

TOYOBO Co., Ltd. Q&A Summary for the Presentation Regarding Financial Results for Q3 of FY 3/23

Date and Time: Friday, February 9, 2023 at 10:30 - 11:30 a.m. (Japan Standard Time)

Place: WEB Conference

Presenter: Hiroshi Otsuki

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Future earnings forecasts and other forward-looking statements in this release are based on data currently available to manage and cannot be guaranteed by the Company. Actual business performance, etc. may differ from the forecasts due to various factors.

Q: What were the Q3 results and what is the forecast for Q4 and beyond for “COSMOSHINE SRF”?

A: During Q2, we forecasted increases compared to Q1 of 70% in Q2, 80% in Q3, and 90% in Q4, and in Q3, we saw a recovery of more than 80% compared to Q1. However, in Q4 we forecast a retroactive decline in sales, and there is no significant change to our full-year outlook released in Q2. Sales are affected by the operating ratios of panel manufacturers, but we expect production quantities to recover entering FY3/24.

Q: What were the Q3 results and what is the forecast for Q4 and beyond for mold releasing film for multilayer ceramic capacitors (MLCC)?

A: Both Q2 and Q3 experienced decreased sales compared to Q1. We expect Q4 to continue to be challenging due to the impact of the recovery in the smartphone market. We expect improvement starting in H2 FY3/24.

Q: You have said that mold releasing film for MLCC is affected by the smartphone market. Which do you handle more of, film for smartphone applications or for automobile applications?

A: While we do not understand precisely in which applications the film is used more, we believe that it is used more in smartphones.

Q: In terms of price increases, for which products do prices still need to be raised more, industrial films or packaging films?

A: The rate of passing on prices is lower for industrial films.

Q: Profit has declined for Mobility. What is the situation regarding engineering plastics and airbag fabrics?

A: Compared to the same period of the previous fiscal year, the scope of profit decline for engineering plastics has been larger than for airbag fabrics. There has been a significant impact from delays in price revisions in response to soaring raw material and fuel prices and from increased processing costs overseas.

Q: What are the Q3 cumulative results for reagents for PCR testing and what is the forecast for Q4 and beyond?

A: Q3 saw the seventh and eighth waves of COVID-19, and cumulative sales through Q3 exceeded those of the previous fiscal year. However, we expect sales to decline from Q4 and beyond with the shift from PCR testing to simple antigen tests and the downgrading of COVID-19 from a Category II Infectious Disease to a Category V Infectious Disease. Against this backdrop, we forecast a large decline in sales of reagents for PCR testing in FY3/24 compared to FY3/23.

Q: The price of coal is currently dropping. How long do you expect for this to be reflected in results?

A: We expect around six months for the current price of coal to be reflected in our results.

Q: You have a large amount of inventories. What do you think of as proper inventory?

A: The number of months for proper inventory differs based on the business, but we consider the company-wide average around 3.5-4 months. At present, we have no inventory held for an abnormal number of months.