

A large, abstract graphic composed of numerous thin, overlapping lines in shades of yellow and blue, creating a sense of motion and depth. The lines form a series of interconnected, flowing shapes that resemble a stylized wave or a complex network structure.

INTEGRATED REPORT 2022

Tokyo Seimitsu Co., Ltd.

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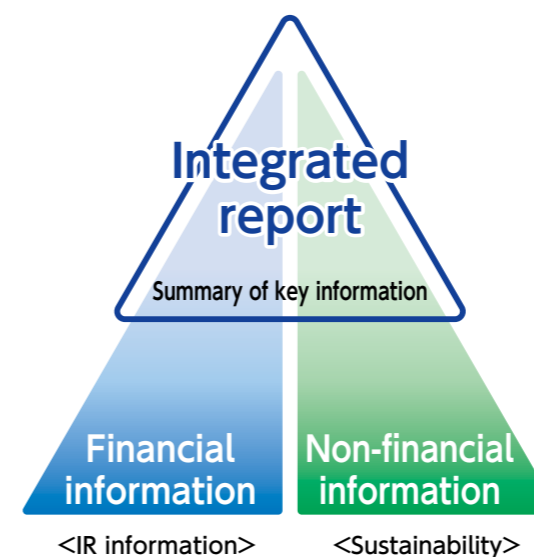
Editorial Policy

The Tokyo Seimitsu Group began publishing an integrated report in fiscal year 2022 to communicate its medium- and long-term activities to stakeholders. This report is intended to help readers understand the Purpose we formulated in fiscal year 2022 and the value creation story that will help us achieve it. The report also details the strategies of the new mid-term business plan that started in fiscal year 2022.

In compiling data for this report, we have referred to the IIRC (now IFRS Foundation) "International Integrated Reporting Framework" and the "Guidance for Collaborative Value Creation" from the Ministry of Economy, Trade and Industry.



Information Disclosure Structure



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

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

Scope of the Report

Period Covered
 This report mainly covers the period from April 1, 2021 to March 31, 2022. It also includes some topics from before and after that period.

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

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

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

Publication Date
 November 2022 (in Japanese)
 December 2022 (in English)

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https://www.accretech.jp/english/contact/index_contact.html

About Tokyo Seimitsu

Tokyo Seimitsu's Aspirations

Looking forward, we will work with all stakeholders to overcome challenges and create a sustainable future.

Purpose

Gaging the future with Metrology,
Creating the future with Semiconductors

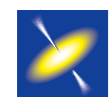


Corporate Brand

ACCRETECH A fusion of "Accrete" and "Technology," signifying **Grow Together**

Progressing hand-in-hand with a diverse array of peoples, Tokyo Seimitsu prides itself on its ability to leverage technology, knowledge and information to create the world's premier products. This unchanging philosophy is personified in our new corporate brand, ACCRETECH, which combines the words ACCRETE, meaning "to grow and fuse together" and TECHNOLOGY. We seek to gather global, cutting-edge technologies across organizations, countries and regions, to overcome challenges and precipitate growth. We are confident that our new corporate structure, embodied by our metamorphosis into ACCRETECH, will drive development in the 21st century.

Symbol Mark



What Our Symbol Mark Represents

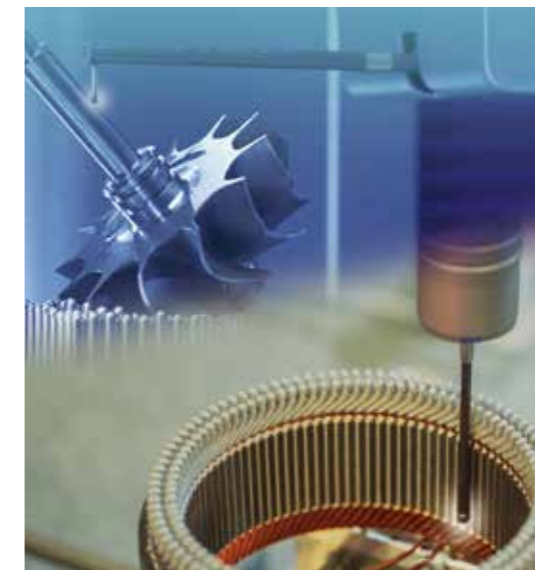
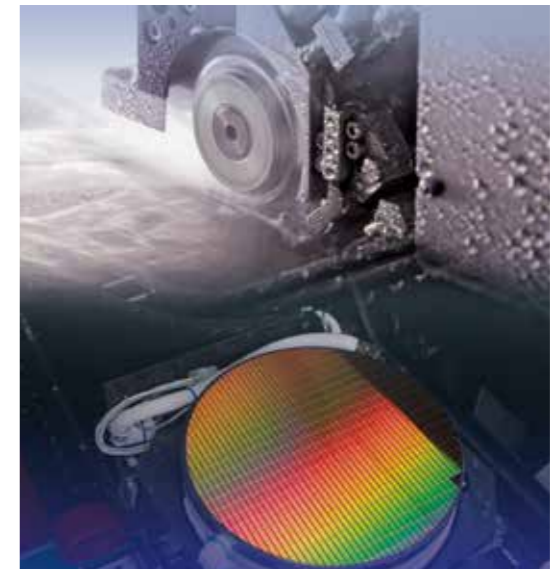
The high-speed rotating golden object represents resources (people, goods, money, and information) gathered from all over the world, and the high-speed jet stream emanating from the center of the object represents the way this power is condensed to bring cutting-edge, powerful products with clear targets to the market.

Tokyo Seimitsu's DNA and Mission

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

WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS!

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



"No Measurement, no Manufacturing"

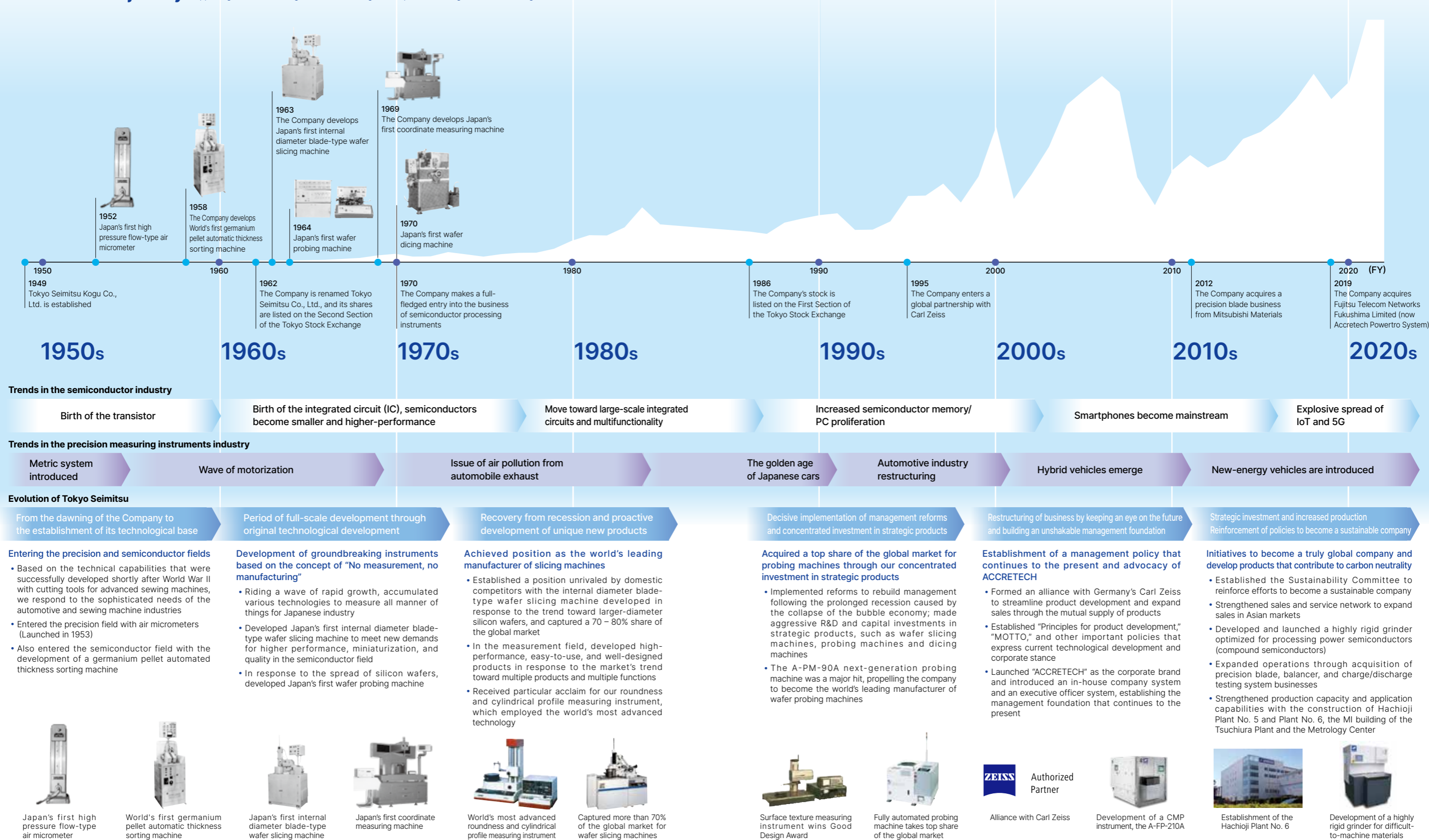
Measurement is an essential part to all manufacturing. Based on the concept of "No measurement, no manufacturing," we support the development of industries around the world with our ultra-high-precision, high-speed measurement technology for all kinds of objects. This ability to measure precisely also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

Tokyo Seimitsu's History

Tokyo Seimitsu's history is a story of taking on challenges in the name of innovation. The source of Tokyo Seimitsu's strength is its "ability to measure precisely," honed through repeated setbacks and successes and by exploring various possibilities.

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

In fiscal year 2021, net sales reached a record high of **¥130.7 billion**



Entering the precision and semiconductor fields

- Based on the technical capabilities that were successfully developed shortly after World War II with cutting tools for advanced sewing machines, we respond to the sophisticated needs of the automotive and sewing machine industries
- Entered the precision field with air micrometers (Launched in 1953)
- Also entered the semiconductor field with the development of a germanium pellet automated thickness sorting machine

Development of groundbreaking instruments based on the concept of "No measurement, no manufacturing"

- Riding a wave of rapid growth, accumulated various technologies to measure all manner of things for Japanese industry
- Developed Japan's first internal diameter blade-type wafer slicing machine to meet new demands for higher performance, miniaturization, and quality in the semiconductor field
- In response to the spread of silicon wafers, developed Japan's first wafer probing machine

Achieved position as the world's leading manufacturer of slicing machines

- Established a position unrivaled by domestic competitors with the internal diameter blade-type wafer slicing machine developed in response to the trend toward larger-diameter silicon wafers, and captured a 70 - 80% share of the global market
- In the measurement field, developed high-performance, easy-to-use, and well-designed products in response to the market's trend toward multiple products and multiple functions
- Received particular acclaim for our roundness and cylindrical profile measuring instrument, which employed the world's most advanced technology

Acquired a top share of the global market for probing machines through our concentrated investment in strategic products

- Implemented reforms to rebuild management following the prolonged recession caused by the collapse of the bubble economy; made aggressive R&D and capital investments in strategic products, such as wafer slicing machines, probing machines and dicing machines
- The A-PM-90A next-generation probing machine was a major hit, propelling the company to become the world's leading manufacturer of wafer probing machines

Establishment of a management policy that continues to the present and advocacy of ACCRETECH

- Formed an alliance with Germany's Carl Zeiss to streamline product development and expand sales through the mutual supply of products
- Established "Principles for product development," "MOTTO," and other important policies that express current technological development and corporate stance
- Launched "ACCRETECH" as the corporate brand and introduced an in-house company system and an executive officer system, establishing the management foundation that continues to the present

Initiatives to become a truly global company and develop products that contribute to carbon neutrality

- Established the Sustainability Committee to reinforce efforts to become a sustainable company
- Strengthened sales and service network to expand sales in Asian markets
- Developed and launched a highly rigid grinder optimized for processing power semiconductors (compound semiconductors)
- Expanded operations through acquisition of precision blade, balancer, and charge/discharge testing system businesses
- Strengthened production capacity and application capabilities with the construction of Hachioji Plant No. 5 and Plant No. 6, the MI building of the Tsuchiura Plant and the Metrology Center

Messages from Top Management

Message from CEO



Hitoshi Yoshida Chairman and CEO

Introduction

Continuing to Contribute to a Sustainable Society

Since its founding in 1949, the Tokyo Seimitsu Group has provided the world with the highest-quality semiconductor manufacturing and precision measuring instruments. We have continued to open up the manufacturing possibilities for our customers by supporting the development and manufacturing of cutting-edge products that are ushering in changes in the times and for society.

Recent years have brought to light a host of issues that the world needs to pull together to face. Among these, we need to

address climate change and other environmental problems. In addition, a range of electronic devices are becoming widely available to consumers, and we are seeing advances in technologies that are erasing the borders between the virtual and the physical society. In response to these challenges, the Tokyo Seimitsu Group is working with a diverse group of like-minded stakeholders. We hope to contribute toward a sustainable society by integrating our technologies, wisdom, and information and continuing to create the world's leading products.

Sustainability

Always Committed to Building a “Future Full of Dreams”

To grow in perpetuity, in addition to pursuing sales and profit a company needs to be necessary to the world. The most important thing is for a company's very essence to contribute to society. For this reason, we believe that sustainability activities are important.

More than ever before, sustainability activities require a cross-functional approach that transcends departmental boundaries. As chair of the Sustainability Committee, I spearhead sustainability activities for the entire Tokyo Seimitsu Group. Based on our sustainability slogan, that “The Tokyo Seimitsu Group is always committed to building a ‘future full of dreams,’” we are pursuing a number of important issues: “respect for human rights,” “participation in and contribution to local communities,” “efforts to address environmental issues,” “human resource development,” “earning the trust of society,” and “building and running a fair, transparent, and efficient corporate governance system.”

Materiality at the Tokyo Seimitsu Group is based on this sustainability slogan and these themes. On the E (environmental) end of the ESG perspective, we provide environmentally friendly products and contribute to the environment through them. As a mid-term target, by 2030 we aim to reduce CO₂ emissions by 50% compared with fiscal year 2018 levels.

On the S (social) front, we endeavor to solve social issues through the provision of high-value-added products and the establishment of supply chains. At the same time, we are working steadily to create a workplace where a diverse range of people can play an active role and where they can enjoy a healthy and rewarding work environment both physically and mentally, and with respect for human rights.

On the G (governance) end, we will continue to strengthen the management foundation, compliance, and risk management that underpin our corporate activities. In my capacity as chairman of the Board of Directors, I also promote initiatives to further enhance the board's effectiveness.

● Our sustainability slogan

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

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

Global Company

Doing Business Globally in an Optimal Environment

Currently, overseas markets account for the majority of the Tokyo Seimitsu Group's sales, and we have approximately 900 employees in 18 countries outside Japan. We aspire to be a global company that has common policies and goals and can conduct business in an optimal environment tailored to each country's circumstances. Rather than simply expanding our overseas sales, we also respect the differences in customs and ways of thinking among countries and regions, and are working to strengthen ties among our employees.

Conclusion

Our Aim: “Gaging the future with Metrology, Creating the future with Semiconductors”

The Tokyo Seimitsu Group makes what social contributions it can under its philosophy of “Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No. 1 products.” Furthermore, in line with our Purpose, of “Gaging the future with Metrology, Creating the future with Semiconductors,” we aim to realize an affluent society where everything in our daily lives advances conveniently, and a sustainable society where we can enjoy the richness of nature and happiness in various ways. We will also move forward with discussions so that we share this long-term, grand design with stakeholders inside and outside the Company.

	Materiality issues
E Environment	<ul style="list-style-type: none"> • Products and business activities that resolve environmental problems • Environmental contributions through the provision of products and services
S Society	<ul style="list-style-type: none"> • High-value-added products that resolve social issues • Supply chain development • 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 • Respect for human rights
G Governance	<ul style="list-style-type: none"> • Management foundation that supports corporate activities • Compliance • Stronger risk management

Message from COO



Ryuichi Kimura President and COO

Introduction

Contributing to the World's No. 1 Manufacturing by Applying Measurement Technologies to Semiconductor Production Equipment

The Tokyo Seimitsu Group is the industry's only manufacturer of semiconductor production equipment that also has measurement technologies. To date, we have focused on sustaining stable earnings with businesses in different domains. Nowadays, with semiconductor devices reaching the limits of technological advancements, we believe we can make further advances by applying our measurement technology to semiconductor production equipment. By doing so, we can

contribute to the world's No. 1 manufacturing by enabling even higher-precision inspection and processing. In our mid-term business plan for fiscal years 2022–2024, in addition to quantitative objectives we aim to enhance the technical synergies between the semiconductor production equipment business and the precision measuring instrument business.

Environment Surrounding Semiconductor Production Equipment

Maintaining Technological Superiority in an Intensifying Market Environment

The semiconductor market continues to experience rapid advances in functionality and quantitative growth. To date, needs have been met through advances in front-end process technology for design shrinkage and larger diameter wafers. As we now approach the technological limits, the industry is seeking new solutions, such as 3D packaging, that can be realized with post-processing technology. The Tokyo Seimitsu Group offers a wide range of products for back-end processes, and I believe we can contribute greatly to this kind of innovation. In addition, an increasing number of countries are now pursuing national policies to strengthen semiconductor production. While this move presents an opportunity for the Tokyo Seimitsu Group to expand its market, it also carries the risk of creating new competition. The Tokyo Seimitsu Group hopes to maintain its competitive advantage by investing in research and development to maintain its technological edge and by developing its service structure.

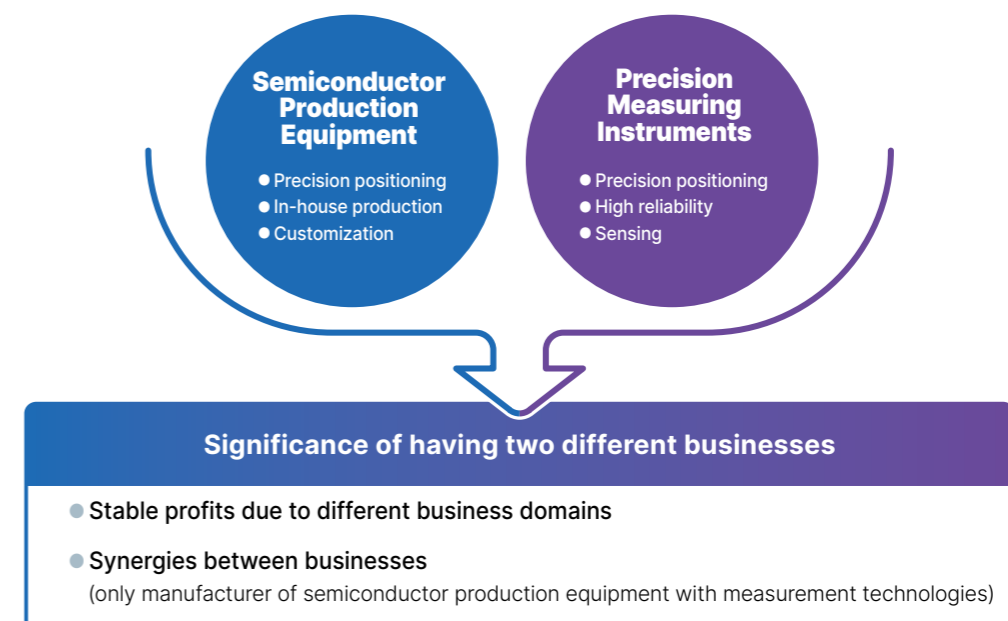
Environment Surrounding Precision Measuring Instruments

Expanding Solutions and Enhancing Overseas Sales

In the area of precision measuring instruments, which are essential for high-quality manufacturing, the Tokyo Seimitsu Group has maintained steady growth by capturing demand for measuring the dimensions and shapes of high-precision parts, especially for automobiles with internal combustion engines. Industry shifts toward energy conservation, fuel efficiency, and the unification of automobile platforms have also created new demand.

Global manufacturing demand has been stagnated due to COVID-19, which negatively affected our performance, along with that of other companies. Also, demand for precision measuring instruments itself has shifted, due to the shifts toward carbon neutrality and automation. Although precision measuring instruments are in high demand overseas, our ratio of overseas sales to total sales is not as high as for semiconductor production equipment. Accordingly, we intend to expand solutions and strengthen overseas sales.

Characteristics of Our Business Structure



Overview of the Mid-Term Target Plan for Fiscal Years 2018-2021

Achieved Quantitative Targets, but Challenges Remain

The Tokyo Seimitsu Group disclosed its mid-term targets (maintain ROE at 10% or higher, consolidated operating profit of ¥22.0 billion) in May 2018.

In the semiconductor production equipment business, we expanded our product lineup, established a new application center, increased sales of consumables, and expanded capacity in anticipation of growth due to the spread of 5G (5th generation mobile communication systems) and increased demand for automotive semiconductors and from China.

In the precision measuring instrument business, we entered the charge/discharge testing system business, strengthened the service business related to automation and labor savings, and engaged in in-house production of key components, in anticipation of automobile platform innovation and increased demand for machine tools and aircraft-related products.

In fiscal year 2021, ROE was 17.4%, and consolidated operating profit was ¥28.3 billion. We met our quantitative targets, but we reflected some aspects of this plan into our next mid-term business plan, due to limits on production capacity and a faster-than-expected transition to new-energy vehicles (NEVs).

Overview of the Mid-Term Business Plan for Fiscal Years 2022-2024

Capture Business Opportunities and Strengthen Initiatives in Growth Industries

The Tokyo Seimitsu Group announced a new mid-term business plan in May 2022.

The Group believes that the world of "Society 5.0," meaning an integration of the virtual and physical society, will continue as 5G drives advances in communication technology. We also expect the semiconductor market to grow rapidly by both monetary and quantitative measures. In the market for precision measuring instruments, we expect to see a downturn in the market for internal-combustion engine (ICE) vehicles, but we anticipate an increase in new measurement needs related to NEVs and aircraft.

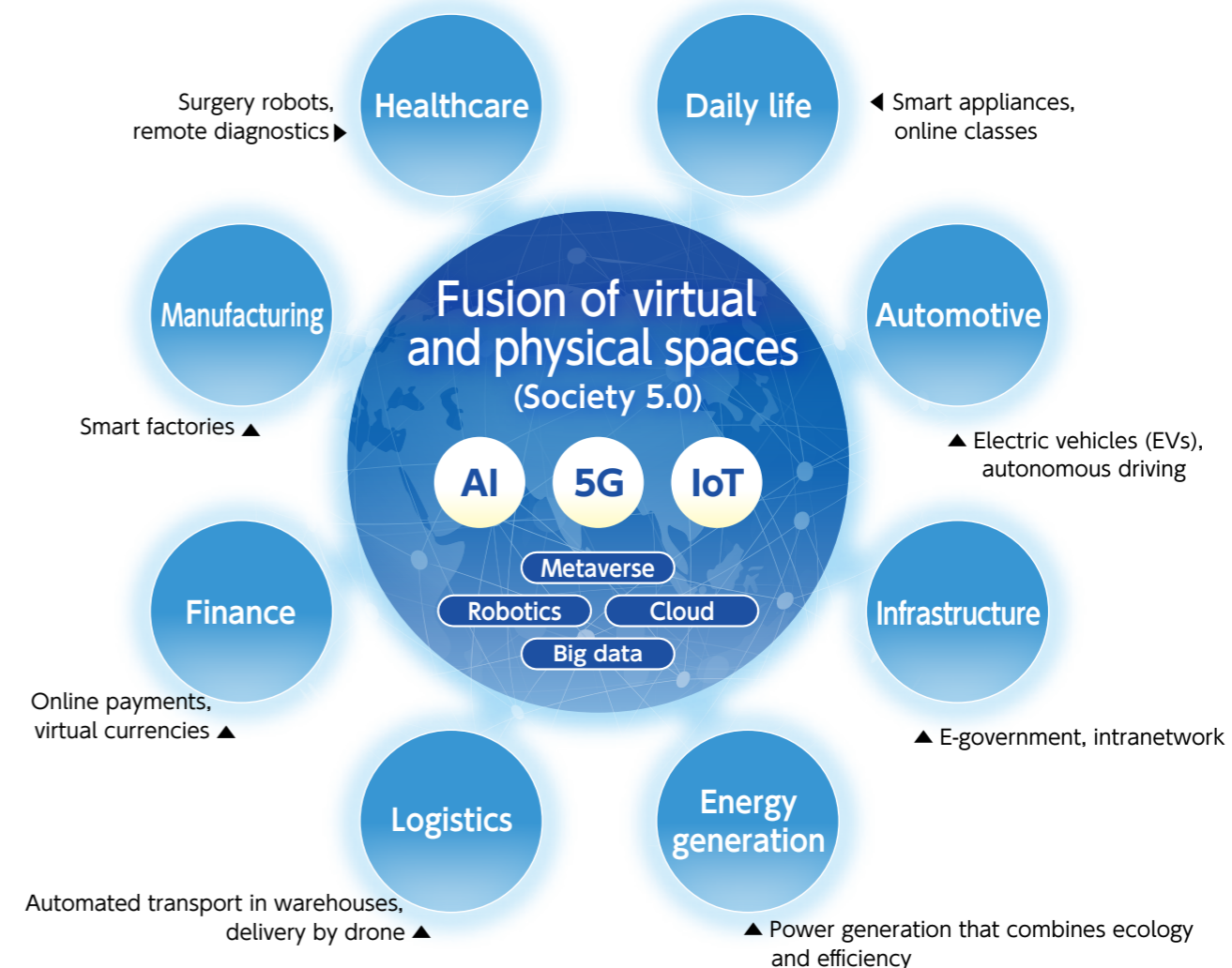
In the semiconductor production equipment business, we see business opportunities in the growing demand for testing equipment (Probing machines) and assembly equipment (Dicing machines, and Grinders) as semiconductor devices and electronic components become more sophisticated and complex. We also anticipate the expansion of market related to new compound semiconductors, such as those made of silicon carbide (SiC) and gallium nitride (GaN) with a view toward going carbon neutral. To this end, we will promote development that matches the needs of our customers and expand our business by developing new products in the processing equipment category.

