ACCRETECH

INTEGRATED REPORT 2024

Tokyo Seimitsu Co., Ltd.

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Editorial Policy

The Tokyo Seimitsu Group began publishing an integrated report in fiscal 2022 to provide financial information and non-financial information, including environmental, social, and governance (ESG) information, in an integrated manner to stakeholders including customers, shareholders, and investors, and provide them with understanding regarding the Group's initiatives aimed at continuously enhancing corporate value. In compiling data for this report, in addition to the IIRC (now IFRS Foundation) "International Integrated Reporting Framework" and the "Guidance for Collaborative Value Creation" from the Ministry of Economy, Trade and Industry, we have referred to the valuable opinions of stakeholders in order to make improvements.
Detailed financial information, non-financial information, etc. not provided in this report is available on our website. Therefore, please refer to our Information Disclosure Structure to help you find the information you are looking for.

Environment Social Governance
価値協創ガイダンス

Information Disclosure Structure

Scope of the Report

Period Covered
This report mainly covers the period from April 1, 2023 to March 31, 2024. It also includes some topics from before and after that period.

Organizations Covered
The Tokyo Seimitsu Group, comprising Tokyo Seimitsu Co., Ltd. and its consolidated subsidiaries. In principle, reporting covers both Tokyo Seimitsu Co., Ltd. and its consolidated subsidiaries. However, some non-financial data covers Tokyo Seimitsu Co., Ltd. only.

Accounting Standards
Unless otherwise stated, reporting is in accordance with Japan GAAP.

Cautionary Note Regarding Forward-looking Statements
The plans, strategies, and future prospects described in this report are based on certain assumptions that we consider reasonable at the time of disclosure. Actual results may differ due to various factors.

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https://www.accretech.com/en/contact/index.html

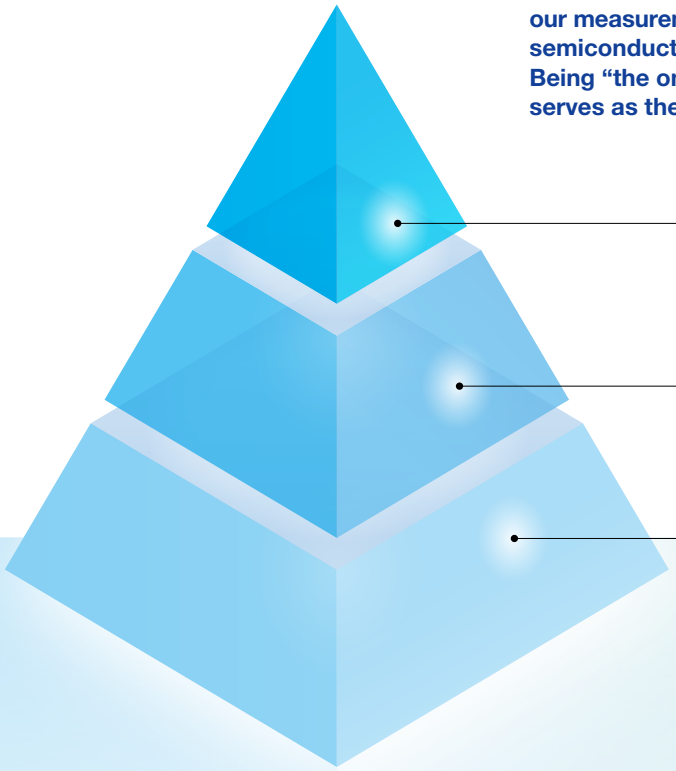
Tokyo Seimitsu's Aspirations

Tokyo Seimitsu aims to realize a "future full of dreams" through the fusion of technology, wisdom, and information from all over the world by deeply focusing on the technology inherited since the Company's founding and inheriting the "soil to cultivate technology and achieve innovation"

Purpose

Gaging the future with Metrology, Creating the future with Semiconductors

Starting as a precision measuring instrument business, the Tokyo Seimitsu Group has been providing precision measuring instruments equipped with advanced measurement technology to industries since its inception. We have also been utilizing our measurement technology to respond to advanced miniaturization, three-dimensional design, and higher efficiency in the semiconductor manufacturing equipment business.
Being "the only semiconductor manufacturing equipment manufacturer with a metrology business" makes us unique and serves as the source of our strength.



Vision

The Tokyo Seimitsu Group is always committed to building a "future full of dreams."

Mission

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

Value

We strive to create WIN-WIN relationships with all stakeholders, including customers, shareholders, suppliers, employees, local communities, and the international community, and to play an active role in realizing a sustainable society and enhancing corporate value.

Corporate culture — **Providing the soil to cultivate technology and achieve innovation**

Core technologies — **Precision measurement capabilities**

Corporate Brand

ACCRETECH

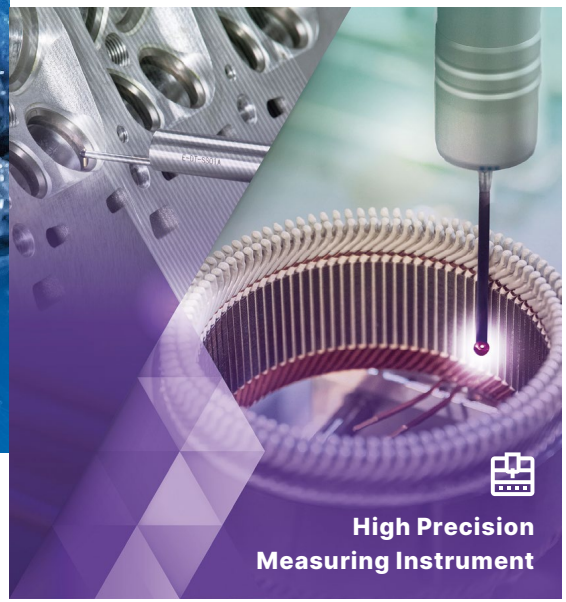
A fusion of "Accrete" and "Technology," signifying "Grow Together." Our symbol represents our Corporate Philosophy, which is "Growing together with partners and customers by collaborating technology, knowledge, and information to create the world's No. 1 products."

Tokyo Seimitsu's DNA and Mission

Providing the Highest-level Technology to Achieve the World's No. 1 Manufacturing

WIN-WIN Relationships Create The World's No.1 Products

Our mission is to work with our customers to achieve the world's best manufacturing activities.
Breakthrough technologies are needed to realize next-generation products and bring them to market.
We provide precision measuring instruments and semiconductor manufacturing equipment that leverage the world-class technological expertise we have cultivated over more than 70 years since our founding to offer new possibilities for our customers' manufacturing operations.



"No Measurement, no Manufacturing"

"Measurement" is an essential part to all manufacturing. Based on the concept of "No measurement, no manufacturing," we support the development of industries around the world with our ultra-high-precision, high-speed measurement technology for all kinds of objects.
This ability to measure precisely also supports the evolution of semiconductors in terms of high performance and miniaturization.
We contribute to affluence in people's lives and a new future by remaining abreast of the times.

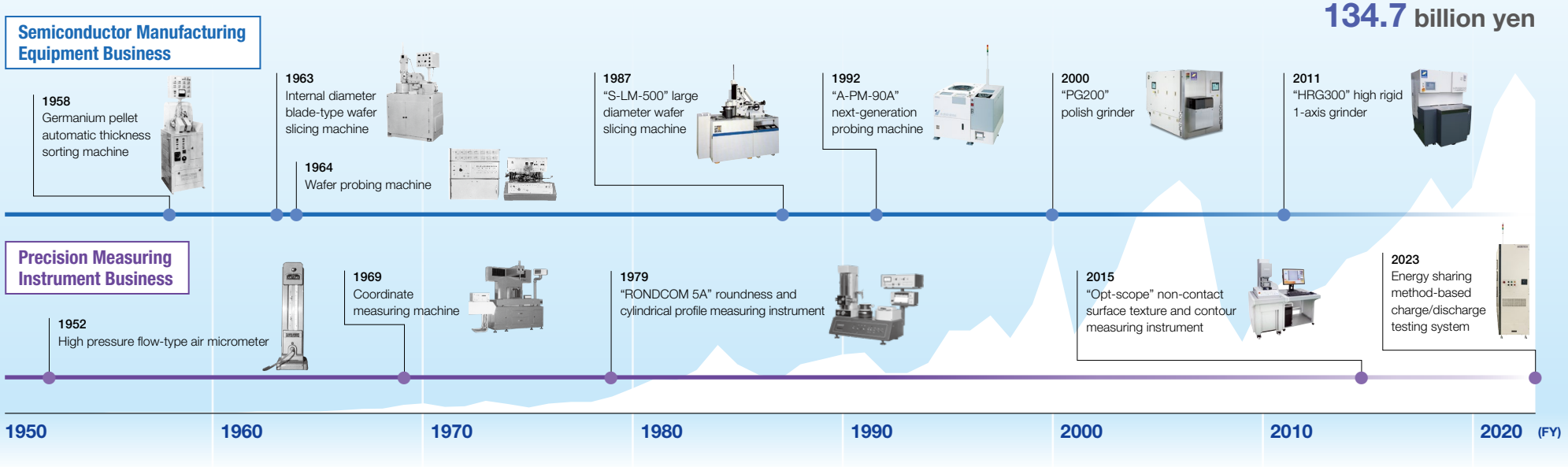
The History of Tokyo Seimitsu

"Precision measurement capabilities," which is Tokyo Seimitsu's core technologies, have brought about various innovations during the history of Tokyo Seimitsu. We will continue to hone our core technologies in order to add value to our products and services, and look at various possibilities to respond to the needs of customers and society and solve their issues.

Our Growth Trajectory

Supporting the evolution of global manufacturing with a spirit of challenge toward technological innovation

Net sales in fiscal 2023
134.7 billion yen



Evolution of Tokyo Seimitsu

From the dawning of the Company to the establishment of its technological base

- Based on the technical capabilities that were successfully developed with cutting tools for advanced sewing machines, we respond to the sophisticated needs of the automotive and sewing machine industries
- Entered the precision field with air micrometers
- Entered the semiconductor field with the development of a "germanium pellet automatic thickness sorting machine"

Period of full-scale development through original technological development

- Accumulated various technologies to "measure" all types of things for Japanese industry
- Developed Japan's first "internal diameter blade-type wafer slicing machine" and "wafer probing machine"

Recovery from recession and proactive development of unique new products

- Captured a 70 to 80% share of the global market with the internal diameter blade-type wafer slicing machine developed in response to the trend toward larger-diameter silicon wafers
- Received acclaim for our roundness and cylindrical profile measuring instrument, which employed the world's most advanced technology

Decisive implementation of management reforms and concentrated investment in strategic products

- Made aggressive R&D and capital investments in strategic products, such as "wafer slicing machines," "probing machines." and "dicing machines" to conduct business recovery following the prolonged recession caused by the collapse of the bubble economy
- Captured top share of global probing machine market with the "A-PM-90A"

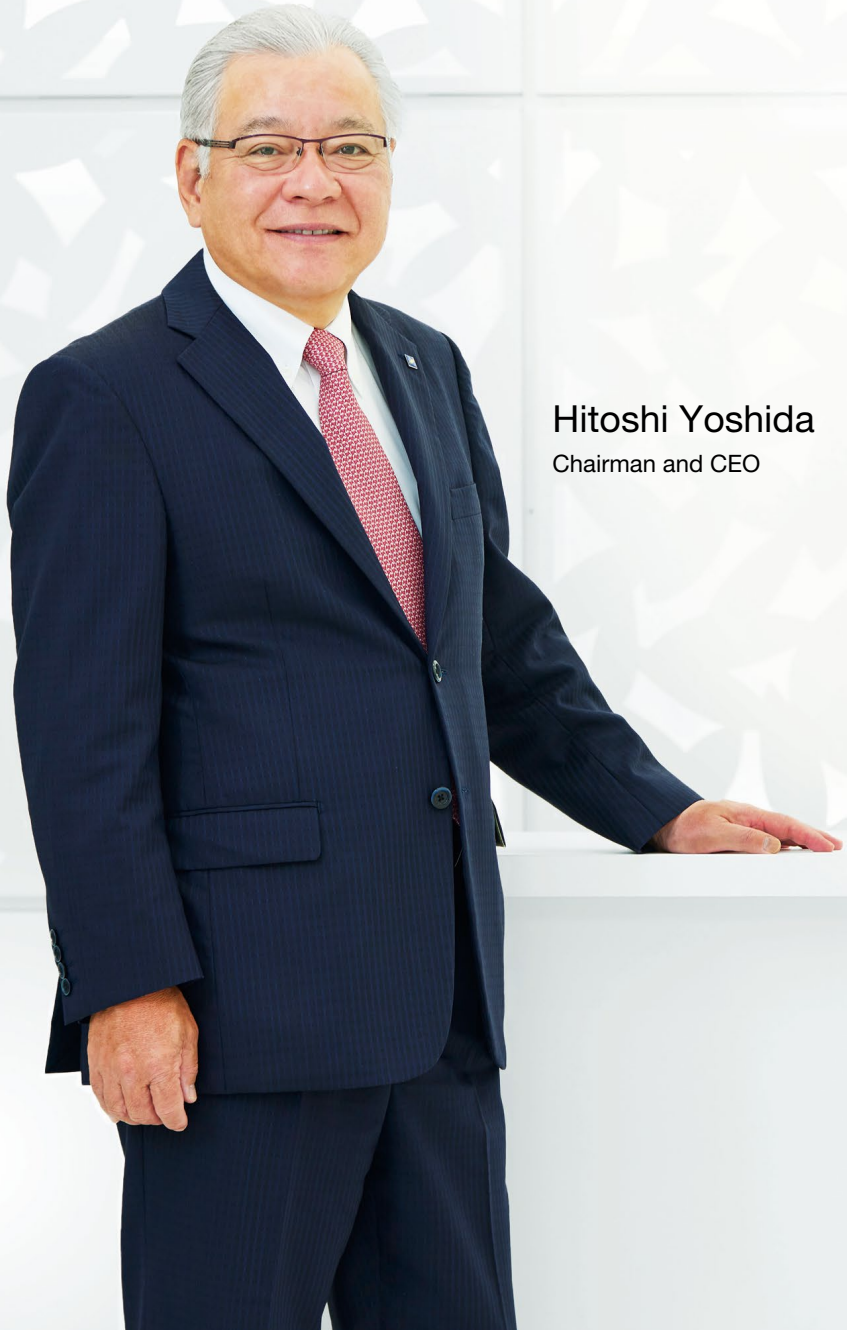
Restructuring of business by keeping an eye on the future and building an unshakable management foundation

- Formed an alliance with Germany's Carl Zeiss to streamline product development and expand sales through the mutual supply of products
- Introduced an "in-house company system" and an "executive officer system," establishing the management foundation that continues to the present

Strategic investment and increased production Reinforcement of policies to become a sustainable society

- Established the Sustainability Committee to reinforce efforts toward creating a sustainable society
- Developed and launched a high rigid grinder optimized for processing power semiconductors (compound semiconductors)
- Expanded operations through acquisition of precision blade, balancer, and charge/discharge testing system businesses

Message from CEO



Hitoshi Yoshida
Chairman and CEO

Initiatives for Building the Future and Enriching Society

Further enriching society is the value of our existence. As would be expected, we primarily contribute to enriching society through our products since we are a manufacturing group. Our precision measuring instruments and semiconductor manufacturing equipment are all indispensable products that support global infrastructure and lead the way to a prosperous future. As this happens, we would like to demonstrate the unique value of our existence. These types of desires are integrated in the Purpose of the Tokyo Seimitsu Group, which is “Gaging the future with Metrology, Creating the future with Semiconductors.”
Complementing our Purpose and providing the path to its realization are our “Vision,” “Mission,” and “Value” statements, and our “Basic Sustainability Policy,” which conveys our intentions such as “striving to create WIN-WIN relationships with all stakeholders, and to play an active role in realizing a sustainable society.” Established in 2021, the “Sustainability Committee” serves as the main organization for the execution of sustainability-related initiatives. Also comprised of the heads of each of our main businesses, the committee takes a series of sustainability-related principles and incorporates them into individual corporate activities. Our sustainability-related activities continue to bear fruit in various ways, including the development of products that will be able to contribute to reducing CO_2 emissions and sales activities that promote such products. These activities have also increased understanding of sustainability among the Group employees.

Environment

It is Important to Gain an Understanding about Actual Conditions through Numbers

We are also making progress with our specific ESG initiatives.
On the environmental front, we are working to help “achieve carbon neutrality by 2050.” The Group has agreed with Japan’s initiative aimed at eliminating CO_2 emissions by 2050. The Tokyo Seimitsu Group is currently implementing various initiatives for reducing CO_2 emissions. For the semiconductor manufacturing equipment business, we have set a target of reducing CO_2 emissions 35 to 50% lower than 2018 levels for each product using unit of production as a basis by 2030. In fiscal 2023, we were able to achieve this target with more than 80% of our products. We are also currently establishing targets for the precision measuring instrument business. Although our total electricity consumption and CO_2 emissions have increased due to launching the new Hanno Plant into operation, we aim to reduce CO_2 emissions 50% lower than 2018 levels by 2030 by further promoting our efforts to switch over to green energy and other measures.
Furthermore, we also aim to quantify and then reduce CO_2 emissions created through the use of products manufactured by the Group. When looking at semiconductor manufacturing equipment, a typical example would be the establishment of target aimed at measuring and reducing the amount of CO_2 created during the processing of a single wafer using a grinder. For precision measuring instruments, we aim to contribute toward achieving carbon neutrality through society’s shift to electric vehicles (EVs). Charge/discharge testing systems for rechargeable batteries will play a major role in this effort. In addition to contributing to the improvement of battery performance, a unique “energy sharing method” has been developed, in which the battery being tested can also be used as a storage battery for the electricity used in the test, thereby reducing power consumption and achieving energy savings of up to 30% (in-house comparison).
The CO_2 emission reduction is a priority issue that all of humanity should address, as observed around the world. I also recognize CO_2 emissions to be a major management risk. In any case, as it is important to gain an understanding about actual conditions through numbers, CO_2 emissions will also continue to serve an important indicator used in design reviews conducted by top management for future product development. We will also make necessary investments for environmental risk countermeasures and creating new business opportunities stemming from responding to climate change.

Society

Recruitment of Women and Reflecting the Voices of Employees from Overseas are Social Issues that We are Facing

I believe that diversity is a major social issue. It is important for a company to consist of people with different values and perspectives, who have various opinions, and aggregate all of these to determine a single direction to head in. However, in a situation where employees have the same attributes, that directional course will be distorted. We will improve that situation.
Another reason why we will have few female employees is because Tokyo Seimitsu is a technology company. We have set a female recruitment rate of 20% or higher for regular employee positions and a ratio of females in regular employee positions at 10% or higher as targets, and have somehow managed to achieve these targets despite having difficulty gaining new employees due to ongoing difficulties in hiring and other factors. As for new graduates, the percentage of female applicants has finally increased to the 20 to 30% range, so we are considering whether further steps for increasing this rate will be necessary.
The same is true for overseas human resources. At present, we have overseas subsidiaries in 18 countries. We would like to be able to listen to the opinions of employees working at those subsidiaries so that they can be sufficiently reflected in our policies. This is why we hold a management training workshop once a year during which all managers of overseas subsidiaries gather at our head office. Meeting face-to-face has definitely deepened their relationships and is also starting to have a positive impact on their work.
Furthermore, we conducted human rights due diligence in fiscal 2023 examining 113 suppliers involved in our Group’s business. As one of our goals is to share our awareness of sustainability with our suppliers, we hope that they will work with us in order to raise their awareness.

Corporate Governance

Giving Importance to Anticipating and Preparing for Various Risks

Something that we are concerned about from a corporate governance perspective is risk management. Even if we are unable to respond to all risks, we need to know how to anticipate and prepare for them. As a company, it is necessary for us to act systematically.
Our primary focus is on the lives and health of our employees and their families, followed by the survival of the Company. It is also necessary to provide support to our suppliers. We are currently conducting safety confirmation drills that all employees participate in and are prepared to promptly inquire about the safety of our suppliers and provide any necessary support.
Additionally, although we strengthened the governance of our overseas subsidiaries and affiliates in fiscal 2023, we have not yet been able to solve all of the governance-related issues at those locations. At present, since there appears to be a trend toward weakening governance, we would like to strengthen education, guidance, and auditing. As part of our efforts to promote sustainability awareness, we are in the process of collecting and disclosing non-financial information, such as environmental and human resource related information.
The diversity of the Board of Directors is probably an issue that we will face moving forward. In the future, I would like to see the Company increase the ratio of female directors to 30% through internal promotions. However, this will not easy to accomplish because there are still not many female employees in managerial positions. Indeed, I believe that our first priority is to increase the number of female employees and female managers at the Company.

In Closing

Efforts for Promoting Understanding of Our Sustainability Initiatives

In recent years, sustainability has become an increasingly popular topic of conversation during interactions with our customers and investors. When guiding customers through our plants, we often receive many questions related to power generation. Shareholders and investors have started asking questions about the environment and our ratings by evaluation organizations during discussions on business performance and new products. I feel that the entire world is now taking sustainability seriously.
Under these circumstances, our efforts to actively promote our stakeholders' understanding of our sustainability initiatives are being questioned. This Integrated Report serves as a tool that will help provide information about those efforts. I hope that you will deepen your understanding about the Group by looking at our specific initiatives and their results.

Message from COO

Honing Core Elemental Technologies to Add Value to Our Products and Services

I value our engineers' desire to do things. I always tell them to spend 10% or even 5% of their working hours on developing the elemental technologies that they want to develop, regardless of how busy they are. When money is needed for elemental technology development, a budget is created based on my approval.

In the past, there was an engineer at the Company who proposed the manufacture of a grinder that had never existed. This proposal was based on concept that challenged the common approach of using a soft grindstone for grinding hard materials by recommending that hard grindstones be used for grinding hard materials. Since he insisted on having us create this product, we worked out a budget and had him travel around the world for about six months to perform market research to see if it would really be a success. Since it was determined that it would "sell" if brought to market, a budget was made and the product was commercialized. Despite this effort, it was too early for its time. However, a few years later, the need for SiC (silicon carbide) substrate processing had emerged, resulting in strong sales of the product. Now, this technology is demonstrating our superiority worldwide also in Si (silicon) substrate and Hybrid Bonding* applications. This goes to show that common practices should be questioned.

When looking at companies that have survived for decades, it can be said that they all possess solid core technologies and products, equipment, and solutions that sell, even if they are a bit expensive. Even in the world of semiconductor manufacturing equipment, if there are products that feature solid core technologies but have no value added, they will be eliminated by cheaper products, such as those made in foreign countries. That is why the Tokyo Seimitsu Group, the only corporate entity in the world that has the combined strength of a precision measuring instrument business and semiconductor manufacturing equipment business, must strive to provide the added value of providing measuring capabilities during semiconductor device manufacturing while refining our core elemental technologies.

* A technology used to directly connect two or more semiconductor devices without using copper connection electrodes, etc.

Ryuichi Kimura
President and COO

Message from COO

Final Year of the Mid-term Business Plan

Promoting the Integration of Semiconductor Manufacturing Equipment and Precision Measuring Instrument in Order to Respond to New Needs

The current mid-term business plan, which was launched in 2022 and is based on the integration of semiconductor manufacturing equipment and precision measuring instrument in order to respond to new needs, is now in its final year, which is the third year of the Plan. Although we have set targets of 170 billion yen in consolidated net sales, 37.5 billion yen in operating profit, and ROE of 15%, these targets will be difficult to achieve if the mid-2024 business environment continues through the end of the fiscal year due to the prolonged slump in the market for consumer devices, including PCs, smartphones, and home appliances. Nevertheless, the Chinese market is strong overall with demand growing for AI and SiC. Since the market atmosphere is changing, I believe that we will be able to adequately reach the targets in the near future after the market recovers. Operations at the Hanno Plant, which started in July 2023, are also going well, meaning that we have sufficient production capacity to meet demand after the market recovers.

During the current mid-term business plan, we promoted the integration of our semiconductor manufacturing equipment business and precision measuring instrument business. As a result of restructuring the former vertically segmented organization so that employees from one business can attend technical meetings held by the other and think about where customers' needs lie from their respective perspectives, the integration of these businesses is being manifested in the form of newly released equipment and their functions.

One result of this integration is the use of "Opt-scope," a non-contact surface texture and contour measuring instrument, on top of the Group's highest selling probing machine*1. In conventional needle track inspections, needle tracks could only be measured in two dimensions. However, Opt-scope has made it possible to measure needle tracks in three dimensions (height, width, and depth). Similarly, by mounting Opt-scope on a dicing machine*2, it is possible to ascertain the shape of the bottom surface of the wafer's machining groove. Since the use of Opt-scope in both scenarios can contribute to improving the accuracy of semiconductor manufacturing processes, we can say that it is a product unique to the Tokyo Seimitsu Group, which possesses core technologies for both semiconductor manufacturing equipment and precision measuring instrument. Several other projects are currently underway. We intend to increase consolidated sales to 13 billion yen within three years through synergies from the integration of semiconductor manufacturing equipment and precision measuring instrument, including increasing the number of new products, customers, and market share.

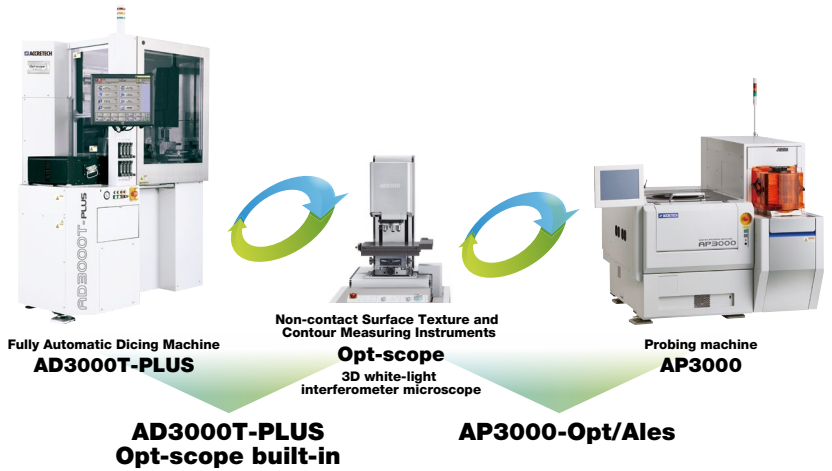
We also developed new equipment capable of responding to the emergence of the new process called "Hybrid Bonding." This includes equipment such as the high-rigidity grinding machine previously mentioned and use of our cleaning technology, cultivated through the development of "CMP (Chemical Mechanical Planarizers) devices" that polish/flatten the surface of wafers, for grinders.

While the need for more uniform thicknesses to make wafers flat is increasing in order to reliably connect semiconductors during the Hybrid Bonding process, the boundary between front-end processing and back-end processing is blurring throughout the semiconductor industry. For example, let's look logic semiconductors used for AI and high-bandwidth memory (HBM). There is an emerging trend to perform wafer thinning during back-end processing and then subject them again to front-end processing, which requires a high level of cleanliness. The need is also growing for equipment used in back-end processing to have high-level wafer cleaning capabilities for removing fine particles, especially heavy metals such as copper, which must never be part of front-end processing. We have developed new equipment that satisfies these needs and paves the way for further enhancement of semiconductor functionality.

In recent years, global companies have also introduced their own inexpensive semiconductor manufacturing equipment to the market. We will be unable to compete if we cannot create new added value. I believe that the path that the Group should involve listening carefully to feedback from customers and employees, and continuing to create useful functions that cannot be created by our competition.

*1: A device for conducting current flow performed by precisely positioning metal needles (probes) on the electrodes of IC chips formed on wafers.

*2: A device that cuts a large number of ICs formed on a wafer into individual chips.



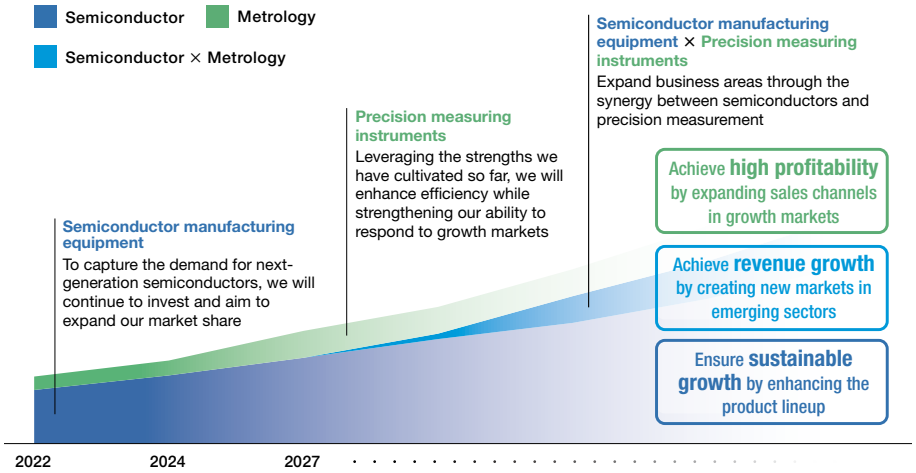
Mid- to Long-term Vision

Maintaining Positive Characteristics Similar to Those Found in “Small and Medium-sized Enterprises” and an “Environment that Allows Our Engineers to Develop the Technologies that They Want to Develop”

I will now talk about the future of the Group. Although it is difficult to predict how society as a whole will change, semiconductors will never disappear regardless of what happens. In fact, the era in which semiconductor devices will be needed in large quantities due to the advancement of IT technology is just around the corner. Precision measuring instruments will continue to be required as long as manufacturing exists. Therefore, the Group will continue to conduct business through both its semiconductor manufacturing equipment and precision measuring instrument businesses.

Even with our current business portfolio, I believe that we will be able to reach a level to which annual consolidated net sales will exceed 200 billion yen, and expect that we will be able to add tens of billions of yen to that amount by expanding our market share. A particular example of a business that is expected to grow in the future in the precision measuring instruments field is our NEV (new-energy vehicle) battery charge/discharge testing system solutions business. There is no doubt that there will be an increase in the number of NEVs and demand for storage batteries in the future. In addition to the development of testing systems, I would like to also see the Company expand into the consigned measurement business in order to obtain the latest information from the measurement field and understand technological trends.

After that, while it is important for us to come up with completely new ideas on our own, we also hold a strategic vision of applying and expanding our business without missing the essence embedded in the requests we receive from customers asking, “Can you do something like this?” Further development of collaboration between the Head Office and overseas subsidiaries to maximize the Group’s collective strength to turn it into a truly international company will also be essential for the Group’s long-term growth. However, even as we expand in size, I want the Company to maintain the “positive characteristics similar to those found in small and medium-sized enterprises,” allowing us to respond to situations quickly and making it possible for management to see the whole picture, and maintain an environment that allows our engineers to develop the technologies that they want to develop. Large corporation disease starts to spread when employees begin thinking that “all they have to do is follow instructions from their superiors.” When that happens, something needs to be done about it.



Next Mid-term Business Plan

Considering the Creation of a Mid-term Business Plan that Covers More Than a Three-year Period

As a first step toward the future, the next medium-term business plan, which starts in fiscal 2025, will be formulated. However, I feel a bit doubtful whether the concept of a “mid-term business plan” is correct. Since the Group is active in the equipment industry, net sales will fluctuate considerably depending on the economy, we cannot say for certain at this time what will happen in three years’ time. There are both good times and bad times for business. It is an industry in which sales will increase over the medium-to-long term.

However, it would be a problem if there are no quantitative targets. This means that although mid-term business plans will probably continue to be used, we need to think about the length of time each plan should cover. Perhaps having a plan that covers anywhere from a five- to ten-year period is more desirable. Although I cannot say what our course of action will be in this regard, we are clear on what we want to do.

Message from COO

ESG Initiatives

Helping Society by Contributing to Device Manufacturing

The Purpose of the Tokyo Seimitsu Group is “Gaging the future with Metrology, Creating the future with Semiconductors.” In line with this Purpose, I believe that the Group’s approach to ESG is to contribute to society by helping companies create the future through products, such as when manufacturing power semiconductor devices that reduce CO_2 emissions globally.
As one would expect, we are engaged in various environmental activities at our plants and also measure CO_2 emissions throughout the supply chain. However, since we are not a company that uses large amounts of electricity to manufacture products, it is difficult for us to significantly contribute to society by reducing direct CO_2 emissions. We reduce CO_2 emissions in our own way by providing manufacturing equipment that contributes to increasing the performance of power semiconductors or uses as few chemical substances as possible.
As for social initiatives, we are focusing on promoting diversity. The Group welcomes anyone, regardless of their gender identity or nationality. Recently, we have launched an initiative to assign employees of overseas subsidiaries to the head office, train them to become managers, and assign Japanese subordinates to help them in managing international sales and marketing. When it comes to international sales and marketing, it is better to have native speakers of the language of a particular market involved who understand the nuances of that language. On the other hand, assigning employees of overseas subsidiaries to work in Japan will allow them to gain an understanding about Japan, which will definitely help them when they return to their home countries five to ten years later. I believe that eventually some of these people will end up becoming officers of the Company. It is completely fine if they become members of top management.
In terms of governance, we are currently promoting the development of next-generation management. More than a dozen of future manager candidates received external training in areas including law and accounting and have experienced working in various departments to broaden their perspectives. A list of manager candidates providing background information on each candidate as well descriptions of their strengths and weaknesses is submitted to the Nomination and Compensation Council, which is comprised of external directors, so that they can be considered for nomination.

Message to All Our Stakeholders

Valuing People’s Desires to Do What They Want for the Company

It has been my unchanging belief for the past 30 years since I was a section manager that we should value an employee’s desire to do something they want for the Company. When employees like the company that they work for, their goals will strongly align, which will surely improve the company.
I think that the same holds true for our stakeholders, who are made up of shareholders, investors, customers, business partners, and local communities. Let us respond to and value “people’s desire to do things.” Also, I would like all the stakeholders to grow fond of the Company. We look forward to your continued support of Tokyo Seimitsu for many years to come.

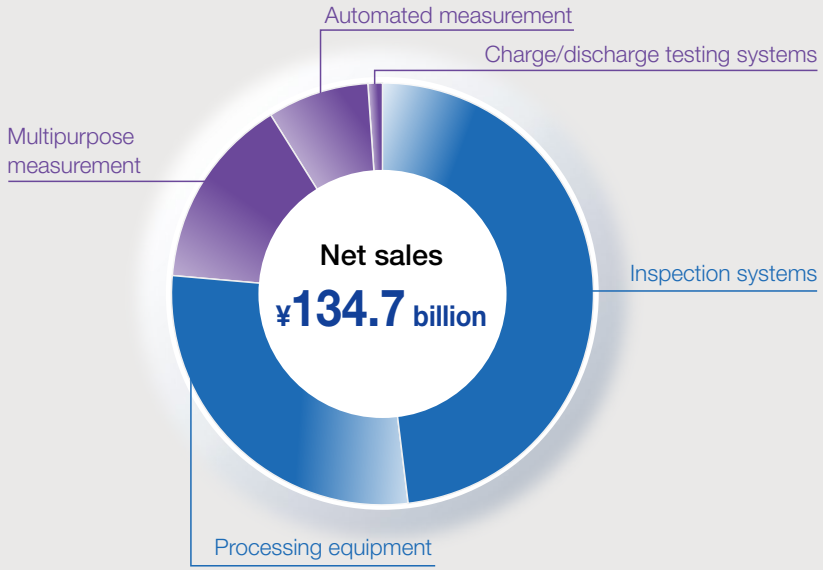
Overview of Tokyo Seimitsu's Businesses

Tokyo Seimitsu achieves stable earnings through operations in two fields of business: semiconductor manufacturing equipment department and precision measuring instrument department. By boosting the synergy between these two businesses, we have earned a high share of the global market as the only manufacturer of semiconductor manufacturing equipment that also has measurement technologies.

Business Portfolio

Precision Measuring Instruments

We provide high-precision measuring instruments used in measuring rooms and machining tooling lines in various industries around the world, including the automotive, heavy duty equipment, and aircraft industries. We are also focusing on the development of charge/discharge testing systems for rechargeable batteries in order to respond to the needs of new markets, including the NEV and renewable energy markets.

