

Consolidated Financial Report for Year Ended March 31, 2022**TOYOBO Co., Ltd.**URL <https://ir.toyobo.co.jp/en/ir.html>

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

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Date of the General Meeting of the Shareholders: June 24, 2022

Planned start of dividend payments: June 27, 2022

Planned filing of an annual security report: June 24, 2022

(Figures are rounded to the nearest million yen.)

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

Years ended March 31

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	375,720	11.4	28,430	6.6	23,092	11.5	12,865	206.2
2021	337,406	(0.6)	26,657	16.9	20,706	14.8	4,202	(69.5)

(Note) Comprehensive Income: Year ended March 31, 2022: ¥12,112 million 27.9%
Year ended March 31, 2021: ¥9,471 million 113.5%

	Net profit per share	Net profit per share after dilution	Return on equity	Ordinary profit-to-total assets ratio	Operating profit-to-net sales ratio
	Yen	Yen	%	%	%
2022	144.75	—	6.8	4.6	7.6
2021	47.30	—	2.3	4.2	7.9

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2022: ¥161 million
Year ended March 31, 2021: ¥ (338) million

(2) Consolidated Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2022	517,774	197,149	37.6	2,192.17
2021	491,188	188,635	37.8	2,090.47

(Reference) Total shareholders' equity: March 31, 2022: ¥194,876 million, March 31, 2021: ¥185,729 million

(3) Consolidated Cash Flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2022	17,097	(24,608)	(1,729)	26,433
2021	35,028	(31,678)	5,340	34,526

2. Dividends

Years ended/ending March 31

Record date	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends to net assets ratio
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2021	—	0.00	—	40.00	40.00	3,554	84.6	2.0
2022	—	0.00	—	40.00	40.00	3,556	27.6	1.9
2023 (Forecast)	—	0.00	—	40.00	40.00		27.3	

3. Forecasts for Fiscal Year Ending March 31, 2023

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

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

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

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): Yes

1) New company : None

2) Excluded company : 1

(TOYOBO FILM SOLUTIONS LIMITED)

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 : Yes

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 at fiscal year-end (including treasury stock):

2022: 89,048,792 shares 2021: 89,048,792 shares

2) Number of treasury stock at fiscal year-end:

2022: 152,550 shares 2021: 203,350 shares

3) Average number of shares outstanding:

2022: 88,876,906 shares 2021: 88,834,061 shares

(Reference)

1. Non-Consolidated Business Performance

(1) Non-Consolidated Operating Results

Year ended March 31

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	241,749	22.6	20,183	9.5	16,021	12.4	6,174	—
2021	197,251	(0.9)	18,430	18.3	14,249	12.0	(4,750)	—

	Net profit per Share	Net profit per share after dilution
	Yen	Yen
2022	69.47	—
2021	(53.47)	—

(2) Non-Consolidated Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2022	447,112	156,273	35.0	1,757.92
2021	421,593	155,112	36.8	1,745.86

(Reference) Total shareholders' equity: March 31, 2022: ¥156,273 million, March 31, 2021: ¥155,112 million

※ Financial Results Report are exempt from review by certified public accountants or accounting auditor.

※ 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 Financial Results Report, and it is made available on the Company's website.

1. Operating Results

(1) Analysis of Operating Results

As for the business environment surrounding the Toyobo Group (hereinafter the “Group”) in the fiscal year ended March 31, 2022 (hereinafter “the fiscal year”), amid the repeated fluctuation in the number of people infected by the novel coronavirus disease (COVID-19), economic activity gradually recovered due to the progression of vaccinations and fiscal and monetary policies. However, due to the impact of the recent situation in Ukraine, the pressure of inflation is increasing as there are signs of raw material and fuel prices rising more than they have thus far and material supply tightening. In Japan, although the number of people infected with COVID-19 variants surpassed the peak through the end of the fiscal year, concerns are increasing with regard to the prolongation of the hovering of raw material and fuel prices, the semiconductor shortage in the automotive industry, and disruptions to the component supply chain.

Under this business environment, polarizer protective films for LCDs “COSMOSHINE SRF” achieved growth in sales due to the operation of the new line, and sales of raw materials and reagents for PCR testing performed strongly. On the other hand, packing films, engineering plastics, airbag fabrics, polyester staple fibers, spunbond, etc. were affected by rising raw material prices.

