

February 10, 2022

Consolidated Third Quarter Results

April 1, 2021 through December 31, 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 December 31, 2021

	Revenue	Operating Income	Ordinary Income	(Note1) Net Income	(Note1) Net Income Per Share
Current Fiscal Year (FY2022) Through 3 Quarters	24,254	1,641	1,992	1,458	144.04Yen
Converted into Million U.S. dollars (Note2)	218.2	14.7	17.9	13.1	US\$1.29
Last Fiscal Year (FY2021) Through 3 Quarters	21,893	▲681	▲513	▲1,478	▲147.56Yen
Change to FY2022 Q1-Q3 from FY2021 Q1-Q3	2,361	2,322	2,506	2,937	—

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 = ¥111.14.

2. Financial Status

December 31, 2021

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY 2022 Q3 December 31, 2021	42,318	17,105	30.9%	1,078.30Yen
Converted into Million U.S. dollars (Note3)	367.9	148.7	-	US\$9.37
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 = ¥115.02

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 (January 21,2022)	34,000	1,800	2,200	1,800	177.97Yen

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 3 Quarters of the Fiscal Year (FY) 2021 (April to December, 2021), the sales of Semiconductor-related products 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 also assisted by the Yen depreciation trend that is especially strong during 3rd Quarter. As a result, the first 3 Quarters sales numbers reached ¥24,254 million, up ¥2,361 million or 10.8% from that of previous FY.

Beginning current FY, TOMOEGAWA has adopted ASBJ Statement No. 29 Accounting Standard for Revenue Recognition, whose effect on our First 3 Quarters' sales is ▲¥1,366 million. If we compare current First 3 Quarters' sales and that of last FY under the previous Revenue Recognition standard, it should have been an increase of ¥3,727 million or 17.0%.

As for the profit, our consolidated Operating Income was ¥1,641 million, up ¥2,322 million from last FY's First 3 Quarters number, thanks to the steady earnings production from Electronics Material Division and Imaging Materials Division, while the business of Optical Film used on smartphones, which provided considerable profit contribution during Second Quarter, remains as a temporary occurrence. The multi-task worker training on our staff and flexible staff allocation enabled us to handle increasing and fluctuating demand with less-than estimated cost. In addition, the effect of the fixed cost reduction activities and structural reform activities we have been conducting for several years, also contributed to this profit increase. The effect of Revenue Recognition standard change on our Operating Income is about ▲¥10 million.

The consolidated Ordinary Income, which includes the equity gain from an affiliated company that processes optical films used for display products, is ¥1,992 million, up ¥2,506 million from that of same period of last FY. Net Income improved to ¥1,458 million, up ¥2,937 million from that same period of last FY, thanks to the Special Income derived from the partial asset transfer in traditional paper business to Sanzen Paper Manufacturing Co., Ltd.

The Forecast of the reminder of FY2022

During current Fourth Quarter, several negative factors should be considered, such as the rebound effect of advancing scheduled shipments during December that was made to navigate through logistics constraints, factory shut-downs in China during Luna New Year holidays, acceleration of the surge of material price and energy cost, and labor cost increase due to the closure of temporary cost reduction method started during last FY. On the other hand, we do not foresee considerable change in strong outlook of Semi-conductor market and toner-related market during current FY. On January 21, 2022, under such circumstances, we announced the upward revision of our FY forecast and the revision of dividend forecast from previous no-dividend outlook.

Toward the end of current FY, we will actively make the steady installment of planned construction that have been delayed by sudden production increase or delay in arrival of necessary materials. We will also make the active inventory clearance and evaluate the revision of the basis used in the lower-of-cost method application, to handle the effect of the No.9 Paper Milling Machine shutdown. By doing so, we pursue the improvement of Balance Sheet status, making sure to reach the newly published Financial Targets, and accomplish even more improvement of our corporate structure.

Your continuous support of TOMOEGAWA will be greatly appreciated.