

Financial Results for the Fiscal Year Ended October 31, 2021 [Japan GAAP] (Consolidated)

Date: December 14, 2021
 Company Name and Code: Tomoe Engineering Co., Ltd. and Subsidiaries - 6309
 (URL: http://www.tomo-e.co.jp/index_e.html)
 Stock exchange listing: 1st Section, Tokyo Stock Exchange
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 Date of Annual Shareholders Meeting: January 28, 2022
 Date of Dividend Payment: January 31, 2022
 Date of Financial Statement: January 28, 2022
 Preparation of Supplementary Explanatory Materials for Annual Operating Results: Yes
 Briefing Session for Annual Operating Results: Yes (for analysts and institutional investors)

* Any fractional sums less than one million (or one thousand) yen are disregarded

1. Consolidated Financial Results for the Year Ended October 31, 2021

(1) Results of Operation (Consolidated)

(Percent: change from the previous year)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Year Ended October 31, 2021	45,132	15.1	2,843	25.8	2,905	26.6
Year Ended October 31, 2020	39,218	-5.2	2,260	-4.9	2,294	-3.8

(Note) Comprehensive income

Fiscal year ended October 31, 2021: 2,666 million yen (109.0%)

Fiscal year ended October 31, 2020: 1,276 million yen (-12.8%)

	Net Income Attributable to Owners of the Parent		Net Income per Share	Fully Diluted Net Income per Share	Return on Equity	Return on Assets	Return on Sales
	(Millions of Yen)	(Percent)	(Yen)	(Yen)	(Percent)	(Percent)	(Percent)
Year Ended October 31, 2021	2,108	37.6	211. ³⁰	-	6.9	7.1	6.3
Year Ended October 31, 2020	1,532	-2.3	153. ⁵⁶	-	5.2	5.9	5.8

(Reference) Equity in earnings (loss) of unconsolidated subsidiaries and affiliates

Fiscal year ended October 31, 2021: None

Fiscal year ended October 31, 2020: None

(2) Financial Condition (Consolidated)

	Total Assets (A)	Net Assets (B)	Net Assets Ratio (B / A)	Net Assets per Share
	(Millions of Yen)	(Millions of Yen)	(Percent)	(Yen)
Year Ended October 31, 2021	43,254	31,841	73.6	3,191. ⁰⁷
Year Ended October 31, 2020	38,438	29,668	77.2	2,973. ³¹

(Reference) Net assets

Fiscal year ended October 31, 2021: 31,841 million yen

Fiscal year ended October 31, 2020: 29,668 million yen

(3) Cash Flows (Consolidated)

(Millions of Yen)

	Net Cash Provided (Used) by Operating Activities	Net Cash Provided (Used) by Investing Activities	Net Cash Provided (Used) by Financing Activities	Consolidated Cash and Cash Equivalent as of Year-end
Year Ended October 31, 2021	2,142	(977)	(494)	12,607
Year Ended October 31, 2020	661	(485)	(468)	11,857

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	End of Fiscal Year	Total
Year Ending October 31, 2020	-	23. ⁵⁰	-	24. ⁵⁰	48. ⁰⁰
Year Ending October 31, 2021	-	25. ⁰⁰	-	25. ⁰⁰	50. ⁰⁰
Year Ending October 31, 2022 (Prospect)	-	25. ⁰⁰	-	25. ⁰⁰	50. ⁰⁰

	Total Dividend (Millions of Yen)	Dividend Payout Ratio (Consolidated) (Percent)	Dividend on Equity Ratio (Consolidated) (Percent)
Year Ending October 31, 2020	478	31.3	1.6
Year Ending October 31, 2021	498	23.7	1.6
Year Ending October 31, 2021 (Prospect)		25.5	

3. Forecast for the Year Ending October 31, 2021 (Consolidated)

(Percent: Change from the previous year for the full business year and 6-month period)

	Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Full Business Year	39,650	-	2,390	-16.0	2,400	-17.4

	Net Income Attributable to Owners of the Parent		Net Income per Share
	(Millions of Yen)	(Percent)	(Yen)
Full Business Year	1,960	-7.0	196. ⁴³

Due to the application of the Accounting Standard for Revenue Recognition (Japanese GAAP Standard No. 29) and such from the beginning of the fiscal year ending October 31, 2022, the rate of change in sales for the fiscal year ended October 31, 2021, before the application of the new standard, is not shown.

Notes

(1) Significant changes in subsidiaries during this period (changes in specific subsidiaries involving changes in the scope of consolidation): Yes

Number of new subsidiaries: 1 (Company names): TOMOE Trading (Malaysia) Sdn. Bhd.

Number of eliminated subsidiaries: 1 (Company names): TOMOE Engineering (Shanghai) Co., Ltd.