Furthermore, financially, the Group recorded ¥6.5 billion in extraordinary income due to the partial disposal of investment securities held by the Group, in order to increase the efficiency of assets and improve financial position. On the other hand, impairment loss of a total of ¥9.4 billion was recorded as extraordinary losses on business assets for the contract manufacturing business of pharmaceuticals, assets the Group will stop using for the textile business, and business assets for the Company’s subsidiary (Xenomax – Japan Co., Ltd.) that manufactures and sells heat-resistant polyimide films.

As a result, net sales in the fiscal year increased 11.4% from the previous fiscal year to ¥375.7 billion, operating profit increased 6.6% from the previous fiscal year to ¥28.4 billion, ordinary profit increased 11.5% from the previous fiscal year to ¥23.1 billion, profit attributable to owners of parent increased 206.2% from the previous fiscal year to ¥12.9 billion.

Results by business segment were as follows:

Films and Functional Materials

In this segment, sales and operating profit increased due to the strong performance of the industrial films business.

In the films business, despite the continuation of demand from people staying at home, the packaging film business faced challenges as a result of the decrease of sales because of the fire accident in the previous fiscal year as well as the impact of rising raw material prices. In the industrial film business, sales of polarizer protective films for LCDs “COSMOSHINE SRF” achieved growth due to the operation of the new line. Although mold releasing film for MLCC “COSMOPEEL” performed strongly in the first half of the fiscal year due to the operation of the new line, sales were sluggish due to changes in the market environment in the second half of the fiscal year.

Although sales of industrial adhesives “VYLON” for electronics applications were strong, the functional materials business was affected by rising raw material prices. Furthermore, for the photo

functional materials for water-wash photosensitive printing plates, sales of products in China, North America and Europe grew.

As a result, sales in this segment increased ¥17.5 billion (11.4%) from the previous fiscal year to ¥170.3 billion, and operating profit decreased ¥0.1 billion (0.7%) to ¥19.9 billion.

Mobility

In this segment, sales increased but operating profit decreased as a result of the impact of the rise of raw material prices and the production curtailment of automobiles due to the semiconductor shortage and other factors, despite sales recovering from the previous fiscal year.

Overseas, sales prices of engineering plastics were revised due to rising raw material prices, and sales of engineering plastics performed strongly in China, the United States and Thailand. On the other hand, in Japan, engineering plastics were affected by the impact of the production curtailment of automobiles in the second half of the fiscal year as sales price revisions have not been able to keep up.

Airbag fabrics faced challenges as sales price revisions have not been able to keep up with rising raw material prices.

As a result, sales in this segment increased ¥8.1 billion (22.3%) from the previous fiscal year to ¥44.7 billion, with an operating loss of ¥1.8 billion. (Compared with operating loss of ¥1.6 billion for the previous fiscal year.)

Lifestyle and Environment

In this segment, sales increased and operating profit decreased as a result of the strong impact of rising raw material prices despite a portion of demand recovering due to the recovery of economic activity.

In the environmental solutions business, although volatile organic compound (VOC) emissions treatment equipment was on a recovery trend due to the expansion of the lithium-ion battery market, there were challenges due to a decrease in orders as a result of the stagnation of operating activities overseas in the previous fiscal year.

In the nonwoven fabrics business, sales of spunbond were affected by the production curtailment of automobiles and rising raw material prices despite recovering for building materials. Sales of functional filters for masks decreased.

In the functional fiber materials business, with regard to high-performance fibers, "IZANAS" was strong for use in fishing line and ropes, and sales of "ZYLON" grew due to the recovery of demand for use in bicycle tires and firefighter uniforms. On the other hand, polyester staple fibers and functional cushion material "BREATHAIR" were affected by rising raw material prices.

In the textile business, although export costs for traditional Arabic fabric improved due to the depreciation of the yen, and market conditions recovered for underwear, store sales for sports did not flourish, and sales for uniforms were sluggish in those used for business uniforms.

As a result, sales in this segment increased ¥5.1 billion (4.7%) from the previous fiscal year to ¥114.3 billion, and operating profit decreased ¥0.9 billion (21.1%) to ¥3.5 billion.

Life Science

In this segment, sales and operating profit increased as demand for PCR testing remained firm.

In the biotechnology business, sales of raw materials and reagents for PCR testing, and genetic testing equipment and diagnostic reagents grew.

