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Member, Financial Accounting Standards Foundation

The Announcement date: May 14, 2024 (14:00 JST)

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: TOMOEGAWA CORPORATION (Former 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
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 Scheduled date of annual general meeting of shareholders: June 26, 2024
 Scheduled date to commence dividend payments: June 6, 2024
 Scheduled date to file annual securities report: June 26, 2024
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| Fiscal year ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2024 | 33,692 | (1.4) | 1,331 | (35.1) | 1,643 | (23.6) | 594 | (59.1) |
| March 31, 2023 | 34,170 | 4.2 | 2,052 | 3.5 | 2,151 | (6.9) | 1,451 | (12.1) |

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥2,626 million [19.3%]
 For the fiscal year ended March 31, 2023: ¥2,202 million [(4.5%)]

| Fiscal year ended | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|--------------------------|----------------------------|------------------|--|--|
| | Yen | Yen | % | % | % |
| March 31, 2024 | 57.28 | - | 4.1 | 3.7 | 4.0 |
| March 31, 2023 | 135.11 | - | 10.6 | 5.0 | 6.0 |

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2024: ¥311 million
 For the fiscal year ended March 31, 2023: ¥176 million

(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 |
| March 31, 2024 | 45,713 | 19,396 | 32.2 | 1,417.49 |
| March 31, 2023 | 42,948 | 18,370 | 32.7 | 1,251.36 |

Reference: Equity
 As of March 31, 2024: ¥14,700 million
 As of March 31, 2023: ¥14,027 million

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| March 31, 2024 | 4,185 | (1,741) | (1,645) | 5,345 |
| March 31, 2023 | 1,010 | (54) | (1,566) | 4,282 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|--|----------------------------|--------------------|-------------------|-----------------|-------|------------------------------|-----------------------------|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2023 | - | 0.00 | - | 15.00 | 15.00 | 155 | 11.1 | 1.3 |
| Fiscal year ended March 31, 2024 | - | 0.00 | - | 15.00 | 15.00 | 155 | 26.2 | 1.1 |
| Fiscal year ending March 31, 2025 (Forecast) | - | 0.00 | - | 15.00 | 15.00 | | 15.6 | |

Note: The above "2. Cash dividends" shows dividends for common shares. For details of dividends for preferred shares (unlisted), the rights of which are different from those of common shares issued by the Company, please refer to "Dividends for preferred shares" below.

3. Forecasts of Consolidated financial results for Fiscal Year 2025 (from April 1, 2024 to March 31, 2025)

(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 |
| First Half | 17,000 | 3.0 | 850 | 6.8 | 850 | (14.7) | 200 | (53.7) | 19.28 |
| Full year | 35,000 | 3.9 | 2,200 | 65.3 | 2,200 | 33.9 | 1,000 | 68.3 | 96.42 |

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

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

| | |
|----------------------|-------------------|
| As of March 31, 2024 | 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 March 31, 2024 | 18,380 shares |
| As of March 31, 2023 | 18,354 shares |

- (iii) Average number of shares outstanding during the period

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2024 | 10,371,038 shares |
| Fiscal year ended March 31, 2023 | 10,371,052 shares |

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-----------------|-------|------------------|---|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2024 | 19,347 | 0.7 | (249) | - | 1,182 | 16.9 | 1,049 | 27.9 |
| March 31, 2023 | 19,204 | (0.4) | (245) | - | 1,011 | 96.6 | 821 | 10.9 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2024 | 101.24 | - |
| March 31, 2023 | 74.36 | - |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2024 | 26,411 | 5,298 | 20.1 | 510.87 |
| March 31, 2023 | 24,774 | 5,321 | 21.5 | 411.88 |

Reference: Equity

As of March 31, 2024: ¥5,298 million
As of March 31, 2023: ¥5,321 million

* Financial results reports are exempt from audit 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 . Overview of operating results, etc., 4. The Projection of FY 2025 and dividends payment” on page 8 (Attached Material).

Dividends for preferred shares

The breakdown of dividends per share related to Class A preferred shares that have different rights from common shares 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 | - | - | - | - | - |

Note: As a result of the purchase and cancellation of all 1,000,000 unredeemed Class A preferred shares 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 shares for the fiscal year ending March 2024.

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I. Overview of operating results, etc.