In precision measuring instruments, we believe that the rapid shift in direction toward carbon neutrality and the expansion of the NEVs and renewable energy markets will stimulate new demand for measurement, as well as demand for automation in manufacturing in response to the declining workforce. We also believe the semiconductor-related market presents business opportunities. To this end, we will strengthen our efforts in growth industries, as well as in the charge/discharge testing business and automated solutions.

We are also stepping up our initiatives targeting a sustainable society. These efforts include the objective of reducing our CO₂ emissions by 50% of fiscal year 2018 levels by 2030.

The Tokyo Seimitsu Group has set the numerical targets of reaching ROE of 15% or higher, consolidated net sales of ¥170.0 billion, and consolidated operating profit of ¥37.5 billion by fiscal year 2024. In addition to advancing strategies for each business segment, we will also work to expand production capacity through a new plant we are building in the city of Hanno, Saitama Prefecture, as well as to strengthen our application capabilities.

Market Assumptions behind the Mid-Term Business Plan for Fiscal Years 2022-2024



Conclusion

Aiming to Be the World's No. 1 Giving Shape to Engineers' Ideas

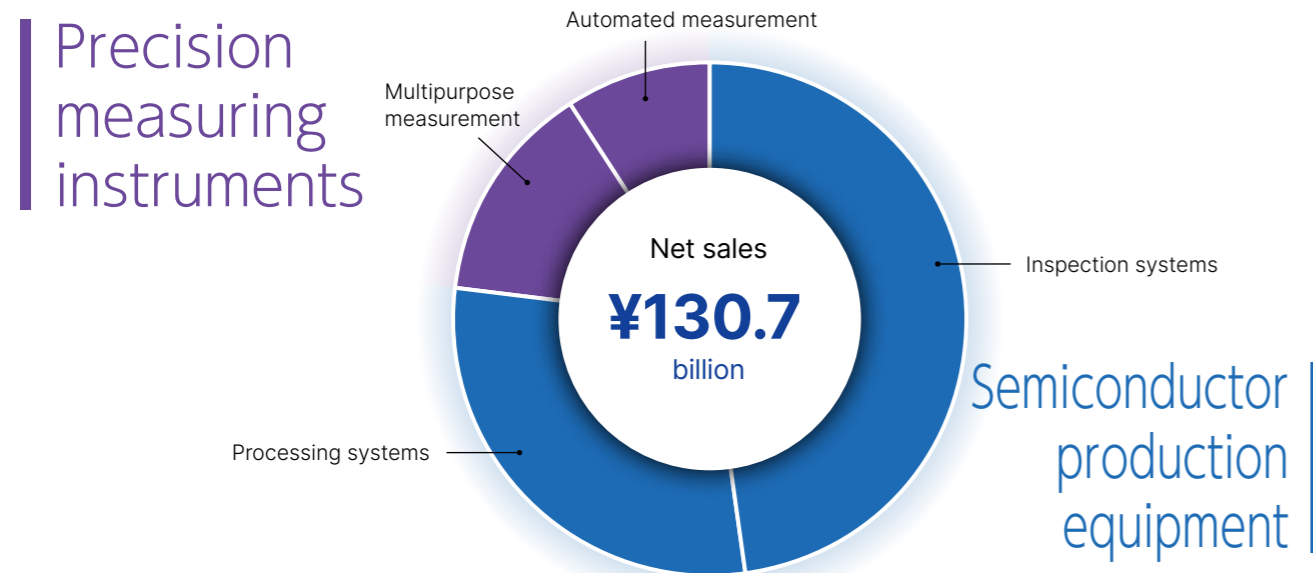
The Tokyo Seimitsu Group has a corporate culture in which experienced engineers confront customers' issues head-on and pursue innovation based on their wisdom and experience. Because this is an extremely important perspective, I always tell my engineers that I want them to reflect their own ideas in product development. The Company has established a system

for executing development budgets in a way that gives concrete form to their ideas. Going forward, we will continue working alongside our customers to be the world's No. 1 in manufacturing.

Overview of Tokyo Seimitsu's Businesses

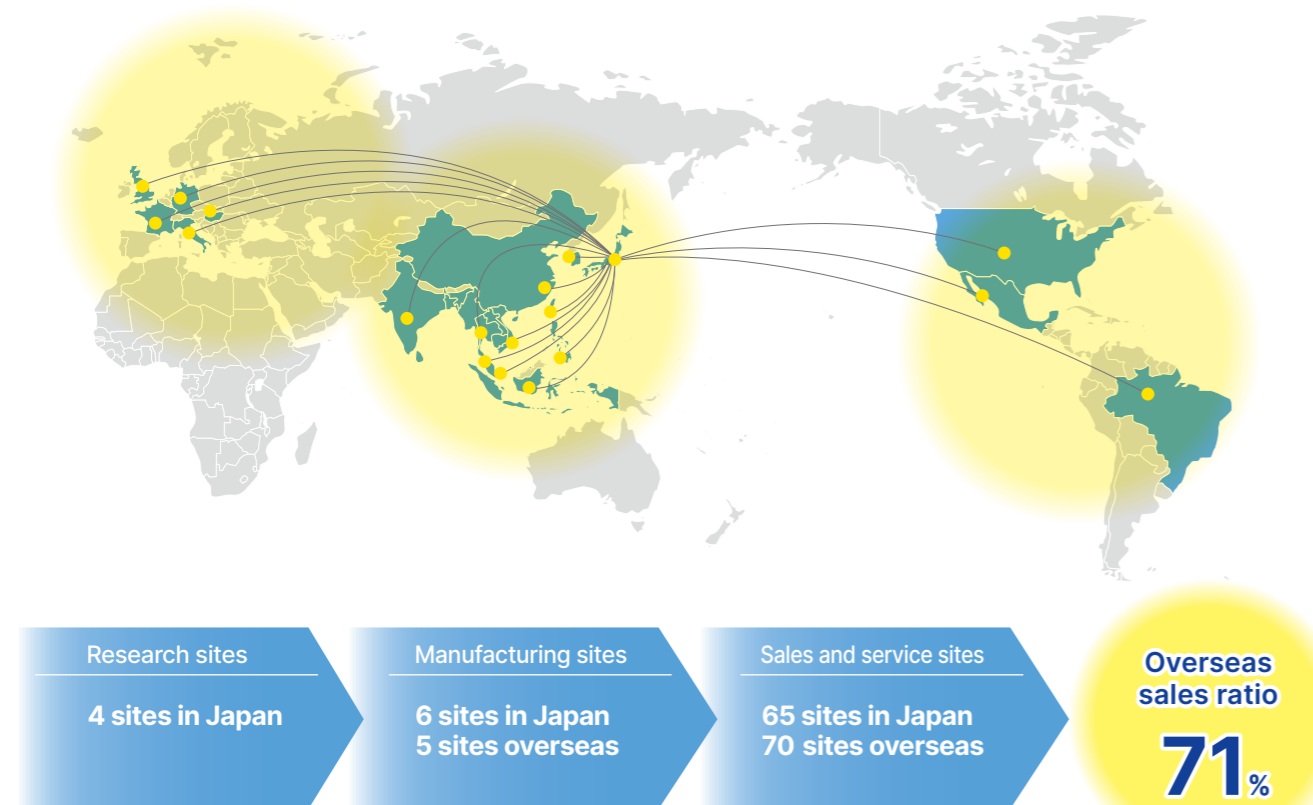
Tokyo Seimitsu achieves stable earnings through operations in two fields of business: semiconductor production equipment and precision measuring instruments. As the only producer of semiconductor production equipment that also has measurement technologies, we benefit from synergies between these two businesses, and we have earned a high share of the global market.

Business Portfolio



Global Network Supporting the World's Leading-Edge Manufacturing

Group companies at 70 sites in 18 countries provide prompt and meticulous on-site support, earning the strong trust of our customers.



Tokyo Seimitsu's Product Characteristics

Semiconductor Production Equipment

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

- Probing machines
- Dicing machines
- Highly rigid grinders
- Polish grinders
- Chemical mechanical planarizers (CMPs)
- Edge grinding machines
- Sliced Wafer Demounting and Cleaning Machine



Probing machines
Top share of the global market

Precision Measuring Instruments

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

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



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

Products That Combine Semiconductor Production Equipment and Precision Measuring Instruments

This product consists of semiconductor production equipment (a dicing machine) with a built-in precision measuring instrument (the Opt-scope, a non-contact shape measuring instrument). It is used for measuring machining groove profiles.

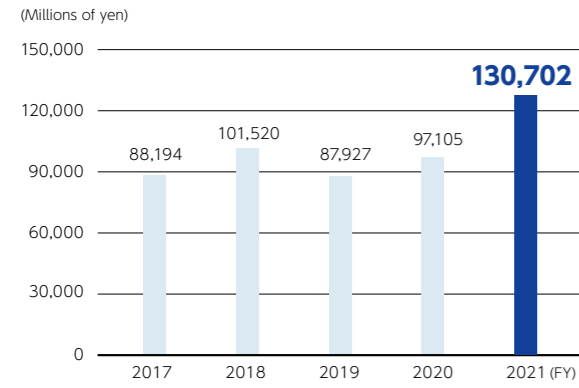


Product name
AD3000T - PLUS
Opt-scope built in

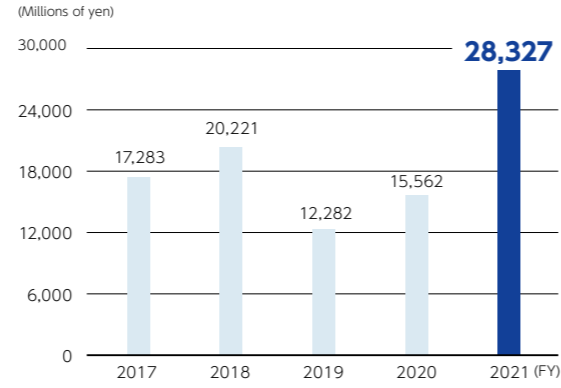
Financial and Non-Financial Highlights

Financial

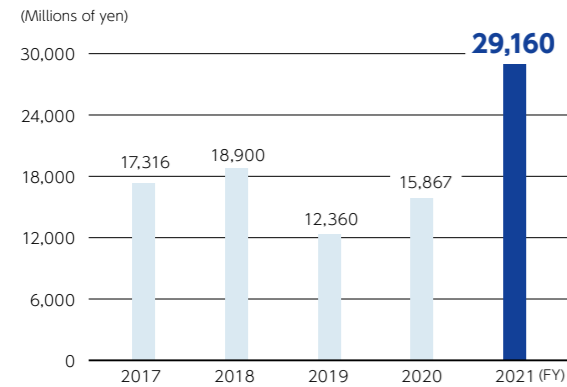
Net Sales



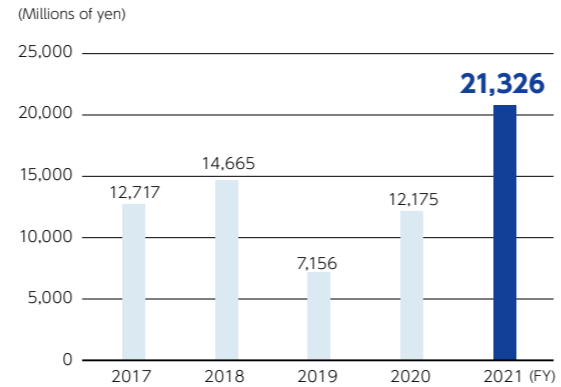
Operating Profit



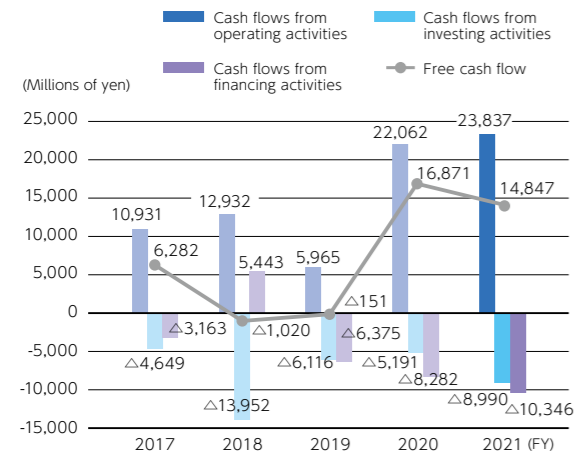
Recurring Profit



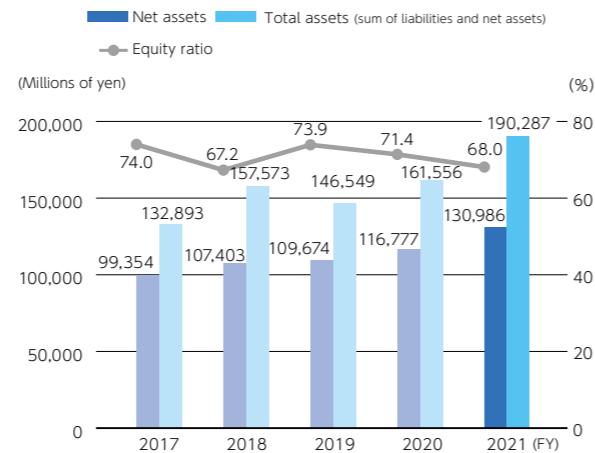
Net Profit (Net Profit Attributable to Owners of the Parent)



Cash Flows

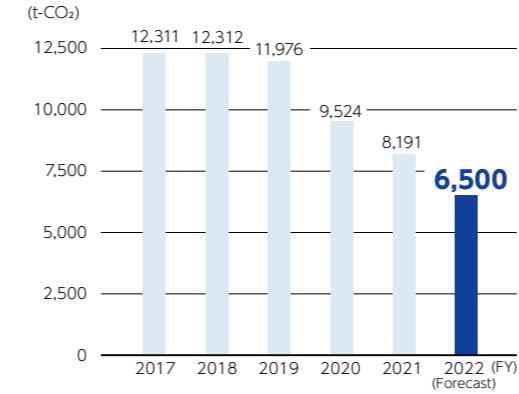


Balance Sheet

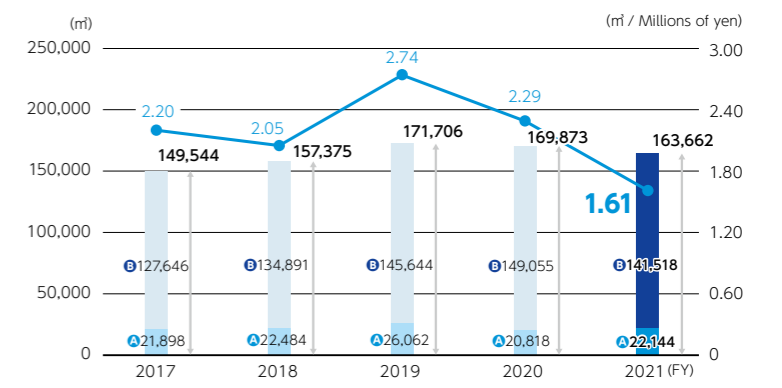


Non-Financial

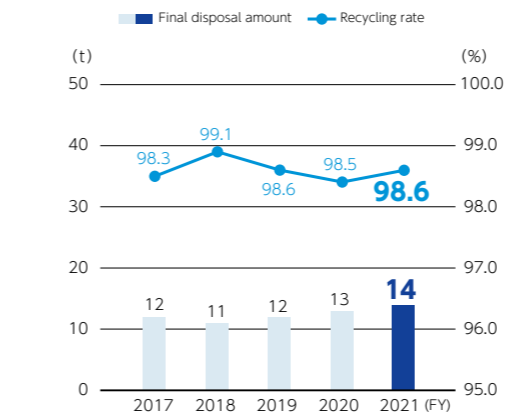
CO₂ Emissions



Water Use



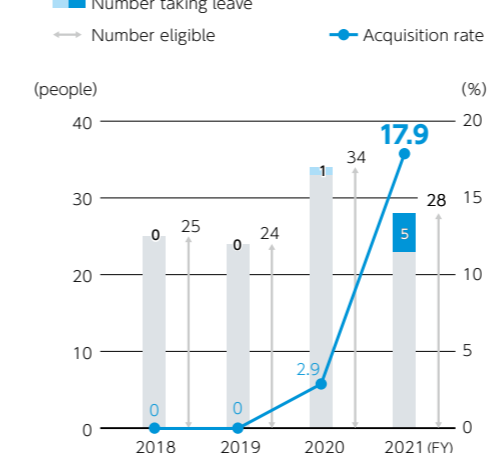
Recycling Rate and Final Disposal Amount



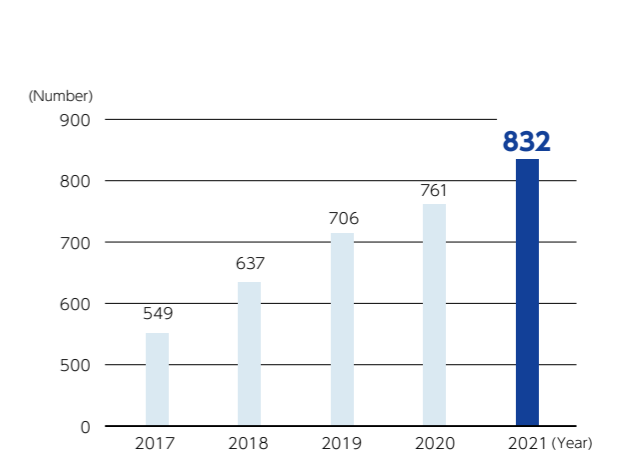
Percentages of Female Employees and Female Managers

	FY2017	FY2018	FY2019	FY2020	FY2021
Percentage of female managers	1.5%	1.4%	1.4%	1.5%	1.9%
Percentage of female officers	0.0%	0.0%	7.7%	7.7%	7.7%
Percentage of female employees	15.8%	17.0%	16.8%	16.6%	17.2%

Percentage of Men Taking Childcare Leave

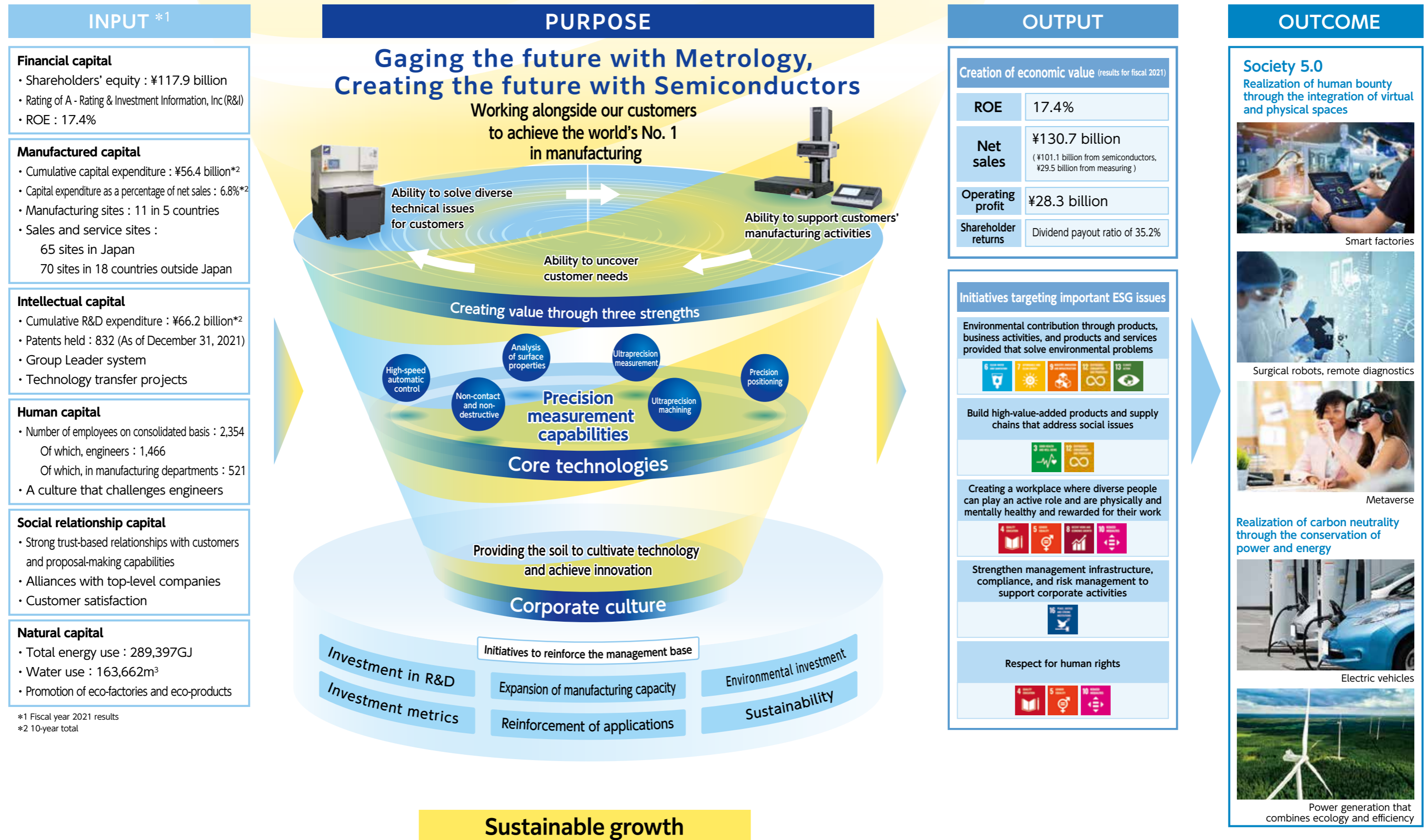


Patents Held



Value-Creation Process

To realize our Purpose, of “Gaging the future with Metrology, Creating the future with Semiconductors,” we work alongside our customers with the aim to realize the world's No. 1 manufacturing capabilities. We aim to realize an affluent society where everything in our daily lives advances conveniently, and a sustainable society where we can enjoy the richness of nature and happiness in various ways.



INPUT *1

Financial capital

- Shareholders' equity : ¥117.9 billion
- Rating of A - Rating & Investment Information, Inc (R&I)
- ROE : 17.4%

Manufactured capital

- Cumulative capital expenditure : ¥56.4 billion*2
- Capital expenditure as a percentage of net sales : 6.8%*2
- Manufacturing sites : 11 in 5 countries
- Sales and service sites : 65 sites in Japan, 70 sites in 18 countries outside Japan

Intellectual capital

- Cumulative R&D expenditure : ¥66.2 billion*2
- Patents held : 832 (As of December 31, 2021)
- Group Leader system
- Technology transfer projects

Human capital

- Number of employees on consolidated basis : 2,354 (Of which, engineers : 1,466)
- Of which, in manufacturing departments : 521
- A culture that challenges engineers

Social relationship capital

- Strong trust-based relationships with customers and proposal-making capabilities
- Alliances with top-level companies
- Customer satisfaction

Natural capital

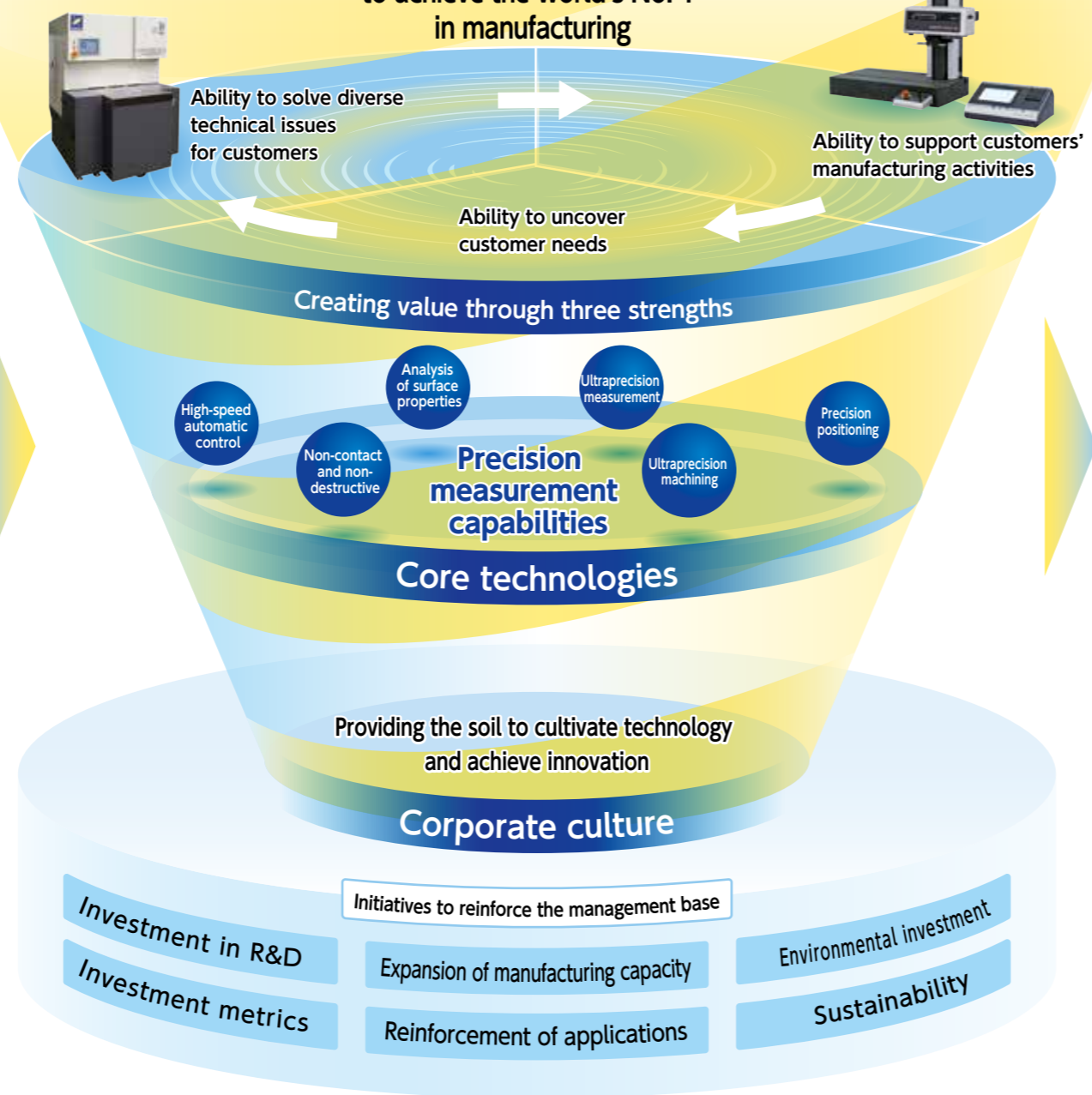
- Total energy use : 289,397GJ
- Water use : 163,662m³
- Promotion of eco-factories and eco-products

*1 Fiscal year 2021 results
*2 10-year total

PURPOSE

**Gaging the future with Metrology,
Creating the future with Semiconductors**

Working alongside our customers to achieve the world's No. 1 in manufacturing



OUTPUT

Creation of economic value (results for fiscal 2021)

ROE	17.4%
Net sales	¥130.7 billion (¥101.1 billion from semiconductors, ¥29.5 billion from measuring)
Operating profit	¥28.3 billion
Shareholder returns	Dividend payout ratio of 35.2%

Initiatives targeting important ESG issues

Environmental contribution through products, business activities, and products and services provided that solve environmental problems

Build high-value-added products and supply chains that address social issues

Creating a workplace where diverse people can play an active role and are physically and mentally healthy and rewarded for their work

Strengthen management infrastructure, compliance, and risk management to support corporate activities

Respect for human rights

OUTCOME

Society 5.0
Realization of human bounty through the integration of virtual and physical spaces

Smart factories

Surgical robots, remote diagnostics

Metaverse

Realization of carbon neutrality through the conservation of power and energy

Electric vehicles

Power generation that combines ecology and efficiency

Sustainable growth






The Source of Tokyo Seimitsu's Competitiveness

Working alongside like-minded partners, the Tokyo Seimitsu Group has leveraged its core technologies (precision measurement capabilities) with their respective technologies, wisdom and information to build strengths in three areas. These unique strengths of the Tokyo Seimitsu Group are essential to enhancing corporate value and realizing a sustainable society.

