

November 12, 2021

Consolidated First Half Results

April 1, 2021 through September 30, 2021 of Fiscal Year Ending on March 31, 2022

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2021 through September 30, 2021

	Revenue	Operating Income	Ordinary Income	(Note1) Net Income	(Note1) Net Income Per Share
Current Fiscal Year (FY2022) First Half (FH)	15,653	1,051	1,245	829	82.04Yen
Converted into Million U.S. dollars (Note2)	142.5	9.5	11.3	7.5	US\$0.74
Last Fiscal Year (FY2021) FH	13,950	▲865	▲812	▲1,674	▲167.20Yen
Change to FY2022 FH from FY2021 FH	1,702	1,916	2,057	2,503	—

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 = ¥109.81.

2. Financial Status

September 30, 2021

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY 2022 FH September 30, 2021	40,369	16,090	30.6%	1,016.86Yen
Converted into Million U.S. dollars (Note)	360.5	143.7	-	US\$9.083
End of FY 2021 March 31, 2021	40,658	15,313	28.3%	940.17Yen

Note: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥111.95

3. Forecast of Current Fiscal Year, which will end on March 31, 2022

Forecast released (Release Date)	Revenue	Operating Income	Ordinary Income	(Note) Net Income	(Note) Net Income Per Share
Whole FY (October 28,2021)	33,000	1,400	1,600	1,200	118.67Yen

Note: "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 Half (FH) of the Fiscal Year (FY) 2022 (April to September, 2021), the sales of Semiconductor-related products and Electronic Materials continued to be strong since their recoveries during the Second Half of previous FY. Sales of toner products are also good, thanks to the solid order inflows and trend of Yen depreciation. In addition, we gained new business of Optical Film used on smartphones. As a result, our FH sales numbers reached ¥15,653 million, up ¥1,702 million or 12.2% from that of previous FY.

Beginning current FY, TOMOEGAWA has adopted ASBJ Statement No. 29 Accounting Standard for Revenue Recognition, whose effect on our FH sales is ▲¥836 million. If we compare current FH sales and last FY FH sales under the previous Revenue Recognition standard, it should have been an increase of ¥2,539 million or 18.2%.

As for the profit, our consolidated Operating Income was ¥1,051 million, up ¥1,916 million from last FY FH number, thanks to the sales increase in Electronics Material Division, and in Imaging Materials Division whose market condition has been steady. Cash inflows derived from prototype sales of new product were an addition to profit. Also contributing is the effect of Fixed Cost reduction activities we have been conducting for several years, such as the shutdown of No.7 Paper Milling Machine in December 2019 and the closure of US toner plant in September 2020. The degree of Revenue Recognition standard change is about ▲¥1 million.

The consolidated Ordinary Income, which includes the equity gain from an affiliated company is ¥1,245 million, up ¥2,057 million from that of last FY FH. Net Income is ¥829 million, up ¥2,503 million from that of last FY FH.

The Forecast of the reminder of FY2022

As for the Second Half of current FY, orders for Optical film used on smartphones that contributed to FH profit increase passed its peak, and supply-demand-adjustment in semiconductor market is expected. Also, negative effect from market environment change such as the surge of material price and energy cost, and one-time operating cost related to the shutdown of No.9 Paper Milling Machine at the end of current FY is projected. Even under such circumstances, we keep our upward-revised whole FY forecast that was announced on October 28, 2021. The Third Quarter effect of partial asset transfer in traditional paper business is already taken into account of this forecast. We will decisively continue the effort to make a structural change and the effort to achieve successful start of mass production of new products. By doing so, we make sure to realize our most recent forecast numbers.

Your continuous support of TOMOEGAWA will be greatly appreciated.