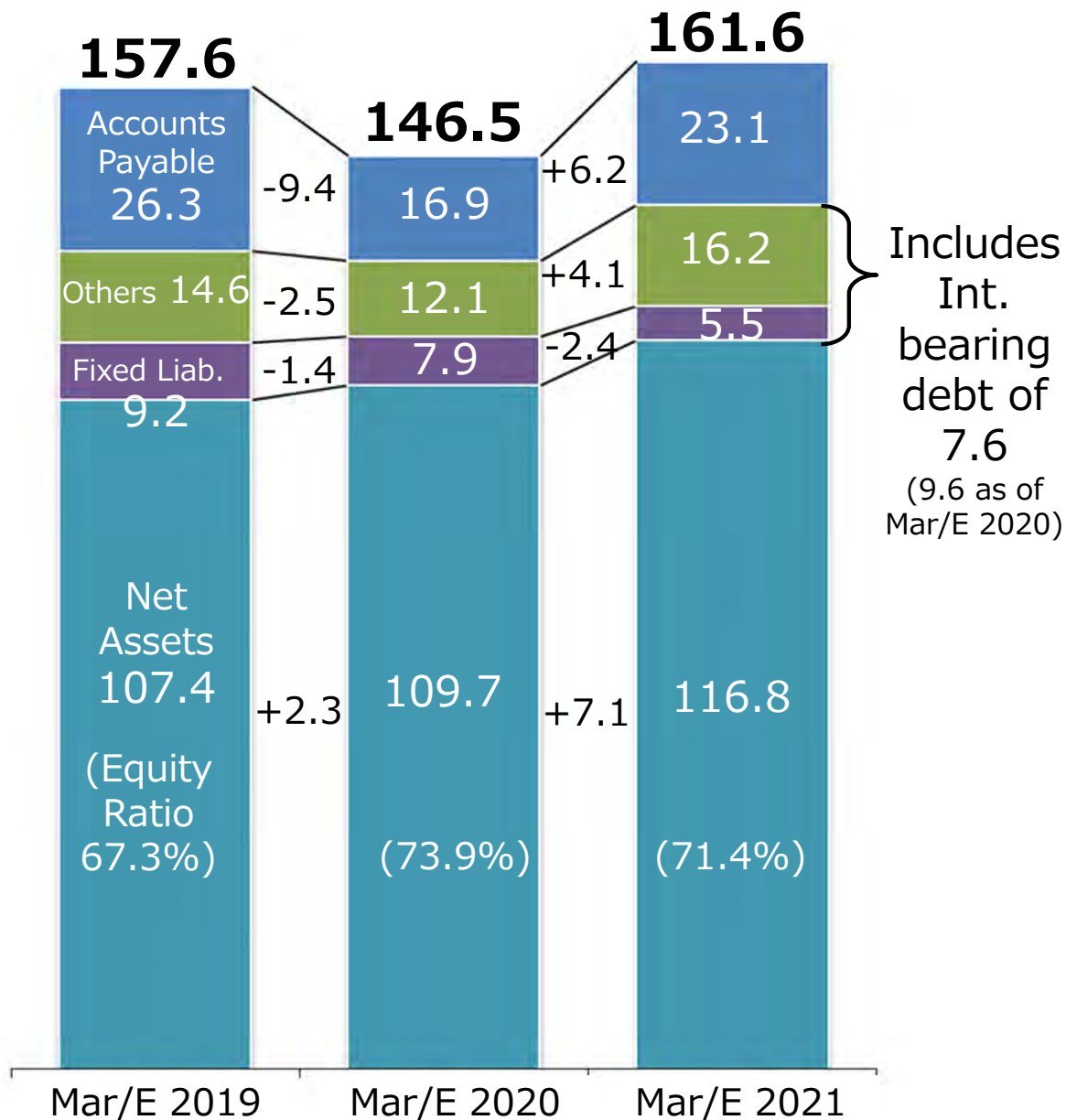
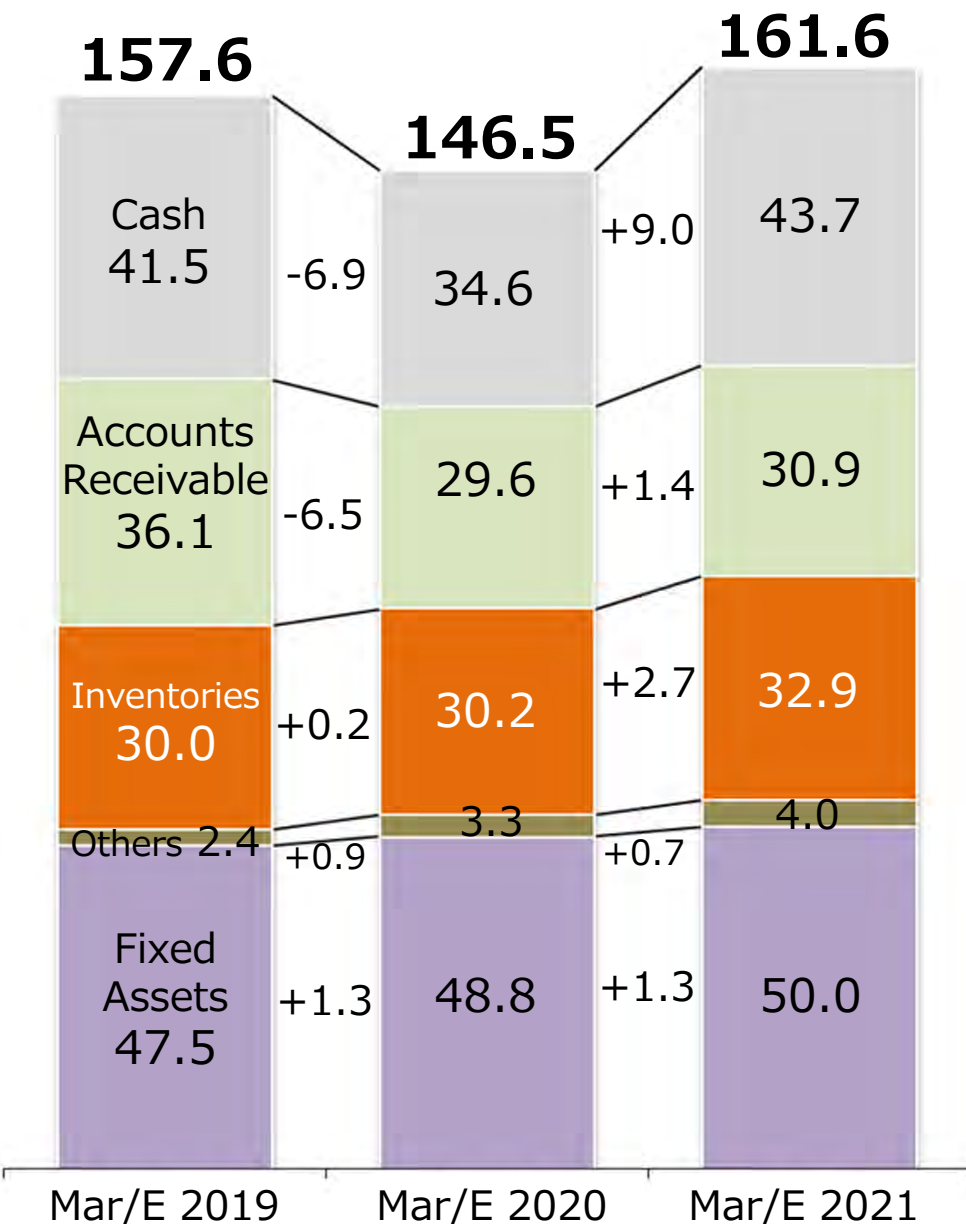


