

**Consolidated Financial Report for the Three Months Ended June 30, 2022****TOYOBO Co., Ltd.**URL <https://ir.toyobo.co.jp/en/ir.html>

Stock Code: 3101 (Prime Market, Tokyo Stock Exchange)

Representative: Ikuo Takeuchi, President &amp; Representative

Contact Person: Sonoko Ishimaru, General Manager, Corporate Communication Department TEL: +81-6-6348-3044

Quarterly report filing date (Planned): August 12, 2022

(Figures are rounded to the nearest million yen)

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

Three months 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	%
2022	101,048	6.8	4,621	(50.0)	4,331	(42.0)	7,797	26.4
2021	94,644	25.4	9,244	112.1	7,468	170.2	6,170	249.8

(Note) Comprehensive Income: Three months ended June 30, 2022: ¥11,021 million 28.4%  
Three months ended June 30, 2021: ¥8,583 million 193.7%

	Net profit per share	Net profit per share after dilution
	Yen	Yen
2022	87.71	-
2021	69.45	-

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2022	533,561	204,421	37.9	2,273.14
March 31, 2022	517,774	197,149	37.6	2,192.17

(Reference) Total shareholders' equity: June 30, 2022: ¥202,073 million, March 31, 2022: ¥194,876 million

**2. Dividends**

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 3/2022	—	0.00	—	40.00	40.00
FY 3/2023	—				
FY 3/2023 (Forecast)		0.00	—	40.00	40.00

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

### 3. Forecasts for Fiscal Year Ending March 31, 2023

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

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	410,000	9.1	24,000	(15.6)	18,000	(22.1)

	Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Yen
Fiscal year	13,000	1.0	146.27

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

### 4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None

1) New company : None

2) Excluded company : None

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 : None

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, 2022: 89,048,792 shares      March 31, 2022: 89,048,792 shares

2) Number of treasury stock:

June 30, 2022: 152,712 shares      March 31, 2022: 152,550 shares

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

Three months ended June 30, 2022: 88,896,148 shares

2021: 88,845,220 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, 2022, consumption recovered due to the transition to a with-COVID society in Europe and the United States. However, inflation proceeded due to the accumulation of rising raw material and fuel prices and material supply tightening due to the worsening of the situation in Ukraine as well as its prolongation. The economy in China slowed down due to its zero-COVID policy (lockdowns). On the other hand, economic recovery in Japan came to a standstill due to delays in the recovery of automobile production as a result of raw material and fuel prices remaining high and shortages in the supply of materials, such as semiconductors, in addition to delays in transitioning to with-COVID policies. Going forward, there are concerns regarding the impact of the resurgence of COVID-19, the depreciation of the yen and the increase of the pressure of inflation on economic activities.

Under this business environment, polarizer protective films for LCDs “COSMOSHINE SRF” achieved growth in sales as a result of increasing the productivity of the new line, and sales of volatile organic compound (VOC) emissions treatment equipment for recovering solvents suddenly recovered due to increased demand for lithium-ion batteries. On the other hand, films, engineering plastics, airbag fabrics, spunbond, polyester staple fibers, etc. were affected by rising raw material prices.

As a result, consolidated net sales in the three months ended June 30, 2022 increased ¥6.4 billion (6.8%) over the same period of the previous fiscal year, to ¥101.0 billion. Operating profit decreased ¥4.6 billion (50.0%), to ¥4.6 billion and ordinary profit decreased ¥3.1 billion (42.0%) to ¥4.3 billion. Profit attributable to owners of parent increased ¥1.6 billion (26.4%), to ¥7.8 billion due to the recording of insurance claim income of ¥5.6 billion for the fire accident as extraordinary income.

Results by business segment were as follows:

#### Films and Functional Materials

In this segment, sales increased while operating profit decreased due to the impact of rising raw material prices in the packaging film and industrial film businesses.

In the films business, operating profit declined due to time lag in realizing product price revisions in response to rising raw material prices despite strong sales of packaging film.

In the industrial film business, although polarizer protective films for LCDs “COSMOSHINE SRF” achieved growth in sales as a result of increasing the productivity of the new line, it was impacted by rising raw material prices for many products.

In the functional materials business, sales of photo functional materials for water-wash photosensitive printing plates were strong due to the impact of foreign exchange in addition to the product price revisions proceeded. On the other hand, sales of industrial adhesives “Vylon” declined due to the impact of China’s zero-COVID policy.

As a result, sales in this segment decreased ¥0.4 billion (0.9%) from the same period of the

previous fiscal year to ¥45.3 billion, and operating profit decreased ¥3.3 billion (48.3%) to ¥3.5 billion.

