



# 2nd Quarter - FY2023 Business Results

November 8, 2023

**TOWA CORPORATION**

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# FY2023 First Half Highlights

(100M¥)

Orders  
**268.6**

Net Sales  
**212.6**

Operating Profit  
**23.8**

Ordinary Profit  
**27.6**

Net Profit  
**19.5**

## ▶ Orders recovered significantly in second quarter.

Although the semiconductor investment for PCs and smartphone is still in a phase of adjustment, investment in automotive has remained steady so far from the previous fiscal year. Especially, in China, orders have increased compared to the previous 2Q. This is because of the re-boost of investment in achieving in-house semiconductor development and the increased investment in HBM and 2.5D packages for generative AI.

## ▶ Profits at each stage are higher than expected.

Profits at each stage exceeded the estimated numbers, because of the recovery of gross profit ratio with an increase in high value-added product, although the net sales are almost the same as its estimated numbers.

# FY2023 F/H Consolidated Financial Results (YoY)

(100M¥)

	FY2022 F/H Results	FY2023 F/H Results	Variance	YoY	FY 2023 F/H Estimate	Ratio to the plan
Net Sales	287.8	212.6	▲ 75.2	▲ 26.1%	210.0	+ 1.3%
Operating Profit	58.6 (20.4%)	23.8 (11.2%)	▲ 34.7	▲ 59.3%	18.5 (8.8%)	+ 29.1%
Ordinary Profit	64.9 (22.5%)	27.6 (13.0%)	▲ 37.3	▲ 57.4%	18.5 (8.8%)	+ 49.4%
Net Profit	47.6 (16.6%)	19.5 (9.2%)	▲ 28.1	▲ 58.9%	12.9 (6.1%)	+ 51.8%

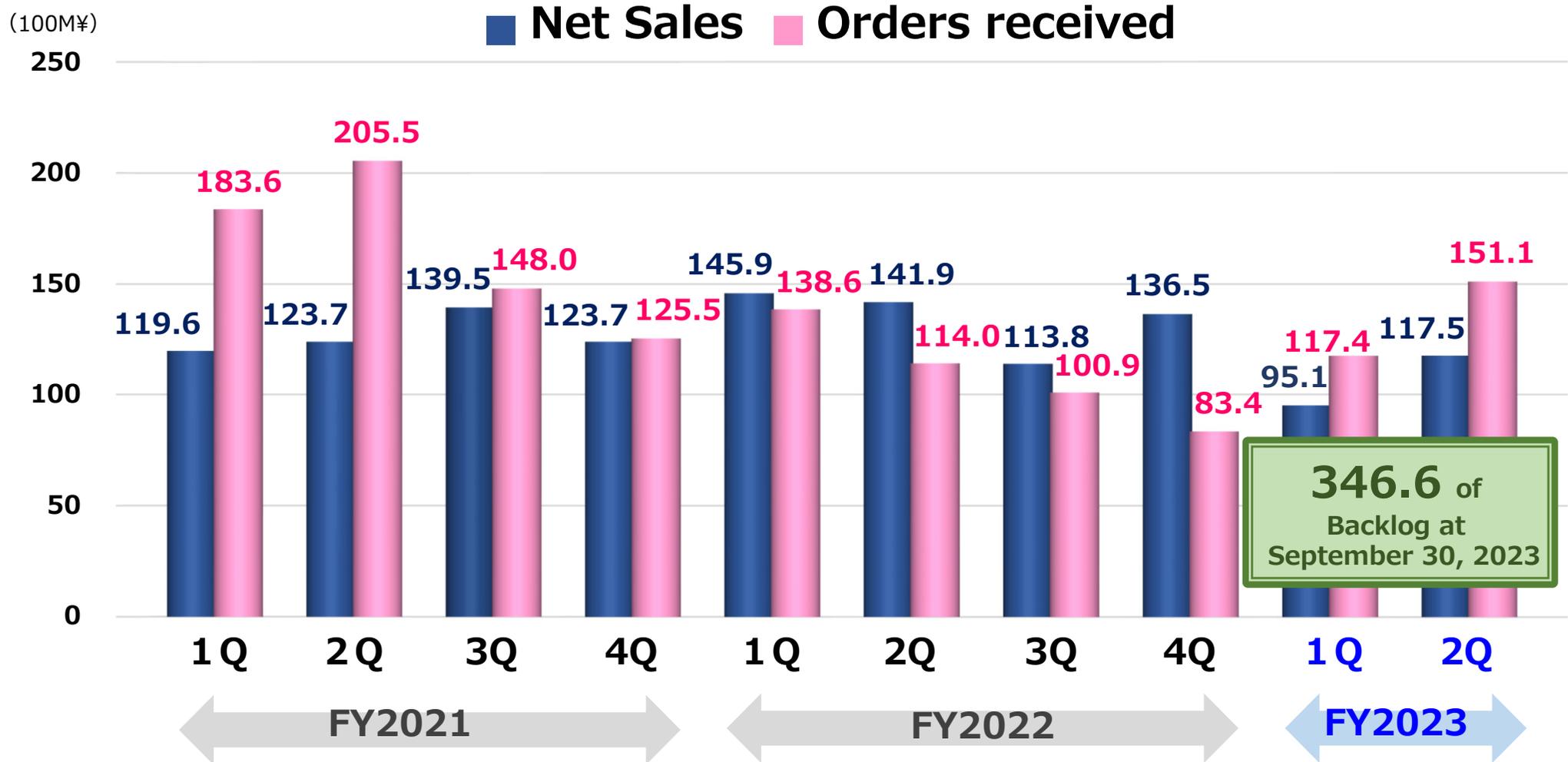
※Net Profit= Profit attributable to owners of parent

