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May 10, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: TOWA CORPORATION
 Listing: Prime Market of Tokyo Stock Exchange
 Securities code: 6315
 URL: <https://www.towajapan.co.jp/en/>
 Representative: Hirokazu Okada, President and CEO
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 Scheduled date of annual general meeting of shareholders: June 27, 2024
 Scheduled date to commence dividend payments: June 6, 2024
 Scheduled date to file annual securities report: June 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	50,471	-6.2	8,661	-13.7	9,079	-11.0	6,444	-12.3
March 31, 2023	53,822	6.2	10,037	-12.8	10,206	-12.9	7,346	-9.6

[Note] Comprehensive income: For the fiscal year ended March 31, 2024: ¥12,325 million [59.4%]
 For the fiscal year ended March 31, 2023: ¥7,732 million [-22.8%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2024	257.70	-	12.2	11.3	17.2
March 31, 2023	293.69	-	16.7	14.1	18.6

[Reference] Share of profit (loss) of entities accounted for using equity method:

For the fiscal year ended March 31, 2024: ¥ - million

For the fiscal year ended March 31, 2023: ¥ - million

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	87,861	58,435	66.5	2,337.55
March 31, 2023	73,468	47,623	64.3	1,887.38

[Reference] Equity:

As of March 31, 2024: ¥58,435 million

As of March 31, 2023: ¥47,221 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	9,665	-2,773	-3,524	20,517
March 31, 2023	2,831	-2,746	3,962	16,430

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	-	0.00	-	40.00	40.00	1,000	13.6	2.3
Fiscal year ended March 31, 2024	-	0.00	-	40.00	40.00	1,001	15.5	1.9
Fiscal year ending March 31, 2025 (Forecast)	-	0.00	-	60.00	60.00		17.0	

3. Forecast of Consolidated Financial Results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Interim	28,700	35.0	5,650	136.5	5,650	104.4	3,960	102.2	158.41
Year-end	60,000	18.9	12,600	45.5	12,600	38.8	8,830	37.0	353.22

※Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

(3) Number of shares outstanding (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	25,043,888 shares
As of March 31, 2023	25,033,238 shares

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

As of March 31, 2024	45,079 shares
As of March 31, 2023	13,597 shares

3) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	25,007,027 shares
Fiscal year ended March 31, 2023	25,015,367 shares

[Note] The number of treasury shares, at the end of the period, includes our company's shares that are held by Custody Bank of Japan, Ltd. (trust account E) as the trust property under the J-ESOP system. Also, our company's shares that are held by Custody Bank of Japan, Ltd. (trust account E) as the trust property under the J-ESOP system, is included in the number of treasury shares deducted from calculation of the average number of shares.

[Reference] Overview of Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	41,715	-1.6	4,320	-4.5	5,010	8.0	3,689	10.0
March 31, 2023	42,401	-0.3	4,522	-23.3	4,641	-29.8	3,355	-31.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	147.54	-
March 31, 2023	134.13	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	60,044	35,514	59.1	1,420.64
March 31, 2023	50,617	29,201	57.7	1,167.13

[Reference] Equity: As of March 31, 2024: ¥35,514 million

As of March 31, 2023: ¥29,201 million

2. Forecast of Non-consolidated Financial Results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net Sales		Ordinary profit		Profit		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Interim	23,000	37.1	2,781	95.5	1,951	77.1	78.04
Year-end	47,600	14.1	5,930	18.4	4,150	12.5	166.01

***Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

*** Explanation on the appropriate use of future earnings projections and other special instructions.**

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

2. The supplementary material on financial results is posted on our website.

1. Overview of Operating Results and Consolidated Financial Conditions

(1) Overview of Operating Results

In the current consolidated fiscal year, the global economy has slowed down its recovery pace due to continued monetary tightening aimed at inflation control in regions like Western countries, as well as prolonged weakness in the Chinese real estate market. Additionally, geopolitical risks such as the Russia-Ukraine crisis and the situation in the Middle East have contributed to ongoing uncertainty about the future.

In the semiconductor industry, demand for consumer goods such as PCs and smartphones has been depressed worldwide, leading to continued inventory adjustments, particularly in memory semiconductors, and a consequent suppression of investment in related facilities. However, there has been rapid expansion in demand for server-related investments, such as High Bandwidth Memory (HBM), driven by the widespread adoption of generative AI. Furthermore, government support for the semiconductor industry in various countries is also spreading to backend processes, leading to expectations of increased equipment investment in backend processes in Japan, North America, and other regions.

Under these circumstances, our group experienced significant expansion in demand for our original compression equipment, the "CPM1080", particularly in the field of generative AI, both order and sales of compression equipment and molds during current consolidated fiscal year reached record highs for the full fiscal year.

Regarding our performance, net sales decreased compared to the previous year due to decreased sales of consumer goods such as PCs and smartphones. Regarding to profit, the decline in net sales led to a decrease in profits at each stage compared to previous year. However, due to the improvement in product mix, driven by an increased sales ratio of compression equipment, profits exceeded initial guidance.