## **Mobility**

In this segment, sales increased while operating loss increased as product price revisions were unable to keep up with rising raw material prices.

Sales of engineering plastics faced challenges due to the impact of rising raw material prices in addition to the production curtailment of automobiles both in Japan and overseas.

With regard to airbag fabrics, the improvement of the spread which deteriorated due to rising raw material prices, was delayed.

As a result, sales in this segment increased ¥0.7 billion (6.8%) from the same period of the previous fiscal year to ¥11.8 billion, with an operating loss of ¥0.8 billion. (Compared with operating loss of ¥0.5 billion for the same period of the previous fiscal year.)

## **Lifestyle and Environment**

In this segment, sales increased while operating profit decreased due to the impact of rising raw material prices, such as for spunbond and polyester staple fibers, despite the recovery of sales of equipment for VOC emissions treatment for recovering solvents.

In the environmental solutions business, with regard to equipment for VOC emissions treatment, sales of replacement elements as well as equipment for VOC emissions treatment used in the manufacturing process for lithium-ion battery separators suddenly recovered due to the increase in demand for lithium-ion batteries as a result of the global shift to EV.

In the nonwoven materials business, sales of spunbond faced challenges due to rising raw material prices in addition to the production curtailment of automobiles. Sales of polyester staple fibers for use in hygiene products were strong, but were affected by rising raw material prices.

In the high performance fibers business, sales of “ZYLON” for use in bicycle tires were strong.

As a result, sales in this segment increased ¥4.4 billion (15.8%) from the same period of the previous fiscal year to ¥32.1 billion, and operating profit decreased ¥1.2 billion (81.5%) to ¥0.3 billion.

## **Life Science**

In this segment, sales and operating profit increased as sales of enzymes for diagnostic reagents, etc. were strong despite a decrease in sales of reagents for PCR tests for COVID-19.

In the biotechnology business, sales were strong due to the impact of foreign exchange in addition to sales of enzymes for diagnostic reagents as well as those for genetic testing reagents increased, despite sales of reagents for PCR tests decreasing due to COVID-19 infections calming down.

The contract manufacturing business of pharmaceuticals faced challenges as a result of rising expenses in response to suggestions from the FDA.

In the medical materials business, sales of artificial kidney hollow fiber and virus removing membranes trended strong.

As a result, sales in this segment increased ¥1.2 billion (16.2%) from the same period of the previous fiscal year to ¥8.7 billion, and operating profit increased ¥0.3 billion (14.7%) to ¥2.1 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, sales in this segment increased ¥0.5 billion (18.5%) from the same period of the previous fiscal year to ¥3.1 billion, and operating profit decreased ¥0.0 billion (9.5%) to ¥0.3 billion.

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

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

Total assets increased ¥15.8 billion (3.0%) from the end of the previous fiscal year, to ¥533.6 billion. This was mainly due to an increase in cash and deposits, inventories and an increase in property, plant and equipment due to capital investment.

Total liabilities increased ¥8.5 billion (2.7%) to ¥329.1 billion. This was mainly due to an increase in notes and accounts payable – trade and borrowings.

Net assets increased ¥7.3 billion (3.7%) from the end of the previous fiscal year, to ¥204.4 billion mainly due to an increase in retained earnings and foreign currency translation adjustment.

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

The performance of the Group in the three months ended June 30, 2022 was generally as forecast. Regarding the consolidated earnings forecast for fiscal year ending March 31, 2023, no changes have been made in the outlook announced on May 12, 2022.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2022)	Current First Quarter (As of June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	27,176	32,468
Notes and accounts receivable - trade	91,082	89,306
Contract assets	421	799
Electronically recorded monetary claims - operating	10,747	11,926
Merchandise and finished goods	57,362	61,382
Work in process	14,483	15,141
Raw materials and supplies	24,204	27,275
Other	14,150	13,244
Allowance for doubtful accounts	(311)	(332)
Total current assets	239,314	251,210
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	53,960	55,943
Machinery, equipment and vehicles, net	51,786	52,737
Land	91,586	90,823
Other, net	30,242	32,565
Total property, plant and equipment	227,574	232,068
Intangible assets	4,307	4,249
Investments and other assets		
Other	47,551	47,054
Allowance for doubtful accounts	(972)	(1,021)
Total investments and other assets	46,579	46,033
Total non-current assets	278,460	282,351
Total assets	517,774	533,561