# FY2023 F/H Net Sales by Business Segment (YoY)

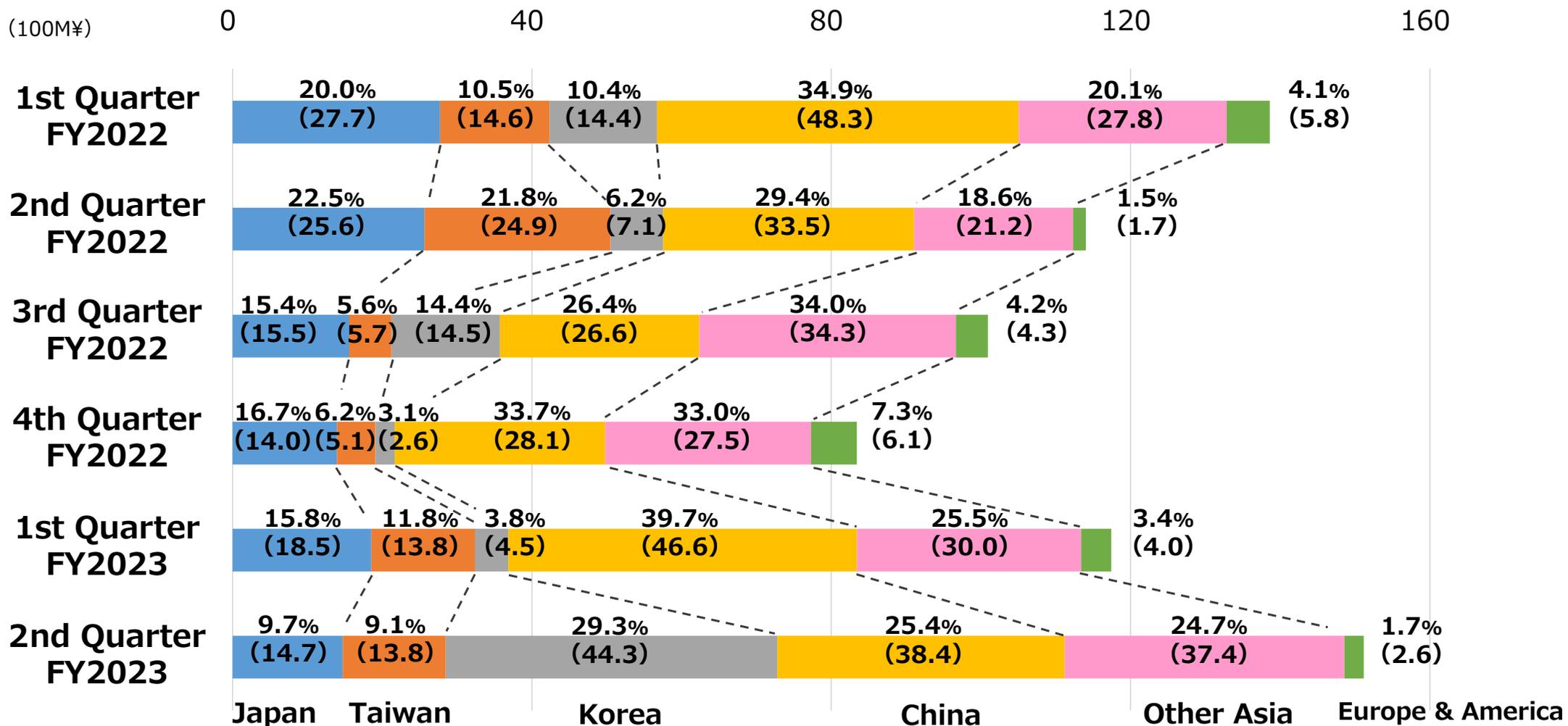
(100M¥)

