

Financial Results for the Fiscal Year Ended October 31, 2020 [Japan GAAP] (Consolidated)

Date: December 14, 2020
 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, 2021
 Date of Dividend Payment: January 29, 2021
 Date of Financial Statement: January 28, 2021
 Preparation of Supplementary Explanatory Materials for Annual Operating Results: Yes
 Briefing Session for Annual Operating Results: No

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

1. Consolidated Financial Results for the Year Ended October 31, 2020

(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, 2020	39,218	-5.2	2,260	-4.9	2,294	-3.8
Year Ended October 31, 2019	41,355	-2.4	2,376	-0.1	2,384	2.1

(Note) Comprehensive income

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

Fiscal year ended October 31, 2019: 1,464 million yen (11.2%)

	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, 2020	1,532	-2.3	153. ⁵⁶	-	5.2	5.9	5.8
Year Ended October 31, 2019	1,569	3.7	157. ²⁵	-	5.5	6.2	5.7

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

Fiscal year ended October 31, 2020: None

Fiscal year ended October 31, 2019: 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, 2020	38,438	29,668	77.2	2,973. ³¹
Year Ended October 31, 2019	39,070	28,861	73.9	2,892. ⁴¹

(Reference) Net assets

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

Fiscal year ended October 31, 2019: 28,861 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, 2020	661	(485)	(468)	11,857
Year Ended October 31, 2019	3,868	(544)	(478)	12,147

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	End of Fiscal Year	Total
Year Ending October 31, 2019	-	23.50	-	23. ⁵⁰	47. ⁰⁰
Year Ending October 31, 2020	-	23.50	-	24. ⁵⁰	48. ⁰⁰
Year Ending October 31, 2021 (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, 2019	468	29.9	1.7
Year Ending October 31, 2020	478	31.3	1.6
Year Ending October 31, 2021 (Prospect)		35.1	

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	41,500	5.8	2,080	-8.0	2,080	-9.4

	Net Income Attributable to Owners of the Parent		Net Income per Share
	(Millions of Yen)	(Percent)	(Yen)
Full Business Year	1,420	-7.3	142. ³¹

Notes

(1) Significant changes in subsidiaries during this period (changes in specific subsidiaries involving changes in the scope of consolidation): None

Addition: None

Deletion: None

(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, 2020: 10,533,200 shares At October 31, 2019: 10,533,200 shares

2) Number of treasury stocks at year-end

At October 31, 2020: 554,861 shares At October 31, 2019: 554,861 shares

3) Number of average shares

At October 31, 2020: 9,978,339 shares At October 31, 2019: 9,978,339 shares

*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 was sluggish at the beginning of the period as personal consumption in particular was hampered by factors such as the consumption tax increase, and the economy experienced a significant downturn during the second half of the year under the impact of the coronavirus pandemic. Despite recovery activity that has begun to be noted recently, including a return to growth in personal consumption and exports, the economy has not recovered to the level sustained before the spread of the virus. Overseas, China's economy has returned to moderate growth, and there are signs of recovery in the U.S. and European economies, but virus are spreading again in both regions and conditions make it difficult to be optimistic. Given these circumstances, full-year net sales for the Tomoe Engineering Group were 39,218 million yen, 5.2% down compared with the previous fiscal year, reflecting declined net sales in the Chemical Product Business, and increased net sales in the Machinery & Equipment Business. With respect to earnings during the period, operating income was 2,260 million yen, 4.9% down from the previous consolidated fiscal year because of lower sales in the Chemical Products Business. Ordinary income came to 2,294 million yen, 3.8% down from the previous consolidated fiscal year, and net income attributable to owners of the parent was 1,532 million yen, 2.3% down from the previous consolidated fiscal year.

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 11,553 million yen, 2.7% up compared with the previous fiscal year. Although net sales of component and repair services declined, mainly because of sluggish growth overseas centered on Asia and weaker domestic public and private sector demand, net sales of machinery remained steady on the strength of orders for large-scale projects for China and the domestic public sector, as well as for domestic private sector demand, and net sales of equipment and construction also expanded against the backdrop of large projects to meet domestic private sector demand.

