

Tokyo Seimitsu Co., Ltd. Summary of FY2023/3 1st Quarter Business Results (April to June 2022)

August 2nd, 2022

- ◆ Earnings Conference for FY2023/3 1Q (via Web)

- ◆ Tokyo Seimitsu's Speakers
KAWAMURA Koichi, Executive Vice President and CFO
TAKASHIMA Naoki, Manager, Management Support Dept.

- This transcript is a translation of information given verbally in Japanese language and simplified.

◆ **Cautionary Statement with respect to Forward-Looking Statements**

- ◆ This presentation data and information verbally provided contain “forward-looking statements” that are based on current best available information and policies.
- ◆ There are various factors such as world economic conditions and semiconductor/automobile market conditions which will directly and indirectly impact the Company’s results in the future.
- ◆ As a result, future outcomes may differ from those projected in this presentation.

◆ **Wordings and Data in presentation**

- ◆ Unless otherwise noted, “**SPE**” denotes our Semiconductor Production Equipment Business Segment, “**Metrology (or Metr.)**” denotes our Metrology Business Segment, “**Net profit**” denotes Net profit attributable to owner of the parent, and “**MTP**” denotes “Mid-term Business Plan.”
- ◆ Information listed in this presentation is summarized in Billions of Yen (**BJPY or B**) or percentage except as otherwise noted. As a result, there may be a case where the total of individual amount and total amounts in each matter may differ.
- ◆ **Effective from FY2023/3, income and expenses of foreign subsidiaries are converted to Japanese Yen using the average rate during the period, instead of the previous end-of-period rate. Accordingly, the figures for FY2022/3 are retroactively applied to the average rate for the period.**

◆ **Audit procedure**

- ◆ This presentation is not subject to audit procedures.

- ◆ I am Kawamura, Representative Director and Executive Vice President CFO. I would like to express my gratitude for your continued support.
- ◆ I would like to make an announcement prior to the presentation of financial results. Specifically, the blue letters indicate the following.
- ◆ Effective from FY2023/3, income and expenses of foreign subsidiaries are converted to Japanese Yen using the average rate during the period, instead of the previous end-of-period rate.
- ◆ This is mitigate the impact of temporary fluctuations in exchange rates on periodic profit and loss and more appropriately reflect the performance of overseas subsidiaries in the consolidated financial statements.
- ◆ The accounting policy has been applied retrospectively to the financial statements of the previous year. Therefore, the previous year's results shown in this document are the retroactively applied figures.
- ◆ I will now begin the explanation of the first quarter financial results.

FY2023/3 Business Results



Quarterly Results (BJPY)	FY2022/3				FY2023/3		
	1Q	2Q	3Q	4Q	1Q	QoQ	YoY
Orders	41.4	46.4	55.6	42.7	46.2	+8%	+12%
Sales	28.8	32.4	31.4	38.1	27.9	-27%	-3%
Operating profit (Margin)	6.0 (21%)	6.9 (21%)	6.3 (20%)	9.1 (24%)	5.7 (20%)	-38%	-5%
Recurring profit	6.0	7.0	6.5	9.7	6.5	-33%	+8%
Net profit	4.4	5.3	4.8	7.0	4.8	-31%	+10%

- Orders remained at a high level
- Decreased in Sales mainly due to installation delays caused by lockdown in China