The contract manufacturing business of pharmaceuticals was sluggish due to the impact of the reduction of operation in response to suggestions from the FDA.

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

As a result, sales in this segment increased ¥7.9 billion (29.2%) from the previous fiscal year to ¥35.0 billion, and operating profit increased ¥4.1 billion (91.6%) to ¥8.7 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 decreased ¥0.4 billion (3.2%) from the previous fiscal year to ¥11.4 billion, and operating profit decreased ¥0.1 billion (3.7%) to ¥2.2 billion.

(2) Analysis of Financial Position

Total assets increased ¥26.6 billion (5.4%) from the end of the previous fiscal year, to ¥517.8 billion. This was mainly due to an increase in inventories.

Total liabilities increased ¥18.1 billion (6.0%) to ¥320.6 billion. This was mainly due to an increase in notes and accounts payable – trade and borrowings.

Net assets increased ¥8.5 billion (4.5%) from the end of the previous fiscal year, to ¥197.1 billion mainly due to an increase in retained earnings.

(3) Cash Flows

Net cash provided by operating activities amounted to ¥17.1 billion at the end of the subject fiscal year. This was due mainly to a cash increase from depreciation of ¥20.1 billion and profit before income taxes of ¥14.8 billion, and a cash decrease from an increase in inventories of ¥18.2 billion.

Net cash used in investing activities amounted to ¥24.6 billion. This was due mainly to purchase of property, plant and equipment and intangible assets of ¥29.1 billion and proceeds from sales of investment securities of ¥11.5 billion.

Net cash used in financing activities amounted to ¥1.7 billion. This was due mainly to proceeds from long-term borrowings of ¥15.0 billion, repayments of long-term borrowings of ¥10.4 billion, proceeds from issuance of bonds of ¥10.0 billion, redemption of bonds of ¥10.0 billion and dividends paid of ¥3.6 billion.

As a result, the balance of cash and cash equivalents at the end of the subject fiscal year (March 31, 2022) stood at ¥26.4 billion, a decrease of ¥8.1 billion from the end of the previous fiscal year (March 31, 2021).

(Reference) Cash Flow Indicators

Years ended March 31

	2018	2019	2020	2021	2022
Equity ratio (%)	40.5	38.3	36.4	37.8	37.6
Equity ratio, based on market value (%)	41.8	27.2	20.8	25.8	18.8
Return on equity (%)	7.5	(0.3)	7.8	2.3	6.8
Interest-bearing debt to cash flow ratio (Years)	6.5	21.0	4.0	5.3	11.2
Interest coverage ratio (Times)	16.9	6.0	32.2	28.0	14.0
D/E ratio (Times)	0.81	0.93	0.98	1.01	0.98

Notes:

Equity ratio: shareholders' equity / total assets

Market-based rate of equity ratio: total market capitalization / total assets

Return on equity: profit attributable to owners of parent / an average of the balances at the beginning and end of period for the total net assets excluding non-controlling interests.

Interest-bearing debt to cash flow ratio: interest-bearing debt / operating cash flows

Interest coverage ratio: operating cash flows / interest expense

D/E ratio: interest-bearing debt / net assets excluding non-controlling interests

(4) Forecast for Fiscal 2023 (Ending March 31, 2023)

Regarding the business environment for the fiscal year ending March 31, 2023, there are concerns that the speed of economic recovery from COVID-19 will slow down as the pandemic has not yet ended, in addition to rising raw material and fuel prices, material supply tightening, prolongation of the acceleration of inflation due to the situation in Ukraine, and further decline of the exchange rate of yen. The Group expects that there will be factors that affect business, such as the production curtailment of automobiles due to shortages of semiconductors, etc., and raw material and fuel prices remaining high. On the other hand, to respond to the growth of demand in the telecommunication equipment market, we will install a new line (Unit 2) and begin production on mold releasing film for MLCC "COSMOPEEL." Furthermore, supported by strong demand for large-sized TVs, we will promote increased production for polarizer protective films for LCDs "COSMOSHINE SRF" with a new line (Unit 3). In addition, to respond to demand for PCR testing even after the spread of COVID-19 calms down, we will continue to make every effort to continue to offer reagents for PCR testing and provide genetic testing equipment, etc.

Furthermore, as stated in the "Notice of Recording of Extraordinary Income" released today (May 12, 2022), the Group expects to record ¥5.6 billion in extraordinary income for insurance received for the fire accident that occurred at Inuyama Plant in September 2020, which is reflected in the forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023).

