

Financial Information
As of March 31st, 2020

(The English translation of the
“有価証券報告書”
(*Yuukashoken-Houkokusho*)
For the fiscal year ended March 31st, 2020)

Tokyo Seimitsu Co., Ltd.

Disclaimer:

- This report is based on the Company's Japanese-language annual filing “有価証券報告書 (Yuukashoken-Houkokusho, Securities Report)”, with the Financial Services Agency “Kanto Local Finance Bureau” (Translated from Part 1 “Company Information”, section 1 “Company Overview” to Part 1, section 5 “Financial Information” - 1. “Consolidated Financial Statements”) for reference purpose only.
- This English-translated document is not subject to review under any laws nor audit. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Abbreviations (Unless otherwise noted)

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

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

[Cover]

[Submitted document]	Securities Report (" <i>Yuukashoken-Houkokusho</i> ")
[Article of the applicable law requiring submission of this document]	Article 24, Paragraph 1 of the Securities Exchange Law
[Filed to]	Director, <i>Kanto</i> Local Finance Bureau
[Date submitted]	June 29 th , 2020
[Business year]	97 th Fiscal Term (from April 1 st , 2019 to March 31 st , 2020)
[Company name in Japanese]	株式会社東京精密 (<i>Kabushiki-Gaisha Tokyo Seimitsu</i>)
[Company name in English]	Tokyo Seimitsu Co., Ltd.
[Name and position of representative]	Hitoshi Yoshida, President and CEO
[Location of head office]	2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
[Telephone No.]	+81-(0)42-642-1701 (operator)
[Contact for communications]	Koichi Kawamura, Representative Director and CFO
[Nearest contact address]	2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
[Telephone No.]	+81-(0)42-642-1701 (operator)
[Contact for communications]	Koichi Kawamura, Representative Director and CFO
[Place where available for public inspection]	Tokyo Stock Exchange, Inc. 2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo

Part I [Company Information]

Section 1 [Company Overview]

1 [Key financial data and trends]

(1) Trends in consolidated management indicators and related data

Fiscal term		93 rd	94 th	95 th	96 th	97 th
Fiscal Year (FY) ended		March,2016	March,2017	March,2018	March,2019	March, 2020
Net sales	(MJPY)	70,274	77,792	88,194	101,520	87,927
Recurring profit	(MJPY)	13,232	13,864	17,316	20,805	12,360
Net profit attributable to owners of the parent	(MJPY)	9,704	9,909	12,717	14,665	7,156
Comprehensive income	(MJPY)	7,199	10,371	15,124	12,240	6,384
Net assets	(MJPY)	79,418	87,194	99,354	107,403	109,674
Total assets	(MJPY)	101,933	114,463	132,893	157,573	146,549
Net assets per share	(yen)	1,903.29	2,083.40	2,367.92	2,551.20	2,601.10
Net profit per share	(yen)	234.58	239.32	306.41	352.92	171.89
Diluted Net profit per share	(yen)	233.29	237.80	304.02	350.23	170.72
Equity ratio	(%)	77.3	75.5	74.0	67.3	73.9
Return on equity	(%)	12.7	12.0	13.8	14.4	6.7
Price earnings ratio	(Times)	9.4	14.6	14.0	8.0	17.9
Cash flow from operating activities	(MJPY)	7,210	12,809	10,931	12,932	5,965
Cash flow from investing activities	(MJPY)	- 3,823	- 3,486	- 4,649	- 13,952	- 6,116
Cash flow from financing activities	(MJPY)	- 2,851	- 2,953	- 3,163	5,443	- 6,375
Cash and cash equivalents at end of FY	(MJPY)	27,308	33,825	37,090	41,290	34,605
Number of Employees		1,559	1,784	1,933	2,119	2,250
(Average number of part-time employees, not included in the above figure.)	(Person)	(690)	(720)	(820)	(980)	(980)

Notes:

1. "Net sales" are presented exclusive of consumption tax.
2. Upper number in "Employees" indicates the number of full-time employees.
3. The Group applied the "Partial Amendments to Accounting Standards for Tax Effect Accounting" (ASBJ Statement No. 28, February 16th, 2018) from the beginning of the FY96th. Accordingly, management indicators for FY95th shown above have been adjusted to that Standard retroactively.

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

Fiscal term		93 rd	94 th	95 th	96 th	97 th
FY ended		March, 2016	March, 2017	March, 2018	March, 2019	March, 2020
Net sales	(MJPY)	59,159	64,223	72,635	84,655	68,647
Recurring profit	(MJPY)	10,051	10,786	12,450	14,895	14,928
Net profit	(MJPY)	7,851	8,183	9,628	11,110	10,942
Common stock	(MJPY)	10,374	10,462	10,561	10,591	10,703
Number of shares issued	(shares)	41,423,381	41,495,581	41,575,881	41,598,381	41,695,381
Net assets	(MJPY)	61,806	67,527	74,930	80,992	87,068
Total assets	(MJPY)	81,641	92,543	104,110	125,784	119,436
Net assets per share	(yen)	1,482.79	1,616.53	1,788.82	1,929.86	2,071.56
Cash dividends per share	(yen)	59.00	72.00	92.00	125.00	76.00
(Interim cash dividends herein)	(yen)	(26.00)	(34.00)	(41.00)	(59.00)	(38.00)
Net profit per share	(yen)	189.80	197.65	231.99	267.37	262.83
Diluted Net profit per share	(yen)	188.76	196.39	230.18	265.33	261.03
Equity ratio	(%)	75.2	72.4	71.4	63.8	72.3
Return on equity	(%)	13.3	12.7	13.6	14.4	13.1
Price earnings ratio	(Times)	11.6	17.7	18.5	10.5	11.7
Dividend payout ratio	(%)	31.1	36.4	39.7	46.8	28.9
Number of Employees		679	726	809	868	912
(Average number of temporary employees, not included in the above figure).	(Person)	(440)	(445)	(500)	(620)	(610)
Total Shareholder's return	(%)	82.3	132.0	164.1	114.9	127.2
(compared with TOPIX, include dividend)	(%)	(89.2)	(102.3)	(118.5)	(112.5)	(101.9)
Highest share price	(yen)	2,987	3,965	5,130	4,690	4,385
Lowest share price	(yen)	1,970	2,038	3,165	2,430	2,400

Notes:

- "Net sales" are presented exclusive of consumption tax.
- Upper number in "Employees" indicates the number of full-time employees.
- The above share prices are those quoted on the First Section of the Tokyo Stock Exchange.
- The Parent Company applied the "Partial Amendments to Accounting Standards for Tax Effect Accounting" (ASBJ Statement No. 28, February 16th, 2018) from the beginning of the FY96th. Accordingly, management indicators for FY95th shown above have been adjusted to that Standard retroactively.

2 [History]

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

January, 2007	Tokyo Seimitsu increased the capitalization and reorganized a former local company to create Accretech Korea Co., Ltd. in order to strengthen the sales, service, and support operations for the Korea semiconductor market.
April, 2007	Tokyo Seimitsu merged the subsidiary Accretech Micro Technologies Co., Ltd. in order to strengthen the competitiveness of the wafer inspection systems business.
March, 2008	Construction of the Tsuchiura semiconductor plant at our subsidiary Tosei Engineering Corp. was completed.
April, 2008	Construction of the CMM building at the Tsuchiura Plant was completed.
April, 2009	Tokyo Seimitsu Co., Ltd. USA office was opened as a center for sales in North America.
June, 2010	Head office was relocated from Mitaka-shi, Tokyo to Hachioji-shi, Tokyo.
June, 2011	Construction of the Hachioji No. 5 Plant was completed.
April, 2012	Tokyo Seimitsu closed USA office and established Accretech America Inc. as a center of sales in North America.
August, 2012	Tokyo Seimitsu started precision dicing blade business after assignment of business.
September, 2014	Accretech Adamas (Thailand) Co., Ltd. was established for constructing an overseas plant to manufacture Precision dicing blades.
May, 2016	Construction for expansion of the Hachioji Plant (No. 6 plant building) was completed.
February, 2019	Tokyo Seimitsu purchased a majority shareholding in Fujitsu Telecom Networks Fukushima Limited (now Accretech Powertro System Co., Ltd.) which provides Charge/Discharge testing systems and became a subsidiary to enable expansion of the Group's business to include electrical measuring.
January, 2020	Tokyo Seimitsu subsidiary Tosei Engineering Corp. and its subsidiary Tosei America Inc. acquired the balancer business from the US manufacturer Schmitt Industries Inc. Tosei America Inc. and was renamed Accretech SBS Inc.
February, 2020	Renovation for expanding sales and service/support capability of the Osaka branch was completed.

3 [Business overview]

The Tokyo Seimitsu Group (“the Group”) is composed of Tokyo Seimitsu Co., Ltd. (“the Parent Company”), 33 subsidiary companies and 1 affiliated company, with its primary business being the manufacturing and sales of Semiconductor production equipment (SPE) and Metrology instruments.

Segmentation (as per Financial Announcements) of results is provided on the basis of business categories as shown below.

Semiconductor production equipment (SPE) business (SPE)

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

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

<Major affiliates>

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

Metrology business (Metrology)

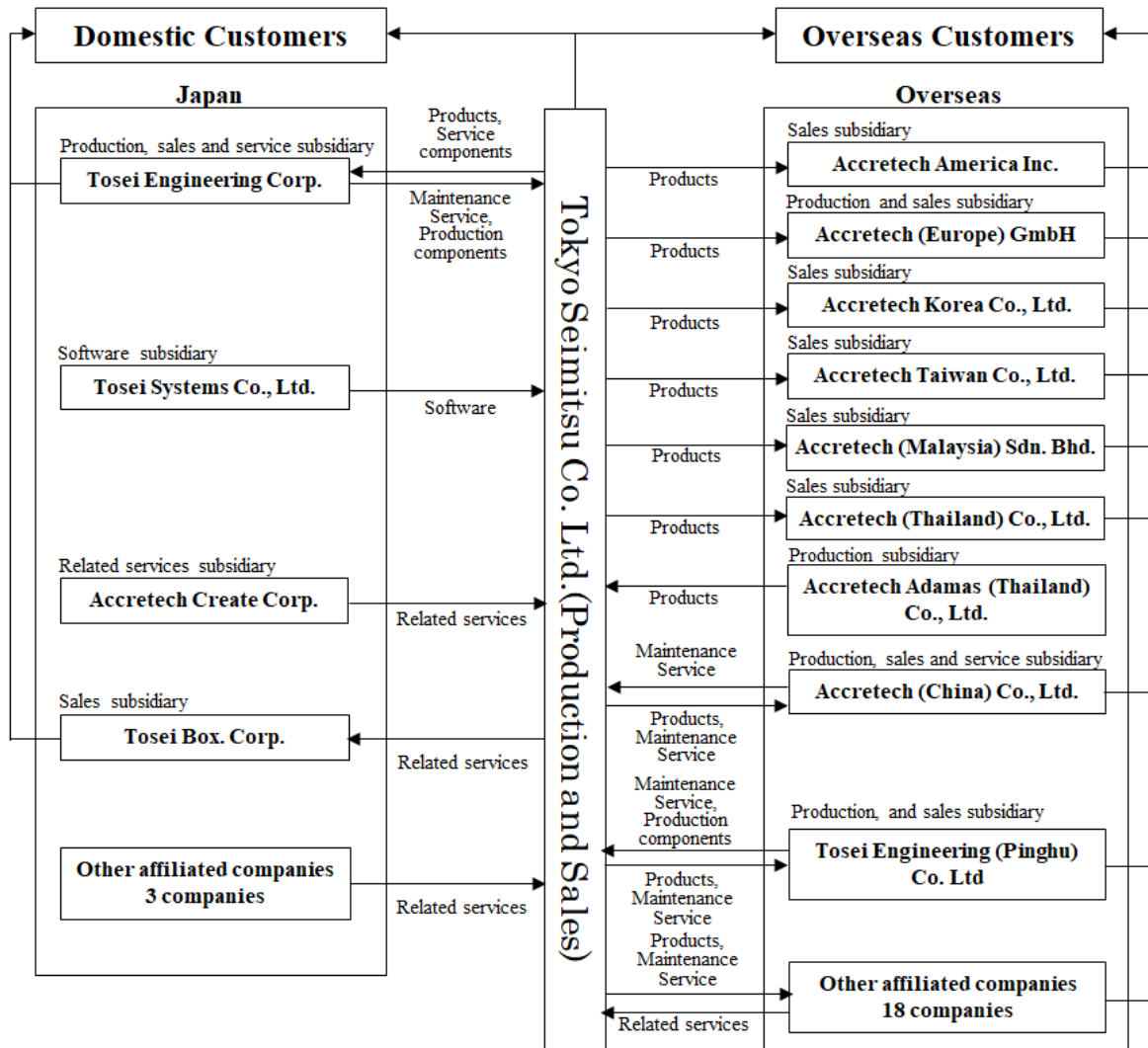
This business handles 3D coordinate measuring machines, surface texture and contour measuring systems, and other precision measuring systems. For this business, the Parent Company and Tosei Engineering Corp. are responsible for primary elements of the production and sales and our subsidiary Tosei Systems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

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

<Major affiliates>

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

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



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

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

4 [Overview of affiliates]

Name of company	Location	Capital or investment	Description of Principal business	% of voting rights held by Company (holding Company)		Relationship with the Parent Company				
				Hold by Company (%)	Holdin g Company (%)	Concurrent Position as Directors		Business transactions	Finan cial assistance	Leasi ng of fixed assets
						by director s	by employ ees			
(Consolidated subsidiaries)										
Tosei Engineering Corp	Tsuchiura, Ibaraki	(MJPY) 988	SPE, Metrology	100.0	-	2	-	Supply of products for SPE to the Parent Company, and maintenance and services for products related to the Parent Company's metrology instruments	No	Yes
Tosei Systems Co., Ltd	Hachioji, Tokyo	(MJPY) 50	SPE, Metrology	100.0	-	3	-	Provision of software to the Parent Company's products	No	Yes
Accretech Create Corp.	Hachioji, Tokyo	(MJPY) 10	SPE, Metrology	100.0	-	1	1	Transit insurance services to the Parent Company's products	No	Yes
Tosei Box Corp	Hachioji, Tokyo	(MJPY) 10	Metrology	100.0 (30.0)	-	1	-	Provision of office facilities to the Parent Company	No	Yes
Accretech Powertro System Co., Ltd.	Furudono, Fukushima	(MJPY) 100	Metrology	80.0	-	1	3	-	Yes	No
Accretech Finance Co., Ltd	Hachioji, Tokyo	(MJPY) 50	SPE, Metrology	100.0	-	1	1	Provision of short-term loans to the Parent Company	No	No
Accretech America Inc.	Richardson, Texas, USA	(KUSD) 4,500	SPE	100.0	-	2	1	Sales of the Parent Company's SPE	No	No
Accretech (Europe) GmbH	Munich, Bavaria, Germany	(KEUR) 1,500	SPE, Metrology	100.0	-	3	-	Sales of the Parent Company's SPE and metrology instruments	No	No
Accretech Korea Co., Ltd.	Seongnam-si, Gyeonggi-do Korea	(MKRW) 1,000	SPE, Metrology	100.0	-	3	1	Sales of the Parent Company's SPE and metrology instruments	No	No
Accretech (China) Co., Ltd.	Shanghai, China	(KCNY) 15,211	SPE, Metrology	100.0	-	3	2	Sales of the Parent Company's SPE and metrology instruments	No	No
Accretech Taiwan Co., Ltd.	Jhubei, Hsinchu, Taiwan	(KTWD) 60,000	SPE, Metrology	100.0	-	4	-	Sales of the Parent Company's SPE and metrology instruments	No	No
Accretech (Malaysia) Sdn Bhd.	Petaling Jaya, Selangor Malaysia	(KMYR) 1,000	SPE, Metrology	100.0	-	1	2	Sales of the Parent Company's SPE and metrology instruments	No	No
Accretech Adamas (Thailand) Co., Ltd	Klongluang, Pathumthani, Thailand	(KTHB) 250,000	SPE	64.2 (34.4)	-	2	1	Provision of parts to the Parent Company's SPE	Yes	No
Accretech (Thailand) Co., Ltd	Bangplee, Samutprakarn Thailand	(KTHB) 10,000	SPE, Metrology	49.0	-	2	1	Sales of the Parent Company's SPE and metrology instruments	Yes	No
Tosei Engineering (Pinghu) Co., Ltd.	Pinghu, Zhejiang, China	(KCNY) 39,480	SPE, Metrology	100.0 (100.0)	-	1	-	-	No	No
Tosei (Thailand) Co., Ltd	Muang Chonburi, Thailand	(KTHB) 6,000	Metrology	49.0 (49.0)	-	-	-	-	No	No
Accretech SBS Inc.	Cincinnati, Ohio, USA	(KUSD) 1	SPE, Metrology	100.0 (100.0)	-	-	-	-	No	No

Notes:

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

5 [Employees]

(1) Consolidated companies

At March 31st, 2020

Name of business segment	Number of employees (person)
SPE business	1,146 (520)
Metrology business	935 (410)
Company-wide (corporate staff)	169 (50)
Total	2,250 (980)

Notes:

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

(2) The Parent Company

At March 31st, 2020

Number of employees (person)	Average age (years)	Average years of continuous service (years)	Average annual salary (yen)
912 (610)	40.0	11.2	7,152,806

Name of business segment	Number of employees (person)
SPE business	625 (430)
Metrology business	229 (150)
Company-wide (corporate staff)	58 (30)
Total	912 (610)

Notes:

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

(3) Trade union

The trade union for the Parent Company is a member of Japan Association of Metal, Machinery, and Manufacturing workers (JAM). There are no particular items concerning labor-management relations which require mentioning.

Section 2 [Business Overview]

1 [Management policy, Management Strategies and Issues]

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2020/3.

(1) Management Policy

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

(2) Key performance indicators for corporate management

Under a business environment that requires high levels of technological innovation with high speed, the Group aims to establish higher profitability and structural efficiency by providing world No.1 products with advanced technology into growing markets, and continuously improve capital efficiency by effectively using funds for investment for growth. The Group aims to maintain a business structure with at least 10% ROE as a long-term target to underpin sustainable growth in earnings per share and corporate value.

The Group also aims to attain ¥22.000 billion of consolidated annual operating profits as a mid-term target (by FY2021/3).

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

1. Ongoing growth strategy and increase in business performance

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

However, the impact of the coronavirus (COVID-19) outbreak around the globe is expanding and is causing a significant lowering of consumption, the suspension of our customers' factory operations, delays in the transportation of products and materials and limits to travel around the world. It is difficult to foresee the total impact of the COVID-19 given the uncertainty of the outlook for global economic activity. The Group's factories, sales offices, and service/support offices are in normal operation and are taking necessary actions to prevent spread of the virus.

2. Sustainable Profit Distribution

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

3. Governance

The Group holds that corporate governance is essential to improve corporate value and to conduct fair and transparent business activities as a global corporate citizen, and has established a “Core policy for corporate governance.”

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

4. Globalization

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

2 [Business and other risks]

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

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

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2020/3.

(Risks related to Sales activities)

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

(Risks related to Manufacturing and R&D activities)

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

(Risks related to Intellectual property rights)

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

(Risks related to Information security)

The Group acquires customer confidential information or personal information, and the Group's confidential information related to technologies, sales and other business matters. Based on the Groups' "Information Security Control Rules", the Group pays special attention to this confidential information to prevent the leak of information and falsification. However, it could be possible to have information leak or falsification due to unforeseen events such as errors, information theft or outside attack. The Group's business performance could be impacted if those unforeseen events occur and the Group incurs liability costs as a result.

(Risks related to Environmental regulation)

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

(Risks related to COVID-19)

The outbreak of the COVID-19 pandemic has caused significant impact on the global economy. The Group anticipates that the potential risk relates to Sales suspension or delay and Manufacturing activities slowdown due to the lockdown of customers and/or supplier's facilities. As at the end of FY2020/3, the impact has been minimal, however, if such outbreaks continue longer than anticipated, then the business results may be further affected.

