

Toyobo Group Integrated Report
for the fiscal year ended March 31, 2025

TOYOBO REPORT 2025

Realizing Prosperity:
The Strength of Toyobo

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COVER STORY



The cover depicts the fusion of Toyobo Group's strengths in biotechnology and polymer technology and the innovation that blossoms from this fusion toward the future, represented as a molecular structure centered on the earth. Through the integration of diverse technologies and talents, it embodies the excitement of the future and the Group's commitment to leveraging our strengths in materials and science to create solutions needed by people and the planet, contributing to the realization of a prosperous society.

Using this report (PDF)

Category tabs and navigation buttons at the top of every page make it easy to navigate between pages. Clicking a link button in the text will take you directly to the relevant website or page within this report.

Navigation buttons

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Editorial policy

The Toyobo Group Integrated Report was created with the aim of deepening the understanding of the Group's value creation among shareholders, investors, and other stakeholders. It also seeks to foster dialogue both within and outside the Company, thereby contributing to the enhancement of corporate value.

In the 2025 edition, we focused on ensuring consistency of the narrative and cohesion of information throughout the publication by highlighting the progress of efforts to address "measures for businesses requiring improvement" and "secure growth investment returns" as included in the 2025 Medium-Term Management Plan, as well as the outlook to "create new value," while presenting the achievements and future prospects of the plan's four measures. Editorial and production work referenced frameworks such as the International Integrated Reporting Framework, recommended by the IFRS Foundation, and the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry. This work was carried out under a cross-departmental cooperation system led by the Corporate Planning Department and the Corporate Communication Department.

Report framework	Unless otherwise stated, this report refers to Toyobo Group. Financial information is presented on a consolidated basis.
Reporting period	April 2024–March 2025 (Certain information from after April 2025 is also included where relevant.)
Published	October 2025 In this report, each fiscal year (FY) refers to the period from April 1 of the preceding year to March 31 of the current year.
Reference guidelines	- GRI Standards (Japanese version) - IFRS Foundation's International Integrated Reporting Framework - Task Force on Climate-related Financial Disclosures (TCFD) recommendations - Ministry of the Environment's Environmental Reporting Guidelines 2018 - Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation

Disclosure of information



TOYOBO REPORT (Integrated Report)

Financial information

Investor Relations section on our website

Here, we bring together investor relations (IR) materials such as the Financial Report, the Annual Securities Report, and business results presentations for the benefit of shareholders and investors. We also present an overview of the Company's current financial status and business performance, stock information, an IR calendar, and FAQs, among other relevant information.

Annual Securities Reports

Prepared in accordance with the requirements of Paragraph (1), Article 24, of the Financial Instruments and Exchange Act, the Annual Securities Report presents a summary of the Company's current situation, details of its business areas, the current state of its facilities, its operational status, and its financial statements, among other relevant information.

Fact Book

The Fact Book presents 11 years of key financial data and five years of non-financial data for the Company, as well as for individual segments.

Sustainability information

Sustainability section on our website

Here, we present information concerning Toyobo Group's sustainability-related initiatives, along with relevant data.

[Sustainability](#)

[ESG Performance Data](#)

Sustainability Report

Compiled in November each year, this is a PDF version of the sustainability-related information posted on the Company's website.

Corporate Governance Report

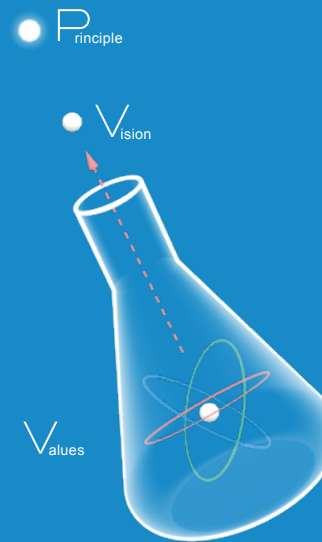
This report presents information about Toyobo Group's approaches and systems, in accordance with Japan's Corporate Governance Code.

Corporate philosophy framework

Toyobo's declaration

Toyobo's strength to realize prosperity

Leveraging Toyobo's strengths in materials and science, we create the solutions needed by people and the earth, contributing to the realization of a prosperous society.



TOYOBO
PVVS

Principle

Jun-Ri-Soku-Yu

Adhering to reason leads to prosperity

Vision

We will continue to create the solutions needed by people and the earth with our materials and science.

Values

We welcome change, enjoy change, and create change.

Sustainable Vision 2030

“Jun-Ri-Soku-Yu”—adhering to reason leads to prosperity

Ideals we seek to realize	Innovation We aim to be a Group that continually creates materials and science that become solutions for people and the planet				
Social change and trends in 2030	Standardization in handling safety, human rights, and social justice issues	Increased and diversified needs concerning access to medical care/health promotion	Demographic changes, human-centric innovation, accelerated urbanization	Decarbonization, resource circulation, limited natural resources	
Social issues to be solved through commitment	People			Planet	
	 Employee well-being and human rights in the supply chain	 A healthy lifestyle and healthcare	 Smart communities and comfortable spaces	 A decarbonized and circular society	 Quality water areas, air, and soil, and the preservation of biodiversity
Goals for the future	- People First: employee safety, company pride, and rewarding work - Respecting human rights across the entire supply chain	- Contributing to the field of epidemiology - Contributing to improving quality of life	- Contributing to the realization of a human-centric digital society - Creating comfortable spaces	- Contributing to carbon neutrality - Establishing an ecosystem for circulating resources	- Improving the environment through solutions - Reducing food loss
Where we'd like to be by 2030	Prosperity Ushering in both a prosperous society where people can live with peace of mind and the enhancement of corporate value				

At a glance



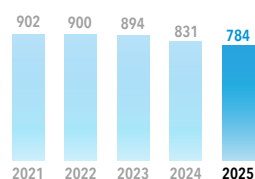
Contributing to society for **143** years

Founded in 1882

Planet

GHG emissions (Scope 1 and 2)

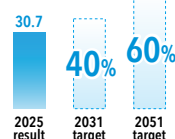
784 thousand t-CO₂



FY2031 Target (Scope 1 and 2)
 • 27% reduction compared with FY2021
 • 46% reduction compared with FY2014

Percentage of sales from ECO-PARTNER SYSTEM® products*

30.7%



Scope: TOYOBO CO., LTD., and TOYOBO MC Corporation

* In our proprietary Eco-Review System, which evaluates the environmental impact of products, those that achieve a rating above a certain standard are certified as ECO-PARTNER SYSTEM® products.

People

Number of employees (global)

9,976



Ratio of female managerial staff

5.6%



Scope: TOYOBO CO., LTD., TOYOBO MC Corporation, and TOYOBO STC CO., LTD.

Ratio of male employees taking childcare leave

86.3%



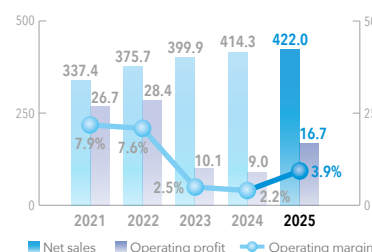
Scope: TOYOBO CO., LTD., TOYOBO MC Corporation, and TOYOBO STC CO., LTD.

Note: The figure exceeds 100 because the fiscal years in which spouses gave birth and employees took childcare leave do not always coincide.

Prosperity

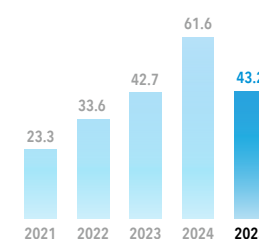
Net sales | Operating profit (operating margin)

¥422.0 billion | **¥16.7** billion



Capital investment

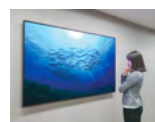
¥43.2 billion



Market share

Polarizer protective films for LCD TVs

Approx. **60%**



Super retarder film that eliminates rainbow unevenness when combined with LED light sources.
 Market share in the LCD TV sector: approx. 60% (Toyobo estimation)

Raw enzymes for biochemical diagnosis

World rank: **2nd**



For glucose (diabetes), cholesterol (arteriosclerosis), creatinine (kidney function), among others. Estimated market share in the raw enzyme sector: approx. 25%, ranked 2nd worldwide (Toyobo estimation)

Product share

VOC recovery equipment in the lithium-ion battery (LIB) separator manufacturing process

No. 1

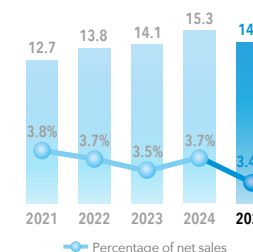


More than 1,700 units of VOC treatment equipment delivered domestically and internationally. Top share in VOC recovery for LIB separator factories. (Toyobo estimation)

Innovation

R&D expenses

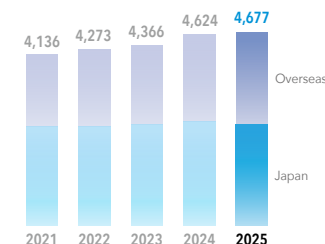
¥14.3 billion



Percentage of net sales

Number of patents held

4,677



Scope: TOYOBO CO., LTD.

External evaluations



PRIDE Index 2024—Gold Certification



健康経営優良法人 (大規模法人部門)



Recipient of the 2024 42nd IT Awards (Management Category)

FTSE
4.2

MSCI
AA

CDP
Climate change
B

Water
A

EcoVadis
Bronze Medal
(Top 35%)

As of July 2025

CEO message

Getting things done and delivering results through one team management

Realizing the corporate philosophy “Jun-Ri-Soku-Yu”

As a business leader, what I value most is Toyobo Group’s corporate philosophy, “Jun-Ri-Soku-Yu.” This phrase was one of the guiding maxims of our founder, Eiichi Shibusawa, and it means that adhering to reason leads to prosperity for society. In other words, by contributing to the resolution of social issues through our products, services, and technologies, we enrich both people and the planet and we grow together. It is through people taking action and working together in teams and organizations that these essential tasks are achieved. By approaching work with pride and a sense of purpose, both individuals and the Group grow together. For our management team, enhancing corporate value through the realization of this philosophy is our mission.

Review of fiscal 2025

Looking back at the business environment surrounding our Group, in Japan, a gradual economic recovery, along with progress in reflecting cost increases in product and service pricing, led to a shift toward an inflationary trend. Globally, the

U.S. economy remained strong, but signs of weakening demand emerged amid rising inflation. In China, economic recovery was delayed by the prolonged real estate downturn and sluggish consumer spending, while deflationary pressures continued to expand.

Under these business conditions, shipments of products such as polarizer protective films for LCDs and enzymes for diagnostic reagents held firm. In addition, in businesses requiring improvement—such as the packaging film and nonwoven materials businesses—the restructuring of production systems and price revisions supported performance, resulting in net sales of ¥422.0 billion, up 1.9% year on year, and operating profit of ¥16.7 billion, a surge of 85.1% year on year. However, net profit for the period was limited to ¥2.0 billion due to factors including foreign exchange effects, loss on disposal of non-current assets, and profit attributable to non-controlling interests. Although performance is on a recovery trend, it has not yet returned to its optimal profitability level and remains in the process of recovery.

For fiscal 2026, we expect higher net sales and profits, supported by continued progress in businesses requiring improvement, such as packaging film, and the impact of growth investments in the Life Science segment and other areas. Fiscal 2026 net sales are projected to be ¥440.0 billion with operating profit of ¥21.0 billion (EBITDA ¥46.0 billion) and net profit of ¥4.5 billion*.

* Forecast as of May 2025

Ikuo Takeuchi
President & Representative Director
CEO & Co-COO





“Our stance of creating new value—by combining technical expertise, close engagement with customers and markets, and meticulous responsiveness—is a driving force that paves the way for our Group’s future.”

”

Progress of the 2025 Medium-Term Management Plan

The 2025 Medium-Term Management Plan (2025 MTP), announced in May 2022, divides the nine-year period toward realizing Sustainable Vision 2030 into two distinct phases. The first stage, covering fiscal 2023 to fiscal 2026, was designated as “four years to rebuild and prepare” and progress has been made accordingly. This designation reflects the circumstances in 2020, the year prior to formulating the 2025 MTP, which included events that shook confidence in our capabilities as a manufacturer—such as a large-scale fire and quality-related incidents—while, apart from the industrial film sector, business growth had largely stalled.

Over the past three years, we have advanced four key initiatives: thorough safety, disaster prevention, and quality assurance; reorganization of the business portfolio; preparations for the future;

and reestablishment of foundation. Regarding thorough safety, disaster prevention, and quality assurance, we strengthened our check systems as a preventive measure, while expanding training programs and promoting organizational development to foster a culture of safety and quality, achieving significant progress. As for reestablishment of foundation, we have implemented a range of measures across personnel, assets, systems, and organizational culture. In terms of human resources, we conducted training to develop on-site leaders supporting manufacturing and the next generation of management, while also promoting initiatives in diversity and health and productivity management. In addition, we made investments to update aging factory infrastructure and worked to establish and strengthen our risk management and compliance frameworks. In terms of preparations for the future, concrete initiatives toward commercialization have begun in some areas. For example, the high-heat-resistant polyimide film XENOMAX® is being developed as an alternative to glass for electronic components, including areas

such as space applications, which hold great potential. In addition, with support from the New Energy and Industrial Technology Development Organization (NEDO), we are advancing highly efficient production technology through continuous cultivation of biosurfactants and conducting field trials in Brazil for their use as pesticide adjuvants. In these ways, products unique to Toyobo Group are emerging. Preparations are steadily progressing, and we are now entering the stage of turning these initiatives into tangible results.

[Green strategy](#) [Progress of biosurfactant MEL](#) > p.37

Delay in reorganization of the business portfolio

However, in terms of performance, the operating profit forecast for fiscal 2026 was ¥21.0 billion as of May 2025, significantly below the initial target of ¥35.0 billion announced in May 2022. The main reason is the delay in the reorganization of the business portfolio. Since the start of the 2025 MTP, the textiles sector, included in the businesses requiring improvement, has returned to profitability, and losses in the contract manufacturing business of pharmaceuticals and airbag fabrics sectors have steadily declined, putting these sectors on track to achieve profitability. At the same time, packaging film positioned as a business focusing on expansion, and nonwoven materials, classified as a stable earning business, recorded a deficit partly due to soaring raw material and fuel costs. Moreover, profit growth in businesses focusing on expansion fell short of expectations, resulting in an overall delay in improving asset efficiency.

For fiscal 2026, we will continue enhancing profitability in businesses requiring improvement and reducing capital employed, while ensuring that growth investments made over the past three years in businesses focusing on expansion deliver their intended results. Two years have passed since the establishment of TOYOBO MC Corporation, a joint venture with Mitsubishi Corporation, positioned as a stable earning business in the Environmental and Functional Materials segment. The Company has made progress in building a solid management foundation, and the seeds of future

growth are beginning to emerge. Moreover, through rigorous action to achieve targets and swift execution of profit improvement measures, a new corporate culture—previously unprecedented within Toyobo—is gradually taking shape. By channeling the results of these organizational and cultural transformations, including those at TOYOBO MC Corporation, back into Toyobo Group, we aim to maximize synergies from a medium- to long-term perspective.

Initiatives for Toyobo Transformation (TX)

The evolution of digital technologies and AI will continue to accelerate. Against this backdrop, under the leadership of the management team, we are undertaking a “revolution” to add value, aimed at reducing the burden on the workplace and improving operational efficiency. Toyobo Transformation (TX) is driving a transformation of Toyobo, changing traditional ways of working and business practices to become a more sustainable company. With the labor force gradually contracting in Japan, improving productivity is an urgent challenge. In TX, an important goal is not only to streamline operations through digital tools but also to foster a shift in mindset among all employees. Through these initiatives, we are advancing organizational culture transformation while cultivating talent that will serve as a driving force for innovation.

Innovation strategy Driving transformation toward a stronger company through TX > p.32

The vision beyond recovering earning power

The groundwork for achieving operating profit of ¥30.0 billion is largely in place. Compared with fiscal 2025, we expect fiscal 2026 to see a ¥7.0 billion increase from enhancements to businesses requiring improvement, with a further ¥10.0 billion projected by fiscal 2029 from the effects of growth investments.

With the domestic market showing little expansion, we see further potential to grow the Group’s overseas sales—which currently account for roughly 40% of total revenue—by focusing on globally competitive products in the Life Science, environmental, and electronics sectors. In addition, amid the global trend toward decarbonization, demand is increasing for bio-based and recyclable plastics. Leveraging our strengths in these areas, the Group aims to achieve resilient and sustainable growth while contributing to the resolution of social challenges through its business activities.

Accurately predicting the future 10–20 years from now—or beyond—is not easy. Even in an era of rapid change, we are confident that capitalizing on the Group’s unique strength in materials and science to continuously create innovative solutions for people and the planet will be key to sustainable growth. For example, the current success of our display films stems from technology originally developed for packaging films, which was applied to new markets through dialogue and collaboration with customers. In this way, our stance of creating new value—by combining technical expertise, close engagement with customers and markets, and meticulous responsiveness—is a driving force that paves the way for our Group’s future.

Centered on our three core businesses of Films, Life Science, and Environmental and Functional Materials, we are promoting shared technological platforms. This enables the development of innovative products that are difficult for competitors to replicate. For instance, the fusion of biotechnology and polymer technology allows us to create plastics that do not rely on petrochemicals and to offer functional materials derived from renewable bio-based sources. These unique technological synergies empower us to explore new markets beyond the scope of existing businesses and strongly support our efforts to establish the next core business.

To our stakeholders

As the Group’s CEO, I take seriously the current situation in which our price-to-book (P/B) ratio stands below 1.0. To raise

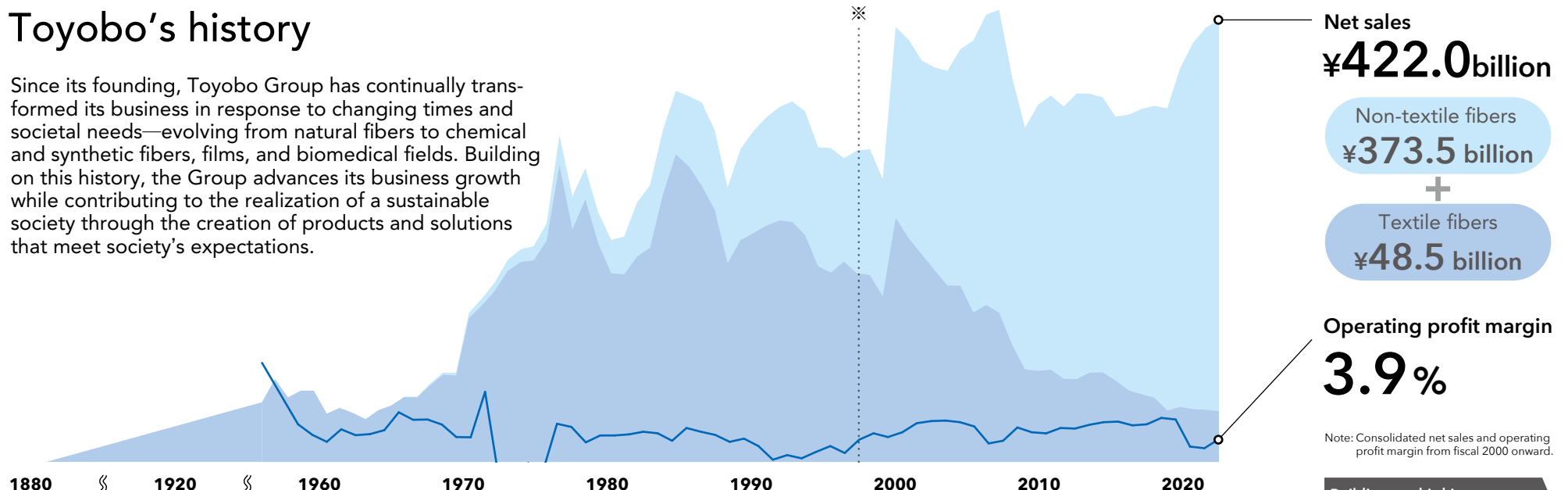


this ratio, our priority is to restore ROE to 5% at an early stage, aiming to achieve operating profit of ¥30.0 billion. In addition, through reorganization of the business portfolio, we will drive improvements in both profitability and asset efficiency, targeting an ROE exceeding 8% and a P/B ratio of 1.0 by fiscal 2031. To achieve these goals, each executive will act with a strong sense of ownership, engage in thorough discussions as one team, reflect each commitment in the next Medium-Term Management Plan, and implement initiatives with full determination. In fiscal 2026, we are transitioning to a company with an Audit and Supervisory Committee, clearly separating the execution and oversight functions. Under a Board of Directors in which outside directors hold the majority, we are further strengthening our governance framework and establishing a structure that allows us to focus on discussions aimed at enhancing corporate value and achieving sustainable, long-term growth. Executive officers will continue to build trust with all stakeholders, including outside directors, by reliably achieving the targets they have set.

The groundwork for transformation is now firmly in place. The next step is to execute what needs to be done through one-team management and deliver results. We look forward to seeing Toyobo Group firmly recover earning power while continuing to take on challenges for the future. We sincerely appreciate the continued support of all our stakeholders.

Toyobo's history

Since its founding, Toyobo Group has continually transformed its business in response to changing times and societal needs—evolving from natural fibers to chemical and synthetic fibers, films, and biomedical fields. Building on this history, the Group advances its business growth while contributing to the realization of a sustainable society through the creation of products and solutions that meet society's expectations.



1880 1920 1960 1970 1980 1990 2000 2010 2020

1882-1960s

From founding to entry into synthetic fibers, becoming the largest scale spinning company in Japan



1882
Osaka Boseki established
Commencement of the spinning business



1956
Entered the synthetic fiber business



1963
Entered the film business



1914
Toyobo born from the merger of Osaka Boseki and Mie Boseki



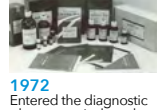
1966
Merged with Kureha Boseki, creating Japan's largest scale spinning company

1970s-1990s

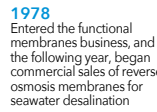
From film expanded into plastics, functional membranes, and biotechnology



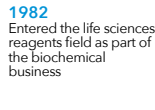
1970
Entered the plastics business



1972
Entered the diagnostic pharmaceuticals and materials business



1978
Entered the functional membranes business, and the following year, began commercial sales of reverse osmosis membranes for seawater desalination



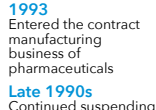
1982
Entered the life sciences reagents field as part of the biochemical business



1982
Celebrated 100th anniversary



1991
Entered the high-performance fibers business

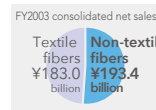


1993
Entered the contract manufacturing business of pharmaceuticals

Late 1990s
Continued suspending spinning plants, implementing a strategy of selection and concentration

2000s-2010s

Further expansion into the environment, life sciences, and high-performance resins



2002
Consolidated net sales of the non-textiles business exceeded those of the textiles business



2009
Entered the cosmetic ingredients field as part of the biotechnology business



2013
Began offering super retarder film for polarizer protection in LCDs



2019
Acquired shares in Teijin Film Solutions Limited and made PT. Indonesia Teijin Film Solutions a subsidiary

2020s

Transforming businesses and our organization for the next leap forward



2020
Began offering in vitro diagnostic reagents for COVID-19



2023
TOYOBO CO., LTD., and Mitsubishi Corporation established TOYOBO MC Corporation, a joint venture in the functional materials field

Building on this history, we are providing diverse solutions.

New circular plastic solutions

Environmental active clean solutions

Well-being solutions

Social issues and market needs

Development of Japanese industry

- Expansion in light industries such as spinning and silk production

Postwar reconstruction and rapid economic growth

- Improved quality of clothing, food, and housing

Stable growth period

- Increasing pollution issues due to air contamination
- Pursuit of comfort in clothing
- Rise in traffic accidents due to motorization

Advancement in information technology and globalization

- Increase in lifestyle-related diseases
- Water scarcity issues recognized worldwide

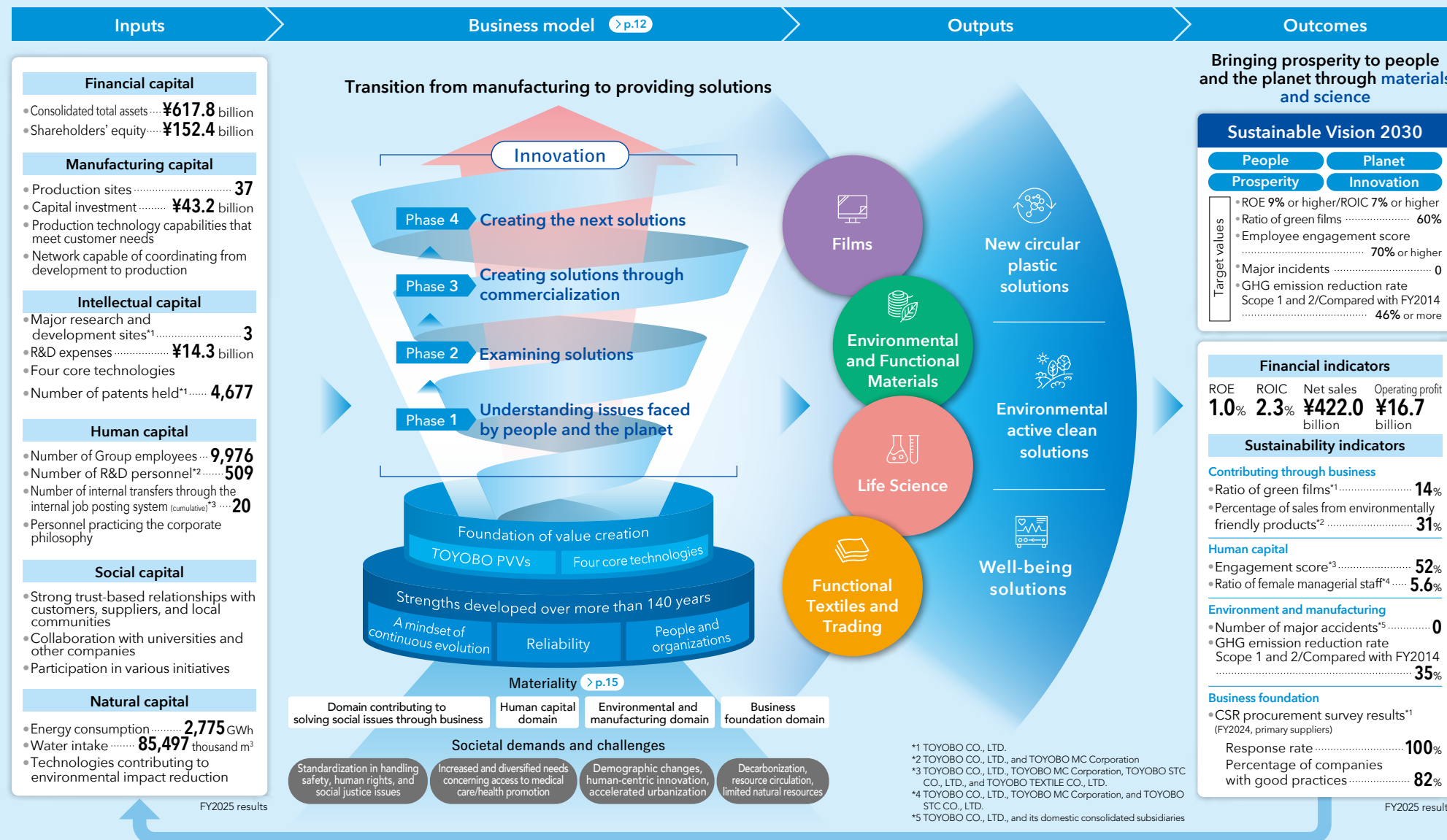
Rising environmental awareness and evolution of digital technology

- Proliferation of LCD televisions
 - Growing attention to food waste
 - Widespread adoption of smartphones
- Spread of the COVID-19 pandemic
 - Advancement and wider adoption of generative AI

Value creation process

Sustainable Vision 2030

Corporate philosophy: Jun-Ri-Soku-Yu



Toyobo's strengths: Three key strengths and the TOYOBO Spirit

 Corporate Philosophy Framework

Toyobo Group creates unique value based on three key strengths and four core technologies cultivated over more than 140 years of history. These three strengths are part of the Group's DNA and are carried forward in the TOYOBO Spirit, as declared in our corporate philosophy framework, TOYOBO PVVs, representing values we continue to cherish.

TOYOBO Spirit:

9 Commitments

Challenge



Reliability



Collaboration



A mindset of continuous evolution through adaptation to environmental changes

Since our founding, we have contributed to resolving social challenges in line with the times. We have taken on new business areas—from natural fibers to the chemical and synthetic fibers, films, and biomedical fields—creating the “new” that society demands. Through these experiences, our Group has inherited the ability to anticipate change, think creatively with flexibility, and persevere with uncompromising determination. We will continue to refine our technical capabilities and spirit of challenge to respond to changing customer needs and business environments. By combining our four core technologies with marketing insight and digital technology, we aim to generate innovations that contribute to solving social issues.

[Toyobo's history](#) > p.08 [Driving transformation toward a stronger company through TX](#) > p.32

Related materiality indicators

- Items under “Domain contributing to solving social issues through business” > p.16
- Items under “Innovation” > p.17

Reliability earned from society over many years

Through activities in safety, disaster prevention, quality assurance, and compliance, the Group has, for more than 140 years since its founding, continuously earned the unwavering trust of stakeholders, including our customers. We strive to understand what our customers truly need and respond proactively, taking the initiative whenever possible. In addition, strong results in CSR procurement surveys demonstrate that we have built solid, reliable relationships with our suppliers. The Group will continue to fulfill its responsibilities as a member of society and contribute to its development, remaining a Group trusted by all stakeholders through its business activities.

[Safety and disaster prevention](#) > p.47 [Quality](#) > p.48 [Compliance](#) > p.52

Related materiality indicators

- Items under “Safety and disaster prevention” and “Quality” > p.16
- Items under “Partnerships” and “Compliance” > p.17

People and organization driving business activities and transformation

To sincerely respond to stakeholder requests, we have cultivated personnel and an organizational culture that embraces flexible thinking. During past periods of structural reform, change agents with strong convictions collaborated with supportive personnel to advance these initiatives. The integrity and adaptability of our Group have fostered a culture of mutual respect and co-creation—not only with external stakeholders but also among employees across all business units—shaping the distinctive character of Toyobo today. In recent years, the business environment has been changing rapidly and dynamically. The Group sees this not only as a risk but also as an opportunity. We welcome change, enjoy change, and create change.

[Human resource strategy](#) > p.25

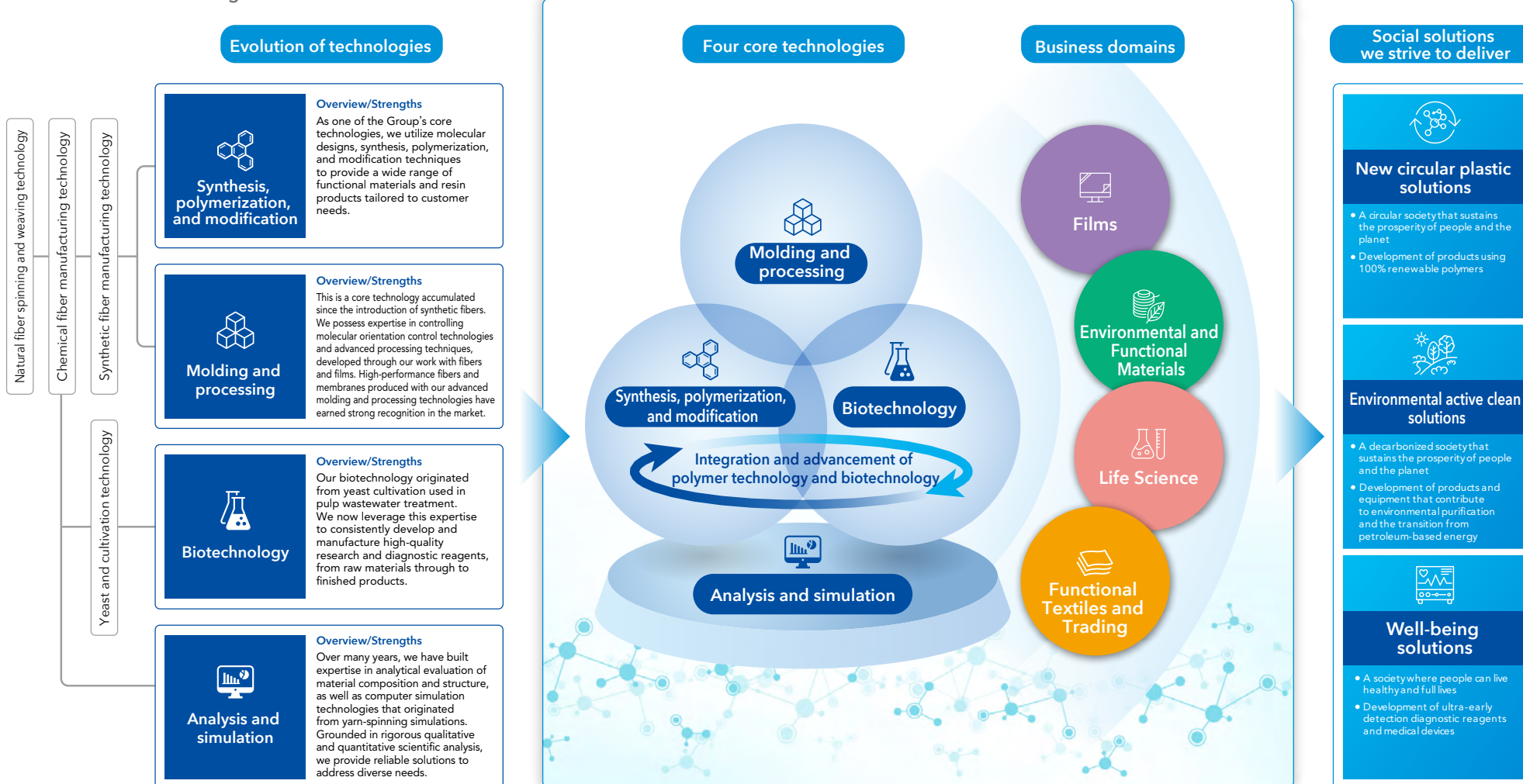
Related materiality indicators

- Items under the “Human capital domain” > p.16

Toyobo's strengths: Four core technologies

Since its founding, Toyobo Group has focused on technological development, which has evolved into four core technologies. Going forward, we will focus particularly on the integration and advancement of polymer technology and biotechnology, working to further strengthen our core technologies. By leveraging these unique capabilities, we will continue to create solutions that address the needs of people and the planet.

How our technologies drive solutions



Value creation cycle: Toyobo Group's business model

 Voice by TOYOBO: Our owned media that conveys the heartbeat of TOYOBO (Japanese only)

Toyobo Group enhances the various types of capital that support its business model while driving a value creation cycle for people and the planet, providing advanced manufacturing that maximizes material potential and offering next-generation solutions. Using one of our flagship products, the polarizer protective films for LCDs COSMOSHINE SRF®, as an example, we will introduce Toyobo's distinctive value-creation cycle.



The four forms of capital supporting the value creation cycle

The source for realizing the Group's vision—"We will continue to create the solutions needed by people and the planet with our materials and science"—lies in the management capital we have cultivated over the years, including our employees. We identified the key forms of capital that underpin Toyobo Group's value creation cycle through extensive internal discussions and review by the Sustainability Committee. To achieve a more prosperous society, we will both strengthen these forms of management capital and accelerate the value creation cycle.

