

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 7, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: TOWA CORPORATION
Listing: Prime Market of Tokyo Stock Exchange
Securities code: 6315
URL: <https://www.towajapan.co.jp/en/>
Representative: Hirokazu Okada, President and CEO
Inquiries: Kazuhiko Nakanishi, Executive Officer and Corporate Planning Div. Manager
Telephone: +81 75-692-0251
Scheduled date to file semi-annual securities report: November 8, 2024
Scheduled date to commence dividend payments:
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: November 11, 2024 (for investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|-------|------------------|-------|-----------------|-------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended | | | | | | | | |
| September 30, 2024 | 27,398 | 28.8 | 5,261 | 120.3 | 5,229 | 89.2 | 3,826 | 95.3 |
| September 30, 2023 | 21,265 | -26.1 | 2,388 | -59.3 | 2,763 | -57.4 | 1,958 | -58.9 |

[Note] Comprehensive income:

For the six months ended September 30, 2024: ¥1,489 million [-62.7%]

For the six months ended September 30, 2023: ¥3,991 million [-26.3%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended | | |
| September 30, 2024 | 51.02 | — |
| September 30, 2023 | 26.10 | — |

[Note] Our company conducted a stock split at a ratio of three shares for every one common share, effective as of October 1, 2024. The 'Basic earnings per share' has been calculated under the assumption that this stock split was carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity-to-asset ratio |
|--------------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| September 30, 2024 | 84,881 | 58,951 | 69.5 |
| March 31, 2024 | 87,861 | 58,435 | 66.5 |

[Reference] Equity: As of September 30, 2024: ¥58,951 million

As of March 31, 2024: ¥58,435 million

2. Cash Dividends

| | Annual dividends per share | | | | |
|--|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2024 | — | 0.00 | — | 40.00 | 40.00 |
| Fiscal year ending March 31, 2025 | — | 0.00 | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | | — | 20.00 | 20.00 |

[Note] Revisions to the forecast of cash dividends most recently announced: None

Our company conducted a stock split at a ratio of three shares for every one common share, effective as of October 1, 2024. For the fiscal year ending March 2024, the dividend amounts prior to the stock split are listed. Meanwhile, for the fiscal year ending March 2025 (forecast), the dividend amounts after the stock split are listed.

3. Forecast of Consolidated Financial Results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

| Year-end | Net Sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|----------|-----------------|------|------------------|------|-----------------|------|---|------|--------------------------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Yen |
| | 60,000 | 18.9 | 12,600 | 45.5 | 12,600 | 38.8 | 8,830 | 37.0 | 117.73 |

[Note] Revisions to the forecast of consolidated financial results most recently announced: None

Our company conducted a stock split at a ratio of three shares for every one common share, effective as of October 1, 2024. The forecasted 'Basic earnings per share' for the fiscal year ending March 2025 in the consolidated financial performance reflects the impact of this stock split.

※Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement
 - 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares)

| | |
|--------------------------|-------------------|
| As of September 30, 2024 | 75,140,556 shares |
| As of March 31, 2024 | 75,131,664 shares |

- 2) Number of treasury shares at the end of the period

| | |
|--------------------------|----------------|
| As of September 30, 2024 | 134,259 shares |
| As of March 31, 2024 | 135,237 shares |

- 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|-------------------------------------|-------------------|
| Six months ended September 30, 2024 | 74,999,389 shares |
| Six months ended September 30, 2023 | 75,045,602 shares |

[Note] 1. Our company conducted a stock split at a ratio of three shares for every one common share, effective as of October 1, 2024. The 'Total number of issued shares at the end of the period', 'Number of treasury shares at the end of the period' and 'Average number of shares outstanding during the period' have been calculated under the assumption that this stock split was carried out at the beginning of the previous consolidated fiscal year.

2. The number of treasury shares, at the end of the period, includes our company's shares that are held by Custody Bank of Japan, Ltd. (trust account E) as the trust property under the J-ESOP system. Also, our company's shares that are held by Custody Bank of Japan, Ltd. (trust account E) as the trust property under the J-ESOP system, is included in the number of treasury shares deducted from calculation of the average number of shares.

*** Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.**

*** Proper use of earnings forecasts, and other special matters:**

1. The above forecasts reflect the Company's judgements and assumptions based on available information as of the announcement date, and therefore are not guarantees of future performance. Actual results may differ substantially from the forecasts for various reasons. For further details regarding the performance forecast, please refer to the attached document on page 4, 【1.Overview of Operating Results (3) Explanation on Forecast Information such as Consolidated Earnings Forecast 】
2. Presentation material and supplementary material on financial results are posted on our website.

Contents

| | |
|--|---|
| 1.Overview of Operating Results | 2 |
| (1) Overview of Operating Results of this Interim Period..... | 2 |
| (2) Overview of Financial Position | 3 |
| (3) Explanation on Forecast Information such as Consolidated Earnings Forecast | 4 |
| 2.Interim Consolidated Financial Statements and Principal Notes | 5 |
| (1) Interim Consolidated Balance Sheet | 5 |
| (2) Interim Consolidated Income Statements and Interim Consolidated Statement of Comprehensive Income | 7 |
| Interim Consolidated Income Statements | 7 |
| Interim Consolidated Statement of Comprehensive Income | 8 |
| (3) Notes to Interim Consolidated Financial Statements | 9 |
| (Notes Related to Going Concern Assumption) | 9 |
| (Notes Related to Significant Changes in Shareholders' Equity)..... | 9 |
| (Segment and Other Information)..... | 9 |

1. Overview of Operating Results

(1) Overview of Operating Results of this Interim Period

While the global economy during this interim consolidated accounting period maintained firm growth, due to a recovery in personal consumption and capital expenditure, it continued to face uncertainties, due to monetary policies of each country and geopolitical risks.

In the semiconductor industry, while investments in generative AI and in-house manufacturing of semiconductor in China remained steady, investments in consumer goods have yet to fully recover, despite a gradual improvement in utilization rates. On the other hand, in addition to the growing demand for semiconductors for generative AI, there is increasing mid to long term optimism for further market expansion due to the adoption of PLP (Panel Level Packaging) and the development of the semiconductor industry in India.

Under these conditions, our group's performance for the interim consolidated accounting period saw an increase in net sales compared to the same period last year, because investment for in-house manufacturing of semiconductor in China has continued and deliveries of equipment for generative AI in Korea is smooth. Additionally regarding to profit, with the increase in net sales, profit of each stage saw a significant increase compared to the same period last year.

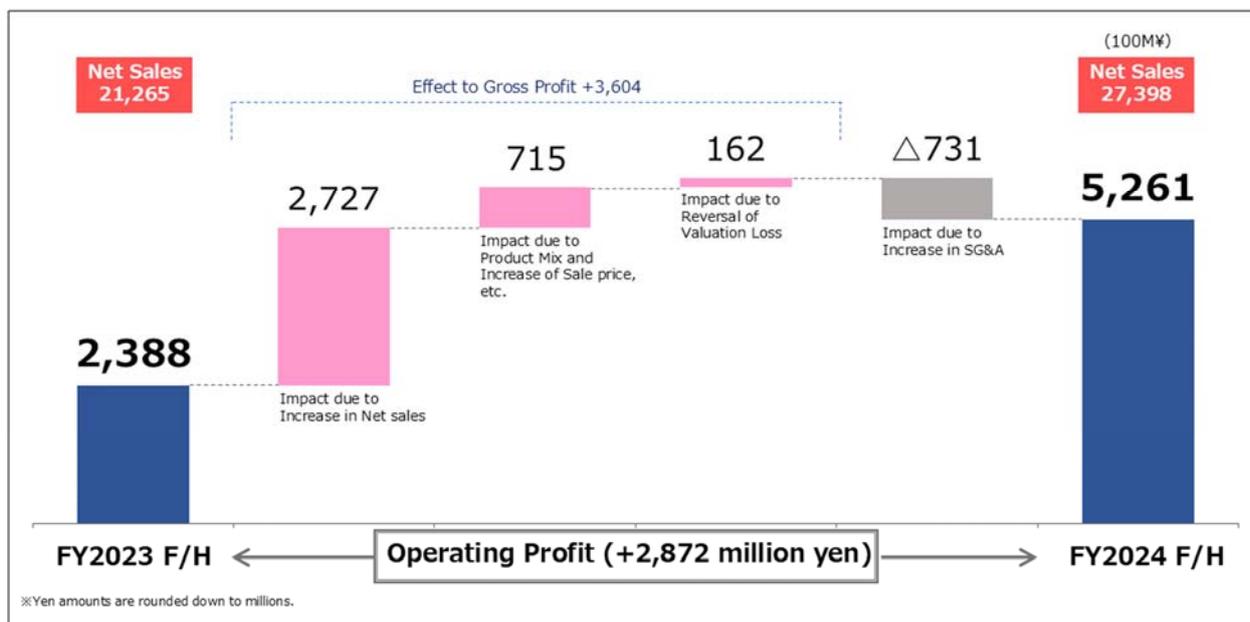
On the other hand, although orders for our original compression equipment and molds have increased compared to the same period last year, orders for transfer equipment and molds decreased. As a result, orders for this interim consolidated accounting period amounted to 25,248 million yen (year-on-year decrease of 1,612 million yen, 6.0%), and backlog at the end of this interim consolidated accounting period amounted to 29,283 million yen.

