

(Summary)Annual Securities Report  
For Fiscal Year Ended March 31<sup>st</sup>, 2023

English Summary of  
有価証券報告書(*Yuukashoken-Houkokusho*)  
For the fiscal year 100<sup>th</sup>, ended March 31<sup>st</sup>, 2023

Tokyo Seimitsu Co., Ltd.

Disclaimer:

- This report is a summary of Japanese-language annual securities report called “有価証券報告書 (Yuukashoken-Houkokusho)”, filed to the Financial Services Agency “Kanto Local Finance Bureau”, Translated from Part 1 “Company Information”, section 1 “Company Overview” to Part 1, section 5 “Financial Information” - 1. “Consolidated Financial Statements” for reference purpose only.
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Abbreviations (Unless otherwise noted)

- FY: Fiscal Year
- SSR: Share Subscription Rights
- BS: Statements of Balance Sheet
- SO: Stock Option(s)
- JPY: Japanese Yen, mainly with prefix M (Million)
- USD: US dollars, mainly with prefix K (Thousand)
- EUR: Euro, mainly with prefix K (Thousand)
- KRW: Korean Won, mainly with prefix M (Million)
- CNY: China Yuan, mainly with prefix K (Thousand)
- TWD: Taiwan New Dollars, mainly with prefix K (Thousand)
- MYR: Malaysian Ringgit, mainly with prefix K (Thousand)
- THB: Thailand Baht , mainly with prefix K (Thousand)

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Note: This report is for reference purposes only, therefore the section after Part 1 “Company Information”, section 5 “Financial Information” - 1. “Consolidated Financial Statements” is intentionally omitted.

## [Cover]

|   |   |
|---|---|
| [Submitted document]  | Securities Report (" <i>Yuukashoken-Houkokusho</i> ")   |
| [Article of the applicable law requiring submission of this document] | Article 24, Paragraph 1 of the Securities Exchange Law  |
| [Filed to]  | Director, <i>Kanto</i> Local Finance Bureau   |
| [Date submitted]  | June 27 <sup>th</sup> , 2023 (in Japanese)  |
| [Business year]   | 100 <sup>th</sup> Fiscal Term<br>(from April 1 <sup>st</sup> , 2022 to March 31 <sup>st</sup> , 2023) |
| [Company name in Japanese]  | 株式会社東京精密<br>( <i>Kabushiki-Gaisha Tokyo Seimitsu</i> )  |
| [Company name in English]   | Tokyo Seimitsu Co., Ltd.  |
| [Name and position of representative]                                 | Kimura Ryuichi, President and COO   |
| [Location of head office]   | 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo  |
| [Telephone No.]   | +81-(0)42-642-1701 (operator)   |
| [Contact for communications]  | Kawamura Koichi, Executive Vice President and CFO   |
| [Nearest contact address]   | 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo  |
| [Telephone No.]   | +81-(0)42-642-1701 (operator)   |
| [Contact for communications]  | Kawamura Koichi, Executive Vice President and CFO   |
| [Place where available for public inspection]                         | Tokyo Stock Exchange, Inc.<br>2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo                                |

## Part I [Company Information]

### Section 1 [Company Overview]

#### 1 [Key financial data and trends]

(1) Trends in consolidated management indicators and related data

| Fiscal term  |          | 96 <sup>th</sup> | 97 <sup>th</sup> | 98 <sup>th</sup> | 99 <sup>th</sup> | 100 <sup>th</sup> |
|--|----------|------------------|------------------|------------------|------------------|-------------------|
| Fiscal Year (FY) ended   |          | March, 2019      | March, 2020      | March, 2021      | March, 2022      | March, 2023       |
| Net sales  | (MJPY)   | 101,520          | 87,927           | 97,105           | 130,702          | 146,801           |
| Recurring profit   | (MJPY)   | 20,805           | 12,360           | 15,867           | 29,160           | 35,297            |
| Net profit attributable to owners of the parent                            | (MJPY)   | 14,665           | 7,156            | 12,175           | 21,326           | 23,630            |
| Comprehensive income   | (MJPY)   | 12,240           | 6,384            | 13,018           | 22,411           | 24,745            |
| Net assets   | (MJPY)   | 107,403          | 109,674          | 116,777          | 131,081          | 146,028           |
| Total assets   | (MJPY)   | 157,573          | 146,549          | 161,556          | 190,287          | 209,032           |
| Net assets per share   | (yen)    | 2,551.20         | 2,601.10         | 2,810.79         | 3,187.39         | 3,573.81          |
| Net profit per share   | (yen)    | 352.92           | 171.89           | 293.83           | 522.52           | 581.33            |
| Diluted Net profit per share   | (yen)    | 350.23           | 170.72           | 291.43           | 517.51           | 575.62            |
| Equity ratio   | (%)      | 67.3             | 73.9             | 71.4             | 68.1             | 69.0              |
| Return on equity   | (%)      | 14.4             | 6.7              | 10.9             | 17.4             | 17.3              |
| Price earnings ratio   | (Times)  | 8.0              | 17.9             | 17.2             | 9.3              | 8.8               |
| Cash flow from operating activities  | (MJPY)   | 12,932           | 5,965            | 22,062           | 23,837           | 1,000             |
| Cash flow from investing activities  | (MJPY)   | - 13,952         | - 6,116          | - 5,191          | - 8,990          | - 8,421           |
| Cash flow from financing activities  | (MJPY)   | 5,443            | - 6,375          | - 8,282          | - 10,346         | - 2,174           |
| Cash and cash equivalents at end of FY                                     | (MJPY)   | 41,290           | 34,605           | 43,624           | 49,006           | 40,036            |
| Number of Employees  |          | 2,119            | 2,250            | 2,293            | 2,354            | 2,468             |
| (Average number of part-time employees, not included in the above figure.) | (Person) | (980)            | (980)            | (996)            | (1,123)          | (1,258)           |

Notes:

- Upper number in "Employees" indicates the number of full-time employees.
- The Group applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31<sup>st</sup>, 2020) from the beginning of the FY99<sup>th</sup>, management indicators after FY99<sup>th</sup> shown above apply this standard.
- Previously, income and expenses of overseas subsidiaries were translated into Japanese Yen at the spot exchange rate prevailing on the date of account settlement. However, the Company changed to a method of converting business results into Japanese Yen based on the average exchange rate during the period effective from FY100<sup>th</sup>. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the FY99<sup>th</sup> have been prepared on a retrospective basis.

## (2) The Trends in the Parent Company management indicators and related data

| Fiscal term  |          | 96 <sup>th</sup> | 97 <sup>th</sup> | 98 <sup>th</sup> | 99 <sup>th</sup> | 100 <sup>th</sup> |
|--|----------|------------------|------------------|------------------|------------------|-------------------|
| FY ended   |          | March,2019       | March, 2020      | March, 2021      | March, 2022      | March, 2023       |
| Net sales  | (MJPY)   | 84,655           | 68,647           | 77,793           | 107,841          | 122,274           |
| Recurring profit   | (MJPY)   | 14,895           | 14,928           | 12,392           | 29,804           | 32,408            |
| Net profit   | (MJPY)   | 11,110           | 10,942           | 8,923            | 24,086           | 22,835            |
| Common stock   | (MJPY)   | 10,591           | 10,703           | 10,818           | 11,000           | 11,064            |
| Number of shares issued  | (shares) | 41,598,381       | 41,695,381       | 41,759,981       | 41,869,581       | 41,903,281        |
| Net assets   | (MJPY)   | 80,992           | 87,068           | 90,367           | 106,258          | 119,462           |
| Total assets   | (MJPY)   | 125,784          | 119,436          | 130,515          | 157,146          | 175,187           |
| Net assets per share   | (yen)    | 1,929.86         | 2,071.56         | 2,179.93         | 2,590.81         | 2,932.37          |
| Cash dividends per share   | (yen)    | 125.00           | 76.00            | 104.00           | 185.00           | 235.00            |
| (Interim cash dividends herein)  | (yen)    | (59.00)          | (38.00)          | (42.00)          | (84.00)          | (109.00)          |
| Net profit per share   | (yen)    | 267.37           | 262.83           | 215.36           | 590.15           | 561.77            |
| Diluted Net profit per share   | (yen)    | 265.33           | 261.03           | 213.59           | 584.48           | 556.25            |
| Equity ratio   | (%)      | 63.8             | 72.3             | 68.6             | 67.0             | 67.6              |
| Return on equity   | (%)      | 14.4             | 13.1             | 10.2             | 24.7             | 20.4              |
| Price earnings ratio   | (Times)  | 10.5             | 11.7             | 23.4             | 8.3              | 9.1               |
| Dividend payout ratio  | (%)      | 46.8             | 28.9             | 48.3             | 31.3             | 41.8              |
| Number of Employees  |          | 868              | 912              | 944              | 992              | 1,054             |
| (Average number of temporary employees, not included in the above figure). | (Person) | (620)            | (610)            | (611)            | (712)            | (783)             |
| Total Shareholder's return   | (%)      | 68.5             | 76.4             | 124.5            | 125.0            | 136.1             |
| (compared with TOPIX, including dividend)                                  | (%)      | (95.0)           | (85.9)           | (122.2)          | (124.6)          | (131.8)           |
| Highest share price  | (yen)    | 4,690            | 4,385            | 5,550            | 5,740            | 5,180             |
| Lowest share price   | (yen)    | 2,430            | 2,400            | 2,767            | 4,025            | 4,100             |

## Notes:

- Upper number in "Employees" indicates the number of full-time employees.
- The above share prices are those quoted on the First Section of the Tokyo Stock Exchange (before April 3<sup>rd</sup>, 2022) and on the Prime Segment of the Tokyo Stock Exchange (after April 4<sup>th</sup>, 2022).
- The Group applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31<sup>st</sup>, 2020) from the beginning of the FY99<sup>th</sup>, management indicators after FY99<sup>th</sup> shown above apply this standard.

## 2 [History]

|                 |   |
|-----------------|---|
| March, 1949     | Tokyo Seimitsu Kogu Co., Ltd. (the predecessor of Tokyo Seimitsu Co., Ltd.) was established, and began production and sales of cutting tools for sewing machine manufactures and various precision parts and tools. Capital: 1,600,000 yen.   |
| January, 1953   | Tokyo Seimitsu successfully developed Japan's first high pressure flow-type micrometer.   |
| October, 1957   | Tokyo Seimitsu successfully developed Japan's first LVDT-type electric micrometer.  |
| April, 1962     | Tokyo Seimitsu was renamed Tokyo Seimitsu Co., Ltd.   |
| August, 1962    | Tokyo Seimitsu's stock was listed on the Second Section of the Tokyo Stock Exchange.  |
| December, 1963  | First phase construction at the Hachioji Plant was completed.   |
| February, 1967  | Second phase construction at the Hachioji Plant was completed.  |
| April, 1969     | Tosei Engineering Services Co., Ltd. (now Tosei Engineering Corp.) was established as a company for providing post-sales services.  |
| July, 1969      | First phase construction at the Tsuchiura Plant was completed.  |
| January, 1971   | Construction of the main building at the Hachioji Plant was completed.  |
| August, 1981    | Construction of the Tsuchiura coordinate measuring machine plant was completed.   |
| October, 1985   | Tosei Systems Co., Ltd. was established as a company for carrying out software development.   |
| September, 1986 | The company's stock was selected for listing on the First Section of the Tokyo Stock Exchange.  |
| March, 1989     | Tokyo Seimitsu Europe GmbH (now Accretech (Europe) GmbH) was established in West Germany (now Germany) as a center for overseas business operations.  |
| October, 1989   | Tokyo Seimitsu America, Inc. was established in the U.S. as a center for overseas business operations.  |
| October, 1992   | Tokyo Seimitsu purchased the U.S. company Silicon Technology Corporation in order to obtain an overseas production center.  |
| April, 1995     | The holding company TSK America, Inc. was established for integrated management of U.S. subsidiaries.   |
| July, 1997      | Construction for expansion of the Hachioji Plant (No. 2 plant building) was completed.  |
| January, 1998   | In order to streamline production and sales for the North America region, four local subsidiaries in the U.S. were merged, with TSK America, Inc. as the surviving company.   |
| February, 1999  | Tokyo Seimitsu increased the capitalization of Micro Technologies Co., Ltd. and reorganized it as a company for production of wafer inspection systems.   |
| April, 1999     | Construction of the Tsuchiura head office building and plant for our subsidiary Tosei Engineering Corp. was completed.  |
| March, 2001     | Construction of the new main building at the Hachioji Plant was completed.  |
| June, 2001      | Stock of Tokyo Seimitsu subsidiary Tosei Engineering Corp. was listed on the Second Section of the Tokyo Stock Exchange.  |
| October, 2002   | Accretech (China) Co., Ltd. was established as a center for sales, distribution, and maintenance services in China.   |
| March, 2005     | Construction of the Hachioji No. 3 Plant and Tsuchiura new main building was completed.   |
| October, 2005   | In order to increase the competitiveness and improve the corporate value of the Tokyo Seimitsu Group, Tokyo Seimitsu carried out a share exchange in order to make the subsidiary Tosei Engineering Corp. a wholly owned subsidiary. As a result, Tosei Engineering Corp. was delisted from the Tokyo Stock Exchange. |
| January, 2007   | Tokyo Seimitsu increased the capitalization and reorganized a former local company to create Accretech Korea Co., Ltd. to strengthen the sales, service, and support operations for the Korea semiconductor market.   |
| April, 2007     | Tokyo Seimitsu merged the subsidiary Accretech Micro Technologies Co., Ltd. to strengthen the competitiveness of the wafer inspection systems business.   |
| March, 2008     | Construction of the Tsuchiura semiconductor plant at our subsidiary Tosei Engineering Corp. was completed.  |
| April, 2008     | Construction of the CMM building at the Tsuchiura Plant was completed.  |
| April, 2009     | Tokyo Seimitsu Co., Ltd. USA office was opened as a center for sales in North America.  |
| June, 2010      | Head office was relocated from Mitaka-shi, Tokyo to Hachioji-shi, Tokyo.  |
| June, 2011      | Construction of the Hachioji No. 5 Plant was completed.   |



|                 |   |
|-----------------|---|
| April,2012      | Tokyo Seimitsu closed USA office and established Accretech America Inc. as a center of sales in North America.  |
| August,2012     | Tokyo Seimitsu started precision dicing blade business after assignment of business.  |
| September, 2014 | Accretech Adamas (Thailand) Co., Ltd. was established for constructing an overseas plant to manufacture Precision dicing blades.  |
| May, 2016       | Construction for expansion of the Hachioji Plant (No. 6 plant building) was completed.  |
| February, 2019  | Tokyo Seimitsu purchased a majority shareholding in Fujitsu Telecom Networks Fukushima Limited (now Accretech Powertro System Co., Ltd.) which provides Charge/Discharge testing systems and became a subsidiary to enable expansion of the Group's business to include electrical measuring. |
| November, 2019  | Tokyo Seimitsu subsidiary Tosei Engineering Corp. and its subsidiary Tosei America Inc. acquired the balancer business from the US manufacturer Schmitt Industries Inc. Tosei America Inc. and was renamed Accretech SBS Inc.   |
| February, 2020  | Renovation of the Osaka branch for expanding sales and service/support capability in west Japan area was completed.   |
| May, 2020       | Construction of the Tsuchiura MI Plant was completed.   |
| March, 2021     | Construction of new building for Tokyo Seimitsu subsidiary Accretech Taiwan Co., Ltd was completed. New Taiwan Application Center was opened.   |
| April, 2022     | Due to the revision of the market classification of the Tokyo Stock Exchange, the Company moved from the First Section to the Prime Segment.  |

### 3 [Business overview]

The Tokyo Seimitsu Group (“the Group”) is composed of Tokyo Seimitsu Co., Ltd. (“the Parent Company”), 29 subsidiary companies and 1 affiliated company, with its primary business being the manufacturing and sales of Semiconductor production equipment (SPE) and Metrology instruments.

Segmentation of results is provided based on business categories as shown below. The segment classifications are the same as those used in the segment information in the consolidated financial statements.

Semiconductor production equipment (SPE) business (SPE)

This business handles manufacturing and inspection equipment such as wafer probing machines, wafer dicing machines, and other machines used in the semiconductor manufacturing and testing process. In this business, the Parent Company is responsible for the primary production elements. Our subsidiary Tosei Engineering Corp. is responsible for production of other related products, and our subsidiary Accretech Adamas (Thailand) Co., Ltd is responsible for production of other consumable parts. Sales and post-sales service are carried out primarily by the Parent Company and software is provided by our subsidiary Tosei Systems Co., Ltd.

For overseas sales, in addition to exports by the Parent Company, sales are conducted in America by our subsidiary Accretech America Inc., in Europe by our subsidiary Accretech (Europe) GmbH, and in Asia by our subsidiaries such as Accretech Korea Co., Ltd., Accretech (China) Co., Ltd., and Accretech Taiwan Co., Ltd. etc.

<Major affiliates>

Tosei Engineering Corp., Tosei Systems Co., Ltd., Accretech America Inc., Accretech (Europe) GmbH, Accretech Korea Co., Ltd, Accretech (China) Co., Ltd., Accretech Taiwan Co., Ltd., Accretech (Malaysia) Sdn Bhd., and Accretech Adamas (Thailand) Co., Ltd.

Metrology business (Metrology)

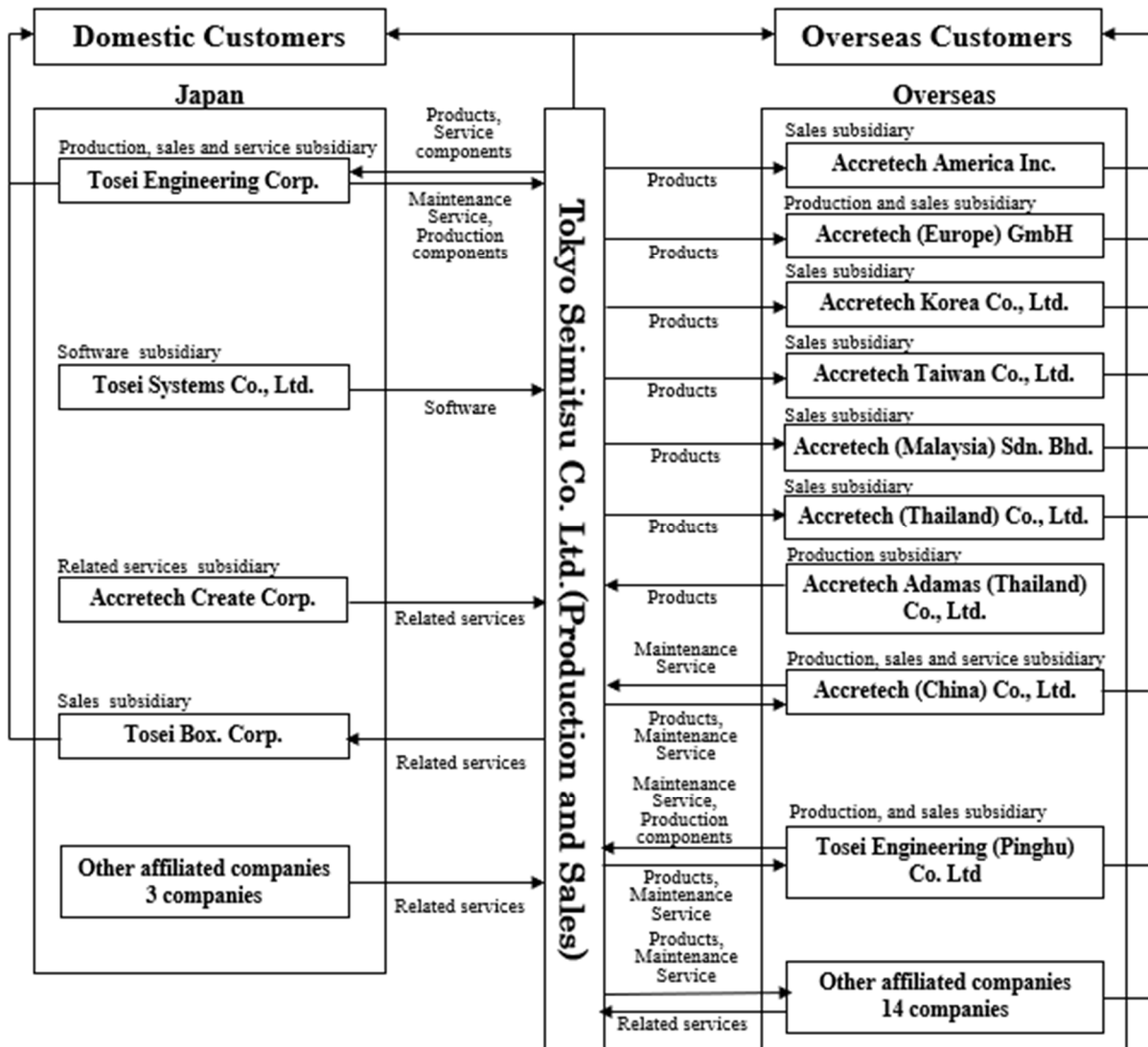
This business handles 3D coordinate measuring machines, surface texture and contour measuring systems, and other precision measuring systems. For this business, the Parent Company and Tosei Engineering Corp. are responsible for primary elements of the production and sales and our subsidiary Tosei Systems Co., Ltd. provides software. Certain related products are locally manufactured also by Tosei Engineering (Pinghu) Co., Ltd. and Tosei (Thailand) Co., Ltd.

For overseas sales, in addition to exports by the Parent Company and Tosei Engineering Corp., sales are conducted in America by our subsidiary Accretech SBS Inc., in Europe by our subsidiary Accretech (Europe) GmbH and in Asia by our subsidiaries such as Accretech Korea Co., Ltd. and Accretech (China) Co., Ltd. etc.

<Major affiliates>

Tosei Engineering Corp., Tosei Systems Co., Ltd., Accretech (Europe) GmbH, Accretech Korea Co., Ltd, Accretech (China) Co., Ltd., Accretech (Thailand) Co., Ltd., Tosei Engineering (Pinghu) Co., Ltd., Tosei (Thailand) Co., Ltd. and Accretech SBS Inc.

The correlation between Company and Group subsidiary are as shown below.



Our consolidated and non-consolidated subsidiaries are as shown below.

|              | Consolidated subsidiaries  | Non-consolidated subsidiaries   | Affiliated companies                 |
|--------------|--|---|--------------------------------------|
| Company Name | Tosei Engineering Corp.<br>Tosei Systems Co., Ltd.<br>Accretech Create Corp.<br>Tosei Box Corp.<br>Accretech Powertro System Co., Ltd.<br>Accretech Finance Co., Ltd.<br>Accretech America Inc.<br>Accretech (Europe) GmbH<br>Accretech Korea Co., Ltd.<br>Accretech (China) Co., Ltd.<br>Accretech Taiwan Co., Ltd.<br>Accretech (Malaysia) Sdn Bhd.<br>Accretech Adamas (Thailand) Co., Ltd.<br>Accretech (Thailand) Co., Ltd.<br>Tosei Engineering (Pinghu) Co., Ltd.<br>Tosei (Thailand) Co., Ltd.<br>Accretech SBS Inc. | Accretech (Singapore) Pte. Ltd.<br>Accretech Vietnam Co., Ltd.<br>PT Accretech Indonesia<br>Accretech-Tosei Do Brazil Ltda.<br>PT Tosei Indonesia<br>Tosei Philippines Corporation<br>Tosei Engineering Private Ltd.<br>Tosei Mexico S.A. De.C.V.<br>Accretech-Tosei Hungary Kft.<br>Accretech (Pinghu) Co., Ltd.<br>Accretech-SBS UK Ltd.<br>Tosei Technology Development (Shanghai) Co., Ltd. | On-chip<br>Biotechnologies Co., Ltd. |

#### 4 [Overview of affiliates]

| Name of company                       | Location                          | Capital or investment | Description of Principal business | % of voting rights held by Company (holding Company) |                     | Relationship with the Parent Company |              |  |                      |                         |  |
|---------------------------------------|-----------------------------------|-----------------------|-----------------------------------|--|---------------------|--------------------------------------|--------------|--|----------------------|-------------------------|--|
|                                       |                                   |                       |                                   | Hold by Company (%)                                  | Holding Company (%) | Concurrent Position as Directors     |              | Business transactions  | Financial assistance | Leasing of fixed assets |  |
|                                       |                                   |                       |                                   |  |                     | by directors                         | by employees |  |                      |                         |  |
| (Consolidated subsidiaries)           |                                   |                       |                                   |  |                     |                                      |              |  |                      |                         |  |
| Tosei Engineering Corp.               | Tsuchiura, Ibaraki                | (MJPY)<br>988         | SPE, Metrology                    | 100.0  | -                   | 3                                    | 2            | Supply of products related to SPE to the Parent Company, and maintenance and services for products related to the Parent Company's metrology instruments | No                   | Yes                     |  |
| Tosei Systems Co., Ltd.               | Hachioji, Tokyo                   | (MJPY)<br>50          | SPE, Metrology                    | 100.0  | -                   | 3                                    | -            | Provision of software to the Parent Company's products   | No                   | Yes                     |  |
| Accretech Create Corp.                | Hachioji, Tokyo                   | (MJPY)<br>10          | SPE, Metrology                    | 100.0  | -                   | 1                                    | 1            | Transit insurance services to the Parent Company's products  | No                   | Yes                     |  |
| Tosei Box Corp.                       | Tachikawa, Tokyo                  | (MJPY)<br>10          | Metrology                         | 100.0  | -                   | 2                                    | -            | Provision of office facilities to the Parent Company   | No                   | Yes                     |  |
| Accretech Powertro System Co., Ltd.   | Furudono, Fukushima               | (MJPY)<br>100         | Metrology                         | 100.0  | -                   | 1                                    | 2            | -  | Yes                  | Yes                     |  |
| Accretech Finance Co., Ltd.           | Hachioji, Tokyo                   | (MJPY)<br>50          | SPE, Metrology                    | 100.0  | -                   | 1                                    | 1            | Provision of short-term loans to the Parent Company  | No                   | No                      |  |
| Accretech America Inc.                | Richardson, Texas, USA            | (KUSD)<br>1,500       | SPE                               | 100.0  | -                   | 2                                    | -            | Sales of the Parent Company's SPE  | No                   | No                      |  |
| Accretech (Europe) GmbH               | Munich, Bavaria, Germany          | (KEUR)<br>1,500       | SPE, Metrology                    | 100.0  | -                   | 3                                    | -            | Sales of the Parent Company's SPE and metrology instruments  | No                   | No                      |  |
| Accretech Korea Co., Ltd.             | Hwaseong-si, Gyeonggi-do Korea    | (MKRW)<br>1,000       | SPE, Metrology                    | 100.0  | -                   | 3                                    | 1            | Sales of the Parent Company's SPE and metrology instruments  | No                   | No                      |  |
| Accretech (China) Co., Ltd.           | Shanghai, China                   | (KCNY)<br>15,211      | SPE, Metrology                    | 100.0  | -                   | 3                                    | 2            | Sales of the Parent Company's SPE and metrology instruments  | No                   | No                      |  |
| Accretech Taiwan Co., Ltd.            | Jhubei, Hsinchu, Taiwan           | (KTWD)<br>60,000      | SPE, Metrology                    | 100.0  | -                   | 4                                    | -            | Sales of the Parent Company's SPE and metrology instruments  | No                   | No                      |  |
| Accretech (Malaysia) Sdn Bhd.         | Petaling Jaya, Selangor Malaysia  | (KMYR)<br>1,000       | SPE, Metrology                    | 100.0  | -                   | 2                                    | -            | Sales of the Parent Company's SPE and metrology instruments  | No                   | No                      |  |
| Accretech Adamas (Thailand) Co., Ltd. | Klongluang, Pathumthani, Thailand | (KTHB)<br>250,000     | SPE                               | 64.2 (34.4)  | -                   | 2                                    | 1            | Provision of parts to the Parent Company's SPE   | Yes                  | No                      |  |
| Accretech (Thailand) Co., Ltd.        | Bangplee, Samutprakarn Thailand   | (KTHB)<br>10,000      | SPE, Metrology                    | 49.0   | -                   | 3                                    | 1            | Sales of the Parent Company's SPE and metrology instruments  | Yes                  | No                      |  |
| Tosei Engineering (Pinghu) Co., Ltd.  | Pinghu, Zhejiang, China           | (KCNY)<br>39,480      | SPE, Metrology                    | 100.0 (100.0)  | -                   | -                                    | 1            | -  | No                   | No                      |  |
| Tosei (Thailand) Co., Ltd.            | Muang Chonburi, Thailand          | (KTHB)<br>6,000       | Metrology                         | 49.0 (49.0)  | -                   | -                                    | -            | -  | No                   | No                      |  |
| Accretech SBS Inc.                    | Cincinnati, Ohio, USA             | (KUSD)<br>1           | SPE, Metrology                    | 100.0 (100.0)  | -                   | -                                    | 1            | -  | No                   | No                      |  |

Notes:

1. The “Description of Principal business” column lists the name of the business segment(s).
2. Figures listed in parentheses in the “Percentage voting rights held by Company (holding Company)” indicate the percentage of indirectly held.
3. Company holds 49.0% of Voting Rights for both Accretech (Thailand) Co., Ltd. and Tosei (Thailand) Co., Ltd., however, these are listed as subsidiaries because the Parent Company substantially controls these company.
4. Of the above companies, Tosei Engineering Corp and Accretech Taiwan Co., Ltd. are specified subsidiaries.
5. None of the above companies has filed a securities registration statement or securities report (“*Yuukashoken-Houkokusho*”).

## 5 [Employees]

### (1) Consolidated companies

At March 31<sup>st</sup>, 2023

| Name of business segment       | Number of employees (person) |
|--------------------------------|------------------------------|
| SPE business                   | 1,355<br>(721)               |
| Metrology business             | 924<br>(474)                 |
| Company-wide (corporate staff) | 189<br>(63)                  |
| Total                          | 2,468<br>(1,258)             |

Notes:

1. The number of employees presented above represents full-time employees.
2. The number in parentheses in the “Number of employees” column is the average annual number of part-time employees which have not been included in the number of full-time employees.

### (2) The Parent Company

At March 31<sup>st</sup>, 2023

| Number of employees (person) | Average age (years) | Average years of continuous service (years) | Average annual salary (yen) |
|------------------------------|---------------------|---|-----------------------------|
| 1,054<br>(783)               | 39.6                | 11.1  | 7,984,646                   |

| Name of business segment       | Number of employees (person) |
|--------------------------------|------------------------------|
| SPE business                   | 769<br>(582)                 |
| Metrology business             | 233<br>(168)                 |
| Company-wide (corporate staff) | 52<br>(33)                   |
| Total                          | 1,054<br>(783)               |

Notes:

1. The number of employees presented above represents full-time employees.
2. The number in parentheses in the “Number of employees” column is the average annual number of part-time employees which have not been included in the number of full-time employees.
3. The average annual salary includes bonuses and overtime pay.

### (3) Trade union

The trade union for the Parent Company is a member of Japan Association of Metal, Machinery, and Manufacturing workers (JAM). Employees in some of our consolidated subsidiaries are members of the Japanese Electrical Electronic & Information Union. There are no particular items concerning labor-management relations which require mentioning.

(4) Percentages of female managers, men taking childcare leave, and the Gender pay gap

1. The Parent Company

| FY2023/3                                   |   |  |                     |                                    |
|--|---|--|---------------------|------------------------------------|
| Percentage of female managers (%) (note 1) | Percentage of men taking childcare leave (%) (note 2) | Gender pay gap of employees (%) (note 1) |                     |                                    |
|  |   | All Employees                            | Full-time Employees | Part-time Employees, Fixed workers |
| 2.4  | 33.3  | 51.9                                     | 78.0                | 72.6                               |

Notes:

1. Figures above are based on Japanese Act "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of September 2015).
2. Based on the provisions of the " Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members " (Act No. 76, 1991), the percentage of employees who took child care leave, etc. as stipulated in Article 71-4-1 of the " Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of October, 1991) were calculated.
3. Full time employees: excluding assignees from/to the Parent Company, and those who joined/resigned or are on administrative leave during the Fiscal year.
4. Part-time Employees include Fixed workers, part-time employees and/or re-contracted employees.
5. Payment: excluding allowances such as commuting allowance.
6. The gender pay gap is shown as a percentage of women's pay relative to men's pay. There is no disparity between men and women workers with the same business qualifications. The difference is because of the personnel composition by qualification.

2. Consolidated Subsidiaries

| FY2023/3                |  |   |  |                     |                                    |
|-------------------------|--|---|--|---------------------|------------------------------------|
| Company name            | Percentage of female managers (%) (note 1) | Percentage of men taking childcare leave (%) (note 2) | Gender pay gap of employees (%) (note 1) |                     |                                    |
|                         |  |   | All Employees                            | Full-time Employees | Part-time Employees, Fixed workers |
| Tosei Engineering Corp. | 0.0  | 28.6  | 46.7                                     | 83.0                | 70.4                               |
| Tosei Systems Co., Ltd. | 0.0  | 100.0   | 66.8                                     | 68.2                | 102.8                              |

Notes:

1. Figures above are based on Japanese Act "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of September, 2015).
2. Based on the provisions of the " Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members " (Act No. 76, 1991), the percentage of employees who took child care leave, etc. as stipulated in Article 71-4-1 of the " Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of October, 1991) was calculated.
3. Full time employees: excluding assignees from/to the Parent Company and those who joined/resigned or are on administrative leave during the Fiscal year.
4. Part-time Employees, Fixed workers: including contracted employees, part-time employees and/or re-contracted employees.
5. Payment: excluding allowance such as commuting allowance.
6. The gender pay gap is shown as a percentage of women's pay relative to men's pay. There is no disparity between men and women workers with the same business qualifications. The difference is because of the personnel composition by qualification.

## Section 2 [Business Overview]

### 1 [Management policy, Management Strategies and Issues]

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2023/3.

#### (1) Management Policy

1. As a manufacturer of SPE and precision Metrology instruments, The Group has consistently focused on developing state-of-the-art products that contribute to improving our customers' productivity and on providing good customer support. While meeting the commitments that are the requirements of a growing company; Occupational Health and Safety, Quality Control, Environmental Sustainability, and employment equity, The Group will contribute to society including customers, shareholders, employees, and regional/international society through developing/supplying innovative SPE and Metrology Equipment.
2. The Group's philosophy is "Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No.1 products.", and the Group has adopted as a corporate motto "Win-Win Relationships Create the World's No. 1 Products." and a corporate brand "ACCRETECH". The Group is striving to establish a structure that is capable of creating world-leading products. To do this, we apply the core technologies we have developed, and build cooperative Win-Win relationships with domestic and overseas companies and individuals that share the common goal of creating the world's best products. Behind all our efforts is the goal of being a truly global company.
3. The Parent Company implements an internal company system under which the entire company has been divided into three internal companies – the Semiconductor Company, the Metrology Company and the Administration Company and an executive officer system. These internal companies, as fully functioning organizations with appropriate responsibilities and authority, are positioned to improve the level of customer satisfaction and business performance by responding to each customer more flexibly and promptly.

#### (2) Key performance indicators for corporate management

Under a business environment that requires high levels of technological innovation with high speed, the Group aims to establish higher profitability and structural efficiency by providing world No.1 products with advanced technology into growing markets, and continuously improve capital efficiency by effectively using funds for investment for growth. The Group believes that it is important for management to achieve long-term growth in earnings per share and thus in corporate value. The Group aims to attain over 15% of ROE, ¥170,000 million of annual consolidated sales, and ¥37,500 million of consolidated annual operating profits as a mid-term target (by FY2025/3).

#### (3) Medium to Long-term Management Strategies and Issues

##### 1. Ongoing growth strategy and increase in business performance

The Group has promoted further quality improvement and product innovation and established a profitable operational structure to continuously provide world leading products with advanced technology. These efforts have obtained reliable results after several years. The Group will further be engaged in expanding its business by taking advantage of its solid company structure.

##### 2. Sustainable Profit Distribution

Company management believes that increasing corporate value and sustainable profit distribution remains a key indicator of business success and thorough business growth.

##### 3. Governance

The Group holds that corporate governance is essential to improve corporate value and to conduct fair and transparent business activities as a global corporate citizen and has established a "Core policy for 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 other than shareholders.
5. The Group strives to ensure proper information disclosure and transparency.



#### 4. Globalization

Since the Sales organization has been fully localized and the Group's overseas sales have exceeded domestic sales, the Group has also commenced local manufacturing such as in China and Thailand. With this continuing outlook, the Group will optimize management organization for its global operations through actions such as hiring local management executives, establishing localized supply chains, and standardizing management information flows to and from Head Office.

## 2 [Sustainability Policy and Initiatives]

The Groups' policy and initiatives for sustainability are as follows.

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2023/3.

### (1) Governance and Risk management

Based on corporate philosophy, the Group contributes to society by providing precision measuring instruments and semiconductor production equipment, which are indispensable to the manufacturing process and energy- and resource-efficient products of its customers. In this way, the Group helps make society more convenient and reduce environmental impact.

Amid a business environment that is changing dramatically, the Group continues to focus on "sustainability" as an important management theme. The Company established the Basic Sustainability Policy to guide our efforts to realize a sustainable society and enhance our corporate value.

#### (Basic Sustainability Policy)

##### 1. Efforts to Address Environmental Issues

Throughout the entire value chain, including the life cycle of the products we provide, we will contribute to the realization of society that values people and the global environment by working to reduce CO2 emissions, reduce waste and promote reuse, and protect the global environment, including biodiversity.

