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Annual Securities Report (Excerpt)

From April 1, 2023 to March 31, 2024

(The 46th term)

TOWA CORPORATION

5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto-shi, Kyoto Japan

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Part I Company Information

Item 1 Overview of the Company

1. Trends in Main Management Indicators, etc

(1) Consolidated Management Indicators, etc.

Business Term	42nd	43rd	44th	45th	46th
Fiscal year ended	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales (Thousands of yen)	25,255,495	29,706,793	50,666,728	53,822,668	50,471,799
Ordinary profit (Thousands of yen)	647,031	3,818,909	11,724,303	10,206,054	9,079,734
Profit attributable to owners of parent (Thousands of yen)	368,799	2,663,201	8,129,827	7,346,676	6,444,193
Comprehensive income (Thousands of yen)	△458,611	4,684,784	10,018,780	7,732,418	12,325,668
Net assets (Thousands of yen)	27,017,822	31,503,757	41,121,326	47,623,254	58,435,903
Total assets (Thousands of yen)	43,124,932	51,790,516	71,333,064	73,468,553	87,861,833
Net assets per share (Yen)	1,076.63	1,246.80	1,628.59	1,887.38	2,337.55
Net income per share (Yen)	14.75	106.49	325.08	293.69	257.70
Diluted net income per share (Yen)	-	-	-	-	-
Equity-to-asset ratio (%)	62.4	60.2	57.1	64.3	66.5
Return on equity (%)	1.35	9.17	22.61	16.71	12.20
Price earnings ratio (Times)	50.59	20.07	7.56	7.13	41.41
Cash flow from operating activities (Thousands of yen)	6,352,138	5,311,846	6,403,884	2,831,227	9,665,880
Cash flow from investing activities (Thousands of yen)	△2,536,218	△2,768,283	△6,600,269	△2,746,012	△2,773,764
Cash flow from financing activities (Thousands of yen)	△1,560,467	△2,240,677	1,925,312	3,962,214	△3,524,364
Cash and cash equivalents at end of period (Thousands of yen)	9,823,443	10,268,427	12,250,459	16,430,497	20,517,272
Number of employees [Separately, average number of temporary employees] (Persons)	1,566 [102]	1,633 [120]	1,817 [188]	1,876 [165]	1,985 [167]

(Notes)

1. Diluted net income per share are not presented since there is no residual stock.
2. The Company has introduced an "Employee Stock Ownership Plan (J-ESOP)" since the 46th term. The Company's shares remaining in the "J-ESOP," which are recorded as treasury shares in shareholders' equity, are included in treasury shares which are deducted from the total number of shares outstanding at the end of the period to calculate "net assets per share," and are also included in treasury shares which are deducted from the average number of shares outstanding during the period calculate "net income per share".

(2) Management Indicators of the Submitting Company

Business Term	42nd	43rd	44th	45th	46th
Fiscal year ended	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales (Thousands of yen)	20,385,149	24,132,641	42,527,204	42,401,275	41,715,354
Ordinary profit or Ordinary loss (△) (Thousands of yen)	△384,836	1,559,414	6,610,098	4,641,106	5,010,350
Profit or loss (△) (Thousands of yen)	△289,780	1,100,874	4,871,702	3,355,424	3,689,608
Share Capital (Thousands of yen)	8,932,627	8,932,627	8,932,627	8,942,950	8,955,671
Total number of issued shares (Shares)	25,021,832	25,021,832	25,021,832	25,033,238	25,043,888
Net assets (Thousands of yen)	20,949,314	22,488,216	27,025,286	29,201,165	35,514,384
Total assets (Thousands of yen)	35,521,190	38,646,289	50,953,201	50,617,042	60,044,060
Net assets per share (Yen)	837.66	899.20	1,080.64	1,167.13	1,420.64
Cash dividend per share [Of the above interim dividend per share] (Yen)	16.00 (-)	16.00 (-)	50.00 (-)	40.00 (-)	40.00 (-)
Net income per share or Net loss per share (△) (Yen)	△11.59	44.02	194.80	134.13	147.54
Diluted net income per share (Yen)	-	-	-	-	-
Equity-to-asset ratio (%)	59.0	58.2	53.0	57.7	59.1
Return on equity (%)	-	5.07	19.68	11.94	11.40
Price earnings ratio (Times)	-	48.55	12.62	15.61	72.32
Dividend payout ratio (%)	-	36.35	25.67	29.82	27.11
Number of employees [Separately, average number of temporary employees] (Persons)	528 [16]	549 [14]	573 [34]	597 [56]	623 [64]
Total shareholder return (%)					
(Comparative index: TOPIX industry index including dividends (Machinery)) (%)	112.9 (88.8)	321.3 (142.0)	376.4 (136.7)	328.3 (148.4)	1,604.7 (217.0)
Highest share price (Yen)	1,311	2,341	3,740	2,409	11,200
Lowest share price (Yen)	600	700	1,752	1,576	1,923

(Notes)

1. The dividend per share for the 44th term includes a commemorative dividend of 10 yen.
2. Diluted net income per share are not presented since there is no residual stock.
3. The Company has introduced an "Employee Stock Ownership Plan (J-ESOP)" since the 46th term. The Company's shares remaining

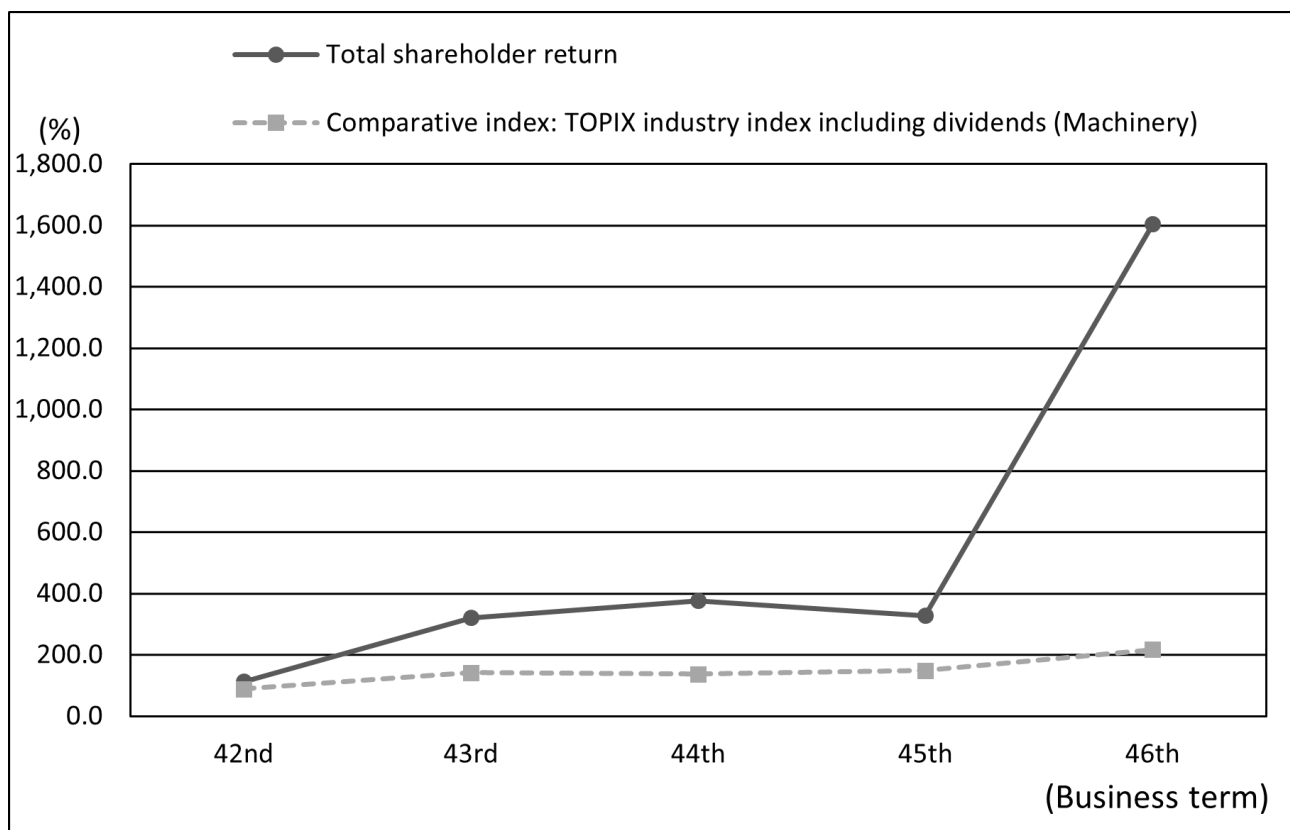
in the “J-ESOP,” which are recorded as treasury shares in shareholders’ equity, are included in treasury shares which are deducted from the total number of shares outstanding at the end of the period to calculate “net assets per share,” and are also included in treasury shares which are deducted from the average number of shares outstanding during the period to calculate “net income per share.”

4. Return on equity, price-earnings ratio, and dividend payout ratio for the 42nd term are not presented due to net loss for the year.

5. The number of employees of the Company does not include employees seconded to affiliates (44 in the 42nd term, 44 in the 43rd term, 50 in the 44th term, 57 in the 45th term, and 53 in the 46th term).

6. Highest share price and Lowest share price in the table are quoted from the Tokyo Stock Exchange Prime Market from April 4, 2022, and for the period before that, they are based on those in the Tokyo Stock Exchange First Section.

7. Changes in total shareholder return and comparative indices for the last five years are as follows.



2. History

Month	Year	Details
April	1979	With an initial group of 30 employees, Kazuhiko Bandoh established TOWA Precision Industries Limited with the main business objectives of manufacturing and marketing “precision molds” and “semiconductor manufacturing equipment”. The company commenced production at a temporary factory in Yawata-shi, Kyoto, and opened the Tokyo Office at the same time.
February	1980	The company succeeded in the trial production of the world's first fully automatic mold packaging system based on the multi-plunger mold design, which opened the way for the mass production of high-quality semiconductor devices.
May	1986	The company established the TOWA Research & Development Center.
February	1987	Our founder Kazuhiko Bandoh received the "Invention Grand Award" (Shirai Invention Prize) from the Japan Society for the Advancement of Inventions and the Nikkankogyo Shimbun for his invention of the multi-plunger molding system.
July	1988	The company established the TOWA Singapore Mfg. Pte. Ltd
December	1988	The company relocated its headquarters facility to 122-2 Megawa, Makishima-cho, Uji-shi, Kyoto, and changed its corporate name from TOWA Precision Industries Limited to TOWA Corporation.
December	1989	The company registered its corporate symbol as a Japan trademark.
March	1990	The company acquired ownership of Meiwa Seiko Corporation (now TOWATEC Co., Ltd.), making it a subsidiary.
March	1991	The company established the Kyoto East Plant in Ujitawara Industrial Park in Kyoto. (All work completed in June 1992.)
		The company acquired ownership of BANDICK Corporation, making it a subsidiary.
April	1991	Micro Component Technology Malaysia Sdn. Bhd. (now TOWAM Sdn. Bhd.) was made a subsidiary.
January	1993	Manufacturing of fine plastic molded products business was spun off and transferred to BANDIC Corporation.
November	1993	The company established TOWA Korea (which was renamed SECRON Co., Ltd. in November 2002) as a joint venture with Samsung Electronics and Hanyang Technology.
November	1994	The company participated in the capitalization of Korean subsidiary, Tongjin.
July	1995	The company established TOWA AMERICA, Inc.
September	1995	The company established STK Foundry Limited in Suzhou, China, as a joint venture. TOWA AMERICA, Inc. made Intercon Tools, Inc. its subsidiary.
February	1996	The company established TOWA Asia-Pacific Pte.Ltd. in Singapore.
September	1996	TOWA Corporation was listed on the Kyoto Stock Exchange and the Second Section of the Osaka Securities Exchange.
December	1997	Established the TOWA Asia-Pacific Centre in Singapore.
March	1998	Construction of new Headquarters/Factory at 5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto-shi was completed, and the company relocated its operations to the new facility.
April	1998	Our founder Kazuhiko Bandoh received the Science and Technology Agency Director-General Award, for the invention of the multi-plunger mold design.
October	1998	The company established TOWA-Jipal Technologies Co., Ltd. in Taiwan as a joint venture with Jipal Corporation (Taiwan).
December	1998	TOWA acquires ISO 9001 certification for its Headquarters/Factory, Kyoto East Plant, and Uji Makishima Plant (currently Bandoh Memorial Research Laboratory). The company established the Kyushu Factory (now Kyushu Work) at North Tosu Kyuryo Shintoshi (a new urban area on the hill to the north of Tosu), Tosu-shi, Saga.
April	1999	Dainippon Screen Mfg. Ltd. (currently Screen Holdings Co., Ltd.) established Sserc Co., Ltd. (currently Screen Spe Sserc Co., Ltd.) through joint investment with HORIBA, Ltd.
May	1999	Founder Kazuhiko Bandoh was awarded Medal with Yellow Ribbon in recognition of the “Invention of a mold using a multi-plunger system.”
March	2000	Kyushu Factory (now Kyushu Work) obtained ISO 9001 certification.
September	2000	The company was listed on the First Section of the Osaka Securities Exchange.
November	2000	The company was listed on the First Section of the Tokyo Stock Exchange.
March	2001	The Headquarters/Factory obtained ISO 14001 certification.

Month	Year	Details
June	2001	The new headquarters factory of Intercon Technology, Inc. was completed.
October	2001	The company established TOWA (Shanghai) Co., Ltd. in Shanghai, China.
March	2002	Kyoto East Plant, Kyushu Work and Tokyo Office obtained ISO 14001 certification.
June	2002	The company established TOWA (Suzhou) Co., Ltd. in Suzhou, China.
September	2022	The company took a stake in Shanghai Sodick Software Co., Ltd., a joint venture established in Shanghai, China.
January	2004	The company established TOWA Taiwan Co., Ltd. in Hsinchu, Taiwan.
March	2004	TOWA Asia-Pacific Pte. Ltd. was established in Singapore as a new company.
April	2004	The company established TOWA Semiconductor Equipment Philippines Corporation in Laguna, the Philippines.
April	2006	The company established TOWA Services Corporation.
July	2011	All shares of SECRON Co., Ltd. held by the Company were transferred to Samsung Electronics Co., Ltd. and the joint venture relationship was dissolved.
January	2013	The company established TOWA USA Corporation in California, U.S.A.
April	2013	The company established TOWA Korea Co., Ltd. in Seoul, Korea.
October	2013	The company established TOWA Europe B.V. in Duiven, the Netherlands.
June	2014	Founder Kazuhiko Bandoh passed away.
July	2014	Our founder Kazuhiko Bandoh received The Order of the Rising Sun, Gold Rays with Rosette for his invention of the multi-plunger mold design and the module method, which made a significant contribution to the development of the semiconductor industry.
October	2015	TOWA Korea Co., Ltd. acquired the molding business of SEMES Co., Ltd.
August	2018	The company acquired ownership of OMRON LASERFRONT INC.(now TOWA LASERFRONT CORPORATION), making it a subsidiary.
October	2018	The company established TOWA (Nantong) Co., Ltd. in Nantong, China and it acquired the molds manufacturing business of Kinergy EMS (Nantong) Co., Ltd..(same year in November)
January	2019	The company established TOWA Europe GmbH in Duesseldorf, Germany.
March	2019	The company established TOWA THAI COMPANY LIMITED in Bangkok, Thailand.
September	2021	The company established TOWA R&D Suzhou Co., Ltd. in Suzhou, China.
January	2022	The company acquired ownership of Fine International Co., Ltd.(now TOWA FINE CO., LTD.), making it a subsidiary.
April	2022	Following the revision of the market classification of the Tokyo Stock Exchange, the company moved from the First Section to the Prime Market of the Tokyo Stock Exchange.
March	2023	The company established TOWA TOOL SDN. BHD. in Penang, Malaysia and it acquired the molds manufacturing business of K-TOOL ENGINEERING SDN. BHD..(same year in April)

3. Description of Business

The TOWA Group (the Company and its affiliates) consists of 19 companies, including TOWA Corporation (the Company) and its 18 subsidiaries. The Group’s principal businesses include the manufacture and sale of precision molds for semiconductor manufacturing, semiconductor manufacturing equipment, fine plastic molded products, and laser processing machines, as well as after-sales services for these products.

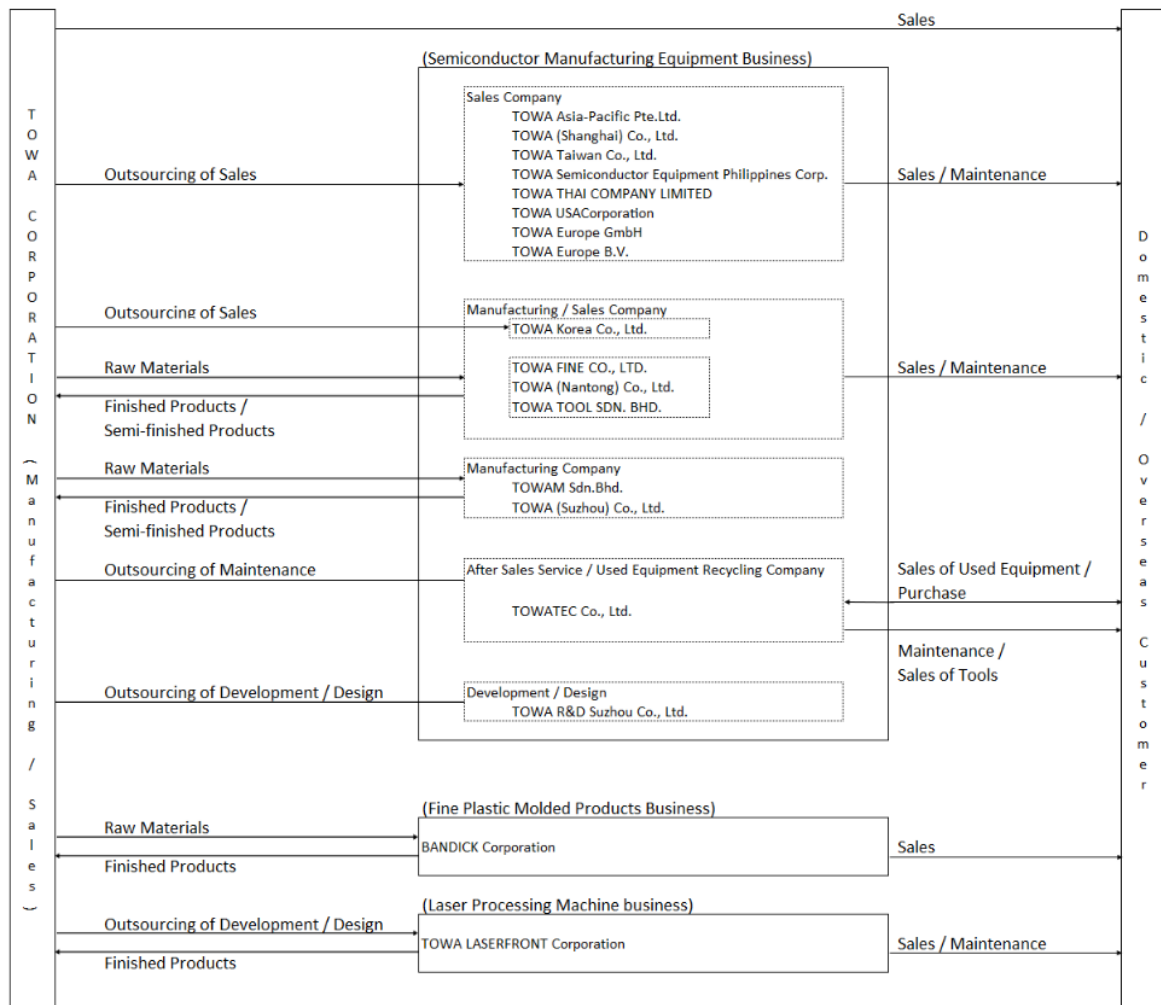
Shown below are the Group’s description of business and the positioning of the Company and its subsidiaries and affiliates concerning these businesses.

The following three businesses are the same as the segment classifications listed in “Item5 Financial Information1. Consolidated financial statements, etc. (1) Notes to Consolidated Financial Statements.”

Business segment	Main products	Major companies
Semiconductor Manufacturing Equipment Business	Precision molds Molding equipment Singulation equipment and etc.	Our company TOWAM Sdn.Bhd. 15 other consolidated subsidiaries
Fine Plastic Molded Products Business	Medical devices and etc.	Our company BANDICK Corporation
Laser Processing Machine business	Laser processing machine	TOWA LASERFRONT Corporation

[Business Organizational Chart]

Business organizational chart is as follows.



4. Overview of Subsidiaries and Affiliates

Company name	Location	Share capital	Principal business	Ownership of voting rights (%)	Relationship			
					Interlocking directors		Financial assistance	Business Transaction
					The Company's directors (Persons)	The Company's employees (Persons)		
Consolidated subsidiaries								
BANDICK Corporation	Minami-ku, Kyoto-shi	96 Millions of Yen	Fine Plastic Molded Products Business	100	2	3	-	Outsourcing of manufacturing
TOWATEC Co., Ltd.	Minami-ku, Kyoto-shi	30 Millions of Yen	Semiconductor Manufacturing Equipment Business	100	3	5	-	Outsourcing of maintenance
TOWA LASERFRONT Corporation	Sagamihara-shi, Kanagawa	100 Millions of Yen	Laser Processing Machine business	100	2	3	Loan of funds	Outsourcing of development and design • Outsourcing of manufacturing
TOWA Asia-Pacific Pte.Ltd.	International Business Park, Singapore	500 Thousands of S\$	Semiconductor Manufacturing Equipment Business	100	1	2	-	Outsourcing of sales
TOWAM Sdn.Bhd. (Notes) 2	Penang, Malaysia	8,000 Thousands of MYR	Semiconductor Manufacturing Equipment Business	100	2	3	Loan of funds	Outsourcing of manufacturing
TOWA TOOL SDN. BHD. (Notes) 2	Penang, Malaysia	40,000 Thousands of MYR	Semiconductor Manufacturing Equipment Business	100	1	3	-	Outsourcing of manufacturing
TOWA Semiconductor Equipment Philippines Corp.	Laguna, Philippines	11,000 Thousands of PHP	Semiconductor Manufacturing Equipment Business	100	1	1	-	Outsourcing of sales
TOWA THAI COMPANY LIMITED	Bangkok, Thailand	10,000 Thousands of THB	Semiconductor Manufacturing Equipment Business	100	2	3	-	Outsourcing of sales
TOWA USA Corporation	California, U.S.A.	1,000 Thousands of US\$	Semiconductor Manufacturing Equipment Business	100	1	2	-	Outsourcing of sales
TOWA Europe B.V.	Gelderland, The Netherlands	800 Thousands of €	Semiconductor Manufacturing Equipment Business	100	2	1	-	Outsourcing of sales
TOWA Europe GmbH	Stuttgart, Germany	25 Thousands of €	Semiconductor Manufacturing Equipment Business	100	2	2	-	Outsourcing of sales
TOWA (Shanghai) Co., Ltd.	Shanghai, China	1,000 Thousands of US\$	Semiconductor Manufacturing Equipment Business	100	2	5	-	Outsourcing of sales
TOWA (Suzhou) Co., Ltd. (Notes) 2	Jiangsu Province, China	12,000 Thousands of US\$	Semiconductor Manufacturing Equipment Business	100	3	4	-	Outsourcing of manufacturing
TOWA (Nantong) Co., Ltd. (Notes) 2	Jiangsu Province, China	30,000 Thousands of US\$	Semiconductor Manufacturing Equipment Business	100	4	5	-	Outsourcing of manufacturing

Company name	Location	Share capital	Principal business	Ownership of voting rights (%)	Relationship			
					Interlocking directors		Financial assistance	Business Transaction
					The Company's directors (Persons)	The Company's employees (Persons)		
TOWA R&D Suzhou Co., Ltd.	Jiangsu Province, China	1,000 Thousands of US\$	Semiconductor Manufacturing Equipment Business	100	1	5	-	Outsourcing of development and design
TOWA Taiwan Co., Ltd.	Hsinchu, Taiwan, R.O.C.	28,000 Thousands of NT\$	Semiconductor Manufacturing Equipment Business	100	2	3	-	Outsourcing of sales
TOWA Korea Co., Ltd. (Notes) 2	Seoul, Korea	3,350 Millions of Won	Semiconductor Manufacturing Equipment Business	100	4	3	-	Outsourcing of sales Outsourcing of manufacturing
TOWA FINE CO., LTD.	Ansan-shi, Gyeonggi-do, Korea	1,300 Millions of Won	Semiconductor Manufacturing Equipment Business	100	2	3	-	Outsourcing of manufacturing

(Notes)

1. The segment names are listed in the "Principal business" column.
2. The company falls under the category of specified subsidiaries.

5. Status of Employees

(1) Status of Consolidated Companies

(As of March 31,2024)

Name of segment	Number of employees (Persons)	
Semiconductor Manufacturing Equipment Business	1,809	(96)
Fine Plastic Molded Products Business	76	(69)
Laser Processing Machine business	100	(2)
Total	1,985	(167)

(Notes)

- The number of employees represents the number of workers (excluding those seconded from the Group to outside the Group, but including those seconded from outside the Group to the Group), and the annual average number of temporary employees (including part-timers and employees dispatched from staffing agencies) is shown in parentheses and not included in the total.
- The number of employees in the semiconductor manufacturing equipment business increased by 101 persons from the end of the previous consolidated fiscal year. The main reason for the increase is that TOWA TOOL Sdn. Bhd. It acquired the molds manufacturing business of K-Tool Engineering Sdn. Bhd. on April 6, 2023.

(2) Status of the Submitting Company

(As of March 31,2024)

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
623 (64)	39.5	11.9	6,950,932

(Notes)

- The number of employees represents all those engaged in the semiconductor manufacturing equipment business.
- The number of employees represents the number of workers (excluding those seconded from the Company to outside the Company but including those seconded from outside the Company to the Company), and the annual average number of temporary employees (including part-timers and employees dispatched from staffing agencies) is shown in parentheses and not included in the total.
- Average annual salary includes non-standard wages and bonuses.

(3) Status of Labor Union

The labor union of the Group is called the TOWA Labor Union, and there is no upper organization to which it belongs. Labor-management relations are stable.