Balance Sheet



Assets (BJPY)

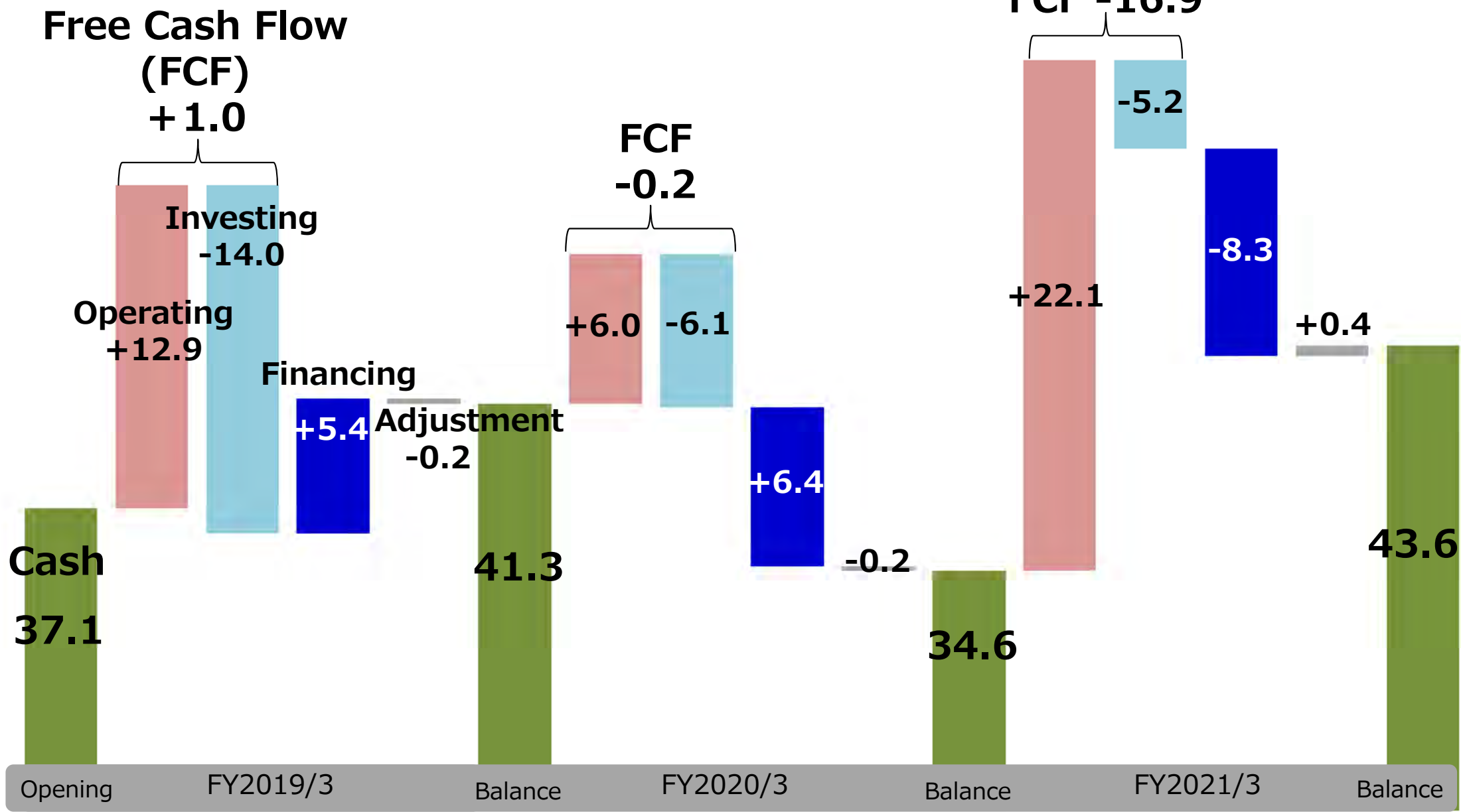
Liabilities and Net Assets (BJPY)



Cash Flows(CF)



(BJPY)



Misconduct at Subsidiary Company : Implementation of Prevention Strategy



- ◆ The Group is proceeding with prevention measures in line with recommendations from special committee

	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 bi-directional management system"		◎

Agenda

- ◆ Business results for FY2021/3
- ◆ **Summary of progress of mid-term business plan in FY2021/3, and update for the last year**
- ◆ Forecast for FY2022/3
- ◆ Q&A

Long-term target : ROE of 10% or more

Mid-term target : Achieve OP of ¥22.0B

(by FY2022/3): extended one year due to market uncertainties arisen from COVID-19