	FY2022 F/H Results	FY2023 F/H Results	Variance	YoY
<b>Net Sales</b>	<b>287.8</b>	<b>212.6</b>	<b>▲ 75.2</b>	<b>▲ 26.1%</b>
<b>Semiconductor</b>	<b>225.2</b>	<b>157.5</b>	<b>▲ 67.7</b>	<b>▲ 30.1%</b>
<b>Fine Plastic</b>	<b>9.1</b>	<b>10.9</b>	<b>+ 1.8</b>	<b>+ 20.6%</b>
<b>New Business</b>	<b>41.4</b>	<b>32.4</b>	<b>▲ 9.0</b>	<b>▲ 21.8%</b>
<b>Laser Processing Machine</b>	<b>12.1</b>	<b>11.8</b>	<b>▲ 0.3</b>	<b>▲ 2.7%</b>

# Net Sales and Orders Trend

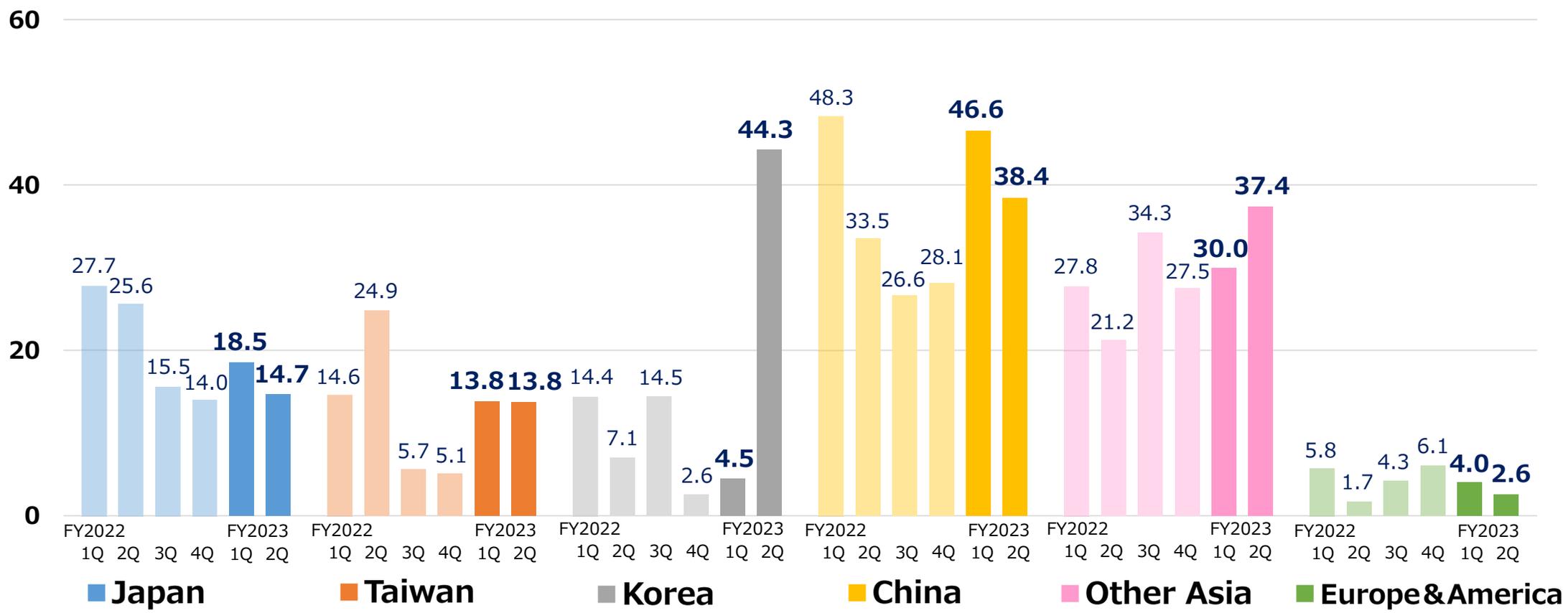


# Trend of Orders Distribution Ratio by Geographic Area (Place of destination)

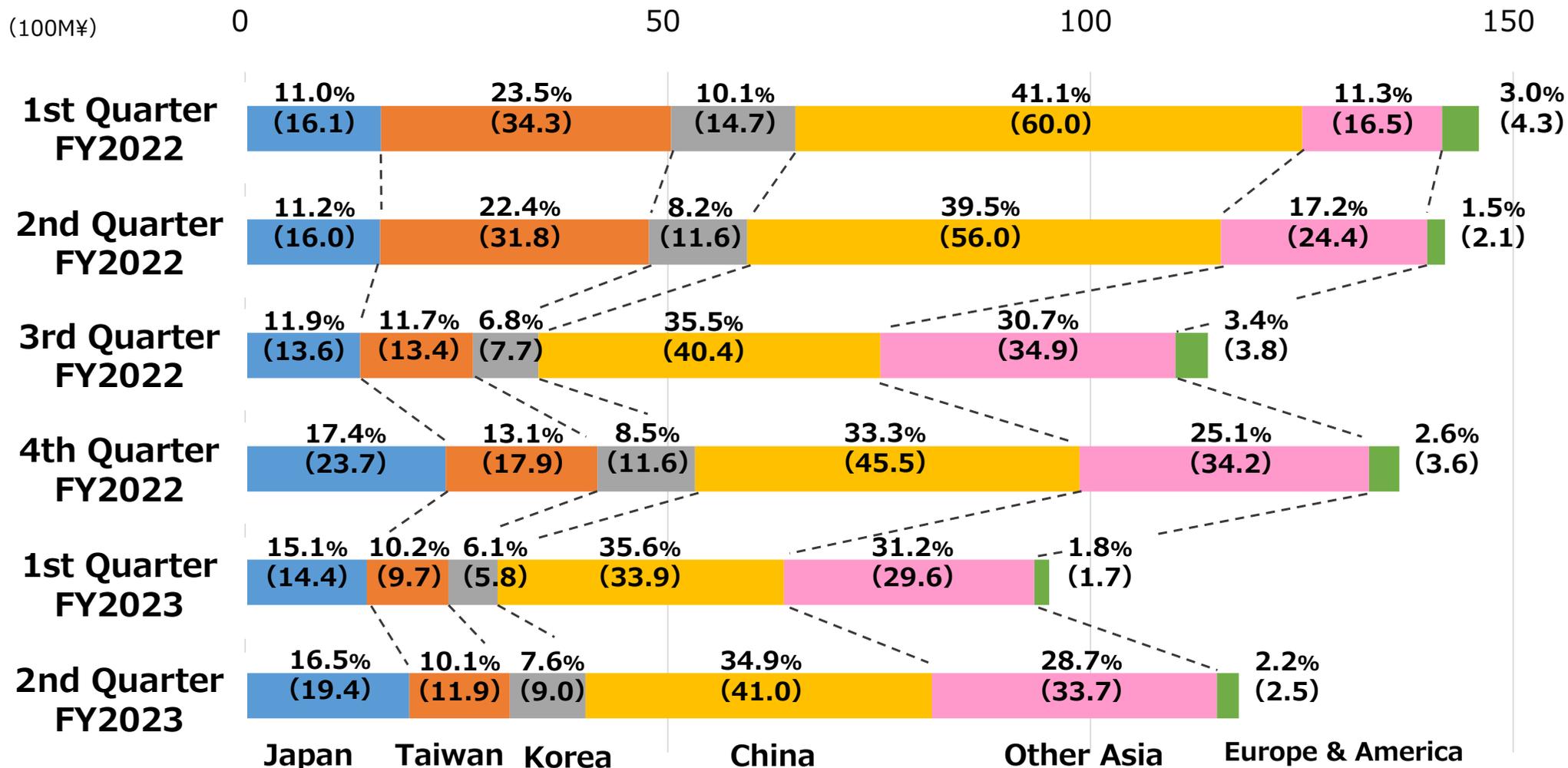


# Orders Trend by Geographic Area (Place of destination)

(100M¥)

