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Member, Financial Accounting Standards Foundation

The Announcement date: August 9, 2024 (14:00 JST)

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: TOMOEGAWA CORPORATION
Listing: Tokyo Stock Exchange
Securities code: 3878
URL: <https://www.tomoegawa.co.jp/>
Representative: Yoshio Inoue, President and Representative Director, Group CEO
Inquiries: Masaaki Yamaguchi, Director, Senior Managing Executive Officer, Group CFO
Telephone: +81-54-256-4319

Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended March 31, 2025 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	8,494	2.2	341	(21.2)	528	(11.0)	344	0.9
June 30, 2023	8,315	(6.5)	432	(43.2)	594	(37.1)	341	(70.3)

Note: Comprehensive income For the three months ended June 30, 2024: ¥ 882 million [6.5%]
For the three months ended June 30, 2023: ¥829 million [(48.5%)]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	33.26	-
June 30, 2023	31.77	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	46,331	20,044	32.9	1,469.31
March 31, 2024	45,713	19,396	32.2	1,417.49

Reference: Equity
As of June 30, 2024: ¥15,238 million
As of March 31, 2024: ¥14,700 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	15.00	15.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		0.00	-	15.00	15.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

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)	450	4.2	43.39
Full year	35,000	3.9	2,200	65.3	2,200	33.9	1,000	68.3	96.42

Note: Revisions to the forecasts of consolidated financial results most recently announced: Yes

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For more information, please refer to “ II . Quarterly consolidated financial statements and significant notes thereto 3. Notes to quarterly consolidated financial statements (Notes on changes in accounting policies)” on page 11 (Attached Material).

(4) Number of issued shares (common shares)

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

As of June 30, 2024	10,389,406 shares
As of March 31, 2024	10,389,406 shares

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

As of June 30, 2024	18,380 shares
As of March 31, 2024	18,380 shares

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

Three months ended June 30, 2024	10,371,026 shares
Three months ended June 30, 2023	10,371,052 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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. 3. Explanation of consolidated earnings forecasts and other forward-looking statements” on page 7 (Attached Material).

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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 first three months

(1) Review of operating results

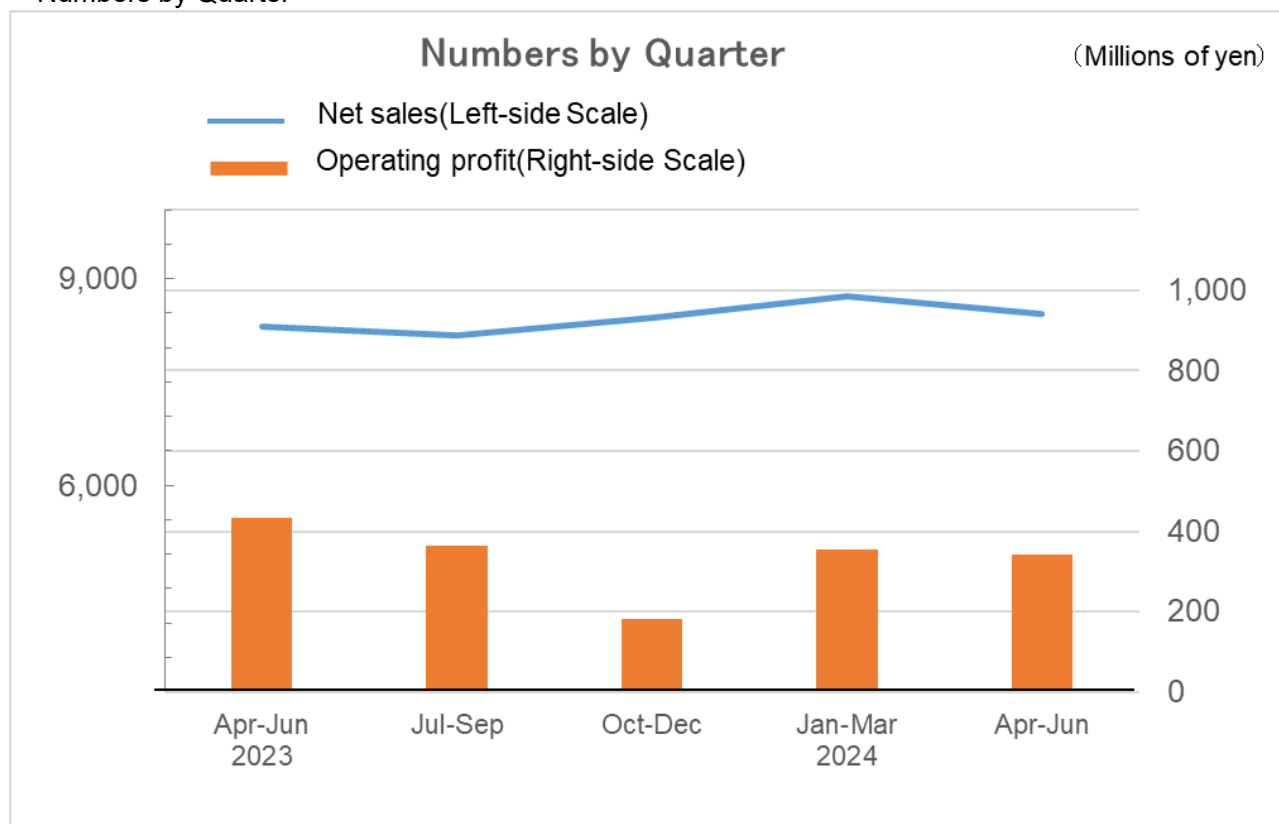
• Net sales and profit (loss)