(2) Changes in accounting principles, changes in accounting estimates, and retrospective restatements

1) Changes in accounting principles due to revision of accounting standard: None

2) Other changes in accounting principles than the above 1): None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(3) Number of outstanding shares (Common stock)

1) Number of outstanding shares at year-end (including treasury stocks)

At October 31, 2021: 10,533,200 shares At October 31, 2020: 10,533,200 shares

2) Number of treasury stocks at year-end

At October 31, 2021: 554,911 shares At October 31, 2020: 554,861 shares

3) Number of average shares

At October 31, 2021: 9,978,307 shares At October 31, 2020: 9,978,339 shares

(Reference) Outline of Non-Consolidated Results of Operation for the Year Ended October 31, 2021

(1) Results of Operation (Non-Consolidated)

(Percent: change from the previous year)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Year Ended October 31, 2021	40,569	11.9	2,359	10.5	2,557	-6.7
Year Ended October 31, 2020	36,243	-3.4	2,134	0.2	2,740	22.1

	Net Income Attributable to Owners of the Parent		Net Income per Share	Fully Diluted Net Income per Share
	(Millions of Yen)	(Percent)	(Yen)	(Yen)
Year Ended October 31, 2021	1,980	-2.1	198. ⁵⁰	-
Year Ended October 31, 2020	2,022	31.9	202. ⁷⁴	-

(2) Financial Condition (Non-Consolidated)

	Total Assets (A)	Net Assets (B)	Net Assets Ratio (B / A)	Net Assets per Share
	(Millions of Yen)	(Millions of Yen)	(Percent)	(Yen)
Year Ended October 31, 2021	40,719	29,840	73.3	2,990. ⁵³
Year Ended October 31, 2020	36,790	28,200	76.7	2,826. ²¹

(Reference) Net assets

Fiscal year ended October 31, 2021: 29,840 million yen

Fiscal year ended October 31, 2020: 28,200 million yen

*This financial report is exempt from the review by certified public accountant or audit firm.

*Explanations for appropriate use of the earnings forecast and other special instructions

The forward-looking statements such as a forecast of our financial results described herein are based on the information currently available to us and the assumptions that we believe are reasonable. Actual results could differ materially due to various factors.

For the operating results forecast, refer to [(4) Outlook for the Next Fiscal Year] of [1. Overview of Operating Results, etc.] on page 5.

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1. Overview of Operating Results

(1) Overview Concerning Current Operating Results

During the consolidated fiscal year under review, Japan's economy got off to a good start, recovering rapidly from the COVID-19 pandemic, but growth turned negative at the beginning of the year. There was subsequently recovery for a time, but of late personal consumption, capital expenditure, and export growth have once again turned negative. Overseas, growth rates are currently slowing but are still solid for the Chinese and US economies, and the European economy is also showing positive growth.

Given these circumstances, full-year net sales for the Tomoe Engineering Group were 45,132 million yen, 15.1% up compared with the previous fiscal year, reflecting increased net sales in both of the Machinery & Equipment Business and the Chemical Product Business. With respect to earnings during the period, operating income was 2,843 million yen, 25.8% up from the previous consolidated fiscal year because of higher income in the Chemical Products Business, while ordinary income came to 2,905 million yen, 26.6% up from the previous consolidated fiscal year. Net income attributable to owners of the parent was 2,108 million yen, 37.6% up from the previous consolidated fiscal year mainly reflecting a gain derived from liquidation of a consolidated subsidiary in China.

Operating results by segment were as follows.

(Machinery & Equipment Business)

In the Machinery and Equipment Business, net sales for the current consolidated fiscal year were 12,322 million yen, 6.7% up compared with the previous fiscal year. Despite sluggish growth in net sales of machinery, equipment and construction works for domestic public sector, net sales of components and repair services for domestic public and private sectors and for overseas markets, in addition to machinery, equipment and construction works for domestic private sector and machinery for overseas markets, rose higher.

(Millions of Yen)

	Product classification	Machinery	Equipment and construction works	Components and repair services	TOTAL
Public sector	October, 2021	710	1,419	2,686	4,815
	October, 2020	682	1,214	2,473	4,370
	Difference	27	204	212	445
Private sector	October, 2021	669	4	2,044	2,719
	October, 2020	745	120	2,022	2,888
	Difference	-75	-116	21	-169
Overseas markets	October, 2021	2,167	0	2,619	4,787
	October, 2020	2,119	5	2,169	4,294
	Difference	47	-4	450	493
TOTAL	October, 2021	3,547	1,424	7,350	12,322
	October, 2020	3,547	1,340	6,665	11,553
	Difference	0	84	685	769

With respect to earnings, operating income was 886 million yen, 4.3% down from the previous fiscal year, mainly because of decline in profitability and higher selling costs.

