

May 13, 2022

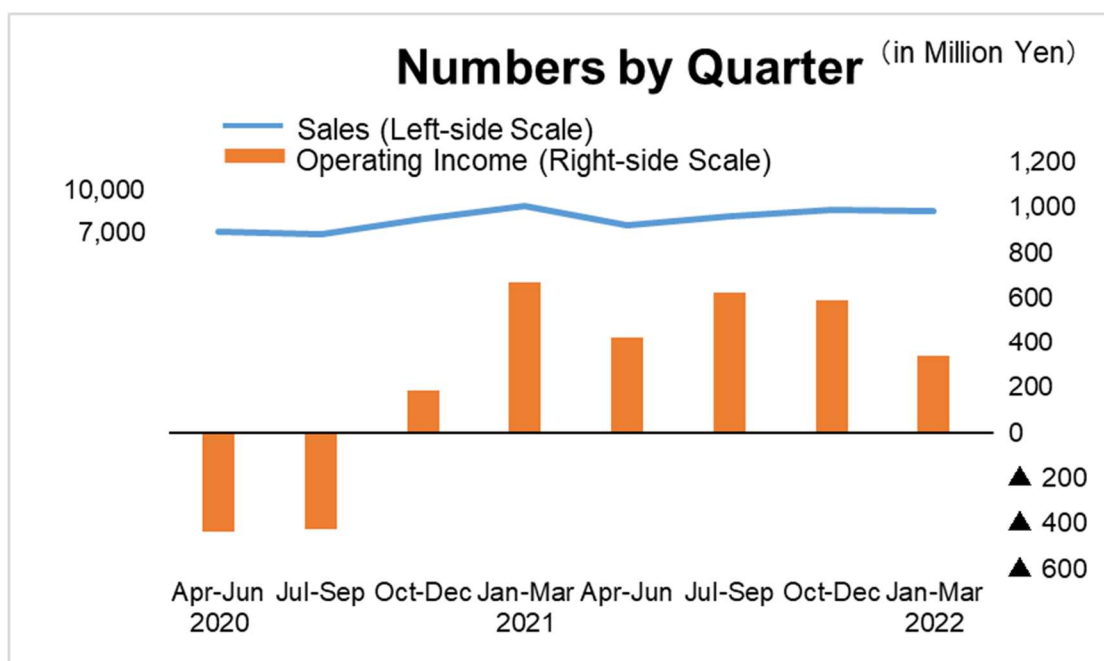
**Consolidated Financial Results of the Fiscal Year Ended on March 31, 2022  
and  
Outlook for Fiscal Year Ending on March 31, 2023**

Figures in Million Yen, unless otherwise noted

1. Revenue and Income from April 1, 2021 through March 31, 2022

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
FY 2022 ended on March 31, 2022	32,785	1,982	2,310	1,650	152.71 Yen
	Old Standard 34,696				
Converted into Million U.S. dollars	291.6	17.6	20.5	14.6	US\$1.35
	Old Standard 308.6				
FY 2021 ended on March 31, 2021	Old Standard 30,768	▲15	145	▲1,152	▲114.84 Yen
Change to FY2022 from FY2021	2,016 Old Standard 3,928	1,998	2,164	2,802	-
Percent Change from FY2021 numbers	6.6%	-	-	-	-
Initial projection for FY2022	32,000	600	600	500	-
Most recent FY2022 projection released on January 21, 2022	34,000	1,800	2,200	1,800	-
Change from FY2022 Initial Projection	785	1,382	1,710	1,150	-
Change from FY2022 Most recent Projection	▲1,215	182	110	▲150	-

Note: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥112.40



## 2. Financial Status

March 31, 2022

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY 2022 March 31, 2022	43,574	17,616	30.9%	1,113.45 Yen
Converted into Million U.S. dollars	355.9	143.9	-	US\$9.09
End of FY 2021 March 31, 2021	40,658	15,313	28.3%	940.17 Yen

Note: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥122.41

## 3. Forecast of Current Fiscal Year, which will end on March 31, 2023

	Revenue	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income Per Share
First Half	16,000	300	350	500	44.34 Yen
Whole fiscal year	33,500	1,000	1,100	1,000	88.67 Yen

### **Observation of whole FY2022 (April 2021 to March 2022)**

During Fiscal Year (FY) 2022, the sales of Semiconductor-related products and Electronic Materials and the sales of Toner products showed strong recovery from COVID-affected weak sales of previous FY. In addition, we acquired new business of Optical Film used on smartphones during First Half. As a result, our full FY sales numbers reached ¥32,785 million, up ¥2,016 million or 6.6% from previous FY sales.

Beginning current FY, TOMOEGAWA has adopted ASBJ Statement No. 29 Accounting Standard for Revenue Recognition, whose effect on our sales is ▲¥1,911 million. If we had applied old standard for FY2022, it should have been an increase of ¥3,928 million or 12.8%.