from April 1, 2024 through June 30, 2024

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Current Fiscal Year (FY 2025) First Quarter (1Q)	8,494	341	528	344	33.26Yen
Converted into Millions of US dollar (Note)	54.5	2.2	3.4	2.2	US\$0.21
Previous Fiscal Year (FY 2024) 1Q	8,315	432	594	341	31.77Yen
Change to FY 2025 from FY 2024	179	▲91	▲65	3	1.49Yen
Percent Change from FY 2024 number	2.2%	▲21.2%	▲11.0%	0.9%	-

Note: US dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥155.86

• Numbers by Quarter



• Observation of the First Quarter of the Fiscal Year 2025 (April to June, 2024)

During the First Quarter (1Q) of the Fiscal Year (FY) 2025 (April to June 2024), net sales amounted to ¥8,494 million, up ¥179 million or +2.2% from that of the previous FY 1Q. Although sales of Combi credit cards with both contact and contactless usage, which were originally expected in the First Half (1H) of the FY, were delayed to the Second Half (2H) in the Security Media Segment, and sales of Semiconductor Packaging Tape were sluggish in reaction to a temporary increase in demand before the price hike in the Fourth Quarter (4Q) of the previous FY, the overseas-related sales increased thanks to the depreciation of the yen, and the Company made a company-wide efforts to pass on prices.

Operating profit was ¥341 million, down ¥91 million or ▲21.2% from that of the previous FY 1Q, despite the positive effect of increased sales, including the yen depreciation, due to increased R&D expenses for the launch of new products and a valuation loss due to a material quality anomaly in Semiconductor Packaging Tape. On the other hand, the Company is on track to achieve the announced figures for the FY 1H, thanks to increased production in the Toner Segment and continued strong performance in the Display-related Segment.

Ordinary profit was ¥528 million, only down ¥65 million or ▲11.0% from that of the previous FY 1Q, thanks to the continued higher than planned contributions of the equity earnings from an affiliated company that handles processing of optical film used for displays.

Profit attributable to owners of parent is ¥344 million, up ¥3 million or +0.9% from the previous FY 1Q, thanks to a decrease in deferred income taxes and a decrease in the amount to profit attributable to non-controlling interests.

(2) Consolidated operating results by segment

• Reportable segments figures

		FY 2024 1Q	FY 2025 1Q	Change to FY 2025 from FY 2024	Percent Change from FY 2024 numbers
Toner	Net sales	2,789	3,211	421	15.1%
	Operating profit	277	391	114	41.2%
Semiconductor and Display-related	Net sales	1,724	1,660	▲64	▲3.7%
	Operating profit	160	93	▲66	▲41.6%
Functional Sheet	Net sales	2,654	2,613	▲40	▲1.5%
	Operating loss	▲2	▲45	▲43	-
Security Media	Net sales	1,081	939	▲141	▲13.1%
	Operating profit	89	46	▲43	▲48.3%
New Business Development	Net sales	10	8	▲2	▲23.4%
	Operating loss	▲128	▲166	▲37	-

• Overview of reportable segments

< Toner >

As for the Toner Segment, net sales were ¥3,211 million, up ¥421 million or +15.1% from that of the previous FY 1Q, and Segment (operating) profit was ¥391 million, up ¥114 million or +41.2% from that of the previous FY 1Q

Net sales increased mainly thanks to signs of a recovery in orders received since of the previous FY 4Q, as well as the increase in overseas-related sales thanks to the depreciation of the yen. Segment (operating) profit increased thanks to a recovery in demand and the positive effect of the depreciation of the yen, despite increased a decline in sales of high-margin color toner.