(Chemical Products Business)

In the Chemical Products Business, net sales of resin and products for domestic and overseas markets in the synthetic resin sector, materials for motor vehicles in the industrial materials and mineral products sector, and UV curing resin, materials and additives for paint and ink applications in the fine chemical products sector all increased reflecting rapid recovery of the automotive industry which was affected severely by the spread of novel coronavirus COVID-19 infections during the second half of last year. As a result, consolidated net sales for the fiscal year were 32,809 million yen, 18.6% up from the previous consolidated fiscal year.

(Millions of Yen)

	October, 2020	October, 2021	Difference
Synthetic resin sector	6,425	8,430	2,005
Industrial materials sector	7,969	9,268	1,298
Chemical products sector	5,981	7,106	1,125
Advanced materials sector	3,284	3,644	359
Electronic materials sector	3,730	4,095	364
Other products (foreign liquor)	274	265	-9
Total	27,664	32,809	5,144

With respect to earnings, operating income was 1,957 million yen, 46.7% up from the previous fiscal year because of increased gross-profit margin in all sectors.

(2) Overview Concerning Current Financial Condition

Current assets at the end of the consolidated fiscal year were 33,404 million yen, up 3,465 million from the balance at the end of the previous consolidated fiscal year, reflecting increase in notes and accounts receivable-trade, and in electronically recorded monetary claims, despite decrease in work in process, and in raw materials and supplies. Noncurrent assets were 9,849 million yen, up 1,349 million yen from the balance at the end of the previous consolidated fiscal year, reflecting increase in buildings and structures, land, and investment securities, and net defined benefit assets.

Liabilities were 11,412 million yen, increased by 2,642 million yen from the end of the previous consolidated fiscal year, mainly reflected increase in notes and accounts payable-trade, and income taxes payable.

Net assets stood at 31,841 million yen, up 2,172 million yen from the end of the previous consolidated fiscal year. This mainly reflected increase in retained earnings recorded under net income attributable to owners of the parent reported at the current consolidated net income.

As a result of the above changes, the equity ratio at the end of the consolidated fiscal year decreased by 3.6 point to 73.6% from 77.2% at the end of the previous consolidated fiscal year.

(3) Overview Concerning Current Cash Flow

Cash and cash equivalents ("cash") as of the end of the current consolidated fiscal year increased by 749 million yen from the end of the previous consolidated fiscal year to 12,607 million yen, reflecting positive cash flow provided by operating activities, despite expenditures for both investment and financing activities respectively. The status of each consolidated cash flow and their factors during the current consolidated fiscal year are as follows:

(Net Cash Provided by (Used in) Operating Activities)

Net cash provided by operating activities was 2,142 million yen. This reflected increase in notes and accounts payable-trade by 1,287 million yen, and increase in income before income taxes by 2,992 million yen, reservation for depreciation and amortization by 381 million yen, despite increase in notes and accounts receivable-trade by 2,330 million yen. Net cash provided was increased by 1,481 million yen as compared to 661 million yen in the previous consolidated fiscal year.

(Net Cash Provided by (Used in) Investing Activities)

Net cash used in investing activities was 977 million yen. This reflected purchase of property, plant and equipment of 1,003 million yen, despite 47 million yen cash provided from sales of investment securities. Net cash used was increased by 491 million yen as compared to 485 million yen in the previous consolidated fiscal year.

(Net Cash Provided by (Used in) Financing Activities)

Net cash used in financing activities was 494 million yen mainly for the payment of cash dividends in 493million yen. Net cash used was increased by 25 million yen as compared to 468 million yen in the previous consolidated fiscal year.

Trends in cash flow indices

	Year Ended October 31, 2017	Year Ended October 31, 2018	Year Ended October 31, 2019	Year Ended October 31, 2020	Year Ended October 31, 2021
Equity Ratio (Percent)	73.8	74.7	73.9	77.2	73.6
Equity Ratio Based on Market Value (Percent)	59.1	58.3	60.3	50.4	52.5
Debt-repayment to Cash Flow Ratio (Years)	0.2	0.0	0.0	0.1	0.0
Interest Coverage Ratio (Percent)	28.3	68.9	114.8	93.0	884.0

Equity ratio: Net assets/ Total assets

Equity ratio based on market value: Market capitalization of shares / Total assets

Debt-repayment to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow /Interest payment

(Notes)

1. All indices are calculated on the basis of consolidated financial figures.
2. Market capitalization is calculated based on the number of outstanding shares excluding treasury stock.
3. Cash flow refers to net cash provided by (used in) operating activities.
4. Interest-bearing debt refers to all debt reported on the consolidated balance sheet for which interest is being paid.
5. Beginning from the start of the Fiscal Year ended October 31, 2019, the Company has applied the *Partial Amendments to Accounting Standard for Tax Effect Accounting* (Accounting Standards Board of Japan Statement No. 28). Such Accounting Standard has been applied retroactively to the Financial Results for the Fiscal Year ended October 31, 2018.

