

**Consolidated Financial Report for Year Ended March 31, 2024****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 25, 2024

Planned start of dividend payments: June 26, 2024

Planned filing date of an annual security report: June 25, 2024

(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	%
2024	414,265	3.6	8,995	(10.6)	6,962	5.6	2,455	—
2023	399,921	6.4	10,063	(64.6)	6,590	(71.5)	(655)	—

(Note) Comprehensive Income: Year ended March 31, 2024: ¥12,454 million —%  
Year ended March 31, 2023: ¥(1,232) million —%

	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	%	%	%
2024	27.87	—	1.3	1.2	2.2
2023	(7.37)	—	(0.3)	1.2	2.5

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2024: ¥(60) million  
Year ended March 31, 2023: ¥342 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
2024	606,990	230,087	32.5	2,236.50
2023	588,906	221,422	32.2	2,146.46

(Reference) Total shareholders' equity: March 31, 2024: ¥197,033 million, March 31, 2023: ¥189,588 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
2024	21,595	(58,784)	8,260	33,310
2023	7,798	(36,011)	61,295	60,204

## 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	%	%
2023	—	0.00	—	40.00	40.00	3,533	—	1.8
2024	—	0.00	—	40.00	40.00	3,524	143.5	1.8
2025 (Forecast)	—	0.00	—	40.00	40.00		135.5	

## 3. Forecasts for Fiscal Year Ending March 31, 2025

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

Fiscal year	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
	435,000	5.0	17,000	89.0	11,500	65.2

Fiscal year	Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Yen
	2,600	5.9	29.51

## 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. 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

3. Number of shares issued and outstanding (common stock):

1) Number of shares outstanding at fiscal year-end (including treasury stock):

2024: 89,048,792 shares 2023: 89,048,792 shares

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

2024: 949,992 shares 2023: 723,040 shares

3) Average number of shares outstanding:

2024: 88,096,555 shares 2023: 88,885,920 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		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2024	183,625	(27.6)	(999)	—	2,211	14.0	37	—
2023	253,604	4.9	4,521	(77.6)	1,940	(87.9)	(2,019)	—

	Net profit per share	Net profit per share after dilution
	Yen	Yen
2024	0.42	—
2023	(22.72)	—

**(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
2024	492,805	146,219	29.7	1,659.72
2023	489,838	150,073	30.6	1,699.08

(Reference) Total shareholders' equity: March 31, 2024: ¥146,219 million, March 31, 2023: ¥150,073 million

※ Financial Results Reports 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

The business environment surrounding the Toyobo Group (hereinafter “the Group”) in the fiscal year ended March 31, 2024 (hereinafter “the fiscal year”) saw the economic expansion in the United States thanks to economic activities driven by strong consumer spending, amid the unchanged policy interest rate. However, in China, the economic slowed due to the prolonged real estate recession and weak consumption. In Japan, the economy picked up moderately due to a recovery in automobile production and inbound tourism demand.

Under this business environment, sales of polarizer protective films for LCDs “COSMOSHINE SRF” and volatile organic compound (VOC) recovery equipment used in the manufacturing process for lithium-ion battery separators increased, driven by strong demand. On the other hand, adjustments of inventories on the market for packaging film became prolonged due to delays in demand recovery. Demand for reagents for PCR testing dropped sharply due to the winding down of COVID-19 infections.

As a result, consolidated net sales in the fiscal year increased 3.6% from the previous fiscal year to ¥414.3 billion, operating profit decreased 10.6% from the previous fiscal year to ¥9.0 billion, ordinary profit increased 5.6% from the previous fiscal year to ¥7.0 billion, profit attributable to owners of parent of ¥2.5 billion. (Compared with loss of attributable to owners of parent of ¥0.7 billion for the previous fiscal year.)

The Group established Toyobo MC Corporation with Mitsubishi Corporation (headquartered in Chiyoda-ku, Tokyo) as a joint venture which is engaged in planning, development, manufacturing and sales of functional materials, and the said company started business on April 1, 2023. The Company combines the Group’s product and technological development capabilities and the extensive industrial knowledge and managerial ability of Mitsubishi Corporation to realize a sustainable society and expand the growth of the joint venture.