(Comprehensive risks)

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

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

(1) Overview of business results

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

1. Financial position and business results

In the Fiscal Year 2020/3 ended March 2020, while the US economy remained steady led by strong private consumption, worldwide economies including Japan, Asian nations and the EU faced great uncertainties arising from trade conflicts between USA and China, and the Chinese economic slowdown as well as the withdrawal of the United Kingdom from the EU. In addition, there were concerns of rapid world-wide economic downturn due to the COVID-19 outbreak at the end of the 4th quarter.

Under these business conditions, because the investment demand from semiconductor manufacturers decreased due to the supply-demand adjustment in Memory devices that began in the previous fiscal year combined with continuing low capital investment from the automobile industry, both Sales and Profits were reduced from the previous Fiscal Year. Consolidated Sales in the FY2020/3 were ¥87.927 billion (down 13.4% YoY), Operating Profit was ¥12.282 billion (down 39.3% YoY), and Recurring Profit was ¥12.360 billion (down 40.6% YoY). Net Profit Attributable to Owners of the Parent came to ¥7.156 billion (down 51.2% YoY), impacted by bringing to account an extraordinary loss of ¥1.712 billion arising from an impairment loss relating to the recently acquired *Hino* Plant.

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

SPE business segment

Both Sales and Orders decreased from the previous fiscal year due to lower capital investment by semiconductor and electronic components companies related to the supply-demand adjustment for investment in Memory devices, while the demand for 5th generation wireless technology for cellular network generation (5G) maintained relatively higher Orders and Sales levels. Orders sequentially increased after the 4th quarter of FY2019/3 that was the lowest point of volume. Logic devices and sensors related to 5G infrastructures were the main drivers of demand in the first half and demand for 5G devices and related electronic components for end-user devices increased in the second half. Furthermore, investment in semiconductor equipment for Logic devices and Memory devices led by new semiconductor and electronic components companies in China continued to expand across the entire Fiscal Year.

Orders and Sales of equipment for both testing and assembly processes relatively stayed firm in China and Japan and Orders in Taiwan recovered in the 4th quarter.

As a result, Sales of the SPE segment in the same period was ¥56.198 billion (down 18.7% YoY), and Operating Profit was ¥7.915 billion (down 40.0% YoY).

Metrology business segment

The automotive industry, which is the major user of our products in our Metrology Equipment segment, has reduced capital investment and the demand for Machine Tools showed a slowdown. Overall manufacturing industries continued to reduce investment demand across the fiscal year and both Orders and Sales decreased in the Metrology segment YoY.

Under these circumstances, we made efforts to add product mix by R&D and provide solution for the needs of automation in manufacturing industries in addition to strengthening overseas sales, expand our products for New Energy Vehicles (NEV) and medical fields and improve contract measurement services.

Operating Profit decreased from the previous Fiscal Year due to the sales decrease, the inclusion of prior years' adjustment in Retirement benefit expenses in a subsidiary (1st quarter) and R&D and innovation expenses for Charge/discharge testing system business in an acquired subsidiary (Consolidated period).

As a result, Sales of the Metrology business segment in the same period was ¥31.728 billion (down 2.1% YoY) and Operating Profit was ¥4.366 billion (down 37.9% YoY).

Note: The above amounts are exclusive of consumption tax.

An overview of financial position as at FY2020/3 end is as follows.

As at March 31st, 2020 total assets were ¥146.549 billion (¥97.771 billion in current assets and ¥48.777 billion in fixed assets), liabilities were ¥36.874 billion, and total net assets were ¥109.674 billion.

[1] Assets

Assets as at the end of FY2020/3 decreased mainly due to a decrease in Notes and accounts receivable (including electronically recorded monetary claims). Total assets at the end of FY2020/3 have decreased ¥11.024 from the end of FY2019/3.

[2] Liabilities

Liabilities have decreased due to a decrease in Notes and accounts payable (including electronically recorded obligations-operating), a payment of income tax payable, and a repayment of long-term debt. Liabilities as at the end of FY2020/3 have decreased by ¥13.295 billion from the end of FY2019/3.

[3] Net assets

Although “Accumulated other comprehensive income” decreased mainly due to stock price decline, an increase of Net profit attributable to owner of the parent increased Shareholder’s equity. Net assets as at the end of FY2020/3 have increased by ¥2.270 billion from the end of FY2019/3.

2. Overview of Cash flows

Cash and cash equivalents as at March 31st, 2020 amounted to ¥34.605 billion, a decrease of ¥6.685 billion from the end of FY2019/3. The status of cash flows and factors behind them are given below.

Net cash earned from operating activities decreased from ¥12.932 billion in FY2019/3 to ¥5.965 billion in FY2020/3, mainly due to a decrease in Income before income taxes and minority interests from ¥20.443 billion to ¥10.705 billion.

Net cash used in investment activities decreased from ¥13.952 billion in FY2019/3 to ¥6.116 billion in FY2020/3. This is mainly reflected in a decrease in capital investments (tangible and intangible assets).

Net cash used in financing activities were ¥6.375 billion (negative cash flow). In FY2019/3, it was a positive cash flow of ¥5.443 billion. This is mainly from a repayment of long-term loans payable of ¥2.000 billion.

3. Production, orders, and sales Actual Production

[1] Production results

The production results for each business segment in FY2020/3 are shown below.

Business segment	Production (MJPY)	YoY (%)
SPE business	61,005	- 9.4
Metrology business	29,281	- 3.9
Total	90,287	- 7.7

Notes:

1. The above production results are based on the sales prices.
2. The above amounts are exclusive of consumption tax.

[2] Orders received

The orders received for each business segment in FY2020/3 are shown below.

Business segment	Orders received (MJPY)	YoY (%)	Order backlog (MJPY)	YoY (%)
SPE business	57,709	- 11.7	29,182	5.5
Metrology business	29,866	- 11.0	7,782	- 15.1
Total	87,576	- 11.5	36,965	0.3

Note: The above amounts are exclusive of consumption tax.

[2] Actual sales

The sales amounts for each business segment in FY2020/3 are shown below.

Business segment	Sales (MJPY)	YoY (%)
SPE business	56,198	- 18.7
Metrology business	31,728	- 2.1
Total	87,927	- 13.4

Notes:

1. The sales amounts for each major customer and their ratio to total sales are omitted because there are no customers with sales amounts that account for 10% or more of total sales.
2. The above amounts are exclusive of consumption tax.

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

The conclusions of management reviews and evaluation of the Group's business performance in each of our business segments are as follows. Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2020/3.

i. Analysis and evaluation of financial position

Details of the financial position of the Group are set out on page 15. Increases in Assets and Liabilities led by business growth demonstrate to us that improving Total asset turnover and keeping a profitable structure is necessary.

ii. Analysis and evaluation of business results

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

[1] Sales

Sales for FY2020/3 were ¥56.198 billion for the SPE business and ¥31.728 billion for the Metrology business, with a combined total of the two businesses of ¥87.927 billion. Sales reduced YoY mainly due to supply-demand adjustment in Memory devices and continuing low capital investment from the automobile industry.

For the SPE segment, in the contest where needs for our products are advanced and diversified, the Group will maintain its focus on developing products and specifications to meet customers' needs and providing solutions for assembly products that are rapidly improving and changing.

For the Metrology segment, the Group will focus on developing products to meet the demand for higher precision and higher functionality, across our full product line-up: in multipurpose measuring instruments such as the 3D coordinate measuring machine, surface texture and contour measuring instruments, and roundness and cylindrical profile measuring instruments; and automatic measuring instruments such as machine control gauges and sensors. Also, the Group will further continue to expand new markets for the Charge/Discharge testing systems business and an acquired SBS balancer business by responding carefully to customers' needs.

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

Cost of goods sold for FY2020/3 was ¥53.452 billion and the Selling, general and administrative expenses were ¥22.192 billion. The ratio of the Cost of goods sold to Total Sales was 60.8% in FY2020/3 (59.5% in FY2019/3), and the ratio of the Selling, general and administrative expenses to Total Sales was 25.2% in FY2020/3 (20.6% in FY2019/3).

[3] Operating profit

As a result of the above, operating profit FY2020/3 was ¥12.282 billion (¥7.915 billion in the SPE segment and ¥4.366 billion in the Metrology segment) which represents a decrease in Operating profits from the previous year across both segments. The Group has set its business target to ¥22.000 billion in Operating profits by FY2021/3. The Group plans to achieve this through parallel actions targeting Sales performance increases and margin improvements.

[4] Non-operating income and expenses

Non-operating income for FY2020/3 was ¥255 million mainly from Dividend income and Non-operating expenses for the same term was ¥177 million mainly due to Interest expenses and Foreign exchange loss.

[5] Recurring profit

As a result, Recurring profit for FY2020/3 was ¥12.360 billion.

[6] Extraordinary gains and losses

Extraordinary gains in FY2020/3 were ¥57 million mainly from a Gain on sales of investment securities and Extraordinary losses were ¥1.712 billion due to an Impairment loss for fixed assets and Extra retirement payments.

- [7] Profit before income taxes and minority interests
As a result, Profit before taxes and minority interests for FY2020/3 was ¥10.705 billion.
- [8] Income taxes
Income taxes and other taxes in FY2020/3 were ¥3.598 billion and the ratio to Profit before income taxes and minority interests was 33.6%.
- [9] Net loss attributable to non-controlling interests
Net loss attributable to non-controlling interests for FY2020/3 was ¥49 million.
- [10] Net profit attributable to owners of the parent
As a result, Net profit attributable to owners of the parent for FY2020 was ¥7.156 billion.

iii. Analysis and evaluation of Cash flows for FY2020/3

Details of the financial position of the Group are set out on page 16. Management is of the view that the Group can continue to achieve a positive cash flow position from its operations and that earned cash can be effectively used for investment and financing. In addition, retained cash can be used for product development R&D, and capital expenditures. The Group accommodates fluctuations in long-term finances based on forecasts of Group investments mainly by internal cash flows within the Group and loans payable from Banks. Management nonetheless recognizes the importance of maintaining good relationships among the Group and with financial institutions.

iv. Significant accounting policies and estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. When preparing the consolidated financial statements, we perform specific estimates which are necessary for calculations such as assets and liabilities at the end of the consolidated FY, and income and expenses during the consolidated FY. These estimates were performed for inventories, allowance for bad debts, deferred tax assets, investment securities, cost of goods sold, employee retirement benefit expenses, and other items. These estimates are based on past results with consideration for future expectations, and are performed with an emphasis on sustainable, rational, and conservative evaluation.

Note that it is difficult to foresee the total impact of the COVID-19 given the uncertainty of the outlook for the current global situation; however, the Group provides estimates of such impacts on the best available information as of this publication date.

(Impairment of Fixed Assets)

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

4 [Important business contracts]

<The Parent Company>

Mutual Agency Agreement

Name of counterparty	Contents of contract	Contract period
Carl Zeiss Inc. (Germany)	Mutual Agency Agreement in the multi-purpose measuring instruments field	Five years maximum beginning October 1 st , 2015

<Consolidated subsidiaries>

There are no notable contracts.

5 [R&D Activities]

The R&D activities of the Group are carried out primarily at the Parent Company. They cover the full range of SPE products and Metrology products. Through these activities, we carry out product improvements to boost the competitiveness of existing products, development of new product models, and the fundamental research aimed at long-term growth.

The total amount of R&D costs for the Group in FY2020/3 was ¥8.234 billion. A description of the specific activities in each business segment is provided below.

a. SPE business

In the SPE field, as the semiconductor manufacturers pursue automation, higher precision, higher performance, and higher reliability, the equipment at our customer companies is becoming increasingly diversified. In recent years, significant advancements have been made in terms of higher wafer densities, multiple wafer layers, and thinner wafer sizes needed to accompany these finer structures. The Group is working for rapid development of next-generation devices in order to meet these market needs.

The major research and development results from FY2020/3 include, mostly continued from FY2019/3, Probing machine performance improvement (such as Chuck and Chiller), Blade Dicing machine performance improvement (Application improvement), and next Polish Grinder performance improvement (such as multiple options).

The total amount of R&D costs for this business area in FY2020/3 was ¥6.216 billion.

b. Metrology business

As our customers continue to rationalize their production processes and implement factory automation, there are increasing demands for lower prices, in addition to demands for higher precision measurement accuracy, better functionality and better capability for automation. The Group is working to develop and improve a range of products to meet these needs.

The major research and development results from FY2020/3 include, mostly continued from FY2019/3, Analysis software ACCTee usability and performance enhancement and high-end Rondcom development.

The total amount of R&D costs for this business area in FY2020/3 was ¥2.017 billion.

Section 3 [Equipment and Facilities]

1 [Overview of capital expenditures]

Capital expenditures of the Group are primarily centered on production equipment in both the SPE business and Metrology business, in order to expand future business opportunities and product differentiation versus competitors, and are aimed at rationalizing and labor-saving.

The total amount of capital expenditures in FY2020/3 was ¥7.477 billion. An overview of this investment by business segment is provided below.

(1) SPE business

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

Total capital expenditures in this business in FY2020/3 were ¥3.832 billion, including the refurbishment of the Main gate of our *Hino* plant by the Parent Company of ¥123 million, purchase of land by the Parent Company's subsidiary, Accretech Taiwan Co., Ltd. of ¥827 million and construction of an office and application center by the Parent Company of ¥764 million.

(2) Metrology business

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

Total capital expenditures in this business in FY2020/3 were ¥3.644 billion, including construction of a new plant by the Parent Company of ¥1.306 billion and construction of the *Osaka* office by the Parent Company of ¥657 million.

2 [Major equipment and facilities]

(1) The Parent Company

At March 31st, 2020

Location	Business segment	Description	Book value (MJPY)						Number of employees (person)	
			Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m2)	Lease assets	Construction in Progress		Total
Hachioji Headquarters, Plant (Hachioji, Tokyo)	SPE	Production equipment, others	8,791	1,100	1,289	3,436 (37)	23	75	14,716	642
Tsuchiura Plant (Tsuchiura, Ibaraki)	Metrology	Production equipment, others	1,576	83	321	151 (17)	0	1,402	3,535	154
Hino Plant (Hino, Tokyo)	SPE	Production equipment, others	274	-	-	7,306 (22)	-	-	7,581	0
Sales offices and satellite offices	SPE, Metrology	Air conditioning system, others	755	5	80	- (-)	4	-	846	116
Others	SPE, Metrology	Guest houses, others	12	-	-	50 (3)	-	-	63	0

Notes:

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

(2) Domestic subsidiaries

At March 31st, 2020

Company	Location	Business segment	Description	Book value (MJPY)						Number of employees (person)	
				Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m2)	Lease assets	Construction in Progress		Total
Tosei Engineering Corp.	Head Office & Plants (Tsuchiura, Ibaraki, others)	SPE, Metrology	Production equipment, others	1,683	342	212	2,035 (42)	-	-	4,274	404
Tosei Systems Co., Ltd.	Head Office (Hachioji, Tokyo)	SPE, Metrology	Instrument supplies, others	1	-	4	- (-)	-	-	5	120
Accretech Create Corp.	Head Office (Hachioji, Tokyo)	SPE, Metrology	Instrument supplies, others	0	0	0	- (-)	-	-	0	1
Tosei Box Corp.	Head Office (Hachioji, Tokyo)	Metrology	Head office building, others	103	-	0	125 (1)	-	-	228	27
Accretech Powertro System Co., Ltd.	Head Office (Furudono, Fukushima)	Metrology	Head office building, others	0	0	0	75 (56)	-	-	75	104

Notes:

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

(3) Overseas subsidiaries

At March 31st, 2020

Company	Location	Business segment	Description	Book value (JPY)						Number of employees (person)	
				Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m2)	Lease assets	Construction in Progress		Total
Accretech America Inc.	Head Office (Richardson, Texas, USA)	SPE	Head office building, others	2	-	3	- (-)	-	-	6	36
Accretech (Europe) GmbH	Head Office (Munich, Bavaria, Germany)	SPE, Metrology	Head office building, others	37	11	43	- (-)	-	-	92	67
Accretech Korea Co., Ltd.	Head Office (Seongnam-si, Gyeonggi-do, Korea)	SPE, Metrology	Instrument supplies, others	-	30	10	- (-)	-	-	41	57
Accretech (China) Co., Ltd.	Head Office (Shanghai, China)	SPE, Metrology	Instrument supplies, others	-	8	59	- (-)	-	-	67	160
Accretech Taiwan Co., Ltd.	Head Office (Jhubei, Hsin-chu, Taiwan)	SPE, Metrology	Head office building, others	0	-	6	837 (5)	8	768	1,621	98
Accretech (Malaysia) Sdn Bhd.	Head Office (Petaling Jaya, Selangor, Malaysia)	SPE, Metrology	Instrument supplies, others	6	13	5	- (-)	3	-	28	38
Accretech Adamas (Thailand) Co., Ltd	Head Office (Klongluang, Pathum-thani, Thailand)	SPE	Production equipment, others	471	171	4	227 (18)	9	-	883	77
Accretech (Thailand) Co., Ltd	Head Office (Bangplee, Samutprakarn, Thailand)	SPE, Metrology	Instrument supplies, others	2	2	6	- (-)	32	-	44	29
Tosei Engineering (Pinghu) Co., Ltd.	Head Office (Pinghu, Zhejiang, China)	SPE, Metrology	Production equipment, others	220	67	3	- (-)	-	-	291	53
Tosei (Thailand) Co., Ltd	Head Office (Muang Chonburi., Thailand)	Metrology	Production equipment, others	97	28	18	53 (4)	-	-	197	45
Accretech SBS Inc.	Head Office (Cincinnati, Ohio, USA)	SPE, Metrology	Instrument supplies, others	-	3	9	- (-)	-	-	12	22

Notes:

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

3 [Plans for equipment and facility additions or disposals]

(1) Additions of major equipment and facilities

Company	Location	Business segment	Equipment or facility		Expected amount of investment		Start date	Expected completion date
			Type	Description	Total (MJPY)	Amount already invested (MJPY)		
The Parent Company	Hachioji Plant (Hachioji, Tokyo)	SPE business	Buildings and structures	Plant repair work, others	437	-	June, 2020	Dec., 2020
			Machinery	Machining Center, others	634	-	May, 2020	Jan., 2021
			Vehicles	Pallet jack	2	-	April, 2020	July, 2020
			Tools, instruments	Jigs for capacity expansion, others	937	75	April, 2018	March, 2021
			Software	Version upgrade of Virtual server, others	120	-	Aug., 2020	Oct., 2020
					2,130	75		
	Hino Plant (Hino, Tokyo)	SPE business	Buildings and structures	New Plant construction	9,320	-	Feb., 2020	March, 2023
					9,320	-		
	Tsuchiura Plant (Tsuchiura, Ibaraki)	Metrology business	Buildings and structures	New Plant construction, others	2,518	1,392	Feb., 2019	May, 2020
			Machinery	Precision surface grinding machine, others	295	-	August, 2019	July, 2020
			Tools, instruments	CMM for demonstration, others	232	9	May, 2019	Dec., 2020
			Software	Software for automatic cell, others	88	-	July, 2020	Feb., 2021
					3,133	1,401		
	Head Office (Hachioji, Tokyo)	SPE business, Metrology business	Tools, instruments	Server Hardware renewal, others	119	-	July, 2020	Oct., 2020
			Software	Office access system others	149	-	April, 2020	March, 2021
				268	-			
				14,851	1,476			
Tosei Engineering Corp.	Head Office, plants, and others (Tsuchiura, Ibaraki-ken, and elsewhere)	SPE business, Metrology business	Buildings and structures	Refurbishment of parking, others	25	-	July, 2020	Sep., 2020
			Machinery	Full scratch machine for Testing, others	40	-	June, 2020	July, 2020
			Vehicles	Sales vehicles, others	99	-	April, 2020	June, 2020
			Tools, instruments	Jig for inspection, others	221	-	April, 2020	June, 2020
					385	-		
Accretech Taiwan Co., Ltd.	Head Office (Jhubei, Hsin-chu, Taiwan)	SPE business, Metrology business	Buildings and structures	Head office and Application center	1,881	768	Aug., 2019	Jan, 2021
					1,881	768		

Notes:

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

(2) Disposal of major equipment and facilities

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

Section 4 [Corporate Information]

1 [Information on the Company's shares]

(1) Number of shares and others

[1] Number of shares

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

[2] Number of shares issued

Type	Number of shares issued at end of the FY (As of March 31 st , 2020)	Number of shares issued on the filing date of the securities report (As of June 29 th , 2020)	Stock exchanges on which the Parent Company is listed	Description
Common stock	41,695,381	41,706,981	Tokyo Stock Exchange (First Section)	Unit amount of stocks is 100.
Total	41,695,381	41,706,981	-	-

Note:

The number of shares issued as of the filing date of the securities report does not include those issued upon the exercise of share subscription rights (including bonds with warrants for the purchase of shares of common stock issued under former Commercial Code of Japan) (hereinafter referred to as SSR) during the period from June 1st, 2020, through the filing date of this report.

