

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Member, Financial Accounting Standards Foundation

The Announcement date: November 10, 2023 (14:00 JST)

Consolidated Financial Results for the Six Months Ended March 31, 2024 (Under Japanese GAAP)

Company name: TOMOEGAWA CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 3878
 URL: <https://www.tomoegawa.co.jp/>
 Representative: Yoshio Inoue, President and Representative Director, Group CEO
 Inquiries: Masaaki Yamaguchi, Director, Senior Managing Executive Officer, Group CFO
 Telephone: +81-54-256-4319
 Scheduled date to file quarterly securities report: November 13, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended March 31, 2024 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	16,497	(5.9)	795	(34.0)	996	(26.8)	431	(65.6)
September 30, 2022	17,532	12.0	1,205	14.6	1,361	9.4	1,255	51.3

Note: Comprehensive income For the six months ended September 30, 2023: ¥1,297 million [(30.6 %)]
 For the six months ended September 30, 2022: ¥1,867 million [89.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	41.62	-
September 30, 2022	116.19	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2023	44,504	18,179	30.6	1,312.17
March 31, 2023	42,948	18,370	32.7	1,251.36

Reference: Equity
 As of September 30, 2023: ¥13,608 million
 As of March 31, 2023: ¥14,027 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	15.00	15.00
Fiscal year ending March 31, 2024	-	0.00			
Fiscal year ending March 31, 2024 (Forecast)			-	15.00	15.00

Note:

- (1) Revisions to the forecasts of cash dividends most recently announced: None
- (2) The above "2. Cash dividends" shows dividends for Common stock. For details of dividends for Preferred stock (unlisted), the rights of which are different from those of Common stock issued by the Company, please refer to "Reference: Dividends for Preferred Stock" below.

3. Forecasts of Consolidated financial results for Fiscal Year 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	36,000	5.4	1,500	(26.9)	1,500	(30.3)	600	(58.7)	57.85

Note:

- (1) Revisions to the forecasts of consolidated financial results most recently announced: None
- (2) Basic earnings per share is calculated assuming that the amount not attributable to common stockholders is zero, since all of the Class A preferred stocks were purchased and cancelled on September 29, 2023, and no preferred dividends will be paid.

*** Notes**

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	10,389,406 shares
As of March 31, 2023	10,389,406 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2023	18,371 shares
As of March 31, 2023	18,354 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	10,371,046 shares
Six months ended September 30, 2022	10,371,053 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to various factors. For the assumptions used as the basis for the earnings forecasts and special remarks regarding the use of the earnings forecasts, please refer to “ I . Qualitative information regarding financial results for the six months 3. Explanation of consolidated earnings forecasts and other forward-looking statements” on page 8 (Attached Material).

Reference: Dividends for Preferred Stock

The breakdown of dividends per share related to Class-A Preferred stock that have different rights from common stock is as follows:

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	-	-	50.00	50.00
Fiscal year ending March 31, 2024	-	-			
Fiscal year ending March 31, 2024 (Forecast)			-	-	-

Note: As a result of the purchase and cancellation of all 1,000,000 unredeemed Class A preferred stocks as of March 31, 2023 on September 29, 2023 based on the resolution of the Board of Directors meeting held on September 11, 2023, no dividends will be paid on the Class A preferred stock for the fiscal year ending March 2024.

Contents of Attachment

I . Qualitative information regarding financial results for the six months	2
1. Explanation of operating results	2
(1) Review of operating results	2
• Net sales and profit (loss)	2
• Numbers by Quarter	2
• Observation of the First Half of the Fiscal Year 2024 (April to September, 2023)	3
(2) Consolidated operating results by segment	4
• Reportable segments figures	4
• Overview of reportable segments	4
2. Explanation of financial position	6
• Financial Position	6
• Explanation regarding Financial Position	6
(Review of cash flow position)	7
• Cash Flow	7
• Explanation regarding Cash Flow	7
3. Explanation of consolidated earnings forecasts and other forward-looking statements	8
II . Quarterly consolidated financial statements and significant notes thereto	9
1. Consolidated balance sheet	9
2. Consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative)	11
3. Consolidated statement of cash flows	12
4. Notes to quarterly consolidated financial statements	13
(Notes on Going Concern Assumption)	13
(Notes on significant changes in the amount of shareholders' equity)	13
(Segment Information)	13