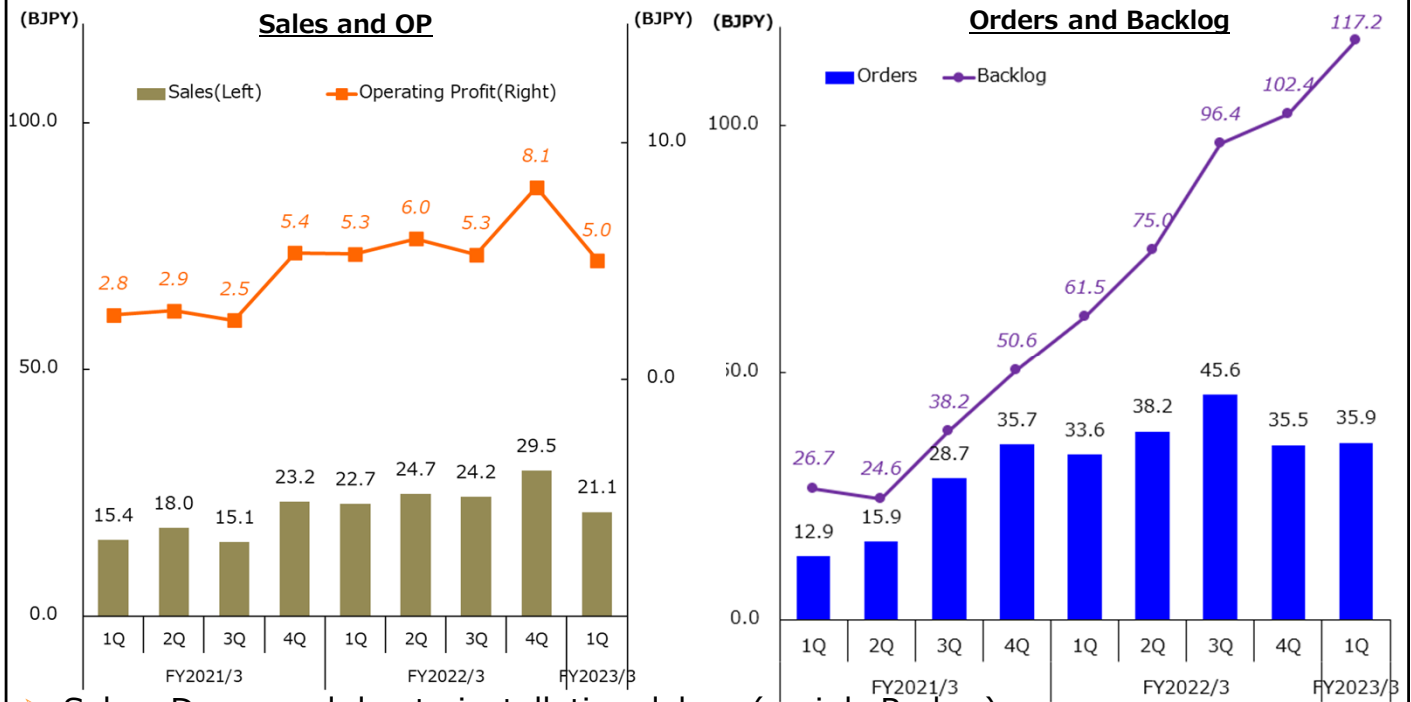
- ◆ FY2023/3 first quarter (1Q) results are as described above.
- ◆ Orders exceeded the internal plan with increased in both QoQ and YoY. This was due to the SPE segment order level remained high, and a significant increased in orders in the Metrology.
- ◆ Sales were below the internal plan, with decreased in both QoQ and YoY, and profits decreased. This was mainly due to the lockdown in China.
- ◆ Recurring profit and Net profit increased YoY mainly due to foreign exchange gains.

Quarterly Results (BJPY)	FY2022/3				FY2023/3		
	1Q	2Q	3Q	4Q	1Q	QoQ	YoY
Orders	33.6	38.2	45.6	35.5	35.9	+1%	+7%
Sales	22.7	24.7	24.2	29.5	21.1	-28%	-7%
Operating profit (Margin)	5.3 (23%)	6.0 (24%)	5.3 (22%)	8.1 (28%)	5.0 (24%)	-38%	-5%

- Orders remained at a high level
- Sales decreased mainly due to installation delays by the lockdown in China
- Production continues at full capacity and Operating margin remained in the 20% range

- ◆ SPE Segment results are as described above.
- ◆ Orders remained at a high level with a slight increase in YoY and QoQ.
- ◆ Sales fell several BJPY short of the internal plan.
This was mainly due to installation delays caused by the lockdown in China, especially in Prober. The plan is to recover in 2Q and beyond. Production remained at a high level despite the continued tight supply of parts and raw materials.
- ◆ Operating margin remained in the 20% range.

SPE – Quarterly Trend



- Sales: Decreased due to installation delays (mainly Prober)
- Orders: Decreased in demand for consumer products and OSAT* while demand for power devices and wafer fabrication remained strong

*OSAT: Outsourced Semiconductor Assembly & Test

- ◆ Here are the quarterly trends in SPE sales, Operating profit and Orders.
- ◆ The left graph shows trends in sales and profit. Sales decreased due to installation delays caused by the lockdown in China.
- ◆ On the right side (Booking and Backlog), 1Q orders were flattish QoQ due to strong demand for power semiconductors and wafer fabrication remained strong, despite orders for OSAT and other products declined due to a drop in demand from the consumer electronic products.
- ◆ Outlook for orders in 2Q is for a mid-10% decrease QoQ, based on adjustments due to long delivery times for equipment and an adjustment in demand toward the consumer products.

