

August 10, 2017

Consolidated First Quarter Results
April 1, 2017 through June 30, 2017 of Fiscal Year Ending on March 31, 2018

Figures in Million Yen, unless otherwise noted

1. Revenue and Income

from April 1, 2017, through June 30, 2017

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
Current Year First Quarter	9,203	339	349	191	3.76Yen
Converted into Millions of U.S. Dollars	82.2	3.0	3.1	1.7	US\$0.033
Last Year First Quarter	7,397	△89	△175	△285	△5.60Yen
Percent Change from Last Year First Quarter	+24.4%	—	—	—	—

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥112.00.

2. Financial Status

June 30, 2017

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of Current Year First Quarter June 30, 2017	37,669	13,318	31.2%	230.78Yen
Converted into Millions of U.S. dollars	336.3	118.9	-	US\$2.061
End of FY 2016 March 31, 2017	38,275	13,260	30.6%	230.06Yen

Note:

U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥112.00.

3. Revised Forecast of Current Fiscal Year, which will end on March 31, 2018

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
First Half	18,000	500	500	300	5.89Yen
Whole Fiscal Year	35,000	800	800	400	7.85Yen
First Half before revision	16,000	150	100	0	0.00Yen
Whole Fiscal Year before revision	33,000	500	500	100	1.96Yen

During the First Quarter of the Fiscal Year 2017 (April to June, 2017), the Japanese economy continued to recover gradually, as seen in the corporate earning improvements through export increases, which is the benefit of a global economic recovery.

At TOMOEGAWA, the sales of electronic parts for semiconductors were strong thanks to the booming semiconductor market driven by the advancement in IoT technology. The sales of Flat Panel Displays, the demand for which is difficult to correctly forecast due to its short product life cycles, performed better than our original estimation. The global economic recovery also promoted our global toner business increase, in addition to the contribution from new product launches and temporal demand hike caused by the expectations on device makers' realignment.

For our Functional Paper business, despite the shrinking sales of existing products, we achieved a similar level of First Quarter (Q1) sales compare to the previous Fiscal Year (FY), thanks to the marketing efforts and contribution from new product launches. Starting from current FY, we changed consolidation policy on the subsidiaries located in China and Hong Kong to use April-to-March period which is same as the period used at the headquarters in Japan, instead of previously used January-to-December period, in order to improve control and reliability of our consolidated reports. This adjustment added +¥814 million to the consolidated Q1 revenues. As a result, TOMOEGAWA recorded the Q1 revenues of ¥9,203 million, which was +¥1,806 million or +24.4% higher than that of the previous Q1.

In terms of profit, we recorded Consolidated Operating Income of ¥339 million, a turnaround from △¥89 million loss of previous Q1. This turnaround was achieved through revenue increases, efforts like electricity cost reduction and fixed cost restrains, and the productivity improvements brought on from demand increase. Consolidated Ordinary Income and Net Income attributed to owners of parent company, have improved dramatically, thanks to the Operating Income increase and steady foreign exchange rate. Yen appreciation at previous Q1 end was the cause of △¥88 million foreign exchange loss, but little fluctuation during current Q1 resulted in the small

amount of FX gain. Our consolidated Q1 Ordinary Income was closed at ¥349 million and First Quarter Net Income attributed to the owners of parent company was recorded at ¥191 million, which are +¥524 million and +¥476 million improvements from respective previous Q1 numbers.

Upward revision of FY 2017 forecasts

Thanks to the strong market condition and efforts from the sales and manufacturing divisions combined, performance of the First Quarter exceeded our initial estimation by a large degree. It is widely anticipated that the current market condition will continue into the Second Quarter. On the other hand, we need to consider some negative factors in the Second half, such as the unpredictability in the display related market, possible demand swing in the toner business and slimmer profit margins caused by sales mix. Furthermore, we expect temporary expense increase to be spent in strengthening our company structure in view of the mid-to-long term. Taking the above factors into consideration, TOMOEGAWA has decided to revise the first-half and whole year forecast numbers upward. For the first half forecast, the Sales amount, Operating Income, Ordinary Income and Net Income attributed to owners of the parent company are now ¥18,000 million (previously 16,000 million), ¥500 million (¥150 million), ¥500 million (¥100 million) and ¥300 million (¥0) respectively. As for the whole year forecast, we take the unpredictability and spending increase of the Second Half into consideration. The Sales amount, Operating Income, Ordinary Income and Net Income attributed to owners of parent company are now ¥35,000 million (increase from previous ¥33,000 million), ¥800 million (¥500 million), ¥800 million (¥500 million) and ¥400 million (¥100 million), respectively. Our plan to pay dividends of ¥5 per share is to be kept as initially announced.