Under this environment, for the fiscal year ending March 31, 2023, the Group is forecasting net sales of ¥410.0 billion (an increase of ¥34.3 billion year on year), operating profit of ¥24.0 (a decrease of ¥4.4 billion), ordinary profit of ¥18.0 billion (a decrease of ¥5.1 billion), and profit attributable to owners of parent of ¥13.0 billion (an increase of ¥0.1 billion).

(5) Basic Policy Regarding Earnings Distribution, and Dividends for Fiscal 2022 and 2023

Toyobo considers providing returns to shareholders to be one of its highest priorities. Our basic policy is to continually provide a stable dividend, in a comprehensive consideration of such factors as sustainable profits levels, retention of earnings for future investment, and improving the financial position to provide shareholders returns, including the acquisition of treasury shares, with a target total return ratio (*1) of 30%.

Regarding dividends for the next fiscal year, the basic policy of continuous stable dividends has not changed. Currently, dividends of ¥40 per share are being forecast, but the Group will review this going forward based on the policy above.

(*1)Total return ratio = (total dividend + total amount of share buybacks) ÷ profit attributable to owners of parent

2. Basic Approach to Selection of Accounting Standards

After considering the possibility of comparisons among financial results for consolidated accounting periods and the possibility of comparisons with other companies, the Group has decided to continue to adopt generally accepted accounting principles in Japan for the time being. Please note that, regarding the adoption of International Financial Reporting Standards (IFRS), the policy of the Group is to take appropriate action after the consideration of related issues in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	2021 (As of March 31, 2021)	2022 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	34,695	27,176
Notes receivable - trade	8,368	7,437
Accounts receivable - trade	76,814	83,644
Contract assets	—	421
Electronically recorded monetary claims - operating	8,709	10,747
Merchandise and finished goods	45,785	57,362
Work in process	11,480	14,483
Raw materials and supplies	19,045	24,204
Other	8,203	14,150
Allowance for doubtful accounts	(136)	(311)
Total current assets	212,963	239,314
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	54,227	53,960
Machinery, equipment and vehicles, net	56,053	51,786
Land	93,169	91,586
Construction in progress	12,454	21,721
Other, net	8,738	8,522
Total property, plant and equipment	224,640	227,574
Intangible assets		
Other	4,674	4,307
Total intangible assets	4,674	4,307
Investments and other assets		
Investment securities	26,503	19,064
Retirement benefit asset	420	562
Deferred tax assets	15,066	18,449
Other	7,771	9,476
Allowance for doubtful accounts	(849)	(972)
Total investments and other assets	48,911	46,579
Total non-current assets	278,225	278,460
Total assets	491,188	517,774

(Millions of yen)

	2021 (As of March 31, 2021)	2022 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,879	46,876
Electronically recorded obligations - operating	4,881	6,326
Short-term borrowings	40,767	40,592
Current portion of bonds payable	10,000	—
Current portion of long-term borrowings	10,107	21,418
Provision for bonuses	4,691	4,778
Other	20,118	26,759
Total current liabilities	131,444	146,750
Non-current liabilities		
Bonds payable	45,000	55,000
Long-term borrowings	77,046	70,681
Deferred tax liabilities for land revaluation	20,156	19,641
Provision for retirement benefits for directors (and other officers)	241	236
Provision for environmental measures	31	12
Retirement benefit liability	18,288	19,841
Other	10,347	8,465
Total non-current liabilities	171,109	173,876
Total liabilities	302,553	320,626
Net assets		
Shareholders' equity		
Share capital	51,730	51,730
Capital surplus	32,202	32,193
Retained earnings	64,351	74,700
Treasury shares	(294)	(221)
Total shareholders' equity	147,989	158,402
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,038	4,882
Deferred gains or losses on hedges	11	7
Revaluation reserve for land	42,708	41,562
Foreign currency translation adjustment	(11,052)	(7,656)
Remeasurements of defined benefit plans	(965)	(2,321)
Total accumulated other comprehensive income	37,740	36,474
Non-controlling interests	2,906	2,273
Total net assets	188,635	197,149
Total liabilities and net assets	491,188	517,774

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**

(Millions of yen)

