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TOWA CORPORATION
Corporate Planning Department

FY2025 4Q Financial Results Briefing Q&A

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Q2 HBM and PLP both appear set to ramp from 2H, yet page 17 shows limited quarterly fluctuation. What is the background?

Q3 Page 17 suggests HBM and PLP ramp in 2H, while other areas appear weighted toward 1H. Is the table not intended to show clear 1H/2H trends by business area?

Q4 Page 17 indicates gradual margin improvement, while 1H and 2H profit levels appear similar. Could you explain?

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■ Q&A

Q1 Orders declined from 3Q to 4Q. Could you explain trends by application and region, especially by region?

A1 In Taiwan, some 4Q projects were booked in 3Q, leading to a reactionary decline in 4Q. In Japan, 4Q declined due to the absence of the special Osaka University fusion-related order booked in 3Q, along with some project timing shifts.
While 4Q declined following the 3Q concentration, the order environment is showing signs of recovery and we view this as temporary.

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Q2 HBM and PLP both appear set to ramp from 2H, yet page 17 shows limited quarterly fluctuation. What is the background?

A2 In memory, including HBM, investment has shifted from front-end expansion to assembly facility construction, with full-scale orders expected after factory completion later this year.
At the same time, uncertainty remains due to factors including the Middle East situation and construction schedules.
Order backlog stands at just under half of this fiscal year's sales plan, with orders generally tracking expectations, though quarterly fluctuations remain possible.

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Q3 Page 17 suggests HBM and PLP ramp in 2H, while other areas appear weighted toward 1H. Is the table not intended to show clear 1H/2H trends by business area?

A3 HBM-related orders have already been secured ahead of schedule, and no major imbalance or sudden fluctuations are currently assumed.

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Q4 Page 17 indicates gradual margin improvement, while 1H and 2H profit levels appear similar. Could you explain?

A4 Higher sales should support profit growth, while strategic measures to strengthen market position are also being prioritized. As a result, margin improvement is expected to be gradual.

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Q5 HBM orders appear to have ramped from 2Q FY2025. Should this continue and accelerate into 2H? Have some 4Q projects already been secured early?

A5 Customer forecasts for this fiscal year have already been received, and no sudden demand surge is currently expected. However, capacity remains tight, and additional orders could arise during the quarter.

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Q6 Should FY2026 HBM demand exceed FY2025 levels?

A6 HBM investment has recently expanded beyond a limited number of customers, and orders are expected to exceed the prior year's level.

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Q7 At the interim results briefing, you indicated demand for around 30–45 HBM units over several years. Has this changed?

A7 That view remains broadly unchanged. While customers seek additional capacity, factory delays and power shortages in some countries continue to delay installation schedules.

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Q8 How do you view general-purpose memory demand this fiscal year?

A8 Strong demand continues among Taiwanese OSAT customers, although HBM-focused production is limiting supply for general-purpose memory. Demand should gradually recover once front-end capacity expansion stabilizes.

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Q9 What drove the sharp increase in transfer molding equipment in FY2025?

A9 Growth was mainly driven by strong demand for power and analog semiconductors, including China-related demand. High-end compression molding equipment remained focused on prototype projects, with mass-production investment expected to accelerate from this year into next year.

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Q10 What makes INNOMS innovative?

A10 Customers are seeking to double productivity within the same footprint. As factory space constraints intensify, higher productivity in the same space supports replacement demand and lower production costs. The ability to reduce mass-production costs by about 50% is a key advantage.

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Q11 Does INNOMS achieve higher productivity through major structural innovation?

A11 Yes. Higher-density design doubles productivity within the same footprint as conventional equipment. The product is based on technologies accumulated over many years.

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Q12 HBM-related orders are heavily weighted toward Korea. When demand ramps, do you expect orders to return to FY2023 levels or rise more gradually?

