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Member, Financial Accounting Standards Foundation

The Announcement date: February 13, 2025 (14:00 JST)

Consolidated Financial Results for the Nine 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/>
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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 nine months ended March 31, 2025 (from April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	25,934	4.0	1,264	29.3	1,482	21.9	995	119.2
December 31, 2023	24,940	(3.6)	977	(46.5)	1,216	(37.1)	454	(74.0)

Note: Comprehensive income For the nine months ended December 31, 2024: ¥ 1,344million [29.6 %]
For the nine months ended December 31, 2023: ¥ 1,037million [(45.8%)]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	96.47	-
December 31, 2023	43.79	-

(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 December 31, 2024	46,748	20,043	33.4	1,549.65
March 31, 2024	45,713	19,396	32.2	1,417.49

Reference: Equity
As of December 31, 2024: ¥ 15,623million
As of March 31, 2024: ¥ 14,700million

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	-	0.00	-		
Fiscal year ending March 31, 2025 (Forecast)				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
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: None

* **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 December 31, 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 December 31, 2024	307,299 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)

Nine months ended December 31, 2024	10,319,541 shares
Nine months ended December 31, 2023	10,371,041 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 nine months

(1) Review of operating results

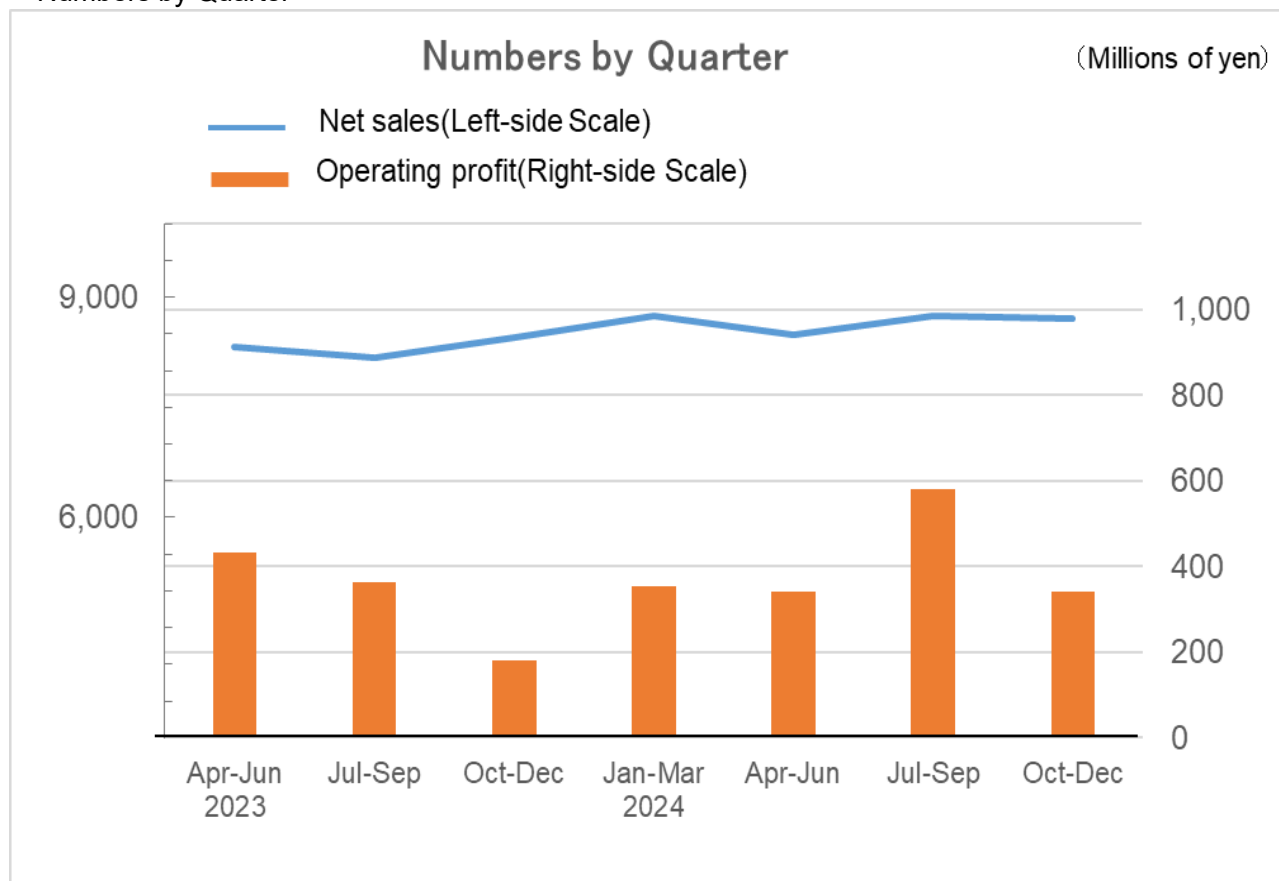
• Net sales and profit (loss)