(4) Outlook for the Next Fiscal Year (November 1, 2021 - October 31, 2022)

In the consolidated fiscal year ending October 31, 2022, the Japan's economy recovered slowly as the spread of novel coronavirus COVID-19 infections was suppressed by progress with vaccination, but the outlook remained opaque due to uncertain factors, namely reduced automobile production because of global semiconductor shortages, electrical power regulatory issues in China, sudden foreign exchange rate fluctuations, soaring resource prices, and logistical blockages. Meanwhile overseas, growth rates in the Chinese and US economies slowed but were solid, with the outlook for gradual recovery in the European economy as well. However, in Europe and the US the renewed spread of novel coronavirus COVID-19 infections and the appearance of new variants made optimism difficult.

The fiscal year ended October 31, 2022 was the final year of Tomoe Engineering's 12th medium-term business plan, Change for The Future (November 2019-October 2022), and the company moved forward with various undertakings aimed at reaching targets for the final fiscal year and generating further growth. Among which, with working to expand overseas operations an important issue, in the Machinery & Equipment Business Tomoe Engineering worked to increase sales to China and Southeast Asia, and to increase sales by further developing markets in North, Central, and South America, and projected consolidated sales are 12,800 million yen. The company expects operating profit to decline 12.1% compared with the same period the previous year to 780 million yen due to lower high-margin component repair sales and higher SG&A expense. Tomoe Engineering plans to work on reforming production in order to lower costs, and on research & development, including into binary power generation equipment and AI control systems, to contribute to future growth. In the Chemical Products Business, following up on the local Thai unit, the local units that the company established in 2021 in Vietnam and Malaysia entered full-fledged operation, further expanding expansion in Southeast Asia. Tomoe Engineering pursued business expansion aimed at further product development in Europe, Russia, and Africa, for projected consolidated sales of 26,850 million yen. The company expects operating profit to decline 17.7% compared with the same period the previous year to 1,610 million yen due to higher SG&A expense relating to the development of operations in order to contribute to future growth (consolidated sales are based on a new revenue recognition standard).

As a result of these efforts, for the entire Tomoe Engineering Group in the consolidated fiscal year ending October 31, 2022, we project net sales of 39,650 million-yen, operating income to decrease by 16.0% to 2,390 million yen, ordinary income to decrease by 17.4% to 2,400 million yen, and net income attributable to the shareholders of the parent company to decrease by 7.0% to 1,960 million yen reflecting gain on sales of company dormitory planned for extraordinary profit.

The operating results forecasts for the next period described above are based on information available to the Company at the time the forecasts were prepared and assumptions judged to be reasonable. Actual operating results might differ from these forecasts depending upon changes in domestic and international financial and economic conditions, the supply and demand situation, various risk factors and other uncertainties.

(5) Basic Policy for Profit Sharing and Dividends for Fiscal 2021 and 2022

As its basic policy, the Tomoe Engineering Group will “implement appropriate, stable dividends by seeking to increase internal reserves to reinforce our financial position and corporate strength, and by considering consolidated operating results, the group’s medium-term business strategy and other factors in a comprehensive manner.

Based on the above policy, we plan to pay a dividend of 25.0 yen per share increased by 0.5 yen per share from the previous consolidated fiscal year (annual dividend of 50.0 yen per share increased by 2.0 yen per share from the previous consolidated fiscal year) at the end of the consolidated fiscal year ending on October 31, 2021, considering of our financial position and operating results for this fiscal year and the outlook in future.

The outlook for business conditions is uncertain for the fiscal year ending October 31, 2022, and with the outlook for higher expenditure designed to greater future growth, we expect recurring profit to decline compared with the fiscal year ended October 31, 2021. A one-off factor should be extraordinary gains from the disposal of company dormitories, but we are making no change in the interest of maintaining stable dividends.

2. Basic Approach to the Selection of Accounting Standards

At the present time the Tomoe Engineering Group has adopted Japan GAAP, based on factors such as comparability between firms, and the Group’s policy concerning the application of IFRS will be to respond while referring to outside trends and other considerations.

