

March 27, 2025

Notice Regarding the Formulation of a New Mid-Term Management Plan (Second Mid-Term Management Plan)

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

TOWA CORPORATION hereby announces that we have formulated a new mid-term management plan (the second mid-term management plan) for the period from the 2026/3 to the 2028/3.

1. Review of the First Mid-Term Management Plan

In pursuit of achieving the “TOWA Vision 2032”, which outlines our desired future of 2032, we positioned the three years from the fiscal year ending March 2023 to the fiscal year ending March 2025 as “Strengthening the Foundation to reach ‘The Top of the World’”. Although we did not achieve the sales and operating profit targets due to differences from the initially anticipated market environment, we were able to establish a foundation that can stable sales, largely unaffected by market downturns. Based on this, we have formulated the new mid-term management plan (the second mid-term management plan).

2. Overview of the Second Mid-Term Management Plan

The positioning of the second mid-term management plan is “Challenges and leap to the new tasks”. Leveraging the foundation strengthened during the first mid-term management plan, we will tackle new challenges towards our targets for 2032. The theme of the second mid-term management plan is “Enabling the Next Generation of Leadership with TOWA-ism”. The source of our competitiveness lies in our human resources, and to remain at the top of the industry for the next 10, 20 years, and beyond, we will actively invest in human resources to become a unique company that does not allow others to follow.

The outline of the three-year mid-term management plan from the fiscal year ending March 2026 to the fiscal year ending March 2028 is as follows:

[Theme]

“Enabling the Next Generation of Leadership with TOWA-ism”

[Basic Policies]

1. Enhancing the added value of products and services through paradigm shifts to improve profitability.
2. Achieving speed management and strengthening market competitiveness through the utilization of DX and AI.
3. Creating new markets by leveraging core competencies*.
4. Promoting the development of human resources with diverse, challenge-oriented thinking that will lead the next generation.
5. Enhancing social contribution and corporate value through proactive efforts toward sustainability.

*Core competencies: Unique strengths or expertise that cannot be easily imitated by other companies.

[Business Strategies]

<Semiconductor Business>

1. Responding to customer needs through process innovation.
2. Becoming the global cost leader through utilization of DX and AI.
3. Delivering unique products to the world through a global development system.

<Medical Device Business*>

1. Utilizing advanced molding technology for the creation of sophisticated medical devices.
 2. Achieving a high-profit structure through integrated production.
 3. Creating value-creating business through the refinement of skills.
- * The name of the “Fine Plastic Molded Products Business” will be changed to the “Medical Device Business”.

<New Business>

1. Expanding the business through high value-added products leveraging core competencies.
2. Becoming as a major brand in the tool manufacturing industry.
3. Generating new revenue through a subscription-based business model.
4. Achieving sustainability through a renewal business model.

<Laser Business>

1. Securing stable revenue and expand business with competitive products.
2. In-house production of oscillation units and transition to subscription business.
3. Making waves on semiconductor processes with laser technology.

[Human Resource Strategy]

1. Succession of corporate philosophy and transmission of technical knowledge through the TOWA academy.
2. Creating future leaders who will bear the future.
3. Strengthening human capital with DX and AI.
4. Building an environment for the active participation of diverse talent.

[Financial Strategy]

Set new financial KPI and shareholder return targets (Targets until the fiscal year ending March 2028):

1. Financial KPI: ROE of 13% or more.
2. Shareholder returns: Dividend payout ratio of 20% or more.

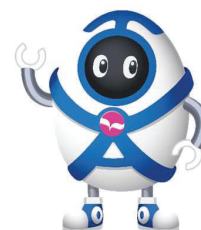
3. Management Indicators (Consolidated)

Item \ Period		2025/3 Forecast	→	(100M¥)
				2028/3
Net Sales		540.0	+31.5%	710.0
B r e a k d o w n	Semiconductor	399.0	+30.6%	521.0
	Medical Device	22.8	+22.8%	28.0
	New Business	95.6	+39.1%	133.0
	Laser	22.6	+23.9%	28.0
Operating Profit		92.0	+69.6%	156.0
Operating Margin		17.0%	+5.0pt	22.0%
Ordinary Profit		97.6	+59.8%	156.0
Net Profit		78.7	+38.5%	109.0

*This presentation material contains TOWA Group's forward-looking statements regarding, including but not limited to, plans, policies, finances, technologies, products, services and results. Such forward-looking statements are the judgements made by the Group based on available data, assumptions and applicable methods etc. as of the presentation date and contain various risks and uncertainties. Also, new risks and uncertainties can occur anytime, and it is impossible to predict the occurrence and the effect of them. Thus, please understand the actual results could considerably differ from the forward-looking statements.