Achieve in both cycles



**Expand sales
(Aim for sales of
¥110 billion)**

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

Corporate strategy

Technology

**Strengthen product competitiveness,
Expand target markets**

Production

**Expand production capacity
Effectiveness improvement**

Profit ratio improvement

**Promote information sharing
Sales expansion of service and consumables**

**Achievement of
Mid-term goal**



For sustainable growth

Actively promote ESG activities to improve corporate value

Strategies per Segment

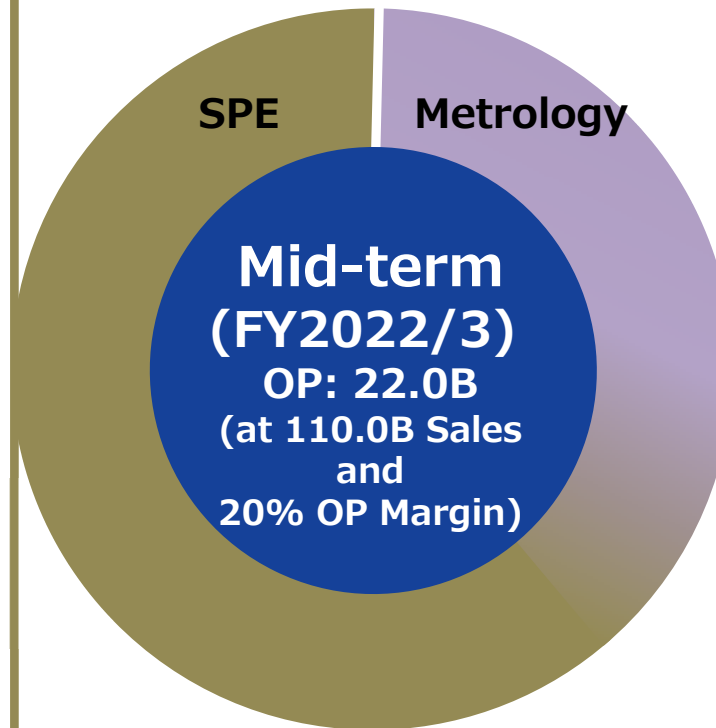


SPE

- Keep responding to “ALL NEEDS” from Customers to expand the market
- Enhance Apps capability to increase service/support and consumable business
- Proceed in-house MFG and utilize new plants

Metrology

- Enter Electrical testing area to expand our market with synergy effect
- Business building with competitive products to increase service/support business
- MFG innovation and automation



Quantitative



SPE business covered Metrology business weakened by COVID-19 pandemic

Tech



Promoted various products for upcoming technologies

Production



**Manufacturing capacity expanded
Used both segments' plants effectively**

Profit Ratio

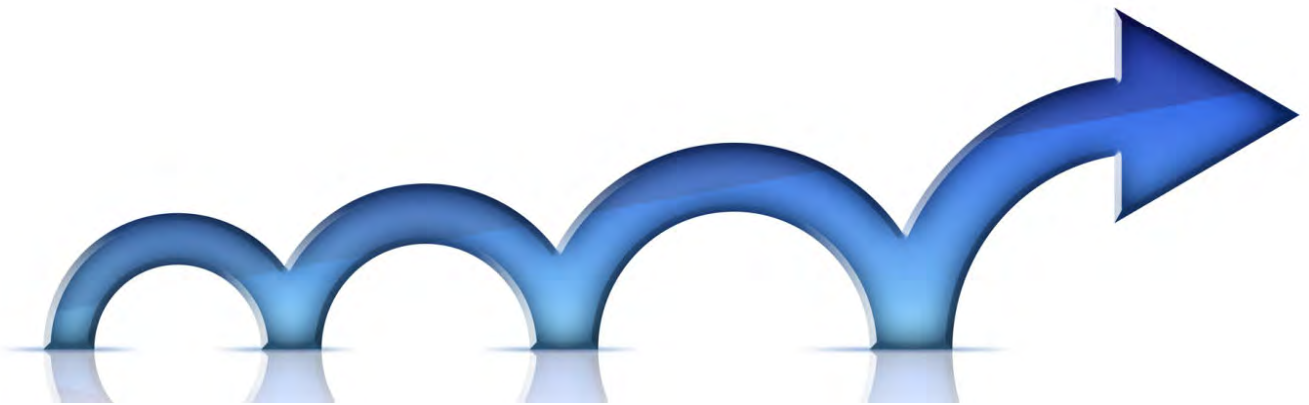


Improved mainly in SPE segment

Upon Final Year of mid-term plan



- **FY2022/3 sales forecast is in the range that the Company originally set out**
- **SPE : Buoyant, but a risk of short-term market adjustment shall be carefully monitored**
- **Metrology : In a gradual recovery phase**
- **Key point to achieve mid-term target: Capacity expansion**



Capacity Expansion (SPE : Hino and Miyama)

- Miyama plant : in Full operation
- New plans: Prioritizes *Hanno* plant project than *Hino* plant

- *Hanno*: Saitama, Japan
- *Hino*: Tokyo, Japan



Capacity Expansion (Metrology: Tsuchiura MI plant)

- Opened in May 2020
- Apply also for SPE manufacturing



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)

