This Annual Securities Report ("Yukashouken Houkokusho") has been translated from the Japanese original for the convenience of overseas stakeholders and for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.
The Japanese original Annual Securities Report was submitted to Kanto Finance Bureau on June 19, 2026, with an audit report by PricewaterhouseCoopers Japan LLC.

Annual Securities Report

From April 1, 2025 to March 31, 2026

(The 48th term)

TOWA CORPORATION

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

(E01708)

【Cover】

【Document title】	Annual Securities Report (“Yukashoken Hokokusho”)
【Statutory basis】	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
【Place of filing】	Director-General of the Kanto Local Finance Bureau
【Filing date】	June 19, 2026
【Fiscal year】	The 48th Fiscal Year (from April 1, 2025 to March 31, 2026)
【Company name】	TOWA Kabushiki Gaisha
【Company name in English】	TOWA CORPORATION
【Title and name of representative】	Muneo Miura, Director, President Executive Officer
【Address of registered head office】	5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto-shi, Kyoto, Japan
【Telephone number】	+81-75-692-0250 (main number)
【Name of contact person】	Kazuhiko Nakanishi Director, Executive Officer Corporate Planning Division Manager
【Nearest place of contact】	5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto-shi, Kyoto, Japan
【Telephone number】	+81-75-692-0250 (main number)
【Name of contact person】	Kazuhiko Nakanishi, Director, Executive Officer Corporate Planning Division Manager
【Place for public inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I Company Information

Item1 Overview of the Company

1. Trends in Main Management Indicators, etc.

(1) Consolidated Management Indicators, etc.

Business Term		44th	45th	46th	47th	48th
Fiscal year ended		March 31, 2022	March 31,2023	March 31,2024	March 31,2025	March 31,2026
Net sales	(Thousands of yen)	50,666,728	53,822,668	50,471,799	53,479,205	54,365,224
Ordinary profit	(Thousands of yen)	11,724,303	10,206,054	9,079,734	9,400,384	6,947,087
Profit attributable to owners of parent	(Thousands of yen)	8,129,827	7,346,676	6,444,193	8,121,050	4,593,096
Comprehensive income	(Thousands of yen)	10,018,780	7,732,418	12,325,668	3,924,523	10,690,297
Net assets	(Thousands of yen)	41,121,326	47,623,254	58,435,903	61,386,368	70,611,835
Total assets	(Thousands of yen)	71,333,064	73,468,553	87,861,833	83,228,486	106,267,772
Net assets per share	(Yen)	542.86	629.13	779.18	818.41	941.14
Basic earnings per share	(Yen)	108.36	97.90	85.90	108.28	61.22
Diluted net income per share	(Yen)	—	—	—	—	—
Equity-to-asset ratio	(%)	57.1	64.3	66.5	73.8	66.4
Return on equity	(%)	22.61	16.71	12.20	13.56	6.96
Price earnings ratio	(Times)	7.56	7.13	41.41	13.72	36.24
Cash flow from operating activities	(Thousands of yen)	6,403,884	2,831,227	9,665,880	10,372,805	4,120,066
Cash flow from investing activities	(Thousands of yen)	-6,600,269	-2,746,012	-2,773,764	-4,758,217	−5,525,425
Cash flow from financing activities	(Thousands of yen)	1,925,312	3,962,214	-3,524,364	-5,126,263	6,429,072
Cash and cash equivalents at end of period	(Thousands of yen)	12,250,459	16,430,497	20,517,272	20,390,386	26,381,245
Number of employees [Separately, average number of temporary employees]	(Persons)	1,817 [188]	1,876 [165]	1,985 [167]	2,099 [185]	2,211 [195]

(Notes)

1. Diluted net income per share is not presented since there are no potentially dilutive shares.
2. The Company has introduced an "Stock Benefit Trust (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".
3. The company conducted a stock split at a ratio of three shares for every one common share, effective as of October 1, 2024. Assuming the stock split was conducted at the beginning of the 44th fiscal year, we have calculated the net assets per share and the net income per share.

(2) Management Indicators of the Submitting Company

Business Term		44th	45th	46th	47th	48th
Fiscal year ended		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31,2026
Net sales	(Thousands yen)	42,527,204	42,401,275	41,715,354	41,938,812	41,511,773
Ordinary profit	(Thousands of yen)	6,610,098	4,641,106	5,010,350	3,130,308	171,046
Profit	(Thousands of yen)	4,871,702	3,355,424	3,689,608	3,654,874	40,848
Share Capital	(Thousands of yen)	8,932,627	8,942,950	8,955,671	8,969,261	8,985,585
Total number of issued shares	(Shares)	25,021,832	25,033,238	25,043,888	75,140,556	75,157,367
Net assets	(Thousands of yen)	27,025,286	29,201,165	35,514,384	34,999,284	35,706,543
Total assets	(Thousands of yen)	50,953,201	50,617,042	60,044,060	52,595,442	64,128,068
Net assets per share	(Yen)	360.21	389.04	473.55	466.62	475.91
Cash dividend per share [Of the above interim dividend per share]	(Yen)	50.00 (—)	40.00 (—)	40.00 (—)	20.00 (—)	20.00 (—)
Net income per share	(Yen)	64.93	44.71	49.18	48.73	0.54
Diluted net income per share	(Yen)	—	—	—	—	—
Equity-to-asset ratio	(%)	53.0	57.7	59.1	66.5	55.7
Return on equity	(%)	19.68	11.94	11.40	10.37	0.12
Price earnings ratio	(Times)	12.62	15.61	72.32	30.49	4,075.33
Dividend payout ratio	(%)	25.67	29.82	27.11	41.04	3,673.13
Number of employees [Separately, average number of temporary employees]	(Persons)	573 [34]	597 [56]	623 [64]	681 [76]	716 [66]
Total shareholder return (Comparative index: TOPIX industry index including dividends (Machinery))	(%) (%)	117.4 (96.2)	102.2 (104.5)	505.4 (152.8)	217.5 (146.2)	323.2 (219.2)
Highest share price	(Yen)	3,740	2,409	11,200	2,435 (14,560)	3,205
Lowest share price	(Yen)	1,752	1,576	1,923	1,390 (5,570)	960

(Notes)

1. The dividend per share for the 44th term includes a commemorative dividend of 10 yen.
2. Diluted net income per share is not presented since there is no potentially dilutive shares.

3. The Company has introduced an "Stock Benefit Trust (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."

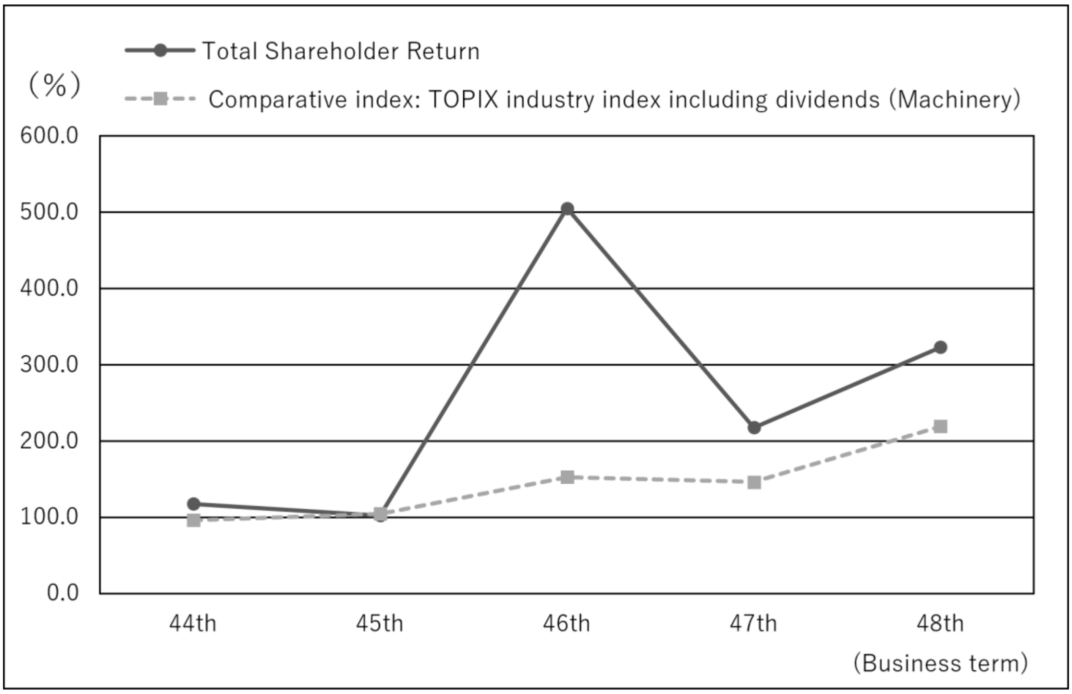
4. The company conducted a stock split at a ratio of three shares for every one common share, effective as of October 1, 2024. Assuming stock split was conducted at the beginning of the 44th fiscal year, we have calculated the net assets per share and the net income per share. With respect to the amount of cash dividend per share [of the above interim dividend per share], the amounts prior to the stock split are listed for the 44th, 45th, and 46th fiscal years, whereas the amount after the stock split is listed for the 47th fiscal year.

5. The number of employees of the Company does not include employees seconded to affiliates (50 in the 44th term, 57 in the 45th term, 53 in the 46th term, 49 in the 47th term, and 54 in the 48th 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.

The company conducted a stock split at a ratio of three shares for every one common share, effective as of October 1, 2024. With respect to the share price for the 47th fiscal year, the highest and lowest share prices after the stock split are listed, while those prior to the stock split are listed in parentheses.

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 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 (currently Medical Device Business) was spun off and transferred to BANDICK 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 the Korean subsidiary, Tongjin.
July	1995	The company established TOWA AMERICA,Inc.
September	1995	The company established STK Foundry Limited in Suzhou (currently STK Technology (Jiangsu) Co.,Ltd.), 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. 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 Tech 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	Kyusyu 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.

Month	Year	Details
March	2001	The Headquarters/Factory obtained ISO 14001 certification.
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	2002	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)
April	2025	Established TOWA MALAYSIA SALES & SERVICES SDN. BHD. in Kuala Lumpur, Malaysia. Established TOWA SEMICONDUCTOR INDIA PRIVATE LIMITED in Gurgaon, India.
August	2025	Established He Chuang Semiconductor Equipment (Shenzhen) Co., Ltd. as our subsidiary's subsidiary in Guangdong Province, China.

3. Description of Business

The TOWA Group (the Company and its affiliates) consists of a total of 22 companies: TOWA Corporation (the Company), 20 subsidiaries, and one second-tier subsidiary. The Group's principal businesses include the manufacture and sale of precision molds for semiconductor manufacturing, semiconductor manufacturing equipment, medical device, and laser processing machines, as well as after-sales services for these products.

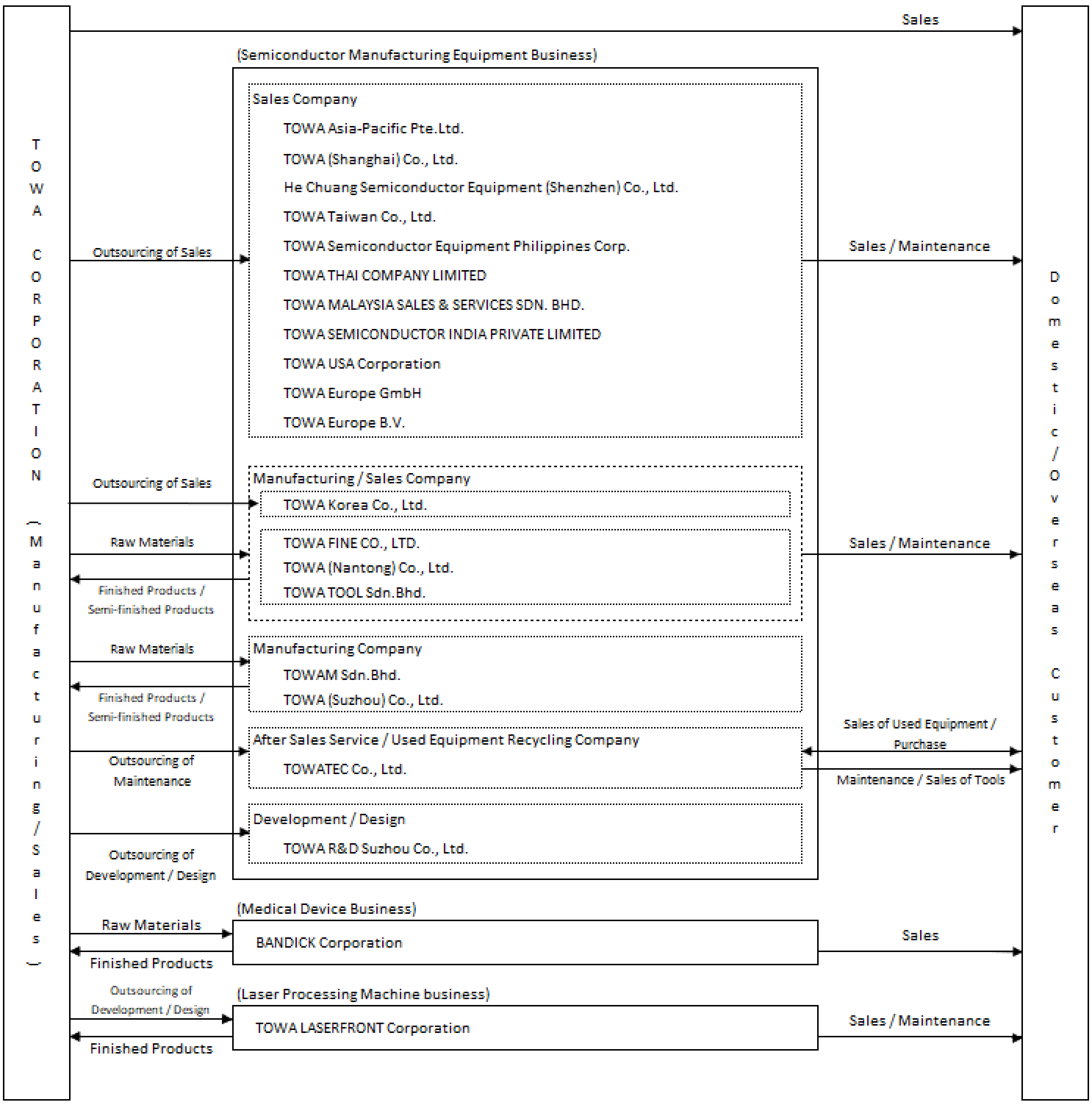
Shown below are the Group's description of business and the positioning of the Company and its subsidiaries and affiliates concerning these businesses.

The following three businesses are the same as the segment classifications listed in "Item 5 Financial Information 1. 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 etc.	The company TOWAM Sdn. Bhd. 18 other consolidated subsidiaries
Medical Device Business	Medical devices and etc.	The company BANDICK Corporation
Laser Processing Machine Business	Laser processing machine	TOWA LASERFRONT Corporation

[Business Organizational Chart]

The 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: The Company's directors (Persons)	Relationship: Interlocking directors: The Company's employees (Persons)	Relationship: Financial assistance	Relationship: Business Transaction
Consolidated subsidiaries								
BANDICK Corporation	Minami-ku, Kyoto-shi	96 Millions of Yen	Medical Device Business	100	4	2	—	Outsourcing of manufacturing
TOWATEC Co., Ltd.	Minami-ku, Kyoto-shi	30 Millions of Yen	Semiconductor Manufacturing Equipment Business	100	3	4	—	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	2	2	—	Outsourcing of sales
TOWAM Sdn. Bhd. (Notes) 2	Penang, Malaysia	8,000 Thousands of MYR	Semiconductor Manufacturing Equipment Business	100	3	1	Loan of funds	Outsourcing of manufacturing
TOWA TOOL SDN. BHD. (Notes) 2	Penang, Malaysia	40,000 Thousands of MYR	Semiconductor Manufacturing Equipment Business	100	2	2	Loan of funds	Outsourcing of manufacturing
TOWA MALAYSIA SALES & SERVICES SDN. BHD. (Notes) 4	Kuala Lumpur, Malaysia	2,000 Thousands of MYR	Semiconductor Manufacturing Equipment Business	100	2	2	—	Outsourcing of sales
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 SEMICONDUCTOR INDIA PRIVATE LIMITED (Notes) 3,5	Gurgaon, India	25,000 Thousands of INR	Semiconductor Manufacturing Equipment Business	100 (10)	2	2	—	Outsourcing of sales
TOWA USA Corporation	California, U.S.A.	1,000 Thousands of US$	Semiconductor Manufacturing Equipment Business	100	2	1	—	Outsourcing of sales
TOWA Europe B.V.	Gelderland, The Netherlands	800 Thousands of €	Semiconductor Manufacturing Equipment Business	100	3	1	—	Outsourcing of sales
TOWA Europe GmbH	Stuttgart, Germany	25 Thousands of €	Semiconductor Manufacturing Equipment Business	100	3	1	—	Outsourcing of sales
TOWA (Shanghai) Co., Ltd.	Shanghai, China	1,000 Thousands of US$	Semiconductor Manufacturing Equipment Business	100	1	4	—	Outsourcing of sales

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 (Suzhou) Co., Ltd. (Notes) 2	Jiangsu Province, China	12,000 Thousands of US$	Semiconductor Manufacturing Equipment Business	100	3	2	—	Outsourcing of manufacturing
TOWA (Nantong) Co., Ltd. (Notes) 2	Jiangsu Province, China	30,000 Thousands of US$	Semiconductor Manufacturing Equipment Business	100	3	3	—	Outsourcing of manufacturing
TOWA R&D Suzhou Co., Ltd.	Jiangsu Province, China	1,000 Thousands of US$	Semiconductor Manufacturing Equipment Business	100	1	4	—	Outsourcing of development and design
He Chuang Semiconductor Equipment (Shenzhen) Co., Ltd.	Guangdong Province, China	10,000 Thousands of CNY	Semiconductor Manufacturing Equipment Business	100 (100)	1	2	—	Outsourcing of sales
TOWA Taiwan Co., Ltd.	Hsinchu, Taiwan, R.O.C.	28,000 Thousands of NT$	Semiconductor Manufacturing Equipment Business	100	3	3	—	Outsourcing of sales
TOWA Korea Co., Ltd. (Notes) 2	Seoul, Korea	3,350 Millions of Won	Semiconductor Manufacturing Equipment Business	100	2	2	—	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	2	—	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.
3. The percentages in parentheses under "Percentage of Voting Rights Held" represent indirect ownership and are included in the total percentages.
4. TOWA MALAYSIA SALES & SERVICES SDN. BHD. was established in Kuala Lumpur, Malaysia, on April 17, 2025.
5. TOWA SEMICONDUCTOR INDIA PRIVATE LIMITED was established in Gurgaon, India, on April 26, 2025.
   TOWA Asia-Pacific Pte. Ltd., a subsidiary of the Company, holds a 10% equity interest.
6. On August 11, 2025, TOWA (Shanghai) Co., Ltd. a wholly owned subsidiary of the Company, established He Chuang Semiconductor Equipment (Shenzhen) Co., Ltd. in Guangdong Province, China, as a second-tier subsidiary of the Company.

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’’. 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

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.