3. Consolidated Financial Statements and Main Notes

(1) Balance Sheets

(Thousands of Yen)

	Year Ended October 31, 2020	Year Ended October 31, 2021
Assets		
Current Assets		
Cash and Deposits	11,857,553	12,607,490
Notes and Accounts Receivable-Trade	10,400,639	11,694,334
Electronically Recorded Monetary Claims	2,131,545	3,279,411
Merchandise and Finished Goods	2,605,708	3,589,851
Work in Process	1,684,070	1,290,848
Raw Materials and Supplies	1,066,944	743,778
Others	253,335	263,549
Allowance for Doubtful Accounts	-60,767	-64,455
Total Current Assets	29,939,029	33,404,810
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures	4,722,504	5,236,376
Accumulated Depreciation	-2,026,932	-2,183,281
Buildings and Structures, Net	2,695,571	3,053,095
Machinery, Equipment and Vehicles	3,826,069	3,992,687
Accumulated Depreciation	-3,360,809	-3,555,668
Machinery, Equipment and Vehicles, Net	465,260	437,019
Land	1,930,580	2,302,076
Construction in progress	—	16,246
Others	1,071,431	1,097,469
Accumulated Depreciation	-959,930	-995,989
Others, Net	111,500	101,480
Total Property, Plant and Equipment	5,202,912	5,909,917
Intangible Assets	128,516	81,073
Investments and Other Assets		
Investment Securities	1,227,085	1,425,438
Guarantee Deposits	398,405	402,260
Net Defined Benefit Assets	1,473,503	1,956,842
Deferred Tax Assets	12,143	13,508
Others	79,027	82,045
Allowance for Doubtful Accounts	-22,291	-21,892
Total Investments and Other Assets	3,167,873	3,858,203
Total Noncurrent Assets	8,499,302	9,849,194
Total Assets	38,438,331	43,254,004

(Thousands of Yen)

	Year Ended October 31, 2020	Year Ended October 31, 2021
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Notes and Accounts Payable-Trade	3,004,198	4,208,592
Electronically Recorded Monetary Debt	2,150,419	2,306,052
Accounts Payable-Others	621,692	685,729
Income Taxes Payable	179,968	775,198
Advances Received	201,993	308,942
Provision for Bonuses	1,231,975	1,406,031
Provision for Directors' Bonuses	61,555	80,979
Allowance for Product Warranty	236,423	363,270
Others	397,235	536,079
Total Current Liabilities	8,085,462	10,670,876
Noncurrent Liabilities		
Provision for Directors' Retirement Benefits	5,460	5,460
Net Defined Benefit Liabilities	71,219	67,772
Deferred Tax Liabilities	607,445	668,441
Total Noncurrent Liabilities	684,124	741,673
Total Liabilities	8,769,587	11,412,550
Net Assets		
Shareholders' Equity		
Capital Stock	1,061,210	1,061,210
Capital Surplus	1,483,410	1,483,410
Retained Earnings	27,107,252	28,721,695
Treasury Stock	-363,977	-364,081
Total Shareholders' Equity	29,287,895	30,902,234
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	307,456	450,885
Deferred Gains or Losses on Hedges	-1,566	7,785
Foreign Currency Translation Adjustment	92,854	213,842
Total Adjustment on Net Defined Benefit	-17,896	266,705
Total Accumulated Other Comprehensive Income	380,848	939,220
Total Net Assets	29,668,743	31,841,454
Total Liabilities and Net Assets	38,438,331	43,254,004

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousands of Yen)

	Year Ended October 31, 2020	Year Ended October 31, 2021
Net Sales	39,218,418	45,132,616
Cost of Sales	30,079,424	35,017,477
<i>Gross Profit</i>	9,138,994	10,115,138
Selling, General and Administrative Expenses	6,878,358	7,271,456
<i>Operating Income</i>	2,260,635	2,843,681
Non-Operating Income		
Interest income	2,976	2,526
Dividends Income	33,505	33,951
Rent Income	7,171	7,407
Foreign Exchange Gain	—	5,775
Others	35,040	34,646
<i>Total Non-Operating Income</i>	78,694	84,308
Non-Operating Expenses		
Interest Expenses	7,114	2,423
Commission Paid	9,008	9,000
Sales Discount	6,093	6,423
Foreign Exchange Loss	16,418	—
Others	5,826	4,921
<i>Total Non-Operating Expenses</i>	44,460	22,769
Ordinary Income	2,294,869	2,905,220
Extraordinary Profits		
Profit on Sales of Investment Securities	921	23,927
Gain on Liquidation of Affiliated Company	—	62,996
<i>Total Extraordinary Profits</i>	921	86,924
Extraordinary Losses		
Loss on Valuation of Investment Securities	2,160	—
<i>Total Extraordinary Losses</i>	2,160	—
Income before Income Taxes	2,293,630	2,992,144
Income Taxes-Current	617,829	1,002,048
Income Taxes-Deferred	143,496	-118,272
<i>Total Income Taxes</i>	761,325	883,775
<i>Net Income</i>	1,532,304	2,108,369
<i>Net Income Attributable to Owners of the Parent</i>	1,532,304	2,108,369

Consolidated Statements of Comprehensive Income

(Thousands of Yen)

