



March 24, 2022

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Notice Regarding Recording of Extraordinary Income and Expected Recording of Extraordinary Losses, Revision of Full-Year Earnings Forecasts

Toyobo Co., Ltd. (hereinafter the “Company”) is announcing that in light of a recording of extraordinary income and an expected recording of extraordinary losses as detailed below, it has resolved at its Board of Directors meeting held today to revise its earnings forecasts for the fiscal year ending March 31, 2022 announced on February 10, 2022 as follows.

1. Recording of extraordinary income (gain on sale of investment securities)

The Company has recorded a gain on sale as detailed below, which was realized by selling part of the investment securities held by it and its subsidiaries for the purpose of improving asset efficiency and bringing greater soundness to the financial position.

| | |
|---|---|
| (1) Shares sold | Listed securities of 29 issues |
| (2) Period of sale | January 2022 to March 2022 |
| (3) Gain on sale of investment securities | Recording of a gain on sale of investment securities of ¥6.2 billion as extraordinary income in the consolidated financial statements |

2. Expected recording of extraordinary losses

(1) Expected recording of impairment losses

The Company is continuing to record deficits in the contract manufacturing business of pharmaceuticals due to accumulating costs required for response to Good Manufacturing Practice (GMP; standards for manufacturing and quality control of pharmaceuticals, etc.). We have estimated future cashflow because we expect that costs for GMP response will continue to arise in the future, with the result that the recoverable amount has fallen below the carrying amount of assets for business use in this business, so we expect to reduce the carrying amount to the recoverable amount to record that reduced amount of ¥4.5 billion as impairment losses.

Moreover, in the textile business, we plan to further improve production efficiency by aiming to shut down production at the Nyuzen Mill and Inami Mill at around March 31, 2024, and reducing production in the woven material department of Shogawa Mill. The Company had examined ways to utilize the land, etc. of Nyuzen Mill and Inami Mill for its business, but it has decided to examine future ways to utilize said land, etc. including non-business related utilization. Accordingly, as the recoverable amount has significantly lowered, we expect to record impairment losses of ¥2.7 billion as a result of examining the recoverability.

In addition, at Xenomax - Japan Co., Ltd., the Company’s consolidated subsidiary which manufactures and sells high heat-resistant polyimide film, although efforts have been underway to boost sales for this materials application in flexible TFT substrates and circuit substrates for

use in electronic paper, sensors, etc. as well as develop further applications, we have recognized signs of impairment losses as a result of reviewing our business plan. We have estimated future cashflow in light of the current business environment and other factors, with the result that the recoverable amount has fallen below the carrying amount of assets for business use in this business, so we expect to reduce the carrying amount to the recoverable amount to record that reduced amount of ¥2.3 billion as impairment losses.

Based on the above, we expect to record impairment losses of ¥9.5 billion on a consolidated basis and impairment losses of ¥7.2 billion on a non-consolidated basis in the fiscal year ending March 31, 2022.

(2) Expected recording of loss on valuation of shares of subsidiaries and associates, etc.

In association with the aforementioned, we expect to record a loss on valuation of shares of subsidiaries and associates of ¥2.3 billion and a provision for loss on guarantees of ¥0.7 billion as extraordinary losses in the Company's non-consolidated financial statements. Note that the loss on valuation of shares of subsidiaries and associates, and the provision for loss on guarantees will be eliminated through consolidated accounting, and it will have no impact on the consolidated financial statements.

3. Revision of full-year earnings forecasts

(1) Revision to the forecasts for fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

| | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent | Net profit per share |
|--|-----------------|------------------|-----------------|---|----------------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Yen |
| Previous Forecasts (A) | 370,000 | 29,000 | 24,000 | 13,000 | 146.32 |
| Revised Forecasts (B) | 370,000 | 29,000 | 24,000 | 10,500 | 118.15 |
| Change (B-A) | 0 | 0 | 0 | (2,500) | |
| Percent Change (%) | 0.0 | 0.0 | 0.0 | (19.2) | |
| (Reference) Actual results for the fiscal year ended March 31, 2021 (FY 3/2021) | 337,406 | 26,657 | 20,706 | 4,202 | 47.30 |

(2) Reasons for revision

Concerning the consolidated earnings forecasts for the fiscal year ending March 31, 2022, we have not changed our forecasts for net sales, operating profit and ordinary profit, from the previously announced forecasts (announced on February 10, 2022) bearing in mind the expansion in sales of raw materials and reagents for PCR testing on one hand and the current environment such as the rising raw material and fuel prices, on the other.

For profit attributable to owners of parent, however, we have revised the previously announced forecast because we expect to record the extraordinary income described in 1 above and the extraordinary losses described in 2 above.

Note that the forecast for year-end dividends has not changed from the ¥40 per share announced on February 10, 2022.

(Note) The above business forecasts have been prepared based on the information available as of the data of this announcement, and actual results may differ from these forecasts due to various factors.