WIN-WIN relationships create the world's No. 1 products!

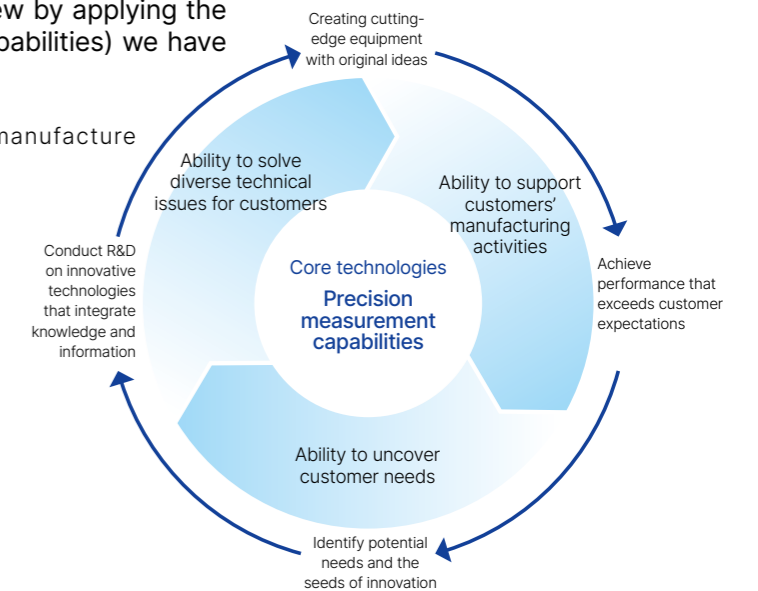
“ACCRETECH”

Working alongside a host of like-minded people and combining our mutual technologies, wisdom, and information

 <p>Manufactured capital</p> <p>A system that allows us to handle production in-house</p>	 <p>Intellectual capital</p> <p>Know-how to develop new products using sophisticated technology by combining knowledge of market needs and the seeds of innovation</p>	 <p>Human capital</p> <p>Human resources to support customers' manufacturing</p>	 <p>Social relationship capital</p> <p>Network with customers and business partners as a foundation for the co-creation of value</p>	 <p>Natural capital</p> <p>Technical capabilities that contribute to the conservation of energy and resources</p>
Strengths and characteristics				
<p>In-house production that integrates processes from machining to manufacturing, inspection, and shipping</p>	<p>Rapid commercialization of products from development to manufacturing by concentrating human resources and state-of-the-art facilities in our own factories</p>	<p>Working together with a customer orientation in manufacturing, engineering, service, and sales to provide high-quality services</p>	<p>Collaborative value creation based on strong trust with customers and business partners</p>	<p>Reduce environmental impact throughout the value chain, including the lifecycle of the products we provide</p>
Sources of competitive strength				
<ul style="list-style-type: none"> Technology and facilities that enable consistent in-house production (production system that integrates sales, engineering, and factories) Flexible production system with a main location and assembly bases Nimble service system at domestic and overseas sites 	<ul style="list-style-type: none"> High-precision, high-speed precision machining technology Application capabilities to solve a wide range of issues Rapid development under the Group Leader system High patent prosecution rate and patent score Promotion of a technology transfer program 	<ul style="list-style-type: none"> Corporate culture that challenges engineers Experienced engineers with expertise in manufacturing, development and service Sales force with strong negotiating skills and high level of customer trust Customer engineers who can provide one-stop solutions to a wide range of customer needs 	<ul style="list-style-type: none"> Strong trust-based relationships with our customers (many achievements built into their technology and production standards) Alliances, brand licensing, and joint development with leading companies Strong relationships with suppliers and business partners (ACCRETECH and partner companies) 	<ul style="list-style-type: none"> Reduce environmental impact by building low-carbon, resource-saving eco-factories Promote eco-products by developing environmentally friendly products with low energy loss

Tokyo Seimitsu's Business Model

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



Tokyo Seimitsu supports customers' efforts to manufacture semiconductors and automobiles with its unique measurement technologies. These include precision positioning, ultraprecision measurement, and ultraprecision machining.

As we listen closely to our customers, we can delve deeply, exploring needs and the seeds of innovation that no one has yet addressed. We then combine the wisdom and experience of our experienced engineers to develop innovative equipment. Our strength lies in our relentless pursuit of technology and our thorough customer orientation.

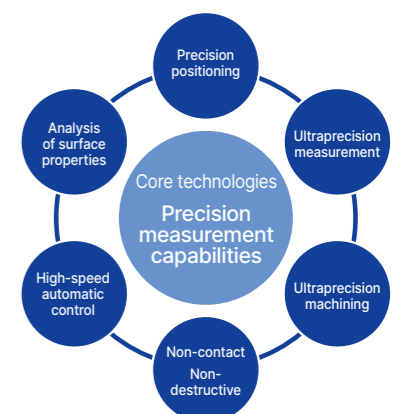
Tokyo Seimitsu's three Strengths

<p>Strength 1 Ability to uncover customer needs</p> <p>Points of differentiation</p> <ul style="list-style-type: none"> Ability to identify diverse requests from customers (ability to detect problems at the slightest sign) A system in which engineering, manufacturing, sales, and customer engineers (CEs) work in unison to understand customer needs Solution capabilities to meet a wide range of customer needs Technology taking the lead in marketing and planning under the Group Leader system 	<p>We are able to identify diverse customer needs early on, based on our strong trust-based relationships with customers.</p>
<p>Strength 2 Ability to solve diverse technical issues for customers</p> <p>Points of differentiation</p> <ul style="list-style-type: none"> A culture that encourages engineers to take on new challenges Experienced engineers who deliver on challenging functional requirements (engineers with high-level skills) Inheritance and standardization of craftsmanship (inheritance of quality control know-how and formalization of knowledge) Standardization Committee for cross-fertilization of electrical control technology and design methods across the organization 	<p>Utilizing core technologies from the perspective of new markets and customers, we create innovative functions by leveraging our creative technological development capabilities.</p>
<p>Strength 3 Ability to support customers' manufacturing activities</p> <p>Points of differentiation</p> <ul style="list-style-type: none"> Deep trust between customer engineers and customers (building WIN-WIN relationships ascertaining customers' true needs) Maximize equipment performance through customization in the customer's field Quick response, customer-focused support system Training of excellent customer engineers and flexible teamwork systems for each device 	<p>We leverage our advanced technological capabilities to help customers optimize and maximize their production capacity.</p>

Tokyo Seimitsu's Core Technologies

Our products are composed of several key elemental technologies. These elemental technologies are based on our core technologies (precision measurement capabilities). Through precise measurement, we are able to provide feedback for positioning, ultraprecision machining, high-speed automatic control, and even more advanced ultraprecision measurement. Depending on the application, we are expanding into elemental technologies that are non-contact and non-destructive.

Through measurement, we are also developing elemental technology in software areas, such as with algorithms that use measurement data to discern the properties of an object.



Aiming for the Sustainable Growth

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

Changing the future with semiconductors and precision measuring instruments

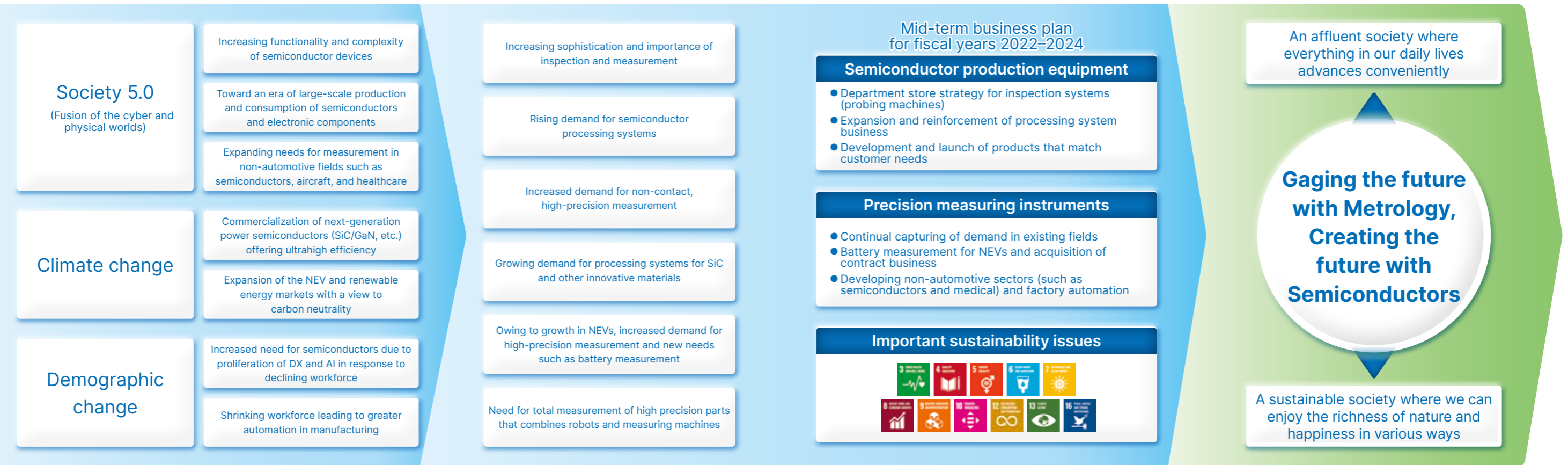
Daily life	Vehicles	Healthcare	Manufacturing	Finance	Infrastructure	Logistics	Energy generation
Smart appliances, online classes	Electric vehicles (EVs), autonomous driving	Surgical robots, remote diagnostics	Smart factories	Online payments, virtual currencies	E-government, intranetwork	Automated transport in warehouses, delivery by drone	Power generation that combines ecology and efficiency

Megatrends

Business Opportunities

Business Strategy

Aspirations



Materiality (Important Issues)

When formulating its mid-term business plan for fiscal years 2022–2024, the Tokyo Seimitsu Group reviewed its conventional CSR materiality and organized and identified management materiality (important Issues) anew.

current trends, such as growing efforts to address social and environmental issues. Accordingly, the Group is taking the establishment of the Sustainability Committee in 2021 and the formulation of the mid-term business plan for 2022–2024 as opportunities to review materiality from the perspective of sustainability rather than from the conventional CSR lens, as necessary, and to identify materiality as a management issue. We aim to create corporate value and achieve a sustainable society by continuously reviewing our materiality in light of the latest social conditions and stakeholder opinions.

The Materiality Review and Identification Process

In the pursuit of business and social sustainability, we recognize the importance of materiality (important issues) in line with

Materiality Identification Process



Identified Materiality (Important Issues)

ESG	Materiality issues	Priority initiatives	Key targets
E Environment	<ul style="list-style-type: none"> •Products and business activities that resolve environmental problems •Environmental contributions through the provision of products and services 	<ul style="list-style-type: none"> •Reduction of CO₂ emissions •Reduction in consumption of electricity, water, and paper •Reuse of waste as resources •Environmentally friendly products •Stable supply of parts 	<ul style="list-style-type: none"> •Compliance with European and U.S. environmental laws and regulations •By 2030, a 50% reduction in CO₂ emissions compared with fiscal year 2018 levels •A 2% / year reduction in electricity use (intensity)
S Society	<ul style="list-style-type: none"> •High-value-added products that resolve social issues •Supply chain development •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 •Respect for human rights 	<ul style="list-style-type: none"> •Quality control •Chemical substances control •Reinforcement of the supply chain •Labor standards •Health and safety •Increased diversity •Promotion of diversity •Training program •Respect for human rights 	<ul style="list-style-type: none"> •Release of web tools and CSR guidelines for suppliers •Conduct supplier assessments and improvement activities •Woman accounting for 20% of employees recruited and 10% of employees (based on the number of regular employees) •Establishment of human rights policy •Consideration of human rights due diligence
G Governance	<ul style="list-style-type: none"> •Management foundation that supports corporate activities •Compliance •Stronger risk management 	<ul style="list-style-type: none"> •Internal control •Audit function •Corporate ethics and legal compliance •Disclosure •Whistleblower system •Compliance training •Business continuity plan 	<ul style="list-style-type: none"> •Develop a Group company management system •Enhance the value of information assets •Boost the probability of business continuity

Sustainability slogan

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

Basic Sustainability Policy



We revised our conventional materiality themes from six perspectives: “efforts to address environmental issues,” “earning the trust of society,” “respect for human rights,” “human resource development,” “participation in and contribution to local communities,” and “building and running a fair, transparent, and efficient corporate governance system.”

Mid-Term Business Plans

Overview of the Mid-Term Business Target for Fiscal Years 2018–2021

Looking Back on the Previous Mid-Term Business Target

In May 2018, we unveiled targets for the previous mid-term plan. This three-year plan, which ran through fiscal year 2020, called for us to maintain ROE at 10% or higher and achieve consolidated operating profit of ¥22.0 billion. However, unexpected changes occurred (such as trade friction between the United States and China, as well as COVID-19), and the continuity of the operating environment decreased. As a result, we extended our target date by one year, to fiscal year 2021.

Targets and Results

	Targets	FY2021 results
ROE	Maintain at 10% or higher	17.4%
Consolidated operating profit	¥22.0 billion	¥28.3 billion
Sales assumption	¥110.0 billion	¥130.7 billion
Assumed operating margin	20%	21.7%

Our targets under the previous mid-term business plan assumed growth in the semiconductor production equipment business due to the spread of 5G (5th generation mobile communication systems) and increased demand for in-vehicle semiconductors and from China. In precision measuring instruments, we assumed growth due to automotive platform innovation and increased demand for machine tools and aircraft-related products.

Looking back at our targets for the previous mid-term business plan, the market for semiconductor devices grew more than we

had expected, boosting demand in the related category of semiconductor production equipment. Stay-at-home demand also rose. Meanwhile, COVID-19 put the brakes on the expansion of markets related to precision measuring instruments, whereas demand in markets involving manufacturing automation grew more than we had anticipated.

Factors and Analysis Results

To achieve our mid-term goals, we formulated strategies to be addressed in the areas of technology, production, and improving the profit margin. We also positioned ESG activities as the basis of all strategies to enhance our corporate value. Even by product and business category, we took a multifaceted approach, including the development of new products, expansion of application capabilities, and in-house production. As a result of these initiatives, in fiscal year 2021 we reached our numeric targets, with ROE of 17.4% and consolidated operating profit of ¥28.3 billion. Although we experienced interruptions, due to the pandemic and other factors, we were able to reach our goals because the market environment was generally in line with our assumptions when we formulated our mid-term goals. Accordingly, we were able to formulate strategies that leveraged the strengths of the Tokyo Seimitsu Group from a variety of perspectives and implement these strategies as planned. Looking to the future, we established the Sustainability Committee, and we took a major step forward in our organization-wide commitment to sustainable growth. However, we continued to face challenges in further strengthening production capacity and component procurement in the semiconductor production equipment market, which has grown significantly. We also continued to experience difficulty in improving our ability to respond to changes in manufacturing and automation in the precision measuring instruments market.

Overview of the Previous Mid-Term Business Plan—Growth Factors in Individual Businesses

Semiconductors: New Growth Stage

At target-setting time

- Network-related: Memories, electronic components, sensors
- In-vehicle-related: Sensors, power, SiC substrates
- Chinese demand-related: Full-fledge investment, rush to build manufacturing sites (to 2019)

Results, looking back

- ▶ Network-related: Rapid growth in core 5G technologies
- ▶ In-vehicle-related: Steady growth due to shift toward autonomous driving, electrifications, shift to EVs
- ▶ Chinese demand-related: Expansion greater than expected, partly due to national policies
- ▶ Stay-at-home demand and increase in remote working pushed up demand for devices

Measurement: Maintain Sustainable Growth

At target-setting time

- Automobiles: Platform innovation, continued development of internal combustion engines
- Machine tools: Rising demand for gauges in line with higher demand for tools, IoT
- Aircraft: Demand for medium-sized jet aircraft, particularly in emerging markets

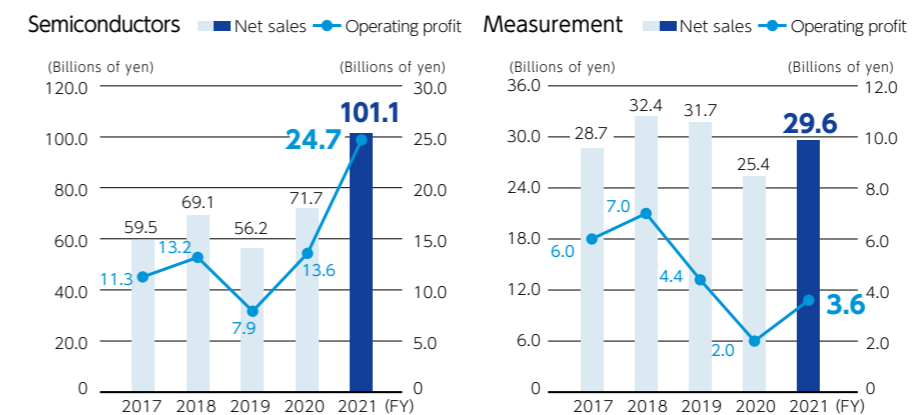
Results, looking back

- ▶ Automobiles: Although generally in line with expectations, the transition to NEVs is proceeding apace
- ▶ Since FY2020, the environment has changed due to COVID-19. In particular, demand for machine tools and aircraft is down significantly.
- ▶ Demand in related businesses grew more than expected, owing to a focus on manufacturing automation.

Overview of the Previous Mid-Term Business Target — Companywide Strategies and Key Initiatives

	Strategies	Key initiatives
Technology front	<ul style="list-style-type: none"> ● Strengthen product competitiveness ● Expand target markets 	<ul style="list-style-type: none"> ● Develop new products for the next generation ● Form business alliances in measurement products ● Establish and expand application centers
Manufacturing front	<ul style="list-style-type: none"> ● Expand production capacity ● Improve efficiency (automation, labor savings) 	<ul style="list-style-type: none"> ● Expand capabilities Measurement : Operations at new building (MI building) Semiconductor : New factory (Hanno Factory) ● Utilize measurement factories for semiconductor production
Profit margin improvement	<ul style="list-style-type: none"> ● Promote the sharing of information ● Expand sales of services and consumables 	<ul style="list-style-type: none"> ● Introduce ERP to enhance operational efficiency
ESG	<ul style="list-style-type: none"> ● Promote ESG activities and enhance corporate value 	<ul style="list-style-type: none"> ● Establish Sustainability Committee ● Reduce CO₂ emissions

Overview of the Previous Mid-Term Business Target — Results



	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales (Billions of yen)	88.2	101.5	87.9	97.1	130.7
Operating profit (Billions of yen)	17.3	20.2	12.3	15.6	28.3
Recurring profit (Billions of yen)	17.3	18.9	12.4	15.9	29.2
Net profit (Billions of yen)	12.8	14.7	7.1	12.2	21.4
Operating margin	19.6%	19.9%	14.0%	16.0%	21.7%
ROE	13.8%	14.4%	6.7%	10.9%	17.4%

Mid-Term Business Plan for Fiscal Years 2022–2024

The semiconductor market is expected to expand dramatically due to the rapid evolution of communication technology, ushering in an era of mass production and mass consumption. In addition, the trends toward carbon neutrality and digitalization are changing the essence of manufacturing, and the demand for measurement is also about to change dramatically.

In May 2022, the Tokyo Seimitsu Group disclosed its mid-term business plan for fiscal years 2022–2024 in order to take advantage of these business opportunities, move toward a sustainable company and society, and increase corporate value.

Key Points of the Mid-Term Business Plan

Targets

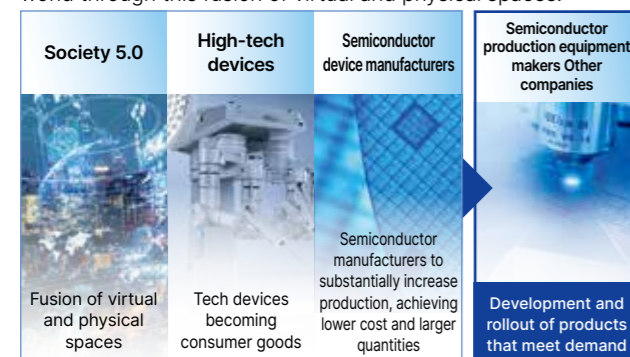
Our numerical targets for fiscal year 2024 are ROE of 15% or more, consolidated net sales of ¥170.0 billion, and operating profit of ¥37.5 billion.

ROE	15% or more
Net sales	¥170.0 billion (¥132.0 billion from semiconductors, ¥38.0 billion from measurement)
Operating profit	¥37.5 billion (operating margin: 22%)

Market Assumptions and Policies

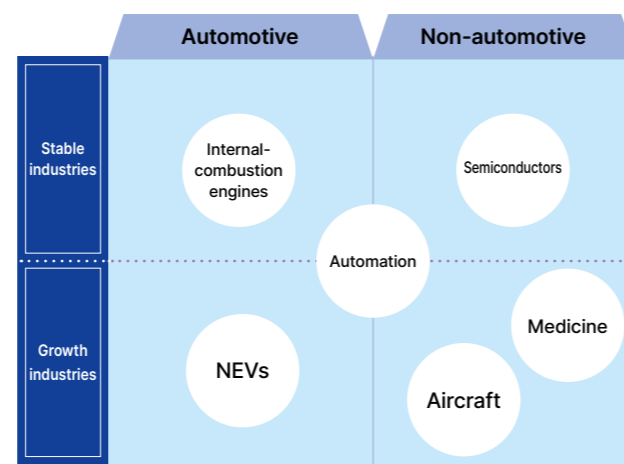
Expand Field of Business by Grasping Change Taking Place in the World, such as the Fusion of Virtual and Physical Spaces

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



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

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



Business Opportunities

Semiconductor Production Equipment Business

With the arrival of the era of mass production and mass consumption that will accompany advances toward Society 5.0, semiconductor production equipment manufacturers, including the Tokyo Seimitsu Group, will be required to provide products and services that can meet the demands of mass production.

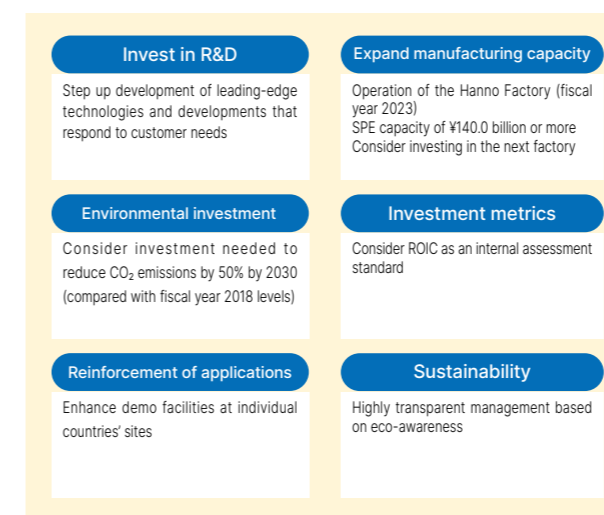
Precision Measuring Instrument Business

As carbon neutrality progresses, we assume that demand for internal combustion engines will begin to decline, while demand for automation will increase rapidly due to an increase in NEVs and progress in digitalization. We expect to also see a rise in associated demand for semiconductor-related precision measurement and for precision measurement in new fields, such as medicine.

Companywide Strategy

The Tokyo Seimitsu Group as a whole will continue to invest in R&D, expand production capacity, and enhance application capabilities. We will also step up sustainability efforts with the aim of contributing toward a sustainable society. For example, we will push forward toward our goal of reducing CO₂ emissions by 50% by 2030, compared with fiscal year 2018 levels.

Companywide Initiatives

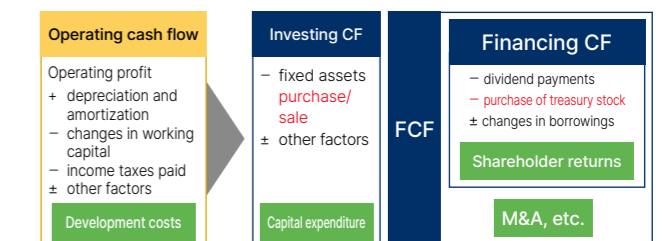


Financial Strategy

On the financial front, the Company has established a policy of returning profits to shareholders with a dividend payout ratio of 40%, as well as guidelines for test research expenses and capital investment expenditures. These are based on the assumption that the Company secures sufficient working capital and funds for capital investment. We will also consider introducing return on invested capital (ROIC) to quantitatively evaluate the Tokyo Seimitsu Group's investments.

Financial and Shareholder Returns

<Fundamental Considerations>



<Mid-Term Cash Allocation Targets>

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

Sustainability

Our sustainability slogan reads: "The Tokyo Seimitsu Group is always committed to building a 'future full of dreams.'" We are striving to enhance our WIN-WIN relationships with numerous stakeholders to realize a sustainable society while creating new value.