< Semiconductor and Display-related >

As for the Semiconductor and Display-related Segment, net sales were ¥1,660 million, down ▲ ¥64 million or ▲3.7% from that of the previous FY 1Q, and Segment (operating) profit was ¥93 million, down ▲66 million or ▲41.6% from that of the previous FY 1Q

Although orders for the Optical Film SBU, including from subsidiaries, for processing film for displays remained strong, sales of the Semiconductor Packaging Tape SBU remained sluggish in response to a temporary increase in demand before the price increase of the previous FY 4Q, resulting in lower net sales.

Segment (operating) profit decreased from the same period of the previous FY 1Q, due to planned costs associated with the launch of new products, and a valuation loss due to a material quality anomaly in Semiconductor Packaging Tape, despite compensation income from product development activities and resulting prototypes exceeding the initial forecasts.

< Functional Sheet >

As for the Functional Sheet Segment, net sales were ¥2,613 million, down ▲¥40 million or ▲1.5% from that of the previous FY 1Q, and Segment (operating) loss was ¥45 million (loss of ¥2 million in the previous FY 1Q).

Although some products in the Coated Paper SBU performed well, sales decreased from the same period of the previous FY 1Q, due to sluggish orders for the Functional Non-woven Fabrics SBU.

Segment (operating) loss increased from the same period of the previous FY 1Q, due to the inability to fully recuperate the costs associated with elevated raw material prices, despite the incorporation of these costs into product prices and the implementation of various cost reduction strategies.

< Security Media >

As for the Security Media Segment, net sales were ¥939 million, down ▲¥141 million or ▲13.1% from that of the previous FY 1Q, and Segment (operating) profit was ¥46 million, down ▲¥43 million or ▲48.3.0% from that of the previous FY 1Q.

Net sales decreased mainly due to a delay in sales of Combi cards, which were initially expected in the FY 1H, to the FY 2H, as well as a decrease in sales of passbooks and other products. Segment (operating) profit decreased due to lower net sales.

< New Business Development >

As for the New Business Development Segment, net sales were ¥8 million, down ¥2 million or ▲23.4% from that of the previous FY 1Q, and Segment (operating) loss was ¥166 million (loss of ¥128 million in the previous FY 1Q).

The Company is promoting the development and net sales of iCas and GREEN CHIP related products, and is concentrating on the launch of new products for semiconductor manufacturing equipment and resins compounded cellulose microfiber.

2. Overview of financial position for the first three months

• Financial Position

June 30, 2024

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
End of FY 2025 1Q, June 30, 2024	46,331	20,044	32.9%	1,469.31Yen
Converted into Millions of US dollar (Note)	287.5	124.4	-	US\$9.12
End of FY 2024, March 31, 2024	45,713	19,396	32.2%	1,417.49Yen
Change to FY 2025 1Q from FY 2024	617	648	0.7%	51.82Yen

Note: US dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥161.14

• Explanation regarding Financial Position

Total assets amounted to ¥46,331 million at the end of the current FY 1Q, up ¥617 million from the end of the previous FY. Current assets totaled ¥22,853 million, up ¥253 million from the end of the previous FY. This was mainly due to an increase in finished goods and raw materials and supplies, despite a decrease in cash and deposits and notes and accounts receivable-trade. Non-current assets totaled ¥23,477 million, an increase of ¥364 million from the end of the previous FY. This was mainly due to an increase in property, plant and equipment resulting from capital expenditures, an increase in intangible assets resulting from software investment, and an increase in value of invested securities by mark-to-market valuation of holding shares.

Total liabilities amounted to ¥26,286 million, down ¥31 million from the end of the previous FY. Current liabilities totaled ¥18,166 million, down ¥239 million from the end of the previous FY. This was mainly due to a decrease in short-term borrowings and provision for bonuses, despite an increase in notes and accounts payable-trade. Non-current liabilities totaled ¥8,120 million, up ¥208 million from the end of the previous FY, mainly due to an increase in long-term borrowings. Interest-bearing debt decreased ¥147 million from the end of the previous FY to ¥12,688 million.