Figures in Millions of yen, unless otherwise noted

1. Overview of operating results for the fiscal year under review

(1) Review of operating results

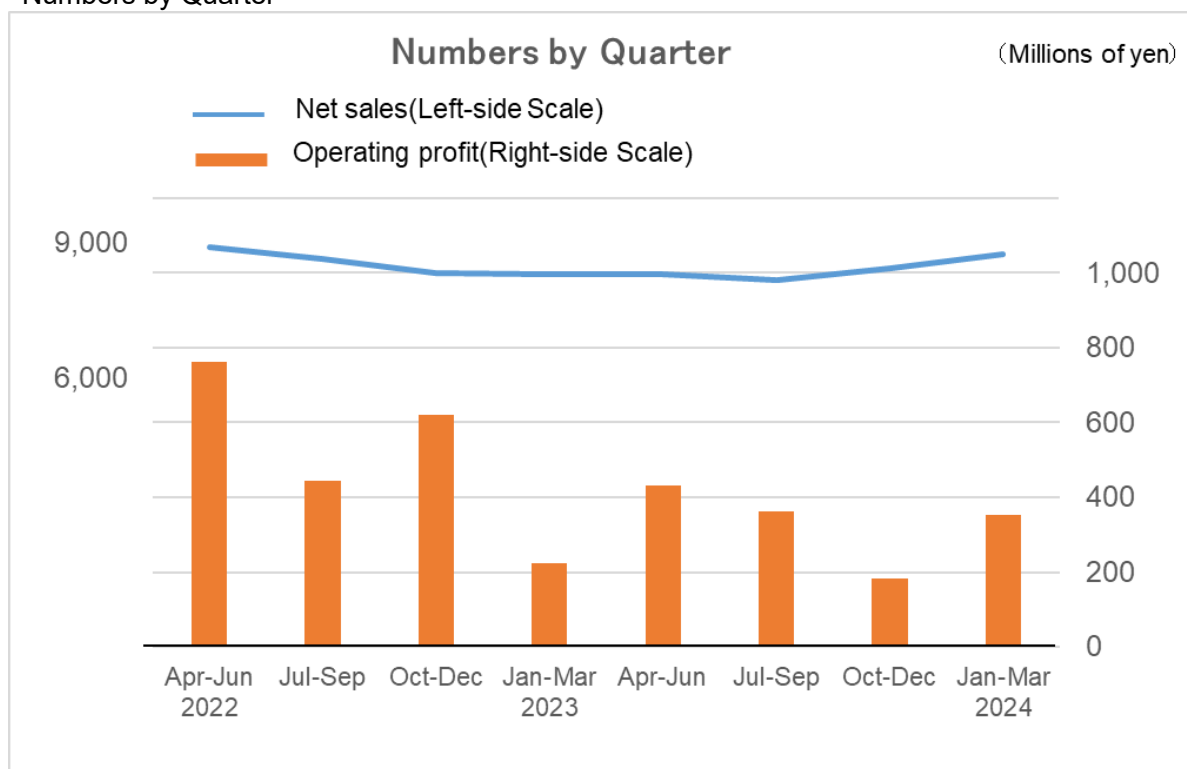
• Net sales and profit (loss)

from April 1, 2023 through March 31, 2024

| | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent | Basic earnings per share |
|---|-----------|------------------|-----------------|---|--------------------------|
| FY 2024 ended on March 31, 2024 | 33,692 | 1,331 | 1,643 | 594 | 57.28Yen |
| Converted into Millions of US dollar (Note) | 233.0 | 9.2 | 11.4 | 4.1 | US\$0.40 |
| FY 2023 ended on March 31, 2023 | 34,170 | 2,052 | 2,151 | 1,451 | 135.11Yen |
| Change to FY 2024 from FY 2023 | ▲477 | ▲720 | ▲507 | ▲857 | ▲77.83Yen |
| Percent Change from FY 2023 numbers | ▲1.4% | ▲35.1% | ▲23.6% | ▲59.1% | - |
| Initial forecasts for FY 2024 released on May 12, 2023 | 36,000 | 1,500 | 1,500 | 600 | 53.03Yen |
| Revised forecasts for FY 2024 released on February 13, 2024 | 33,500 | 1,000 | 1,300 | 300 | 28.93Yen |
| Change from FY 2024 Initial forecasts | ▲2,307 | ▲168 | 143 | ▲5 | 4.25Yen |
| Change from FY 2024 revised forecasts on February 13, 2024 | 192 | 331 | 343 | 294 | 28.35Yen |

Note: US dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥144.59

• Numbers by Quarter



• Observation of whole FY 2024 (April 2023 to March 2024)

From the beginning of the current fiscal year (FY), the Company had assumed that costs would increase due to the upfront burden of expenses associated with the launch of new products for semiconductor manufacturing equipment, higher labor costs associated with improved compensation, and higher energy and material prices.

The Company planned to operating profit and ordinary profit of ¥1,500 million each, despite lower profits, by absorbing as much as possible of these increases through price pass-on and increased sales, mainly in the Toner Segment which accounts for more than 30% of consolidated net sales, and in the functional non-woven fabrics business which launched new products in the previous FY. (See "Initial forecasts for FY 2024 released on May 12, 2023" in the above table.)

However, due to the sluggish Chinese economy, the performance of the Toner Segment and the functional non-woven fabrics businesses remained weak until the third quarter. On the other hand, the semiconductor and display-related businesses performed better than initially expected, and the Security Media Segment, which continues to switch to new credit cards, expanded sales.

As a result of the above, net sales amounted to ¥33,692 million, down ¥477 million or ▲1.4% from that of the previous FY, when the Toner Business was particularly strong.

In terms of profit, the effect of various cost increases was smaller than initially expected, partially offset by an increase in income from prototype production and improvements in on-site productivity. Price pass-on was also better than expected. In addition, the depreciation of the yen in the second half of the current FY had a positive effect on profits. However, in addition to the decrease in net sales compared to the previous FY, production adjustments aimed at reducing inventories, particularly in the Toner Segment, had a negative effect on profits. As a result, Operating profit was ¥1,331 million, down ¥720 million or ▲35.1% from that of the previous FY.

Ordinary profit was ¥1,643 million, only down ¥507 million or ▲23.6% from that of the previous FY, thanks to the continued contribution of equity earnings from an affiliated company that handles processing of optical film used for displays, exceeding the original plan announced on May 12, 2023.

Profit attributable to owners of parent is ¥594 million, down ¥857 million or ▲59.1% from that of the previous FY, due to the absence of extraordinary income from sales of closed fix asset recorded in the previous FY, a change in the customer product (Semiconductor manufacturing equipment) targeted in the development of new electrostatic chucks in the fourth quarter (4Q), and a loss on disposal of equipment due to the consolidation of production and development bases, but it almost achieved the initial plan.

