

TOYOBO Co., Ltd. Q&A Summary for the Presentation Regarding Financial Results for Q1 of FY 3/24

Date and Time: Monday, August 7, 2023 at 17:00 - 18:00 (Japan Standard Time)

Place: WEB Conference

Presenter: Hiroshi Otsuki

**Representative Director, Senior Managing Executive Officer,
Controlling Supervisor of Management and Administration Division**

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: Given that the price of coal has been dropping recently, will it be difficult to pass on prices for the fuel portion?

A: Because fuel prices rose sharply in the previous fiscal year, we were only able to pass on prices for a portion of the increase from the soaring fuel prices. Although price negotiations have not been easy as fuel prices have been falling recently, for some items that have strong product appeal, a high market share and so forth, we have been able to pass on prices and we will continue our price negotiations.

Q: A negative impact from fuel is expected for the full year. What trend do you see for Q2 onwards?

A: The rise in fuel prices in the previous fiscal year is still having an impact in the current fiscal year. However, within the ¥3.0 billion decline in Q1 FY 3/24 from the impact from raw materials and fuel, approximately ¥2.0 billion was due to the impact from fuel. We expect this negative portion to decrease in Q2, and then turn positive.

Q: What type of recovery do you see for mold releasing film for MLCC in Q2 FY 3/24 onwards?

A: We expect a real improvement regarding inventory adjustments throughout the supply chain from H2. However, in light of recent conditions, we forecast sales growth of 30% in the full-year forecast. Because freight movement is one of the first areas to see a positive impact if market conditions recover, we believe that sales growth of 30% is possible.

Q: What is your forecast for “COSMOSHINE SRF” in FY 3/24? How about the market share?

A: For the full-year forecast for FY 3/24, we forecast year-on-year sales growth of 20%. Based on our estimates, we expect that our market share (LCD TV applications) will be approximately 60% in FY 3/24.

Q: The Environmental and Functional Materials business segment recorded an operating loss for Q1 FY 3/24. Other than startup costs for the joint venture (TOYOBO MC Corporation), what were some other factors that were different from the initial plan? What is your forecast for Q2 FY 3/24 onwards?

A: While orders were strong for environmental solutions system, the business is based on individual projects and sales decreased in Q1 FY 3/24 due to a lag in shipments. The nonwoven materials business struggled due to the impact from raw materials and fuel prices, in addition to weak sales mainly for civil engineering and building materials. For Q2 onwards, we see improvement mainly due to a decline in the initial costs that arose in Q1 related to the joint venture, a contribution from sales of environmental solutions system, as well as a recovery in automotive-related products.