(Consolidated Statements of Income)	2021 (From April 1, 2020 To March 31, 2021)	2022 (From April 1, 2021 To March 31, 2022)
Net sales	337,406	375,720
Cost of sales	247,032	279,594
Gross profit	90,375	96,126
Selling, general and administrative expenses	63,718	67,696
Operating profit	26,657	28,430
Non-operating income		
Dividend income	555	531
Foreign exchange gains	—	673
Insurance claim income	368	123
Subsidy income	1,041	87
Other	1,167	993
Total non-operating income	3,131	2,406
Non-operating expenses		
Interest expenses	1,283	1,211
Loss on suspension of production	1,854	953
Other	5,945	5,579
Total non-operating expenses	9,082	7,743
Ordinary profit	20,706	23,092
Extraordinary income		
Gain on extinguishment of tie-in shares	387	—
Gain on sale of non-current assets	85	—
Gain on sale of investment securities	—	6,529
Gain on liquidation of subsidiaries and associates	157	—
Total extraordinary income	629	6,529
Extraordinary losses		
Impairment losses	8,923	9,362
Loss on fire	1,906	—
Loss on disposal of non-current assets	3,558	4,232
Other	1,366	1,232
Total extraordinary losses	15,753	14,825
Profit before income taxes	5,582	14,796
Income taxes - current	3,541	5,627
Income taxes - deferred	(271)	(2,892)
Total income taxes	3,270	2,735
Profit	2,313	12,061
Loss attributable to non-controlling interests	(1,889)	(804)
Profit attributable to owners of parent	4,202	12,865

(Millions of yen)

(Consolidated Statements of Comprehensive Income)	2021 (From April 1, 2020 To March 31, 2021)	2022 (From April 1, 2021 To March 31, 2022)
Profit	2,313	12,061
Other comprehensive income		
Valuation difference on available-for-sale securities	3,015	(2,151)
Deferred gains or losses on hedges	19	(4)
Foreign currency translation adjustment	1,069	3,320
Remeasurements of defined benefit plans, net of tax	3,162	(1,356)
Share of other comprehensive income of entities accounted for using equity method	(107)	243
Total other comprehensive income	7,158	51
Comprehensive income	9,471	12,112
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,309	12,745
Comprehensive income attributable to non-controlling interests	(1,838)	(633)

(3) Consolidated Statements of Changes in Net Assets

2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	51,730	32,200	61,929	(350)	145,509
Cumulative effects of changes in accounting policies					—
Restated balance	51,730	32,200	61,929	(350)	145,509
Changes during period					
Dividends of surplus			(3,552)		(3,552)
Profit attributable to owners of parent			4,202		4,202
Reversal of revaluation reserve for land			1,745		1,745
Change in scope of consolidation			28		28
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		2		59	61
Net changes in items other than shareholders' equity					
Total changes during period	—	2	2,422	56	2,480
Balance at end of period	51,730	32,202	64,351	(294)	147,989

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,013	(8)	44,457	(11,954)	(4,128)	32,381	4,746	182,636
Cumulative effects of changes in accounting policies								—
Restated balance	4,013	(8)	44,457	(11,954)	(4,128)	32,381	4,746	182,636
Changes during period								
Dividends of surplus								(3,552)
Profit attributable to owners of parent								4,202
Reversal of revaluation reserve for land								1,745
Change in scope of consolidation								28
Purchase of treasury shares								(3)
Disposal of treasury shares								61
Net changes in items other than shareholders' equity	3,025	19	(1,749)	902	3,162	5,359	(1,840)	3,518
Total changes during period	3,025	19	(1,749)	902	3,162	5,359	(1,840)	5,999
Balance at end of period	7,038	11	42,708	(11,052)	(965)	37,740	2,906	188,635

2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	51,730	32,202	64,351	(294)	147,989
Cumulative effects of changes in accounting policies			(108)		(108)
Restated balance	51,730	32,202	64,243	(294)	147,881
Changes during period					
Dividends of surplus			(3,554)		(3,554)
Profit attributable to owners of parent			12,865		12,865
Reversal of revaluation reserve for land			1,146		1,146
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(9)		76	68
Net changes in items other than shareholders' equity					
Total changes during period	-	(9)	10,457	74	10,522
Balance at end of period	51,730	32,193	74,700	(221)	158,402