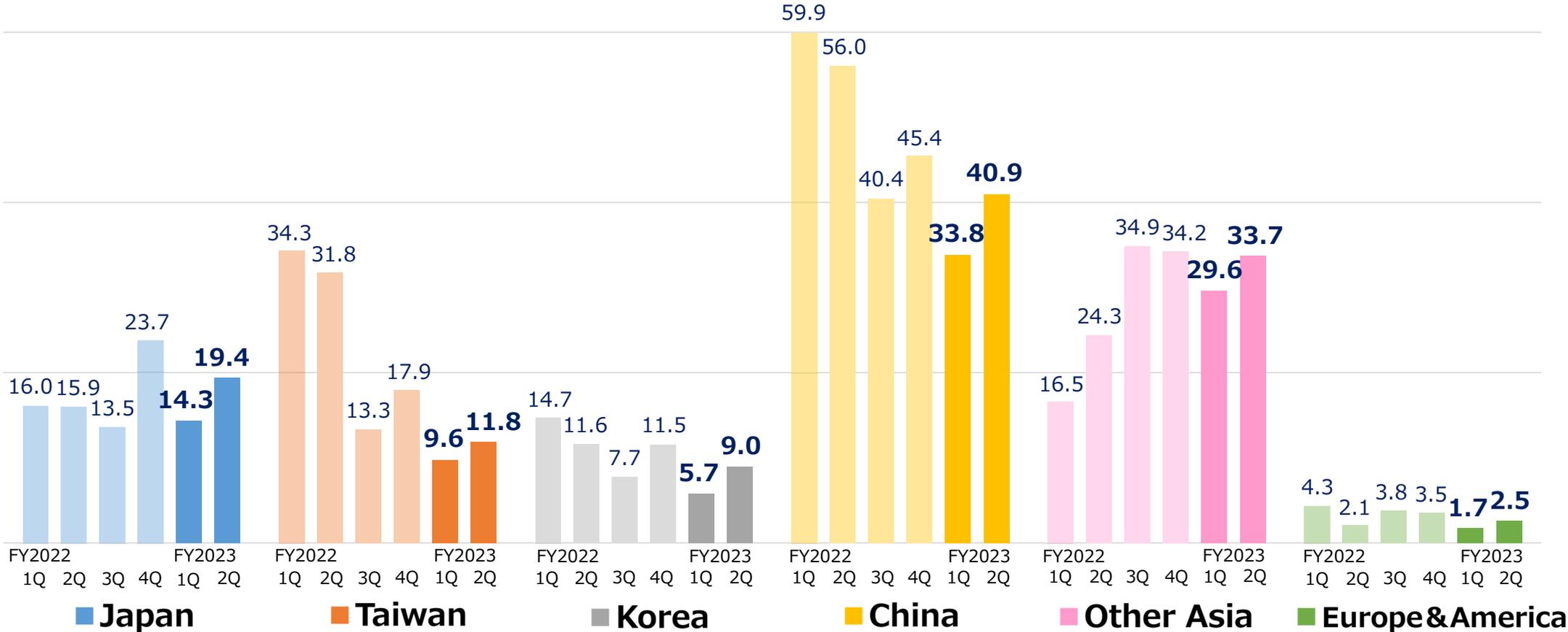


# Trend of Sales Distribution Ratio by Geographic Area (Place of destination)



# Sales Trend by Geographic Area (Place of destination)

(100M¥)



# FY2023 F/H Operating Profit Variance Analysis (vs FY2022 F/H)

(100M¥)

Net Sales  
28,783

Net Sales  
21,265

Effect to Gross Profit  $\Delta 3,323$

5,863

$\Delta 3,266$

207

$\Delta 264$

$\Delta 151$

2,388

Effect of  
Decrease in Net Sales.

Effect of  
Product Mix and  
Increase of Sale Price,  
etc.

Effect of Increase  
in Manufacturing Cost  
due to the  
development cost, etc.

Effect of  
Increase in SG&A.

FY2022  
F/H

Operating Profit (▲ 3,474 million yens)

FY2023  
F/H

Yen amounts are rounded down to millions.

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# FY2023 Annual Estimate of Consolidated Financial Results

※Initial estimate is unchanged.