(Millions of Yen)

	Product classification	Machinery	Equipment and construction works	Components and repair services	TOTAL
Public sector	October, 2020	682	1,214	2,473	4,370
	October, 2019	364	435	2,765	3,565
	Difference	318	778	-291	804
Private sector	October, 2020	745	120	2,022	2,888
	October, 2019	633	293	2,075	3,002
	Difference	111	-172	-52	-113
Overseas markets	October, 2020	2,119	5	2,169	4,294
	October, 2019	1,693	58	2,929	4,682
	Difference	426	-53	-760	-387
TOTAL	October, 2020	3,547	1,340	6,665	11,553
	October, 2019	2,692	787	7,770	11,250
	Difference	855	552	-1,104	303

With respect to earnings, operating income was 926 million yen, 4.7% down from the previous fiscal year, mainly because of lower sales in the field of components and repair services for overseas which had high margins, and increased selling costs.

(Chemical Products Business)

In the Chemical Products Business, net sales of materials for semiconductor manufacturing applications in the electronic materials sector increased, but on the other hand net sales of materials for motor vehicles and construction applications in the industrial materials sector, resin and products for domestic and overseas markets in the synthetic resin sector, and materials for ink and coating in the chemical products sector decreased, all of which were affected by the rising number of coronavirus infections. As a result, consolidated net sales for the fiscal year were 27,664 million yen, 8.1% down from the previous consolidated fiscal year.

(Millions of Yen)

	October, 2019	October, 2020	Difference
Synthetic resin sector	7,424	6,425	-999
Industrial materials sector	9,314	7,969	-1,345
Chemical products sector	6,194	5,981	-212
Advanced materials sector	3,285	3,284	-1
Electronic materials sector	3,573	3,730	156
Other products (foreign liquor)	312	274	-38
Total	30,105	27,664	-2,440

With respect to earnings, operating income was 1,334 million yen, 5.0% down from the previous fiscal year because of declined gross-profit margin.

(2) Overview Concerning Current Financial Condition

Current assets at the end of the consolidated fiscal year were 29,939 million yen, down 321 million from the balance at the end of the previous consolidated fiscal year, reflecting a decrease in merchandise and finished goods, and in cash and deposits, despite an increase in work in process, and in electronically recorded monetary claims. Noncurrent assets were 8,499 million yen, down 311 million yen from the balance at the end of the previous consolidated fiscal year, reflecting a decrease in investment securities, and in net defined benefit assets, despite an increase in guarantee deposits.

Liabilities were 8,769 million yen, decreased by 1,439 million yen from the end of the previous consolidated fiscal year, mainly because of a decrease in notes and accounts payable-trade, and in advances received, despite an increase in electronically recorded monetary debt.

Net assets were 29,668 million yen, up 807 million yen from the end of the previous consolidated fiscal year. This mainly reflected an increase of net income attributable to owners of the parent reported at the current consolidated net income, despite a decrease of valuation difference on available-for-sale securities, and in total adjustment on net defined benefit.

As a result of the above changes, the equity ratio at the end of the consolidated fiscal year increased by 3.3 point to 77.2% from 73.9% 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 decreased by 290 million yen from the end of the previous consolidated fiscal year to 11,857 million yen, reflecting expenditures for both investment and financing activities, despite positive cash flow provided by operating activities. 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 661 million yen. This reflected a decrease in income taxes payment used by 863 million yen and notes and accounts payable-trade by 817 million yen, and an increase in income before income taxes by 2,293 million yen, reservation for depreciation and amortization by 360 million yen. Net cash provided was decreased by 3,206 million yen from 3,868 million yen in the previous consolidated fiscal year.

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

Net cash used in investing activities was 485 million yen. This reflected purchase of property, plant and equipment of 373 million yen, and increased guarantee deposits of 48 million yen. Net cash used was decreased by 58 million yen from 544 million yen in the previous consolidated fiscal year.

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

Net cash used in financing activities was 468 million yen mainly for the payment of cash dividends in 468 million yen. Net cash used was decreased by 9 million yen from 478 million yen in the previous consolidated fiscal year.

