

**Consolidated Financial Report for the Three Months Ended June 30, 2021****TOYOBO Co., Ltd.**

Listed on the First Section of the TSE

Stock Code: 3101 URL <https://ir.toyobo.co.jp/en/ir.html>

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(Figures are rounded to the nearest million yen)

**1. Consolidated Business Performance****(1) Consolidated Operating Results**

First quarter ended June 30

Percentages indicate year-on-year increase/ (decrease)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2021	94,644	25.4	9,244	112.1	7,468	170.2	6,170	249.8
2020	75,450	(6.7)	4,359	(16.7)	2,764	(36.3)	1,764	5.6

(Note) Comprehensive income: First quarter ended June 30, 2021: ¥ 8,583 million 193.7 %,

First quarter ended June 30, 2020: ¥ 2,922 million --- %

	Net profit per share	Net profit per share after dilution
	Yen	Yen
2021	69.45	—
2020	19.86	—

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2021	492,422	193,555	38.7	2,146.41
March 31, 2021	491,188	188,635	37.8	2,090.47

(Reference) Total shareholders' equity: June 30, 2021: ¥190,698 million, March 31, 2021: ¥185,729 million

**2. Dividends**

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 3/2021	—	0.00	—	40.00	40.00
FY 3/2022	—				
FY 3/2022 (Forecast)		0.00	—	40.00	40.00

(Note) Revision of dividends forecast for this period: None

### 3. Forecasts for Fiscal Year Ending March 31, 2022

Percentages indicate year-on-year increase/ (decrease)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	365,000	8.2	29,000	8.8	24,000	15.9

	Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Yen
Fiscal year	13,000	209.4	146.32

(Note) Revision of earnings forecast for this period: Yes

### 4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): Yes

1) New company: None

2) Excluded company: 1

(TOYOBO FILM SOLUTIONS LIMITED)

2. Adoption of simplified and special accounting methods: None

3. Changes from accounting methods, procedures and the presentation of the consolidated financial statements:

1) Changes based on revision of accounting standards : Yes

2) Changes other than 1) above : None

3) Changes due to accounting estimation change : None

4) Error correction : None

4. Number of shares issued and outstanding (common stock):

1) Number of shares outstanding (including treasury stock):

June 30, 2021: 89,048,792 shares                      March 31, 2021: 89,048,792 shares

2) Number of treasury stock:

June 30, 2021: 203,765 shares                      March 31, 2021: 203,350 shares

3) Average number of shares outstanding for each period (cumulative term):

Three months ended June 30                      2021: 88,845,220 shares

2020: 88,811,123 shares

※ Quarterly Financial Results reports are exempt from Quarterly review.

※ Explanation regarding the appropriate use of forecasts of business results

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.

(How to obtain supplementary document on earnings)

The supplementary document on earnings is disclosed on the same day as the Quarterly Financial Results report, and it is made available on the Company's website.

## **1. Qualitative Information and Financial Statements**

### **(1) Qualitative Information on Consolidated Results**

As for the business environment surrounding the Toyobo Group (hereinafter the “Group”) in the three months ended June 30, 2021, the economy continued to expand in China, economic activities restarted in the United States due to the rollout of vaccinations against COVID-19, and economic recovery accelerated. Furthermore, economic recovery was supported by the continuation of large-scale monetary easing policies in various countries, such as the United States, China and Japan. Under these circumstances, despite an intensifying sense of economic stagnation due to delays of the COVID-19 vaccine roll-out in Japan, it is expected that the economy will recover as the vaccine is rolled out in the second half of the fiscal year. Uncertainties are increasing with regard to the outlook of the economy as a result of concerns about delays in the recovery of global economic activities due to the recent spread of COVID-19 variants.

In this business environment, in “Films and Functional Materials,” sales grew due to the full-fledged operation of the new line (Unit 3) for polarizer protective films for LCDs “COSMOSHINE SRF” and the new processing equipment for mold releasing film for MLCC “COSMOPEEL” against the backdrop of strong market conditions. In “Mobility,” sales of engineering plastics and airbag fabrics performed strongly due to the recovery from the COVID-19 pandemic for automobile demand globally. In “Lifestyle and Environment,” demand for high-performance fibers recovered after the beginning of the pandemic, but spunbond and polyester staple fibers were affected by the high cost of raw materials. In “Life Science,” sales of raw materials and reagents for PCR testing grew as the Group worked to meet the societal demand for PCR testing.