(4) Percentage of female employees in management positions, percentages of male employees who took childcare leave, and wage differences between male and female employees

The submitting company

Fiscal year ended March 31, 2024					Supplementary explanation
Percentage of female employees in management positions (%) (Notes) 1	Percentage of male employees who took childcare leave (%) (Notes) 2	Wage differences between male and female employees (%) (Notes) 1			
		All employees	Of which, Full-time workers	Of which, part-time/ fixed-term workers	
3.5	52.0	71.3	76.2	30.7	(Notes) 5

(Notes)

- Calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64, 2015).
- In accordance with the provisions of the “Act on the Welfare of Workers Who Take Care of Children or Other Family Members

Including Child Care and Family Care Leave” (Act No. 76, 1991), the percentage of childcare leave, etc. taken under Article 71-4, item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25, 1991) is calculated.

3. The status of the submitting company is described.

4. Information on consolidated subsidiaries is omitted because they do not make public announcements under the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64, 2015) and the “Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave” (Act No. 76, 1991).

5. Regarding gender wage gap, which is one of the indicators of women’s empowerment, the difference in wages for the Company’s full-time workers stand at 76.2%; this is considered to be affected by higher salaries for employees with longer service years in Japanese companies and the high percentage of male workers in that age group. The Company’s wage system does not differentiate men and women of the same roles and abilities. The table below shows the difference in base salary (fixed salary excluding overtime and commuting allowances) by age group for our full-time workers. The wage difference for part-time/fixed-term workers is 30.7%, and the number of part-time/fixed-term workers is shown in the breakdown of part-time/fixed-term workers in the table below. As for the treatment of rehired fixed-term workers, as announced in “Establishment of New Rehiring System” on February 28, 2022, we believe that the difference is largely affected due to the establishment of the system that allows workers to continue working at the same wage level even after retirement, substantially improving their treatment.

<Differences in base salary (fixed salary excluding overtime and commuting allowances) by age group for full-time workers>

Items	Fiscal year ended March 31, 2024
Full-time workers	82.9%
50 and over	89.8%
40 to 49 years old	85.9%
30 to 39 years old	94.7%
29 years and under	100.1%

<Breakdown of part-time/fixed-term workers>

(As of March 31, 2024)

Items	Number of female employees (Persons)	Number of male employees (Persons)
Non-regular employees	1 (0)	40 (31)
Contract employees	10 (0)	5 (0)
Total	11 (0)	45 (31)

(Note)

Figures in parentheses indicate the number of rehired fixed-term workers.

Item2 Status of Business

1. Management Policy, Business Environment, and Issues to be Addressed, etc

The management policy, business environment, and Issues to be Addressed for the Group are as follows.

With a longstanding commitment to continual technical progress, the Group has ever since its founding upheld its Corporate Mission to “contribute to the growth of the world’s industries by boldly devoting all our energy to producing results for the purpose of developing and providing key enabling technologies for each successive generation of products, while maintaining a ‘quarter-lead’ over the competition.”

With this Corporate Mission as the foundation for all our activities, we aim to create the world’s most advanced solutions in anticipation of market needs and to improve our corporate value, by thoroughly optimizing QCDS (Quality, Cost, Delivery and Service), pursuing safety, complying with laws and untiringly pursuing CS (Customer Satisfaction), which means to satisfy customer needs.

We also recognize that “protection of the global environment” is an important issue shared by the entire human race. Through all our business activities, we provide the market with “new products, new merchandise and services” by means of environmentally friendly “technological development” and contribute to reducing the global environmental impact.

In March 2022, the Group announced its new long-term vision “TOWA Vision 2032” and the first medium-term management plan to achieve it. Under this vision, we aim to achieve further growth and increase corporate value and to become a unique company globally unrivaled by other companies.

“TOWA Vision 2032” sets our goal to achieve net sales of 100,000 million yen and an operating profit of 25% in 10 years under the theme of “To the Top of the World through Change”. In addition to reexamining what kind of company TOWA Corporation should be in the future, we have also determined what we want to achieve in the next 10 years.

TOWA Vision 2032

1. Theme

To the Top of the World through Change

2. Ideal state

[1] To become a world-leading company that continues to create customer value through packaging process proposals.

[2] To become a company that realizes a sustainable society using TOWA Corporation technology.

[3] To become a company well known for its active dissemination of information.

[4] To become a company where employees can work with a smile, where the traditions of corporate culture and diverse values are respected.

3. Business Target (long-term vision)

We have set the target for the Group as follows. Recognizing these as important indicators, we will strive to increase our corporate value.

(100M¥)

		FY2024	FY2027	FY2031
Net Sales		600	760	1,000
Sales by Business Segment	Semiconductor Manufacturing Equipment Business	443	525	625
	Fine Plastic Molded Products Business	22	28	40
	New Business	104	175	295
	Laser Processing Machine business	31	32	40
Operating profit		126	167	250
Operating margin		21.0%	22.0%	25.0%

(Note)

The target for FY2024, is the forecast of consolidated financial results announced on May 10, 2024.

The above future matters are based on judgments made by the Group as of the end of the current consolidated fiscal year.

The basic policies of the first medium-term management plan aimed at achieving “TOWA Vision 2032” and the details of initiatives to address issues in each area are as listed below. The first medium-term management plan is positioned as a period for “strengthening the foundation to become the “Top of the World.”” In addition to developing new technologies and investing in manufacturing facilities, we will actively train human resources to pass on TOWA Corporation’s technologies to the next generation and acquire human resources to expand our operations. Also, we will invest in digital transformation (DX) to improve the efficiency of office work and production sites. As a result, the profit margin will temporarily decline in the first medium-term management plan. However, we plan to improve the operating margin from the second medium-term management plan on the back of these investments.

[The First medium-term management plan]

1. Theme

Process Innovation Created by TOWA Corporation

2. Basic Policies

[1] Increase profitability by commercializing the added value of our technologies, quality, and processes (know-how) through a paradigm shift.

[2] Maximize throughput and strengthen market competitiveness and financial base by utilizing DX.

[3] Develop new businesses and increase earnings based on core technologies.

[4] Develop human resources who will lead the next generation with abundant diversity and a spirit of challenge.

[5] Improve corporate value through active engagement in the SDGs and ESG.

3. Business Strategies

[Semiconductor Manufacturing Equipment Business]

[1] Strengthen the profitability of the semiconductor business by developing processing business that takes advantage of added value.

[2] Strengthen the production system and financial base through MIP (Minimal Inventory & Period) targeting reduced lead time and inventory.

[3] Anticipate customer needs and develop products that meet the SDGs and ESG investment with a sense of speed by actively investing in development resources.

[4] Capture the market through the combination of singulation and blades.

[Fine Plastic Molded Products Business]

[1] Increase the added value of the TOWA Corporation brand and expand the scale of operations based on core technologies developed in the chemical products segment.

[2] Build a stable earnings structure by further pursuing quality, cost, and delivery time.

[3] Diversify our products by taking advantage of our medical device licenses.

[New Business]

[1] Transform our portfolio by making new key businesses independent through the application and development of core technologies.

[2] Realize new businesses by creating original TOWA Corporation products.

[3] Contribute to the stable operation of our customers through TSS operations to secure long-term relationships.

[4] Strengthen competitiveness and expand market share by reducing costs through global production bases.

[Laser Processing Machine Business]

[1] Create new products by strengthening applications to “create value” and “acquire value.”

[2] Increase production capacity, reduce costs, and strengthen sales systems and services by utilizing the TOWA Group’s production and sales bases.

[3] Develop into a company that can solve problems by thoroughly examining customer processes.

4. Strategies by Function

[Sales Strategies]

- [1] Expand sales and improve profitability by strengthening process support and building a business model that can only be created with our technology.
- [2] Expand the range of application of our proprietary compression equipment.
- [3] Improve customer satisfaction by strengthening global sales, management, and service systems.

[Production Strategies]

- [1] Reduce costs and shorten lead times by optimizing global production and purchasing systems.
- [2] Improve quality reliability by improving production technology.
- [3] Strive to produce value-added products by utilizing DX.
- [4] Develop human resources and build a business structure that can cope with changing environments (risks).

[Development Strategies]

- [1] Develop new products that meet customer needs through a paradigm shift.
- [2] Establish a de facto standard through the development of molding processes and a next-generation molding revolution.
- [3] Promote environmentally friendly development with the SDGs and ESG in mind.

[Human Resources/Organizational Strategies]

- [1] Expand TOWA Corporation's global bases that will handle everything from process development to solution proposals.
- [2] Develop global human resources who will lead the next generation.
- [3] Promote work style reform by improving operational efficiency through DX.
- [4] Establish TOWA Academy to pass down TOWA Corporation's technologies.

5. Business Target (the First medium-term management plan)

We have set the target for the Group as follows. Recognizing these as important indicators, we will strive to increase our corporate value.

(100M¥)

		FY2022 (results)	FY2023 (results)	FY2024
Net Sales		538	504	600
Sales by Business Segment	Semiconductor Manufacturing Equipment Business	412	383	443
	Fine Plastic Molded Products Business	19	21	22
	New Business	80	75	104
	Laser Processing Machine business	25	24	31
Operating profit		100	86	126
Operating margin		18.6%	17.2%	21.0%
Ordinary profit		102	90	126
Profit attributable to owners of parent		73	64	88

(Note)

The target for FY2024, is the forecast of consolidated financial results announced on May 10, 2024.

The above future matters are based on judgments made by the Group as of the end of the current consolidated fiscal year.

2. Sustainability Approach and Initiatives

The Group's approach to sustainability and its initiatives are as follows.

In addition, forward-looking statements are based on the Group's judgment as of the end of the current consolidated fiscal year.

[Basic Policy of Sustainability]

To enhance our corporate value and realize sustainable society, we (TOWA Group) contribute to the development of industries through our management philosophy "Quarter Lead" and our Corporate Mission, Code of Conduct and Environmental Policy, and we also build firm relationships of trust with all of our stakeholders including customers, shareholders, investors, suppliers, employees and their families, and communities.

(1) Governance and Risk management of overall Sustainability

[1] Governance

To oversee and promote sustainability-related activities from a company-wide perspective, we have assigned specialized personnel to the Corporate Planning Department and established an ESG/SDGs Subcommittee, which regularly reports to the Board of Directors on the progress and performance of various measures.

The Board of Directors deliberates and supervises the contents discussed by the subcommittee.

[2] Risk management

The Company has established a Risk Management Committee chaired by the President & CEO in accordance with the Risk Management Committee Regulations.

The Committee evaluates various risks in the Company's business each year and determines risk countermeasures such as avoidance, transfer, reduction, and retention, and risk countermeasures are implemented by the Risk Management Subcommittee, a subordinate body of the Committee.

For sustainability-related risks, the ESG/SDGs Subcommittee implements countermeasures and reports regularly to the Board of Directors on the status of their implementation.

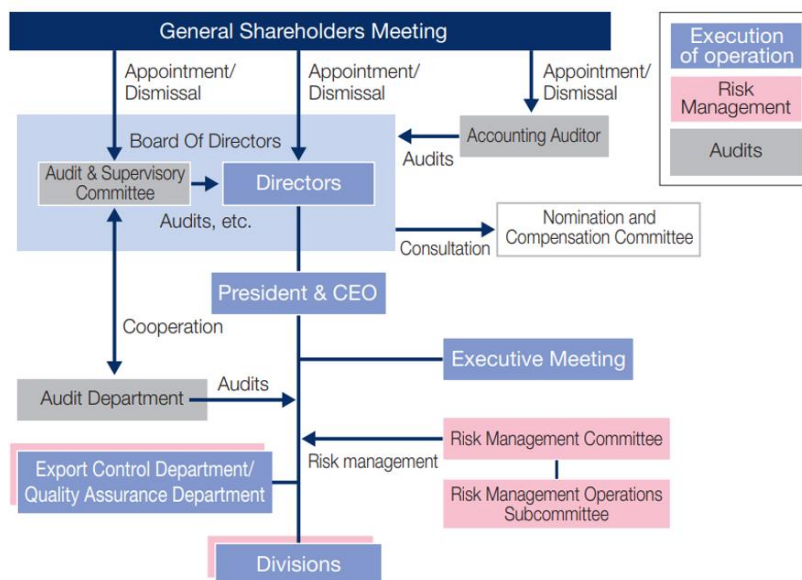
(2) Climate Change

Climate change has a significant impact on society and is recognized as one of the important management issues for our Group, and we are disclosing climate change-related information (governance, strategy, risk management, and metrics and targets) in line with TCFD recommendations.

[1] Governance

Board of Directors Oversight and Management Role

Under the corporate governance system, the Board of Directors confirms and discusses quarterly reports on risk management and other matters from the subcommittee established under the Risk Management Committee that deals with climate change issues, and also deliberates and decides on climate change-related policies and other matters as appropriate.



Corporate Governance System Chart

[2] Strategy

We strive to understand the various risks and opportunities that may arise from climate change. We organized the risks and opportunities that future climate change will bring to our business and evaluated the impact of those risks and opportunities by conducting qualitative and quantitative scenario analysis including the 1.5°C scenario.

(Risks and Opportunities)

a. Possible Risks

In the TCFD Recommendations, climate change–related risks are classified into two categories: Transition Risks and Physical Risks, and we identified risk items based on the recommendations. Among them, we have identified the major risk items that are expected to be highly related to our business and organized the impacts (Table 1).

Table 1 Possible Risks

Items (Risks / Opportunities)		Time Frames*1	Details
Risks	Policy and Legal	Emissions trading / carbon taxes	Medium <ul style="list-style-type: none"> • Increase of procurement costs (carbon tax, etc.) for materials that emit large amounts of CO2 • Increase of costs due to carbon tax related to own business activities
		Tightening of environment–related regulations such as energy saving	Short <ul style="list-style-type: none"> • Increase of costs by introducing renewable energy and updating equipment to save energy
	Technology	Loss of sales opportunities due to delays in technology development to save energy and reduce CO2 emissions	Medium <ul style="list-style-type: none"> • Energy–inefficient products are eliminated, shifting demand for higher performance products. • Loss of business opportunities due to failure to meet customers' energy–saving and decarbonization needs
		R & D costs for new technologies or risk of research failure	Medium <ul style="list-style-type: none"> • Risk of failure to recover technology development costs when inferiority due to competition for technology development (improvement of energy–saving performance, etc.)
	Reputation	Decline in corporate evaluation due to non–achievement of reduction targets	Medium <ul style="list-style-type: none"> • Customer attrition due to reputational risk when environmental initiatives are inadequate • It becomes difficult to secure funds from the market.
		Changes in consumer preferences	Medium <ul style="list-style-type: none"> • As end customer preferences change, customers require low carbon when procuring.
	Physical	Severe disasters such as typhoons and floods	Short <ul style="list-style-type: none"> • Suspension of business activities at our own plants and bases due to damage from typhoons and floods • Delays in parts delivery due to damage to suppliers and distribution warehouses • Decrease in production efficiency due to increased power outages caused by lightning strikes

*1 Short: within 3 years Medium: in 3–5 years Long: more than 5 years ahead

b. Possible Opportunities

As society as a whole is required to further promote energy conservation activities and energy efficiency, we anticipate expanding demand for equipment that contributes to Greenhouse Gas emissions and waste reduction, and expanding demand for products that accompany demand for semiconductors such as EVs as our business opportunities (Table 2).

Table 2 Possible Opportunities

	Items (Risks / Opportunities)	Time Frames *1	Details
Opportunities	Use of efficient means of transportation (Modal shift)	Short	• EV will account for 60% *2 of new car sales in 2030, and demand for semiconductor manufacturing equipment will increase due to the expansion of autonomous driving.
	Use of low emission energy sources	Medium	• Increase of demand for manufacturing equipment because of demand for semiconductors for power conditioners, etc. due to the introduction of new technologies and the conversion to distributed energy
	Development and expansion of low-emission products and services	Short	• Expanding demand for semiconductor manufacturing equipment (compression molding equipment) that reduces waste emissions
	Acquiring new market opportunities through climate change measures	Medium	• Increase of orders from customers who are members of RE100, etc. due to the realization of decarbonization of our company
	Utilization of recycling	Short	• Expanding demand for used machine sales business for semiconductor manufacturing equipment from the perspective of the circular economy

*1 Short: within 3 years Medium: in 3–5 years Long: more than 5 years ahead

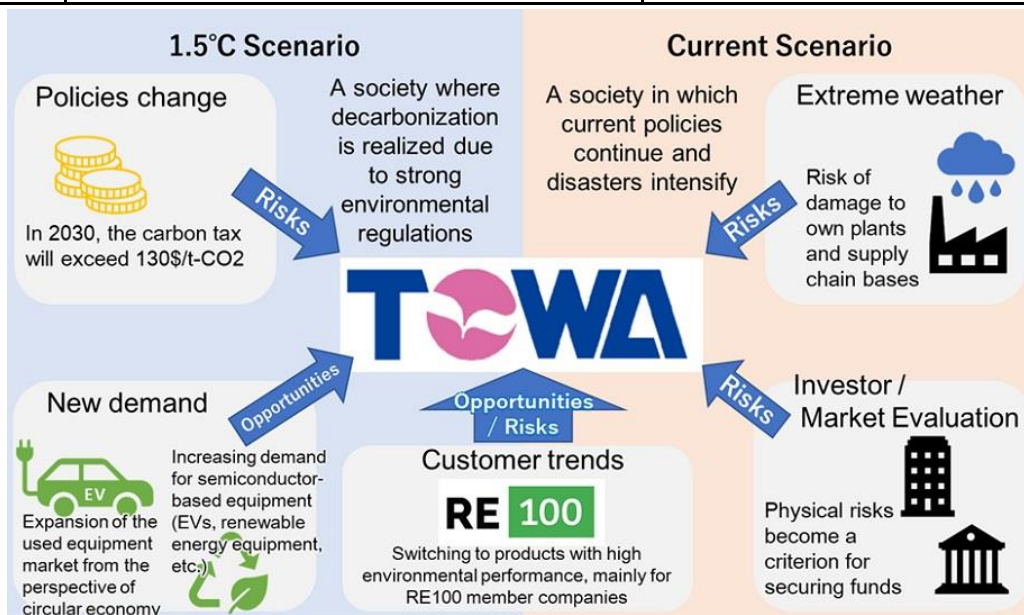
*2 Global EV Outlook 2021 (Sustainable Development Scenario)

c. Scenario Analysis

In order to verify the impact of climate change on our group, we set multiple scenarios including the 1.5°C scenario by referring to the scenarios such as IEA "World Energy Outlook 2021" and IPCC 6th Report, and in each scenario, we analyzed the impact of our business on it (Table 3).

Table 3 Overview of the set scenario

Set Scenario	1.5°C Scenario	Current Scenario
Forecast business environment	<p>Risks</p> <ul style="list-style-type: none"> • Toward the realization of a world of 1.5°C, the introduction of carbon tax is progressing all over the world, and in 2030, the carbon tax will exceed 130\$/t-CO2 in developed countries. • Customers' environmental awareness will increase, and energy saving and CO2 saving of manufacturing equipment will be strictly required. However, the development of energy-saving technology will make great progress. 	<p>Risks</p> <ul style="list-style-type: none"> • As the frequency of severe disasters such as increased typhoon damage and increased flood frequency increases, the risk of damage to our own plants and supply chain bases increases.
	<p>Opportunities</p> <ul style="list-style-type: none"> • Demand for semiconductor manufacturing equipment will expand significantly from the current level due to the growth in EV sales, the spread of renewable energy equipment, and the growing needs of customers to achieve international initiatives (RE100, SBT, etc.). • With the spread of the concept of circular economy in addition to economic efficiency, the used market for manufacturing equipment will expand significantly from the current level. 	<p>Opportunities</p> <ul style="list-style-type: none"> • With the growth of EV sales, the spread of renewable energy equipment, and the growing needs of customers to achieve international initiatives (RE100, SBT, etc.), the demand for semiconductor manufacturing equipment is increasing, but the growth will be slower than in the 1.5°C scenario. • From an economic point of view, the used market for manufacturing equipment is expanding, but the growth will be slower than in the 1.5°C scenario.
	<p>Reference scenario</p> <ul style="list-style-type: none"> • IEA: WEO2021 NZE and SDS • IPCC Sixth Assessment Report / Working Group I Report: SSP1-1.9, SSP2-2.6 	<p>Reference scenario</p> <ul style="list-style-type: none"> • IEA: WEO2021 STEPS • IPCC Sixth Assessment Report / Working Group I Report: SSP3-7.0, SSP5-8



World View of Each Scenario drawn by TOWA

Based on the above view of the world, we evaluate the financial impact of risk items that can be evaluated quantitatively as follows.

d. Transition Risks

When we estimated the impact of the introduction and rise in carbon prices on our business, we confirmed that the impact such as cost increase was limited. We believe that this is a result of our efforts to transition our energy use to renewable sources, and going forward, we will continue to carry out business activities that are not affected by transition risks by further converting to renewable energy.

e. Physical Risks from Natural Disasters

With reference to the IPCC Sixth Assessment Report, the probability of flood occurrence in the world of the current scenario (up 4 degrees) is assumed to be 2.7 times that of 1850–1900. When we estimated the damage in the event of a disaster, we confirmed that the impact was limited.

On the other hand, in case of a disaster, we will promote the development of a BCP system such as the construction of an alternative production system at other offices and group companies, aiming for business activities that are not affected by physical risks.

[3] Risk Management

We have set up a “Risk Management Committee” chaired by the President & CEO to regularly identify and evaluate risks that should be dealt with. Under this committee, multiple risk management subcommittees have been set up (Figure 3) to monitor risks in internal control, export control, quality assurance, disaster countermeasures, etc. for each theme every month. The activities of these subcommittees are reported to the Board of Directors every quarter, and the contents are confirmed by outside directors. In the future, we will identify and evaluate climate-change related risks as important risks that should be managed.

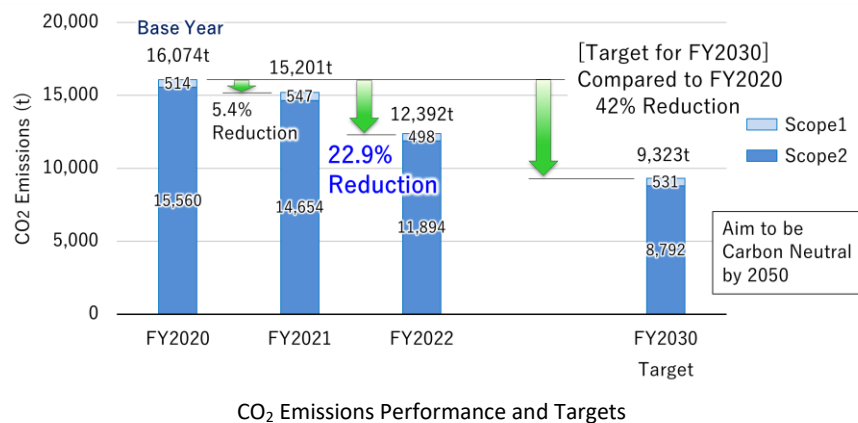
[4] Metrics and Targets

We are fully aware that reducing greenhouse gas emissions, which cause climate change, is an important issue. We set CO2 emission reduction targets and will work on Carbon Neutrality throughout the Group.

- In FY2030, we will reduce CO2 emissions(Scope 1+2) from our group by 42% from FY2020.
- We aim to achieve net-zero emissions(Carbon Neutrality)by 2050.

In addition, we are measuring and disclosing CO2 emissions related to Scope 1 and 2, and will announce the activity results. At our company, CO2 is the only GHG related to our business.

Regarding the CO2 emission reduction target for FY2030, we will work to reduce the total amount after incorporating a large sales growth plan.



(3) Human Capital

TOWA group consider all of employees same as our assets. As part of this idea, we are trying to develop human resources and promote health management.

[1] Strategy

[Basic Policy on Human Resource Development]

TOWA believes that the source of corporate development is to pass on to the next generation a corporate culture of "bringing about innovation " through "continuous challenge" actions. TOWA believes that the support for a variety of challenges of each employee will be led to corporate growth, fostered a culture in which employees learn by themselves, and achieved an organization capable of autonomous growth.

In this way, TOWA aims to produce "talent" to inherit the founder ideology, to keep challenging themselves, and to try to bring about innovation.

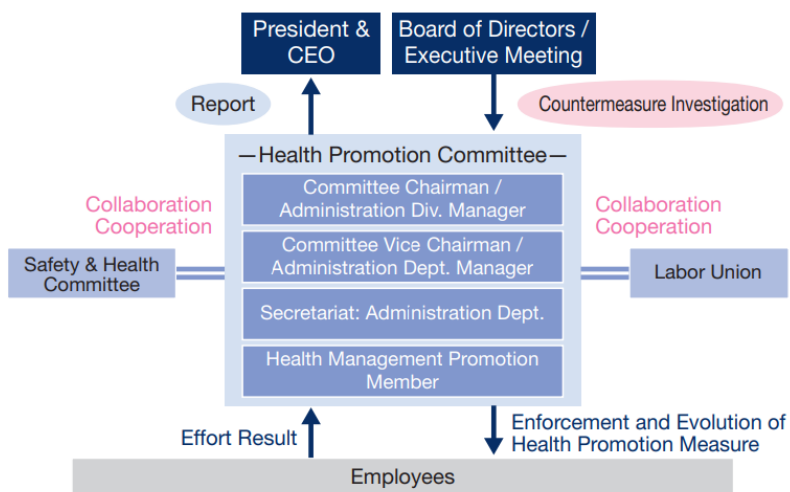
[Internal Environmental Policy]

TOWA is committed to maintaining and improving the health of all employees and creating a workplace environment that is full of smiles, based on the belief that when people are healthy, full of energy, both physically and mentally, and the company's business will flourish.

TOWA also believes that creating an environment, in which TOWA employees can work in good mental and physical health, will bring wellbeing and happiness to them and their families, and brighter society.

Health Management Promotion Organization

Under the slogan "~Let's grow our healthy tree~", we are promoting our health promotion activities based on the image of "the tree of health" that is gradually bearing fruit and growing up.



[2] Metrics and Targets

The indicators and targets related to the above basic policy and the main efforts to achieve them are as follows.

