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February 7, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

Company name: TOWA CORPORATION
 Listing: Prime Market of Tokyo Stock Exchange
 Securities code: 6315
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 Scheduled date to file quarterly securities report: February 8, 2024
 Scheduled date to commence dividend payments:
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(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	%
Nine months ended								
December 31, 2023	32,032	-20.3	4,075	-45.8	4,318	-43.6	3,112	-44.7
December 31, 2022	40,171	4.9	7,513	-17.0	7,662	-15.7	5,631	-14.9

[Note] Comprehensive income:

For the nine months ended December 31, 2023: ¥5,787 million [5.3%]
 For the nine months ended December 31, 2022: ¥5,498 million [-28.8%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	124.46	—
December 31, 2022	225.14	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	77,744	51,897	66.8
March 31, 2023	73,468	47,623	64.3

[Reference] Equity: As of December 31, 2023: ¥51,897 million
 As of March 31, 2023: ¥47,221 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, 2023	—	0.00	—	40.00	40.00
Fiscal year ending March 31, 2024	—	0.00	—		
Fiscal year ending March 31, 2024 (Forecast)				40.00	40.00

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

3. Forecast of Consolidated Financial Results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	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
Year-end	51,000	-5.2	8,160	-18.7	8,160	-20.0	5,710	-22.3	228.22

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

※Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly 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 December 31, 2023	25,043,888 shares
As of March 31, 2023	25,033,238 shares

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

As of December 31, 2023	45,078 shares
As of March 31, 2023	13,597 shares

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

Nine months ended December 31, 2023	25,009,747 shares
Nine months ended December 31, 2022	25,013,950 shares

[Note] 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.

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

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

1. The above forecasts reflect the Company's judgments 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.
2. The supplementary material on quarterly financial results is posted on our website.

Qualitative Information on Financial Results for the Current Quarter

(1) 【Description regarding management performance】

During the third quarter consolidated cumulative period, the global economy continued to face uncertainties, with a slowdown in the pace of recovery due to ongoing monetary tightening by Western countries to control inflation and the weakness of the Chinese real estate market.

Regarding the semiconductor industry, the downturn in demand for consumer goods such as PCs and smartphones has led to a prolonged low demand for related semiconductors. On the other hand, there is a strong and continuous demand for server-related investments, including High Bandwidth Memory (HBM), in expectation of the widespread adoption of generative AI and it is expected that investment would continue in the future as well. Besides, in CY2024, further expansion of the semiconductor market is expected, due to the continued proactive investment in generative AI and the anticipated recovery in equipment investments for consumer goods, such as PCs and smartphones, centered on memory semiconductors.

Under these circumstances, our group's performance for the third quarter consolidated cumulative period is resulted to decreased net sales year on year comparison, because of the low net sales of products for consumer goods such as PCs and smartphones. Regarding to profit, for the third quarter, profit ratio is improved from the second quarter, because the net sales of high value-added transfer equipment such as an automotive use is increased and sales ratio of compression equipment is increased as well, although the profit of each stage is decreased year on year comparison with the net sales decline. Also, delivery of compression equipment for generative AI has started from the third quarter as scheduled, and it is expected to become full-fledged delivery after the fourth quarter.