As for the three months of 4Q, the improvement in the order environment was observed in a part of the Toner Segment, and a temporary increase in demand before price hikes in the semiconductor and display-related business acted as a factor for higher sales. In addition, the positive effect of the yen depreciation and an increase in income from prototype production were also factors contributing to the increase in profit.

(2) Consolidated operating results by segment

• Reportable segments figures

| | | FY 2023 | FY 2024 | Change to FY 2024 from FY 2023 | Percent Change from FY 2023 numbers |
|-----------------------------------|------------------------|---------|---------|--------------------------------------|---|
| Toner | Net sales | 13,531 | 11,719 | ▲1,811 | ▲13.4% |
| | Operating profit | 2,093 | 815 | ▲1,277 | ▲61.0% |
| Semiconductor and Display-related | Net sales | 5,634 | 6,518 | 884 | 15.7% |
| | Operating profit | 186 | 608 | 422 | 226.9% |
| Functional Sheet | Net sales | 10,769 | 10,770 | 1 | 0.0% |
| | Operating profit(loss) | ▲72 | ▲42 | 30 | - |
| Security Media | Net sales | 3,985 | 4,384 | 399 | 10.0% |
| | Operating profit | 224 | 439 | 214 | 95.6% |
| New Business Development | Net sales | 54 | 67 | 13 | 25.2% |
| | Operating loss | ▲499 | ▲608 | ▲108 | - |

• Overview of reportable segments

< Toner >

As for the Toner Segment, net sales were ¥11,719 million, down ¥1,811 million or ▲13.4% from that of the previous FY, and Segment (operating) profit was ¥815 million, down ¥1,277 million or ▲61.0% from that of the previous FY.

Despite an increase in overseas-related sales thanks to the depreciation of the yen, orders received were sluggish due to the continued economic slump in China, and price competition with overseas competitors expanded, resulting in a significant decrease in net sales, especially in monochrome toner. Segment (operating) profit was significantly lower due to a significant decrease in net sales, including those of overseas subsidiaries, as well as increased costs resulting from higher raw material prices, and a decrease in production due to inventory adjustments.

< Semiconductor and Display-related >

As for the Semiconductor and Display-related Segment, net sales were ¥6,518 million, up ¥884 million or +15.7% from that of the previous FY, and Segment (operating) profit was ¥608 million, up ¥422 million or +226.9% from that of the previous FY.

Sales of the Semiconductor Packaging Tape SBU remained strong, and orders for the Optical Film SBU for processing film for displays, which were not initially anticipated, including those from subsidiaries, remained strong throughout the year, resulting in increased net sales. Segment (operating) profit increased from the previous FY, despite an increase in new product development costs, thanks to the effect of higher sales in the Optical Film SBU and compensation income from product

development activities and resulting prototypes, 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 ¥10,770 million, up ¥1 million or +0.0% from that of the previous FY, and Segment (operating) loss was ¥42 million (loss of ¥72 million in the previous FY).

Although orders for the Functional Non-woven Fabrics SBU were sluggish due to the impact of the slumping Chinese economy, net sales were at the same level as the previous FY thanks to the acquisition of projects and product price revisions in the overall business. Segment (operating) loss narrowed compared to 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 prices.

< Security Media >

As for the Security Media Segment, net sales were ¥4,384 million, up ¥399 million or +10.0% from that of the previous FY, and Segment (operating) profit was ¥439 million, up ¥214 million or +95.6% from that of the previous FY.

In addition to the shift to Combi credit cards with both contact and contactless usage, passbooks and other products increased, as did orders for advertising printed materials. Segment (operating) profit increased compared to the previous FY thanks to the significant effect of increased net sales.

< New Business Development >

As for the New Business Development Segment, net sales were ¥67 million, up ¥13 million or +25.2% from that of the previous FY, and Segment (operating) loss was ¥608 million (loss of ¥499 million in the previous FY).

The Company is 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. Overview of financial position for the fiscal year under review

• Financial Position

March 31, 2024

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|---|--------------|------------|-----------------------|----------------------|
| End of FY 2024, March 31, 2024 | 45,713 | 19,396 | 32.2% | 1,417.49Yen |
| Converted into Millions of US dollar (Note) | 301.9 | 128.1 | - | US\$9.36 |
| End of FY 2023, March 31, 2024 | 42,948 | 18,370 | 32.7% | 1,251.36Yen |
| Change to FY 2024 from FY 2023 | 2,765 | 1,025 | ▲0.5% | 166.13Yen |

Note: US dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥151.40

• Explanation regarding Financial Position

Total assets amounted to ¥45,713 million at the end of the current FY, up ¥2,765 million from the end of the previous FY. Current assets totaled ¥22,600 million, up ¥1,062 million from the end of the previous FY. This was mainly due to an increase in cash and deposits and notes and accounts receivable as a result of the fact that the end of the current FY under review was a holiday for financial institutions, and the effect of the yen's depreciation, despite inventory reductions, including production adjustments, amid declining sales. Non-current assets totaled ¥23,113 million, an increase of ¥1,703 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 investment securities by mark-to-market valuation of holdings shares.

Total liabilities amounted to ¥26,317 million, up ¥1,740 million from the end of the previous FY. Current liabilities totaled ¥18,405 million, up ¥2,326 million from the end of the previous FY. This was mainly due to an increase in notes and accounts payable as a result of the fact that the end of the current FY under review was a holiday for financial institutions, and short-term borrowings, despite a decrease in current portion of long-term borrowings. Non-current liabilities totaled ¥7,911 million, down ¥586 million from the end of the previous FY, mainly due to the repayment of long-term borrowings and a decrease in retirement benefit liability. Interest-bearing debt increased ¥122 million from the end of the previous FY to ¥12,835 million.