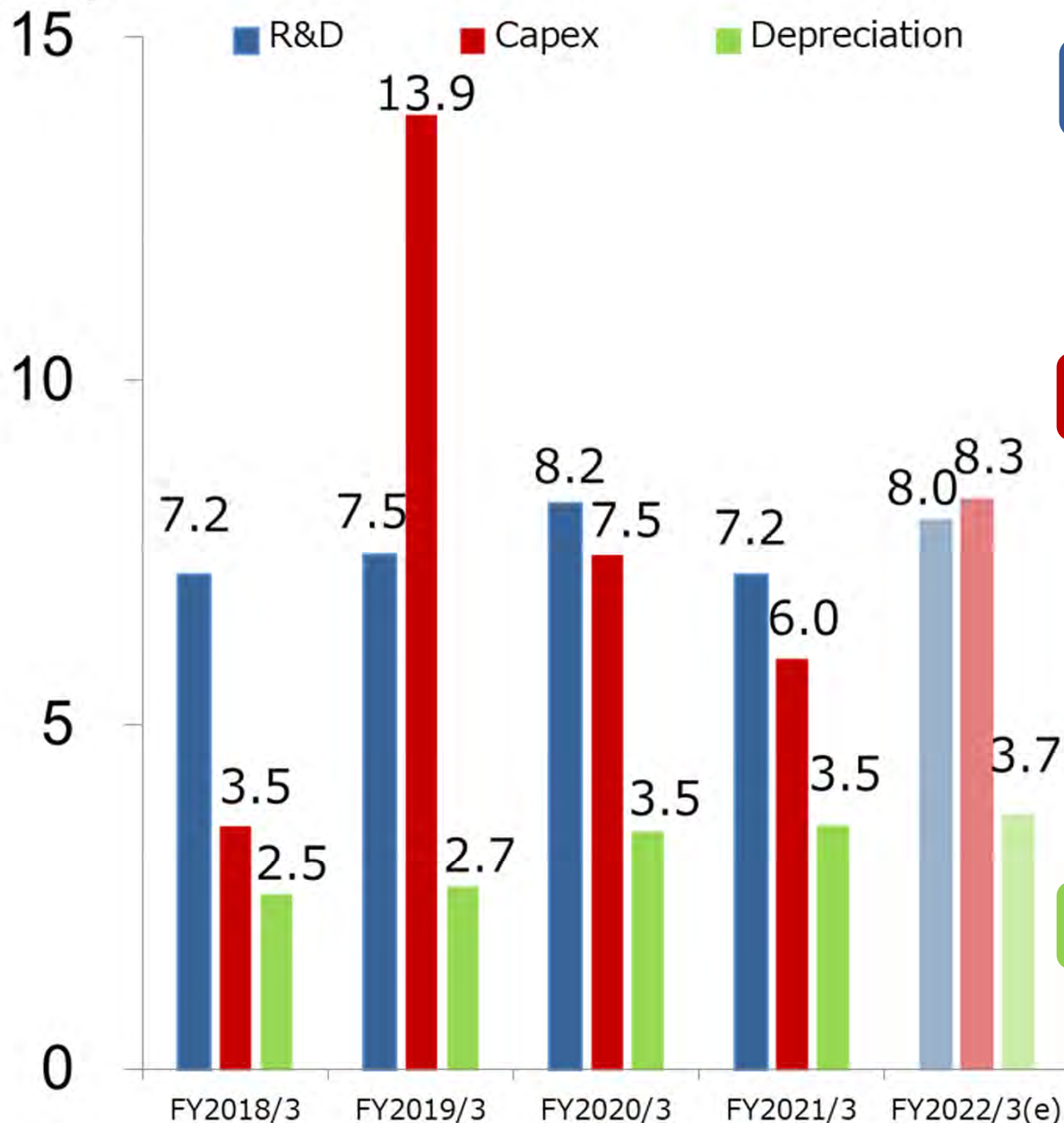
- Opened in Jan 2020



R&D, Capex and Depreciation



(BJPY)



R&D

- Strengthen and maintain competitiveness but R&D/Sales ratio to be less than 10%

Capex :

- Will spend over 20.0BJPY within several years for SPE capacity increase (*Hanno* and *Hino*)
- Capex for FY2021/3 were mainly for Metrology MI plant, Taiwan apps center, and for battery testing business

Depreciation:

- Will increase slightly

ESG: Realizing a sustainable society



● Involvement with stakeholders












● Materiality

Environment	Contribution to the environment thru products (Eco-friendly products)
	Contribution to the environment thru business activities (Eco-factory)
Social	Providing value thru products
	Enhance sustainable supply chain
	Creating workplace among diversified employees
Governance	Creating rewarding workplaces
	Strengthen the management base
	Enhance compliance system

ESG: FY2021/3 summary



Materiality		FY2021/3 Activity	Correspondent SDGs
Environment	Eco-friendly products	Considered LCA and exclusion of restricted substances to reduce CO2 emissions	   
	Eco-friendly factory	Applied low carbon power (CO2 reduced 5kt / Year YoY), and applied solar panel in MI plant	
Social	Providing value thru products	Promoted safe, high-quality products to realized upcoming technologies and products	   
	Enhance sustainable supply chain	Proceeded Supplier CSR activities with close communications	
	Creating workplace among diversified employees	Women's advancements progressed	
	Creating rewarding workplaces	Reduced working hours, increased taking paid holidays	
Gocernance	Strengthen the management base	Kept lean financial structures under COVID-19 pandemic	
	Enhance compliance system	Revised and strengthened compliance system and Information security	