For our mid-term business plan, we have reviewed materiality to more vigorously promote a series of initiatives related to sustainability. In addition, in fiscal year 2021 we established a team on the Sustainability Committee to address important issues, with the aim of effectively working toward E (environmental), S (social), and G (governance) issues.

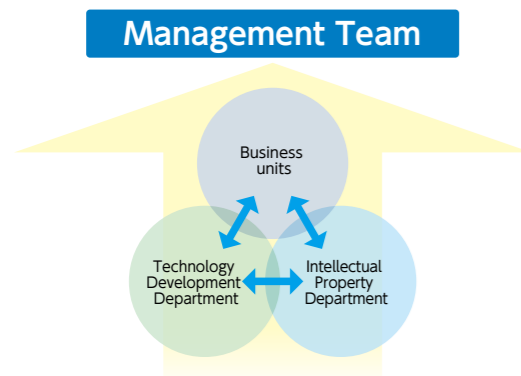
Intellectual Property Rights Initiatives

Basic Policy on Intellectual Property Rights

Positioning of Intellectual Property

Following the economic trend in major developed countries in Europe and the United States where intangible assets are playing an increasingly important role in corporate value, we will place a greater emphasis than ever on intellectual property, which is a major component of intangible assets, and will actively invest in enhancing this value.

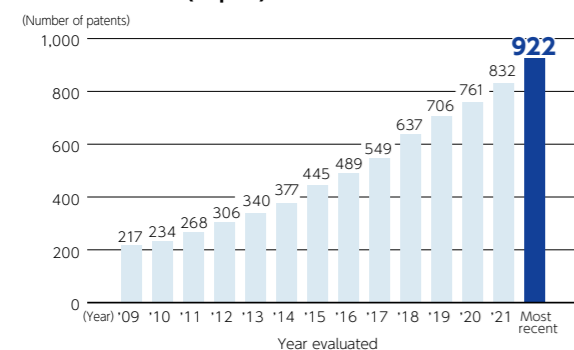
In addition, the intellectual property department works closely with our business units and technology departments when formulating management strategies. In this way, we aim to propose effective management strategies from the perspective of intellectual property.



Proactive Expansion of Intellectual Property

The quantity of intellectual property rights held by the Company has been increasing. We will continue to actively acquire rights to enhance the value of our intangible assets. In addition, in line with the recent move for countries to produce semiconductors within their borders, we will focus on acquiring intellectual property rights, especially in countries outside Japan, as new production bases are expected to be developed in addition to key existing sites.

Patents Held (Japan)



*The number of patents held is determined as of the end of December of each year evaluated.
 Most recent indicates the number as of September 21, 2022.

Intellectual Property Strategy

Intellectual Property Analysis

We use the analysis of patent maps as a situational analysis method for intellectual property. This analysis helps us to determine the strength of our core technologies (degree to which we keep others in check) and to formulate policies for further strengthening (portfolio expansion). We also use the resulting information to help us understand the intellectual property status of other companies and explore the potential for developing new technologies in new fields.

In the future, we will extend our analysis beyond intellectual property information, integrating our patent mapping with information on market and technology trends to create IP landscapes. We will create technologies that better fit customer demand by comparing that demand with our ability to supply technologies.

We also aim to propose information that can contribute to management strategies. For example, we will use IP landscapes when developing new clients and new business areas, selecting M&A targets in connection with such development, and conducting intellectual property due diligence.

Building a Patent Network

To make our proprietary core technologies a source of competitiveness, we are building a patent portfolio and protect our proprietary technologies. Inventions we position as basic patents are widely patented around the world to protect our own business and to check the progress of other companies. On the other hand, we determine that some inventions that should be kept secret. These inventions are strictly protected and kept confidential.

Through these efforts, we aim to raise the barriers to entry for competitors and secure our competitive advantage in business.

Comprehensive and Stable Rights Acquisition

To ensure that inventions generated through technology development activities are filed in a timely manner without omissions, the intellectual property department holds regular invention consultation meetings with technology divisions to identify ideas that inventors may not recognize as being inventions.

We strive to improve the specification quality of applications by enhancing embodiments and experimental data to ensure we obtain rights that are highly stable and free of defects. Also, we prosecute rights with the utmost care so that we can obtain a wide range of rights while refraining from unnecessary limitation amendments and opinion claims in the examination process. We also file on similar inventions from multiple perspectives to increase the stability of rights so that we can substantially maintain protection on inventions, even if some rights are invalidated.

In addition, we aim to create licensing demand by acquiring technology rights that can be used outside our business domains.

Protecting the Brand

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

Respecting Other Companies' Rights

We hold development council meetings at each product development stage to assess the risk of conflict and confirming that we remain clear of other companies' intellectual property rights. Going forward, we intend to introduce a professional pre-evaluation process from an intellectual property perspective prior to development council meetings. This approach will allow our intellectual property specialists to participate from the initial development stage through to the sales and marketing stage. They will then be able to provide support for a wide range of legal activities, including compliance with legislation covering patents, designs, trademarks, copyrights, and the prevention of unfair competition.

We constantly monitor patent publications related to our business activities to assess the risk of infringement and immediately respond to changes in the design of developed products as necessary. In addition, we cooperate with relevant departments to ensure that intellectual property notices are appropriately included in product instruction manuals, catalogs, and other materials distributed by the Company.

Intellectual Property Human Resource Development

We offer intellectual property training at different levels to improve intellectual property literacy within the Company. In addition, we work to recruit personnel to expand the functions of the intellectual property department.

Technology departments have an IP manager and IP committee member for each product group. These members are responsible for managing patents, trademarks, designs, and copyrights, including product names, catalogs, and exhibitions. Inventors deepen their knowledge of patents by working with IP staff and IP managers to file patent applications and respond to examinations.

The intellectual property department assigns primary and secondary contact people, who exchange opinions. We are establishing a system that enables departmental personnel to take a broader perspective and gain work experience more effectively by adopting ideas from other staff members as they carry out their work. We have created an environment in which mid-career staff can acquire more specialized skills by reporting to their managers the results of reviewing application specifications and examining responses to interim processing, and by receiving individual advice. Mid-career staff members also offer individual advice to junior staff members on the projects they are in charge of, so that more senior personnel can indirectly pass on their skills to junior members.

Message from CFO



Koichi Kawamura Executive Vice President and CFO

Introduction

Striking a Good Balance between Investment and Returns

The Tokyo Seimitsu Group conducts its semiconductor production equipment and precision measuring instrument business globally. As such, we are committed to developing leading-edge products and elemental technologies that covers advanced needs of our customers, despite the challenges of demand fluctuations, as well as macroeconomic and geopolitical risks. As CFO, I believe it is important to strike a balance between maintaining the stability of our financial base (making decisions on investments necessary to enhance our

future growth and corporate value) and returning profits to our shareholders, our employees, and suppliers, who support our business and who have been instrumental in our growth.

Cash Flow Allocation

Strategic Decisions Based on Advanced Needs

The industry in which the Tokyo Seimitsu Group operates requires us to maintain our technological superiority through research and development and to anticipate the needs of our leading-edge customers. Accordingly, we regularly review R&D expenditures and the profit/loss of each product business to determine whether or not to continue development, taking into account future demand forecasts and customer trends. As an indicator for research and development, we aim to keep R&D expenses within 10% of net sales.

We keep capital expenditures to around 25% of EBITDA (operating profit before depreciation) normally, with 50% of EBITDA as our maximum level. We are making the expansion of production capacity an urgent priority, particularly in the semiconductor production equipment business, where long-term market growth is expected. We plan to complete the Hanno Factory (in the city of Hanno, Saitama Prefecture, Japan) during the period of our mid-term business plan for fiscal years 2022–2024. If the market continues to expand, we may need to consider further capacity expansion. We will make that call based on market trends.

To realize the Tokyo Seimitsu Group's corporate philosophy, of "Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No. 1 products," we consider M&A to be another effective means of utilizing retained earnings. We will consider making acquisitions within the scope that keeps free cash flow from turning negative.

In addition, beginning with the mid-term business plan for fiscal years 2022–2024, we apply Return on Invested Capital (ROIC) as an internal evaluation method. We will use this metric to determine whether return is commensurate with the capital invested for the growth of each business unit, and to utilize it in management, including in investment decisions. In fiscal year 2022, we will proceed with creating the framework necessary for calculating and managing these returns.

Approach to Shareholder Returns and the Equity Ratio

The Tokyo Seimitsu Group considers the consistent return of profits to shareholders to be one of its most important management tasks. From this perspective, we will pay dividends in accordance with profit distribution, with 40% as our target consolidated dividend payout ratio. The Company regards share buyback as a flexible profit return policy that complements the payment of dividends from retained earnings, while comprehensively taking into account cash flow, retained earnings, and other factors.

The Tokyo Seimitsu Group's industry is subject to significant market volatility. Accordingly, we believe it is important to maintain a certain level of cash, deposits, and equity to absorb the impact of market fluctuations. We manage cash and deposits on the basis of fixed costs and working capital levels, including investment projects. We manage the equity ratio by taking into overall consideration the balance between profit trends and investor returns.

Conclusion

CFO's Missions to Enhance Corporate Value

The global financial crisis of 2008 had a major impact on our management. We were forced to introduce painful structural reforms, such as withdrawing from unprofitable businesses. However, we realized that these structural reforms also provided the starting point for our regeneration.

The business environment remains uncertain. However, as CFO I am committed to fulfilling my mission to ensure the Company survives in the face of global economic uncertainty and to maintain our financial condition to facilitate smooth investments that contribute to growth. As a result, we will continue to provide the world's No. 1 products, making full use of cutting-edge technologies, and thereby increase our corporate value.

Business-Specific Strategies

Semiconductor Production Equipment Business

Business Overview

In the semiconductor production equipment business, we offer probing machines to test the electrical characteristics of chips on wafers, dicing machines to separate individual chips from wafers, and polish grinders (grinders) to make wafers thinner and flatter.

As semiconductor devices and electronic components continue to become smaller and more complex, the importance is rising for probing machines that can identify electrical characteristics in greater detail and dicing machines and grinders for manufacturing higher quality semiconductor devices.

Targets and Results under the Previous Mid-Term Business Plan

Under the previous mid-term business plan, we targeted net sales of ¥110.0 billion. We aimed for the semiconductor production equipment business to account for around 70% of this figure and assumed an operating margin of 20%. We adopted a department store strategy for inspection systems (probing machines), and we sought to bolster application capabilities for our processing systems (dicing machines and polish grinders). This business accounted for 77% of net sales in fiscal year 2021, contributing substantially to our ability to meet our mid-term targets.

	FY2017	FY2018 (first fiscal year)	FY2021 (last fiscal year)
Net sales	¥59.5 billion (67% of the total)	¥69.1 billion (68% of the total)	¥101.1 billion (77% of the total)
Operating profit	¥11.3 billion	¥13.2 billion	¥24.7 billion
Operating margin	19.0%	19.1%	24.4%

Strategies and Successes

Strategies	Successes
Further expand the market for inspection systems (probing machines) by continuing the department store strategy	Expanded lineup of memory-specific machines, high-throughput machines, and machines for square substrates, all from the customer's perspective
Strengthen application capabilities for processing systems, and expand sales from affiliated service businesses and consumables	Increased sales of associated consumables in response to customer demand for both dicing machines and grinders
Promote in-house production, begin operating new factory	Stepped up in-house production, boosted production capacity

New Mid-Term Business Plan

<Market Trends and Business Opportunities>

Market Trends

- Society 5.0 (using 5G to fuse virtual and physical spaces) ushering in an era of massive semiconductor and electronic component production and consumption
- Back-end processes and increasingly important part of semiconductor manufacturing

In semiconductor production equipment, we expect to see increased demand for probing machines due to the increasing functionality and complexity of semiconductor devices and electronic components, increased demand for processing systems (dicing machines and grinders) due to growth in the number of devices, and an expansion in machining processes related to new compound semiconductors such as silicon carbide (SiC) and gallium nitride (GaN) in line with the trend toward carbon neutrality. By pursuing these strategies, the Tokyo Seimitsu Group expects to grow faster than the market. In addition, we assume that the increasing demand for semiconductor device inspection and processing accuracy will enhance synergies with the Tokyo Seimitsu Group's measuring instruments.

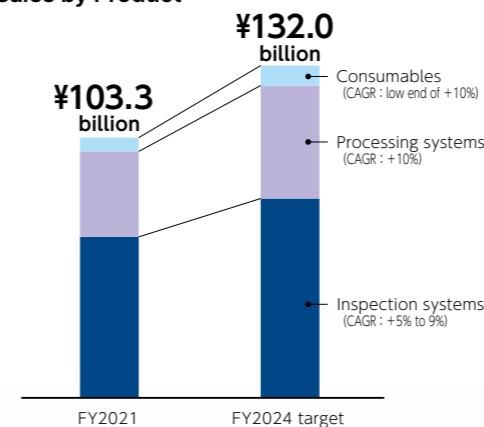
Business Opportunities

Assumptions	Business Opportunities for Us
<ul style="list-style-type: none"> • Increasing functionality and complexity of semiconductor devices • Growth in devices demanding reliability 	<ul style="list-style-type: none"> • Testing growing in importance • Extended measurement times • Broader measurement conditions
<ul style="list-style-type: none"> • Stable rise in the number of semiconductors (mass production, mass consumption) 	<ul style="list-style-type: none"> • Advances in stacking and packaging
<ul style="list-style-type: none"> • Innovations in SiC/GaN power semiconductors with a view toward carbon neutrality 	<ul style="list-style-type: none"> • Market expansion • Configuration of new machining processes • Reliability-oriented testing
<ul style="list-style-type: none"> • Increased demand for device inspection and processing accuracy 	<ul style="list-style-type: none"> • Synergies with our measuring instruments

<Product-Specific Strategies>

The current mid-term business plan assumes higher sales of inspection systems, processing systems, and consumables. In particular, we expect the rate of sales for processing systems and consumables to be higher than for probing machines.

Sales by Product



In addition to logic applications such as high-performance

computing (HPC), we will continue to develop products to meet customer needs in package measurement, dedicated memory stack probing machines, and power devices.

In processing systems, we will expand operations by entering the ablation dicing machines business, a new area for us, and we will continue to strengthen our grinder products. In consumables, we will continue to develop and sell dicing blade products that meet customer needs and expand our sales of consumables for grinders.

Product Strategies

Strategy for consumables

- Develop and expand sales of products that match customers' needs
- Strengthen sales of consumables for grinders

Strategy for processing systems

- Enter the market for ablation dicing machines
- Step up offerings of highly rigid grinders for SiC/GaN
- Reinforce wafer grinders

Strategy for inspection systems (probing machines)

- Further expand applications by promoting the department store strategy (HPC, packages, memory, power devices, etc.)



Precision Measuring Instrument Business

Business Overview

In the precision measuring instrument business, we offer coordinate measuring machines that measure the dimensions of objects, surface texture and contour measuring instruments that accurately calculate disparities in surfaces and cylindrical shapes, and machine control gauges that perform measurements inside machine tools.

In manufacturing, precision measuring instruments are indispensable to confirm that products are manufactured correctly and according to design. Recently, demand for new precision measurement and automation is also increasing due to the spread of NEVs with the move toward carbon neutrality.

Targets and Results under the Previous Mid-Term Business Plan

Under the previous mid-term business plan, we aimed for the precision measuring instrument business to account for around 30% of net sales (assumed at ¥110.0 billion). We moved into electricity measurement (charge/discharge testing instruments) and strove to promote differentiation in our existing product group. The first year of the plan, fiscal year 2018, marked a historic sales high for this business unit. Sales fell subsequently, affected by changes in business activities driven by COVID-19.

	FY2017	FY2018 (first fiscal year)	FY2021 (last fiscal year)
Net sales	¥28.7 billion (33% of the total)	¥32.4 billion (32% of the total)	¥29.6 billion (23% of the total)
Operating profit	¥6.0 billion	¥7.0 billion	¥3.6 billion
Operating margin	20.9%	21.7%	12.3%

Strategies and Successes

Strategies	Successes
Expand market by moving into electrical measurement (charge/discharge testing) and maximizing synergies	Acquired contract battery measurement business and continued instrument development
Differentiate existing product lines, develop domestic and overseas customers, and expand related service businesses	Strengthened after-sales business targeting existing customers Increased business negotiations in automation and labor savings
Foster increases in productivity, automation	Automated some processes Moved to in-house production of high-precision core components

New Mid-Term Business Plan

<Market Trends and Business Opportunities >

Market Trends

- Significant changes in the market due to focus on carbon neutrality and digitalization
- Declining demand in relation to internal combustion engines, while measurement needs changing dramatically in such fields as NEVs, automation, semiconductors, and medicine

In measuring instruments, we believe that rapid progress toward carbon neutrality will stimulate new measurement demand in the growing NEV and renewable energy markets. We also anticipate business opportunities around demand for automation in manufacturing in response to the declining workforce and semiconductor-related measurement demand. By pursuing strategies that address this demand, we expect to achieve a level of performance that exceeds the existing peak (fiscal year 2018).

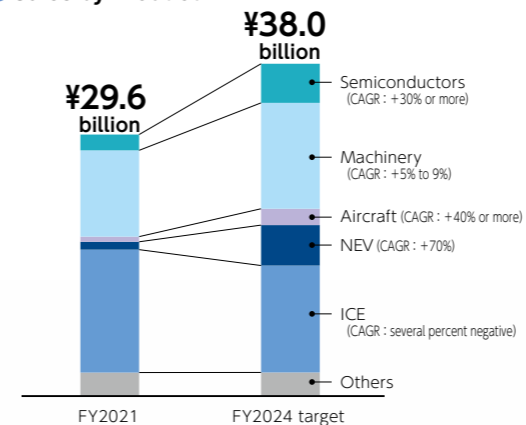
Business Opportunities

Assumptions	Business Opportunities for Us
<ul style="list-style-type: none"> • NEV and renewable energy market expansion in tandem with moves toward carbon neutrality 	<ul style="list-style-type: none"> • Changes in material/parts due to shift to NEVs • Increased demand for high-precision measurement • Measurement of NEV and other batteries
<ul style="list-style-type: none"> • Trend toward automation in manufacturing due to a shrinking workforce • Changes in measurement technologies (sampled measurement in inspection rooms → measurement of all items on production line) 	<ul style="list-style-type: none"> • Integration of robots and measuring instruments • Measurement of all high-precision parts • Changing needs for measuring instruments themselves
<ul style="list-style-type: none"> • Growing markets outside the automotive field (semiconductors, aircraft, medicine, etc.) 	<ul style="list-style-type: none"> • Products for semiconductors (non-contact) • Aircraft engine parts (high precision) • Artificial joint and bone, medical devices (non-contact)

<Product-Specific Strategies >

During the period of this mid-term business plan, we expect a decline in sales related to internal combustion engine (ICE) vehicles, but anticipate high growth for NEV, semiconductor, and other applications, in line with our market assumptions.

Sales by Product



For ICE products, we aim to continue capturing demand for industrial engines and hybrid engines, as well as automation-related business.

For NEVs, we will target high-end measurement solutions for new products, including the contract battery measurement business and EV motors and gears. We will also offer specialized equipment for measuring aircraft components. In addition, to meet growing demand for automation across all applications, we will propose solutions that link measuring instruments and production lines.

Product Strategies

Strategy in products for semiconductors

- Expand sales of high-precision, non-contact measuring instruments
- Enhance synergies with our SPE business

Strategy in products for machinery and aircraft

- Medicine: Increase non-contact measuring equipment
- Aircraft: Specialized measuring instruments for aero engine parts
- Automation solutions

Strategy in products for NEVs

- Charge/discharge testing instruments: Strengthen contract business
- EV gears and motors: Capture new measurement demand
- Automation solutions

Strategy in products for ICEs

- Industrial engines, hybrids: Cultivate business
- Existing products: Strengthen maintenance and inspection operations
- Automation solutions



Our Approach to Sustainability

The Tokyo Seimitsu Group's corporate philosophy reads: "Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No. 1 products." Based on this philosophy, we are always committed to building a "future full of dreams," collaborating with all manner of stakeholders to achieve a sustainable society.

enhance the effectiveness of our sustainability activities by reflecting specific initiatives and targets in the mid-term business plan.

Basic Sustainability Policy

The Tokyo Seimitsu Group contributes to society by providing precision measuring instruments and semiconductor production equipment, which are indispensable to the manufacturing processes and energy- and resource-efficient products of its customers. In this way, we help make society more convenient and reduce environmental impact.

Amid a business environment that is changing dramatically, we continue to focus on "sustainability" as an important management theme. In November 2021, we 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
2. Earning the trust of society
3. Respect for human rights
4. Human Resource Development
5. Participation in and contribution to local communities
6. Building and running fair, transparent, and efficient corporate governance system

▼ For details, please refer to the site indicated below.

Sustainability Promotion System

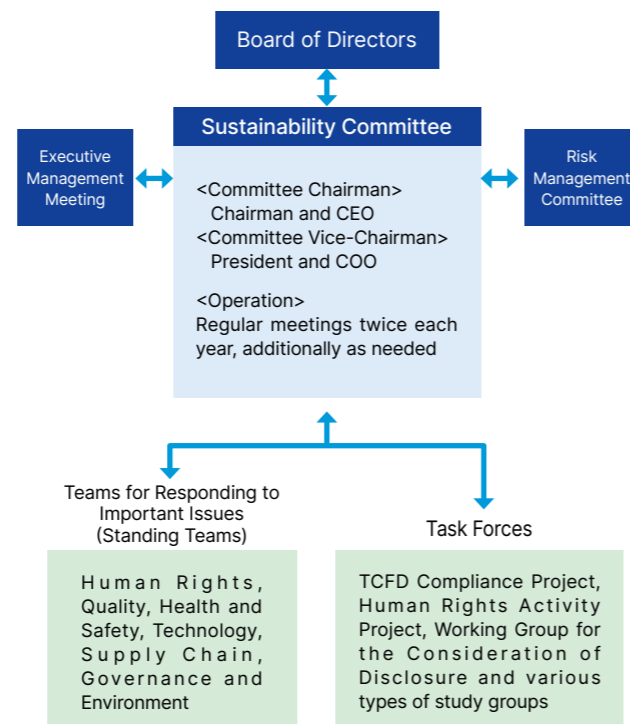
<https://www.accretech.jp/english/sustainability/index.html>

Sustainability Promotion System

To step up its efforts to promote sustainability activities, the Tokyo Seimitsu Group has established a Basic Sustainability Policy and Sustainability Committee. This committee is an outgrowth of the CSR Promotion Committee, which was dissolved.

The new committee, which is chaired by the chairman and CEO, oversees the drafting, formulation, planning, and implementation of sustainability activities. Reports are made twice a year at regular sustainability promotion meetings and, if deemed necessary by the chairperson, are brought to the Board of Directors for discussion and reporting. We aim to

● Sustainability Promotion Structure



【About the Sustainability Committee】

<Function>

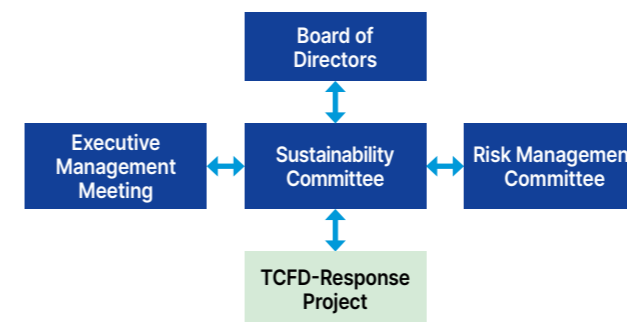
The Sustainability Committee is responsible for planning, formulating, planning, and implementing sustainability activities, specifically promoting the following activities.

- Monitoring of information, including formulation of basic policy, operational framework, and goals
- Establishing and managing plans and projects
- Organizing, reporting to the Board of Directors, etc.
- Matters related to various reports and disclosure items
- Convening and operating a sustainability promotion council

Environment

Disclosure Related to Climate Change (Disclosure Based on TCFD)

In August 2021, the Tokyo Seimitsu Group launched the TCFD (Task Force on Climate-related Financial Disclosures) -Response Project, which it is promoting as a key activity for the Sustainability Committee. Through this project, the Group will analyze the risks and opportunities that climate change poses to its business. It will then share and develop issues, and promote the disclosure of climate-related financial information based on the TCFD framework.



【TCFD-Response Project】

The organization surrounding this project, centered on the Sustainability Committee and with participation from the production, sales, technology, and administration departments, will be responsible for the research and review of climate change issues and will report regularly to the committee.

Governance

The Tokyo Seimitsu Group recognizes climate change as an important management issue. The Sustainability Committee deliberates on the management of risks and opportunities related to climate change issues, and regularly submits proposals and reports to the Board of Directors.

The Sustainability Committee, which is chaired by the CEO, deliberates twice a year at regular Sustainability Committee meetings, and submits proposals and reports to the Board of Directors when deemed necessary by the chairperson.

The Board of Directors shares risks and opportunities related to climate change among its members and discusses how to manage targets and resolve issues. Each director gathers information and gains knowledge, taking advantage of various opportunities and methods in order to keep abreast of the ever-changing landscape surrounding climate change.

Risk Management

The TCFD-Response Project identifies and assesses risks (transition/physical) related to climate change. In principle, this project involves monthly meetings, with others held if urgently needed, and reporting to the Sustainability Committee. Matters that may affect business management are promptly reported by the committee to the Board of Directors for deliberation. Information is also shared with the Risk Management Committee, which manages other business risks, to ensure a company-wide response.

Strategy

In fiscal year 2021, we conducted a Scope 1 and Scope 2 analysis of Tokyo Seimitsu's domestic business sites. Going forward, we will progressively monitor the GHG emissions of Group companies (domestic and overseas subsidiaries) and promote an understanding of Scope 3, including among suppliers.

Our scenario analysis considered the uncertainty of future projections and referred to multiple scenarios. International public opinion is moving toward the view that a 2°C scenario response is insufficient, so we conducted our analysis with a 1.5°C scenario in mind. However, as a 1.5°C scenario response would dilute our awareness of physical risks, we also assumed a business environment under the 4°C scenario, the level to which temperatures would rise if current economic activity were to continue.

*Reference scenarios

- 1.5°C scenario : 【IEA】 NZE, 1.5°C special report
【IPCC】 SSP1-1.9
- 4°C scenario : 【IEA】 STEPS
【IPCC】 SSP2-4.5, SSP3-7.0

Targets and Indicators

By 2030, we aim to reduce our CO₂ emissions under Scope 1, 2 (and Scope 3) by 50% compared with fiscal year 2018 levels.

