

Tokyo Seimitsu Co., Ltd. Summary of FY2023/3 3rd Quarter Business Results (April to December 2022)

February 6th, 2023

◆Earnings Conference for FY2023/3 3Q (via Web)

◆Tokyo Seimitsu's Speakers

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This transcript is a simplified translation of the information presented 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.

FY2023/3 3Q Business Results



Accumulated Results (BJPY)	FY2022/3				FY2023/3				
	1-3Q				1-3Q			YoY	
Orders	143.4				110.3			-23%	
Sales	92.6				103.1			+11%	
Operating Profit (OP Margin)	19.2 (21%)				23.1 (22%)			+21%	
Recurring Profit	19.5				23.7			+21%	
Net Profit	14.4				15.3			+6%	
Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY
Orders	41.4	46.4	55.6	42.7	46.2	34.0	30.1	-11%	-55%
Sales	28.8	32.4	31.4	38.1	27.9	43.2	32.0	-26%	+2%
Operating Profit (OP Margin)	6.0 (21%)	6.9 (21%)	6.3 (20%)	9.1 (24%)	5.7 (20%)	10.0 (23%)	7.4 (23%)	-25%	+19%
Recurring Profit	6.0	7.0	6.5	9.7	6.5	10.1	7.1	-29%	+9%
Net Profit	4.4	5.3	4.8	7.0	4.8	7.1	3.3	-53%	-30%

- Orders declined as expected, but sales and profits reached accumulative historical peaks
- Extraordinary loss (provision for litigation loss) recorded in 3Q

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- ◆ My name is Kawamura, CFO. I would like to express my gratitude for your continued support.
- ◆ I will begin by explaining our business performance in FY2023/3 3rd Quarter (3Q) . Accumulated 3Q results are presented in the upper row. In detail, Orders were ¥110.3B, Sales were ¥103.1B, Operating Profit were ¥23.1B, Recurring Profit were ¥23.7B, and Net Profit attributable to Owners of the Parent were ¥15.3B owing to an extraordinary loss of ¥1.8B for provision of allowance for litigation losses. Sales and Profits reached 1-3Q accumulated historical peak.
- ◆ By contrast, orders were down 20% by YoY owing to a slowdown in SPE. Operating profits were 22%.
- ◆ 3Q quarterly results are shown on lower row. Orders also decreased, while sales and profits increased. Operating Profit maintained in the low 20% range.
- ◆ Next, I will explain results per each business segment