Second Mid-Term Management Plan

2026/3~2028/3



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Main Points

1. Review of the First Mid-Term Management Plan
2. Second Mid-Term Management Plan

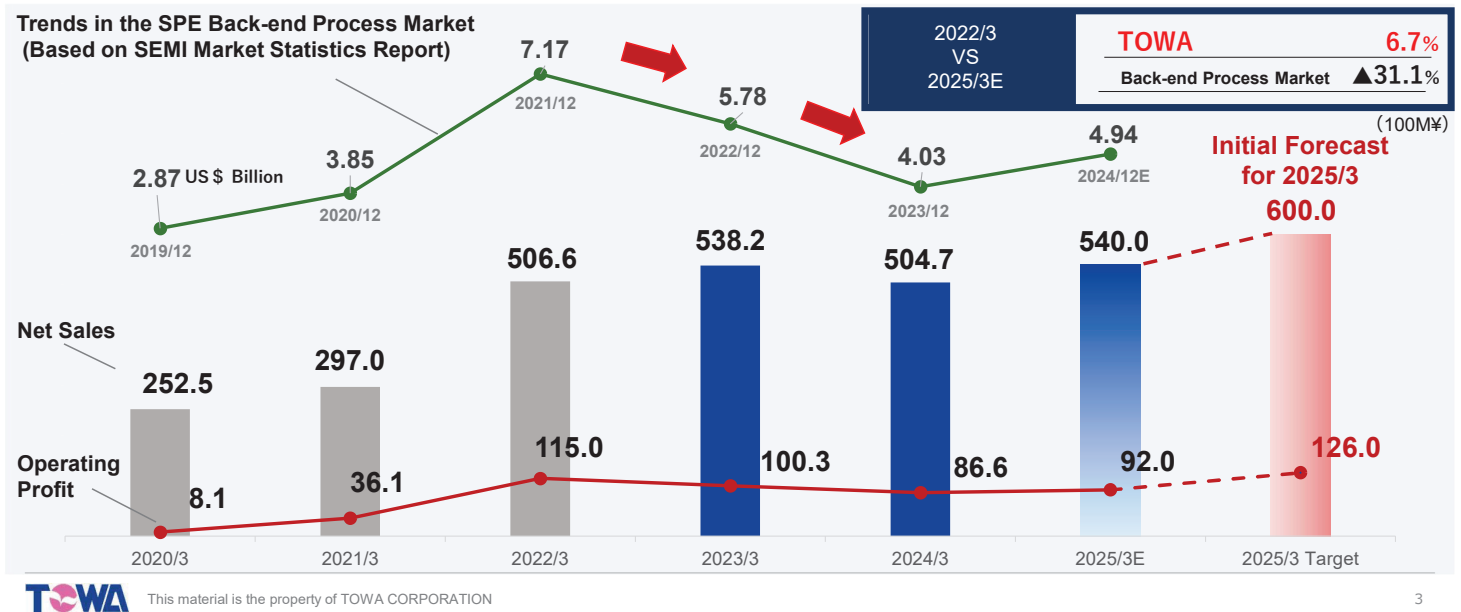


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Review of the First Mid-Term Management Plan (Numeric Target)

Although the numerical targets were not achieved as initially forecasted, we have built a foundation that can consistently achieve sales of over 50 billion yen even during market downturns.



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Review of the First Mid-Term Management Plan (Numeric Target)

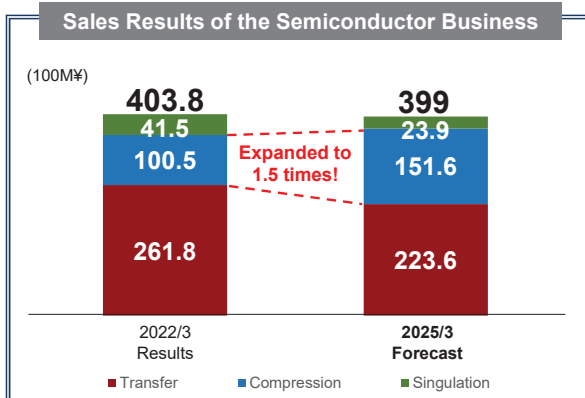
(100M¥)