	Year Ended October 31, 2020	Year Ended October 31, 2021
Net Income	1,532,304	2,108,369
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	-131,902	143,429
Deferred Gains or Losses on Hedges	-3,521	9,352
Foreign Currency Translation Adjustment	9,572	120,987
Adjustment on Net Defined Benefit	-130,220	284,602
Total Other Comprehensive Income	-256,072	558,371
Comprehensive Income	1,276,231	2,666,741
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	1,276,231	2,666,741

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (Year Ended October 31, 2020)

(Thousands of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Issued Shares Reacquired	Total Net Assets
Surplus during Previous Fiscal Year	1,061,210	1,483,410	26,043,930	-363,977	28,224,573
Changes during This Fiscal Year					
Cash Dividend Paid			-468,981		-468,981
Net Income Attributable to Owners of the Parent			1,532,304		1,532,304
Acquisition of Treasury Stock					—
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	—	—	1,063,322	—	1,063,322
Surplus during This Fiscal Year	1,061,210	1,483,410	27,107,252	-363,977	29,287,895

	Accumulated Other Comprehensive Income					Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Total Net Defined Benefit	Total Other Comprehensive Income	
Surplus during Previous Fiscal Year	439,359	1,954	83,282	112,324	636,920	28,861,494
Changes during This Fiscal Year						
Cash Dividend Paid						-468,981
Net Income Attributable to Owners of the Parent						1,532,304
Acquisition of Treasury Stock						—
Total (Net) Amount Changed (Except Shareholders' Equity)	-131,902	-3,521	9,572	-130,220	-256,072	-256,072
Total Amount Changed	-131,902	-3,521	9,572	-130,220	-256,072	807,249
Surplus during This Fiscal Year	307,456	-1,566	92,854	-17,896	380,848	29,668,743

Current Consolidated Fiscal Year (Year Ended October 31, 2021)

(Thousands of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Issued Shares Reacquired	Total Net Assets
Surplus during Previous Fiscal Year	1,061,210	1,483,410	27,107,252	-363,977	29,287,895
Changes during This Fiscal Year					
Cash Dividend Paid			-493,926		-493,926
Net Income Attributable to Owners of the Parent			2,108,369		2,108,369
Acquisition of Treasury Stock				-104	-104
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	—	—	1,614,443	-104	1,614,338
Surplus during This Fiscal Year	1,061,210	1,483,410	28,721,695	-364,081	30,902,234

	Accumulated Other Comprehensive Income					Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Total Net Defined Benefit	Total Other Comprehensive Income	
Surplus during Previous Fiscal Year	307,456	-1,566	92,854	-17,896	380,848	29,668,743
Changes during This Fiscal Year						
Cash Dividend Paid						-493,926
Net Income Attributable to Owners of the Parent						2,108,369
Acquisition of Treasury Stock						-104
Total (Net) Amount Changed (Except Shareholders' Equity)	143,429	9,352	120,987	284,602	558,371	558,371
Total Amount Changed	143,429	9,352	120,987	284,602	558,371	2,172,710
Surplus during This Fiscal Year	450,885	7,785	213,842	266,705	939,220	31,841,454

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Year Ended October 31, 2020	Year Ended October 31, 2021
Net Cash Provided by (Used in) Operating Activities		
Income before Income Taxes and Minority Interests	2,293,630	2,992,144
Depreciation and Amortization	360,890	381,053
Increase (Decrease) in Provision for Bonuses	71,377	173,525
Increase (Decrease) in Provision for Directors' Bonuses	(11,072)	19,424
Increase (Decrease) in Allowance for Product Warranty	(76,927)	126,846
Increase (Decrease) in Net Defined Benefit Liability	8,010	(3,446)
Decrease (Increase) in Net Defined Benefit Asset	(46,687)	(46,703)
Increase (Decrease) in Allowance for Doubtful Accounts	(2,109)	(186)
Interests and Dividends Income	(36,481)	(36,478)
Interest Expenses	7,114	2,423
Foreign Exchange Losses (Gains)	27,769	4,283
Loss (Gain) on Sales of Investment Securities	(921)	(23,927)
Loss (Gain) on Valuation of Investment Securities	2,160	—
Loss (Gain) on Liquidation of Affiliated Company	—	(62,996)
Decrease (Increase) in Notes and Accounts Receivable-Trade	(211,807)	(2,330,535)
Decrease (Increase) in Inventories	80,873	(212,962)
Increase (Decrease) in Notes and Accounts Payable-Trade	(817,191)	1,287,448
Increase (Decrease) in Accounts Payable-Others	(81,663)	47,728
Increase (Decrease) in Advances Received	(375,375)	104,809
Increase (Decrease) in Unpaid Consumption Tax	162,500	97,343
Others, Net	142,081	28,609
Sub total	1,496,169	2,548,406
Interests and Dividends Income Received	36,571	36,483
Interest Expenses Paid	(7,114)	(2,423)
Income Taxes Paid	(863,839)	(439,615)
Net Cash Provided by (Used in) Operating Activities	661,786	2,142,851