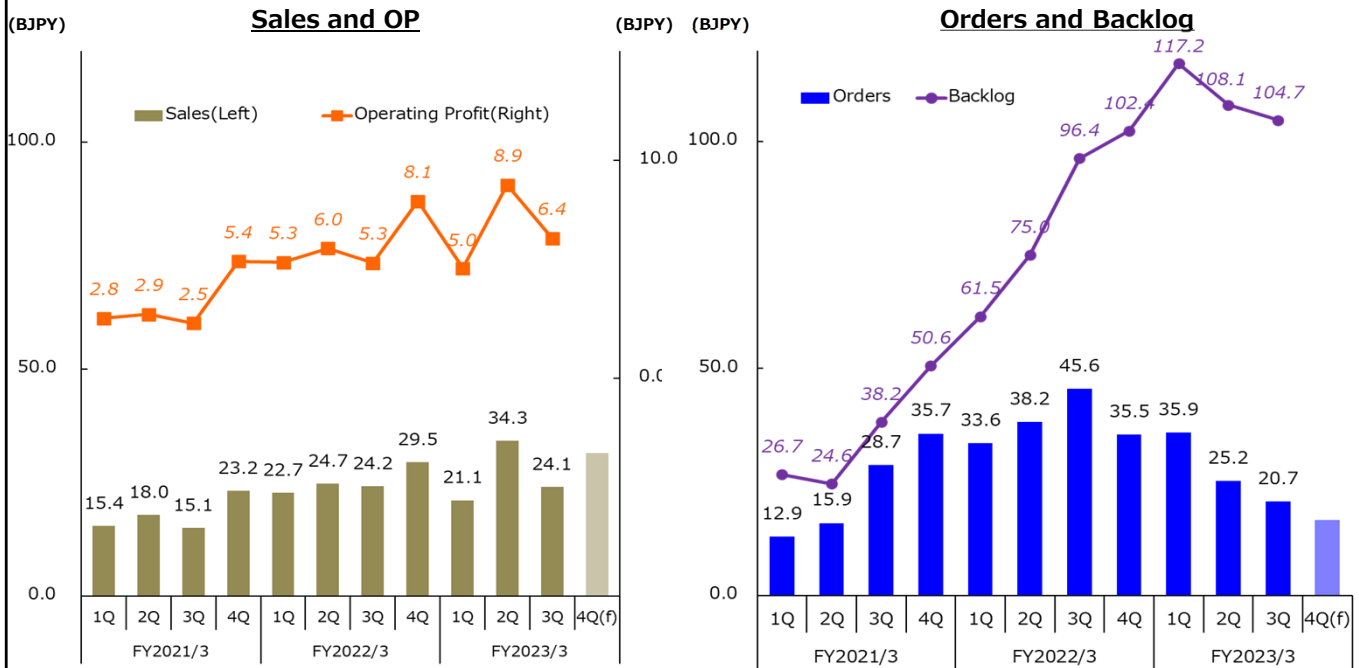
Segment Results (Accumulated, BJPY)	FY2022/3				FY2023/3			
	1-3Q				1-3Q			YoY
Orders	117.4				81.8			-30%
Sales	71.7				79.5			+11%
Operating Profit (OP Margin)	16.6 (23%)				20.3 (26%)			+23%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY
Orders	33.6	38.2	45.6	35.5	35.9	25.2	20.7	-18%	-55%
Sales	22.7	24.7	24.2	29.5	21.1	34.3	24.1	-30%	-0%
Operating Profit (OP Margin)	5.3 (23%)	6.0 (24%)	5.3 (22%)	8.1 (28%)	5.0 (24%)	8.9 (26%)	6.4 (27%)	-28%	+21%

- Accumulative Sales and Operating Profit reached historical peaks
- Orders slowed as consumer products demand continued to decline

- ◆ Next, I will explain discuss the results of the SPE segment.
- ◆ Accumulated 3Q Orders were ¥81.8B, Sales were ¥79.5B, and Operating Profit were ¥20.3B. Orders slowed as expected owing to a decline in demand for consumer products, but Sales and Profit reached their historical peaks in the cumulative period.
- ◆ 3Q results are also displayed on this page. Sales were largely as per our forecasts, and were flat YoY.
- ◆ I will explain quarterly trend on next page.

SPE – Quarterly Trend



- Sales: Production remained high, but was partially affected by delivery extension requests
- Orders: Power systems and wafer fabrication exceeded expectations, but demand for consumer products was lower than expected

- ◆ Here are the quarterly trends in SPE sales, Operating profit and Orders.
- ◆ The left graph shows the trends in sales and profit. Production remained at high, but sales declined 30% by QoQ. Owing to delivery extension requests, sales were largely in line with forecasts. 4Q Sales are expected to increase about 30% over the 3Q.
- ◆ On the right side (Booking and Backlog), 3Q Orders remained strong for power systems and wafer fabrication; however, they were slightly lower than expected owing to a decline in demand for consumer products. 4Q Orders are expected to decrease by about 20% by QoQ because of the continuing downward trend in demand, mainly for consumer products.