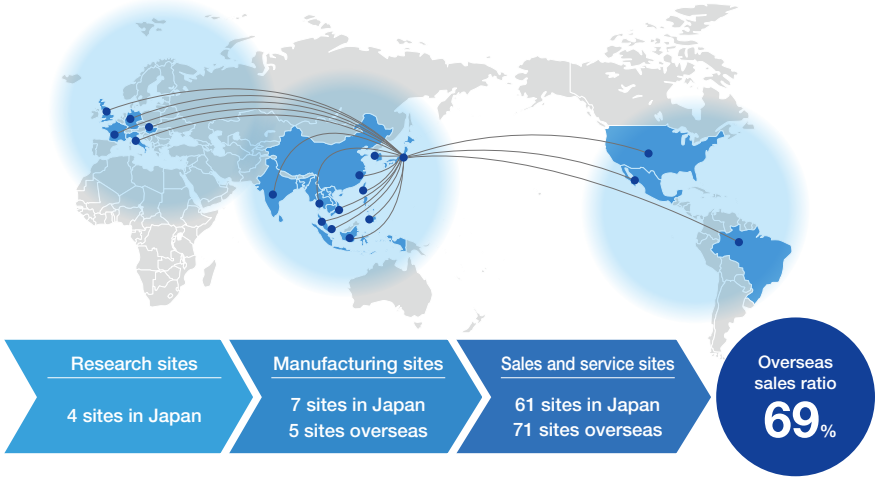


Semiconductor Manufacturing Equipment

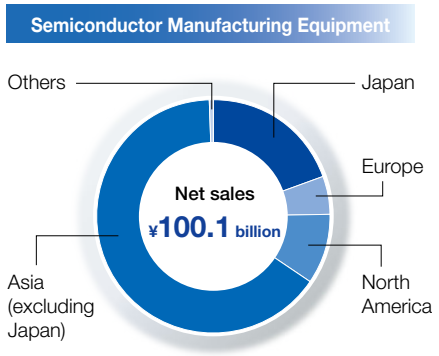
We provide semiconductor manufacturing equipment in the wafer fabrication and processing fields, as well as in individual operations, e.g., testing, grinding, and cutting in the semiconductor manufacturing process. Also, we support our customers' construction of optimum production systems for semiconductor manufacturing processes.

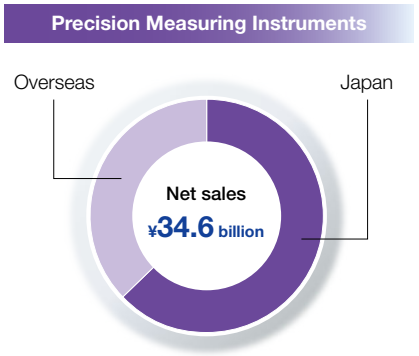
Global Network Supporting the World's Leading-edge Manufacturing

There are 71 Group companies located in 18 countries and regions to provide on-site support for the world's leading-edge manufacturing activities. Providing prompt and meticulous support is earning the strong trust of our customers.



● Sales by Region





Tokyo Seimitsu's Product Characteristics

Semiconductor Manufacturing Equipment

Semiconductor manufacturing equipment that is essential to producing next-generation and other leading-edge devices

- Probing machines
- Dicing machines
- High rigid grinders
- Polish grinders
- CMPs (chemical mechanical planarizers)
- Edge grinders
- Sliced wafer demounting and cleaning machines

Probing machines
Top share of the global market

Precision Measuring Instruments

Supporting and ensuring manufacturing at automobile and other production sites by offering the world's highest level of precision, speed, and resistance to environmental factors

- Coordinate measuring machines
- Surface texture and contour measuring instruments
- Roundness and cylindrical profile measuring instruments
- Optical measuring instruments
- Optical shaft measuring instruments
- X-ray CT systems
- Charge/discharge testing systems
- Machine control gauges

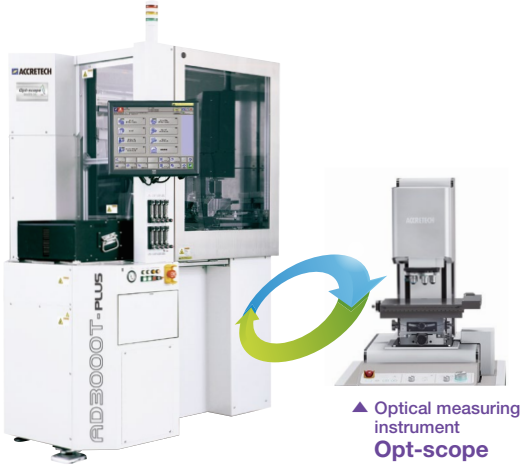
Coordinate measuring machines, surface texture and contour measuring instruments
Top share of the Japanese market

Technical Synergies Between the "Semiconductor Manufacturing Equipment Business" and "Precision Measuring Instrument Business"

Applying the measurement technology of the precision measuring instrument business to semiconductor manufacturing equipment enables higher precision machining and inspections.

AD3000T-PLUS
Opt-scope built in

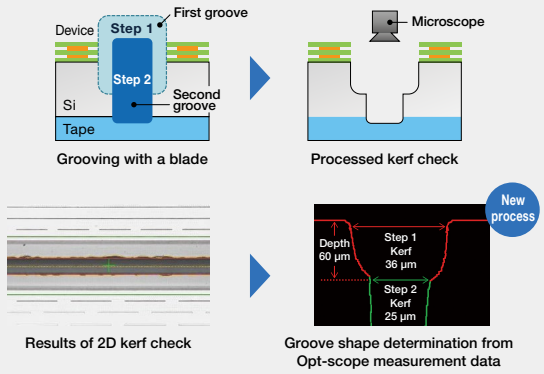
Dicing machines are equipped with non-contact measurement technology to support new inspection functions



Dicing machine ▶
AD3000T-PLUS

▲ Optical measuring instrument
Opt-scope

● Dicing machines can be used for measuring machining groove profiles



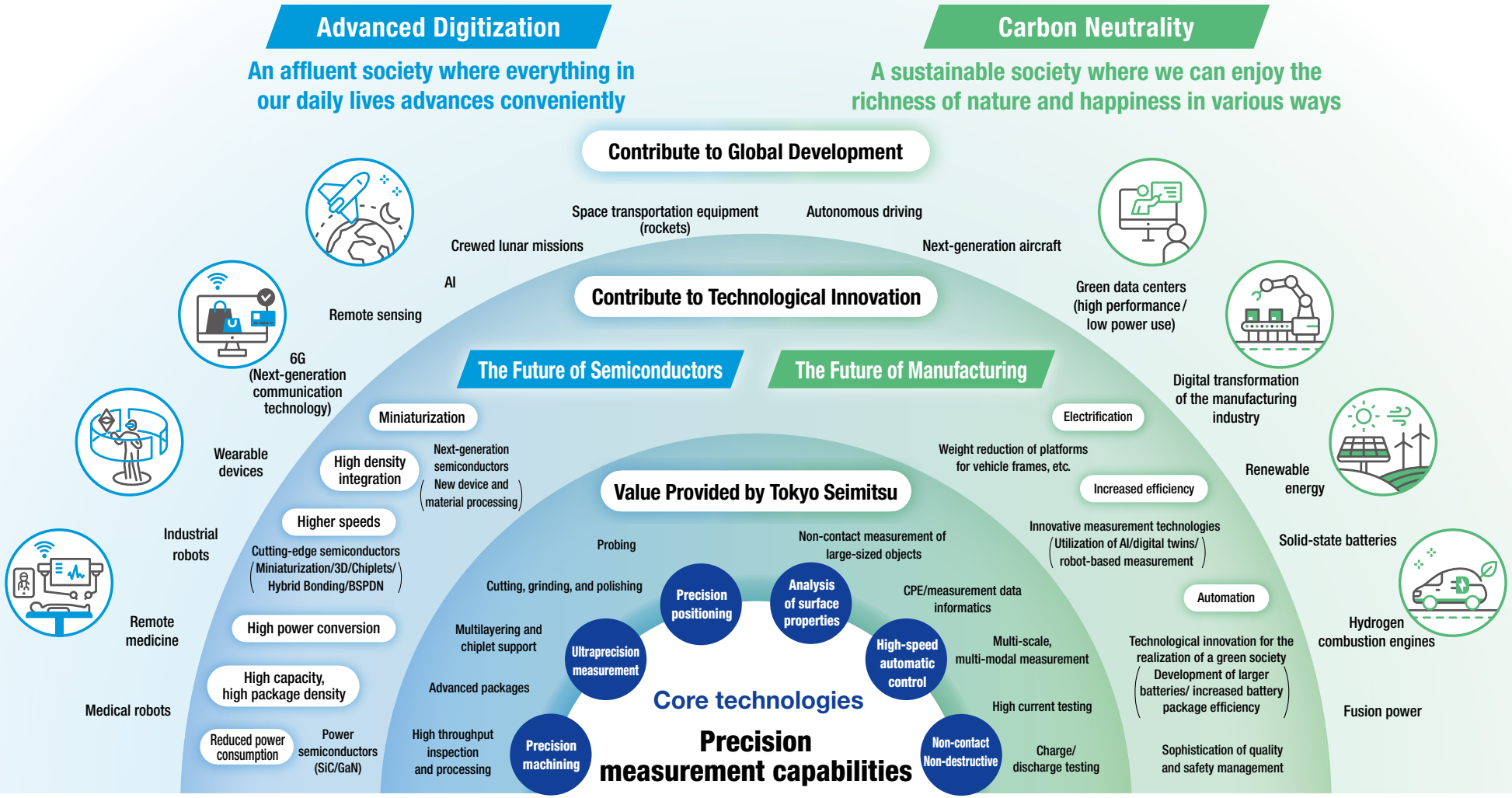
E.g.: Image of Step Cut process

Existing process : 2nd groove cannot be detected with kerf checks

New process : Results of Step 1 and Step 2 groove machining can be measured accurately

The “Future Full of Dreams” that Tokyo Seimitsu is Committed to Building

We believe that the “future full of dreams” that Tokyo Seimitsu Group is committed to building describes a sustainable and affluent society where everything in our daily lives advances conveniently and where we can enjoy the richness of nature and happiness in various ways. In order to realize this future, we will further refine our core technologies that form the basis of our two business fields (semiconductor manufacturing equipment and precision measuring instruments), provide further innovative technologies, and contribute to the realization of the future of semiconductors and manufacturing.
We will continue to provide technology that supports innovation around the world.



Tokyo Seimitsu Group Long-term Vision 2050

To continue to grow in line with changes in the business environment in such a period as unprecedented uncertainty, we have formulated the “Long-term Vision,” which represents the vision of the Tokyo Seimitsu Group and serves as a compass for growth. In order to realize this vision, we are identifying responses that need to be carried out in the future and considering growth strategies.

Tokyo Seimitsu Group Long-term Vision 2050

Pioneer a Future that We Have Yet to Experience Using Advanced Technology and Our High Level of Creativity

Vision for each business

Develop state-of-the-art manufacturing equipment that realizes innovative semiconductor manufacturing processes

- Employ high-precision processing technologies for next-generation device manufacturing
- Pursue advanced measurement technologies supporting cutting-edge device manufacturing
- Offer total solutions covering all phases of semiconductor manufacturing

Provide precision measuring instruments and related services that are essential for “innovation in manufacturing”

- Strengthen rechargeable battery-related businesses
- Support cyber-physical engineering
- Expand metrology and inspection services (shift from sales of products to sales of services)

Committed to achievement / improvement over the next 10 years

Strengthen research and development aimed at new business creation

- Create products utilizing synergies from the fusion of our “semiconductor and metrology” business strengths
- Create original technologies that support advanced materials and chemistry
- Explore new fields through industry-academia collaborations
- Environmentally friendly products and materials

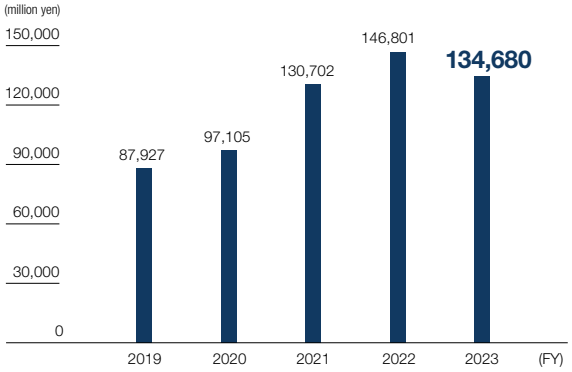
Strengthen the management foundation

- Implement business reforms utilizing digital technologies
- Build an organizational structure that will create a grand design for new products and business creation
- Foster a corporate culture that supports innovation

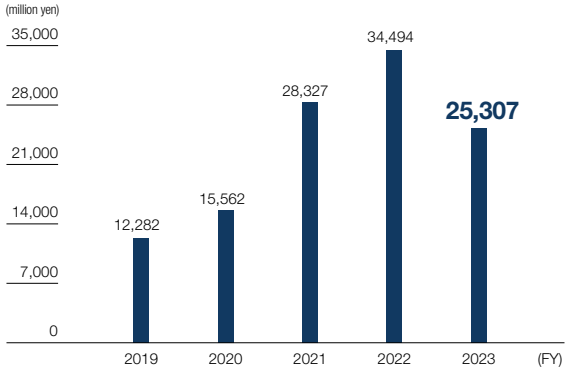
Financial and Non-financial Highlights

Financial

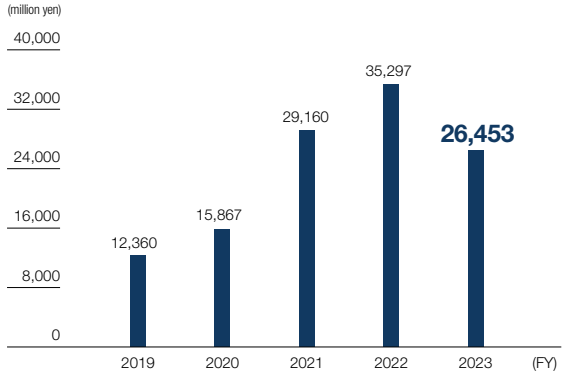
Net Sales



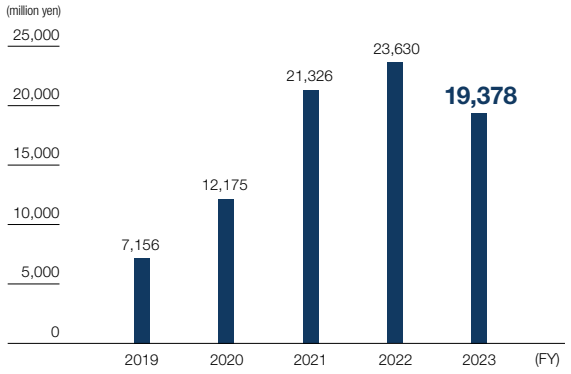
Operating Profit



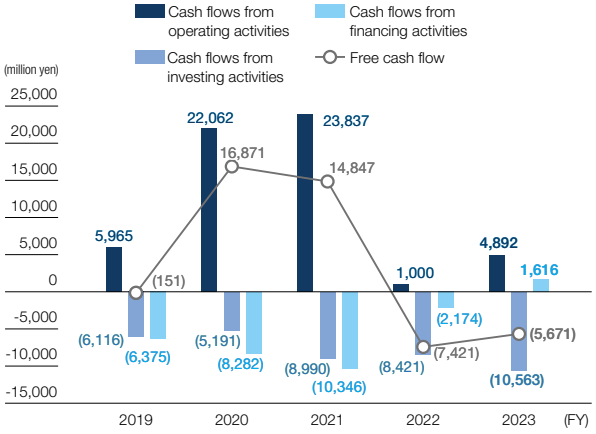
Recurring Profit



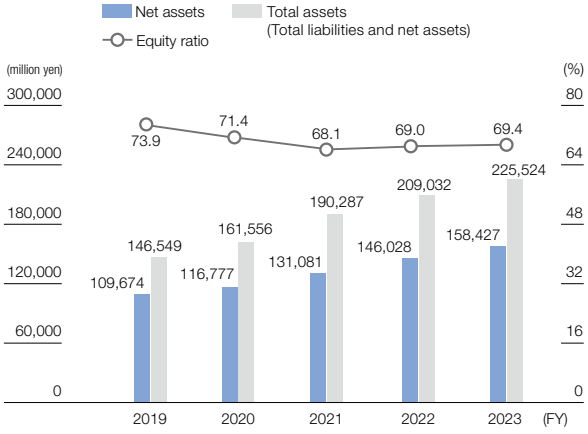
Net Profit (Net Profit Attributable to Shareholders of the Parent)



Cash Flows

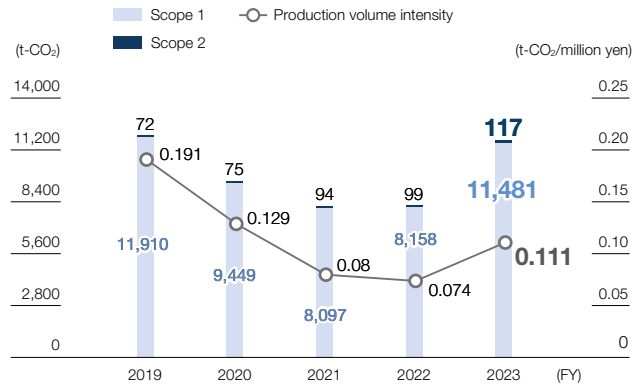


Balance Sheet



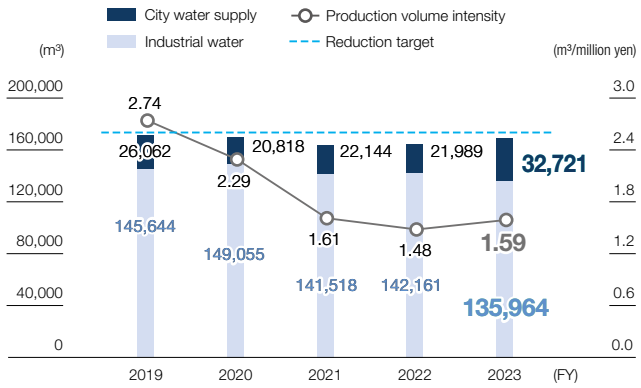
Non-financial

● CO_2 Emissions



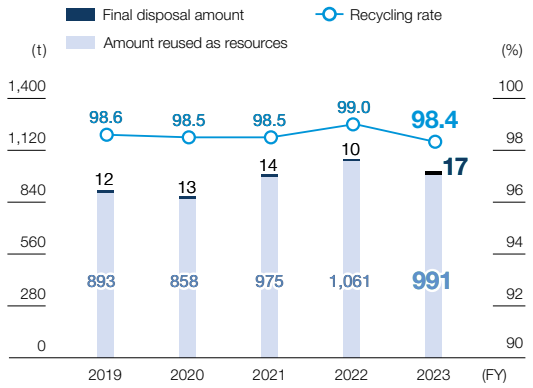
Locations covered: Tokyo Seimitsu Co., Ltd.'s Hachioji Plant, Hanno Plant, Tsuchiura Plant, and Furudono Plant
The results for fiscal 2023 include data from the Hanno Plant (data since the construction of the new plant was completed in July) and Furudono Plant (data since the business acquisition in October).

● Amount of Water Withdrawal



Locations covered: Tokyo Seimitsu Co., Ltd.'s Hachioji Plant, Hanno Plant, Tsuchiura Plant, and Furudono Plant
The results for fiscal 2023 include data from the Hanno Plant (data since the construction of the new plant was completed in July) and Furudono Plant (data since the business acquisition in October).

● Waste and Recycling Rate

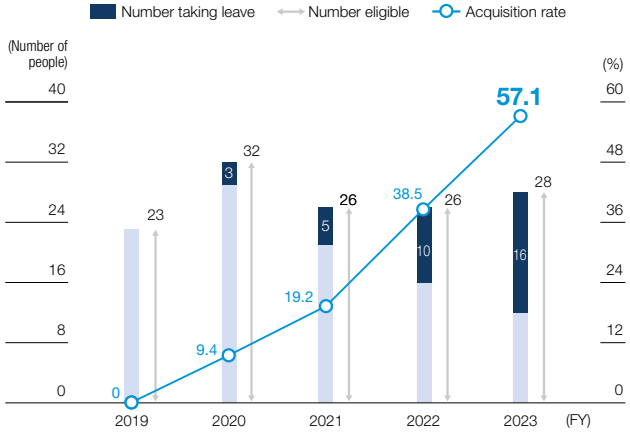


Locations covered: Tokyo Seimitsu Co., Ltd.'s Hachioji Plant, Hanno Plant, Tsuchiura Plant
The results for fiscal 2023 include data from the Hanno Plant (data since the construction of the new plant was completed in July).

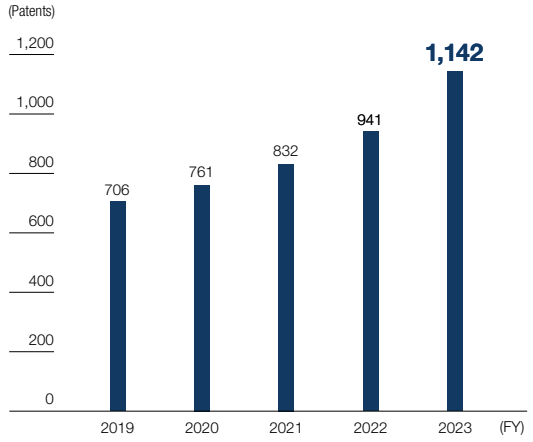
● Percentages of Female Employees and Female Managers

	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of female managers	1.4%	1.5%	1.9%	2.4%	2.1%
Percentage of female officers	7.7%	7.7%	7.7%	15.4%	16.7%
Percentage of female regular employee hires	9.3%	6.1%	17.0%	18.3%	22.1%
Percentage of female regular employees	6.4%	6.4%	7.4%	8.5%	10.3%

● Percentage of Men Taking Childcare Leave



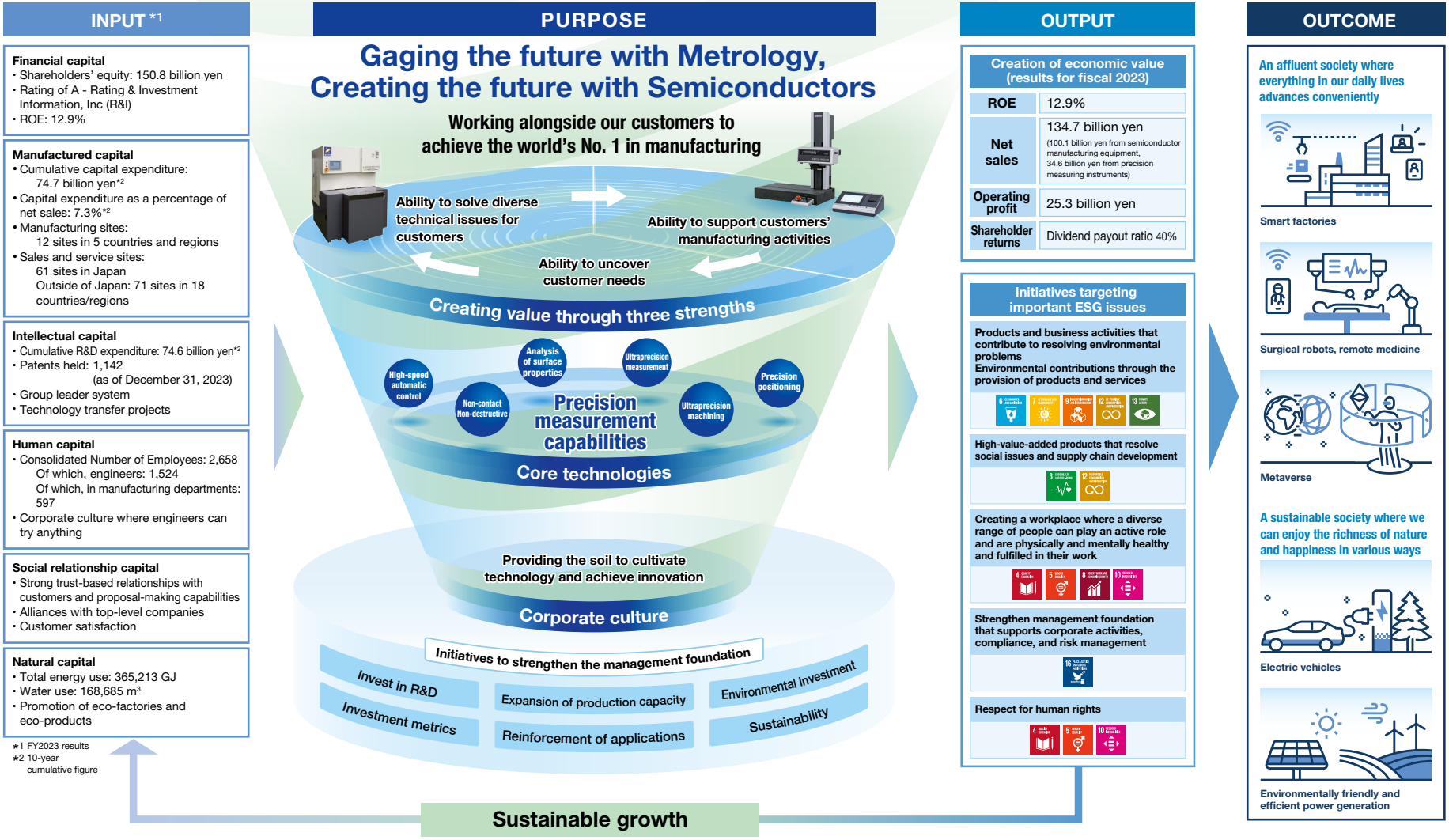
● Number of Patents Held



Note: The number of patents held is determined as of the end of December of each year.

Value-creation Process

The Tokyo Seimitsu Group has been continuously providing the “soil to cultivate technology and achieve innovation” within the Group throughout its history, something that is reflected in the six elemental technologies that serve as the sources of the Group’s core technologies. We believe that promoting business growth through synergies between our core technologies and our three strengths as well as continuing to evolve the Tokyo Seimitsu Group’s business model will lead to the realization of the creation of an “affluent society where everything in our daily lives advances conveniently” and a “sustainable society where we can enjoy the richness of nature and happiness in various ways.”



The Source of Tokyo Seimitsu's Competitiveness

The Tokyo Seimitsu Group aims to create the world's No. 1 products through WIN-WIN relationships with many stakeholders, including customers, business partners, and employees. Based on our "precision measurement capabilities," which is Tokyo Seimitsu's core technologies, we have built the three strengths of the Tokyo Seimitsu Group by making the five forms of capital that are deeply correlated with our Group the source of our competitive strength and collaborating technology, knowledge, and information.

WIN-WIN Relationships Create The World's No.1 Products

Ability to uncover customer needs | **Ability to solve diverse technical issues for customers** | **Ability to support customers' manufacturing activities**

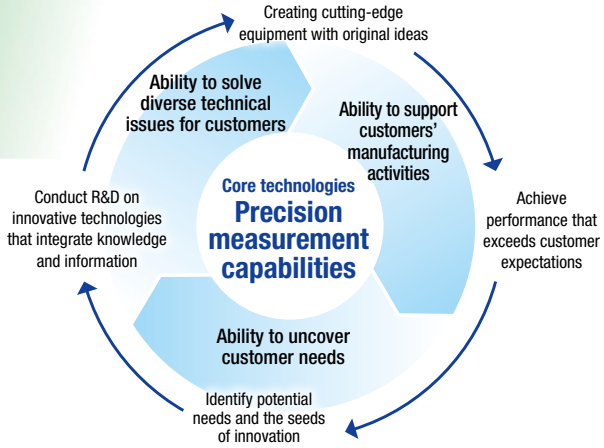
"ACCRETECH" Working alongside a host of like-minded people and combining our mutual technology, knowledge, and information

	Manufactured capital	Intellectual capital	Human capital	Social relationship capital	Natural capital
	A system that allows us to handle production in-house	Know-how to develop new products using sophisticated technology by combining knowledge of market needs and the seeds of innovation	Human resources to support customers' manufacturing	Network with customers and business partners as a foundation for the co-creation of value	Technical capabilities that contribute to energy- and resource-saving
Strengths and characteristics	In-house production that integrates processes from machining to manufacturing, inspection, and shipping	Rapid commercialization of products from development to manufacturing by concentrating human resources and state-of-the-art facilities in our own plants	Working together with a customer-oriented mindset in manufacturing, engineering, service, and sales to provide high-quality services	Collaborative value creation based on strong trust with customers and business partners	Reduce environmental impact throughout the value chain, including the lifecycle of the products we provide
Sources of competitiveness	• Technology and facilities that enable consistent in-house production (production system that integrates sales, engineering, and plants) • Flexible production systems established in a main site and assembly sites • Nimble service system at domestic and overseas sites	• High-precision, high-speed precision machining technology • Application capabilities to solve a wide range of issues • Rapid development under the group leader system • High patent prosecution rate and patent score • Promotion of technology transfer projects	• A corporate culture that encourages engineers to take on challenges • Experienced engineers with expertise in manufacturing, development, and service • Sales force with strong negotiating skills and high level of customer trust • Customer engineers who can provide one-stop solutions to a wide range of customer needs	• Strong trust-based relationships with our customers (many achievements built into their technology and production standards) • Alliances, brand licensing, and joint development with leading companies • Strong relationships with suppliers and business partners through the Accretech Association and the Association for Cooperation	• Reduce environmental impact by building low-carbon, resource-saving eco-factories • Promote eco-products by developing environmentally friendly products with low energy loss

Core technologies: Precision measurement capabilities

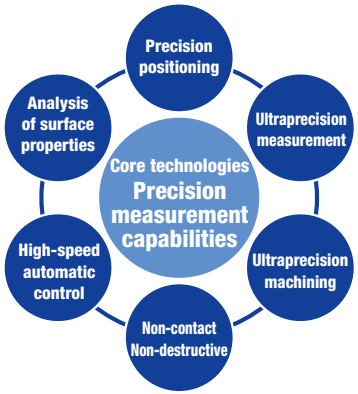
Tokyo Seimitsu's Business Model

We address manufacturing issues with sincerity and thoroughness from the customer's point of view by applying the core technologies, i.e., "precision measurement capabilities" we have refined and our three strengths



The Tokyo Seimitsu Group supports the manufacturing activities of customers that manufacture semiconductors and automobiles with its unique measurement technologies through both its precision measuring instrument business and semiconductor manufacturing equipment business. These "measurement" technologies include "precision positioning," "ultraprecision measurement," and "ultraprecision machining."
As we listen closely to our customers, we can delve deeply, exploring needs and the seeds of innovation that no one has yet addressed. We then combine the wisdom and experience of our experienced engineers to develop innovative equipment. Our strength lies in our relentless pursuit of technology and our thorough customer orientation.

Tokyo Seimitsu's Core Technologies



Our products are composed of several key elemental technologies based on our core technologies "precision measurement capabilities."
Through precise measurement, we are able to provide feedback for positioning, ultraprecision machining, high-speed automatic control, and even more advanced ultraprecision measurement. Depending on the application, we are expanding into elemental technologies that are non-contact and non-destructive.
Through measurement, we are also developing elemental technology in software areas, such as with algorithms that use measurement data to discern the properties of an object.

Tokyo Seimitsu's Three Strengths

Strength 1 Ability to uncover customer needs

We are able to identify diverse customer needs early on, based on our strong trust-based relationships with customers

Points of differentiation

- Ability to identify diverse requests from customers (problem-finding ability and the ability to detect subtle signs)
  - ▶ A system in which engineering, manufacturing, sales, and customer engineers (CEs) work in unison to understand customer needs
- Solution capabilities to meet a wide range of customer needs
  - ▶ Technology taking the lead in marketing and planning under the group leader system

Strength 2 Ability to solve diverse technical issues for customers

Utilizing core technologies from the perspective of new markets and customers, we create innovative functions by leveraging our creative technological development capabilities

Points of differentiation

- A culture that encourages engineers to take on new challenges
- Experienced engineers who deliver on challenging functional requirements (engineers with high-level "skills")
- Inheritance and standardization of craftsmanship (inheritance of quality control know-how and formalization of knowledge)
- Standardization Committee for cross-fertilization of electrical control technology and design methods across the organization

Strength 3 Ability to support customers' manufacturing activities

We leverage our advanced technological capabilities to help customers optimize and maximize their production capacity

Points of differentiation

- Deep trust between customer engineers and customers (building WIN–WIN relationships ascertaining customers' true needs)
- Maximize equipment performance through customization in the customer's field
- Quick response, customer-focused support system
- Training of excellent customer engineers and flexible teamwork systems for each device

Aiming for the Sustainable Growth

The Tokyo Seimitsu Group follows megatrends to ascertain risks and opportunities. We then formulate mid-term business plans and identify important issues (materiality) with an eye toward sustainable growth.

Changing the future with semiconductors and precision measuring instruments

Daily life	Vehicles	Healthcare	Manufacturing	Finance	Infrastructure	Logistics	Energy generation
Smart appliances, online classes	Electric vehicles (EVs), autonomous driving	Surgical robots, remote medicine	Smart factories	Online payments, virtual currencies	E-government, intranetwork	Automated transport in warehouses, delivery by drone	Environmentally friendly and efficient power generation

Megatrends

Society 5.0
(Fusion of the cyber and physical worlds)

- Increasing functionality, complexity of semiconductor devices and shift to three-dimensional semiconductor devices
- An era of large-scale production and consumption of semiconductors and electronic components
- Expanding needs for measurement in non-automotive fields such as semiconductors, aircraft, and healthcare

Climate Change

- Commercialization of next-generation power semiconductors (SiC/GaN, etc.) offering ultrahigh efficiency
- Expansion of the NEV and renewable energy markets with a view to carbon neutrality

Demographic Change

- Increased need for semiconductors due to proliferation of DX and AI in response to declining workforce
- Shrinking workforce leading to greater automation in manufacturing

Business Opportunities

- Increasing sophistication and importance of inspection and measurement
- Rising demand for high-precision semiconductor processing equipment
- Increased demand for non-contact, high-precision measurement
- Growing demand for processing equipment for SiC and other innovative materials
- Owing to growth in NEVs, increased demand for high-precision measurement and new needs such as battery measurement
- Need for total measurement of high precision parts that combines robots and measuring machines

Business Strategy

Mid-term Business Plan for Fiscal 2022 to 2024

Semiconductor manufacturing equipment

- Department store strategy for inspection systems (probing machines)
- Expansion and reinforcement of processing equipment business
- Development and launch of products that match customer needs
- Development and launch of high-value-added products by integrating our measurement technology with our semiconductor manufacturing equipment

Precision measuring instruments

- Continual capturing of demand in existing fields
- Battery measurement for NEVs and acquisition of contract business
- Developing non-automotive sectors (such as semiconductors and medical) and factory automation

Important sustainability issues

Aspirations

An affluent society where everything in our daily lives advances conveniently

Gaging the future with Metrology, Creating the future with Semiconductors

A sustainable society where we can enjoy the richness of nature and happiness in various ways

Materiality Issues

In conjunction with the mid-term business plan for fiscal 2022 to 2024, after reviewing the status of the value chain surrounding the Group's activities, its impact on the environment and society, and other issues to be taken into account, the Tokyo Seimitsu Group has revised its materiality. By presenting specific initiatives and goals, we have clarified the issues that each employee needs to address and made it easier for them to understand the value of their work, thereby increasing their motivation.

We have established sustainability objectives and priority initiatives in order to incorporate materiality into concrete activities. The Sustainability Committee, the teams for responding to important issues, and the subcommittees formulate and implement action plans accordingly. The Sustainability Committee reported on and evaluated our materiality, and priority initiatives, plans, and targets were reviewed in fiscal 2023 based on the results of those reports/evaluations.