Premises of "Next" mid-term plan



Healthcare



Surgery Robot, Telehealth

Livelihood



Smart appliances, Online studies

Workplace



Smart Factory

Automotive

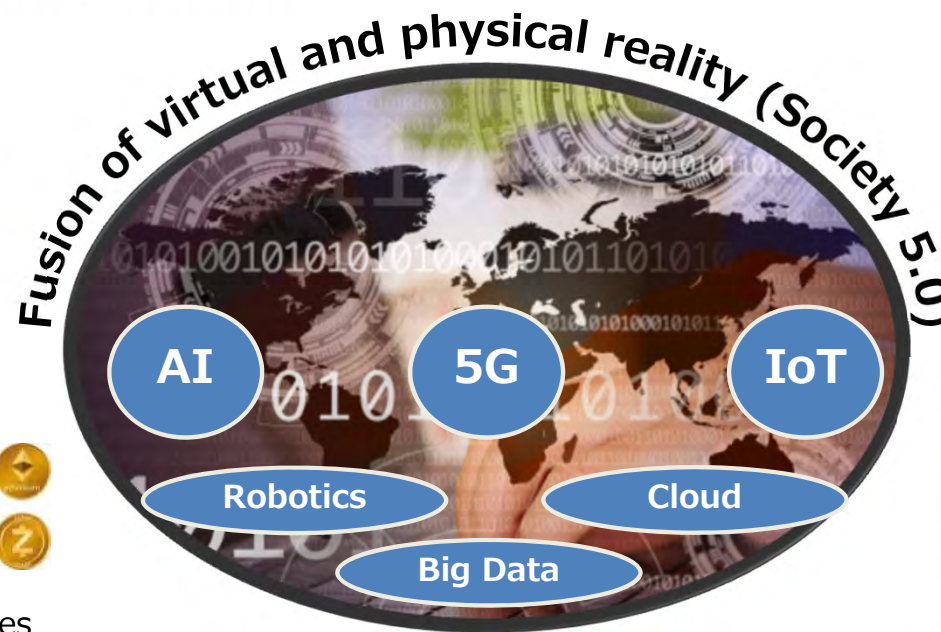


EV, Autonomous driving

Finance



Online transaction, Cryptocurrencies



Infrastructure



E-government, empowered intranet

Logistics



Automated warehouse, Drone delivery

Energy Generation

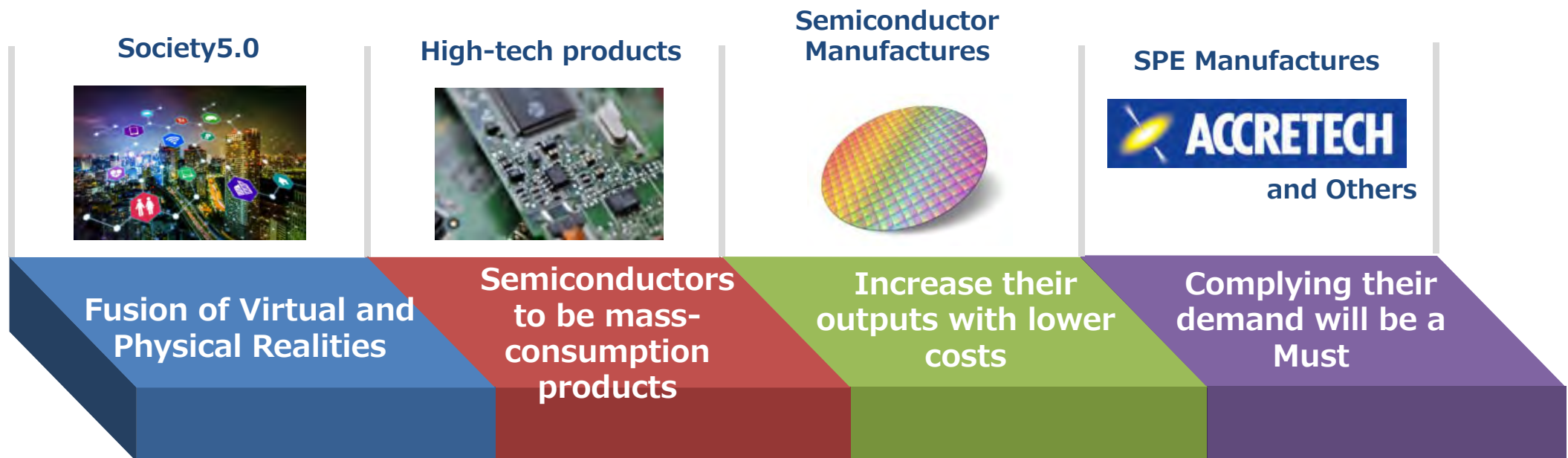


Optimized and eco-friendly power generation

Premises of SPE's "Next" plan



- Society 5.0 (A fusion of virtual and physical realities driven by 5G technologies) will let Semiconductors and Electric components be overwhelming mass production and consumption
- Limitation of pattern shrinkage and wafer size enlargement will let back-end SPE be more important
- Our core strategy of the company 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 entered and increasing overseas sales

Automobile

Non-automobile

Stable Industry

Growing industry

Existing Automobile market
Synergy effect by SBS Balancer

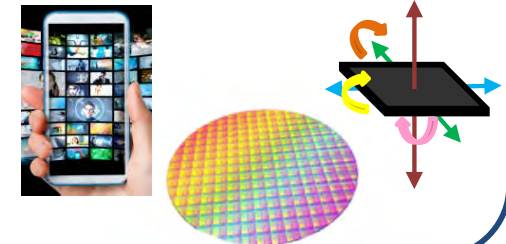


Overseas sales
Focus on EU and emerging country with expanding product portfolio

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



Agenda

- ◆ Business results for FY2021/3
- ◆ Summary of progress of mid-term business plan in FY2021/3, and update for the last year
- ◆ **Forecast for FY2022/3**
- ◆ Q&A

Overall

- **SPE market bullish, Metrology market in recovery**
- **Keep high utilization in the plant for entire year**

SPE

- **Anticipate short-term demand adjustment to let booking down HoH, but maintain high levels**
- **Continue on capacity expansion and R&D**

Metrology

- **Recovery in Mfg industry leads bookings increase**
- **Focus on Semiconductor, NEV, and Medical industry**