Quarterly Results (BJPY)	FY2022/3				FY2023/3		
	1Q	2Q	3Q	4Q	1Q	QoQ	YoY
Orders	7.8	8.2	10.0	7.2	10.2	+42%	+32%
Sales	6.1	7.6	7.2	8.6	6.8	-21%	+11%
Operating profit (Margin)	0.7 (11%)	1.0 (13%)	1.0 (14%)	1.0 (12%)	0.6 (10%)	-37%	-5%

- Orders increased significantly due to temporary factors in addition to a gradual recovery
- Sales were affected by the lockdown in China
- Profit slightly decreased due to product mix

- ◆ In Metrology Segment, orders in 1Q increase significantly and exceeded the forecasts.
- ◆ While capital investment is expected to recover from FY2023/3 for manufacturing in general, inquiries for from the Machinery and Machine Parts industry including SPE were also strong, and there were temporary factors that led to the concentration of such investment in the 1Q.
- ◆ Sales fell slightly short of the internal plan due to the impact of the lockdown in China as well as SPE segment.
- ◆ In addition, operating profit decreased in QoQ mainly due to product mix.

Metrology – Quarterly Trend



- Sales: Decreased due to the impact of the China lockdown
- Orders: Increased due to temporary factors as well as recovery in the manufacturing in general

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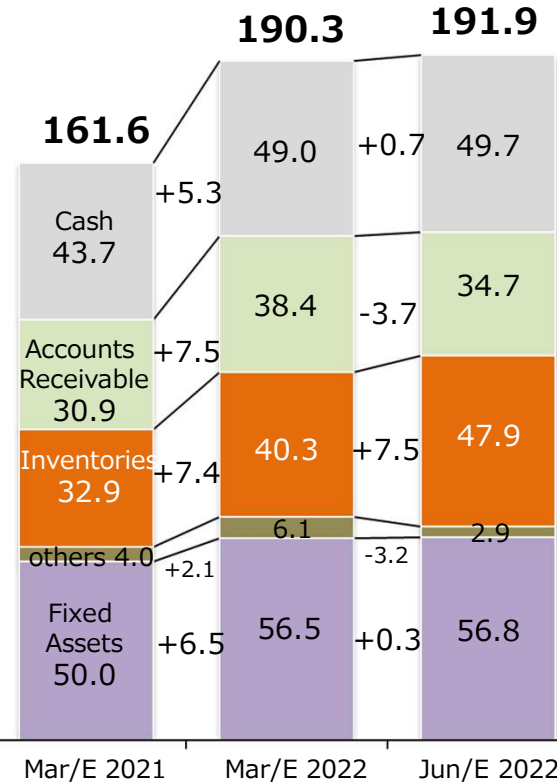
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- ◆ Here are the quarterly trends in sales, operating profit, and orders for Metrology.
- ◆ On the left, 1Q sales were affected a periodic lag due to the lockdown in China, and profits were also decreased.
- ◆ On right side, the Quarterly-peaked booking was due to a moderate recovery in demand in the manufacturing in general and a concentration of orders before the price revision of some products scheduled for 2Q.
- ◆ 2Q orders are expected to be at a certain level, although a reactionary decline from price revisions is anticipated, and at this point we are assuming a mid-20% decline QoQ.

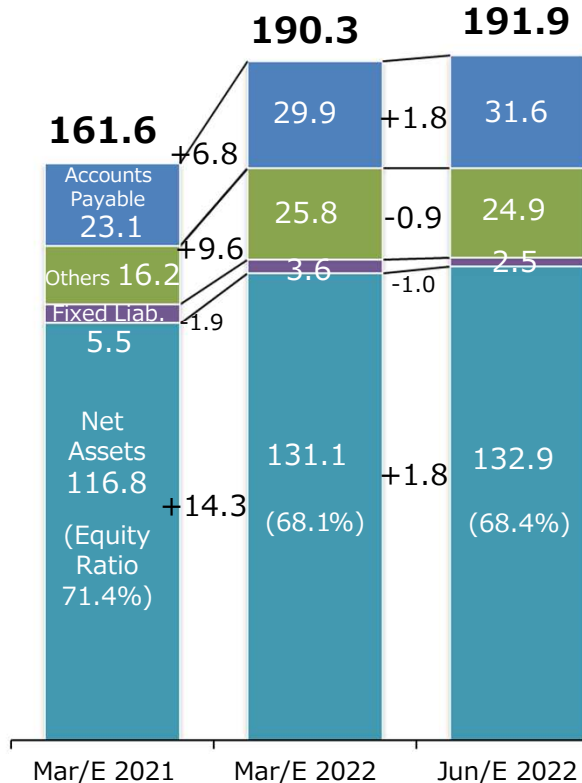
Balance Sheet



Assets (BJPY)