(2) Status of share subscription rights (SSR)

(a) Detail of Stock option plans

	The 10 th SSR	The 11 th SSR
Date for resolution	June 24 th , 2013 (Annual general meeting of the shareholders)	June 24 th , 2014 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:8 Employees of the Parent Company:235 Directors of subsidiaries:9 Employees of subsidiaries:71	Directors of the Parent Company:9 Employees of the Parent Company:250 Directors of subsidiaries:11 Employees of subsidiaries:80
Number of SSR **	189 [103] *Note 1	193 [175] *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 18,900 [10,300] *Note 1	Common Stock , 19,300 [17,500] *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	2,162 per share *Note 2	1,876 per share *Note 2
Exercise period for SSR **	July 23 rd , 2015-June 30 th , 2020	July 23 rd , 2016-June 30 th , 2021
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 2,162 Amount to be credited to common stock *Note 3	Issue price 1,876 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

	The 12 th SSR	The 13 th SSR
Date for resolution	June 23 rd , 2015 (Annual general meeting of the shareholders)	June 21 st , 2016 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:9 Employees of the Parent Company:256 Directors of subsidiaries:13 Employees of subsidiaries:89	Directors of the Parent Company:9 Employees of the Parent Company:258 Directors of subsidiaries:13 Employees of subsidiaries:92
Number of SSR **	429 [422] *Note 1	582 [577] *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 42,900 [42,200] *Note 1	Common Stock , 58,200 [57,700] *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	2,825 per share *Note 2	2,527 per share *Note 2
Exercise period for SSR **	July 23 rd , 2017-June 30 th , 2022	July 22 nd , 2018-June 30 th , 2023
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 2,825 Amount to be credited to common stock *Note 3	Issue price 2,527 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

	The 14 th SSR	The 15 th SSR
Date for resolution	June 26 th , 2017 (Annual general meeting of the shareholders)	June 25 th , 2018 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:8 Employees of the Parent Company:172 Directors of subsidiaries:12 Employees of subsidiaries:22	Directors of the Parent Company:8 Employees of the Parent Company:183 Directors of subsidiaries:8 Employees of subsidiaries:18
Number of SSR **	765 [765] *Note 1	745 [745] *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 76,500 [76,500] *Note 1	Common Stock , 74,500 [74,500] *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	3,950 per share *Note 2	4,073 per share *Note 2
Exercise period for SSR **	July 25 th , 2019 - June 30 th , 2024	July 24 th , 2020 - June 30 th , 2025
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 3,950 Amount to be credited to common stock *Note 3	Issue price 4,073 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

	The 16 th SSR	The 17 th SSR
Date for resolution	June 24 th , 2019 (Annual general meeting of the shareholders)	June 22 nd , 2020 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:7 Employees of the Parent Company:195 Directors of subsidiaries:8 Employees of subsidiaries:26	Directors and Employees of the Parent Company (exclude external directors and/or directors serving as Audit and Supervisory Committee members) and the Directors and Employees of Subsidiaries (exclude external directors). *Note 6
Number of SSR **	778 [778] *Note 1	900 in maximum *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 77,800 [77,800] *Note 1	Common Stock , 90,000 in maximum *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	3,075 per share *Note 2	*Note 2, *Note 7
Exercise period for SSR **	August 3 rd , 2021 - June 30 th , 2026	From the day three years after the day following the Allocation Date to June 30 th , 2028
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 3,075 Amount to be credited to common stock *Note 3	Issue price *Note 7 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

	SSR issued in June 2005 (stock-based compensation type)	SSR issued in July 2006 (stock-based compensation type)
Date for resolution	June 29 th , 2005 (Annual general meeting of the shareholders)	June 29 th , 2006 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:7 Employees of the Parent Company (executive officers): 11	Directors of the Parent Company:6 Employees of the Parent Company (executive officers):12
Number of SSR **	48 [48] *Note 1	33 [33]*Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 4,800 [4,800] *Note 1	Common Stock , 3,300 [3,300]*Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	1 per share	1 per share
Exercise period for SSR **	June 30 th , 2005-June 30 th , 2025	July 15 th , 2006-July 14 th , 2026
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 1 Amount to be credited to common stock 1	Issue price 1 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	* Note 8	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	-	*Note 4
Matters relating to the provisions for acquisition of SSR	-	*Note 5

	SSR issued in July 2007 (stock-based compensation type)	SSR issued in July 2011 (stock-based compensation type)
Date for resolution	June 28 th ,2007 (Board of Directors)	June 27 th , 2011 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:6 Employees of the Parent Company (executive officers): 12	Directors of the Parent Company:6 Employees of the Parent Company (executive officers): 2
Number of SSR **	48 [48] *Note 1	155 [155] *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 4,800 [4,800] *Note 1	Common Stock , 15,500 [15,500] *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	1 per share	1 per share
Exercise period for SSR **	July 20 th , 2007-July 19 th , 2027	July 13 th , 2011-July 12 th , 2031
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 1 Amount to be credited to common stock *Note 3	Issue price 1 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	* Note 8	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

	SSR issued in July 2012 (stock-based compensation type)	SSR issued in July 2013 (stock-based compensation type)
Date for resolution	July 6 th , 2012 (Board of Directors)	July 5 th , 2013 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:7 Employees of the Parent Company (executive officers): 2	Directors of the Parent Company:7 Employees of the Parent Company (executive officers): 2
Number of SSR **	155 [155] *Note 1	179 [179] *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 15,500 [15,500] *Note 1	Common Stock , 17,900 [17,900] *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	1 per share	1 per share
Exercise period for SSR **	July 24 th , 2012-July 23 rd , 2032	July 23 rd , 2013-July 22 nd , 2033
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 1 Amount to be credited to common stock *Note 3	Issue price 1 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	* Note 8	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

	SSR issued in July 2014 (stock-based compensation type)	SSR issued in July 2015 (stock-based compensation type)
Date for resolution	July 4 th , 2014 (Board of Directors)	July 7 th , 2015 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:8 Employees of the Parent Company (executive officers): 2	Directors of the Parent Company:8 Employees of the Parent Company (executive officers): 1
Number of SSR **	209 [209] *Note 1	282 [282] *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 20,900 [20,900] *Note 1	Common Stock , 28,200 [28,200] *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	1 per share	1 per share
Exercise period for SSR **	July 23 rd , 2014-July 22 nd , 2034	July 23 rd , 2015-July 22 nd , 2035
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 1 Amount to be credited to common stock *Note 3	Issue price 1 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	* Note 8	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

	SSR issued in July 2016 (stock-based compensation type)	SSR issued in July 2017 (stock-based compensation type)
Date for resolution	July 6 th , 2016 (Board of Directors)	July 7 th , 2017 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:8 Employees of the Parent Company (executive officers): 1	Directors of the Parent Company:7 Employees of the Parent Company (executive officers): 3
Number of SSR **	291 [291] *Note 1	365 [365] *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 29,100 [29,100] *Note 1	Common Stock , 36,500 [36,500] *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	1 per share	1 per share
Exercise period for SSR **	July 22 nd , 2016-July 21 st , 2036	July 25 th , 2017-July 24 th , 2037
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 1 Amount to be credited to common stock *Note 3	Issue price 1 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	* Note 8	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

	SSR issued in July 2018 (stock-based compensation type)	SSR issued in August 2019 (stock-based compensation type)
Date for resolution	July 6 th , 2018 (Board of Directors)	July 18 th , 2019 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Parent Company:7 Employees of the Parent Company (executive officers): 3	Directors of the Parent Company:6 Employees of the Parent Company (executive officers): 5
Number of SSR **	369 [369] *Note 1	442 [442] *Note 1
Type and number of shares to be issued upon the exercise of SSR (shares) **	Common Stock , 36,900 [36,900] *Note 1	Common Stock , 44,200 [44,200] *Note 1
Amount to be subscribed upon the exercise of the SSR (yen) **	1 per share	1 per share
Exercise period for SSR **	July 24 th 2018-July 23 rd , 2038	August 3 rd , 2019 – August 2 nd , 2039
Upon the exercise of the SSR, issue price and amount to be credited to common stock (yen) **	Issue price 1 Amount to be credited to common stock *Note 3	Issue price 1 Amount to be credited to common stock *Note 3
Conditions for exercise of the SSR	* Note 8	
Transfer of the SSR	Approval by the Board of Directors is required in order to transfer SSR.	
Matters relating to the issuance of SSR as a result of organizational restructuring action	*Note 4	
Matters relating to the provisions for acquisition of SSR	*Note 5	

** All statements above are as of the end of FY. There are no changes from ending date of FY2020/3 to as of the end of the month prior to the date this report was submitted (May 31st, 2020) except stated in parentheses [].

Notes:

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

(Adjustment of the Number of Shares Granted)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Period in which the SSR can be exercised

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

(6) Restrictions on acquisition of SSR by transfer

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

(7) Provisions for acquisition of the SSR

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

(8) Other conditions concerning exercise of the SSR

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

5. If any of resolutions (1) - (5) listed below is approved by a general meeting of Shareholders of the Company or, when a resolution of the general meeting of Shareholders is not required, if a resolution by the Board of Directors or decision by a representative executive officer occurs, the Company shall be permitted to acquire SSR at no cost on the date decided separately by the Board of Directors.

(1) A resolution approving a merger agreement by which the Company becomes an extinct company

(2) A resolution approving a split agreement or split plan by which the Company becomes a split company

(3) A resolution approving a stock swap agreement or stock transfer plan by which the Company becomes a wholly owned subsidiary

(4) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of any shares issued by the Company

(5) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of shares which were issued by the company upon exercise of SSR, or in order for the Company to acquire all of this class of stock pursuant to a resolution by the general meeting of Shareholders.

6. Categories and numbers of persons to whom rights are granted will be separately defined and ratified at the Board of Directors meeting.

7. Exercise Price shall be the higher of 1) averaged share price, which shall be calculated from the closing price of the shares at Tokyo Stock Exchange each day for a month before the month of exercise, multiplied by 1.025, or 2) closing price of the shares on the day before the day of exercise.

8. (1) The SSR can only be exercised when the holder of the SSR has lost his/her position as a director of the Company (including executive officers of the Company with a committee system of corporate governance) or executive officer. However, the SSR can be exercised only during the period from the date following the day on which the holder of the SSR lost his/her position (hereafter referred to as the "Right Exercise Start Date") until the day when 7 days have passed after the Right Exercise Start Date (or if that day is not a business day, the preceding business day).

(2) In the event that the holder of the SSR dies, the heirs of the holder may exercise the SSR. However in this case, the SSR can be exercised only during the period from the date following the next date of the holder's death until the day when 6 months have passed from this date (or if that day is not a business day, the preceding business day).

(b) Contents of the rights plan
Not applicable.

(c) Other information about SSR
Not applicable.

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

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

Period	Changes in the number of shares issued (shares)	Balance of the number of shares issued (shares)	Changes in common stock (MJPY)	Balance of common stock (MJPY)	Changes in additional paid-in capital (MJPY)	Balance of additional paid-in capital (MJPY)
April 1 st , 2015- March 31 st , 2016 *Note 1	82,700	41,423,381	79	10,374	79	17,746
April 1 st , 2016- March 31 st , 2017 *Note 1	72,200	41,495,581	87	10,462	87	17,834
April 1 st , 2017- March 31 st , 2018 *Note 1	80,300	41,575,881	99	10,561	99	17,933
April 1 st , 2018- March 31 st , 2019 *Note 1	22,500	41,598,381	29	10,591	29	17,963
April 1 st , 2019- March 31 st , 2020 *Note 1	97,000	41,695,381	112	10,703	112	18,075

Note:

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

Date	Reason for change	Changes in the number of shares issued (shares)	Changes in common stock (MJPY)	Changes in the amount of paid-in capital (MJPY)
April 1 st , 2015 - March 31 st , 2016	Increase due to exercise of SSR	82,700	79	79
April 1 st , 2016 - March 31 st , 2017	Increase due to exercise of SSR	72,200	87	87
April 1 st , 2017 - March 31 st , 2018	Increase due to exercise of SSR	80,300	99	99
April 1 st , 2018 - March 31 st , 2019	Increase due to exercise of SSR	22,500	29	29
April 1 st , 2019 - March 31 st , 2020	Increase due to exercise of SSR	97,000	112	112

Note2: Due to exercise of SSR, the number of shares issues increased by 11,600 shares and common stock and paid-in capital increased by ¥16 million each during April 1st, 2020 to May 31st, 2020.

(5) Details of shareholders

At March 31st, 2020

Classification	Status of shares (1 unit = 100 shares)							Shares under 1 unit (shares)	
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other		Total
					Other than individuals	Individuals			
Number of shareholders (person)	-	46	36	192	213	25	13,363	13,875	-
Number of shares held (units)	-	169,225	3,793	40,741	112,965	169	89,650	416,543	41,081
Ratio (%)	-	40.63	0.91	9.78	27.12	0.04	21.52	100.00	-

Notes:

- All statements above are based on the cut-off date for Annual general meeting of the shareholders.
- Treasury stock of 37,207 shares is included in "Individuals and other" for 372 units and in "Shares under 1 unit" for 7 shares. The effective number of Treasury stock as of March 31st, 2020 was also 37,207 shares.

(6) Principal shareholders

At March 31st, 2020

Name	Address	Number of Shares held (1,000s)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. Trust account	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	5,106	12.26
Japan Trustee Services Bank, Ltd. Trust account No.9	1-8-11 Harumi, Chuo-ku, Tokyo	3,237	7.77
Japan Trustee Services Bank, Ltd. Trust account	1-8-11 Harumi, Chuo-ku, Tokyo	2,656	6.38
The Precise Measurement Technique Promotion Foundation	3-1-6-203 Kyonan-cho, Musashino-shi, Tokyo	1,058	2.54
Tsugami Corporation	12-20 Tomizawa-cho, Nihombashi, Chuo-ku, Tokyo	1,033	2.48
Japan Trustee Services Bank, Ltd. Trust account No.5	1-8-11 Harumi, Chuo-ku, Tokyo	736	1.77
JP Morgan Chase Bank 385151 (Standing Proxy: Mizuho Bank Ltd., Settlement & Clearing Services Department)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1 Konan, Minato-ku, Tokyo)	697	1.67
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	672	1.61
SSBTC Client Omnibus Account (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Custody Sales Department)	One Lincoln Street, Boston MA, USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo)	642	1.54
JP Morgan Chase Bank 385632 (Standing Proxy: Mizuho Bank Ltd., Settlement & Clearing Services Department)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1 Konan, Minato-ku, Tokyo)	637	1.53
Total	-	16,477	39.55

Notes:

- All statements above are based on the cut-off date for Annual general meeting of the shareholders.
- The following corporations have submitted a Large Shareholding Report (change report). The reports of the number of shares held have been submitted on the dates listed below. However, because it was unable to verify the actual number of shares held at the end of FY2020/3, they are not considered to be among the "Major shareholders" above.

Name	Address	Shares held (1,000s)	Shares held as a percentage of total shares issued (%)	Reported date (Reporting obligation date)
FIL Investments (Japan) Limited	7-7-7 Roppongi, Minato-ku, Tokyo	3,728	8.95	June 6 th , 2019 (May 31 st , 2019)
Sumitomo Mitsui Trust Asset Management Co., Ltd. (*1)	1-1-1 Shiba Koen, Minato-ku, Tokyo	2,116	5.08	Dec. 19 th , 2019 (Dec. 13 th , 2019)
Mitsubishi UFJ Trust and Banking Corporation (*2)	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	2,083	5.00	Jan. 6 th , 2020 (Dec. 23 rd , 2019)
Sumitomo Mitsui DS Asset Management Company, Limited (*3)	2-5-1 Atago, Minato-ku, Tokyo	2,108	5.06	Jan. 10 th , 2020 (Dec. 31 st , 2019)
Mizuho Bank, Ltd. (*4)	1-5-5 Otemachi, Chiyoda-ku, Tokyo	3,192	7.66	March 23 rd , 2020 (March 13 th , 2020)

(*1) Co-ownership between Sumitomo Mitsui Trust Asset Management Co., Ltd. (1,144 thousand shares) and Nikko Asset Management Co., Ltd (971 thousand shares).

(*2) Co-ownership among Mitsubishi UFJ Trust and Banking Corporation (1,729 thousand shares), Mitsubishi UFJ Kokusai Asset Management (308 thousand shares) and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd (45 thousand shares).

(*3) Co-ownership between Sumitomo Mitsui DS Asset Management Company, Limited (1,628 thousand shares) and Sumitomo Mitsui Banking Corporation (479 thousand shares).

(*4) Co-ownership among Mizuho Bank, Ltd. (672 thousand shares), Mizuho Trust & Banking Co., Ltd. (100 thousand shares), Asset Management One Co., Ltd. (2,045 thousand shares) and Asset Management One International Ltd. (374 thousand shares).

(7) Status of voting rights

[1] Shares issued

At March 31st, 2020

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	-	-	-
Shares with limited voting rights (treasury stock, etc.)	-	-	-
Shares with limited voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock: 37,200	-	-
Shares with full voting rights (others)	Common stock: 41,617,100	416,171	-
Shares under one unit	Common stock: 41,081	-	-
Total shares issued	41,695,381	-	-
Total voting rights held by all shareholders	-	416,171	-

Notes:

1. All statements above are based on the cut-off date for Annual general meeting of the shareholders.
2. The common stock in the “Shares under one unit” includes 7 shares of treasury stock owned by the Parent Company.

[2] Treasury stock, etc.

At March 31st, 2020

Shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total (Shares)	Percent of total shares issued (%)
(Treasury stock) Tokyo Seimitsu Co., Ltd.	2968-2 Ishikawa-machi, Hachioji-shi, Tokyo	37,200	-	37,200	0.09
Total	-	37,200	-	37,200	0.09

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

2 [Acquisition of treasury stock]

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

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

(2) Acquisition of treasury stock based on a resolution approved by the Board of Directors
Not applicable.

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

Classification	Number of shares(shares)	Total amount (MJPY)
Treasury stock acquired during FY2020/3	416	1
Treasury stock acquired during the period for acquisition	-	-

Note: "Treasury stock acquired during the period for acquisition" does not include the number of shares under 1 unit purchased during the period from June 1st, 2020 to the filing date of this Financial Document (*Yuukashoken-houkokusho*).

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

Classification	FY2020/3		Period for acquisition	
	Number of shares	Total disposition amount (MJPY)	Number of shares	Total disposition amount (MJPY)
Acquired treasury stock for which subscribers were solicited	-	-	-	-
Acquired treasury stock which was disposed	-	-	-	-
Acquired treasury stock for which transfer of shares was conducted in association with merger, stock exchange, or corporate separation.	-	-	-	-
Others (-)	-	-	-	-
Number of shares of treasury stock held	37,207	-	37,207	-

Note: "Number of shares of treasury stock held during the period for acquisition" does not include shares under 1 unit which purchased or sold from June 1st, 2020 to the filing date of this Financial Report (*Yuukashoken-houkokusho*).