We expect demand for semiconductors to continue growing in tandem with advances in electrification and digitization. We recognize that semiconductors will play a major role in the realization of a decarbonized society and that it is important for our Group to meet those needs. In light of the current situation, we plan to expand production capacity. Although energy consumption is thus expected to increase, we will promote decarbonization efforts by utilizing low-carbon energy sources, including renewable energy, in addition to mounting energy conservation efforts.

Scenarios	Risks and opportunities	Event	Description	Financial impact	Manifestation period	
1.5°C	Risks	Restrictions	Carbon pricing	<ul style="list-style-type: none"> Increase in raw materials, equipment, energy, transportation costs, etc., due to introduction of carbon tax National carbon taxes restrict product exports 	▲▲▲	Medium term
		Markets	Shift to EVs	<ul style="list-style-type: none"> Shrinking demand for existing businesses and products (measuring instruments for internal combustion engine-related parts) 	▲▲	Medium term
			Decarbonization premium	<ul style="list-style-type: none"> Material price increases associated with decarbonization, procurement difficulties, and costs incurred in securing substitutes Difficulty in procuring non-fossil energy and rising procurement costs 	▲▲	Medium term
		Reputation	Delayed response to decarbonization	<ul style="list-style-type: none"> Delays in addressing climate change and other ESG issues having negative impact on financing and business relationships 	▲	Medium term
	Opportunities	Markets	Shift to EVs Electrification, digitalization	<ul style="list-style-type: none"> Expanding measurement demand for new EV materials and components; increased use of semiconductors and expansion of production capacity 	▲▲▲	Medium term
			Expansion of renewable energy markets	<ul style="list-style-type: none"> Expansion of renewable energy markets driving demand for measuring equipment 	▲	Long term
		Resource energy efficiency	Production facilities	<ul style="list-style-type: none"> Improve productivity and meet customer demand for decarbonization through energy-saving measures (equipment and processes) and resource reuse in factories 	▲	Short term
		Products and services	Low-carbon products and services	<ul style="list-style-type: none"> Reduction of environmental impact from an LCA perspective could improve product reputation and market superiority Realization and capture of customers demand for weight reduction (expansion of demand for measuring products) 	▲▲	Short term
				<ul style="list-style-type: none"> Increase in risk management costs (BCP response) Property damage and restoration costs due to disaster Suspension of operations due to disaster (own and supplier factors) 	▲▲▲	Medium term
		Opportunities	Resilience	Disaster response	<ul style="list-style-type: none"> Contribution to maintaining customer production systems by providing a stable supply of products and services in the event of disaster 	▲▲

Legend For financial impact : ▲▲▲ is large, ▲▲ is moderate, ▲ is low

For manifestation period : short term is 2022–2024, medium term is 2025–2029, long term is 2030 onward

Environmental Management

“Recognizing environmental conservation as an important theme, Tokyo Seimitsu makes environmental conservation an integral element of all product development, design, manufacturing and service activities.” In accordance with this Basic Environmental Policy for the Tokyo Seimitsu Group, we have established an Environmental Policy, and we conduct all our business activities on the basis of these principles and policies. The Hachioji and Tsuchiura plants have created and operate an environmental management system based on an environmental management manual that conforms to ISO 14001: 2015. Internal audits are conducted twice a year to confirm the status of management and compliance with laws and regulations.

Environmental Management System Program

Our environmental management system program involves planning and executing efforts to reduce the environmental impact of our business activities by setting annual targets. In fiscal year 2021, we planned 65 programs, achieving our objectives in 52 of them. We are making an ongoing effort to reduce our environmental impact by investigating the reasons we fell short on some items and making improvements for the next year's programs.

Environmental management system programs in fiscal year 2021

	(cases)
Power reduced due to equipment efficiencies	21
Reduction in power consumed during processing and production	4
Power reduction due to improvement proposals and small-group activities	12
Reduction in water and air consumption during production	3
Reduction in use of organic solvents	4
Reduction of hazardous chemical substances	2
Reduction of CO ₂ through gas substitution	1
Reduction in waste	8
Reduction in CO ₂ emitted during use of Company vehicles	1
Others	9

Eco-Products

The Tokyo Seimitsu Group's products are an integral part of our customers' production processes. Accordingly, we believe our role is to provide products that are not only safe, high quality, and high performance, but also environmentally friendly.

In 2016, we established a calculation standard (life cycle assessment: LCA) to convert the environmental impact of products at each stage from manufacturing to disposal into CO₂ emissions, and made it a mandatory evaluation item during new product development reviews. We also evaluate existing products and work to reduce environmental impact by improving conventional products.

Eco-Product Development

● AP3000

Next-generation probing machine offering high precision, high throughput, low vibration, and quietness
<Resulting CO₂ reduction>
CO₂ emissions down 11.72% from previous model (UF3000EX).
(Calculation based on useful life of 15 years)



● SURFCOM NEX(DX2/SD2)

Surface texture and contour measuring instrument capable of measuring many types of workpiece quickly and efficiently in a wide range of temperature environments
<Resulting CO₂ reduction>
CO₂ emissions down approximately 10% from previous model (SURFCOM NEX (DX/SD))



● RONDCOM NEX(DX2/SD2)

Roundness and cylindrical profile measuring instrument with power-saving optional AFD (measurement power control detector)
<Resulting CO₂ reduction>
CO₂ emissions down approximately 24% from previous model (RONDCOM NEX (DX/SD))



Reducing the Environmental Impact of Existing Products

For existing products, through the Environmental Management System Program we are working to reduce consumption of electricity, water, and air during product use, as well as the use of organic solvents in product manufacturing. In FY2021, we reduced the product areas where we apply paint, which contains numerous chemical substances (over 1,000), thereby reducing the amount of paint used per unit by 60%.

We are also working to extend the service life of our products by switching from hydrofluorocarbon (HFC) gas to gas refrigerants with lower global warming potential for the gas refrigerants used in chillers on our products.

Eco-Factory

More than 99% of the energy consumed by the Tokyo Seimitsu Group is electricity used at its factories. In manufacturing, we use water in the inspection, adjustment, and test processing of cutting, machining, and water-based semiconductor production equipment. For this reason, we are continually working to reduce electricity and water consumption. In addition, as part of our efforts to reduce resource consumption, we are working to reduce paper consumption by digitizing paper drawings. We also recycle metalworking scraps and waste liquids from processing.

Reducing Electricity and CO₂

Most of the Tokyo Seimitsu Group's greenhouse gas emissions are from the CO₂ equivalent of electricity purchased to operate its Hachioji and Tsuchiura plants. To decarbonize our operations, we are focused on reducing electricity consumption. In addition, we have been systematically installing solar panels, upgrading to high-efficiency energy-saving air conditioning and compressor equipment, converting to LED lighting, installing motion sensors, and so on. Furthermore, to effectively reduce CO₂ emissions, in fiscal year 2021 we upgraded our heat-source facilities and introduced CO₂-free electricity. Going forward, we will work to reduce CO₂ emissions at the Hachioji and Tsuchiura plants by 35% by fiscal year 2025 and 50% by fiscal year 2030 compared to fiscal year 2018 levels, as part of our efforts to move closer to a decarbonized society.

CO₂ emission reduction targets	By fiscal year 2025, reduce by 35% compared with fiscal year 2018 levels Benchmark emissions : 12,312 (t-CO ₂) Reduction target: 8,003 (t-CO ₂)
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● Tokyo Seimitsu's CO₂ emissions and electric power used

	Previous five-year plan			New five-year plan*		
	FY2017 performance	FY2018 performance	FY2019 performance	FY2020 performance	FY2021 performance	FY2022 plan
Emissions (t-CO ₂)	12,311	12,312	11,976	9,524	8,191	6,500
Electric power used (Mwh)	25,163	25,765	25,448	28,843	29,835	31,100
CO ₂ emissions equivalent (t-CO ₂ / million yen)	0.181	0.160	0.191	0.129	0.080	—

*New five-year plan / In 2021 we revised our reduction target and extended the period by one year.

● Amount of solar power generation and CO₂ reduction volume

	FY2017	FY2018	FY2019	FY2020	FY2021
Amount of solar power generation (Mwh)	458.8	450.1	427.5	469.5	494.2
CO ₂ reduction volume (t-CO ₂)	207	214	200	215	221

Management of Environmental Impact on Bodies of Water

As a way to reduce water consumption in the cutting and processing during manufacturing, inspection, adjustment, and test processing of semiconductor production equipment that uses water, we collect and filter some of the discharged water and reuse it to produce purified water. In fiscal year 2021, the Hachioji Plant's efforts to introduce low-discharge plating pretreatment cleaning equipment and to install pressure-reducing valves in the deionized water supply system had a significant impact on reducing water consumption.

Reduction target for water consumption production volume intensity	By fiscal year 2024, 5% reduction compared with fiscal year 2019 level Benchmark emissions: 2.74 (m ³ /million yen) Reduction target: 2.60 (m ³ /million yen)
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● Water usage

	Previous five-year plan			New five-year plan	
	FY2017	FY2018	FY2019	FY2020	FY2021
Water usage (m ³)	149,544	157,375	171,706	169,873	163,662
Water usage production volume intensity (m ³ /million yen)	2.20	2.05	2.74	2.29	1.61

● Wastewater recycling rate* from pure water production facilities

2019	2020	2021
16.3%	17.2%	17.2%

*Wastewater recycling rate / Amount recycled/amount used (=raw water input + amount recycled)

Reduction of Paper Resources

As part of our efforts to reduce resource use, we are working to reduce the amount of paper used. We are achieving this reduction by gradually improving environments for using digital data.

Reduction target for paper procurement volume production volume intensity	By fiscal year 2024, 5% reduction compared with fiscal year 2019 levels Benchmark procurement volume: 0.443 (kg / million yen) Reduction target: 0.421 (kg / million yen)
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● Paper purchasing volume

	Previous five-year plan			New five-year plan	
	FY2017	FY2018	FY2019	FY2020	FY2021
Paper purchasing volume (kg)	31,159	30,800	27,766	28,622	34,234
Paper purchasing volume production volume intensity (kg/million yen)	0.458	0.401	0.444	0.386	0.337

Waste Reduction and Recycling

We are working to reduce waste by using returnable boxes rather than the cardboard boxes that previously found their way into waste or recycled packaging. We recycle all waste from the Hachioji Plant, including through the use of thermal recycling. At the Tsuchiura Plant, we are working to increase the recycling rate by switching to a vendor that treats liquid waste for recycling.

Target recycling rate	Recycling rate of 95% or higher by fiscal year 2024
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● Reuse of waste as resources and final disposal amount

	Previous five-year plan			New five-year plan	
	FY2017	FY2018	FY2019	FY2020	FY2021
Total emissions (t)	829	1,010	892	857	989
Amount recycled (t)	816	998	879	844	975
Final disposal amount (t)	14	9	12	13	14
Recycling rate (%)	98.3	99.1	98.6	98.5	98.5

Control and Reduction of Chemical Substances

Recent increases in global awareness toward sustainability have led to tighter chemical substance control regulations, as well as environmental and safety laws and regulations that become stricter by the year. The Tokyo Seimitsu Group is committed to minimizing the impact of chemical substances on the environment and human health, not only by complying with EU RoHS and REACH regulations, but also by managing non-regulated chemical substances based on our own standards.

In addition to managing chemicals, we are focusing in particular on reducing the use of hazardous chemicals. In fiscal year 2021, we began using an alternative substance to replace acetone, a type of organic solvent used in the manufacturing process, resulting in a 66% reduction year on year.



Society

Product Quality Enhancement

The products Tokyo Seimitsu provides become part of customers' manufacturing facilities. As such, we are constantly trying to improve our products, providing stable, reliable, and superior-quality products, along with prompt and attentive support.

Quality Control Initiatives

In 1994, we achieved ISO 9001 certification at both the Hachioji Plant and the Tsuchiura Plant. Since then, we have built the Tokyo Seimitsu Quality Management System (QMS) with the ISO 9000 series at its center, and have worked to build safety, quality, and reliability into our product realization process and to improve quality through total quality control (TQC).

Tokyo Seimitsu evaluates the actual performance of quality control items (e.g., quality control system program achievement rate, on-time delivery rate, nonconformance rate, failure rate, and claim rate) based on the quality policy and quality targets at the Quality Control Committee, Quality Subcommittee, and QC meetings attended by top management, and formulates and implements improvement measures. These activities enable us to continuously improve the Tokyo Seimitsu QMS and provide products and services that satisfy our customers.

Increased Customer Satisfaction

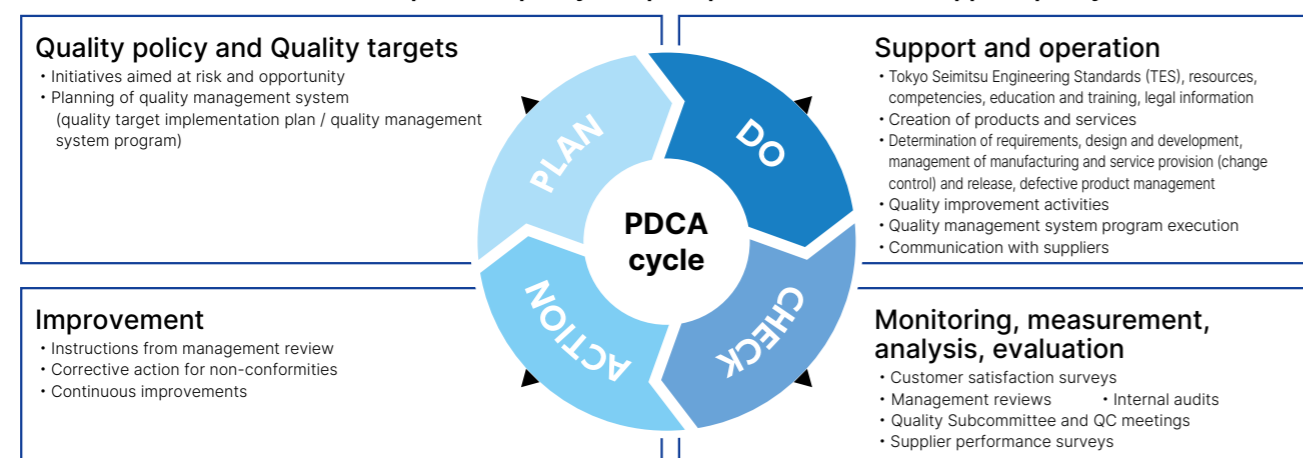
We believe it is important to build strong, trust-based relationships with customers in order to understand their diverse needs and continue to provide the products they truly require. We strive to improve customer satisfaction by conducting surveys of customers who use our products to ascertain their level of satisfaction, and incorporating their opinions into the improvement and refinement of our products and services.

Initiatives for Enhancing Customer Satisfaction

To improve customer satisfaction, we established a new indicator (percentage of satisfactory ratings in customer satisfaction surveys) in addition to the existing improvement of customer satisfaction scores. We have also initiated further customer follow-up and improvement initiatives for evaluations and feedback.

New metric: Percentage of satisfactory ratings in customer satisfaction surveys
Target: 94.80%(through FY2025)
Actual in FY2021: 94.28%

● Provision of stable and reliable product quality and prompt and meticulous support quality



Service and Support Structure

Service and Support Structure in the Semiconductor Production Equipment Business

Semiconductors are incorporated into all kinds of equipment and have become indispensable to modern society. The Semiconductor Company's CE (Customer Engineer) Department is responsible for maintaining and improving the quality and productivity of Tokyo Seimitsu's semiconductor production equipment used in semiconductor manufacturing and processing processes around the world, from installation setup to maintenance and training support, as well as supplying maintenance parts. In order to contribute to our customers' profits and increase customer satisfaction by providing high-performance products and high-quality support, we have established a global support structure based on the entire CE Department.

● Maintaining Support Quality Despite the Pandemic

During the COVID-19 pandemic, we are committed to maintaining and improving the quality of support by taking infection prevention measures in accordance with our guidelines, taking into consideration the safety and security of our customers.

We also established the AGRS (ACCT GLOBAL REMOTE SUPPORT) team and launched a remote support project using smart glasses to provide our customers with the same support quality despite the pandemic.



Our support

Customer

Service and Support Structure in the Precision Measuring Instrument Business

Adopting the slogan "No measurement, no manufacturing," the Company's Measuring Instrument Business sees providing society with precision and reliability, not merely selling measuring instruments, as the origin of manufacturing. Armed with this understanding, we conduct support activities aimed at creating the future for our customers using precision measurement technologies.

No manufacturing is possible without the process of measuring. We further believe that measuring accurately is an indispensable task in order for our customers to reliably provide products that earn the trust of society. Toward that end, we have established a structure to provide various forms of support.

● Initiatives by Metrology Centers

Tokyo Seimitsu has established four Metrology Centers, in Tsuchiura, Hachioji, Nagoya, and Osaka. Engineers with sufficient knowhow of measurement technologies and the operation of measuring instruments are stationed at the centers to meet our customers' diverse needs.

〈A Place for Learning about Products and Measurement: [Technology]〉

We hold plant tours, product workshop, metrology seminars, and other events for dealers, universities and high schools, local companies, and customers who use our measuring instruments, to provide a "place for learning" where these parties can deepen their understanding of measurement technology and view a variety of product exhibits. In addition, we conduct web-based seminars to provide information to large numbers of people.

〈Proposal of Solutions: [Sincerity]〉

To deepen WIN-WIN relationships with our customers, we go beyond responding to the requests of visiting guests to address their greater expectations, by offering services including solutions proposals and operation training. For customers unable to come to us, we have readied a structure for responding remotely.

〈Customer Support: [Reliability]〉

We have set up a call center in the Metrology Centers to offer consultation on measurement and supports for handling of measuring instruments and troubleshooting. We analyze the content of inquiries for incorporation into operation manuals to facilitate easier use. We also regularly conduct measurement guidance at training schools and otherwise provide support to purchasers of our measuring instruments.

We even perform consigned measurement on behalf of customers who do not have required instruments, have instruments without needed features, or are otherwise unable to perform measurement on their own.

Supply Chain Management

In providing high-performance, high-quality products to customers, the Tokyo Seimitsu Group views all suppliers that provide the necessary materials, parts, and services as important partners. To build WIN-WIN relationships with suppliers, it is vital that we fulfill our social responsibilities throughout the supply chain, in terms of not only safety and quality but also human rights and labor, occupational safety and health, the environment, ethics, and information security, fully complying with laws and social norms. Each supplier, acting autonomously as a responsible company that meets the needs of the international community while collaborating with our Group, builds a strong value chain and engages in high-value-added manufacturing.

Formulation of Supplier CSR Guidelines

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

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

Supplier CSR Survey Activities

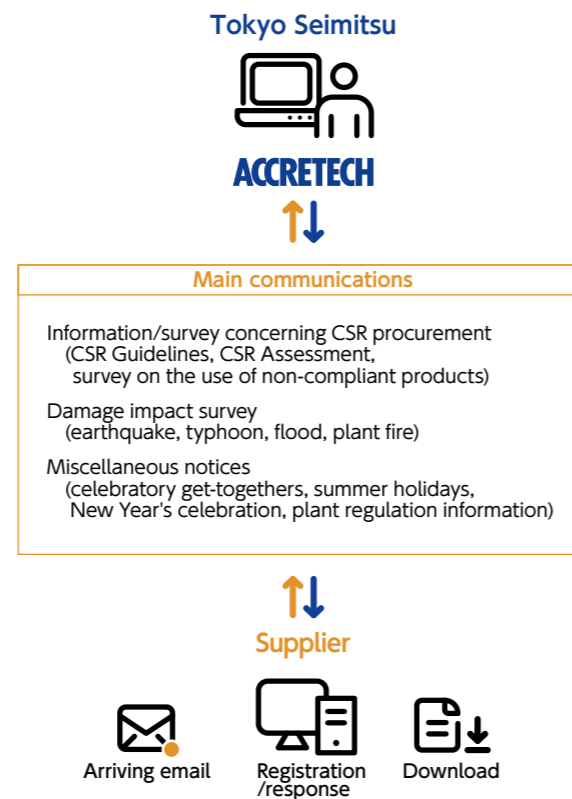
Since fiscal year 2016, we have used the "SCM (Supply Chain Management) Check Sheet" to survey suppliers' compliance with CSR. Based on the response results, we are working to improve items with low scores through supplier training sessions.

We are also deepening close cooperative relationships with suppliers by means including direct visits to ask about CSR compliance status and areas of difficulties and to discuss support for resolving problems. By doing so, we are promoting collaboration to fulfill our social responsibilities throughout the supply chain.

Web-Based System for Suppliers

We are developing a web-based system for suppliers to share supplier CSR questionnaires, notifications of disasters such as earthquakes and heavy rains, surveys of damage conditions, and communication of various notifications. We will use this system to build a structure for more sustained and active communication with suppliers.

<Web-based system for suppliers>



Human Rights

Basic views on human rights

The Tokyo Seimitsu Group respects the human rights of all stakeholders, including the most vulnerable members of society, regardless of gender, nationality or other personal attributes. We also strive to promote the creation of a safe, healthy, and rewarding workplace where a diverse range of employees can work vigorously and demonstrate their individual abilities to the fullest.

Initiatives Targeting Respect for Human Rights

As one of the components to realize sustainable growth of our group, the Group has made respect for human rights a materiality in its mid-term business plan.

As part of efforts to help employees understand human rights and prevent and mitigate human rights risks, we conducted e-learning sessions on Group Code of Conduct (April), anti-harassment measures (July), and diversity promotion (August). In May 2022, we launched the Human Rights Activities Project to identify risks of human rights violations that occur through our business and events that induce human rights violations, as well as to expand and continue corrective and remedial efforts to prevent and mitigate risks.

As a specific initiative, the Human Rights Activities Project has developed and published on its website the Group's Human Rights Policy, which supports and respects international human rights norms and is based on the Group Code of Conduct and the advice of outside experts.

Human Rights Policy

<https://www.accretech.jp/english/company/humanrightspolicy.html>

Occupational Health and Safety

The Tokyo Seimitsu Group recognizes the importance of managing the health and safety of workers and preventing occupational accidents in all of its business activities, and is committed to creating a safe and secure workplace in compliance with laws and regulations regarding occupational health and safety.

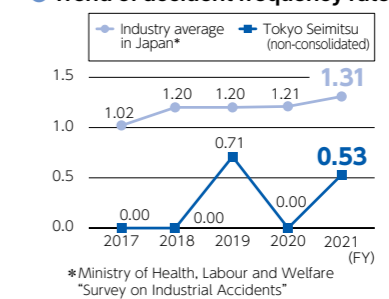
Our Hachioji and Tsuchiura plants have established safety and health committees, with the plant managers as the chief health and safety officers. Health and safety committees meet monthly to discuss major issues, formulate activity goals and plans to raise employees' awareness of safety and health.

Efforts to Prevent Occupational Accidents

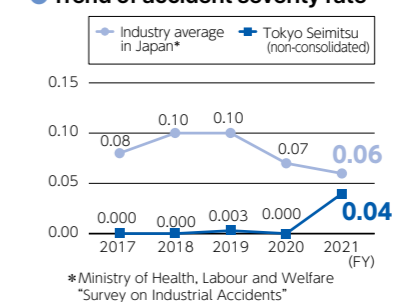
To avoid or reduce risks, the Hachioji and Tsuchiura plants, which have set the goal of "zero accidents resulting in leave," conduct risk assessments during workplace inspections, when introducing new machinery, and when changing work procedures.

In addition, we conduct internal education and training for various types of work as needed. We actively participate in occupational safety courses offered by outside educational institutions to avoid hazards, and we continue working to prevent the recurrence of occupational accidents and raise safety awareness.

Trend of accident frequency rate



Trend of accident severity rate



Health Management

We believe that in order for our employees to work to the best of their abilities, it is important for them to be healthy both physically and mentally, and for their families to be healthy as well.

Tokyo Seimitsu has been working toward a healthy company declaration, and in August 2020, we received the Silver Certification as a healthy company.

In the future, we will continue to promote health management through educational activities in cooperation with industrial physicians and efforts to raise employee health awareness, such as achieving a 100% health checkup rate, to encourage healthy lifestyles for employees and their families.

Diversity

Tokyo Seimitsu believes it is necessary to create an environment and systems that embrace others' lifestyles and values so that all employees, with their diverse personalities and values, can maximize their abilities. As the first step toward this, we will focus on diversity initiatives including promotion of employment for women, promotion of employment for people with disabilities, and enhancement of work-life balance, to advance the creation of rewarding workplaces suited to individuals.

Women's Participation and Advancement

To increase the number of women among our core human resources, we believe we must urgently increase our recruitment of full-time female employees and improve the environment for such employees. To drive this effort we have formulated the Action Plan for Promoting Employment and Careers of Women (fiscal years 2021–2025) and set targets to be achieved by the end of fiscal year 2025. In addition, we are working to create awareness within the Company toward the advancement of female employees and to support them.

Progressing the Action Plan for Promoting Employment and Careers of Women

Indicator	Target to be achieved by end-FY2025	Figure at end-FY2021
Percentage of female regular employee hires	20% or more	17.0%
Percentage of female regular employees	10% or more	7.4%

Specific initiatives

Hiring of women (new graduates)	<ul style="list-style-type: none"> ● Increase contact with female students and expand opportunities ● Introduce benefits and childcare support programs that exceed legal requirements ● Prepare and distribute job introduction materials, including those for interviews with female employees ● Hold women-only events, such as roundtable discussions with female employees
Support for the career development of female employees	<ul style="list-style-type: none"> ● Lectures by female executives from other companies to develop the careers of female engineers ● Introduction of external counseling services in April 2022
Opportunities for female employees to interact with each other	<ul style="list-style-type: none"> ● At the Semiconductor Company, Metrology Company, and Administration Company, meetings for female employees to exchange opinions on the promotion of women's activities

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, we have established a human resource development policy.

Human Resource Development Policy

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 under the policy "WIN-WIN RELATIONSHIPS CREATE THE WORLD'S No. 1 PRODUCTS!," 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.

Tokyo Seimitsu 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.

Training Program

Based on the ideas of "providing an environment and opportunity (platform) for each employee to participate in education and training based on his or her own initiative" and "the Company providing necessary knowledge acquisition support in accordance with the timing of employee growth," we have established various training programs for employee skill development, which are incorporated into our HR development system.