FY2022/3 Forecast



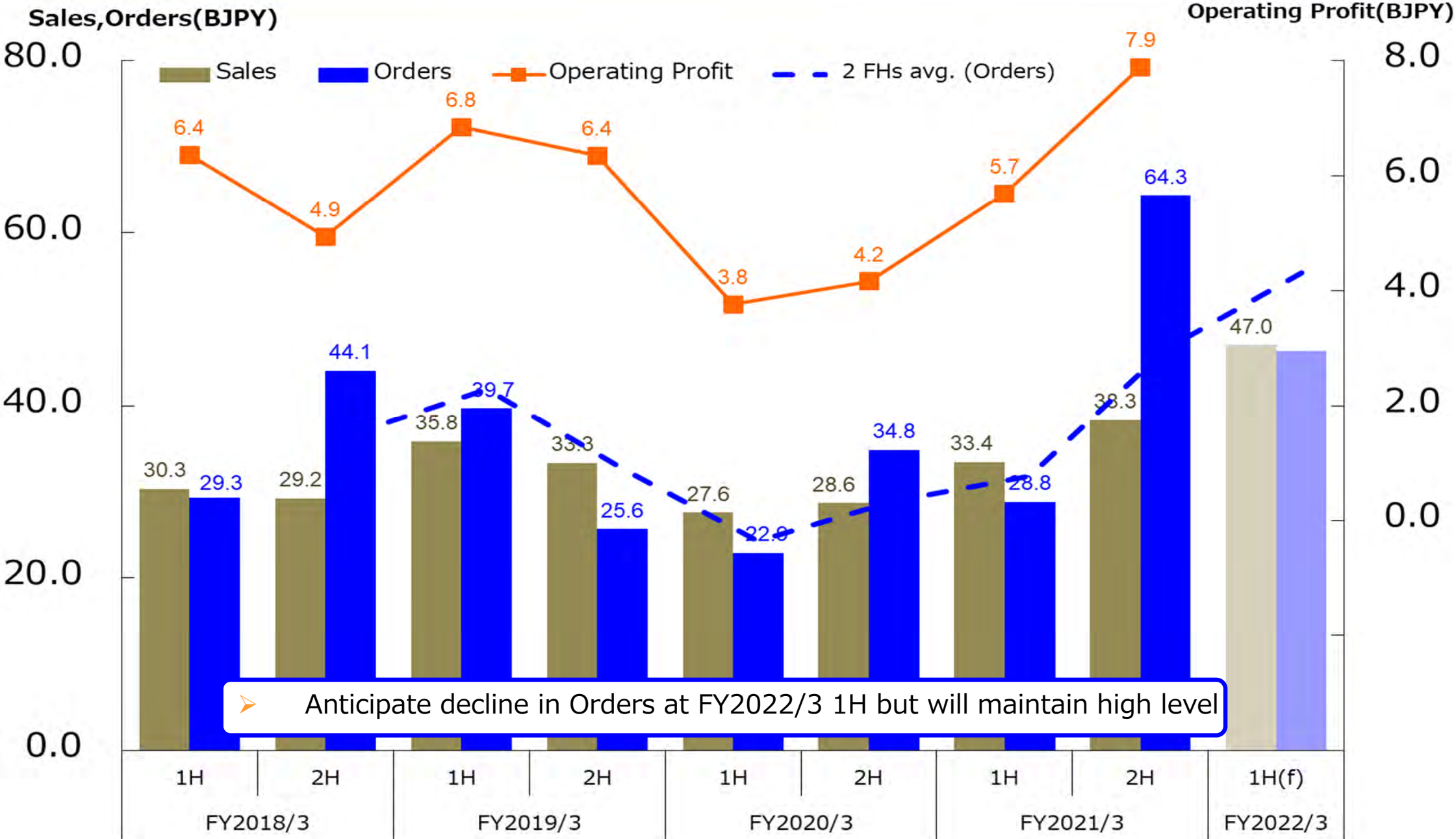
Consolidated Results and forecasts (BJPY)	FY2021/3			FY2022/3			
	1H	2H	FY	1H(f)	2H(f)	FY(f)	YoY
Sales	45.1	52.0	97.1	59.0	59.0	118.0	+22%
Operating profit (Margin)	6.3 (14%)	9.3 (18%)	15.6 (16%)	10.8 (18%)	11.2 (19%)	22.0 (19%)	+41%
Recurring profit	6.4	9.5	15.9	10.8	11.2	22.0	+39%
Net profit	4.7	7.5	12.2	7.5	7.7	15.2	+25%
Dividend per share	104 Yen			130 Yen			+26Yen

Per Segment

(SPE)	Orders	28.8	64.3	93.2				
	Sales	33.4	38.3	71.7	47.0	45.0	92.0	+28%
(Metr.)	Orders	10.8	13.1	23.9				
	Sales	11.7	13.7	25.4	12.0	14.0	26.0	+2%

- Anticipate an increase in sales and profits followed by SPE market
- Dividend per share also will be increased