##### 2. Earning the Trust of Society

We strictly comply with all laws and regulations and conduct business activities in a sincere and fair way to ensure fair competition, stable provision of safe and high-quality products and services that meet customer needs, and appropriate disclosure of product and corporate information, among other things. We also ensure thorough management and protection of the information assets of customers and all other stakeholders involved in our business activities, to earn a high degree of trust from society.

##### 3. Respect for Human Rights

We respect the human rights of all stakeholders, including socially vulnerable people, without regard for the attributes of individuals such as gender and nationality. We promote the creation of safe, healthy, and rewarding workplaces where each member of a diverse workforce can demonstrate their capabilities to the utmost.

##### 4. Human Resource Development

Employees are the core assets of the Tokyo Seimitsu Group. In order for the Company to create the world's No. 1 products with its employees, it is necessary for each employee to perform to the best of their strengths as professionals. It is also essential that employees recognize and accept the diverse values of diverse human resources and grow together by bringing the best out of one another.

The Group offers a suite of in-house programs, including training courses to help employees grow, and creates a work environment that is rewarding to a diverse workforce.

##### 5. Participation in and Contribution to Local Communities

While contributing to society through our business activities, we are also committed to social contribution activities to address the issues and needs of local communities as part of our effort as a corporate citizen to build healthy and sustainable society. By doing so, we promote the revitalization of local communities and the improvement of the living environment.

##### 6. Building and Running Fair, Transparent, and Efficient Corporate Governance System

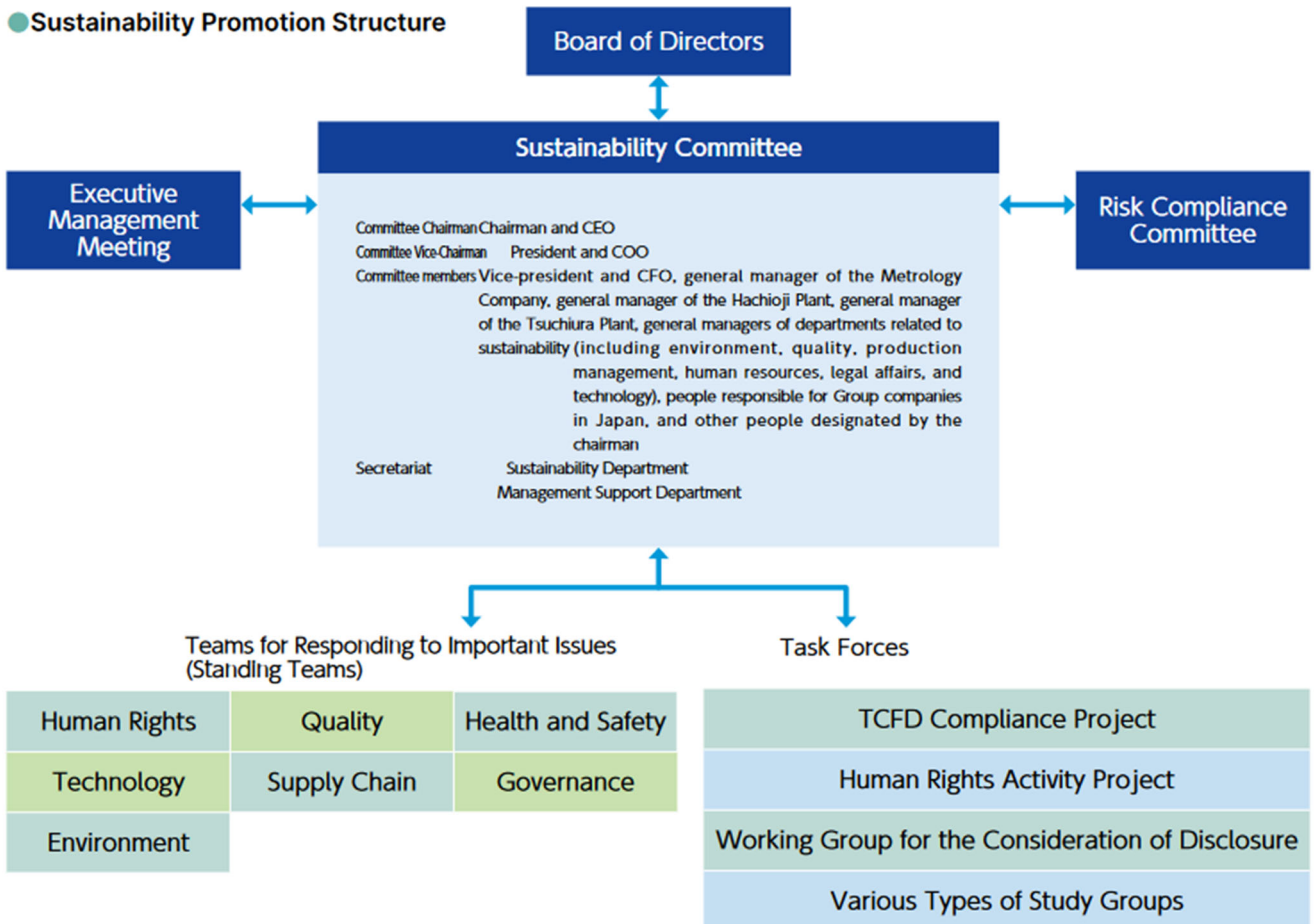
We consider corporate governance a key management issue for respecting shareholders' rights, ensuring fairness and transparency in management, and realizing our corporate philosophy. To this end, we implement a quick, appropriate decision-making process and strengthen our supervisory function. We also take initiatives to enhance our corporate governance continuously to increase our corporate value on a medium- and long-term basis and maintain the soundness of our management.

In November 2021, the Group reorganized its structure and established the Sustainability Committee, an outgrowth of the CSR Committee, with the aim of strengthening the promotion of sustainability activities.

Chaired by the Chairman & CEO, the committee meets regularly twice a year and as needed on an ad hoc basis to oversee the planning, formulation, planning, and implementation of sustainability activities, and to formulate basic policies, establish an operational structure, set targets and indicators, and conduct deliberations, in addition to monitoring and investigating information. Further, the Committee monitors and investigates information and promotes activities such as reporting and making proposals to the Executive meeting and the Board of Directors.

Under the committee, seven teams have been established to deal with important issues. In addition, when it is necessary to examine or plan important items, the chairman of this committee appoints task forces to deal with them.

● Sustainability Promotion Structure



(2) Sustainability Initiatives

In pursuing the sustainability of our business and society, it is becoming increasingly important to respond to materiality issues in line with the current trend of accelerating responses to social and environmental challenges.

In conjunction with the formulation of the FY2023/3-FY2025/3 Mid-term Business Plan, the Group has reviewed its existing CSR materiality issues and newly organized and identified them as management materiality issues from the six perspectives set forth in the Basic Sustainability Policy.

| ESG         | Materiality issues   | Sustainability objectives   | FY2024/3 main initiatives  |
|-------------|--|---|--|
| Environment | Products and business activities that resolve environmental problems   | <ul style="list-style-type: none"> <li>Prevention of global warming</li> <li>Resource-saving activities</li> <li>Formation of a recycling-oriented society</li> </ul> | <ul style="list-style-type: none"> <li>CO2 emissions reduction</li> <li>Reduction of electricity, water, and paper consumption</li> </ul>  |
|             | Environmental contributions through the provision of products and services   | <ul style="list-style-type: none"> <li>Prevention of global warming</li> <li>Resource-saving activities</li> </ul>  | <ul style="list-style-type: none"> <li>Developing Environmentally friendly products</li> <li>Saving electricity and water at the Hanno Plant</li> </ul>  |
| Social      | High-value-added products that resolve social issues   | <ul style="list-style-type: none"> <li>Product liability</li> </ul>   | <ul style="list-style-type: none"> <li>Advancement of quality control</li> <li>Stricter management of chemical substances</li> </ul>   |
|             | Supply chain development   | <ul style="list-style-type: none"> <li>Reduction of procurement risk</li> </ul>   | <ul style="list-style-type: none"> <li>Strengthening the Supply Chain</li> </ul>   |
|             | 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 | <ul style="list-style-type: none"> <li>Employee Job Satisfaction</li> <li>Human Resource Development</li> <li>Diversity</li> <li>Health and safety</li> </ul>         | <ul style="list-style-type: none"> <li>Improving Health and Safety</li> <li>Diversity Promotion</li> <li>Promotion of Human Resource Development</li> <li>Improve engagement</li> </ul>  |
|             | Respect for human rights   | <ul style="list-style-type: none"> <li>Prevention of human rights violations</li> </ul>   | <ul style="list-style-type: none"> <li>Implementation of human rights education</li> <li>Conduct human rights due diligence</li> <li>Building a relief system</li> </ul>   |
| Governance  | Management foundation that supports corporate activities   | <ul style="list-style-type: none"> <li>Sustainable business growth</li> <li>Enhanced competitiveness</li> </ul>   | <ul style="list-style-type: none"> <li>Maintain and improve internal control functions</li> </ul>  |
|             | Compliance   | <ul style="list-style-type: none"> <li>Fair, transparent, and prompt corporate activities</li> <li>Anti-bribery and anti-corruption</li> </ul>                        | <ul style="list-style-type: none"> <li>Stricter corporate ethics and legal compliance</li> <li>Timely and appropriate information disclosure</li> <li>Maintain sound operation of the whistleblower system</li> <li>Effective compliance training</li> </ul> |
|             | Stronger risk management   | <ul style="list-style-type: none"> <li>Crisis management against disaster</li> </ul>  | <ul style="list-style-type: none"> <li>BCP (Business Continuity Plan) Advancement</li> </ul>   |

### (3) Initiatives for climate change and response to TCFD

The Group sees climate change as a major risk for our business because its impacts on society and economy, including temperature rises and extreme natural disasters, are tremendous. On the other hand, we think that addressing climate change issues can make our company stronger and our products more competitive, offering opportunities to expand our business.

In August 2021, the Company launched projects for responding to TCFD. Also, the Company signed up to support for the recommendations of "Task Force on Climate-related Financial Disclosures (TCFD)" in March 2022.

The Company analyzes risks and opportunities that climate change may present to our business and provide and share information about the identified issues, also, disclose Climate-related financial information within the framework of the TCFD.

#### 1. Governance

The Group considers climate change a major business threat. The Sustainability Committee discusses ways to control risks and opportunities related to climate change issues and reports results of the discussions to the board of directors on a regular basis.

The Sustainability Committee is chaired by the Chairman & CEO. Its activities are reported to the semiannual Sustainability Promotion Meetings, and the report is submitted to the board of directors if deemed necessary by the chairperson.

The board members collect information and deepen their knowledge through various opportunities and means to grasp the constantly changing climate change situation. The board of directors shares issues related to climate change risks and opportunities and discusses ways to control goals and solve the issues.

#### 2. Risk Management

The projects for responding to TCFD research and discuss climate change-related risks (transitional/physical). They submit reports to the Sustainability Committee on a regular basis and whenever there is an urgent need to do so. Risks considered to affect business are relayed immediately from the committee to the board of directors for judgment.

Such information is also shared with the Risk Management Committee, which is responsible for business risk management, to ensure that appropriate measures are implemented on a company-wide basis.

#### 3. Risk Management

The Parent Company analyzes its domestic offices in Scope 1 and 2.

Since future projections are highly uncertain and difficult to analyze, the Company examined GHG emissions based on multiple scenarios. There is a growing international public opinion that measures under the Beyond 2°C Scenario are insufficient. Therefore, we conducted the analysis, taking into consideration the 1.5°C Scenario. On the other hand, measures under the 1.5°C Scenario make people less conscious about physical risks. For projecting our business environment, therefore, the Company assumed the 4°C Scenario, where continuing with the current economic activities would lead to temperature rises.

\* 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

(Risk Opportunity and Business Impact Analysis)

| Scenario | Risks/<br>Opportunities |                            | Event                                       | Assumed Business Environment   | Financial<br>Impact  | Emergence<br>Timing |             |
|----------|-------------------------|----------------------------|---|--|--|---------------------|-------------|
| 1.5°C    | Risks                   | Regulations                | Carbon pricing                              | <ul style="list-style-type: none"> <li>Rises in costs of materials, equipment, energy, transportation, etc. due to the introduction of a carbon tax</li> <li>Restrictions on product exports due to the introduction of a carbon border tax</li> </ul>                                   | ▲▲▲  | Medium term         |             |
|          |                         | Markets                    | Use of EVs                                  | <ul style="list-style-type: none"> <li>Decrease in demand for the conventional business and products (measuring instruments for internal-combustion engine parts)</li> </ul>   | ▲▲   | Medium term         |             |
|          |                         |                            | Decarbonization premiums                    | <ul style="list-style-type: none"> <li>Decarbonization resulting in surges in material costs, difficulty in procurement, and extra costs being incurred to procure alternative products</li> <li>Difficulty in procurement of non-fossil energy and rise in procurement costs</li> </ul> | ▲▲   | Medium term         |             |
|          |                         | Reputation                 | Delayed decarbonization efforts             | <ul style="list-style-type: none"> <li>Delays in climate change action and other ESG efforts affecting financing and business relationships</li> </ul>   | ▲  | Medium term         |             |
|          | Opportunities           | Markets                    | Use of EVs , Electrification / digitization | <ul style="list-style-type: none"> <li>Growing demand for measurement of new EV materials and parts, and Increased use of semiconductors leading to increased production capacity</li> </ul>   | ▲▲▲  | Medium term         |             |
|          |                         |                            | Growing renewable energy markets            | <ul style="list-style-type: none"> <li>Growing demand for measuring instruments due to expanding renewable energy markets</li> </ul>   | ▲  | Long term           |             |
|          |                         | Resource efficiency energy | Production equipment                        | <ul style="list-style-type: none"> <li>Energy-saving measures in factories (equipment and processes) and recycling of resources leading to increase productivity and meet the customer need for decarbonization</li> </ul>   | ▲  | Short term          |             |
|          |                         | Products Services          | Low-carbon products and services            | <ul style="list-style-type: none"> <li>Enhance the product reputation and competitiveness on the market by reducing environmental impact from the LCA perspective</li> <li>Meet the customer need for lighter products (increase demand for measuring products)</li> </ul>               | ▲▲   | Short term          |             |
|          | 4°C                     | Risks                      | Physical (acute)                            | Extreme weather events   | <ul style="list-style-type: none"> <li>Increase in risk control (BCP) costs</li> <li>Disaster-caused physical damage and recover costs</li> <li>Disaster-caused business operation suspension (of the company or suppliers)</li> </ul> | ▲▲▲                 | Medium term |
|          |                         | Opportunities              | Resilience                                  | Disaster response  | <ul style="list-style-type: none"> <li>Stable supply of products and services in case of disaster to help customers maintain their production systems</li> </ul>   | ▲▲                  | Medium term |

Legends: Financial Impact: ▲▲▲Large, ▲▲Moderate, ▲Small

Emergence Timing: Short term 2022-2024, Medium term 2025-2029, Long term 2030-

4. Indicators and Goals

Most of the GHG emissions from Tokyo Seimitsu are carbon dioxide (CO<sub>2</sub>) equivalent of electricity purchased to operate its plants. To minimize the impact on climate change, the Company is focusing on power saving.

The Company aims to reduce our CO<sub>2</sub> emissions in 2030 by 50% from the level of FY2019/3.

The growing trend of electrification and digitization is expected to further increase demand for semiconductors. Semiconductors play a key role in realizing a carbon-free society, and we understand that it is crucial to meet such needs. Given the current situation, we are planning to boost our production capacity. While this will lead to increased energy consumption, we will spare no effort in saving energy. Furthermore, we are going to step up our efforts toward decarbonization by promoting the use of renewable energy and other types of low-carbon energy.

(Tokyo Seimitsu's CO2 emissions)

|  | Previous five-year plan |          |          | New five-year plan |          |          |
|--|-------------------------|----------|----------|--------------------|----------|----------|
|  | FY2018/3                | FY2019/3 | FY2020/3 | FY2021/3           | FY2022/3 | FY2023/3 |
| Emissions (t-CO <sub>2</sub> )                                 | 12,311                  | 12,312   | 11,976   | 9,524              | 8,191    | 8,257    |
| Electric power used (Mwh)                                      | 25,163                  | 25,765   | 25,448   | 28,843             | 29,835   | 29,546   |
| CO <sub>2</sub> emissions equivalent (t-CO <sub>2</sub> /MJPY) | 0.181                   | 0.160    | 0.191    | 0.129              | 0.080    | 0.074    |

Detail of the Company's initiatives for Sustainability is in the Company's website as linked below.  
<https://www.accretech.jp/english/sustainability/index.html>

#### (4) Strategy, Indicators and Goals for Human Assets

##### 1. Human Resource Development

Employees are assets to the Tokyo Seimitsu Group. Based on the belief that the growth of each and every employee is essential for the Group to continue to grow sustainably, the Group established a Human resource development policy as below.

##### (Human Resource Development Policy)

The mission of the Group includes:

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

To fulfill this mission, the Company needs employees those who can:

- Gain a high level of trust by facing customers' issues and solving them.
- Accept diverse values and see things from the other person's point of view to draw out mutual strengths and cooperate with each other; and
- Connect their own ideas to technical and business innovations, aim for high goals, and grow autonomously.

The Group supports the growth of its employees, who are the most important asset, by creating a work environment and implementing measures as described below:

- Provide educational programs, including training and education, according to the growth stage of individual employees
- Provide employees with opportunities to take on challenges in the workplace and support through communication with their supervisors
- Promote various measures and create an environment in which diverse human resources can feel fulfilled in their work and can play an active role.

##### (Training System)

At Tokyo Seimitsu, a specific career path is defined for each individual job type (engineering, sales, manufacturing, service, and management). Based on concepts “Providing an environment and opportunities (platform) for employees to voluntarily participate in training”, and “Supporting employees in acquiring necessary knowledge in each stage of growth”, various education and training programs are provided to develop employees' ability and committed to the human resources.

The Company's training programs break downs into common training, level-specific training, and section-specific training. Each of them includes group training for employees to learn from each other, on-the-job training to promote growth through practical work, and self-development support to assist autonomous learning by employees.

- Common training: conducted for acquiring the knowledge and skills that are required across the Company.
- Level-specific training: conducted for employees to learn the skills that they need in executing their job at their job level.
- Section-specific training: conducted at each individual section for employees to acquire the highly specialized knowledge that they need in their organization or for their job.

| Common Training                               | hours |
|---|-------|
| New employee training                         | 5,968 |
| Training on human resource development skills | 358   |
| Women's career training                       | 87    |
| e-learning                                    | 2,273 |
| Total   | 8,686 |

| Level-specific training                          | hours |
|--|-------|
| Newly appointed manager training                 | 213   |
| Newly appointed section chief training           | 348   |
| Newly appointed assistant section chief training | 445   |
| 360-degree feedback reflection training          | 576   |
| Total  | 1,582 |

| Section-specific training (major themes)   |
|--|
| The following programs and other training programs are provided in each department as needed.<br>Internal: Technical training, Machine design training, Electrical circuit design training, SEAJ recommended safety education, etc.<br>External: Programming seminars, Software-related seminars, Semiconductor-related seminars, etc. |

(Cultivation of autonomous human resources)

"Training on human resource development skills" is provided to supervisors in order to help them develop their members who can grow autonomously. Through this training, supervisors will acquire "dialogue skills that support growth". In addition, as an opportunity for supervisors to objectively look back on their own actions, 360-degree feedback is conducted once a year, and reflection training sessions are held.

(Personal development support)

Tokyo Seimitsu offers e-learning and correspondence education courses for personal development. A variety of courses covering a wide range of fields are available for acquiring skills and qualifications concerning technology, business, management, computer, language, etc. Employees can choose any course related to the skill they want to acquire. E-learning courses are free. Employees who complete a correspondence education course receive a grant for their education fee. By improving the contents of the training courses and offering larger grants, we help employees upgrade their skills as they grow.

## 2. Diversity

The Tokyo Seimitsu Group believes that people inspiring each other on the basis of diverse perspectives and ideas can create new value and achieve synergies that exceed the sum of individual abilities. We are committed to eliminating acts of discrimination based on age, gender, race, religion, country of origin, or disabilities, as well as to creating workplaces where diverse human resources can work in a safe and healthy environment.

Our goal is to build a work environment in which the individuality of each member of the workforce is respected and employees can work actively with a sense of fulfillment while bringing the best out of themselves.

(Women's Participation and Advancement)

In order to increase the number of women in core positions, we consider it an urgent priority to hire more female regular employees and improve our work environment. We have the "Action Plan for Promoting Employment and Careers of Women" (FY2022/3 - FY2026/3) in place, which sets the targets to be achieved by the end of FY2026/3. We are also committed to raising awareness in the Company toward active participation by female employees and supporting them.

- Percentage of female employee hires (full-time employees) 20%
- Percentage of female employees (full-time employees) 10%

Detail of Action Plan is in the Company’s website as linked below.  
<https://www.accretch.jp/english/sustainability/humanResources.html>

|   | FY2017/3 - FY2021/3<br>Average (*1) | FY2022/3<br>(Mar/E) | FY2023/3<br>(Mar/E) |
|---|-------------------------------------|---------------------|---------------------|
| Percentage of female employee hires (full-time employees) | 10.5%                               | 17.0%               | 18.3%               |
| Percentage of female employees (full-time employees)      | 6.1%                                | 7.4%                | 8.5%                |

Note) \*1 : Term of previous “Action Plan for Promoting Employment and Careers of Women”

Percentages of female manager and men taking childcare leave, and gender pay gap of employees are shown in Part I [Company Information] - 5 [Employees] above.

<Measures taken>

#### Recruitment of Female Employees

- Renewed recruitment website to increase the ratio of female recruits and raise the level of interest among students.
- Utilized a scouting service to increase contact opportunities with women in the sciences in new graduate recruitment.
- Conducted interviews with female new graduates to give them a more concrete image of what it is like to work for the Group.

#### Career development support for female employees

- Implemented career development training for female employees.
- Conducted human resource development skills training for supervisors to raise awareness of the importance of developing female subordinates.
- Introduce external counseling service from April 2022 (not limited to female employees)

#### Opportunities for female employees to interact

- Promoted interaction through opportunities such as women's career development training.
- Assigned senior female employees as partners for new female employees and promote interaction through regular interviews, etc.

#### (Promotion of Employment of Persons with Disabilities)

The Company works to create an environment in which persons with disabilities can be socially independent and play active roles. Through collaboration with Hello Work job placement centers (public employment security office), and cooperation with employment support centers, schools for special needs education, and other parties, we provide support so that hired employees will be assigned to work and workplaces that fit their individual aptitudes.

<Measures taken>

#### Coordination

- Conduct workplace tours and practical training in cooperation with employment support agencies, special needs schools, etc.
- Conduct periodic interviews regarding workplace retention

#### Job creation

- Promote understanding of employment and job creation through discussion with divisions that do not have persons with disabilities, and submit job requirements to Hello Work
- Promote mutual understanding through workplace tours and practical training
- Establishment of workplaces with a focus on persons with disabilities

#### Support

- Have employees in the host department participate in a supporter training course to strengthen the hosting system
- Hire dedicated support staff for persons with disabilities

|   | June 2020 | June 2021 | June 2022 |
|---|-----------|-----------|-----------|
| Percentage of employment of persons with disabilities | 1.94%     | 1.95%     | 2.07%     |
| Statutory employment rate                             | 2.2%      | 2.3%      | 2.3%      |



#### (Hiring of Foreign Nationals and Mid-career Workers)

Mid-career workers are an indispensable part of our workforce. Also, we 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.

Among the managers of Tokyo Seimitsu, employees with foreign nationalities account for 1.4%, and mid-career employees 42.9%.

### 3. Engagement

In order for the Group to achieve significant growth in a rapidly changing environment, the Group believes it is important to create an environment that enables our employees to maximize their abilities and perform at their best.

In March 2023, the Company began an engagement survey to measure the state of employee engagement. Through this survey, the Company will be able to understand the level of employees' confidence and motivation in work, as well as their trust in their workplace relationships and colleagues, and consider measures to improve engagement.

### 4. Health

In order for people 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. We offer healthy lifestyle support for our employees and their families, and work to create comfortable workplaces by means including strict working hour management to avoid long working hours.

#### (Stress Level Checks)

Every year, the Company performs periodical health checkups, comprehensive medical examinations, gynecological checkups, and other procedures to check the health of employees. For persons with abnormal findings, the Company encourages repeat examinations and provide specified health guidance. The examination rate for stress level checks, including employees at overseas posts or stationed outside the Company, exceeds 99%. The checks have become established as an opportunity for employees to take note of their own mental condition. The Company manages individual stress level check results in accordance with laws and regulations and provide feedback to the individuals. Individuals with high stress levels meet with industrial physicians. The Company also conducts organizational analyses and, after reporting to the Risk Compliance Committee and the Safety and Health Committee, work to improve the workplace environment.

#### (Health Promotion)

The Company implements a number of measures to help employees stay healthy both mentally and physically in cooperation with our industrial physician. These include interviews to follow up on employees, feedback to the manager of the relevant division, videos on health, and provision of tips on health promotion in the company newsletter.

We issued a "healthy company declaration" to the National Federation of Health Insurance Societies in Tokyo and received a silver certificate of "Excellent Health Company" in August, 2020.

Detail of "healthy company declaration" is in the Company's website as linked below.

<https://www.accretech.jp/english/sustainability/attempt/society/health.html>

#### (Work Life Balance)

The Company is striving to create an environment where all employees can play active roles while balancing work and private life.

In order to fully support employees who are raising children, caring for family members, or dealing with illness or injury, the Company has established its own leave system that far exceeds legal standards.

Detail of the system is in the Company's website as linked below.

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

### 3 [Business and other risks]

The Parent Company has “Regulations for risk management” for the purpose of understanding risks that may affect the business operations and its management. The Parent Company has also a “Risk Management Committee,” chaired by President & COO. This committee helps prevent potential risks, while developing a system for emergency preparedness in accordance with Regulations for risk management. In the event of a risk scenario arising, the Parent Company would immediately establish a “Risk Response Team”, managed by the President & COO, and carry out activities aimed at responding to the risk and quickly bringing it under control.

Major Risk factors that Management recognizes and that may affect the Group's business results, financial position, cash flows and other performance indicators stipulated in this Annual Securities Report (*Yuukashoken-houkokusho*) are described below. The Group is endeavoring to avert these risks and to reduce potential risks by hedging and diversifying. However, an unforeseen situation may have considerable influence on the Group's business performance.

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2023/3.

(Risks related to Sales activities)

- (1) The Group conducts SPE business and Metrology business among Japan, Europe, US and Asia on a global scale. If the supply-demand balance is disturbed or economic conditions unexpectedly deteriorate in the markets of each area, the Group's business results may be influenced.
- (2) In principle, the overseas sales are made on a Japanese Yen basis. However, transactions are carried out in US dollars or Euro for some customers. In addition, financial statements from each overseas consolidated subsidiary to make the Groups' Financial Statement are made in a regional currency basis. Therefore, in the event of unforeseen exchange rate fluctuations are realized, the Group's business results may be influenced.
- (3) Some of the products that the Group provides are controlled under Japanese export regulations and various approvals are mandatory for export. Therefore, if such regulations and/or the scope of controls on products change, the Groups' business results may be influenced.
- (4) The Group's overseas sales exceed sales in Japan. Therefore, if trade conflict between Japan and a third country or in between third countries arise, the Groups' business results may be influenced.

(Risks related to Manufacturing and R&D activities)

- (1) New technologies are developed on nearly a daily basis in the business areas of the Group. Developing state-of-the-art technologies and providing new products is essential in maintaining and strengthening the Group's competitiveness. However, if these research and development activities were to be unsuccessful, the Groups' business results may be influenced.
- (2) In order to minimize damage caused by a possible interruption of production activities, the Group regularly conducts disaster prevention inspections, production facility maintenance, investment to secure the safety of facilities, and preparation for alternative production in the Group based on a Business Continuity Plan. Nevertheless, a sudden accident could damage production facilities or interrupt operations and the Group's business results may be influenced.
- (3) To commit customer required delivery date, the Group regularly maintains sufficient manufacturing space, invests for floor space expansion, maintains safety inventories, and arranges engineers for timely manner roll-in and installation of the products. However, if entire demands toward the products unexpectedly increase to materialize shortages among floor space, inventories and/or engineers, then interruption of production activities may occur, and the Group's business results may be influenced.
- (4) It is essential for our production activities to procure high quality materials and services in a timely and proper manner from outside parties. Although the Group operates under a multiple source procurement system, the Group's business performance could be impacted due to the shortage of supply or delivery delays because some of the specific components can only be procured by some limited suppliers, or it may become very difficult to change suppliers due to the peculiarity. Also, the surge of materials and service prices from the change of supply-demand could affect the Group's business performance.
- (5) The Group gives priority to improving quality and reliability of both its products and service activities. However, if an unexpected quality-related failure should occur, the expenditure to remedy such an issue might impact the Group's business performance.
- (6) A rise of raw materials prices and/or service fees related to Manufacturing or Sales activities may affect the Group's results.

(Risks related to Intellectual property rights)

The Group's products embody cutting edge technologies. Particular attention is paid to the protection of rights related to these technologies. Specifically, the Group has taken measures to defend its interest with regard to such matters as attribution of patent-related rights and protection of trademarks and brands. However, if a lawsuit or other legal dispute with a third party in Japan or overseas were to arise concerning rights, the Group's business performance could be affected.

(Risks related to Information security)

The Group acquires customers' confidential information or personal information, and the Group's confidential information related to technologies, sales and other business matters. Based on the Group's "Information Security Policy", the Group, following each region's regulations, maintains related Information security rules and security measures, and provides employees necessary education programs and training to pay close attention to information control. However, it could be possible to have an information leak or falsification due to unforeseen events such as errors, information theft or outside attack. The Group's reliability and business performance could be impacted if those unforeseen events occur, and the Group incurs liability costs as a result.

(Risks related to Environmental regulation)

The Group is subject to various environmental regulations in Japan and overseas, including water pollution control, air pollution control, waste control, environmental regulations, energy issues, global warming countermeasures, and management of chemical substances contained in products. The Group takes several measures in product development and manufacturing in order to reduce the impact to the environment and to comply with the related regulations. However, if these measures do not achieve the expected results or regulations and their enforcement are changed or become stricter, the Group's business performance could be adversely affected with limited production activities and increased costs incurred to comply with regulations.

(Risks related to Compliance)

Several laws and regulations are applicable to the Group's business in various countries. Therefore, The Group maintains internal control systems, has in place a Compliance Committee, and has established a global "ACCTRETECH Group Code of Conduct" to define ethics that all employees must follow unless these conflict with laws in local jurisdictions. However, if some compliance issues arise, including violation of laws by Directors and/or employees, the Group's reputation, business performance, and financial conditions could be impacted.

(Risks related to pandemic such as COVID-19)

The outbreak of the COVID-19 pandemic has caused significant impact on the global economy. The Group anticipates that the potential risk related to the pandemic such as COVID-19 is sales suspension or delay and Manufacturing activities slowdown due to the lockdown of customers and/or supplier's facilities. If such epidemic continues longer than anticipated, then the business results may be further affected.

(Comprehensive risks)

- (1) The Group is engaged in business in various parts of the world and is operating at the optimum level within each country's political and legal system. However, unexpected changes in the political system or regulations in each country could have influence on the Group's business performance.
- (2) Furthermore, natural disasters, terrorist attacks, wars in counties or regions where the Group operates could lead to suspension of the Groups' sales activities, procurements, manufacturing, shipping, roll-in/installation services and/or indirect operations and may have impact on its business results.

## 4 [Analysis of financial position, business results and cash flows by Corporate executives]

### (1) Overview of business results

Overview of financial position, business results and cash flows (hereinafter referred to as “Business Results” are shown below.

#### 1. Financial position and business results

During the Fiscal year ending March 2023 (FY2023/3), the global economy continued to face an uncertain outlook as rising prices for resources, energy, and primary commodities triggered by the situation in Ukraine and supply chain disruptions caused by the COVID-19 infection led to inflation. A series of monetary tightening measures were implemented worldwide to curb inflation, which in turn led to sharp exchange rate fluctuations.

Under these circumstances, in the Semiconductor Production Equipment (SPE) segment, capital investment in the consumer electronics product field slowed down markedly in the latter half of the fiscal year due to decreased demand and increased product inventories, while demand for power semiconductors remained strong against the backdrop of efforts to shift to EVs and go carbon neutral. Business condition remained favorable in the Metrology Equipment segment, although business sentiment was mixed depending on the industry sector, the general recovery trend in domestic demand for manufacturing-related products continued. In terms of production, while the impact of part procurement difficulties remained to some degree, the Company’s high-level utilization and shipments were achieved through manufacturing slot adjustments and other measures.

Finally, despite a decrease in Orders, the Company’s consolidated financial results for FY2023/3 showed an increase in both Sales and profits for the third consecutive year, mainly due to growth in the SPE segment. Consolidated Sales were ¥146,801 million yen (up 12.3% YoY), Operating profit was ¥34,494 million (up 21.8% YoY), Recurring profit was ¥35,297 million (up 21.0% YoY), and Net Profit Attributable to Owners of the Parent was ¥23,630 million (up 10.8% YoY).

As a result, both Sales and profits reached their respective historical peaks.

Business results during the term in each segment were as follows.

#### SPE business segment

In the SPE segment, demand for equipment for memory devices, display driver ICs, and electronic components slowed down in the latter half of FY2023/3 due to a decline in demand for consumer electronics products such as smartphones, PCs, and TVs, consequently, Orders decreased YoY. However, the demand for equipment for power semiconductors such as SiC and increased wafer production remained relatively firm.

Sales and Operating profit reached their previous peaks because of the steady sales of equipment for logic devices for 5G, servers, and automotive applications, for which orders accumulated throughout the period.

Both Testing equipment and Assembly equipment for China were firm, while Testing equipment for Taiwan and Japan remained steady, as did Assembly equipment for Japan, and SEA. Under these circumstances, the Company continued to develop products that met customer needs and expanded its production capacity and increased its procurement channels.

As a result, Sales for SPE segment in the same period was ¥112,365 million (up 11.1% YoY), and Operating profit was ¥29,866 million (up 20.9% YoY).

#### Metrology business segment

In the Metrology segment, the manufacturing industry in Japan generally saw a trend toward the resumption of equipment replacement that had been held back, and demand continued its gradual recovery.

In the automotive industry, the recovery of capital investment was relatively modest owing to ongoing production constraints caused by the global shortage of semiconductors. However, the Company captured the demand for machinery applications, such as semiconductor manufacturing equipment, which it focused on as a new field, as well as demand in the medical, robotics, and other fields. Consequently, both Orders and Sales in this segment reached their previous peaks.

Under these circumstances, the Company developed new products to capture new demand, such as 3D coordinate measuring machines for measuring aircraft parts and charge-discharge testing systems for batteries in EVs. In addition, the Company worked to provide solutions to meet the general needs of automation in manufacturing and develop markets in non-automotive fields.

As a result, Sales for its Metrology Equipment segment in the same period was ¥34,436 million (up 16.5% YoY) and Operating Profit was ¥4,628 million (up 27.6% YoY).

An overview of financial position as at FY2023/3 end is as follows.

As of March 31<sup>st</sup>, 2023, total assets were ¥209,032 million (¥ 143,972 million in current assets and ¥ 65,060 million in fixed assets), liabilities were ¥63,004 million, and total net assets were ¥146,028 million.

[1] Assets

Assets as at the end of FY2023/3 increased mainly due to increases Notes and accounts receivable and inventories led by increases in Orders and Sales. Consequently, total assets at the end of FY2023/3 have increased ¥18,745 million from the end of FY2022/3.

[2] Liabilities

Liabilities have increased by ¥3,798 million from the end of FY2022/3 despite a decrease Notes and accounts payable but an increase in Loans payable.

[3] Net assets

While Treasury stock increased from a repurchase of Treasury stock (based on a resolution of the Board of Directors meeting held on February 6<sup>th</sup>, 2023), Shareholder's Equity has significantly increased mainly from Net Profit attributable to Owners of the Parent. As a result, Net assets as at the end of FY2023/3 have increased by ¥14,946 million from the end of FY2022/3.

As a result, the Equity Ratio increased by 0.9 point from the end of FY2022/3 and came to 69.0%.

2. Overview of Cash flows

Cash and cash equivalents as of March 31<sup>st</sup>, 2023 amounted to ¥40,036 million, a decrease of ¥8,970 million from the end of FY2022/3.

The status of cash flows and factors behind them are given below.

Net cash earned from operating decreased ¥23,837 million in FY2022/3 to ¥1,000 million in FY2023/3, while an increase in Income before income taxes and minority interests from ¥29,516 million in FY2022/3 to ¥33,301 million in FY2023/3, there were an increase in inventories of ¥12,894 million, a decrease in Notes and accounts payable of ¥8,033 million, Payment of income taxes of ¥7,640 million, an increase in Notes and accounts receivable of ¥4,387 million, and Depreciation of ¥3,832 million.

Net cash used in investment activities decreased from ¥8,990 million in FY2022/3 to ¥8,421 million in FY2023/3. This is mainly due to a Payment for purchase of tangible fixed assets of ¥8,054 million represented by interim payments for the *Hanno* plant which is currently under construction.

Net cash used in financing activities decreased from ¥10,346 million in FY2022/3 to ¥2,174 million in FY2023/3. This is mainly from Proceeding from long-term loans payable, Payment of dividends of ¥8,540 million, Repurchase of Treasury stock of ¥1,583 million.

### 3. Production, orders, and sales Actual Production

#### [1] Production results

The production results for each business segment in FY2023/3 are shown below.

| Business segment   | Production (MJPY) | YoY (%) |
|--------------------|-------------------|---------|
| SPE business       | 107,416           | + 9.0   |
| Metrology business | 30,121            | + 17.5  |
| Total              | 137,537           | + 10.8  |

Note: The above production results are based on the sales prices.