	2022/3 Results		2025/3 Forecast
Net Sales	Total Sales	506.6 +6.6%	540.0
	Semiconductor	403.8 ▲1.2%	399.0
	Fine Plastic	17.2 +32.6%	22.8
	New Business	63.3 +51.0%	95.6
	Laser	22.2 +1.8%	22.6
Operating Profit	115.0 ▲20.0%		92.0
Operating Margin	22.7% ▲5.7pt		17.0%

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Review of the First Mid-Term Management Plan (Semiconductor Business)

- ✓ Sales expansion of TOWA's original compression molding equipment and molds.
- ✓ Developing competitively marketable products as pillars of the next mid-term management plan.
- ✓ Maintaining the top market share and further expanding it.



Key Achievements

- The advanced package for generative AI and other applications has adopted our original process of compression equipment, leading to increased sales. **The sales scale of compression expanded to 1.5 times.**
- **Developed the 'YPM1250-EPQ,' an equipment optimized for chiplets,** and won the Grand Prize in the manufacturing equipment category at the Semiconductor of the Year 2024 awards.
- Expanded the **global market share of semiconductor molding equipment from 59% to 63%***, continuing to maintain the top share.
- Acquired a mold manufacturing business in Malaysia and established an integrated production system for molds and equipment in the same region. Also expanded into promising region, India.

(*Source: Estimated values created by our company based on data from TechInsights Inc.)

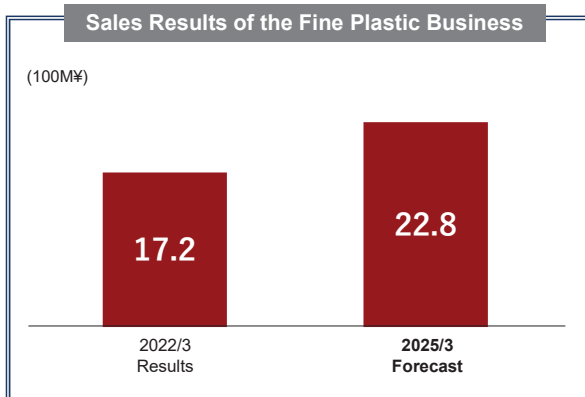


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Review of the First Mid-Term Management Plan (Fine Plastic Business)

- ✓ Expanding the handling of high-value-added products by utilizing clean rooms.
- ✓ Expanding production areas to support business growth.



Key Achievements

- Developing new customers by utilizing medical device assembly technology.
- Enhancing technical capabilities and competitiveness through the utilization of clean rooms.
- Increasing production capacity by 30% through the enhancement of human resources and equipment.



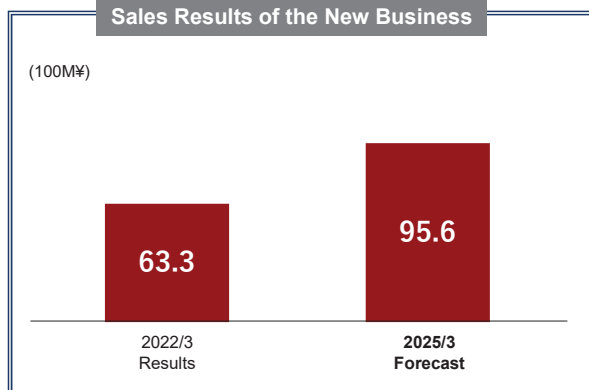
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Review of the First Mid-Term Management Plan (New Business)

- ✓ Along with an increase in the cumulative number of delivered units, the sales of TSS* have increased due to high-value-added after-sales services directly connected to the manufacturer.
- ✓ Sales expansion of semiconductor-related consumables such as release films and blades.
- ✓ Starting overseas expansion of the tool business.

Sales Results of the New Business



Key Achievements

- Transforming after-sales services into a high-value-added business by proposing parts and services that lead to productivity improvement.
- Expanding the handling of consumables by acquiring the blade business through M&A.
- Utilizing semiconductor business hubs to initiate the overseas expansion of the tool business.

*TSS: Total Solution Service
(Sales of semiconductor manufacturing equipment parts, after-sales services, and renewal businesses, etc.)



