

May 14, 2018

**Consolidated Financial Results of the Fiscal Year Ended on March 31, 2018**

**And**

**Outlook for Fiscal Year Ending on March 31, 2019**

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2017, through March 31, 2018

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
FY 2017 ended on March 31, 2018	34,374	984	1,107	418	8.21Yen
Converted into Million U.S. dollars	323.4	9.2	10.4	3.9	US\$0.077
FY 2016 ended on March 31, 2017	32,379	863	465	252	4.96Yen
Percent Change From FY 2015 numbers	+ 6.2%	+ 14.0%	+ 138.1%	+ 65.4%	+ 65.4%

2. Financial Status

March 31, 2018

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY 2017 March 31, 2018	38,061	14,006	32.5%	242.65Yen
Converted into Million U.S. dollars	358.1	131.8	-	US\$2.283
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 = ¥106.27

### 3. Forecast of Current Fiscal Year, which will end on March 31, 2019

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
First Half	17,000	400	350	100	1.96Yen
Whole fiscal year	33,000	1,000	950	300	5.89Yen

During the Fiscal Year 2018 (FY2018; April 1, 2017 through March 31, 2018), the world economy overall showed mild but steady growth, and Japanese economy is also on track of recovery.

Under such circumstances, our worldwide toner business has been adding sales volume and new product introduction throughout the year. Sales of the tapes used in semiconductor manufacturing process have been strong during the whole year. Also, business of optical film products used for Flat Panel Display (FPD) experienced a large increase of incoming orders compared to that of previous FY, thanks to new product launches and newly started contract manufacturing services. In addition, sales of the functional paper business surpassed the sales of last FY, even when the markets of several existing products keep shrinking. This increase was achieved with the intense sales effort and new product sales. These positive contributions were large enough to overcome the negative effects of electronics devices and FPD related businesses' previously expected 4th Quarter (January to March 2018) demand and supply adjustment and unexpected sudden Yen appreciation toward FY end. As a result, TOMOEGAWA recorded revenues of ¥34,374 million, which was ¥1,994 million or +6.2% higher than that of the previous FY. This revenue increase includes ¥814 million effect of the accounting period change of our subsidiaries in China, where FY end for consolidation is moved from December to March. The revenue increase should have been +3.6% even without this effect.

As for the profit, our consolidated Operating Income was ¥984 million (+¥120 million, +14.0%), even though we are forced to record "Consolidation Adjustment due to Yen appreciation" of ¥190 million. Since TOMOEGAWA

uses FY last day foreign exchange rate to the conversion of foreign currency denominated transactions of whole FY, the negative effect of Yen appreciation on Operating Income became significant. Still, we were capable to achieve improvement of earnings. Factors contributed to that achievement are continuation of high level capacity utilization throughout the year, cost reduction efforts such as electricity usage reduction and timely reaction to changes in surrounding circumstance, and continuous effort of productivity improvement. At Ordinary Income level, the foreign exchange gain reached ¥200 million, that includes the reversal of the aforementioned ¥190 million “Consolidation Adjustment due to Yen appreciation”. Such positive effects brought consolidated Ordinary Income up to ¥1,107 million (+¥642 million, +138.1%). Net Income attributable to owners of parent company (Net Income) was ¥418 million (+¥165 million, +65.4%), as we recorded Extraordinary Losses of ¥149 million for demolition cost of old infrastructure and ¥236 million for real estate value impairment.

Through the year TOMOEGAWA has made upward revisions of profit forecast, final numbers are better than initial numbers announced on May 12, 2017 by about ¥1.3 billion in revenue, by ¥500 million in Operating Income, by ¥600 million in Ordinary Income and by ¥300 million in Net Income. These significant improvements are achieved while overseas business results shrunk due to the sudden Yen appreciation toward FY end. This result can be viewed as the proof of TOMOEGAWA's earning capability recovery.

Upcoming FY (FY2018, April 2018 to March 2019), will be the final year of TOMOEGAWA's current Mid-Term Management Plan. During this FY, we will invest our resources into prioritized target areas of control materials for heat, electricity and electromagnetic wave. We will also accelerate the

research and development of new products that can contribute to the accomplishment of goals set in the 7th Mid-Term Management Plan (FY2019 to 2021).

In addition, we will make sure that TOMOEGAWA's return to the growth path during FY2017 will continue by market-oriented improvement and expansion of production system, fundamental improvement of existing businesses, aggressive marketing efforts, energy cost reduction through introduction of co-generation power unit, and effort to improve productivity.

FY2018 sales target is ¥35 billion, up 1.8% from FY2017 sales and up 4.3%, when aforementioned China accounting change effect of ¥814 million is excluded from FY2017 numbers. We will achieve this goal by new product launches and production capacity expansion in businesses of FPD related products and tape products used in semiconductor production process, enhanced sales effort in toner business using our worldwide production capability as marketing tool, and active sales promotion and steady new product launches in functional paper business.

As for FY2018 profit, estimated Operating Profit is ¥1,000 million, +1.6% from FY2017 numbers, and estimated Ordinary Profit is ¥950 million ( $\Delta$ 14.2%).

Investment for facilities and personnel will lead to temporal cost increase before profit increase happens, and we set estimated Foreign Exchange rate at conservative 1\$ = ¥105. Those factors are the basis of these estimated profits. Net Income estimation is ¥300 million ( $\Delta$ 28.3%), because we plan to record cost of old equipment demolition work, which is necessary to make room for new capital investment.

Lastly, stable dividend payment is our basic policy, so we decided that the upcoming dividend payment will be 5 Yen per share.

Your continuous support of TOMOEGAWA will be greatly appreciated.