Results by business segment were as follows:

The Group changed its reporting segment classification from the fiscal year. Accordingly, in the following segment information, the figures for the previous fiscal year, have been restated in accordance with the classification existing after the aforesaid change for the purpose of comparing them with those of the fiscal year.

#### Films

In the packaging film business, while we worked on product price revisions in response to soaring raw material and fuel prices, slowed cargo movement continued due to delays in demand recovery, in addition to start-up cost for new production equipment increased.

In the industrial film business, sales of polarizer protective films for LCDs “COSMOSHINE SRF” increased significantly, driven by strong demand. Sales of mold releasing film for multilayer ceramic capacitors (MLCC) struggled as a full-fledged recovery in demand failed to materialize, affected by inventory adjustments throughout the supply chain.

As a result, sales in this segment increased ¥10.5 billion (7.2%) from the previous fiscal year to ¥156.5 billion, and operating profit increased ¥1.1 billion (65.6%) to ¥2.7 billion.

## **Life Science**

In the biotechnology business, demand for reagents for PCR testing declined significantly due to the winding down of COVID-19 infections.

In the medical materials business, sales of artificial kidney hollow fiber trended strong.

In the contract manufacturing business of pharmaceuticals, profitability improved due to a decrease in costs for supporting good manufacturing practice (GMP) (including manufacturing and quality control standards for pharmaceuticals, etc.) as a result of the lifting of the Warning Letter by the FDA.

As a result, sales in this segment decreased ¥3.6 billion (9.4%) from the previous fiscal year to ¥34.6 billion, with an operating profit decreased ¥4.8 billion (51.8%) from the previous fiscal year to ¥4.4 billion.

## **Environmental and Functional Materials**

In the resin and chemicals business, engineering plastics sales increased with the recovery in automobile production, and product price revisions proceeded. Sales of industrial adhesives “Vylon” declined for electronic materials applications for the Chinese market.

In the environment and fiber business, sales of VOC recovery equipment used in the manufacturing process for lithium-ion battery separators significantly increased. In the high performance fibers business, sales of “IZANAS” for use in fishing line were weak. Nonwoven materials were affected by both reduced sales for hygiene products, and civil engineering and building materials, as well as soaring raw material and fuel prices.

As a result, sales in this segment increased ¥4.5 billion (4.1%) from the previous fiscal year to ¥115.3 billion, and operating profit increased ¥0.6 billion (15.3%) to ¥4.7 billion.

## **Functional Textiles and Trading**

In the textile business, profitability improved as a result of progress in price pass-through in addition to reforms of business structure such as the consolidation of production bases in Japan and withdrawal of unprofitable products.

In the airbag fabric business, profitability improved as product price revisions proceeded, in addition to sales volume increased with the recovery of automobile production.

As a result, sales in this segment increased ¥3.3 billion (3.6%) from the previous fiscal year to ¥95.7 billion, and operating loss of ¥1.0 billion. (Compared with operating loss of ¥2.5 billion for the previous fiscal year.)

## **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 (3.1%) from the previous fiscal year to ¥12.2 billion, and operating profit increased ¥0.8 billion (37.8%) to ¥3.0 billion.

## (2) Analysis of Financial Position

Total assets increased ¥18.1 billion (3.1%) from the end of the previous fiscal year to ¥607.0 billion. This was mainly due to an increase in property, plant and equipment due to capital investment, despite a decrease in cash and deposits.

Total liabilities increased ¥9.4 billion (2.6%) from the end of the previous fiscal year to ¥376.9 billion. This was mainly due to an increase in borrowings, despite a decrease in retirement benefit liability.

Net assets increased ¥8.7 billion (3.9%) from the end of the previous fiscal year to ¥230.1 billion mainly due to an increase in foreign currency translation adjustment and remeasurements of defined benefit plans.

## (3) Cash Flows

Net cash provided by operating activities amounted to ¥21.6 billion at the end of the subject fiscal year. This was mainly due to a cash increase from depreciation of ¥19.8 billion and profit before income taxes 5.6 billion, and a cash decrease from an increase in working capital of ¥4.3 billion.

Net cash used in investing activities amounted to ¥58.8 billion. This was mainly due to purchase of property, plant and equipment and intangible assets of ¥56.6 billion and proceeds from sales of investment securities of ¥3.8 billion.

Net cash provided by financing activities amounted to ¥8.3 billion. This was mainly due to proceeds from long-term borrowings of ¥50.1 billion and proceeds from issuance of bonds of ¥10.0 billion, and repayments of long-term borrowings of ¥30.4 billion and redemption of bonds of ¥10.0, net decrease in short-term borrowings of ¥3.6 billion and dividends paid of ¥3.5 billion.

As a result, the balance of cash and cash equivalents at the end of the subject fiscal year (March 31, 2024) stood at ¥33.3 billion, a decrease of ¥26.9 billion from the end of the previous fiscal year (March 31, 2023).

## (Reference) Financial Position Indicators

Years ended March 31

	2020	2021	2022	2023	2024
Equity ratio (%)	36.4	37.8	37.6	32.2	32.5
Equity ratio, based on market value (%)	20.8	25.8	18.8	15.6	16.4
Return on equity (%)	7.8	2.3	6.8	(0.3)	1.3
Interest-bearing debt to cash flow ratio (Years)	4.0	5.3	11.2	29.4	11.5
Interest coverage ratio (Times)	32.2	28.0	14.0	5.9	16.2
D/E ratio (Times)	0.98	1.01	0.98	1.21	1.26

Notes:

Equity ratio: shareholders' equity / total assets

Equity ratio, based on market value: 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 2025 (Ending March 31, 2025)**

Regarding the business environment for the fiscal year ending March 31, 2025, while the economy is expected to remain strong in the United States due to the favorable employment and income environment, there is a risk of a prolonged economic slump stemming from the continued real estate recession and weakness in consumption recovery in China. In Japan, although there are concerns about trends of raw material and fuel prices and the impact of exchange fluctuations, a moderate economic recovery is expected mainly in domestic demand.

The Group's profitability is forecasted to improve because a recovery in demand is expected for packaging film and electronic materials, and fuel prices currently show stability. In addition, the Group will further reinforce the earnings power by revising product prices, reducing costs, implementing measures for businesses requiring improvement, and ensuring recovery of growth investment.

Under this environment, for the fiscal year ending March 31, 2025, the Group is forecasting net sales of ¥435.0 billion (an increase of ¥20.7 billion year on year), operating profit of ¥17.0 billion (an increase of ¥8.0 billion), ordinary profit of ¥11.5 billion (an increase of ¥4.5 billion) and profit attributable to owners of parent of ¥2.6 billion (an increase of ¥0.1 billion) .

#### **(5) Basic Policy Regarding Earnings Distribution, and Dividends for Fiscal 2024 and 2025**

Toyobo (hereinafter "the Company") 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 fiscal year, dividends of ¥40 per share are being forecast, and for the next fiscal year, 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)

	2023 (As of March 31, 2023)	2024 (As of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	60,703	33,796
Notes receivable - trade	5,873	3,775
Accounts receivable - trade	82,553	83,968
Contract assets	407	140
Electronically recorded monetary claims - operating	12,295	14,921
Merchandise and finished goods	75,343	69,996
Work in process	16,556	20,566
Raw materials and supplies	30,002	31,421
Other	15,672	15,488
Allowance for doubtful accounts	(271)	(337)
Total current assets	299,133	273,733
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	54,515	64,575
Machinery, equipment and vehicles, net	46,907	59,855
Land	90,816	91,049
Construction in progress	39,829	53,025
Other, net	8,166	12,972
Total property, plant and equipment	240,234	281,475
Intangible assets		
Other	4,633	4,670
Total intangible assets	4,633	4,670
Investments and other assets		
Investment securities	13,951	11,072
Retirement benefit asset	702	3,196
Deferred tax assets	21,527	21,400
Other	9,857	12,712
Allowance for doubtful accounts	(1,131)	(1,268)
Total investments and other assets	44,906	47,112
Total non-current assets	289,773	333,257
Total assets	588,906	606,990



(Millions of yen)

	2023 (As of March 31, 2023)	2024 (As of March 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	53,436	49,782
Electronically recorded obligations - operating	5,156	4,229
Short-term borrowings	71,595	68,385
Current portion of bonds payable	10,000	15,000
Current portion of long-term borrowings	29,472	13,069
Provision for bonuses	4,776	5,253
Other	28,064	28,430
<b>Total current liabilities</b>	<b>202,500</b>	<b>184,148</b>
<b>Non-current liabilities</b>		
Bonds payable	65,000	60,000
Long-term borrowings	49,099	85,637
Deferred tax liabilities for land revaluation	19,641	18,762
Provision for retirement benefits for directors (and other officers)	239	274
Provision for environmental measures	12	11
Retirement benefit liability	22,427	15,901
Other	8,566	12,171
<b>Total non-current liabilities</b>	<b>164,984</b>	<b>192,755</b>
<b>Total liabilities</b>	<b>367,484</b>	<b>376,903</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	51,730	51,730
Capital surplus	32,402	33,187
Retained earnings	70,490	70,315
Treasury shares	(781)	(1,006)
<b>Total shareholders' equity</b>	<b>153,840</b>	<b>154,227</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,434	1,801
Deferred gains or losses on hedges	67	(1)
Revaluation reserve for land	41,435	40,603
Foreign currency translation adjustment	(4,556)	(548)
Remeasurements of defined benefit plans	(4,632)	951
<b>Total accumulated other comprehensive income</b>	<b>35,748</b>	<b>42,806</b>
<b>Non-controlling interests</b>	<b>31,834</b>	<b>33,054</b>
<b>Total net assets</b>	<b>221,422</b>	<b>230,087</b>
<b>Total liabilities and net assets</b>	<b>588,906</b>	<b>606,990</b>

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

(Millions of yen)

(Consolidated Statements of Income)	2023 (From April 1, 2022 To March 31, 2023)	2024 (From April 1, 2023 To March 31, 2024)
Net sales	399,921	414,265
Cost of sales	314,915	326,267
Gross profit	85,006	87,998
Selling, general and administrative expenses	74,943	79,003
Operating profit	10,063	8,995
Non-operating income		
Dividend income	323	323
Share of profit of entities accounted for using equity method	342	—
Foreign exchange gains	443	1,333
Insurance claim income	250	219
Subsidy income	101	583
Other	986	1,244
Total non-operating income	2,446	3,702
Non-operating expenses		
Interest expenses	1,328	1,355
Salaries paid to dispatched employees	699	793
Other	3,891	3,587
Total non-operating expenses	5,919	5,735
Ordinary profit	6,590	6,962
Extraordinary income		
Gain on sale of non-current assets	1,200	—
Gain on sale of investment securities	2,946	3,312
Insurance claim income	5,607	—
Total extraordinary income	9,753	3,312
Extraordinary losses		
Impairment losses	9,794	799
Loss on disposal of non-current assets	3,851	3,511
Other	2,086	377
Total extraordinary losses	15,731	4,687
Profit before income taxes	612	5,587
Income taxes - current	3,202	5,303
Income taxes - deferred	(1,783)	(3,295)
Total income taxes	1,419	2,007
Profit (loss)	(807)	3,580
Profit (loss) attributable to non-controlling interests	(152)	1,125
Profit (loss) attributable to owners of parent	(655)	2,455

(Millions of yen)

(Consolidated Statements of Comprehensive Income)	2023 (From April 1, 2022 To March 31, 2023)	2024 (From April 1, 2023 To March 31, 2024)
Profit (loss)	(807)	3,580
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,428)	(1,623)
Deferred gains or losses on hedges	60	(25)
Revaluation reserve for land	—	72
Foreign currency translation adjustment	2,815	4,505
Remeasurements of defined benefit plans, net of tax	(2,311)	5,583
Share of other comprehensive income of entities accounted for using equity method	439	362
Total other comprehensive income	(425)	8,873
Comprehensive income	(1,232)	12,454
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,254)	10,872
Comprehensive income attributable to non-controlling interests	21	1,581

### (3) Consolidated Statements of Changes in Net Assets

2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	51,730	32,193	74,700	(221)	158,402
Changes during period					
Dividends of surplus			(3,556)		(3,556)
Profit attributable to owners of parent			(655)		(655)
Purchase of treasury shares				(684)	(684)
Disposal of treasury shares		(37)		124	87
Purchase of shares of consolidated subsidiaries		246			246
Net changes in items other than shareholders' equity					
Total changes during period	—	209	(4,211)	(560)	(4,562)
Balance at end of period	51,730	32,402	70,490	(781)	153,840

	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	4,882	7	41,562	(7,656)	(2,321)	36,474	2,273	197,149
Changes during period								
Dividends of surplus								(3,556)
Profit attributable to owners of parent								(655)
Purchase of treasury shares								(684)
Disposal of treasury shares								87
Purchase of shares of consolidated subsidiaries								246
Net changes in items other than shareholders' equity	(1,447)	60	(127)	3,099	(2,311)	(726)	29,561	28,835
Total changes during period	(1,447)	60	(127)	3,099	(2,311)	(726)	29,561	24,273
Balance at end of period	3,434	67	41,435	(4,556)	(4,632)	35,748	31,834	221,422

2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	51,730	32,402	70,490	(781)	153,840
Changes during period					
Dividends of surplus			(3,533)		(3,533)
Profit attributable to owners of parent			2,455		2,455
Reversal of revaluation reserve for land			904		904
Purchase of treasury shares				(321)	(321)
Disposal of treasury shares		(4)		95	92
Capital increase of consolidated subsidiaries		790			790
Net changes in items other than shareholders' equity					
Total changes during period	—	786	(174)	(225)	386
Balance at end of period	51,730	33,187	70,315	(1,006)	154,227

	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	3,434	67	41,435	(4,556)	(4,632)	35,748	31,834	221,422
Changes during period								
Dividends of surplus								(3,533)
Profit attributable to owners of parent								2,455
Reversal of revaluation reserve for land								904
Purchase of treasury shares								(321)
Disposal of treasury shares								92
Capital increase of consolidated subsidiaries								790
Net changes in items other than shareholders' equity	(1,633)	(68)	(832)	4,008	5,583	7,058	1,220	8,278
Total changes during period	(1,633)	(68)	(832)	4,008	5,583	7,058	1,220	8,665
Balance at end of period	1,801	(1)	40,603	(548)	951	42,806	33,054	230,087

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	2023 (From April 1, 2022 To March 31, 2023)	2024 (From April 1, 2023 To March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	612	5,587
Depreciation	19,050	19,806
Impairment losses	9,794	799
Increase (decrease) in allowance for doubtful accounts	98	171
Increase (decrease) in retirement benefit liability	461	(34)
Decrease (increase) in retirement benefit asset	(1,456)	(1,005)
Interest and dividend income	(448)	(612)
Interest expenses	1,328	1,355
Share of loss (profit) of entities accounted for using equity method	(342)	60
Loss (gain) on sales and disposal of property, plant and equipment, net	2,651	3,511
Loss (gain) on sale and valuation of investment securities	(2,067)	(3,147)
Loss (gain) on sale of shares of subsidiaries and associates	289	—
Insurance claim income	(5,607)	—
Decrease (increase) in trade receivables	2,322	60
Decrease (increase) in inventories	(24,551)	2,033
Increase (decrease) in trade payables	4,557	(6,357)
Other, net	1,001	3,451
Subtotal	7,693	25,681
Income taxes refund (paid)	(5,502)	(4,085)
Proceeds from insurance income	5,607	—
Net cash provided by (used in) operating activities	7,798	21,595
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(39,158)	(56,629)
Proceeds from sale of property, plant and equipment and intangible assets	2,345	113
Proceeds from sale of shares of subsidiaries and associates	2,194	—
Proceeds from sale of investment securities	3,652	3,834
Long-term loan advances	(88)	(68)
Proceeds from collection of long-term loans receivable	38	36
Interest and dividends received	507	628
Other, net	(5,501)	(6,698)
Net cash provided by (used in) investing activities	(36,011)	(58,784)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	30,606	(3,594)
Proceeds from long-term borrowings	23,087	50,143
Repayments of long-term borrowings	(37,018)	(30,422)
Proceeds from issuance of bonds	20,000	10,000
Redemption of bonds	—	(10,000)
Purchase of treasury shares	(682)	(321)
Interest paid	(1,324)	(1,330)
Dividends paid	(3,555)	(3,531)
Dividends paid to non-controlling interests	(14)	(14)
Proceeds from share issuance to non-controlling shareholders	30,000	—
Other, net	194	(2,670)
Net cash provided by (used in) financing activities	61,295	8,260
Effect of exchange rate change on cash and cash equivalents	688	2,034
Net increase (decrease) in cash and cash equivalents	33,771	(26,894)
Cash and cash equivalents at beginning of period	26,433	60,204
Cash and cash equivalents at end of period	60,204	33,310

## **(5) Notes to Consolidated Financial Statements**

### **(Note to Going Concern)**

Not applicable

### **(Additional Information)**

(Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and some of its domestic consolidated subsidiaries will transition from the non-consolidated taxation system to the group tax sharing system since the next fiscal year ended March 31, 2025. The Company have adopted “the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021)” from the end of the current fiscal year for accounting treatment and disclosure of national and local corporate taxes and tax effect accounting.

### **(Segment Information)**

#### **1. Reportable Segment Operating Results**

The Company’s reportable segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the highest decision-making body to determine the allocation of management resources and evaluate earnings performance.

The Company’s basic organization comprises business headquarters and business divisions within the head office, separated by the type, nature and market region for products and services. Each business headquarters and business division formulates comprehensive strategies for its domestic and overseas operations and conducts business activities.

Accordingly, the Company comprises segments by market region. Its five reportable segments are “Films,” “Life Science,” “Environmental and Functional Materials,” “Functional Textiles and Trading” and “Real Estate.”

The “Films” segment manufactures and sells packaging film, industrial film and other products. The “Life Science” segment manufactures and sells bio-products such as enzymes for diagnostics, pharmaceuticals, medical membranes, medical devices and other products. The “Environmental and Functional Materials” segment manufactures and sells engineering plastics, industrial adhesives, photo functional materials, water treatment membranes, functional filters, high performance fibers, nonwoven fabrics and other products. The “Functional Textiles and Trading” segment manufactures and sells airbag fabrics, functional textiles, apparel products, apparel textiles, apparel fibers and other products. The “Real Estate” segment mainly leases and manages real estate properties and other products.

(Matters concerning changes to reporting segments)

From the fiscal year ending March 31, 2024, the Group changed its organization structure in order to position films, life science and the environment as business fields on which to particularly focus and carry out business operations in accordance with each positioning while evaluating and categorizing each business in accordance with their “profitability” and “growth potential.” Accordingly, the Group reviewed the reportable segment classification, and changed them from the previous “Films and Functional Materials,” “Mobility” and “Lifestyle and Environment” to

“Films,” “Environmental and Functional Materials” and “Functional Textiles and Trading.” Segment information for the previous fiscal year ended March 31, 2023 was prepared in accordance with the classifications after the change.

## 2. Calculation Method for the Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reportable Segment

The accounting method used for the reported business segments is based on the accounting policies applied to prepare the consolidated financial statements.

Profit of reportable segments is based on operating profit.

Intersegment sales and transfers are based on actual market pricing.

## 3. Net sales, profit of loss, assets and other items by reportable segment

( i ) Fiscal Year ended March 31,2023

(Millions of yen)

	Segment to Be Reported						Other Business- es (Note 1)	Total	Adjust- ment (Note 2)	Consolid- ated Statemen- ts of Income (Note 3)
	Films	Life Science	Environm- ental and Functional Materials	Functional Textiles and Trading	Real Estate	Total				
Net sales										
(1) Outside customers	146,064	38,134	110,796	92,361	4,053	391,407	8,514	399,921	—	399,921
(2) Inter-segment sales and transfers	126	41	3,792	700	429	5,089	15,652	20,741	(20,741)	—
Total	146,190	38,175	114,588	93,062	4,481	396,496	24,166	420,662	(20,741)	399,921
Segment profit (loss)	1,623	9,212	4,048	(2,514)	1,439	13,807	748	14,555	(4,492)	10,063
Assets	180,321	41,332	127,361	108,121	45,468	502,603	16,699	519,302	69,604	588,906
Others Depreciation and amortization	7,787	2,211	4,334	2,415	514	17,262	416	17,679	1,371	19,050
Capital expenditure	18,280	7,551	7,314	3,599	488	37,232	666	37,898	4,836	42,734

Note:

- Other includes design and construction of buildings, equipment, etc., information services, logistics services and other items.
- (1) Segment profit or loss adjustment of ¥(4,492) million includes eliminations of intersegment transactions of ¥(271) million and companywide expenses that are not allocated across reporting segments of ¥(4,220) million. The principal components of companywide expenses are those related to basic research and development.  
(2) The adjustment of segment assets of ¥69,604 million includes corporate assets of ¥84,551 million that are not allocated to the reportable segments.  
(3) The adjustment of capital expenditure of ¥4,836 million represents that amount of capital investment related to research and development.
- Segment profit or loss has been adjusted with operating income on the consolidated financial statements.



( ii ) Fiscal Year ended March 31,2024

(Millions of yen)

	Segment to Be Reported						Other Business- es (Note 4)	Total	Adjust- ment (Note 5)	Consolid- ated Statemen- ts of Income (Note 6)
	Films	Life Science	Environm- ental and Functional Materials	Functional Textiles and Trading	Real Estate	Total				
Net sales										
(1) Outside customers	156,531	34,564	115,327	95,665	4,070	406,157	8,108	414,265	—	414,265
(2) Inter-segment sales and transfers	2,185	118	8,848	1,238	1,151	13,540	17,383	30,923	(30,923)	—
Total	158,716	34,682	124,175	96,903	5,221	419,697	25,491	445,188	(30,923)	414,265
Segment profit (loss)	2,688	4,438	4,668	(1,044)	2,018	12,768	995	13,763	(4,768)	8,995
Assets	203,361	71,315	139,730	108,425	49,113	571,945	14,578	586,523	20,467	606,990
Others Depreciation and amortization	8,946	2,135	3,770	2,541	498	17,891	114	18,005	1,802	19,806
Capital expenditure	18,621	20,710	10,933	6,072	1,409	57,746	152	57,897	3,672	61,569

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 ¥(4,768) million includes eliminations of intersegment transactions of ¥(516) million and companywide expenses that are not allocated across reporting segments of ¥(4,252) million. The principal components of companywide expenses are those related to basic research and development.  
(2) The adjustment of segment assets of ¥20,467 million includes corporate assets of ¥58,806 million that are not allocated to the reportable segments.  
(3) The adjustment of capital expenditure of ¥3,672 million represents that amount of capital investment related to research and development.
6. Segment profit or loss has been adjusted with operating income on the consolidated financial statements.

## **(Significant subsequent events)**

(Issuance of unsecured straight bonds in the Japanese market)

At the meeting of the Board of Directors held on April 25, 2024, 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 1.5% or less
- (4) Payment dates: From April 26, 2024 to March 31, 2025.  
However, if the bonds are offered during this period, payments after this period will be accepted.
- (5) Term of redemption: 3 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 repayment of borrowings, redemption of bonds, purchases of securities (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.