I . Qualitative information regarding financial results for the six months

Figures in Million Yen, unless otherwise noted

1. Explanation of operating results

(1) Review of operating results

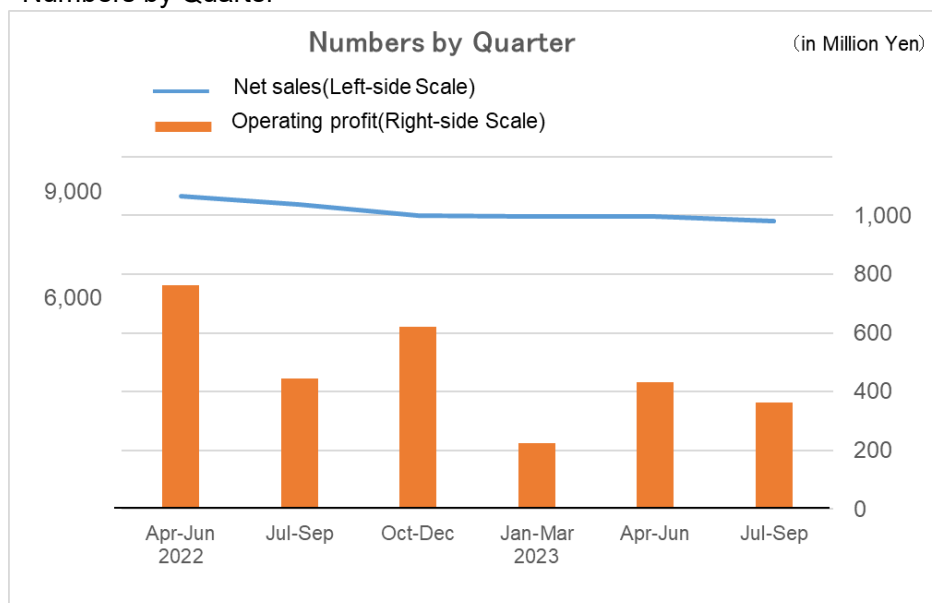
• Net sales and profit (loss)

from April 1, 2023 through September 30, 2023

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Current Fiscal Year (FY 2024) First Half (1H)	16,497	795	996	431	41.62Yen
Converted into Million U.S. dollars (Note)	117.0	5.6	7.1	3.1	US\$0.30
Previous Fiscal Year (FY 2023) 1H	17,532	1,205	1,361	1,255	116.19Yen
Change to FY 2024 from FY 2023	▲1,035	▲409	▲364	▲823	▲74.57Yen
Percent Change from FY 2023 number	▲5.9%	▲34.0%	▲26.8%	▲65.6%	-
Initial forecasts for FY2024 1H	17,500	600	600	200	16.87Yen
Most recent FY2024 1H forecasts released on October 24, 2023	16,500	800	1,000	400	38.57Yen
Change from FY2024 1H Initial forecasts	▲1,003	195	396	231	24.75Yen
Change from FY2024 1H most recent forecasts	▲3	▲5	▲4	31	3.05Yen

Note: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥141.06

• Numbers by Quarter



• Observation of the First Half of the Fiscal Year 2024 (April to September, 2023)

During the First Half (1H) of the Fiscal Year (FY) 2024 (April to September, 2023), net sales amounted to ¥16,497 million, down ¥1,035 million or ▲5.9% from that of the previous FY 1H, when the Toner Segment was particularly strong. Due to the slowdown of the Chinese economy and other factors, the Toner Segment, which accounts for more than 30% of consolidated net sales, experienced inventory adjustments from the end of the previous FY and price competition expanded, resulting in a significant decline in sales, and sales of some functional non-woven fabric-related products were also affected. On the other hand, there was a temporary order acquisition in the Display-related business that was not initially anticipated and the Semiconductor-related business also performed better than expected at the beginning of the period.