	 Human capital	 Manufacturing capital	 Intellectual capital	 Social capital
Details	• 9,976 employees • 509 R&D personnel • 20 internal transfers through the internal recruitment system • Personnel practicing the corporate philosophy	• 37 global production sites • Capital investment of ¥43.2 billion • Production technology capable of meeting customer needs • Network enabling collaboration from development to production	• 3 major R&D centers • R&D investment of ¥14.3 billion • Four core technologies • 4,677 patents held	• Strong trust-based relationships with customers, suppliers, and local communities • Collaboration with universities and other companies • Participation in various initiatives
Direction for enhancement	• Developing next-generation talent to enhance human capital • Providing opportunities for acquiring new skills • Utilizing the internal recruitment system to leverage diversity • Establishing diverse work arrangements	• Establishing robust systems for transferring technical expertise • Improving production efficiency through digital technologies • Generating added value through process innovation	• Developing specialized human resources in key value areas • Promoting inventions through the invention reward system • Improving development efficiency through digital technologies	• Conducting human rights due diligence • Conducting environmental due diligence • Supporting young researchers through research grants and other initiatives
Reason for considering as management capital	The most important source of value creation for Toyobo Group is its employees. Guided by the shared values set out in the corporate philosophy framework, TOYOBO PVs, our diverse workforce—possessing expertise as a materials manufacturer and a wide range of skills—creates new value by mutually respecting and inspiring one another. We believe that each employee thriving with pride and a sense of purpose is key to the sustainable growth of Toyobo Group. Going forward, we will accelerate the creation of innovation by providing environments and opportunities where diverse talent can demonstrate their abilities beyond organizational functions and roles.	For more than 140 years, the Group has been fully committed to manufacturing. From natural fibers to the present day, we have consistently transformed ideas and technologies into tangible solutions that address social challenges, creating products that continue to be chosen by our customers. This production technology, which fulfills customer needs, is considered a key form of manufacturing capital for solving social issues and realizing a prosperous society. Going forward, we will not only pass on our unique production technologies but also leverage digital technologies to improve productivity and create added value, continuously meeting the expectations of our stakeholders.	Throughout its history, Toyobo Group has repeatedly transformed its technologies in response to social challenges. Originating from its founding spinning business, the Group has developed its four current core technologies while adapting to changes in societal needs. We believe that this process of transformation, driven by flexible thinking and earnest technological development, is the source of our competitive advantage in intellectual capital. We will continue to advance our core technologies through reliable knowledge transfer and create new solutions, contributing to the realization of a prosperous society.	To realize a prosperous society, collaboration with business partners is indispensable. In addition, we will accelerate value co-creation through open innovation with industry, government, and academia. Building strong trust-based relationships with diverse stakeholders is essential for providing solutions needed by people and the planet. We will continue to earn the trust of our stakeholders and contribute to solving social challenges by co-creating new businesses.

Toyobo Group Vision

Road map to realize our vision

Guided by the values our Group holds dear, we will deepen the value creation process and advance various strategies centered on the Medium-Term Management Plan to achieve sustainable growth.

Toyobo's values

TOYOBO
PVVS

Principle *Jun-Ri-Soku-Yu*
Adhering to reason leads to prosperity

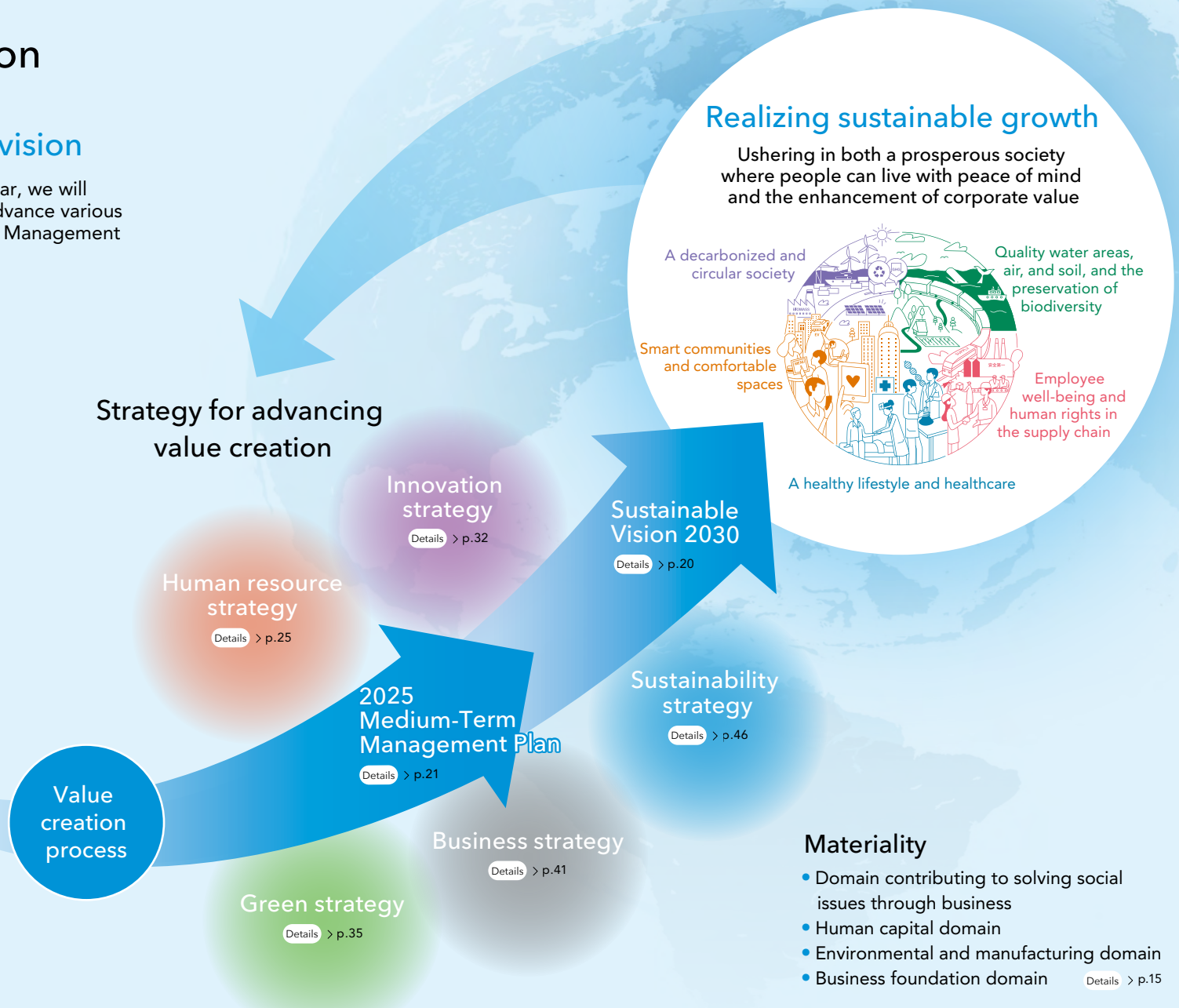
Vision We will continue to create the solutions needed by people and the earth with our materials and science.

Values We welcome change, enjoy change, and create change.

Corporate philosophy framework > p.03

Three key strengths and the TOYOBO Spirit
Details > p.10

Four core technologies
Details > p.11



Materiality

Toyobo Group, in response to stakeholder demands and expectations, identifies material issues and drives various initiatives through its business activities to achieve its vision of “a Group that continues to create the solutions needed by people and the planet.”

Toyobo Group’s materiality

The materiality of the Group was initially identified in May 2020 and has since been reviewed considering our Sustainable Vision 2030, leading to the current framework. By assessing both the impact on stakeholders and the Group, we have clarified high-priority goals and organized them into four key areas: contributing to the solving of social issues through business, human capital, environment and manufacturing, and business foundations (see diagram below).

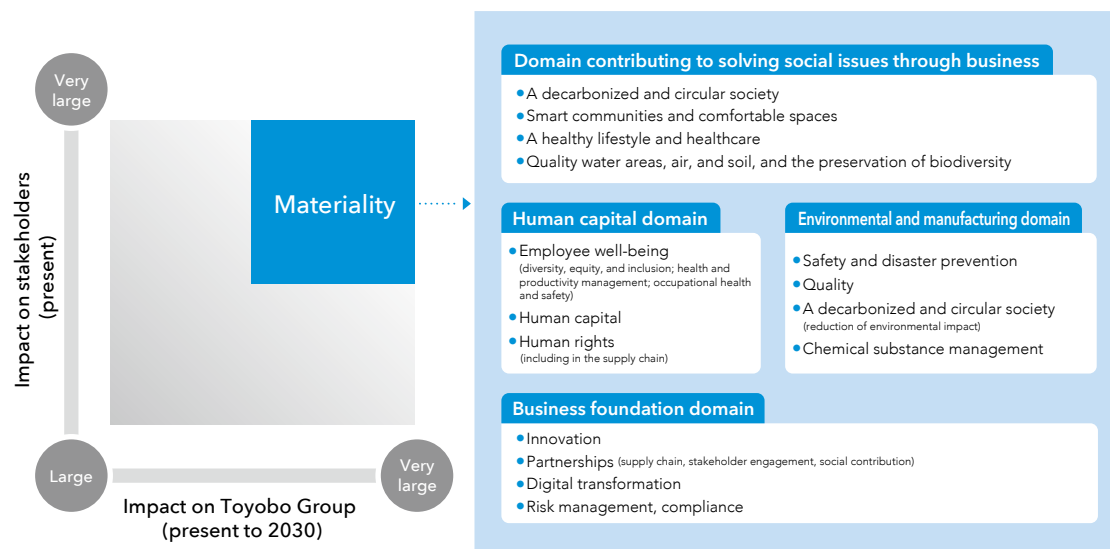
Process of identifying material issues

We reviewed external initiatives and 12 international guidelines, including the GRI Standards, to select candidate items. The positive and negative impacts of these issues were assessed through internal questionnaires and interviews. After considering feedback from external parties, such as institutional investors, we finalized our material issues with the approval of the Board of Directors. We will continuously review our material issues in line with changes in the external environment and management policies.

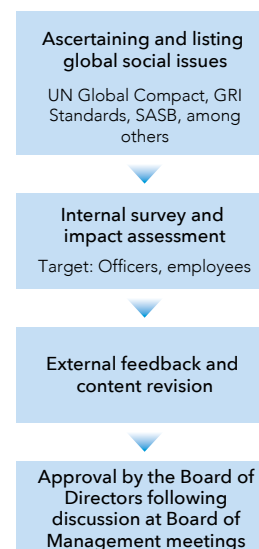
Management of materiality indicators (PDCA)

To ensure steady progress on our materiality initiatives, we have assigned officers to each materiality and established corresponding targets and indicators. We report and share progress on indicators at least once a year within the Sustainability Committee and, based on this progress, review and adjust targets and indicators to continuously enhance our efforts. In addition, the discussions within the Sustainability Committee are reported to the Board of Directors as appropriate. In fiscal 2026, we will review the materiality indicators and reflect them in the next Medium-Term Management Plan.

Materiality map



Identification process



TOPICS Enhancing R&D personnel’s intellectual property mindset and motivation to contribute to business

Distinctive indicator–Innovation domain: Number of first-time inventors

We have set as an indicator the number of R&D personnel listed as inventors on a patent application for the first time. This aims to raise awareness of translating R&D outcomes into patent applications, with a particular focus on the following two objectives:

- 1 Cultivating an intellectual property mindset among R&D personnel with limited development experience and building organizational support for it
 - 2 Increasing motivation to contribute to business revenue
- In the first year of measurement, fiscal 2025, supervisors and members of the Intellectual Property Department provided intensive guidance and advice to the targeted R&D personnel, resulting in achievement of 180% of the target indicator, significantly exceeding expectations.

Risks, opportunities, and materiality in achieving the vision



Materiality indicators

April 1, 2025

Category	Major items	Risks	Opportunities	Indicators			
				Themes	FY2026 indicators	FY2025 results	Officer in charge
Domain contributing to solving social issues through business	A decarbonized and circular society	Short, medium, and long term • Greenhouse gas (GHG) reduction efforts • Increase in environmental impact costs • Losses due to environmental pollution	Short, medium, and long term Growth and expansion of products and businesses contributing to the following: • A decarbonized society • A resource-circulating society • People's well-being • Comfortable living	1. Expansion of ECO-PARTNER SYSTEM® products and services that contribute to the environment 2. Greening of the film business	1. Sales ratio of 40%*1 2. 60%*1	1. 31% 2. 14%	1. Taichi Sakai 2. Masanao Kudo
	A healthy lifestyle and healthcare			1. Number of tests through the provision of infectious disease diagnostic reagents 2. Number of dialysis patients provided with dialysis membranes	1. 10 million times per year*1 2. 250,000 patients*1	1. 1.29 million times per year 2. 198,000 patients	Takahito Sagara
	Smart communities and comfortable spaces			1. Expansion of sales volume for products supporting DX	1. 1.5 times FY2021*1	1. 1.38 times	Masanao Kudo
Human capital domain	Employee well-being (diversity, equity, and inclusion, health and productivity management, occupational health and safety)	Short and medium term • Human rights violations in the supply chain • Absences due to mental health issues and reduced productivity due to lower job satisfaction • Losses and business impact from occupational accidents	Medium and long term • Work-style reforms emphasizing diversity • Talent development and creating a supportive workplace • Retaining top talent through health and productivity management	1. Training investment per employee and training time 2. Ratio of female managerial staff 3. Ratio of male employees taking childcare leave 4. Employment ratio of people with disabilities 5. Ratio of overworked employees 6. Ratio of annual paid leave taken per year 7. Certification as a "2025 Health & Productivity Management Outstanding Organization" (Large Enterprise Category) 8. Employee engagement score 9. Positive response rate of employee engagement score ① Items related to daily work execution ② Items related to respect for diverse opinions and perspectives 10. Number of key overseas personnel attending training in Japan	1. ¥50,000 per year, 21 hours 2. 5.0% or more 3. At least 80% of eligible employees (Average number of days taken: 14 days or more) 4. 2.5% (2.7%*2) 5. Year-on-year improvement 6. 75% or more 7. Acquire or maintain 8. At least 70%*1 9. Improvement in score (year on year) 10. 15 people per year	1. ¥44,000 per year, 14.35 hours 2. 5.6% 3. 86.3% (Average number of days taken: 28.2 days) 4. 2.24% 5. 0.26% 6. 79% 7. Maintained 8. 52% 9. ① 42% ② 53% 10. 20 people per year	Takehiko Inada 10. Norio Iizuka
	Human capital (Toyobo Group)			1. Implementation of human rights education and training	1. Holding human rights study sessions and training for Group employees 10 times or more per year	1. 2 sessions for managerial staff, 15 sessions for others Number of participants: 792 per year	Norio Iizuka
Environmental and manufacturing domain	Safety and disaster prevention	Short and medium term • Recurrence of similar disasters or troubles • Loss of social credibility due to accidents or scandals	Short, medium, and long term • Cultivating a safety culture • Accumulating know-how in preventive maintenance	1. Number of major accidents* 2. Frequency rate of workplace accidents resulting in lost workdays 3. Number of fires or explosions 4. Number of environmental and spill accidents * Set internal standards based on definitions stipulated by the Ministry of Health, Labour and Welfare Note: Items 1–4 are aggregated from January to December.	1. 0 incidents per year 2. 0.25 or less 3. 0 incidents per year 4. 0 incidents per year	1. 0 incidents per year 2. 0.40 3. 0 incidents per year 4. 1 incident per year	Taichi Sakai
	Quality	Short, medium, and long term • Loss of social credibility due to inaccurate data handling or inappropriate product shipments	Short, medium, and long term • Improving customer satisfaction and social credibility	1. Number of incidents related to products* 2. Implementation of product safety and quality assurance training * Set internal standards based on definitions stipulated by the Ministry of Economy, Trade and Industry	1. 0 incidents per year 2. 100%	1. 0 incidents per year 2. 100%	Masakazu Iwasaki
	Chemical substances management	Short, medium, and long term • Loss of business opportunities due to non-compliance with chemical substance regulations	Short, medium, and long term • Strengthening business profitability through compliance with laws and regulations • Improving customer satisfaction and social credibility	1. Major disasters (Level IV) 2. Number of environmental and spill accidents (Level III) 3. Environmental law violations (Level III): Pollution control laws, Poisonous and Deleterious Substances Control Act, Act on Waste Management and Public Cleansing Note: Items 1–3 are aggregated from January to December.	1. 0 incidents per year 2. 0 incidents per year 3. 0 incidents per year	1. 0 incidents per year 2. 1 incident per year 3. 0 incidents per year	Taichi Sakai
	A decarbonized and circular society (reducing environmental impact)	Short, medium, and long term • Increased risk of extreme weather and natural disasters due to climate change • Environmental impact from waste and emissions • Water resource shortages or depletion	Short, medium, and long term • Expanding demand for products contributing to climate change mitigation (resource conservation, energy saving, low carbon) • Reducing energy costs through improved production efficiency • Lowering environmental conservation costs	1. GHG emissions Scope 1 and 2 (consolidated) 2. VOC emissions (domestic total) 3. Discharge of hazardous substances into water bodies (domestic total) 4. Amount of waste emissions (consolidated) 5. Final disposal (landfill disposal) rate (domestic total)	1. At least 46% reduction compared with FY2014*1 2. 60% reduction compared with FY2015*1 3. 80% reduction compared with FY2024*1 4. 15% reduction compared with FY2016*1 5. Less than 1% per year	1. 35.4% reduction (784 thousand t-CO ₂) 2. 86% reduction 3. 41% reduction 4. 3% reduction 5. 0.40%	Taichi Sakai

Some indicators do not cover all Group companies.

*1 FY2031 indicators *2 FY2027 indicators

Risks, opportunities, and materiality in achieving the vision



Materiality indicators

April 1, 2025

Category	Major items	Risks	Opportunities	Indicators			
				Themes	FY2026 indicators	FY2025 results	Officer in charge
Business foundation domain	Governance	Medium and long term • Compliance with laws and regulations, and responding to system changes • Social demands for strengthening corporate governance	Medium and long term • Practicing sustainability management aimed at enhancing corporate value	1. Number of meetings of the Board of Directors/ Nomination and Compensation Advisory Committee 2. Attendance rate of officers at meetings in 1. above 3. Content disclosure on effectiveness evaluation of the Board of Directors	1. Disclosure of results 2. Disclosure of results 3. Disclosure of contents of effectiveness evaluation	1. 25 times (17 times / 8 times) 2. Attendance by directors at meetings ⁽¹⁰⁾ 3. Evaluation of the effectiveness of the Board of Directors ⁽¹⁰⁾	Takehiko Inada
	Innovation	Medium and long term • Delays in creating new products and new businesses due to decreased competitiveness in R&D • Decline in product demand due to changes in customer needs	Medium and long term • Creating new markets by developing new products and businesses that address social issues • Early response to changes in customer needs and strengthened regulations	1. Promotion of development in the three key themes 2. Number of new inventors 3. Number of intellectual property education sessions for Toyobo and Group companies	1. At least 75% 2. At least 30 people 3. 20 times per year	1. 92% (11 out of 12 organizational tasks achieved) 2. 54 people 3. 24 times per year	Katsuya Ito
	Partnerships (supply chain)	Short, medium, and long term • Negative impact on business activities due to illegal actions or compliance violations by suppliers	Short, medium, and long term • Securing social sustainability and long-term competitive advantage	1. Ratio of CSR procurement surveys returned (conducted every other year) 2. Ratio of reduction in CO ₂ emissions (intensity) related to logistics (sales)	1. 90% or more 2. Reduction of 0.5% year on year	1. Not conducted 2. Increase of 3.4% year on year	Taichi Sakai
	Partnerships (stakeholder engagement)	Short, medium, and long term • Failure to fulfill accountability leading to unestablished trust with stakeholders • Reputational risk	Short, medium, and long term • Building strong trust relationships with diverse stakeholders	1. Number of press releases 2. Number of dialogue sessions with investors 3. Frequency of engagement with stakeholders 4. Number of meetings with employees and labor unions	1. At least 75 per year 2. At least 150 per year 3. At least 3 times per year 4. 60 times per year	1. 81 cases 2. 130 cases 3. 3 times 4. 62 times	Norio Iizuka 4. Takehiko Inada
	Data security, privacy	Short, medium, and long term • Information leaks, system failures, or stoppages due to cyberattacks • Loss of customer trust, deterioration of relationships with business partners, and decreased competitiveness	Short, medium, and long term • Gaining customer trust, maintaining good relationships with business partners, and improving competitiveness	1. Promotion of information security measures • Renewal of network security infrastructure • Renewal of computer security infrastructure 2. Number of information security training sessions 3. Number of incidents (e.g., information leaks, service outages)	1. 100% completion of renewal 2. 15 sessions per year 3. 0 incidents per year	1. Renewal completion 55% • Network measures 16% • Computer measures 93% 2. 13 times per year 3. 0 incidents per year	Norio Iizuka
	Compliance	Short, medium, and long term • Business activity stagnation, loss of social credibility, and damage to corporate value	Short, medium, and long term • Establishing a stable management foundation • Strengthening risk management systems • Fostering a culture of compliance awareness	1. Improvement of compliance awareness (1) Sufficient dissemination of top management messages (2) Actions mindful of compliance (3) Enhancement of compliance study sessions and various training programs 2. Awareness and use of the compliance consultation desk (1) Awareness of the compliance consultation desk (2) Existence of a desk where employees can consult or report with confidence and trust (3) Disclosure of the number of cases handled by the compliance consultation desk 3. Number of serious violations of laws and regulations	1. (1) Positive survey responses: 80% or higher (2) Positive survey responses: 80% or higher (3) 100% attendance by mandatory participants; at least 12 awareness materials issued per year 2. (1) Positive survey responses: 95% or higher (2) Positive survey responses: 70% or higher (3) Disclosure of actual results 3. Disclosure of actual results	1. (1) Perception of the Company as compliance-focused: 83% ("Strongly agree" or "Somewhat agree") (2) Awareness of case study reports: 79% ("Read every time," "Read occasionally," or "Read topics of interest") (3) Enhancement of compliance study sessions and various training: • Compliance study sessions—100% attendance by required participants • In-house education and training—30 sessions per year 2. (1) 91% (2) Self-policing mechanism (consultation when a violation is recognized)—83%* (3) 116 cases handled 3. 0 cases * Percentage of employees who consult their supervisor (including their supervisor's superior), a specialized department, the labor union, or a consultation desk when they become aware of or are instructed regarding legal or compliance violations.	Takehiko Inada
	Compliance (R&D, intellectual property)			1. Achievement rate of education and anti-fraud activities related to R&D 2. Implementation of audits related to compliance with intellectual property regulations	1. 100% 2. 100%	1. 100% 2. 100%	Katsuya Ito

Some indicators do not cover all Group companies.

CFO message

Pursuing financial strategy with the imperative to achieve numerical targets

Reflecting on fiscal 2025

In fiscal 2025, Toyobo Group posted year-on-year increases in both net sales and operating profit, showing that our performance is steadily recovering. However, during the period of the 2025 Medium-Term Management Plan (2025 MTP), we have continued to fall short of the profit targets set at the beginning of each fiscal year. In fiscal 2025, our announced operating profit target of ¥17.0 billion was narrowly missed, coming in at ¥16.7 billion. Having assumed the role of CFO last fiscal year, I have come to deeply appreciate—through dialogue with people in the capital markets—the importance of persistent efforts to achieve our targets. I believe that the effects of past investments will lead to a clear growth trend for the Group. Nonetheless, we have not yet instilled sufficient confidence in the capital markets, and the stock price has remained sluggish. I strongly feel that to allow stakeholders to fully recognize the Group's future growth potential, it is essential first to achieve our near-term performance targets and build trust.

There are various reasons for the continued shortfall in targets, but one factor is the approach to budgeting at the time the plans were formulated and the progress management that followed. Based on this reflection, for fiscal 2026 we have significantly revised our budgeting method and are enhancing the way we manage performance progress. Another factor weighing on fiscal 2025 results was the delayed launch of growth investments. Pursuing multiple large-scale projects simultaneously left limited capacity in production technology personnel at the time of launch, resulting in significant delays relative to the plan. This is a point that management must reflect on and learn from.

Toward the final year of the 2025 MTP, fiscal 2026

For fiscal 2026, we significantly revised our budgeting approach. Previously, each business division had compiled budgets that included highly challenging action plans, often resulting in overly ambitious targets. In fiscal 2026, during budget preparation, we dedicated more time to discussing each division's business environment and corresponding action plans jointly with the business divisions and management, enabling a thorough understanding of the rationale behind each budget. Based on this, we established a two-tiered budget system: a “must-achieve target” and an “execution target,” which factors in potential upside from successfully implementing action plans. In addition, we introduced a performance evaluation system linked to the level of budget achievement.

On the business front, persistent negotiations between customers and divisions, including the packaging film sector, in response to soaring raw material and fuel costs, have led to progress in product price revisions. In addition, the Films and Life Science segments are advancing the launch of multiple new facilities and plants, which are expected to contribute to sales during fiscal 2026. Based on these initiatives, we set and announced the fiscal 2026 operating profit target of ¥21.0 billion as the minimum “must-achieve target.” We can see a clear path to reliably achieving this target through the execution of the six action plans* outlined in our management policy.

[Overview of the 2025 MTP](#) * [six action plans](#) > p.22

Reorganization of the business portfolio

The business portfolio is segmented into four quadrants—businesses focusing expansion, stable earning businesses,



Taizo Ono
Executive Officer
Chief Financial Officer (CFO)
Controlling Supervisor of
Management and
Administration Division

Overview of the 2025 MTP *1 Six action plans > p.22

Innovation strategy *2 Driving transformation toward a stronger company through TX > p.32

businesses requiring improvement, and new businesses to be developed—based on two axes: a return on capital employed (ROCE) hurdle rate of 6.5% and a compound annual growth rate (CAGR) hurdle of 4.5%. Each business is managed according to its positioning. Internally, efforts are under way to establish ROCE as a standard metric to enhance capital efficiency.

For businesses requiring improvement—textiles, contract manufacturing of pharmaceuticals, airbag fabrics, packaging film, and nonwoven materials—countermeasures are being implemented according to their respective road maps toward profitability. The textiles sector has already returned to the black, and efforts are now focused on further improving asset efficiency. Contract manufacturing of pharmaceuticals had its Warning Letter from the U.S. Food and Drug Administration (FDA) lifted in fiscal 2024, and profitability is expected in fiscal 2026. For airbag fabrics, improving the operating rate of the yarn plant in Thailand has brought fiscal 2027 profitability into sight. On the other hand, packaging film and nonwoven materials saw profitability decline during the 2025 MTP period, and in fiscal 2025 they were reclassified as businesses requiring improvement. Specific restructuring plans are currently under way. For packaging film, we will expedite the early monetization of a new facility through a Company-wide support structure. For nonwoven materials, we will concentrate on enhancing developed products and expanding outsourced production.

For businesses requiring improvement that have not met the ROCE hurdle rate, we must reorganize the business portfolio without excluding any options, including assessing the

continuation of these businesses or considering the optimal owner. While careful explanation to employees, business partners, and other stakeholders is essential and will require time, we will proceed with a strong awareness of the speed expected by the capital markets for portfolio reforms. For businesses focusing expansion, we are making

aggressive investments to strengthen competitive advantages. These businesses include industrial film and Life Science. In industrial film, we are doubling production capacity for mold releasing film for MLCC to support growing sales in line with market growth. We have also decided on an investment to increase production of COSMOSHINE SRF®, polarizer protective films for LCDs, by approximately 30%. For Life Science, in the biotechnology sector, investments to expand production capacity for raw enzymes for biochemical diagnosis, as well as reagents for PCR testing and genetic diagnostic reagents, are progressing smoothly, and operations have already begun for both. In the medical business, we constructed an integrated production plant for artificial kidney hollow fiber jointly with Nipro Corporation, aiming to expand market share through increased overseas sales. As our current performance is clearly moving in a positive direction, as CFO I will work to further accelerate this momentum while actively communicating our progress to external stakeholders.

Financial strategy for the next Medium-Term Management Plan

Looking ahead to the next MTP, we recognize that the greatest challenge is improving return on equity (ROE). The capital markets expect us to achieve an ROE of 8%, and our first step is to raise ROE to 5% at an early stage, with a target of exceeding 8% by fiscal 2031. An ROE of 5% corresponds to operating profit of approximately ¥30.0 billion, which we believe can be achieved through the six action plans,*1 specifically through measures for businesses requiring improvement, securing growth investment returns, narrowing down of investment and expenses, and cost reduction, and reducing capital employed.

For businesses requiring improvement, various measures, including product price revisions and production system adjustments, are expected to generate an additional ¥7.0 billion in operating profit in fiscal 2026 compared with fiscal 2025. Furthermore, monetizing large-scale investment projects

that have already been implemented is expected to contribute approximately ¥10.0 billion in additional operating profit by fiscal 2029 relative to fiscal 2025. From the perspective of reducing capital employed, we are reviewing existing fixed assets as part of ongoing optimization efforts.

From the perspective of cash flow allocation, the Group's capital expenditures peaked in fiscal 2024 and have been gradually declining since. Once operating profit reaches the ¥30.0 billion range, free cash flow will become more ample, allowing us to repay borrowings and pay dividends while maintaining a stable financial position. By further strengthening financial stability, we can reinvest in employees through enhancements to the working environment, improved compensation, and work-style reforms, thereby reinforcing the talent base that drives our business. Investments in digitalization are being actively pursued. Currently, Toyobo Transformation (TX)*2 is under way, led by the Toyobo Transformation and Business Innovation Department. For example, when an operational efficiency initiative succeeds at one site, it can be horizontally deployed to achieve an even greater impact.

To our stakeholders

Compared with previous periods, Toyobo Group's performance has been steadily recovering, and we believe this has been acknowledged and appreciated by the capital markets. However, even with improvements in cash flow, we recognize that further progress is still needed.

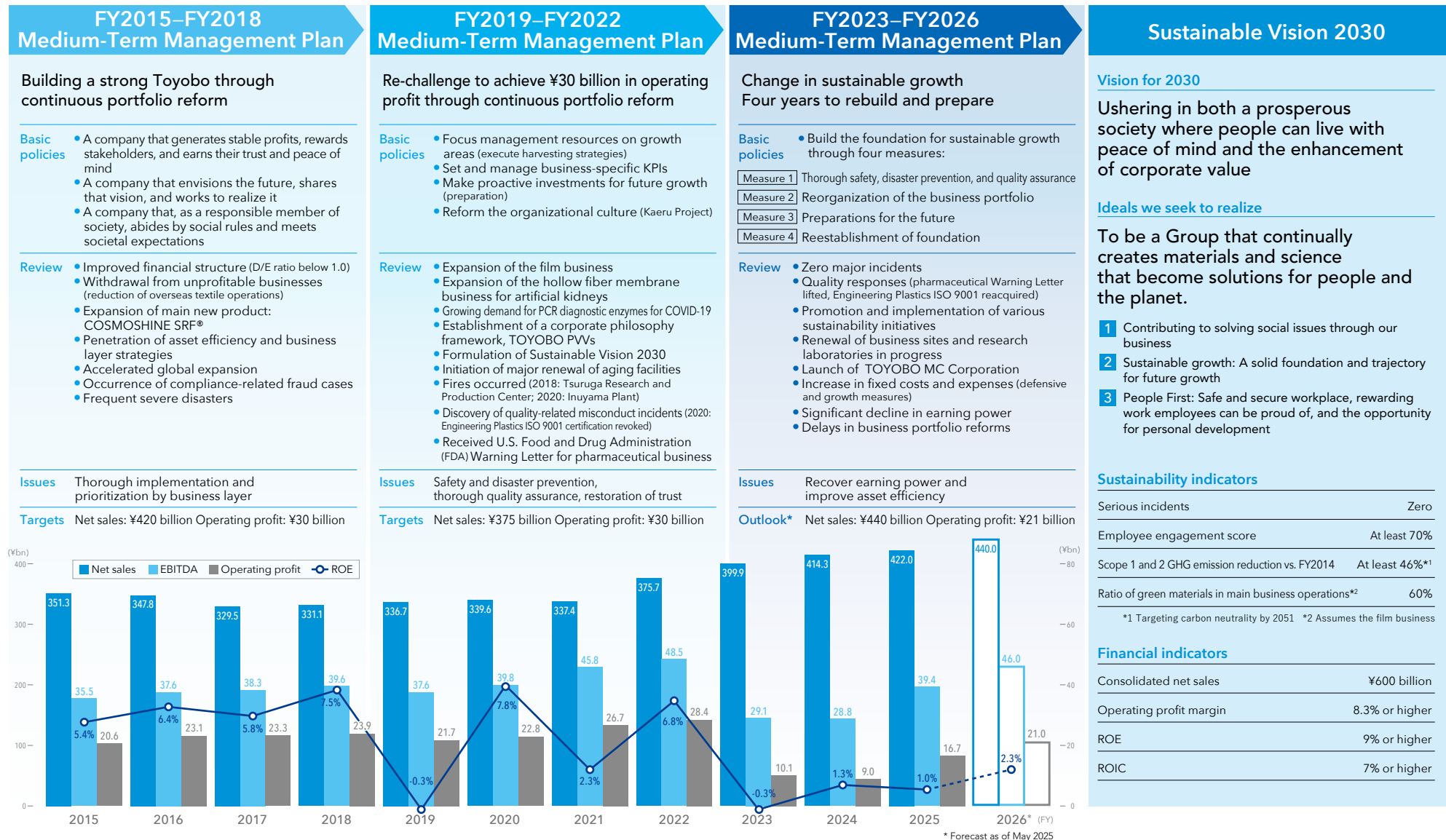
Going forward, including fiscal 2026, we will restore the trust of the capital markets by reliably achieving the targets we have set. Furthermore, by improving ROE and actively communicating our growth story, we believe we can foster a tangible sense of progress, driving an increase in the stock price and achieving a P/B ratio of 1.0.

As CFO, I will prioritize key initiatives, first recovering our earning power and then driving growth under the next MTP. To achieve this, we will diligently implement the six action plans,*1 and I sincerely ask for your continued support.



Medium-Term Management Plan

Review of the Medium-Term Management Plan and long-term vision



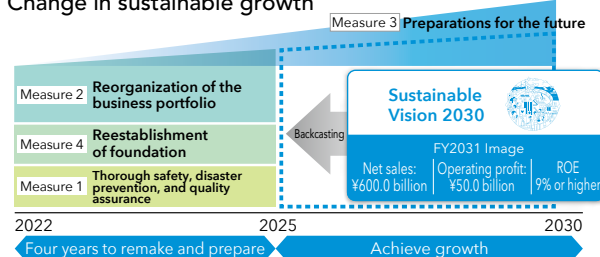
Medium-Term Management Plan

Overview of the 2025 Medium-Term Management Plan

Ideal we seek to realize and strategy

Guided by the basic policy of shifting from a survival mindset to a sustainable growth orientation, the 2025 Medium-Term Management Plan (2025 MTP) sets out the four measures shown on the right.

Change in sustainable growth



Progress on the four measures

Among the four measures, “Thorough safety, disaster prevention, and quality assurance,” “Preparations for the future,” and “Reestablishment of foundation” have steadily progressed, whereas “Reorganization of the business portfolio” has experienced delays.

○ On schedule ▲ Delayed

Measure	Measure	Progress
Measure 1	Thorough safety, disaster prevention, and quality assurance	○ Zero major incidents since fiscal 2022 ○ Safety and disaster prevention systems established, with ISO 45001 certification progressing at each site Safety and disaster prevention > p.47 ○ Quality assurance systems and mechanisms established; engineering plastics ISO 9001 certification reacquired, pharmaceutical Warning Letter from the FDA lifted Quality > p.48
Measure 2	Reorganization of the business portfolio	▲ Businesses focusing expansion: Growth investments executed as planned, but the start-up of some new facilities delayed ○ Stable earning businesses: Establishment of TOYOBO MC Corporation, strengthened management foundation, reviewed systems and operations, and improved profitability ▲ Businesses requiring improvement: • Achieve profitability in textiles (consolidation of domestic production sites from three plants to one) • Reduce deficits and aim for profitability in airbag fabrics and pharmaceuticals • Profitability decline in packaging film and nonwoven materials From fiscal 2025, classified as businesses requiring improvement (line suspensions and other countermeasures under way) Details > p.22
Measure 3	Preparations for the future	○ Three innovation domains established, progress made on priority themes CATAROSEV > p.34 BC membranes > p.36 Progress of MEL > p.37 ○ Legacy system updates in progress; Company-wide business reform project TX project to build a stronger company > p.32 ○ SBT certification obtained, environmental data third-party assurance, participation in the GX League Green strategy > p.35
Measure 4	Reestablishment of foundation	○ Selection of next-generation talent, development of on-site leaders, and technical education programs Human resource strategy Message from the officer in charge > p.25 ○ Promotion of diversity and advancement of human rights due diligence Promotion of DE&I > p.30 ○ Infrastructure maintenance and renewal of business sites and plants Respect for human rights > p.49 ○ Strengthening of Group governance and the risk management system Risk management > p.51 ○ Establishment of compliance systems and training programs Compliance > p.52 ○ Dissemination of the corporate philosophy framework, TOYOBO PVs

Targets and past performance

Policy
In the 2025 MTP, the financial targets shown in the table below have been set. To foster an investment-minded culture among employees and support sustainable growth, EBITDA has been included as a key metric. In addition, to promote management that emphasizes capital efficiency, return on invested capital (ROIC) has been added as an indicator. This allows for the optimal allocation of management resources from both growth and efficiency perspectives.