Metrology Segment



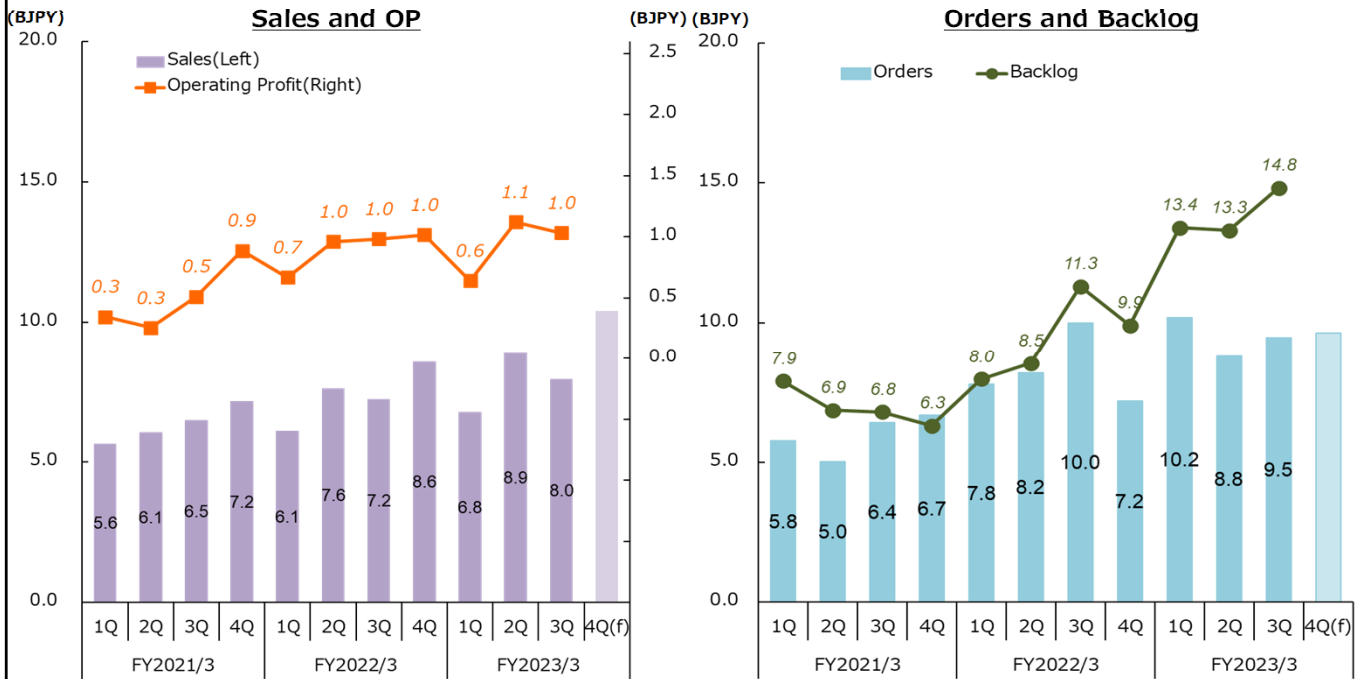
Segment Results (Accumulated, BJPY)	FY2022/3		FY2023/3	
	1-3Q		1-3Q	YoY
Orders	26.0		28.5	+10%
Sales	21.0		23.6	+13%
Operating Profit (OP Margin)	2.6 (13%)		2.8 (12%)	+7%

Quarter(BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY
Orders	7.8	8.2	10.0	7.2	10.2	8.8	9.5	+8%	-5%
Sales	6.1	7.6	7.2	8.6	6.8	8.9	8.0	-11%	+10%
Operating Profit (OP Margin)	0.7 (11%)	1.0 (13%)	1.0 (14%)	1.0 (12%)	0.6 (10%)	1.1 (13%)	1.0 (13%)	-8%	+5%

- Orders remained firm, driven by domestic manufacturing demand
- Sales and Profits were in line with the forecasts for the accumulative and quarterly periods.

- ◆ Next, I will explain the business performance of the Metrology Segment.
- ◆ Accumulated Orders of ¥28.5B, Sales of ¥23.6B, and Operating Profit of ¥2.8B.
- ◆ The resumption of the renewal of facilities that had been held back in the past has led to a gradual recovery in demand for manufacturing, mainly domestic demand, and orders received remained firm.
- ◆ Sales and Operating Profits were almost in line with forecasts and increasing YoY.
- ◆ In the lower row, 3Q results were as follows.

Metrology – Quarterly Trend



- Sales · Profits: Moderate recovery trend continued and was mostly in line with forecasts
- Orders: Moderate recovery trend supported by non-automobile demand, mostly in line with forecasts