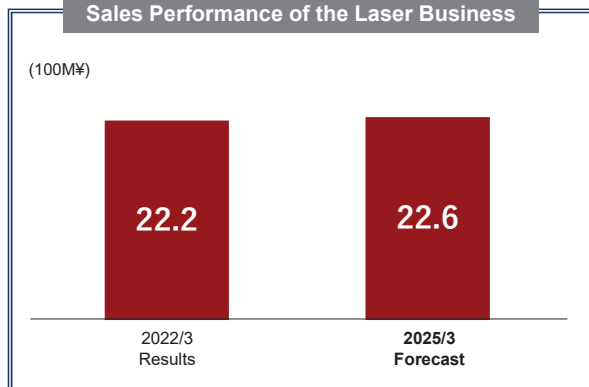
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Review of the First Mid-Term Management Plan (Laser Business)

- ✓ Enhancing customer support through the promotion of a direct sales system.
- ✓ Expanding overseas customers by leveraging sales channels in the semiconductor business.
- ✓ Deploying laser processing technology in the semiconductor business.

Sales Performance of the Laser Business



Key Achievements

- By transitioning to a direct sales system, it becomes possible to provide meticulous services and understand customer needs.
- Strengthening the overseas sales structure in collaboration with TOWA Group offices.
- Developing semiconductor manufacturing equipment utilizing laser processing technology.



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Review of the First Mid-Term Management Plan (Sustainability)



■ Decarbonization initiatives

- ▶ Formulating TOWA group's CO2 emission reduction targets.
- ▶ The reduction of CO2 emissions (Scope 1+2) is progressing roughly as planned.
(Achieving a 21.0% reduction in the 2023 level compared to the 2020 level)
- ▶ Initiated the calculation of Scope 3 emissions.

■ Promoting human capital management

- ▶ Enhancing the human resource development system.
(TOWA Academy Preparation Office establishment, enhancement of e-learning, management of the reemployment system after retirement, etc.)
- ▶ Obtaining external evaluations and certifications related to health management.
(Health and Productivity Management Organization, SPORTS YELL COMPANY, Eruboshi, etc.)

■ Commenced the publication of the integrated report from 2023

■ Promoting English-language disclosure

- ▶ Simultaneously disclosing important information to stakeholders in both Japanese and English.

■ Introduced a stock compensation plan for executives and employees.

- ▶ Introduced a restricted stock compensation plan for directors and executive officers.
- ▶ Introduced an employee stock ownership plan (J-ESOP) for employees.