#### [2] Orders received

The orders received for each business segment in FY2023/3 are shown below.

| Business segment   | Orders received (MJPY) | YoY (%) | Order backlog (MJPY) | YoY (%) |
|--------------------|------------------------|---------|----------------------|---------|
| SPE business       | 99,366                 | - 35.0  | 89,371               | - 12.7  |
| Metrology business | 36,960                 | + 11.5  | 12,428               | + 25.5  |
| Total              | 136,326                | - 26.7  | 101,799              | - 9.3   |

#### [3] Actual sales

The sales amounts for each business segment in FY2023/3 are shown below.

| Business segment   | Sales (MJPY) | YoY (%) |
|--------------------|--------------|---------|
| SPE business       | 112,365      | + 11.1  |
| Metrology business | 34,436       | + 16.5  |
| Total              | 146,801      | + 12.3  |

Note: The sales amounts for each major customer and their ratio to total sales are omitted because there are no customers with sales amounts that account for 10% or more of total sales.

(2) Analysis and Evaluations from Corporate Management regarding financial performance

The conclusions of management reviews and evaluation of the Group's business performance in each of our business segments are as follows. Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2023/3.

i. Analysis and evaluation of financial position

Details of the financial position of the Group are set out on Section 2 [Business Overview] 4.[Analysis of financial position, business results and cash flows by Corporate executives] (1) Overview of business results 1. Financial position and business results. Increases in Assets and Liabilities led by business growth demonstrate to us that improving Total asset turnover and keeping a profitable structure is necessary.

ii. Analysis and evaluation of business results

Both the SPE and Metrology industries, which are the primary fields of activity for the Group, are industries with a fast pace of technological innovation and with intense competition, producing high-level technological demands. The industry which our customers of SPE business segment operate in is the semiconductor industry which regularly experiences cycles of expansion and contraction on a large-scale. The performance of the Group has been affected by these cycles many times in the past. In this environment, our most important tasks are to constantly develop new products and to continue creating a highly competitive product lineup which can keep the effects of market volatility to a minimum.

[1] Sales

Sales for FY2023/3 were ¥112,365 million (up 11.1% YoY) for the SPE business and ¥34,436 million (up 16.5% YoY) for the Metrology business, with a combined total of the two businesses of ¥146,801 million (up 12.3% YoY).

As for the SPE segment's performance in FY2024/3, even though recovery in demand for consumer electronics products or the completion of inventory adjustments such as memory devices and electronics is a MUST - the Company expects Orders to bottom out in the middle of the year, with full recovery expected in the latter half of the fiscal year. In this context, we expect the demand for power semiconductors, SiC and other substrates, and automotive semiconductors to remain at a certain level given the global trend to achieve carbon neutral. In terms of Sales, the Company expects to continue to respond to customer requests by adjusting delivery dates and production slots accordingly. With the Hanno Plant coming on stream and expanding production capacity, the Company will focus on shipping and selling accumulated orders. Notably, the Company expects that procuring some, but not all, parts and materials will ease in difficulty.

In addition, the Company anticipates that investments in technological innovation related to advanced packaging and 3D stacking (which are associated with the limits of semiconductor design-node shrinkage) and investments associated with subsidy policies in various countries will be in full swing toward FY2025/3. The Company aims to develop products and options to meet the demand for customization in these areas.

For the Metrology segment in FY2024/3, capital investment in the domestic manufacturing industry is expected to remain strong. In the automotive industry, demand for the measurement of components and battery measurement is expected to increase because of the recovery in the production of ICEs and the shift to EVs. Hence, the Company expects a moderate increase in its business performance in the Metrology segment.

Automation is progressing not only in the automotive industry, which is a major product user, but also in the manufacturing industry. In addition to automation-related demands, the Company aims to expand its business in non-automotive fields, such as medical components and aircraft.

[2] Cost of goods sold, and Selling, general and administrative expenses

Cost of goods sold for FY2023/3 was ¥84,967 million and the Selling, general and administrative expenses were ¥27,339 million. The ratio of the Cost of goods sold to Total Sales was 57.9% in FY2023/3 (59.4% in FY2022/3), and the ratio of the Selling, general and administrative expenses to Total Sales was 18.6% in FY2023/3 (18.9% in FY2022/3).

[3] Operating profit

As a result of the above, operating profit FY2023/3 was ¥34,494 million (up 21.8% YoY). Per segment, ¥29,866 million (up 20.9% YoY) was from SPE, and ¥4,628 million (up 27.6% YoY) was from Metrology.

- [4] Non-operating income and expenses  
Non-operating income for FY2023/3 was ¥965 million mainly from Dividend income, Gain on investments in investment partnerships and Compensation income, and Non-operating expenses for the same term was ¥162 million mainly due to Interest expenses and Nonrecoverable consumption tax.
- [5] Recurring profit  
As a result, Recurring profit for FY2023/3 was ¥35,297 million (up 21.0% YoY).
- [6] Extraordinary gains and losses  
Extraordinary gains in FY2023/3 were ¥103 million mainly from Gain on liquidation of subsidiaries (for liquidation of the Group's overseas affiliated company) and Extraordinary losses were ¥2,099 million mainly due to Provision for loss on litigation and Impairment loss for fixed assets.
- [7] Profit before income taxes and minority interests  
As a result, Profit before taxes and minority interests for FY2023/3 was ¥33,301 million.
- [8] Income taxes  
Income taxes and other taxes in FY2023/3 were ¥9,607 million and the ratio to Profit before income taxes and minority interests was 28.9%.
- [9] Net profit attributable to non-controlling interests  
Net profit attributable to non-controlling interests for FY2023/3 was ¥62 million.
- [10] Net profit attributable to owners of the parent  
As a result, Net profit attributable to owners of the parent for FY2023/3 was ¥23,630 million (up 10.8% YoY).

iii. Analysis and evaluation of Cash flows

Details of the financial position of the Group are set out on Section 2 [Business Overview] 4.[Analysis of financial position, business results and cash flows by Corporate executives] (1) Overview of business results 2. Overview of Cash flows. Management is of the view that the Group can continue to achieve a positive cash flow position from its operations and that earned cash can be effectively used for investment and financing. In addition, retained cash can be used for product development R&D, and capital expenditures. The Group accommodates fluctuations in long-term finances based on forecasts of Group investments mainly by internal cash flows within the Group and loans payable from Banks. Management nonetheless recognizes the importance of maintaining good relationships among the Group and with financial institutions.

iv. Significant accounting policies and estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. When preparing the consolidated financial statements, the Group performs specific estimates which are necessary for calculations such as assets and liabilities at the end of the consolidated Fiscal year, and income and expenses during the consolidated Fiscal year. These estimates are based on past results with consideration for future expectations, and are performed with an emphasis on sustainable, rational, and conservative evaluation.

Note that accounting estimates are based on the assumption that COVID-19 will not have a significant ongoing impact on the Group's overall business at this time, and that the impact on the Group's financial position and operating results will be minimal.

(Impairment of Fixed Assets)

If there are assets or asset groups that are impaired (estimated total undiscounted future cash flow is less than the book value), the group recognizes an impairment loss corresponding to the decrease (valued from the undiscounted future cash flow less the book value). The Group carefully monitors signs of impairment, measurement and its recognition; however, sudden need for changes in business plans or fluctuations in market conditions may result in unforeseen impairment losses.



## 5 [Important business contracts]

<The Parent Company>

Mutual Agency Agreement

| Name of counterparty      | Contents of contract   | Contract period   |
|---------------------------|--|---|
| Carl Zeiss Inc. (Germany) | Mutual Agency Agreement in the multi-purpose measuring instruments field | Five years maximum beginning October 1 <sup>st</sup> , 2020 |

<Consolidated subsidiaries>

There are no notable contracts.

## 6 [R&D Activities]

The R&D activities of the Group cover the full range of SPE products and Metrology products. Through these activities, the Group carries out product improvements to boost the competitiveness of existing products, development of new product models, and the elemental research aimed at long-term growth.

The total amount of R&D costs for the Group in FY2023/3 was ¥8,542 million. A description of the specific activities in each business segment is provided below.

a. SPE business

In the SPE field, as the semiconductor manufacturers pursue automation, higher precision, higher performance, and higher reliability, the equipment at our customer companies is becoming increasingly diversified. In addition, the technological requirements associated with the development of stacking and the demand for high-throughput inspection and processing are also increasing. In order to meet these market needs, the Group is striving to improve our products, enhance their performance, and develop new models.

Major research and development results in FY2023/3 were product improvement and performance enhancement of Probing machines, Wafer dicing machines, and various grinders as well as development of new models.

The total amount of R&D costs for this business area in FY2023/3 was ¥6,798 million.

b. Metrology business

In the Metrology, in addition to the growing need for high-precision measurement, there has been an increasing diversification of measurement objects, such as NEVs, semiconductors, and the medical equipment. Also, demand for automation of high-precision measurement is increasing. The Group is striving to develop and improve various products to meet these market needs.

The major research and development results during FY2023/3 included the improvement of general-purpose measuring instruments such as 3D coordinate measuring machines, the functional enhancement of integrated measurement analysis software, and the development of charge-discharge testing systems.

The total amount of R&D costs for this business area in FY2023/3 was ¥1,743 million.

## Section 3 [Equipment and Facilities]

### 1 [Overview of capital expenditures]

The Group's policy on capital investment is to expand production capacity and streamline production and labor saving in both the SPE and Metrology equipment segments in order to expand business for the future and to cope with intensifying competition.

The total amount of capital expenditures in FY2023/3 was ¥9,725 million. An overview of this investment by business segment is provided below.

#### (1) SPE business

Capital expenditures in this business are conducted primarily in preparation for expanding production of existing products, and for production lines to be available to respond quickly to the market situation and customer needs in a timely manner.

Total capital expenditures in this business in FY2023/3 were ¥7,248 million, including interim payments by the Parent Company for the *Hanno* plant construction of ¥3,350 million.

#### (2) Metrology business

Capital expenditures in this business were conducted primarily in preparation for expanding production, and also aimed at achieving cost reductions and constructing efficient and flexible production lines.

Total capital expenditures in this business in FY2023/3 were ¥2,476 million, including overhaul of Universal Cylindrical Grinding Machine by the Parent Company of ¥17 million.

## 2 [Major equipment and facilities]

### (1) The Parent Company

At March 31<sup>st</sup>, 2023

| Location                                       | Business segment | Description                     | Book value (MJPY)      |                      |                  |                              |              |                          |        | Number of employees (person) |
|--|------------------|---------------------------------|------------------------|----------------------|------------------|------------------------------|--------------|--------------------------|--------|------------------------------|
|  |                  |                                 | Buildings & structures | Machinery & vehicles | Tools & supplies | Land (1000s m <sup>2</sup> ) | Lease assets | Construction in Progress | Total  |                              |
| Hachioji Headquarters, Plant (Hachioji, Tokyo) | SPE              | Production equipment, others    | 8,156                  | 1,275                | 1,928            | 3,436 (37)                   | 16           | 674                      | 15,485 | 775                          |
| Tsuchiura Plant (Tsuchiura, Ibaraki)           | Metrology        | Production equipment, others    | 3,263                  | 183                  | 395              | 151 (17)                     | 2            | 44                       | 4,038  | 179                          |
| Hanno Plant (Hanno, Saitama)                   | SPE              | Building, others                | 6                      | -                    | -                | 2,025 (51)                   | -            | 7,989                    | 10,020 | -                            |
| Hino Plant (Hino, Tokyo)                       | SPE              | Building, others                | 173                    | -                    | -                | 7,306 (22)                   | -            | 12                       | 7,491  | -                            |
| Sales offices and satellite offices            | SPE, Metrology   | Air conditioning system, others | 562                    | 0                    | 63               | - (-)                        | 5            | -                        | 630    | 100                          |
| Others   | SPE, Metrology   | Employee dormitories, others    | 419                    | -                    | 0                | 259 (4)                      | -            | 350                      | 1,028  | -                            |

Note: Currently there is no idle equipment.

### (2) Domestic subsidiaries

At March 31<sup>st</sup>, 2023

| Company                             | Location  | Business segment | Description                  | Book value (MJPY)      |                      |                  |                              |              |                          |       | Number of employees (person) |
|-------------------------------------|---|------------------|------------------------------|------------------------|----------------------|------------------|------------------------------|--------------|--------------------------|-------|------------------------------|
|                                     |   |                  |                              | Buildings & structures | Machinery & vehicles | Tools & supplies | Land (1000s m <sup>2</sup> ) | Lease assets | Construction in Progress | Total |                              |
| Tosei Engineering Corp.             | Head Office & Plants (Tsuchiura, Ibaraki, others) | SPE, Metrology   | Head office building, others | 1,479                  | 214                  | 189              | 2,035 (42)                   | -            | 70                       | 3,989 | 418                          |
| Tosei Systems Co., Ltd.             | Head Office (Hachioji, Tokyo)                     | SPE, Metrology   | Instrument supplies, others  | 3                      | -                    | 2                | - (-)                        | -            | -                        | 5     | 152                          |
| Accretech Create Corp.              | Head Office (Hachioji, Tokyo)                     | SPE, Metrology   | Instrument supplies, others  | -                      | -                    | 0                | - (-)                        | -            | -                        | 0     | 1                            |
| Tosei Box Corp.                     | Head Office (Tachikawa, Tokyo)                    | Metrology        | Building, others             | 97                     | -                    | 0                | 125 (1)                      | -            | -                        | 223   | 33                           |
| Accretech Powertro System Co., Ltd. | Head Office (Furudono, Fukushima)                 | Metrology        | Head office building, others | 0                      | 0                    | 0                | 75 (56)                      | -            | -                        | 75    | 59                           |

Note: Currently there is no idle equipment.

## (3) Overseas subsidiaries

At March 31<sup>st</sup>, 2023

| Company                               | Location   | Business segment | Description                  | Book value (MJPY)      |                      |                  |                 |              |                          |       | Number of employees (person) |
|---------------------------------------|--|------------------|------------------------------|------------------------|----------------------|------------------|-----------------|--------------|--------------------------|-------|------------------------------|
|                                       |  |                  |                              | Buildings & structures | Machinery & vehicles | Tools & supplies | Land (1000s m2) | Lease assets | Construction in Progress | Total |                              |
| Accretech America Inc.                | Head Office (Richardson, Texas, USA)             | SPE              | Head office building, others | 68                     | 14                   | 3                | - (-)           | 208          | -                        | 294   | 35                           |
| Accretech (Europe) GmbH               | Head Office (Munich, Bavaria, Germany)           | SPE, Metrology   | Instrument supplies, others  | 23                     | 9                    | 62               | - (-)           | -            | -                        | 95    | 92                           |
| Accretech Korea Co., Ltd.             | Head Office (Hwasong-si, Gyeonggi-do, Korea)     | SPE, Metrology   | Instrument supplies, others  | -                      | 21                   | 39               | - (-)           | -            | -                        | 60    | 58                           |
| Accretech (China) Co., Ltd.           | Head Office (Shanghai, China)                    | SPE, Metrology   | Instrument supplies, others  | -                      | 2                    | 56               | - (-)           | -            | -                        | 58    | 161                          |
| Accretech Taiwan Co., Ltd.            | Head Office (Jhubei, Hsin-chu, Taiwan)           | SPE, Metrology   | Head office building, others | 1,563                  | 9                    | 579              | 1,019 (5)       | 12           | -                        | 3,183 | 108                          |
| Accretech (Malaysia) Sdn Bhd.         | Head Office (Petaling Jaya, Selangor, Malaysia)  | SPE, Metrology   | Head office building, others | 80                     | 57                   | 5                | 114 (0)         | 10           | 77                       | 346   | 42                           |
| Accretech Adamas (Thailand) Co., Ltd. | Head Office (Klongluang, Pathum-thani, Thailand) | SPE              | Head office building, others | 333                    | 33                   | 3                | 239 (18)        | 0            | -                        | 610   | 100                          |
| Accretech (Thailand) Co., Ltd.        | Head Office (Banglee, Samutprakarn, Thailand)    | SPE, Metrology   | Instrument supplies, others  | 1                      | 3                    | 4                | - (-)           | 8            | -                        | 17    | 40                           |
| Tosei Engineering (Pinghu) Co., Ltd.  | Head Office (Pinghu, Zhejiang, China)            | SPE, Metrology   | Head office building, others | 210                    | 22                   | 3                | - (-)           | -            | -                        | 236   | 46                           |
| Tosei (Thailand) Co., Ltd.            | Head Office (Muang Chonburi, Thailand)           | Metrology        | Head office building, others | 85                     | 21                   | 16               | 56 (4)          | -            | -                        | 179   | 44                           |
| Accretech SBS Inc.                    | Head Office (Cincinnati, Ohio, USA)              | SPE, Metrology   | Production equipment, others | 97                     | 31                   | 4                | 429 (5)         | 274          | 2                        | 840   | 25                           |

## Notes:

1. Currently there is no idle equipment.
2. The above amounts are exclusive of consumption tax.

### 3 [Plans for equipment and facility additions or disposals]

#### (1) Additions of major equipment and facilities

| Company                 | Location                                 | Business segment                 | Equipment or facility    |  | Expected amount of investment |                                | Start date  | Expected completion date |
|-------------------------|--|----------------------------------|--------------------------|--|-------------------------------|--------------------------------|-------------|--------------------------|
|                         |  |                                  | Type                     | Description                                      | Total (MJPY)                  | Amount already invested (MJPY) |             |                          |
| The Parent Company      | Hachioji Plant (Hachioji, Tokyo)         | SPE business                     | Buildings and structures | Plant repair work, others                        | 1,029                         | -                              | April, 2023 | Feb., 2024               |
|                         |  |                                  | Machinery                | Machine for In-house parts manufacturing, others | 303                           | -                              | April, 2023 | Mar., 2024               |
|                         |  |                                  |                          |  | 1,332                         | -                              |             |                          |
|                         | Hanno Plant (Hanno, Saitama)             | SPE business                     | Buildings and structures | New Plant construction                           | 12,903                        | 7,984                          | Jan., 2022  | July, 2023               |
|                         | Hino Plant (Hino, Tokyo)                 | SPE business                     | Buildings and structures | New Plant construction                           | TBD                           | 12                             | TBD         | TBD                      |
|                         | Tsuchiura Plant (Tsuchiura, Ibaraki)     | Metrology business               | Machinery                | Machines for demonstration and/or evaluation     | 147                           | -                              | April, 2023 | Sep., 2023               |
|                         | Total                                    |                                  |                          |  | 14,382                        | 7,996                          |             |                          |
| Tosei Engineering Corp. | Head Office (Tsuchiura, Ibaraki, others) | SPE business, Metrology business | Machinery                | Machine for In-house parts manufacturing, others | 28                            | -                              | April, 2023 | Nov., 2023               |
|                         |  |                                  | Total                    |  |                               | 28                             | -           |                          |

#### Notes:

1. Future required capital will be financed internally.
2. Because it is difficult to quantitatively estimate the capacity increase after completion, this information has been omitted.
3. The above amounts do not include consumption tax.

#### (2) Disposal of major equipment and facilities

Except for disposals conducted in the course of the Group's routine renewal of its equipment and facilities, there is no plan for significant disposals of any major equipment and facilities.

## Section 4 [Corporate Information]

### 1 [Information on the Company's shares]

#### (1) Number of shares and others

##### [1] Number of shares

| Type         | Total number of shares authorized to be issued |
|--------------|--|
| Common stock | 110,501,100                                    |
| Total        | 110,501,100                                    |

##### [2] Number of shares issued

| Type         | Number of shares issued at end of the FY (As of March 31 <sup>st</sup> , 2023) | Number of shares issued on the filing date of the securities report (As of June 27 <sup>th</sup> , 2023) | Stock exchanges on which the Parent Company is listed | Description                   |
|--------------|--|--|---|-------------------------------|
| Common stock | 41,903,281   | 41,954,481   | Tokyo Stock Exchange Prime Segment                    | Unit amount of stocks is 100. |
| Total        | 41,903,281   | 41,954,481   | -   | -                             |

Note: The number of shares issued as of the filing date of the securities report does not include those issued upon the exercise of share subscription rights (including bonds with warrants for the purchase of shares of common stock issued under former Commercial Code of Japan) (hereinafter referred to as SSR) during the period from June 1<sup>st</sup>, 2023, through the filing date of this report.

(2) Status of share subscription rights (SSR)

(a) Detail of Stock option plans

|  | The 13 <sup>th</sup> SSR   |
|--|--|
| Date for resolution  | June 21 <sup>st</sup> , 2016 (Annual general meeting of the shareholders)  |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:9<br>Employees of the Parent Company:258<br>Directors of subsidiaries:13<br>Employees of subsidiaries:92 |
| Number of SSR **   | 179 [108] *Note 1  |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>17,900 [10,800] *Note 1  |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 2,527 per share *Note 2  |
| Exercise period for SSR **   | July 22 <sup>nd</sup> , 2018-June 30 <sup>th</sup> , 2023  |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 2,527<br>Amount to be credited to common stock *Note 3   |
| Conditions for exercise of the SSR   | If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.      |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.   |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4  |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5  |

|  | The 14 <sup>th</sup> SSR   | The 15 <sup>th</sup> SSR  |
|--|--|---|
| Date for resolution  | June 26 <sup>th</sup> , 2017 (Annual general meeting of the shareholders)  | June 25 <sup>th</sup> , 2018 (Annual general meeting of the shareholders)   |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:8<br>Employees of the Parent Company:172<br>Directors of subsidiaries:12<br>Employees of subsidiaries:22 | Directors of the Parent Company:8<br>Employees of the Parent Company:183<br>Directors of subsidiaries:8<br>Employees of subsidiaries:18 |
| Number of SSR **   | 431 [329] *Note 1  | 491 [434] *Note 1   |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>43,100 [32,900] *Note 1  | Common Stock ,<br>49,100 [43,400] *Note 1   |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 3,950 per share *Note 2  | 4,073 per share *Note 2   |
| Exercise period for SSR **   | July 25 <sup>th</sup> , 2019 - June 30 <sup>th</sup> , 2024  | July 24 <sup>th</sup> , 2020 - June 30 <sup>th</sup> , 2025   |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 3,950<br>Amount to be credited to common stock *Note 3   | Issue price 4,073<br>Amount to be credited to common stock *Note 3  |
| Conditions for exercise of the SSR   | If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.      |   |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.   |   |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4  |   |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5  |   |

|  | The 16 <sup>th</sup> SSR  | The 17 <sup>th</sup> SSR  |
|--|---|---|
| Date for resolution  | June 24 <sup>th</sup> , 2019 (Annual general meeting of the shareholders)   | June 22 <sup>th</sup> , 2020 (Annual general meeting of the shareholders)   |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:7<br>Employees of the Parent Company:195<br>Directors of subsidiaries:8<br>Employees of subsidiaries:26 | Directors of the Parent Company:7<br>Employees of the Parent Company:195<br>Directors of subsidiaries:8<br>Employees of subsidiaries:36 |
| Number of SSR **   | 510 [430] *Note 1   | 781 [781] *Note 1   |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>51,000 [43,000] *Note 1   | Common Stock ,<br>78,100 [78,100] *Note 1   |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 3,075 per share *Note 2   | 3,655 per share *Note 2   |
| Exercise period for SSR **   | August 3 <sup>rd</sup> , 2021 - June 30 <sup>th</sup> , 2026  | July 31 <sup>st</sup> , 2023 - June 30 <sup>th</sup> , 2028   |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 3,075<br>Amount to be credited to common stock *Note 3  | Issue price 3,655<br>Amount to be credited to common stock *Note 3  |
| Conditions for exercise of the SSR   | If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.     |   |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.  |   |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4   |   |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5   |   |



|  | SSR issued in June 2005<br>(stock compensation type)  | SSR issued in July 2006<br>(stock compensation type)   |
|--|---|--|
| Date for resolution  | June 29 <sup>th</sup> , 2005 (Annual general meeting of the shareholders)                     | June 29 <sup>th</sup> , 2006 (Annual general meeting of the shareholders)                    |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers): 11 | Directors of the Parent Company:6<br>Employees of the Parent Company (executive officers):12 |
| Number of SSR **   | 32 [32] *Note 1   | 22 [22]*Note 1   |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>3,200 [3,200] *Note 1   | Common Stock ,<br>2,200 [2,200]*Note 1   |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 1 per share   | 1 per share  |
| Exercise period for SSR **   | June 30 <sup>th</sup> , 2005-June 30 <sup>th</sup> , 2025                                     | July 15 <sup>th</sup> , 2006-July 14 <sup>th</sup> , 2026                                    |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 1<br>Amount to be credited to common stock 1                                      | Issue price 1<br>Amount to be credited to common stock *Note 3                               |
| Conditions for exercise of the SSR   | * Note 8  |  |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.                      |  |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | -   | *Note 4  |
| Matters relating to the provisions for acquisition of SSR                                    | -   | *Note 5  |

|  | SSR issued in July 2007<br>(stock compensation type)  | SSR issued in July 2011<br>(stock compensation type)   |
|--|---|--|
| Date for resolution  | June 28 <sup>th</sup> ,2007 (Board of Directors)  | June 27 <sup>th</sup> , 2011 (Board of Directors)  |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:6<br>Employees of the Parent Company (executive officers): 12 | Directors of the Parent Company:6<br>Employees of the Parent Company (executive officers): 2 |
| Number of SSR **   | 24 [24] *Note 1   | 130 [130] *Note 1  |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>2,400 [2,400] *Note 1   | Common Stock ,<br>13,000 [13,000] *Note 1  |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 1 per share   | 1 per share  |
| Exercise period for SSR **   | July 20 <sup>th</sup> , 2007-July 19 <sup>th</sup> , 2027                                     | July 13 <sup>th</sup> , 2011-July 12 <sup>th</sup> , 2031                                    |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 1<br>Amount to be credited to common stock *Note 3                                | Issue price 1<br>Amount to be credited to common stock *Note 3                               |
| Conditions for exercise of the SSR   | * Note 8  |  |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.                      |  |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4   |  |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5   |  |

|  | SSR issued in July 2012<br>(stock compensation type)   | SSR issued in July 2013<br>(stock compensation type)   |
|--|--|--|
| Date for resolution  | July 6 <sup>th</sup> , 2012 (Board of Directors)   | July 5 <sup>th</sup> , 2013 (Board of Directors)   |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers): 2 | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers): 2 |
| Number of SSR **   | 130 [130] *Note 1  | 154 [154] *Note 1  |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>13,000 [13,000] *Note 1  | Common Stock ,<br>15,400 [15,400] *Note 1  |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 1 per share  | 1 per share  |
| Exercise period for SSR **   | July 24 <sup>th</sup> , 2012-July 23 <sup>rd</sup> , 2032                                    | July 23 <sup>rd</sup> , 2013-July 22 <sup>nd</sup> , 2033                                    |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 1<br>Amount to be credited to common stock *Note 3                               | Issue price 1<br>Amount to be credited to common stock *Note 3                               |
| Conditions for exercise of the SSR   | * Note 8   |  |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.                     |  |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4  |  |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5  |  |

|  | SSR issued in July 2014<br>(stock compensation type)   | SSR issued in July 2015<br>(stock compensation type)   |
|--|--|--|
| Date for resolution  | July 4 <sup>th</sup> , 2014 (Board of Directors)   | July 7 <sup>th</sup> , 2015 (Board of Directors)   |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:8<br>Employees of the Parent Company (executive officers): 2 | Directors of the Parent Company:8<br>Employees of the Parent Company (executive officers): 1 |
| Number of SSR **   | 179 [179] *Note 1  | 255 [233] *Note 1  |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>17,900 [17,900] *Note 1  | Common Stock ,<br>25,500 [23,300] *Note 1  |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 1 per share  | 1 per share  |
| Exercise period for SSR **   | July 23 <sup>rd</sup> , 2014-July 22 <sup>nd</sup> , 2034                                    | July 23 <sup>rd</sup> , 2015-July 22 <sup>nd</sup> , 2035                                    |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 1<br>Amount to be credited to common stock *Note 3                               | Issue price 1<br>Amount to be credited to common stock *Note 3                               |
| Conditions for exercise of the SSR   | * Note 8   |  |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.                     |  |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4  |  |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5  |  |

|  | SSR issued in July 2016<br>(stock compensation type)   | SSR issued in July 2017<br>(stock compensation type)   |
|--|--|--|
| Date for resolution  | July 6 <sup>th</sup> , 2016 (Board of Directors)   | July 7 <sup>th</sup> , 2017 (Board of Directors)   |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:8<br>Employees of the Parent Company (executive officers): 1 | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers): 3 |
| Number of SSR **   | 264 [242] *Note 1  | 336 [312] *Note 1  |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>26,400 [24,200] *Note 1  | Common Stock ,<br>33,600 [31,200] *Note 1  |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 1 per share  | 1 per share  |
| Exercise period for SSR **   | July 22 <sup>nd</sup> , 2016-July 21 <sup>st</sup> , 2036                                    | July 25 <sup>th</sup> , 2017-July 24 <sup>th</sup> , 2037                                    |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 1<br>Amount to be credited to common stock *Note 3                               | Issue price 1<br>Amount to be credited to common stock *Note 3                               |
| Conditions for exercise of the SSR   | * Note 8   |  |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.                     |  |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4  |  |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5  |  |

|  | SSR issued in July 2018<br>(stock compensation type)   | SSR issued in August 2019<br>(stock compensation type)                                       |
|--|--|--|
| Date for resolution  | July 6 <sup>th</sup> , 2018 (Board of Directors)   | July 18 <sup>th</sup> , 2019 (Board of Directors)  |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers): 3 | Directors of the Parent Company:6<br>Employees of the Parent Company (executive officers): 5 |
| Number of SSR **   | 340 [316] *Note 1  | 410 [384] *Note 1  |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>34,000 [31,600] *Note 1  | Common Stock ,<br>41,000 [38,400] *Note 1  |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 1 per share  | 1 per share  |
| Exercise period for SSR **   | July 24 <sup>th</sup> 2018-July 23 <sup>rd</sup> , 2038                                      | August 3 <sup>rd</sup> , 2019 – August 2 <sup>nd</sup> , 2039                                |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 1<br>Amount to be credited to common stock *Note 3                               | Issue price 1<br>Amount to be credited to common stock *Note 3                               |
| Conditions for exercise of the SSR   | * Note 8   |  |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.                     |  |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4  |  |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5  |  |

|  | SSR issued in July 2020<br>(stock compensation type)  | SSR issued in July 2021<br>(stock compensation type)  |
|--|---|---|
| Date for resolution  | July 15 <sup>th</sup> , 2020 (Board of Directors)   | July 7 <sup>th</sup> , 2021 (Board of Directors)  |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company: 6<br>Employees of the Parent Company (executive officers): 5 | Directors of the Parent Company: 6<br>Employees of the Parent Company (executive officers): 5 |
| Number of SSR **   | 413 [387] *Note 1   | 458 [430] *Note 1   |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>41,300 [38,700] *Note 1   | Common Stock ,<br>45,800 [43,000] *Note 1   |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 1 per share   | 1 per share   |
| Exercise period for SSR **   | July 31 <sup>st</sup> 2020-July 30 <sup>th</sup> , 2040                                       | July 27 <sup>th</sup> 2021 - July 26 <sup>th</sup> , 2051                                     |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 1<br>Amount to be credited to common stock *Note 3                                | Issue price 1<br>Amount to be credited to common stock *Note 3                                |
| Conditions for exercise of the SSR   | * Note 8  |   |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.                      |   |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4   |   |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5   |   |

|  | SSR issued in July 2022<br>(stock compensation type)  |
|--|---|
| Date for resolution  | July 22 <sup>nd</sup> 2022 (Board of Directors)   |
| Categories and numbers of persons to whom rights are granted                                 | Directors of the Parent Company: 6<br>Employees of the Parent Company (executive officers): 5 |
| Number of SSR **   | 483 [453] *Note 1   |
| Type and number of shares to be issued upon the exercise of SSR (shares) **                  | Common Stock ,<br>48,300 [45,300] *Note 1   |
| Amount to be subscribed upon the exercise of the SSR (yen) **                                | 1 per share   |
| Exercise period for SSR **   | July 23 <sup>rd</sup> 2023-July 22 <sup>nd</sup> , 2052                                       |
| Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) ** | Issue price 1<br>Amount to be credited to common stock *Note 3                                |
| Conditions for exercise of the SSR   | * Note 8  |
| Transfer of the SSR  | Approval by the Board of Directors is required in order to transfer SSR.                      |
| Matters relating to the issuance of SSR as a result of organizational restructuring action   | *Note 4   |
| Matters relating to the provisions for acquisition of SSR                                    | *Note 5   |

\*\* All statements above are as of the end of FY (March 31<sup>st</sup>, 2023). There are no changes from ending date of FY2023/3 to as of the end of the month prior to the date this report was submitted (May 31<sup>st</sup>, 2023) except stated in parentheses [ ].

Notes:

1. The number of shares issued upon the exercise of the SSR (hereafter referred to as “Number of Shares Granted”) is 100. Meanwhile, the Number of Shares granted may be adjusted by following adjustment methods.

(Adjustment of the Number of Shares Granted)

If the Company conducts a stock split or reverse stock split, the Number of Shares Granted shall be adjusted according to the following formula, with resulting fractions less than 1 share to be rounded down.

$$\begin{aligned} \text{Adjusted Number of Shares Granted} \\ = \text{Number of Shares Granted before adjustment} \times \text{Stock split (or reverse stock split) ratio} \end{aligned}$$

In addition, if another unavoidable circumstance which requires adjusting the Number of Shares Granted occurs, the Number of Shares Granted shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

2. The amount to be paid by the holders upon the exercise of each share subscription right shall be the amount calculated by multiplying the amount to be subscribed per share (hereafter the “Exercise Price”) for the Company’s shares of common stock that may be issued upon the exercise of SSR by the number of shares granted. However, if any of the cases below takes places, the Exercise Price shall be adjusted by applying the following formulas, with resulting fractions less than one yen to be rounded up.

(1) A stock split or reverse stock split of the Company stock occurs.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Stock split (or reverse stock split) ratio}}$$

(2) If the Company issues shares of new common stock or disposes of its treasury stock at prices less than the then-current market price (excluding the exercise of SSR).

$$\begin{aligned} \text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \text{Number of new shares to be issued (disposed of)} \times \text{Issue (disposal) price per share}}{\text{Market price}} \\ \text{Price} \end{aligned}$$

(3) If another unavoidable circumstance which requires adjusting the Exercise Price occurs, the Exercise Price shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

3. The amount of capital increase occurring when shares are issued upon exercise of a share subscription right shall be 1/2 of the capital increase limit as calculated according to Article 17, Item 1 of the Corporate Calculation Rules, with resulting fractions less than one yen to be rounded up.

4. In the event that the Company experiences a merger (only if the company is eliminated as a result of the merger), absorption-type company split or incorporation-type company split (in each case only if the Company becomes a split company), or stock swap or stock transfer (in each case only if the Company becomes a wholly owned subsidiary) (the above events hereafter collectively referred to by the general term “Structural Reorganization”), then the holders of SSR remaining at the time the Structural Reorganization takes effect (hereafter referred to as “Remaining SSR”) shall be provided with SSR based on the conditions below for the public company as indicated in Article 236, Item 1, Number 8, (a) - (e) of the Corporation Law of Japan (hereafter referred to as “Reorganized Company”).

However, the provision of SSR for the Reorganized Company in accordance with the conditions below shall occur only when such provision is specified in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, stock swap agreement, or stock transfer plan.

(1) Number of SSR for the Reorganized Company to be provided

The number of provided SSR shall be the same as the number of Remaining SSR possessed by the holder of the Remaining SSR.

(2) Type of Reorganized Company shares issued upon exercise of the SSR

The issued shares shall be common stock of the Reorganized Company.

(3) Number of Reorganized Company shares issued upon exercise of the SSR

The number of issued shares shall be determined in accordance with “Number of shares issued upon exercise of stock acquisition rights” in the table above, with consideration for the conditions and other details of the Structural Reorganization.

(4) Amount to be paid by the holder of the share subscription right upon exercise of that right

The amount to be paid by the holder of the provided share subscription right upon exercise of that right shall be the amount calculated by multiplying the post-reorganization paid-in amount (determined by adjusting the Exercise Price with consideration for the conditions and other details of the Structural Reorganization) by the number of Reorganized Company shares issued upon exercise of the stock acquisition rights as determined according to (3) above.

For the post-reorganization paid-in amount of SSR provided as stock compensation, the amount shall be 1 yen per share of the Reorganized Company.

(5) Period in which the SSR can be exercised

The period shall be from either the later of the start date determined in “Exercise period for SSR” above or the date on which the Structural Reorganization took effect until the end date determined in “Exercise period for stock acquisition rights” above.

(6) Restrictions on acquisition of SSR by transfer

The acquisition of SSR by transfer requires approval by a resolution of the Reorganized Company Board of Directors.

(7) Provisions for acquisition of the SSR

This shall be determined in accordance with “Items related to the provisions for acquisition of SSR” above.

(8) Other conditions concerning exercise of the SSR

These shall be decided in accordance with “Conditions for exercise of the SSR” above.