Liabilities / Net Assets (BJPY)

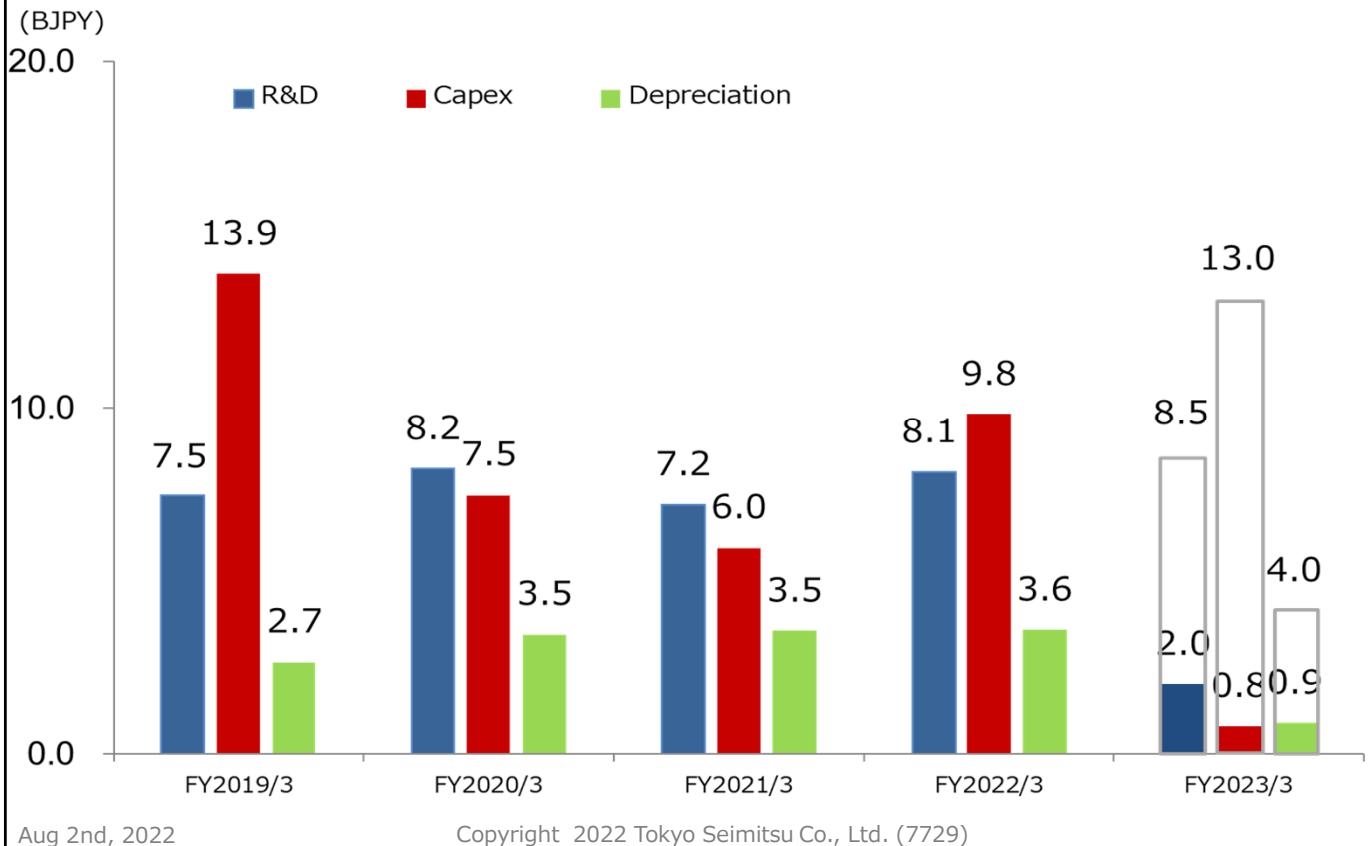


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- ◆ Major notes on the Balance Sheet as of end of June 2022 are:
- ◆ On the left, the key point in the Assets was the significant increase in inventories, mainly due to an increase in products that could not recognize sales due to lockdowns in China.
- ◆ On the right side, Accounts payable and Retained earnings increased. The equity ratio at the end of June came to 68.4%. Amount of Interest-bearing debt decreased ¥1.0B from the end of March to ¥4.5B.