Net assets amounted to ¥19,396 million, up ¥1,025 million from the end of the previous FY. This was thanks to the recording of Profit attributable to owners of parent and increases in foreign currency translation adjustments resulting from the depreciation of the yen against foreign currencies, unrealized gains on available-for-sale securities and remeasurements of defined benefit plans, despite a decrease by ¥1,135 million in capital surplus resulting from the redemption of all Class A preferred shares in September 2023.

The Company is working to improve its financial soundness by redeemed all of its preferred shares, thereby reducing the burden of preferred dividend payments. Even after redemption, net asset ratio has remained over 40%, maintaining a stable financial foundation.

3. Review of cash flow position for the fiscal year under review

• Cash Flow

March 31, 2024

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--|
| FY 2024 ended on March 31, 2024 | 4,185 | (1,741) | (1,645) | 5,345 |
| Converted into Millions of US dollar (Note) | 28.9 | (12.0) | (11.4) | 35.3 |
| FY 2023 ended on March 31, 2023 | 1,010 | (54) | (1,566) | 4,282 |
| Change to FY 2024 from FY 2023 | 3,174 | (1,686) | (78) | 1,062 |

Note: US dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥144.59 as for Cash flow and ¥151.40 as for Cash and cash equivalents at end of period

• Explanation regarding Cash Flow

Cash and cash equivalents (net cash) amounted to ¥5,345 million at the end of the current FY, up ¥1,062 million from the end of the previous FY.

Net cash from operating activities for current FY was ¥4,185 million, up ¥3,174 million from the previous FY. The main inflow factors were profit before income taxes of ¥1,363 million, depreciation (¥1,669 million) and an increase in trade payables (¥1,004 million), while the outflow factors included share of profit of entities accounted for using equity method (¥311 million) and an increase in trade receivables (¥211 million).

Net cash used in investing activities for current FY was ¥1,741 million, down ¥1,686 million from the previous FY. The main outflow factors were the expenditure of property, plant and equipment (¥1,605 million), an increase of ¥720 million from the previous FY, and the absence of ¥580 million in proceeds from sales of the site of the US toner factory, which had been recorded in the previous FY.

Net cash used in financing activities for current FY was ¥1,645 million, down ¥78 million from the previous FY. The main inflow factors were net increase in short-term borrowings (¥1,595 million) and proceed from long-term borrowings (¥1,050 million), while the outflow factors included repayments of long-term borrowings (¥2,497 million) and purchase of treasury shares by redemption of Class A preferred shares (¥1,135 million).

[Reference] The trends in the Group's cash flow indicators are shown below.

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|---|---------|---------|---------|---------|---------|
| Equity-to-asset ratio (%) | 20.6 | 28.3 | 30.9 | 32.7 | 32.3 |
| Market-based equity-to-asset ratio (%) | 17.2 | 20.9 | 19.9 | 16.5 | 20.1 |
| Interest bearing debt to cash flow ratio (annual) | - | 3.4 | 3.8 | 12.6 | 3.1 |
| Interest coverage ratio (times) | - | 18.0 | 19.9 | 5.0 | 20.4 |

Note: Equity-to-asset ratio: Equity / Total assets

Market-based equity-to-asset ratio: Market capitalization / Total assets

Interest bearing debt to cash flow ratio: Interest bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest

* Each of these indicators are calculated from consolidated financial figures.

* Market capitalization is calculated by multiplying year-end closing price by year-end issued shares (excluding treasury shares).

* Cash flows from operating activities from the consolidated statements of cash flows are used for operating cash flow.

* Interest bearing debts represent all debts on the consolidated balance sheet for which interest is paid.

* Interest bearing debt to cash flow ratio and Interest coverage ratio for FY 2020 are not shown due to negative operating cash flow.

4. The Projection of FY 2025 and dividends payment

• Forecast of Current Fiscal Year, which will end on March 31, 2025

| Forecast released | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent | Basic earnings per share |
|-------------------|-----------|------------------|-----------------|---|--------------------------|
| First Half | 17,000 | 850 | 850 | 200 | 19.28Yen |
| Full year | 35,000 | 2,200 | 2,200 | 1,000 | 96.42Yen |

TOMOEGAWA Group has given top priority to achieving the goals set forth in the five-year 8th Mid-Term Business Plan that started from FY 2022 and will end in FY 2026, and has been working to strengthen its earnings base by transforming its business portfolio and promoting structural reforms.

In FY 2025, the fourth year of the 8th Mid-Term Business Plan, the Toner Segment has shown signs of recovery since FY 2024 4Q, and the Company expects to see an increase in profits as inventory adjustments have slowed down. In the Functional Sheet Segment, the Company is making progress in developing markets other than the Chinese market, and in the cellulose microfiber business (Trademark "Green Chip® CMF®"), which is a potential substitute for plastic-based materials, it is planning to introduce new products for new applications.

With regard to the semiconductor and display-related business, although the effect of temporary order wins in the display-related business during the current FY is expected to level off, a recovery in the semiconductor market is anticipated from the second half of FY 2025 with regard to the semiconductor-related business. In addition, the Company has received numerous inquiries about its new product for semiconductor manufacturing equipment, the "flexible thin layer heater", which received the "Environmental Partners recognition" from Tokyo Electron Ltd. in December of the previous year, and the Company will accelerate the early launch and lateral development of existing developed products as a pillar of future growth reflecting the perspective of environmental contribution. On the other hand, the investment in new electrostatic chucks, for which capital investment (totaling ¥900 million) was planned for mass production starting in FY 2025, has been suspended due to a change in development policy, and its contribution to the Company's performance is expected to be delayed.