Changes in the business environment	Materiality issues	Sustainability objectives	Priority initiatives	Action plans and results
• Climate change • Realization of a digital society and the diverse needs and regulations associated with a digital society • Development of a highly efficient/optimal social environment and infrastructure • Awareness of the importance of a sustainable society • Tokyo Seimitsu's current and future business trends	E Environment: Products and business activities that contribute to resolving environmental problems	• Prevention of global warming • Resource-saving activities • Formation of a recycling-oriented society	• Reduction of CO_2 emissions • Reduction in consumption of electricity, water, and paper • Environmentally friendly products • Electricity and water savings at the Hanno Plant	Environmental Management P44 Disclosure Related to Climate Change P39 Eco-Factory P44 Eco-Products P46
	E Environment: Environmental contributions through the provision of products and services			
Semiconductor Manufacturing Equipment Business • Emergence of sophisticated devices aimed at the realization of Society 5.0 • Increase in the number of semiconductors and electronic components • Innovation of power semiconductors (SiC/GaN) to contribute to decarbonization • Expansion of 3D packaging (advanced packaging) due to the limits of 2D package miniaturization	S Society: High-value-added products that resolve social issues	• Product liability	• Quality control • Chemical substances control	Quality P48
	S Society: Supply chain development	• Reduction of procurement risk	• Reinforcement of the supply chain	Supply Chain Management P50
	S Society: Creating a workplace where a diverse range of people can play an active role and are physically and mentally healthy and fulfilled in their work	• Working environment • Health and safety • Diversity • Human resource development	• Health and safety improvement • Diversity promotion • Promotion of human resource development • Improvement of engagement	Work Styles P52 Human Capital Strategy P36
	S Society: Respect for human rights	• Respect for human rights	• Education on human rights • Due diligence • Creation of a system to remedy adverse impact	Respect for Human Rights P54
Precision Measuring Instrument Business • Expansion of EV and electrification technology markets aimed at carbon neutrality • Increased demand for product quality (Incorporation of quality in production processes/elimination of the possibility of defective products being passed forward for back-end processing) • Need for new measurement technologies in expanding growth fields (e.g., semiconductor, aircraft, medical care)	G Governance: Management foundation that supports corporate activities	• Sustainable business growth • Enhanced competitiveness • Fair, transparent, and prompt corporate activities • Anti-bribery and anti-corruption	• Internal control • Corporate ethics and legal compliance • Timely and appropriate information disclosure • Operation and maintenance of a sound whistleblower system • Compliance education	Corporate Governance P61 Compliance P66
	G Governance: Compliance			
	Stronger risk management	• Crisis management against disasters	• Business continuity plan	Risk Management P70

Process of Defining the Materiality Issues

STEP 1
Organize Tokyo Seimitsu's perspective on sustainability

STEP 2
Extract business risks and opportunities in the value chain by social value

STEP 3
Based on the results extracted in STEP 2
- Evaluate and rank by impact on the global environment and stakeholders
- Evaluate and rank according to relevance to our value creation and management strategy

STEP 4
Extract materiality issues from the results of STEP 2 and STEP 3 to realize our Purpose and Vision
- Deliberation and approval by the Board of Directors at the May 2022 meeting on important matters

Mid-term Business Plan for Fiscal 2022 to 2024

Overview of Mid-term Business Plan

Expand Field of Business by Grasping Change Taking Place in the World, Such as the "Fusion of Virtual and Physical Spaces"

The rapid advancement of 5G (fifth generation mobile communications systems) communication technology is expected to drive further advances in Society 5.0, which refers to the fusion of virtual and physical spaces. As semiconductors will be closely related to this technological convergence, we assume that the semiconductor market will grow substantially in terms of both value and volume, ushering in an era of semiconductor mass production and mass consumption. We aim to expand our business by promoting efforts to capture the changes in the world through this "fusion of virtual and physical spaces."

Respond to the Trend toward Carbon Neutrality, Capturing New Business Opportunities

We expect the move toward carbon neutrality to prompt rapid growth in demand for NEVs, and renewable energy, and assume that this move will stimulate demand for ultraefficient next-generation power semiconductor support and new demand for measurement. We aim to increase our performance by taking advantage of new business opportunities presented by moves toward carbon neutrality.

Companywide Strategy

The Tokyo Seimitsu Group as a whole will continue to invest in R&D, expand production capacity, and enhance application capabilities.

We will also step up sustainability efforts with the aim of contributing toward a sustainable society. For example, we will push forward toward our goal of reducing CO_2 emissions by 50% by 2030, compared with fiscal 2018 levels.

● Companywide Initiatives

Investment in R&D	・Step up development of leading-edge technologies and developments that respond to customer needs
Expansion of production capacity	・Operation of the Hanno Plant (FY2023) ・Achieve the capacity to produce more than 140 billion yen worth of semiconductor manufacturing equipment ・Consider investing in the next plant
Environmental investment	・Consider necessary investments to reduce CO_2 emissions by 50% by 2030 (compared to FY2018 levels)
Investment metrics	・Consider ROIC as an internal assessment standard
Reinforcement of applications	・Enhance demo facilities at individual countries' sites
Sustainability	・Highly transparent management based on eco-awareness

Outlook on Companywide Initiatives

We believe that in order to achieve the quantitative targets set forth in the mid-term business plan, it is necessary to move forward with companywide initiatives required for reaching those targets without being constrained by current business sentiment. In fiscal 2023, as part of our production capacity expansion, the Hanno Plant (Hanno City, Saitama Prefecture) was put into operation as an effort to raise production capacity to the level necessary to achieve mid-term business plan targets. In addition, we started performing segment-based evaluations using ROIC (return on invested capital). These initiatives are expected to produce certain results regardless of whether quantitative targets are achieved.

Progress and Outlook of Quantitative Targets

In fiscal 2023, the second year of the mid-term business plan, revenue and profit decreased for the first time in four years despite performance continuing to be at a high level against the backdrop of a high order backlog.

In terms of accepted orders, we expect to see continued growth in demand for equipment related to HBM (high-bandwidth memory) and semiconductor packages, which are associated with AI, in the semiconductor manufacturing equipment division in the final year of the mid-term business plan (fiscal 2024). Although a recovery in consumer electronics product demand, which is necessary for a real full-fledged recovery of the market, an increase in the utilization rate of semiconductor and electronic component production facilities, and progress in inventory adjustment of semiconductor wafers and devices are expected, we are still waiting for these things to occur. Machine tool orders, which serve as a leading indicator of business conditions in the precision measuring instrument business, are expected to be generally at the same level as in fiscal 2023. However, market conditions are expected to recover moderately in areas that the Group is focusing on, such as NEVs and semiconductors. Also, demand for rechargeable battery charge/discharge testing systems is expected to grow in Japan for the development of new batteries. Furthermore, demand for multipurpose measurement instruments from various manufacturers is expected to increase due to government subsidy policies designed to stimulate demand in Japan.

We will seize these business opportunities and move forward in business in order to achieve mid-term business plan targets.

● Fiscal 2024 Quantitative Targets

ROE	15% or higher
Net sales	170.0 billion yen (132.0 billion yen from semiconductors, 38.0 billion yen from Metrology)
Operating profit	37.5 billion yen (operating margin: 22%)

(Hundred million yen)

	FY2021	FY2022	FY2023	FY2024 (target)
Net sales	1,307	1,468	1,347	1,700
Operating profit	283	345	253	375
Operating margin	21.7%	23.5%	18.8%	22.0%

Key Initiatives and Results in Fiscal 2023

Although revenue and profit declined in fiscal 2023, we carried out the necessary initiatives as planned to achieve mid-term business plan targets.
On the research and development front, in addition to investing vigorously in development, we made progress increasing production capacity at the new plant. We also strengthened our environmental investment initiatives and conducted a comprehensive analysis of CO_2 emissions from electricity used at our plants, also factoring in the completion of the new plant, as well as efforts such as reducing electricity consumption for each product that we develop.
The Company also introduced ROIC as an investment evaluation indicator for each business segment, formulated an in-house calculation method in fiscal 2022, and established a system to calculate ROIC using this method in fiscal 2023 to enable continuous evaluation. For application evaluation, we made efforts to enhance the functions of demo centers with a focus on those at overseas subsidiaries.
At the same time, we promoted sustainability initiatives. As a result, our MSCI rating has been revised upward from BBB to A.

● Key Initiatives and Results

Investment in R&D	・Conducted vigorous development ・Developed products including ablation dicing machines, new models of probing and dicing machines, and grinders for Hybrid Bonding
Expansion of manufacturing capacity	・Launched the Hanno Plant into operation (July 2023) ・Achieved the capacity to produce more than 140 billion yen worth of semiconductor manufacturing equipment, including reutilization of space at the Hachioji Plant. ・Established the next mid-term business plan and started construction of the Nagoya Plant
Environmental investment	・Analyzed electricity used at plants and CO_2 emissions ・Decreased LCA (reduced electricity consumption and improved throughput)
Investment metrics	・Started assessment of each business segment using ROIC as a standard
Reinforcement of applications	・Enhanced the functions of demo centers at major sites
Sustainability (Strengthening of ESG initiatives)	・Strengthened diversity (increase employment of women and people with disabilities, etc.) ・Conducted human rights due diligence and related assessments ・MSCI ESG rating: BBB to A (upgraded), FTSE Blossom Japan Index score: 3.4 (maintained)

Expansion of Production Capacity

The Hanno Plant, which was constructed in Hanno City, Saitama Prefecture, began operations as planned in July 2023. Together with this, we optimized our Head Office Plant, which is located in Hachioji City, Tokyo to increase production capacity of mainly probing machines by 50% and ensure the level of capacity deemed required to achieve the targets set out in the mid-term business plan (capacity to produce more than 140 billion yen worth of semiconductor manufacturing equipment).
Also, in anticipation of growing demand for semiconductor manufacturing equipment, especially grinders, we have started the construction of a new plant in Nagoya City, Aichi Prefecture. The plant is scheduled to start operations in fiscal 2025.

Hanno Plant
(Saitama Prefecture)
Started operations in July 2023
Features a production system centering on probing machine production

+

Nagoya Plant
(Aichi Prefecture)
Scheduled to start operations in fiscal 2025
Features a production system centering on grinder production

Sustainability

From a sustainability perspective, we have strengthened our diversity-related initiatives, such as increasing the number of women in the workforce and employment of people with disabilities, as well as promoting initiatives to enhance corporate value, such as conducting employee engagement surveys and establishing and disclosing of a Human Rights Policy.
As a result of these efforts, our MSCI ESG rating was upgraded from BBB (the fourth highest rating out of seven levels) to A (the third highest).

Initiatives for Future Growth Opportunities

In addition to the world of Society 5.0 that is the basis for achieving the goals of the mid-term business plan in fiscal 2024, a range of growth opportunities are anticipated, with many growth opportunities also expected to be present from fiscal 2025 and beyond.
Significant growth opportunities for the semiconductor manufacturing equipment business in particular include the spread of Hybrid Bonding, expanding added value with high-precision temperature control of inspection systems (probing machines), demand changing from substrate processing to device processing for silicon carbide (SiC) semiconductors, synergistic effects through the fusion of semiconductors and metrology, and demand for NEV battery measurements. We believe that these opportunities will also contribute to the growth of the semiconductor manufacturing equipment business from fiscal 2024 onward.

● Future Growth Opportunities

- High-precision temperature control of probers → increase of added value
- SiC processing to shift from substrates to devices
- Growth in grinders due to Hybrid Bonding
- Increasing demand for AI
- Increasing demand for products due to geopolitical changes
- Significant quantitative growth of NEV batteries
- Synergies from the fusion of semiconductors and metrology will lead to over 13.0 billion yen in value by 2025

Message from CFO

Investment Is a Stepping Stone to the Next Stage of Growth

Business Performance Trends and Progress

In fiscal 2023, consolidated net sales of the Tokyo Seimitsu Group was 134.7 billion yen. Although it did not reach the level achieved in fiscal 2022, it was the second highest consolidate net sales level ever achieved by the Group. In fiscal 2022, demand for our products expanded rapidly, driven by factors including stay-at-home demand due to the COVID-19 pandemic, Chinese demand for speeding up domestic semiconductor production, and semiconductor shortages. While this demand and demand for semiconductors designed for smartphones and other consumer products decreased in fiscal 2023, demand for generative AI and SiC (silicon carbide) substrates for power supply ICs for EVs (electric vehicles) and other applications rose sharply, and continued demand from China also boosted results as well. Top performing businesses areas (ranking first and second) differed between fiscal 2022 and 2023, and my impression is that fiscal 2022 business performance was actually too good.
Although the slump in consumer demand in fiscal 2024 has continued from fiscal 2023, it may not be prolonged. On the other hand, demand for generative AI is strong and inventory levels have bottomed out for some products such as memory devices. By incorporating such technology trends, we will continue to do our best throughout the period of the mid-term business plan to achieve our consolidated net sales target of 170 billion yen.

Our Basic Financial Direction

Demand for semiconductors is expected to continue expanding no matter what. However, business sentiment greatly fluctuates in the semiconductor industry since it is an industry with the special characteristic of manufacturing many units at once. Supporting such an approach requires large amounts of capital and cash. In terms of targets, we would like to maintain an equity ratio of 70% and a cash amount equivalent to half a year of working capital and fixed costs.
For a long time, capital investments have been 2.5 billion to 3 billion yen annually. This is because large capital investments were not required as there is a strong tendency for labor-intensive, multi-product production. However, since the outlook for the semiconductor industry is optimistic, the Group needs to expand its production capacity for semiconductor manufacturing equipment. Therefore, we have been making capital investments close to 10 billion yen annually since fiscal 2018.
Despite those investments, we were unable to handle a rapid increase in orders in fiscal 2022. This resulted in a backlog of orders, resulting in an increase in products awaiting completion. In addition, we are preparing for future production capacity expansion, expanding sales of grinders with long lead times, and building up raw materials in the midst of logistics difficulties, which has increased inventories and has created cash pressure. The cash conversion cycle has increased due in part to shortening accounts payable collection periods to support business partners, which has put a strain on our cash flows. Although we are in a nerve-wracking situation, I am confident that the day will soon come when production capacity increases through capital investment will enter a cycle that leads to sales, profits, and cash. We are also working on shortening accounts receivable collection periods.

Cash Allocation

In regard to cash allocation, we plan to use 40%* of operating profit plus depreciation to cover working capital and capital expenditures. Capital expenditures are expected to account for 25 to 50% of EBITDA (operating profit + depreciation). During the current fiscal year, we plan to invest approximately 9.5 billion yen in the construction of our new Nagoya Plant and other projects. We also plan to invest in making some upgrades to ERP (enterprise resources planning) system and investing in security.

* When non-operating income and extraordinary profit/loss are set to zero, operating profit will be equal to current net benefits before tax citation. Assuming an effective tax rate of 30% and a dividend payout ratio of 40%, cash remaining on hand will be 42% of operating profit.

Message from CFO

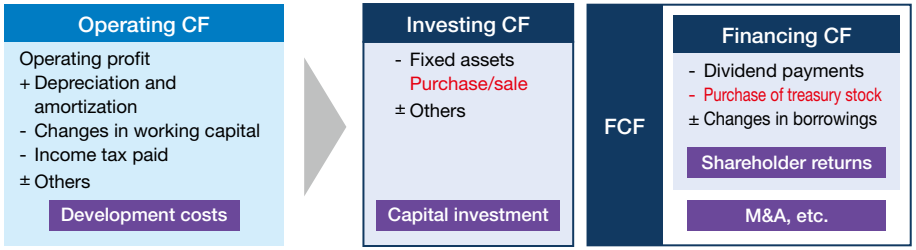
Furthermore, although experimental research expenses are not covered by the aforementioned capital, we recognize that it is an investment serving as a source of competitiveness. Although the mid-term business plan calls for an experimental research expenses target that is 10% of net sales, this number should not be interpreted as being an upper limit but rather a target that we would like to try to achieve. The current percentage for experimental research expenses is between 7% and 8%. However, I think we can further increase it once it reaches 10%. As experimental research expenses are the largest type of expenses among research expenses, it is also necessary to develop an environment and system that allows us to accept more human resources.
Free cash flow was negative for two consecutive years (fiscal 2022 and 2023). This was primarily due to capital investments and also due to an increase in working capital resulting from an increase in inventories. Since we are now in a period where we are running to catch opportunities in the semiconductor for which there is much optimism, we will continue to provide necessary capital even if we have a hard time doing so.
Expanding production capacity will be a major strategic theme in the next mid-term business plan. This will serve as the stepping stone to the next stage which will result in a large amount of growth if investment in that area bears fruit. Although I have been with the Company for almost 20 years, now is the most exciting time that I have experienced.

<Mid-term Cash Allocation Targets>

Experimental research expenses	R&D spending within 10% of sales
Capital investment	Normally : 25% or less of EBITDA Max : 50% of EBITDA (EBITDA = operating profit + depreciation and amortization)
Shareholder returns	Dividends: Target a stable dividend payout ratio of 40% Buy treasury stock, taking investment trends and other factors into account
M&A, etc.	Consider, but to the extent that FCF does not go negative

● Financial and Shareholder Returns

<Fundamental Considerations>



ROIC and ROE

However, as we invest, we must properly assess cost effectiveness. Therefore, ROIC was introduced as an indicator at the start of the current mid-term business plan. We established an ROIC calculation method in fiscal 2022, the first year of the plan, and then, we could become able to calculate ROIC and WACC (weighted average cost of capital) by business segment from fiscal 2023. Eventually, we hope to break down the ROIC tree into various indicators that employees can better understand, such as accounts receivable collection periods, inventory turnover ratio, and equipment utilization rate and then use these indicators to measure profitability, efficiency, and profitability within our Group.
When we calculated it at the time we installed equipment at the Hanno Plant, ROIC suddenly dropped due to the increase in capital invested. This is because ROIC is calculated by dividing the net operating profit after taxes by the invested capital. If the invested capital increases while the net operating profit after taxes remains the same or decreases, the ROIC will drop. This is an example of what investment is, and the impact of measuring these changes is large. In the future, we believe that by increasing the return on investment, we will be able to feel the recovery and improvement of ROIC.
On the other hand, ROE (return on equity) will continue to be used as a disclosure indicator. This is because we can track capital efficiency from the perspective of shareholders. The current ROE target is 15%. In fiscal 2023, although ROE decreased slightly, the cost of shareholders' equity continues to be well above the target. I hope that this relationship to the target can remain for a medium-term span of three to five years. Our policy is to improve the current situation mainly by increasing the amount and ratio of operating profit.

Shareholder Returns and IR

Our core approach to shareholder returns is to ensure a dividend payout ratio of 40%. We also purchased treasury stock in fiscal 2022 and 2023. Basically, we make decisions based on our cash creation status. Currently, we would like to make capital investments to multiply future cash flows many times over.
Looking at the PBR (price to book ratio), I believe this number reflects that we are being evaluated to a certain extent by the market. We have realized ROE far exceeding the cost of shareholders' equity, which I believe has led to this evaluation. However, since business performance can greatly vary in the industry, I think it is important for investors to know more about our Tokyo Seimitsu through IR. Without the full understanding of shareholders and investors, including fully understanding sustainability initiatives, the cost of capital will rise. We will be honest in our disclosure efforts and make sure that our clients are aware of the latest status of the Company, whether good and bad, so that they will support our future stable growth.

Business-specific Strategies

Semiconductor Manufacturing Equipment Business

Business Overview

In the semiconductor manufacturing equipment business, we offer probing machines to test the electrical characteristics of chips on wafers, dicing machines to separate individual chips from wafers, and grinders to make wafers thinner and flatter.
As semiconductor devices and electronic components continue to become smaller and more complex, the importance is rising for probing machines that can identify electrical characteristics in greater detail and dicing machines and grinders for manufacturing higher quality semiconductor devices.

PG3000RM Ⅱ

AP3000

Market Trends and Business Opportunities

The pace of semiconductor development is growing at an even faster rate to meet the ever-evolving needs of global markets, and these trends represent significant business opportunities for the Company.
Instead of ordinary silicon, there are an increasing range of units that are made of silicon carbide (SiC) that is hard to cut, for power semiconductors used to control currents toward achieving a decarbonized society. Tokyo Seimitsu has a range of grinders capable of machining this material, for which demand is expected to increase in the future.
The rise of high-performance devices is also expected for achieving Society 5.0 (the fusion of virtual and physical spaces), together with the actual volume of semiconductors and electronic components. Semiconductor devices are likely to become increasingly difficult to inspect, leading to longer inspection times—our inspection systems (probing machines) will be able to cater to these needs with our strength in customization.
The increase in 3D packaging due to the limits of miniaturization will result in the need for high-precision processing, for which our processing equipment can play a key role. 3D packaging requires high-precision bonding of wafers, chips, substrate materials, and more, and is anticipated to increase demand for such processing equipment.
In recent years, demand for semiconductor devices related to generative AI has been increasing. High inspection and processing accuracy is also required for the production of processors and memory, such as HBM, related to generative AI. Therefore, we expect this to lead to business opportunities for our semiconductor manufacturing equipment business.

Technology Trends	Opportunities	Applicable Products
Innovation of Power Semiconductors (SiC/GaN) to Contribute to Decarbonization	• **Increased demand for machining difficult-to-cut materials like SiC** Achieve both high-efficiency output and high-precision machining	High rigid grinders Edge grinders CMP (Chemical Mechanical Planarizers) devices
Emergence of Sophisticated Devices Aimed at the Realization of Society 5.0 Increase in the Number of Semiconductors and Electronic Components	• **Increase in measurement time and rise in inspection difficulty** Rise in added value related to inspections (temperature support, improved throughput) • **Increased demand for high-precision machining** Achieve both high-efficiency output and high-precision machining	Probing machines Polish grinders Ablation laser dicing machines Built-in measurement instruments
Expansion of 3D Packaging (Advanced Packaging) due to the Limits of Package Miniaturization	• **Increased demand for high-precision polishing machining** Achieve both high-efficiency output and high-precision machining • **Increased demand for bonding process precision** Increase in number of test processes	Polish grinders Edge grinder Blade dicing machines Probing machines

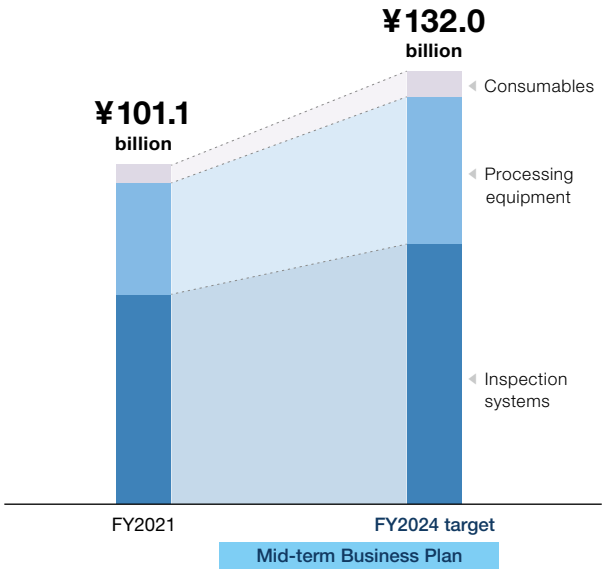
Mid-term Business Plan Progress and Future Measures

As for our semiconductor manufacturing equipment department in fiscal 2023, demand for logic semiconductors and electronic components remained weak due to sluggish demand for consumer electronics products such as smartphones, PCs, and TVs throughout the fiscal year, and demand for wafer production equipment, which was strong during the previous fiscal year, decreased.
Although demand for generative AI related products supported business to certain level, the amount of orders received decreased from the previous period.
In terms of sales, we were able to generally proceed with shipments in line with customer requirements, and although sales fell short of the previous fiscal year's record high, we were able to maintain sales at a high level. Looking at individual regions, sales of equipment used for inspections were strong in China and South Korea while sales of processing equipment were strong in Japan and Taiwan.
Looking at the performance of the semiconductor manufacturing equipment department in terms of orders in fiscal 2024, the final year of the mid-term business plan, demand for equipment for HBM (high-bandwidth memory) related generative AI and semiconductor packages is expected to remain the same or expand. Although a recovery in consumer electronics product demand, which is necessary for a real full-fledged recovery of the market, an increase in the utilization rate of semiconductor and electronic component production facilities, and progress in inventory adjustment of semiconductor wafers and devices are expected, we are still waiting for these things to occur. On the other hand, investment in technological innovation related to advanced packaging and 3D layering due to the limitations of semiconductor device miniaturization and investment related to subsidy policies in various countries are expected to become full-fledged, and demand for our products is expected to expand over the medium to long term.
In addition to developing products and optional functions that meet customer requirements related to this, the Company will strive to expand its business promoting the advance procurement of product components and materials and preparations for production lines in preparation for a rapid recovery in market conditions.

(Hundred million yen)

	FY2021	FY2022	FY2023	FY2024 (target)
Net sales	1,011	1,124	1,001	1,320
Operating profit	247	299	199	—
Operating margin	24.4%	26.6%	19.9%	—

● Sales by Product



Processing equipment: Dicing machines, grinders
Inspection systems: Probing machines

	FY2023 Overview	Future Strategy
Consumables	・Overall softness, but maintained flat due to increased demand for grinding consumables	・Increase initiatives to capture demand for grinding wheels for SiC with high consumption volume
Processing Equipment (Dicing machines, grinders)	・High level of demand for SiC/wafers ・Started sales of ablation laser dicing machines	・Strengthen grinders for SiC/GaN, advanced package, and wafers ・Promote sales of ablation laser dicing machines
Inspection Systems (Probing machines)	・Focused on high value-added fields and promoted "Respond to ALL needs" (HPC, packages, memory, power devices, etc.)	・Provide high value-added in the high-end sector
Semiconductors × Metrology Synergies based on long-term strategy	・Started sales of built-in measurement models	・Strengthen the synergistic effect of semiconductors and metrology

Precision Measuring Instrument Business

Business Overview

In the precision measuring instrument business, we offer coordinate measuring machines that measure the dimensions of objects, surface texture and contour measuring instruments that accurately calculate disparities in surfaces and cylindrical shapes, machine control gauges that perform measurements inside machine tools, and charge/discharge testing systems for batteries and other rechargeable batteries.
In manufacturing, precision measuring instruments are indispensable to confirm that products are manufactured correctly and according to design. Recently, demand for new precision measurement and automation is also increasing due to the spread of NEVs with the move toward carbon neutrality.

SURFCOM NEX 200 DX2/SD2

ACCesS
Energy sharing method-based charge/discharge testing system

Market Trends and Business Opportunities

The market for EVs and electrification technology is anticipated to grow with moves to carbon neutrality. In addition to physical measurements of the length, roundness, roughness and other characteristics of objects, assessments like electrical measurements and internal defects are also required, with growth in charge/discharge testing systems anticipated.
Additionally, the expansion of demand for high-precision inspection itself is expected along with the growth in in-line measurement due to the automation of manufacturing processes, and in sensors for processing machines such as machine tools.
With expansion of the actual market for manufacturing, there is expected to be an increase in needs for new measurement technologies in fields other than automobiles, like semiconductors, aircraft and medical care.
Amid the increasing focus on batteries for EVs, related research and development is underway in Japan, supported by the government, and business opportunities related to battery testing are expanding.
Under these circumstances, we decided to transfer our charge/discharge testing system business of Accretech Powertro Systems Co., Ltd., a consolidated subsidiary of Tokyo Seimitsu, to the parent company with the aim of expanding opportunities in this business and maximizing synergies between our precision measuring instrument business, thereby leading to medium- to long-term growth.

Technology Trends	Opportunities	Applicable Products
Expanding the market for EVs and electrification technologies toward carbon neutrality	• **Changing measurement demands** High-precision length measurement, electrical measurement, internal defect/impurity evaluations	Various high-precision measuring instrument product groups Charge/discharge testing systems X-ray CT system
Increased demand for product quality (Ensuring quality in production processes/ elimination of the possibility of defective products being passed forward for back-end processing)	• **Expanding demand for full inspection and on-site measurement** Automation support, process control, network/ operation monitoring	Inline coordinate measuring machines Sensors for processing machines like machine tools Data management software
New measurement technology needs in high-growth areas (semiconductors, aircraft, medical, etc.)	• **Growing demand for non-contact measurement technology** Non-contact sensor technology that achieves high resolution and high speed	White light interferometer microscope Non-contact distance sensors Various non-contact laser/image sensors for measuring instruments etc.

Mid-term Business Plan Progress and Future Measures

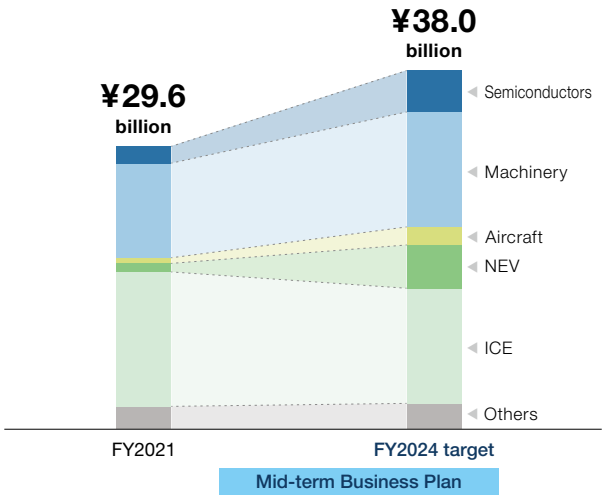
As for our precision measuring instruments department, the trend of postponing capital investment in the manufacturing industry in general in fiscal 2023 continued throughout the period against the backdrop of macroeconomic uncertainty and the economic slowdown in China. However, the Group strengthened sales of charge/discharge testing systems for rechargeable batteries, multipurpose measuring instruments for key components such as motors for EVs, and various contact and non-contact measuring instruments for non-automobiles such as aircraft and robots. In addition, although orders received decreased slightly from the previous period due to price revisions for some products, sales were at about the same level in the previous period.

In fiscal 2024, machine tool orders, which serve as a leading indicator of business conditions in the precision measuring instrument department, are expected to be generally at the same level as in the previous period. However, market conditions are expected to recover moderately in areas that the Group is focusing on, such as NEVs and semiconductors. Also, demand for rechargeable battery charge/discharge testing systems is expected to grow in Japan for the development of new batteries. Furthermore, demand for multipurpose measurement instruments from various manufacturers is expected to increase due to government subsidy policies designed to stimulate demand in Japan. In addition to promoting initiatives to capture these demands, the Group will strengthen its ability to propose solutions in order to respond to automation-related needs in preparation for medium- to long-term labor shortages.

(Hundred million yen)

	FY2021	FY2022	FY2023	FY2024 (target)
Net sales	296	344	346	380
Operating profit	36	46	54	—
Operating margin	12.3%	13.4%	15.6%	—

● Sales by Product



ICE: Internal-combustion Engine

	FY2023 Overview	Future Strategy
Semiconductors	・Developed non-contact and multipurpose measuring instruments for semiconductors	・Continue to cultivate demand and develop solutions for semiconductors
Machinery and Aircraft	・Release of specialized equipment for aircraft ・Developed and enhanced non-contact measuring instruments for medical applications ・Expanded sales of non-contact shaft measuring machines	・Develop total solutions including equipment, SW, and services to meet the demand for automation
New-energy Vehicles	・Physical measurement of EV gears, motors and other components, development of demand for battery X-ray CT system ・Maintained full operation of charge/discharge battery evaluation contract service	・Total solution development of measurement for NEVs
Internal-combustion Engines	・Slow recovery but steady demand ・Captured renewal demand	・Solutions for automation, enhanced maintenance inspection operations

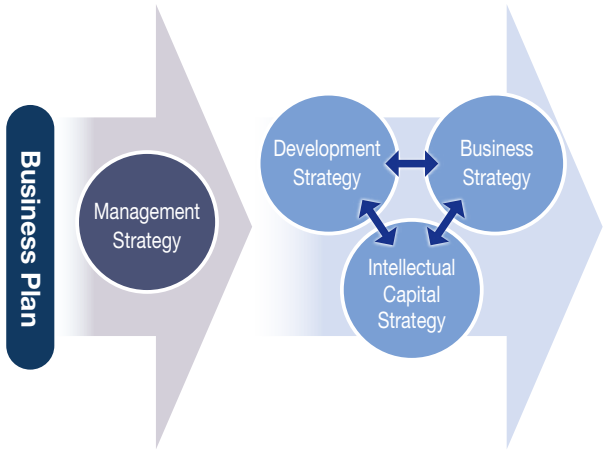
Intellectual Capital Strategy

Basic Policy on Intellectual Capital

Positioning of the Intellectual Capital Strategy

We place an emphasis on intellectual property, which is a major component of intangible assets, and actively invest in enhancing this value.

The Intellectual Property Department works closely with our business units and technology departments when formulating and implementing effective intellectual capital strategies to promote management strategies from an intellectual property perspective.



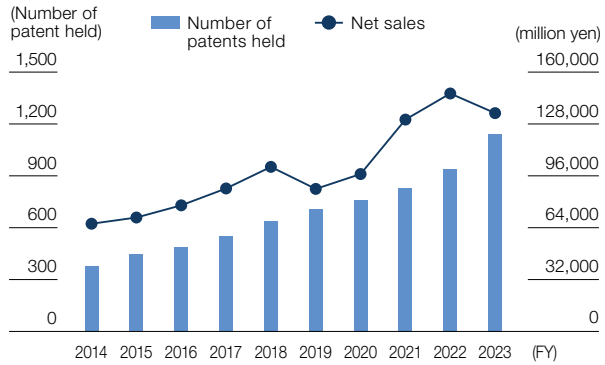
Promoting development strategy based on management strategy and intellectual capital strategy based on business strategy

Expansion of Intellectual Capital

The quantity of intellectual property rights held by the Company has been increasing. We will continue to actively acquire rights to enhance the value of our intellectual capital. Also, we are able to confirm that our business performance is improving in correlation with the expansion of intellectual capital. We confirmed that the stable expansion of intellectual capital is supported by ample budget allocations for R&D expenditure.

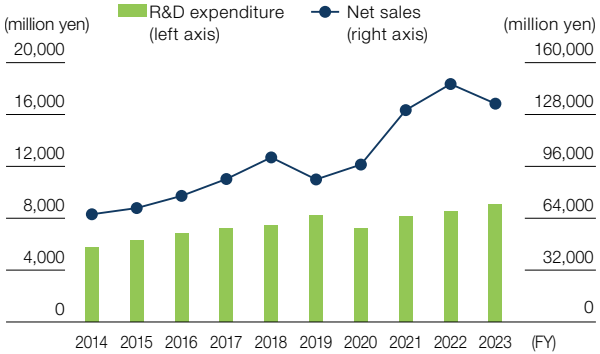
With regard to overseas expansion, we are proceeding with the acquisition of intellectual property rights in each country based on the recent trend toward domestic production of semiconductors and forecasts of future economic trends.

● Correlation between Number of Patents Held and Net Sales



* The number of patents held is determined as of the end of December of each year.

● R&D Expenditure and Net Sales



* Net sales and R&D expenditure figures are for the end of the fiscal year.

Intellectual Capital Initiatives

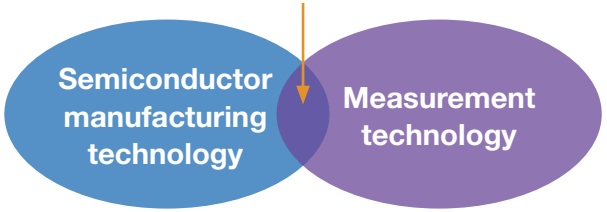
Analysis of Current Conditions

We are working on patent map analysis and inventories of our intellectual capital holdings to analyze the status of our intellectual property. This will be used to determine the strength of our core technologies and to formulate policies for further strengthening (portfolio expansion). It will also be used to grasp where other companies stand in terms of intellectual capital and to explore the potential for expansion into new technological fields.

In addition, based on IP landscapes, which are integrated with information on market and technology trends, we will create technologies that better fit customer demand by comparing that demand with our ability to supply technologies.

We are the only manufacturer in the industry that can integrate measurement technology with semiconductor manufacturing technology. The ability to incorporate the advanced measurement technology that has been cultivated since our founding into semiconductor manufacturing equipment is a major strength of our Company. This strength enables us to provide support for developing new clients and new business areas, selecting partners for business alliances and M&A targets in connection with such development, and contributing to execution of management strategies, such as intellectual property due diligence.