As a result, consolidated net sales in the three months ended June 30, 2021 increased ¥19.2 billion (25.4%) over the same period of the previous fiscal year, to ¥94.6 billion. Operating profit increased ¥4.9 billion (112.1%), to ¥9.2 billion, ordinary profit increased ¥4.7 billion (170.2%) to ¥7.5 billion, and profit attributable to owners of parent increased ¥4.4 billion (249.8%), to ¥6.2 billion.

Results by business segment were as follows:

#### **Films and Functional Materials**

In this segment, sales and operating profit increased due to the strong performance of the industrial films business and the functional materials business.

In the films business, despite the continuation of demand from people staying at home, the packaging film business faced challenges as a result of the decrease of sales because of the fire accident in the previous fiscal year as well as the impact of rising raw material prices.

In the industrial film business, against the backdrop of strong market conditions, sales of polarizer protective films for LCDs “COSMOSHINE SRF” and mold releasing film for MLCC “COSMOPEEL” achieved growth due to the full-fledged operation of each of their new lines.

In the functional materials business, sales of industrial adhesives “Vylon” were strong in Japan and overseas. Furthermore, in the photo functional materials business, which handles water-wash photo-sensitive printing plates, sales of products for China and Europe grew.

As a result, sales in this segment increased ¥9.4 billion (26.0%) from the same period of the previous fiscal year to ¥45.7 billion, and operating profit increased ¥2.9 billion (73.9%) to ¥6.8 billion.

## **Mobility**

In this segment, sales increased and operating loss decreased as a result of sales of engineering plastics and airbag fabrics performing strongly due to the recovery from the COVID-19 pandemic for automobile demand globally.

Sales of engineering plastics recovered and were strong in both Japan and overseas. The airbag fabrics business faced challenges as a result of the decreasing spread between raw material prices and sales prices due to the sudden rise of raw material prices despite the recovery of sales.

As a result, sales in this segment increased ¥4.3 billion (63.0%) from the same period of the previous fiscal year to ¥11.1 billion, with an operating loss of ¥0.5 billion. (Compared with operating loss of ¥0.7 billion for the same period of the previous fiscal year.)

## **Lifestyle and Environment**

In this segment, spunbond and polyester staple fibers, etc. were affected by the high cost of raw materials, demand for high-performance fibers picked up due to recovery from the COVID-19 pandemic.

In the environmental solutions business, volatile organic compound (VOC) emissions treatment equipment for recovering solvents faced challenges due to the impact of a decrease in orders as a result of the stagnation of operating activities in the previous fiscal year because of the COVID-19 pandemic.

In the nonwoven fabrics business, sales of spunbond grew from the same period of the previous fiscal year, but were affected by the high cost of raw materials. Sales of functional filters decreased for masks, but were strong for air purifiers and automobile-related products.

In the functional fiber materials business, with regard to high-performance fibers, sales of "IZANAS" were strong for use in fishing line and ropes, and sales of "Tsunoooga" used in cut resistant gloves grew due to the recovery of plant operations throughout the world. Sales of polyester staple fibers were affected by the high cost of raw materials, but functional cushion material "BREATHAIR" for bedding applications was strong.

In the textile business, due to the impact of factors such as sluggish store sales because of the COVID-19 pandemic, sales for sports, uniforms and traditional Arabic fabric did not recover.

As a result, sales in this segment increased ¥4.8 billion (21.1%) from the same period of the previous fiscal year to ¥27.7 billion, and operating profit increased ¥1.1 billion (338.0%) to ¥1.5 billion.

## **Life Science**

In this segment, sales and operating profit increased due to the growth in demand for PCR testing-related products as the COVID-19 pandemic has not yet ended.

In the biotechnology business, sales of raw materials and reagents for PCR testing, and genetic testing equipment and diagnostic reagents grew.

The contract manufacturing business of pharmaceuticals was sluggish due to the impact of temporary operational suspension for compliance with Good Manufacturing Practice (GMP).

In the medical materials business, sales of artificial kidney hollow fiber trended strong.

As a result, sales in this segment increased ¥1.1 billion (18.0%) from the same period of the previous fiscal year to ¥7.5 billion, and operating profit increased ¥0.9 billion (86.6%) to ¥1.9 billion.

### **Real Estate and Other Business**

This segment includes infrastructure-related businesses such as real estate, engineering, information processing services, and logistics services. Results in these businesses were generally in line with plans.

As a result, total sales in these businesses decreased ¥0.5 billion (15.4 %) over the same period of the previous fiscal year to ¥2.6 billion, and operating profit decreased ¥0.1 billion (19.4 %) to ¥0.4 billion.

