

# Financial Results for the Third Quarter Ended July 31, 2024

## [Japan GAAP] (Consolidated)

Date: September 12, 2024

Company Name and Code: Tomoe Engineering Co., Ltd. and Subsidiaries - 6309  
(URL: [http://www.tomo-e.co.jp/index\\_e.html](http://www.tomo-e.co.jp/index_e.html))

Stock exchange listing: Prime Market, Tokyo Stock Exchange

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Date for Dividend Payment: Not applicable to this financial quarter

Preparation of Supplementary Explanatory Materials for Quarterly Operating Results: Not prepared

Briefing Session for Quarterly Operating Results: Not planned

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

### 1. Consolidated Financial Data for the Third Quarter Ended July 31, 2024

(1) Results of Operation (Consolidated) (Percent: Change from the same quarter of the previous year)

	Net Sales		Operating Income		Ordinary Income	
	Millions of Yen	Percent	Millions of Yen	Percent	Millions of Yen	Percent
Quarter Ended July 31, 2024	39,800	11.1	3,869	34.0	3,940	34.9
Quarter Ended July 31, 2023	35,823	9.4	2,888	29.5	2,920	24.8

	Net Income Attributable to Owners of the Parent		Net Income per Share	Fully Diluted Quarterly Net Income per Share
	Millions of Yen	Percent	Yen	Yen
Quarter Ended July 31, 2024	2,800	41.0	280. <sup>65</sup>	—
Quarter Ended July 31, 2023	1,986	3.8	199. <sup>11</sup>	—

(Note) Comprehensive income

Third Quarter ended July 31, 2024: 3,124 million yen (46.7%) Third Quarter ended July 31, 2023: 2,129 million yen (-5.3%)

(2) Financial Condition (Consolidated)

	Total Assets (A) (Millions of Yen)	Net Assets (B) (Millions of Yen)	Net Assets Ratio (B) / (A) (Percent)
Quarter Ended July 31, 2024	51,186	38,630	75.5
Year Ended October 31, 2023	49,007	36,832	75.2

(Reference) Net assets

Third Quarter ended July 31, 2024: 38,630 million yen Year Ended October 31, 2023: 36,832 million yen

### 2. Dividend Status

(Record Date)	Annual Dividend (Yen)				
	First Quarter	Interim Term	Third Quarter	End of Fiscal Year	Annual
Year Ended October 31, 2023	—	40. <sup>00</sup>	—	70. <sup>00</sup>	110. <sup>00</sup>
Year Ending October 31, 2024	—	63. <sup>00</sup>	—		
Year Ending October 31, 2024 (Prospect)				63. <sup>00</sup>	126. <sup>00</sup>

(Note) Revisions since the most recently released dividend projection: None

### 3. Forecast for Earnings for the Year Ending October 31, 2024 (Consolidated)

(Percent change from the previous Full Business Year)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Full Business Year	52,780	6.3	4,540	12.2	4,600	11.8

	Net Income Attributable to Owners of the Parent		Net Income per Share
	(Millions of Yen)	(Percent)	Yen
Full Business Year	3,130	14.5	313. <sup>68</sup>

(Note) Revisions since the most recently released earnings forecast: None

#### Notes

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

Number of new subsidiaries: \_\_ (Company names):

Number of eliminated subsidiaries: \_\_ (Company names):

(2) Adoption of the specific accounting method to create quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and retrospective restatements.

1) Change in accounting policies due to revision of accounting standard: None

2) Other changes than the above 1): None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(4) Number of outstanding shares (Common stock)

1) Number of outstanding shares as of quarter-end and year-end (including treasury stocks)

At July 31, 2024: 10,533,200 shares

At October 31, 2023: 10,533,200 shares

2) Number of treasury stocks as of quarter-end and year-end

At July 31, 2024: 554,940 shares

At October 31, 2023: 554,940 shares

3) Number of average shares (accumulated quarterly total)

At July 31, 2024: 9,978,260 shares

At July 31, 2023: 9,978,260 shares

\* Review by certified public accountant or audit firm to the attached quarterly consolidated financial statements: No

\*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 certain assumptions that we believe are reasonable. Actual results could differ materially due to various factors.