A Fusion of Technologies that is Unique to the Industry

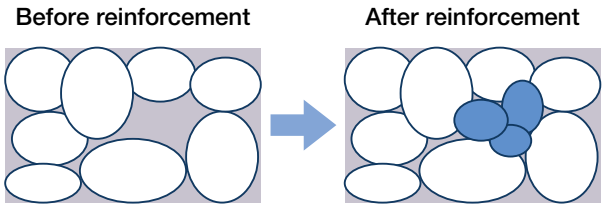


The measurement technology we have built up since our founding has been integrated with semiconductor manufacturing technology

Our strength lies in our unique technological characteristics

Enhancement of Our Patent Network

We ascertain the current status of our patent network by inventorying our intellectual property assets and acquire additional patents as necessary to build the ideal patent network. This creates a tight barrier to entry and serves as a source of competitive advantage. In particular, inventions that are regarded as basic patents have been patented widely in countries around the world.
On the other hand, important inventions that need to be kept secret are classified as confidential information, and strict information management is carried out in accordance with the guidance of the Information Security Committee.
Furthermore, we regularly assess the necessity of maintaining intellectual property rights together with our technical departments, and waive rights that are no longer necessary for business strategy, thereby avoiding excessive investment.



Creating an ideal patent portfolio through inventorying and self-analysis (conceptual images)

Patent Application Strategy (Comprehensive and Stable Rights Acquisition)

We hold regular invention consultation meetings with the Technology Division to ensure that patent applications for inventions created through technical development activities are filed in a timely manner without omission and inventions that inventors do not even recognize as inventions are discovered. We also strive to improve the quality of application specifications by enhancing embodiments and experimental data so that we can obtain highly stable and defect-free rights. In addition, we take the utmost care in our prosecution work to avoid unnecessary limitation amendments and opinion assertions, and to obtain a wide range of rights. The Company also files applications for similar inventions from multiple perspectives and strengthens the stability of rights so that even if a part of such inventions are invalidated, the protection of the inventions can be substantially maintained.
At the same time, we aim to create demand for licensing by acquiring rights in anticipation of technology transfer outside of our business domains.

Protecting the Brand

We have obtained trademark rights for our corporate mark and the names and logos of our products in countries around the world, and have established a system to protect our brand. We also periodically monitor the status of other companies' trademark registrations to ensure that we can respond in a timely and appropriate manner to any potential confusion about the origin of our products arising from other companies' activities.
Furthermore, we register a wide range of domain names for individual countries in regions where we do business.

Design Protection

Product features other than technical aspects, such as aesthetic product design and part design, are also protected as intellectual capital. Through the intellectual property mix, we protect our business from multiple angles and aim to synergize the value of our intellectual capital.

* Product design concept
Delivery lockers from Tosei Box Co., Ltd.

PULCOM W10
Control unit for in-process and post-process measurements

Promoting the Creation of Intellectual Capital

We regularly set up a forum where the managers of each department gather to think about the future society and explore the possibilities of the Company's contribution to society. Next, we regularly hold meetings where managers from each department gather to discuss solutions to issues identified through this initiative, thereby promoting the creation of high-quality patent inventions. This opportunity is also a forum for young employees to come up with ideas, and by fostering a culture that encourages them to take on challenges from a young age, we are contributing to increased engagement and human resource development.

In addition, in order to stimulate intellectual creation activities and ensure the protection of intellectual property, we provide not only compensation for employee inventions, but also reward inventors who developed excellent inventions or patented inventions that have made a significant contribution to our business performance. We also award departments and individuals who have filed a large number of patent applications each fiscal year.

The Company also sets up opportunities for contributors to present successful development cases to all engineers and share the difficulties and setbacks leading up to success as well as the history of overcoming them, thereby raising the motivation for development. In this way, we are working to encourage the creation of new intellectual capital while further strengthening our business promotion capabilities.

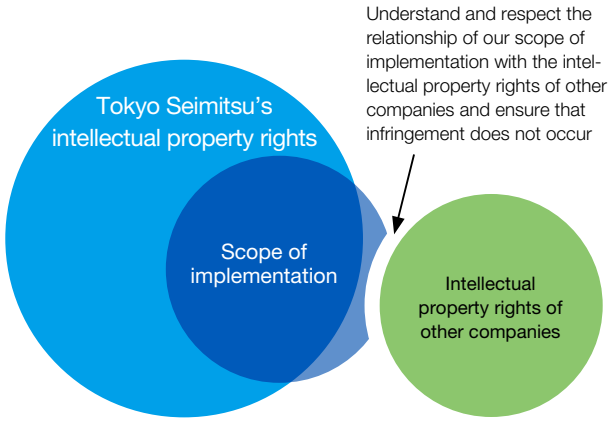
2024 Development Success Story Meeting

Respecting Other Companies' Rights

At each product development stage, development council meetings are held to confirm that development does not infringe on the intellectual property rights possessed by other companies and to assess the risk of infringement. This allows our intellectual property specialists to participate from the initial development stage to the sales activity stage to provide support for a wide range of legitimate business activities, including support with patents, designs, trademarks, copyrights, and unfair competition prevention.

In addition, we constantly monitor patent publications related to our business activities and investigate the development trends of other companies to avoid the risk of infringement from the basic development stage.

Furthermore, we cooperate with relevant departments to properly include intellectual property descriptions in product instruction manuals, catalogs, and other materials that we distribute.



* This diagram shows how the Company strives to secure intellectual property rights within the scope of implementation.

Intellectual Property-Related Human Resource Development

In order to improve our intellectual property literacy, we conduct function-based intellectual property training. In particular, for young engineers who are likely to develop many inventions in the future, basic training is repeated several times a year for each department in the Technology Division to encourage the creation of intellectual capital from up-and-coming human resources.

Each department of the Technology Division has an IP manager in charge of trademarks, designs, and copyrights, including patents, product names, catalogs, and exhibitions, who conducts IP management on a daily basis within their department and provides on-the-job training to employees of the department.

Also, inventors deepen their knowledge of patents by filing patent applications and handling examinations together with the Intellectual Property Department and the IP manager for their department.

In addition, we provide company-wide intellectual property education through e-learning to encourage departments with little involvement in intellectual property to acquire basic intellectual property knowledge to raise their level of intellectual property literacy.

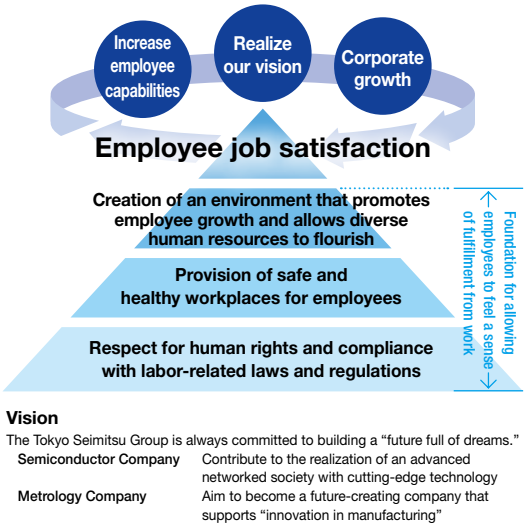
Human Capital Strategy

Fundamental Considerations

In order to realize the vision and achieve the mission of the Tokyo Seimitsu Group, each and every one of our employees, who are our greatest asset, must grow and develop while maximizing their abilities to achieve their dreams.
Accordingly, our Group is promoting "Respect for human rights and compliance with labor-related laws and regulations," "Provide workplaces that are safe and healthy for employees to work," and "Create an environment that promotes employee growth and allows diverse human resources to flourish" as we work to provide a better sense of fulfillment from work.

Tokyo Seimitsu Group's Vision and Mission
https://www.accretech.com/en/company/purpose.html

● Fundamental Considerations of Human Capital



Human Resource Development

Based on the belief that the growth of each and every employee is essential for the Group to continue to grow sustainably, we have established a human resource development policy.
https://www.accretech.com/en/sustainability/esg/humanresources.html

Furthermore, we have established various training programs based on our human resource development policy and are working to develop human resources in order to further enhance our "ability to uncover customer needs, solve diverse technical issues, and support manufacturing," which is one of our strengths, and become next-generation leaders.

Enhancing Human Resource Development Capabilities

The Company implements "human resource development training" for superiors, in which they can acquire "dialogue skills to promote growth" with the aim of nurturing employees capable of developing independently.
A 360-degree feedback system is conducted once a year, with review training also held to give superiors the opportunity to objectively review their own actions.

● Toward Enhancing Human Resource Development Capabilities

Improving Employees' Ability to Think from a Customer's Point of View

We conduct training to uncover potential customer needs based on new insights generated by taking the customer's point of view and to provide innovative products and services that exceed customer expectations.
This training is based on the concept of giving thought to designs in order to cultivate the ability to empathize with customers and generate innovative ideas that are not bound by stereotypes. This training also provides an opportunity for employees from different departments and divisions to face the same challenge of providing value to customers, fostering a sense of unity and learning diverse perspectives that transcend departmental/divisional boundaries.

Engagement

In order for the Group to achieve significant growth in a rapidly changing environment, it is important for employees to work with high motivation, improve productivity, and generate innovative ideas to deliver high added value to customers.
To encourage creativity and innovation, we have established systems such as the "Improvement Proposal Awards," "Technology Awards," and "New Business Proposal Awards." As a company, we promote these new initiatives and challenges. Additionally, by sharing the award details through internal newsletters and success story report meetings, we foster an environment that encourages employees to take on new challenges.
Additionally, in March 2023, we launched an engagement survey to measure the level of employee engagement. The survey investigates the following key points as elements for improving engagement, and we will work in collaboration with each department to promote engagement improvement measures that align with the realities of each workplace.

<Points Considered for Improving Engagement>

- Are employees able to demonstrate their strengths and feel a sense of job satisfaction?
- Do employees trust each other and are internal communications active?
- Do employees know the Company well and are they attached to the Company?

Diversity & Inclusion

The Company believes that diverse perspectives and ideas stimulate each other and create new value, resulting in synergies that extend beyond the sum of individual capabilities. To this end, the Company prohibits any form of discrimination, including those based on age, gender, race, religion, national origin, or disability, and is focusing on creating a workplace environment where diverse human resources can work in a safe and health manner.
The Company respects the personalities of each and every employee, and is creating an environment where employees can make the most of their capabilities in a rewarding way.

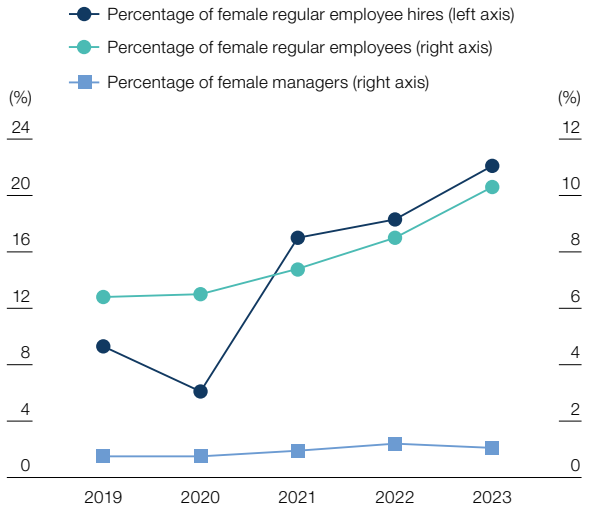
Promotion of Women's Participation and Advancement

To increase the number of women among our core human resources, we believe we must urgently increase our recruitment of female employees and improve the environment for such employees. To drive this effort, we have formulated the "Action Plan for the Promotion of Women's Participation and Advancement" (fiscal 2021 to 2025) and set targets to be achieved by the end of fiscal 2025. Although the number of female employees is increasing year by year, the percentage of female employees in management positions is still low. Therefore, we are working to create awareness and support within the Company for the active participation of female employees.

Fiscal 2025 Targets

Percentage of female employee hires (regular employees)	20%
Percentage of female employees (regular employees)	10%

Trends in Data for Promotion of Women's Participation and Advancement



Initiatives for the Promotion of Women's Participation and Advancement

Hiring of women

- Produce and distribute video interviews with young female employees to increase the female recruitment rate and raise the level of student interest in the Company.
- Extensive redesign of the Company website to increase the number of women recruited mid-career.

Support for the career development of female employees

- Conduct career development training for women.
- Conduct training to raise the awareness of supervisors regarding the development of female subordinates. Superiors engage in individual interviews with subordinates for the promotion of women's participation and advancement at each workplace.
- Introduction of external counseling services in April 2022. (available to all employees, not only women)

Employment of Persons with Disabilities

We work to create environments in which persons with disabilities can be socially independent and work with a sense of fulfillment while experiencing growth by contributing to the Company. Through collaboration with Hello Work (Japan's job placement office), and cooperation with employment support centers, schools for special needs education, and other parties, disabled employees work in various workplaces that are appropriate for their individual aptitudes.
As a specific initiative, in April 2023, we established workplaces in which each department can identify tasks that makes use of the characteristics of persons with disabilities which are then consolidated and implemented. After assigning a staff member to provide relevant support, three persons with disabilities began working at the Company. By April 2024, this number expanded to nine. They have been entrusted with scanning and assembly work by business units and have carried out other types of work as well, making a significant contribution to the Company.

Hiring of Foreign Nationals and Mid-career Workers

Mid-career workers are an indispensable part of our workforce. We also hire competent human resources, without regard for their nationalities. These mid-career workers and workers with foreign nationalities play major roles in bringing diverse perspectives and ideas and achieving close collaboration with overseas partners.
Employees with foreign nationalities account for 0.8% of managers, and mid-career workers account for 43.7% of managers.

Our Approach to Sustainability

As the corporate operating environment is undergoing drastic changes, this has prompted us to reaffirm the importance of sustainability as a management issue and promote sustainability activities.
For this reason, in November 2021, we formulated the Basic Sustainability Policy and established the Sustainability Committee. We will strengthen our sustainability promotion structure to realize our Purpose, and aim to realize a sustainable society and the sustainable growth of the Tokyo Seimitsu Group through dialogue and collaboration with our stakeholders.

Basic Sustainability Policy

The Tokyo Seimitsu Group strives to enhance its corporate value while playing an active role aimed at realizing a sustainable society by forming WIN-WIN relationships with all stakeholders, including customers, shareholders, suppliers, employees, local communities, and the international community, through our business activities based on our Corporate Philosophy “Growing together with partners and customers by collaborating technology, knowledge, and information to create the world’s No.1 products,” which we put into practice.

Basic Sustainability Policy

1. Efforts to address environmental issues
2. Earning the trust of society
3. Respect for human rights
4. Human resource development
5. Participation in and contribution to local communities
6. Building and running a fair, transparent, and efficient corporate governance system

▼ For details, please visit the website listed below.

Basic Sustainability Policy
https://www.accretech.com/en/sustainability/esg/guideline.html

Sustainability Promotion Structure

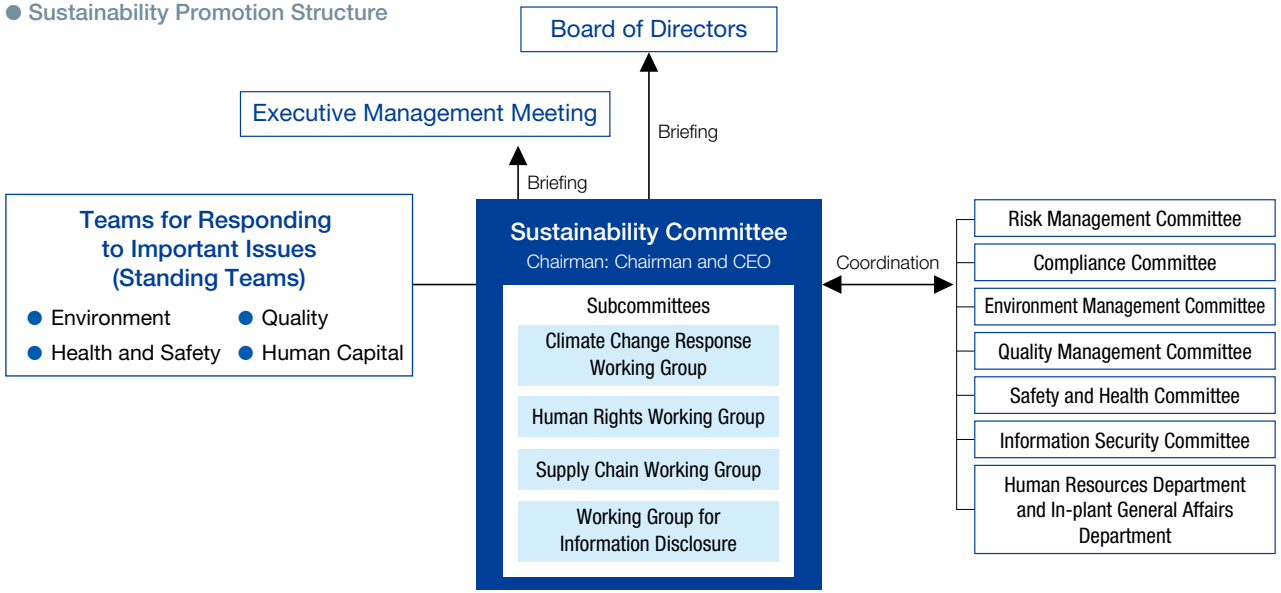
The Tokyo Seimitsu Group has established the Sustainability Committee to appropriately promote and manage sustainability activities. The new committee, which is chaired by the Chairman and CEO, oversees the drafting, formulation, planning, and implementation of sustainability activities. In addition to the six expert committees and the Human Resources Department/in-plant General Affairs Department that are connected with the Sustainability Committee, there are four teams beneath the Sustainability that deal with important issues, and subcommittees are established by the Committee Chairman when there are urgent issues that need to be addressed.

In April 2024, we changed the name “Human Rights Activities Project” to “Human Rights Activities Working Group” which works together with the Group and our supply chain constituents to address issues related to human rights.

Sustainability Committee

Chairman	: Chairman and CEO
Frequency of meetings	: Twice a year
Functions	: Formulates basic policies, establishes an operational structure, and sets targets/indicators Reports and provides recommendations during each Executive Officers’ Meeting and Board of Directors’ Meeting Monitors implementation of policies and collects various types of information

● Sustainability Promotion Structure



Environment

Disclosure Related to Climate Change (Disclosure Based on TCFD)

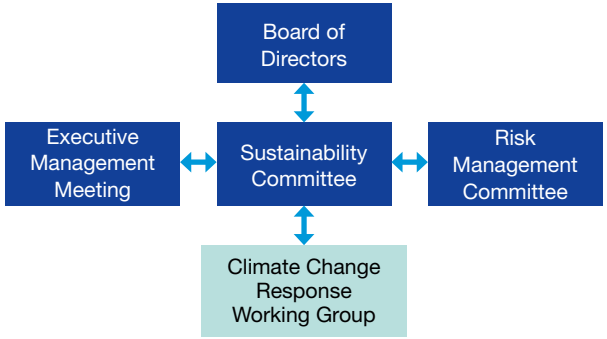
Tokyo Seimitsu expressed its support of the recommendations of the "Task Force on Climate-related Financial Disclosures (TCFD)" in March 2022. Our Group will analyze the risks and opportunities that climate change poses to our business, share and work to unfold issues, and promote the disclosure of climate-related financial information based on the TCFD framework.
For the latest information on TCFD related activities, please visit our website.
https://www.accretech.com/en/sustainability/esg/tcfd.html

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance

The Tokyo Seimitsu Group recognizes climate change as an important management issue. The Sustainability Committee deliberates on and manages the risks and opportunities related to climate change issues, and regularly submits proposals and reports to the Board of Directors.
The Sustainability Committee, which is chaired by the Chairman and CEO, deliberates twice a year at regular Sustainability Committee meetings, and submits proposals and reports to the Board of Directors when deemed necessary by the chairman.
Each director gathers information and gains knowledge, taking advantage of various opportunities and methods in order to keep abreast of the ever-changing landscape surrounding climate change. The Board of Directors share the issues of risks and opportunities related to climate change, discuss goal management and problem solving, and plan to outline our medium- and long-term GHG (Greenhouse Gas) reduction policies through the Climate Change Response Working Group in the future.

● Working Group Structure to Respond to Climate Change



[Climate Change Response Working Group]
Led mainly by the Sustainability Committee and comprising related personnel from the production, sales, technology, and management departments. Members of the project research and discuss issues related to climate change and regularly submit reports to the Sustainability Committee.

Risk Management

The Tokyo Seimitsu Group has established "Risk Management Regulations" and a "Risk Management Committee," which is headed by the president and COO, to identify and manage risks associated with business execution. Systems are in place to prevent potential risks from manifesting themselves and to prepare for crises.
The "Climate Change Response Working Group," a subcommittee of the Sustainability Committee, takes the lead in identifying, assessing, and examining risks (transitional and physical risks) related to climate change, and reports the results to the Sustainability Committee on a regular basis and as needed depending on the urgency of the situation. If it is determined that there are risks that may have an impact on business management, the Sustainability Committee will promptly report on those risks to the Board of Directors for deliberation.

Climate change risks are added to the risks covered by the Risk Management Committee, and a Group-wide response is carried out by flexibly discussing risk assessments and countermeasures for risk events that have materialized.

Strategy

We conducted a Scope 1 and Scope 2 emissions analysis of Tokyo Seimitsu's domestic businesses.
We will continue to monitor the GHG emissions of Group companies in Japan and overseas, and plan to respond accordingly. Additionally, regarding Scope 3 emissions, we are advancing our understanding of the categories 1 and 11 based on the LCA of our products.

Risks and Opportunities Associated with Climate Change

Since future projections are highly uncertain and difficult to analyze, we examined GHG emissions based on multiple scenarios. International public opinion is moving toward the view that a 2°C or less scenario response is insufficient, so we conducted our analysis with a 1.5°C scenario in mind. However, as a 1.5°C scenario response would dilute our awareness of physical risks, we also assumed a business environment under the 4°C scenario, the level to which temperatures would rise if current economic activity were to continue.

* Reference scenarios
1.5°C scenario : [IEA] NZE, 1.5°C special report [IPCC] SSP1-1.9
4°C scenario : [IEA] STEPS [IPCC] SSP2-4.5, SSP3-7.0

In addition, based on the results of the analysis of environmental risks and opportunities, we decided on the following actions to be taken on medium- and long-term bases.

- Organization of the overall picture of climate change and policies to address climate change
- Exploration of new business areas
- BCP enhancement, starting with our response to climate change
- LCA Scope 3 (including coordination with customers and suppliers)

Scenarios	Risks and opportunities		Event	Description	Financial impact	Manifestation periods
1.5°C	Risks	Regulations	Carbon pricing	● Rises in costs of materials, equipment, energy, transportation, etc. due to the introduction of a carbon tax ● Restrictions on product exports due to the introduction of a carbon border tax	▲▲▲	Medium term
		Markets	Shift to EVs	● Decrease in demand for the conventional business and products (measuring instruments for internal-combustion engine parts)	▲▲	Medium term
			Decarbonization premiums	● Decarbonization resulting in surges in material costs, difficulty in procurement, and extra costs being incurred to procure alternative products ● Difficulty in procurement of non-fossil energy and rise in procurement costs	▲▲	Medium term
		Reputation	Delayed response to decarbonization	● Delays in climate change action and other ESG efforts affecting financing and business relationships	▲	Medium term
	Opportunities	Markets	Shift to EVs Electrification/digitalization	● Expanding measurement demand for new EV materials and components; increased use of semiconductors and expansion of production capacity	▲▲▲	Medium term
			Expansion of renewable energy markets	● Growing demand for measuring instruments due to expanding renewable energy markets	▲	Long term
		Resource energy efficiency	Production facilities	● Energy-saving measures in plants (equipment and processes) and recycling of resources leading to increase productivity and meet the customer need for decarbonization	▲	Short term
		Products and services	Low-carbon products and services	● Enhance the product reputation and competitiveness on the market by reducing environmental impact from the LCA perspective ● Meet the customer need for lighter products (increase demand for measuring products)	▲▲	Short term
4°C	Risks	Physical (acute)	Detection of intensifying disasters	● Increase in risk management costs (BCP response) ● Property damage and restoration costs due to disasters ● Suspension of operations due to disasters (own and supplier factors)	▲▲▲	Medium term
	Opportunities	Resilience	Disaster response	● Stable supply of products and services during disasters to help customers maintain their production systems	▲▲	Medium term

Legend Financial impact: ▲▲▲=Large, ▲▲=Moderate, ▲=Small Manifestation periods: Short term: 2022 to 2024, Medium term: 2025 to 2029, Long term: 2030 and beyond

Strategy for Opportunities

▶Opportunities in the Semiconductor Manufacturing Equipment Business Related to Climate Change

In the process of achieving carbon neutrality across all industries worldwide, we predict demand for the following:

- Efficiency and energy conservation in production activities (mainly through digitalization)
- Transition to decarbonized energy (mainly through electrification)

As a result of the above two measures, the scope of application of digital and communication technology will expand, and the quantity of electronic devices and electronic components used throughout society will increase rapidly. Accordingly, demand for semiconductor devices, which are components found in these products, is expected to increase continuously, and the demand for the semiconductor manufacturing equipment we provide is expected to increase dramatically in the future.

In addition, the quantity of electronic devices and components will increase with designs becoming more complex as the functionality becomes more sophisticated. As a result, there is a growing need to solve new issues in manufacturing processes. Tokyo Seimitsu develops and provides products that meet these needs.

For example, we support manufacturing processes by providing high-precision processing equipment for the enhancement of SAW filter and sensor functionality.

On the other hand, the progress of digitization and electrification will lead to:

- Increase in power consumption due to the expansion of data and computation (the spread of IoT devices and AI)
- Increase in power loss due to the expansion of the use of electric motors

Therefore, it is necessary to promote energy conservation by semiconductors themselves in a two-fold manner. As a result, there are expectations for the spread of next-generation power semiconductors (GaN, SiC, etc.) that achieve high energy efficiency, and we are also promoting the development of related technologies and products.

Emerging Needs and the Value We Offer

In order to achieve carbon neutrality as mentioned above, we believe that new challenges will emerge, and customer needs will also constantly change. In response to these needs, we will continue to provide new value by comprehensively responding to a wide range of products covering inspection and processing equipment.

	Expected changes in society	New challenges	Value we provide (examples)
1	Increased production of semiconductor devices	Extended inspection times	Increased throughput of probing machines
		Further installation of semiconductor manufacturing equipment	Stable supply of semiconductor manufacturing equipment
2	Increasing complexity of semiconductor device designs	Increased heat dissipation during measurement	Probing machines that support high-precision temperature control
		Higher machining accuracy	High-precision high rigid grinders and ablation laser dicing machines
3	Spread of next-generation power semiconductors	Increased demand for difficult-to-cut material processing	High-precision high rigid grinders, edge grinders, and CMP (Chemical Mechanical Planarizers) devices

Semiconductor Manufacturing Equipment Business Strategies and Targets

We carry out the following initiatives in order to accurately seize business opportunities related to climate change and achieve sustainable growth in the semiconductor manufacturing equipment business.

1. Appropriate capital investment to meet growing demand

In order to meet the rapidly increasing demand for semiconductor devices, we will steadily strengthen our production system for semiconductor manufacturing equipment. The Hanno Plant began operations in July 2023, and the Company is considering the construction of a new plant in the Nagoya area.

2. Sales activities that are thoroughly customer-oriented

Our strength lies in our thorough customer-oriented approach, so our manufacturing, engineering, service, and sales teams work in unison to listen to our customers on a daily basis. Through these initiatives, we will not only quickly grasp the quantitative and qualitative needs of semiconductor manufacturing equipment but also pursue products and services that satisfy our customers, aiming to create relationships that enable us to grow together with our customers.

3. Participation in industry groups and joint research

Tokyo Seimitsu is a regular member of the Semiconductor Equipment Association of Japan (SEAJ) and leads discussions on energy and CO_2 in SEAJ's Environment Subcommittee. We also participate in Semiconductor Equipment and Materials International (SEMI) as a founding member of the Semiconductor Climate Consortium.

In addition, we will actively work on the development of next-generation technologies. As a member of Tsukuba Power Electronics Constellation (TPEC), a joint research consortium for power electronics that contributes to energy conservation in a wide range of industries and households, we are participating in R&D and human resource development. We are also participating in R&D with the Center for Innovative Integrated Electronic Systems (CIES), Tohoku University.

Through these initiatives, we will also strive to develop products from a medium- to long-term and seeds perspective, and capture the technological breakthroughs and industry changes that accompany them.

Based on the aforementioned policies 1 to 3, we aim to increase sales in the semiconductor manufacturing equipment business to 132 billion yen by fiscal 2024 (fiscal 2021 results: 101.1 billion yen).

As the only manufacturer of semiconductor manufacturing equipment in the industry, which has "measurement technologies," the Tokyo Seimitsu Group will also work to integrate the two relevant technologies. By incorporating measurement equipment into semiconductor manufacturing equipment, it is possible to carry out more accurate inspection and processing, providing unique value. We expect synergies between the two businesses through this initiative to amount to sales of around 13 billion yen by 2025.

▶Opportunities in the Precision Measuring Instrument Business Related to Climate Change

In order to achieve carbon neutrality by 2050, it is necessary not only to decarbonize electric power sectors, which emit large amounts of GHG, but also to electrify non-electric power sectors (consumer, industrial, and transportation).

Our measurement technology plays a fundamental role in carbon neutrality measures in a wide range of fields, both in the electric power and non-electric power sectors.

1. Electric power sector

1-1. Adoption of renewable energy

➡ Bearing measurement technology for offshore wind power generation

It has been noted that a combination of multiple sources of power, including renewable energy, is needed to achieve electricity decarbonization and still provide sufficient electricity demand.

Among them, offshore wind power generation plays an important role. Offshore wind power generation is expected to be introduced in large quantities around the world, and by 2040, the amount of power generated is expected to increase by about 20 times, with an investment of about 1 trillion USD. In Japan, its growth potential and economic ripple effects are emphasized, and in the "Offshore Wind Industry Vision (Phase 1)," it is positioned as a trump card for making renewable energy a mainstream power source.

Bearings are components that affect the power generation efficiency of wind power generators. Those used in large wind power generators are several meters in size. With our highly accurate roundness and cylindrical shape measurement technology, we measure the shape of the bearing and whether there is any internal distortion or inclination, maximizing the effect of introducing wind power.

1-2. Expansion of the storage battery industry

➡ Charge/discharge testing system

Production of lithium-ion and other rechargeable batteries is expected to grow dramatically due to the global spread of EVs and the stabilization of the electric power system accompanying the expansion of the introduction of renewable energy.

Tokyo Seimitsu develops and sells a "charge/discharge testing system" that measures the performance and reliability of rechargeable batteries.

Charge/discharge tests involve repeated charging and discharging of batteries, and thus consume a large amount of electricity. However, our unique "energy sharing method," in which electricity is shared among multiple batteries under test, has realized energy conservation of up to 30% (in-house comparison). In addition to battery research and development, this product is used for a wide range of applications, such as quality inspections during mass production, and contributes to the reduction of CO_2 emissions and power costs for customers.

We not only manufacture and sell test equipment but also provide battery evaluation services for contract testing using the equipment.

These WIN-WIN products and services contribute to climate change countermeasures by reducing customers' CO_2 emissions during testing and by accelerating R&D and dissemination of rechargeable batteries while at the same time contributing to our growth.

2. Non-electric power sectors (consumer, industrial, and transportation)

2-1. (Overall) Progress of electrification and digitalization

➡ Measurement technology for semiconductor manufacturing equipment and electric vehicles

In the decarbonization of non-electricity sectors, measures for

dealing with combustion equipment and facilities using fossil fuels are the main focus, with "conversion to decarbonized energy through electrification" (direct heating with electricity, heat pumps, electrification of vehicles, etc.) and "efficiency improvements through digitalization," playing a major role toward decarbonization.
These measures will result in a rapid increase in the number of electronic devices and sensors used in society as a whole, with demand for semiconductor devices expected to grow continuously.
We provide precision measuring instruments that are indispensable for the development and production activities of semiconductor device manufacturers, electronic component manufacturers, semiconductor and electronic component manufacturing equipment manufacturers, and inspection system manufacturers. With the increase in demand for semiconductor devices mentioned above, the need for our products that support semiconductor manufacturing processes is expected to increase in the future.
In addition, since reducing CO_2 emissions from automobiles is an important theme toward achieving carbon neutrality, related policies are being launched one after another in countries around the world. The Japanese government is also aiming for only electric passenger cars to be sold by 2035. In line with this, it is tasked with restructuring the automobile industry, including the development and popularization of storage batteries. The unit configuration, development, and production methods for HEVs and EVs are very different from those for conventional automobiles. In particular, the market for drive motor units, inverters, batteries, and other components unique to electric vehicles is expected to expand rapidly. We support high-precision measurement of drive system motor units and batteries by utilizing measurement technology with coordinate measuring machines and X-ray CT systems. In the future, we will grow together with customers in the automotive industry, which is undergoing major changes, and contribute to the spread of new energy vehicles from the aspect of measurement technology.

2-2. (Industrial) Compatibility of temperature adaptation and energy conservation

➡ Measuring instruments that are resistant to temperature changes

While countries around the world are working to achieve carbon neutrality by 2050, the average global temperature is expected to rise between 0.5 and 1°C even if the goals set by each country are met. Furthermore, if the world does not move forward with climate change countermeasures, it is expected that the average temperature will rise by 4°C or more and the probability of extreme weather events will increase. In response to these risks, we provide measurement products that are resistant to temperature changes in the measurement environment and contribute to the sustainable production activities of the manufacturing industry. Specifically, we provide value in the following ways.

Measurement environments in which it is difficult to control the temperature:

Our products can handle constant temperature rises above the conventional accuracy-guaranteed ambient temperature to a certain degree. In addition, the ease of constraints on environmental temperature at the time of measurement enables flexible design of measurement and inspection processes in the plants. As a result, measurement and inspection can be performed earlier in the production process, contributing to higher productivity.

Measurement environments in which it is possible to control the temperature:

By expanding the range of the accuracy-guaranteed ambient temperature and being less strict with air conditioning temperature settings, our systems contribute to energy and cost savings while maintaining measurement accuracy.

The following products enable measurement over a wide temperature range.
Also, it is assumed that the automation of production processes will accelerate in the future for the purpose of avoiding work in hot environments, and demand for these products is expected to increase because they are also compatible with automation.

- Coordinate measuring machines — DuraMax, XYZAX AXCEL
- Surface texture and contour measuring instruments — SURFCOM NEX series

In the future, we will continue to support the production bases for more industries and products by responding to customers' needs for temperature adaptation and automation with a wide range of products.

2-3. (Transportation) Contribution to weight reduction and efficiency

➡ Measurement technology for complex engine parts

In order to decarbonize the transportation sector, further weight reduction and efficiency of transportation equipment are required. Especially in the aircraft sector, while electrification and fuel conversion are progressing, reviewing the structure and engines of airframes continues to be an important development issue. For example, "BLISK," a component that integrates the blade and rotor disc of an engine, plays an important role in reducing the weight of aircraft engines and the air resistance inside the engine.
The development and production of blisks requires high-precision metal processing and it has been a challenge to accurately measure their shapes (especially the edges of the blades). We offer "XYZAX Opt-BLISK," a product that enables accurate measurement in a short amount of time by utilizing a non-contact sensor. Our highly accurate measurement technology will contribute to the efficiency and decarbonization of the transportation sector.

Strategy for Risks

▶ Strengthening BCP and BCMS

- In addition to the increasing risk of natural disasters caused by climate change, there is a growing need for business continuity in emergencies from the perspective of economic security. Against this backdrop, we are working to strengthen our Business Continuity Plan (BCP) and Business Continuity Management System (BCMS) (see P70, "Risk Management").