Status
In the first half of the 2025 MTP, earning power declined significantly due to the combined effects of rising raw material and fuel costs, slower-than-expected volume recovery, and increased fixed costs for business expansion and infrastructure development. Subsequently, profitability has been on a recovery trend due to product price revisions and increased volumes of key products, but performance still lags the initial plan. In addition, large up-front investments in growth businesses have led to higher interest-bearing debt, weakening the financial structure. Based on this situation, the outlook for fiscal 2026 is as follows.

	2025 MTP (FY2023–2026)						
	FY2022 results	FY2023 results	FY2024 results	FY2025 results	FY2026		
					Current outlook	Previous outlook (May 2024)	Initial target (May 2022)
Net sales (¥bn)	375.7	399.9	414.3	422.0	440.0	450.0	450.0
Operating profit (¥bn)	28.4	10.1	9.0	16.7	21.0	25.0	35.0
Operating profit margin (%)	7.6	2.5	2.2	3.9	4.8	5.6	7.8
EBITDA (¥bn)*1	48.5	29.1	28.8	39.4	46.0	51.0	63.0
Net profit (¥bn)	12.9	-0.7	2.5	2.0	4.5	9.0	15.0
ROE (%)**2	6.8	-	1.3	1.0	2.3	≥4.5	≥7.0
ROIC (%)**3	5.1	1.7	1.3	2.3	2.8	≥4.0	≥5.0
D/E ratio	0.98	1.21	1.26	1.37	1.40	<1.40	<1.20
Net debt/EBITDA ratio**4	3.4	5.8	7.5	6.1	5.0	<5.0	<5.0
Capital expenditure (¥bn)	33.6	42.7	61.6	43.2	35.0	-	-

*1 Operating profit + Depreciation (includes goodwill) *2 Profit / Average total shareholder's equity at the beginning and end of period

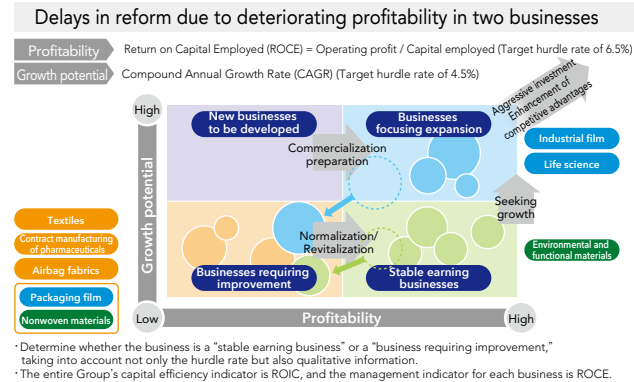
*3 NOPAT / (Interest-bearing debt + Net assets) *4 (Interest-bearing debt – Cash and deposits) <Period-end> / EBITDA

Medium-Term Management Plan

Overview of the 2025 Medium-Term Management Plan

Business portfolio

Changes in business portfolio positioning



Business type	Target business	Initial policy	Status
Businesses focusing expansion	Industrial film Life science	These are areas where the Group has competitive advantages and where market expansion is expected, targeting medium- to long-term growth	Growth investments executed as planned
Stable earning businesses	Environmental and functional materials	Reevaluated growth opportunities and the potential of each product to establish a "third pillar." Operations launched in April 2023 through TOYOBO MC Corporation, a joint venture with Mitsubishi Corporation	- Leveraging Toyobo Group's manufacturing capabilities and Mitsubishi Corporation's global management expertise, measures were implemented to strengthen the management foundation and improve profitability - Actions aligned with business-layer strategic labels and introduction of a functional headquarters system - Business development through the Mobility Business Strategy Unit
Businesses requiring improvement	Textiles Contract manufacturing of pharmaceuticals Airbag fabrics Packaging film Nonwoven materials	Promotion of a road map to profitability. At the start of the 2025 MTP, there were three businesses requiring improvement: textiles, contract manufacturing of pharmaceuticals, and airbag fabrics	- Profitability of these three businesses steadily improved according to the road map - Due to changes in the business environment, including rising raw material and fuel costs, packaging film and nonwoven materials were added to the "businesses requiring improvement" category (fiscal 2025) - Delays in the start-up of some new equipment affected profitability - Causes of delays: concentrated investment, insufficient risk assessment, and delayed Company-wide response

Fiscal 2026 Management Policy: Six Action Plans

1 Thorough safety, disaster prevention, quality assurance, and compliance (fundamental premise)

Safety and disaster prevention	Aim for zero accidents through activities aligned with the road map for safety and disaster prevention
Quality	Deliver safe and reliable products and services through activities aligned with the quality assurance management structure reconstruction road map
Compliance	Enhance training, share concrete case studies, and promote use of the internal reporting system to ensure early detection and correction of issues

Safety and disaster prevention > p.47 Quality > p.48 Compliance > p.52

2 Endure pricing commensurate with value

- Reaffirm that pricing is key to earning power and ensure product prices reflect the value provided
- Price adjustments for raw material and fuel cost increases since fiscal 2022 have been largely completed; revisions for rising logistics and labor costs are in progress

3 Measures for businesses requiring improvement

- Promote a road map to profitability to achieve early profitability and normalization

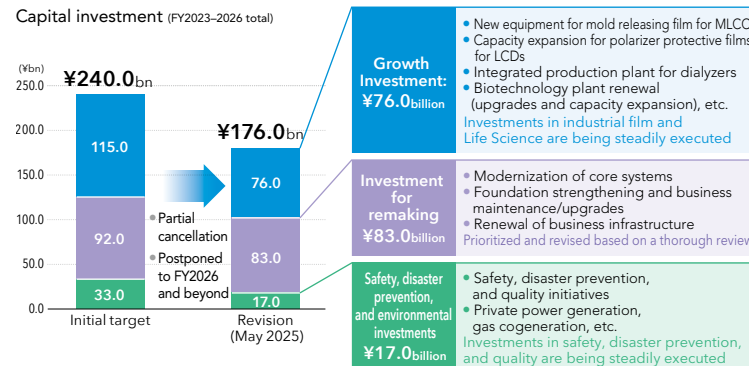
4 Secure investment returns and create new value

- Actively invest in growth for businesses focusing expansion: industrial film and Life Science
- Create new value to achieve further medium- to long-term revenue growth

5 Narrowing down of investment and expenses, and cost reduction

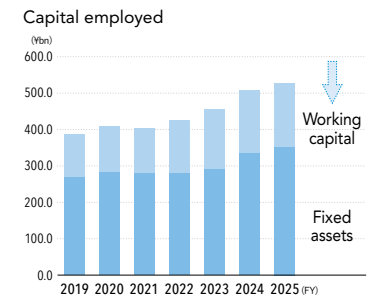
Narrowing down of investment	Capital investment plan compressed from ¥240.0 billion over four years (as set at the time of the 2025 MTP) to ¥180.0 billion
Narrowing down of expenses and cost reduction	Review expenses through the Company-wide business reform project, including productivity improvements and cost structure reforms (eliminate, consolidate, integrate)

These measures are expected to contribute approximately ¥5.0 billion in profit in fiscal 2028 compared with fiscal 2024



6 Reduce capital employed

- Suppress increases in working capital
- Reduce capital investment
- Reform the business portfolio
 - Address businesses requiring improvement
 - Implement stratified measures based on the hurdle rate (return on capital employed)
 - Simultaneously consider best-owner strategies



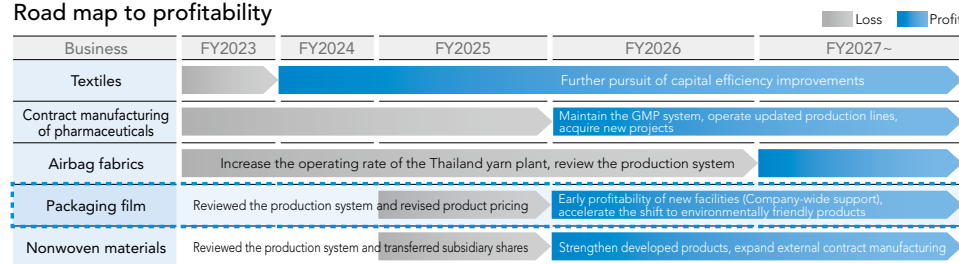
Medium-Term Management Plan

Overview of the 2025 Medium-Term Management Plan

Measures for businesses requiring improvement

In reorganizing the business portfolio, the areas previously designated as businesses requiring improvement—textiles, contract manufacturing of pharmaceuticals, and airbag fabrics—have shown steady improvements in profitability. Meanwhile, packaging film and nonwoven materials were newly added to businesses requiring improvement in fiscal 2025.

Road map to profitability

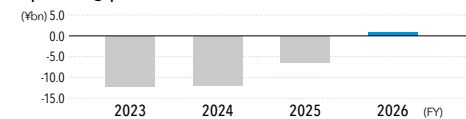


Improvement effects

Steadily advancing the profitability improvement plan toward an early return to profitability and normalization

vs. FY2025
+ approx. **¥7.0bn**
(FY2026)

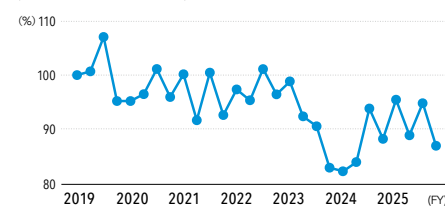
Operating profit (total of 5 businesses)



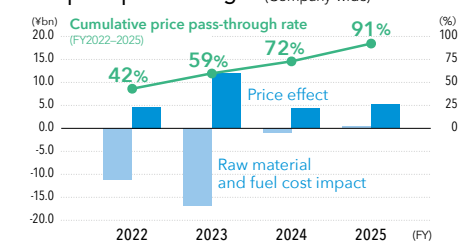
Factors behind the decline in profitability and delays in improvement for packaging film

	FY2023	FY2024	FY2025
Trading conditions	Sharp rise in raw material and fuel prices	Delay in product price revisions	Product price revisions progressed, improving trading conditions
Volume	Prolonged adjustment of distribution inventories		Shipment volume gradually recovering
Fixed costs	Delays in new equipment launch (increased start-up costs) Challenge of producing a world-first new product on large, high-speed equipment Increase in manufacturing and sales fixed costs		Insufficient risk assessment and delayed Company-wide response

Domestic shipments of food packaging OPP film (Base: FY2019/Q1 = 100%)



Impact of raw material and fuel costs, and price pass-throughs (Company-wide)



Secure investment returns and create new value

Investments are being made ahead of schedule to drive growth, but by strengthening Company-wide follow-up and cross-functional support from the Production Technology Division, production facilities will be reliably launched. Through efforts to achieve early monetization, we aim to achieve an increase of ¥10.0 billion compared with fiscal 2025 by fiscal 2029. In addition, efforts toward new creation will be promoted to further expand earnings.

Major growth investment plans (Films, Life Science)

Segment	Details	Investment amount (¥bn, approximate)	Investment effects realized (FY)			
			2024	2025	2026	2027~
Films	OPP film production equipment (Inuyama)	7.0				
	Processing equipment for mold releasing film for MLCC (Unit 2 Tsuruga)*1	6.0				
	Manufacturing equipment for mold releasing film for MLCC (Utsunomiya)	20.0				
	Manufacturing equipment for polarizer protective films for LCDs*2	-				
Life Science	Manufacturing equipment for raw enzymes for biochemical diagnosis (Tsuruga)	7.0				
	Manufacturing equipment for reagents for PCR testing and genetic diagnostic reagents (Tsuruga)	6.5				
	Integrated production plant for artificial kidney hollow fiber (Akita)	5.0				

*1 Combined amount with Unit 1 *2 Modification of existing line

□ Plan ■ Actual results / Outlook

Examples of initiatives to create new value

Expansion of green films: Contribution to a decarbonized and circular society

- 100% biomass new plastics such as polyethylene furanoate (PEF)
- Establishment of a resource-circulating film-to-film recycling scheme
- Chemical recycling of used plastics

Expansion through biomanufacturing

- Mannosyl erythritol lipid (MEL): For use in agrochemical adjuvants and other applications [Details](#) > p.37

Providing value to next-generation healthcare

- CATAROSEV®: A purification kit for high-efficiency, high-purity, and high-yield recovery of exosome [Details](#) > p.34

Expansion into the environmental field

- Brine Concentration (BC) membrane: For lithium concentration and recovery

Expansion into electronic materials

- Vitrimers®: Solvent-free and high-heat-resistant adhesive materials that can be distributed at room temperature

* "Vitrimers" is a registered trademark of FONDS ESPCI PARIS

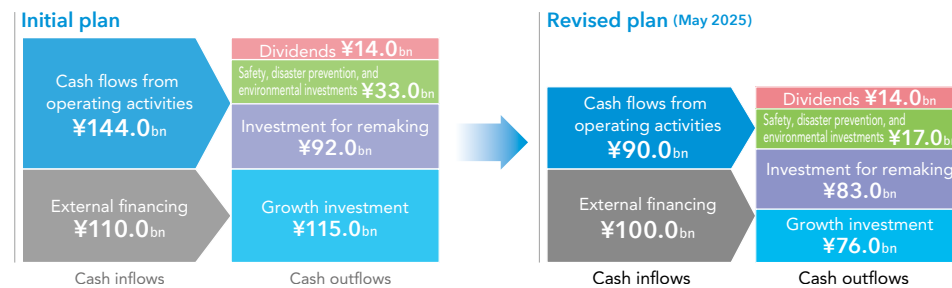
Financial and capital strategy

Financial strategy

In the 2025 Medium-Term Management Plan (2025 MTP), we aim to implement forward-looking investments to ensure future growth without missing opportunities. Our policy is to control the balance between cash generation and interest-bearing debt, targeting a D/E ratio of less than 1.2 and a net debt/EBITDA ratio between 4 and 5, thereby managing our financial condition stably. However, due to significant changes in the business environment, a delay in reorganizing the business portfolio led to a decrease in operating cash flow, and large-scale investments in growth businesses such as Films and Life Science increased investing cash flow, resulting in a rise in interest-bearing debt. As of March 31, 2025, the D/E ratio stood at 1.37 and the net debt/EBITDA ratio at 6.1, reflecting a deterioration in the financial position. In this context, with the objective of balancing growth investment and financial soundness, the Company raised a total of ¥40.0 billion in September 2024 through subordinated loans and publicly offered subordinated bonds. Taking these measures into account, the outlook for financial indicators for fiscal 2026 and the cash flow allocation plan during the 2025 MTP period were revised.

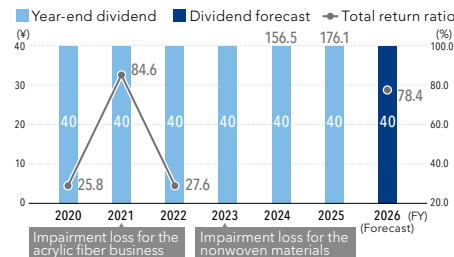
● Cash flow allocation (FY2023–2026)

Targets and past performance > p.21



Policy on shareholder returns

During the 2025 MTP, our policy is to aim for a total return ratio of 30% (including share buybacks as an option), while continually providing a stable dividend. This approach considers sustainable profit levels, retention of earnings for future investments, and improvement of our financial position.

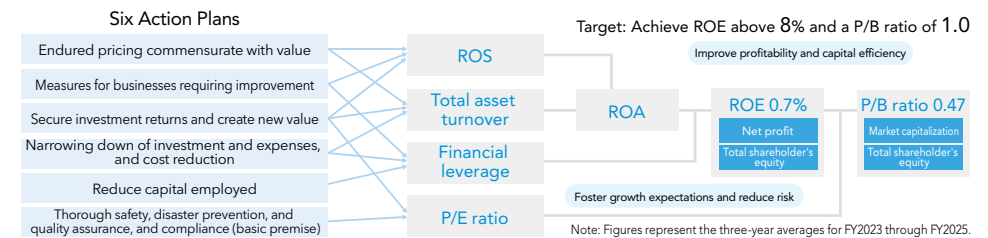


Management focused on cost of capital and the stock price

● Current situation

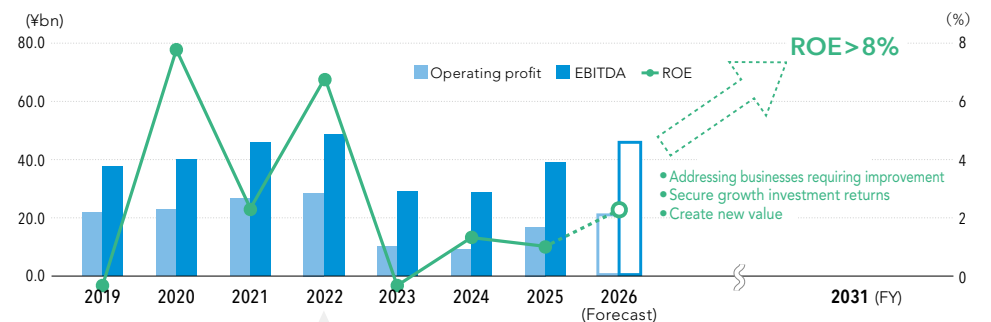
The Group takes seriously the current P/B ratio being below 1.0.

By implementing six action plans, the Company aims to improve profitability and asset efficiency, foster growth expectations, and reduce risks, with the goal of achieving an ROE above 8% and, ultimately, a P/B ratio of 1.0.



● Achieving sustainable growth

Under the FY2026 management policy, "recover earning power to create the future," the Company will strive to achieve sustainable growth and enhance corporate value.



When formulating the 2025 MTP (FY2022)

- Erosion of reliability: Large-scale fire accidents and quality issues
- Financial structure improvement, but growth stalled except for industrial film

the 2025 MTP

Toward FY2031

- Achieve operating profit of more than ¥30.0 billion and ROE of 5% at an early stage
- Aim for ROE above 8% through additional profits from creating new value

Human resource strategy

Message from the officer in charge

**Takehiko Inada**

Managing Executive Officer
Controlling Supervisor of HR,
Administration and Legal Division

Enhancing corporate value through diverse talent taking on challenges and growing with excitement

as evidence that everyone is sincerely thinking about what the Company should aspire to be, and as a reflection of their deep attachment and strong sense of loyalty to it. Within Toyobo Group, many employees excel at building the teamwork needed to achieve collective results. Although this is a strength, there are comparatively fewer individuals who can drive breakthroughs through strong personal initiative. I see my mission as fostering an organization that leverages these strengths and compensates for any gaps, encouraging challenges and supporting personal growth through active communication.

Implementing PDCA based on engagement survey results

Toyobo Group regularly conducts engagement surveys and, under Sustainable Vision 2030, has set a target engagement score of 70% or higher. In fiscal 2025, the score was 52%, slightly down from 55% in the previous survey. However, given the challenging environment, including a large-scale organizational restructuring following the establishment of TOYOBOMC Corporation, structural reform measures in the manufacturing division, and adjustments to employee compensation in response to the difficult results of fiscal 2024—we recognize that the decline in the score was more limited than expected.

We believe this outcome was supported not only by tangible improvements, such as relocating to the new headquarters and renewing welfare facilities at our business sites, but also by the ongoing measures each workplace has implemented based on the previous survey results. Following this latest survey, the management team again led by example: The president communicated directly with employees, and each executive officer made commitments to enhance engagement. I personally made it a point to listen attentively to employees and prioritize their concerns whenever raised. We believe that these small, consistent actions help strengthen psychological safety in the workplace and contribute to fostering a positive organizational culture. In 2025, we began compiling and sharing action plans across the Company to improve engagement in each workplace.

Talent who embody our corporate philosophy

At Toyobo Group, many employees embody our corporate philosophy of “*Jun-Ri-Soku-Yu*” (Adhering to reason leads to prosperity), approaching their work with sincerity and a strong sense of attachment to the Company. For example, when the Human Resources Department introduces new initiatives, employees on the ground actively ask whether they are being implemented in line with the policy’s intent and whether management’s goals are being faithfully reflected. This mindset reflects Toyobo’s unique corporate culture, defined by sincerity and a deep sense of responsibility. In the past, we have also seen lively internal discussions about the establishment of affiliated companies. I take this

Reflecting on fiscal 2025

In fiscal 2025, the prolonged slump in the packaging film business made achieving our performance targets challenging. In response, management worked as a unified team to implement a range of initiatives aimed at meeting these targets. Corporate divisions, including human resources, reviewed operations and implemented strict cost controls. Thanks to employees’ clear understanding of the measures’ intent and their dedicated efforts, we achieved cost reductions that exceeded expectations. Nonetheless, we fell short of our initial operating profit target of ¥17.0 billion, leading to underperformance. We take this result seriously and, as management, have reflected on the need to further strengthen our one-team mindset and respond more swiftly and flexibly to changes in the business environment. Moving forward, we will pursue our targets with even greater resolve and determination.

Human resource strategy

For example, in one manufacturing department at a business site, an engagement officer was appointed, and workplace dialogue has become more active under their leadership. By sharing such examples across the Company, we aim to facilitate the horizontal rollout of effective initiatives. We are also implementing system reforms. Personnel evaluation forms have been revised to include the higher-level objectives set by each department head, which serve as the basis for individual goal setting. This clarifies the link between the Company's vision and each employee's role. In addition, starting with the FY2026 evaluations, managers are required to provide feedback not only on absolute performance ratings but also on the relative results that determine the final evaluation. Providing meaningful feedback requires continuous observation of daily work and strong communication. Through this process, we aim to foster a positive cycle in which employees focus on developing their abilities.

At our head office and branches, in addition to the biannual one-on-one performance review meetings, we have introduced a "1 on ALL" initiative, in which individual goals are presented and shared within the workplace. This initiative aims to enhance each employee's sense of ownership and motivates them to achieve their goals.

Engagement scores naturally fluctuate with the Company's circumstances and are not expected to rise continuously. However, by consistently using engagement survey results to improve the workplace, we believe we can create more rewarding work environments, and these efforts will be reflected in the scores over time.

Creating a culture that fosters challenges, growth, and innovation

A truly engaging workplace requires a sense of excitement in one's work. For employees to experience this, it is important that they are in roles aligned with their career paths, can grow

while working in areas of interest, and can see social value in what they do. Equally important is aligning employees' preferences with the Company's needs, including reflecting personal choices in job assignments and respecting self-declared aspirations. Systems covering evaluation, treatment, and compensation are also essential for attracting and retaining talent.

To foster an organization where diverse talent can take on challenges with enthusiasm and grow, a multifaceted approach is essential. Accordingly, since fiscal 2023, we have operated a career challenge system (in-house recruitment) to promote proactive career development through new work opportunities. In addition, we have expanded the lineup of open-enrollment seminars, giving employees greater choice in training that suits their goals. The increasing number of participants demonstrates strong employee motivation for career growth.

On the other hand, significant personal growth often comes from experiences such as becoming fully immersed in work, facing challenges that push one to the limits, or gaining a sense of accomplishment from overcoming difficulties. To foster an environment that supports these opportunities, we are considering systems that allow flexible work styles, including remote work, flextime, and discretionary labor arrangements, giving employees greater choice over how they manage their working hours. Currently, these options are being utilized mainly at our head office and branches but in some workplaces or roles, implementation is difficult. Tailoring initiatives to each situation remains an ongoing challenge. Creating sustainable corporate value requires the generation of innovation, which arises when people with diverse perspectives and opinions come together. To promote diversity, Toyobo Group has been working to establish workplaces where women can thrive, implementing re-employment opportunities after the mandatory retirement age of 60, and more recently, fostering an inclusive environment for sexual minorities. As part of efforts to enhance understanding of LGBTQ+ issues, we have introduced gender-neutral restrooms at all business sites

and established a same-sex partnership system, which allows employees' same-sex partners to receive certain benefits equivalent to those of legally married spouses. As a result of these initiatives, the Group received the highest "Gold" rating in the PRIDE Index 2024, which evaluates efforts related to sexual minority inclusion in the workplace.

In this way, Toyobo Group expects the active engagement of individuals with diverse attributes, work experience, perspectives, and opinions, while also placing strong emphasis on deep commitment to our corporate philosophy. We aim to build an organization where people think and act independently from a Company-wide perspective, and in line with the Values outlined in our corporate philosophy framework, welcome change, enjoy change, and create change.

To our stakeholders

Currently, I and the other executive officers have begun discussions as one team to improve return on equity (ROE). Each of us is actively engaged not only in our respective areas of responsibility but also in other departments and areas outside our expertise, working to drive improvements from a Company-wide perspective.

Human resource development is a critical theme that must be pursued over a long-term horizon. At the same time, human resource strategy is closely linked to business strategy, and it is essential to allocate the right personnel—possessing the required skills—in appropriate numbers and in a timely manner. In the next Medium-Term Management Plan, we are preparing to present a more precise staffing plan that aligns with our business strategy.



Human resource strategy

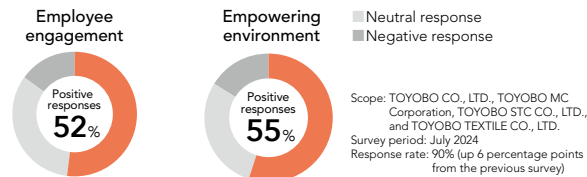
Feature:

Engagement survey

Employee engagement

At Toyobo Group, we define “engagement” as the mutual trust and reciprocal contribution between the Company and its employees, which we recognize as having a direct impact on the Company’s performance. The Group’s engagement survey is conducted regularly as a “health check of organizational culture,” making the state of the organization visible. Its purpose is to promote growth for both the Company and employees by creating a safe, secure, and comfortable workplace where individuals can fully demonstrate their abilities.

Fiscal 2025 engagement survey results



Toyobo Group’s engagement survey is structured around two axes: “employee engagement,” which measures employees’ willingness to contribute to the Company, loyalty, and proactive efforts, and “empowering environment,” which assesses whether employees have opportunities to utilize their skills and whether a supportive work environment is in place. By examining both dimensions, we gain a comprehensive understanding of the organization and can consider the direction in which it should develop. Compared to the previous survey, the “employee engagement” score declined by 3 percentage points, whereas the “empowering environment” score increased by 3 percentage points, showing that our initiatives are still a work in progress. In terms of qualitative assessment, the following strengths and challenges were identified.

Strengths	1. Education and training 2. Opportunities for growth 3. Quality and customer orientation
Challenges	1. Strategy and direction 2. Performance management 3. Leadership

1 Analysis of strengths

Education and training

The Company has established the following education and training systems by department.

Human Resources and Labor Relations Department	Provide Company-wide basic knowledge and skills training
Technology Department and other specialized departments	Systematically develop extensive training curricula for specialized knowledge and technical skills
Manufacturing sites	Skills training is practice-focused and conducted under the guidance of experienced personnel, with proficiency checks reliably implemented

Opportunities for growth

Managers make a conscious effort to provide employees with opportunities to take on more challenging tasks, creating an environment where employees can engage in work proactively and autonomously.

Quality and customer orientation

The extremely high positive response rate to the survey question on “providing high-quality products and services” indicates that the concept of customer satisfaction is thoroughly ingrained. We also recognize that the results reflect the impact of quality-related education and training, which have been strengthened since 2022.

2 Analysis of challenges

The identified challenges are presumed to stem from the Company’s underwhelming performance in recent years. This suggests a need to accelerate business recovery while sharing a clear and positive outlook for the near future with employees.

Strategy and direction

By having managers clearly communicate their department’s strategy and direction, and by including the higher-level objectives set by department heads in the personnel evaluation forms, employees’ understanding and sense of acceptance have increased. Compared to the previous survey, the positive response rate in this category rose; however, negative responses regarding the Group’s performance improvement over the next few years increased by more than 10 percentage points.

Performance management and leadership

Although employees responded positively to questions about fulfilling social responsibilities and adhering to corporate ethics, there is a need to enhance mechanisms that provide support and drive improvement based on performance. Furthermore, additional dialogue and communication are expected to clarify management’s strategic direction. Based on the results of this survey, we recognize the importance of management and employees on the ground sharing a common understanding of issues and proactively considering and implementing solutions. To this end, we aim to create forums for open and honest dialogue and enhance engagement through the following initiatives.

- All executives declare and commit to action plans aimed at enhancing employee engagement

Voice by TOYOBO: Our owned media that conveys the heartbeat of TOYOBO (Japanese only)

- In each workplace, managers provide feedback on survey results and facilitate dialogue to share workplace-specific strengths and issues, using this understanding to develop and implement action plans
- At manufacturing sites, discussions are held to align recognition of strengths and areas for improvement within each workplace

3 Results and measures by employee segment

As part of efforts to enhance employee engagement, we conducted an analysis to understand the current situation in each department. The results for major departments and the corresponding measures for future improvement are as follows.

Manufacturing division

Results	There were numerous comments regarding personnel shortages and obstacles that hinder smooth daily operations, highlighting the need to reduce the workload on site. As a result, the engagement scores for this division were lower compared to other departments.
Measures	We aim to secure and retain talent through strengthened recruitment and improved treatment, while promoting digital transformation (DX) initiatives using IoT. We seek to address these challenges by improving equipment and processes to reduce work burdens and enhance operational efficiency.

Planning, management, and sales divisions

Results	Significant improvements in the workplace, such as upgrades to office infrastructure, and the review of work styles and processes through organizational culture reform projects led to higher engagement scores compared to other divisions.
Measures	We will continue promoting flexible work practices and initiatives to improve operational efficiency, aiming to further enhance employee engagement.

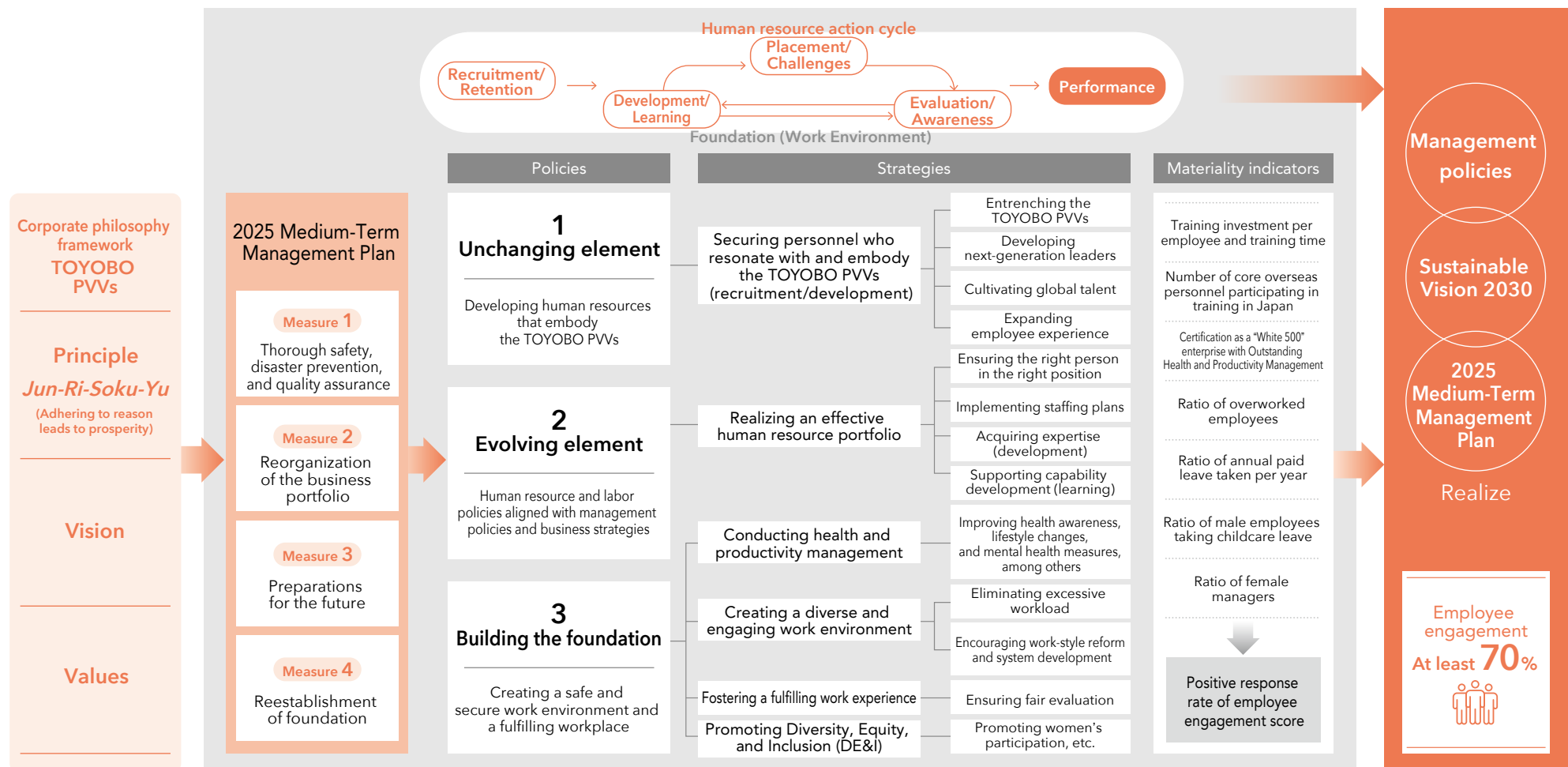
Initiatives to bridge the gap with the desired state

The fiscal 2025 survey results were heavily affected by the slow recovery in performance, highlighting the importance of the entire company uniting to achieve the management policy goal to recover earning power. By combining strong leadership from management with a “people-first” organization, we aim to balance ease of work with rewarding work, thereby enhancing employee engagement and improving both productivity and performance. Through engagement surveys, we analyze changes over time and use the insights to build relationships of mutual trust and contribution between management and employees. This approach supports organizational development that enables Toyobo Group to function effectively as one team.

Human resource strategy

Human resource management policy

To achieve our management policies and business strategies based on the TOYOBO PVVs corporate philosophy framework, it is crucial to recognize that people are our most valuable management asset. We are committed to creating a human resource management system that enables our employees to take pride and find fulfillment in their work. Specifically, we will establish a foundation based on the unchanging principle of embodying the TOYOBO PVVs, while continually evolving capabilities and expertise to adapt to changes in management policies and business strategies, thereby realizing a human resource action cycle. At the same time, we will build a solid foundation for a work environment where employees can feel secure. We are confident that achieving these goals will lead to employee satisfaction and the sustainable growth of the Group.



Human resource strategy

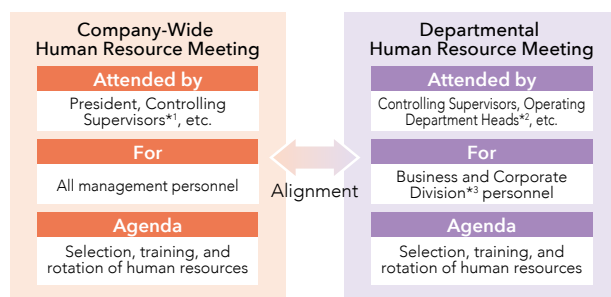
Human resource development

Human Resource Management ESG Performance Data (Social)

Materiality indicators Items, indicators, and fiscal 2025 results for employee well-being (DE&I, health and productivity management, occupational health and safety) > p.16

Cultivating the next generation of management

For Toyobo Group's initiative to develop the next generation of management, we plan to provide selected personnel with internal and external executive development training. To further broaden their experience, we will also offer them opportunities to undertake business operations and management duties to refine their management skills, supporting our succession plan. The Group operates the Human Resource Conference to discuss measures for developing next-generation management talent. This is further divided into two conferences: the Company-Wide Human Resource Meeting, which focuses on successors for management positions, and the Departmental Human Resource Meeting, which addresses successors for highly specialized roles. We implement actions including policy support for the development of successor candidates, as well as the selection and rotation of personnel. By coordinating these two conferences, we aim to uncover and develop next-generation management talent and enhance their effectiveness.