Please refer to the Attachments on page 4, (3) [Analysis of Future Forecast on Quarterly Consolidated Earnings Forecast] of 1. [Qualitative Information on Quarterly Consolidated Operating Results] for the operating results forecast.

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# 1. Qualitative Information on Quarterly Consolidated Operating Results

## (1) Analysis of Operating Results

During the third quarter of the current consolidated fiscal year, growth in Japan's economy at the beginning of the quarter was almost flat but negative thereafter. However, recently, against a backdrop of increases in personal consumption, capital investment, and exports, growth turned positive. On the other hand, overseas, the growth in the U.S. economy increased, but the Chinese economy lost momentum, and the European economy continued to see low growth.

Given these circumstances, the Tomoe Engineering Group leverages its global business base and network, versatile knowledge and diversity to create value and achieve sustainable growth, and undertakes activities to further enhance its corporate value under the current Mid-term Business Plan "For Sustainable Future" (November 2022 - October 2025).

Net sales of the Tomoe Engineering Group for the consolidated cumulative third quarter were 39,800 million yen, up 11.1% from the same period of a year earlier, reflecting an increase in net sales for both the Machinery & Equipment Business and the Chemical Product Business. With respect to earnings during the period, operating income was 3,869 million yen, up 34.0% from the same period of a year earlier because of higher profits in both Businesses, while ordinary was 3,940 million yen up 34.9% from the same period of a year earlier. Net income attributable to owners of the parent came to 2,800 million yen up 41.0% from the same period of a year earlier.

Furthermore, as already announced, on August 1, 2024, we resolved to dissolve our specified subsidiary Interstella Co., Ltd., which purchases and sells synthetic resin materials and the like, and its wholly-owned subsidiary Interstella Plastics (Shenzhen) Co., Ltd., which processes coloring compounds for synthetic resins. Poor operating performances of the companies have continued on factors including Japanese automobile-related sluggishness due to the emergence of electric cars and weakness in various OA devices due to production base relocations from China, and we judged that recoveries in the performances are difficult. In addition, as well as from the viewpoint of reexamining our business portfolio to improve capital efficiency, we resolved to dissolve both companies. Although the impact of the dissolutions on the consolidated operating results in the fiscal year ending October 2024 is now under examination, due to such factors as the noncurrent assets being recognized as impaired by the previous fiscal year, the impact is expected to be insignificant.

Operating results by segment were as follows.

(Machinery & Equipment Business)

In the Machinery & Equipment Business, net sales for the consolidated cumulative third quarter under review were 9,416 million yen, up 18.2% from the same period of a year earlier, reflecting growth in net sales of components and repair services, and equipment and construction works for domestic public sector demand, and also growth in net sales for domestic private sector demand as a whole, and in addition, growth in net sales of components and repair services for overseas markets.

(Millions of Yen)

	Product classification	Machinery	Equipment and construction works	Components and repair services	TOTAL
Public sector	July, 2023	369	547	2,000	2,917
	July, 2024	264	859	2,380	3,505
	Difference	-104	311	379	587
Private sector	July, 2023	282	7	1,452	1,742
	July, 2024	565	313	1,664	2,543
	Difference	282	306	211	800
Overseas markets	July, 2023	1,365	160	1,779	3,305
	July, 2024	1,259	0	2,108	3,367
	Difference	-105	-159	328	62
<b>TOTAL</b>	July, 2023	2,017	715	5,233	7,965
	July, 2024	2,089	1,173	6,152	9,416
	Difference	72	458	919	1,450

With respect to earnings, operating income was 1,109 million yen, up 372.0% from the same period of a year earlier, mainly reflecting growth in net sales of highly profitable components and repair services, and the projects carried over from the previous fiscal year.