In the Security Media Segment, the Company expects continued demand for switching to Combi cards, an increase in passbooks due to the customer order cycle, and an increase in advertising printed materials thanks to the economic recovery.

For FY 2025, the Company has set its full-year net sales forecasts at ¥35,000 million (up 3.9% from that of FY 2024; down ¥3,000 million from ¥38,000 million in the revised 8th Mid-Term Business Plan, which anticipated further market growth), assuming the above sales increase effects, penetration of price pass-on, and the yen's depreciation by about ¥150 to US dollar in the first half of FY 2025.

The Company expects operating profit to be ¥2,200 million (up 65.3% from that of FY 2024), and it will continue to aim to the level of the revised 8th Mid-Term Business Plan, thanks to the market recovery in the Toner Segment and semiconductor mounting tape, contributions from new functional non-woven products, company-wide efforts to pass on prices, and the yen's expected depreciation for the foreseeable future. The Company expects the contribution of equity earnings from an affiliated company that handles processing of optical film used for displays to decrease in the future, so it has set ordinary profit at ¥2,200 million (up 33.9% from that of FY 2024). Profit attributable to owners of parent is estimated at ¥1,000 million (up 68.3% from that of FY 2024).

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

For the final FY (FY 2026) of the revised 8th Mid-Term Business Plan, the Company will continue to aim operating profit of ¥3,500 million, taking into account the recovery and expansion of market share in the Toner Segment, further growth in the semiconductor-related product market, improvement of profit margins through continued price pass-on, improvement of the quality of business management and business productivity through the use of DX, and the full-scale contribution of new products mentioned above.

II. Basic rationale for selection of accounting standards

TOMOEGAWA Group currently adopts Japanese accounting standards for its financial reporting in view of comparability between fiscal years on financial statements and comparability with other companies. Regarding the adoption of International Financial Reporting Standards, the Group will respond appropriately in consideration of circumstances in and outside Japan.

III. Consolidated financial statements and Major explanatory notes thereto

1. Consolidated balance sheet

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,353 | 5,417 |
| Notes receivable - trade | 511 | 524 |
| Electronically recorded monetary claims - operating | 726 | 855 |
| Accounts receivable - trade | 5,320 | 5,549 |
| Finished goods | 6,837 | 6,389 |
| Work in process | 61 | 59 |
| Raw materials and supplies | 2,310 | 2,371 |
| Other | 1,430 | 1,441 |
| Allowance for doubtful accounts | △13 | △9 |
| Total current assets | 21,537 | 22,600 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 4,475 | 4,520 |
| Machinery, equipment and vehicles, net | 3,628 | 3,839 |
| Land | 5,398 | 5,398 |
| Leased assets, net | 637 | 510 |
| Construction in progress | 347 | 381 |
| Afforestation tree | 632 | 632 |
| Other, net | 412 | 623 |
| Total property, plant and equipment | 15,533 | 15,906 |
| Intangible assets | | |
| Goodwill | 38 | 30 |
| Software | 223 | 258 |
| Other | 129 | 119 |
| Total intangible assets | 391 | 408 |
| Investments and other assets | | |
| Investment securities | 5,012 | 5,878 |
| Deferred tax assets | 138 | 124 |
| Retirement benefit asset | — | 490 |
| Other | 408 | 305 |
| Allowance for doubtful accounts | △74 | △0 |
| Total investments and other assets | 5,485 | 6,798 |
| Total non-current assets | 21,410 | 23,113 |
| Total assets | 42,948 | 45,713 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 5,222 | 6,253 |
| Short-term borrowings | 4,289 | 5,992 |
| Current portion of long-term borrowings | 2,433 | 1,617 |
| Income taxes payable | 146 | 232 |
| Provision for bonuses | 518 | 515 |
| Other | 3,468 | 3,793 |
| Total current liabilities | 16,078 | 18,405 |
| Non-current liabilities | | |
| Long-term borrowings | 5,339 | 4,708 |
| Lease liabilities | 474 | 345 |
| Deferred tax liabilities | 854 | 1,301 |
| Retirement benefit liability | 1,446 | 1,043 |
| Provision for retirement benefits for directors (and other officers) | 309 | 323 |
| Other | 75 | 189 |
| Total non-current liabilities | 8,498 | 7,911 |
| Total liabilities | 24,577 | 26,317 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,122 | 2,122 |
| Capital surplus | 2,033 | 897 |
| Retained earnings | 8,197 | 8,585 |
| Treasury shares | △31 | △31 |
| Total shareholders' equity | 12,322 | 11,574 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 241 | 575 |
| Foreign currency translation adjustment | 492 | 962 |
| Remeasurements of defined benefit plans | 971 | 1,587 |
| Total accumulated other comprehensive income | 1,705 | 3,125 |
| Non-controlling interests | 4,342 | 4,695 |
| Total net assets | 18,370 | 19,396 |
| Total liabilities and net assets | 42,948 | 45,713 |

2. Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 34,170 | 33,692 |
| Cost of sales | 26,637 | 26,324 |
| Gross profit | 7,532 | 7,367 |
| Selling, general and administrative expenses | | |
| Transportation costs | 777 | 631 |
| Salaries and allowances | 1,467 | 1,568 |
| Provision for bonuses | 115 | 107 |
| Retirement benefit expenses | 39 | 1 |
| Provision for retirement benefits for directors (and other officers) | 31 | 33 |
| Depreciation | 107 | 107 |
| Research and development expenses | 931 | 1,377 |
| Other | 2,010 | 2,208 |
| Total selling, general and administrative expenses | 5,480 | 6,036 |
| Operating profit | 2,052 | 1,331 |
| Non-operating income | | |
| Interest income | 10 | 10 |
| Dividend income | 81 | 75 |
| Foreign exchange gains | — | 54 |
| Share of profit of entities accounted for using equity method | 176 | 311 |
| Other | 157 | 145 |
| Total non-operating income | 425 | 598 |
| Non-operating expenses | | |
| Interest expenses | 195 | 206 |
| Foreign exchange losses | 32 | — |
| Financial fee | 32 | 10 |
| Other | 66 | 69 |
| Total non-operating expenses | 326 | 286 |
| Ordinary profit | 2,151 | 1,643 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 474 | 3 |
| Gain on sale of investment securities | 226 | 39 |
| Total extraordinary income | 701 | 43 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 122 | 134 |
| Impairment losses | 353 | 183 |
| Other | 0 | 4 |
| Total extraordinary losses | 475 | 322 |
| Profit before income taxes | 2,377 | 1,363 |

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Income taxes - current | 568 | 370 |
| Income taxes - deferred | △37 | 41 |
| Total income taxes | 531 | 412 |
| Profit | 1,845 | 951 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 1,451 | 594 |
| Profit attributable to non-controlling interests | 394 | 357 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △24 | 464 |
| Foreign currency translation adjustment | 126 | 594 |
| Remeasurements of defined benefit plans, net of tax | 255 | 616 |
| Total other comprehensive income | 356 | 1,675 |
| Comprehensive income | 2,202 | 2,626 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,760 | 2,014 |
| Comprehensive income attributable to non-controlling interests | 441 | 612 |

3. Consolidated statements of changes in net assets
 Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,122 | 3,249 | 6,999 | △288 | 12,083 |
| Changes during period | | | | | |
| Dividends of surplus | | | △253 | | △253 |
| Profit attributable to owners of parent | | | 1,451 | | 1,451 |
| Changes by share exchanges | | △84 | | 257 | 172 |
| Purchase of treasury shares | | | | △1,132 | △1,132 |
| Cancellation of treasury shares | | △1,132 | | 1,132 | — |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | △1,216 | 1,197 | 257 | 238 |
| Balance at end of period | 2,122 | 2,033 | 8,197 | △31 | 12,322 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 289 | 390 | 716 | 1,396 | 4,136 | 17,616 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | △253 |
| Profit attributable to owners of parent | | | | | | 1,451 |
| Changes by share exchanges | | | | | | 172 |
| Purchase of treasury shares | | | | | | △1,132 |
| Cancellation of treasury shares | | | | | | — |
| Net changes in items other than shareholders' equity | △47 | 102 | 255 | 309 | 205 | 515 |
| Total changes during period | △47 | 102 | 255 | 309 | 205 | 753 |
| Balance at end of period | 241 | 492 | 971 | 1,705 | 4,342 | 18,370 |

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,122 | 2,033 | 8,197 | △31 | 12,322 |
| Changes during period | | | | | |
| Dividends of surplus | | | △205 | | △205 |
| Profit attributable to owners of parent | | | 594 | | 594 |
| Purchase of treasury shares | | | | △1,135 | △1,135 |
| Cancellation of treasury shares | | △1,135 | | 1,135 | — |
| Net changes in items other than shareholders' equity | | △0 | | | △0 |
| Total changes during period | — | △1,135 | 388 | △0 | △747 |
| Balance at end of period | 2,122 | 897 | 8,585 | △31 | 11,574 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 241 | 492 | 971 | 1,705 | 4,342 | 18,370 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | △205 |
| Profit attributable to owners of parent | | | | | | 594 |
| Purchase of treasury shares | | | | | | △1,135 |
| Cancellation of treasury shares | | | | | | — |
| Net changes in items other than shareholders' equity | 334 | 469 | 616 | 1,420 | 352 | 1,773 |
| Total changes during period | 334 | 469 | 616 | 1,420 | 352 | 1,025 |
| Balance at end of period | 575 | 962 | 1,587 | 3,125 | 4,695 | 19,396 |

4. Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,377 | 1,363 |
| Depreciation | 1,619 | 1,669 |
| Impairment losses | 353 | 183 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 22 | 13 |
| Increase (decrease) in retirement benefit liability | △244 | △80 |
| Interest and dividend income | △91 | △86 |
| Interest expenses | 195 | 206 |
| Share of loss (profit) of entities accounted for using equity method | △176 | △311 |
| Loss on retirement of non-current assets | 122 | 134 |
| Loss (gain) on sale of non-current assets | △474 | 0 |
| Loss (gain) on sale of investment securities | △226 | △39 |
| Decrease (increase) in trade receivables | 603 | △211 |
| Decrease (increase) in inventories | △720 | 683 |
| Increase (decrease) in trade payables | △1,125 | 1,004 |
| Other, net | △236 | △56 |
| Subtotal | 1,996 | 4,474 |
| Interest and dividends received | 182 | 147 |
| Interest paid | △200 | △205 |
| Income taxes paid | △1,001 | △581 |
| Income taxes refund | — | 307 |
| Other, net | 34 | 41 |
| Net cash provided by (used in) operating activities | 1,010 | 4,185 |
| Cash flows from investing activities | | |
| Payments into time deposits | △62 | △64 |
| Proceeds from withdrawal of time deposits | 82 | 64 |
| Purchase of property, plant and equipment | △885 | △1,605 |
| Payments for retirement of property, plant and equipment | △9 | △127 |
| Proceeds from sale of property, plant and equipment | 580 | 4 |
| Proceeds from sale of investment securities | 302 | 112 |
| Other, net | △63 | △125 |
| Net cash provided by (used in) investing activities | △54 | △1,741 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,465 | 1,595 |
| Proceeds from long-term borrowings | 750 | 1,050 |
| Repayments of long-term borrowings | △2,144 | △2,497 |
| Purchase of treasury shares | △1,132 | △1,135 |
| Dividends paid | △253 | △204 |
| Dividends paid to non-controlling interests | △41 | △259 |
| Other, net | △210 | △193 |
| Net cash provided by (used in) financing activities | △1,566 | △1,645 |
| Effect of exchange rate change on cash and cash equivalents | 156 | 263 |
| Net increase (decrease) in cash and cash equivalents | △454 | 1,062 |
| Cash and cash equivalents at beginning of period | 4,737 | 4,282 |
| Cash and cash equivalents at end of period | 4,282 | 5,345 |

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

None.

(Segment Information)

1. Reportable segments overview

The Company's group reportable segments are constituent units of the Group for which separate financial information is available. The Board of Directors and Representative Director, President (CEO) periodically reviews these segments in order to determine allocation of management resources and evaluate business performance.

The Group classifies its businesses by product area into Toner Business, Semiconductor and Display-related Business, Functional Sheet Business, Security Media Business and New Business Developed based on similarities in product content and economic characteristics, etc., and formulates comprehensive domestic and overseas strategies and develops business activities. Accordingly, the Group has five reportable segments: "Toner Segment", "Semiconductor and Display-related Segment", "Functional Sheet Segment", "Security Media Segment" and "New Business Development Segment".

Toner Business produces and sells Toner, while the Semiconductor and Display-related Business produces and sells semiconductor packaging tape, semiconductor-related component and optical film. Functional Sheet Business produces and sells functional non-woven fabric, coated paper-related products and papermaking-related products. Security Media Business produces, processes and sells securities, cards, forms and magnetic recording-related products, as well as information processing-related business. In the New Business Development, the Group develops and sells new products by integrating its basic and underlying technologies.

For better understanding of the Group's future vision and business development activities, the Company has changed the name of its 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 current consolidated fiscal year.

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

2. Method of calculating net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method for the reported business segments is in accordance with the accounting policies used to prepare the consolidated financial statements.

Values for profit (loss) shown in reportable segments are based on operating profit.

Inter-segment revenues and transfers are based on prevailing market prices.

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

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Reportable segments | | | | | | (Note 1) Other | Total | (Note 2) Adjustments | (Note 3) Amount in consolidated financial statements |
|---|---------------------|-----------------------------------|------------------|----------------|--------------------------|---------------------|-------------------|--------|-------------------------|---|
| | Toner | Semiconductor and Display-related | Functional Sheet | Security Media | New Business Development | Reportable segments | | | | |
| Net sales | | | | | | | | | | |
| Japan | 2,078 | 3,312 | 9,764 | 3,985 | 54 | 19,195 | 126 | 19,321 | — | 19,321 |
| China (including Hong Kong) | 4,407 | 262 | 127 | — | — | 4,798 | — | 4,798 | — | 4,798 |
| Other Asia | 1,601 | 2,030 | 709 | — | — | 4,341 | — | 4,341 | — | 4,341 |
| Europe | 4,124 | 2 | 3 | — | — | 4,130 | — | 4,130 | — | 4,130 |
| North America | 966 | 26 | 164 | — | — | 1,156 | — | 1,156 | — | 1,156 |
| Other | 351 | — | — | — | — | 351 | — | 351 | — | 351 |
| Revenue from contracts with customers | 13,531 | 5,634 | 10,769 | 3,985 | 54 | 33,974 | 126 | 34,100 | — | 34,100 |
| Other revenue | — | — | — | — | — | — | 69 | 69 | — | 69 |
| Revenues from external customers | 13,531 | 5,634 | 10,769 | 3,985 | 54 | 33,974 | 196 | 34,170 | — | 34,170 |
| Transactions with other segments | — | — | 796 | 134 | — | 931 | 608 | 1,539 | (1,539) | — |
| Net sales | 13,531 | 5,634 | 11,565 | 4,120 | 54 | 34,905 | 804 | 35,710 | (1,539) | 34,170 |
| Segment profit (loss) | 2,093 | 186 | (72) | 224 | (499) | 1,931 | 84 | 2,016 | 36 | 2,052 |
| Assets | 10,517 | 5,728 | 10,791 | 6,193 | 22 | 33,253 | 200 | 33,453 | 9,494 | 42,948 |
| Other items | | | | | | | | | | |
| Depreciation | 513 | 446 | 355 | 208 | — | 1,524 | 30 | 1,555 | 64 | 1,619 |
| Amortization of goodwill | 14 | — | — | — | — | 14 | — | 14 | — | 14 |
| Increase in property, plant and equipment and intangible assets | 281 | 313 | 376 | 98 | — | 1,069 | 13 | 1,082 | 140 | 1,223 |

Notes:

- The "Other" classification is for business segments not included in a reportable segment and includes logistics services, etc.
- Adjustments are as follows:
 - Segment profit (loss) in the above adjustment ¥36 million represents eliminations for inter-segment transactions.
 - Segment assets in the above adjustment ¥9,494 million represent company-wide assets. The main items of company-wide assets are surplus assets under management (cash and deposits), long-term investment funds (investment securities, etc.), and assets, etc. related to administrative divisions.
 - ¥64 million for adjustments for depreciation mainly consist of general management expenses that is not attributed to each reportable segment.

