

August 12, 2022

## Consolidated First Quarter Results

April 1, 2022 through June 30, 2022 of Fiscal Year Ending on March 31, 2023

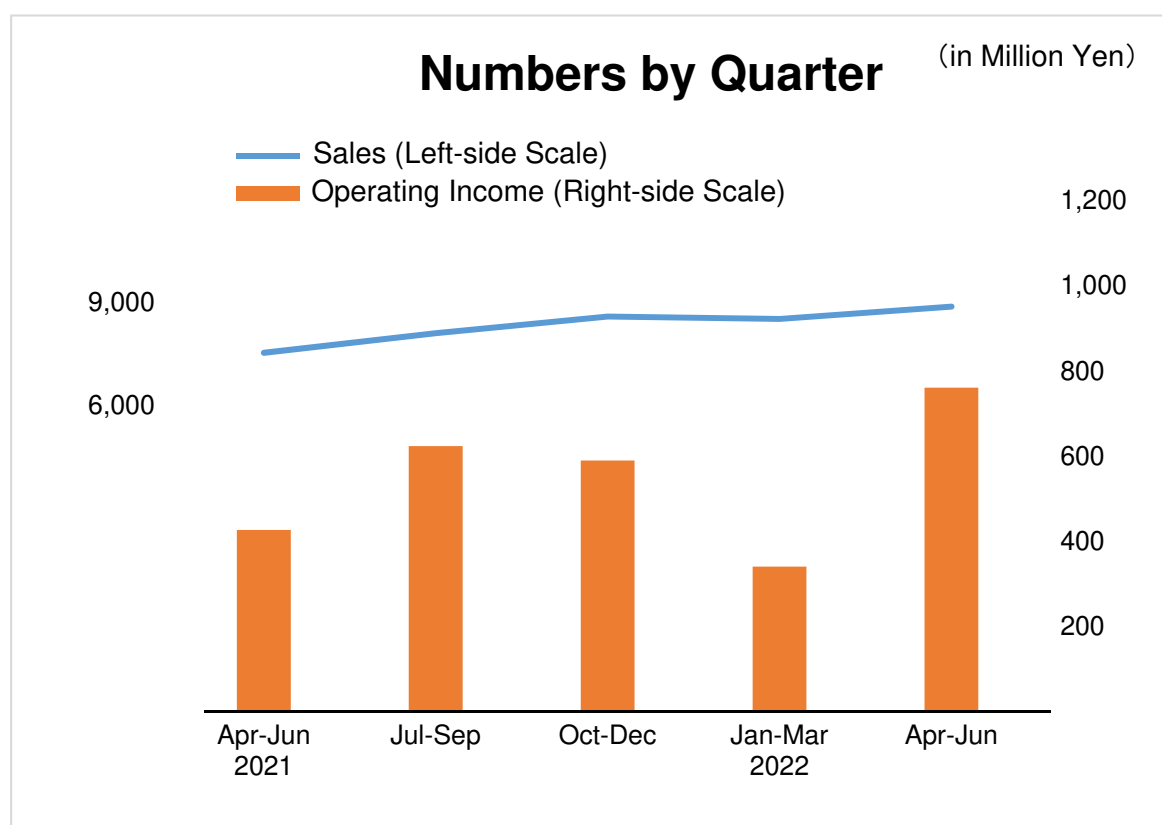
Figures in Million Yen, unless otherwise noted

### 1. Revenue and Income from April 1, 2022 through June 30, 2022

	Revenue	Operating Income	Ordinary Income	(Note1) Net Income	(Note1) Net Income Per Share
Current Fiscal Year (FY2023) First Quarter (Q1)	8,894	761	944	1,150	108.49 Yen
Converted into Million U.S. dollars (Note2)	68.5	5.8	7.2	8.8	US\$0.83
Last Fiscal Year (FY2022) Q1	7,538	427	584	416	41.22 Yen
Change to FY2023 Q1 from FY2022 Q1	1,355	334	360	733	—

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 = ¥129.73



## 2. Financial Status

June 30, 2022

	Total Assets	Net Assets	Capital to Asset Ratio	Net Assets Per Share
End of FY 2023 Q1 June 30, 2022	43,105	18,946	34.4%	1,233.51 Yen
Converted into Million U.S. dollars (Note)	315.3	138.6	-	US\$9.024
End of FY 2022 March 31, 2022	43,574	17,616	30.9%	1,113.45 Yen

Note: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥136.69

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

Numbers released on May 13, 2022

	Revenue	Operating Income	Ordinary Income	(Note) Net Income	(Note) 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

Revised Numbers released on July 22, 2022

	Revenue	Operating Income	Ordinary Income	(Note) Net Income	(Note) Net Income Per Share
First Half	17,000	900	1,100	1,250	115.71 Yen
Whole fiscal year	34,500	1,500	1,550	1,500	134.99 Yen

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

### **Observation of Current First Quarter Result**

During the First Quarter (Q1) of the Fiscal Year (FY) 2023 (April to June, 2022), the sales of Semiconductor-related products and toner products that occupy large portion of TOMOEGAWA's consolidated revenues, kept its strong pace since last FY. Also, progress of Yen depreciation increased Yen-denominated value of overseas sales. As a result, we recorded Q1 sales of ¥8,894 million, up ¥1,355 million or +18.0% from that of previous FY.

As for the profit, our consolidated Operating Income was ¥761 million, up ¥334 million or 78.1% from last FY Q1 number. Factors contributed to this increase are the Fixed Cost reduction effect derived from

the shutdown of No.9 Paper Milling Machine that was our largest production equipment, the sales increase that includes Yen depreciation effect, and the sales price increase to pass along related cost increases. The effects of those are large enough to absorb the material and fuel cost increase caused mainly by the Ukrainian situation and Yen depreciation.

The consolidated Ordinary Income is ¥944 million, up ¥360 million or 61.6% from that of last FY Q1, thanks largely to the equity gain from an affiliated company that handles processing of optical film used for displays.

Net Income is ¥1,150 million, up ¥733 million or 175.9% from that of last FY Q1. The gain from the sales of the US toner factory site where the operation ended in September 2020, is the main reason of this increase.

### **The Projection of the remainder of FY2023**

On July 22, 2022, TOMOEGAWA made upward revision of its business forecast of FY2023, originally released on May 13, 2022, based on the assumption that exchange rate around 130 Yen per USD will continue throughout the current FY.

Since the start of 2nd Quarter (July to September 2022), the market of display-related products started to show the sign of weakening. Also, the outlook for our main business of toner products and semiconductor-related products are now becoming unclear.

The effect of material and fuel cost increase will start to materialize during the Second Quarter, as the products manufactured under the price-increase-reflected cost system go on to the market.

Also, the expected negative effect on toner business from the difficulty for raw material procurement due to the shortage of certain supplier's ability to supply, have not materialized so far, thanks to the prioritized production of high-margin toners and introduction of raw material from other suppliers. The effect of procurement difficulty will start to appear in the second half of current FY.

To navigate under such a difficult situation, we will further strengthen the approaches of sales price increase to pass on cost increase, and of production cost reduction through productivity improvement.

By doing so, we will make sure to achieve the numbers we announced in revised forecast.

Your continuous support of TOMOEGAWA will be greatly appreciated.