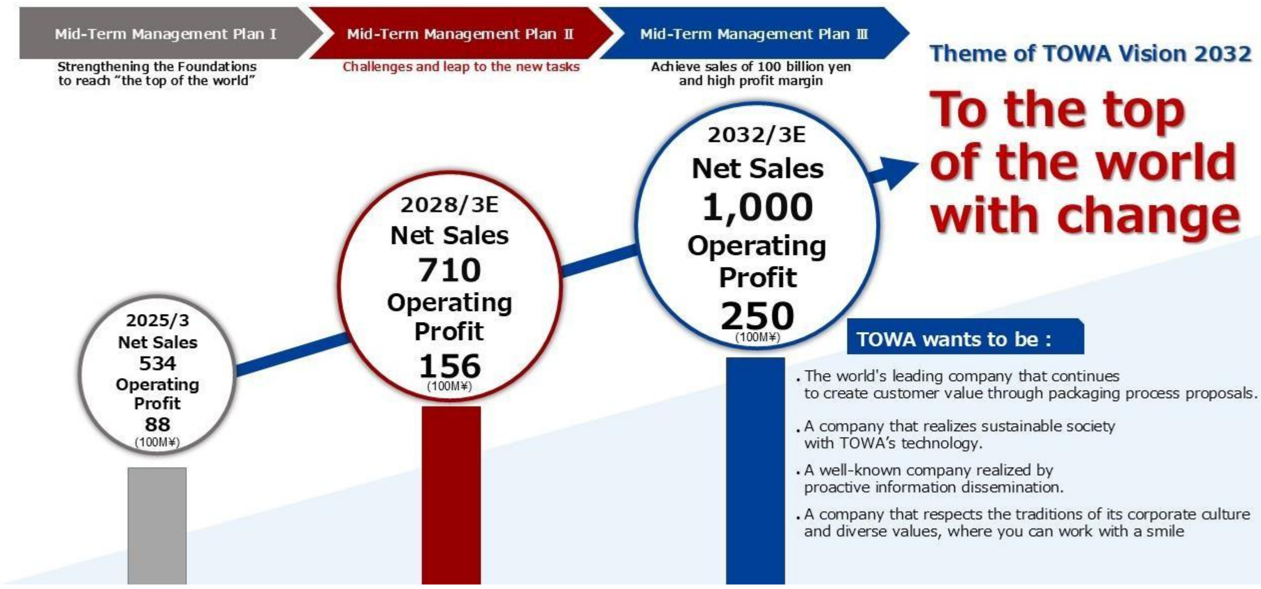
[2] To become a company that realizes a sustainable society using TOWA Corporation technology.

[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.



《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.

1. Theme

Enabling the Next Generation of Leadership with TOWA-ism

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

[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.

3. Business Strategies

[Semiconductor Manufacturing Equipment 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.

[New Business]

[1] Expanding the business through high value-added products leveraging core competencies.

[2] Becoming 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 Processing Machine Business]

[1] Securing stable revenue and expanding 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.

4. 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

5. 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.

6. Business Target (the Second 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¥)

		FY2028 (Plan)	Fiscal year ended March 31, 2026 (Actual)
Net Sales		710	543.6
Sales by Business Segment	Semiconductor Manufacturing Equipment Business	521	403.9
	Medical Device Business	28	24.8
	New Business	133	94.7
	Laser Processing Machine business	28	20.0
Operating profit		156	69.1
Operating margin		22.0%	12.7%
Ordinary profit		156	69.4
Profit attributable to owners of parent		109	45.9
ROE		over 13%	7.0%
Shareholder Returns		Achieving a dividend payout ratio of over 20%	32.7%

The above future matters are based on judgments made by the Group at 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]

Guided by the TOWA Group's Management Philosophy, Code of Conduct, Environmental Policy, and other guiding principles, we strive to make significant contributions to the development of industry through our "Quarter-Lead" spirit. At the same time, we seek to build strong relationships of trust with all our stakeholders—including customers, shareholders and investors, business partners, employees and their families, and local communities—and thereby enhance corporate value while contributing to the realization of a sustainable society.

(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 Sustainability Promotion Dept. and established the Sustainability 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 Director, President 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 Sustainability Subcommittee implements countermeasures and reports regularly to the Board of Directors on the status of their implementation.

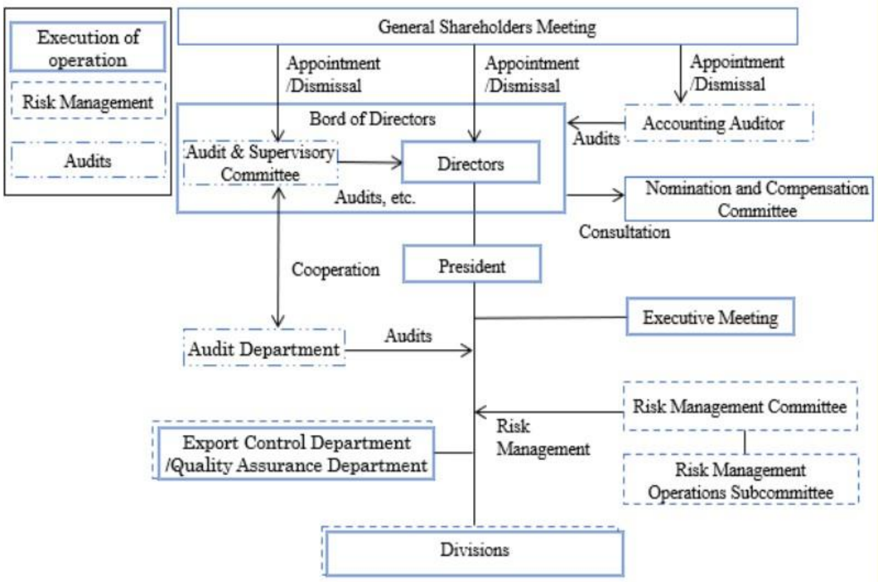
(2) Climate Change

Climate change has a significant impact on society and is recognized as one of the important management issues for the 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. The scope of the assessment covers the entire supply chain, including semiconductor-related products. 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

<table>
<tr><th colspan="3">Items</th><th>Time Frames*1</th><th>Details</th></tr>
<tr><td rowspan="8">Risks</td><td rowspan="2">Policy and Legal</td><td>Emissions trading / carbon taxes</td><td>Medium</td><td>・ 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</td></tr>
<tr><td>Tightening of environment–related regulations such as energy saving</td><td>Short</td><td>・ Increase of costs by introducing renewable energy and updating equipment to save energy</td></tr>
<tr><td rowspan="2">Technology</td><td>Loss of sales opportunities due to delays in technology development to save energy and reduce CO2 emissions</td><td>Medium</td><td>・ 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</td></tr>
<tr><td>R & D costs for new technologies or risk of research failure</td><td>Medium</td><td>・ Risk of failure to recover technology development costs when inferiority due to competition for technology development (improvement of energy–saving performance, etc.)</td></tr>
<tr><td rowspan="2">Reputation</td><td>Decline in corporate evaluation due to non–achievement of reduction targets</td><td>Medium</td><td>・ Customer attrition due to reputational risk when environmental initiatives are inadequate
・ It becomes difficult to secure funds from the market.</td></tr>
<tr><td>Changes in consumer preferences</td><td>Medium</td><td>・As end customer preferences change, customers require low carbon when procuring.</td></tr>
<tr><td>Physical</td><td>Severe disasters such as typhoons and floods</td><td>Short</td><td>・ 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</td></tr>
</table>

*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		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 in 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 in 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

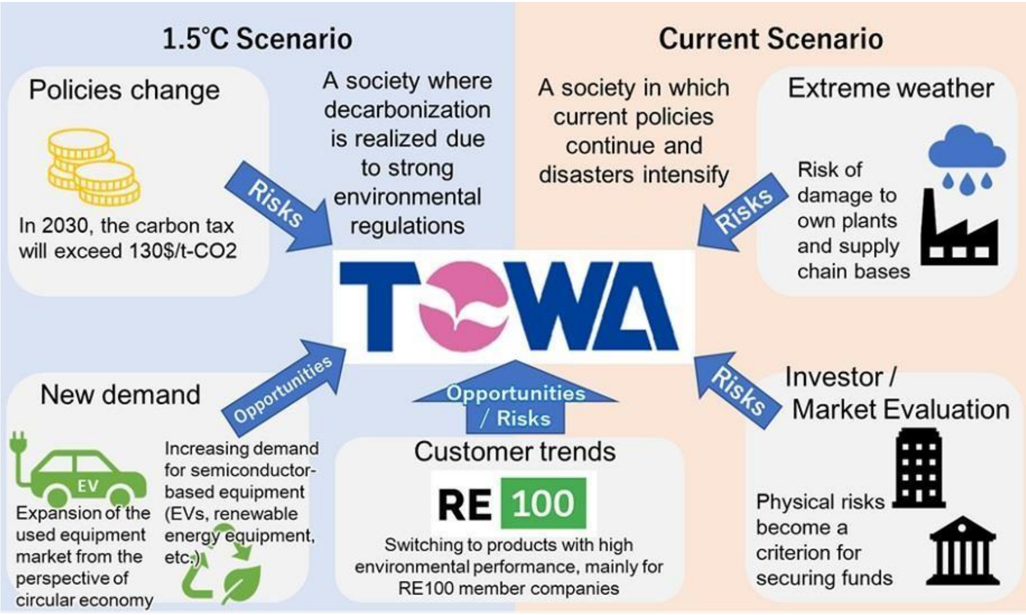
*2 Global EV Outlook 2021 (Sustainable Development Scenario)

c. Scenario Analysis

In order to verify the impact of climate change on the 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 each scenario on our business (Table 3).

Table 3 Overview of the set scenario

Set Scenario	1.5 °C Scenario	Current Scenario
Forecast business environment	Risks	Risks
	・ 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.	・ 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.
	Opportunities	Opportunities
	・ 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.	・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.
Reference scenario	・IEA: WEO2021 NZE and SDS ・ IPCC Sixth Assessment Report / Working Group I Report: SSP1‑1.9, SSP1‑2.6	・IEA: WEO2021 STEPS ・ IPCC Sixth Assessment Report / Working Group I Report: SSP3–7.0, SSP5–8.5



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 Director, President 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, 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

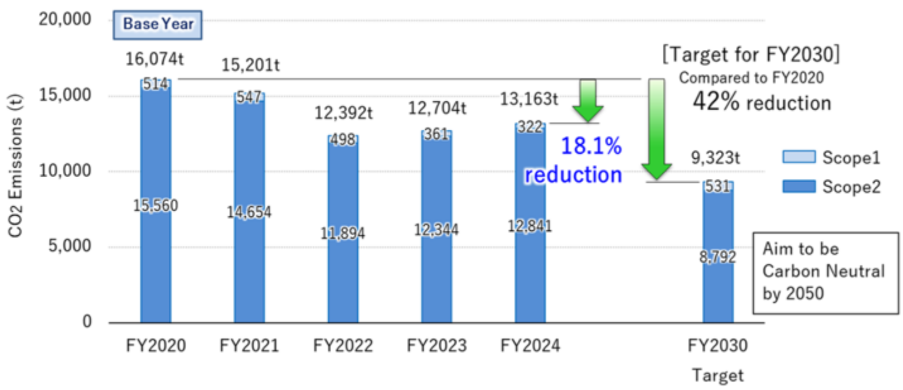
The Group uses “CO2 emissions” as an indicator for its environmental targets under Scope 1 and Scope 2, has established reduction targets, and is implementing various measures to achieve them.

・ In FY2030, we will reduce the Company’s Scope 1 and Scope 2 CO2 emissions by 42% from the FY2020 level.

・ 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 the company Group, 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.



CO_2 Emissions Performance and Targets

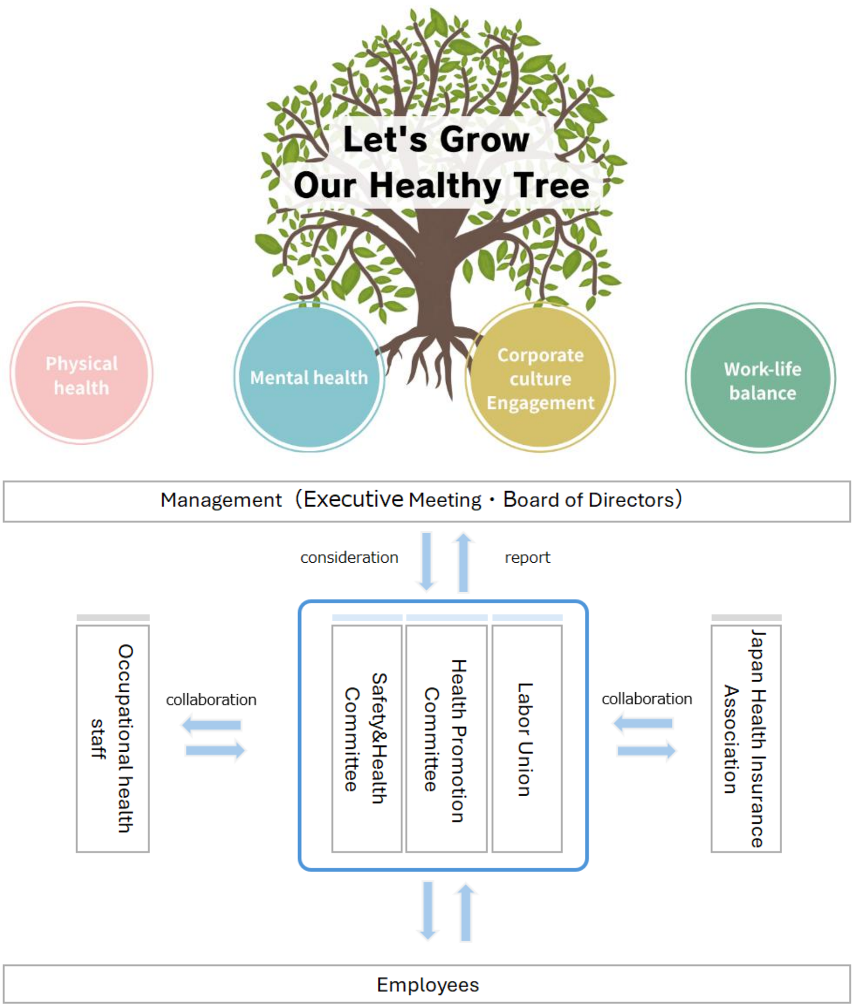
(3) Human Capital
TOWA group consider all of the employees same as our assets. We place the highest priority on the health and job satisfaction of each employee and are committed to human resource development and the promotion of health management.

[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.

Functional strategies for the second medium-term management plan
●Succession of corporate philosophy and transmission of technical knowledge through the TOWA academy.
Mainly through TOWA Academy, we will pass our corporate philosophy that forms the backbone of TOWA and the technology that we have cultivated on to the next generation.
●Creating future leaders who will bear the future.
In order to develop leaders who will drive TOWA’s growth even further in 10 or 20 years, we will focus on all aspects, including human resource development, recruitment/promotion, and education/training.
●Strengthening human capital with DX and AI.
Harnessing DX and AI to reinforce our production and development capabilities, sales, service, and management structures, we will increase sales and profits per employee.
●Building an environment for the active participation of diverse talent.
Aiming to drive innovation for further growth, we will work to create an environment in which diverse human resources can fully demonstrate their respective abilities.

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	Actual Results (Current Consolidated Fiscal Year)
Developing human resources and promoting participation involving diverse talent	Mid-career management staff ratio	35.0% by the year 2032	38.5%
	Foreigner management staff ratio	10.0% by the year 2032	4.4%
	Female management staff ratio	10.0% by the year 2032	4.4%
Promoting health and productivity management, as well as occupational safety and health	Health checkup rate	Keep 100.0%	100.0%
	BMI (18.5 to under 25)	80.0%	65.6%
	Smoking rate	10.0%	20.3%
	Stress Assessment Participation Rate	Keep 100.0%	99.5%
	Overall Health Risk (Notes)1	90	91
	Subjective Vitality Scale (Notes)2	110	105

(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 the 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 the 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 manufacturers 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 , as well as changes in foreign economic policies of national governments, 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 affecting 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 in 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 17.1% of the Group's total assets at the end of the current consolidated fiscal year.

With 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

The 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

The global economy during the consolidated fiscal year under review continued to show moderate growth in the United States, supported by a shift in monetary policy stance following the moderation of inflationary pressures and improvements in real income. On the other hand, the prolonged geopolitical risks, fluctuations in resource and energy prices, and structural issues such as the real estate adjustment and weak domestic demand in China continued to weigh on the economy, and uncertainties about the outlook remained, with variations in economic conditions observed across regions and fields.

In the semiconductor industry, investment in data centers driven by the expansion of adoption of generative AI continued to remain firm, and demand for AI-related logic semiconductors and High Bandwidth Memory (HBM) led the overall market. In addition, against the backdrop of tight supply conditions and price recovery associated with expanding AI-related demand, investment in general-purpose DRAM also increased from the second half of the fiscal year. Meanwhile, in areas such as automotive and industrial equipment, prolonged inventory adjustments and a continued trend toward restrained capital investment made the bifurcation across applications more pronounced.

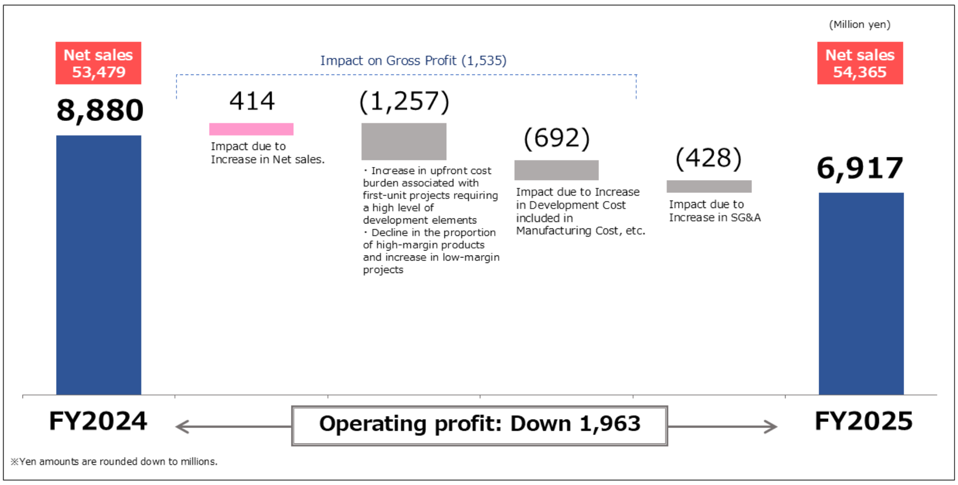
Under these circumstances, although the Group's performance got off to a sluggish start due to the impact of U.S. tariff policies at the beginning of the fiscal year, the subsequent recovery in investment in general-purpose memory for server applications, from the second half enabled the Group to steadily capture demand for its molding equipment, which has a strong track record of adoption in the memory field. As a result, net sales reached a record high. On the other hand, at each profit level, due to the impact of changes in the product mix and temporary additional costs associated with initial deliveries, profits decreased compared with the previous fiscal year.

Operating Results for this consolidated fiscal year is as follows.

Net sales	54,365 million yen (year-on-year increase of 886 million yen, 1.7%)
Operating profit	6,917 million yen (year-on-year decrease of 1,963 million yen, 22.1%)
Ordinary profit	6,947 million yen (year-on-year decrease of 2,453 million yen, 26.1%)
Profit attributable to owners of parent	4,593 million yen (year-on-year decrease of 3,527 million yen, 43.4%)

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

Impact due to Increase in Net sales	414 million yen increase
Increase in upfront cost burden associated with first-unit projects requiring a high level of development elements and Decline in the proportion of high-margin products and increase in low-margin projects	1,257 million yen decrease
Impact due to Increase in Development Cost included in Manufacturing Cost, etc.	692 million yen decrease
Impact due to Increase in SG & A	428 million yen decrease



Operating Results by segment are as follows.

[Semiconductor Manufacturing Equipment Business]
Regarding operating results of the semiconductor manufacturing equipment business, net sales increased mainly due to higher sales to Taiwan and China regions against the backdrop of increased investment in general-purpose memory, as well as a significant increase in sales of singulation equipment, resulting in net sales of 49,870 million yen (year-on-year increase of 911 million yen, 1.9%).
As for profit, due to a deterioration in the product mix of transfer equipment and the impact of temporary additional costs associated with initial deliveries of compression equipment, operating profit amounted to 6,518 million yen (year-on-year decrease of 1,835 million yen, 22.0%).