Net assets amounted to ¥20,044 million, up ¥648 million from the end of the previous FY. This was due to the recording of profit attributable to owners of parent and an increase in foreign currency translation adjustments resulting from the depreciation of the yen against foreign currencies. As a result, the equity to asset ratio was 32.9% (32.2% at the end of the previous FY).

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

The Toner Segment is on the road to recovery, and the Functional Sheet Segment is expected to show an increase in profit due to additional price hikes and profit contributions from new functional nonwoven fabric products. On the other hand, a delayed recovery in the Semiconductor Packaging Tape market and sluggish growth in semiconductor-related components are expected. Although there are differences by segment, the Company expects overall performance to be generally in line with the plan at the beginning of the current FY.

The Company has revised upward its forecasts for the current FY 1H, as profit attributable to owners of parent is expected to significantly exceed the previous forecasts, for the following reasons. Taxable income of corporations to which the group relief system is applied exceeded the initial plan, and aggregated income tax burden is expected to be lower than initially planned, resulting in a decrease in consolidated taxable income. Furthermore, profit attributable to non-controlling interests is expected to be lower than initially planned, due to lower-than-expected performance at a certain consolidated subsidiary.

Although the business environment surrounding the Group is uncertainly going forward due to the impact of sharp exchange rate fluctuations and other factors, the full year forecasts remains unchanged from the current forecasts announced on May 14, 2024, as the Company expects that the business will generally proceed as planned at the beginning of the current FY, as mentioned above.

II. Quarterly consolidated financial statements and significant notes thereto

1. Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	5,417	5,077
Notes and accounts receivable - trade	6,929	6,801
Finished goods	6,389	7,078
Work in process	59	60
Raw materials and supplies	2,371	2,529
Other	1,441	1,315
Allowance for doubtful accounts	△9	△9
Total current assets	22,600	22,853
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,520	4,510
Machinery, equipment and vehicles, net	3,839	3,889
Land	5,398	5,398
Other, net	2,148	2,238
Total property, plant and equipment	15,906	16,037
Intangible assets	408	511
Investments and other assets		
Investment securities	5,878	6,032
Other	920	895
Allowance for doubtful accounts	△0	△0
Total investments and other assets	6,798	6,928
Total non-current assets	23,113	23,477
Total assets	45,713	46,331

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,253	6,639
Short-term borrowings	5,992	5,747
Current portion of long-term borrowings	1,617	1,555
Income taxes payable	232	113
Provision for bonuses	515	238
Other	3,793	3,870
Total current liabilities	18,405	18,166
Non-current liabilities		
Long-term borrowings	4,708	4,895
Retirement benefit liability	1,043	1,056
Provision for retirement benefits for directors (and other officers)	323	309
Other	1,836	1,859
Total non-current liabilities	7,911	8,120
Total liabilities	26,317	26,286
Net assets		
Shareholders' equity		
Share capital	2,122	2,122
Capital surplus	897	897
Retained earnings	8,585	8,775
Treasury shares	△31	△31
Total shareholders' equity	11,574	11,764
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	575	645
Foreign currency translation adjustment	962	1,299
Remeasurements of defined benefit plans	1,587	1,528
Total accumulated other comprehensive income	3,125	3,473
Non-controlling interests	4,695	4,806
Total net assets	19,396	20,044
Total liabilities and net assets	45,713	46,331

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

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	8,315	8,494
Cost of sales	6,389	6,525
Gross profit	1,925	1,968
Selling, general and administrative expenses	1,492	1,627
Operating profit	432	341
Non-operating income		
Interest income	4	2
Dividend income	43	51
Foreign exchange gains	58	56
Share of profit of entities accounted for using equity method	95	107
Other	22	39
Total non-operating income	223	257
Non-operating expenses		
Interest expenses	48	54
Other	14	15
Total non-operating expenses	62	69
Ordinary profit	594	528
Extraordinary income		
Gain on sale of non-current assets	1	3
Total extraordinary income	1	3
Extraordinary losses		
Impairment losses	38	33
Other	4	0
Total extraordinary losses	42	34
Profit before income taxes	553	497
Income taxes - current	97	96
Income taxes - deferred	17	△4
Total income taxes	115	92
Profit	438	404
Profit attributable to		
Profit attributable to owners of parent	341	344
Profit attributable to non-controlling interests	96	59
Other comprehensive income		
Valuation difference on available-for-sale securities	133	102
Foreign currency translation adjustment	305	434
Remeasurements of defined benefit plans, net of tax	△48	△59
Total other comprehensive income	390	478
Comprehensive income	829	882
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	638	693
Comprehensive income attributable to non-controlling interests	190	189

3. Notes to quarterly consolidated financial statements
(Notes on changes in accounting policies)

Application of Accounting Standard for Current Income Taxes

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27; October 28, 2022; hereinafter, "2022 Revised Accounting Standard") has been applied since the beginning of the 1Q period.