## **(2) Qualitative Information on the Consolidated Financial Position**

### **Assets, Liabilities and Net Assets**

Total assets increased ¥1.2 billion (0.3%) from the end of the previous fiscal year, to ¥492.4 billion. This was mainly due to an increase in inventories, an increase in property, plant and equipment due to capital investment, and an increase in investments and other assets due to the mark-to-market valuation of investment securities, despite a decrease in cash and deposits.

Total liabilities decreased ¥3.7 billion (1.2%) to ¥298.9 billion. This was mainly due to a decrease in borrowings.

Net assets increased ¥4.9 billion (2.6%) from the end of the previous fiscal year, to ¥193.6 billion due to an increase in retained earnings and an increase in valuation difference on available-for-sale securities.

## **(3) Qualitative Information on Consolidated Forecasts**

In light of recent developments, we have revised our consolidated earnings forecasts for the fiscal year ending March 31, 2022, which were announced on May 10, 2021. For details, please refer to the “Notice of Revision of Consolidated Earnings Forecasts” released today (August 5, 2021).

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2021)	Current First Quarter (As of June 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	34,695	26,072
Notes and accounts receivable - trade	85,182	82,356
Electronically recorded monetary claims - operating	8,709	9,422
Merchandise and finished goods	45,785	47,715
Work in process	11,480	12,842
Raw materials and supplies	19,045	20,731
Other	8,203	10,783
Allowance for doubtful accounts	(136)	(180)
Total current assets	212,963	209,740
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	54,227	54,961
Machinery, equipment and vehicles, net	56,053	55,502
Land	93,169	93,157
Other, net	21,191	23,473
Total property, plant and equipment	224,640	227,093
Intangible assets	4,674	4,557
Investments and other assets		
Other	49,760	51,888
Allowance for doubtful accounts	(849)	(856)
Total investments and other assets	48,911	51,032
Total non-current assets	278,225	282,682
Total assets	491,188	492,422

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2021)	Current First Quarter (As of June 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	40,879	40,710
Electronically recorded obligations - operating	4,881	5,704
Short-term borrowings	40,767	40,024
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	10,107	7,688
Provisions	4,743	2,270
Other	20,067	20,919
Total current liabilities	131,444	127,315
Non-current liabilities		
Bonds payable	45,000	45,000
Long-term borrowings	77,046	77,346
Provision for retirement benefits for directors (and other officers)	241	226
Provision for environmental measures	31	30
Retirement benefit liability	18,288	18,159
Other	30,503	30,790
Total non-current liabilities	171,109	171,551
Total liabilities	302,553	298,867
<b>Net assets</b>		
Shareholders' equity		
Share capital	51,730	51,730
Capital surplus	32,202	32,202
Retained earnings	64,351	66,871
Treasury shares	(294)	(295)
Total shareholders' equity	147,989	150,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,038	8,933
Deferred gains or losses on hedges	11	(2)
Revaluation reserve for land	42,708	42,697
Foreign currency translation adjustment	(11,052)	(10,462)
Remeasurements of defined benefit plans	(965)	(976)
Total accumulated other comprehensive income	37,740	40,191
Non-controlling interests	2,906	2,857
Total net assets	188,635	193,555
<b>Total liabilities and net assets</b>	<b>491,188</b>	<b>492,422</b>

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

(Millions of yen)

(Consolidated Statements of Income)	Previous First Quarter (From April 1, 2020 To June 30, 2020)	Current First Quarter (From April 1, 2021 To June 30, 2021)
Net sales	75,450	94,644
Cost of sales	55,397	68,571
Gross profit	20,053	26,073
Selling, general and administrative expenses	15,694	16,829
Operating profit	4,359	9,244
Non-operating income		
Dividend income	246	220
Share of profit of entities accounted for using equity method	168	113
Other	360	263
Total non-operating income	773	596
Non-operating expenses		
Interest expenses	338	317
Loss on suspension of production	700	358
Other	1,330	1,697
Total non-operating expenses	2,368	2,372
Ordinary profit	2,764	7,468
Extraordinary income		
Gain on sale of non-current assets	94	—
Total extraordinary income	94	—
Extraordinary losses		
Loss on disposal of non-current assets	362	279
Loss on sale of securities	—	185
Other	92	—
Total extraordinary losses	454	464
Profit before income taxes	2,404	7,004
Income taxes	799	878
Profit	1,605	6,126
Loss attributable to non-controlling interests	(159)	(44)
Profit attributable to owners of parent	1,764	6,170