5. If any of resolutions (1) - (5) listed below is approved by a general meeting of Shareholders of the Company or, when a resolution of the general meeting of Shareholders is not required, if a resolution by the Board of Directors or decision by a representative executive officer occurs, the Company shall be permitted to acquire SSR at no cost on the date decided separately by the Board of Directors.
- (1) A resolution approving a merger agreement by which the Company becomes an extinct company
  - (2) A resolution approving a split agreement or split plan by which the Company becomes a split company
  - (3) A resolution approving a stock swap agreement or stock transfer plan by which the Company becomes a wholly owned subsidiary
  - (4) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of any shares issued by the Company
  - (5) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of shares which were issued by the company upon exercise of SSR, or in order for the Company to acquire all of this class of stock pursuant to a resolution by the general meeting of Shareholders.
6. Categories and numbers of persons to whom rights are granted will be separately defined and ratified at the Board of Directors meeting.
7. Exercise Price shall be the higher of 1) averaged share price, which shall be calculated from the closing price of the shares at Tokyo Stock Exchange each day for a month before the month of exercise, multiplied by 1.025, or 2) closing price of the shares on the day before the day of exercise.
8. (1) The SSR can only be exercised when the holder of the SSR has lost his/her position as a director of the Company (including executive officers of the Company with a committee system of corporate governance) or executive officer. However, the SSR can be exercised only during the period from the date following the day on which the holder of the SSR lost his/her position (hereafter referred to as the "Right Exercise Start Date") until the day when 7 days have passed after the Right Exercise Start Date (or if that day is not a business day, the preceding business day).
- (2) In the event that the holder of the SSR dies, the heirs of the holder may exercise the SSR. However in this case, the SSR can be exercised only during the period from the date following the next date of the holder's death until the day when 6 months have passed from this date (or if that day is not a business day, the preceding business day).
- (b) Contents of the rights plan  
Not applicable.
- (c) Other information about SSR  
Not applicable.

- (3) Exercises of Moving strike convertible bonds and others  
Not applicable.

(4) Changes in the number of shares issued, the amount of common stock and related others

| Period  | Changes in the number of shares issued (shares) | Balance of the number of shares issued (shares) | Changes in common stock (MJPY) | Balance of common stock (MJPY) | Changes in additional paid-in capital (MJPY) | Balance of additional paid-in capital (MJPY) |
|---|---|---|--------------------------------|--------------------------------|--|--|
| April 1 <sup>st</sup> , 2018- March 31 <sup>st</sup> , 2019 *Note 1 | 22,500  | 41,598,381                                      | 29                             | 10,591                         | 29   | 17,963                                       |
| April 1 <sup>st</sup> , 2019- March 31 <sup>st</sup> , 2020 *Note 1 | 97,000  | 41,695,381                                      | 112                            | 10,703                         | 112  | 18,075                                       |
| April 1 <sup>st</sup> , 2020- March 31 <sup>st</sup> , 2021 *Note 1 | 64,600  | 41,759,981                                      | 115                            | 10,818                         | 115  | 18,190                                       |
| April 1 <sup>st</sup> , 2021- March 31 <sup>st</sup> , 2022 *Note 1 | 109,600   | 41,869,581                                      | 182                            | 11,000                         | 182  | 18,373                                       |
| April 1 <sup>st</sup> , 2022- March 31 <sup>st</sup> , 2023 *Note 1 | 33,700  | 41,903,281                                      | 63                             | 11,064                         | 63   | 18,436                                       |

Note:

1. Breakdown by reason for changes in the number of shares issued, the amount of capital, and the amount of paid-in capital

| Date   | Reason for change                              | Changes in the number of shares issued (shares) | Changes in common stock (MJPY) | Changes in the amount of paid-in capital (MJPY) |
|--|--|---|--------------------------------|---|
| April 1 <sup>st</sup> , 2018 - March 31 <sup>st</sup> , 2019 | Increase due to exercise of SSR (Stock Option) | 22,500  | 29                             | 29  |
| April 1 <sup>st</sup> , 2019 - March 31 <sup>st</sup> , 2020 | Increase due to exercise of SSR (Stock Option) | 97,000  | 112                            | 112   |
| April 1 <sup>st</sup> , 2020 - March 31 <sup>st</sup> , 2021 | Increase due to exercise of SSR (Stock Option) | 64,600  | 115                            | 115   |
| April 1 <sup>st</sup> , 2021 - March 31 <sup>st</sup> , 2022 | Increase due to exercise of SSR (Stock Option) | 109,600   | 182                            | 182   |
| April 1 <sup>st</sup> , 2022 - March 31 <sup>st</sup> , 2023 | Increase due to exercise of SSR (Stock Option) | 33,700  | 63                             | 63  |

- 2: Due to exercise of SSR, the number of shares issues increased by 51,200 shares and common stock and paid-in capital increased by ¥90 million each during April 1<sup>st</sup>, 2023 to May 31<sup>st</sup>, 2023.

(5) Details of shareholders

At March 31<sup>st</sup>, 2023

| Classification                  | Status of shares (1 unit = 100 shares) |                        |                      |                    |                        |             |                       |         | Shares under 1 unit (shares) |
|---------------------------------|--|------------------------|----------------------|--------------------|------------------------|-------------|-----------------------|---------|------------------------------|
|                                 | National and local governments         | Financial institutions | Securities companies | Other corporations | Foreign shareholders   |             | Individuals and other | Total   |                              |
|                                 |  |                        |                      |                    | Other than individuals | Individuals |                       |         |                              |
| Number of shareholders (person) | -                                      | 55                     | 36                   | 247                | 247                    | 32          | 18,773                | 19,390  | -                            |
| Number of shares held (units)   | -                                      | 135,885                | 12,926               | 25,675             | 130,670                | 302         | 112,663               | 418,121 | 91,181                       |
| Ratio (%)                       | -                                      | 32.50                  | 3.09                 | 6.14               | 31.25                  | 0.07        | 26.95                 | 100.00  | -                            |

Notes:

- All statements above are based on the cut-off date for Annual general meeting of the shareholders.
- Treasury stock of 1,529,552 shares is included in "Individuals and other" for 15,295 units and in "Shares under 1 unit" for 52 shares. The effective number of Treasury stock as of March 31<sup>st</sup>, 2023 was 1,529,552 shares.

## (6) Principal shareholders

At March 31<sup>st</sup>, 2023

| Name   | Address  | Number of Shares held (1,000s) | Percentage of total shares issued (%) |
|--|--|--------------------------------|---------------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account)   | 2-11-3 Hamamatsu-cho, Minato-ku, Tokyo   | 6,768                          | 16.76                                 |
| Custody Bank of Japan, Ltd. (Trust account)  | 1-8-12 Harumi, Chuo-ku, Tokyo  | 3,275                          | 8.11                                  |
| The Precise Measurement Technique Promotion Foundation   | 3-1-6-203 Kyonan-cho, Musashino-shi, Tokyo   | 1,058                          | 2.62                                  |
| JP Morgan Chase Bank 385632 (Standing Proxy: Mizuho Bank Ltd., Settlement & Clearing Services Department)  | 25 Bank Street, Canary Wharf, London, E14 5JP. United Kingdom (2-15-1 Konan, Minato-ku, Tokyo) | 1,007                          | 2.49                                  |
| SSBTC Client Omnibus Account (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Sales Department)  | One Lincoln Street, Boston MA, USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo)                   | 946                            | 2.34                                  |
| Mizuho Bank, Ltd.  | 1-5-5 Otemachi, Chiyoda-ku, Tokyo  | 672                            | 1.66                                  |
| Ayako Yano   | Chiyoda-ku, Tokyo  | 614                            | 1.52                                  |
| State Street London Care of State Street Bank and Trust, Boston SSBTC A/C UK London Branch Clients - United Kingdom (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Sales Department) | One Lincoln Street, Boston MA, USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo)                   | 591                            | 1.46                                  |
| State Street Bank and Trust Company 505223 (Standing Proxy: Mizuho Bank Ltd., Settlement & Clearing Services Department)   | P.O. Box 351 Boston Massachusetts 02101 USA (2-15-1 Konan, Minato-ku, Tokyo)                   | 552                            | 1.37                                  |
| State Street Bank West Client – Treaty 505234 (Standing Proxy: Mizuho Bank Ltd., Settlement & Clearing Services Department)  | 1776 Heritage Drive, North Quincy, MA 02171 USA. (2-15-1 Konan, Minato-ku, Tokyo)              | 525                            | 1.30                                  |
| Total  | -  | 16,011                         | 39.63                                 |

## Notes:

- All statements above are based on the cut-off date for Annual general meeting of the shareholders.
- The following corporations have submitted a Large Shareholding Report (change report). The reports of the number of shares held have been submitted on the dates listed below. However, because it was unable to verify the actual number of shares held at the end of FY2023/3, they are not considered to be among the "Major shareholders" above.

| Name   | Address   | Shares held (1,000s) | Shares held as a percentage of total shares issued (%) | Reported date (Reporting obligation date)                    |
|--|---|----------------------|--|--|
| LSV Asset Management                                 | 251 Little Falls Drive, Wilmington, Delaware, USA | 2,094                | 5.00   | April 8 <sup>th</sup> , 2022 (April 1 <sup>st</sup> , 2022)  |
| Goldman Sachs Japan Co., Ltd. (*1)                   | 6-10-1 Roppongi, Minato-ku, Tokyo                 | 1,788                | 4.27   | July 22 <sup>nd</sup> , 2022 (July 15 <sup>th</sup> , 2022)  |
| Sumitomo Mitsui Trust Asset Management Co., Ltd (*2) | 1-1-1 Shiba-Koen, Minato-ku, Tokyo                | 2,350                | 5.61   | Nov. 7 <sup>th</sup> , 2022 (Oct. 31 <sup>st</sup> , 2022)   |
| Mizuho Bank, Ltd. (*3)                               | 1-5-5 Otemachi, Chiyoda-ku, Tokyo                 | 2,982                | 7.12   | April 7 <sup>th</sup> , 2023 (March 31 <sup>st</sup> , 2023) |

(\*1) Co-ownership among Goldman Sachs International (568 thousand shares), Goldman Sachs Asset Management Co., Ltd (101 thousand), Goldman Sachs Asset Management LP (1,075 thousand), and Goldman Sachs Asset Management International (42 thousand).

(\*2) Co-ownership between Sumitomo Mitsui Trust Asset Management Co., Ltd (1,525 thousand shares) and Nikko Asset Management Co., Ltd. (825 thousand).

(\*3) Co-ownership among Mizuho Bank, Ltd. (672 thousand shares), Mizuho Securities Co., Ltd. (474 thousand), Mizuho Trust & Banking Co, Ltd (100 thousand) and Asset Management One Co., Ltd. (1,735 thousand).



(7) Status of voting rights

[1] Shares issued

At March 31<sup>st</sup>, 2023

| Classification  | Number of shares<br>(Shares)                | Number of voting rights<br>(Units) | Description |
|---|---|------------------------------------|-------------|
| Shares without voting rights                                | -   | -                                  | -           |
| Shares with limited voting rights<br>(treasury stock, etc.) | -   | -                                  | -           |
| Shares with limited voting rights<br>(others)               | -   | -                                  | -           |
| Shares with full voting rights (treasury<br>stock, etc.)    | (Treasury stock)<br>Common stock: 1,529,500 | -                                  | -           |
| Shares with full voting rights (others)                     | Common stock: 40,282,600                    | 402,826                            | -           |
| Shares under one unit                                       | Common stock: 91,181                        | -                                  | -           |
| Total shares issued   | 41,903,281                                  | -                                  | -           |
| Total voting rights held by all<br>shareholders             | -   | 402,826                            | -           |

Notes:

1. All statements above are based on the cut-off date for Annual general meeting of the shareholders.
2. The common stock in the “Shares under one unit” includes 52 shares of treasury stock owned by the Parent Company.

[2] Treasury stock, etc.

At March 31<sup>st</sup>, 2023

| Shareholders                                 | Address of shareholders                       | Number of<br>shares held<br>under own name<br>(Shares) | Number of<br>shares held<br>under the names<br>of others<br>(Shares) | Total<br>(Shares) | Percent of total<br>shares issued (%) |
|--|---|--|--|-------------------|---------------------------------------|
| (Treasury stock)<br>Tokyo Seimitsu Co., Ltd. | 2968-2 Ishikawa-machi,<br>Hachioji-shi, Tokyo | 1,529,500  | -  | 1,529,500         | 3.65                                  |
| Total  | -   | 1,529,500  | -  | 1,529,500         | 3.65                                  |

Note: All statements above are based on the cut-off date for Annual general meeting of the shareholders.

## 2 [Acquisition of treasury stock]

Type of shares: Acquisition of shares of common stock under Article 155, Paragraph 3, Paragraph 7, and Paragraph 13 of the Company Law of Japan

(1) Acquisition of treasury stock based on a resolution approved at the general meeting of shareholders  
Not applicable.

(2) Acquisition of treasury stock based on a resolution approved by the Board of Directors

| Classification  | Number of shares(shares) | Total amount (MJPY) |
|---|--------------------------|---------------------|
| Resolution approved by the Board of Directors (held on February 6 <sup>th</sup> , 2023) (Acquisition period: February 7 <sup>th</sup> , 2023 – April 30 <sup>th</sup> , 2023) | Maximum 700,000          | Maximum 2,500       |
| Treasury stock acquired before FY2023/3   | -                        | -                   |
| Treasury stock acquired during FY2023/3   | 322,200                  | 1,581               |
| Total number of shares and amount outstanding   | 377,800                  | 918                 |
| Unexercised ratio at ending date of FY2023/3 (%)  | 53.97                    | 36.73               |
| Treasury stock acquired during the period for acquisition   | 182,400                  | 917                 |
| Unexercised ratio at the date this report was submitted (%)   | 27.91                    | 0.02                |

(3) Acquisition of treasury stock not based on a resolution approved at the general meeting of shareholders or Board of Directors

| Classification  | Number of shares(shares) | Total amount (MJPY) |
|---|--------------------------|---------------------|
| Treasury stock acquired during FY2023/3                   | 876                      | 1                   |
| Treasury stock acquired during the period for acquisition | -                        | -                   |

Note: “Treasury stock acquired during the period for acquisition” does not include the number of shares under 1 unit purchased during the period from June 1<sup>st</sup>, 2023, to the filing date of this Annual Securities Report (Yuukashoken- houkokusho).

(4) Current status of disposition and holding of acquired treasury stock

| Classification  | FY2023/3         |                                 | Period for acquisition |                                 |
|---|------------------|---------------------------------|------------------------|---------------------------------|
|   | Number of shares | Total disposition amount (MJPY) | Number of shares       | Total disposition amount (MJPY) |
| Acquired treasury stock for which subscribers were solicited  | -                | -                               | -                      | -                               |
| Acquired treasury stock which was disposed  | -                | -                               | -                      | -                               |
| Acquired treasury stock for which transfer of shares was conducted in association with merger, stock exchange, or corporate separation. | -                | -                               | -                      | -                               |
| Others (disposal of treasury stock as restricted stock compensation)  | 16,480           | 75                              | -                      | -                               |
| Number of shares of treasury stock held   | 1,529,552        | -                               | 1,711,952              | -                               |

Note: “Number of shares of treasury stock held during the period for acquisition” does not include shares under 1 unit which purchased or sold from June 1<sup>st</sup>, 2023, to the filing date of this Annual Securities Report (Yuukashoken- houkokusho).

### 3 [Dividend policy]

The Parent Company believes the most important management task is to enhance its corporate value and constantly distribute profits to shareholders through a business model of providing World's No. 1 products based on state-of-the-art technologies in growth fields.

The Parent Company makes it a basic policy to distribute dividends from surplus twice annually (an interim dividend and a year-end dividend). Dividends are determined with consideration for various factors, including consolidated business results, financial position, investments for business expansion, and shareholders' long-term prospects.

For FY2023/3, the Parent Company paid ¥235 per share as the dividend, including an interim dividend (¥109 per share) paid on December 12<sup>th</sup>, 2022. Regarding the distribution of retained earnings from FY2024/3 and beyond, The Company considers maintaining a core policy regarding the distribution of profits linked to the business performance of the Company and aims to pay stable dividends targeting a consolidated dividend payout ratio of 40%. Also, considering the aim to provide stable and continuous dividend payments, the Company deems to maintain an annual dividend of ¥20 per share regardless of consolidated profits of the Company. However, it is at the discretion of the Board to review this policy if the Company experiences losses in two consecutive years.

Retained earnings will be used effectively for the research and development, optimization of production, sophistication of Information security systems, expansion of overseas sales, new business development, and M&A investment. Also, since our product lines are greatly impacted by economic fluctuations, the Parent Company considers it important to strengthen our financial position and prepare for possible economic downturns.

The Parent Company has included the following statement in its articles of incorporation. "Pursuant to a resolution of the Board of Directors, interim dividends may be paid to shareholders or registered pledges listed or recorded in the latest shareholder registry on September 30<sup>th</sup> of each year." The Board of Directors acts as the deciding body for the interim dividend, while the general meeting of Shareholders acts as the deciding body for the year-end dividend.

Note: Dividends for which the record date belongs to the current FY are as follows.

| Date of resolution  | Total dividend amount<br>(MJPY) | Dividend per share<br>(yen) |
|---|---------------------------------|-----------------------------|
| November 2 <sup>nd</sup> , 2022<br>Resolution of the Board of Directors meeting             | 4,434                           | 109.00                      |
| June 26 <sup>th</sup> , 2023<br>Resolution of the annual general meeting of<br>shareholders | 5,087                           | 126.00                      |

## 4 [Corporate governance and others]

### (1) Status of Corporate Governance

#### (1) Corporate Governance philosophy

Tokyo Seimitsu's philosophy is "Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No.1 products." The Group seeks to achieve sustainable growth and an increase of corporate value in a context of rapidly innovating technology and a globalized economy – as reflected in its corporate brand "ACCRETECH". To realize this goal, the Group believes that strong corporate governance is essential to improving corporate value and conducting fair and transparent business activities as a global corporate citizen, and has established the following five (5) core policies for corporate governance.

- I. The Board of Directors strives to properly perform its roles and responsibilities to make transparent, fair, timely and committed decisions.
- II. The Group respects the rights of shareholders and ensures the equality of shareholders.
- III. The Group strives to have constructive dialogue with shareholders on investment policy that considers mid to long-term returns for shareholders.
- IV. The Group strives to maintain appropriate collaboration with stakeholders other than shareholders.
- V. The Group strives to ensure proper information disclosure and transparency.

#### (2) Overview of Corporate governing body and supervisory structures

##### I. Overview of supervisory structures

The Company applies a structure called the Audit and Supervisory Committee, because the Company Group believes such a governing body is the most appropriate one to realize a suitable balance between strengthening auditing/monitoring of director's business executions and timeliness, streamlining and optimizing of decision making.

The Board of Directors is composed of 8 directors (not serving as an Audit and Supervisory Committee member) including 2 external corporate directors, and 4 Audit and Supervisory Committee members including 3 external corporate directors. The Board of Directors holds Board Meetings once a month as routine, and may hold extraordinary Board Meetings, as necessary. At these Board Meetings, important matters stipulated among the law, article of incorporation, regulations related to Board of Directors and monthly, quarterly, and/or annually business performance are being deliberated and reviewed. In addition, each director oversees other directors' business decision making.

As of the date of filing of this document, the Board of Directors is chaired by Yoshida Hitoshi (Chairman & CEO), and the other board members are Kimura Ryuichi (President & COO), Kawamura Koichi (Executive Vice President & CFO), Hokida Takahiro (Director), Tsukada Shuichi (Director), Pradhan Romi (Director), Takamasu Kiyoshi (External director), Mori Kazuya (External director), Akimoto Shinji (Director serving as an Audit and Supervisory Committee member), Sagara Yuriko (External director serving as an Audit and Supervisory Committee member), Sunaga Masaki (External director serving as an Audit and Supervisory Committee member), and Murata Tsuneko (External director serving as an Audit and Supervisory Committee member).

The Audit and Supervisory Committee cooperates with Audit dept. (mainly for internal audit) and the Financial Auditor, and audits the ratification making process of the Board of Directors and business practices of each Director.

As of the date of filing of this document, the Audit and Supervisory Committee is chaired by Akimoto Shinji (Director serving as an Audit and Supervisory Committee member), and the other committee members are Sagara Yuriko (External director serving as an Audit and Supervisory Committee member), Sunaga Masaki (External director serving as an Audit and Supervisory Committee member), and Murata Tsuneko (External director serving as an Audit and Supervisory Committee member).

The Parent Company has also established the following committees and overview system to strengthen corporate governance. Names of committees/systems, numbers of members, chairpersons, and purposes and functions are shown below.

| Names of committee (or the systems) | Number of members | Chairperson             |                 | Purpose and Function  |
|-------------------------------------|-------------------|-------------------------|-----------------|---|
|                                     |                   | Title                   | Name            |   |
| Risk Compliance Committee           | 23 members        | Representative Director | Kawamura Koichi | Maintain and evaluate status of internal organization, and educate employees to adhere to the compliance.   |
| Risk Management Committee           | 24 members        | Representative Director | Kimura Ryuichi  | Understand and manage risks that may affect business operations, and carry out activities against such risks.   |
| Information Security Committee      | 23 members        | Representative Director | Kawamura Koichi | Protect information assets from falsification, destruction and/or leakage, understand and manage countermeasures from such potential risks, educate employees and audit such systems.   |
| Sustainability Committee            | 30 members        | Representative Director | Yoshida Hitoshi | Evaluate entire corporate activities from the respect of human rights and/or impact to entire global environment perspective, aware of the responsibility of the Group, and to proceed with monitoring status, evaluating emerging situations, and educating necessary personnel. |
| Whistleblower system                | -                 | -                       | -               | System to accept reports or provide consultation on incorrect behaviors that are against social norms or corporate ethics. Appropriate measures are taken to protect whistleblowers and maintain transparency.  |

## II. Reasons for establishing overview systems and structures

Overall these systems aim to strengthen the entire Corporate Governance of the Group and to assist and improve effectiveness of the Board of Directors, to keep operations transparent, improve efficiency, and to increase corporate value.

### (3) Other systems of Corporate Governance

I. The Parent Company operates Internal Control System described as follows, which has been ratified by the Board of Director in May, 2006 (most recently revised in May, 2021).

#### 1. Core management policy

Our corporate philosophy is "to create the world's No.1 products and grow with our partners and customers by integrating excellent technical knowledge, wisdom and information available in the world." The corporate motto of Tokyo Seimitsu (the "Company") is "win-win relationships create the world's No. 1 products." The Company will reinforce its corporate governance and compliance, and ensure the sound and transparent management of the Group to build win-win relationships with all stakeholders such as customers, suppliers, shareholders, and employees for long-term sustainable growth.

2. A framework to ensure that performance of duties of Directors and employees of the Company and its subsidiaries is in compliance with relevant laws and regulations as well as the articles of incorporation

i. To appropriately and soundly perform duties as a whole, from a viewpoint to further strengthen corporate governance, the Boards of Directors of the Company and its subsidiaries seek to establish an effective internal control system and a structure to comply with relevant laws, regulations and the articles of corporation.

ii. The Company and its subsidiaries have established the ACCRETECH Group Code of Conduct which defines the standards of behavior to ensure socially responsible conduct by Directors and employees of the Company and its subsidiaries, based on a high level of morality, pursuant to relevant laws and regulations as well as the articles of corporation and internal regulations. Through the ACCRETECH Group Code of Conduct, the Company aims to permeate and establish awareness of corporate ethics among the Directors and employees of the Company and its subsidiaries.

iii. The Company has established the Compliance Committee headed by the Head of Administration Companies, upon an assignment of Compliance officer(s) and Compliance manager(s) at the Company and each subsidiary, to improve the compliance system and understand and address important issues in all business activities by the Directors and employees of the Company and its subsidiaries.

iv. The Company has established a system under which, if any problem concerning compliance arises, the nature and possible measures of the problem will be reported from Compliance officer(s) through the Risk Compliance Committee without delay to the Boards of Directors and Audit and Supervisory Committee through the Director in charge of compliance and those responsible for each Head of Companies.

- v. The Company has established the Audit Dept. under the direct management of the President & COO. This Department conducts internal audits to examine whether operations of the Company and its subsidiaries are conducted in compliance with relevant laws and regulations as well as internal rules, and assess the validity of control.
  - vi. The Company has established an internal whistleblower system to accept reports or provide consultation on incorrect behaviors that are against social norms or corporate ethics. Appropriate measures are taken to protect whistleblowers and maintain transparency.
  - vii. The Audit and Supervisory Committee audits the effectiveness and functions of the internal control system.
3. A framework aimed at preservation and control of information relating to the performance of duties by Directors of the Company
    - i. The Directors of the Company appropriately preserve and control information and documents pertaining to performance of duties as provided in the Core Information Security Policy.
    - ii. The information control system is designed to allow access upon request of Directors.
  4. A framework including rules concerning the control of risk of loss of the Company and its subsidiaries
    - i. The Company seeks to prevent potential risk. When risk becomes apparent, all employees including the President & COO quickly and calmly respond to it.
    - ii. The Company has established Risk Control Rules to identify and control risks related to the performance of duties at the Company and its subsidiaries, and has created the Risk Control Committee head by the President & COO. This Committee puts in place a risk management system that prevents and gets prepared for potential risks pursuant to the Risk Control Rules.
    - iii. If the Audit Dept. finds any violation of laws, regulations, the articles of corporation 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 Dept. immediately notifies the President & COO and tells employees to implement corrective or improvement actions.
    - iv. If a risk arises, when necessary, the Emergency Headquarters headed by the President & COO is established and measures are immediately taken to remedy the situation.
  5. A framework to ensure the efficient performance of duties by Directors of the Company and its subsidiaries
    - i. The Board of Directors of the Company and its subsidiaries determine material issues pertaining to management policy and other items and oversees the performance of duties by the Directors, in accordance with the internal rules including those of the Boards of Directors. They have a framework to ensure the distribution of sufficient materials related to the agenda to all the Directors.
    - ii. The Company has in place an executive officers system to make speedy decisions on product development planning and quick and flexible response to market trends. The Executive Officers oversee the progress and implementation of business plans at regular Executive Management and Executive Officers' Meetings.
    - iii. The Company and its subsidiaries delegate authority and responsibility clearly defined by the rules on job authority and functions, and other rules in performing duties.
  6. A framework to ensure the proper performance of other duties at the Company and its subsidiaries
    - i. The Company has established the Rules on Matters to be Declared or Reported to Tokyo Seimitsu from Subsidiaries, based on which important issues are reported to the Company, and some require the approval of the President & COO of the Company or the Board of Directors.
    - ii. To facilitate this framework, the Company provides support and advice to its subsidiaries, and if necessary, dispatches Directors and/or Auditors to monitor and/or audit its business operations.
    - iii. The Management Support Dept. under the direct control of the President & COO collects information on important issues and serious risks at the subsidiaries to share information between the Company and the subsidiaries and properly perform duties in the interest of both the Company and subsidiaries.
    - iv. If the Management Support Dept. identifies a risk of loss at a subsidiary, it immediately reports to the Board of Directors and divisions concerned the nature, degree and impact of the loss.
    - v. The Company's Audit and Supervisory Committee and the Company's Audit dept. actively share information with the Auditor and Audit Dept. and other relevant divisions of the Company or subsidiaries in order to earlier detect and prevent improper transaction or accounting related to the Company and subsidiaries.
  7. A framework to ensure the credibility of financial statements
    - i. The Company has established the Core Policy on Internal Control over Financial Reporting to sufficiently reduce risks against the credibility of financial reporting by the Company and its

- subsidiaries.
- ii. The Company and its subsidiaries strive to ensure the validity of financial reporting by segregating responsibilities and conducting daily monitoring in the performance of their daily duties.
  - iii. The Internal Control Committee and the Audit Dept. evaluate and check the validity of internal control systems related to financial reporting at the Company and its subsidiaries.
  - iv. For matters which are highly likely to have material impact on the financial situation, the Directors (excluding the Audit and Supervisory Committee members), Audit and Supervisory Committee members, and Financial Auditors properly share information among themselves.
8. Matters on the Assignment of Employees to Assist the Audit and Supervisory Committee
 

The Company assigns around two employees belonging to the Management Support Dept. or Audit Dept. to assist the Audit and Supervisory Committee when necessary.
  9. Matters on Ensuring the Independence of Employees who Assist the Audit and Supervisory Committee from the Directors (excluding the Audit and Supervisory Committee members), and those on the Effectiveness of Instructions of the Audit and Supervisory Committee to such Employees
    - i. The employees who assist the Audit and Supervisory Committee described in the preceding paragraph do not receive any instructions from superiors of the division they belong to for matters for which they receive instructions from the Audit and Supervisory Committee.
    - ii. The appointment and transfer of the employees who assist the Audit and Supervisory Committee requires the consent of the Audit and Supervisory Committee.
    - iii. To evaluate the employees who assist the Audit and Supervisory Committee, opinions are obtained from the Audit and Supervisory Committee.
  10. Frameworks including those concerning reporting to the Audit and Supervisory Committee of the Company by the Directors and employees of the Company and its subsidiaries, or the Auditors of the Subsidiaries
    - i. The Directors and employees of the Company and its subsidiaries, and the Auditors of subsidiaries make reports or provide information as necessary, as determined by the Audit and Supervisory Committee of the Company, on request of the Audit and Supervisory Committee.
    - ii. The matters that may require reporting or information sharing as described in the preceding paragraph are as follows:
      - Internal Control System activities of the Audit Dept. and Management Support Dept.
      - Activities of the Auditors and internal audit divisions of subsidiaries
      - Major accounting policy and standards of the Company, and changes to them
      - Business results and forecasts to be announced, and contents of important documents to be disclosed
      - Management of the internal whistleblower system and reported contents
      - Distribution of internal Ringi (Ratification request) and minutes of meetings requested by the Audit and Supervisory Committee
    - iii. The Company and its subsidiaries ensure that their Directors and employees and the Auditors of subsidiaries are not treated unreasonably because of such reporting or information provision to the Audit and Supervisory Committee.
  11. Other frameworks to ensure effective auditing by the Audit and Supervisory Committee
    - i. The Representative Directors of the Company hold regular meetings with the Audit and Supervisory Committee members as appropriate to exchange opinions on the management of the Company and communicate each other, separately from the reporting of the performance of duties.
    - ii. The Board of Directors of the Company ensures that the Audit and Supervisory Committee members participate in important meetings such as Executive Management Meetings to ensure proper performance of their duties.
    - iii. The Company shall bear all the necessary expenses or debts for the Audit and Supervisory Committee members to perform their duties. Upon claim of advance payment of such expenses pursuant to the Companies Act., it shall immediately pay after confirming with the relevant divisions.
  12. Basic Views and Activities to Severe Relationships with Anti-social Groups
    - i. The Company and its subsidiaries will not have any relationships with anti-social groups. When contacted by such groups, the Company and its subsidiaries provide information to related organizations such as police, and work with attorneys to take steadfast action against unreasonable or violent demand as an organization.
    - ii. The ACCRETECH Group Code of Conduct prohibits any relationships with anti-social groups. The Company and its subsidiaries work to collect updated information from the police

and shareholder registry administrators and other enforcement bodies. The Company has identified a section in charge of responding to these issues and collaborates with external organizations when necessary.

- II. Outline of the contract between the Parent Company and Directors (excluding those who have executive authority over operations) as stipulated in Article 427, No. 1 of the Company Law of Japan
- As stipulated in Article 427, No. 1 of the Company Law of Japan, the Parent Company holds a contract with External directors Takamasu Kiyoshi and Mori Kazuya, and with Akimoto Shinji, Sagara Yuriko, Sunaga Masaki and Murata Tsuneko, who are Directors serving as Audit and Supervisory Committee members. The Outline of the contract is as follows.
1. Limited indemnity  
Where external corporate Directors and/or Directors serving as an Audit and Supervisory Committee member violate in Article 423, No. 1 of the Company Law of Japan, forgetting the duties of external corporate Directors/Auditors, and make losses to the Group, if it was a benevolent act and without obvious negligence and confirmed, then the upper limit of indemnity shall be set as the limit of indemnity as stipulated in Article 425, No. 1 of the Company Law of Japan.
  2. Ratification of compliance with limited responsibility  
The Parent Company will ratify if the acts of any external corporate Directors and/or Directors serving as Audit and Supervisory Committee members fulfill the limited responsibility.
  3. Approval from shareholders' meeting  
If an external corporate Director and/or Director serving as Audit and Supervisory Committee member's acts cause losses to the Group, over the range as described by the limited liability, and if relevant contracts limited these Director's liability, these Directors shall not receive any financial benefits including, but not limited to retirement benefits from the Company without approval from a shareholders meeting.
  4. Expiration of limited liability contracts  
If an external corporate Director and/or Director serving as an Audit and Supervisory Committee member is appointed to the position of director, executive officer, and/or employee of the Parent Company and/or its subsidiaries, the contract shall be nullified thereafter.
- III. Outline of the Directors and Officers Liability Insurance
- The Parent Company has in place Directors and Officers Liability Insurance and all of the Parent Company's directors are insured. This insurance covers damages arising from insured directors' responsibilities on the execution of directors' duties or requests for pursuing that responsibility. However, there are exceptions for damage caused intentionally or due to gross negligence. The Parent Company pays this insurance fee.
- IV. Outline of the Indemnification Agreement
- As stipulated in Article 430-2, No.1 of the Company Law of Japan, the Parent Company holds an indemnification agreement with all directors under which the Company shall indemnify them for the expenses stipulated in Paragraph 1 of the same article and No., and losses stipulated in Paragraph 2 of the same article and No.
- V. Authority for the Board of Directors to decide resolutions of the general meeting of Shareholders
1. In order for the Parent Company to be able to carry out its capital strategy in a flexible manner that is appropriate for changes in the business environment, the articles of incorporation state that "under the provisions of Article 165, Paragraph 2 of the Company Law of Japan, the Parent Company may, by resolution of the Board of Directors, acquire its own shares through market trading and other means that are identified in Paragraph 1 of the same article."
  2. In order to return profits to the shareholders in a flexible manner, the articles of incorporation state that "the Parent Company may, by resolution of the Board of Directors, pay an interim dividend to shareholders or registered pledgees listed or recorded in the latest shareholder registry on September 30<sup>th</sup> of each year."
- VI. The maximum number of directors as determined by the articles of incorporation
- The Parent Company determines the maximum number of directors (excluding Director serving as Audit and Supervisory Committee members) as 15, and the maximum number of directors serving as Audit and Supervisory Committee member as 5, as per the articles of incorporation.
- VII. Resolutions to appoint directors as determined by the articles of incorporation
- The articles of incorporation of the Parent Company require that "resolutions which appoint directors must be made at meetings where shareholders with a minimum of 1/3 of the exercisable shareholder voting rights are present and must be approved by a majority of the present voting rights," and also that such resolutions "shall not be decided by cumulative voting."
- VIII. Requirements for special resolutions of the general meeting of Shareholders
- In order to ensure the smooth operation of the general meeting of Shareholders by reducing the quorum



required for a special resolution, the articles of incorporation state that "the resolutions which are identified in Article 309, Paragraph 2 of the Company Law of Japan require the attendance of 1/3 or more of shareholders with voting rights and shall be decided by a minimum 2/3 majority of the voting rights present."

(4) Activities of the Board of Directors

The Parent Company held 17 meetings of the Board of Directors during the fiscal year under review, and the attendance of individual directors was as follows.

| Name                    | Number of the Board of Directors meeting held | Number of attendances |
|-------------------------|---|-----------------------|
| Yoshida Hitoshi         | 17 meetings                                   | 17 attendances        |
| Kimura Ryuichi          | 17 meetings                                   | 17 attendances        |
| Kawamura Koichi         | 17 meetings                                   | 17 attendances        |
| Akihiro Endo            | 17 meetings                                   | 17 attendances        |
| Hokida Takahiro         | 17 meetings                                   | 17 attendances        |
| Tsukada Shuichi         | 17 meetings                                   | 17 attendances        |
| Bonatz Wolfgang         | 17 meetings                                   | 17 attendances        |
| Saito Shozo             | 17 meetings                                   | 17 attendances        |
| Takamasu Kiyoshi        | 17 meetings                                   | 17 attendances        |
| Hayashi Yoshiro (note1) | 4 meetings                                    | 4 attendances         |
| Akimoto Shinji          | 17 meetings                                   | 17 attendances        |
| Sagara Yuriko           | 17 meetings                                   | 17 attendances        |
| Sunaga Masaki           | 17 meetings                                   | 17 attendances        |
| Murata Tsuneko (note2)  | 13 meetings                                   | 13 attendances        |

Notes)

1. Hayashi Yoshiro retired at the conclusion of the 99<sup>th</sup> General Meeting of Shareholders held on June 20<sup>th</sup>, 2022, and the attendance at the meetings of the Board of Directors held during his term of office is stated.
2. Murata Tsuneko was newly elected as a director serving as an Audit and Supervisory Committee member at the 99<sup>th</sup> General Meeting of Shareholders held on June 20<sup>th</sup>, 2022, and the attendance at the Board of Directors meetings held after her appointment as a director serving as an Audit and Supervisory Committee is stated.