- In preparation for the intensification of disasters caused by climate change, we are implementing the following planning and management in anticipation of the suspension of operations at our plants and the damage to suppliers and subcontractors.
  - Assumption of damage to our own plants: We have assessed the risk of flooding at our plants (Hachioji, Tsuchiura, Hanno) based on hazard maps and other information from local governments and confirmed that the risk of flooding is sufficiently small.
  - Suppliers and subcontractors: We evaluate the risk of flooding using evaluation tools such as local government hazard maps and the World Resources Institute (WRI) "Aqueduct Floods," taking into account the size of the impact on our business, e.g., the amount of money involved and the irreplaceability of the relevant suppliers, thus proceeding with the consideration of countermeasures for suppliers that are judged to be at high risk.

Strategy for Scope 3 Emissions (Category 11)

As a result of calculating Scope 3 emissions (Category 1 and 11) based on Life Cycle Assessment (LCA), it was found that Category 11 emissions related to semiconductor manufacturing equipment had the greatest impact and that emission reduction efforts were highly important.
In the semiconductor manufacturing process, in addition to the power consumption of our products, energy is also consumed in the production of ultrapure water, which is necessary for clean room maintenance, temperature control, and semiconductor cleaning.
In addition, based on our LCA results, CO_2 emissions associated with indirect emissions from dicing machines can be as high as or several times higher than CO_2 emissions associated with electricity consumption during product use. Therefore, it is also important to reduce these emissions.
We are also working to reduce the footprint of our products to reduce the energy required for air conditioning, and to develop products that enable semiconductor cutting and processing using smaller amounts of water (ultrapure water).

Our design principles for new product development include "compactness," "design that achieves energy conservation throughout the product life cycle," and "resource-saving design," and we evaluate LCA and set targets for indirect emissions, including CO_2 emissions, during product development.

Indicators and Targets

The Tokyo Seimitsu Group is working to help achieve carbon neutrality by 2050.
We have established CO_2 (Scope 1 and Scope 2) emission reduction targets that we aim to achieve in fiscal 2025 and 2030.
Since the majority of GHG emitted by the Company are from the CO_2 equivalent of electricity purchased to operate its plants. As a global warming prevention measure, we are focusing on activities for conserving electricity.
As demand for semiconductors is expected to further expand in the future, the Tokyo Seimitsu Group is planning to expand production capacity and is expected to increase energy conservation efforts in order to meet these needs. In fiscal 2023, CO_2 emissions increased in line with the amount of electricity purchased as a result of the completion of the Hanno Plant and the acquisition of the Furudono Plant due to the transfer of the charge/discharge testing system business.
In the future, while promoting energy conservation activities and planning to expand solar power generation systems, we will work to reduce CO_2 emissions using non-fossil certificates.

● CO_2 Emission Reduction Targets

FY2025 target	Reduce Scope 1 and Scope 2 emissions by 35% by FY2025 (compared to FY2018 levels)
FY2030 target	Reduce Scope 1 and Scope 2 emissions by 50% by FY2030 (compared to FY2018 levels)

Organizations covered: Tokyo Seimitsu Co., Ltd. (non-consolidated basis)

● CO_2 Emissions Results and Targets for FY2023

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (target)	FY2025 (target)	FY2030 (target)
Emissions (t-CO_2)	11,982	9,524	8,191	8,257	11,598	12,044	8,003	6,156
(% reduction compared to FY2018)	Down 2.68%	Down 22.64%	Down 33.47%	Down 32.94%	Down 5.80%	Down 2.18%	Down 35.00%	Down 50.00%
Electricity consumption (MWh)	25,448	28,843	29,835	29,546	37,432	—	—	—
CO_2 emissions Production volume intensity (t-CO_2/million yen)	0.191	0.129	0.080	0.074	0.111	—	—	—

Organizations covered: Tokyo Seimitsu Co., Ltd. (non-consolidated basis)
The results for fiscal 2023 include data from the Hanno Plant (data since the construction of the new plant was completed in July) and Furudono Plant (data since the business acquisition in October).

Environmental Management

The Tokyo Seimitsu Group contributes to the realization of a sustainable society based on the Group's Basic Environmental Philosophy, which is "Recognizing environmental conservation as an important theme common to all humankind, Tokyo Seimitsu makes environmental conservation an integral element of all product development, design, manufacturing and service activities."

Basic Environmental Philosophy, Basic Environmental Policy, Environmental Policy
https://www.accretech.com/en/sustainability/esg/management.html

Environmental Management System

The Company has created an Environmental Management System (EMS) which conforms to ISO 14001. Each Environmental Subcommittee, established as part of the Semiconductor Company and Metrology Company, conducts an annual survey of environmental aspects of the organization, products, services, and facilities in accordance with the Environmental Monitoring and Measurement Management Regulations. We evaluate their environmental impacts and prepare, approve, implement, evaluate, and report on our "Environmental Objectives Implementation Plan" and "Environmental Management System Programs" based on legal requirements, our Environmental Policy, and stakeholder requirements.
In addition, while internal audits are conducted twice a year to check the management status of facilities and equipment, the Environment Management Committee confirms that environmental standards are being properly observed, and notifications and reports are appropriately performed.

Environment Management Committee	
Chairman	: Executive Vice President and CFO
Frequency of meetings	: Twice a year
Functions	: Deliberates on and promotes environmental management activities performed at the Hachioji, Hanno, Tsuchiura, and Furudono plants. Checks status of compliance with environmental laws and regulations and the progress of environmental impact reduction activities. Creates and implements Environmental Management System and continuously improves it.

Environmental Objectives Implementation Plan/ Environmental Management System Programs

The divisions affiliated with each Environmental Subcommittee prepare an Environmental Objectives Implementation Plan that specifies the details of efforts, deadlines, and evaluation methods to achieve the environmental targets of the Semiconductor Company and Metrology Company. Based on this plan, they prepare Environmental Management System Programs that provide annual implementation plan and progress information.
The results of the activities based on the Environmental Management System Programs are reported every three months to the heads of relevant divisions and persons responsible for environmental management. In fiscal 2023, we planned programs for 59 items and reached our targets for 51 items, for an overall achievement rate of 86.4%.

● Environmental Management System Programs in Fiscal 2023 that Achieved Targets

Main initiative	Cases
Power reduction due to improved equipment efficiency	25
Reduction in power consumed during processing and production	4
Power reduction due to improvement proposals and small-group activities	8
Reduction in water and air consumption during production	3
Reduction in the use of organic solvents	5
Reduction of hazardous chemical substances	4
Reduction of CO_2 through gas substitution	1
Reduction in waste	6
Reduction of CO_2 emissions through use of Company vehicles	1
Others	2

● Results of Main System Programs

	Reduction plans and targets	Reduction results
Reduction in electricity consumption in plants	281 MWh	325 MWh
Reduction in water consumption during production		
Process X water consumption	30%	31%
Reduction of hazardous chemical substances during production		
Process Y water consumption	10%	10%
Process Z water consumption	5%	38%
Reduction of chemical substances in plants	10 chemicals	13 chemicals
Reduction of waste (packaging materials)	150 kg	280 kg

Eco-Factory

Tokyo Seimitsu is a machinery manufacturer that performs tooling of precision parts in-house. No less than 99% of our CO_2 emissions come from the electricity used in our plants, and almost all of the environmental impact (water resources, waste generation, etc.) that we cause is from plant operations. Accordingly, we are promoting activities to reduce environmental impact through our main "eco-factory" approach.

Promotion of Global Warming Prevention (Toward a Decarbonized Society)

Almost all the GHG emitted by the Company are from the CO_2 equivalent of electricity purchased and used in the operation of our plants. As a global warming prevention measure, we are focusing on renewable electric power procurement and conserving electricity.

■ CO_2 Emission Reduction Targets

Scope 1 and Scope 2 emissions
By fiscal 2025, reduce CO_2 emissions by 35% from 2018 levels
By fiscal 2030, reduce CO_2 emissions by 50% from 2018 levels
Organizations covered: Tokyo Seimitsu Co., Ltd. (non-consolidated basis)

● Fiscal 2023 Targets and Results

Reduction of CO_2 emissions	
Plan	35% reduction compared to FY2018 by FY2025 Benchmark emissions : 12,312 t-CO_2 Reduction target : 8,003 t-CO_2
Result	11,598 t-CO_2 (5.8% reduction compared to FY2018)

● CO_2 Emissions

		FY2019	FY2020	FY2021	FY2022	FY2023
Total CO_2 emissions (Scope 1 and Scope 2)		11,982 t-CO_2	9,524 t-CO_2	8,191 t-CO_2	8,257 t-CO_2	11,598 t-CO_2
Details	Gas (Scope 1)	21 t-CO_2	42 t-CO_2	51 t-CO_2	54 t-CO_2	70 t-CO_2
	Fuel (Scope 1)	51 t-CO_2	33 t-CO_2	43 t-CO_2	45 t-CO_2	47 t-CO_2
	Electricity (Scope 2)	11,910 t-CO_2	9,449 t-CO_2	8,097 t-CO_2	8,158 t-CO_2	11,481 t-CO_2
CO_2 emissions per unit of production (Scope 1 and Scope 2)		0.191 (t-CO_2/million yen)	0.129 (t-CO_2/million yen)	0.080 (t-CO_2/million yen)	0.074 (t-CO_2/million yen)	0.111 (t-CO_2/million yen)

The results for fiscal 2023 include data from the Hanno Plant (data since the construction of the new plant was completed in July) and Furudono Plant (data since the business acquisition in October).

In fiscal 2023, CO_2 emissions increased in line with the amount of electricity purchased as a result of the completion of the Hanno Plant and the acquisition of the Furudono Plant due to the transfer of the charge/discharge testing system business. In the future, while promoting energy conservation activities and planning to expand solar power generation systems, we will work to reduce CO_2 emissions using non-fossil certificates.

Resource Recycling and Waste Reduction

Various resources are used for the products and business activities of the Tokyo Seimitsu Group. In order to contribute to the formation of a sustainable recycling-oriented society, we have declared in our Environmental Policy that we will make effective use of all resources and work on resource saving, waste reduction, and recycling.

Reduction of waste emissions, reuse as resources	
Plan	Recycling rate of 95% or higher by FY2024
Result	Recycling rate.....98.4% Total emissions ..... 1,008 t Amount reused as resources..... 991 t Final disposal amount ..... 17 t
Paper procurement volume production volume intensity reduction	
Plan	5% reduction compared to FY2019 by FY2024 Benchmark usage : 0.443 kg/million yen Reduction target : 0.421 kg/million yen
Result	0.233 kg/million yen (47.4% reduction compared to FY2019)

Locations covered: Hachioji Plant, Hanno Plant, and Tsuchiura Plant. For the Furudono Plant, only reduction of resource (paper) use was used in calculations

● Waste Reduction and Reuse of Waste as Resources

In order to reduce waste, we are implementing various initiatives, such as replacing cardboard boxes for packaging delivered parts with reusable plastic boxes, and having wooden pallets picked up by shipping companies. All waste from the Hachioji Plant is recycled, by means including thermal recycling. We are also working to increase the recycling rate at the Tsuchiura Plant by switching to a vendor that treats liquid waste for recycling.

● Reduction of Resource (Paper) Use

In order to reduce our use of paper, we are creating an environment in which work can be performed during every process within the Company using electronic data.
With the electronic transaction system (ACCRETECH Web-EDI System) that we started using in December 2023, the Hachioji Plant has reduced paper consumption by about 24% of fiscal 2022 levels by replacing documents such as order forms and drawings with electronic data.

Water Resources

Water is a valuable resource that is directly linked to people's lives and daily life. Since the Hachioji Plant, which manufactures semiconductor manufacturing equipment, uses a large amount of water (pure water), we are working to conserve water resources by reducing water consumption and promoting water recycling.

Water usage per unit of production reduction	
Plan	5% reduction compared to FY2019 by FY2024 Benchmark usage : 2.74 m^3/million yen Reduction target : 2.60 m^3/million yen
Result	1.59 m^3/million yen (42.0% reduction compared to FY2019)

Organizations covered: Tokyo Seimitsu Co., Ltd. (non-consolidated basis)
The results for fiscal 2023 include data from the Hanno Plant (data since the construction of the new plant was completed in July) and Furudono Plant (data since the business acquisition in October).

● Reduction of Water Consumption and Water Recycling

All of the water withdrawals we use is provided using city water (surface water) and groundwater. In fiscal 2023, we used 168,685 m^3 of water. At the Hachioji Plant in particular, wastewater volumes are increasing as the production volume of semiconductor manufacturing equipment that use a large amount of water (pure water) increases. As a result, a portion of the wastewater is collected and filtered to promote water recycling as raw water to serve as pure water.

Chemical Substances Control

With regard to the chemical substances used by the Tokyo Seimitsu Group and those contained in component materials, the Group complies with the laws and regulations of Japan and of the regions to which it exports. For chemical substances that are not regulated, we perform management based on voluntary standards to minimize impacts on people and the environment.

● Chemical Substances Control Based on Voluntary Standards

In our internal regulations, we stipulate substances with the potential to pollute the environment, and mandate notification to the person responsible for environmental management when handling such substances. In addition to keeping track of the amount of each substance handled, storage location, maximum storage volume, etc., we have SDSs* and emergency response tools, conduct periodic drills to prepare for emergency situations, and are promoting the use of non-toxic or low-toxic alternatives to organic solvents and other hazardous chemical substances. In fiscal 2023, we reduced the number of chemical substances by 13 compared to the reduction target of 10 substances.

* Safety data sheets (SDSs) provide information on the hazards, toxicity, storage, disposal methods, and other information on the handling of chemical substances

Eco-Products (Environmental Contribution through Products)

As Tokyo Seimitsu Group products are essential to our customers' manufacturing activities, we believe it is important to provide our customers with safe, high-quality, high performance, and environmentally-friendly products for manufacturing. Through our eco-products, we will contribute to the resolution of customers' environmental issues and the realization of carbon neutrality.

Life Cycle Assessment (LCA)

In the development of new products, we set LCA (Life Cycle Assessment: a calculation standard that converts the environmental impact of each stage of a product's life cycle, from when a product exists in raw material form to manufacturing and disposal, into CO_2 emissions) targets and aim to reduce CO_2 emissions from conventional machines.
We have sequentially calculated LCA for existing products, and from fiscal 2023, we have simulated Scope 3 Category 11 emissions (CO_2 emissions associated with the use of products sold by our Company), and evaluated CO_2 emission reductions through functional improvements, etc. We will continue to make improvements to increase production efficiency while at the same time reducing CO_2 emissions.

Control of Chemical Substances Contained in Products

The Group has established the Environmental Green Initiative Team within the Sustainability Department to establish a system for the control of chemical substances contained in products in response to environmental laws and regulations and customer requirements. We conduct briefing sessions for suppliers to request strict control and reporting related to chemical substances contained in the parts we procure. So far, over 400 suppliers have participated. We also conduct cloud-based surveys for suppliers on the RoHS Directive, REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), and other topics. In addition, we have an analysis room equipped with an X-ray fluorescence analyzer, gas chromatography-mass spectrometer, and other devices, and have established a system that allows us to conduct confirmation as necessary.

● Green Procurement

In April 2003, we established our Green Procurement Guideline so that our suppliers will cooperate with our efforts to control the chemical substances contained in products. In recent years, regulations on the management of hazardous chemical substances have become increasingly strict. In fiscal 2023, we established the Green Procurement Standards with strengthened guidelines and are working to build a system to prioritize the procurement of parts and materials with low environmental impact and environmentally-friendly designs.

● Compliance with RoHS Directive and Other Environmental Laws and Regulations

In regard to precision measuring instruments, we have investigated six substances of the RoHS Directive and the four phthalic acids added in 2021, determining that 100% of our products are compliant.
While semiconductor manufacturing equipment is exempt from the RoHS Directive as large-scale stationary industrial equipment, we established a RoHS Analysis Room in fiscal 2018 to analyze chemical substances contained in procured parts.
Since July 2020, we have made all our products comply with the TSCA-PBT*2 regulations, in addition to the PFOA*1 regulations that were added to the POPs (Persistent Organic Pollutants) regulations. We export 100% compliant products to areas where the regulations are enforced.

*1 PFOA (Perfluorooctanoic acid):
A type of organofluorine compound that has been identified as a carcinogen

*2 TSCA-PBT:
A persistent, highly accumulative, toxic substance as defined by the US Toxic Substances Control Act (TSCA)

Systems that Reduce Environmental Impact

Due to the nature of production facilities, products of Tokyo Seimitsu offer many hours of operation and have long service lives. Consequently, when converted into CO_2 emissions, power consumption from usage of products accounts for a good deal of total emissions over the life cycle.
This has prompted us to focus on developing and designing products for reducing environmental impact at customers' manufacturing facilities.

High Rigid Grinders: HRG3000RM Ⅱ

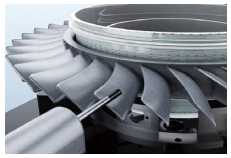
In the manufacture of semiconductors, wafers are becoming thinner as semiconductor packages become thinner and chips become multilayered.
The HRG3000RM II high rigid grinder achieves mirror surface processing comparable to a polish grinder by increasing rigidity with original technology and has improved machining speed and productivity three times that of a polish grinder.
As a result, compared to conventional polish grinder, power consumption per wafer processing is reduced by 61%, water and air consumption is reduced by 57%, and the installation area of the equipment in the clean room is reduced by 65%.
In addition, polish-less (chemical-less) processing contributes to cost reduction and reducing environmental impact.

HRG3000RM Ⅱ

Opt-Blisk

A "BLISK," which consists of a rotor disk and multiple blades, is a component of the aircraft engine. The integrated structure has reduced the number of parts and reduced the weight of the parts while the "measurement" technology required by the complex structure has also become more sophisticated.
Opt-Blisk's unique measurement path generative technology and 4-axis synchronous control of the XYZ and rotational probes enable high-speed scanning measurements with optimal measurement paths that maintain sensitivity even in blisks with narrow areas where blades overlap.
By combining AXCEL, a coordinate measuring machine that achieves high acceleration, and a non-contact, high-precision rotational probes, measurement time has been reduced by approximately 60% compared to conventional contact-type sensor measurements, and power consumption during measurement has been reduced.

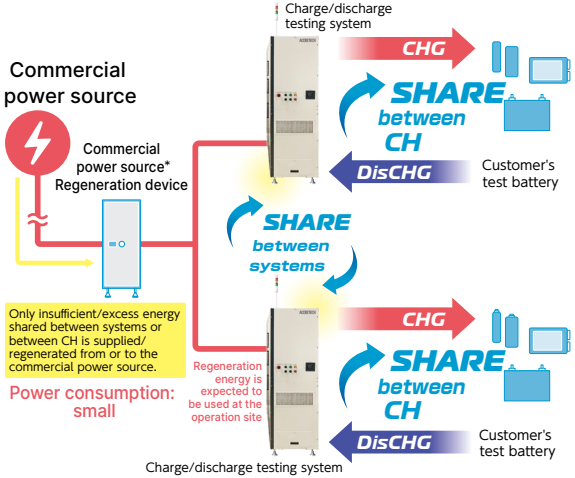
It also contributes to improving aircraft fuel efficiency by accurately measuring blisk edge shapes.



XYZAX Opt-BLISK

Energy Sharing Method-Based Charge/Discharge Testing System

Charge/discharge testing system are used for charge/discharge tests in a wide range of applications such as the R&D of rechargeable batteries and capacitors and quality inspections during mass production. Although our charge/discharge testing systems have traditionally also regenerated energy back to the commercial power source, our unique “energy sharing function” that accommodates surplus power among multiple batteries in the device being tested and between devices has realized energy savings of up to 30% (in-house comparison). This contributes to the reduction of CO_2 emissions and power costs for customers.



* The commercial power source regeneration device can be installed separately within the system in the same way as our conventional systems.

Supporting the Manufacture of Next-Generation Power Semiconductors that Contribute to Decarbonization

Next-generation power semiconductors made from new materials such as SiC and GaN are expected to contribute to energy conservation. The Group has strengthened its product lineup to support next-generation power semiconductors.

HRG200X / HRG300
High rigid grinders

Capable of grinding hard, brittle materials such as SiC/GaN substrates

UF2000
Probing machines

Options to support high voltages and high currents for SiC/GaN production are available

ChaMP-211/ ChaMP-232
CMP (Chemical Mechanical Planarizers) devices

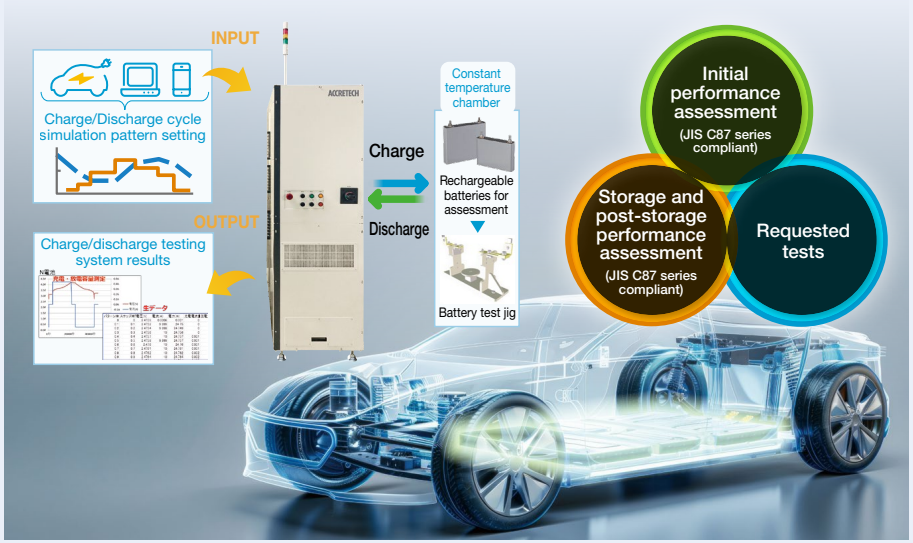
High-pressure, high-speed polishing capabilities improve the polishing rate of SiC wafers

Precision dicing blades

Blades available for SiC

Evaluation of Rechargeable Batteries - Products that Contribute to the Realization of a Sustainable Society

Rechargeable batteries are indispensable for storing the renewable energy for electric vehicles and solar power generation that do not generate CO_2. Our charge/discharge testing systems are used for testing rechargeable batteries during their development and inspections during manufacturing, helping to confirm safety and performance in the development and manufacture of safer, higher-performance batteries.



Quality

As Tokyo Seimitsu Group products are incorporated into production facilities, we consider outstanding “quality” as meaning the provision of “stable and reliable product quality” and “prompt and meticulous support quality.” In order to fulfill our responsibility to protect the social status and interests of our Group customers, we are promoting initiatives to improve and upgrade quality and service.

Quality Policy

We set quality targets at the Semiconductor Company and Metrology Company, and conduct quality control in line with the Quality Policy, and work to improve the quality of products and support.

Quality Policy (full text)

https://www.accretech.com/en/sustainability/esg/product_quality.html

Quality Management System

Tokyo Seimitsu has acquired ISO 9001 certification, the international standard for quality management systems, at the plants where we develop, design, and manufacture our products. We have established the Tokyo Seimitsu Quality Management System (QMS) and have been promoting quality improvement activities through the PDCA cycle based on quality policy and quality targets.

Target and Fiscal 2023 Result

● Customer Satisfaction Survey

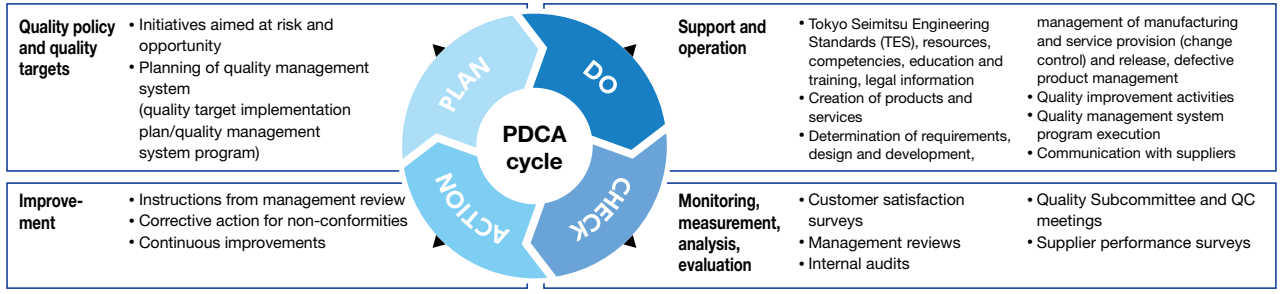
Target	Achieve a customer satisfaction rating of 94.8% or more by FY2025
Result	Customer satisfactory rating in FY2023: 95.1%

Quality Control Structure (Quality Management Committee)

Chaired by the director in charge of quality (Executive Vice President and CFO), the Quality Management Committee meets twice a year to review the performance, effectiveness, and appropriateness of the Quality Management System.
The Quality Officer reports to the Board of Directors and receives instructions and supervision. In fiscal 2023, there were no quality management issues that required corrective actions to be taken.

Quality Management Committee	
Chairman	: Director in charge of quality (Executive Vice President and CFO)
Frequency of meetings	: Twice a year
Functions	: Deliberates on the adequacy and effectiveness of the quality management system Continuously improves the performance and effectiveness of the quality management system Promotes the continuous maintenance and improvement of the quality of our products, services, and operations

● PDCA Cycle Based on Our Quality Policy and Quality Targets



Internal Quality Audits

The internal audit team conducts Internal Quality Audits twice a year. Certified auditors conduct audits in accordance with the quality manual under the direction of the Quality Control Managers of the Semiconductor Company and Metrology Company, who report the audit results and the effectiveness of the Quality Management System to the Quality Management Committee.
During the Internal Quality Audits performed in fiscal 2023, the auditors did not indicate that corrective actions needed to be taken.

Supplier Quality Audits

Suppliers who supply many of the parts and components required for our products cooperate in the quality audits that we conduct using our ISO 9001-compliant checklists. In fiscal 2023, supplier quality audits were conducted at 11 companies (cumulative total of 219 companies). No nonconformities with our quality control standards and quality requirements were found.

Customer Satisfaction Surveys

To incorporate customer feedback into the improvement and enhancement of our products and services, we conduct customer satisfaction surveys to ascertain customer satisfaction and strive to strengthen it. The percentage of satisfactory ratings in the fiscal 2023 customer satisfaction survey was 95.1%, and we are analyzing the results of measures designed to improve customer satisfaction and related factors and implementing measures.

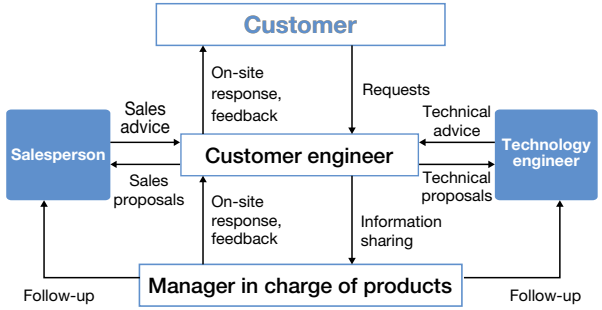
Support Services

Semiconductor Manufacturing Equipment Business

The Semiconductor Company's Customer Engineering (CE) Department is responsible for maintaining and improving the quality and productivity of the Company's semiconductor manufacturing equipment around the world, from installation setup to maintenance and training support, as well as supplying maintenance parts. In addition, based on a deep relationship of trust with our customers, we strive to understand their needs and support their manufacturing activities. In order to contribute to our customers' profits and increase customer satisfaction by providing high-performance products and high-quality support, we have established a global support structure based on the teamwork of the entire CE Department.

Support Structure

The Semiconductor Company's Customer Engineering (CE) Department provides a high level of customer responsiveness and value-added services through the Service Department and parts supply without delay through parts centers that can support for customers' manufacturing both in Japan and overseas.



Education and Training

The CE Department is required to have a high level of expertise so that it can respond to various customer issues. In order to continue to provide high-quality support, the CE Department is also standardizing work levels (accuracy, operation assurance, knowledge, etc.) by conducting training for young engineers and leadership training in addition to providing certification acquisition support and special training courses. In addition, skill sheets are used to clarify the status of employees' acquisition of knowledge and skills, which is useful for human resource development.

Improvement of Support Quality

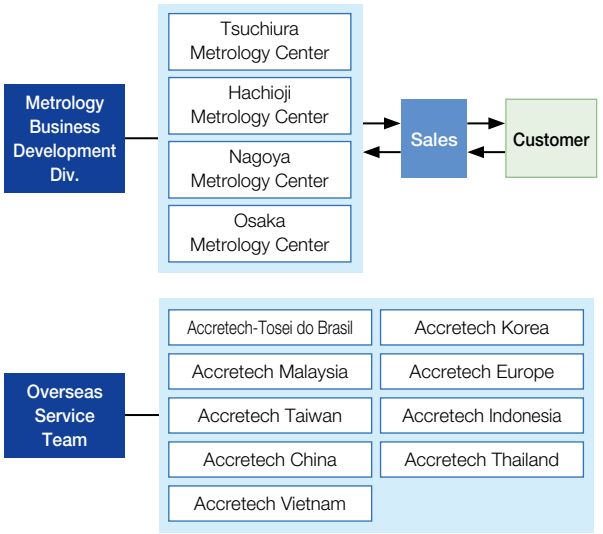
To promote remote support, we have implemented and enhanced online security measures and established a new dedicated smart glasses channel at the Hachioji Plant.

Precision Measuring Instrument Business

Adopting the slogan "No Measurement, no Manufacturing," the precision measuring instrument business provides support for creating our customers' futures through our precision measurement technology based on the idea that providing "precision" and "reliability" is the "origin of manufacturing."

Support Structure

The Metrology Company has established Metrology Centers at four locations in Japan and nine showrooms overseas, building a system capable of providing technical support to customers while becoming closer to them.



Metrology Centers

Our Metrology Centers are staffed by engineers who have ample expertise in measurement technology and instrument operation, and provide "technology" (place for learning), "sincerity" (proposal of solutions), and "reliability" (customer-friendly support) to meet the various needs of customers.

Training of Engineers Overseas

In order to strengthen the global support structure, we invite the overseas service engineers from various countries to the Metrology Center located in the Tsuchiura Plant for intensive training and drills. In fiscal 2023, five people from three countries participated in the basic training for new engineers, and two people from two countries participated in the advanced training for skilled and experienced engineers.

Supply Chain Management

The Tokyo Seimitsu Group considers all of our suppliers to be our valued partners. Through collaboration with our suppliers, we aim to develop a strong supply chain that contributes to a sustainable society by autonomously responding to the needs of the international community as a responsible company.

Procurement Policy

In providing high-performance, high-quality products and services to customers, the Tokyo Seimitsu Group deepens partnerships with all suppliers through procurement, builds mutual cooperation and trust, and forges relationships that allow us to grow and develop together.

In addition to quality, we comply with laws and social norms, and engage in procurement activities that fulfill social responsibilities such as human rights and labor, safety and health, global environmental protection, and information security throughout the supply chain.

Through fair and impartial evaluation processes and communication, we will respond to market changes and promote high-value-added manufacturing together with reliable suppliers.

Promotion Structure

To build a sustainable supply chain, we newly established a Supply Chain Team within the Sustainability Department and created a Supply Chain Working Group in July 2023 which is led by the team. We will promote sustainable procurement by creating opportunities and an environment for dialog with suppliers, managing supply chain issues and mitigating risks.

Basic Transaction Agreement

In May 2024, the Company revised its Basic Transaction Agreement. In addition to clauses such as legal compliance, anti-bribery, and protection of personal information, we have added clauses to strive to comply with our standards (CSR Guidelines, Information Security Standards, and Green Procurement Standards) to clarify that we will work together to fulfill our social responsibilities throughout the supply chain.

Supplier CSR Guidelines

We have declared our compliance with the Responsible Business Alliance (RBA) to meet the demands of the international community, including corporate responsibility for the safety of the working environment, worker dignity and environmental impact throughout our supply chain.

Based on the RBA Code of Conduct, we have formulated the Tokyo Seimitsu Supplier CSR Guidelines that set out our requirements with regard to “procurement policy,” “human rights and labor,” “occupational safety and health,” “the environment,” “ethics,” “safety and quality,” and “information security.” We ask that our suppliers understand the purpose of these guidelines and cooperate with us in promoting sustainable procurement activities.

Green Procurement Standards

We are promoting green procurement and have established the Green Procurement Standards, which indicate that we will prioritize the procurement of materials with low environmental impact and environmentally-friendly designs.

These standards were established in April 2024 to comply with strengthened environmental laws and regulations based on the “Green Procurement Guidelines” established in April 2003.

In order to promote understanding and cooperation with these standards, we are providing explanations at supplier briefings sessions in 2024.

Supplier CSR Survey

We have reviewed the SCM (Supply Chain Management) check sheets that have been utilized since fiscal 2016 and have been conducting sustainability assessments with new content based on the RBA Code of Conduct since fiscal 2022. In fiscal 2023, we surveyed major suppliers that accounted for the top 80% of purchases, and received responses from 113 companies (response rate: 90.4%). The results of the assessment analysis are provided to suppliers as feedback. For items with low scores, suppliers are requested to take corrective actions and measures for improvement.

● Target and Result

Target	Result
Suppliers connected with 80% of procurement amount in FY2023 (126 companies)	Assessments conducted: 125 companies (80% of procurement amount) Responses received: 113 companies (response rate: 90.4%)

Curtailing and Managing Environmental Impact (Risk)

We ask our suppliers to use the “Environmental Management Structure Survey Sheet” or “Environmental Management Checklist” for survey and evaluation purposes, and to develop and manage systems to avoid environmental risks in the supply chain. Suppliers that outsource product manufacturing or services are required to participate in a survey conducted by our Company every two years regarding human health and living environments, including air pollution, water pollution, the Offensive Odor Control Act, vibration and noise facilities, and specially controlled wastes.

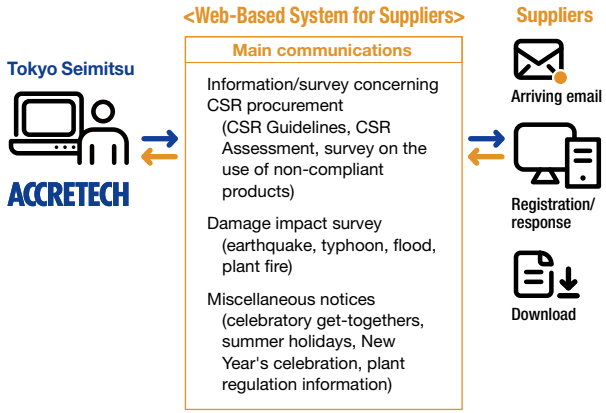
Opportunities/Settings for Holding Dialogues with Suppliers

CSR Seminars

We hold supplier briefings to serve as opportunities for holding dialogues with suppliers. We plan to hold these briefings each year so that people can understand and cooperate with our sustainable procurement initiatives.
In fiscal 2023, 102 people from 92 companies participated (including online participants). We explained our sustainability system, materiality, human rights policy, and other policies, as well as our supplier CSR surveys, requests for cooperation in human rights due diligence, and the introduction of our whistleblower contact point.
In September 2023, following the transfer of the business for the development, manufacturing, and sales charge/discharge testing systems of Accretech Powertro System Co., Ltd., a consolidated subsidiary of the Company, we held a supplier briefing session for business partners who will become suppliers of Tokyo Seimitsu.

Web-Based System for Suppliers

Using the “Supplier Web System” developed by our company, we aim to share information with all of our suppliers in a comprehensive and non-overlapping manner. This system will address the ever-growing need for information sharing, including supplier CSR questionnaires, notifications of disasters such as earthquakes and heavy rains, surveys of damage conditions, and communication of various notifications. We will use this system to build a structure for more sustained and active communication with suppliers.



Supplier Commendations

Once a year, the Company conducts commendations for suppliers. We commend outstanding suppliers based on evaluations of five items: “Quality,” “cost,” “delivery time,” “rate of cooperation,” and “management.” In fiscal 2023, we commended two suppliers and presented them with certificates of recognition.

Business Partnership Building Declaration

On February 1, 2023, Tokyo Seimitsu announced its “Business Partnership Building Declaration” in support of the aims of the “Council for Promoting Partnership Building for the Future*.” We aim to build new partnerships by promoting collaboration, co-existence, and co-prosperity with business partners in the supply chain and businesses seeking to create value.

