

**Difference between the forecast for Interim FY2020 and the results; and
Revisions of Year-end forecast for FY2020**

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TOWA CORPORATION (“the Company”) hereby announces the difference between the consolidated and non-consolidated earnings forecast for the first half of fiscal year ended March 31, 2021 (“FY2020”) announced on May 28, 2020 (“the Latest Forecast”) and the results announced today. And the board of directors resolved to revise the year-end earnings forecast for FY2020 today from the Latest Forecast taking the Company’s recent business results into account.

1. Difference between the Latest Forecast and the results of Interim FY2020
 (From April 1 to September 30, 2020)

(1) Consolidated

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
The Latest Forecast (A)	14,000	780	780	530	21.19
Results (B)	12,869	1,087	1,227	889	35.55
Change (B - A)	-1,130	307	447	359	
Rate of change (%)	-8.1	39.5	57.4	67.8	
(Ref.) Results of Interim FY 2019 (From April 1 to September 30, 2019)	11,641	-181	-283	-201	-8.04

(2) Non-Consolidated

	Net sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
The Latest Forecast (A)	11,000	160	110	4.40
Results (B)	10,486	565	399	15.98
Change (B - A)	-513	405	289	
Rate of change (%)	-4.7	253.2	263.4	
(Ref.) Results of Interim FY 2019 (From April 1 to September 30, 2019)	9,165	-797	-572	-22.90

2. Reasons of the difference

The sales amount did not reach the amount in the Latest Forecast due to the customers' discreet capital investment in the first quarter (from April 1 to June 30, 2020), mainly in Taiwan, affected by the concern about the expansion of new coronavirus infection and unforeseeable situation brought by trade war between the US and China.

Nonetheless, the Company achieved the profits in the Latest Forecast due to the following factors:

(i) Product mix was improved by the increase in sales of profitable compression type molds and equipment. Such molds and equipment embody TOWA's original technology and mainly used for production of high end products like memories.

(ii) Profitability was improved by shortening lead time and reducing inventories; the Company realized this through project activities (Minimal Inventory Period Project) and the valuation loss has decreased.

3. Revisions of Year-end forecast for FY2020

(From April 1, 2020 to March 31, 2021)

(1) Consolidated

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
The Latest Forecast (A)	29,000	2,000	2,000	1,360	54.38
Revised Forecast (B)	26,770	2,310	2,450	1,720	68.77
Change (B - A)	-2,230	310	450	360	
Rate of change (%)	-7.7	15.5	22.5	26.5	
(Ref.) Results of FY 2019 (From April 1, 2019 to March 31, 2020)	25,255	812	647	368	14.75

(2) Non-Consolidated

	Net sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
The Latest Forecast (A)	23,000	700	483	19.31
Revised Forecast (B)	21,990	1,170	810	32.39
Change (B - A)	-1,010	470	327	
Rate of change (%)	-4.4	67.1	67.7	
(Ref.) Results of FY 2019 (From April 1, 2019 to March 31, 2020)	20,385	-384	-289	-11.59

4. Reasons of the revision

[Sales amount]

The Company expects demands for semiconductor manufacturing equipment will be steady even in the last half of FY2020 because investment in 5G related business is increasing and investment in China is active toward domestic semiconductor production.

On the other hand, demands for cars and industrial machines are floundering under unforeseeable world economy though there is a little upturn in sight. Thus, undertaking business for car components and laser processing equipment, which is used to manufacture common electric components, still does not get enough momentum.

On the whole, the Company expects the sales amount will not reach the amount in the Latest Forecast.

[Profits]

In spite of the decrease in sales amount, the Company expects the profits will exceed the amount in the Latest Forecast due to the following factors:

- (i) Sales of compression molds and equipment mentioned in the above is expected to continue well, and
- (ii) The effect arising from inventory reduction, which is realized by improvement of manufacturing way, will increase in and after the last half of FY2020.

[Dividends]

Forecast for the cash dividend remains unchanged from the Latest Forecast (16 yen per share).

(Note) The above forecasts reflect the Company's judgments and assumptions based on available information as of the announcement date, and therefore are not guarantees of future performance. Actual results may differ substantially from the forecasts for various reasons.