[Medical Device Business]
Regarding operating results of the medical device business, net sales amounted to 2,487 million yen (year-on-year increase of 223 million yen, 9.9%) due to steady demand for medical plastic molded products and assembled products.
As for profit, operating profit amounted to 451 million yen (year-on-year decrease of 1 million yen, 0.3%) due to an increase in personnel expenses and other costs associated with business expansion.

[Laser Processing Machine business]
Regarding operating results of the laser processing machine business, due to sluggish capital investment demand for the main product, laser trimmer equipment, net sales amounted to 2,007 million yen (year-on-year decrease of 248 million yen, 11.0%), and operating loss amounted to 53 million yen (operating profit of 73 million yen in the previous fiscal year).

(2) Overview of Financial Position
Total assets at the end of the current consolidated fiscal year were ¥106,267 million, an increase of 23,039 million yen compared with the end of the previous consolidated fiscal year. This was mainly due to an increase of 16,515 million yen in current assets, including increases in cash and deposits of 7,092 million yen, accounts receivable of 4,514 million yen, and inventories of 3,943 million yen. Non-current assets also increased by 6,523 million yen, of which property, plant and equipment increased by 1,694 million yen and intangible assets increased by 819 million yen. This was mainly due to continued investment in production facilities.
Total liabilities were 35,655 million yen, an increase of 13,813 million yen compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts payable of 2,880 million yen associated with higher order volumes and expanded production activities, an increase in short-term borrowings of 4,500 million yen to meet working capital needs, and an increase in long-term borrowings of 3,630 million yen to finance capital expenditures.
Total net assets were 70,611 million yen, an increase of 9,225 million yen compared with the end of the previous consolidated fiscal year.
This was mainly due to an increase in retained earnings resulting from the recognition of profit attributable to owners of parent of 4,593 million yen, as well as increases in foreign currency translation adjustment and valuation difference on available-for-sale securities.
As a result, the equity-to-asset ratio at the end of the current consolidated fiscal year was 66.4%.

(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 5,990 million yen compared with the end of the previous consolidated fiscal year to 26,381 million yen.

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

(Cash flows from operating activities)

Cash flows from operating activities were an inflow of 4,120 million yen (an inflow of 10,372 million yen in the same period of the previous fiscal year). This was mainly due to profit before income taxes of 7,005 million yen and depreciation of 3,122 million yen, and an increase in trade payables of 1,888 million yen (a decrease of 1,300 million yen in the same period of the previous fiscal year), while there was an increase in trade receivables of 3,070 million yen (a decrease of 2,844 million yen in the same period of the previous fiscal year), an increase in inventories of 2,882 million yen (a decrease of 21 million yen in the same period of the previous fiscal year), and income taxes paid of 3,080 million yen (3,646 million yen in the same period of the previous fiscal year).

(Cash flows from investing activities)

Cash flows from investing activities were an outflow of 5,525 million yen (an outflow of 4,758 million yen in the same period of the previous fiscal year). This was mainly due to expenditures of 3,274 million yen for the purchase of property, plant and equipment for the purpose of maintaining and expanding production capacity (expenditures of 4,781 million yen in the same period of the previous fiscal year), and expenditures of 794 million yen for the purchase of intangible assets including software (263 million yen in the same period of the previous fiscal year).

(Cash flows from financing activities)

Cash flows from financing activities were an inflow of 6,429 million yen (an outflow of 5,126 million yen in the same period of the previous fiscal year). This was mainly due to a net increase in short-term borrowings of 4,500 million yen (a net decrease of 2,400 million yen in the same period of the previous fiscal year) and proceeds from long-term borrowings of 5,000 million yen, while there were repayments of long-term borrowings of 1,370 million yen (repayments of 1,560 million yen in the same period of the previous fiscal year) and dividends paid of 1,501 million yen (1,001 million yen in the same period of the previous fiscal year).

[2] Financial policy

The Group raises funds for working capital and capital expenditures 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, 2026, the balance of long-term borrowings stood at 6,120 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: 11,500 million yen; total balance of unexecuted loans: 7,000 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.

(Thousands of yen)

Name of segment	Current fiscal year ended March 31, 2026	Year-on-year (%)
Semiconductor Manufacturing Equipment Business	46,115,572	111.2
Medical Device Business	2,487,000	109.9
Laser Processing Machine Business	1,913,736	89.4
Total	50,516,310	110.1

(Notes) 1. The amounts are based on selling prices.

[2] Order results

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

(Thousands of yen)

Name of segment	Order receipts	Year-on-year (%)	Order backlog	Year-on-year (%)
Semiconductor Manufacturing Equipment Business	54,067,474	124.2	28,089,080	116.1
Medical Device Business	2,536,196	112.4	250,813	124.4
Laser Processing Machine Business	2,957,022	179.0	1,806,785	210.2
Total	59,560,693	125.6	30,146,679	119.4

(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.

(Thousands of yen)

Name of segment	Current fiscal year ended March 31, 2026	Year-on-year (%)
Semiconductor Manufacturing Equipment Business	49,870,942	101.9
Medical Device Business	2,487,000	109.9
Laser Processing Machine Business	2,007,281	89.0
Total	54,365,224	101.7

5. 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 816 million yen.

[1] Semiconductor Manufacturing Equipment Business
Research and development expenses for the semiconductor manufacturing equipment business amounted to 728 million yen.

[2] Laser Processing Machine business
Research and development expenses for the laser processing machine business amounted to 88 million yen.

Item3 Status of Facilities

1. Overview of Capital Expenditures, etc.

The Group made capital expenditures of 4,196,156 thousand yen in the current consolidated fiscal year. In the semiconductor manufacturing equipment business, the Group made capital expenditures of 3,974,739 thousand yen (including 709,855 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, 2026)

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, equipment and vehicles	Land (㎡)	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	1,222,910	92,696	2,209,657 (8,069)	798,127	4,323,390	479 [37]
Kyoto East Plant (Ujitawara-cho, Tsuzuki-gun, Kyoto)	Semiconductor Manufacturing Equipment Business	Manufacturing/ technical research facilities for precision molds for semiconductor manufacturing, etc.	1,385,457	2,504,545	1,116,550 (32,999)	1,583,071	6,589,623	162 [21]
Kyushu Work (Tosu-shi, Saga)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for precision molds for semiconductor manufacturing, etc.	273,001	223,231	401,570 (10,938)	26,410	924,214	67 [8]

(2) Domestic Subsidiaries

(As of March 31, 2026)

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, equipment and vehicles	Land (㎡)	Other	Total	
BANDICK Corporation	Yamanashi Work (Nirasaki-shi, Yamanashi)	Medical Device Business	Manufacturing facilities for Medical Device	784,368	219,642	261,573 (16,866)	35,108	1,300,693	99 [74]

(3) Overseas Subsidiaries

(As of March 31, 2026)

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, equipment and vehicles	Land (㎡)	Other	Total	
TOWAM Sdn. Bhd.	Factory of headquarters, one other plant (Penang, Malaysia)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for semiconductor manufacturing equipment	2,503,119	486,833	— (48,600)	809,809	3,799,761	215 [0]
TOWA TOOL Sdn. Bhd.	Factory of headquarters (Penang, Malaysia)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for precision molds for semiconductor manufacturing, etc.	481,186	391,166	— (4,196)	241,665	1,114,019	80 [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.	352,884	813,507	— (50,007)	508,287	1,674,679	246 [38]
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.	1,678,551	1,137,705	— (36,526)	409,587	3,225,844	211 [0]
TOWA FINE CO., LTD.	Factory of headquarters (Gyeonggi-do, South Korea)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for semiconductor related components	368,933	55,697	629,464 (3,355)	6,124	1,060,219	36 [0]
TOWA Korea Co., Ltd	Factory of headquarters, one other plant (Chung Cheong Nam Do, South Korea)	Semiconductor Manufacturing Equipment Business	Manufacturing facilities for semiconductor manufacturing equipment and precision molds for semiconductor manufacturing, etc.	974,927	114,082	1,716,656 (22,710)	46,493	2,852,158	130 [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 376,348 thousand yen of buildings and structures and 186,465 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 (㎡)	Annual rent and lease payments (Thousands of yen)
TOWA LASERFRONT Corporation	Factory of headquarters (Chuo-ku, Sagamihara-shi)	Laser Processing Machine Business	Laser Processing Machine Manufacturing facilities	104 [3]	—	90,043

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 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	240,000,000
Total	240,000,000

[2] Total Number of Issued Shares

Classification	Number of issued shares as of the end of the current fiscal year (Shares) (March 31, 2026)	Number of issued shares as of the filing date (Shares) (June 19, 2026)	Stock exchange on which the Company is listed	Description
Common shares	75,157,367	75,157,367	Tokyo Stock Exchange Prime Market	One unit of shares constitutes 100 shares
Total	75,157,367	75,157,367	—	—

(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
August 20, 2024 (Notes 3)	2,964	25,046,852	13,589	8,969,261	13,589	498,869
October 1, 2024 (Notes 4)	50,093,704	75,140,556	—	8,969,261	—	498,869
August 19, 2025 (Notes 5)	16,811	75,157,367	16,323	8,985,585	16,323	515,193

(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.

3. This is due to the issuance of new shares under the restricted stock compensation plan.
Issue price: 9,170.00 yen per share
Amount incorporated into capital: 4,585.00 yen per share
Allottees: Five Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and six Executive Officers of the Company

4. This is due to a three-for-one stock split.

5. This is due to the issuance of new shares under the restricted stock compensation plan.
Issue price: 1,942.00 yen per share
Amount incorporated into capital: 971.00 yen per share
Allottees: Six Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and five Executive Officers of the Company

(5) Shareholding by Shareholder Category

As of March 31, 2026

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)	—	29	60	342	215	225	39,716	40,587	—
Number of shares held (Units)	—	164,467	35,448	130,998	151,855	2,202	264,927	749,897	167,667
Percentage of shares held (%)	—	21.93	4.73	17.47	20.25	0.29	35.33	100.00	—

(Notes)
1. As for treasury stock of 43,768 shares, 437 units are included in “Individuals and others,” and 68 shares are included in “Shares less than one unit.”
2. “Other corporations” and “Shares less than one unit” above include 356 units and 28 shares, respectively, of shares under the name of Japan Securities Depository Center, Inc.

(6) Major Shareholders

As of March 31, 2026

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	8,850	11.78
K.B. Kousan Co., Ltd.	343-1 Yamazaki-cho, Fushimi-ku, Kyoto City, Kyoto, Japan	5,700	7.59
The Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	4,024	5.36
N.regalo Co., Ltd.	1-3-6 Matsugaoka, Otsu City, Shiga Prefecture, Japan	3,780	5.03
The Bank of Kyoto, Ltd.	700 Yakushimae-cho, Karasuma-dori, Shimogyo-ku, Kyoto City, Kyoto, Japan	2,099	2.80
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1 Konan, Minato-ku, Tokyo, Japan)	918	1.22
TOWA Employee Shareholding Association	5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto-shi, Kyoto Japan	871	1.16
STATE STREET BANK AND TRUST COMPANY 505025(Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo, Japan)	770	1.03
STATE STREET BANK AND TRUST COMPANY 505001(Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo, Japan)	709	0.94
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)	PETERBOROUGH COURT 133 FLEET STREET LONDON EC4A2BB UNITED KINGDOM (1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan)	684	0.91
Total	-	28,409	37.82

(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.

(7) Status of Voting Rights

[1] Issued Shares

As of March 31, 2026

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 43,700	—	—
Shares with full voting rights (Others)	Common shares 74,946,000	749,460	—
Less than one unit shares	Common shares 167,667	—	—
Total number of issued shares	75,157,367	—	—
Total voting rights held by all shareholders	—	749,460	—

(Note)

"Shares with full voting rights (Other)" include 35,600 shares (356 voting rights) held under the name of Japan Securities Depository Center, Inc. and 85,500 shares (855 voting rights) of the Company held by The Custody Bank of Japan, Ltd. (Trust Account E) as trust assets under the "Stock Benefit Trust (J-ESOP)."

[2] Treasury Shares, etc.

As of March 31, 2026

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	43,700	—	43,700	0.06
Total	-	43,700	—	43,700	0.06

(Note)

"Number of shares held under own name" does not include 85,500 shares of the Company held by The Custody Bank of Japan, Ltd. (Trust Account E) as trust assets under the "Stock Benefit Trust (J-ESOP).

(8) Details of Director and Employee Stock Ownership Programs

[1] Introduction of the Stock Benefit Trust (J-ESOP)

By resolution of the Board of Directors' meeting held on August 8, 2023, the Company has introduced the "Stock Benefit Trust (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
Please note that the Company conducted a stock split at a ratio of three shares for each common share on October 1, 2024. The number of shares held as stated above is based on the number of shares before the stock split.

[4] Scope of people who may receive beneficiary rights or other rights under the Plan
Of employees, people 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 falling 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, 2026	493	1,113,516
Treasury shares acquired during the current period	241	143,160

(Note)
1. The 493 treasury shares acquired during the current fiscal year were acquired through the purchase of less-than-one-unit shares (odd-lot shares).
2. During the period, 241 shares of treasury stock were acquired, consisting of 181 shares acquired without consideration upon forfeiture of restricted stock and 60 shares acquired through the purchase of less-than-one-unit shares.
3. The treasury stock acquired during the period does not include any shares acquired from June 1, 2026 to the filing date of this Annual Securities Report through forfeiture of restricted stock without consideration or through the purchase of less-than-one-unit shares.

(4) Disposals or Holding of Acquired Treasury Shares

Classification	Current Fiscal year		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, share exchange, share delivery, or company split	—	—	—	—
Others	—	—	—	—
Treasury shares held	43,768	—	44,009	—

(Note) The number of treasury shares held as of the end of the period does not include any shares acquired from June 1, 2026 to the filing date of this Annual Securities Report through forfeiture of restricted stock without consideration or through the purchase of less-than-one-unit shares.

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 11, 2026, to pay a year-end dividend of 20 yen per share for the current fiscal year. Since the Company has decided not to pay the interim dividend, the annual dividend totals 20 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 11, 2026	1,502	20

4. Corporate Governance

(1) Overview of Corporate Governance

[1] Basic views on Corporate Governance

We are making 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 the Company Motto at the time of establishment.

With our passion for "Monozukuri" and the 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 Meeting, and others that function as the bodies responsible for major discussion and decision-making. As of the filing date of the Annual Securities Report(June 19,2026), the Board of Directors consists of six Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada; Mr. Muneo Miura; Mr. Nobutaka Shibahara; Mr. Kazuhiro Nishimura; Mr. Kazuhiko Nakanishi, and Mr. Akihiro Yano (one of whom, Mr. Akihiro Yano, is an Independent Outside Director), and four Directors who are members of the Audit & Supervisory Committee: Mr. Hiroshi Hattori; 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. Muneo Miura, Director and President Executive Officer, 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 for the filing date of the Annual Securities Report (June 19,2026), the Audit & Supervisory Committee consists of one Director, Mr. Hiroshi Hattori, and three Outside Directors: Mr. Daisuke Wake; Ms. Miho Goto; and Ms. Motoko Tanaka. Chaired by Director Mr. Hiroshi Hattori, 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 Internal Audit Dept., Mr. Hiroshi Hattori has been appointed as a full-time Audit & Supervisory Committee Member.

The Nomination and Compensation Committee consists of four Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada, Mr. Muneo Miura, Mr. Nobutaka Shibahara, and Mr. Akihiro Yano, who is an Outside Director, and three Outside Directors who are members of the Audit & Supervisory Committee: Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka, as of the filing date of the Annual Securities Report (June 19, 2026). Mr. Daisuke Wake, an Outside Director, serves as Chairperson of the Committee. The Committee has been established as an advisory body to the Board of Directors in order

to enhance the fairness, transparency, and objectivity of the deliberation process regarding the nomination of Directors and the remuneration system, thereby strengthening corporate governance.
The Executive Meeting consists of five Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada, Mr. Muneo Miura, Mr. Nobutaka Shibahara, Mr. Kazuhiro Nishimura, and Mr. Kazuhiko Nakanishi; Mr. Hiroshi Hattori, a Director who is a full-time member of the Audit & Supervisory Committee; and members (Executive Officers, etc.) appointed by the Director and President Executive Officer according to the agenda, as of the filing date of the Annual Securities Report (June 19, 2026). The Executive Meeting is chaired by Mr. Muneo Miura, Director and President Executive Officer. Reports are made on the progress of the medium-term management plan, the annual plan, and other important business operations based on the management policy. The Executive Meeting also discusses issues and other matters and determines the direction to be taken. Matters to be submitted to the Board of Directors are discussed in advance by the Executive Meeting, thereby establishing a system that enables prompt and efficient management decision-making.
The Risk Management Committee consists of five Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada, Mr. Muneo Miura, Mr. Nobutaka Shibahara, Mr. Kazuhiro Nishimura, and Mr. Kazuhiko Nakanishi; Mr. Hiroshi Hattori, a Director who is a full-time member of the Audit & Supervisory Committee; and the heads of each division and other members, as of the filing date of the Annual Securities Report (June 19, 2026). The Committee is chaired by Mr. Muneo Miura, Director and President Executive Officer. The Committee serves as the body responsible for risk management across the entire Group. Each year, it evaluates the various business risks of the Company and determines appropriate risk responses, including risk avoidance, transfer, mitigation, and retention.
Note: The Company has proposed, as agenda items (matters to be resolved) for the Annual General Meeting of Shareholders scheduled to be held on June 26, 2026, the election of six Directors (excluding Directors who are members of the Audit & Supervisory Committee) and the election of four Directors who are members of the Audit & Supervisory Committee. If these proposals are approved as originally proposed, the Board of Directors will consist of six Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada, Mr. Muneo Miura, Mr. Nobutaka Shibahara, Mr. Kazuhiro Nishimura, Mr. Kazuhiko Nakanishi, and Mr. Akihiro Yano (one of whom, Mr. Akihiro Yano, is an Independent Outside Director), and four Directors who are members of the Audit & Supervisory Committee: Mr. Hiroshi Hattori, Ms. Miho Goto, Ms. Motoko Tanaka, and Mr. Shinichi Tabata (three of whom, Ms. Miho Goto, Ms. Motoko Tanaka, and Mr. Shinichi Tabata, are Independent Outside Directors).
The Audit & Supervisory Committee will consist of one Director, Mr. Hiroshi Hattori, and three Outside Directors, Ms. Miho Goto, Ms. Motoko Tanaka, and Mr. Shinichi Tabata. Mr. Hiroshi Hattori will serve as Chairperson of the Committee.
The Nomination and Compensation Committee will consist of four Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada, Mr. Muneo Miura, Mr. Nobutaka Shibahara, and Mr. Akihiro Yano, who is an Outside Director, and three Outside Directors who are members of the Audit & Supervisory Committee: Ms. Miho Goto, Ms. Motoko Tanaka, and Mr. Shinichi Tabata. Ms. Miho Goto, an Outside Director, will serve as Chairperson of the Committee.
The Executive Meeting will consist of five Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada, Mr. Muneo Miura, Mr. Nobutaka Shibahara, Mr. Kazuhiro Nishimura, and Mr. Kazuhiko Nakanishi; Mr. Hiroshi Hattori, a Director who is a full-time member of the Audit & Supervisory Committee; and members (Executive Officers, etc.) appointed by the Director and President Executive Officer according to the agenda.
The Risk Management Committee will consist of five Directors (excluding Directors who are members of the Audit & Supervisory Committee): Mr. Hirokazu Okada, Mr. Muneo Miura, Mr. Nobutaka Shibahara, Mr. Kazuhiro Nishimura, and Mr. Kazuhiko Nakanishi; Mr. Hiroshi Hattori, a Director who is a full-time member of the Audit & Supervisory Committee; and the heads of each division and other members.