3 [Dividend policy]

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

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

For FY2020/3, the Parent Company paid ¥76 per share as the dividend, including an interim dividend (¥38 per share) paid on December 10th, 2019. The Group considers maintaining a core policy regarding the distribution of profits linked to the business performance of the Group and aims to pay stable dividends targeting a consolidated dividend payout ratio of 35%. Also, considering the aim to provide stable and continuous dividend payments, the Parent Company deems to maintain an annual dividend of ¥20 per share regardless of consolidated profits of the Parent Company. However, it is at the discretion of the Board to review this basic policy if the Parent Company experiences losses in two consecutive years.

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

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

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

Date of resolution	Total dividend amount (MJPY)	Dividend per share (yen)
November 11 th , 2019 Resolution of the Board of Directors meeting	1,582	38.00
June 22 th , 2020 Resolution of the annual general meeting of shareholders	1,583	38.00

4 [Corporate governance and others]

(1) Status of Corporate Governance

(1) Corporate Governance philosophy

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

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

(2) Overview of Corporate governing body and supervisory structures

I. Overview of supervisory structures

Tokyo Seimitsu applies an independent supervisory management structure across the Company Group called the Audit and Supervisory Committee, because the Company Group believes such governing body is the most appropriate one to realize transparent managerial discussion and resolution with external comments and advisers. This committee has the power to audit each director's managerial operations from an independent position from the Board of Directors. Its members are selected as independent Financial auditors and serve to oversee the Parent Company's Audit department to guarantee the effectiveness of internal audits.

The Board of Directors is composed of 9 directors (not serving as an Audit and Supervisory Committee member) including 2 external corporate directors, and 4 Audit and Supervisory Committee members including 3 external corporate directors. The Board of Directors holds Board Meetings once a month as routine, and may hold extraordinary Board Meetings, as necessary. At these Board Meetings, important matters stipulated among the law, article of incorporation, regulations related to Board of Directors and monthly, quarterly, and/or annually business performance are being deliberated and reviewed. In addition, each director oversees other directors' business decision making.

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

Note that the members of the Board of Directors and the Audit and Supervisory committee are shown in Page 44. Chairperson of the Board of Director is Hitoshi Yoshida, and of the Audit and Supervisory Committee is Shinji Akimoto.

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

Names of committee (or the systems)	Number of members	Chairperson		Purpose and Function
		Title	Name	
Risk Compliance Committee	14 members	Representative Director	Koichi Kawamura	Maintain and evaluate status of internal organization, and educate employees to adhere to the compliance.
Risk Management Committee	14 members	Representative Director	Hitoshi Yoshida	Understand and manage risks that may affect business operations, and carry out activities against such risks.
Information Security Committee	18 members	Representative Director	Koichi Kawamura	Protect information assets from falsification, destruction and/or leakage, understand and manage countermeasures from such potential risks, educate employees and audit such systems.
CSR Committee	31 members	Representative Director	Koichi Kawamura	Evaluate entire corporate activities from the respect of human rights and/or impact to entire global environment perspective, aware of the responsibility of the Group, and to proceed with monitoring status, evaluating emerging situations, and educating necessary personnel.
Whistleblower system	-	-	-	System to accept reports or provide consultation on incorrect behaviors that are against social norms or corporate ethics. Appropriate measures are taken to protect whistleblowers and maintain transparency.

II. Reasons for establishing overview systems and structures

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

(3) Other systems of Corporate Governance

I. The Parent Company operates other corporate governance systems described as follows, which has been ratified by the Board of Director in May, 2006 (most recently revised in June, 2019).

1. Basic corporate philosophy

The philosophy can be expressed as “Creating the World’s No.1 products through uniting worldwide outstanding technologies, wisdoms, and information, and growing together”. In order to establish WIN-WIN relationship with all stakeholders including shareholders, customers, suppliers and employees and to sustain long-term growth, the Group keeps diligent and transparent operations through strengthening corporate governance and compliance.

2. Systems to ensure that Directors and/or employees of the Parent Company and/or its subsidiaries’ business dealings meet laws and articles of incorporation

- i. To meet appropriate corporate governance standards, the Board of Directors of the Parent Company and its subsidiaries have put in place an effective internal control system and established a system for compliance with laws, regulations, and the articles of incorporation.
- ii. The Parent Company has the “Accretech Group Code of Conduct” to ensure that in all business activities, employees always observe laws, regulations, the articles of incorporation, company rules, and social rules, to conduct themselves in an ethical and honest manner. The Parent Company endeavors to spread and ratify this code to employees and directors of whole company groups.
- iii. The Parent Company has a Compliance Committee chaired by the Director in charge of the Administration Company, to maintain the internal organization for the compliance and to promotion of compliance policies, and to set up procedures that all personnel in the Parent Company and its subsidiaries must adhere to.
- iv. The Parent company has the system for reporting incidents relating to compliance, by which head of compliance director and/or the head of intercompany report details and action plans to the Board of Directors and Audit and Supervisory Committee in a timely manner.
- v. The Parent Company has the Audit dept. which is overseen directly by the President and CEO, and carries out the Parent Company and its subsidiaries’ internal audits in order to verify issues such as compliance with laws, regulations, the articles of incorporation, company rules, and validity of management decision making.
- vi. The Parent Company has an internal whistleblower system to accept reports or provide consultation on incorrect behaviors of the Parent Company and its subsidiaries that are against social norms or corporate ethics. Appropriate measures are taken to protect whistleblowers and

- vii. maintain transparency.
 - viii. The Audit and Supervisory Committee audits the effectiveness and functions of the internal control system.
- 3. Systems of information management of director's business dealings
 - i. Directors shall secure all information and documents related to business dealings based on the "Information Security Control Rules".
 - ii. Upon requests by directors and/or the Audit and Supervisory Committee members, this information will be made available for inspection.
- 4. Systems for the Parent Company and its subsidiaries' risk managements
 - i. The Parent Company works to prevent potential risks. If risks appear, all personnel in the Parent Company immediately carry out activities quickly and calmly.
 - ii. The Parent Company has "Regulations for risk management" for the purpose of understanding risks that may affect the business operations and its management. The Parent Company has also a "Risk Management Committee," chaired by President and CEO. This committee helps prevent potential risks, while developing a system for emergency preparedness in accordance with Regulations for risk management.
 - iii. If the Audit dept. finds any violation of laws, regulations, the articles of corporation or internal rules, or any performance of duties that may cause a loss due to some other reasons at the Parent Company or its subsidiaries, the Manager of the Audit dept. immediately notifies the President and CEO and instructs employees to implement corrective or improvement actions.
 - iv. In the event of a risk scenario arising, the Parent Company would immediately establish a "Risk Response Team" managed by the President and CEO, and carry out activities aimed at responding to the risk and quickly bringing it under control.
- 5. Systems for effect business operations by Directors of the Parent Company and its subsidiaries
 - i. The Boards of Directors of the Parent Company and its subsidiaries determine material issues pertaining to management policy and other items and oversees the performance of duties by the Directors, in accordance with the internal rules including those of the Boards of Directors. They have a framework to ensure the distribution of sufficient materials related to the agenda to all the Directors.
 - ii. In order to realize quick business decisions for R&D and/or tactics based on market conditions, the Parent Company adopts an executive officer system. The Parent Company holds regular executive officer meetings to monitor the status of business plans.
 - iii. For the execution of routine business, the Parent Company delegate's authority and responsibility to appropriate personnel based on the Parent Company's regulations in accordance with business authorization and responsibility.
- 6. Systems to ensure the proper performance of other duties at the Parent Company and its subsidiaries
 - i. The Parent Company has "Regulations for applications and reports from Subsidiaries" on matters to be declared or reported to the Parent Company from subsidiaries, based on which important issues are reported to the Parent Company, and some require the approval of the Parent Company.
 - ii. The Management Support Dept. under the direct control of the President and CEO collects information on important issues and serious risks at the subsidiaries to share information between the Parent Company and the subsidiaries and properly perform duties in the interest of the Group.
 - iii. If the Management Support Dept. identifies a risk of loss at an affiliated company, it immediately reports to the Board of Directors and divisions concerned the nature, degree and impact of the loss.
 - iv. The Management Support Dept. actively shares information with the Audit Dept. and other relevant divisions of the Parent Company or subsidiaries in order to prevent improper transaction or accounting related to the Parent Company and its subsidiaries.
- 7. Systems to ensure the creditability of financial statements
 - i. The Parent Company has "Basic Policy on Internal Control over Financial Reporting" to sufficiently reduce risks against the credibility of financial reporting by the Parent Company and its subsidiaries.
 - ii. The Parent Company and its subsidiaries strive to ensure the validity of financial reporting by segregating responsibilities and conducting daily monitoring in the performance of their daily duties.
 - iii. The Audit Dept. evaluates and checks the validity of internal control systems related to financial reporting at the Parent Company and its subsidiaries.
 - iv. For matters which are highly likely to have significant impact on the financial situation, the

- Directors, Audit and Supervisory Committee members, and Public Accountants properly share information among themselves.
8. Matters for employees who have been appointed to support the Audit and Supervisory Committee members to ensure the creditability of financial statements
 - If necessary, the Parent Company assigns around two employees belonging to the Management Support Dept. and/or Audit Dept. to assist the Audit and Supervisory Committee members.
 9. Systems to ensure the independence of employees who assist the Audit and Supervisory Committee members from the Directors, and those on the effectiveness of instructions of the Audit and Supervisory Committee members to such employees
 - i. The employees who assist the Audit and Supervisory Committee members described in the preceding paragraph do not receive any instructions from superiors of the division they belong to for matters for which they receive instructions from the Audit and Supervisory Committee members.
 - ii. The appointment and/or transfer of employees to support Auditors shall be agreed by the Audit and Supervisory Committee.
 - iii. The assessment of employees to support the Audit and Supervisory Committee shall be referred for the Audit and Supervisory Committee's opinion.
 10. Systems for reporting from Directors, employees of the Parent Company and/or its subsidiaries, and/or Auditors of the subsidiaries to the Audit and Supervisory Committee members of the Parent Company
 - i. The Directors and employees of the Parent Company and its subsidiaries shall make report or provide information as necessary, as determined by the Audit and Supervisory Committee of the Parent Company, upon request of the Audit and Supervisory Committee members.
 - ii. Major matters to be reported on are as follows.
 - Internal Control System activities of the Audit Dept. and Management support Dept.
 - Activities of the Auditors and internal audit divisions of subsidiaries
 - Significant accounting principles and standards of the Parent Company and their significant changes
 - Contents of business results and forecast to be announced, and contents of important disclosure documents
 - Management of the internal whistleblower system and reported contents
 - Distribution of internal *Ringi* (Ratification request) and minutes of meetings requested by the Auditors
 - iii. The Parent Company and its subsidiaries shall ensure that their Directors and employees and the Auditors of subsidiaries are not treated unreasonably because of such reporting or information provision to the Audit and Supervisory Committee members.
 11. Systems to ensure effective Audit by other Audit and Supervisory Committee members
 - i. The Representative Directors hold regular meetings with the Audit and Supervisory Committee members to exchange opinions on corporate management and communicate each other, separately from the reporting of the performance of duties.
 - ii. The Board of Directors ensures that the Audit and Supervisory Committee members participate in important meetings such as Executive Management Meetings to ensure proper performance of their duties.
 - iii. The Parent Company shall bear all the necessary expenses or debts for the Audit and Supervisory Committee members to perform their duties. Upon claim of advance payment of such expenses pursuant to the Companies Act, it shall immediately pay after confirming with the relevant divisions.
 12. Policies and preparations for the severance of relationships with anti-social forces.
 - i. The Parent Company and its subsidiaries do not have any relationships with anti-social forces. In a case where anti-social forces contact the Parent Company or its subsidiaries, the Group will immediately notify and inform the police department and other relevant organizations, and will manage it with lawyers and other relevant organizations as necessary.
 - ii. The Parent Company and its subsidiaries mandate the severance of relationships with anti-social forces as a part of the "Accretech Group Code of Conduct," and collects related information from sources such as the relevant police departments and the shareholder registry, in order to understand the most recent changes in preparation for unforeseen events. Responses to anti-social forces are determined by each responsible department, and are carried out in cooperation with external organizations as necessary.

- II. Outline of the contract between the Parent Company and directors (excluding those who have executive authority over operations) as stipulated in Article 427, No. 1 of the Company Law of Japan
- As stipulated in Article 427, No. 1 of the Company Law of Japan, the Parent Company holds a contract with Shozo Saito, Naomi Inoue of external corporate directors, and with Shinji Akimoto, Yoshiro Hayashi, Yuriko Sagara and Kiyoshi Matsumoto of the directors served as the Audit and Supervisory Committee members. The Outline of the contract is as follows.
1. Limited indemnity
Where external Corporate Director and/or director served as an the Audit and Supervisory Committee member violates in Article 423, No. 1 of the Company Law of Japan, forgetting duty of external corporate director/auditors, and made loss to the Group, if it was a benevolent act and without obvious negligence and confirmed, then the upper limit of indemnity shall be set as the limit of indemnity as stipulated in Article 425, No. 1 of the Company Law of Japan.
 2. Ratification of compliance with limited responsibility
The Parent Company will ratify if the act of related external corporate director and/or director served as an Audit and Supervisory Committee member fulfills the limited responsibility.
 3. Approval from shareholder's meeting
If external corporate director and/or director served as an Audit and Supervisory Committee member's acts cause loss to the Group, over the range as described by the limited liability, and if the contracts limited these director's liability, these directors shall not receive any financial benefits including, but not limited to retirement benefits from Company without approval from a shareholders meeting.
 4. Expiration of the limited liability contract
If the external corporate director and/or director served as an Audit and Supervisory Committee member is appointed to director, executive officer, and/or employees of the Parent Company and/or its subsidiaries, the contract shall be expired thereafter.
- III. Authority for the Board of Directors to decide resolutions of the general meeting of Shareholders
1. In order for the Parent Company to be able to carry out its capital strategy in a flexible manner that is appropriate for changes in the business environment, the articles of incorporation state that "under the provisions of Article 165, Paragraph 2 of the Company Law of Japan, the Parent Company may, by resolution of the Board of Directors, acquire its own shares through market trading and other means that are identified in Paragraph 1 of the same article."
 2. In order to return profits to the shareholders in a flexible manner, the articles of incorporation state that "the Parent Company may, by resolution of the Board of Directors, pay an interim dividend to shareholders or registered pledgees listed or recorded in the latest shareholder registry on September 30th of each year."
- IV. The maximum number of directors as determined by the articles of incorporation
- The Parent Company determines maximum number of directors (exclude director served as an Audit and Supervisory Committee member) as 15, and maximum number of directors served as an Audit and Supervisory Committee member as 5, by the articles of incorporation.
- V. Resolutions to appoint directors as determined by the articles of incorporation
- The articles of incorporation of the Parent Company require that "resolutions which appoint directors must be made at meetings where shareholders with a minimum of 1/3 of the exercisable shareholder voting rights are present, and must be approved by a majority of the present voting rights," and also that such resolutions "shall not be decided by cumulative voting."
- VI. Requirements for special resolutions of the general meeting of Shareholders
- In order to ensure the smooth operation of the general meeting of Shareholders by reducing the quorum required for a special resolution, the articles of incorporation state that "the resolutions which are identified in Article 309, Paragraph 2 of the Company Law of Japan require the attendance of 1/3 or more of shareholders with voting rights, and shall be decided by a minimum 2/3 majority of the voting rights present."

(2) Status of Directors and Auditors

(1) Directors' List

Number of Male directors: 12 Female directors: 1 (Female-to-number of Directors ratio; 8%)

Function and Position	Name	Date of birth	Career profile		Term of office	Number of shares owned (1,000s)
Representative Director, President and CEO	Hitoshi Yoshida	Nov. 26 th , 1959	April 1983 April 2002 June 2005 Oct. 2007 June 2011 April 2015	Joined the Parent Company Executive Officer of Metrology Company Director President of Metrology Company Representative Director President and CEO (to present)	*3	7
Representative Director, Vice President and COO Head of Semiconductor Company	Ryuichi Kimura	Dec. 30 th , 1962	April 1986 April 2005 June 2005 Aug. 2007 June 2011 April 2015 April 2019	Joined the Parent Company Executive Officer of Semiconductor Company Director President of Semiconductor Company Representative Director Vice President and COO (to present) Head of Semiconductor Company (to present)	*3	2
Representative Director and CFO Head of Administration Company	Koichi Kawamura	Oct. 5 th , 1957	April 1980 April 2008 June 2009 April 2011 June 2015 April 2019	Joined The Fuji Bank Limited. (now Mizuho Bank, Ltd.) Joined the Parent Company, Senior Executive officer of Administration Company Director President of Administration Company Representative Director and CFO(to present) Head of Semiconductor Company (to present)	*3	6
Director Senior Executive Officer of Semiconductor Company	Akihiro Endo	Jan. 10 th , 1958	April 1981 Oct. 2002 Oct. 2005 April 2009 April 2012 June 2012	Joined Oki Electric Industry Co., Ltd. Joined the Parent Company Executive Officer of Semiconductor Company General manager of Technology div. (to present) Senior executive officer of Semiconductor Company (to present) Director (to present)	*3	3
Director Head of Metrology Company	Masahiro Tomoeda	May 4 th , 1955	April 1986 Oct. 2002 April 2009 April 2013 June 2014 April 2019	Joined the Parent Company Executive Officer of Metrology Company General Manager of Sales Division, Metrology Company Senior Executive Officer of Metrology Company Director (to present) Head of Metrology Company (to present)	*3	3
Director Managing Executive Officer of Semiconductor Company	Takahiro Hokida	April 24 th , 1962	July 1986 Oct. 1995 April 2010 April 2012 April 2014 June 2015	Joined YDK Co., Ltd Joined the Parent Company Executive officer of Semiconductor Company General Manager of Test Technology Division (to present) Managing executive officer of Semiconductor Company (to present) Director (to present)	*3	1
Director (Part-time)	Wolfgang Bonatz	Dec. 21 st , 1964	Oct. 1992 April 1996 Nov. 1999 Oct. 2001 June 2002	Joined Tokyo Seimitsu Europe GmbH (now subsidiary Accrettech (Europe) GmbH). Operations Manager Director President (to present) Director (part-time) of the Parent Company (to present)	*3	3
Director (Part-time)	Shozo Saito	July 9 th , 1950	June 2007 June 2010 June 2012 June 2015	Executive Officer, Corporate Senior Vice President of Toshiba Corporation Executive Officer, Corporate Executive Vice President Director, Representative Executive Officer, and Corporate Senior Executive Vice President Director (part-time) of the Parent Company (to present)	*3	-

Function and Position	Name	Date of birth	Career profile		Term of office	Number of shares owned (1,000s)
Director (Part-time)	Naomi Inoue	Nov. 6 th , 1950	April 1974 April 2002 April 2007 Mar. 2010 June 2013 June 2019 June 2020	Joined The Fuji Bank, Limited. (now Mizuho Bank, Ltd.) Executive Officer of Mizuho Bank, Ltd. Managing Director President of Mizuho Information & Research Institute, Inc. President of Joban Kosan, Ltd. Auditor (part-time) of the Parent Company Director (part-time) of the Parent Company (to present) Chairman of Joban Kosan, Ltd.(to present)	*3	-
Director (Audit and Supervisory Committee member)	Shinji Akimoto	Nov., 29 th , 1963	April 1987 April 2000 April 2002 April 2007 June 2018 June 2019	Joined the Parent Company General Manager, Human Resources Planning Dept., Planning Div. General Manager, Human Resources Dept., Administration Company Executive Officer Auditor Director (Audit and Supervisory Committee member) (to present)	*4	2
Director (Audit and Supervisory Committee member) (Part-time)	Yoshiro Hayashi	July 2 nd , 1948	June 2003 June 2006 June 2015 June 2019	Audit & Supervisory Board Member of Toyota Motor Corporation President of Panasonic EV Energy Co., Ltd (now Primearth EV Energy Co., Ltd) Auditor (part-time) of the Company Director (Audit and Supervisory Committee member) (to present)	*4	-
Director (Audit and Supervisory Committee member) (Part-time)	Yuriko Sagara	Sep. 6 th , 1974	Oct. 2001 Aug. 2005 Jan. 2013 April 2015 June 2017 June 2019	Admitted to the bar Joined Nakamura & Partners Registered as a patent attorney Partner, Nakamura & Partners(to present) Advisory Councilor for Unfair Competition Prevention Law, Ministry of Economy, Trade and Industry(to present) Intellectual Property Committee, The Japan Federation of Bar Associations (to present) Director (Audit and Supervisory Committee member) of the Parent Company(to present)	*4	-
Director (Audit and Supervisory Committee member) (Part-time)	Kiyoshi Takamasu	Oct. 8 th , 1954	April 1982 Oct. 1987 Mar. 1990 Nov. 2001 March 2020 June 2020	Assistant, The Department of Precision Machinery Engineering, School of Engineering, The University of Tokyo Associate Professor, Department of Precision Mechanical Engineering, School of Engineering, Tokyo Denki University Visiting Researcher, The University of Warwick, U.K. Professor, The Department of Precision Machinery Engineering (now the Department of Precision Engineering), Graduate School of Engineering Research, The University of Tokyo President, The Japan Society for Precision Engineering (to present) Director (Audit and Supervisory Committee member) of the Parent Company (to present)	*5	-
Total						30

Notes:

1. Directors Shozo Matsumoto and Naomi Inoue are external corporate directors.
2. Directors Yosiro Hayashi, Yuriko Sagara and Kiyoshi Takamasu are external corporate directors (Audit and Supervisory Committee members).
3. Until the conclusion of the general meeting of Shareholders for the final FY ending within 1 year following the conclusion of the general meeting of Shareholders which was held on June 22nd, 2020.
4. Until the conclusion of the General Meeting of Shareholders for the final FY ending within 2 years following the conclusion of the Regular Meeting of Shareholders which was held on June 24th, 2019.
5. Until the conclusion of the General Meeting of Shareholders for the final FY ending within 2 years following the conclusion of the Regular Meeting of Shareholders which was held on June 22nd, 2020.