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Main Points

1. Review of the First Mid-Term Management Plan

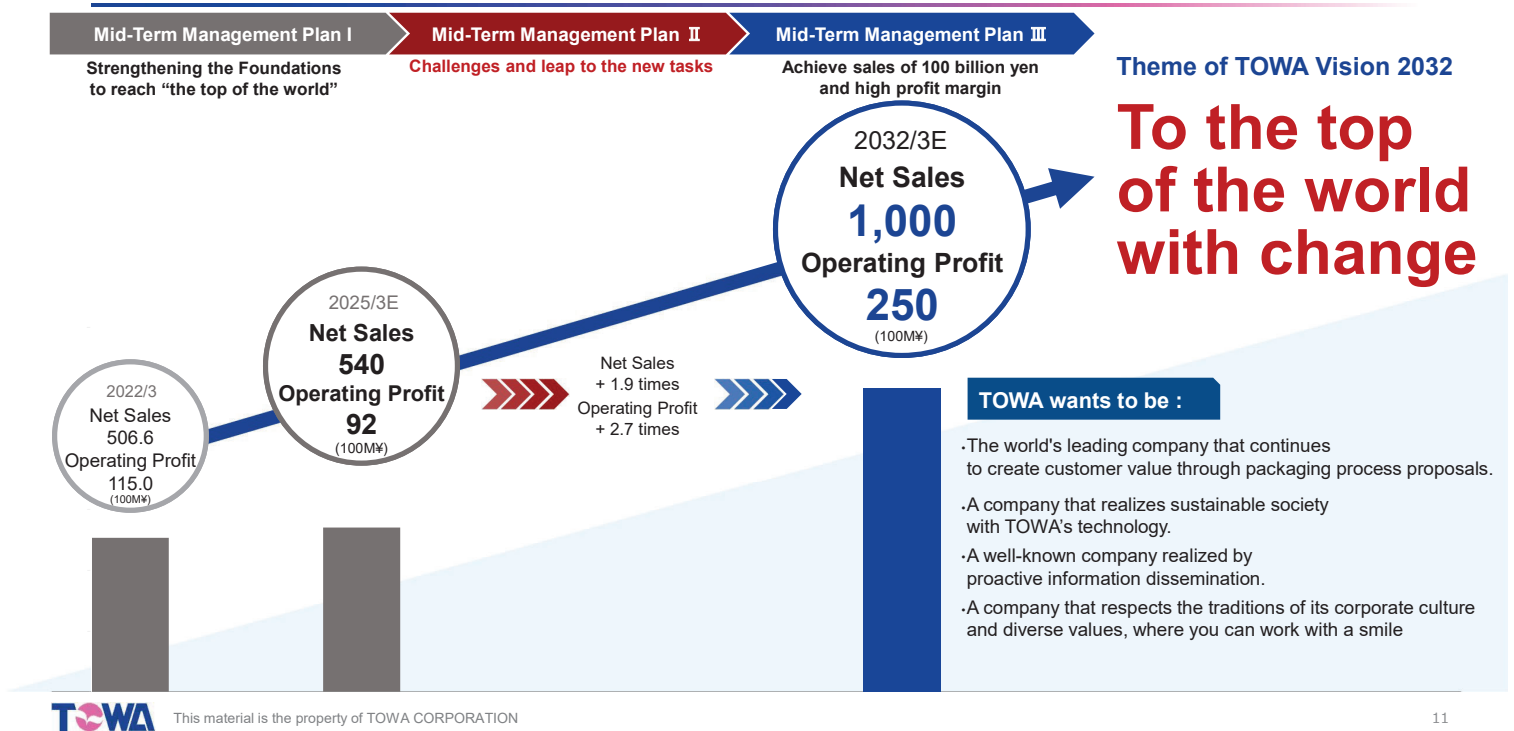
2. Second Mid-Term Management Plan



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TOWA Vision 2032



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Positioning of the Second Mid-Term Management Plan

A period to leverage the foundation strengthened in the First Mid-Term Management Plan, striving for new challenges and making a leap towards achieving 100 billion yen in sales.



Second Mid-Term Management Plan Theme (3 Years)

Enabling the Next Generation of Leadership with TOWA-ism

To ensure that TOWA remains an industry top leader 10, 20, and 30 years into the future, we will invest proactively in human resources than ever before.

TOWA Human Resource Strategy

Succession of corporate philosophy and transmission of technical knowledge through the TOWA academy

Creating future leaders who will bear the future

Strengthening human capital with DX and AI

Building an environment for the active participation of diverse talent

Basic Policy of the Second Mid-Term Management Plan

- ① Enhancing the added value of products and services through paradigm shifts to improve profitability.
- ② Achieving speed management and strengthening market competitiveness through the utilization of DX and AI.
- ③ Creating new markets by leveraging core competencies*.
- ④ Promoting the development of human resources with diverse, challenge-oriented thinking that will lead the next generation.
- ⑤ Enhancing social contribution and corporate value through proactive efforts toward sustainability.

*Core competencies: Unique strengths or expertise that cannot be easily imitated by other companies.

Second Mid-Term Management Plan Numerical Targets

(100M¥)

	2025/3 Forecast	→	2028/3	2032/3
Net Sales	540.0	+31.5%	710	1,000
Operating Profit	92.0	+69.6%	156	250
Operating margin	17.0%	+5pt	22.0%	25.0%
Ordinary Profit	97.6	+59.8%	156	250
Net Profit	78.7	+38.5%	109	175

*Net Profit= Profit attributable to owners of parent



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Second Mid-Term Management Plan Numerical Targets

(100M¥)

The name of the 'Fine Plastic Business' will be changed to the 'Medical Device Business'.

	2025/3 Forecast	→	2028/3
Net Sales	540.0	+31.5%	710
Semiconductor	399.0	+30.6%	521
Medical Device	22.8	+22.8%	28
New Business	95.6	+39.1%	133
Laser	22.6	+23.9%	28



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Business Strategy (Semiconductor Business)

Responding to customer needs through process innovation

Becoming the global cost leader through utilization of DX and AI

Delivering unique products to the world through a global development system

Toward Securing Revenue

- Increase compression ratio.
- Improve the gross profit margin of the semiconductor business by increasing the ratio of high-value-added products and utilizing AI and DX.

Key Initiatives

- Establish an unrivaled top market share in the high-end packaging process.
- Expand sales of unique processes such as MUF and Resin Flow Control.
- Smart Factory Transformation through DX, AI, and robotics.