Trends in cash flow indices

	Year Ended October 31, 2016	Year Ended October 31, 2017	Year Ended October 31, 2018	Year Ended October 31, 2019	Year Ended October 31, 2020
Equity Ratio (Percent)	72.4	73.8	74.7	73.9	77.2
Equity Ratio Based on Market Value (Percent)	44.3	59.1	58.3	60.3	50.4
Debt-repayment to Cash Flow Ratio (Years)	0.0	0.2	0.0	0.0	0.1
Interest Coverage Ratio (Percent)	735.6	28.3	68.9	114.8	93.0

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, 2020 - October 31, 2021)

In the consolidated fiscal year ending October 31, 2021, Japan's economy is expected to recover gradually. While the pandemic is unlikely to be brought fully under control, by the end of the fiscal year the Company's business environment is expected to return to a level approximating conditions that existed before the spread of the coronavirus, focused on automobiles and building materials. Overseas, China's economy is expected to grow steadily, and the U.S. and European economies are expected to recover gradually, but the resurgence of virus infections in Europe and the U.S. has created circumstances that make a more optimistic view difficult.

In the Machinery and Equipment Business, consolidated net sales are expected to reach 12,850 million yen, 11.2% up from the previous consolidated fiscal year. Net sales of machinery in all sectors, net sales of equipment and construction for domestic public sector demand and overseas, and net sales of components and repair services for domestic private sector demand and overseas, are all projected to be higher. On the other hand, operating income is expected to come to 790 million yen, 14.7% down compared with the previous consolidated fiscal year, reflecting lower profit margins across all fields including components and repair services for overseas markets, which boosted the Company's earnings in the previous consolidated fiscal year, and an increase in selling, general and administrative expenses for sales development and R&D that will contribute to future growth, which were curtailed in the previous consolidated fiscal year because of the coronavirus pandemic. In the Chemical Products Business, consolidated net sales are expected to amount to 28,650 million yen, 3.6% up compared with the previous consolidated fiscal year, mainly reflecting growth in sales of resin raw materials and products in the domestic and overseas synthetic resin sector together with sales of materials for automotive and building materials applications in the industrial materials sector, and operating income is expected to be 1,290 million yen, 3.3% down from the previous consolidated fiscal year as the result of an increase in selling and administrative expenses related to sales development that will contribute to future growth, which was restrained in the previous consolidated fiscal year because of the spread of coronavirus infections.

As a result of these efforts, for the entire Tomoe Engineering Group in the consolidated fiscal year ending October 31, 2021, we project net sales to grow by 5.8% to 41,500 million yen, operating income to decrease by 8.0% to 2,080 million yen, ordinary income to decrease by 9.4% to 2,080 million yen, and net income attributable to the shareholders of the parent company to decrease by 7.3% to 1,420 million yen.

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 2020 and 2021

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 24.5 yen per share (annual dividend of 48.0 yen per share) at the end of the consolidated fiscal year ending on October 31, 2020, up 1.0 yen per share from the previous consolidated fiscal year, considering of our financial position and operating results for this fiscal year and the outlook in future.

For the dividend for the next consolidated fiscal year, we plan to pay 50 yen per share (including an interim dividend per share of 25.0 yen), based on consideration of the condition of our financial position and the outlook for consolidated operating results.

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, 2019	Year Ended October 31, 2020
Assets		
Current Assets		
Cash and Deposits	12,147,981	11,857,553
Notes and Accounts Receivable-Trade	10,432,830	10,400,639
Electronically Recorded Monetary Claims	1,904,539	2,131,545
Merchandise and Finished Goods	3,242,217	2,605,708
Work in Process	1,200,360	1,684,070
Raw Materials and Supplies	1,014,166	1,066,944
Others	381,860	253,335
Allowance for Doubtful Accounts	-63,652	-60,767
Total Current Assets	30,260,304	29,939,029
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures	4,608,252	4,722,504
Accumulated Depreciation	-1,954,347	-2,026,932
Buildings and Structures, Net	2,653,904	2,695,571
Machinery, Equipment and Vehicles	3,771,107	3,826,069
Accumulated Depreciation	-3,284,685	-3,360,809
Machinery, Equipment and Vehicles, Net	486,422	465,260
Land	1,930,720	1,930,580
Construction in progress	123,271	—
Others	1,036,746	1,071,431
Accumulated Depreciation	-955,308	-959,930
Others, Net	81,437	111,500
Total Property, Plant and Equipment	5,275,756	5,202,912
Intangible Assets	129,094	128,516
Investments and Other Assets		
Investment Securities	1,393,589	1,227,085
Guarantee Deposits	349,795	398,405
Net Defined Benefit Assets	1,588,079	1,473,503
Deferred Tax Assets	16,446	12,143
Others	80,562	79,027
Allowance for Doubtful Accounts	-22,681	-22,291
Total Investments and Other Assets	3,405,791	3,167,873
Total Noncurrent Assets	8,810,642	8,499,302
Total Assets	39,070,946	38,438,331