パートナーシップ構築宣言

https://www.biz-partnership.jp/declaration/22838-05-18-tokyo.pdf

*** Council for Promoting Partnership Building for the Future**:
This council conducts activities to promote co-existence and co-prosperity for companies throughout the entire supply chain and new cooperative relationships where size, affiliation, and other factors are irrelevant. Members include relevant cabinet ministers (from the Cabinet Office, METI, MHLW, MAFF, and MLIT as well as the Deputy Chief Cabinet Secretary), Keidanren Chairman, NCCI Chairman, and Rengo Chairman.

Electronic Transaction System

In December 2023, we launched the ACCRETECH Web-EDI System, an electronic transaction system.
Web-EDI is a system for electronically exchanging information such as order placement and receipt between companies using a Web browser. The system is also possible to be used for strengthening compliance (with laws, e.g., the Subcontract Act) by accumulating and visualizing transaction information and for BCP measures by quickly ascertaining the situation of suppliers in the event of a disaster, achieving greater efficiency in procurement operations, paperless, and compliance with the invoice reporting and the Electronic Books Maintenance Act.

Training for Employees

We conduct training for employees in Procurement Section and Procurement Team to develop human resources who promote responsible procurement.
In fiscal 2023, we provided e-learning training for Tokyo Seimitsu employees on the “Subcontract Act (Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors).”

Work Styles

Health Management

In order for our personnel to make the most of their capabilities and work with a sense of purpose, the Tokyo Seimitsu Group believes it is important for those people and their families to be physically and mentally healthy. Tokyo Seimitsu issued a Health Company Declaration in 2019 and is working to create a healthy and comfortable workplace.

● Results in Fiscal 2023

Heath Declaration	Achievements and Results
100% of medical checkups will be taken	The percentage of people undergoing regular health checkups was 92.3%
We will utilize the results of health checkups	A total of 163 people were encouraged to receive specified health guidance
We will create a healthy environment	Video dissemination addressing healthy company declaration themes: 12 times (monthly)
We will promote better “dietary habits”	Provided Healthy Company Declaration Collaborative Menu in cafeterias (once a week)
We will encourage “exercise”	Introduced the web walk rally sponsored by the Health Insurance Association and the remote walking class
We will promote “nonsmoking”	Disseminated health information on “smoking”
We will promote “mental health”	Introduced counseling services Achieved 99.9% examination rate for stress level checks

Measures to Address Long Working Hours

As measures to address long working hours, we manage working hours through entry/exit systems, encourage our employees to take annual paid leave, and promote industrial physician consultations and the taking of annual paid leave for employees who have high total overtime hours within a month or three months. In fiscal 2023, average monthly overtime hours per person decreased by 5.1 hours from the previous year.

● Number of Overtime Hours and Number of Days of Paid Leave Taken

	FY2020	FY2021	FY2022	FY2023
Number of overtime hours per person	25.8 hours	29.3 hours	25.7 hours	20.6 hours
Number of days of paid leave taken per person	12.2 days	13.1 days	14.5 days	13.8 days

Work-life Balance

The Tokyo Seimitsu Group has developed a system that enables all employees to be active while balancing work and life. By promoting diverse and flexible work styles, we aim to improve productivity, achieve work-life balance, and create a work environment that is comfortable for everyone.

● Target

Annual Paid Leave	100% acquisition rate (five days of annual leave)

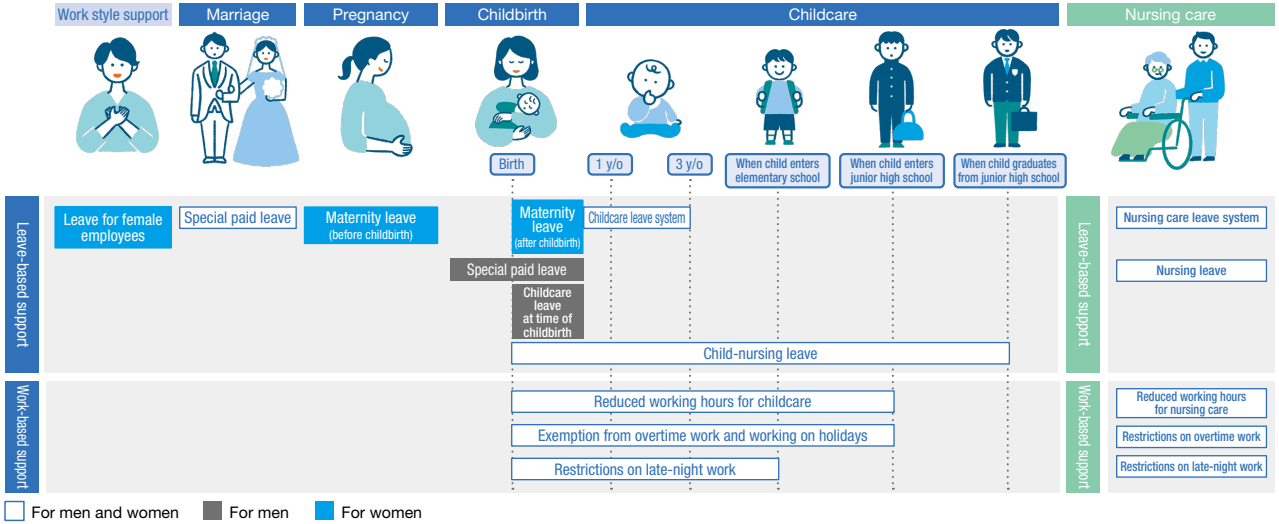
Eligible employees who are granted at least 10 days of paid leave per year
This does not include special paid leave or other leave other than annual paid leave.

● Results

		FY2020	FY2021	FY2022	FY2023
Annual paid leave acquisition rate (%)		65.9	69.8	76.7	72.3
Rate of taking five days of annual paid leave (%)		100	100	100	100
Number of employees taking refreshment leave		6	14	34	22
Percentage of employees taking childcare leave (%)(number of people taking leave/number of people eligible)	Women	100 (2/2)	None eligible	100 (2/2)	100 (1/1)
	Men	9.4 (3/32)	19.2 (5/26)	38.5 (10/26)	57.1 (16/28)
	Return to work rate	100	100	100	100
Number of employees taking child-nursing leave		4	7	11	16
Number of employees who utilized the nursing care leave system		1	0	0	0
Number of employees who took nursing care leave		1	4	9	12

Scope: Regular employees of Tokyo Seimitsu Co., Ltd. (non-consolidated basis)

● Main Support Systems



Occupational Health and Safety

Many devices, parts, tools, and processing machines from the Tokyo Seimitsu Group, a manufacturer of machinery, can be found at manufacturing and distribution sites. As our products consist of equipment used in production, many tasks such as delivery, installation, maintenance, and inspection occur in the unfamiliar environments of customers' production sites. By carefully investigating risks associated with these, observing and predicting the movement and flowline of workers, and implementing measures to minimize safety risks, we promote occupational health and safety initiatives so that everyday work actions can be carried out safely and rationally.

Promotion Structure

At the Hachioji, Hanno, and Tsuchiura plants, we have established Safety and Health Committee, with each plant manager serving as the general safety and health manager.
The committee plans and deliberates on major health- and safety-related matters in a bid to maintain and improve a safe and comfortable work environment. To raise employees' awareness of health and safety in the workplace and in the interest of maintaining and promoting their health, the committee meets once a month, in principle, and on an ad hoc basis when the general safety and health manager deems necessary.
At the Furudono Plant, which is a small-scale workplace with fewer than 50 employees, the plant manager promotes workplace health and safety as a health promoter, and participates in and reports on the Safety and Health Committee of the Tsuchiura Plant.

Safety and Health Committees

Chairman	: General Safety and Health Managers (plant manager of the Hachioji, Hanno, and Tsuchiura plants)
Frequency of meetings	: Once a month
Functions	: Maintains and improves safe and comfortable work environments Establishes a system for ensuring safety and managing the health of our employees by appointing legal managers and specialized committees to raise awareness of safety and health in the workplace and to maintain and promote health

We also conduct internal audits twice a year, with results submitted to the Audit Department and reported to the Board of Directors. The Health and Safety Committee is subject to audits by the Audit Department.

Occupational Accidents

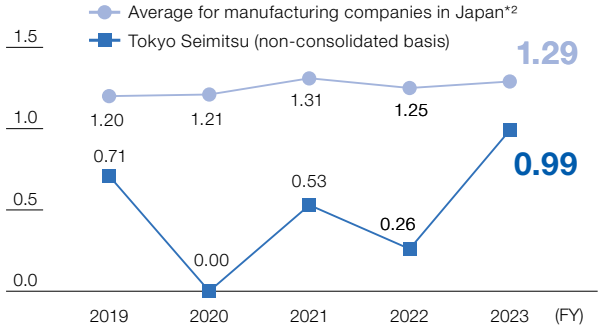
Accidents involving employees "getting caught/entangled in machinery" and "falls" accounted for the majority of accidents in fiscal 2023.
With regard to accidents caused by tripping, we will make sure that our employees are aware of the dangers of walking while using a smartphone, etc. and we will also take steps to prevent them from tripping while working, for example, by encouraging our people to keep their work areas tidy and by stepping up workplace patrols.

● Target and Result

	Target	FY2020	FY2021	FY2022	FY2023
Accidents resulting in leave	0	0	2	1	4
Accidents not resulting in leave	0	6	10	12	15

Locations covered: Hachioji Plant and Tsuchiura Plant

● Frequency of Accidents Resulting in Leave*1



*1 **Frequency of accidents resulting in leave**: Indicates the frequency of injury or death due to occupational accidents.
Formula: (Casualties/total hours worked) × 1,000,000
*2 Ministry of Health, Labour and Welfare "Survey on Industrial Accidents"

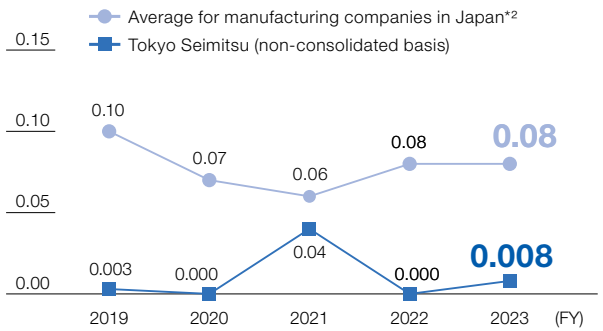
Risk Assessments at Work Sites

We regularly conduct risk assessments by conducting workplace inspections to check working environments and identify issues. This leads to the creation of measures for dealing with these issues and brings about improvements. In addition to risk assessments performed when introducing new machinery or changing work procedures, we work to avoid risk by conducting education and training on machinery operation, heavy equipment work, wiring operation, and other topics as needed.

● Risk Assessment Training

At the Hachioji Plant, risk assessment training is conducted by external instructors to prevent occupational accidents.
In fiscal 2023, risk assessment training was conducted twice, providing more practical training through classroom lectures and group work on risk assessment methods and the construction of a safety management system.

● Severity Rate for Accidents Resulting in Leave*1



*1 **Severity rate for accidents resulting in leave**: Indicates the percentage of the degree of loss caused by occupational accidents.
Formula: (Total lost workdays/total hours worked) × 1,000
*2 Ministry of Health, Labour and Welfare "Survey on Industrial Accidents"

Respect for Human Rights

The Tokyo Seimitsu Group established the “Tokyo Seimitsu Group Human Rights Policy” on October 3, 2022 with the aim of realizing sustainable growth of our business and organization and a sustainable society by striving to correctly understand and recognize the laws, regulations, cultures, religions, and values of the countries and regions in which we operate.

Human Rights Policy

1. Basic views on human rights
2. Support and respect for international human rights norms; compliance with local labor laws and regulations
3. Scope
4. Prohibition of child labor and forced labor
5. Prohibition of discrimination and acceptance of diversity
6. Respect for freedom of association and right to collective bargaining
7. Prohibition of harassment
8. Human rights due diligence and relief efforts
9. Education on human rights
10. Information disclosure and dialogue

▼ For details, please visit the website listed below.

Human Rights Policy
https://www.accretech.com/en/company/humanrightspolicy.html

Promotion Structure

The Company established the “Human Rights Activity Project,” which consists of members from the Human Resources Department, Management Support Department, Production Control Department, and General Affairs Department, to address human rights across the board involving all of our Group companies, suppliers, and local communities. Since 2024, we expanded it to become the Human Rights Activities Working Group, which works together with the Group and its supply chain constituents to further understand and disseminate the “Tokyo Seimitsu Group Human Rights Policy.”

Human Rights Due Diligence

Based on the “Tokyo Seimitsu Group Human Rights Policy,” the Company started human rights due diligence initiatives in fiscal 2022 to identify, prevent, and correct risks to human rights posed by the Group’s business activities. In fiscal 2022, we conducted a status survey of Tokyo Seimitsu Co., Ltd., five domestic Group companies, and 23 overseas Group companies in accordance with the Responsible Business Alliance (RBA) Code of Conduct and the Self-Assessment Questionnaire (SAQ). As a result of the investigation, we found no serious risk of human rights violations. However, we have identified issues to consider regarding the improvement of work environments for employee safety and hygiene, and are working to improve these issues.
In fiscal 2023, we expanded the scope of the survey to cover 113 major suppliers. Feedback on survey results is provided on an individual basis, and issues are resolved through dialogue.
We will continue to conduct periodic surveys and promote human rights risk countermeasures for all of our business activities.

Human Rights Education and Training

The “ACCRETECH Group Code of Conduct” addresses matters including compliance with laws and social norms related to labor standards, occupational safety and health, and the prohibition of acts that infringe on human rights. e-learning related to the ACCRETECH Group Code of Conduct is conducted throughout the Group on an annual basis.
In a separate program, we provide education and training on respecting human rights so that employees understand and practice the “Tokyo Seimitsu Group Human Rights Policy.” In fiscal 2023, we conducted e-learning education on the topic of hiring people with disabilities as a diversity initiative for four Group companies in Japan.

Establishment of Whistleblower Contact Points

We have established an internal whistleblowing contact point for reporting violations of laws and regulations, misconduct, etc. In fiscal 2023, there were no reports of human rights violations from within the Group. Additionally, we established an external contact point for suppliers in fiscal 2023 which has been in operation since that time.

Roundtable Discussion with External Directors

Determining the Pace of Growth Is Our Future Challenge

This year, the final year of the mid-term business plan, the Group experienced various changes in its overall business, including in the area of sustainability. Five external directors talked about the current state of the Group, expectations for the future, and the outlook for the next mid-term business plan.

Kiyoshi Takamasu
External director

Kazuya Mori
External director

Yuriko Sagara
External director
(Audit and Supervisory Committee member)

Masaki Sunaga
External director
(Audit and Supervisory Committee member)

Motoko Kawasaki
External director
(Audit and Supervisory Committee member)

Strengthening Corporate Governance

Enhancing group governance both in Japan and overseas

Takamasu: With regard to strengthening governance for subsidiaries and overseas subsidiaries, which was a topic of interest in the previous integrated report, a number of detailed problems were revealed as audits progressed, and the results have been quite substantial. The strengthening of personnel in indirect departments, such as the Audit Department and the Intellectual Property Department, has produced positive results.
Sagara: It seems that governance had become more difficult due to the physical distance between the Company here in Japan and its large number of subsidiaries and affiliates. However, progress in restructuring is apparent as there is an awareness of governance. I feel that the awareness of governance has clearly changed since I was appointed to the position of External Director in 2019.
Sunaga: Of the 30 companies in our group, six are subsidiaries located in Japan and 11 are located overseas, and the consolidated/non-consolidated ratio of sales is 1.15. The reason for this ratio is because the Group's parent company is overwhelmingly large. Therefore, it was decided to first strengthen the governance system at the parent company and then expand it throughout the Group. However, due to the COVID-19 pandemic, some audits of overseas subsidiaries were suspended but are now starting to be conducted. These reports have been submitted to the Audit and Supervisory Committee, and I have heard that the Company is making steady progress in addressing issues such as "human rights," which are rarely considered in normal operations.
Sagara: Awareness of sustainability issues has increased considerably. In line with this, the Company is also increasing the allocation of personnel to sustainability-related departments. It seems that the Company has even created a new team for supply chain management.
Mori: Despite these factors, I have the sense that discussions on specific measures to achieve targets haven't been deep enough. For example, with regard to energy conservation, it would be good for the Company to talk more about how it is conducting production management at the new plant and bring attention to this effort outside of the Company.

Roundtable Discussion with the External Directors

From an Expert's Perspective

Focus on the absolute CO_2 emissions reduction amount and growing awareness of intellectual property within the organization

Kawasaki: My name is Motoko Kawasaki and I was newly appointed as an external director of the Company. I have worked for an equipment and materials manufacturer for over 40 years, and although I am currently an auditor, I have also been involved in CSR, compliance, and risk management. Based on that experience and knowledge, I feel that Tokyo Seimitsu is committed to sustainability. The Company has established a Sustainability Committee, chaired by Chairman Yoshida, to address sustainability as a management issue, has set CO_2 emission reduction targets, and is taking measures to achieve them, efforts which are commendable.
One thing I would say is that since sales and production volumes are increasing along with the Company's rapid growth, it is quite difficult to reduce the absolute amount of CO_2 emissions. I would like to closely monitor how the Company actually proceeds in this area. Specifically, the reduction of CO_2 emissions, including those of suppliers and those used at customers' sites, which can be summarized as Scope 3 emissions, will become very important from a competitive strategy.

Kiyoshi Takamasu
External director

Has professional expertise and abundant experience at universities and research institutes, having served as President and other positions of academic organizations related to precision measurement.

Sagara: I would also like to say a few words based on my expertise in a specialized field. Over the past few years, employees' awareness of the use of intellectual property has changed. Before that time, it seemed that the importance of intellectual property was not properly recognized. Since then, however, I think that knowledge has spread throughout the organization and awareness of strategic use of intellectual property has emerged. From fiscal 2023, each department has been spending time considering the use of intellectual property, which seems to be useful for "selection and concentration" of intellectual property in the Research and Development Department. I am looking forward to the results of such use.
Also, when it comes to contractual relationships, the Company makes a conscious effort to point out any contractual practices that are different from normal contractual practices, even if they are commonplace in the semiconductor industry.
Takamasu: Because I have been involved in the field of measurement at a university for a long time, I have been supporting young researchers in the precision measuring instrument business by providing them with information about the activities of scientific societies and arranging joint research with universities since my appointment as external director at the Company. Regarding the integration of semiconductor manufacturing equipment and precision measuring instruments, we are also working with our researchers and developers to analyze measurement technology and discuss what applications can be expected. In addition, I am making efforts to make standards that are easier to use by referring to the information obtained from Company engineers in JIS and ISO standards, which I am involved in outside of the Company.
The rechargeable battery test system from the precision measuring instrument business that we have been working on for the past few years uses very complex technology. However, I feel that it is on the right track these days and I am pleased to see this. I would like to see the Company continue to actively support new initiatives in the field of measurement.
Mori: As a former device manufacturer employee with experience in semiconductor manufacturing equipment, I want to observe the conditions at various plants and offer advice. However, due to the COVID-19 pandemic, I have not had many opportunities to do so. In the future, I would like to visit various manufacturing sites, have discussions with engineers and developers, and increase opportunities for communicating with them how device manufacturers, which are customers, think.

Kazuya Mori
External director

Has excellent knowledge in relation to semiconductor and process technologies and experience in corporate management.

Sunaga: Although I wanted to make use of my experience of witnessing audits as a certified public accountant for nearly 40 years in cooperation with internal audits by the Audit and Supervisory Committee, this has not been possible for several years due to the COVID-19 pandemic. Over the past year, I have been able to visit Company locations in Tsuchiura, Nagoya, Fukushima, and other locations to gain a better understanding of the actual sites. I would like to continue to offer situation-specific advice.

The Final Year of the Mid-term Business Plan

Focusing on U.S.-China frictions and human resource recruitment

Sunaga: I was appointed as external director of the Company

Roundtable Discussion with the External Directors

Yuriko Sagara
External director
(Audit and Supervisory Committee member)

Has sophisticated skills and knowledge in a global perspective regarding the law as an attorney, in addition to deep insight into intellectual property.

in June 2021. As for the financial results for fiscal 2020, which was around that time, net sales was 100 billion yen and recurring profit was around 15 billion yen. However, in fiscal 2022, the first year of the current mid-term business plan, the Company achieved rapid growth with recurring profit more than doubling the fiscal 2020 level. Even in fiscal 2023, which was said to be a period in which the Company experienced difficult business conditions, results exceeded our initial forecasts reaching 134.7 billion yen in net sales and 26.5 billion yen in recurring profit. This is probably the result of the increased production capacity as the Company has been able to secure profits of scale. However, rapid growth is often painful. It may also impact quality and internal control. Even so, I greatly appreciate the fact that the Company has been able to complete a series of processes up to the setup of equipment facilities in the Chinese market, which is supporting the current growth.

Mori: In the semiconductor manufacturing equipment business, the Company is trying to increase sales despite sluggish demand for consumer semiconductors. However, it is difficult because device manufacturers are less willing to invest in equipment. Sales in China have recovered somewhat due to making solid moves to increase sales. However, there is also economic friction between the United States and China, so we always check with the Board of Directors whether it is really appropriate to export equipment to China.

Under such circumstances, what I am paying particular attention to is the plan to increase the number of employees in order to increase sales from here on. The target number for this set in operational plans has not been fully adopted. It seems that efforts to secure human resources are weak. We will need to come up with new tricks and make sure to roll the plan every year.

Since it is difficult to secure human resources with the ability to work immediately mid-career, it is necessary to outsource to outside specialists and to make efforts so that young people become more familiar with Tokyo Seimitsu. I think it is important to establish a long-term internship program, such as a one-month internship, to provide opportunities for young people to learn more about the Company.

Takamasu: I feel that the public still has little awareness of the Company. Although I do not really understand what young people are thinking, I think it's important to successfully promote the Company's positive attributes through online media such as YouTube, which is popular among students.

Sagara: On the sustainability front, I think that the launch of the engagement survey is commendable. Since the perspective of employee motivation is important, I think it is a good thing to start taking specific actions in this area.

Kawasaki: Although the mid-term business plan also calls for the "promotion of women's participation and advancement," there are still only a few female managers and employees at the Company. In order to promote diversity, it is also necessary to change the attitudes of both men and women working within the Company. I would like to be able to give advice on that as well in the future.

Sagara: I am also conscious of checking human resource related matters, especially women's participation in the workplace, to see if we can achieve our goals.

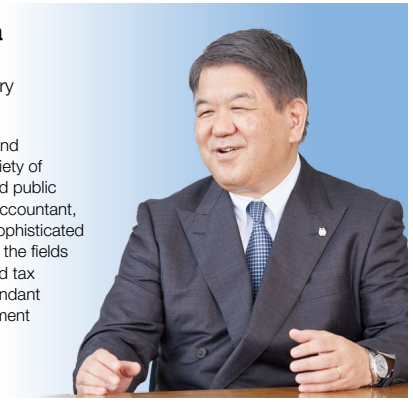
Succession Plan

External directors also contribute to the development of future management candidates

Takamasu: As a succession plan has been discussed by the Nomination and Compensation Council, we are now able to talk about potential successors. Although the development of successors is progressing gradually, there is a little anxiety about the speed of the process. I hope efforts in this area will go very well this year.

Mori: Since the Chairman and President of the Company are very busy and often travel, I hope to be able to share duties in order to help them and to foster the development of future generations. On the executive side, they are increasing the frequency of inviting the next candidates to present briefings at Board of Directors meetings, thereby increasing their visibility. Having detailed background information on the candidates' progress and development would be very helpful.

Sagara: I am pleased to see that there has been a noticeable increase in the number of opportunities for employees in the departments in charge to directly explain proposals to the Board of Directors. I hope that more and more young people



Masaki Sunaga
External director
(Audit and Supervisory Committee member)

Has engaged in audit and tax operations for a variety of companies as a certified public accountant and a tax accountant, and in addition to his sophisticated skills and knowledge in the fields of accounting, audit and tax operations, he has abundant experience of management consulting.

will gain such experience, and that will lead to the development of future management.
Sunaga: We have received reports that we will identify candidates and make various training plans. We also want to increase opportunities to communicate with candidates as part of the team, discuss the future of our group together, inspire each other, and foster growth.
Sagara: It would be nice if we had an opportunity to talk frankly with candidates over drinks.
Takamasu: The issue of next generation management is the greatest risk for our company, but if handled well, it can lead to significant growth. I believe that this is a common opinion of all external directors, so we will continue to look closely at it. I hope that candidates that have more of a chance of becoming members of future management will emerge soon.

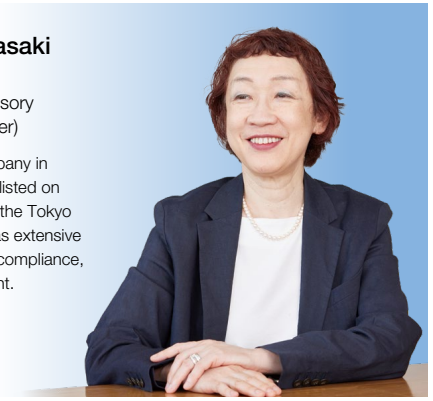
Future Challenges and Expectations for the Next Mid-term Business Plan

Leveraging expanding markets to drive substantial business growth

Takamasu: In order for the semiconductor manufacturing equipment business to grow faster than the semiconductor market, the Company has no choice but to increase business capacity by adding plants. However, it is very difficult to determine the right pace for adding plants. That is probably the biggest challenge.
On the other hand, the precision measuring instrument business is not expected to grow as much as the semiconductor manufacturing equipment business. However, there will be great potential for growth if we can successfully enter growth areas, such as the rechargeable battery test system field. I also hope to support from a technical perspective and connect our engineers with external scientific societies and researchers, making Tokyo Seimitsu's technology more visible from outside of the Company.
Sagara: Finding new pillars beyond semiconductor manufacturing equipment and precision measuring instruments is also a challenge for the future. Currently, semiconductor manufacturing equipment is in high demand, but in the long term, the Company needs to explore new technologies and new fields. Now that business performance is good, I hope the Company can invest in research and development in these areas. I also look forward to the bold promotion of young talent. I would like to continue to speak at Board of Directors meetings about intellectual property management and the promotion of women's participation and advancement.
Sunaga: I am also looking forward to the enhancement of disclosure indicators. It is time to refine these indicators, promote them publicly, and take responsibility for their implementation. Recently, the Company has started to introduce ROIC as an indicator for internal evaluation, but I also want the Company to add its own substantive KPIs to these indicators that tend to be formalized.
Furthermore, non-financial information is becoming increasingly important, especially regarding CO_2 emissions. It will be a challenging path to increase production while reducing emissions.
In the mid to long term, it may become important to shift from our current position of producing in Japan and exporting overseas to considering full-scale overseas production as a "second strategy." Having held this position for three years now, I have gained a better understanding of the Company and therefore would like to actively propose Board of Directors meeting agendas.
Kawasaki: In terms of sustainability, I expect that Tokyo Seimitsu will contribute to the environment through its products and will further promote this to the public. Since there are limits to what it can do to reduce CO_2 emissions on its own, it needs to consider collaboration with local communities and other companies.
Additionally, resource circulation and biodiversity are gaining global attention. As I believe that it is necessary for the Company to enhance disclosures on reducing water usage and environmental impact, I hope to contribute to the Company by giving advice in this area.
Mori: Although the Company has disclosed its environmental targets, specific measures and disclosures towards achieving them are indeed weak. We need to think about how to train and increase personnel dedicated to environmental measures, and how to manage the increasing electricity usage and CO_2 emissions that come with production expansion. Since the Company must reduce emissions not only on a per unit basis but also in absolute terms, its current energy-saving efforts are insufficient. One way to do this is to talk with customers (semiconductor device manufacturers) about how much products reduce their environmental impact, obtain information from them, and aim to achieve net zero emissions.
I hope to contribute to the Company by acting as an intermediary between those semiconductor device manufacturers and the Company.

Motoko Kawasaki
External director
(Audit and Supervisory Committee member)

An auditor of a company in the chemical sector listed on the Prime Market of the Tokyo Stock Exchange. Has extensive experience in CSR, compliance, and risk management.



Directors and Executive Officers (As of August 30, 2024)

Hitoshi Yoshida

Chairman and CEO

Company shares held 10,700

April	1983	Joined the Company
April	2002	Executive Officer, Metrology Company
June	2005	Director
October	2007	President, Metrology Company
June	2011	Representative Director
April	2015	President and CEO
April	2022	Chairman and CEO (to present)

Ryuichi Kimura

President and COO

Head of Semiconductor Company

Company shares held 5,412

April	1986	Joined the Company
April	2005	Executive Officer, Semiconductor Company
June	2005	Director
August	2007	President, Semiconductor Company
June	2011	Representative Director
April	2015	Executive Vice President and COO
April	2019	Head of Semiconductor Company (to present)
April	2022	President and COO (to present)

Koichi Kawamura

Executive Vice President and CFO

Head of Administration Company

Company shares held 11,700

April	1980	Joined The Fuji Bank, Limited (now Mizuho Bank, Ltd.)
April	2008	Joined the Company, Executive Officer, Administration Company
June	2009	Director
April	2011	President, Administration Company
June	2015	Representative Director and CFO
April	2019	Head of Administration Company (to present)
April	2022	Executive Vice President and CFO (to present)

Takahiro Hokida

Director

Managing Executive Officer of Semiconductor Company

Company shares held 3,500

July	1986	Joined YDK Co., LTD
October	1995	Joined the Company
April	2010	Executive Officer, Semiconductor Company
April	2012	General Manager, Test Technology Department, Technology Division, Semiconductor Company (to present)
April	2014	Managing Executive Officer, Semiconductor Company (to present)
June	2015	Director (to present)
July	2023	General Manager, Technology Division, Semiconductor Company (to present)

Shuichi Tsukada

Director

Head of Metrology Company

Company shares held 2,700

April	1983	Joined the Company
April	2015	Executive Officer, Metrology Company
April	2021	Head of Metrology Company (to present)
June	2021	Director (to present)

Shinji Akimoto

Director

Company shares held 2,612

April	1987	Joined the Company
April	2000	General Manager, Human Resources Planning Dept., Planning Division
April	2002	General Manager, Human Resources Department, Administration Company
April	2007	Executive Officer, General Manager, Human Resources Department, Administration Company
June	2018	Auditor
June	2019	Director (Audit and Supervisory Committee member) (to present)

Romi Pradhan

Director

Company shares held 840

January	1991	Joined California Energy Commission (US)
October	1992	Joined Bridgestone Corporation
August	2000	Joined Teradyne Inc. (US)
August	2001	Joined ACCRETECH AMERICA INC. (US subsidiary of Tokyo Seimitsu)
April	2012	Executive Vice President, ACCRETECH AMERICA INC.
April	2013	Executive Officer of Semiconductor Company, Tokyo Seimitsu and Supervisor for World Wide Accounts (to present)
June	2016	Director and President, ACCRETECH AMERICA INC. (to present)
June	2023	Director (part-time) of the Company (to present)

Kiyoshi Takamasu

External director

Company shares held —

April	1982	Research associate, The Department of Precision Engineering, Faculty of Engineering, The University of Tokyo
October	1987	Associate Professor, Department of Precision Mechanical Engineering, School of Engineering, Tokyo Denki University
March	1990	Visiting Fellow, The University of Warwick, U.K.
November	2001	Professor, The Department of Precision Machinery Engineering (currently The Department of Precision Engineering), Graduate School of Engineering Research, The University of Tokyo
March	2020	President, The Japan Society for Precision Engineering
June	2020	Director (Serving as Audit and Supervisory Committee member) of the Company
June	2020	Professor Emeritus, The University of Tokyo (to present)
June	2021	Director (part-time) of the Company (to present)

Kazuya Mori

External director

Company shares held —

April	2014	Plant Manager, Oita Operations, Toshiba Corporation
April	2016	President, Japan Semiconductor Corporation
June	2021	Full-time Audit & Supervisory member, NuFlare Technology, Inc.
June	2023	Director (part-time) of the Company (to present)

Yuriko Sagara

External director

Company shares held —

October	2001	Admitted to the bar, Joined Nakamura & Partners
August	2005	Registered as a patent attorney
January	2013	Partner, Nakamura & Partners (to present)
April	2015	Advisory Councilor for Unfair Competition Prevention Law, Ministry of Economy, Trade and Industry (to present)
June	2017	Intellectual Property Committee, The Japan Federation of Bar Associations (to present)
June	2019	Director (Serving as Audit and Supervisory Committee member) of the Company (to present)
June	2021	External director (Audit & Supervisory Committeemember),NOFCorporation(topresent)

Masaki Sunaga

External director

Company shares held —

October	1985	Joined Aoyama Audit Corporation
April	1989	Registered as a certified public accountant
August	1995	Partner, Sunaga Certified Public Accountant Office
September	1997	Registered as a tax accountant
August	1999	Representative Partner, YUSEI Audit & Co.
January	2012	Representative Partner, Tax Accountant Corporation Marunouchi Business Consulting (to present)
June	2016	Auditor, The Tokyo New Business Conference (to present)
July	2018	Partner, Grant Thornton Taiyo LLC
June	2021	Director (Serving as Audit and Supervisory Committee member) of the Company (to present)
January	2022	Senior Partner, CEO Marunouchi Audit Corporation (to present)

Motoko Kawasaki

External director

Company shares held —

June	2016	General Manager of the Corporate Planning Department, FUJIFILM Holdings Corporation and General Manager of the CSR Division, FUJIFILM Corporation
June	2019	Executive Officer, General Manager of the ESG Division and General Manager of General Affairs Department, FUJIFILM Holdings Corporation Executive Officer, General Manager of ESG Division, FUJIFILM Corporation
June	2021	Full-time Corporate Auditor, FUJIFILM Holdings Corporation (to present) Full-time Corporate Auditor, FUJIFILM Corporation (to present)
June	2024	Director (Serving as Audit and Supervisory Committee member) of the Company (to present)

● In-House Company System and Executive Officer System

Semiconductor Company			
Head of Semiconductor Company	Ryuichi Kimura	Executive Officer	Keng Hooi TEE
Managing Executive Officer	Takahiro Hokida	Executive Officer	Hiroyuki Sakai
Managing Executive Officer	Nobukazu Aoshima	Executive Officer	Masayuki Azuma
Managing Executive Officer	Yuichi Kubo	Executive Officer	Toshihiko Eto
Managing Executive Officer	Masaki Kanazawa	Executive Officer	Ryoichi Ide
Executive Officer	Romi Pradhan	Executive Officer	Kazumasa Ishikawa

Metrology Company	
Head of Metrology Company	Shuichi Tsukada
Managing Executive Officer	Taichi Fujita
Executive Officer	Takashi Masuda
Executive Officer	Mutsumi Ono

Administration Company	
Head of Administration Company	Koichi Kawamura
Managing Executive Officer	Asashi Kato
Managing Executive Officer	Kimito Koizumi

Corporate Governance

As a corporate citizen trusted by the international community, the Tokyo Seimitsu Group recognizes that enhancing corporate governance to develop fair and highly transparent management activities is vital. Following corporate governance basic policy, we are working to build effective corporate governance structures and systems.

Basic Policy on Corporate Governance

(1) The Board of Directors strives to properly perform its roles and responsibilities to make transparent, fair, timely, and committed decisions.
(2) The Group respects the rights of shareholders and ensures the equality of shareholders.
(3) The Group strives to have constructive dialogue with shareholders on investment policy that considers mid to long-term returns for shareholders.
(4) The Group strives to maintain appropriate collaboration with stakeholders (customers, suppliers, employees, creditors, local communities, etc.) other than shareholders.
(5) The Group strives to ensure proper information disclosure and transparency.