(100M¥)

	FY2023 F/H Results	FY2023 Annual Estimate (A)	FY2022 Annual Results (B)	Variance  Upper part : A-B Bottom : A/B-1
Net Sales	212.6	510.0	538.2	▲28.2 ▲5.2%
Operating Profit	23.8 (11.2%)	81.6 (16.0%)	100.3 (18.6%)	▲18.7 ▲18.7%
Ordinary Profit	27.6 (13.0%)	81.6 (16.0%)	102.0 (19.0%)	▲20.4 ▲20.0%
Net Profit	19.5 (9.2%)	57.1 (11.2%)	73.4 (13.6%)	▲16.3 ▲22.3%

※Net Profit= Profit attributable to the shareholders of TOWA CORPORATION

# FY2023 Net Sales Estimate by business segment

※Initial estimate is unchanged.

(100M¥)

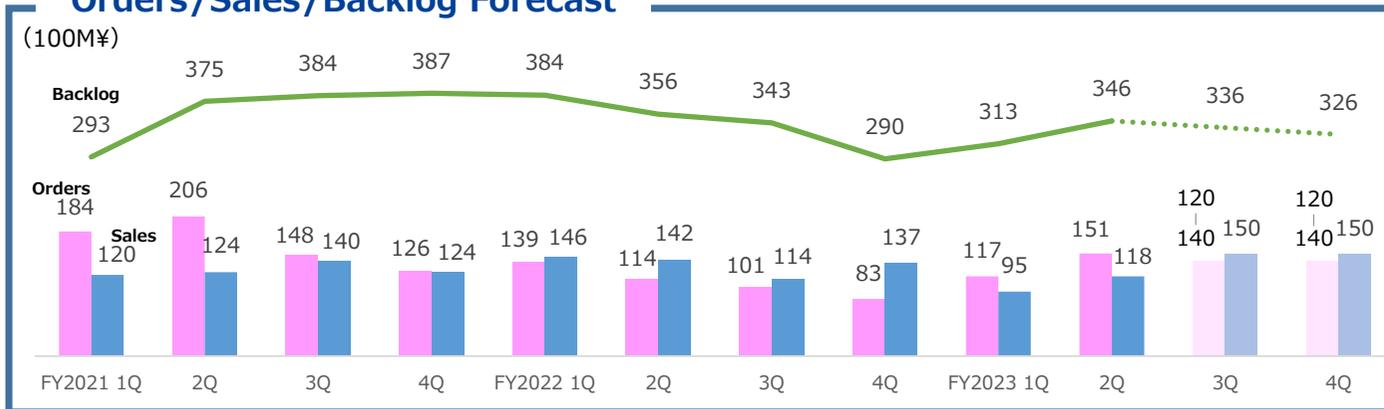
	FY2023 F/H Results	FY2023 Annual Estimate (A)	FY2022 Annual Results (B)	Variance <small>Upper part : A-B Bottom : A/B-1</small>
<b>Net Sales</b>	<b>212.6</b>	<b>510.0</b>	<b>538.2</b>	<b>▲28.2</b> ▲5.2%
<b>Semiconductor</b>	<b>157.5</b>	<b>370.6</b>	<b>412.7</b>	<b>▲42.1</b> ▲10.2%
<b>Fine plastic</b>	<b>10.9</b>	<b>20.0</b>	<b>19.5</b>	<b>+0.5</b> +2.5%
<b>New business</b>	<b>32.4</b>	<b>93.4</b>	<b>80.1</b>	<b>+13.3</b> +16.6%
<b>Laser Processing Machine</b>	<b>11.8</b>	<b>26.0</b>	<b>25.9</b>	<b>+0.1</b> +0.5%

# Market Outlook

## Market Outlook

- Semiconductor investment in PCs and smartphones is still in a phase of adjustment. It is expected to recover in the 2nd quarter of FY2024.
- Demand of the equipment related to generative AI is estimated to increase in earnest through the 2 years from CY2024.
- In FY2024, financial result is expected to recover with the revival of investment in consumer goods and full-scaled delivery of equipment related to generative AI. 'The Mid-Term business plan I' aims to ultimately achieve net sales of 60 billion yen and operating profit of 12.6 billion yen.

### Orders/Sales/Backlog Forecast



### Orders Estimate

(100M¥)	
3Q	4Q
120-140	120-140

### Profit & Loss Estimate

(Latest forecast is unchanged)

(100M¥)	
■ Net Sales	510
■ Operating Profit	81.6
■ Ordinary Profit	81.6
■ Net Profit	57.1

# FY2023 Dividend Forecast

	FY2022 Records	FY2023 Forecast
Dividends	40.0 yen	40.0 yen

※Based on the dividend policy "Stable and Continuous Dividend", we are planning to pay 40.0 yen. Also, an interim dividend is not planned to pay in this year.