(Thousands of Yen)

	Year Ended October 31, 2019	Year Ended October 31, 2020
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Notes and Accounts Payable-Trade	4,165,190	3,004,198
Electronically Recorded Monetary Debt	1,822,509	2,150,419
Accounts Payable-Others	821,503	621,692
Income Taxes Payable	430,816	179,968
Advances Received	577,512	201,993
Provision for Bonuses	1,160,657	1,231,975
Provision for Directors' Bonuses	72,627	61,555
Allowance for Product Warranty	313,350	236,423
Others	199,898	397,235
Total Current Liabilities	9,564,068	8,085,462
Noncurrent Liabilities		
Provision for Directors' Retirement Benefits	5,460	5,460
Net Defined Benefit Liabilities	63,208	71,219
Deferred Tax Liabilities	576,715	607,445
Total Noncurrent Liabilities	645,384	684,124
Total Liabilities	10,209,452	8,769,587
Net Assets		
Shareholders' Equity		
Capital Stock	1,061,210	1,061,210
Capital Surplus	1,483,410	1,483,410
Retained Earnings	26,043,930	27,107,252
Treasury Stock	-363,977	-363,977
Total Shareholders' Equity	28,224,573	29,287,895
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	439,359	307,456
Deferred Gains or Losses on Hedges	1,954	-1,566
Foreign Currency Translation Adjustment	83,282	92,854
Total Adjustment on Net Defined Benefit	112,324	-17,896
Total Accumulated Other Comprehensive Income	636,920	380,848
Total Net Assets	28,861,494	29,668,743
Total Liabilities and Net Assets	39,070,946	38,438,331

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

Consolidated Statements of Income

(Thousands of Yen)

	Year Ended October 31, 2019	Year Ended October 31, 2020
Net Sales	41,355,790	39,218,418
Cost of Sales	32,006,364	30,079,424
Gross Profit	9,349,425	9,138,994
Selling, General and Administrative Expenses	6,973,166	6,878,358
Operating Income	2,376,258	2,260,635
Non-Operating Income		
Interest income	1,667	2,976
Dividends Income	32,075	33,505
Rent Income	7,171	7,171
Insurance Return	13,382	4,427
Others	27,635	30,613
Total Non-Operating Income	81,932	78,694
Non-Operating Expenses		
Interest Expenses	33,688	7,114
Commission Paid	8,999	9,008
Sales Discount	7,432	6,093
Foreign Exchange Losses	18,090	16,418
Others	5,486	5,826
Total Non-Operating Expenses	73,697	44,460
Ordinary Income	2,384,493	2,294,869
Extraordinary Profits		
Profit on Sales of Investment Securities	—	921
Total Extraordinary Profits	—	921
Extraordinary Losses		
Loss on Sales of Investment Securities	5,621	—
Loss on Valuation of Investment Securities	—	2,160
Total Extraordinary Losses	5,621	2,160
Income before Income Taxes	2,378,871	2,293,630
Income Taxes-Current	839,902	617,829
Income Taxes-Deferred	-30,141	143,496
Total Income Taxes	809,760	761,325
Net Income	1,569,110	1,532,304
Net Income Attributable to Owners of the Parent	1,569,110	1,532,304

Consolidated Statements of Comprehensive Income

(Thousands of Yen)

	Year Ended October 31, 2019	Year Ended October 31, 2020
Net Income	1,569,110	1,532,304
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	6,261	-131,902
Deferred Gains or Losses on Hedges	1,824	-3,521
Foreign Currency Translation Adjustment	-102,938	9,572
Adjustment on Net Defined Benefit	-10,177	-130,220
Total Other Comprehensive Income	-105,030	-256,072
Comprehensive Income	1,464,080	1,276,231
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	1,464,080	1,276,231

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (Year Ended October 31, 2019)

(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	24,953,779	-363,977	27,134,422
Changes during This Fiscal Year					
Cash Dividend Paid			-478,960		-478,960
Net Income Attributable to Owners of the Parent			1,569,110		1,569,110
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	—	—	1,090,150	—	1,090,150
Surplus during This Fiscal Year	1,061,210	1,483,410	26,043,930	-363,977	28,224,573