*1 Oversees each business division and administration division

*2 Oversees specific fields across multiple business divisions

*3 Corporate departments including corporate planning, management and administration, and human resources

Developing global human resources

Since 2011, we have conducted short-term overseas business training at our overseas Group companies for employees from Japan. This program aims to secure personnel capable of developing overseas markets and to provide planned

education and development. To date, a total of 100 employees have participated. For young and mid-career employees, the program has served as a strong motivator to engage in global business and has provided significant career advancement opportunities. However, as opportunities for overseas assignments as part of regular work have increased, from fiscal 2026 onward, we plan to implement global development within the framework of business-specific overseas assignments.

In addition, we conduct annual National Staff (NS) training in Japan for local management candidates from our overseas Group companies. To date, more than 100 NS participants have come to Japan for this program. The training aims to deepen their understanding of our initiatives and products, as well as to foster interaction with employees working in Japan. In fiscal 2025, 20 participants from nine countries—Spain, Mexico, El Salvador, China, Thailand, Indonesia, India, Saudi Arabia, and Malaysia—attended the program. For Japanese staff, participating in the program also provides a valuable opportunity to understand different cultures and perspectives.

Fostering self-reliant personnel

To ensure employees understand the corporate philosophy and can embody it in their daily work, we conduct workshops during new employee training and NS training that encourage participants to relate the TOYOBO PVs to themselves. These workshops help employees recognize and internalize the behaviors expected of them.

In addition, hierarchy-specific training not only enhances the skills and mindset required for employees to fulfill their roles at each level but also serves as a networking opportunity where employees from different workplaces and job functions can come together to share experiences and perspectives. Furthermore, to enable employees to take an active role in developing their careers and improving the skills needed for their work, we provide a variety of learning opportunities, including elective and open seminars, e-learning, and correspondence courses. Through these initiatives, we aim to balance individual growth with the organization's sustainable value creation.

Human resource development achievements (FY2025)

Training hours per employee*	14.35
Training investment per employee*	¥44,000
Training participation rate for career and skills*	79%
Number of core overseas personnel participating in training in Japan	20

* Scope: TOYOBO CO., LTD., TOYOBO MC Corporation, and TOYOBO STC CO., LTD.

COLUMN

Reflections on participating in National Staff (NS) training

The NS training is offered in both Japanese and English versions and typically lasts four to five days. Through factory tours and joint programs with Japanese employees, the training provides NS participants with a valuable opportunity to deepen their understanding of Toyobo Group's products and initiatives. It also serves as a platform for networking with Japanese employees.

Comments from a participant

In the NS training I attended, 20 participants from 14 locations across nine countries came together. When working at overseas sites, it is easy to focus only on the business we are directly responsible for. This training, however, allowed me to gain a broader understanding of the diverse businesses within Toyobo Group. During the factory tours and lectures on quality assurance, I was particularly impressed by the Japanese employees' work approach with the next process in mind, which I plan to apply in my own workplace. In the joint programs with Japanese employees, I also learned the importance of exchanging ideas and perspectives through dialogue. As not everyone shares the same viewpoint, I realized it is crucial not to communicate unilaterally but rather to actively engage by seeking others' perspectives during discussions. I believe that in the future, it will become increasingly important to respect diversity while also fostering a sense of unity. In this sense, the NS training was an extremely meaningful experience and provided valuable insights that will greatly inform my future work.



PT. TOYOBO INDONESIA
Manager, Engineering Plastics Dept.
Yahya WAJAYA

Human resource strategy

Promotion of DE&I



Diversity, Equity, & Inclusion (DE&I)



Promotion of Women's Participation and Advancement



ESG Performance Data (Social)

Materiality indicators

Items, indicators, and fiscal 2025 results for employee well-being (DE&I, health and productivity management, occupational health and safety) > p.16

Basic approach

Toyobo Group believes that personal and organizational growth is achieved through recognizing diverse values and respecting differing opinions among people with various work styles, careers, genders, nationalities, races, and beliefs, and through cooperation to achieve our shared objectives. As stated in the TOYOBO Group Diversity Promotion Policy, Toyobo Group believes that the happiness of its employees and the sustainable growth of the Group stem from diverse employees being able to fully participate in the organization and society with pride and fulfillment. The Group is committed to the promotion of diversity based on the following three elements: diversity, equity, and inclusion.

DE&I related results	(FY2025)
Ratio of female managerial staff	5.6%
Ratio of paternity leave uptake by male	86.3%
Employment ratio of persons with disabilities*	2.24%

Scope: TOYOBO CO., LTD., TOYOBO MC Corporation, and TOYOBO STC CO., LTD.

* Scope: TOYOBO CO., LTD.

Promoting women's empowerment

Toyobo Group established the Diversity & Inclusion Group within the Human Resources and Labor Relations Department, dedicated to promoting women's empowerment. This organization holds events such as presentations, seminars for managers, and women leader development seminars on a continuous basis at each business site, all aimed at fostering a shift in employee awareness.

We have also opened the Toyobo Nursery School within the Research Center in Otsu, Shiga Prefecture, to support childcare. This initiative facilitates an early and planned return to work from childcare leave and helps create an environment where employees can approach childbirth with peace of mind. In recognition of our efforts, such as meeting the prescribed standards in areas like recruitment, continuous employment, work style including working hours, and diverse career paths, we received the Eruboshi Certification (Level 2) from the

Minister of Health, Labour and Welfare in December 2021 for actively promoting women's participation and advancement. Beyond fostering an environment and organizational culture where women can thrive, we have also revised our policies to encourage men employees to take childcare leave, which includes making five days of the leave paid. As a result, the childcare leave uptake rate exceeded 80% in fiscal 2021 and has remained high ever since.

We have also been certified as Platinum Kurumin in recognition of our high-level initiatives to support employees with childcare.

We will continue to implement various measures centered on these initiatives to ensure that employees can work with peace of mind.

Eruboshi Certification
(Level 2)

Platinum Kurumin

Promoting employment of persons with disabilities

To raise the employment rate of persons with disabilities, it is crucial to implement initiatives at a Company-wide level. We therefore share information on the employment status and current challenges during the quarterly meetings of the General Administration Department managers from each business site. As part of efforts to improve working environments, we have made the offices at the Tsuruga Research and Production Center and the Inuyama Plant barrier-free. We are also progressively renovating other business sites to ensure that they are barrier-free. In addition, to deepen internal understanding of employing persons with disabilities, we are expanding recruitment across a wider range of job types and conducting awareness activities for the workplaces that receive these employees.

Promoting employment of senior employees

After reaching the retirement age of 60, re-employed senior employees set goals and achieve results on par with regular employees. They also play an active role in developing younger staff and passing on skills and knowledge.

TOPICS

Community event for non-Japanese employees

We held a community event at Toyobo headquarters for non-Japanese employees working in Japan. The event was organized by the Diversity & Inclusion Group in response to requests for more opportunities to interact within the Company. Its purpose was to foster networking among non-Japanese employees, enhance engagement, improve retention, and ultimately contribute to better business performance. On the day of the event, a total of 18 participants from headquarters and various business sites attended, and lively exchanges continued throughout. The event included an introduction to Toyobo's DE&I initiatives and group discussions where participants shared their reasons for coming to Japan, their career experiences, current roles, and working styles. In addition, using examples of common miscommunications between Japanese and non-Japanese employees, participants exchanged views on how to understand and reconcile cultural and value differences.



Human resource strategy

Promotion of DE&I | Improving the work environment

- Diversity, Equity, & Inclusion (DE&I)

Safety, Disaster Prevention
- Health and Productivity Management

ESG Performance Data (Social)

Materiality indicators Items, indicators, and fiscal 2025 results for safety and disaster prevention > p.16

Initiatives for LGBTQ+ inclusion

Within Toyobo Group, we promote an environment where diverse talent, including gender minorities, can work comfortably. Under our Diversity Promotion Policy, we are advancing understanding of LGBTQ+ issues. In recognition of our step-by-step initiatives, Toyobo Group received the highest rank, “Gold,” in the PRIDE Index* 2024, which evaluates workplace initiatives for sexual minorities (LGBTQ+).

We will further advance diversity, equity, and inclusion, aiming to build an organization where differing opinions and the value of diverse individuals are mutually respected, and where the workplace is comfortable and supportive for everyone.



*Details of the PRIDE Index (Japanese only)

Action implemented	Details
Consultation desk	Toyobo has established an LGBTQ+ consultation desk. To ensure a worry-free experience, we guarantee strict privacy protection, including confidentiality of individuals seeking consultations. We also ensure that there will be no repercussions for employees who seek advice or report issues, and we accept anonymous consultation requests.
Furthering use of preferred names	Starting from fiscal 2025, we have introduced a system that allows the use of preferred names based on gender identity. This enables individuals to use their chosen names that align with their gender identity.
Same-sex partnerships	From December 2024, same-sex partners of employees became eligible for certain benefits and provisions equivalent to those granted to legally married spouses.
Training for operational staff	We provided LGBTQ+ training to all operational staff, including those in the Human Resources and Labor Relations Department, deepening their understanding of sexual minorities and the prohibition of outing, creating a supportive environment where they can engage in their work with a sense of security.
Recruitment application form	Application forms have been revised with greater consideration for diversity.
Unisex uniforms	In fiscal 2023, we made all standard uniforms worn at manufacturing sites unisex.
Gender-neutral restrooms	We have completed the installation of restrooms that can be used regardless of gender across all sites (excluding certain tenant-occupied locations).
In-house awareness activities	In addition to addressing this theme in relevant training sessions, we regularly post information on our internal portal to deepen the understanding of LGBTQ+ issues. We are also working to foster an LGBTQ+-friendly culture within the Group through these efforts.

Safe and secure workplace

1 Strengthening occupational health and safety

Toyobo Group adopts the slogan, “Protect yourself. Protect your colleagues. If you notice something, speak out.” We are dedicated to prioritizing safety across all aspects, environmental safety, occupational health, product safety, and equipment safety. To realize this commitment, we focus on two main policies: fostering a culture of safety and fortifying our safety infrastructure.

To foster a culture of safety, we implement safety dialogues, conduct safety awareness surveys, and hold tiered workshops. To fortify safety infrastructure, we promote the 3S (Sort, Set in Order, and Shine) principles in the workplace and have established disaster prevention training facilities where employees can experience the impact of disasters through simulation equipment. These facilities are used for training both within the Company and for external participants.

Safety and disaster prevention related achievements (2024)

Number of major accidents	0
Work-related injury absenteeism rate	0.40
Number of fires and explosions	0

Scope: TOYOBO CO., LTD., and its domestic consolidated subsidiaries

2 Promoting health and productivity management

Toyobo believes that investing in employee health and fostering a vibrant workplace where employees can work energetically drive the Company’s long-term growth. Therefore, we strategically implement health management from a managerial perspective, focusing on enhancing both the physical and mental well-being of our employees to boost health and productivity.

Initiatives

- Support for employees based on health checkup results, including encouraging follow-up examinations, health guidance from health staff, and health consultations
- Health and productivity management support for expatriates
- Mental healthcare efforts, including training for new graduate employees and managerial staff
- Awareness-raising activities and experiential initiatives through seminars and other programs for employees
- Measures to reduce long working hours

Work environment related achievements

(FY2025)

Certified as a 2025 Health & Productivity Management Outstanding Organization (Large Enterprise Category)



TOPICS Results from system and cultural reforms: Significant increase in men taking childcare leave

Since 2019, Toyobo has focused on promoting childcare leave among male employees. At the start, the uptake rate was only 1%, but by fiscal 2025 it had risen to 86.3%. The average number of leave days taken also more than doubled, from 12 days to 28, demonstrating steady progress.

This significant improvement is the result of continuously reviewing system design and advancing organizational culture reform.

• System-related initiatives

By making the first five days of the childcare leave program paid, we reduced the financial burden on employees. In addition, by encouraging uptake not only through the headquarters Human Resource Department but also through the General Affairs Departments at business sites, we established a Company-wide support system.

• Culture-related initiatives

We sent letters to the supervisors of eligible employees to encourage them to support childcare leave, thereby promoting active endorsement from managers. In addition, by sharing the voices of employees who had taken leave on the Company intranet, we worked to lower the psychological barrier for other men employees to follow suit.

Through these initiatives, the Company has been steadily transforming into an organization that actively supports men employees in taking childcare leave. We will continue to develop a workplace environment where everyone can balance childcare and work with peace of mind.

Innovation strategy

Driving transformation toward a stronger company through TX [Toyobo Transformation]

Tetsuro Yabuki

Executive Officer, CDO

General Manager, Toyobo Transformation and Business Innovation Department



Strengthening management through TX

Currently, Toyobo Group is advancing Toyobo Transformation (TX). TX is a broader concept than DX, representing initiatives under the leadership of management to undertake a “revolution” to add value and transform the Company into a sustainable enterprise. While digital tools are one means, the focus is on driving management transformation through changes in mindset and corporate culture, thereby improving productivity. Going forward, as the workforce continues to shrink, it will be crucial to strengthen manufacturing—including R&D and production sites, the lifeblood of a manufacturer—and enhance productivity. I believe that improving productivity directly strengthens overall management.

On the manufacturing floor, employees are often so occupied with day-to-day tasks that they lack time to update their knowledge or develop solutions to problems. To address this, routine operations should be automated, freeing up time and mental capacity for focused thinking in areas that require strategic decision-making.

The key to achieving this lies in data quality. High-precision data must be collected in a structured mesh, and everyone involved needs to understand how it is gathered. For this to succeed, even manufacturing operators who handle data daily must appreciate its value and how it contributes to the Group’s sustainable growth. Once their awareness of the data at hand shifts, data accuracy naturally improves. Technology alone cannot drive this kind of mindset change, so we actively engage with the shop floor, sharing opportunities for automation while promoting behavioral change in each individual. In this way, TX goes beyond merely leveraging technology; its purpose is to instigate a “revolution” to add value through transforming both awareness and behavior on the ground.

Progress of TX to date

The TX initiative has focused on three main themes: 1) IT infrastructure development, 2) governance and organizational strengthening, and 3) promotion of business co-creation. The IT infrastructure development has progressed largely according to plan. Over the three years since 2022, the Group has rebuilt its network security infrastructure across all companies, including overseas operations. Notably, as a measure against the often individualized nature of security responses, an AI-driven operation has been implemented under a standardized security policy: Any device experiencing a critical incident is automatically disconnected from the network. This approach represents a pioneering example in Japan. By September 2025, this system will be extended to include overseas operations as well.

In terms of governance and organizational strengthening, the IT and DX Planning Department was reorganized, and the Toyobo Transformation and Business Innovation Department was newly established. The mindset shift among members of the new organization is progressing as planned, and we are now entering the stage of reforms that directly contribute to management. We are engaging with the shop floor to drive improvements in manufacturing operations, build the data infrastructure necessary for factory management, and foster awareness and behavioral changes on the ground. The data we collect will be leveraged, including through generative AI, to generate results across various domains such as R&D and marketing. Another key role of the Toyobo Transformation and Business Innovation Department is to act as a bridge to management. At monthly Board of Management meetings, we continuously share successful examples of transformation driven by TX and DX within the Group and communicate these initiatives across the entire organization.

Among the three themes, the promotion of business co-creation is the most challenging. While Toyobo Group’s culture of diligence is a strength, it also has a drawback: Employees tend to focus deeply on their own areas of responsibility, and the know-how gained through individual activities is not often shared with others. To address this, TX promotes a cross-functional management approach, consolidating data with common objectives beyond individual activities and leveraging digital tools to facilitate the sharing of know-how across departments.

TX is aligned with the Medium-Term Management Plan to achieve Sustainable Vision 2030. As one example, we have developed and are implementing a road map to establish a structured system to track progress toward our greenhouse gas (GHG) emission reduction targets. In particular, looking ahead to 2030, we will advance the development of IT-based mechanisms for calculating carbon footprints to reduce Scope 3 emissions.

Innovation strategy

Driving transformation toward a stronger company through TX

Make TX investment decisions with output in mind

In the IT world, where technology from just six months ago can quickly become obsolete, it is essential to continuously update existing technologies and rapidly absorb new ones. To keep pace with this speed of change, TX-related investments are proposed to the Board of Management as needed, regardless of the fiscal year budget, and decisions are made swiftly. To ensure that investments are commensurate with expected outcomes, proposals are presented with concrete, quantitative details, such as the percentage of target results that the investment is expected to achieve, thereby increasing the certainty of the expected outputs.

Commitment to talent development

In promoting TX, we focus not only on measurable results reflected in performance indicators but also on engagement scores. To inspire TX and DX promotion team members and further enhance their motivation, we are actively investing in the development of IT talent. Specifically, we have clarified the specialized skills required within the organization and formulated talent development plans linked to our personnel system. We have also implemented a talent management system*¹ to visualize employee skills and established an environment that encourages proactive growth through IT-related training, skill-development programs by hierarchy, and initiatives that address employees' desire to deepen their expertise. These efforts have been externally recognized, for example, through the receipt of the IT Award*² (Management Category), boosting members' confidence and motivation and serving as a driving force behind TX promotion. Looking ahead to full-scale AI utilization, we recognize the need to actively explore new employment models, including leveraging external freelancers and other talent as part of our workforce.

*¹ A system that centrally manages and shares information such as employees' basic data, skills, and competencies

*² An award system by the Japan Institute of Information Technology that recognizes companies or organizations in Japan's industrial sector for outstanding achievements in management innovation through IT

Creation of intellectual property

☑ Intellectual Property

Materiality indicators Items, indicators, and fiscal 2025 results for innovation and compliance (R&D and intellectual property) > p.17

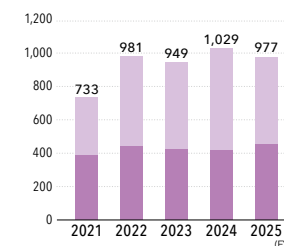
Policy and vision

Toyobo Group aims to continue creating the solutions required by people and the planet with materials and science. By creating innovations based on our four core technologies of “synthesis, polymerization, and modification,” “molding and processing,” “biotechnology,” and “analysis and simulation,” we contribute to resolving social issues. In addition, we align our intellectual property activities with our business strategy and research and development strategy and ensure the superiority of our products by building a high-quality patent portfolio, including both core and peripheral patents.

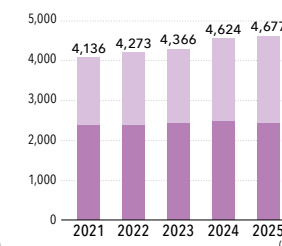
Initiatives and results

In leveraging intellectual property, we have established policies for handling patents and developed a structure that includes assigning intellectual property liaisons to each department, in coordination with our business departments and research and development departments. In addition, by actively utilizing intellectual property information and digital technologies, we have enhanced our systems to more effectively generate intellectual property. This includes providing intellectual property education for employees and revising our invention reward system to increase incentives for invention creation.

Number of patent applications



Number of patents held



New business-related results

Figures in parentheses represent overseas cases

	Number of patent applications	Number of patents held
MEL-related	198 (59)	56 (25)
Exosome-related	34 (9)	6 (2)

■ Japan ■ Overseas
Scope: TOYOBO CO., LTD.

In fiscal 2025, the number of patent applications was 977, of which 525 were filed overseas. The total number of patents held was 4,677, with 2,225 held overseas. Toyobo ranked first in the total patent ranking for polymer film-related technologies, as announced by Patent Result Co., Ltd., on May 7, 2024.*

* This ranking focuses on polymer film-related technologies and is based on Patent Result's evaluation of patent scores (assessing the degree of attention given to individual patents) in four major countries and regions: Japan, the United States, Europe, and China.

Innovation strategy | Examples of innovation creation

Achieving high-efficiency, high-purity, and high-yield isolation of exosome-enriched extracellular vesicles (EVs)

 EV purification kit: CATAROSEV® (Japanese only)

Expectations for extracellular vesicle (EV) purification technology

Our innovation policy

Toyobo Group is committed to contributing to the sustainable development of society by providing solutions that integrate our core technologies and business expertise, and we are challenging ourselves to create innovations across various fields. As part of our three priority innovation areas (value-providing domains) for people and the planet, one of which is well-being solutions, we have been developing the EV purification kit CATAROSEV®, which efficiently isolates exosome-enriched small extracellular vesicles (sEVs)*1. Our CATAROSEV® kit consists of a purification membrane with tiny pores that allow exosomes to pass through and incorporates ion-exchange functionality. It was developed jointly with Project Associate Professor Naohiro Seo, Department of Bioengineering, Graduate School of Engineering, The University of Tokyo.

*1 Small extracellular vesicles (sEVs) under 200 nm in size, which are rich in exosomes.

What are exosomes?

Exosomes are a subtype of extracellular vesicles ranging from 50 to 150 nanometers that are secreted from cells. They are present in blood, urine, and various other bodily fluids. It has been discovered that exosomes contain nucleic acids (e.g., microRNA) and proteins, and that they play an important role in both local and systemic intercellular communication both locally and at a distance, cell repair, and other functions. In recent years, increasing attention has been paid to exosomes as a promising next-generation therapeutic modality that can be applied to a wide range of fields, including regenerative medicine and the diagnosis and treatment of diseases such as cancer. At present, many researchers around the world are focusing on the application of exosomes. Research in this area is expected to continue advancing, and the global market for exosome related research products is projected to grow at an annual rate exceeding 35% through 2030.

Features of Toyobo's technology

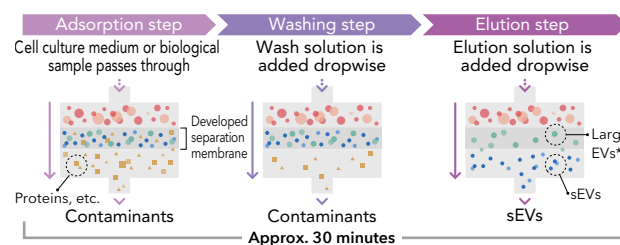
Current challenges in EV purification

Currently, the mainstream method for purifying EVs is ultracentrifugation. However, this approach has several limitations: the equipment is expensive, the purification process takes several hours, and the purity of the resulting sEVs is relatively low. These issues are particularly problematic in pharmaceutical R&D, where low-purity sEVs can lead to potential side effects from residual contaminants or be recognized as foreign substances in the body, resulting in degradation or absorption in organs such as the liver, preventing circulation within the body.

Solutions offered by Toyobo's technology

The newly developed EV purification kit, CATAROSEV®, removes large contaminants using a micro-porous separation function and purifies sEVs rich in exosomes by adsorbing negatively charged exosomes onto the membrane through ion-exchange functionality. This process also removes smaller contaminants such as proteins, enabling the high-efficiency, high-purity, and high-yield purification and recovery of sEVs. Performance evaluations of sEVs purified and recovered using this kit demonstrated the following advantages compared to conventional ultracentrifugation.

- Achieves comparable protein removal in one-sixth of the processing time
- Recovers more than twice the number of sEV particles
- Demonstrated systemic circulation in mice following administration, with wide distribution across organs



*2 Large extracellular vesicles other than exosomes

Outlook

The simplification of sEV isolation operations (making them easier and highly reproducible) and the high purity of the product are especially important for pharmaceutical development. Simplification enables GMP-compliant production of pharmaceuticals, which requires consistently high quality, while high purity enables safer drug manufacturing with reduced risk of side effects. This product is expected to make a significant contribution to the advancement of EV research in the pharmaceutical, cosmetics, and diagnostic fields worldwide. Moving forward, we plan to commercialize the research-use purification kit within fiscal 2026 and incorporate feedback from actual research sites to further improve usability and other operational aspects. In the future, we aim to expand into the United States and Europe, where EV research is thriving, and continue our daily research efforts to extend our market globally.

Comment from a co-developer

I have focused my research on the surface charge of exosomes, demonstrating that it is possible to purify only sEVs by exploiting differences in charge. While exploring how to make these research findings accessible to researchers worldwide, I came across Toyobo, which possesses advanced membrane filtration technology, and we began a collaborative research project. The EV purification kit developed with Toyobo uses a precision filtration membrane with microscopic pores that only allow exosomes to pass through. This enables a groundbreaking purification method with no known equivalents worldwide. By using this product, high-purity sEVs can be purified in a short time, making it highly promising for applications in pharmaceuticals and cosmetics and holding the potential to significantly advance EV research globally.



Project Associate Professor Naohiro Seo
Department of Bioengineering, Graduate School of Engineering, The University of Tokyo

Green strategy

Creating environmental value through business

 Sustainable Vision 2030



Senior Managing Executive Officer and Co-CEO, Head, Environment, Safety and Disaster Management Division, and Controlling Supervisor of Production Technology Division and Procurement and Logistics Department

Taichi Sakai

Toyobo Group upholds the corporate philosophy of *Jun-Ri-Soku-Yu*, and based on our Sustainable Vision 2030, is actively pursuing initiatives to realize a sustainable society.

Under Sustainable Vision 2030, we aim to achieve a decarbonized and circular society by reducing greenhouse gas (GHG) emissions and minimizing waste, while also focusing on the protection of quality water areas, air, and soil, and the preservation of biodiversity.

We are also dedicating efforts to the research and development of products that reduce environmental impact, providing technologies and solutions that we can be proud to pass on to the next generation.

For example, we are developing materials that serve as alternatives to petroleum-based resources and membranes that recover resources from industrial wastewater. Through these initiatives, we not only work to reduce the environmental impact of our own operations but also offer products that help our customers lower their environmental footprint. Each of our employees approaches their daily work with environmental awareness, continuously contributing to the realization of a sustainable future. We will continue to dedicate ourselves fully to imagining and making our vision a reality.

Sustainable Vision 2030 Planet: Contributing to solving social issues with a global perspective

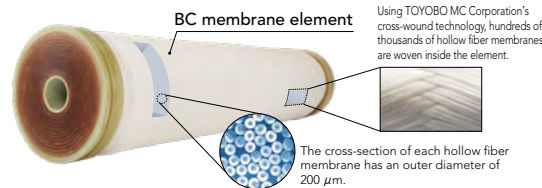
	 Decarbonized society	 Circular society	 Quality water areas, air, and soil, and the preservation of biodiversity
What society expects	Addressing climate change as a top priority for planet - Reduce GHG emissions across our business activities and the entire value chain - Provide solutions that contribute to achieving a decarbonized society	Responsibilities as a plastics manufacturer - Reduce waste from manufacturing processes, recycle, and minimize final disposal - Utilize biomass and recycled raw materials and take measures to realize a circular society	Beyond reducing environmental impact: improving environmental quality - Initiatives to reduce environmental impact in our business activities - Provide solutions that secure quality water areas, air, and soil Initiatives to preserve biodiversity - Contribute to nature positive (stopping and restoring losses of nature and biodiversity)
Our targets and initiatives Details > p.38	Accelerate reduction of GHG emissions in business activities and achieve net zero by fiscal 2051  Scope 1 and 2 Reduce by more than 46% by fiscal 2031 (compared with fiscal 2014) Achieve net zero by fiscal 2051 Contribution to reductions exceeding total GHG emissions across the value chain by fiscal 2051 Avoided GHG emissions > GHG emissions across the value chain	Reduce the use of virgin materials in manufacturing and promote the use of recycled raw materials  Waste emissions Reduce by 15% (FY2016 → FY2031)	Properly manage chemical substances generated in manufacturing and prevent external leakage Environmental impact reduction  Reduce VOC emissions by 60% (FY2015 → FY2031) Reduce discharges of harmful substances into water by 80% (FY2024 → FY2031)
Provision of solutions	Offer a range of solutions that contribute to achieving a decarbonized society Osmotic power generation  Entry  Offshore cables and insulating resins for wind power   Electrode materials for large-scale storage batteries  Hydrogen-related materials  Battery adhesive sheets for fuel cell vehicles	- Contribute to reducing resource use across the entire product life cycle through the provision of products and solutions - Participate in and help form ecosystems for resource circulation  Greening of films* Target ratio: 60%  Participation in resource circulation ecosystems  * Including biomass, recycled raw materials, and volume reduction	- Contribute to reducing environmental impact and improving quality through VOC recovery systems and water treatment membranes - Contribute to biodiversity conservation by expanding sales of high-performance films that reduce food loss  VOC recovery equipment Air treatment volume 7 billion Nm³/year  Desalination with membranes Equivalent to drinking water for 10 million people  Sales volume of high-performance films contributing to food loss reduction 4 times fiscal 2021 levels

Green strategy | Contributing to a circular society

Separation technology for water and valuable substances: BC membrane

What is a BC membrane?

A brine concentration (BC) membrane is a water treatment membrane capable of separating water from valuable substances. It leverages membrane technology developed over many years for seawater desalination and is one of the core technologies in the environmental solutions field at TOYOBO MC Corporation.



Development needs for BC membranes

In the 1970s, TOYOBO MC Corporation applied the spinning technology originally developed in its textile business to develop hollow fiber reverse osmosis (RO) membranes that allow water molecules to pass through while blocking certain molecules and ions. These RO membranes are highly chlorine-resistant, enabling chlorine disinfection and reducing problems caused by microbial growth, such as biofouling and membrane blockage. They have mainly been used for seawater desalination in the Middle East, supporting local water demand. Separately, they are also widely utilized in fields such as ultrapure water production. On the other hand, RO membranes require pressure exceeding the osmotic pressure to move water molecules, meaning that higher pressures are needed as the feed solution concentration increases. With growing energy-saving needs for processing high-concentration solutions, such as valuable substance recovery and zero liquid discharge (ZLD), TOYOBO MC Corporation began developing BC membranes, which allow for efficient concentration at lower pressures.

Reducing environmental impact

BC membranes eliminate the osmotic pressure difference by flowing feed solutions of equal concentration on both sides of the membrane, allowing efficient concentration at lower pressures. BC

membranes can achieve concentrations more than twice as high as those possible with conventional RO membranes. In addition, TOYOBO MC Corporation not only manufactures the membranes but also develops BC membrane concentration systems. Compared to evaporation-based recovery methods, these systems offer more efficient concentration technology with reduced environmental impact.

BC membranes contribute to reducing environmental impact in the following applications:

- Reducing the volume of difficult-to-treat wastewater
- Improving recovery rates in seawater desalination
- Reusing various types of industrial wastewater
- Recovering valuable substances (such as lithium) from wastewater

Applications

BC membranes are currently being utilized in the following two areas:

1 Recovery of valuable substances from high-concentration wastewater

Conventional The evaporation method requires a large amount of energy to vaporize the feed solution.

BC membrane advantage By implementing a pre-concentration step, the energy demand for vaporizing the feed solution can be significantly reduced, thereby lowering operating costs in the recovery of valuable substances.

2 Salt production from seawater

Conventional The seawater concentration step used electrodialysis with ion exchange membranes, which consumes a large amount of energy.

BC membrane advantage Using a BC membrane concentration system reduces energy consumption, contributing to lower CO₂ emissions in the production process. In Indonesia, BC membranes are used in a large-scale salt production plant with an annual output of 220,000 tons.

Application to lithium production and recovery

BC membranes are also utilized in lithium production sites and in processes for recovering lithium from used lithium-ion batteries.

Haruhisa Yata

Senior Assistant to General Manager, Water Treatment Membrane Sales Unit, TOYOBO MC Corporation



Nobuyuki Masumoto

Group Leader Sales Group 2, Water Treatment Membrane Sales Unit, TOYOBO MC Corporation

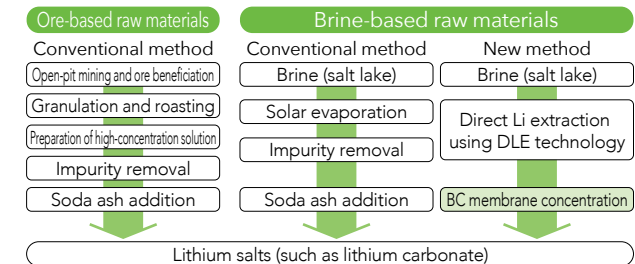


Hayaru Sakai

Sales Group 2, Water Treatment Membrane Sales Unit, TOYOBO MC Corporation



Lithium production process



Lithium production

Conventional methods Lithium production has traditionally been carried out using the following two methods:

- Mining at ore deposits
- Natural evaporation of brine from salt lakes with high lithium content

Potential applications of BC membranes

The second conventional method requires vast land, takes a long time for production, and poses challenges in handling the evaporated water. As an alternative, direct lithium extraction (DLE), which extracts lithium directly from brine, has attracted attention. By incorporating BC membranes into the DLE process, faster production and improved recovery rates are expected.

Lithium recovery and reuse

We have successfully developed a system to concentrate and recover lithium from wastewater at lithium-ion battery component factories. In addition, the system has been adopted in the lithium recovery process from used lithium-ion batteries at a major battery recycling plant in China.

Future applications

BC membranes are expected to find applications beyond lithium recovery in the following areas, and research, development, and commercialization efforts will continue.

- Use in food processing and pharmaceutical manufacturing
- Volume reduction, reuse, and ZLD of industrial wastewater to meet environmental regulations; several factories and commercial facilities in China are already operating such systems
- Recovery of rare metals

Green strategy | Contributing to a decarbonized society

Progress of biosurfactant MEL

Taku Arakawa

General Manager, Biotechnology Operating Department and Life Sciences Development Operating Department
Life Science Division



Takahide Kishimoto

General Manager, Biotechnology Research Center and Biotechnology Development Department
Life Sciences Development Operating Department
Life Science Division



Chikako Yamashita

Biotechnology Development Department
Life Sciences Development Operating Department
Life Science Division



What is MEL?

Mannosylerythritol lipids (MEL) are a type of biosurfactant produced by microorganisms through fermentation. They are expected to contribute to a decarbonized society by shifting from petroleum-based resources to bio-based resources.

Note: Toyobo has been selected for the "Bio Manufacturing Revolution Promotion Project" by the New Energy and Industrial Technology Development Organization (NEDO).

Product development of MEL

As a cosmetic ingredient using our MEL, we are selling the olive oil-fermented natural moisturizer Ceramela®. For the next stage of product development, we are developing the spreading agent SurfMellow®.

Features of SurfMellow®

- Enhances leaf surface wettability, improving adhesion and spread of pesticides
- Expected to reduce pesticide use and water consumption
- Made from bio-based ingredients, confirmed to be biodegradable, thereby reducing environmental impact

Expectations in the agricultural field

In addition to products using MEL, the Group is advancing product development for the agricultural sector. Products made from bio-based raw materials are expected to have a low environmental impact during use.

TOPICS

Toyobo Group's agricultural business: Biopesticides

Biopesticides are pesticides that utilize beneficial insects or microorganisms to achieve effects such as sterilization or insect control. Among these, the biopesticides of TOYOBO DO BRASIL PARTICIPACOES LTDA. (TBR)*, part of our Group, are primarily insecticides that use fungi cultivated in solid media and have experienced rapid growth in recent years. The fungi have the characteristic of eliminating pests by germinating and growing upon contact with fungal spores on the pests, ultimately damaging and controlling them.

Conventional chemical pesticides

Remain in crops and soil for long periods, posing risks to human health and the environment

Biopesticides (fungal spore insecticides)

Naturally decompose in a short period, contributing to reduced environmental impact

Our focus on Brazil stems from its status as one of the world's leading agricultural nations, where large-scale farmland relies heavily on herbicides and insecticides for efficient cultivation. TBR's biopesticide business is a new venture originating in Brazil. It successfully scaled up production by applying research results from the Campinas Biological Research Institute to the mushroom cultivation technologies previously held by TBR.

Analysis of growth factors

- Entered a market (agricultural business) with local strengths, adopting a local perspective
- Evolved Japanese-derived technology (*kaji* fermentation) into a method suitable for local conditions (mushroom cultivation)
- Accurately leveraged our own strengths (mass production technology) to differentiate from competitors
- Global demand for biopesticides, which use microorganisms to control and prevent pests and diseases, has grown significantly in line with environmental protection and SDG initiatives

* TBR provided biopesticides free of charge for a project conducted by the Biological Institute of São Paulo to control highly toxic mites transmitted by wild capybaras and received the Environmental Highlight Award three times from the city of Americana.