Operating profit was ¥795 million, down ¥409 million or ▲34.0% from the previous FY 1H number. While the above-mentioned decrease in sales due to the slowdown in the Chinese economy and the increase in upfront expenses for the launch of new products that had been expected from the beginning, the penetration of price pass-on activities that has continued since the previous FY, the positive effect of the depreciation of the yen, and higher-than-expected sales in the highly profitable Semiconductor and Display-related business resulted in a significant increase in profit compared to the initial forecasts, as announced on October 24, 2023, despite a decrease in profit compared to the previous FY 1H.

Ordinary profit was ¥996 million, only down ¥364 million or ▲26.8% from that of the previous FY 1H, thanks to foreign exchange gains resulting from the depreciation of the yen and the continued equity earnings from an affiliated company that handles processing of optical film used for displays.

Profit attributable to owners of parent is ¥431 million, down ¥823 million or ▲65.6% from that of the previous FY 1H, due to the absence of extraordinary income from asset sales recorded in the previous FY 1H.

(2) Consolidated operating results by segment

• Reportable segments figures

		FY 2023 1H	FY 2024 1H	Change to FY 2024 from FY 2023	Percent Change from FY 2023 numbers
Toner	Net sales	7,322	5,583	▲1,738	▲23.7%
	Operating profit	1,150	371	▲779	▲67.8%
Semiconductor and Display-related	Net sales	2,948	3,399	450	15.3%
	Operating profit	202	302	99	49.2%
Functional Sheet	Net sales	5,234	5,272	38	0.7%
	Operating profit(loss)	▲129	56	186	-
Security Media	Net sales	1,907	2,103	196	10.3%
	Operating profit	137	261	123	89.4%
New Business Development	Net sales	28	25	▲2	▲10.2%
	Operating loss	▲236	▲263	▲26	-

• Overview of reportable segments

< Toner >

As for the Toner Segment, net sales were ¥5,583 million, down ¥1,738 million or ▲23.7% from that of the previous FY 1H, and Segment (operating) profit was ¥371 million, down ¥779 million or ▲67.8% from that of the previous FY 1H.

Despite an increase in overseas-related sales thanks to the depreciation of the yen, the decrease in net sales was caused by a decline in orders received that have continued since the end of the previous FY, as a result of inventory adjustments among major customers. Price competition with competitors has also accelerated this trend. Segment (operating) profit decreased due to the significant sales decline and higher costs from higher raw material and fuel prices.

< Semiconductor and Display-related >

As for the Semiconductor and Display-related Segment, net sales were ¥3,399 million, up ¥450 million or +15.3% from that of the previous FY 2Q, and Segment (operating) profit was ¥302 million, up ¥99 million or +49.2% from that of the previous FY 1H.

Net sales of the Semiconductor Packaging Tape SBU significantly exceeded the plan, but were down compared to the previous FY 1H, which was particularly strong. On the other hand, net sales of the Optical Film SBU increased due to the receipt of a temporary order that was not initially expected in the current FY 1H. Segment (operating) profit increased from the same period of the previous FY, despite an increase in new product development costs, thanks to the effect of higher sales in the Optical

Film SBU, as well as an increase in the operating rate of coating machines, a key facility common to this segment.

< Functional Sheet >

As for the Functional Sheet Segment, net sales were ¥5,272 million, up ¥38 million or +0.7% from that of the previous FY 1H, and Segment (operating) profit was ¥56million (loss of ¥129 million in the previous FY 1H).

Net sales increased thanks to the acquisition of projects and product price revisions in the overall business compared to the same period of the previous FY, although orders for the Functional Non-woven Fabric SBU were sluggish due to the slowdown of the Chinese economy.

Segment (operating) profit increased compared to the same period of the previous FY thanks to the reflection of cost increases in product prices, as well as various cost reduction effects, although costs increased due to higher raw material and fuel prices.