(Thousands of Yen)

	Year Ended October 31, 2020	Year Ended October 31, 2021
Net Cash Provided by (Used in) Investment Activities		
Disbursement to Time Deposits	(8,000,000)	(8,000,000)
Proceeds from Withdrawal of Time Deposits	8,000,000	8,000,000
Purchase of Property, Plant and Equipment	(373,384)	(1,003,970)
Proceeds from Sales of Property, Plant and Equipment	—	9,265
Purchase of Intangible Fixed Assets	(44,980)	(6,883)
Purchase of Investment Securities	(21,991)	(19,752)
Proceeds from Sales of Investment Securities	1,674	47,889
Payments of Loans Receivable	(1,640)	(4,615)
Collection of Loans Receivable	2,805	2,510
Guarantee Deposits (Increase)	(48,952)	(1,278)
Others, Net	546	(342)
Net Cash Provided by (Used in) Investment Activities	(485,922)	(977,177)
Net Cash Provided by (Used in) Financing Activities		
Acquisition of Treasury Stock	—	(104)
Cash Dividends Paid	(468,981)	(493,926)
Net Cash Provided by (Used in) Financing Activities	(468,981)	(494,030)
Cash and Cash Equivalents		
Effect of Exchange Rate Change on Cash and Cash Equivalents	2,690	78,294
Net Increase (Decrease) in Cash and Cash Equivalents	(290,427)	749,936
Cash and Cash Equivalents at Beginning of Period	12,147,981	11,857,553
Cash and Cash Equivalents at End of This Fiscal Year	11,857,553	12,607,490

(5) Notes for Consolidated Financial Statements

(Notes for premise of going concern)

There are no pertinent matters to report.

(Change in presentation method)

In our financial results for the fiscal year ended October 31, 2020, Insurance Refund was shown as a separate item of Non-Operating Income, but due to a decline in its monetary significance, for the fiscal year ended October 31, 2021 Insurance Refund is included in the Others item. In order to reflect this change in method of presentation, we have reorganized the consolidated financial statements for the fiscal year ended October 31, 2020.

As a result, in the consolidated income statement for the fiscal year ended October 31, 2020, the Insurance Refund of 4,427 thousand of yen previously shown in Non-Operating Income has been folded into the Others item of 30,613 thousand of yen, such that the Others item is now shown as 35,040 thousand of yen.

(Additional information)

(Accounting estimates based on the widespread of novel coronavirus infections)

The widespread of novel coronavirus infections has had a broad impact on the economy and corporate business activities, and has affected the Tomoe Engineering Group's business activities as well.

Based on the assumption that circumstances will return to normal gradually beginning from the next consolidated fiscal year, we have prepared accounting estimates of fixed asset impairment and the potential for recovery of deferred tax assets.

Because the impact of the novel coronavirus pandemic on economic activity is highly uncertain, changes in the above assumptions might affect the Tomoe Engineering Group's financial position and business results in the next consolidated fiscal year.

(Segment information)

1. Summary of reporting segments

TOMOE Engineering Co., Ltd. has established two operational headquarters. These operational headquarters are developing their business activities by planning comprehensive domestic and overseas strategies for the respective manufactured and commercial products they handle.

We therefore have assumed these two businesses, referred to as the "Machinery & Equipment Business" and the "Chemical Products Business", as our company reporting segments. The Machinery & Equipment Business mainly manufactures and sells centrifuge decanters, and the Chemical Products Business mainly manufactures, stocks and sells chemical industry products.

The Company's reporting segments are those units of the Company's for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about resources to be allocated to the segments and assess the segments' performance.

2. Method for calculating amounts of net sales, income or loss, assets, liabilities and other items for each reporting segment

The accounting methods for reporting segments are identical to the accounting methods adopted for preparation of the consolidated financial statements.

3. Information concerning the amount of net sales, income or loss, assets, liabilities and other items for each reporting segment

Previous Consolidated Fiscal Year (Year Ended October 31, 2020)

(Thousands of Yen)

	Reporting segment			Amount of Adjustment Note 1	Consolidated Financial Statements Reported Amount
	Machinery & Equipment Business	Chemical Products Business	Total		
Sales					
Sales to Unaffiliated Customers	11,553,455	27,664,962	39,218,418	—	39,218,418
Internal Sales Among Segments or Amount Transferred	—	—	—	—	—
Total	11,553,455	27,664,962	39,218,418	—	39,218,418
Segment Income	926,426	1,334,208	2,260,635	—	2,260,635
Segment Assets	10,172,315	15,180,376	25,352,692	13,085,639	38,438,331
Other Items					
Depreciation & Amortization	263,644	97,246	360,890	—	360,890
Increase in Property, Plant & Equipment and Intangible Assets	259,379	44,254	303,633	—	303,633

(Notes)

1. The adjustment amount for segment assets is the assets of the entire company that cannot be allocated to each reporting segment, and is mainly idle operating funds (cash on hand and in banks), long-term investments (investment securities) and assets acquired in relation to a district redevelopment project.