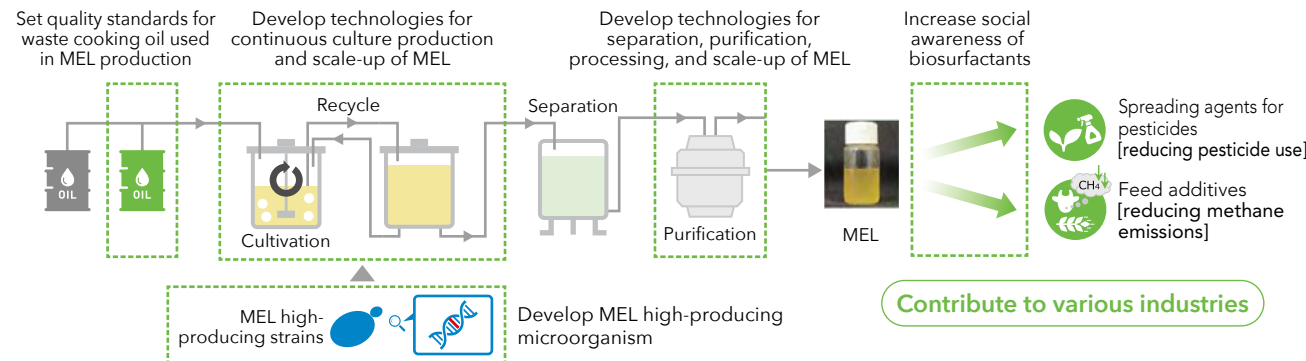
Progress of the Bio Manufacturing Revolution Promotion Project

Biosurfactants (Microbially fermented surfactants)

- ✓ Exhibit excellent surface-active properties even at low concentrations
- ✓ Highly safe and made from sustainable materials
- ✓ Expected to be applied across a wide range of uses

➤ Anticipated to significantly transform industrial structures as next-generation surfactants

Project overview



Key initiatives for fiscal 2025

- Identify components in waste cooking oil that affect productivity
- Construct candidate microorganisms for MEL production using genetic modification techniques
- Demonstrate continuous production processes at a laboratory scale
- Conduct life cycle assessment (LCA) calculations

Key initiatives from fiscal 2026 onward

- Verify the use of waste cooking oil
- Evaluate candidate strains
- Further improve production processes
- Construct a pilot plant
- Conduct field trials on farmland
- Calculate contribution to reduction

Green strategy

Environmental responsibility —Toyobo Group's 2030 targets



Other environmental initiatives

For information on other initiatives, including water resources, please refer to our website.

Materiality indicators

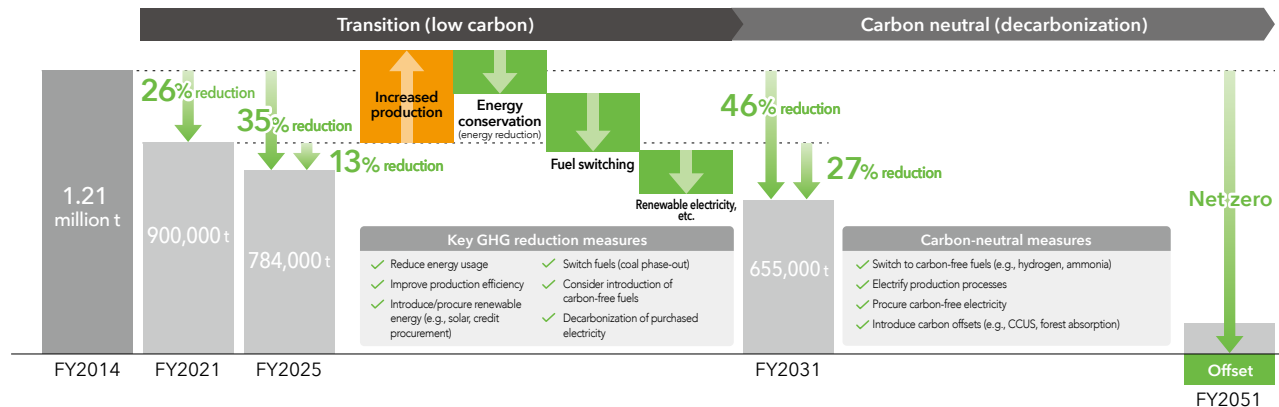
Indicators and fiscal 2025 results for a decarbonized and circular society > p.16



Decarbonized society

Toyobo Group recognizes climate change as one of the most critical social issues and acknowledges its impact on business activities. We support international frameworks such as the Paris Agreement and the Glasgow Climate Pact and have formulated a carbon-neutral road map to reduce Scope 1 and 2 greenhouse gas (GHG) emissions. Following this road map, we are steadily implementing specific measures, including energy conservation, fuel switching (coal phase-out), and the introduction of renewable energy.

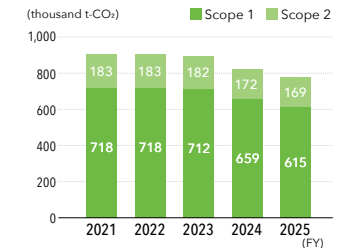
Carbon-neutral road map



GHG emissions Scope 1 and 2

FY2031 target	Reduce by at least 46% (compared with FY2014)
FY2025 result	35.4% reduction

GHG emissions



Circular society

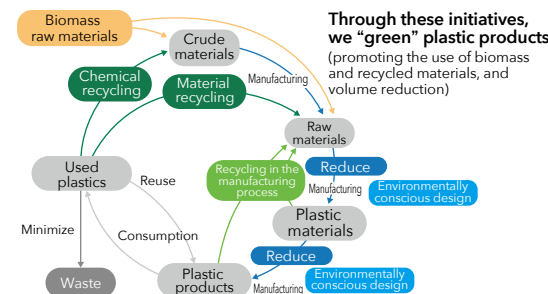
Toyobo handles many plastic products, including our main product, films, and recognizes that the transition to a resource-circulating society represents both a business risk and a significant opportunity. As a plastics manufacturer, we are working to reduce waste from manufacturing processes, promote recycling, and minimize final disposal.

	Waste emissions	Greening ratio of films*1,*2
FY2031 target	15% reduction (compared with FY2016)	60%
FY2025 result	3% reduction	14%

*1 Technologies and initiatives that reduce the use of petroleum-based resources

*2 Scope: TOYOBO CO., LTD.

Plastic life cycle and Toyobo Group's initiatives toward resource circulation



Quality water areas, air, and soil, and preservation of biodiversity

We properly manage chemical substances generated in the manufacturing process and work to prevent external leaks, contributing to environmental protection.

For chemicals discharged into the air and water, we set voluntary standards and reduction targets that are stricter than regulatory limits, and thoroughly manage them, to reduce emissions. In particular, for volatile organic compounds (VOC) emissions, the installation of VOC recovery equipment at factories has reduced emissions generated during production processes, allowing us to achieve our targets ahead of schedule.

	VOC emissions	Discharges of harmful substances into water
FY2031 target	60% reduction (compared with FY2015)	80% reduction (compared with FY2024)
FY2025 result	86% reduction	41% reduction

Scope: TOYOBO CO., LTD., and its domestic consolidated subsidiaries

Green strategy

Disclosure of financial information related to climate change (based on the TCFD recommendations)

In January 2020, Toyobo Group endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and has been advancing the disclosure of our initiatives in line with these recommendations. For details, please refer to the Annual Securities Report.

Annual Securities Reports

Governance

We have established the Sustainability Committee, chaired by the President and Chief Executive Officer, who has the highest seniority regarding issues related to climate change. The committee deliberates on setting high-level policies and targets for addressing these issues. The Board of Directors regularly receives reports from the committee, approves important items such as high-level policies and targets, and monitors the progress of related activities.

Strategy

In Sustainable Vision 2030, Toyobo Group has designated the achievement of a decarbonized and circular society as a key sustainability goal. Consistent with the TCFD recommendations, we have analyzed and organized future risks and business opportunities based on climate change scenarios aligned with the Paris Agreement. By identifying the financial impacts of these risks and opportunities, we aim to strengthen the resilience of our business strategy through the establishment of relevant goals and indicators and the implementation of targeted countermeasures.

Scenario analysis

Considering the range of possible scenarios arising from the severity of climate change impacts and progress in countermeasures, we referred to the following scenarios as typical examples. For the time horizon, “short term” is defined as approximately three years, “medium term” up to 2030, and “long term” up to 2050.

- Decarbonized society transition (1.5° C) scenario: NZE (IEA WEO 2024) and others
- Severe climate change (4° C) scenario: SSP5-8.5 (IPCC AR6) and others

Risk management

Based on the results of a Company-wide risk assessment, we manage natural disaster risks, including those exacerbated by climate change such as severe flooding and storm surges, as key risks for Toyobo Group.

Climate Change ESG Performance Data (Environment)

Materiality indicators Indicators and fiscal 2025 results for a decarbonized and circular society > p.16

Risks, opportunities, and mitigation measures by scenario

Social changes and their impact	Risks and opportunities			Measures taken by Toyobo Group	
	Category	Period	Details		
Impacts of transitioning to a decarbonized society Changes in policies, regulations, technology, and markets on a broad scale, etc.	Transition risks	Short term	Introduction of carbon pricing	● Promotion of GHG emission-reduction plans (including energy conservation, production efficiency enhancements, fuel conversion, and adoption of renewable energy) ● Use of internal carbon pricing systems	
		Medium to long term	Increases in raw material and fuel prices (e.g., carbon price pass-through)	● Shift to non-petroleum-based resources ● Engagement and collaboration with suppliers (e.g., development of low-carbon raw materials) ● Diversification of raw material procurement methods (expanding multiple sourcing and local procurement)	
			Increased costs associated with energy efficiency initiatives and introduction of high-efficiency equipment, etc.	● Innovation and pursuit of ultra-high efficiency in production processes ● Utilization of sustainable finance and transition finance ● Enhancement of production efficiency across the value chain (e.g., integration and collaboration with affiliates, M&A)	
			Increased costs due to low-carbon/decarbonization requirements in product manufacturing	● Expansion of renewable energy adoption and procurement ● Enhancement of production process efficiency and promotion of energy conservation ● Cost pass-through to product prices	
			Increasing calls for reduction or substitution of petroleum-based resources	● Acceleration of the shift to recycled and biomass-derived raw materials ● Review of general-purpose material businesses reliant on petroleum-based resources	
	Transition opportunities	Medium term	Increasing demand for low-carbon and decarbonized materials and products	● Acceleration of the shift to recycled and biomass-derived raw materials ● Innovation in production processes for biotechnology businesses using microorganisms such as yeast for bio-manufacturing ● Addressing procurement challenges related to raw materials (recycled and biomass-derived) due to material scarcity ● Promotion of product development and planning with low-carbon and decarbonized materials ● Acceleration of the development of innovative low-carbon and decarbonized materials ● Strengthening of production and quality management systems for low-carbon and decarbonized products	
			Expansion of demand for products contributing to greenhouse gas (GHG) emission reduction	● Collaboration within the supply chain, including customers, from the perspective of contributing to emission reduction ● Acceleration of product development and planning* that contributes to emission reduction through replacement of conventional technologies * Examples include energy-efficient seawater desalination membranes, VOC recovery equipment that enables reuse by avoiding solvent combustion treatment, water-developed flexo plates that contribute to reducing GHG emissions from wastewater treatment, materials for fuel cells, and coating replacement films that substitute for high-GHG-emission coating processes.	
			Growth in renewable energy and battery storage markets	● Strengthening of product development and planning for renewable energy and storage battery-related businesses* ● Enhancement of capabilities in anticipating mega-trends, expanding overseas, and providing solutions through the establishment of the joint venture TOYOBO MC Corporation by Toyobo and Mitsubishi Corporation * Examples include osmotic power generation membranes, super fibers and films for floating offshore wind power, VOC recovery equipment for lithium-ion secondary battery factories, membranes and systems for concentrating valuable substances such as lithium, materials related to hydrogen generation systems, materials related to hydrogen carriers, and donor materials for organic photovoltaic (OPV) cells.	
	Impacts of climate change progression Direct damage to assets, indirect effects from supply chain disruptions, and changes in technology and markets, etc.	Physical risks	Present to medium term	Decline in productivity due to extreme heat	● Clarification of basic policy on heatstroke prevention ● Work environment and proper management of operations (such as installing additional sunshades, air conditioning, and ventilation systems, and shortening continuous working hours in hot and humid workplaces) ● Expansion of factory automation ● Heatstroke management for on-site workers using IoT devices and other technologies
				Disruption of raw material supply due to natural disasters	● Review of inventory levels and expansion of bulk purchases ● Diversification of logistics routes
Instability in raw material procurement				● Exploration of alternative raw materials less affected by climate change	
Physical opportunities		Medium term	Damage to equipment and operational shutdowns caused by flooding and storm surges	● Clarification of the basic policy on flood countermeasures ● Enhancement of durability for production and power facilities, relocation, and raising of equipment ● Diversification and relocation of production bases ● BCP training	
			Increased demand for civil engineering projects	● Expansion of products used in disaster mitigation and restoration work* * Examples include sand-proofing sheets, concrete delamination prevention sheets, and soft roadbed improvement materials.	
			Increased need for desalination due to water shortages and droughts Rising demand for zero liquid discharge (ZLD) solutions due to freshwater scarcity	● Expansion of sales for seawater desalination membranes such as RO/FO membranes^{*1} ● Development of energy-efficient and durable RO/FO membranes, etc. ● System development for high-efficiency concentration membranes (BC membranes)^{*2} ● Strengthening of production and quality control systems for RO/FO/BC membranes, etc. ● Enhancement of sales capabilities through TOYOBO MC Corporation leveraging Mitsubishi Corporation's overseas network ^{*1} RO/FO: Reverse Osmosis/Forward Osmosis ^{*2} BC: Brine Concentration	
		Long term	Increased demand for infection control measures (prevention and treatment) due to rising temperatures	● Expansion of sales of food packaging-related products in response to increasing demand for food hygiene ● Promotion of research and development for infectious disease-related products and technologies	

Green strategy

Disclosure of financial information related to climate change (based on the TCFD recommendations)

Climate Change
ESG Performance Data (Environment)

Materiality indicators
Indicators and fiscal 2025 results for a decarbonized and circular society > p.16

Indicators and goals

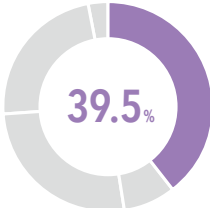
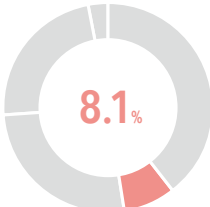
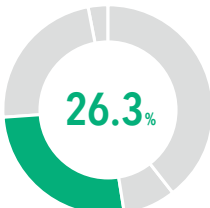
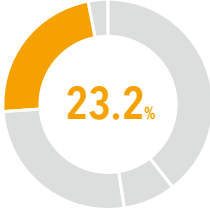
Toyobo Group has set goals for climate change and is advancing various initiatives to achieve them.

Key risks and opportunities	Financial impact			Category	Indicator	Target	Main initiatives	Fiscal 2025 performance	
	Summary	Impact amount	Mitigation costs						
Key risk 1 Risk of damage to buildings and equipment due to water-related disasters (e.g., floods, storm surges)	Our main facilities (Tsuruga, Iwakuni, and Inuyama) are exposed to water-related risks, which are expected to increase due to climate change. An estimate has been made of the potential loss of assets at these facilities due to water damage.	Time frame: 2030s Estimated asset loss: Up to approx. ¥65 billion* * Estimated based on the book value of the facility and the damage ratio from water-related disasters (as published by the Ministry of Land, Infrastructure, Transport and Tourism)	FY2023–2026 cumulative total: A portion of the ¥17 billion investment in safety, disaster prevention, and environmental measures is applicable.	GHG	GHG emissions	FY2031: 27% reduction (SBT) (base year: FY2021) Note: Equivalent to a 46% reduction compared with FY2014	● Improved energy conservation, enhanced production efficiency, fuel conversion, and adoption of renewable energy, among others	13% reduction compared with FY2021 (784 thousand t-CO ₂)	
Key risk 2 Introduction of carbon pricing	Assuming a carbon price of ¥15,000 per ton of CO ₂ for fiscal 2031, we compare the carbon tax burden under two scenarios: one without additional GHG emission-reduction measures (BAU* scenario) and one with implemented measures (transition scenario). * BAU: Business As Usual	Time frame: FY2031 Cost reduction: approx. ¥10 billion* * Difference in the carbon tax burden between the BAU scenario and the transition scenario ● BAU scenario: ¥20 billion (carbon price for approximately 1.3 million tons of CO ₂ emissions) ● Transition scenario: ¥10 billion (carbon price for approximately 655,000 tons of CO ₂ emissions)				FY2051: Net zero	● Adoption of carbon-free fuels, renewable energy procurement, and production process innovation, among others	Electricity generated from renewable energy in fiscal 2025 was 1,487 MWh	
						Scope 3 (Category 1 and 11) FY2031: 12.5% reduction (SBT) (Base year: FY2021)	● Category 1*: Acceleration in the shift to recycled and biomass-derived raw materials * Emissions from activities related to purchased raw materials and services such as manufacturing ● Category 11*: Energy conservation with VOC recovery equipment, among others * Emissions from the use of products sold	44% increase (3.34 million t-CO ₂)	
Key risk 3 Increasing calls for reduction or substitution of petroleum-based resources Key opportunity 1 Growing demand for low-carbon and decarbonized materials and products	In anticipation of increasing societal demands, including from customers, for the reduction and substitution of petroleum-based resources as part of future decarbonization efforts, we estimate the revenue from low-carbon and decarbonized materials and products in the film business for fiscal 2031.	Time frame: FY2031 Films segment revenue from opportunities: approx. ¥130 billion* * Estimated as 60% of the target revenue for FY2031 (¥220 billion) from low-carbon and decarbonized materials and products	Part of the ¥4.4 billion R&D expenditure for the Films segment in fiscal 2025	Environmental investment	● Plan: ¥17 billion cumulative for FY2023–2026 (total investment in safety, disaster prevention, and environmental measures) ● Initiatives: Low carbonization of in-house power generation facilities, introduction of renewable energy equipment, and water damage countermeasures for production and power equipment (such as relocation and raising of facilities) ● Fiscal 2025 performance: Full-scale operation of the LNG-fired power plant at the Iwakuni Production Center (coal phase-out), additional solar power installations at the Inuyama Plant, and new solar power installations at overseas subsidiaries				
Key opportunity 2 Rising demand for advanced water treatment due to the scarcity of water resources	Given advancing climate change and societal shifts toward decarbonization, we anticipate increased demand for products and services* that contribute to GHG reduction for customers and water treatment membranes. We estimate revenue for fiscal 2031 in the Environmental and Functional Materials segment, which encompasses many of these materials and products. * Examples include energy-efficient seawater desalination membranes, VOC recovery equipment that enables reuse by avoiding solvent combustion treatment, and water-processed flexo plates that contribute to reducing GHG emissions from wastewater treatment.	Time frame: FY2031 Revenue for the Environmental and Functional Materials segment: approx. ¥250 billion* * Includes not only water treatment membranes and VOC recovery equipment but also mooring lines for floating offshore wind power, engineering plastics for EVs, storage battery-related materials, hydrogen carrier-related materials, and donor materials for organic photovoltaic (OPV) cells.			Part of the ¥3.8 billion R&D expenditure for the Environmental and Functional Materials segment in fiscal 2025	Climate-related opportunities	Internal carbon pricing	● The internal carbon pricing system was introduced in fiscal 2023 and is still in operation: ¥10,000 per ton of CO ₂ ● Expansion of decision-making on capital investment and investment in development facilities, considering variations in CO ₂ emissions	
								Key opportunity 3 Expansion of demand for products contributing to greenhouse gas (GHG) emission reduction	
Greening ratio of films (Set as a measure to also address transition risks)	FY2031: 60%	● Promotion of material and chemical recycling, development and increased adoption of biomass raw materials, and reduction of film thickness volume, among others	14%						
					Seawater desalination with membranes	FY2031: Equivalent to tap water volume for 10 million people	● Expansion of sales of membranes for seawater desalination such as RO/FO membranes ● Development of energy-efficient and high-durability RO/FO membranes, among others ● Strengthening of production and quality control systems for RO/FO membranes, among others ● Start of sales of RO membranes in India	Tap water volume for 5.2 million people	
					Air volume treated by VOC recovery equipment for lithium-ion battery separator factories*	FY2031: 7 billion Nm ³ per year	● Strengthening of sales activities focused on GHG reduction contributions from customers (replacement of combustion-based methods) ● Enhancement of the sales structure through TOYOBO MC Corporation ● Expansion of sales beyond the storage battery sector, targeting processing industries such as printing, films, and seals	5.4 billion Nm ³ per year	

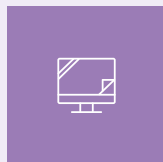
Business strategy

Overview by segment

 Contribution through Our Business

		Net sales composition ratio (FY2025)	Net sales and operating profit (FY2025)	Main applications	Examples of products
 Films	This business leverages its strength in handling diverse materials and its integrated development and production capabilities, from raw materials to film formation and post-processing (coating and vapor deposition). Backed by a broad product lineup, it possesses the technical capability to provide comprehensive total solutions. Under the 2025 Medium-Term Management Plan, as part of “create new value,” the business will focus on expanding green films to contribute to a decarbonized and circular society, and on launching new high-performance films in the electronics sector.		Net sales ¥166.8 bn Operating profit ¥6.9 bn	- Industrial films - Packaging films	
 Life Science	This business, operating under a top-level production system in the medical, healthcare, and pharmaceutical fields, aims to bring smiles to everyday life and deliver unexpected value. To meet customer needs at different health stages, it focuses on two core technologies: biotechnology for producing high-performance proteins and membrane-forming technologies contributing to the medical field, continually strengthening these capabilities. Under the 2025 Medium-Term Management Plan, as part of “create new value,” the business will focus on expanding applications of separation membranes, bio-manufacturing, infection control solution businesses, and increasing market share primarily in emerging countries.		Net sales ¥34.3 bn Operating profit ¥2.0 bn	- Bio-related products - Cosmetic ingredients - Medical separation membranes and modules - Medical equipment - Pharmaceutical-related products	
 Environmental and Functional Materials	This business is operated through TOYOBO MC Corporation, a joint venture between TOYOBO CO., LTD., and Mitsubishi Corporation. By leveraging Mitsubishi Corporation's domestic and international networks, the business aims to link its advanced technologies to market needs in rapidly evolving areas such as mobility, environment, and electronic materials, targeting significant growth. Under the 2025 Medium-Term Management Plan, as part of “create new value,” the business will pursue new development and overseas market expansion in line with the development road map for priority business areas.		Net sales ¥110.8 bn Operating profit ¥8.0 bn	- Adhesion and coating agents - Engineering plastics - Elastomers - Seawater desalination membranes and modules - Environmental solution equipment and filters - High-performance fibers - Lifestyle materials	
 Functional Textiles and Trading	This business consists of the airbag business, functional textiles business, textile business, and trading operations (TOYOBO STC CO, LTD.). The airbag business operates in Thailand, China, and the United States; the textile business in Southeast Asia and Central America; and the trading operations have bases in Thailand, China, and India, reflecting a global business presence. Under the 2025 Medium-Term Management Plan, the textile business improved profitability through business structure reforms, including consolidation of domestic production sites and withdrawal from unprofitable products, as well as product price revisions. The airbag business also improved profitability, supported by increased sales volumes from the recovery of automobile production and product price adjustments.		Net sales ¥98.1 bn Operating profit ¥0.5 bn	- Airbag fabrics and yarn - Sports, inner wear, uniforms, and other apparel	

Business strategy



Films

Masanao Kudo

Managing Executive Officer, Head, Films Division



Focusing on DX and environmental initiatives to accelerate the realization of a sustainable society

Review of the past year and business environment analysis

1 Industrial film

The market for key applications such as optical and electronic components continued to grow steadily, driven by larger liquid crystal displays (LCDs), expanding demand for AI servers, and the spread of electric vehicles (EVs) and autonomous driving technologies. Leveraging its integrated technological capabilities—from raw material design to film formation and coating—the business holds a high market share in films for LCDs and ceramic capacitors. To meet the expected further growth in DX-related demand, a new film production machine was commissioned at the Utsunomiya Plant.

2 Packaging film

Although demand temporarily declined due to lower consumer spending amid rising prices and the post-COVID-19 adjustment of distribution inventories, the market gradually recovered with the return of inbound demand. At the same time, volatile petrochemical raw material prices, driven by uncertain geopolitical risks, along with a weak yen and general price increases, raised utility, logistics, and labor costs, contributing to higher overall business expenses. Despite these challenges, the business advanced environmentally conscious initiatives, leveraging proprietary production technologies and patents to develop innovative products—such as recycled and biomass-derived plastics and high-rigidity films for plastic reduction—resulting in a 10% year-on-year increase in green film sales.

Initiatives to restore profitability and summary of the current Medium-Term Management Plan

In fiscal 2025, net sales reached ¥166.8 billion and operating profit was ¥6.9 billion. The operating profit forecast for fiscal 2026, the final year of the current Medium-Term Management Plan, has been revised to ¥8.0 billion^{*1} (previous forecast: ¥10.0 billion^{*2}). To achieve the target, the following initiatives will be implemented.

^{*1} Forecast as of May 2025 ^{*2} Forecast as of May 2024

The business division will focus on integrated operations, aiming to expand into new markets and applications by strengthening marketing capabilities and optimizing manufacturing facilities.

1 Industrial film

Against the backdrop of expanding optical markets, the COSMOSHINE SRF[®] polarizer protective films for LCDs have performed well, and further revenue growth is targeted. At the Tsuruga Films Plant, manufacturing equipment has been modified to establish an expanded production system aimed at increasing market share in the liquid crystal display sector. In addition, the full-scale operation of newly installed mold releasing film for MLCC at the Utsunomiya Plant has strengthened the production system to meet growing demand in the ceramic capacitor market.

2 Packaging film

To restore profitability, the business is working to pass rising costs on to sales prices, improve productivity, optimize procurement, and reduce fixed costs by shutting down aging facilities, while also pursuing the expansion of green film sales.

Focus areas for the next Medium-Term Management Plan

During the current plan period, we faced unprecedented and rapid changes in the business environment—including soaring raw material and fuel prices, supply chain disruptions, and a sharp depreciation of the yen, triggered by the COVID-19 pandemic and the invasion of Ukraine. In addition, delays in bringing the new packaging film production facilities, established in 2022, into full operation led to deviations from the initial plan. In the next Medium-Term Management Plan, we will address the following priority issues with the goal of building a business structure that is more resilient to environmental fluctuations.

1 Expansion of sustainable business

Focus on products that contribute to the realization of a sustainable society

- Expansion of green films, including recycled, biomass, and volume-reduction types
- Expansion of sales of DX-supporting products such as COSMOSHINE SRF[®] and mold releasing film for MLCC, leveraging growth investments

2 Profitability improvement through productivity enhancement

- Early launch of new film-forming machines for industrial film and productivity improvements at packaging film production facilities to strengthen profitability

3 Strengthening organizational capabilities through unified operations in the business division

- Human resource development through cross-functional exchange among the development, sales, and staff divisions
- Enhancement of sales and development capabilities, and promotion of business expansion into new markets and applications, by reinforcing the DX and marketing functions
- Profitability improvement through resource optimization within the business and cost reductions in raw materials and logistics

Initiatives for securing growth investments

Strengthening the profitability of high-performance films through strategic capital investment

At the Utsunomiya Plant, a new production line for mold releasing film for MLCC (investment: ¥20.0 billion; production capacity: 20,000 tons/year) was launched in September 2024, with full-scale mass production starting in 2025. The purpose is to strengthen the production system in response to the expanding ceramic capacitor market driven by growing demand for AI servers, the shift to EVs, and increasing automotive electrification including autonomous driving. With proprietary film-forming technology that achieves the smoothness required for mold releasing film for MLCC and advanced coating technology, the Company can flexibly meet customer needs across a wide range from high-end to mid-tier products.

In addition, to respond to rising demand for polarizers accompanying the trend toward larger LCDs, facilities at the Tsuruga Films Plant have been modified to increase capacity for COSMOSHINE SRF[®] by approximately 30%. COSMOSHINE SRF[®], which combines the Company's unique film-forming and material technologies with the concept of "super retarder," is highly valued for its superior water resistance and low distortion compared to other materials, and holds a strong market share. Expanded production capacity will be in place within fiscal 2026, with mass production beginning in fiscal 2027.



Newly installed production equipment at the Utsunomiya Plant

Business strategy

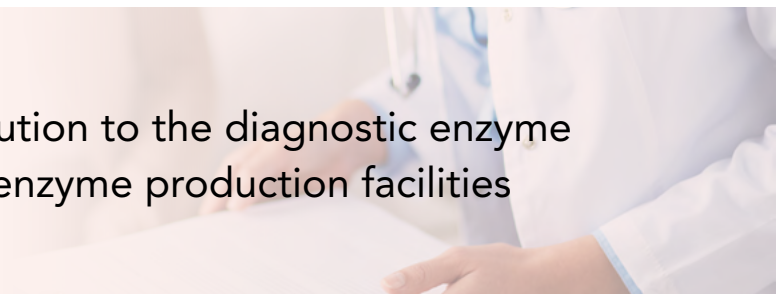


Life Science

Takahito Sagara
Managing Executive Officer
Head, Life Science Division



Enhancing our contribution to the diagnostic enzyme market by expanding enzyme production facilities



Review of the past year and business environment analysis

With the reclassification of COVID-19 as a Category V infectious disease, the diagnostic reagent market has stabilized. However, demand for biochemical diagnostic enzymes remains strong in overseas markets, particularly in emerging economies supported by economic growth, and the market is expected to continue expanding at an annual rate of 5%–7%. To meet this growing demand, a phased investment plan to expand production facilities at the Tsuruga Biochemicals Plant has been implemented, with operations at a new culture and purification building commencing in fiscal 2025. In addition, with the number of dialysis patients increasing, particularly in developing countries, a new dialysis membrane plant in Odate was established in collaboration with NIPRO CORPORATION to enable integrated production from processing to final products. The facility was designed to improve production efficiency and strengthen the supply system in response to growing demand. Amid this environment, in June 2024, a preparatory committee was launched to establish a medical consortium for the development of therapeutic medical devices and creation of healthcare-related businesses, with Toyobo serving as the secretariat. As of February 2025, approximately 50 companies have joined the consortium. By sharing the expertise of lead companies for each development theme and working toward early commercialization, the initiative aims to deliver effective medical devices more quickly to patients worldwide.

Initiatives to recover earning power and summary of the current Medium-Term Management Plan

Under the current Medium-Term Management Plan, measures have been implemented to recover earning power, focusing particularly on three areas: manufacturing, sales, and development.

1 Manufacturing

- Efforts have focused on expanding production capacity and improving efficiency. In the medical membrane business, operations have been consolidated across two sites to mitigate risk. In the biotechnology business, the new culture and purification building began operations in April 2024, followed by the research reagent building and the gene manufacturing and quality testing building in April 2025.

- In 2025, efforts are being concentrated on improving productivity at the Tsuruga Biochemicals Plant, commencing full-scale operations at the Odate Membrane Plant, and increasing production and productivity of asymmetric triacetate (ATAC*) at the Iwakuni Membrane Plant.

* ATAC exhibits superior performance compared to cellulose triacetate (CTA) due to its asymmetric structure.

2 Sales

- Efforts are focused on ensuring appropriate pricing, strengthening sales bases to acquire new customers, optimizing personnel allocation and sharing knowledge within the business, and reducing manufacturing and SG&A costs.
- In fiscal 2026, the aim is to increase revenue through promotional activities in overseas markets, launch new products, and secure new high-value projects.

3 Development

- The new Medical Research Laboratory, established in April 2024, strengthens product development capabilities for medical membranes, process membranes, and biocompatible polymers.
- In the field of infectious disease diagnostics, the Company developed a new test kit with improved detection sensitivity for Mycobacterium tuberculosis, responding to the need for rapid testing compared to conventional products.
- In the blood purification area, the VolSep® ascites filtration and VolSep® ascites concentration filters received manufacturing and marketing approval from the Ministry of Health, Labour and Welfare and are covered by insurance. In addition to expanding the lineup of blood purification products, we are promoting the development of process membranes, including virus removal membranes for pharmaceutical manufacturing processes.
- To strengthen the framework for fiscal 2026, we established the Life Sciences Development Operating Department, while a medical consortium with industry-academia collaboration will be created through a preparatory committee, aiming to further enhance development capabilities and speed to commercialization.

Focus areas for the next Medium-Term Management Plan

During the current plan period, efforts have focused on strengthening the business through expansion of diagnostic reagent enzymes and dialysis membranes, as well as on restoring unprofitable operations.

In the next Medium-Term Management Plan, to achieve growth to the next stage, research and development for the future will be enhanced. Priority areas include expanding production in the strengthened businesses, growing the infectious disease business—covering immunoassays and genetic testing—where market expansion and potential pandemic resurgence are expected, and entering the blood purification device market. The following measures are considered essential to achieve these objectives.

1 Strengthening the foundation

- Efforts will be thoroughly implemented to improve production technology, budget management, talent development, and organizational capabilities, as well as to ensure labor safety, disaster prevention, and product quality. Standards and manuals for various operations, including work standards, quality standards, and safety manuals, will be developed and properly maintained.

2 Accelerating development for entry into new markets

- Building on the stabilized production and expanded foundation of diagnostic reagent enzymes and dialysis membranes, which are the business's strengths, development speed will be accelerated to enter new markets with high-value-added products leveraging specialized core technologies.

Initiatives for recovering growth investments

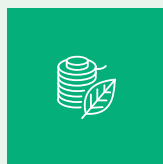
Increasing production of diagnostic reagent enzymes to meet global demand

Our diagnostic reagent enzymes are used in blood glucose sensors and diagnostic reagents for kidney function and triglycerides, with more than 70% of sales directed overseas. In addition to high quality, their flexible customization and after-sales support have been highly valued, allowing us to capture approximately 25% of the global market and secure the world's second-largest position (Toyobo estimate). Sales have grown faster than the market growth rate, and to meet increasing demand, a new culture and purification building was established at the Tsuruga Biochemicals Plant in April 2024. Further expansion of enzyme production facilities is planned in fiscal 2027 to strengthen the supply system.



Image of enzyme products Newly established culture and purification building

Business strategy



Environmental and Functional Materials

(TOYOBO MC Corporation)

Chikao Morishige

CTO
Head, Environmental and Functional Materials Division
President and Representative Director, CEO, TOYOBO MC Corporation



Contributing to solving global challenges by focusing on priority business areas and strengthening co-creation capabilities

Review of the past year and business environment analysis

In fiscal 2025, international uncertainty increased due to U.S.-China tensions, the prolonged situation in Ukraine and the Middle East, and additional U.S. tariffs. Domestically, competitor withdrawals also changed the business environment significantly. Amid these conditions, the business achieved net sales of ¥110.8 billion and operating profit of ¥8.0 billion, an improvement of ¥3.3 billion year on year. Price revisions and cost-reduction initiatives across the business, including in the resin and chemical sector, contributed significantly to this improvement in profitability.

As a new business initiative in fiscal 2025, the Mobility Business Strategy Unit was launched in April to respond to the dramatic changes in the automotive industry, including the shift to EVs. This unit has begun direct approaches to domestic and overseas OEMs and aims to conduct medium- to long-term advanced technology development.

In addition, HOLLOSEP® BC membrane, an aqua membrane, was adopted for the lithium concentration and recovery process from used lithium-ion batteries (LIBs) for the first time. Through this product, the Company contributes to more efficient resource recycling and effective utilization of used LIBs accompanying the spread of EVs.

Green strategy Separation technology for water and valuable substances: BC membrane > p.36

Initiatives to restore profitability and summary of the current Medium-Term Management Plan

Since the first year of operations of TOYOBO MC Corporation in fiscal 2024, the business has been managed with a clear focus based on the business strategy labels (growth, revenue

enhancement, and business reform), strengthening initiatives in priority business areas.