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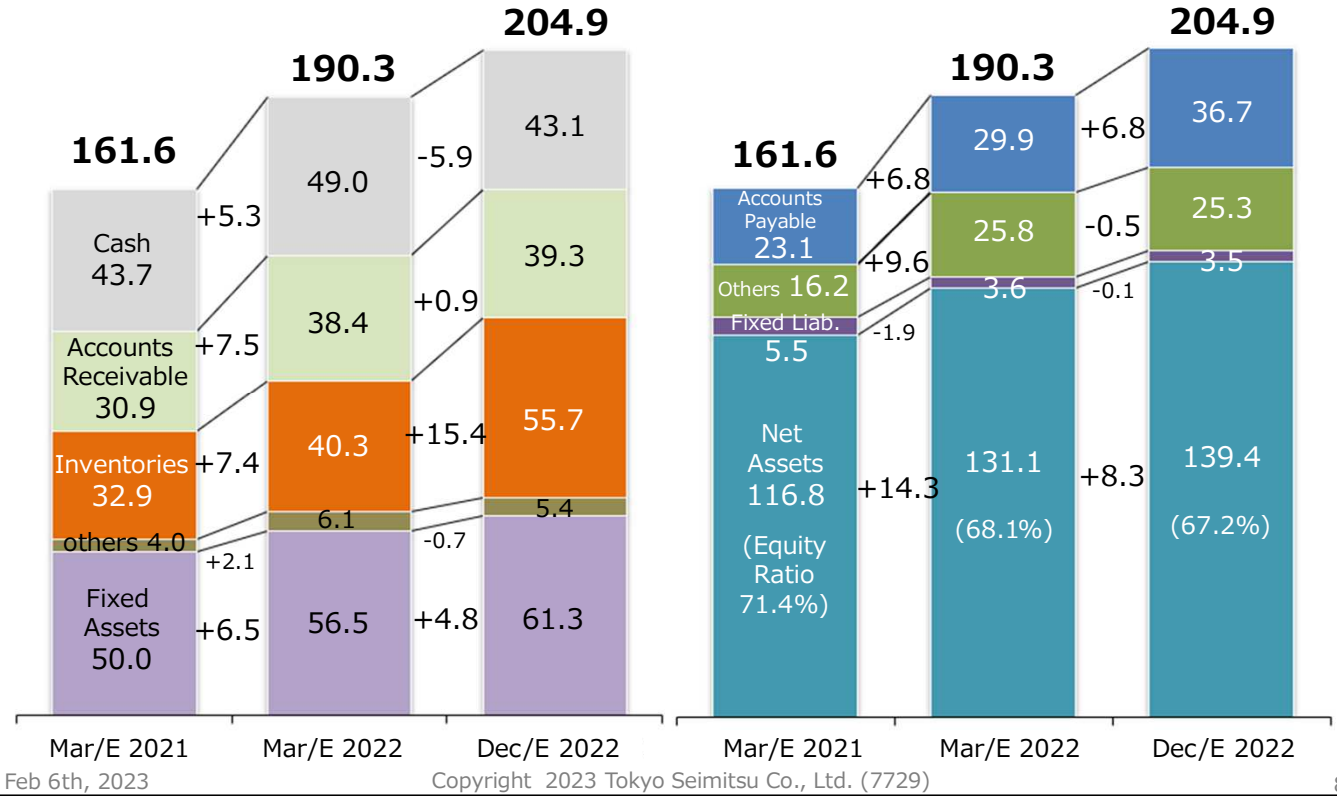
- ◆ Here are the quarterly trends in sales, operating profit, and orders for Metrology.
- ◆ On the left, 3Q Sales and Operating Profit were generally in line with forecasts. 4Q Sales forecasts are expected to be about 30% higher than 3Q.
- ◆ On the right, 2Q orders received were almost in line with forecasts, as domestic demand, especially in the non-auto sector, continued to recover gradually. The Backlog also shows an increasing trend. The forecast for 4Q Orders are expected to be almost flat compared to the 3Q.