The main issues for consideration by the Board of Directors are as follows.

| Themes                 | Main Items Considered   |
|------------------------|---|
| Management Strategies  | Progress of Mid-term business plan, Business plans, Important sales measures, Matters related to subsidiaries, etc.   |
| Corporate Governance   | Issues related to General Meeting of shareholders, Strengthening corporate governance, Audit reports, Internal audit status reports, Board effectiveness evaluation reports, Investor meeting reports, etc. |
| Accounting and Finance | Financial results, Budgeting and financial planning, Dividend payments, Sale of crossholding shares, Repurchase of shares, etc.   |
| Sustainability         | Issues related to Sustainability  |
| Others                 | Personnel and organizational matters, Revision or abolition of important regulations, etc.  |

## (2) Status of Directors and Auditors

## (1) Directors' List

Number of Male directors: 10 Female directors: 2 (Female-to-number of Directors ratio; 17%)

| Function and Position  | Name             | Date of birth                  | Career profile   |  | Term of office | Number of shares owned (1,000s) |
|--|------------------|--------------------------------|--|--|----------------|---------------------------------|
| Representative Director, Chairman & CEO                          | Yoshida Hitoshi  | Nov. 26 <sup>th</sup> , 1959   | April 1983<br>April 2002<br>June 2005<br>Oct. 2007<br>June 2011<br>April 2015<br>April 2022                                    | Joined the Parent Company<br>Executive Officer of Metrology Company<br>Director<br>President of Metrology Company<br>Representative Director<br>President & CEO<br>Chairman & CEO (to present)   | *3             | 9                               |
| President & COO<br>Head of Semiconductor Company                 | Kimura Ryuichi   | Dec. 30 <sup>th</sup> , 1962   | April 1986<br>April 2005<br>June 2005<br>Aug. 2007<br>June 2011<br>April 2015<br>April 2019<br>April 2022                      | Joined the Parent Company<br>Executive Officer of Semiconductor Company<br>Director<br>President of Semiconductor Company<br>Representative Director<br>Vice President & COO<br>Head of Semiconductor Company (to present)<br>President & COO (to present)   | *3             | 4                               |
| Executive Vice President & CFO<br>Head of Administration Company | Kawamura Koichi  | Oct. 5 <sup>th</sup> , 1957    | April 1980<br><br>April 2008<br><br>June 2009<br>April 2011<br>June 2015<br>April 2019<br>April 2022                           | Joined The Fuji Bank Limited (now Mizuho Bank, Ltd.)<br><br>Joined the Parent Company, Senior Executive officer of Administration Company<br>Director<br>President of Administration Company<br>Representative Director & CFO<br>Head of Semiconductor Company (to present)<br>Executive Vice President & CFO (to present)   | *3             | 10                              |
| Director<br>Managing Executive Officer of Semiconductor Company  | Hokida Takahiro  | April 24 <sup>th</sup> , 1962  | July 1986<br>Oct. 1995<br>April 2010<br>April 2012<br><br>April 2014<br><br>June 2015  | Joined YDK Co., Ltd.<br>Joined the Parent Company<br>Executive officer of Semiconductor Company<br>General Manager of Test Technology Division (to present)<br>Managing executive officer of Semiconductor Company (to present)<br>Director (to present)   | *3             | 3                               |
| Director<br>Head of Metrology Company                            | Tsukada Shuichi  | April 18 <sup>th</sup> , 1959  | April 1983<br>April 2015<br>April 2021<br>June 2021  | Joined the Parent Company<br>Executive Officer, Metrology Company<br>Head of Metrology Company (to present)<br>Director (to present)   | *3             | 2                               |
| Director (Part-time)   | Pradhan Romi     | August 10 <sup>th</sup> , 1968 | Jan. 1991<br>Oct. 1992<br>Aug. 2000<br>Mar. 2001<br><br>April 2012<br>April 2013<br><br>June 2016<br>June 2023                 | Joined California Energy Commission, USA<br>Joined Bridgestone Corporation<br>Joined Teradyne Inc., USA<br>Joined Accretech America Inc. (the Parent Company's US subsidiary)<br>Director & Vice-president<br>Executive Officer, the Parent Company's Semiconductor Company, and in charge of World Wide accounts (to present)<br>President of Accretech America Inc. (to present)<br>Director (part-time) of the Parent Company (to present)  | *3             | 0                               |
| Director (Part-time)   | Takamasu Kiyoshi | Oct. 8 <sup>th</sup> , 1954    | April 1982<br><br>Oct. 1987<br><br>Mar. 1990<br><br>Nov. 2001<br><br>March 2020<br>June 2020<br><br>June 2020<br><br>June 2021 | Assistant, The Department of Precision Machinery Engineering, School of Engineering, The University of Tokyo<br><br>Associate Professor, Department of Precision Mechanical Engineering, School of Engineering, Tokyo Denki University<br>Visiting Researcher, The University of Warwick, U.K.<br>Professor, The Department of Precision Machinery Engineering (now the Department of Precision Engineering), Graduate School of Engineering Research, The University of Tokyo<br>President, The Japan Society for Precision Engineering<br>Director (Audit and Supervisory Committee member) of the Parent Company<br>Emeritus Professor, The University of Tokyo (to present)<br>Director of the Parent Company (to present) | *3             | -                               |

| Function and Position   | Name           | Date of birth                  | Career profile   |  | Term of office | Number of shares owned (1,000s) |
|---|----------------|--------------------------------|--|--|----------------|---------------------------------|
| Director (Part-time)  | Mori Kazuya    | August 18 <sup>th</sup> , 1959 | April 2014<br>April 2016<br>June 2021<br>June 2023   | Factory Head, Oita Operations, Toshiba Corporation<br>President & Chief Executive Officer, Japan Semiconductor Corporation<br>Full time Audit & Supervisory member, NuFlare Technology, Inc. (to present)<br>Director of the Parent Company (to present)   | *3             | -                               |
| Director (Audit and Supervisory Committee member)             | Akimoto Shinji | Nov. 29 <sup>th</sup> , 1963   | April 1987<br>April 2000<br>April 2002<br>April 2007<br>June 2018<br>June 2019   | Joined the Parent Company<br>General Manager, Human Resources Planning Dept., Planning Div.<br>General Manager, Human Resources Dept., Administration Company<br>Executive Officer<br>Auditor<br>Director (Audit and Supervisory Committee member) (to present)  | *4             | 2                               |
| Director (Audit and Supervisory Committee member) (Part-time) | Sagara Yuriko  | Sep. 6 <sup>th</sup> , 1974    | Oct. 2001<br>Aug. 2005<br>Jan. 2013<br>April 2015<br>June 2017<br>June 2019<br>June 2021   | Admitted to the bar<br>Joined Nakamura & Partners<br>Registered as a patent attorney<br>Partner, Nakamura & Partners (to present)<br>Advisory Councilor for Unfair Competition Prevention Law, Ministry of Economy, Trade and Industry (to present)<br>Intellectual Property Committee, The Japan Federation of Bar Associations (to present)<br>Director (Audit and Supervisory Committee member) of the Parent Company (to present)<br>Outside Director (Audit and Supervisory Committee Member) of NOF CORPORATION (to present)   | *4             | -                               |
| Director (Audit and Supervisory Committee member) (Part-time) | Sunaga Masaki  | July 12 <sup>th</sup> , 1961   | Oct. 1985<br>April 1989<br>Aug. 1995<br>Sep. 1997<br>Aug. 1999<br>Jan. 2012<br>June 2016<br>July 2018<br>June 2021<br>Jan. 2022  | Joined Aoyama Audit Corporation (now PricewaterhouseCoopers Arata LLC)<br>Registered as a certified public accountant<br>Partner, Sunaga Certified Public Accountant<br>Registered as a tax accountant<br>Representative Partner, YUSEI Audit & Co.<br>Representative Partner, Tax Accountant Corporation Marunouchi Business Consulting (to present)<br>Auditor, General Incorporated Association, The Tokyo New Business Conference (to present)<br>Partner, Grant Thornton Taiyo LLC<br>Director (Audit and Supervisory Committee member) of the Parent Company (to present)<br>Representative Partner, Marunouchi Audit Corporation (to present)   | *4             | -                               |
| Director (Audit and Supervisory Committee member) (Part-time) | Murata Tsuneko | Sep. 27, 1958                  | April 1982<br>April 2007<br>June 2008<br>Oct. 2009<br>Feb. 2010<br>Jan. 2014<br>Jan. 2016<br>June 2018<br>June 2019<br>March 2021<br>June 2021<br>June 2022<br>June 2022 | Joined Matsushita Electric Industrial Company, Ltd. (now Panasonic Corporation)<br>Senior Councilor & General Manager, Legal Affairs & CSR Department of Home Appliances Company<br>Member of Board of Directors of Matsushita Facilities Net Services Co., Ltd. (currently Panasonic Appliances Safety Service Co., Ltd.)<br>Senior Councilor, Corporate Legal Affairs Division of Panasonic Corporation<br>Director for Lifelong Learning Policy, Ministry of Education, Culture, Sports, Science & Technology Japan<br>Executive Director for special missions and General Manager, Legal Affairs and Compliance Department, Japan Pension Service<br>Auditor, Japan Pension Service<br>External Audit & Supervisory Board Member, Japan Finance Corporation<br>Director, Audit and Supervisory Committee Member, Advantest Corporation<br>Director, Audit & Supervisory Committee Member, Fujikura Ltd.<br>Outside Director, Milbon Co., Ltd. (to present)<br>External Director, Kakuyasu Group Co., Ltd. (to present)<br>Outside Director, Audit & Supervisory Committee Member of Sun Frontier Fudousan Co., Ltd. (to present)<br>Director (Audit and Supervisory Committee member) of the Parent Company (to present) | *5             | -                               |
| Total   |                |                                |  |  |                | 34                              |

Notes:

1. Directors Takamasu Kiyoshi and Mori Kazuya are external corporate directors.

2. Directors Sagara Yuriko, Sunaga Masaki, and Murata Tsuneko are external corporate directors (Audit and Supervisory Committee members).
3. Until the conclusion of the general meeting of Shareholders for the final FY ending within 1 year following the conclusion of the general meeting of Shareholders which was held on June 26<sup>th</sup>, 2023.
4. Until the conclusion of the General Meeting of Shareholders for the final FY ending within 2 years following the conclusion of the Regular Meeting of Shareholders which was held on June 26<sup>th</sup>, 2023.
5. Until the conclusion of the General Meeting of Shareholders for the final FY ending within 2 years following the conclusion of the Regular Meeting of Shareholders which was held on June 20<sup>th</sup>, 2022.

(2) External Corporate Directors

I. Personal relationships, capital relationships, and commercial or other business relationships between the Parent Company and the outside Directors

1. Number of external corporate directors: 5
2. The relationships between the external corporate directors and the Parent Company are as follows.

|  | Name             | Relationship   | Capital relationship<br>(number of shares of the<br>Company owned) | Commercial or other<br>business relationship |
|--|------------------|----------------|--|--|
| External corporate directors   | Takamasu Kiyoshi | Not applicable | 0 shares   | None   |
|  | Mori Kazuya      | Not applicable | 0 shares   | None   |
| External corporate auditors (serving as an Audit and Supervisory Committee member) | Sagara Yuriko    | Not applicable | 0 shares   | None   |
|  | Sunaga Masaki    | Not applicable | 0 shares   | None   |
|  | Murata Tsuneko   | Not applicable | 0 shares   | None   |

- Takamasu Kiyoshi, an external corporate director, is an Emeritus professor at the University of Tokyo. There is no business relationship and/or interest to be stated in this report between the Parent Company and himself/the university.
- Mori Kazuya, an external corporate director, had joined Japan Semiconductor Corporation. There is a business relationship that the Parent Company sells some equipment to Japan Semiconductor Corporation.
- Sagara Yuriko, external corporate director (serving as an Audit and Supervisory Committee member), is admitted both as a bar and a patent attorney. She is a partner of a patent law office. There is no business relationship and/or interest to be stated in this report between the Parent Company and her or the patent law office.
- Sunaga Masaki, external corporate director (serving as an Audit and Supervisory Committee member), is admitted both as a certified public accountant and a tax accountant. He is a representative partner of tax accountant corporation Marunouchi Business Consulting, an auditor of general incorporated association The Tokyo New Business Conference, and also a representative partner of Marunouchi Audit Corporation. There is no business relationship and/or interest to be stated in this report between the Parent Company and him and/or the entities.
- Murata Tsuneko, external corporate director (serving as an Audit and Supervisory Committee member), had joined Panasonic Corporation. There is a business relationship that the Parent Company sells some equipment to Panasonic Corporation.

II. Coordination among audits by external corporate directors, internal audits and accounting audits, and relationships to internal control division

1. The roles and functions of external corporate directors in order to maintain the Parent Company's Corporate Governance
  - i. The external corporate directors (excluding Audit and Supervisory Committee members) shall participate in important meetings such as the Board of Directors, and supervise business decisions, and business dealings in areas relating to his/her special knowledge and operations of his/her organizations experiences.
  - ii. The external corporate directors (serving as Audit and Supervisory Committee members) shall participate in important meetings such as the Board of Directors, and audit functionality and effectiveness of internal control systems in keeping with each special knowledge and operations of his/her organizations experiences.
  - iii. The external corporate directors shall carry out their functions as independent positions which shall not cause conflict of interest against general shareholders.
2. Status of appointing external corporate directors
  - i. The Parent Company has regulations defining independence between external corporate directors and the Parent Company. Based on the regulations, the Parent Company appoints persons to these roles who are independent of the general shareholders, and are available to scrutinize

- management from a neutral position.
- ii. The external corporate directors (excluding Audit and Supervisory Committee members) have been appointed with the expectation that his special knowledge of finance, service, and manufacturing and their abundant experiences may positively affect the Parent Company's business operations.
  - iii. The external corporate directors (serving as Audit and Supervisory Committee members) have been appointed with expectation that their special knowledge in engineering and experience leading his/her organization at the company and research institutes may positively affect the Parent Company's audit.
3. Coordination among audits by external corporate directors, internal audits, and accounting audits, and relationships to internal control division
- i. The external corporate directors (excluding Audit and Supervisory Committee members) shall participate in important meetings such as the Board of Directors, and supervise director's business dealings, and/or freely provide advice differing from the views of other executive directors.
  - ii. The external corporate directors (serving as Audit and Supervisory Committee members) shall cooperate as members of the Audit and Supervisory Committee and have mutual relationships among Board of Directors, Audit dept. and related agencies and/or divisions.
  - iii. When reviewing whether or not the annual financial reports reflect the true status of the company, the Audit and Supervisory Committee receives reports and explanations from the financial auditors. The Audit and Supervisory Committee and financial auditors hold meetings for reporting and reviews related to matters such as accounting audit systems, plans, and operating conditions once every 2 months, working to maintain close cooperation. The Audit and Supervisory Committee and the Audit dept. hold meetings for reporting and review once every 2 months.

### (3) Status of Audits

#### I. Status of Audits by Audit and Supervisory Committee

The Audit and Supervisory Committee, as a parallel organization to the Board of Directors, is composed of 1 internal director and 3 external corporate directors.

The Audit and Supervisory Committee, especially external corporate directors who served as members, have experience in corporate management such as the financial sector and have special knowledge of finance and accounting.

Through means such as attending meetings of the Board of Directors and other important meetings, holding hearings concerning the status of business practices, and examining important financial documents, the members carry out audits related to the business practices, accounting processes, financial management, and other activities of the Parent Company, checking for any actions which violate laws, regulations, or the duty of good faith. In addition, the Audit and Supervisory Committee holds meetings with the financial auditors and/or Audit Dept. of the Parent Company to receive necessary reports and to share their opinions with each other.

The Parent Company held 12 meetings of the Audit and Supervisory Committee during the fiscal year under review, and the attendance of individual directors was as follows.

| Name            | Number of the Audit and Supervisory Committee meeting held | Number of attendances |
|-----------------|--|-----------------------|
| Akimoto Shinji  | 12 meetings  | 12 attendances        |
| Hayashi Yoshiro | 2 meetings   | 2 attendances         |
| Sagara Yuriko   | 12 meetings  | 12 attendances        |
| Sunaga Masaki   | 12 meetings  | 12 attendances        |
| Murata Tsuneko  | 10 meetings  | 10 attendances        |

Notes)

1. Hayashi Yoshiro retired at the conclusion of the 99<sup>th</sup> General Meeting of Shareholders held on June 20<sup>th</sup>, 2022, and the attendance at the meetings of the Audit and Supervisory Committee held during his term of office is stated.
2. Murata Tsuneko was newly elected as a director serving as an Audit and Supervisory Committee member at the 99<sup>th</sup> General Meeting of Shareholders held on June 20<sup>th</sup>, 2022, and the attendance at the Audit and Supervisory Committee meetings held after her appointment as a director serving as an Audit and Supervisory Committee is stated.

Major agenda items for the Audit and Supervisory Committee meetings are listed below.

- Audit policy and Audit schedule
- Report of the Audit findings
- Audit of Quarterly Financial Statements
- Reappointment or Non-reappointment of financial auditors
- Approval of compensation for Certified Public Accountant
- Consideration of compensation for and allocation to Directors
- Audit of Business Report and Proposals for General meetings of shareholders
- Audit of Internal Control systems
- Hearings about overseas affiliate operations
- Audit of important *Ringi* (Ratification request)

#### II. Status of Internal audits

The Audit Dept., overseen directly by the President & COO, is composed of 1 member and is primarily tasked with checking compliance against laws and regulations, conforming to the articles of incorporation, and validating management actions through internal audit. Audit dept. reports audit results to the Board of Directors and the Audit and Supervisory Committee. and If the Audit dept. finds any violation against laws, article of incorporation and /or regulations, the Audit dept. must immediately report to the Parent Company's President & COO and issue instructions for corrections.

During the fiscal year under review, the Audit Dept. conducted internal audits of six (6) departments within the Parent Company and its subsidiaries. The results of each audit were reported to the President & COO, and Audit and Supervisory Committee. Further, due to COVID-19 spread, the Parent Company continued to use outsourcing for audits of some overseas subsidiaries (3 companies), as it did in the previous fiscal year.

All audits were reported to the Executive Officer Meeting, where the status of each department and subsidiary requiring improvement were shared internally, and the status of improvements followed up and reported to the Board of Directors.

III. Status of Financial Auditing

1. Name of Certified Public Accountant  
Ernst & Young ShinNihon LLC
2. Period of continuous audit  
38 Years
3. Certified Public Accountants who have carried out auditing work  
Masaki Mitsuji, Designated and Engagement Partner  
Yukitaka Makino, Designated and Engagement Partner
4. Assistant to the audits  
Certified Public Accountants: 7, Others: 18

IV. Status of compensation to auditors, and others

1. Compensation for public accountants

|                           | FY2022/3   |  | FY2023/3   |  |
|---------------------------|--|--|--|--|
|                           | Compensation related to Audit & assurance (MJPY) | Compensation not related to Audit & assurance (MJPY) | Compensation related to Audit & assurance (MJPY) | Compensation not related to Audit & assurance (MJPY) |
| The Parent Company        | 42   | 6  | 42   | -  |
| Consolidated Subsidiaries | 16   | -  | 17   | -  |
| Total                     | 58   | 6  | 60   | -  |

2. Compensation for public accountants who belongs to the same network as the Parent Company's Public Accountant (Ernst & Young) (excluding I. above)

|                           | FY2022/3   |  | FY2023/3   |  |
|---------------------------|--|--|--|--|
|                           | Compensation related to Audit & assurance (MJPY) | Compensation not related to Audit & assurance (MJPY) | Compensation related to Audit & assurance (MJPY) | Compensation not related to Audit & assurance (MJPY) |
| The Parent Company        | -  | -  | -  | -  |
| Consolidated Subsidiaries | 33   | 13   | 38   | 15   |
| Total                     | 33   | 13   | 38   | 15   |

3. Other important compensations  
Not Applicable.

4. Business from Certified Public Accountants to the Parent Company without the purpose of audit and assurance

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

Supervisory and advisory service regarding accounting standards

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

Not applicable.

5. Business from Public Accountants belongs to the same network as the Parent Company's Public Accountant to the Group without the purpose of audit and assurance

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

Supervisory and advisory services regarding accounting and taxation

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

Supervisory and advisory services regarding accounting and taxation

6. Policy of determining compensation to independent auditor  
Although there is no specific policy of determining compensation from the Parent Company to the Certified public accountants, both mutually discusses and determines it based on the days spent for the audit, estimated workforce and turnover volume of the Parent Company.
7. Policy for selecting financial auditors  
The Parent Company selects financial auditors with mutual and comprehensive criteria including the audit capability in volume and countrywide perspective to oversee the Group's multiple business sectors and global business, worldwide network with effective auditing structure, a rational and optimum term, structures and fee for audit, and with actual audit results.
8. Evaluation of financial auditors by the Audit and Supervisory Committee  
The Audit and Supervisory Committee of the Parent Company evaluated financial auditors based on the procedure "Best practice for Corporate Auditors for evaluations and/or determining selection criteria for Financial Auditors" (Japan Audit & Supervisory Board Members Association) and confirms current financial audit is appropriate.



(4) Compensation for the Directors

I. Policy to determine amount of compensation for Company Directors

The Parent Company discloses policy, structure and process for determining the amount of compensation for the directors through its “Basic Corporate Governance Policy”. Outline is as follows.

1. Basic Structural Policy

- i. The compensation scheme to reward senior management is designed to ensure that it functions as an incentive system to make the corporate motto 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.

2. Compensation structure

- i. The Compensation of Directors not serving as an Audit and Supervisory Committee member nor external corporate director (hereinafter referred to as Directors in charge of business execution) shall consist of "base compensation", which is fixed, "performance-linked compensation" and “stock compensation” that are variable.
- ii. The compensation of Directors serving as an Audit and Supervisory Committee member and external corporate directors shall consist only of base compensation, in light of their responsibilities of supervising and auditing business execution.
- iii. Base compensation to directors is paid regularly every month. The compensation of Directors, a total annual amount of base compensation and performance-linked compensation shall be determined not to exceed the upper limit approved by the general meeting of shareholders. Base compensation amounts for each director is based on standard of compensation amount (\*1) per post.

(\*1): standard of compensation amount is the amount per each director's post, benchmark is remuneration for President & COO).

- iv. (iv) Performance-linked compensation to the Directors in charge of business execution is defined as short-term compensation based on business performance and paid at a specific period in each Fiscal Year. Total amount of base compensation and performance linked compensation shall be determined not to exceed the upper limit approved by the general meeting of shareholders. The performance linked compensation amount per each Director in charge of business execution shall be calculated as follows.

*(Base bonus amount (\*2) ) x (Group Business performance coefficient (\*3)) x (Each Intercompany performance coefficient (\*4))*

(\*2) :Base bonus amount = Consolidated net profit \* 1% \* Base compensation coefficient

*Base compensation coefficient = ratio of base compensation per each director, divided by total amount base compensation of Directors in charge of business execution*

(\*3) Group Business performance coefficient = Calculated from their Operating profit results against FY target  
Within +/- 10% from target: 1, +10% to +30%: 1.1, +30% to +50%: 1.2, over +50%: 1.3,  
- 30% to -10%: 0.9, -50% to -30%: 0.8, -50% or less: 0.7 (when OP downs YoY, this coefficient will be less than 1)

(\*4) Each Internal company's business performance coefficient: Comprehensively evaluate from 0.9 to 1.1 based on the Internal company's 'business results and other significant achievements.

- v. Stock compensation is defined as a medium to long-term incentive enabling profit sharing with shareholders and will be provided at specific period in each Fiscal Year. This stock compensation shall be determined not to exceed the upper limit (limit of compensation amount and number of stocks and/or of stock option). Stock compensation to Directors in charge of business execution consisting of Restricted Stock and SSR (Share subscription rights) (stock compensation type) shall be calculated as follows.

- Calculation formula for Restricted Stock: = Base stock amount (\*5) x Capital efficiency coefficient (\*6) x RS performance coefficient (\*7)

(\*5) Base bonus amount: Formulated by Compensation Committee based on compensation amount per post, and approved by Compensation, Nomination, and Advisory Council

(\*6) Capital efficiency coefficient: Most recent three (3) Fiscal years' average consolidated ROE – Above 15%: 1.2, 10-15%: 1, and below 10%: 0.8

(\*7) RS performance coefficient: one based on the achievements of mid-term operating profit target  
Core coefficient: 1, When target has been achieved: 2

- Calculation formula for SSR (stock compensation type) = Base stock unit (\*8) x Performance coefficient and others (\*9)

(\*8) Base stock unit: Formulated by Compensation Committee based on compensation amount per post, and approved by Compensation, Nomination, and Advisory Council

(\*9) Performance coefficient and other: Formulated by Compensation Committee comprehensively based on business

performance, stock price, and other factors, and approved by Compensation, Nomination, and Advisory Council

3. Process to determine amount of 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 Compensation, Nomination, and Advisory Council, consisting of directors serving as an Audit and Supervisory Committee members and external corporate directors.
- iii. Compensation amounts for directors serving as an Audit and Supervisory Committee members will be mutually discussed and resolved among directors served as an Audit and Supervisory Committee members.

II. Total amount of compensation paid to directors, and amount per post, type and the number of applicable directors

FY2023/3 (from April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

| Type  | Total numbers of compensation (MJPY) | Type of compensation (MJPY) |                    |              |                               |   | Applicable directors and auditors (person) |
|---|--------------------------------------|-----------------------------|--------------------|--------------|-------------------------------|---|--|
|   |                                      | Basic                       | Performance linked | Stock Option | Restricted stock compensation | Compensation other than Cash included in the left |  |
| Directors (except Audit and Supervisory Committee member and external corporate directors)          | 561                                  | 211                         | 250                | 88           | 10                            | 99  | 7  |
| Directors serving as an Audit and Supervisory Committee member (except external corporate director) | 21                                   | 21                          | -                  | -            | -                             | -   | 1  |
| External corporate directors  | 38                                   | 38                          | -                  | -            | -                             | -   | 6  |

Notes:

1. The "Applicable directors and auditors" in External corporate directors field above is inclusive of 1 director who resigned at conclusion of the 99<sup>th</sup> annual shareholders meeting held on June 20<sup>th</sup>, 2022.
2. Compensation to Directors (except Audit and Supervisory Committee members) shall be less than ¥480 million per year (¥70 million for external corporate directors) as ratified at the 98<sup>th</sup> annual shareholders meeting held on June 21<sup>st</sup>, 2021. In addition, it is resolved that annual compensation other than Cash (such as Stock Option and Restricted stock compensation) shall be less than ¥300 million. The number of directors (except Audit and Supervisory Committee members) as at conclusion of the aforementioned annual shareholders meeting is 9, including 2 external corporate directors.
3. Compensation to Directors serving as an Audit and Supervisory Committee member shall be less than ¥60 million per year as ratified at the 96<sup>th</sup> annual shareholders meeting held on June 24<sup>th</sup>, 2019. The number of directors serving as Audit and Supervisory Committee members as at conclusion of the aforementioned annual shareholders meeting is 4.
4. Above are the amounts approved and executed by the Board of Directors in accordance with opinions from Compensation, Nomination, and Advisory Council based on the core policy for compensation.
5. The factor for the Performance linked compensation is consolidated net profit attributable to owners of the parent.

III. Consolidated Compensation paid to each Director

| Name            | Total numbers of Compensation | Director Category | Company            | Type of compensation (MJPY) |                    |              |                               |   |
|-----------------|-------------------------------|-------------------|--------------------|-----------------------------|--------------------|--------------|-------------------------------|---|
|                 |                               |                   |                    | Basic                       | Performance linked | Stock Option | Restricted stock compensation | Compensation other than Cash included in the left |
| Yoshida Hitoshi | 142                           | Director          | The Parent Company | 60                          | 59                 | 21           | 2                             | 23  |
| Kimura Ryuichi  | 142                           | Director          | The Parent Company | 60                          | 59                 | 21           | 2                             | 23  |
| Kawamura Koichi | 121                           | Director          | The Parent Company | 51                          | 50                 | 18           | 2                             | 20  |

Notes:

1. Above are limited to directors those Consolidated compensation amount is exceeded ¥100 million.
2. Numbers above are rounded down.

IV. Important notification of salary to the director-employees

Not applicable.

(5) Shares held by the Company

I. Basic policy of classification of shares held by the Parent Company and its understanding

The Parent Company classifies shares held by the Parent Company to realize gains from changing its value and/or from dividend income as shares for investment, and remaining shares as the shares without the purpose of net investment (cross-holdings).

II. Shares held by the Parent Company without the purpose of net investment

1. Policy of holding shares, method of ensuring reasonability, and details of propriety assessment by the Board of Directors per each holding brand

The Board of Directors reviews the propriety of holding shares without the purpose of net investment per each brand from perspectives of mid to long-term economic rationality (including risk/return consideration) and various qualitative values. In principle, if the Board of Directors determines that holding such shares is not worthwhile to be retained, then the Parent Company proceeds to decrease the number of such shares held. If the Board of Directors determines that holding such shares is valuable to grow corporate value in the mid to long term, then the Parent Company will keep holding such shares.

2. Number of brands held by the Parent Company and the amount on balance sheet

|                            | Number of Brands | Accounted on Balance Sheet (MJPY) |
|----------------------------|------------------|-----------------------------------|
| Unlisted Shares            | 2                | 95                                |
| Shares other than unlisted | 24               | 1,950                             |

(Brands with increased number of holdings within the fiscal term)

|                            | Number of Brands | Accounted on BS (MJPY) | Purpose of increased share holdings             |
|----------------------------|------------------|------------------------|---|
| Unlisted Shares            | -                | -                      | -   |
| Shares other than unlisted | 2                | 3                      | Increase in shareholder association at customer |

(Brands with decreased number of holdings within the fiscal term)

|                            | Number of Brands | Accounted on BS (MJPY) |
|----------------------------|------------------|------------------------|
| Unlisted Shares            | -                | -                      |
| Shares other than unlisted | 2                | 128                    |

3. Number of brands held by the Parent Company and the amount on Balance Sheet

Specific Shares for investment

| Brand                                 | FY2023/3               | FY2022/3 | Purpose of holding the shares, outline of business relationship, effect and reason of increasing number of shares holding                                    | Holding or not-holding of the Parent Company's shares |
|---------------------------------------|------------------------|----------|--|---|
|                                       | Number of shares hold  |          |  |   |
|                                       | Accounted on BS (MJPY) |          |  |   |
| Asahi Diamond Industrial Co., Ltd.    | 400,000                | 400,000  | (Purpose): to keep and hold business relationship (Quantitative Effect) *1   | Yes   |
|                                       | 374                    | 236      |  |   |
| Mizuho Financial Group, Inc.          | 176,741                | 176,741  | As above   | Yes   |
|                                       | 331                    | 276      |  |   |
| Kyocera Corporation                   | 31,000                 | 31,000   | As above   | Yes   |
|                                       | 213                    | 213      |  |   |
| THK Co., Ltd.                         | 60,000                 | 60,000   | As above   | Yes   |
|                                       | 183                    | 163      |  |   |
| Yamazen Co., Ltd.                     | 160,000                | 160,000  | As above   | Yes   |
|                                       | 162                    | 151      |  |   |
| Tomita Co., Ltd.                      | 131,613                | 130,810  | (Purpose): to keep and hold business relationship (Quantitative Effect) *1<br>(Reason for increase) Increase in shareholder's association at holding company | Yes   |
|                                       | 138                    | 126      |  |   |
| TPR Co., Ltd.                         | 100,000                | 100,000  | (Purpose): to keep and hold business relationship (Quantitative Effect) *1   | Yes   |
|                                       | 133                    | 130      |  |   |
| Toa Corporation                       | 28,000                 | 38,000   | As above   | Yes   |
|                                       | 74                     | 94       |  |   |
| Mitsubishi UFJ Financial Group, Inc.  | 80,000                 | 80,000   | As above   | Yes   |
|                                       | 67                     | 60       |  |   |
| Tokyo Kiraboshi Financial Group, Inc. | 18,500                 | 18,500   | As above   | Yes   |
|                                       | 48                     | 32       |  |   |
| Micron Machinery Co., Ltd.            | 30,000                 | 30,000   | As above   | No  |
|                                       | 39                     | 35       |  |   |
| Eiwa Corporation                      | 29,040                 | 29,040   | As above   | Yes   |
|                                       | 37                     | 36       |  |   |
| Nihon Denkei Co., Ltd.                | 19,042                 | 17,500   | (Purpose): to keep and hold business relationship (Quantitative Effect) *1<br>(Reason for increase) Increase in shareholder's association at holding company | Yes   |
|                                       | 36                     | 23       |  |   |
| Sanken Electric Co., Ltd.             | 2,000                  | 2,000    | (Purpose): to keep and hold business relationship (Quantitative Effect) *1   | No  |
|                                       | 21                     | 10       |  |   |
| Sato Shoji Corporation                | 14,834                 | 14,834   | As above   | Yes   |
|                                       | 21                     | 17       |  |   |
| Mebuki Financial Group, Inc.          | 56,756                 | 56,756   | As above   | Yes   |
|                                       | 18                     | 14       |  |   |
| Kuroda Precision Industries Ltd.      | 8,150                  | 8,150    | As above   | Yes   |
|                                       | 13                     | 16       |  |   |
| Taiho Kogyo Co., Ltd.                 | 20,000                 | 20,000   | As above   | No  |
|                                       | 12                     | 14       |  |   |
| Okuma Corporation                     | 1,499                  | 1,499    | As above   | No  |
|                                       | 8                      | 7        |  |   |
| Tsukuba Bank, Ltd.                    | 28,000                 | 28,000   | As above   | Yes   |
|                                       | 5                      | 5        |  |   |
| Sugimoto & Co., Ltd.                  | 2,000                  | 2,000    | As above   | Yes   |
|                                       | 4                      | 4        |  |   |
| Dai-ichi Life Holdings, Inc.          | 800                    | 800      | As above   | Yes   |
|                                       | 1                      | 1        |  |   |
| Nikon Corporation                     | 897                    | 897      | As above   | Yes   |
|                                       | 1                      | 1        |  |   |
| Sumitomo Mitsui Financial Group, Inc. | 9                      | 9        | As above   | Yes   |
|                                       | 0                      | 0        |  |   |
| NSK Ltd.                              | -                      | 148,500  | As above   | Yes   |
|                                       | -                      | 109      |  |   |

Shares subject to deemed holding

| Brand                                 | FY2023/3               | FY2022/3 | Purpose of holding the shares, outline of business relationship, effect and reason of increasing number of shares holding | Holding or not-holding of the Parent Company's shares |
|---------------------------------------|------------------------|----------|---|---|
|                                       | Number of shares hold  |          |   |   |
|                                       | Accounted on BS (MJPY) |          |   |   |
| Advantest Corporation                 | 40,400                 | 40,400   | (Purpose): to keep and hold business relationship<br>(Quantitative Effect) *1<br>The Company holds voting rights.         | Yes   |
|                                       | 491                    | 390      |   |   |
| Sumitomo Mitsui Financial Group, Inc. | 10,800                 | 10,800   | As above  | Yes   |
|                                       | 57                     | 42       |   |   |
| Nikon Corporation                     | 19,000                 | 19,000   | As above  | Yes   |
|                                       | 25                     | 24       |   |   |
| Innotech Corporation                  | 10,000                 | 10,000   | As above  | No  |
|                                       | 13                     | 13       |   |   |
| Oki Electric Industry Co., Ltd.       | 5,100                  | 5,100    | As above  | No  |
|                                       | 3                      | 4        |   |   |

Notes:

1. Method of quantitative evaluation (screening)

- Comparison between total profitability (Sum of dividends and business transactions) and the cost of shareholder's equity.
- Positive/negative judgment of accumulated returns through holding (Stock market price  $\pm$  accumulated dividend income  $\text{--}$  acquisition price):
- Creditability assessment (Rating, Compliance matters, etc)

2. Upon listing higher-ranked brands accounted on Balance Sheet, totaling of Specific shares for investment and Shares subject to deemed holding is not performed.

III. Shares held by the Parent Company with the purpose of net investment  
Not applicable.

## Section 5 [Financial Information]

### 1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with “Regulations Concerning the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with “Regulations Concerning the Terminology, Forms, and Preparation Methods of Non-Consolidated Financial Statements” (Ministry of Finance Ordinance No. 59, 1963).  
Also, the Company fulfills the conditions of filing financial statements prepared in accordance with special provisions (特例財務諸表提出会社), therefore the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulation of Financial Statements.

### 2. Audit reports

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, the Company has had its consolidated financial statements of FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023), and non-consolidated financial statements of FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023) audited by Ernst & Young ShinNihon LLC.

### 3. System to secure appropriate Consolidated Financial Statements

In order to secure appropriate Consolidated Financial Statements, the Company collects necessary information to ensure the details and changes in accounting standards in a timely manner, receives updated training from organizations such as the Financial Accounting Standards Foundation, participates in seminars sponsored by public accountants and industry forums, and subscribes accounting specialized magazines.

