

TOYOBO Co., Ltd. Q&A Summary for the Presentation Regarding Financial Results for the First Half of FY 3/22

Date and Time: Tuesday, November 9, 2021 at 11:00 - 12:00 a.m. (Japan Standard Time)

Place: WEB Conference

Presenter: Ikuo Takeuchi, President & Representative Director

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: The full-year forecast of operating profit remains unchanged from ¥29.0 billion. This forecasts a decrease of ¥5.2 billion for the second half in comparison with the first half. Why did you leave the forecast for the second half unchanged?

A: We carefully looked at the forecast for the second half as there are many uncertain factors impacting business, such as rising raw material and fuel prices and a decrease in automobile production.

Q: How do you visualize profit growth in the next Medium-Term Management Plan?

A: In the medium to long term, expanded investments will increase for important fields, such as films, and the scale of investment will increase as it is necessary to update aging equipment at many plants, such as business infrastructure. We are currently reviewing targets for profit, EBITDA will increase, but we do not think that operating profit will increase suddenly by FY 3/26, due to the increase of depreciation related to increased capital investment.

Q: There is information that LCD panel manufacturers made inventory adjustments from July to September 2021, but sales of SRF increased by approximately 25%. Why is this? Will there be inventory adjustments in the second half?

A: This is because the market share increased as the merits of polyester (easy to handle as it does not absorb water) are recognized. In the second half, there are concerns regarding the impact of inventory adjustments by polarizer manufacturers.

Q: Were you able to expand to SRF clients (polarizer manufacturers)?

A: We are expanding sales to customers where adoption has not increased through the preparation of our supply system.

Q: There is information that MLCC manufacturers are storing inventory, but what is the forecast for the second half?

A: There were temporary production adjustments last autumn, but there is currently no information regarding inventory adjustments. The second half is forecasted to be in line with the first half.

Q: Why did operating profit decrease in the forecast for the second half compared with the first half for Films and Functional Materials?

A: There are concerns that operating profit will decrease in the second half due to unstable factors, such as raw material prices, overseas logistics costs and force majeure for raw materials.

Q: When will the new factory for airbag fabrics that will be established in Thailand start up?

A: As construction is delayed due to the impact of the spread of COVID-19, we expect it will be in operation in spring 2022. We plan to acquire certifications, and begin commercial production at the beginning of 2023.

Q: Sales of reagents for PCR testing have been strong in the first half. What do you forecast for the second half?

A: As the spread of COVID-19 is starting to come under control, we forecast that net sales will decrease in the second half compared with the first half.

Q: What is the breakdown for the increase of profit in the first half from the Life Science business?

A: The increase from reagents for PCR testing was significant.