

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: 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
 Inquiries: Masaaki Yamaguchi, Director, Senior Managing Executive Officer, Group CFO
 Telephone: +81-54-256-4319
 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.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	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%)]

	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
Fiscal year ended	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	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
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.

Contents of Attachment

I . Overview of operating results, etc.	2
1. Overview of operating results for the fiscal year under review	2
(1) Review of operating results	2
• Net sales and profit (loss)	2
• Numbers by Quarter	2
• Observation of whole FY 2024 (April 2023 to March 2024)	3
(2) Consolidated operating results by segment	4
• Reportable segments figures	4
• Overview of reportable segments	4
2. Overview of financial position for the fiscal year under review	6
• Financial Position	6
• Explanation regarding Financial Position	6
3. Review of cash flow position for the fiscal year under review	7
• Cash Flow	7
• Explanation regarding Cash Flow	7
4. The Projection of FY 2025 and dividends payment	8
II . Basic rationale for selection of accounting standards	9
III . Consolidated financial statements and Major explanatory notes thereto	10
1. Consolidated balance sheet	10
2. Consolidated statements of income and consolidated statements of comprehensive income	12
3. Consolidated statements of changes in net assets	14
4. Consolidated statements of cash flows	16
5. Notes to consolidated financial statements	17
(Notes on Going Concern Assumption)	17
(Segment Information)	21
(Per Share Information)	21
(Significant Subsequent Events)	21

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

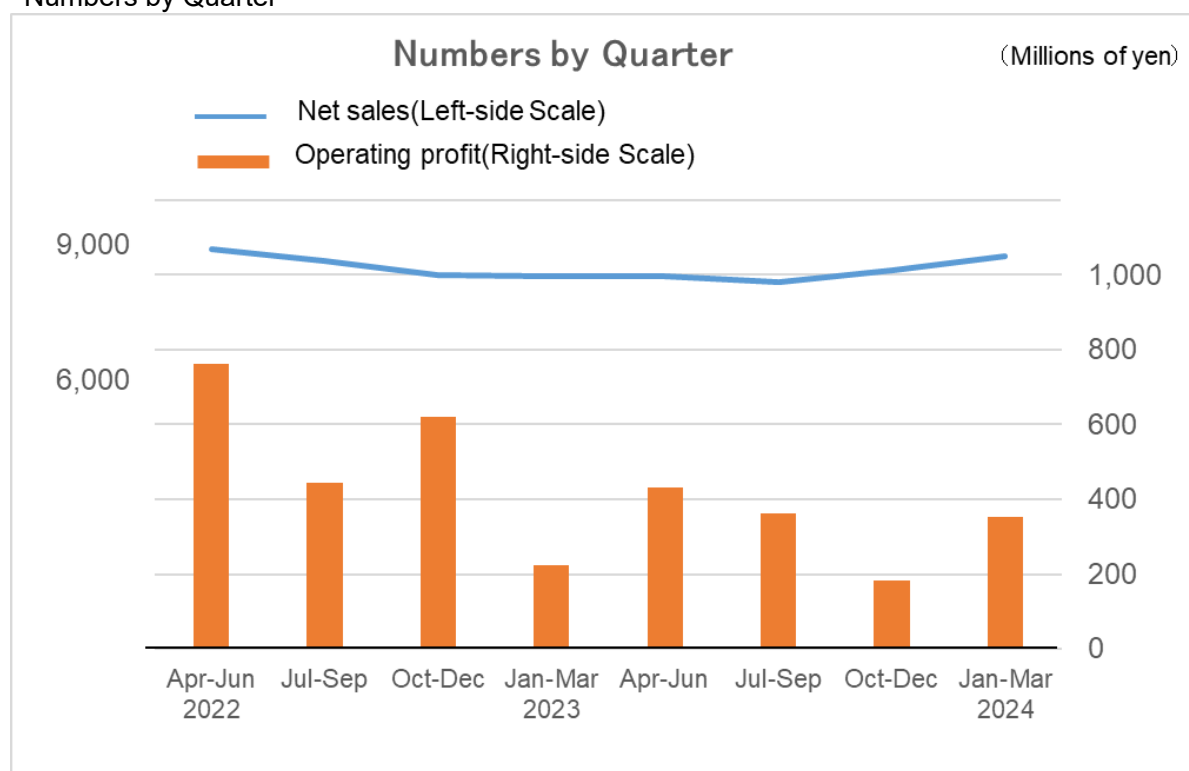
• Net sales and profit (loss)

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 FY2024 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 were 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

TOMOEAWA 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 expect 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

TOMOEAWA 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.