(2) External Corporate Directors

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

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

	Name	Relationship	Capital relationship (number of shares of the Company owned)	Commercial or other business relationship
External corporate directors	Shozo Saito	Not applicable	0 shares	None
	Naomi Inoue	Not applicable	0 shares	None
External corporate auditors (served as an Audit and Supervisory Committee member)	Yoshiro Hayashi	Not applicable	0 shares	None
	Yuriko Sagara	Not applicable	0 shares	None
	Kiyoshi Takamasu	Not applicable	0 shares	None

- Shozo Saito, an external corporate director, had joined Toshiba Corporation. There is a business relationship that the Parent Company sells some equipment to Toshiba Corporation.
- Naomi Inoue, an external corporate director, had joined the Mizuho Bank., Ltd. The Parent Company has loans payable from Mizuho Banking Group. He is also a Chairman of Joban Kosan, Ltd. There is no business relationship between the Parent Company and Joban Kosan, Ltd.
- Yoshiro Hayashi, an external corporate director (served as an Audit and Supervisory Committee member), had joined Toyota Motor Corporation. There is a business relationship that the Parent Company sells some equipment to Toyota Motor Corporation.
- Yuriko Sagara, external corporate director (served as an Audit and Supervisory Committee member), is admitted both as a bar and a patent attorney. She is a partner of a patent law office. There is no business relationship and/or interest to be stated in this report between the Parent Company and the patent law office.
- Kiyoshi Takamasu, an external corporate director (served as an Audit and Supervisory Committee member), is a President of a public interest incorporated association named The Japan Society for Precision Engineering. There is no business relationship and/or interest to be stated in this report between the Parent Company and the association.

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

1. The roles and functions of external corporate directors in order to maintain the Parent Company's Corporate Governance
 - i. The external corporate directors (exclude Audit and Supervisory Committee members) shall participate in important meetings such as Board of Directors, and supervise business decisions, and business dealings in areas relating to his/her special knowledge and operations of his/her organizations experiences.
 - ii. The external corporate directors (served as an Audit and Supervisory Committee member) shall participate in important meetings such as Board of Directors, and audit functionality and effectiveness of internal control systems in keeping with each special knowledge and operations of his/her organizations experiences.
 - iii. The external corporate directors shall carry out their functions as independent positions which shall not cause conflict of interest against general shareholders.
2. Status of appointing external corporate directors
 - i. The Parent Company has regulations defining independence between external corporate directors and the Parent Company. Based on the regulations, the Parent Company appoints persons to these roles who are independent of the general shareholders, and are available to scrutinize management from a neutral position.
 - ii. The external corporate directors (exclude Audit and Supervisory Committee member) have been appointed with the expectation that his special knowledge of finance, service, and manufacturing and their abundant experiences may positively affect the Parent Company's business operations.
 - iii. The external corporate directors (served as an Audit and Supervisory Committee member) have been appointed with expectation that their special knowledge in engineering and experience leading his organization at the companies and research institutes experiences may positively affect the Parent Company's audit.

3. Coordination among audits by external corporate directors, internal audits, and accounting audits, and relationships to internal control division
 - i. The external corporate directors (exclude Audit and Supervisory Committee member) shall participate in important meetings such as Board of Directors, and supervise director's business dealings, and/or freely provide advice differing from the views of other executive directors.
 - ii. The external corporate directors (served as an Audit and Supervisory Committee member) shall cooperate as a member of an Audit and Supervisory Committee and have mutual relationship among Board of Directors, Audit dept. and related agency and/or division.
 - iii. When reviewing to determine whether or not the annual financial reports reflect the true status of the company, the Audit and Supervisory Committee receives reports and explanations from the accounting auditors. The Audit and Supervisory Committee and the accounting auditors hold meetings for reporting and reviews related to matters such as accounting audit systems, plans, and operating conditions once every 2 months, working to maintain close cooperation. The Audit and Supervisory Committee and the Audit dept. hold meetings for reporting and review once every 2 months.

(3) Status of Audits

I. Status of Audits by Audit and Supervisory Committee

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

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

Through means such as attending meetings of the Board of Directors and other important meetings, holding hearings concerning the status of business practices, and examining important financial documents, the members carry out audits related to the business practices, accounting processes, financial management, and other activities of the Parent Company, checking for any actions which violate laws, regulations, or the duty of good faith.

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

- Audit policy and Audit schedule
- Report of the Audit findings
- Audit of Quarterly Financial Statements
- Reappointment or Non-reappointment of public accountants
- Approval of compensation for Certified Public Accountant
- Consideration of compensation for and allocation to Directors
- Audit of Business Report and Proposals for General meetings of shareholders
- Audit of Internal Control systems
- Hearings about overseas affiliate operations
- Audit of important approval requests

Position	Relationship	Attendance of Board of Directors meetings (Total held : 16)	Attendance of Audit and Supervisory Committee meetings (Total held: 6)
Director (Audit and Supervisory Committee member)	Shinji Akimoto	16 attendance	6 attendance
Director (Audit and Supervisory Committee member) (Part-time)	Hirokazu Matsumoto	16 attendance	6 attendance
Director (Audit and Supervisory Committee member) (Part-time)	Yoshiro Hayashi	16 attendance	6 attendance
Director (Audit and Supervisory Committee member) (Part-time)	Yuriko Sagara	12 attendance (Total held: 12 since an appointment)	6 attendance

Note: Mr. Hirokazu Matsumoto retired from the position at conclusion of the Regular Meeting of Shareholders for FY97th (FY2020/3).

II. Status of Internal audits

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

III. Status of Financial Auditing

1. Name of Certified Public Accountant
Ernst & Young ShinNihon LLC
2. Period of continuous audit
35 Years
3. Certified Public Accountants who have carried out auditing work
Kanako Kitamoto, Designated and Engagement Partner
Masaki Mitsuji, Designated and Engagement Partner
4. Assistant to the audits
Certified Public Accountants: 6, Others: 11

IV. Status of compensation to auditors, and others

1. Compensation for public accountants

	FY2019/3		FY2020/3	
	Compensation related to Audit & assurance (MJPY)	Compensation not related to Audit & assurance (MJPY)	Compensation related to Audit & assurance (MJPY)	Compensation not related to Audit & assurance (MJPY)
The Parent Company	42	-	43	9
Consolidated Subsidiaries	12	-	25	-
Total	55	-	69	9

2. Other important compensations

FY2019/3 (April 1st, 2018 - March 31st, 2019)

The consolidated subsidiaries, Accretech America Inc., Accretech (Europe) GmbH, Accretech (China) Co., Ltd., and Accretech Taiwan Co., Ltd., paid total ¥13 million to Ernst & Young, which belongs to the same network as the Parent Company's Public Accountant as compensation for audit & assurance for the FY. In addition, there has been compensation of ¥5 million other than for the purpose of audit & assurance.

FY2020/3 (April 1st, 2019 - March 31st, 2020)

The consolidated subsidiaries, Accretech America Inc., Accretech (Europe) GmbH, Accretech (China) Co., Ltd., and Accretech Taiwan Co., Ltd., paid total ¥15 million to Ernst & Young, which belongs to the same network as the Parent Company's Public Accountant as compensation for audit & assurance for the FY. In addition, there has been compensation of ¥3 million other than for the purpose of audit & assurance.

3. Business from Certified Public Accountants to the Group without the purpose of audit and assurance

FY2019/3 (April 1st, 2018 - March 31st, 2019)

Not applicable.

FY2020/3 (April 1st, 2019 - March 31st, 2020)

Supervisory and advisory service regarding accounting standards

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

FY2019/3 (April 1st, 2018 - March 31st, 2019)

Supervisory and advisory services regarding accounting and taxation

FY2020/3 (April 1st, 2019 - March 31st, 2020)

Supervisory and advisory services regarding accounting and taxation

5. Policy of determining compensation to independent auditor

Although there is no specific policy of determining compensation from the Parent Company to the Certified public accountants, both mutually discusses and determines it based on the days spent for the audit, estimated workforce and turnover volume of the Parent Company.

6. Policy for selecting financial auditors

The Parent Company selects financial auditors with mutual and comprehensive criteria including the audit capability in volume and countrywide perspective to oversee the Group's multiple business sectors and global business, worldwide network with effective auditing structure, a rational and optimum term, structures and fee for audit, and with actual audit results.

7. Evaluation of financial auditors by the Audit and Supervisory Committee

The Audit and Supervisory Committee of the Parent Company evaluated financial auditors based on the procedure “Best practice for Corporate Auditors for evaluations and/or determining selection criteria for Financial Auditors” (Japan Audit & Supervisory Board Members Association) and confirms current financial audit is appropriate.

(4) Compensation/Remuneration for the Directors

I. Policy to determine amount of compensation for Company Directors

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

1. Basic Structural Policy

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

2. Compensation structure

- i. The compensation of Directors who are responsible for business execution shall consist of "basic compensation", which is fixed, and "performance-linked compensation", which is variable. In principle, it shall be paid based on a standard predetermined for each post.
- ii. The basic compensation is the one paid in cash every month.
- iii. The performance-linked compensation shall consist of performance-linked bonus, "SSR" and "SSR (stock-based compensation type)". It is various within the range of 0 to 200% of the basic compensation.
 - Total amount of performance-linked bonus shall be a certain percentage (within 1%) of the consolidated annual profit as linked to the single-fiscal-year business results.
 - SSR are positioned as a medium-term incentive enabling profit sharing with shareholders. It can be exercised for five years from three years after being granted.
 - SSR (stock-based compensation type) are positioned as a long-term incentive enabling profit sharing with shareholders therefore it can be exercised only after his/her retirement.
- iv. The compensation of Directors serving as an Audit and Supervisory Committee member and external corporate directors shall consist only of basic compensation in light of their responsibilities of supervising and auditing business execution.
- v. The compensation of Directors shall be determined not to exceed the upper limit approved by the general meeting of shareholders.

3. Process to determine amount of compensation

- i. The Board of Directors delegates the task to determine the compensation structure, compensation standard for each post to the Compensation Committee, consisting of the representative directors and some other directors.
- ii. To ensure transparency and objectivity, the proposal for Director's compensation submitted by the Compensation Committee shall be deliberated by the Advisory Council and the compensation shall be determined, taking into consideration the opinions by the Advisory Council.

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

FY2020/3 (from April 1st, 2019 - March 31st, 2020)

Type	Total numbers of compensation (MJPY)	Type of compensation (MJPY)				Applicable directors and auditors (person)
		Basic	Performance linked	Stock Option	Stock Option (stock-based compensation)	
Directors (except Audit and Supervisory Committee member and external corporate director)	392	258	65	68	-	7
Directors served as an Audit and Supervisory Committee member (except external corporate director)	18	18	-	-	-	1
External corporate directors	42	42	-	-	-	8

Notes:

1. Compensation to Directors (except Audit and Supervisory Committee members) shall be less than ¥360 million per year as ratified at the 96th annual shareholders meeting held on June 24th, 2019. In addition, the 96th annual shareholders meeting also ratified that the compensation by share subscription rights as stock

- options shall be less than ¥200 million per year.
2. Compensation to Directors serving as an Audit and Supervisory Committee member shall be less than ¥60 million per year as ratified at 96th annual shareholders meeting held on June 24th, 2019.
- III. Consolidated Compensation paid to each Directors
Consolidated compensation paid to each Director is omitted because there are no Directors who are paid over ¥100 million per year by the Group.
- IV. Important notification of salary to the director-employees
Not applicable.

(4) Shares held by the Company

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

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

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

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

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

	Number of Brands	Accounted on Balance Sheet (MJPY)
Unlisted Shares	1	0
Shares other than unlisted	26	2,290

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

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

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

	Number of Brands	Accounted on BS (MJPY)
Unlisted Shares	-	-
Shares other than unlisted	1	335

3. Number of brands held by the Parent Company and the amount on Balance Sheet
Specific Shares for investment

Brand	FY2020/3	FY2019/3	Purpose of holding the shares, effect and reason of increasing number of shares holding	Holding or not-holding of the Parent Company's shares
	Number of shares hold			
	Accounted on BS (MJPY)			
Precision Tsugami (China) Co., Ltd	8,907,000	12,400,000	(Purpose): to keep and hold business relationship (Effect) *1	No
	732	1,548		
Mizuho Financial Group, Inc.	1,767,410	1,767,410	Same as at above	Yes
	218	302		
NSK Ltd.	296,900	296,900	Same as at above	Yes
	206	307		
Kyocera Corporation .	31,000	31,000	Same as at above	Yes
	198	201		
Asahi Diamond Industrial Co., Ltd.	400,000	400,000	Same as at above	Yes
	185	305		
Yamazen Co., Ltd.	160,000	160,000	Same as at above	Yes
	144	186		
THK Co., Ltd.	60,000	60,000	Same as at above	Yes
	132	164		
Tomita Co., Ltd.	129,262	128,420	(Purpose): to keep and hold business relationship (Effect) *1 (Reason of increase) Increase in shareholder's association at holding company	Yes
	123	128		
TPR Co., Ltd.	100,000	100,000	(Purpose): to keep and hold business relationship (Effect) *1	Yes
	115	210		
Toa Corporation	38,000	38,000	Same as at above	Yes
	54	60		
Mitsubishi UFJ Financial Group, Inc.	80,000	80,000	Same as at above	Yes
	32	44		
Micron Machinery Co., Ltd.	30,000	30,000	Same as at above	No
	27	38		
Eiwa Corporation	29,040	29,040	Same as at above	Yes
	26	27		
Tokyo Kiraboshi Financial Group, Inc.	18,500	18,500	Same as at above	Yes
	21	28		
Mebuki Financial Group, Inc.	56,756	56,756	Same as at above	Yes
	12	16		
Sato Shoji Corporation	14,834	14,834	Same as at above	Yes
	12	13		
Taiho Kogyo Co., Ltd.	20,000	20,000	Same as at above	No
	10	18		
Nihon Denkei Co., Ltd.	9,317	8,144	(Purpose): to keep and hold business relationship (Effect) *1 (Reason of increase) Increase in shareholders' association at holding company	Yes
	9	12		
Kuroda Precision Industries Ltd.	8150	8150	(Purpose): to keep and hold business relationship (Effect) *1	Yes
	5	10		
Okuma Corporation	1,499	1,499	Same as at above	No
	5	8		
Tsukuba Bank, Ltd.	28,000	28,000	Same as at above	Yes
	4	5		
Sanken Electric Co., Ltd.	2,000	2,000	Same as at above	No
	4	4		
Sugimoto & Co., Ltd.	2,000	2,000	Same as at above	Yes
	4	3		
Nikon Corporation	897	897	Same as at above	Yes
	1	1		
Dai-ichi Life Holdings, Inc.	800	800	Same as at above	Yes
	1	1		
Sumitomo Mitsui Financial Group, Inc.	9	9	Same as at above	Yes
	0	0		

Shares subject to deemed holding

Brand	FY2020/3	FY2019/3	Purpose of holding the shares, effect and reason of increasing number of shares holding	Holding or not-holding of the Parent Company's shares
	Number of shares hold			
	Accounted on BS (MJPY)			
Tsugami Corporation	2,592,000	2,592,000	(Purpose): to keep and hold business relationship (Effect) *1 The Company holds voting rights.	Yes
	1,954	2,208		
Advantest Corporation	40,400	40,400	Same as at above	Yes
	175	103		
Sumitomo Mitsui Financial Group, Inc.	10,800	10,800	Same as at above	Yes
	28	41		
Nikon Corporation	19,000	19,000	Same as at above	Yes
	18	29		
Innotech Corporation	10,000	10,000	Same as at above	No
	8	9		
Oki Electric Industry Co., Ltd.	5,100	5,100	Same as at above	No
	5	6		

Notes:

1. Method of quantitative evaluation (screening)

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

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

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

Section 5 [Financial Information]

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

- (1) The consolidated financial statements of the Company are prepared in accordance with “Regulations Concerning the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with “Regulations Concerning the Terminology, Forms, and Preparation Methods of Non-Consolidated Financial Statements” (Ministry of Finance Ordinance No. 59, 1963).

Also, the Company fulfills the conditions of filing financial statements prepared in accordance with special provisions (特例財務諸表提出会社), therefore the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulation of Financial Statements.

2. Audit reports

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, the Company has had its consolidated financial statements of FY2020/3 (April 1st, 2019 - March 31st, 2020), and non-consolidated financial statements of FY2020/3 (April 1st, 2019 - March 31st, 2020) audited by Ernst & Young ShinNihon LLC.