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,038	11	42,708	(11,052)	(965)	37,740	2,906	188,635
Cumulative effects of changes in accounting policies								(108)
Restated balance	7,038	11	42,708	(11,052)	(965)	37,740	2,906	188,527
Changes during period								
Dividends of surplus								(3,554)
Profit attributable to owners of parent								12,865
Reversal of revaluation reserve for land								1,146
Purchase of treasury shares								(2)
Disposal of treasury shares								68
Net changes in items other than shareholders' equity	(2,156)	(4)	(1,146)	3,396	(1,356)	(1,266)	(633)	(1,900)
Total changes during period	(2,156)	(4)	(1,146)	3,396	(1,356)	(1,266)	(633)	8,622
Balance at end of period	4,882	7	41,562	(7,656)	(2,321)	36,474	2,273	197,149

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	2021 (From April 1, 2020 To March 31, 2021)	2022 (From April 1, 2021 To March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	5,582	14,796
Depreciation	19,095	20,080
Impairment losses	8,923	9,362
Increase (decrease) in allowance for doubtful accounts	68	265
Increase (decrease) in retirement benefit liability	1,189	(340)
Decrease (increase) in retirement benefit asset	(420)	(331)
Interest and dividend income	(619)	(605)
Interest expenses	1,283	1,211
Share of loss (profit) of entities accounted for using equity method	338	(161)
Loss (gain) on sales and disposal of property, plant and equipment, net	3,658	4,268
Loss (gain) on sale and valuation of investment securities	78	(5,472)
Loss (gain) on sale of shares of subsidiaries and associates	4	—
Loss due to fire	1,906	—
Decrease (increase) in trade receivables	306	(6,866)
Decrease (increase) in inventories	5,067	(18,212)
Increase (decrease) in trade payables	(4,664)	6,295
Other, net	467	(3,530)
Subtotal	42,261	20,760
Payments for Loss due to fire	(952)	—
Income taxes refund (paid)	(6,281)	(3,663)
Net cash provided by (used in) operating activities	35,028	17,097
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(27,495)	(29,112)
Proceeds from sale of property, plant and equipment and intangible assets	473	39
Proceeds from sale of investment securities	190	11,485
Long-term loan advances	(73)	(53)
Proceeds from collection of long-term loans receivable	29	13
Interest and dividends received	619	668
Other, net	(5,421)	(7,649)
Net cash provided by (used in) investing activities	(31,678)	(24,608)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,466	(611)
Proceeds from long-term borrowings	12,004	14,959
Repayments of long-term borrowings	(9,471)	(10,370)
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	—	(10,000)
Purchase of treasury shares	(2)	(3)
Interest paid	(1,249)	(1,225)
Dividends paid	(3,550)	(3,553)
Dividends paid to non-controlling interests	(2)	—
Other, net	(856)	(926)
Net cash provided by (used in) financing activities	5,340	(1,729)
Effect of exchange rate change on cash and cash equivalents	461	1,143
Net increase (decrease) in cash and cash equivalents	9,151	(8,097)
Cash and cash equivalents at beginning of period	25,084	34,526
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	20	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	270	5
Cash and cash equivalents at end of period	34,526	26,433

(1) Note to Consolidated Financial Statement

(Note to Going Concern)

Not applicable

(Additional Information)

1. Application of Accounting Standard for Revenue Recognition and Relevant Revised ASBJ Regulations

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) effective from the beginning of the fiscal year ended March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. In accounting of buy-sell transactions where the Company bears an obligation to repurchase supplied materials, the transaction is treated as a financial transaction and supplied materials remaining at the supplyee are continued to be recognized as inventories while the amount of ending inventories corresponding to the supplied materials remaining at the supplyee is recognized as financial liabilities.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022 was added to or deducted from the opening balance of retained earnings of the fiscal year ended March 31, 2022, and thus the new accounting policy was applied from such opening balance. The impact of the application of the accounting standard on consolidated financial statements is immaterial.

2. Application of Accounting Standard for Fair Value Measurement and Relevant ASBJ Regulations

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations effective from the beginning of the fiscal year ended March 31, 2022, and in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policies set forth in the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations have been applied prospectively. There is no impact on consolidated financial statements.