[Number of Directors]
The Company's Articles of Incorporation stipulate that the Company shall have no more than 15 Directors; of whom at least three shall be Directors who are members of the Audit & Supervisory Committee, and a majority of such Directors 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%
Muneo Miura	17 times	17 times	100%
Koichi Ishida	17 times	14 times	82.4%
Nobutaka Shibahara	17 times	17 times	100%
Kazuhiro Nishimura	17 times	17 times	100%
Kazuhiko Nakanishi	13 times	13 times	100%
Akihiro Yano	13 times	13 times	100%
Hiroshi Hattori	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%

(Note) The number of meetings held and attended by Mr. Kazuhiko Nakanishi and Mr. Akihiro Yano is stated from the date of their assumption of office on June 27, 2025 onward.

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, and sustainability, 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, strategic shareholdings, 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]

As of the filing date of the Annual Securities Report (June 19,2026)

NAME	Position/title (planned)	Outside	Independent	Nomination &Compensation Committee	Corporate management	Human resource development	Production, engineering, development	Global Experience	Sales and marketing	Finance & Accounting	Legal & Compliance	Sustainability	DX / IT
Hirokazu Okada	Representative Director, Chairman & CEO			○	●	●	●	●	●				
Muneo Miura	Director, President Executive Officer,			○	●		●	●	●				●
Nobutaka Shibahara	Director, Managing Executive Officer			○	●	●	●	●			●		●
Kazuhiro Nishimura	Director, Senior Executive Officer				●		●	●					
Kazuhiko Nakanishi	Director, Executive Officer				●					●	●	●	
Akihiro Yano	Director	○	○	○		●							
Hiroshi Hattori	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	○	○	○				●		●		●	

◎ means chairman

Skills	Reason for selection
Corporate management	To respond to changes in the business environment and achieve sustainable growth and enhancement of corporate value, experience in corporate management is required.
Human resource development	Based on the belief that employees are the Company's most important asset, work style reform and the enhancement of practical training are positioned as one of the pillars of its management strategy. To formulate a human capital strategy that maximizes the value of its people, expertise and experience in human resource development are required.
Production, engineering, development	To capture customer needs, strengthen competitiveness, and build a production system aimed at realizing a sustainable society, expertise and experience in production, engineering, and development are required.
Global Experience	As a global company, in order to formulate management strategies that incorporate an international perspective and can respond flexibly to changing global conditions, global experience and expertise are required.
Sales and marketing	The Company recognizes that responding swiftly to changes in the market environment and providing customers with optimal solutions will lead to value creation. To achieve this, expertise and experience in sales and marketing are required.
Finance & Accounting	To ensure objective decision-making, it is essential not only to have appropriate knowledge of finance and accounting, but also to formulate growth and financial strategies that enable investment for sustainable growth; to achieve this, expertise and experience in finance and accounting are required.
Legal & Compliance	To ensure that operations are carried out appropriately and efficiently, the Company is strengthening its internal control systems. From a compliance perspective, in order to accurately identify potential risks that could have a significant impact on business management, expertise and experience in legal affairs and compliance are required.
Sustainability	Addressing sustainability is a key management issue directly linked to corporate value. To achieve both the realization of a sustainable society and long-term corporate growth, expertise and experience in sustainability are required.
DX / IT	In the digital age, to transform business processes and business models, expertise and experience in DX/IT are required.

[Activities of the Nomination and Compensation Committee]

The Company held four 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	4 times	4 times	100%
Hirokazu Okada	4 times	4 times	100%
Muneo Miura	4 times	4 times	100%
Nobutaka Shibahara	2 times	2 times	100%
Akihiro Yano	2 times	2 times	100%
Miho Goto	4 times	4 times	100%
Motoko Tanaka	4 times	4 times	100%

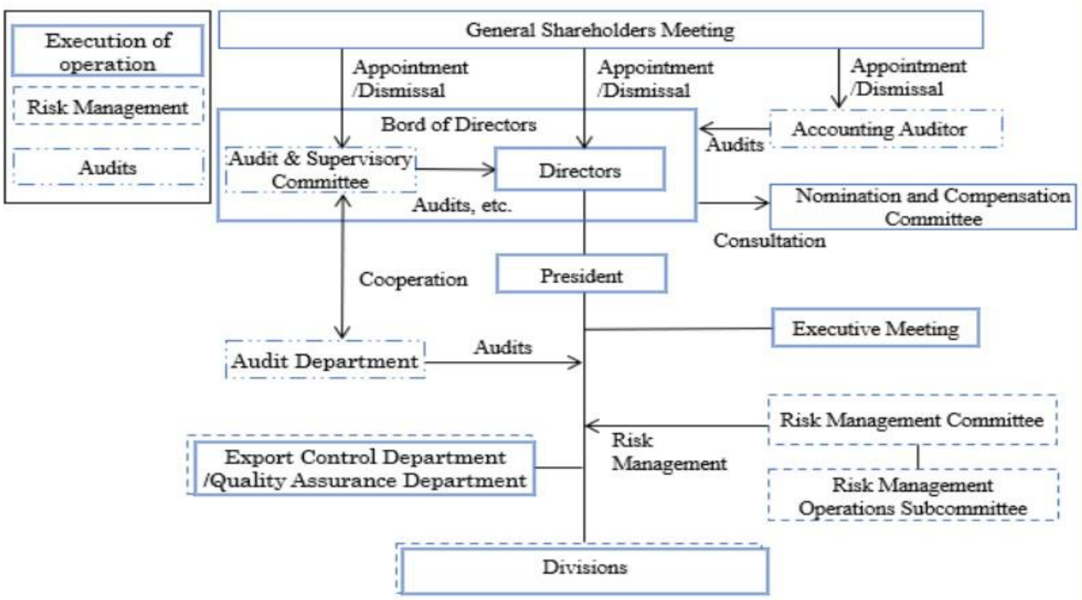
(Note) The number of Nomination and Compensation Committee meetings held and attended by Director (excluding Audit and Supervisory Committee Members) Mr. Nobutaka Shibahara and Outside Director Mr. Akihiro Yano reflects only the meetings held after they were appointed as members of the Committee following the 47th Annual General Meeting of Shareholders held on June 27, 2025.

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 established regulations, 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 Internal Audit Dept. 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 Director, President 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 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 smooth 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 19, 2026 (the filing date of the Annual Securities Report) is as follows:

Eight men and two women (Percentage of women: 20.0%

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Representative Director, Chairman & CEO	Hirokazu Okada	August 11, 1951	April 1979 Joined the Company September 1985 Department Manager of Marketing and Sales Div. March 1988 Director June 2000 Senior Director August 2003 Director November 2005 Director, Department Manager of PM Market Development Dept. June 2006 Director, Managing Executive Officer, Department Manager of PM Market Development Dept. June 2008 Director, Managing Executive Officer, Division Manager of Development Div. April 2010 Executive Director, Chief Operating Officer of Development Div., Marketing and Sales Div. and Bandoh Memorial Research Laboratory April 2012 President & CEO April 2025 Representative Director, Chairman & CEO (to present)	(Notes)4	632,908
Director, President Executive Officer Marketing and Sales Division Manager	Muneo Miura	August 1, 1969	October 1990 Joined the Company December 1997 External assignment to TOWA Asia-Pacific Pte. Ltd. (a subsidiary in Singapore) April 2015 Department Manager of Sales Engineering Dept., Marketing and Sales Div. April 2016 Department Manager of Global Sales Dept., Marketing and Sales Div. April 2018 Division Manager of Marketing and Sales Div. April 2020 Executive Officer, Division Manager of Marketing and Sales Div. June 2022 Director, Executive Officer, Chief Operating Officer of Marketing and Sales Div., Division Manager of Marketing and Sales Div. January 2024 Director, Executive Officer, Chief Operating Officer of Marketing and Sales Div. and Singulation Business Div., Division Manager of Marketing and Sales Div. April 2025 Director, President Executive Officer, Division Manager of Marketing and Sales Div. (to present)	(Notes)4	28,715

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director, Managing Executive Officer Administration Division Manager	Nobutaka Shibahara	August 16, 1964	April 1987 Joined the Company April 2008 Department Manager of Production Control Dept., Production Div. April 2010 Department Manager of Planning Dept. and Administration Div. April 2014 CEO of TOWA (Suzhou) Co., Ltd. October 2017 Division Manager of Corporate Planning Div. April 2019 Executive Officer, Division Manager of Corporate Planning Div. April 2021 Executive Officer, Division Manager of Administration Div. June 2021 Director, Executive officer, Chief Operating Officer of Corporate Planning Div. and Administration Div., Division Manager of Administration Div. June 2022 Director, Senior Executive officer, Chief Operating Officer of Corporate Planning Div. and Administration Div., Division Manager of Administration Div. April 2025 Director, Senior Executive Officer, Division Manager of Administration Div. July 2025 Director, Managing Executive Officer, Division Manager of Administration Div. (to present)	(Notes) 4	48,639
Director, Senior Executive Officer, Production Division Manager Concurrent Division Manager of Tool Business Div.	Kazuhiro Nishimura	November 3, 1965	June 1984 Joined the Company October 2010 CEO of TOWA (Suzhou) Co., Ltd. April 2014 Department Manager of System Manufacturing Dept., System Products Div. October 2017 Assistant Division Manager of Mold Products Div. October 2018 Division Manager of Mold Products Div. April 2020 Executive Officer, Division Manager of Production Div. June 2022 Director, Executive Officer, Chief Operating Officer of Production Div., Division Manager of Production Div. April 2025 Director, Executive Officer, Division Manager of Production Div. July 2025 Director, Senior Executive Officer, Division Manager of Production Div. April 2026 Director, Senior Executive Officer, Division Manager of Production Div. Concurrent Division Manager of Tool Business Div. (to present)	(Notes) 4	26,915

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director, Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of Sustainability Promotion Dept.	Kazuhiko Nakanishi	July 22, 1963	April 1986 Joined The Bank of Kyoto, Ltd. June 2016 Manager of Nishijin Branch of the Bank of Kyoto,Ltd. August 2018 Joined the Company as Department Manager of Corporate Planning Dept., Corporate Planning Div. April 2020 Executive Officer, Department Manager of Corporate Planning Dept., Corporate Planning Div., Concurrent Director of Secretary Dept. April 2021 Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept. June 2024 Executive Officer, Division Manager of Corporate Planning Div., Concurrent Department Manager of Finance Dept., Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept. April 2025 Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept. June 2025 Director, Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept. October 2025 Director, Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept., Concurrent Director of Sustainability Promotion Dept. April 2026 Director, Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of Sustainability Promotion Dept. (to present)	(Notes) 4	12,051
Director	Akihiro Yano	December 6, 1968	December 1990 Joined the Chunichi Dragons January 1998 Joined the Hanshin Tigers November 2010 Baseball Commentator, Public Speaker October 2018 Appointed as manager of the Hanshin Tigers' first team January 2023 Baseball Commentator, Public Speaker June 2025 Director (to present)	(Notes) 4	3,000

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director (Full-time Audit and Supervisory Committee Member)	Hiroshi Hattori	December 10, 1965	April 1988 Joined The Bank of Kyoto, Ltd. June 2015 Manager of Uji Branch of The Bank of Kyoto, Ltd. August 2021 Joined the Company as Counsellor of Finance Dept., Corporate Planning Div. April 2022 Department Manager of Finance Dept., Corporate Planning Div. June 2024 Director, Full-time Audit and Supervisory Committee Member (to present)	(Notes) 5	1,300
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) April 2025 Outside Audit & Supervisory Board Member, IACE Travel Co., Ltd. (to present)	(Notes) 5	21,500
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) 5	3,500
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) 5	1,700
Total					780,228

(Notes)

1. Director Mr. Akihiro Yano is an Outside Director.
2. Directors (Audit & Supervisory Committee Members) Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka are Outside Directors.
3. 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
4. From the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2025 to the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026. 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.
5. 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).
6. The number of shares of the Company held by each Director represents the status as of March 31, 2026.

(2) The Company has submitted, as matters to be resolved at the Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2026, proposals for the election of six Directors (excluding Directors who are Audit and Supervisory Committee Members) and the election of four Directors who are Audit and Supervisory Committee Members. If these proposals are approved as originally proposed, the Company's officers are expected to be as follows. The information below also reflects the matters to be resolved by the Board of Directors, including the assignment of titles and positions, at the meeting of the Board of Directors scheduled to be held immediately after the conclusion of the Ordinary General Meeting of Shareholders.

Male: 8 Female: 2 (Proportion of female officers: 20.0%)

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Representative Director, Chairman & CEO	Hirokazu Okada	August 11, 1951	April 1979 Joined the Company September 1985 Department Manager of Marketing and Sales Div. March 1988 Director June 2000 Senior Director August 2003 Director November 2005 Director, Department Manager of PM Market Development Dept. June 2006 Director, Managing Executive Officer, Department Manager of PM Market Development Dept. June 2008 Director, Managing Executive Officer, Division Manager of Development Div. April 2010 Executive Director, Chief Operating Officer of Development Div., Marketing and Sales Div. and Bandoh Memorial Research Laboratory April 2012 President & CEO April 2025 Representative Director, Chairman & CEO (to present)	(Notes) 4	632,908
Director, President Executive Officer Marketing and Sales Division Manager	Muneo Miura	August 1, 1969	October 1990 Joined the Company December 1997 External assignment to TOWA Asia-Pacific Pte. Ltd. (a subsidiary in Singapore) April 2015 Department Manager of Sales Engineering Dept., Marketing and Sales Div. April 2016 Department Manager of Global Sales Dept., Marketing and Sales Div. April 2018 Division Manager of Marketing and Sales Div. April 2020 Executive Officer, Division Manager of Marketing and Sales Div. June 2022 Director, Executive Officer, Chief Operating Officer of Marketing and Sales Div., Division Manager of Marketing and Sales Div. January 2024 Director, Executive Officer, Chief Operating Officer of Marketing and Sales Div. and Singulation Business Div., Division Manager of Marketing and Sales Div. April 2025 Director, President Executive Officer, Division Manager of Marketing and Sales Div. (to present)	(Notes) 4	28,715

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director, Managing Executive Officer, Administration Division Manager	Nobutaka Shibahara	August 16, 1964	April 1987 Joined the Company April 2008 Department Manager of Production Control Dept., Production Div. April 2010 Department Manager of Planning Dept. and Administration Div. April 2014 CEO of TOWA (Suzhou) Co., Ltd. October 2017 Division Manager of Corporate Planning Div. April 2019 Executive Officer, Division Manager of Corporate Planning Div. April 2021 Executive Officer, Division Manager of Administration Div. June 2021 Director, Executive officer, Chief Operating Officer of Corporate Planning Div. and Administration Div., Division Manager of Administration Div. June 2022 Director, Senior Executive officer, Chief Operating Officer of Corporate Planning Div. and Administration Div., Division Manager of Administration Div. April 2025 Director, Senior Executive Officer, Division Manager of Administration Div. July 2025 Director, Managing Executive Officer, Division Manager of Administration Div. (to present)	(Notes) 4	48,639
Director, Senior Executive Officer, Production Division Manager, Concurrent Division Manager of Tool Business Div.	Kazuhiro Nishimura	November 3, 1965	June 1984 Joined the Company October 2010 CEO of TOWA (Suzhou) Co., Ltd. April 2014 Department Manager of System Manufacturing Dept., System Products Div. October 2017 Assistant Division Manager of Mold Products Div. October 2018 Division Manager of Mold Products Div. April 2020 Executive Officer, Division Manager of Production Div. June 2022 Director, Executive Officer, Chief Operating Officer of Production Div., Division Manager of Production Div. April 2025 Director, Executive Officer, Division Manager of Production Div. July 2025 Director, Senior Executive Officer, Production Division Manager April 2026 Director, Senior Executive Officer, Division Manager of Production Div. Concurrent Division Manager of Tool Business Div. (to present)	(Notes) 4	26,915

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
Director, Executive Officer, Corporate Planning Division Manager, Concurrent Director of Secretary Dept., Concurrent Director of Sustainability Promotion Dept.	Kazuhiko Nakanishi	July 22, 1963	April 1986 Joined The Bank of Kyoto, Ltd. June 2016 Manager of Nishijin Branch of the Bank of Kyoto,Ltd. August 2018 Joined the Company as Department Manager of Corporate Planning Dept., Corporate Planning Div. April 2020 Executive Officer, Department Manager of Corporate Planning Dept., Corporate Planning Div., Concurrent Director of Secretary Dept. April 2021 Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept. June 2024 Executive Officer, Division Manager of Corporate Planning Div., Concurrent Department Manager of Finance Dept., Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept. April 2025 Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept. June 2025 Director, Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept. October 2025 Director, Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of INNOMS Promotion Dept., Concurrent Director of Sustainability Promotion Dept. April 2026 Director, Executive Officer, Division Manager of Corporate Planning Div., Concurrent Director of Secretary Dept., Concurrent Director of Sustainability Promotion Dept. (to present)	(Notes) 4	12,051
Director,	Akihiro Yano	December 6, 1968	December 1990 Joined the Chunichi Dragons January 1998 Joined the Hanshin Tigers November 2010 Baseball Commentator, Public Speaker October 2018 Appointed as manager of the Hanshin Tigers' first team January 2023 Baseball Commentator, Public Speaker June 2025 Director (to present)	(Notes) 4	3,000
Director (Full-time Audit and Supervisory Committee Member)	Hiroshi Hattori	December 10, 1965	April 1988 Joined The Bank of Kyoto, Ltd. June 2015 Manager of Uji Branch of The Bank of Kyoto, Ltd. August 2021 Joined the Company as Counsellor of Finance Dept., Corporate Planning Div. April 2022 Department Manager of Finance Dept., Corporate Planning Div. June 2024 Director, Full-time Audit and Supervisory Committee Member (to present)	(Notes) 5	1,300
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) 5	3,500

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (Shares)
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) 5	1,700
Director (Audit and Supervisory Committee Member)	Shinichi Tabata	July 31, 1981	December 2005 Joined Chuo Aoyama Audit Corporation July 2007 Joined Kyoto Audit Corporation (currently PricewaterhouseCoopers Japan LLC) July 2009 Registered as a Certified Public Accountant October 2023 Representative, Tabata Certified Public Accountant Office (to present) December 2023 Registered as a Certified Tax Accountant June 2026 Director, Audit and Supervisory Committee Member (planned)	(Notes) 5	-
Total					758,728

(Notes)

1. Director Mr. Akihiro Yano is an Outside Director.

2. Directors (Audit & Supervisory Committee Members) Ms. Miho Goto, Ms. Motoko Tanaka and Mr. Shinichi Tabata are Outside Directors.

3. The structure of the Company's Audit & Supervisory Committee is as follows:

Chairman Mr. Hiroshi Hattori, Member Ms. Miho Goto, Member Ms. Motoko Tanaka, Member Mr. Shinichi Tabata.

4. From the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026 to the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2027

5. From the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026 to the closing of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2028.

6. 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).

7. The number of shares of the Company held by each Director represents the status as of March 31, 2026.

[2] Outside Directors and Audit & Supervisory Committee Members

As of the filing date of the Annual Securities Report (June 19,2026), the Company has four Outside Directors: Mr. Akihiro Yano, Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka. Of these, Mr. Akihiro Yano serves as a Director (excluding Directors who are Audit & Supervisory Committee Members), while Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka serve as Directors who are Audit & Supervisory Committee Members. None of the above individuals has any 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.

Mr. Akihiro Yano is the Representative Director of the specified non-profit organization THANKYOU FUND. The Company donates a portion of the sales from its vending machines to the organization's "39 Yano Fund," a fund for supporting muscular dystrophy patients and children in orphanages but has no special interests with the organization.

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. and Outside Director of IACE TRAVEL Co., Ltd, but there are 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 guidelines and registered them as such at the Exchange.

The Company has submitted a proposal entitled "Election of Four (4) Directors who are Audit and Supervisory Committee Members" as a resolution item for the Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2026.

If this proposal is approved as originally submitted, Mr. Shinichi Tabata will be newly elected as an Outside Director, and the Company will have four Outside Directors in total: Mr. Akihiro Yano, Ms. Miho Goto, and Ms. Motoko Tanaka, Mr. Shinichi Tabata.