	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	433,098	130	186,221	122,501	741,950	27,876,373
Changes during This Fiscal Year						
Cash Dividend Paid						-478,960
Net Income Attributable to Owners of the Parent						1,569,110
Total (Net) Amount Changed (Except Shareholders' Equity)	6,261	1,824	-102,938	-10,177	-105,030	-105,030
Total Amount Changed	6,261	1,824	-102,938	-10,177	-105,030	985,120
Surplus during This Fiscal Year	439,359	1,954	83,282	112,324	636,920	28,861,494

Current 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
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
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

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Year Ended October 31, 2019	Year Ended October 31, 2020
Net Cash Provided by (Used in) Operating Activities		
Income before Income Taxes and Minority Interests	2,378,871	2,293,630
Depreciation and Amortization	364,194	360,890
Increase (Decrease) in Provision for Bonuses	80,226	71,377
Increase (Decrease) in Provision for Directors' Bonuses	2,627	(11,072)
Increase (Decrease) in Allowance for Product Warranty	153,055	(76,927)
Increase (Decrease) in Net Defined Benefit Liability	5,302	8,010
Decrease (Increase) in Net Defined Benefit Asset	(17,531)	(46,687)
Increase (Decrease) in Allowance for Doubtful Accounts	(315)	(2,109)
Interests and Dividends Income	(33,743)	(36,481)
Interest Expenses	33,688	7,114
Foreign Exchange Losses (Gains)	11,664	27,769
Loss (Gain) on Sales of Investment Securities	5,621	(921)
Decrease (Increase) in Notes and Accounts Receivable-Trade	1,656,813	(211,807)
Decrease (Increase) in Inventories	(156,401)	80,873
Increase (Decrease) in Notes and Accounts Payable-Trade	(48,440)	(817,191)
Increase (Decrease) in Evaluation of Investment Securities	—	2,160
Increase (Decrease) in Accounts Payable-Others	102,583	(81,663)
Increase (Decrease) in Advances Received	509,626	(375,375)
Increase (Decrease) in Unpaid Consumption Tax	(52,634)	162,500
Others, Net	(182,911)	142,081
Sub total	4,812,299	1,496,169
Interests and Dividends Income Received	33,660	36,571
Interest Expenses Paid	(33,688)	(7,114)
Income Taxes Paid	(943,648)	(863,839)
Net Cash Provided by (Used in) Operating Activities	3,868,623	661,786

(Thousands of Yen)

	Year Ended October 31, 2019	Year Ended October 31, 2020
Net Cash Provided by (Used in) Investment Activities		
Disbursement to Time Deposits	(6,000,000)	(8,000,000)
Proceeds from Withdrawal of Time Deposits	6,000,000	8,000,000
Purchase of Property, Plant and Equipment	(468,183)	(373,384)
Proceeds from Sales of Property, Plant and Equipment	935	—
Purchase of Intangible Fixed Assets	(60,981)	(44,980)
Purchase of Investment Securities	(22,151)	(21,991)
Proceeds from Sales of Investment Securities	5,659	1,674
Payments of Loans Receivable	(2,580)	(1,640)
Collection of Loans Receivable	3,815	2,805
Guarantee Deposits (Increase)	(11,351)	(48,952)
Others, Net	10,197	546
Net Cash Provided by (Used in) Investment Activities	(544,640)	(485,922)
Net Cash Provided by (Used in) Financing Activities		
Cash Dividends Paid	(478,960)	(468,981)
Net Cash Provided by (Used in) Financing Activities	(478,960)	(468,981)
Cash and Cash Equivalents		
Effect of Exchange Rate Change on Cash and Cash Equivalents	(51,297)	2,690
Net Increase (Decrease) in Cash and Cash Equivalents	2,793,724	(290,427)
Cash and Cash Equivalents at Beginning of Period	9,354,256	12,147,981
Cash and Cash Equivalents at End of This Fiscal Year	12,147,981	11,857,553

(5) Notes for Consolidated Financial Statements

(Notes for premise of going concern)

There are no pertinent matters to report.

(Change in presentation method)

(Consolidated Statements of Cash Flows)

Beginning from the current consolidated fiscal year, the item "Increase (Decrease) in Consumption Taxes Payable" included in the "Others" category of Net Cash Provided by (Used in) Operating Activities in the previous consolidated fiscal year has been stated as a separate item because the material importance of the item has increased. To reflect this change in the presentation method, (235,545,000) yen that was included in the "Others, Net" category of Net Cash Provided by (Used in) Operating Activities in the Consolidated Statements of Cash Flows for the previous consolidated fiscal year has been restated as "Increase (Decrease) in Consumption Taxes Payable" of (52,634,000) yen and "Others, Net" of (182,911,000) yen.