(Segment Information)

(i) Fiscal Year ended March 31,2021

(Millions of yen)

	Segment to Be Reported						Other Busines- ses (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	152,842	36,573	109,148	27,087	3,959	329,608	7,798	337,406	—	337,406
(2) Inter-segment sales and transfers	110	27	362	40	463	1,002	13,631	14,633	(14,633)	—
Total	152,952	36,599	109,509	27,127	4,422	330,610	21,429	352,039	(14,633)	337,406
Segment profit (loss)	20,028	(1,572)	4,376	4,517	1,548	28,897	754	29,650	(2,993)	26,657
Assets	165,697	50,396	132,101	36,034	48,237	432,465	16,141	448,606	42,582	491,188
Others										
Depreciation and amortization	8,886	1,364	3,802	2,372	704	17,128	421	17,550	1,545	19,095
Capital expenditure	8,802	1,408	5,892	3,159	348	19,609	751	20,360	2,893	23,253

Note:

1. Other includes design and construction of buildings, equipment, etc., information services, logistics services and other items.
2. (1) Segment profit or loss adjustment of ¥(2,993) million includes eliminations of intersegment transactions of ¥150 million and companywide expenses that are not allocated across reporting segments of ¥(3,144) million. The principal components of companywide expenses are those related to basic research and development.
(2) The adjustment of segment assets of ¥42,582 million includes corporate assets of ¥79,074 million that are not allocated to the reportable segments.
(3) The adjustment of increases in property, plant and equipment and intangible assets of ¥2,893 million represents that amount of capital investment related to research and development expenses.
3. Segment profit or loss has been adjusted with operating income on the consolidated financial statements.

(ii) Fiscal Year ended March 31,2022

(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	170,326	44,721	114,295	35,003	3,957	368,301	7,419	375,720	—	375,720
(2) Inter-segment sales and transfers	152	22	377	43	419	1,012	16,145	17,157	(17,157)	—
Total	170,477	44,743	114,672	35,046	4,376	369,314	23,564	392,878	(17,157)	375,720
Segment profit (loss)	19,897	(1,753)	3,453	8,655	1,408	31,661	810	32,471	(4,041)	28,430
Assets	181,121	58,860	134,685	30,118	47,206	451,991	17,234	469,225	48,550	517,774
Others										
Depreciation and amortization	9,826	1,357	3,779	2,397	750	18,109	404	18,514	1,566	20,080
Capital expenditure	17,888	1,132	7,274	3,752	494	30,539	209	30,749	2,891	33,640

Note:

4. Other includes design and construction of buildings, equipment, etc., information services, logistics services and other items.
5. (1) Segment profit or loss adjustment of ¥(4,041) million includes eliminations of intersegment transactions of ¥(376) million and companywide expenses that are not allocated across reporting segments of ¥(3,665) million. The principal components of companywide expenses are those related to basic research and development.
- (2) The adjustment of segment assets of ¥48,550 million includes corporate assets of ¥86,912 million that are not allocated to the reportable segments.
- (3) The adjustment of increases in property, plant and equipment and intangible assets of ¥2,891 million represents that amount of capital investment related to research and development expenses.
3. Segment profit or loss has been adjusted with operating income on the consolidated financial statements.

(Significant subsequent events)

(Receipt of Insurance Claims)

The insurance amount related to the fire accident that occurred at the Inuyama Plant in September 2020 has been determined, and the Company plans to record an extraordinary income of ¥5,607 million as “insurance claim income” in the first quarter ending June 30, 2022.

(Issuance of unsecured straight bonds in the Japanese market)

At the meeting of the Board of Directors held on April 25, 2022, a comprehensive resolution regarding the issuance of unsecured straight bonds in the Japanese market was passed. The details of this resolution are as follows:

(1) Issue amount: ¥20,000 million or less.

However, multiple issues within the scope of this amount are not ruled out.

(2) Issue price: ¥100 for each bond with par value of ¥100.

(3) Interest rate: Market yield of Japanese government bonds with the same maturities plus 1.0% or less

(4) Payment dates: From April 26, 2022 to March 31, 2023.

However, if the bonds are offered during this period, payments after this period will be accepted.

(5) Term of redemption: 5 years or more, to 10 years.

(6) Method of redemption: Full amount on maturity.

However, a retirement by purchase clause may be included.

(7) Uses of funds: For redemption of bonds, repayment of borrowings, purchases of plant and equipment (includes acquisition of stock through mergers and acquisitions), working capital and capital investments.

(8) Special provisions: These bonds will include a negative pledge clause.

(9) Other: Decisions regarding matters covered in Article 676 of the Companies Act and all other items related to the issuance of bonds will be made within the scope stated above at the discretion of the director in charge of the Finance Division.