# 1. [Consolidated Financial Statements]

(1) Consolidated financial statements

[1] Consolidated balance sheets

MJPY

|  | <b>FY2022/3</b><br>(March 31 <sup>st</sup> , 2022) | <b>FY2023/3</b><br>(March 31 <sup>st</sup> , 2023) |
|--|--|--|
| <b>ASSETS</b>                                  |  |  |
| Current Assets                                 |  |  |
| Cash and cash equivalents                      | 49,033   | 40,080   |
| Notes, accounts receivable and contract assets | *1 32,204  | *1 36,401  |
| Electronically recorded monetary claims        | 6,162  | 7,002  |
| Merchandise and finished goods                 | 2,852  | 2,462  |
| Work in progress                               | 26,222   | 32,862   |
| Raw materials and supplies                     | 11,251   | 18,156   |
| Others   | 6,143  | 7,063  |
| Allowance for doubtful accounts                | - 40   | - 57   |
| <b>Total current assets</b>                    | <b>133,829</b>                                     | <b>143,972</b>                                     |
| Fixed Assets                                   |  |  |
| Tangible fixed assets                          |  |  |
| Building and structures                        | 33,038   | 34,188   |
| Accumulated depreciation                       | - 16,424   | - 17,563   |
| Building and structures(net)                   | 16,614   | 16,624   |
| Machinery, equipment and vehicles              | 10,352   | 10,655   |
| Accumulated depreciation                       | - 8,373  | - 8,759  |
| Machinery, equipment and vehicles (net)        | 1,979  | 1,896  |
| Equipment                                      | 9,943  | 10,982   |
| Accumulated depreciation                       | - 6,835  | - 7,632  |
| Equipment(net)                                 | 3,107  | 3,350  |
| Land   | 16,337   | 17,030   |
| Lease assets                                   | 488  | 1,237  |
| Accumulated depreciation                       | - 295  | - 407  |
| Lease assets (net)                             | 192  | 830  |
| Construction in process account                | 5,247  | 9,221  |
| <b>Total Tangible Fixed Assets</b>             | <b>43,479</b>                                      | <b>48,954</b>                                      |
| Intangible Fixed Assets                        |  |  |
| Goodwill                                       | 210  | 279  |
| Lease assets                                   | 7  | -  |
| Others   | 3,452  | 3,672  |
| <b>Total Intangible Fixed Assets</b>           | <b>3,670</b>                                       | <b>3,951</b>                                       |
| Investments and other assets                   |  |  |
| Investment securities                          | *2 2,947   | *2 2,914   |
| Long-term loans receivable                     | 142  | 142  |
| Net defined benefit assets                     | 2,145  | 2,396  |
| Differed tax assets                            | 3,652  | 4,073  |
| Others   | *2 531   | *2 2,740   |
| Allowance for doubtful accounts                | - 112  | - 112  |
| <b>Total Investments and other assets</b>      | <b>9,307</b>                                       | <b>12,154</b>                                      |
| <b>Total Fixed Assets</b>                      | <b>56,457</b>                                      | <b>65,060</b>                                      |
| <b>Total Assets</b>                            | <b>190,287</b>                                     | <b>209,032</b>                                     |

|   | <b>FY2022/3</b><br>(March 31 <sup>st</sup> , 2022) | <b>FY2023/3</b><br>(March 31 <sup>st</sup> , 2023) |
|---|--|--|
| <b>LIABILITIES</b>                                  |  |  |
| Current Liabilities                                 |  |  |
| Notes and accounts payable                          | 11,213   | 10,164   |
| Electronically recorded obligations-operating       | 18,662   | 12,194   |
| Short-term debt                                     | 1,300  | 1,300  |
| Current portion of long-term debt                   | 2,000  | 4,000  |
| Lease liabilities                                   | 114  | 278  |
| Income taxes payable                                | 4,454  | 6,324  |
| Contract liabilities                                | 10,308   | 8,703  |
| Reserves for bonus                                  | 1,704  | 2,636  |
| Reserves for director's bonuses                     | 14   | 9  |
| Others  | 5,869  | 5,336  |
| <b>Total current liabilities</b>                    | <b>55,641</b>                                      | <b>50,947</b>                                      |
| Fixed Liabilities                                   |  |  |
| Long-term debt                                      | 2,000  | 8,000  |
| Lease liabilities                                   | 82   | 612  |
| Deferred tax liabilities                            | 6  | 6  |
| Allowance for director retirement benefits          | 45   | 57   |
| Net defined benefit liabilities                     | 1,128  | 1,248  |
| Provision for loss on litigation                    | -  | 1,914  |
| Asset retirement obligations                        | 64   | 65   |
| Others  | 236  | 152  |
| <b>Total fixed liabilities</b>                      | <b>3,564</b>                                       | <b>12,057</b>                                      |
| <b>Total Liabilities</b>                            | <b>59,206</b>                                      | <b>63,004</b>                                      |
| <b>NET ASSETS</b>                                   |  |  |
| Shareholder's Equity                                |  |  |
| Common stock  | 11,000   | 11,064   |
| Capital surplus                                     | 22,115   | 22,179   |
| Retained earnings                                   | 98,914   | 114,005  |
| Treasury stock                                      | - 5,590  | - 7,098  |
| <b>Total Shareholder's Equity</b>                   | <b>126,439</b>                                     | <b>140,150</b>                                     |
| Accumulated other comprehensive income              |  |  |
| Holding gain or loss in investment                  | 342  | 510  |
| Foreign currency translation adjustment             | 1,789  | 2,619  |
| Remeasurements of defined benefit plans             | 984  | 1,007  |
| <b>Total accumulated other comprehensive income</b> | <b>3,116</b>                                       | <b>4,137</b>                                       |
| Share subscription rights                           | 950  | 1,072  |
| Non-controlling interests                           | 574  | 668  |
| <b>Total Net Assets</b>                             | <b>131,081</b>                                     | <b>146,028</b>                                     |
| <b>Total Liabilities and Net Assets</b>             | <b>190,287</b>                                     | <b>209,032</b>                                     |



[2] Consolidated statements of income and comprehensive income  
 [Consolidated statements of income]

MJPY

|   | <b>FY2022/3</b><br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | <b>FY2023/3</b><br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|---|---|---|
| Net Sales   | *1 130,702  | *1 146,801  |
| Cost of goods sold                                | *2, *4 77,694   | *2, *4 84,967   |
| Gross Profit on Sales                             | 53,008  | 61,834  |
| Selling, general and administrative expenses      | *3, *4 24,681   | *3, *4 27,339   |
| Operating Profit                                  | 28,327  | 34,494  |
| Non-operating income                              |   |   |
| Interest income                                   | 42  | 36  |
| Dividend income                                   | 344   | 271   |
| Gain on investments in investment partnerships    | -   | 189   |
| Foreign exchange gains                            | 262   | 10  |
| Compensation income                               | -   | 188   |
| Subsidy income                                    | 65  | -   |
| Reversal of costs to demolish existing buildings  | 44  | -   |
| Others  | 227   | 269   |
| Total Non-operating income                        | 987   | 965   |
| Non-operating expenses                            |   |   |
| Interest expenses                                 | 50  | 40  |
| Loss on transportation accident                   | 71  | 25  |
| Nonrecoverable consumption tax                    | -   | 41  |
| Others  | 31  | 55  |
| Total Non-operating expenses                      | 153   | 162   |
| Recurring Profit                                  | 29,160  | 35,297  |
| Extraordinary gains                               |   |   |
| Gain on sales of investment securities            | 25  | 25  |
| Gain on reversal of subscription rights to shares | 3   | 5   |
| Gain on liquidation of subsidiaries               | *5 361  | *5 71   |
| Total Extraordinary gains                         | 390   | 103   |
| Extraordinary losses                              |   |   |
| Impairment loss for fixed assets                  | *6 31   | *6 184  |
| Provision for loss on litigation                  | -   | *7 1,914  |
| Loss on liquidation of subsidiaries               | *8 3  | -   |
| Total Extraordinary losses                        | 34  | 2,099   |
| Profit before income taxes and minority interests | 29,516  | 33,301  |
| Income tax and other taxes                        | 8,174   | 10,046  |
| Adjustment on income tax                          | - 42  | - 438   |
| Total Income tax and others                       | 8,132   | 9,607   |
| Net Profit before minority interests              | 21,384  | 23,693  |
| Net Profit attributable to minority interests     | 57  | 62  |
| Net Profit attributable to Owners of the Parent   | 21,326  | 23,630  |

[Consolidated statements of comprehensive income]

MJPY

|  | <b>FY2022/3</b><br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | <b>FY2023/3</b><br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--|---|---|
| Net Profit before minority interests                           | 21,384  | 23,693  |
| Accumulated other comprehensive income                         |   |   |
| Holding gain or loss in investment                             | - 133   | 167   |
| Foreign currency translation adjustment                        | 1,360   | 861   |
| Remeasurements of defined benefit plans                        | - 200   | 23  |
| Total accumulated other comprehensive income                   | *1 1,026  | *1 1,051  |
| <b>Comprehensive Income</b>                                    | <b>22,411</b>   | <b>24,745</b>   |
| (breakdown)  |   |   |
| Comprehensive income attributable to owners of the parent      | 22,354  | 24,651  |
| Comprehensive income attributable to non-controlling interests | 57  | 93  |

[3] Consolidated statements of changes in net assets  
 FY 2022/3 (April 1<sup>st</sup>, 2021 – March 31<sup>st</sup>, 2022)

MJPY

|   | Shareholder's equity |                 |                   |                | Total Shareholder's equity |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
|   | Common stock         | Capital surplus | Retained earnings | Treasury stock |                            |
| Balance as of beginning of the fiscal year            | 10,818               | 21,918          | 83,874            | - 3,124        | 113,487                    |
| Cumulative impact of changes in accounting policies   |                      |                 | - 330             |                | - 330                      |
| Restated balance                                      | 10,818               | 21,918          | 83,544            | - 3,124        | 113,157                    |
| Changes during the fiscal year                        |                      |                 |                   |                |                            |
| Issue of new shares                                   | 182                  | 182             |                   |                | 364                        |
| Cash dividends paid                                   |                      |                 | - 5,956           |                | - 5,956                    |
| Net Profit attributable to Owners of the Parent       |                      |                 | 21,326            |                | 21,326                     |
| Purchases of treasury stock                           |                      |                 |                   | - 2,501        | - 2,501                    |
| Disposal of treasury stock                            |                      | 4               |                   | 36             | 40                         |
| Others  |                      | 10              |                   |                | 10                         |
| Changes of items other than Shareholders equity (net) |                      |                 |                   |                | -                          |
| Total changes during the fiscal year                  | 182                  | 196             | 15,370            | - 2,465        | 13,282                     |
| Balance as of end of the fiscal year                  | 11,000               | 22,115          | 98,914            | - 5,590        | 126,439                    |

|   | Accumulated other comprehensive income |   |   |  | Share Subscription Rights | Minitory Interests | Total Net Assets |
|---|--|---|---|--|---------------------------|--------------------|------------------|
|   | Holding gain or loss in investment     | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                    |                  |
| Balance as of beginning of the fiscal year            | 476                                    | 220                                     | 1,184                                   | 1,881  | 892                       | 516                | 116,777          |
| Cumulative impact of changes in accounting policies   |  | 207                                     |   | 207  |                           |                    | - 122            |
| Restated balance                                      | 476                                    | 428                                     | 1,184                                   | 2,089  | 892                       | 516                | 116,655          |
| Changes during the fiscal year                        |  |   |   |  |                           |                    |                  |
| Issue of new shares                                   |  |   |   |  |                           |                    | 364              |
| Cash dividends paid                                   |  |   |   |  |                           |                    | - 5,956          |
| Net Profit attributable to Owners of the Parent       |  |   |   |  |                           |                    | 21,326           |
| Purchases of treasury stock                           |  |   |   |  |                           |                    | - 2,501          |
| Disposal of treasury stock                            |  |   |   |  |                           |                    | 40               |
| Others  |  |   |   |  |                           |                    | 10               |
| Changes of items other than Shareholders equity (net) | - 133                                  | 1,361                                   | - 200                                   | 1,027  | 58                        | 57                 | 1,143            |
| Total changes during the fiscal year                  | - 133                                  | 1,361                                   | - 200                                   | 1,027  | 58                        | 57                 | 14,425           |
| Balance as of end of the fiscal year                  | 342                                    | 1,789                                   | 984                                     | 3,116  | 950                       | 574                | 131,081          |

|   | Shareholder's equity |                 |                   |                |                            |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
|   | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total Shareholder's equity |
| Balance as of beginning of the fiscal year            | 11,000               | 22,115          | 98,914            | - 5,590        | 126,439                    |
| Cumulative impact of changes in accounting policies   |                      |                 |                   |                | —                          |
| Restated balance                                      | 11,000               | 22,115          | 98,914            | - 5,590        | 126,439                    |
| Changes during the fiscal year                        |                      |                 |                   |                |                            |
| Issue of new shares                                   | 63                   | 63              |                   |                | 126                        |
| Cash dividends paid                                   |                      |                 | - 8,540           |                | - 8,540                    |
| Net Profit attributable to Owners of the Parent       |                      |                 | 23,630            |                | 23,630                     |
| Purchases of treasury stock                           |                      |                 |                   | - 1,583        | - 1,583                    |
| Disposal of treasury stock                            |                      | 1               |                   | 75             | 76                         |
| Others  |                      |                 |                   |                | -                          |
| Changes of items other than Shareholders equity (net) |                      |                 |                   |                | -                          |
| Total changes during the fiscal year                  | 63                   | 64              | 15,090            | - 1,508        | 13,710                     |
| Balance as of end of the fiscal year                  | 11,064               | 22,179          | 114,005           | - 7,098        | 140,150                    |

|   | Accumulated other comprehensive income |   |   |  | Share Subscription Rights | Minitory Interests | Total Net Assets |
|---|--|---|---|--|---------------------------|--------------------|------------------|
|   | Holding gain or loss in investment     | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                    |                  |
| Balance as of beginning of the fiscal year            | 342                                    | 1,789                                   | 984                                     | 3,116  | 950                       | 574                | 131,081          |
| Cumulative impact of changes in accounting policies   |  |   |   |  |                           |                    | -                |
| Restated balance                                      | 342                                    | 1,789                                   | 984                                     | 3,116  | 950                       | 574                | 131,081          |
| Changes during the fiscal year                        |  |   |   |  |                           |                    |                  |
| Issue of new shares                                   |  |   |   |  |                           |                    | 126              |
| Cash dividends paid                                   |  |   |   |  |                           |                    | - 8,540          |
| Net Profit attributable to Owners of the Parent       |  |   |   |  |                           |                    | 23,630           |
| Purchases of treasury stock                           |  |   |   |  |                           |                    | - 1,583          |
| Disposal of treasury stock                            |  |   |   |  |                           |                    | 76               |
| Others  |  |   |   |  |                           |                    | -                |
| Changes of items other than Shareholders equity (net) | 167                                    | 830                                     | 23                                      | 1,020  | 121                       | 93                 | 1,236            |
| Total changes during the fiscal year                  | 167                                    | 830                                     | 23                                      | 1,020  | 121                       | 93                 | 14,946           |
| Balance as of end of the fiscal year                  | 510                                    | 2,619                                   | 1,007                                   | 4,137  | 1,072                     | 668                | 146,028          |

## [4] Consolidated statements of cash flows

MJPY

|   | <b>FY2022/3</b><br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | <b>FY2023/3</b><br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|---|---|---|
| <b>Cash flows from operating activities:</b>                      |   |   |
| Profit before income taxes and minority interests                 | 29,516  | 33,301  |
| Depreciation  | 3,551   | 3,832   |
| Amortization of goodwill  | 29  | 42  |
| Stock related expense   | 185   | 148   |
| Change in Net defined benefit asset (-: increase)                 | 22  | 86  |
| Change in allowance for director retirement benefits (-:decrease) | - 2   | 11  |
| Change in allowance for doubtful accounts (-:decrease)            | - 14  | 16  |
| Interest and dividend income                                      | - 387   | - 307   |
| Interest expense  | 50  | 40  |
| Subsidy Income  | - 65  | -   |
| Compensation income   | -   | - 188   |
| Gain(loss) on sales of investment securities (-: gain)            | - 25  | - 25  |
| Gain on investments in investment partnerships (-: gain)          | -   | - 189   |
| Gain on liquidation of subsidiaries                               | - 361   | - 71  |
| Loss on liquidation of subsidiaries                               | 3   | -   |
| Impairment loss for fixed assets                                  | 31  | 184   |
| Change in provision for loss on litigation                        | -   | 1,914   |
| Change in trade notes and accounts receivable (-: increase)       | - 6,407   | - 4,387   |
| Change in inventories (-: increase)                               | - 7,156   | - 12,894  |
| Change in trade notes and accounts payable(-:decrease)            | 5,964   | - 8,033   |
| Change in contract liabilities (-:decrease)                       | 6,078   | - 1,805   |
| Others  | 14  | - 3,493   |
| Subtotal  | <u>31,028</u>   | <u>8,181</u>  |
| Proceeds from interest and dividend income                        | 387   | 308   |
| Payment of interest   | - 47  | - 37  |
| Proceeds from Subsidy Income                                      | 65  | -   |
| Proceeds from Compensation Income                                 | -   | 188   |
| Payment/Refund of income taxes (-: payment)                       | - 7,597   | - 7,640   |
| Net cash provided by (used in) operating activities               | <u>23,837</u>   | <u>1,000</u>  |
| <b>Cash flows from investing activities:</b>                      |   |   |
| Payment for time deposits   | - 35  | - 91  |
| Proceeds from time deposits                                       | 41  | 74  |
| Payment for purchase of tangible fixed assets                     | - 9,346   | - 8,054   |
| Proceeds from sales of tangible fixed assets                      | 9   | 161   |
| Payment for purchase of intangible fixed assets                   | - 359   | - 932   |
| Acquisition of goodwill   | -   | - 78  |
| Payment for purchase of investment securities                     | - 2   | - 3   |
| Proceeds from sales of investment securities                      | 119   | 128   |
| Payment for investments in investment partnerships                | - 126   | - 14  |
| Proceeds from distributions from investment partnerships          | 104   | 404   |
| Proceeds from liquidation of subsidiaries                         | 380   | 91  |
| Payment for loans receivable                                      | -   | - 1   |
| Proceeds from collection of loans receivable                      | 97  | 0   |
| Payments for lease deposits and guarantee deposits                | - 6   | - 114   |
| Proceed from collection of lease deposits and guarantee deposits  | 57  | 8   |
| Others  | 74  | - 1   |
| Net cash provided by (used in) investing activities               | <u>- 8,990</u>  | <u>- 8,421</u>  |

|  | <b>FY2022/3</b><br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | <b>FY2023/3</b><br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--|---|---|
| <b>Cash flows from financing activities:</b>                     |   |   |
| Proceeds from long-term debt                                     | -   | 10,000  |
| Repayment of long-term debt                                      | - 2,000   | - 2,000   |
| Repayment of lease liability                                     | - 128   | - 157   |
| Proceeds from exercise of stock options                          | 240   | 106   |
| Dividend payments  | - 5,956   | - 8,540   |
| Payments for purchase of treasury stock                          | - 2,501   | - 1,583   |
| Net cash provided by (used in) financing activities              | - 10,346  | - 2,174   |
| Effect of exchange rate changes on cash and cash equivalents     | 882   | 625   |
| Net increase/decrease in cash and cash equivalents (-: decrease) | 5,382   | - 8,970   |
| Cash and cash equivalents at beginning of year                   | 43,624  | 49,006  |
| Cash and cash equivalents at end of year                         | *1 49,006   | *1 40,036   |

[Significant accounting policies]  
(Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries (17 companies)

Tosei Engineering Corp.  
Tosei Systems Co., Ltd.  
Accretech Create Corp.  
Tosei Box Corp.  
Accretech Powertro System Co., Ltd.  
Accretech Finance Co., Ltd.  
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.

(2) Non-Consolidated subsidiaries

Accretech (Singapore) Pte. Ltd.  
Accretech Vietnam Co., Ltd.  
PT Accretech Indonesia  
Accretech-Tosei Do Brazil 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.

All of the above 12 companies which were excluded from the consolidation range are all small companies, in terms of their total assets, total sales, total Net profit (depending on their equity), total retained earnings (depending on their equity), and others, and do not have a significant effect on our financial statements.

## 2. Equity Method

(1) The equity method is not applied to any non-consolidated subsidiary.

Non-consolidated subsidiaries where the equity method is not used all have an extremely small effect on the consolidated Net profit (depending on their equity), consolidated retained earnings (depending on their equity), and other financial amounts, and overall are of low importance. For these reasons, the equity method is not used for these companies, and a cost evaluation method is used for evaluation.

(2) The equity method is not applied to any affiliated company.

Affiliated companies where the equity method is not used all have an extremely small effect on the consolidated Net profit (depending on their equity), consolidated retained earnings (depending on their equity), and other financial amounts, and low importance. For these reasons, the equity method is not used for these companies, and a cost evaluation method is used for evaluation.

## 3. Accounting period of consolidated subsidiaries

The end-date of Fiscal term for following 6 companies is at December 31<sup>st</sup>. In order to prepare this Consolidated Financial Statement, the Parent Company applied statements of these subsidiaries as of December 31<sup>st</sup>. Any significant business transactions which were completed between their Fiscal end and the Parent Company's Fiscal end were properly adjusted in the consolidated review. The end of the FY for remaining consolidated subsidiaries matches the end of the consolidated FY of the Parent Company.

Companies where end-date of fiscal term differs from consolidated fiscal term:

Accretech (China) Co., Ltd.  
Accretech Adamas (Thailand) Co., Ltd.  
Accretech (Thailand) Co., Ltd.  
Tosei Engineering (Pinghu) Co., Ltd.  
Tosei (Thailand) Co., Ltd.  
Accretech SBS Inc.

## 4. Significant accounting policies

(1) Valuation standards and methods for important assets

(A) Securities

Shares of affiliated companies

Carried at cost determined by the moving average method.

Other securities;

Marketable securities

Marketable securities as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Costs of securities sold are calculated by the moving average method.

Non-marketable securities

Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

(B) Inventories

Inventories of the Parent Company and its domestic consolidated subsidiaries are stated at cost determined by the weighted-average method (using the method of devaluing the book price to reflect declines in profitability); however, overseas consolidated subsidiaries use the lower of cost determined by the first-in, first-out method.

(2) Depreciation of significant assets

(A) Tangible fixed assets (except leasing assets)

The Parent Company and its domestic consolidated subsidiaries use the declining balance method. However, the straight-line method is used for buildings (excluding equipment attached to buildings) which were acquired on or after April 1<sup>st</sup>, 1998, and the Leasehold and Constructs that were acquired on or after April 1<sup>st</sup>, 2016.

Overseas consolidated subsidiaries use the straight-line method.

The significant useful lives are as follows.

|                          |              |
|--------------------------|--------------|
| Buildings and structures | 8 – 50 years |
| Machinery and equipment  | 4 - 11 years |



(B) Intangible fixed assets (except lease assets)

Goodwill is amortized using a straight-line method. Software for use by the Parent Company is depreciated using a straight-line method based on the estimated life at the Parent Company. Other intangible fixed assets are also depreciated using the straight-line method.

(C) Lease assets

Lease assets (Financial leases other than those deemed to transfer ownership of properties to lessees) is depreciated using the straight-line method under leasing term to be considered as useful lives.

(3) Basis for significant reserves

(A) Allowance for doubtful accounts

For covering probable losses on collection of receivables, the allowance for doubtful accounts is calculated based on past experience for ordinary receivables. For specific bonds such as one with a default possibility, it is based on individual estimates of the collectability of receivables and consists of the amount estimated to be uncollectible.

(B) Allowance for bonuses

The Parent Company and its domestic consolidated subsidiaries calculate the allowance for bonuses to employees based on the expected amount of payment.

(C) Accrued director's bonuses

Domestic consolidated subsidiaries calculate the allowance for bonuses to directors based on the expected amount of payment during that consolidated FY.

(D) Accrued director's retirement benefits

Domestic consolidated subsidiaries calculate the allowance for payment of director retirement benefits that are forecasted to occur upon director retirement based on internal regulations as at the end-date of FY.

(E) Provision for loss on litigation

To prepare for losses from litigation in progress, the Company estimates potential future losses and records the amount deemed necessary as of the end of the fiscal year under review.

(4) Accounting Method for retirement obligations

(A) Method of periodic attribution of the estimated amount of retirement benefits

The attribution of estimated amounts for the current FY is based on the payment calculation method.

(B) Actuarial gain or loss, and Prior service cost

For actuarial gains and losses, proportional amounts are amortized beginning from the consolidated FY following the next FY in which it occurs, using a fixed number of years (10) that is within the average estimated remaining service time of the employees for each consolidated FY. For Prior service cost, proportional amounts are amortized beginning from the consolidated FY in which it occurs, using a fixed number of years (10) that is within the average estimated remaining service time of the employees for each consolidated FY.

(5) Significant Accounting Method for revenue and expenses recognition

The Group recognizes revenue in following 5 steps.

Step 1: Identify the contract with a customer

Step 2: Identify the separate performance obligation(s) in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligation(s)

Step 5: Recognize revenue when the entity satisfies each performance obligation(s)

The Group sells manufacturing and inspection equipment such as wafer probing machines, wafer dicing machines, and other machines used in the semiconductor manufacturing and testing process in SPE segment and sells precision measuring equipment such as 3D coordinate measuring machines, surface texture and contour measuring systems in Metrology segment. Also, the Group provides after sales service and support activities such as warranty, repairs & maintenance, and relocation of equipment.

The main performance obligations of the Company and its consolidated subsidiaries in their main business relating to revenue from contracts with customers and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized) are as follows.

(A) Sales of products

For sales of products, revenue is recognized at the amount expected to be received in exchange for the product when control of the product is transferred to the customer.

For products that require installation at the time of delivery to the customer, the Group recognizes revenue when the product is delivered to the customer and installation of the product is completed at the customer's designated location in a condition that satisfies the use of the product under the contract, as the customer has acquired control of the product and the performance obligation has been satisfied.

For products that do not require installation at the time of delivery to the customer, for domestic sales, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is a normal period.

When a product sale includes a warranty service for a specified period of time in accordance with the contract with the customer, the Group identifies the performance obligation by delivery of the product and the performance obligation by such service, and recognizes revenue when the respective performance obligations are satisfied.

(B) Provision of services

For paid-service operations, the Group recognizes revenue upon completion of service provision when the performance obligation is satisfied at a point in time.

In the case of product maintenance contracts with a fixed term, the Group recognizes revenue on a pro-rata basis according to the maintenance contract organization.

The consideration for the transaction, which is the basis for the amount of revenue, is measured based on the contract amount, which is mainly received in advance from the time the order is received until the performance obligation is satisfied or payment is required after the fulfillment of the performance obligation.

Sales rebates, if any, paid to customers are deducted from the transaction price. Payments after satisfaction of performance obligations do not include a significant financial component, as they are received mainly within one year from the time of satisfaction of the performance obligation and are not long-term in nature.

(6) Standard of Foreign currency translation of significant foreign currency based assets/liabilities

Receivables and payables denominated in foreign currencies are translated into yen at the rate of exchange in effect on the balance sheet date, and differences arising from the translation are processed as gains or losses.

Assets and liabilities of overseas consolidated subsidiaries, etc. are translated into yen at the rate of exchange in effect on the balance sheet date, while revenues and expenses are translated into yen at the average exchange rate during the period, with translation differences included in the foreign currency translation adjustment account and non-controlling interests in net assets.

(7) Amortization of goodwill

Amortization of goodwill is evaluated for each acquisition, and is carried out over a reasonable number of years (7 or 10 years).

(8) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements consist of cash on hand, available funds on deposit, and short-term, highly liquid investments that are readily convertible to cash, with original maturities of three months or less, and that are substantially free of price fluctuation risk.

(9) Other significant accounting policies

(A) Accounting for non-deductible consumption taxes

Non-deductible consumption taxes and local consumption taxes on assets are expensed in the current fiscal year.

(B) Group Tax Sharing System

The Group applies Group Tax Sharing System.

[Significant Accounting Estimates]

Not applicable.

[Changes in accounting]

1. Accounting Standard for Fair Value Measurement Accounting Standard for Revenue Recognition

The Group has applied “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17<sup>th</sup>, 2021) from the beginning of FY2023/3, and in accordance with the transitional treatment provided for in Paragraph 27-2 of the Guidance, the Group has applied the new accounting method prescribed in the Accounting Standard for Fair Value Measurement. There are no impacts from these changes in the Consolidated Financial Statements.

2. Change in the method of converting profits and expenses of overseas subsidiaries into Japanese Yen

At consolidated subsidiaries that are adopting US GAAP applied ASC Topic 842, "Leases" from the beginning of FY2023/3. As a result, lessees of leases are in principle required to recognize all leases as assets and liabilities on their balance sheets. The adoption of ASC Topic 842 is accounted for on a transitional basis, the Company followed the transitional treatment and adopted the method to recognize the cumulative effect of a change in accounting policy at the date of initial application.

As a result, Tangible assets as of March 31<sup>st</sup> 2023, Fixed assets – Tangible fixed assets increased by ¥482 million, Current liabilities – Lease liabilities increased by ¥135 million, and Fixed Liabilities – Lease liabilities increased by ¥409 million, respectively. The effect of this change on profit and loss statement for FY2023/3 is immaterial

3. Application of Accounting Standards Codification (ASC) 842 “Leases”

Previously, income and expenses of overseas subsidiaries were translated into Japanese Yen at the spot exchange rate prevailing on the date of account settlement. However, since the importance of overseas sales by overseas subsidiaries and others is expected to increase in the future, the Company changed to a method of converting business results into Japanese Yen based on the average exchange rate during the period effective from the 1st quarter of FY2023/3 in order to mitigate the impact of temporary fluctuations in exchange rates on periodic profit and loss and more appropriately reflect the performance of overseas subsidiaries in the consolidated financial statements.

Since the retention period of documents related to financial statements at the Company is stipulated to be 10 years, it is practically impossible to apply the principle of retrospective application. Therefore, the Company has applied the method of translating financial statements into Japanese Yen at the average exchange rate during the period effective April 1<sup>st</sup> 2012.

The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the FY2022/3 have been prepared on a retrospective basis.

As a result, compared with previous translation method, Sales for FY2022/3 decreased by ¥2,575 million, Operating profit decreased by ¥223 million, Recurring profit decreased by ¥229 million, and Net profit before income taxes and minority interests decreased by ¥229 million, respectively.

Due to the cumulative effect on net assets at the beginning of the FY2022/3, Retained earnings of the beginning of FY2022/3 decreased by ¥207 million, and Foreign currency translation adjustments increased by the same amount.

The impact on segment information and per share information is stated in the relevant sections.

[Accounting principles not yet applied]

(Accounting Standard for current income taxes etc.)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28<sup>th</sup>, 2022)

“Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28<sup>th</sup>, 2022)

“Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28<sup>th</sup>, 2022)

(1) Overview

The tax treatment of income taxes on sales of shares of subsidiaries and other securities in the case where other comprehensive income is subject to taxation and group corporate taxation is applied.

(2) Date of effect

The Group will apply these standards and guidance from beginning of FY2025/3.

(3) Impact of applying the principle

The impact of applying standards and guidance above is currently being evaluated.

[Changes in presentation]

(Consolidated statements of income)

In FY2022/3, “Commission fee” was listed separately in “Non-operating expenses”. However, it has been included in FY2023/3 as a part of “Non-operating expenses” - “Others” because the monetary importance of this account has decreased. To reflect this change, the Consolidated statements of income for FY2022/3 has been retroactively reclassified.

As a result, ¥3 million “Non-operating expenses” - “Commission fee” for FY2022/3 has been reclassified to “Non-operating expenses” - “Others”.

(Consolidated Statement of Cash Flows)

In Cash flows from investing activities for FY2022/3, “Payment for investments in investment partnerships” was included in “Payment for purchase of investment securities”, and “Proceeds from distributions from investment partnerships” was included in “Proceeds from sales of investment securities” respectively. However, to increase clarity of the cash flow statement, these have been separately listed in FY2023/3.

As a result, in Cash flows from investing activities for FY2022/3, ¥ - 126 million of “Payment for investments in investment partnerships” included in “Payment for purchase of investment securities”, and ¥104 million of “Proceeds from distributions from investment partnerships” included in “Proceeds from sales of investment securities” have been retroactively reclassified.

(Consolidated balance sheet)

\*1 The amount of Trade notes receivable and contract assets is separately stated in Notes – “Revenue recognition “ – 3 [1] “Outstanding Contract Assets and Contract liabilities”

\*2 Investment in non-consolidated subsidiaries and/or affiliated companies

|   | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
|---|---|---|
| Investment securities                           | ¥457 million                                | ¥457 million                                |
| Other investment or other assets(Capital stock) | ¥235 million                                | ¥215 million                                |

(Consolidated statement of income)

\*1 Revenue from customer upon contract

Revenues are not separately presented for revenues arising from ones based on a contract with customers and other revenues. The amount of revenue from customers based on a contract is separately stated in Notes – “Revenue recognition “ – 1. “Information disaggregating revenue from contracts with customers”.

\*2 Devaluing the book price of inventories (primarily for sales) to reflect declines in profitability

|                    | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--------------------|--|--|
| Cost of goods sold | ¥208 million   | ¥78 million  |

\*3 Primary items of selling, general, and administrative expenses

|  | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--|--|--|
| Research and development costs   | ¥8,146 million   | ¥8,542 million   |
| Salaries for employees   | ¥5,798 million   | ¥5,925 million   |
| Provision for employees' bonuses                                       | ¥376 million   | ¥1,696 million   |
| Provision for retirement benefits for directors and corporate auditors | ¥6 million   | ¥7 million   |
| Provision for directors' and corporate auditors' bonuses               | ¥7 million   | ¥7 million   |
| Provision for retirement benefits for employees                        | ¥46 million  | ¥84 million  |
| Provision of allowance for doubtful accounts                           | ¥ - 16 million   | ¥23 million  |

\*4 Research and development costs included in general and administrative expenses and manufacturing costs

|                                | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--------------------------------|--|--|
| Research and development costs | ¥8,146 million   | ¥8,542 million   |

\*5 Gain on liquidation of subsidiaries

FY2022/3 (April 1<sup>st</sup>, 2021-March 31<sup>st</sup>, 2022)

Due to a liquidation of a non-consolidated subsidiaries, Tosei Korea Co., Ltd. and Tosei Engineering Malaysia Sdn. Bhd., the Group recognized ¥361 million as gain on liquidation of subsidiaries.

FY2023/3 (April 1<sup>st</sup>, 2022-March 31<sup>st</sup>, 2023)

Due to a liquidation of a non-consolidated subsidiary, Tosei Taiwan Co., Ltd., the Group recognized ¥71 million as gain on liquidation of subsidiaries.

\*6 Detail of impairment loss

FY2022/3 (April 1<sup>st</sup>, 2021-March 31<sup>st</sup>, 2022)

The Group accounted for impairment losses arising from the following asset groups.

| Purpose             | Place                                    | Type                  | Amount of impairment losses |
|---------------------|--|-----------------------|-----------------------------|
| Business properties | Furudono, Ishikawa-gun, Fukushima, Japan | Machineries and tools | ¥31 million                 |

The Group defines an asset group considering the minimum unit that can realize isolated cash flows based on the type of business.

For the building and machineries etc. decrease in profitability located in *Furudono*, Ishikawa-gun, Fukushima, the Group also reduced these values to recoverable amounts calculated from these values in use. These decreases have been accounted as an impairment loss.

FY2023/3 (April 1<sup>st</sup>, 2022-March 31<sup>st</sup>, 2023)

The Group accounted for impairment losses arising from the following asset groups.

| Purpose             | Place                                    | Type                  | Amount of impairment losses |
|---------------------|--|-----------------------|-----------------------------|
| Business properties | Furudono, Ishikawa-gun, Fukushima, Japan | Machineries and tools | ¥184 million                |

The Group defines an asset group considering the minimum unit that can realize isolated cash flows based on the type of business.

For the machineries and tools etc. decrease in profitability located in *Furudono*, Ishikawa-gun, Fukushima, the Group also reduced these values to recoverable amounts calculated from these values in use. These decreases have been accounted as an impairment loss.

\*7 Detail of provision for loss on litigation

FY2022/3 (April 1<sup>st</sup>, 2021-March 31<sup>st</sup>, 2022)

Not applicable.

FY2023/3 (April 1<sup>st</sup>, 2022-March 31<sup>st</sup>, 2023)

To prepare for losses from litigation in progress regarding specific products of the Group, the Company estimates potential future losses based on the status has been accounted as provision for loss on litigation as extraordinary losses. Further, the subject product is no longer available.

\*8 Loss on liquidation of subsidiaries

FY2022/3 (April 1<sup>st</sup>, 2021-March 31<sup>st</sup>, 2022)

Due to a liquidation of a non-consolidated subsidiary, Tosei Canada Measuring Inc., the Group recognized ¥3 million as loss on liquidation of subsidiaries.

FY2023/3 (April 1<sup>st</sup>, 2022-March 31<sup>st</sup>, 2023)

Not applicable.

## (Consolidated statements of comprehensive income)

## \*1 Adjustments and Tax effects related to Comprehensive income

|   | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|---|--|--|
| Unrealized Holding gain or loss on investment |  |  |
| Arising during the FY                         | ¥ - 167 million  | ¥456 million   |
| Reclassification Adjustments                  | ¥ - 25 million   | ¥ - 215 million  |
| Before Tax effect adjustment                  | ¥ - 192 million  | ¥241 million   |
| Tax effect                                    | ¥58 million  | ¥ - 73 million   |
| Unrealized Holding gain or loss on investment | ¥ - 133 million  | ¥167 million   |
| Foreign currency translation adjustment       |  |  |
| Arising during the FY                         | ¥1,360 million   | ¥861 million   |
| Reclassification Adjustments                  | -  | -  |
| Before Tax effect adjustment                  | ¥1,360 million   | ¥861 million   |
| Tax effect                                    | -  | -  |
| Foreign currency translation adjustment       | ¥1,360 million   | ¥861 million   |
| Remeasurements of defined benefit plans       |  |  |
| Arising during the FY                         | ¥ - 67 million   | ¥138 million   |
| Reclassification Adjustments                  | ¥ - 221 million  | ¥ - 105 million  |
| Before Tax effect adjustment                  | ¥ - 288 million  | ¥33 million  |
| Tax effect                                    | ¥88 million  | ¥ - 10 million   |
| Remeasurements of defined benefit plans       | ¥ - 200 million  | ¥23 million  |
| Total other comprehensive income              | ¥1,026 million   | ¥1,051 million   |

## (Consolidated statements of changes in net assets)

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

## 1. Issued stock

| Stock class           | At beginning of<br>FY | Increase | Decrease | At end of<br>FY |
|-----------------------|-----------------------|----------|----------|-----------------|
| Common stock (shares) | 41,759,981            | 109,600  | -        | 41,869,581      |

Note: Reason for the increase of 109,600 shares is exercise of SSR from stock options.

## 2. Treasury stock

| Stock class           | At beginning of<br>FY | Increase | Decrease | At end of<br>FY |
|-----------------------|-----------------------|----------|----------|-----------------|
| Common stock (shares) | 715,164               | 516,032  | 8,240    | 1,222,956       |

Note:

The increase of 516,032 shares was due to repurchase of Company shares based on a resolution of the Board of Directors meeting held on August 3<sup>rd</sup>, 2021 of 515,600 shares and purchases of shares less than 1 unit of 432 shares. The decrease of 8,240 was due to disposal of Company shares as a restricted stock compensation.