(Chemical Products Business)

In the Chemical Products Business, net sales for the consolidated cumulative third quarter under review were 30,384 million yen, up 9.1% from the same period of a year earlier. This reflected growth in net sales of materials for semiconductor manufacturing devices including power semiconductor in advanced materials sector, materials mainly for building and fireproof in industrial materials sector, materials mainly for motor vehicles and electronic devices in mineral products sector, and materials mainly for coating applications in chemical products sector, whereas net sales of synthetic resin related products in general and materials for semiconductor assembling devices in electronic materials sector were sluggish.

(Millions of Yen)

	July, 2023	July, 2024	Difference
Synthetic resin sector	3,957	3,857	-100
Industrial materials sector	4,304	5,016	712
Mineral products sector	4,290	4,839	548
Chemical products sector	6,498	7,105	606
Advanced materials sector	4,766	5,923	1,157
Electronic materials sector	3,845	3,490	-354
Other products (foreign liquor)	195	151	-43
Total	27,857	30,384	2,526

With respect to earnings during the period, operating income was 2,759 million yen, up 4.0% from the same period of a year earlier, reflecting strong sales.

## **(2) Analysis of Financial Condition**

Assets at the end of the consolidated third quarter under review were 51,186 million yen, increased by 2,179 million yen from the end of the previous consolidated fiscal year. This reflected an increase in cash and deposits, and notes, accounts receivable-trade and contract assets, despite a decrease in others in current assets.

Liabilities were 12,556 million yen, increased by 382 million yen from the end of the previous consolidated fiscal year, mainly because of an increase in notes and accounts payable-trade, and electronically recorded monetary debt, despite a decrease in income taxes payable, and provision for bonuses.

Net assets stood at 38,630 million yen, increased by 1,797 million from the end of the previous consolidated fiscal year. This mainly reflected an increase in retained earnings recorded under quarterly net income attributable to owners of the parent.

As a result of the above changes, the equity ratio at the end of the consolidated third quarter under review stood at 75.5%, increased by 0.3 point compared with the end of the previous consolidated fiscal year.

## **(3) Analysis of Future Forecast on Consolidated Earnings Forecast**

There are no revisions to the consolidated earnings forecast figures for the fiscal year ending October 31, 2024 that were announced in the "Notice of Revision of Earnings Forecast" released on June 7, 2024.

## 2. Quarterly Consolidated Financial Statement and Notes

### (1) Quarterly Consolidated Balance Sheets (Third Quarter)

(Thousands of Yen)

	End of Previous Year (October. 31, 2023)	End of Third Quarter (July 31, 2024)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Deposits	13,519,519	13,813,268
Notes, Accounts Receivable-Trade and Contract Assets	13,053,566	13,455,596
Electronically Recorded Monetary Claims	4,534,946	4,796,055
Merchandise and Finished Goods	5,023,516	5,346,424
Work in Process	1,413,836	2,087,744
Raw Materials and Supplies	1,118,239	1,381,679
Others	442,065	300,652
Allowance for Doubtful Accounts	-75,966	-81,697
<b>Total Current Assets</b>	<b>39,029,723</b>	<b>41,099,723</b>
<b>Noncurrent Assets</b>		
Property, Plant and Equipment		
Buildings and Structures	5,142,178	5,194,218
Accumulated Depreciation	-2,361,073	-2,487,279
Buildings and Structures, Net	2,781,104	2,706,939
Machinery, Equipment and Vehicles	4,276,421	4,417,389
Accumulated Depreciation	-3,947,522	-4,097,364
Machinery, Equipment and Vehicles, Net	328,898	320,025
Land	2,304,322	2,305,070
Others	1,173,898	1,236,618
Accumulated Depreciation	-1,093,060	-1,136,458
Others, Net	80,837	100,159
<b>Total Property, Plant and Equipment</b>	<b>5,495,162</b>	<b>5,432,194</b>
Intangible Assets	135,706	114,434
Investments and Other Assets		
Investment Securities	1,461,804	1,617,313
Guarantee Deposits	555,604	562,746
Net Defined Benefit Assets	2,235,326	2,279,291
Deferred Tax Assets	11,981	2,342
Others	103,258	100,416
Allowance for Doubtful Accounts	-21,551	-21,650
<b>Total Investments and Other Assets</b>	<b>4,346,423</b>	<b>4,540,460</b>
<b>Total Noncurrent Assets</b>	<b>9,977,293</b>	<b>10,087,090</b>
<b>Total Assets</b>	<b>49,007,016</b>	<b>51,186,813</b>

