

February 8, 2021

Consolidated Third Quarter Results

April 1, 2020 through December 31, 2020 of Fiscal Year Ending on March 31, 2021

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2020 through December 31, 2020

	Revenue	Operating Income	Ordinary Income	(Note1) Net Income	(Note1) Net Income Per Share
Current Fiscal Year (FY2021) Through 3 Quarters	21,893	▲681	▲513	▲1,478	▲147.56Yen
Converted into Million U.S. dollars (Note2)	206.32	▲6.42	▲4.83	▲13.93	▲US\$1.39
Last Fiscal Year (FY2020) Through 3 Quarters	23,257	▲37	▲22	▲263	▲25.98Yen
Change to FY2021 Q1-Q3 from FY2020 Q1-Q3	▲1,364	▲643	▲491	▲1,215	▲121.58Yen
FY 2021 through 3 Quarters without newly consolidated subsidiaries	18,807	▲790	▲613	▲1,478	—
Change from FY2020 Q1-Q3 to FY2021 Q1-Q3 without newly consolidated subsidiaries	▲4,450	▲752	▲591	▲1,215	—

Note1: "Net Income" in this paper is "Net Income attributable to owners of parent" in current accounting standards

Note2: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥106.11.

2. Financial Status December 31, 2020

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY 2021 Q3 December 31, 2020	41,383	11,395	19.0%	779.44Yen
Converted into Million U.S. dollars (Note3)	399.76	110.08	-	US\$7.53
End of FY 2020 March 31, 2020	44,186	12,404	20.6%	909.31Yen

Note3: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥103.52

3. Forecast of Current Fiscal Year, which will end on March 31, 2021

Forecast released (Release Date)	Revenue	Operating Income	Ordinary Income	(Note4) Net Income	(Note4) Net Income Per Share
Previous Forecast (November 13, 2020)	30,500	▲700	▲650	▲1,600	▲159.81Yen
Current Forecast (February 8, 2021)	30,500	▲500	▲450	▲1,400	▲139.73Yen

Note4: "Net Income" in this paper is "Net Income attributable to owners of parent"
in current accounting standards

Observation of Current First Half Result

During the first 3 Quarters of the Fiscal Year (FY) 2020 (April to December, 2020), unprecedented economic stagnation caused by the spread of COVID-19 pandemic strongly affected demand for products of Tomoegawa group in a negative manner. Sales amount was ¥21,893 million, down ▲¥1,364 million or ▲5.9% compared to sales during first 3 Quarters of previous FY. When the effect of two new subsidiaries that were added to consolidation at the end of last FY is excluded, the first 3 Quarters sales decline will be ▲¥4,450 million or ▲19.1% from that of previous FY.

As for the profit, while we were practicing several kinds of structural change measures, sluggish demand deteriorated our profitability by a large scale, especially during the First Half. Still, since October 2020, our profitability shows signs of improvement, thanks to the factors such as demand recovery for our high-profitability semiconductor and electronic materials, fixed cost reduction through the discontinuation of toner manufacturing in North America, and other short-term cost-cutting activities. We have recorded positive figures during Third Quarter (October to December 2020), which is a sharp recovery from first two Quarters when we experienced a large amount of loss. Cumulative profits for first three Quarters already exceed the Whole Year profit estimation numbers we have announced on November 13, 2020, at all levels (Operating Income, Ordinary Income and Net Income).

The Projection of the remainder FY2021

Though current economic outlook still contains high-level of uncertainty due to the effect of the COVID-19 pandemic and the foreign currency fluctuation, we made an upward revision on the current FY forecasts of Operating Income, Ordinary Income and Net Income, from numbers we announced on November 13, 2020. We will continue the effort to improve our performance and keep the current profitability trend into the Fourth Quarter (January to March, 2021).

Increase in Capital

TomoeGawa aims to accelerate our new product development and corporate restructuring so that we meet the requirements to be a factor in the post COVID-19 era. To achieve that, we need to secure long-term financing and regain our financial soundness. Those are the reasons why we decided to take ¥2 billion of preferred stock based Capital Increase announced today. Since the contract of this preferred stock issue does not contain the clause for common stock conversion, there is no risk of shareholders' right dilution.

We are working with the fund provider on the Business projection, and release it as soon as both parties agree on the projection which will then be announced.

Your continuous support of TOMOEGAWA will be greatly appreciated.