Mr. Shinichi Tabata is the Representative of Tabata Certified Public Accountant Office; however, there is no special interest between the Company and the Office. In addition, although Mr. Tabata was affiliated with Kyoto Audit Corporation (currently PricewaterhouseCoopers Japan LLC), which serves as the Company's accounting auditor, from 2007 to 2023, he was not involved in any accounting audit services or other engagements related to the Company. The Company has designated Mr. Tabata as an Independent Director pursuant to the regulations of the Tokyo Stock Exchange and has filed the required notification accordingly.

[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 Internal Audit Dept. 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. Hiroshi Hattori, and three Outside Directors: Mr. Daisuke Wake, Ms. Miho Goto, and Ms. Motoko Tanaka as of the filing date of the Annual Securities Report (June 19, 2026).

Full-time Audit and Supervisory Committee Member Mr. Hiroshi Hattori, as the head of accounting since joining the Company, has been responsible for overseeing the division and has a high level of expertise and a broad range of knowledge in finance and accounting. Outside Director and Audit and Supervisory Committee Member Mr. Daisuke Wake is qualified as a certified public accountant and tax accountant; Ms. Miho Goto is qualified as a lawyer; and Ms. Motoko Tanaka is qualified as a certified public accountant. They each possess a considerable level of knowledge in finance, accounting, and legal affairs.

In addition, one staff member of the Internal Audit Dept. 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 20 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
Hiroshi Hattori	20 times	20 times	100%
Daisuke Wake	20 times	20 times	100%
Miho Goto	20 times	20 times	100%
Motoko Tanaka	20 times	19 times	95%

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 verification of disclosures of non-financial information (sustainability-related) relevant to medium- to long-term corporate value, 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 Internal Audit Dept. on the results of internal audits and requests the Internal Audit Dept. 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 Member 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., reviewed important approval documents, and exchange information with the internal Internal Audit Dept., 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 Director, President Executive Officer, Chairman & 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 Internal Audit Dept. (one staff member as of the filing date of the Annual Securities Report), an independent department under the direct control of the Director, President. Internal audits are conducted in line with the basic plan for internal audits which is finalized after gaining approval from the Director, President 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 Internal Audit Dept. 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 Internal Audit Dept. regularly shares information on internal audit results with the Audit & Supervisory Committee to achieve efficient and effective audits. The Internal Audit Dept. 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

PricewaterhouseCoopers Japan LLC

b. Continuous audit period

Since 1994

(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

Teruaki Arioka (in charge of the Company since the fiscal year ending March 31, 2021)、Sagawa Kiichi (in charge of the Company since the fiscal year ending March 31, 2026)

d. Composition of assistants for audit operations

There are two certified public accountants and eighteen others (including those who have passed the CPA examination).

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.

[4] Audit Fee and Others

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

Classification	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year	
	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	380	36,900	200
The Company's consolidated subsidiaries	――	――	――	――
Total	35,000	380	36,900	200

(Previous Consolidated Fiscal Year)

Details of the non-audit services provided to the Company are agreed procedural work.

(Current Consolidated Fiscal Year)

Details of the non-audit services provided to the Company are agreed procedural work.

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

Classification	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year	
	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	――	18,492	――	20,192
The Company's consolidated subsidiaries	14,343	1,017	15,840	6,395
Total	14,343	19,509	15,840	26,587

(Previous Consolidated Fiscal Year)

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

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

(Current Consolidated Fiscal Year)

The non-audit services provided to the 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 Representative Director, Chairman & 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 47th Ordinary General Meeting of Shareholders held on June 27, 2025, to be 500 million yen or less per year (excluding the employee salary portion). 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 135,000 shares per year, separate from monetary compensation. (On October 1, 2024, a stock split was conducted at a ratio of three shares for each common share. Accordingly, the annual limit on the number of shares of the Company's common stock to be issued as restricted stock has been revised from 45,000 shares to 135,000 shares.)
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 47th Ordinary General Meeting of Shareholders held on June 27, 2025, to be no more than 50 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 and Outside Directors)	276,358	177,450	73,200	25,708	6
Directors (Audit and Supervisory Committee members) (excluding Outside Directors)	12,180	12,180	―	―	1
Outside Directors	28,080	28,080	―	―	4

(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 54,365 million yen and 6,917 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 2025 to March 2028) 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 73,200,000 yen (64,800,000 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 25,708,000 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 Representative Director, Chairman & 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	1	3,402
Shares other than unlisted shares	6	7,551,103

(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	The Current Fiscal year Number of Shares (Shares) Balance Sheet Amount (Thousands of yen)	The Previous Fiscal Year Number of Shares (Shares) Balance Sheet Amount (Thousands of yen)	Purpose of Holding, Overview of Business Alliances, Quantitative Holding Effect, and Reasons for the Increase in Number of Shares	Existence of Holding The Company's Shares
SCREEN Holdings Co., Ltd.	528,800 4,727,472	264,400 2,536,918	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes) SCREEN Holdings Co., Ltd. conducted a two-for-one stock split of its common shares with March 31, 2026 as the record date.	Yes
HORIBA, Ltd.	99,000 1,768,635	99,000 984,753	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes)	Yes
SHOFU INC.	240,000 402,240	240,000 506,640	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes)	No
Kyoto Financial Group, Inc.	95,680 388,556	95,680 217,719	(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) (Notes)	Yes
TAKEBISHI CORPORATION	66,000 157,344	66,000 119,988	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes)	Yes
SEIWA ELECTRIC MFG. CO.,LTD.	148,000 106,856	148,000 76,960	(Purpose of Holding) The shares are held with the purpose of maintaining relationships as a local company. (Quantitative Holding Effect) (Notes)	Yes

(Notes) 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.

5. Status of Employees

(1) Basic Policy on Human Capital Strategy, etc.

Based on its Basic Policy on Human Resource Development and Policy on Workplace Environment Enhancement, the Group is committed to building a human capital foundation that supports sustainable medium- to long-term business growth and enhances its competitiveness. Through the TOWA Academy, which serves as the core platform for in-house education, the Group systematically passes on its corporate philosophy as well as the technologies and expertise cultivated since its foundation, while developing employees with the professional knowledge and execution capabilities necessary to respond to changes in the business environment. At the same time, the Group is systematically developing future leaders who will drive its long-term business growth. In addition, the Group is improving productivity per employee by enhancing operational efficiency and sophistication through the utilization of digital transformation (DX) and artificial intelligence (AI). To enable a diverse workforce to fully demonstrate their respective capabilities and expertise, the Group continues to improve working styles and workplace environments, thereby promoting employees' autonomous growth and enhancing engagement.

Through these initiatives, the Group aims to enhance the value of its human capital and strengthen its business competitiveness, thereby contributing to sustainable growth in corporate value over the medium to long term.

With respect to the policy for determining employee compensation and other benefits, the Group regards its human resources as the central driver of corporate value enhancement and has adopted, as its basic policy, the establishment of a fair and competitive compensation system. Salaries, bonuses, and other employee benefits are determined in a fair and appropriate manner based on a comprehensive assessment of employees' job performance capabilities, expected roles and responsibilities, and achieved results, including contributions to business performance and organizational development, while also taking prevailing market compensation levels into consideration. Furthermore, to attract, develop, and retain highly skilled professionals, the Group has implemented continuous base salary increases for regular employees. As a result, the starting monthly salary for university graduates has increased to 124% of the fiscal 2023 level. In addition, to encourage employees to take on new challenges and to further enhance engagement, the Group is reviewing its global employee recognition program and conducting employee engagement surveys on a global basis. Moreover, with the aim of fostering awareness of improving corporate performance and enhancing corporate value over the medium to long term, the Group has introduced a Stock Benefit Trust (J-ESOP) program for regular employees. Under this program, points are awarded based on factors such as employee grade, qualifications, and years of service, and Company shares are granted upon satisfaction of prescribed conditions.

(2) Status of Employees

[1] Status of Consolidated Companies

(As of March 31, 2026)

Name of segment	Number of employees (Persons)
Semiconductor Manufacturing Equipment Business	2,006 (118)
Medical Device Business	100 (74)
Laser Processing Machine Business	105 (3)
Total	2,211 (195)

(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.

[2] Status of the Submitting Company

As of March 31, 2026

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)	Average Annual Salary Change vs. Previous Fiscal Year (%)
716 (66)	39.2	10.8	7,386,835	1.7

(Notes)

1. The number of employees represents all those engaged in the semiconductor manufacturing equipment business.
2. 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.
3. 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] Employee Stock Ownership Plan

The Company has established an employee stock ownership plan exclusively for employees and other personnel, excluding directors. For details of the plan, please refer to "1. Status of Shares, (8) Employee Stock Ownership Plan."

[5] Percentage of Female Employees in Managerial Positions, Childcare Leave Utilization Rate of Male Employees, and Differences in Wages Between Male and Female Employees

The submitting company

The Current fiscal year					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	
4.4	94.0	75.8	79.9	30.9	(Notes) 5

(Notes)

1. Calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64, 2015).
2. 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, childcare purpose leave, etc. taken under Article 71-6, item (ii) 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, Women’s average annual wages for full-time employees were 79.9% of men’s. 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 30.9%, 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	The Current Fiscal Year
Full-time workers	86.5%
50 and over	88.8%
40 to 49 years old	89.9%
30 to 39 years old	98.3%
29 years and under	98.0%

<Breakdown of part-time/fixed-term workers> (As of March 31, 2026)

Items	Number of female employees (Persons)	Number of male employees (Persons)
Non-regular employees	1 (0)	49 (37)
Contract employees	7 (0)	7 (0)
Total	8 (0)	56 (37)

(Note)

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

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, 2025 to March 31, 2026) and non-consolidated financial statements in Japanese for the fiscal year (from April 1, 2025 to March 31, 2026) have been audited by PricewaterhouseCoopers 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 is a member of the Financial Accounting Standards Foundation (FASF) and participates in its seminars. In addition, the Company actively gathers information from professional publications such as the "Accounting and Auditing Journal" issued by the Japanese Institute of Certified Public Accountants (JICPA).

1. Consolidated Financial Statements, etc.
1 Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	21,338,921	28,431,711
Notes receivable - trade	58,972	317,299
Electronically recorded monetary claims - operating	351,247	201,287
Accounts receivable - trade	11,332,248	15,846,386
Lease receivables and investments in leases	19,965	12,955
Merchandise and finished goods	3,828,829	5,681,054
Work in process	10,223,352	11,830,117
Raw materials and supplies	1,795,319	2,279,450
Other	1,709,806	2,596,216
Allowance for doubtful accounts	△6,364	△28,502
Total current assets	50,652,299	67,167,977
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,949,252	24,872,224
Accumulated depreciation	(13,670,130)	(14,808,340)
Buildings and structures, net	9,279,121	10,063,884
Machinery, equipment and vehicles	18,094,025	20,502,224
Accumulated depreciation	(12,434,302)	(14,149,039)
Machinery, equipment and vehicles, net	5,659,723	6,353,184
Land	6,566,490	6,635,889
Leased assets	1,685,684	1,958,276
Accumulated depreciation	△509,906	△716,646
Leased assets, net	1,175,777	1,241,629
Construction in progress	829,705	766,950
Other	5,248,194	5,893,780
Accumulated depreciation	(4,258,128)	(4,760,340)
Other, net	990,066	1,133,439
Total property, plant and equipment	24,500,885	26,194,978
Intangible assets		
Other	1,421,284	2,241,001
Total intangible assets	1,421,284	2,241,001
Investments and other assets		
Investment securities	4,446,381	7,554,505
Deferred tax assets	517,376	706,033
Retirement benefit asset	678,782	937,507
Other	*1 1,011,477	*1 1,465,768
Total investments and other assets	6,654,017	10,663,815
Total non-current assets	32,576,186	39,099,795
Total assets	83,228,486	106,267,772

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,551,525	5,432,148
Electronically recorded obligations - operating	28,887	25,653
Short-term borrowings	*2 7,000,000	*2 11,500,000
Current portion of long-term borrowings	1,120,000	2,120,000
Lease liabilities	166,833	199,432
Income taxes payable	1,222,764	1,079,860
Advances received	1,819,014	2,405,195
Provision for bonuses	1,168,008	1,330,104
Provision for bonuses for directors (and other officers)	117,231	143,716
Provision for product warranties	313,722	299,462
Other	2,501,956	3,023,381
Total current liabilities	18,009,944	27,558,954
Non-current liabilities		
Long-term borrowings	1,370,000	4,000,000
Lease liabilities	407,950	352,501
Deferred tax liabilities	957,017	2,529,179
Retirement benefit liability	1,014,238	1,081,681
Provision for share awards	82,967	133,620
Total non-current liabilities	3,832,173	8,096,982
Total liabilities	21,842,118	35,655,936
Net assets		
Shareholders' equity		
Share capital	8,969,261	8,985,585
Capital surplus	464,571	480,895
Retained earnings	45,479,594	48,570,745
Treasury shares	(115,241)	(110,772)
Total shareholders' equity	54,798,186	57,926,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,817,381	4,948,622
Foreign currency translation adjustment	3,716,815	7,620,024
Remeasurements of defined benefit plans	53,984	116,733
Total accumulated other comprehensive income	6,588,181	12,685,381
Total net assets	61,386,368	70,611,835
Total liabilities and net assets	83,228,486	106,267,772

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

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	53,479,205	54,365,224
Cost of sales	*1 33,572,197	*1 35,993,662
Gross profit	19,907,008	18,371,561
Selling, general and administrative expenses	*2, *3 11,026,604	*2, *3 11,454,533
Operating profit	8,880,404	6,917,028
Non-operating income		
Interest income	191,313	217,658
Dividend income	131,849	153,872
Rental income from non-current assets	71,243	79,605
Miscellaneous income	307,345	261,802
Total non-operating income	701,751	712,937
Non-operating expenses		
Interest expenses	91,336	168,392
Foreign exchange losses	31,466	456,793
Miscellaneous losses	58,968	57,692
Total non-operating expenses	181,771	682,878
Ordinary profit	9,400,384	6,947,087
Extraordinary income		
Gain on sale of non-current assets	*4 6,559	*4 475
Gain on sale of investment securities	1,306,284	—
Compensation for damage income	524,175	87,588
Total extraordinary income	1,837,020	88,063
Extraordinary losses		
Loss on sale of non-current assets	*5 2,734	*5 2,300
Loss on retirement of non-current assets	*6 14,292	*6 27,386
Loss on valuation of investment securities	12,056	—
Total extraordinary losses	29,083	29,686
Profit before income taxes	11,208,320	7,005,464
Income taxes - current	3,149,194	2,032,281
Income taxes - deferred	(61,924)	380,086
Total income taxes	3,087,270	2,412,367
Profit	8,121,050	4,593,096
Profit attributable to owners of parent	8,121,050	4,593,096

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	8,121,050	4,593,096
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,195,917)	2,131,241
Foreign currency translation adjustment	(925,199)	3,903,209
Remeasurements of defined benefit plans	(75,410)	62,749
Total other comprehensive income	*1 (4,196,527)	*1 6,097,200
Comprehensive income	3,924,523	10,690,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,924,523	10,690,297

(3) Consolidated Statement of Changes in Equity
Previous consolidated fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of period	8,955,671	450,981	38,359,732	(115,191)	47,651,194
Changes during period					
Issuance of new shares	13,589	13,589			27,179
Dividends of surplus			(1,001,188)		(1,001,188)
Profit attributable to owners of parent			8,121,050		8,121,050
Purchase of treasury shares				(2,111)	(2,111)
Disposal of treasury shares				2,061	2,061
Net changes in items other than shareholders' equity					
Total changes during period	13,589	13,589	7,119,862	(49)	7,146,992
Balance at end of the period	8,969,261	464,571	45,479,594	(115,241)	54,798,186

	Valuation and translation adjustments				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 period	6,013,298	4,642,014	129,394	10,784,708	58,435,903
Changes during period					
Issuance of new shares					27,179
Dividends of surplus					(1,001,188)
Profit attributable to owners of parent					8,121,050
Purchase of treasury shares					(2,111)
Disposal of treasury shares					2,061
Net changes in items other than shareholders' equity	(3,195,917)	(925,199)	(75,410)	(4,196,527)	(4,196,527)
Total changes during period	(3,195,917)	(925,199)	(75,410)	(4,196,527)	2,950,465
Balance at end of the period	2,817,381	3,716,815	53,984	6,588,181	61,386,368

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,969,261	464,571	45,479,594	(115,241)	54,798,186
Changes during period					
Issuance of new shares	16,323	16,323			32,646
Dividends of surplus			(1,501,945)		(1,501,945)
Profit attributable to owners of parent			4,593,096		4,593,096
Purchase of treasury shares				(1,113)	(1,113)
Disposal of treasury shares				5,582	5,582
Net changes in items other than shareholders' equity					
Total changes during period	16,323	16,323	3,091,151	4,469	3,128,267
Balance at end of period	8,985,585	480,895	48,570,745	△110,772	57,926,454

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,817,381	3,716,815	53,984	6,588,181	61,386,368
Changes during period					
Issuance of new shares					32,646
Dividends of surplus					(1,501,945)
Profit attributable to owners of parent					4,593,096
Purchase of treasury shares					(1,113)
Disposal of treasury shares					5,582
Net changes in items other than shareholders' equity	2,131,241	3,903,209	62,749	6,097,200	6,097,200
Total changes during period	2,131,241	3,903,209	62,749	6,097,200	9,225,467
Balance at end of period	4,948,622	7,620,024	116,733	12,685,381	70,611,835

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	11,208,320	7,005,464
Depreciation	2,673,130	3,122,588
Amortization of goodwill	149,445	148,162
Increase (decrease) in allowance for doubtful accounts	4,156	21,017
Increase (decrease) in provision for bonuses	186,197	117,355
Increase (decrease) in provision for bonuses for directors (and other officers)	19,680	21,948
Increase (decrease) in retirement benefit liability	(77,837)	(149,493)
Increase (decrease) in provision for share awards	44,209	55,698
Increase (decrease) in provision for product warranties	7,903	(19,580)
Interest and dividend income	(323,162)	(371,530)
Interest expenses	91,336	168,392
Foreign exchange losses (gains)	(21,873)	231,841
Loss (gain) on sale of investment securities	(1,306,284)	—
Decrease (increase) in trade receivables	2,844,772	(3,070,013)
Decrease (increase) in inventories	21,205	(2,882,799)
Decrease (increase) in other current assets	(475,440)	423,074
Increase (decrease) in trade payables	(1,300,121)	1,888,872
Increase (decrease) in other current liabilities	(148,798)	152,186
Other, net	175,611	(89,249)
Subtotal	13,772,451	6,773,936
Interest and dividends received	325,446	351,182
Interest paid	(92,933)	(165,142)
Income taxes paid	(3,646,478)	(3,080,804)
Income taxes refund	14,319	240,894
Net cash provided by (used in) operating activities	10,372,805	4,120,066
Cash flows from investing activities		
Payments into time deposits	(1,772,258)	(3,830,950)
Proceeds from withdrawal of time deposits	1,122,975	2,927,148
Proceeds from sale of investment securities	1,540,447	—
Payments of other investments	(513,930)	(5,282)
Purchase of property, plant and equipment and intangible assets	(5,044,564)	(4,068,681)
Proceeds from sale of property, plant and equipment and intangible assets	11,454	5,633
Purchase of long-term prepaid expenses	(34,503)	(577,974)
Other, net	(67,838)	24,680
Net cash provided by (used in) investing activities	(4,758,217)	(5,525,425)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,400,000)	4,500,000
Proceeds from long-term borrowings	—	5,000,000
Repayments of long-term borrowings	(1,560,000)	(1,370,000)
Purchase of treasury shares	(2,111)	(1,113)
Dividends paid	(1,001,188)	(1,501,945)
Other, net	(162,963)	(197,868)
Net cash provided by (used in) financing activities	(5,126,263)	6,429,072
Effect of exchange rate change on cash and cash equivalents	(615,211)	967,145
Net increase (decrease) in cash and cash equivalents	(126,886)	5,990,859
Cash and cash equivalents at beginning of period	20,517,272	20,390,386
Cash and cash equivalents at end of period	*1 20,390,386	*1 26,381,245

(Notes)
(Significant Matters Constituting the Basis of Preparation of Consolidated Financial Statements)
1. Scope of consolidation
(1) Number of consolidated subsidiaries: 21
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 SEMICONDUCTOR INDIA PRIVATE LIMITED
・TOWA MALAYSIA SALES & SERVICES SDN. BHD
・TOWA THAI COMPANY LIMITED
・TOWA USA Corporation
・TOWA Europe GmbH
・TOWA Europe B.V.
・He Chuang Semiconductor Equipment (Shenzhen) Co., Ltd.
Of the above, TOWA SEMICONDUCTOR INDIA PRIVATE LIMITED, TOWA MALAYSIA SALES & SERVICES SDN. BHD., and He Chuang Semiconductor Equipment (Shenzhen) Co., Ltd. were newly established during the current consolidated fiscal year and have been included in the scope of consolidation.