(4) ¥140 million for adjustments for the increase in property, plant and equipment and intangible assets consist of capital expenditures mainly in company-wide common divisions at the Company.

3. Segment profit (loss) is adjusted with operating profit presented in the consolidated statements of income and consolidated statements of comprehensive income.

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segments | | | | | | (Note 1) Other | Total | (Note 2) Adjustments | (Note 3) Amount in consolidated financial statements |
|---|---------------------|-----------------------------------|------------------|----------------|--------------------------|---------------------|-------------------|--------|-------------------------|---|
| | Toner | Semiconductor and Display-related | Functional Sheet | Security Media | New Business Development | Reportable segments | | | | |
| Net sales | | | | | | | | | | |
| Japan | 2,017 | 3,812 | 9,616 | 4,384 | 60 | 19,890 | 161 | 20,051 | — | 20,051 |
| China (including Hong Kong) | 3,746 | 279 | 73 | — | — | 4,099 | — | 4,099 | — | 4,099 |
| Other Asia | 1,337 | 2,378 | 932 | — | 7 | 4,655 | — | 4,655 | — | 4,655 |
| Europe | 3,696 | 2 | 5 | — | — | 3,704 | — | 3,704 | — | 3,704 |
| North America | 659 | 46 | 143 | — | — | 849 | — | 849 | — | 849 |
| Other | 262 | — | — | — | — | 262 | — | 262 | — | 262 |
| Revenue from contracts with customers | 11,719 | 6,518 | 10,770 | 4,384 | 67 | 33,461 | 161 | 33,622 | — | 33,622 |
| Other revenue | — | — | — | — | — | — | 69 | 69 | — | 69 |
| Revenues from external customers | 11,719 | 6,518 | 10,770 | 4,384 | 67 | 33,461 | 231 | 33,692 | — | 33,692 |
| Transactions with other segments | — | — | 1,367 | 92 | — | 1,459 | 628 | 2,087 | (2,087) | — |
| Net sales | 11,719 | 6,518 | 12,138 | 4,476 | 67 | 34,921 | 859 | 35,780 | (2,087) | 33,692 |
| Segment profit (loss) | 815 | 608 | (42) | 439 | (608) | 1,212 | 78 | 1,291 | 39 | 1,331 |
| Assets | 10,189 | 6,218 | 10,746 | 6,564 | 33 | 33,752 | 195 | 33,947 | 11,765 | 45,713 |
| Other items | | | | | | | | | | |
| Depreciation | 538 | 472 | 348 | 183 | — | 1,524 | 39 | 1,582 | 87 | 1,669 |
| Amortization of goodwill | 12 | — | — | — | — | 12 | — | 12 | — | 12 |
| Increase in property, plant and equipment and intangible assets | 341 | 636 | 671 | 172 | — | 1,821 | 21 | 1,842 | 216 | 2,059 |

Notes:

- The “Other” classification is for business segments not included in a reportable segment and includes logistics services, etc.
- Adjustments are as follows:
 - Segment profit (loss) in the above adjustment ¥39 million represents eliminations for inter-segment transactions.

- (2) Segment assets in the above adjustments ¥11,765 million represent company-wide assets. The main items of company-wide assets are surplus assets under management (cash and deposits), long-term investment funds (investment securities, etc.), and assets, etc. related to administrative divisions.
 - (3) ¥87 million for adjustments for depreciation mainly consist of general management expenses that is not attributed to each reportable segment.
 - (4) ¥216 million for adjustments for the increase in property, plant and equipment and intangible assets consist of capital expenditures mainly in company-wide common divisions at the Company.
3. Segment profit (loss) is adjusted with operating profit presented in the consolidated statements of income and consolidated statements of comprehensive income.

(Per Share Information)

(Yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--------------------------|-------------------------------------|-------------------------------------|
| Net assets per share | 1,251.36 | 1,417.49 |
| Basic earnings per share | 135.11 | 57.28 |

(Notes) 1. Because there was no potential shares, the amount for diluted earnings per share is omitted.

2. Basic earnings per share is calculated based on the following:

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Profit attributable to owners of parent (Millions of yen) | 1,451 | 594 |
| Amount not attributable to common shareholders (Millions of yen) | 50 | - |
| Of which: Dividends for preferred shares (Millions of yen) | 50 | - |
| Profit attributable to owners of parent pertaining to common shares (Millions of yen) | 1,401 | 594 |
| Average number of common shares outstanding during the fiscal year (Shares) | 10,371,052 | 10,371,038 |

3. Net assets per share is calculated based on the following:

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Net assets (Millions of yen) | 18,370 | 19,396 |
| Amount deducted from net assets (Millions of yen) | 5,392 | 4,695 |
| Of which: Non-controlling interests (Millions of yen) | (4,342) | (4,695) |
| Of which: Preferred shares paid-in amount (Millions of yen) | (1,000) | (-) |
| Of which: Accrued cumulative dividend for preferred shares (Millions of yen) | (50) | (-) |
| Net assets attributable to common shares at the fiscal year-end (Millions of yen) | 12,977 | 14,700 |
| Number of common shares outstanding at the fiscal year-end used for the calculation of net assets per share (Shares) | 10,371,052 | 10,371,026 |

(Significant Subsequent Events)

None.