Management performance for this interim consolidated accounting period as follows.

| | |
|---|--|
| Net sales | 27,398 million yen (year-on-year increase of 6,133 million yen, 28.8%) |
| Operating profit | 5,261 million yen (year-on-year increase of 2,872 million yen, 2.2 times increase) |
| Ordinary profit | 5,229 million yen (year-on-year increase of 2,465 million yen, 89.2%) |
| Profit attributable to owners of parent | 3,826 million yen (year-on-year increase of 1,867 million yen, 95.3%) |

Main factors of variation in operating profit for this interim consolidated accounting period as follows.
(year-on-year comparison)

| | |
|--|----------------------------|
| Impact due to Increase in Net sales | 2,727 million yen increase |
| Impact due to Product Mix and Increase of Sale price, etc. | 715 million yen increase |
| Impact due to Reversal of Valuation Loss | 162 million yen increase |
| Impact due to Increase in SG&A | 731 million yen decrease |



Management performance by segment as follows.

[Semiconductor Manufacturing Equipment Business]

Regarding management performance of semiconductor manufacturing equipment business, because of continuing capital expenditure for in-house manufacturing of semiconductor in China and smooth deliveries of equipment for generative AI in Korea, mainly net sales of compression equipment and molds was increased, and total amount of net sales amounted to 25,314 million yen (year-on-year increase of 6,324 million yen, 33.3%). About the profit, with the increase of net sales and improved product mix driven by increased net sales of compression equipment, operating profit amounted to 5,063 million yen (year-on-year increase of 2,971 million yen, 2.4 times increase)

[Fine plastic molded products business]

Regarding management performance of fine plastic molded products business, because the demand in molded product and assembled product for medical use is steady and number of customers are smoothly expanding, net sales amounted to 1,129 million yen (year-on-year increase of 34 million yen, 3.1%) and operating profit amounted to 240 million yen (year-on-year decrease of 0 million yen, 0.0%).

[Laser Processing Machine business]

Regarding management performance of laser processing machine business, because the demand for chip resistors for automotives and industrial machine has delayed, net sales amounted to 954 million yen (year-on-year decrease of 225 million yen, 19.1%) and operating loss amounted to 41 million yen (compared to operating profit of 56 million yen in the same period last year).

(2) Overview of Financial Position

Total assets at the end of this interim consolidated accounting period were 84,881 million yen, a decrease of 2,979 million yen compared to the end of the previous consolidated fiscal year. This was due to a decrease in trade receivables and investment securities, although there was an increase in inventories and property, plant and equipment.

Total liabilities were 25,930 million yen, a decrease of 3,495 million yen compared to the end of the previous consolidated fiscal year, due to the repayment of loan payable and the payment of income taxes.

Net assets were 58,951 million yen, an increase of 515 million yen compared to the end of the previous consolidated fiscal year, due to the increased retained earnings and other factors, while foreign currency translation adjustment and valuation difference on available for sale securities are decreased.

As a result, the equity ratio at the end of this interim consolidated accounting period was 69.5% (an increase of

3.0 percentage points compared to the end of the previous consolidated fiscal year).

(3)Explanation on Forecast Information such as Consolidated Earnings Forecast

Regarding to consolidated performance forecast, there is no modification in full-year consolidated performance forecast, stated in ‘Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)’ announced on May 10, 2024.