3. System to secure appropriate Consolidated Financial Statements

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

1. [Consolidated Financial Statements]

(1) Consolidated financial statements

[1] Consolidated balance sheets

MJPY

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
ASSETS		
Current Assets		
Cash and cash equivalents	41,518	34,640
Notes and accounts receivable	*2 29,230	24,279
Electronically recorded monetary claims	*2 6,915	5,353
Merchandise and finished goods	1,830	2,344
Work in progress	19,999	20,120
Raw materials and supplies	8,165	7,687
Others	2,510	3,389
Allowance for doubtful accounts	- 75	- 44
Total current assets	110,094	97,711
Fixed Assets		
Tangible fixed assets		
Building and structures	28,180	28,885
Accumulated depreciation	- 12,772	- 14,848
Building and structures(net)	15,407	14,037
Machinery, equipment and vehicles	9,368	10,031
Accumulated depreciation	- 7,626	- 8,164
Machinery, equipment and vehicles (net)	1,742	1,866
Equipment	7,459	7,995
Accumulated depreciation	- 4,967	- 5,923
Equipment(net)	2,492	2,072
Land	13,201	14,055
Lease assets	130	522
Accumulated depreciation	- 48	- 211
Lease assets (net)	81	311
Construction in process account	222	2,246
Total Tangible Fixed Assets	33,147	34,589
Intangible Fixed Assets		
Goodwill	82	263
Lease assets	29	22
Others	3,661	4,260
Total Intangible Fixed Assets	3,773	4,546
Investments and other assets		
Investment securities	*1 4,361	*1 3,279
Long-term loans receivable	123	119
Net defined benefit assets	2,825	2,579
Differed tax assets	2,473	3,070
Others	*1 774	*1 593
Allowance for doubtful accounts	- 0	-
Total Investments and other assets	10,557	9,642
Total Fixed Assets	47,478	48,777
Total Assets	157,573	146,549

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	*2 9,350	7,500
Electronically recorded obligations-operating	*2 16,977	9,395
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Lease liabilities	32	110
Income taxes payable	3,519	593
Reserves for bonus	1,364	1,340
Reserves for director's bonuses	10	6
Others	6,392	6,771
Total current liabilities	40,948	29,017
Long-term Liabilities		
Long-term debt	8,000	6,000
Lease liabilities	83	231
Deferred tax liabilities	7	7
Allowance for director retirement benefits	53	60
Net defined benefit liabilities	809	1,157
Asset retirement obligations	241	297
Others	25	104
Total long-term liabilities	9,220	7,857
Total Liabilities	50,169	36,874
NET ASSETS		
Shareholder's Equity		
Common stock	10,591	10,703
Capital surplus	21,608	21,721
Retained earnings	72,200	75,032
Treasury stock	- 120	- 122
Total Shareholder's Equity	104,280	107,334
Accumulated other comprehensive income		
Holding gain or loss in investment	868	117
Foreign currency translation adjustment	199	670
Remeasurements of defined benefit plans	683	234
Total accumulated other comprehensive income	1,751	1,022
Share subscription rights	784	770
Non-controlling interests	587	546
Total Net Assets	107,403	109,674
Total Liabilities and Net Assets	157,573	146,549

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

MJPY

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Net Sales	101,520	87,927
Cost of goods sold	*1, *3 60,430	*1, *3 53,452
Gross Profit on Sales	41,090	34,474
Selling, general and administrative expenses	*2, *3 20,869	*2, *3 22,192
Operating profit (loss)	20,221	12,282
Non-operating income		
Interest income	29	30
Dividend income	123	100
Foreign exchange gains	385	-
Subsidy income	73	-
Others	75	124
Total Non-operating income	688	255
Non-operating expenses		
Interest expenses	43	81
Foreign exchange loss	-	31
Loss on disposal or sales of fixed assets	48	14
Others	13	50
Total Non-operating expenses	104	177
Recurring profit (loss)	20,805	12,360
Extraordinary gains		
Gain on sales of investment securities	55	55
Gain on reversal of subscription rights to shares	2	2
Total Extraordinary gains	58	57
Extraordinary losses		
Loss on valuation of investment securities	121	-
Loss on valuation of shares of affiliates	263	-
Loss on valuation of investments in capital of affiliates	33	-
Impairment loss for fixed assets	-	*4 1,652
Extra retirement payments	-	60
Total extraordinary losses	419	1,712
Profit (loss) before income taxes and minority interests	20,443	10,705
Income tax and other taxes	5,999	3,654
Adjustment on income tax	- 279	- 55
Total Income tax and others	5,719	3,598
Profit (loss) before minority interests	14,724	7,106
Net Profit(loss) attributable to minority interests	58	- 49
Net Profit(loss) attributable to Owners of the Parent	14,665	7,156

[Consolidated statements of comprehensive income]

MJPY

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Profit (Loss) before minority interests	14,724	7,106
Accumulated other comprehensive income		
Holding gain or loss in investment	- 696	- 751
Foreign currency translation adjustment	- 612	478
Remeasurements of defined benefit plans	- 1,174	- 449
Total accumulated other comprehensive income	*1 - 2,483	*1 - 722
Comprehensive Income	12,240	6,384
(breakdown)		
Comprehensive income attributable to owners of the parent	12,182	6,426
Comprehensive income attributable to non-controlling interests	57	- 42

[3] Consolidated statements of changes in net assets

FY 2019/3 (April 1st, 2018 – March 31st, 2019)

MJPY

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,561	21,579	62,105	- 118	94,128
Changes during the fiscal year					
Issue of new shares	29	29			58
Cash dividends paid			- 4,570		- 4,570
Net Profit (loss) attributable to Owners of the Parent			14,665		14,665
Purchases of treasury stock				- 1	- 1
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	29	29	10,094	- 1	10,152
Balance as of end of the fiscal year	10,591	21,608	72,200	- 120	104,280

	Accumulated other comprehensive income				Share Subscription Rights	Minority Interests	Total Net Assets
	Holding gain or loss in investment	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of previous fiscal year	1,564	811	1,858	4,234	623	368	99,354
Changes during the fiscal year							
Issue of new shares							58
Cash dividends paid							- 4,570
Net Profit (loss) attributable to Owners of the Parent							14,665
Purchases of treasury stock							- 1
Changes of items other than shareholders' equity(net)	- 696	- 611	- 1,174	- 2,482	160	219	- 2,102
Total changes during the fiscal year	- 696	- 611	- 1,174	- 2,482	160	219	8,049
Balance as of end of the fiscal year	868	199	683	1,751	784	587	107,403

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,591	21,608	72,200	- 120	104,280
Changes during the fiscal year					
Issue of new shares	112	112			224
Cash dividends paid			- 4,325		- 4,325
Net Profit (loss) attributable to Owners of the Parent			7,156		7,156
Purchases of treasury stock				- 1	- 1
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	112	112	2,831	- 1	3,054
Balance as of end of the fiscal year	10,703	21,721	75,032	- 122	107,334

	Accumulated other comprehensive income				Share Subscription Rights	Minority Interests	Total Net Assets
	Holding gain or loss in investment	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of previous fiscal year	868	199	683	1,751	781	587	107,403
Changes during the fiscal year							
Issue of new shares							224
Cash dividends paid							- 4,325
Net Profit (loss) attributable to Owners of the Parent							7,156
Purchases of treasury stock							- 1
Changes of items other than shareholders' equity(net)	- 751	471	- 449	- 729	- 13	- 40	- 783
Total changes during the fiscal year	- 751	471	- 449	- 729	- 13	- 40	2,270
Balance as of end of the fiscal year	117	670	234	1,022	770	546	109,674

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Cash flows from operating activities:		
Profit(loss) before income taxes and minority interests	20,443	10,705
Depreciation	2,655	3,450
Amortization of goodwill	226	41
Stock related expense	175	135
Change in allowance for employee retirement benefits (-:decrease)	- 31	334
Change in allowance for director retirement benefits (-:decrease)	- 96	6
Change in allowance for doubtful accounts (-:decrease)	- 65	- 31
Interest and dividend income	- 153	- 130
Interest expense	43	81
Gain(loss) on sales of investment securities (-: gain)	- 55	- 55
Gain(loss) on revaluation of investment securities (-: gain)	121	-
Loss on valuation of shares of affiliated company	263	-
Loss on valuation of investments in capital of affiliates	33	-
Impairment loss for fixed assets	-	1,652
Extra retirement payments	-	60
Change in trade notes and accounts receivable (-: increase)	- 2,031	6,598
Change in inventories (-: increase)	- 7,891	- 171
Change in trade notes and accounts payable(-:decrease)	4,273	- 9,347
Others	662	- 742
Subtotal	<u>18,575</u>	<u>12,587</u>
Proceeds from interest and dividend income	153	130
Payment of interest	- 27	- 84
Payment/Refund of income taxes (-: payment)	- 5,769	- 6,668
Net cash provided by (used in) operating activities	<u>12,932</u>	<u>5,965</u>
Cash flows from investing activities:		
Payment for time deposits	- 336	- 133
Proceeds from time deposits	236	308
Payment for purchase of tangible fixed assets	- 11,205	- 4,433
Proceeds from sales of tangible fixed assets	17	19
Payment for purchase of intangible fixed assets	- 1,751	- 442
Payment for purchase of investment securities	- 154	- 99
Proceeds from sales of investment securities	118	357
Payment for purchase of shares of subsidiary company	*2 - 559	-
Payment for purchase of shares of affiliated company	-	- 217
Payment for purchase of investments in capital of affiliates	- 10	- 31
Payments for transfer of business	-	*3 - 1,208
Payment for loans receivable	- 33	-
Proceeds from collection of loans receivable	2	2
Payments for lease deposits and guarantee deposits	- 281	- 247
Proceed from collection of lease deposits and guarantee deposits	5	8
Net cash provided by (used in) investing activities	<u>- 13,952</u>	<u>- 6,116</u>

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Cash flows from financing activities:		
Proceeds from long-term loans payable	10,000	-
Repayment of long-term debt	-	- 2,000
Repayment of lease liability	- 31	- 127
Proceeds from exercise of stock options	46	78
Dividend payments	- 4,570	- 4,325
Others	- 1	- 1
Net cash provided by (used in) financing activities	5,443	- 6,375
Effect of exchange rate changes on cash and cash equivalents	- 223	- 159
Net increase/decrease in cash and cash equivalents (-: decrease)	4,200	- 6,685
Cash and cash equivalents at beginning of year	37,090	41,290
Cash and cash equivalents at end of year	*1 41,290	*1 34,605

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

1. Scope of consolidation

(1) Consolidated subsidiaries (17 companies)

Tosei Engineering Corp
Tosei Systems Co., Ltd
Accretech Create Corp
Tosei Box Corp
Accretech Powertro System Co., Ltd.
Accretech Finance Co., Ltd
Accretech America Inc.
Accretech (Europe) GmbH
Accretech Korea Co., Ltd
Accretech (China) Co., Ltd
Accretech Taiwan Co., Ltd
Accretech (Malaysia) Sdn Bhd
Accretech Adamas (Thailand) Co., Ltd
Accretech (Thailand) Co., Ltd
Tosei Engineering (Pinghu) Co., Ltd
Tosei (Thailand) Co., Ltd
Accretech SBS Inc.

Fujitsu Telecom Networks Fukushima has been renamed to Accretech Powertro System Co., Ltd., and Tosei America Inc. has been renamed to Accretech SBS Inc.

(2) Non- Consolidated subsidiaries

Accretech (Singapore) Pte. Ltd.
Accretech Vietnam Co., Ltd.
PT Accretech Indonesia
Accretech-Tosei Do Brazil Ltda
Tosei Korea Co., Ltd.
Tosei Taiwan Co., Ltd.
PT Tosei Indonesia
Tosei Engineering Malaysia Sdn. Bhd.
Tosei Philippines Corporation
Tosei Engineering Private Ltd.
Tosei Canada Measuring Inc.
Tosei Mexico S.A. De.C.V
Accretech-Tosei Hungary Kft
Accretech (Pinghu) Co., Ltd
Accretech SBS UK Ltd.
Tosei Technology Development (Shanghai) Co., Ltd.

All of the above 16 companies which were excluded from the consolidation range are all small companies, in terms of their total assets, total sales, total Net profit(depending on their equity), total retained earnings(depending on their equity), and others, and do not have a significant effect on our financial statements.

2. Equity Method

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

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

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

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

3. Accounting period of consolidated subsidiaries

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

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

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

4. Significant accounting policies

(1) Valuation standards and methods for important assets

(A) Securities

Shares of affiliated companies: carried at cost determined by the moving average method.

Other securities;

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

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

(B) Inventories

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

(2) Depreciation of significant assets

(A) Tangible fixed assets (except leasing assets)

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

Overseas consolidated subsidiaries use the straight-line method.

The significant useful lives are as follows.

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

- (B) Intangible fixed assets (except lease assets)

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

Lease assets (Financial leases other than those deemed to transfer ownership of properties to lessees) is depreciated using the straight-line method under leasing term to be considered as useful lives.
- (3) Basis for significant reserves
 - (A) Allowance for doubtful accounts

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

The Parent Company and its domestic consolidated subsidiaries calculate the allowance for bonuses to employees based on the expected amount of payment.
 - (C) Accrued director's bonuses

Domestic consolidated subsidiaries calculate the allowance for bonuses to directors based on the expected amount of payment during that consolidated FY.
 - (D) Accrued director's retirement benefits

Domestic consolidated subsidiaries calculate the allowance for payment of director retirement benefits that are forecasted to occur upon director retirement based on internal regulations as at the end-date of FY.
- (4) Accounting Method for retirement obligations
 - (A) Method of periodic attribution of the estimated amount of retirement benefits

The attribution of estimated amounts for the current FY is based on the payment calculation method.
 - (B) Actuarial gain or loss, and Prior service cost

For actuarial gains and losses, proportional amounts are amortized beginning from the consolidated FY following the next FY in which it occurs, using a fixed number of years (10) that is within the average estimated remaining service time of the employees for each consolidated FY. For Prior service cost, proportional amounts are amortized beginning from the consolidated FY in which it occurs, using a fixed number of years (10) that is within the average estimated remaining service time of the employees for each consolidated FY.
- (5) Standard of Foreign currency translation of significant foreign currency based assets/liabilities

Receivables and payables denominated in foreign currencies are translated into yen at the rate of exchange in effect on the balance sheet date, and differences arising from the translation are processed as gains or losses. Assets, liabilities, gains and losses of overseas consolidated subsidiaries denominated in foreign currencies are translated into yen at the rate of exchange in effect on the balance sheet date, and differences arising from the translation are processed as foreign currency translation adjustment or Minority interests in the net assets.
- (6) Amortization of goodwill

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

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

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

(8) Other significant accounting policies

(A) Accounting for consumption tax

Transactions subject to national and local consumption taxes are recorded as amounts exclusive of consumption tax.

(B) Consolidated tax-reporting

The Company Group applies consolidated tax-reporting system.

(C) Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

For the accounts that have been revised to apply the Group taxation system (including ones that have been revised in terms of Single taxation system simultaneously) which is newly established by "Revision of the Income Tax Act" (Laws of Japan, No.8, Year 2020), the Parent Company and some of the domestic consolidated companies do not apply "Partial Amendments to Accounting Standards for Tax Effect Accounting" (ASBJ Statement No. 28, February 16th, 2018) by the handing of Article 3 of "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Solution No.39, March 31st, 2020). Therefore, the amount of deferred tax assets and liabilities are based on the Income Tax Act before revision.

[Changes in Accounting Principles]

Change in measurement of Inventories

Upon the launch of the Company's new enterprise system from the beginning of the 1st quarter of FY2020/3 and considering appropriate evaluation of Inventories and Periodic Profit and Loss accounting, inventories of the Company previously stated at cost determined by the first-in/first-out method (excluding Work in progress, stated using the individual method) has all been changed to a weighted average method.

Note that reevaluation of Inventories for the previous fiscal years and a retroactive impact calculation are practically unavailable, therefore, the book value of the inventory as at the end of the FY2019/3 has been applied as an opening amount for 1st quarter of FY2020/3.

As a result, there is a minor impact to the Consolidated Financial Statement.

Application of IFRS standard 16 Leases

The subsidiary companies that apply International Financial Reporting Standards (hereinafter referred to as IFRS) apply IFRS standard 16 Leases (IFRS 16) from the beginning of the 1st quarter of FY2020/3. This requires that a lessee shall measure all assets and liabilities arising from a lease as assets or liabilities of the Balance Sheet. In addition, as transitional measures, a retroactive impact from applying IFRS 16 has been recognized at the beginning date of the fiscal term.

As a result, there is a minor impact to the Consolidated Financial Statement for FY2020/3.

[Accounting principles not yet applied]

(Accounting Standard for Revenue Recognition)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31st, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 31st, 2020)

(1) Overview

Above are comprehensive guidance and standards for revenue recognition. Revenue in the future will be recognized in following 5 steps.

Step 1: Identify the contract with a customer

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

Step 3: Determine the transaction price

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

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

(2) Date of effect

The company will apply principles above from the first day of the FY which starts April 1st, 2021 or later.

(3) Impact of applying the principle

The impact of applying principle above is currently being evaluated.

(Accounting Standard for Fair Value Measurement)

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4th, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4th, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4th, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4th, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4th, 2019)

(1) Overview

An accounting standard and its implementation guidance for fair value measurement were newly developed to improve comparability of the standards between the international accounting standards and Japanese accounting standard, and guidance was published. These standards will be applied to measure fair value as shown below.

- Any financial instruments as stipulated in “Accounting Standard for Financial Instruments”

- Inventories held mainly for trading, as stipulated in “Accounting Standard for Measurement of Inventories”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised to define contents of the notes per each level of financial instrument.

(2) Date of effect

The company will apply principles above from the first day of the FY which starts April 1st, 2021 or later.

(3) Impact of applying the principle

The impact of applying principle above is currently being evaluated.

(Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections)

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24, March 31st, 2020)

(1) Overview

This aims to allow companies to disclose principles of accounting methods that the company applied and overview of the processes when related accounting standards are not clearly identified.

(2) Date of effect

The company will apply principles above from the ending day of the FY ending March 31st, 2021 (FY2021/3).

(Accounting Standard for Disclosure of Accounting Estimates)

- Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31st, 2020)

(1) Overview

This aims to allow companies to disclose information about risks and/or accounting estimates that may have an impact to next fiscal year's financial statements, to current fiscal year's financial statements in order to let users of these financial statements recognize business performances more than before.

(2) Date of effect

The company will apply principles above from the ending day of the FY ending March 31st, 2021 (FY2021/3).

(Accounting Standard for Leasing)

- Leases (ASU 2016-02)

(1) Overview

Through applying this standard, in principle, all lessees will be requested to recognize all leases as Assets/Liabilities on consolidated Balance Sheets.

(2) Date of effect

The company will apply principles above from the first day of FY ending March 31st, 2021 (FY2021/3).

(3) Impact of applying the principle

The impact of applying principle above is currently being evaluated.

[Notes]

(Consolidated balance sheet)

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

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Investment securities	¥214 million	¥431 million
Other investment or other assets(Capital stock)	¥227 million	¥258 million

*2 Impact of a bank holiday on the final day of FY

Accounting for trade notes (including Electronically recorded ones) in which the due date is set on the final day of the FY is applied on the date of settlement. Because the final day of FY2019/3 was a non-business day, the following amounts of trade notes are included in the year-end balance.

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Trade notes receivable	¥135 million	-
Electronically recorded monetary claims	¥144 million	-
Trade notes payable	¥501 million	-
Electronically recorded obligations-operating	¥2,573 million	-

(Consolidated statements of income)

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

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Cost of goods sold	¥475 million	¥143million

*2 Primary items of selling, general, and administrative expenses

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Research and development costs	¥7,469 million	¥8,234 million
Salaries for employees	¥4,309 million	¥4,531 million
Provision for employees' bonuses	¥226 million	¥259 million
Provision for retirement benefits for directors and corporate auditors	¥11 million	¥10 million
Provision for directors' and corporate auditors' bonuses	¥8 million	¥6 million
Provision for retirement benefits for employees	¥ - 29 million	¥54 million
Provision of allowance for doubtful accounts	¥ - 61 million	¥ - 18 million

*3 Research and development costs included in general and administrative expenses and manufacturing costs

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Research and development costs	¥7,469 million	¥8,234 million

*4 Detail of impairment loss

FY2019/3 (April 1st, 2018-March 31st, 2019)

Not applicable.

FY2020/3 (April 1st, 2019-March 31st, 2020)

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

Purpose	Place	Type	Amount of impairment losses
Business properties	Hino-city, Tokyo, Japan	Buildings	¥1,479 million
		Constructions	¥113 million
		Total	¥1,591 million
	Furudono, Ishikawa-gun, Fukushima, Japan	Buildings and Machineries	¥60 million
		Total	¥60 million

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

Buildings and constructions located in Hino-city, Tokyo Japan will be disposed of due to a change in the new plant construction plan. Therefore, the Group reduced the value of these assets to recoverable amounts calculated from these values in use. Amounts of such decreases have been accounted as an impairment loss.