Items	Indicators	Targets	Results (FY2023)
Developing human resources and promoting participation involving diverse talent	Mid-career management staff ratio	35.0% by the year 2032	39.5%
	Foreigner management staff ratio	10.0% by the year 2032	5.8%
	Female management staff ratio	10.0% by the year 2032	3.5%
Promoting health and productivity management, as well as occupational safety and health	Health checkup rate	Keep 100.0%	100.0%
	BMI (18.5 to under25)	80.0%	67.0%
	Smoking rate	10.0%	19.4%
	Mental Health checkup rate	Keep 100.0%	100.0%
	Overall Health Risk (Notes)1	90	89
	Subjective Vitality Scale (Notes)2	110	103

(Notes)

1. It is a score that indicates the impact of workplace stress on individual health, and is based on survey data conducted by the Ministry of Health, Labor and Welfare of Japan, with the "National average = 100" and the lower the deviation the better.
2. It is a score that indicates the level of activity of individuals and workplaces, and is based on survey data conducted by the Ministry of Health, Labor and Welfare of Japan, with the "National average = 100" and the higher the deviation the better.
3. The Group is promoting initiatives based on the "Basic Policy on Human Resource Development" and "Internal Environmental Policy," but it is difficult to obtain information on the indicators and performance data in the above table for all the consolidated group companies. For this reason, targets and results are presented only for the submitting company.

3. Risk Factors

Matters related to the overview of business, financial information, etc. described in the Annual Securities Report that may have a significant influence on the decisions of investors include the following. Please note that these do not cover all risks related to the Group; there are unforeseeable risks other than those listed, and the Group's business, operating results, and financial position could be affected by any of these risks. The statements regarding future matters within this document reflect the judgments made by our group as of the end of the current consolidated fiscal year.

(1) Risks associated with Sales

[1] Risks associated with Economic and Semiconductor Market Trends

The semiconductor manufacturing equipment business in which our group operates is considerably affected by capital investments made by semiconductor manufacturers based on the demand for end products such as smartphones, servers, and automobiles, economic trends in consumption areas thereof, and semiconductor prices that fluctuate in tandem with the supply-demand balance for semiconductors.

The Group is striving to secure stable earnings in the rapidly changing semiconductor market by expanding its Total Solution Service (TSS), which encompasses modifications, repairs, and sale of parts and used equipment, and by applying its core technologies developed in the semiconductor manufacturing equipment business to other fields, where stable earnings can be expected without being greatly affected by market ups and downs.

However, in the event of a global financial crisis or economic turmoil, semiconductor manufacturers may cut capital investment sharply, which could result in a sharp drop in order receipts and sales for the Group as well.

[2] Risks associated with Price Competition

The semiconductor manufacturing equipment business in which the Group operates, both in Japan and overseas, is severely competitive, and prices of products that compete with other companies are expected to further decline in the future. To maintain and expand our market share, we will respond to price declines by reducing product costs and other costs. We will also expand the range that can take advantage of TOWA's unique compression technology and establish a new de facto standard as a leading semiconductor molding equipment company, thereby raising the added value of our products to provide customers with value beyond price. However, extreme competition or a sudden drop in the market price of our products could affect the Group's ability to secure profits.

[3] Risks associated with Concentration of Sales Destinations and Regions

The Group operates business with semiconductor manufacturers around the world. Depending on the capital investment trends of each semiconductor manufacturer, the amount of transactions with a specific semiconductor manufacturer may increase, and the amount of trade receivables, etc. from such semiconductor manufacturer may entail a considerable temporary rise. In addition, when a specific semiconductor manufacturer makes a large capital investment in a short period, or when only a limited number of semiconductor manufacturers make capital investments, an extremely competitive situation may arise, and lower product prices and higher costs due to shorter delivery time could reduce the profitability of the business. In addition, the Group's sales composition inevitably tends to be higher in the regions of Taiwan, where major OSAT companies are concentrated, and China, where domestic production of semiconductors is being promoted. For this reason, changes in economic and political conditions in these regions could affect the Group's order receipts and sales.

(2) Risks associated with production

[1] Risks associated with Overseas Expansion

In addition to its domestic factories, the Group performs global production activities in South Korea (Cheonan City, Chungcheongnam-do; Ansan City, Gyeonggi-do), China (Suzhou City, Jiangsu Province; Nantong City, Jiangsu Province), and Malaysia (Penang State). Therefore, there is a risk of economic/political turmoil due to war, terrorism, etc., or a risk arising from unforeseeable changes in laws, regulations, taxation systems, etc., at each of the Group's bases and in the markets in which it operates. Furthermore, differences in culture and business practices may elicit labor problems, social disapproval, etc. If such risks materialize, the Group's production and supply capacity could be affected.

[2] Risk of Natural Disasters, etc.

In the event of an earthquake or other natural disaster or epidemic that causes catastrophic damage to the Group's main production bases or offices, or to many of its employees, which will severely affect the Group's production activities, there is a risk of incurring substantial costs to restore or replace these facilities. Considering this, from a BCP perspective, the Group has established a system that allows for alternative production at other production bases in case natural disasters, etc. make operations at our major

production bases difficult.

However, if multiple production bases were to shut down simultaneously due to a large-scale disaster or a pandemic outbreak, the Group's production and supply capacity could be affected.

[3] Risks associated with Procurement of Raw Materials, etc.

The Group purchases parts, materials, etc. that make up various products of the Group from many outside suppliers. Therefore, if a supplier is forced to suspend the supply of parts, materials, etc. to the Group due to such factors as accidents, natural disasters, or quality defects, or in the event of a supply shortage due to a sharp increase in product demand, the Group may be compelled to restrict or halt its production activities. In addition, in the event of an extreme supply-demand imbalance in the market for necessary parts and materials, a surge in the price of such parts and materials and other situations can be anticipated.

Besides securing an appropriate amount of inventory in response to order-receiving trends, the Group is taking measures such as purchasing from multiple suppliers to avoid purchasing from a single supplier, changing designs to alternative parts, and switching to in-house production. Notwithstanding these efforts, if a large-scale disaster, pandemic outbreak, war, or terrorist attack were to disrupt the supply chain on a global scale, the Group's production and supply capacity could be affected.

(3) Risks associated with development

[1] Risks associated with New Product Development

The Group has continuously conducted R&D activities to reflect the needs of the market and customers in its products: semiconductor manufacturing equipment such as ultra-precision molds, molding equipment, and singulation equipment, as well as laser processing machines; and has launched new products in a timely manner, thereby gaining market share. However, in the rapidly changing semiconductor industry, it is not easy to predict future needs and continue to develop new technologies and products that satisfy them. If technological innovation makes progress faster than expected and results in sudden obsolescence of existing technologies, or there is a significant delay in the development of new products, the Group may see a decline in profitability and lose its market share, leading to lower order receipts and sales and affect its future outlook.

[2] Risks associated with Intellectual Property

The Group utilizes many intellectual property rights in the course of its business operations. Therefore, failure to obtain and maintain licenses as planned could affect the Group's business activities. In addition, there is a possibility that the Group may become a party in a lawsuit concerning intellectual property rights related to our business, which may result in incurring huge expenses and other costs, and affect our ability to secure profits.

(4) Risks associated with Recruitment and Training of Human Resources

To ensure continuous business operation and sustainable growth in the highly competitive semiconductor industry, the Group believes that it is essential to secure and nurture human resources such as engineers with highly specialized skills and people with excellent management skills in business strategy and organizational operation. However, there is no guarantee that we will always be able to secure talented engineers, key personnel, and other human resources. If recruitment or training of human resources does not proceed as planned, it could affect the Group's ability to secure earnings as well as growth prospects through a future decline in the Group's competitiveness, restricted business activities, and other possible factors.

(5) Financial risks

[1] Foreign Exchange Risks

As the Group's semiconductor manufacturing equipment business accounts for a high ratio of overseas sales, we conduct transactions in yen as much as possible to avoid foreign exchange risks. However, there are cases where transactions are unavoidably denominated in foreign currencies, and the ratio of such transactions may increase. In addition, even if the transaction itself is denominated in yen, if negotiated at a price after being translated into a foreign currency, it could pose a foreign exchange risk in the form of an actual decrease in the selling price.

In addition, from the viewpoint of efficient fund management, the Group procures funds through group financing for loans among overseas subsidiaries, and for the Company to collectively procure funds and lend working capital and capital investment funds to its subsidiaries. When overseas subsidiaries make capital investments, priority is given to loans between overseas subsidiaries using the same currency for transactions to avoid foreign exchange risks. However, in the case of constructing a plant or making a large-scale facility expansion, the amount of yen-denominated loans (inter-company loans) from the Company to an overseas subsidiary may temporarily become large. Therefore, in the event of sudden exchange rate fluctuations, foreign exchange losses may be incurred on the yen-denominated inter-company loans, which could affect the Group's ability to secure earnings.

[2] Risks associated with Interest-Bearing Debt

Interest-bearing debt accounts for approximately 16.0% of the Group's total assets at the end of the current consolidated fiscal year. With a thorough emphasis on cash flow in our management, we will continue to strengthen our financial position by reducing interest-bearing debt. However, a significant change in interest rates could increase the Group's interest expenses and affect its operating results. The Group has also entered overdraft and commitment line agreements totaling 18.5 billion yen with six banks for efficient and stable fund procurement. These agreements contain financial covenants, and in the event of a breach of such covenants, the Group may be required to make early repayment of borrowings, which could affect its cash management and financial position.

[3] Risks associated with Impairment of Fixed Assets

With the application of impairment accounting to fixed assets, impairment loss may need to be recorded depending on fluctuations in real estate prices and the earnings situation of the business or base to which each production equipment, etc. belongs, which could affect the Group's ability to secure earnings.

(6) Risks associated with information security

The Group manages confidential information such as technical information related to our products and personal information in the form of electronic data, which may be leaked outside the Group due to unauthorized access by cyber-attacks or intrusion of computer viruses.

To address this situation, in addition to countermeasures such as responding to external attacks through communication network monitoring and malware detection with anti-virus software when receiving e-mails, the Group has been stepping up information security by establishing rules for information handling, training all directors and employees, and recording information equipment operation logs, and by other means.

Notwithstanding these efforts, in the event of a cyber-attack of a level exceeding expectations or unexpected unauthorized use, electronic data could be leaked outside the Group, and depending on the scale of the damage, this could affect the Group's future outlook and ability to secure earnings.

(7) Risks associated with climate change

Recognizing that climate change is one of the key management issues for the Group in operating business on a global scale, we are analyzing and implementing measures in line with the TCFD framework.

With climate change-related risks classified into two categories: transition risks and physical risks, identifying major risk items deemed to be highly relevant to our business, organizing their impacts, and setting environmental targets (reduction of CO2 emissions), we implement various measures to achieve them. In addition, as society as a whole is required to further promote energy-saving activities and increase energy efficiency, we expect business opportunities to arise from the growing demand for equipment that contributes to reducing greenhouse gas emissions and waste, as well as from the growing demand for semiconductor manufacturing equipment in conjunction with the expansion of demand for electric vehicles (EVs).

Details of disclosure items based on TCFD recommendations are described in "Item2 Status of Business, 2. Sustainability Approach and Initiatives"

4. Analyses of Financial Position, Operating Results and Cash Flows from the Management's Perspective

Following description contains forward-looking statements which the Company judged as of the end of the current consolidated fiscal year.

(1) Operating Results and Analysis

In the current consolidated fiscal year, the global economy has slowed down its recovery pace due to continued monetary tightening aimed at inflation control in regions like Western countries, as well as prolonged weakness in the Chinese real estate market. Additionally, geopolitical risks such as the Russia-Ukraine crisis and the situation in the Middle East have contributed to ongoing uncertainty about the future.

In the semiconductor industry, demand for consumer goods such as PCs and smartphones has been depressed worldwide, leading to continued inventory adjustments, particularly in memory semiconductors, and a consequent suppression of investment in related facilities. However, there has been rapid expansion in demand for server-related investments, such as High Bandwidth Memory (HBM), driven by the widespread adoption of generative AI. Furthermore, government support for the semiconductor industry in various countries is also spreading to backend processes, leading to expectations of increased equipment investment in backend processes in Japan, North America, and other regions.

Under these circumstances, our group experienced significant expansion in demand for our original compression equipment, the "CPM1080", particularly in the field of generative AI, both order and sales of compression equipment and molds during current consolidated fiscal year reached record highs for the full fiscal year.

Regarding our performance, net sales decreased compared to the previous year due to decreased sales of consumer goods such as PCs and smartphones. Regarding to profit, the decline in net sales led to a decrease in profits at each stage compared to previous year. However, due to the improvement in product mix, driven by an increased sales ratio of compression equipment, profits exceeded initial guidance.

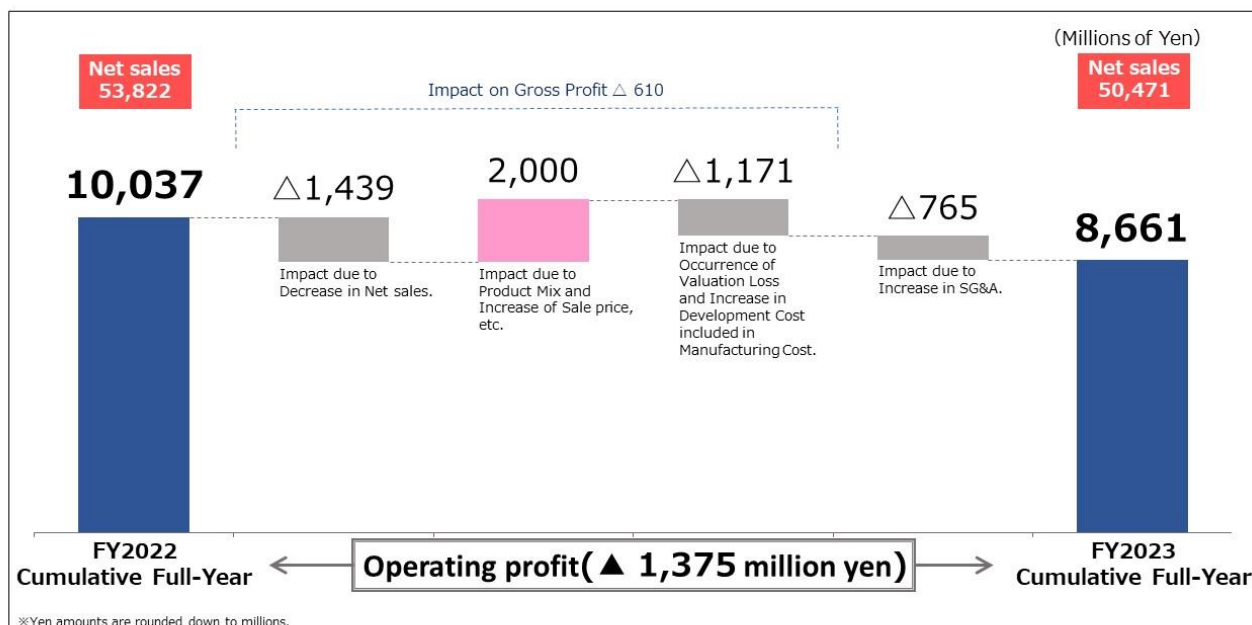
Although there was a decrease in revenue and profit for the full year, the fourth quarter (January to March 2024) saw significant expansion in sales, mainly due to the full-fledged delivery of compression equipment for generative AI-related purposes. As a result, quarterly consolidated sales reached 18,438 million yen, with operating profit reaching 4,586 million yen. Both sales and profits for the quarter reached record highs.

Management performance for the current consolidated fiscal year as follows.

Net sales	50,471	million yen (year-on-year decrease of 3,350 million yen, 6.2%)
Operating profit	8,661	million yen (year-on-year decrease of 1,375million yen, 13.7%)
Ordinary profit	9,079	million yen (year-on-year decrease of 1,126 million yen, 11.0%)
Profit attributable to owners of parent	6,444	million yen (year-on-year decrease of 902 million yen, 12.3%)

Main factors of variation in operating profit for the current consolidated fiscal year as follows.
(year-on-year comparison)

Impact due to Decrease in Net sales	1,439	million yen decrease
Impact due to Product Mix and Increase of Sale price, etc.	2,000	million yen increase
Impact due to Occurrence of Valuation Loss and Increase in Development Cost included in Manufacturing Cost	1,171	million yen decrease
Impact due to Increase in SG&A	765	million yen decrease



Management performance by segment as follows.

[Semiconductor Manufacturing Equipment Business]

Regarding management performance of semiconductor business, it was impacted by subdued investment in consumer goods primarily in Taiwan. However, investment in capital expenditure remained steady in the China and Southeast Asia. Additionally, starting from the fourth quarter, investment in generative AI-related technologies intensified in South Korea. Consequently, net sales amounted to 45,903 million yen (year-on-year decrease of 3,381 million yen, 6.9%).

Regarding profits, although there was an improvement in product mix because of the increased sales of compression equipment for generative AI-related purposes, operating profit amounted to 8,097 million yen (year-on-year decrease of 1,304 million yen, 13.9%), reflecting the decline in net sales.

[Fine plastic molded products business]

Regarding management performance of fine plastic business, as the medical supply system has been restored and the demand for medical molded products has increased due to the easing of the COVID-19 impact, net sales amounted to 2,150 million yen (year-on-year increase of 200 million yen, 10.3%) and operating profit amounted to 458 million yen (year-on-year increase of 70 million yen, 18.1%).

[Laser Processing Machine business]

Regarding management performance of laser processing machine business, along with the increase in personnel expenses due to the strengthening human resources aimed at expanding business and strengthening development systems, net sales amounted to 2,417 million yen (year-on-year decrease of 169 million yen, 6.6%) and operating profit amounted to 105 million yen (year-on-year decrease of 141 million yen, 57.2%).

(2) Analysis of financial position

Total assets at the end of the current consolidated fiscal year increased by 14,393 million yen from the end of the previous consolidated fiscal year to 87,861 million yen. This is attributable to a 7,750 million yen increase in current assets, including cash and deposits and accounts receivable, and a 6,642 million yen increase in non-current assets, mainly due to the market valuation of investment securities.

Total liabilities increased by 3,580 million yen from the end of the previous consolidated fiscal year to 29,425 million yen. Despite a decrease in borrowings, there were increases in deferred tax liabilities in addition to an increase in payables: accounts payable and income taxes payable.

Net assets increased by 10,812 million yen from the end of the previous consolidated fiscal year to 58,435 million yen, mainly due to increases in retained earnings, foreign currency translation adjustment, and valuation difference on available-for-sale securities.

Consequently, the equity-to-asset ratio at the end of the current consolidated fiscal year came to 66.5% (up 2.2 points from the end of the previous consolidated fiscal year).

(3) Capital resources and liquidity of funds

[1] Cash flows

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis at the end of the current consolidated fiscal year increased by 4,086 million yen from the end of the previous consolidated fiscal year to 20,517 million yen.

The respective cash flow positions and their main factors during the current consolidated fiscal year are as follows.

(Cash flow from operating activities)

Cash flow from operating activities resulted in a total cash inflow of 9,665 million yen (a 2,831 million yen cash inflow in the same period of the previous fiscal year). This is mainly attributable to profit before income taxes of 9,115 million yen (10,183 million yen in the same period of the previous fiscal year) and an increase of 1,193 million yen in trade payables (a decrease of 5,356 million yen in the same period of the previous fiscal year).

(Cash flow from investing activities)

Cash flow from investing activities resulted in a total cash outflow of 2,773 million yen (a 2,746 million yen cash outflow in the same period of the previous fiscal year). This is mainly due to expenditures of 1,516 million yen for the acquisition of property, plant and equipment (expenditures of 2,638 million yen in the same period of the previous fiscal year), mainly for the introduction of production equipment, and payments of 933 million yen for the acquisition of businesses.

(Cash flow from financing activities)

Cash flow from financing activities resulted in a total cash outflow of 3,524 million yen (a 3,962 million yen cash inflow in the same period of the previous fiscal year). This is mainly due to scheduled repayments of long-term borrowings of 1,930 million yen (a 1,730 million yen cash outflow in the same period of the previous fiscal year) and dividends paid of 1,000 million yen (1,250 million yen in the same period of the previous fiscal year).

[2] Financial policy

The Group raises funds for working capital and equipment through internal funds or borrowings. As for borrowings, working capital is financed by short-term borrowings, and long-term funds for production equipment, etc. are financed by long-term borrowings with fixed interest rates.

As of March 31, 2024, the balance of long-term borrowings stood at 4,050 million yen. Furthermore, as of the end of the current consolidated fiscal year, the Company had overdraft and commitment line agreements totaling 18,500 million yen with six banks (balance of executed loans: 9,400 million yen; total balance of unexecuted loans: 9,100 million yen).

(4) Significant Accounting Estimates and Assumptions used in such Estimates

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in Japan. In the preparation of the consolidated financial statements, we make accounting estimates for items that require estimation, based on reasonable standards. Although these estimates are continually evaluated and reviewed as necessary, actual results may differ from these estimates as there exists uncertainty in estimation.

Of accounting estimates used for preparing consolidated financial statements and assumptions used in such estimates, significant ones are described in "Significant accounting estimates" under "Item 5. Financial Information, 1. Consolidated financial statements and other information, Notes to consolidated financial statements."

(5) Production, Orders, and Sales Results

[1] Production results

The table below shows actual production by segment in the current consolidated fiscal year.

Name of segment	Fiscal year ended March 31, 2024	Year on Year (%)
Semiconductor Manufacturing Equipment Business (Thousands of yen)	48,208,702	119.6
Fine Plastic Molded Products Business (Thousands of yen)	2,150,867	110.3
Laser Processing Machine Business (Thousands of yen)	2,410,606	96.8
Total (Thousands of yen)	52,770,176	117.9

(Note)

The amounts are based on selling prices.

[2] Orders results

The table below shows actual orders by segment in the current consolidated fiscal year.

Name of segment	Order Volume (Thousands of yen)	Year on Year (%)	Order Backlog (Thousands of yen)	Year on Year (%)
Semiconductor Manufacturing Equipment Business	48,287,821	124.8	29,651,557	109.0
Fine Plastic Molded Products Business	2,157,866	108.6	209,150	103.5
Laser Processing Machine Business	2,264,409	74.9	1,465,220	90.5
Total	52,710,097	120.6	31,325,928	107.9

(Notes)

1. The amounts are based on selling prices.
2. All of the Group's products are made-to-order.

[3] Sales results

The table below shows actual sales by segment in the current consolidated fiscal year.

Name of segment	Fiscal year ended March 31, 2024	Year on Year (%)
Semiconductor Manufacturing Equipment Business (Thousands of yen)	45,903,845	93.1
Fine Plastic Molded Products Business (Thousands of yen)	2,150,867	110.3
Laser Processing Machine Business (Thousands of yen)	2,417,087	93.4
Total (Thousands of yen)	50,471,799	93.8

5. Material Agreements, etc.

Not applicable.

6. Research and Development Activities

To keep pace with increasingly sophisticated semiconductor manufacturing and laser processing technologies, the Group is conducting research and development in various advanced technology fields as well as products that will be the focus of the Group's business in the future. Led by technology divisions and the INNOMS Promotion Dept., the Group's research and development activities expenses for the current consolidated fiscal year have totaled 963 million yen.

[1] Semiconductor Manufacturing Equipment Business

Research and development expenses for the semiconductor manufacturing equipment business amounted to 885 million yen.

[2] Laser Processing Machine business

Research and development expenses for the laser processing machine business amounted to 78 million yen.

Item3 Status of Facilities

1. Overview of Capital Investment, etc

The Group made capital investments of 2,004,351 thousand yen in the current consolidated fiscal year.

In the semiconductor manufacturing equipment business, the Group made capital investments of 1,665,669 thousand yen (including 163,208 thousand yen for software acquisition), mainly in production plant buildings and machine tools.

2. Major Facilities

Major equipment of the Group is as follows.

(1) The submitting company

(As of March 31, 2024)

Name of the business site (Location)	Name of segment	Description of facilities	Book value (Thousands of yen)					Number of employees (Persons)
			Buildings and structures	Machinery and equipment Machinery, equipment and vehicles	Land (m2)	Other	Total	
Factory of headquarters (Minami-ku, Kyoto-shi)	Semiconductor Manufacturing Equipment Business	Facilities for group-wide supervisory and sales operations Manufacturing / technical research facilities for semiconductor manufacturing equipment	1,215,776	181,597	2,209,657 (8,069)	424,349	4,031,380	424 [32]
Kyoto East Plant (Ujitawara-cho, Tsuzuki-gun, Kyoto)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for precision molds for semiconductor manufacturing, etc. and technical research facilities for semiconductor manufacturing equipment	1,449,122	1,770,891	1,116,550 (32,999)	184,682	4,521,246	136 [24]
Kyushu Work (Tosu-shi, Saga)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for precision molds for semiconductor manufacturing, etc.	281,807	336,237	401,570 (10,938)	43,583	1,063,198	60 [8]

(2) Domestic Subsidiaries

(As of March 31, 2024)

Company name	Name of the business site (Location)	Name of segment	Description of facilities	Book value (Thousands of yen)					Number of employees (Persons)
				Buildings and structures	Machinery and equipment Machinery, equipment and vehicles	Land (m2)	Other	Total	
BANDICK Corporation	Yamanashi Work (Nirasaki-shi, Yamanashi)	Fine Plastic Molded Products Business	Manufacturing facilities for fine plastic molded products	786,085	148,219	261,573 (16,866)	57,736	1,253,614	75 [69]

(3) Overseas Subsidiaries

(As of March 31, 2024)

Company name	Name of the business site (Location)	Name of segment	Description of facilities	Book value (Thousands of yen)					Number of employees (Persons)
				Buildings and structures	Machinery and equipment Machinery, equipment and vehicles	Land (m2)	Other	Total	
TOWAM Sdn.Bhd.	Factory of headquarters, one other plant (Penang, Malaysia)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for semiconductor manufacturing equipment	2,339,159	630,289	— (48,600)	726,380	3,695,829	223 [0]
TOWA TOOL Sdn. Bhd.	Factory of headquarters (Penang, Malaysia)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for precision molds for semiconductor manufacturing, etc.	228,845	342,544	— (4,196)	211,678	783,068	62 [2]
TOWA (Suzhou) Co., Ltd.	Factory of headquarters (Jiangsu Province, China)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for semiconductor manufacturing equipment and precision molds for semiconductor manufacturing, etc.	388,080	865,943	— (50,007)	206,995	1,461,020	225 [15]
TOWA (Nantong) Co., Ltd.	Factory of headquarters (Jiangsu Province, China)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for semiconductor manufacturing equipment and precision molds for semiconductor manufacturing, etc.	1,700,977	1,122,796	— (36,526)	370,463	3,194,237	198 [1]
TOWA FINE CO., LTD.	Factory of headquarters (Gyeonggi-do, South Korea)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for semiconductor-related components	421,215	36,919	675,713 (3,355)	7,842	1,141,691	34 [1]
TOWA Korea Co., Ltd	Cheon An Plant (Chung Cheong Nam Do, Korea)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for semiconductor manufacturing equipment and precision molds for semiconductor manufacturing, etc.	197,904	63,447	323,584 (6,573)	69,455	654,391	110 [1]

(Notes)

1. "Other" in the book value includes tools, furniture and fixtures, leased assets, leasehold interest in land, and software, as well as construction in progress.
2. The annual average number of temporary employees is shown in brackets and not included in the total number of employees.
3. The amounts above include 434,048 thousand yen of buildings and structures and 206,225 thousand yen of others leased to parties other than consolidated companies of the Group.
4. In addition to the above, major leased and rented facilities include the following.