from April 1, 2024 through December 31, 2024

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Current Fiscal Year (FY 2025) Third Quarter (3Q)	25,934	1,264	1,482	995	96.47Yen
Converted into Millions of US dollar (Note)	169.9	8.3	9.7	6.5	0.63US\$
Previous Fiscal Year (FY 2024) 3Q	24,940	977	1,216	454	43.79Yen
Change to FY 2025 from FY 2024	993	286	265	541	52.68Yen
Percent Change from FY 2024 number	4.0%	29.3%	21.9%	119.2%	-

Note: US dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥152.64

• Numbers by Quarter



• Observation of the Third Quarter of the Fiscal Year 2025 (April to December, 2024)

During the Third Quarter (3Q) of the Fiscal Year (FY) 2025 (April to December, 2024), net sales amounted to ¥25,934 million, up ¥993 million or +4.0% from that of the previous FY 3Q, thanks to an increase in overseas-related sales resulting from the depreciation of the yen, company-wide efforts to pass on prices, and the successful bidding for overseas tender projects related to Coated Paper Business in the Functional Sheet Segment etc.

Operating profit was ¥1,264 million, up ¥286 million or +29.3% from that of the previous FY 3Q, thanks to the positive effect of yen depreciation and price pass-through, as well as increased orders related to coated paper and continued strong performance in the Display-related Business, despite higher labor costs associated with improved compensation, higher prices for various raw materials, and the effects of inventory reductions accumulated in the FY First Half (1H).

Ordinary profit was ¥1,482 million, up ¥265 million or +21.9% from that of the previous FY 3Q, thanks to improved operating profit and equity-method investment income from an affiliate company that handles processing of optical film used for displays.

Profit attributable to owners of parent was ¥995 million, up ¥541 million or +119.2% from the previous FY 3Q, thanks to a decrease in income taxes-deferred and profit attributable to non-controlling interests, and has almost achieved the annual target after nine months of the FY.

(2) Consolidated operating results by segment

• Reportable segments figures

		FY 2024 3Q	FY 2025 3Q	Change to FY 2025 from FY 2024	Percent Change from FY 2024 numbers
Toner	Net sales	8,614	9,473	858	10.0%
	Operating profit	460	973	513	111.6%
Semiconductor and Display-related	Net sales	4,984	5,050	65	1.3%
	Operating profit	416	593	177	42.5%
Functional Sheet	Net sales	7,854	8,340	486	6.2%
	Operating profit	22	5	▲16	▲73.7%
Security Media	Net sales	3,269	2,861	▲408	▲12.5%
	Operating profit	353	195	▲157	▲44.7%
New Business Development	Net sales	41	22	▲18	▲44.8%
	Operating loss	▲370	▲579	▲209	-

• Overview of reportable segments

< Toner >

As for the Toner Segment, net sales were ¥9,473 million, up ¥ 858 million or +10.0% from that of the previous FY 3Q, and Segment (operating) profit was ¥973 million, up ¥513 million or +111.6% from that of the previous FY 3Q.