(Millions of yen)

(Consolidated Statements of Comprehensive Income)	Previous First Quarter (From April 1, 2020 To June 30, 2020)	Current First Quarter (From April 1, 2021 To June 30, 2021)
Profit	1,605	6,126
Other comprehensive income		
Valuation difference on available-for- sale securities	1,073	1,898
Deferred gains or losses on hedges	5	(13)
Foreign currency translation adjustment	185	437
Remeasurements of defined benefit plans, net of tax	198	(10)
Share of other comprehensive income of entities accounted for using equity method	(143)	146
Total other comprehensive income	<u>1,318</u>	<u>2,457</u>
Comprehensive income	<u>2,922</u>	<u>8,583</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,065	8,632
Comprehensive income attributable to non-controlling interests	(142)	(49)

### **(3) Note to Consolidated Financial Statements**

(Note to Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Additional Information)

#### **1. Application of Accounting Standard for Revenue Recognition and Relevant Revised ASBJ Regulations**

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. In accounting of buy-sell transactions where the Company bears an obligation to repurchase supplied materials, the transaction is treated as a financial transaction and supplied materials remaining at the supplyee are continued to be recognized as inventories while the amount of ending inventories corresponding to the supplied materials remaining at the supplyee is recognized as financial liabilities.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year ending March 31, 2022 was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year ending March 31, 2022, and thus the new accounting policy was applied from such opening balance. The impact of the application of the accounting standard on consolidated financial statements is immaterial.

#### **2. Application of Accounting Standard for Fair Value Measurement and Relevant ASBJ Regulations**

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policies set forth in the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations have been applied prospectively. There is no impact on the consolidated financial statements for the first quarter ended June 30, 2021.

#### **3. Effects of COVID-19**

There are no significant changes to the presumption related to the impact of COVID-19 stated in Additional Information of the securities report for the fiscal year ended March 31, 2021.

(Segment Information)

( i ) Previous first quarter (from April 1, 2020 to June 30, 2020)

(Millions of yen)

	Segment to Be Reported						Other Business- ses (Note 1)	Total	Adjust- ment (Note 2)	Consolidated Statements of Profit (Note 3)
	Films and Functional Materials	Mobility	Lifestyle and Environ- ment	Life Science	Real Estate	Total				
Net sales										
(1) Outside customers	36,308	6,786	22,922	6,341	997	73,355	2,095	75,450	—	75,450
(2) Inter-segment sales and transfers	15	4	45	8	99	170	2,630	2,800	(2,800)	—
Total	36,323	6,790	22,967	6,349	1,096	73,525	4,725	78,250	(2,800)	75,450
Operating profit (loss)	3,914	(653)	340	998	391	4,990	84	5,074	(715)	4,359

Note: 1. Other includes design and construction of buildings, equipment, etc., information services, logistics services and other items.

2. Segment profit or loss adjustment of (¥715) million includes eliminations of intersegment transactions of ¥45 million and companywide expenses that are not allocated across reporting segments of (¥759) million.

The principal components of companywide expenses are those related to basic research and development.

3. Segment profit has been adjusted with operating profit on the consolidated financial statements.

( ii ) Current first quarter (from April 1, 2021 to June 30, 2021)

(Millions of yen)

	Segment to Be Reported						Other Business- ses (Note 4)	Total	Adjust- ment (Note 5)	Consolidated Statements of Profit (Note 6)
	Films and Functional Materials	Mobility	Lifestyle and Environ- ment	Life Science	Real Estate	Total				
Net sales										
(1) Outside customers	45,734	11,061	27,750	7,482	969	92,997	1,647	94,644	—	94,644
(2) Inter-segment sales and transfers	42	5	96	13	100	256	2,330	2,586	(2,586)	—
Total	45,777	11,066	27,846	7,495	1,069	93,253	3,977	97,230	(2,586)	94,644
Operating profit (loss)	6,808	(458)	1,489	1,862	316	10,017	66	10,083	(839)	9,244

Note: 4. Other includes design and construction of buildings, equipment, etc., information services, logistics services and other items.

5. Segment profit or loss adjustment of (¥839) million includes eliminations of intersegment transactions of ¥72 million and companywide expenses that are not allocated across reporting segments of (¥911) million.

The principal components of companywide expenses are those related to basic research and development.

6. Segment profit has been adjusted with operating profit on the consolidated financial statements.