Domestic Subsidiaries

Company name	Name of the business site (Location)	Name of segment	Description of facilities	Number of employees (Persons)	Land (m2)	Annual rent and lease payments (Thousands of yen)
TOWA LASERFRONT Corporation	Factory of headquarters (Sagamihara-shi, Kanagawa)	Laser Processing Machine business	Laser Processing Machine Manufacturing facilities	99 [2]	—	84,812

3. Plans for Capital Investment in New Facilities and Disposal, etc.

The Group's capital investment plans are formulated after comprehensively taking into consideration economic forecasts, industry trends, investment efficiency, and other factors. In principle, each consolidated subsidiary formulates its capital investment plans, and the final decision is then made at Group meetings and other meetings led by the Company.

There are no plans for new construction or disposal of important facilities as of the end of the current consolidated fiscal year.

Item4 Status of the the Submitting Company

1. Status of Shares

(1) Total Number of Shares, etc.

[1] Total Number of Shares

Classification	Total number of shares authorized to be issued (Shares)
Common shares	80,000,000
Total	80,000,000

[2] Total Number of Issued Shares

Classification	Number of issued shares as of the end of the current fiscal year (Shares) (March 31, 2024)	Number of issued shares as of the filing date (Shares) (June 26, 2024)	Stock exchange on which the Company is listed	Description
Common shares	25,043,888	25,043,888	Tokyo Stock Exchange Prime Market	One unit of shares constitutes 100 shares
Total	25,043,888	25,043,888	-	-

(2) Status of Stock Acquisition Rights, etc.

[1] Stock Acquisition Rights

Not applicable.

[2] Rights Plans

Not applicable.

[3] Other Status of Share Options

Not applicable.

(3) Status in the Exercise of Bonds with Share Options with Exercise Price Amendment, etc.

Not applicable.

(4) Changes in the Total Number of Issued Shares and Share Capital, etc.

Date	Changes in the total number of issued shares (Shares)	Balance of the total number of issued shares (Shares)	Changes in share capital (Thousands of yen)	Balance of share capital (Thousands of yen)	Changes in legal capital reserve (Thousands of yen)	Balance of legal capital reserve (Thousands of yen)
August 23, 2022 (Notes 1)	11,406	25,033,238	10,322	8,942,950	10,322	472,558
August 22, 2023 (Notes 2)	10,650	25,043,888	12,721	8,955,671	12,721	485,279

(Notes)

1. The increase in total number of shares issued is due to issuance of new shares based on the restricted stock compensation plan.

Issue price: 1,810.00 yen per share

Capital incorporation: 905.00 yen per share

Allottees: Five directors of the Company (excluding directors and outside directors who are members of the Audit and Supervisory Committee) and four executive officers of the Company

2. The increase in total number of shares issued is due to issuance of new shares based on the restricted stock compensation plan.

Issue price: 2,389.00 yen per share

Capital incorporation: 1,194.50 yen per share

Allottees: Five directors of the Company (excluding directors and outside directors who are members of the Audit and Supervisory Committee) and five executive officers of the Company.

(5) Shareholding by Shareholder Category

As of March 31, 2024

Classification	Status of Shares (the number of one unit is 100 shares)							Status of shares less than one unit (shares)	
	Government and local municipalities	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations and others		Individuals and others		Total
					Other than individuals	Individuals			
Number of shareholders (Persons)	-	23	49	174	220	50	15,692	16,208	-
Number of shares held (Units)	-	68,297	13,781	44,693	62,783	404	59,945	249,903	53,588
Percentage of shares held (%)	-	27.33	5.51	17.88	25.12	0.16	23.99	100.00	-

(Notes)

1. As for treasury stock of 14,179 shares, 141 units are included in "Individuals and others," and 79 shares are included in "Shares less than one unit."
2. "Other Japanese corporations" and "Shares less than one unit" above include 118 units and 76 shares, respectively, of shares under the name of Japan Securities Depository Center, Inc.

(6) Major Shareholders

As of March 31, 2024

Name	Address	Number of shares held (1000 shares)	Percentage of shares held to the total number of issued shares, less treasury shares (%)
The Master Trust Bank of Japan , Ltd.	1-8-1 Akasaka, Minato-ku, Tokyo, Japan	3,139	12.54
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	2,417	9.66
K.B. Kousan Co., Ltd.	343-1 Yamazaki-cho, Fushimi-ku, Kyoto City, Kyoto, Japan	1,900	7.59
N.regalo Co., Ltd.	1-3-6 Matsugaoka, Otsu City, Shiga Prefecture, Japan	1,260	5.03
MORGAN STANLEY & CO.LLC (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1585 BROADWAY NEW YORK, NEW YORK 100 36, U.S.A. (1-9-7 Otemachi, Chiyoda-ku, Tokyo, Japan)	1,060	4.24
The Bank of Kyoto, Ltd.	700 Yakushima-cho, Karasuma-dori, Shimogyo-ku, Kyoto City, Kyoto, Japan	699	2.80
GOLDMAN, SACHS & CO. REG (Standing proxy: Goldman Sachs Japan Co., Ltd.)	200 WEST STREET NEW YORK, NY, USA (6-10-1 Roppongi, Minato-ku, Tokyo, Japan)	419	1.67
BNYM AS AGT/CLTS 10 PERCENT (Standing proxy: MUFG Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NEW YORK 10286 U.S.A. (2-7-1 Marunouchi, Chiyoda-ku, Tokyo, Japan)	374	1.50
TOWA Employee Shareholding Association	5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto-shi, Kyoto Japan	341	1.37
JPMorgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	257	1.03
Total	-	11,868	47.42

(Notes)

- The number of shares held by The Master Trust Bank of Japan, Ltd. and The Custody Bank of Japan, Ltd. are related to trust services.
- Although Mitsubishi UFJ Financial Group, Inc. and its joint holders are listed as holding the following shares, respectively, as of February 12, 2024, in the report on changes in large volume holdings that is available for public inspection as of February 19, 2024, the Company has confirmed no beneficial ownerships of the number of shares held by them as of March 31, 2024. The above list of major shareholders is based on the shareholder registry.

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan	Shares 760,500	3.04
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo, Japan	Shares 247,800	0.99
Total	-	Shares 1,008,300	4.03

3. Although Rheos Capital Works, Inc. is listed as holding the following shares, as of March 15, 2024, in the report on changes in large volume holdings that is available for public inspection as of March 22, 2024, the Company has confirmed no beneficial ownerships of the number of shares held by them as of March 31, 2024. The above list of major shareholders is based on the shareholder registry.

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Rheos Capital Works, Inc.	1-11-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	Shares 1,062,100	4.24
Total	-	Shares 1,062,100	4.24

4. Although Mizuho Trust & Banking Co., Ltd. and its joint holders are listed as holding the following shares, respectively, as of March 15, 2024, in the report on changes in large volume holdings that is available for public inspection as of March 25, 2024, the Company has confirmed no beneficial ownerships of the number of shares held by them as of March 31, 2024. The above list of major shareholders is based on the shareholder registry.

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Mizuho Trust & Banking Co., Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	Shares 30,900	0.12
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo, Japan	Shares 879,500	3.51
Asset Management One International, Ltd.	30 Old Bailey, London, EC4M 7AU, UK	Shares 39,100	0.16
Total	-	Shares 949,500	3.79

5. Although Nomura Securities Co., Ltd. and its joint holders are listed as holding the following shares, respectively, as of March 29, 2024, in the report on changes in large volume holdings that is available for public inspection as of April 5, 2024, the Company has confirmed no beneficial ownerships of the number of shares held by them as of March 31, 2024. The above list of major shareholders is based on the shareholder registry.

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Nomura Securities Co., Ltd.	1-13-1 Nihonbashi, Chuo-ku, Tokyo, Japan	Shares 121,100	0.48
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	Shares 184,814	0.74
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo, Japan	Shares 1,224,100	4.89
Total	-	Shares 1,530,014	6.11

(7) Status of Voting Rights**[1] Issued Shares**

As of March 31, 2024

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (Treasury shares and etc.)	-	-	-
Shares with restricted voting rights (Others)	-	-	-
Shares with full voting rights (Treasury shares)	Common shares 14,100	-	-
Shares with full voting rights (Others)	Common shares 24,976,200	249,762	-
Less than one unit shares	Common shares 53,588	-	-
Total number of issued shares	25,043,888	-	-
Total voting rights held by all shareholders	-	249,762	-

(Note)

“Shares with full voting rights (Other)” include 11,800 shares (118 voting rights) held under the name of Japan Securities Depository Center, Inc. and 30,900 shares (309 voting rights) of the Company held by The Custody Bank of Japan, Ltd. (Trust Account E) as trust assets under the “Employee Stock Ownership Plan (J-ESOP).”

[2] Treasury Shares, etc.

As of March 31, 2024

Shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Percentage of shares held to the total number of issued shares (%)
TOWA CORPORATION	5 Kamichoshi-cho, Kamitoba, Minami- ku, Kyoto-shi, Kyoto, Japan	14,100	-	14,100	0.06
Total	-	14,100	-	14,100	0.06

(Note)

“Number of shares held under own name” does not include 30,900 shares of the Company held by The Custody Bank of Japan, Ltd. (Trust Account E) as trust assets under the “Employee Stock Ownership Plan (J-ESOP).”

(8) Details of Director and Employee Stock Ownership Programs

[1] Introduction of the Employee Stock Ownership Plan (J-ESOP)

By resolution of the Board of Directors' meeting held on August 8, 2023, the Company has introduced the "Employee Stock Ownership Plan (J-ESOP)" (hereinafter, the "Plan"), an incentive plan in which shares of the Company are granted to employees, to further link the Company's stock price and business performance with the treatment of its employees, and to share the economic benefits with shareholders, thereby boosting employees' motivation and morale to improve the Company's stock price and business performance.

[2] Outline of the Plan

This is a plan in which shares of the Company are granted to employees who meet certain requirements under the Stock Benefit Regulations established in advance. The Company grants points to employees according to their grade, etc., and when they acquire the right to receive benefits under certain conditions, the Company will grant them shares of the Company equivalent to the points granted. The shares to be granted to employees, including those granted in the future, shall be acquired with money in a trust set up in advance, segregated, and managed as trust assets.

[3] Total number of shares to be granted to employees

66,000 shares

[4] Scope of persons who may receive beneficiary rights or other rights under the Plan

Of employees, persons who meet the beneficiary requirements set out in the Stock Benefit Regulations

2. Status of Acquisition of Treasury Shares

[Class of shares] Acquisition of common shares which falls under Article 155, Item 7 of the Companies Act.

(1) Status of Acquisition by Resolution of the General Meeting of Shareholders

Not applicable.

(2) Status of Acquisition by Resolution of the Board of Directors' Meeting

Not applicable.

(3) Acquisitions Not Based on Resolution of the General Meeting of Shareholders or the Board of Directors' Meeting

Classification	Number of shares (Shares)	Total price (Yen)
Treasury shares acquired during the fiscal year ended March 31, 2024	582	2,232,110
Treasury shares acquired during the current period	53	499,090

(Note)

Treasury stock acquired during the period does not include shares acquired through the purchase of shares less than one unit from June 1, 2024 to the filing date of this Annual Securities Report.

(4) Disposals or Holding of Acquired Treasury Shares

Classification	Fiscal year ended March 31, 2024		Current Period	
	Number of shares (Shares)	Total disposal price (Yen)	Number of shares (Shares)	Total disposal price (Yen)
Acquired treasury shares for which persons to subscribe are solicited	-	-	-	-
Acquired treasury shares cancelled	-	-	-	-
Acquired treasury shares transferred in association with a merger, equity swap, or company split	-	-	-	-
Others	-	-	-	-
Treasury shares held	14,179	-	14,232	-

(Note)

Treasury shares held during the period does not include shares acquired through the purchase of shares less than one unit from June 1, 2024 to the filing date of this Annual Securities Report.

3. Dividend Policy

The Company sees the return of profits to shareholders as one of the most important management policies. In line with our basic policy of distributing stable dividends on an ongoing basis, we will distribute profits based on each fiscal year's business performance while securing internal reserves necessary for R&D investments to develop competitive products, capital investments aimed at raising productivity, investments for business expansion into new markets, and improvement of our financial position.

The Company follows a basic policy of paying dividends of surplus twice a year as interim dividend and year-end dividend. The Articles of Incorporation stipulate that "Pursuant to Article 459, Paragraph 1 of the Companies Act, the Company may pay dividends of surplus, etc. by resolution of the Board of Directors, and "the Company may, by resolution of the Board of Directors, pay interim dividends with a record date of September 30 each year."

In accordance with the Company's Articles of Incorporation, the Board of Directors resolved at its meeting held on May 10, 2024, to pay a year-end dividend of 40 yen per share for the current fiscal year. Since the Company has decided not to pay the interim dividend, the annual dividend totals 40 yen per share.

Divides of surplus for the current fiscal year are as follows.

Resolution date	Total dividend (Millions of Yen)	Dividend per share (Yen)
Board of Directors' meeting held on May 10, 2024	1,001	40

4. Corporate Governance

(1) Overview of Corporate Governance

[1] Basic views on Corporate Governance

We make continuous efforts to enhance our corporate governance system, aiming for the sustainable growth of the TOWA Group and the medium- and long-term improvement of our corporate value.

We are striving to further strengthen and practice our corporate governance, based on the following fundamentals:

- Ensuring that the actions of the TOWA Group are legal and socially responsible
- Ensuring and maintaining the transparency and objectivity of our business management
- Building an organization and system that is able to respond rapidly to changes in the environment
- Ensuring fair business administration with importance attached to shareholders, by protecting the rights of our shareholders and being open and candid with them, for example
- Creating corporate value and employment by building strong relationships with our stakeholders

Corporate Mission

Our corporate mission is to contribute to the growth of the world's industries by developing and providing key enabling technologies for each successive generation of products. Simultaneously, TOWA strives to maintain a "quarter-lead" over the competition to ensure that our innovative products are always the first to market.

Company Motto

TOWA established on April 17, 1979, as TOWA Precision Industries Limited, and set "Five Strengths" as our Company Motto at the time of establishment.

With our passion for "Monozukuri" and our company motto "Five Strengths" in mind, we will strive to enhance our corporate value so that we can earn the trust and satisfaction of our stakeholders and customers.

Five Strengths

- Foster Creative Momentum
- Nurture Technological Leadership
- Transform Ability Into Practice
- Fortify Your Convictions
- Focus the Corporate Energy

[2] Overview of corporate governance system and reasons for adopting the system

a. Overview of corporate governance system

[Board of Directors, Audit & Supervisory Committee, Nomination and Compensation Committee, Executive Meeting, etc.]

The Company has established the Board of Directors, the Audit & Supervisory Committee, the Nomination and Compensation Committee, the Executive Committee, and others that function as the bodies responsible for major discussion and decision-making. As of the filing date of the Annual Securities Report, the Board of Directors consists of five Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada; Mr. Koichi Ishida; Mr. Nobutaka Shibahara; Mr. Kazuhiro Nishimura; and Mr. Muneo Miura, and four Directors who are members of the Audit & Supervisory Committee: Mr. Kiyoshige Gamo; Mr. Daisuke Wake; Ms. Miho Goto; and Ms. Motoko Tanaka (three of whom, Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka are Independent Outside Directors). Chaired by Mr. Hirokazu Okada, President and CEO, the Board of Directors holds regular meetings of the Board of Directors once a month, as well as extraordinary meetings as necessary to make decisions on matters required by laws and regulations and important management matters.

As of the filing date of the Annual Securities Report, the Audit & Supervisory Committee consists of one Director, Mr. Kiyoshige Gamo, and three Outside Directors: Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka. Chaired by Director Mr. Kiyoshige Gamo, the Audit & Supervisory Committee conducts audits of the execution of duties by Directors (excluding Directors who are members of the Audit & Supervisory Committee) by attending Board of Directors meetings and examining the status of operations and assets in line with the audit policy and audit plans established by the Audit & Supervisory Committee. To strengthen the auditing and supervisory functions by thoroughly gathering information through attendance at important meetings, etc., and by enhancing the effectiveness of audits through sufficient cooperation with the Audit Department, Mr. Kiyoshige Gamo has been appointed as a full-time Audit & Supervisory Committee Member.

Chaired by Mr. Daisuke Wake, Outside Director, the Nomination and Compensation Committee consists of two Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada and Mr. Nobutaka Shibahara, and three Outside Directors: Mr. Daisuke Wake; Ms. Miho Goto; and Ms. Motoko Tanaka. The Committee has established as an advisory body to the Board of Directors to improve fairness, transparency, and objectivity of the deliberation procedures in the personnel and

compensation systems for Directors and hence to enhance corporate governance.

Executive Meeting consists of five Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada; Mr. Koichi Ishida; Mr. Nobutaka Shibahara; Mr. Kazuhiro Nishimura; and Mr. Muneo Miura, Mr. Kiyoshige Gamo, Director and Full-time Audit & Supervisory Committee Member; and Members (Executive Officers, etc.) appointed by the President and CEO according to the agenda. The Meeting, chaired by Mr. Hirokazu Okada, President and CEO, receives reports on the medium-term and annual business plans formulated based on the management policy and the status of execution of other important business operations and makes discussions on issues and other matters to determine the course of action. As for matters to be discussed at the Board of Directors meetings, a system has been established for prompt and efficient management decision-making through prior discussions at the Executive Meeting.

Risk Management Committee consists of five Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada; Mr. Koichi Ishida; Mr. Nobutaka Shibahara; Mr. Kazuhiro Nishimura; and Mr. Muneo Miura; Mr. Kiyoshige Gamo, Director and Full-time Audit & Supervisory Committee Member, and Division Managers. The Committee is chaired by Mr. Hirokazu Okada, President and CEO. As the body responsible for risk management for the entire Group, the Committee annually assesses various risks related to the Company's business and determines risk countermeasures, such as avoidance, transfer, reduction, and retention.

[Number of directors]

The Company's Articles of Incorporation stipulate that the Company shall have no more than 15 directors; of which, at least 3 shall be members of the Audit & Supervisory Committee and a majority shall be outside directors.

[Requirements for resolution for the appointment of directors]

The Company's Articles of Incorporation stipulate that resolution for the appointment of directors, distinguishing between directors who are members of the Audit & Supervisory Committee and who are not, shall require the attendance of shareholders who hold at least one-third of the total voting rights of shareholders who are entitled to exercise their voting rights and a majority vote in favor by said shareholders at the meeting.

The Company's Articles of Incorporation also stipulate that cumulative voting shall not be used for the resolution for the appointment of directors.

Furthermore, the Articles of Incorporation stipulate that the term of office of directors (excluding directors who are members of the Audit & Supervisory Committee) shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within one year after their appointment.

[Exemption of Directors from Liability]

The Company's Articles of Incorporation stipulate that, pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt directors (including former directors) from the liabilities as provided in Article 423, Paragraph 1 of the said Act, to the extent permitted by law. The purpose of this provision is to create an environment in which directors can fully demonstrate their abilities to fulfill their roles in the execution of their duties.

[Activities of the Board of Directors]

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

Number of Meetings and Attendance Status

Name	Number of Meetings	Number of Attendances	Attendance Rate
Hirokazu Okada	17 times	17 times	100%
Koichi Ishida	17 times	17 times	100%
Nobutaka Shibahara	17 times	17 times	100%
Kazuhiro Nishimura	17 times	17 times	100%
Muneo Miura	17 times	17 times	100%
Kiyoshige Gamo	17 times	17 times	100%
Daisuke Wake	17 times	17 times	100%
Miho Goto	17 times	17 times	100%
Motoko Tanaka	17 times	17 times	100%

Specific Considerations

	Main Contents
Resolutions	Matters related to the General Meeting of Shareholders, settlement of accounts, remuneration for directors, budget and business plans, personnel and organizations, finance, subsidiaries, sustainability and ESG, revision or abolition of important internal rules, etc.
Report Items	Reports on the evaluation of the effectiveness of the Board of Directors, status of business execution, monthly business performance, audits, conflict-of-interest transactions, etc.

As for the status of the effectiveness of the Board of Directors, the Audit & Supervisory Committee members, who have voting rights on the Board of Directors, conduct audits to gain a correct understanding of the current status of the Board of Directors for its even more effective operation. Once each year, the Board of Directors conducts a questionnaire (self-evaluation) survey targeting all directors to analyze and evaluate the effectiveness of the Board of Directors.

The questionnaire results confirmed that members of the Board of Directors engage freely in fulfilling discussions, including opinions and questions from outside directors, and that the frequency and time of Board of Directors' meetings as well as the number and details of deliberation items are appropriate and sufficient, and hence the effectiveness of the Board of Directors has been secured. The results and opinions of the questionnaire are discussed at the Board of Directors' meetings to further improve the effectiveness of the Board of Directors.

The composition of the Board of Directors is designed considering diversity, etc. after identifying the experience, knowledge, and abilities required of directors to ensure an appropriate balance between important management decisions and supervision of business execution.

[Main areas of experience/expertise of directors]

Skills matrix

Name	Position/title	Outside	Independent	Nomination and Compensation Committee	Corporate management	Production, engineering development	Expatriate experience	Sales and marketing	Accounting	Legal and compliance
Hirokazu Okada	President & CEO			○	●	●	●	●		
Koichi Ishida	Director, Managing Executive Officer					●		●		
Nobutaka Shibahara	Director, Senior Executive Officer			○	●		●			●
Kazuhiro Nishimura	Director, Executive Officer				●	●	●			
Muneo Miura	Director, Executive Officer						●	●		
Kiyoshige Gamo	Director, Full-time Audit and Supervisory Committee Member				●		●			
Daisuke Wake	Director, Audit and Supervisory Committee Member	○	○	◎					●	
Miho Goto	Director, Audit and Supervisory Committee Member	○	○	○						●
Motoko Tanaka	Director, Audit and Supervisory Committee Member	○	○	○					●	

◎ Chairman

[Activities of the Nomination and Compensation Committee]

The Company held three meetings of the Nomination and Compensation Committee during the fiscal year under review, and the attendance of individual members is as follows.

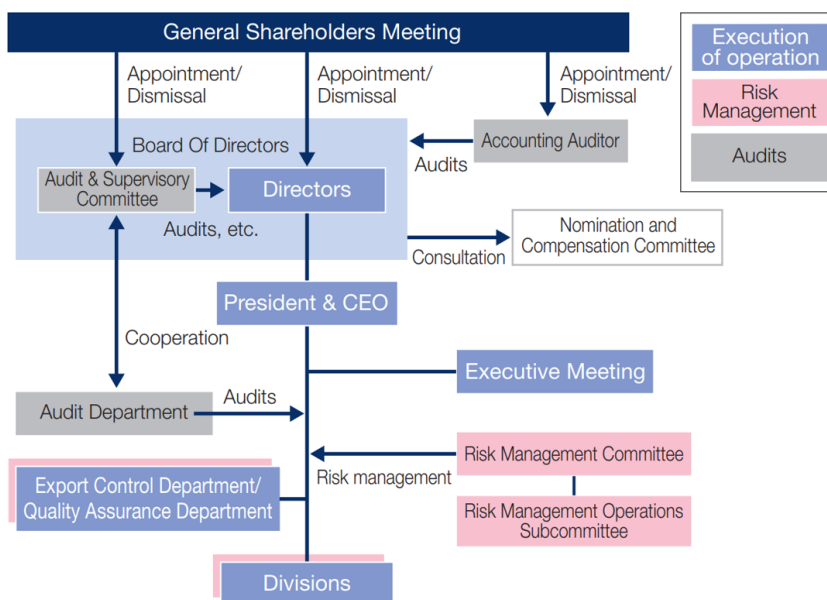
Name	Number of Meetings	Number of Attendances	Attendance Rate
Daisuke Wake	3 times	3 times	100%
Hirokazu Okada	3 times	3 times	100%
Nobutaka Shibahara	3 times	3 times	100%
Miho Goto	3 times	3 times	100%
Motoko Tanaka	3 times	3 times	100%

Details of deliberations conducted by the Nomination and Compensation Committee include deliberations on the personnel and compensation systems for directors in response to inquiries from the Board of Directors.

b. Reasons for adopting a corporate governance system

The Company believes that adopting the above corporate governance system will clarify the management and supervisory functions and business execution functions, enabling prompt decision-making and reinforcing the business execution function. We also believe that the objectivity and transparency of the management monitoring function will be ensured through the auditing and supervision of the Board of Directors by Audit & Supervisory Committee Members, who can exercise voting rights at Board of Directors' meetings as directors.

c. Organizational Structure and Internal Control System Chart



[3] Other matters concerning corporate governance

a. Status of development of internal control systems

The Company has resolved the “Basic Policy for Establishment of Internal Control Systems” regarding systems for ensuring that the execution of duties by directors complies with laws, regulations, and Articles of Incorporation and other systems for ensuring compliance of operations performed by a corporation and by its subsidiaries (hereinafter, “internal control systems”). The development status of the internal control systems based on said basic policy is summarized below.