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

(Consolidated statements of comprehensive income)

*1 Adjustments and Tax effects related to Comprehensive income

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Unrealized Holding gain or loss on investment		
Arising during the FY	¥ - 948 million	¥ - 1,027 million
Reclassification Adjustments	¥ - 55 million	¥ - 55 million
Before Tax effect adjustment	¥ - 1,003 million	¥ - 1,082 million
Tax effect	¥307 million	¥331 million
Unrealized Holding gain or loss on investment	¥ - 696 million	¥ - 751 million
Foreign currency translation adjustment		
Arising during the FY	¥ - 612 million	¥478 million
Reclassification Adjustments	-	-
Before Tax effect adjustment	¥ - 612 million	¥478 million
Tax effect	-	-
Foreign currency translation adjustment	¥ - 612 million	¥478 million
Remeasurements of defined benefit plans		
Arising during the FY	¥ - 1,250 million	¥ - 235 million
Reclassification Adjustments	¥ - 443 million	¥ - 411 million
Before Tax effect adjustment	¥ - 1,693 million	¥ - 646 million
Tax effect	¥ 518 million	¥ 197 million
Remeasurements of defined benefit plans	¥ - 1,174 million	¥ - 449 million
Total other comprehensive income	¥ -2,483 million	¥ -722 million

(Consolidated statements of changes in net assets)

FY2019/3 (April 1st, 2018 - March 31st, 2019)

1. Issued stock

Stock class	At beginning of FY	Increase	Decrease	At end of FY
Common stock (shares)	41,575,881	22,500	-	41,598,381

Note: Reason for the increase of 22,500 shares is exercise of SSR from stock options.

2. Treasury stock

Stock class	At beginning of FY	Increase	Decrease	At end of FY
Common stock (shares)	36,251	540	-	36,791

Note:

The increase of 540 shares was due to purchases of shares less than 1 unit.

3. Share subscription rights

Company name	Breakdown	Class of stock issued upon exercise of the right	Number of shares issued upon exercise of the right (shares)				Balance at FY end (MJPY)
			At beginning of FY	Increase	Decrease	At end of FY	
The Parent Company	The 9 th SSR (SOs) (Issued 2012)	-		-		3	
	The 10 th SSR (SOs) (Issued 2013)	-		-		16	
	The 11 th SSR (SOs) (Issued 2014)	-		-		12	
	The 12 th SSR (SOs) (Issued 2015)	-		-		27	
	The 13 th SSR (SOs) (Issued 2016)	-		-		40	
	The 14 th SSR (SOs) (Issued 2017)	-		-		56	
	The 15 th SSR (SOs) (Issued 2018)					15	
	SSR issued July 2006 (stock-based compensation options)	-		-		27	
	SSR issued July 2007 (stock-based compensation options)	-		-		29	
	SSR issued July 2011 (stock-based compensation options)	-		-		33	
	SSR issued July 2012 (stock-based compensation options)	-		-		24	
	SSR issued July 2013 (stock-based compensation options)	-		-		50	
	SSR issued July 2014 (stock-based compensation options)	-		-		48	
	SSR issued July 2015 (stock-based compensation options)	-		-		73	
	SSR issued July 2016 (stock-based compensation options)	-		-		71	
	SSR issued July 2017 (stock-based compensation options)	-		-		133	
	SSR issued July 2018 (stock-based compensation options)					120	
		Total	-		-		784

4. Dividends

(1) Amounts of dividends paid

Resolution	Class of stock	Total amount of dividends (MJPY)	Dividend per share (yen)	Cut-off date	Effective date
June 25 th , 2018 Regular general meeting of Shareholders	Common stock	2,118	51.00	March 31 st , 2018	June 26 th , 2018
November 13 th , 2018 Board of Directors	Common stock	2,452	59.00	September 30 th , 2018	December 10 th , 2018

(2) Dividends with a shareholders' cut-off date in FY2019/3 and an effective date in FY2020/3

Resolution	Class of stock	Resource for dividends	Total amount of dividends (MJPY)	Dividend per share (yen)	Cut-off date	Effective date
June 24 th , 2019, Regular general meeting of Shareholders	Common stock	Retained earnings	2,743	66.00	March 31 st , 2019	June 25 th , 2019

FY2020/3 (April 1st, 2019 - March 31st, 2020)

1. Issued stock

Stock class	At beginning of FY	Increase	Decrease	At end of FY
Common stock (shares)	41,598,381	97,000	-	41,695,381

Note: Reason for the increase of 97,000 shares is exercise of SSR from stock options.

2. Treasury stock

Stock class	At beginning of FY	Increase	Decrease	At end of FY
Common stock (shares)	36,791	416	-	37,207

Note:

The increase of 416 shares was due to purchases of shares less than 1 unit.

3. Share subscription rights

Company name	Breakdown	Class of stock issued upon exercise of the right	Number of shares issued upon exercise of the right (shares)				Balance at FY end (MJPY)
			At beginning of FY	Increase	Decrease	At end of FY	
The Parent Company	The 10 th SSR (SOs) (Issued 2013)	-		-		12	
	The 11 th SSR (SOs) (Issued 2014)	-		-		10	
	The 12 th SSR (SOs) (Issued 2015)	-		-		24	
	The 13 th SSR (SOs) (Issued 2016)	-		-		33	
	The 14 th SSR (SOs) (Issued 2017)	-		-		65	
	The 15 th SSR (SOs) (Issued 2018)	-		-		38	
	The 16 th SSR (SOs) (Issued 2019)	-		-		14	
	SSR issued July 2006 (stock-based compensation options)	-		-		16	
	SSR issued July 2007 (stock-based compensation options)	-		-		19	
	SSR issued July 2011 (stock-based compensation options)	-		-		22	
	SSR issued July 2012 (stock-based compensation options)	-		-		16	
	SSR issued July 2013 (stock-based compensation options)	-		-		35	
	SSR issued July 2014 (stock-based compensation options)	-		-		34	
	SSR issued July 2015 (stock-based compensation options)	-		-		60	
	SSR issued July 2016 (stock-based compensation options)	-		-		58	

Company name	Breakdown	Class of stock issued upon exercise of the right	Number of shares issued upon exercise of the right (shares)				Balance at FY end (MJPY)
			At beginning of FY	Increase	Decrease	At end of FY	
The Parent Company	SSR issued July 2017 (stock-based compensation options)	-		-			116
	SSR issued July 2018 (stock-based compensation options)						104
	SSR issued August 2019 (stock-based compensation options)						87
Total		-		-			770

4. Dividends

(1) Amounts of dividends paid

Resolution	Class of stock	Total amount of dividends (MJPY)	Dividend per share (yen)	Cut-off date	Effective date
June 24 th , 2019 Regular general meeting of Shareholders	Common stock	2,743	66.00	March 31 st , 2019	June 25 th , 2019
November 8 th , 2019 Board of Directors	Common stock	1,582	38.00	September 30 th , 2019	December 10 th , 2019

(2) Dividends with a shareholders' cut-off date in FY2020/3 and an effective date in FY2019/3

Resolution	Class of stock	Resource for dividends	Total amount of dividends (MJPY)	Dividend per share (yen)	Cut-off date	Effective date
June 22 th , 2020, Regular general meeting of Shareholders	Common stock	Retained earnings	1,583	38.00	March 31 st , 2020	June 23 th , 2020

(Consolidated statements of cash flows)

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

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Cash and cash equivalents (Balance sheets)	¥41,518 million	¥34,640 million
Time deposits with original maturities over three months	¥ - 227 million	¥ - 35 million
Cash and cash equivalents(Statement of cash flows)	¥41,290 million	¥34,605 million

*2 Detail of Assets and Liabilities of company newly consolidated through a purchase of the company's shares

FY2019/3 (April 1st, 2018 - March 31st, 2019)

Detail of Assets and Liabilities of company which is newly consolidated (Fujitsu Telecom Networks Fukushima Limited, now Accretech Powertro System, Co Ltd.) as at the date of business combination, acquisition cost, and net payment for acquisition are as follows.

Current Assets	¥1,462 million
Fixed Assets	¥77 million
Goodwill	¥123 million
Current Liabilities	¥ - 445 million
Fixed Liabilities	¥ - 290 million
Minority Interests	¥ -161 million
Acquisition Cost	¥ 767 million
Cash and Cash equivalents	¥ - 208 million
Net Payment for acquisition	¥ 559 million

FY2020/3 (April 1st, 2019 - March 31st, 2020)

Not applicable.

*3 Detail of Assets and Liabilities of company newly received through a business acquisition

FY2019/3 (April 1st, 2018 - March 31st, 2019)

Not applicable.

FY2020/3 (April 1st, 2019 - March 31st, 2020)

Details of Assets and Liabilities of the company arising from new business purchases, including acquisition cost, and net payment for acquisitions are as follows.

Current Assets	¥877 million
Fixed Assets	¥319 million
Goodwill	¥219 million
Current Liabilities	¥ - 193 million
Fixed Liabilities	¥ -7 million
Acquisition Cost	¥ 1,215 million
Cash and Cash equivalents	¥ - 7 million
Net Payment for acquisition	¥ 1,208 million

(Lease transactions)

1. Finance lease transactions

(Lessee)

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

(1) Description of lease assets

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

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

Refer to Page 66.

2 Operation Lease transactions

(Lessee)

Estimative balance of lease premiums included in undissolvable operating lease transactions

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Current portion	¥51 million	¥49 million
Non-current portion	¥655 million	¥678 million
Total	¥706 million	¥728 million

(Investment securities)

1. Status of Financial Instruments

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

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

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

(2) Detail and risk of Financial Instruments

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

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

(3) Risk management for Financial Instruments

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

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

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

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

(C) Liquidity risk management in financing operations

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

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

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

2. Current Value of Financial Instruments

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

The items for which current value cannot accurately be estimated are omitted (refer to Notes 2.)

FY2019/3 (March 31st, 2019)

MJPY

	Accounted on consolidated BS	Current Value	Difference
(1) Cash and cash equivalents	41,518	41,518	-
(2) Notes and accounts receivable	29,230	29,230	-
(3) Electronically recorded monetary claims	6,915	6,915	-
(4) Investment securities (Others)	3,815	3,815	-
Assets Total	81,479	81,479	-
(1) Notes and accounts payable	9,350	9,350	-
(2) Electronically recorded obligations-operating	16,977	16,977	-
(3) Short-term debt	1,300	1,300	-
(4) Long-term debt (include current portion)	10,000	10,114	114
Liability Total	37,628	37,743	114

FY2020/3 (March 31st, 2020)

MJPY

	Accounted on consolidated BS	Current Value	Difference
(1) Cash and cash equivalents	34,640	34,640	-
(2) Notes and accounts receivable	24,279	24,279	-
(3) Electronically recorded monetary claims	5,353	5,353	-
(4) Investment securities (Others)	2,529	2,529	-
Assets Total	66,803	66,803	-
(1) Notes and accounts payable	7,500	7,500	-
(2) Electronically recorded obligations-operating	9,395	9,395	-
(3) Short-term debt	1,300	1,300	-
(4) Long-term debt (include current portion)	8,000	8,000	-
Liability Total	26,195	26,195	-

Notes 1. Evaluation method of financial instrument and information for investment securities and derivatives

Assets

(1) Cash and cash equivalents

Based on book value because all cash equivalents are current amounts, current value is mostly equivalent to book value.

(2) Notes and Account receivables, (3) Electronically recorded monetary claims

Based on book value because all settlements are planned in short-term, current value is mostly equivalent to book value.

(4) Investment Securities

These are based on market price because all of securities are the stocks. Additional notes are described in "Securities".

Liabilities

(1) Notes and account payables, (2) Electronically recorded obligations-operating, and (3) short term debts

Based on book value because all settlements are planned in short-term, current value is mostly equivalent to book value.

(4) Long term debts

Debts with variable interest rates are based on book value because it reflects market interest rates and is mostly equivalent to the book value.

Notes 2. Accounted value on consolidated balance sheet of Financial Instruments where current value is omitted

JPY

Type	March 31 st , 2019	March 31 st , 2020
Investment Securities (unlisted stock)	545	750

These securities are excluded from (4) Investment Securities - other because these securities do not have a listed Market value, the cost/benefit of further estimating their value is negligible.

Notes 3. Notes due for redemption

FY2019/3 (March 31st, 2019)

MJPY

Category	Less than 1 year	1-5 years	5 - 10 years	Over 10 years
Bank deposits	41,511	-	-	-
Notes and accounts receivable	29,230	-	-	-
Electronically recorded monetary claims	6,915	-	-	-
Total	77,657	-	-	-

FY2020/3 (March 31st, 2020)

MJPY

Category	Less than 1 year	1-5 years	5 - 10 years	Over 10 years
Bank deposits	33,994	-	-	-
Notes and accounts receivable	24,279	-	-	-
Electronically recorded monetary claims	5,353	-	-	-
Total	64,274	-	-	-

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

FY2019/3 (March 31st, 2019)

MJPY

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

FY2020/3 (March 31st, 2020)

MJPY

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

(Securities)

1. Other Securities

FY2019/3 (March 31st, 2019)

MJPY

Type	Accounted on consolidated BS	Carrying value	Difference
Securities with a carrying value higher than the acquisition cost			
Stocks	3,295	1,993	1,301
Subtotal	3,295	1,993	1,301
Securities with a carrying value no higher than the acquisition cost			
Stocks	519	570	- 50
Subtotal	519	570	- 50
Total	3,815	2,563	1,251

FY2020/3 (March 31st, 2020)

MJPY

Type	Accounted on consolidated BS	Carrying value	Difference
Securities with a carrying value higher than the acquisition cost			
Stocks	1,705	1,300	404
Subtotal	1,705	1,300	404
Securities with a carrying value no higher than the acquisition cost			
Stocks	824	1,059	- 235
Subtotal	824	1,059	- 235
Total	2,529	2,360	168

2. Securities sold during the Fiscal term

FY2019/3 (April 1st, 2018 – March 31st, 2019)

MJPY

Type	Sale price	Proceeds from sales	Loss on sales
Stocks	118	55	-
Total	118	55	-

FY2020/3 (April 1st, 2019 – March 31st, 2020)

MJPY

Type	Sale price	Proceeds from sales	Loss on sales
Stocks	357	55	-
Total	357	55	-

3. Revaluated Securities

FY2019/3 (April 1st, 2018 – March 31st, 2019)

The Parent Company revaluated securities totaled ¥385 million (¥121 million of other securities and ¥263 million of shares of affiliated company).

FY2020/3 (April 1st, 2019 – March 31st, 2020)

Not Applicable.

(Retirement benefits)

1. Description of retirement benefit plans

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

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

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

During FY2020/3, One (1) domestic consolidated subsidiary changed its calculation method from the simplified method to the principal method.

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

(1) Adjustment of Opening balance and Closing Balance of projected benefit obligations

	MJPY	
	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Opening Balance	3,682	4,096
Service Cost	282	392
Interest Cost	29	32
Recognized Actuarial Differences	- 2	15
Benefit Paid	- 218	- 331
Increase from an acquisition of consolidated company	323	-
Transferred cost due to change from simplified method to principal method	-	813
Increase from a change from simplified method to principal method	-	225
Closing Balance	4,096	5,244

(2) Adjustment of Opening balance and Closing Balance of Plan assets (Pension)

	MJPY	
	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Opening Balance	7,806	6,896
Expected return on plan assets	42	54
Recognized Actuarial Differences	- 1,252	- 219
Contribution from Entrepreneurs	93	134
Benefit Paid	- 91	- 132
Increase from an acquisition of consolidated company	298	-
Transferred cost due to change from simplified method to principal method	-	0
Increase from a change from simplified method to principal method	-	334
Others	-	1
Closing Balance	6,896	7,070

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

	MJPY	
	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Projected retirement obligation (savings-type)	4,096	4,567
Plan assets(pension)	- 6,896	- 7,070
	- 2,800	- 2,503
Projected retirement obligation (except savings-type)	-	676
Net defined liabilities/assets on Balance sheet (net)	- 2,800	- 1,826
Net defined liabilities	25	752
Net defined assets	- 2,825	- 2,579
Net defined liabilities/assets on Balance sheet (net)	- 2,800	- 1,826

(4) Components of net periodic pension and severance costs

	MJPY	
	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Service Cost	282	392
Interest Cost	29	32
Expected return on plan assets	- 42	- 54
Expense for actuarial difference	- 387	- 355
Expense for prior service cost	- 55	- 55
Extra retirement payments	-	58
Net periodic pension and severance costs	- 174	17

(5) Adjustments for retirement obligations

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

	MJPY	
	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Unrecognized prior service cost	- 55	- 55
Unrecognized actuarial gain or loss	- 1,637	- 590
Total	- 1,693	- 646

(6) Accumulated adjustments for retirement obligations

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

	MJPY	
	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Unrecognized prior service cost	139	83
Unrecognized actuarial gain or loss	845	254
Total	985	338

(7) Detail of Plan Assets

7-1. Detail of Plan Assets

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

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Shares	44%	40%
Deposits	36%	37%
General Account	13%	14%
Bonds	6%	7%
Others	1%	2%
Total	100%	100%

7-2. Method of defining long-term expected returns

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

(8) Major basis of calculating actuarial gains or losses

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Discount Rate	0.8%	0.8%
Expected Rate of return on plan assets		
Plan assets (pension)	2.5%	2.5%
Employees' retirement benefits trust	0.0%	0.0%
Expected salary increase rate	0.1% - 4.4%	0.0% - 3.7%

3. Defined benefit plan applying the simplified method

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

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Opening Balance of net defined liabilities	542	784
Cost for retirement allowance	89	121
Retirement allowance paid	- 51	- 22
Allowances allocated to plan assets	- 33	-
Increase from an acquisition of consolidated company	237	-
Transferred cost due to change from simplified method to principal method	-	- 479
Closing Balance of net defined liabilities	784	404

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

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Projected retirement obligation (savings-type)	813	-
Plan assets (pension)	- 334	-
	479	-
Projected retirement obligation (except savings-type)	304	404
Net defined liabilities/assets on Balance sheet (net)	784	404
Net defined liabilities	784	404
Net defined liabilities/assets on Balance sheet (net)	784	404

(3) Cost for retirement allowances MJPY

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Cost for retirement allowances (calculated by simplified method)	89	121

4. Defined Contribution plan MJPY

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Contribution payable by the Parent Company and consolidated subsidiaries	157	179

(Stock options and others)

1. Account and amount charged as expenses

FY2019/3 (April 1st, 2018 - March 31st, 2019)

MJPY

Breakdown	Account name: "Stock-based compensation expense"			
	Cost of goods sold	Selling expense	General and administrative expenses	Total
The 13 th SSR	2	1	2	6
The 14 th SSR	13	7	12	33
The 15 th SSR	6	3	5	15
SSR issued July 2018 (stock-based compensation type)	-	-	120	120
Total	22	11	141	175

FY2020/3 (April 1st, 2019 - March 31st, 2020)

MJPY

Breakdown	Account name: "Stock-based compensation expense"			
	Cost of goods sold	Selling expense	General and administrative expenses	Total
The 14 th SSR	4	2	3	10
The 15 th SSR	9	4	8	22
The 16 th SSR	6	3	5	14
SSR issued August 2019 (stock-based compensation type)	-	-	87	87
Total	19	10	105	135

2. Gains and accounts from the expiration of exercising rights

MJPY

	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Reversal of SSR (Extraordinary Gains)	2	2

3. Description, scale, and movement of stock options

The Parent Company

(1) Description of stock options

The 10th SSR

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Parent Company: 8 Employees of the Parent Company: 235 Directors of subsidiaries: 9 Employees of subsidiaries: 71
Number and class of shares to be provided (shares)	Common stock: 68,500
Date of issue	July 22 nd , 2013
Conditions of settlement of rights	He/She must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for SOs	July 22 nd , 2013 - July 22 nd , 2015
Exercise period	July 23 rd , 2015 - June 30 th , 2020