As for the profit, our consolidated Operating Income was ¥1,982 million, up ¥1,998 million from last FY number, thanks to the reduction of fixed and other cost brought by the structural reform we have been conducting for several years, followed by the large sales increase. Ongoing Yen depreciation against US Dollar since Second Quarter also contributed, and cash inflow derived from trial production of new products was much larger than originally estimated. There were material and energy cost increases, and labor cost increases as the result of terminating temporal cost reduction scheme. The effect of such cost increases were minimized by transferring them to the product sales price. Also, skill training to develop multi-task workers, and flexible worker allocation enabled us to handle production under the environment of rapid demand fluctuation. Effect of ASBJ Statement No. 29 adoption on Operating Income is ▲¥4 million.

Ordinary Income, which includes profit of high-performing equity method affiliate that handles processing film used for display, was ¥2,310 million, up ¥2,164 million from that of previous FY. Even though the sales of idle assets of the closed US toner factory site delayed to April 2022, Net Income reached ¥1,650 million, up widely by ¥2,802 million, thanks partly to the gain from sales of Nihon Card Co., Ltd. stock and special profit derived

from the sales of traditional paper business-related assets to Sanzen Paper Manufacturing Co., Ltd.

During Fourth Quarter, even though the market activity of Semiconductor-related products, Electronic Materials and Toner saw little change, both the sales and profit showed apparent declines. The factors contributed to the Q4 sales decline are the shipments moved ahead to Q3 in order to avoid logistic jam, and Chinese New Year factory closures in China. The factors contributed to the Q4 profit decline are costs related to aggressive balance sheet improvement activities such as the inventory disposal for the preparation of the No.9 Paper Milling machine shutdown, and revision of lower cost method application policy.

During FY2022, with the improved business performance and sales of some assets, TOMOEGAWA achieved its total interest-bearing debt amount reduction of ¥1,800 million, which led to improvement of D/E ratio (to 0.7) and Net Asset ratio (to 40.4%). Also, through refinancing of existing debt with new syndicated loan, TOMOEGAWA successfully changed its debt structure to allow us more time before loan repayments, which leads us to greater financial stability.

### **The Projection of FY2023 and Dividends payment**

TOMOEGAWA Group's current priority is on the accomplishment of new "5 year Mid-term Business Plan" that started from FY2022 and will end in FY2027. Under that plan, re-evaluation of business portfolio and structural reform are being conducted to improve our financial structure.

During FY2022, the plan's first year, we were able to record Operating Income close to the plan's final year Operating Income target of ¥2,000 million. This way-higher-than-original-plan result was achieved thanks to the reduction of fixed and other cost brought by the structural reform we have been conducting for several years, such as the shutdown of No.7 paper milling machine and withdrawal from toner production in USA. The business environment

improvements followed that also contributed to higher results. Those improvements were namely, demand recoveries in Semiconductor-related products, Electronic Materials and Toner, acquisition of new business related to film, and ongoing Yen depreciation.

At the start of the current FY, the second year under the “5 year Mid-term Business Plan”, there is wide-spread concern that the situation in Russia and Ukraine will negatively affect the global economy. As for TOMOEGAWA, we do not foresee the structural shift in the demand of products that brought strong result in FY2022, which are Semiconductor-related products, Electronic Materials and Toner, for the near future. The contribution from launches of new products such as the equipment used in semiconductor manufacturing process, and positive effects of Yen depreciation on our sales and profit are also expected.

On the other hands, cost increase is projected as material and energy prices continue to rise, and labor cost increase is expected as the result of the termination of temporal cost reduction scheme. In addition, for the Toner business, which is a key business of us, we are expecting to have difficulty in the near future for raw material procurement due to the shortage of supply. Also, complication in logistics in China, where we have multiple production sites, becomes a real issue after we observed the lockdown in Shanghai. Because of these factors, even though we expect gain of ¥430 million during the First Half from the sales of the idle assets of former US toner factory site that was closed in September 2020, sales and profit are expected to temporarily suffer.

For the Second Half, we project normalization of global logistics and will take measures of cost transfer to sales price, and will start raw material purchases from alternative suppliers. Also, the shutdown of No.9 paper milling machine at March 2022 will bring even larger cost reduction effect during FY2023 than in FY2022. Production efficiency improvement efforts, which we have been conducting, are expected to produce further results during FY2023. With the projection of launches and mass production of new products taken into consideration, we estimate our FY2023 numbers for Sales, Operating Income, Comprehensive Income and Net Income will be ¥33,500 million, ¥1,000 million, ¥1,100 million and ¥1,000 million, respectively.

We will make ¥15 per share dividend payment under the policy that honors steady and continuous dividend payment.

Your continuous support of TOMOEGAWA will be greatly appreciated.