(Thousands of Yen)

	End of Previous Year (October. 31, 2023)	End of Third Quarter (July 31, 2024)
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and Accounts Payable-Trade	4,348,081	4,932,218
Electronically Recorded Monetary Debt	2,286,828	2,561,171
Accounts Payable-Others	808,811	825,598
Income Taxes Payable	731,645	464,022
Contract Liabilities	483,376	745,233
Provision for Bonuses	1,791,344	1,331,541
Provision for Directors' Bonuses	110,816	98,061
Allowance for Product Warranty	190,085	198,046
Others	608,366	394,882
<b>Total Current Liabilities</b>	<b>11,359,356</b>	<b>11,550,774</b>
<b>Noncurrent Liabilities</b>		
Net Defined Benefit Liabilities	86,239	81,301
Deferred Tax Liabilities	728,469	924,315
<b>Total Noncurrent Liabilities</b>	<b>814,709</b>	<b>1,005,617</b>
<b>Total Liabilities</b>	<b>12,174,065</b>	<b>12,556,391</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital Stock	1,061,210	1,061,210
Capital Surplus	1,483,410	1,483,410
Retained Earnings	32,937,306	34,410,609
Treasury Stock	-364,148	-364,148
<b>Total Shareholders' Equity</b>	<b>35,117,778</b>	<b>36,591,080</b>
<b>Accumulated Other Comprehensive Income</b>		
Valuation Difference on Available-for-Sale Securities	505,132	636,046
Deferred Gains or Losses on Hedges	3,928	-20,609
Foreign Currency Translation Adjustment	904,168	1,153,853
Total Adjustment on Net Defined Benefit	301,944	270,049
<b>Total Accumulated Other Comprehensive Income</b>	<b>1,715,173</b>	<b>2,039,341</b>
<b>Total Net Assets</b>	<b>36,832,951</b>	<b>38,630,421</b>
<b>Total Liabilities and Net Assets</b>	<b>49,007,016</b>	<b>51,186,813</b>



(2) Quarterly Consolidated Statements of Income & Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

Consolidated Cumulative Third Quarter

(Thousands of Yen)

	Third Quarter Ended July 31, 2023	Third Quarter Ended July 31, 2024
<b>Net Sales</b>	35,823,059	39,800,812
<b>Cost of Sales</b>	26,700,082	29,317,306
<b>Gross Profit</b>	9,122,977	10,483,506
<b>Selling, General and Administrative Expenses</b>	6,234,787	6,614,196
<b>Operating Income</b>	2,888,190	3,869,310
<b>Non-Operating Income</b>		
Interest Income	13,299	14,255
Dividends Income	45,923	47,697
Rent Income	6,022	6,022
Foreign Exchange Gain	—	537
Others	31,384	15,026
<b>Total Non-Operating Income</b>	96,630	83,539
<b>Non-Operating Expenses</b>		
Interest Expenses	1,300	891
Commission Paid	8,243	8,252
Guarantee Commission	1,022	1,718
Foreign Exchange Loss	52,776	—
Others	1,117	1,004
<b>Total Non-Operating Expenses</b>	64,461	11,866
<b>Ordinary Income</b>	2,920,359	3,940,982
<b>Extraordinary Profits</b>		
Profit on Sales of Investment Securities	54,394	57,706
Profit on Sales of Shares of Affiliated Companies	—	27,506
<b>Total Extraordinary Profits</b>	54,394	85,213
<b>Income before Income Taxes</b>	2,974,753	4,026,195
<b>Income Taxes-Current</b>	755,267	1,054,984
<b>Income Taxes-Deferred</b>	232,692	170,800
<b>Total Income Taxes</b>	987,959	1,225,784
<b>Net Income</b>	1,986,794	2,800,411
<b>Net Income</b>		
<b>Attributable to Owners of the Parent</b>	1,986,794	2,800,411