(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., TOWA (Shanghai) Co., Ltd. and He Chuang Semiconductor Equipment (Shenzhen) 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 prices
Stated at market value (valuation differences are recorded directly in net assets, and the cost of securities sold is determined by the moving-average method.)

Stocks without market prices
Stated at cost determined by the moving-average method

2) Inventories
(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 method (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, with respect to the Company and its domestic consolidated subsidiaries, 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 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 policies for significant provisions
1) Allowance for doubtful accounts
To provide for losses due to bad debts, the allowance for doubtful accounts is calculated based on the historical default rate for general receivables, while for specific receivables such as those with a risk of default, the estimated uncollectible amount is determined considering individual collectability.

2) Provision for bonuses
The Company and certain consolidated subsidiaries provide for employees' bonuses based on the estimated amount to be paid.

3) Provision for bonuses for directors
The Company and certain consolidated subsidiaries provide for directors' bonuses based on the estimated amount to be paid.

4) Provision for product warranties
The Company and certain consolidated subsidiaries provide for repair costs for products under warranty based on estimated repair costs corresponding to sales, mainly based on past performance, while individually estimable costs are recorded based on their estimated amounts.

5) Provision for share awards
To provide for the delivery of the Company's shares, etc. to employees in accordance with the Stock Benefit Regulations, the provision is recorded based on the estimated amount of share benefit obligations at the end of the current consolidated fiscal year.

(4) Accounting policies for retirement benefits
1) Method of attributing projected retirement benefits to periods
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 from the following consolidated fiscal 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 policies for unrecognized actuarial gains and losses and unrecognized past service cost
Unrecognized actuarial gains and losses and unrecognized past service costs are recorded, after adjusting for tax effects, as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets.

4) Application of the simplified method for small subsidiaries
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 policies 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 sales of products, revenue is recognized when the customer obtains control of the products and the performance obligations are satisfied, mainly at the completion of installation for products requiring installation at delivery, and at the time of delivery or acceptance for products not requiring installation.
Revenue from services such as warranty, repair, maintenance and relocation related to products is recognized upon completion of the services when the performance obligations are satisfied.
In addition, for transactions that meet the requirements of Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized at the time of shipment.

2) Medical Device Business
For sales of products, as the period from shipment to the transfer of control of the products to customers is considered to be a normal period, revenue is recognized at the time of shipment by applying the alternative treatment stipulated in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition.

3) Laser Processing Machine Business
For sales of products, revenue is recognized at the time of delivery or acceptance when the customer obtains control of the products and the performance obligations are satisfied.
Revenue from services such as warranty, repair, maintenance and relocation related to products is recognized upon completion of the services when the performance obligations are satisfied.
In addition, for transactions that meet the requirements of Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized at the time of shipment.

4) Accounting policy for revenue from finance lease transactions
Revenue and cost of sales are recognized on the commencement date of the lease transactions.

(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 as of the consolidated 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 under net assets.

(7) Amortization method and period of goodwill
Goodwill is amortized by the straight-line method over 5–8 years.

(8) Scope of cash in 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 taxes
Consumption taxes and local consumption taxes are accounted for using the tax exclusion method, and non-deductible consumption taxes and local consumption taxes are recognized as expenses for the current consolidated fiscal year.

(Significant Accounting Estimates)
Previous consolidated fiscal year ended March 31, 2025
(Recoverability of deferred tax assets)
(1) Amount recorded in the consolidated financial statements for the current fiscal year: 517,376 thousand 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 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 profit 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 Income taxes - deferred 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 fiscal year: 15,847,502 thousand yen

(2) Information on significant accounting estimates for identified items
The Group's inventories are stated at the lower of acquisition cost or net selling value at the end of the consolidated fiscal year to reflect any decrease in profitability. 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 fluctuate, 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, 2026
(Recoverability of deferred tax assets)
(1) Amount recorded in the consolidated financial statements for the current fiscal year: 706,033 thousand 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 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 profit 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 Income taxes - deferred 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 fiscal year: 19,790,622 thousand yen

(2) Information on significant accounting estimates for identified items
The Group's inventories are stated at the lower of acquisition cost or net selling value at the end of the consolidated fiscal year to reflect any decrease in profitability. 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 fluctuate, additional inventory write-downs may be required, and this could have a significant impact on consolidated financial statements after the following consolidated fiscal year.

(Unapplied accounting standards)
Accounting Standards for Leases (ASBJ Statement No. 34, September 13, 2024)
Implementation Guidance on Accounting Standards for Leases (ASBJ Implementation Guidance No. 33, September 13, 2024), etc.

(1) Overview
As part of efforts to make Japanese standards internationally consistent, the Accounting Standards Board of Japan (ASBJ) conducted a review based on international accounting standards with a view to developing lease accounting standards that require lessees to recognize assets and liabilities for all leases. The lease accounting standards announced by ASBJ are, as a basic policy, based on the single accounting treatment model of IFRS 16 and have adopted only main provisions, instead of adopting all of its provisions, aiming to be simple and convenient that do not require any major modifications when applied to individual financial statements.

As for the lessee's accounting treatment, the method of allocating lease expenses is the same as in IFRS 16: a single accounting treatment model is applied to all leases. Lessees are required to recognize depreciation expense related to right-of-use assets and the amount equivalent to interest related to lease liabilities for all assets, regardless of finance leases or operating leases.

(2) Scheduled date of application
Scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of applying the above accounting standards, etc.
The amount of impact on the consolidated financial statements of applying the "Accounting Standards for Leases" is currently being evaluated.

Accounting Standards for Subsequent Events (ASBJ Statement No. 41, January 9, 2026)
Implementation Guidance on Accounting Standards for Subsequent Events (ASBJ Implementation Guidance No. 35, January 9, 2026)

(1) Overview
Accounting Standards for Subsequent Events and relevant standards were established, with a priority given to the establishment of comprehensive accounting standards covering the definition, accounting treatment, and disclosure of subsequent events. The basic policy was to generally adopt the accounting provisions set forth in Practical Guideline No. 1 "Audit Treatment Relating to Subsequent Events" of Audit Standards Report No. 560 issued by Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants, and to transfer such provisions to the Accounting Standards Board of Japan. In establishing the accounting treatment and disclosure requirements for subsequent events, the Board revised some of the wording used, clarified the evaluation period for subsequent events, and introduced new requirements, such as notes regarding the approval of financial statement disclosure.

(2) Scheduled date of application
Scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(Changes in Presentation Method)
(Consolidated Statement of Income)
"Depreciation of assets for rent," which had been separately presented under non-operating expenses until the previous consolidated fiscal year is included in "Miscellaneous losses" from the current consolidated fiscal year, as it has become immaterial.
Consequently, 33,083 thousand yen presented as "Depreciation of assets for rent" and 25,884 thousand yen under "Miscellaneous loss" under non-operating expenses in the consolidated income statement of previous consolidated fiscal year have been reclassified as 58,968 thousand yen under "Miscellaneous loss".

(Consolidated Statement of Cash Flows)
"Purchase of long-term prepaid expenses," which had been included in "Other" under cash flows from investing activities in the previous consolidated fiscal year, is separately presented from the current consolidated fiscal year due to its increased materiality.
To reflect this change, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.
As a result, a net cash outflow of 102,342 thousand yen previously presented as "Other" under cash flows from investing activities for the previous consolidated fiscal year has been reclassified into 34,503 thousand yen for "Purchase of long-term prepaid expenses" and 67,838 thousand yen for "Other."

(Additional information)
Restricted stock compensation
Following a resolution approved at the 44th Ordinary General Meeting of Shareholders held on June 29, 2022, the Company has introduced a restricted stock compensation plan for its directors (excluding directors who are Audit and Supervisory Committee members and outside directors) to further promote value sharing with shareholders.
The Company has also introduced a restricted stock compensation plan for its executive officers.
In the current consolidated fiscal year, the Board of Directors resolved at its meeting held on July 24, 2025 to issue new shares as restricted stock compensation to directors and executive officers, and payment was completed on August 19, 2025.

Stock Benefit Trust (J-ESOP)
The Company has introduced the "Stock Benefit Trust (J-ESOP)" (hereinafter, the "Plan"), an incentive plan under which the Company's shares are granted to employees, pursuant to a resolution of the Board of Directors at its meeting held on August 8, 2023, with the aim of further strengthening the linkage between the Company's share price and business performance and employee compensation, sharing economic benefits with shareholders, and enhancing employee motivation and morale for improving share price and business performance.

(1) Overview of transaction
The Plan is a system under which the Company's shares are granted to employees who meet certain requirements in accordance with the Stock Benefit Regulations established by the Company.
The Company grants points to employees based on their position, etc., and upon satisfying certain conditions and acquiring the right to receive benefits, grants the Company's shares corresponding to the accumulated points. The shares to be granted to employees,

including those for future grants, are acquired in advance using funds placed in a trust and are separately managed as trust assets.
With respect to the accounting treatment for the Plan, the gross method is applied in accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015). In addition, a provision for share-based benefits is recognized based on the estimated amount of share benefit obligations as of the end of the current consolidated fiscal year in preparation for the delivery of the Company’s shares, etc. to employees in accordance with the Stock Benefit Regulations.

(2) The Company’s shares remaining in the trust
The Company’s shares remaining in the trust are recorded as treasury shares under net assets at the carrying amount in the trust (excluding incidental costs).
The carrying amount and the number of such treasury shares were 97,461 thousand yen and 90,780 shares at the end of the previous consolidated fiscal year, and 91,878 thousand yen and 85,580 shares at the end of the current consolidated fiscal year.

(Matters related to Consolidated Balance Sheet)
*1 The following assets are pledged as collateral for foreign direct investment cash assistance agreements by consolidated subsidiaries

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Other investments etc.	473,210	487,634
Total	473,210	487,634

There are no liabilities corresponding to the above pledged assets.

*2 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.

	Thousands of yen	
	As of March 31, 2025	As of March 31, 2026
Total of overdraft limits and commitment line agreements	18,500,000	18,500,000
Balance of borrowings	7,000,000	11,500,000
Net amount	11,500,000	7,000,000

(Matters related to Consolidated Statement 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.

Thousands of yen	
Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
329,142	157,665

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

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Provision for allowance for doubtful accounts	4,481	21,017
Salaries and allowances	2,667,735	2,884,887
Provision for bonuses	362,922	375,207
Provision for directors' bonuses	114,586	132,370
Retirement benefit expenses	63,162	70,999
Provision for share awards	14,426	19,517
Commission expenses	1,208,662	1,363,132

(Changes in Presentation Method)
“Research and development expenses,” which had been presented as a major item in the previous consolidated fiscal year, are not presented as a major item in the current consolidated fiscal year due to decreased materiality.

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

Thousands of yen	
Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
1,393,476	816,964

The above amount includes expenses for INNOMS Promotion Department.

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

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Machinery, equipment and vehicles	6,493	398
Other property, plant and equipment	65	76
Total	6,559	475

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

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Machinery, equipment and vehicles	2,730	2,300
Other property, plant and equipment	3	–
Total	2,734	2,300

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

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Buildings and structures	3,495	5,491
Machinery, equipment and vehicles	5,466	19,886
Other property, plant and equipment	5,180	2,008
Software	149	0
Total	14,292	27,386

(Matters related to Consolidated Statement of Comprehensive Income)

*1 Reclassification adjustments and tax effects related to other comprehensive income

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Valuation difference on available-for-sale securities:		
Amount arising during the period	(3,252,637)	3,108,124
Reclassification adjustments	(1,299,465)	—
Before Income taxes and tax effect adjustments	(4,552,102)	3,108,124
Income taxes and tax effect adjustments	1,356,185	(976,883)
Valuation difference on available–for–sale securities	(3,195,917)	2,131,241
Foreign currency translation adjustment:		
Amount arising during the period	(925,199)	3,903,209
Reclassification adjustments	—	—
Foreign currency translation adjustment	(925,199)	3,903,209
Remeasurements of defined benefit plans:		
Amount arising during the period	(42,550)	153,521
Reclassification adjustments	(62,385)	(48,385)
Before Income tax and tax effect adjustments	(104,935)	105,135
Income tax and tax effect adjustments	29,525	(42,385)
Remeasurements of defined benefit plans	(75,410)	62,749
Total other comprehensive income	(4,196,527)	6,097,200

(Matters related to Consolidated Statement of Changes in Equity)

Previous consolidated fiscal year ended March 31, 2025

1. Type and total number of issued shares and type and number of treasury shares

(Shares)

	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 shares				
Common stock*1	25,043,888	50,096,668	–	75,140,556
Total	25,043,888	50,096,668	–	75,140,556
Treasury shares				
Common stock*2 *3*4	45,079	90,896	1,920	134,055
Total	45,079	90,896	1,920	134,055

*1 The increase of 50,096,668 shares in the total number of issued shares (common stock) was due to an increase of 50,087,776 shares resulting from a stock split (three shares for each share) and an increase of 8,892 shares due to the issuance of new shares as restricted stock compensation.

*2 The number of treasury shares (common stock) at the end of the consolidated fiscal year includes 90,780 shares of the Company held by the Stock Benefit Trust (J-ESOP).

*3 The increase in treasury shares (common stock) of 90,896 shares was due to an increase of 90,158 shares resulting from the stock split (three shares for each share) and an increase of 738 shares due to the purchase of shares less than one unit.

*4 The decrease in treasury shares (common stock) of 1,920 shares was due to the delivery of shares under the Stock Benefit Trust (J-ESOP).

*5 The figures in *1, *2 and *3 are presented assuming, for convenience, that the stock split was conducted at the beginning of the consolidated fiscal year.

2. Stock Acquisition Rights and Treasury Stock Acquisition Rights

Not applicable.

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
		Thousands of yen	yen		
May 10, 2024 Board of directors	Common stock	1,001,188	40	March 31,2024	June 6,2024

(Note) 1 The total amount of dividends includes dividends of 1,236 thousand yen on shares of the Company held by the Stock Benefit Trust Plan (J-ESOP).

(Note) 2. The Company conducted a stock split (three shares for each share of common stock) on October 1, 2024. The dividend per share is stated based on the amount before the stock split.

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

(Resolution)	Type of shares	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
		Thousands of yen		yen		
May 9, 2025 Board of directors	Common stock	1,501,945	Retained earnings	20	March 31,2025	June 6,2025

(Note) The total amount of dividends includes dividends of 1,815 thousand yen on shares of the Company held by the Stock Benefit Trust Plan (J-ESOP).

Current consolidated fiscal year ended March 31, 2026

1. Type and total number of issued shares and type and number of treasury shares

(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 shares				
Common stock*1	75,140,556	16,811	–	75,157,367
Total	75,140,556	16,811	–	75,157,367
Treasury shares				
Common stock*2 *3*4	134,055	493	5,200	129,348
Total	134,055	493	5,200	129,348

*1 The increase of 16,811 shares in the total number of issued shares (common stock) was due to the issuance of new shares as restricted stock compensation.

*2 The number of treasury shares (common stock) at the end of the current consolidated fiscal year includes 85,580 shares of the Company held by the Stock Benefit Trust (J-ESOP).

*3 The increase in treasury shares (common stock) of 493 shares was due to the purchase of shares less than one unit.

*4 The decrease in treasury shares (common stock) of 5,200 shares was due to the delivery of shares under the Stock Benefit Trust (J-ESOP).

2. Stock Acquisition Rights and Treasury Stock Acquisition Rights

Not applicable.

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
		Thousands of yen	yen		
May 9, 2025 Board of directors	Common stock	1,501,945	20	March 31,2025	June 6,2025

(Note) The total amount of dividends includes dividends of 1,815 thousand yen to the shares of the Company held by the Stock Benefit Trust (J-ESOP).

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

(Resolution)	Type of shares	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
		Thousands of yen		yen		
May 11, 2026 Board of directors	Common stock	1,502,271	Retained earnings	20	March 31,2026	June 5,2026

(Note) The total amount of dividends includes dividends of 1,711 thousand yen on shares of the Company held by the Stock Benefit Trust (J-ESOP).

(Matters related to Consolidated Statement of Cash Flows)

*1 Relationship between cash and cash equivalents at the end of the period and the amounts recorded in the consolidated balance sheets

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash and deposits	21,338,921	28,431,711
Time deposits with a term longer than 3 months	(948,535)	(2,050,465)
Cash and cash equivalents	20,390,386	26,381,245

(Matters related to 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 " Significant Matters Constituting the Basis of Preparation of Consolidated Financial Statements Note-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

	Thousands of Yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Within 1 year	873	873
More than 1 year	2,984	2,110
Total	3,857	2,984

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

(lessor)
1. Finance lease transactions
It has been omitted because it is not significant.
2. Operating lease transactions
Remaining lease payments related to non–cancelable operating leases

	Thousands of Yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Within 1 year	13,200	13,200
More than 1 year	25,300	12,100
Total	38,500	25,300

(Matters related to 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 procures necessary funds through bank borrowings in light of capital expenditure plans for the Semiconductor Manufacturing Equipment Business mainly.
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.
Trade payables such as notes and accounts payable and electronically recorded obligations are mostly due within 4 months. Some items denominated in foreign currencies are exposed to foreign exchange fluctuation risks.
Borrowings are procured for capital expenditures and working capital. 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 fair 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 instruments
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 sheets, fair value and differences between them are as follows. Previous consolidated fiscal year ended March 31, 2025

(Thousands of yen)

	Amount recorded in the consolidated balance sheet	Fair Value	Difference
Investment securities	4,442,978	4,442,978	—
Total Assets	4,442,978	4,442,978	—
Long-term borrowings	2,490,000	2,455,355	(34,644)
Total Liabilities	2,490,000	2,455,355	(34,644)

(*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 ended March 31, 2025
	Thousands of yen
Unlisted shares	3,402

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

	Amount recorded in the consolidated balance sheet	Fair Value	Difference
Investment securities	7,551,103	7,551,103	—
Total Assets	7,551,103	7,551,103	—
Long–term borrowings	6,120,000	6,062,652	(57,347)
Total Liabilities	6,120,000	6,062,652	(57,347)

(*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 ended March 31, 2026
	Thousands of yen
Unlisted shares	3,402

(Note)1. Scheduled redemption amount of monetary claims after the consolidated closing date
Previous consolidated fiscal year ended March 31, 2025

(Thousands of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Cash and deposits	21,338,921	—	—	—
Notes receivable-trade	58,972	—	—	—
Accounts receivable-trade	11,332,248	—	—	—
Electronically recorded monetary claims	351,247	—	—	—
Total	33,081,390	—	—	—

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Cash and deposits	28,431,711	—	—	—
Notes receivable-trade	317,299	—	—	—
Accounts receivable-trade	15,846,386	—	—	—
Electronically recorded monetary claims	201,287	—	—	—
Total	44,796,684	—	—	—

(Note)2. Amount of Long-term borrowings to be repaid after the consolidated closing date
Previous consolidated fiscal year ended March 31, 2025

(Thousands of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Long-term borrowings	1,120,000	1,370,000	—	—
Total	1,120,000	1,370,000	—	—

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Long-term borrowings	2,120,000	4,000,000	—	—
Total	2,120,000	4,000,000	—	—

(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 fair 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 fair value are used, the fair value is classified at the lowest priority level in the calculation of fair 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, 2025

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares	4,442,978	—	—	4,442,978
Total assets	4,442,978	—	—	4,442,978

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares	7,551,103	—	—	7,551,103
Total assets	7,551,103	—	—	7,551,103

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value

Previous Consolidated fiscal year ended March 31, 2025

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long–term borrowings (including ones that are due within 1 year)	–	2,455,355	—	2,455,355
Total liabilities	–	2,455,355	—	2,455,355

Current Consolidated fiscal year ended March 31, 2026

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long–term borrowings (including ones that are due within 1 year)	–	6,062,652	—	6,062,652
Total liabilities	–	6,062,652	—	6,062,652

(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.