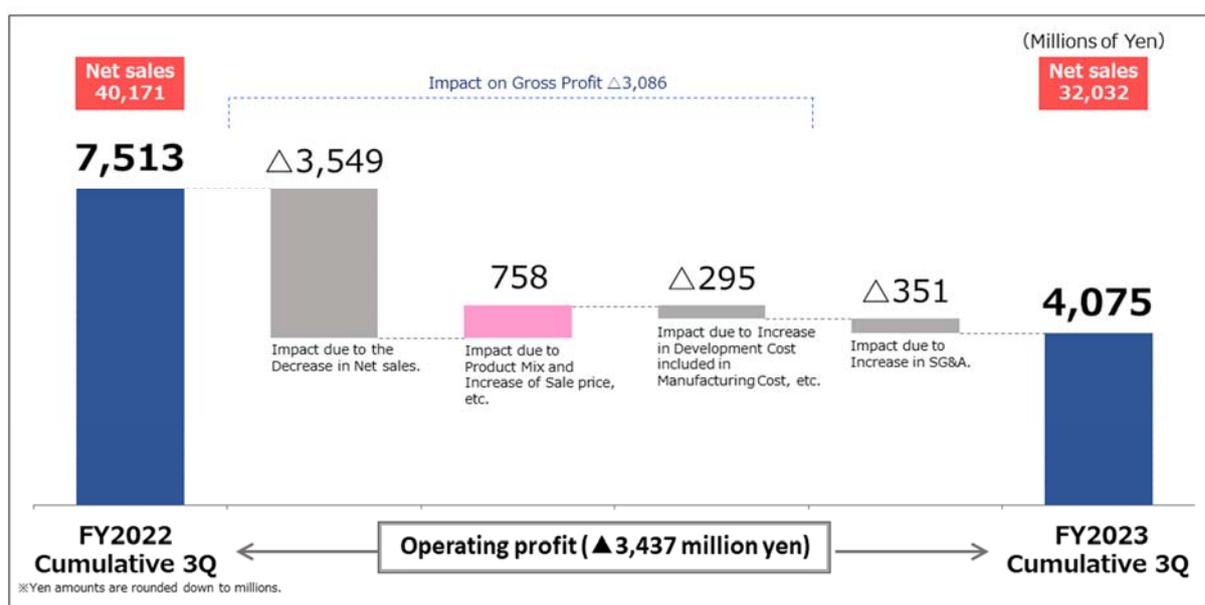
Regarding orders, continuous investment in preparation for production increase of HBM for generative AI is solid in Korea and furthermore, investment in automotive, device for communication and memory semiconductor in China, has accelerated. As a result, for the third quarter consolidated cumulative period, orders amounted to 40,246 million yen (year-on-year increase of 4,887 million yen, 13.8%) and order backlog amounted to 37,320 million yen, at the end of the third quarter of the current fiscal year.

Management performance for the third quarter consolidated cumulative period as follows.

Net sales	32,032	million yen (year-on-year decrease of 8,138 million yen, 20.3%)
Operating profit	4,075	million yen (year-on-year decrease of 3,437 million yen, 45.8%)
Ordinary profit	4,318	million yen (year-on-year decrease of 3,344 million yen, 43.6%)
Profit attributable to owners of parent	3,112	million yen (year-on-year decrease of 2,518 million yen, 44.7%)

Main factors of variation in operating profit for the third quarter consolidated cumulative period as follows.
(year-on-year comparison)

Impact due to the Decrease in Net sales	3,549	million yen decrease
Impact due to Product Mix and Increase of Sale price, etc.	758	million yen increase
Impact due to Increase in Development Cost included in Manufacturing Cost, etc.	295	million yen decrease
Impact due to Increase in SG&A	351	million yen decrease



Management performance by segment as follows.

[Semiconductor business]

Regarding management performance of semiconductor business, because of the geopolitical risk and increase of demand in automotive semiconductor, net sales in South East Asia has been progressing steadily. On the other hand, although both orders and net sales in China are in recovery tendency with the re-boost of investment for in-house manufacturing of semiconductor, net sales amounted to 28,651 million yen (year-on-year decrease of 8,283 million yen, 22.4%) with the continuous low investment in consumer goods centered around Taiwan. About the profit, due to the decrease of net sales, operating profit amounted to 3,629 million yen (year-on-year decrease of 3,457 million yen, 48.8%).

[Fine Plastic business]

Regarding management performance of fine plastic business, since the demand in molded fine plastic has increased, along with the recovery in general inspection, diagnoses, treatments and others in the medical field, due to the end of the COVID-19 pandemic, net sales amounted to 1,624 million yen (year-on-year increase of 197 million yen, 13.8%) and operating profit amounted to 353 million yen (year-on-year increase of 79 million

yen, 29.1%).

[Laser Processing Machine business]

Regarding management performance of laser processing machine business, along with the increase in personnel expenses and others, for the reinforcement of development system and extension of business, net sales amounted to 1,756 million yen (year-on-year decrease of 52 million yen, 2.9%) and operating profit amounted to 91 million yen (year-on-year decrease of 60 million yen, 39.7%).

(2) 【Description regarding consolidated performance forecast】

Regarding to full-year consolidated performance forecast of FY2023, there is no modification in full-year consolidated performance forecast, stated in ‘Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)’ announced on May 11, 2023.