In growth areas, the decision was made to expand RO membrane production facilities at the Iwakuni Environmental and Fiber Plant. This expansion aims to increase production capacity, reduce costs, and respond to strong seawater desalination demand, particularly in the Middle East, thereby creating new business opportunities.

In the areas focused on revenue enhancement, we steadily implemented price revisions for optical functional materials and fine chemicals, significantly contributing to the profitability required to maintain and expand the business.

In terms of business reform, we reviewed the business portfolio to prepare for future growth investments. All shares of affiliated companies Kureha Ltd. and Toyobo Kankyo Techno Co., Ltd. (at the time of transfer), were divested to advance a strategy of selection and concentration. In the spunbond (nonwoven fabrics) business, profitability was improved through the implementation of price revisions.

Furthermore, as achieving the fiscal 2031 targets (net sales of ¥250 billion and operating profit of ¥20 billion) depends on expanding overseas markets, in fiscal 2025 we focused on securing experienced international personnel and strengthening the global sales structure.

Focus areas for the next Medium-Term Management Plan

To achieve sustainable growth, we will actively pursue both organic initiatives and inorganic approaches such as M&A. The priority business areas are mobility, environment, and electronic materials, with an initial focus on expanding sales of our core VOC recovery equipment. Although shipments of VOC recovery equipment for LIB separator plants declined in fiscal 2025 due to a slowdown in the EV market, these products—capable of adsorbing VOCs and recovering and

reusing solvents—are highly valued for their greenhouse gas reduction effects.

Going forward, we will promote wider adoption across manufacturing processes and accelerate global expansion beyond Asia. In the next Medium-Term Management Plan, the three growth pillars of “enhancement of overseas operations,” “new development,” and “inorganic growth,” along with strengthening cost competitiveness, will be essential. We will accurately capture market trends and promptly deliver products that meet evolving needs.

Further value creation in revenue enhancement areas

Examples of initiatives to achieve the fiscal 2031 targets

To achieve the fiscal 2031 targets of ¥250 billion in net sales and ¥20 billion in operating profit, the following initiatives are being implemented.

① Mobility Business Strategy Unit

Launched as an organization directly under the president, it aims to create collaborative opportunities with OEMs, lead the development of the global mobility industry, and generate new businesses that will become a pillar of future revenue.

② Development of creep-resistant ultra-high-strength polyethylene fiber IZANAS® ULC

We participated in demonstration tests in real sea conditions for TLP-type floating offshore wind turbines, targeting mooring line applications for floating offshore wind power.

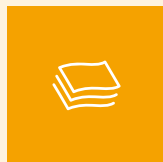


IZANAS® ULC

③ Implementation of a recycling program for futons using the 3D network-structured fiber materials BREATHAIR®

In collaboration with dinos Inc., used BREATHAIR® futons are collected from households and recycled into new 3D network-structured fiber materials, BREATHAIR MEBIUS®, contributing to reduced use of fossil-based raw materials and decreased plastic waste.

Business strategy



Functional Textiles and Trading

Eiichi Shimizu

Managing Executive Officer
Head, Functional Textiles and Trading Division



Contributing to a safe, comfortable, and sustainable future through trusted textile technology and high-performance materials

Review of the past year and business environment analysis

Over the past year, the textile business has focused on products that prioritize environmental and human considerations, leveraging its long-cultivated polymerization and modification technologies as a synthetic fiber manufacturer. The recent surge in demand for environmentally friendly materials is seen as an opportunity for business expansion. On the other hand, rising raw material and fuel costs, the accelerated closure of domestic sewing subcontractors, and securing labor in factories remain significant concerns. Amid this environment, in fiscal 2025, the textile segment (TOYOBO TEXTILE CO., LTD.) saw sales growth driven by strong demand for fabrics specialized for the Middle East. Favorable foreign exchange rates also improved export profitability, contributing to higher earnings. In addition, the withdrawal from unprofitable operations and the rationalization of domestic factories allowed the segment to maintain profitability, while progress on addressing other operational challenges unrelated to rising costs proceeded as planned. In the airbag business, sales of airbag fabrics increased slightly in line with growth in automobile production. Efforts to improve the profitability structure, which had been negatively impacted by a past fire at the yarn plant, progressed smoothly through price revisions, significantly reducing losses. However, at some sites, unexpected costs arose due to the rapid recovery in demand, preventing the business from returning to profitability and resulting in a challenging performance.

Initiatives to recover earning power and summary of the current Medium-Term Management Plan

The airbag business is currently facing performance challenges, but growing demand for safety positions it as a business with

strong potential for future growth. Profitability will continue to be enhanced through base price revisions, while cost reductions will be pursued by consolidating the product lineup and improving manufacturing process efficiency, aiming for an early return to profitability. Among these measures, increasing the operating rate of the new yarn plant in Thailand is an urgent priority, and steady progress will be made with the cooperation of customers.

Focus areas for the next Medium-Term Management Plan

In the textile business, efforts are being made to maintain and strengthen the position as a top brand by developing new texture treatments for tobe, traditional Middle Eastern garments. As a result, the adoption of materials from the Group is expanding, and the Shogawa Plant is increasing equipment to strengthen the production system. In addition, for recycled nylon LOOPLON®, the lineup of materials with new false-twist processing* has been expanded, leading to increased adoption in outerwear and knitwear applications. As an application of the long-cultivated technologies in the textile business, efforts are focused on developing new products for industrial applications. Using proprietary composite spinning yarn technology that combines different materials to maximize their respective properties, hybrid yarns composed of carbon fiber, glass fiber, and thermoplastic resin fibers—CfCyarn® and GfCyarn™—have been developed. These yarns have been highly praised for their exceptional strength and moldability, earning the 2024 Senken Gosen Award in the technical category. The application of spinning technology to non-apparel fields is gaining attention, and these high-performance, environmentally conscious materials are expected to achieve further growth in industrial applications.

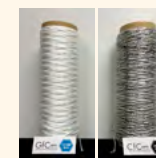
In the airbag business, efforts toward carbon neutrality include developing woven fabrics using recycled polyethylene terephthalate (PET) fibers and processing agents that reduce carbon dioxide emissions during manufacturing. In addition, the full-scale operation of the solar power generation system installed at the textile plant in Thailand will help reduce GHG emissions. Furthermore, the currently mainstream nylon fabrics will be gradually shifted from using domestically produced yarn to using nylon yarn produced at the yarn plant in Thailand, with efforts to expand sales of these fabrics.

* False-twist processing: A processing technique in which synthetic fibers are temporarily twisted and heat-treated to impart stretch, loft, and a soft texture.

Efforts to improve the profitability structure

Pursuing management efficiency and creating new value

The business faces key challenges in improving profitability and return on assets (ROA). Amid continued cost increases due to a weak yen, efforts are ongoing to reduce expenses and inventory, aiming to establish a sustainable and resilient corporate structure. Measures are focused on improving contribution margins and reducing fixed costs through a review of domestic production scale. To expand the market base, the business is leveraging its product development capabilities to advance and deploy high-performance materials such as the thermoplastic carbon fiber composite yarn CfCyarn® and the thermoplastic glass fiber composite yarn GfCyarn™. These new materials, featuring lightweight construction, high strength, and excellent moldability, contribute to opening new markets and expanding sales in the materials sector. Furthermore, by integrating operations among subsidiaries, the Company aims to enable proposals of new products across a broader range of markets and establish a system that continues to provide customers with optimal products and services.



From left: GfCyarn™ and CfCyarn®

Sustainability strategy

Sustainability management



Executive Officer, Controlling Supervisor of Sustainability and Corporate Planning Division

Norio Iizuka

Approach and policy

Contributing to the realization of a sustainable society is integral to achieving Toyobo Group's vision: "We will continue to create the solutions needed by people and the planet with our materials and science." Based on this concept, the Group formulated Sustainable Vision 2030 in May 2022, demonstrating its strong commitment to making sustainability the core of management.

By placing "Innovation" and the three Ps—People, Planet, and Prosperity—at the core, we aim to solve social issues through our businesses, creating a virtuous cycle that enhances corporate value while realizing the prosperous society envisioned in our corporate philosophy. For Toyobo Group, sustainability means being a sustainable entity ourselves and continuously contributing to society's sustainability. In fiscal 2026, the Corporate Sustainability Department was merged into the Corporate Planning Department, and the division was renamed the Sustainability and Corporate Planning Division. This integration reaffirms that sustainability management is at the core of Toyobo Group. By unifying strategy planning and oversight of sustainability activities with overall management, the Company will centrally drive its vision, medium- to long-term plans, and other Group-wide strategies. We will continue enhancing corporate value by simultaneously creating economic and social value.

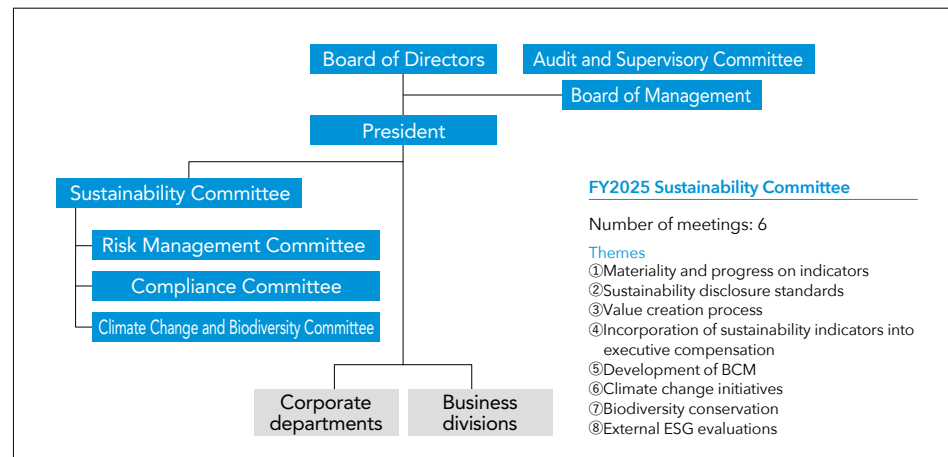
Policy

- 1 Management that takes the sustainability of society into consideration, and thus management that increases the sustainability of our Group
 - 2 Sustainability that builds a solid management foundation: the axis of our management foundation (ESG)
 - 3 Sustainability that strengthens our competitiveness and drives growth: the axis of our business (CSV*)
- * CSV: Creating Shared Value

Conceptual clarification: Sustainability/CSV/ESG



Sustainability promotion structure (as of June 30, 2025)



Key initiatives in fiscal 2025

Month	Key initiatives
April	• Recognized for the second consecutive year as a "Health & Productivity Management Outstanding Organization 2024 White 500"
May	• Environmentally friendly aluminum-based polyester polymerization catalyst TOYOBO GS Catalyst® and PET film for shrink labels ReCrysta® received international recycling performance certification from a global plastics recycling industry association • Newly developed thermoplastic carbon fiber composite yarn CfCyarn®
June	• Resource Circulation Project awarded the Excellence Award at the 51st Environmental Award
July	• Continued selection of Toyobo as a constituent of six ESG investment indices adopted by the Government Pension Investment Fund (GPIF)
September	• Company-owned forest "TOYOBO Forest in AYA" registered in the international database as an OECM (Other Effective area-based Conservation Measure)
October	• Newly developed industrial film RENASHINE® with 100% recycled material content
November	• Achieved the highest rating "Gold" in the PRIDE Index 2024
December	• BREATHAIR MEBIUS®, a horizontally recycled 3D network-structured fiber material, awarded Best Product at Eco Mark Award 2024

Sustainability strategy

Safety and disaster prevention

📄 Safety, Disaster Prevention 📄 ESG Performance Data (Social)

Materiality indicators Indicators and fiscal 2025 results for safety and disaster prevention > p.16

Basic approach

At Toyobo Group, we believe that ensuring health and safety is a fundamental prerequisite to corporate activity and have established the TOYOBO Group Basic Policy on Health & Safety. This policy, applicable to our employees and partner companies, is part of our ongoing efforts to create a safe workplace environment. Our slogan for fiscal 2025 is “Protect yourself. Protect your colleagues. If you notice something, speak out.” Toyobo Group designates September as “Disaster Preparedness Month” and September 6 as “Toyobo Group Disaster Preparedness Day,” when we conduct awareness-raising activities related to preparedness for fires and other disasters.

Organizational structure

To ensure steady progress in safety and disaster prevention initiatives, which are among our most important management issues, we have established the Environment, Safety and Disaster Management Division. This division reports directly to the President. The Head of this division, who is also a Representative Director and Senior Managing Executive Officer, plans and formulates the Group’s basic safety and disaster prevention policies and annual priority activities, which are reported to and

decided by the Sustainability Committee. Progress is reported as needed to the Board of Management. In addition, the Group organizes the TOYOBO Group Environment, Safety and Disaster Management Conference, composed of representatives from each site and division, to share policies and activities and to evaluate the effectiveness of safety and disaster prevention efforts in each division.

Under the Environment, Safety and Disaster Management Division, the Safety and Disaster Management Department convenes the Safety and Disaster Management Promotion Conference, which is composed of representatives from each department. This conference handles discussions, decision-making, and progress on specific matters based on established policies. It also organizes teams of members and a chairperson to visit the Company’s business sites, factories, and Group companies to conduct safety and environmental assessments and to inspect local activities. To specifically address fire and explosion risks, we perform periodic on-site management inspections through third-party experts.

Initiatives

🎯 Safety initiatives

As part of our efforts to ensure occupational safety, Toyobo Group promotes initiatives based on the TOYOBO Group

Basic Policy on Health & Safety, focusing on two areas: nurturing a culture of safety (including embedding a safety-first mindset and reviewing the education system) and enhancing safety infrastructure (including strengthening on-site safety management and establishing a PDCA system).

1 Nurturing a culture of safety

- Formulated the Safety Declaration to promote a safety-first mindset
- Conducted safety awareness surveys to improve the organizational safety culture
- Held executive-level safety workshops and management training for new directors and Group company presidents using external organizations

2 Enhancing safety infrastructure

- Conducted risk assessments, coordinated work studies, and prepared procedural manuals, and studied incidents at other companies and workplaces to prevent accidents
- Carried out preliminary safety and health surveys and risk assessments for new businesses and projects
- Implemented structural reinforcements against natural disasters, held emergency response drills, and created risk maps

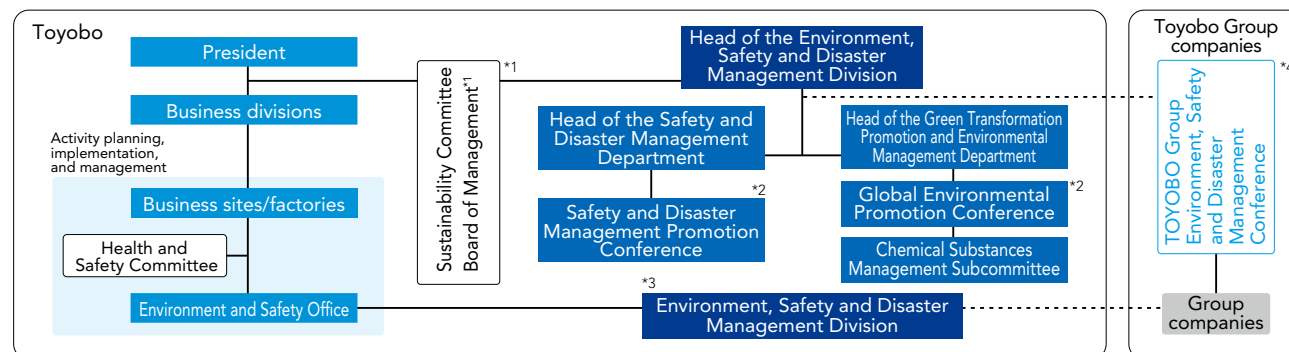
🎯 Acquisition of occupational health and safety management system certification (ISO 45001)

To reduce risks in the work environment, the Group is working toward acquiring ISO 45001 certification for occupational health and safety management systems. As of 2025, the Tsuruga Research and Production Center, the Iwakuni Production Center, the Utsunomiya Plant, and the Inuyama Plant have been certified.

🎯 Initiatives to prevent recurrence of fire accidents

Following the fire incidents at the Tsuruga Research and Production Center No. 2 in September 2018 and at the Inuyama Plant in September 2020, the Group formulated the medium-term safety and disaster prevention plan and is promoting measures to prevent the recurrence of fire incidents. Specifically, we are focusing on enhancing disaster prevention education and training to strengthen disaster preparedness at each site. Through these efforts, we aim not only to prevent fires from occurring but also to protect human life and minimize other damage in the unlikely event of a fire.

Toyobo Group system for safety, disaster prevention, and the environment



*1 Evaluates effectiveness and manages policy for safety, disaster prevention, and environmental activities *2 Deliberates and decides specific matters and manages their progress

*3 Supports activities, provides information, and coordinates between departments *4 Explains policies and reports on activity progress

Sustainability strategy

Quality

Quality ESG Performance Data (Social)

Materiality indicators Items, indicators, and fiscal 2025 results for quality > p.16

Basic approach

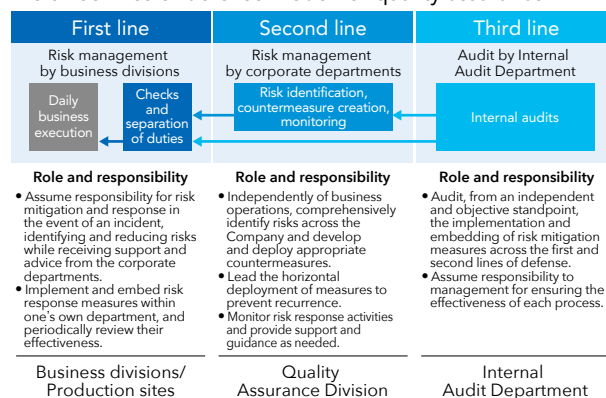
In compliance with laws and regulations, as well as consideration of the safety of our products and services and the environment, and to gain customer satisfaction and trust through advanced quality, Toyobo Group has established the Toyobo Group's Basic Policy on Product Safety and Quality Assurance. Based on this policy, we have created a management system that ensures the quality and safety of our products and services. We follow proper procedures for quality inspections and work diligently to manage data and other relevant information appropriately.

Organizational structure

The Group has established the Quality Assurance Division Conference to oversee product liability (PL) and quality assurance (QA). This body meets monthly and consists of executives responsible for quality, the General Manager of the Quality Assurance Department in charge of business divisions, and members of the Quality Assurance Management Department. The PL/QA Promotion Committee, made up of General Managers from various business divisions, held six meetings in fiscal 2025.

Since fiscal 2022, Toyobo Group has adopted a "three lines of defense" framework, consisting of the first line (business divisions/production sites), the second line (Quality Assurance Division), and the third line (Internal Audit Department), establishing a multilayered system to detect and prevent misconduct.

The three lines of defense model for quality assurance

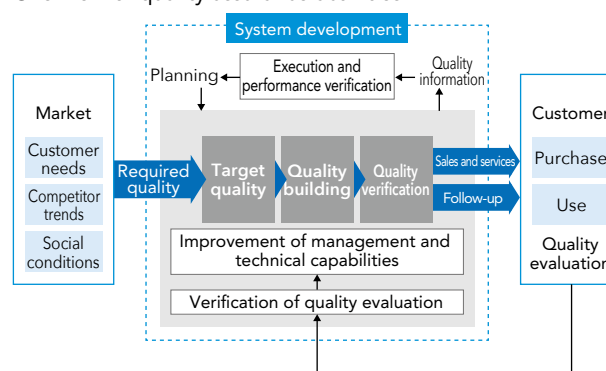


Initiatives

Quality assurance initiatives

We share the Quality Assurance Manual, which outlines the fundamental principles and behavioral guidelines for employees when carrying out the Group's development, production, and sales activities (translated into multiple languages and implemented at each site). This manual embodies the basic philosophy of manufacturing within our Group. In addition, we deepen understanding of manufacturing through study sessions using a digest version of the manual. We also establish a QA framework for each product and service to consistently ensure quality and product safety. Furthermore, we have established the Quality Assurance Guidelines and are working to elevate the level of our systems to guarantee quality. In addition, the Head of the Quality Assurance Division

Overview of quality assurance activities



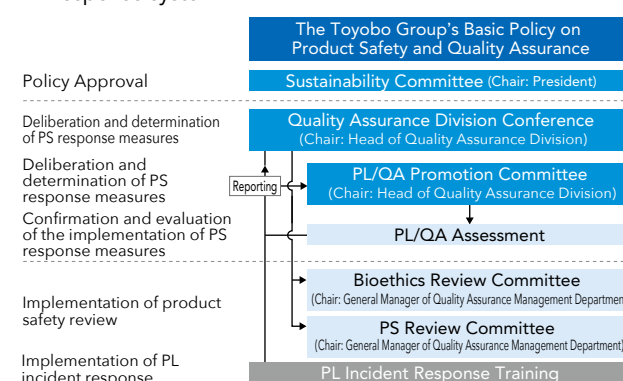
conducts an annual review of each business division's quality assurance initiatives. This process involves discussing the challenges faced by each business and assessing their soundness, as well as holding interim reviews to monitor progress on improvements.

November was designated as Quality Month in fiscal 2025. As a key initiative during this period, the president's message on quality assurance, followed by messages from all executive officers, and a Quality Month poster were shared via digital signage at each site. In addition, PL/QA seminars were held, and workplace discussions were conducted using case studies of quality-related misconduct as reference.

Product safety promotion activities

The Quality Assurance Division, independent from the business divisions, or QA personnel from other departments, conducts PL/QA assessments for each division and Group company to review and improve product safety (PS) activities. In addition, criteria have been established to assess PL and PS risks, and based on these criteria, inspections are carried out at every stage from product development to sales to minimize risk. All possible measures are taken to ensure PS, and each business division regularly conducts training drills based on potential PL incident scenarios. PS continues to be a key priority across the entire Group, and we will continue to minimize risks wherever possible while fulfilling our social responsibilities.

PL response system



Sustainability strategy

Respect for human rights

☑ Respect for Human Rights ☑ Supply Chain Management ☑ ESG Performance Data (Social)

Materiality indicators Items, indicators, and fiscal 2025 results for human rights (Toyobo Group) > p.16

Basic approach

We believe that respect for human rights is essential for Toyobo Group to fulfill our responsibilities as a member of society and to remain a trusted company. The TOYOBO Group Human Rights Policy was formulated in October 2020 and revised in February 2024.

The Group upholds and respects international norms regarding human rights, such as those described in the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Children's Rights and Business Principles, and the Guiding Principles on Business and Human Rights.

For the supply chain, we clearly state in the CSR Procurement Guidelines that human rights-related matters* must be considered in transactions and have communicated this to our business partners, including suppliers.

* The prohibition of child labor, forced labor, and discrimination against people based on any attributes, including LGBTQ+ status

Organizational structure

Toyobo Group aims to actively and systematically address respect for human rights, with the Corporate Planning Department leading these efforts. For employee-related matters, the Human Resources and Labor Relations Department is responsible, while the Procurement and Logistics Department handles issues related to the supply chain. We are deepening our understanding of international human rights issues and advancing human rights due diligence. Oversight and responsibility for human rights matters are under the Controlling Supervisor of the Sustainability and Corporate Planning Division, who is an executive officer.

Initiatives

● Human rights considerations from a global perspective

The countries and regions where the Group operates face a variety of human rights issues arising from political, economic,

and social conditions. To identify the issues that require our attention, we participate in the Human Rights Subcommittee of the Global Compact Network Japan. In fiscal 2025, we completed the Business & Human Rights Accelerator (Japan edition) program and gathered information on international human rights issues and other matters that companies should consider. We are deepening our understanding of human rights challenges and working to identify relevant issues at our business sites. In parallel, we conducted a business and human rights survey, based on the UN Global Compact customer survey, covering all overseas Group companies. The results confirmed that there were no serious human rights violations, such as child labor or forced labor. We will continue dialogue with overseas managers to strengthen our understanding of local conditions in each country.

● Survey on labor and human rights administered

In fiscal 2024, we conducted a Labor and Human Rights survey at our domestic business sites and Group companies regarding issues such as child labor, employment equality, and health and safety. The survey confirmed that there were no violations of human rights laws and regulations.

In addition, we conducted interviews and on-site checks with trainees using the Technical Intern Training Program at our business sites and Group companies, ensuring that human rights are upheld at all locations without issues.

In fiscal 2025, we interviewed the supervising organizations of factories that accept foreign technical intern trainees to confirm the recruitment methods in their home countries, as well as the costs and expenses borne by the trainees, and confirmed that no issues were identified.

In March 2025, we also launched regular surveys targeting technical intern trainees, specified skilled workers, and other foreign employees.

● Respect for workers' rights

The Group respects the rights to freedom of association and collective bargaining. Our employees have established a labor union, which is recognized under a labor agreement mutually agreed upon by labor and management (as of the end of fiscal 2025, 84.8% of all employees were union members*). Annual

labor-management dialogues are conducted between the labor union and the company.

* Scope: TOYOBO CO., LTD., TOYOBO MC Corporation, and TOYOBO STC CO., LTD.

● Establishment of a grievance handling and internal whistleblowing system Compliance > p.52

We accept human rights-related consultations and reports through the Grievance Committee and Compliance Consultation Desks, which are part of our internal whistleblowing system. In addition, we strive for early detection and resolution of human rights issues through compliance surveys.

● Education and dissemination

The Group has produced an English-language edition of the TOYOBO Group Charter of Corporate Behavior so that employees all over the world share the same vision. We use our TOYOBO Group Compliance Manual to familiarize employees with rules and case studies concerning respect for human rights, the prohibition of discrimination, prohibition of child labor and forced labor, and the protection of personal information.

From fiscal 2024, the Corporate Planning Department, the Human Resources and Labor Relations Department, and the Procurement and Logistics Department jointly began business and human rights training for all employees. This program serves to raise awareness of the TOYOBO Group Human Rights Policy and to deepen understanding of human rights due diligence. A total of 3,840 employees has completed the training.

● Human rights risk assessment through CSR procurement survey

We conduct a CSR procurement survey, based on the CSR Procurement Guidelines, with our key suppliers. Using the human rights-related items included in the survey, we evaluate each supplier's initiatives on human rights. Based on the analysis and assessment of responses, we carry out appropriate follow-up, such as on-site dialogue and interviews, for suppliers identified as higher risk.

Sustainability strategy

Supply chain management

☑ Supply Chain Management ☑ ESG Performance Data (Social)

Materiality indicators Items, indicators, and fiscal 2025 results for partnerships (supply chain) > p.17

Basic approach

Toyobo Group supports the development of a sustainable society throughout our supply chain. We have established appropriate transaction policies and execute responsible procurement and logistics to contribute to achieving the Sustainable Development Goals (SDGs).

In keeping with the TOYOBO Group Charter of Corporate Behavior, we engage in fair competition and transactions, and conduct responsible procurement and distribution, thereby maintaining a healthy relationship with society. We also established our CSR Procurement Guidelines to address issues including legal compliance, fair transactions, environmental considerations, and respect for human rights, as well as our Green Procurement Guidelines to address environmental considerations. In January 2025, the CSR Procurement Guidelines were revised to reflect recent global issues.

Organizational structure

Having established a proper Basic Policy on Transactions in Procurement and Logistics, we have also built systems for responsible procurement and logistics. In addition, we have created our CSR Procurement Guidelines and Green Procurement Guidelines, and we conduct CSR procurement surveys with all our major suppliers, seeking their understanding and cooperation in our proactive initiatives.

Initiatives

● Toyobo Group CSR procurement briefing

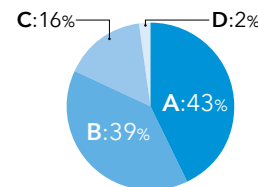
In fiscal 2024, we distributed a video of the briefing to approximately 500 major suppliers worldwide. The briefing covered our sustainability initiatives, including climate change, respect for human rights, and CSR procurement policies, and requested compliance with the CSR Procurement Guidelines. In addition, we expressed our commitment to collaborate with our suppliers to contribute to the development of a sustainable society throughout the supply chain.

● CSR procurement survey

We inform our major suppliers worldwide about the CSR Procurement Guidelines, conduct surveys based on these guidelines, and engage in follow-up dialogue with our suppliers based on the survey results, completing a supplier engagement cycle every two years. The response rate for the fiscal 2024 survey was 100%, and the evaluation results are as follows (the next survey is scheduled for fiscal 2026).

Assessment	Points band	No. of companies	Share of total	Details and response
A	90 points or higher	195	43%	Initiatives deemed excellent → Feedback on survey results
B	61–89 points	179	39%	Initiatives deemed good → Feedback on survey results
C	Total 60 or under with no significant risk items (human rights)	72	16%	Progress is being made in initiatives and human right risks are low → Feedback on survey results
D	Total 60 or under with low scores for significant risk items (human rights)	10	2%	For human right risks, we request initiatives for improvement individually
–	Total	456	–	–

Evaluation results of the CSR procurement survey



Evaluation scores



In fiscal 2025, we conducted on-site hearings with certain suppliers that received low scores on human rights-related items.

During these hearings, we discussed topics such as human rights due diligence, environmental initiatives, and anti-corruption measures, striving to understand the actual situation and address any issues. As a result, we confirmed that there were no serious human rights violations, such as child labor or forced labor, and no major environmental or compliance issues.

● Green procurement

To contribute to the creation of a sustainable society, Toyobo Group gives priority to procuring raw materials with low environmental impact in collaboration with suppliers who actively promote environmental conservation. To promote green procurement, we have established the Green Procurement Guidelines and request that suppliers provide information confirming that the materials do not contain prohibited substances and that the content of hazardous chemicals is identified.

In fiscal 2025, based on revisions to the product chemical content information sharing scheme chemSHERPA®, led by the Ministry of Economy, Trade and Industry, and other legal regulations, we updated the Chemical Content Information Sheet and conducted surveys with our suppliers. In addition, for general purchased goods, we promote green purchasing by using environmental labels.

* chemSHERPA® is a registered trademark of the Japan Environmental Management Association for Industry (JEMA).

● Education for sustainable procurement

All our procurement and logistics personnel receive annual briefings to ensure a thorough understanding of the CSR Procurement Guidelines. In addition, we incorporate goals related to contributing to sustainable procurement into personnel performance evaluations, providing progress management, guidance, and development as needed. We also solicit improvement proposals for procurement activities and recognize outstanding suggestions with awards.

● Addressing conflict minerals

In our CSR Procurement Guidelines, the Group advocates for responsible procurement practices regarding conflict minerals regulations. We use specific Chemical Substances Data Sheets to investigate the use of conflict minerals such as tin, tantalum, tungsten, and gold in our raw materials. Most recently, in fiscal 2023, we conducted investigations into the presence of conflict minerals in our raw materials and confirmed that none of the materials reported contained minerals from conflict-affected regions. We have also established an internal system for promptly and appropriately responding to customer inquiries regarding these investigations.

Sustainability strategy

Risk management



Materiality indicators Items, indicators, and fiscal 2025 results for data security and privacy > p.17

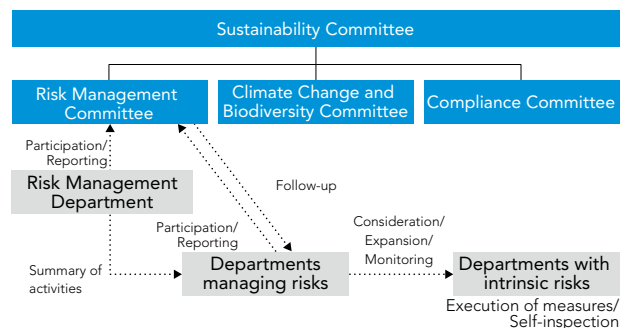
Basic approach

Based on the corporate philosophy of “*Jun-Ri-Soku-Yu*” (Adhering to reason leads to prosperity), Toyobo Group aims for sustainable growth and contribution to society by appropriately managing risks in its business activities. In our risk management activities, the departments with intrinsic risks (operational sites) identify and evaluate risks, and, in collaboration with the departments managing risks, develop and implement risk management measures. The planning and promotion of these activities are undertaken by the Risk Management Department, which serves as the Group’s central risk oversight unit. Each year, we review the major risks that the Group should address and carry out appropriate evaluation and management to maintain the trust of our stakeholders, including customers, local communities, and shareholders.

Organizational structure

To centrally manage the Group’s risks, we have established the Risk Management Committee, chaired by the president. The committee is composed of executive officers from the business divisions and corporate divisions, heads of departments managing risks, and members appointed by the chair, and it meets twice a year.

Management structure and processes



The committee comprehensively identifies major risks that could affect the entire Group, as well as significant issues requiring management decisions, and holds discussions and deliberations to strategically manage and address them. It also formulates and monitors the direction and plans for specific risk management activities, conducts emergency response simulations, and considers measures for emerging issues, thereby strengthening the Group’s risk management framework.

Business Continuity Management (BCM) and Business Continuity Plan (BCP)

Organizational structure

Under the Risk Management Committee, we have established the BCM Subcommittee composed of members selected from each department to promote business continuity management across the Group. This subcommittee leads the formulation, training, and education of BCPs in each department and serves as the point of contact for information gathering, dissemination, and actions necessary to maintain business continuity in the event of emergencies, such as major earthquakes. When an emergency occurs or is anticipated, a Company-wide BCP Task Force is established to ensure rapid response and swift resolution of the crisis.

BCP initiatives

In fiscal 2025, we established the TOYOBO Group All Company Business Continuity Plan guidelines for large-scale earthquakes. The guidelines specify procedures for confirming disaster situations, communication systems, the overall commanding officer, the structure and roles for recovery operations, and priorities. In addition, we work to identify and manage risks across the entire supply chain. For procurement, we secure supplies from multiple countries and regions, and for logistics, we coordinate with transportation providers to establish alternative transport methods and routes. We will continue regular education and training for employees to raise awareness of business continuity and enhance organizational response capabilities.

Data security

Policy and approach

As stated in our TOYOBO Group Charter of Corporate Behavior, each employee must recognize the importance of information security, handle it appropriately, and prevent any issues related to information security. This is essential for the Group to contribute to society and remain a trustworthy company. Our basic Information Security Policy includes a declaration of five essentials: management system, legal compliance and in-house regulations, education and training, information systems operation, and incident response.

Organizational structure

We have established the Information Security Sub-committee (TOYOBO-CSIRT*), led by the Chief Information Security Officer (CISO) appointed by top management, to promote information security measures and activities. TOYOBO-CSIRT assesses the status of information security across the Group formulates basic policies, maintains management systems, and implements and supervises specific measures.

* CSIRT: Computer Security Incident Response Team

Information security measures

We conduct targeted e-mail attack training twice a year for all Toyobo Group employees, varying the difficulty and themes. To ensure the security of customer information as well as internal information, including confidential data, we continuously monitor new threats and implement appropriate measures such as enhanced monitoring, vulnerability patching, and intrusion prevention for both information technology (IT) and operational technology (OT) systems. In addition, to promote and accelerate business innovation through digital transformation (DX) and enable safe data utilization across Group companies and external partners, we are developing an IT infrastructure that allows users to access data securely from any location.

Sustainability strategy

Compliance

Compliance
 ESG Performance Data (Governance)

Materiality indicators

Items, indicators, and fiscal 2025 results for compliance > p.17

Basic approach

Based on our corporate philosophy of “*Jun-Ri-Soku-Yu*,” the core of Toyobo Group’s compliance activities center on “doing what should be done” and “not doing what should not be done.” In addition, in line with the principles declared in the TOYOBO Group Charter of Corporate Behavior, we have established the TOYOBO Group Employee Conduct Standards, which define the rules that employees are expected to follow. We also distribute the TOYOBO Group Compliance Manual, which summarizes these rules in a clear and practical manner. Through reading sessions, we promote understanding and ensure thorough awareness of the rules among all Group employees.

Organizational structure

The Compliance Committee, composed of members of the Board of Management, promotes compliance across the entire Group from a management perspective. Under this committee, the Compliance Promotion Committee is established to examine specific initiatives, while the Legal and Compliance Department, which serves as the secretariat for both committees, drives regulatory compliance and promotes overall compliance throughout the Group.