The 11th SSR

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Parent Company: 9 Employees of the Parent Company: 250 Directors of subsidiaries: 11 Employees of subsidiaries: 80
Number and class of shares to be provided (shares)	Common stock: 71,300
Date of issue	July 22 nd , 2014
Conditions of settlement of rights	He/She must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for SOs	July 22 nd , 2014 - July 22 nd , 2016
Exercise period	July 23 rd , 2016 - June 30 th , 2021

The 12th SSR

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

The 13th SSR

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

The 14th SSR

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

The 15th SSR

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

The 16th SSR

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

SSR issued June 2005 (stock-based compensation type)

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

SSR issued July 2006 (stock-based compensation type)

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

SSR issued July 2007 (stock-based compensation type)

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

SSR issued July 2011 (stock-based compensation type)

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

SSR issued July 2012 (stock-based compensation type)

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

SSR issued July 2013 (stock-based compensation type)

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

SSR issued July 2014 (stock-based compensation type)

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

SSR issued July 2015 (stock-based compensation type)

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

SSR issued July 2016 (stock-based compensation type)

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

SSR issued July 2017 (stock-based compensation type)

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

SSR issued July 2018 (stock-based compensation type)

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

SSR issued August 2018 (stock-based compensation type)

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

(2) Scale and movement of stock options

[1] Numbers of stock options

	The 9 th SSR	The 10 th SSR	The 11 th SSR	The 12 th SSR	The 13 th SSR	The 14 th SSR	The 15 th SSR
Non-exercisable SOs							
SOs outstanding at end of previous FY (shares)	-	-	-	-	-	77,300	74,500
SOs granted (shares)	-	-	-	-	-	-	-
Forfeitures (shares)	-	-	-	-	-	-	-
Conversion to exercisable SOs (shares)	-	-	-	-	-	77,300	-
SOs outstanding (shares)	-	-	-	-	-	-	74,500
Exercisable SOs							-
SOs outstanding at end of previous FY (shares)	11,000	25,700	24,100	48,800	69,600	-	-
Conversion from non-exercisable SOs (shares)	-	-	-	-	-	77,300	-
SOs exercised (shares)	4,700	6,800	4,800	5,800	11,300	800	-
Forfeitures (shares)	64,00	-	-	100	100	-	-
SOs outstanding (shares)	-	18,900	19,300	42,900	58,200	76,500	-

	The 16 th SSR	SSR issued June 2005 (stock-based compensation type)	SSR issued July 2006 (stock-based compensation type)	SSR issued July 2007 (stock-based compensation type)	SSR issued July 2011 (stock-based compensation type)	SSR issued July 2012 (stock-based compensation type)	SSR issued July 2013 (stock-based compensation type)
Non-exercisable SOs							
SOs outstanding at end of previous FY (shares)	-	8,000	5,500	7,200	23,500	23,500	25,900
SOs granted (shares)	77,800	-	-	-	-	-	-
Forfeitures (shares)	-	-	-	-	-	-	-
Conversion to exercisable SOs (shares)	-	3,200	2,200	2,400	8,000	8,000	8,000
SOs outstanding (shares)	77,800	4,800	3,300	4,800	15,500	15,500	17,900
Exercisable SOs							
SOs outstanding at end of previous FY (shares)	-	-	-	-	-	-	-
Conversion from non-exercisable SOs (shares)	-	3,200	2,200	2,400	8,000	8,000	8,000
SOs exercised (shares)	-	3,200	2,200	2,400	8,000	8,000	8,000
Forfeitures (shares)	-	-	-	-	-	-	-
SOs outstanding (shares)	-	-	-	-	-	-	-

	SSR issued July 2014 (stock-based compensation type)	SSR issued July 2015 (stock-based compensation type)	SSR issued July 2016 (stock-based compensation type)	SSR issued July 2017 (stock-based compensation type)	SSR issued July 2018 (stock-based compensation type)	SSR issued August 2019 (stock-based compensation type)
Non-exercisable SOs						
SOs outstanding at end of previous FY (shares)	28,900	34,300	25,200	41,900	42,300	-
SOs granted (shares)	-	-	-	-	-	44,200
Forfeitures (shares)	-	-	-	-	-	-
Conversion to exercisable SOs (shares)	8,000	6,100	6,100	5,400	5,400	-
SOs outstanding (shares)	20,900	28,200	29,100	36,500	36,900	44,200
Exercisable SOs						
SOs outstanding at end of previous FY (shares)	-	-	-	-	-	-
Conversion from non-exercisable SOs (shares)	8,000	6,100	6,100	5,400	5,400	-
SOs exercised (shares)	8,000	6,100	6,100	5,400	5,400	-
Forfeitures (shares)	-	-	-	-	-	-
SOs outstanding (shares)	-	-	-	-	-	-

[2] Price information

	The 9 th SSR	The 10 th SSR	The 11 th SSR	The 12 th SSR	The 13 th SSR	The 14 th SSR	The 15 th SSR
Paid-in value (yen)	1,428	2,162	1,876	2,825	2,527	3,950	4,073
Average market price of the stock at the time of exercise (yen)	2,676	3,653	3,643	3,982	3,845	3,846	-
Fair value at the date of grant (yen)	334	646	521	572	580	862	611

	The 16 th SSR	SSR issued June 2005 (stock-based compensation type)	SSR issued July 2006 (stock-based compensation type)	SSR issued July 2007 (stock-based compensation type)	SSR issued July 2011 (stock-based compensation type)	SSR issued July 2012 (stock-based compensation type)	SSR issued July 2013 (stock-based compensation type)
Paid-in value (yen)	3,075	1	1	1	1	1	1
Average market price of the stock at the time of exercise (yen)	-	3,060	3,060	3,060	3,060	3,060	3,060
Fair value at the date of grant (yen)	568	-	4,944	4,046	1,431	1,036	1,957

	SSR issued July 2014 (stock-based compensation type)	SSR issued July 2015 (stock-based compensation type)	SSR issued July 2016 (stock-based compensation type)	SSR issued July 2017 (stock-based compensation type)	SSR issued July 2018 (stock-based compensation type)	SSR issued August 2019 (stock-based compensation type)
Paid-in value (yen)	1	1	1	1	1	1
Average market price of the stock at the time of exercise (yen)	3,060	3,060	3,060	3,060	3,060	-
Fair value at the date of grant (yen)	1,672	2,129	2,022	3,182	2,841	1,986

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

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

(2) Basic assumption and valuation method used

	The 16 th SSR	SSR issued August 2019 (stock-based compensation type)
Stock Price Volatility	36.422% *Note 1	36.566% * Note 2
Expected life	4.5 years *Note 3	10 years *Note 3
Expected dividend per share	¥125 *Note 4	¥125 *Note 4
Risk-free interest rate	- 0.254% *Note 5	- 0.176% *Note 5

Notes:

1. Calculated based on the list stock price records from the past 4.5 years (Closing price of each business day from February 2nd, 2015 – August 2nd, 2019).
2. Calculated based on the list stock price records from the past 10 years (Closing price of each business day from August 2nd, 2009 - August 2nd, 2019).
3. Assumed to be the mid-point between the vesting date and the end of the contractual term.
4. Based on the dividend records from the 12 months preceding the vesting date (¥49 interim dividend plus ¥10 commemorative dividend, and ¥56 year-end dividend plus ¥10 commemorative dividend for FY2019/3).
5. Based on the yield of Japanese government bonds over the expected life.

5. Estimation of the number of stock options vested

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

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

MJPY

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Deferred tax assets		
Tangible fixed assets	1,538	2,521
Inventories	588	611
Net defined benefit liabilities	286	581
Securities contribution to employees' retirement benefits trust	425	443
Provision for employees' bonuses	424	438
Tax loss carried forward *2	90	307
Investment Securities	222	259
Share subscription rights	187	175
Accrued expense	213	171
Accrued enterprise tax	208	75
Others	268	301
Subtotal of Deferred tax assets	4,454	5,885
Valuation allowance (mainly from the future deductible temporary differences)	- 355	- 1,059
Valuation allowance (from Tax loss carried forward) *2	- 90	- 307
Total Valuation allowance *1	- 446	- 1,366
Total Deferred tax assets	4,008	4,519
Deferred tax liabilities		
Undistributed earnings of foreign subsidiaries	- 692	- 765
Gain on securities contribution to employees' retirement benefits trust	- 365	- 365
Net defined benefit assets	-	- 104
Asset retirement cost	-	- 91
Holding gain or loss in investment	- 383	- 51
Others	- 101	- 77
Total deferred tax liabilities	- 1,542	- 1,455
Net deferred tax assets(or liabilities)	2,465	3,063

Notes:

1. An increase in Valuation allowance is because of change in category of an enterprise based on “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No.26).
2. Amount and carry-over years of tax loss carried forward and deferred tax assets.

FY2019/3 (April 1st, 2018 - March 31st, 2019)

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
Tax loss carried forward	-	-	-	-	-	¥90 million	¥90 million
Valuation allowance	-	-	-	-	-	¥ - 90 million	¥ - 90 million
Total	-	-	-	-	-	-	-

FY2020/3 (April 1st, 2019 - March 31st, 2020)

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
Tax loss carried forward	-	-	-	-	-	¥307 million	¥307 million
Valuation allowance	-	-	-	-	-	¥ - 307 million	¥ - 307 million
Total	-	-	-	-	-	-	-

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

	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Statutory tax rate of the Parent Company	30.62%	30.62%
(Reconciliation)		
Change in valuation allowance	-	7.45%
Effect by special tax credits	- 3.02%	- 6.44%
Effect by differences of corporate tax rate between the Parent Company and consolidated subsidiaries	- 0.72%	- 1.66%
Effect by Tax audit and others	-	1.30%
Inhabitant tax on per capita basis	0.27%	0.57%
Permanent differences in accounting such as entertainment fee	0.28%	0.56%
Others	0.55%	1.22%
Effective corporate tax rate	27.98%	33.62%

(Business combination)

FY2020/03 (April 1st, 2019 - March 31st, 2020)

Business combination from business transfer

Tosei Engineering Corp., the Parent Company's consolidated subsidiary and Tosei America, Inc., the Tosei Engineering Corp.'s subsidiary (now Accretech SBS Inc.) acquired the balancer business from the Schmitt Industries, Inc., headquartered in USA on November 22nd, 2019 and commenced this business on same date based on the Business Transfer Agreement.

1. Overview of a transfer

(1) Name and primary business of acquired company

Name: Schmitt Industries, Inc.

Primary business: Development, Manufacturing and Sales of Balancer, Measurement lasers and liquid tanks' fill-level monitoring system

(2) Reason of entering a business acquisition

Schmitt Industries, Inc. develops, manufactures, and sells balancers that are used in machine tool grinding work, laser measurement instruments, and other products. The transferred business, SBS Precision Balancing System is being utilized at various industries and customers such as Machine tool, Grinding Machine user, Automotive, Aerospace, Steel, bearing and rotary parts' suppliers.

On the other hand, an AE sensor, as one of the automatic gauges that the Group develops, sells, and manufactures, has uniqueness in high precision, stability and lifetime that enables customers to establish high-efficient production lines. As a result of this acquisition and combining brand strength of the balancer and ACCRETECH's products with the global sales network of the Group will realize further strengthening of sales.

(3) Effective date of business transfer

November 22nd, 2019

(4) Legal form of business transfer

Business transfer by cash

(5) Company name after business transfer

Tosei America, Inc., the Tosei Engineering Corp.'s subsidiary, renamed itself to Accretech SBS Inc.

2. Term of business included in Consolidated Financial Statement

From November 22nd, 2019 to December 31st, 2019.

3. Transfer cost per each values

Transfer value	Cash	¥1,215 million
Transfer cost		¥1,215 million

4. Other costs for transfer

Due diligence fee and others ¥171 million

5. Goodwill arising from combination, reason and method/term of amortization

(1) Newly recognized goodwill: ¥219 million

(2) Reason: Because of excess earning power in the balancer business.

(3) Method/term of amortization: 10 years' straight-line amortization.

6. Major assets and liabilities that the Group obtained on the business transfer date

Current assets	¥877 million
<u>Fixed assets</u>	<u>¥319 million</u>
Assets total	¥1,196 million

Current liabilities	¥193 million
<u>Fixed liabilities</u>	<u>¥7 million</u>
Assets total	¥200 million

7. Estimates assume that the assignment had occurred at the beginning of the fiscal year

Accurate estimates are not provided because this was a partial business assignment and detailed profit segmentation during the period covering the beginning of the fiscal year to the business transfer date is not readily available.

(Asset retirement obligations)

Notes for Asset retirement obligation is intentionally omitted because importance in the total amount of the asset retirement obligation is minimal.

(Segment information)

1. Overview of reportable segments

(1) Method of defining reportable segments

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

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

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

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

(2) Primary products of each reportable segment

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

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

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

As stipulated at Page 69, upon the launch of the Company's new enterprise system from the beginning of the 1st quarter of FY2020/3 and considering appropriate evaluation of Inventories and Periodic Profit and Loss accounting, inventories of the Company previously stated at cost determined by the first-in/first-out method (excluding Work in progress, stated at individual method) has all been changed to a weighted average method.

Note that reevaluation of Inventories for the previous fiscal years and a retroactive impact calculation are practically unavailable, therefore, the book value of the inventory as at the end of the FY2019/3 has been applied as an opening amount for 1st quarter of FY2020/3.

As a result, there is a minor impact to the Consolidated Financial Statement.

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

FY2019/3 (April 1st, 2018 - March 31st, 2019)

MJPY

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	69,117	32,403	101,520	-	101,520
Intersegment sales to transfer	-	-	-	-	-
Total	69,117	32,403	101,520	-	101,520
Segment Profit	13,195	7,025	20,221	-	20,221
Segment Assets	104,498	52,278	156,777	795	157,573
Others					
Depreciation and amortization	1,909	746	2,655	-	2,655
Amortization of goodwill	102	123	226	-	226
Increase in tangible / intangible Fixed assets	12,235	1,636	13,872	-	13,872

Notes

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

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

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	56,198	31,728	87,927	-	87,927
Intersegment sales to transfer	-	-	-	-	-
Total	56,198	31,728	87,927	-	87,927
Segment Profit	7,915	4,366	12,282	-	12,282
Segment Assets	99,393	46,350	145,743	805	146,549
Others					
Depreciation and amortization	2,450	1,000	3,450	-	3,450
Amortization of goodwill	39	1	41	-	41
Increase in tangible / intangible Fixed assets	3,832	3,644	7,477	-	7,477

Notes

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

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

(Related Information)

FY2019/3 (April 1st, 2018 - March 31st, 2019)

1. Information per each product and service

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

2. Information per geographical segment

(1) Sales

MJPY

Japan	East Asia					South East Asia	Other Areas	Total
	China	Taiwan	Korea	Other	Total			
38,503	17,139	14,846	10,673	36	42,695	9,620	10,701	101,520

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

(2) Tangible fixed assets

Data for this period is intentionally omitted because over 90% of tangible fixed assets accounted on Consolidated Balance Sheets are located in Japan.

3. Transaction with Significant Customers

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

FY2020/3 (April 1st, 2019 - March 31st, 2020)

1. Information per each product and service

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

2. Information per geographical segment

(1) Sales

MJPY

Japan	East Asia					South East Asia	Other Areas	Total
	China	Taiwan	Korea	Other	Total			
34,085	19,422	9,416	8,296	4	37,139	7,342	9,360	87,927

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

(2) Tangible fixed assets

Data for this period is intentionally omitted because over 90% of tangible fixed assets accounted on Consolidated Balance Sheets are located in Japan.

3. Transaction with Significant Customers

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

(Impairment losses on fixed assets per each reportable segment)

FY2019/3 (April 1st, 2018 - March 31st, 2019)

Not applicable.

FY2020/3 (April 1st, 2019 - March 31st, 2020)

MJPY

	Reportable Segments			Consolidation and elimination	Total
	SPE	Metrology Equipment	Total		
Impairment loss	1,591	60	1,652	-	1,652

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

FY2019/3 (April 1st, 2018 - March 31st, 2019)

MJPY

	Reportable Segments			Consolidation and elimination	Total
	SPE	Metrology Equipment	Total		
Balance as at FY2019/3 end	82	-	82	-	82

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

FY2020/3 (April 1st, 2019 - March 31st, 2020)

MJPY

	Reportable Segments			Consolidation and elimination	Total
	SPE	Metrology Equipment	Total		
Balance as at FY2020 end	46	217	263	-	263

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

(Gain on negative goodwill per each reportable segment)

Not applicable.

(Related parties' information)

1. Related party transactions

Not applicable.

2. Notes for Significant affiliates

Not applicable.

(Per share information)

FY2019/3 (April 1 st , 2018 - March 31 st , 2019)			FY2020/3 (April 1 st , 2019 - March 31 st , 2020)		
Net assets per share	2,551.20	yen	Net assets per share	2,601.10	yen
Earnings per share	352.92	yen	Earnings per share	171.89	yen
Diluted earnings per share	350.23	yen	Diluted earnings per share	170.72	yen

Note: Basis for calculations

1 Basic Net profit per share and diluted Net profit in per share

Item	FY2019/3 (April 1 st , 2018- March 31 st , 2019)	FY2020/3 (April 1 st , 2019- March 31 st , 2020)
Basic Net profit per share		
Net profit attributable to owners of the parent (MJPY)	14,665	7,156
Amount not attributed to common shareholders (MJPY)	-	-
Net profit attributable to common shares (MJPY)	14,665	7,156
Average number of shares of common stock during the FY (shares)	41,554,806	41,634,084
Diluted Net profit per share		
Details of adjusted Net profit (MJPY)	-	-
Details of increase in common stock (shares)	318,553	286,759
(SSR(shares))	(318,553)	(286,759)
Securities excluded the calculation of diluted Net profit per share due to lack of dilutive effects	SSR (Stock Option Type)(shares) The 14 th 77,300 The 15 th 74,500	SSR (Stock Option Type)(shares) The 15 th 74,500

2. Net assets per share

Item	FY2019/3 (March 31 st , 2019)	FY2020/3 (March 31 st , 2020)
Total in the Net assets column of the consolidated balance sheet (MJPY)	107,403	109,674
Amounts to be excluded from Net assets(MJPY)	1,371	1,317
(SSR(MJPY))	(784)	(770)
(Minority interest (MJPY))	(587)	(546)
Net assets as at end of FY available to common shareholders (MJPY)	106,031	108,357
Number of common stock shares used to calculate net assets per share (shares)	41,561,590	41,658,174

(Significant subsequent events)

Not applicable.

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

(Schedule of borrowings)

Category	Balance at beginning of FY (MJPY)	Balance at end of FY (MJPY)	Average interest rate (%)	Repayment term
Short-term debt	1,300	1,300	0.54	-
Long-term debt scheduled to be paid within 1 year	2,000	2,000	0.62	
Lease obligation scheduled to be paid within 1 year	32	110	2.02	-
Long-term debt (exclude current portion)	8,000	6,000	0.62	June 30 th , 2021– Dec., 28 th , 2023
Lease obligation (exclude current portion)	83	231	1.47	April 30 th , 2021 Sep.30 th , 2026
Total	11,415	9,641	-	-

Notes

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

Category	1-2 years (MJPY)	2-3 years (MJPY)	3-4 years (MJPY)	4-5years (MJPY)
Long-term loans payable	2,000	2,000	2,000	-
Lease obligation	85	85	45	8
Total	2,085	2,085	2,045	8

(Detail of Asset Retirement Obligations)

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

(2) Others

Quarterly business result of the consolidated FY

(Accumulated period)	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Quarterly Net Sales (MJPY)	17,962	41,994	64,228	87,927
Quarterly income before income taxes and minority interests (MJPY)	1,897	5,754	9,181	10,705
Quarterly Net profit attributable to Owners of the parent (MJPY)	1,402	4,262	6,543	7,156
Quarterly Net profit per share (yen)	33.70	102.39	157.18	171.89

(Non-accumulated period)	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Quarterly Net profit per share (yen)	33.70	68.69	54.80	14.73

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