SPE – Sales/Orders incl. Forecasts

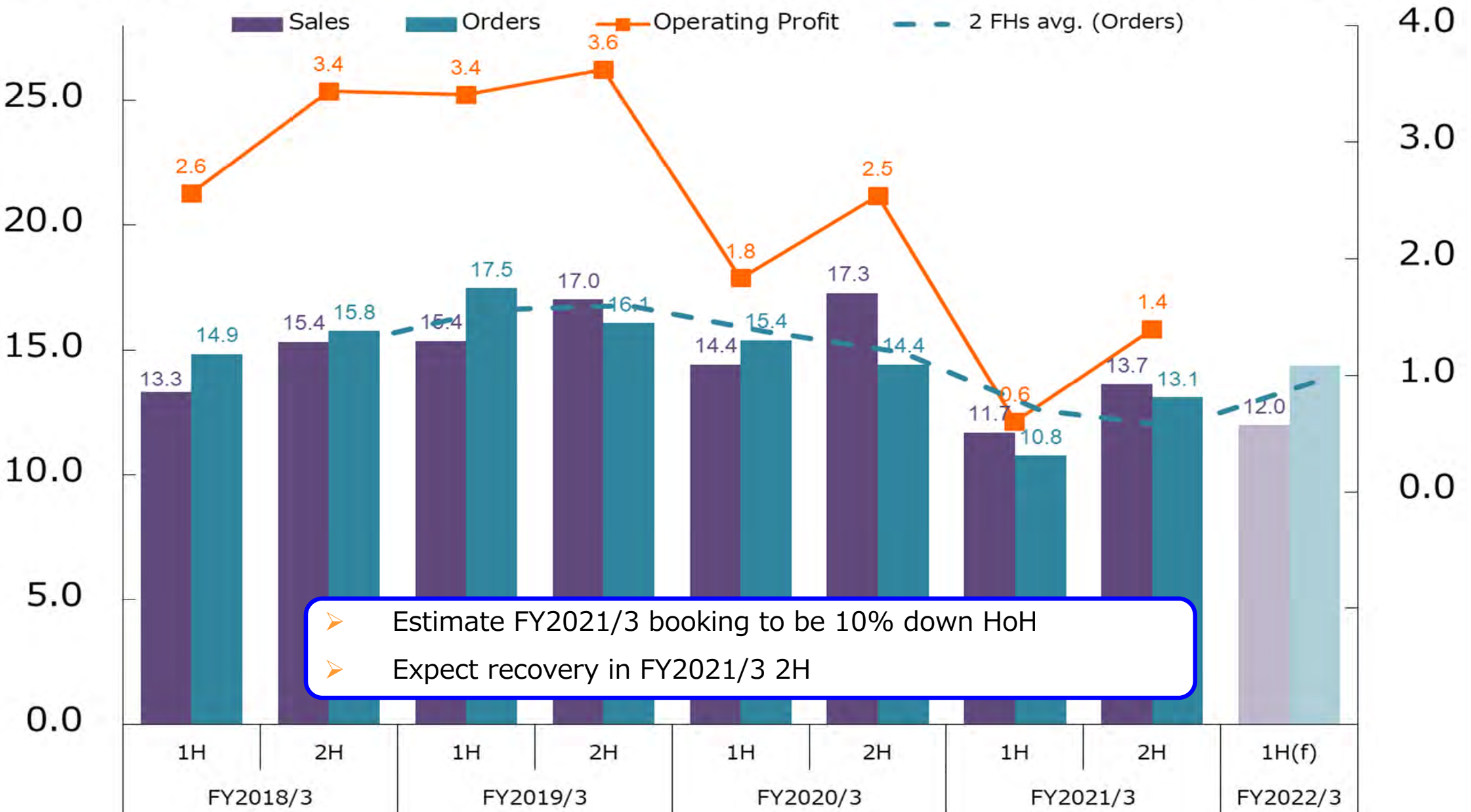


Metrology – Sales/Orders incl. Forecasts



Sales, Orders (BJPY)

Operating Profit (BJPY)



➤ Estimate FY2021/3 booking to be 10% down HoH
 ➤ Expect recovery in FY2021/3 2H

Agenda

- ◆ Business results for FY2021/3
- ◆ Summary of progress of mid-term business plan in FY2021/3, and update for the last year
- ◆ Forecast for FY2022/3
- ◆ **Q&A**



<https://www.accretech.jp/>

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



Supplementary Data

Segment Information



(Million JPY)		Fiscal Year				Quarter							
		FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2020/3				FY2021/3			
						1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders	SPE	73,327	65,335	57,709	93,181	10,694	12,177	15,375	19,462	12,903	15,932	28,683	35,662
	Metr.	30,651	33,573	29,866	23,878	7,974	7,446	7,086	7,359	5,754	5,022	6,420	6,681
	Total	103,979	98,909	87,576	117,060	18,668	19,624	22,461	26,821	18,657	20,955	35,103	42,344
Backlog	SPE	31,452	27,670	29,182	50,619	26,689	22,991	24,303	29,182	26,653	24,610	38,188	50,619
	Metr.	7,996	9,165	7,782	6,301	11,333	10,623	9,538	7,782	7,898	6,855	6,783	6,301
	Total	39,448	36,836	36,965	56,920	38,022	33,615	33,842	36,965	34,552	31,465	44,971	56,920
Sales	SPE	59,523	69,117	56,198	71,745	11,676	15,874	14,063	14,583	15,432	17,975	15,106	23,231
	Metr.	28,671	32,403	31,728	25,359	6,285	8,157	8,170	9,115	5,638	6,066	6,491	7,163
	Total	88,194	101,520	87,927	97,105	17,962	24,031	22,233	23,698	21,070	24,041	21,597	30,395
OP	SPE	11,292	13,195	7,915	13,565	1,358	2,399	2,111	2,046	2,832	2,850	2,525	5,358
	Metr.	5,990	7,025	4,366	1,996	443	1,387	1,265	1,270	344	255	510	886
	Total	17,283	20,221	12,282	15,562	1,802	3,786	3,376	3,317	3,176	3,105	3,035	6,245
OP Margin	SPE	19.0%	19.1%	14.1%	18.9%	11.6%	15.1%	15.0%	14.0%	18.4%	15.9%	16.7%	23.1%
	Metr.	20.9%	21.7%	13.8%	7.9%	7.1%	17.0%	15.5%	13.9%	6.1%	4.2%	7.9%	12.4%
	Total	19.6%	19.9%	14.0%	16.0%	10.0%	15.8%	15.2%	14.0%	15.1%	12.9%	14.1%	20.5%

Statements of Income



(Million BJPY)	Fiscal Year				Quarter							
	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2020/3				FY2021/3			
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	88,194	101,520	87,927	97,105	17,962	24,031	22,233	23,698	21,070	24,041	21,597	30,395
Cost of goods sold	53,818	60,430	53,452	60,190	10,862	14,687	13,357	14,544	12,863	15,433	13,504	18,389
Gross Profit on Sales	34,375	41,090	34,474	36,914	7,100	9,344	8,876	9,154	8,207	8,608	8,093	12,005
Selling, general and administrative expenses	17,092	20,869	22,192	21,351	5,297	5,557	5,499	5,837	5,030	5,502	5,057	5,760
Operating profit	17,283	20,221	12,282	15,562	1,802	3,786	3,376	3,317	3,176	3,105	3,035	6,245
Non-operating income	170	688	255	540	131	78	102	-57	194	118	106	214
Non-operating expenses	138	104	177	235	38	18	51	68	25	153	205	-55
Recurring Profit	17,316	20,805	12,360	15,867	1,895	3,846	3,426	3,191	3,345	3,070	2,936	6,515
Extraordinary gains	4	58	57	1,354	2	10	43	1	6	-	149	1,198
Extraordinary losses	2	419	1,712	1,074	-	-	42	1,669	-	293	108	672
Profit before income taxes and minority interests	17,318	20,443	10,705	16,147	1,897	3,856	3,427	1,523	3,351	2,776	2,977	7,041
Total Income tax and others	4,542	5,719	3,598	3,978	505	1,009	1,153	930	886	573	712	1,806
Net Profit attributable to Owners of the Parent	12,717	14,665	7,156	12,175	1,402	2,859	2,281	613	2,470	2,207	2,264	5,232
Net Profit per Share (Yen)	306.41	352.92	171.89	293.83	33.70	68.69	54.80	14.73	59.30	52.98	54.73	127.55
Net Profit per Share (diluted) (Yen)	304.02	350.23	170.72	291.43	-	-	-	-	-	-	-	-