(Additional information)

(Accounting estimates)

The widespread coronavirus pandemic 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 coronavirus pandemic on economic activity is highly uncertain, changes in the above assumptions might affect the Tomoe Engineering Group's future financial position and business results.

(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, 2019)

(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	11,250,242	30,105,547	41,355,790	—	41,355,790
Internal Sales Among Segments or Amount Transferred	—	—	—	—	—
Total	11,250,242	30,105,547	41,355,790	—	41,355,790
Segment Income	971,674	1,404,583	2,376,258	—	2,376,258
Segment Assets	9,479,554	16,048,821	25,528,376	13,542,570	39,070,946
Other Items					
Depreciation & Amortization	266,620	97,574	364,194	—	364,194
Increase in Property, Plant & Equipment and Intangible Assets	503,688	144,440	648,129	—	648,129

(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, 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.

(Related information)

Previous Consolidated Fiscal Year (Year Ended October 31, 2019)

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
32,748,508	7,462,392	1,144,889	41,355,790

(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
4,851,345	275,708	148,701	5,275,756

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, 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.

(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, 2019	Year Ended October 31, 2020
Net Asset per Share	¥2,892. ⁴¹	¥2,973. ³¹
Net Income per Share	¥157. ²⁵	¥153. ⁵⁶

(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, 2019	Year Ended October 31, 2020
Net Income for this Fiscal Year (thousands of yen)	1,569,110	1,532,304
Net Income for Common Stock (thousands of yen)	1,569,110	1,532,304
Average number of Common Stock during the Fiscal Year	9,978,339	9,978,339

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

	Year Ended October 31, 2019	Year Ended October 31, 2020
Total for Net Asset in Consolidated Balance Sheet (thousands of yen)	28,861,494	29,668,743
Net Asset for Common Stock (thousands of yen)	28,861,494	29,668,743
Number of Common Stock used for calculation of Net Assets per Share (share)	9,978,339	9,978,339

(Significant subsequent events)

None

4. Other Notes

(1) Changes of Officers (effective January 28, 2021)

1) Candidate for Director to be newly appointed (excluding the directors serving as Audit & Supervisory Committee Members)

Name	New Position	Current Position
Sakae Fujii	Director and Deputy General Manager, Chemical Products Div. (Fine Chemical Dept., Electronic Materials Dept., and Synthetic Resin Dept.)	Administrative Head of Chemical Products Div.
Michiaki Sugiura	Director and Deputy General Manager, Machinery & Equipment Div. (Environmental Equipment Sales Dept.)	Plant Technical Director, Machinery & Equipment Div.

2) Candidate for Director serving as Audit & Supervisory Committee Member

Name	New Position	Current Position
Kenji Yashiro	Director serving as Audit & Supervisory Committee Member (Outside Director)	Assistant General Manager, Business Support Dept. Meiji Yasuda Office Partners Co., Ltd.

3) Director scheduled to retire

Name	Current Position
Yoshihito Homma	Senior Managing Director and General Manager, Machinery & Equipment Div.
Masahiko Nakamura	Director and Deputy General Manager, Machinery & Equipment Div. (Environmental Equipment Sales Dept.)
Toshiharu Murase	Director serving as Audit & Supervisory Committee Member (Outside Director)

4) Director scheduled to be promoted

Name	New Position	Current Position
Akitomo Tamai	Executive Managing Director and General Manager, Machinery & Equipment Div.	Senior Managing Director and General Manager, Chemical Products Div.
Akiyoshi Shinoda	Senior Managing Director and General Manager, Chemical Products Div.	Director and Deputy General Manager, Chemical Products Div. (Fine Chemical Dept., Electronic Materials Dept., and Synthetic Resin Dept.)

5) Candidate for Substitute Director serving as Audit & Supervisory Committee Member

Name	New Position	Current Position
Minoru Imai	Substitute Director serving as Audit & Supervisory Committee Member (Outside Director)	Certified Tax Accountant Outside Director of Kawasaki Geological Engineering Co., Ltd. (Audit and Supervisory Committee Member)