Basic Policy on Corporate Governance (in full):
https://www.accretech.com/en/company/basicpolicy.html

Corporate Governance Structure

Tokyo Seimitsu has adopted a company structure with an audit and supervisory committee.
For dealing with matters that do not fall under the criteria for submission to the Board of Directors, the Company has adopted an Executive Officer System to speed up the decision-making process by delegating a large amount of authority to the Head of each company after defining their scope of duties and authority in accordance with the relevant regulations of the Company. In addition, the Executive Management Committee strives to share information and enhance deliberations across company divisions. In addition, various cross-company committees such as the Risk Management Committee and the Compliance Committee have been established to examine and monitor material issues from various perspectives to make appropriate decisions.

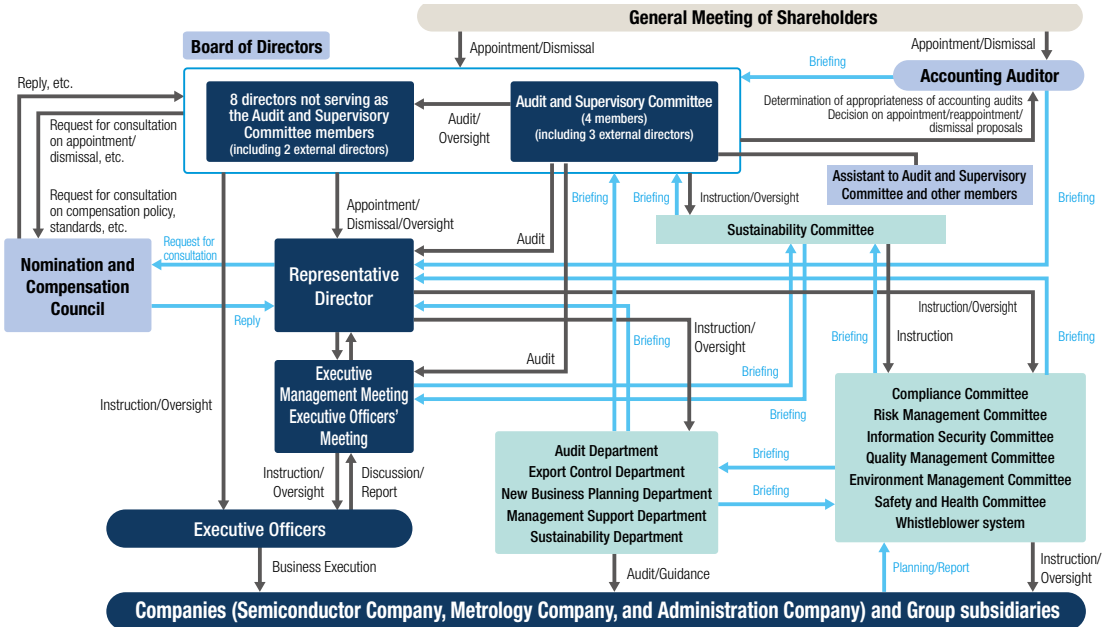
Board of Directors

The Board of Directors, chaired by Chairman and CEO, is made up of eight directors who are not members of the Audit and Supervisory Committee (two of whom are external directors) and four directors who are members of the Audit and Supervisory Committee (three of whom are external directors). The Board of Directors holds regular monthly meetings, and extraordinary meetings are also held as necessary.
The Board of Directors deliberates on important matters related to management as stipulated by law, the Articles of Incorporation, and the Board of Directors Regulations, as well as monthly, periodic, and annual business results, and supervises the execution of business by each director.

Audit and Supervisory Committee

As an independent body, the Audit and Supervisory Committee audits and supervises the execution of business by directors other than Audit and Supervisory Committee members. The Audit Department and the accounting auditor exchange opinions on the audit system to determine whether there are problems in auditing, issues, and other matters as needed, and strive to enhance the effectiveness of audits. At the same time, the Audit and Supervisory Committee receives regular reports on findings and related information from internal audits conducted in accordance with the annual audit plan.

● Corporate Governance Structure



In fiscal 2023, we recognized the importance of strengthening the governance of subsidiaries in auditing the construction and operation of internal control systems at subsidiaries, and conducted business audits of domestic subsidiaries. No issues were found during the audits.

Executive Management Meeting and Executive Officers' Committee

The Company has in place an executive officer system to make speedy decisions on product development planning to respond quickly and flexibly to market trends. In addition to supervising the progress of operational plans at regular monthly meetings of the Executive Management Meeting and Executive Officers' Meeting, the Executive Officers' Meeting aims to share information across the Company and enhance Executive Officers' Meeting deliberations.

Nomination and Compensation Council

The Company has established a Nomination and Compensation Council as a voluntary committee for the purpose of clarifying the independence, objectivity, and accountability of the Board of Directors' functions, especially in nomination of and compensation to the directors. Independent external corporate directors are in the majority (now all five members are external corporate directors) on the council, helping to realize deliberations fully independent from management.

Regarding the nomination of directors, the council deliberates and reports to the Board of Directors on matters related to nomination of directors, including appointments and dismissals. With regard to director compensation, the council deliberates on and resolves classification of compensation per post, and deliberates and reports to the Board of Directors on matters related to compensation policies.

● Board of Directors and Committee Composition and Activities

	Composition			Meetings convened (FY2023)
	Chairman & Committee Chair	Internal directors	External directors	
Board of Directors	CEO	7*	5**	16 times
Audit and Supervisory Committee	Internal directors	1	3	15 times
Nomination and Compensation Council	External directors	0	5	5 times

★ Of whom, one standing Audit and Supervisory Committee member
★★ Of whom, three Audit and Supervisory Committee members

● Diversity of the Board of Directors

External directors	Foreigners (percentage of directors holding foreign nationality)	Women (percentage of females)
5	1 (8.3%)	2 (16.7%)

● Constitution of the Board of Directors (Skills Matrix and Attendance)

Name	Age	Board of Directors' Meeting attendance	External Director diversity	Major past experience	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Council	Skills and experiences: Corporate management/ Management strategy	Industry knowledge	Technology/ Intellectual property/ Manufacturing	Sales/Marketing	International Business/Global Experience	Accounting/ Finance	Legal/Risk Management	Personnel/Labor/ Human resource development	IT/Information systems
Hitoshi Yoshida	64	16/16		Measurement technology	○			○	○	○	○	○				○
Ryuichi Kimura	61	16/16		Semiconductor sales	○			○	○		○	○				
Koichi Kawamura	66	16/16		Financial institutions	○			○				○	○	○	○	
Takahiro Hokida	62	16/16		Semiconductor technology	○				○	○	○	○				○
Shuichi Tsukada	65	16/16		Measuring instrument production	○				○	○						
Romi Pradhan	55	12/12*	●	Overseas subsidiary management	○			○	○		○	○				
Kiyoshi Takamasu	69	16/16	◎	Academic	○		○		○	○		○				
Kazuya Mori	64	12/12*	◎	Corporate management	○		○	○	○	○		○				
Shinji Akimoto	60	16/16		Human resources	○	○								○	○	
Yuriko Sagara	49	16/16	◎○	Attorney	○	○	○			○		○		○		
Masaki Sunaga	62	16/16	◎	Certified public accountant/ Tax accountant	○	○	○	○					○	○		
Motoko Kawasaki	63	–/–	◎○	Corporate management	○	○	○	○						○		

Ages current as of the end of June 2024/Independent external director: ◎ Female: ○ Foreign national: ●

Note 1: This matrix represents the areas in which we expect each director to have more expertise and play a more active role, based on their experience and other factors. This matrix does not represent all the knowledge and experience of each person.

Note 2: Board of Directors meeting attendance data is for fiscal 2023.

★ Since Mr. Pradhan and Mr. Mori were newly appointed at the 100th Annual General Meeting of Shareholders held on June 26, 2023, the attendance statuses at the Board of Directors meetings held after their appointments are described.

Director Compensation

The Company has established policies and procedures for determining the amount of compensation, etc. for directors in its "Basic Policy on Corporate Governance."
In fiscal 2024, an ESG coefficient (based on the evaluation of the status of ESG activities by the Nomination and Compensation Council) has been added to the formula for calculating "stock compensation" paid to directors responsible for individual business execution.

Basic Policy on Corporate Governance (in full):
https://www.accretech.com/en/company/basicpolicy.html

Basic Policy

i. The compensation scheme to reward senior management is designed to ensure that it functions as an incentive system to make the Corporate Philosophy into reality.
ii. Compensation shall be in accordance with the roles and responsibilities of each director as well as the results achieved by them.
iii. Compensation shall be conducive to motivation for improvement of business results and medium to long-term corporate and shareholder value.
iv. Compensation shall be revised in a timely and appropriate manner based on the economic situation, business results of the Parent Company, external survey results, etc.
v. And the decision-making process shall be highly objective and transparent.

Compensation Structure

Compensation for directors who are not Audit and Supervisory Committee members and are not external directors (hereinafter "directors responsible for business execution") consists of "base compensation," which is fixed compensation, and "performance-linked compensation" and "stock compensation," which are variable compensation.
Compensation for Audit and Supervisory Committee members and external directors shall be limited to "base compensation" in view of their duties of supervising business execution and auditing.

The "base compensation" paid to directors shall be fixed monetary compensation paid monthly during their term of office. The total annual payment of base compensation and performance-linked compensation shall be within the upper limit range approved by the General Meeting of Shareholders. "Base compensation" is paid to individual directors based on the standard amount per post*.

* **Standard of compensation amount per post:** The amount of compensation based on the compensation ratio determined according to the position based on the position of President was formulated by the Compensation Planning Committee and determined by the Nomination and Compensation Committee

"Performance-linked compensation" paid to directors responsible for business execution shall be short-term performance-linked monetary compensation paid at a certain time every year during their term of office. The total annual payment of base compensation and performance-linked compensation shall be within the upper limit range approved by the General Meeting of Shareholders. The following formula is used to calculate "performance-linked compensation" paid to directors responsible for individual business execution.

[Performance-linked Compensation]
Basic bonus amount × Group business performance coefficient × individual intercompany performance coefficient

Basic bonus amount: Consolidated net profit × 1% × basic compensation ratio*

* **Base compensation ratio:** Ratio of base compensation per each director, divided by total amount of base compensation of directors in charge of business execution

Group business performance coefficient: Calculated from their Operating profit results against FY target
Within ± 10% of target: 1,
more than +10% and up to +30%: 1.1,
more than +30% and up to 50%: 1.2,
more than +50%: 1.3,
-30% or more and less than -10%: 0.9,
-50% or more and less than -30%: 0.8,
less than -50%: 0.7 (When operating profit falls year over year, this coefficient is 1 or less)

Company-specific performance coefficient: Comprehensive evaluation from 0.9 to 1.1 based on in-house company business results and other significant achievements.

"Stock compensation" paid to directors who are responsible for business execution is provided as a medium- to long-term incentive to share profits with shareholders. Stock compensation consists of the first benefit and the second benefit, and points are granted to directors based on the officer stock benefits regulations, and when certain requirements are met, shares, etc. converted to one share of the Company's stock are paid per point according to the number of points held. The total number of points granted to directors of the Company shall not surpass the upper limit approved at the General Meeting of Shareholders. Points to be granted to directors responsible for the execution of individual business operations are calculated as follows for the first benefit and the second benefit respectively.

[Stock Compensation]
Points of first benefit
Points determined by position
Points of second benefit
Points determined by position × capital efficiency coefficient × ESG coefficient × medium-term performance coefficient

Points determined by position: The Compensation Planning Committee formulates the base stock amount per post with reference to the standard of compensation amount per post, and the Nomination and Compensation Council determines the amount of points
Capital efficiency coefficient: Average consolidated ROE over the last three years: 15% or more: 1.2, 10% or more and less than 15%: 1, less than 10%: 0.8
ESG coefficient: For evaluating the status of ESG activities (evaluation by the Nomination and Compensation Council 0.9 to 1.1)

Mid-term business performance coefficient: Corresponding to achievement of mid-term operating profit target

Process for Determining Compensation

i. The Board of Directors delegates the task of determining the compensation structure and compensation standards for each position to the Compensation Planning Committee, consisting of the representative directors and some other directors.
ii. To ensure transparency and objectivity, the proposal of directors' compensation amounts and related matters (such as compensation amount per post), and the amount for each directors' base compensation, performance-based compensation and stock compensation shall be deliberated on by the Nomination and Compensation Council, consisting of directors serving as Audit and Supervisory Committee members and external corporate directors.
iii. Compensation amounts for directors serving as Audit and Supervisory Committee members will be mutually discussed and resolved among directors served as Audit and Supervisory Committee members.

● Total Amount of Compensation, etc. for Each Type of Compensation, etc., and the Number of Eligible Directors of the Reporting Company

Officer category	Total amount of compensation (million yen)	Total amount of compensation by type (million yen)					Number of officers in this category
		Base compensation	Performance-linked compensation	Stock options	Restricted stock compensation	Non-monetary compensation (among forms of compensation listed to the left)	
Director (excluding Audit and Supervisory Committee members and external directors)	573	234	179	141	17	158	8
Director (Audit and Supervisory Committee member) (excluding external directors)	22	22	–	–	–	–	1
External director	42	42	–	–	–	–	6

Notes 1. The number of directors includes two people who retired at the conclusion of the 100th Regular Shareholders' Meeting held on June 26, 2023.
2. The number of directors (Audit and Supervisory Committee members) includes one person who retired at the conclusion of the 100th Regular Shareholders' Meeting held on June 26, 2023.
3. The maximum amount of compensation for directors (excluding directors who are Audit and Supervisory Committee members) was resolved at the 98th Regular Shareholders' Meeting (held on June 21, 2021) to be no more than 480 million yen per year (including 70 million yen for external directors) and a separate limit of 300 million yen per year for non-monetary compensation (restricted stock and stock options). At the conclusion of the general meeting of shareholders, there were nine directors (excluding directors who are audit and supervisory committee members) (including two external directors).
4. The maximum amount of compensation for directors who served as Audit and Supervisory Committee members was resolved at the 96th Regular Shareholders' Meeting (held on June 24, 2019) to be within 60 million yen per year. At the conclusion of the general meeting of shareholders, there were four directors that are Audit and Supervisory Committee members.
5. Individual compensation for directors (excluding directors who are Audit and Supervisory Committee members) is determined by the Board of Directors after consultation with the Advisory Council in accordance with the basic compensation policies, compensation structure, and decision-making process for compensation. The Company has determined that this is done in accordance with the basic policy.
6. The indicator for performance-linked compensation is net profit attributable to owners of the parent that is directly linked to the return of profits to shareholders.

● Total Amount of Consolidated Compensation for Each Officer of the Reporting Company

Name	Total consolidated compensation (million yen)	Officer category	Company category	Total amount of consolidated compensation by type (million yen)				
				Base compensation	Performance-linked compensation	Stock options	Restricted stock compensation	Non-monetary compensation (among forms of compensation listed to the left)
Hitoshi Yoshida	149	Reporting company	Director	60	48	37	3	41
Ryuichi Kimura	149	Reporting company	Director	60	48	37	3	41
Koichi Kawamura	128	Reporting company	Director	51	40	32	3	36

Notes 1. The table above only includes officers whose total amount of consolidated compensation, etc. is 100 million yen or more.
2. Amounts indicated with figures below one million yen omitted.

Related Party Transactions, etc.

The Company shall not be engaged in any transactions with directors and/or major shareholders that may damage the interests of the Company or the common interests of the shareholders, as indicated in (7) Related Party Transactions in the Directors and Boards section of the Basic Policy on Corporate Governance. When a director is intending to enter into a transaction with the Company for him/herself or for any third parties, the director shall obtain prior approval of the Board of Directors according to the rules of the Board of Directors, and report important facts in that transaction at the board meeting. Terms and conditions for the transaction may be determined in the same manner as a transaction with third parties.
To identify any transactions involving a conflict of interest by directors, the Company checks annually and regularly existence of such transactions (excluding director compensation) between the Company Group and the directors or their family members within the second degree of kinship.
When the Company is intending to enter transactions between the Company and major shareholders or other related parties, then it shall be approved in advance by personnel with authority commensurate with the importance and scale of the transaction in accordance with internal regulations determined by the Board of Directors.

Cross-shareholdings

The Board of Directors comprehensively examines whether shares held as cross-holdings are worthwhile based on risk and return from perspective of medium- to long-term economic rationality, and qualitative considerations such as the purpose of holding and credit status. If this examination results in the judgment that it is not worthwhile to retain cross-holdings, in principle such holdings are reduced. However, if it is determined that holding of such shares will contribute toward the improvement of medium- to long-term corporate value, they are retained. As a result of such deliberation, the Company sold 18 cross-shareholdings (including shares subject to deemed holding) for 8,383 million yen between April 2015 and March 2024.

Assessing the Effectiveness of the Board of Directors

The Company conducts questionnaire surveys of all directors (including Audit and Supervisory Committee members) regarding the roles, functions, and operations of the Board of Directors. The Board of Directors discusses among the internal and external directors the results of the responses being summarized and analyzed, and then the Board of Directors evaluates its effectiveness and discusses future actions.

1. Method of Evaluation

The Company conducted a questionnaire survey of all directors (including those who are members of the Audit and Supervisory Committee) on the following items. The Board of Directors discussed among the internal and external directors the results of the responses being summarized and analyzed, and then the Board of Directors evaluates its effectiveness and discusses future actions.
In preparing the questionnaire as well as compiling and analyzing the results of the questionnaire, the Company utilizes external organizations to ensure transparency and effectiveness.

[FY2023 Questionnaire Items]
8 items, 28 questions in total
Roles and functions of the Board of Directors, Constitution and scale of the Board of Directors, Management of the Board of Directors, Cooperation with auditing organizations, Relationship with External Directors, Relationship with shareholders and investors, effectiveness of the Nomination and Compensation Council, and Progress in the governance system relative to the previous year

The questionnaire includes the evaluation on each item with open questions on the strength of the Board of Directors and the areas for its improvement, reflection by individual Directors on their respective contribution to the Board of Directors and other comments and suggestions.

2. Results of Analysis and Evaluation of the Effectiveness of the Board of Directors

The results concluded that the effectiveness of the Board of Directors was largely ensured, with free and vigorous discussions conducted by members with diverse experience and expertise, and with the provision of ample opportunities for external directors to gain a better understanding of the Company.
Regarding last year's issues, with regard to strengthening the governance of the Group as a whole, we are working to strengthen and improve the management system of subsidiaries, providing effective support and oversight. With regard to succession planning and executive training, discussions are being held on these topics by the Nomination and Compensation Council.
Additionally, with regard to the enhancement of discussions at the Board of Directors meetings, we are reviewing the management method, such as separating deliberations and reporting. Furthermore, from the viewpoint of deepening our shareholders' and investors' understanding of our company, we will enhance dialogue on governance and sustainability, and share feedback with the Board of Directors for use in our efforts to achieve sustainable growth in the future.
At the same time, some issues have been identified from this year's questionnaire as follows.

- Need for further enhancement of medium- to long-term discussions at Board of Directors meetings
- Need for further discussion of succession planning, establishment of a training plan
- Need for the enhancement of executive training

3. Future Actions

In order to further enhance discussions, the Board of Directors of the Company will consider reviewing the standards for submission, speeding up the distribution of materials, and adding to the issues of individual themes. With regard to succession planning, discussions by the Nomination and Compensation Council will be deepened on matters including the formulation of a training plan.
In addition, we will consider further enhancement of officer training, such as on-site visits, including overseas locations.

Through these initiatives, the Company is committed to ensuring further improvement for the effectiveness of the Board of Directors.

Internal Control

Based on the basic policy for internal control systems resolved by the Board of Directors, we are working to strengthen corporate governance and compliance. We are also reinforcing the internal control structure and system to ensure management soundness and transparency.

Basic Policy on Internal Control Systems
https://www.accretech.com/en/company/internal_control.html

Audit Function (Internal Audits)

The Audit Department systematically conducts audits in accordance with internal audit regulations for the purpose of verifying compliance with laws and regulations, the articles of incorporation, and company rules, as well as the adequacy of management, etc., for our company and its subsidiaries.
If the Audit Department finds any violation of laws, regulations, the Articles of Incorporation or internal rules, or any performance of duties that may cause a loss due to some other reasons at the Company or its subsidiaries, the general manager of the Audit Department immediately notifies the President and COO and Board of Directors, and tells employees to implement corrective or improvement actions. The Audit Department periodically reviews and revises, as necessary, the items to be audited and the method of conducting the audits.
In fiscal 2023, internal audits were conducted within a total of eight internal departments and subsidiaries with the primary objective of confirming the status of the development and operation of internal controls and rules, and the results of each audit were reported to the President, the Board of Directors, and the Audit and Supervisory Committee. The results of all audits are reported to the Executive Management Meeting, and the status of each department and subsidiary, as well as areas that need improvement, are shared within the Company. The status of improvements is also followed up and reported to the Board of Directors.

Compliance

The Tokyo Seimitsu Group complies with laws and social norms and acts with integrity and ethics to meet the expectations of all its stakeholders. To this end, we have established the "ACCRETECH Group Code of Conduct," which sets forth principles of conduct based on our corporate philosophy and the code of conduct that all executives and employees should adhere to. Through this code, we are working to instill and establish an awareness of corporate ethics among the Group's executives and employees.

Compliance Management Structure

The Company has established the "Compliance Committee," which is chaired by the Company's vice president. This committee assigns compliance officers and compliance managers at the Company and each subsidiary.
The Compliance Committee engages in reporting and deliberation concerning compliance measures and their implementation status, including revision of the "ACCRETECH Group Code of Conduct," enactment and revision of regulations, and planning for education and training related to compliance. In the event of violation of or potential conflict with laws and regulations, the committee promptly issues a report to the Board of Directors and Audit and Supervisory Committee and discusses response measures and recurrence prevention measures.
In fiscal 2023, the "Compliance Committee" convened 11 times.

Compliance Committee

Chairman	: Executive Vice President and CFO
Frequency of meeting	: 6 times a year plus extraordinary meetings as necessary
Functions	: Revises the ACCRETECH Group Code of Conduct and other rules and regulations Deliberates on compliance-related education/training plans and the status of related initiatives Establishes relevant sections and related organizations that deal with major laws, regulations, and social norms related to business operations, and ensures thorough compliance with laws and regulations In the event of compliance-related misconduct, the details of the misconduct and the measures taken are reported to the Board of Directors and the Audit and Supervisory Committee

Compliance Awareness Survey

The Group conducts a "Compliance Awareness Survey" to confirm employee awareness and the status of compliance and to reflect survey results in future initiatives.

● FY2021 Questionnaire-based Survey

In fiscal 2021, the Company conducted an online, anonymous survey of all employees in Japan and overseas, and is working to resolve issues that came to light.

● Issues Brought to Light by the Compliance Awareness Survey

- Need to reinforce efforts related to the compliance system
- Need to strengthen efforts to eliminate harassment and discrimination
- Need to enhance efforts to increase awareness of the whistleblower contact point
- Need to improve the organizational climate, including communication
- Need to reduce workloads related to goal setting and amount of operations

The next compliance awareness survey for the entire group is scheduled to be conducted in 2024.

Anti-bribery and Anti-corruption

In January 2020, the Tokyo Seimitsu Group announced its "Anti-Bribery and Anti-Corruption Policy" that follows the provisions of the "ACCRETECH Group Code of Conduct."

In fiscal 2023, we conducted training for all officers and employees of Group companies on how to respond to entertainment and gifts. Additionally, no violations were found in fiscal 2023.

Anti-bribery and Anti-corruption Policy
https://www.accretech.com/en/company/anti-bribery_anticorruption_policy.html

Compliance Education

The Tokyo Seimitsu Group provides varied educational opportunities to enhance knowledge of compliance and to maintain and improve the level of compliance awareness.
Along with "new employee training," "training for managers," and other opportunities for level-specific training, the Company has introduced an e-learning-based training in Japan. In fiscal 2023, we conducted Compliance education, including on the "Accretech Group Code of Conduct" (an ongoing training theme) for all relevant personnel.
In addition, we report regularly to the "Compliance Committee" on compliance-related training plans and results.

● FY2023 Compliance Training

- Number of attendees: 3,339
- Number of attendees at Group companies including overseas subsidiaries: 1,932
- Participation rate: 100%

Whistleblower System

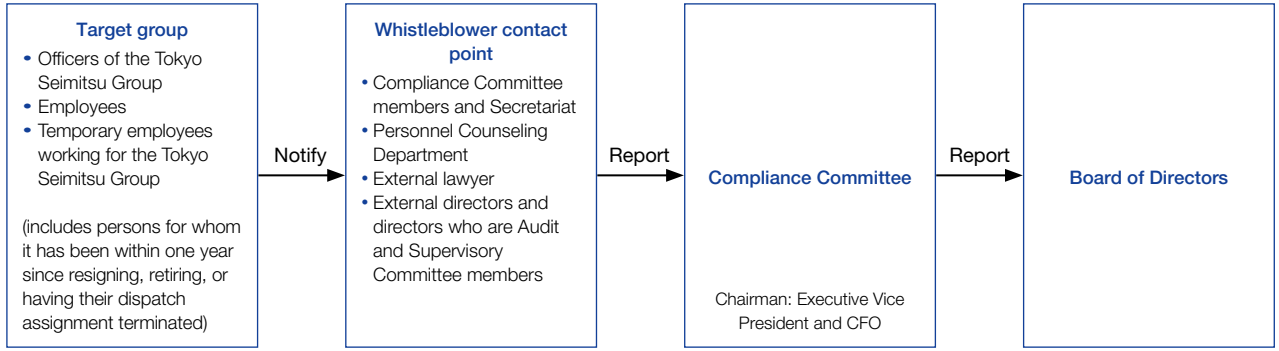
The Group has introduced a whistleblower system to facilitate reporting and consultation on infractions of laws and regulations, human rights violations, harassment, corrupt practices such as bribery and other illegal transactions, and other inappropriate behavior. In addition to an employee's superior, the organization provides various internal and external contacts, including Compliance Committee members, the secretariat, the Personnel Counseling Department, external lawyers, external directors, and directors serving as Audit and Supervisory Committee members.
We ensure the anonymity and protection of privacy of whistleblowers, and take care to prevent them from disadvantageous treatment. The content and handling of whistleblower reports are reported and deliberated in "Compliance Committee" meetings.

In August 2022, Whistleblower System Regulations were revised as follows.

- Expanded the scope of whistleblowers in line with the "Whistle-Blower Protection Act"
- Clarified that anonymous reports will be accepted and not rejected solely because they are anonymous
- Revision made which requires the whistleblower contact as well as all parties involved in the investigation to keep matters confidential
- Clarified the prohibition of the provision of false information, slander, or other improper actions by persons requested to cooperate in the investigation

In fiscal 2023, although there were nine whistleblowing cases, there were no compliance issues affecting our business activities.

Whistleblower System



Actions that Can be Reported or Consulted on

- Any action that endangers the safety or health of employees, business partners, or other stakeholders
- Actions that cause deterioration or destruction of the local environment
- Serious violations of the Company's Code of Conduct, compliance regulations, employment regulations, or other Company rules
- All types of harassment
- Other violations of laws and regulations, inappropriate acts, or acts contrary to social justice
- Concealment, destruction of evidence, or leakage of information, related to any of the acts listed in the preceding items

Compliance Status

In fiscal 2023, evaluations conducted through internal and external audits found no illegal behavior, legal violations, compliance violations, or other problems that could affect business activities, with regard to adequacy of financial reporting, product quality and environmental initiatives, handling of stakeholders inside and outside the Company, and other matters of the Tokyo Seimitsu Group.

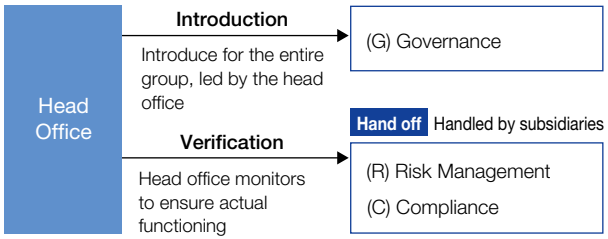
Group Company Management System

In order to maintain and strengthen group governance and maximize the corporate value of the entire Group on a sustainable basis, we have established a basic approach to group governance, which covers Group companies in Japan and overseas, and have established and developed the Group Company Management System.

Fundamental Considerations

In accordance with the "Basic Policy on Internal Control Systems," the Group Company Management System is introduced throughout the Group under the leadership of the head office in establishing governance frameworks and concepts necessary for sound corporate management.
In fiscal 2023, we established the "Subsidiary Management Regulations" for the purpose of clarifying the roles and objectives of the management of subsidiaries to make the Group's internal control transparent and to improve the management efficiency of the corporate Group.
Under the Group Company Management System, subsidiaries take the lead in implementing risk management and compliance, taking into account the laws, regulations, characteristics, and business activities specific to the regions in which the subsidiaries operate. In addition, matters that can be implemented only by the judgment and approval of subsidiaries and matters that require application, approval, and reporting to the head office are clearly defined in the regulations, and the head office monitors, confirms and verifies whether the functions and operations are actually sound.
By clarifying the roles and responsibilities of each of the head office and subsidiaries, we will promote effective operational management and aim to enhance corporate value as a unified Group.

[Fundamental Considerations]



Led by the head office, the head office and subsidiaries share roles and responsibilities, and **work together to improve the corporate value of the entire Group** in accordance with the "Basic Policy on Internal Control Systems."

Clarification of roles and responsibilities of head office and subsidiaries

■ Head office's roles and responsibilities

(1) Present the Group's overall strategy and values, and communicate them as a mission to subsidiaries
(2) Monitor and verify that subsidiaries are adequately controlling critical risks that could hinder mission accomplishment and business continuity
(3) Take firm action if a subsidiary is found to be deviating from the Group's values

■ Subsidiaries' roles and responsibilities

(1) Avoid the risk of bankruptcy
(2) Establish a compliance system
(3) Implement management practices that enhance corporate value

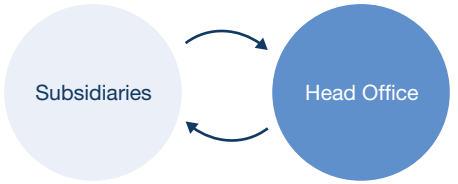
[Subsidiary Management Regulations]

- Management and Supervision: Management Support Department (Person in charge: General Manager of the Management Support Department)
- Matters that require application and reporting on the part of subsidiaries

Matters requiring Board of Directors resolution or Chairman and CEO approval
Matters that need to be reported to the head office

} Established and operated in accordance with regulations regarding application and reporting matters from subsidiaries

Matters requiring resolution by subsidiary directors
Matters that may be resolved by the CEO of a subsidiary
Matters for which subsidiaries can maintain regulations and self-management



- Provision of information, document maintenance and inspection, and auditing of subsidiaries

● Matters to be Monitored

Matter for monitoring	Monitoring frequency
Business management self-inspection and reporting	Quarterly
Report on the status of accounts receivable management	Monthly
Report on the management of long-term uncollected accounts receivable	Monthly
Consideration of profit allocation (dividends)	Annually
Operational plans (orders, profit/loss, facilities/development, personnel)	Semi-annually/ quarterly
Monthly performance reports	Monthly
Monitoring of local accounting audits of overseas subsidiaries	Annually
Subsidiary management briefings	Annually
Companywide internal control/business process control related to financial results and financial reporting	Annually
Response to individual cases	Each time
Global monitoring of transfer pricing	Quarterly
Review of accounting, tax, and legal compliance systems of overseas subsidiaries	Annually
Monitoring of status of local laws and regulations, and their revisions and repeals	As needed
Application before implementation of salary revision and bonus payment	Once or twice a year
Spot investigation and report requests	As needed
Business trips to support establishment and maintenance of business management system	As needed
Gathering information through participation in external seminars and providing this information to subsidiaries	As needed

Internal Audits

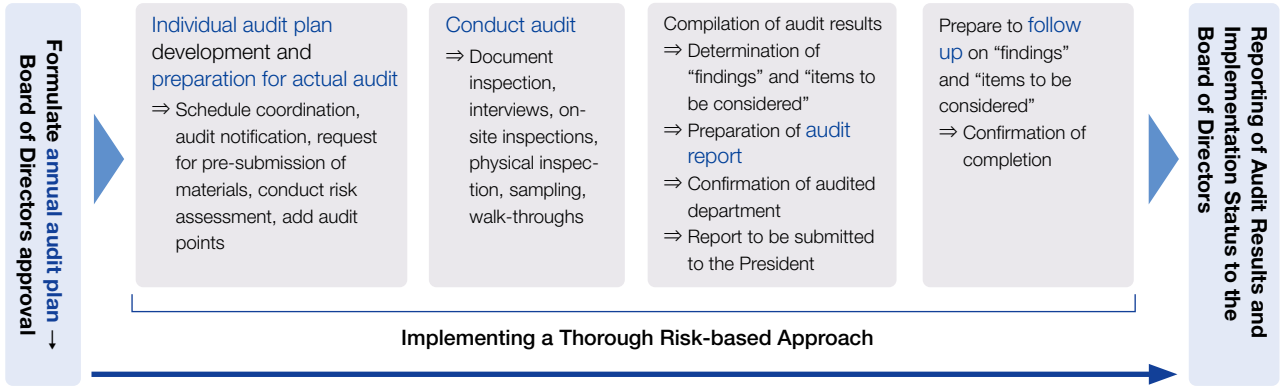
Internal audits are conducted for the purpose of verifying and evaluating the effectiveness of internal controls from an objective and independent standpoint (assurance function), and advising and recommending the establishment of a system to control risks more appropriately through improvements and the establishment of rules.

The Group Company Management System provides guidance and follow-ups on the development and operation of the risk management cycle through internal audits of Group companies.

[Objectives of internal audits]

1. Verify and evaluate the effectiveness of internal controls from an objective and independent standpoint (assurance function)
- Ensure that risks are being controlled effectively

2. Advise and recommend improvements to rules and regulations
- Advise and follow up on more appropriate control of risks
  ⇒ part of risk management



Enhancement of Future Actions

We will promote the following measures in the future.

- Continue to thoroughly implement group governance in accordance with the regulations concerning application items from subsidiaries and reporting items
- Support for timely and appropriate responses to business operation risks at overseas subsidiaries by enhancing and establishing GRC reviews
- Promote the development of overseas laws and regulations related to business management and procedures
- Continuous sharing of information for risk assessment by strengthening cooperation among the Management Support Department, Legal & Intellectual Property Department, and Audit Department

Risk Management

The Tokyo Seimitsu Group has established “Risk Management Regulations” and the “Risk Management Committee,” which is headed by the President and COO, to identify and manage risks associated with business execution. Systems are in place to prevent potential risks from manifesting and to prepare for crises. If a risk manifests itself, a “Risk Response Team” headed by the President and COO is immediately established to respond to that risk and takes action to quickly settle the situation.

Risk Management Policy

1. The Tokyo Seimitsu Group strives to prevent the occurrence of potential risks. If any risk has become apparent, the President and all employees work in unison to take prompt and prudent action.
2. If any risk has become apparent, priority is given to protection and saving of human life.

Risk Management Policy and Risk Topics
https://www.accretech.com/en/sustainability/esg/risk_management.html

Risk Management System

Risk Management Committee
Chairman: President and COO
Frequency of meeting: 6 times a year plus extraordinary meetings as necessary
Functions: Receives reports on the prevention of the occurrence of potential risks from sections related to risks, etc.
Reports to the Board of Directors on the agenda of regular committee meetings as necessary
Reports the details of the risk and countermeasures to the Board of Directors and the Audit and Supervisory Committee when a report on the materialization of a risk is received and immediately establishes a “Risk Response Team” as necessary

Risk Items and Content

The following risks are assumed to be the risks revolving around the business.

1. Risks of occurrence of natural disasters and sudden events (earthquake, fire, storm and flood damage, terrorism, etc.)
2. Risks caused by economic and financial market trends (business trends, fluctuation of currency rates, etc.)
3. Risks caused by changes in customer investment trends (changes in semiconductor industry, automotive industry, etc.)
4. Risks caused by competitor and industry trends (price competition, development competition, intellectual property rights, etc.)
5. Risks concerning public regulations, policies and taxation (country risk, etc.)
6. Risks concerning human resources (industrial accident, unexpected incident and accident, etc.)
7. Risks concerning capital providers (changes in share ownership, etc.)
8. Risks concerning IT system (IT system failure, etc.)
9. Risks concerning the quality of products and services
10. Risks concerning climate change
11. Other risks associated with business execution

Since climate change-related risks are risk factors that may affect the Group’s business activities, we have added them to the list of risks covered by the Risk Management Committee since 2024.