Balance Sheet



(Million BJPY)		FY2018/3	FY2019/3	FY2020/3	FY2021/3
Current Assets	Cash and cash equivalents	37,220	41,518	34,640	43,657
	Accounts Receivable ※1	33,439	36,146	29,633	30,946
	Inventories	22,325	29,995	30,152	32,886
	Others	3,364	2,434	3,345	4,025
	Total	96,349	110,094	97,771	111,516
Total Fixed Assets		36,645	47,478	48,777	50,039
Total Assets		132,995	157,573	146,549	161,556
Current Liabilities	Accounts Payable※2	21,870	26,328	16,895	23,062
	Others	10,936	14,620	12,121	16,233
	Total	32,807	40,948	29,017	39,296
Total long-term liabilities		833	9,220	7,857	5,482
Total Liabilities		33,640	50,169	36,874	44,778
Total Net Assets		99,354	107,403	109,674	116,777
Total Liabilities and Net Assets		132,995	157,573	146,549	161,556
Total interest-bearing debt		1,351	11,415	9,641	7,581
Equity Ratio(%)		74.0%	67.3%	73.9%	71.4%
ROE(%)		13.8%	14.4%	6.7%	10.9%

※1: Incl. Electronically recorded monetary claims

※2: Incl. Electronically recorded obligations-operating

Expenses and Cash Flows



(Million JPY)	FY2018/3	FY2019/3	FY2020/3	FY2021/3
R&D expenses	7,194	7,469	8,234	7,193
Capex	3,547	13,872	7,477	5,950
Depreciation (excl. Amortization)	2,541	2,655	3,450	3,516

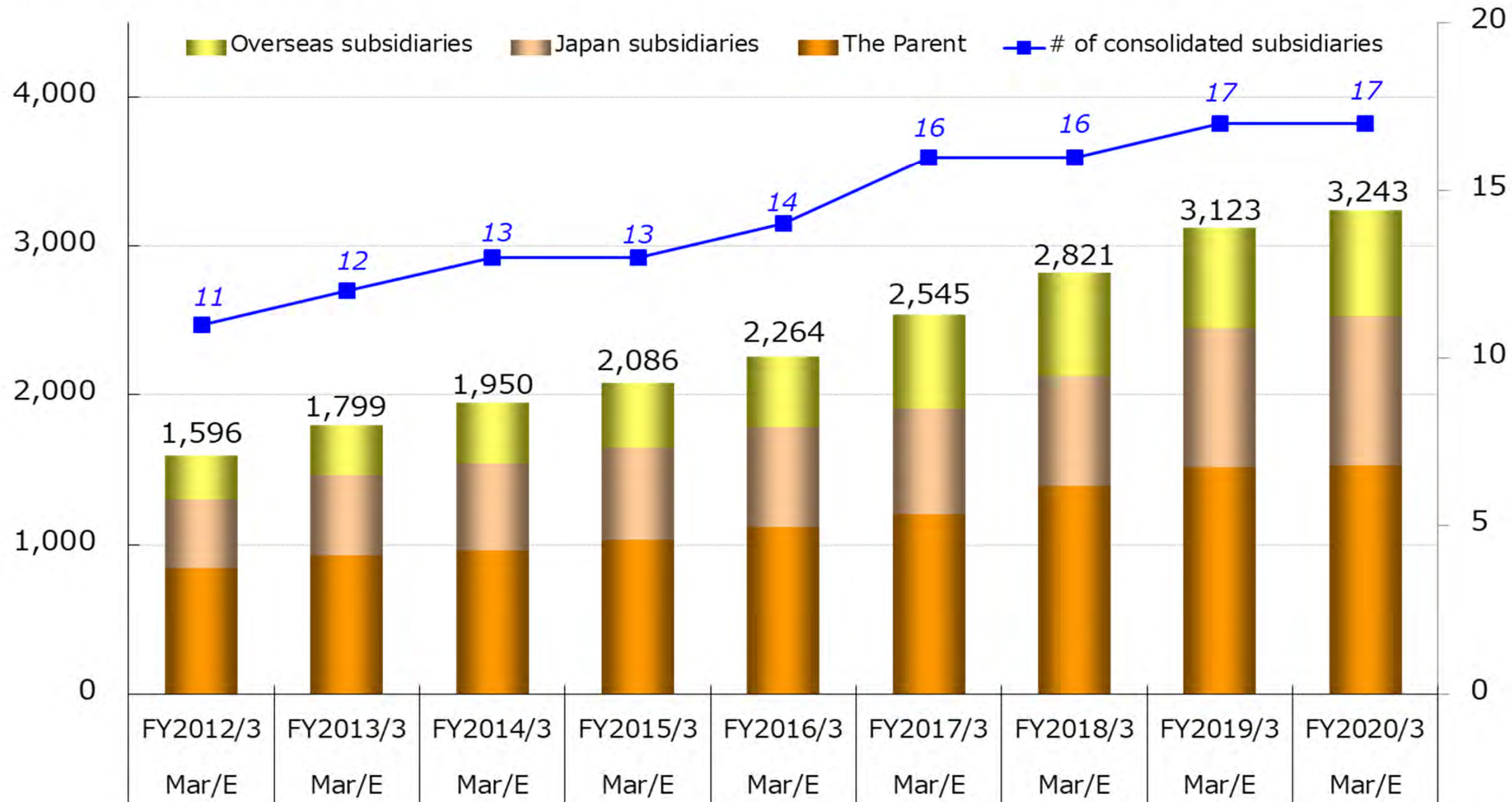
(Million JPY)	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Cash flows from operating activities	10,931	12,932	5,965	22,062
Cash flows from investing activities	-4,649	-13,952	-6,116	-5,191
Free cash flows	6,281	-1,020	-150	16,871
Cash flows from financing activities	-3,163	5,443	-6,375	-8,282
Adjustments	147	-223	-159	429
Cash and cash equivalents at the end of year	37,090	41,290	34,605	43,624

Number of employees



Number of Employees (person)

of Consolidated Subsidiaries



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