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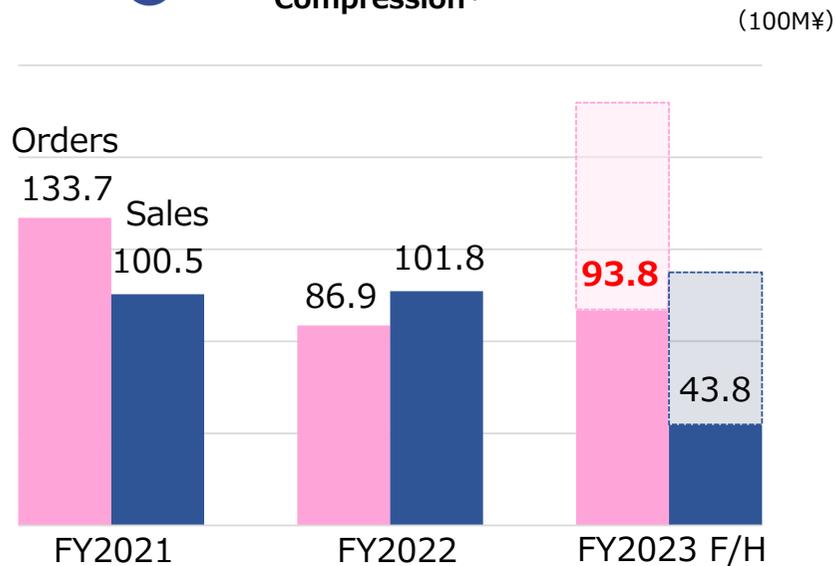
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# Generative AI and TOWA ①

## Rising Demand for Equipment related to Generative AI (HBM, 2.5D etc.)

- Orders of compression equipment for HBM and 2.5D packages are increased along with the generative AI. Only the order amount through this first half already exceeded the entire order amount of FY2022.

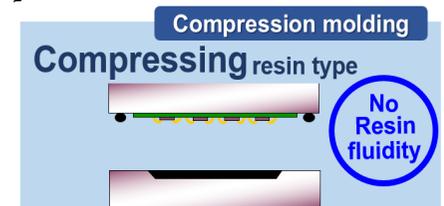
Trend of Orders & Sales of Compression\*



\*Mold is included in each equipment

### TOWA's Original Compression Technology

- It eliminates damages to the chips and wires because it can control the flow of resin. It is optimal for thin, layered and modular packages.
- It can mold narrow space gap with our original technology.
- It can also meet the conditions of large size packages as well. (cutting cost)
- 100% Resin efficiency. It can perfectly eliminate voids.



# Generative AI and TOWA ②

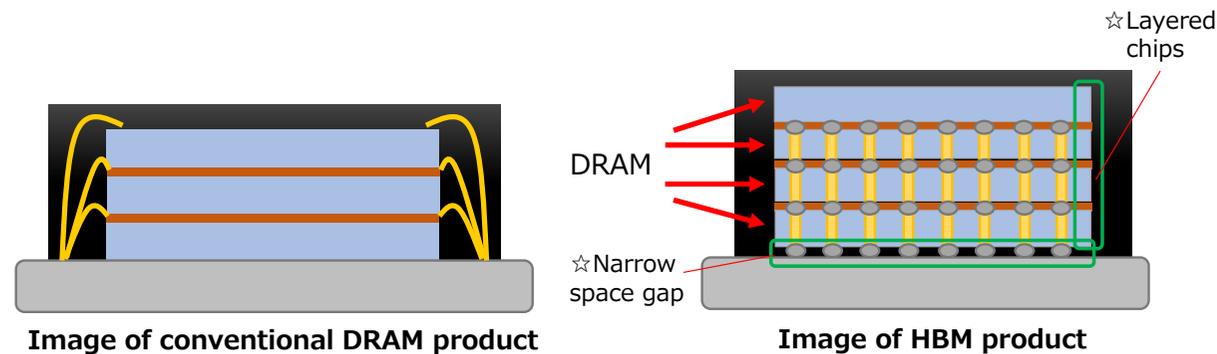
## Superiority of Compression for HBM

- TOWA's equipment is adopted for HBM production that is essential to generative AI semiconductor.
- ▶ TOWA's original compression technology is optimal for layered product.



CPM1080 :  
Compression equipment for WLP

### Comparison between conventional DRAM and HBM product



**Superiority of Compression Technology :**  
It has optimal conditions for molding narrow space gap  
and layered chips.