A12 FY2023 was an exceptional period with orders concentrated in a short timeframe. Currently, HBM demand is expected to build more gradually rather than ramp all at once.
At the same time, supply shortages in general-purpose memory continue, so demand could temporarily concentrate depending on investment timing.

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Q13 How do you view growth opportunities for PLP molding equipment, including logic applications and full-package molding?

A13 AI investment has so far centered on data centers, driving HBM demand. Going forward, AI chip adoption is expected to expand across areas including physical AI, smartphones, and PCs.
Growing demand for inference AI GPUs is also increasing adoption of 500–600mm large-format panels to reduce costs.

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Q14 Do you expect further growth opportunities in 500mm PLP?

A14 Our vacuum-based MUF technology offers both improved heat dissipation and lower costs through process simplification for high-heat AI semiconductors, supporting further PLP adoption.

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Q15 Beyond HBM, do you expect MUF opportunities to expand into packages combining logic and memory?

A15 Contribution last year was limited as projects were mainly prototypes. However, heat dissipation is becoming a key issue for next-generation AI, and evaluation of our technology is progressing. We expect adoption to expand going forward.

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Q16 What are the main target applications for the new product, and how will you capture the value from higher productivity?

A16 INNOMS achieves approximately twice the productivity of the current PMC series as equipment for strip-type applications, with a maximum supported size of 100 mm × 300 mm.
Target applications include MAP packages for memory, as well as QFN and RF modules. Areas requiring compression molding for improved heat dissipation are also expected to become future targets.

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Q17 Regarding the 25% consumables reduction for INNOMS, what is the comparison baseline?

A17 The comparison is with our conventional models. Release film usage can be reduced by 25% versus existing equipment.

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Q18 How should we view the earnings impact from lower release film usage in INNOMS?

A18 Consumables sales will decline, but the new product's roughly twofold productivity improvement is expected to have a positive overall earnings impact.

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Q19 Should INNOMS pricing be viewed as roughly 20–30% above conventional models?

A19 Pricing must remain acceptable for customers. At the same time, factory space constraints make the productivity benefits from equipment consolidation significant. Discussions with customers, including replacement demand, are ongoing.

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Q20 Does INNOMS target replacement demand as well as new investment?

A20 Yes.

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Q21 How should we view INNOMS margins?

A21 Margins are expected to exceed conventional compression molding equipment. As the product is still at the prototype stage, further margin improvement should come with future cost reductions.

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Q22 Has INNOMS entered customer evaluation, or is it still at the concept stage?

A22 The product has already been introduced to some customers and is now close to field evaluation, which is required in the semiconductor industry.

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Q23 Should customer evaluations and orders for INNOMS begin this fiscal year?

A23 Yes.

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Q24 Should we assume no major quarterly fluctuations in this fiscal year's order and sales plan?

A24 Last fiscal year saw significant fluctuations due to factors including tariffs. This year's plan incorporates customer forecasts, mainly for HBM, and currently assumes relatively stable trends.

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Q25 Should orders and sales remain relatively stable this fiscal year?

A25 Yes. Large fluctuations increase factory operating burdens, so this year's plan assumes a more normalized trend.

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Q26 China orders expanded into 4Q. Do you expect this momentum to continue or normalize?

A26 China's domestic supply chain ecosystem remains tight, including consumer applications, and supply shortages persist. We therefore expect solid order trends to continue for now.

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Q27 Profit levels appear broadly flat between 1H and 2H. Are there no major product mix changes?

A27 Last year, sharp demand fluctuations increased the share of mid-end transfer molding equipment versus high-end products, weighing on margins. This year, the mix between compression and transfer molding equipment is expected to be more balanced, supporting stable profitability.

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Q28 Laser Front is expected to benefit from specific projects this fiscal year. Should this be viewed as a sustainable opportunity beyond next fiscal year?

A28 As this is a special project, we do not assume recurring contributions beyond this fiscal year. However, it could create future adoption opportunities by increasing recognition of TOWA's technology.

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