Common training	Implemented with the aim of acquiring knowledge and skills required across the Company
Level-specific training	Conducted for the purpose of acquiring the skills required to perform the duties of each job level
Section-specific training	Implemented in each department for employees to acquire the expertise required for each organization and business

We have also introduced an e-learning system and encourage employees to actively participate in seminars outside the Company, thereby enhancing our self-development system to match the level of each employee.

Participation in Industry Groups

The Tokyo Seimitsu Group actively participates in industry groups, making recommendations and proposals, and lobbying. We also collaborate with other companies to improve technology and quality, promote standardization, and create new value.

ISO Technical Committees

The International Organization for Standardization (ISO) promotes standardization, mainly in industrial fields, through Technical Committees (TCs). Our employees have been appointed as representative members for Japan of TC213, which deliberates and formulates geometrical product specifications (GPS). They are currently taking part in working groups covering coordinate measuring machine standards, roundness measuring machine standards, surface texture measuring instrument/filter standards, and measurement uncertainty standards. In deliberations over roundness measuring machine standards, we lead discussions as the project leader for international conferences, and promote international standardization based on proposals from Japan.

Japan Precision Measuring Instruments Manufacturers Association

The Japan Precision Measuring Instruments Manufacturers Association holds comprehensive exhibitions concerning measurement and all related aspects, promotes standardization that contributes to the improvement of technology and quality, and holds seminars in collaboration with other organizations. Through such activities, the association contributes greatly to the promotion of Japan's precision measuring instrument industry. Since fiscal year 2020, Tokyo Seimitsu Chairman and CEO has served as the chair of the industry association, making a firmwide major contribution toward promoting the precision measuring instruments industry.

Governance

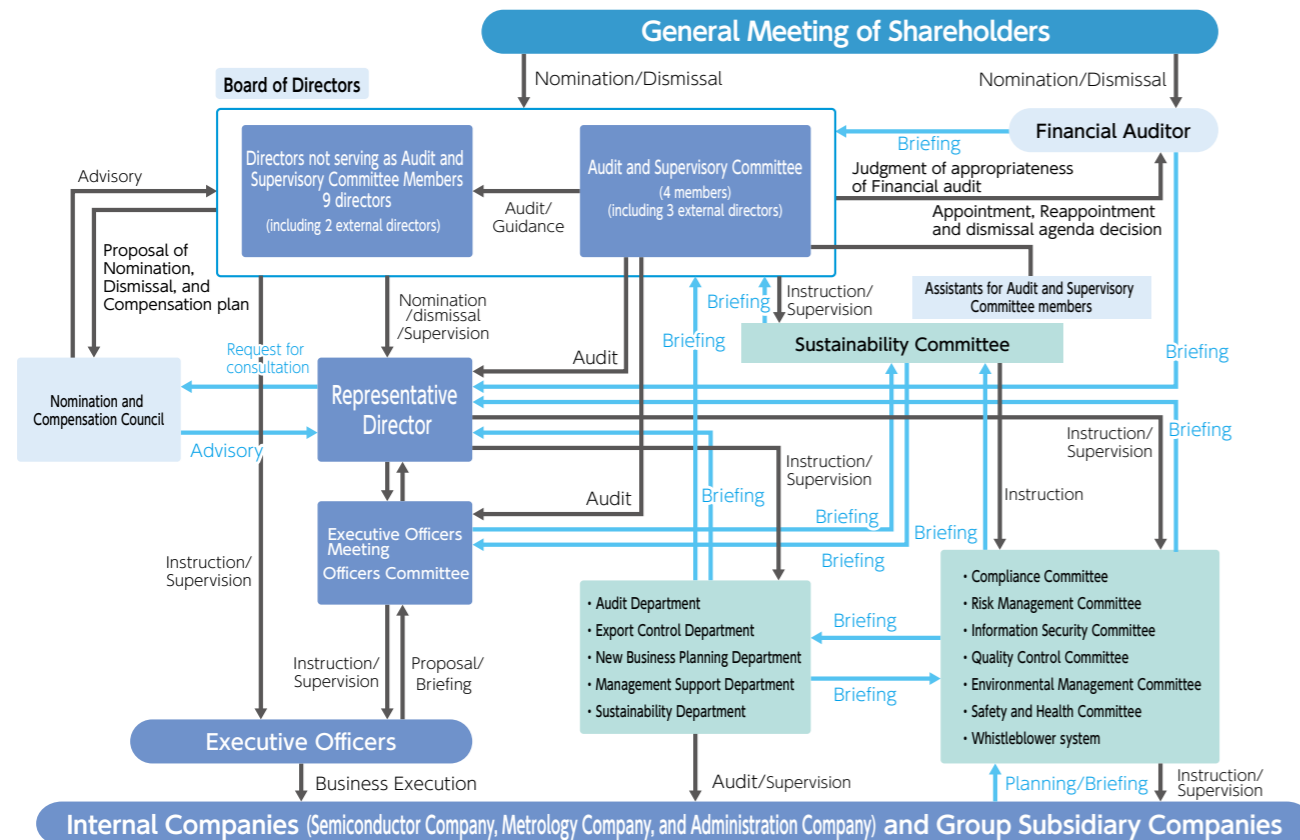
Corporate Governance

Concepts and Initiatives

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

Amid rapid technological innovation and economic globalization, we have formulated this corporate philosophy: "Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No. 1 products." By practicing this philosophy under the corporate brand "ACCURETECH," which expresses it in a single word, we aim to achieve sustainable growth and enhance our corporate value.

Corporate Governance Structure



Basic Policy on Corporate Governance

The Company supports all of the principles of the Corporate Governance Code. We report on the status of our compliance with the code in the Corporate Governance Report submitted to the Tokyo Stock Exchange. Japanese and English versions of our Corporate Governance Report are available at the website below.

Corporate Governance Policy

<https://www.accuretech.jp/english/company/basicpolicy.html>

Corporate Governance Report

<https://www.accuretech.jp/english/company/files/CGreport.pdf>

Board of Directors/Audit and Supervisory Committee

The Board of Directors is composed of nine directors (who are not Audit and Supervisory Committee members), including two external directors, and four Audit and Supervisory Committee members, including three external directors. The Board of Directors holds regular monthly meetings and may hold extraordinary meetings, as necessary.

Board of Directors and Committee Composition and Activities

	Composition			Meetings convened (FY2021)
	Internal directors	External directors	Chair	
Board of Directors	8 (*)	5 (**)	CEO	16
Audit and Supervisory Committee	1	3	Internal directors	9
Nomination and Compensation Council	0	5	External director	6

(*)Of whom, one standing Audit and Supervisory Committee member (***)Of whom, three Audit and Supervisory Committee members

The Board of Directors deliberates and reviews important matters stipulated by law, the Articles of Incorporation, Board of Directors regulations and monthly, quarterly, and/or annual business performance. In addition, each director oversees other directors' business decision making.

The Board of Directors is chaired by Hitoshi Yoshida, and the chair of the Audit and Supervisory Committee is Shinji Akimoto. The Audit and Supervisory Committee liaises with the Audit Department (the Company's internal audit department) and the financial auditor, and audits the resolution process of the Board of Directors and the business practices of each director.

Nomination and Compensation Council

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

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

Executive Compensation System

Basic Policy

The aim of the compensation system is to facilitate the appropriate functioning of the Company in order to realize the corporate philosophy. The system is designed to motivate each director and executive officer to improve performance and medium- to long-term corporate and shareholder value in accordance with their roles, responsibilities, and achievements. The decision-making process is highly objective and

transparent, with timely and appropriate reviews based on economic conditions, our business performance, external surveys, and other factors.

Compensation Structure

The compensation of directors not serving as an Audit and Supervisory Committee member nor as external corporate directors (hereinafter referred to as directors in charge of business execution) consists of base compensation, which is fixed, and performance-linked compensation and stock compensation, which are variable. However, the compensation of directors serving as Audit and Supervisory Committee members and external directors consists only of base compensation, in light of their responsibilities of supervising and auditing business execution.

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 not exceed the upper limit approved by the general meeting of shareholders. Base compensation amounts for each director are based on the standard of compensation amount per post*.

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. Stock compensation is defined as a medium to long-term incentive enabling profit sharing with shareholders and will be provided at a specific period in each fiscal year. This stock compensation shall be determined not to exceed the upper limit of total annual payment approved by the general meeting of shareholders (limit of compensation amount and number of stocks and/or of stock options). The 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.

*Standard of compensation amount per post /

Amount per each director's post planned by Compensation Planning Committee benchmarked on one for President & COO, and approved by Nomination and Compensation Council.

"Performance-linked compensation"

Base bonus amount × Group business performance coefficient
× individual intercompany performance coefficient

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

Group business performance coefficient: Calculated from their Operating profit results against FY target

Within +/- 10% of target: 1,
more than +10% and up to +30%: 1.1,
more than +30% and up to 50%: 1.2,
more than +50%: 1.3,
-30% or more and less than -10%: 0.9,
-50% or more and less than -30%: 0.8,
less than -50%: 0.7
(When OP falls YoY, this coefficient is 1 or less.)

Individual intercompany performance coefficient: Comprehensively evaluate from 0.9 to 1.1 based on the Intercompany business results and other significant achievements.

"Calculation formula for restricted stock"

Base stock amount × RS performance coefficient

Base stock amount: Formulated by Compensation Committee based on compensation amount per post, and approved by Nomination and Compensation Council

RS performance coefficient: Based on the achievements of mid-term operating profit target

Core coefficient: 1 When target has been achieved: **2**

"Stock compensation-type stock options"

Basic stock unit × performance coefficient and others

Basic stock unit: Formulated by Compensation Committee based on compensation amount per post, and approved by Nomination and Compensation Council

Performance factors, etc.: Compensation is determined by the Nomination and Compensation Council based on a comprehensive evaluation of business performance, stock price, and other factors.

■ Process for Determining Compensation

The process for determining director compensation is described below.

- The Board of Directors delegates the task of determining the compensation structure and compensation standards for each post to the Compensation Planning Committee, consisting of the representative directors and some other directors.

- 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 by the Nomination and Compensation Council, consisting of directors serving as an Audit and Supervisory Committee member and external corporate directors.

- Compensation amounts for directors serving as Audit and Supervisory Committee members will be discussed and resolved among directors serving as Audit and Supervisory Committee members.

■ Total Director Compensation

(Millions of yen)

	Number of people	Total compensation	Monthly base compensation	Performance-linked compensation	Non-monetary compensation
Directors (excluding directors who are Audit and Supervisory Committee members) (of whom, external directors)	11	542	213	213	114
Directors (Audit and Supervisory Committee members) (of whom, external director)	3	18	18	—	—
Directors (Audit and Supervisory Committee members) (of whom, external director)	5	43	43	—	—
Directors (Audit and Supervisory Committee members) (of whom, external director)	4	23	23	—	—

(Notes)

1. The above "directors (excluding directors who are Audit and Supervisory Committee members)" and "directors (Audit and Supervisory Committee members)" includes three directors who resigned at conclusion of the 98th annual shareholders meeting held on June 21, 2021.
2. Compensation to directors (except Audit and Supervisory Committee members) shall be ¥480 million or less per year (¥70 million for external corporate directors) as ratified at the 98th annual shareholders meeting held on June 21, 2021. In addition, it is resolved that annual compensation other than cash (such as stock options and restricted stock compensation) shall be ¥300 million or less. The number of directors (except Audit and Supervisory Committee members) as at conclusion of the aforementioned annual shareholders meeting is nine, including two external corporate directors.
3. Compensation to directors serving as Audit and Supervisory Committee members shall be ¥60 million or less per year as ratified at the 96th annual shareholders meeting held on June 24, 2019. The number of directors serving as Audit and Supervisory Committee members as at conclusion of the aforementioned annual shareholders meeting is four.
4. Above are the amounts approved and executed by the Board of Directors in accordance with opinions from the 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.

Executive Officer System

The Company has in place an executive officer system to make speedy decisions on product development planning to respond quickly and flexibly to market trends. Executive officers oversee the progress and implementation of business plans at regular Executive Management and Executive Officers' meetings.

Evaluation of the Effectiveness of the Board of Directors

The Company conducts questionnaire surveys of all the corporate directors (including those directors who are serving as Audit and Supervisory Committee members). After discussions among internal directors and among external directors, a summary of the results and an analysis are shared at a Board of Directors meeting, to evaluate the effectiveness of the board and to discuss the possibility of further improvement. The Company evaluated the effectiveness of its Board of Directors from April 2021 to February 2022. A summary of the results of this evaluation is provided at the URL below.

Summary of Evaluation of the Effectiveness of the Board of Directors

<https://ir.accrettech.jp/en/news/news-12396541282000.html>

Cross-Shareholdings

The Board of Directors comprehensively examines whether shares held as cross-shareholdings are worthwhile based on risk and return from the perspective of medium- to long-term economic rationality, and qualitative considerations such as the purpose of holding and credit status. If this examination results in the judgment that it is not worthwhile to retain cross-shareholdings, in principle such holdings are reduced. However, if it is determined that holding of such shares will contribute toward the improvement of medium- to long-term corporate value, they are retained. As a result of such deliberation, the Company sold 15 cross-shareholdings (including shares subject to deemed holding) for ¥7,421 million between April 2015 and March 2022.

Internal Control

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

Basic Policy on Internal Control Systems

https://www.accrettech.jp/english/company/internal_control.html

Audit Function (Internal Audits)

The Audit Department systematically conducts audits of the Company and its subsidiaries in accordance with internal audit regulations to verify compliance with laws, the Articles of Incorporation, and corporate regulations, as well as of administrative adequacy.

If the Audit Department finds any violation of laws, regulations, the Articles of Incorporation or internal rules, or any performance of duties that may cause a loss due to some other reasons at the Company or its subsidiaries, the general manager of the Audit Department immediately notifies the president and COO and tells employees to implement corrective or improvement actions. The Audit Department periodically reviews and revises, as necessary, the items to be audited and the method of conducting the audits.

In fiscal year 2021, the Audit Department audited six internal departments and Group companies. With regard to theme-based audits of the Company and all subsidiaries, the Audit Department reported to the president, the Audit and Supervisory Committee, and the Board of Directors the results of audits conducted on the theme of management of cash and deposits. Due to the COVID-19 pandemic, we outsourced the departmental audits of two overseas subsidiaries. These audits were conducted by local accountants. All of these audits were reported to the Executive Management Meeting, and the status of each department and subsidiary and areas requiring improvement were shared within the Company.

Executives



Hitoshi Yoshida
Representative Director, Chairman and CEO

Company shares held	8,500
Board of Directors meetings attended	16/16

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



Ryuichi Kimura
Representative Director, President and COO
Head of Semiconductor Company

Company shares held	3,612
Board of Directors meetings attended	16/16

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



Koichi Kawamura
Representative Director,
Executive Vice President and CFO
Head of Administration Company

Company shares held	7,500
Board of Directors meetings attended	16/16

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



Akihiro Endo
Director
Senior Executive Officer of Semiconductor Company

Company shares held	4,400
Board of Directors meetings attended	16/16

- April 1981 Joined Oki Electric Industry Co., Ltd.
- October 2002 Joined the Company
- October 2005 Executive Officer, Semiconductor Company
- April 2009 General Manager, Technology Division, Semiconductor Company (to present)
- April 2012 Senior Executive Officer, Semiconductor Company (to present)
- June 2012 Director (to present)



Shozo Saito
External Director

Company shares held	—
Board of Directors meetings attended	16/16

- June 2007 Executive Officer, Corporate Senior Vice President, Toshiba Corporation
- June 2010 Executive Officer Corporate Executive Vice President, Toshiba Corporation
- June 2012 Director and Representative Executive Officer Corporate Senior Executive Vice President, Toshiba Corporation
- June 2015 Director of the Company (to present)



Kiyoshi Takamasu
External Director

Company shares held	—
Board of Directors meetings attended	16/16

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



Yuriko Sagara
External Director

Company shares held	—
Board of Directors meetings attended	16/16

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



Masaki Sunaga
External Director

Company shares held	—
Board of Directors meetings attended	16/16

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



Takahiro Hokida
Director
Managing Executive Officer of Semiconductor Company

Company shares held	2,400
Board of Directors meetings attended	16/16

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



Shuichi Tsukada
Director
Head of Metrology Company

Company shares held	1,400
Board of Directors meetings attended	16/16

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



Wolfgang Bonatz
Director

Company shares held	5,400
Board of Directors meetings attended	16/16

- October 1992 Joined Tokyo Seimitsu Europe GmbH
- April 1996 General Manager, Operation Department, Tokyo Seimitsu Europe GmbH
- November 1999 Director, Tokyo Seimitsu Europe GmbH
- October 2001 President, Tokyo Seimitsu Europe GmbH (to present)
- June 2002 Director (part-time) of the Parent Company (to present)



Shinji Akimoto
Director

Company shares held	2,000
Board of Directors meetings attended	16/16

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



Tsuneko Murata
External Director

Company shares held	—
Board of Directors meetings attended	— / —

- April 1982 Joined Matsushita Electric Industrial Co., Ltd.(now Panasonic Corporation)
- April 2007 Senior Counselor & General Manager, Legal Affairs & CSR Department of Home Appliances Company
- October 2009 Senior Counselor, Corporate Legal Affairs Division of Panasonic Corporation
- January 2016 Auditor, Japan Pension Service
- June 2018 External Audit & Supervisory Board Member, Japan Finance Corporation (to present)
- March 2021 Outside Director, Milbon Co., Ltd. (to present)
- June 2021 External Director, Kakuyasu Group Co., Ltd. (to present)
- June 2022 Director (Serving as Audit and Supervisory Committee Member) of the Company (to present)

Composition of the Board of Directors (Skills Matrix)

Name	Age	External director Diversity	Major past experience	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Council	Specialty, experience, etc.									
							Corporate management / Management Strategies	Industry knowledge	Technology / Intellectual Property / Manufacturing	Sales / Marketing	International business / Global experience	Accounting / Finance	Risk management	Legal / Personnel / Labor / Human resource development	IT / Information systems	
Hitoshi Yoshida	62		Measurement technology	○			○	○	○	○						○
Ryuichi Kimura	59		Semiconductor sales	○			○	○	○	○						
Koichi Kawamura	64		Financial institutions	○			○			○	○	○				
Akihiro Endo	64		Semiconductor technology	○				○	○	○	○					
Takahiro Hokida	60		Semiconductor technology	○				○	○	○	○					○
Shuichi Tsukada	63		Metrology equipment production	○				○	○							
Wolfgang Bonatz	57	●	Overseas subsidiary management	○				○	○	○	○					
Shinji Akimoto	58		Human resources	○	○	○							○	○		
Shozo Saito	71	◎	Corporate management	○		○		○	○	○	○					
Kiyoshi Takamasu	67	◎	Academic	○		○			○	○	○					
Yuriko Sagara	47	◎○	Attorney	○	○	○							○	○		
Masaki Sunaga	60	◎	Certified public accountant	○	○	○								○	○	
Tsuneko Murata	63	◎○	Corporate management	○	○	○		○			○			○		

Age: as of June 30, 2022 / Independent External Director: ◎ Female: ○ Foreigner: ●
* This matrix represents the areas in which we expect each of them to have more expertise and play a more active role, based on their experience and other factors. This matrix does not represent all the knowledge and experience of each person.

The status of "Board of Directors meetings attended" is as of fiscal year 2022.

Roundtable Discussion with External Directors

In this roundtable discussion, we talked about future challenges and expectations for sustainable corporate growth, including the function and role of a company's external directors and the creation of corporate value for our group.



External Director

External Director
(Audit and Supervisory
Committee Member)

External Director

External Director
(Audit and Supervisory
Committee Member)External Director
(Audit and Supervisory
Committee Member)

Kiyoshi Takamasu **Yuriko Sagara** **Shozo Saito** **Tsuneko Murata** **Masaki Sunaga**

External Directors' Roles and Functions

Saito : I would like to leverage the expertise and knowledge I have gained through my long experience as a manager in the semiconductor field, as well as my experience in corporate governance and business strategy, which I earned while managing large companies for over a decade.

Sunaga : We have opted for the institutional form of a company with an Audit and Supervisory Committee, and I am a director as well as a member of that committee.

I have previous experience as an auditor, but as an auditor I had no voting rights at Board of Directors meetings. I am very aware of having voting rights for the first time as a director and member of the Audit and Supervisory Committee. There is a big difference between having and not having voting rights.

I have extensive professional experience as a certified public accountant and a tax accountant. I have also been the accounting auditor responsible for more than 30 companies over the years. I would like to play a role in the development and operation of the internal control system and the enhancement of information disclosure, in particular, from the standpoint of monitoring the executive side's response to various risks from the perspective of management by numbers and the financial figures.

I have been looking at various documents to get a better understanding of what the Company is all about. I think last year's CSR report is well organized.

Moderator : Please let us know if you need any particular information or data.

Takamasu : Although I have an extensive history of university research in precision metrology, I have very little experience in

corporate relations, including on the Board of Directors. I understand that my role is to use my domestic and international background and my experience in precision metrology to provide input into the Company's long-term research and development strategy. In addition to the Board of Directors, I attend Group Management Council meetings, Executive Management Meetings, and product development meetings. This provides me with more and more opportunities to exchange opinions with leading young researchers. I hope to put my own opinions to use in forming Company policy with respect to the long-term direction of R&D.

Moderator : When you look at a company's R&D situation, does your background as a researcher give you any differences in perspective?

Takamasu : There are many. In university research, it is important to always be doing something new. Taken to the extreme, as long as they come up with new ideas, universities do not need to make money. That is not the case with a business corporation. Putting a positive spin on it, companies are realistic. Considered negatively, you might say that companies do not make great leaps forward. Recently, however, we have been working on measurement at the Semiconductor Company in cooperation with the Metrology Company, and I think this is a very good development. We hope positive things will come of this.

Sagara : This is my first appointment as an external director. Although I have no experience in corporate management, I have seen a host of disputes and altercations in various fields of companies from my position as a lawyer. I hope to use my knowledge and experience in providing legal advice on how to avoid risks to point out legal risks the Company might face in considering corporate strategies. This way, we can prevent disputes and altercations and prevent the need to consult with outside lawyers. In addition, as scandals may go unnoticed by people within a company, I dare say that being unfamiliar with this industry could be of value. I hope to take a third-party perspective and present the viewpoint that "what is common sense for the industry may differ from what is common sense for the rest of the world." Meanwhile, promoting the utilization of IP is a topic mentioned in the Corporate Governance Code, and as I am a specialist in this area, I would like to work on this issue.

Moderator : In the value creation story, intellectual capital is more specialized than other forms of non-financial capital. However, given that we are a manufacturer whose strength lies in high-precision technology, it is necessary for us to position

intellectual capital as a strength. Please continue to support us as we consider the development of future IP strategies led by the technology, IP, and legal departments.

Sagara : The management team needs to fully understand the importance of intellectual property and drive it. I hope to play a role in this process.

Murata : The role of the external director is to make sure that the management team gets the necessary input, even if it is painful to hear. We are mindful that an attitude of inaction, as in "see no evil, speak no evil, hear no evil," must never be allowed. I have worked in the legal, compliance, risk management, governance, and CSR areas, and then I spent four years in management as an officer in a government organization. I understand how Tokyo Seimitsu is viewed by society. I would like to support the Company so that its management style and company attitude will lead to appropriate actions in light of social conventions and common sense. In this sense, I think it is important to offer opinions from the perspective of risk management and compliance, taking both an offensive and a defensive approach. To this end, I would like to help enhance our corporate value by engaging in discussions with people other than members of the Board of Directors.

Moderator : I have heard that risk management and compliance have both offensive and defensive aspects. In my mind, they have always been associated strongly with "defense," but in what ways is the "offensive" part different from the "defensive" part?

Murata : The word "compliance" tends to be associated with legal and regulatory compliance, and is often undertaken in a passive and offhand manner. However, the word "compliance" originally means "fulfillment, harmony, and satisfaction." From that definition, we can understand that the true practice of compliance is "responding flexibly and agilely to social demands and realizing our original business objectives." This is a "proactive" approach that is directly related to improving customer satisfaction. To this end, it is important to analyze the causes of incidents and accidents from the perspective of learning from past failures, and to foster a corporate culture of "making it personal," in which employees think and act proactively to prevent recurrence by taking advantage of lessons learned from such incidents and accidents. Compliance and risk management need to be promoted as two sides of the same coin.

Corporate Value Creation at the Tokyo Seimitsu Group

Saito : I think corporate value is about doing something that contributes to society. In this sense, Tokyo Seimitsu is a technology-driven company, so developing new technologies and products is important in itself, as is getting them out into the world to benefit people. Therefore, I believe the Company should be a corporate entity that can contribute to the promotion of digital transformation (DX) and green transformation (GX), which are aimed at increasing production value and efficiency through digitization. That is what I call corporate value. And I think the result will be financial and non-financial capital, so I think we should clarify what the initial mission is.

Moderator : Contributing to society is also related to the company's raison d'être. I think it is important to be able to answer a resounding "yes" to the question of "Are you indispensable to the world?" I would appreciate your thoughts on how we make the transition from there to having the sort of awareness we need in our corporate activities.



Saito : If we can help provide what is needed in the world today (DX and GX, as explained earlier), we will have contributed to society. I think it is important to stand outside the Company and see whether this nuance is stated in the Company's mission and is actually

being carried out. It is important that when people read our integrated report, they understand and agree with what is written. It is not enough to make this a one-way exercise in which the Company simply explains what it is doing. Since the integrated report will be published annually, with this first issue it will be important to use a questionnaire to obtain reader feedback. I think it is important to have this two-way communication between the people producing the report and those who read it.

Sunaga : I understand that the value creation model of our group is to contribute broadly to society by developing and supplying superior semiconductor production equipment and precision measuring instruments, utilizing the precision measurement and precision processing technologies we have cultivated.

Based on its 70-plus years of history and the proprietary technologies it has accumulated, the Company has secured an

overwhelming market share in certain product fields. I believe this business model is commendable. I think it would be good if we could skillfully present our unique technologies and the history we have accumulated.

Moderator : When talking about "proprietary technology," it is difficult to strike the right balance to avoid being too abstract for the reader to understand or too specialized for the general public. In this integrated report, the opinions and views of the Group Leader of the technology departments are taken into account. The report also names our core and supporting technologies.

Takamasu : I think the report represents a good attempt at expressing proprietary and core technologies. These are difficult to describe in an easy-to-understand manner, but I think we need to focus on making the story easy to understand.