< Security Media >

As for the Security Media Segment, net sales were ¥2,103 million, up ¥196 million or +10.3% from that of the previous FY 1H, and Segment (operating) profit was ¥261 million, up ¥123 million or +89.4% from that of the previous FY 1H.

Despite a decrease in card-related products, passbooks and other products increased, as did orders for advertising printed materials. Segment (operating) profit was affected by higher energy prices, but benefited from increased net sales.

< New Business Development >

As for the New Business Development Segment, net sales were ¥25 million, down ¥2 million or ▲10.2% from that of the previous FY 1H, and Segment (operating) loss was ¥263 million (loss of ¥236 million in the previous FY 1H).

We are mainly engaged in the development and net sales of iCas-related products, and is particularly focused on the launch of new products for semiconductor manufacturing equipment.

2. Explanation of financial position

• Financial Position

September 30, 2023

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
End of FY 2024 1H September 30, 2023	44,504	18,179	30.6%	1,312.17Yen
Converted into Million U.S. dollars (Note)	297.5	121.5	-	US\$8.77
End of FY 2023, March 31, 2023	42,948	18,370	32.7%	1,251.36Yen
Change to FY 2024 1H from FY 2023	1,556	▲191	▲2.1%	60.81Yen

Note: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥149.58

• Explanation regarding Financial Position

Total assets amounted to ¥44,504 million at the end of the current FY 1H, up ¥1,556 million from the end of the previous FY. Current assets totaled ¥22,378 million, up ¥840 million from the end of the previous FY. This was mainly due to an increase in cash and deposits and notes and accounts receivable-trade, as a result of the refund of consumption taxes receivable recorded at the end of the previous FY in the current FY and the fact that the end of the current FY 1H under review was a holiday for financial institutions. Non-current assets totaled ¥22,126 million, an increase of ¥715 million from the end of the previous FY. This was mainly due to an increase in property, plant and equipment due to capital expenditures and an increase in value of invested marketable securities.

Total liabilities amounted to ¥26,324 million, up ¥1,747 million from the end of the previous FY. Current liabilities totaled ¥18,056 million, up ¥1,977 million from the end of the previous FY. This was mainly due to an increase in short-term borrowings, despite a decrease in current portion of long-term loans payable. Non-current liabilities totaled ¥8,268 million, down ¥229 million from the end of the previous FY, mainly due to the repayment of long-term debt. Interest-bearing debt increased ¥879 million from the end of the previous FY to ¥13,592 million.

Net assets amounted to ¥18,179 million, down ¥191 million from the end of the previous FY. This was due to a decrease in capital surplus resulting from the redemption of Class A preferred stock, despite the recording of Profit attributable to owners of parent and increases in unrealized gains on available-for-sale securities and foreign currency translation adjustments resulting from the depreciation of the yen against foreign currencies.

During 1H of FY2024, as disclosed on September 11, 2023, TOMOEGAWA is working to improve its financial soundness by redeemed all of its preferred shares ahead of schedule, thereby reducing the burden of preferred dividend payments. Even after redemption, net asset ratio has remained above 40%, maintaining a stable financial foundation.

(Review of cash flow position)

• Cash Flow

September 30, 2023

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
End of FY 2024 1H September 30, 2023	1,966	▲569	▲758	5,142
Converted into Million U.S. dollars (Note)	13.9	▲4.0	▲5.4	34.4
End of FY 2023 1H September 31, 2023	910	111	▲1,189	4,894
Change to FY 2024 from FY 2023	1,056	▲680	430	247

Note: U.S. dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥141.06 as for Cash flow and ¥149.58 as for Cash and cash equivalents at end of period

• Explanation regarding Cash Flow

Cash and cash equivalents (net cash) amounted to ¥5,142 million at the end of the current FY 1H, up ¥859 million from the end of the previous FY.