Business Continuity Plan

The Group has formulated a “business continuity policy” that places the highest priority on confirming and ensuring the safety of employees and their families, maintaining the supply of parts and materials necessary for customers to continue operations, and protecting human life and conducting rescue and recovery activities in the region. We review and adjust the Company’s business continuity plan (BCP) and plant BCPs on this basis. In fiscal 2023, as in the previous year, we continued to analyze assumptions of damage and vulnerabilities of current countermeasures in the event of a threat to each company and plant. We also analyzed and identified vulnerabilities with respect to strengthening BCPs, starting with our response to climate change. Taking changes in the external environment into account, we continue to review and detail BCPs and manuals from a practical standpoint, as well as measures to ensure the continuity of product supply and service provision, in addition to seismic reinforcement measures at the level of each department, including general affairs, production management, manufacturing, and IT.

● FY2023 BCP Performance

- Seismic retrofitting work: Completion of Hachioji Plant No.1 and Plant No.5
- Enhanced domestic and overseas inventories of maintenance parts and consumables for semiconductor manufacturing equipment
- Established rules for the use of parts for display machines in emergencies in order to enhance the business continuity system for providing services to disaster-stricken customers in the precision measuring instrument business
- Conducted annual DR (Disaster Recovery)* test of the ERP system
- Tosei Engineering Corp. installed a power backup device for the ERP system at the head office

* **DR (Disaster Recovery):** Refers to the ability to mitigate damage, maintain functions, or recover and restore an information system that is seriously damaged by a natural disaster or other events. It also refers to the facilities, systems, and measures that are in place to prepare for such a situation.

Safety Confirmation System

We have introduced a “Safety Confirmation System” for confirming people’s safety via mobile phones and smartphones following a disaster or accident. We explain the system to new employees and enforce early registration. We carry out operation drills twice a year (in June and December) to confirm the system’s effectiveness and to raise awareness of the system among all employees, and use the drill results to perform reviews and disseminate information.
In fiscal 2023, in addition to the conventional safety confirmation via e-mail, we have improved the response rate for safety confirmation and made it possible to use the safety app and messenger app together with the assumption that receiving delays or rejections occur when the actual safety confirmation e-mail is activated. We continued to collect final response rate and elapsed time data, and implemented measures for improvement.

Information Security

We believe that it is our responsibility to protect the information assets entrusted to us by our important customers and business partners as well as our own information assets. Accordingly, we have established the Information Security Policy as a guideline for information protection.
The Information Security Committee is chaired by the Executive Vice President and CFO and each in-house company has a director in charge of security, a security manager, and a security subcommittee, and group (affiliated) companies also participate in the committee.
Although we have taken information security measures in the past, unauthorized access to the servers of our group companies was discovered in fiscal 2023. Taking this situation seriously, we have implemented the following security enhancements since 2024.

- Entered a contract with an external SOC (Security Operation Center) to build a 24/7 security monitoring system
- EDR (Endpoint Detection and Response) software has been provided for all terminals in Japan and overseas to build a system that can immediately detect and respond to suspicious behavior and cyber attacks
- Introduced a common global data management platform

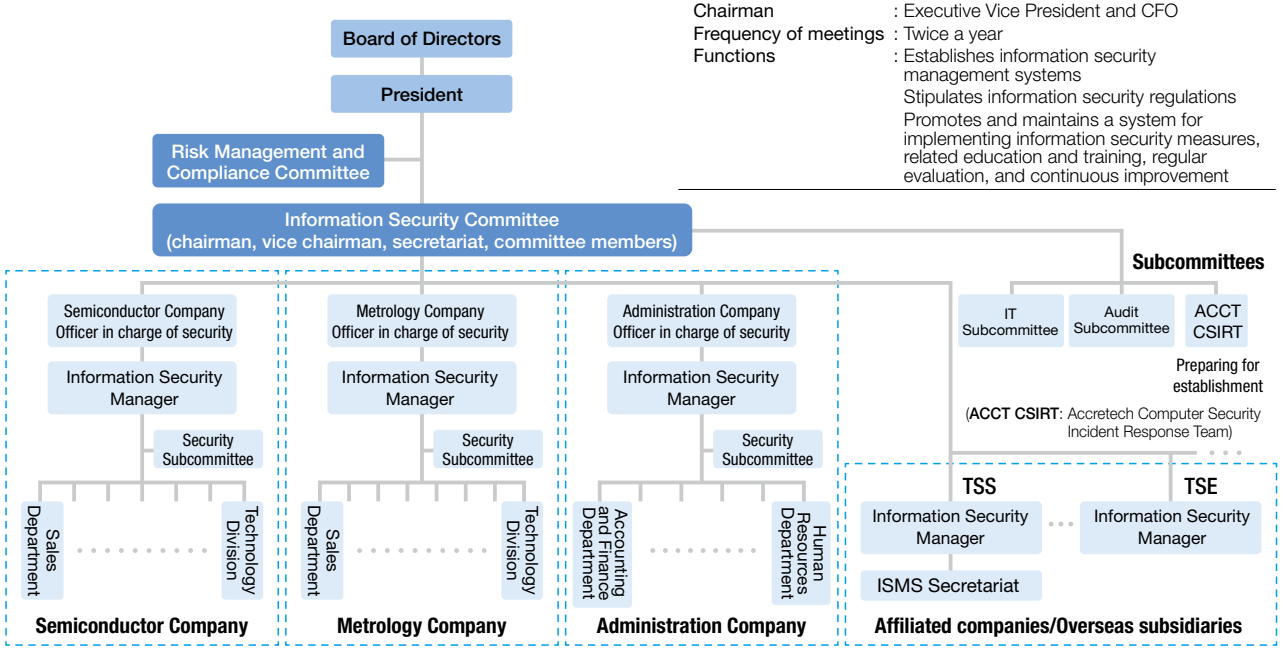
We are also working to prevent leaks of confidential company information and personal information due to the expansion of the conventional scope of activities, such as remote work (telecommuting), and to provide training to improve the literacy of each individual employee.
Going forward, we will strive to further strengthen our management system, including our group companies, and work together to implement security measures.

Basic Policy on Information Security
https://www.accretech.com/en/company/securitypolicy.html

● Information Security Targets and Results

	Target	Result
Number of regular information exchange meetings on information security	18 times	38 times
Number of serious incidents	0 incidents	1 incident
Proper management of personal information, number of serious personal information leaks	0 incidents	0 incidents
Participation in security-related seminars	Twice per year	Twice per year
Provision of specialized security-related training	Twice per year	Four times per year
Information security training participation rate	98% or higher	99.9%

● Information Security System Chart



(**TSS**: Tosei Systems Co., Ltd.)
(**TSE**: Tosei Engineering Corp.)

Information Security Committee

Chairman	: Executive Vice President and CFO
Frequency of meetings	: Twice a year
Functions	: Establishes information security management systems Stipulates information security regulations Promotes and maintains a system for implementing information security measures, related education and training, regular evaluation, and continuous improvement

Dialogue with Shareholders and Investors

Tokyo Seimitsu is committed to investor relations (IR) activities that enable shareholders and investors to better understand the Company through timely and appropriate information disclosure and constructive dialogue.

Basic Policy on IR Disclosure

The Tokyo Seimitsu Group will disclose and provide fair and accurate information in a timely manner in accordance with various laws and regulations as well as the "ACCRETECH Group Code of Conduct."
In addition, with the aim of promoting constructive dialog with shareholders, investors, and other stakeholders, the Company discloses information deemed effective for further understanding of the Tokyo Seimitsu Group as appropriate.

IR Disclosure Policy (full text)
https://www.accretech.com/en/ir/irpolicy.html

Disclosure Policy

In accordance with laws, regulations, and stock exchange rules, in addition to providing electronic public notices, we publish notices on TDnet, the Timely Disclosure network of corporate information operated by the Tokyo Stock Exchange, and on EDINET (Electronic Disclosure for Investors' NETwork), the Financial Services Agency's electronic disclosure system for securities reports and other disclosure documents under the Financial Instruments and Exchange Act. Information that we publish on TDnet is also provided on the IR information site on the Company's website.
In addition, financial information and other information are arranged in a form that can be downloaded from the top page of the IR website, and important information to stakeholders, such as rating information, is disclosed through IR News on the Company's website.

- Consolidated financial results information (financial results summary, summary presentation, briefing Q&A session, etc.)
- Securities report, quarterly report, extraordinary report, and confirmation report
- Notice of convocation for shareholders' meeting, other matters to be provided electronically, and resolution notice
- Corporate Governance Report
- Internal control report
- Notice of independent officers
- Electronic public notice
- Articles of incorporation
- Integrated Report
- Other information on the business, operation, or business performance of the Company that has a significant influence on investment decisions

Opportunities for Dialogues

We provide the following opportunities for our shareholders and investors to gain a deeper understanding of the Tokyo Seimitsu Group. The opinions obtained through dialogues with shareholders and institutional investors are summarized as appropriate, reported to the Board of Directors and at the Executive Management Meeting, and shared with relevant departments.

● Results in Fiscal 2023

	Times held
101st Regular Shareholders' Meeting	1 time Rate of exercise of voting rights: 82.0%
Handling coverage by institutional investors/analysts	Total of 680 times
Conferences for overseas investors	6 times
Briefings for individual investors	1 time (online participants: 1,520)
Business results briefings/press conferences	4 times

Insider Information

In accordance with all laws and regulations, the "ACCRETECH Group Code of Conduct," and internal regulations, the Company shall not disclose insider information until it is disclosed by TDnet or by the means prescribed by laws and regulations. For this, we will conduct strict management and work to prevent insider trading.
Furthermore, when IR staff are engaged in dialogue with specific stakeholders, they will take care to ensure that they do not unintentionally convey insider information or undisclosed information that is highly likely to have a significant impact on the price of securities, by ensuring that they are accompanied by more than one person.

IR Information Site

- **Global site**
  https://www.accretech.com/en/ir/

Key Consolidated Financial Data

	(Unit)	FY2012 (FY2013/3)	FY2013 (FY2014/3)	FY2014 (FY2015/3)	FY2015 (FY2016/3)	FY2016 (FY2017/3)	FY2017 (FY2018/3)	FY2018 (FY2019/3)	FY2019 (FY2020/3)	FY2020 (FY2021/3)	FY2021 (FY2022/3)	FY2022 (FY2023/3)	FY2023 (FY2024/3)
Net sales	millions of yen	51,013	55,268	66,445	70,274	77,792	88,194	101,520	87,927	97,105	130,702	146,801	134,680
Semiconductor manufacturing equipment	millions of yen	29,454	31,360	40,179	41,773	50,291	59,523	69,117	56,198	71,745	101,145	112,365	100,055
Precision measuring instruments	millions of yen	21,559	23,908	26,266	28,500	27,501	28,671	32,403	31,728	25,359	29,556	34,436	34,624
Cost of goods sold	millions of yen	33,041	34,845	40,275	42,185	48,152	53,818	60,430	53,452	60,190	77,694	84,967	79,917
Gross profit on sales	millions of yen	17,971	20,422	26,169	28,089	29,640	34,375	41,090	34,474	36,914	53,008	61,834	54,762
Operating profit	millions of yen	7,505	8,466	12,124	13,222	13,659	17,283	20,221	12,282	15,562	28,327	34,494	25,307
Semiconductor manufacturing equipment	millions of yen	2,832	3,720	6,963	7,339	8,820	11,292	13,195	7,915	13,565	24,698	29,866	19,899
Precision measuring instruments	millions of yen	4,673	4,745	5,160	5,883	4,839	5,990	7,025	4,366	1,996	3,628	4,628	5,408
Non-operating income	millions of yen	519	626	726	243	318	170	688	255	540	987	965	1,404
Non-operating expenses	millions of yen	132	68	59	232	112	138	104	177	235	153	162	259
Recurring profit	millions of yen	7,892	9,024	12,791	13,232	13,864	17,316	20,805	12,360	15,867	29,160	35,297	26,453
Extraordinary gains	millions of yen	13	79	9	8	583	4	58	57	1,354	390	103	824
Extraordinary losses	millions of yen	2,098	12	4	0	32	2	419	1,712	1,074	34	2,099	21
Current net benefits before tax citation	millions of yen	5,807	9,090	12,796	13,240	14,415	17,318	20,443	10,705	16,147	29,516	33,301	27,255
Income tax and others	millions of yen	1,812	3,201	3,767	3,484	4,464	4,542	5,719	3,598	3,978	8,132	9,607	7,791
Net profit	millions of yen	3,995	5,889	9,028	9,756	9,951	12,775	14,724	7,106	12,169	21,384	23,693	19,463
Net profit attributable to minority interests	millions of yen	-	30	35	52	41	58	58	(49)	(6)	57	62	84
Net profit attributable to owners of the parent	millions of yen	3,995	5,858	8,993	9,704	9,909	12,717	14,665	7,156	12,175	21,326	23,630	19,378
Accumulated other comprehensive income	millions of yen	723	1,278	1,940	(2,557)	420	2,348	(2,483)	(722)	849	1,026	1,051	1,688
Comprehensive income	millions of yen	4,718	7,168	10,969	7,199	10,371	15,124	12,240	6,384	13,018	22,411	24,745	21,152
Return on equity (ROE)	%	7.3	9.7	13.0	12.7	12.0	13.8	14.4	6.7	10.9	17.4	17.3	12.9
Return on assets (ROA)	%	5.1	7.3	9.9	9.7	9.2	10.3	10.1	4.7	7.9	12.1	11.8	8.9
Book value per share (BPS)	Yen	1,384.43	1,557.28	1,787.05	1,903.29	2,083.40	2,367.92	2,551.20	2,601.10	2,810.79	3,187.39	3,573.81	3,875.32
Earnings per share (EPS)	Yen	96.93	142.06	217.97	234.58	239.32	306.41	352.92	171.89	293.83	522.52	581.33	480.49
Diluted net profit per share	Yen	96.72	141.49	216.93	233.29	237.80	304.02	350.23	170.72	291.43	517.51	575.62	475.42
Gross profit margin ratio	%	35.2	37.0	39.4	40.0	38.1	39.0	40.5	39.2	38.0	40.6	42.1	40.7
Operating margin	%	14.7	15.3	18.2	18.8	17.6	19.6	19.9	14.0	16.0	21.7	23.5	18.8
Semiconductor manufacturing equipment	%	9.6	11.9	17.3	17.6	17.5	19.0	19.1	14.1	18.9	24.4	26.6	19.9
Precision measuring instruments	%	21.7	19.9	19.7	20.6	17.6	20.9	21.7	13.8	7.9	12.3	13.4	15.6
Recurring profit margin	%	15.5	16.3	19.3	18.8	17.8	19.6	20.5	14.1	16.3	22.3	24.0	19.6
Net profit margin	%	7.8	10.6	13.5	13.8	12.7	14.4	14.4	8.1	12.5	16.3	16.1	14.4

	(Unit)	FY2012 (FY2013/3)	FY2013 (FY2014/3)	FY2014 (FY2015/3)	FY2015 (FY2016/3)	FY2016 (FY2017/3)	FY2017 (FY2018/3)	FY2018 (FY2019/3)	FY2019 (FY2020/3)	FY2020 (FY2021/3)	FY2021 (FY2022/3)	FY2022 (FY2023/3)	FY2023 (FY2024/3)
Current assets	millions of yen	51,809	55,865	67,873	72,710	82,792	94,990	110,094	97,771	111,516	133,829	143,972	153,831
Fixed assets	millions of yen	26,052	26,699	30,584	29,223	31,670	37,902	47,478	48,777	50,039	56,457	65,060	71,693
Total assets	millions of yen	77,862	82,565	98,457	101,933	114,463	132,893	157,573	146,549	161,556	190,287	209,032	225,524
Current liabilities	millions of yen	17,403	15,571	21,718	21,416	26,570	32,807	40,948	29,017	39,296	55,641	50,947	46,002
Fixed liabilities	millions of yen	3,154	2,324	2,367	1,099	698	731	9,220	7,857	5,482	3,564	12,057	21,094
Net assets	millions of yen	57,304	64,668	74,371	79,418	87,194	99,354	107,403	109,674	116,777	131,081	146,028	158,427
Total liabilities and net assets	millions of yen	77,862	82,565	98,457	101,933	114,463	132,893	157,573	146,549	161,556	190,287	209,032	225,524
Equity ratio	%	73.3	77.8	75.0	77.3	75.5	74.0	67.3	73.9	71.4	68.1	69.0	69.4
Net cash and deposits	millions of yen	13,202	17,926	24,754	25,768	32,521	35,869	30,102	24,999	36,076	43,535	25,888	11,611
Dividend per share (ordinary dividend)	Yen	16	23	55	59	72	92	105	76	104	185	235	192
Dividend per share (commemorative dividend)	Yen	—	—	—	—	—	—	20	—	—	—	—	—
Purchases of treasury stock	millions of yen	0	2	2	2	1	2	1	1	3,002	2,501	1,583	922
Dividend payout ratio	%	16.5	16.2	25.2	25.2	30.1	30.0	35.4	44.2	35.4	35.4	40.3	40.0
Total shares issued	Shares	41,254,781	41,278,381	41,340,681	41,423,381	41,495,581	41,575,881	41,598,381	41,695,381	41,759,981	41,869,581	41,903,281	42,104,381
Amount of treasury stock among shares issues	Shares	32,292	33,542	34,609	35,393	35,819	36,251	36,791	37,207	715,164	1,222,956	1,529,552	1,705,058
Cash flows from operating activities	millions of yen	8,337	6,434	10,820	7,210	12,809	10,931	12,932	5,965	22,062	23,837	1,000	4,892
Cash flows from investing activities	millions of yen	(3,019)	(1,374)	(2,958)	(3,823)	(3,486)	(4,649)	(13,952)	(6,116)	(5,191)	(8,990)	(8,421)	(10,563)
Cash flows from financing activities	millions of yen	(4,322)	(3,244)	(1,762)	(2,851)	(2,953)	(3,163)	5,443	(6,375)	(8,282)	(10,346)	(2,174)	1,616
Orders	millions of yen	52,135	57,692	70,241	69,159	83,487	103,979	98,909	87,576	117,060	186,056	136,326	120,885
Semiconductor manufacturing equipment	millions of yen	29,961	33,434	43,297	41,033	56,232	73,327	65,335	57,709	93,181	152,896	99,366	86,082
Precision measuring instruments	millions of yen	22,174	24,257	26,943	28,126	27,254	30,651	33,573	29,866	23,878	33,159	36,960	34,802
Order backlog	millions of yen	12,445	14,866	18,662	17,994	23,663	39,448	36,836	36,965	56,920	112,274	101,799	88,004
Semiconductor manufacturing equipment	millions of yen	7,275	9,349	12,467	11,706	17,647	31,452	27,670	29,182	50,619	102,370	89,371	75,398
Precision measuring instruments	millions of yen	5,169	5,516	6,194	6,288	6,015	7,996	9,165	7,782	6,301	9,904	12,428	12,606
Ratio of orders to sales (BB ratio)	—	1.02	1.04	1.06	0.98	1.07	1.18	0.97	1.00	1.21	1.42	0.88	0.90
Semiconductor manufacturing equipment	—	1.02	1.07	1.08	0.98	1.12	1.23	0.95	1.03	1.30	1.51	1.07	0.86
Precision measuring instruments	—	1.03	1.01	1.03	0.99	0.99	1.07	1.04	0.94	0.94	1.12	0.93	1.01
Ratio of order backlog to net sales	%	24.4	26.9	28.1	25.6	30.4	44.7	36.3	42.0	58.6	85.9	69.3	65.3
Semiconductor manufacturing equipment	%	24.7	29.8	31.0	28.0	35.1	52.8	40.0	51.9	70.6	101.2	79.5	75.4
Precision measuring instruments	%	24.0	23.1	23.6	22.1	21.9	27.9	28.3	24.5	24.8	33.5	36.1	36.4

	(Unit)	FY2012 (FY2013/3)	FY2013 (FY2014/3)	FY2014 (FY2015/3)	FY2015 (FY2016/3)	FY2016 (FY2017/3)	FY2017 (FY2018/3)	FY2018 (FY2019/3)	FY2019 (FY2020/3)	FY2020 (FY2021/3)	FY2021 (FY2022/3)	FY2022 (FY2023/3)	FY2023 (FY2024/3)
R&D expenditure	millions of yen	4,255	4,979	5,744	6,292	6,791	7,194	7,469	8,234	7,193	8,146	8,542	9,042
Semiconductor manufacturing equipment	millions of yen	3,419	4,087	4,645	5,104	5,443	5,826	6,154	6,216	5,748	6,728	6,798	7,383
Precision measuring instruments	millions of yen	836	891	1,098	1,187	1,347	1,368	1,314	2,017	1,445	1,418	1,743	1,659
Capital investment	millions of yen	2,795	1,803	3,249	3,795	4,145	3,547	13,872	7,477	5,950	9,793	9,725	11,602
Semiconductor manufacturing equipment	millions of yen	1,955	874	2,459	2,940	3,647	2,543	12,235	3,832	3,499	9,223	7,248	8,652
Precision measuring instruments	millions of yen	840	929	789	855	498	1,003	1,636	3,644	2,450	569	2,476	2,949
Depreciation	millions of yen	1,873	1,830	1,837	2,012	2,380	2,541	2,655	3,450	3,516	3,551	3,832	4,673
Semiconductor manufacturing equipment	millions of yen	1,391	1,304	1,238	1,340	1,668	1,824	1,909	2,450	2,343	2,447	2,642	3,411
Precision measuring instruments	millions of yen	481	525	599	671	711	716	746	1,000	1,172	1,103	1,189	1,262
Goodwill amortization	millions of yen	396	427	427	261	102	102	226	41	28	29	42	54
Semiconductor manufacturing equipment	millions of yen	110	140	133	119	102	102	102	39	7	7	8	9
Precision measuring instruments	millions of yen	285	287	294	141	—	—	123	1	20	21	34	45
R&D expenditure as a percentage of net sales	%	8.3	9.0	8.6	9.0	8.7	8.2	7.4	9.4	7.4	6.2	5.8	6.7
Semiconductor manufacturing equipment	%	11.6	13.0	11.6	12.2	10.8	9.8	8.9	11.1	8.0	6.7	6.1	7.4
Precision measuring instruments	%	3.9	3.7	4.2	4.2	4.9	4.8	4.1	6.4	5.7	4.8	5.1	4.8
Capital expenditure as a percentage of net sales	%	5.5	3.3	4.9	5.4	5.3	4.0	13.7	8.5	6.1	7.5	6.6	8.6
Semiconductor manufacturing equipment	%	6.6	2.8	6.1	7.0	7.3	4.3	17.7	6.8	4.9	9.1	6.5	8.6
Precision measuring instruments	%	3.9	3.9	3.0	3.0	1.8	3.5	5.1	11.5	9.7	1.9	7.2	8.5
Depreciation and amortization as a percentage of net sales	%	3.7	3.3	2.8	2.9	3.1	2.9	2.6	3.9	3.6	2.7	2.6	3.5
Semiconductor manufacturing equipment	%	4.7	4.2	3.1	3.2	3.3	3.1	2.8	4.4	3.3	2.4	2.4	3.4
Precision measuring instruments	%	2.2	2.2	2.3	2.4	2.6	2.5	2.3	3.2	4.6	3.7	3.5	3.6
Total regular employees	People	1,275	1,393	1,447	1,559	1,784	1,933	2,119	2,250	2,293	2,354	2,468	2,658
Non-consolidated basis	People	613	618	637	679	726	809	868	912	944	992	1,054	1,200
Consolidated subsidiaries	People	662	775	810	880	1,058	1,124	1,251	1,338	1,349	1,362	1,414	1,458
Total non-regular employees (*)	People	495	540	620	690	720	820	980	980	996	1,123	1,258	553
Non-consolidated basis	People	285	330	380	440	445	500	620	610	611	712	783	323
Consolidated subsidiaries	People	210	210	240	250	275	320	360	370	385	411	475	230
Number of employees (*)	People	1,770	1,933	2,067	2,249	2,504	2,753	3,099	3,230	3,289	3,477	3,726	3,211
Non-consolidated basis	People	898	948	1,017	1,119	1,171	1,309	1,488	1,522	1,555	1,704	1,837	1,523
Consolidated subsidiaries	People	872	985	1,050	1,130	1,333	1,444	1,611	1,708	1,734	1,773	1,889	1,688
Average age (non-consolidated basis)	Age	41.8	42.1	41.8	41.3	41.4	40.9	40.4	40.0	39.9	39.8	39.6	39.2
Average years of service (non-consolidated basis)	Years	13.2	13.5	13.2	12.7	12.5	12.1	11.6	11.2	11.2	11.1	11.1	10.2
Average annual salaries (non-consolidated basis)	Yen	7,090,578	7,158,712	7,329,971	7,523,864	7,426,572	7,815,525	7,582,169	7,152,806	7,013,791	7,496,101	7,984,646	8,018,157
Consolidated subsidiaries	Companies	12	13	13	14	16	16	17	17	17	17	17	17
Consolidated subsidiaries in Japan	Companies	5	5	5	5	5	5	6	6	6	6	6	6
Consolidated subsidiaries overseas	Companies	7	8	8	9	11	11	11	11	11	11	11	11
Non-consolidated subsidiaries	Companies	14	13	16	17	15	14	14	16	16	13	12	12
Affiliated Companies	Companies	—	—	—	—	—	1	1	1	1	1	1	1

* From fiscal 2023, the internal definitions of the disclosed number of non-regular employees and employees have been changed, and these figures exclude temporary employees.

Non-financial Data

Environment-Related

	FY2019	FY2020	FY2021	FY2022	FY2023
Energy use					
Scope 1 [GJ]	1,112	1,203	1,506	1,502	1,756
Scope 2 [GJ]	247,160	279,930	287,891	287,042	363,457
Percentage of renewable electric power (*1) [%]	12.9	15.7	18.5	29.8	26.4
CO_2 emissions					
Total CO_2 emissions (Scope 1 and Scope 2) [t-CO_2]	11,982	9,524	8,191	8,257	11,598
CO_2 emissions on production volume intensity basis (Scope 1 and Scope 2) [t-CO_2/million yen]	0.191	0.129	0.080	0.074	0.111
Power generation					
Solar power generation [MWh]	427.5	469.5	494.2	469.6	659.9
Water withdrawals					
Total water withdrawals (*2) [m^3]	171,706	169,873	163,662	164,150	168,685
Production volume intensity [m^3/million yen]	2.74	2.29	1.61	1.48	1.59
Wastewater					
Industrial wastewater (general sewage)(*3) [m^3]	171,706	169,873	163,662	164,150	168,685
Water recycling					
Water recycling rate from pure water production facilities [%]	16.3	17.2	17.2	17.6	17.1

*1 Includes electricity generated from solar power generation.
*2 All of the water withdrawal we use is from the city water and groundwater based on surface water.
*3 All effluent is treated as general sewage.

Human Resource Data

	FY2019	FY2020	FY2021	FY2022	FY2023
Consolidated Employee Overview					
Total number of employees*1 [people]	3,230	3,289	3,477	3,726	3,211
Total regular employees [people]	2,250	2,293	2,354	2,468	2,658
Percentage of females [%]	–	–	–	–	15.0
Non-consolidated Employee Overview					
Total number of employees*1 [people]	1,522	1,555	1,704	1,837	1,523
Total regular employees [people]	912	944	992	1,054	1,200
Percentage of females [%]	6.4	6.4	7.4	8.5	10.3
Percentage of female managers [%]	1.5	1.5	1.9	2.4	2.1
Percentage of female officers [%]	7.7	7.7	7.7	15.4	16.7
Average age of regular employees [years]	40.0	39.9	39.8	39.6	39.2
Average years of service for regular employees [years]	11.2	11.2	11.1	11.1	10.2
Men [years]	11.4	11.4	11.4	11.5	10.6
Women [years]	7.8	7.8	7.5	7.3	6.3
New graduate retention rate (three years after entering the Company) [%]	80.0	90.9	87.7	88.4	95.5
Turnover rate	4.6	3.3	4.1	3.7	4.0
Percentage of employment of persons with disabilities*2 [%]	2.04	1.94	1.95	2.07	2.17
Childcare leave acquisition rate [%]	0.0	14.7	19.2	42.9	58.6
Men [%]	0.0	9.4	19.2	38.5	57.1
Women [%]	None eligible	100	None eligible	100	100
Total training hours [hours]	–	3,385.1	6,445.9	9,938.7	14,992.9
Average training hours per person [hours]	–	3.6	7.0	9.4	12.5
Education investment per person [yen]	–	22,432.3	29,415.3	35,576.5	41,981.4

*1 From fiscal 2023, the internal definition of the disclosed number employees have been changed, and this figures exclude temporary employees.
*2 Data depicted in the table are current as of June 1 of each year. The “Act to Facilitate the Employment of Persons with Disabilities” stipulates that employment of one individual with a serious disability is equivalent to employing “two individuals” for purposes of calculating the number of associates with disabilities and percentage of employment.

Company Information and Stock Information

Company Information

Company name : Tokyo Seimitsu Co., Ltd.
URL : https://www.accretech.com/en/
Head office : 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
Established : March 28, 1949

Paid-in capital : 11,064 million yen (as of March 31, 2024)
Number of employees : 1,523 (non-consolidated) 3,211 (consolidated)
Major business lines : Manufacture and sale of semiconductor manufacturing equipment and precision measuring instrument

Affiliated Companies

(Japan)
Tosei Engineering Corp.
Tosei Systems Co., Ltd.
Accretech Create Corp.
Tosei Box Corp.
Accretech Finance CO., LTD.
Accretech Powertro System Co., Ltd.

(Overseas)
ACCRETECH AMERICA INC.
ACCRETECH (EUROPE) GmbH
ACCRETECH KOREA CO., LTD.
ACCRETECH (CHINA) CO., LTD.
ACCRETECH TAIWAN CO., LTD.
ACCRETECH (MALAYSIA) SDN. BHD.
ACCRETECH ADAMAS (THAILAND) CO., LTD.
ACCRETECH (THAILAND) CO., LTD.
TOSEI ENGINEERING (PINGHU) CO., LTD.
TOSEI (THAILAND) CO., LTD.
ACCRETECH SBS INC.
ACCRETECH (SINGAPORE) PTE. LTD.
ACCRETECH VIETNAM CO., LTD.
PT ACCRETECH INDONESIA
ACCRETECH-TOSEI DO BRASIL LTDA.
PT TOSEI INDONESIA
TOSEI PHILIPPINES CORPORATION
TOSEI ENGINEERING PRIVATE LIMITED
TOSEI MEXICO S.A.DE.C.V.
ACCRETECH-TOSEI HUNGARY KFT.
ACCRETECH (PINGHU) CO., LTD.
ACCRETECH-SBS UK LTD.
TOSEI TECHNOLOGY DEVELOPMENT (SHANGHAI) CO., LTD.

Stock Information

Overview (as of March 31, 2024)

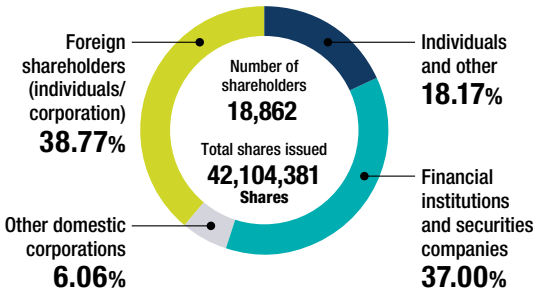
Securities code	7729
Stock market listing	Prime Market, Tokyo Stock Exchange
Number of shares issued	42,104,381
Number of shareholders	18,862

Principal Shareholders (Top 10) (as of March 31, 2024)

Name	Number of shares held (thousand)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	6,807	16.85
Custody Bank of Japan, Ltd. (Trust account)	3,417	8.46
SSBTC CLIENT OMNIBUS ACCOUNT	2,617	6.48
The Precise Measurement Technology Promotion Foundation	1,058	2.62
JP MORGAN CHASE BANK 385632	924	2.29
Mizuho Bank Ltd.	672	1.66
Ayako Yano	614	1.52
STATE STREET BANK AND TRUST COMPANY 505025	562	1.39
JP MORGAN CHASE BANK 385781	515	1.28
MSIP CLIENT SECURITIES	505	1.25

Excluding treasury stock

Status of Share Distribution by Owner (as of March 31, 2024)



Tokyo Seimitsu Co., Ltd.

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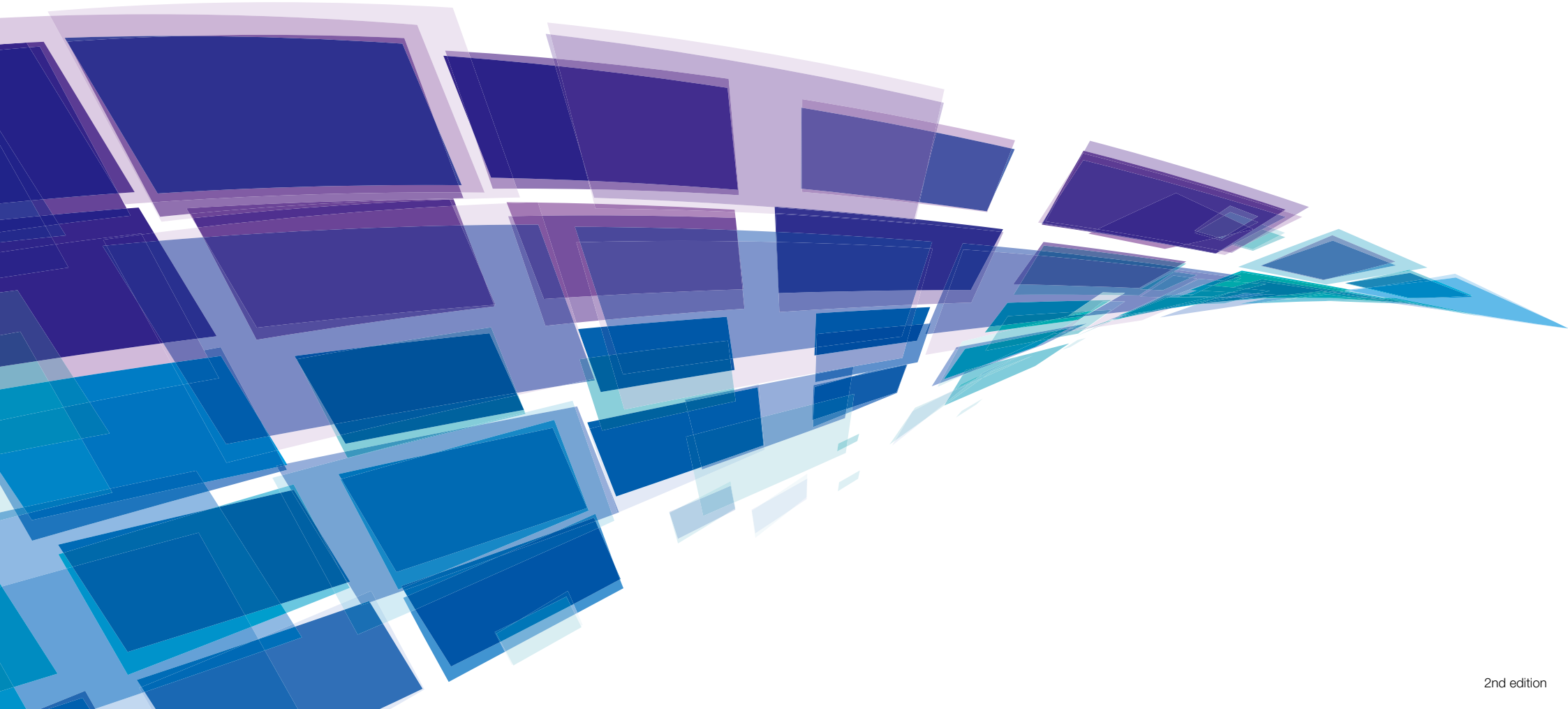
URL: https://www.accretech.com/en/



2nd edition