(Matters related to Securities)

1. Other securities

Previous Consolidated Fiscal year ended March 31, 2025

(Thousands of yen)

	Type	Amount recorded in the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Shares	4,442,978	423,963	4,019,015
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	—	—	—
	(ii) Corporate bonds	—	—	—
	(iii) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	4,442,978	423,963	4,019,015
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		4,442,978	423,963	4,019,015

(Note) Unlisted shares (3,402 thousand yen on the consolidated balance sheet) are not included in the above table.

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

	Type	Amount recorded in the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Shares	7,551,103	423,963	7,127,139
	(2) Bonds			
	(i) Government bonds, municipal bonds, etc.	—	—	—
	(ii) Corporate bonds	—	—	—
	(iii) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	7,551,103	423,963	7,127,139
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		7,551,103	423,963	7,127,139

(Note) Unlisted shares (3,402 thousand yen on the consolidated balance sheet) are not included in the above table.

2. Other securities sold

Previous Consolidated Fiscal year ended March 31, 2025

(Thousands of yen)

Type	Sold amount	Total amount of gain on sale	Total amount of loss on sale
Shares	1,540,447	1,306,284	—

Current consolidated fiscal year ended March 31, 2026
Not applicable.

3. An impairment loss on securities

Previous Consolidated Fiscal year ended March 31, 2025

An impairment loss of 12,056 thousand yen was recognized for unlisted shares of other securities.

Current consolidated fiscal year ended March 31, 2026
Not applicable.

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

(Matters related to 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

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Retirement benefit obligations at beginning of year	2,853,302	2,875,361
Service cost	217,614	219,186
Interest expense	26,190	39,316
Actuarial gain or loss	(77,845)	(56,264)
Payment of retirement benefits	(164,468)	(326,540)
Other	20,568	84,188
Retirement benefit obligations at end of year	2,875,361	2,835,248

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

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

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Pension plan assets at beginning of year	2,561,152	2,539,906
Expected return on pension plan assets	89,858	89,131
Actuarial gain or loss	(115,788)	118,031
Contributions from employer	(121,931)	131,042
Payment of retirement benefits	126,861	(187,103)
Other	(245)	65
Balance of pension plan assets at end of year	2,539,906	2,691,074

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

	Thousands of yen	
	As of March 31, 2025	As of March 31, 2026
Retirement benefit obligations for funded plans	1,872,471	1,767,824
Pension Plan assets	(2,539,906)	(2,691,074)
	(667,434)	(923,250)
Retirement benefit obligations for unfunded plans	1,002,889	1,067,423
Net liabilities and assets recorded in the consolidated balance sheets	335,455	144,173
Retirement benefit liability	1,014,238	1,081,681
Retirement benefit asset	(678,782)	(937,507)
Net liabilities and assets recorded in the consolidated balance sheets	335,455	144,173

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

(4) Retirement benefit expense and breakdown

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Service cost	217,614	219,186
Interest expense	26,190	39,316
Expected return on pension plan assets	(89,858)	(89,131)
Actuarial differences expense	(45,385)	(31,386)
Past service cost expense	(16,999)	(16,999)
Retirement benefit expenses for defined benefit plans	91,560	120,985

(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 Income taxes and tax effects).

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Past service cost	16,999	16,999
Actuarial difference	87,936	(122,134)
Total	104,935	(105,135)

(6) Accumulated remeasurements of defined benefit plans

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

	Thousands of yen	
	As of March 31, 2025	As of March 31, 2026
Unrecognized past service cost	32,582	15,582
Unrecognized actuarial gain or loss	55,372	177,507
Total	87,954	193,090

(7) Matters concerning pension plan assets

(i) Major components of pension plan assets

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

	As of March 31, 2025	As of March 31, 2026
Bond	38%	35%
Shares	33	35
Life insurance general account	16	15
Other	13	15
Total	100	100

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

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

(8) Actuarial calculation basis

Basis of major actuarial calculations

	As of March 31, 2025	As of March 31, 2026
Discount rate	Mainly 0.523%	Mainly 1.220%
Expected long–term rate of return	3.50%	3.50%
Expected rate of salary increase (Note)	Mainly 7.6%	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 103,803 thousand yen for the previous consolidated fiscal year and 112,889 thousand yen for the current consolidated fiscal year.

(Matters related to tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major causes

	Thousands of yen	
	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Inventory valuation loss	472,988	412,160
Impairment loss	313,642	309,036
Provision for bonuses	278,719	336,593
Retirement benefit liability	242,258	206,524
Prototype	1,132,256	1,016,691
Tax loss carryforwards	23,311	136,160
Other	894,809	1,081,134
Subtotal deferred tax assets	3,357,986	3,498,301
Valuation allowance	(550,308)	(534,591)
Total deferred tax assets	2,807,678	2,963,709
Deferred tax liabilities		
Valuation difference on available–for–sale securities	(1,201,633)	(2,178,516)
Undistributed earnings of foreign subsidiaries	(1,764,195)	(2,268,790)
Other	(281,491)	(339,548)
Total deferred tax liabilities	(3,247,320)	(4,786,855)
Net deferred tax assets (liabilities)	(439,641)	(1,823,146)

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:

	Thousands of yen	
	As of March 31, 2025	As of March 31, 2026
Statutory effective tax rate	30.5%	30.5%
(Adjusted)		
Entertainment expenses and other items not permanently deductible	0.1	0.1
Difference in tax rate with overseas subsidiaries	(4.7)	(7.8)
Per capita inhabitant tax, etc.	0.1	0.2
Increase (Decrease) in valuation allowance	0.2	(0.2)
Increase in deferred tax liabilities related to undistributed earnings of overseas subsidiaries	2.7	7.2
Income taxes for prior periods	—	2.1
Others	(1.4)	2.3
Actual effective tax rate after the application of tax effect accounting	27.5	34.4

(Changes in Presentation Method)

“Decrease (Increase) in loss carried forward” which had been separately presented until the previous consolidated fiscal year is included in “Others” from the current consolidated fiscal year, as it has become immaterial.

To reflect this change, Notes for the previous consolidated fiscal year have been reclassified.

Consequently, (0.1%) presented as “Decrease (Increase) in loss carried forward” and (1.3%) under “Others” in the previous consolidated fiscal year have been reclassified as (1.4%) under “Others”.

(Matters related to Revenue Recognition)

1. Breakdown of revenue from contracts with customers

Previous consolidated fiscal year ended March 31, 2025

(Thousands of yen)

	Reportable segment			Total
	Semiconductor Manufacturing Equipment Business	Medical Device Business	Laser Processing Machine Business	
Japan	2,197,180	2,236,934	1,752,923	6,187,039
Taiwan	5,988,646	―	11,155	5,999,801
China	18,736,742	26,980	443,494	19,207,216
Other Asian countries	19,402,766	―	41,433	19,444,199
Americas	2,134,965	―	7,240	2,142,205
Other	498,743	―	―	498,743
Revenue from contracts with customers	48,959,043	2,263,915	2,256,247	53,479,205
Other income	―	―	―	―
Sales to external customers	48,959,043	2,263,915	2,256,247	53,479,205

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

	Reportable segment			Total
	Semiconductor Manufacturing Equipment Business	Medical Device Business	Laser Processing Machine Business	
Japan	2,735,175	2,468,097	1,709,785	6,913,058
Taiwan	7,130,615	―	102,900	7,233,515
China	22,051,021	18,903	157,456	22,227,380
Other Asian countries	15,319,405	―	20,640	15,340,045
Americas	2,512,710	―	16,500	2,529,210
Other	122,014	―	―	122,014
Revenue from contracts with customers	49,870,942	2,487,000	2,007,281	54,365,224
Other income	―	―	―	―
Sales to external customers	49,870,942	2,487,000	2,007,281	54,365,224

(Changes in Presentation Method)

“South Korea” and “Philippines” which had been separately presented until the previous consolidated fiscal year is included in “Other Asian countries” from the current consolidated fiscal year, as it has become immaterial.

To reflect this change, 5,894,591 thousand yen presented under “South Korea,” 6,582,131 thousand yen under “Philippines,” and 6,967,477 thousand yen under “Other Asian countries” in the previous consolidated fiscal year have been reclassified as 19,444,199 thousand yen under “Other Asian countries”.

2. Information that serves as the basis for understanding revenue from contracts with customers
Information that serves as the basis for understanding revenue is as presented in "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 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

	Thousands of yen	
	As of March 31, 2025	As of March 31, 2026
Receivables from contracts with customers (beginning balance)	15,480,718	11,762,434
Receivables from contracts with customers (ending balance)	11,762,434	16,377,928
Contract liabilities (beginning balance)	2,598,098	1,819,014
Contract liabilities (ending balance)	1,819,014	2,405,195

Contract liabilities are mainly consideration received from customers before revenue recognition and are included in advances received under current liabilities in the Consolidated Balance Sheet.

(2) Transaction price allocated to the remaining performance obligations
The Company and its consolidated subsidiaries apply a practical expedient and 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.

(Segment Information etc.)
(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, medical device and laser processing machine, 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, Medical Device, and Laser Processing Machine.
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 Medical Device segment manufactures and sells medical devices and other products. The Laser Processing Machine segment manufactures and sells laser processing machine and provides after–sales service for products.

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 profit is consistent with operating profit 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, 2025

(Thousands of yen)

	Semiconductor Manufacturing Equipment Business	Medical Device Business	Laser Processing Machine Business	Total
Net sales				
(1) Sales to external customers	48,959,043	2,263,915	2,256,247	53,479,205
(2) Inter-segment sales or transfers	—	—	—	—
Total	48,959,043	2,263,915	2,256,247	53,479,205
Segment profit	8,353,235	453,393	73,775	8,880,404
Segment assets	78,311,797	3,140,441	1,776,248	83,228,486
Other Items				
Depreciation expense	2,442,337	133,848	62,882	2,639,068
Amortization of goodwill	149,445	—	—	149,445
Increase in property, plant and equipment and intangible assets	5,098,291	184,308	108,475	5,391,075

(Note) The total amount of segment profit is consistent with operating profit in the Consolidated Statement of Income.

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

	Semiconductor Manufacturing Equipment Business	Medical Device Business	Laser Processing Machine Business	Total
Net sales				
(1) Sales to external customers	49,870,942	2,487,000	2,007,281	54,365,224
(2) Inter-segment sales or transfers	—	—	—	—
Total	49,870,942	2,487,000	2,007,281	54,365,224
Segment profit or loss	6,518,174	451,939	(53,085)	6,917,028
Segment assets	100,719,019	3,451,848	2,096,905	106,267,772
Other Items				
Depreciation expense	2,861,462	146,939	77,826	3,086,229
Amortization of goodwill	148,162	—	—	148,162
Increase in property, plant and equipment and intangible assets	3,974,739	148,195	73,221	4,196,156

(Note) The total amount of segment profit or loss is consistent with operating profit in the Consolidated Statement of Income.

[Related Information]

Previous consolidated fiscal year ended March 31, 2025

1. Information by product and service

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

2. Information by region

(1) Sales

(Thousands of yen)

Japan	Taiwan	China	Other Asian countries	Americas	Others	Total
6,187,039	5,999,801	19,207,216	19,444,199	2,142,205	498,743	53,479,205

(Note) The breakdown of areas in the following categories is as follows:
(1) Other Asian countries: South Korea, Singapore, Thailand, Malaysia, Philippines, Indonesia, Vietnam, India
(2) Americas: United States, Canada, Mexico, Costa Rica, Brazil
(3) Others: Germany, Malta, Czech Republic, Belgium, Austria, France, Netherlands, Denmark, Slovenia, Switzerland

(2) Property, plant and equipment

(Thousands of yen)

Japan	Malaysia	China	South Korea	Other Asian countries	Europe and Americas	Total
11,700,131	4,514,915	4,327,503	3,670,150	161,483	126,701	24,500,885

(Note) The breakdown of areas in the following categories is as follows:
(1) Other Asian countries: Singapore, Taiwan, Philippines, Thailand
(2) Europe and Americas: United States, Germany, Netherlands

Current consolidated fiscal year ended March 31, 2026

1. Information by product and service

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

2. Information by region

(1) Sales

(Thousands of yen)

Japan	Taiwan	China	Other Asian countries	Americas	Others	Total
6,913,058	7,233,515	22,227,380	15,340,045	2,529,210	122,014	54,365,224

(Note) The breakdown of areas in the below categories is as follows:
(1) Other Asian countries: South Korea, Singapore, Thailand, Malaysia, Philippines, Indonesia, Vietnam, India, Turkey
(2) Americas: United States, Canada, Mexico, Costa Rica, Brazil
(3) Others: Germany, Malta, Belgium, Italy, Austria, France, Denmark, Switzerland

(Changes of the presentation method)

Sales in “South Korea” and “Philippines,” which were separately presented in the previous consolidated fiscal year, are included in “Other Asian countries” from the current consolidated fiscal year due to decreased materiality. To reflect this change of the presentation method, sales of 5,894,591 thousand yen for “South Korea,” 6,582,131 thousand yen for “Philippines,” and 6,967,477 thousand yen for “Other Asian countries” in the previous consolidated fiscal year have been reclassified into “Other Asian countries” of 19,444,199 thousand yen.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Malaysia	China	South Korea	Other Asian countries	Europe and Americas	Total
12,440,199	4,889,801	4,660,434	3,908,116	189,087	107,338	26,194,978

(Note) The breakdown of areas in the below categories is as follows:
(1) Other Asian countries: Singapore, Taiwan, Philippines, India, Thailand
(2) Europe and Americas: United States, Germany, Netherlands

[Information on impairment loss of non-current assets by reportable segment]
Not applicable.

[Information on amortization and unamortized balance of goodwill by reportable segment]
Previous consolidated fiscal year ended March 31, 2025

(Thousands of yen)

	Semiconductor Manufacturing Equipment Business	Medical Device Business	Laser Processing Machine Business	Total
Amortization for the period	149,445	—	—	149,445
Balance at end of period	378,517	—	—	378,517

Current consolidated fiscal year ended March 31, 2026

(Thousands of yen)

	Semiconductor Manufacturing Equipment Business	Medical Device Business	Laser Processing Machine Business	Total
Amortization for the period	148,162	—	—	148,162
Balance at end of period	263,892	—	—	263,892

[Information on gain on negative goodwill by reportable segment]
Not applicable.

[Related Party Information]
Not applicable.

(Per share information)

	yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	818.41	941.14
Basic earnings per share	108.28	61.22

(Note) 1. The Company conducted a stock split into three shares for each ordinary share on October 1, 2024.
Assuming the stock split was conducted at the beginning of the previous consolidated fiscal year, we have calculated the basic earnings per share.
2. Diluted earnings per share is not stated because there are no dilutive shares.
3. The Company's shares remaining in the "Stock Benefit Trust (J-ESOP)" which are recorded as treasury shares in shareholders' equity, are included in treasury shares deducted from the total number of issued shares at the end of the fiscal year for the calculation of net assets per share (90,780 shares for the previous consolidated fiscal year and 85,580 shares for the current consolidated fiscal year).
4. The basis for calculating basic earnings per share is as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
	Thousands of yen	
Profit attributable to owners of parent	8,121,050	4,593,096
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common shares	8,121,050	4,593,096
	Share	
Average number of shares of common stock during the period	75,002,944	75,020,506

5. The Company's shares remaining in the "Stock Benefit Trust (J-ESOP)" which are 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 for the calculation of profit per share" (91,148 shares for the Previous consolidated fiscal year and 86,910 shares for the current consolidated fiscal year).

(Consolidated Supplementary Schedules)
(Schedule of Corporate bonds)
Not applicable.

(Schedule of borrowings, etc.)

(Thousands of yen)

Category	Beginning balance	Ending balance	Average interest rate (%)	Due date
Short-term borrowings	7,000,000	11,500,000	1.1	–
Current portion of long–term borrowings due within 1 year	1,120,000	2,120,000	1.0	–
Current portion of Lease liabilities due within 1 year	166,833	199,432	–	–
Long-term borrowings (excluding the current portion)	1,370,000	4,000,000	1.0	2027 to 2030
Lease liabilities (excluding the current portion)	407,950	352,501	–	2027 to 2031
Total	10,064,784	18,171,933	–	–

(Notes)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.

(Thousands of yen)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long–term borrowings	1,230,000	1,020,000	1,000,000	750,000
Lease liabilities	141,562	73,405	71,842	65,690

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.

(Thousands of yen)

Total amount of overdrafts and commitment line contracts	Outstanding borrowings	Net amount
18,500,000	11,500,000	7,000,000

5. Financial covenants

Certain borrowings of the Company and commitment line agreements concluded with 5 banks (maximum amount of 2,500,000 thousand 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 40,910 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 2025.

2) Financial covenants attached to the Term Loan in the form of a split execution contract (outstanding balance of 500,000 thousand 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)
Not applicable.