Initiatives

Compliance promotion activities

In fiscal 2025, the Compliance Committee met twice and the Compliance Promotion Committee met four times. Under the theme of “strengthening organizational capabilities by promoting open dialogue and attentive listening,” we carried out activities to raise compliance awareness, including educational programs and training, responding to compliance inquiries, and maintaining a global internal whistleblowing system to support overseas and multilingual reporting.

Compliance Consultation Desks

Toyobo Group has established Compliance Consultation Desks (internal reporting desks) for employees and officers. These

desks receive reports and consultations regarding legal or rule violations in the workplace, misconduct, unethical acts (including corruption, bribery, embezzlement and other corrupt practices, violations of competition law such as bid-rigging and cartels, and bullying or harassment). The desks aim to enable early detection, corrective action, and prevention of such issues. Since fiscal 2025, we have also been establishing a global internal whistleblowing system to support overseas and multilingual reporting, with implementation progressing gradually. To ensure that employees can use these consultation desks with confidence, we guarantee the confidentiality of all consultations, ensure that no employee will face any disadvantage as a result of consulting or reporting, and accept anonymous consultations.

Types of Compliance Consultation Desks

- 1 Internal consultation desk

2 External service provider desk
(Corporate ethics hotline, including the global internal whistleblowing system)

3 External lawyer desk

4 Audit and Supervisory Committee desk

In fiscal 2025, a total of 116 consultations were received, 11 of which were made through the external consultation desk. The most common topics were communication, interpersonal relationships, and harassment, followed by human resources and labor matters, including attendance and treatment. Corrective measures or disciplinary recommendations were implemented for confirmed violations or misconduct, and advice or responses were provided to the employees who raised the consultations.

Number of consultations at Compliance Consultation Desks (internal reporting desks)

FY2021	FY2022	FY2023	FY2024	FY2025
37	62	78	102	116

Details of consultations (FY2025)

Details of consultations	No. of consultations
Communication, interpersonal relationships, harassment	40
Personnel, labor relations (e.g., attendance, treatment)	22
Misconduct, violations, and breaches of work rules, and similar concerns	7
Workplace issues concerning the Company as a whole (e.g., systems, policies)	18
Work attitude	3
Others	26
Total	116

Education and awareness-raising activities

We distribute the TOYOBO Group Compliance Manual, which provides a clear and practical explanation of the TOYOBO Group Employee Conduct Standards, to all employees. A global version, in English and Chinese, has been created and is regularly updated, while local versions are prepared at overseas sites to reflect the laws and practices of each country or region. Through training sessions that include readings of the manual, we ensure that all employees understand and are familiar with the TOYOBO Group Charter of Corporate Behavior and the TOYOBO Group Employee Conduct Standards. In fiscal 2025, we delivered compliance training sessions via video to managers and general employees of the Company and its domestic affiliates.

Compliance risk assessment

Every year, we conduct a compliance awareness survey and assess workplace compliance risks. In fiscal 2025, a total of 7,660 employees participated in the survey. We disclose the results to all employees and share the information with relevant departments in a way that ensures the anonymity of respondents. This process helps improve conditions and prevent issues.

Initiatives to prevent corruption

The Group not only prioritizes the prevention of corruption, bribery, and other corrupt practices but also considers preventing bid-rigging, cartels, unfair competition, and fraudulent accounting as critical compliance issues. Every year, the status of compliance activities, including anti-corruption measures, is reported to the Board of Directors, and outside directors and corporate auditors (from June 2025, Audit and Supervisory Committee members) provide effective oversight from an external perspective. In addition, to promote fair and sound business relationships with our business partners, we have implemented a reporting system for the receipt of gifts and entertainment. In fiscal 2025, we conducted a survey targeting departments that frequently receive gifts and entertainment and confirmed that no problematic cases were found.

Dialogue with outside directors

We asked outside directors Fukushi and Takase to share their perspectives on the Group's initiatives to enhance corporate value.

Q Three years have passed since the start of the 2025 Medium-Term Management Plan. How do you evaluate the initiatives taken so far?

Fukushi: In the first half of the 2025 Medium-Term Management Plan, the Group focused on strengthening the foundations of safety, disaster prevention, and quality assurance, dedicating significant resources to these areas. Following the road map, it achieved notable results, including zero serious incidents and the re-acquisition of ISO 9001 certification for engineering plastics, which I view positively. Regarding the reorganization of the business portfolio, the textile business underwent structural reforms and returned to profitability. Looking ahead, I expect the textile business to further improve asset efficiency through differentiated strategies.

On the other hand, in fiscal 2025, operational issues became apparent across multiple businesses, such as delays in launching new equipment for packaging film, and the Group is currently focusing on addressing these challenges. Within the Group, there is a culture of divisional management, where people, assets, and capital are managed along vertically segmented business lines. As a result, oversight and follow-up from a Group-wide perspective have been insufficient. As an outside director, I share a strong sense of urgency regarding this issue and have engaged in spirited discussions at the Board of Directors.

Takase: I feel that the phrases “recover earning power” and “reorganization of the business portfolio” have become well ingrained throughout the Group, from directors and executive officers to employees across all levels. Achieving internal alignment is crucial when driving reforms, and I highly value the progress made in this regard. Many of the topics discussed at the Board of Directors focus on earning power, and over the two years since my appointment, I have seen discussions steadily advance, step by step.

At the same time, I feel that there are challenges in the management processes and mechanisms for achieving

performance targets. In practice, I believe it is essential to maintain a focus on results while also creating processes that allow activities to be adjusted based on ongoing progress. This includes, for example, establishing multiple decision-making criteria, defining the timing and amounts for target achievement, and concretely formulating recovery plans in case targets are not met.

Q From your perspective as someone with a background in manufacturing, what should be strengthened to recover earning power?

Fukushi: The Group has historically focused on bulk materials, where customer transactions were often driven by volume and price. This created a tendency to prioritize plant utilization and sales volume, making it difficult to consistently achieve appropriate profits. Looking ahead, I believe it is necessary to transform the business structure toward high-value-added specialty products.

What is important is to base pricing on the value of high-quality, high-value-added products. In the specialty business, it is essential to clearly convey the appeal and value of the Group's products to customers and ensure they recognize the price as commensurate with that value: further strengthening the intangible assets embedded in the products—such as intellectual property, technical expertise, product development capabilities, and marketing strength—is necessary so that they are fully recognized as part of the product's overall value.

The Group's business operations have traditionally been characterized by a strong vertical structure, which has weakened cross-functional capabilities in areas such as research and development, marketing, and production technology, and slowed Group-wide, agile business portfolio restructuring. To address these challenges and strengthen cross-functional capabilities, various projects were consolidated and reorganized under the president's direct oversight as transformation initiatives, known as Toyobo Transformation (TX). I believe that the promotion of TX is enabling the Group to evolve toward faster decision-making and a more effective execution structure.

Innovation strategy Driving transformation toward a stronger company through Toyobo Transformation (TX) > p.32

Q Have you observed any changes regarding last year's identified challenge of “commitment to taking on challenges and pursuing growth”?

Takase: I highly value the fact that, in budget planning, target figures are now set in two stages, reflecting a stronger focus on results. For example, the operating profit target for fiscal 2026 was clearly defined not only as the “must-achieve target” of ¥21.0 billion but also as an “execution target.” Moving forward, it will be important to enhance the quantifiability of individual





initiatives and deepen discussions on how to achieve these targets. That said, commitment to speed remains an area requiring further effort. To enhance speed, it is essential for business divisions to transcend their individual boundaries and operate with a unified “One Toyobo” mindset. Discussions at the Board of Management and the

Board of Directors on specific actions for business portfolio reorganization to drive growth have gradually matured, but it would be a missed opportunity to remain confined within the framework of each business. Preconceptions that leaders must not step beyond the scope of their assigned businesses should be dispelled. By engaging in dialogue and sharing insights across divisions, leaders can expand the scope of each business. From my previous professional experience as well, I am convinced that the role of leaders is not only to listen to opinions within their own divisions but also to draw on diverse perspectives and determine the right course of action. In addition, on the premise that the Group should pursue businesses aligned with market growth, actively discussing what the market and customers are seeking will further reinforce the commitment to growth. Looking ahead, if collaboration extends beyond the boundaries of individual businesses and the market becomes the central driver, many exciting and promising changes will emerge. I believe this will become a new source of strength for the Group as “One Toyobo.” With experience in risk management at a global company, I recognize that risk management is an area that must be continuously strengthened and evolved in response to changing environments, serving as a foundation for corporate trust as well as for taking on challenges and achieving growth. Within the Group, systems and frameworks are being established, and efforts are under way to ensure that these initiatives are well understood by external stakeholders. To further reinforce this foundation, I am proposing the creation of concrete rules and mechanisms at the Board of Directors. In critical areas such as safety, disaster prevention, quality assurance, and compliance, it is the company’s responsibility to establish systems that are not influenced by individual values or judgments, thereby protecting employees.

Q What do you see as the key points for continuously enhancing corporate value?

Fukushi: The Group’s strength lies in its deep attachment to its businesses and in its persistent accumulation of production technologies and expertise, enabling the creation of products with a sharp competitive edge that others cannot easily replicate. Conversely, a weakness has been an overreliance on past experience, which has led to insufficiently objective risk assessments in production technology and quality control. As a result, delays have occurred in areas such as the start-up of new equipment. Going forward, it will be important to strengthen risk assessment and follow-up in production technology and quality control from a Group-wide, cross-functional perspective. As an outside director, I will provide rigorous oversight of management execution, not only through discussions at the Board of Directors but also, where necessary, by engaging directly with the front lines to support transformation.

In June 2025, Toyobo transitioned to a company with an Audit and Supervisory Committee. With outside directors holding the majority, more advanced monitoring of management is now possible. However, the Board of Directors cannot fully exercise its oversight function by looking only at results; it is also necessary to understand the processes that led to them. To address this, the Group has implemented organization-wide management policies—documents specifying how each business division manages its own organization. With these in place, when reports are presented to the Board, it is possible to understand the processes and background leading to the results, thereby strengthening the Board’s role as a monitoring body. The introduction of this system is expected to enable the Board to engage in deeper discussions on key matters, including reorganization of the business portfolio, and to accelerate transformation across the Group. From the perspective of human capital management, enhancing employee engagement is essential. In my experience, activities such as “1on ALL,” where individuals present their personal goals and exchange opinions in front of the entire workplace, as well as direct dialogue between management and employees, are extremely effective in

strengthening organizational engagement. Through repeated dialogue between organizational leaders and all members, individual roles and objectives in relation to organizational goals become clearer, reinforcing awareness and commitment to achievement. Sustained efforts over time will likely yield even greater results in the medium to long term.

Through these various initiatives, achieving a “One Toyobo” mindset is expected to enable the continuous enhancement of corporate value toward the Group’s envisioned goals.

Takase: The Group can steadily advance plans step by step, along with a culture of engaging in open and sincere discussions throughout the process. These qualities are not easily replicated by other companies, and it is remarkable that they have been preserved as a tradition. It is important for leaders to recognize that maintaining this “Toyobo way” as a valued aspect of the Group’s culture is a key responsibility. Still, achieving continuous enhancement of corporate value requires responding flexibly to changing social environments and values, and transforming the aspects of the business and organizational structures that need change, operating as “One Toyobo.” Having pursued transformation for more than 140 years, the Group is well positioned to do so.

Enhancing corporate value, as expected by the capital markets, means improving profitability and growing the business. By logically communicating to the capital markets why Toyobo is pursuing a particular business, why a given investment is necessary, and the expected timeline for returns—while also addressing associated risks—the Group can raise market confidence and strengthen expectations for its growth strategy and results.

Over the past year, through extensive dialogue with many employees, it has become clear that the Group has an abundance of talented individuals. This reinforces the conviction that, by harnessing their collective capabilities, the Group can recover its earning power. I will continue to support efforts to ensure that the capital markets clearly understand what will emerge next from the Group and how corporate value will be enhanced.



Dialogue with
outside directors

Management team

Directors attendance at meetings
and skillsIndependence and diversity
of the Board of DirectorsEvaluation of Board effectiveness | Election and dismissal
of executive officers and nomination of director candidatesOfficer
compensation system

Cross-shareholdings

Management team

Directors



Seiji Narahara
Chair of the Board and
Director

January 1988 Joined the Company
April 2010 Executive Officer
June 2011 Director and Executive Officer
April 2014 President & Representative Director,
CEO & Co-CEO
April 2021 Chair of the Board and Director (to present)
June 2023 Outside Director, SCREEN Holdings Co., Ltd.
(to present)



Ikuko Takeuchi
President & Representative
Director, CEO & Co-CEO
Controlling Supervisor of
Internal Audit Department

April 1985 Joined the Company
October 2015 Deputy Director, General Manager, Corporate
Planning Office
April 2018 Executive Officer
April 2020 Managing Executive Officer
June 2020 Director and Managing Executive Officer
April 2021 President and Representative Director (CEO &
Co-CEO) (to present)



Taichi Sakai
Representative Director
Senior Managing Executive Officer,
Head, Environment, Safety and
Disaster Management Division,
and Controlling Supervisor of the
Production Technology Division and
Procurement and Logistics Department

April 1986 Joined the Company
April 2016 Deputy Director, Production Technology
Supervisory Division Head, and Member, Global
Promotion Department
December 2020 Executive Officer
April 2023 Managing Executive Officer
June 2023 Director and Managing Executive Officer
April 2024 Representative Director and Senior Managing
Executive Officer (to present)



Takahito Sagara
Director, Managing Executive
Officer, and Head,
Life Science Division

April 1990 Joined the Company
October 2019 Deputy Director, General Manager of Medical
Membrane Department, Membrane Operating
Department, and Member, Corporate Planning Office
(special project under President)
April 2020 Deputy Director, Senior General Manager of Medical
Materials Operating Department, General Manager
of Medical Membrane Department, Member,
Technology Innovation Department, and Corporate
Planning (special project under President)
April 2021 Executive Officer
April 2023 Managing Executive Officer
June 2024 Director and Managing Executive Officer (to present)



Directors who are Audit and Supervisory Committee Members

Takayuki Tabo
Director (Full-time Audit
and Supervisory Committee
member)

April 1983 Joined the Company
October 2013 Deputy Director, General Manager of Accounting
Department
April 2017 Executive Officer
April 2020 President and Representative Director (CEO and
Co-CEO) of TOYOBO STC CO., LTD.
June 2021 Full-time Corporate Auditor of the Company
June 2025 Director of the Company (Full-time Audit and
Supervisory Committee member) (to present)



Masaaki Harima
Outside Director

April 1977 Assistant Judge, Osaka District Court
May 1981 Registered as attorney at law (Osaka Bar
Association)
September 1987 Established Harima Law Offices (now Fushimicho
Law Offices)
April 2010 Chairperson, Osaka Fairness Review Board
June 2011 Outside Corporate Auditor, Ishihara Sangyo
Kaisha, Ltd.
June 2014 Member, Independent Committee of the
Company
June 2020 Outside Director of the Company (to present)
April 2021 Chairperson, Pollution Control Board, Osaka
Prefecture (to present)



Hiroshi Fukushi
Outside Director

April 1984 Joined Ajinomoto Co., Inc.
June 2011 Executive Officer
June 2013 Director & Managing Executive Officer, and
General Manager, Bio-Fine Business Division
June 2015 Director, Corporate Senior Vice President
June 2019 Director, Vice President & Executive Officer, and
Chief Digital Officer
June 2021 Director, Representative Director & Vice
President
June 2022 Special Advisor (to present)
June 2022 Outside Director of the Company (to present),
and Outside Director, MEGMILK SNOW BRAND
Co., Ltd. (to present)



Shoko Takase
Outside Director

April 1987 Joined IBM Japan Ltd.
January 2005 Seconded to IBM Corporation (IBM U.S. head
office)
July 2015 Manager, Growth Strategy, Mobile Strategy, IBM
Japan Ltd.
July 2016 General Manager, Global Technology Services
Business, and General Manager, Resiliency
Services Division
July 2018 Director, General Manager, Cloud Solution
Center
April 2019 Senior Managing Executive Officer and Head,
Enterprise Business, Cisco Systems G.K.
July 2021 Consultant, TechnoPro Holdings, Inc.
September 2021 Outside Director (to present)
June 2023 Outside Director of the Company (to present) and
Outside Director, GLOBERID, Inc. (to present)



Yuki Kanzaki
Outside Director

March 1992 Joined Kirin Brewery Co., Ltd. (now Kirin
Holdings Company, Limited)
March 2016 Executive Officer, General Manager of Kobe Plant
of Production Division at Kirin Brewery Co., Ltd.
March 2017 Executive Officer, General Manager of Yokohama
Plant of Production Division
March 2019 Managing Executive Officer, General Manager of
Yokohama Plant of Production Division
March 2020 Managing Executive Officer and General
Manager of Corporate Strategy Department at
Kyowa Hakko Bio Co., Ltd.
January 2022 President and CEO of Kyowa Hakko Bio Co., Ltd.
March 2022 Managing Executive Officer of Kirin Holdings
Company, Limited and President and CEO of
Kyowa Hakko Bio Co., Ltd.
March 2025 Outside Director of Daifuku Co., Ltd. (to present)
June 2025 Outside Director of the Company (to present)



Akihiko Irie
Outside Director (Audit and
Supervisory Committee
member)

April 1980 Joined Osaka Gas Co., Ltd.
June 2009 Corporate Officer
April 2012 Executive Officer
April 2015 Deputy Director
June 2015 Corporate Auditor
June 2019 Outside Corporate Auditor of Osaka Gas Urban
Development Co., Ltd.
June 2021 Outside Corporate Auditor of the Company
June 2025 Outside Director of the Company (Audit and
Supervisory Committee member) (to present)



Wakyu Shinmen
Outside Director (Audit and
Supervisory Committee
member)

October 1982 Joined Tohatsu Awaki & Co. (now Deloitte Touche
Tohmatsu LLC)
March 1983 Registered as certified public accountant
August 1997 Appointed as a Designated Engagement Partner
(currently Partner) at Deloitte Touche Tohmatsu LLC
October 2013 General Manager of Kansai Business Department, Audit
Business Division at Deloitte Touche Tohmatsu LLC
September 2022 Representative of Shinmen Certified Public
Accountant Office (to present)
June 2023 Outside Corporate Auditor of Sekisui Chemical Co.,
Ltd. (to present)
June 2023 Outside Corporate Auditor of the Company
June 2025 Outside Director of the Company (Audit and
Supervisory Committee member) (to present)

CEO & Co-CEO

Ikuko Takeuchi

CTO

Chikao Morishige

Senior Managing Executive Officer

Taichi Sakai

Managing Executive Officers

Takahito Sagara
Eiichi Shimizu
Takehiko Inada
Masanao Kudo

Executive Officers

Taizo Ono
Atsushi Sogabe
Masakazu Iwasaki
Katsuya Ito
Katsuya Toita
Shingo Ito
Tetsuro Yabuki
Tadao Kuroki
Sonoko Ishimaru
Kazuhiro Ikeda
Norio Iizuka
Toshiyuki Oya

Directors attendance at meetings and skills

Corporate Governance
 ESG Performance Data (Governance)

Materiality indicators
 Items, targets, and fiscal 2025 results for governance
 > p.17

Attendance rate based on fiscal 2025 results as of June 30, 2025

		Outside	Independent	Age	Gender	Nomination and Compensation Advisory Committee	Committee chairperson	Attendance status (rate)			Expertise and skills expected of directors							Years in office	Reasons for election
								Board of Directors	Board of Corporate Auditors	Nomination and Compensation Advisory Committee	Corporate management	Production, technology, and development	Marketing and sales	Finance and accounting	Environment and society	Governance, risk management, and compliance	IT/DX		
Director	Seiji Narahara			68	Male	○	Board of Directors	17/17 sessions (100%)		8/8 sessions (100%)	○			○	○	○		14	Based on his deep knowledge of finance, accounting, and other areas, Mr. Narahara has supported the long-term reform of the Company's business portfolio, and, acting as President and Representative Director since April 2014, has led the management of the Group, including the reworking of our corporate philosophy structure and the expansion of the film business, committed to the improvement of corporate value. He assumed the post of Chairman of the Board and Director in April 2021, and in that position, plays an appropriate role in decision-making on key matters and in the oversight of business execution.
	Ikuo Takeuchi			62	Male		Board of Management	17/17 sessions (100%)			○		○	○	○	○		5	After serving in key positions in corporate planning and overseas business sites of the Company, Mr. Takeuchi was appointed as Head of the Functional Membranes and Environment Division, a position from which he set a concrete path toward growth of the business. Since April 2021, he has undertaken formulation of the 2025 Medium-Term Management Plan as President and Representative Director, demonstrating strong leadership and steering the sustainable growth of the Group.
	Taichi Sakai			62	Male			17/17 sessions (100%)			○	○			○	○	○	2	Mr. Sakai has held key positions in the Company's Production Technology Division and core manufacturing sites and, drawing on his abundant experience and expertise in the field of production technology, has been contributing to initiatives aimed at technological innovation, safety, and disaster prevention as a Director since June 2023.
	Takahito Sagara			58	Male			13/13 sessions (100%)				○	○		○	○		1	Mr. Sagara has held key positions in the medical materials business within the Life Science Division of the Company. Leveraging his expertise in the field of research and development and extensive experience in the field of marketing and sales, he has contributed to business development as a Director since June 2024.
	Masaaki Harima	○	○	74	Male			17/17 sessions (100%)							○	○		5	Leveraging specialized knowledge and wide-ranging insights gained as an attorney, Mr. Harima has made proactive statements from an independent standpoint at meetings of the Board of Directors. He appropriately fulfills roles expected of him by the Company, including those of supervising management through vital decision-making, providing counsel to management, and advising with the aim of strengthening risk management and governance.
	Hiroshi Fukushi	○	○	67	Male	○		17/17 sessions (100%)		8/8 sessions (100%)	○	○		○		○	○	3	Leveraging his abundant experience and wide-ranging insights gained as a business manager, Mr. Fukushi has made proactive statements from an independent standpoint at meetings of the Board of Directors. He appropriately fulfills roles expected of him by the Company, including those of supervising management through vital decision-making, providing counsel, and advising management in the areas of digital, production technology, and finance.
	Shoko Takase	○	○	60	Female	○		17/17 sessions (100%)				○	○			○	○	2	Leveraging her extensive experience and broad knowledge as a business manager, Ms. Takase has made proactive statements from an independent standpoint at meetings of the Board of Directors. She appropriately fulfills the roles expected of her by the Company, including supervising management through critical decision-making, providing counsel, and advising management in the areas of IT and digital technologies.
	Yuki Kanzaki (New appointment)	○	○	62	Female							○			○	○		0	Leveraging her extensive experience and broad knowledge as a business manager, as well as her high level of expertise in areas such as production technology and research and development, Ms. Kanzaki is considered able to appropriately fulfill the roles expected by the Company, including providing advice to management and supervising management through important decision-making.
Director serving as an Audit and Supervisory Committee Member	Takayuki Tabo (New appointment)			64	Male			17/17 sessions (100%)	15/15 sessions (100%)				○	○		○		4	Having held key positions in the Company's staff divisions, including accounting and finance, and serving as a full-time Corporate Auditor since June 2021, Mr. Tabo has leveraged his extensive knowledge and experience in finance and accounting to contribute to highly effective oversight of the Company's management.
	Akihiko Irie (New appointment)	○	○	68	Male			17/17 sessions (100%)	15/15 sessions (100%)				○			○	○	4	Having extensive experience in audits, including serving as a Corporate Auditor at listed companies, Mr. Irie leverages his insights and broad knowledge to appropriately fulfill the roles expected by the Company, including auditing management and supervising management through important decision-making.
	Wakyu Shinmen (New appointment)	○	○	68	Male	○		17/17 sessions (100%)	15/15 sessions (100%)	8/8 sessions (100%)				○		○		2	Leveraging his expertise as a certified public accountant and his broad knowledge, Mr. Shinmen appropriately fulfills the roles expected by the Company, including auditing management and supervising management through important decision-making.

Expertise and skills expected of Directors

Skill area	Description
Corporate management	Supervise and promote strategies for sustainable growth, such as reorganization of the business portfolio, with an overall perspective of the Group, considering domestic and international business opportunities and risks.
Production, technology, and development	Supervise and promote strategies related to strengthening manufacturing capabilities, exploring new businesses and technologies, and commercializing strategic themes for the future.
Marketing and sales	Supervise and promote sales strategies for deepening existing businesses and creating business opportunities in growth areas.
Finance and accounting	Based on advanced expertise in finance and accounting, supervise and promote financial strategies and capital policies to achieve management plans.
Environment and society	Supervise and promote strategies to contribute to solving social issues outlined in Sustainable Vision 2030 and to realize a sustainable society through business activities.
Governance, risk management, and compliance	Supervise and promote strategies to strengthen governance and enhance risk management and compliance, recognizing the need for continuous efforts in areas forming the foundation of business activities, including the key priorities of the 2025 Medium-Term Management Plan: safety, disaster prevention, and quality.
IT/DX	Supervise and promote digital strategies to transform the business model and establish competitive advantage through IT and digital transformation.

Independence and diversity of the Board of Directors

Corporate Governance

ESG Performance Data (Governance)

Basic approach

Under our corporate philosophy of “*Jun-Ri-Soku-Yu*” (Adhering to reason leads to prosperity), Toyobo believes that identifying social challenges from a long-term perspective and contributing to their resolution through our unique technologies constitutes the Company’s very reason for being. To respond to changing times and sustainably enhance corporate value, we will strive to engage appropriately with all stakeholders, beginning with shareholders, guided by the principles of ensuring prompt and accurate decision-making, maintaining management transparency, and upholding fairness. By fulfilling our fiduciary and accountability responsibilities to shareholders, we will ensure the effectiveness of corporate governance and continue efforts to further improve it.

Organizational structure

At the Annual General Meeting of Shareholders held in June 2025, Toyobo transitioned to a company with an Audit and Supervisory Committee. To respond promptly to a rapidly changing business environment, certain decision-making authority over business execution might be delegated, as necessary, to the President and Chief Executive Officer (Representative Director) and others. At the Board of Directors, the proportion of outside directors has been increased, placing greater emphasis on deliberation and decision-making regarding fundamental management policies and the oversight of business execution. In addition, officers responsible for audits serve as members of the Board with voting rights, further strengthening the Board’s supervisory function. These measures establish a structure that enables

both prompt and efficient business execution and high-level management oversight.

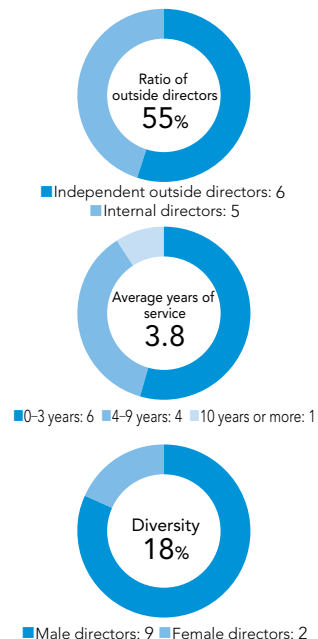
With respect to nominations and remuneration, the Company has established the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors. The committee is composed predominantly of outside directors, and its chairperson is an outside director, thereby promoting greater transparency and fairness in these processes.

Conference and committee overview (Number of persons as of June 30, 2025)

Board of Directors	Members: 11, including 6 independent outside directors The Articles of Incorporation stipulate that the Board shall consist of no more than 15 members (of which no more than 5 may be directors serving on the Audit and Supervisory Committee) and that outside directors shall constitute a majority. No. of meetings in FY2025: 17 Main agenda items included reviewing the 2025 Medium-Term Management Plan and discussing the next plan; setting management policies for fiscal 2026; addressing business strategies and management issues; considering initiatives related to safety, disaster prevention, and quality; reviewing significant investment projects; promoting respect for human rights, diversity, and human resource development; addressing matters concerning cross-shareholdings; and overseeing research and development activities.
Audit and Supervisory Committee*	Members: 3, including 2 independent outside Audit and Supervisory Committee members No. of meetings in FY2025: 15 The main agenda items included determining audit policies and plans; conducting operational and accounting audits and sharing the results of visits to Group companies; reviewing the minutes of important meetings such as the Board of Directors; sharing discussions with officers; reviewing important documents; and confirming matters related to the Accounting Auditor.
Nomination and Compensation Advisory Committee	Members: 4, comprising 3 independent outside directors and the Chairman, with an outside director serving as chairperson No. of meetings in FY2025: 8 The main agenda items included proposals for director nominations, setting Company-wide performance targets used to calculate short-term incentive compensation, and reviewing the executive remuneration system.
Board of Management	Members: 11, including those who concurrently serve as directors. The Chairman and Audit and Supervisory Committee members also participate and may express their opinions. No. of meetings in FY2025: 31 Main agenda items were the same as those of the Board of Directors
Sustainability Committee	Members: 11, primarily drawn from the Board of Management, with the President serving as chairperson. Audit and Supervisory Committee members also participate and may express their opinions. No. of meetings in FY2025: 6 Main agenda items include progress on materiality and indicators; matters related to sustainability disclosure standards; the value creation process; incorporation of sustainability indicators into the executive remuneration system; business continuity management (BCM) development; climate change initiatives; biodiversity conservation; and external evaluations related to ESG.
Corporate Planning Committee	Members: 20, selected from each specialized field and business division. The officer in charge of planning serves as chairperson. No. of meetings in FY2025: 13 (including written resolutions) The main agenda items included significant capital investment projects; matters related to new businesses; other important matters such as investments, technology introductions, business alliances, and corporate acquisitions; review of key Corporate Planning Committee proposals; and evaluation of past capital investment projects.
Financial Control Committee	Members: 5, consisting of a chairperson and four standing members No. of meetings in FY2025: 14 Main agenda items included investment and financing, debt guarantees and guarantee commitments (including management guidance letters), and provision of collateral for third parties.

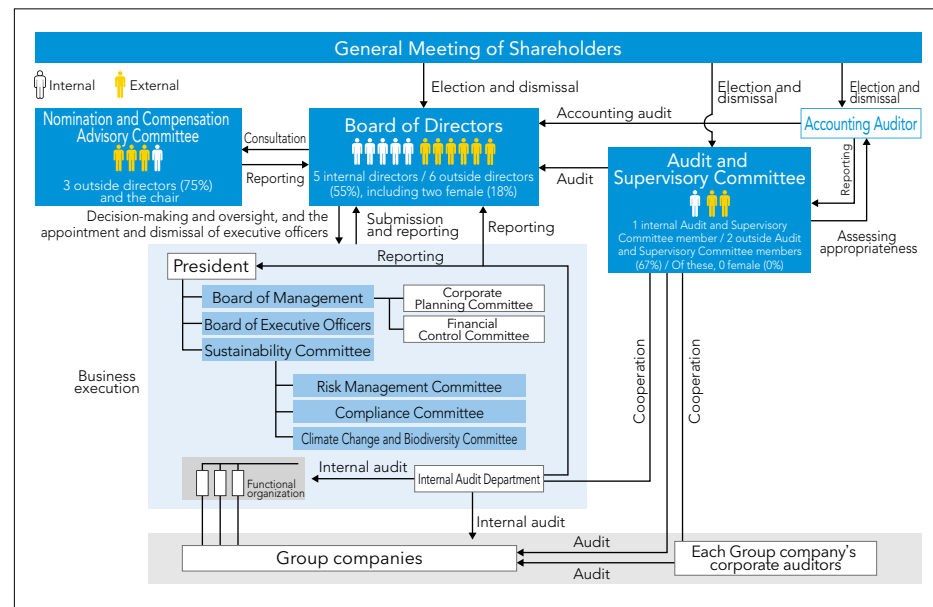
* The number of meetings and main agenda items here reflect the fiscal 2025 activities of the Board of Corporate Auditors prior to the transition to a company with an Audit and Supervisory Committee.

Directors' composition



Corporate governance structure

(as of June 30, 2025)



Evaluation of Board effectiveness | Election and dismissal of executive officers and nomination of director candidates



Evaluation of Board effectiveness

To further enhance the effectiveness of the Board of Directors, the Company conducted an overall analysis and evaluation of the Board’s effectiveness in fiscal 2025, with input from an external organization. The key points of the evaluation are summarized below.

Implementation method	Outline of analysis and evaluation results	Issues and future initiatives
1 Participants All directors and corporate auditors 2 Method A survey consisting of 43 questions was conducted, with responses submitted directly to an external organization commissioned for the task. 3 Analysis and evaluation Based on the aggregated results reported by the external organization, the evaluation was carried out by the Board of Directors.	1 The Board’s composition and the support systems in place for directors and corporate auditors continued to receive high marks, consistent with the previous year’s results. While multiple responses noted that Board discussions remain active and effective, there were some differences in evaluation depending on respondent attributes. 2 Of the 5 issues identified in the previous year—(i) risk management measures for safety, disaster prevention, and quality assurance; (ii) understanding capital cost and profitability, and developing improvement policies; (iii) reviewing the business portfolio; (iv) CEO succession planning and selection process; and (v) strengthening Group governance—most saw improved evaluations due to ongoing initiatives. However, some respondents noted that progress in certain areas remained insufficient. In particular, items (ii), (iii), and (iv) received relatively lower evaluations and will remain areas for continued focus. Although improvements were noted for (i) and (v), sustained attention is needed to further enhance performance. 3 With the transition to a company with an Audit and Supervisory Committee, a new priority is to consider the delegation of decision-making authority for business execution to directors, with the aim of establishing a structure that enables both swift, efficient operations and enhanced management oversight.	Through the following initiatives, the Board of Directors will strive to improve its overall effectiveness. 1 Understanding capital cost and profitability, and developing improvement policies The Board of Directors will position “Promotion of efforts to enhance capital profitability (tentative)” as an important agenda item and will actively oversee and support efforts to drive improvement in this area. 2 Review of the business portfolio The Board of Directors will position “Promotion of efforts to review the business portfolio (tentative)” as an important agenda item and will monitor and support progress on business portfolio reforms. 3 Initiatives for CEO succession planning and appointment procedures The activities of the Nomination and Compensation Advisory Committee and its reporting to the Board of Directors will be enhanced. 4 Review of Board of Directors operations following transition to a company with an Audit and Supervisory Committee The submission criteria will be revised, and the transition to a monitoring board will be advanced to accelerate decision-making in management.

Election and dismissal of executive officers and nomination of director candidates

Policy

In selecting and dismissing senior management (executive officers who serve concurrently as directors), and in nominating director candidates, consideration is given to whether the person excels in the character and insight appropriate to the respective duties as a basis for consideration with respect to our criteria for nominating officers. The decisions are made by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee.

1 Approach to the composition of the Board of Directors and the Audit and Supervisory Committee

1 Board of Directors

The Board of Directors is required to possess the expertise and skills necessary to appropriately carry out strategic direction and key business decisions, as well as the independence required to strengthen oversight of the management team. In addition, to ensure a balanced structure overall while securing diversity in professional background, gender, age, and other aspects, the Board is composed of the Chair of the Board, outside directors, and directors who concurrently serve as executive officers. Regarding the number of Board members, based on the principles of (1) ensuring timeliness and accuracy in decision-making, (2) securing transparency in management, and (3) emphasizing fairness, the Articles of Incorporation stipulate that the Board of Directors must have no more than 15 members, including up to 5 who serve as members of the

Audit and Supervisory Committee. The Articles also require that outside directors constitute a majority of the Board.

2 Audit and Supervisory Committee

The Audit and Supervisory Committee is composed not only of members with expertise and skills in finance and accounting but also includes individuals with knowledge of the Group’s business to ensure the effectiveness of auditing and supervision.

2 Summary of criteria for nomination, etc.

- Director candidates (excluding directors serving on the Audit and Supervisory Committee)
 - Candidates must possess knowledge, achievements, experience, and skills as executives, along with a Company-wide perspective.

Election and dismissal of executive officers and nomination of director candidates



- Outside directors must have extensive experience and broad insight that contribute to enhancing corporate value and meet the Company's independence criteria.
- 2 Director candidates serving on the Audit and Supervisory Committee
 - Candidates must be able to make appropriate judgments from an independent and objective standpoint in auditing the execution of duties.
 - Outside directors must, in addition to the above, meet the Company's independence criteria.