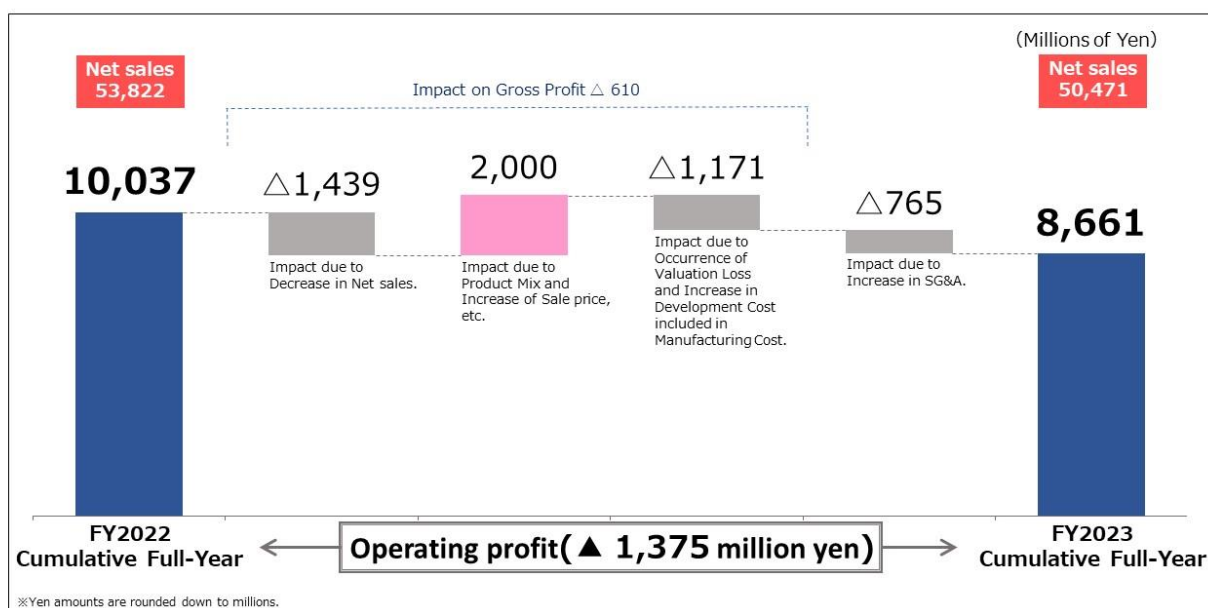
Although there was a decrease in revenue and profit for the full year, the fourth quarter (January to March 2024) saw significant expansion in sales, mainly due to the full-fledged delivery of compression equipment for generative AI-related purposes. As a result, quarterly consolidated sales reached 18,438 million yen, with operating profit reaching 4,586 million yen. Both sales and profits for the quarter reached record highs.

Management performance for the current consolidated fiscal year as follows.

Net sales	50,471	million yen (year-on-year decrease of 3,350 million yen, 6.2%)
Operating profit	8,661	million yen (year-on-year decrease of 1,375 million yen, 13.7%)
Ordinary profit	9,079	million yen (year-on-year decrease of 1,126 million yen, 11.0%)
Profit attributable to owners of parent	6,444	million yen (year-on-year decrease of 902 million yen, 12.3%)

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

Impact due to Decrease in Net sales	1,439	million yen decrease
Impact due to Product Mix and Increase of Sale price, etc.	2,000	million yen increase
Impact due to Occurrence of Valuation Loss and Increase in Development Cost included in Manufacturing Cost	1,171	million yen decrease
Impact due to Increase in SG&A	765	million yen decrease



Management performance by segment as follows.

[Semiconductor business]

Regarding management performance of semiconductor business, it was impacted by subdued investment in consumer goods primarily in Taiwan. However, investment in capital expenditure remained steady in the China and Southeast Asia. Additionally, starting from the fourth quarter, investment in generative AI-related technologies intensified in South Korea. Consequently, net sales amounted to 45,903 million yen (year-on-year decrease of 3,381 million yen, 6.9%).

Regarding profits, although there was an improvement in product mix because of the increased sales of compression equipment for generative AI-related purposes, operating profit amounted to 8,097million yen (year-on-year decrease of 1,304 million yen, 13.9%), reflecting the decline in net sales.

[Fine Plastic business]

Regarding management performance of fine plastic business, as the medical supply system has been restored and the demand for medical molded products has increased due to the easing of the COVID-19 impact, net sales amounted to 2,150 million yen (year-on-year increase of 200 million yen, 10.3%) and operating profit amounted to 458million yen (year-on-year increase of 70 million yen, 18.1%).

[Laser Processing Machine business]

Regarding management performance of laser processing machine business, along with the increase in personnel expenses due to the strengthening human resources aimed at expanding business and strengthening development systems, net sales amounted to 2,417 million yen (year-on-year decrease of 169 million yen, 6.6%) and operating profit amounted to 105million yen (year-on-year decrease of 141 million yen, 57.2%).

(4) Future forecast

While there has been continued sluggish capital expenditure for consumer goods at present, we observe a sense of bottoming out, indicating an anticipated gradual recovery in capital expenditure demand. Additionally, we expect a steady demand to persist for server investments, such as HBM, in line with the generative AI-related expansion.

Under these circumstances, we anticipate the consolidated performance of our group for the fiscal year ending March 31, 2025, to be as follows. Net sales of 60,000 million yen, operating profit of 12,600 million yen, ordinary profit of 12,600 million yen, and profit attributable to owners of parent of 8,830 million yen.