Sales Targets for the Semiconductor Business



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Business Strategy (Medical Device Business)

Change of the segment name

Utilizing advanced molding technology for the creation of sophisticated medical devices

Achieving a high-profit structure through integrated production

Creating value-creating business through the refinement of skills

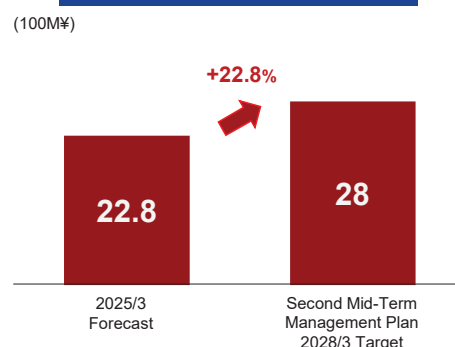
Toward Securing Revenue

Focusing on 'molding technology' and 'assembly technology' to expand sales of high-value-added products and increase profits.

Key Initiatives

- Optimization of the production system in anticipation of expanding production bases and the advancement of smart factories.
- Pioneering next-generation business by integrating TOWA group's core competencies with medical device business technologies.
- Establishing a brand as a medical device manufacturer.

Sales Targets for the Medical Device Business



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Business Strategy (New Business)

Expanding the business through high-value-added products leveraging core competencies

Becoming as a major brand in the tool manufacturing industry

Generating new revenue through a subscription-based business model

Achieving sustainability through a renewal business model

Toward Securing Revenue

- Expansion of sales and improvement of profit margins through increasing the number of delivered equipment units and promoting the renewal business.
- Positioning the tool business as a new pillar.

Key Initiatives

- Provide high-value-added support for over 3,500 delivered units.
- Expand the sales area of the renewal business.
- [Strengthening the tool business]
Optimizing production through smart factory, enhancing product lineup, and reinforcing the global sales system.

Sales Targets for the New Business



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Business Strategy (Laser Business)

Securing stable revenue and expand business with competitive products

In-house production of oscillation units and transition to subscription business

Making an impact on semiconductor processes with laser technology

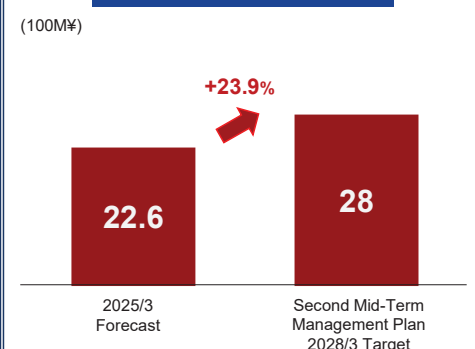
Toward Securing Revenue

- Increase profit Margins through the sale of competitive products and reduction of production costs.
- Develop processes and products applicable to semiconductor processes.

Key Initiatives

- Establish laser processing methods effective for achieving next-generation semiconductor packaging.
- Enhance overseas sales and support system and improve production efficiency through strengthened group collaboration.
- Create added value through new maintenance services, such as subscription businesses.

Sales Targets for the Laser Business



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Sustainability Strategy



Materiality for the TOWA Group (material issues)



Our initiatives regarding materiality can be found on the following page of our website.

<https://www.towajapan.co.jp/en/company/materiality/>

We have identified the above-mentioned items as materiality (important issues).

Toward the vision of what TOWA aims to become 10 years from now, as clarified in the "TOWA Vision 2032," we will strive to improve the sustainability of society by providing value to society. At the same time, we will work to enhance the long-term and sustainable "earning power" of our group and connect this effort to further value creation.



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Financial Strategy / Cash Allocation

- A significant portion of operating cash flow is allocated to growth investments.
- Meanwhile, with a focus on improving capital efficiency, new 'financial KPIs' and 'shareholder return targets' were established.

Targets until 2028/3

Financial KPI
Achieving ROE of over 13%
Shareholder Returns
Achieving dividend payout ratio of over 20%

The Second Mid-Term Management Plan Period (Cumulative Total from 2026/3 to 2028/3)

(100M¥)

Operating CF
350

Cash in

40
50
260

Cash out

Loan Repayments, etc.

Shareholder Returns

-Dividend payout ratio of 20% or more.

Growth Investments

- Investments in enhancing production capacity and strengthening development capabilities.
- DX (Digital Transformation) and AI investments, such as smart factory initiatives.
- Funds for agile M&A activities.



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TOWA Vision 2032

「To the top of the world with change」



《Contact》

TOWA CORPORATION Corporate Planning Dept.
5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto 601-8105
Telephone number : 075-692-0251

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