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2022)	Current First Quarter (As of June 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	46,876	50,120
Electronically recorded obligations - operating	6,326	6,843
Short-term borrowings	40,592	46,625
Current portion of long-term borrowings	21,418	21,971
Provisions	4,823	3,013
Other	26,714	25,593
Total current liabilities	146,750	154,165
Non-current liabilities		
Bonds payable	55,000	55,000
Long-term borrowings	70,681	71,757
Provision for retirement benefits for directors (and other officers)	236	223
Provision for environmental measures	12	12
Retirement benefit liability	19,841	19,740
Other	28,106	28,242
Total non-current liabilities	173,876	174,974
Total liabilities	320,626	329,139
<b>Net assets</b>		
Shareholders' equity		
Share capital	51,730	51,730
Capital surplus	32,193	32,135
Retained earnings	74,700	78,941
Treasury shares	(221)	(221)
Total shareholders' equity	158,402	162,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,882	4,893
Deferred gains or losses on hedges	7	29
Revaluation reserve for land	41,562	41,562
Foreign currency translation adjustment	(7,656)	(4,677)
Remeasurements of defined benefit plans	(2,321)	(2,319)
Total accumulated other comprehensive income	36,474	39,488
Non-controlling interests	2,273	2,348
Total net assets	197,149	204,421
<b>Total liabilities and net assets</b>	<b>517,774</b>	<b>533,561</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, 2021 To June 30, 2021)	Current First Quarter (From April 1, 2022 To June 30, 2022)
Net sales	94,644	101,048
Cost of sales	68,571	77,892
Gross profit	26,073	23,156
Selling, general and administrative expenses	16,829	18,536
Operating profit	9,244	4,621
Non-operating income		
Dividend income	220	135
Foreign exchange gains	—	844
Other	376	302
Total non-operating income	596	1,280
Non-operating expenses		
Interest expenses	317	327
Other	2,055	1,244
Total non-operating expenses	2,372	1,571
Ordinary profit	7,468	4,331
Extraordinary income		
Gain on sale of non-current assets	—	1,195
Insurance claim income	—	5,607
Total extraordinary income	—	6,802
Extraordinary losses		
Loss on disposal of non-current assets	279	257
Loss on sale of securities	185	—
Total extraordinary losses	464	257
Profit before income taxes	7,004	10,875
Income taxes	878	3,065
Profit	6,126	7,810
Profit (loss) attributable to non-controlling interests	(44)	13
Profit attributable to owners of parent	6,170	7,797



(Millions of yen)

(Consolidated Statements of Comprehensive Income)	Previous First Quarter (From April 1, 2021 To June 30, 2021)	Current First Quarter (From April 1, 2022 To June 30, 2022)
Profit	6,126	7,810
Other comprehensive income		
Valuation difference on available-for-sale securities	1,898	11
Deferred gains or losses on hedges	(13)	22
Foreign currency translation adjustment	437	2,946
Remeasurements of defined benefit plans, net of tax	(10)	2
Share of other comprehensive income of entities accounted for using equity method	146	230
Total other comprehensive income	<u>2,457</u>	<u>3,211</u>
Comprehensive income	<u>8,583</u>	<u>11,021</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,632	10,811
Comprehensive income attributable to non-controlling interests	(49)	210

### (3) Note to Consolidated Financial Statement

#### (Note to Going Concern)

Not applicable

#### (Notes on Significant Changes in Shareholders' Equity)

Not applicable

#### (Segment Information)

( i ) Three months ended June 30, 2021

(Millions of yen)

	Segment to Be Reported						Other Businesses (Note 1)	Total	Adjust- ment (Note 2)	Consolidated Statements of Income (Note 3)
	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
Segment profit (loss)	6,808	(458)	1,489	1,862	316	10,017	66	10,083	(839)	9,244

#### 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 (¥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.
3. Segment profit or loss has been adjusted with operating profit on the consolidated financial statements.

( ii ) Three months ended June 30, 2022

(Millions of yen)

	Segment to Be Reported						Other Business- ses (Note 4)	Total	Adjust- ment (Note 5)	Consolidated Statements of Income (Note 6)
	Films and Functional Materials	Mobility	Lifestyle and Environ- ment	Life Science	Real Estate	Total				
Net sales										
(1) Outside customers	45,306	11,811	32,137	8,694	1,036	98,984	2,064	101,048	—	101,048
(2) Inter-segment sales and transfers	40	1	58	6	84	189	3,142	3,331	(3,331)	—
Total	45,346	11,812	32,195	8,700	1,120	99,173	5,206	104,379	(3,331)	101,048
Segment profit (loss)	3,520	(765)	275	2,135	389	5,554	(42)	5,512	(891)	4,621

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 (¥891) million includes eliminations of intersegment transactions of ¥36 million and companywide expenses that are not allocated across reporting segments of (¥927) million.  
The principal components of companywide expenses are those related to basic research and development.
6. Segment profit or loss has been adjusted with operating profit on the consolidated financial statements.