### 3. Share subscription rights

| Company name       | Breakdown                                      | Class of stock issued upon exercise of the right | Number of shares issued upon exercise of the right (shares) |          |          |              | Balance at FY end (MJPY) |
|--------------------|--|--|---|----------|----------|--------------|--------------------------|
|                    |  |  | At beginning of FY  | Increase | Decrease | At end of FY |                          |
| The Parent Company | The 12 <sup>th</sup> SSR (SOs) (Issued 2015)   | -  |   | -        |          | 10           |                          |
|                    | The 13 <sup>th</sup> SSR (SOs) (Issued 2016)   | -  |   | -        |          | 15           |                          |
|                    | The 14 <sup>th</sup> SSR (SOs) (Issued 2017)   | -  |   | -        |          | 40           |                          |
|                    | The 15 <sup>th</sup> SSR (SOs) (Issued 2018)   | -  |   | -        |          | 33           |                          |
|                    | The 16 <sup>th</sup> SSR (SOs) (Issued 2019)   | -  |   | -        |          | 33           |                          |
|                    | The 17 <sup>th</sup> SSR (SOs) (Issued 2020)   | -  |   | -        |          | 39           |                          |
|                    | SSR issued July 2006 (stock compensation type) | -  |   | -        |          | 10           |                          |
|                    | SSR issued July 2007 (stock compensation type) | -  |   | -        |          | 9            |                          |
|                    | SSR issued July 2011 (stock compensation type) | -  |   | -        |          | 18           |                          |
|                    | SSR issued July 2012 (stock compensation type) | -  |   | -        |          | 13           |                          |
|                    | SSR issued July 2013 (stock compensation type) | -  |   | -        |          | 30           |                          |
|                    | SSR issued July 2014 (stock compensation type) | -  |   | -        |          | 29           |                          |
|                    | SSR issued July 2015 (stock compensation type) | -  |   | -        |          | 54           |                          |
|                    | SSR issued July 2016 (stock compensation type) | -  |   | -        |          | 53           |                          |

| Company name       | Breakdown  | Class of stock issued upon exercise of the right | Number of shares issued upon exercise of the right (shares) |          |          |              | Balance at FY end (MJPY) |
|--------------------|--|--|---|----------|----------|--------------|--------------------------|
|                    |  |  | At beginning of FY  | Increase | Decrease | At end of FY |                          |
| The Parent Company | SSR issued July 2017 (stock compensation type)   | -  |   | -        |          | 106          |                          |
|                    | SSR issued July 2018 (stock compensation type)   | -  |   | -        |          | 96           |                          |
|                    | SSR issued August 2019 (stock compensation type) | -  |   | -        |          | 81           |                          |
|                    | SSR issued July 2020 (stock compensation type)   |  |   | -        |          | 118          |                          |
|                    | SSR issued July 2021 (stock compensation type)   |  |   | -        |          | 154          |                          |
| Total              |  | -  |   | -        |          | 950          |                          |

#### 4. Dividends

##### (1) Amounts of dividends paid

| Resolution   | Class of stock | Total amount of dividends (MJPY) | Dividend per share (yen) | Cut-off date                      | Effective date                  |
|--|----------------|----------------------------------|--------------------------|-----------------------------------|---------------------------------|
| June 21 <sup>st</sup> 2021 Regular general meeting of Shareholders | Common stock   | 2,544                            | 62.00                    | March 31 <sup>st</sup> , 2021     | June 22 <sup>nd</sup> , 2021    |
| November 2 <sup>nd</sup> , 2021 Board of Directors                 | Common stock   | 3,411                            | 84.00                    | September 30 <sup>th</sup> , 2021 | December 6 <sup>th</sup> , 2021 |

##### (2) Dividends with a shareholders' cut-off date in FY2022/3 and an effective date in FY2023/3

| Resolution  | Class of stock | Resource for dividends | Total amount of dividends (MJPY) | Dividend per share (yen) | Cut-off date                  | Effective date               |
|---|----------------|------------------------|----------------------------------|--------------------------|-------------------------------|------------------------------|
| June 20 <sup>th</sup> , 2022, Regular general meeting of Shareholders | Common stock   | Retained earnings      | 4,105                            | 101.00                   | March 31 <sup>st</sup> , 2022 | June 21 <sup>st</sup> , 2022 |

#### FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

##### 1. Issued stock

| Stock class           | At beginning of FY | Increase | Decrease | At end of FY |
|-----------------------|--------------------|----------|----------|--------------|
| Common stock (shares) | 41,869,581         | 33,700   | -        | 41,903,281   |

Note: Reason for the increase of 33,700 shares is exercise of SSR from stock options.

##### 2. Treasury stock

| Stock class           | At beginning of FY | Increase | Decrease | At end of FY |
|-----------------------|--------------------|----------|----------|--------------|
| Common stock (shares) | 1,222,956          | 323,076  | 16,480   | 1,529,552    |

Note:

The increase of 323,076 shares was due to repurchase of Company shares based on a resolution of the Board of Directors meeting held on February 6<sup>th</sup>, 2023 of 322,200 shares, purchases of shares less than 1 unit of 336 shares, and free of charge acquisition from retiree applicable to restricted stock compensation plan of 540 shares. The decrease of 16,480 was due to disposal of Company shares as a restricted stock compensation.

### 3. Share subscription rights

| Company name       | Breakdown                                      | Class of stock issued upon exercise of the right | Number of shares issued upon exercise of the right (shares) |          |          |              | Balance at FY end (MJPY) |
|--------------------|--|--|---|----------|----------|--------------|--------------------------|
|                    |  |  | At beginning of FY  | Increase | Decrease | At end of FY |                          |
| The Parent Company | The 13 <sup>th</sup> SSR (SOs) (Issued 2016)   | -  |   | -        |          | 10           |                          |
|                    | The 14 <sup>th</sup> SSR (SOs) (Issued 2017)   | -  |   | -        |          | 37           |                          |
|                    | The 15 <sup>th</sup> SSR (SOs) (Issued 2018)   | -  |   | -        |          | 30           |                          |
|                    | The 16 <sup>th</sup> SSR (SOs) (Issued 2019)   | -  |   | -        |          | 28           |                          |
|                    | The 17 <sup>th</sup> SSR (SOs) (Issued 2020)   | -  |   | -        |          | 63           |                          |
|                    | SSR issued July 2006 (stock compensation type) | -  |   | -        |          | 10           |                          |
|                    | SSR issued July 2007 (stock compensation type) | -  |   | -        |          | 9            |                          |
|                    | SSR issued July 2011 (stock compensation type) | -  |   | -        |          | 18           |                          |
|                    | SSR issued July 2012 (stock compensation type) | -  |   | -        |          | 13           |                          |
|                    | SSR issued July 2013 (stock compensation type) | -  |   | -        |          | 30           |                          |
|                    | SSR issued July 2014 (stock compensation type) | -  |   | -        |          | 29           |                          |
|                    | SSR issued July 2015 (stock compensation type) | -  |   | -        |          | 54           |                          |
|                    | SSR issued July 2016 (stock compensation type) | -  |   | -        |          | 53           |                          |
|                    | SSR issued July 2017 (stock compensation type) |  |   |          |          | 106          |                          |
|                    | SSR issued July 2018 (stock compensation type) | -  |   | -        |          | 96           |                          |

| Company name       | Breakdown  | Class of stock issued upon exercise of the right | Number of shares issued upon exercise of the right (shares) |          |          |              | Balance at FY end (MJPY) |
|--------------------|--|--|---|----------|----------|--------------|--------------------------|
|                    |  |  | At beginning of FY  | Increase | Decrease | At end of FY |                          |
| The Parent Company | SSR issued August 2019 (stock compensation type) | -  |   | -        |          | 81           |                          |
|                    | SSR issued July 2020 (stock compensation type)   |  |   | -        |          | 118          |                          |
|                    | SSR issued July 2021 (stock compensation type)   |  |   | -        |          | 154          |                          |
|                    | SSR issued July 2022 (stock compensation type)   |  |   |          |          | 124          |                          |
| Total              |  | -  |   | -        |          | 1,072        |                          |

#### 4. Dividends

##### (1) Amounts of dividends paid

| Resolution   | Class of stock | Total amount of dividends (MJPY) | Dividend per share (yen) | Cut-off date                      | Effective date                   |
|--|----------------|----------------------------------|--------------------------|-----------------------------------|----------------------------------|
| June 20 <sup>th</sup> 2022 Regular general meeting of Shareholders | Common stock   | 4,105                            | 101.00                   | March 31 <sup>st</sup> , 2022     | June 21 <sup>st</sup> , 2022     |
| November 2 <sup>nd</sup> , 2022 Board of Directors                 | Common stock   | 4,434                            | 109.00                   | September 30 <sup>th</sup> , 2022 | December 12 <sup>th</sup> , 2022 |

##### (2) Dividends with a shareholders' cut-off date in FY2023/3 and an effective date in FY2024/3

| Resolution  | Class of stock | Resource for dividends | Total amount of dividends (MJPY) | Dividend per share (yen) | Cut-off date                  | Effective date               |
|---|----------------|------------------------|----------------------------------|--------------------------|-------------------------------|------------------------------|
| June 26 <sup>th</sup> , 2023, Regular general meeting of Shareholders | Common stock   | Retained earnings      | 5,087                            | 126.00                   | March 31 <sup>st</sup> , 2023 | June 27 <sup>th</sup> , 2023 |

(Consolidated statements of cash flows)

\*1 Relationship between cash and cash equivalents at year end and the amounts for items listed in the consolidated balance sheet

|  | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--|--|--|
| Cash and cash equivalents (Balance sheets)               | ¥49,033 million  | ¥40,080 million  |
| Time deposits with original maturities over three months | ¥ - 26 million   | ¥ - 44 million   |
| Cash and cash equivalents(Statement of cash flows)       | ¥49,006 million  | ¥40,036 million  |

(Lease transactions)

1. Finance lease transactions

(Lessee)

Financial lease transactions other than those deemed to transfer ownership of properties to lessees

(1) Description of lease assets

Lease assets are consisted mainly of Vehicles and Machinery and equipment for SPE business.

(2) Formulas for calculating estimated depreciation expense of lease assets

Refer to [Significant accounting policies] (Basis of Presenting Consolidated Financial Statements)

“4. Significant accounting policies” (2) Depreciation of significant assets.

2 Operation Lease transactions

(Lessee)

Estimative balance of lease premiums included in undissolvable operating lease transactions

|                     | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
|---------------------|---|---|
| Current portion     | ¥56 million                                 | ¥19 million                                 |
| Non-current portion | ¥667 million                                | ¥479 million                                |
| Total               | ¥724 million                                | ¥498 million                                |

Note) At consolidated subsidiaries that are adopting US GAAP applied ASC Topic 842, "Leases" from the beginning of FY2023/3. As a result, future lease payments related to this subsidiary are not included in the amounts shown above.

(Investment securities)

1. Status of Financial Instruments

(1) System for managing financial instruments in the Company Group

The Group accommodates long-term finances based on the forecast of Group investments for SPE and Metrology business mainly by loans from banks. Short term finance is derived mainly by loans from banks, and temporarily unused funds are managed with low-risk financial assets.

Derivatives are only to be applied for the purpose of risk management, and not applied for speculative purposes.

(2) Detail and risk of Financial Instruments

Trade notes, accounts receivable and electronically recorded monetary claims face reliability risks of these customers and foreign-currency based bonds though the Group's global business also face foreign currency risk. Investment securities, mainly stocks related to correspondent companies or capital and business alliances therefore face market price fluctuation risk.

The due date of most of the operating receivables such as trade notes, accounts payable and electronically recorded obligations occur within one year. Some interest bearing debts such as loans payable and/or lease liabilities are set to variable rates and therefore face interest rate fluctuation risk.

(3) Risk management for Financial Instruments

(A) Credit risk management (risk of client's breach of contract)

The Parent Company controls trade notes and balances and due dates per each client working with both Accounting Dept. and Sales Division in order to assess the financial status of each client and avoid contract breach risk. The consolidated subsidiaries apply same method for credit risk management.

(B) Market risk management (risk of fluctuation in exchange rates or interest rates)

The Parent Company periodically checks market prices of investment securities and the financial status of those who issued these securities. In parallel, the amount of holding investment securities is also reviewed and revised as necessary based on the conditions of trade between the Company and those who issued these securities.

(C) Liquidity risk management in financing operations

The Parent Company actively manages liquidity risk. The Accounting and Finance Dept. generates and revises financial plans as necessary to keep short-term liquidity to appropriate levels based on business activity forecasts such as orders, production and sales. The consolidated subsidiaries apply the same method for liquidity risk management.

(4) Additional information for the current value of Financial Instruments

Current value of Financial Instruments includes not only the value based on a current market price (or the reasonably calculated value if market price does not exist), but is also formulated using an allowance for price fluctuations that may affect expected market value.

2. Current Value of Financial Instruments

Accounted value on Balance Sheet, Current Value and balance are as follows.

FY2022/3 (March 31<sup>st</sup>, 2022)

|  | Accounted on consolidated BS | Current Value | Difference |
|--|------------------------------|---------------|------------|
| (1) Investment securities (Other securities) | 2,104                        | 2,104         | -          |
| (1) Long-term debt (include current portion) | 4,000                        | 3,999         | 0          |

MJPY

Notes 1. Balances of Cash and cash equivalents, Notes and Accounts receivable, Electronically recorded monetary claims, Notes and accounts payable, Electronically recorded obligations-operating, and Short term debts are intentionally omitted because these are in cash, and the fair value approximates the book value because of the short maturity of these instruments.

Notes 2. Balance of investment securities (unlisted stock) is excluded from (1) Investment Securities. Accounted value on consolidated balance sheet of Financial Instruments are as follows.

| Type                                   | March 31 <sup>st</sup> , 2022 |
|--|-------------------------------|
| Investment Securities (unlisted stock) | 842                           |

MJPY

Notes 3. Notes due for redemption

| Category                                | Less than 1 year | 1-5 years | 5 - 10 years | Over 10 years |
|---|------------------|-----------|--------------|---------------|
| Trade notes receivable                  | 360              | -         | -            | -             |
| Accounts receivable                     | 31,811           | -         | -            | -             |
| Electronically recorded monetary claims | 6,162            | -         | -            | -             |
| Total                                   | 38,334           | -         | -            | -             |

MJPY

Notes 4. Repayment schedule after FY end for short-term and long-term loans

|            | Less than 1 year | 1-2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years |
|------------|------------------|-----------|-------------|-------------|-------------|
| Short-term | 1,300            | -         | -           | -           | -           |
| Long-term  | 2,000            | 2,000     | -           | -           | -           |
| Total      | 3,300            | 2,000     | -           | -           | -           |

MJPY

FY2023/3 (March 31<sup>st</sup>, 2023)

MJPY

|  | Accounted on consolidated BS | Current Value | Difference |
|--|------------------------------|---------------|------------|
| (1) Investment securities (Other securities) | 2,045                        | 2,045         | -          |
| (1) Long-term debt (include current portion) | 12,000                       | 11,983        | - 16       |

Notes 1. Balances of Cash and cash equivalents, Notes and Accounts receivable, Electronically recorded monetary claims, Notes and accounts payable, Electronically recorded obligations-operating, and Short term debts are intentionally omitted because these are in cash, and the fair value approximates the book value because of the short maturity of these instruments.

Notes 2. Balance of investment securities (unlisted stock) is excluded from (1) Investment Securities. Accounted value on consolidated balance sheet of Financial Instruments are as follows.

MJPY

| Type                                   | March 31 <sup>st</sup> , 2023 |
|--|-------------------------------|
| Investment Securities (unlisted stock) | 869                           |

Notes 3. Notes due for redemption

MJPY

| Category                                | Less than 1 year | 1-5 years | 5 - 10 years | Over 10 years |
|---|------------------|-----------|--------------|---------------|
| Trade notes receivable                  | 341              | -         | -            | -             |
| Accounts receivable                     | 34,718           | -         | -            | -             |
| Electronically recorded monetary claims | 7,002            | -         | -            | -             |
| Total                                   | 42,061           | -         | -            | -             |

Notes 4. Repayment schedule after FY end for short-term and long-term loans

MJPY

|            | Less than 1 year | 1-2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years |
|------------|------------------|-----------|-------------|-------------|-------------|
| Short-term | 1,300            | -         | -           | -           | -           |
| Long-term  | 4,000            | 2,000     | 2,000       | 2,000       | 2,000       |
| Total      | 5,300            | 2,000     | 2,000       | 2,000       | 2,000       |

3. Matters related to the breakdown of the fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated based on (unadjusted) quoted market prices in active markets for identical assets or liabilities, which are among the inputs used to calculate observable fair value.

Level 2 fair value: Fair value calculated using inputs other than Level 1 inputs that are directly or indirectly observable and relevant to the calculation of observable fair value.

Level 3 fair value: Fair value calculated using significant unobservable inputs

When multiple inputs that have a significant effect on the fair value calculation are used, the fair value is classified into the level with the lowest priority in the fair value calculation among the levels to which each of those inputs belongs.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

FY2022/3 (March 31<sup>st</sup>, 2022)

| Category                    | Fair Value (MJPY) |         |         |       |
|-----------------------------|-------------------|---------|---------|-------|
|                             | Level 1           | Level 2 | Level 3 | Total |
| Investment Securities       |                   |         |         |       |
| Other Investment Securities |                   |         |         |       |
| Stocks                      | 1,783             | 320     | -       | 2,104 |
| Assets Total                | 1,783             | 320     | -       | 2,104 |

FY2023/3 (March 31<sup>st</sup>, 2023)

| Category                    | Fair Value (MJPY) |         |         |       |
|-----------------------------|-------------------|---------|---------|-------|
|                             | Level 1           | Level 2 | Level 3 | Total |
| Investment Securities       |                   |         |         |       |
| Other Investment Securities |                   |         |         |       |
| Stocks                      | 1,950             | 95      | -       | 2,045 |
| Assets Total                | 1,950             | 95      | -       | 2,045 |

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value

FY2022/3 (March 31<sup>st</sup>, 2022)

| Category                                 | Fair Value (MJPY) |         |         |       |
|--|-------------------|---------|---------|-------|
|  | Level 1           | Level 2 | Level 3 | Total |
| Long-term debt (include current portion) | -                 | 3,999   | -       | 3,999 |
| Liabilities Total                        | -                 | 3,999   | -       | 3,999 |

FY2023/3 (March 31<sup>st</sup>, 2023)

| Category                                 | Fair Value (MJPY) |         |         |        |
|--|-------------------|---------|---------|--------|
|  | Level 1           | Level 2 | Level 3 | Total  |
| Long-term debt (include current portion) | -                 | 11,983  | -       | 11,983 |
| Liabilities Total                        | -                 | 11,983  | -       | 11,983 |

Note) Explanation of Valuation Techniques Used in Calculating Fair Value and Inputs Used in Calculating Fair Value

Investment securities

Listed stocks are valued using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1 fair value. On the other hand, stocks other than listed stocks are classified as Level 2 fair value because they are traded infrequently in the market and are not considered quoted prices in an active market.

Long-term debt

The fair value of long-term debt is calculated using the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining period of the relevant debt and credit risk, and is classified as Level 2 fair value.



(Securities)

1. Other Securities

FY2022/3 (March 31<sup>st</sup>, 2022)

MJPY

| Type   | Accounted on consolidated BS | Carrying value | Difference |
|--|------------------------------|----------------|------------|
| Securities with a carrying value higher than the acquisition cost    |                              |                |            |
| Stocks   | 1,494                        | 897            | 597        |
| Subtotal   | 1,494                        | 897            | 597        |
| Securities with a carrying value no higher than the acquisition cost |                              |                |            |
| Others   | 609                          | 713            | - 103      |
| Subtotal   | 609                          | 713            | - 103      |
| Total  | 2,104                        | 1,610          | 493        |

FY2023/3 (March 31<sup>st</sup>, 2023)

MJPY

| Type   | Accounted on consolidated BS | Carrying value | Difference |
|--|------------------------------|----------------|------------|
| Securities with a carrying value higher than the acquisition cost    |                              |                |            |
| Stocks   | 1,925                        | 1,155          | 769        |
| Subtotal   | 1,925                        | 1,155          | 769        |
| Securities with a carrying value no higher than the acquisition cost |                              |                |            |
| Stocks   | 24                           | 27             | - 3        |
| Others   | 95                           | 126            | - 31       |
| Subtotal   | 119                          | 154            | - 34       |
| Total  | 2,045                        | 1,310          | 735        |

2. Securities sold during the Fiscal term

FY2022/3 (April 1<sup>st</sup>, 2021 – March 31<sup>st</sup>, 2022)

MJPY

| Type   | Sale price | Proceeds from sales | Loss on sales |
|--------|------------|---------------------|---------------|
| Stocks | 224        | 25                  | -             |
| Total  | 224        | 25                  | -             |

FY2023/3 (April 1<sup>st</sup>, 2022 – March 31<sup>st</sup>, 2023)

MJPY

| Type   | Sale price | Proceeds from sales | Loss on sales |
|--------|------------|---------------------|---------------|
| Stocks | 128        | 25                  | -             |
| Others | 404        | 189                 | -             |
| Total  | 533        | 215                 | -             |

3. Revaluated Securities

FY2022/3 (April 1<sup>st</sup>, 2021 – March 31<sup>st</sup>, 2022)

Not Applicable.

FY2023/3 (April 1<sup>st</sup>, 2022 – March 31<sup>st</sup>, 2023)

Not Applicable.

(Retirement benefits)

1. Description of retirement benefit plans

The Parent Company has a Lump-sum Retirement Allowance Plan (Savings-type, Retirement Benefits Trust is set), a Defined Benefit Pension Plan (Savings-type) and a Defined Contribution Pension Plan.

Our domestic consolidated subsidiaries utilize the Lump-sum Retirement Allowance Plan (excepting savings-type), and some of domestic consolidated subsidiaries also apply a Defined Benefit Pension Plan (Savings-type) or a Defined Contribution Pension Plan.

Both Net defined liabilities and Retirement benefit costs on domestic consolidated subsidiaries' Retirement Allowance Plans and Defined Benefit Pension Plans are calculated by the principal method or the simplified method (to allocate amounts paid for voluntary termination as at the ending date of each fiscal year as a retirement benefit obligation).

2. Defined Benefit Pension Plan (excepting where simplified method is applied)

|  | MJPY   |  |
|--|--|--|
|  | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
| (1) Adjustment of Opening balance and Closing Balance of projected benefit obligations |  |  |
| Opening Balance  | 5,191  | 5,486  |
| Service Cost   | 431  | 447  |
| Interest Cost  | 33   | 35   |
| Recognized Actuarial Differences   | 97   | - 77   |
| Benefit Paid   | - 267  | - 418  |
| Closing Balance  | 5,486  | 5,472  |

|  | MJPY   |  |
|--|--|--|
|  | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
| (2) Adjustment of Opening balance and Closing Balance of Plan assets (Pension) |  |  |
| Opening Balance  | 6,610  | 6,762  |
| Expected return on plan assets   | 54   | 57   |
| Recognized Actuarial Differences   | 29   | 60   |
| Contribution from Entrepreneurs  | 175  | 196  |
| Benefit Paid   | - 107  | - 164  |
| Closing Balance  | 6,762  | 6,912  |

|   | MJPY  |   |
|---|---|---|
|   | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
| (3) Adjustment between the closing balances of projected benefit obligations and Plan assets (Pension), and Net defined liabilities/assets accounted on Balance sheet |   |   |
| Projected retirement obligation (savings-type)  | 4,670                                       | 4,581                                       |
| Plan assets(pension)  | - 6,762                                     | - 6,912                                     |
|   | - 2,091                                     | - 2,331                                     |
| Projected retirement obligation (except savings-type)   | 815   | 891   |
| Net defined liabilities/assets on Balance sheet (net)   | - 1,276                                     | - 1,439                                     |
| Net defined liabilities   | 869   | 956   |
| Net defined assets  | - 2,145                                     | - 2,396                                     |
| Net defined liabilities/assets on Balance sheet (net)   | - 1,276                                     | - 1,439                                     |

|  | MJPY   |  |
|--|--|--|
|  | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
| Service Cost                             | 431  | 447  |
| Interest Cost                            | 33   | 35   |
| Expected return on plan assets           | - 54   | - 57   |
| Expense for actuarial difference         | - 193  | - 105  |
| Expense for prior service cost           | - 27   | -  |
| Net periodic pension and severance costs | 189  | 320  |

(5) Adjustments for retirement obligations

Detail of adjustments accounted for as Adjustment for retirement obligation (before tax effect) is as shown below.

|                                     | MJPY   |  |
|-------------------------------------|--|--|
|                                     | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
| Unrecognized prior service cost     | - 27   | -  |
| Unrecognized actuarial gain or loss | - 260  | 33   |
| Total                               | - 288  | 33   |

(6) Accumulated adjustments for retirement obligations

Detail of adjustments accounted for as Accumulated adjustment for retirement obligation (before tax effect) is as shown below.

|                                     | MJPY  |   |
|-------------------------------------|---|---|
|                                     | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
| Unrecognized actuarial gain or loss | 1,418                                       | 1,452                                       |
| Total                               | 1,418                                       | 1,452                                       |

(7) Detail of Plan Assets

1. Detail of Plan Assets

The ratio of each type of assets consisted with plan assets (pension) is as shown below.

|                 | MJPY  |   |
|-----------------|---|---|
|                 | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
| Deposits        | 57%   | 56%   |
| Stocks          | 16%   | 18%   |
| General Account | 16%   | 17%   |
| Bonds           | 6%  | 6%  |
| Others          | 5%  | 5%  |
| Total           | 100%  | 100%  |

Note) Total pension assets include 64% of retirement benefit trusts established for corporate pension plans in FY2022/3 and 64% in FY2023/3.

2. Method of defining long-term expected returns

Expected returns on Plan assets takes into account the portfolio of assets and current and future accumulating long-term earning rates.

## (8) Major basis of calculating actuarial gains or losses

|  | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--|--|--|
| Discount Rate                          | 0.8%   | 0.8%   |
| Expected Rate of return on plan assets |  |  |
| Plan assets (pension)                  | 2.5%   | 2.5%   |
| Employees' retirement benefits trust   | 0.0%   | 0.0%   |
| Expected salary increase rate          | 0.0% – 3.7%  | 0.1% – 3.6%  |

## 3. Defined benefit plan applying the simplified method

## (1) Adjustment of Opening balance and Closing Balance of Net defined liabilities which applied the simplified method for calculation MJPY

|  | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--|--|--|
| Opening Balance of net defined liabilities | 268  | 258  |
| Cost for retirement allowance              | 41   | 49   |
| Retirement allowance paid                  | - 51   | - 16   |
| Closing Balance of net defined liabilities | 258  | 291  |

## (2) Adjustment between the closing balances of projected benefit obligations and Plan assets, and Net defined liabilities/assets accounted on Balance sheet MJPY

|   | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
|---|---|---|
| Projected retirement obligation (except savings-type) | 258   | 291   |
| Net defined liabilities/assets on Balance sheet (net) | 258   | 291   |
| Net defined liabilities                               | 258   | 291   |
| Net defined liabilities/assets on Balance sheet (net) | 258   | 291   |

## (3) Cost for retirement allowances MJPY

|  | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|--|--|--|
| Cost for retirement allowances (calculated by simplified method) | 41   | 49   |

## 4. Defined Contribution plan MJPY

|  | FY2021/3<br>(April 1 <sup>st</sup> , 2020-<br>March 31 <sup>st</sup> , 2021) | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) |
|--|--|--|
| Contribution payable by the Parent Company and consolidated subsidiaries | 190  | 193  |

(Stock options and others)

1. Account and amount charged as expenses

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

MJPY

| Breakdown                                      | Account name: "Stock compensation expense" |                 |                                     |       |
|--|--|-----------------|-------------------------------------|-------|
|  | Cost of goods sold                         | Selling expense | General and administrative expenses | Total |
| The 16 <sup>th</sup> SSR                       | 3  | 1               | 2                                   | 7     |
| The 17 <sup>th</sup> SSR                       | 10   | 5               | 8                                   | 23    |
| SSR issued July 2021 (stock compensation type) | -  | -               | 154                                 | 154   |
| Total  | 13   | 6               | 164                                 | 185   |

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

MJPY

| Breakdown                                      | Account name: "Stock compensation expense" |                 |                                     |       |
|--|--|-----------------|-------------------------------------|-------|
|  | Cost of goods sold                         | Selling expense | General and administrative expenses | Total |
| The 17 <sup>th</sup> SSR                       | 10   | 5               | 8                                   | 23    |
| SSR issued July 2022 (stock compensation type) | -  | -               | 124                                 | 124   |
| Total  | 10   | 5               | 132                                 | 148   |

2. Gains and accounts from the expiration of exercising rights

MJPY

|                                       | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|---------------------------------------|--|--|
| Reversal of SSR (Extraordinary Gains) | 3  | 5  |

### 3. Description, scale, and movement of stock options

#### The Parent Company

##### (1) Description of stock options

###### The 12<sup>th</sup> SSR

|  |   |
|--|---|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 9<br>Employees of the Parent Company: 256<br>Directors of subsidiaries: 13<br>Employees of subsidiaries: 89  |
| Number and class of shares to be provided (shares)                     | Common stock: 74,800  |
| Date of issue  | July 22 <sup>nd</sup> , 2015  |
| Conditions of settlement of rights                                     | He/She must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons. |
| Period grantees provide service in return for SOs                      | July 22 <sup>nd</sup> , 2015 - July 22 <sup>nd</sup> , 2017   |
| Exercise period  | July 23 <sup>rd</sup> , 2017 - June 30 <sup>th</sup> , 2022   |

###### The 13<sup>th</sup> SSR

|  |   |
|--|---|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 9<br>Employees of the Parent Company: 258<br>Directors of subsidiaries: 13<br>Employees of subsidiaries: 92  |
| Number and class of shares to be provided (shares)                     | Common stock: 76,500  |
| Date of issue  | July 21 <sup>st</sup> , 2016  |
| Conditions of settlement of rights                                     | He/She must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons. |
| Period grantees provide service in return for SOs                      | July 21 <sup>st</sup> , 2016 - July 21 <sup>st</sup> , 2018   |
| Exercise period  | July 22 <sup>nd</sup> , 2018 - June 30 <sup>th</sup> , 2023   |

###### The 14<sup>th</sup> SSR

|  |   |
|--|---|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 8<br>Employees of the Parent Company: 172<br>Directors of subsidiaries: 12<br>Employees of subsidiaries: 22  |
| Number and class of shares to be provided (shares)                     | Common stock: 77,500  |
| Date of issue  | July 24 <sup>th</sup> , 2017  |
| Conditions of settlement of rights                                     | He/She must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons. |
| Period grantees provide service in return for SOs                      | July 24 <sup>th</sup> , 2017 - July 24 <sup>th</sup> , 2019   |
| Exercise period  | July 25 <sup>th</sup> , 2019 - June 30 <sup>th</sup> , 2024   |

The 15<sup>th</sup> SSR

|  |   |
|--|---|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 8<br>Employees of the Parent Company: 183<br>Directors of subsidiaries: 8<br>Employees of subsidiaries: 18   |
| Number and class of shares to be provided (shares)                     | Common stock: 74,500  |
| Date of issue  | July 23 <sup>th</sup> , 2018  |
| Conditions of settlement of rights                                     | He/She must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons. |
| Period grantees provide service in return for SOs                      | July 23 <sup>rd</sup> , 2018 - July 23 <sup>rd</sup> , 2020   |
| Exercise period  | July 24 <sup>th</sup> , 2020 - June 30 <sup>th</sup> , 2025   |

The 16<sup>th</sup> SSR

|  |   |
|--|---|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 7<br>Employees of the Parent Company: 195<br>Directors of subsidiaries: 8<br>Employees of subsidiaries: 26   |
| Number and class of shares to be provided (shares)                     | Common stock: 77,800  |
| Date of issue  | August 2 <sup>nd</sup> , 2019   |
| Conditions of settlement of rights                                     | He/She must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons. |
| Period grantees provide service in return for SOs                      | August 2 <sup>nd</sup> , 2019 - August 2 <sup>nd</sup> , 2021   |
| Exercise period  | August 3 <sup>rd</sup> , 2021 - June 30 <sup>th</sup> , 2026  |

The 17<sup>th</sup> SSR

|  |   |
|--|---|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 7<br>Employees of the Parent Company: 195<br>Directors of subsidiaries: 8<br>Employees of subsidiaries: 36   |
| Number and class of shares to be provided (shares)                     | Common stock: 79,900  |
| Date of issue  | July 30 <sup>th</sup> , 2020  |
| Conditions of settlement of rights                                     | He/She must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons. |
| Period grantees provide service in return for SOs                      | July 30 <sup>th</sup> , 2020 - July 30 <sup>th</sup> , 2023   |
| Exercise period  | July 31 <sup>st</sup> , 2023 – June 30 <sup>th</sup> , 2028   |

SSR issued June 2005 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers):11   |
| Number and class of shares to be provided (shares)                     | Common stock: 47,000   |
| Date of issue  | June 29 <sup>th</sup> , 2005   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | June 30 <sup>th</sup> , 2005 - June 30 <sup>th</sup> , 2025  |

SSR issued July 2006 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 6<br>Employees of the Parent Company (executive officers): 12   |
| Number and class of shares to be provided (shares)                     | Common stock:29,600  |
| Date of issue  | July 14 <sup>th</sup> , 2006   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 15 <sup>th</sup> , 2006 - July 14 <sup>th</sup> , 2026  |

SSR issued July 2007 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Company: 6<br>Employees of the Parent Company (executive officers):12   |
| Number and class of shares to be provided (shares)                     | Common stock:32,000  |
| Date of issue  | July 19 <sup>th</sup> , 2007   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 20 <sup>th</sup> , 2007 - July 19 <sup>th</sup> , 2027  |

SSR issued July 2011 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Company: 6<br>Employees of the Parent Company (executive officers):2  |
| Number and class of shares to be provided (shares)                     | Common stock:33,100  |
| Date of issue  | July 12 <sup>th</sup> , 2011   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 13 <sup>th</sup> , 2011 - July 12 <sup>th</sup> , 2031  |



SSR issued July 2012 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers):2  |
| Number and class of shares to be provided (shares)                     | Common stock:35,600  |
| Date of issue  | July 23 <sup>rd</sup> , 2012   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 24 <sup>th</sup> , 2012 - July 23 <sup>rd</sup> , 2032  |

SSR issued July 2013 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 7<br>Employees of the Parent Company (executive officers):2   |
| Number and class of shares to be provided (shares)                     | Common stock:35,100  |
| Date of issue  | July 22 <sup>nd</sup> , 2013   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 23 <sup>rd</sup> , 2013 - July 22 <sup>nd</sup> , 2033  |

SSR issued July 2014 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 8<br>Employees of the Parent Company (executive officers): 2  |
| Number and class of shares to be provided (shares)                     | Common stock:38,100  |
| Date of issue  | July 22 <sup>nd</sup> , 2014   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 23 <sup>rd</sup> , 2014 - July 22 <sup>nd</sup> , 2034  |

SSR issued July 2015 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 8<br>Employees of the Parent Company (executive officers): 1  |
| Number and class of shares to be provided (shares)                     | Common stock:36,100  |
| Date of issue  | July 22 <sup>nd</sup> , 2015   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 23 <sup>rd</sup> , 2015 - July 22 <sup>nd</sup> , 2035  |

SSR issued July 2016 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:8<br>Employees of the Parent Company (executive officers): 1   |
| Number and class of shares to be provided (shares)                     | Common stock:37,000  |
| Date of issue  | July 21 <sup>st</sup> , 2016   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 22 <sup>nd</sup> , 2016 - July 21 <sup>st</sup> , 2036  |

SSR issued July 2017 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers): 3   |
| Number and class of shares to be provided (shares)                     | Common stock:41,900  |
| Date of issue  | July 24 <sup>th</sup> , 2017   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 25 <sup>th</sup> , 2017 - July 24 <sup>th</sup> , 2037  |

SSR issued July 2018 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:7<br>Employees of the Parent Company (executive officers):3  |
| Number and class of shares to be provided (shares)                     | Common stock:42,300  |
| Date of issue  | July 23 <sup>rd</sup> , 2018   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 24 <sup>th</sup> , 2018 - July 23 <sup>rd</sup> , 2038  |

SSR issued August 2019 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:6<br>Employees of the Parent Company (executive officers):5  |
| Number and class of shares to be provided (shares)                     | Common stock:44,200  |
| Date of issue  | August 2 <sup>nd</sup> , 2019  |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | August 3 <sup>rd</sup> , 2019 – August 2 <sup>nd</sup> , 2039  |

## SSR issued July 2020 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:6<br>Employees of the Parent Company (executive officers):5  |
| Number and class of shares to be provided (shares)                     | Common stock:44,500  |
| Date of issue  | July 30 <sup>th</sup> , 2020   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 31 <sup>st</sup> , 2020 – July 30 <sup>th</sup> , 2040  |

## SSR issued July 2021 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:6<br>Employees of the Parent Company (executive officers):5  |
| Number and class of shares to be provided (shares)                     | Common stock:45,800  |
| Date of issue  | July 26 <sup>th</sup> , 2021   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 27 <sup>th</sup> , 2021 – July 26 <sup>th</sup> , 2051  |