I think we have done a good job of expressing our corporate value in terms of economic value; it is also important to express other aspects of our corporate value. From my perspective of having worked extensively in universities and academic societies, I feel that the Company's image is not being properly conveyed to young people. Although I have been involved in the field of precision metrology for a very long time, I learned many things only after assuming the position of external director. For example, I learned about the systemic aspect of Tokyo Seimitsu's technology and how that makes it so outstanding. Human capital is very important, especially for young people. We have many excellent human resources at present, but we must continue to attract excellent human resources in the future. For this reason, even more than in the past I think we need to work on more than ever on actively approaching the outside world. For example, we need to take part in conferences, international meetings, external research, and participate on academic societies' boards and committees. Tokyo Seimitsu already has some excellent researchers, but we also need to encourage more young people to present their research at international conferences and make friends in other countries in the same research field. I think we will need to enhance this aspect of human capital. Going forward, I believe engineers can also learn more by getting outside.

I believe that having young and talented human resources working internationally in the name of Tokyo Seimitsu is a tremendous corporate value when viewed from the outside. Even though certain people at Tokyo Seimitsu may actually be the leaders in their field, that is not always apparent from outside the

Company. Recognizing this fact might encourage more young people to work at Tokyo Seimitsu.



Sagara : I have always felt that the Company is highly skilled and diligent. The Company has some very good aspects; it is frustrating that the rest of the world does not fully recognize this value. I think President Kimura's quip about being a "metrology company that

makes semiconductor production equipment" is apt. Tokyo Seimitsu has long been characterized by its metrology business and semiconductor business units. By concentrating on points of differentiation or appeal, we can add corporate value and provide opportunities for people to learn more about us. In addition to enhancing our public reputation by putting our best foot forward, I think there are areas where we can do more in the areas of intellectual property, trademarks, and branding. I think it is best for the company to use patents to hold onto its technological monopolies for a proper period of time. In the meantime, we can identify points of differentiation and appeal to the market through a memorable brand.

Murata : As Ms. Sagara says, it is important to create value through intellectual property, including via branding, so that people know at a glance when a product is one made by Tokyo Seimitsu. With regard to technological uniqueness, as Mr. Saito and Mr. Sunaga mentioned, there has been a recent acceleration in the trend toward collaboration and co-creation via open innovation, including through joint ventures. From this perspective, I think it is also important to consider how we can work with other companies to develop new technologies.

The New Mid-Term Business Plan

Saito : I think the overall direction is positive. Now that we have become a ¥100 billion company, the next question is whether we have the structures in place to become a ¥200 billion or ¥300 billion company.

In particular, I believe the Company needs another pillar of business in addition to the semiconductor and metrology businesses. The key for this is will be fusion of measurement technologies and semiconductor production equipment, which was mentioned earlier, and having in place the structures we need to become a ¥200 billion company. The same is true for

intellectual property and human capital. Each company has systems commensurate with the size of its business. This point needs to be discussed in the new mid-term business plan.



Sunaga : The previous mid-term business plan set quantitative targets of 10% or higher ROE and operating, operating profit of ¥22.0 billion (net sales of ¥110.0 billion). The Company actually achieved ROE of 17.4% and operating profit of ¥28.3 billion (net sales of ¥130.7 billion).

The new mid-term business plan is ambitious; it targets Company growth outpacing that of the market. In the automotive market, we are seeing a transition to EVs and Society 5.0. These trends will prompt significant growth in demand for semiconductors, which represents a business opportunity. I believe the time is right to grasp this opportunity and implement various measures that take advantage of our down-to-earth precision measuring and precision processing technologies.

In the IT industry, infrastructure itself is undergoing major changes. This includes infrastructure technologies such as quantum computers, AI, cloud computing, and 5G. We believe that the challenge is to actively introduce these products to lead Japan's manufacturing and to build a more stable production system for the country's small and medium-sized enterprises through technical assistance and M&A. Furthermore, with the expansion of international operations, we will need to be aware of human rights issues throughout the supply chain and the issue of technology transfers to Communist countries.

Takamasu : The mid-term business plan involves some risk, but it is manageable. As Mr. Saito says, the problem is that under our current structure we will face some limits to growth, so we must try something new. This is not simply a matter of doing one thing well. As Mr. Sunaga notes, we need to keep our eyes trained on many different areas.

This also bears relation to governance, but as the Company grows it will need to enhance human capital in back-office areas (such as subsidiary accounting, overseas operations, intellectual property, and auditing).

Sagara : The Company has set aggressive goals for the semiconductor business. This is good from the perspective of taking advantage of the current momentum. At the same time, as some of the other directors have mentioned, we need to keep a close eye on whether the Company has in place a sufficient

structure to handle that growth. The ability to expand production capacity and especially the ability to attract the necessary human resources are important factors that directly affect quality. These are important factors from the investor's viewpoint, as well. It would be good if we could support this point with data and make specific statements along the lines of "We are making the necessary preparations to support this particular level of production growth."

We need to explain the connection between the business plan and sustainability and CSR.

I have high expectations for the metrology business's expansion into fields outside the automotive industry and for synergies with the semiconductor business.

Murata : I think the mid-term business plan itself is consistent and in agreement on these points.

The plan sets quantitative targets for fiscal year 2024 in terms of net sales, operating profit, and ROE, but more sophisticated companies are also incorporating ROIC, WACC, and other metrics as target values. In the future, I think we will need to have discussions about the efficiency of invested capital and business portfolios.

In the category of "materiality and targets," health management is put as a target for 2035. I think that is too far in the future. As health management is an important pillar of human capital management, I would like to see this target met more swiftly. Also, it seems that although the Company has set targets for the advancement of women, targets are in place only for recruitment and the percentage of employees. I think we also need to set targets for increasing the number of female managers.

Strengthening the Governance Structure / Enhancing Board of Directors Effectiveness

Saito : At Board of Directors meetings to date, we have maintained that transparency is of utmost importance. I give high marks to the significant improvements that have been made on the transparency of headquarters' Board of Directors.

That being said, I believe there is room for improvement in transparency as a corporate group. For example, companies have an inadequate understanding of how personnel are assigned and the way accounting is viewed by headquarters. Partly, this is an issue of human capital, but I think it also speaks

directly to the important point raised earlier about becoming a ¥200 billion or a ¥300 billion company. However, I think the human capital development aspect of training local presidents is important for overseas affiliates. Rather than strengthening the management, I think we need to develop human resources and have them work overseas, which in turn will strengthen the governance of the Company as a whole.

I think that the larger a company becomes, the more local it should be. This is because of the need to train local human resources properly. Doing so will help foster a sense of trust and eliminate the impetus for cheating.

Sunaga : The scandal at a subsidiary that was uncovered in March 2021 was not material in monetary terms. As a result, past disclosure materials did not require correction. However, as factors contributing to the incident, the investigation report points to a lack of checks and balances under excessively strong leadership by the former president, inadequate subsidiary management at the parent company, and poor compliance awareness at the subsidiary.

While improvement measures have been implemented sequentially in response to these issues, I believe we need to focus on strengthening the post-pandemic management system for overseas subsidiaries, which tends to lead to a lack of communication.

We need to guard against the tendency to think along the lines of "This case was an exception" or "This just happened because of overweening leadership by the president." I think we need a system where the parent company has an affiliate management team to keep track of the details of the situation. Going forward, I intend to make an effort to visit local operations.

To improve the effectiveness of the Board of Directors, we also need to keep in mind that issues from a longer-term perspective, such as ESG, carbon neutrality, and succession planning, should always be considered as ongoing agenda items.



Takamasu : To strengthen the management of subsidiaries, in the future we will also need to strengthen the system at the head office end. Although the misconduct at the subsidiary was quite serious, I think the Company did an excellent job with handling it. That said,

we are still concerned about overseas subsidiaries, partly because of COVID-19. Some subsidiaries have solid management

leadership. The flip side can be that such companies have an excessive personal orientation. As the pandemic subsides, we should begin addressing this risk fully.

Sagara : I think we need to think urgently about making changes on internal control staffing. The fact that the misconduct at a subsidiary remained undiscovered for a substantial time indicates a lack of cleansing from within the organization, and suggests that such a corporate culture has been fostered there for some time. I think we must maintain this mentality. To get a sense of the atmosphere during an audit, it is important to physically visit the site in question. Despite the pandemic, we need to work with a sense of urgency, doing what we can as the situation allows.



Murata : I think the key to dealing with misconduct is how seriously and thoroughly we can work to prevent recurrence. To make sure this incident remains part of our collective memory, I think it is important to share with other affiliates what happened and why it was

not identified earlier, and to ensure that it does not happen again. If the Group Code of Conduct had been thoroughly enforced, the incident probably would not have occurred. Said differently, the fact that the incident did occur calls into question how thoroughly the Group Code of Conduct has been disseminated.

Another key point is how to make the whistleblower system function effectively, including at overseas affiliates. It is important to ensure that the entire group understands that the whistleblowing system is an effective tool for achieving several things: fostering a fair and highly transparent corporate culture, ensuring sound organizational self-cleansing, and contributing to the early detection of risk and the promotion of compliance management, as well as enhancing each employee's sensitivity to risk and ability to respond to signs of risk.

Moderator : We began providing training on the Group Code of Conduct for all employees of overseas affiliates in fiscal year 2021. The training materials include content on the whistleblower system. We will follow up on the effectiveness of this training.

The Group's Sustainability Response

Saito : I think Tokyo Seimitsu is doing a good job on CSR activities in comparison with its peers. The Company has also been quick to provide disclosure as outlined by the Task Force

on Climate-Related Financial Disclosures (TCFD), so I am sure that numerical information will be forthcoming. As for how to actually deploy these measures at factories, I look forward to the establishment of a system that can present concrete measures. I would like to see the Company say "We are taking these measures against climate change." This is a fairly costly task and should be started as soon as possible.

Sunaga : The Company already provides sustainability-related disclosure related to governance, human capital, climate change, and CSR initiatives.

On the topic of responding to climate change, the Company has launched an internal project as a response to the TCFD requirements, set up a Sustainability Committee, and established a system to report on activities at regular Sustainability Committee meetings. The Company has also set a clear target of achieving a 50% reduction in CO₂ emissions by 2030, compared to fiscal year 2018 levels. Currently, the Company is focusing on power-saving activities at its factories and is in the process of compiling a medium- to long-term reduction policy.

These TCFD responses are forward-looking and commendable, but the concept needs to permeate the organization. With the Company building new plants and expanding others as the business grows, its challenge is to invest more aggressively in energy savings to involve specialists and other experts in measures to reduce greenhouse gas emissions in concrete ways.

Takamasu : I understand that these are important tasks and ones the Company is taking very seriously. Still, the key here is whether future efforts produce results that investors will view as positive.

Sagara : In terms of human resources, and from the perspective of business expansion, it is important to create a workplace that is easy to work in and where diverse human resources can play an active role. I also believe that considerable effort needs to be put into promoting the active participation of women.

I think companies with a culture of "just doing what your boss tells you to do" are prone to fraudulent behavior. If more diverse people, including women, express opinions from completely different perspectives, not only will fraud become less prevalent, but the company will also become more vibrant. For example, we can expect to see a fresh look at the supply chain, considering human rights due diligence, rather than just the perspective of a long-standing relationship. I would like to see the Company actively pursue its numerical targets for the hiring of women, with

the conviction that the success of women will have a positive effect on both risk management measures and business expansion.

Murata : A working environment that is comfortable for women is also comfortable for men. A conformist, uniform, and homogenous workforce tends to be weak, so the Company needs to foster diversity. The workplace culture should foster the ability of all employees, including female and young male employees, to speak up without hesitation when they feel that something is wrong. Amid the current trend toward work style reforms, more companies are making well-being and employee happiness the cornerstones of management. The idea is that increased well-being, as well as wages and other benefits, will help boost employee engagement. The former idea that human “resources” should be minimized in order to increase profits has shifted toward thinking of people as the object of investment, as “capital.” This is leading to “human capital” rather than “human resource” strategies, and a shift in emphasis from retention to one of selection and being selected. It will become important to incorporate these ideas into the Company’s business plan.

In the era of CSR, a trade-off was assumed to exist between corporate profits and the public good. Sustainability and ESG can be considered akin to a parent turtle (“environment”) with a child turtle (“society”) on top. The grandchild turtle (“economy”) rests atop the middle one. This symbolizes the idea that if the parent turtle falters, all the grandchildren turtles will also fall. In other words, the earth is on the edge of a cliff from an environmental perspective, and the economy cannot survive if the environment caves in. Accordingly, it is important for the Company to position sustainability as a core element of its business story. I hope that by accelerating a sustainability transformation (SX), the Company will experience an increase in performance and see employee motivation grow. I aim to actively contribute to this process.

Risks and Issues Recognized by the Group/ Expectations for the Future

Sunaga : The Company has a high percentage of customers in Southeast Asia, and a particularly high number in China and Taiwan. Risks are growing as the international situation becomes increasingly unstable and the pandemic makes resource procurement difficult. Also, as exchange rate risks rise, transactions themselves seem to be growing riskier.

In addition, it will become increasingly important to respond to the risks posed by rapid technological innovation, sudden changes in the marketplace, and the intensification of disasters due to climate change.

I understand that production capacity will increase by 50% once the new plant goes into operation. Along the way, the Company will face such issues as introducing new production equipment, securing personnel, and providing training, including on harassment. The Group has weathered difficulties following the global financial crisis in 2008, and has a proven track record of efficient management through the optimization of resources. In the future, I look forward to seeing a staffing department with clearly defined roles, subsidiary management, and an enhanced internal audit system.

Takamasu : I recognize that the biggest risk the Company faces is in the training of successors, but I am happy to see concrete moves being taken. In the future, I would like information to be made available earlier to external directors so that we can offer comments and suggestions.

Moderator : Thank you very much for taking time out of your very busy schedules today to join us for this roundtable discussion. The valuable opinions and views you have expressed from a variety of perspectives have highlighted some areas the Group needs to work on to create additional corporate value. We would like to ask for your continued candid feedback to further improve the transparency and effectiveness of management and to support the executive side so that they can focus and take on new challenges in business operations that will enhance the corporate value of the Group.

Compliance

Concepts and Initiatives

To meet the expectations of all stakeholders, we are committed to strict compliance with laws, regulations, and social norms, and we act with integrity and ethics. As part of this effort, we have established the ACCRETECH Group Code of Conduct, which sets forth the principles of conduct based on our corporate philosophy and the code of conduct that all officers and employees should keep in mind, and we are working to instill and establish awareness of corporate ethics among all Group officers and employees. In addition to monitoring the status of compliance on an ongoing basis, we have established an internal reporting system to enable officers and employees to consult and report on compliance-related matters when they become aware of them, so that problems can be identified at an early stage.

Compliance Management System

The Company has established the Compliance Committee, which is chaired by the Company’s vice president. This committee assigns compliance officers and compliance managers at the Company and each subsidiary, to improve the compliance system and ascertain and address important issues in all business activities by the directors and employees of the Company and its subsidiaries.

The Compliance Committee engages in reporting and deliberation concerning compliance measures and their implementation status, including revision of the ACCRETECH Group Code of Conduct, enactment and revision of regulations, and planning for education and training related to compliance. In the event of violation of or potential conflict with laws and regulations, the committee promptly issues a report and discusses response measures and recurrence prevention measures. In fiscal year 2021, the “Compliance Committee” met seven times, including extraordinary meetings, and operated appropriately as a forum for reporting and deliberation.

In addition, we have established divisions and organizations in charge of ensuring through compliance with major laws, regulations, and social norms related to the Group’s business operations. Each of these divisions reviews its business and operations, formulates and revises rules and regulations related to the Company and daily operations, and informs and instructs officers and employees as necessary, based on an understanding of the content of the important laws and regulations under its jurisdiction and an examination of their impact on business and operations.

Compliance Awareness Survey

The Group conducts a Compliance Awareness Survey to confirm employee awareness and the status of compliance and to reflect survey results in future initiatives. In fiscal year 2021, the Company conducted an online, anonymous survey of all employees in Japan and overseas, and we work to resolve issues that came to light.

Initiatives to Prevent Corruption and Bribery

The Group has always endeavored to prevent corruption and bribery. In response to the recent strengthening of laws and regulations relating to prevention of bribery and corruption in various countries, in January 2020 the Tokyo Seimitsu Group announced its Anti-Bribery and Anti-Corruption Policy that follows the regulations of the ACCRETECH Group Code of Conduct. We will strive to prevent bribery and corruption by adhering to this policy, and we will also ask for the understanding and cooperation of our business partners and other stakeholders.

Compliance Education

The Tokyo Seimitsu Group provide varied educational opportunities to enhance knowledge of compliance and to maintain and improve the level of compliance awareness.

We conduct compliance training each year on an ongoing basis, making the ACCRETECH Group Code of Conduct our training theme. In fiscal year 2021, we provide this training for all attendees. Along with new employee training, training for managers, and other opportunities for level-specific training, the Company has introduced an e-learning-based training mechanism in Japan.

<p>ACCRETECH Group Company Code of Conduct Training in Fiscal Year 2021 Participants: 2,868 people (Of which, 1,773 members of Group companies, including overseas companies) Participation rate: 100%</p>

In addition, we report regularly to the Compliance Committee on compliance-related training plans and results.

Whistleblower System

In 2006, we introduced a whistleblower system to facilitate reporting and consultation on infractions of laws and regulations, human rights violations, harassment, corrupt practices such as bribery and other illegal transactions, and other ethical violations, as well as violations of the ACCRETECH Group Code of Conduct.

We ensure the anonymity and protection of privacy of whistleblowers, and take care to prevent them from disadvantageous treatment. In addition to an employee’s superior, the organization provides various internal and external contacts, including Compliance Committee members, the secretariat, the Personnel Counseling Department, external lawyers, external directors, and directors serving as Audit and Supervisory Committee members.

Seven incidents were reported in fiscal year 2021; there were no compliance-related issues affecting the Tokyo Seimitsu Group’s business activities.

Compliance Status

In fiscal year 2021, evaluations conducted through internal and external audits found no illegal behavior, legal violations, compliance violations, or other problems that could affect the Company's business activities, with regard to adequacy of financial reporting, product quality and environmental initiatives, handling of stakeholders inside and outside the Company, and other matters of the Tokyo Seimitsu Group.

Group Company Management System

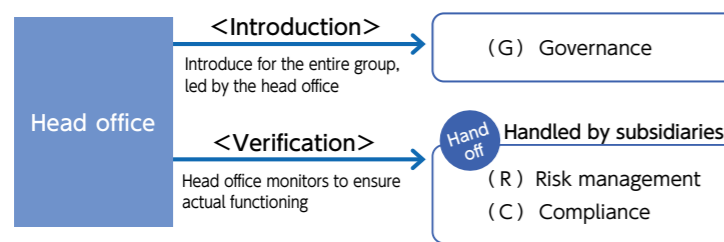
We have designed and maintain a Group company management system that is aimed at maintaining or strengthening Group governance and maximizing the corporate value of the entire Group in a sustainable manner. Our basic approach includes both domestic and overseas Group companies.

Basic Policy

We have introduced a Group company management system has throughout the Group, with the head office taking the lead on the governance framework and approach necessary for sound corporate management. Subsidiaries take charge of risk management and compliance, considering the laws and regulations specific to the region in which the subsidiary operates, its characteristics, and the nature of its business. The regulations then clearly define those matters that can be handled solely at the subsidiary's judgment and discretion and those matters that require application, approval, and reporting to the head office. The head office then monitors and verifies whether the system is functioning soundly. By clarifying the individual roles and responsibilities of the head office and subsidiaries, we promote effective operational management and aim to enhance corporate value as a unified group.

Group Company Management System

<Basic Policy>



Led by the head office, the head office and subsidiaries share roles and responsibilities, and work together to improve the corporate value of the entire Group.

Clarification of roles and responsibilities of head office and subsidiaries

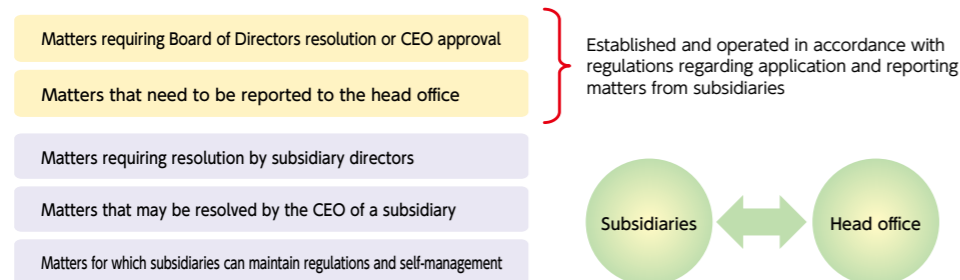
Head office's roles and responsibilities

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

Subsidiaries' roles and responsibilities

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

<Matters that require application and reporting on the part of subsidiaries>



Matters to be monitored

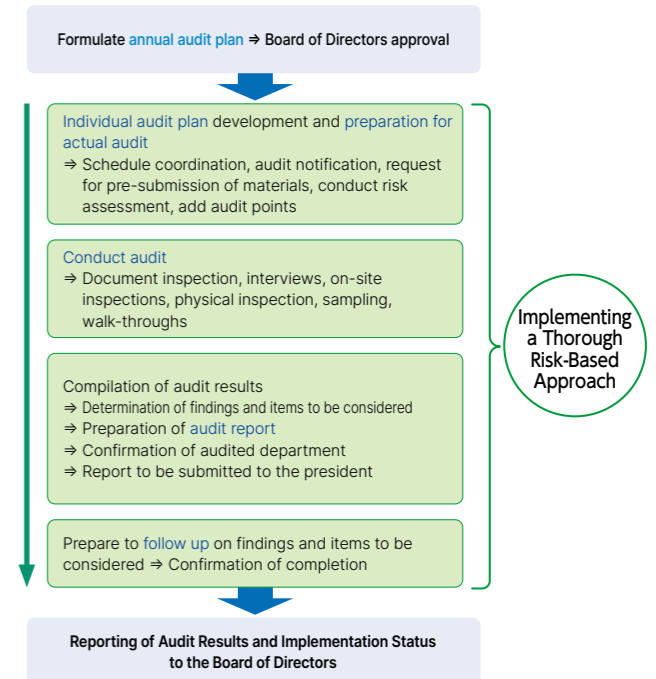
Matter for monitoring	Monitoring frequency
Business management self-inspection and reporting	Quarterly
Report on the status of accounts receivable management	Monthly
Report on the management of long-term uncollected accounts receivable	Monthly
Consideration of profit allocation (dividends)	Annually
Business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

Internal Audits

The Company conducts internal audits to verify and evaluate the effectiveness of internal controls from an objective and independent standpoint (assurance function), and to advise and recommend the establishment of systems to better control risks through improvements and the establishment of regulations. The Group company management system provides guidance and follow-up on the development and operation of the risk management cycle through internal audits of Group companies.

Objectives of internal audits

1. Verify and evaluate the effectiveness of internal controls from an objective and independent standpoint (assurance function)
 - Ensure that risks are being controlled effectively
2. Advise and recommend improvements and rules and regulations
 - Advise and follow up on more appropriate control of risks
 - ⇒ part of risk management



Strengthen Future Responses

Going forward, we will promote the following measures.

- Continue to ensure thorough operation of Group governance through regulations on matters to be applied for and reported by subsidiaries
- Provide support for timely and appropriate responses to business operation risks of overseas subsidiaries by enhancing and establishing GRC reviews
- Promote the development of rules and procedural systems for overseas local laws related to business management
- Continue to share information for risk assessment through enhanced collaboration among the management support, legal & IP, and audit departments

Risk Management

Concepts and Initiatives

The Company has established a Risk Management Committee, headed by the president and representative director, to prevent potential risks from occurring and prepare for the emergence of crises. If a risk manifests itself, the Company immediately establishes a risk task force, headed by the president and representative director, and puts in place a system to respond to the risk and take action to quickly settle the situation.

Risk Management Policy and Risk Topics

https://www.accretech.jp/english/sustainability/attempt/governance/risk_management.html

Business Continuity Plan (BCP)

The Group has formulated a business continuity policy that places the highest priority on confirming and ensuring the safety of employees and their families, maintaining the supply of parts and materials necessary for customers to continue operations, and protecting human life and conducting rescue and recovery activities in the region. We review and adjust the Company's business continuity plan (BCP) and plant BCPs on this basis.

In fiscal year 2021, as in the previous year, we continued to analyze assumptions of damage and vulnerabilities of current countermeasures in the event of a threat to each company and plant. Taking changes in the external environment into account, we reviewed and detailed BCPs and manuals from a practical standpoint, as well as measures to ensure the continuity of product supply and service provision, in addition to seismic reinforcement measures at the level of each department, including general affairs, production management, manufacturing, and IT.

In terms of BCP for information systems, in fiscal year 2021 we conducted an annual DR* test with a new core system (ERP) that began operating that year. Under our factory BCPs, each year we review our stockpiled quantities and the storage of drinking water, food, and other necessary supplies based on the rules of managing stockpiles for major disasters. As of the end of fiscal year 2021, the Hachioji Plant had stockpiles sufficient to supply 1,583 people for three days. The Tsuchiura Plant had quantities sufficient for 30 people for two days.

*DR (Disaster Recovery):

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

Safety Confirmation System

We have introduced a "Safety Confirmation System" for confirming people's safety via mobile phones and smartphones following a disaster or accident. We explain the system to new employees and enforce early registration. We carry out operation drills twice a year to confirm the system's effectiveness and to raise awareness of the system among all employees, and use the drill results to perform reviews and disseminate information. In the second half of fiscal year 2021, we shortened our safety confirmation system operation drill from 48 hours to 24 hours to speed up the process of confirming the safety of employees in light of the frequent occurrence of large-scale earthquakes in recent years.

Measures to Counter COVID-19

We continue to implement various infection prevention measures, with the goals of ensuring that preventing employee infection remains a top priority and continuing our business and operations. At the same time, in the aim of preventing infection we periodically review our guidelines for handling COVID-19 infections and close contacts, and we establish response systems in the event of having cases among our employees.

Main Infection Prevention Measures

- Placement of alcohol-based disinfectants,
- Daily checks of body temperature
- Encouragement of taking leave for those in poor physical condition
- Encouragement of hand washing, gargling, and other sanitary practices
- Deployment of non-contact thermometers
- Regular indoor ventilation
- Working from home
- Restraint from domestic and overseas business trips
- Review of cafeteria operation/meeting operation (reduction in number of participants, use of web meetings, etc.)
- Distancing through change of workplace layouts

Implementation of Workplace Vaccinations

We began conducting workplace vaccination at the Hachioji Plant in July 2021. By April 2022, we had completed the third workplace vaccination. Within Tokyo Seimitsu and Group companies, we conducted vaccinations for employees at the Hachioji Plant, including temporary employees, as well as family members and neighboring companies with which we have cooperative relationships. We conducted a total of 3,081 vaccines. We introduced a special paid leave system that employees can take advantage of if they experience adverse reaction on the day of the vaccine or the following day. In this way, we are striving to prevent the spread of infection by making health and safety our top priority.