→ **Compression is optimal technology for molding HBM ! !**

# Generative AI and TOWA ③

## The Industry's First Equipment Compatible with Chiplet

- Announce of our new equipment 「YPM1250-EPQ」
  - ▶ With the new molding technology, 'Resin Flow Control' method
    - It can control the flow of resin with our original vacuum technology and new structure of mold.
- 
- It is optimal product for chiplet that has large size of chips for generative AI or high-performance AI.



**Contribution to the semiconductor evolution becoming highly functional through developing original technology.**

# Four Further Points

## Establishment of Singulation Business Div.

### Integrated System for Development, Production, Sales, and Service

In October 2023, aiming for the singulation business expansion, we established Singulation Business Div. to make integrated system for development, production, sales and service. We are aiming to win back market share by promptly handling the customer service and enhancing the sales system with this professional integrated system.



## Clean Room Expansion for Medical Device Assembly

### Business Reinforcement For expanding Fine Plastic Business

Expansion of clean room for molding and assembly of medical plastic device is currently underway at BANDICK Corporation, which is our subsidiary, with continuous customer acquisition. Until 2032, we are aiming for sales of 4 billion yen in the fine plastic business.

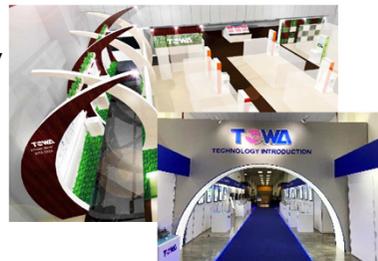


\*Expansion is scheduled to be completed in December 2023.

## TOWA's Original Technology Exhibition

### First Original Technology Expo in 5 years was held

In the factory of Malaysia, we held our original technology exhibition that shows new product, technology and the effort by using actual equipment or panel. Same exhibition is planned to be held in the factory of HQ located in Japan.



\*Schedule

Malaysia : 25, Sep ~ 20, Oct (This event is over now)

HQ : 5, Dec ~ 31, Jan (It is scheduled to be held)

## Establishment of Vietnam Sales Office

### Enhancing the Business in Southeast Asia

TOWA KOREA ,our subsidiary, has opened the new sales office in Vietnam, where semiconductor manufacturers, mainly Korean companies, are entering steadily, to strength the sales/service system.

We keep trying to expand the business in Southeast Asia including Vietnam persistently where each of semiconductor manufacturers is in the spur for the global expansion.



# PR

## 'JPX-Nikkei Mid and Small Cap Index' Chosen for Index Components

TOWA is chosen for index components of 'JPX-NIKKEI Mid and Small Cap Index 2023'(from August 31, 2023, to August 29, 2024) based on calculation by JPX Market Innovation & Research and Nikkei.

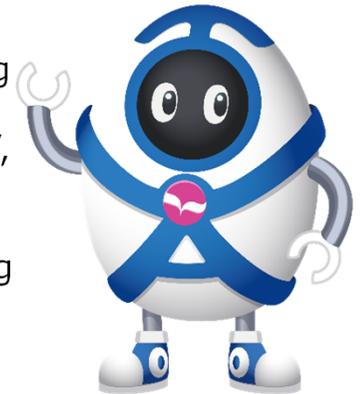
Two hundred stocks is selected for this index components, with evaluation based on quantitative indicators such as 3-year average ROE and qualitative indicators such as appointment of independent outside directors, in addition to screening by market capitalization.



## Introduction of New Mascot 'TOWAPPY'

TOWA's mascot character 'TOWAPPY' and visual concept message 'Happy Tech Happy World' is created, aiming to promote message to reach our long-term vision 'TOWA Vision 2032', released in March 2022.

We keep continue to make efforts to be a well-known company by making a good use of 'TOWAPPY'.



## Update Corporate Profile

To improve public relation power, we updated our corporate profile video and brochure. These public relation materials are disclosed on our official website. Please check out the link below or visit our website.

<Reference>

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



## 'TOWA Integrated Report' Publication

To provide financial / non-financial information in an integrated way, TOWA published the 'TOWA Integrated Report' that the materiality information is involved in as well. This report is disclosed on our official website. Please visit our website or just click on the link below.

<Reference>

'TOWA Integrated Report 2023'

<https://www.towajapan.co.jp/en/ir/corporatereport/>

# TOWA Vision 2032

## 「To the top of the world with change」



### 《Contact》

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