Balance Sheet



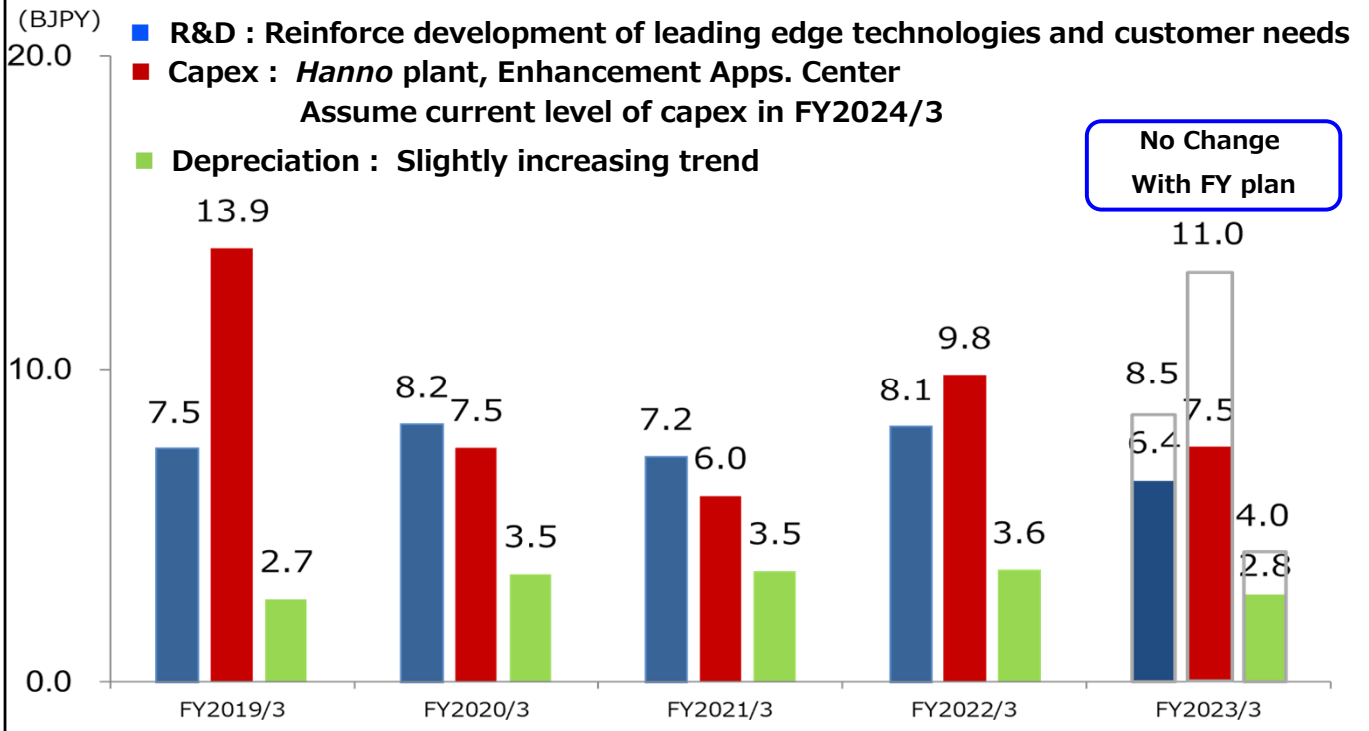
Assets (BJPY)

Liabilities / Net Assets (BJPY)



- ◆ Major notes on the Balance Sheet as of end of December 2022 are:
- ◆ Total assets at the end of December 2022 were ¥204.9B, an increase of ¥14.6B from the end of March. In the assets section on the left, owing to a high backlog of orders, inventories increased for future production. In the upper right-hand side, current liabilities increased mainly owing to a rise in trade notes and accounts payable resulting from an increase in procurement of parts.
- ◆ Consequently, the equity ratio at the end of December came to 67.2%.

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



➤ Following the *Hanno* Plant, start considering plans to build a new plant in the vicinity of the *Nagoya* Plant (target completion date: FY2025).

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- ◆ Here are the actual results of R&D and capital investment, along with the full-year plan for FY2023/3.
- ◆ R&D: FY2023/3 3Q result was ¥6.4B, and we are in a lap. We will continue to strengthen development.
- ◆ Capex: FY2023/3 3Q result was ¥7.5B. This fiscal year, we expect to land as planned based on future payment plans.
- ◆ Regarding the expansion of production mainly for SPE, plans to construct a new plant in the *Nagoya* area following the *Hanno* Plant have been initiated for consideration. Production capacity will be expanded from a long-term perspective.
- ◆ Depreciation FY2023/3 3Q result was ¥2.8B, and it is expected to increase in the future, but is expected to be negligible.
- ◆ This is the quantitative explanation for 2023/3 3Q.