2. Interim Consolidated Financial Statements and Principal Notes

(1) Interim Consolidated Balance Sheet

| | Thousands of yen | |
|---|-------------------------|-----------------------------|
| | As of March 31, 2024 | As of September 30, 2024 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,830,999 | 21,177,635 |
| Notes and accounts receivable–trade | 15,135,664 | 12,359,531 |
| Electronically recorded monetary claims–operating | 345,054 | 143,593 |
| Merchandise and finished goods | 4,110,721 | 4,187,942 |
| Work in process | 10,041,146 | 10,799,989 |
| Raw materials and supplies | 1,699,212 | 1,669,025 |
| Other | 1,550,660 | 1,199,915 |
| Allowance for doubtful accounts | (2,363) | (2,316) |
| Total Current assets | 53,711,096 | 51,535,318 |
| Non–current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 22,106,434 | 22,930,029 |
| Accumulated depreciation | (13,065,298) | (13,416,415) |
| Buildings and structures, net | 9,041,135 | 9,513,613 |
| Machinery, equipment and vehicles | 17,554,193 | 17,886,760 |
| Accumulated depreciation | (11,954,563) | (12,233,843) |
| Machinery, equipment and vehicles, net | 5,599,630 | 5,652,917 |
| Land | 5,289,066 | 6,738,868 |
| Leased assets | 1,594,823 | 1,656,744 |
| Accumulated depreciation | (440,008) | (506,864) |
| Leased assets, net | 1,154,815 | 1,149,879 |
| Construction in progress | 232,675 | 261,508 |
| Other | 4,852,823 | 5,078,236 |
| Accumulated depreciation | (4,002,437) | (4,177,529) |
| Other, net | 850,385 | 900,706 |
| Total Property, plant and equipment | 22,167,709 | 24,217,494 |
| Intangible assets | 1,329,271 | 1,340,933 |
| Investments and other assets | | |
| Retirement benefit asset | 641,147 | 671,513 |
| Other | 10,012,608 | 7,116,694 |
| Total Investments and other assets | 10,653,756 | 7,788,208 |
| Total Non–current assets | 34,150,736 | 33,346,636 |
| Total Assets | 87,861,833 | 84,881,954 |

| | Thousands of yen | |
|---|-------------------------|-----------------------------|
| | As of March 31, 2024 | As of September 30, 2024 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable–trade | 3,834,249 | 3,893,475 |
| Electronically recorded obligations- operating | 36,252 | 29,367 |
| Short–term borrowings | 9,400,000 | 9,000,000 |
| Current portion of long–term borrowings | 1,560,000 | 1,260,000 |
| Income taxes payable | 1,827,856 | 1,282,145 |
| Provision for product warranties | 307,882 | 318,924 |
| Provision for bonuses | 986,299 | 1,259,150 |
| Provision for bonuses for directors(and other officers) | 98,443 | 35,296 |
| Other | 5,146,816 | 4,101,213 |
| Total Current liabilities | 23,197,801 | 21,179,572 |
| Non–current liabilities | | |
| Long–term borrowings | 2,490,000 | 1,930,000 |
| Retirement benefit liability | 933,297 | 999,779 |
| Provision for share awards | 40,497 | 62,093 |
| Other | 2,764,332 | 1,758,876 |
| Total Non–current liabilities | 6,228,128 | 4,750,749 |
| Total Liabilities | 29,425,930 | 25,930,322 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,955,671 | 8,969,261 |
| Capital surplus | 450,981 | 464,571 |
| Retained earnings | 38,359,732 | 41,184,860 |
| Treasury shares | (115,191) | (115,391) |
| Total Shareholders' equity | 47,651,194 | 50,503,301 |
| Accumulated other comprehensive income | | |
| Valuation difference on available–for–sale securities | 6,013,298 | 3,816,491 |
| Foreign currency translation adjustment | 4,642,014 | 4,529,851 |
| Remeasurements of defined benefit plans | 129,394 | 101,988 |
| Total Accumulated other comprehensive income | 10,784,708 | 8,448,330 |
| Total Net assets | 58,435,903 | 58,951,632 |
| Total Liabilities and net assets | 87,861,833 | 84,881,954 |