(i) The Compliance Regulations clearly describe universal matters to be observed by directors and employees of the Company and its subsidiaries in performing their business activities, as well as standards of conduct to implement them in their daily operations. In addition, with the Insider Trading Control Regulations, the Personal Information Protection Regulations, the Whistleblower (Internal Reporting) Handling Regulations, and other regulations established, the Company has built and developed a compliance system. Furthermore, to promote the spread of the system throughout the Company, we provide all employees with training and education and post articles on the company newsletter. In addition, an adequate whistleblower (internal reporting) system has been put in place, with multiple contact points established within the Company to handle whistleblowing from employees and subsidiaries.

(ii) We clearly state in our Compliance Regulations and Corporate Governance Report submitted to stock exchanges that we will take a firm stand against antisocial forces and groups that threaten the order and safety of civil society, and we will never be associated with any such forces or groups.

(iii) The Company has established a system to ensure that internal control functions properly as a corporate group by, for example, requiring the final decision of the parent company on the subsidiaries’ execution of business of particular importance.

(iv) Based on the Rules on Organization and Segregation of Duties and the Rules on Management of Affiliated Companies, departments responsible for overseeing group companies as well as each division of the Company give, through business operations under their respective jurisdiction, guidance and manage subsidiaries’ establishing, developing, and operating internal control systems in their business operations. Periodical reporting to the Company is required for subsidiaries on their financial statements and other important information. In addition, the Audit Department audits the establishment and operation of internal control systems, such as compliance with laws and regulations and risk management systems, at subsidiaries in line with the Internal Audit Regulations for Domestic and Overseas Operating Companies.

b. Status of development of risk management system

As a risk management system, the Company has established a Risk Management Committee chaired by the President and CEO based on the Risk Management Committee Regulations. Every year, the Committee assesses various risks related to the Company’s business and determines risk countermeasures, such as avoidance, transfer, reduction, and retention. Risk countermeasures are implemented by the Risk Countermeasures Subcommittee, a subordinate body of the Risk Management Committee, and the implementation status is reported to the Board of Directors on a regular basis.

To comply with the Financial Instruments and Exchange Law, the Company has established an internal control subcommittee aimed at building an internal control system to ensure the reliability and accuracy of financial reporting.

[4] Overview of the liability limitation agreement

The Company has concluded an agreement with each of the Outside Directors who are Audit & Supervisory Committee Members as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the same Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts. However, such limitation of liability shall be applicable only when the performance of the outside director’s duties giving rise to such responsibilities is recognized to have been carried out in good faith and without gross negligence.

[5] Overview of the director’s and other’s liability insurance contract

The Company has entered into a directors’ and officers’ liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. If a claim for damages is filed by a shareholder, third party, or others, the insurance policy will cover damages, dispute expenses, and other losses that the insured person would otherwise have to pay. However, damages arising from acts knowingly committed that such acts violate laws and regulations, or from illegal provision of personal benefits or favors, shall not be covered since there is no ground to apply exemption from liability for such acts. The insured persons

under this insurance contract are directors, executive officers, and the Audit & Supervisory Committee members of the Company and its subsidiaries. Premiums are borne in full amount by the Company.

[6]Organization that determines dividends from surplus, etc.

The Company stipulates in its Articles of Incorporation that “with regard to matters stipulated in the provisions of Article 459, Paragraph 1 of the Companies Act, including distribution of surplus in the form of dividends, the Company may determine by a resolution of the Board of Directors, instead of a resolution of the General Meeting of Shareholders, unless otherwise provided by laws and regulations.” This is aimed at the agile return of profits to shareholders by authorizing the Board of Directors to pay dividends from surplus, etc. The Company also stipulates in its Articles of Incorporation that “the Company may pay an interim dividend, setting September 30 every year as the record date by a resolution of the Board of Directors in accordance with Article 454, Paragraph 5 of the Companies Act.

[7]Requirements for special resolutions at the General Meeting of Shareholders

The Company has stipulated in its Articles of Incorporation that special resolutions at the General Meeting of Shareholders set forth in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise voting rights are present. This is aimed to smoothly run general meetings of shareholders by reducing the quorum for special resolution at the meeting.

(2) Status of Directors

[1] List of Directors

(1) The status of the Company's Directors as of June 26, 2024 (the filing date of the Annual Securities Report) is as follows:
Seven men and two women (Percentage of women: 22.2%)

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
President & CEO	Hirokazu Okada	August 11, 1951	<p>April 1979 Joined the Company</p> <p>September 1985 Department Manager of Marketing and Sales Div.</p> <p>March 1988 Director</p> <p>June 2000 Senior Director</p> <p>August 2003 Director</p> <p>November 2005 Director, Department Manager of PM Market Development Dept.</p> <p>June 2006 Director, Managing Executive Officer, Department Manager of PM Market Development Dept.</p> <p>June 2008 Director, Managing Executive Officer, Division Manager of Development Div.</p> <p>April 2010 Executive Director, Chief Operating Officer of Development Div., Marketing and Sales Div. and Bandoh Memorial Research Laboratory</p> <p>April 2012 President & CEO (to present)</p>	(Notes) 3	205,945
Director, Core Technology Business Division Manager	Koichi Ishida	October 6, 1962	<p>March 1985 Joined the Company</p> <p>April 2010 Executive Officer, Division Manager of Mold Products Div.</p> <p>April 2014 Executive Officer, Division Manager of Marketing and Sales Div.</p> <p>April 2016 Senior Executive Officer, Division Manager of Marketing and Sales Div. and New Business Promotion Div.</p> <p>June 2017 Director, Senior Executive Officer, Division Manager of Marketing and Sales Div. and New Business Promotion Div.</p> <p>April 2018 Director, Senior Executive Officer, Chief Operating Officer of Marketing and Sales Div. and New Business Promotion Div., Division Manager of New Business Promotion Div.</p> <p>April 2021 Director, Managing Executive Officer, Chief Operating Officer of Marketing and Sales Div. and New Business Promotion Div., Division Manager of New Business Promotion Div.</p> <p>June 2022 Director, Managing Executive Officer, Chief Operating Officer of Core Technology Business Div., Development Div. and Singulation Development Div., Division Manager of Core Technology Business Div.</p> <p>January 2024 Director, Managing Executive Officer, Chief Operating Officer of Core Technology Business Div. and Development Div., Division Manager of Core Technology Business Div. (to present)</p>	(Notes) 3	20,267

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director, Administration Division Manager	Nobutaka Shibahara	August 16, 1964	<p>April 1987 Joined the Company</p> <p>April 2008 Department Manager of Production Control Dept., Production Div.</p> <p>April 2010 Department Manager of Planning Dept. and Administration Div.</p> <p>April 2014 CEO of TOWA (Suzhou) Co., Ltd.</p> <p>October 2017 Division Manager of Corporate Planning Div.</p> <p>April 2019 Executive Officer, Division Manager of Corporate Planning Div.</p> <p>April 2021 Executive Officer, Division Manager of Administration Div.</p> <p>June 2021 Director, Executive officer, Chief Operating Officer of Corporate Planning Div. and Administration Div., Division Manager of Administration Div.</p> <p>June 2022 Director, Senior Executive officer, Chief Operating Officer of Corporate Planning Div. and Administration Div., Division Manager of Administration Div. (to present)</p>	(Notes) 3	13,851
Director, Production Division Manager	Kazuhiro Nishimura	November 3, 1965	<p>June 1984 Joined the Company</p> <p>October 2010 CEO of TOWA (Suzhou) Co., Ltd.</p> <p>April 2014 Department Manager of System Manufacturing Dept., System Products Div.</p> <p>October 2017 Assistant Division Manager of Mold Products Div.</p> <p>October 2018 Division Manager of Mold Products Div.</p> <p>April 2020 Executive Officer, Division Manager of Production Div.</p> <p>June 2022 Director, Executive Officer, Chief Operating Officer of Production Div., Division Manager of Production Div. (to present)</p>	(Notes) 3	6,845
Director, Marketing and Sales Division Manager	Muneo Miura	August 1, 1969	<p>October 1990 Joined the Company</p> <p>April 2015 Department Manager of Sales Engineering Dept., Marketing and Sales Div.</p> <p>April 2016 Department Manager of Global Sales Dept., Marketing and Sales Div.</p> <p>April 2018 Division Manager of Marketing and Sales Div.</p> <p>April 2020 Executive Officer, Division Manager of Marketing and Sales Div.</p> <p>June 2022 Director, Executive Officer, Chief Operating Officer of Marketing and Sales Div., Division Manager of Marketing and Sales Div.</p> <p>January 2024 Director, Executive Officer, Chief Operating Officer of Marketing and Sales Div. and Singulation Business Div., Division Manager of Marketing and Sales Div. (to present)</p>	(Notes) 3	7,079

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director (Full-time Audit and Supervisory Committee Member)	Kiyoshige Gamo	March 18, 1961	October 2000 Joined the Company October 2008 Department Manager of Quality Assurance Dept. April 2012 Department Manager of Administrative Dept., Bando Memorial Research Laboratory January 2013 Department Manager of Planning Dept., Administration Div. October 2014 Executive Officer, Division Manager of Corporate Planning Div. October 2017 Executive Officer Managing Director of TOWAM Sdn. Bhd. April 2022 Executive Officer June 2022 Director, Full-time Audit and Supervisory Committee Member (to present)	(Notes) 4	35,700
Director (Audit and Supervisory Committee Member)	Daisuke Wake	August 2, 1968	October 1998 Joined Chuo Audit Corporation January 2005 Established Wake Certified Public Accountant Office, Representative of the office (to present) June 2012 Auditor June 2016 Director, Audit and Supervisory Committee Member (to present) March 2022 Outside Director and Member of the Audit and Supervisory Committee of Shirai Electronics Industrial Co., Ltd. (to present)	(Notes) 4	6,900
Director (Audit and Supervisory Committee Member)	Miho Goto	December 10, 1969	April 1997 Registered as lawyer October 2005 Established Goto Law Office (to present) June 2020 Director, Audit and Supervisory Committee Member (to present)	(Notes) 4	900
Director (Audit and Supervisory Committee Member)	Motoko Tanaka	December 13, 1959	October 1989 Joined Tohmatsu Awoki & Sanwa (Now Deloitte Touche Tohmatsu LLC) July 2003 Partner of Deloitte Touche Tohmatsu LLC July 2020 Established Tanaka Certified Public Accountant Office, Representative of the office (to present) June 2022 Director, Audit and Supervisory Committee Member (to present) June 2023 External Audit and Supervisory Board Member of Wacoal Holdings Corp. (to present)	(Notes) 4	300
Total					297,787

(Notes)

- Directors (Audit & Supervisory Committee Members) Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka are Outside Directors.
- The structure of the Company's Audit & Supervisory Committee is as follows:
Chairman Mr. Kiyoshige Gamo, Member Mr. Daisuke Wake, Member Ms. Miho Goto, Member Ms. Motoko Tanaka
- From the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2023 to the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2024
- From the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2022 to the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2024.
- The Company has introduced an executive officer system to clarify the management and supervisory functions and the business execution functions, and the total number of executive officers is nine (9).
- The number of shares of the Company held by each director represents the status as of March 31, 2024.

(2) Proposals (matters to be resolved) for the Ordinary General Meeting of Shareholders to be held on June 27, 2024: “Appointment of Five (5) Directors (excluding Directors who are members of the Audit & Supervisory Committee)” and “Appointment of Four (4) Directors who are Members of the Audit & Supervisory Committee” were submitted. If these proposals are approved as originally proposed, the status of the Company’s directors and officers will be as follows: Details of the resolutions to be adopted at the Board of Directors meeting scheduled to be held immediately after said Ordinary General Meeting of Shareholders (positions, etc.) are also included.
Seven men and two women (Percentage of women: 22.2%)

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
President & CEO	Hirokazu Okada	August 11, 1951	<p>April 1979 Joined the Company</p> <p>September 1985 Department Manager of Marketing and Sales Div.</p> <p>March 1988 Director</p> <p>June 2000 Senior Director</p> <p>August 2003 Director</p> <p>November 2005 Director, Department Manager of PM Market Development Dept.</p> <p>June 2006 Director, Managing Executive Officer, Department Manager of PM Market Development Dept.</p> <p>June 2008 Director, Managing Executive Officer, Division Manager of Development Div.</p> <p>April 2010 Executive Director, Chief Operating Officer of Development Div., Marketing and Sales Div. and Bando Memorial Research Laboratory</p> <p>April 2012 President & CEO (to present)</p>	(Notes) 3	205,945
Director, Core Technology Business Division Manager	Koichi Ishida	October 6, 1962	<p>March 1985 Joined the Company</p> <p>April 2010 Executive Officer, Division Manager of Mold Products Div.</p> <p>April 2014 Executive Officer, Division Manager of Marketing and Sales Div.</p> <p>April 2016 Senior Executive Officer, Division Manager of Marketing and Sales Div. and New Business Promotion Div.</p> <p>June 2017 Director, Senior Executive Officer, Division Manager of Marketing and Sales Div. and New Business Promotion Div.</p> <p>April 2018 Director, Senior Executive Officer, Chief Operating Officer of Marketing and Sales Div. and New Business Promotion Div., Division Manager of New Business Promotion Div.</p> <p>April 2021 Director, Managing Executive Officer, Chief Operating Officer of Marketing and Sales Div. and New Business Promotion Div., Division Manager of New Business Promotion Div.</p> <p>June 2022 Director, Managing Executive Officer, Chief Operating Officer of Core Technology Business Div., Development Div. and Singulation Development Div., Division Manager of Core Technology Business Div.</p> <p>January 2024 Director, Managing Executive Officer, Chief Operating Officer of Core Technology Business Div. and Development Div., Division Manager of Core Technology Business Div. (to present)</p>	(Notes) 3	20,267

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director, Administration Division Manager	Nobutaka Shibahara	August 16, 1964	<p>April 1987 Joined the Company</p> <p>April 2008 Department Manager of Production Control Dept., Production Div.</p> <p>April 2010 Department Manager of Planning Dept. and Administration Div.</p> <p>April 2014 CEO of TOWA (Suzhou) Co., Ltd.</p> <p>October 2017 Division Manager of Corporate Planning Div.</p> <p>April 2019 Executive Officer, Division Manager of Corporate Planning Div.</p> <p>April 2021 Executive Officer, Division Manager of Administration Div.</p> <p>June 2021 Director, Executive officer, Chief Operating Officer of Corporate Planning Div. and Administration Div., Division Manager of Administration Div.</p> <p>June 2022 Director, Senior Executive officer, Chief Operating Officer of Corporate Planning Div. and Administration Div., Division Manager of Administration Div. (to present)</p>	(Notes) 3	13,851
Director, Production Division Manager	Kazuhiro Nishimura	November 3, 1965	<p>June 1984 Joined the Company</p> <p>October 2010 CEO of TOWA (Suzhou) Co., Ltd.</p> <p>April 2014 Department Manager of System Manufacturing Dept., System Products Div.</p> <p>October 2017 Assistant Division Manager of Mold Products Div.</p> <p>October 2018 Division Manager of Mold Products Div.</p> <p>April 2020 Executive Officer, Division Manager of Production Div.</p> <p>June 2022 Director, Executive Officer, Chief Operating Officer of Production Div., Division Manager of Production Div. (to present)</p>	(Notes) 3	6,845
Director, Marketing and Sales Division Manager	Muneo Miura	August 1, 1969	<p>October 1990 Joined the Company</p> <p>April 2015 Department Manager of Sales Engineering Dept., Marketing and Sales Div.</p> <p>April 2016 Department Manager of Global Sales Dept., Marketing and Sales Div.</p> <p>April 2018 Division Manager of Marketing and Sales Div.</p> <p>April 2020 Executive Officer, Division Manager of Marketing and Sales Div.</p> <p>June 2022 Director, Executive Officer, Chief Operating Officer of Marketing and Sales Div., Division Manager of Marketing and Sales Div.</p> <p>January 2024 Director, Executive Officer, Chief Operating Officer of Marketing and Sales Div. and Singulation Business Div., Division Manager of Marketing and Sales Div. (to present)</p>	(Notes) 3	7,079
Director (Full-time Audit and Supervisory Committee Member)	Hiroshi Hattori	December 10, 1965	<p>April 1988 Joined The Bank of Kyoto, Ltd.</p> <p>June 2015 Manager of Uji Branch of The Bank of Kyoto, Ltd.</p> <p>August 2021 Joined the Company as Counsellor of Finance Dept., Corporate Planning Div.</p> <p>April 2022 Department Manager of Finance Dept., Corporate Planning Div. (to present)</p> <p>June 2024 Director, Full-time Audit and Supervisory Committee Member (Designated).</p>	(Notes) 4	141

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director (Audit and Supervisory Committee Member)	Daisuke Wake	August 2, 1968	October 1998 Joined Chuo Audit Corporation January 2005 Established Wake Certified Public Accountant Office, Representative of the office (to present) June 2012 Auditor June 2016 Director, Audit and Supervisory Committee Member (to present) March 2022 Outside Director and Member of the Audit and Supervisory Committee of Shirai Electronics Industrial Co., Ltd. (to present)	(Notes) 4	6,900
Director (Audit and Supervisory Committee Member)	Miho Goto	December 10, 1969	April 1997 Registered as lawyer October 2005 Established Goto Law Office (to present) June 2020 Director, Audit and Supervisory Committee Member (to present)	(Notes) 4	900
Director (Audit and Supervisory Committee Member)	Motoko Tanaka	December 13, 1959	October 1989 Joined Tohmatsu Awoki & Sanwa (Now Deloitte Touche Tohmatsu LLC) July 2003 Partner of Deloitte Touche Tohmatsu LLC July 2020 Established Tanaka Certified Public Accountant Office, Representative of the office (to present) June 2022 Director, Audit and Supervisory Committee Member (to present) June 2023 External Audit and Supervisory Board Member of Wacoal Holdings Corp. (to present)	(Notes) 4	300
Total					262,228

(Notes)

- Directors (Audit & Supervisory Committee Members) Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka are Outside Directors.
- The structure of the Company's Audit & Supervisory Committee is as follows:
Chairman Mr. Hiroshi Hattori, Member Mr. Daisuke Wake, Member Ms. Miho Goto, Member Ms. Motoko Tanaka
- From the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2024 to the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2025
- From the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2024 to the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.
- The Company has introduced an executive officer system to clarify the management and supervisory functions and the business execution functions, and the total number of executive officers is nine (9).
- The number of shares of the Company held by each director represents the status as of March 31, 2024. The number of shares held by Mr. Hiroshi Hattori represents his share in the TOWA Employee Shareholding Association.

[2] Outside Directors and Audit & Supervisory Committee Members

All three Outside Directors of the Company (Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka) are members of the Audit & Supervisory Committee and have no special interest in the Company. The Company's stock ownership by Outside Directors and Audit & Supervisory Committee Members is as stated in [1] List of Directors and Audit & Supervisory Committee Members. Outside Director Mr. Daisuke Wake is the Representative of Wake Certified Public Accountant Office and Outside Director and Audit & Supervisory Committee of Shirai Electronics Industrial Co., Ltd., but there is no significant business relationship and no special interest between the Company and any of these corporations, etc. Outside Director Ms. Miho Goto is Lawyer of Goto Law Office, but there is no special interest between the Company and this Office. Outside Director Ms. Motoko Tanaka is Representative of Tanaka Certified Public Accountant Office and Outside Audit & Supervisory Board Member of Wacoal Holdings Corp., but there is no special interest between the Company and any of these corporations, etc. Pursuant to the provisions of Article 2, Item 15 of the Companies Act, the Company appoints outside directors who have a wealth of experience and insight in corporate management and areas of expertise, and are also clearly independent of the Company, its Board of Directors, and its executive persons. Although we do not have clearly quantified criteria for independence, we make a comprehensive judgment of independence based on current and past attributes, the presence or absence of personal, capital, or business relationships, the presence or absence of potential conflicts of interest with other shareholders, and other factors. In addition, the Company has designated all of its outside directors as independent directors as stipulated under the Tokyo Stock Exchange guideline and registered them as such at the Exchange.

[3] Mutual coordination among supervision or audit by Outside Directors, internal audit, audit by the Audit & Supervisory Committee, and accounting audit, and relationship with the internal control department

Outside directors of the Company attend meetings of the Board of Directors, participate in deliberations and decisions on matters to be resolved, receive reports on the status of business execution and the accounting audit results, and make suggestions and exchange opinions as necessary.

In addition to attending meetings of the Board of Directors, the Company's outside directors share information with the accounting auditors and the Audit Department through the Audit & Supervisory Committee.

(3) Status of Audit

[1] Status of Audit & Supervisory Committee Member's Audit

1. Organization and personnel for Audit & Supervisory Committee

The Audit & Supervisory Committee comprises one Director, Mr. Kiyoshige Gamo, and three Outside Directors: Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka as of the filing date of the Annual Securities Report.

Mr. Kiyoshige Gamo, Full-time Audit & Supervisory Committee Member, has experience in management in general and supervision as a representative of a subsidiary of the Company.

Outside Directors Mr. Daisuke Wake, a certified public accountant and certified tax accountant; Ms. Miho Goto, a lawyer; and Ms. Motoko Tanaka, a certified public accountant are also Audit & Supervisory Committee Members, and have considerable knowledge of finance, accounting, and law.

In addition, one staff member of the Audit Department concurrently supports the execution of duties by the Audit & Supervisory Committee.

2. Activities of the Audit & Supervisory Committee and its Members

The Audit & Supervisory Committee meetings were held 17 times during the fiscal year under review, and the attendance status of each member is shown below:

Name	Number of Meetings	Number of Attendances	Attendance Rate
Kiyoshige Gamo	17 times	17 times	100%
Daisuke Wake	17 times	17 times	100%
Miho Goto	17 times	17 times	100%
Motoko Tanaka	17 times	17 times	100%

At the meetings, the Audit & Supervisory Committee mainly discusses audit policies, audit plans, division of duties, preparation of audit reports; evaluation of the accounting auditor, formation of opinions on personnel matters and compensation for directors other than those who are Audit & Supervisory Committee Members, and reporting on the status of execution of duties by Full-time

Audit & Supervisory Committee Members. For efficient audits, the Audit & Supervisory Committee receives reports from the Audit Department on the results of internal audits and requests the Audit Department to conduct deeper investigations as necessary. The Audit & Supervisory Committee also regularly receives reports on the status of accounting audits from the accounting auditor and exchanges information necessary for auditing.

The Full-time Audit & Supervisory Committee Members conducted on-site audits of each department of the Company and its consolidated subsidiaries based on the annual audit plan, and interviewed directors and executive officers. In addition, the Members attend important meetings of the Board of Directors, Executive Meeting, etc., review important approval documents, and exchange information with the internal audit department, internal control department, and accounting auditor.

The Outside Directors who are Audit & Supervisory Committee Members conducted on-site audits of some consolidated subsidiaries together with Full-time Audit & Supervisory Committee Members, making use of their respective professional knowledge and backgrounds. The Outside Directors also regularly exchange opinions with the President and CEO, receive detailed explanations of management policies and growth strategies, and express their opinions from the standpoint of independent directors.

[2] Status of internal Audit

The Company's internal audits are conducted by the Audit Department (one staff member as of the filing date of the Annual Securities Report), an independent department under the direct control of the President and CEO. Internal audits are conducted in line with the basic plan for internal audits which is finalized after gaining approval from the President and CEO on audit policy and key audit items at the beginning of each fiscal year.

The internal audit results are reported to the Board of Directors and the Audit & Supervisory Committee, the majority of whose members are outside directors. The types of internal audits are classified into (1) operational audits, (2) organizational, system and regulation audits, (3) accounting audits, (4) special audits, and (5) monitoring of the development and operation of internal controls. The Audit Department periodically checks the status of business execution and compliance with laws, regulations, and internal regulations of each department and subsidiary, and provides opinions and advice for more appropriate business management. In addition, the Audit Department regularly shares information on internal audit results with the Audit & Supervisory Committee to achieve efficient and effective audits. The Audit Department also serves as the Company's internal control department, and works together with the Internal Control Subcommittee, which is under the Risk Management Committee, to develop and evaluate the internal controls of the Company and the Group.

[3] Status of Accounting Audit

a. Name of the auditing firm

PwC Japan LLC

(Note) As of December 1, 2023, PwC Kyoto merged with PwC Arata LLC and changed its name to PwC Japan LLC.

b. Continuous audit period

1994 or later

(Note) The continuous audit period above is the result of an investigation into the period since the Company was listed on the stock exchange. The actual continuous audit period may be longer than this period.

c. Name of the certified public accountants that performed the duties

Gen Nakamura (in charge of the Company since the fiscal year ending March 31, 2024), Teruaki Arioka (in charge of the Company since the fiscal year ending March 31, 2021)

d. Composition of assistants for audit operations

2 certified public accountants, 4 passers of certified public accountant exam, and 11 others

e. Policies and reasons for choosing the auditing firm

The Company selects an accounting auditor who has the expertise required as an accounting auditor and hence is deemed suitable, based on the evaluation criteria for accounting auditors established by the Audit & Supervisory Committee.

If the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and dismissal is deemed appropriate, our Audit & Supervisory Committee will dismiss the accounting auditor with the consent of all members of the Committee. In addition, if it is deemed difficult to carry out a proper audit due to the occurrence of a cause that impairs the accounting auditor's qualifications and independence, or if it is deemed appropriate to change the accounting auditor to further improve the appropriateness of the audit, we will decide the content of the proposal for the General Meeting of Shareholders

regarding the appointment, dismissal, and non-reappointment of the accounting auditor.

f. Assessment of the accounting auditor

The Audit & Supervisory Committee evaluated the quality, effectiveness, efficiency, and other elements of the accounting auditor's audit based on the accounting auditor evaluation criteria established by the Committee. As a result of the evaluation, the Audit & Supervisory Committee of the Company resolved that the reappointment of the accounting auditor is appropriate.

g. Changes in the auditing firm

The Company's auditing firm has changed as follows:

Previous consolidated fiscal year and previous business year: PwC Kyoto

Current consolidated fiscal year and current business year: PwC Japan LLC

The items stated in the extraordinary report are as follows:

(1) Name of the auditing certified public accountant, etc. related to the change

[1] Name of the surviving auditing certified public accountant, etc.

PwC Japan LLC

[2] Name of the dissolving auditing certified public accountant, etc.

PwC Kyoto

(2) Date of the change

December 1, 2023

(3) Most recent date of appointment of the dissolving auditing certified public accountant, etc.