Net sales increased mainly thanks to an increase in overseas-related sales converted at a weaker yen, despite the impact of sluggish market conditions. Segment (operating) profit increased thanks to the positive effect of the depreciation of the yen, despite a decline in sales of high-margin color toner and price hikes for resins, the main raw material.

< Semiconductor and Display-related >

As for the Semiconductor and Display-related Segment, net sales were ¥5,050 million, up ¥65 million or +1.3% from that of the previous FY 3Q, and Segment (operating) profit was ¥593 million, up ¥177 million or +42.5% from that of the previous FY 3Q.

In the Semiconductor and Display-related Segment, sales of Semiconductor Packaging Tape SBU were sluggish, but orders for Optical Film SBU, including its subsidiaries, for processing film for displays remained strong, leading to an increase in net sales. Segment (operating) profit increased from the previous FY 3Q, thanks to the effect of increased net sales in the Optical Film SBU and higher-than-expected compensation income from product development activities and resulting prototypes, although costs associated with the launch of new products were executed as forecast.

< Functional Sheet >

As for the Functional Sheet Segment, net sales were ¥8,340 million, up ¥486 million or +6.2% from that of the previous FY 3Q, and Segment (operating) profit was ¥5 million, down ¥16 million or ▲73.7% from that of the previous FY 3Q.

The Coated Paper SBU performed well, partly thanks to successful bidding for overseas tender projects, and the Papermaking SBU, operated by a subsidiary, was firm. Segment (operating) profit decreased from the previous FY 3Q, due to sluggish orders for the Functional Non-woven Fabric SBU from the sluggish Chinese economy, as well as the impact of higher raw material prices.

< Security Media >

As for the Security Media Segment, net sales were ¥2,861 million, down ¥408 million or ▲12.5% from that of the previous FY 3Q, and Segment (operating) profit was ¥195 million down ¥157 million or ▲44.7% from that of the previous FY 3Q.

Net sales decreased mainly due to a delay in the timing of orders for card-related products caused by inventory adjustments by some customers, as well as a decrease in sales of passbooks and other products because of the completion of a temporary special demand project in the previous FY. Segment (operating) profit decreased due to lower net sales.

< New Business Development >

As for the New Business Development Segment, net sales were ¥22 million, down ¥18 million or ▲44.8% from that of the previous FY 3Q, and Segment (operating) loss was ¥579 million (loss of ¥370 million in the previous FY 3Q).

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 cellulose microfiber using compounded resins.

2. Overview of financial position for the nine months

• Financial Position

December 31, 2024

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
End of FY 2025 3Q December 31, 2024	46,748	20,043	33.4%	1,549.65Yen
Converted into Millions of US dollar (Note)	295.6	126.7	-	US\$9.80
End of FY 2024, March 31, 2024	45,713	19,396	32.2%	1,417.49Yen
Change to FY 2025 3Q from FY 2024	1,035	647	1.2%	132.16Yen

Note: US dollar amounts are converted from Yen, for convenience only, at the rate of US\$1.00 = ¥158.17

• Explanation regarding Financial Position

Total assets amounted to ¥46,748 million at the end of the current FY 3Q, up ¥1,035 million from the end of the previous FY. Current assets totaled ¥22,874 million, up ¥274 million from the end of the previous FY. This was mainly thanks to an increase in notes and accounts receivable-trade and finished goods, despite a decrease in cash and deposits. Non-current assets totaled ¥23,874 million, up ¥760 million from the end of the previous FY. This was mainly due to an increase in property, plant and equipment resulting from capital expenditures and an increase in intangible assets resulting from software investment.