Net cash from operating activities for the current FY 1H was ¥1,966 million, up ¥1,056 million from the previous FY 1H. The main inflow factors were Profit before income taxes of ¥923 million and depreciation (¥789 million) and a decrease in inventories (¥249 million), while the outflow factors included share of profit of entities accounted for using equity method (¥171 million) and an increase in trade receivables (¥196 million).

Net cash used in investing activities for the current FY 1H was ¥569 million (¥111 million was provided in the previous FY 1H). The main outflow factors were purchase of property, plant and equipment (¥562 million).

Net cash used in financing activities for the current FY 1H was ¥758 million, down ¥430 million from the previous FY 1H. The main inflow factors were net increase in short-term borrowings (¥1,902 million) and proceed from long-term borrowings (¥500 million), while the outflow factors included repayments of long-term borrowings (¥1,578 million) and purchase of treasury shares by redemption of Class A preferred stock (¥1,135 million).

3. Explanation of consolidated earnings forecasts and other forward-looking statements

As for the Second Half (2H) of the current FY and beyond, in the Toner Segment, while the impact of the market downturn in China is bottoming out, we will take aggressive measures to leverage its competitive advantage, such as focusing on further market share expansion and developing emerging markets. In the Semiconductor-related business, while a full recovery in mounting tape sales is expected to be delayed until the next FY, we expect to launch new products developed for semiconductor production equipment that can contribute to "Sustainability" by reducing power consumption using its own special paper-making technology, and plan to accelerate new development by establishing a new Tohoku sales office at the end of October. On the other hand, in the Display-related business, which performed well in the current FY 1H, we expect a decline in sales due to the scheduled completion of deliveries of large projects ordered in the current 1H, and we will proceed with the consolidation of facilities to improve production efficiency.

We have decided to leave its full-year forecasts unchanged from the initial forecasts made on May 12, 2023. Although 1H results exceeded the initial forecasts at each stage of profit and the Security Media Segment is expected to continue to grow steadily, we expect profit growth to be sluggish in the current FY 2H due to the impact of lower sales in the Display-related business and inventory reduction throughout the supply chain in the Toner Segment, which is expected to reduce profit, as well as planned investments and repairs to improve the production infrastructure, mainly for the functional non-woven fabric-related products.

• Forecasts of Current Fiscal Year, which will end on March 31, 2024

Forecasts released (Release Date)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Full year (May 12, 2023)	36,000	1,500	1,500	600	57.85Yen

Your continuous support of TOMOEGAWA will be greatly appreciated.

II. Quarterly consolidated financial statements and significant notes thereto

1. Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	4,353	5,216
Notes and accounts receivable - trade	6,557	6,878
Finished goods	6,837	6,843
Work in process	61	63
Raw materials and supplies	2,310	2,285
Other	1,430	1,101
Allowance for doubtful accounts	△13	△11
Total current assets	21,537	22,378
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,475	4,516
Machinery, equipment and vehicles, net	3,628	3,704
Land	5,398	5,398
Other, net	2,031	2,161
Total property, plant and equipment	15,533	15,782
Intangible assets	391	396
Investments and other assets		
Investment securities	5,012	5,495
Other	547	455
Allowance for doubtful accounts	△74	△3
Total investments and other assets	5,485	5,947
Total non-current assets	21,410	22,126
Total assets	42,948	44,504
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,222	5,439
Short-term borrowings	4,289	6,319
Current portion of long-term borrowings	2,433	1,756
Income taxes payable	146	256
Provision for bonuses	518	496
Other	3,468	3,786
Total current liabilities	16,078	18,056
Non-current liabilities		
Long-term borrowings	5,339	4,938
Retirement benefit liability	1,446	1,515
Provision for retirement benefits for directors (and other officers)	309	306
Other	1,404	1,508
Total non-current liabilities	8,498	8,268
Total liabilities	24,577	26,324

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	2,122	2,122
Capital surplus	2,033	897
Retained earnings	8,197	8,423
Treasury shares	△31	△31
Total shareholders' equity	12,322	11,412
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241	445
Foreign currency translation adjustment	492	877
Remeasurements of defined benefit plans	971	873
Total accumulated other comprehensive income	1,705	2,196
Non-controlling interests	4,342	4,570
Total net assets	18,370	18,179
Total liabilities and net assets	42,948	44,504

2. Consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	17,532	16,497
Cost of sales	13,749	12,770
Gross profit	3,782	3,726
Selling, general and administrative expenses	2,577	2,931
Operating profit	1,205	795
Non-operating income		
Interest income	2	6
Dividend income	46	43
Foreign exchange gains	—	62
Share of profit of entities accounted for using equity method	181	171
Other	83	51
Total non-operating income	314	334
Non-operating expenses		
Interest expenses	96	99
Other	62	34
Total non-operating expenses	158	133
Ordinary profit	1,361	996
Extraordinary income		
Gain on sale of non-current assets	469	2
Gain on sale of investment securities	—	4
Total extraordinary income	469	6
Extraordinary losses		
Impairment losses	37	69
Other	1	9
Total extraordinary losses	38	79
Profit before income taxes	1,792	923
Income taxes - current	355	246
Income taxes - deferred	△32	48
Total income taxes	322	295
Profit	1,470	628
Profit attributable to		
Profit attributable to owners of parent	1,255	431
Profit attributable to non-controlling interests	214	197
Other comprehensive income		
Valuation difference on available-for-sale securities	2	280
Foreign currency translation adjustment	479	486
Remeasurements of defined benefit plans, net of tax	△85	△98
Total other comprehensive income	397	668
Comprehensive income	1,867	1,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,546	922
Comprehensive income attributable to non-controlling interests	320	374

3. Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,792	923
Depreciation	806	789
Impairment losses	37	69
Increase (decrease) in provision for retirement benefits for directors (and other officers)	14	5
Increase (decrease) in retirement benefit liability	△85	△37
Interest and dividend income	△49	△49
Interest expenses	96	99
Foreign exchange losses (gains)	△125	△38
Share of loss (profit) of entities accounted for using equity method	△181	△171
Loss (gain) on sale of non-current assets	△469	1
Decrease (increase) in trade receivables	180	△196
Decrease (increase) in inventories	△171	249
Increase (decrease) in trade payables	△488	195
Other, net	△133	187
Subtotal	1,221	2,029
Interest and dividends received	140	110
Interest paid	△100	△98
Income taxes paid	△369	△388
Income taxes refund	—	307
Other, net	18	6
Net cash provided by (used in) operating activities	910	1,966
Cash flows from investing activities		
Payments into time deposits	△20	△20
Proceeds from withdrawal of time deposits	21	18
Purchase of property, plant and equipment	△440	△562
Proceeds from sale of property, plant and equipment	574	4
Proceeds from sale of investment securities	—	45
Other, net	△23	△55
Net cash provided by (used in) investing activities	111	△569
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△64	1,902
Proceeds from long-term borrowings	200	500
Repayments of long-term borrowings	△951	△1,578
Purchase of treasury shares	△0	△1,135
Dividends paid	△253	△204
Dividends paid to non-controlling interests	△5	△146
Other, net	△114	△94
Net cash provided by (used in) financing activities	△1,189	△758
Effect of exchange rate change on cash and cash equivalents	325	220
Net increase (decrease) in cash and cash equivalents	157	859
Cash and cash equivalents at beginning of period	4,737	4,282
Cash and cash equivalents at end of period	4,894	5,142

4. Notes to quarterly consolidated financial statements
(Notes on Going Concern Assumption)

None.

(Notes on significant changes in the amount of shareholders' equity)

Based on the resolution of the Board of Directors meeting held on September 11, 2023, the Company purchased and canceled 1,000,000 shares of the Class A preferred stock issued by the Company on September 29, 2023. The purchase of the Class A preferred stock increased treasury shares by ¥1,135 million, and the cancellation of treasury shares decreased capital surplus and treasury shares by ¥1,135 million each. As a result, capital surplus and treasury shares amounted to ¥897 million and ¥31 million, respectively, at the end of the second quarter of the current fiscal year.