1994 or later

(Note) The period stated above is the result of an investigation into the period after the Company was listed as a public company, as the investigation was extremely difficult. The continuous audit period may be longer than this period.

(4) Matters concerning opinions in audit reports, etc. or internal control audit reports prepared by the dissolving auditing certified public accountant, etc. in the past three years

Not applicable.

(5) Reasons/backgrounds for the decision to make the change

PwC Kyoto (dissolving auditing firm), the accounting auditor of the Company, merged with PwC Arata LLC (surviving auditing firm) as of December 1, 2023, and was dissolved. PwC Arata LLC changed its name to PwC Japan LLC on the same day. As a result, the certified public accountant who performs audit attestation of the Company will be PwC Japan LLC.

(6) Opinions of the dissolving auditing certified public accountant, etc. on the matters described in the audit reports, etc. or internal control audit reports regarding the reasons and backgrounds for (5) above.

We have been informed that they have no opinions in particular.

[4] Audit Fee and Others

a. Details of fee paid to the independent auditor involved in the audit

Classification	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fee for audit services (Thousands of yen)	Fee for non-audit services (Thousands of yen)	Fee for audit services (Thousands of yen)	Fee for non-audit services (Thousands of yen)
The Company	35,000	-	34,000	-
The Company's consolidated subsidiaries	-	-	-	-
Total	35,000	-	34,000	-

b. Compensation to the same network as the Audit Certified Public Accountants (PricewaterhouseCoopers), Excluding a.

Classification	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit services (Thousands of yen)	Fees for non-audit services (Thousands of yen)	Fees for audit services (Thousands of yen)	Fees for non-audit services (Thousands of yen)
The Company	-	-	-	1,200
The Company's consolidated subsidiaries	9,167	1,866	13,659	1,676
Total	9,167	1,866	13,659	2,876

(Fiscal year ended March 31, 2023)

Non-audit services of consolidated subsidiaries mainly consisted of advisory and other services concerning accounting, tax, etc.

(Fiscal year ended March 31, 2024)

The non-audit services provided to our company include advisory services related to tax and other matters.

The non-audit services provided to our consolidated subsidiaries include advisory services related to accounting, tax, and other matters.

c. Remuneration based on other important audit and attestation services

Not applicable

d. Policy for determining the audit fees

While there are no specific matters to report, the fees are determined by considering factors such as the size, characteristics, and the number of audit days.

e. Reason that the Audit and Supervisory Committee gave consent to the amount of audit fees

The Audit & Supervisory Committee obtained necessary materials and reports from directors (excluding those who are members of the Audit & Supervisory Committee), relevant internal departments, and the accounting auditor, confirmed and examined the analysis and evaluation of audit results of the previous period, audit time and staffing plan in the audit plan, the status of performance of duties by the accounting auditor, and the appropriateness of remuneration estimate, etc. As a result, the Audit & Supervisory Committee gave the consent specified in accordance with Article 399, Paragraph 1 of the Companies Act, regarding the amount of remuneration for the accounting auditor.

(4) Compensation of Directors, etc.

[1] Matters regarding the policy on the decision of the amount of remuneration, etc., for directors or the method used to calculate the amount

1. At a meeting of the Board of Directors held on February 25, 2021, the Company resolved to adopt a policy for determining the remuneration, etc., for individual directors (excluding those who are members of the Audit & Supervisory Committee).

The content of the policy for determining the remuneration, etc. (including any subsequent revisions) is as follows.

The Board of Directors has confirmed that the content of the remuneration, etc. for individual directors for the current fiscal year is consistent with said policy.

Basic Policy

It is our basic policy for the compensation system for directors that it adequately functions as an incentive for sustainable enhancement of our corporate value, and remuneration for each director is determined at an appropriate level according to their respective responsibilities.

a. Policy on basic compensation

Basic compensation is a monthly fixed compensation. It is determined based on a fixed compensation table approved in advance by the Board of Directors, taking into comprehensive consideration position, responsibilities, years of service, other companies' standards, the Company's business performance, and employee salary levels.

b. Policy on performance-linked compensation

Performance-linked compensation is a monetary compensation that reflects key performance indicators (KPIs) to raise awareness of improving business performance for each fiscal year, and is paid as a bonus at a certain time each year. Performance-linked compensation is composed of a portion that varies according to the overall performance of the Company and a portion that varies according to individual performance. The portion that varies according to the Company's overall performance is calculated based on a table approved in advance by the Board of Directors according to the degree of achievement of the sales and operating profit targets announced at the beginning of each fiscal year.

The portion that varies according to individual performance is calculated based on a table approved in advance by the Board of Directors according to the performance (degree of achievement of targets) of the division of which individual directors are in charge, business performance of the consolidated subsidiary of which they are in charge, as well as the economic situation of various countries and regions, industrial trends, the performance of peer companies, and other factors.

c. Policy on non-monetary compensation

For the purpose of providing directors (excluding those who are members of the Audit & Supervisory Committee and outside directors) with an incentive to sustainably enhance the corporate value of the Company and further promoting value sharing with shareholders, the Company's common stock with a certain period during which its transfer is restricted will be allocated at a certain time each year as restricted stock compensation. The amount of compensation will be determined based on position, responsibilities, and other elements.

d. Policy on the ratio of remuneration, etc.

The ratio of remuneration (annual amount) by type for directors is roughly set as below.

Basic compensation (excluding employee salaries for directors who also serve as employees): Performance-linked compensation:

Non-monetary compensation = 7:2:1 for all directors

e. Matters concerning determination of the amount of remuneration, etc.

The President & CEO will make an assessment based on the policies a. to d. above when determining the amount of basic compensation, performance-linked compensation, and non-monetary compensation for each director, and will consult with the voluntary Nomination and Compensation Committee, the majority of whose members are independent outside directors and whose chairperson is also an independent outside director.

When received consultation, the voluntary Nomination and Compensation Committee will provide advice and recommendations to the Board of Directors, and the Board of Directors will make decisions after due consideration of said advice and recommendations.

2. The amount of remuneration for directors of the Company (excluding directors who are members of the Audit & Supervisory Committee) was approved at the 38th Ordinary General Meeting of Shareholders held on June 29, 2016, to be 300 million yen or less per year (excluding salaries to receive as employees). In addition, the amount of restricted stock remuneration for directors

(excluding directors who are members of the Audit & Supervisory Committee) was approved at the 44th Ordinary General Meeting of Shareholders held on June 29, 2022, to be 90 million yen or less per year and with an upper limit of 45,000 shares per year, separate from monetary compensation.

Remuneration for directors who are members of the Audit & Supervisory Committee consists only of fixed remuneration from the perspective of ensuring their independence and is determined through discussion among directors who are members of the Audit & Supervisory Committee within the limit of total amount resolved at the Ordinary General Meeting of Shareholders.

The amount of remuneration for our directors who are members of the Audit & Supervisory Committee was approved at the 38th Ordinary General Meeting of Shareholders held on June 29, 2016, to be no more than 30 million yen per year.

[2] Total Amount of Compensation by Director Category, the Total Amount of Compensation by Compensation Category and the Number of Eligible Directors are as Follows:

Director category	Total compensation (Thousands of yen)	Total compensation by category (Thousands of yen)			Number of eligible directors (Persons)
		Fixed compensation	Performance based compensation	Non-cash compensation	
Directors (excluding Audit and Supervisory Committee members)	204,193	126,300	59,100	18,793	5
Directors (Audit and Supervisory Committee members) (excluding Outside Directors)	11,340	11,340	-	-	1
Outside Directors	15,660	15,660	-	-	3

(Notes)

1. The retirement benefit system for directors was abolished in March 2006.

2. Of performance-linked compensation for our directors (excluding those who are members of the Audit & Supervisory Committee), indicators of the portion that varies according to the Company's overall performance are net sales and operating profit; actual results are 50,471 million yen and 8,661 million yen, respectively. These indicators were selected because we have set net sales and operating profit targets for each fiscal year in our medium-term management plan (April 2022 to March 2025) and therefore judged that it would be appropriate to link them to these targets.

Of performance-linked compensation for our directors (excluding those who are members of the Audit & Supervisory Committee), indicators of the portion that varies according to individual performance are the performance (degree of achievement of targets) of the division of which they are in charge, business performance of the consolidated subsidiary of which they are in charge, as well as the economic situation of various countries and regions, industrial trends, the performance of peer companies, and other factors. These indicators were selected because we judged that they are appropriate for proper evaluations of the performance of individual directors (excluding those who are members of the Audit & Supervisory Committee) and reflecting them in their compensation, etc. However, since these indicators are diverse and require comprehensive judgment that includes qualitative factors, we believe it is difficult to express the results in numerical form.

Performance-linked compensation of the Company is calculated by multiplying the base amount for each position by a coefficient determined in a table pre-approved by the Board of Directors for both companywide and individual performance.

As a result of the calculation using the above calculation method, the performance-linked compensation for the current fiscal year came to 59,100,000 yen (61,300,000 yen in the previous fiscal year), as shown under the "Performance-linked compensation (bonus)" in the table above.

3. Non-monetary compensation for the current fiscal year consisted of restricted stock compensation amounted to 18,793,000 yen, as shown under the "Non-monetary compensation" in the table above.

4. The policy for determining the amount of remuneration, etc. is drafted by the President and CEO together with the Director, Administration Div. Manager, and after consultation with the voluntary Nomination and Compensation Committee, is decided at a meeting of the Board of Directors with the attendance of outside directors.

(5) Status of Shareholdings

[1] Standard and Approach for the Classification of Investment Shares

The Company has classified investment shares into those held for a pure investment purpose, which are aimed to gain profits solely through fluctuations in the value of the shares or dividends on the shares, and those held for purposes other than a pure investment purpose.

[2] Investment Shares held for Purposes other than Pure Investment Purposes

a. Holding policy and method of verifying the rationality of shareholding, and details of verification of appropriateness of holding of individual issues at a meeting of the Board of Directors, etc.

To achieve sustainable growth and mid- to long-term growth, we may hold shares in companies that we deem necessary as part of our management strategies, such as business tie-ups, fundraising, and business expansion. Regarding the shares we hold, we verify whether the purpose of holding them is appropriate, whether the benefits and risks arising from holding them are commensurate with capital costs, etc., and based on the results of the verification, the Board of Directors decides whether to continue holding them or not. After the above verification for individual issues and deliberation at a meeting of the Board of Directors, we will consider selling stocks that are deemed not meaningful enough to hold.

b. Number of stocks and total amount recorded on the balance sheet

	Number of companies (Stock)	Total carrying amount (Thousands of yen)
Unlisted shares	2	15,459
Shares other than unlisted shares	7	9,229,244

(Stocks with Increased Number of Shares During the Fiscal Year)

Not applicable.

(Stocks with Decreased Number of Shares During the Fiscal Year)

Not applicable.

[3] Shares with Purposes of Pure Investment

Not applicable.

[4] Investment Stocks Whose Purpose Was Changed from Pure Investment to Non-Pure Investment During the Fiscal Year

Not applicable.

c. Information on the Number of Shares and Balance Sheet Amounts for Specific Investment Stocks by Stock Type

Stock	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of Holding, Overview of Business Alliances, Quantitative Holding Effect, and Reasons for the Increase in Number of Shares	Existence of Holding Our Company's Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Balance Sheet Amount (Thousands of yen)	Balance Sheet Amount (Thousands of yen)		
SCREEN Holdings Co., Ltd.	264,400	132,200	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes1) As of the record date of September 30, 2023, common stock has been split at a ratio of 2 shares for every 1 share.	Yes
	5,278,746	1,540,130		
HORIBA, Ltd.	99,000	99,000	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes1)	Yes
	1,586,970	783,090		
Terumo Corporation	560,000	280,000	(Purpose of holding) To facilitate and deepen our business relationship, since this is a major customer for our fine plastic molded products Business. (Quantitative Holding Effect) (Notes1) As of the record date of March 31, 2024, common stock has been split at a ratio of 2 shares for every 1 share.	Yes
	1,528,240	1,000,720		
SHOFU INC.	120,000	120,000	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes1)	No
	352,560	243,480		
Kyoto Financial Group, Inc. (Notes 2)	95,680	23,920	(Purpose of Holding) To facilitate fundraising, etc., since this is our main financial institution with whom we carry out banking transactions including borrowing of funds. (Quantitative Holding Effect) (Notes1) As of the record date of December 31, 2023, common stock has been split at a ratio of 4 shares for every 1 share.	Yes
	264,172	149,500		
TAKEBISHI CORPORATION	66,000	66,000	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes1)	Yes
	134,640	114,642		
SEIWA ELECTRIC MFG. CO.,LTD.	148,000	148,000	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes1)	Yes
	83,916	69,856		

(Notes)

1. Since it is difficult for us to describe the quantitative effect of holding special investment shares, we describe the method by which we verified the rationality of holding. We verify the rationality of holding by comprehensively judging whether the holding purpose of individual issues is appropriate, whether the benefits and risks arising from holding are commensurate with capital costs, etc.,

with the fiscal year-end as the basis. Based on the results of the verification, the Board of Directors reviewed the above and confirmed with all stocks that the holding is rational.

2. The Bank of Kyoto, Ltd. became a holding company on October 2, 2023, and changed its trade name to Kyoto Financial Group, Inc.

Item5. Financial Information

1. Method of Preparation of Consolidated and Non-Consolidated Financial Statements

(1) The Company prepares its consolidated financial statements in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).

(2) The Company prepares its non-consolidated financial statements in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulation on Financial Statements”).

Additionally, as a special company submitting financial statements, the Company prepares its non-consolidated financial statements based on Article 127 of the Regulation on Financial Statements.

2. Audit Certification

Pursuant to the provisions set forth in Article 193-2(1) of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements in Japanese for the fiscal year (from April 1, 2023 to March 31, 2024) and non-consolidated financial statements in Japanese for the fiscal year (from April 1, 2023 to March 31, 2024) have been audited by PwC Japan LLC.

In addition, PwC Kyoto, who performs audit attestation of the Company, merged with PwC Aarata LLC on December 1, 2023, and changed its name to PwC Japan LLC.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, Etc.

The Company undertakes special measures to ensure the appropriateness of consolidated financial statements, etc. Specifically, in order to appropriately understand the details of accounting standards and other relevant information, while also ensuring a framework for accurately responding to changes in the standards, the Company participates in the Financial Accounting Standards Foundation (FASF). In addition to gathering the latest information on accounting standards, the Company participates in seminars held by the FASF and collect information from audit firms and professional journals.

1. Consolidated Financial Statements
(1) Consolidated Financial Statements

TOWA CORPORATION
Consolidated Balance Sheet
(March 31, 2023 and 2024)

	Millions of yen	
	2023	2024
Assets		
Current assets		
Cash and deposits	16,547	20,830
Notes receivable–trade	73	86
Electronically recorded monetary claims–operating	1,201	345
Accounts receivable–trade	11,693	15,049
Merchandise and finished goods	3,872	4,110
Work in process	10,004	10,041
Raw materials and supplies	1,530	1,699
Other	1,040	1,550
Allowance for doubtful accounts	(2)	(2)
Total Current assets	45,960	53,711
Non–current assets		
Property, plant and equipment		
Buildings and structures	20,972	22,106
Accumulated depreciation	(12,280)	(13,065)
Buildings and structures, net	8,691	9,041
Machinery, equipment and vehicles	16,075	17,554
Accumulated depreciation	(10,707)	(11,954)
Machinery, equipment and vehicles, net	5,367	5,599
Land	5,205	5,289
Leased assets	1,303	1,594
Accumulated depreciation	(295)	(440)
Leased assets, net	1,007	1,154
Construction in progress	240	232
Other	4,490	4,852
Accumulated depreciation	(3,643)	(4,002)
Other, net	846	850
Total Property, plant and equipment	21,359	22,167
Intangible assets		
Other	1,162	1,329
Intangible assets	1,162	1,329
Investments and other assets		
Investment securities	3,929	9,244
Deferred tax assets	373	445
Retirement benefit asset	381	641
Other	301	322
Total Investments and other assets	4,986	10,653
Total Non–current assets	27,508	34,150
Total Assets	73,468	87,861

TOWA CORPORATION
Consolidated Balance Sheet
(March 31, 2023 and 2024)

	Millions of yen	
	2023	2024
Liabilities		
Current liabilities		
Notes and accounts payable–trade	2,411	3,834
Electronically recorded obligations	46	36
Short–term borrowings	*1 9,400	*1 9,400
Current portion of long–term borrowings	1,930	1,560
Lease liabilities	133	149
Income taxes payable	740	1,827
Advances received	1,882	2,598
Provision for bonuses	983	986
Provision for bonuses for directors	98	98
Provision for product warranties	314	307
Other	1,807	2,399
Total Current liabilities	19,747	23,197
Non–current liabilities		
Long–term borrowings	3,950	2,490
Lease liabilities	460	419
Deferred tax liabilities	848	2,330
Retirement benefit liability	810	933
Provision for share awards	—	40
Other	27	14
Total Non–current liabilities	6,097	6,228
Total Liabilities	25,845	29,425
Net assets		
Shareholders' equity		
Share capital	8,942	8,955
Capital surplus	472	450
Retained earnings	32,916	38,359
Treasury shares	(13)	(115)
Total Shareholders' equity	42,318	47,651
Valuation and translation adjustments		
Valuation difference on available–for–sale securities	2,312	6,013
Foreign currency translation adjustment	2,570	4,642
Remeasurements of defined benefit plans	20	129
Total Valuation and translation adjustments	4,903	10,784
Non–controlling interests	401	—
Total Net assets	47,623	58,435
Total Liabilities and net assets	73,468	87,861

TOWA CORPORATION
Consolidated Income Statements
(Years end March 31,2023 and 2024)

	Millions of yen	
	2023	2024
Net sales	53,822	50,471
Cost of sales	*1 35,014	*1 32,273
Gross profit	18,808	18,198
Selling, general and administrative expenses	*2 *3 8,771	*2 *3 9,536
Operating profit	10,037	8,661
Non-operating income		
Interest income	42	145
Dividend income	87	282
Miscellaneous income	219	228
Total Non-operating income	349	655
Non-operating expenses		
Interest expenses	70	71
Depreciation of assets for rent	29	30
Foreign exchange losses	55	120
Miscellaneous losses	25	14
Total Non-operating expenses	180	237
Ordinary profit	10,206	9,079
Extraordinary income		
Gain on sale of non-current assets	*4 0	*4 35
Gain on donation of non-current assets	—	*5 23
Total Extraordinary income	0	58
Extraordinary losses		
Loss on sale of non-current assets	*6 5	—
Loss on retirement of non-current assets	*7 17	*7 10
Loss on devaluation of investments securities	—	12
Total Extraordinary losses	23	22
Profit before income taxes	10,183	9,115
Income taxes—current	2,314	2,942
Income taxes—deferred	516	(271)
Total Income taxes	2,830	2,670
Profit	7,352	6,444
Profit attributable to non-controlling interests	5	—
Profit attributable to owners of parent	7,346	6,444

TOWA CORPORATION
Consolidated Statement of Comprehensive Income
(Years end March 31, 2023 and 2024)

	Millions of yen	
	2023	2024
Profit	7,352	6,444
Other comprehensive income		
Valuation difference on available-for-sale securities	50	3,700
Foreign currency translation adjustment	403	2,071
Remeasurements of defined benefit plans	(74)	109
Other comprehensive income	*1 379	*1 5,881
Comprehensive income	7,732	12,325
(breakdown)		
Comprehensive income attributable to owners of parent	7,723	12,325
Comprehensive income attributable to non-controlling interests	8	—

TOWA CORPORATION
Consolidated Income Statements
(Years end March 31,2023 and 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of the period	8,932	462	26,820	(12)	36,202
Changes during period					
Issuance of new shares	10	10			20
Dividends of surplus			(1,250)		(1,250)
Profit attributable to owners of parent			7,346		7,346
Purchase of treasury shares				0	0
Net changes in items other than shareholders' equity					
Total changes during period	10	10	6,096	0	6,116
Balance at end of the period	8,942	472	32,916	(13)	42,318

	Valuation and translation adjustments				Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments		
Balance at beginning of the period	2,261	2,169	94	4,526	392	41,121
Changes during period						
Issuance of new shares						20
Dividends of surplus						(1,250)
Profit attributable to owners of parent						7,346
Purchase of treasury shares						0
Net changes in items other than shareholders' equity	50	400	(74)	376	8	385
Total changes during period	50	400	(74)	376	8	6,501
Balance at end of the period	2,312	2,570	20	4,903	401	47,623

TOWA CORPORATION
Consolidated Statement of Shareholders' Equity

Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of the period	8,942	472	32,916	(13)	42,318
Changes during period					
Issuance of new shares	12	12			25
Dividends of surplus			(1,000)		(1,000)
Profit attributable to owners of parent			6,444		6,444
Purchase of treasury shares				(101)	(101)
Change in ownership interest of parent due to transaction with non-controlling interests		(34,297)			(34,297)
Net changes in items other than shareholders' equity					
Total changes during period	12	(21)	5,443	(101)	5,332
Balance at end of the period	8,955	450	38,359	(115)	47,651

	Valuation and translation adjustments				Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments		
Balance at beginning of the period	2,312	2,570	20	4,903	401	47,623
Changes during period						
Issuance of new shares						25
Dividends of surplus						(1,000)
Profit attributable to owners of parent						6,444
Purchase of treasury shares						(101)
Change in ownership interest of parent due to transaction with non-controlling interests						(34)
Net changes in items other than shareholders' equity	3,700	2,071	109	5,881	(401)	5,479
Total changes during period	3,700	2,071	109	5,881	(401)	10,812
Balance at end of the period	6,013	4,642	129	10,784	—	58,435

TOWA CORPORATION
Consolidated Income Statements
(Years end March 31, 2023 and 2024)

	Millions of yen	
	2023	2024
Cash flows from operating activities		
Profit (loss) before income taxes	10,183	9,115
Depreciation	2,498	2,540
Amortization of goodwill	116	146
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	82	(17)
Increase (decrease) in provision for bonuses for directors (and other officers)	18	(1)
Increase (decrease) in retirement benefit liability	(67)	6
Increase (decrease) in provision for share awards	—	40
Increase (decrease) in provision for product warranties	(54)	(9)
Interest and dividend income	(129)	(427)
Interest expenses	70	71
Foreign exchange losses (gains)	(86)	66
Decrease (increase) in trade receivables	(3,918)	(1,476)
Decrease (increase) in inventories	3,373	96
Decrease (increase) in other current assets	89	(43)
Increase (decrease) in trade payables	(5,356)	1,193
Increase (decrease) in other current liabilities	(322)	348
Other, net	305	(339)
Subtotal	6,803	11,308
Interest and dividends received	128	258
Interest paid	(69)	(73)
Income taxes paid	(4,044)	(1,906)
Income taxes refund	12	78
Net cash provided by (used in) operating activities	2,831	9,665
Cash flows from investing activities		
Payments into time deposits	(248)	(505)
Proceeds from withdrawal of time deposits	290	322
Payments of other investments	(4)	(4)
Purchase of property, plant and equipment and intangible assets	(2,731)	(1,668)
Proceeds from sale of property, plant and equipment and intangible assets	14	35
Payments for acquisition of businesses	—	*2 (933)
Other, net	(66)	(20)
Net cash provided by (used in) investing activities	(2,746)	(2,773)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,100	—
Proceeds from long-term borrowings	3,000	100
Repayments of long-term borrowings	(1,730)	(1,930)
Purchase of treasury shares	(0)	(101)
Dividends paid	(1,250)	(1,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(435)
Other, net	(156)	(155)
Net cash provided by (used in) financing activities	3,962	(3,524)
Effect of exchange rate change on cash and cash equivalents	132	719
Net increase (decrease) in cash and cash equivalents	4,180	4,086
Cash and cash equivalents at beginning period	12,250	16,430
Cash and cash equivalents at end of period	*1 16,430	*1 20,517

Note 1 – Significant Matters Constituting the Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 18

Names of consolidated subsidiaries

- BANDICK CORPORATION
- TOWA LASERFRONT CORPORATION
- TOWATEC Co., Ltd.
- TOWAM Sdn. Bhd.
- TOWA (Suzhou) Co., Ltd.
- TOWA (Nantong) Co., Ltd.
- TOWA TOOL Sdn. Bhd.
- TOWA Fine Co., Ltd.
- TOWA R&D Suzhou Co., Ltd.
- TOWA Korea Co., Ltd.
- TOWA Asia–Pacific Pte. Ltd.
- TOWA (Shanghai) Co., Ltd.
- TOWA Taiwan Co., Ltd.
- TOWA Semiconductor Equipment Philippines Corp.
- TOWA THAI COMPANY LIMITED
- TOWA USA Corporation
- TOWA Europe GmbH
- TOWA Europe B.V.

(2) There are no non–consolidated subsidiaries.

2. Application of the equity method

(1) There are no affiliated companies accounted for by the equity method.

(2) There are no companies not accounted for by the equity method.

3. Fiscal year, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, TOWA (Suzhou) Co., Ltd., TOWA (Nantong) Co., Ltd., TOWA R&D Suzhou Co., Ltd., and TOWA (Shanghai) Co., Ltd. have a fiscal year end of December 31.

In preparing the consolidated financial statements, the financial statements of these companies are based on the provisional settlement of accounts as of the consolidated closing date.

4. Accounting Policies

(1) Valuation standards and methods for significant assets

1) Securities

Other securities

Securities other than stocks without market price

Market value method (valuation differences are recorded as a component of shareholders' equity. Cost of securities sold is determined by the moving–average method.)

Stocks without market price

Cost method based on the moving–average method

2) Inventory

(i) Finished Goods

Mainly stated at cost determined by the specific identification method (balance sheet value is calculated by writing down the book value of assets based on decreased profitability).

(ii) Work in process

Mainly stated at cost determined by the specific identification method (balance sheet value is calculated by writing down the book value of assets based on decreased profitability).

(iii) Raw materials

Mainly stated at cost determined by the moving–average method (balance sheet value is calculated by writing down the book value of assets based on decreased profitability).

(iv) Supplies

Mainly stated at last purchase cost (balance sheet value is calculated by writing down the book value of assets based on decreased profitability)

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries use the declining–balance method, while overseas consolidated subsidiaries use the straight–line method.

However, buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016 are depreciated using the straight–line method.

The estimated useful lives are as follows.

Buildings and structures	2–50 years
Machinery, equipment and vehicles	2–10 years

2) Intangible fixed assets (excluding leased assets)

The Company and its consolidated subsidiaries adopt the straight–line method.

Software for internal use is based on the period during which it can be used internally (5 years).

3) Leased assets

The Company adopts the straight–line method with the lease period as the useful life and residual value as 0.

(3) Accounting standards for significant allowances

1) Allowance for doubtful accounts

To prepare for losses due to bad debt, the allowance for doubtful accounts is provided at an estimated uncollectible amount based on the past credit loss ratio for general receivables and considering the collectability of specific receivables.

2) Provision for bonuses

The Company and some of its consolidated subsidiaries provide for the payment of bonuses to employees based on the estimated amount to be paid.

3) Provision for bonuses for directors

The Company and some of its consolidated subsidiaries provide for directors' bonuses based on the estimated amount to be paid.

4) Provision for product warranties

The Company and some of its consolidated subsidiaries provide for repair costs related to products during the warranty period based on estimated repair costs corresponding to sales based on past performance. In addition, the estimated expense is recorded for specific cases that can be estimated individually.

5) Provision for share awards

To prepare for the provision of the Company's shares, etc. to employees of the Company in line with the Stock Benefit Regulations, the Company recorded the provision based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(4) Accounting treatment for retirement benefits

1) Period attribution of projected retirement benefits

In calculating retirement benefit obligations, the projected retirement benefits are attributed to the period up to the end of the current consolidated fiscal year based on the benefit formula basis.

2) Accounting method for actuarial gains and losses and past service costs

Past service cost is amortized by the straight–line method over a fixed period (mainly 10 years) within the average remaining service period of employees at the time of occurrence.

Actuarial gains and losses are amortized in the year following the year in which they arise using the declining–balance method over a fixed period (mainly 10 years) within the average remaining service period of employees at the time of occurrence.

3) Accounting method for unrecognized actuarial gains and losses and unrecognized past service cost

Unrecognized actuarial gains or losses and unrecognized past service cost are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets, after adjusting for tax effects.

4) Adoption of simplified method in small companies, etc.

Certain consolidated subsidiaries apply the simplified method to the calculation of net defined benefit liability and net defined benefit expense by setting the retirement benefit obligation at the amount required for voluntary retirement at the end of the fiscal year.

(5) Accounting standards for recording significant revenues and expenses

The details of major performance obligations in major businesses related to revenue arising from contracts with customers of the Company and its consolidated subsidiaries and the normal point in time when such performance obligations are satisfied (normal point in time when revenue is recognized) are as follows.

1) Semiconductor Manufacturing Equipment Business

For sale revenue of products that require installation at the time of delivery to the customer, revenue is recognized mainly at the time of completion of installation for products, and for products that do not require installation, revenue is recognized at the time of delivery or acceptance because it is determined that the customer will gain control over the products and the performance obligations are deemed to be fulfilled.

Revenue from services such as warranty, repair, maintenance and relocation related to products is recognized when the performance obligations are deemed to be satisfied at the completion of the services.

Revenue is recognized at the time of shipment if it meets the requirements of Paragraph 98 of the "Guidance on Accounting Standards for Revenue Recognition."

2) Fine Plastic Molded Products Business

With respect to sales of products, since the period from the time of shipment to the time when control of the product is transferred to the customer is reasonably short, revenue is recognized at the time of shipment by applying the alternative treatment prescribed in Paragraph 98 of the "Guidance on Accounting Standard for Revenue Recognition."

3) Laser Processing Machine Business

Revenue from the sale of products is recognized at the time of delivery or acceptance because it is determined that the customer has gained control over the products and the performance obligations are satisfied.

Revenue from services such as warranty, repair, maintenance and relocation related to products is recognized at the completion of the services when the performance obligations are deemed to be satisfied.

Revenue is recognized at the time of shipment if it meets the requirements of Paragraph 98 of the "Guidance on Accounting Standards for Revenue Recognition."

(6) Standards for translating significant assets or liabilities denominated in foreign currencies into Japanese currency

Monetary claims and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the balance sheet date, and any translation differences are recorded as gain or loss. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rate as of the consolidated balance sheet date, while revenues and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustments and non-controlling interests under net assets.

(7) Amortization method and amortization period of goodwill

Goodwill is amortized by the straight-line method over 5-8 years.

(8) Cash and cash equivalent on the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, deposits that can be withdrawn at any time and short-term investments that are readily convertible into cash and that are subject to insignificant risk of changes in value and mature or become due within 3 months of the date of acquisition.

(9) Other significant matters for preparing the consolidated financial statements

Accounting treatment of consumption tax, etc.

Accounting for consumption taxes and local consumption taxes is based on the tax exclusion method. Non-deductible consumption taxes and local consumption taxes are charged to income for the current consolidated fiscal year.

Note 2 – Significant Accounting Estimates

Previous consolidated fiscal year ended March 31, 2023

Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the current fiscal year: 373 million yen

(2) Information on significant accounting estimates for identified items

The Group reviews the recoverability of deferred tax assets every fiscal year. The recoverable amount of the Group's deferred tax assets is highly dependent on projections of future taxable income, which may vary depending on the future business environment, changes in the Group's business activities and other factors. In assessing the recoverability of deferred tax assets at the end of the current consolidated fiscal year, the Company comprehensively takes into account its business performance for the past and current consolidated fiscal year as well as the future business plans, and the Company and its consolidated subsidiaries are classified according to the requirements set forth in Accounting Standards Board of Japan Guidance No. 26, "Implementation Guidance on Recoverability of Deferred Tax Assets." Based on past results and future business plans, the Company estimates taxable income over a period of 5 years or less in the future and schedules the timing of the reversal of temporary differences to determine the recoverability of deferred tax assets.

Estimates of future taxable income and the scheduling of future deductible temporary differences are considered to be significant assumptions used in estimating the recoverability of deferred tax assets. The future business plan used in estimating taxable income is based on an operating income margin that takes into account historical results and estimates of future sales that take into account sales strategies.

If such estimates need to be reviewed due to changes in uncertain economic conditions in the future, the amount of deferred tax assets and deferred income taxes to be recognized in the consolidated financial statements for the following fiscal year and thereafter may be affected.

Valuation of inventories

(1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year: 15,407 million yen

(2) Information on significant accounting estimates for identified items

The values of the Group's inventories are calculated by writing down the book value of assets that decreased in profitability. To reflect the fact that profitability has declined, the Group values inventories with acquisition cost or net selling value at the end of the consolidated fiscal year, whichever is lower. Inventories that have fallen out of the normal operating cycle process, with those that have passed a certain period or exceeded a certain turnover period as of the end of the fiscal year defined as slow-moving inventory, are valued by regularly writing down their book value, except for those determined to have the potential for sale after individually examining future sales forecasts based on past years' results and other factors. If the market environment in which the Group operates deteriorates more than expected and factors such as demand forecasts that affect the valuation of inventories, additional inventory write-downs may be required, and this could have a significant impact on consolidated financial statements after the following consolidated fiscal year.

Current fiscal year ended March 31, 2024

Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the current fiscal year: 445 million yen

(2) Information on significant accounting estimates for identified items

The Group reviews the recoverability of deferred tax assets every fiscal year. The recoverable amount of the Group's deferred tax assets is highly dependent on projections of future taxable income, which may vary depending on the future business environment, changes in the Group's business activities and other factors. In assessing the recoverability of deferred tax assets at the end of the current consolidated fiscal year, the Company comprehensively takes into account its business performance for the past and current consolidated fiscal year as well as the future business plans, and the Company and its consolidated subsidiaries are classified according to the requirements set forth in Accounting Standards Board of Japan Guidance No. 26, "Implementation Guidance on Recoverability of Deferred Tax Assets." Based on past results and future business plans, the Company estimates taxable income over a period of 5 years or less in the future and schedules the timing of the reversal of temporary differences to determine the recoverability of deferred tax assets.

Estimates of future taxable income and the scheduling of future deductible temporary differences are considered to be significant assumptions used in estimating the recoverability of deferred tax assets. The future business plan used in estimating taxable income is based on an operating income margin that takes into account historical results and estimates of future sales that take into account sales strategies.

If such estimates need to be reviewed due to changes in uncertain economic conditions in the future, the amount of deferred tax assets and deferred income taxes to be recognized in the consolidated financial statements for the following fiscal year and thereafter may be affected.

Valuation of inventories

(1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year: 15,851 million yen

(2) Information on significant accounting estimates for identified items

The values of the Group's inventories are calculated by writing down the book value of assets that decreased in profitability. To reflect the fact that profitability has declined, the Group values inventories with acquisition cost or net selling value at the end of the consolidated fiscal year, whichever is lower. Inventories that have fallen out of the normal operating cycle process, with those that have passed a certain period or exceeded a certain turnover period as of the end of the fiscal year defined as slow-moving inventory, are valued by regularly writing down their book value, except for those determined to have the potential for sale after individually examining future sales forecasts based on past years' results and other factors. If the market environment in which the Group operates deteriorates more than expected and factors such as demand forecasts that affect the valuation of inventories, additional inventory write-downs may be required, and this could have a significant impact on consolidated financial statements after the following consolidated fiscal year.

Note 3 – Change in Presentation Method

Consolidated Statements of Income

“Rental income from non-current assets” and “Subsidy income” under Non-operating income, which were presented separately until the previous consolidated fiscal year, are included in “Miscellaneous income” under Non-operating income for this consolidated fiscal year since they became less significant in terms of amount.

Consequently, 54,546 thousand yen presented as “Rental income from non-current assets” and 51,092 thousand yen presented as “Subsidy income” under Non-operating income in the previous consolidated fiscal year have been reclassified as “Miscellaneous income.”

Note 4 – Additional information

Restricted stock compensation

Following a resolution passed at the 44th Ordinary General Meeting of Shareholders held on June 29, 2022, the Company has adopted a restricted stock plan for its directors (excluding directors who are members of the Audit Committee and outside directors) to further promote value-sharing with shareholders.

The Company has also adopted a restricted stock plan for its executive officers.

Additionally, at a meeting held on July 27, 2023, the Board of Directors resolved to issue new shares to directors and executive officers at the Company as restricted stock compensation, and payment was completed on August 22, 2023.

Employee Stock Ownership Plan (J-ESOP)

By resolution of the Board of Directors’ meeting held on August 8, 2023, the Company has introduced the “Employee Stock Ownership Plan (J-ESOP)” (hereinafter, the “Plan”), an incentive plan in which shares of the Company are granted to employees, to further link the Company’s stock price and business performance with the treatment of its employees, and to share the economic benefits with shareholders, thereby boosting employees’ motivation and morale to improve the Company’s stock price and business performance.

(1) Outline of transaction

This is a plan in which shares of the Company are granted to employees who meet certain requirements under the Stock Benefit Regulations established in advance.

The Company grants points to employees according to their grade, etc., and when they acquire the right to receive benefits under certain conditions, the Company will grant them shares of the Company equivalent to the points granted. The shares to be granted to employees, including those granted in the future, shall be acquired with money in a trust set up in advance, segregated, and managed as trust assets.

The accounting treatment for the Plan is in accordance with “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF (Practical Issue Task Force) No. 30, March 26, 2015), and the gross price method is applied. In addition, to prepare for the provision of the Company’s shares, etc. to employees of the Company in line with the Stock Benefit Regulations, the Company recorded the provision based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(2) Treasury shares remaining in trust

The Company recorded its treasury shares remaining in trust as treasury shares in net assets, using the book value in trust (excluding the amount of incidental costs). The book value and the number of these treasury shares were 99,522 thousand yen and 30,900 shares at the end of the current consolidated fiscal year.

Note 5 – Consolidated Balance Sheets

*1 The Company has entered into overdraft agreements and commitment line agreements with 6 banks with the aim of raising funds more efficiently and stabilizing. The balance of unexecuted borrowings based on these agreements at the end of the fiscal year is as follows.

	Millions of Yen	
	2023	2024
Total of overdraft limit and commitment line contracts	14,500	18,500
Outstanding borrowings	9,400	9,400
Net amount	5,100	9,100

Note 6 – Consolidated Statements of Income

*1 Inventory at the end of the period is the amount after write-down of book value due to a decline in profitability, and the following inventory valuation loss is included in cost of sales.

Millions of yen	
2023	2024
286	888

*2 Major items and amounts of selling, general and administrative expenses are as follows.

	Millions of Yen	
	2023	2024
Provision for allowance for doubtful accounts	0	(0)
Salaries and allowances	2,108	2,354
Provision for bonuses	298	292
Provision for directors' bonuses	91	90
Retirement benefit expenses	61	88
Provision for share awards	—	14
Commission expenses	980	1,119

*3 Total research and development expenses included in general and administrative expenses

Millions of Yen	
2023	2024
914	963

The above amount includes expenses for INNOMS Promotion Department.

*4 Details of Gain on sale of non-current assets are as follows:

	Millions of yen	
	2023	2024
Buildings and structures	—	30
Machinery, equipment and vehicles	0	4
Other property, plant and equipment	—	0
Total	0	35

***5 Details of gain on donation of fixed assets are as follows:**

	Millions of yen	
	2023	2024
Buildings and structures	–	23
Total	-	23

***6 Details of Loss on sale of non-current assets are as follows:**

	Millions of yen	
	2023	2024
Machinery, equipment and vehicles	5	–
Total	5	–

***7 Details of Loss on retirement of non-current assets are as follows:**

	Millions of yen	
	2023	2024
Buildings and structures	3	2
Machinery, equipment and vehicles	11	5
Other property, plant and equipment	2	1
Software	0	0
Total	17	10

Note 7 – Consolidated Statements of Comprehensive Income***1 Reclassification adjustments and tax effects related to other comprehensive income**

	Millions of yen	
	2023	2024
Valuation difference on available-for-sale securities:		
Amount arising during the period	73	5,327
Reclassification adjustment	–	–
Before tax effect adjustment	73	5,327
Tax benefit	(22)	(1,627)
Valuation difference on available-for-sale securities	50	3,700
Foreign currency translation adjustment:		
Amount arising during the period	403	2,071
Reclassification adjustment	–	–
Foreign currency translation adjustment	403	2,071
Remeasurements of defined benefit plans:		
Amount arising during the period	(69)	180
Reclassification adjustment	(38)	(19)
Before tax effect adjustment	(108)	160
Tax benefit	33	(50)
Remeasurements of defined benefit plans	(74)	109
Total other comprehensive income	379	5,881

Note 8 – Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year ended March 31, 2023

1. Type and total number and types of issued stocks and type and number of treasury stocks

(Share)

	Number of shares at the beginning of the consolidated fiscal year	Increase in number of shares during the consolidated fiscal year	Decrease in number of shares during the consolidated fiscal year	Number of shares at the end of the consolidated fiscal year
Issued stock				
Common stock (Note)	25,021,832	11,406	–	25,033,238
Total	25,021,832	11,406	–	25,033,238
Treasury stock				
Common stock (Note)	13,221	376	–	13,597
Total	13,221	376	–	13,597

(Note) The increase of 11,406 shares in the total number of common outstanding is attributable to the capital increase associated with the issuance of new shares as restricted stock compensation. The increase of 376 shares in the number of treasury stocks under common stocks is due to the purchase of shares less than one unit.

2. Stock Acquisition Rights and Treasury Stock Acquisition Rights

There are no applicable matters.

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends	Per share Dividend amount	Record date	Effective date
		Millions of yen	yen		
May 12, 2022 Board of directors	Common stock	1,250	50	March 31,2022	June 30,2022

(2) Dividends with record date within the current consolidated fiscal year, but with effective date in the following consolidated fiscal year

(Resolution)	Type of shares	Total amount of dividends	Dividends Source	Per share Dividend amount	Record date	Effective date
		Millions of yen		yen		
May 11, 2023 Board of directors	Common stock	1,000	Retained earnings	40	March 31,2023	June 8,2023

Current fiscal year ended March 31, 2024

1. Type and total number and types of issued stocks and type and number of treasury stocks

(Share)

	Number of shares at the beginning of the consolidated fiscal year	Increase in number of shares during the consolidated fiscal year	Decrease in number of shares during the consolidated fiscal year	Number of shares at the end of the consolidated fiscal year
Issued stock				
Common stock (Note)	25,033,238	10,650	–	25,043,888
Total	25,033,238	10,650	–	25,043,888
Treasury stock				
Common stock (Note)	13,597	31,482	–	45,079
Total	13,597	31,482	–	45,079

(Note) The increase of 10,650 shares in the total number of common outstanding is attributable to the capital increase associated with the issuance of new shares as restricted stock compensation. The number of shares of treasury stock (common shares) at the end of the current consolidated fiscal year includes 30,900 shares of the Company held by the Employee Stock Ownership Plan (J-ESOP). The increase in the number of treasury stock (common shares) of 31,482 shares represents an increase of 30,900 shares due to the acquisition by the Employee Stock Ownership Plan (J-ESOP) and an increase of 582 shares due to the purchase of shares less than the unit.

2. Stock Acquisition Rights and Treasury Stock Acquisition Rights

There are no applicable matters.

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends	Per share Dividend amount	Record date	Effective date
		Millions of yen	yen		
May 11, 2023 Board of directors	Common stock	1,000	40	March 31,2023	June 8,2023

(2) Dividends with record date within the current consolidated fiscal year, but with effective date in the following consolidated fiscal year

(Resolution)	Type of shares	Total amount of dividends	Dividends Source	Per share Dividend amount	Record date	Effective date
		Millions of yen		yen		
May 10, 2024 Board of directors	Common stock	1,001	Retained earnings	40	March 31,2024	June 6,2024

(Note) The total amount of dividends includes a dividend of 1,236 thousand yen to the shares of the Company held by the Employee Stock Ownership Plan (J-ESOP).

Note 9 – Matters related to consolidated cash flow statements***1 Relationship between cash and cash equivalents at the end of the period and the amounts recorded in the consolidated balance sheets**

	Millions of yen	
	2023	2024
Cash and deposits	16,547	20,830
Time deposits with a term longer than 3 months	(116)	(313)
Cash and cash equivalents	16,430	20,517

***2 Major breakdown of assets and liabilities increased through business acquisition during the current consolidated fiscal year**

The breakdown of assets and liabilities increased through acquisition of the mold manufacturing business of K-Tool Engineering Sdn. Bhd., as well as the consideration for the business acquisition and the associated expenditures, are as follows:

Non-current assets	734 million yen
Goodwill	190
Others	9
Consideration for business acquisition	933
Cash and cash equivalents	—
Offset: Expenditures for business acquisition	933

Note 10 – Lease Transactions

Lessee

1. Finance lease transactions

Finance leases that do not transfer ownership

(1) Details of leased assets

Mainly R & D equipment for the Group.

(2) Depreciation of leased assets

We adopt the accounting policy for this significant account as explained at "Note-1 4. Accounting Policies (2) Depreciation method for significant depreciable assets"

Impairment Loss

There is no impairment loss allocated to leased assets.

2. Operating lease transactions

Remaining lease payments related to non-cancelable operating leases

	Millions of Yen	
	2023	2024
Within 1 year	1	0
More than 1 year	0	—
Total	1	0

(Note) Lease transactions to which IFRS 16 is applied and assets and liabilities are recorded in the consolidated balance sheets are not included.

Note 11 – Financial Instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group invests temporary surplus funds only in short-term deposits, etc. With respect to financing, the Company mainly procures necessary funds through bank loans in light of capital investment plans for the semiconductor manufacturing equipment business.

The Company has entered into overdraft agreements and commitment line agreements with 6 banks to improve the efficiency and stability of fund procurement.

(2) Details and risks of financial instruments

Trade receivables such as notes receivable, accounts receivable and electronically recorded monetary claims are exposed to customers' credit risks. Additionally, trade receivables denominated in foreign currencies arising from our global business operations are exposed to foreign exchange fluctuation risks.

Investment securities are mainly stocks related to business partners and are exposed to market price fluctuation risks.

Notes and accounts payable and electronically recorded obligations, which are trade payables, are mostly due within 4 months. Some items denominated in foreign currencies are exposed to foreign exchange fluctuation risks.

Borrowings are procured for capital investment and working capital, etc. Since they are mainly fixed-rate borrowings, the risk of interest rate fluctuations is minimal. There is also a risk that certain borrowings may be subject to requests for early repayment due to breaches of financial covenants.

(3) Risk management system for financial instruments

1) Management of credit risks (risks related to non-performance of contracts by business partners)

The Company conducts credit investigations at the beginning of transactions and periodically reviews credit limits for notes receivable, accounts receivable and electronically recorded monetary claims, which are trade receivables, in accordance with the Rules for Operating Activities. Consolidated subsidiaries are also managed in the same manner as the Company.

2) Management of market risks (risks of fluctuations in foreign exchange rates and interest rates)

The Company borrows at fixed interest rates in order to control the risk of fluctuations in interest rates on long-term borrowings.

With regard to investment securities, the Company periodically monitors the market value and financial conditions of issuers (business partners) and reviews the status of holdings in consideration of market conditions and relationships with business partners.

Consolidated subsidiaries are also managed in the same manner as the Company.

3) Management of liquidity risk related to fund procurement (risk of not being able to make payments on the due date)

The Finance Department of the Company prepares and updates cash management plans in a timely manner based on reports from each department, and manages liquidity risks by maintaining liquidity on hand, etc. Consolidated subsidiaries are also managed in the same manner as the Company.

(4) Supplementary explanation regarding the fair value, etc. of financial instrument

As fluctuation factors are incorporated in the calculation of fair values of financial instruments, these values may fluctuate if different assumptions, etc. are adopted.

2. Fair value of financial instruments

The amount recorded on the consolidated balance sheet, fair value and the difference between them are as follows.

Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

	Amount recorded in the consolidated balance sheet	Market Value	Difference
Investment securities	3,901	3,901	–
Total Assets	3,901	3,901	–
Long-term borrowings	5,880	5,868	(11)
Total Liabilities	5,880	5,868	(11)

(*1) Cash and deposits, notes receivable–trade, accounts receivable–trade, electronically recorded monetary claims, notes and accounts payable – trade, electronically recorded obligations, short–term borrowings, and income taxes payable are not stated because their fair values approximate their book values as they are settled in a short period of time.

(*2) The stocks without market prices are not included in “Investment securities”. The amount of such financial instruments recorded in the consolidated balance sheets are as follows.

Category	Previous consolidated fiscal year
	Millions of yen
Unlisted stock	28

Current fiscal year ended March 31, 2024

(Millions of yen)

	Amount recorded in the consolidated balance sheet	Market Value	Difference
Investment securities	9,229	9,229	–
Total Assets	9,229	9,229	–
Long-term borrowings	4,050	4,025	(24)
Total Liabilities	4,050	4,025	(24)

(*1) Cash and deposits, notes receivable–trade, accounts receivable–trade, electronically recorded monetary claims, notes and accounts payable – trade, electronically recorded obligations, short–term borrowings, and income taxes payable are not stated because their fair values approximate their book values as they are settled in a short period of time.

(*2) The stocks without market prices are not included in “Investment securities”. The amount of such financial instruments recorded in the consolidated balance sheets are as follows.

Category	Current consolidated fiscal year
	Millions of yen
Unlisted stock	15

(Note)1. Scheduled redemption amount of monetary claims after the consolidated closing date

Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Cash and deposits	16,547	–	–	–
Notes receivable–trade	73	–	–	–
Accounts receivable–trade	11,693	–	–	–
Electronically recorded monetary claims	1,201	–	–	–
Total	29,515	–	–	–

Current consolidated fiscal year ended March 31, 2024

(Millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Cash and deposits	20,830	–	–	–
Notes receivable–trade	86	–	–	–
Accounts receivable–trade	15,049	–	–	–
Electronically recorded monetary claims	345	–	–	–
Total	36,311	–	–	–

(Note)2. Amount of Long–term borrowings to be repaid after the consolidated closing date

Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Long–term borrowings	1,930	3,950	–	–
Total	1,930	3,950	–	–

Current consolidated fiscal year ended March 31, 2024

(Millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Long–term borrowings	1,560	2,490	–	–
Total	1,560	2,490	–	–

(Note)3. Items related to the breakdown of the fair value of financial instruments by level

The fair value of financial instruments is classified into the following 3 levels according to the observability and importance of inputs to the calculation of fair value.

Level 1 fair value: Calculated based on the fair value of assets or liabilities subject to market value calculation that are formed in active markets

Level 2 fair value: Calculated by using observable inputs other than Level 1 inputs

Level 3 fair value: Calculated using unobservable inputs

If multiple inputs that significantly affect the calculation of market value are used, the market value is classified at the lowest priority level in the calculation of market value among the levels to which each of those inputs belongs.

(1) Financial instruments recorded on the consolidated balance sheets at fair value
Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares	3,901	–	–	3,901
Total assets	3,901	–	–	3,901

Current consolidated fiscal year ended March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares	9,229	–	–	9,229
Total assets	9,229	–	–	9,229

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value
Previous Consolidated Fiscal year ended March 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including ones that are due within 1 year)	–	5,868	–	5,868
Total liabilities	–	5,868	–	5,868

Current Consolidated Fiscal year ended March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including ones that are due within 1 year)	–	4,025	–	4,025
Total liabilities	–	4,025	–	4,025

(Note) Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value
Investment securities

Listed shares are valued using quoted prices. Since listed shares are traded in active markets, their fair value is classified as Level 1.

Long-term borrowings (including ones that are due within 1 year)

The fair value of long-term borrowings is calculated by discounting the total amount of principal and interest at an interest rate that takes into account the remaining period of borrowings and credit risk. The fair value is classified as Level 2.

Note 12 – Securities**1. Other securities**

Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

	Type	Amount recorded in the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Shares	3,901	658	3,243
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	3,901	658	3,243
Securities whose carrying amount does not exceed their acquisition cost	(1) Shares	–	–	–
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	–	–	–
Total		3,901	658	3,243

(Note) Unlisted shares (28 million yen on consolidated balance sheet) are not included in the above table.

Current Consolidated Fiscal year ended March 31, 2024

(Millions of yen)

	Type	Amount recorded in the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Shares	9,229	658	8,571
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	9,229	658	8,571
Securities whose carrying amount does not exceed their acquisition cost	(1) Shares	–	–	–
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	–	–	–
Total		9,229	658	8,571

(Note) Unlisted shares (15 million yen on consolidated balance sheet) are not included in the above table.