## SSR issued July 2022 (stock compensation type)

|  |  |
|--|--|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company:6<br>Employees of the Parent Company (executive officers):5  |
| Number and class of shares to be provided (shares)                     | Common stock:48,300  |
| Date of issue  | July 22 <sup>nd</sup> , 2022   |
| Conditions of settlement of rights                                     | In principle, directors and executive officers of the Parent Company may exercise their stock acquisition rights after losing their positions. |
| Period grantees provide service in return for SOs                      | Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.                     |
| Exercise period  | July 23 <sup>rd</sup> , 2022 – July 22 <sup>nd</sup> , 2052  |

(2) Scale and movement of stock options

[1] Numbers of stock options

|  | The 12 <sup>th</sup><br>SSR | The 13 <sup>th</sup><br>SSR | The 14 <sup>th</sup><br>SSR | The 15 <sup>th</sup><br>SSR | The 16 <sup>th</sup><br>SSR | The 17 <sup>th</sup><br>SSR |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Non-exercisable SOs                            |                             |                             |                             |                             |                             |                             |
| SOs outstanding at end of previous FY (shares) | -                           | -                           | -                           | -                           | -                           | 78,100                      |
| SOs granted (shares)                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Forfeitures (shares)                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Conversion to exercisable SOs (shares)         | -                           | -                           | -                           | -                           | -                           | -                           |
| SOs outstanding (shares)                       | -                           | -                           | -                           | -                           | -                           | 78,100                      |
| Exercisable SOs                                |                             |                             |                             |                             |                             |                             |
| SOs outstanding at end of previous FY (shares) | 18,100                      | 26,000                      | 47,500                      | 54,100                      | 59,400                      | -                           |
| Conversion from non-exercisable SOs (shares)   | -                           | -                           | -                           | -                           | -                           | -                           |
| SOs exercised (shares)                         | 7,800                       | 8,100                       | 4,400                       | 5,000                       | 8,400                       | -                           |
| Forfeitures (shares)                           | 10,300                      | -                           | -                           | -                           | -                           | -                           |
| SOs outstanding (shares)                       | -                           | 17,900                      | 43,100                      | 49,100                      | 51,000                      | -                           |

|  | SSR issued<br>June 2005<br>(stock<br>compensation<br>type) | SSR issued<br>July 2006<br>(stock<br>compensation<br>type) | SSR issued<br>July 2007<br>(stock<br>compensation<br>type) | SSR issued<br>July 2011<br>(stock<br>compensation<br>type) | SSR issued<br>July 2012<br>(stock<br>compensation<br>type) | SSR issued<br>July 2013<br>(stock<br>compensation<br>type) | SSR issued<br>July 2014<br>(stock<br>compensation<br>type) |
|--|--|--|--|--|--|--|--|
| Non-exercisable SOs                            |  |  |  |  |  |  |  |
| SOs outstanding at end of previous FY (shares) | 3,200  | 2,200  | 2,400  | 13,000   | 13,000   | 15,400   | 17,900   |
| SOs granted (shares)                           | -  | -  | -  | -  | -  | -  | -  |
| Forfeitures (shares)                           | -  | -  | -  | -  | -  | -  | -  |
| Conversion to exercisable SOs (shares)         | -  | -  | -  | -  | -  | -  | -  |
| SOs outstanding (shares)                       | 3,200  | 2,200  | 2,400  | 13,000   | 13,000   | 15,400   | 17,900   |
| Exercisable SOs                                |  |  |  |  |  |  |  |
| SOs outstanding at end of previous FY (shares) | -  | -  | -  | -  | -  | -  | -  |
| Conversion from non-exercisable SOs (shares)   | -  | -  | -  | -  | -  | -  | -  |
| SOs exercised (shares)                         | -  | -  | -  | -  | -  | -  | -  |
| Forfeitures (shares)                           | -  | -  | -  | -  | -  | -  | -  |
| SOs outstanding (shares)                       | -  | -  | -  | -  | -  | -  | -  |

|   | SSR issued<br>July 2015<br>(stock<br>compensation<br>type) | SSR issued<br>July 2016<br>(stock<br>compensation<br>type) | SSR issued<br>July 2017<br>(stock<br>compensation<br>type) | SSR issued<br>July 2018<br>(stock<br>compensation<br>type) | SSR issued<br>August 2019<br>(stock<br>compensation<br>type) | SSR issued<br>July 2020<br>(stock<br>compensation<br>type) | SSR issued<br>July 2021<br>(stock<br>compensation<br>type) |
|---|--|--|--|--|--|--|--|
| Non-exercisable SOs                               |  |  |  |  |  |  |  |
| SOs outstanding at end of<br>previous FY (shares) | 25,500   | 26,400   | 33,600   | 34,000   | 41,000   | 41,300   | 45,800   |
| SOs granted (shares)                              | -  | -  | -  | -  | -  | -  | -  |
| Forfeitures (shares)                              | -  | -  | -  | -  | -  | -  | -  |
| Conversion to exercisable<br>SOs (shares)         | -  | -  | -  | -  | -  | -  | -  |
| SOs outstanding (shares)                          | 25,500   | 26,400   | 33,600   | 34,000   | 41,000   | 41,300   | 45,800   |
| Exercisable SOs                                   |  |  |  |  |  |  |  |
| SOs outstanding at end of<br>previous FY (shares) | -  | -  | -  | -  | -  | -  | -  |
| Conversion from non-<br>exercisable SOs (shares)  | -  | -  | -  | -  | -  | -  | -  |
| SOs exercised (shares)                            | -  | -  | -  | -  | -  | -  | -  |
| Forfeitures (shares)                              | -  | -  | -  | -  | -  | -  | -  |
| SOs outstanding (shares)                          | -  | -  | -  | -  | -  | -  | -  |

|   | SSR issued<br>July 2022<br>(stock<br>compensation<br>type) |
|---|--|
| Non-exercisable SOs                               |  |
| SOs outstanding at end of<br>previous FY (shares) | -  |
| SOs granted (shares)                              | 48,300   |
| Forfeitures (shares)                              | -  |
| Conversion to exercisable<br>SOs (shares)         | -  |
| SOs outstanding (shares)                          | 48,300   |
| Exercisable SOs                                   |  |
| SOs outstanding at end of<br>previous FY (shares) | -  |
| Conversion from non-<br>exercisable SOs (shares)  | -  |
| SOs exercised (shares)                            | -  |
| Forfeitures (shares)                              | -  |
| SOs outstanding (shares)                          | -  |

[2] Price information

|   | The 12 <sup>th</sup> SSR | The 13 <sup>th</sup> SSR | The 14 <sup>th</sup> SSR | The 15 <sup>th</sup> SSR | The 16 <sup>th</sup> SSR | The 17 <sup>th</sup> SSR |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Paid-in value (yen)   | 2,825                    | 2,527                    | 3,950                    | 4,073                    | 3,075                    | 3,655                    |
| Average market price of the stock at the time of exercise (yen) | 4,766                    | 4,675                    | 4,799                    | 4,781                    | 4,675                    | -                        |
| Fair value at the date of grant (yen)                           | 572                      | 580                      | 862                      | 611                      | 568                      | 917                      |

|   | SSR issued June 2005 (stock compensation type) | SSR issued July 2006 (stock compensation type) | SSR issued July 2007 (stock compensation type) | SSR issued July 2011 (stock compensation type) | SSR issued July 2012 (stock compensation type) | SSR issued July 2013 (stock compensation type) | SSR issued July 2014 (stock compensation type) |
|---|--|--|--|--|--|--|--|
| Paid-in value (yen)   | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Average market price of the stock at the time of exercise (yen) | -  | -  | -  | -  | -  | -  | -  |
| Fair value at the date of grant (yen)                           | -  | 4,944  | 4,046  | 1,431  | 1,036  | 1,957  | 1,672  |

|   | SSR issued July 2015 (stock compensation type) | SSR issued July 2016 (stock compensation type) | SSR issued July 2017 (stock compensation type) | SSR issued July 2018 (stock compensation type) | SSR issued August 2019 (stock compensation type) | SSR issued July 2020 (stock compensation type) | SSR issued July 2021 (stock compensation type) |
|---|--|--|--|--|--|--|--|
| Paid-in value (yen)   | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Average market price of the stock at the time of exercise (yen) | -  | -  | -  | -  | -  | -  | -  |
| Fair value at the date of grant (yen)                           | 2,129  | 2,022  | 3,182  | 2,841  | 1,986  | 2,860  | 3,367  |

|   | SSR issued July 2022 (stock compensation type) |
|---|--|
| Paid-in value (yen)   | 1  |
| Average market price of the stock at the time of exercise (yen) | -  |
| Fair value at the date of grant (yen)                           | 2,572  |

#### 4. Valuation of fair value of stock options granted during FY

(1) Calculation method used: Black Scholes option pricing model

(2) Basic assumption and valuation method used

|                             | SSR issued July 2022<br>(stock compensation type) |
|-----------------------------|---|
| Stock Price Volatility      | 40.123% * Note 1                                  |
| Expected life               | 15 years *Note 2                                  |
| Expected dividend per share | ¥185 *Note 3                                      |
| Risk-free interest rate     | 0.570% *Note 4                                    |

Notes:1. Calculated based on the list stock price records from the past 15 years (Closing price of each business day from July 22<sup>nd</sup>, 2007 – July 22<sup>nd</sup>, 2022).

2. Assumed to be the mid-point between the vesting date and the end of the contractual term.

3. Based on the dividend records from the 12 months preceding the vesting date (¥84 interim dividend at September 2021 and ¥101 year-end dividend at end of FY2022/3).

4. Based on the yield of Japanese government bonds over the expected life.

#### 5. Estimation of the number of stock options vested

Because it is fundamentally difficult to reasonably estimate the future number of forfeitures, we have adopted a method which utilizes only historical data for the number of forfeitures.

(Restricted stock compensation)

The Company adopts a restricted stock compensation plan as compensation for directors, etc. In accordance with Article 202-2 of the Companies Act, this transaction is not a transaction in which shares are issued without requiring payment of money as remuneration for directors, etc. Therefore, the Company's plan is not applicable to a practical solution called "Transactions that Grant Shares as Compensation for Directors" (ASBJ Practical Solution No. 41, January 28<sup>th</sup>, 2021).

1. Amounts and accounts of expenses recorded for restricted stock compensation

|                                     | FY2022/3<br>(April 1 <sup>st</sup> , 2021-<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022-<br>March 31 <sup>st</sup> , 2023) |
|-------------------------------------|--|--|
| General and Administrative expenses | ¥9 million   | ¥28 million  |

2. Details of restricted stock compensation

|  | Restricted stock compensation issued July 2021<br>(stock compensation type)   | Restricted stock compensation issued August 2022<br>(stock compensation type)   |
|--|---|---|
| Categories and numbers of persons to whom rights are granted (persons) | Directors of the Parent Company: 7<br>Employees of the Parent Company: 21<br>Directors of subsidiaries: 5<br>Employees of subsidiaries: 1 | Directors of the Parent Company: 7<br>Employees of the Parent Company: 21<br>Directors of subsidiaries: 5<br>Employees of subsidiaries: 1 |
| Number and class of restricted stocks to be provided (shares)          | Common stock: 8,240   | Common stock: 16,480  |
| Date of issue  | July 26 <sup>th</sup> , 2021  | August 17 <sup>th</sup> , 2022  |
| Restricted period  | July 26 <sup>th</sup> , 2021 - July 25 <sup>th</sup> , 2024<br>*Note 1  | August 17 <sup>th</sup> , 2022 – August 16 <sup>th</sup> , 2025<br>*Note 1  |
| Condition for lifting the restriction                                  | * Note 2  | * Note 2  |

Notes:

- During the restricted transfer period set forth above, an allottee may not transfer, pledge, grant a security interest in, or bequeath to a third party any of the restricted transferable shares allotted to such allottee (hereinafter referred to as the "Allotted Shares") to any third party.
- The Company may grant all of the Allotted Shares to a Director who has received an allotment of the Restricted Stocks on the condition that he/she has continuously held the position of Director, Corporate auditor, executive officer or employee of the Company or its affiliates from the commencement date of the Restricted Period until the first Ordinary General Meeting of Shareholders of the Company to be held on or after the Restricted Period. However, in the event that the subject director resigns or retires from any of the positions of director, corporate auditor, executive officer or employee of the Company or its affiliates before the expiration of the Restriction Period for reasons deemed justifiable by the Board of Directors of the Company, the number of shares to be transferred and the timing of the cancellation of the Restriction shall be reasonably adjusted as necessary.

3. Scale and movement of Restricted stock compensation

[1] Numbers of stocks

|  | Restricted stock compensation issued July 2021<br>(stock compensation type) | Restricted stock compensation issued August 2022<br>(stock compensation type) |
|--|---|---|
| Outstanding restricted stocks at end of previous FY (shares) | 8,240   | -   |
| Restricted stocks granted (shares)                           | -   | 16,480  |
| Forfeitures (shares)   | 180   | 360   |
| Conversion from non-exercisable Restricted stocks (shares)   | -   | -   |
| Outstanding restricted stocks at end of current FY (shares)  | 8,060   | 16,120  |



[2] Price information

|  | Restricted stock compensation<br>issued July 2021<br>(stock compensation type) | Restricted stock compensation<br>issued August 2022<br>(stock compensation type) |
|--|--|--|
| Fair value at the date of grant<br>(yen) | 4,860  | 4,645  |

4. Method of estimating fair valuation unit price

In order to eliminate arbitrariness, the fair valuation unit price is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors of the Company.

5. Method of estimating the number of shares to be vested

Since it is difficult to reasonably estimate the number of shares to be forfeited in the future, the Company adopts a method that reflects only the actual number of shares to be forfeited.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

MJPY

|   | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
|---|---|---|
| Deferred tax assets   |   |   |
| Tangible fixed assets   | 2,004                                       | 1,993                                       |
| Inventories   | 945   | 827   |
| Net defined benefit liabilities   | 521   | 521   |
| Securities contribution to employees' retirement benefits trust               | 1,037                                       | 1,039                                       |
| Provision for employees' bonuses  | 529   | 778   |
| Tax loss carried forward *1   | 341   | 362   |
| Investment Securities   | 186   | 186   |
| Share subscription rights   | 238   | 276   |
| Accrued expense   | 444   | 434   |
| Accrued enterprise tax  | 301   | 321   |
| Provision for loss on litigation  | -   | 586   |
| Others  | 347   | 434   |
| Subtotal of Deferred tax assets   | 6,897                                       | 7,761                                       |
| Valuation allowance (mainly from the future deductible temporary differences) | - 817                                       | - 1,413                                     |
| Valuation allowance (from Tax loss carried forward) *2                        | - 341                                       | - 362                                       |
| Total Valuation allowance *1  | - 1,159                                     | - 1,775                                     |
| Total Deferred tax assets   | 5,738                                       | 5,985                                       |
| Deferred tax liabilities  |   |   |
| Undistributed earnings of foreign subsidiaries                                | - 1,091                                     | - 969                                       |
| Gain on securities contribution to employees' retirement benefits trust       | - 151                                       | - 151                                       |
| Net defined benefit assets  | - 462                                       | - 483                                       |
| Asset retirement cost   | - 18  | - 17  |
| Holding gain or loss in investment  | - 151                                       | - 225                                       |
| Others  | - 215                                       | - 71  |
| Total deferred tax liabilities  | - 2,091                                     | - 1,918                                     |
| Net deferred tax assets(or liabilities)                                       | 3,646                                       | 4,067                                       |

Note:

1. Total Valuation allowance increased by ¥616 million. This is mainly due to recognition of ¥586 million of valuation allowance related to the provision for loss on litigation in the Parent Company.

2. Tax loss carryforwards and their deferred tax asset carryforwards by expiration date

FY2022/3 (March 31<sup>st</sup>, 2022)

MJPY

|                          | Less than<br>1 year | 1-2<br>years | 2 - 3<br>years | 3 - 4<br>years | 4 - 5<br>years | Over<br>5 years | Total |
|--------------------------|---------------------|--------------|----------------|----------------|----------------|-----------------|-------|
| Tax loss carried forward | -                   | -            | -              | 127            | 39             | 175             | 341   |
| Valuation allowance      | -                   | -            | -              | - 127          | - 39           | - 175           | - 341 |
| Deferred tax assets      | -                   | -            | -              | -              | -              | -               | -     |

FY2023/3 (March 31<sup>st</sup>, 2023)

MJPY

|                          | Less than<br>1 year | 1-2<br>years | 2 - 3<br>years | 3 - 4<br>years | 4 - 5<br>years | Over<br>5 years | Total |
|--------------------------|---------------------|--------------|----------------|----------------|----------------|-----------------|-------|
| Tax loss carried forward | 2                   | 80           | 39             | 39             | -              | 199             | 362   |
| Valuation allowance      | - 2                 | - 80         | - 39           | - 39           | -              | - 199           | - 362 |
| Deferred tax assets      | -                   | -            | -              | -              | -              | -               | -     |

2. Reconciliations between the effective corporate tax rates reflected in the consolidated financial statements and the statutory tax rate

|  | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
|--|---|---|
| Statutory tax rate of the Parent Company   | 30.62%                                      | 30.62%                                      |
| (Reconciliation)   |   |   |
| Effect by special tax credits  | - 3.75%                                     | - 3.71%                                     |
| Effect by differences of corporate tax rate between the Parent Company and consolidated subsidiaries | - 1.18%                                     | - 1.16%                                     |
| Change in valuation allowance  | 0.06%                                       | 1.92%                                       |
| Effect by Tax audit and others   | 0.00%                                       | -%  |
| Inhabitant tax on per capita basis   | 0.20%                                       | 0.18%                                       |
| Permanent differences in accounting such as entertainment fee  | 0.41%                                       | -0.13%                                      |
| Others   | 1.20%                                       | 1.13%                                       |
| Effective corporate tax rate   | 27.55%                                      | 28.85%                                      |

3. Accounting for Income taxes and Local income taxes or Tax effect accounting for these taxes

Effective from FY2023/3 the Parent Company and its domestic consolidated subsidiaries have adopted the Group tax sharing system. In accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Solution No.42, August 12<sup>th</sup>, 2021), the Parent Company and its domestic consolidated subsidiaries account for income taxes and local corporate taxes, or tax effect accounting related to these taxes, and disclose such taxes.

(Asset retirement obligations)

Notes are omitted because the total amount of asset retirement obligations is immaterial.

(Revenue Recognition)

1. Information disaggregating revenue from contracts with customers

A table below shows net sales broken down by revenue recognition period and their relationship to net sales in each segment.

The Group has two reportable segments, "SPE" and "Metrology Equipment."

The Group recognizes revenue broken down into two categories: "Goods transferred at a certain point in time" and "Goods transferred over a certain period of time".

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

MJPY

|   | Reportable Segments |                     | Total   |
|---|---------------------|---------------------|---------|
|   | SPE                 | Metrology Equipment |         |
| Goods transferred at a certain point in time    | 100,979             | 29,354              | 130,333 |
| Goods transferred over a certain period of time | 166                 | 202                 | 368     |
| Revenue arisen from contract with customer      | 101,145             | 29,556              | 130,702 |

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

MJPY

|   | Reportable Segments |                     | Total   |
|---|---------------------|---------------------|---------|
|   | SPE                 | Metrology Equipment |         |
| Goods transferred at a certain point in time    | 112,207             | 34,218              | 146,426 |
| Goods transferred over a certain period of time | 157                 | 218                 | 375     |
| Revenue arisen from contract with customer      | 112,365             | 34,436              | 146,801 |

2. Information that provides a basis for understanding revenue arising from contracts with customers

The Group sells manufacturing and inspection equipment such as wafer probing machines, wafer dicing machines, and other machines used in the semiconductor manufacturing and testing process in SPE segment and sells precision measuring equipment such as 3D coordinate measuring machines, surface texture and contour measuring systems in Metrology segment. Also, the Group provides after sales service and support activities such as warranty, repairs & maintenance, and relocation of these equipment.

For sales of products, revenue is recognized at the amount expected to be received in exchange for the product when control of the product is transferred to the customer.

When a product sale includes a warranty service for a specified period of time in accordance with the contract with the customer, the Group identifies the performance obligation by delivery of the product and the performance obligation by such service, and recognizes revenue when the respective performance obligations are satisfied.

For paid-service operations, the Group recognizes revenue upon completion of service provision when the performance obligation is satisfied at a point in time. In the case of product maintenance contracts with a fixed term, the Group recognizes revenue on a pro-rata basis according to the maintenance contract organization.

The consideration for the transaction, which is the basis for the amount of revenue, is measured based on the contract amount, which is mainly received in advance from the time the order is received until the performance obligation is satisfied or payment is required after the fulfillment of the performance obligation. Sales rebates, if any, paid to customers are deducted from the transaction price. Payments after satisfaction of performance obligations do not include a significant financial component, as they are received mainly within one year from the time of satisfaction of the performance obligation and are not long-term in nature.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current fiscal year and are expected to be recognized in the following fiscal year

[1] Outstanding Contract Assets and Contract liabilities

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

MJPY

|  | Opening balance | Closing balance |
|--|-----------------|-----------------|
| Claims arising from contracts with customers |                 |                 |
| Trade notes                                  | 600             | 360             |
| Accounts receivable                          | 26,294          | 31,811          |
| Electronically recorded monetary claims      | 3,642           | 6,162           |
| Contract Assets                              | 409             | 33              |
| Total  | 30,946          | 38,367          |
| Contract Liabilities                         | 3,983           | 10,308          |

Note: Contract liabilities relate primarily to advances received from customers based on payment terms in sales contracts with customers. Contract liabilities are reversed upon recognition of revenue. The amount of revenue recognized in FY2022/3 that was included in the contract liability balance at the beginning of the period was ¥3,818 million.

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

MJPY

|  | Opening balance | Closing balance |
|--|-----------------|-----------------|
| Claims arising from contracts with customers |                 |                 |
| Trade notes                                  | 360             | 341             |
| Accounts receivable                          | 31,811          | 34,718          |
| Electronically recorded monetary claims      | 6,162           | 7,002           |
| Contract Assets                              | 33              | 1,342           |
| Total  | 38,367          | 43,403          |
| Contract Liabilities                         | 10,308          | 8,703           |

Note: Contract liabilities relate primarily to advances received from customers based on payment terms in sales contracts with customers. Contract liabilities are reversed upon recognition of revenue. The amount of revenue recognized in FY2023/3 that was included in the contract liability balance at the beginning of the period was ¥8,284 million.

[2] Transaction price allocated to remaining performance obligations

Since there are no material transactions in the Group's contract liability balances with performance obligation terms longer than one year, the practically expedient method is applied and no information regarding residual performance obligations is disclosed. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Segment information)

1. Overview of reportable segments

(1) Method of defining reportable segments

The reportable segments of the Company are the business segments for which separate financial information can be obtained and are at the level where the Company's board of directors conducts periodic reviews leading to the allocation of resources and evaluation of business performance.

The Company consists of internal companies known as the Semiconductor Company and the Metrology Company, and each company's products and services are managed under comprehensive strategies inside and outside of Japan.

Therefore, the Company defines "SPE" and "Metrology instrument" as reportable segments based on the intercompany system and their outputs.

The "SPE" consists of manufacturing and sales of process and inspection equipment to be applied to Semiconductor Manufacturing Processes and the "Metrology Equipment" consists of manufacturing and sales of precision measurement equipment such as 3D coordinate measuring machines and surface texture and contour measuring instruments.

(2) Primary products of each reportable segment

|                    |  |
|--------------------|--|
| SPE segment:       | Wafer probing machines, wafer dicing machines, polish grinders,<br>Wafer manufacturing machines, CMPs, precision dicing blades   |
| Metrology segment: | 3D coordinates measuring machines, roundness and cylindrical profile<br>Measuring instruments, surface texture and contour measuring<br>Instruments, machine control gauges, various automated measuring,<br>sorting and assembling machines |

2. Method of calculation of sales, profit/loss, assets/liabilities and/or others in reportable segments

The method of calculating segment results is mostly the same as applied to the consolidated financial statements. Therefore, segment profit is based on consolidated operating profit.

As described in "Changes in Accounting," income and expenses of overseas subsidiaries were previously translated into Japanese Yen at the spot exchange rate prevailing on the date of account settlement. However, since the importance of overseas sales by overseas subsidiaries and others is expected to increase in the future, the Company changed to a method of converting business results into Japanese Yen based on the average exchange rate during the period effective from the beginning of FY2023/3 in order to mitigate the impact of temporary fluctuations in exchange rates on periodic profit and loss and more appropriately reflect the performance of overseas subsidiaries in the consolidated financial statements.

The change in accounting policy has been applied retrospectively, and the segment information for the FY2022/3 have been prepared on a retrospective basis. Impacts from these changes in the segment information is immaterial.

3. Net sales, profit/loss, assets/liabilities and/or others in reportable segments

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

MJPY

|  | Reportable Segments |                        |         | Adjustment<br>*1 | Consolidated<br>Total<br>*2 |
|--|---------------------|------------------------|---------|------------------|-----------------------------|
|  | SPE                 | Metrology<br>Equipment | Total   |                  |                             |
| Sales  |                     |                        |         |                  |                             |
| Sales to third party:                          | 101,145             | 29,556                 | 130,702 | -                | 130,702                     |
| Intersegment sales to transfer                 | -                   | -                      | -       | -                | -                           |
| Total  | 101,145             | 29,556                 | 130,702 | -                | 130,702                     |
| Segment Profit                                 | 24,698              | 3,628                  | 28,327  | -                | 28,327                      |
| Segment Assets                                 | 145,499             | 43,733                 | 189,232 | 1,055            | 190,287                     |
| Others   |                     |                        |         |                  |                             |
| Depreciation and amortization                  | 2,447               | 1,103                  | 3,551   | -                | 3,551                       |
| Amortization of goodwill                       | 7                   | 21                     | 29      | -                | 29                          |
| Increase in tangible / intangible Fixed assets | 9,223               | 569                    | 9,793   | -                | 9,793                       |

Notes

\*1: adjustment for corporate assets which are not allotted to the segments such as long-term investments (other investment securities)

\*2: Segment profit is same amount as operating income stated in the consolidated financial statements.

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

MJPY

|  | Reportable Segments |                        |         | Adjustment<br>*1 | Consolidated<br>Total<br>*2 |
|--|---------------------|------------------------|---------|------------------|-----------------------------|
|  | SPE                 | Metrology<br>Equipment | Total   |                  |                             |
| Sales  |                     |                        |         |                  |                             |
| Sales to third party:                          | 112,365             | 34,436                 | 146,801 | -                | 146,801                     |
| Intersegment sales to transfer                 | -                   | -                      | -       | -                | -                           |
| Total  | 112,365             | 34,436                 | 146,801 | -                | 146,801                     |
| Segment Profit                                 | 29,866              | 4,628                  | 34,494  | -                | 34,494                      |
| Segment Assets                                 | 161,167             | 46,999                 | 208,167 | 865              | 209,032                     |
| Others   |                     |                        |         |                  |                             |
| Depreciation and amortization                  | 2,642               | 1,189                  | 3,832   | -                | 3,832                       |
| Amortization of goodwill                       | 8                   | 34                     | 42      | -                | 42                          |
| Increase in tangible / intangible Fixed assets | 7,248               | 2,476                  | 9,725   | -                | 9,725                       |

Notes

\*1: adjustment for corporate assets which are not allotted to the segments such as long-term investments (other investment securities)

\*2: Segment profit is same amount as operating income stated in the consolidated financial statements.

(Related Information)

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

1. Information per each product and service

Data for this period is intentionally omitted because the same information is disclosed in “segment information”.

2. Information per geographical segment

(1) Sales

MJPY

| Japan  | East Asia |        |       |       |        | South East Asia | Other Areas | Total   |
|--------|-----------|--------|-------|-------|--------|-----------------|-------------|---------|
|        | China     | Taiwan | Korea | Other | Total  |                 |             |         |
| 38,372 | 44,947    | 17,963 | 6,763 | 5     | 69,680 | 8,990           | 13,659      | 130,702 |

Note: Country segments are determined based on the country where the customer is located.

(2) Tangible fixed assets

MJPY

| Japan  | Taiwan | Other Areas | Total  |
|--------|--------|-------------|--------|
| 38,193 | 3,246  | 2,040       | 43,479 |

3. Transaction with Significant Customers

There is no third party which exceeds over 10% of total sales accounted on Consolidated Statements of Income.

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

1. Information per each product and service

Data for this period is intentionally omitted because the same information is disclosed in “segment information”.

2. Information per geographical segment

(1) Sales

MJPY

| Japan  | East Asia |        |       |       |        | South East Asia | Other Areas | Total   |
|--------|-----------|--------|-------|-------|--------|-----------------|-------------|---------|
|        | China     | Taiwan | Korea | Other | Total  |                 |             |         |
| 40,072 | 47,582    | 20,307 | 9,273 | 30    | 77,193 | 10,487          | 19,048      | 146,801 |

Note: Country segments are determined based on the country where the customer is located.

(2) Tangible fixed assets

MJPY

| Japan  | Taiwan | Other Areas | Total  |
|--------|--------|-------------|--------|
| 42,265 | 3,183  | 3,504       | 48,954 |

3. Transaction with Significant Customers

There is no third party which exceeds over 10% of total sales accounted on Consolidated Statements of Income.



(Impairment losses on fixed assets per each reportable segment)

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

MJPY

|                 | Reportable Segments |                     |       | Consolidation and elimination | Total |
|-----------------|---------------------|---------------------|-------|-------------------------------|-------|
|                 | SPE                 | Metrology Equipment | Total |                               |       |
| Impairment loss | -                   | 31                  | 31    | -                             | 31    |

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

MJPY

|                 | Reportable Segments |                     |       | Consolidation and elimination | Total |
|-----------------|---------------------|---------------------|-------|-------------------------------|-------|
|                 | SPE                 | Metrology Equipment | Total |                               |       |
| Impairment loss | -                   | 184                 | 184   | -                             | 184   |

(Amortization and closing balance of goodwill per each reportable segment)

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

MJPY

|                            | Reportable Segments |                     |       | Consolidation and elimination | Total |
|----------------------------|---------------------|---------------------|-------|-------------------------------|-------|
|                            | SPE                 | Metrology Equipment | Total |                               |       |
| Balance as at FY2022/3 end | 28                  | 182                 | 210   | -                             | 210   |

Note: The amortization of goodwill is intentionally omitted because the same information is disclosed in “segment information”.

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

MJPY

|                            | Reportable Segments |                     |       | Consolidation and elimination | Total |
|----------------------------|---------------------|---------------------|-------|-------------------------------|-------|
|                            | SPE                 | Metrology Equipment | Total |                               |       |
| Balance as at FY2022/3 end | 22                  | 256                 | 279   | -                             | 279   |

Note: The amortization of goodwill is intentionally omitted because the same information is disclosed in “segment information”.

(Gain on negative goodwill per each reportable segment)

Not applicable.

(Related parties' information)

1. Related party transactions

FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

(1) Transactions between a consolidated subsidiary of the Parent Company and related parties

Director or principal shareholder (limited to individual) of the Parent Company

| Type     | Name of related parties or person | Location | Common Stock (MJPY) | Type of business or occupation                | % of voting rights held by Company (holding Company) | Detail of Relationship | Detail of Transaction    | Transaction amount (MJPY) | Account | Closing Balance (MJPY) |
|----------|-----------------------------------|----------|---------------------|---|--|------------------------|--------------------------|---------------------------|---------|------------------------|
| Director | Kawamura Koichi                   | -        | -                   | Representative director of the Parent Company | (holding company) Direct, 0.02                       | -                      | Exercise of Stock Option | 11                        | -       | -                      |

Note: The 13<sup>th</sup> and 14<sup>th</sup> of SSRs are stated as exercised in FY2022/3. The transaction amount is the amount obtained by multiplying the number of shares granted by the exercise of stock options in FY2022/3 by the amount to be paid in.

FY2023/3 (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023)

Not applicable.

2. Notes for Significant affiliates

Not applicable.

(Per share information)

| FY2022/3<br>(April 1 <sup>st</sup> , 2021 - March 31 <sup>st</sup> , 2022) |              | FY2023/3<br>(April 1 <sup>st</sup> , 2022 - March 31 <sup>st</sup> , 2023) |              |
|--|--------------|--|--------------|
| Net assets per share   | 3,187.39 yen | Net assets per share   | 3,573.81 yen |
| Earnings per share   | 522.52 yen   | Earnings per share   | 581.33 yen   |
| Diluted earnings per share   | 517.51 yen   | Diluted earnings per share   | 575.62 yen   |

Notes

1. As stipulated in “Changes in accounting”, these changes effective from FY2023/3 has been retroactively applied to consolidated financial result for FY2022/3. As a result, in FY2022/3, Net assets per share increased by ¥2.34, Earnings per share decreased by ¥2.82, and Diluted earnings per share decreased by ¥2.79 respectively

2. Basis for calculations of Net profit per share and diluted Net profit in per share

| Item  | FY2022/3<br>(April 1 <sup>st</sup> , 2021 –<br>March 31 <sup>st</sup> , 2022) | FY2023/3<br>(April 1 <sup>st</sup> , 2022 –<br>March 31 <sup>st</sup> , 2023) |
|---|---|---|
| Basic Net profit per share  |   |   |
| Net profit attributable to owners of the parent (MJPY)  | 21,326  | 23,630  |
| Amount not attributed to common shareholders (MJPY)   | -   | -   |
| Net profit attributable to common shares (MJPY)   | 21,326  | 23,630  |
| Average number of shares of common stock during the FY (shares)                                     | 40,814,290  | 40,649,475  |
| Diluted Net profit per share  |   |   |
| Details of adjusted Net profit (MJPY)   | -   | -   |
| Details of increase in common stock (shares)  | 395,535   | 403,506   |
| (SSR (shares))  | (395,535)   | (403,506)   |
| Securities excluded the calculation of diluted Net profit per share due to lack of dilutive effects | -   | -   |

2. Basis for calculations of Net assets per share

| Item  | FY2022/3<br>(March 31 <sup>st</sup> , 2022) | FY2023/3<br>(March 31 <sup>st</sup> , 2023) |
|---|---|---|
| Total in the Net assets column of the consolidated balance sheet (MJPY)       | 131,081                                     | 146,028                                     |
| Amounts to be excluded from Net assets(MJPY)                                  | 1,524                                       | 1,740                                       |
| (SSR(MJPY))   | (950)                                       | (1,072)                                     |
| (Minority interest (MJPY))  | (574)                                       | (668)                                       |
| Net assets as at end of FY available to common shareholders (MJPY)            | 129,556                                     | 144,288                                     |
| Number of common stock shares used to calculate net assets per share (shares) | 40,646,625                                  | 40,373,729                                  |

(Significant subsequent events)

Not applicable.

[5] Consolidated supplemental statement  
 (Statement of bonds payable)  
 Not applicable.

(Schedule of borrowings)

| Category  | Balance at beginning of FY (MJPY) | Balance at end of FY (MJPY) | Average interest rate (%) | Repayment term  |
|---|-----------------------------------|-----------------------------|---------------------------|---|
| Short-term debt                                     | 1,300                             | 1,300                       | 0.54                      | -   |
| Long-term debt scheduled to be paid within 1 year   | 2,000                             | 4,000                       | 0.65                      | -   |
| Lease obligation scheduled to be paid within 1 year | 114                               | 278                         | 1.54                      | -   |
| Long-term debt (exclude current portion)            | 2,000                             | 8,000                       | 0.65                      | Sep. 30 <sup>th</sup> , 2024–<br>Mar. 31 <sup>st</sup> , 2028 |
| Lease obligation (exclude current portion)          | 82                                | 612                         | 1.51                      | May 31 <sup>st</sup> , 2024–<br>Jan. 31 <sup>st</sup> , 2028  |
| Total   | 5,497                             | 14,191                      | -                         | -   |

Notes

1. The “Average interest rate” represents the weighted-average rate applicable to the year-end balance.
2. The amounts of the long-term debt (exclude current portion) that are scheduled to be paid within the 5 years following consolidated settlement date are as follows:

| Category                | 1-2 years (MJPY) | 2-3 years (MJPY) | 3-4 years (MJPY) | 4-5years (MJPY) |
|-------------------------|------------------|------------------|------------------|-----------------|
| Long-term loans payable | 2,000            | 2,000            | 2,000            | 2,000           |
| Lease obligation        | 182              | 150              | 134              | 57              |
| Total                   | 2,182            | 2,150            | 2,134            | 2,057           |

(Detail of Asset Retirement Obligations)

Detail of Asset Retirement Obligations is intentionally omitted as allowed in the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements”, section 92-2, because total amounts of each as at the beginning and end of the fiscal term is less than 1/100 of Total liabilities and Net assets.

(2) Others

Quarterly business result of the consolidated FY2023/3

| (Accumulated period)   | 1 <sup>st</sup> Quarter | 2 <sup>nd</sup> Quarter | 3 <sup>rd</sup> Quarter | 4 <sup>th</sup> Quarter |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Quarterly Net Sales (MJPY)   | 27,919                  | 71,076                  | 103,114                 | 146,801                 |
| Quarterly income before income taxes and minority interests (MJPY) | 6,502                   | 16,626                  | 21,995                  | 33,301                  |
| Quarterly Net profit attributable to Owners of the parent (MJPY)   | 4,812                   | 11,908                  | 15,246                  | 23,630                  |
| Quarterly Net profit per share (yen)                               | 118.38                  | 292.86                  | 374.88                  | 581.33                  |

| (Non-accumulated period)             | 1 <sup>st</sup> Quarter | 2 <sup>nd</sup> Quarter | 3 <sup>rd</sup> Quarter | 4 <sup>th</sup> Quarter |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Quarterly Net profit per share (yen) | 118.38                  | 174.47                  | 82.05                   | 206.60                  |

End of Summary