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



- ◆ FY2023/3 1Q and Plan for Full-year and beyond on R&D, Capex, and Depreciation are shown above.
- ◆ R&D, Capex, Depreciation were slightly less than the laps through 1Q, but no change in full year plan since the plan is currently proceeding as planned.
- ◆ The *Hanno* Plant (Saitama, Japan) is currently under construction as planned, and part of this expenditure will be included in the FY2023/3 results.

Overall

- Maintain high level production throughout the FY
- Watch for material shortages, logistics stagnation, geopolitical risks, and COVID-19 pandemic

SPE

- **Orders show adjustment for consumer products**
- In addition to production expansion and R&D, work on activities to strengthen the application center

Metrology

- Recovery in the auto sector will continue to be moderate
- Promote sales expansion in semiconductor, NEV, and automation fields

- ◆ Here is an update of the Premises of FY2023/3 Forecasts announced in May, 2022 , with the changes in blue.
- ◆ In SPE segment, we anticipated that an adjustment in orders is likely in May.
- ◆ At present, in addition to adjustments due to longer delivery times, we are also seeing demand adjustments for SPE due to declining demand for consumer electronic products such as mobile handsets due to macroeconomic stagnation.
- ◆ However, demand for high-end products, automotive and power semiconductors, as well as for increased wafer production, remains high, and we do not expect a major adjustment.
- ◆ We conclude that any changes have come about that require us to revise FY2023/3 Forecasts.

FY2023/3 Forecast



Consolidated Results and forecasts (BJPY)	FY2022/3			FY2023/3			
	1H	2H	FY	1H(f)	2H(f)	FY(f)	YoY
Sales	61.2	69.5	130.7	74.5	75.5	150.0	+15%
Operating Profit (OP Margin)	12.9 (21%)	15.4 (22%)	28.3 (22%)	15.3 (21%)	15.8 (21%)	31.1 (21%)	+10%
Recurring Profit	13.0	16.2	29.2	15.3	15.8	31.1	+7%
Net Profit	9.6	11.7	21.3	10.8	11.2	22.0	+3%
Dividend per Share	185Yen			218Yen +33Yen			

Per Segment

(SPE)	Orders	71.8	81.1	152.9				
	Sales	47.4	53.7	101.1	58.5	58.5	117.0	+16%
(Metr.)	Orders	16.0	17.2	33.2				
	Sales	13.7	15.8	29.6	16.0	17.0	33.0	+12%

➤ No change in forecast previously announced on May 10th, 2022

- ◆ FY2023/3 Full Year forecast, announced in May, 2022 remains unchanged.
- ◆ Sales of both SPE and Metrology segment were below the internal plan in the 1Q, but we believe that both can recover after the 2Q.
- ◆ The exchange rate assumption remains unchanged at 115 Yen to the dollar.
- ◆ This concludes my presentation. Thank you very much for your attention.

Q&A



Sustainability Information:



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

Investor Information:



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

Supplementary Data

Segment Information



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

Statements of Income



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

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Balance Sheet



(Million Yen)		FY2020/3	FY2021/3	FY2022/3	FY2023/3(1Q)
Current Assets	Cash and cash equivalents	34,640	43,657	49,033	49,678
	Accounts Receivable ※1	29,633	30,946	38,367	34,673
	Inventories	30,152	32,886	40,325	47,862
	Others	3,345	4,025	6,103	2,947
	Total	97,771	111,516	133,829	135,161
Total Fixed Assets		48,777	50,039	56,457	56,765
Total Assets		146,549	161,556	190,287	191,927
Current Liabilities	Accounts Payable※2	16,895	23,062	29,876	31,641
	Others	12,121	16,233	25,765	24,883
	Total	29,017	39,296	55,641	56,525
Total long-term liabilities		7,857	5,482	3,564	2,538
Total Liabilities		36,874	44,778	59,206	59,064
Total Net Assets		109,674	116,777	131,081	132,863
Total Liabilities and Net Assets		146,549	161,556	190,287	191,927
Total interest-bearing debt		9,641	7,581	5,497	4,552
Equity Ratio(%)		73.9%	71.4%	68.1%	68.4%
ROE(%)		6.7%	10.9%	17.4%	-