(2) Interim Consolidated Income Statements and Interim Consolidated Statement of Comprehensive Income
Interim Consolidated Income Statements

| | Thousands of yen | |
|--|--|--|
| | For the six months ended September 30,2023 | For the six months ended September 30,2024 |
| Net sales | 21,265,045 | 27,398,749 |
| Cost of sales | 14,399,212 | 16,928,363 |
| Gross profit | 6,865,832 | 10,470,385 |
| Selling, general and administrative expenses | 4,477,002 | 5,208,686 |
| Operating profit | 2,388,830 | 5,261,699 |
| Non-operating income | | |
| Interest income | 50,059 | 70,270 |
| Dividend income | 70,920 | 61,662 |
| Foreign exchange gains | 202,846 | - |
| Miscellaneous income | 109,051 | 228,060 |
| Total Non-operating income | 432,878 | 359,993 |
| Non-operating expenses | | |
| Interest expenses | 36,151 | 41,071 |
| Foreign exchange losses | - | 316,512 |
| Miscellaneous losses | 21,994 | 34,911 |
| Total Non-operating expenses | 58,145 | 392,495 |
| Ordinary profit | 2,763,563 | 5,229,198 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 1,720 | - |
| Total Extraordinary income | 1,720 | - |
| Extraordinary losses | | |
| Loss on sale of non-current assets | - | 182 |
| Loss on retirement of non-current assets | 2,552 | 7,409 |
| Loss on valuation of investment securities | - | 12,056 |
| Total Extraordinary losses | 2,552 | 19,648 |
| Profit before income taxes | 2,762,730 | 5,209,549 |
| Income taxes | 803,946 | 1,383,233 |
| Profit | 1,958,784 | 3,826,316 |
| Profit attributable to owners of parent | 1,958,784 | 3,826,316 |

Interim Consolidated Statement of Comprehensive Income

| | Thousands of yen | |
|---|--|--|
| | For the six months ended September 30,2023 | For the six months ended September 30,2024 |
| Profit | 1,958,784 | 3,826,316 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 410,601 | (2,196,807) |
| Foreign currency translation adjustment | 1,630,974 | (112,163) |
| Remeasurements of defined benefit plans | (8,608) | (27,406) |
| Total Other comprehensive income | 2,032,967 | (2,336,377) |
| Comprehensive income | 3,991,752 | 1,489,938 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,991,752 | 1,489,938 |

(3)Notes to Interim Consolidated Financial Statements
 (Notes Related to Going Concern Assumption)
 No applicable matters to report.

(Notes Related to Significant Changes in Shareholders' Equity)
 No applicable matters to report.

(Segment and Other Information)

I For the six months ended September 30,2023 (From April 1, 2023 to September 30, 2023)

1.Information on net sales, profit or loss by reportable segment

(Thousands of yen)

| | Semiconductor Manufacturing Equipment Business | Fine Plastic Molded Products Business | Laser Processing Equipment Business | Total |
|--------------------------------------|---|--|--|------------|
| Sales | | | | |
| (1) Sales to external customers | 18,989,981 | 1,094,647 | 1,180,417 | 21,265,045 |
| (2) Inter-segment sales or transfers | - | - | - | - |
| Total | 18,989,981 | 1,094,647 | 1,180,417 | 21,265,045 |
| Segment profit | 2,091,919 | 240,093 | 56,817 | 2,388,830 |

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

2.Information related to impairment losses of non-current assets, goodwill, etc. for each reportable segment

There were no significant impairment losses on non-current assets and changes goodwill in the reported segments for the six months ended September 30,2023.

II For the six months ended September 30,2024 (From April 1, 2024 to September 30, 2024)

1. Information on net sales, profit or loss by reportable segment

(Thousands of yen)

| | Semiconductor Manufacturing Equipment Business | Fine Plastic Molded Products Business | Laser Processing Equipment Business | Total |
|---------------------------------------|---|--|--|------------|
| Sales | | | | |
| (1) Sales to external customers | 25,314,874 | 1,129,068 | 954,807 | 27,398,749 |
| (2) Inter-segment sales and transfers | - | - | - | - |
| Total | 25,314,874 | 1,129,068 | 954,807 | 27,398,749 |
| Segment profit(loss) | 5,063,208 | 240,059 | (41,568) | 5,261,699 |

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

2.Information related to impairment losses of non-current assets, goodwill, etc. for each reportable segment

There were no significant impairment losses on non-current assets and changes goodwill in the reported segments for the six months ended September 30,2024.