Total liabilities amounted to ¥26,705 million, up ¥387 million from the end of the previous FY. Current liabilities totaled ¥18,743 million, up ¥338 million from the end of the previous FY. This was mainly due to an increase in short-term borrowings, despite a decrease in notes and accounts payable-trade and provision for bonuses. Non-current liabilities totaled ¥7,961 million, up ¥49 million from the end of the previous FY, mainly due to an increase in long-term borrowings, despite a decrease in lease liabilities and deferred tax liabilities. Interest-bearing borrowings increased ¥1,519 million from the end of the previous FY 3Q to ¥14,355 million.

Net assets amounted to ¥20,043 million, up ¥647 million from the end of the previous FY. As a result, the Equity-to-asset ratio was 33.4% (32.2% at the end of the previous FY). In November 2024, the Company acquired treasury shares (¥214 million) to improve capital efficiency and implement flexible capital policy.

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

As for the Fourth Quarter of the current FY, the Toner Segment is expected to be impacted by the continuing market sluggish and the resulting production adjustments, as well as price hikes for resins, the main raw material. Under these circumstances, the Company will continue to implement its existing measures to expand market share and develop emerging markets with high growth potential.

In the Semiconductor and Display-related Segment, in addition to a slowdown in the Display-related Business, which was strong in the FY 1H, a delay in the recovery of the market for Semiconductor Packaging Tape is expected. In this environment, as announced in November 2024, the Company will build a new manufacturing facility with an approximate cost of ¥800 million to establish a mass production system for Flexible Planer Heater, which is expected to grow in the future, with the aim of starting operation in April 2025 or later.

While the Company aims to build up sales and profits in each business to achieve the plan, it has decided to leave its full-year forecasts unchanged from the initial forecasts made on May 14, 2024, considering the extraordinary losses incurred in connection with the renewal of facilities and other factors.

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

Forecasts released (Release Date)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Full year (May 14, 2024)	35,000	2,200	2,200	1,000	96.42Yen

II. Quarterly consolidated financial statements and significant notes thereto

1. Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	5,417	5,003
Notes and accounts receivable - trade	6,929	6,991
Finished goods	6,389	7,114
Work in process	59	70
Raw materials and supplies	2,371	2,365
Other	1,441	1,337
Allowance for doubtful accounts	△9	△8
Total current assets	22,600	22,874
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,520	4,538
Machinery, equipment and vehicles, net	3,839	4,082
Land	5,398	5,591
Other, net	2,148	2,200
Total property, plant and equipment	15,906	16,412
Intangible assets	408	692
Investments and other assets		
Investment securities	5,878	6,004
Other	920	765
Allowance for doubtful accounts	△0	△0
Total investments and other assets	6,798	6,769
Total non-current assets	23,113	23,874
Total assets	45,713	46,748

(Millions of yen)

As of March 31, 2024

As of December 31, 2024

Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,253	5,536
Short-term borrowings	5,992	7,606
Current portion of long-term borrowings	1,617	1,431
Income taxes payable	232	97
Provision for bonuses	515	187
Other	3,793	3,884
Total current liabilities	18,405	18,743
Non-current liabilities		
Long-term borrowings	4,708	4,894
Retirement benefit liability	1,043	1,078
Provision for retirement benefits for directors (and other officers)	323	327
Other	1,836	1,661
Total non-current liabilities	7,911	7,961
Total liabilities	26,317	26,705
Net assets		
Shareholders' equity		
Share capital	2,122	2,122
Capital surplus	897	1,177
Retained earnings	8,585	9,425
Treasury shares	△31	△245
Total shareholders' equity	11,574	12,480
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	575	512
Foreign currency translation adjustment	962	1,196
Remeasurements of defined benefit plans	1,587	1,434
Total accumulated other comprehensive income	3,125	3,142
Non-controlling interests	4,695	4,419
Total net assets	19,396	20,043
Total liabilities and net assets	45,713	46,748

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

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	24,940	25,934
Cost of sales	19,451	19,823
Gross profit	5,488	6,111
Selling, general and administrative expenses	4,510	4,846
Operating profit	977	1,264
Non-operating income		
Interest income	8	5
Dividend income	75	92
Share of profit of entities accounted for using equity method	237	257
Other	113	114
Total non-operating income	434	469
Non-operating expenses		
Interest expenses	150	165
Other	45	86
Total non-operating expenses	195	251
Ordinary profit	1,216	1,482
Extraordinary income		
Gain on sale of non-current assets	2	5
Gain on sale of investment securities	39	14
Total extraordinary income	42	19
Extraordinary losses		
Loss on retirement of non-current assets	97	7
Impairment losses	93	86
Other	4	0
Total extraordinary losses	194	94
Profit before income taxes	1,064	1,407
Income taxes - current	271	266
Income taxes - deferred	67	△69
Total income taxes	338	196
Profit	725	1,210
Profit attributable to		
Profit attributable to owners of parent	454	995
Profit attributable to non-controlling interests	271	215
Other comprehensive income		
Valuation difference on available-for-sale securities	204	△17
Foreign currency translation adjustment	255	304
Remeasurements of defined benefit plans, net of tax	△148	△153
Total other comprehensive income	311	133
Comprehensive income	1,037	1,344
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	651	1,012
Comprehensive income attributable to non- controlling interests	385	331

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 First-Quarter (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 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 nine months ended December 31, 2024. Depreciation expenses (including amortization expenses pertaining to intangible assets excluding goodwill) and amortization of goodwill pertaining to the nine months of the accounting period are as follows.

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation (Millions of yen)	1,223	1,317
Amortization of goodwill (Millions of yen)	10	5

(Notes on segment information, etc.)

I Previous fiscal year (From April 1, 2023 to December 31, 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	1,537	2,931	7,033	3,269	34	14,806	123	14,930	—	14,930
China (including Hong Kong)	2,710	199	38	—	—	2,948	—	2,948	—	2,948
Other Asia	992	1,816	686	—	6	3,501	—	3,501	—	3,501
Europe	2,704	1	3	—	—	2,709	—	2,709	—	2,709
North America	472	35	92	—	—	600	—	600	—	600
Other	198	—	—	—	—	198	—	198	—	198
Revenue from contracts with customers	8,614	4,984	7,854	3,269	41	24,764	123	24,888	—	24,888
Other revenue	—	—	—	—	—	—	52	52	—	52
Revenues from external customers	8,614	4,984	7,854	3,269	41	24,764	175	24,940	—	24,940
Transactions with other segments	—	—	1,156	58	—	1,214	459	1,673	(1,673)	—
Net sales	8,614	4,984	9,010	3,328	41	25,979	635	26,614	(1,673)	24,940
Segment profit (loss)	460	416	22	353	(370)	882	63	945	32	977

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 ¥32 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 December 31, 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	1,315	2,863	7,388	2,861	22	14,450	133	14,584	—	14,584
China (including Hong Kong)	3,248	246	67	—	—	3,562	—	3,562	—	3,562
Other Asia	1,118	1,919	753	—	—	3,791	—	3,791	—	3,791
Europe	2,928	0	3	—	—	2,932	—	2,932	—	2,932
North America	681	20	128	—	—	830	—	830	—	830
Other	180	—	—	—	—	180	—	180	—	180
Revenue from contracts with customers	9,473	5,050	8,340	2,861	22	25,748	133	25,882	—	25,882
Other revenue	—	—	—	—	—	—	52	52	—	52
Revenues from external customers	9,473	5,050	8,340	2,861	22	25,748	186	25,934	—	25,934
Transactions with other segments	—	—	451	82	—	533	519	1,053	(1,053)	—
Net sales	9,473	5,050	8,791	2,943	22	26,282	705	26,987	(1,053)	25,934
Segment profit (loss)	973	593	5	195	(579)	1,189	52	1,241	23	1,264

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 ¥23 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).