※1: Incl. Electronically recorded monetary claims ※2: Incl. Electronically recorded obligations-operating

Expenses and Cash Flows



(Million Yen)	FY2020/3	FY2021/3	FY2022/3	FY2023/3(1Q)
R&D expenses	8,234	7,193	8,146	2,009
Capex	7,477	5,950	9,816	797
Depreciation(excl. Amortization)	3,450	3,516	3,551	882

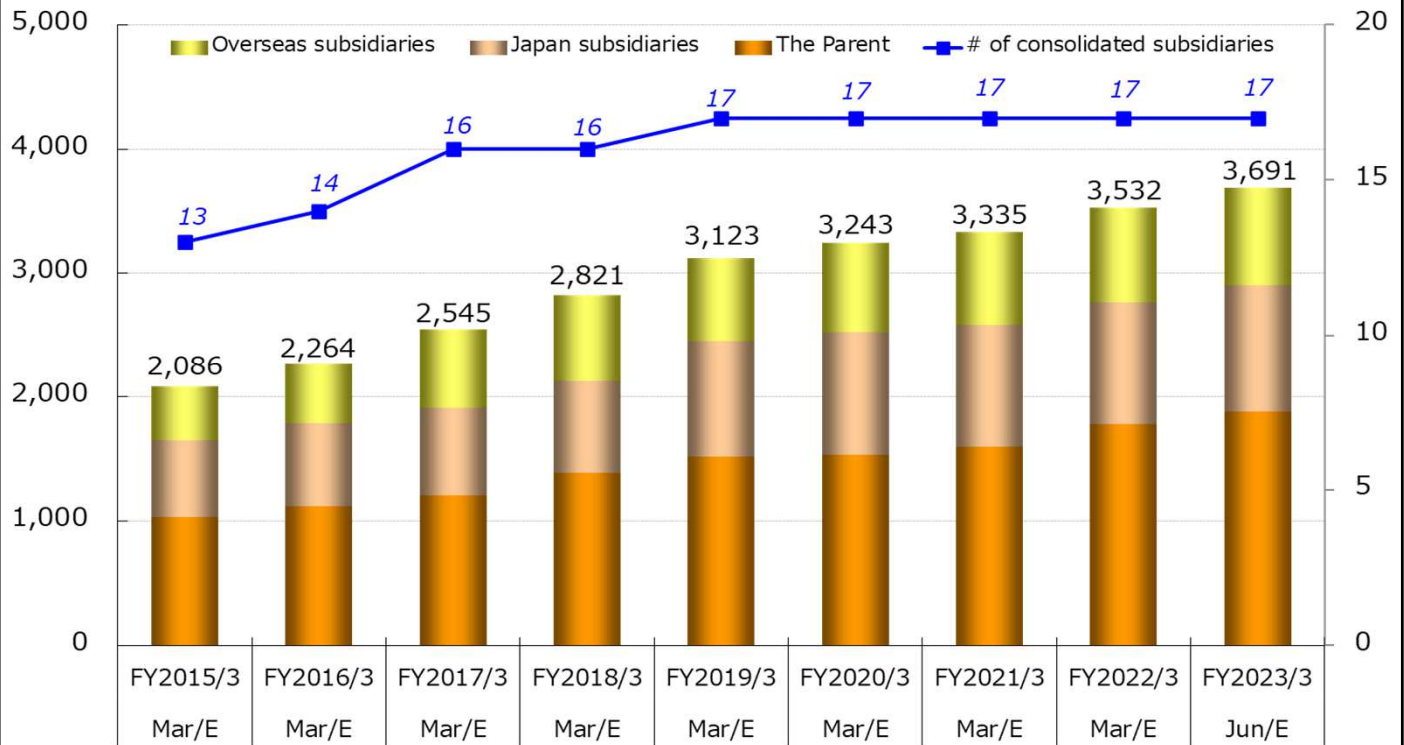
(Million Yen)	FY2020/3	FY2021/3	FY2022/3
Cash flows from operating activities	5,965	22,062	24,062
Cash flows from investing activities	-6,116	-5,191	-9,036
Free cash flows	-150	16,871	15,026
Cash flows from financing activities	-6,375	-8,282	-10,350
Adjustments	-159	429	706
Cash and cash equivalents at the end of year	34,605	43,624	49,006

Number of employees



Number of Employees (person)

of Consolidated Subsidiaries



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