2. The total amount for segment income agrees with the operating income reported on the Consolidated Statement of Income.

Current Consolidated Fiscal Year (Year Ended October 31, 2021)

(Thousands of Yen)

	Reporting segment			Amount of Adjustment Note 1	Consolidated Financial Statements Reported Amount
	Machinery & Equipment Business	Chemical Products Business	Total		
Sales					
Sales to Unaffiliated Customers	12,322,687	32,809,928	45,132,616	—	45,132,616
Internal Sales Among Segments or Amount Transferred	—	—	—	—	—
Total	12,322,687	32,809,928	45,132,616	—	45,132,616
Segment Income	886,670	1,957,011	2,843,681	—	2,843,681
Segment Assets	9,754,839	19,465,236	29,220,075	14,033,929	43,254,004
Other Items					
Depreciation & Amortization	295,162	85,891	381,053	—	381,053
Increase in Property, Plant & Equipment and Intangible Assets	496,977	525,946	1,022,924	—	1,022,924

(Notes)

1. The adjustment amount for segment assets is the assets of the entire company that cannot be allocated to each reporting segment, and is mainly idle operating funds (cash on hand and in banks), long-term investments (investment securities) and assets acquired in relation to a district redevelopment project.

2. The total amount for segment income agrees with the operating income reported on the Consolidated Statement of Income.

(Related information)

Previous Consolidated Fiscal Year (Year Ended October 31, 2020)

1. Information by product and service

The Company has omitted a description of information by product and service because this same information is disclosed in segment information.

2. Regional Information

1. Net Sales (Thousands of Yen)			
Japan	Asia	Others	Total
31,438,039	7,051,510	728,868	39,218,418

(Note) Net sales are classified by country or region based on the customer's location.

2. Property, Plant and Equipment (Thousands of Yen)			
Japan	Asia	Others	Total
4,815,210	257,574	130,127	5,202,912

3. Main Customer Information

The Company has omitted a description of sales to outside customers because there are no customers to which sales account for more than 10% of the net sales reported in the Consolidated Statements of Income.

Current Consolidated Fiscal Year (Year Ended October 31, 2021)

1. Information by product and service

The Company has omitted a description of information by product and service because this same information is disclosed in segment information.

2. Regional Information

1. Net Sales (Thousands of Yen)			
Japan	Asia	Others	Total
35,324,321	8,852,085	956,209	45,132,616

(Note) Net sales are classified by country or region based on the customer's location.

2. Property, Plant and Equipment (Thousands of Yen)			
Japan	Asia	Others	Total
5,535,095	249,165	125,655	5,909,917

3. Main Customer Information

The Company has omitted a description of sales to outside customers because there are no customers to which sales account for more than 10% of the net sales reported in the Consolidated Statements of Income.

(Information concerning impairment losses on fixed assets by reporting segment)

There are no pertinent matters to report.

(Information concerning amortization of goodwill and unamortized balances by reporting segment)

There are no pertinent matters to report.

(Information concerning gain on negative goodwill by reporting segment)

There are no pertinent matters to report.

(Per Share Information)

	Year Ended October 31, 2020	Year Ended October 31, 2021
Net Asset per Share	¥2,973. ³¹	¥3,191. ⁰⁷
Net Income per Share	¥153. ⁵⁶	¥211. ³⁰

(Note 1) Income per share for this fiscal year after adjustment of the residual securities is not presented as there are no residual securities.

(Note 2) Calculation basis for net income per share are as follows:

	Year Ended October 31, 2020	Year Ended October 31, 2021
Net Income for this Fiscal Year (thousands of yen)	1,532,304	2,108,369
Net Income for Common Stock (thousands of yen)	1,532,304	2,108,369
Average number of Common Stock during the Fiscal Year	9,978,339	9,978,307

(Note3) Calculation basis for net asset per share are as follows:

	Year Ended October 31, 2020	Year Ended October 31, 2021
Total for Net Asset in Consolidated Balance Sheet (thousands of yen)	29,668,743	31,841,454
Net Asset for Common Stock (thousands of yen)	29,668,743	31,841,454
Number of Common Stock used for calculation of Net Assets per Share (share)	9,978,339	9,978,289

(Significant subsequent events)

None