Nomination and other procedures

To ensure fairness and transparency, the Nomination and Compensation Advisory Committee has been established as an advisory body to the Board of Directors, with outside directors making up a majority of its members. The Committee is chaired by an outside director.

The Nomination and Compensation Advisory Committee reports to the Board of Directors upon deliberating basic policies and criteria such as officer nominations, succession planning, and other matters based on proposals from the president.

Policy and procedures for dismissal

In the event of any conduct suspected of being unfair, unjust, or constituting a breach of trust, or any other cause of unfitness for service as an officer, the Board of Directors will make a decision regarding dismissal upon deliberation by the Nomination and Compensation Advisory Committee.

CEO succession plan

The Company regards human resource strategy—including the succession of the CEO&Co-COO—as one of its top management priorities. With respect to the CEO succession plan, the Nomination and Compensation Advisory Committee identifies

the qualities required of future leaders based on the anticipated management environment and discusses the knowledge and experience that potential successors should further develop. In addition, the Board of Directors is regularly updated on the development status of executive officer candidates.

Training for officers

Newly appointed directors receive explanations regarding their roles and responsibilities and are sent to external training programs upon their appointment as executive officers or directors to support the acquisition of necessary knowledge. After their appointment, they are also encouraged to continue participating in external training programs and seminars by invited lecturers to continuously build on their managerial literacy. In addition, newly appointed outside directors are provided with briefings on the Company's operations, finances, and organizational structure, and are given opportunities to visit business sites.

Officer compensation system

Basic policy

We have designed our system for officer compensation in accordance with the following policy items, within the scope of the compensation amounts approved by the General Meeting of Shareholders.

- 1 It must incentivize the motivation to increase the sustained growth of the Group and a medium- to long-term increase in corporate value.
- 2 It must facilitate the securing of excellent management personnel.
- 3 It must have a highly objective, transparent decision-making procedure.

We will review the composition and levels of compensation with reference to our management environment, employee salary levels, and current compensation levels at other companies, according to surveys conducted by external expert organizations.

Monetary compensation (including a performance-linked component)

1 Composition of monetary compensation

Monetary compensation for directors (excluding outside directors and directors serving on the Audit and Supervisory Committee) and executive officers consists of fixed monthly compensation comprising the following two components.

- 1 Base compensation
- 2 Short-term incentive compensation

2 Short-term incentive compensation

- 1 Short-term incentive compensation reflects both Company-wide and individual performance, in accordance with the executive's position.
 - Chairman of the Board and Director:
Company-wide performance only
 - Representative Director:
Company-wide performance : individual performance = 2:1

- Director (concurrently serving as executive officer):
Company-wide performance : individual performance = 1:1
 - Executive officer (full-time):
Company-wide performance : individual performance = 1:2
- 2 Individual compensation is calculated by reflecting both Company-wide and individual performance.
 - 3 Company-wide performance is measured using EBITDA, a key management indicator, as the KPI, and the payout varies from 0% to 200% depending on the achievement level relative to the target. From the July 2026 compensation cycle, ROE will also be added as a performance metric for the Representative Director.
 - 4 Specific target values are submitted to the Nomination and Compensation Advisory Committee for review, and based on its recommendations, they are decided by the Board of Directors.
 - 5 Individual performance is evaluated by setting targets for both the relevant division and the individual, assessing overall achievement on a 5-point scale, and adjusting compensation within a 0% to 200% range.
 - 6 Sustainability indicators are included in the evaluation criteria, and achievement of these indicators results in additional compensation. These sustainability indicators, based on the annual management policy, serve as common goals for all executive officers.

Officer compensation system | Cross-shareholdings



Sustainability indicators

The Company incorporates sustainability indicators, such as Environment, Society, Governance (ESG) factors, into the executive compensation system.

Evaluation items reflected in short-term incentive compensation include key performance indicators (KPIs) related to safety and disaster prevention, human capital, and climate-change response, which are set annually, with performance assessed against these targets.

The indicators for safety and disaster prevention, as well as human capital have each been applied to compensation from July 2024, based on fiscal 2024 results. The indicator for climate-change response has been applied from July 2025, based on fiscal 2025 results.

Stock compensation

To strengthen incentives for a sustained increase in corporate value and to promote even greater value-sharing with shareholders, we offer a certain percentage of compensation in the non-monetary form of restricted stock (non-performance-linked and pre-delivery type) once a year.

Other

- 1 Compensation for outside directors consists only of a fixed amount of monetary compensation, given their role and independence.
- 2 Compensation for directors serving as Audit and Supervisory Committee members consists solely of fixed monetary compensation, determined in accordance with their duties and responsibilities. The amount is decided through discussions among the directors serving as Audit and Supervisory Committee members, considering their roles and independence.
- 3 To ensure transparency and objectivity in the determination of compensation, the Nomination and Compensation Advisory Committee has been established as an advisory body for the Board of Directors, with outside directors making up a majority of its members. The committee is consulted by the Board of Directors and deliberates on the structure, levels, and methods of calculation of officer compensation, as well as the target amounts for Company-wide performance evaluations that are a component of the compensation for each position. The Board of Directors makes final decisions on individual compensation amounts with reference to reports from the Nomination and Compensation Advisory Committee.

Details of officer compensation (FY2025)

Category	Total compensation	Total compensation, etc., by type			Number of eligible officers*
		Base compensation	Performance-linked compensation	Non-monetary compensation (restricted stock compensation)	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Directors (including outside directors)	309 (53)	234 (53)	45 (—)	30 (—)	12 (5)
Corporate auditors (including outside corporate auditors)	71 (18)	71 (18)	— (—)	— (—)	4 (2)
Total (including outside officers)	380 (71)	305 (71)	45 (—)	30 (—)	16 (7)

* Including officers newly appointed and retired during the term

Sustainability indicators	KPIs	FY2026 targets	Reflection method
Safety and disaster prevention–related indicators	Number of major accidents:	Zero per year	An additional 5% of the total short-term incentive compensation base amount* will be added if all items are achieved.
	Work-related injury absenteeism rate:	0.25 or below	
	Number of fires and explosions:	Zero per year	
Human capital–related indicator	Number of accidents (leaks):	Zero per year	An additional 5% of the total short-term incentive compensation base amount*
	Results of engagement surveys	+5% compared with the previous survey	
Climate change response–related indicator	Reduction in GHG emissions (Scope 1 and 2)	Down 2.7% year on year	An additional 5% of the total short-term incentive compensation base amount*

* The base amount is set at 100% of the short-term incentive compensation.

Ratio of compensation

To ensure that incentives function effectively toward enhancing corporate value, the ratio of base compensation, short-term incentive compensation, and long-term incentive compensation for directors (excluding outside directors and directors serving as Audit and Supervisory Committee members) and executive officers is set at approximately 6:3:1, assuming 100% achievement of KPIs.

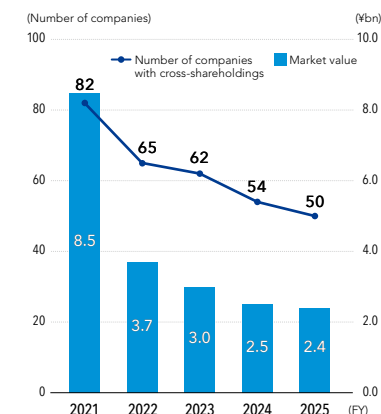
Cross-shareholdings

Toyobo periodically reviews its cross-shareholdings from various perspectives, including their contribution to enhancing medium- to long-term corporate value and their economic rationale, and sells shares that are deemed no longer meaningful, as appropriate.

At the same time, we might enter into cross-shareholdings with key business partners when we determine that maintaining and strengthening stable relationships with them will support sustainable growth and enhance medium- to long-term corporate value. The Board of Directors reviews cross-shareholdings annually, taking into account future business strategies, business relationships, and other relevant factors, and decides whether to continue holding the shares.

When exercising voting rights on cross-shareholdings, we carefully evaluate the status of the business partner and the content of proposals, and, where necessary, engage in dialogue with the partner. Through this process, we ensure that such holdings contribute to the sustainable growth and the medium- to long-term enhancement of corporate value for both the Company and its business partners, leading to well-balanced decisions.

Trends in cross-shareholdings



Note: Total of listed and unlisted shares on a non-consolidated basis

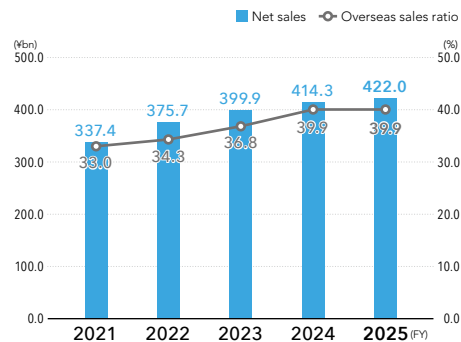
Percentage of consolidated net assets

March 31, 2021	4%
March 31, 2022	2%
March 31, 2023	1%
March 31, 2024	1%
March 31, 2025	1%

Financial and sustainability highlights

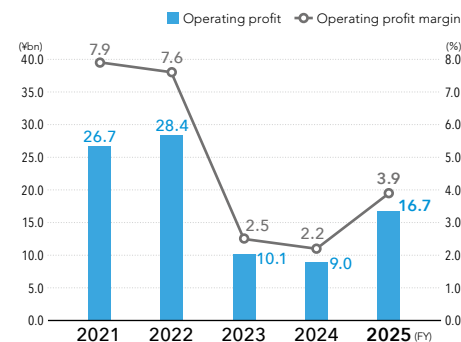
Financial highlights

Net sales/Overseas sales ratio



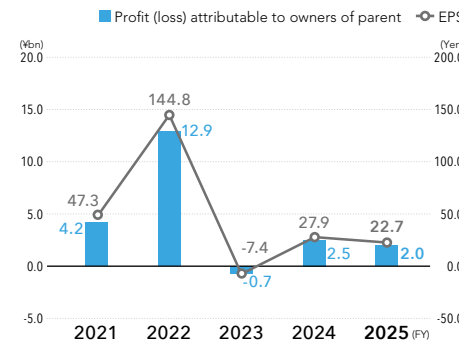
In fiscal 2025, net sales increased 1.9% year on year to ¥422.0 billion, supported by steady performance of COSMOSHINE SRF® and traditional Arabic fabric products for the Middle East, a gradual recovery in demand for packaging film, sales prices that offset rising raw material, fuel, and logistics costs. The overseas sales ratio was 39.9%.

Operating profit/Operating profit margin



In fiscal 2025, operating profit increased 85.1% year on year to ¥16.7 billion, driven by steady performance in industrial film and the Environmental and Functional Materials business, as well as measures in businesses requiring improvement, such as packaging film and nonwoven materials. These measures included revising product prices and restructuring domestic production systems.

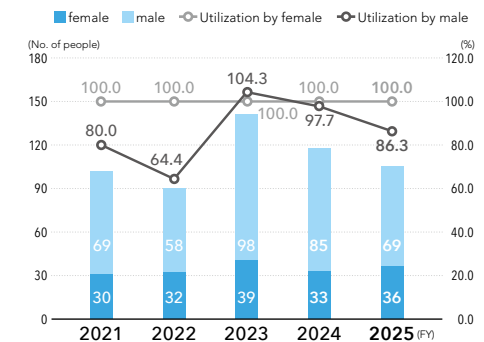
Profit (Loss) attributable to owners of parent/EPS



In fiscal 2025, while operating profit increased, the Company recorded a loss on disposal of non-current assets of ¥3.7 billion and impairment losses of ¥1.9 billion related to Films and nonwoven materials. In addition, due to factors such as profit attributable to non-controlling interests of ¥3.2 billion, profit attributable to owners of parent was ¥2.0 billion.

Sustainability highlights

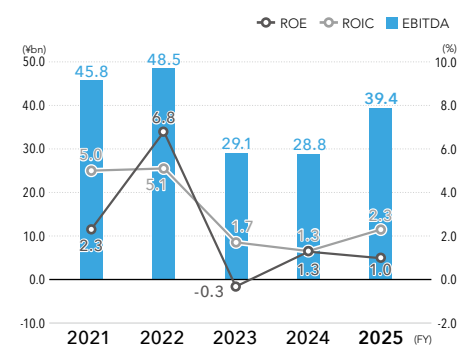
Childcare leave utilization



To promote male participation in childcare, we have actively encouraged leave-taking through managerial support and disseminated information on the childcare leave system. As a result, the number of male taking childcare leave has increased significantly since fiscal 2020. We will continue our efforts to achieve and maintain the targets of the Phase Two Action Plan: an 80% childcare leave uptake rate among eligible male and a 20% increase in the number of days taken compared with fiscal 2021, by the end of fiscal 2026.

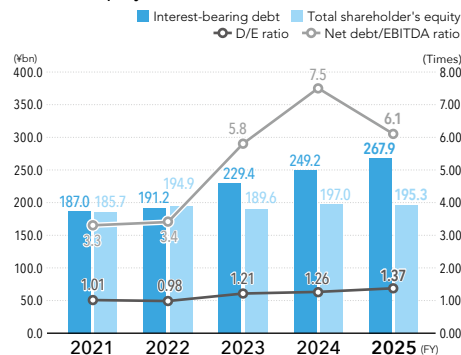
Scope: TOYOBO CO., LTD., TOYOBO MC Corporation, and TOYOBO STC CO., LTD.

ROE/ROIC/EBITDA



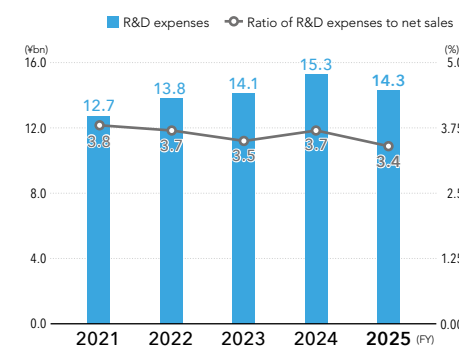
ROE was 1.0% due to the decrease in profit attributable to owners of parent. ROIC was 2.3% reflecting higher operating profit. EBITDA was ¥39.4 billion, driven by increases in operating profit and depreciation.

Interest-bearing debt/Total shareholder's equity/Debt to equity (D/E) ratio/Net debt to EBITDA ratio



At the end of fiscal 2025, interest-bearing debt increased by ¥18.6 billion year on year to ¥267.9 billion, reflecting borrowings to fund capital investment. On the other hand, total shareholder's equity decreased by ¥1.7 billion year on year to ¥195.3 billion, due to a decline in retained earnings following dividend payments, along with an increase in non-controlling interests. As a result, the D/E ratio was 1.37. The net debt/EBITDA ratio improved to 6.1, reflecting the increase in EBITDA.

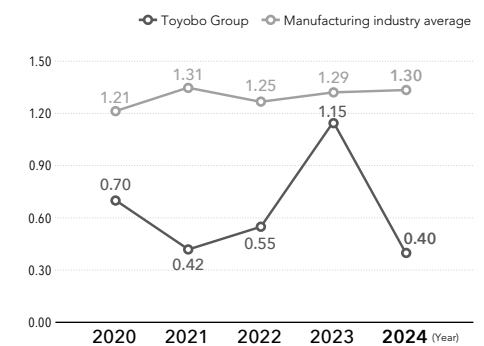
R&D expenses



To create new value and achieve sustainable growth, we are strengthening research and development. Under the 2025 Medium-Term Management Plan, we are making strategic investments in R&D, including intellectual property. In fiscal 2025, R&D expenses totaled ¥14.3 billion, representing 3.4% of net sales.

Frequency rate of work-related injury leave

(Rate of accidents resulting in lost workday injuries per one million hours worked)



Under the TOYOBO Group Basic Policy on Health & Safety, we are committed to achieving zero workplace accidents. In 2024, the frequency rate of workplace accidents resulting in lost workdays was 0.40, including partner companies at the same business sites.

Scope: TOYOBO CO., LTD., and domestic consolidated subsidiaries

Key 11-year financial data

*1 Since fiscal 2019, Toyobo has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting. The figures for fiscal 2018 have been adjusted to reflect this change retroactively.

Fiscal year	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Items of consolidated statements of income (millions of yen)											
Net sales	351,279	347,763	329,487	331,148	336,698	339,607	337,406	375,720	399,921	414,265	422,032
Operating profit	20,580	23,123	23,332	23,923	21,727	22,794	26,657	28,430	10,063	8,995	16,653
Ordinary profit	16,257	20,393	20,650	20,415	17,788	18,035	20,706	23,092	6,590	6,962	10,591
Extraordinary income	1,160	702	469	11,492	1,519	11,206	629	6,529	9,753	3,312	2,350
Extraordinary losses	5,101	4,871	7,179	13,683	19,204	9,525	15,753	14,825	15,731	4,687	5,772
Profit (loss) attributable to owners of parent	8,117	10,150	9,444	13,044	(603)	13,774	4,202	12,865	(655)	2,455	2,003
Comprehensive income	18,182	2,147	13,519	15,611	(467)	4,437	9,471	12,112	(1,232)	12,454	5,426
Items of consolidated balance sheet (millions of yen)*1											
Current assets	196,607	186,633	196,293	186,571	193,125	206,416	212,963	239,314	299,133	273,733	267,495
Non-current assets	269,202	257,954	254,497	258,924	267,922	282,458	278,225	278,460	289,773	333,257	350,304
Current liabilities	146,250	130,690	136,865	125,110	131,768	122,321	131,444	146,750	202,500	184,148	160,320
Non-current liabilities	158,472	153,795	143,016	135,870	148,053	183,916	171,109	173,876	164,984	192,755	225,435
Net assets	161,087	160,101	170,910	184,515	181,226	182,636	188,635	197,149	221,422	230,087	232,044
Total shareholder's equity	157,988	156,915	167,773	180,561	176,585	177,890	185,729	194,876	189,588	197,033	195,312
Total assets	465,809	444,587	450,790	445,495	461,047	488,874	491,188	517,774	588,906	606,990	617,799
Interest-bearing debt	177,085	165,358	169,230	145,594	164,769	175,139	186,958	191,249	229,405	249,244	267,869
Cash flows (millions of yen)											
Cash flows from operating activities	20,107	32,337	26,872	22,353	7,838	44,255	35,028	17,097	7,798	21,595	30,118
Cash flows from investing activities	(20,089)	(10,636)	(14,132)	(1,174)	(24,286)	(39,216)	(31,678)	(24,608)	(36,011)	(58,784)	(46,386)
Cash flows from financing activities	797	(21,384)	(324)	(27,831)	12,608	(1,805)	5,340	(1,729)	61,295	8,260	10,490
Free cash flow	17	21,701	12,740	21,178	(16,448)	5,040	3,350	(7,511)	(28,213)	(37,189)	(16,268)
Cash and cash equivalents at end of period	20,389	20,101	32,179	25,857	22,167	25,084	34,526	26,433	60,204	33,310	27,427
Capital expenditure, depreciation and amortization, and R&D expenses (millions of yen)											
Capital expenditure	17,491	17,336	18,360	21,259	25,512	36,445	23,253	33,640	42,734	61,569	43,158
Depreciation and amortization	14,916	14,434	14,939	15,666	15,823	17,005	19,095	20,080	19,050	19,806	22,698
R&D expenses	10,819	11,266	11,114	10,402	11,022	11,690	12,656	13,792	14,112	15,310	14,261

Key 11-year financial data

*2 As of October 1, 2017, Toyobo consolidated every 10 shares of its common stock into one share based on a resolution of the 159th Ordinary General Meeting of Shareholders held on June 28, 2017. In addition, the number of shares comprising one unit of stock changed from 1,000 to 100 on the same date. *3 ROE: Profit attributable to owners of parent ÷ average fiscal year-end/year-initial total shareholder's equity *4 ROA: Operating profit ÷ total assets *5 ROIC: NOPAT ÷ average fiscal year-end/year-initial invested capital (invested capital: Net assets + interest-bearing debt) *6 Calculated using fiscal 2014 as the base year *7 EBITDA: Operating profit + depreciation and amortization (including goodwill) *8 From fiscal 2015 to fiscal 2022, the D/E ratio is shown after adjusting for the capital-like treatment of subordinated loans. For fiscal 2025, the D/E ratio is shown after adjusting for the capital-like treatment of both subordinated loans and subordinated bonds. *9 In fiscal 2015, we changed the acrylate-based fiber (AP) business from Films and Functional Polymers to Industrial Materials. In fiscal 2017, we changed the activated carbon fiber (AC) business from Industrial Materials to Healthcare, and the AP business from Industrial Materials to Textiles and Trading. *10 Business segments were changed in fiscal 2021. Accordingly, figures for fiscal 2020 have been reclassified under the altered categories to facilitate comparison. *11 Business segments were changed in fiscal 2024. Accordingly, figures for fiscal 2023 have been reclassified under the altered categories to facilitate comparison.

Fiscal year		FY2015	FY2016	FY2017	FY2018	FY2019		FY2020	FY2021	FY2022		FY2023	FY2024	FY2025
Per-share information (yen)*2														
Book value per share (BPS)		177.95	176.75	188.98	2,034.04	1,989.29		2,003.01	2,090.47	2,192.17		2,146.46	2,236.50	2,215.11
Earnings (loss) per share (EPS)		9.14	11.43	10.64	146.93	(6.80)		155.12	47.30	144.75		(7.37)	27.87	22.73
Dividend per share		3.50	3.50	3.50	40.00	40.00		40.00	40.00	40.00		40.00	40.00	40.00
Financial indicators														
Overseas sales ratio (%)		28.5	29.5	29.2	29.0	30.5		32.3	33.0	34.3		36.8	39.9	39.9
Operating profit margin (%)		5.9	6.6	7.1	7.2	6.5		6.7	7.9	7.6		2.5	2.2	3.9
Return on equity (ROE)*3 (%)		5.4	6.4	5.8	7.5	(0.3)		7.8	2.3	6.8		(0.3)	1.3	1.0
Return on assets (ROA)*4 (%)		4.4	5.2	5.2	5.4	4.7		4.7	5.4	5.5		1.7	1.5	2.7
Return on invested capital (ROIC)*5 (%)		4.2	4.8	4.8	4.9	4.4		4.5	5.0	5.1		1.7	1.3	2.3
Price-to-earnings (P/E) ratio		17.72	14.78	18.14	14.29	—		7.37	30.11	7.55		—	40.44	41.45
Price-to-book (P/B) ratio		0.91	0.96	1.02	1.03	0.71		0.57	0.68	0.50		0.48	0.50	0.43
Total return ratio (%)		38.3	30.6	32.9	27.2	—		25.8	84.6	27.6		—	156.5	176.1
Dividend on equity (DOE) (%)		2.1	2.0	1.9	2.0	2.0		2.0	2.0	1.9		1.8	1.8	1.8
Total shareholder return (TSR)*6 (%)		102.2	108.6	125.6	138.5	98.8		84.4	104.3	86.3		85.4	93.3	84.4
Equity ratio (%)		33.9	35.3	37.2	40.5	38.3		36.4	37.8	37.6		32.2	32.5	31.6
EBITDA*7 (millions of yen)		35,496	37,557	38,272	39,589	37,550		39,799	45,752	48,509		29,113	28,802	39,351
D/E ratio		1.12	1.05	1.01	0.81	0.93		0.98	1.01	0.98		1.21	1.26	1.37
Adjusted D/E*8		0.98	0.92	0.88	0.70	0.82		0.87	0.89	0.87		—	—	1.15
Net debt/EBITDA ratio		4.4	3.9	3.6	3.0	3.8		3.8	3.3	3.4		5.8	7.5	6.1
Results by business segment (millions of yen)*9,*10,*11														
Net sales	Films and Functional Polymers	146,029	143,398	138,574	148,667	156,241	Films and Functional Materials	127,127	152,842	170,326	Films	146,064	156,531	166,842
	Industrial Materials	71,520	70,522	59,925	63,454	66,540	Mobility	43,905	36,573	44,721	Life Science	38,134	34,564	34,341
	Healthcare	28,777	27,723	36,423	35,723	34,675	Lifestyle and Environment	128,409	109,148	114,295	Environmental and Functional Materials	110,796	115,327	110,807
	Textiles and Trading	85,093	85,486	77,552	68,317	64,585	Life Science	25,538	27,087	35,003	Functional Textiles and Trading	92,361	95,665	98,062
	Real estate and other business	19,860	20,634	17,013	14,987	14,657	Real estate and other business	14,629	11,757	11,375	Real estate and other business	12,567	12,178	11,980
Operating profit	Films and Functional Polymers	6,988	9,920	12,747	13,713	13,727	Films and Functional Materials	14,582	20,028	19,897	Films	1,623	2,688	6,920
	Industrial Materials	6,601	6,288	3,875	4,262	2,620	Mobility	(701)	(1,572)	(1,753)	Life Science	9,212	4,438	2,010
	Healthcare	5,042	4,726	5,242	5,179	5,170	Lifestyle and Environment	5,936	4,376	3,453	Environmental and Functional Materials	4,048	4,668	7,961
	Textiles and Trading	2,334	2,500	1,066	645	914	Life Science	3,798	4,517	8,655	Functional Textiles and Trading	(2,514)	(1,044)	539
	Real estate and other business	2,630	2,841	3,344	2,819	2,233	Real estate and other business	2,623	2,302	2,218	Real estate and other business	2,187	3,014	2,554
Adjustment		(3,016)	(3,152)	(2,941)	(2,694)	(2,936)	Adjustment	(3,444)	(2,993)	(4,041)	Adjustment	(4,492)	(4,768)	(3,331)

Key sustainability data

FY2025 results

Planet

Data aggregation period: (Domestic) April 1, 2024, to March 31, 2025 (Overseas) January 1, 2024, to December 31, 2024 Scope: Toyobo Group

		FY2025 results	Calculation methods
Scope 1	☑	615 thousand t-CO ₂	In reference to the GHG Protocol, we include GHG emissions, calculated by converting the energy required to produce electricity or steam sold to other companies. GHG emissions with non-energy origins are calculated for Toyobo (non-consolidated) and domestic Group companies. The emission factors shown below are used in the respective calculations. ■CO ₂ emission factors for purchased gas: (Domestic) Basic emission factors by gas supplier as listed in the Ministry of the Environment's "Emission Factors by Gas Supplier (for Calculating Greenhouse Gas Emissions of Specified Emitters)—FY2024 Supply Data" (In cases where the emission factor of a given gas supplier was unknown, the "alternative factor" was used.) ■CO ₂ emission factors for purchased electricity: (Domestic) Basic emission factors by electricity supplier as listed in the Ministry of the Environment's "Emission Factors by Electricity Supplier (for Calculating Greenhouse Gas Emissions of Specified Emitters)—FY2024 Results" (In cases where the emission factor of a given utility was unknown, the "national average factor" was used.) (Overseas) Factors for 2022 listed by country "Emission Factors 2024" (2024), International Energy Agency (IEA) ■CO ₂ emission factors other than for purchased electricity: "Greenhouse Gas Emissions Calculation and Reporting Manual (v6.0)" (2025) issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (used for both domestic and overseas subjects).
Scope 2	☑	169 thousand t-CO ₂	
GHG emissions per unit of sales	☑	1.86 t-CO ₂ per million yen	Total Scope 1 and Scope 2 emissions ÷ consolidated net sales
Energy consumption	☑	2,775 GWh	In reference to the GHG Protocol, the energy required to produce electricity or steam sold to other companies is not deducted. The unit calorific values of fuels are based on the Energy Conservation Act and are expressed as higher heating values.
Category 3 Fuel and energy-related activities not included in Scope 1 or Scope 2	☑	114 thousand t-CO ₂	The total value obtained by multiplying the amount of fuel and electricity purchased over one year (activity data) by the emission intensity per unit for each type of fuel and electricity, as provided by the Ministry of the Environment database and the Inventory Database for Environmental Analysis (IDEA).
Category 11 Use of sold products	☑	1,458 thousand t-CO ₂	The total value is calculated by multiplying the amount of utilities consumed during the use of final products sold over one year (activity data), such as electricity, steam, and chilled water, by the emission factors, useful life, and operating rate. Emission intensity per unit is based on proprietary data derived from the Ministry of the Environment database, IDEA, IEA, and equipment specifications used in the generation of each utility. The calculation focuses on VOC recovery equipment, urine sediment testing equipment, and fully automated gene analysis systems.
Total Scope 3, including other categories		3,996 thousand t-CO ₂	Calculations are made using weighted averages for some subsidiaries and affiliated companies, according to ratios of sales, sales volume, and number of employees.

People

	FY2025 results
Ratio of female managerial staff ^{*1,*2}	5.6%
Ratio of female directors ^{*3}	20.0%
Training investment per employee (and training time) ^{*1}	¥44,000 (14.35 hours)
Ratio of annual paid leave taken ^{*1}	79.0%
Ratio of male employees taking childcare leave ^{*1}	86.3%
Employment ratio of people with disabilities ^{*3}	2.24%
Frequency rate of workplace accidents resulting in lost workdays ^{*4}	0.40
Frequency of meetings with employees and labor unions ^{*3}	62
Implementation of human rights education and training ^{*1}	83.0%
Number of internal transfers through the internal recruitment system (cumulative) ^{*5,*6}	20

Innovation

	FY2025 results
R&D expenses	¥14.3 billion
Number of patents held ^{*3}	4,677

Referenced guidelines

- In making the calculations, we referred to the "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and its evaluation guidelines from the GHG Protocol; the "Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain" from the World Business Council for Sustainable Development (WBCSD); and various sources of information on the Green Value Chain Platform.
- With regard to emission intensity per unit, we referred to the following databases as of March 2025.
 - "Emissions Intensity Database for Accounting for Greenhouse Gas Emissions from Organization Supply Chains ver. 3.5" (2025), Ministry of the Environment. Cited as "Ministry of the Environment DB."
 - "IDEA (Inventory Database for Environmental Analysis) ver3.4" (2024), National Institute of Advanced Industrial Science and Technology/Sustainable Management Promotion Organization. Cited as "IDEA."
 - "Emission Factors 2024" (2024), International Energy Agency (IEA). Cited as "IEA."

^{*1} Scope: TOYOBICO CO., LTD., TOYOBICO MC Corporation, and TOYOBICO STC CO., LTD.

^{*2} Calculation method: Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (including those on secondment who are primarily employed by the three companies mentioned above).

^{*3} Scope: TOYOBICO CO., LTD.

^{*4} Scope: TOYOBICO CO., LTD., and domestic consolidated subsidiaries. Aggregation period: January 1, 2024, to December 31, 2024.

^{*5} Scope: TOYOBICO CO., LTD., TOYOBICO MC Corporation, TOYOBICO STC CO., LTD., and TOYOBICO TEXTILE CO., LTD.

^{*6} Cumulative number of transfers since the start of the system in fiscal 2023.

☑ Indicators for fiscal 2025 with this icon are externally assured by KPMG AZSA Sustainability Co., Ltd. See page 65 of this Integrated Report for the independent practitioner's limited assurance report. [Details](#) > p.65

GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

Relevant laws are abbreviated. Act on the Rational Use of Energy and Shift to Non-Fossil Energy (Energy Conservation Act), Act on Promotion of Women's Participation and Advancement in the Workplace (Act on Promotion of Women's Participation)

Independent practitioner's limited assurance report

Key sustainability data > p.64

Please refer here for items covered by third-party assurance.

Independent practitioner's limited assurance report

Independent Practitioner's Limited Assurance Report

To the President & Representative Director, CEO & Co-COO of TOYOBO CO., LTD.

Conclusion

We have performed a limited assurance engagement on whether selected environmental performance indicators (the "subject matter information" or the "SMI") presented in TOYOBO CO., LTD.'s (the "Company") TOYOBO REPORT 2025 (the "Report") for the year ended March 31, 2025 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is indicated in the Report with the symbol "☑".

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended March 31, 2025 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Inherent limitations in preparing the SMI

As described in the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by

management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Company's management.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- evaluating whether the Company's process for developing estimates as well as its use of data, selection of the methods and assumptions were appropriate;
- performing site visits at one of the Company's factories and one of the Company's subsidiaries which were determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/ Shinnosuke Kayumi
Shinnosuke Kayumi, Engagement Partner
KPMG AZSA Sustainability Co., Ltd.
Osaka Office, Japan
October 16, 2025

Notes to the Reader of Independent Assurance Report:
This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Corporate data (as of March 31, 2025)

Corporate data

Company name	TOYOBO CO., LTD.
Established	May 3, 1882
Head office	Osaka Umeda Twin Towers South, 1-13-1 Umeda, Kita-ku, Osaka 530-0001, Japan Main TEL: +81-6-6348-3111
Number of employees	9,976 (consolidated) / 3,030 (non-consolidated)

External recognition

Inclusion in ESG indices

Toyobo has been selected as a constituent for inclusion in two global ESG indices: the FTSE Blossom Japan Index in June 2021 and the FTSE Blossom Japan Sector Relative Index in March 2022.

We are also included as a constituent stock in the MSCI Nihonkabu ESG Select Leaders Index, the MSCI Japan Empowering Women Index (WIN), the Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J), and the S&P/JPX Carbon Efficient Index. In addition, we have been selected as a constituent security in six ESG indices targeting Japanese stocks referenced by Japan's Government Pension Investment Fund (GPIF) (as of July 2025).



2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

FTSE Russell confirms that TOYOBO CO., LTD. has been independently assessed according to the index criteria and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

THE INCLUSION OF TOYOBO CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF TOYOBO CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Investor information

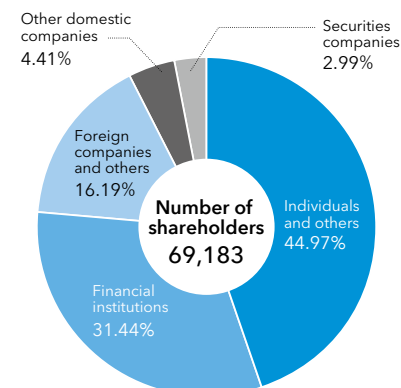
Stock exchange listing	Tokyo Stock Exchange Prime Market
Securities code	3101
Administrator of shareholder register	Sumitomo Mitsui Trust Bank, Limited
Independent auditing corporation	KPMG AZSA LLC
Number of shares	Total number of authorized shares: 200,000,000 Total number of shares issued: 89,048,792
Paid-in capital	¥51,730 million
Number of shareholders	69,183
Annual general meeting of shareholders	Held annually in June
Number of shares per unit	100

Major shareholders

Shareholder name	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,650	15.48
Custody Bank of Japan, Ltd. (Trust Account)	8,987	10.19
Toyobo Employees Stockholders' Association	2,531	2.87
Toyukai	2,137	2.42
NIPPON LIFE INSURANCE COMPANY	1,750	1.99
Meiji Yasuda Life Insurance Company	1,402	1.59
STATE STREET BANK AND TRUST COMPANY 505001	1,231	1.40
GOVERNMENT OF NORWAY	1,159	1.32
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	1,147	1.30
STATE STREET BANK AND TRUST COMPANY 505223	1,101	1.25

Note: Treasury stock (876,140 shares) is excluded from shareholding ratio calculations.

Distribution of shares by shareholder (according to number of shares owned)



Share price

	Five-year highest/lowest				
Fiscal year	2021	2022	2023	2024	2025
Highest price (yen)	1,687	1,505	1,134	1,182	1,163
Lowest price (yen)	1,033	1,046	979	980	885

TOYOBO

Beyond Horizons

TOYOBO Corporate Planning Department,
TOYOBO CO., LTD.

Osaka Umeda Twin Towers South, 1-13-1 Umeda, Kita-ku, Osaka City, Osaka 530-0001, Japan
URL: <https://www.toyobo-global.com/sustainability/> E-mail: sustainability@toyobo.jp

Disclaimer

This report contains forward-looking statements that reflect the plans, outlook, strategies, and performance of Toyobo Group. These forward-looking statements are based on judgments made with currently available information. Please be aware that actual performance might differ significantly from these forward-looking statements due to various factors, including risks and uncertainties. Factors influencing our future outlook include, but are not limited to, the economic environments in which we conduct business operations, competitive pressures, related laws and regulations, changes in the status of product development, and exchange rate fluctuations.