2. Other securities sold

There are no applicable matters.

3. An impairment loss on securities

Previous consolidated fiscal year ended March 31, 2023

There are no applicable matters.

Current Consolidated Fiscal year ended March 31, 2024

An impairment loss of 12 million yen was recognized for unlisted stocks of available-for-sale securities.

In addition, impairment losses on unlisted stocks that do not have a market price are, as a general rule, recognized when the actual value of any of such stocks falls by 50% or more compared to the acquisition cost.

Note 13 – Retirement Benefits

1. Outline of the retirement benefit plan adopted

The Company and its consolidated subsidiaries have both funded and unfunded defined benefit plans and defined contribution plans to prepare for employee retirement benefits.

With defined benefit corporate pension plan (all of which are funded plans), a lump-sum payment or pension is paid based on the accumulated number of points granted according to the qualification and position of the employee.

With lump-sum retirement allowance plan (all are which are unfunded plans), employees are entitled to lump-sum retirement benefits based on their salary and length of service. For the lump-sum retirement benefit plans adopted by some consolidated subsidiaries, liabilities for retirement benefits and retirement benefit expenses are calculated using the simplified method.

2. Defined benefit plans

(1) Reconciliation between the beginning and ending balances of retirement benefit obligations

	Millions of yen	
	2023	2024
Retirement benefit obligations at beginning of year	2,676	2,680
Service cost	203	282
Interest expense	14	20
Actuarial gain or loss	(21)	20
Payment of retirement benefits	(201)	(169)
Other	9	19
Retirement benefit obligations at end of year	2,680	2,853

(Note) Includes plans to which the simplified method is applied.

(2) Reconciliation between the beginning and ending balances of plan assets

	Millions of yen	
	2023	2024
Plan assets at beginning of year	2,295	2,251
Expected return on investment	80	78
Actuarial gain or loss	(89)	203
Contributions from employer	122	130
Payment of retirement benefits	(157)	(103)
Other	–	0
Balance of plan assets at end of year	2,251	2,561

(3) Reconciliation of the ending balances of retirement benefit obligations and pension assets and the net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Millions of yen	
	2023	2024
Retirement benefit obligations for funded plans	1,869	1,930
Plan assets	(2,251)	(2,561)
	(381)	(630)
Retirement benefit obligations for unfunded plans	810	922
Net liabilities and assets recorded in the consolidated balance sheets	429	292
Retirement benefit liability	810	933
Retirement benefit asset	(381)	(641)
Net liabilities and assets recorded in the consolidated balance sheets	429	292

(Note) Includes plans to which the simplified method is applied.

(4) Retirement benefit expense and breakdown

	Millions of yen	
	2023	2024
Service cost	203	282
Interest expense	14	20
Expected return on investment	(80)	(78)
Actuarial differences expense	(21)	(2)
Past service cost expense	(16)	(16)
Retirement benefit expenses for defined benefit plans	98	203

(Note) Retirement benefit expenses of consolidated subsidiaries that adopted the simplified method are mainly recorded as service cost.

(5) Remeasurements of defined benefit plans

The breakdown of items recorded as remeasurements of defined benefit plans is follows (before tax effects).

	Millions of yen	
	2023	2024
Past service cost	16	16
Actuarial difference	91	(177)
Total	108	(160)

(6) Accumulated remeasurements of defined benefit plans

The breakdown of items recorded in accumulated remeasurements of defined benefit plans is as follows (before tax effects).

	Millions of yen	
	2023	2024
Unrecognized past service cost	66	49
Unrecognized actuarial gain or loss	(34)	143
Total	32	192

(7) Matters concerning plan assets**(i) Major components of plan assets**

The ratio of each major category to the total plan assets is as follows.

	2023	2024
Bond	37%	36%
Shares	31	35
Life insurance general account	18	16
Other	14	13
Total	100	100

(ii) Method of setting expected long-term rate of return

To determine the expected long-term rate of return on plan assets, the Company takes into account the current and expected allocation of plan assets and the current and expected long-term rate of return on the various assets that make up the plan assets.

(8) Actuarial calculation basis

Basis of major actuarial calculations

	2023	2024
Discount rate	Mainly 0.341%	Mainly 0.576%
Expected long-term rate of return	3.50%	3.50%
Expected rate of salary increase (Note)	Mainly 7.1%	Mainly 7.6%

(Note) The expected rate of salary increase is the rate of expected increase of points under the point system.

3. Defined contribution plan

The Group's required contributions to the defined contribution plan were 85 million yen for the previous consolidated fiscal year and 92 million yen for the current consolidated fiscal year.

Note 14 – Tax effect accounting**1. Breakdown of deferred tax assets and deferred tax liabilities by major causes**

	Millions of Yen	
	2023	2024
Deferred tax assets		
Inventory valuation loss	335	520
Impairment loss	316	309
Provision for bonuses	240	240
Retirement benefit liability	215	188
Prototype	711	911
Tax loss carryforwards	46	38
Other	587	705
Subtotal deferred tax assets	2,453	2,915
Valuation allowance	(636)	(531)
Total deferred tax assets	1,816	2,383
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(930)	(2,557)
Undistributed earnings of foreign subsidiaries	(1,144)	(1,463)
Other	(216)	(246)
Total deferred tax liabilities	(2,291)	(4,268)
Net deferred tax assets (liabilities)	(474)	(1,884)

2. Breakdown of major items that caused a significant difference between the statutory tax rate and effective tax rate after the application of tax effect accounting:

	Millions of Yen	
	2023	2024
Statutory effective tax rate (Adjusted)	30.5%	–%
Entertainment expenses and other items not permanently deductible	0.1	–
Difference in tax rate with overseas subsidiaries	(3.2)	–
Per capita inhabitant tax, etc.	0.1	–
Increase (Decrease) in valuation allowance	(1.6)	–
Increase in deferred tax liabilities related to undistributed earnings of overseas subsidiaries	2.7	–
Decrease (Increase) in loss carried forward	1.1	–
Others	(1.9)	–
Actual effective tax rate after the application of tax effect accounting	27.8	–

(Note) In the current consolidated fiscal year, notes were omitted because the difference between statutory tax rate and effective tax rate was less than or equal to 5/100 of the statutory tax rate.

Note 15 – Business combinations, etc

Business combinations by acquisition

(Business acquisition by consolidated subsidiary)

1. Overview of business combinations

(1) Name of counterparty and details of acquired business

Name of counterparty K-Tool Engineering Sdn. Bhd.

Business details Design, manufacture and sale of precision molds, mold parts, etc., and contracted parts processing

(2) Reason for business combination

The Group operates its business in Southeast Asia, with a manufacturing base for semiconductor manufacturing equipment set up in Malaysia and sales bases in Singapore, the Philippines, and Thailand. In recent years, amid global trends toward decarbonization, there has been growing demand for semiconductors for EVs and power semiconductors that contribute to energy conservation, and related capital investment has been accelerated in Southeast Asia, where many of these products are manufactured. Also from the perspective of geopolitical risks, Southeast Asia is drawing more attention, and active investment in the region by semiconductor manufacturers is expected to continue.

In this situation, we have decided to acquire the mold manufacturing business of K-Tool Engineering Sdn. Bhd., to further develop and expand our business through coordination between our semiconductor manufacturing equipment business and mold manufacturing business.

(3) Date of business combination

April 6, 2023

(4) Legal form of business combination

Business acquisition with cash consideration

(5) Name of company after combination

TOWA TOOL Sdn.Bhd.

(6) Acquired voting rights ratio

100%

(7) Main reason for determining acquiring company

TOWA TOOL Sdn. Bhd., a consolidated subsidiary of the Company, acquired the business with cash consideration.

2. Period of performance of the acquired company or acquired business included in the financial statements

From April 1, 2023 to March 31, 2024

3. Acquisition cost and breakdown by type of consideration

Consideration for acquisition	Cash	30 million MYR (902 million yen)
-------------------------------	------	----------------------------------

Acquisition cost		30 million MYR (902 million yen)
------------------	--	----------------------------------

(Note) The yen amount is converted based on the exchange rate as of the end of April 2023.

4. Description and amount of major acquisition-related expenses

There are no applicable matters.

5. Amount of incurring goodwill, reason for incurring goodwill, amortization method, and amortization period

(1) Amount of goodwill incurred

6 million MYR (183 million yen)

(Note) The yen amount is converted based on the exchange rate as of the end of April 2023.

(2) Reason for incurring goodwill

This is primarily due to the excess profitability expected from future business development.

(3) Amortization method and period

Equal amortization over 8 years

6. Amount of assets acquired and liabilities assumed on the date of business combination and their major breakdown

Non-current assets	23 million MYR (709 million yen)
<hr/>	
Total assets	23 million MYR (709 million yen)

(Note) The yen amount is converted based on the exchange rate as of the end of April 2023.

7. Estimated impact of the business combination on the consolidated statement of income for the current consolidated fiscal year assuming that the business combination had been completed on the first day of the consolidated fiscal year, along with the method of calculation

There will be no impact as the deemed acquisition date is the beginning of the current consolidated fiscal year.

Transactions under common control, etc.

(Acquisition of additional shares in a subsidiary)

1. Outline of transaction

(1) Name of the combined company and its business details

Name of the combined company TOWA (Nantong) Co., Ltd.

Business details Manufacture of semiconductor manufacturing equipment and molds

(2) Date of business combination

May 1, 2023 (Deemed acquisition date April 1, 2023)

(3) Legal form of business combination

Acquisition of capital contributions from non-controlling shareholders

(4) Name of company after combination

No change.

(5) Other matters regarding the outline of the transaction

As a result of this transaction, the Group's investment ratio increased from 90% to 100%.

2. Summary of accounting treatment implemented

In accordance with the “Accounting Standard for Business Combinations” and the “Implementations Guideline on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” the transaction was treated as a transaction with a non-controlling shareholder among transactions under common control.

3. Matters regarding the acquisition of additional shares in a subsidiary

Acquisition cost and breakdown by type of consideration

Consideration for acquisition	Cash	3,250 thousand USD (435 million yen)
-------------------------------	------	--------------------------------------

Acquisition cost		3,250 thousand USD (435 million yen)
------------------	--	--------------------------------------

(Note) The yen amount is converted based on the exchange rate on May 1, 2023, the acquisition date.

4. Matters concerning changes in the Company’s equity resulting from transactions with non-controlling shareholders

(1) Main reasons for changes in capital surplus

Additional acquisition of subsidiary shares

(2) Amount of capital surplus decreased due to transactions with non-controlling shareholders

34 million yen

Note 16 – Revenue Recognition**1. Breakdown of revenue from contracts with customers**

Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment			Total
	Semiconductor Manufacturing Equipment Business	Fine Plastic Molded Products Business	Laser Processing Machine Business	
Japan	3,100	1,852	1,982	6,935
Taiwan	9,664	–	77	9,741
South Korea	4,562	–	0	4,562
China	19,768	98	323	20,190
Other Asian countries	10,804	–	203	11,008
Americas	1,052	–	0	1,052
Other	331	–	–	331
Revenue arising from contracts with customers	49,285	1,950	2,586	53,822
Other income	–	–	–	–
Sales to external customers	49,285	1,950	2,586	53,822

Current consolidated fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment			Total
	Semiconductor Manufacturing Equipment Business	Fine Plastic Molded Products Business	Laser Processing Machine Business	
Japan	2,833	2,111	1,993	6,939
Taiwan	5,385	–	90	5,475
South Korea	7,975	–	1	7,976
China	16,814	39	285	17,139
Other Asian countries	11,873	–	45	11,919
Americas	798	–	0	798
Other	222	–	0	222
Revenue arising from contracts with customers	45,903	2,150	2,417	50,471
Other income	–	–	–	–
Sales to external customers	45,903	2,150	2,417	50,471

(Changes of the presentation method)

Revenue from contracts with customers in “South Korea,” which was included in “Other Asian countries” in the previous consolidated fiscal year, is separately presented for the current consolidated fiscal year due to its increased importance in terms of amount. To reflect this change of the presentation method, Notes for the previous consolidated fiscal year have been reclassified.

2. Information that serves as the basis for understanding revenue arising from customer contracts

Information that serves as the basis for understanding revenue is as presented in " Note 1 – Significant Matters Constituting the Basis of Preparation of Consolidated Financial Statements 4. Accounting Policies (5) Accounting standards for recording significant revenues and expenses."

3. Relationship between fulfillment of performance obligations based on contracts with customers and cash flows arising from such contracts, and information on the amount and timing of revenue expected to be recognized in and after the next consolidated fiscal year from contracts with customers existing at the end of the current consolidated fiscal year

(1) Balance of contract assets and contract liabilities

	Millions of Yen	
	2023	2024
Receivables arising from contracts with customers (beginning balance)	11,831	12,968
Receivables arising from contracts with customers (ending balance)	12,968	15,480
Contract liabilities (beginning balance)	4,725	1,882
Contract liabilities (ending balance)	1,882	2,598

Contract liabilities are mainly consideration received from customers before revenue recognition and are included in advances received under current liabilities in the consolidated balance sheets.

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries omit the transaction price allocated to the remaining performance obligations because there are no significant contracts whose contract term is expected to exceed 1 year initially. There are no significant amounts of consideration arising from contracts with customers that are not included in the transaction prices.

Note 17 – Segment Information

1. Overview of Reportable Segments

The Group's reportable segments are constituent units of the Group for which separate financial information is available and which are subject to periodic review by the chief management decision-making body in order to determine the allocation of management resources and evaluate business performance.

The Group has a sales and production control base at the Head Office. The Head Office and subsidiaries work together to manufacture and sell mainly semiconductor manufacturing equipment, fine plastic molded products and laser processing equipment, and to provide after-sales service for products. Accordingly, the Group consists of segments by product and service, and has 3 reportable segments: Semiconductor Manufacturing Equipment, Fine Plastic Molded Products, and Laser Processing Equipment.

The Semiconductor Manufacturing Equipment segment manufactures and sells precision molds for semiconductor manufacturing, molding equipment, singulation equipment, etc., and provides after-sales service for products. The Fine Plastic Molded Products segment manufactures and sells medical devices and other products. The Laser Processing Equipment segment is engaged in the manufacture and sale of laser processing equipment and after-sales service.

2. Method of calculating sales, profit or loss, assets and other items by reportable segment

The accounting method for reported business segments is the same as that described in "(Significant Matters Constituting the Basis of Preparation of Consolidated Financial Statements)," and the total amount of segment income is consistent with operating income in the consolidated statement of income.

3. Information on net sales, profit or loss, assets and other items by reportable segment

Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

	Semiconductor Manufacturing Equipment Business	Fine Plastic Molded Products Business	Laser Processing Machine Business	Total
Sales				
(1) Sales to external customers	49,285	1,950	2,586	53,822
(2) Inter-segment sales or transfers	–	–	–	–
Total	49,285	1,950	2,586	53,822
Segment profit	9,402	387	246	10,037
Segment assets	69,352	2,368	1,747	73,468
Other Items				
Depreciation expense	2,326	100	40	2,467
Amortization of goodwill	116	–	–	116
Increase in property, plant and equipment and intangible assets	2,357	137	75	2,570

(Note) The total amount of segment profit is consistent with operating income in the consolidated statement of income.

Current Consolidated Fiscal year ended March 31, 2024

(Millions of yen)

	Semiconductor Manufacturing Equipment Business	Fine Plastic Molded Products Business	Laser Processing Machine Business	Total
Sales				
(1) Sales to external customers	45,903	2,150	2,417	50,471
(2) Inter-segment sales or transfers	–	–	–	–
Total	45,903	2,150	2,417	50,471
Segment profit	8,097	458	105	8,661
Segment assets	83,366	2,709	1,786	87,861
Other Items				
Depreciation expense	2,347	111	50	2,509
Amortization of goodwill	146	–	–	146
Increase in property, plant and equipment and intangible assets	1,665	275	63	2,004

(Note) The total amount of segment profit is consistent with operating income in the consolidated statement of income.

[Related Information]

Previous consolidated fiscal year ended March 31, 2023

1. Information by product and service

Sales by product and service are omitted because the reportable segment of the Company is the same as the classification by product and service.

2. Information by region

(1) Sales

(Millions of yen)

Japan	Taiwan	South Korea	China	Other Asian countries	Americas	Others	Total
6,935	9,741	4,562	20,190	11,008	1,052	331	53,822

(Note) The breakdown of areas in the below categories is as follows:

- (1) Other Asian countries: Singapore, Thailand, Malaysia, Philippines, Indonesia, Vietnam
- (2) Americas: United States, Canada, Mexico, Costa Rica, Brazil, El Salvador
- (3) Others: Germany, Malta, Czech Republic, Hungary, Belgium, Italy, Austria, France, Netherlands, Denmark, Switzerland

(2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	China	Other Asian countries	Europe and Americas	Total
11,048	3,785	4,563	1,900	61	21,359

(Note) The breakdown of areas in the below categories is as follows:

(1) Other Asian countries: South Korea, Singapore, Taiwan, Philippines, Thailand

(2) Europe and Americas: United States, Germany, Netherlands

Current consolidated fiscal year ended March 31, 2024

1. Information by product and service

Sales by product and service are omitted because the reportable segment of the Company is the same as the classification by product and service.

2. Information by region

(1) Sales

(Millions of yen)

Japan	Taiwan	South Korea	China	Other Asian countries	Americas	Others	Total
6,939	5,475	7,976	17,139	11,919	798	222	50,471

(Note) The breakdown of areas in the below categories is as follows:

(1) Other Asian countries: Singapore, Thailand, Malaysia, Philippines, Indonesia, Vietnam, India

(2) Americas: United States, Canada, Mexico, Costa Rica, Brazil

(3) Others: Germany, United Kingdom, Malta, Hungary, Italy, Austria, France, Netherlands, Denmark, Slovakia, Slovenia, Switzerland

(Changes of the presentation method)

Sales in "South Korea," which were included in "Other Asian countries" in the previous consolidated fiscal year, are separately presented for the current consolidated fiscal year due to its increased importance. To reflect this change of the presentation method, Notes for the previous consolidated fiscal year have been reclassified.

(2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	China	Other Asian countries	Europe and Americas	Total
11,111	4,463	4,500	2,009	81	22,167

(Note) The breakdown of areas in the below categories is as follows:

(1) Other Asian countries: South Korea, Singapore, Taiwan, Philippines, Thailand

(2) Europe and Americas: United States, Germany, Netherlands

[Information on impairment loss of fixed assets by reportable segment]

There are no applicable matters.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous consolidated fiscal year ended March 31, 2023

(Millions of yen)

	Semiconductor Manufacturing Equipment Business	Fine Plastic Molded Products Business	Laser Processing Machine Business	Total
Current period amortization	116	–	–	116
Balance at end of period	457	–	–	457

Current consolidated fiscal year ended March 31, 2024

(Millions of yen)

	Semiconductor Manufacturing Equipment Business	Fine Plastic Molded Products Business	Laser Processing Machine Business	Total
Current period amortization	146	–	–	146
Balance at end of period	542	–	–	542

[Information on gain on negative goodwill by reportable segment]

There are no applicable matters.

[Related Party Information]

There are no applicable matters.

Note 18 – Per share information

	yen	
	2023	2024
Net assets per share	1,887.38	2,337.55
Net income per share	293.69	257.70

(Note)1. Diluted net income per share is not stated because there are no dilutive shares.

2. Basis for calculation of net assets per share is as follows:

	2023	2024
	Millions of yen	
Total net assets	47,623	58,435
Amount deducted from total net assets	401	–
(Non-controlling interests)	401	–
Net assets related to common stock at the end of period	47,221	58,435
	Share	
Number of shares of common stock used for calculating net assets per share at the end of period	25,019,641	24,998,809

3. The Company's shares remaining in the "Employee Stock Ownership Plan (J-ESOP)" recorded as treasury shares in shareholders' equity are included in treasury shares deducted from the total number of shares issued at the end of the fiscal year when calculating "net assets per share" (30,900 shares for the current consolidated fiscal year).

4. The basis for calculating net income per share is as follows:

	2023	2024
	Millions of yen	
Net income attributable to owners of parent	7,346	6,444
Amount not attributable to common shareholders	-	-
Net income attributable to owners of parent related to common shares	7,346	6,444
	Share	
Average number of shares of common stock during the period	25,015,367	25,007,027

5. The Company's shares remaining in the "Employee Stock Ownership Plan (J-ESOP)" recorded as treasury shares in shareholders' equity are included in treasury shares deducted in the calculation of the average number of shares during the period when calculating "net income per share" (18,742 shares for the current consolidated fiscal year).

Consolidated Supplementary Schedules

Schedule of bonds

There are no applicable matters.

Schedule of borrowings, etc.

(Millions of yen)

Category	Beginning balance	Ending balance	Average interest rate (%)	Due date
Short-term borrowings	9,400	9,400	0.3	-
Current portion of long-term borrowings due within 1 year	1,930	1,560	0.4	-
Current portion of Lease liabilities due within 1 year	133	149	-	-
Long-term borrowings (excluding the current portion)	3,950	2,490	0.4	2025 to 2029
Lease liabilities (excluding the current portion)	460	419	-	2025 to 2030
Total	15,873	14,019	-	-

(Note)1. The average interest rate of borrowings is calculated using the weighted average interest rate based on the average balance during the period.

2. Average interest rates on lease obligations are not stated because some lease obligations are recorded in the consolidated balance sheet at the amount before deducting the amount equivalent to interest included in the total lease payments.

3. For long-term borrowings and lease obligations (excluding the current portion), the repayment schedule for the next 5 years after the consolidated closing date is as follows.

(Millions of yen)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term borrowings	1,120	1,120	230	20
Lease liabilities	113	99	73	35

4. The Company has entered into overdraft agreements and commitment line agreements with 6 banks with the aim of raising funds more efficiently and stabilizing.

(Millions of yen)

Total amount of overdrafts and commitment line contracts	Outstanding borrowings	Net amount
18,500	9,400	9,100

5. Financial covenants

Certain borrowings of the Company and commitment line agreements concluded with 5 banks (maximum amount of 2,500 million yen) are subject to financial covenants. If any of the following covenants is violated, all obligations under the agreements will lose the benefit of time and the principal and interest on the borrowings will have to be paid.

1) Financial covenants attached to commitment line agreements

(i) The amount of net assets in the consolidated balance sheet as of the end of each fiscal year and the last day of the second quarter shall be maintained at 22,060 million yen or more.

(ii) The ordinary profit or loss shown in the consolidated statement of income for each fiscal year shall not be a loss for 2 consecutive fiscal years from the fiscal year ending March 2022.

2) Financial covenants attached to the Term Loan in the form of a split execution contract (outstanding balance of 3,000 million yen)

(i) The amount of net assets in the consolidated balance sheet as of the end of each fiscal year and the last day of the second quarter shall be maintained at 19,410 million yen or more.

(ii) The ordinary profit or loss shown in the consolidated statement of income for each fiscal year shall not be a loss for 2 consecutive fiscal years from the fiscal year ending March 2020.

Schedule of asset retirement obligations

There are no applicable matters.

(2) Others

Quarterly Information for the current consolidated fiscal year

(Cumulative Period)	Q1	Q2	Q3	Current consolidated fiscal year
Sales (Millions of yen)	9,511	21,265	32,032	50,471
Quarterly (Current year) net income before income taxes and others (Millions of yen)	1,140	2,762	4,345	9,115
Quarterly (Current year) profit attributable to owners of parent (Millions of yen)	782	1,958	3,112	6,444
Quarterly (Current year) Net income per share (Yen)	31.29	78.30	124.46	257.70

(Accounting Period)	Q1	Q2	Q3	Q4
Quarterly (Current year) Net income per share (Yen)	31.29	47.01	46.16	133.27

Item6 Overview of the Share Administration of the Submitting Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date for dividends from surplus	September 30 March 31
Number of shares per unit	100 shares
Sales of shares less than one unit	
Handling office	(Special account) Mizuho Trust & Banking Co., Ltd. Head Office, Stock Transfer Agency Department 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	(Special account) Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Agency	-----
Sales fees	The amount separately specified as the equivalent of the commission related to the entrustment of stock trading.
Method of public notice	To be carried out via electronic public notice. In the event that electronic public notices cannot be provided due to accidents or other unavoidable circumstances, public notice shall be given in the Nihon Keizai Shimbun. URL for public notice posting: https://www.towajapan.co.jp
Benefits for shareholders	Not applicable

(Note)

As provided for in our Articles of Incorporation, shareholders of the Company holding less than one unit do not have any rights other than those set forth in each item of Article 189, Paragraph 2 of the Companies Act; the right to make a claim under the provisions of Article 166, Paragraph 1 of the Companies Act; and the right to receive an allocation of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder.

Item7 Reference Information of the Submitting Company

1. Information of the Parent Company of the Company

The Company does not have a parent company or equivalent as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The following documents have been submitted between the beginning of the current fiscal year and the filing date of the Annual Securities Report.

(1) Annual Securities Report and Appendices, and Written Confirmation

45th fiscal year from April 1, 2022 to March 31, 2023 filed to Director-General of the Kanto Local Finance Bureau on June 28, 2023

(2) Internal Control Report and Appendices

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023.

(3) Quarterly Reports and Confirmation Letter

(1Q of 46th fiscal year)(from April 1, 2023 to June 30, 2023)

Filed with the Director-General of the Kanto Local Finance Bureau on August 9, 2023.

(2Q of 46th fiscal year) (from July 1, 2023 to September 30, 2023)

Filed with the Director-General of the Kanto Local Finance Bureau on November 9, 2023.

(3Q of 46th fiscal year) (from October 1, 2023 to December 31, 2023)

Filed with the Director-General of the Kanto Local Finance Bureau on February 8, 2024.

(4) Extraordinary Securities Report

Filed with the Director-General of the Kanto Local Finance Bureau on June 30, 2023.

Extraordinary Securities Report based on the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Results of Exercise of Voting Rights at General Meetings of Shareholders)

Filed with the Director-General of the Kanto Local Finance Bureau on December 1, 2023.

Extraordinary Securities Report based on the provisions of Article 19, Paragraph 2, Item 9-4 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Change of auditing certified public accountant, etc.)

Part II Information on the Guarantee Companies of the Company

Not applicable.