Quarterly Consolidated Statements of Comprehensive Income  
Consolidated Cumulative Third Quarter

(Thousands of Yen)

	Third Quarter Ended July 31, 2023	Third Quarter Ended July 31, 2024
Net Income	1,986,794	2,800,411
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	171,867	130,914
Deferred Gains or Losses (-) on Hedges	-7,215	-24,537
Foreign Currency Translation Adjustment	3,831	249,685
Adjustment on Net Defined Benefit	-25,972	-31,894
Total Other Comprehensive Income	142,511	324,167
<b>Comprehensive Income</b>	<b>2,129,305</b>	<b>3,124,578</b>
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	2,129,305	3,124,578

### **(3) Notes on Quarterly Consolidated Financial Statements**

(Note for premise of going concern)

There are no pertinent matters to report.

(Notes for significant changes in shareholder's equity)

There are no pertinent matters to report.

(Changes in presentation method)

(Notes to Quarterly Consolidated Statements of Income)

Since guarantee commission, which has been included in others under non-operating expenses in the third quarter of the previous consolidated fiscal year increased in quantitative materiality, we present it separately beginning from the first quarter of the current consolidated fiscal year. To reflect this change of presentation method, in the Quarterly Consolidated Statements of Income for the third quarter of the previous consolidated fiscal year, we have reclassified the 2,140,000 yen shown in others under non-operating expenses as 1,022,000 yen in guarantee commission and 1,117, 000 yen in others.

(Segment information)

[Segment information]

# **I Third Quarter Ended July 31, 2023**

Information Pertaining to the Amount of Net Sales or Net Loss of Each Reporting Segment

(Thousands of Yen)

	Reported Segment			Grand Total
	Machinery & Equipment Business	Chemical Products Business	Total	
Net Sales				
Net Sales to Unaffiliated Customers	7,965,326	27,857,733	35,823,059	35,823,059
Internal Net Sales among Segments or Amount Transferred	—	—	—	—
Total	7,965,326	27,857,733	35,823,059	35,823,059
Segment Profit	235,014	2,653,175	2,888,190	2,888,190

(Note) The total amount of segment profit is identical to the operating income reported on the Quarterly Consolidated Statements of Income.

# **II Third Quarter Ended July 31, 2024**

Information Pertaining to the Amount of Net Sales or Net Loss of Each Reporting Segment

(Thousands of Yen)

	Reported Segment			Grand Total
	Machinery & Equipment Business	Chemical Products Business	Total	
Net Sales				
Net Sales to Unaffiliated Customers	9,416,141	30,384,671	39,800,812	39,800,812
Internal Net Sales among Segments or Amount Transferred	—	—	—	—
Total	9,416,141	30,384,671	39,800,812	39,800,812
Segment Profit	1,109,335	2,759,974	3,869,310	3,869,310

(Note) The total amount of segment profit is identical to the operating income reported on the Quarterly Consolidated Statements of Income.

(Notes for statement of cash flows)

We have not prepared a Quarterly Consolidated Statement of Cash Flows for the third quarter of the current consolidated fiscal year. Furthermore, depreciation and amortization (including amortization of intangible fixed asset) in the third quarter of the current consolidated fiscal year is as follows.

(Thousands of Yen)

	Third Quarter Ended July 31, 2023	Third Quarter Ended July 31, 2024
Depreciation and Amortization	286,853	261,370