Revisions concerning the recognition classification (taxes on other comprehensive income) of income taxes follow the transitional treatment set forth in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28; October 28, 2022; hereinafter, "2022 Revised Guidance"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

Regarding the revisions related to the review of treatment in consolidated financial statements when conducting a tax deferral of gains or losses on sale arising from the sale of subsidiary shares, etc. between consolidated companies, the 2022 Revised Guidance has been applied since the beginning of the 1Q period. This change in accounting policy is applied retrospectively, and the consolidated financial statements for the previous year's quarters and the previous consolidated FY are after retrospective application. This change in accounting policy has no impact on the consolidated financial statements for the previous year's quarters and the previous consolidated FY.

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

None

(Notes on premise of going concern)

None

(Notes on quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows has not been prepared for the first three months ended June 30, 2024. Depreciation expenses (including amortization expenses pertaining to intangible assets excluding goodwill) and amortization of goodwill pertaining to the first three months of the accounting period are as follows.

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation (Millions of yen)	395	422
Amortization of goodwill (Millions of yen)	3	1

(Notes on segment information, etc.)

I Previous fiscal year (From April 1, 2023 to June 30, 2023)

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

(Millions of yen)

	Reportable segments						(Note 1) Other	Total	(Note 2) 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	501	986	2,381	1,081	10	4,961	36	4,998	—	4,998
China (including Hong Kong)	756	50	19	—	—	827	—	827	—	827
Other Asia	311	677	214	—	—	1,202	—	1,202	—	1,202
Europe	980	1	1	—	—	983	—	983	—	983
North America	176	9	36	—	—	222	—	222	—	222
Other	62	—	—	—	—	62	—	62	—	62
Revenue from contracts with customers	2,789	1,724	2,654	1,081	10	8,261	36	8,297	—	8,297
Other revenue	—	—	—	—	—	—	17	17	—	17
Revenues from external customers	2,789	1,724	2,654	1,091	10	8,261	54	8,315	—	8,315
Transactions with other segments	—	—	449	10	—	459	154	614	(614)	—
Net sales	2,789	1,724	3,103	1,091	10	8,720	209	8,929	(614)	8,315
Segment profit (loss)	277	160	(2)	89	(128)	395	25	421	11	432

Notes:

1. The “Other” classification is for business segments not included in a reportable segment and includes logistics services, etc.
2. Segment profit (loss) in the above adjustment ¥11 million represents eliminations for inter-segment transactions.
3. Segment profit (loss) is adjusted with operating profit presented in the Quarterly consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative).

II Current fiscal year (From April 1, 2024 to June 30, 2024)

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

(Millions of yen)

	Reportable segments						(Note 1) Other	Total	(Note 2) 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	415	937	2,336	939	8	4,637	43	4,681	—	4,681
China (including Hong Kong)	1,029	80	20	—	—	1,130	—	1,130	—	1,130
Other Asia	390	627	227	—	—	1,246	—	1,246	—	1,246
Europe	1,088	0	1	—	—	1,090	—	1,090	—	1,090
North America	232	14	27	—	—	274	—	274	—	274
Other	54	—	—	—	—	54	—	54	—	54
Revenue from contracts with customers	3,211	1,660	2,613	939	8	8,433	43	8,477	—	8,477
Other revenue	—	—	—	—	—	—	17	17	—	17
Revenues from external customers	3,211	1,660	2,613	939	8	8,433	61	8,494	—	8,494
Transactions with other segments	—	—	237	31	—	269	175	444	(444)	—
Net sales	3,211	1,660	2,850	971	8	8,702	236	8,939	(444)	8,494
Segment profit (loss)	391	93	(45)	46	(166)	318	16	335	5	341

Notes:

1. The “Other” classification is for business segments not included in a reportable segment and includes logistics services, etc.
2. Segment profit (loss) in the above adjustment ¥5 million represents eliminations for inter-segment transactions.
3. Segment profit (loss) is adjusted with operating profit presented in the Quarterly consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative).