

May 11, 2023



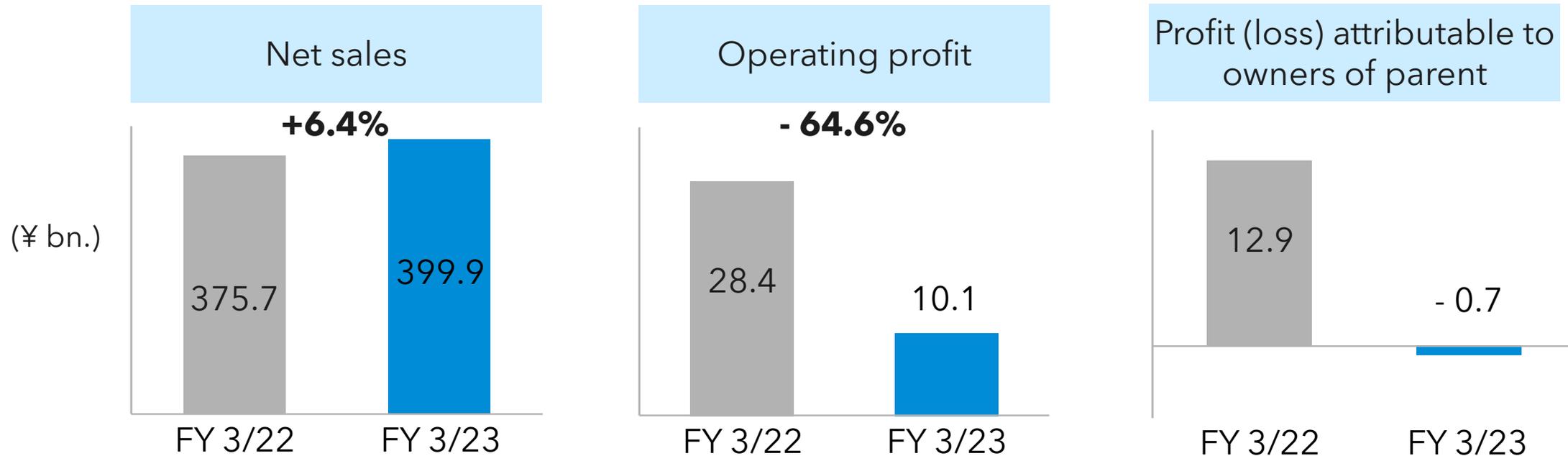
# Presentation to Investors

for Year Ended March 31, 2023

TOYOBO CO., LTD.

## FY 3/23 Results

Although sales increased because we proceeded with product price revisions, profit declined due to the considerable impacts of higher raw material and fuel prices, along with deteriorating market conditions for industrial film and increasing expenses to launch new equipment. Loss came to ¥0.7 bn. due to an extraordinary losses of ¥15.7 bn. including impairment losses on the nonwoven materials business.



## FY 3/24 Forecasts

We forecast operating profit of ¥15.0 bn. (approx. 1.5x increase YOY) and net profit of ¥4.0 bn., reflecting not only a recovery in market conditions for industrial film, etc., but further price revisions and implementation of measures for businesses requiring improvement.

## **FY 3/23**

### **The global economy slowed down**

- Rising raw material and fuel prices stemming from the impact of the situation in Ukraine, among others.
- Monetary tightening policies in Europe and the United States and China's zero-COVID policy (lockdowns).

### **The domestic economy's recovery remained slow**

- The normalization of the economy from COVID-19 pandemic was seen in the second half of the year.
- Rising raw material and fuel prices, and delays in the recovery of automobile production due to shortages in the supply of materials such as semiconductors.

## **FY 3/24**

### **The global economy**

- The economy in China is expected to recover gradually following the resumption of economic activities due to the lifting of lockdowns.
- The economy in Europe and the United States will slow down as a result of monetary tightening policies in response to increasing inflationary pressure.

### **The domestic economy**

- The raw material and fuel prices will remain high, although decline compared to FY 3/23.
- A moderate economic recovery is expected mainly in domestic demand, following the end of the COVID-19 pandemic.

# Summary of Results: P&L

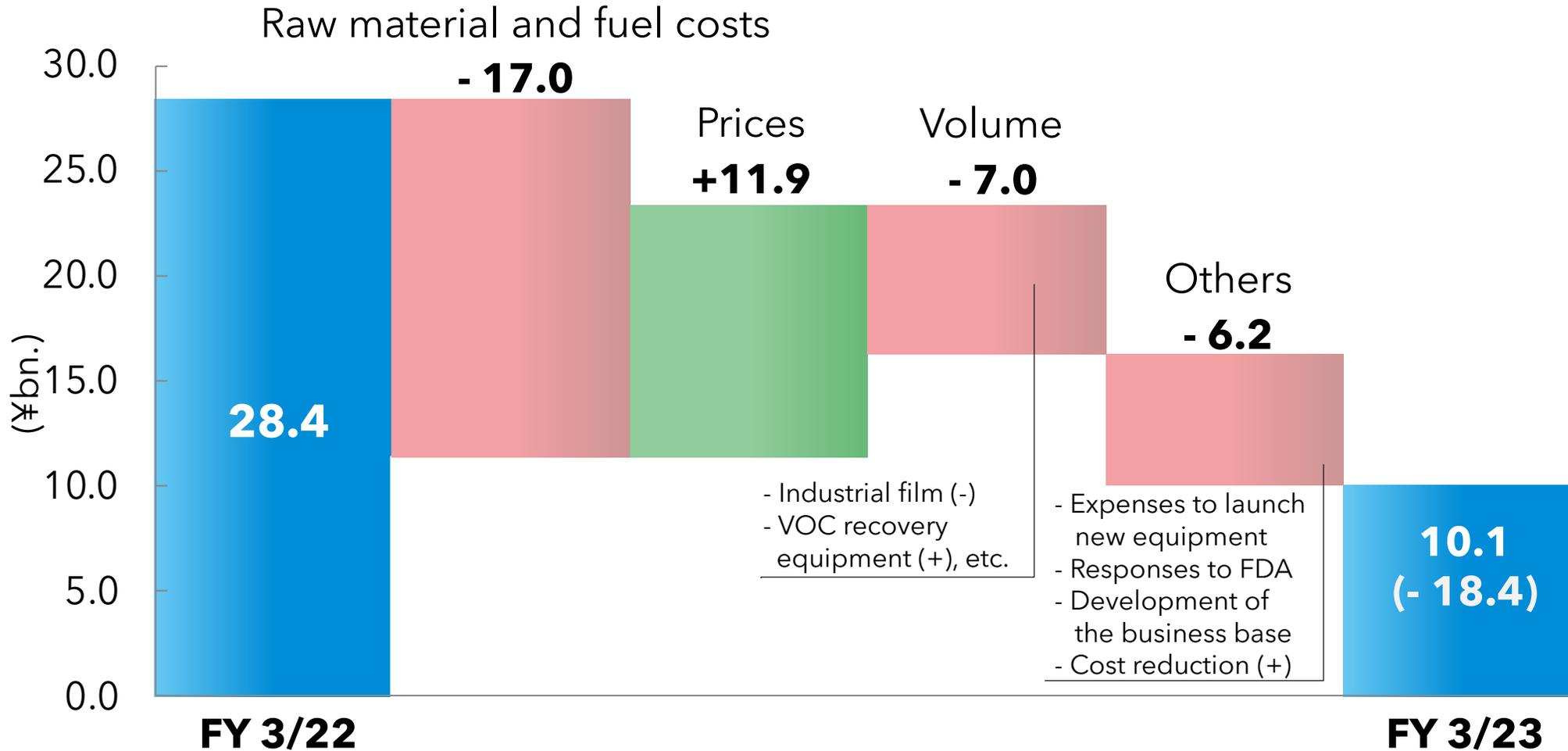
**TOYOBO**

(¥ bn.)

	FY 3/21	FY 3/22	FY 3/23	YOY		Previous forecasts (Feb. 2023)
				Amount	%	
Net sales	337.4	375.7	<b>399.9</b>	+24.2	+ 6.4%	400.0
Operating profit	26.7	28.4	<b>10.1</b>	- 18.4	- 64.6%	11.0
(Ratio to sales)	7.9%	7.6%	<b>2.5%</b>	-	-	2.8%
Ordinary profit	20.7	23.1	<b>6.6</b>	- 16.5	- 71.5%	7.5
Extraordinary income	0.6	6.5	<b>9.8</b>	+3.2	-	-
Extraordinary losses	15.8	14.8	<b>15.7</b>	+0.9	-	-
Profit attributable to owners of parent	4.2	12.9	<b>- 0.7</b>	- 13.5	-	6.5
EBITDA* <small>*Operating profit + Depreciation (includes goodwill)</small>	45.8	48.5	<b>29.1</b>	- 19.4	- 40.0%	30.5
EPS (¥)	47.3	144.8	<b>- 7.4</b>	-	-	73.1
ROE* <small>*Profit / Beginning and ending balance average shareholder's equity</small>	2.3%	6.8%	<b>-</b>	-	-	-
ROIC* <small>*NOPAT / (Interest-bearing debt + Net assets)</small>	5.0%	5.1%	<b>1.7%</b>	-	-	-

- Extraordinary income: ¥5.6 bn. for insurance claim income related to the fire accident, ¥2.9 bn. for gain on sale of investment securities.
- Extraordinary losses: Impairment losses of ¥9.8 bn. on assets to be suspended and business assets for the nonwoven materials business, etc.
- Dividends will be ¥40 per share (planned)

# Analysis in Changes in Operating Profit



	FY 3/21	FY 3/22			FY 3/23		
		H1	H2		H1	H2	
Exchange rate (¥/US\$)	106	110	115	112	134	137	135
Naphtha price in Japan (thousand¥/kl)	31	51	63	57	84	70	77

# Summary of Results: BS

		(B)	(A)	(¥ bn.)
	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	(A)-(B)
Total assets	491.2	517.8	<b>588.9</b>	+71.1
Cash and deposits	34.7	27.2	<b>60.7</b>	+33.5
Inventories	76.3	96.0	<b>121.9</b>	+25.9
Property, plant and equipment	224.6	227.6	<b>240.2</b>	+12.7
Net assets	188.6	197.1	<b>221.4</b>	+24.3
Shareholder's equity	185.7	194.9	<b>189.6</b>	- 5.3
(Retained earnings)	64.4	74.7	<b>70.5</b>	- 4.2
Non-controlling interests	2.9	2.3	<b>31.8</b>	+29.6
Interest-bearing debt	187.0	191.2	<b>229.4</b>	+38.2
D/E ratio	1.01	0.98	<b>1.21</b>	-
Net Debt / EBITDA ratio*	3.3	3.4	<b>5.8</b>	-

\* (Interest-bearing debt - Cash and deposits) <Ending> / EBITDA

# Summary of Results: CF, etc.

(¥ bn.)

	FY 3/22	FY 3/23	YOY
Cash flows from operating activities	17.1	<b>7.8</b>	- 9.3
Cash flows from investing activities	- 24.6	<b>- 36.0</b>	- 11.4
Free cash flows	- 7.5	<b>- 28.2</b>	- 20.7
Cash flows from financing activities	- 1.7	<b>61.3</b>	+63.0
Others	1.1	<b>0.7</b>	- 0.5
Net increase (decrease) in cash and cash equivalents	- 8.1	<b>33.8</b>	+41.9
Cash and cash equivalents at end of period	26.4	<b>60.2</b>	+33.8
Depreciation	20.1	19.0	- 1.0
CAPEX	33.6	42.7	+9.1
R&D expenses	13.8	14.1	+0.3

CAPEX: new equipment of mold releasing film for MLCC, renovation of Tsuruga biochemicals plant and renovation of Otsu research center.

# Summary of Results: Segment

(¥ bn.)

	Net sales		Operating profit			Previous forecasts (Feb. 2023)
	FY 3/22	FY 3/23	FY 3/22	FY 3/23	YOY	
Films and Functional Materials	170.3	<b>170.0</b>	19.9	<b>4.6</b>	- 15.3	5.2
Mobility	44.7	<b>49.3</b>	- 1.8	<b>- 4.5</b>	- 2.7	- 4.0
Lifestyle and Environment	114.3	<b>129.9</b>	3.5	<b>3.0</b>	- 0.5	2.5
Life Science	35.0	<b>38.1</b>	8.7	<b>9.2</b>	+0.6	9.4
Real Estate and Others	11.4	<b>12.6</b>	2.2	<b>2.2</b>	- 0.0	2.2
Elimination & Corporate	-	-	- 4.0	<b>- 4.5</b>	- 0.4	- 4.3
Total	375.7	<b>399.9</b>	28.4	<b>10.1</b>	- 18.4	11.0

	FY 3/22			FY 3/23			YOY		(¥ bn.)
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	85.9	84.4	170.3	86.7	83.3	170.0	- 0.3	- 0.2%	171.0
Operating profit	12.2	7.7	19.9	4.2	0.4	4.6	- 15.3	- 76.7%	5.2
(Ratio to sales)	14.2%	9.1%	11.7%	4.9%	0.5%	2.7%	-	-	3.0%

Previous forecasts  
Feb. 2023

## Packaging film

- Product price revisions were unable to keep up with rising raw material and fuel prices. Furthermore, cargo movements slowed in the second half of the year.

## Industrial film

- Demand for mold releasing film for MLCC and other products decreased in addition to the rising raw material and fuel prices.

## Functional materials

- Sales of industrial adhesives “Vylon” declined due to the impact of China’s zero-COVID policy.

(¥ bn.)

	FY 3/22			FY 3/23			YOY	
	H1	H2	Full year	H1	H2	Full year	Amount	%
Net sales	21.6	23.2	44.7	24.1	25.2	49.3	+4.6	+10.3%
Operating profit	- 0.9	- 0.9	- 1.8	- 2.0	- 2.5	- 4.5	- 2.7	-
(Ratio to sales)	-	-	-	-	-	-	-	-

Previous forecasts  
Feb. 2023

51.0

- 4.0

-

## Engineering plastics

- In Japan, product price revisions were unable to keep up with rising raw material and fuel prices.
- Overseas, although product price revisions proceeded in response to rising raw material prices and logistics costs, there was an increase in costs for the overseas production.

## Airbag fabrics

- Despite product price revisions being advanced, profitability was not improved due to rising procurement prices for airbag yarn and other raw materials.

	FY 3/22			FY 3/23			YOY		(¥ bn.)
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	54.7	59.6	114.3	64.6	65.3	129.9	+15.6	+13.6%	127.0
Operating profit	1.9	1.6	3.5	1.2	1.8	3.0	- 0.5	- 13.2%	2.5
(Ratio to sales)	3.4%	2.7%	3.0%	1.9%	2.7%	2.3%	-	-	2.0%

Previous forecasts Feb. 2023

## Environmental solutions

- Sales of VOC recovery equipment and replacement elements for Lithium-Ion Battery (LIB) separator plants were strong due to increased demand for LIB because of the global shift to EV.

## Nonwoven materials

- Product price revisions were unable to keep up with rising raw material and fuel prices.

## High performance fibers

- Sales remained strong, centered on "ZYLON" for applications in building structural reinforcement and bicycle tires and "IZANAS" for use in fishing line.

## Textiles

- Due to the depreciation of the yen, overseas procurement costs increased but margins for traditional Arabic fabric improved.

	FY 3/22			FY 3/23			YOY		(¥ bn.) Previous forecasts Feb. 2023
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	16.3	18.7	35.0	19.3	18.8	38.1	+3.1	+8.9%	39.0
Operating profit	4.6	4.0	8.7	5.4	3.8	9.2	+0.6	+6.4%	9.4
(Ratio to sales)	28.2%	21.7%	24.7%	28.0%	20.2%	24.2%	-	-	24.1%

## Biotechnology

- Sales of reagents for PCR testing decreased in Q4.
- Sales of enzymes for diagnostic reagents and genetic testing to the overseas market were robust.

## Medical materials

- Sales of artificial kidney hollow fiber trended strong but were affected by rising raw material and fuel prices.

## Pharmaceuticals

- Sales recovered due to production and shipment of over-the-counter formulations resumed in sequence despite rising expenses in response to suggestions from the FDA.

# Forecasts for FY 3/24

We forecast operating profit of ¥15.0 bn. (approx. 1.5x increase YOY) and net profit of ¥4.0 bn., reflecting not only a recovery in market conditions for industrial film, etc., but further price revisions and implementation of measures for businesses requiring improvement.

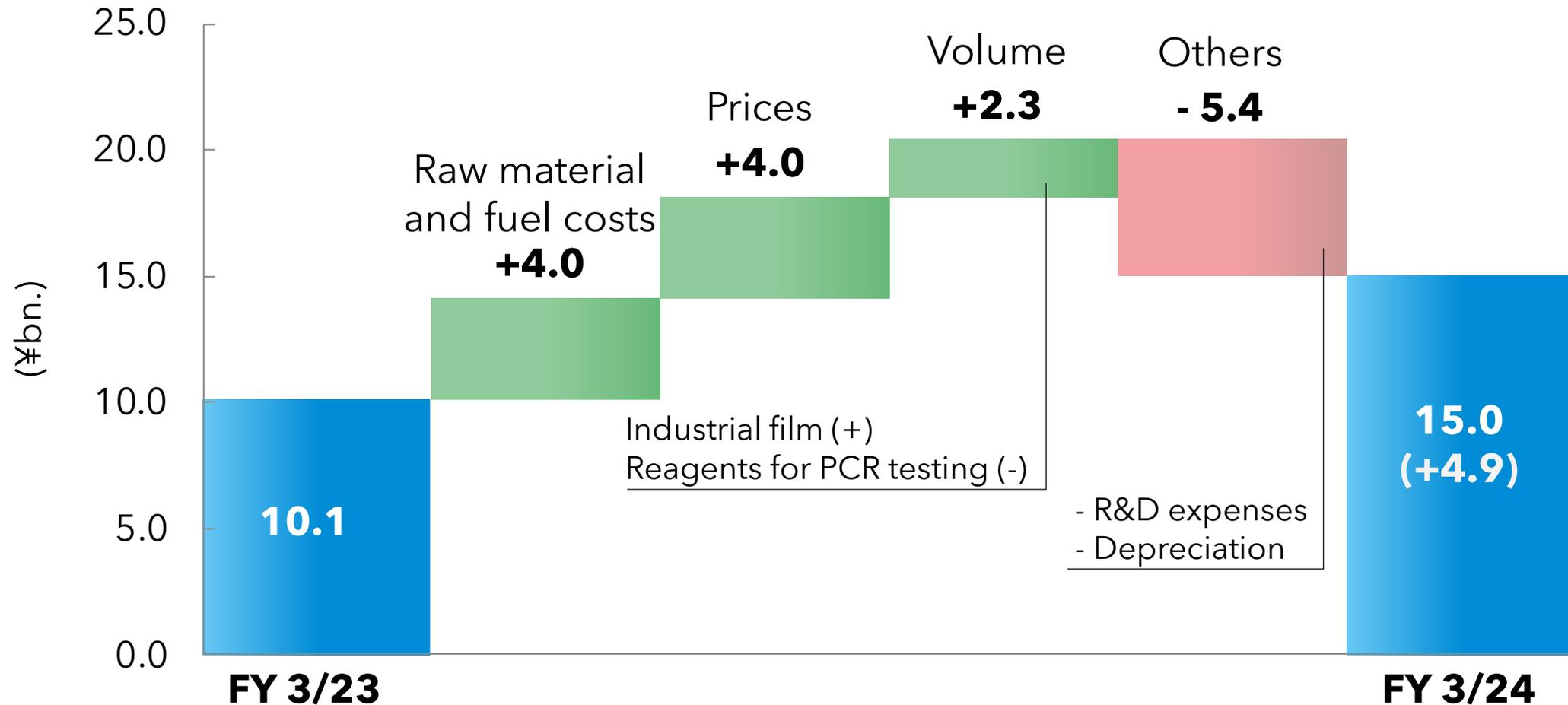
	FY 3/23	FY 3/24	YOY	
	Results	Forecasts	Amount	%
Net sales	399.9	<b>430.0</b>	+30.1	+7.5%
Operating profit	10.1	<b>15.0</b>	+4.9	+49.1%
(Ratio to sales)	2.5%	<b>3.5%</b>	-	-
Ordinary profit	6.6	<b>11.0</b>	+4.4	+66.9%
Extraordinary income and losses	- 6.0	<b>- 2.0</b>	-	-
Profit attributable to owners of parent	- 0.7	<b>4.0</b>	+4.7	-
EBITDA	29.1	<b>36.7</b>	+7.6	+26.1%
EPS (¥)	- 7.4	<b>45.0</b>	-	-
Depreciation	19.0	<b>21.7</b>	+2.7	+13.9%
CAPEX	42.7	<b>50.0</b>	+7.3	+17.0%
R&D expenses	14.1	<b>16.0</b>	+1.9	+13.4%

(¥ bn.)

CAPEX: Renovation and production increase of Tsuruga biochemicals plant, new equipment of mold releasing film for MLCC and upgrading of polymerization equipment.

Dividends: ¥40 per share (forecast)

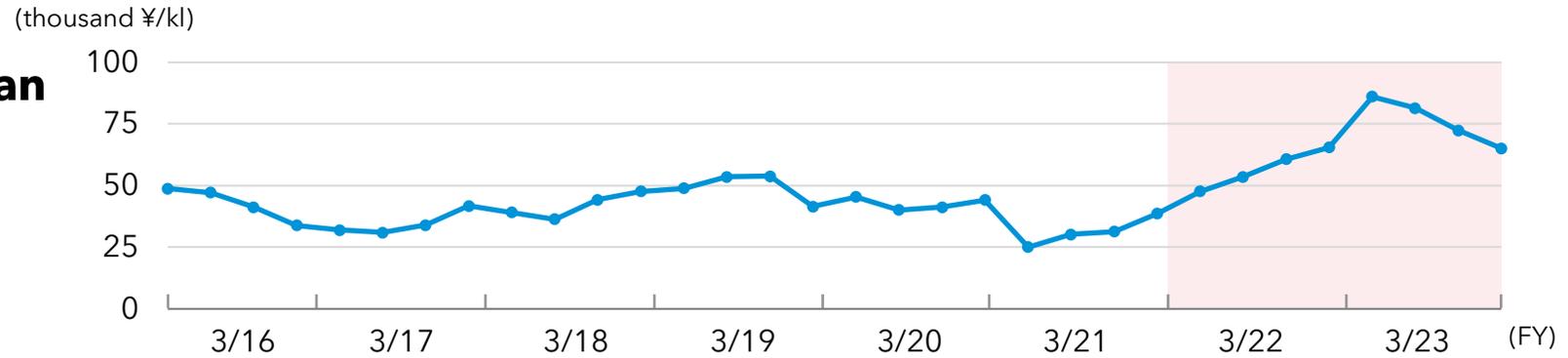
# Analysis in Changes in Operating Profit



	FY 3/23	FY 3/24
Exchange rate (¥/US\$)	135	133
Naphtha price in Japan (thousand¥/kl)	77	65

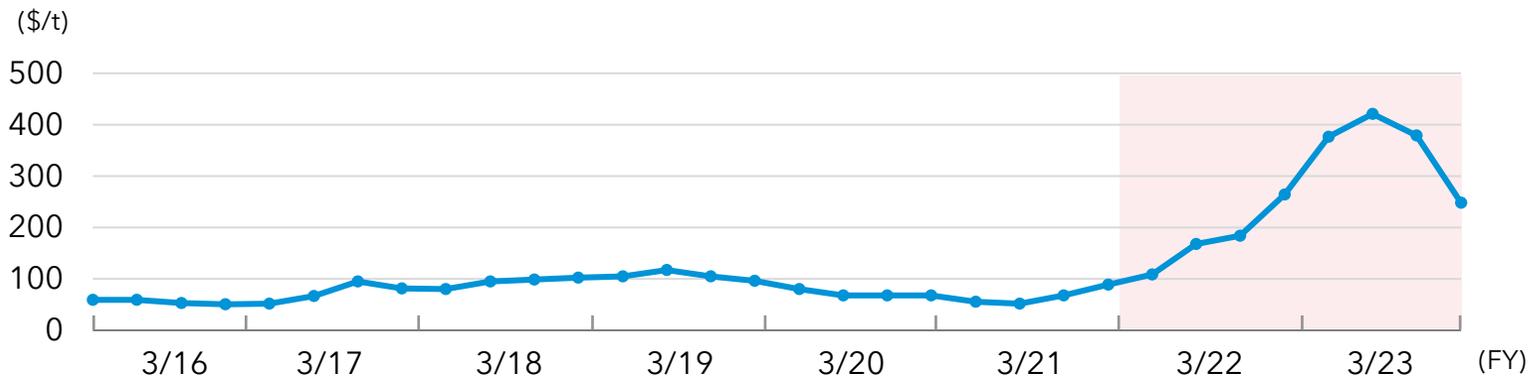
# Reference: Product price revisions for rising raw material and fuel prices

## Naphtha price in Japan



## Coal prices

(Australian thermal coal market prices)



## Impact of "raw material and fuel costs" and "prices" on Toyobo (YOY increase/decrease)

	FY 3/16	FY 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	(¥ bn.)
Raw material and fuel costs (A)	+7.1	+4.1	- 3.7	- 4.5	+2.9	+5.6	- 11.2	- 17.0	
Prices (B)	- 6.1	- 2.5	+1.6	+1.2	- 0.5	- 3.8	+4.7	+11.9	
Spread (A+B)	+1.0	+1.6	- 2.1	- 3.3	+2.4	+1.8	- 6.5	- 5.1	

## Mold releasing film for MLCC

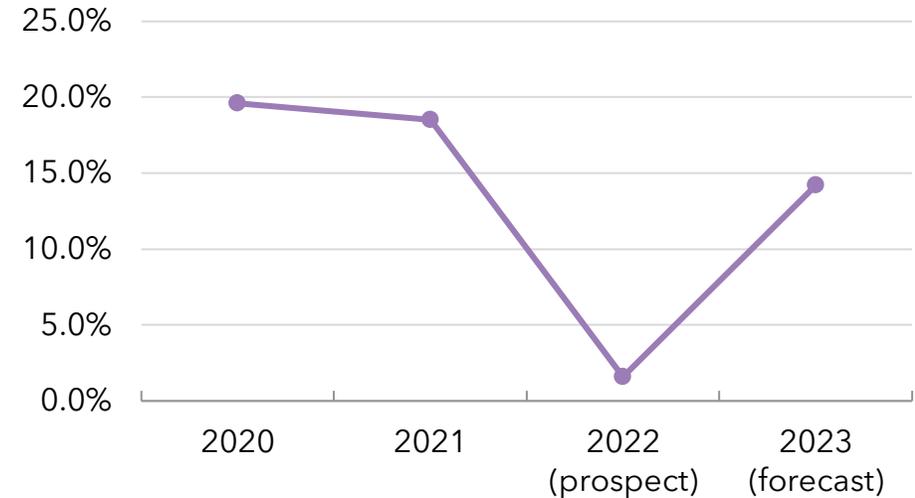
### Market

- FY 3/23: Slowing growth rate
- FY 3/24: Forecasting more than 10% YOY increase

FY 3/24

- Full operations of processing equipment Unit 1 & 2.
- Respond to customers' production increase following a recovery in market conditions.

Global shipment volume of mold releasing film for MLCC (YOY)



Yano Research Institute Ltd.

## Polarizer protective films for LCDs "COSMOSHINE SRF"

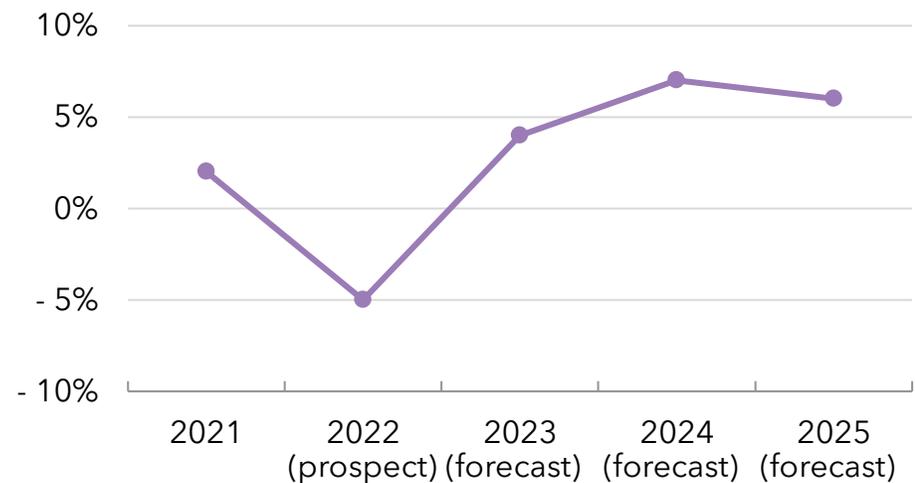
### TV Market

- FY 3/23: 5% YOY decrease on a surface-area basis  
⇒ Decrease only a few percent in our business
- FY 3/24: Forecasting 4% YOY increase on a surface-area basis

FY 3/24

- Full operations of Unit 1~3.
- Respond to customers' production increase.

Global TV market: Shipment surface-area (YOY)



DSCC (Display Supply Chain Consultants), LLC

# Forecasts by Segment

## FY 3/23 Results (Old segment)

	Net sales	Operating profit
	FY 3/23 Results	FY 3/23 Results
Films and Functional Materials	170.0	4.6
Mobility	49.3	- 4.5
Lifestyle and Environment	129.9	3.0
Life Science	38.1	9.2
Real Estate and Others	12.6	2.2
Elimination & Corporate	-	- 4.5
<b>Total</b>	<b>399.9</b>	<b>10.1</b>

## FY 3/24 Forecasts (New segment)

	Net sales	Operating profit	
	FY 3/24 Forecasts	FY 3/23 Results	FY 3/24 Forecasts
Films	<b>167.0</b>	1.6	<b>8.8</b>
Life Science	<b>35.0</b>	9.2	<b>5.2</b>
Environmental and Functional Materials	<b>135.0</b>	4.3	<b>5.8</b>
Functional Textiles and Trading	<b>80.0</b>	- 2.7	<b>- 1.5</b>
Real Estate and Others	<b>13.0</b>	2.2	<b>2.2</b>
Elimination & Corporate	-	- 4.5	<b>- 5.5</b>
<b>Total</b>	<b>430.0</b>	10.1	<b>15.0</b>

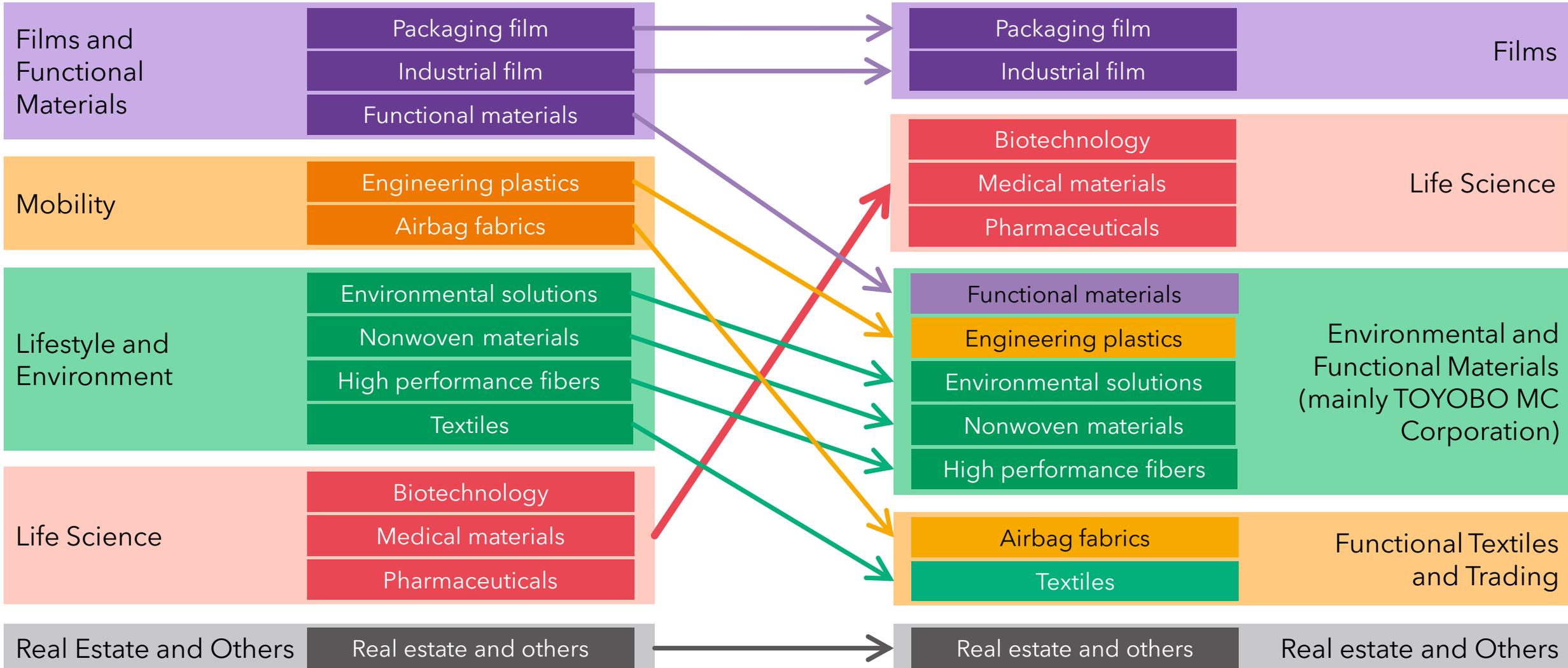
(¥ bn.)

- Operating profit for the new segment is a preliminary estimate since it has not been audited. Subject to change in the future.
- FY3/23 net sales in the new segment will be announced at Q1 results.
- Please see the following page for a comparison between the old and new segment.

# Reference: Change of Business Segments

~ **FY 3/23**

**FY 3/24 ~**



<b>Films</b>	<p><b>Pillar of income. Recovery of income</b></p> <ul style="list-style-type: none"> <li>- Packaging film: Improve OP margin by further price revisions. Full-fledged launch of new production line and new product.</li> <li>- Mold releasing film for MLCC: Respond to customers' production increase following a recovery in market conditions. Build a new production line.</li> <li>- Polarizer protective films for LCDs: Respond to customers' production increase. Revise price.</li> </ul>
<b>Life Science</b>	<p><b>Recovery of reduced portion of income post-COVID-19 and implementation of measures for growth</b></p> <ul style="list-style-type: none"> <li>- Biotechnology: Expand sales of raw enzymes overseas while sales of PCR-related products decrease. Invest in renovation and production increase.</li> <li>- Medical membrane: Respond to increase in demand and build an integrated production plant of artificial kidney hollow fiber. Enter the market of the acute blood purification. Launch the new products for antibody drug manufacturing process.</li> <li>- Pharmaceuticals: Respond to FDA's Warning Letter and build GMP system. Recover sales and improve profitability.</li> </ul>
<b>Environmental and Functional Materials</b>	<p><b>TOYOBO MC Corporation: Starting up (Organization along functional lines, etc.). Execution of reformation plan.</b></p> <ul style="list-style-type: none"> <li>- Environmental solutions: Accelerate global expansion of VOC recovery equipment for LIBs. Launch FO and BC membrane's new applications.</li> <li>- Industrial adhesives: Revise price further and recover sales volume. Develop new product for electronic applications.</li> <li>- Engineering plastics: Construct the quality assurance structure. Revise price further and recover sales volume.</li> </ul>
<b>Functional Textiles and Trading</b>	<p><b>Implementation of measures for businesses requiring improvement</b></p> <ul style="list-style-type: none"> <li>- Airbag fabrics: Improve profitability by further price revisions. Start commercial production in a new yarn plant (Thailand).</li> <li>- Textiles: Improve profitability by concentration of 3 plants with integrated business operations of overseas sites.</li> </ul>

# 2025 Medium-Term Management Plan (FY 3/23 - FY 3/26) ~ Progress and Growth Strategy ~

## From survival thinking

Deficits are bad, surpluses are good

### Current situation

- 1 Growth in film business, but leveling off in the entire Group's performance
- 2 Company-wide efforts to restore trust
- 3 Strengths: Cutting-edge products and technologies, production infrastructure, human resources, sincerity

## to sustainable-growth orientation

- Contributing to social sustainability
- Becoming a sustainable (growing) company

### Business environment

**Changes fundamentally, rapidly and nonconsecutively**  
→ **major impacts**

- 1 How a company operates changes under stakeholder capitalism
- 2 Decarbonization, circular economy, electrification of vehicles
- 3 Technological advances, acceleration in commercializing new technologies (digital transformation, life science, etc.)
- 4 Gradual shrinking of the domestic market, prices of resources remaining high and risks involved in procurement
- 5 Changes in people's awareness, values and behavior

## We will be a group that continues to create the solutions needed by people and the Earth with materials and science

1. Contributing to solving social issues through business operations
2. Sustainable growth (solid foundation and track for future growth)
3. People First (safe working environment where employees can work with peace of mind, pride and rewarding work, self-growth)

### Sustainability indices

Serious incidents

**ZERO**

Employee engagement score

Over **70%**

GHG emissions cut (over FY 3/14)

Over **46%**

Carbon neutrality in FY 3/51

Ratio of green materials in main business operation\*

**60%**

\*Assumed to be film business

### Financial indices

Consolidated sales

**600** billion yen

Operating profit margin

Over **8.3%**

ROE

Over **9%**

ROIC

Over **7%**



# 2025 Medium-Term Management Plan: Four Measures (Announced in May 2022)

<b>Measure 1</b>	<b>Thorough safety, disaster prevention, and quality assurance</b>	<ul style="list-style-type: none"><li>- Execute a master plan for safety and disaster prevention “zero accidents”</li><li>- Reconstruct the quality assurance management structure</li><li>- Risk management structure</li></ul>
<b>Measure 2</b>	<b>Reorganization of the business portfolio</b>	<ul style="list-style-type: none"><li>- Stratify businesses (return on capital employed and growth potential)<ul style="list-style-type: none"><li>(1) Focused expansion: proposal and implementation of growth measures, and enhancement of competitive advantage</li><li>(2) Stable earning: seeking growth or maintenance and improvement</li><li>(3) Requiring improvement: implementation of the master plan for what the business should be</li></ul></li></ul>
<b>Measure 3</b>	<b>Preparations for the future</b>	<ul style="list-style-type: none"><li>- Creation of new businesses and technologies: strengthening of environment and biotechnology related business, and Mirai Pro POC</li><li>- DX strategy : SFA, MI, Smart Factory, and new earning ways</li><li>- Roadmap for carbon neutrality (2050)</li></ul>
<b>Measure 4</b>	<b>Reestablishment of foundation</b>	<ul style="list-style-type: none"><li>- Promote human resources development, diversity</li><li>- Workplace capabilities in manufacturing</li><li>- Development of the business base</li><li>- Governance / Compliance      - Change of the organizational culture</li></ul>

# 2025 Medium-Term Management Plan: Progress of Four Measures

## Measure 1 : Thorough safety, disaster prevention, and quality assurance

- **Zero serious incident in FY 3/23**
- **Enhancement of quality assurance training, thorough PL/QA assessment**
- **Improvement of governance for group companies**

## Measure 2 : Reorganization of the business portfolio

- Businesses focusing expansion: **CAPEX currently proceeding according to plan**
- Stable earning businesses: **TOYOBO MC Corporation started operations**
- Businesses Requiring Improvement : **Reforms underway such as plant suspension and consolidations**

## Measure 3 : Preparations for the future

- Creation of new businesses and technologies: **Formulate Innovation Creation Vision, Mirai PJ**
- DX strategy: **Update legacy systems, MI utilization**
- Carbon neutrality: Roadmap formulation, **obtained SBT certification**

## Measure 4 : Reestablishment of foundation

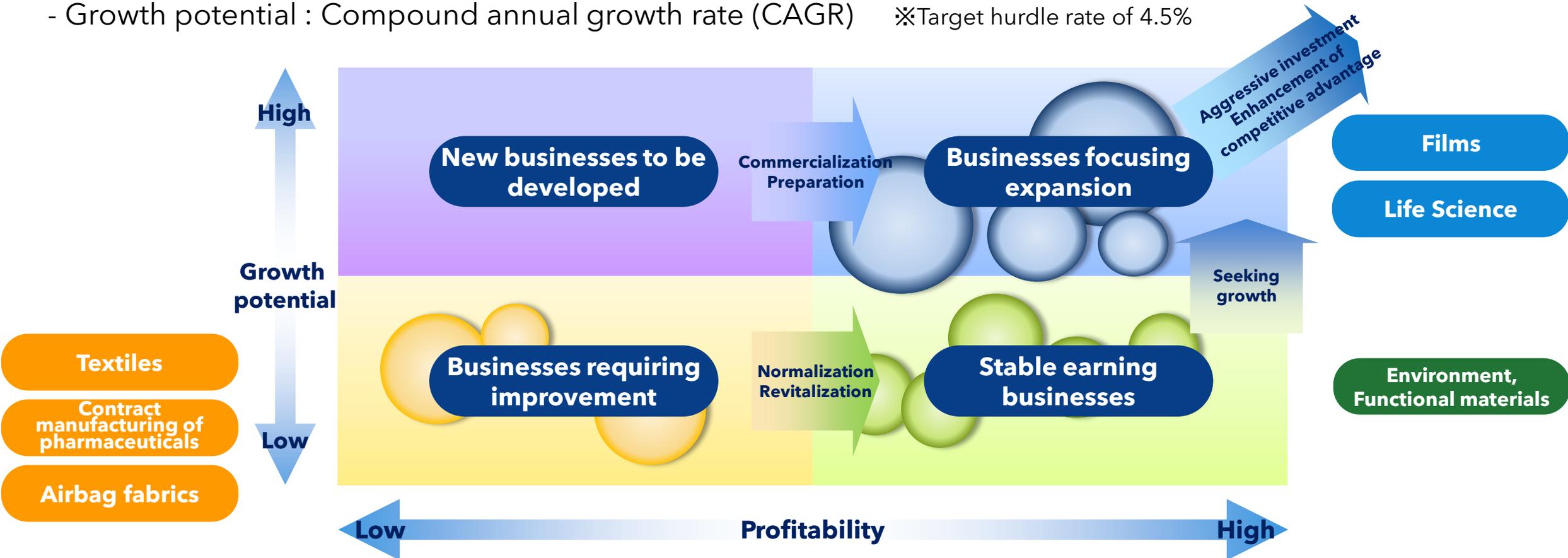
- Promote human resources development, diversity ⇒  
**Start of new human resource system, next generation of management**
- Workplace capabilities in manufacturing ⇒ **Development of training for engineers**
- Development of the business base ⇒ **Proceed with renewal of each office**
- Governance / Compliance ⇒ **Strengthening the group governance structure**
- Change of the organizational culture ⇒ **Instillation of corporate philosophy framework "TOYOBO PVVs"**

# 2025 Medium-Term Management Plan: Reorganization of the Business Portfolio

(Announced in May 2022)

## Assess and stratify each business into 4 quadrants with 2 axes: "Profitability" and "Growth potential"

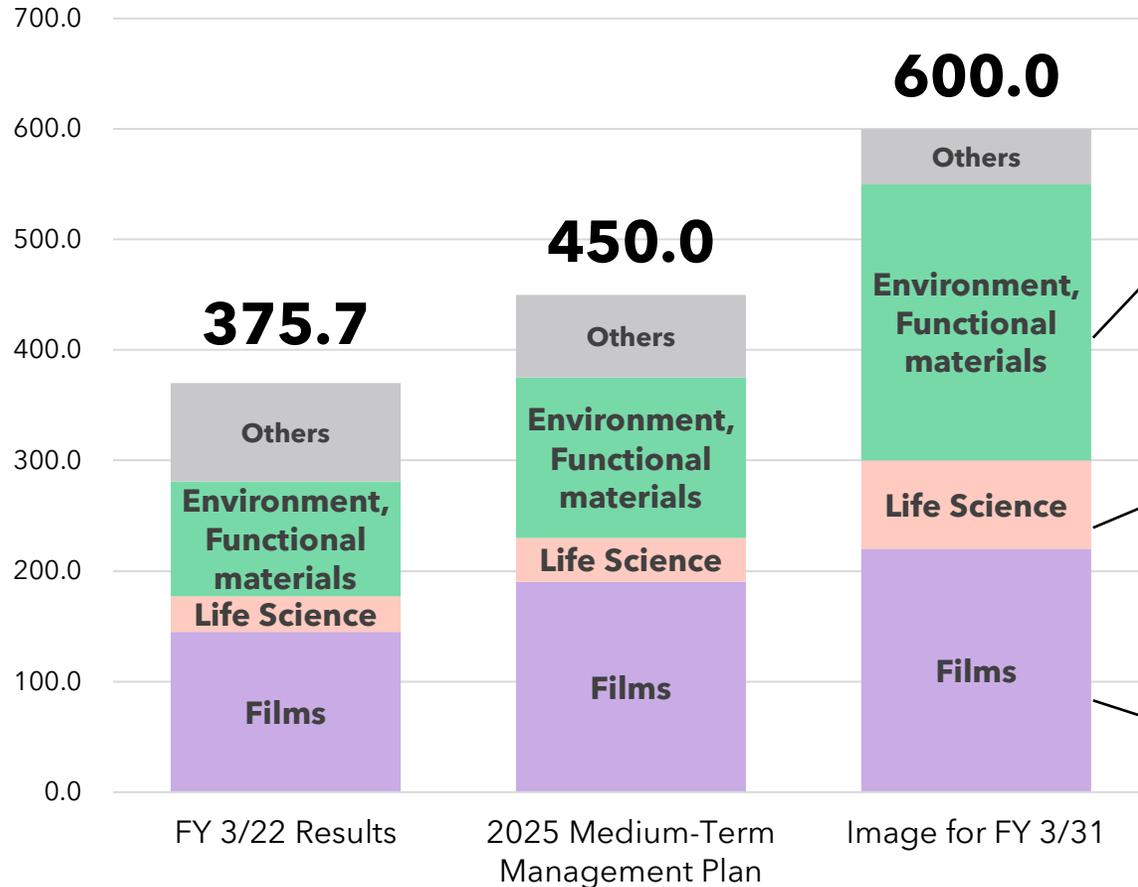
- Profitability : Return on capital employed (ROCE) = Operating profit / Capital employed ※Target hurdle rate of 6.5%
- Growth potential : Compound annual growth rate (CAGR) ※Target hurdle rate of 4.5%



- Determine whether the business is a "stable earning business" or a "business requiring improvement," taking into account not only the hurdle rate but also qualitative information.
- The entire Group's capital efficiency indicator is ROIC, and the management indicator for each business is ROCE.

# Reorganization of the Business Portfolio: Aggressive Expansion Measures in Three Fields (Announced in May 2022)

## Changes in net sales of the Group (¥bn.)



## Main expanding businesses

- Engineering plastics
- "VYLON", "HARDLEN"
- VOC recovery equipment
- RO, FO membranes
- High-performance fibers

**Environment, Functional materials**  
(Mainly TOYOBO MC Corporation)

- Infection diagnosis-related products
- Artificial kidney hollow fiber
- Virus removing filters
- Blood purification membranes

**Life Science**

- Mold releasing film for MLCC
- Transparent vapor-deposited film
- Laminate film for steel plates
- Eco-friendly films

**Films**

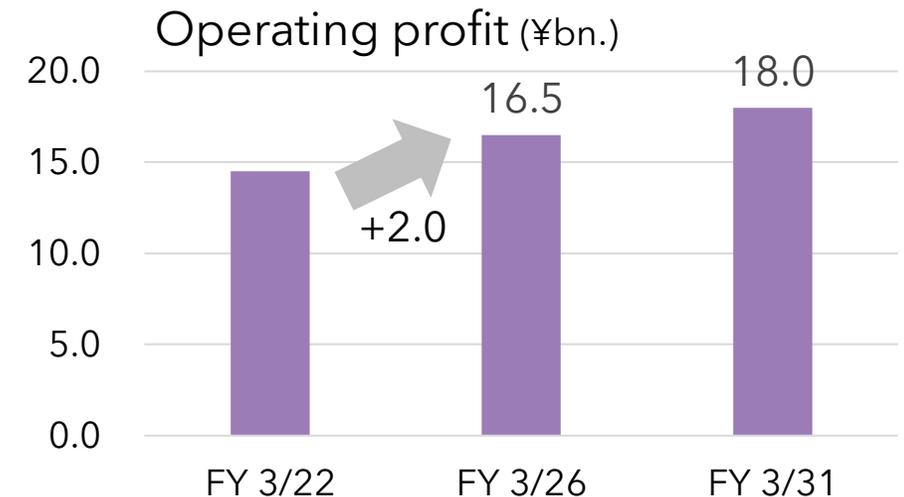
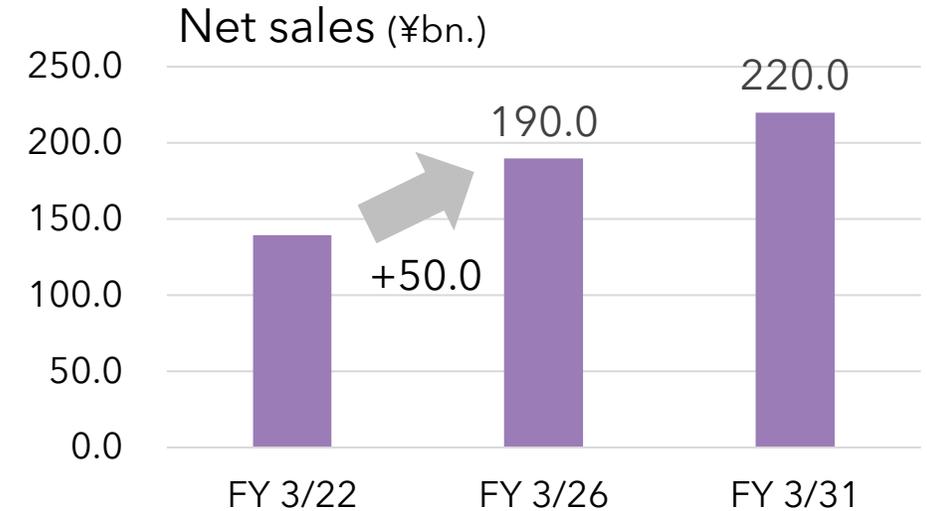
## Contribute to a digital society

※ Compared to FY 3/22

- Continue to increase production and expand sales in line with recovery of market for highly functional films
  - New equipment for mold releasing film for MLCC, processing equipment Unit 2. **Approx. 2.5x increase in production capacity**
  - Polarizer protective films "COSMOSHINE SRF" thickness reduction. **Approx. 1.2x increase in production volume**
- Development and deployment of new highly functional film
  - PEN film (wind power generation (isolation), sealers for fuel battery cells)
  - Post-"COSMOSHINE SRF", Post-mold releasing film for MLCC

## Contribute to decarbonized and circulating society

- Expand into new markets ~ Eco-Conscious Products ~
  - Shift from can coating to laminate films. Shift from release paper for labels to release films
- Expand development of green film
  - Resource conservation through volume reduction by using film with high rigidity (**Operation of new equipment for OPP film**)
  - 100% bio-based resin film
  - Film using recycled raw materials
  - Recycling of used processing film from within and outside the Company

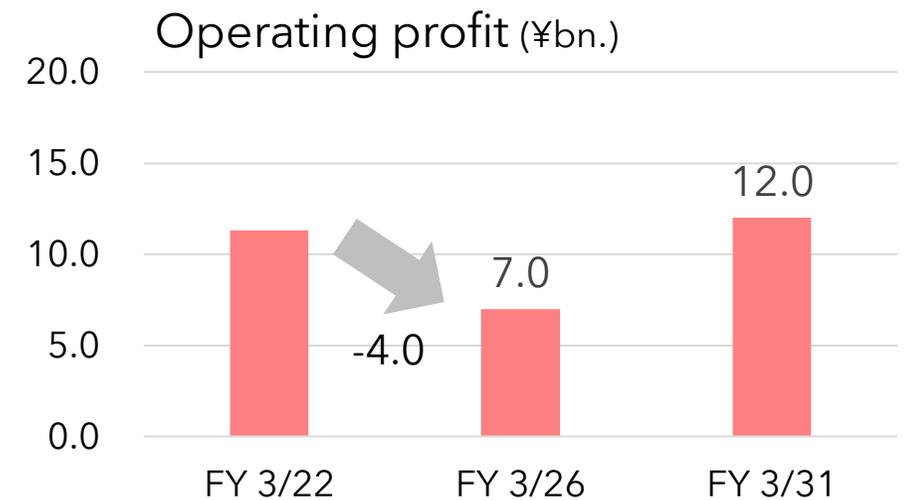
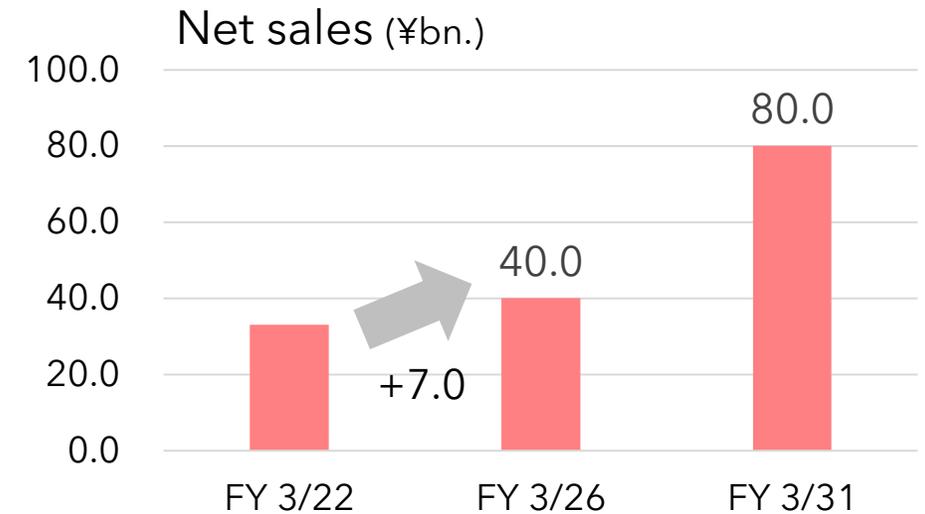


## Biotechnology

- Expansion of solutions business for infectious diseases
  - Enzymes, reagents, diagnostic reagents and diagnostic devices for genetic testing
  - New equipment for raw materials for genetic diagnostic reagents.
  - Approx. 3x increase in production capacity** (from 2024)
- Expansion of overseas development, such as enzymes
  - Enzymes for biochemical diagnosis (Blood glucose, Cholesterol, Creatinine etc.)

## Medical materials

- Increase production of artificial kidney hollow fiber while closely watching overseas development
  - Integrated production plant jointly with Nipro Corporation (from 2024, Odate City, Akita Prefecture)
- Expansion of applications for acute blood purification membranes and process membranes
  - CART membranes (ascites filtration and concentration), virus removing membranes, filtration membranes for culture media
- Expansion of biomaterials business
  - Nerve regeneration conduit "Nerbridge"
  - Bone regeneration inducing materials "Bonarc"



**Increased sales of reagents for PCR testing**

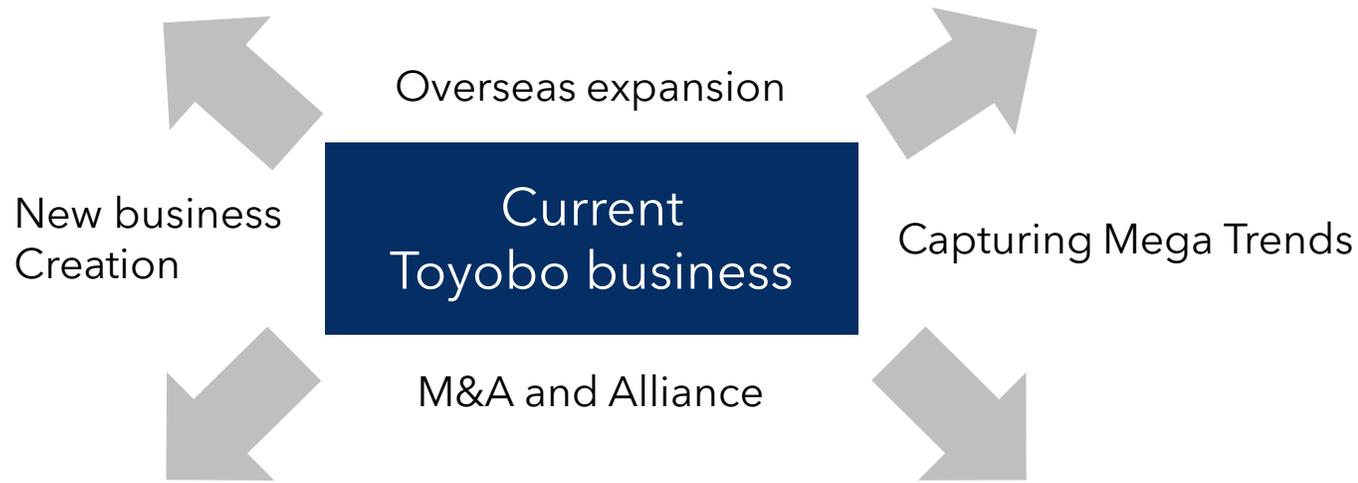
## **Joint venture company between Toyobo Co., Ltd. and Mitsubishi Corporation in functional materials “ TOYOBO MC Corporation ” started operations**

- Investment ratio: Toyobo Co., Ltd. 51 %, Mitsubishi Corporation 49 %
- Aims: **Combining our product and technology development capabilities with Mitsubishi Corporation’s broad industry knowledge and management expertise**
- Launch date: April 1, 2023
- Business divisions transferring to TOYOBO MC **“Environment, Functional materials”**  
“VYLON”, “HARDLEN”, Photo Functional Materials, Fine Chemicals, Engineering Plastics,  
Water Treatment Membranes, VOC Emissions Treatment Equipment, Functional Filters,  
Spunbond Nonwoven Fabrics, Lifestyle Materials, High-performance Fibers etc.



# Growth Strategy for Environment, Functional Materials Business: Direction of Expansion

## A higher perspective that overlooks the entire supply chain



## Be a winner in global market

### Toyobo's technology

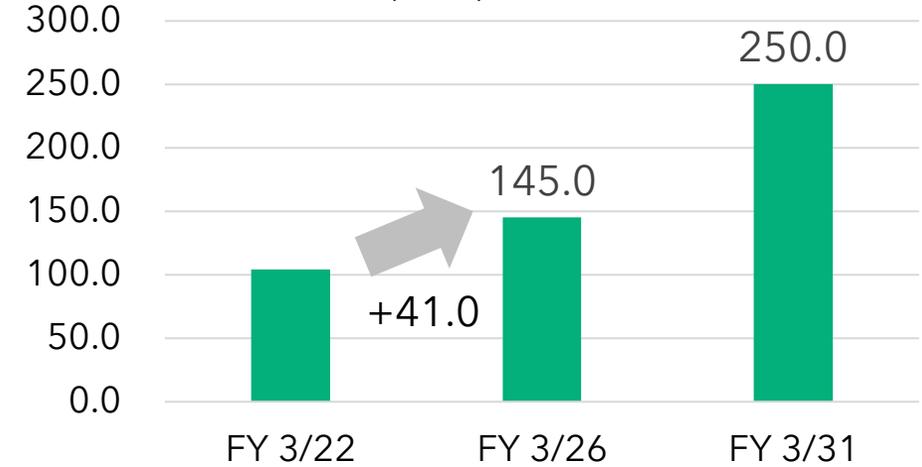
- Professionals of functional materials
- Edgy products with high market share
- Customer base in Japanese market
- R&D capabilities



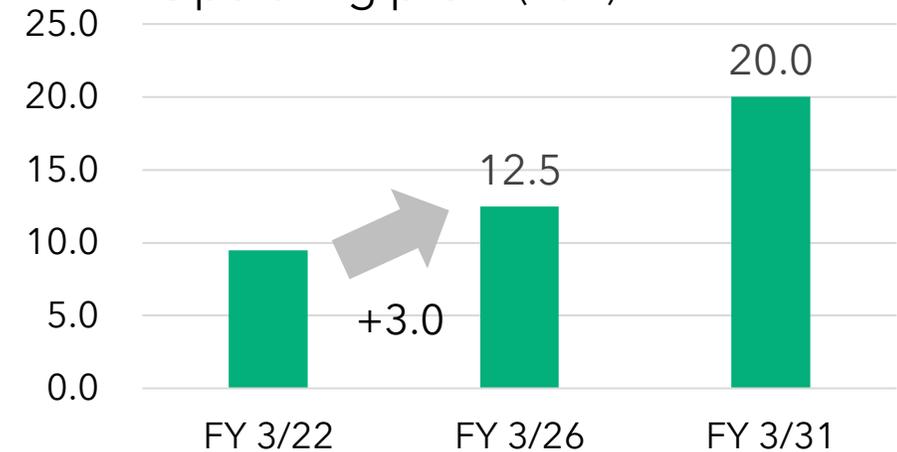
### Mitsubishi Corporation's management resource

- Experienced management and marketing staffs
- Overseas marketing and procurement network
- Promotion of inorganic strategy
- Management know-how
- Energy Transformation (EX) / Digitization (DX)

Net sales (¥bn.)

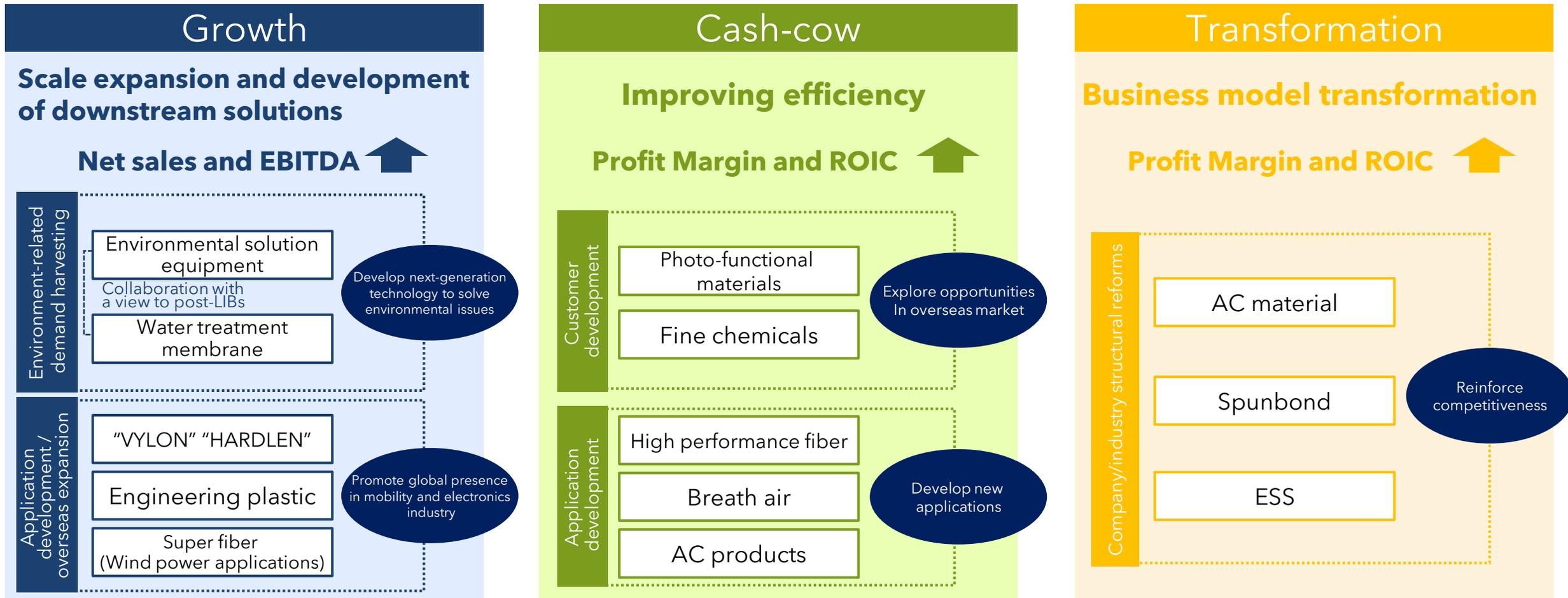


Operating profit (¥bn.)



# Growth Strategy for Environment, Functional Materials Business: Portfolio Management

Execute actions according to business strata (Growth / Cash-cow / Transformation)



## Environmental Solutions

### ■ VOC recovery equipment

Recovery and absorption of dichloromethane emitted in the manufacturing processes of Lithium-Ion Battery (LIB) separator

- Top share for absorption type VOC recovery equipment



### ■ FO, BC membranes

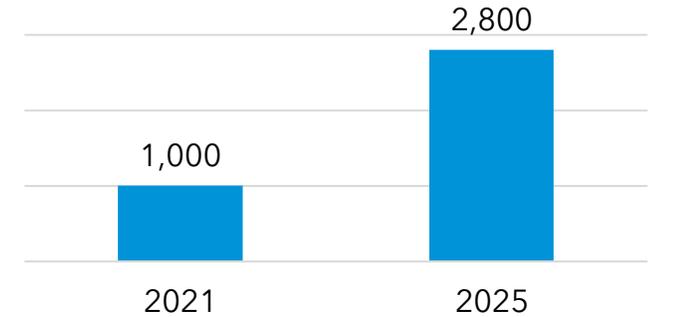
Applications in wastewater treatment, sale production and recovery of lithium



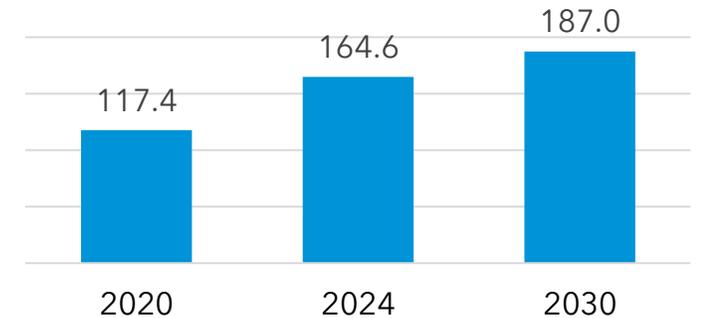
- Have needs for processing methods that realize energy conservation and low costs through new technologies
- Utilize 111 overseas bases, 1,700 operating companies
- Organize projects with downstream players, such as plant manufacturers



Reinforce global marketing and business creation capability, leveraging with market intelligence and global network



BEV / PHEV / HEV sales volume (ten thousands)

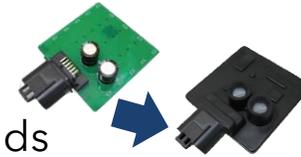


Market size of RO / NF membranes module (¥bn.)

## Mobility and Electronics

### ■ Polyester resin used in low-pressure molds "VYLOSHOT"

Protection of printed circuit boards and electronic parts by low-pressure sealing molds



### ■ Adhesion promoter for polyolefin "HARDLEN"

Development of applications for high-speed, high-capacity telecommunication using 5G/6G with low dielectric constant materials

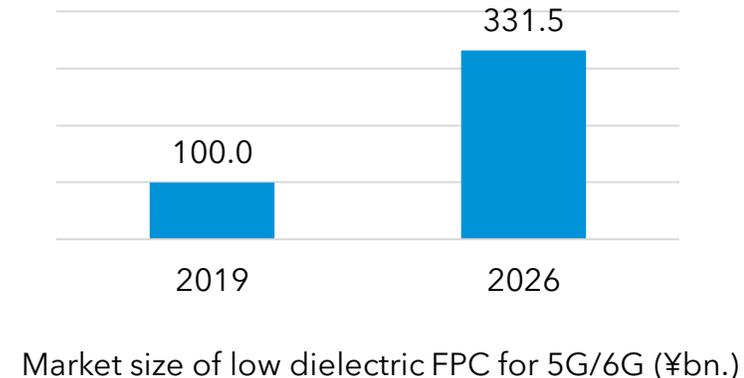
### ■ Engineering plastics

Accelerate development in Japan and overseas in line with the trend of the shift to EV



- Application engineers
- Not only provide materials that meet demands, but also counter-propose materials that extend into the final design of products
- Provide broad customer access to top OEMs in Europe and US market

Transform business model from simple material sales to providing material solution in the global market



Businesses requiring improvement aim to return to profitability by FY 3/26

## Textiles

- Establish TOYOBO TEXTILE CO. LTD. (April 2022)  
(Reorganize and integrate group companies.  
Improve profitability and asset efficiency)
- Consolidate Toyama Production Center (~March 2024)  
Stop production at Inami Mill and Nyuzen Mill.  
Reduction of woven fabric production at Shogawa Mill.  
Utilize production and development system at Shogawa Mill  
and production bases in Malaysia.

## Airbag fabrics

- Joint venture company with Indorama Polyester Industries PCL  
TIAF ( Toyobo Indorama Advanced Fibers Co., Ltd. )  
Plant out into production for airbag yarns (October 2022)
- Focus on product price revisions

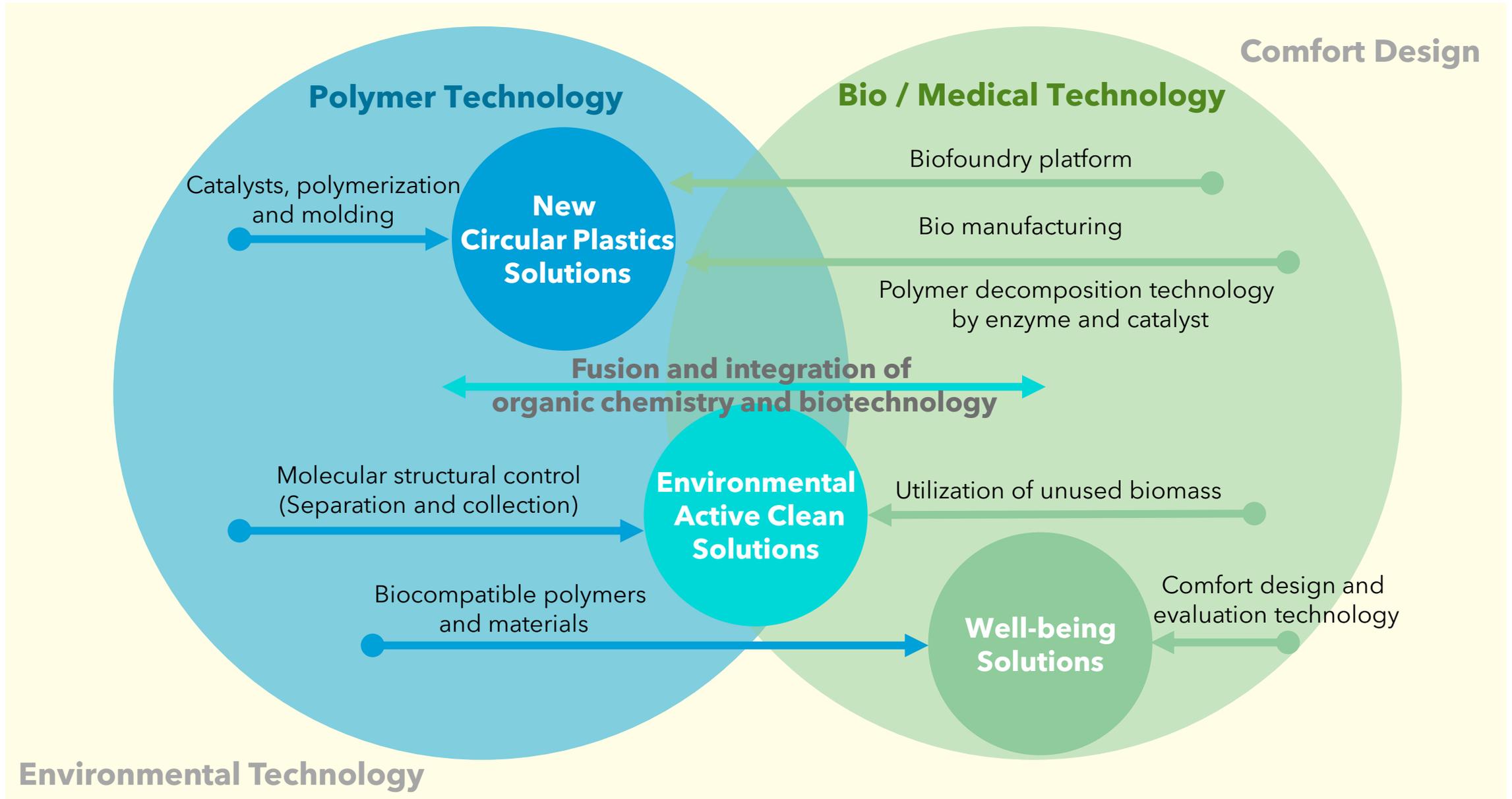
## Contract manufacturing of pharmaceuticals

- Currently working towards the warning letter from the FDA
- Production and shipment of over-the-counter formulations resumed in sequence



Production plant for airbag nylon yarns of TIAF  
(Rayong Province, Thailand)

# Preparations for the Future: Challenge for new domains by integrating core technologies



## New Circular Plastics Solutions

### Renewable polymer

- Chemical recycling for refining feedstocks from used plastic without using liquefaction (feedstocks: ethylene, propylene, benzene, Toluene, Xylene)
- 100% biomass plastic (PEF : Polyethylene furanoate)



## Well-being Solutions

### Make inroads into the acute blood purification market

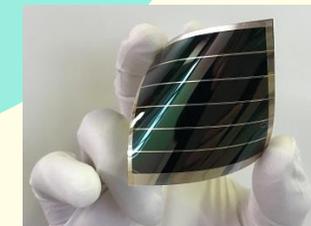
- Development of Cell-free and Concentrated Ascites Reinfusion Therapy (CART)
- Develop therapeutic instruments for sepsis
- Establishment of Medical Research Laboratory

### Enter into the business of raw materials for manufacturing nucleic acid medicines

- Deploy technology for producing enzyme for nucleic acid amplification

### Material for organic photovoltaics

- Outstanding energy-saving technology
- Achieve the world's highest level of conversion efficiency in a dim room
- Make use of organic synthesis technology
- Expected to expand for dispersed power system, which is indispensable in the advancement of "IoT"



## Environmental Active Clean Solutions

# 2025 Medium-Term Management Plan: Financial Targets

(Announced in May 2022)

**TOYOTO**

	FY 3/22 Results	FY 3/23 Results	FY 3/26 Targets	FY 3/31 Image
Net sales (¥bn.)	375.7	399.9	<b>450.0</b>	600.0
Operating profit (¥bn.)	28.4	10.1	<b>35.0</b>	50.0
(Ratio to sales) (%)	7.6	2.5	<b>7.8</b>	8.3
EBITDA (¥bn.)	48.5	29.1	<b>63.0</b>	90.0
Profit attributable to owners of parent (¥bn.)	12.9	- 0.7	<b>15.0</b>	23.0
ROE (%)	6.8	-	<b>≧ 7.0</b>	≧ 9.0
ROIC (%) <sup>*1</sup>	5.1	1.7	<b>≧ 5.0</b>	≧ 7.0
D/E ratio	0.98	1.21	<b>&lt; 1.20</b>	< 1.00
Net Debt / EBITDA ratio <sup>*2</sup>	3.4	5.8	<b>&lt; 5.0</b>	< 4.0

\*1 NOPAT / (Interest-bearing debt + Net assets)

\*2 (Interest-bearing debt - Cash and deposits) <Ending> / EBITDA

## Recover earning power to create the future

### 1. Thorough safety, disaster prevention and quality assurance, and compliance

### 2. Recover earning power

- (1) Price revisions: Prices that match value. Carrying out our responsibility for supply. Creating the future.
- (2) Cost reduction: Narrow down manufacturing, procurement and logistics costs, and SGA expenses
- (3) Improve cash flow: Compress inventory, narrow down CAPEX, and realize effects of investment
- (4) Measures and initiatives for businesses requiring improvement

### 3. Implementation of four measures of Medium-Term Management Plan

- (1) Thorough safety, disaster prevention, and quality assurance
- (2) Reorganization of the business portfolio (measures for businesses requiring improvement and starting up of TOYOBO MC Corporation)
- (3) Preparations for the future
- (4) Reestablishment of foundation

# Appendix

# Business performance

**TOYOTO**

(¥ bn.)

Net sales	FY 3/22					FY 3/23				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Films and Functional Materials	45.7	40.2	41.4	43.0	170.3	45.3	41.4	41.6	41.7	170.0
Mobility	11.1	10.5	10.6	12.6	44.7	11.8	12.3	13.1	12.1	49.3
Lifestyle and Environment	27.7	27.0	27.7	31.9	114.3	32.1	32.5	29.9	35.3	129.9
Life Science	7.5	8.9	8.2	10.4	35.0	8.7	10.6	10.0	8.8	38.1
Real estate and Others	2.6	2.7	2.8	3.3	11.4	3.1	3.3	3.0	3.2	12.6
Elimination & Corporate	-	-	-	-	-	-	-	-	-	-
Total	94.6	89.2	90.7	101.2	375.7	101.0	100.1	97.6	101.2	399.9

Operating profit	FY 3/22					FY 3/23				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Films and Functional Materials	6.8	5.4	4.3	3.3	19.9	3.5	0.7	0.3	0.1	4.6
Mobility	- 0.5	- 0.4	- 0.6	- 0.3	- 1.8	- 0.8	- 1.3	- 0.9	- 1.5	- 4.5
Lifestyle and Environment	1.5	0.4	0.8	0.8	3.5	0.3	0.9	0.4	1.4	3.0
Life Science	1.9	2.8	1.8	2.3	8.7	2.1	3.3	2.6	1.2	9.2
Real estate and Others	0.4	0.7	0.5	0.6	2.2	0.3	0.6	0.7	0.5	2.2
Elimination & Corporate	- 0.8	- 1.0	- 1.1	- 1.1	- 4.0	- 0.9	- 1.1	- 1.3	- 1.3	- 4.5
Total	9.2	7.9	5.8	5.5	28.4	4.6	3.3	1.7	0.5	10.1

# Major indicators

**TOYOTO**

(¥ bn.)

	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24
	Results					Forecasts
Net sales	336.7	339.6	337.4	375.7	399.9	430.0
Operating profit	21.7	22.8	26.7	28.4	10.1	15.0
(Ratio to sales)	6.5%	6.7%	7.9%	7.6%	2.5%	3.5%
EBITDA <sup>*1</sup>	37.5	39.8	45.8	48.5	29.1	36.7
EPS (¥)	-6.8	155.1	47.3	144.8	-7.4	45.0
ROE <sup>*2</sup>	-	7.8%	2.3%	6.8%	-	-
ROIC <sup>*3</sup>	4.4%	4.5%	5.0%	5.1%	1.7%	-
Depreciation	15.8	17.0	19.1	20.1	19.0	21.7
CAPEX	25.5	36.4	23.3	33.6	42.7	50.0
R&D expenses	11.0	11.7	12.7	13.8	14.1	16.0
Interest-bearing debt	164.8	175.1	187.0	191.2	229.4	-
D/E ratio	0.93	0.98	1.01	0.98	1.21	-
Net Debt / EBITDA ratio <sup>*4</sup>	3.8	3.8	3.3	3.4	5.8	-

\*1 Operating profit + Depreciation (includes goodwill)

\*2 Profit / Beginning and ending balance average shareholder's equity

\*3 NOPAT / (Interest-bearing debt + Net assets)

\*4 (Interest-bearing debt - Cash and deposits) <Ending> / EBITDA

# Safety and Disaster Prevention Master Plan

## Execution of safety and disaster prevention master plan "Zero Disaster" ~Roadmap for labor safety & disaster management

	FY 3/22	FY 3/23	FY 3/24	FY 3/25 - FY 3/26
<b>Priority issues for the year</b>	<ul style="list-style-type: none"> <li>● Top management commitment statement</li> <li>● Start on-site dialogues</li> <li>● Start safety and disaster prevention workshops</li> <li>● Organize the mission of the Safety and Disaster Management Division</li> <li>● Organize the SMS and EMS policies of all companies</li> </ul>	<ul style="list-style-type: none"> <li>● Establish on-site dialogue as standard</li> <li>● Establish safety and disaster prevention workshops as standard</li> <li>● Construct a Group SMS and EMS system</li> <li>● Create overview of on-site inspection activities</li> <li>● <b>Start of new 3K human resource development exchange meetings</b></li> </ul>	<ul style="list-style-type: none"> <li>● Expand to all Group companies</li> <li>● Establish the Group SMS and EMS system</li> <li>● Establish new 3K human resource development exchange meetings as standard</li> </ul>	<ul style="list-style-type: none"> <li>● Develop for overseas sites</li> </ul>
<b>Fostering a culture of safety</b> (employee behavior and awareness)  Reestablish shared values and communications	<p><b>Mostly dependent stage</b> → <b>Increasing independent stage</b> → <b>Emerging interdependent stage</b></p> <p>Top management commitment statement *An expression of management commitment and action, and a demonstration of tangible leadership (Declaration of Action, on-site dialogues)</p> <p>Workshops for specific position levels (all levels → broaden to Group companies and overseas bases)</p>			
<b>Safety infrastructure</b> (systems, human resource development)  Steadily implement emergency response and incorporate into daily Management  Synchronize with all-company risk management activities  Mechanism to establish a tradition of learning	<p><b>3S activities (production innovation, small group)</b> * Continuously improve ability to identify on-site risks, develop new 3K human resources capable of noticing and rectifying abnormalities</p> <p>Establish safety and disaster prevention training centers at all bases, construct a disaster prevention education program</p> <p>Appoint disaster prevention personnel, strengthen organization (secure personnel and specialists)</p> <p><b>Reconstruct the safety and security disaster prevention risk management system</b> * Continuous risk management at all companies</p> <p>Audit Project</p> <p>Conduct on-site inspections → Establish RA activities, review of case studies (strengthen horizontal development)</p> <p>Review the comprehensive disaster prevention checks + Additional investment (2 billion yen) * Disaster prevention budget, set work stoppage schedule</p> <p>Inspect ducts → Duct fire countermeasures</p> <p>Medium-term safety and disaster prevention plan (update aging equipment, remove wooden buildings, replace firefighting equipment, etc.)</p>			

➤ Zero serious incident in FY 3/23

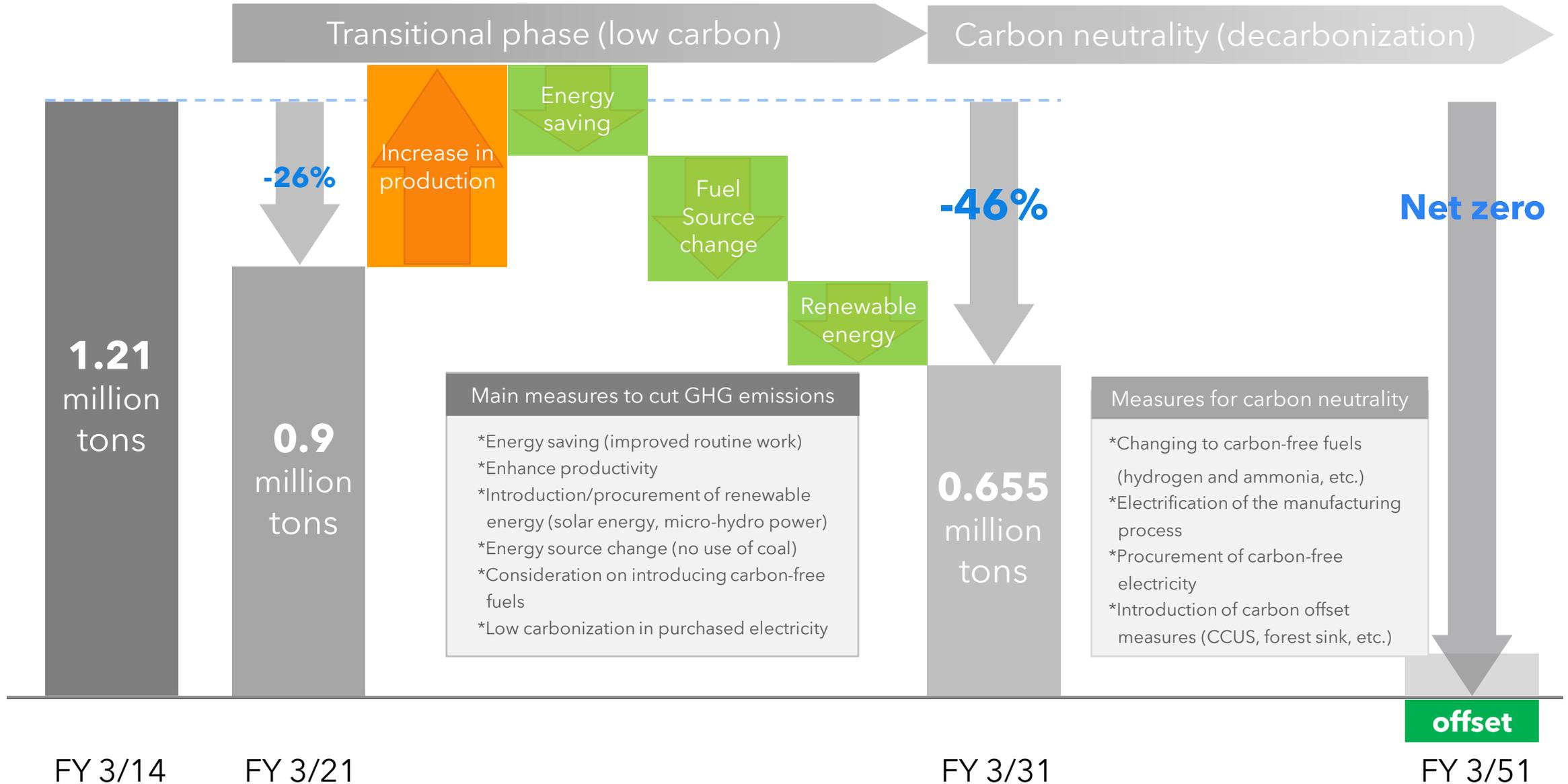
New 3K : Kiduku (Notice), Kangaeru (Think), Koudou suru (Act)

# Quality Assurance Management

## Roadmap for reconstruct the quality assurance management structure

	FY 3/22	FY 3/23	FY 3/24	FY 3/25	FY 3/26	
<b>Priority Issues</b>	<p><b>Regain trust</b></p> <p>Inspections to guarantee quality, build quality in the processes</p>				<p><b>Unwavering trust</b></p> <p>Instill the concept of quality assurance across the product lifecycle</p>	
<b>Emergency Measures</b>	<p><b>Respond to external certifications</b></p> <p><b>Revise assessment processes</b></p> <p><b>Respond to customers</b></p>					
<b>Corrective Measures</b>	<p><b>Create guidelines for Quality DX</b></p>	<p><b>Horizontally expand to affiliates and overseas offices</b></p> <p><b>Horizontally develop quality DX examples Accelerate conversion to smart factories</b></p>				
<b>Standardization</b>		<p><b>Management structure (verification of effectiveness): Three lines of defense system, Risk Management Committee</b></p> <p><b>Diligent quality assurance management (actively apply ISO to operations)</b></p> <p><b>Create a map of quality-related human resources, train and actively use specialists in the professional system</b></p>				
<b>Changing Awareness</b>	<p><b>Corporate Philosophy: Return to the roots of Jun-Ri-Soku-Yu, deeply instill "safety first"</b></p> <p><b>Change the organizational culture and awareness</b></p>	<p><b>Instill QA as an activity for everyone!</b></p> <p><b>Train QA personnel and foster quality awareness</b></p>				

# Roadmap for Carbon Neutrality



## Obtained SBT (Science Based Targets) certification

SBT refers to corporate reduction targets for greenhouse gases in conformity with the levels set in the Paris Agreement

**The Toyobo Group's targets of reducing GHG emissions by FY 3/31 have been validated by the SBT initiative.** (December 2022)



### Toyobo Group's GHG emissions reduction targets validated by SBT

Scope1,2	27.0% reduction in GHG emissions by FY 3/31 over FY 3/21
Scope3	12.5% reduction in GHG emissions by FY 3/31 over FY 3/21

※Target of net zero emissions by FY 3/51 (Scope1,2)

- 350 SBT certified companies in Japan
  - Second company to obtain certification in the fiber product sector
- (As of January 10, 2023)

Main measures until FY 3/31	
Scope1,2	<ul style="list-style-type: none"> <li>- Energy saving (Improvements in business operations)</li> <li>- Improvement in productivity</li> <li>- Introduction/procurement of renewable energy</li> <li>- Energy source change (no use of coal)</li> <li>- Consideration of introducing carbon-free fuels</li> <li>- Low carbonization in purchased electricity etc.</li> </ul>
Scope3	<ul style="list-style-type: none"> <li>- Increase procurement of low carbon/carbon-free raw materials</li> <li>- Reduce GHG through cooperation with suppliers</li> <li>- Promote green logistics</li> <li>- Expand use of recycled and biomass materials</li> <li>- Shift toward eco-friendly equipment for VOC emissions treatment, etc. etc.</li> </ul>

The business performance forecasts and targets included in the business plans contained in this presentation are based on information known to the Company's management as of the day of presentation. Please be aware that the content of the future forecasts may differ significantly from actual results, due to a number of unforeseeable factors.

TOYOBO CO., LTD.

**TOYOBO**  
Beyond Horizons