Information Security

We believe that it is our responsibility to protect the information assets entrusted to us by our customers and business partners as well as our own information assets. Accordingly, we have established and are promoting the guidelines for protecting important information as our Basic Policy on Information Security.

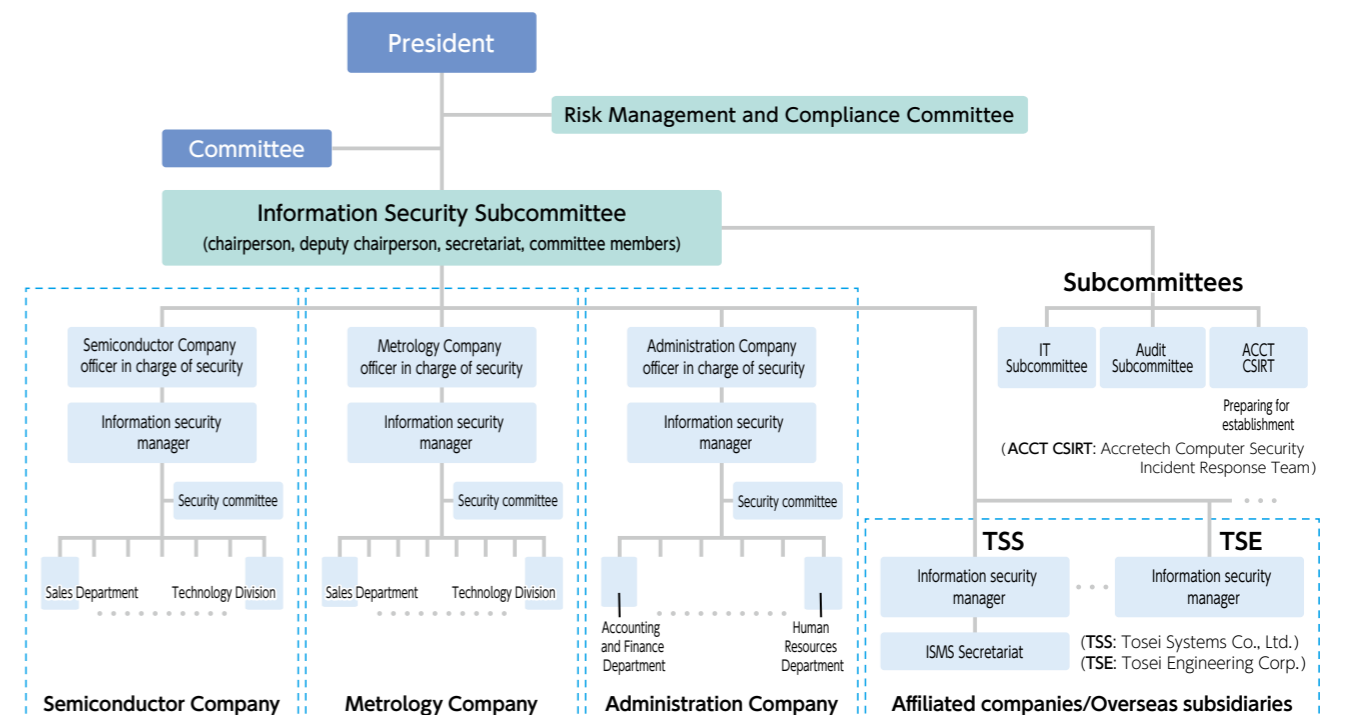
In response to increasingly complex and sophisticated cyber-attacks in recent years, we are working to strengthen security for information assets, prevent leaks of confidential company information and personal information due to the expansion of the scope of traditional activities, including remote work (working from home), and provide education to improve individual employee literacy.

In fiscal year 2021, we restructured the Information Security Subcommittee, assigning a director in charge of security, an information security manager, and a security subcommittee to each company. Group (consolidated) companies also participate on the committee and work together to implement security measures.

	Target	Actual
Number of regular information exchange meetings on information security	18 times	18 times
Number of serious incidents	0 cases	0 cases
Proper management of personal information, number of serious personal information leaks	0 cases	0 cases
Participation in security-related seminars	Once per year	Once per year
Provision of specialized security-related training	Once per year	Once per year
Information security training participation rate	98% or higher	100%

Information Security Policy
<https://www.accretech.jp/english/company/SecurityPolicy.html>

Information Security System Chart



Dialogue with Shareholders and Investors

Concepts and Initiatives

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

IR Initiatives

Tokyo Seimitsu's IR Disclosure Policy stipulates that it will conduct IR activities fairly. Under the supervision of the director in charge of IR, the Management Support Department works with the accounting department and each business unit to disclose information required by laws and regulations in a timely and appropriate manner. Furthermore, we strive to build long-term relationships of trust with shareholders, investors, and other stakeholders through direct dialogues such as earnings conferences and individual IR meetings.

IR Disclosure Policy

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

Opportunities for Dialogues

The Tokyo Seimitsu Group provides the following opportunities for direct communication between the Company and its stakeholders, including shareholders, institutional investors, securities analysts, and individual investors, to gain a deeper understanding of the Tokyo Seimitsu Group. In this way, we receive valuable comments and questions from our stakeholders, which are then fed back to our management team.

	Times held
(99th) Annual General Meeting of Shareholders	1 time rate of exercise of voting rights: 82.0%
Handling coverage by institutional investors/analysts	Total of 322 times
Conferences for overseas investors	4 times
Briefings for individual investors	1 time (online participants: 1,167)
Business results briefings/press conferences	7 times

Earnings Conferences, Presentations

<https://ir.accretech.jp/en/library/presentation.html>

Disclosure Policy

In accordance with laws, regulations, and stock exchange rules, we publish notices on TDnet, the Timely Disclosure network of corporate information operated by the Tokyo Stock Exchange, and On EDINET (Electronic Disclosure for Investors' NETWORK). Also, the following information is provided on the IR information site on the Company's website. (★ indicates an item for which an English-language version is available.)

- Consolidated financial results information (financial results summary, summary presentation, briefing Q&A session, etc.)★
- Securities report★, Quarterly report, Extraordinary report and Confirmation report
- Notice of convocation for Shareholders' Meeting★, Internet Disclosure Information for Notice of Convocation and Resolution notice★
- Corporate Governance Report★
- Internal control report
- Notice of independent officers
- Electronic public notice
- Articles of incorporation★
- Other information on the business, operation, or business performance of the Company that has significant influence on investment decision★

Investor Relations

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

Data

Key Consolidated Financial Data

Non-Financial Data

- Environment-related
- Human resource data

Company Information, Stock Information

Key Consolidated Financial Data

Note: Figures in millions of yen are rounded down to the nearest million yen and percentages are rounded to the nearest decimal place. As a result, the sum of individual items may differ from the totals presented.

(Unit)	FY2011 (year ended March 31, 2012)	FY2012 (year ended March 31, 2013)	FY2013 (year ended March 31, 2014)	FY2014 (year ended March 31, 2015)	FY2015 (year ended March 31, 2016)	FY2016 (year ended March 31, 2017)	FY2017 (year ended March 31, 2018)	FY2018 (year ended March 31, 2019)	FY2019 (year ended March 31, 2020)	FY2020 (year ended March 31, 2021)	FY2021 (year ended March 31, 2022)	
Net sales	Millions of yen	57,727	51,013	55,268	66,445	70,274	77,792	88,194	101,520	87,927	97,105	130,702
Semiconductor Production Equipment	Millions of yen	37,463	29,454	31,360	40,179	41,773	50,291	59,523	69,117	56,198	71,745	101,145
Precision Measuring Instruments	Millions of yen	20,263	21,559	23,908	26,266	28,500	27,501	28,671	32,403	31,728	25,359	29,556
Cost of goods sold	Millions of yen	39,152	33,041	34,845	40,275	42,185	48,152	53,818	60,430	53,452	60,190	77,694
Gross profit on sales	Millions of yen	18,575	17,971	20,422	26,169	28,089	29,640	34,375	41,090	34,474	36,914	53,008
Operating profit	Millions of yen	9,704	7,505	8,466	12,124	13,222	13,659	17,283	20,221	12,282	15,562	28,327
Semiconductor Production Equipment	Millions of yen	5,297	2,832	3,720	6,963	7,339	8,820	11,292	13,195	7,915	13,565	24,698
Precision Measuring Instruments	Millions of yen	4,407	4,673	4,745	5,160	5,883	4,839	5,990	7,025	4,366	1,996	3,628
Non-operating income	Millions of yen	503	519	626	726	243	318	170	688	255	540	987
Non-operating expenses	Millions of yen	906	132	68	59	232	112	138	104	177	235	153
Recurring profit	Millions of yen	9,301	7,892	9,024	12,791	13,232	13,864	17,316	20,805	12,360	15,867	29,160
Extraordinary gains	Millions of yen	289	13	79	9	8	583	4	58	57	1,354	390
Extraordinary losses	Millions of yen	45	2,098	12	4	0	32	2	419	1,712	1,074	34
Current net benefits before tax citation	Millions of yen	9,544	5,807	9,090	12,796	13,240	14,415	17,318	20,443	10,705	16,147	29,516
Income tax and others	Millions of yen	936	1,812	3,201	3,767	3,484	4,464	4,542	5,719	3,598	3,978	8,132
Net profit	Millions of yen	8,607	3,995	5,889	9,028	9,756	9,951	12,775	14,724	7,106	12,169	21,384
Net profit attributable to minority interests	Millions of yen	-	-	30	35	52	41	58	58	(49)	(6)	57
Net profit attributable to owners of the parent	Millions of yen	8,607	3,995	5,858	8,993	9,704	9,909	12,717	14,665	7,156	12,175	21,326
Accumulated other comprehensive income	Millions of yen	(246)	723	1,278	1,940	(2,557)	420	2,348	(2,483)	(722)	849	1,026
Comprehensive income	Millions of yen	8,361	4,718	7,168	10,969	7,199	10,371	15,124	12,240	6,384	13,018	22,411
Return on equity (ROE)	%	17.7	7.3	9.7	13.0	12.7	12.0	13.8	14.4	6.7	10.9	17.4
Return on assets (ROA)	%	11.5	5.1	7.3	9.9	9.7	9.2	10.3	10.1	4.7	7.9	12.1
Book value per share (BPS)	Yen	1,276.39	1,384.43	1,557.28	1,787.05	1,903.29	2,083.40	2,367.92	2,551.20	2,601.10	2,810.79	3,187.39
Earnings per share (EPS)	Yen	208.83	96.93	142.06	217.97	234.58	239.32	306.41	352.92	171.89	293.83	522.52
Diluted earnings per share	Yen	208.54	96.72	141.49	216.93	233.29	237.80	304.02	350.23	170.72	291.43	517.51
Gross profit margin	%	32.2	35.2	37.0	39.4	40.0	38.1	39.0	40.5	39.2	38.0	40.6
Operating margin	%	16.8	14.7	15.3	18.2	18.8	17.6	19.6	19.9	14.0	16.0	21.7
Semiconductor Production Equipment	%	14.1	9.6	11.9	17.3	17.6	17.5	19.0	19.1	14.1	18.9	24.4
Precision Measuring Instruments	%	21.8	21.7	19.9	19.7	20.6	17.6	20.9	21.7	13.8	7.9	12.3
Recurring profit margin	%	16.1	15.5	16.3	19.3	18.8	17.8	19.6	20.5	14.1	16.3	22.3
Net profit margin	%	14.9	7.8	10.6	13.5	13.8	12.7	14.4	14.4	8.1	12.5	16.3
Current assets	Millions of yen	52,427	51,809	55,865	67,873	72,710	82,792	94,990	110,094	97,771	111,516	133,829
Fixed assets	Millions of yen	25,417	26,052	26,699	30,584	29,223	31,670	37,902	47,478	48,777	50,039	56,457
Total assets	Millions of yen	77,845	77,862	82,565	98,457	101,933	114,463	132,893	157,573	146,549	161,556	190,287
Current liabilities	Millions of yen	19,047	17,403	15,571	21,718	21,416	26,570	32,807	40,948	29,017	39,296	55,641
Fixed liabilities	Millions of yen	6,008	3,154	2,324	2,367	1,099	698	731	9,220	7,857	5,482	3,564
Net assets	Millions of yen	52,789	57,304	64,668	74,371	79,418	87,194	99,354	107,403	109,674	116,777	131,081
Total liabilities and net assets	Millions of yen	77,845	77,862	82,565	98,457	101,933	114,463	132,893	157,573	146,549	161,556	190,287
Equity ratio	%	67.6	73.3	77.8	75.0	77.3	75.5	74.0	67.3	73.9	71.4	68.1
Net cash and deposits	Millions of yen	8,159	13,202	17,926	24,754	25,768	32,521	35,869	30,102	24,999	36,076	43,535
Dividend per share (ordinary dividend)	Yen	16	16	23	55	59	72	92	105	76	104	185
Dividend per share (commemorative dividend)	Yen	-	-	-	-	-	-	20	-	-	-	-
Purchases of treasury stock	Millions of yen	0	0	2	2	2	1	2	1	1	3,002	2,501
Dividend payout ratio	%	7.7	16.5	16.2	25.2	25.2	30.1	30.0	35.4	44.2	35.4	35.4
Shares issued	Shares	41,253,981	41,254,781	41,278,381	41,340,681	41,423,381	41,495,581	41,575,881	41,598,381	41,695,381	41,759,981	41,869,581
Of which, treasury stock	Shares	32,147	32,292	33,542	34,609	35,393	35,819	36,251	36,791	37,207	715,164	1,222,956
Cash flows from operating activities	Millions of yen	8,914	8,337	6,434	10,820	7,210	12,809	10,931	12,932	5,965	22,062	23,837
Cash flows from investing activities	Millions of yen	(3,298)	(3,019)	(1,374)	(2,958)	(3,823)	(3,486)	(4,649)	(13,952)	(6,116)	(5,191)	(8,990)
Cash flows from financing activities	Millions of yen	(5,327)	(4,322)	(3,244)	(1,762)	(2,851)	(2,953)	(3,163)	5,443	(6,375)	(8,282)	(10,346)
Orders	Millions of yen	53,502	52,135	57,692	70,241	69,159	83,487	103,979	98,909	87,576	117,060	186,056
Semiconductor Production Equipment	Millions of yen	32,651	29,961	33,434	43,297	41,033	56,232	73,327	65,335	57,709	93,181	152,896
Precision Measuring Instruments	Millions of yen	20,850	22,174	24,257	26,943	28,126	27,254	30,651	33,573	29,866	23,878	33,159
Backlog	Millions of yen	11,323	12,445	14,866	18,662	17,994	23,663	39,448	36,836	36,965	56,920	112,274
Semiconductor Production Equipment	Millions of yen	6,768	7,275	9,349	12,467	11,706	17,647	31,452	27,670	29,182	50,619	102,370
Precision Measuring Instruments	Millions of yen	4,554	5,169	5,516	6,194	6,288	6,015	7,996	9,165	7,782	6,301	9,904
Ratio of orders to sales (BB ratio)	-	0.93	1.02	1.04	1.06	0.98	1.07	1.18	0.97	1.00	1.21	1.42
Semiconductor Production Equipment	-	0.87	1.02	1.07	1.08	0.98	1.12	1.23	0.95	1.03	1.30	1.51
Precision Measuring Instruments	-	1.03	1.03	1.01	1.03	0.99	0.99	1.07	1.04	0.94	0.94	1.12
Ratio of backlog to sales	%	19.6	24.4	26.9	28.1	25.6	30.4	44.7	36.3	42.0	58.6	85.9
Semiconductor Production Equipment	%	18.1	24.7	29.8	31.0	28.0	35.1	52.8	40.0	51.9	70.6	101.2
Precision Measuring Instruments	%	22.5	24.0	23.1	23.6	22.1	21.9	27.9	28.3	24.5	24.8	33.5

	(Unit)	FY2011 (year ended March 31, 2012)	FY2012 (year ended March 31, 2013)	FY2013 (year ended March 31, 2014)	FY2014 (year ended March 31, 2015)	FY2015 (year ended March 31, 2016)	FY2016 (year ended March 31, 2017)	FY2017 (year ended March 31, 2018)	FY2018 (year ended March 31, 2019)	FY2019 (year ended March 31, 2020)	FY2020 (year ended March 31, 2021)	FY2021 (year ended March 31, 2022)
R&D expenditure	Millions of yen	3,544	4,255	4,979	5,744	6,292	6,791	7,194	7,469	8,234	7,193	8,146
Semiconductor Production Equipment	Millions of yen	2,808	3,419	4,087	4,645	5,104	5,443	5,826	6,154	6,216	5,748	6,728
Precision Measuring Instruments	Millions of yen	736	836	891	1,098	1,187	1,347	1,368	1,314	2,017	1,445	1,418
Capital expenditures	Millions of yen	2,816	2,795	1,803	3,249	3,795	4,145	3,547	13,872	7,477	5,950	9,793
Semiconductor Production Equipment	Millions of yen	2,337	1,955	874	2,459	2,940	3,647	2,543	12,235	3,832	3,499	9,223
Precision Measuring Instruments	Millions of yen	479	840	929	789	855	498	1,003	1,636	3,644	2,450	569
Depreciation and amortization	Millions of yen	1,985	1,873	1,830	1,837	2,012	2,380	2,541	2,655	3,450	3,516	3,551
Semiconductor Production Equipment	Millions of yen	1,414	1,391	1,304	1,238	1,340	1,668	1,824	1,909	2,450	2,343	2,447
Precision Measuring Instruments	Millions of yen	571	481	525	599	671	711	716	746	1,000	1,172	1,103
Goodwill amortization	Millions of yen	332	396	427	427	261	102	102	226	41	28	29
Semiconductor Production Equipment	Millions of yen	74	110	140	133	119	102	102	102	39	7	7
Precision Measuring Instruments	Millions of yen	258	285	287	294	141	—	—	123	1	20	21
R&D expenditure as a percentage of net sales	%	6.1	8.3	9.0	8.6	9.0	8.7	8.2	7.4	9.4	7.4	6.2
Semiconductor Production Equipment	%	7.5	11.6	13.0	11.6	12.2	10.8	9.8	8.9	11.1	8.0	6.7
Precision Measuring Instruments	%	3.6	3.9	3.7	4.2	4.2	4.9	4.8	4.1	6.4	5.7	4.8
Capital expenditure as a percentage of net sales	%	4.9	5.5	3.3	4.9	5.4	5.3	4.0	13.7	8.5	6.1	7.5
Semiconductor Production Equipment	%	6.2	6.6	2.8	6.1	7.0	7.3	4.3	17.7	6.8	4.9	9.1
Precision Measuring Instruments	%	2.4	3.9	3.9	3.0	3.0	1.8	3.5	5.1	11.5	9.7	1.9
Depreciation and amortization as a percentage of net sales	%	3.4	3.7	3.3	2.8	2.9	3.1	2.9	2.6	3.9	3.6	2.7
Semiconductor Production Equipment	%	3.8	4.7	4.2	3.1	3.2	3.3	3.1	2.8	4.4	3.3	2.4
Precision Measuring Instruments	%	2.8	2.2	2.2	2.3	2.4	2.6	2.5	2.3	3.2	4.6	3.7
Total regular employees	People	1,144	1,275	1,393	1,447	1,559	1,784	1,933	2,119	2,250	2,293	2,354
Non-consolidated basis	People	582	613	618	637	679	726	809	868	912	944	992
Consolidated subsidiary	People	562	662	775	810	880	1,058	1,124	1,251	1,338	1,349	1,362
Total temporary employees	People	470	495	540	620	690	720	820	980	980	996	1,123
Non-consolidated basis	People	280	285	330	380	440	445	500	620	610	611	712
Consolidated subsidiary	People	190	210	210	240	250	275	320	360	370	385	411
Number of employees	People	1,614	1,770	1,933	2,067	2,249	2,504	2,753	3,099	3,230	3,289	3,477
Non-consolidated basis	People	862	898	948	1,017	1,119	1,171	1,309	1,488	1,522	1,555	1,704
Consolidated subsidiary	People	752	872	985	1,050	1,130	1,333	1,444	1,611	1,708	1,734	1,773
Average age (non-consolidated basis)	Age	41.8	41.8	42.1	41.8	41.3	41.4	40.9	40.4	40.0	39.9	39.8
Average years of service (non-consolidated basis)	Years	14.2	13.2	13.5	13.2	12.7	12.5	12.1	11.6	11.2	11.2	11.1
Average annual salaries (non-consolidated basis)	Yen	7,471,535	7,090,578	7,158,712	7,329,971	7,523,864	7,426,572	7,815,525	7,582,169	7,152,806	7,013,791	7,496,101
Consolidated subsidiaries	Companies	10	12	13	13	14	16	16	17	17	17	17
Consolidated subsidiaries in Japan	Companies	5	5	5	5	5	5	5	6	6	6	6
Consolidated subsidiaries overseas	Companies	5	7	8	8	9	11	11	11	11	11	11
Non-consolidated subsidiaries	Companies	15	14	13	16	17	15	14	14	16	16	13
Affiliated companies	Companies	—	—	—	—	—	—	1	1	1	1	1

Non-Financial Data

● Environment-Related

	FY2017	FY2018	FY2019	FY2020	FY2021
CO₂ emissions and electric power used					
CO ₂ emissions (t-CO ₂)	12,311	12,312	11,976	9,524	8,191
Electric power used (Mwh)	25,163	25,765	25,448	28,843	29,835
CO ₂ emissions per unit of production (t-CO ₂ / Millions of yen)	0.181	0.160	0.191	0.129	0.08
Amount of water usage					
Amount of water usage (m ³)	149,544	157,375	171,706	169,873	163,662
Water usage per unit of production (m ³ /Millions of yen)	2.20	2.05	2.74	2.29	1.61

● Human Resource Data (Non-consolidated)

	FY2018	FY2019	FY2020	FY2021
Percentage of female managers	1.4%	1.4%	1.5%	1.9%
Percentage of female officers	0.0%	7.7%	7.7%	7.7%
Percentage of female employees	17.0%	16.8%	16.6%	17.2%
Ratio of average years of service, female employees vs male employees	73.8%	68.4%	68.4%	65.2%
Average age	40.4	40.0	39.9	39.8
Average years of service	11.6	11.2	11.2	11.1
New graduate retention rate	95.8%	82.6%	85.7%	95.5%
Percentage of employment of persons with disabilities	2.10%	2.13%	2.17%	1.95%
Turnover rate of regular employees	2.58%	4.32%	3.05%	3.00%
Percentage of paid leave taken (for all employees including fixed-term, short-term, and temporary employees)	62.4%	69.0%	60.8%	62.4%
Number of personal development correspondence education courses applications	22 (-)	97 (441% year-on-year)	161 (166% year-on-year)	178 (111% year-on-year)
Percentage of women taking childcare leave (number of people taking leave / number of people eligible)	100% (3/3)	Non-eligible	100% (2/2)	Non-eligible
Percentage of men taking childcare leave (number of people taking leave / number of people eligible)	0.0% (0/25)	0.0% (0/24)	2.9% (1/34)	17.9% (5/28)

Company Information, Stock Information

Company Information

Company name	TOKYO SEIMITSU CO., LTD.	Paid-in capital	11,000 million yen (as of March 31, 2022)
URL	https://www.accretech.jp/english/	Number of employees	2,354 (Consolidated), 992 (Non-consolidated) (as of March 31, 2022)
Head Office	2968-2, Ishikawa-machi, Hachioji-shi, Tokyo 192-8515, Japan	Major business lines	Sales and manufacture of semiconductor production equipment and precision measuring instruments
Established	March 28, 1949		

Affiliated Companies

(Japan)	Tosei Engineering Corp.	Tosei Box Corp.
	Tosei Systems Co., Ltd	Accretech Finance Co., Ltd
	Accretech Create Corp.	Accretech Powertro System Co., Ltd.
(Overseas)	Accretech America Inc.	Accretech SBS UK Ltd.
	Accretech (Europe) GmbH	Accretech-Tosei Hungary Kft.
	Accretech (China) Co., Ltd	Accretech SBS Inc.
	Accretech Korea Co., Ltd.	Tosei Engineering (Pinghu) Co., Ltd
	Accretech (Malaysia) Sdn. Bhd.	TOSEI (Thailand) Co., Ltd.
	Accretech Taiwan Co., Ltd.	PT Tosei Indonesia.
	Accretech (Thailand) Co., Ltd.	Tosei Philippines Corp.
	Accretech Adamas (Thailand) Co., Ltd.	Tosei Engineering Pvt. Ltd.
	Accretech (Singapore) Pte. Ltd.	Tosei Mexico S.A. de C.V.
	Accretech Vietnam Co., Ltd.	Tosei Technology Development (Shanghai) Co., Ltd.
	PT Accretech Indonesia.	
	Accretech-Tosei do Brasil Ltda.	
	Accretech (Pinghu) Co., Ltd	

Stock Information

● Overview (As of March 31, 2022)

Securities code	7729
Stock market listing	Prime Market, Tokyo Stock Exchange
Number of shares issued	41,869,581 shares
Number of shareholders	16,387

● Principal Shareholders (as of March 31, 2022)

Name	Number of Shares held (thousand)	Number of Shares held (%)
The Master Trust Bank of Japan, Ltd. Trust account	6,337	15.59
Custody Bank of Japan, Ltd. (Trust account)	3,005	7.39
BNYM AS AGT/CLTS NON TREATY JASDEC	1,506	3.71
The Precise Measurement Technology Promotion Foundation	1,058	2.60
SSBTC Client Omnibus Account	1,035	2.55
Japan Post Insurance Co., Ltd.	680	1.67
Mizuho Bank, Ltd.	672	1.65
Ayako Yano	614	1.51
The Bank of New York Mellon 140042 (Standing Proxy: Mizuho Bank Ltd., Settlement & Clearing Services Department)	548	1.35
State Street Bank and Trust Company 505103 (Standing Proxy: Mizuho Bank Ltd., Settlement & Clearing Services Department)	533	1.31

*Excluding treasury stock

Status of Share Distribution by Owner

(as of March 31, 2022)