(Segment Information)

I Previous fiscal year (From April 1, 2022 to September 30, 2022)

Information concerning net sales and profit (loss) by reportable segment, and disaggregated revenue information

(Millions of yen)

	Reportable segments						(Note 1) Other	Total	(Note 2) Reconciling items	(Note 3) Per consolidated financial statements
	Toner	Semiconductor and Display-related	Functional Sheet	Security media	New Business Development	Reportable segments				
Net sales										
Japan	1,113	1,707	4,776	1,907	28	9,533	57	9,590	—	9,590
China (including Hong Kong)	2,384	185	70	—	—	2,640	—	2,640	—	2,640
Other Asia	802	1,046	320	—	—	2,169	—	2,169	—	2,169
Europe	2,108	1	1	—	—	2,111	—	2,111	—	2,111
North America	735	7	65	—	—	808	—	808	—	808
Other	176	—	—	—	—	176	—	176	—	176
Revenue from contracts with customers	7,322	2,948	5,234	1,907	28	17,440	57	17,497	—	17,497
Other revenue	—	—	—	—	—	—	34	34	—	34
Revenues from external customers	7,322	2,948	5,234	1,907	28	17,440	91	17,532	—	17,532
Transactions with other segments	—	—	301	77	—	379	305	684	(684)	—
Net sales	7,322	2,948	5,535	1,984	28	17,819	397	18,217	(684)	17,532
Segment profit (loss)	1,150	202	(129)	137	(236)	1,124	43	1,168	36	1,205

Notes:

1. The "Other" classification is for business segments not included in a reportable segment and includes logistics services, etc.
2. Segment profit (loss) in the above adjustment ¥36 million represents eliminations for inter-segment transactions.

3. Segment profit (loss) is reconciled to Operating profit presented in the consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative).

II Current fiscal year (From April 1, 2023 to September 30, 2023)

1. Information concerning net sales and profit (loss) by reportable segment, and disaggregated revenue information

(Millions of yen)

	Reportable segments						(Note 1) Other	Total	(Note 2) Reconciling items	(Note 3) Per consolidated financial statements
	Toner	Semiconductor and Display-related	Functional Sheet	Security media	New Business Development	Reportable segments				
Net sales										
Japan	1,011	1,959	4,735	2,103	24	9,834	77	9,912	—	9,912
China (including Hong Kong)	1,602	143	25	—	—	1,771	—	1,771	—	1,771
Other Asia	685	1,266	461	—	1	2,415	—	2,415	—	2,415
Europe	1,873	1	3	—	—	1,877	—	1,877	—	1,877
North America	296	28	46	—	—	371	—	371	—	371
Other	113	—	—	—	—	113	—	113	—	113
Revenue from contracts with customers	5,583	3,399	5,272	2,103	25	16,384	77	16,462	—	16,462
Other revenue	—	—	—	—	—	—	34	34	—	34
Revenues from external customers	5,583	3,399	5,272	2,103	25	16,384	112	16,497	—	16,497
Transactions with other segments	—	—	975	22	—	998	301	1,300	(1,300)	—
Net sales	5,583	3,399	6,248	2,126	25	17,382	414	17,797	(1,300)	16,497
Segment profit (loss)	371	302	56	261	(263)	728	44	773	22	795

Notes:

- The "Other" classification is for business segments not included in a reportable segment and includes logistics services, etc.
- Segment profit (loss) in the above adjustment ¥22 million represents eliminations for inter-segment transactions.
- Segment profit (loss) is reconciled to Operating profit presented in the consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative).

2. Matters related to changes in reportable segments, etc.

For better understanding of the Group's future vision and business development activities, the Company has changed the name of our reportable segment from the former "Electronic Materials Segment" to "Semiconductor and Display-related Segment" and from the former "Functional Paper Segment" to the "Functional Sheet Segment" effective from the first quarter of the current consolidated fiscal year.

The segment information for the first half of the previous fiscal year is disclosed under the new reportable segment name. However, there is no change in the method of classifying reportable segment.