Premises of FY2023/3 Forecasts

(Blue: changed by February)



Overall

- High levels of production will remain
- Parts shortages eased partially, but impact is expected to continue
- Watch for inflation and U.S.-China regulation

SPE

- Orders remain soft for the time being, mainly for consumer products
- Some customers have requested extension of delivery dates, but production slots are being adjusted
- In addition to production expansion and R&D, work on activities to strengthen the application center is underway

Metrology

- Slower than expected recovery in the auto sector, but demand remains firm, especially domestic demand
- Promote sales expansion in semiconductor, NEV, and automation fields

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- ◆ Here is an update of the Premises of FY2023/3 Forecasts announced in November, 2022 , with the changes in blue.
- ◆ Production is anticipated remain at a high level throughout the FY in both segments. Although difficulties in procuring parts are easing, some parts are still difficult to procure, thus the situation remains unpredictable.
- ◆ In addition, the risk of a macroeconomic slowdown owing to rising prices and interest rates has increased, and we will continue to monitor the U.S. restrictions on China closely.
- ◆ As for SPE, we expect soft demand, mainly for consumer products, to continue for at least half a year, but we expect a certain level of support from power systems and wafer demand. Few customers have requested us to adjust the timing of shipments, and adjustments to production slots continue to be handled. Nevertheless, production expansion, R&D, and other activities will persist based on the belief that growth will continue over the long term.
- ◆ In Metrology, although recovery in our core industry, automobiles, is slower than expected, we expect that the overall manufacturing recovery trend, mainly driven by domestic demand, to continue, albeit moderately. Also, our plan is to promote sales expansion in non-automotive fields to expand our business.

FY2023/3 Forecast



Full Year Results And Forecast (BJPY)	FY2022/3		FY2023/3	
	Full Year		Full Year (forecast)	YoY
Sales	130.7		145.0	+11%
Operating Profit (OP Margin)	28.3 (22%)		30.0 (21%)	+6%
Recurring Profit	29.2		31.1	+7%
Net Profit	21.3		22.0	+3%
Dividend per Share	185 Yen		218Yen	+33Yen

	Quarter(BJPY) Per Segment	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q(f)
(SPE)	Orders	33.6	38.2	45.6	35.5	35.9	25.2	20.7	
	Sales	22.7	24.7	24.2	29.5	21.1	34.3	24.1	31.5
(Metr.)	Orders	7.8	8.2	10.0	7.2	10.2	8.8	9.5	
	Sales	6.1	7.6	7.2	8.6	6.8	8.9	8.0	10.4

- No change in forecast previously announced on November 2nd, 2022
- SPE Sales delayed more than expected in 3Q, but expected to recover in 4Q
- Ratified repurchase of own shares (Details: Timely disclosure on February 6th)

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- ◆ Consequently, FY2023/3 Full Year forecast, announced on November 2nd, 2022 remains unchanged. No change in annual dividend forecast for FY2023/3.
- ◆ In addition, as announced today, as part of our efforts to return profits to shareholders, we will repurchase our own treasury stock.
- ◆ The plan is to return profits to each stakeholder by paying dividends to shareholders, repurchasing treasury stock, shortening payment sites for suppliers, and increasing production capacity for suppliers.
- ◆ With this, I conclude my presentation. Thank you very much for your attention.



Investor Information:



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

Integrated Report



https://ir.accretech.jp/en/integrated_report.html

Sustainability Information:



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

Supplementary Data

Segment Information



Million Yen		Fiscal Year				Quarter							
		FY 2019/3	FY 2020/3	FY 2021/3	FY 2022/3	FY2022/3				FY2023/3			
						1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders	SPE	65,335	57,709	93,181	152,896	33,604	38,228	45,575	35,487	35,918	25,246	20,663	
	Metr.	33,573	29,866	23,878	33,159	7,780	8,192	9,995	7,191	10,246	8,788	9,472	
	Total	98,909	87,576	117,060	186,056	41,384	46,420	55,571	42,679	46,165	34,034	30,136	
Backlog	SPE	27,670	29,182	50,619	102,370	61,493	74,990	96,367	102,370	117,153	108,134	104,714	
	Metr.	9,165	7,782	6,301	9,904	7,970	8,535	11,298	9,904	13,367	13,263	14,782	
	Total	36,836	36,965	56,920	112,274	69,464	83,526	107,666	112,274	130,520	121,398	119,496	
Sales	SPE	69,117	56,198	71,745	101,145	22,729	24,731	24,198	29,485	21,135	34,264	24,084	
	Metr.	32,403	31,728	25,359	29,556	6,111	7,627	7,232	8,585	6,783	8,892	7,954	
	Total	101,520	87,927	97,105	130,702	28,841	32,358	31,431	38,071	27,919	43,156	32,038	
OP	SPE	13,195	7,915	13,565	24,698	5,320	5,953	5,294	8,130	5,049	8,874	6,416	
	Metr.	7,025	4,366	1,996	3,628	667	961	984	1,015	641	1,120	1,031	
	Total	20,221	12,282	15,562	28,327	5,987	6,914	6,279	9,145	5,691	9,994	7,448	
OP Margin	SPE	19.1%	14.1%	18.9%	24.4%	23.4%	24.1%	21.9%	27.6%	23.9%	25.9%	26.6%	
	Metr.	21.7%	13.8%	7.9%	12.3%	10.9%	12.6%	13.6%	11.8%	9.5%	12.6%	13.0%	
	Total	19.9%	14.0%	16.0%	21.7%	20.8%	21.4%	20.0%	24.0%	20.4%	23.2%	23.2%	