(2) (Other)

Interim information for the current consolidated fiscal year

	Interim consolidated accounting period	Current consolidated fiscal year
Sales (Thousands of yen)	23,449,896	54,365,224
Interim (Current year) profit before income taxes (Thousands of yen)	2,478,820	7,005,464
Interim (Current year) profit attributable to owners of parent (Thousands of yen)	1,849,838	4,593,096
Interim (Current year) basic earnings per share (Yen)	24.66	61.22

2. Financial Statements

1 Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	6,045,101	5,817,864
Notes receivable - trade	1,243	—
Electronically recorded monetary claims - operating	138,809	51,762
Accounts receivable - trade	*1 8,984,348	*1 12,369,705
Merchandise and finished goods	2,956,604	5,394,577
Work in process	3,603,884	4,157,498
Raw materials and supplies	919,655	1,024,529
Prepaid expenses	55,816	219,502
Accounts receivable - other	*1 1,283,137	*1 2,195,688
Short-term loans receivable from subsidiaries and associates	*1 830,000	*1 800,000
Current portion of long-term loans receivable from subsidiaries and associates	*1 236,000	*1 243,000
Other	*1 391,997	528,858
Allowance for doubtful accounts	(5,313)	(8,459)
Total current assets	25,441,283	32,794,529
Non-current assets		
Property, plant and equipment		
Buildings	2,787,275	2,751,464
Structures	145,432	135,742
Machinery and equipment	2,443,953	2,914,510
Vehicles	22,617	13,575
Tools, furniture and fixtures	530,483	570,471
Land	4,028,194	4,028,194
Construction in progress	229,147	565,115
Total property, plant and equipment	10,187,104	10,979,075
Intangible assets		
Software	506,726	1,325,150
Other	8,265	5,765
Total intangible assets	514,992	1,330,916
Investments and other assets		
Investment securities	4,446,381	7,554,505
Shares of subsidiaries and associates	4,536,195	4,645,685
Investments in capital	217,672	217,672
Investments in capital of subsidiaries and associates	4,933,061	4,933,061
Long-term loans receivable from subsidiaries and associates	*1 814,000	*1 551,000
Prepaid pension costs	483,944	589,205
Deferred tax assets	908,591	—
Other	112,214	532,415
Total investments and other assets	16,452,061	19,023,547
Total non-current assets	27,154,158	31,333,538
Total assets	52,595,442	64,128,068

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	*1 2,582,619	*1 5,031,010
Short-term borrowings	*2 7,000,000	*2 11,500,000
Current portion of long-term borrowings	1,120,000	2,120,000
Accounts payable - other	*1 2,039,628	*1 2,630,739
Accrued expenses	224,862	264,201
Income taxes payable	671,032	181,505
Advances received	1,507,567	1,431,173
Deposits received	30,853	37,605
Provision for bonuses	644,638	695,879
Provision for bonuses for directors (and other officers)	64,800	73,200
Provision for product warranties	259,305	231,407
Other	30	9,051
Total current liabilities	16,145,337	24,205,773
Non-current liabilities		
Long-term borrowings	1,370,000	4,000,000
Deferred tax liabilities	-	84,817
Provision for share awards	80,820	130,933
Total non-current liabilities	1,450,820	4,215,751
Total liabilities	17,596,158	28,421,524
Net assets		
Shareholders' equity		
Share capital	8,969,261	8,985,585
Capital surplus		
Legal capital surplus	498,869	515,193
Total capital surplus	498,869	515,193
Retained earnings		
Legal retained earnings	662,879	813,074
Other retained earnings		
Retained earnings brought forward	22,166,132	20,554,840
Total retained earnings	22,829,011	21,367,914
Treasury shares	(115,241)	(110,772)
Total shareholders' equity	32,181,902	30,757,921
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,817,381	4,948,622
Total valuation and translation adjustments	2,817,381	4,948,622
Total net assets	34,999,284	35,706,543
Total liabilities and net assets	52,595,442	64,128,068

(2) Statement of Income

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	*2 41,938,812	*2 41,511,773
Cost of sales	*2 30,368,494	*2 32,881,142
Gross profit	11,570,318	8,630,631
Selling, general and administrative expenses	*1, *2 8,665,203	*1, *2 8,530,894
Operating profit	2,905,114	99,736
Non-operating income		
Interest and dividend income	*2 408,935	*2 449,306
Usage fee of information system	*2 39,124	*2 40,125
Miscellaneous income	*2 121,644	*2 136,586
Total non-operating income	569,704	626,018
Non-operating expenses		
Interest expenses	68,051	144,559
Foreign exchange losses	257,062	403,938
Miscellaneous losses	19,396	6,211
Total non-operating expenses	344,510	554,709
Ordinary profit	3,130,308	171,046
Extraordinary income		
Gain on sale of non-current assets	*2 3,329	*2 9,736
Gain on sale of investment securities	1,306,284	—
Compensation for damage income	524,175	87,588
Total extraordinary income	1,833,789	97,325
Extraordinary losses		
Loss on retirement of non-current assets	8,175	16,761
Loss on valuation of investment securities	12,056	—
Total extraordinary losses	20,232	16,761
Profit before income taxes	4,943,865	251,610
Income taxes - current	1,516,068	194,237
Income taxes - deferred	(227,077)	16,525
Total income taxes	1,288,990	210,762
Profit	3,654,874	40,848

Statement of Changes in Equity
Previous Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	8,955,671	485,279	485,279	562,760	19,612,565	20,175,325	(115,191)	29,501,085
Changes during period								
Issuance of new shares	13,589	13,589	13,589					27,179
Provision of legal retained earnings				100,118	(100,118)	—		—
Dividends of surplus					(1,001,188)	(1,001,188)		(1,001,188)
Profit					3,654,874	3,654,874		3,654,874
Purchase of treasury shares							(2,111)	(2,111)
Disposal of treasury shares							2,061	2,061
Net changes in items other than shareholders' equity								
Total changes during period	13,589	13,589	13,589	100,118	2,553,567	2,653,686	(49)	2,680,816
Balance at end of period	8,969,261	498,869	498,869	662,879	22,166,132	22,829,011	(115,241)	32,181,902

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	6,013,298	6,013,298	35,514,384
Changes during period			
Issuance of new shares			27,179
Provision of legal retained earnings			—
Dividends of surplus			(1,001,188)
Profit			3,654,874
Purchase of treasury shares			(2,111)
Disposal of treasury shares			2,061
Net changes in items other than shareholders' equity	(3,195,917)	(3,195,917)	(3,195,917)
Total changes during period	(3,195,917)	(3,195,917)	(515,100)
Balance at end of period	2,817,381	2,817,381	34,999,284

Current Fiscal year ended March 31, 2026

(Thousands of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
	Share capital	Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,969,261	498,869	498,869	662,879	22,166,132	22,829,011	(115,241)	32,181,902
Changes during period								
Issuance of new shares	16,323	16,323	16,323					32,646
Provision of legal retained earnings				150,194	(150,194)	—		—
Dividends of surplus					(1,501,945)	(1,501,945)		(1,501,945)
Profit					40,848	40,848		40,848
Purchase of treasury shares							(1,113)	(1,113)
Disposal of treasury shares							5,582	5,582
Net changes in items other than shareholders' equity								
Total changes during period	16,323	16,323	16,323	150,194	(1,611,291)	(1,461,097)	4,469	(1,423,981)
Balance at end of period	8,985,585	515,193	515,193	813,074	20,554,840	21,367,914	(110,772)	30,757,921

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	2,817,381	2,817,381	34,999,284
Changes during period			
Issuance of new shares			32,646
Provision of legal retained earnings			—
Dividends of surplus			(1,501,945)
Profit			40,848
Purchase of treasury shares			(1,113)
Disposal of treasury shares			5,582
Net changes in items other than shareholders' equity	2,131,241	2,131,241	2,131,241
Total changes during period	2,131,241	2,131,241	707,259
Balance at end of period	4,948,622	4,948,622	35,706,543

[Notes]

(Significant Accounting Policies)

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

Stocks of subsidiaries and affiliates … Stated at cost determined by the moving-average method

Other securities

Securities other than stocks without market price …Stated at market value (valuation differences are recorded directly in net assets, and the cost of securities sold is determined by the moving-average method.)

Stocks without market price……………………………………Stated at cost determined by the moving-average method

(2) Valuation standards and methods for inventory

Finished goods……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.)

Work in process… 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.)

Raw materials…… 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.)

Supplies …………… Stated at last purchase cost method (Balance sheet value is calculated by writing down the book value of assets based on decreased profitability.)

2. Depreciation method for Non-current assets

1) Property, plant and equipment

The Company uses the declining-balance 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	3–50 years
Machinery, equipment	2–10 years

2) Intangible assets

The Company adopts the straight-line method.

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

3. Accounting policies for provisions

(1) Allowance for doubtful accounts

To provide for losses due to bad debts, the allowance for doubtful accounts is calculated based on the historical default rate for general receivables, while for specific receivables such as those with a risk of default, the estimated uncollectible amount is determined considering individual collectability.

(2) Provision for bonuses

The Company provides for employees' bonuses based on the estimated amount to be paid.

(3) Provision for bonuses for directors

The Company provides for directors' bonuses based on the estimated amount to be paid.

(4) Provision for product warranties

The Company provides for repair costs for products under warranty based on estimated repair costs corresponding to sales, mainly based on past performance, while individually estimable costs are recorded based on their estimated amounts.

(5) Provision for retirement benefits

The Company provides for the payment of retirement benefits to employees based on projected benefit obligations and pension assets at the end of the current fiscal year. However, as of the end of the current fiscal year, the projected amount of pension assets exceeded the amount of retirement benefit obligations after deducting unrecognized actuarial gains and losses, etc., and is therefore recorded as prepaid pension costs under investments and other assets on the balance sheet.

1) Method of attributing projected retirement benefits to periods

In calculating retirement benefit obligations, the projected retirement benefits are attributed to the period up to the end of the current 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 (10 years) within the average remaining service period of employees at the time of occurrence.

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

(6) Provision for share awards

To provide for the delivery of the Company's shares, etc. to employees in accordance with the Stock Benefit Regulations, the provision is recorded based on the estimated amount of share benefit obligations at the end of the current fiscal year.

4. 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 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 sales of products, revenue is recognized when the customer obtains control of the products and the performance obligations are satisfied, mainly at the completion of installation for products requiring installation at delivery, and at the time of delivery or acceptance for products not requiring installation.

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

In addition, for transactions that meet the requirements of Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized at the time of shipment.

2) Medical Device Business

For sales of products, as the period from shipment to the transfer of control of the products to customers is considered to be a normal period, revenue is recognized at the time of shipment by applying the alternative treatment stipulated in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition.

3) Laser Processing Machine Business

For sales of products, revenue is recognized at the time of delivery or acceptance when the customer obtains control of the products and the performance obligations are satisfied.

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

In addition, for transactions that meet the requirements of Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized at the time of shipment.

5. Other significant matters forming the basis for preparing financial statements

(1) Accounting treatment for retirement benefits

The accounting treatment of unrecognized actuarial gains and losses and unrecognized past service costs related to retirement benefits differs from that applied in the consolidated financial statements.

(2) Accounting treatment of consumption taxes

Consumption taxes and local consumption taxes are accounted for using the tax exclusion method, and non-deductible consumption taxes and local consumption taxes are recognized as expenses for the current fiscal year.

(Significant Accounting Estimates)

Previous fiscal year ended March 31, 2025

(Recoverability of deferred tax assets)

(1) Amount recorded in the financial statements for the current fiscal year

Deferred tax assets: 908,591 thousand yen

(Deferred tax assets of 2,262,328 thousand yen and deferred tax liabilities of 1,353,737 thousand yen are offset.)

(2) Information on significant accounting estimates for identified items

The Company reviews the recoverability of deferred tax assets every fiscal year. The recoverable amount of the Company'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 business activities and other factors. In assessing the recoverability of deferred tax assets at the end of the current fiscal year, the Company comprehensively takes into account its business performance for the past and current fiscal year as well as the future business plans, and the Company is 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 to determine the recoverability of deferred tax assets. Estimates of future taxable income 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 profit 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 Income taxes - deferred to be recognized in the financial statements for the following fiscal year and thereafter may be affected.

(Valuation of inventories)

(1) Amounts recorded in the financial statements for the current fiscal year: 7,480,143 thousand yen

(2) Information on significant accounting estimates for identified items

The Company’s inventories are stated at the lower of acquisition cost or net selling value at the end of the fiscal year to reflect any decrease in profitability. 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 Company operates deteriorates more than expected and factors such as demand forecasts that affect the valuation of inventories fluctuate, additional inventory write-downs may be required, and this could have a significant impact on financial statements after the following fiscal year.

Current fiscal year ended March 31, 2026

(Recoverability of deferred tax assets)

(1) Amount recorded in the financial statements for the current fiscal year

Deferred tax liabilities: 84,817 thousand yen

(Deferred tax assets of 2,303,687 thousand yen and deferred tax liabilities of 2,388,504 thousand yen are offset.)

(2) Information on significant accounting estimates for identified items

The Company reviews the recoverability of deferred tax assets every fiscal year. The recoverable amount of the Company'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 business activities and other factors. In assessing the recoverability of deferred tax assets at the end of the current fiscal year, the Company comprehensively takes into account its business performance for the past and current fiscal year as well as the future business plans, and the Company is 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 to determine the recoverability of deferred tax assets. Estimates of future taxable income 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 profit 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 Income taxes - deferred to be recognized in the financial statements for the following fiscal year and thereafter may be affected.

(Valuation of inventories)

(1) Amounts recorded in the financial statements for the current fiscal year: 10,576,606 thousand yen

(2) Information on significant accounting estimates for identified items

The Company's inventories are stated at the lower of acquisition cost or net selling value at the end of the fiscal year to reflect any decrease in profitability. 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 Company operates deteriorates more than expected and factors such as demand forecasts that affect the valuation of inventories fluctuate, additional inventory write-downs may be required, and this could have a significant impact on financial statements after the following fiscal year.

(Changes in Presentation Method)

(Statement of Income)

"Receipt cancellation fee," which had been separately presented under non-operating income until the previous fiscal year is included in "Miscellaneous income" from the current fiscal year, as it has become immaterial. To reflect this change in the presentation method, the Statement of Income for the previous fiscal year has been reclassified.

As a result, "Receipt cancellation fee" of 34,200 thousand yen and "Miscellaneous income" of 87,444 thousand yen, which had been presented under non-operating income in the previous fiscal year, have been reclassified as "Miscellaneous income" of 121,644 thousand yen.

(Additional information)

(Restricted stock compensation)

Notes regarding transactions in which the Company's shares are granted to directors, etc. are omitted because the same information is presented as the "Notes (Additional information)" in the consolidated financial statements.

(Stock Benefit Trust (J-ESOP))

Notes regarding transactions in which the Company's shares are granted to employees, etc. through trust are omitted because the same information is presented as the "Notes (Additional information)" in the consolidated financial statements.

(Matters related to Balance Sheets)

*1 Items related to subsidiaries and affiliates

Assets and liabilities to affiliated companies include the following.

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Short-term monetary claims	2,261,963	3,174,370
Long-term monetary claims	814,000	551,000
Short-term monetary liabilities	3,042,215	5,438,479

*2 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.

	Thousands of yen	
	As of March 31, 2025	As of March 31, 2026
Total of overdraft limits and commitment line agreements	18,500,000	18,500,000
Balance of borrowings	7,000,000	11,500,000
Net amount	11,500,000	7,000,000

(Matters related to Income Statements)

*1 Selling expenses roughly accounted for 55% and 58% of total expenses in the previous and current fiscal years, respectively, and general and administrative expenses roughly accounted for 45% and 42% of total expenses in the previous and current fiscal years, respectively.

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

	Thousands of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Sales commission	2,113,791	1,970,917
Provision for doubtful accounts	4,129	3,146
Salaries and allowances	988,133	1,102,444
Provision for bonuses	205,098	212,795
Provision for bonuses for directors (and other officers)	64,800	73,200
Retirement benefit expenses	1,819	7,146
Provision for share awards	13,880	19,003
Research and development expenses	1,035,367	485,172
Depreciation expense	182,040	236,772
Amortization of software	13,150	18,557
Commission expenses	1,795,430	1,838,633

*2 Transactions with affiliates

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Operating transactions		
Net sales	1,165,893	1,917,225
Purchases	23,300,132	27,603,564
Other	3,101,118	2,913,154
Non-operating transactions	380,482	635,055

(Matters related to Securities)

Stocks of subsidiaries and affiliates

Previous Fiscal year ended March 31, 2025

Carrying amount of stocks without market price on the balance sheet

(Thousands of yen)

Category	As of March 31, 2025
Stocks of subsidiaries	4,536,195
Investments in capital of subsidiaries and associates	4,933,061

Current fiscal year ended March 31, 2026

Carrying amount of stocks without market price on the balance sheet

(Thousands of yen)

Category	As of March 31, 2026
Stocks of subsidiaries	4,645,685
Investments in capital of subsidiaries and associates	4,933,061

(Matters related to Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major causes

	Thousands of yen	
	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Prototype	1,132,256	1,016,691
Loss on valuation of Work in process	222,906	173,890
Provision for bonuses	196,872	218,714
Excess depreciation	152,421	178,614
Impairment loss	313,642	309,036
Loss on valuation of stocks of subsidiaries and affiliates	172,668	172,668
Net operating loss carryforwards	—	113,463
Adjustment of book value of subsidiaries' stocks	560,753	560,753
Other	587,934	636,981
Subtotal deferred tax assets	3,339,455	3,380,814
Valuation allowance	(1,077,127)	(1,077,127)
Total deferred tax assets	2,262,328	2,303,687
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,201,633)	(2,178,516)
Other	(152,103)	(209,987)
Total deferred tax liabilities	(1,353,737)	(2,388,504)
Net deferred tax assets (liabilities)	908,591	(84,817)

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:

	As of March 31, 2025	As of March 31, 2026
Statutory effective tax rate	30.54%	30.54%
(Adjusted)		
Entertainment expenses and other items not permanently deductible	0.14	2.64
Dividend income and other items permanently excluded from taxable income	(0.16)	(3.76)
Dividends from foreign subsidiaries excluded from taxable income	(1.31)	(27.27)
Exclusion of bonuses for officers from deductible expenses	0.37	7.93
Exclusion of donations from deductible expenses	—	1.44
Tax credit	(3.39)	—
Per capita inhabitant tax, etc.	0.29	6.10
Increase (Decrease) in valuation allowance	0.54	—
Impact of tax rate changes	(0.98)	(7.61)
Income taxes for prior periods	—	58.72
Others	0.03	15.04
Actual effective tax rate after the application of tax effect accounting	26.07	83.77

(Matters related to Revenue Recognition)

Notes have been omitted because the information that forms the basis for understanding revenue from contracts with customers is the same as the information presented in "Notes (Revenue recognition)" in the consolidated financial statements.

(Supplementary Schedules)
[Property, Plant and Equipment Schedule and Related Disclosures]

(Thousands of yen)

Category	Asset type	Balance at beginning of the period	Increase during the current fiscal year	Decrease during the current fiscal year	Current period amortization	Balance at end of the period	Accumulated depreciation
Property, plant and equipment	Buildings	11,330,068	174,062	33,673	207,287	11,470,457	8,718,992
	Structures	709,279	673	—	10,363	709,952	574,210
	Machinery and equipment	9,335,030	1,231,643	169,180	749,418	10,397,493	7,482,982
	Vehicles	40,063	—	—	9,041	40,063	26,487
	Tools, furniture and fixtures	3,355,953	346,107	131,657	305,769	3,570,403	2,999,931
	Land	4,028,194	—	—	—	4,028,194	—
	Construction in progress	229,147	556,440	220,472	—	565,115	—
	Total	29,027,737	2,308,927	554,984	1,281,880	30,781,680	19,802,605
Intangible assets	Software	3,578,662	987,518	10,295	169,093	4,555,885	3,230,734
	Other	25,765	—	—	2,500	25,765	20,000
	Total	3,604,428	987,518	10,295	171,593	4,581,650	3,250,734

(Notes) 1. Major items that caused the increase during the current period are as follows:

Buildings	Acquisition of air-conditioning equipment	67,556 thousand yen
Machinery and equipment	Acquisition of production facilities	801,548 thousand yen
Tools, furniture and fixtures	Acquisition of file server	136,825 thousand yen
Construction in progress	Smart factory conversion at Kyoto East Plant	382,059 thousand yen
Software	Purchase of tool automation system	725,411 thousand yen

2. Major items that caused the decrease during the current period are as follows:

Retirement of machinery and equipment	production facilities	154,670 thousand yen
Retirement of Tools, furniture and fixtures	Network equipment	64,851 thousand yen
Retirement of software	Evaluation software	4,824 thousand yen

3. Monetary amount is based on acquisition price.

[Schedule of Provision]

(Thousands of yen)

Account title	Balance at beginning of the period	Increase during the current fiscal year	Decrease during the current fiscal year	Balance at end of the period
Allowance for doubtful accounts	5,313	8,459	5,313	8,459
Provision for bonuses	644,638	695,879	644,638	695,879
Provision for bonuses for directors (and other officers)	64,800	73,200	64,800	73,200
Provision for product warranties	259,305	231,407	259,305	231,407
Provision for share awards	80,820	55,130	5,018	130,933

(2) [Details of major assets and liabilities]

Information is omitted as the Company prepares consolidated financial statements.

(3) [Other]

Not applicable.

Item 6 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
47th fiscal year from April 1, 2024 to March 31, 2025 filed to Director-General of the Kanto Local Finance Bureau on June 26, 2025

(2) Internal Control Report and Appendices
Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2025.

(3) Semi-annual Securities Reports and confirmation letters
(First half of the 48th term) (from April 1, 2025 to September 30, 2025)
Filed with the Director-General of the Kanto Local Finance Bureau on November 10, 2025.

(4) Extraordinary Securities Report
Filed with the Director-General of the Kanto Local Finance Bureau on June 30, 2025.
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)

Part II Information on the Guarantee Companies of the Company

Not applicable.