Statements of Income



Million Yen	Fiscal Year				Quarter							
	FY 2019/3	FY 2020/3	FY 2021/3	FY 2022/3	FY2022/3				FY2023/3			
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	101,520	87,927	97,105	130,702	28,841	32,358	31,431	38,071	27,919	43,156	32,038	
Cost of goods sold	60,430	53,452	60,190	77,694	17,413	19,130	19,360	21,789	15,940	25,783	18,220	
Gross Profit on Sales	41,090	34,474	36,914	53,008	11,428	13,227	12,070	16,281	11,978	17,372	13,817	
Selling, general and administrative expenses	20,869	22,192	21,351	24,681	5,440	6,313	5,790	7,136	6,287	7,378	6,369	
Operating profit	20,221	12,282	15,562	28,327	5,987	6,914	6,279	9,145	5,691	9,994	7,448	
Non-operating income	688	255	540	987	134	66	175	611	824	96	-229	
Non-operating expenses	104	177	235	153	110	27	-76	92	18	25	111	
Recurring Profit	20,805	12,360	15,867	29,160	6,011	6,953	6,531	9,664	6,496	10,065	7,107	
Extraordinary gains	58	57	1,354	390	13	-	-	377	5	58	12	
Extraordinary losses	419	1,712	1,074	34	-	-	-	34	-	-	1,751	
Profit before income taxes and minority interests	20,443	10,705	16,147	29,516	6,024	6,953	6,531	10,007	6,502	10,124	5,368	
Total Income tax and others	5,719	3,598	3,978	8,132	1,651	1,688	1,753	3,038	1,660	3,019	2,011	
Net Profit attributable to Owners of the Parent	14,665	7,156	12,175	21,326	4,356	5,250	4,755	6,963	4,812	7,096	3,338	
Net Profit per Share (Yen)	352.92	171.89	293.83	522.52	106.09	128.30	117.06	171.34	118.38	174.47	82.05	
Net Profit per Share (diluted) (Yen)	350.23	170.72	291.43	517.51	-	-	-	-	-	-	-	-

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Balance Sheet



(Million Yen)		FY2020/3	FY2021/3	FY2022/3	FY2023/3(3Q)
Current Assets	Cash and cash equivalents	34,640	43,657	49,033	43,141
	Accounts Receivable ※1	29,633	30,946	38,367	39,317
	Inventories	30,152	32,886	40,325	55,704
	Others	3,345	4,025	6,103	5,423
	Total	97,771	111,516	133,829	143,586
Total Fixed Assets		48,777	50,039	56,457	61,323
Total Assets		146,549	161,556	190,287	204,910
Current Liabilities	Accounts Payable※2	16,895	23,062	29,876	36,681
	Others	12,121	16,233	25,765	25,299
	Total	29,017	39,296	55,641	61,980
Total long-term liabilities		7,857	5,482	3,564	3,454
Total Liabilities		36,874	44,778	59,206	65,435
Total Net Assets		109,674	116,777	131,081	139,474
Total Liabilities and Net Assets		146,549	161,556	190,287	204,910
Total interest-bearing debt		9,641	7,581	5,497	3,673
Equity Ratio(%)		73.9%	71.4%	68.1%	67.2%
ROE(%)		6.7%	10.9%	17.4%	-

※1: Incl. Electronically recorded monetary claims

※2: Incl. Electronically recorded obligations-operating

Expenses and Cash Flows



(Million Yen)	FY2020/3	FY2021/3	FY2022/3	FY2023/3(3Q)
R&D expenses	8,234	7,193	8,146	6,399
Capex	7,477	5,950	9,793	7,493
Depreciation(excl. Amortization)	3,450	3,516	3,551	2,757

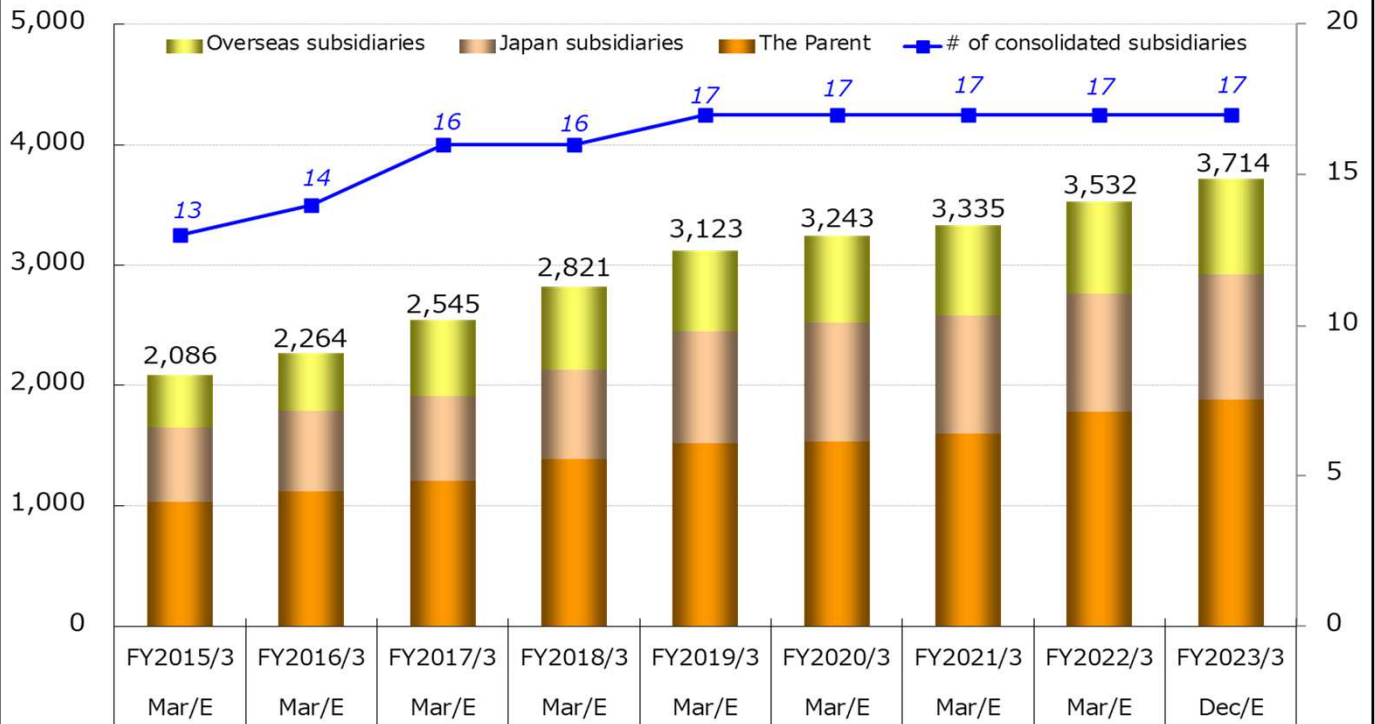
(Million Yen)	FY2020/3	FY2021/3	FY2022/3	FY2023/3(1H)
Cash flows from operating activities	5,965	22,062	23,837	4,611
Cash flows from investing activities	-6,116	-5,191	-8,990	-4,803
Free cash flows	-150	16,871	14,846	-191
Cash flows from financing activities	-6,375	-8,282	-10,346	-5,120
Adjustments	-159	429	882	1,055
Cash and cash equivalents at the end of year	34,605	43,624	49,006	44,749

Number of employees



Number of Employees (person)

of Consolidated Subsidiaries



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